



Landing Charge Reductions

Noise Level Based System Reduces Charges by Average 21%

On October 1, 2005, we introduced the new airport usage charge system which incorporates a noise level-based charging structure whereby landing charges for international flights are cheaper for quieter aircraft. Discussions on charges with the International Air Transport Association (IATA) began in June and an agreement was reached at the 4th meeting held on September 16. The charges will apply for three and a half years until the end of fiscal 2008.

Objectives

Since work began on privatization, we have always desired to share the benefits of privatization with our users, and give particular consideration to the severe conditions facing the airlines. The reduction in landing charges was a step in this direction.

We see the reduction in our landing charges, which had been seen as expensive from a global perspective, as a necessary move in fortifying its position as a leading Asian airport amid competition among international airports in the region, particularly in East Asia.

Basic Guidelines

While a landing charge reduction was a key strategy in the fiscal 2005 management plan, we recognize that assuring stability and growth in mid and long-term management is a prerequisite for public listing. It is also important to develop appropriate facilities to cope with the future growth in aviation demand. Therefore, the flow on benefits to the airlines needed to be kept to a level that would not get in the way of IPO efforts, while providing for necessary investments and dividends, and eyeing the impact of international services at Haneda Airport.

New landing charges were set at a considerably lower level than costs. Other charges were also revised in order to bring in transparency and appropriately reflect costs of providing services. The new charge structure including new landing charges were agreed with airlines as a package, resulting in a substantial reduction on the amount borne by airlines.

The revision incorporates aircraft noise as a factor for differing charge levels. In this way, we hope to encourage

the use of quieter aircraft at Narita and reduce overall noise levels in the next few years.

Overview

The landing charge for international flights at Narita Airport prior to the revisions was JPY 2,400 per tonne of maximum take-off weight for all aircraft. Under the new system, it is pegged into six different aircraft noise categories, A to F. (For instance, the quietest Category A aircraft receive around 31% lower rate at JPY 1,650 per tonne and the average of the six categories is 21% lower at JPY 1,891.)

The landing charge for a Category A B777-200 aircraft (276 tonnes) is JPY 455,400 and that for a Category C B747-400 aircraft (395 tonnes) is JPY 730,750. Both are more than JPY 200,000 cheaper than before.

A special discount of JPY 60 per tonne is applied to the rates for Category E and F aircraft over a period of three years until September 30, 2008. This helps airlines which currently own relatively noisy aircraft and at the same

time, encourages the use of more quiete aircraft.

Meanwhile, we introduced a parking charge on international services which had previously been free up to 6 hours (JPY 200 per tonne). We also introduced a usage charge for other services and the use of boarding bridge charges (JPY 6,500 per flight both on arrival and departure) as well as a baggage handling charge on international arrivals based on aircraft seating capacity (JPY 9,400 per flight for aircraft with more than 100 seats).

These charge revisions are expected to result in an average total flow on to airlines of around JPY 6.5 billion annually.

Landing Charge Rates by Noise Standard

| Rate (JPY/tonne) | Aircraft classifications under the ACI Aircraft Noise Index | | | | | |
|------------------|---|-------|-------|-------|-------|-------|
| | A | B | C | D | E | F |
| | 1,650 | 1,750 | 1,850 | 1,950 | 2,050 | 2,100 |

NB: A special JPY 60 /tonne discount will apply to the rates shown above on Category E and F aircraft from 1 October 2005 to 30 September 2008.