

Foreword by NAA President & CEO

Narita International Airport opened in 1978 and has enjoyed support and cooperation from many sectors of the local community, society at large, business and government. As Japan's gateway, Narita Airport has filled the role of a key international hub as an essential element of the social infrastructure, with safety as its top priority, linking the nation with the rest of the world through its international network. In April 2014 we celebrated the 10th anniversary since privatization when New Tokyo International Airport Authority became Narita International Airport Corporation and New Tokyo International Airport became Narita International Airport.

2013 heralded perhaps the greatest change in the history of our airport with the dawn of the Open Skies,

a new era in which airports must compete hard to become the preferred choice of airlines as well as other customers. In the prevailing circumstances, the NAA Group formulated a 3-year mid-term management plan for fiscals 2013 to 2015 dubbed "Innovative Narita 2015", with the aim of further honing Narita Airport's competitive edge. Under this plan we have lowered and restructured Narita's international landing and other charges, introduced discounts for additional tonnage on international services as an incentive for the airlines and, with the consent of the local community, relaxed the late-night operating restrictions under certain conditions. In addition to implementing this series of positive measures for the future, we have also restructured and consolidated our existing organization, established

new functions to meet various requirements and streamlined our management for added efficiency.

As these changes took place, the traffic volume at Narita Airport in fiscal 2013 continued to be upbeat. Aircraft movements were the highest on record, up 6.7% over the previous year to approximately 226,000, due to the introduction of new and additional services on international routes brought about by the Open Skies and the resumption of Boeing 787 services as well as by results achieved from a full year of operation on domestic routes by Japan's LCCs. Passenger figures were also their highest ever, increasing 7.8% to 36 million, due to a greater number of visitors from abroad resulting from the depreciated yen and waivers and relaxation of visa requirements for travelers from Southeast Asia, as well as growth in domestic passenger figures due to new and additional LCC services. Figures for air cargo rose 3.4% to approximately 2 million tonnes owing to an increase in transit cargo to third countries via Narita Airport in spite of drops in exports and imports due to changes in the structure of manufacturers' production sites.

Consequently, consolidated results for fiscal 2013 saw an increase in both revenue and profit for the second consecutive year. Operating revenue increased 5.4% to JPY199.4 billion, operating income rose 14.6% to JPY39.8 billion, ordinary income was up 20.9% at JPY33.3 billion and net income for term grew to an historic high of JPY19.9 billion, a 30.1% growth over the previous year.

In the second year of the NAA Group Mid-Term Management Plan for Fiscals 2013-2015, fiscal 2014 will be important for further expanding Narita's aviation network, increasing the airport capacity to 300,000 movements a year to enhance our international competitiveness, and attaining our management targets for fiscal 2015. To achieve this, we will continue to press ahead with the development of the LCC terminal, aircraft stands and other facilities, expand the number of flights per hour during peak periods and undertake proactive route development activities, with the objective of maintaining and building up mid- and long-haul routes as well as short-haul Asian routes to capture the strong origin-destination (OD) demand in the Tokyo metropolitan area. Meanwhile, to further bolster our strength as the lynchpin in services between Asia and North America, we will augment Narita's international-international

transit functions, utilize LCCs to expand our domestic route network and augment our domestic-international transfer functions, and introduce non-stop gates and other measures to offer greater comfort and convenience to our customers. We will also continue to fortify our retail business, which is the core of our non-aeronautical revenue, to ensure sound and stable airport management.

Presently, the environment surrounding Narita Airport is undergoing drastic changes. Given the rapid growth in aviation demand in Asia and the progress in Japan's efforts to attract overseas visitors, the Ministry of Land, Infrastructure, Transport and Tourism projections estimate that the present designed capacity of the metropolitan airports of Tokyo will near its limit by the early 2020's. Government studies are currently underway to strengthen the functions of the Tokyo metropolitan airports and, in conjunction with the government's initiative, NAA is also examining ways to further enhance the functions of Narita Airport. In readiness for the Tokyo 2020 Olympic and Paralympic Games, we have set up a preparatory office within NAA to coordinate with relevant organizations and, as the main host airport for this event, we will be preparing at all levels of the company to welcome athletes and other guests from around the world with the spirit of hospitality that Japan is so famous for.

As expansion continues at major airports in Asia to transform them into giant hubs, and with calls for improved functions of metropolitan airports of Tokyo, we realize that the true value of Narita Airport is currently under scrutiny. To consolidate Narita's position as the established international hub airport of East Asia into the future, now is the time for us to combine all of the experience, knowledge and human resources we have accumulated over the past 36 years and, as NAA Group, to demonstrate the value, advantages and status of Narita Airport as seen through the eyes of the world and our customers. Narita Airport promises you continued evolution, development and growth. We thank you and look forward to your enduring support.

Makoto Natsume

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President & CEO