Narita Airport

NRT
NARITA INTERNATIONAL AIRPORT
2015 / 2016

NAA
NARITA AIRPORT

NARITA INTERNATIONAL AIRPORT CORPORATION
NAA-Bldg.,Narita Airport, Narita-City, Chiba 282-8601, Japan
http://www.naa.jp
http://www.narita-airport.jp

enviro.aero™

VEGETABLE
OIL INK

NAA
NARITA AIRPORT

Narita Airport, the Gateway to Japan

Since Narita's opening in 1978 as Japan's gateway, safety has always been its top priority.

Today, as an essential element of the social infrastructure, Narita plays the role of a key international hub,

its extensive network reaching out to countries around the globe.

NAA Group's Management Philosophy and Vision

Management Philosophy

NAA is committed to ensuring that Narita International Airport maintain its status as one of the world's leading airports, contributing to the growth of the global transport network.

Management Vision

A Trusted Airport Where Safety is Paramount

"Safety" lies at the root of our airport management and takes precedence over all else. We will ensure complete safety throughout the airport, paying close attention to all areas. We will work with stakeholders in our commitment to ensuring aviation safety. Through these actions, we aim to become a trusted airport.

Customer Satisfaction Exceeding Expectations

We will strive to value the customer's perspective at all times and to provide services that our customers will enjoy and appreciate. We will also strive to use our best efforts to create services that will impress and delight customers.

Environment-friendly Airport Contributing to Community Growth

We aim to create an environment-friendly airport by building on our environmental initiatives. We will also contribute to the development of an affluent and vibrant society by building on our trust as a member of the community.

Sound Management and Growth through Efficiency and Transparency

While making the most efficient use of our management resources, we will abide by laws and social rules, and practice sound management through fair and transparent corporate activities. We will also pursue new business opportunities enthusiastically building on the core of our existing business to achieve corporate growth.

Sensitive, Flexible, Speedy and Responsive to Society's Needs

Each one of our staff will strive to remain alert at all times and hone his/her ability to read prevailing trends. We will live up to social expectations through our unquenchable passion and determination to take on new challenges, with flexible thinking and prompt action.

Foreword by NAA President & CEO

Since its opening in 1978, placing "Safety" as its first priority, Narita Airport has striven to become an airport of customers' first choice by extending both the international and domestic networks as Japan's gateway and provide key international hub airport functionalities.

As of the end of October 2016, Narita Airport is extending its network to 107 overseas destinations and 17 in Japan, total of 124 cities to fulfil its role as an international hub airport. In fiscal 2015, a record number of passengers made use of Narita Airport for their travel.

We at Narita Airport, to offer greater convenience and comfort for our passengers, we have been working to further expand our flight service network coverage by having the airlines taking full advantage of the Narita Hub Promotion Incentives, introduced in April 2015 to attract more service routes and flight frequencies. We have also been committed to realize further facility expansions and service enhancements by building additional boarding gates and introducing passenger electric cart services at both Terminal 1 and 2, opening NAA directly operating common use lounge in Terminal 1 after outbound passport control and other service enhancements to improve customer experiences.

Shifting our attention to development in overseas, the major airports in Asia have embarked on major functional enhancement projects between 2017 and 2019 in an effort to tap into the global demand for air transport. Consequently, Japan is faced with increasingly intensifying business competition with other international airports in the region to attract new route services to its own airport network.

Japanese government has set out on a target to attract 40 million foreign visitors to Japan in a year by 2020 and 60 million by 2030. There is a high expectation for the metropolitan area airports such as Narita and Haneda in particular to strengthen airport capability to accommodate the future growth. With such development, there is a growing need at Narita for further functionality improvements. In March 2016, as the NAA Group, to further increase its competitiveness and consolidate Narita's position as a leading airport in Asia, NAA compiled the Group's mid-term management plan, "Innovative Narita 2018 - The World's Best Airport".

We regard the three years from fiscal 2016 to fiscal 2018 as the period to increase Narita Airport's competitiveness among the other major airports in Asia and to steadily and surely laying the ground work towards further advancement of the airport while making thorough preparations for the safe and smooth hosting of the 2020 Tokyo Olympic and Paralympic games. More specifically, to achieve this, we have set out five strategic policies that will be pursued with our total commitment:
· Bringing safety and operating stability to the world's highest standards;
· Improving airport functionalities and partnership with the local community;
· Thoroughly enhancing air services network;
· Increasing customer satisfaction by providing the world's highest service standards and creating more attractive retail spaces;
· Reinforcing NAA corporate group management strength and competitiveness.

By surely following out with these policies, we will pursue to "become an airport of world's highest standards to drive for customer acknowledgement to be offering the finest level of service in the world" and "retain and reinforce our position as the top class international hub airport in Asia."

While these developments, the "Four Party Council on Narita Airport", made up of the Ministry of Land, Infrastructure, Transport and Tourism, Chiba Prefectural Government, the nine municipal governments around Narita Airport, and NAA, has been holding a series of studies to look into further functionality enhancements for Narita Airport, including the construction of a third runway, extension of Runway B and the relaxation of night operation restrictions, all of which are crucial for accommodating the increasing number of foreign visitors to Japan and strengthen Narita Airport's competitiveness. Towards realization of these proposals, we would have to strive to gain acceptance, support and cooperation from the residents of the local community through a process of keeping everybody informed, provide polite and thorough explanation on the need for further airport functionality enhancements and its effects and as well as the environmental countermeasures that will be required, and maintaining a two-way dialogue. We remain firm in our resolve to continue to meet with the residents of the local community and face each other for the local community and airport to prosper together; develop and enhance environmental solutions and regional development strategies.

Narita Airport commit to continue enhancing our airport functionalities and create services from customer perspectives that would exceed their expectations so that we can firmly establish our position into the future as a leading airport in Asia. Please look forward to Narita Airport which continue its innovation.

Makoto Natsume

Makoto Natsume
President & CEO

Corporate Officers

President & CEO
Makoto Natsume
- Internal Audit
- Safety Planning Committee
- CS Development & Planning Committee
- Compliance Committee
- Investment Committee
- Cost Reduction Promotion Committee
- Airport Functionality Enhancement Project Committee

Senior Executive Vice President
Masaki Saida

Executive Vice President
Futoshi Osada
- Corporate Planning
- IPO Planning
- IT Development and Planning Committee

Members of the Board

Senior Vice President
Hideki Hayashida
- Marketing

Senior Vice President
Kenji Konda
- Finance

Senior Vice President
Masakazu Kimura
- Engineering

Executive Director
Hisashi Iijima
- Airport Operations

Executive Director
Akihiko Shiina
- Community Affairs & Land Propertiy
- Eco-Airport Development & Planning Committee

Executive Director
Hiroshi Otsuka
- Administration

Senior Executive Officers

Yoshiyuki Kurita
- Security

Tatsuya Hamada
- Planning
- Airport Planning
- IT Development & Planning
- Tourism, Olympic & Paralympic Games Promotion

Takeshi Arakawa
- Aviation Sales & Marketing
- Cargo Sales & Marketing
- Aviation Fueling Business

Yoichi Sakai
- Ground Operations
- Airfield Maintenance
- Facilities Management

Executive Officers

Kiyoshi Sakuma
- Airport Planning

Yoshiyuki Hasegawa
- General Affairs & Human Resources

Kazutake Kunieda
- Safety Management

Minoru Kariya
- Corporate Affiliates Administration

Yasuhiko Tamaki
- Engineering

Makoto Tanabe
- CS Development & Planning
- Retail Operation

Hiroshi Iwasawa
- Community and Environmental Affairs

Audit & Supervisory Board Members

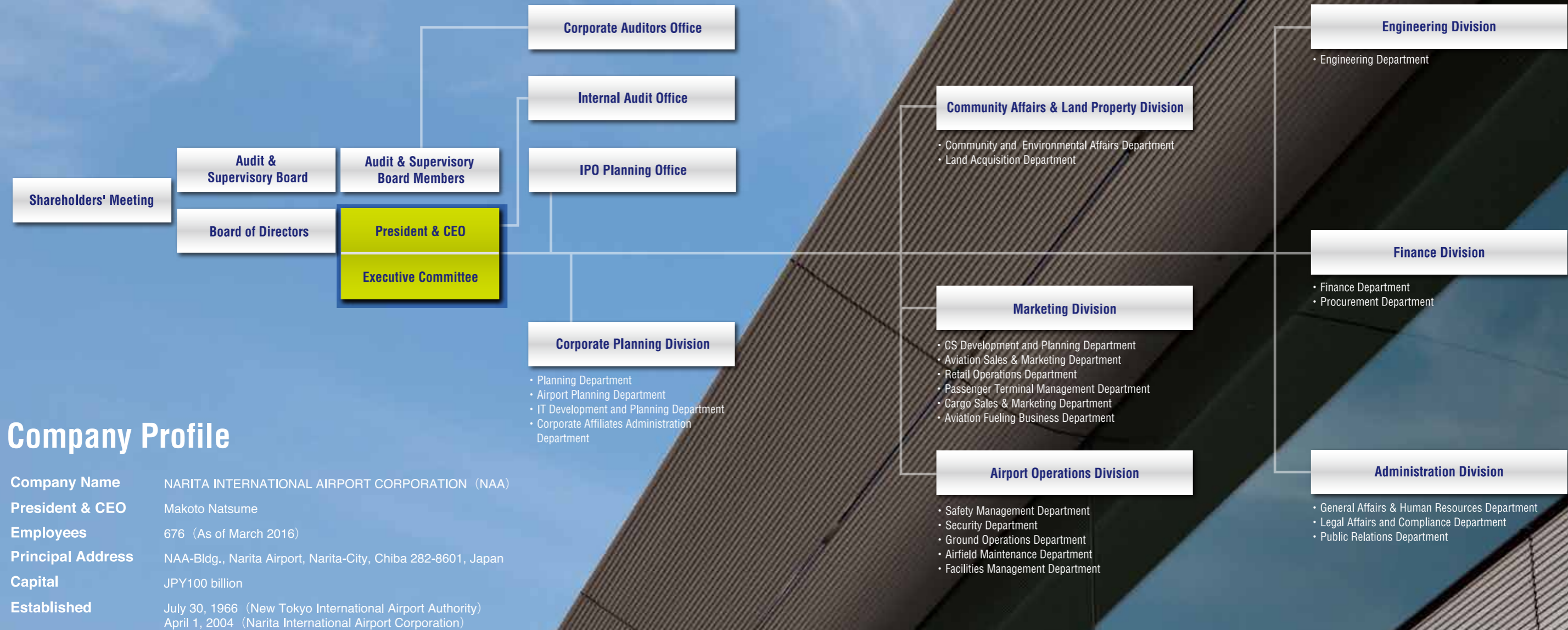### Senior Executive Advisor

Hiroyuki Nakano

Toshihide Tsumagari

Teruo Nakajima

Kyoko Kumata

Kenichi Fukaya

Company Profile

Company Name	NARITA INTERNATIONAL AIRPORT CORPORATION（NAA）
President & CEO	Makoto Natsume
Employees	676（As of March 2016）
Principal Address	NAA-Bldg., Narita Airport, Narita-City, Chiba 282-8601, Japan
Capital	JPY100 billion
Established	July 30, 1966（New Tokyo International Airport Authority） April 1, 2004（Narita International Airport Corporation）
Business Objectives	To improve air travel for its users and contribute to the overall development of the air transport industry through efficient airport operation and management while at the same time, helping to enhance the nation's competitive strength in industry and tourism.

Organization Chart

Shareholders' Meeting

Audit & Supervisory Board

Audit & Supervisory Board Members

Board of Directors

President & CEO

Executive Committee

Corporate Auditors Office

Internal Audit Office

IPO Planning Office

Corporate Planning Division
- Planning Department
- Airport Planning Department
- IT Development and Planning Department
- Corporate Affiliates Administration Department

Community Affairs & Land Property Division
- Community and Environmental Affairs Department
- Land Acquisition Department

Marketing Division
- CS Development and Planning Department
- Aviation Sales & Marketing Department
- Retail Operations Department
- Passenger Terminal Management Department
- Cargo Sales & Marketing Department
- Aviation Fueling Business Department

Airport Operations Division
- Safety Management Department
- Security Department
- Ground Operations Department
- Airfield Maintenance Department
- Facilities Management Department

Engineering Division
- Engineering Department

Finance Division
- Finance Department
- Procurement Department

Administration Division
- General Affairs & Human Resources Department
- Legal Affairs and Compliance Department
- Public Relations Department

Safety Planning Committee

CS Development & Planning Committee

Eco-Airport Development & Planning Committee

Compliance Committee

IT Development & Planning Committee

Investment Committee

Cost Reduction Promotion Committee

Airport Functionality Enhancement Project Committee

Group Companies & Foundations

Group Companies

| Company Name / CEO	Date of Establishment	Capital (million)	Share Holding Ratio	Main Business Areas
Airport Maintenance Service Corporation Kenji Hayashi	1 June 1985	JPY 20	100%	Maintenance and administration of airport civil engineering and structural facilities and tenant interior construction
NARITA AIRPORT TECHNO CORPORATION Keikoh Nakadome	20 January 1997	JPY 120	66.67%	Maintenance and administration of passenger terminal ancillary facilities
NAA Elevator Technology Corporation Harumi Saito	1 June 2004	JPY 60	100%	Maintenance and administration of elevators, baggage handling systems, boarding bridge facilities and security equipment
NARITA AIRPORT FACILITIES CORPORATION Yasuo Ohba	1 November 2004	JPY 90	100%	Maintenance and administration of aviation lighting and facilities in and around the airport
Airport Intelligent Communications Service Co., Ltd. Yoshihiro Ozawa	1 March 1989	JPY 150	100%	Maintenance and administration of airport networks, flight information services and radio facilities, software development and telephone services
NAA Communications Corporation Toshiji Teramoto	28 August 2002	JPY 10	100%	Maintenance and administration of operations management and security systems
NAA Fueling Facilities Corporation Hiroyuki Takenaka	1 October 2005	JPY 50	100%	Maintenance and administration of aviation fuel facilities
NAA Safety Support Corporation Toshiji Teramoto	11 April 2005	JPY 80	100%	Security, firefighting and rescue, and airfield management at Narita Airport
NARITA AIRPORT BUSINESS CO., LTD. Kenji Murayama	28 August 2002	JPY 60	100%	Terminal baggage cart services, outsourcing, temporary staff services and plant management
NAA Retailing Corporation Akiyoshi Watanabe	26 May 2004	JPY 90	100%	Sales of duty free goods, food items, folk crafts, other gift items, electric appliances, travel goods, medicine, etc. at Fa-So-La shops and management of various restaurants in the passenger terminal buildings. Handing over downtown duty-free shops purchased items in the passenger terminals
Greenport Agency Co., Ltd. Masaru Hashimoto	14 March 1979	JPY 80	95.46%	Providing services of traveler's insurance agency, home delivery services, currency exchange, bus ticket sales, and sales of advertisement spaces, event planning and operation, cargo area office rental, etc.
NARITA AIRPORT LOGISTICS CO., LTD. Kazushige Watanabe	2 October 2000	JPY 30	100%	Vending machine sales of chilled drinks, etc.
Shibayama Railway Co., Ltd. Kazuki Toyoda	1 May 1981	JPY 100	68.39%	Operation of Shibayama Railway Line (between Higashi Narita and Shibayama-Chiyoda)
Narita Rapid Rail Access Co., Ltd. Kengo Kobayashi	25 April 2002	JPY 19,008	53.74%	Leasing and administration of railway facilities for the Narita Rapid Railway Access Line
JAPAN AIRPORT FUELING SERVICE CO., LTD.* Kimitoshi Nishimura *Equity Method Affiliated Company	1 December 1977	JPY 50	17.92% (Own shares) 10.52%	Refueling of aircraft at Narita Airport

Group Foundations

Foundation Name / CEO	Date of Establishment	Basic Assets	Subscription Ratio	Main Business Areas
Narita International Airport Promotion Foundation President : Kenichi Fukaya Chief Executive Director : Masayuki Namekata	28 June 1988	Fundamental Property : JPY 20 million	100%	Improvement of airport user conveniences, promotion of community integration of the airport and surrounding communities, and public relations relating to the airport
Narita Airport Regional Symbiosis Promotion Foundation President & CEO : Harumi Watanabe	28 July 1997	Fundamental Property : JPY 600 million Operating Assets : JPY 10 billion	50%	Issuing of grants for soundproofing of houses in the surrounding area and implementation of noise strategies in the airport environs
Museum of Aeronautical Sciences The Chairman of the Board of Trustees : Takao Nagai	1 June 1984	Fundamental Property : JPY 20 million	—	Establishment and operation of the Museum of Aeronautical Sciences, and hosting of lectures, seminars and tours, etc. pertaining to aviation-related scientific knowledge

As of October 2016

Key Events
[2015 / 2016]

[2015]
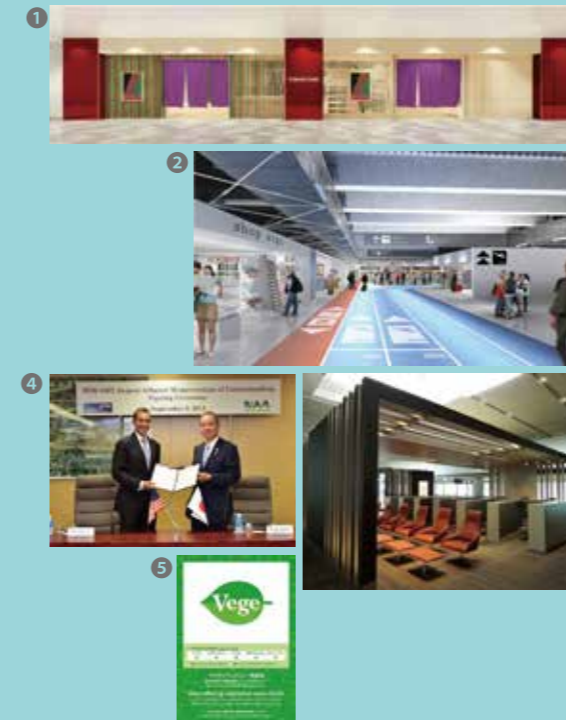
27 March	Interactive Kabuki Gallery & Shop "Kabuki Gate" Opened in Terminal 1 - ❶
1 April	Introduced Narita Promotional Incentives
8 April	Terminal 3 Dedicated for Low Cost Carriers Opened - ❷
24 April	Spacious New Relaxation Area "Narita SKY LOUNGE WA" Opened in Terminal 2 - ❸
27 August	1st Forklift and Pallet Building Competition Held at Narita Airport
9 September	Signed Airport Alliance MoU with Dallas/Fort Worth International Airport - ❹
27 October	Security Tamper-Evident Bags (STEBs) Introduced at Narita Airport's Duty-Free Shops
1 December	Introduced Narita Airport Original "Vege Logo" to Help Customers See at a Glance Which Restaurants Offer Vegetarian Menus - ❺
17 December	Four Additional Gates Opened in Terminal 2

[2016]

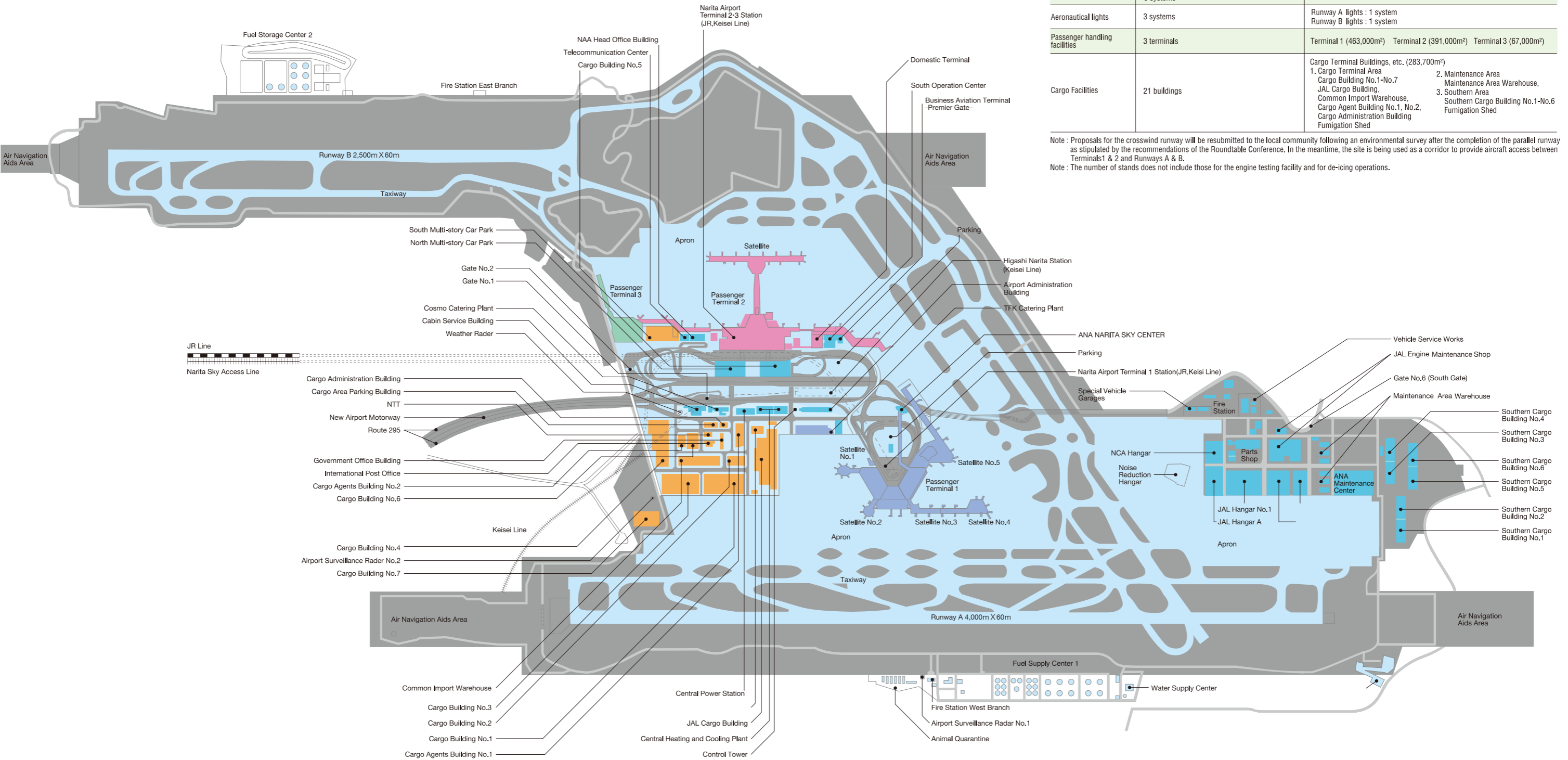|	
14 January	LOT Polish Airlines Launched Narita - Warsaw Service
28 January	Downtown Duty-free Store Purchased Item Pick-up Counter Opened in the Departure Area after Passport Control in Terminals 1, 2 and 3 - ❻
15 March	Two Additional Gates Opened in Terminal 1
17 March	Narita Wins Two First-Place Global Awards "Skytrax World Airport Awards 2016"
27 March	t'way Launched Narita - Seoul (Incheon) Service
30 March	Fast Lane Service Began at Narita Airport Immigration in Terminal 1, 2
24 March	Fiscals 2016-2018 NAA Group Mid-term Management Plan Innovative Narita 2018-Aiming to be the Airport of the World's Highest Standards-
1 July	Hong Kong Airlines Launched Double-daily Service on Narita - Hong Kong Route
16 September	Signed Sister Airport MoU with Taiwan Taoyuan International Airport - ❼
15 October	"Narita TraveLounge" Opened in the Departure Area after Passport Control in Terminal 1 - ❽
19 October	Iberia Airlines Launched Narita - Madrid Service

Layout of Existing Facilities (As of October 2016)

Key Facilities & Planned Facilities at Narita Airport

	Total Plan	In service as of October 2016
Airport site	1,151 hectares	1,090 hectares
Runways	Runway A : 4,000m X 60m (RWY16R CATIIIb) Runway B : 2,500m X 60m Cross-wind Runway : 3,200m X 60m	Runway A : 4,000m X 60m (RWY16R CATIIIb) Runway B : 2,500m X 60m
Taxiways	L : 37.2km, W : 30m	L : 31.8km, W : 30m(some 23m)
Aprons	276 hectares	240 hectares
Aircraft parking stands	—	168
Operating Hours	—	24 hours with restrictions between 11:00pm and 6:00am
Radio navigation aids	VOR (VHF Omni-directional Radio Range Beacon) 2 stations DME (Distance Measuring Equipment) 2 stations ILS (Instrument Landing System) 6 systems	2 VOR stations 2 DME stations 4 ILS systems
Aeronautical lights	3 systems	Runway A lights : 1 system Runway B lights : 1 system
Passenger handling facilities	3 terminals	Terminal 1 (463,000m²) Terminal 2 (391,000m²) Terminal 3 (67,000m²)
Cargo Facilities	21 buildings	Cargo Terminal Buildings, etc. (283,700m²) 1. Cargo Terminal Area Cargo Building No.1-No.7 JAL Cargo Building, Common Import Warehouse, Cargo Agent Building No.1, No.2, Cargo Administration Building Fumigation Shed 2. Maintenance Area Maintenance Area Warehouse, 3. Southern Area Southern Cargo Building No.1-No.6 Fumigation Shed

Note : Proposals for the crosswind runway will be resubmitted to the local community following an environmental survey after the completion of the parallel runway as stipulated by the recommendations of the Roundtable Conference. In the meantime, the site is being used as a corridor to provide aircraft access between Terminals1 & 2 and Runways A & B.

Note : The number of stands does not include those for the engine testing facility and for de-icing operations.

Fuel Storage Center 2
Fire Station East Branch
NAA Head Office Building
Telecommunication Center
Cargo Building No.5
Narita Airport Terminal 2·3 Station (JR,Keisei Line)
Domestic Terminal
South Operation Center
Business Aviation Terminal -Premier Gate-
Air Navigation Aids Area
Air Navigation Aids Area
Runway B 2,500m X 60m
Taxiway
South Multi-story Car Park
North Multi-story Car Park
Apron
Satellite
Parking
Gate No.2
Gate No.1
Passenger Terminal 3
Passenger Terminal 2
Higashi Narita Station (Keisei Line)
Airport Administration Building
Cosmo Catering Plant
Cabin Service Building
Weather Rader
TFK Catering Plant
JR Line
Narita Sky Access Line
Cargo Administration Building
Cargo Area Parking Building
NTT
New Airport Motorway
Route 295
Government Office Building
International Post Office
Cargo Agents Building No.2
Cargo Building No.6
Keisei Line
Cargo Building No.4
Airport Surveillance Rader No.2
Cargo Building No.7
Air Navigation Aids Area
ANA NARITA SKY CENTER
Parking
Narita Airport Terminal 1 Station(JR,Keisi Line)
Special Vehicle Garages
Fire Station
Satellite No.1
Satellite No.5
Passenger Terminal 1
Satellite No.2
Satellite No.3
Satellite No.4
Apron
Taxiway
Vehicle Service Works
JAL Engine Maintenance Shop
Gate No.6 (South Gate)
Maintenance Area Warehouse
Parts Shop
NCA Hangar
Noise Reduction Hangar
ANA Maintenance Center
JAL Hangar No.1
JAL Hangar A
Apron
Southern Cargo Building No.4
Southern Cargo Building No.3
Southern Cargo Building No.6
Southern Cargo Building No.5
Southern Cargo Building No.2
Southern Cargo Building No.1
Runway A 4,000m X 60m
Fuel Supply Center 1
Water Supply Center
Common Import Warehouse
Cargo Building No.3
Cargo Building No.2
Cargo Building No.1
Cargo Agents Building No.1
Central Power Station
JAL Cargo Building
Central Heating and Cooling Plant
Control Tower
Fire Station West Branch
Airport Surveillance Radar No.1
Animal Quarantine

Airlines Operating at Narita [As of October 2016]

93 airlines connecting 124 cities

International Network
Connecting : 107 cities in 37 countries and 3 territories

Americas
24cities

Europe
19cities

Africa
1city

Asia,Middle East & Oceania
63cities

Americas 24 cities

Anchorage Atlanta Boston Cincinnati Denver Dallas/Fort Worth Detroit Newark Honolulu
Washington, D.C. Houston New York Los Angeles Memphis Oakland Chicago Portland
San Diego Seattle San Francisco San Jose Vancouver Calgary Mexico City

Europe 19 cities

London Paris Madrid Düsseldorf Frankfurt Leipzig Amsterdam Brussels Warsaw Zurich Rome
Milan Copenhagen Helsinki Moscow Khabarovsk Yuzhno-Sakhalinsk Vladivostok Istanbul

Asia, Middle East & Oceania 63 cities

Ulaanbaatar Guangzhou Zhengzhou Changchun Chongqing Changsha Chengdu Dalian Hangzhou Harbin
Nanjing Beijing Shanghai Shenyang Shenzhen Qingdao Tianjin Wuhan Xi'an Xiamen Xining Hong Kong
Macau Kaohsiung Taipei Jeju Seoul Busan Daegu Yangon Bangkok Phnom Penh Hanoi Ho Chi Minh City
Da Nang Singapore Kota Kinabalu Kuala Lumpur Jakarta Denpasar Cebu Clark Manila Abu Dhabi Dubai
Doha Islamabad Lahore Mumbai Delhi Colombo Auckland Brisbane Cairns Melbourne Gold Coast Sydney
Port Moresby Koror Noumea Papeete Guam Saipan

Africa 1 city
Addis Ababa

Domestic Network
connecting **17** cities

Sapporo

Sendai

Niigata

Komatsu

Nagoya

Narita

Kitakyushu
Fukuoka
Saga Oita
Kumamoto
Kagoshima

Hiroshima
Osaka
Takamatsu
Matsuyama

Kansai
[Itami]

Amami-Oshima

Naha

Operational Results Fiscal 2015

✈ Aircraft Movements

Both international and domestic routes have grown with new and additional services from 2015 summer schedule. Subsequently, aircraft movements increased by 3% to 235,190 for the fiscal year, setting record figure for four consecutive years.

	FY2013	FY2014	FY2015
FY 2013	✈ 226,182		
FY 2014	✈ 228,220		
FY 2015	✈ 235,190		
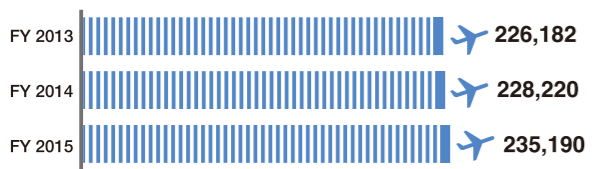
	FY2013	FY2014	FY2015
International	178,191	177,626	183,635
Domestic	47,991	50,594	51,555
Total	226,182	228,220	235,190

International Aircraft Movements

In addition to the inauguration of Tiger Air Taiwan, Ethiopian Airlines and Xiamen Airlines, etc. followed by new service routes and additional flights on Taiwan, Hong Kong and mostly on Asian routes, resulting in figures for international passenger flights to be strong with an increase of 3% from the previous year to 183,635 movements, renewing top record since 2007.

Domestic Aircraft Movements

With the Peach Aviation opening new routes and Jetstar Japan and Vanilla Air adding flights, domestic passenger service flights increased by 2% from the previous year to 51,555 movements, renewing record for 14 consecutive years.

🚶 Passengers

With the large increase of foreign passengers on international flights and domestic flights passengers, total passenger count increased by 7% from the previous year to 37,941,435, renewing figure after two years.

	FY2013	FY2014	FY2015
FY 2013	🚶 36,041,779		
FY 2014	🚶 35,305,000		
FY 2015	🚶 37,941,435		
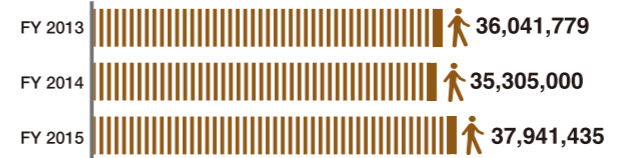
	FY2013	FY2014	FY2015
International	30,862,641	29,302,444	31,055,837
Japanese	15,942,130	13,499,072	13,108,670
Non-Japanese	9,243,487	10,638,444	12,900,667
Transit	5,677,024	5,164,928	5,046,500
Domestic	5,179,138	6,002,556	6,885,598
Total	36,041,779	35,305,000	37,941,435

#### Foreign passengers on International flights

Relaxation of Japan entry for visitors from Southeast Asian countries and the continued trend of weak yen exchange rate resulted in an increase of foreign visitors particularly from Asia, resulting in increase of 21% from the previous year to 12,900,667, renewing the record for two consecutive years.

Domestic Passengers

With the Peach Aviation opening new routes and Jetstar Japan and Vanilla Air's additional services, domestic passenger figures increased by 15% from the previous year to 6,885,598, renewing record for seven consecutive years.
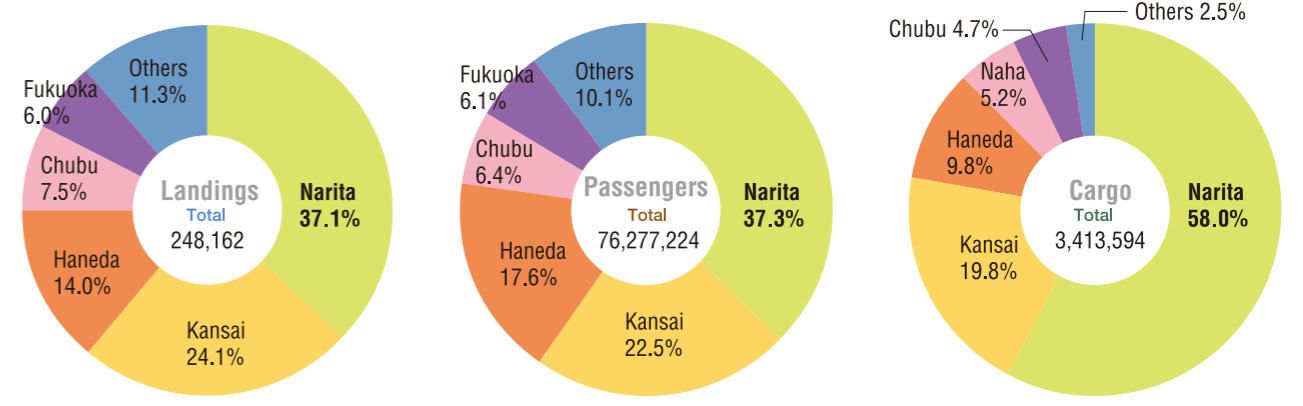
🛒 International Air Cargo

Export cargo volume dropped by 10% from the previous year to 573,653 tonnes and similarly import also fell by 6% to 706,057 tonnes. However transit cargo volume increased by 1% from the previous year to 701,680 tonnes renewing record for four consecutive years.

	FY2013	FY2014	FY2015
FY 2013	🛒 1,985,637		
FY 2014	🛒 2,076,260		
FY 2015	🛒 1,981,390		
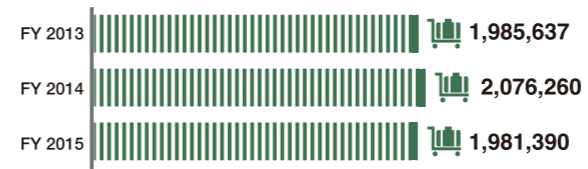
	FY2013	FY2014	FY2015
Loaded	882,381	979,800	924,200
Export	575,717	634,027	573,653
Transit	306,664	345,773	350,547
Unloaded	1,103,256	1,096,460	1,057,190
Import	799,418	750,740	706,057
Transit	303,838	345,720	351,133
Total	1,985,637	2,076,260	1,981,390

Narita Airport's Share of International Service in Japan (Fiscal 2015)
Source: Ministry of Land, Infrastructure, Transport and Tourism

Landings
Total 248,162
- Narita 37.1%
- Others 11.3%
- Fukuoka 6.0%
- Chubu 7.5%
- Haneda 14.0%
- Kansai 24.1%

Passengers
Total 76,277,224
- Narita 37.3%
- Others 10.1%
- Fukuoka 6.1%
- Chubu 6.4%
- Haneda 17.6%
- Kansai 22.5%

Cargo
Total 3,413,594
- Narita 58.0%
- Others 2.5%
- Chubu 4.7%
- Naha 5.2%
- Haneda 9.8%
- Kansai 19.8%

LCCs

oneworld

Terminal 3

Terminal 2

SkyTeam

Terminal 1

Star Alliance

Terminal Operations

Terminal Facilities

Narita Airport has three passenger terminals, Terminals 1, 2 and 3. Terminal 1 is composed of the North Wing and South Wing. The North Wing accommodates 16 airlines, including the airline alliance, SkyTeam members and other overseas carriers. The South Wing is home to 4 Japanese and 25 overseas carriers, including the Star Alliance member airlines. In total, there are 45 airlines in the North and South Wings together. Terminal 2 accommodates 1 Japanese airline and 33 overseas airlines, including the oneworld alliance members. Terminal 3 serves 3 Japanese and 2 overseas LCCs. (As of October 2016)

As described above, placing the same alliance member airlines in the same terminal is a convenient feature of Narita Airport. Based on this "under one roof" concept, the airlines are assigned to a terminal so they can share the same terminal facility with other members of the same alliance. This has reduced connection times between alliance partner airlines and improved passenger convenience.

Construction of New Facilities

At Narita Airport, we are working to increase aircraft handling capacity in order to accommodate diverse aviation needs. Terminal 3 was built to offer an LCC hub and opened in April 2015. Subsequently, more gates were made available in Terminal 2 in December 2015 and in Terminal 1 in March 2016 to meet the demand for more fixed gates during peak arrival and departure hours. As a result, fixed gates for aircraft to park at Terminal 1 has increased from the previous 38 to 40 and at Terminal 2 from 28 to 32.
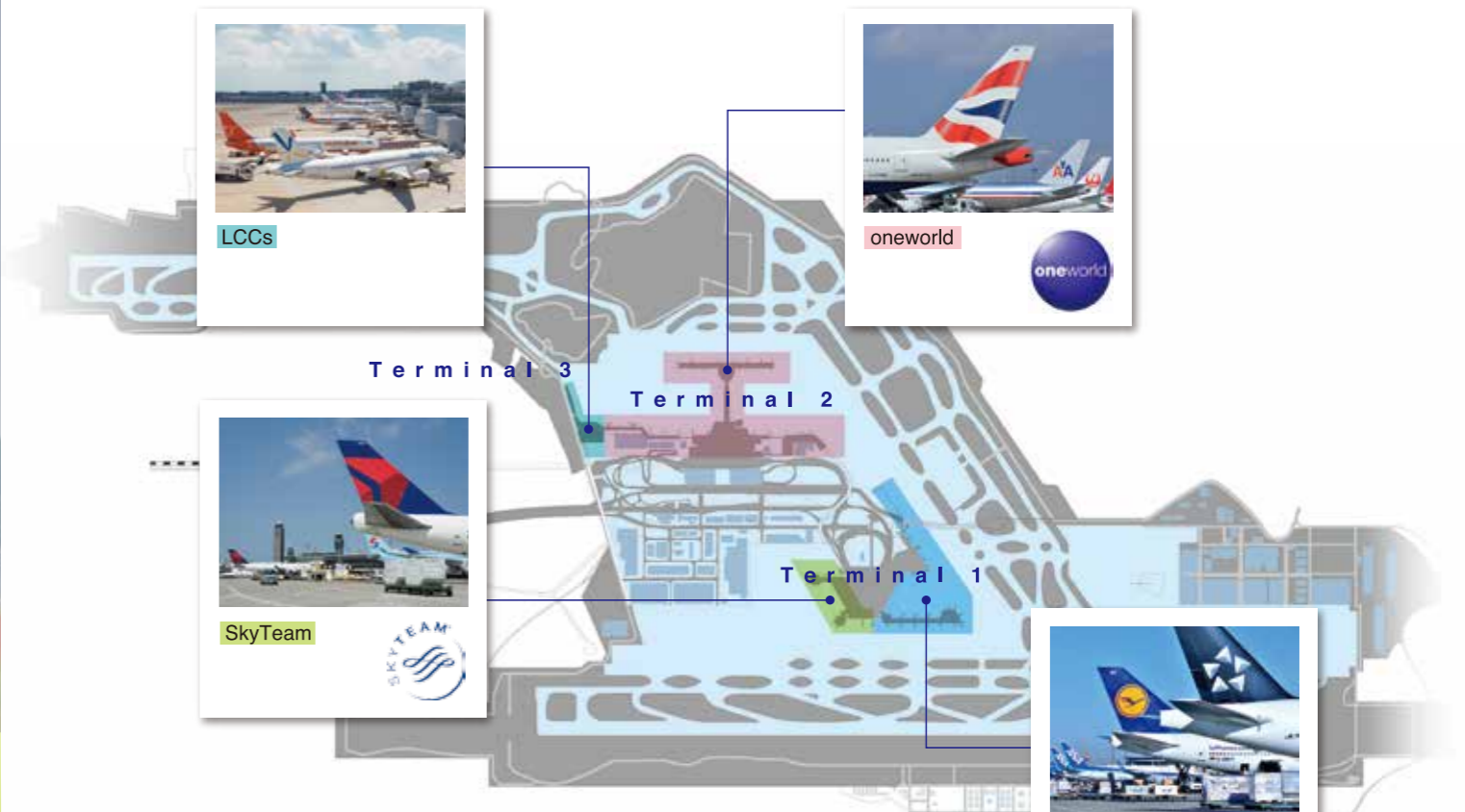
Share of flights by Airline Alliance
（Winter 2016）

Others **22**%

oneworld **25**%

Star Alliance **34**%

SkyTeam **19**%
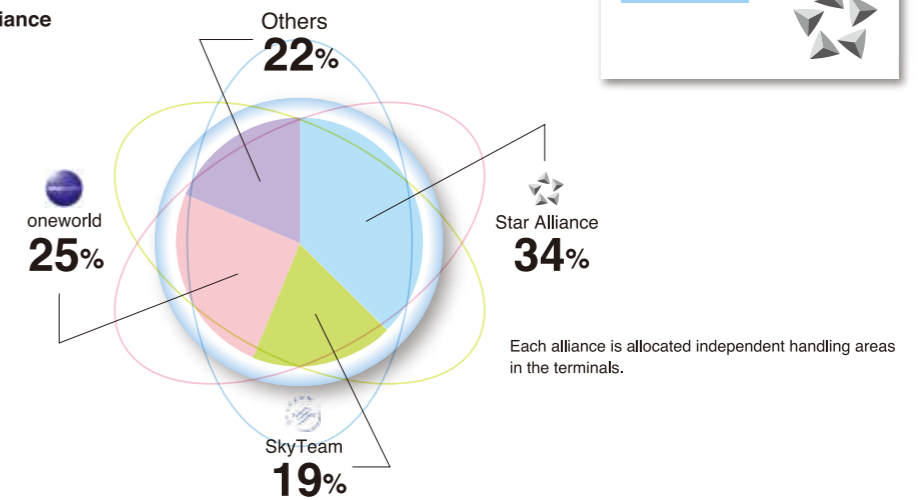
Each alliance is allocated independent handling areas in the terminals.

Outline of Passenger Terminals
Actual as of October 2016

	Terminal 1	Terminal 2	Terminal 3
Commission Date	20 May 1978	6 December 1992	8 April 2015
Total Floor Space	463,000 ㎡	391,000 ㎡	67,000 ㎡
Passenger Handling Capacity	25 million	17 million	7.5 million
Number of Contact Gates (A380 Compatible Gates)	40 (4)	32 (2)	10

Number of Airlines
Winter 2016

	Terminal 1	Terminal 2	Terminal 3	Total
International Flights*	43	34	5	82
Domestic Flights*	3	1	3	7
International Air Cargo			–	15
Domestic Air Cargo			–	1

* The following airlines operate both the international and domestic services at their operating terminals
Terminal 1 All Nippon Airways
Terminal 2 Japan Airlines
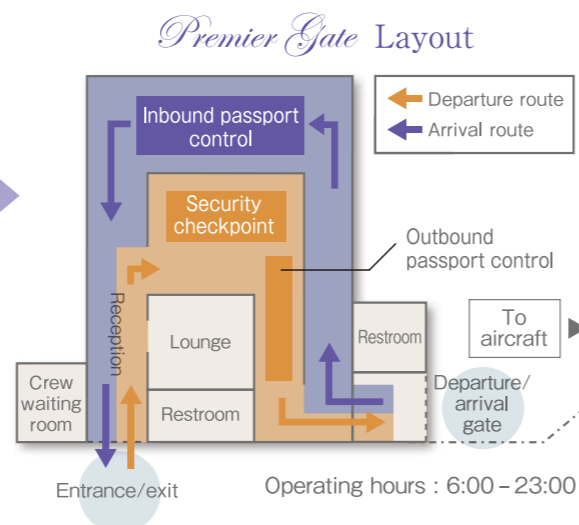Terminal 3 Jetstar Japan, Spring Japan, Vanilla Air

Business Aviation Terminal

In line with the future expansion of Narita Airport's capacity, NAA is striving to create a multifunction airport with the ability to meet a diverse range of needs, including those generated by the increase in domestic services and the launch of services by low-cost carriers (LCCs). On March 31, 2012, we opened the "Business Aviation Terminal -Premier Gate-" , the first dedicated terminal for corporate and private jets in the Greater Tokyo, on the 1st floor of the South Operation Center adjacent to Terminal 2.

The terminal is open from 6 a.m. to 11 p.m. and provides users with an exclusive loading/unloading route complete with CIQ (Customs, Immigration and Quarantine) facilities. It thus ensures security and privacy as well as quick, stress-free passage through passport control. Because vehicles can pull up immediately in front of the terminal, customers can transfer quickly to a waiting limousine on arrival for rapid access to Tokyo.

Specially assigned attendants are on hand to welcome VIPs and offer drinks refreshments in the luxurious lounge environment. There are no duty-free shops in this terminal but VIPs can drop by the duty-free shops located in the passenger terminal on the way to their aircraft and take advantage of the duty-free shopping concierge service which provides assistance by special staff. Alternatively, they can order items in advance and collect them at the business aviation terminal upon departure. Currency exchange and catering service are also available by prior reservation arrangement.

Premier Gate Layout

Inbound passport control

Departure route
Arrival route

Security checkpoint

Outbound passport control

Reception

Lounge

Restroom

To aircraft

Crew waiting room

Restroom

Departure/ arrival gate

Entrance/exit

Operating hours : 6:00 – 23:00

Zoom

Terminal 2

Airport Terminal2 Sta.

NAA has set up a web system with information on the number of corporate jet slots and aircraft stands available, as well as on application for use and extended continuous parking (of up to 30 days). In view of a greater number of large corporate jets, some of the 18 dedicated stands have been turned into dual-mode stands capable of accommodating various aircraft types in fiscal 2014. This opens up a maximum of three stands to large aircraft and enables the facility to adapt to a variety of requirements. A new access lane opened in September 2014 linking the terminal with the adjacent Maintenance Area where aircraft stands are located. This will greatly reduce the transfer time for corporate jet users from around 16 to 8 minutes.

"Business Aviation Terminal - Premier Gate-" is an indispensable business tool for global business executives wishing to use their valuable time efficiently so that they do not miss out on business opportunities.

Since its opening, the terminal has been used by VIPs from the US, Asia, Europe and other parts of the globe. It has proved popular for its shorter processing times than at the conventional terminals, smooth departure/arrival formalities and luxurious comfort.

It is generally recognized that providing infrastructure to accommodate and promote use of corporate/private jets that are rapidly becoming commonplace elsewhere in the world will

● Prompt global corporations to select Japan as their Asian base and new investment destination;
● Attract international conferences, boosting inbound travels;
● Expedite business processes and facilitate a transformation in business styles; and
● Trigger development of business-aviation-related industries.

It is thus thought that this will help to reinforce Japan's competitiveness and support further economic growth.

Narita Airport is aiming to achieve hourly aircraft movements during peak periods to 72 times by the end of fiscal 2018. We believe the further development for the business aviation services at Narita will strengthen its capability to become a multifunctional airport.

Reception

Lounge

Arrival entrance

Cargo

39 forwarders' warehouses in 42 locations (As of October 1, 2016)

Sawara-Tako Road
Tako Industrial Park
Airport South Industrial Park
GLP Narita
Prologis Park Narita 3
Shibayama Town
Taiei Industrial Park
GLP Narita II.
Southern Cargo Area
Narita International Airport
Prologis Park Narita 1
Narita City
Nogedaira Industrial Complex
International logistic service provider

Cargo Traffic

The international air cargo handling volume at Narita International Airport in fiscal year 2015 was 95.4% of the previous year at 1.98 million tonnes. Export was 90.5% of the previous year (minus 60,000 tonnes) at 574,000 tonnes. With declines mainly in automobile components in a rebound effect from the previous year's special demand generated by the ocean freight handling delays at the U.S. West Coast seaports, and also due to tightened shipping cost subsequent to the settlement of aforementioned disputes at the U.S. West Coast seaports and slowdown in the Chinese economy. Import was 94% of the previous year (minus 45,000 tonnes) 706,000 tonnes due to deceleration in individual consumption growth. Transit cargo figures were downward in the first quarter but subsequently made a gradual recovery and finished up at 101.5% compared to the previous year (plus 10,000 tonnes) at 702,000 tonnes.

Cargo Handling Facilities

The administration building adjacent to the JAL Cargo Building warehouse was demolished to make way for the construction of an additional cargo warehouse functionality which is to be completed in March 2017. With the completion of this project, the JAL Cargo
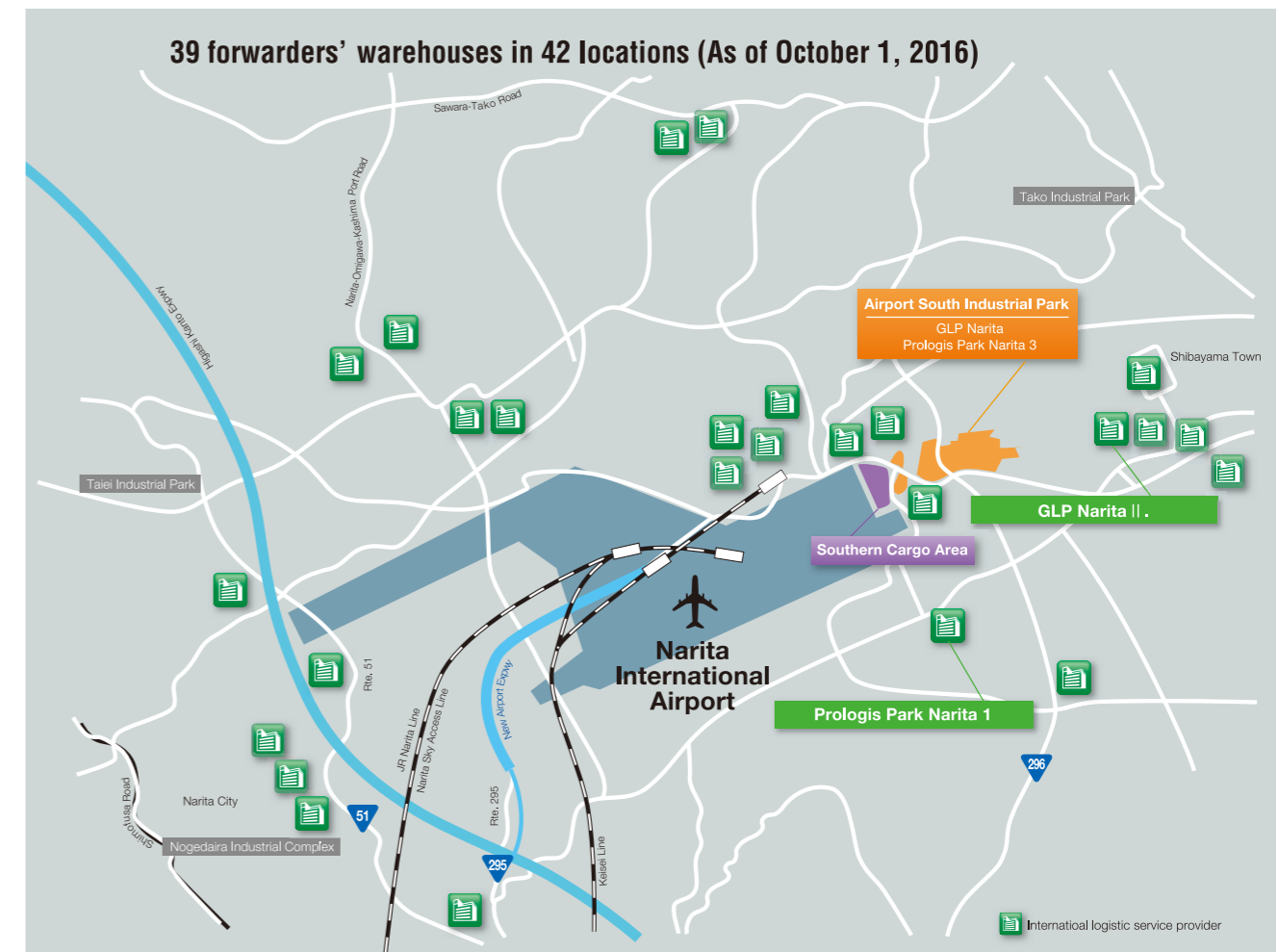
Building warehouse will have greater capacity bringing Narita International Airport's overall cargo handling capacity to 2.4 million tonnes a year, an increase of 50,000 tonnes a year.

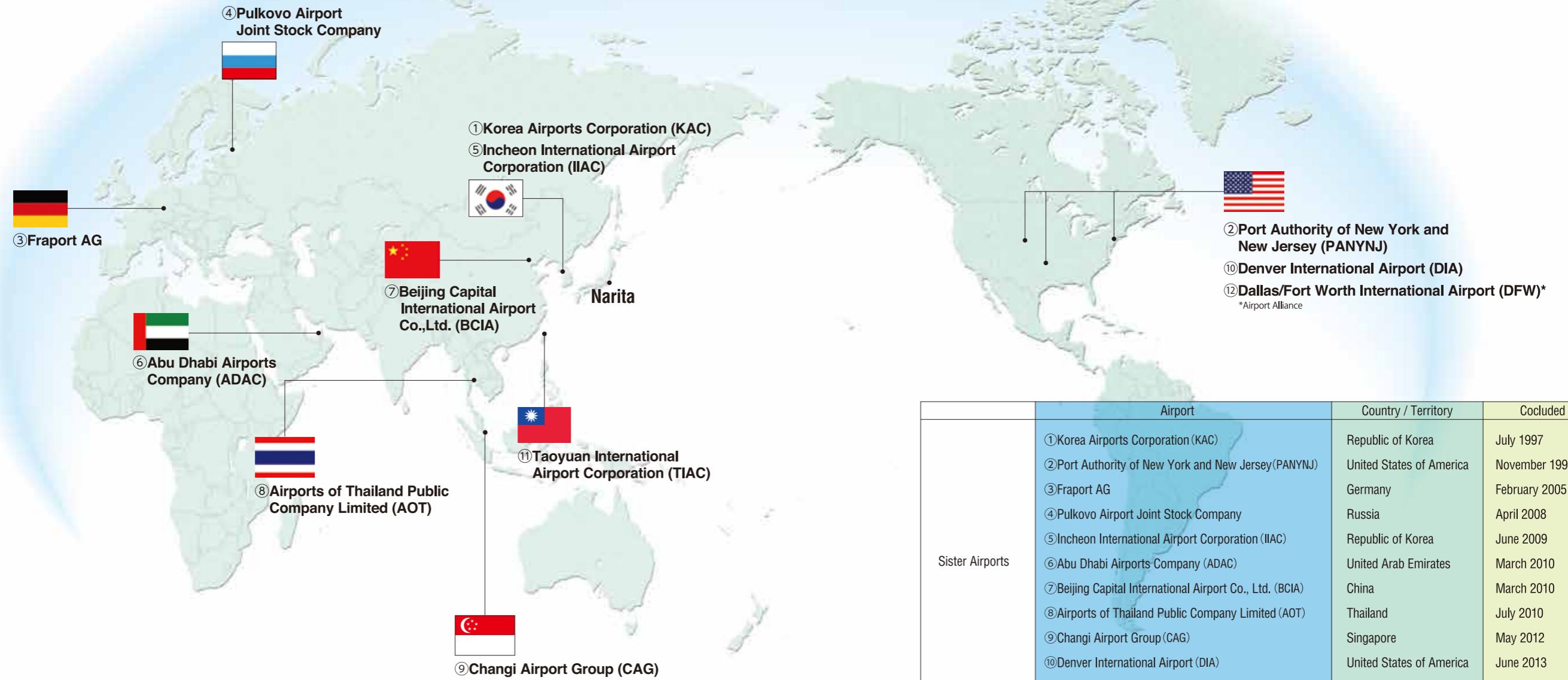## Logistics Facilities around the Airport

A concentration is observed at the airport vicinity for construction of cargo handling facilities for their own cargo by freight forwarders as well as lease facilities by logistic property to complement airport functionalities.
As of 1 October 2016, freight forwarder warehouses, including bonded storage facilities, around the airport have a floor space of around 450,000m², far surpassing the 200,000m² available inside the airport.
These facilities at the airport vicinity are part of the airport's logistics capacity, giving Narita a great advantage over other international airports in Japan.

Cooperation with Other Airports

④**Pulkovo Airport Joint Stock Company**

③**Fraport AG**

①**Korea Airports Corporation (KAC)**
⑤**Incheon International Airport Corporation (IIAC)**

②**Port Authority of New York and New Jersey (PANYNJ)**
⑩**Denver International Airport (DIA)**
⑫**Dallas/Fort Worth International Airport (DFW)***
*Airport Alliance

⑦**Beijing Capital International Airport Co.,Ltd. (BCIA)**

Narita

⑥**Abu Dhabi Airports Company (ADAC)**

⑪**Taoyuan International Airport Corporation (TIAC)**

⑧**Airports of Thailand Public Company Limited (AOT)**

⑨**Changi Airport Group (CAG)**

	Airport	Country / Territory	Cocluded
Sister Airports	①Korea Airports Corporation (KAC)	Republic of Korea	July 1997
	②Port Authority of New York and New Jersey (PANYNJ)	United States of America	November 1998
	③Fraport AG	Germany	February 2005
	④Pulkovo Airport Joint Stock Company	Russia	April 2008
	⑤Incheon International Airport Corporation (IIAC)	Republic of Korea	June 2009
	⑥Abu Dhabi Airports Company (ADAC)	United Arab Emirates	March 2010
	⑦Beijing Capital International Airport Co., Ltd. (BCIA)	China	March 2010
	⑧Airports of Thailand Public Company Limited (AOT)	Thailand	July 2010
	⑨Changi Airport Group (CAG)	Singapore	May 2012
	⑩Denver International Airport (DIA)	United States of America	June 2013
	⑪Taoyuan International Airport Corporation (TIAC)	Taiwan	September 2016
Airport Alliance	⑫Dallas/Fort Worth International Airport (DFW)	United States of America	September 2015

NAA has bilateral cooperation agreement with twelve major airports around the world. The objective of this cooperation is to enable the partners to respond to changes in our industry and diverse range of requests from the airport users.

As part of our activities, we exchange the expertise we have accumulated at our respective airports and views on items of mutual interest surrounding the aviation market, through regular meetings. We strive for an intimate exchange of information through regular correspondence in our day-to-day activities. We also have personnel exchange programs in which we send specialists to each other with a wealth of experience in fields such as providing high quality services to customers, information technology and environmental matters. These personnel work to resolve common airport operational issues, collect information and initiate studies on the issues of mutual interest as well as aviation administration and policy trends. The ultimate objective is the development of a global human resource for the future. These initiatives have led us to hold bilateral programs with our partner airports on an experimental basis.

In the years ahead, we aim to expand Narita Airport's route network from the perspective of strengthening collaboration with the regions of the partner airports. This will include working to develop routes between Narita and partner airports and generate demand for passenger and cargo air services. Moreover, we will collaborate with partner airports to create business opportunities that are mutually advantageous and strive to achieve sustainable growth at Narita Airport.

NAA places great strategic importance on activities with partner airports to enhance our quality. We will continue to forge stronger cooperative ties with the partner airports.

Access to Narita Airport

Rail Access

There are three rail routes between central Tokyo and Narita Airport: the Keisei main line route and the Narita Sky Access route operated by Keisei Electric Railway, and the JR route served by Narita Express (N'EX) and other services. On the Narita Sky Access route, the Skyliner express travels at a speed of 160 km/h, the fastest in Japan other than the Shinkansen bullet train. Since the minimum traveling time from central Tokyo–Narita Airport v.v. using this service is 36 minutes, Narita's airport access is just as convenient as in any other major cities in the world.

Expressway Buses & Taxis

In addition to rail, expressway buses and taxis link Narita Airport with the center of Tokyo. The expressway buses provide a direct link between Narita Airport and Haneda Airport as well as the major railway stations and hotels in

Tokyo. Traveling between Tokyo Station and Narita Airport, for example, takes just 60 minutes with no transfers needed. This is just as convenient as rail access.

With the commencement of early morning flights, there are more buses arriving at Narita before 6:00 a.m. Expressway buses link Narita Airport with major stations such as Tokyo, Ikebukuro and Shinjuku, as well as urban areas both in and outside of Chiba prefecture. There has also been a rapid increase in buses which have launched low-fare services and there is an increasing number of routes being operated.
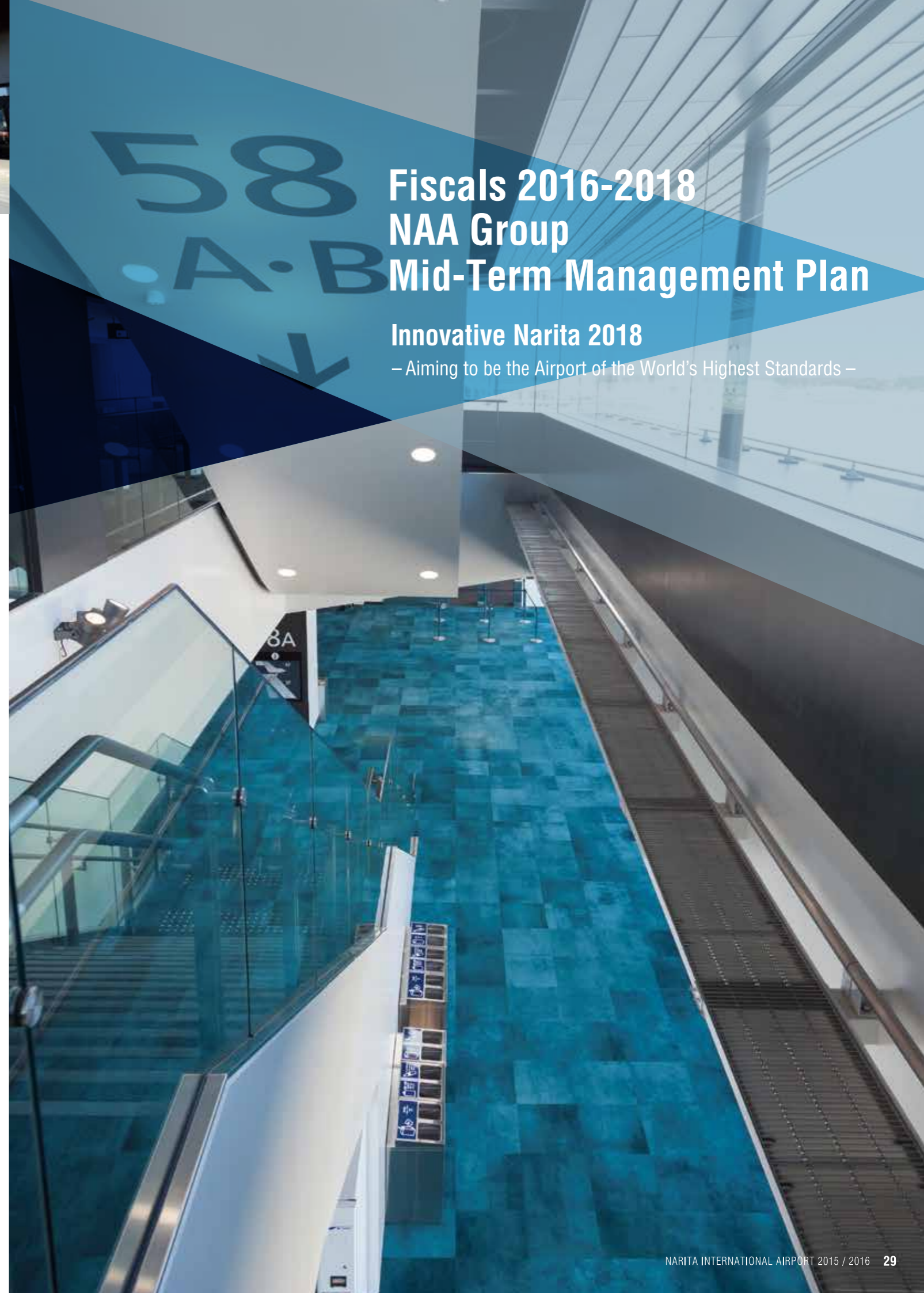
Taxi services include standard taxis and fixed fare taxis. Fixed fare taxis carry passengers for predetermined fares to specific zones in Tokyo. Because the cost is known in advance, it is reassuring to customers.

Fiscals 2016-2018 NAA Group Mid-Term Management Plan

Innovative Narita 2018
– Aiming to be the Airport of the World's Highest Standards –

Omiya
Keisei Skyliner*
67 min

Ikebukuro
Keisei Skyliner* / JR Narita Express
48 min / 83 min

Nippori
Keisei Skyliner / Access Express
36 min / 50 min

Ueno
Keisei Skyliner* / Access Express
41 min / 54 min

Shinjuku
Keisei Skyliner* / JR Narita Express
56 min / 76 min

Shibuya
Keisei Skyliner* / JR Narita Express
63 min / 71 min

Tokyo
Keisei Skyliner* / JR Narita Express
47 min / 51 min

Shinagawa
Keisei Skyliner* / JR Narita Express
58 min / 59 min

Yokohama
Keisei Skyliner* / JR Narita Express
72 min / 81 min

Takao
Kawasaki
Aoto
Higashimatsudo
Narita

Narita Airport Terminal 2・3 Station
Narita Airport Terminal 1 Station

Keisei Skyliner
JR Narita Express (N'EX)
Access Express
JR Line
Keisei Main Line

Displayed times indicate the travel time between Narita Airport Terminal 2 and each station.
*This does not include transfer time.

Operating Environment

The global economy is likely to remain in a gradual upturn, despite some future uncertainty arising from the economic deceleration in China and other emerging economies, and sluggish resource markets. A gradual upturn continues in the Japanese economy as well, with steadily improving labor and income conditions, and positive effects from government economic policies.

In these environments, demand for air transportation is expected to continue to grow. For Asia in particular, the growth should be dramatic, as the region is leading the growth of the world air transport market overtaking North America. To quickly capture shares of the growing market, the major airports in the Asia region will carry out large-scale capacity expansions between 2017 and 2019, as competition intensifies for routes between the international airports in the surrounding markets.
Airlines are also striving to retain their positions in an increasingly competitive environment. Full-service carriers are improving their transit conveniences and reorganizing route network as they consolidate their alliance strategies, and bringing in new-generation aircraft. Low-cost carriers are cultivating new markets for cost-conscious travelers, and some are pursuing a new business model by

strengthening on-board services and tying-up with other airlines to expand connectivity. For both airlines and airports, the operating environment is clearly entering a challenging period.

Japan is strongly promoting to become a popular tourist destination with world-class appeal, and the government has set new targets for foreign visitor numbers and is developing a new tourism strategy to achieve them. Increases are anticipated in the number of foreign visitors flying to our country. Meanwhile, the airlines and airports connecting Japan to the world will take on very important roles as the eyes of the world are drawn to Japan for the 2020 Tokyo Olympic and Paralympic Games.
To meet those expectations and associated challenges, one of the policies the Japanese government has adopted for strengthening the international competitiveness of Greater Tokyo Capital Area is to support further functional improvements of its airports (Haneda and Narita). For Narita, the technical options under consideration in consultation with relevant parties are the extension of the existing runway, construction of an additional runway and relaxation of night-time flight operation restrictions.
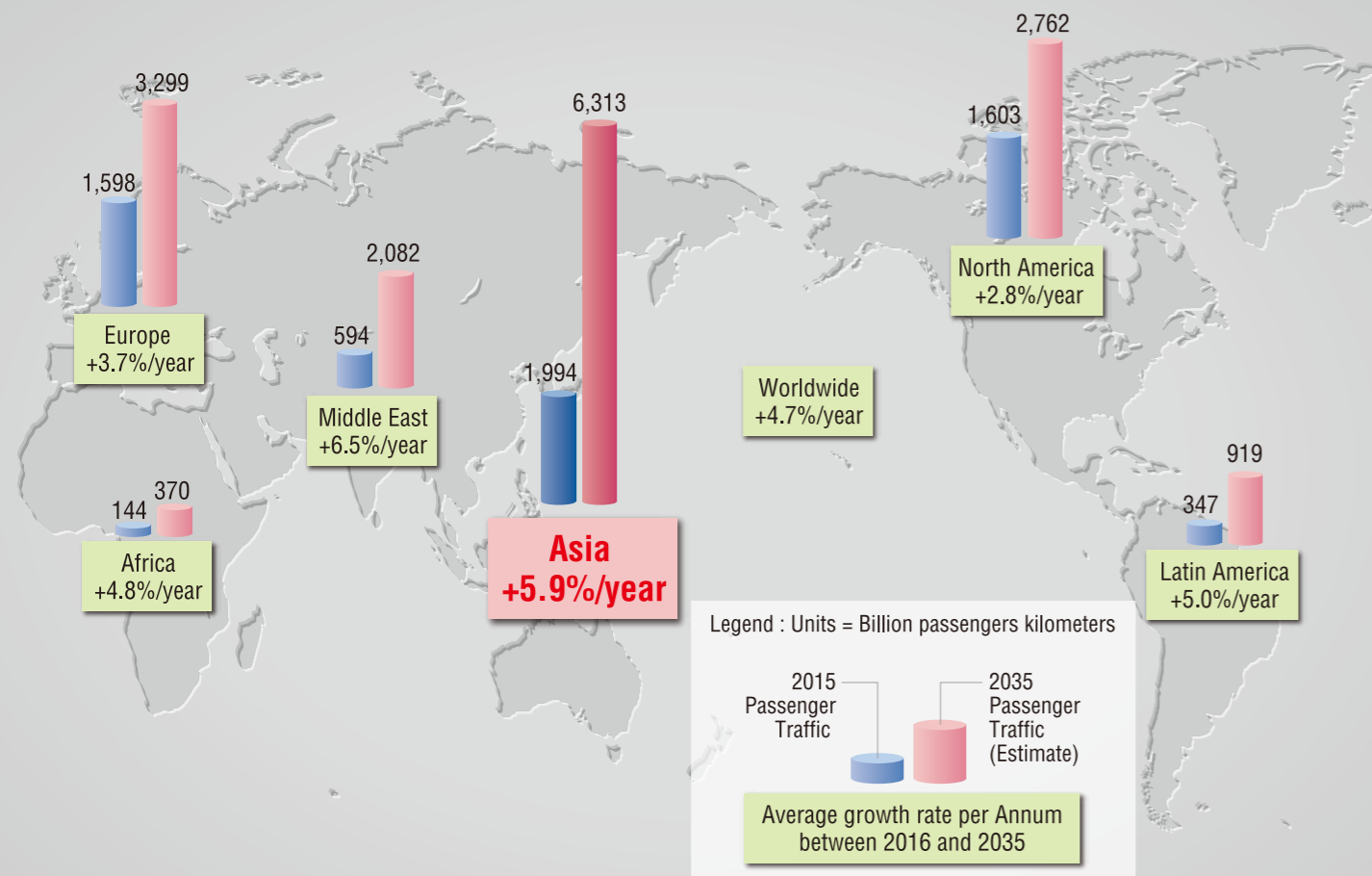
The recent situation at Narita Airport includes a record level of aircraft movements with expanding new routes and additional flights, and although there has been a continuing slackening of demand for overseas travel among the Japanese nation, the number of foreign visitors to Japan using Narita as their gateway to Japan, especially from China and East and Southeast Asia has steadily increased to a record high level, supported by the elimination or easing of Japanese visa requirements, the expansion of consumption tax exemption, and the weakening of the yen. Foreign visitors to Japan are expected to increase further in the mid to long-term and with this increase, we can also anticipate growth in demand for tourism to regional cities and towns in Japan.

The NAA Group, in response to the challenging operating environment described thus far, will further strengthen for ample and well-balanced global air transport network to/from Narita that has been built up since its opening. While continuing to serve as a strategic transfer point for the air services network of the Asia-Pacific region, and to

fulfill the missions of supporting further economic growth and regional revitalization of Japan by taking appropriate steps to serve the expected increase of Tokyo-area air service demand and, as the international hub airport of Greater Tokyo Capital Area and thus as the gateway to Japan, providing the most advanced technology and the finest hospitality for athletes and visitors to the 2020 Tokyo Olympic and Paralympic Games in order to support the safe and smooth hosting of the games.
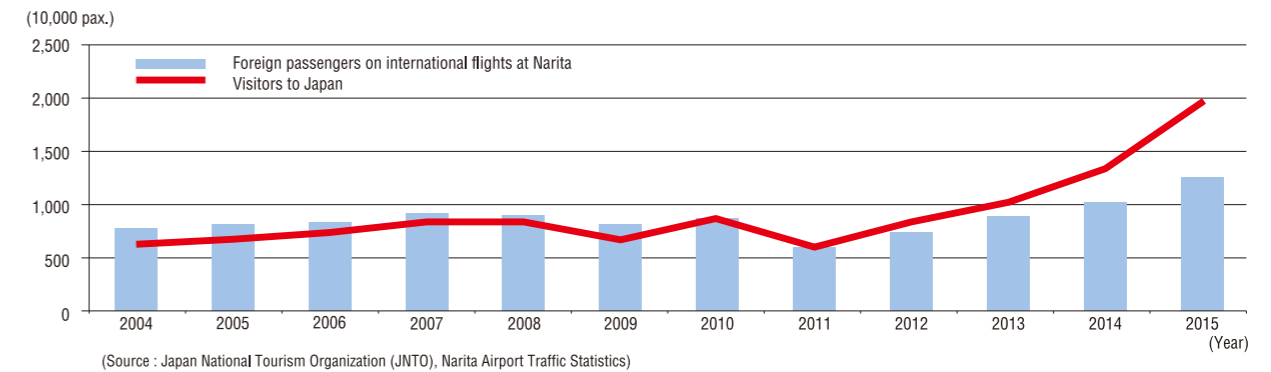
As explained above, during the period of 2016-2018 mid-term management plan, in addition to our continued commitment towards offering the world's highest safety and service standards and preparing for further airport functional improvements and supporting airline network expansion, we will build necessary resilient management fundamentals to strengthening functionalities for the Narita Airport's future, so we would become capable of responding flexibly and promptly to meet any challenges. We will pursue fullest management efficiency in order to steadily and expeditiously implement our policies.

Grobal Airport Passenger Traffic Estimates (2016-2035)

Europe +3.7%/year
3,299
1,598

Middle East +6.5%/year
2,082
594

Africa +4.8%/year
370
144

Asia +5.9%/year
6,313
1,994

Worldwide +4.7%/year

North America +2.8%/year
2,762
1,603

Latin America +5.0%/year
919
347

Legend : Units = Billion passengers kilometers

2015 Passenger Traffic

2035 Passenger Traffic (Estimate)

Average growth rate per Annum between 2016 and 2035

(Source : Japan Aircraft Development Corporation)

Trends in Foreign Visitors to Japan and at Narita Airport

(10,000 pax.)

Foreign passengers on international flights at Narita
Visitors to Japan

2,500
2,000
1,500
1,000
500
0

2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015
(Year)

(Source : Japan National Tourism Organization (JNTO), Narita Airport Traffic Statistics)

Narita Airport's Vision for its Future

The NAA Group will endeavor to make Narita Airport more competitive among the major Asian airports undertaking large-scale expansions. Also, for the 2020 Tokyo Olympic and Paralympic Games which will draw global attention, as the key international hub airport of Greater Tokyo Capital Area and thus the gateway to Japan, we will commit to provide the most advanced technology and the finest

hospitality for athletes and visitors in order to support the safe and smooth hosting of the games.
To bind these efforts to the ongoing growth and development of Narita Airport in the future and achieve its position as the leading airport of Asia, we envision the following for the three fiscal years 2016 to 2018.

◆ We will pursue to become an airport of the world's highest standards to drive for customer acknowledgement to be offering the finest level in the world by making endless challenges for safety and service quality.

◆ We will pursue to retain and reinforce our position as the top class international hub airport in Asia through expanding air services network by serving the needs of the airlines with enhancing airport functionalities, along with initiated further functional improvements to support sustainable growth and development of Narita Airport.

Strategic Policies and Goals

The NAA Group regards the coming three fiscal years 2016 to 2018 as a period to improve competitiveness among other major Asian airports, laying the groundwork for further rapid progress, and making full preparations to support the safe, smooth hosting of the 2020 Tokyo Olympic and Paralympic Games. Toward realizing our vision for Narita Airport's future, we will steadily but expeditiously work toward the targets of the following five strategic policies.

STRATEGIC POLICY 1 — Bringing Safety and Operating Stability to the World's Highest Standards

The endless pursuit for world's highest level of safety and operating stability takes priority over everything else, and is the mission of the NAA Group.

Key Initiatives and Targets

- Perfecting risk management and safety control systems in cooperation with relevant organizations to ensure assurance for every airport users, and building a safety culture in which all airport staff regards safety as the highest priority and make unflagging efforts.
- Strengthening of security systems, including utilization of the latest Advanced Imaging Technology(AIT).

Strategic Targets

"Three Zeroes" for Airport Operation
- ◆ Zero aircraft accidents, with sound precision airport operations
- ◆ Zero malfunctions in facilities which can seriously affect airport operation
- ◆ Zero hijacking or terrorism incidents, with solid security measures

STRATEGIC POLICY 2 — Improving Airport Functionalities and Partnership with the Local Community

Improving functionality is the foundation and starting point to enhance airport competitiveness.

Key Initiatives and Targets

- Amid intensifying competition among major Asian airports, further expanding the air services network to/from Narita Airport by enhancing the hourly aircraft movement capacity to meet airline needs during peak periods.
- Pursuing consultations with relevant stakeholders toward realization of runway extension as well as construction of an additional runway and relaxation of night-time flight operation restrictions.
- Deepening the partnership with the local community for co-existence, mutual prosperity and stronger environmental protection.
- Reducing the environmental impact under the Eco-Airport Master Plan.

Strategic Targets

- ◆ Hourly aircraft movements during peak periods : 72 (by the end of fiscal 2018)
- ◆ Annual aircraft movement target : 270,000 (in fiscal 2018)
- ◆ Reduce greenhouse gas (CO_2) emissions : 7% below fiscal 2015 level (Per aircraft movement, by the end of fiscal 2020)

STRATEGIC POLICY 3 — Thoroughly Enhancing Air Services Network

Expansion of the air services network is a key factor for airport competitiveness.

Key Initiatives and Targets

- We will further strengthen the extensive, balanced network extending around the world which we have developed since Narita Airport opened, by enthusiastically promoting our airport with marketing activities including effective promotions by way of studies of passenger trends and markets.
- We will concentrate on opening new routes in the dramatically growing Asian market including new routes to inland China and Southeast Asian cities currently not directly served, while reinforcing our position as the central hub linking Asia with North America by improving transit functions and convenience which will enable us to maintain or reduce connection times.
- We will also strive to open new routes serving destinations in Europe, Africa, and Latin America.
- We will strive to add more domestic routes in Japan, not only to serve Japan resident travelers but also to meet the needs of the growing numbers of foreign visitors to Japan.
- Meeting airline needs in order to encourage the three major airline alliances to use Narita as their key hub airport, by adding security lanes and implementing new high-efficiency security check system, and adding baggage handling facilities and bus gates to make Narita Airport facilities more attractive.
- Leveraging the only dedicated LCC passenger terminal in Greater Tokyo Capital Area to attract the LCCs offering short-haul routes in Asia and within Japan.
- Expanding cargo services network to increase the value of Japan's largest air cargo port as a distribution hub.

Strategic Targets

Air Services Network
- ◆ Overseas destinations served : 130 cities or more(by the end of fiscal 2018)
  Domestic destinations served : 20 cities or more(by the end of fiscal 2018)
- ◆ LCC flight share* : 30% or higher (in fiscal 2018)
  *LCC proportion in passenger flights

Flight Volume
- ◆ Annual total passenger volume : 43 million passengers(in fiscal 2018)
  International flights : 35.5 million passengers
  (Foreign passengers including transits: 22.6 million passengers)
  Domestic flights : 7.5 million passengers
- ◆ Annual air freight volume : 2.1 million tons(in fiscal 2018)

STRATEGIC POLICY 4 — Increasing Customer Satisfaction by Providing the World's Highest Service Standards and Creating More Attractive Retail Spaces

It is absolutely essential that Narita Airport is seen and recognized by the customers as their airport of choice that customers look forward to using and are glad they have used, and are hoping to use again.

Key Initiatives and Targets

- Working with relevant authorities, airlines and other parties in promoting the automated "self-service" passenger travel procedures (Fast Travel) at the airport to shorten passenger processing and waiting times as much as possible. Along with this, we wish to introduce Airport Collaborative Decision Making (A-CDM) to increase overall airport utilization efficiency and improve on-time flight operation which is the reference point of transport service.
- Providing attractive retail spaces and enhancing the pre-boarding experience so passengers can make more enjoyable and meaningful use of the time saved by the shortening of processing and waiting times which could raise satisfaction level for the increasing numbers of foreign visitors to Japan as well.
- Using the most advanced information and communications technologies to create a smart airport will work hand in hand with the creation of attractive retail spaces to surprise and impress passengers.
- Thoroughly reviewing all airport functions and services, with emphasis on more stress-free, barrier-free accessibility and hospitality, in preparation for supporting the safe, smooth hosting of the 2020 Tokyo Olympic and Paralympic Games.

Strategic Targets (by the end of fiscal 2018)

- ◆ On-time flight operation rate : the world's top level (Specific targets to be determined in consultation with airlines and other parties)
- ◆ Percentage of passengers utilizing self-service options : 80% or higher
- ◆ Length of processing time : Departures, time to reach duty-free shops area : within 10 minutes   *Departure lobby check-in to duty-free shops area
  : Arrivals, time to reach arrival lobby : within 30 minutes   *Disembarkation to arrival lobby
  *IATA targets processing time
- ◆ SKYTRAX World Airport Rating : Target to obtain five-star airport rating (top level)

STRATEGIC POLICY 5 — Reinforcing NAA Corporate Group Management Strength and Competitiveness

Reinforcing the management strength of the NAA corporate group that administers and operates the airport is indispensable for achieving our vision.

Key Initiatives and Targets

- Respond to the diversifying customer needs especially of the increasing number of foreign visitors to Japan and capture the airport retail sales opportunities to improve NAA corporate group's financial platform for the management strength and competitiveness.
- Prepare for potential event risks such as a major disaster, terror incident or infectious disease, and placing priority on securing a steady cash flow for continuous sound management.

Strategic Targets (In fiscal 2018)

- ◆ Revenue from airport duty-free shops, merchandise outlets and restaurants : JPY150 billion

Strategic Targets (In fiscal 2018)

- ◆ Consolidated operating profit : JPY49 billion or higher
- ◆ Consolidated return on assets : 5.5% or higher
- ◆ Consolidated long-term debt : Low JPY450 billion
- ◆ Ratio of consolidated long-term debt balance to consolidated operating cash flow : 6.2 or less

Capital Investment Plan

During this plan period (fiscals 2016 to 2018) we will make capital investment of JPY160 billion (consolidated).
The capital investment will be financed by operating cash flow.

Bringing safety and operating stability to the world's highest standards	¥ JPY55 billion
Improving airport functionalities and partnership with the local community	¥ JPY60 billion
Thoroughly enhancing air services network	¥ JPY20 billion
Increasing customer satisfaction by providing the world's highest service standards and creating more attractive retail spaces	¥ JPY20 billion
Reinforcing NAA corporate group management strength and competitiveness	¥ JPY5 billion

Total JPY 160 billion

Bringing Safety and Operating Stability to the World's Highest Standards

(1) Strengthening the risk management system

- We will build even closer ties with airlines, medical institutions and other relevant organizations to more speedily make appropriate responses in the event of aircraft accident, major disaster or pandemic outbreak. We will also strengthen the risk management system for the NAA Group as a whole.
- We will strengthen the security system by installing next-generation equipment at security check areas and utilizing other leading-edge technologies.
- To improve the crisis response capabilities of the airport as a whole, various scheduled drills for hypothetical emergencies will be carried out.
- We will heighten awareness for security level at the entire NAA Group by following the latest procedures for thorough defense against cyberattacks and maintaining information security systems and regulations conforming to the cyberattack countermeasure standards of the Japanese government.

Introduction of Advanced Information Technology (AIT) and Other Aviation Security Reinforcements

In response to a terrorist incident in January 2015 involving the killing of Japanese nationals in Syria, the government designated studies into the upgrade of security screening through the introduction of advanced security screening equipment at airports as an issue to be specially addressed in its drive to augment anti-terrorism measures. In line with this policy, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) has decided to introduce body scanners capable of detecting nonmetallic explosives effectively and efficiently as a screening method that will both streamline inspections and also alleviate the

inconvenience to passenger at all major airports in Japan with international services before the 2020 Tokyo Olympic and Paralympic games. As part of this drive, the Ministry conducted evaluation tests in the present on-site environment at the passenger security screening checkpoints at Narita Airport from October to December 2015, with a view to their formal introduction commencing fiscal 2016.

Body scanners will be installed and commissioned at each screening checkpoint in Narita Airport by March 2017.

Enhanced Aircraft Accident Preparedness

Equipment Aspects

Narita Airport recently introduced two Striker 6 x 6 trucks from Oshkosh Corporation in the US as the replacement of its chemical fire trucks. These trucks have a High Reach Extendable Turret (HRET), and Narita is the first at any airport in Japan to deploy chemical fire trucks equipped with this feature.

The biggest feature of these trucks is the capability of the main turret (water cannon) mounted on top of the vehicle to extend on a boom up to 15.2 meters above ground and travel up to a maximum radius of 10.5 meters. This allows for the vehicles to deliver water from a high or low position and extinguish fires efficiently and effectively with less wind impact.

In addition to the main turret nozzle, a perforated nozzle capable of penetrating through the fuselage and delivering water spray inside the aircraft is also fitted to the boom end. This allows for a rapid firefighting response inside the cabin thereby allowing rescue work that will maintain a viable state for survival in the cabin.

These chemical firetrucks were deployed at fire stations (East and West Stations) in the airport in June 2016.

Service Aspects

Narita Airport has established every cooperative frameworks to ensure a rapid response in the event of an aircraft accident by implementing various training and drills to strengthen close cooperation with related agencies and organizations and by establishing agreements where
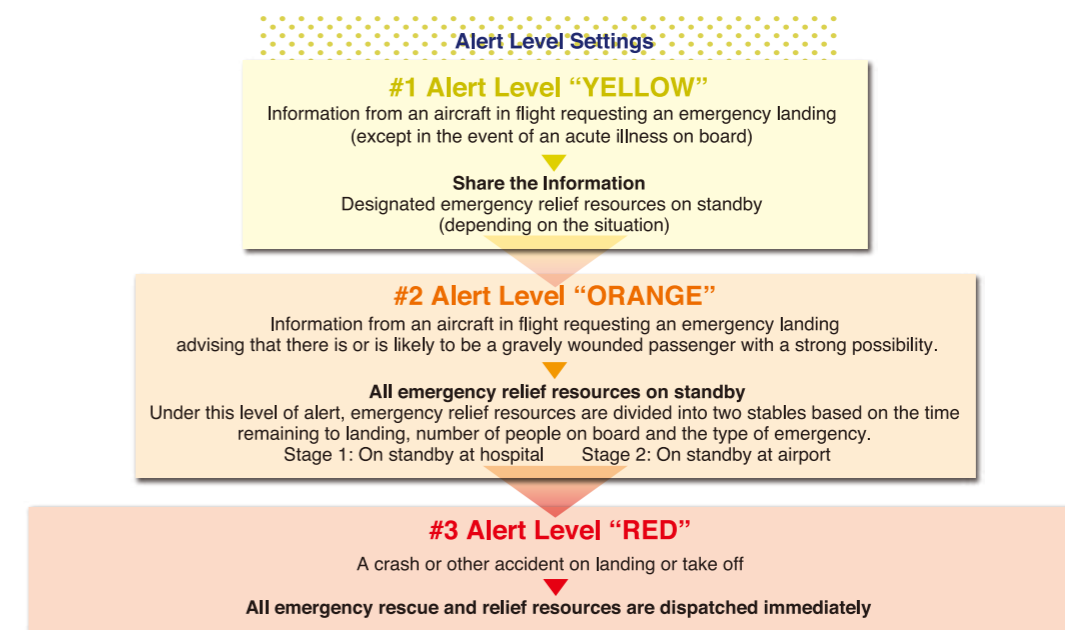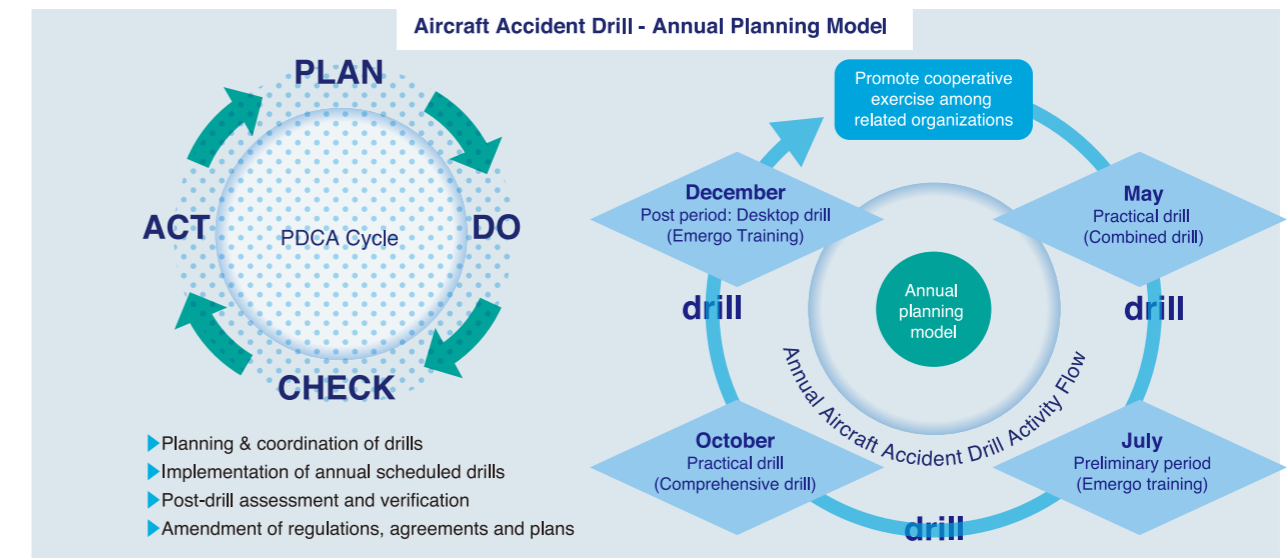
necessary. Aircraft accident drills take the form of combined drills focusing on initial response activities and full-scale comprehensive drills from the occurrence of the accident until the point where the situation has been brought under control. Emergo Training, a practical desktop simulated drill developed in Sweden is also used to draft an annual drill planning model and ensure that drills are effective.

Using the PDCA cycle, the drills are carried out from planning and are subsequently assessed and validated for amendments to regulations, agreements and plans related to aircraft accident measures.

On 1 April 2016, an emergency medical treatment agreement was signed with Nippon Medical School to counter issues that had surfaced during drills.

The agreement stipulates reporting procedures by the designated alert levels based on the degree of emergency, requiring the need or possible need for first-aid and relief operations, comprises a system in which the dispatch or standby of medical staff can be requested as needed, and establishes a system where information is shared with municipal fire authorities as the situation requires and where cooperation can be defined. This has made it possible for first-aid and relief operation to be carried out quickly and effectively.

Through these developments, Narita Airport has built day-to-day cooperative relationships with the various organizations on personal levels that enable it to build a strong aircraft accident response system and face each day fully prepared.

Aircraft Accident Drill - Annual Planning Model

- ▶ Planning & coordination of drills
- ▶ Implementation of annual scheduled drills
- ▶ Post-drill assessment and verification
- ▶ Amendment of regulations, agreements and plans

Alert Level Settings

#1 Alert Level "YELLOW"
Information from an aircraft in flight requesting an emergency landing (except in the event of an acute illness on board)
▼
Share the Information
Designated emergency relief resources on standby (depending on the situation)

#2 Alert Level "ORANGE"
Information from an aircraft in flight requesting an emergency landing advising that there is or is likely to be a gravely wounded passenger with a strong possibility.
▼
All emergency relief resources on standby
Under this level of alert, emergency relief resources are divided into two stables based on the time remaining to landing, number of people on board and the type of emergency.
Stage 1: On standby at hospital   Stage 2: On standby at airport

#3 Alert Level "RED"
A crash or other accident on landing or take off
▼
All emergency rescue and relief resources are dispatched immediately

(2) Total safety and operating stability

- To maintain total safety and stability in the operation of airport facilities, we will consistently carry out scheduled inspections and degradation diagnoses for all equipment in our planned equipment replacement programs.
- We will make continuous efforts to prevent large-scale shutdowns of the key facilities that are indispensable to stable operation of the airport, by determining reference values for equipment operating ratios and failure recovery times, managing equipment under thorough plan-do-check-act practices, and reviewing the procedures for rapid recovery.
- We will pursue thorough safety education by introducing training programs for all airport employees, to enhance safety awareness and accident prevention at every workplace.

"A trusted airport where safety is paramount" is the first item in the NAA's management vision and is aimed at ensuring airport safety. To achieve this vision, NAA has initiated safety promotion activities and formulated a range of strategies to solve every safety-related problems and issues throughout across the company.

Since 2007, the Airport Operations Information Center (AOIC) is integrally managing the collection and distribution of airport operations information. The Safety Management Department strive to fortify the safety promotion framework through the formulation of fundamental safety guidelines and the overall control of safety management activities such as safety awareness programs.

Safety Initiatives

1) Safety Policy

①Ensuring safety is the foundation of our airport operation, and the company will pursue this objective by ensuring that every individual employee places utmost importance on safety as a basis of their work activities and that all executives and employees are aware of their individual roles and responsibilities in the pursuit of safety.

②The company will enhance self-awareness of safety among all executives and employees through lectures and training courses, and work to develop a "safety-first" corporate culture to ensure that the spirit of safety is firmly embedded in everybody's mind.

③While encouraging safety reporting and driving forward with disclosure and sharing of safety information, the company will always maintain awareness of the issues and perform appropriate safety inspections to improve and expand its safety management system.

④NAA will include its group companies in its safety promotion activities while liaising and establishing cooperative relations with the government organizations and other airport stakeholders.

⑤Every individual member of the company will understand and comply with relevant laws, regulations and standards to ensure safety.

Diagram 1

PLAN
- Formulate safety promotion plans
  · Identify safety targets
  · Develop yearly programs
    (training courses, drills, etc.)

ACT
- Assess and review results of initiatives in safety promotion plans
- Review regulations and manuals based on results of safety audits and inspections

DO
- Carry out flight operation support and maintenance activities
- Carry out training and drills
- Respond to emergency and other situations
- Manage safety risks
- Collect and report safety-related information

CHECK
- Hold various safety promotion related meetings
- Conduct safety inspections
- Analyze factors behind facility malfunctions and establish measures for preventing recurrence
- Monitor achievements under safety promotion plans

2) Safety Management System (NAA-SMS)

The Safety Management System is a comprehensive management methodology (PDCA cycle) incorporating a system that designates safety policies and targets, establishes and implements management programs for achieving those targets, monitors progress and takes any necessary measures. (Refer to Diagram 1)
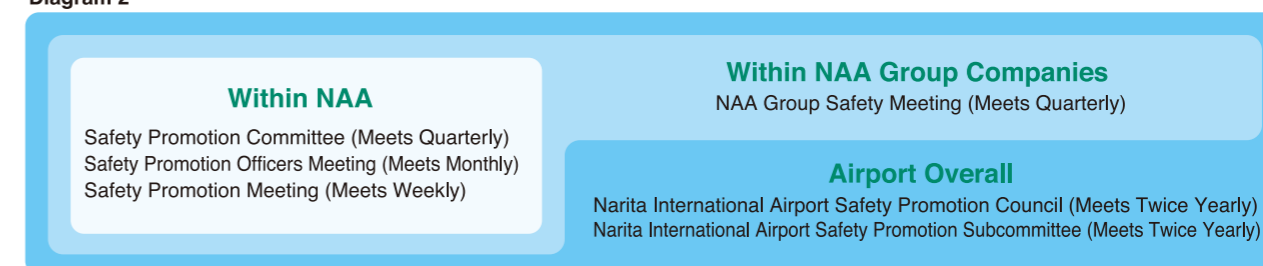
NAA adopted this safety management system in its drive to achieve airport management in which safety is warranted, and since April 2014, it has launched new initiatives to introduce more improvements in safety by setting and monitoring safety targets based on the State's civil aviation Safty Program (SSP) led by the Ministry of Land, Infrastructure, Transport and Tourism, and collecting and reporting safety-related information to the government, etc.

3) NAA-SMS Implementation Framework

The Safety Promotion Committee and several other bodies have been established for safety at Narita International Airport so that not only NAA but the group subsidiaries and airport related organizations and business work together on safety promotion activities. (Refer to Diagram 2)

Diagram 2

Within NAA
Safety Promotion Committee (Meets Quarterly)
Safety Promotion Officers Meeting (Meets Monthly)
Safety Promotion Meeting (Meets Weekly)

Within NAA Group Companies
NAA Group Safety Meeting (Meets Quarterly)

Airport Overall
Narita International Airport Safety Promotion Council (Meets Twice Yearly)
Narita International Airport Safety Promotion Subcommittee (Meets Twice Yearly)

Business Continuity Plan (BCP)

A business continuity plan sets out in advance the methodologies and means by which a corporation can minimize the damage to management resources, including the lives of its employees and its assets, in the event of a major disaster while ensuring the continuation of activities that should be sustained under normal circumstances as well as those which become priority duties in times of emergency so that key activities can be sustained and normal operation is restored as quickly as possible. NAA has prepared business continuity plans for influenza pandemics and major earthquakes.

1) Influenza Pandemic Action Plan

In the event of an influenza pandemic various emergency activities will be initiated, which include cooperation with human quarantine border control measures, etc. put into place by the Quarantine Station at Narita Airport and measures to contain the spread of infection at the airport. We would also need to work on the assumption that many employees and contracted service staff may not be able to work due to infection.

The action plan for an influenza pandemic was devised by preemptive studies into suspending activities where there is a high risk of infection (meetings, etc.), focusi activities to be sustained and preserving manpower for essential tasks, etc. It sets out three fundamental guidelines: preserve life, sustain airport functions, and sustain NAA administration.

2) Major Earthquake Business Continuity Plan

In the event of a major earthquake, there is a reduced-work force capability to carry out activities with the direct damage (to personnel and buildings) and indirect impact (suspension of public transportion and interruption to lifeline facilities). The limited number of available staff must be assigned to emergency activities (rescuing victims and assisting those stranded in the airport, etc.).

The business continuity plan for major earthquakes designates four fundamental guidelines: ensure personal safety, sustain airport functions, regional participation, and sustain the management of NAA. It designates priority recovery areas and action to be taken to reduce the time taken before emergency response activities commence and to retain as much as possible, the capacity to continue operating after an earthquake occurs. It is based on preemptive studies into retaining and allocating those resources needed to continue operating.

Improving Airport Functionalities and Partnership with the Local Community

(1) Promotion of airport functional improvements

(To expand hourly capacity to 72 aircraft movements)

● Bearing in mind the available capacity of 300,000 aircraft movements per year, in order to accommodate more flights during Narita's peak hour periods, we will reconfigure the high-speed exit taxiways[1] on Runways A and B to allow for hourly capacity to 72 aircraft movements.

● Along with the increase to 72 aircraft movements per hour, we will augment other airport facilities.

(Additional functional improvements)

● Based on recommendations for additional functional improvements by the Subcommittee on Tokyo Metropolitan Airports Functional Enhancement for Technical Review of the Japan Ministry of Land, Infrastructure, Transport and Tourism, we will consult with relevant parties on the basis of technical options for the realization of extension of the existing runway, construction of an additional runway, and relaxation of night-time flight operation restrictions.

(2) Improved co-existence and mutual prosperity policies which has taken root with the local community alongside environment countermeasures, and contribution to local growth and development

● We will take community co-existence and mutual prosperity policies which has taken root to another level alongside environment countermeasures while deepening the relationship of trust between the two parties by ensuring that the local community remains fully informed on all aspects so that the community and the airport can exist and prosper together.

● We will participate in the regional development policy study team within the Regional Government Council on Narita Airport comprising the nine municipalities around the airport[2] and actively contribute to initiatives designed to encourage regional development.

● Under the concept of creating the world's leading eco-airport, we will steadily implement the environmental initiatives in the Eco-Airport Master Plan including steps to reduce greenhouse gas (CO_2) emissions and alleviate the environmental impact.

[1] Taxiways that allow aircraft to more quickly leave the runway after landing.
[2] The cities of Narita, Tomisato, Katori and Sanmu and the towns of Sakae, Kozaki, Tako, Shibayama and Yokoshiba-Hikari.

With a perspective of "airport development is with a local community development", Narita Airport has embarked on a number of regional co-existence and environmental strategies to make a proactive contribution to the local communities. One of these is aircraft noise mitigation, which includes solutions for aircraft noise at source through regulating take-offs and landings and improved flight operation procedures etc. Airport facility improvements such as wooded buffer zones and noise mitigation embankments as well as measures which have been in place for many years such as subsidized soundproofing, compensation for relocation and strategies to prevent debris falling from aircraft.

In order to advance the enhancements for Narita Airport's functionality, we tabled our fundamental stance on environmental measures and co-existence/co-prosperity with the local community at the Four Party Council on Narita Airport on 27 September 2016. Subsequently, with the consent of the Council to explain the further functionality enhancements of Narita Airport to the people of the community, town meetings were held with the cooperation of the national government and regional municipalities since 3 October of the year. We will make our utmost efforts to obtain understanding from the residents of the area where effect from noise is expected to increase with individual meetings to provide explanation utilizing open space at public facilities and by having discussions with wider range of people in the community.

At the Four Party Council meeting held on 17 September 2015, it was confirmed that separate studies be conducted thoroughly on regional promotion so that boosting Narita

Airport's functional enhancement would lead to the prosperity of the local community. At this occasion, a local community promotion planning team was established in the Narita Airport Regional Government Council consisted of the nine heads of Narita city and eight municipal governments in October 2015. One of the team's objectives is to take advantage of the airport to revitalize the regional economy and ensure balanced development throughout the nine municipalities. NAA and Chiba Prefectural Government are also participating in this to examine various regional promotion initiatives.

One initiative carried out so far is the publication and distribution of a tourist information guide booklet of Narita Airport and the surrounding communities including restaurant and tourist information highlighting many of the recommended places to dine and visit in the area. Since April 2016, this publication is distributed in the airport and its related facilities.

NAA is tackling with various other community promotion plans and strives to continually cooperate to enable the surrounding communities to grow and develop in together with the airport.

Greater consideration for the environmental impact on the local community and the airport to prosper together with the resident community is necessary than ever before for the further enhancement of Narita Airport functionalities. Looking towards international initiatives for the environment, in December 2015, the 21st session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) was held in Paris, France. At the Conference, a new international framework "the Paris Agreement" which aims to reduce greenhouse gas emissions after 2020 was officially adopted.

In consideration of global trends and changes in Narita Airport's circumstances, NAA adopted the Eco-Airport Vision 2030 in April 2016 as a statement of the direction that we will pursue through fiscal 2030. NAA also adopted the Eco-Airport Master Plan (FY 2016 - 2020) as a new action plan to accomplish the Eco-Airport Vision.

Narita Airport undertakes a series of environmental initiatives from a global perspective so that the airport can continue developing into the future. NAA will work with all stakeholders to reduce the environmental impact of airport operations on local communities, take measures for greenhouse gas (CO_2) emissions from the airport as a whole, address global-scale environmental issues, and pursue sustainable development by local communities and the airport.

Eco-Airport Digest

Principle Environmental Initiatives at a Glance

At Narita International Airport, NAA and the airport-related business entities and organizations work together to further the conservation of the environment throughout the airport and achieve the targets set under the Eco-Airport Master Plan. We undertake a range of environmental initiatives not only in connection with aircraft operations, passenger and cargo terminals, but also in the area surrounding the airport.

In passenger terminals

General Waste Sorting -Map ❶

Waste is sorted for recycling into six categories in the passenger terminal lobbies, and 10 categories in the office areas.

Solar Power Panels -Map ❷

Solar power panels are installed at passenger terminals and NAA Building. The generated electricity is used for lighting and as a power source for the NAA Information Room.

Kitchen Wastewater Treatment Facilities and Grey Water Production Facilities -Map ❸

Waste water from restaurants in the terminal buildings is treated to be reused as flushing water in airport toilets.

Use of Geothermal Energy -Map ❹

Geothermal energy is used for air conditioning in the connecting corridor of Passenger Terminal 2.

On taxiways

LED Lighting -Map ❺

High energy-efficient LED lights have been installed for taxiways and some parts of lighting in passenger terminal buildings.

For vehicles

Low Emission Vehicles

NAA promotes the introduction of low emission vehicles such as electric vehicles, as well as fuel-efficient and low-exhaust cars.

Quick Chargers for Electric Cars -Map ❻

In convenience for customers driving electric cars and for airport-related business entities, quick chargers are installed in parking lots P1 and P2.

Hydrogen Station -Map ❼

This station supports drivers of fuel cell vehicles, which are becoming popular in recent years.

At airport facilities

Recycling Plant -Map ❾

Asphalt, concrete and other construction waste is crushed and recycled into paving material.

Rainwater Treatment Facility -Map ❿

Rainwater from a holding pond is treated and reused for cooling water in the Central Heating and Cooling Plant and for flushing water in the passenger terminal toilets.

Around the airport

Greenport Eco-Agripark

NAA maintains a hands-on nature conservation park, located on the noise mitigation land. The park features a rich diversity of natural life.

Noise Mitigation Embankments

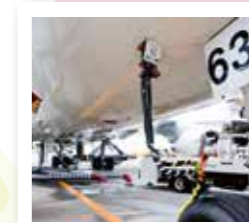Mitigation embankments and wooded buffer zones have constructed to reduce noise.

Environmental Monitoring

To reduce environmental impact from the airport as much as possible, year-round and short-term noise, air quality and water quality measurements are taken. The measurement data is disclosed via the NAA website.

On aprons

GPU (Ground Power Units)

Quiet, zero-emission GPUs have been installed at all fixed stands of passenger terminals to provide power and air conditioning to parked aircraft.

Controlling Generation of Construction Waste

NAA reduces construction waste for apron pavement repair work through our in-house developed method called "Bonded Overlay Method."

For aircraft

Noise Reduction Hangar (NRH) -Map ❽

A hangar-type noise reduction facility used for aircraft engine testing which drastically reduces noise levels.

Narita Aircraft Noise Index International Landing Charge System

To encourage low-noise aircraft, NAA has introduced a noise-related landing charge system. At the same time, they also contribute to the reduction of CO_2 emissions.

Runway B

Runway A

Terminal 3

Terminal 2

Terminal 1

Cargo Area

Maintenance Area

Thoroughly Enhancing Air Services Network

（1）Promotion of air-services route development

- We will undertake vigorous marketing programs including promotions based on passenger movements and market surveys.
- Toward expansion along the dramatically growing Asian routes, especially new routes to inland China and Southeast Asian cities currently not directly served, we will liaise with the operators of the prospective airports and actively encourage airlines to consider new route planning to Narita.
- We will also strive to open new routes serving destinations in Europe, Africa, and Central and South America.
- Toward expansion of the domestic network in Japan, we will actively approach the airlines cooperating with the regional governments and Narita's destination airports that are also seeking to attract airlines.
- Toward expansion of the cargo services network, we will collaborate with currently serving carriers and warehouse companies to attract new cargo services, and target cargo carriers with promotions at cargo-related forums and other events.
- We will lobby the Japanese government to pursue further Open Skies agreement.
- To maintain and expand the air services network, we will move forward with strategic fee and charge systems including deepening the incentive schemes.

In the Aviation Sales & Marketing Department, we develop marketing strategies to capture the needs of the airlines, including proposals for new routes or plans that will stimulate travel demand in untapped new segments of travelers. We work proactively to attract airlines to enrich connectivity and flight frequency at Narita for the passengers and the airlines. For the international route network development, we attend international conferences such as ROUTES, the IATA Annual General Meeting, the IATA Slot Conference and the World Low Cost Airline Congress to tap on new routes and boost the flight frequency at Narita Airport. We approach airlines around the world, including the LCCs, while also going around to obtain the latest airline industry information. When these activities require more detail than the approaches we make at the international conferences, we visit the airline head offices and discuss on an individual basis to attract flights to Narita Airport. By visiting the airlines and speaking directly to the airline management, we are not only provide information to start-up flight services to Narita and emphasize convenience, but we also try to confirm how Narita is perceived by the airline's management in terms of preference and potential for flight services.

Our activities includes persuading to merit from the incentive schemes for the airlines at Narita Airport, while also making efforts expanding and developing Narita's network to capture tourism market at overseas areas where Japan does not have a prominent presence yet and in areas where strong demand is expected to continue. Despite the fact that Narita's international route network with China and Southeast Asia is not as extensive as at other key airports in neighboring East Asian countries, there has been a sharp increase in demand for more flights with the recent rapid increase on number of foreign visitors to Japan. As such, we will focus our international route network improvement efforts on inland cities in China and secondary cities in Southeast Asia by refining our marketing proposals and approach airlines, airports and relevant agencies.

Narita Airport has been marketing its domestic network expansion with the national low cost carriers. We work on promotions together with transport operators, domestic LCCs and regional governments in neighboring prefectures and in the destinations on Narita Airport's network to boost domestic travel from Narita with the LCCs services.

In order to assist new and currently serving airlines at Narita to maintain and potentially expand their networks, we provide marketing support to the airlines for stimulating travel demand. We provide for free advertisement space of Narita Airport to airlines and supports in promoting them to raise attention for the network expansion.

We also provide the airlines with off-airport advertisement spaces and support them with campaigns. We work on a one-on-one basis with the airlines on joint campaigns in locations such as the Narita International Airport Information Corner at Shisui Premium Outlets, which opened in April 2013, as well as on digital signage at key railway stations in Greater Tokyo Area and inside train carriages on key lines to enhance airline brand images, publicize new services and new routes, etc. with an objective to promote expansion of Narita Airport's network.

We will continue to offer the airlines with marketing support options to assist them in maintaining and expanding their routes at Narita while also striving with them to develop attractive strategies to stimulate travel demand.

Aviation Sales & Marketing Department

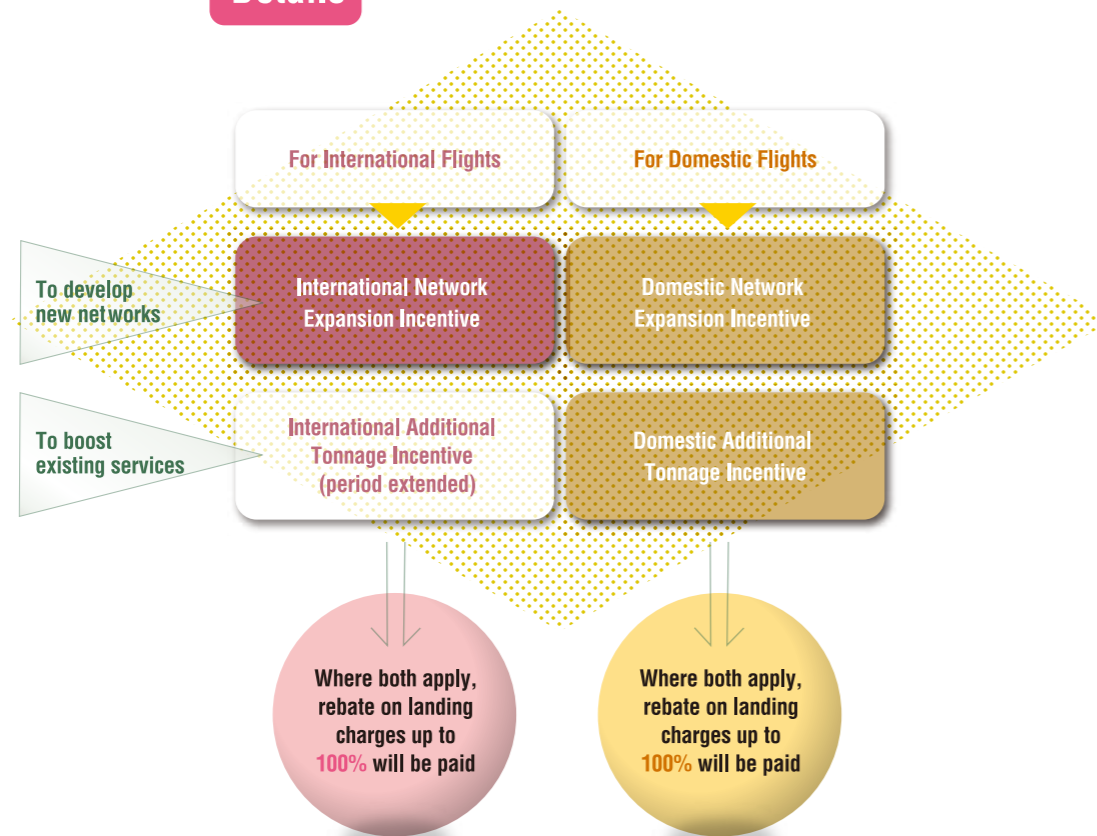Zhang Xinyi

Yasuhiro Sato

Rina Hidaka

Yuki Kawakita

Narita Promotional Incentives

As part of its strong effort to become the customers' preferred airport, Narita Airport has introduced a Narita Promotional Incentives scheme with the objective of expanding its international and domestic aviation networks and bolstering existing routes.

These incentives comprise a promotional package for the airlines, offering a maximum of 100% free landing charges for one year to attract more services to Narita.

We believe that this will help to add more destinations and flights so that we may offer our traveler customers at home and abroad a greater variety of travel options.

Details [Applicable period: 1 April 2015 - 31 March 2018 (3 years)]

For International Flights

For Domestic Flights

To develop new networks

International Network Expansion Incentive

Domestic Network Expansion Incentive

To boost existing services

International Additional Tonnage Incentive (period extended)

Domestic Additional Tonnage Incentive

Where both apply, rebate on landing charges up to **100%** will be paid

Where both apply, rebate on landing charges up to **100%** will be paid

(2) Encouraging airlines to establish hub operations at Narita

[Measures to support hub operations by the three major airline alliances]
- We will implement initiatives based on the needs of the airlines and airline alliances to encourage the three major airline alliances to utilize Narita as an operation hub.

[Measures to encourage LCC hub operations]
- To encourage LCCs to use Narita for hub operations, we will push forward with initiatives for enhancing the convenience and increasing the capacity of Terminal 3.

[Enhancing the airport's value as an air cargo logistics center]
- We will expand fixed temperature warehouse[1] capacity in order to enhance the quality of cargo handling. [By the end of fiscal 2017]
- We will hold Forklift and Pallet Building Competitions[2] to stimulate improvement of the quality of cargo handling work at the airport.

- We will contribute to initiatives promoting exports of agricultural products and foodstuffs through participation in the Narita Wholesale Market Exports Logistics Center Promotion Council comprising Narita City Municipal Government, producers and logistics operators; and the Council for the Export of Agricultural Products from the Area around Narita International Airport made up of the nine municipalities around the airport.

[1] Facilities equipped to keep temperature and humidity within fixed ranges, for storage of cargo such as fresh fish or medical supplies which require temperature control.
[2] To raise the safety awareness and work quality of airport employees, competitions involving basic forklift operation and cargo stacking (pallet building) are held with the goals of establishing safe work practices and helping to prevent workplace accidents.

Enhancing the Airport's Value as an Air Cargo Logistics Center

We are working together with the airlines currently serving our airport and warehouse companies to enhance the value of the Narita Airport's air cargo logistic center functionalities as being the largest air cargo port in the country by making efforts to improve the cargo trade flight service network and actively carrying out promotions targeting air cargo carriers through attending air-cargo related forums.

To aim for contributing to ensure safe cargo handling and to prevent work related accidents, Narita Airport is carrying out "Forklift and Pallet Building Competition".

This competition event is organized to improve cargo handling skills and offer users a better services, and overall, raising safety awareness among airport staff.

Japanese companies have become overall winners many times in a similar international competition held in Hong Kong and their handling skills are highly commended.

We will continue seeking to enhance the value of Narita Airport as the largest air cargo trade port in Japan by expanding our cold storage capacity to ensure the quality of goods that require temperature control (perishables, pharmaceuticals), providing support to projects which attract logistics facilities in collaboration with prefectural and local governments, and contributing to initiatives by the local municipalities to promote the export of agricultural and fishery products.

Opening of Passenger Terminal 3
LCC Hub and the Preferred Airport

Passenger Terminal 3, which opened on 8 April 2015, was built to conform to the requirements of the LCC business model. While enabling airlines to operate efficiently at low cost by slicing off construction costs through simplifying the Terminal facility. Various ideas have been incorporated to make the signages easier to understand and improve service levels so that passengers will find the terminal easy to use.

Enhancing Functionality while Minimizing Costs

Three basic concepts of the Terminal 3 design: Casual, functional and exciting.

The objective is to offer travelers with a simple, user-friendly and comfortable space to relax so that travelers can casually enjoy air travel, more and more.

The construction of the new passenger terminal was planned with emphasis on cost efficiency. For example, the ceilings are not dressed, the columns and girders remain exposed and signage is unlit type. With a simplified baggage handling system and no airline lounges or boarding bridges, the specifications are different to those used in the existing terminals. The construction cost per square meter is around 60% of the cost in the other passenger terminals but it emphasizes simplicity, user friendliness and functionality.

The differing needs of the individual LCCs were expressed over a series of meetings and were incorporated in the building design wherever possible and attained improved service levels. This has enabled the tenant airlines to operate efficiently at lower cost and we wish to promote to develop Narita Airport as a Hub for the LCCs.

Passenger Terminal Management Department
Chisa Yamashita

Engineering Department
Tomoaki Matsuoka

Multi Award Winner

Constructed as a low-cost, while highly functional and convenient, Terminal 3 has been acclaimed throughout Japan and around the world. In October 2015, Terminal 3 received the Good Design Gold Award (Minister of Economy, Trade and Industry Award) in the Fiscal 2015 Good Design Awards sponsored by the Japan Institute of Design Promotion. In March 2016, it was honored as the World's Best Low-Cost Terminal in the SKYTRAX World Airport Awards 2016. At the same time, the three terminals of Narita Airport collectively won first place in the Best Airport Dining Experience category.

Numerous Improvements after Opening

As of October 2016, five airlines operate international and domestic flights in Terminal 3. In its first fiscal year (FY2015), 5.5 million users were expected but that figure was surpassed with 6.09 million users.

Aircraft parking stand availability has become an urgent priority due to the booming demand for more flights in the terminal. There are five stands in the main building (for international and for domestic/international common bus gates) and four gates in the satellite building (for domestic) but a large number of flights are assigned to remote parking stands. Consequently, work is underway to construct additional new parking stands for the satellite building use to provide improved convenience and these are expected to put to use in summer 2017. Modifications are also underway on the check-in counters to enable the international and domestic conveyor belts to be used interchangeably for both purposes, thereby improving operational efficiency.

Increasing Customer Satisfaction by Providing the World's Highest Service Standards and Creating More Attractive Retail Spaces

(1) Pursuing more efficient facility operations including Fast Travel implementation

- With coordination and cooperation with relevant authorities, airlines and other parties, we will pursue initiatives reduce customer processing and waiting times as much as possible, to let customers complete the necessary airport procedures stress-free.
- We will pursue optimization of the terminal signage, including unification of concept and an emphasis on designing for ease of understanding, to assist passengers move smoothly through the terminals without confusion.
- We will monitor passenger flow through the airport and introduce optimization techniques to increase the operating efficiency of airport facilities.
- We will work with the relevant authorities, airlines and other parties involved in airport operations to introduce Airport Collaborative Decision Making (A-CDM) to facilitate on-time flight operations in coordination with Fast Travel and other initiatives.

Narita Airport is implementing the Fast Travel concept to reduce passenger processing and waiting time at the airport and alleviate stress as much as possible. As one of the world's top level airports, our objective is to improve customer convenience and streamline the operation of airport facilities.

Relocation of Automatic Check-in Kiosks

On 2 June 2016, we repositioned the Common-Use Self Service (CUSS) automatic check-in machines on the South Wing check-in floor in Terminal 1. New CUSS check-in machines are installed on the path before reaching check-in counters to make passengers aware of the self-service machines and encourage to approach and use before dropping off luggage if any. This has resulted in vastly more passengers using these machines and we expect to see shorter processing and waiting times (this

has already been done in the North Wing of Terminal 1 and in Terminal 2). The new check-in machines also have a built in function that allows passengers to print their own baggage tags.

The two-step process whereby passengers check themselves in with the machines, attach baggage tags to their luggage before handing them over at the baggage drop counters, has reduced passenger waiting time in queue at the counters.

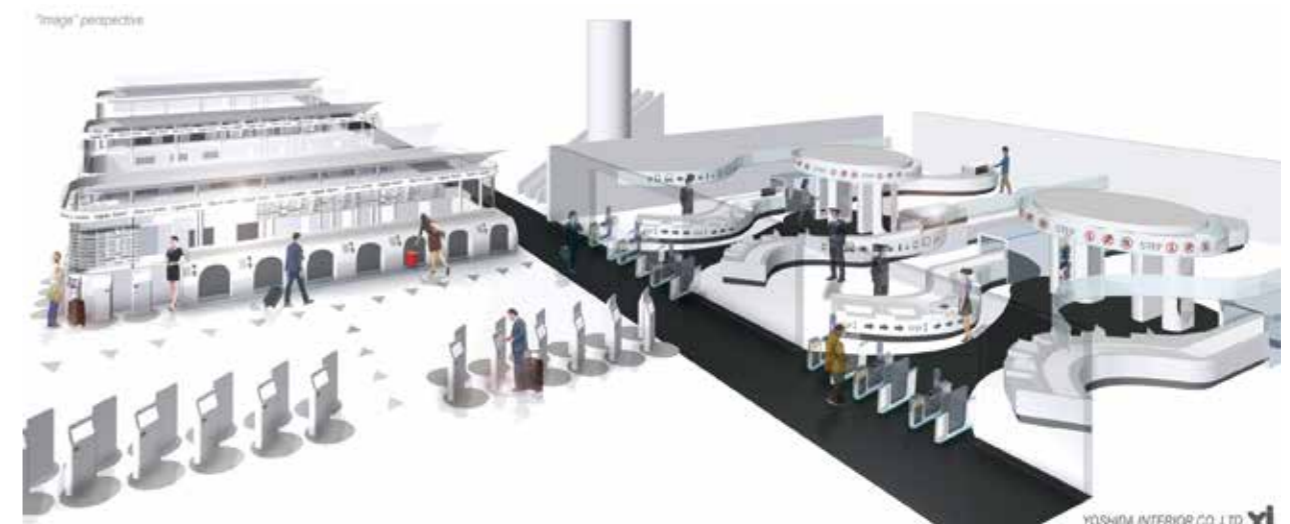### Self Bag Drop System under Consideration

The next step in Fast Travel after automatic self check-in machines is the introduction of self bag drop system. This will enable passengers to drop-off their self-tagged luggage by themselves without waiting in line at the staffed counter.

More Advanced Security Screening

We also plan to expand the passenger security screening areas and create new screening lanes. This will make it possible for passengers to undergo screening more smoothly and stress-free while also maintaining a high level of security.

Looking ahead, we plan to rationalize information signage, draft rule for signage, manage passenger movement and strictly adhere safety for security prevention while proactively promote the initiatives for Fast Travel.

Increasing Customer Satisfaction by Providing the World's
Highest Service Standards and Creating More Attractive Retail Spaces

STRATEGIC POLICY 4

(2) Creating attractive retail spaces

● To create attractive retail spaces meeting the needs of diverse customers including the growing number of foreign visitors to Japan, we will open shops with innovation and contemporary flair, and shops that project the distinctive character of Japan and Narita Airport, and offer product lineups that will satisfy our customers, including products available only at Narita Airport.

After the total number of visitors to Japan reached more than 10 million for the first time in 2013, figures continued to climb, reaching 13.41 million in 2014 and then a surprising surge reaching 19.73 million in 2015. The number of travelers, mainly from Asia, has soared with the relaxation and removal of visa requirements, broadening of consumption tax exemptions and yen depreciation.

The same trend was seen at Narita Airport, the gateway to Japan, where passenger figures exceeded the 10 million mark for the first time at 10.64 million in fiscal 2014, and increased by a further 21% to 12,900,667 in fiscal 2015. Consequently retail sales from food & beverage and merchandise shops at Narita Airport increased 20% over the previous year in fiscal 2015 at 116.9 billion yen, the 4th consecutive year of growth since fiscal 2012 and a record

high for the second consecutive year.

Narita Airport is striving to consolidate the management strength competitiveness of its corporate group through expansion of its non-aeronautical revenue.

The driving force is the retail business. We will plan to capture the increasing visitors to Japan and customers to sales increases steadily and consolidate our revenue base. The ratio of non-aeronautical revenue in the 2014 fiscal report was 53%, surpassing aeronautical revenue for the first time since NAA was privatized. That ratio increased further in fiscal 2015 to 55%. Incidentally, in the 2004 fiscal report in the first year of NAA's privatization,non-revenue was 34%. Therefore, that ratio has increased by 20 points in a little over 10 years.

Customer Convenience New Initiatives

Improved convenience for shoppers is crucial to a stronger retail business. One such initiative was the introduction of security tamper evident bags (STEBs) in late October 2015. This meant that passengers connecting to an international flight at an airport overseas would no longer be asked at security checkpoints at their transit airport to dispose of alcohol, cosmetics and other liquid items greater than 100 ml in volume as long as those items were sealed in STEBs. Consequently, those passengers were now able to purchase duty-free alcohol and cosmetics, etc. at Narita Airport without the worry of their purchases being confiscated.

In late January 2016, Down town Duty-free Store purchased item Pick-up counters were set up after outbound passport control in Terminals 1, 2, and 3. Passengers are now able to purchase duty-free items at Japan Duty Free GINZA, which opened in Ginza Mitsukoshi Department store in Tokyo on late January 2016, and the Ginza branch of the Lotte Duty Free, which opened in the Tokyu Plaza Ginza store on late March 2016, and collect those purchases at the airport after passing through passport control. Japan resident travelers departing overseas can also take advantage of this service as well as visitors to Japan.

Towards Achieving Mid-Term Management Plan Targets

Retail business had been performing well but since the start of fiscal 2016, growth is on a slowing down trend. The factors behind this were mainly a rebound effect from the sudden growth in the previous fiscal year, a slowdown in the Chinese economy and a strong yen market. However

the April - September period saw visitors arriving in Japan through Narita Airport increase 9% to 7.14 million and these figures have continued to increase. We have been continuing proactively with strategies to ensure that our retail operations tap soundly into this demand.

Retail Operations Department

Akira Nakamura

Mebuki Miyasaka

Increasing Customer Satisfaction by Providing the World's
Highest Service Standards and Creating More Attractive Retail Spaces

STRATEGIC POLICY 4

Existing shops are renovated or replaced, etc. throughout the year as required but autumn of 2016 saw a number of new shops begin operating based on our mid-term management plan.

NAA opened its own lounge, "Narita TraveLounge" in Terminal 1 after passport control in mid-October 2016. Passengers waiting long hours at the airport for their flights can spend their time waiting for their flights in comfort in the pay lounge. The 300㎡ floor space has seating for 91. The Airport Mall retail facility on the third floor of the terminal has a new area, "NARITA Dining Terrace", which opened in mid-November 2016 with six restaurants dedicated to Japanese cuisine.

"NARITA 5th AVENUE", the duty free and exclusive fashion brand mall in Terminal 2 has been expanded its floor space by approximately 800㎡ and has attracted new boutiques. CHANEL opened its first fashion boutique at Narita Airport in early November, followed by BOTTEGA VENETA, CHANEL FRAGRANCE & BEAUTY SOUTH and in late December, PRADA opened its first boutique in Japanese airports. A total revamp for the fourth floor shopping area will be next.

Narita has stepped up its sales promotion campaigns targeting all visitors to Japan using Narita Airport and deploying activities to offer greater convenience for the most influential sector in this market, Chinese travelers. Plans were announced in late September 2016 to introduce two payment systems, Wechat Payment and Alipay, which are widely used in China, at some of the airport shops operated by NAA Retailing Corporation, an NAA subsidiary. In addition to expanding the introduction of payment solutions for the Chinese market, NAA will work on sales promotions by distributing information via electronic media such as websites and through social networking systems.

NAA is aiming to create attractive retail environments and achieve its retail division sales (airport duty free, retail and food and beverage turnover) target of 15 billion yen in fiscal 2018 as stated in its mid-term management plan, by opening new high-profile shops and stepping up its sales promotion activities targeting visitors to Japan.

(3) Providing services with comfort and pleasure

● We will pursue initiatives to allow airport customers to have more comfortable experiences and enjoyable use of the time saved by the shortening of processing and waiting times.

● We will pursue optimization of the terminal signage, including unification of concept and an emphasis on designing for ease of understanding, to help customers move smoothly through the terminal without confusion. (Previously mentioned)

● We will continue providing lounges and other facilities on the airside to allow transit passengers to pass their time at the airport more enjoyably.

● We will advance the studies of the possibilities of introducing pre-clearance[1] for entry into the United States to allow completion of entry formalities at the airport of departure (Narita).

● To provide more convenient airport access for customers accessing by car, we will carry out road improvements (more lanes) around Terminal 1 and convert Car Park P1 into a multistory car park.

● We will redesign the airport website to offer customers using the airport with more easily obtain the information they need. [By December 2016]

[Towards service enhancement for VIPs and other special guests]

● We will facilitate the completion of Fast Lane installed by the Japanese government, to provide faster immigration processing for foreigners attending conferences, VIPs, etc.

● We will develop plans for expansion of facilities related to business jets, to provide greater convenience for the users.

[In preparations for the 2020 Tokyo Olympic and Paralympic Games]

● On the basis of consultations with relevant parties, we will prepare for procedures to support the safe, smooth movements of athletes and officials during the games, including dedicated lanes, procedures for handling their large amounts of baggage, and designated passageways for groups of people in wheelchairs. [By the end of fiscal 2019]

● To ensure customers to reach where they want to go at the airport smoothly and without stress, we will expand the use of universal design in the airport from the three standpoints of user friendly facilities, offer of comfort with peace of mind, and ease of obtaining necessary information. [By the end of fiscal 2019]

[Promoting Japan as an attractive tourist destination]

● We will make the airport a more welcoming environment in line with government tourism policies and customer needs.

● In coordination with tourism-related organizations, we will undertake promotions and measures to stimulate higher demand toward increasing the use of Narita Airport.

● To support the development of the airport, we will take steps including functional improvements to stimulate the economy of Chiba Prefecture, and work with tourism organizations on policies to promote the use of Narita airport and encourage regional development together.

1   The pre-clearance system allows completion at the airport of departure of some of the procedures involved in passport control upon arrival in the US. The US has already instituted pre-clearance at 15 airports in six countries including Canada. In May 2015, the US Department of Homeland Security announced plans to introduce pre-clearance at ten additional airports, including Narita, in nine countries.

Increasing Customer Satisfaction by Providing the World's
Highest Service Standards and Creating More Attractive Retail Spaces

STRATEGIC POLICY 4

"NARITA SKY LOUNGE WA"

This area is designed to accommodate the various traveling styles of our customers, irrespective of their numbers, objectives and layover times, so that they can spend their time as they please.

"Japanese-style motifs" such as lattice works, Tatami mats and Washi paper are incorporated in the design so that transit passengers from abroad can experience a flavor of Japan in the little time they spend at the airport.

F A C I L I T Y   L A Y O U T

GALLERY TOTO

Personal booths

Personal booths

←Main Bldg.

Satellite Bldg.→

Kids Park & Event Space with Tatami Mats

Café & Bar

PC desks

Passenger Terminal
Management Department

Kazuki Nozawa

Opening of "NARITA SKY LOUNGE WA"

Since the opening of Terminal 2 in 1992, movement between the terminal's main and satellite buildings was done via a shuttle system. After the shuttle system ceased operations in September 2013, a connecting corridor with moving walkways was installed to facilitate smooth access. This corridor services the flow of departures and arrivals on its inner and outer sides respectively, with the "NARITA SKY LOUNGE WA" opened centrally along the departure line on 24 April 2015.

The total length of the corridor is 220 meters (area: 8,728 ㎡). NARITA SKY LOUNGE WA stretches across 130 meters of this length (area: 2,200㎡). Natural light pours in through skylights and large side glass panels, creating a bright space throughout.

Lattice partition walls throughout, a tatami-floored event space, and skylight covers with a Japanese paper motif create a stylish, peaceful atmosphere that offers a taste of Japan. Under the concept of "rest", we have installed some 240 benches and sofas with a rich variety of styles

to suit customer needs, whether traveling solo, with family, or on business. Given much recent demand, we have set up 86 electrical outlets in 49 locations. There are also cafe bars and body care stores, allowing customers to spend time as best suits their situation.
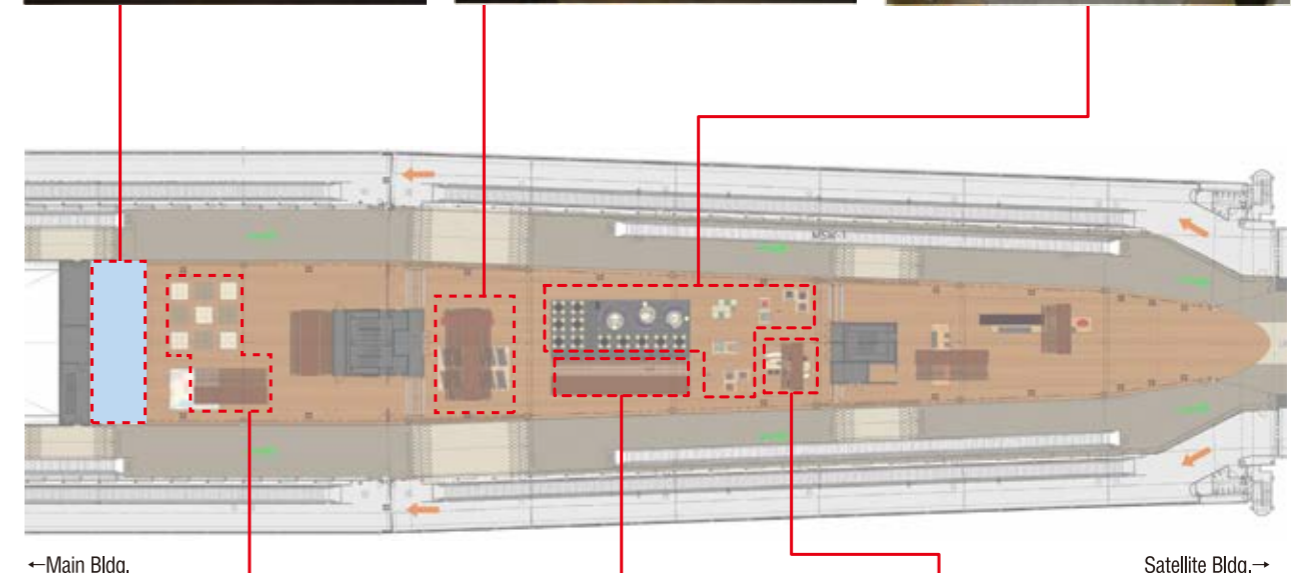
NARITA SKY LOUNGE 和

Increasing Customer Satisfaction by Providing the World's
Highest Service Standards and Creating More Attractive Retail Spaces

STRATEGIC POLICY 4

Passenger Terminal
Management Department

Kana Akiyama

Complete Refurbishment of Customer Toilets
-Promoting the Apprication of Universal Design Ideals
for Passenger Terminal Facility

Ahead of the 2020 Tokyo Olympic and Paralympic Games, and as the gateway for ever greater numbers of passengers flying into our country, we are undertaking a complete refurbishment of airport toilets and enhancement of Universal Design (UD) to provide a stress-free, comfortable airport for all customers.

As part of this initiative, all customer toilets within the terminals will be refurbished in turn, with the introduction of the latest in UD, including
① "Audio instructions" with announcements to identify locations of male/female toilets;

② "Flashlights" which use light to notify of emergency situations; and
③ "L-shaped handrails" that provide easy support for the body.

In particular, frequently used toilets along the main passenger corridors will be completely refurbished as "designed toilets", with the world's most advanced toilet technology, wide booths to accommodate large luggage, and easily-accessible vanity areas. Through this, we will pursue comfort and convenience for customers and actively display Japan's renowned toilet culture with the rest of the world.

Designed toilet interior concept images

Events to Introduce Japanese Culture

An attractive program of events is provided at Narita International Airport every month. In addition to Japanese cultural events for visitors from abroad, there are special events organized during the airport's peak travel seasons, shows and performances as well as participatory events and exhibits that emphasize the prevailing season.

Japanese Cultural Experience Corner

As part of an effort to attract visitors from abroad to enjoy their waiting time before departure or between connections, corners have been set aside after outbound passport control in Terminals 1 and 2 where different cultural experiences await passengers every day. The purpose for this is to promote a deeper understanding of Japan and encourage people to want to visit Japan again.

The program covers many subjects including Ukiyo-e printing and kimono dress up. It changes regularly and enjoyed by many passengers.

Events to Introduce Japanese Culture

Other Japanese events are also staged every month. These include performances and souvenir photos featuring dazzling "Oiran" costumes, etc., koto and calligraphy performances and participatory workshops introducing the "kawaii" culture of Japan. The programs encourage the audience to watch, listen and feel, and have been very popular.

Exhibitions expressing the four seasons in Japan are also popular. Summer "Tanabata" (Japanese festival) decorations are a huge success with more than 3,000 wish cards attached to the decorations during the one week period by many visitors from abroad as well as resident passengers.

In addition, flower arrangements of more than five meters high decorates the terminals and seasonal bonsai are displayed which attract a lot of visitors.

Special Programs

In addition to the events showcasing Japanese culture, seasonal special events are also held. These are held not only for the benefit of passengers from abroad but also for the people who live around the airport.

Summer 2016 saw a globally popular "Thomas & Friends" event which was hugely popular with all of the children, regardless of nationality.

Travelers from overseas visiting Japan for long national holiday periods such as the Anniversary of the Founding of the PRC and the Chinese New Year are greeted by Hello Kitty and can have a souvenir photo taken.

CS Development & Planning Department

Tomohisa Miyazaki

Ryohei Take

Increasing Customer Satisfaction by Providing the World's
Highest Service Standards and Creating More Attractive Retail Spaces

STRATEGIC POLICY 4

CS Development & Planning Department

Yuichi Kitajima

Akira Hagihara

SKYTRAX World Airport Awards Recipient

World's Best Low-Cost Terminal

While servicing low-cost carriers, Terminal 3, opened on 8 April 2015, is a facility which combines functionality and comfort. Its original and straightforward interior, with guide paths resembling a running track and furnishing of an outstanding furniture comfort and design, has been well received by domestic and international travelers alike. We will continue to strive to deliver facilities and services which further improve customer satisfaction.

Best Airport Dining Experience

As of the end of October 2016, a total of 84 restaurants are running in Terminals 1, 2 and 3, with a wide range of cuisines including Japanese, Western and Chinese, as well as cafes and fast-food outlets offering customers diverse culinary delights. Recently, in order to meet the needs of increasing overseas customers, we have also introduced Halal-certified restaurants and provide information on restaurants offering vegetarian menus. We will continue to work hard to meet the diverse needs of our customers and provide dining services that offer peace of mind.

Information Signage Modifications

Information signage modification work will be carried out to standardize display concept and rationalize design to emphasize clarity so that customers can move through the passenger terminal buildings smoothly without getting lost. The first phase to achieve these objectives involves the modification of information signage in the basement level concourse in Terminal 1.

That concourse begins at the ticket gate of JR and Keisei railway stations and branches off in four directions to the North Wing Arrival Lobby, North and South Wing International Departure Lobbies, South Wing Arrival Lobby and Domestic flights. Of all the busy main flow lines, it has

always been the one that people find most confusing. Therefore we will consider new signs after we re-examine the flow line and then make changes we feel are necessary. Following that, we plan to gradually upgrade the information signage along the major flow lines.

In reviewing the signs we will arrange them in order of priority. The most important information signages for departures and arrivals will be displayed from the ceilings (backlit) in such a way as to provide an unobstructed view inside the terminal and, where possible, we will consider using ceiling and walls for large signs as is the case in Terminal 3.

Universal Service and Other Seminars

We are striving to improve airport facilities and services to ensure Customer Satisfaction (CS) ahead of the Tokyo Olympic and Paralympic Games. As part of this initiative, from August 2016 we began "Universal Service Seminars" aimed at fostering a barrier-free spirit among all Narita International Airport Corporation (NAA) staff and representatives from group companies. Seminars are held fortnightly, with completion required for all staff by March 2018. Combined with previous Universal Service Seminars aimed at Narita Airport staff, we will cultivate a Universal Design perspective throughout the airport by also offering on-site practical experience.

The first half of the roughly 3-hour seminar is a general lecture on barrier-free and Universal Design concepts. For the second half, participants use white canes to walk around blindfolded, experience the movements of the elderly with a simulation kit, and learn about wheelchair usage on site in the terminal buildings. The aim of this seminar is to allow staff in departments which normally have limited direct contact with airport customers to familiarize themselves with current facilities and services, and facilitate new ideas for future improvements or services from a Universal Design perspective. Participants have commented that they realized the need for a Universal Design approach when upgrading facilities.

Meanwhile, existing seminars for all Narita Airport staff are also continuing.This initiative focuses on educating airport staff to greet customers with a smile and a spirit of hospitality, with the aim of improving CS throughout the airport. It is part of the activities of the Narita Airport CS Council, which comprises of representatives from 28 organizations dealing directly with customers, including CIQ, police, airlines, security companies, shops and services, transportation, and cleaning companies.

Frequency varies by seminar, with some held monthly or bimonthly. Guest lecturers are invited to conduct seminars on topics as diverse as customer service manners, languages (English, Chinese), practical universal service seminars (mentioned above) to improve services for elderly customers or those with disabilities, sign language, and other specific subjects such as make up or complaint handling as a means of improving customer service awareness.

In addition to these seminars, the CS Council also publishes a staff newsletter and organizes a CS Award system as motivation for airport staff by recognizing members who provide outstanding service. The aim is to improve CS at Narita Airport by promoting staff unity and making each staff member conscious that they represent the airport.

Meeting Booth B1

CS Development & Planning Department

Sayuri Mutsukado

Noriko Itahashi

Increasing Customer Satisfaction by Providing the World's
Highest Service Standards and Creating More Attractive Retail Spaces

STRATEGIC POLICY 4

(4) Creating a smart airport of the world's highest standards with the most advanced information and communications technologies

- To provide a stress-free electronics use environment, we will install a free high-speed wireless network using WiGig®, a system designed to the highest standards in the world.
- To provide customers with a one-stop source for complete information, we will install next-generation interactive digital signage with capacity for automated responses in multiple languages. [Partial installation by fiscal 2017, full installation by fiscal 2018]
- As an additional service for guiding customers toward their destinations within the airport, we will introduce autonomous mobile robots equipped with a collision prevention function.
- We will develop and deploy new assistance robots to increase the efficiency of such airport operations as cleaning and the loading, unloading and transfer of baggage.
- We are developing information system to transmit guidance to customer's mobile gadgets to show customers the best route to reach where they want to go within the airport, based on high-precision positional measurement technology. [By fiscal 2017]
- We will install systems utilizing the most advanced information and communications technology to make airport signages, information and restaurant menus easily readable in multiple languages, so customers can easily obtain all the information they need without the frustration of language barriers. [Technical specification by the end of fiscal 2016]

"SMART Airport NARITA"
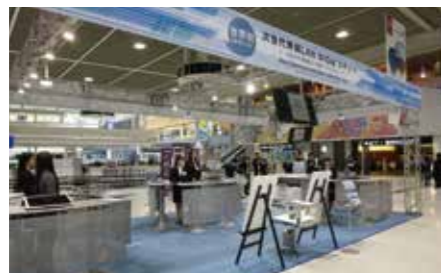
Customer service is one of the key benchmarks in assessing the competitiveness of airport's transitioning from i-Airport to Smart Airport. The use of cutting-edge information communications technology(ICT) is a major element in service improvement.

We have set course on the total pursuit of customer satisfaction under the mid-term management plan commencing in fiscal 2016 through a more diverse range of new Smart Airport initiatives.

The direction taken for a smart airport at Narita can be described as a cross between "cutting-edge ICT" and the "highest service standards in the world" to provide customers with a sense of surprise and excitement. In specific terms, "cutting-edge ICT" is defined as technologies never before seen at any airport or major facility in the world; technologies that, although examples exist, have been taken to higher levels than those existing examples; and technologies that, although in common use, produce new innovations and added value when combined.

The "highest service standards in the world" means unique services and facilities(spaces) not yet seen at any airport or major facility, a distinctive demonstration that the airport is of the highest caliber in the world using benchmarks that allow quantitative assessment, and the ability to offer customers experience that is both surprising and exciting.

We already have several initiatives underway based on the Smart Airport concept. The autonomous mobile interactive robotic guide is one of these. When a customer says, for example, "I am looking for the restaurant", the robot will escort the customer to the location. Customers will find the experience of being helped by a robot surprising and exciting and we can expect this experience to increase Narita Airport's "Wow factor" level.

Although still in the development stages at present, once the concept is introduced into practical use, it will demonstrate cutting-edge technology not yet seen at any airport in the world.

We are also considering the introduction of robotics even in

IT Development & Planning Department
Tomohiko Murakami

the B to B sector which is largely unseen by our customers at Narita to aim towards a smart airport of the highest standards in the world.

The next-generation wireless LAN, WiGig, will also be introduced across the passenger facility as part of our Smart Airport drive. In fiscal 2017, the system will be put into practical use at trial locations where customers will be able to relax while waiting for their flights by downloading movies, music or other content for their enjoyment.

It is not a hardware improvement to existing communications system, but WiGig is the focus of a new development in software for the content distribution business.

A distribution platform of WiGig will be set up in fiscal 2018 when compatible devices are expected to be on the market. This will allow our customers to download large volume content without stress.

Next-generation integrated information distribution services have also appeared on the market for digital signage service. It will be an interactive, multilingual, personal concierge at the side of the users, enabling passengers to search shop and flight information and display information on the path-finding to the passenger's boarding gate by simply swiping a boarding pass, etc.

Path-finding information services using high-precision position measurement technology is expected to be in service very soon. Because GPS cannot be used indoors, it is difficult for customers to have an accurate fix on their location in the passenger terminal. However this system will link highly accurate airport facility maps now in the process of drafting, and i-Beacon transmitters in the airport to be used for application downloading to personal terminals. This will provide accurate navigation throughout the airport and from the airport to any given destination.

Increasing Customer Satisfaction by Providing the World's
Highest Service Standards and Creating More Attractive Retail Spaces

STRATEGIC POLICY 4

(5) Providing more convenient access to/from the airport

- We plan to extend railway and bus operating hours (to late night and in early morning) and attract new service routes for the bus network.
- We will increase the availability of airport information for customers and disseminate publicity about the more convenient access of Narita, via such bodies as the Liaison Council for Improving Accessibility at Narita Airport, etc., which is made up of NAA, government agencies, transport operators and other relevant parties.
- To ensure smooth operation of additional scheduled and chartered buses, we will work towards optimization of airport facility management on a basis of extending the curbside facilities at the passenger terminals.

Further Improvement in Airport Access

Access to Narita Airport is becoming more convenient thanks to the additional train and bus services and improved networks, as well as the launch of new low-priced bus routes in October 2016.

The "Narita Air & Bus!" project which commenced in July 2015 has also provided direct bus services to tourist locations for passengers arriving at Narita on flights from regional areas of Japan and abroad.

Direct Bus Services to Tourist Destinations - Narita Air & Bus! -

The main feature of the Narita Air & Bus! project is that passengers arriving on a flight at Narita Airport are able to board a bus and head directly to tourist destinations. The aim is to boost tourism in Japan through a combination of air and express bus services. LCCs and other airlines are working concertedly with national and regional governments to turn Narita Airport into a Tourism Gateway.

In the first move under this initiative, the Tateyama Kurobe Alpine Route and Hakuba service operated between July and November 2015. This was followed by the second development in April 2016 with the launch of the new Nikko (seasonal service), Niigata, and Toyama & Kanazawa services and the relaunch of the Kyoto service. These are all services to Japan's most popular tourist locations, rich in history, culture, tradition and natural resources. Further, a new service to Mt. Fuji and Fuji-Q Highland amusement park was launched in July 2016, and in August, the Kyoto route was extended to Universal Studios Japan® and the fares were reduced considerably at the same time.

The schedules for these services have been set to allow customers to make the most of their time at the tourist locations. Customers can thus enjoy traveling within Japan in comfort and at reasonable cost by taking advantage of the growing number of LCC services available at Narita Airport in conjunction with its express bus services.

Express Bus

Express bus services link Narita Airport with hotels and main railway stations in Tokyo, as well as provincial cities throughout Kanto and other regions. There are approximately 1,500 inbound and outbound express bus services operated everyday with an extensive network. For passengers with heavy luggage, this is a convenient mode of transport as there are no transfers.

Two low-priced bus services also began operating with the launch of Japanese LCC services in 2012. They are the Tokyo Shuttle and The Access Narita. Both services provide buses for late-night and early morning flights; The Access Narita even offers women-only late-night services. Together, they operate 240 services a day with a service approximately every 10 minutes at peak hours. Because they provide a connection between central Tokyo (Tokyo Station, Ginza) and the airport in approximately an hour and offer low-priced fares starting at 900 yen, they have become a popular choice among young and seasoned travelers alike.

In addition to this, a low-priced bus service between Shibayama town(around the Airport), Narita Airport and Osaki Station in Tokyo(Narita Shuttle) was launched in October 2016. It operates 43 services a day from early in the morning to late at night and is reasonably priced at 1,200 yen (1,000 yen using web discount) for a standard one-way ticket. The service is a welcome means of transportation for residents around the airport too.

Corporate Strategies, Tokyo Office,
Planning Department

Kazuki Yokota

Saeko Matsuhashi

Reinforcing NAA Corporate Group Management Strength and Competitiveness

(1) Strengthening of corporate profitability with emphasis on retail business

● We will strengthen our revenue base by adapting to diverse customer needs, linking air travelers, especially the growing number of foreign visitors to Japan, to generate and steadily increase retail sales.

[Preparations for expansion of retail space]
● We will expand the "Narita 5th Avenue" exclusive brand mall and duty-free shops in Terminal 2. [Opening November 2016] (Previously mentioned)
● We will open new shops on the airside, mainly in the Central Building on the third floor in Terminal 1. [From fiscal 2016] (Previously mentioned)
● We will utilize unused spaces and vacant sections to open new shops and expand the floor space of existing shops. (Previously mentioned)

[Toward improvement of sales efficiency]
● We will renovate the food court area on the landside, on the fourth floor in Terminal 1. [By December 2016] (Previously mentioned)
● We will continue renovating the "Airport Mall" on the landside, on the fourth floor in Terminal 2. [From fiscal 2016] (Previously mentioned)
● We will open new shops tailored to the needs of visitors to Japan from overseas, and work with relevant parties to create new services and businesses.

[Attracting more visitors to the airport]
● Not only to increase customers departing or arriving by plane, we will encourage the general public to consider Narita Airport as a place they are always welcome to visit and enjoy.
● To encourage visitors to Japan from overseas to make more purchases, we will organize tie-ups with overseas travel agents and utilize internet sites to carry out sales promotions online. [From fiscal 2016]
● To encourage greater number of foreign travelers to visit Japan and stimulate Japan resident demand for overseas travel, we will work with the relevant parties to publicize the new duty-free shopping style of downtown duty-free shops, and work to expand the duty-free sales market in Japan.

(2) Strengthening management efficiency across the entire group, and forging a flexible financial strategy

● We review operating procedures on an ongoing basis, to improve business practices, increase operating efficiency, and enhance productivity.
● We will work toward total safety, improved business systems and better quality in our contractor subsidiaries. Our retail facilities will adapt to changes in the business environment and initiate improvements. We will set the mission and business scope of each subsidiary, and follow up with its appropriate reorganization and integration.
● To further reduce costs across the entire group, we will establish study teams on open procurement (generic goods and use of open technology) and energy conservation, with the inclusion of external experts.
● We will work toward stronger financial fundamentals to introduce further functional improvements with total management efficiency across the entire corporate group while also moving forward with the diversification of financing arrangements.
● We will take measures to ensure continuous sound management, including the use of operating cash flow to finance capital expenditure, and ongoing management emphasis on cash flow.

(3) Building a corporate culture that actively makes challenges

● Toward realization of the Narita Airport's vision for its future, we will actively implement personnel exchanges programs and cross training opportunities with non-NAA group companies in order to foster and secure good human resources, including mid-career recruiting, so that they can respond quickly to changes without merely following accepted practices and approaches and who can seize the initiative from different perspectives.
● We will energize our corporate structure through ongoing programs to activate communication between employees and executives and to sustain pleasant workplace environments, while also assessing our organization periodically.

(4) International cooperation to provide expertise on airport construction and operation overseas

● We are making steady progress with the technical assistance project for the New Ulaanbaatar International Airport.
● For the future, we are seeking opportunities to provide management and operating expertise for overseas airports.

(5) Public listing

● We will continue to prepare for the public listing of company stock, while monitoring the progress of government consideration.

Overseas Airport Business

NAA has continued to provide overseas airport assistance service to airports around the world under the following management philosophy: In serving as an international hub, we will contribute to the growth and development of the global transport network.
Through its International Affairs & Overseas Business Office, NAA pushes ahead with its international projects as one of the pillars in reinforcing the management strength and competitiveness of the corporate group as set out in its mid-term management plan, Innovative Narita 2018.
NAA's strength lies in the wealth of knowledge and expertise in airport operations we have accumulated as a total airport management operator in the 38 years since Narita International Airport opened in 1978. We utilize this experience to offer experienced specialists and provide an extensive range of consultancy services in the areas of airport planning, construction, start up and commissioning, management and operation after commissioning, and environmental strategies.(Refer to Diagrams 1 and 2)

Total Airport Management Operator [Diagram 1]

Strength of Narita Airport [Diagram 2]
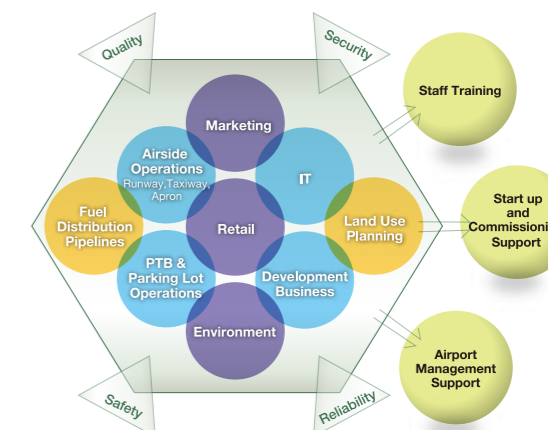
International Affairs and Overseas Business Office,
Planning Department

Koh Takagi

Akio Takayasu

Yasuhiro Aso

Finance

The development of overseas airports stimulates expansion in the air transport network and generates strong aviation demand not only at the recipient airport but also at Narita Airport. This, in turn, leads to growth and development in the global aviation market overall. By bringing back the knowledge and experience we gain from participating in the construction, expansion and management of airports, which are large scale public infrastructures, we have been able to improve the quality of our airport operations and enhance our services to airlines and other users.

Examples of Overseas Airport Assistance Projects

Since 1997, we have provided assistance to airports in Thailand, Taiwan, Egypt, Vietnam, Mongolia and other countries.

Started from 2014, in the New Ulaanbaatar International Airport related project currently NAA is undertaking to provide human resources development for the personnel of Mongolia airport, NAA is offering technical support on site in Mongolia and with courses conducted in Japan at Narita Airport in order to prepare for the start-up and commissioning of a new airport on the outskirts of Ulaanbaatar.

Under the Noi Bai International Airport Project in Vietnam which began in 2010 and extended through 2014, NAA provided support for the preparations for the commissioning of a new passenger terminal. NAA conducted studies of the existing terminal in Vietnam, examined the airport management and facility

maintenance frameworks at the airport and provided advice and recommendations on items to be coordinated in relation to the various equipment.

In addition to that, NAA provided assistance for the drafting of implementation plans encompassing detailed action plans and worked with the Airports Corporation of Vietnam (ACV) to create a road map for the commissioning of the new terminal.

NAA not only provided assistance in Vietnam, it also provided field training for ACV staff at Narita International Airport and contributed to the human resources development of that company in the area of maintenance and management of terminal equipment.

The completion ceremony for the new Terminal 2 was held on 4 January 2015 and, following the commissioning of the terminal, it has been operating smoothly to this day.

Consolidated Financial Statement for Fiscal 2015-Overview

Report for Term to March 2016

Japan's economy during this term continued to experience a gentle recovery with improvements in corporate earnings and employment. However, uncertainty over the state of the economy intensified owing to lackluster growth in wage and personal consumption levels, coupled with further appreciation of the yen since the start of the calendar year. Overseas, while a gentle recovery continued in the US and Europe, the economies of China and other emerging markets of Asia as well as those of resource-rich countries have lost momentum, and there are concerns over a possible downturn in the global economy.

As for the business environment surrounding Narita International Airport, the easing and removal of visa requirements, the broadening of consumption tax exemptions and the depreciation of the yen resulted in a surge in tourist numbers, mostly from Asia. According to the announcement of the Japan National Tourism

Organization, there were a record 19.74 million visitors to Japan in 2015, 47.1% more than the 13.41 million in 2014. Figures for the 2015 fiscal year were up 45.6% over the previous year at 21.36 million, breaching the 20 million mark for the first time. Amid these developments, in March 2016, the government set out to strongly promote Japan as an advanced tourism nation and develop tourism into one of the nation's basic industries. It set targets of 40 million foreign visitors per year in 2020, and 60 million in 2030.

The NAA Group carried out various initiatives to become the airport of customer choice, recognizing that it is Narita Airport's mission to continue to meet the growing demand for air transport in greater Tokyo as the main portal to our nation. From the 2015 summer schedule, it successfully increased the airport's capacity to 300,000 slots a year and in April, introduced the Narita Hub Promotion Incentives, a scheme in which airlines launching services on new routes are exempt from landing fees for a period of up to 1 year. The Group also opened Terminal 3 for use by low cost carriers operating domestic and short-haul routes to neighboring countries in Asia, and in conjunction with this, introduced domestic passenger service facility charges. Furthermore, as a way of enhancing customer convenience and comfort, NARITA SKY LOUNGE WA was opened in April for the benefit of transit passengers in Terminal 2, and fixed gates linking aircraft directly with the terminal to facilitate smooth access were also added in Terminal 2 in December

and in Terminal 1 in March.

In these prevailing circumstances, aircraft movements for the term increased 3.1% to 235,190 as a result of the launch of new and additional services on Asian routes, mainly to Taiwan and Hong Kong. Although Japanese and transit passenger numbers were down on the previous year, passenger figures overall rose 7.5% to 37.941 million due to an increase in demand for travel to Japan stimulated by the continued depreciation of the yen, while strong figures for domestic passengers were also evident. International air cargo traffic finished 4.6% down at 1.981 million tonnes owing to a decline in exports as a reaction to the extra demand resulting from cargo handling delays in US ports and harbors at the end of the previous term and the slowdown in the Chinese economy. The volume of fuel supplied fell 0.9% below the previous

year to 4.573 million kiloliters despite a rise in the number of short-haul services by small aircraft because of a decline in the number of long-haul services by large aircraft.

Consequently, operating revenue for the consolidated fiscal year rose by 7.5% to JPY218.480 billion. Operating income increased by 11.9% to JPY43.308 billion while ordinary income rose 15.6% to JPY38.558 billion and profit attributable to owners of parent also increased 23.4% to JPY24.254 billion, all finishing at the highest level since privatization.

## Trends in major management indicators Fiscal Year (Years Ended March 31)

(Millions of Yen)

	2010	2011	2012	2013	2014	2015
Operating revenue	187,846	173,513	189,207	199,496	203,153	218,480
Ordinary income	23,428	13,144	27,571	33,332	33,344	38,558
Profit attributable to owners of parent	9,952	3,555	15,324	19,936	19,660	24,254
Comprehensive income	9,518	3,180	15,348	20,161	20,241	23,235
Net assets	235,657	236,348	250,806	267,470	278,471	295,490
Total assets	935,553	902,566	881,158	859,400	865,747	854,231
Net cash provided by (used in) operating activities	70,634	52,843	69,653	69,961	62,511	66,237
Net cash provided by (used in) investing activities	△24,189	△17,759	△27,065	△26,777	△26,422	△44,613
Net cash provided by (used in) financing activities	△46,088	△34,578	△40,549	△44,768	△30,678	△24,710
Cash and cash equivalents	27,765	28,289	30,355	28,803	34,243	31,180
Equity-to-asset ratio	24.2%	25.2%	27.4%	30.1%	31.1%	33.5%
Rate of return on equity	4.5%	1.6%	6.5%	8.0%	7.5%	8.7%

(Yen)

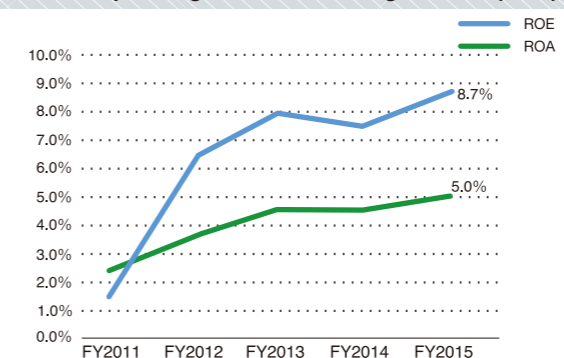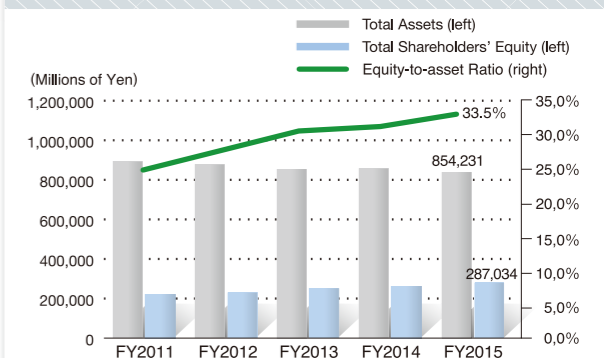|						
Net assets per share	113,159.89	113,661.58	120,877.42	129,175.96	134,581.16	143,209.45
Basic earnings per share	4,976.16	1,777.72	7,662.49	9,968.42	9,830.06	12,127.18

Operating Margin, Return on Sales
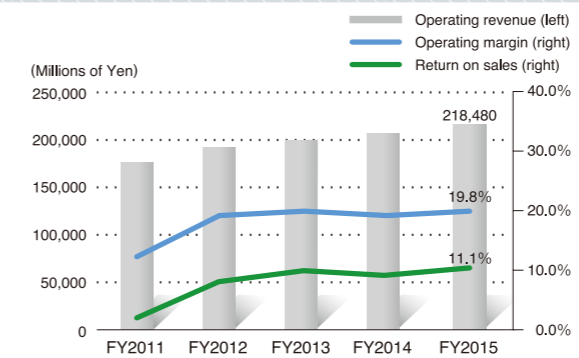
EBITDA
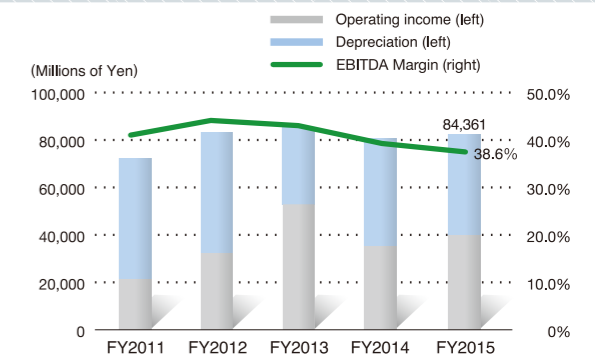
Return on Average Equity (ROE), Ratio of Operating Income to Average Assets (ROA)

Equity-to-asset Ratio

1 | Asset, Liability and Net Asset Report

Assets

Assets at the end of the fiscal year were JPY854.231 billion, down 1.3% on the same period in the previous consolidated fiscal year. Current assets stood at JPY57.961 billion, down 9.8% due to a decline in cash and deposits as well as securities created by payments of project accounts payable related to Terminal 3. Although there was an increase in property, plant and equipment and intangible assets due to the development of the corridor connecting the main and satellite buildings in Terminal 2 and the construction of additional contact gates, depreciation exceeded that, resulting in a 0.7% decline in non-current assets to JPY796.270 billion.

Liabilities

Liabilities totaled JPY558.741 billion, a decline of 4.9%. With the decrease in the current portion of bonds and accounts payable, current liabilities totaled JPY111.565 billion, down 5.2% on the end of the previous consolidated fiscal year. Non-current liabilities totaled JPY447.175 billion, a decline of 4.8% due to a decline in long-term loans payable because of additions to current liabilities. The balance of long term loans payable was JPY133.439 billion (including JPY16.453 billion in interest-free government loans) with borrowings of JPY8 billion and repayments of JPY17.547 billion. The balance of long-term debt in conjunction with JPY340.987 billion in bonds payable (including the current portion of bonds) declined 3.7% to JPY474.426 billion.

Net Assets

Shareholders' equity rose 6.8% to JPY287.034 billion. This was due to a total of JPY24.254 billion booked as profit attributable to the owners of the parent company although cash dividends were paid. The equity-to-asset ratio at the end of the consolidated fiscal year increased from 31.1% at the end of the previous year to 33.5%.
Non-controlling interests declined 2.6% to JPY9.071 billion and total net assets including accumulated other comprehensive income increased 6.1% to JPY295.490 billion.

Consolidated Balance Sheet Fiscal Year (For theYears Ended March 31)   (Millions of Yen)

	2014	2015
ASSETS		
Current assets		
Cash and deposits	32,553	30,550
Notes and accounts receivable-trade	13,793	13,359
Lease investment assets	2,333	1,939
Securities	5,000	1,000
Inventories	5,912	8,159
Deferred tax assets	1,726	1,638
Other	3,015	1,558
Allowance for doubtful accounts	△94	△244
Total current assets	64,241	57,961
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	418,959	415,745
Machinery, equipment and vehicles, net	39,225	38,109
Tools, furniture and fixtures, net	16,237	18,203
Land	283,332	285,371
Construction in progress	6,185	3,294
Other, net	135	167
Total property, plant and equipment	764,075	760,891
Intangible assets		
Software	4,914	4,741
Other	10,394	9,969
Total intangible assets	15,309	14,711
Investments and other assets		
Investment securities	2,848	2,588
Long-term loans receivable	1,631	1,632
Deferred tax assets	15,969	14,898
Net defined benefit asset	516	418
Other	1,160	1,133
Allowance for doubtful accounts	△4	△4
Total investments and other assets	22,122	20,667
Total non-current assets	801,506	796,270
Total assets	865,747	854,231

Fiscal Year (For the Years Ended March 31)   (Millions of Yen)

	2014	2015
LIABILITIES		
Current liabilities		
Accounts payable-trade	9,225	7,266
Current portion of bonds	44,800	29,998
Current portion of long-term loans payable	17,003	36,993
Income taxes payable	4,665	7,515
Provision for bonuses	1,803	1,877
Other	40,183	27,913
Total current liabilities	117,682	111,565
Non-current liabilities		
Bonds payable	304,980	310,988
Long-term loans payable	125,983	96,445
Net defined benefit liability	27,977	29,182
Provision for directors' retirement benefits	359	364
Provision for environmental measures	1,240	1,238
Other	9,053	8,956
Total non-current liabilities	469,594	447,175
Total liabilities	587,276	558,741
NET ASSETS		
Shareholders' equity		
Capital stock	100,000	100,000
Capital surplus	52,000	52,036
Retained earnings	116,643	134,997
Total Shareholders' equity	268,643	287,034
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	5
Deferred gains or losses on hedges	△239	△207
Remeasurements of defined benefit plans	755	△413
Total accumulated other comprehensive income	518	△615
Non-controlling interests	9,309	9,071
Total net assets	278,471	295,490
Total liabilities and net assets	865,747	854,231

2 | Management Result Analysis

Operating Revenue

Despite the increase in aircraft movements, revenue from landing and parking charges and fuel supply facilities charge fell due to a decline in the average landing weight of aircraft. However, growth in the number of air passengers resulted in an increase in revenue from passenger service facilities and security charge. Consequently, operating revenue was up 1.4% overall at JPY103.775 billion.

In retailing, directly operated shops and tenanted shops both staged increases in sales due to, among other reasons, an increase in non-Japanese international passengers, the opening of Terminal 3 and shop expansion and renovation. As a result, revenue from merchandising and food and beverage as well as tenant fees increased to produce a revenue increase of 21.5% to JPY81.396 billion.

In facility leasing, revenue was down 1.8% to JPY30.373 billion owing to a decline in revenue from rent income of real estate following the cancellation of some cargo terminal building lease agreements.

The railway business saw a drop in revenue of 0.2% to JPY2.934 billion.

Consequently, operating revenue for the consolidated fiscal year rose by 7.5% to JPY218.480 billion.

Operating Expenses

Operating expenses for the consolidated fiscal year increased by 6.5% to JPY175.171 billion due to a rise in the cost of product purchases in the retail business despite a reduction in depreciation and amortization expenses as facilities reached the end of their service life.

Operating Income

Therefore, consolidated operating income for the fiscal year increased 11.9% to JPY43.308 billion. The ratio of operating income to operating revenue was 19.8% for the consolidated fiscal year in contrast to 19.1% for the previous term.

Non-operating Income and Expense

Consolidated non-operating profit and loss improved 11.3% from a JPY5.356 billion (net) loss in the previous fiscal year to a (net) loss of JPY4.750 billion. This was mainly due to a decline in interest produced by a reduction in outstanding long-term debt.

Ordinary Income

Therefore, consolidated ordinary income for the fiscal year increased 15.6% to JPY38.558 billion.

Extraordinary Income and Loss

Consolidated extraordinary income and loss improved 52.9% from a JPY1.708 billion (net) loss in the previous fiscal year to a (net) loss of JPY804 million. This was mainly due to a reduction in loss on retirement of non-current assets and loss on sales of non-current assets.

Profit before Income Taxes

Therefore, profit before income taxes for the consolidated fiscal year increased by 19.3% to JPY37.753 billion.

Profit for Term

Profit after income tax increased 23.3% to JPY24.367 billion.

Profit Attributable to Owners of Parent

Profit attributable to owners of parent after profit attributable to non-controlling interests increased 23.4% to JPY24.254 billion. Earnings per share was JPY12,127.18 compared to JPY9,830.06 for the previous term.

Consolidated Profit & Loss and Comprehensive Income Statement Fiscal Year (For the Years Ended March 31) (Millions of Yen)

	2014	2015
Operating revenue	203,153	218,480
Operating cost	137,982	145,472
Operating gross profit	65,170	73,007
Selling, general and administrative expenses	26,469	29,698
Operating income	38,701	43,308
Non-operating income		
Interest and dividend income	99	96
Accident received	152	585
Gain on donation of non-current assets	25	130
Contribution for store furniture and fixtures	123	70
Reversal of provision for environmental measures	376	-
Other	404	347
Total non-operating income	1,182	1,230
Non-operating expenses		
Interest expenses	1,080	1,047
Interest on bonds	5,223	4,512
Share of loss of entities accounted for using equity method	13	260
Other	221	160
Total non-operating expenses	6,539	5,980
Ordinary income	33,344	38,558
Extraordinary income		
Gain on sales of non-current assets	488	182
Railway subsidies	170	170
Contribution for construction	8	-
Other	0	-
Total extraordinary income	667	352
Extraordinary losses		
Loss on sales of non-current assets	279	60
Loss on retirement of non-current assets	2,053	1,097
Loss on reduction of non-current assets	8	-
Impairment loss	30	-
Other	4	-
Total extraordinary losses	2,376	1,157
Profit before income taxes	31,636	37,753
Income taxes-current	9,979	11,676
Income taxes-deferred	1,896	1,709
Total income taxes	11,875	13,386
Profit	19,760	24,367
Profit attributable to		
Profit attributable to owners of parent	19,660	24,254
Profit attributable to non-controlling interests	100	112
Other comprehensive income		
Valuation difference on available-for-sale securities	0	2
Deferred gains or losses on hedges	115	59
Remeasurements of defined benefit plans, net of tax	364	△1,193
Total other comprehensive income	480	△1,131
Comprehensive income	20,241	23,235
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,074	23,120
Comprehensive income attributable to non-controlling interests	166	115

3 | Cash Flow Report

Consolidated Cash Flow Statement Fiscal Year (For the Years Ended March 31) (Millions of Yen)

	2014	2015
Cash flows from operating activities		
Profit before income taxes	31,636	37,753
Depreciation	41,770	41,052
Increase (decrease) in provision for bonuses	△10	74
Increase (decrease) in net defined benefit liability	△520	△430
Impairment loss	30	-
Interest and dividend income	△99	△96
Interest expenses paid on loans and bonds	6,303	5,560
Share of (profit) loss of entities accounted for using equity method	13	260
Loss on retirement and reduction of non-current assets	1,735	1,056
Loss (gain) on sales of non-current assets	△208	△122
Decrease (increase) in notes and accounts receivable - trade	△428	531
Decrease (increase) in inventories	△1,008	△2,405
Increase (decrease) in notes and accounts payable - trade	4,363	△3,444
Increase (decrease) in lease and guarantee deposits received	△62	△268
Increase (decrease) in accounts payable - other	790	△885
Increase (decrease) in accrued consumption taxes	△94	△334
Increase (decrease) in advances received	40	38
Other, net	△1,691	2,507
Subtotal	82,559	80,844
Interest and dividend income received	101	101
Interest expenses paid	△6,462	△5,657
Income taxes paid	△13,686	△9,050
Net cash provided by (used in) operating activities	62,511	66,237
Cash flows from investing activities		
Purchase of non-current assets	△24,262	△47,558
Proceeds from sales of non-current assets	1,333	315
Purchase of long-term prepaid expenses	△226	△46
Purchase of investment securities	△269	△0
Payments of loans receivable	△1	△2
Collection of loans receivable	3	2
Payments into time deposits	△3,050	△1,060
Proceeds from withdrawal of time deposits	30	4,000
Payments for lease and guarantee deposits	△5	△6
Other, net	26	△257
Net cash provided by (used in) investing activities	△26,422	△44,613
Cash flows from financing activities		
Proceeds from long-term loans payable	10,000	8,000
Repayments of long-term loans payable	△12,358	△17,547
Proceeds from issuance of bonds	44,862	35,886
Redemption of bonds	△67,111	△44,800
Cash dividends paid	△5,982	△5,900
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	△254
Other, net	△89	△95
Net cash provided by (used in) financing activities	△30,678	△24,710
Effect of exchange rate change on cash and cash equivalents	28	22
Net increase (decrease) in cash and cash equivalents	5,439	△3,063
Cash and cash equivalents at beginning of period	28,803	34,243
Cash and cash equivalents at end of period	34,243	31,180

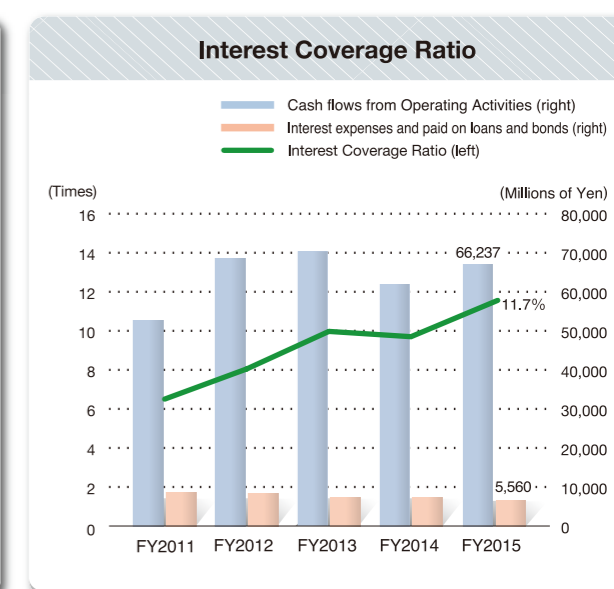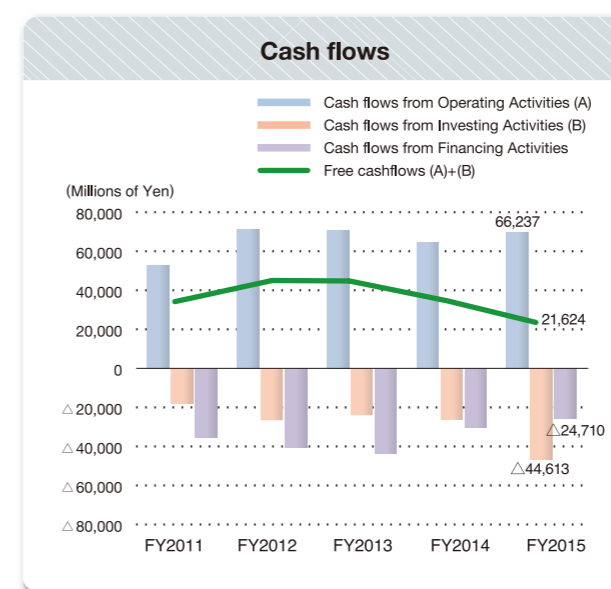## Cash Flow from Operating Activities

Cash flow from operating activities resulted in cash in of JPY66.237 billion, an increase of JPY3.726 billion due to an increase in profit before income taxes and minority interests.

Cash Flow from Investing Activities

Cash flow from investment activities resulted in cash out of JPY44.613 billion, an increase of JPY18.190 billion due to a rise in expenses for the purchase of non-current assets.

Cash Flow from Financing Activities

Cash flow from financing activities resulted in cash out of JPY24.710 billion, a decrease of JPY5.967 billion owing to a decrease in expenditure due to redemption of bonds.

Cash flows

Legend:
- Cash flows from Operating Activities (A)
- Cash flows from Investing Activities (B)
- Cash flows from Financing Activities
- Free cashflows (A)+(B)

(Millions of Yen)
80,000 / 60,000 / 40,000 / 20,000 / 0 / △20,000 / △40,000 / △60,000 / △80,000
66,237 / 21,624 / △24,710 / △44,613
FY2011 FY2012 FY2013 FY2014 FY2015

Interest Coverage Ratio

Legend:
- Cash flows from Operating Activities (right)
- Interest expenses and paid on loans and bonds (right)
- Interest Coverage Ratio (left)

(Times)
16 / 14 / 12 / 10 / 8 / 6 / 4 / 2 / 0
(Millions of Yen)
80,000 / 70,000 / 60,000 / 50,000 / 40,000 / 30,000 / 20,000 / 10,000 / 0
66,237 / 11.7% / 5,560
FY2011 FY2012 FY2013 FY2014 FY2015

4 | Stock Information

Fiscal Year (For the Years Ended March 31)

	2014	2015
Number of Issued Shares (Unit)	2,000,000	2,000,000
Total dividends (Millions of Yen)	5,900	7,278
Net assets Per Share (Yen)	134,581.16	143,209.45
Basic earnings Per Share (Yen)	9,830.06	12,127.18

Principal Stockholders

Name	Numbers of Shares	Percentage Held
Minister of Land, Infrastructure, Transport and Tourism	1,800,258	90.01%
Minister of Finance	199,742	9.99%
Total	2,000,000	100.00%

5 | Segment Report

Airport Operations

In airport operations, the number of aircraft movements was greater than the previous fiscal year due to the introduction of new and additional services. However, revenue from landing and parking charges fell 2.0% to JPY40.345 billion due to a decline in the average landing weight of aircraft. Revenue from passenger service facilities and security charge increased 11.8% to JPY35.838 billion owing to an increase in both international and domestic passenger figures. Despite an increase in the number of aircraft movements, a rise in the number of short-haul services by small aircraft and a reduction in the number of long-haul services by large aircraft led to a fall in fuel volume, and this resulted in a 0.9% decrease in revenue from fuel suply facilities charge to JPY15.960 billion.

Therefore, operating revenue was up 1.4% at JPY103.775 billion and operating income was up 3.6% at JPY4.901 billion.

Retail Business

In retailing, revenue from merchandising and food and beverage sales at shops operated directly by subsidiaries increased 25.7% to JPY62.026 billion, and tenant fee revenue from general tenants rose 10.7% to JPY11.530 billion due to an increase in non-Japanese international passengers, and the opening of Terminal 3, and also as a result of shop expansion and renovation continuing from the previous fiscal year.

Therefore, operating revenue increased 21.5% to JPY81.396 billion and operating income rose 21.6% to JPY24.492 billion.
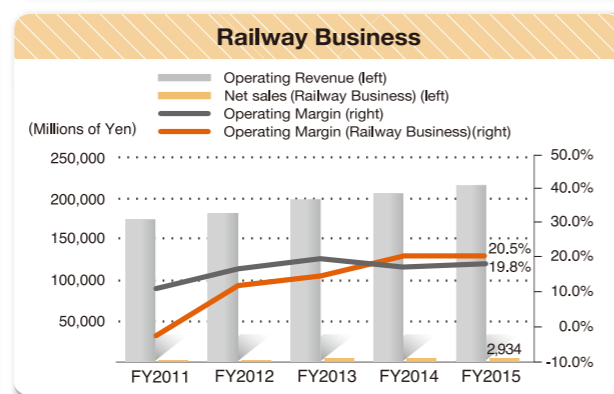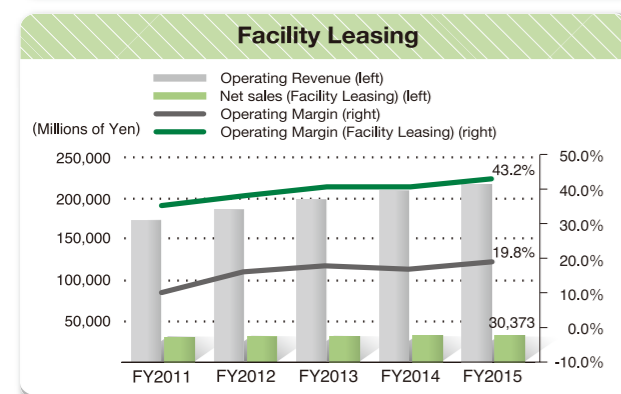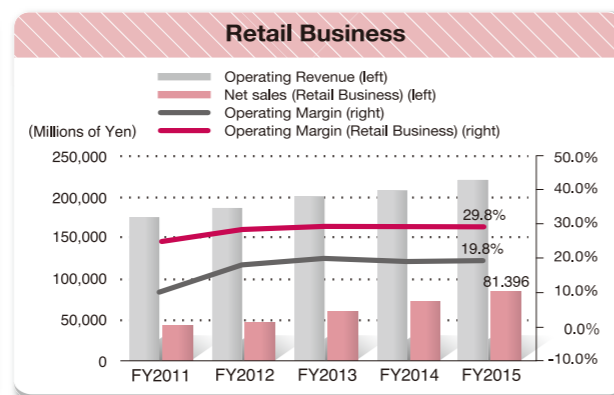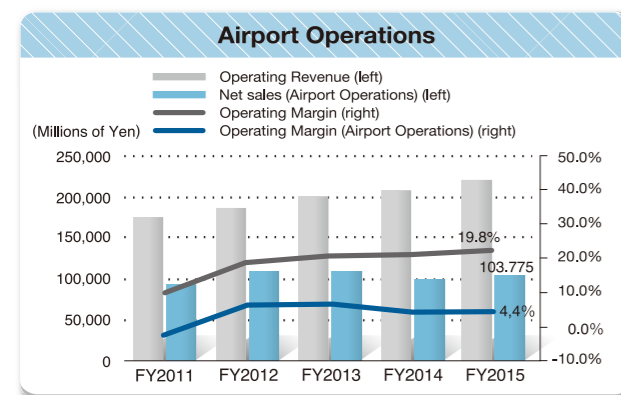
Facility Leasing

In facility leasing, revenue from rent income of real estate was down 2.1% to JPY21.437 billion owing to the cancellation of some cargo terminal building lease agreements. Consequently, operating revenue decreased 1.8% to JPY30.373 billion and operating income fell 0.8% to JPY13.641 billion.

Railway Business

In railway business, operating revenue decreased 0.2% to JPY2.934 billion and operating income decreased 0.4% to JPY614 million.

Net sales & operating margin by segment

Airport Operations

- Operating Revenue (left)
- Net sales (Airport Operations) (left)
- Operating Margin (right)
- Operating Margin (Airport Operations) (right)

(Millions of Yen)

Retail Business

- Operating Revenue (left)
- Net sales (Retail Business) (left)
- Operating Margin (right)
- Operating Margin (Retail Business) (right)

(Millions of Yen)

Facility Leasing

- Operating Revenue (left)
- Net sales (Facility Leasing) (left)
- Operating Margin (right)
- Operating Margin (Facility Leasing) (right)

(Millions of Yen)

Railway Business

- Operating Revenue (left)
- Net sales (Railway Business) (left)
- Operating Margin (right)
- Operating Margin (Railway Business) (right)

(Millions of Yen)

Segment Report   Fiscal Year (For the Years Ended March 31)

(Millions of Yen)

	2014	2015
Airport Operations		
Net sales	110,354	112,410
Revenues from external customers	102,312	103,775
Landing and parking charges	41,164	40,345
Passenger service facilities and security charge	32,062	35,838
Fuel supply facilities charge	16,113	15,960
Other revenues	12,972	11,631
Transactions with other segments	8,042	8,634
Operating Income	4,730	4,901
Depreciation	30,997	30,551
Increase in property, plant and equipment and intangible assets	31,326	29,549
Retail Business		
Net sales	67,387	82,057
Revenues from external customers	66,982	81,396
Merchandising and food/beverage revenue	49,356	62,026
Tenant fee revenue	10,417	11,530
Other revenues	7,208	7,839
Transactions with other segments	404	661
Operating Income	20,136	24,492
Depreciation	2,340	2,575
Increase in property, plant and equipment and intangible assets	4,760	4,448
Facility Leasing		
Net sales	32,731	31,591
Revenues from external customers	30,918	30,373
Rent income of real estate	21,907	21,437
Other revenues	9,010	8,936
Transactions with other segments	1,813	1,217
Operating Income	13,532	13,641
Depreciation	7,080	6,618
Increase in property, plant and equipment and intangible assets	3,811	4,593
Railway Business		
Net sales	3,005	2,991
Revenues from external customers	2,939	2,934
Transactions with other segments	65	57
Operating Income	616	614
Depreciation	1,413	1,399
Increase in property, plant and equipment and intangible assets	39	22
Reconciling items		
Transactions with other segments	△10,325	△10,571
Operating Income	△314	△341
Depreciation	△61	△91
Increase in property, plant and equipment and intangible assets	△253	△269
Per consolidated financial statements		
Revenues from external customers	203,153	218,480
Operating income	38,701	43,308
Depreciation	41,770	41,052
Increase in property, plant and equipment and intangible assets	39,683	38,344

The Airport of Customers' Choice

We aim to be a trusted and favored airport that is chosen by its customers, travelers and airlines alike.

We aspire to establish a firm position well into the future as the international hub of East Asia.

Narita will continue to be the industry's trend-setter, with endless appetite for innovation.