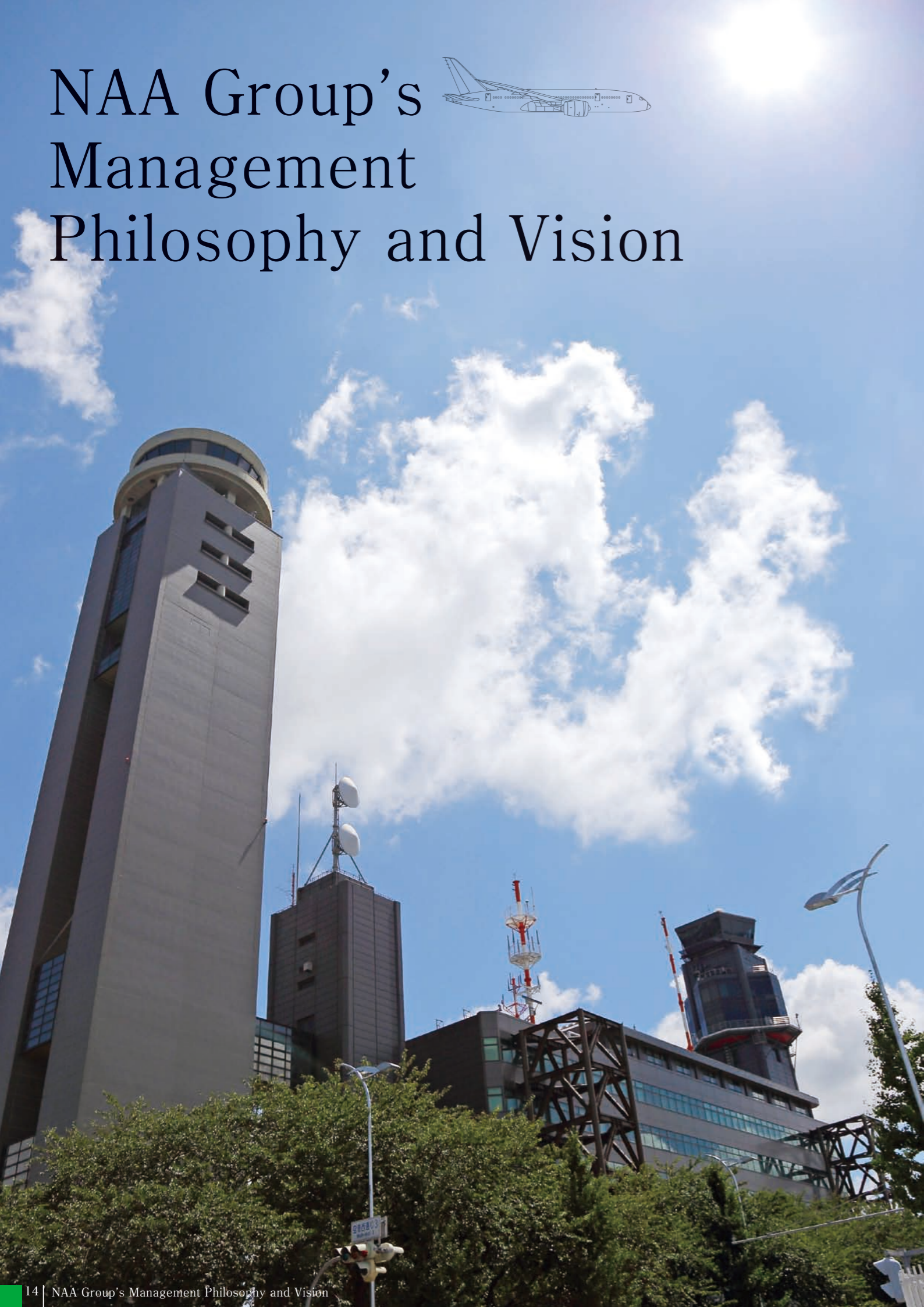
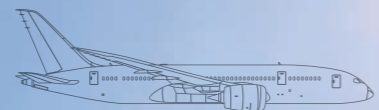


# NAA Group's Management Philosophy and Vision



## 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.**

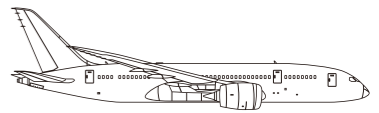
As a multifunction airport capable of meeting the diverse needs for air transport in the Greater Capital Area of Tokyo, Narita aims to attain the position of key international hub airport of East Asia well into the future, to be the airport that is relied, trusted, favored and preferred by the customers.

## Management Vision

- 1 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.
- 2 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.
- 3 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.
- 4 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.
- 5 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.



# 2013-2015 NAA Group Mid-Term Management Plan



## Management Environment

Despite uncertainties for the future associated with the ongoing debt crises in Europe, fiscal issues in the US and some concerns about the resilience of the Chinese economy, the business climate in Asia has begun to show signs of renewed growth and expansion while the global business confidence is gradually increasing and glimpses of a mild recovery can be seen. Meanwhile in Japan, there still remains some risk that the downward swing in the business environment abroad may suppress Japan's business climate but the recessing trend appears to have ended by now, and the future looks set for a gradual recovery as a result of improvements in the export environment as well as economic and monetary policy measures.

In the aviation industry, we expect growth in global demand to continue, particularly in the emerging economies in the Asia-Pacific, Latin America and the Middle East. However, the industry is susceptible to external factors and events such as international conflicts and economic fluctuations and, with the emergence of LCCs' new business models, competition has become increasingly intense. It is in this environment that the legacy full service airlines (FSAs) have embarked on joint ventures and collaborations through airline alliances and reconfiguration of their networks to increase their competitive power. The LCCs have already established

markets in Europe and in the US and, together with the economic growth in Asia, are rapidly achieving growth in Southeast Asia through their all-out pursuit of low costs. They are now set to expand their market in East Asia as well. At the same time, some of the FSAs have established their own LCC subsidiaries and, with the resulting tie-ups between FSAs and LCCs, we may expect further diversification of the aviation industry to follow.

The aviation authorities in Japan have been actively pursuing their open skies policy that includes the airports in the Greater Tokyo Capital Area. This will come into effect under the 2013 summer schedule when the capacity at Narita Airport will increase to accommodate 270,000 annual movements. With the 2014 summer schedule, Haneda Airport will have an additional 30,000 daytime international slots a year, giving it room for 90,000 annual international movements, including late night and early morning. Meanwhile, in Asia, expansion and improvement of airport capacity and functions continue. This includes constructions of a second passenger terminal at Incheon Airport in Korea and a third runway at Hong Kong's Chek Lap Kok Airport. As such, we are now facing an increasingly intense competition among major international hubs where airlines may freely choose airports they want to operate at. In other words, it is now the airlines' call to choose the airports but not the other

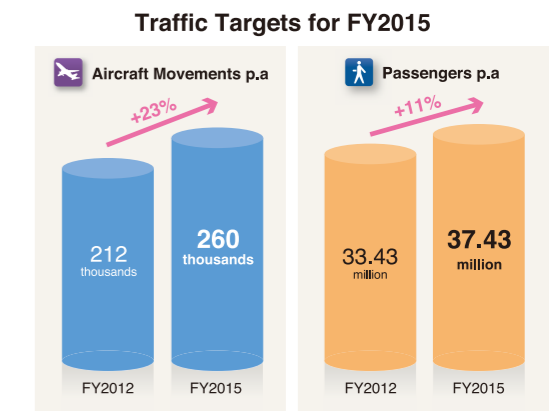
way around, where the key to success depends, for one thing, on the quality and scale of the air services network that airports can offer. This in turn means that a fierce competition awaits us to entice and introduce new routes to add to the value of our network product.

Under such severe business environment, we believe that the well balanced world-wide air services network which we have been building up since Narita's opening is

something we can proudly offer, as it is not only our valuable asset but may be regarded as one of the nation's important assets. We take pride in the important role we play in Japan's future by further enhancing the functions of our airport and by continuing to expand this international network that is so crucial to the sustainable development of the nation's economy, in order to ensure that Narita becomes the customers' preferred airport.

## Traffic Targets

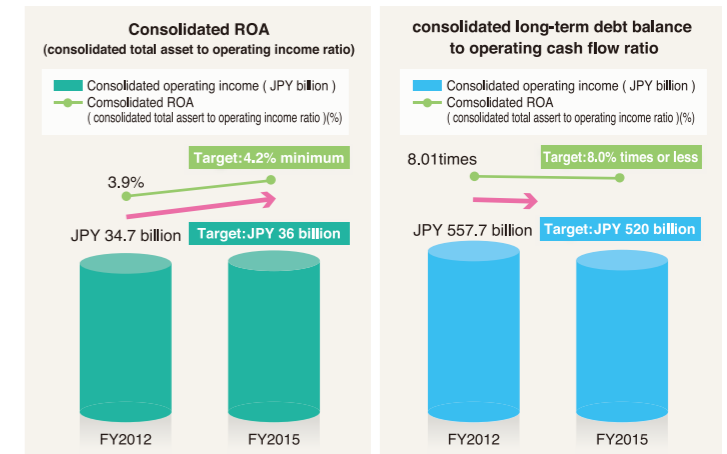
Taking advantage of the open skies arrangement commencing from the 2013 summer schedule and of the projected expanded capacity of 300,000 annual movements, we aim to achieve handling of 260,000 aircraft movements and 37 million passengers p.a. in fiscal 2015 by creating one of the most prominent networks in Asia, encouraging the three airline alliances and LCCs to establish their bases at the airport and by active marketing to solicit new international and domestic routes and services to Narita.



## Business Objectives

The NAA Group will steadily proceed with construction of facilities needed to accommodate 300,000 annual aircraft movements while pushing ahead with a range of initiatives designed to ensure that Narita is the airport of choice. It will strive to achieve the following business objectives for fiscal 2015 and remains committed to improving the soundness of its finances.

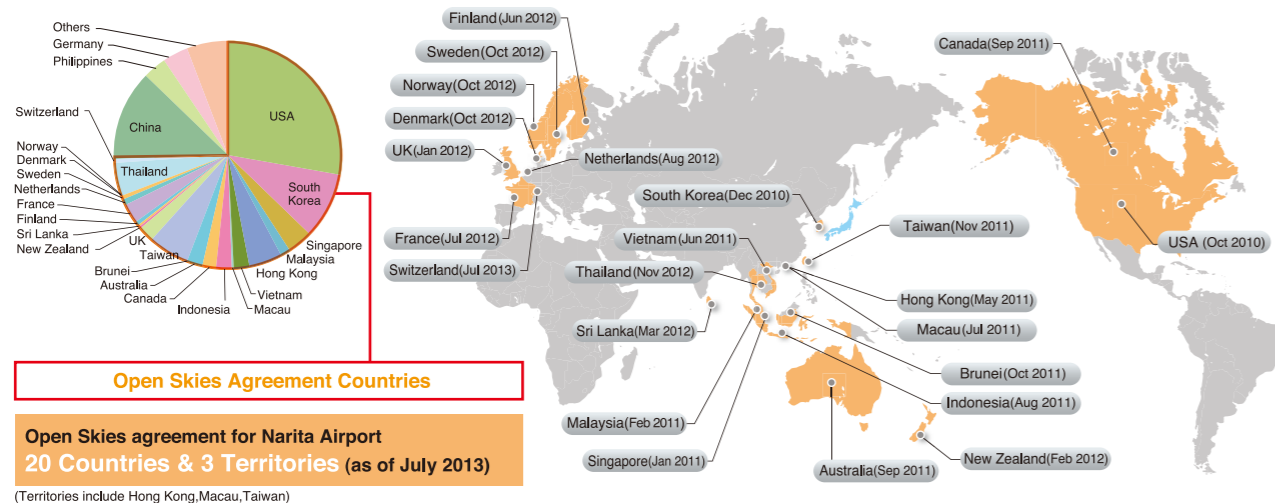
1. Consolidated ROA (consolidated total asset to operating income ratio)	4.2% minimum (Consolidated operating income of JPY36 billion more)
2. Maximum consolidated long-term debt balance	JPY520 billion
3. Consolidated long-term debt balance to operating cash flow ratio	8.0 times or less



Ratio of International Passengers To / From Open Skies Agreement Countries at Narita Airport By Country (2012)

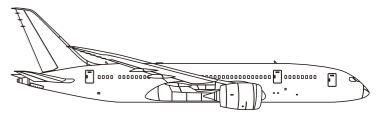
USA	South Korea	Singapore	Malaysia	Hong Kong	Vietnam	Macau	Indonesia	Canada	Australia	Brunei	Taiwan
27.9%	9.5%	3.7%	1.2%	4.7%	2.4%	0.2%	2.1%	2.0%	2.2%	0.0%	6.0%
UK	New Zealand	Sri Lanka	Finland	France	Netherlands	Sweden	Norway	Denmark	Thailand	Switzerland	Total
2.1%	0.4%	0.2%	0.6%	2.8%	0.8%	0.0%	0.5%	0.0%	4.8%	0.5%	74.4%

Source: Compiled by NAA from ADI (Sabre Airport Data Intelligence) data. Includes transit Passengers



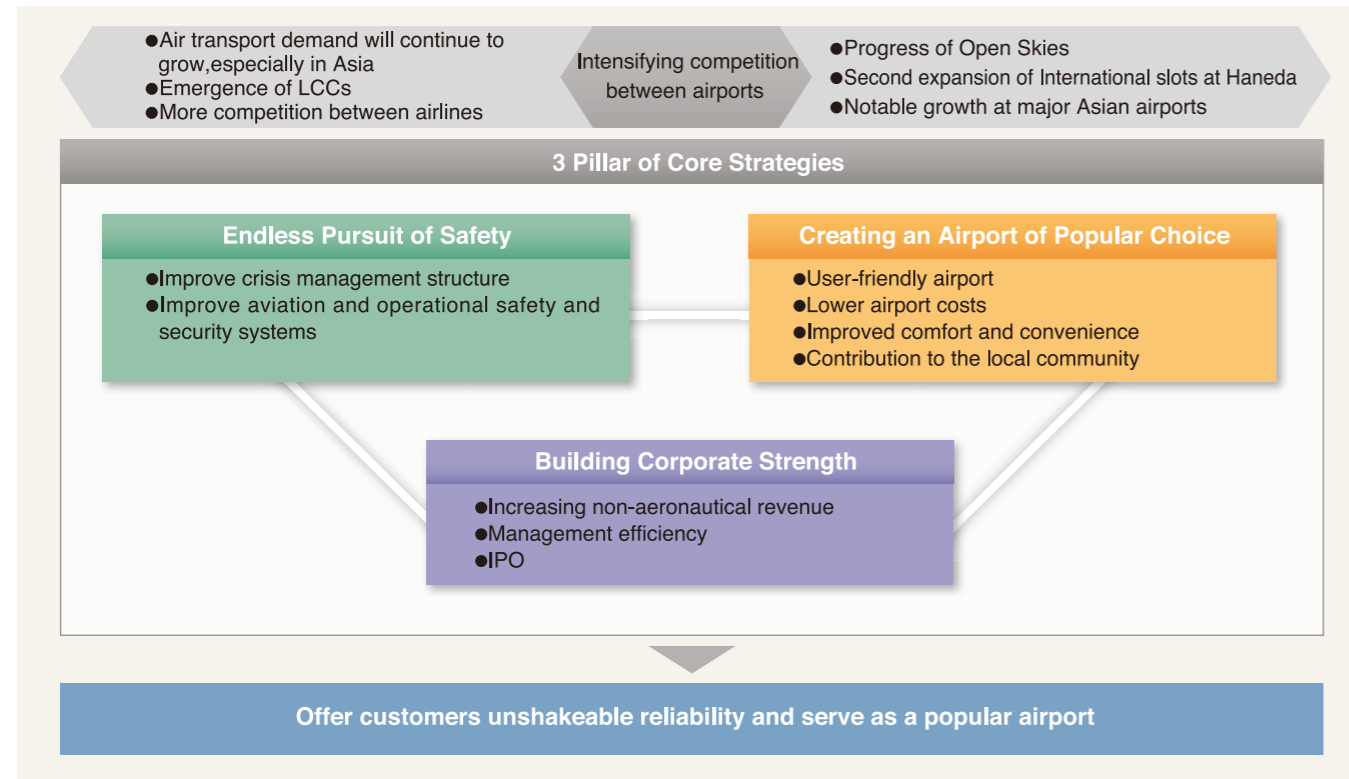
## Our Vision

As a multifunction airport capable of meeting the diverse needs for air transport in the Greater Tokyo Capital Area, Narita aims to attain the position of key international hub airport of East Asia well into the future, to be the airport that is relied, trusted, favored and preferred by the customers.



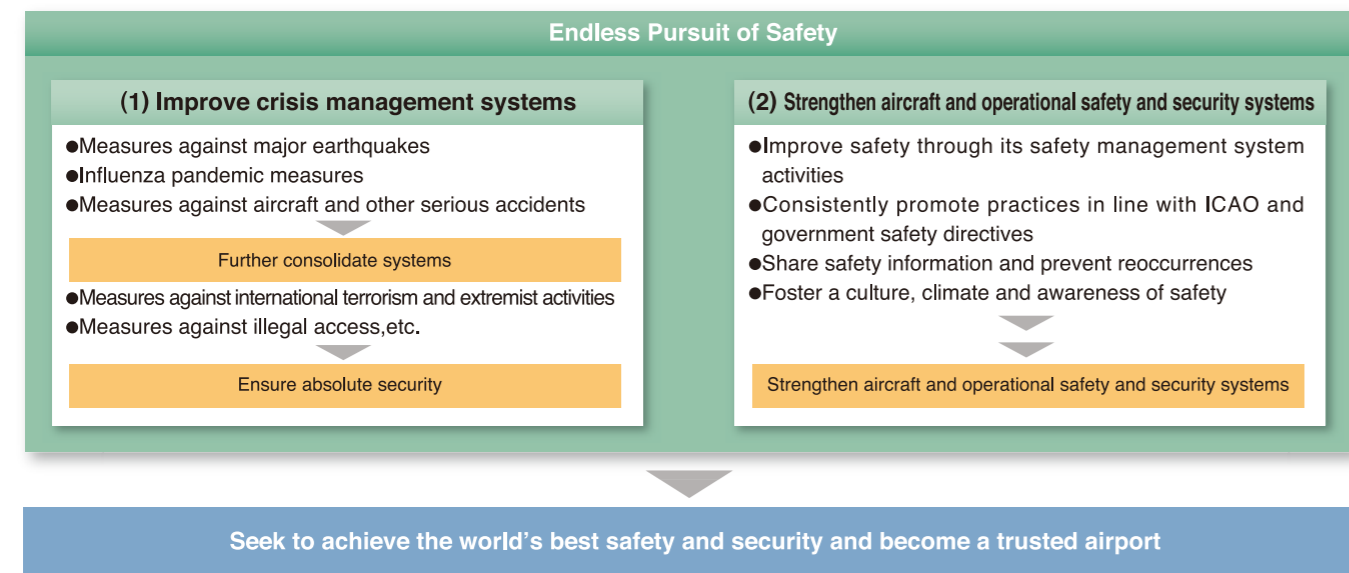
## Core Strategies

In the three years between fiscals 2013 and 2015, the NAA Group will strive to become the customer users' preferred airport by continuing to expand its capacity and network in the age of open skies, while pursuing cash-flow intensive management and continuing to improve fiscal integrity through management efficiency. The following three core strategies will form the foundation for that effort:



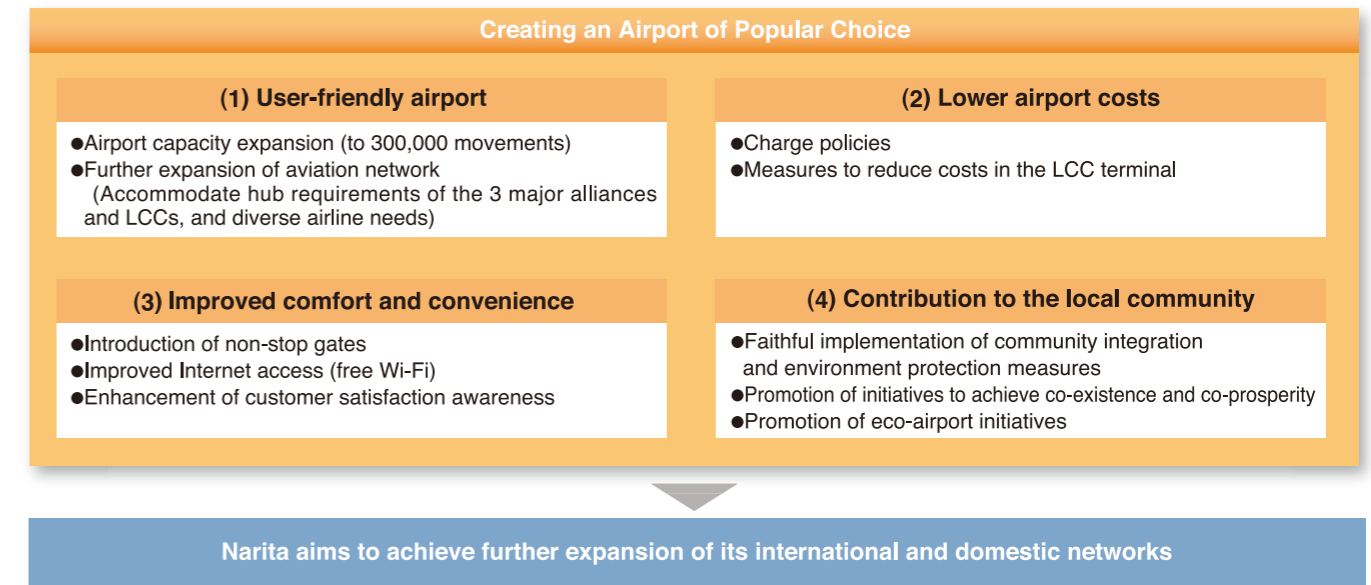
## Specific Initiatives

### 01 Endless Pursuit of Safety



(1) Enhancement of crisis management setup (2) Strengthening flight/ground operational safety and security structures

## 02 Creating an Airport of Popular Choice



### 1. User-friendly airport

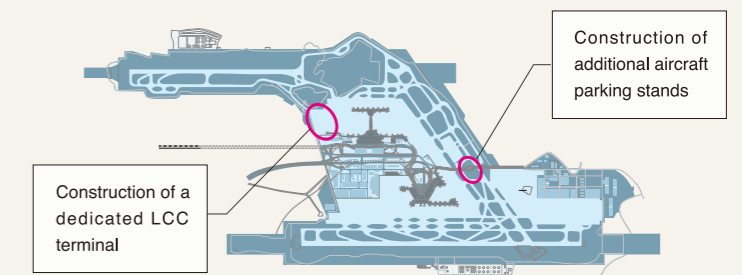
#### (1) Airport capacity expansion

- ① Capacity expansion to 300,000 annual aircraft movements
- ② Future development plans

#### Future development plans

Taking the Metropolitan demand into consideration conclude the planning by the end of FY2014

#### Capacity expansion to achieves 300,000 annual movements within FY2014



#### (2) Further network expansion

In addition to further upgrading its well-balanced international network of mid- and long-haul routes which is one of the main advantages of Narita Airport, the NAA Group will promote initiatives to increase short-haul Asian routes within a 4,000-kilometer range, where there is room for future expansion, as well as domestic routes.

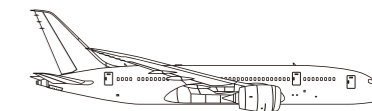
\* The Group will use Available Seat Kilometers (ASK) by airport as an indicator to express possible network expansion targets set by Narita Airport and to assess the airport's network capabilities in terms of flight stage length and fleet size, and will strive to be the No. 1 airport in Asia.

#### ① Meeting hub requirements of the three major alliances

- The NAA Group will construct additional aircraft parking spots at the south end of Satellite 4 at Terminal 1 and at the south end of Terminal 2 to facilitate more efficient operations during peak periods.
- The inbound passport control and the customs inspection areas will be expanded along with upgrading of the BHS to increase the passenger processing capability at the South Wing in Terminal 1.
- In the North Wing at Terminal 1, additional BHS will be installed and improvements will be made to the functions and services of the check-in and Fast Track systems to increase the passenger processing capability.

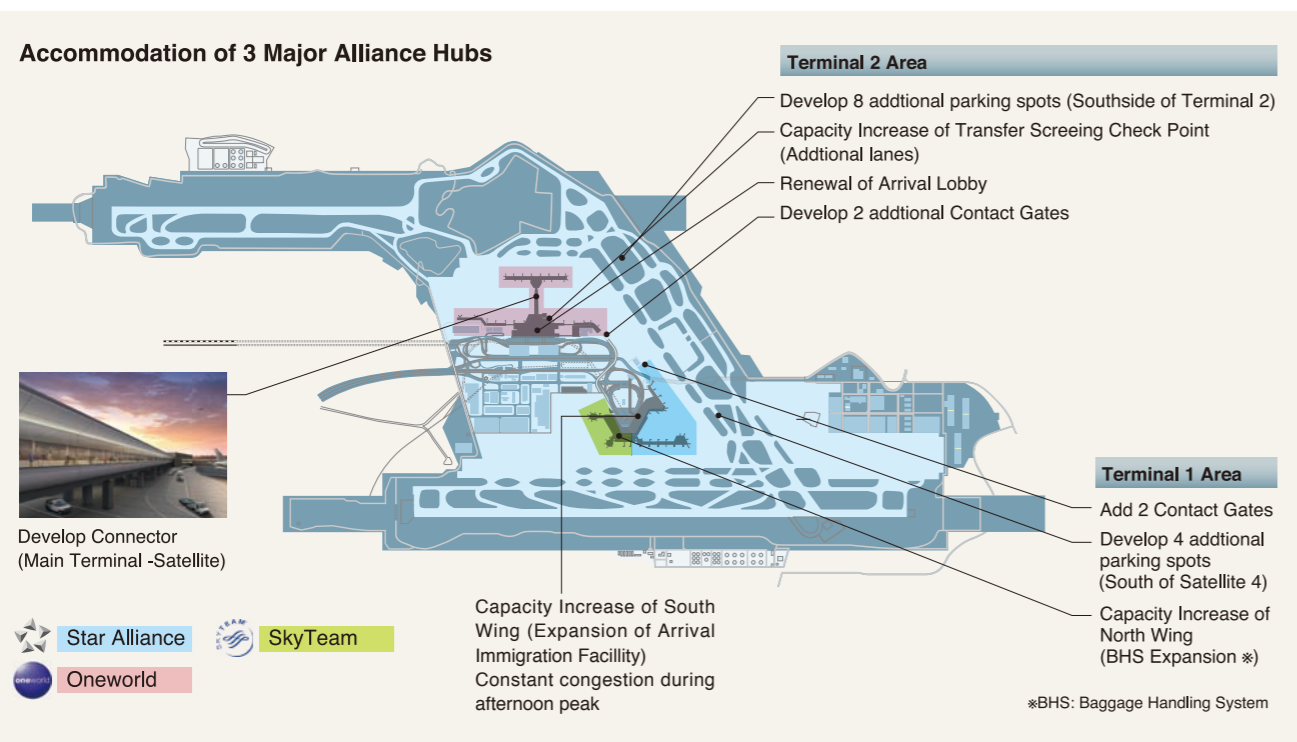


# 2013-2015 NAA Group Mid-Term Management Plan



- As part of a facility upgrade in Terminal 2, the arrivals hall will be refurbished and a new corridor will be constructed between the main terminal and the satellite building.
- Contact gates in Satellite 5 at Terminal 1 and at the south end of the Terminal 2 Main Building will be extended.

- Functional improvements will be made to transit facilities with additional installation of the transit-area security screening lanes and of BHS.
- Additional mid- and long-term development of facilities will be planned to meet future alliance growth.



## ② Meeting hub requirements of the LCCs

- A dedicated LCC terminal will be constructed by the end of fiscal 2014.

## ③ Accommodating diverse needs of the airlines

- With the understanding and support of the local community, we are moving carefully forward with our initiative to conditionally relax the late-night operating restrictions.
- The NAA Group will work closely with the relevant authorities and organizations on moves to expand the hourly aircraft movement capacity during peak hours.
- Additional facilities to accommodate new large aircraft such as the Airbus A380 will be provided.
- The Group will improve the functions of the airport's domestic facilities with more bus gates and other ancillaries as a means of further enhancing domestic services.

- Streamlining efforts will continue to ease congestion in the cargo areas and to facilitate the flow of goods in order to improve overall air logistics functions. The Group will also draw up facility development plans which will include the relocation of warehouses to meet the future air cargo demand.
- To promote use of the airport by corporate jets, the Group will launch active drives via a number of channels to publicize and market the airport to operators both in Japan and overseas.
- Airline business department will be established within NAA to accurately understand the airline customers' needs and swiftly respond to them. At the same time, we will step up our marketing and promotional activities, actively encourage opening of new routes and engage airports and other entities overseas to work together on strategies to stimulate demand for air transport.

## 2. Lower airport costs

- Effective from April 2013, international landing and BHS charges at Narita will be reduced and additional tonnage discount on international landing charges will be introduced as part of our incentive scheme.
- The Group will closely examine the way airport user charges should be implemented, including the domestic passenger service facility charge, from the viewpoint of optimizing the balance of

charges and benefits.

- The LCC terminal slated for completion in fiscal 2014 will be designed to minimize construction and operating costs to provide an economically viable environment enabling low cost operations for airlines.
- Under the prevailing competitive environment, the NAA Group will continue to work on reducing airport costs.

## 3. Improved comfort and convenience

- To facilitate entry to the airport for visitors and travelers, a new mechanized system will be installed at airport entry points to improve the quality of security as a first step prior to formal introduction of "non-stop" gates.
- Free Wi-Fi areas will be expanded, and our internet environment will be further upgraded.
- To provide airport users with the best practical information in the most legible format, cutting-edge information and communication technology (ICT) will be fully utilized in our "i-Airport" strategies.

Track and VIP/CIP lanes.

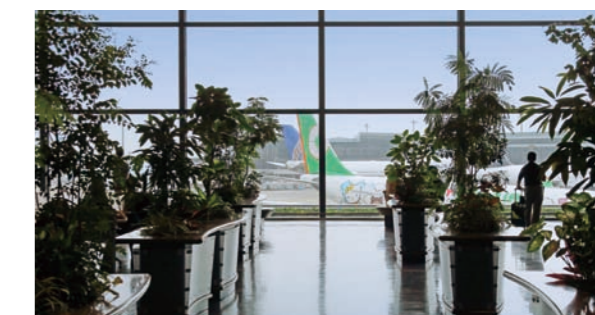
- The Group will roll out services designed for added convenience of passengers on late-night and early-morning flights.
- We will work closely with bus and other ground transport service companies to further improve road access to/from the airport which includes the extension of the Ken-O Expressway. The Group is also committed to improving railway, bus and other ground transport information services as well as airport parking services.
- We will continue to work closely with businesses and organizations within the airport on promoting the CS Awards and the Oasis Projects in an effort to enhance customer satisfaction awareness among the airport employees.

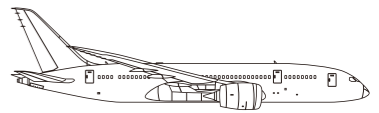
(a) In order to provide easy-to-understand information as widely as possible, we will expand our services to smartphones and other devices in multiple languages and add greater precision to the location information services throughout our terminals.

(b) To provide the best usable information, we will employ the already available digital signage, and will also introduce "digital concierges".

(c) Displays showing passenger processing time from security screening checkpoints to outbound passport control will be installed for the convenience of passengers on the move.

- The NAA Group is working with the relevant organizations and actively supporting initiatives such as automated check-in procedures (IATA's Fast Travel), streamlined security screening (IATA's Checkpoint of the Future) and automated passport control gates (Ministry of Justice Japan) to facilitate necessary airport formalities.
- The Group is committed to improving passenger experiences with the introduction of more Fast





## 4. Contribution to the local community

●We will use our best effort to apply and implement various measures for the purpose of co-existence/co-prosperity with the local community and of environment protection as we expand the airport's capacity to 300,000 annual movements and further improve the airport functions by means of conditional relaxation of the night-time restrictions. We will continue to foster the relationship of trust we have built up with the community, while pushing forward with various other initiatives in line with the objectives of the community-airport co-existence and co-prosperity.

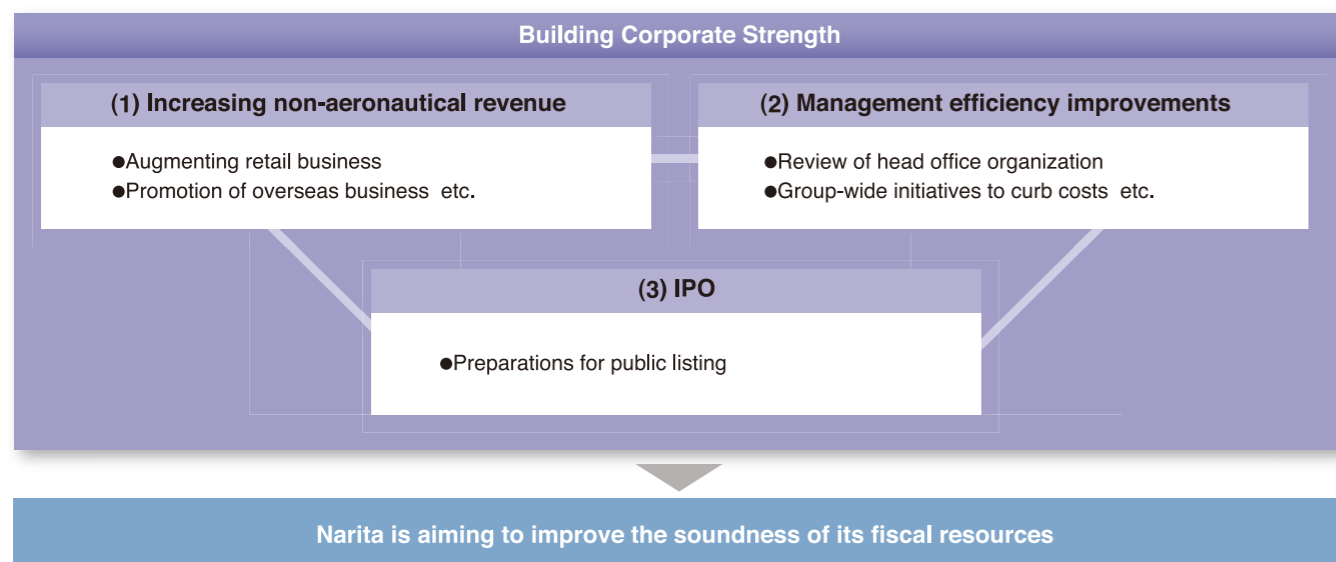
- (a)NAA will continue to expand and improve soundproofing work in the residential area surrounding the airport on a perpetual basis.
- (b)We will continue to make information publicly available on night-time operations during restricted hours and on flight tracks.
- (c)We will use the airport as a leverage to support regional promotion efforts of the surrounding municipalities and drive forward with initiatives for mutual prosperity of the community and the airport.

- By participating in the Narita Airport Utilization Council (a provisional designation), which was established at the recommendation of the Grade Up "Narita" Utilization Strategies Council \*5, we will support those activities which will capitalize on growing business expansion opportunities arising since the epoch-making agreement to expand the airport capacity and lead to further economic revitalization of not only the local municipalities surrounding the airport but also of the entire Chiba Prefecture.
- Under the conceptual banner of "The World's Leading Eco-Airport", we will promote the environmental initiatives set out in our Eco-Airport Master Plan (Fiscals 2011-2015). The NAA Group will also work with airport-related businesses and organizations on promoting environmental initiatives and on enlightening environmental awareness under the auspices of the Narita International Airport Eco-Airport Development and Planning Council.

※CS Awards: A system of recognizing and commending airport staff, companies and organizations

※Chiba Prefectural Government acts as the secretariat for the Grade Up "Narita" Utilization Strategies Council. The council comprises members of the public and private sectors with the objective of channeling new trends at Narita Airport into growth and development in the prefecture. It studied the strategies needed to revitalize the economy and released its recommendations in October 2012.

## 03 Building Corporate Strength



## 1. Increasing non-aeronautical revenue

### (a) Retailing Business

#### ① More visitors to the airport

●We will work to encourage more of the general public to visit Narita Airport in addition to the growing number of departing and arriving passengers as the airport's aircraft movements increase.

#### ② Wider retail space

●We will expand and improve the shopping areas in the LCC terminal and in Terminals 1 and 2. We will also continue to explore new ideas and strategies for airport duty-free shopping and other retail activities for the benefit and convenience of our customers.

#### ③ Higher turnover

●The Group will continue to revamp and refurbish existing shops and forge closer ties with the shops to make the airport's retail areas attractive and unique to Narita Airport.

### (b) Overseas Business, etc.

●We will promote our overseas airport business including consulting based on our experiences and expertise in airport management and operations.

## 2. Management efficiency

●NAA's corporate structure will be re-organized and consolidated with the objective of creating an efficient and streamlined management system.

●While introducing uniform business processes among the Group's subsidiaries, we will re-define the mission of each company and review its scope of business. The Group will withdraw from unprofitable ventures, and consolidate and restructure its subsidiaries.

●We will take advantage of our expertise in airport construction and operations and utilize external consultants to reduce the cost of facility development and operations.

●Cost Reduction Promotion Committee (a provisional designation) chaired by the President & CEO will be established, to develop an overall cost-cutting framework for the entire Group and to achieve sustainable management efficiency.

## 3. IPO

●We will continue to closely monitor the process of the government's decision-making, and prepare for our public listing.

## ○ Facility Investment Plan (Fiscals 2013 to 2015)

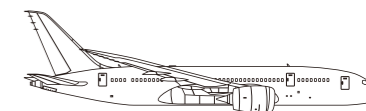
JPY145 billion (consolidated) will be invested in facilities during fiscals 2013 to 2015 in our enduring pursuit of safety, as a strategic investment to create an airport to be chosen, and to increase our non-aeronautical revenue as a key measure in enhancing our corporate strength. This investment will be covered by the operating cash flow.

### Facility Investment Plan (Fiscals 2013 to 2015) Total: JPY145 billion

- Endless Pursuit of Safety JPY55 billion**
  - Investment to ensure safe, stable airport operations (Seismic reinforcement of overhead bridges in front of the terminals.)
  - Upgrade investment (Upgrade of pipeline instrumentation control equipment.)
- Creating an Airport of Popular Choice JPY86 billion**
  - Investment for capacity expansion to 300,000 movements (Construction of dedicated LCC terminal, additional parking stands.)
  - Investment for function improvement (Terminal capacity expansion, additional parking stands.)
- Building Corporate Strength JPY 4 billion**
  - Investment to expand non-aeronautical revenue (Renovation of retail areas in Terminal 1.)







# Marketing & Promotional Activities

For a long time up to now, Narita Airport has operated with only a limited number of slots and has had to turn down quite a number of airline requests for new and additional services.

The business environment surrounding the aviation industry, however, has been constantly changing during this time. After a series of events since the US terrorist attacks on September 11, 2001 that have had a grave negative impact on aviation demand, airlines are now driving forward with new initiatives. As Open Skies and other forms of deregulation in the field of aviation continue to take place around the globe, full service airlines (FSAs) have applied for anti-trust immunity (ATI) and have rapidly rationalized and streamlined their business operations by forming alliances and reorganizing their routes. We are now in an age when the three major airline alliances can freely choose which airport they wish to use as their hub and it has become increasingly important for Narita Airport, too, to find ways of being selected by these alliances. The same applies to low cost carriers (LCCs). We must strive to become an airport that can accommodate the low-cost, high-frequency operations that are characteristic of LCCs. Furthermore, Haneda Airport is scheduled to acquire 30,000 more daytime landing/take-off slots with the second expansion of its international slot capacity by the end of fiscal 2013, while Incheon and other major Asian airports continue to demonstrate remarkable growth. Consequently, the competition among airports which Narita faces

is becoming increasingly intense. For Narita to further enhance its presence as an international hub in the East Asia, it is imperative that it becomes a "multifunction airport" to meet diversifying needs, by pursuing marketing and promotional activities in a proactive and strategic manner. With a view to achieving our goal of becoming our customers' preferred airport as set out in our mid-term management plan, we are engaging in a range of marketing and promotional activities on a day-to-day basis.

With reorganization in the company in July 2013, Aviation Marketing, Support & Coordination Department was set up within NAA, specifically tasked to step up such activities. The department routinely carries out sales activities targeting airlines, works to maintain existing routes and also focuses its efforts on attracting new airlines and developing new routes. More specifically, this includes setting up Narita Airport promotion booths and exchanging ideas with airlines on a



one-on-one basis at the Routes Conferences where airlines and airport operators meet to mutually explore possibilities for route development, as well as at the IATA Schedules Conferences where airlines around the world meet to coordinate their summer and winter schedules, while collecting information on airlines' intentions and needs. It also includes publicizing future functional improvements at Narita and holding all-encompassing exchanges of views on the possibilities of route development at Narita Airport.

Through these activities, we are able to hold talks with airlines that are more specific in content and the information thus obtained can be utilized for our facility planning, continued route development and marketing activities to attract airlines, all for the benefit of future airport management.

The Aviation Marketing, Support & Coordination Department also serves as a centralized contact point for airlines wishing to launch new services. It provides total support for the various formalities relating to launching services which were, until now, complicated as a result of being split over multiple departments and sections. With such an advantage of being able to offer an integrated response on all aspects from initial approach to eventual launch, the department will, more from an airline perspective, formulate and present useful proposals for improved convenience to airline customers.

In addition, we have set out on a more diverse range of initiatives as part of our strategy to boost aviation demand. This includes marketing support for airlines by using our website and other conventional communication media available at the airport as well as the PR space and digital signage that we have set up in the Shisui Premium Outlets which opened in April 2013, organizing joint promotional activities with airlines and railway companies in conjunction with the launch of new air services, and participation in the JATA "Tabihaku" Travel Showcase. In the years ahead, we intend to collaborate more closely not only with airline operators but with the Narita International

Airport Promotion Association as well as other local authorities, travel companies and tourism-related organizations to widely publicize Narita Airport's features and initiatives – such as its extensive and well-balanced air route network served by the three major airline alliances, expanded and more convenient domestic services, as well as NAA's effort to enhance the airport service level particularly in the early morning hours to conform with LCCs' operation model, to name a few – to stimulate potential demand. In March 2012, we opened a special facility named "-Premier Gate-" with the objective of offering greater convenience to corporate and private jet users as part of our objective to create a multifunction airport. This is the first dedicated business aviation terminal complete with the CIQ facilities in the Greater Tokyo Capital Area. We participate in conferences that attract large numbers of business aviation operators and undertake promotional activities to publicize these initiatives at Narita more aggressively to potential users in Japan and the rest of the world.

We will stay tuned to take in the latest needs of the aviation industry as foremost elements in our airport management as we undertake marketing and promotional activities to attract and develop new routes, where the Aviation Marketing, Support & Coordination Department will be playing a pivotal role in the ongoing expansion of our network. Our aim is to consolidate our standing as a key international hub in the East Asia and to be called by our customers the airport of popular choice.

