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Fiscals 2016-2018 NAA Group Mid-Term Management Plan

Innovative Narita 2018

– Aiming to be the Airport of the World’s Highest Standards –

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.

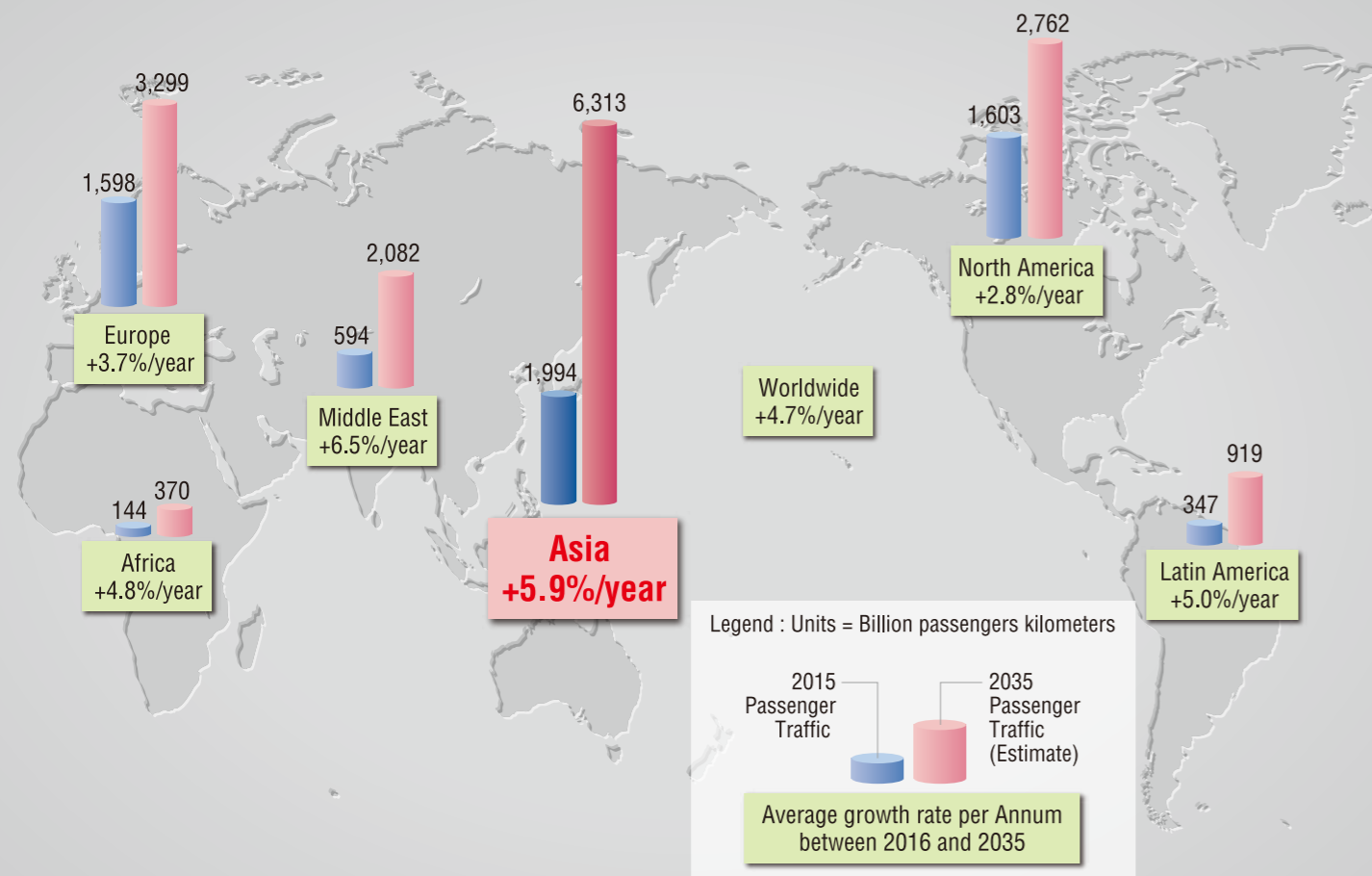
The recent situation at Narita Airport includes a record level of aircraft movements with expanding new routes and additional flights, and although there has been a continuing slackening of demand for overseas travel among the Japanese nation, the number of foreign visitors to Japan using Narita as their 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.

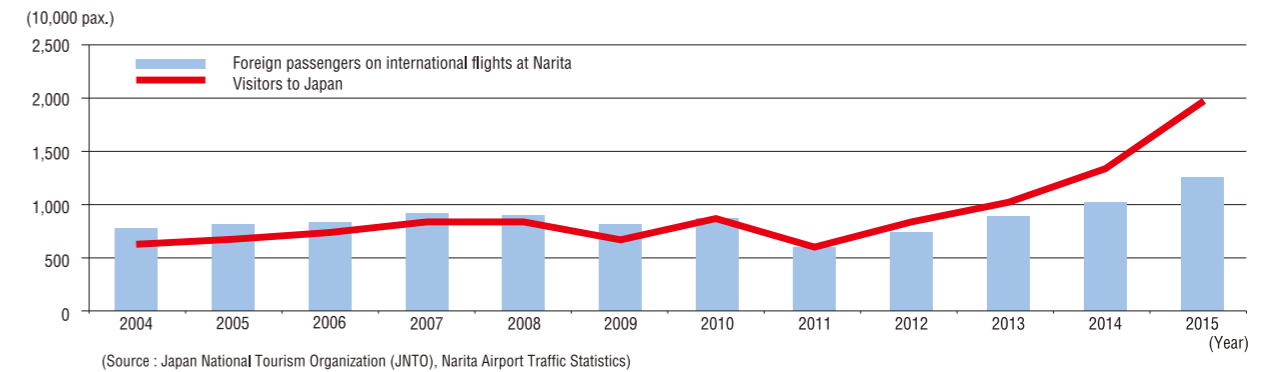
As explained above, during the period of 2016-2018 mid-term management plan, in addition to our continued commitment towards offering the world's highest safety and service standards and preparing for further airport functional improvements and supporting airline network expansion, we will build necessary 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.

Global Airport Passenger Traffic Estimates (2016-2035)



(Source: Japan Aircraft Development Corporation)

Trends in Foreign Visitors to Japan and at Narita Airport



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 (CO₂) 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

(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

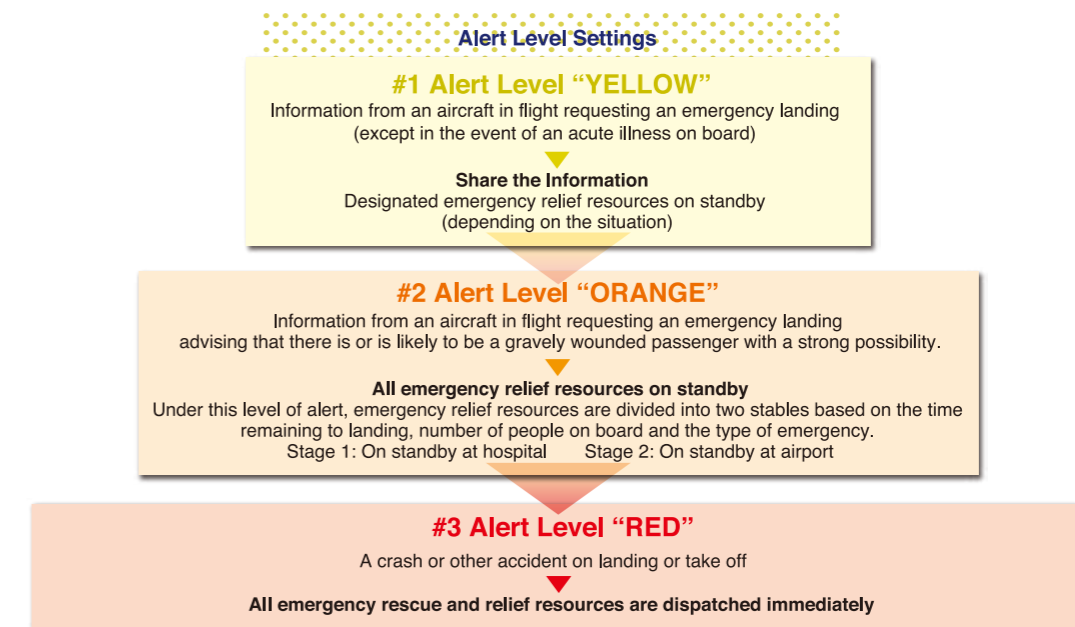
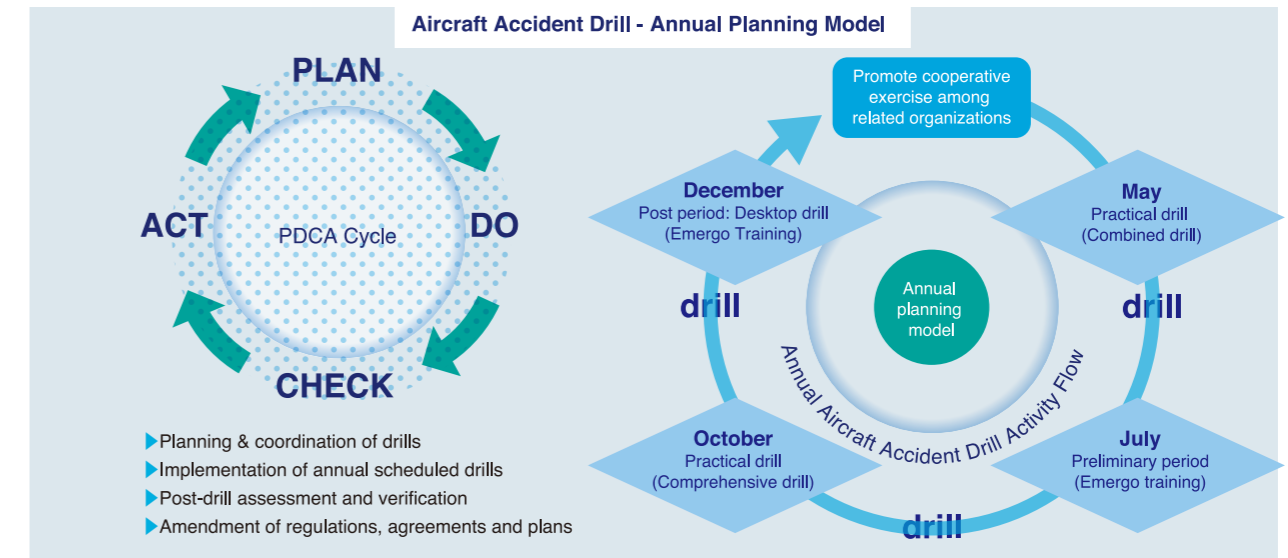
necessary. Aircraft accident drills take the form of combined drills focusing on initial response activities and full-scale comprehensive drills from the occurrence of the accident until the point where the situation has been brought under control. Emergo Training, a practical desktop simulated drill 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.



(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.

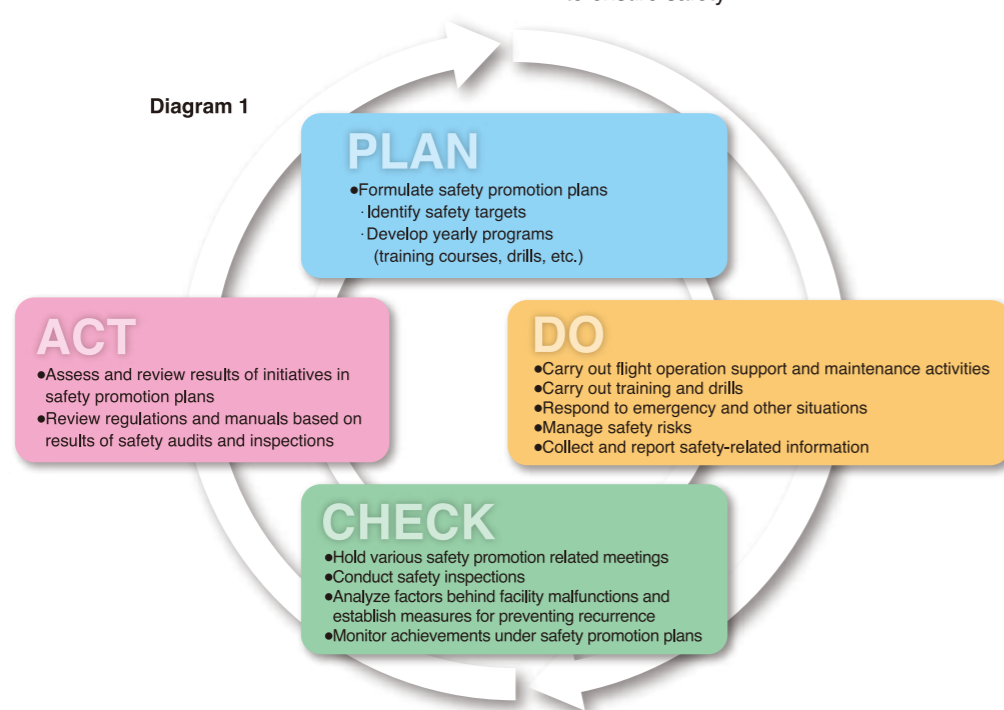
Safety Initiatives

1) Safety Policy

- ① Ensuring 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.
- ② The 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.

- ③ While 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.
- ④ NAA will include its group companies in its safety promotion activities while liaising and establishing cooperative relations with the government organizations and other airport stakeholders.
- ⑤ Every individual member of the company will understand and comply with relevant laws, regulations and standards to ensure safety.

Diagram 1



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)

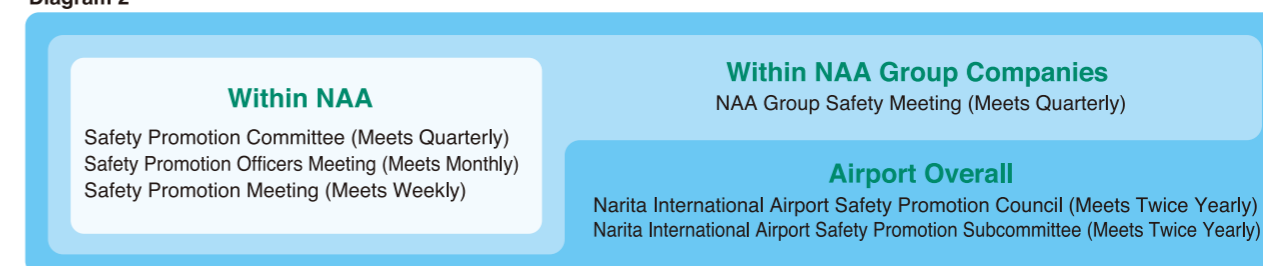
NAA adopted this safety management system in its drive to achieve airport management in which safety is warranted, and since April 2014, it has launched new initiatives to introduce more improvements in safety by setting and monitoring safety targets based on the State’s

civil aviation Safety 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



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.), focus 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 transportation 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.



(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 taxiways¹ 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 airport² 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 (CO₂) 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 (CO₂) 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



General Waste Sorting -Map 1



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

Solar Power Panels -Map 2

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.



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.

Kitchen Wastewater Treatment Facilities and Grey Water Production Facilities -Map 3

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

Use of Geothermal Energy -Map 4

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



LED Lighting -Map 5



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



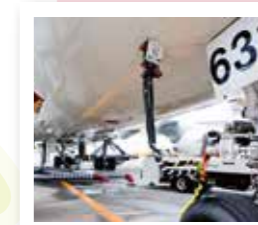
Environmental Monitoring



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.



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."



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 6



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 7

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



Recycling Plant -Map 9



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

Rainwater Treatment Facility -Map 10



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.



Noise Reduction Hangar (NRH) -Map 8



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 CO2 emissions.

(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.



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.

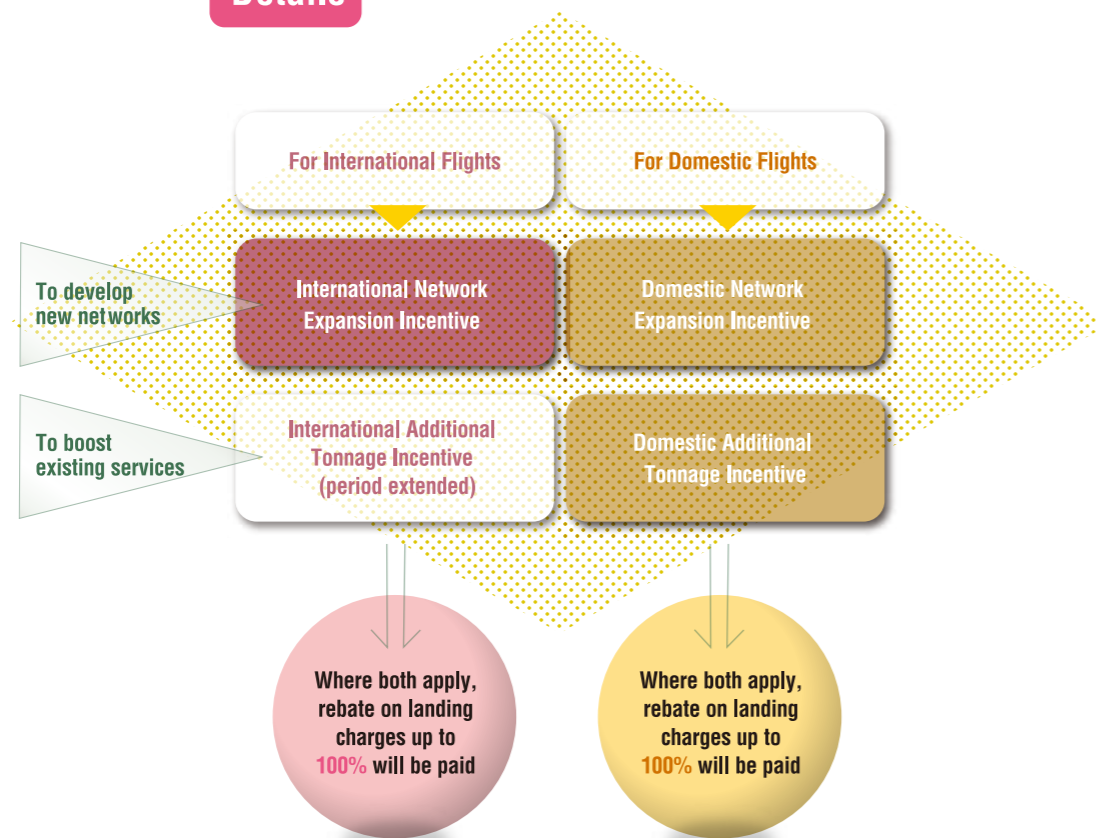
These incentives comprise a promotional package for the

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)]



(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 warehouse¹ capacity in order to enhance the quality of cargo handling. [By the end of fiscal 2017]
- We will hold Forklift and Pallet Building Competitions² 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.



(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

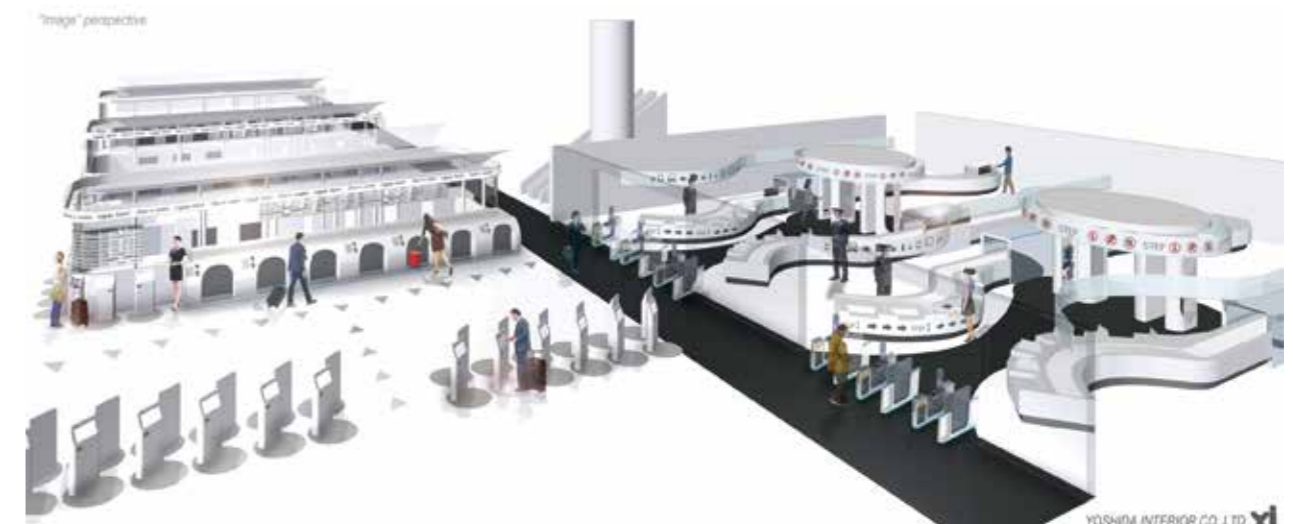
The next step in Fast Travel after automatic self check-in machines is the introduction of self bag drop system. This

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.



(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

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 300m² 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 800m² 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-clearance¹ 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.





Passenger Terminal Management Department
Kana Akiyama

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.

Complete Refurbishment of Customer Toilets -Promoting the Application 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



CS Development & Planning Department

Ryohei Take

Tomohisa Miyazaki



CS Development & Planning Department

Yuichi Kitajima

Akira Hagihara

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.

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.



Meeting Booth B1

CS Development & Planning Department

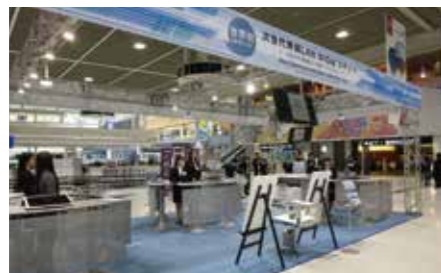
Sayuri Mutsukado

Noriko Itahashi

(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.

(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

(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

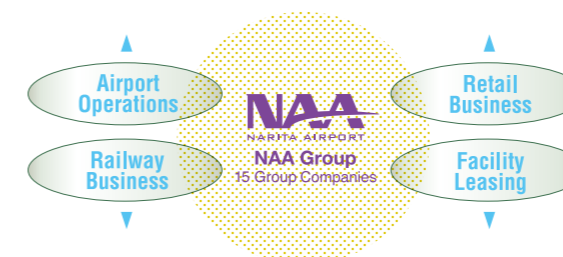
NAA has continued to provide overseas airport assistance service to airports around the world under the following management philosophy: In serving as an international hub, we will contribute to the growth and development of the global transport network.

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

Akio Takayasu

Koh Takagi

Yasuhiro Aso



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.

