

# Central Japan International Airport Company, Ltd.

## 1. Summary of operations implemented using FILP funds

To facilitate air transportation and contribute to the overall development of civil aviation, the construction and administration of basic airport facilities (runways, aprons, etc.) and air navigation facilities for aviation at the Central Japan (Chubu) International Airport.

Note: Operations not eligible for FILP include the construction and administration of other airport facilities such as a passenger terminal building, a cargo terminal building and an office building, etc.

## 2. Amount of lending under FY 2002 FILP

( Unit : billion yen )

FY 2002 FILP	Estimated outstanding amount of FILP lending at end of FY 2001
64.8	125.3

## 3. Outcome and social and economic benefits of operations

- The following are the important roles of the new airport as the international hub airport in the Chubu region, the third major region following the capital and the Kinki region.
  - to meet emerging demand for air transportation in the Chubu region in the 21st century
  - to be a base for air transportation networks which helps domestic and international exchange.
  - to facilitate the development of the Chubu region, which has a large population and a number of industrial complexes. The airport is expected to bring about various social and economic benefits, including promotion of domestic and international exchange, improvement of efficiency of cargo transportation, and industrial development.

### 2) Main features of the new airport

- Airport area: about 470 ha
- Runway: 3,500 m × 1
- Operation: 24 hours a day
- Estimated demand for air transportation that the Airport Facility Construction Plan was based on.  
Source: The Central Japan International Airport Development Plan (Final Edition) compiled by the Development Promotion & Coordination Board.

- International passengers: 8 million a year  
(Nagoya Airport in FY 2000: about 4.27 mil.)
- Domestic passengers: 12 million a year  
(Nagoya Airport in FY 2000: about 6.63 mil.)
- International cargo: 430,000 tons a year  
(Nagoya Airport in FY 2000: about 130,000 tons)
- Domestic cargo: 80,000 tons a year  
(Nagoya Airport in FY 2000: about 50,000 tons)

## 4. Estimated policy (subsidy) cost analysis of the project

- An estimate has been made for the project to construct basic airport facilities using FILP funds. Projects with loans provided by the Development Bank of Japan are excluded.
- An estimate has been made for the development project that started in FY 1998 under the Basic Plan for the Chubu International Airport (announced in May 1998).
- An analysis has been made for a 32-year period during which all interest-bearing debts are to be redeemed (33-year period for FY2001).
- Future operating revenues have been calculated based on the estimated demand specified in the 7th Seven-Year Airport Development Plan (here after the 7th Plan) using the charges at the Kansai International Airport and other airports as a reference.
- Simulations for future operations of the project were made based on analysis assumptions and the capital investment needed to carry out the project has been estimated. Corporate tax and dividends for capital investment from the national treasury, etc. during the analysis period have been calculated.

### Policy (subsidy) cost

( Unit : billion yen )

Category	FY2001	FY2002	Increase/Decrease
1. Subsidies from the national treasury	0	0	0
2. Opportunity cost of capital investment from the national treasury	30.4	15.1	- 15.3
Subtotal (1+2)	30.4	15.1	- 15.3
3. Money transfer to the national treasury	- 41.4	- 48.4	- 7
Subtotal (1+2+3)	- 11	- 33.3	- 22.3
4. Decreased cost of loss	- 2	- 2	0
Total (1+2+3+4=policy cost)	- 11.2	- 33.5	- 22.3
Analysis period ( years )	33	32	- 1

Compared with FY2001 (- ¥11.2 billion), policy cost declined due to a change in assumed interest rates and loaning conditions for debt and a reduction in the analysis period.

Incidentally, with respect to the change in the analysis period, the year that the analysis is to be completed is the same as the previous year (until all interest-bearing debts are redeemed). Therefore, the period was shortened by 1 year.

### The case if assumption is changed

( Unit : billion yen )

Changed assumption and extent of change	Increase / decrease in policy cost
Operational revenue -10%	46.7

### (Reference)

Budgeted amount of subsidies and capital investment in FY 2002

Subsidies: —  
Capital investment: ¥8.3 billion

## 5. Projections in the analysis

- 1) Air transportation demand: the demand based on the 7th Plan is used. The ceiling of passenger demand is 20 million.
- 2) Construction cost: Construction cost for each FY is estimated in accordance with the construction schedule of the FY1998 budget, approved for the Central Japan International Airport Construction Project. (New construction from FY2005 is not being considered).
- 3) Operating revenue and management cost: Operating revenue following the opening of the airport is calculated based on the above-mentioned demand and using at Kansai International Airport currently in service as a reference. On the other hand, personnel expenses and property taxes required for each year in accordance with the airport construction schedule are to be estimated before opening; whereas sales cost and general administrative cost necessary for each year based on the above-mentioned demand is to be estimated after opening.

(Unit: 10,000 times / year)

FY	Reference (Periodical flights at Nagoya Airport)					(Trial assumption)				
	1996	1997	1998	1999	2000	2005	~2010	~2015	~2024	~2033
Frequency of departures and arrivals	7.1	7.7	8.2	8.5	8.7	8.6	1.8%	2.7%	1.8%	12.5

(Note 1) With the aim of opening the airport by FY2005, the construction project is being promoted.

(Note 2) Figures for " ~2010", " ~2015" and " ~2024" are a trial assumption of frequency of departures and arrivals and represent an annual average increase ratio for the relevant interval of years.

(Unit : billion yen)

FY	Result			Estimated	Planned	Trial assumption
	1998	1999	2000	2001	2002	2003 & 2004
Construction cost	0.7	34.4	50.0	270.1	103.8	215.2

(Note) The project commenced in FY1998 and is to be completed in FY2004.

## 6. Reasons for granting of subsidies, mechanism and underlying laws

The Central Japan International Airport Project contributes to the public interest, and the development of the economy and society, through facilitating an international hub airport in a major city area without delay and strengthening the international/domestic aviation network. Therefore, during the period of construction, the Special Account for Airport Development furnishes the project with capital investment and interest-free loans to appropriate them for a part of its expenditure.

(Underlying laws and regulations)

The Chubu International Airport Construction and Administration Law (Law No. 36 in 1998) provides for the capital investment and interest-free loans it receives.

### Article 5

The government shall subscribe for stocks of the designated company within the limit of the amount specified in the budget when it makes a designation based on Clause 1 of the preceding article.

2. The government shall be able to subscribe for more stocks of the designated company within the limit of the amount specified in the budget when it recognizes the necessity.

### Article 9

The government shall be able to provide for the designated company, within the limit of the budget, interest-free loans to cover the expenses needed for the operations that fall under Item 1 to 4 of Clause 1 of Article 6.

### Supplementary Provisions

### Article 2

For the time being, the government shall be able to provide for the designated company interest-free loans as a portion of funds to cover the expense needed for the operations that fall under Item 1 of Clause of Article 6 and Item 1 of Clause 1 of Article 2 of the Special Measures Law Concerning Promotion of Social Capital Infrastructure (omitted) through effective utilization of revenue from the sale of Nippon Telegraph and Telephone Corporation stocks.

## 7. Special remarks

- 1) Central Japan International Airport Co., Ltd. (CJIAC) was established on May 1, 1998. The Minister of Transport designated CJIAC on July 1, 1998 as the entity to construct and manage the new airport under the "Chubu International Airport Construction and Administration Law." CJIAC is currently proceeding with the project, with a target opening in 2005.
- 2) For the project, CJIAC receives capital investment and interest-free loans from local governments as well as the government and receives capital investment from the private sector. CJIAC also uses interest-bearing funds raised through the issuance of government guaranteed bonds and interest-bearing loans from the Development Bank of Japan and private financial institutions. The company intends to positively utilize private funds and management know-how, as demonstrated by the fact that capital investment from the private sector accounts for 50% of all capital investment.
- 3) Considering the current economic situation, if the increase ratio of future estimated operating revenue falls by 0.1% annually compared to the above-mentioned trial assumption, the operating revenue will decrease by ¥30.2 billion in total throughout (equivalent to 1.5% of total revenue) the analysis period.

**(Reference) Financial Statements****Balance Sheet**

(Unit : million yen)

Item	End of FY 2000 (Result)	End of FY 2001 (Estimated)	End of FY 2002 (Planned)	Item	End of FY 2000 (Result)	End of FY 2001 (Estimated)	End of FY 2002 (Planned)
<b>(Assets)</b>				<b>(Liabilities and capital)</b>			
Current assets	78,949	10,746	18,602	Current liabilities	2,158	296	522
Cash and deposits	78,463	2,425	10,985	Accrued payments	1,561	8	23
Prepaid expenses	31	39	40	Accrued expenses	47	80	253
Other current assets	454	8,281	7,576	Income taxes payable	5	8	8
Fixed assets	98,523	374,715	481,994	Deposits payable	20	22	25
Property, plant, and equipment	97,775	373,158	480,444	Bonus allowance	154	178	212
Buildings	121	133	130	Other current liabilities	368	0	0
Equipment	57	52	46	Fixed liabilities	144,613	347,234	439,868
Construction in progress	97,596	372,972	480,267	Bonds payable	102,540	125,253	190,379
Intangible fixed assets	132	218	190	Long-term loans	38,970	209,282	233,794
Trademarks	3	3	2	Reserve for retirement benefits	18	26	34
Software	128	215	187	Reserve for board members retirement	155	210	265
Other intangible fixed assets	0	0	0	Long-term deposits payable	2,901	12,414	15,324
Long-term investment and others	615	1,337	1,359	Other fixed liabilities	27	46	69
Investments in subsidiaries	204	878	878	(Total liabilities)	146,771	347,531	440,391
Long-term prepaid expenses	220	230	238	Capital	32,712	40,682	65,212
Deposits receivable	191	229	242	From the government	13,084	16,272	26,084
Deferred assets	1,850	2,545	3,863	From local governments	3,272	4,069	6,522
Start-up costs	1,433	2,061	3,116	From the private sector	16,356	20,341	32,606
Bond discount	416	484	747	Deficits			
				Unappropriated losses	- 159	- 205	- 1,142
				(Total capital)	32,552	40,476	64,069
<b>Total assets</b>	<b>179,324</b>	<b>388,007</b>	<b>504,460</b>	<b>Total liabilities and capital</b>	<b>179,324</b>	<b>388,007</b>	<b>504,460</b>

**Income Statement**

(Unit : million yen)

Item	FY 2000 (Result)	FY 2001 (Estimated)	FY 2002 (Planned)	Item	FY 2000 (Result)	FY 2001 (Estimated)	FY 2002 (Planned)
<b>(Expenses)</b>				<b>(Revenues)</b>			
Operating expenses	59	82	1,131	Operating profits	0	0	0
Selling, general and administrative expenses	59	82	1,131	Non-operating revenue	23	61	252
Non-operating expenses	26	17	49	Interest earned	18	0	0
Amortization of stock issue costs	26	17	49	Rental fees of land and buildings		57	251
Corporation tax, inhabitants tax, and enterprise tax	5	8	8	Other non-operating revenue	5	4	0
				Extraordinary profits	2	0	0
				Gain on sale of fixed assets	2	0	0
				Net loss	65	45	936
<b>Total</b>	<b>92</b>	<b>107</b>	<b>1,189</b>	<b>Total</b>	<b>92</b>	<b>107</b>	<b>1,189</b>

Notes: 1. The sheet incorporates operations other than FILP operations.  
2. Totals may not correspond due to rounding off.