AIR TRAFFIC SERVICES LICENCE

for

NATS (EN ROUTE) PLC

This consolidated version includes all modifications at 1 January 2006
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UK Civil Aviation Authority

Air Traffic Services Licence for
NATS (En-Route) plc

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AIR TRAFFIC SERVICES LICENCE

PART I  TERMS OF THE LICENCE

1. The Secretary of State, in exercise of the powers conferred by section 6 of the Transport Act 2000 (the “Act”) and of all other powers exercisable by him for that purpose, hereby grants to NATS (En Route) Limited (the “Licensee”) a licence authorising the Licensee:

   (a) to provide air traffic services in and in respect of the Licensed Area designated in Schedule 1 (“the En route (UK) Area”) from the date specified in paragraph 5 and for the period specified in paragraph 6, subject to the Conditions set out in Parts II and III of this Licence and the terms in Schedule 3; and

   (b) to provide air traffic services in and in respect of the Licensed Area designated in Schedule 2 (“the En route (Oceanic) Area”) from the date specified in paragraph 5 and for the period specified in paragraph 7, subject to the Conditions set out in Parts II and III of this Licence and the terms in Schedule 3.

2. Without prejudice to the general authorisation conferred by paragraph 1, the Licensee is hereby authorised to provide the UK En route Air Traffic Control Service and Oceanic En route Air Traffic Control Service in respect of each relevant Licensed Area, subject to the Conditions set out in Parts II and III of this Licence and the terms in Schedule 3.

3. The authorisation conferred by paragraph 1 shall be exclusive to the Licensee in respect of the Core Services for a period of ten years from the date of the coming into effect of this Licence.

4. The Conditions set out in Parts II and III of this Licence are subject to modification or amendment in accordance with their terms or with sections 11-19 of the Act, but such modification or amendment shall not have the effect of reducing to a material extent the scope of the authorisation conferred by paragraph 2. This Licence is further subject to the terms as to revocation specified in Schedule 3.

5. This Licence shall have effect from such time as property, rights or liabilities of National Air Traffic Services Limited (registered in England under number 3155567) are transferred to the Licensee by a transfer scheme made by the CAA under section 43 of the Act or a transfer scheme made by the Secretary of State under section 45 of the Act.

6. In so far as it authorises the provision of air traffic services in respect of the En route (UK) Area, unless revoked in accordance with the terms of Schedule 3 this Licence shall continue to have effect until determined by not less than ten years’ notice in writing given by the Secretary of State to the Licensee following consultation with the CAA, such notice not to be served earlier than the twentieth anniversary of the grant of this Licence.
7. In so far as it authorises the provision of air traffic services in respect of the En route (Oceanic) Area, unless revoked in accordance with the terms of Schedule 3, this Licence shall have effect until determined by not less than ten years’ notice in writing given by the Secretary of State to the Licensee following consultation with the CAA, such notice not to be served earlier than the twentieth anniversary of the grant of this Licence.

Minister of State for Transport 28 March 2001
PART II THE GENERAL CONDITIONS

Condition 1: Interpretation and construction

1. Unless the contrary intention appears or the context otherwise requires, words and expressions used in the Conditions shall be construed as if they were in an Act of Parliament and the Interpretation Act 1978 applied to them and references to an enactment shall include any statutory modification or re-enactment thereof after the date of the coming into effect of this Licence.

2. Any word or expression defined for the purposes of any provision of Part I of the Act shall, unless the contrary intention appears, have the same meaning when used in the Conditions.

3. In the Conditions unless the context otherwise requires:


   “Advisory Control Service” means the giving of instructions or advice to aircraft flying on those advisory routes and areas described in the AIP to the extent undertaken by the Licensee as at the date of the coming into effect of this Licence:

   (a) for the purpose of preventing, or assisting in the prevention of, collisions between aircraft; and

   (b) with a view to facilitating the flow of air traffic for the purpose of expediting and maintaining an orderly flow of air traffic where appropriate in consultation with the CAA or any other provider of air traffic services or any international body responsible for co-ordinating air traffic services but excluding any Airfield Service.

   “affiliate” in relation to the Licensee, means any holding company of the Licensee, any subsidiary of the Licensee or any subsidiary of a holding company of the Licensee.

   “AIP” means the United Kingdom Aeronautical Information Publication as amended from time to time unless otherwise specified.
“Airfield Service” means an Air Traffic Control Service in respect of any aircraft:
(a) on the manoeuvring area or apron of the aerodrome in respect of which the service is being provided; or
(b) in the process of arriving at or departing from the aerodrome in respect of which the service is being provided; or
(c) in the vicinity of the aerodrome in respect of which the service is being provided.

“Air Traffic Control Service” means the giving of instructions or advice to aircraft, whether in flight or on the manoeuvring area or apron of an aerodrome, for the purpose of:
(a) preventing, or assisting in the prevention of, collisions between aircraft; and
(b) managing the flow of air traffic for the purpose of expediting and maintaining an orderly flow of air traffic where appropriate in consultation with the CAA or any other provider of air traffic services or any international body responsible for co-ordinating air traffic services to which instructions the recipient aircraft are required to submit, save to avoid immediate danger.

“air traffic services” includes but is not limited to the Core Services.

“Auditors” means the Licensee’s auditors for the time being holding office in accordance with the requirements of the Companies Act 1985.

“Condition” means a provision of this licence which is expressed as a condition.

“Controlled Airspace” means airspace which has been notified as Class A, Class B, Class C, Class D or Class E airspace under the AIP.
“Core Services” means the:

(a) UK En route Air Traffic Control Service;
(b) Oceanic En route Air Traffic Control Service;
(c) Advisory Control Service; and
(d) London Approach Service

as amended from time to time pursuant to the Conditions of this Licence or sections 11-19 of the Act.

“En route (UK) Area” means the Licensed Area designated in Schedule 1.

“En route (Oceanic) Area” means the Licensed Area designated in Schedule 2.

“En route Businesses” means the En route (UK) Business and the En route (Oceanic) Business.

“En route (UK) Business” means the Licensee’s business which consists of the provision by the Licensee of the UK En route Air Traffic Control Service, the Advisory Control Service, the London Approach Service and the Specified Services.

“En route (Oceanic) Business” means the Licensee’s business which consists of the provision by the Licensee of the Oceanic En route Air Traffic Control Service.

“financial year” means both the financial year in respect of which the Licensee prepares its accounts for the purposes of the Companies Act 1985 and that in respect of which it prepares its accounts for the purposes of Condition 6.

“holding company” has the meaning given to it in Sections 736, 736A and 736B of the Companies Act 1985, as substituted by Section 144 of the Companies Act 1989.

“Licence” means this Air Traffic Services Licence and includes its Schedules.

“Licensed Area” means an area as designated in Schedule 1 or Schedule 2 to this Licence.
“Licensee” means NATS (En Route) PLC (registered in England under number 4129273) (formerly NATS (En Route) Limited)

“London Approach Service” means, in respect of Heathrow, Gatwick and Stansted airports, the Airfield Service other than such element of service as is provided to an aircraft on its final approach path or initial departure path or on the manoeuvring area or apron of the aerodrome.

“notice” means (unless otherwise specified) notice given in writing.

“Oceanic En route Air Traffic Control Service” means the provision of an Air Traffic Control Service other than an Airfield Service in respect of the En route (Oceanic) Area.

“parent undertaking” has the meaning given to it in Section 258 of the Companies Act 1985 as substituted by Section 21 of the Companies Act 1989.

“Permitted Purpose” means the purpose of all or any of the following:

(a) the En route (UK) Business, the En route (Oceanic) Business or any business or activity within the limits of Condition 5.9 to 5.12;

(b) without prejudice to the generality of paragraph (a), any payment or transaction lawfully made or undertaken by the Licensee for a purpose within sub-paragraphs (i) to (vii) of paragraph 19(b) of Condition 5.

“related undertaking” in relation to the Licensee means any undertaking in which the Licensee has a participating interest within the meaning of Section 260 of the Companies Act 1985, as substituted by Section 22 of the Companies Act 1989.

“Relevant Company” means:

(a) the Licensee; or

(b) a parent undertaking in relation to the Licensee.
“Retail Price Index” means the general index of retail prices published by the Office for National Statistics each month in respect of all items or:

(a) if the index for any month in any year shall not have been published on or before the last day of the third month after such month, such index for such month or months as the CAA may after consultation with the Licensee determine to be appropriate in the circumstances; or

(b) if there is a material change in the basis of the index, such other index as the CAA may after consultation with the Licensee determine to be appropriate in the circumstances.

“Separate Business” means each of the En route (UK) Business and the En route (Oceanic) Business taken separately from one another and from any other business of the Licensee, but so that where all or any part of such business is carried on by an affiliate or related undertaking of the Licensee such part of the business as is carried on by that affiliate or related undertaking shall be consolidated with any such business of the Licensee (and of any other affiliate or related undertaking) so as to form a single Separate Business.

“shares” has the meaning given to it in Section 259(2) of the Companies Act 1985, as substituted by section 22 of the Companies Act 1989, and the term “Shareholding” is to be construed accordingly.

“Specified Services” means the services set out in Schedule 4.

“subsidiary” means a subsidiary within the meanings of Sections 736, 736A and 736B of the Companies Act 1985, as substituted by section 144 of the Companies Act 1989.

“UK En route Air Traffic Control Service” means an Air Traffic Control Service in respect of the En route (UK) Area other than any Airfield Service or the London Approach Service.
“ultimate holding company” means each of:
(a) a holding company of the Licensee which is not itself a subsidiary of another company;
(b) where a holding company of the Licensee which is not a subsidiary of another company has entered into an agreement affecting the exercise of voting rights in or the appointment or removal of directors of the Licensee or any company of which the Licensee is a subsidiary, every party to that agreement; and
(c) where the exercise of voting rights in or the appointment or removal of directors of a holding company of the Licensee which is not a subsidiary of another company is controlled by agreement, every party to that agreement.

“undertaking” has the meaning given to it in Section 259(1) of the Companies Act 1985, as substituted by Section 22 of the Companies Act 1989.

“user” in that capacity only, means an owner or operator of an aircraft who uses any of the air traffic services provided by the Licensee under this Licence or who wishes to use such services.

4. Unless otherwise specified, any reference to a numbered Condition (with or without a suffix letter) or Schedule is a reference to the Condition or Schedule bearing that number in this Licence, and any reference to a numbered paragraph (with or without a suffix letter) is a reference to the paragraph bearing that number in the Condition or Schedule in which the reference occurs.

5. In construing the provisions of this Licence, the heading or title of any Part, Section, Condition, Schedule or paragraph shall be disregarded.

6. Where any obligation of the Licensee is required to be performed by a specified date or within a specified period, and where the Licensee has failed so to perform, such obligation shall continue to be binding and enforceable after the specified date or after the expiry of the specified period (but without prejudice to all rights and remedies available against the Licensee by reason of the Licensee’s failure to perform by that date or within the period).

7. The provisions of section 100 of the Act shall apply for the purposes of the delivery or service of any documents, directions or notices to be delivered or served pursuant to any Condition or Schedule, and directions issued by the CAA pursuant to any Condition or Schedule shall be delivered or served as aforesaid.
8. For the purpose of the Licence, an Air Traffic Control Service shall be provided in respect of an area where it is provided to assist and/or control the movement of the aircraft in that area whether or not the aircraft concerned is in that area when the service is provided.
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Condition 2: General obligation to provide Core Services and Specified Services

1. Without prejudice to the general power conferred under this Licence, the Licensee shall make available:

   (a) the Core Services so as to be capable of meeting on a continuing basis any reasonable level of overall demand for such services; and

   (b) the Specified Services.

2. The Licensee shall at all times develop and maintain its assets, personnel, systems and other parts of its business:

   (a) so as to be able to comply with its obligations under paragraphs 1 and 5; and

   (b) having regard to the objective of permitting access to airspace on the part of all users while making the most efficient overall use of airspace.

3. The Licensee shall be relieved of its obligations in paragraph 1 above to the extent that the CAA, in response to a written request from the Licensee, notifies the Licensee in writing that it is satisfied that any requirement is or is to be met by other means and that accordingly it would not be reasonable in the circumstances to require the Licensee to provide the services specified in the notice.

4. In determining what is reasonable for the purposes of paragraph 1(a), regard shall be had to:

   (a) the level of overall demand reasonably expected to be met at the relevant time on the basis of capacity to be made available in accordance with the Service and Investment Plan provided by the Licensee pursuant to Condition 10; and

   (b) the effect on overall demand of changes in legal or regulatory requirements made subsequent to the provision of such Plan, provided that the Licensee has taken all reasonable steps to meet the resulting changed demand.

5. Without extending the obligation as to the overall level of services to be provided under paragraph 1(a), the Licensee shall meet each request for the provision of the Core Services reasonably made by any person.

6. For the purposes of paragraph 5 above, a person shall be held to have reasonably made a request for the relevant services where:

   (a) the Licensee has been notified of, and has not rejected, a legitimate flight plan from the commander of an aircraft or a recognised flight plan processing centre to a bona fide flight which is required by applicable safety requirements to submit to the instructions of a person providing air traffic control in the relevant area; or
(b) that person is in control of an aircraft in flight which has entered or is about to enter Controlled Airspace in respect of a Licensed Area either:

(i) with the approval of the Licensee; or

(ii) otherwise where the Licensee is or ought reasonably to be aware of the fact and where the person responsible for such aircraft has had no reasonable opportunity to seek such approval and unforeseen circumstances have arisen where failure to provide the services would endanger the safety of any person; or

(c) in such other circumstances as the Licensee acting reasonably considers appropriate having regard to the safety of any person.

7. In providing services under paragraph 1 the Licensee shall not unduly prefer or discriminate against any person or class of person in respect of the operation of the Licensee’s systems, after taking into account the need to maintain the most expeditious flow of air traffic as a whole without unreasonably delaying or diverting individual aircraft or such other criteria as the Licensee may apply from time to time with the approval of the CAA.

8. Subject to paragraph 7, the Licensee shall not unduly discriminate against or give preferential treatment to any person or class of persons in respect of the terms on which services are provided, to the extent that such terms have or are intended to have or are likely to have the effect of preventing, restricting or distorting competition in any market.
Condition 3: Modification to Core Services and Specified Services

1. This Condition applies where the CAA or the Licensee reasonably considers it necessary or appropriate to seek:

   (a) a modification to the scope of a Core Service (other than one which would have the effect of materially reducing the scope of the UK En route Air Traffic Control Service or the Oceanic En route Air Traffic Control Service);

   (b) the addition of a service to the list of Specified Services; or

   (c) a modification to the scope of an Infrastructure Service which would have the effect of materially increasing or reducing the scope of that service or the cost to the Licensee of providing that service to an extent that would be material in the context of that service as a direct result of:

      (i) technical or operational change;

      (ii) an actual or anticipated change in the patterns of demand for air traffic services in the Licensed Areas;

      (iii) changes in obligations binding on the United Kingdom by virtue of its being a member of an international organisation or a party to an international agreement; or

      (iv) changes in competitive market conditions

and the CAA, subject to paragraph 2, after consultation with the Licensee serves notice on the Licensee requiring it to implement, or the Licensee, subject to paragraph 4, after consultation with the CAA serves notice on the CAA notifying the CAA of the Licensee’s intention to implement such an amendment, in each case within a time specified in the notice being a period of not less than four months.

2. If in the opinion of the Licensee it is impracticable for it to take the steps specified in a notice referred to in paragraph 1 given to it by the CAA, or that to do so would have a significantly adverse effect on its finances, the Licensee may within one month of the date of the notice issue a counter notice stating that the Licensee is unable to comply with the terms of the notice and giving detailed reasons and justification for that opinion. If such a counter notice is served, the notice served by the CAA shall not take effect save as provided in paragraph 3.

3. If within four months from the date of the counter notice served by the Licensee pursuant to paragraph 2, the CAA has, in response to the counter notice, neither:

   (a) modified the Licence pursuant to section 11 of the Act in accordance with such counter notice served by the Licensee; nor
(b) following a Reference to Members, made a reference to the Competition Commission pursuant to section 12 of the Act relating to the counter notice served by the Licensee,

the Licensee will be under no obligation to comply with the notice.

4. If the CAA opposes an amendment proposed by the Licensee under a notice referred to in paragraph 1 served by the Licensee on the grounds that the amendment would adversely affect air traffic services operating efficiency or the performance of the United Kingdom’s international obligations in respect of air traffic services, and the CAA serves on the Licensee, not later than four months from the date of the notice served by the Licensee, a counter notice setting out in detail the reasons for its objections, the notice served by the Licensee shall not take effect save as provided in paragraph 5.

5. If within six months of the date of the notice served by the Licensee pursuant to paragraph 1, the CAA has not in response to the Licensee’s notice:

(a) modified the Licence pursuant to section 11 of the Act in accordance with such notice served by the Licensee;

(b) served a counter notice on the Licensee proposing that an alternative change should be made which counter notice shall be deemed to be a notice for the purposes of paragraph 1;

(c) served a counter notice on the Licensee rejecting any change and, following a Reference to Members, made a reference to the Competition Commission pursuant to section 12 of the Act to that effect; or

(d) following a Reference to Members, made a reference to the Competition Commission pursuant to section 12 of the Act relating to the notice served by the Licensee,

the Licensee may implement the changes set out in its notice and the Licence will be deemed to have been modified by agreement between the CAA and the Licensee to the extent necessary to allow implementation of such changes pursuant to section 11 of the Act.

6. In this Condition:

“Infrastructure Service” means each of the following services as described in Schedule 4 of this Licence:

(i) Navigational Infrastructure Service; and

(ii) Surveillance Infrastructure Service.

“Reference to Members” means a reference by the CAA to the Members pursuant to the Civil Aviation Authority Regulations 1991, or such other
legislative instrument as may supersede the Civil Aviation Authority Regulations 1991 in this respect, of the question whether or not the CAA should make a reference to the Competition Commission under Section 12 of the Act in respect of the matters considered under this Condition (on which question a written decision by the Members shall be definitive).

“Members” means the members of the CAA appointed pursuant to the Civil Aviation Act 1982.
**Condition 4: Further Provisions Relating to the Modification of Specified Services**

1. This Condition applies where the CAA or the Licensee reasonably considers it necessary to seek:

   (a) a modification to the scope of a Specified Service other than one to which Condition 3 applies; or

   (b) the removal of a service from the list of Specified Services.

and the CAA, subject to paragraph 2, after consultation with the Licensee serves notice on the Licensee requiring it to implement, or the Licensee, subject to paragraph 4, after consultation with the CAA serves notice on the CAA notifying the CAA of the Licensee’s intention to implement, as the case may be, such an amendment within a time specified in the notice, being a period of not less than four months.

2. If in the opinion of the Licensee it is impracticable for it to take the steps specified in a notice given to it by the CAA under paragraph 1, or that they would have a significantly adverse effect on its finances, the Licensee may within one month of the date of the notice issue a counter notice stating that the Licensee is unable to comply with the terms of the notice and giving detailed reasons and justification for that opinion. If such a counter notice is served, the notice served by the CAA shall not take effect save as provided in paragraphs 3 and 6.

3. If within three months from the date of the counter notice served by the Licensee pursuant to paragraph 2, the CAA has not, in response to the notice, referred the matter as to whether such notice should be implemented for determination by the Members pursuant to the Civil Aviation Authority Regulations 1991 or such other legislative instrument as may supersede the Civil Aviation Authority Regulations 1991 in this respect, the Licensee will be under no obligation to comply with the notice.

4. If the CAA opposes an amendment proposed by the Licensee under a notice served by the Licensee under paragraph 1 on the grounds that the amendment would adversely affect air traffic services operating efficiency or the performance of the United Kingdom’s treaty obligations in respect of air traffic services, and the CAA serves on the Licensee, not later than four months from the date of the notice served by the Licensee, a counter notice setting out in detail the reasons for its objections, the notice served by the CAA shall not take effect save as provided in paragraphs 5 and 6.

5. If the CAA has not:

   (a) within four months from the date of the notice served by the Licensee pursuant to paragraph 1, served a counter notice on the Licensee pursuant to paragraph 4; or

   (b) within eight months of the date of the notice served by the Licensee pursuant to paragraph 1, following a written request by the Licensee
made within one month of receipt of a counter notice from the CAA issued pursuant to paragraph 4 above, made a determination by the Members pursuant to the Civil Aviation Authority Regulations 1991 or such other legislative instrument as may supersede the Civil Aviation Authority Regulations 1991 in this respect as to whether such notice should be implemented, the Licensee may implement the changes set out in its notice.

6. Where a reference is made for determination by the Members as to whether a notice referred to in paragraphs 3 or 5 should be implemented, a written decision of the CAA or the Secretary of State on appeal, as the case may be, shall be definitive and the Licensee shall act upon it as soon as practicable provided that:

(a) the requirements that apply to hearings under the Civil Aviation Authority Regulations 1991 are, so far as appropriate, complied with in respect of the reference; and

(b) the written decision addresses the substantive matters set out in the notices of the CAA and the Licensee including the financial effects of the matters the subject of the reference.

7. If the written decision of the CAA or the Secretary of State as referred to in paragraph 6 provides for a variation or removal of a Specified Service, the Licence shall be deemed to be modified by agreement between the CAA and the Licensee to the extent necessary to give effect to such variation or removal accordingly pursuant to section 11 of the Act.

8. In this Condition:

"Members" means the members of the CAA appointed pursuant to the Civil Aviation Act 1982.
Condition 5: Availability Of Resources And Financial Ring-Fencing

1. The objectives of this Condition are to set out measures which, inter alia:-
   (a) require the Licensee to act in a manner calculated to secure that it has available to it sufficient resources to perform its Licence obligations;
   (b) limit the scope of activities which the Licensee undertakes which are outside the En route (UK) Business and the En route (Oceanic) Business;
   (c) create an effective financial ring-fence around the En route (UK) Business and the En route (Oceanic) Business and promote transparency;
   (d) require the Licensee to make the CAA aware of any material steps proposed to be taken under the Finance Documents;
   (e) require the Licensee to notify the CAA on the occurrence of certain events which might prejudice the licensees' financial stability;
   (f) require prior consultation with the CAA in relation to certain actions which might prejudice the Licensee’s financial stability;
   (g) control the disposal of relevant assets, and place certain restrictions on the ability of the Licensee to incur debt;
   (h) require the ultimate holding company to undertake not to act, or cause any subsidiary to act, in such a way as to cause the Licensee to breach the Licence;
   (i) prohibit the Licensee from entering into any agreement or arrangement with any affiliate or related undertaking except on an arm’s length basis and on normal commercial terms unless otherwise permitted; and
   (j) require the Licensee to use all reasonable endeavours to maintain at all times an investment grade issuer credit rating.

This paragraph 1 provides a descriptive summary of the provisions which follow in this Condition. This paragraph 1 is not intended to add to the provisions which follow, and for the purposes of interpretation it is the detailed provisions which prevail.

Availability of Resources

2. The Licensee shall at all times act in a manner calculated to secure that it has available to it sufficient resources including (without limitation) financial, management and staff resources, to enable it to comply with its obligations under the Act and this Licence.
3. The Licensee shall submit a certificate addressed to the CAA, approved by a resolution of the board of directors of the Licensee and signed by a director of the Licensee pursuant to that resolution. Such certificate shall be submitted no later than 30th June 2002 and within three months of the end of the Licensee’s financial year in each subsequent year. Each certificate shall be in one of the following forms:

(a) “After making enquiries based on systems and processes established by the Licensee appropriate to the purpose, the directors of the Licensee have a reasonable expectation that the Licensee will have available to it, after taking into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid, any amounts of principal and interest due under any loan facilities and any actual or contingent risks which could reasonably be material to their consideration, sufficient financial and other resources and financial and operational facilities to enable the Licensee to comply with its obligations under the Act and under its Licence to which the Licensee is aware or could reasonably be expected to make itself aware it is or will be subject for a period of two years from the date of this certificate.”

(b) “After making enquiries based on systems and processes established by the Licensee appropriate to the purpose, the directors of the Licensee have a reasonable expectation, subject to what is said below, that the Licensee will have available to it, after taking into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid, any amounts of principal and interest due under any loan facilities, and any actual or contingent risks which could reasonably be material to their consideration, sufficient financial and other resources and financial and operational facilities to enable the Licensee to comply with its obligations under the Act and under its Licence to which the Licensee is aware or could reasonably be expected to make itself aware it is or will be subject for a period of two years from the date of this certificate. However, they would like to draw attention to the following factors which may cast doubt on the ability of the Licensee to comply with its obligations under the Act and under such Licence for that period……..”

(c) “In the opinion of the directors of the Licensee, the Licensee will not have available to it sufficient financial or other resources and financial and operational facilities to comply with its obligations under the Act and under its Licence to which the Licensee is aware or could reasonably be expected to make itself aware it is or will be subject for a period of two years from the date of this certificate.”

4. The Licensee shall submit to the CAA with that certificate a statement of the factors which the directors of the Licensee have taken into account in giving that certificate.

5. The Licensee shall inform the CAA in writing immediately if the directors of the Licensee become aware of any circumstance which causes them no longer to
have the reasonable expectation expressed in the then most recent certificate given under paragraph 3(a) or 3(b).

6. The Licensee shall obtain and submit to the CAA with each certificate provided for in paragraph 3 a report prepared by its Auditors stating whether or not the Auditors are aware of any inconsistencies between, on the one hand, that certificate and the statement submitted with it and, on the other hand, any information which they obtained during their audit of the relevant year end accounts of the Licensee.

7. The Licensee shall prepare successive dividend policy statements, each such policy statement to cover the three proceeding financial years of the Licensee (or such other period as the CAA may agree), and shall provide a copy of the first such dividend policy statement to the CAA as soon as practicable and, in any event, by no later than 30th September 2003 and thereafter subsequent dividend policy statements shall be submitted not less than three months prior to the commencement of the three financial years to which they relate. The purpose of each dividend policy statement shall be to describe the Licensee’s policy in relation to the declaration and payment of dividends and other distributions (within the meaning of Section 263 of the Companies Act, 1985) in respect of each financial year of the Licensee to which such policy statement relates.

8. The directors of the Licensee shall not declare or recommend a dividend, nor shall the Licensee make any form of distribution (within the meaning of Section 263 of the Companies Act 1985) unless prior to the declaration, recommendation or making of the dividend or distribution (as the case may be) the Licensee shall have issued to the CAA a certificate complying with the following requirements:

(a) The certificate shall be in the following form:

“After making all due and careful enquiries, the directors of the Licensee are satisfied:

i) that the Licensee is in compliance in all material respects with all obligations imposed on it by paragraphs 2 to 7, 9 to 13, 19, 21 and 22 of Condition 5 of its Licence;

ii) that the making of a distribution of [amount] on [date] will not, either alone or when taken together with other circumstances reasonably foreseeable at the date of this certificate, cause the Licensee to be in breach to a material extent of any of these obligations in the future; and

iii) that the making of a distribution of [amount] on [date] is consistent with the dividend policy statement provided to the CAA pursuant to Condition 5(7) of its Licence.”

(b) The certificate shall be signed by a director of the Licensee and approved by a resolution of the board of directors of the Licensee.
passed not more than 14 days before the date on which the declaration, recommendation or payment will be made.

(c) Where the certificate has been issued within the period specified in sub-paragraph (b), the Licensee shall be under no obligation to issue a further certificate prior to payment of that dividend.

Restriction on Activity and Financial Ring-Fencing

9. Save as required under this Licence or as provided by paragraphs 11 and 12 below, neither the Licensee nor any related undertaking of the Licensee shall conduct any business or carry on any activity other than the En route (UK) Business and the En route (Oceanic) Business.

10. The Licensee shall not without the written consent of the CAA acquire shares in any undertaking except:

(a) in any body corporate which was a subsidiary of the Licensee prior to the date of this Licence coming into effect;

(b) in a body corporate which conducts business only for a Permitted Purpose; or

(c) acquired in order to avoid dilution of a shareholding in a body corporate in which the Licensee holds shares in conformity with this Licence.

If the Licensee does so acquire shares, it shall do so subject to the provisions of paragraph 2.

11. Nothing in paragraph 9 of this Condition shall prevent:

(a) any affiliate or related undertaking of the Licensee from conducting any businesses or carrying on any activity;

(b) the Licensee from holding shares as, or performing the supervisory or management functions of, an investor in respect of any body corporate in which it holds an interest consistent with the provisions of this Licence;

(c) the Licensee from performing the supervisory or management functions of a holding company in respect of any subsidiary; or

(d) the Licensee from carrying on any business or conducting any activity to which the CAA has given its consent in writing.

12. Nothing in paragraph 9 of this Condition shall prevent the Licensee conducting any business complying with the following limitations:

(a) the business consists of all or any of:
12. (a) the collection of route charges on behalf of other air traffic service providers pursuant to an international agreement;

(b) activities required by any contract with the CAA or with the Crown;

(iii) transactions which the En route (UK) Business and the En route (Oceanic) Business make with each other;

(iv) transactions with its affiliates which comply with paragraph 19; and

(v) any other business the turnover of which when aggregated with that of any related undertaking of the Licensee does not in any financial year of the Licensee exceed three per cent of the aggregate turnover of the En route Businesses;

(b) the aggregate amount of all investments by the Licensee in the businesses described in sub-paragraph 12(a)(v) above does not at any time exceed one per cent of the share of capital in issue, share premium and consolidated reserves of the Licensee as shown by its most recent audited historic cost financial statements then available.

13. The Licensee shall at all times maintain the highest standards of corporate governance and shall comply with the principles of good governance set out in Section 1 of the Code of Best Practice of the Financial Services Authority, (other than those principles set out in subsection (3) of Section 1(A) and subsections (1) and (2) of Section 1(C)) or any other renumbered principles having substantially similar effect to those principles.

Amendments to the Finance Documents

14. The Licensee shall:-

(a) not amend, vary, supplement or modify or concur in the amendment, variation, supplementation or modification of any of the finance documents (whether in each case in the form of a written instrument, agreement or document or otherwise) (a “Variation”) unless it has given prior written notice thereof to the CAA. The Licensee shall, as soon as reasonably practicable:

i) notify the CAA of the possibility of any such Variation;

ii) provide to the CAA a copy of any written instrument, agreement or document proposed to be executed to give effect to any such Variation; and
iii) provide to the CAA a copy of any executed written instrument, agreement or document giving effect to any such Variation.

The provisions of this Condition 5(14)(a) shall not apply to any administrative or procedural Variation;

(b) not seek any consent to a waiver or release of, or cancel, terminate, suspend or surrender, or seek any consents under any of, the finance documents (whether in each case in the form of a written instrument, agreement or document or otherwise) (a “Consent”) unless it gives written notice thereof to the CAA simultaneously with seeking such Consent. The Licensee shall, as soon as reasonably practicable, provide to the CAA a copy of any executed written instrument, agreement or document giving effect to any such Consent. The provisions of this Condition 5(14)(b) shall not apply to any administrative or procedural Consent;

(c) promptly notify the CAA in writing upon becoming aware of any default (howsoever described) under the finance documents other than:

i) any default of a technical, administrative or minor nature which is capable of remedy and which is either being remedied by the Licensee or in respect of which, whether or not capable of remedy, compliance has been waived under the finance documents; or

ii) any default in respect of which the CAA has received notice of a Variation under Condition 5(14)(a) or a Consent under 5(14)(b);

(d) promptly notify the CAA in writing upon becoming aware of any event of default or trigger event (howsoever described) under the finance documents;

(e) notify the CAA in writing at the same time as any party under the finance documents is notified, of the occurrence of any event of default in relation to third parties;

(f) provide to the CAA at the time of providing them to any party under the finance documents:-

i) copies of any quarterly management reports furnished by it under the finance documents;

ii) copies of any final business plan delivered by it under the finance documents in respect of the proceeding financial year of the Licensee;
iii) copies of any certificates delivered by it under the finance documents confirming that the Licensee is in compliance with the financial ratios, if any, set out in the finance documents;

iv) copies of any forecast (being the results of the running of any financial model by the Licensee) delivered to any party under the finance documents;

v) copies of any details delivered by it to any party under the finance documents setting out details of the occurrence of any event which would be reasonably likely to have a material adverse effect (however described in the finance documents);

vi) any information in addition to that referred to in paragraphs f(i) to (v), supplied by it to any party under the finance documents from time to time which information specifically identifies the possibility of either a material increase in the ratio of Net Debt: RAB (as ‘Net Debt’ and ‘RAB’ are defined in the finance documents) or in any similar net debt to regulatory asset base ratio contained in any finance document or a reduction in the credit rating; and

vii) following the occurrence of a trigger event (howsoever described in the finance documents) which is subsisting, all information given to any party to the finance documents under the requirements of the finance documents as a consequence of the occurrence of such trigger event, at the same time as it is given to such other party;

(g) as soon as practicable after receipt of the same, provide to the CAA copies of any reports prepared under the finance documents by any technical advisers to the parties to the finance documents, on the Licensee and its business of which the Licensee receives a copy;

(h) promptly notify the CAA if at any time the Licensee considers that there is likely to be an increase in the ratio of Net Debt: RAB (as ‘Net Debt’ and ‘RAB’ are defined in the finance documents) or in any similar net debt to regulatory asset base ratio contained in any finance document which is either:

   i) material; or

   ii) likely to continue to have effect for a period of more than 6 months,

and if requested by the CAA consult with the CAA with respect thereto;

(i) promptly notify the CAA if at any time the Licensee receives notice that a rating agency with which, at that time, it has a credit rating, is likely to or
is considering reducing that rating and if requested by the CAA consult with the CAA with respect thereto;

(j) consult with the CAA in relation to any proposed action by the Licensee which, in the reasonable opinion of the Licensee, is likely in any financial year to result in:

i) the capital expenditure of the Licensee exceeding by more than 10% the capital expenditure of the Licensee projected in the service and investment plan for such year required to be delivered by the Licensee to the CAA pursuant to Condition 10 of this Licence (the “Service and Investment Plan”); or

ii) the acquisition of assets (other than in the ordinary course of business) by the Licensee not provided for in the Service and Investment Plan where the consideration paid or payable, when aggregated with the consideration paid or payable for any other asset acquired or agreed to be acquired other than in the ordinary course of business in any period of twelve months, would be an amount in excess of 5% of the amount of the then current RAB as defined in the finance documents; or

iii) the Licensee incurring any new liabilities or refinancing existing liabilities, in respect of any indebtedness (being bank debt or any other form of debt including without limitation debt issued through the capital markets) which, when aggregated with the amount of any new liabilities or refinancing of existing liabilities in the immediately preceding period of twelve months would exceed £10,000,000; or

iv) the Licensee having to obtain a consent under its finance documents in relation to the entry into by the Licensee of any interest rate or currency swap, cap, ceiling, collar, floor, spot or forward, or financial futures or commodity contract or option or any similar treasury transaction (the “Treasury Transaction”) other than a Treasury Transaction entered into in the ordinary course of business and in accordance with its current prudent hedging strategy in relation to such Treasury Transactions or such other prudent hedging strategy as the Licensee may notify the CAA from time to time.

The Licensee shall participate in any consultation forum established for the purpose of paragraphs (h), (i) and (j) of this Condition with Members or staff of the CAA.

Disposal of Relevant Assets and Indebtedness

15. The Licensee shall not:

(a) dispose of any interest which it holds in; or
(b) relinquish operational control which it has over
any relevant asset otherwise than in accordance with the following paragraphs 16 to 20 of this Condition.

16. Save as provided in paragraph 17, the Licensee shall give to the CAA not less than three months’ prior written notice of its intention to dispose of or relinquish operational control over any relevant asset, and shall supply such further information as the CAA may reasonably request relating to such asset or the circumstances of such intended disposal or relinquishment of control or to the intentions of which the Licensee is aware or could reasonably be expected to make itself aware in regard thereto of the person proposing to acquire such asset or operational control over such asset where that asset is to remain a relevant asset.

17. Notwithstanding paragraphs 15 and 16, the Licensee may dispose of or relinquish operational control over any relevant asset:
   (a) where:

      i) the CAA has issued directions for the purposes of paragraphs 16 to 20 containing a general consent (whether or not subject to conditions) to:

         (aa) transactions of a specified description; or
         (bb) the disposal of or relinquishment of operational control over relevant assets of a specified description; and

      ii) the transaction or the relevant assets are of a description to which such directions apply and the disposal or relinquishment is in accordance with any conditions to which the consent is subject; or

   (b) where the disposal or relinquishment of operational control in question is required by or under any enactment or subordinate legislation.

18. Notwithstanding paragraph 15, the Licensee may dispose of or relinquish operational control over any relevant asset as is specified in any notice given under paragraph 16 in circumstances where:
   (a) the CAA confirms in writing that it consents to such disposal or relinquishment (such consent not to be unreasonably delayed, but which may be made subject to the acceptance by the Licensee or any third party in favour of whom the relevant asset is proposed to be disposed or operational control is proposed to be relinquished of such conditions as the CAA may reasonably specify); or
19. Without prejudice to paragraphs 15 to 18, the Licensee shall not without the written consent of the CAA (such consent not to be unreasonably delayed) after the disclosure of all facts of which the Licensee is aware and reasonably considers to be material:

(a) create any mortgage, charge, pledge, lien or other form of security or encumbrance of whatsoever form, undertake any indebtedness to any other person or enter into any liability in respect of any obligation of another person in any such case otherwise than:

(i) on an arm’s length basis;
(ii) on normal commercial terms;
(iii) for a Permitted Purpose; and
(iv) if the transaction is within the ambit of paragraph 15, in accordance with paragraphs 17 and 18;

(b) transfer, lease, license or lend any sum or sums, asset, right or benefit to any affiliate or related undertaking of the Licensee otherwise than by way of:

(i) a dividend or other distribution out of distributable reserves;
(ii) repayment of capital;
(iii) payment properly due for any goods, services or assets provided on an arm’s length basis and on normal commercial terms;
(iv) a transfer, lease, licence or loan of any sum or sums, asset, right or benefit on an arm’s length basis and on normal commercial terms;
(v) repayment of or payment of interest on a loan not prohibited by sub-paragraph (a);
(vi) payments for group corporation tax relief or for the surrender of Advance Corporation Tax calculated on a basis not exceeding the value of the benefit received; or

(b) the CAA does not inform the Licensee in writing of any objection to such disposal or relinquishment of control within the notice period referred to in paragraph 16.
(vii) an acquisition of shares in conformity with paragraph 10 made on an arm’s length basis and on normal commercial terms;

(c) enter (directly or indirectly) into any agreement or arrangement with any affiliate or related undertaking other than on an arm’s length basis, and on normal commercial terms;

(d) enter into an agreement or incur a commitment incorporating a cross-default obligation; or

(e) continue or permit to remain in effect any agreement or commitment incorporating a cross-default obligation subsisting at the date of the coming into effect of this Licence,

which in each case is material whether assessed alone or with any other such transactions as have occurred or are intended.

20. The provisions of sub-paragraphs 19(d) and (e) shall not prevent the Licensee from giving any guarantee permitted by and compliant with the requirements of sub-paragraph 19(a).

Ultimate Holding Company Undertaking

21. The Licensee shall procure from each company or other person which is at any time an ultimate holding company of the Licensee a legally enforceable undertaking in favour of the Licensee in the form specified by the CAA that that ultimate holding company (“the Covenantor”) will:

(a) refrain from any action, and procure that every subsidiary of the Covenantor (other than the Licensee and its subsidiaries) will refrain from any action, which would then be likely to cause the Licensee to breach any of its obligations under the Act or this Licence;

(b) promptly upon request by the CAA (specifying the information required) provide to the CAA (with a copy to the Licensee) information of which they are aware and which the CAA reasonably considers necessary in order to enable the Licensee to comply with this Licence.

Such undertaking shall be obtained as soon as possible, and in any event prior to 30th June 2003, and thereafter within seven days of the company or other person in question becoming an ultimate holding company of the Licensee and shall remain in force for so long as the Licensee remains the holder of this Licence and the Covenantor remains an ultimate holding company of the Licensee.

22. The Licensee shall:

(a) deliver to the CAA, within seven days of obtaining the undertaking required by paragraph 21, a copy of such undertaking;
(b) inform the CAA immediately in writing if the directors of the Licensee become aware that the undertaking has ceased to be legally enforceable or that its terms have been breached; and

(c) comply with any direction from the CAA to enforce any such undertaking; and shall not, save with the consent in writing of the CAA, enter (directly or indirectly) into any agreement or arrangement with any affiliate or related undertaking of the Licensee where there is a breach of the Licensee's obligations under paragraph 22 of this Condition in respect of which the CAA has taken steps to issue an order for securing compliance under the Act by publishing a notice under Section 22 of the Act.

Credit rating of Licensee

23. The Licensee shall use all reasonable endeavours to ensure that the Licensee maintains at all times an investment grade issuer credit rating.

Interpretation

24. In this Condition:

“aggregate amount” means, at any relevant time, the sum of

(i) the value at which such investment was included in the audited historic cost balance sheet of the Licensee as at the latest accounting reference date to have occurred prior to the date of this Licence coming into effect (or, where the investment was not so included, zero),

(ii) the aggregate gross amount of all expenditure (whether of a capital or revenue nature) howsoever incurred by the Licensee in respect of such investment in all completed accounting reference periods since such accounting reference date and

(iii) all commitments and liabilities (whether actual or contingent) of the Licensee relating to such investment outstanding at the end of the most recently completed accounting reference period.

“cross-default” means a term of any agreement or arrangement whereby the
obligation” Licensee’s liability to pay or repay any debt or other sum arises or is increased or accelerated or is capable of arising, increasing or accelerated by reason of a default (howsoever such default may be described or defined) by any person other than the Licensee, unless:

(i) that liability can arise only as the result of a default by a subsidiary of the Licensee, and

(ii) the Licensee holds a majority of the voting rights in that subsidiary and has the right to appoint or remove a majority of its board of directors, and

(iii) that subsidiary carries on business only for a Permitted Purpose.

“disposal” includes any sale, gift, lease, licence, loan, mortgage, charge or the grant of any other encumbrance or the permitting of any encumbrance to subsist or any other disposition to a third party, and “dispose” shall be construed accordingly.

“finance documents” means any of the financing documents to which the Licensee is a party from time to time setting out the terms on which the Licensee’s senior debt is made available to the Licensee.

“indebtedness” means all liabilities now or hereafter due, owing or incurred, whether actual or contingent, whether solely or jointly with any other person and whether as principal or surety, together with any interest accruing thereon and all costs, charges, penalties and expenses incurred in connection therewith.

“investment grade issuer credit rating” means:

(i) an issuer rating of not less than BBB – by Standard & Poor’s Ratings Group or any of its subsidiaries or Fitch Inc or any of its subsidiaries or a corporate rating of not less than Baa3 by Moody’s Investors Service, Inc. or any of its subsidiaries or such higher rating as shall be specified by any of them from time to time as the lowest investment grade credit rating, or

(ii) an equivalent rating from any other reputable credit rating agency which, in the opinion of the CAA, notified in writing to the Licensee, has comparable standing in the United Kingdom and the United States of America.

“investment” means any form of financial support or assistance given by or in respect of an obligation of the Licensee for the ancillary business whether on a temporary or permanent basis including (without limiting the generality of the foregoing) any commitment to provide any such support or assistance in the
future.

“relevant asset” means any asset forming part of the system by which the Licensee provides air traffic services which it is required by this Licence to provide, including (without limitation) the Licensee’s air traffic control system, any control centre for use in conjunction therewith, any area control centres, communication, navigation and surveillance systems and parts thereof, and any legal or beneficial interest in land upon which any of the foregoing is situate.

“senior debt” means at any time, indebtedness of the Licensee ranking at all times in priority to all its other indebtedness, (excepting indebtedness as would be preferred by operation of law in the event of the winding up of the Licensee).


Condition 6: Regulatory accounting requirements

1. This Condition applies for the purpose of making available, in a form and to a standard reasonably satisfactory to the CAA, such regulatory accounting information as will, in furtherance of the requirements of this Licence:

   (a) enable the CAA and the public to assess the financial position of the Licensee and the financial performance of each Separate Business on a consistent basis, distinct from each other and any other business of the Licensee and its affiliate or related undertakings; and

   (b) assist the CAA to assess the Licensee’s compliance with this Licence in respect of the financial relationship between the Licensee and its affiliate or related undertakings.

2. The Licensee shall draw up in consultation with the CAA, and implement in a form approved by the CAA (such approval not to be unreasonably withheld or delayed), guidelines governing the format and content of such regulatory accounts and the basis on which they are to be prepared so as to fulfil the purpose set out in paragraph 1 as from time to time amended by the Licensee with the approval of the CAA.

3. The Licensee shall keep, shall procure that any affiliate keeps and, so far as it is able, procure that any related undertaking keeps the accounting records which each is required by the Companies Act 1985 to keep in such form as is necessary to enable the Licensee to comply with this Condition and the Regulatory Accounting Guidelines.

4. The Licensee shall prepare on a consistent basis from the accounting records referred to in paragraph 3, in respect of the financial year commencing on 1 April 2001 and each subsequent financial year, regulatory accounts in conformity with the Regulatory Accounting Guidelines for the time being in force and identifying separately the amounts attributable to each Separate Business, any other part of the Licensee’s business and the Licensee as a whole in accordance with this Condition and the Regulatory Accounting Guidelines.

5. The Regulatory Accounting Guidelines prepared pursuant to paragraph 2 shall, without limitation:

   (a) provide that, except so far as the CAA reasonably considers necessary, the regulatory accounts shall be prepared in accordance with accounting principles generally accepted from time to time in the United Kingdom and conform to the best commercial accounting practices including Statements of Accounting Practice and Financial Reporting Standards issued by the member bodies of the Accounting Standards Board currently in force; and

   (b) state the accounting policies to be adopted, including the basis on which any amount has been either:
(i) charged from or to any other business of the Licensee (whether or not a Separate Business) together with a description of the basis of that charge; or

(ii) determined by apportionment or allocation between any Separate Business and any other business of the Licensee (whether or not a Separate Business).

6. The Licensee shall:

(a) procure, in respect of the regulatory accounts prepared in accordance with paragraph 4 in respect of a financial year, a report by the Auditors addressed to the CAA stating whether in their opinion those accounts have been properly prepared in accordance with this Condition and the Regulatory Accounting Guidelines and on that basis fairly present the financial performance of each Separate Business and of the Licensee, and the financial position of the Licensee;

(b) deliver to the CAA the Auditors’ report referred to in sub-paragraph (a) and the regulatory accounts referred to in paragraph 4 as soon as reasonably practicable, and in any event not later than six months after the end of the financial year to which they relate; and

(c) arrange for copies of the regulatory accounts and Auditors’ report referred to in sub-paragraphs (a) and (b), respectively, to be made publicly available and, unless not reasonably practicable, to do so when the annual statutory accounts of the Licensee are made available.

7. The first financial year of the Licensee shall run from 1 April 2001 to 31 March 2002, and thereafter each financial year of the Licensee shall run from 1 April to the following 31 March unless otherwise agreed with the CAA.

8. In this Condition:

“Regulatory Accounting Guidelines” means the guidelines drawn up in accordance with paragraph 2 of this Condition.
Condition 7: [Not Used]
UK Civil Aviation Authority

Air Traffic Services Licence for NATS (En-Route) plc

(page left blank intentionally)
Condition 8: [Not Used]
UK Civil Aviation Authority

Air Traffic Services Licence for NATS (En-Route) plc

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Condition 9: Prohibition of cross-subsidies

1. The Licensee shall procure that no Separate Business or part of a Separate Business gives any cross-subsidy (whether in money or money’s worth) to, or receives any cross-subsidy from, any other business or part of any other business of the Licensee or any affiliate or related undertaking of the Licensee (whether or not a Separate Business) where such cross-subsidy has or is intended to have or is likely to have the effect of preventing, restricting or distorting competition in any market for the provision of air traffic services.

2. Where the CAA is satisfied the Licensee is giving or receiving, or has given or received, any cross-subsidy prohibited by paragraph 1 the Licensee shall take such steps, set out in directions issued by the CAA, as are necessary to ensure that it complies with paragraph 1.
Condition 10: Business Plans, Service and Investment Plans and Periodic Reports

1. The Licensee shall prepare a full ten year business plan fulfilling the requirements of Paragraph 4 of this Condition. The business plan must be consistent with any overall business plan of the Licensee but, provided that it fulfils the requirements of paragraph 3, for the avoidance of doubt need not constitute the entirety of any such overall business plan.

2. Business plans prepared under paragraph 1 shall be submitted to the CAA as follows:
   
   (a) the first business plan shall be submitted as soon as practicable, and in any event not more than eight months, after the date of this Licence coming into effect and shall relate to the ten year period beginning 1 April 2001;

   (b) subsequent business plans shall be submitted not less than twelve months before each Plan Renewal Date and shall relate to the ten year period beginning on that Plan Renewal Date (or the period until expiry of the Licence whichever is the shorter period). Later business plans shall always supersede any earlier business plan in respect of a period which is covered by both.

3. Every year the Licensee shall submit:

   (a) not later than the anniversary of the business plan in each year, a service and investment plan fulfilling the requirements of Paragraph 5 of this Condition; and

   (b) not later than 4 months after the end of the financial year, a business plan report fulfilling the requirements of Paragraph 6 of this Condition which shall relate to the previous financial year.

4. The purpose of each business plan shall be to describe in detail the Licensee’s plans and expectations for each of the En route Businesses including its capital investment and operational plans, together with measures which it proposes to take to improve the efficiency and effectiveness of its operation in providing the services required by this Licence. Business plans shall include such information as is reasonably necessary to achieve this including, but not limited to, details concerning the following:

   (a) the demands, in terms of the volumes of flights, which the Licensee forecasts that it will be required to serve in meeting its general obligation under Condition 2 together with the principal factors which it expects to determine those demands;

   (b) the standards of service that the Licensee plans to meet in serving the demands in sub-paragraph (a), including the expected levels of and variations in delays to the flights in respect of which services are provided, and other appropriate measures;
(c) the capacities which the Licensee plans to provide in order to meet the demands in sub-paragraph (a) at the standards of service in sub-paragraph (b);

(d) any underlying assumptions regarding airspace;

(e) the likely level of and developments in any constraints on the volume of services which the Licensee may provide in each of the Licensed Areas and any proposed changes thereto;

(f) the Licensee’s capital investment plans and how these will contribute to the provision of the planned outputs;

(g) the Licensee’s plans with respect to operating and human resources and practices, operating expenditure and how these will contribute to the provision of the planned outputs;

(h) forecasts of the Licensee’s financial results in terms of cash flow statements, profit and loss statements, the effects on the balance sheet, and contingencies; and

(i) the implications of the Licensee’s business plans for the future course of charges.

5. Each service and investment plan shall provide (by reference to the most recent business plan) an update each year of:

(a) the Licensee’s investment plans; and

(b) material changes in the Licensee’s expectations as to the level and quality of the services it will provide, the means by which the services will be provided, and the likely implications for charges to users beyond the expiry of the period for which charges are for the time being set pursuant to the Charge Control Conditions.

Service and investment plans shall include such information as is reasonably necessary to achieve this including, but not limited to, material changes in the Licensee’s expectations as to its operating practices and resources.

6. Each business plan report shall provide a description of progress achieved in relation to the business plan and the latest service and investment plan, reconciling actual performance against these plans.

7. The form, scope and level of detail of the plans referred to in this Condition shall be as reasonably approved by the CAA and shall take into account the views of users consulted in accordance with Condition 16.

8. The Licensee shall give or send a copy of the latest business plan, business plan report and service and investment plan to any person who requests a copy of such plan or report.
9. The Licensee may with the prior consent of the CAA (provided that such consent is not unreasonably withheld or delayed) omit from any copy document provided under paragraph 8 any details as to the terms of any agreement between the Licensee and any user, or other information disclosure of which the Licensee satisfies the CAA, or the CAA otherwise considers, would seriously and prejudicially affect the commercial interests of the Licensee or any third party.

10. The Licensee may make a charge for any copy document given or sent pursuant to paragraph 8 of an amount reflecting the Licensee’s reasonable costs of providing such copy document which shall not exceed the maximum amount specified in directions issued by the CAA from time to time for the purposes of this Condition.

11. In this Condition:

   “Plan Renewal Date” means 1 April 2006 and every fifth anniversary thereof.
UK Civil Aviation Authority

Air Traffic Services Licence for NATS (En-Route) plc

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Condition 11:  Service standards

1. The Licensee shall produce, following consultation with users and their representatives, and no later than three months after this Licence comes into effect, a statement in a form approved by the CAA, setting out:

   (a) measures (including but not limited to delays, service interruptions and complaints) against which the Licensee’s performance and quality of service may reasonably be assessed;

   (b) indicators of performance based on the measures referred to in sub-paragraph (a); and

   (c) standards of service to be met by the Licensee.

2. The Licensee shall revise the statement referred to in paragraph 1 and re-submit it to the CAA for approval no later than the end of each financial year following that in which this Licence is granted.

3. The Licensee shall conduct its business in the manner best calculated to achieve the standards of service set pursuant to paragraph 1.

4. The Licensee shall submit to the CAA, at such intervals as the CAA may reasonably require but no less often than every six months, reports containing such information (in such form as may be determined by the CAA) as enables the CAA to assess the Licensee’s performance against the measures, indicators and standards referred to in paragraph 1.
Condition 12: Restriction on use of En route Business information

1. The Licensee shall not disclose or permit to be disclosed to an affiliate or related undertaking any En route Business information, the disclosure of which may confer a competitive advantage on that affiliate or related undertaking, unless the information is made available to competing undertakings on comparable terms to those on which it is disclosed to an affiliate or related undertaking.

2. Paragraph 1 does not apply to the disclosure of En route Business information to the Licensee’s holding company for the purpose of the normal business management:

   (a) of the Licensee, provided that the holding company undertakes (such undertaking to be in a form reasonably approved by the CAA) not to disclose or use the information in a manner which may obtain for any of the Licensee’s affiliates or related undertakings any competitive advantage; or

   (b) of the Licensee and its affiliates together, provided that the Licensee has satisfied the CAA that arrangements are in place to prevent the disclosure and use of such information resulting in a breach of any Condition of this Licence.

3. The Licensee shall not disclose En route Business information to any professional or other advisers of the Licensee or of an affiliate or related undertaking of the Licensee unless:

   (a) such information is necessary for the purpose of providing advice which is necessary for the effective conduct of the En route Business; and

   (b) the Licensee obtains from such person an undertaking not to disclose the information to any affiliate or related undertaking of the Licensee except in compliance with paragraphs 1 and 2.

4. Nothing in this Condition shall prevent the Licensee from providing En route Business information:

   (a) in compliance with directions, orders or requests made by the CAA pursuant to this licence, under the Act or under any other statutory instrument;

   (b) in compliance with its duties under the Act or any other requirement of a Competent Authority;

   (c) in compliance with the conditions of any licence granted under the Act or any document referred to in such licence with which it is required by virtue of the Act or that licence to comply;

   (d) in compliance with any other requirement of law;
(e) in response to a requirement of any stock exchange, the Panel on Takeovers and Mergers or any other regulatory authority; or

(f) pursuant to or in anticipation of any judicial or other arbitral process or tribunal of competent jurisdiction.

5. In this Condition:

“Competent Authority” means the Secretary of State, the CAA and any local or national agency, authority, department, inspectorate, minister, ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom, of the European Community or their successors.

“En route Business information” means all information relating to or deriving from the management and operation of each of the En route Businesses and which is not in the public domain.
Condition 13: Advice to the Secretary of State and the CAA in relation to the UK’s international obligations

1. Subject to paragraphs 3 and 4, the Licensee shall furnish to the Secretary of State, in such manner and at such times as he may reasonably require, such advice, and shall procure and furnish to him such reports, as he may reasonably require for the purposes of assisting him in relation to the discharge of any obligations relating to the provision of air traffic services arising from the United Kingdom’s being a member of an international organisation or a party to an international agreement.

2. Subject to paragraph 4, the Licensee in its capacity as such shall participate in any consultation specified by the CAA or the Secretary of State and taking place between the CAA or the Secretary of State and users, other providers of air traffic services or international organisations.

3. In this Condition, “advice” shall include comments or opinions in respect of any document sent to the Licensee by the Secretary of State or the CAA.

4. Where the Licensee is providing advice or reports on a consultancy basis, or is, at the request of the CAA or the Secretary of State, representing the CAA or the Secretary of State, the obligations in paragraphs 1 and 2 do not apply unless the CAA or the Secretary of State has issued a notice specifying to the reasonable satisfaction of the Licensee the terms on which the CAA or the Secretary of State, as the case may be, is prepared to reimburse the Licensee in respect of such consultancy or representation.
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Condition 14: Cooperation with other service providers

1. The Licensee shall at all times employ all reasonable efforts to consult and cooperate:
   
   (a) with the CAA and with other providers of air traffic services with the objective of achieving high standards of operational efficiency and compliance with the United Kingdom’s international treaty obligations in relation to air traffic services; and
   
   (b) in particular with the Ministry of Defence, with the objective of developing, implementing and sustaining a joint and integrated approach to the provision of services to users by each of the Licensee and the Ministry of Defence.

2. The Licensee shall participate in any consultative forum established by the CAA for the purposes of furthering the objectives set out in paragraph 1.

3. The Licensee shall, in consultation with the Ministry of Defence, draw up, implement and comply with an Operating Protocol approved by the CAA and setting out the role of each of the Licensee and the Ministry of Defence in their capacity as service providers in relation to the achievement of the objectives set out in paragraph 1.

4. The Licensee shall consult with the CAA and such other third parties as the CAA recommends in order to establish, maintain and participate in an appropriate administrative machinery or forum for the joint consideration of matters of mutual concern in respect of the reporting of incidents raising safety concerns in relation to civil aviation.
Condition 15:  Secondment of air traffic controllers to the CAA

1. At the written request of the CAA, the Licensee shall use all reasonable endeavours to second recently experienced and appropriately qualified air traffic controllers to the CAA for a period of no more than three years each to provide advice on airspace policy and safety matters.

2. The number of air traffic controllers seconded under paragraph 1 shall not exceed two (or two full time equivalents) at any one time.

3. The terms on which air traffic controllers are seconded shall be as agreed between the Licensee and the CAA.
UK Civil Aviation Authority

Air Traffic Services Licence for NATS (En-Route) plc

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Condition 16: Consultation and complaint handling

1. Within six months of this Licence coming into effect, the Licensee shall consult on, draw up, publish in a form reasonably approved by the CAA and implement a code of practice setting out:

   (a) its methods and procedures for consulting users and persons who appear to the Licensee to be representative of users on its current and future provision of air traffic services under this Licence; and

   (b) its methods and procedures for handling and responding to complaints from users and persons who appear to the Licensee to be representative of users concerning its provision of air traffic services under this Licence.

2. In establishing methods and procedures in accordance with paragraph 1, the Licensee may take into account existing and proposed fora for the consultation of the same interests.
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Condition 17: Provision of information to the CAA for regulatory purposes

1. Subject to paragraphs 3 and 4, the Licensee shall furnish to the CAA, in such manner and at such times as the CAA may reasonably require, such information as the CAA may reasonably consider necessary in the light of the Conditions or as it may reasonably require for the purpose of performing:

   (a) the functions assigned to it by or under the Act; and

   (b) any functions transferred to it under the Act other than those functions described in Condition 13.

2. The Licensee may not be required by the CAA under this Condition to furnish it with any information in relation to an enforcement matter which the Licensee could not be compelled to produce or give under Section 25 of the Act.

3. The power of the CAA to call for information under paragraph 1 is in addition to the power of the CAA to call for information under or pursuant to any other Condition.

4. In this Condition, “information” shall include any documents, accounts, estimates, forecasts, projections, returns or reports (whether or not prepared specifically at the request of the CAA) of any description specified by the CAA and whether stored in paper-based form, on CD-Rom or in any other electronic or digital form.
Condition 18: Payment of fees

1. The Licensee shall, at the times stated hereunder, pay to the CAA fees of the amount specified in, or determined under, this Condition.

2. The Licensee shall pay to the CAA a fee which is the aggregate of the following amounts:

   (a) in respect of the year beginning on 1 April 2001 and in respect of each subsequent year, a basic fee of an amount which is a fair proportion as determined by the CAA of the amount estimated by the CAA, according to a method which has previously been disclosed in writing to the Licensee, as the total costs likely to be incurred by it during that year in the regulation and enforcement of this Licence and any other licences granted under section 6 of the Act and in the carrying out of its other functions under Chapters I, IV, V and VI of Part I of the Act;

   (b) in respect of each of the fourth and fifth years of a Charge Control Period, an additional fee of an amount estimated by the CAA as the cost (if any) in excess of the basic fee likely to be incurred by it during the coming year in reviewing the Charge Control Conditions;

   (c) in respect of the year beginning on 1 April 2003 and each subsequent year, the difference (being a positive or a negative amount), if any, between:

      (i) the amount of the fee paid by the Licensee in respect of the year two years before that financial year; and

      (ii) the amount that fee would have been if it had been calculated by reference to the actual total costs of the CAA for that year and the proportion attributable to the Licensee

provided that:

   (A) the Adjusted Basic Fee payable for a particular year does not exceed the Adjusted Basic Fee in respect of the preceding year as adjusted by the percentage increase (if any) in the Retail Price Index as published or determined in respect of the 12 month period ending with August of the preceding year; and

   (B) the sum of the Adjusted Basic Fee and the Adjusted Additional Fee in respect of a year does not exceed 0.25% of the Licensee's turnover as recorded in the latest available annual statutory accounts of the Licensee;

   (d) in respect of the year beginning on 1 April 2001 and in respect of each subsequent year, an amount which is a fair proportion as determined by the CAA of the amount (if any) estimated by the CAA (in consultation with the Competition Commission) as having been incurred in the year
immediately preceding the 1st January in question by the Competition Commission in connection with references made to it under section 12 of the Act with respect to this Licence or any other licence granted under section 6 of the Act.

3. The fee calculated in accordance with paragraph 2 shall be paid by the Licensee to the CAA within one month of the CAA giving notice to the Licensee of its amount if that notice is given within six months of the beginning of the year in respect of which the fee is payable.

4. In this Condition:

   “Adjusted Additional Fee” means the sum of the additional fee calculated pursuant to paragraph 2(b) in respect of a year and the adjustment to that fee calculated pursuant to paragraph 2(c).

   “Adjusted Basic Fee” means the sum of the basic fee calculated pursuant to paragraph 2(a) in respect of a year and the adjustment to that fee calculated pursuant to paragraph 2(c).

   “Charge Control Period” means the five year period starting with the financial year 1 April 2001 and each subsequent five year period.
**Condition 19: Notification of changes in shareholdings**

1. The Licensee shall notify the Secretary of State as soon as practicable following its becoming aware that an undertaking has become or intends to become a parent undertaking in relation to the Licensee.

2. The Licensee shall, as soon as practicable following its becoming aware of the relevant circumstances, notify the Secretary of State of:

   (a) any change or intended change in the proportion of shares held in a Relevant Company by any person; or

   (b) the acquisition or intended acquisition of any shares in a Relevant Company by a person not already holding any such shares, and the proportion of any such shares held by that person immediately after that acquisition

   where, by reason of that acquisition or change, the total number of shares in that Relevant Company held by that person otherwise than as trustee or nominee for another person together with any shares held by any nominee or trustee for that person immediately after that change or acquisition:

   (i) exceeds or would exceed 15 per cent of the total number of shares in that Relevant Company (where it did not exceed 15 per cent prior to that change or acquisition);  

   (ii) exceeds or would exceed 30 per cent of the total number of shares in that Relevant Company (where it did not exceed 30 per cent prior to that change or acquisition); or  

   (iii) exceeds or would exceed 50 per cent of the total number of shares in that Relevant Company (where it did not exceed 50 per cent prior to that change or acquisition).

3. Without prejudice to paragraphs 1 and 2 above, the Licensee shall notify the Secretary of State as soon as practicable following its becoming aware of any change, transaction or arrangement which would enable a person or group of persons directly or indirectly to control or materially to influence the policy of the Licensee or would enable that person or group of persons to do so to a greater degree.
UK Civil Aviation Authority

Air Traffic Services Licence for NATS (En-Route) plc

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PART III  CONDITIONS RELATING TO CHARGE CONTROL

Condition 20: Price Control Conditions: Definitions

In Conditions 21 to 25, unless the context otherwise requires:

"Average Charge Per Oceanic Flight" means the Oceanic Revenue in the Oceanic Relevant Year divided by the number of Oceanic Flights attracting an Oceanic Charge in that year.

"Charge Control Conditions" means Conditions 20 to 25 inclusive, as from time to time modified in accordance therewith or pursuant to sections 11 to 19 of the Act.

"Chargeable Service Unit" means one unit for the purposes of the UK unit rate of charge as specified in accordance with the Eurocontrol Conditions of Application of the Route Charges System and Conditions of Payment as effective at January 2005.

"Distance Unit" means for each flight in respect of which a charge is levied the great circle distance expressed in kilometres between

(a) the aerodrome of departure within, or the point of entry into, the En Route (UK) Area as designated in Schedule 1 to this Licence, and

(b) the aerodrome of first destination within, or the point of exit from, the En Route (UK) Area as designated in Schedule 1 to this Licence.

The distance shall be reduced by 20 kilometres for each take-off or landing within the United Kingdom.


"Eurocontrol Business" means the business of the Licensee consisting in the provision of services for which Eurocontrol Charges are paid.

"Eurocontrol Charge" means any charge collected by the Central Route Charges Office of Eurocontrol on behalf of the United Kingdom and reimbursed to the UK Government and its nominees.
"Exceptional Circumstances" means circumstances which are outside the Licensee's control and which:

(a) have had or will have a negative effect on its financial position; and

(b) that effect is such that the Licensee's ability to meet its current or future obligations under the Act or this Licence is, or is threatened to be, materially impaired.

"London Approach Service Charge" means a charge paid to the Licensee from the provision of the London Approach Service.

"London Approach Service Revenue" means the revenue derived beneficially by the Licensee from the London Approach Service.

"Maximum Allowed Controlled Revenue" means the amount calculated in accordance with Condition 21.

"Maximum Permitted Average Charge Per Oceanic Flight" means the amount calculated in accordance with Condition 22.

"National Security Period" means a period commencing on the date on which any direction issued by the Secretary of State under section 94 of the Act enters into effect and terminating on the date such direction, as varied, is revoked or expires.

"Oceanic Charge" means a charge paid to the Licensee from the provision of services in the En Route (Oceanic) Area.

"Oceanic Flight" means a flight in the En Route (Oceanic) Area in an Oceanic Relevant Year.

"Oceanic Relevant Year" means a period of 12 months commencing on or after 1 April in each year. The sixth Oceanic Relevant Year (referred to in paragraph 2 of Condition 22) shall be the period commencing 1 April 2006.

"Oceanic Relevant Year $t$" means that Oceanic Relevant Year for the purposes of which any calculation falls to be made; "Oceanic Relevant Year $t-1$" means the Oceanic Relevant Year preceding Oceanic Relevant Year $t$ or, in respect of the period prior to 1 April 2006, the period of 12 months commencing on 1 April 2005; and similar expressions shall be construed accordingly.
"Oceanic Revenue" means the revenue derived beneficially by the Licensee from Oceanic Charges.

"Relevant Bad Debt" means the aggregate of bad debts arising in relation to a Relevant Year, despite all reasonable endeavours by the Licensee to recover such revenue, except that the first £1.5 million of any such bad debts shall be excluded.

"Relevant Year" means a calendar year commencing on 1 January in each year. The sixth Relevant Year (referred to in paragraph 2 of Condition 21) shall be the calendar year commencing on 1 January 2006.

"Relevant Year \( t \)" means that Relevant Year for the purposes of which any calculation falls to be made; "Relevant Year \( t - 1 \)" means the Relevant Year preceding Relevant Year \( t \) or, in respect of the period prior to 1 January 2006, the calendar year commencing on 1 January 2005; and similar expressions shall be construed accordingly.

"Total Controlled Revenue" means the total revenue derived beneficially by the Licensee from the Eurocontrol Business and from the London Approach Service less Relevant Bad Debts.
Condition 21: Control of Eurocontrol and London Approach Service Charges

1. Without prejudice to Condition 25 (Suspension and Modification of Charge Control Conditions) the Licensee shall use its best endeavours to ensure that in the period from 1 January 2006 until 31 December 2010 the Total Controlled Revenue shall not exceed the Maximum Allowed Controlled Revenue calculated in accordance with paragraphs 2 to 4 of this Condition. The Licensee shall not be in breach of this Condition if it sets charges on the basis of its best endeavours forecast of Distance Units for each Relevant Year.

Relevant Year 6 (1 January 2006 to 31 December 2006)

2. The Maximum Allowed Controlled Revenue shall be calculated as follows:

\[
MACR_6 = \left( VR_6 \times D_6 \right) + FR_6 + LR_6 + K_{cpl} - \left( S_{cpl} \times Q_{65} \right) - G_6
\]

where:

- \( MACR_6 \) means the Maximum Allowed Controlled Revenue in Relevant Year 6.
- \( VR_6 \) means a factor for the variable revenue element of the Maximum Allowed Controlled Revenue which depends on Distance Units in Relevant Year 6 which will have the following value:
  \( VR_6 = £0.3196 \)
- \( D_6 \) means the quantity of Distance Units that are taken into account in calculating the number of Chargeable Service Units in Relevant Year 6.
- \( FR_6 \) means the fixed revenue element of the Maximum Allowed Controlled Revenue in Relevant Year 6 which will have the following value:
  \( FR_6 = £247,824,000 \)
- \( LR_6 \) means the additional element to the Maximum Allowed Controlled Revenue where the quantity of Distance Units in Relevant Year 6 is below a defined lower bound.

Where \( D_6 \geq DLOW_6 \)

\( LR_6 = 0 \)

Where \( D_6 < DLOW_6 \)

\[
LR_6 = (DLOW_6 - D_6) \times VR_6 \times [0.6]
\]

where \( DLOW_6 \) shall have a value of 593 million
\( K_{CP1} \) means the correction factor (whether of a positive or negative value) and shall be calculated in accordance with the following formula:

\[
K_{CP1} = \left( Q_{t-1} M_{cp1} - TR_{t-1} \right) \left[ 1 + \frac{I_6}{100} \right]
\]

where \( Q_{t-1} \) and \( TR_{t-1} \) have the meanings defined in Condition 21 of the Air Traffic Services Licence for NATS En Route plc which was in effect on 1 July 2005;

where \( t-1 \) means the calendar year 2005;

where \( M_{cp1} \) shall have a value of £48.50, and

where \( I_6 \) means the average yield (expressed as an annual percentage interest rate) on 3 month Treasury Bills published weekly by the UK Debt Management Office, during the 12 months from 1 September 2004 where the value of \( \left( Q_{t-1} M_{cp1} - TR_{t-1} \right) \) is positive, or 3 per cent per annum above this average rate where the value is negative.

\( S_{cp1} \) means, in respect of delays in the calendar year 2005, the service factor per chargeable service unit (whether of a positive or negative value), as calculated in accordance with Condition 21 of the Air Traffic Services Licence for NATS En Route plc which was in effect on 1 July 2005 except that \( PD_t \) shall have a value of 0.75 minutes.

\( Q_5 \) means the quantity of Chargeable Service Units attracting a Eurocontrol Charge in Relevant Year 5.

\( G_6 \) means 50\% of any revenues received from the UK Government during 2006 under any common charging scheme established in accordance with Article 15(4) of Regulation (EC) No 550/2004 (The “Service Provision Regulation”)

**Relevant Years 7 to 10 (1 January 2007 to 31 December 2010)**

3. In each Relevant Year the Maximum Allowed Controlled Revenue shall be calculated as follows:

\[
MACR_t = (VR_t \times D_t) + FR_t + LR_t + K_t - (S_{t-1} \times FLIGHTS_{t-1}) - G_t
\]

where:
**MACR**\(_i\) means the Maximum Allowed Controlled revenue in Relevant Year \(t\).

**VR**\(_i\) means a factor for the variable revenue element of the Maximum Allowed Controlled Revenue which depends on Distance Units in Relevant Year \(t\) calculated in accordance with the following formulae:

\[
VR_i = VR_{i-1} \left[ 1 + \frac{RPI_i - X_i}{100} \right]
\]

In respect of Relevant Year 7, \(VR_{i-1} = £0.3196\)

**D**\(_i\) means the quantity of Distance Units that are taken into account in calculating the number of Chargeable Service Units in each Relevant Year.

**FR**\(_i\) means the fixed revenue element of the Maximum Allowed Controlled Revenue in each Relevant Year calculated in accordance with the following formulae:

\[
FR_i = FR_{i-1} \left[ 1 + \frac{RPI_i - X_i}{100} \right]
\]

In respect of Relevant Year 7, \(FR_{i-1} = £247,824,000\)

**LR**\(_i\) means the additional element to the Maximum Allowed Controlled Revenue where the quantity of Distance Units in Relevant Year \(t\) is below a defined lower bound.

Where \(D_i \geq D\text{LOW}_i\),

\[LR_i = 0\]

Where \(D_i < D\text{LOW}_i\),

\[LR_i = (D\text{LOW}_i - D_i) \times VR_i \times [0.6]\]

**RPI**\(_i\) means the percentage change (whether of a positive or a negative value) in the Retail Price Index between the index published or determined with respect to August in Relevant Year \(t-1\) and the index published or determined with respect to August in Relevant Year \(t-2\).

**X**\(_i\) means, for each of the Relevant Years, the following values:

- Relevant Year 7: 1.8
- Relevant Year 8: 1.8
- Relevant Year 9: 1.8
Relevant Year 10: 1.8

\( K_t \) means the correction factor (whether of a positive or negative value) which shall be calculated in accordance with the following formula:

\[
K_t = \left[ MACR_{t-1} - TCR_{t-1} \right] \times \left[ 1 + \frac{I_t}{100} \right]
\]

where:

- \( MACR_{t-1} \) means the Maximum Allowed Controlled revenue in Relevant Year \( t-1 \).
- \( TCR_{t-1} \) means the Total Controlled Revenue in Relevant Year \( t-1 \).
- \( I_t \) means the average of the yield (expressed as an annual percentage interest rate) on 3 month Treasury Bills published weekly by the UK Debt Management Office, during the 12 months from 1 September in Relevant Year \( t-2 \) where the value of \( MACR_{t-1} - TCR_{t-1} \) is positive, or 3 per cent per annum above this average rate where the value is negative.

\( S_{t-1} \) means the service factor (whether of a positive or negative value), as calculated in accordance with the formula at paragraph 4 of this Condition.

\( FLIGHTS_{t-1} \) means the aggregate number of flights in relevant year \( t-1 \) to be calculated by reliance on figures of chargeable flights reported to the CAA by the Central Route Charges Office of Eurocontrol (subject to any adjustment in accordance with methods approved by the CAA).

\( G_t \) means 50% of any revenues received from the UK Government in Relevant Year \( t \) under any common charging scheme established in accordance with Article 15(4) of Regulation (EC) No 550/2004 (The “Service Provision Regulation”)

\( DLOW_t \) means a defined value of the quantity of Distance Units below which there is an additional element to the Maximum Allowed Controlled Revenue. For Relevant Years 7 to 10 these shall have the following values:

- Relevant Year 7: 605 million
- Relevant Year 8: 621 million
- Relevant Year 9: 638 million
- Relevant Year 10: 658 million
**Formula for \( S_{t-1} \) as used in paragraph 3**

4. For the purpose of paragraph 3, the term \( S_{t-1} \) shall be calculated in accordance with the following formula:

\[
S_{t-1} = F_t \left( WAD_{t-1} - SWAD_{t-1} \right)
\]

provided that \( S_{t-1} \) may not in any event exceed \( FMAX_t \),

where:

\( F_t \) means the delay rate which shall be calculated in accordance with the following formula:

\[
F_t = F_{t-1} \cdot \left[ 1 + \frac{RPI_t}{100} \right]
\]

in respect of relevant year \( t-1 \) in year 7:

\( F_6 = \£6 \)

and where:

\( FMAX_t \) is the maximum deduction per Flight which shall be calculated in accordance with the following formula:

\[
FMAX_t = FMAX_{t-1} \cdot \left[ 1 + \frac{RPI_t}{100} \right]
\]

In respect of relevant year \( t-1 \) in year 7:

\( FMAX_6 = \£9.194 \)

\( WAD_{t-1} \) means the weighted average minutes of air traffic flow management delay per flight attributable to the Eurocontrol Business in relation to Relevant Year \( t-1 \), to be calculated by reliance on figures reported to the CAA by the Central Flow Management Unit of Eurocontrol (subject to adjustment in accordance with methods approved by the CAA) and shall be calculated as follows:
\[
WAD_{t-1} = \left[ 1.06 \times \text{shortearly}_{t-1} + 1.59 \times \text{longearly}_{t-1} + 0.70 \times \text{shortother}_{t-1} + 1.06 \times \text{longother}_{t-1} \right] \div \text{FLIGHTS}_{t-1}
\]

where:

\text{shortearly}_{t-1} means the aggregate air traffic flow management delay up to and including 15 minutes per flight in relevant year t-1 of flights which have an estimated off-blocks time in the Early Period as defined below.

\text{longearly}_{t-1} means the aggregate air traffic flow management delay in excess of 15 minutes per flight in relevant year t-1 of flights which have an estimated off-blocks time in the Early Period as defined below.

\text{shortother}_{t-1} means the aggregate air traffic flow management delay up to and including 15 minutes per flight in relevant year t-1 of flights which have an estimated off-blocks time other than in the Early Period as defined below.

\text{longother}_{t-1} means the aggregate air traffic flow management delay in excess of 15 minutes per flight in relevant year t-1 of flights which have an estimated off-blocks time other than in the Early Period as defined below.

\text{Early Period means the period:}

04:00 to 8:00 UTC for flights during the period 1 April to 31 October; and

05:00 to 09:00 UTC for flights during the period 1 January to 31 March and 1 November to 31 December.

\text{SWAD}_{t-1} means the permitted weighted average minutes of delay per flight attributable to the Eurocontrol Business which, in respect of delays occurring in each Relevant Year, shall be 0.75 minutes.
5. For the avoidance of doubt, the treatment of delays occurring in Relevant Year 10 will be subject to review at the end of the second five Relevant Years under the provisions of sections 11 to 19 of the Transport Act 2000.

6. In relation to charges for the London Approach Service the Licensee shall ensure that such charges have not been set at levels that are materially less reflective of the costs of providing those services than the charges that were previously in effect.
**Condition 22: Oceanic Charges**

1. Subject to paragraph 2 of this Condition and without prejudice to Condition 25 (Suspension and Modification of Charge Control Conditions) the Licensee shall use its best endeavours to ensure that in the period from 1 April 2006 to 31 March 2011 the Average Charge Per Oceanic Flight shall not exceed the Maximum Permitted Average Charge Per Oceanic Flight calculated in accordance with the following formula:

   \[ O_t = U_t + L_t \]

   where:

   - \( O_t \) means the Maximum Permitted Average Charge Per Oceanic Flight in Oceanic Relevant Year \( t \).
   - \( U_t \) is a base charge per Oceanic Flight in Oceanic Relevant Year \( t \) calculated in accordance with the following formula:

     \[ U_t = U_{t-1} \left[ 1 + \frac{RPI_t - Z_t}{100} \right] \]

     For the purpose of the above calculation for Oceanic Relevant Year 7 the value of \( U_{t-1} \) shall be £56.0135.
   - \( RPI_t \) means the percentage change (whether of a positive or a negative value) in the Retail Price Index between the index published or determined with respect to August in Oceanic Relevant Year \( t-1 \) and the index published or determined with respect to August in Oceanic Relevant Year \( t-2 \).
   - \( Z_t \) means a value set by the CAA in respect of each Oceanic Relevant Year, which for Oceanic Relevant Years 7 to 10 which shall have the following values:

     - Relevant Year 7: 4.0
     - Relevant Year 8: 4.0
     - Relevant Year 9: 4.0
     - Relevant Year 10: 4.0
   - \( L_t \) means the correction factor (whether of a positive or negative value) which is calculated in accordance with the following formula:
\[ L_t = \frac{(QO_{t-1} - TO_{t-1})}{QO_t} \left[ 1 + \frac{IO_t}{100} \right] \]

except in relation to Oceanic Relevant Year 6 where the value of \( L_t \) shall be further reduced by £0.05.

where:

- \( QO_{t-1} \) means the quantity of Oceanic Flights in Oceanic Relevant Year \( t-1 \) attracting an Oceanic Charge. Where \( t-1 \) is the year beginning on 1 April 2005, the quantity of Oceanic Flights for that year shall be those in accordance with Condition 22 as in effect on 1 July 2005.

- \( O_{t-1} \) means the Maximum Permitted Average Charge Per Oceanic Flight in Oceanic Relevant Year \( t-1 \). Where \( t-1 \) is the year beginning on 1 April 2005, the Maximum Permitted Average Charge per Oceanic Flight for that year shall be calculated in accordance with Condition 22 as in effect on 1 July 2005.

- \( TO_{t-1} \) means the total Oceanic Revenue in Oceanic Relevant Year \( t-1 \). Where \( t-1 \) is the year beginning on 1 April 2005, the total Oceanic Revenue for that year shall be calculated in accordance with Condition 22 as in effect on 1 July 2005.

- \( IO_t \) means the average of the yield (expressed as an annual percentage interest rate) on 3 month Treasury Bills published weekly by the UK Debt Management Office, during the 12 months from 1 September in Oceanic Relevant Year \( t-2 \) where the value of \( (QO_t - TO_{t-1}) \) is positive, or 3 per cent per annum above this average rate where the value is negative.

2. For Oceanic Relevant Year 6 the value of \( O_t \) shall be £56.0135
Condition 23: Charges for North Sea Helicopter Advisory Service and London Approach Service

1. The Licensee shall, not less than one month before it intends to give effect to such charges, or to changes in the basis on which they are calculated, show to the reasonable satisfaction of the CAA that charges in respect of North Sea Helicopter Advisory Services for any period have been set following, and taking into account the outcome of, appropriate consultation with users and other interested parties.

2. In the event that the Licensee intends to make changes to the charges for London Approach Services (other than changes to charges which are specified in or ascertainable from contracts existing at the time of the grant of this Licence), the Licensee shall, not less than one month before such changes are intended to take effect, show to the reasonable satisfaction of the CAA that charges in respect of London Approach Services for any period have been set following, and taking into account the outcome of, appropriate consultation with users and other interested parties.
Condition 24: Information to be provided to the CAA in connection with the Charge Control Conditions

1. This Condition applies in addition to any powers of the CAA, from whatever source, to require information to be provided to it by the Licensee, and does not in any way prejudice its ability to exercise such other powers.

2. Where the Licensee is intending to seek any change in Eurocontrol Charges, the Licensee shall, not later than 1st June on a provisional basis and 1st November on a final basis in the year preceding the Relevant Year t in which such change is to take effect, provide the CAA with:

   (i) a written forecast of the charge per Chargeable Service Unit, together with its components, and a reconciliation of the components to the overall forecast, in respect of the Relevant Year t in which such change is to take effect and in respect of the next following Relevant Year t+1;

   (ii) to the extent that such information has not already been provided to the CAA under paragraph 6, a written estimate of the charge per Chargeable Service Unit together with its components, and a reconciliation of the components to the overall forecast, in respect of the Relevant Year t-1 immediately preceding the Relevant Year in which the change is to take effect;

   (iii) a written forecast of the charge(s) to be applied in respect of the London Approach Service for Relevant Year t; and

   (iv) a reconciliation of the forecasts under (i) and (iii) and the Licensee’s best estimate of the Maximum Allowed Controlled Revenue in respect of Relevant Year t and its components.

3. Where the Licensee is intending to make any change in Oceanic Charges, the Licensee shall, not later than one month prior to the date it intends to give effect to such change, provide the CAA with:

   (i) a written forecast of the maximum Average Charge Per Oceanic Flight, together with its components, and a reconciliation of the components to the overall forecast, in respect of the Oceanic Relevant Year t in which such change is to take effect and in respect of the next following Oceanic Relevant Year t+1; and

   (ii) to the extent that such information has not already been provided to the CAA under paragraph 6, a written estimate of the maximum Average Charge Per Oceanic Flight, together with its components, and a reconciliation of the components to the overall forecast, in respect of the Oceanic Relevant Year t-1 immediately preceding the Oceanic Relevant Year in which the change is to take effect.

4. If within six weeks prior to the commencement of any Relevant Year or Oceanic Relevant Year the Licensee has not published an intention to make any change in Eurocontrol Charges or Oceanic Charges (respectively) the Licensee shall in
any event provide the CAA with the information specified in paragraph 2 or 3 above (as appropriate).

5. The CAA may issue directions providing that any forecast or estimate provided in accordance with paragraphs 2 or 3 shall be accompanied by such information as regards the assumptions underlying the forecast or estimate as may be necessary to enable the CAA to be satisfied that the forecast or estimate has been properly prepared on a consistent basis.

6. On publication to any interested parties, and in any event not later than seven months after the end of a Relevant Year or four months after the end of an Oceanic Relevant Year the Licensee shall send the CAA a statement, in respect of that year containing the items set out in paragraph 8. If this statement does not also comply with the requirements of paragraph 7, the Licensee shall send a further statement at the time it is published to any interested parties, and in any event not later than seven months after the end of a Relevant Year or four months after the end of an Oceanic Relevant Year meeting both the requirements in paragraph 7 and containing the items set out in paragraph 8.

7. The requirements referred to in paragraph 6 shall be that the statement is:

(a) accompanied by a report from the Auditors that in their opinion such statement:

   (i) fairly presents each of the specified items referred to in paragraph 8 in accordance with the requirements of the Charge Control Conditions and

   (ii) the amounts shown in respect of each of those specified items are in accordance with the Licensee's accounting records which have been maintained in respect of each of the relevant Separate Businesses in accordance with Condition 6; and

(b) certified by a director of the Licensee on behalf of the Licensee that to the best of his knowledge, information and belief having made all reasonable enquiries:

   - there is no element included in its calculations under Conditions 21 and 22 which represents other than:

      (aa) bona fide Total Controlled Revenue or Oceanic Charges as appropriate; or

      (bb) an element permitted under the Charge Control Conditions to be so included;

   - all amounts which should properly be taken into account for the purposes of the Charge Control Conditions have been taken into account.
8. The items to be contained in the statement referred to in paragraph 6 shall be the following:

(a) the quantity of Chargeable Service Units or Oceanic Flights which attract a Eurocontrol Charge or Oceanic Charge, as appropriate;

(b) the quantity of Distance Units;

(c) the Average Charge Per Chargeable Service Unit or Average Charge Per Oceanic Flight;

(d) the Total Controlled Revenue showing separately the revenue derived from the Eurocontrol Business and the London Approach Service;

(e) copies of the statements and information provided in accordance with this Condition, in respect of the Relevant Year;

(f) in relation to Eurocontrol Charges only, any information required for the calculation of the S factor not obtained by the CAA directly from a third party;

(g) in relation to Eurocontrol Charges only, any other information which the Licensee is required to provide to Eurocontrol as part of its charge setting process; and

(h) in relation to Eurocontrol charges only, and where the aggregate of bad debts arising in relation to a Relevant Year exceeds £1.5 million, the amount of any bad debt in relation to the Relevant Year, separately for each user (except that amounts for individual users with debts of less than £100,000 need not be separately itemised), and in aggregate, and a statement of the policies and measures the Licensee has applied to recover overdue debts.
Condition 25: Suspension and Modification of Charge Control Conditions

A. Suspension and Modification other than during a National Security Period

1. Subject to paragraph 4, the Licensee may, only on the occurrence of any Exceptional Circumstances where it would not be reasonable for the circumstances not to be taken into account prior to the next price review, give notice in writing to the CAA suspending, insofar as they apply to Eurocontrol Charges, application of such of the Charge Control Conditions as may be specified in the notice, with effect from a specified date being not less than three months after the date of receipt of the notice by the CAA.

2. Subject to paragraph 4, the Licensee may, in the following circumstances only, give notice in writing to the CAA suspending, insofar as they apply to the Oceanic Charges, application of such of the Charge Control Conditions as may be specified in the notice with effect from a specified date being not less than three months after the date of receipt of the notice by the CAA:

(a) on the occurrence of any Exceptional Circumstances where it would not be reasonable for the circumstances not to be taken into account prior to the next price review; or

(b) where the Licensee is able to demonstrate to the reasonable satisfaction of the CAA that, after proper consultation with users and other interested parties, there is an acceptable level of support for the Licensee’s proposals and that they would be in the general interests of users.

3. Where the Licensee gives notice under paragraph 1 or 2, and the CAA has not, before the end of the period of three months which will end with the specified date, or such longer period as it may agree with the Licensee in writing, either:

(a) agreed in writing to the suspension;

(b) made a reference to the Competition Commission under Section 12 of the Act relating to the modification of the Charge Control Conditions; or

(c) given written notice to the Licensee that it does not accept the requirements of paragraph 1 or 2 (as appropriate) entitling the Licensee to serve the notice have been met,

the Licensee may deliver written notice to the CAA terminating the application of such of the Charge Control Conditions (or any part or parts thereof) as are specified in the notice given under paragraph 1 or 2 (as appropriate) with effect from the specified date or a later date.

4. Where the CAA gives notice to the Licensee under paragraph 3(c) above, then the Licensee may within three months serve notice on the CAA requesting it to refer to the members of the board of the CAA the question whether the requirements of paragraph 1 or 2 (as appropriate) entitling the Licensee to serve the notice have been met. If the CAA has not within one month either sought to modify the Charge Control Conditions or made the requested reference, then the Licensee may deliver written notice to the CAA terminating the application of such of the Charge Control Conditions (or any part or parts
thereof) as are specified in the notice given under paragraph 1 or 2 (as appropriate) with effect from the specified date or a later date. Where a reference is made for determination by the members of the board of the CAA, and provided the requirements that apply to hearings under the Civil Aviation Authority Regulations 1991 (other than as to the right of appeal) are complied with, so far as appropriate, in respect of the reference, a written decision of the CAA shall be definitive.

5. If the Competition Commission makes a report on a reference made by the CAA relating to the modification of the Charge Control Conditions (or any part or parts thereof) specified in the notice given under paragraph 1 or 2 (as appropriate) and such report does not include a conclusion that the cessation of such Charge Control Conditions, in whole or in part, operates or may be expected to operate against the public interest, the Licensee may within one month after the publication by the CAA of the report in accordance with Section 13 of the Act deliver to the CAA written notice terminating the application of such Charge Control Conditions with effect from the disapplication date or later.

6. Paragraphs 1 to 5 above shall not apply during a National Security Period.

B. Provisions in relation to National Security Periods

7. The Licensee may, during a National Security Period, give notice in writing to the CAA suspending application of such of the Charge Control Conditions as may be specified in the notice with effect from a specified date (the “disapplication date”) being not less than one month after the date of receipt of the notice by the CAA.

8. In the event that the Licensee gives notice under paragraph 7, and the CAA has not either agreed to the suspension in writing or within a reasonable period not exceeding one month after the date of receipt of such notice issued directions under paragraph 9 as to the application of the Charge Control Conditions for the duration of the National Security Period, the Licensee may deliver written notice to the CAA terminating the application of such of the Charge Control Conditions (or any part or parts thereof) as are specified in the notice under paragraph 7 with effect from the disapplication date or a later date.

9. If at any time during a National Security Period, the CAA (having regard to its duties under the Act) issues directions:

   (a) suspending or modifying for the remainder of the National Security Period the Charge Control Conditions or any part or parts thereof; or

   (b) introducing for the remainder of the National Security Period new Charge Control Conditions

the Licensee shall comply with the terms of any directions so issued.

10. If at any time following a National Security Period, the CAA (following such consultation with the Licensee and others as the CAA consider appropriate) issues directions suspending or modifying the Charge Control Conditions or any part or parts thereof applying during a National Security Period or replacing such directions as may have been made during the National Security Period and introducing such new Charge Control Conditions as in the opinion of the
CAA are appropriate in all the circumstances to take account of effects arising out of the National Security Period, the Licensee shall comply with any directions so issued.

11. At any time within three months after the issue of directions by the CAA under paragraph 10, the Licensee may serve on the CAA a notice under paragraph 7 in respect of such of the Charge Control Conditions or any part or parts thereof as are specified in the request.

12. If within three months of the receipt by the CAA of the notice referred to in paragraph 11, the CAA has not either agreed in writing to such disapplication request or made a reference to the Competition Commission under Section 12 of the Act relating to the modification of the Charge Control Conditions, the Licensee may deliver one month's written notice to the CAA terminating the application of the Charge Control Conditions (or any part or parts thereof) as were specified in the notice.

13. If the Competition Commission makes a report on a reference made by the CAA relating to the modification of the Charge Control Conditions (or any part or parts thereof) specified in the notice under paragraph 7 and such report does not include a conclusion that the cessation of such Charge Control Conditions, in whole or in part, operates or may be expected to operate against the public interest, the Licensee may within one month after the publication by the CAA of the report in accordance with Section 13 of the Act deliver to the CAA written notice terminating the application of such Charge Control Conditions with effect from the disapplication date or later.

14. In the event of a modification of the Charge Control provisions under Part B of this Condition, such account shall be taken of the following matters as in the opinion or estimation of the CAA is requisite or appropriate in all the circumstances:

(a) any increase or decrease in the Licensee’s costs during or following a National Security Period;

(b) any profit that has been or will be gained or foregone by the Licensee during or following the National Security Period;

(c) the extent to which the Licensee has otherwise recovered or been compensated for matters within (a) and (b) above.
SCHEDULE 1: DESCRIPTION OF EN ROUTE (UK) AREA

1. The En route (UK) Area shall consist of the following airspace:
   - London Flight Information Region
   - London Upper Flight Information Region
   - Scottish Flight Information Region
   - Scottish Upper Flight Information Region

   as detailed in sections 2-1-1 and 2-1-2 of the AIP current as at the date of the coming into effect of this Licence.

2. The En route (UK) Area shall also include those areas of airspace adjacent to the regions set out in paragraph 1 for which responsibility has been delegated to the United Kingdom by virtue of an international agreement as detailed in the AIP current as at the date of the coming into effect of this Licence but excluding the area described in Schedule 2.
SCHEDULE 2: DESCRIPTION OF EN ROUTE (OCEANIC) AREA

1. The En route (Oceanic) Area shall consist of the following airspace:

- Shanwick Flight Information Region; and
- Shanwick Oceanic Control Area

as detailed in section ENR 2-1-2 of the AIP current as at the date of the coming into effect of this Licence.
SCHEDULE 3: REVOCATION OF LICENCE (EN ROUTE (UK) AREA) AND (EN ROUTE (OCEANIC) AREA)

1. The Secretary of State may at any time following consultation with the CAA revoke this Licence in respect of the Licensed Area designated in Schedule 1 or the Licensed Area designated in Schedule 2 by the requisite period of notice in writing given to the Licensee in any of the following circumstances:

   (a) if the Licensee requests or otherwise agrees in writing with the Secretary of State that this Licence (in whole or in respect of either the Licensed Area designated in Schedule 1 or the Licensed Area designated in Schedule 2) should be revoked;

   (b) if any amount payable under Condition 18 of this Licence is unpaid 30 days after it becomes due and remains unpaid for a period of 14 days after the Secretary of State notifies the Licensee that the amount is overdue such notification not to be given earlier than the sixteenth day after the day on which the amount payable became due;

   (c) if the Licensee fails to comply with a final order (within the meaning of section 20 of the Act) or a provisional order (within the meaning of that section) which has been confirmed under that section and which relates to the provision of air traffic services in respect of the Licensed Area designated in Schedule 1 or the Licensed Area designated in Schedule 2 (as the case may be) and such failure is not rectified to the satisfaction of the Secretary of State within three months after the Secretary of State has given notice in writing of such failure to the Licensee provided that no notice under this sub-paragraph shall be given by the Secretary of State before the expiration of the period within which an application under section 23 of the Act could be made questioning the validity of the final or provisional order or before any such application, if made, is finally adjudicated upon;

   (d) if the Licensee fails to comply with any order made by the Secretary of State under section 56, 73, 74 or 89 of the Fair Trading Act 1973 or with any court order made on application by the CAA or the Director General of Fair Trading under Section 34 of the Competition Act 1998 which relates to the provision of air traffic services authorised or required by this Licence;

   (e) if the Licensee ceases to carry on its business as a provider of air traffic services in respect of the En route (UK) Area or the En route (Oceanic) Area (as the case may be);

   (f) if the Licensee:

      (i) is deemed to be unable to pay its debts (within the meaning of section 123(1) or (2) of the Insolvency Act 1986 or is otherwise insolvent or has any voluntary arrangement proposed in relation to it under section 1 of that Act or makes any composition or scheme of arrangement with its creditors (other than for the purpose of reconstruction or amalgamation upon terms and within such period as may previously have been approved by the CAA).
(ii) has a receiver (which expression shall include an administrative receiver within the meaning of section 29 of the Insolvency Act 1986) of the whole or any part of its assets or undertaking appointed;

(iii) becomes subject to an air traffic administration order under section 28 of the Act or if a petition is presented to the court in respect of such an order;

(iv) passes a resolution for winding up; or

(g) if:

(i) the Licensee has given notification to the Secretary of State under Condition 19 of this Licence and the Secretary of State has notified the Licensee in writing within 21 days of receiving such notification that he is minded to revoke this Licence on the grounds that, in his opinion, the change, acquisition, transaction or arrangement so notified is or would be against the interests of national security or relations with the government of a country or territory outside the United Kingdom; or

(ii) the Licensee commits any breach of Condition 19;

and

(iii) in either case the proposed change or arrangement has taken place.

2. The requisite period of notice shall be:

(a) for the purposes of paragraphs 1(f) and 1(g), 24 hours; and

(b) for all other purposes, 30 days.

3. The provisions of section 100 of the Act shall have effect for the purposes of this Schedule as if set out herein and as if for the words “this Part” there were substituted “this Schedule”.

4. Without prejudice to sections 11 and 23(1) of the Interpretation Act 1978:

(a) this Schedule shall be interpreted and construed in like manner as an Act of Parliament passed after the commencement of the said Act of 1978, and

(b) expressions used in this Schedule which are also used in Part I of the Act shall, except where the context otherwise requires, have the same meanings as in that Part.
## SCHEDULE 4: SPECIFIED SERVICES

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<th>Service Name</th>
<th>Description</th>
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<tr>
<td><strong>“Aeronautical Messaging Network”</strong></td>
<td>The making available of a system for the conveyance of messages, primarily in data form:</td>
</tr>
<tr>
<td></td>
<td>(a) between providers and users of air traffic services as members of a closed user group and relating to the intended flight paths of flights within the Licensed Areas; and</td>
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<tr>
<td></td>
<td>(b) between other equivalent interconnected messaging networks and provided for a similar purpose pursuant to international arrangements.</td>
</tr>
<tr>
<td><strong>“Air Traffic Operational Telephone Network”</strong></td>
<td>The making available of a system for the conveyance of messages, primarily in voice form, between providers of air traffic services in respect of the Licensed Areas, and to which other similar facilities may be connected.</td>
</tr>
<tr>
<td><strong>“Emergency Fixing Facility”</strong></td>
<td>The making available of radiocommunications facilities to enable the identification of the position within the Licensed Areas of aircraft communicating on very high frequency.</td>
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<tr>
<td><strong>“Emergency Frequency Facility”</strong></td>
<td>The making available of a dedicated radiocommunications facility operating at 121.5 MHz for the purpose of emergency air to ground to air communication.</td>
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<tr>
<td><strong>“Navigational Infrastructure Services”</strong></td>
<td>The making available, to users, of services other than Core Services, using the navigational infrastructure described in the AIP as at the date of the coming into effect of this Licence.</td>
</tr>
<tr>
<td><strong>“North Sea Helicopter Advisory Service”</strong></td>
<td>The giving of instructions or advice in connection with flights to, from and in the vicinity of, oil and gas installations situated in the North Sea (whether within or outside the United Kingdom) excluding the East Shetland Basin and associated mainland facilities, to helicopters and other aircraft as to their position or other aviation activity in the vicinity of the helicopter for the purpose of preventing collisions between aircraft and expediting search and rescue activities, as described in the AIP as at the date of the coming into effect of this Licence.</td>
</tr>
<tr>
<td><strong>“Nuclear and Chemical Accident Service”</strong></td>
<td>The making available of a service for the rapid dissemination of flight safety information in response to and in anticipation of nuclear and chemical accidents in the United Kingdom.</td>
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</table>
“Surveillance Infrastructure Services”

The making available, to users, of services other than Core Services, using the surveillance infrastructure described in the AIP as at the date of the coming into effect of this Licence.

“UK Aeronautical Information Service”

The preparation and dissemination of the United Kingdom Aeronautical Information Publication, Notices to Airmen, Aeronautical Information Circulars and other civil aviation aeronautical information necessary to meet:

(a) relevant international requirements;

(b) United Kingdom regulatory requirements as described in the AIP as at the date of the coming into effect of this Licence; and

(c) an operational specification, produced by the Licensee and approved by the CAA, governing the methods and standards (including for the measurement and control of those standards) to be adopted for the collection and verification of the information.

“UK Flight Information Service”

The making available to flight crew by radio telephony on request information which:

(a) was acquired from other flight crew in the course of providing the same service to such other flight crew; or

(b) can reasonably be obtained in response to a specific request; or

(c) the persons providing the service otherwise consider significant.
“UK Meteorological Information Service”
The making available, in accordance with relevant international requirements, of meteorological information (specified by the CAA in its capacity as the United Kingdom Meteorological Authority) supplied to the Licensee by third parties to:

(a) users;

(b) air traffic service providers for their own use or for onward dissemination to civil aviation users (including the Licensee); and

(c) persons authorised by the United Kingdom Meteorological Authority.
UK Civil Aviation Authority

Air Traffic Services Licence for
NATS (En-Route) plc

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# Modifications to the Licence
(not forming part of the Licence)

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<td>10.2(a)</td>
<td>Extended period for submission of first Business Plan from 4 to 8 months.</td>
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<td>20 December 2002</td>
<td>1 January 2003</td>
<td>20 and 21</td>
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<td>18 March 2003</td>
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<td>Conditions combined in single Condition 5. Enhanced financial ring-fencing of NERL’s business</td>
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<td>12 June 2003</td>
<td>12 June 2003</td>
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<td>23 October 2003</td>
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<td>1.3, 5.19, 6.8, 10.3, 20.3, 21, 23.1, 23.2, 24.3 and Schedule 1</td>
<td>Mostly technical changes but including reduction in period of notification of North Sea Helicopter and Terminal Approach charges</td>
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<td>24 May 2005</td>
<td>24 May 2005</td>
<td>1.3, 5.14, 18, 21 and 22</td>
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<td>1 December 2005</td>
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<td>Modified price control and related conditions for second five year price control period from 1 January 2006 for Eurocontrol and London Approach charges and from 1 April 2006 for Oceanic charges.</td>
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