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Heathrow Airport Limited
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Hounslow, Middlesex
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TW6 1SD

Mark Gardiner
British Airways Plc
Waterside PO Box 365
Harmondsworth
UB7 0GB

29 July 2016

Dear James, Edwina and Mark,

Re: Notice under Condition D1.6 of the Heathrow Airport Limited licence granted under the Civil Aviation Act 2012 to modify Schedule 1 to that licence

The CAA has received three written agreements from Heathrow Airport Limited (HAL) and the Heathrow Airline Operators Committee (Heathrow AOC) under Condition D1.6 of the HAL licence granted under the Civil Aviation Act 2012 (the Licence) to modify Schedule 1 to the Licence in the following ways:

- modifying Table 10(a) to replace references to audited rebates and bonuses with references to rebates and bonuses reviewed and agreed by the CAA, and modifying Tables 10(b), 10(c), 10(d), 10(e) to replace references to audited rebates with references to rebates reviewed and agreed by the CAA. This modification is made in recognition of the fact that HAL's auditors were not prepared to audit the rebates and bonuses without also auditing the service quality performance scores. The CAA considers this would be out of scope of the regulatory accounting audit, and thus proposes to review the rebates and bonuses based on confirmed numbers of passengers and performance scores submitted by HAL, in addition to the 2016 Service Quality audit, which included rebates and bonuses. The rebates and bonuses will be published as an appendix to the regulatory accounts, after being reviewed by the CAA;
- modifying Paragraphs 2.15, 2.18, and 2.20 to update the names of the Q6 governance bodies where agreement on certain Service Quality issues can be taken. This modification is made to reflect the updated Service Quality governance structure for Q6; and
- modifying Paragraph 2.8(a) to remove the question regarding overall cleanliness from the Quality of Service Monitor (QSM). This modification is made so that the licence condition correctly captures the method that has been used to calculate the QSM score.

I enclose a notice accepting those written agreements and modifying the licence accordingly with immediate effect.

I am placing a copy of this letter and attachments on the CAA website.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S Gifford', written in a cursive style.

Stephen Gifford
Head of Economic Regulation, Consumers and Markets Group

Notice of modification of Licence pursuant to section 21(4) of the Civil Aviation Act 2012

1. On 10 January 2014, the Civil Aviation Authority (CAA) made a market power determination under section 7 of the Civil Aviation Act 2012 (the Act) that the market power test is met in relation to the operation by Heathrow Airport Limited (HAL) at London Heathrow Airport (the Airport).

2. On 13 February 2014, the CAA granted a licence to HAL under section 15 of the Act which authorises HAL and those persons listed in section 3(3) of the Act to require a person to pay a relevant charge in respect of airport operation services that it provides at the Airport (the Licence), subject to the conditions contained in the Licence. The Licence came into effect on 1 April 2014.

3. Pursuant to sections 21(3) and (4) of the Act, the CAA may modify the Licence if the Licence contains a provision for its modification which specifies the circumstances in which it may be modified, the types of modification that may be made, and the period or periods in which it may be modified. The CAA has included such a provision in Condition D1 of the Licence.

4. In accordance with Condition D1.6 of the Licence the CAA may modify the Licence by notice with immediate effect where there is a written agreement between HAL, the Licensee, and Heathrow Airline Operators Committee (Heathrow AOC), which represents all airlines at the Airport.

5. On 10 June 2016 and 12 July 2015, the CAA received written agreements from HAL and Heathrow AOC jointly requesting the modifications listed below to be made to Schedule 1 to the Licence (the Written Agreements). The Written Agreements set out the details of, and the reasons for, the proposed modifications, and are attached at annexes A, B and C to this notice.

- Annex A: To modify Table 10(a) to replace references to audited rebates and bonuses with references to rebates and bonuses reviewed and agreed by the CAA, and Tables 10(b), 10(c), 10(d), 10(e) to replace references to audited rebates with references to rebates reviewed and agreed by the CAA.
- Annex B: To modify Paragraphs 2.15, 2.18, and 2.20 to update the names of the Q6 governance bodies where agreement on certain Service Quality issues can be taken.
- Annex C: To modify Paragraph 2.8(a) to remove the question regarding overall cleanliness from the Quality of Service Monitor (QSM).

6. The CAA has carefully considered the proposed modifications and considers that they are appropriate and necessary. Therefore, the CAA hereby modifies Schedule 1 to the Licence with immediate effect in accordance with the proposed modifications contained in the Written Agreements. These are the third modifications to the Licence under Condition D1.6 since the Licence came into effect.



Stephen Gifford
Head of Economic Regulation, Consumers and Markets Group
29 July 2016



10 June 2016

Stephen Gifford
Group Director, Regulatory Policy
Civil Aviation Authority
CAA House
45-59 Kingsway
London
WC2B 6TE

Dear Stephen

Publication of Audited Rebates Annually in Heathrow's Regulatory Accounts

Following on from the CAA's email of 22nd December 2014 and in accordance with Part D1.6 of Heathrow's Q6 Licence we are writing to jointly request that the CAA modifies the Statement of Standards, Rebates and Bonuses ("the statement") with immediate effect.

Schedule 1 Table 10(a) to be modified from:

"Audited rebates and bonuses" to "Rebates and bonuses reviewed and agreed by the CAA."

Schedule 1 Table 10(b), 10(c), 10(d), 10(e) to be modified from:

"Audited rebates" to "Rebates reviewed and agreed by the CAA."

If you require any further information please do not hesitate to contact us.

Yours sincerely

James Farren
Director of Customer Relations and Service
Heathrow Airport

Edwina Silo
General Secretary
Heathrow AOC Limited



10 June 2016

Stephen Gifford
Group Director, Regulatory Policy
Civil Aviation Authority
CAA House
45-59 Kingsway
London
WC2B 6TE

Dear Stephen

Update to Service Quality Governance

Following on from the CAA's email of 22nd December 2014 and in accordance with Part D1.6 of Heathrow's Q6 Licence we are writing to jointly request that the CAA modifies the Statement of Standards, Rebates and Bonuses ("the statement") with immediate effect.

Schedule 1 Paragraph 2.15 to be modified from:

"The unimpeded walk times, the inclusion of any uni-queue or maze systems, process delay times, entry and exit points allowed for in the above equation shall be agreed locally for each search area between the Licensee and the AOC with final endorsement at the joint airport-airline Service Quality Working Group", to:

"The unimpeded walk times, the inclusion of any uni-queue or maze systems, process delay times, entry and exit points allowed for in the above equation shall be agreed locally for each search area between the Licensee and the AOC with final endorsement at the joint airport-airline Technical Review Forum".

Schedule 1 Paragraph 2.18 to be modified from:

"The Defined Method of data collection shall be agreed locally for each search area between the Licensee and the AOC with final endorsement at the joint airport-airline Service Quality Working Group," to:

"The Defined Method of data collection shall be agreed locally for each search area between the Licensee and the AOC with final endorsement at the joint airport-airline Passenger Experience Board."

Schedule 1 Paragraph 2.20 to be modified from:

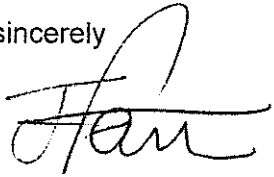
"the periods m shall be agreed locally between the Licensee and the AOC with final

endorsement at the joint airport-airline Service Quality Working Group and the CAA," to:

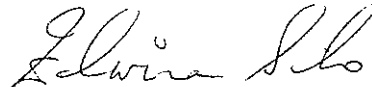
"the periods m shall be agreed locally between the Licensee and the AOC with final endorsement at the joint airport-airline Technical Review Forum and the CAA."

If you require any further information please do not hesitate to contact us.

Yours sincerely

A handwritten signature in black ink, appearing to read 'James Farren', with a stylized, cursive script.

James Farren
Director of Customer Relations and Service
Heathrow Airport

A handwritten signature in black ink, appearing to read 'Edwina Silo', with a cursive script.

Edwina Silo
General Secretary
Heathrow AOC Limited



Heathrow
Making every journey better

12 July 2016

Stephen Gifford
Group Director, Regulatory Policy
Civil Aviation Authority
CAA House
45-59 Kingsway
London
WC2B 6TE

Dear Stephen

Quality of Service Monitor (QSM) Question on Cleanliness

Following on from the CAA's email of 22nd December 2014 and in accordance with Part D1.6 of Heathrow's Q6 Licence we are writing to jointly request that the CAA modifies the Statement of Standards, Rebates and Bonuses ("the statement") with immediate effect.

Schedule 1 Paragraph 2.8(a), "[for arriving and departing passengers] "Generally, how would you rate the cleanliness of the Terminal overall?" to be removed.

If you require any further information please do not hesitate to contact us.

Yours sincerely

James farren
Director of Customer Relations and Service
Heathrow Airport

Edwina Silo
General Secretary
Heathrow AOC