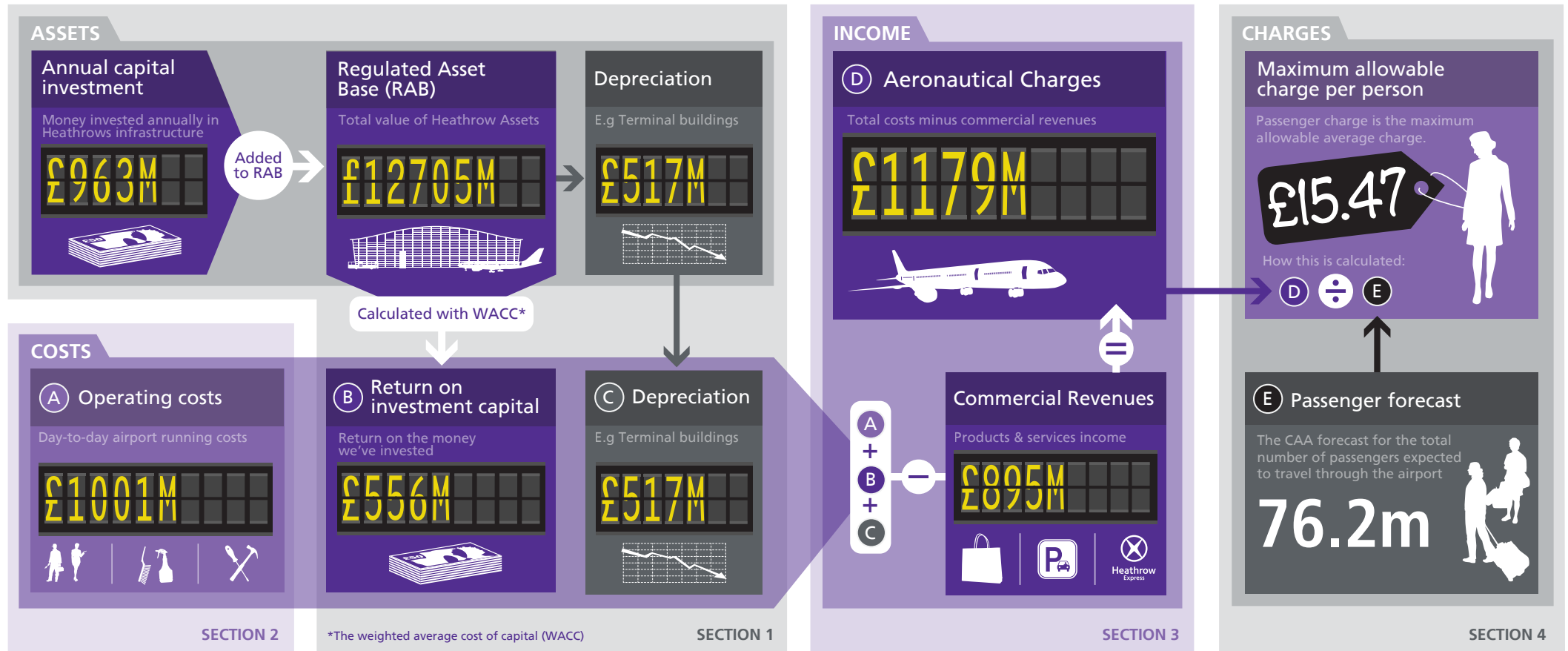


Heathrow & regulation

Figures for March 2011-2012

The formula used to determine the amount Heathrow is permitted to charge airlines:



Q6

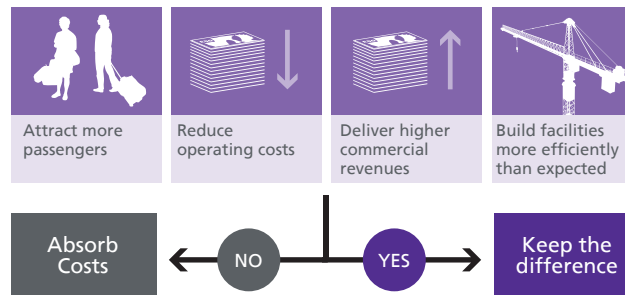
Every five years the Civil Aviation Authority works with Heathrow and its airlines to develop the plans, and resulting charges, for the next regulatory period. This is known as a 'Quinquennium'.

Quinquennium periods so far

Q1 - 87/88-92/93	Q4 - 02/03-07/08
Q2 - 92/93-97/98	Q5 - 07/08-13/14
Q3 - 87/98-02/03	Q6 - 13/14-19/20

Incentives and penalties

Regulation provides a series of incentives and penalties for Heathrow.



Service quality regime

CAA's regulation has incentives for Heathrow to meet high standards of passenger service.

Maximum penalty for poor performance

7% of Aeronautical charges (approx: £80m per annum)

Maximum bonus for very good service

2% of Aeronautical charges (approx: £26m per annum)

Different charges

The per passenger charge is the maximum allowable average charge. However, Heathrow is allowed to charge more or less for different types of aircraft or passenger as long as the average charge doesn't exceed that limit. For example:

