



Report from the Chief Executive

20th January 2010

This report covers performance, people and external activity for the October–December 2009 period.

Overview

This is my first report as the new Chief Executive of Gatwick Airport. I know that the former MD of the airport, Andy Flower, built a constructive dialogue with GATCOM. I am committed to maintaining and strengthening that dialogue as we develop Gatwick as a major independent airport.

As GATCOM members will know, the quarter covered by this report was a period of intense activity for Gatwick Airport with the announcement of the sale on 21st October and the completion of that process on 4th December as the new owners Global Infrastructure Partners (GIP) took control. New ownership creates significant opportunities at Gatwick. The airport is now in a period of transition and while there may be challenges ahead, change itself generates a sense of excitement and there has been, and remains, much interest about the future plans and direction of the airport from our staff, our partners, our neighbours and more widely from industry, media and political audiences.

I want to state clearly that our focus is firmly fixed on the passenger. I and my management team have a strong operational focus centred on efficiency and excellence. Our core priority is to deliver safe, secure and enhanced customer service.

While the Sale has been the dominant feature of the past quarter, snow and security issues have kept all Gatwick staff very busy. The airport did not escape the big freeze that gripped the UK. Prior to Christmas, and immediately afterwards, we had snow situations that resulted in the runway being closed for certain periods for essential snow clearance. The extent of the snowfall brought many challenges given that we had a significant geographical area to cover with certain resources. We are reviewing the snow operation to ensure we have replenished our materials and equipment to deal with any future snow situations. It should be noted that 32,000 metric tons of snow was cleared from the airfield in the big freeze period.

Flight delays caused inconvenience for many people, however the safety of passengers and aircraft is paramount and our operational team led by our new Chief Operating Officer Scott Stanley put, and will continue to, safety first.

Following the incident on the Detroit bound plane on Christmas Day, we are working closely with the Department for Transport to develop the best solutions for enhanced airport security. Discussions have been held on new and improved measures including the extended use of explosive trace detection, greater use of explosive detection trained police dogs and exploring options for the introduction of body scanners, in line with DfT guidance. We will continue to work closely with the DfT and other agencies to ensure we have the most appropriate and innovative security measures at the airport.

In the past quarter Gatwick recorded year on year increases in passenger numbers across the international and domestic markets in October, November and December despite adverse weather conditions in the run up to Christmas. Compared to the same period last year, passenger volumes increased by 2.5%.

With regard our airlines, we saw continued growth from EasyJet, reductions in capacity by British Airways and, lately the reduction of services by Aer Lingus.



Passenger feedback remains a priority under new ownership and the past quarter saw a 3% reduction in complaints. The main issue of complaint in October to December was the Special Assistance Efficiency of Operation, however the top area of compliment for the period was also the Special Assistance Efficiency of Operation.

The issue requires closer attention as the complaints aspect regarding the efficiency of the operation rose 37%. We will review and will report back to the next GATCOM meeting.

On investment and development, the significant capital investment programme continues, under new Projects Director Ray Melee, however we want to undertake a review to make sure we are spending every pound in a way that maximises benefits. This will be informed by the needs of our airline partners, and our desire to significantly improve passenger experience at Gatwick.

Our final draft noise action plan was submitted to the DEFRA Secretary of State in December 2009 and it is anticipated the Government will respond by the end of March. On environmental matters, I am also delighted to report, that the airport successfully obtained certification to the ISO 14001 environmental standard.

In December the Gatwick Surface Access Action Plan was published. The document which outlines our approach to the delivery of our 2007 surface access strategy was launched at the recent Gatwick Area Transport Forum.

GATCOM has had an interest in the planning application for the North Terminal Extension. The terminal application and an application for a new Multi Storey Car Park were approved by Crawley Borough Council in November 2009.

Since I became Chief Executive, I have said on several occasions, that the Sale and new ownership is but the latest chapter in the 'Gatwick Story'. It is a great story that I am proud to inherit and one which will get even better.

Traffic Performance

Details of Gatwick's traffic performance for 12 months to December 2009:

	Yr End December 2009	% Change
Total passengers	32,369,935	-5.3%
Air Transport Movements	245,279	-4.3%
Cargo (tonnes)	74,779	-30.6%
Mail (tonnes)	4,529	-2.9%

At Year End December 2009, passenger numbers finished 5.3% below those recorded in the previous year.

In the latest quarter, compared to the same period last year, passengers rose 2.5%, a greater rise than that of seat capacity as average load factors again showed a slight increase (+0.8pts). This quarter, loads averaged 74.7% compared to 73.9% in the same period last year.

This quarter, Gatwick recorded year on year increases in passenger numbers across the international and domestic markets in October, November and December despite adverse weather conditions in the run up to Christmas. The last positive performance noted prior to this period was in May 2008.

In contrast to the previous quarter, key performance metrics including average load factor, seats per movement and passengers per movement all rose against the same quarter last year (October –



December 08). This served in boosting less positive performance earlier on in the year and helped to lessen declines at year end.

The 2009 calendar year has been one of significant activity from a handful of larger carriers with some movement around the edges with the loss or welcoming of smaller airlines. The main activity has been in the realisation of continued growth from EasyJet, reductions in capacity by British Airways and the introduction of services from Aer Lingus, driving competitive dynamics between themselves and EasyJet.

Looking at performance across regional markets at year end, the greatest gains have been visible in European Scheduled markets up 5.6% on last year following growth from the likes of EasyJet, Aer Lingus, FlyBe and Ryanair. European Charter markets finished down 18.9% as we continued to feel the effects of consolidation of some of our major tour operators, coupled with dampened demand in difficult economic conditions. Traffic to North Atlantic destinations also fell (-35.4%) following the loss of services by BA, Northwest and Delta among others and the continued effects of open skies.

New carriers this year have included Mexicana (Mexico City), Turquaz Airlines (Dalaman and Antalya) and United Airways Bangladesh (Dhaka) whilst Northwest, Virgin Nigeria and Air Namibia ceased operations. Some services were also lost following airlines entering administration.

In addition, new routes from existing carriers included San Juan for Virgin Atlantic, Male (Maldives) and Punta Cana for British Airways and a number of eastern and western European routes by EasyJet and Aer Lingus among others.

Customer Service

Service Quality Rebate (SQR)

Measure	Period measured	Q5 Target	North Terminal			South Terminal		
			Qtr 3			Qtr 3		
			Oct-09	Nov-09	Dec-09	Oct-09	Nov-09	Dec-09
Stands	Mth	99.00%	99.98%	100.00%	99.91%	99.98%	99.91%	99.92%
Jetties	Mth	99.00%	99.91%	99.87%	99.84%	99.55%	99.86%	99.63%
Pier Service	YTD	88.51%*	94.07%	94.29%	94.63%			
	YTD	94.00%				97.96%	97.88%	97.69%
FEGP	Mth	99.00%	99.96%	99.74%	100.00%	100.00%	99.99%	100.00%
PSE Priority	Mth	99.00%	99.81%	99.86%	99.90%	98.93%	99.66%	98.56%
PSE General	Mth	99.00%	99.72%	99.68%	98.07%	99.61%	99.45%	99.56%
Security Queuing: < 5 mins	Mth	95.00%	94.19%	98.17%	97.26%	84.52%	95.58%	95.77%
Security Queuing: < 15 mins	Mth	98.00%	99.40%	99.83%	99.31%	96.65%	99.33%	99.40%
Arrivals Reclaim	Mth	99.00%	99.94%	99.81%	99.92%	99.68%	99.73%	99.47%
Congestion Term	Mth	0	0	0	0	0	0	0
Transfer Search < 10 min	Mth	95.00%	96.47%	99.27%	98.77%	99.60%	100.00%	99.67%
Staff Search < 5 min	Mth	95.00%	99.70%	99.53%	99.40%	99.50%	98.65%	97.68%
Staff Search - Jubilee House < 10 min	Mth	95.00%	100.00%	100.00%	100.00%			
Staff Search - Concorde House < 10 min	Mth	95.00%				98.19%	99.17%	97.38%
Control Posts Search < 15 min	Mth	95.00%	97.53%	98.02%	96.52%	97.53%	98.02%	96.52%

Gatwick faced various challenges this quarter with December bringing additional constraints as a result of adverse (snow and ice) weather conditions. Despite the weather disruption operations performed well this quarter with only six areas of below target performance.

Both terminals achieved all SQR targets this quarter with the exception of those areas in red in the table above.

Non-achievement of both terminals' <5 minutes and South Terminals' <15 minutes security queuing SQR targets in October 2009 is the impact of changes to security operating procedures. In North Terminal we failed to achieve the PSE general group SQR target in December which was due to the



delays in completing the capital investment project relating to lifts 1 to 4. Non achievement of the PSE priority group SQR target in October and December 2009 is due to faults with South Terminal passenger conveyor 11. This is 38 year old asset is now being replaced as part of the capital investment project which is being carried out ahead of schedule.

Quality of Service Monitor (QSM)

QSM SQR

QSM SQR Targets	Reporting Mth / YTD	Target	South Terminal			North Terminal		
			Oct-09	Nov-09	Dec-09	Oct-09	Nov-09	Dec-09
			Depts Lounge Seat Availability	YTD	3.8	3.97	3.98	3.98
Cleanliness	YTD	4.0	3.98	3.98	3.97	3.98	3.98	3.98
Wayfinding	YTD	4.1	4.03	4.03	4.02	4.07	4.07	4.07
Flight Information	YTD	4.2	4.27	4.28	4.29	4.24	4.25	4.25

This quarter both terminals passed all four QSM SQR measures with the exception of South Terminal way finding (failed to achieve target all three months this quarter). Gatwick received bonus this quarter for achieving monthly targets for departure lounge seat availability and flight information.

Non achievement of South Terminal way finding QSM SQR YTD target is due to the poor scores received this quarter for way finding between terminals and ease of way finding within arrivals; in addition to this in the first two months this quarter between terminal way finding also scored poorly due the replacement bus service operation between terminals which caused confusion to passengers worsened by adverse weather conditions.

To address this, we have made a number of improvements to the way finding in this area including lower, more prominent signs; pillar wraps and a more clearly designated meeting point. We are also developing improved signage for the inter terminal shuttle service.

QSM (passenger perception)

Passenger perception of Gatwick key correlators QSM measures are shown in the table below. This quarter the majority of the departures key correlators showed improvement compared to the same quarter in 2008. Security waiting time QSM score this quarter was significantly impacted on by continued to changes in security operating procedures and adverse weather conditions causing bunched processing of passengers during unexpected times of the day. Passenger perception of arrivals key correlators was poorer this quarter compared to the same quarter in 2008. Baggage reclaim was the only key correlator to show quarter (2009) on quarter (2008) improvement.



	Gatwick								
	December	MAT	November	MAT	October	MAT	Quarter		
	Dec-09	Jan '09 - Dec '09	Nov-09	Dec '08 - Nov '09	Oct-09	Nov '08 - Oct '09	QTR 3 '09	QTR 3 '08	QTR 3 '08
Departures									
Check in: organisation / efficiency of process	4.18	4.15	4.27	4.14	4.23	4.14	4.22	4.14	0.08
Departure lounge: finding way around the lounge	4.04	3.99	4.10	3.99	4.06	3.98	4.06	3.99	0.07
Security staff helpfulness	4.11	4.09	4.11	4.09	4.09	4.09	4.10	4.06	0.04
Departure lounge: cleanliness	3.96	3.96	4.07	3.96	3.97	3.95	3.99	3.96	0.04
Overall cleanliness	4.04	4.04	4.06	4.04	4.04	4.04	4.05	4.01	0.04
Overall ambience / feel	3.85	3.80	3.82	3.80	3.82	3.80	3.83	3.81	0.03
Wayfinding within terminals	4.07	4.09	4.14	4.09	4.09	4.09	4.10	4.08	0.01
Check in waiting time	4.11	4.10	4.32	4.10	4.23	4.10	4.22	4.22	-0.01
Security waiting time	4.07	4.01	4.03	4.01	3.85	4.02	3.97	4.05	-0.08
Overall airport staff helpfulness	4.21		4.19		4.15	0.00	4.18	4.18	
Arrivals									
Baggage reclaim: waiting time	3.93	3.97	4.01	3.97	3.97	3.98	3.97	3.97	0.01
Ease of finding way around	3.92	3.99	3.88	4.00	4.00	4.00	3.95	4.00	-0.05
Arrivals concourse: cleanliness	3.91	3.97	3.91	3.97	3.99	3.98	3.95	4.01	-0.06
Method of disembarkation: all methods	3.91	4.02	3.94	4.03	3.94	4.03	3.93	4.04	-0.11
Border control/immigration: waiting time	4.01	3.98	4.07	3.98	3.95	3.98	4.00	4.12	-0.12

QSM scores > 4 (passenger rating of quality of service = good)

Community Measures

Measure	Period measured	Q5 Target	North Terminal			South Terminal		
			Qtr 3			Qtr 3		
			Oct-09	Nov-09	Dec-09	Oct-09	Nov-09	Dec-09
PRM: % of flights serviced successfully (accepted & contested delays)	Mth	99.50% #	99.16%	99.49%	98.52%			
On time performance: % of flights departing within 15 minutes of scheduled time	Mth	75% #	84.92%	86.36%	69.41%	79.28%	79.32%	59.19%
On time performance: % of flights arriving within 15 minutes of scheduled time	Mth	75% #	85.74%	88.23%	77.74%	88.0%	87.7%	70.9%
Immigration Queuing EU passengers <15 mins	Mth	95.00% #	98.39%	99.72%	99.46%	96.10%	98.61%	97.31%
Immigration Queuing non EU passengers <30 mins	Mth	95.00% #	98.79%	99.72%	99.06%	96.91%	98.33%	96.37%
Arrivals Baggage: % Flights with Last Bag < 60 mins (Total)	Mth	98.00% #	98.36%	98.32%	96.36%	98.29%	98.41%	96.05%

On time departures

3.5m passengers departed on board 27.9k flights this quarter. Across the quarter, 76.2% of flights departed on time from Gatwick with a 16 minutes average delay across all flights. There was 3.7% improvement on performance this quarter compared to the same quarter in 2008. Daily on time performance was hampered on certain days across the quarter by adverse weather conditions, ranging from low visibility, heavy rain, snow and ice.

On time arrivals

3.5m passengers arrived at Gatwick on board 27.9k flights this quarter. Across the quarter, 82.6% of flights arrived on time at Gatwick with an average delay across all flights of 16 minutes. There was 1.8% improvement on performance this quarter compared to the same quarter in 2008. As with departing flights, adverse weather conditions experienced during various days this quarter impacted daily on time arrivals performance.

Passengers with Reduced Mobility (PRM)

This quarter 77.6k PRM passenger were provide PRM services. 99.1% of the 28.7k PRM flights were serviced successfully, with 87 accepted delays and 183 contested PRM flight delays. Across the quarter, PRM operations were hampered by resource constraints (staff/equipment availability),



adverse weather conditions and volume of non-pre-notified / no-show PRM passengers (particularly arriving).

Immigration Queuing

Both terminals, achieved both EU¹ (<15 minutes) and Non-EU (<30 minutes) passenger immigration queuing Gatwick targets this quarter. Despite achieving these targets there were number of instances in each month where queue times exceeded targets; reasons for exceeding target queue times include bunched arrival of flights creating “bottlenecks” which impact on staff resource, the non alignment of staff resource to requirement (UKBA resource against national queue target of 95/25 for EU passengers and 95/45 for non-EU passengers; respectively Gatwick targets are 95/15 and 95/30) and heavy passenger loads on particular flight types.

Arrivals Baggage

This quarter, 97.7% of all arriving flights last bags were delivered to the reclaim belts within 60 minutes of CHOX on. 648 flights exceeded 60 minutes, the majority due to handling agent staffing issue. Operations were hampered by adverse weather conditions. Swissport had the poorest performance (94.1%) this quarter, with most number of flights being affected by > 60 minute delay. Reason for this include the staff resource constraints that currently exist in Swissport, and the bunched arrival of flights due to adverse weather conditions causing off schedule activity. On average this quarter first bags were delivered to reclaim belts within 16 minutes of CHOX on and last bag within 26 minutes.

Passenger Feedback Overview

The fourth quarter of 2009 has seen a reduction in complaints of 3%. Compliments fell by 24%. The complaint/compliment ratio this quarter is 22:1.

Top five areas of complaint from October to December were:

- Special Assistance Efficiency of Operation
- Security Staff
- Security Damage/Lost Goods
- Baggage Delivery Waiting Time
- Security Waiting Time

Top five areas of compliment from October to December were:

- Special Assistance Efficiency of Operation
- Airport Staff (General)
- Security Staff
- Information Desk Staff Helpfulness
- Agency/Contract Staff

The most significant area of concern in this quarter remains the special assistance service, namely the late collection of passengers on inbound flights. Complaints regarding the efficiency of the operation have risen 37%. We are now reviewing this operation.

Baggage delivery waiting time complaints are up by 36%. The majority of complaints occur when flights arrive off-schedule during the late evening/night time period when baggage handling resource is more limited.

Security complaints primarily relate to a perception of poor customer service provided by security officers and negative feedback has risen by 21% this quarter. Security waiting time complaints are down 56% compared to the same period last year.

¹ Immigration queuing performance is monitored against two targets: 95% of EU passengers must queue for no more than 15 minutes to be presented to an immigration officer. Similarly, 95% of non-EU passengers must queue for no more than 30 minutes. These are Gatwick targets; national targets are 95/25 and 95/45 respectively.



Development

One of our immediate priorities is to review the capital investment programme to make sure we are spending every pound the best we can. This will be informed by the needs of our airline partners, and our desire to significantly improve passenger experience at Gatwick.

The programme teams have been delivering some great results in recent months, with evidence of progress right across the airport.

In South Terminal, the first phase of the Baggage System Replacement project is now complete, with the completion of the temporary baggage facility on Stand 11 and the successful move of Virgin's operation to the new facility. Good progress is being made on the first new gateroom in Pier 2, which is due to be completed in February.

The South Terminal Forecourt project has now completed the kerb extension to the forecourt lanes, the removal of Lifts 21 and 22, and is currently constructing the new Valet Parking facility in MSCP2. Service diversions have also been completed.

The demolition of Hangar 5, on the south side of the runway has been completed successfully, and without incident. This was a significant achievement given the scale of demolition and it's sensitive location adjacent to the runway.

In North Terminal, planning permission has been granted for the North Terminal Extension (NTX) and Multi Storey Car Park 6 projects (MSCP6). The development involves southern and eastern extensions to the terminal building, with new check-in desks and circulation space in departures, and new baggage reclaim facilities at arrivals level. The MSCP6 project will see over 900 new short-stay car parking spaces, car rental and arrivals pick-up facilities.

The North Terminal Interchange is taking shape, as the structure reached it's highest point in December. When complete, the Interchange will give direct access into the Terminal from all transport modes. This includes the new inter-terminal Shuttle, and is on target to complete in April 2010. The new carriages will be installed in February to allow a commissioning period before the service goes live for passengers.

People

Two key appointments last November will be of interest to GATCOM. Samantha Holgate is our new Head of Airport Communications. Samantha joined the Gatwick from a consultancy background where she specialised in stakeholder communications. Samantha will have responsibility for Passenger Communications, Way-finding, Brand, Social Media and the Gatwick Website.

Andrew Walker is our new Head of Economic Regulation. Previously he worked for the Energy Market Authority of Singapore advising the Singapore Government on regulatory and competition policy issues in electricity and gas markets. Andrew has also held roles at UK regulators OFGEM, ORR and OFFER.

External Activity

Completion of the sale process and new ownership gave us an opportunity to make contact with a range of relevant audiences including local Councillors, regional bodies and policymakers at the national level. We have been maintaining an ongoing programme of discussions with key stakeholders and business partners. We are actively working on a number of public consultations on many issues including: DEFRA - Adapting to Climate Change, London Mayor - New London Plan and associated Economic Development and Transport strategies, Cabinet Office - Strategic Framework and Policy



Statement on Improving the Resilience of Critical Infrastructure to Disruption from Natural Hazards and National Policy Statements on Energy and Ports.

Our programme of S106 Steering Group meetings has been maintained during 2009 and a programme of meetings has been agreed with the local authorities for 2010.

Environment

Under the European Noise Directive Gatwick Airport is required to develop and publish a noise action plan. We have recently completed this task following an extensive 16 week public consultation period. Our final draft plan was submitted to the Secretary of State in December 2009. It is anticipated that the Governments review period will take until the end of January 2010 with publication expected by the end of March 2010.

The airport successfully obtained certification to ISO 14001 in November.

Surface Access

In December we published our surface access action plan. This document outlines our approach to the delivery of our surface access strategy published in 2007. The action plan was launched at the Gatwick Area Transport Forum that was held on the 12th January 2009. External speakers included Southern, Gatwick Diamond, Network Rail and the CBI.

Planning Applications

The planning applications for the North Terminal Extension and a new Multi Storey Car Park 6 approved by Crawley Borough Council in November 2009. Planning approvals have also been received for the redevelopment of Pier 1 and the South Terminal forecourt reconfiguration and new entrance building.

Public consultations

We have submitted responses to the Department for Communities and Local Government Consultation on the Pre-Consultation and Application Procedures for Nationally Significant Infrastructure Projects, Mayor of London planning proposals as well as responding to the Department for Transport's Consultation on Reforming the Framework for the Economic Regulation of UK Airports.

Stewart Wingate
20th January 2010