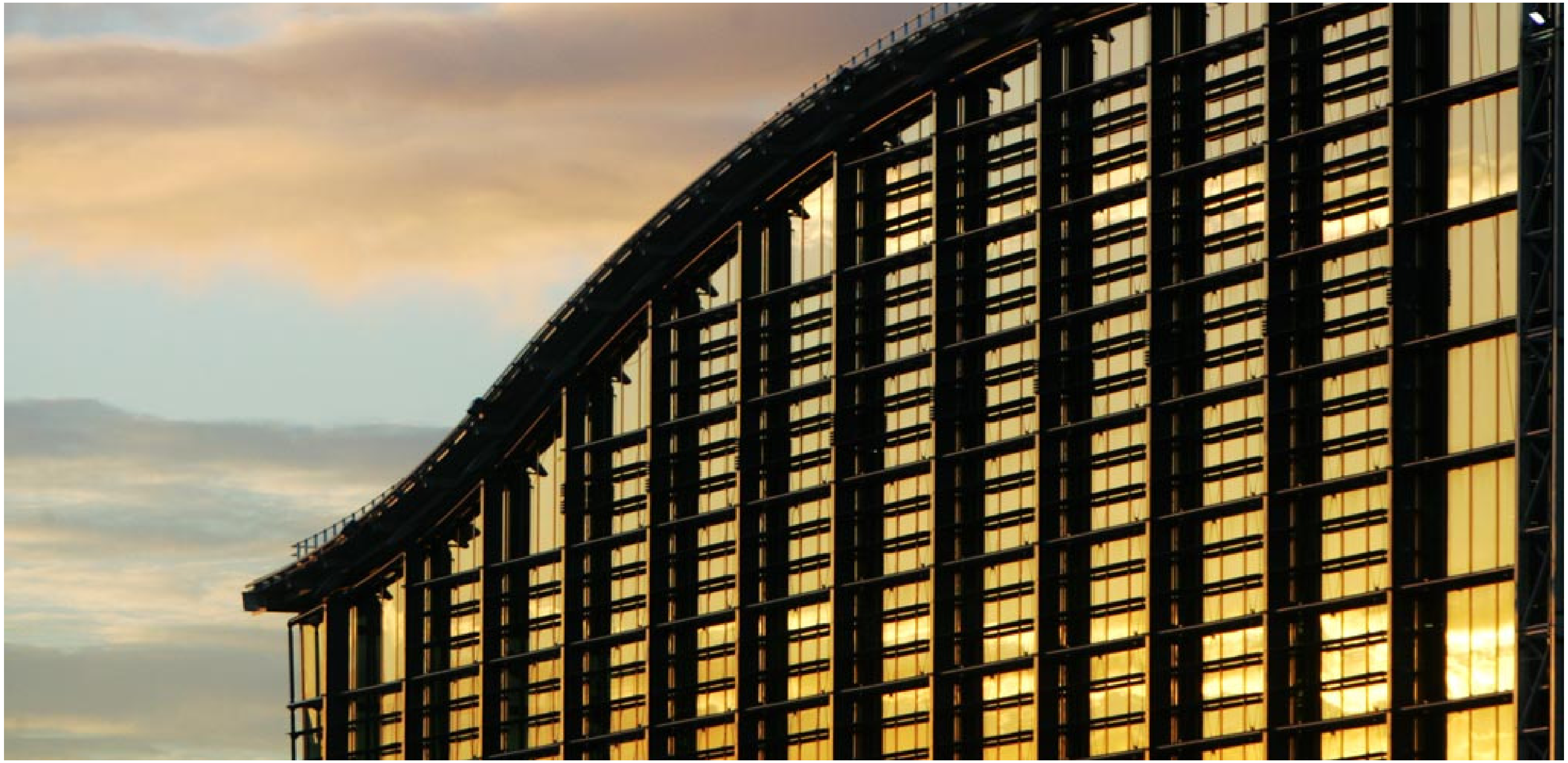
BAA's regulated airports

Investor Report prepared on behalf of the Obligors under the Common Terms Agreement

Issued on 26 June 2009



Important notice

This Investor Report is being distributed by BAA Airports Limited (as ‘Security Group Agent’) on behalf of Heathrow Airport Limited, Gatwick Airport Limited, Stansted Airport Limited, Heathrow Express Operating Company Limited, BAA (AH) Limited and BAA (SP) Limited (together the ‘Obligors’) pursuant to the Common Terms Agreement.

This Investor Report contains forward looking statements that reflect the current judgment of the management of the Obligors regarding conditions that it expects to exist in the future. Forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future and, accordingly, are not guarantees of future performance. Management’s assumptions rely on its operational analysis and expectations for the operating performance of each of the Obligor’s assets based on their historical operating performance and management expectations as described herein. Factors beyond management’s control could cause events to differ from such assumptions and actual results to vary materially from the expectations discussed herein. Investors are cautioned that the assumptions and forecast information included herein are not fact and should not be relied upon as being necessarily indicative of future results and are cautioned not to place undue reliance on such assumptions and forecast information. It should also be noted that the information in this Investor Report has not been reviewed by the Obligors' auditors.

Basis of preparation

This Investor Report is being distributed pursuant to the terms of the Common Terms Agreement ('CTA') entered into by the Obligors[(1)] on 18 August 2008.

Investor Reports relate to the performance of BAA (SP) Limited and its subsidiaries (see Appendix 1 for corporate structure), specifically the Designated Airports (Heathrow, Gatwick and Stansted). This Investor Report includes commentary on the consolidated financial performance of BAA (SP) Limited for the period up to 31 March 2009 and comments on performance of the Obligors up to that date.

The forecast financial information for 2009 included in this report is derived from forecast consolidated financial results for BAA (SP) Limited.

Defined terms used in this document have the same meanings as set out in the Base Prospectus dated 14 July 2008 unless otherwise stated.

1) The Obligors are Heathrow Airport Limited, Gatwick Airport Limited, Stansted Airport Limited, Heathrow Express Operating Company Limited, BAA (AH) Limited and BAA (SP) Limited

Contents of report

1. Introduction

This Investor Report covers all of the areas required pursuant to the Obligors' financing documentation and goes beyond these requirements in some areas in seeking to provide additional information to investors.

It reports on a range of financial and operational developments at BAA's Designated Airports (Heathrow, Gatwick and Stansted) during 2008 and 2009.

It also provides historic and forecast financial ratios used in the Common Terms Agreement (RAR and ICR) to monitor the financial performance of the Designated Airports in relation to the years to 31 December 2008 and 2009.

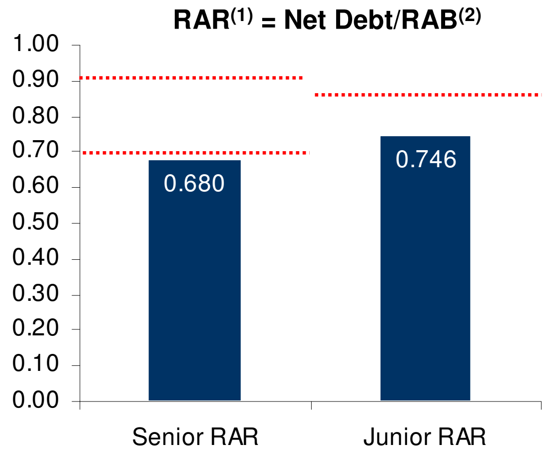
The ratios for 2009 are based on BAA (SP) Limited's current forecast for 2009 which has the following highlights:

- continuing business[1] revenue of £1,966 million and reported revenue of £2,334 million
- continuing business Adjusted EBITDA[2] of £874 million and reported Adjusted EBITDA of £1,022 million

In the year to 31 December 2009, all financial ratios are forecast to comply with relevant Trigger Event ratio levels as illustrated in the charts opposite.

1) Continuing business basis excludes Gatwick
2) Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation before exceptional costs

Forecast RAR and ICR ratios at 31 December 2009



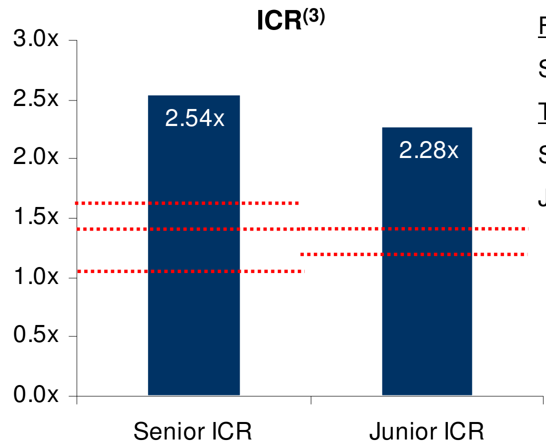
Financial covenant

Senior RAR – 0.925

Trigger Event Ratio Levels

Senior RAR – 0.70

Junior RAR – 0.85



Financial covenant

Senior average ICR – 1.05x

Trigger Event Ratio Levels

Senior ICR – 1.40x

Junior ICR – 1.20x

1) RAR means Regulatory Asset Ratio
2) RAB means Regulatory Asset Base
3) ICR means Interest Cover Ratio which is cash flow from operations less 2% of RAB and corporation tax paid (no corporation tax is projected to be payable to HMRC during 2009) divided by net interest paid

2. Significant business developments

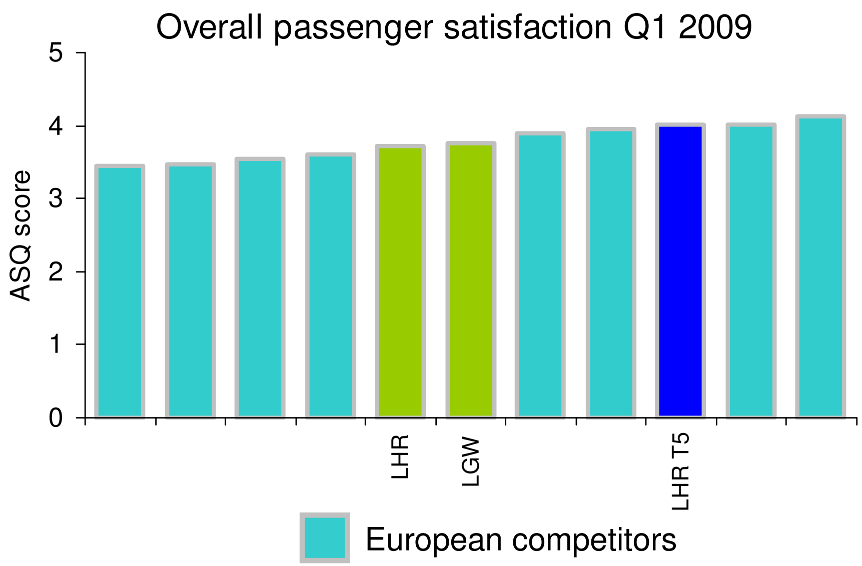
Service standards

Consistent delivery of high service standards is a strategic priority for the Group, being a key enabler to delivering cost efficiencies and improving the competitive position of the Group's airports. The Group has made substantial progress in improving service standards in the last 12 months.

The most recent quarterly Airport Service Quality survey produced by Airports Council International shows that in the first quarter of 2009 Heathrow improved its overall passenger satisfaction ranking amongst major European airports compared with a year earlier. Terminal 5 was ranked amongst the best airport terminal facilities in Europe.

The ongoing improvements in service standards at Heathrow and Gatwick are also illustrated by performance under their service quality rebate schemes. In the three months ended 31 March 2009, approximately £1 million of rebates were paid, reflecting recent improvement in performance given that during the whole first year of the scheme to 31 March 2009 a total of £9 million in rebates was paid.

A similar service quality rebate scheme has been introduced at Stansted from 1 April 2009.



Source: Airport Service Quality ('ASQ') surveys by Airports Council International

2. Significant business developments

BAA

Passenger traffic trends[1]

By Airport					By Market			
Five months ended 31 May			Change[2]					Change[2]
	2008 (m)	2009 (m)	Actual	Underlying		2008 (m)	2009 (m)	Actual
Heathrow	26.5	**25.5**	-4.0%	-2.9%	UK	4.7	**4.2**	**-10.3%**
Gatwick	13.1	**11.7**	**-10.3%**	**-9.4%**	Europe[3]	26.2	**24.0**	**-8.1%**
Stansted	8.7	**7.4**	**-15.1%**	**-14.0%**	Long haul	17.4	**16.3**	-6.3%
Total traffic[2]	**48.3**	**44.6**	**-7.7%**	**-6.6%**	**Total traffic[2]**	**48.3**	**44.6**	**-7.7%**

In the five months ended 31 May 2009, passenger traffic at Heathrow, Gatwick and Stansted declined 7.7% to 44.6 million (2008: 48.3 million). This performance reflects the difficult macroeconomic environment. It also reflects severe winter weather disruption and the effect of the leap year in 2008. After adjusting for these factors, the underlying passenger traffic decline is estimated to have been 6.6% which is consistent with the fourth quarter of 2008 when year on year passenger traffic declined 7.1%.

Amongst the individual airports, Heathrow saw actual and underlying traffic declines of 4.0% and 2.9% respectively, a resilient performance in challenging economic circumstances reflecting the strength of Heathrow's position as a global hub airport for long haul services and an increase in the proportion of transfer traffic through the airport. Gatwick recorded actual and underlying traffic declines of 10.3% and 9.4%. Its year on year declines have moderated since April 2009, the first anniversary of the introduction of the EU-US Open Skies Agreement when certain airlines moved some US services to Heathrow. Stansted saw actual and underlying declines of 15.1% and 14.0%.

Long haul traffic has been relatively resilient with more marked weakness across domestic and European routes.

Quarterly passenger traffic trends from Q1 2007 to date are set out in Appendix 2.

1) Monthly passenger traffic data for all BAA's airports is published at www.baa.com
2) Totals and percentage change calculated using un-rounded numbers
3) Includes both scheduled and charter traffic and includes North African charter traffic

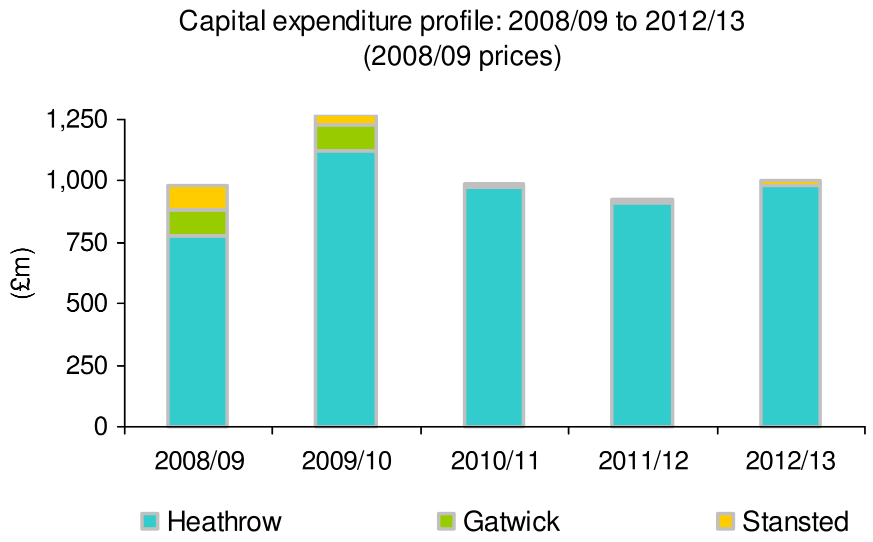
2. Significant business developments

Capital investment plans(1)

The annual capital investment plan document for Heathrow has recently been published. This confirms an investment programme totalling £4.8 billion (in 2008/09 prices) over the five year period to 31 March 2013, consistent on an inflation-adjusted basis with the £4.5 billion (in 2007/08 prices) contained in the Civil Aviation Authority ('CAA') settlement for this period.

The main investment over this period will be the construction of the new Terminal 2 which will provide facilities of equivalent standard to Terminal 5 and is expected to become fully operational in a phased manner from early 2014. In addition, significant sums are being invested in developing what will be the largest integrated baggage handling system in the world.

In the three months ended 31 March 2009, the main focus of the Group's investment programme continued to be at Heathrow with the most significant work relating to construction of Terminal 5C, the second satellite terminal for Terminal 5, and Terminal 2B, the satellite for the new Terminal 2A to be constructed over the next few years.



1) All figures in 2008/09 prices

3. Significant regulatory/governmental developments

BAA

Department for Transport ('DfT') review of economic regulation for UK airports

The DfT is currently conducting a review of the economic regulation of all UK airports. The review is likely to lead to the introduction of a licensing regime similar to that operating in many regulated industries.

BAA submitted its response to the DfT's formal consultation process on 5 June 2009. Amongst its key messages were:

- BAA broadly supports the proposed statutory remit for the CAA and welcomes the flexibility that moving to a well designed licence-based regime should offer
- BAA has worked closely with the ABI and other creditors to develop a workable alternative to the Special Administration regime proposed in the consultation document
- BAA supports the DfT's objective of improving the financial resilience of regulated airports. The financing duty and "substantial effect" clauses which are features of other regulatory regimes are particularly appropriate for airport operators who face a level of demand risk that is greater than that faced in the water, rail and energy distribution sectors

3. Significant regulatory/governmental developments

BAA

Competition Commission inquiry into the supply of UK airport services by BAA

In March 2009, the Competition Commission ('CC') concluded its investigation on the supply of airport services by BAA in the UK. Its final report called for structural and behavioural remedies as well as providing recommendations on regulatory and policy matters for consideration by other governmental bodies.

The structural remedies relevant to the Group include the disposal of Gatwick and Stansted to different owners with the deadline for the disposal of Stansted being after that for Gatwick. At Heathrow, it has recommended behavioural remedies of strengthening consultation processes with the airlines and provisions on quality of service which have already been largely implemented. The CC has also recommended that the Department for Transport ('DfT') consider adopting a licence based regime of economic regulation of UK airports.

On 18 May 2009, BAA applied to the Competition Appeal Tribunal to review the CC's findings requiring the divestiture of Gatwick, Stansted and one of Edinburgh and Glasgow airports.

Heathrow third runway

On 15 January 2009, the Secretary of State for Transport confirmed the UK Government's support for the addition of a third runway at Heathrow with additional terminal facilities. It is expected that this will allow maximum air transport movements at Heathrow to increase from 480,000 to 605,000 by around 2020 subject to achieving noise and air quality standards. The next step in the process is for BAA to prepare appropriate plans with a view to obtaining the necessary planning permissions and other consents.

3. Significant regulatory/governmental developments

BAA

CAA price controls for Stansted

In March 2009, the Civil Aviation Authority ('CAA') issued its final price determination on aeronautical charges to apply at Stansted airport for the five years to 31 March 2014. Key features of the CAA's proposals include a permitted real pre-tax return on capital of 7.1% and maximum allowable aeronautical charges of £6.53 (in 2009/10 prices) per passenger for two years then increasing to £6.85 by 2013/14.

As part of its price determination, the CAA confirmed that there should be no presumption that a RAB-based approach would be used in any future modification of price controls at Stansted airport.

The CAA's proposals are based on a £128 million capital plan, in 2007/08 prices, primarily on Stansted's existing facilities, over the five years to 31 March 2014. The settlement includes the costs of the planning enquiry relating to Stansted Generation 2. The costs of constructing the runway and terminal following planning approval would require the re-opening of the price control at the appropriate time.

Deferral of commencement of Stansted Generation 2 public enquiry

The start of the public enquiry relating to the Stansted Generation 2 planning application has been deferred from its original date of 15 April 2009. On 17 June 2009, the Government confirmed that the enquiry will not commence until at least eight weeks after the outcome of BAA's appeal, relating to the Competition Commission's report, is known.

4. Historical financial performance

BAA

Turnover(1)

In the three months ended 31 March 2009, consolidated turnover increased 15.5% to £522.0 million (2008: £452.0 million). This reflects increases of 32.3% in aeronautical income, 0.3% in gross retail income and 1.9% in other income, despite a 10.0% passenger reduction. Excluding £42.9 million in revenue, primarily relating to recovery of the costs of aerodrome navigation services ('ANS') and services for passengers with reduced mobility ('PRM') as well as the phasing of tariff increases over the first year of the new five year regulatory period, like-for-like consolidated turnover increased 6.0% to £479.1 million.

There were 42.8% and 24.7% increases in aeronautical income at Heathrow and Gatwick respectively, primarily reflecting increases in tariffs applying for the five year regulatory period commencing on 1 April 2008 and the phasing of the introduction of the new tariffs over the first year of the new regulatory period.

Net retail income per passenger grew robustly, increasing 8.8% to £4.71 (2008: £4.33) due to a very strong performance by Heathrow as well as airside and landside shops across all the Group's airports. This performance was based on gross retail income of £129.3 million (2008: £128.9 million) whilst net retail income was £117.0 million (2008: £119.5 million). This robust performance in the context of declining passenger numbers is due, amongst other factors, to the benefits of Terminal 5, with its high quality retail facilities, now having its full complement of passengers and the associated increase in the proportion of intra- rather than inter-terminal transfer passengers, providing substantially more dwell time for such passengers in departure lounges. It also reflects the improved value of the offer to US and Euro zone travellers resulting from the depreciation of Sterling.

Operating costs(1)(2)

In the three months ended 31 March 2009, operating costs increased 9.6% to £336.2 million (2008: £306.7 million). However, on a like-for-like basis, operating costs declined 6.0% to £288.2 million. Like-for-like costs adjust reported operating costs primarily for (a) £24.0 million relating to the provision of ANS and PRM services to airlines that they paid for directly up to 31 March 2008 and (b) £21.1 million in incremental costs associated with operating Terminal 5 that were treated as exceptional items in the comparable period of 2008. The like-for-like cost performance reflects the substantial progress made in reducing operating costs through focus on improving efficiency and reducing overheads.

1) Although it was not acquired by the Group until 7 August 2008, profit and loss account figures for 2008 assume consolidation of Heathrow Express Operating Company Limited to make them comparable with the 2009 figures
2) Total operating costs excluding depreciation and exceptional items

4. Historical financial performance

BAA

Adjusted EBITDA[1][2]

Adjusted EBITDA for the three months ended 31 March 2009 increased 27.9% to £185.8 million (2008: £145.3 million).

Interest payable

In the three months ended 31 March 2009, there was £168.2 million of interest payable on bond and bank debt as well as £26.2 million payable on the debenture created in 2008 relating to the £1,565.8 million debt facility now held at the Security Group's immediate parent company, BAA (SH) Limited. Also reported within interest payable was £140.7 million in fair value losses on financial instruments principally relating to index-linked swaps. These were the key components within total interest payable in the three months ended 31 March 2009, including fair value gains and losses on financial instruments, of £327.2 million.

Interest paid

Net interest paid on external debt in the three months ended 31 March 2009 was £79.2 million. In addition, a £63.4 million semi-annual payment was made under the debenture between BAA (SP) Limited and BAA (SH) Limited, that in future is expected to be paid quarterly. Therefore, total interest paid in the three months ended 31 March 2009 was £142.6 million.

Net debt

The analysis of net debt below focuses on external debt and therefore excludes the £1,565.8 million debenture at BAA (SP) Limited payable to BAA (SH) Limited.

At 31 March 2009, the Group had £4,498.9 million of nominal debt outstanding under various bond issues with an average funding cost of 6.43% per annum, after hedges. In addition, there was £5,109.7 million outstanding under various senior and junior bank debt facilities with an average funding cost of 6.23% per annum, after hedges. With cash and cash equivalents of £56.1 million, total nominal net debt was £9,552.5 million at 31 March 2009 (before £17 million of accretion on index-linked derivatives). The accounting value of net debt at 31 March 2009 as shown in the BAA (SP) Limited's consolidated balance sheet was £9,774.3 million with the main difference from the nominal value being due to the UK GAAP requirement to reflect the impact of foreign exchange movements on Euro-denominated bonds since they were migrated to BAA Funding Limited. The net balance sheet impact of foreign exchange movements is nil due to hedges (with the value of the derivative being recognised separately on the balance sheet).

1) Although it was not acquired by the Group until 7 August 2008, profit and loss account figures for 2008 assume consolidation of Heathrow Express Operating Company Limited to make them comparable with the 2009 figures

2) Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation before exceptional costs

5. Forecast financial performance and ratios

Forecast for 2009

A revised financial forecast for BAA (SP) Limited and its subsidiaries for the year to 31 December 2009 was completed in June 2009 and reflected the following key assumptions:

- actual results for the four months to April 2009
- passenger traffic of 117.7 million[1] compared with 123.4 million in 2008 and an original budget for 2009 of 119.8 million
- £1.2 billion capital expenditure during 2009[2]
- average RPI in calendar year 2009 of approximately -1%

The revised 2009 forecast shows annual reported revenue[2] of £2,334 million and continuing business[3] revenue of £1,966 million. Forecast reported Adjusted EBITDA[2] is £1,022 million including £73 million from three additional months' contribution from Gatwick compared to the original 2009 budget when it was assumed Gatwick would be divested effective 1 July 2009. Continuing business[3] Adjusted EBITDA is forecast to be £874 million.

Net debt is forecast to decline from £9.4 billion at 31 December 2008 to £8.7 billion at 31 December 2009 with operating cash flow and proceeds from the assumed sale of Gatwick more than offsetting interest paid and capital expenditure.

Forecast ratios[4]

	Senior debt ratio: Forecast	Senior debt ratio: Trigger Event Ratio Level	Junior debt ratio: Forecast	Junior debt ratio: Trigger Event Ratio Level
RAR at 31 December 2009	0.680	0.700	0.746	0.850
ICR for year to 31 December 2009	2.54x	1.40x	2.28x	1.20x

1) 110.3 million after taking account of assumed disposal of Gatwick effective on 1 October 2009
2) Reflects assumed disposal of Gatwick effective 1 October 2009
3) Continuing business basis excludes Gatwick
4) See Appendices 4 and 5 for details of calculations of forecast ratios

6. Acquisitions, disposals, joint ventures and outsourcing

Acquisitions and disposals

There have been no acquisitions or disposals entered into by any Obligor since the previous investor report was distributed on 24 December 2008.

On 17 September 2008, BAA announced plans to sell Gatwick airport. The sale process is continuing notwithstanding the application to the Competition Appeal Tribunal and a further announcement about the disposal process will be made at the appropriate time.

Net proceeds[(1)] from the sale will be applied in repayment of the Refinancing Facility, with £1 billion of such proceeds repaying in full the amount due in March 2010.

Joint ventures

There have been no developments related to joint ventures involving any Obligor since the previous investor report was distributed on 24 December 2008.

Outsourcing

The Shared Services Agreement[(2)] was put in place on 18 August 2008. There have been no significant outsourcing developments related to any Obligor since the previous investor report was distributed on 24 December 2008.

1) After transaction costs, directly related restructuring costs, cost of termination of derivatives and payments into defined benefit pension scheme
2) An agreement entered into between BAA Airports Limited, Deutsche Trustee Limited, Heathrow Airport Limited, Gatwick Airport Limited, Stansted Airport Limited and Heathrow Express Operating Company Limited

7. Significant board/management changes

In February 2009 Steve Morgan joined BAA as Capital Director from British Nuclear Fuels where he was Commercial Director of Sellafield Limited. He brings to BAA extensive experience of the management of large engineering and procurement contracts, having previously worked with Westinghouse and the US Department of Energy. He was also a Rear Admiral in the United States navy, specialising in logistics and acquisitions.

In March 2009, Carol Hui joined BAA as General Counsel and Group company Secretary, replacing Robert Herga. Carol was previously a Board Director and General Counsel at Amey plc. Prior to that, she was Group Legal Director at TDG plc, Deputy General Counsel at BG plc and was with Slaughter and May.

Kyran Hanks left BAA at the conclusion of the Competition Commission's enquiry and the quinquennial investigations. Tim Hawkins has assumed interim responsibility for economics and regulation pending conclusion of the search for Kyran's long term successor.

Richard Robinson has joined the business as the managing director of Heathrow Express. Richard was formerly the chief executive of a successful internet technology company and has previously worked as the operations director for a UK subsidiary of Anglo American - a FTSE 100 natural resource company - and as a chemical engineer at ACI Acrylics.

Duncan Garrood has left BAA and was succeeded by John Holland-Kaye as Commercial Director in May 2009. John was previously a divisional CEO with Taylor Wimpey, having held a number of positions with the company including Operations Director of Taylor Woodrow Developments and Commercial Director of Taylor Woodrow Inc. Prior to that he was Managing Director, National Sales Division, of Bass Brewers, and has also worked as a strategy consultant for a number of high profile businesses.

Fred Maroudas joined BAA in June 2009 as Director of Treasury. Fred was previously Director of Funding at Network Rail.

Other than as outlined above, there have been no board or relevant management changes related to the Obligors or BAA Limited since the previous investor report was distributed on 24 December 2008.

8. Financing matters

Drawings and repayments under financing arrangements

Since the Common Terms Agreement ('CTA') was entered into on 18 August 2008, Heathrow Airport Limited has made scheduled EIB loan repayments of £39 million up to the date of this Investor Report (£28 million up to 31 March 2009) and also made a net drawdown under the Capex Facility of £303 million in the period to 31 March 2009. Details of the Obligors' and BAA Funding Limited's total external debt financing at 31 March 2009 are set out in Appendix 3.

Restricted Payments

A Restricted Payment of £63 million was made to BAA (SH) Limited on 12 January 2009 to fund interest that had accrued under BAA (SH) Limited's (see corporate structure in Appendix 1) subordinated debt facility since 18 August 2008. A further Restricted Payment of £25 million was made to BAA (SH) Limited on 14 April 2009 for the same purposes with £21 million also due to be paid on 10 July 2009.

Hedging

The Obligors and BAA Funding Limited are required to hedge at least 75% and 50% of their interest rate risk exposure during the regulatory periods ending on 31 March 2013 and 31 March 2018 respectively. This can be achieved by using fixed interest rate or inflation-linked instruments. At 31 March 2009, 76% and 50% respectively of average interest rate risk exposure on existing debt was hedged for these periods.

All foreign currency denominated debt instruments are hedged using currency swaps. At 31 March 2009, the total notional value of such instruments was £1,703 million. The Obligors' internal policy is to hedge at least 70% of transaction foreign exchange risk exposures between £1 million and £50 million for 3 years. Most of these exposures relate to capital expenditure contracts. At 31 March 2009, the aggregate outstanding amount of such hedging was £17 million.

Liquidity

The Security Group has a strong liquidity position with committed capital expenditure facilities of £2,700 million, of which £2,397 million was undrawn at 31 March 2009, and £50 million in working capital facilities, neither of which mature until August 2013.

Ratings

On 12 March 2009 and 2 April 2009 respectively, Standard & Poor's and Fitch Ratings confirmed the existing Security Group credit ratings whilst placing them on negative outlook.

9. Confirmation

26 June 2009

To the Borrower Security Trustee, the Bond Trustee, each Rating Agency, the Paying Agents, each Financial Guarantor and each other Issuer Secured Creditor

We confirm that each of the Ratios set out on page 14 has been calculated in respect of the Relevant Period(s) or as at the Relevant Dates for which it is required to be calculated under the Common Terms Agreement.

We confirm that all forward-looking financial ratio calculations and projections:

- have been made on the basis of assumptions made in good faith and arrived at after due and careful consideration;
- are consistent and updated by reference to the most recently available financial information required to be produced by the Obligors under Schedule 2 (Covenants) of the Common Terms Agreement; and
- are consistent with the Applicable Accounting Principles (insofar as such Applicable Accounting Principles reasonably apply to such calculations and projections).

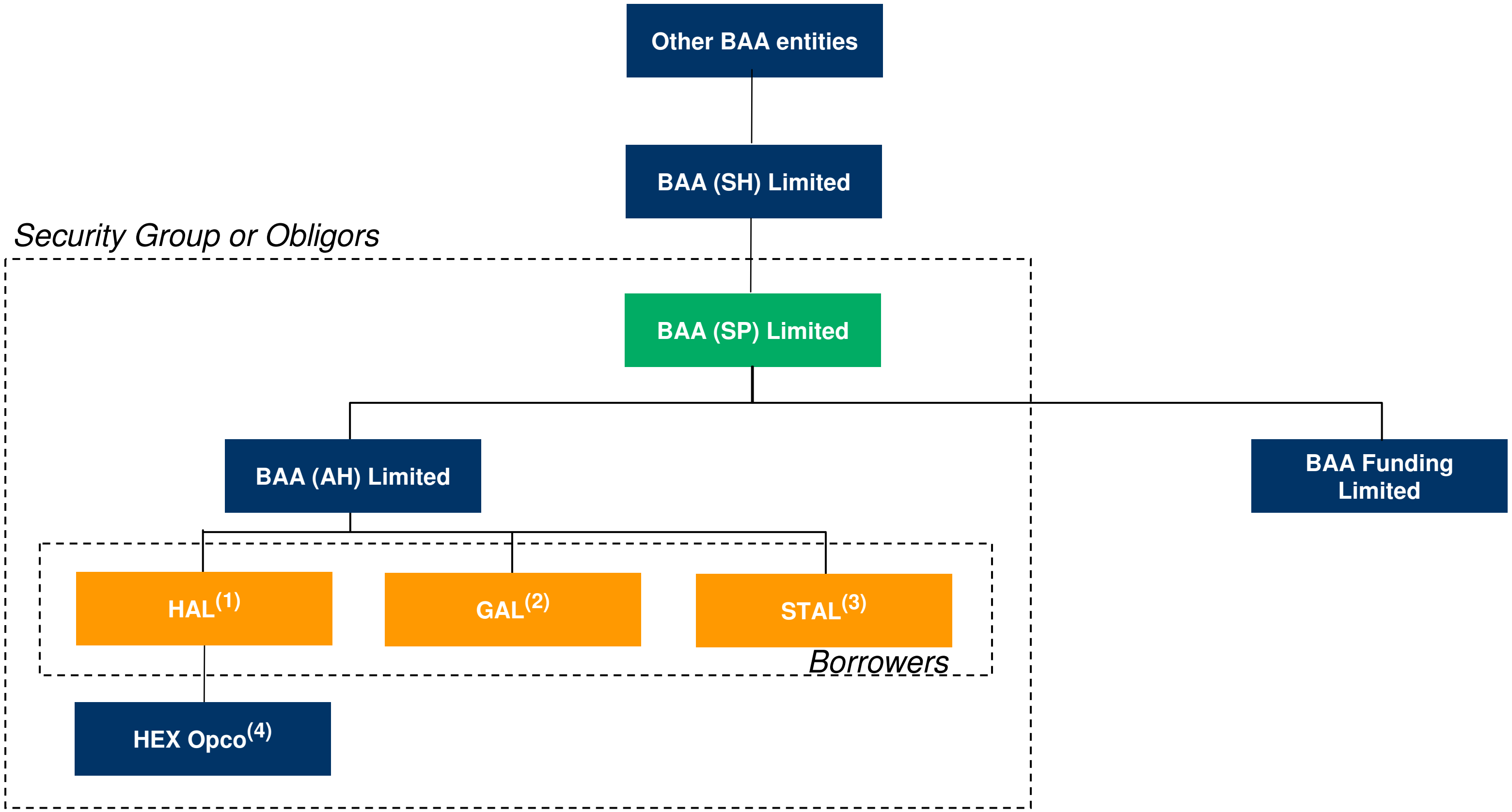
We also confirm that

- no Default or Trigger Event has occurred and is continuing;
- the Group is in compliance with the Hedging Policy; and
- this Investor Report is accurate in all material respects.

Yours faithfully

Jose Leo
Chief Financial Officer
For and on behalf of BAA Airports Limited (formerly BAA Limited) as Security Group Agent

Appendix 1 – Corporate structure of BAA (SP) Limited and its subsidiaries



1) HAL = Heathrow Airport Limited
2) GAL = Gatwick Airport Limited
3) STAL = Stansted Airport Limited
4) HEX Opco = Heathrow Express Operating Company Limited

Appendix 2 – Quarterly passenger traffic trends (Q1 2007 to date)

	Heathrow (m)	Period on period growth[1]	Gatwick (m)	Period on period growth[1]	Stansted (m)	Period on period growth[1]	Total (m)	Period on period growth[1]
Q1 2007	15.3	-0.2%	7.0	4.4%	5.0	3.3%	27.3	1.6%
Q2 2007	17.3	-2.0%	9.1	1.0%	6.3	-2.2%	32.7	-1.2%
Q3 2007	18.8	2.2%	11.3	3.2%	7.2	4.0%	37.3	2.8%
Q4 2007	16.4	3.2%	7.8	4.6%	5.3	-4.0%	29.5	2.2%
Q1 2008	15.4	0.6%	7.4	5.7%	4.8	-4.3%	27.6	1.0%
Q2 2008	17.1	-1.3%	9.0	-0.8%	6.0	-4.9%	32.1	-1.8%
Q3 2008	18.6	-1.2%	10.9	-3.2%	6.8	-4.9%	36.4	-2.5%
Q4 2008	15.9	-3.6%	6.8	-12.3%	4.7	-10.4%	27.4	-7.1%
Q1 2009	14.4	-6.4%	6.3	-14.6%	4.1	-14.6%	24.8	-10.0%

(1) Period on period changes calculated using un-rounded passenger numbers

Appendix 3 – Nominal net debt of Obligors and BAA Funding Limited at 31 March 2009

BAA

		Debt outstanding at 31 March 2009		Amount and features of available facilities			
		Amount	Cost	Local currency		S&P/Fitch Rating	Maturity
Senior (Class A)		(£m)		(m)	(£m)		
Bonds		680.2		€1,000	680.2	A-/A-	2012/14
		396.4		£396	396.4	A-/A-	2013/15
		512.9		€750	512.9	A-/A-	2014/16
		299.9		£300	299.9	A-/A-	2016/18
		510.2		€750	510.2	A-/A-	2018/20
		249.8		£250	249.8	A-/A-	2021/23
		749.6		£750	749.6	A-/A-	2023/25
		199.9		£200	199.9	A-/A-	2028/30
		900.0		£900	900.0	A-/A-	2031/33
Total bonds		***4,498.9***	***6.43%***		***4,498.9***		
Bank debt	Refinancing Facility	3,400.0		£3,400	3,400.0	A-/A-	2010/13
	EIB Facility	406.7		£407	406.7	A-/A-	2010/22
	Capex Facility	303.0		£2,300	2,300.0	n/a	2013
	Working Capital Facility	0.0		£50	50.0	n/a	2013
Total bank debt		***4,109.7***	***6.34%***		***6,156.7***		
Total senior debt		**8,608.6**	***6.39%***		**10,655.6**		
Junior (Class B)							
Bank debt	Refinancing Facility	1,000.0		£1,000	1,000.0	BBB/BBB	2010/13
	Capex Facility	0.0		£400	400.0	n/a	2013
Total junior debt		**1,000.0**	***5.77%***		**1,400.0**		
Gross debt		**9,608.6**	***6.33%***		**12,055.6**		
Cash		**(56.1)**					
Net debt		**9,552.5**					

1) External debt of the Security Group and BAA Funding Limited excluding intra-BAA group loans
2) Data reflects nominal value of debt before index-linked accretion of £17 million

Appendix 4 – Computation of forecast Interest Cover Ratios ('ICR') – calculation of ratios

BAA

(See important notice on page 2 of this document)	Trigger level	Year to 31 December 2009 £m
Cashflow from Operations[1]		991
One-off, non-recurring extraordinary or exceptional items		0
Cashflow from Operations (adjusted)		991
Less: corporation tax paid		0
Less: 2 per cent of Total RAB		(232)
Cash Flow (A)		**759**
Interest and equivalent recurring charges paid on Senior Debt[2][3]		
Interest paid – existing Class A bonds		223
Interest paid – existing Class A capex facility		10
Interest paid – existing Class A EIB facilities		11
Interest paid – other Class A debt		104
Interest received on swaps		(72)
Commitment fees on liquidity and Capex facilities		23
Total interest on Senior Debt (B)		**299**
Interest and equivalent recurring charges paid on Junior Debt[2][3]		
Interest paid - existing Class B bank facilities		34
Total interest on Junior Debt (C)		**34**
Total interest (D=B+C)		**333**
Senior ICR (A/B)	**1.40**	**2.54**
Junior ICR (A/D)	**1.20**	**2.28**

(1) Reconcilation of cashflow from operations with EBITDA set out on page 23
(2) Reconciliation of interest paid with interest payable set out on page 23
(3) Excludes interest on debenture between BAA (SP) Limited and BAA (SH) Limited as this is not included in calculation of ratios under the Common Terms Agreement

Appendix 4 – Computation of forecast Interest Cover Ratios – reconciling income statement to cash flow

BAA

(See important notice on page 2 of this document)	Year to 31 December 2009
	£m
Income	
Aeronautical income	1,280
Non-aeronautical income - retail	559
Non-aeronautical income - non-retail	495
Total income	**2,334**
Operating expenses[1]	(1,312)
EBITDA	**1,022**
Working capital	(31)
Cashflow from operations	**991**

(1) Operating expenses excluding depreciation

	Year to 31 December 2009[1][2]			
	Income statement inc amortisation[3]	Income statement excl amortisation	Variation in accruals	Cash flow
	£m	£m	£m	£m
Interest paid – existing Class A bonds[4]	311	274	(51)	223
Interest paid – existing Class A Capex facilities	11	11	(1)	10
Interest paid – existing Class A EIB facilities	9	9	2	11
Interest paid – other Class A debt	141	96	8	104
Interest paid/(received) on swaps[5]	83	(56)	(16)	(72)
Commitment Fees on Liquidity and Capex Facilities	27	27	(4)	23
Interest paid - existing Class B bank facilities	46	38	(4)	34
Total interest	**628**	**399**	**(66)**	**333**

(1) Before capitalised interest of £32 million

(2) Excludes interest on debenture between BAA (SP) Limited and BAA (SH) Limited as this is not included in calculation of ratios under the Common Terms Agreement

(3) Amortisation of refinancing fees and swap prepayments

(4) Variation in accruals due to interest accrued on certain bonds being paid on 18 August 2008 with normal annual interest payment date in February

(5) Includes unwinding of prepayment made on refinancing of interest on certain interest rate derivatives

Appendix 5 – Computation of forecast Regulatory Asset Ratios ('RAR')

BAA

(See important notice on page 2 of this document)	Trigger level	At 31 December 2008	From December 2008 to March 2009	From March 2009 to December 2009	At 31 December 2009
		£m	£m	£m	£m
Total opening RAB (net of profiling adjustment)			**12,470**	**12,562**	
Capital expenditure			260	914	
Indexation			(97)	45	
Regulatory depreciation			(132)	(394)	
Adjustment for Gatwick basic RAB on disposal				(1,662)	
Variance in profiling adjustment			60	149	
Closing Regulatory Asset Base (RAB)					
Heathrow		9,661	9,743	10,339	
Gatwick		1,578	1,576	n/a	
Stansted(1)		1,231	1,243	1,275	
Total forecast closing RAB (A)(2)		**12,470**	**12,562**	**11,614**	**11,614**
Senior Debt					
Existing Class A bonds		4,499			4,499
Class A EIB facilities		417			375
Other Class A debt		3,650			3,306
RPI swap accretion		42			9
Total Senior Debt (B)		**8,608**			**8,189**
Junior Debt					
Class B bank facilities		1,000			763
Total Junior Debt (C)		**1,000**			**763**
Cash and cash equivalents (D)		**(182)**			**(290)**
Senior net debt (E=B+D)		**8,426**			**7,899**
Senior and junior net debt (F=B+C+D)		**9,426**			**8,662**
Senior RAR (E/A)	**0.70**	**0.676**			**0.680**
Junior RAR (F/A)	**0.85**	**0.756**			**0.746**

(1) Figure at 31 December 2008 has been amended from £1,222 million previously disclosed as a result of review in producing March 2009 regulatory accounts for Stansted

(2) Figures at 31 March 2009 taken from regulatory accounts for the year to 31 March 2009 for Heathrow Airport Limited, Gatwick Airport Limited and Stansted Airport Limited