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News Release

29 April 2010

BAA (SP) Limited

Results for the three months ended 31 March 2010

BAA (SP) Limited owns BAA's two London airports of Heathrow and Stansted. Throughout this document, BAA (SP) Limited and its subsidiaries are referred to as the Group.

- **Passenger traffic of 18.6 million with underlying growth of 1.1% including 3.0% at Heathrow**
- **Strong retail momentum with net retail income per passenger up 10.7%**
- **Underlying revenue and Adjusted EBITDA up 7.6% and 18.7% respectively**
- **Reported revenue and Adjusted EBITDA up 5.5% and 3.3% respectively**
- **£28 million one-off impact of volcanic ash related disruption since period end**
- **Substantially lower pre-tax loss with similar underlying performance and significantly lower fair value adjustments**

At or for three months ended 31 March	2010	2009	Change (%)
(figures in £m unless otherwise stated)			
Revenue(1)	456.1	432.2	5.5
Adjusted EBITDA(1)(2)	174.1	168.5	3.3
Cash generated from operations(1)	199.6	209.7	(4.8)
Adjusted pre-tax loss(3)	(125.9)	(99.2)	26.9
Pre-tax loss	(195.5)	(316.2)	(38.2)
Net debt(4)(5)	8,612.2	8,579.0	0.4
Regulatory Asset Base(5)	12,034.0	11,743.9	2.5
Passengers (m)	18.6	18.5	0.2
Net retail income per passenger(6)	£5.15	£4.65	10.7

(1) Figures are for continuing operations only, i.e. excluding Gatwick
(2) Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation and exceptional items
(3) Adjusted pre-tax loss is before exceptional items and fair value adjustments
(4) Nominal value of net debt excluding intra-BAA group loans and restricted cash and including index-linked derivative accretion
(5) 2009 net debt and RAB figures are as at 31 December 2009
(6) See section 3.2.2.2 for calculation of net retail income per passenger

Colin Matthews, Chief Executive Officer of BAA, said:

"Heathrow and Stansted delivered a resilient financial performance during the first quarter. Operational performance in the quarter was robust despite enhanced security procedures, extreme winter weather and industrial action at our biggest airline customer. Heathrow's traffic continues to perform well and the Group achieved strong growth in net retail income per passenger.

"The rest of 2010 continues to present significant financial challenges for the industry as a whole. We currently estimate that the closure of Heathrow and Stansted due to volcanic ash will have a total impact on 2010 Adjusted EBITDA of £28 million.

"Our priority for the rest of 2010 remains the improvement of customer service and efficiency."

For further information please contact

BAA

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There will be a conference call today at 9.30 am (UK time) for bondholders and bank lenders to the Group, participants in BAA (SH) Limited's subordinated debt facility and credit analysts to discuss the results for the three months ended 31 March 2010. The call will be hosted by Colin Matthews and Jose Leo, BAA's Chief Executive Officer and Chief Financial Officer respectively. Dial-in details for the call are: Conference ID: 68995932; UK free phone: 0800 694 0257; UK local/standard international: +44 (0)1452 555566. It will also be possible to view online the presentation as it is used during the call at:

https://www.livemeeting.com/cc/1100004335/join?id=P58MH3&role=attend

(to access this site you may need to use the meeting ID: P58MH3)

BAA (SP) Limited

Results for the three months ended 31 March 2010

Index

1. Basis of presentation of results

The commentary on operating and financial performance in this document focuses, unless otherwise indicated, on the Group's continuing businesses at Heathrow and Stansted reflecting the completion on 3 December 2009 of the sale of Gatwick airport. This enables a more meaningful comparison of performance between 2009 and 2010.

The financial results of Gatwick for the period to 3 December 2009 are included within discontinued operations in the financial information set out in Appendix 1.

2. Key business developments

2.1 Passenger traffic

Passenger traffic for the three months ended 31 March 2010 at Heathrow and Stansted is set out below.

(figures in millions unless otherwise stated)	**2010**	2009	Change (%)[1]
Passengers by airport			
Heathrow	**14.6**	14.4	1.6
Stansted	**3.9**	4.1	(4.7)
Total passengers[1]	**18.6**	18.5	0.2
Passengers by market served			
UK	**1.5**	1.6	(7.6)
Europe[2]	**9.1**	9.1	0.3
Long haul	**7.9**	7.8	1.7
Total passengers[1]	**18.6**	18.5	0.2

(1) These figures have been calculated using un-rounded passenger numbers
(2) Includes North African charter traffic

In the three months ended 31 March 2010, the combined passenger traffic at Heathrow and Stansted increased 0.2% to 18.6 million (2009: 18.5 million). Year on year comparisons are complicated by the impact of severe winter weather in both February 2009 and January 2010 as well as industrial action affecting British Airways services at Heathrow towards the end of March 2010. Adjusting for these factors, passenger traffic across the two airports is estimated to have increased 1.1%.

Heathrow's recovery from the recent economic downturn continued to accelerate with passenger traffic increasing 1.6% to 14.6 million (2009: 14.4 million) despite the loss of around 180,000 passengers due to the British Airways industrial action and a small net negative weather effect on growth in 2010. Adjusting for these factors, it is estimated that Heathrow's passenger traffic would have increased by 3.0% in the three months ended 31 March 2010. Heathrow's recent performance reflects a strong recovery in European scheduled traffic supplementing growth experienced in long haul traffic since mid-2009.

Recent growth has been led by origin and destination traffic that increased to 64% of Heathrow's total traffic in the three months ended 31 March 2010 (2009: 62%).

At Stansted, passenger traffic declined 4.7% to 3.9 million (2009: 4.1 million) with particular weakness in traffic with the Republic of Ireland. However, there has been continued growth in low cost long haul services introduced in 2009 with flight frequencies expected to increase further later in 2010.

Across the Group's two airports, emerging market long haul traffic increased 2.4% to 5.0 million (2009: 4.9 million). Overall European traffic increased 0.3% to 9.1 million (2009: 9.1 million), driven by Heathrow, with scheduled traffic growing 0.9%. Domestic traffic has continued the decline that commenced in 2005 and in the three months ended 31 March 2010 it decreased 7.6% to 1.5 million passengers (2009: 1.6 million). Domestic traffic now accounts for only 8% of Heathrow and Stansted's total traffic.

2.2 Transforming the Group's airports

The Group has continued to implement its strategy to deliver sustained improvement in passengers' experience and airlines' operations through improved service standards and substantial investment in modern airport facilities. In particular, the Group's strategic objective is to make Heathrow into Europe's hub of choice by making every journey better. This will ensure customers enjoy superior facilities relative to competitors, encouraging greater utilisation of the Group's airports and supporting their long term growth ambitions.

2.2.1 Service standards

Service standards held up well during the three months ended 31 March 2010 given the difficulties created by industrial action by British Airways cabin crew, prolonged severe winter weather and the consequences of the Delta Air Lines terrorist incident on 25 December 2009.

In relation to departure punctuality, in the three months ended 31 March 2010, the proportion of aircraft departing within 15 minutes of schedule at Heathrow was 72.4% (2009: 76.6%) and at Stansted was 79.0% (2009: 81.7%). Results were affected by the extreme winter weather at the Group's airports in January 2010 as well as by similar weather problems at destination airports. The British Airways industrial action also had an impact on Heathrow performance in 2010.

At Heathrow, the proportion of baggage not accompanying passengers on their journeys remained constant at 21 per 1,000 passengers. Given the impact of prolonged severe winter weather in January 2010, this performance reflects continued improvement in performance in this area.

On security queuing, 97.6% of passengers (2009: 98.3%) passed through security in less than five minutes at Heathrow compared to the 95.0% service standard. At Stansted 99.7% of passengers passed through security in less than 10 minutes compared to the 95.0% service standard, consistent with the best quarterly performance since Stansted's service quality rebate scheme was introduced on 1 April 2009.

2.2.2 Developing modern airport facilities

The Group's airport transformation programme has continued, particularly in respect of Heathrow, although progress has been slightly slower than planned in the early months of 2010 due to the severity of the weather experienced in January 2010. As a result, the pace of investment is expected to accelerate as the year progresses.

The major projects at Heathrow continue to be Terminal 5C, the integrated baggage system and the new Terminal 2. Further progress has been made towards completing Terminal 5C, the second satellite for Terminal 5, where construction is expected to be concluded in early 2011. Following construction in 2009 of a baggage tunnel between Terminal 5 and Terminal 3, work has continued on fitting out the tunnel as it is prepared to commence service in 2012. In the Eastern campus, following closure of the existing Terminal 2 in late 2009 work has commenced on decommissioning and demolition of the old terminal. This work will be complete by autumn 2010 with demolition that affects the footprint required for the new Terminal 2 scheduled for summer 2010.

Since the beginning of 2010 relocations of four airlines between Heathrow's terminals have been completed and both China Eastern and China Airlines have commenced services from Terminal 4.

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

In December 2009, the Competition Appeal Tribunal ('CAT') upheld BAA's appeal, on the grounds of apparent bias, regarding the disposal remedy proposed by the Competition Commission ('CC') following its investigation into the supply of UK airport services by BAA.

On 26 March 2010 the Court of Appeal granted the CC leave to appeal against the CAT's findings in relation to apparent bias. The hearing of the appeal is expected to be on 21 or 22 June 2010.

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

Consultations were completed in February 2010 on whether Tier 1 airports should be required to maintain a continuity of service plan for use in the event of insolvency and a mechanism for the CAA to switch on financial ring-fencing provisions that are subject to initial derogations where there has been a material change of circumstance and the benefits outweigh the costs.

2.5 Impact of volcanic ash related disruption

Owing to the closure of UK airspace following a volcanic eruption in Iceland, Heathrow and Stansted were closed from Thursday 15 April 2010 to Tuesday 20 April 2010 with normal airline schedules re-established at the Group's airports from Thursday 22 April 2010. The Group responded well to the unprecedented challenges resulting from this disruption in particular re-starting operations effectively following airport closures. Nevertheless, the closures have resulted in passenger traffic in April (up to 25 April) at the Group's airports being 1.6 million lower than the corresponding period of 2009.

The Group currently estimates that disruption caused by the closures will result in a reduction in Adjusted EBITDA of £28 million, approximately 3% of Adjusted EBITDA for the Group's continuing operations in 2009.

3 Financial review

3.1 Basis of preparation

BAA (SP) Limited is the holding company of a group of companies that owns Heathrow and Stansted airports and operates the Heathrow Express rail service (the ‘Group’). The Group also owned Gatwick airport until 3 December 2009. The Group’s statutory accounts are prepared under UK GAAP including the adoption of merger accounting. Consolidated financial information is set out in Appendix 1 in which Gatwick is treated as a discontinued operation in the prior year comparative financial information.

In order to provide a more meaningful comparison of performance between 2009 and 2010, the information presented in sections 3.2.2 to 3.2.6, 3.3.2 and 3.3.3 focuses on the Group's continuing operations by excluding Gatwick from the prior year comparative information. A detailed analysis of turnover and operating costs both by airport and activity for continuing operations is set out in Appendix 2.

BAA

3.2 Profit and loss account

3.2.1 Introduction

The profit and loss account below provides more detailed disclosure than the statutory format in Appendix 1 in order to provide a better understanding of the results of the Group's continuing operations.

Three months ended 31 March	**2010 £m**	2009 £m
Group turnover – total	**456.1**	522.0
Group turnover – discontinued operations	**-**	(89.8)
Group turnover – continuing operations	**456.1**	432.2
Adjusted operating costs – continuing operations(1)	**(282.0)**	(263.7)
Adjusted EBITDA – continuing operations(2)	**174.1**	168.5
Operating costs – exceptional – pensions – continuing operations(3)	**(38.5)**	(21.5)
Operating costs – exceptional – other – continuing operations(3)	**(2.1)**	-
EBITDA – continuing operations	**133.5**	147.0
Depreciation – ordinary – continuing operations	**(119.0)**	(105.9)
Depreciation – exceptional – continuing operations(3)	**(14.0)**	(24.1)
Operating profit – continuing operations	**0.5**	17.0
Operating loss – discontinued operations	**-**	(6.0)
Operating profit – total	**0.5**	11.0
Net interest payable and similar charges	**(181.0)**	(162.2)
Fair value loss on financial instruments	**(15.0)**	(165.0)
Total net interest payable and similar charges	**(196.0)**	(327.2)
Loss on ordinary activities before taxation	**(195.5)**	(316.2)
Tax credit on loss on ordinary activities	**45.5**	87.4
Loss on ordinary activities after taxation	**(150.0)**	(228.8)

(1) Adjusted operating costs are stated before depreciation and exceptional items
(2) Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation and exceptional items
(3) See section 3.2.5 for further discussion of exceptional items

3.2.2 Turnover

In the three months ended 31 March 2010, turnover from continuing operations increased 5.5% to £456.1 million (2009: £432.2 million). This reflects increases of 2.9% in aeronautical income, 5.6% in gross retail income and 11.4% in other income.

Continuing operations *Three months ended 31 March*	**2010 £m**	2009 £m	Change (%)
Aeronautical income	**238.7**	232.0	2.9
Retail income	**103.1**	97.6	5.6
Other income	**114.3**	102.6	11.4
Total turnover	**456.1**	432.2	5.5

3.2.2.1 Aeronautical income

Aeronautical income by airport

Continuing operations *Three months ended 31 March*	**2010 £m**	2009 £m	Change (%)
Heathrow	**212.9**	207.6	2.6
Stansted	**25.8**	24.4	5.7
Total	**238.7**	232.0	2.9

Aeronautical income increased 2.9% to £238.7 million (2009: £232.0 million). This reflects the increased tariffs applicable at Heathrow from 1 April 2009 and higher yields at Stansted reflecting lower tariff discounts. These positive effects on year on year growth in aeronautical income were partially offset by the delay in introducing higher tariffs applying at Heathrow from 1 April 2008 that boosted aeronautical income in the three months ended 31 March 2009 by an estimated £12.5 million above underlying levels. Adjusting for this effect, aeronautical income increased by 8.7%.

3.2.2.2 Retail income

The Group's retail business has made an excellent start to 2010 building on the strong performance in 2009. This is evident in renewed momentum in underlying net retail income per passenger which, in the three months ended 31 March 2010, increased 10.7% to £5.15 (2009: £4.65).

This was based on underlying gross retail income increasing by 8.9% to £103.1 million (2009: £94.7 million) and underlying net retail income increasing by 10.9% to £95.6 million (2009: £86.2 million). Underlying income figures exclude £2.9 million of non-recurring income at Heathrow (that was offset in operating costs) that was separately identified in the results for the three months ended 31 March 2009. The discussion below focuses on performance relative to the underlying data for 2009.

Net retail income per passenger by airport

Continuing operations *Three months ended 31 March*	**2010**	2009	Change (%)[1]
Heathrow	**£5.51**	£4.95	11.3
Stansted	**£3.80**	£3.59	5.6
Total[1]	**£5.15**	£4.65	10.7

(1) These figures have been calculated using un-rounded numbers

At Heathrow, gross retail income increased 11.0% to £86.0 million (2009: £77.5 million) and NRI per passenger increased 11.3% to £5.51 (2009: £4.95). Most areas of the retail business performed well, with the main growth drivers being duty and tax-free shopping, airside specialist shops, catering and bureaux de change. Car parking showed increased stability following the recent period of weakness.

Heathrow's continued strong retail performance reflects the increase in the proportion of higher spending origin and destination passengers (see section 2.1). This benefits both the in-terminal and car parking elements of retail income. The performance also reflects the greater numbers of passengers utilising Terminal 4 following relocation of airlines prior to Terminal 2's recent closure who are benefiting from its upgraded retail facilities completed as part of the terminal's recent refurbishment. Further, growth in passenger spend has been particularly strong in the luxury segment of Heathrow's airside retail outlets.

In March 2010, Heathrow received a significant independent endorsement of the quality of its retail offering when it was the global winner of the Best Airport Shopping Award in the annual Skytrax World Airport Awards. The awards are based on the opinions of nearly 10 million airline passengers worldwide.

Stansted's gross retail income declined 0.6% to £17.1 million (2009: £17.2 million), a resilient performance given passenger trends which, in combination with lower retail expenditure, meant that NRI per passenger increased 5.6% to £3.80 (2009: £3.59). Car parking income continues to be affected by increased lower yielding advance bookings whilst other retail income has increased overall, driven by increased catering income benefiting from flight delays caused by severe winter weather in January.

3.2.2.3 Other income

Income from activities other than aeronautical and retail increased 11.4% to £114.3 million (2009: £102.6 million). This reflects rail income increasing 14.7% to £23.4 million (2009: £20.4 million) due to passenger numbers increasing 10.1% to 1.35 million (2009: 1.22 million) as well as improved yields. Growth in rail passenger numbers partly reflects the shift in Heathrow airport passenger mix relative to the comparative period towards origin and destination traffic. It was also partly due to disruption on underground train services.

Income from activities other than aeronautical and retail also reflects operational facilities and utilities income increasing 15.4% to £38.9 million (2009: £33.7 million) due primarily to under-recovery of check-in and baggage system income in the prior year. In addition, intra-group and other income increased 14.2% to £26.5 million (2009: £23.2 million) due to £4.5 million of income from the provision of various services to Gatwick airport under transitional services agreements that apply for a limited period following Gatwick's sale. Most of these agreements will end by 30 June 2010.

Excluding the income earned under the Gatwick transitional services agreements, income from activities other than aeronautical and retail increased 7.0%.

3.2.2.4 Underlying turnover

In the three months ended 31 March 2010, turnover from continuing operations increased 5.5% to £456.1 million (2009: £432.2 million). After adjusting for £12.5 million in additional aeronautical income in the three months ended 31 March 2009 referred to in section 3.2.2.1 and £4.5 million of income from the provision of various services to Gatwick airport under transitional services agreements referred to in section 3.2.2.3, underlying turnover increased 7.6% to £451.6 million (2009: £419.7 million).

3.2.3 Adjusted operating costs

Adjusted operating costs exclude depreciation and exceptional items.

In the three months ended 31 March 2010, adjusted operating costs increased 6.9% to £282.0 million (2009: £263.7 million).

Continuing operations *Three months ended 31 March*	**2010** **£m**	2009 £m
Employment costs	**77.8**	71.6
Maintenance expenditure	**37.5**	36.5
Utility costs	**31.1**	24.7
Rents and rates	**27.6**	31.5
General expenses	**58.7**	54.8
Retail expenditure	**7.5**	8.5
Intra-group charges/other	**41.8**	36.1
Total	**282.0**	**263.7**

The main drivers of increased adjusted operating costs were higher employment and utility costs and intra-group charges. Employment costs increased 8.7% to £77.8 million (2009: £71.6 million) primarily reflecting £5.0 million of additional defined benefit pension service charges resulting from revised actuarial assumptions. Utility costs increased 25.9% due to higher electricity prices. Intra-group charges/other costs increased 15.8% to £41.8 million (2009: £36.1 million) primarily reflecting central overheads being allocated across a smaller business base following the sale of Gatwick (£8.9 million of central overheads were charged to Gatwick in the three months ended 31 March 2009). The additional central overheads are being partly offset by additional income from providing various services to Gatwick airport under transitional services agreements that apply for a limited period following Gatwick's sale (as discussed in section 3.2.2.3) as well as by ongoing reductions in the central overhead cost base.

The overall increase in adjusted operating costs was mitigated by lower rents and rates due to rationalisation of office space occupied by the Group and lower retail expenditure following rationalisation of car parking service providers at Heathrow and Stansted.

Excluding the increased pensions costs and re-allocated central overheads referred to above, underlying adjusted operating costs increased 1.6% to £277.0 million (2009: £272.6 million).

Appendix 2 provides an analysis of adjusted operating costs between Heathrow and Stansted.

3.2.4 Adjusted EBITDA

Adjusted EBITDA for the Group's continuing operations in the three months ended 31 March 2010 increased 3.3% to £174.1 million (2009: £168.5 million). The key drivers of the positive development in Adjusted EBITDA were:

- Significantly higher retail income
- Higher aeronautical income mainly due to increased tariffs at Heathrow applicable since 1 April 2009

Taking into account the underlying turnover discussed in section 3.2.2.4 and the increased pension costs and re-allocated central overheads discussed in section 3.2.3, underlying Adjusted EBITDA increased 18.7% to £174.6 million (2009: £147.1 million).

Adjusted EBITDA at Heathrow (including Heathrow Express Operating Company Limited) increased 3.3% to £163.2 million (2009: £158.0 million) primarily due to increased retail and aeronautical income. Stansted's Adjusted EBITDA increased 3.8% to £10.9 million (2009: £10.5 million) due to improved aeronautical yields and strong cost control.

3.2.5 Operating costs - exceptional

There were a total of £54.6 million in net pre-tax exceptional charges to the profit and loss account in the three months ended 31 March 2010 (2009: £45.6 million). These included a £38.5 million (2009: £21.5 million) non-cash charge relating to the Group's share of the change in the BAA group's defined benefit pension scheme deficit. The charge in the period relates to the increase in the scheme deficit since 31 December 2009 caused primarily by increased liabilities reflecting a lower discount rate and a higher forecast inflation curve.

The remainder of the operating exceptional items primarily reflect a charge of £14.0 million (2009: £24.1 million) related to accelerated depreciation due to the shortened lives of certain existing assets at Heathrow given the new Heathrow Terminal 2 development. The charge has reduced from the prior year due to the full write-off of the old Terminal 2 by its closure in late 2009 with the ongoing charge now relating to Terminal 1 only.

3.2.6 Operating profit

The Group recorded an operating profit from continuing activities for the three months ended 31 March 2010 of £0.5 million (2009: £17.0 million). Relative to Adjusted EBITDA, operating profit includes £119.0 million in depreciation (2009: £105.9 million). In addition, it reflects £54.6 million in net operating exceptional costs (2009: £45.6 million) referred to in section 3.2.5. A reconciliation between Adjusted EBITDA and statutory operating profit is provided below.

Continuing operations *Three months ended 31 March*	**2010** **£m**	2009 £m	Change (%)
Adjusted EBITDA	**174.1**	168.5	3.3
Depreciation	**(119.0)**	(105.9)	12.4
Exceptional items – pensions	**(38.5)**	(21.5)	79.1
Exceptional items – accelerated depreciation	**(14.0)**	(24.1)	(41.9)
Exceptional items – other	**(2.1)**	-	n/a
Operating profit	**0.5**	17.0	(97.1)

3.2.7 Taxation

The tax credit for the three months ended 31 March 2010 has been based on the estimated effective rate for the full year of 23.3% (31 March 2009: 27.6%).

3.3 Cash flow

3.3.1 Summary cash flow

Three months ended 31 March	**2010** **£m**	2009 £m
Net cash inflow from operating activities - continuing operations	**199.6**	209.7
Net cash inflow from operating activities - discontinued operations	**-**	14.0
Net cash inflow from operating activities - total	**199.6**	223.7
Net interest paid	**(103.0)**	(142.6)
Taxation – Group relief	**3.0**	4.3
Cash flow after interest and tax	**99.6**	85.4
Net capital expenditure	**(208.0)**	(253.7)
Net cash outflow before management of liquid resources and financing	**(108.4)**	(168.3)
Management of liquid resources	**198.5**	109.2
Prepayment of derivative interest	**(36.7)**	-
Cancellation of derivatives	**(72.8)**	-
Proceeds of equity issue	**217.4**	-
Other financing flows	**(191.0)**	42.3
Increase/(decrease) in net cash	**7.0**	(16.8)

3.3.2 Cash flow from operating activities

Net cash inflow from continuing operations in the three months ended 31 March 2010 was £199.6 million (2009: £209.7 million). The slight reduction in net cash inflow from continuing operations is due primarily to greater utilisation of provisions established in prior periods.

3.3.3 Capital expenditure

In the three months ended 31 March 2010, the Group's continuing operations invested £208.0 million in capital expenditure (2009: £227.7 million; a further £26.0 million was invested at Gatwick) with £203.0 million at Heathrow (2009: £208.0 million) and £5.0 million at Stansted (2009: £19.7 million). Capital expenditure at Heathrow includes £37.5 million in settlement of future payments relating to land purchased for the construction of Terminal 5. The lower underlying capital expenditure at Heathrow is partly related to the prolonged severe winter weather during January 2010 whilst Stansted's capital expenditure reflects the limited investment required during the current regulatory period on maintaining and modernising its existing infrastructure.

The major projects at Heathrow included further progress towards completing Terminal 5C, the second satellite for Terminal 5, that is due to become operational in early 2011. Following construction in 2009 of a baggage tunnel between Terminal 5 and Terminal 3, work has continued on fitting out the tunnel as it is prepared to commence service in 2012. In the Eastern campus, following closure of the existing Terminal 2 in late 2009 work has commenced on decommissioning and demolition of the old terminal.

3.4 Financing

3.4.1 Net debt and liquidity

The analysis below focuses on external debt and excludes the debenture between BAA (SP) Limited and BAA (SH) Limited. It also excludes £143.0 million in restricted cash which is held in escrow from the disposal of Gatwick to meet potential pension commutation payments.

At 31 March 2010, the Group's total nominal net debt was £8,612.2 million (31 December 2009: £8,579.0 million) whilst the accounting value of net debt was £8,748.4 million (31 December 2009: £8,725.7 million). The change in net debt in the first three months of 2010 primarily reflects capital investment in the Group's airports and the increase in index-linked derivative accretion in the period more than offsetting post-interest cash flow and that part of the equity injection (see section 3.4.2) received since the start of 2010 not utilised in restructuring the Group's derivative portfolio.

The Group's nominal net debt at 31 March 2010 comprised £5,436.8 million outstanding under bond issues, £2,283.4 million outstanding under the bank refinancing facility, £883.1 million outstanding under other bank facilities, £55.9 million in index-linked derivative accretion and cash and cash equivalents of £47.0 million. Cash and cash equivalents excludes £143.0 million in restricted cash held in escrow from the Gatwick disposal to meet potential pension commutation payments.

The average cost of the Group's external gross debt at 31 March 2010 was 5.07% after all hedging including the real cost of index-linked hedges compared to 5.81% at 31 December 2009. The reduction in the cost of debt reflects the cancellation of derivatives completed since December 2009 which will have a long term benefit on the Group's profit and loss interest charge.

3.4.2 Equity injection

The £500 million equity injection into the Group announced in November 2009 was completed in January 2010 with the injection of £217.4 million following the £282.6 million invested in November 2009. Of the total amount, at 31 March 2010 £169.1 million remained available to the Group for general corporate purposes. The remainder of the funds have been utilised in prepayment of interest on index-linked derivatives as well as cancellation and restructuring of other derivatives.

3.4.3 Regulatory Asset Base ('RAB')

Set out below are RAB figures for the Group's airports at 31 December 2009 and 31 March 2010. RAB figures are utilised in calculating gearing ratios under the Group's financing agreements.

	Heathrow £m	**Stansted £m**	**Total £m**
31 December 2009	10,452.9	1,291.0	11,743.9
31 March 2010[1]	10,725.6	1,308.4	12,034.0

(1) RAB figures at 31 March 2010 are provisional with final figures to be published in the regulatory accounts for the year ended 31 March 2010

The increase in Heathrow and Stansted's combined RAB during the three months ended 31 March 2010 reflected the addition of approximately £215 million in capital expenditure partially offset by regulatory depreciation of around £120 million. Variation in RAB profiling adjustments added a further £50 million to the closing RAB whilst inflation resulted in a net positive indexation adjustment of approximately £145 million over the period.

3.4.4 Net interest payable and net interest paid

In the three months ended 31 March 2010, the Group's net interest payable was £181.0 million (2009: £162.2 million) excluding fair value losses on financial instruments. Excluding £4.7 million in capitalised interest (2009: £5.5 million) and £12.5 million in non-cash amortisation of financing fees and bond fair value adjustments (2009: £27.5 million), underlying interest payable was £173.2 million (2009: £140.2 million). The increased underlying interest payable in the three months ended 31 March 2010 is due to the impact on accretion under index-linked derivatives of negative inflation in 2009 and positive inflation in 2010.

Within interest payable is also recorded a non-cash net fair value loss on financial instruments of £15.0 million (2009: £165.0 million loss) primarily driven by movements in the index-linked swap curve.

Net interest paid in the three months ended 31 March 2010 was £103.0 million (2009: £142.6 million). This consisted of £85.1 million (2009: £79.2 million) paid in relation to external debt and £17.9 million (2009: £63.4 million) under the debenture between BAA (SP) Limited and BAA (SH) Limited. The substantially lower interest paid on the debenture in 2010 was due to a shorter interest period and a significantly lower interest rate than applied in respect of the interest paid in the three months ended 31 March 2009.

Net interest paid is lower than net interest payable primarily due to an amortisation charge of £35.8 million in net interest payable relating to prepayments of derivative interest implemented in earlier periods and a

£34.4 million positive accruals variance due to interest paid being lower than interest payable in the three months ended 31 March 2010.

3.4.5 Financial ratios

The Group continues operating comfortably within required financial ratios with headroom on its gearing ratios having increased since the beginning of 2010.

At 31 March 2010, the Group's senior and junior gearing ratios (nominal net debt to RAB) were 0.661x and 0.716x respectively compared with trigger levels of 0.70x and 0.85x. This compares with ratios of 0.674x and 0.731x respectively at 31 December 2009. This means that headroom against the junior gearing trigger levels has increased by over £200 million since 31 December 2009 to approximately £1.6 billion. Headroom has increased primarily as a result of the recent equity injection and the impact of inflation on the RAB.

The Group continues to have the flexibility to manage the senior gearing ratio utilising the currently undrawn junior debt tranche of the capital expenditure facility up to the lower of £400 million and the level of senior debt drawings under that facility.

3.5 Outlook

The Group performed well in the first quarter of 2010 given the external challenges it faced. Since the period end, the disruption caused across the European aviation industry by ash from the volcanic eruption in Iceland is currently estimated to have impacted the Group's Adjusted EBITDA by £28 million. It is too early to determine any longer term effects but currently, other than the impact of the disruption to date, the outlook for 2010 remains in line with expectations.

Appendix 1 – Financial information

BAA (SP) Limited

Consolidated profit and loss account
for the three months ended 31 March 2010

	Unaudited Three months ended 31 March 2010 £m	Restated[1] Unaudited Three months ended 31 March 2009 £m	Audited Year ended 31 December 2009 £m
Turnover – continuing operations	**456.1**	432.2	1,977.6
Turnover – discontinued operations	**-**	89.8	440.3
Total turnover	**456.1**	522.0	2,417.9
Operating costs – ordinary	**(401.0)**	(459.0)	(1,891.5)
Operating costs – exceptional: pensions	**(38.5)**	(27.9)	(217.8)
Operating costs – exceptional: other	**(16.1)**	(24.1)	(52.9)
Total operating costs	**(455.6)**	(511.0)	(2,162.2)
Operating profit – continuing operations	**0.5**	17.0	160.6
Operating profit – discontinued operations	**-**	(6.0)	95.1
Total operating profit	**0.5**	11.0	255.7
Loss on disposal of Gatwick airport – discontinued operations	**-**	-	(277.3)
Interest receivable	**37.4**	38.8	154.7
Interest payable and similar charges	**(218.4)**	(201.0)	(837.6)
Fair value loss on financial instruments	**(15.0)**	(165.0)	(117.4)
Net interest payable and similar charges	**(196.0)**	(327.2)	(800.3)
Loss on ordinary activities before taxation	**(195.5)**	(316.2)	(821.9)
Tax credit on loss on ordinary activities	**45.5**	87.4	137.9
Loss on ordinary activities after taxation	**(150.0)**	(228.8)	(684.0)

[1] The presentation of certain balances for the three months ended 31 March 2009 has been restated as a result of the disposal of Gatwick airport and its subsequent classification as discontinued operations, and for the change in accounting policy for accretion on index-linked swaps.

BAA (SP) Limited

Consolidated balance sheet as at 31 March 2010

	Unaudited 31 March 2010 £m	Restated[1] Unaudited 31 March 2009 £m	Audited 31 December 2009 £m
Fixed assets			
Tangible fixed assets	**11,530.9**	12,797.7	11,473.8
Financial assets – derivative financial instruments	**646.7**	821.1	683.0
Total fixed assets	**12,177.6**	13,618.8	12,156.8
Current assets			
Stocks	**5.0**	7.9	4.9
Debtors: due within one year	**264.8**	337.5	303.2
Financial assets – derivative financial instruments	**0.5**	5.0	0.3
Current asset investments	**36.0**	47.9	234.5
Restricted cash	**143.0**	-	143.0
Cash at bank and in hand	**11.0**	8.2	4.0
Total current assets	**460.3**	406.5	689.9
Current liabilities			
Creditors: amounts falling due within one year	**(719.9)**	(1,670.5)	(558.6)
Net current (liabilities)/assets	**(259.6)**	(1,264.0)	131.3
Total assets less current liabilities	**11,918.0**	12,354.8	12,288.1
Creditors: amounts falling due after more than one year	**(10,464.8)**	(11,033.0)	(10,830.9)
Deferred tax	**(249.6)**	(350.3)	(291.4)
Provisions for liabilities and charges	**(326.8)**	(183.8)	(339.8)
Net assets	**876.8**	787.7	826.0
Capital and reserves			
Called up share capital	**11.0**	10.0	10.6
Share premium reserve	**499.0**	-	282.0
Revaluation reserve	**1,448.5**	1,803.9	1,442.4
Merger reserve	**(4,535.6)**	(5,629.6)	(4,535.6)
Fair value reserve	**(123.2)**	(210.6)	(100.5)
Profit and loss reserve	**3,577.1**	4,814.0	3,727.1
Total shareholder's funds	**876.8**	787.7	826.0

[1] The presentation of certain balances as at 31 March 2009 has been restated to be consistent with current year disclosures.

BAA (SP) Limited

Consolidated summary cash flow statement
for the three months ended 31 March 2010

	Unaudited Three months ended 31 March 2010 £m	Restated[1] Unaudited Three months ended 31 March 2009 £m	Audited Year ended 31 December 2009 £m
Operating profit – continuing operations	**0.5**	17.0	160.6
Adjustments for:			
Depreciation (including exceptional depreciation)	**133.0**	130.0	507.3
Loss/(gain) on disposal of tangible fixed assets	**0.3**	-	(0.1)
Working capital changes:			
Decrease in stock and debtors	**44.8**	48.3	16.6
Increase/(decrease) in creditors	**3.1**	(2.5)	(71.0)
(Decrease)/increase in provisions	**(14.1)**	(4.7)	2.9
Difference between pension charge and cash contributions	**32.0**	21.6	186.0
Net cash inflow from operating activities – continuing	**199.6**	209.7	802.3
Net cash inflow from operating activities – discontinued	**-**	14.0	170.3
Net interest paid	**(103.0)**	(142.6)	(512.9)
Taxation - Group relief	**3.0**	4.3	24.0
Net capital expenditure	**(208.0)**	(253.7)	(1,002.8)
Disposal of Gatwick Airport Limited	**-**	-	1,418.6
Cash transferred on disposal of Gatwick Airport Limited	**-**	-	(39.0)
Net cash (outflow)/inflow before use of liquid resources and financing	**(108.4)**	(168.3)	860.5
Management of liquid resources	**198.5**	109.2	(77.4)
Prepayment of derivative interest	**(36.7)**	-	(114.2)
Cancellation of derivatives	**(72.8)**	-	(43.3)
Issuance of ordinary share capital	**217.4**	-	282.6
Other financing flows	**(191.0)**	42.3	(929.2)
Increase/(decrease) in net cash	**7.0**	(16.8)	(21.0)

[1] The presentation of certain balances for the three months ended 31 March 2009 has been restated to be consistent with current year disclosures.

BAA (SP) Limited

Notes to the consolidated financial statements for the three months ended 31 March 2010

1. General information

The interim consolidated financial statements have not been audited.

The financial information set out herein does not constitute the Group's statutory financial statements for the year ended 31 December 2009. A copy of the statutory accounts for that year have been filed with the Registrar of Companies. The financial information presented in this announcement for the three months ended 31 March 2010 is based on, and is consistent with, that in BAA (SP) Limited's ('the Group') audited financial statements for the year ended 31 December 2009. The auditor's report on the 2009 financial statements is unqualified.

Basis of preparation

This financial information has been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and financial instruments in accordance with the Companies Act 2006 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Changes in accounting policies and disclosures

Discontinued operations

Gatwick airport has been classified as discontinued operations due to its disposal on 3 December 2009. 31 March 2009 comparative balances have been restated in the consolidated profit and loss account, consolidated summary cash flow statement and associated notes.

Accretion on index-linked financial instruments

Following a £235.0 million index-linked bond issuance in December 2009, the Group has changed the way accretion on index-linked swaps is presented in the profit and loss account. Accretion on index-linked swaps was previously included within the fair value gain or loss on financial instruments. Accounting standards for index-linked bonds require accretion to be classified as a part of their finance cost. Management considers that classifying accretion for both instruments consistently through 'Interest payable and similar charges' will improve presentation of the Group's profit and loss account. 31 March 2009 comparatives have been restated to present the results on a consistent basis. The new treatment resulted in a £24.3 million reclassification for the three months ended 31 March 2009 from 'Fair value losses on financial instruments' to 'Interest payable and similar charges'. The current year result is a £30.3 million loss recognised in the Group's 'Interest payable and similar charges' (year ended 31 December 2009: £16.2 million gain).

2. Segment information

The Group's primary reporting format is business segments. The operating businesses are primarily the individual airports, which are organised and managed separately. All turnover originated in the UK.

	Turnover			Operating profit			Net assets		
	Unaudited Three months ended 31 March 2010 £m	Restated[1] Unaudited Three months ended 31 March 2009 £m	Audited Year ended 31 December 2009 £m	**Unaudited Three months ended 31 March 2010 £m**	Restated[1] Unaudited Three months ended 31 March 2009 £m	Audited Year ended 31 December 2009 £m	**Unaudited 31 March 2010 £m**	Restated[1 2] Unaudited 31 March 2009 £m	Audited 31 December 2009 £m
Continuing operations									
Heathrow	**407.9**	385.2	1,734.6	4.5	18.5	127.7	1,659.8	1,330.6	1,563.7
Stansted	**48.2**	47.0	243.0	(5.2)	(3.0)	27.4	1,032.3	1,010.7	1,052.2
Other entities[3]	**-**	-	-	1.2	1.5	5.5	(1,815.1)	(2,447.1)	(1,789.7)
Other adjustments[4]	**-**	-	-	-	-	-	(0.2)	(0.2)	(0.2)
	456.1	432.2	1,977.6	0.5	17.0	160.6	876.8	(106.0)	826.0
Discontinued operations									
Gatwick	**-**	89.8	440.3	-	(6.0)	95.1	-	893.7	-
Total	**456.1**	522.0	2,417.9	0.5	11.0	255.7	876.8	787.7	826.0

[1] The presentation of certain balances for the three months ended 31 March 2009 has been restated as a result of the disposal of Gatwick airport and its subsequent classification as discontinued operations.
[2] The presentation of certain balances as at 31 March 2009 has been restated to be consistent with current year disclosures.
[3] The 'Other entities' business segment includes Heathrow Express Operating Company Limited, BAA Funding Limited, BAA (AH) Limited and the parent entity BAA (SP) Limited.
[4] 'Other adjustments' relate to the elimination of inter-company transactions and consolidation adjustments.

2. Segment information (continued)

Reconciliation of Adjusted EBITDA and Operating Profit

Adjusted EBITDA has been used to provide a clearer indication of the performance of the individual airports and to assist better comparison with the prior year. Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and exceptional items.

Three months ended 31 March 2010	**Adjusted EBITDA**	**Exceptional items**	**Depreciation[1]**	**Operating profit**
	£m	**£m**	**£m**	**£m**
Continuing operations				
Heathrow	**162.0**	**(48.3)**	**(109.2)**	**4.5**
Stansted	**10.9**	**(6.3)**	**(9.8)**	**(5.2)**
Other entities and adjustments	**1.2**	**-**	**-**	**1.2**
	174.1	**(54.6)**	**(119.0)**	**0.5**
Discontinued operations				
Gatwick	**-**	**-**	**-**	**-**
Total	**174.1**	**(54.6)**	**(119.0)**	**0.5**

Three months ended 31 March 2009[2]	Adjusted EBITDA	Exceptional items	Depreciation[1]	Operating profit
	£m	£m	£m	£m
Continuing operations				
Heathrow	156.5	(41.8)	(96.2)	18.5
Stansted	10.5	(3.8)	(9.7)	(3.0)
Other entities and adjustments	1.5	-	-	1.5
	168.5	(45.6)	(105.9)	17.0
Discontinued operations				
Gatwick	17.3	(6.4)	(16.9)	(6.0)
Total	185.8	(52.0)	(122.8)	11.0

Year ended 31 December 2009	Adjusted EBITDA	Exceptional items	Depreciation[1]	Operating profit
	£m	£m	£m	£m
Continuing operations				
Heathrow	777.2	(235.4)	(414.1)	127.7
Stansted	102.4	(36.4)	(38.6)	27.4
Other entities and adjustments	5.6	(0.1)	-	5.5
	885.2	(271.9)	(452.7)	160.6
Discontinued operations				
Gatwick	157.3	1.2	(63.4)	95.1
Total	1,042.5	(270.7)	(516.1)	255.7

[1] Depreciation excluding exceptional accelerated depreciation.

[2] The presentation of certain balances for the three months ended 31 March 2009 has been restated as a result of the disposal of Gatwick airport and its subsequent classification as discontinued operations.

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2. Segment information (continued)

Exceptional items

Under the Shared Services Agreement ('SSA') the current period service cost for the BAA Airports Limited pension schemes are recharged to the Group's airports. Cash contributions are made directly to the pension trustee of the BAA Airports Limited defined benefit pension scheme on behalf of BAA Airports Limited. Each airport also has a legal obligation to fund its relevant share of any pension deficit related to BAA Airports Limited pension plans under the SSA. Costs have been allocated to the Group on the basis of pensionable pay base.

For the three months ended 31 March 2010 total exceptional pension costs of £38.5 million (three months ended 31 March 2009: £27.9 million; year ended 31 December 2009: £217.8 million) were incurred in accordance with the Shared Services Agreement ('SSA'). £38.5 million (three months ended 31 March 2009: £27.9 million; year ended 31 December 2009: £216.1 million) was in relation to the push down of the Group's share of the deficit on the BAA Airports Limited defined benefit pension scheme. The charge in the period relates to the increase in the scheme deficit since 31 December 2009 caused primarily by increased liabilities reflecting a lower discount rate and a higher forecast inflation curve. In the year ended 31 December 2009 £1.7 million was also incurred in relation to UURBS.

The remainder of the operating exceptional items primarily reflect a charge of £14.0 million (three months ended 31 March 2009: £24.1 million; year ended 31 December 2009: £54.6 million) related to accelerated depreciation due to the shortened lives of certain existing assets at Heathrow given the new Heathrow Terminal 2 development. The charge has reduced from the prior year due to the full write-off of the existing Terminal 2 by its closure in late 2009 with the ongoing charge now relating to Terminal 1 only.

3. Interest and similar items

	Unaudited Three months ended 31 March 2010 £m	Restated[1] Unaudited Three months ended 31 March 2009 £m	Audited Year ended 31 December 2009 £m
Interest receivable on derivatives not in hedge relationship	**37.3**	38.6	154.2
Interest receivable from other group undertakings	**-**	-	0.3
Interest on bank deposits	**0.1**	0.2	0.2
Interest receivable	**37.4**	38.8	154.7
Interest on borrowings			
Bonds and related hedging instruments	**(96.0)**	(84.6)	(332.5)
Bank loans and overdrafts and related hedging instruments	**(45.7)**	(83.6)	(313.3)
Interest payable on derivatives not in hedge relationship[1]	**(56.0)**	(5.2)	(98.5)
Facility fees	**(6.7)**	(6.0)	(26.8)
Interest on BAA (SP) Limited debenture	**(18.7)**	(26.2)	(86.8)
Interest payable to other group undertakings	**-**	-	(0.3)
Unwinding of discount on provisions	**-**	(0.9)	(3.3)
Interest capitalised	**4.7**	5.5	23.9
Interest payable and similar charges	**(218.4)**	(201.0)	(837.6)
Net interest payable before fair value loss	**(181.0)**	(162.2)	(682.9)
Interest rate swaps: cash flow hedge[2]	**(1.2)**	4.2	21.1
Interest rate swaps: not in hedge relationship	**-**	(1.0)	1.9
Index-linked swaps: not in hedge relationship[1]	**(17.7)**	(165.3)	(125.8)
Cross-currency swaps: cash flow hedge[2]	**3.8**	(2.4)	(12.0)
Fair value re-measurements of foreign exchange contracts and currency balances	**0.1**	(0.5)	(2.6)
Fair value loss on financial instruments	**(15.0)**	(165.0)	(117.4)
Net interest payable and similar charges	**(196.0)**	(327.2)	(800.3)

[1] The presentation of certain balances for the three months ended 31 March 2009 has been restated to be consistent with current year disclosures for the inflation accretion on RPI swaps recognised in 'Interest payable on derivatives not in hedge relationship' from 'Index-linked swaps: not in hedge relationship'.

[2] Hedge ineffectiveness on derivatives in hedge relationship.

4. Tax on profit on ordinary activities

The tax credit for the three months ended 31 March 2010 has been based on the estimated effective rate for the full year of 23.3% (31 March 2009: 27.6%).

5. Borrowings

Within 'Creditors: amounts falling due within one year' are borrowings and financial derivatives of £256.2 million and £nil million respectively (31 March 2009: £1,036.8 million and £15.7 million respectively; 31 December 2009: £41.4 million and £0.1 million respectively).

Within 'Creditors: amounts falling due after more than one year' are borrowings and financial derivatives of £10,105.0 million and £355.8 million respectively (31 March 2009: £10,359.4 million and £665.9 million respectively; 31 December 2009: £10,488.6 million and £337.7 million respectively).

	Unaudited 31 March 2010 £m	Unaudited 31 March 2009 £m	Audited 31 December 2009 £m
Current borrowings			
Secured			
Syndicated term facility	**217.1**	993.2	-
Bank loans – EIB	**39.1**	43.6	41.4
Total current borrowings	**256.2**	1,036.8	41.4
Non-current borrowings			
Secured			
Syndicated term facility	**2,039.7**	3,348.2	2,253.8
Capital expenditure facility	**520.0**	303.0	700.0
Bank loans – EIB	**321.9**	360.7	330.5
	2,881.6	4,011.9	3,284.3
Secured			
Bonds			
3.975% €1,000 million due 2012	**850.0**	865.4	841.8
5.850% £400 million due 2013	**369.7**	364.4	368.3
4.600% €750 million due 2014	**616.4**	634.2	612.7
12.450% £300 million due 2016	**374.9**	384.5	377.3
4.600% €750 million due 2018	**586.6**	605.1	582.2
9.200% £250 million due 2021	**284.3**	286.4	284.9
5.225% £750 million due 2023	**613.1**	607.0	611.5
6.750% £700 million due 2026	**689.2**	-	689.1
7.075% £200 million due 2028	**197.4**	197.3	197.4
6.450% £900 million due 2031	**838.5**	837.4	838.3
3.334%+RPI £235 million due 2039	**237.5**	-	235.0
	5,657.6	4,781.7	5,638.5
Unsecured			
BAA (SP) Limited debenture payable to BAA (SH) Limited	**1,565.8**	1,565.8	1,565.8
Total non-current borrowings	**10,105.0**	10,359.4	10,488.6
Total current and non-current borrowings	**10,361.2**	11,396.2	10,530.0

6. Post balance sheet event

Owing to the closure of UK airspace following a volcanic eruption in Iceland, Heathrow and Stansted were closed from Thursday 15 April 2010 to Tuesday 20 April 2010 with normal airline schedules re-established at the Group's airports from Thursday 22 April 2010. The Group currently estimates that disruption caused by the closures will result in a reduction in Adjusted EBITDA of £28 million, approximately 3% of Adjusted EBITDA for the Group's continuing operations in 2009.

Appendix 2

Analysis of turnover and operating costs for the three months ended 31 March 2010 (continuing operations)

	Heathrow Airport Ltd	HEX Opco	Total Heathrow	Stansted	Total
	£m	£m	£m	£m	£m
Turnover					
Aeronautical income	212.9	-	**212.9**	25.8	**238.7**
Retail income	86.0	-	**86.0**	17.1	**103.1**
Car parking	15.8	-	**15.8**	6.6	**22.4**
Duty and tax-free	20.5	-	**20.5**	2.5	**23.0**
Airside specialist shops	15.6	-	**15.6**	1.2	**16.8**
Bureaux de change	8.4	-	**8.4**	1.5	**9.9**
Catering	6.9	-	**6.9**	2.2	**9.1**
Landside shops and bookshops	4.8	-	**4.8**	1.2	**6.0**
Advertising	7.3	-	**7.3**	0.7	**8.0**
Car rental	2.4	-	**2.4**	0.5	**2.9**
Other	4.3	-	**4.3**	0.7	**5.0**
Operational facilities and utilities income	36.4	-	**36.4**	2.5	**38.9**
Property rental income	23.6	-	**23.6**	1.9	**25.5**
Rail income	23.4	-	**23.4**	-	**23.4**
Other income	24.4	-	**24.4**	0.9	**25.3**
HEX inter-company elimination	(13.4)	14.6	**1.2**	-	**1.2**
Total income	393.3	14.6	**407.9**	48.2	**456.1**
Operating costs					
Employment costs	60.4	4.7	**65.1**	12.7	**77.8**
Maintenance expenditure	30.2	3.9	**34.1**	3.4	**37.5**
Utility costs	25.1	0.6	**25.7**	5.4	**31.1**
Rents and rates	24.1	0.5	**24.6**	3.0	**27.6**
General expenses	47.8	3.3	**51.1**	7.6	**58.7**
Retail expenditure	5.3	-	**5.3**	2.2	**7.5**
Intra-group charges/other	52.7	0.4	**53.1**	3.0	**56.1**
Loss on disposal of fixed assets	0.3	-	**0.3**	-	**0.3**
HEX inter-company elimination	(14.6)	-	**(14.6)**	-	**(14.6)**
Adjusted operating costs	231.3	13.4	**244.7**	37.3	**282.0**
Depreciation	109.2	-	**109.2**	9.8	**119.0**
Exceptional items	48.3	-	**48.3**	6.3	**54.6**
Total operating costs	388.8	13.4	**402.2**	53.4	**455.6**
Adjusted EBITDA	162.0	1.2	**163.2**	10.9	**174.1**

Analysis of turnover and operating costs for the three months ended 31 March 2009 (continuing operations)

	Heathrow Airport Ltd	HEX Opco	Total Heathrow	Stansted	Total
	£m	£m	£m	£m	£m
Turnover					
Aeronautical income	207.6	-	**207.6**	24.4	**232.0**
Retail income	80.4	-	**80.4**	17.2	**97.6**
Car parking	18.1	-	**18.1**	7.5	**25.6**
Duty and tax-free	18.6	-	**18.6**	2.5	**21.1**
Airside specialist shops	12.6	-	**12.6**	1.1	**13.7**
Bureaux de change	7.0	-	**7.0**	1.3	**8.3**
Catering	5.9	-	**5.9**	1.9	**7.8**
Landside shops and bookshops	4.5	-	**4.5**	1.3	**5.8**
Advertising	7.4	-	**7.4**	0.6	**8.0**
Car rental	2.9	-	**2.9**	0.4	**3.3**
Other	3.4	-	**3.4**	0.6	**4.0**
Operational facilities and utilities income	31.0	-	**31.0**	2.7	**33.7**
Property rental income	23.5	-	**23.5**	1.8	**25.3**
Rail income	20.4	-	**20.4**	-	**20.4**
Other income	24.7	-	**24.7**	0.9	**25.6**
HEX inter-company elimination	(19.7)	17.3	**(2.4)**	-	**(2.4)**
Total income	367.9	17.3	**385.2**	47.0	**432.2**
Operating costs					
Employment costs	55.2	4.2	**59.4**	12.2	**71.6**
Maintenance expenditure	28.4	4.7	**33.1**	3.4	**36.5**
Utility costs	21.5	-	**21.5**	3.2	**24.7**
Rents and rates	28.1	0.5	**28.6**	2.9	**31.5**
General expenses	43.3	3.5	**46.8**	8.0	**54.8**
Retail expenditure	6.1	-	**6.1**	2.4	**8.5**
Intra-group charges/other	46.1	2.9	**49.0**	4.4	**53.4**
HEX inter-company elimination	(17.3)	-	**(17.3)**	-	**(17.3)**
Adjusted operating costs	211.4	15.8	**227.2**	36.5	**263.7**
Depreciation	96.2	-	**96.2**	9.7	**105.9**
Exceptional items	41.8	-	**41.8**	3.8	**45.6**
Total operating costs	349.4	15.8	**365.2**	50.0	**415.2**
Adjusted EBITDA	156.5	1.5	**158.0**	10.5	**168.5**