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BAA renews commitment to invest over £8 billion in its London airports

BAA plc, the world's leading airport company today published its annual long term forecast and capital expenditure projections for Heathrow, Gatwick and Stansted.

BAA will have invested over £8 billion (in 2004/5 prices) over the eleven year period, 2003-2014. The capital programme commits the company to extensive investment in its London airport facilities and BAA has evolved its plans to make the wisest use of its capital for the benefit of airlines and travellers. The capital programme is consistent with BAA's regulatory commitments.

The centrepiece of the capital programme, Terminal 5, remains ahead of schedule and on budget with a total cost of approximately £4.2 billion at 2004 prices (equivalent to £4.0 billion in 2003 prices). Terminal 5 is 35% complete and today marks a regulatory milestone for the project, as four new aircraft stands come into use, 11 months ahead of the regulatory timetable.

BAA's agreement with British Airways for the airline to occupy Terminal 5 in a single move in 2008, rather than phasing its occupancy over 4 years between 2008 and 2012, will free capacity in Terminal 1 at an earlier date. This will enable BAA to complete works in terminals 1 to 4 more quickly and efficiently and ensure consistency of service standards across the airport. This move will result in a reduction of £250 million in Heathrow spending excluding Terminal 5.

The Heathrow capital programme includes improvements to Terminal 3, which will accommodate the new generation large aircraft, the A380. There are also further improvements to Terminals 1 and 2, including Terminal 1's 'flightswitch', which is part of a

News Release

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programme to enable the central terminals to accommodate the full range of long haul and short haul flights.

The plan also carries forward the progressive expansion of Gatwick, albeit at a slightly slower rate to match a marginally reduced rate of traffic growth than previously forecast. BAA is spending around £840 million to grow the airport from current traffic levels, of 30 million passengers a year, to just over 40 million passengers by 2013/14.

Stansted's development programme will cater for the rapid growth of low cost carriers in a cost efficient way. These capital projections exclude the costs of the Generation 2 second runway and terminal project.

The Government's policy in favour of a second runway at Stansted may obviate the need for a standby runway. However until planning permission for the second runway is granted, this project will be placed on hold. Over £660 million will be invested in Stansted to enable traffic to grow to 34 million passengers a year by 2013/14.

BAA's chief executive, Mike Clasper said: "This programme shows BAA's ongoing commitment to developing our airports to meet the needs of our stakeholders. Our aim is to deliver airport capacity and services to match spending to the needs of our passengers and airlines, and deliver airport capacity and services that represent value for money".

Under the new consultation arrangement, following the last regulatory review, separate detailed Capital Investment Programmes will be issued for each airport over the next month, for discussion with airlines.

For more information on BAA plc see www.baa.com

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Long term traffic forecasts 2003/04 – 2013/14

Passengers per annum, millions	Heathrow	Gatwick	Stansted	Total South East
2003/2004 (Actual)	64.3	30.0	19.4	113.7
2004/05	67.5	32.0	22.0	121.5
2005/06	69.2	33.8	23.7	126.7
2006/07	70.5	35.5	25.0	131.0
2007/08	72.0	36.9	26.8	135.7
2008/09	75.5	37.7	28.5	141.7
2009/10	79.0	38.2	30.4	147.6
2010/11	81.0	38.8	31.6	151.4
2011/12	83.0	39.4	32.5	154.9
2012/13	85.0	40.0	33.1	158.1
2013/14	87.0	40.5	33.6	161.1

Note: Forecasts for the South East airports in total are more robust than those for individual airports as traffic may move between airports as patterns of airline development evolve.

BAA Capital Investment Programme 2004

£M (2004 prices)	Heathrow	Gatwick	Stansted	Total South East
2003/04 (Actual)	1,100	122	19	1,241
2004/05	1,309	125	55	1,489
2005/06	1,007	92	78	1,177
2006/07	879	75	111	1,065
2007/08	571	73	89	733
2008/09	429	63	68	531
2009/10	530	61	54	620
2010/11	406	60	59	553
2011/12	294	58	68	432
2012/13	271	57	21	360
2013/14	396	55	40	491
TOTAL	7,192	841	662	8,692