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Please complete
legibly, preferably
in black type, or
bold block lettering

*insert full name
of Company

COMPANIES FORM No. 395

✓ 00400107

Particulars of a mortgage or charge

395

A fee of £13 is payable to Companies House in respect
of each register entry for a mortgage or charge.

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use

Company number

13

03145133

Name of company

* **HEATHROW EXPRESS OPERATING COMPANY LIMITED ("HEX Opco")**

Date of creation of the charge

18 August 2008

Description of the instrument (if any) creating or evidencing the charge (note 2)

See Schedule 1 (*Description of the instrument (if any) creating or evidencing the charge*) and
Schedule 3 (*Definitions*)

Amount secured by the mortgage or charge

All present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) (i) of each Obligor to any Borrower Secured Creditor (a) under each Finance Document to which such Obligor is a party and (b) in respect of the Non-Migrated Bond Guarantees, except for any obligation which, if it were so included, would result in the Security Agreement or a Legal Charge contravening section 151 of the Companies Act 1985 and (ii) of each Obligor and BAA to the BAA Pension Trustee in respect of the BAA Pension Liabilities in an amount up to the Maximum Pension Liability Amount (the "Secured Liabilities")

See Schedule 3 (*Definitions*)

Names and addresses of the mortgagees or persons entitled to the charge

DEUTSCHE TRUSTEE COMPANY LIMITED of Winchester House, 1 Great Winchester Street,
London (the "Borrower Security Trustee") for itself and on trust for the Borrower Secured Creditors

Postcode EC2N 2DB

Presentor's name address and
reference (if any)

VIA CH LONDON COUNTER
Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

For official Use (06/2005)
Mortgage Section

WEDNESDAY



LIPNH2MK

LD5

27/08/2008

77

COMPANIES HOUSE

Time critical reference

OJC/70-20134892/SMC

See Schedule 2 (*Short particulars of all the property mortgaged or charged*) and Schedule 3 (*Definitions*)

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Please complete legibly, preferably in black type, or bold block lettering

Particulars as to commission allowance or discount (note 3)

None

Signed

Clifford Chance

Date

27/08/2008.

On behalf of ~~XXXXXXXX~~ [mortgagee/chargee] †

A fee is payable to Companies House in respect of each register entry for a mortgage or charge (See Note 5)

† delete as appropriate

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage", or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his,
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge. Cheques and Postal Orders must be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is **Companies House, Crown Way, Cardiff CF14 3UZ**.

SCHEDULE 1

Description of the instrument (if any) creating or evidencing the charge

The security agreement (the "**Security Agreement**"), dated 18 August 2008, between

- (1) Heathrow Airport Limited, Gatwick Airport Limited, Stansted Airport Limited, HEX Opco, BAA (SP) Limited and BAA (AH) Limited (the "**Obligors**"),
- (2) Deutsche Trustee Company Limited (the "**Borrower Security Trustee**"),
- (3) The Royal Bank of Scotland plc (the "**Subordinated Security Trustee**"), and
- (4) BAA Limited ("**BAA**" and the "**Security Group Agent**")

SCHEDULE 2

Short particulars of all the property mortgaged or charged

Fixed Charges

In the Security Agreement, subject to the Existing Security Agreements and Clause 10 (*Exceptions to the Security*) of the Security Agreement, HEX Opco mortgaged, charged and pledged and agreed to mortgage, charge and pledge to the Borrower Security Trustee as trustee for the benefit of itself and each of the Borrower Secured Creditors by way of first fixed charge (which so far as it relates to land in England and Wales referred to in paragraph (a) below is a charge by way of first ranking legal mortgage)

- (a) the Mortgaged Property except for any Excluded Charged Property for such time as it is Excluded Charged Property,
- (b) all of its present and future estates or interests in any freehold or leasehold property (other than that mortgaged and referred to in paragraph (a) above) and any rights under any licence or other agreement or document which gives HEX Opco a right to occupy or use such property except for any Excluded Charged Property for such time as it is Excluded Charged Property, wheresoever such property is situated now or hereafter belonging to it together with all buildings and Fixtures thereon, the proceeds of sale of all or any part thereof and the benefit of any covenants for title given or entered into by any predecessor in title, any moneys paid or payable in respect of such covenants and all rights, powers, benefits, claims, contracts, warranties, remedies, security guarantees, indemnities and undertakings in respect of such property,
- (c) all plant, machinery, office equipment, computers, vehicles and other chattels now or in the future owned by it and its interest in any plant, machinery, computers, office equipment, vehicles or other chattels in its possession other than any for the time being forming part of HEX Opco's stock in trade or work in progress,
- (d) all moneys (including interest) from time to time standing to the credit of each of its present and future accounts with any bank, financial institution or other person and the debts represented thereby,
- (e) (to the extent not effectively assigned and referred to under "*Assignments*" below) all its present and future rights, title and interest in and to the Assignable Insurances,
- (f) all of its present and future book and other debts, all other moneys due and owing to it or which may become due and owing to it at any time in the future and the benefit of all rights, securities and guarantees of any nature whatsoever now or at any time enjoyed or held by it in relation to any of the foregoing including in each case the proceeds of the same,
- (g) (to the extent that the same do not fall within any other paragraph of "*Fixed Charges*" and are not effectively assigned and referred to under "*Assignments*" below) all of its rights and benefits under each of the Transaction Documents and any other contracts or

agreements to which HEX Opco is a party from time to time and/or that confer any rights upon HEX Opco including all bills of exchange and other negotiable instruments held by it, any letters of credit issued in its favour and (subject to any necessary third party's consent to such charge being obtained) any distributorship or agreement for the licensing of Intellectual Property Rights or similar agreements entered into by it,

- (h) its present and future goodwill,
- (i) the benefit of all present and future licences, permissions, consents and authorisations (statutory or otherwise) held in connection with its business or the use of any of the Charged Property referred to in paragraph (a) and the right to recover and receive all compensation which may at any time become payable to it in respect thereof, subject to any necessary third party's consent being obtained,
- (j) its present and future uncalled capital and rights in relation to such uncalled capital,
- (k) all its present and future licence agreements, Intellectual Property Rights owned by it, subject to any necessary (as at 18 August 2008) third party's consent to such charge being obtained,
- (l) all Securities and all Related Rights accruing to all or any of the Securities now or in the future owned by HEX Opco from time to time not charged and referred to under "*Group Shares*" below, and
- (m) (to the extent that the same do not fall within any other paragraph of "*Fixed Charges*" and are not effectively assigned and referred to under "*Assignments*" below) all of its rights and benefits under any Authorised Investments and all Authorised Investments now or in the future owned by it

Group Shares

In the Security Agreement, subject to the Existing Security Agreements and Clause 10 (*Exceptions to the Security*) of the Security Agreement, HEX Opco mortgaged, charged and pledged and agreed to mortgage, charge and pledge to the Borrower Security Trustee as trustee for the benefit of itself and each of the Borrower Secured Creditors

- (a) all Group Shares held now or in the future by it and/or any nominee on its behalf, the same to be a security by way of a first fixed charge,
- (b) all the Related Rights accruing to all or any of the Group Shares held now or in the future by it and/or any nominee on its behalf, the same to be a security by way of a first fixed charge, and
- (c) all moneys, Securities and Related Rights accruing to any Securities or Group Shares from time to time and the debts represented thereby, and all claims for moneys, Securities and all Related Rights accruing to any Securities or Group Shares,

and all moneys and Securities referred to in paragraph (c) above which are held by a custodian or common depository shall be held by such custodian or common depository on express trust for the benefit of the Borrower Secured Creditors or one or more of them

Assignments

In the Security Agreement, subject to the Existing Security Agreements and Clause 10 (*Exceptions to the Security*) of the Security Agreement, HEX Opco assigned

- (a) by way of security and agreed to assign by way of security to the Borrower Security Trustee (as trustee for the benefit of itself and each of the Borrower Secured Creditors) all its right, title and interest from time to time (if any) in and to each Transaction Document to which HEX Opco is a party from time to time subject to netting and set-off provisions contained therein, and
- (b) by way of security and agreed to assign by way of security to the Borrower Security Trustee (as trustee for the benefit of itself and each of the Borrower Secured Creditors) all of its present and future rights under and in respect of the Assignable Insurances, including, but without limitation, its present and future rights, title and interest in and to the Insurance Proceeds of any Assignable Insurances (but, for the avoidance of doubt, not the contracts comprising the Assignable Insurances themselves)

Trust

In the Security Agreement, subject to the Existing Security Agreements and Clause 10 (*Exceptions to the Security*) of the Security Agreement, HEX Opco agreed and acknowledged that (to the extent not already subject to an assignment or a charge under the Security Agreement or any Legal Charge in favour of the Borrower Security Trustee and the Subordinated Security Trustee or under the Obligor Floating Charge Agreement in favour of the Issuer) it holds the benefit of

- (a) all its right, title and interest from time to time in and to each Transaction Document; and
- (b) any amount which it receives in cash or kind for, or on account of, any account receivables, the amounts in respect of which is owed to it,

on trust for, among others, (to the extent not already subject to an assignment or a charge under the Security Agreement or any Legal Charge in favour of the Borrower Security Trustee or under the Obligor Floating Charge Agreement in favour of the Issuer) the Borrower Security Trustee (for itself and as trustee for the Borrower Secured Creditors)

Floating Charge

In the Security Agreement, subject to the Existing Security Agreements and Clause 10 (*Exceptions to the Security*) of the Security Agreement, HEX Opco charged in favour of the Borrower Security Trustee (for the Borrower Security Trustee itself and as trustee for the Borrower Secured Creditors) by way of first floating charge the whole of its undertaking and

all its property, assets and rights whatsoever and wheresoever both present and future, subject always to all mortgages, fixed charges and assignments created by or pursuant to the Security Agreement or any Legal Charge

Paragraph 14 of Schedule B1 to the Insolvency Act applies to the floating charge created pursuant to the Security Agreement

Further assurance

The Security Agreement contains covenants for further assurance

SCHEDULE 3

Definitions

"Accession Memorandum" means (a) with respect to the STID, each memorandum to be entered into pursuant to clause 2 (*Accession*), clause 4 (*Accession of Additional Obligors*) or clause 33 (*Benefit of Deed*) (as applicable) of the STID and which is substantially in the form set out in schedule 1 (*Form of Accession Memorandum*) of the STID, (b) with respect to the Bond Trust Deed, a memorandum in substantially the form set out in schedule 7 (*Form of Accession Memorandum*) to the Bond Trust Deed pursuant to which a Relevant Financial Guarantor accedes to the Bond Trust Deed, and (c) with respect to the Common Terms Agreement, each memorandum to be entered into pursuant to clause 15 (*Obligors*) of the Common Terms Agreement and which is substantially in the form set out in schedule 12 (*Form of Accession Memorandum*) to the Common Terms Agreement

"Actually Prepay" means

- (a) in respect of the Outstanding Principal Amount due under (i) any Authorised Credit Facility which is not in respect of a Revolving Loan or (ii) the Non-Migrated Bond Guarantee, to (1) repay or redeem all or part of the principal of such Financial Indebtedness or (2) to pay any termination amounts or other unscheduled amounts due to a Borrower Hedge Counterparty under any Interest Rate Hedging Agreement at a time when such principal or termination or other unscheduled amounts would not have been due or repayable, but for the delivery of a voluntary notice of prepayment by the relevant Borrower or, in the case of the Non-Migrated Bond Guarantee, a voluntary notice of redemption by BAA Limited as issuer of the Non-Migrated Bonds, and
- (b) in respect of the Outstanding Principal Amount due under an Authorised Credit Facility in respect of a Revolving Loan, to repay (and not concurrently redraw under the same Authorised Credit Facility) principal on such loan prior to the service of a Loan Acceleration Notice,

and **"Actually Prepay"**, **"Actual Prepayment"** and **"Actually Prepaid"** are to be construed accordingly

"Additional Borrower Secured Creditors" means any person not already a Borrower Secured Creditor which becomes a Borrower Secured Creditor pursuant to the provisions of clause 2 (*Accession*) of the STID

"Additional Indebtedness Tests" means the additional indebtedness tests set out in paragraph 7 (*Financial Indebtedness*) of part 3 (*General Covenants*) of schedule 2 (*Covenants*) of the Common Terms Agreement

"Affected Borrower Secured Creditor" means each Borrower Secured Creditor (and where the Issuer is the relevant Affected Borrower Secured Creditor, each Issuer Secured Creditor (the **"Affected Issuer Secured Creditor"**)) whose Entrenched Rights are affected by a STID Proposal, SSA Instruction Notice, Emergency SSA Instruction Notice, Intercreditor

Instruction Notice, Enforcement Instruction Notice or Further Enforcement Instruction Notice given by the Borrower Security Trustee pursuant to the STID

"Affiliate" means a Subsidiary or a Holding Company of a person or any other Subsidiary of that Holding Company

"Agency Agreement" means the agreement dated 18 August 2008 between the Issuer and the Agents referred to therein under which, amongst other things, the Principal Paying Agent is appointed as issuing agent, principal paying agent and agent bank for the purposes of the Programme

"Agent" means, as the context requires, the Agent Bank, the Principal Paying Agent, the Exchange Agent, the Registrar, the Transfer Agent and any Paying Agent or any other agent appointed by the Issuer pursuant to the Agency Agreement or a Calculation Agency Agreement and **"Agents"** means all of them

"Agent Bank" means Deutsche Bank AG, London Branch (or any successor thereto) in its capacity as agent bank under the Agency Agreement in respect of the Bonds

"Airports Act" means the UK Airports Act 1986.

"Ancillary Document" means each document relating to or evidencing the terms of an Ancillary Facility

"Ancillary Facility" means any ancillary facility made available by an Ancillary Lender as part of the Initial WCF in accordance with clause 7 (*Ancillary Facilities*) of the Initial Credit Facilities Agreement

"Ancillary Lender" means each lender (or Affiliate of a lender) which makes available an Ancillary Facility in accordance with clause 7 (*Ancillary Facilities*) of the Initial Credit Facilities Agreement

"Applicable Accounting Principles" means, in the case of any Financial Statement or information relating to any Obligor (excluding any Regulatory Accounts), accounting principles, standards and practices generally accepted in the UK as applied from time to time and making such adjustments (if any) as the Auditors may consider appropriate arising out of changes to applicable accounting principles or otherwise from time to time

"Asset Holdco" means BAA (AH) Limited

"Assignable Insurances" means all Insurances except for the Tenants Policy and except, and only, to the extent the Insurances provide third party liability cover

"Auditors" means PricewaterhouseCoopers LLP or such other firm of accountants of international repute as may be appointed by the Obligors in accordance with the Common Terms Agreement as the Auditors for the Security Group

"Authorised Credit Facility" means any facility, agreement or finance lease entered into by a Borrower for Senior Debt or Junior Debt as permitted by the terms of the Common Terms

Agreement the providers of which are parties to or have acceded to the STID and the Common Terms Agreement, and includes the Initial Borrower Loan Agreement, the Capex Facilities, the Working Capital Facilities, the Refinancing Facility, the EIB Facilities, the Borrower Liquidity Facilities, the Borrower Hedging Agreements, each Finance Lease and (A) any fee letter or commitment letter entered into in connection with the foregoing facilities or agreements or the transactions contemplated in the foregoing facilities and (B) any other document (not being a Common Document) that has been entered into in connection with the foregoing facilities or agreements or the transactions contemplated thereby that has been designated as a document that should be deemed to be an Authorised Credit Facility for the purposes of this definition by the parties thereto (including at least one Obligor)

"Authorised Credit Provider" means a lender or other provider of credit or financial accommodation under any Authorised Credit Facility

"Authorised Investments" means

- (a) securities issued by the government of the UK, or
- (b) demand or time deposits, certificates of deposit and short-term unsecured debt obligations, including commercial paper, provided that the issuing entity or, if such investment is guaranteed, the guaranteeing entity, is rated the Minimum Short-term Rating, or
- (c) any other obligations, provided that in each case the relevant investment has the Minimum Short-term Rating and is either denominated in pounds Sterling or (following the date on which the UK becomes a participating member state) euro or has been hedged in accordance with the Hedging Policy; or
- (d) any money market funds or equivalent investments which have a rating of at least AAA by S&P, AAA by Fitch and Aaa by Moody's

For the avoidance of doubt, Authorised Investments shall not include

- (i) any structured or asset-backed securities or instruments, including CDOs, securities or instruments backed by mortgages, mortgage-related instruments, home equity loans, credit card receivables, automobile receivables, student loans or other securities or assets,
- (ii) any derivatives, hedging instruments, credit linked notes or similar instruments,
- (iii) any securities or instruments issued by any structured vehicle, including any structured investment vehicle or limited purpose company generally formed for the purpose of undertaking arbitrage activities by purchasing mostly medium and long-term assets and funding itself with mostly short-term securities or instruments such as commercial paper and medium-term notes, or

- (iv) investments in any money market or liquidity funds that target investment in or hold any such securities or instruments referenced in paragraphs (i), (ii) or (iii) above

"Available Enforcement Proceeds" means on any date, all monies received or recovered by the Borrower Security Trustee (or any Receiver appointed by it) in respect of the Borrower Security and under the guarantees from the Obligor together with all monies received or recovered under the OFCA Floating Security by the Bond Trustee

"Available Surplus Revenue Collections" means on any date the aggregate amount standing to the credit of the Surplus Revenue Collections Account on such date except and to the extent that on such date such balance is required to be applied in accordance with the Borrower Post-Enforcement (Pre-Acceleration) Principal Priority of Payments pursuant to the passing of a Post-Enforcement Surplus Revenue Prepayment Resolution

"BAA" means BAA Limited

"BAA Bond Guarantee" means the bond guarantee issued by the Bond Guarantor in connection with each Sub-Class of BAA Guaranteed Bonds

"BAA Group" means BAA and its Subsidiaries

"BAA Guaranteed Bonds" means the €1,000,000,000 fixed rate notes due 2014, £400,000,000 fixed rate notes due 2015, €750,000,000 fixed rate notes due 2016, £300,000,000 fixed rate notes due 2018 and €750,000,000 fixed rate notes due 2020 issued by the Issuer on 18 August 2008 in exchange for certain classes of bonds originally issued by the Bond Guarantor.

"BAA Pension Liabilities" means all sums actually or contingently due to the BAA Pension Trustee and the calculation of such sums (as required under clause 7.8 (*Information*) and/or clause 23 (*Borrower Post-Enforcement Priorities of Payments*) of the STID) shall be conclusively determined by a certificate from the actuary of the BAA Pension Scheme setting out the amounts that would be payable to the BAA Pension Scheme pursuant to section 75 of the Pensions Act 1995 if the BAA Pension Scheme had by then commenced winding-up for the purposes of section 75(2)(b) (for the avoidance of doubt, whether or not the BAA Pension Scheme has commenced winding up in whole or in part and whether or not the BAA Pension Trustee has designated a date under section 75(2)(b) at the point that the actuarial certificate is provided for these purposes)

"BAA Pension Scheme" means the BAA defined benefits occupational scheme governed by a definitive trust deed and rules dated 29 August 2002 (as amended from time to time)

"BAA Pension Trustee" means the trustee(s) from time to time of the BAA Pension Scheme

"Base Currency" means pounds Sterling

"Bearer Bonds" means those Bonds which are in bearer form

"Bond Guarantor" means BAA in its capacity as bond guarantor of the BAA Guaranteed Bonds

"Bond Trust Deed" means the bond trust deed dated 18 August 2008 between, among others, the Issuer and the Bond Trustee and each Relevant Financial Guarantor acceding thereto, under which Bonds will, on issue, be constituted and any bond trust deed supplemental thereto

"Bond Trustee" means Deutsche Trustee Company Limited or any successor trustee appointed pursuant to the Bond Trust Deed, for and on behalf of the relevant Bondholders, the Receipholders, the Couponholders and the other Issuer Secured Creditors

"Bondholders" means the holders from time to time of the Bonds

"Bonds" means the Class A Bonds and/or the Class B Bonds and/or the Subordinated Bonds, as the context may require, and **"Bond"** shall be construed accordingly

"Borrower Account Bank" means The Royal Bank of Scotland plc or any successor account bank appointed pursuant to the Borrower Account Bank Agreement

"Borrower Account Bank Agreement" means the account bank agreement dated 18 August 2008 between the Borrowers, HEX Opco, the Borrower Cash Manager, the Borrower Account Bank and the Borrower Security Trustee

"Borrower Cash Manager" means BAA or any substitute cash manager appointed pursuant to the terms of the Shared Services Agreement

"Borrower Excess Hedge Collateral" means an amount equal to the value of the collateral (or the applicable part of any collateral) provided by any Borrower Hedge Counterparty to a Borrower in respect of the relevant Borrower Hedge Counterparty's obligations to transfer collateral to the relevant Borrower under the relevant Borrower Hedging Agreement (as a result of the ratings downgrade provisions in that Borrower Hedging Agreement), which is in excess of that Borrower Hedge Counterparty's liability to that Borrower under the relevant Borrower Hedging Agreement, or which the relevant Borrower Hedge Counterparty is otherwise entitled to have returned to it under the terms of the relevant Borrower Hedging Agreement

"Borrower Hedge Collateral Account" means each account in the name of HAL titled "Borrower Hedge Collateral Account" opened at the Borrower Account Bank in accordance with the provisions of the Common Terms Agreement and the Borrower Account Bank Agreement and includes any sub account relating to that account and any replacement account from time to time

"Borrower Hedge Counterparty" means a Hedge Counterparty who is a party to a Borrower Hedging Agreement (together, the **"Borrower Hedge Counterparties"**)

"Borrower Hedge Replacement Premium" means a premium or upfront payment received by a Borrower from a replacement hedge counterparty under a replacement hedge agreement

entered into with a Borrower to the extent of any termination payment due to a Borrower Hedge Counterparty under a Borrower Hedging Agreement

"Borrower Hedging Agreement" means a Hedging Agreement entered into by a Borrower with a Hedge Counterparty

"Borrower Liquidity Facility" means a liquidity facility made available under a Borrower Liquidity Facility Agreement and **"Borrower Liquidity Facilities"** means all of them

"Borrower Liquidity Facility Agent" means Lloyds TSB Bank plc or any successor thereto as agent under a Borrower Liquidity Facility Agreement.

"Borrower Liquidity Facility Agreement" means each liquidity facility agreement which has the characteristics set out in schedule 10 (*Liquidity Facilities*) to the Common Terms Agreement, as established in connection with any Treasury Transactions entered into by a Borrower under a Borrower Hedging Agreement and to fund any EIB Liquidity Shortfalls and any interest shortfalls under the Refinancing Facility

"Borrower Liquidity Facility Provider" means the Initial Borrower Liquidity Facility Provider and any bank or financial institution which has become a Party to the Borrower Liquidity Facility Agreement in accordance with clause 31 (*Changes to Parties*) thereto and which in each case has not ceased to be a Party in accordance with the terms of the Borrower Liquidity Facility Agreement

"Borrower Liquidity Reserve Account" means the trust account opened and maintained by the Borrower Liquidity Reserve Account Trustee entitled "RBS re HAL, GAL and STAL Borrower Liquidity Reserve Account" which may be (i) credited with a cash reserve for satisfying all or part of the minimum debt service funding requirements set out in paragraph 3(c) of part 3 (*Trigger Event Remedies*) of schedule 3 (*Trigger Event*) to the Common Terms Agreement and (ii) credited with Standby Drawings made prior to satisfaction of the LC Release Conditions, or such other account as may be opened, with the consent of the Borrower Security Trustee, at any branch of the Borrower Account Bank in replacement of such account

"Borrower Liquidity Reserve Account Trust Deed" means the trust deed over the Borrower Liquidity Reserve Account entered into on 18 August 2008 by the Borrower Liquidity Reserve Account Trustee, the Borrower Security Trustee and the Reserve Account Beneficiary

"Borrower Liquidity Reserve Account Trustee" means the trustee of the Borrower Liquidity Reserve Account from time to time pursuant to the terms of the Borrower Liquidity Reserve Account Trust Deed

"Borrower Loan" means the principal amount of all advances from time to time outstanding under a Borrower Loan Agreement

"Borrower Loan Agreement" means any loan agreement entered into between the Issuer and the Borrowers, including the Initial Borrower Loan Agreement

"Borrower Post-Enforcement (Post-Acceleration) Priority of Payments" means the provisions relating to the order of priority of payments in respect of Senior Debt and Junior Debt following the delivery of a Loan Acceleration Notice as set out in schedule 2, part C to the STID

"Borrower Post-Enforcement (Pre-Acceleration) Principal Priority of Payments" means the provisions relating to the order of priority of payments in respect of application of Principal Collections in respect of Senior Debt and Junior Debt following the delivery of a Loan Enforcement Notice but prior to the delivery of a Loan Acceleration Notice or in respect of an application of Available Surplus Revenue Collections following the passing of a Post-Enforcement Surplus Revenue Prepayment Resolution, as set out in schedule 2, part B to the STID.

"Borrower Post-Enforcement (Pre-Acceleration) Priorities of Payments" means the Borrower Post-Enforcement (Pre-Acceleration) Revenue Priority of Payments and the Borrower Post-Enforcement (Pre-Acceleration) Principal Priority of Payments and **"Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments"** means either of them, as the context requires

"Borrower Post-Enforcement (Pre-Acceleration) Revenue Priority of Payments" means the provisions relating to the order of priority of payments in respect of application of Revenue Collections in respect of Senior Debt and Junior Debt following the delivery of a Loan Enforcement Notice but prior to the delivery of a Loan Acceleration Notice as set out in schedule 2, part A to the STID or following the occurrence of any of the events set out in schedule 9, paragraph 12 of the Common Terms Agreement

"Borrower Post-Enforcement Priorities of Payments" means the Borrower Post-Enforcement (Pre-Acceleration) Priorities of Payments and the Borrower Post-Enforcement (Post-Acceleration) Priority of Payments and **"Borrower Post Enforcement Priority of Payments"** means any of them, as the context requires

"Borrower Secured Creditor" means the Borrower Security Trustee (in its own capacity and on behalf of the other Borrower Secured Creditors), the Issuer, EIB, the Initial WCF Providers, the Initial Capex Facility Providers, the Refinancing Facility Providers, the Initial Credit Facilities Agent, the Refinancing Facility Agent, each Ancillary Lender, each Hedge Counterparty under each Borrower Hedging Agreement, each Borrower Liquidity Facility Provider, the Borrower Liquidity Facility Agent, each Initial Authorised Credit Provider and each other Authorised Credit Provider, the BAA Pension Trustee, the Borrower Account Bank, any replacement Borrower Cash Manager which is not an affiliate of BAA, each Finance Lessor, the Non-Migrated Bond Trustee (in its own capacity and as trustee for the Non-Migrated Bondholders), the Non-Migrated Bondholders and any Additional Borrower Secured Creditors

"Borrower Secured Liabilities" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) (i) of each Obligor to any Borrower Secured Creditor (a) under each Finance

Document to which such Obligor is a party and (b) in respect of the Non-Migrated Bond Guarantees, except for any obligation which, if it were secured under the Security Agreement, would result in a contravention of section 151 of the Companies Act 1985 and (ii) of each Obligor and BAA to the BAA Pension Trustee in respect of the BAA Pension Liabilities in an amount up to the Maximum Pension Liability Amount

"Borrower Security" means the security constituted by the Security Documents including any guarantee or obligation to provide cash collateral or further assurance thereunder

"Borrower Security Trustee" means Deutsche Trustee Company Limited or any successor appointed pursuant to the STID

"Borrower Subordinated Hedge Amounts" means any termination payment due or overdue to a Borrower Hedge Counterparty under any Borrower Hedging Agreement which arises as a result of the occurrence of an Event of Default (as defined in the relevant Hedging Agreement) where the relevant Borrower Hedge Counterparty is the Defaulting Party (as defined in the relevant Borrower Hedging Agreement) or the occurrence of an Additional Termination Event (as defined in the relevant Borrower Hedging Agreement) following the failure of the relevant Borrower Hedge Counterparty to take action in accordance with the terms of the relevant Borrower Hedging Agreement within the required period following a credit rating downgrade of such Borrower Hedge Counterparty (other than any amount attributable to the return of collateral or any premium or other upfront payment paid to the relevant Borrower to enter into a transaction to replace a Borrower Hedging Agreement (in whole or in part) which shall be paid directly to the Borrower Hedge Counterparties and not in accordance with the Borrower Post-Enforcement Priorities of Payments)

"Borrowers" means Heathrow Airport Limited, Gatwick Airport Limited and Stansted Airport Limited for so long as each of them remains a member of the Security Group, together with any entity which accedes to the Common Terms Agreement and the STID as a Borrower but excludes any person who ceases to be a member of the Security Group in accordance with the terms of the Finance Documents and **"Borrower"** shall mean any one of them

"BSC" means BAA Business Support Centre Limited

"BSC Services Agreement" means the services agreement entered into on 18 August 2008 between BAA and BSC

"CAA" means UK Civil Aviation Authority

"Calculation Agency Agreement" in relation to the Bonds of any Tranche, means an agreement in or substantially in the form of Schedule 1 (*Form of Calculation Agency Agreement*) to the Agency Agreement

"Calculation Agent" means, in relation to any Tranche of Bonds, the person appointed as calculation agent in relation to such Tranche of Bonds by the Issuer pursuant to the provisions

of a Calculation Agency Agreement (or any other agreement) and shall include any successor calculation agent appointed in respect of such Tranche of Bonds

"Calculation Date" means, in respect of each Reporting Date falling in June, the immediately preceding 31 December and, in respect of each Reporting Date falling in December, the immediately preceding 30 June or such other date as may be agreed as a result of a change in the financial year end date or regulatory year end date of any Obligor

"Capex Certificate" means a certificate from two directors of the Security Parent in the form set out in schedule 3 (*Form of Capex Certificate*) of the Initial Credit Facilities Agreement

"Capex Contract" means (i) any agreement pursuant to which BAA (on behalf of an Obligor) or any Obligor incurs capital expenditure in relation to any of the Designated Airports, (ii) any building design or consultancy agreement relating to the aforementioned capital expenditure and (iii) any building estates management services agreement relating to any of the Designated Airports

"Capex Facilities" means the facilities, including the Initial Capex Facility pursuant to the Initial Credit Facilities Agreement, made available to the Borrowers to fund the Borrower's capex requirements (or, as the context requires, the agreements pursuant to which they are made available) and **"Capex Facility"** means any one of them

"Cashflow from Operations" means, for the purposes of the Common Terms Agreement, the amount of cash flow from operations including dividends received by any Obligor from any Subsidiary which is not an Obligor, but excluding interest paid, interest received and income taxes paid as provided in the cash flow statements delivered pursuant to the Common Terms Agreement subject to certain adjustments and limitations provided by paragraph 4 (*Earnings from Investments*) of part 2 of schedule 2 to the Common Terms Agreement

"Charged Property" means all assets, rights and property of the Obligors or any of them the subject of any security created by the Security Agreement or by each Legal Charge or pursuant thereto and includes, for the avoidance of doubt, each Obligor's rights to or interests in any chose in action and the Group Shares and each Obligor's rights under the Transaction Documents

"Class" means each class of Bonds, the available Classes of Bonds at 18 August 2008 being Class A Wrapped Bonds, Class A Unwrapped Bonds, Class B Wrapped Bonds and Class B Unwrapped Bonds

"Class A Bonds" means the Class A Wrapped Bonds and the Class A Unwrapped Bonds, each of which may be further divided into Sub-Classes

"Class A Unwrapped Bonds" means the Class A Bonds that do not have the benefit of a guarantee from a Financial Guarantor.

"Class A Wrapped Bonds" means the Class A Bonds that have the benefit of a guarantee from a Financial Guarantor

"Class B Bonds" means the Class B Wrapped Bonds and the Class B Unwrapped Bonds, each of which may be further divided into Sub-Classes

"Class B Unwrapped Bonds" means the Class B Bonds that do not have the benefit of a guarantee from a Financial Guarantor

"Class B Wrapped Bonds" means the Class B Bonds that have the benefit of a guarantee from a Financial Guarantor

"Collateralise" means, with respect to any Senior Debt or Junior Debt, to deposit into the Debt Collateralisation Account, an amount in respect of all or part of the Outstanding Principal Amount of such Senior Debt or Junior Debt and **"Collateralisation"** and **"Collateralised"** shall be construed accordingly

"Common Documents" means the Security Documents, the Common Terms Agreement, the Master Definitions Agreement, the Shared Services Agreements, the Senior/Subordinated Intercreditor Agreement, the STID and the Tax Deed of Covenant

"Common Terms Agreement" means the common terms agreement dated 18 August 2008 between, among others, the Obligors, the Borrower Cash Manager, the Issuer and the Borrower Security Trustee

"Companies Act" means the company law provisions of the Companies Act 2006, Part 2 of the Companies (Audit, Investigations and Community Enterprise) Act 2004 (c 27) (community interest companies), and the provisions of the Companies Act 1985 (c 6) and the Companies Consolidation (Consequential Provisions) Act 1985 (c 9) that remain in force

"Competition Commission" means the UK Competition Commission

"Compliance Certificate" means a certificate, substantially in the form of schedule 7 (*Form of Compliance Certificate*) to the Common Terms Agreement in which the Obligors periodically provide certain financial information and statements to the Borrower Security Trustee as required by the Common Terms Agreement

"Composite Guarantee Deed" means the inter-company composite guarantee entered into on 18 August 2008 between the Borrowers, HEX Opco and the Borrower Account Bank

"Conditions" means the terms and conditions of the Bonds set out in the Bond Trust Deed, as may from time to time be amended, modified, varied or supplemented in the manner permitted under the Bond Trust Deed

"Contractor" means any person (being either a single entity, consortium or joint venture) that is a counterparty to an Outsourcing Agreement

"Coupon" means an interest coupon appertaining to a Definitive Bond, such coupon being

- (a) if appertaining to a Fixed Rate Bond, a Floating Rate Bond or an Indexed Bond, in the form or substantially in the form set out in part 5 (*Form of Coupon*) of schedule 3 (*Forms of Global and Definitive Bonds, Receipts, Coupons and Talons*) to the Bond

Trust Deed or in such other form, having regard to the terms of issue of the Bonds of the relevant Sub-Class, as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), or

- (b) if appertaining to a Definitive Bond which is neither a Fixed Rate Bond nor a Floating Rate Bond nor an Indexed Bond, in such form as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s),

and includes, where applicable, the Talon(s) appertaining thereto and any replacements for Coupons and Talons issued pursuant to Condition 14 (*Replacement of Bonds, Coupons, Receipts and Talons*)

"Couponholders" means the several persons who are, for the time being, holders of the Coupons

"CP Agreement" means the conditions precedent agreement entered into between, among others, the Issuer, the Bond Trustee, the Borrower Security Trustee and the Obligor on 18 August 2008

"Cross Currency Hedge Counterparties" means (i) the Initial Issuer Hedge Counterparties which are party to a Cross Currency Hedging Agreement and which are party to the STID and (ii) any counterparty to a Cross Currency Hedging Agreement which is or becomes party to the STID in accordance with the STID and **"Cross Currency Hedge Counterparty"** means any of such parties

"Cross Currency Hedging Agreement" means any Hedging Agreement in respect of a Treasury Transaction which is a currency swap or exchange transaction

"Cross-Licensing Agreement" means the cross licensing agreement entered into on 18 August 2008 between, among others, BAA, HAL, GAL, STAL, Hex Opco and IP SPV in the form set out in schedule 7 to the Shared Services Agreement

"Date Prior" means, in respect of any Obligor, the date which is the last day of the regulatory year of such Obligor before the next price determination for such Obligor takes effect

"DCA Ledgers" means sub-ledgers in respect of amounts standing to the credit of the Debt Collateralisation Account established and maintained by the Borrower Cash Manager in accordance with paragraph 8.2 (*Debt Collateralisation Account*) of schedule 9 (*Borrower Cash Management*) to the Common Terms Agreement

"Dealers" means Citigroup Global Markets Limited, The Royal Bank of Scotland plc, Banco Santander, S A, HSBC Bank plc and CALYON, Banco Bilbao Vizcaya Argentaria, S A, BNP Paribas, London Branch, Caja de Ahorros y Monte de Piedad de Madrid and Royal Bank of Canada Europe Limited and any other entity which the Issuer and the Obligor may appoint as a Dealer and notice of whose appointment has been given to the Principal Paying Agent and the Bond Trustee by the Issuer in accordance with the provisions of the Dealership Agreement but excluding any entity whose appointment has been terminated in accordance

with the provisions of the Dealership Agreement and notice of such termination has been given to the Principal Paying Agent and the Bond Trustee by the Issuer in accordance with the provisions of the Dealership Agreement and references to a "relevant Dealer" or the "relevant Dealer(s)" mean, in relation to any Tranche of Bonds, the Dealer or Dealers with whom the Issuer has agreed the issue of the Bonds of such Tranche and "Dealer" means any one of them

"Dealership Agreement" means the agreement dated 18 August 2008 between the Issuer, the Obligors, BAA and the Dealers named therein (or deemed named therein) concerning the purchase of Bonds to be issued pursuant to the Programme together with any agreement for the time being in force amending, replacing, novating or modifying such agreement and any accession letters and/or agreements supplemental thereto

"Debt Collateralisation Account" means the account designated as the "Debt Collateralisation Account", held in the joint names of the Borrowers and maintained with the Borrower Account Bank pursuant to the terms of the Borrower Account Bank Agreement and the Common Terms Agreement, or such other account as may be opened, with the consent of the Borrower Security Trustee, at any branch of the Borrower Account Bank

"Decision Period" means the period of time within which the approval of the Borrower Security Trustee is sought as specified in relation to each type of voting matter in the STID

"Deed of Accession" means a deed substantially in the form of schedule 7 (*Form of Deed of Accession*) to the Security Agreement or such other form as is agreed by the Obligors and the Borrower Security Trustee and (for as long as any amounts are outstanding under the Subordinated Facility Agreement) the Subordinated Security Trustee executed, or to be executed, by the Obligors and any other company required to execute the same pursuant to clause 23.4 (*Further subsidiaries*) of the Security Agreement

"Definitive Bond" means a Bearer Bond in definitive form issued by the Issuer in accordance with the provisions of the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Agency Agreement and the Bond Trust Deed in exchange for either a Temporary Global Bond or part thereof or a Permanent Global Bond (all as indicated in the applicable Final Terms), such Bearer Bond in definitive form being in the form or substantially in the form set out in part 3 (*Form of Definitive Bonds*) of schedule 3 (*Forms of Global and Definitive Bonds, Receipts, Coupons and Talons*) to the Bond Trust Deed and having the Conditions endorsed thereon and having the relevant information supplementing, replacing or modifying the Conditions appearing in the applicable Final Terms endorsed thereon or attached thereto and (except in the case of a Zero Coupon Bond in bearer form) having Coupons and, where appropriate, Receipts and/or Talons attached thereto on issue

"Designated Airports" means the airports at Heathrow, Gatwick and Stansted

"Discretion Matter" means a matter in which the Borrower Security Trustee may exercise its discretion to approve any request made in a STID Proposal without any requirement to seek the approval of any Borrower Secured Creditor or any of their representatives

"Disposal Proceeds Account" means the joint disposal proceeds account opened and maintained by the Borrowers with the Borrower Account Bank

"EIB" means The European Investment Bank in its capacity as lender pursuant to the EIB Facilities

"EIB Facilities" means certain existing term facilities made available to HAL and any further facilities made available to one or more of the Borrowers by EIB

"EIB Facility Agreements" means certain EIB facility agreements under which the EIB Facilities are made available to one or more of the Borrowers

"EIB Lender" means The European Investment Bank as lender of the EIB Facility

"EIB Liquidity Shortfall" means, in relation to any Payment Date under a Supported EIB Facility, an amount equal to the shortfall between amounts available to the Borrowers to meet payments of interest, fees and commissions on the Supported EIB Facilities and the amount of interest, fees and commissions payable by the Borrowers on such Payment Date on the principal amount advanced by EIB under the EIB Facility Agreements

"Emergency SSA Instruction Notice" means a notice from the Borrower Security Trustee, in accordance with clause 19 3 (*Emergency SSA Instruction Notice*) of the STID, requesting an instruction from the Qualifying Borrower Secured Creditors (through their Secured Creditor Representatives) as to whether the Borrower Security Trustee should give its consent to the relevant Obligor(s) to terminate the Shared Services Agreement

"Enforcement Action" means any step (other than (i) the exercise of any rights of inspection of any asset or other immaterial actions taken under any Finance Lease or (ii) a Permitted Hedge Termination) that a Borrower Secured Creditor is entitled to take to enforce its rights against an Obligor under a Finance Document following the occurrence of a Loan Event of Default including the declaration of a Loan Event of Default, the institution of proceedings, the making of a demand for payment under a guarantee, the making of a demand for cash collateral under a guarantee or the acceleration of Borrower Secured Liabilities by a Borrower Secured Creditor or Borrower Secured Creditors pursuant to the terms of the applicable Finance Documents

"Enforcement Instruction Notice" means a notice from the Borrower Security Trustee, in accordance with clause 21 2 (*Enforcement Instruction Notices*) of the STID, requesting an instruction from the Qualifying Borrower Secured Creditors (through their Secured Creditor Representatives) as to whether the Borrower Security Trustee should (a) deliver a Loan Enforcement Notice to enforce all or any part of the Borrower Security (other than the OFCA Floating Security and the security granted under the Security Agreement in favour of the Subordinated Security Trustee (the **"Subordinated Security"**)) or to take any other kind of Enforcement Action and/or (b) deliver a Loan Acceleration Notice to accelerate any or all of the obligations (other than, in respect of each tranche of Non-Migrated Bonds prior to the relevant Non-Migrated Bond Accession Date (if any), the Non-Migrated Bond Guarantee

insofar as it relates to such tranche of Non-Migrated Bonds) secured under the Borrower Security (other than the OFCA Floating Security and the Subordinated Security)

"Entrenched Rights" are matters which

- (a) would delay the date fixed for payment of principal, interest or Make-Whole Amount in respect of the relevant Borrower Secured Creditor's debt or would reduce the amount of principal, the rate of interest or the Make-Whole Amount (if any) payable in respect of such debt,
- (b) would bring forward the date fixed for payment of principal, interest or Make-Whole Amount in respect of a Borrower Secured Creditor's debt or would increase the amount of principal, the rate of interest or the Make-Whole Amount (if any) payable on any date in respect of the Borrower Secured Creditor's debt,
- (c) would have the effect of adversely changing any of the Borrower Post-Enforcement Priorities of Payments or application thereof in respect of a Borrower Secured Creditor (including, in the case of the Issuer, any Issuer Secured Creditor that would be adversely affected by such change),
- (d) would have the effect of adversely changing the application of any proceeds of enforcement of the Obligor Floating Charge Agreement,
- (e) would result in the exchange of the relevant Borrower Secured Creditor's debt for, or the conversion of such debt into, shares, bonds or other obligations of any other person,
- (f) would change or would relate to the currency of payment due under the relevant Borrower Secured Creditor's debt (other than due to the UK adopting the euro),
- (g) would change or would relate to any existing obligation of an Obligor to gross up any payment in respect of the relevant Borrower Secured Creditor's debt in the event of the imposition of withholding taxes (including, in the case of the Issuer, any Issuer Secured Creditor that would be adversely affected by such change),
- (h) would change or would have the effect of changing (i) any of the following definitions Qualifying Borrower Debt, Qualifying Borrower Secured Creditors, Qualifying Borrower Senior Debt, Qualifying Borrower Junior Debt, STID Proposal, Discretion Matter, Ordinary Voting Matter, Extraordinary Voting Matter, Voted Qualifying Debt, Non-Migrated Bond Voting Matter, Non-Migrated Bond Excluded Default, Reserved Matter, Entrenched Right, Borrower Secured Liabilities, (ii) the Decision Period, Quorum Requirement or voting majority required in respect of any Ordinary Voting Matter, Extraordinary Voting Matter, SSA Instruction Notice, Emergency SSA Instruction Notice, Intercreditor Instruction Notice, Enforcement Instruction Notice or Further Enforcement Instruction Notice, (iii) any of the matters that give rise to Entrenched Rights under the STID or (iv) clause 16.1 (*Scope of Entrenched Rights*) of the STID,

- (i) would change or have the effect of changing clause 10.3 (*Participating QBS Creditors*) of the STID,
- (j) would change or have the effect of changing schedule 3 (*Reserved Matters*) to the STID,
- (k) in respect of each Hedge Counterparty,
 - (i) would change or would have the effect of changing any of the following definitions Borrower Excess Hedge Collateral, Borrower Hedge Replacement Premium, Borrower Subordinated Hedge Amount, Issuer Excess Hedge Collateral, Issuer Hedge Replacement Premium, Issuer Subordinated Hedge Amount, Hedging Agreement, Revenue Collections or Issuer Secured Creditor Entrenched Right, or
 - (ii) would change or have the effect of changing the definition of Hedging Limit or would change any term forming part of such definition other than where the effect of such change would be to decrease the Hedging Limit, or
 - (iii) would change or have the effect of changing the definition of Permitted Hedge Termination or any of the Hedge Counterparties' rights to terminate the Hedging Agreements as set out in the Hedging Policy, or
 - (iv) would change or have the effect of changing sub-clause 7.1.2 of the Common Terms Agreement, or
 - (v) would change or have the effect of changing clause 11.5 (*Voting of Cross Currency Hedging Agreements by Cross Currency Hedge Counterparties*) of the STID, or
 - (vi) would change or have the effect of changing the definition of Loan Acceleration Notice or would change or have the effect of changing clause 22.2 (*Consequences of Delivery of Loan Notice Acceleration*) of the STID,
 - (vii) would change or have the effect of changing the purpose of the Borrower Liquidity Facility (which is to fund shortfalls in respect of interest and other finance charges due under the Refinancing Facility Agreement, the EIB Facility Agreements and all scheduled amounts payable to each Borrower Hedge Counterparty under the Borrower Hedging Agreements in an aggregate amount at least equal to the amount of liquidity required to prevent the occurrence of a Trigger Event pursuant to paragraph 3(c) of part 1 (*Trigger Events*) of schedule 3 (*Trigger Events*) of the Common Terms Agreement,
 - (viii) would change or have the effect of changing the purpose of the Issuer Liquidity Facility (which is to fund shortfall amounts scheduled to be paid by the Issuer in respect of items (a) - (g) (inclusive) of the Issuer Pre-Enforcement Priority of Payments (excluding, for the avoidance of doubt, any termination payments and all other unscheduled amounts payable to any Issuer

- Hedge Counterparty) in an aggregate amount at least equal to the amount of liquidity required to prevent the occurrence of a Trigger Event pursuant to paragraph 3(b) of part 1 (*Trigger Events*) of schedule 3 (*Trigger Events*) of the Common Terms Agreement),
- (ix) would change or have the effect of changing the effect of paragraph 12 (*Application of Borrower Post-Enforcement (Pre-Acceleration) Priorities of Payment in certain circumstances*) of schedule 9 (*Borrower Cash Management*) of the Common Terms Agreement,
 - (x) would change or have the effect of changing any provisions of the Senior/Subordinated Intercreditor Agreement which, (i) relate to the Hedging Agreements and/or the Hedge Counterparties or (ii) would have a material adverse effect on the Borrower Hedge Counterparties,
 - (xi) would change or have the effect of changing paragraph 6 (*Disposals*) of part 3 (*General Covenants*) of schedule 2 (*Covenants*), paragraph 2 (*Mandatory Prepayments*) of part 2 (*Trigger Event Consequences*) of schedule 3 (*Trigger Events*) or paragraphs 8 (*Debt Collateralisation Account*) or 12 (*Application of Borrower Post-Enforcement (Pre-Acceleration) Priorities of Payments in certain circumstances*) of schedule 9 (*Borrower Cash Management*) of the Common Terms Agreement, clause 7 4 of the Borrower Loan Agreement or clause 23 3, 23 5 3, 23 4 or 23 8 (*Borrower Post-Enforcement (Post-Acceleration) Priority of Payments*) of the STID,
- (l) in respect of each Borrower Liquidity Facility Provider, would change the effect of paragraph 12 (*Application of Borrower Post-Enforcement (Pre-Acceleration) Priorities of Payments in certain circumstances*) of schedule 9 (*Borrower Cash Management*) of the Common Terms Agreement and paragraph 34 (*Pre-Enforcement Priority for Borrower Liquidity Facilities*) of schedule 2, part 3 of the Common Terms Agreement, or would affect the ability of such Borrower Liquidity Facility Provider to enforce its rights under a Borrower Liquidity Facility Agreement,
 - (m) in respect of each Finance Lessor, would have the effect of changing or would relate to (a) any sale, transfer or other disposal (whether deemed or otherwise) of any of the Equipment, (b) the creation or subsistence of any encumbrance, lien, mortgage or other Security Interest over any Equipment, (c) any of the covenants or representations and warranties set out in the Finance Documents which relate to the maintenance or condition of the Equipment, or (d) any provisions contained within the Finance Documents pertaining to any damage, destruction or total loss of any of the Equipment,
 - (n) in respect of the BAA Pension Trustee, (i) may impose new, increased or additional obligations on or reduce the rights of the BAA Pension Trustee (provided, however, that with regard to any reduction of rights relating to the Borrower Post-Enforcement Priorities of Payments, the right of the BAA Pension Trustee shall be to rank *pari passu* with the repayments of principal in respect of the Borrower Loans relating to the

Class A Bonds for an aggregate amount up to the Maximum Pension Liability Amount but the Borrower Post-Enforcement Priorities of Payments may otherwise be amended without the consent of the BAA Pension Trustee except where sub-paragraph (iv) of this paragraph (n) applies), (ii) would result in the BAA Pension Trustee being entitled to be paid an aggregate amount under the STID of less than the Maximum Pension Liability Amount, (iii) would change or have the effect of changing schedule 5 to the Shared Services Agreement or the Pensions Agreement, (iv) would have the effect of granting security to any person that would rank in priority to the security granted to the BAA Pension Trustee other than in respect of those classes of Borrower Secured Creditor ranking in priority to the BAA Pension Trustee as at 18 August 2008, and/or (v) would amend or result in an amendment to this paragraph (n) or would change or would have the effect of changing the definitions of BAA Pension Liabilities or Maximum Pension Liability Amount,

- (o) in respect of a Non-Migrated Bondholder or the Non-Migrated Bond Trustee
 - (i) would release any of the Borrower Security as security for the obligations of the Borrowers under the Non-Migrated Bond Guarantee other than in circumstances where the STID permits the Borrower Security Trustee to consent to such release without the requirement to obtain consent from the Borrower Secured Creditors or where all Borrower Secured Creditors are affected equally and rateably by such release,
 - (ii) would adversely change the entitlement of the Non-Migrated Bondholders or the Non-Migrated Bond Trustee to participate in a vote relating to a Non-Migrated Bond Voting Matter, or
 - (iii) would adversely change the ranking of the claims of the Non-Migrated Bondholders or the Non-Migrated Bond Trustee to any amounts received or recovered in respect of any of the Borrower Security, it being recognised that the addition of secured liabilities and secured parties that rank ahead of the Non-Migrated Bondholders shall not be deemed to be an adverse change where the Non-Migrated Bondholders continue to rank *pari passu* with the Senior Debt
- (p) in respect of any Borrower Secured Creditor whose Senior Debt or Junior Debt is Collateralised, would result in the withdrawal of any amounts credited to the Debt Collateralisation Account to the extent represented by a credit on the DCA Ledger of such Borrower Secured Creditor except where such amounts are to be applied in Actual Prepayment of such Senior Debt or, as the case may be, Junior Debt,
- (q) in respect of the Issuer, would relate to the waiver of the Loan Event of Default set out in paragraph 16 (*Bond Event of Default*) of schedule 4 (*Loan Events of Default*) of the Common Terms Agreement, provided that the Bond Trustee on behalf of the Issuer shall be required to provide such waiver if, following delivery of an Enforcement Instruction Notice by the Borrower Security Trustee, no instruction to deliver a Loan

Enforcement Notice, take any other kind of Enforcement Action or deliver a Loan Acceleration Notice is given by the Qualifying Borrower Secured Creditors in accordance with the procedures set out in the STID, the Issuer (or its Secured Creditor Representatives) is directed to do so in writing by Issuer Qualifying Creditors together holding or representing 25 per cent or more of the Issuer Qualifying Debt, or

- (r) in respect of each Financial Guarantor, would result in any member of the Security Group entering into any inflation-linked Treasury Transactions pursuant to a Hedging Agreement or would result in the Issuer entering into inflation-linked Treasury Transactions in respect of any Class B Bonds

"Equipment" means, in relation to a Finance Lease, any items of equipment, plant and/or machinery, system, asset, software licence, Intellectual Property Right, software and any other item leased under that Finance Lease

"Equivalent Amount" means the amount in question expressed in the terms of the Base Currency, calculated on the basis of the Exchange Rate

"euro" means the lawful currency of member states of the European Union that adopt the single currency

"Exchange Agent" means Deutsche Bank AG, London Branch (or any successor thereto) in its capacity as exchange agent under the Agency Agreement in respect of the Bonds

"Exchange Rate" means the strike rate specified in any related Cross Currency Hedging Agreement or, failing that, the spot rate at which the Non-Base Currency is converted to the Base Currency as quoted by the Agent Bank as at 11 00 a m

- (a) for the purposes of clause 12 7 (*STID Voting Request*) of the STID, on the date that the STID Proposal is dated, and
- (b) in any other case, on the date as of which calculation of the Equivalent Amount of the Outstanding Principal Amount is required,

and, in each case, as notified by the Agent Bank to the Bond Trustee

"Excluded Charged Property" means

- (a) the leasehold property listed in Schedule 4 (*Excluded Leasehold Property*), and
- (b) any other freehold or leasehold property or properties or any material licence or other right to occupy or use the same in respect of which the creation of any security by the relevant Borrower by or pursuant to any Finance Document is prohibited either absolutely or without consent (until such time as consent is obtained)

"Existing Security Agreements" means

- (a) the debenture dated 30 January 2008 between BAA (AH) Limited, BAA (SH) Limited, BAA (SP) Limited and BAA (DSH) Limited as chargors and The Royal Bank of Scotland plc as security trustee,
- (b) the debenture dated 19 January 2007 made between Heathrow Airport Limited, Gatwick Airport Limited and Stansted Airport Limited as chargors and The Royal Bank of Scotland plc as security trustee,
- (c) the mortgage dated 19 January 2007 between Heathrow Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (d) the mortgage dated 19 January 2007 between Gatwick Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (e) the mortgage dated 19 January 2007 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (f) the mortgage dated 30 August 2007 between Heathrow Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (g) the mortgage dated 30 August 2007 between Gatwick Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (h) the mortgage dated 30 August 2007 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (i) the mortgage dated 17 September 2007 between Heathrow Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (j) the mortgage dated 17 September 2007 between Gatwick Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (k) the mortgage dated 17 September 2007 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (l) the mortgage dated 19 September 2007 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (m) the mortgage dated 12 October 2007 between Heathrow Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (n) the mortgage dated 3 April 2008 between Heathrow Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (o) the mortgage dated 7 April 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (p) the mortgage dated 9 April 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,

- (q) the mortgage dated 10 April 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (r) the mortgage dated 15 April 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (s) the mortgage dated 30 April 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (t) three mortgages each dated 6 May 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (u) the mortgage dated 7 May 2008 between Gatwick Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (v) the mortgage dated 8 May 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (w) three mortgages each dated 12 May 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (x) the two mortgages dated 16 May 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (y) the mortgage dated 19 May 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (z) the mortgage dated 21 May 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (aa) the mortgage dated 30 May 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (bb) the mortgage dated 11 June 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (cc) the mortgage dated 20 June 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (dd) the mortgage dated 7 July 2008 between Heathrow Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (ee) the mortgage dated 10 July 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (ff) the mortgage dated 18 July 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (gg) two mortgages each dated 1 August 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,

- (hh) the mortgage dated 4 August 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee;
- (ii) the two mortgages dated 5 August 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (ij) the mortgage dated 8 August 2008 between Heathrow Airport Limited and The Royal Bank of Scotland plc as security trustee,
- (kk) the mortgage dated 8 August 2008 between Gatwick Airport Limited and The Royal Bank of Scotland plc as security trustee, and
- (ll) the mortgage dated 8 August 2008 between Stansted Airport Limited and The Royal Bank of Scotland plc as security trustee,

and any other mortgage entered into between an Operating Company and The Royal Bank of Scotland plc prior to 18 August 2008

"Extraordinary Voting Matters" are matters which

- (a) would release any of the Borrower Security (unless equivalent replacement security is taken at the same time) unless such release is permitted in accordance with the terms of the Common Documents,
- (b) would change (i) certain material definitions which relate to the key structural principles on which the voting mechanics of the Extraordinary Voting Matters have been founded or (ii) any of the matters constituting Extraordinary Voting Matters,
- (c) (subject to paragraph (e) below) would change any Loan Events of Default or any Trigger Events each in relation to non-payment, the making of Restricted Payments, financial ratios or credit rating downgrade,
- (d) would relate to the waiver of the Loan Event of Default in respect of any Obligor or Loan Events of Default or Trigger Events each in relation to non-payment, credit rating downgrade or financial ratios or the making of Restricted Payments,
- (e) would materially adversely change or affect the application of the Fair and Reasonable Principle to the allocation of shared costs payable by the Obligors under the Shared Services Agreements save as permitted or required under the Shared Services Agreements in respect of any Regulatory Change,
- (f) would change in any adverse respect the restriction on any disposal of HAL or Heathrow or relate to a consent in respect of any such disposal;
- (g) would change in any adverse respect the mandatory prepayment provisions set out in paragraph 6 (*Disposals*) of part 3 (*General Covenants*) of schedule 2 (*Covenants*) to the Common Terms Agreement following a disposal of all or part of a Designated Airport, including, without limitation, the amount to be prepaid or the time by which such amount is to be applied in prepayment,

- (h) would change any of the termination events or materially affect any of the provisions relating to the obligations of any party to the Shared Services Agreement following the occurrence of a termination event,
- (i) would materially change or have the effect of materially changing clause 2.7 of the Shared Services Agreement or the equivalent provision of the BSC Services Agreement or BAA's or BSC's obligations thereunder;
- (j) would materially change or have the effect of materially changing the definition of Permitted Business,
- (k) would change or have the effect of changing the provisions relating to or relate to the waiver of the Additional Indebtedness Tests set out in schedule 2, part 3, paragraph 7 to the Common Terms Agreement,
- (l) would have the effect of approving or consenting to any termination of the appointment of BAA as Shared Services Provider under the Shared Services Agreement in accordance with the provisions of paragraph (b)(iii) of clause 19.3 of the Shared Services Agreement,
- (m) would result in the earnings from any Joint Ventures which are not Obligor's contributing towards more than 10 per cent of Cashflow from Operations,
- (n) would result in the sum of the aggregate undrawn available commitments under Liquidity Facilities of the Issuer and the balance of the Issuer Liquidity Reserve Account (if any) being less than the aggregate amount of the Issuer's estimated recurring fees and expenses, interest and equivalent finance charges for the 12 months following the most recently occurring Calculation Date on Issuer Senior Debt and for the 6 months following the most recently occurring Calculation Date on Issuer Junior Debt,
- (o) would result in the sum of the aggregate undrawn available commitments under Liquidity Facilities of the Borrowers and the balance of the Borrower Liquidity Reserve Account (if any) being less than the sum of (i) the aggregate forecast net payments payable by the Borrowers under outstanding Treasury Transactions under the Borrower Hedging Agreements, (ii) the amount of the Borrowers' estimated recurring fees and expenses, interest and equivalent finance charges under the Refinancing Facility (after taking account of the impact of all Interest Rate Hedging Agreements entered into in respect of the Refinancing Facility which continue in force) for the 12 months following the most recently occurring Calculation Date on Tranche A Loans outstanding under the Refinancing Facility Agreement and for 6 months following the most recently occurring Calculation Date on Tranche B Loans outstanding under the Refinancing Facility Agreement and (iii) the maximum potential EIB Liquidity Shortfall under the Supported EIB Facilities, in each case for the succeeding 12 month period, on the basis of, in respect of such Treasury Transactions, the assumptions set

out in paragraph 3(c) of part 1 (*Trigger Events*) of schedule 3 (*Trigger Events*) to the Common Terms Agreement,

- (p) would bring forward the scheduled maturity date of any Financial Indebtedness following the occurrence of a Trigger Event which is continuing, or
- (q) would result in members of the Security Group being able to claim capital allowances in the five year period following 18 August 2008, where the members of the Security Group are aware that the effect of so claiming would be to generate or increase the amount of losses or other amounts which would be available for surrender by way of group relief to companies outside the Security Group and which, in aggregate, exceed 2 per cent of Total RAB

"Fair and Reasonable Principle" means the fair and reasonable allocation as between the Obligors, the Non-Designated Group and any other members of the BAA Group having regard to the statements of any Regulator in relation thereto provided to BAA from time to time

"FG Event of Default" means in relation to each Relevant Financial Guarantor such events as are specified in the G&R Deed and, in relation to Wrapped Bonds, set out in the relevant Final Terms

"Final Terms" means the final terms issued in relation to each Tranche or Sub-Class of Bonds as a supplement to the Conditions and giving details of the Tranche or Sub-Class.

"Finance Documents" means

- (a) the Security Documents,
- (b) any Finance Lease Documents,
- (c) the Common Terms Agreement;
- (d) the Borrower Loan Agreements;
- (e) the Master Definitions Agreement,
- (f) the Borrower Account Bank Agreement,
- (g) the Initial Credit Facilities Agreement and any Capex Certificate or ICF Accession Memorandum delivered thereunder,
- (h) the Refinancing Facility Agreement,
- (i) the Ancillary Documents;
- (j) the EIB Facility Agreements,
- (k) each Borrower Liquidity Facility Agreement,
- (l) the Borrower Liquidity Reserve Account Trust Deed,

- (m) the Senior/Subordinated Intercreditor Agreement,
- (n) (A) any fee letter, commitment letter or request entered into in connection with (i) the facilities referred to in paragraphs (g) to (l) above or the transactions contemplated in such facilities and (B) any other document that has been entered into in connection with such facilities or the transactions contemplated thereby that has been designated as a Finance Document by the parties thereto (including at least one Obligor),
- (o) each Hedging Agreement entered into by the Borrowers,
- (p) for the purposes of the Senior/Subordinated Intercreditor Agreement only, the Non-Migrated Bond Guarantee,
- (q) for the purposes of the Senior/Subordinated Intercreditor Agreement only, the Non-Migrated Bonds,
- (r) any other Authorised Credit Facilities,
- (s) each CP Agreement,
- (t) the Tax Deed of Covenant,
- (u) each agreement or other instrument between a Borrower or the Issuer (as applicable) and an Additional Borrower Secured Creditor designated as a Finance Document by a Borrower or the Issuer (as applicable), the Borrower Security Trustee and such Additional Borrower Secured Creditor in the Accession Memorandum for such Additional Borrower Secured Creditor,
- (v) the Master Execution Deed, and
- (w) any amendment and/or restatement agreement relating to any of the above documents

"Finance Lease" means any finance lease entered into by a Borrower or HEX Opco (a) in respect of Equipment which on its own has a capitalised amount in excess of 0.5 per cent of Total RAB or when added to the capitalised amount of then existing finance leases would exceed an aggregated capitalised amount of 0.5 per cent of Total RAB, and (b) the counterparty to which has acceded to the terms of the STID and the Common Terms Agreement, together the **"Finance Leases"**

"Finance Lease Documents" means each Finance Lease together with any related or ancillary documentation.

"Finance Lessors" means any person entering into a Finance Lease with a Borrower or HEX Opco, as permitted by the Common Terms Agreement and the STID, who accedes to the STID and the Common Terms Agreement as a Finance Lessor (each a **"Finance Lessor"**)

"Financial Guarantee Fee Letter" means any letter or other agreement between a Relevant Financial Guarantor and the Issuer setting the terms on which fees and/or premia are payable

in relation to one or more Financial Guarantees issued or to be issued by that Relevant Financial Guarantor

"Financial Guarantees" means any financial guarantee issued by a Relevant Financial Guarantor in respect of any Wrapped Debt and **"Financial Guarantee"** shall be construed accordingly

"Financial Guarantor" means any person who provides a financial guarantee, including the Financial Guarantees, in respect of any of the Wrapped Debt, and **"Financial Guarantors"** means all of them if there is more than one at any time

"Financial Indebtedness" means (without double-counting) any indebtedness for or in respect of

- (a) moneys borrowed or raised (whether or not for cash),
- (b) any documentary or standby letter of credit facility,
- (c) any acceptance credit,
- (d) any bond, note, debenture, loan stock or other similar instrument,
- (e) any finance or capital lease or hire purchase contract which would, in accordance with Applicable Accounting Principles, be treated as such,
- (f) any amount raised pursuant to any issue of shares which are capable of redemption,
- (g) receivables sold or discounted (other than on a non-recourse basis to any member of the Security Group),
- (h) the amount of any liability in respect of any advance or deferred purchase agreement if either one of the primary reasons for entering into such agreement is to raise finance or the relevant payment is advanced or deferred for a period in excess of 90 days,
- (i) any termination amount due from any member of the Security Group in respect of any Treasury Transaction that has terminated,
- (j) any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing (other than any trade credit or indemnity granted in the ordinary course of a Borrower's trading and upon terms usual for such trade),
- (k) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, letter of credit or any other instrument issued by a bank or financial institution, and
- (l) any guarantee, indemnity or similar assurance against financial loss of any person in respect of any item referred to in paragraphs (a) to (k) above (other than any guarantee or indemnity given in respect of obligations owed by one member of the Security Group to another)

"Financial Statements" means, at any time, the financial statements of an Obligor and, in the case of the Security Parent, additionally consolidated financial statements of itself and its subsidiaries, most recently delivered to the Borrower Security Trustee

"Financial Year" means the twelve months ending on 31 December in each year or such other period as may be approved by the Borrower Security Trustee

"Fitch" means Fitch Ratings Limited and any successor to the rating agency business of Fitch Ratings Limited

"Fixed Rate Bond" means a Bond on which interest is calculated at a fixed rate payable in arrears on a fixed date or fixed dates in each year and on redemption or on such other dates as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms)

"Fixtures" means, in relation to any freehold or leasehold property charged by or pursuant to the Security Agreement and each Legal Charge, all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery from time to time thereon owned by any Obligor or in respect of which any Obligor has an interest

"Floating Rate Bond" means a Bond on which interest is calculated at a floating rate payable in arrears in respect of such period or on such date(s) as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms)

"FSMA" means the Financial Services and Markets Act 2000, as amended

"Further Enforcement Instruction Notice" means a notice from the Borrower Security Trustee, in accordance with clause 21.2.2 (*Enforcement Instruction Notices*) of the STID, requesting an instruction from the Qualifying Borrower Secured Creditors (through their Secured Creditor Representatives) as to whether the Borrower Security Trustee should deliver a Loan Acceleration Notice to accelerate all of the obligations (other than, in respect of each tranche of Non-Migrated Bonds prior to the relevant Non-Migrated Bond Accession Date (if any), the Non-Migrated Bond Guarantee insofar as it relates to such tranche of Non-Migrated Bonds) secured under the Borrower Security (other than the OFCA Floating Security and the Subordinated Security)

"G&R Deed" means each guarantee and reimbursement deed (or agreement of similar name and effect) entered into from time to time between, among others, the Issuer and each Relevant Financial Guarantor

"GAL" means Gatwick Airport Limited

"Gatwick" means Gatwick airport

"Group Shares" means all of the shares in each Obligor (other than the shares in the Security Parent) at any time, including all shares specified in Schedule 5 (*Group Shares*) (being the shares which existed in each Obligor (other than the Security Parent) as at 18 August 2008) or

in the relevant schedule or appendix to any Deed of Accession when used in relation to a particular Obligor

"Guarantee" means, in relation to each Obligor, the guarantee of such Obligor given by it pursuant to the Security Document to which it is a party

"HAL" means Heathrow Airport Limited

"Heathrow" means Heathrow airport

"Hedge Counterparties" means (i) the Initial Issuer Hedge Counterparties, (ii) the Initial Borrower Hedge Counterparties, and (iii) any counterparty which accedes as hedge counterparty to the STID and the Common Terms Agreement and, in the case of any Treasury Transaction with the Issuer, the Issuer Deed of Charge and **"Hedge Counterparty"** means any of such parties

"Hedging Agreement" means any Treasury Transaction entered or to be entered into by the Issuer or a Borrower with a Hedge Counterparty under the Hedging Policy to hedge interest rate exposure and currency risk in relation to the Relevant Debt, the Bonds or the Non-Migrated Bonds

"Hedging Limit" means 102.5 per cent of the sum of the Relevant Debt

"Hedging Policy" means the initial hedging policy applicable to the Obligors and the Issuer set out in schedule 5 (*Hedging Policy and Overriding Provisions Relating to Hedging Agreements*) to the Common Terms Agreement as such hedging policy may be amended from time to time by agreement between the Borrower Security Trustee, the Issuer, the Borrowers and the Hedge Counterparties in accordance with the STID

"HEX Opco" means Heathrow Express Operating Company Limited

"Holding Company" means a holding company within the meaning of section 736 of the Companies Act

"ICF Accession Memorandum" means a document substantially in the form set out in schedule 7 (*Form of ICF Accession Memorandum*) of the Initial Credit Facilities Agreement

"Indemnification Deed" means each deed so named and entered into prior to an Issue Date between the Obligors, a Relevant Financial Guarantor and the Dealers

"Independent Enforcement Action" means

- (a) in the case of the Non-Migrated Bondholders of any tranche of Non-Migrated Bonds
 - (i) the delivery of any notice from the Non-Migrated Bond Trustee or any Non-Migrated Bondholder to BAA and/or HAL and/or GAL and/or STAL pursuant to which all or any of the Non-Migrated Bonds are declared or become prematurely due and payable or fall to be redeemed prior to their specified maturity date, or

- (ii) the taking of formal steps for the commencement of Insolvency Proceedings against BAA and/or HAL and/or GAL and/or STAL by the Non-Migrated Bond Trustee or any Non-Migrated Bondholder,

in each case, prior to the date on which a Loan Acceleration Notice is delivered, and

- (b) in the case of any other Borrower Secured Creditor (other than the Borrower Security Trustee, the Non-Migrated Bond Trustee and the Non-Migrated Bondholders) and only for so long as there are any Non-Migrated Bonds outstanding, any breach by such Borrower Secured Creditor of any of the provisions set out in clause 6.1 (*Undertakings of Borrower Secured Creditors*) of the STID

"Indexed Bond" means a Bond in respect of which the amount payable in respect of principal and interest is calculated by reference to an index and/or formula as the Issuer and the relevant Dealer(s) may agree (as indicated in the relevant Final Terms)

"Initial Authorised Credit Provider" means any of the Issuer, the EIB Lender, any Initial Capex Facility Provider, any Initial WCF Provider, any Refinancing Facility Provider and any Initial Borrower Hedge Counterparty

"Initial Borrower Hedge Counterparties" means Banco Bilbao Vizcaya Argentaria S A , Banco Santander S A , BNP Paribas, Caja de Ahorros y Monte de Piedad de Madrid, CALYON, Citibank, N A , London Branch, HSBC Bank plc, Morgan Stanley & Co International plc and The Royal Bank of Scotland plc with whom the Borrowers have entered into the Initial Borrower Hedging Agreements on 18 August 2008

"Initial Borrower Hedging Agreements" means each Hedging Agreement entered into by a Borrower and an Initial Borrower Hedge Counterparty on or before 18 August 2008

"Initial Borrower Liquidity Facility Provider" means Lloyds TSB Bank plc

"Initial Borrower Loan Agreement" means the initial Borrower Loan Agreement entered into between, amongst others, the Issuer and the Borrowers on 18 August 2008

"Initial Capex Facility" means the capex facilities of an aggregate facility amount of £2,700,000,000 made available to the Borrowers, by the Initial Capex Facility Providers on 18 August 2008 pursuant to the Initial Credit Facilities Agreement

"Initial Capex Facility Providers" means the syndicate of lenders which from time to time provide the Initial Capex Facility

"Initial Credit Facilities Agent" means The Royal Bank of Scotland plc or any successor thereto as agent under the Initial Credit Facilities Agreement

"Initial Credit Facilities Agreement" means the facility agreement dated 18 August 2008 under which the Initial Capex Facility and the Initial WCF are made available to the Borrowers and the WCF Borrowers

"Initial Issuer Hedge Counterparties" means Banco Bilbao Vizcaya Argentaria S A , Banco Santander S A , Barclays Bank PLC, BNP Paribas, Caja de Ahorros y Monte de Piedad de Madrid, CALYON, Citibank, N A., London Branch, HSBC Bank plc, Morgan Stanley & Co International plc and The Royal Bank of Scotland plc with whom the Issuer entered into the Initial Issuer Hedging Agreements on 18 August 2008

"Initial Issuer Hedging Agreements" means each Hedging Agreement entered into by the Issuer and the Initial Issuer Hedge Counterparties on or before 18 August 2008

"Initial Issuer Liquidity Facility Agreement" means the liquidity facility agreement dated 18 August 2008 entered into between, among others, the Issuer and Lloyds TSB Bank plc as Issuer Liquidity Facility Provider

"Initial Issuer Liquidity Facility Provider" means Lloyds TSB Bank plc

"Initial Refinancing Facility Providers" means Banco Bilbao Vizcaya Argentaria S A , London Branch, Banco Santander S A , London Branch, BNP Paribas, London Branch, Caja de Ahorros y Monte de Piedad de Madrid, CALYON, Citibank, N A , London Branch, HSBC Bank plc, Royal Bank of Canada and The Royal Bank of Scotland plc

"Initial WCF" means the working capital facilities of an aggregate facility amount of £50,000,000 made available to the Borrowers, the Security Parent and Asset Holdco by the Initial WCF Providers on 18 August 2008

"Initial WCF Providers" means the syndicate of banks which together provide the Initial WCF

"Insolvency Act" means the Insolvency Act 1986

"Insolvency Proceedings" means, in respect of any company, the winding up, liquidation, dissolution or administration of such company, or any equivalent or analogous proceedings under the law of the jurisdiction in which such company is incorporated or of any jurisdiction in which such company, carries on business including the seeking of liquidation, winding up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors

"Insurance Proceeds" means all proceeds of Insurances (whether by way of claims, return premiums, *ex gratia* payments or otherwise) payable to or received by any Obligor (including proceeds of any Insurances in respect of liabilities arising under any of the Transaction Documents)

"Insurances" means, as the context may require, any or all of the insurances described in or taken out pursuant to schedule 11 (*Insurances*) to the Common Terms Agreement and any other contract or policy of insurance taken out by an Obligor from time to time, including in each case any future renewal or replacement of any such insurance whether with the same or different insurers and whether on the same or different terms as further defined in schedule 11 (*Insurances*) to the Common Terms Agreement

"Intellectual Property Right" means any right in

- (a) copyright (including rights in software and preparatory design materials), get-up, trade names, internet domain names, patents, inventions, rights in confidential information, database rights, moral rights, semiconductor topography rights, trade secrets, know-how, trade marks, service marks, logos and registered designs and design rights (each whether registered or unregistered),
- (b) applications for registration and the right to apply for registration, for any of the above, and
- (c) all other intellectual property rights in each case whether registered or unregistered and including applications for registration and all rights or equivalent or similar forms of protection having equivalent or similar effect anywhere in the world

"Intercreditor Instruction Notice" means a notice from the Borrower Security Trustee, in accordance with clause 20.1 (*Intercreditor Instruction Notice*) of the STID, requesting an instruction from the Qualifying Borrower Secured Creditors as to whether and the manner in which the Borrower Security Trustee should act

"Interest Commencement Date" means, in the case of interest-bearing Bonds, the date specified in the applicable Final Terms from (and including) which such Bonds bear interest, which may or may not be the Issue Date

"Interest Rate Hedging Agreement" means any Hedging Agreement with a Hedge Counterparty in respect of a Treasury Transaction in respect of any interest rate hedging including, without limitation, through an inflation or inflation-linked transaction

"IP SPV" means BAA (IP Holdco) Limited

"ISDA Master Agreement" means an agreement in the form of the 1992 or 2002 ISDA Master Agreement (Multi-Currency Cross Border) or any successor thereto published by ISDA unless otherwise agreed by the Bond Trustee

"Issue Date" means the date of issue of any Tranche of Bonds or the date upon which all conditions precedent to a utilisation under any other Authorised Credit Facility have been fulfilled or waived and the Issuer makes a utilisation of that facility

"Issue Price" means the price as stated in the relevant Final Terms, generally expressed as a percentage of the nominal amount of the Bonds, at which the Bonds will be issued

"Issuer" means BAA Funding Limited, a company incorporated in Jersey with limited liability under registered number 99529

"Issuer Account Bank" means The Royal Bank of Scotland plc or any successor account bank appointed pursuant to the Issuer Account Bank Agreement

"Issuer Account Bank Agreement" means the account bank agreement dated 18 August 2008 between the Issuer, the Issuer Account Bank and the Bond Trustee

"Issuer Accounts" means the Issuer Dollar Account, the Issuer Euro Account and the Issuer Sterling Account together with any other account of the Issuer that may be opened from time to time (including any non-Sterling accounts, any Issuer Collateral Accounts and any Issuer Liquidity Reserve Account but excluding any Liquidity Standby Account) pursuant to or in accordance with any Issuer Transaction Document and includes any sub-account or sub-accounts relating to that account and any replacement account from time to time (each an **"Issuer Account"**)

"Issuer Cash Management Agreement" means the cash management agreement dated 18 August 2008 between, among others, the Issuer, BAA and the Bond Trustee

"Issuer Cash Manager" means BAA and any successor thereto

"Issuer Collateral Account" means each account of the Issuer titled "Issuer Collateral Account" opened at the Issuer Account Bank in accordance with the provisions of the Issuer Cash Management Agreement and includes any sub account relating to that account and any replacement account from time to time

"Issuer Corporate Administration Agreements" means (i) the corporate administration agreement dated 18 August 2008 between the Issuer and Maurant & Co Limited and (ii) the corporate administration agreement dated 27 June 2008 between the Issuer and Maurant & Co Capital (SPV) Limited with regard to the provision of an independent, UK-resident director to the Issuer

"Issuer Corporate Administration Providers" means Maurant & Co Limited and Maurant & Co Capital (SPV) Limited and any successors thereto

"Issuer Deed of Charge" means the deed of charge entered into between the Issuer and the Bond Trustee on 18 August 2008

"Issuer Dollar Account" means the dollar account known as the "Issuer Dollar Account" held in the name of BAA Funding Limited and maintained by the Issuer Account Bank pursuant to the terms of the Issuer Account Bank Agreement or such other dollar denominated account as may be opened, with the consent of the Bond Trustee, at any branch of the Issuer Account Bank in replacement of such account

"Issuer Euro Account" means the euro account known as the "Issuer Euro Account" held in the name of BAA Funding Limited and maintained by the Issuer Account Bank pursuant to the terms of the Issuer Account Bank Agreement or such other euro denominated account as may be opened, with the consent of the Bond Trustee, at any branch of the Issuer Account Bank in replacement of such account

"Issuer Excess Hedge Collateral" means an amount equal to the value of the collateral (or the applicable part of any collateral) provided by any Issuer Hedge Counterparty to the Issuer in respect of the relevant Issuer Hedge Counterparty's obligations to transfer collateral to the Issuer under the relevant Issuer Hedging Agreement (as a result of the ratings downgrade provisions in that Issuer Hedging Agreement), which is in excess of that Issuer Hedge

Counterparty's liability to the Issuer under the relevant Issuer Hedging Agreement, or which the relevant Issuer Hedge Counterparty is otherwise entitled to have returned to it under the terms of the relevant Issuer Hedging Agreement

"Issuer Hedge Counterparty" means a Hedge Counterparty who is party to an Issuer Hedging Agreement

"Issuer Hedge Replacement Premium" means a premium or upfront payment received by the Issuer from a replacement hedge counterparty under a replacement hedge agreement with the Issuer to the extent of any termination payment due to an Issuer Hedge Counterparty under an Issuer Hedging Agreement

"Issuer Hedging Agreement" means each Hedging Agreement entered into by the Issuer and a Hedge Counterparty

"Issuer Junior Debt" means the Class B Bonds and the Cross Currency Hedging Agreements between the Issuer and the Cross Currency Hedge Counterparties in respect of the Class B Bonds

"Issuer Liquidity Facility" means a facility made available to the Issuer under an Issuer Liquidity Facility Agreement, and **"Issuer Liquidity Facilities"** means all of them

"Issuer Liquidity Facility Agent" means Lloyds TSB Bank plc as agent on behalf of the Issuer Liquidity Facility Providers under the Initial Issuer Liquidity Facility Agreement or any agent appointed by the Issuer Liquidity Facility Providers under an Issuer Liquidity Facility Agreement (and any successor) thereto

"Issuer Liquidity Facility Agreement" means each liquidity facility agreement which has the characteristics set out in schedule 10 (*Liquidity Facilities*) to the Common Terms Agreement, as established in connection with each Sub-Class of Bonds issued by the Issuer.

"Issuer Liquidity Facility Providers" means the Initial Issuer Liquidity Facility Provider, and any bank or financial institution which has become a Party to the Issuer Liquidity Facility Agreement in accordance with clause 27 (*Changes to Parties*) of such Issuer Liquidity Facility Agreement and which in each case has not ceased to be a Party in accordance with the terms of such agreement

"Issuer Liquidity Reserve Account" means an account opened in the name of BAA Funding Limited and maintained by the Issuer Account Bank pursuant to the terms of the Issuer Account Bank Agreement and credited with a cash reserve for the purpose of satisfying the minimum debt service funding requirements set out in paragraph 3(b) of part 3 (*Trigger Event Remedies*) of schedule 3 (*Trigger Event*) of the Common Terms Agreement or such other account as may be opened, with the consent of the Bond Trustee, at any branch of the Issuer Account Bank in replacement of such account

"Issuer Payment Priorities" means the Issuer Pre-Enforcement Priority of Payments and the Issuer Post-Enforcement Priority of Payments

"Issuer Post-Enforcement Priority of Payments" means the provisions relating to the order of priority of payments set out in the Issuer Deed of Charge

"Issuer Pre-Enforcement Priority of Payments" means the provisions relating to the order of priority of payments from the Issuer Accounts set out in schedule 1 to the Issuer Cash Management Agreement

"Issuer Qualifying Creditors" means, in respect of Issuer Qualifying Debt

- (a) for so long as any Class A Bonds remain outstanding, the holders of the Class A Unwrapped Bonds, (for so long as no FG Event of Default has occurred in respect of a Relevant Financial Guarantor) the Relevant Financial Guarantors in relation to the Class A Wrapped Bonds, (in respect of any Tranche or Sub-Class of Class A Wrapped Bonds in relation to which a FG Event of Default is continuing) the holders of such Tranche or Sub-Class of Class A Wrapped Bonds and each Cross Currency Hedge Counterparty that is party to a Cross Currency Hedging Agreement in respect of the Class A Bonds,
- (b) if there are no Class A Bonds then outstanding and for so long as any Class B Bonds remain outstanding, the holders of the Class B Unwrapped Bonds, (for so long as no FG Event of Default has occurred in respect of a Relevant Financial Guarantor) the Relevant Financial Guarantors in relation to the Class B Wrapped Bonds, (in respect of any Tranche or Sub-Class of Class B Wrapped Bonds in relation to which a FG Event of Default is continuing) the holders of such Tranche or Sub-Class of Class B Wrapped Bonds and each Cross Currency Hedge Counterparty that is party to a Cross Currency Hedging Agreement in respect of the Class B Bonds,
- (c) if there are no Class A Bonds or Class B Bonds then outstanding, the holders of the Subordinated Bonds and each Cross Currency Hedge Counterparty that is party to a Cross Currency Hedging Agreement in respect of the Subordinated Bonds

"Issuer Qualifying Debt" means

- (a) for so long as any Class A Bonds remain outstanding, the sum of (i) the Principal Amount Outstanding of the Class A Bonds and (ii) the mark-to-market value of all transactions arising under Cross Currency Hedging Agreements in respect of the Class A Bonds to the extent that such value represents an amount which would be payable to the relevant Cross Currency Hedge Counterparties if an early termination date was designated at such time in respect of such transactions,
- (b) if there are no Class A Bonds then outstanding and for so long as any Class B Bonds remain outstanding, the sum of (i) the Principal Amount Outstanding of the Class B Bonds and (ii) the mark-to-market value of all transactions arising under Cross Currency Hedging Agreements in respect of the Class B Bonds to the extent that such value represents an amount which would be payable to the relevant Cross Currency Hedge Counterparties if an early termination date was designated at such time in respect of such transactions, or

- (c) if there are no Class A Bonds or Class B Bonds then outstanding, the sum of (i) the Principal Amount Outstanding of the Subordinated Bonds and (ii) the mark to market value of all transactions arising under Cross Currency Hedging Agreements in respect of the Subordinated Bonds to the extent that such value represents an amount which would be payable to the relevant Cross Currency Hedge Counterparties if an early termination date was designated at such time in respect of such transactions

"Issuer Secured Creditor" means

- (a) the Bond Trustee (for itself and on behalf of the Bondholders) under the Issuer Deed of Charge and the Obligor Floating Charge Agreement,
- (b) the Bondholders,
- (c) each Relevant Financial Guarantor of Wrapped Bonds under the G&R Deed,
- (d) the Bond Guarantor under the BAA Bond Guarantee,
- (e) each Issuer Hedge Counterparty under its Issuer Hedging Agreement,
- (f) each Issuer Liquidity Facility Provider and the Issuer Liquidity Facility Agent under the Issuer Liquidity Facility Agreement,
- (g) the Issuer Account Bank under the Issuer Account Bank Agreement,
- (h) the Principal Paying Agent, Paying Agents, Transfer Agent, Exchange Agent, Registrar and Agent Bank under the Agency Agreement and any Calculation Agent under a Calculation Agency Agreement,
- (i) the Issuer Cash Manager under the Issuer Cash Management Agreement, and
- (j) the Issuer Corporate Administration Providers under the Issuer Corporate Administration Agreements

"Issuer Secured Creditor Entrenched Right" means, in respect of an Issuer Secured Creditor, any modification, consent, direction or waiver in respect of an Issuer Transaction Document that would (i) result in an increase in or would adversely modify such Issuer Secured Creditor's obligations or liabilities under such Issuer Transaction Document, (ii) have the effect of adversely changing the Issuer Payment Priorities or application thereof in respect of such Issuer Secured Creditor provided that alterations to introduce the Subordinated Bonds will not be deemed to affect any Sub-Class of Class A Bonds or Class B Bonds where "adversely" means, in respect of any change to the Issuer Payment Priorities, a change which has the effect of changing the priority of the Issuer Secured Creditors relative to each other provided that the creation of payments which rank subordinate to an Issuer Secured Creditor shall not be an adverse change in respect of an Issuer Secured Creditor, (iii) release any Issuer Security (except where such release is expressly permitted by the Issuer Deed of Charge), (iv) alter adversely the voting entitlement of such Issuer Secured Creditor under the STID or the Conditions, (v) in respect of an Issuer Hedge Counterparty, constitute an Entrenched Right

pursuant to paragraph (h) or paragraph (k) of the definition of Entrenched Right or (vi) amend this definition

"Issuer Security" means the fixed and floating security granted by the Issuer to the Bond Trustee pursuant to the Issuer Deed of Charge

"Issuer Senior Debt" means the Class A Bonds, the Interest Rate Hedging Agreements between the Issuer and the Hedge Counterparties in respect of the Bonds (excluding any Subordinated Bonds) and the Cross Currency Hedging Agreements between the Issuer and the Cross Currency Hedge Counterparties in respect of the Class A Bonds

"Issuer Sterling Account" means the Sterling denominated account of the Issuer held at the Issuer Account Bank and includes any sub-account or sub-accounts relating to that account and any replacement account or accounts from time to time

"Issuer Subordinated Hedge Amounts" means any termination payment due or overdue to an Issuer Hedge Counterparty under any Issuer Hedging Agreement which arises as a result of the occurrence of an Event of Default (as defined in the relevant Issuer Hedging Agreement) where the relevant Issuer Hedge Counterparty is the Defaulting Party (as defined in the relevant Hedging Agreement) or the occurrence of an Additional Termination Event (as defined in the relevant Issuer Hedging Agreement) following the failure of the relevant Issuer Hedge Counterparty to take action in accordance with the terms of the relevant Issuer Hedging Agreement within the required period following a credit rating downgrade of such Issuer Hedge Counterparty (other than any amount attributable to the return of collateral or any premium or other upfront payment paid to the Issuer to enter into a transaction to replace an Issuer Hedging Agreement (in whole or in part) which shall be paid directly to the relevant Issuer Hedge Counterparty and not in accordance with the Issuer Payment Priorities)

"Issuer Transaction Documents" means the Bonds and any Final Terms relating to the Bonds, the Bond Trust Deed, the Dealership Agreement, each Relevant Subscription Agreement, the Agency Agreement, the Issuer Deed of Charge, the Obligor Floating Charge Agreement, the Issuer Cash Management Agreement, the Issuer Account Bank Agreement, the Common Terms Agreement, the STID, the Master Definitions Agreement, each Borrower Loan Agreement, each Issuer Liquidity Facility Agreement, each Issuer Hedging Agreement, each Financial Guarantee, the G&R Deed, each Financial Guarantee Fee Letter, each Indemnification Deed, each BAA Bond Guarantee, the Issuer Corporate Administration Agreements and any other agreement, instrument or deed designated as such by the Issuer and the Bond Trustee

"Joint Venture" means any arrangement or agreement for any joint venture, co-operation or partnership pursuant to, required for or conducive to the operation of the Permitted Business by the Obligor or which falls within the Permitted Non-Regulated Business Limits but shall exclude any arrangements or framework agreements entered into with a Contractor which are in accordance with and subject to the Outsourcing Policy

"Junior Debt" means any financial accommodation that is, for the purposes of the STID, to be treated as Junior Debt and includes all debt outstanding under each Borrower Loan, the terms of which correspond (excluding any applicable hedging under an Interest Rate Hedging Agreement) to any Tranche of Class B Bonds, all Cross Currency Hedging Agreements in relation to Junior Debt and any principal amount outstanding under any Authorised Credit Facility ranking *pari passu* with any of the above

"Junior ICR" means for any Relevant Period, the ratio of (a) Cashflow from Operations of the Obligors (after adding back any cash outflows of a one-off, non-recurring, extraordinary or exceptional nature in respect of the Obligors), less corporation tax paid to HM Revenue & Customs, less two per cent multiplied by the Total RAB to (b) interest and equivalent recurring finance charges paid or, in the case of forward looking ratios, forecasted to be paid on Senior Debt and Junior Debt and any Permitted Financial Indebtedness that is not, pursuant to the STID, subordinated to such Senior Debt and Junior Debt (less all interest received or, in the case of forward looking ratios, interest forecasted to be received by any member of the Security Group from any third party other than pursuant to a Permitted Inter-Company Loan or Permitted Non-Migrated Bond Distribution)

"LC Release Conditions" means the conditions set out in clause 2.2 (*LC Release Conditions*) of the Borrower Liquidity Facility Agreement

"Legal Charge" means a mortgage or legal charge in respect of all or any part of the Mortgaged Property between any of the Obligors and the Borrower Security Trustee and (for as long as any amounts are outstanding under the Subordinated Facility Agreement) the Subordinated Security Trustee substantially in the form of schedule 8 (*Form of Legal Charge*) to the Security Agreement

"Liquidity Facility" means an Issuer Liquidity Facility or a Borrower Liquidity Facility, as the context requires, and **"Liquidity Facilities"** means all of them

"Liquidity Facility Agreement" means an Issuer Liquidity Facility Agreement or a Borrower Liquidity Facility Agreement, as the context requires, and **"Liquidity Facility Agreements"** means all of them

"Liquidity Standby Account" means a reserve account opened in accordance with the terms of a Liquidity Facility Agreement

"Loan Acceleration Notice" means a notice delivered by the Borrower Security Trustee pursuant to the STID by which the Borrower Security Trustee declares that all Borrower Secured Liabilities shall be accelerated

"Loan Enforcement Notice" means a notice delivered by the Borrower Security Trustee in accordance with clause 21.5 (*Loan Enforcement Notice*) of the STID

"Loan Event of Default" means an event specified as such in schedule 4 (*Loan Events of Default*) to the Common Terms Agreement

"London Stock Exchange" means The London Stock Exchange plc

"Make-Whole Amount" means any amount above par payable on redemption of any Issuer Senior Debt or Issuer Junior Debt except where such amount is limited to accrued interest

"Master Definitions Agreement" means the master definitions agreement dated 18 August 2008 between, among others, the parties to the Common Terms Agreement

"Master Execution Deed" means the master execution deed signed on 18 August 2008 between, *inter alios*, the Issuer and the Bond Trustee

"Maximum Pension Liability Amount" means the aggregate amount payable to the BAA Pension Trustee from the proceeds of realisation or enforcement of all or part of the Borrower Security which shall not exceed £300,000,000 and as may be reduced from time to time in accordance with the provisions of schedule 5 (*Pension Costs*) of the Shared Services Agreement

"Minimum Short-term Rating" means, in respect of any person, such person's short-term unsecured debt obligations being rated, in the case of S&P, "A-2", in the case of Moody's, "P-1" and in the case of Fitch, "F1" or at least any two of the above (including S&P)

"Mortgaged Property" means (subject to clause 10 (*Exceptions to the Security*) of the Security Agreement) any freehold or leasehold property included in the definition of "Charged Property" including the freehold and leasehold property specified in the schedule to each Legal Charge

"Non-Base Currency" means a currency other than pounds Sterling

"Non-Designated Group" means, as at 18 August 2008, the group comprising Aberdeen Airport Limited, Edinburgh Airport Limited, Glasgow Airport Limited, Southampton International Airport Limited, BAA Lynton Limited and BAA (NDH 1) Limited

"Non-Migrated Bond Accession Date" means, in respect of each tranche of Non-Migrated Bonds, the date on which the Non-Migrated Bond Trustee accedes to the STID and the Senior/Subordinated Intercreditor Agreement, as the Secured Creditor Representative and creditors representative, as the case may be, of the Non-Migrated Bondholders of such tranche

"Non-Migrated Bond Accession Resolution" means, in respect of each tranche of Non-Migrated Bonds, a resolution of the Non-Migrated Bondholders of such tranche, instructing the Non-Migrated Bond Trustee to accede to the STID and the Senior/Subordinated Intercreditor Agreement as the Secured Creditor Representative and creditors representative, respectively, of such Non-Migrated Bondholders and assenting to and authorising the Non-Migrated Bond Trustee to agree such modifications to the Non-Migrated Bond Trust Deed(s) applicable to such tranche of Non-Migrated Bonds to ensure that, among other things, the Non-Migrated Bondholders of such tranche have substantially the same rights to vote in relation to Non-Migrated Bond Voting Matters and Non-Migrated Bond Entrenched Rights as have been accorded to Bondholders in relation to STID Proposals and Entrenched Rights, respectively, in the Bond Trust Deed

"Non-Migrated Bond Entrenched Right" means an Entrenched Right as set out in paragraphs (c), (d), (h) or (o) of the definition of "Entrenched Right" insofar as the provisions set out therein include or relate to the Non-Migrated Bonds or the Non-Migrated Bondholders.

"Non-Migrated Bond Excluded Default" means

- (a) a Loan Event of Default or a Potential Loan Event of Default under paragraph 2 (*Breach of other obligations*) of schedule 4 (*Loan Events of Default*) of the Common Terms Agreement which has occurred solely as a result of a breach of the covenant set out at paragraph 7 (*Financial Indebtedness*) of part 3 (*General Covenants*) of schedule 2 (*Covenants*) to the Common Terms Agreement, and
- (b) a Loan Event of Default or a Potential Loan Event of Default under paragraph 4 (*Cross default*) of schedule 4 (*Loan Events of Default*) to the Common Terms Agreement which has occurred solely as a result of
 - (i) Financial Indebtedness under the Non-Migrated Bonds not being paid when due after the expiry of any originally applicable grace period, or
 - (ii) Financial Indebtedness under the Non-Migrated Bonds being declared due and payable prior to its specified maturity or being capable of being declared by a trustee of Non-Migrated Bonds to be prematurely due and payable prior to its specified maturity

"Non-Migrated Bond Guarantee" means the guarantee of each Borrower of the obligations of BAA under the Non-Migrated Bonds and the Non-Migrated Bond Trust Deeds.

"Non-Migrated Bond Refusal Date" means, in respect of each tranche of Non-Migrated Bonds, the date on which the Non-Migrated Bond Accession Resolution is put to a meeting of the relevant Non-Migrated Bondholders and not passed (other than for want of quorum in circumstances where the Non-Migrated Bond Accession Resolution will be put to an adjourned meeting of such Non-Migrated Bondholders)

"Non-Migrated Bond Trust Deeds" means the trust deeds entered into by the Non-Migrated Bond Trustee and BAA as issuer in respect of and constituting each tranche of Non-Migrated Bonds

"Non-Migrated Bond Trustee" means Prudential Trustee Company Limited or any successor appointed pursuant to the relevant trust deed

"Non-Migrated Bond Voting Matter" is a matter which

- (a) relates to removal of the Borrower Security Trustee or appointment of a successor Borrower Security Trustee in accordance with clause 29.2 (*Removal*) of the STID,
- (b) is the subject of an Enforcement Instruction Notice or a Further Enforcement Instruction Notice, or

(c) is the subject of an Intercreditor Instruction Notice in respect of any enforcement of the Borrower Security,

and **"Non-Migrated Bond Voting Matters"** means all of them

"Non-Migrated Bondholders" means the holders from time to time of any Non-Migrated Bonds

"Non-Migrated Bonds" means any of the following bonds which remain in issue and a primary obligation of BAA after 18 August 2008

- (a) £400,000,000 5 75 per cent notes due 2013,
- (b) €750,000,000 4 5 per cent notes due 2014,
- (c) €1,000,000,000 3 875 per cent notes due 2012,
- (d) €750,000,000 4 50 per cent notes due 2018, and
- (e) £750,000,000 5 125 per cent notes due 2023

"Obligor" means any of HAL, GAL, STAL, HEX Opco, Security Parent and Asset Holdco and any other person who accedes to, *inter alia*, the Common Terms Agreement and the STID as an Obligor in accordance with the terms of the Transaction Documents and **"Obligors"** means all of them

"Obligor Floating Charge Agreement" means the obligor floating charge agreement dated 18 August 2008 and entered into between the Issuer, the Borrower Security Trustee, the Bond Trustee and the Obligors

"OFCA Floating Security" means the floating charges granted by the Obligors in favour of the Issuer pursuant to the Obligor Floating Charge Agreement and assigned by way of security to the Bond Trustee pursuant to the Issuer Deed of Charge

"Official List" means the official list of the UK Listing Authority

"Operating Companies" means HAL, GAL, STAL and HEX Opco

"Ordinary Voting Matters" are matters which are not Discretion Matters or Extraordinary Voting Matters

"Outsourcing Agreement" means any agreement (excluding any Capex Contract) pursuant to which BAA (on behalf of any Obligor) or any Obligor contracts or outsources either the day to day operation of its assets, business services and service delivery (including any maintenance expenditure) or acquires technical know how and access to other intellectual property rights in relation to services that, in the case of any outsourcing BAA (on behalf of the Obligor) or the Obligor could, if not so contracted or outsourced, perform itself

"Outsourcing Policy" means each of the obligations in schedule 6 (*Outsourcing Policy*) to the Common Terms Agreement (as amended or replaced from time to time)

"Outstanding Principal Amount" means, as at any date that the same falls to be determined in accordance with the STID

- (a) in respect of Wrapped Debt (unless a FG Event of Default has occurred and is continuing in respect of the Financial Guarantor of such Wrapped Debt), the aggregate of any unpaid amounts owing to a Financial Guarantor under the G&R Deed to reimburse it for any amount paid by it under a Financial Guarantee in respect of unpaid principal on such Wrapped Debt and the principal amount outstanding (or the Equivalent Amount) under such Wrapped Debt,
- (b) in respect of Wrapped Debt (if a FG Event of Default has occurred and is continuing in respect of the Financial Guarantor of such Wrapped Debt), the principal amount outstanding (or the Equivalent Amount) of such Wrapped Debt,
- (c) in respect of Unwrapped Debt, the principal amount outstanding (or the Equivalent Amount) of such Unwrapped Debt,
- (d) in respect of Non-Migrated Bonds, the principal amount outstanding (or the Equivalent Amount) of such Non-Migrated Bonds,
- (e) in respect of any Authorised Credit Facilities that are loans (but do not constitute Wrapped Debt), the principal amount (or the Equivalent Amount) of any drawn amounts that are outstanding under such Authorised Credit Facility,
- (f) in respect of each Hedging Agreement, the Equivalent Amount of the amount (if any) that would be payable to the relevant Hedge Counterparty if an early termination date was designated on such date in respect of the transaction or transactions arising under the Hedging Agreement pursuant to the ISDA Master Agreement governing such transaction or transactions and subject to schedule 5 (*Hedging Policy and Overriding Provisions Relating to Hedging Agreements*) of the Common Terms Agreement;
- (g) in respect of each Finance Lease, the Equivalent Amount of either (i) prior to the delivery of a Loan Acceleration Notice and subject to any increase or reduction calculated in accordance with clause 10.2 (*Notification of Outstanding Principal Amount of Qualifying Borrower Debt*) of the STID, the highest termination value which may fall due during the Rental Period encompassing such date, calculated upon the assumptions set out in the cashflow report provided by the relevant Finance Lessor on the first day of each such Rental Period (or in the most recently generated cashflow report which is current on such date) or (ii) following the delivery of a Loan Acceleration Notice (other than a Permitted Lease Termination), the actual amount (if any) that would be payable to the relevant Finance Lessor in respect of a termination of the leasing of the Equipment on the date on which such Loan Acceleration Notice is delivered (other than a Permitted Lease Termination), and
- (h) in respect of any other Borrower Secured Liabilities, the Equivalent Amount of the outstanding principal amount of such debt on such date in accordance with the relevant Finance Document,

all as most recently certified or notified to the Borrower Security Trustee, where applicable, pursuant to clause 10 2 (*Notification of Outstanding Principal Amount of Qualifying Borrower Debt*) of the STID

"Participating QBS Creditors" means the Qualifying Borrower Secured Creditors which participate in a vote on any STID Proposal or other matter pursuant to the STID

"Party" means, in relation to a Finance Document, a party to such Finance Document

"Paying Agents" means, in relation to all or any Sub-Classes of the Bonds, the several institutions (including, where the context permits, the Principal Paying Agent and/or the Registrar) at their respective specified offices initially appointed as paying agents in relation to such Bonds by the Issuer and the Obligors pursuant to the Agency Agreement and/or, if applicable, any Successor paying agents at their respective specified offices in relation to all or any Sub-Classes of the Bonds

"Payment Date" means each date on which a payment is made or is scheduled to be made by an Obligor in respect of any obligations or liability under any Authorised Credit Facility

"Pensions Agreement" means the pensions agreement between BAA, the BAA Pension Trustee, the Operating Companies and certain companies within the Non-Designated Group dated 18 August 2008

"Permanent Global Bond" means in relation to any Sub-Class of Bearer Bonds a permanent global bond in the form or substantially in the form set out in part 2 (*Form of Permanent Global Bonds*) of schedule 3 (*Forms of Global and Definitive Bonds, Receipts, Coupons and Talons*) to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), together with the copy of each applicable Final Terms annexed thereto, comprising some or all of the Bearer Bonds of the same Sub-Class, issued by the Issuer pursuant to the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the Bond Trust Deed in exchange for the whole or part of any Temporary Global Bond issued in respect of such Bearer Bonds

"Permitted Business" means the business of owning, operating and developing the Designated Airports undertaken by the Security Group as at 18 August 2008 (including, without limitation, provision of facilities for and connected with aeronautical activities including retail, car parks, advertising and surface transport and the development thereof) and thereafter any new business undertaken by the Security Group the revenues from which are reasonably expected by the applicable Borrower or Borrowers to be brought into account by the applicable Regulator as at the following Review Date for the purpose of imposing price caps pursuant to section 40(4) of the Airports Act or would be if the relevant Designated Airport remained designated

"Permitted Financial Indebtedness" means

(a) in the case of the Borrowers

- (i) Financial Indebtedness incurred under the Borrower Loan Agreements, and
- (ii) Financial Indebtedness incurred under the Authorised Credit Facilities the providers of which have acceded to the Common Terms Agreement and the STID,

which, in either case, will not result in a breach of the Additional Indebtedness Tests,

- (iii) any Financial Indebtedness arising under Treasury Transactions to which a Borrower is party and Borrower Hedging Agreements, in each case entered into in accordance with the Hedging Policy,
- (iv) the amount of any liability under an advance or deferred purchase agreement if either (i) one of the primary reasons behind entering into the agreement is to raise finance or (ii) the relevant payment is advanced or deferred for a period in excess of 90 days,
- (v) any overdraft owing to any bank, up to a maximum aggregate amount at any time of an amount up to 0.5 per cent of Total RAB net of all current account balances held with such bank (it being understood that the provider(s) of any such overdraft will not be required to accede to the STID),
- (vi) any Financial Indebtedness under any finance leases, up to a maximum aggregate capitalised amount of 0.5 per cent of Total RAB (such finance lessor in respect of such finance leases shall not be required to accede to the STID),
- (vii) any Financial Indebtedness pursuant to such other arrangements as have been approved by the Qualifying Borrower Secured Creditors by way of an Extraordinary Voting Matter,
- (viii) Financial Indebtedness incurred under or in respect of the Non-Migrated Bonds (including any intercompany receivable from HAL, GAL and/or STAL in respect thereof),
- (ix) any Financial Indebtedness arising in the ordinary course of business of the Borrowers under any standby letter of credit facility or similar ancillary facility up to a maximum aggregate amount at any time of up to 0.5 per cent of Total RAB, and
- (x) Financial Indebtedness incurred under a Borrower Liquidity Facility Agreement,

provided that at no time shall the aggregate of Financial Indebtedness arising under sub-paragraphs (v), (vi) and (ix) above exceed 1 per cent of Total RAB, and

- (b) in the case of any Obligor or in the case of (i) and (ii) below, the Security Parent and Asset Holdco
- (i) any Financial Indebtedness constituted by the guarantee of the Borrowers' obligations under each Borrower Loan Agreement, the relevant Capex Facilities, the Working Capital Facilities and the other Authorised Credit Facilities,
 - (ii) any Financial Indebtedness incurred under any Working Capital Facilities for the purpose set out in item (b) of that definition,
 - (iii) any Financial Indebtedness incurred under the Security Parent Debenture,
 - (iv) any Financial Indebtedness owed to any other Obligor,
 - (v) any Financial Indebtedness under any subordinated shareholder loans,
 - (vi) any Bankers Automated Clearing System indebtedness owed to any bank of which it is a customer and which provides payment clearing services to it,
 - (vii) the amount of any liability under an advance or deferred purchase agreement if either (i) one of the primary reasons behind entering into the agreement is to raise finance or (ii) the relevant payment is advanced or deferred for a period in excess of 90 days,
 - (viii) any Financial Indebtedness under the Composite Guarantee Deed, and
 - (ix) any Financial Indebtedness constituted by the guarantee by the Obligors of amounts due under the Subordinated Facility Agreement

"Permitted Hedge Termination" means the termination of a Hedging Agreement in accordance with the provisions of schedule 5 (*Hedging Policy and Overriding Provisions Relating to Hedging Agreements*) to the Common Terms Agreement

"Permitted Inter-Company Distribution" means any payment which is to be made by an Obligor under a Permitted Inter-Company Loan for the purposes of providing funds to the recipient to enable it to

- (a) fund the making of a dividend payment on the same date to an Obligor, or
- (b) meet its payments under any Permitted Inter-Company Loan

"Permitted Inter-Company Loan" means any loan contemplated in the Reorganisation Steps

"Permitted Lease Termination" means any termination of the leasing of all or any part of the Equipment (or the prepayment of the Rentals arising by reason of such termination) in the following circumstances

- (a) *Total Loss*: Pursuant to any provision of a Finance Lease whereby the leasing of all or any part of the Equipment thereunder will terminate following a total loss of such

Equipment save that the relevant Obligor will not make payment to the relevant Finance Lessor of any sums due and payable under the relevant Finance Lease in respect of such total loss if (i) a Loan Acceleration Notice has been delivered or (ii) a Loan Event of Default is subsisting or would occur as a result of such payment,

- (b) *Illegality* Pursuant to any provision of a Finance Lease which permits the relevant Finance Lessor to terminate the leasing of the Equipment thereunder and to require payment of a termination sum or sums where it is unlawful for such Finance Lessor to continue to lease the relevant Equipment save that the relevant Obligor will not make payment to the relevant Finance Lessor of any sums due and payable under the Finance Lease in respect of such circumstances if either (i) a Loan Acceleration Notice has been delivered or (ii) a Loan Event of Default is subsisting or would occur as a result of such payment,
- (c) *Voluntary Prepayment/Termination* Pursuant to any provision of a Finance Lease whereby the relevant Obligor is or will be entitled to voluntarily terminate (and require payment of a termination sum), or prepay the Rentals relating to the leasing of the relevant Equipment under such Finance Lease provided that (i) no Loan Acceleration Notice has been delivered or (ii) no Loan Event of Default is subsisting or would occur as a result of such payment, and
- (d) *Incorrect Tax Assumptions.* Pursuant to any provision of a Finance Lease which permits the relevant Finance Lessor to terminate the leasing of the Equipment thereunder and to require payment of a termination sum or sums where any of the tax assumptions contained in such Finance Lease prove to be incorrect save that the relevant Obligor will not make payment to the relevant Finance Lessor of any sums due and payable under the Finance Lease in respect of such circumstances if either (i) a Loan Acceleration Notice has been delivered or (ii) a Loan Event of Default is subsisting or would occur as a result of such payment

"Permitted Non-Migrated Bond Distribution" means any payment whether by loan or otherwise and whether in the discharge of any intercompany loan obligations or otherwise which is to be made by an Obligor (excluding any payment under the Non-Migrated Bond Guarantees) to ensure timely payment of interest by BAA under the Non-Migrated Bonds

"Permitted Non-Regulated Business Limits" means, in respect of all businesses which are not or are not expected to be or have never been or were never expected to be Permitted Businesses, that the average of any expenses incurred in connection with such businesses during the current Relevant Period and the immediately two preceding Relevant Periods does not exceed 2 per cent of Total RAB

"Permitted Variances" means, in respect of any Obligor, the difference between

- (a) the amount of regulatory capital expenditure actually incurred by such Obligor in the regulatory year immediately preceding the next price determination for such Obligor and the amount of regulatory capital expenditure assumed by the Regulator to be

incurred by such Obligor during such regulatory year as at the date that the regulatory asset base, published by the Regulator for the regulatory year immediately following such price determination, is effective,

- (b) the net proceeds from disposals of regulatory assets actually achieved by such Obligor in the regulatory year immediately preceding the next price determination for such Obligor and the amount of the net proceeds from disposals of regulatory assets assumed by the Regulator to be achieved by such Obligor during such regulatory year as at the date that the regulatory asset base, published by the Regulator for the regulatory year immediately following such price determination, is effective,
- (c) the actual outcome in respect of any other item in the regulatory year immediately preceding the next price determination for such Obligor and the amount specifically assumed by the Regulator to be the outcome for such regulatory year as at the date that the regulatory asset base, published by the Regulator for the regulatory year immediately following such price determination, is effective,

in each case as certified by the finance director or chief financial officer of the Security Group Agent on behalf of each Obligor in each Compliance Certificate in respect of which the Calculation Date for such Compliance Certificate falls in the regulatory year following the price determination for such Obligor and setting out the amount of each adjustment and the basis therefor

"Post-Enforcement Surplus Revenue Prepayment Proposal" means a proposal by the Borrower Security Trustee, in accordance with clause 24.2 (*Entitlement to request the Borrower Security Trustee to propose a Post-Enforcement Surplus Revenue Prepayment Proposal*) of the STID, to all Qualifying Borrower Secured Creditors that any Available Surplus Revenue Collections be applied on the next following Payment Date or other specified date to Actually Prepay or Collateralise Senior Debt (or following discharge in full of the Senior Debt, the Junior Debt in accordance with clause 23.4 (*Borrower Post-Enforcement (Pre-Acceleration) Principal Priority of Payments*) of the STID), as if such Available Surplus Revenue Collections were Principal Collections

"Post-Enforcement Surplus Revenue Prepayment Resolution" means a resolution in respect of a Post-Enforcement Surplus Revenue Prepayment Proposal

"Potential Loan Event of Default" means any event which, with the lapse of time and/or the giving of any notice and/or the making of any determination (in each case where the lapse of time and/or giving of notice and/or determination is provided for in the terms of such Loan Event of Default, and assuming no intervening remedy), will become a Loan Event of Default

"Principal Amount Outstanding" means, in relation to a Bond, Sub-Class or Class or a Non-Migrated Bond, the original face value thereof less any repayment of principal made to the holder(s) thereof in respect of such Bond, Sub-Class or Class or Non-Migrated Bond

"Principal Collections" means, on any date, the amount standing to the credit of the Disposal Proceeds Account as at such date

"Principal Paying Agent" means Deutsche Bank AG, London Branch as principal paying agent under the Agency Agreement, or its Successors thereto

"Programme" means the bond programme established by the Issuer admitted to the Official List and authorised to trade on the London Stock Exchange

"Qualifying Borrower Debt" means

- (a) Qualifying Borrower Senior Debt prior to the repayment in full of the Senior Debt, and
- (b) Qualifying Borrower Junior Debt only following the repayment in full of the Senior Debt,

subject to

- (i) the rights of the Qualifying Borrower Junior Creditors and the relevant Issuer Secured Creditors pursuant to clause 16 (*Entrenched Rights*) in respect of Entrenched Rights,
- (ii) the Non-Migrated Bondholders of a tranche of Non-Migrated Bonds in relation to which no Non-Migrated Bond Refusal Date has occurred having no entitlement to vote on or direct the Borrower Security Trustee in relation to any matter under the STID other than a Non-Migrated Bond Voting Matter or a Non-Migrated Bond Entrenched Right where they are an Affected Borrower Secured Creditor,
- (iii) the Non-Migrated Bondholders of a tranche of Non-Migrated Bonds in relation to which a Non-Migrated Bond Refusal Date occurs having no entitlement to vote or direct the Borrower Security Trustee on any matter following such date, and
- (iv) the rights of the Borrower Liquidity Facility Providers, the Borrower Hedge Counterparties under the Interest Rate Hedging Agreements, the BAA Pension Trustee and the Borrower Account Bank in respect of their Entrenched Rights where they are an Affected Borrower Secured Creditor

"Qualifying Borrower Junior Creditor" means each Borrower Secured Creditor (other than any Subordinated Borrower Secured Creditor) to which the relevant Junior Debt is owed and provided that the Issuer shall not be a Subordinated Borrower Secured Creditor except in respect of any Subordinated Tranches

"Qualifying Borrower Junior Debt" means

- (a) the principal amount outstanding under the Borrower Loan Agreement corresponding to the Class B Wrapped Bonds and the Class B Unwrapped Bonds,

- (b) the mark to market value of any transaction or transactions arising under Cross Currency Hedging Agreements in respect of the Class B Bonds to the extent that such value represents an amount which would be payable to the relevant Cross Currency Hedge Counterparties if an early termination date was designated at such time in respect of such transaction or transactions,
- (c) the principal amount outstanding under any Capex Facility at such time to the extent that such amount is designated Junior Debt (ranking *pari passu* with other Junior Debt),
- (d) the principal amount outstanding under the Refinancing Facility at such time to the extent that such amount is designated Junior Debt (ranking *pari passu* with other Junior Debt),
- (e) (subject to the applicable Finance Lessor under a Finance Lease acceding to the STID as a Borrower Secured Creditor) the termination value of any Finance Leases at such time designated as Junior Debt, and
- (f) the principal amounts outstanding under any other Authorised Credit Facility ranking *pari passu* with the above

"Qualifying Borrower Secured Creditors" means

- (a) Qualifying Borrower Senior Creditors prior to the repayment in full of the Senior Debt, and
- (b) Qualifying Borrower Junior Creditors only following the repayment in full of the Senior Debt,

subject to

- (i) the rights of the Qualifying Borrower Junior Creditors and the relevant Issuer Secured Creditors pursuant to clause 16 (*Entrenched Rights*) in respect of Entrenched Rights,
- (ii) the Non-Migrated Bondholders of a tranche of Non-Migrated Bonds in relation to which no Non-Migrated Bond Refusal Date has occurred having no entitlement to vote on or direct the Borrower Security Trustee in relation to any matter under the STID other than a Non-Migrated Bond Voting Matter or a Non-Migrated Bond Entrenched Right where they are an Affected Borrower Secured Creditor,
- (iii) the Non-Migrated Bondholders of a tranche of Non-Migrated Bonds in relation to which a Non-Migrated Bond Refusal Date occurs having no entitlement to vote or direct the Borrower Security Trustee on any matter following such date, and

- (iv) the rights of the Borrower Liquidity Facility Providers, the Borrower Hedge Counterparties under the Interest Rate Hedging Agreements, the BAA Pension Trustee and the Borrower Account Bank in respect of their Entrenched Rights where they are an Affected Borrower Secured Creditor

"Qualifying Borrower Senior Creditor" means each Borrower Secured Creditor (other than any Subordinated Borrower Secured Creditor) to which the relevant Senior Debt is owed and provided that the Issuer and the Non-Migrated Bondholders shall not be Subordinated Borrower Secured Creditors except in respect of any Subordinated Tranches.

"Qualifying Borrower Senior Debt" means at any time

- (a) the principal amount outstanding under the Borrower Loan Agreements corresponding to the Class A Wrapped Bonds and Class A Unwrapped Bonds,
- (b) the amount owed by the Borrowers to the Issuer in respect of the mark-to-market value of any transaction or transactions arising under Cross Currency Hedging Agreements in respect of the Class A Bonds to the extent that such value represents an amount which would be payable to the relevant Cross Currency Hedge Counterparties if an early termination date was designated at such time in respect of such transaction or transactions,
- (c) the mark-to-market value of any transaction or transactions arising under Cross Currency Hedging Agreements between a Cross Currency Hedge Counterparty and a Borrower in respect of the Non-Migrated Bonds denominated in euro to the extent that such value represents an amount which would be payable to the relevant Cross Currency Hedge Counterparties if an early termination date was designated a such time in respect of such transaction or transactions,
- (d) the principal amount outstanding under each Capex Facility at such time to the extent that such amount is designated Senior Debt (ranking *pari passu* with other Senior Debt),
- (e) the principal amount outstanding under each Working Capital Facility at such time,
- (f) the principal amount outstanding under the Refinancing Facility at such time to the extent that such amount is designated Senior Debt (ranking *pari passu* with other Senior Debt),
- (g) the principal amount outstanding to EIB under the EIB Facilities,
- (h) (subject to the applicable Finance Lessor under a Finance Lease acceding to the STID as a Borrower Secured Creditor designated as Senior Debt), the termination value of any Finance Leases at such time,
- (i) in respect of any Non-Migrated Bond Voting Matter only, and the definitions of "Senior Debt" the principal amount outstanding under the Non-Migrated Bonds at such time, and

- (j) the principal amounts outstanding under any other Authorised Credit Facility at such time ranking *pari passu* with the above (but excluding for the avoidance of doubt any Borrower Liquidity Facilities or Interest Rate Hedging Agreements with any Borrower Hedge Counterparties)

"Quorum Requirement" means the required quorum in accordance with the STID

"RAB" means in respect of any Obligor as at any date the sum of (i) the Regulatory RAB of such Obligor as at such date and (ii) the Transfer RAB of such Obligor as at such date

"RAB Enhancing JV" means a Joint Venture

- (a) of which all or any of the assets are included by the Regulators in the Regulatory RAB of any Obligor investing in such Joint Venture or are expected to be included by the Regulators in the Regulatory RAB of any Obligor investing in such Joint Venture at the next Review Date, or
- (b) the shares or other investment in which are included by the Regulators in the Regulatory RAB of any Obligor owning such shares or investing in such Joint Venture or are expected to be included by the Regulators in the Regulatory RAB of any Obligor owning such shares or otherwise investing in such Joint Venture at the next Review Date

"Receiptholders" means the holders of instalment receipts appertaining to the payment of principal by instalments (if any) attached to Bonds in bearer form

"Receipts" means a receipt attached on issue to a Definitive Bond redeemable in instalments for the payment of an instalment of principal and includes any replacements for Receipts and Talons issued pursuant to Condition 14 (*Replacement of Bonds, Coupons, Receipts and Talons*)

"Receiver" means any receiver, manager, receiver and manager or administrative receiver who (in the case of an administrative receiver) is a qualified person in accordance with the Insolvency Act and who is appointed.

- (a) by the Borrower Security Trustee under the Security Documents in respect of the whole or any part of the Borrower Security, or
- (b) by the Bond Trustee (as assignee by way of security of the Issuer's rights under the Finance Documents) under the Obligor Floating Charge Agreement in respect of the whole or any part of the security granted in favour of the Issuer under the Obligor Floating Charge Agreement, or
- (c) by the Bond Trustee under the Issuer Deed of Charge in respect of the whole or any part of the Issuer Security

"Refinancing Facility" means the term loan facility of an aggregate facility amount of £4,400,000,000 made available to the Borrowers by the Refinancing Facility Providers on 18 August 2008 pursuant to the Refinancing Facility Agreement

"Refinancing Facility Agent" means The Royal Bank of Scotland plc or any successor thereto

"Refinancing Facility Agreement" means the facility agreement dated 18 August 2008 under which the Refinancing Facility is made available to Borrowers

"Refinancing Facility Providers" means the Initial Refinancing Facility Providers together with any further refinancing facility providers which provide the Borrower with the Refinancing Facility and accede to the Common Terms Agreement and the STID

"Registrar" means Deutsche Bank Trust Company Americas as registrar under the Agency Agreement and any other entity appointed as a registrar under the Agency Agreement

"Regulators" means the CAA and the Competition Commission, and any other additional or replacement governmental authority which may from time to time regulate any of the Obligors' businesses or in respect of which any Obligor is required to comply

"Regulatory Accounts" means the individual financial information of each Borrower, each prepared in the form required (for so long as they are required) by the "accounts condition" to BAA's permission to levy airport charges

"Regulatory Change" means any change in law, enactment, order, regulation, regulatory policy, guideline, industry code or regulatory permit or licence after 18 August 2008 which impacts on the performance, scope or details of the services provided pursuant to the Shared Services Agreement in any material respect

"Regulatory Period" means the period in respect of which the maximum charges to airport users at Heathrow are fixed by (currently) the CAA (currently a five year period)

"Regulatory RAB" means in respect of any Obligor

- (a) in respect of any date in the current year (the **"Relevant Current Year Date"**), the regulatory asset base for such Obligor as set out in the last published Regulatory Accounts of such Obligor plus cumulative regulatory capital expenditure incurred between the date to which the Regulatory Accounts related and the Relevant Current Year Date plus indexation accrued between the date to which the Regulatory Accounts relate and the Relevant Current Year Date less (i) regulatory depreciation (as adjusted for indexation) accrued between the date to which the Regulatory Accounts relate and the Relevant Current Year Date and (ii) (A) the net proceeds received from any disposal of regulatory assets during the relevant current year or (B), where such amount differs, the amount the Obligor reasonably expects the Regulator to apply in reduction of such Obligor's regulatory asset base as a consequence of such disposal,

- (b) in respect of each 12 month period starting on the first day of the current year and for each successive 12 month period up to 31 December of the financial year immediately preceding the year in which falls the Date Prior of such Obligor, the regulatory asset base for such Obligor as set out in the latest published Regulatory Accounts for such Obligor plus cumulative regulatory capital expenditure spent or to be spent by such Obligor to the end of such 12 month period plus indexation to the end of such 12 month period less (i) regulatory depreciation (as adjusted for indexation) to the end of such 12 month period and (ii) (A) the net proceeds forecast to be received from any disposal of regulatory assets during the Relevant Period or (B), where such amount differs, the amount the Obligor reasonably expects the Regulator to apply in reduction of such Obligor's regulatory asset base as a consequence of such projected disposal, and
- (c) if the Calculation Date falls within the 18 month period immediately prior to the year in which falls the Date Prior of such Obligor and in respect of the 12 month period starting on the first day of the financial year in the same year as the Date Prior of such Obligor, the regulatory asset base most recently submitted to the Regulators by such Obligor for the regulatory period commencing immediately following the Date Prior of such Obligor plus cumulative regulatory capital expenditure to be spent by such Obligor in the 9 month period from the Date Prior of such Obligor plus indexation for the 9 month period from the Date Prior of such Obligor less (i) regulatory depreciation (as adjusted for indexation) for the 9 month period from the Date Prior of such Obligor and (ii) (A) the net proceeds forecast to be received from any disposal of regulatory assets during the Relevant Period or (B), where such amount differs, the amount the Obligor reasonably expects the Regulator to apply in reduction of such Obligor's regulatory asset base as a consequence of such projected disposal,

provided that

- (i) in relation to each of (a), (b) and (c) above, the regulatory asset base of each Obligor shall be the regulatory asset base after any profiling (as adjusted for indexation) that may be applied by the Regulator in accordance with the most recent price determination for such Obligor,
- (ii) if the opening regulatory asset base for such Obligor as specified in the Regulatory Accounts of such Obligor for the first regulatory year is not equal to the regulatory asset base published by the Regulator for such Obligor as the opening regulatory asset base for that regulatory year, the Regulatory RAB of such Obligor shall be determined not by reference to the regulatory asset base published in the Regulatory Accounts of such Obligor but instead by reference to the opening regulatory asset base published by the Regulator as adjusted by such Obligor for any Permitted Variances,
- (iii) if any Regulator has stated in any correspondence or other communication with such Obligor that any capital expenditure which the Obligor in its Regulatory Accounts has accounted for or expects will be accounted for as

regulatory capital expenditure will not be included in the regulatory asset base of such Obligor for the start of the regulatory year immediately following the next price determination, the amount of such regulatory capital expenditure shall be excluded as part of the calculation of the Regulatory RAB of such Obligor,

- (iv) if any Regulator has stated in any correspondence or other communication with such Obligor that the aggregate amount it will apply as a deduction from the regulatory asset base of such Obligor for the start of the regulatory year immediately following the next price determination, on account of disposals of regulatory assets will differ from the aggregate amount of deductions from the regulatory asset base of such Obligor accounted for by such Obligor as a consequence of disposals of regulatory assets in its Regulatory Accounts, the amount by which the Regulator's deduction exceeds or is less than the amount deducted by such Obligor from its regulatory asset base in its Regulatory Accounts shall be deducted from (in the case of an excess) or added to (in the case of any shortfall) the regulatory asset base of such Obligor as part of the calculation of Regulatory RAB of such Obligor, and
- (v) if the auditors of an Obligor qualify their statement of opinion in relation to any regulatory capital expenditure included by the Obligor in the regulatory asset base of such Obligor as specified in the Regulatory Accounts of the Obligor, the amount of the regulatory capital expenditure to which such qualification relates shall be excluded as part of the calculation of the Regulatory RAB of such Obligor

"Related Rights" means, in relation to the Group Shares and any Securities, all dividends, interest, repayment or redemption proceeds and other distributions paid or payable after 18 August 2008 on all or any of the Group Shares and any Securities and all Securities (and the dividends or interest thereon), rights, money or property accruing or offered at any time by way of redemption, conversion, substitution, exchange, bonus or preference under option rights or otherwise, to, for or in respect of any of the Group Shares and any Securities and all present and future claims, proprietary or otherwise, against depositories, custodians, clearing systems and/or other similar persons (including brokers, banks or the like), in respect of fungible or specific Group Shares, Securities or Related Rights, including any proprietary interest in respect of those fungible or specific Group Shares, Securities or Related Rights

"Relevant Date Prior" means, at any time, the date which is one day before the commencement of the next Regulatory Period

"Relevant Debt" means the aggregate, at the time, of the outstanding

- (a) Qualifying Borrower Senior Debt, excluding for these purposes any mark-to-market value of any transactions under Cross Currency Hedging Agreements, the termination values of any Finance Leases designated as Senior Debt that would otherwise be

included in Qualifying Borrower Senior Debt and the principal amount outstanding under each Working Capital Facility at such time, and

- (b) Qualifying Borrower Junior Debt, excluding for these purposes any mark-to-market value of any transactions under Cross Currency Hedging Agreements and the termination values of any Finance Leases designated as Junior Debt that would otherwise be included in Qualifying Borrower Junior Debt,

provided that for the purposes of calculating Relevant Debt only, non-Sterling denominated debt shall be deemed to be converted to Sterling at the rate specified in the relevant Cross Currency Hedging Agreement related to the relevant non-Sterling denominated debt

"Relevant EBITDA" means the earnings before interest, tax, depreciation and amortisation and pre-exceptional costs (revenues minus expenses) in respect of a business of the Borrower which was brought into account or not expressly disallowed by the CAA for any price determination published by the Regulator for that Borrower for the purpose of imposing price caps pursuant to section 40(4) of the Airports Act but which ceases to be brought into account or is expressly disallowed for such purpose

"Relevant Financial Guarantor" means, in relation to any Class of Wrapped Debt, the Financial Guarantor which provides a Financial Guarantee in respect of such Class of Wrapped Debt

"Relevant Multiple" means the multiple determined by dividing the Relevant Transfer Value by the sum of the Relevant EBITDA for the three financial years of the relevant Borrower prior to the Relevant Transfer Date as determined by reference to the audited financial statements of such Borrower for such financial years divided by 3

"Relevant Period" means each of the following periods in respect of the Senior ICR or Junior ICR in respect of any Reporting Date

- (a) the period of 12 months ending on the last day of the Financial Year in the year preceding such Reporting Date,
- (b) the period of 12 months starting on 1 January in the same year as such Reporting Date,
- (c) each subsequent 12 month period up to 31 December of the year immediately preceding the year in which falls the Relevant Date Prior, and
- (d) if such Reporting Date falls within the 18 month period prior to the year in which falls the Relevant Date Prior, the 12 month period from 1 January in the same year as the Relevant Date Prior,

provided that the first Relevant Period shall be the 12 month period ending on 31 December 2009

"Relevant Subscription Agreement" means an agreement between, among others, the Issuer, the Bond Guarantor, each Obligor and any Dealer(s) for the issue by the Issuer and the

subscription as principal by such Dealer(s) (or on such other basis as may be agreed between the Issuer, the Bond Guarantor (in respect of any BAA Guaranteed Bonds), the Obligors and the relevant Dealer(s) at the relevant time) of any Bonds, including any agreement in the form or based on the form set out in schedule 5 (*Pro Forma Subscription Agreement*) to the Dealership Agreement

"Relevant Transfer Date" means the first date from which a business of a Borrower which was brought into account or not expressly disallowed by the CAA for any price determination published by the Regulator for that Borrower for the purpose of imposing price caps pursuant to section 40(4) of the Airports Act ceases to be brought into account or is expressly disallowed for such purpose

"Relevant Transfer Value" means in respect of any business of a Borrower which was brought into account by the CAA for the price determination for any regulatory period for the purpose of imposing price caps pursuant to section 40(4) of the Airports Act and which ceases to be brought into account for such purpose, unless and until a transfer value has been published by the CAA for such business representing the reduction in the regulatory asset base of such Borrower as determined by the CAA, the transfer value attributed by the Borrower to such business in its most recent Regulatory Accounts and, following publication by the CAA of a transfer value for such business, such published transfer value excluding, in either case, the transfer value published by the CAA or attributed by the Borrower to any assets which are held by a Joint Venture which is not an Obligor

"Rental" means any scheduled payment of rental, periodic charge or equivalent sum under a Finance Lease

"Rental Payment Date" means any date on which Rental is scheduled to be paid under any Finance Lease

"Rental Period" means, in respect of a Finance Lease, each period falling between two consecutive Rental Payment Dates under such Finance Lease

"Reorganisation Steps" means the steps set out in the steps paper dated 18 August 2008 detailing the reorganisation process in connection with BAA and its Affiliates

"Reporting Date" means 30 June and 31 December in each year starting on 31 December 2008 or any other date as may be agreed as a result of a change in the financial year end or regulatory year end date of any Obligor

"Requisite Ratings" means (i) in respect of the Liquidity Facilities and the Borrower Liquidity Reserve Account Trust Deed, in respect of any person, such person's short term unsecured debt obligations being rated, in the case of S&P, "A-1", in the case of Moody's "P-1" and in the case of Fitch, "F1" or at least any two of the above (including S&P), and (ii) in respect of all other Transaction Documents, the Minimum Short-term Rating

"Reserve Account Beneficiary" means Deutsche Trustee Company Limited

"Reserved Matters" means those matters set out in schedule 3 (*Reserved Matters*) of the STID

"Restricted Payment" means (i) any payment under or in respect of Subordinated Debt, (ii) any payment under or in respect of any guarantee granted to any creditor subordinated to the Borrower Secured Creditors pursuant to the Senior/Subordinated Intercreditor Agreement, and (iii) any payment (including any payments of distributions, dividends, bonus issues, return of capital, fees, interest, principal or other amounts whatsoever) (by way of loan or repayment of any loan or otherwise) (in cash or in kind) to any direct or indirect affiliate of an Obligor which is not itself an Obligor or the Issuer other than

- (a) payments made pursuant to and in accordance with the Shared Services Agreements,
- (b) payments made pursuant to and in accordance with any contracts entered into with any sponsor in compliance with the covenants set out in the Common Terms Agreement,
- (c) payments made pursuant to a Permitted Inter-Company Distribution (other than pursuant to the Security Parent Debenture where the conditions for making the same pursuant to schedule 2 (*Covenants*), part 3 (*General Covenants*), paragraph 32 (*Permitted Inter-Company and Non-Migrated Bond Distributions*) of the Common Terms Agreement are not met) or Permitted Non-Migrated Bond Distribution,
- (d) payments made in the ordinary course of the relevant Obligor's business on arm's length terms, or
- (e) payments made pursuant to and in accordance with the provisions of the Tax Deed of Covenant, save for any excess amounts permitted to be paid in accordance with clause 2.12 of the Tax Deed of Covenant

"Revenue Collections" means, on any date, the sum of Available Enforcement Proceeds and Available Surplus Revenue Collections (prior to the making of a Post-Enforcement Surplus Revenue Prepayment Resolution) and for the avoidance of doubt shall not include (i) any amounts standing to the credit of the Disposal Proceeds Account and any Debt Collateralisation Account as at such date, (ii) amounts standing to the credit of any Borrower Liquidity Reserve Account, (iii) amounts standing to the credit of the Borrower Hedge Collateral Accounts and (iv) Borrower Hedge Replacement Premium (if any)

"Review Date" means the date falling at the end of each regulatory period from which the regulatory asset base published by the Regulator is effective

"Revolving Loan" means any revolving loan outstanding under any Authorised Credit Facility

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies Inc or any successor to the rating business of Standard & Poor's Rating Services

"Secured Creditor Representative" means the representative of a Borrower Secured Creditor appointed in accordance with clause 9 (*Appointment of Representatives*) of the STID

"Secured Liabilities" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) (i) of each Obligor to any Borrower Secured Creditor (a) under each Finance Document to which such Obligor is a party and (b) in respect of the Non-Migrated Bond Guarantees, except for any obligation which, if it were so included, would result in the Security Agreement or a Legal Charge contravening section 151 of the Companies Act 1985 and (ii) of each Obligor and BAA to the BAA Pension Trustee in respect of the BAA Pension Liabilities in an amount up to the Maximum Pension Liability Amount

"Securities" means all present and future debentures, obligations, certificates of deposit, notes, negotiable instruments and bearer and registered shares, securities, stock, bonds, warrants, coupons and all other securities and investments of any kind whatever, whether or not represented by a document (but excluding the Group Shares)

"Security Agreement" means the deed of charge and guarantee executed in favour of the Borrower Security Trustee and the Subordinated Security Trustee by each of the Obligors on 18 August 2008, any Legal Charge and any other deed of charge supplemental thereto

"Security Documents" means

- (a) for as long as amounts remain owing under the Subordinated Facility Agreement, the Existing Security Agreements,
- (b) the Security Agreement,
- (c) the Obligor Floating Charge Agreement,
- (d) the STID and each deed of accession thereto, together with any deed supplemental to the STID and referred to in the STID as a "Supplemental Deed", and
- (e) any other document evidencing or creating security over any asset of an Obligor to secure any obligation of any Obligor to a Borrower Secured Creditor in respect of the Borrower Secured Liabilities

"Security Group" means Asset Holdco, the Security Parent, the Borrowers, HEX Opco and any other Subsidiary of any member of the group (other than the Issuer) which accedes, *inter alia*, to the Common Terms Agreement, the STID in accordance with the terms of the Transaction Documents and, for so long as amounts remain outstanding under the Subordinated Facility Agreement, the Senior/Subordinated Intercreditor Agreement

"Security Group Agent" means

- (a) BAA in its capacity as the agent of the Security Group in accordance with sub-clause 17 4 3 of the Common Terms Agreement, and
- (b) upon and following termination of the agency of BAA in accordance with sub-clause 17 4 3 of the Common Terms Agreement, HAL pursuant to its appointment under sub-clause 17 4 4 of the Common Terms Agreement

"Security Interest" means

- (a) any mortgage, pledge, lien, charge, assignment or hypothecation or other encumbrance securing any obligation of any person,
- (b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person, or
- (c) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect

"Security Parent" means BAA (SP) Limited

"Security Parent Debenture" means the loan note issued by Security Parent on 31 January 2008 as amended on 29 February 2008, and as further amended on 18 August 2008

"Senior Debt" means any financial accommodation that is, for the purposes of the STID, to be treated as Senior Debt and includes

- (a) all Qualifying Borrower Senior Debt, and
- (b) all Interest Rate Hedging Agreements and the Cross Currency Hedging Agreements entered into by the Obligor in relation to such Senior Debt

"Senior ICR" means for any Relevant Period, the ratio of (a) Cashflow from Operations of the Obligor (after adding back any cash outflows of a one-off, non-recurring, extraordinary or exceptional nature in respect of the Obligor), less corporation tax paid to HM Revenue & Customs, less two per cent multiplied by the Total RAB to (b) interest and equivalent recurring finance charges paid or, in the case of forward looking ratios, forecasted to be paid on Senior Debt and any Permitted Financial Indebtedness that is not, pursuant to the STID, subordinated to such Senior Debt (less all interest received or, in the case of forward looking ratios, interest forecasted to be received by any member of the Security Group from any third party other than pursuant to a Permitted Inter-Company Loan or Permitted Non-Migrated Bond Distribution)

"Senior/Subordinated Intercreditor Agreement" means the intercreditor agreement dated 6 April 2006, between, *inter alios*, the Obligor, the Borrower Security Trustee and the Subordinated Security Trustee, as amended from time to time

"Shared Services Agreement" means the shared services agreement entered into on 18 August 2008 between BAA, the Borrower Security Trustee and certain Obligor

"Shared Services Agreements" means the Shared Services Agreement and the BSC Services Agreement

"Shared Services Provider" means BAA

"SSA Ancillary Documents" means the Pensions Agreement, the Cross-Licensing Agreement and the deeds for the provision of IT services entered into pursuant to clause 11.3 of the Shared Services Agreement

"SSA Instruction Notice" means a notice from the Borrower Security Trustee, in accordance with clause 19.1 (*SSA Instruction Notice*) of the STID, requesting an instruction from the Qualifying Borrower Secured Creditors (through their Secured Creditor Representatives) as to whether the Borrower Security Trustee should give its consent to the applicable Obligor(s) or, as the case may be, BAA to terminate the Shared Services Agreement and to the appointment of a replacement shared services provider, if any such consent is required

"STAL" means Stansted Airport Limited

"Standby Drawing" means a standby drawing made under a Liquidity Facility Agreement

"Stansted" means Stansted airport

"Sterling" means the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland

"STID" means the security trust and intercreditor deed entered into on 18 August 2008 between, among others, the Borrower Security Trustee, the Obligors, the Bond Trustee and each Relevant Financial Guarantor which accedes thereto, together with any deed supplemental to the STID and referred to in the STID as a "Supplemental Deed"

"STID Proposal" means a proposal or request made by the Security Group Agent in accordance with the STID proposing or requesting the Borrower Security Trustee to concur in making any modification, giving any consent or granting any waiver under or in respect of any Common Document

"Sub-Class" means, with respect to a Class of Bonds, those Bonds which are identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Price, such Sub-Class comprising one or more Tranches of Bonds

"Subordinated Bonds" means any bonds issued by the Issuer which pursuant to the Issuer Deed of Charge rank in point of payment and security subordinate to the Class A Bonds and the Class B Bonds

"Subordinated Borrower Secured Creditor" means any Borrower Secured Creditor (other than the Borrower Security Trustee and the Non-Migrated Bond Trustee) which takes Independent Enforcement Action provided that:

- (a) the Issuer shall not be a Subordinated Borrower Secured Creditor except to the extent it takes Independent Enforcement Action at the direction of any of its Secured Creditor Representatives and only in respect of the relevant debt owed to the Issuer Secured Creditor(s) represented by such Secured Creditor Representative, and

- (b) the Non-Migrated Bondholders shall only be Subordinated Borrower Secured Creditors in respect of any tranche of Non-Migrated Bonds in respect of which Independent Enforcement Action has been taken

"Subordinated Debt" means any Financial Indebtedness that is fully subordinated, in a manner satisfactory to the Borrower Security Trustee, to the Senior Debt and Junior Debt and where the relevant credit provider has acceded to the Common Terms Agreement and the STID

"Subordinated Facility Agreement" means the subordinated facility agreement dated 7 April 2006 as amended from time to time

"Subordinated Secured Creditors" means the Finance Parties under (and as defined in) the Subordinated Facility Agreement

"Subordinated Security Trustee" means The Royal Bank of Scotland plc as security trustee for the Subordinated Secured Creditors under the Subordinated Facility Agreement

"Subordinated Tranche" means

- (a) in the case of the Issuer, that Tranche of Qualifying Borrower Senior Debt which would be capable of being voted by any Secured Creditor Representative of the Issuer that has taken Independent Enforcement Action, and
- (b) in the case of the Non-Migrated Bondholders, any tranche of Non-Migrated Bonds in respect of which Independent Enforcement Action has been taken

"Subsidiary" means

- (a) a subsidiary within the meaning of section 736 of the Companies Act, and
- (b) unless the context otherwise requires, a subsidiary undertaking within the meaning of section 258 of the Companies Act

"Successor" means, in relation to the Principal Paying Agent, the other Paying Agents, the Registrar, the Transfer Agent, the Agent Bank and the Calculation Agent, any successor to any one or more of them in relation to the Bonds which shall become such pursuant to the provisions of the Bond Trust Deed and/or the Agency Agreement (as the case may be) and/or such other or further principal paying agent, paying agents, registrar, transfer agent, agent bank and calculation agent (as the case may be) in relation to the Bonds as may (with the prior approval of, and on terms previously approved by, the Bond Trustee in writing) from time to time be appointed as such, and/or, if applicable, such other or further specified offices (in the case of the Principal Paying Agent being within the same city as the office(s) for which it is substituted) as may from time to time be nominated, in each case by the Issuer and the Obligors, and (except in the case of the initial appointments and specified offices made under and specified in the Conditions and/or the Agency Agreement, as the case may be) notice of whose appointment or, as the case may be, nomination has been given to the Bondholders

"Supported EIB Facilities" means the EIB Facilities existing or available to any Obligor on 18 August 2008 and any other EIB Facilities in respect of which EIB requires a Borrower Liquidity Facility to be maintained in respect of potential EIB Liquidity Shortfalls, in each case to the extent permitted pursuant to paragraph 36 of part 3 of schedule 2 to the Common Terms Agreement

"Surplus Revenue Collection Account" means the account designated as the "Surplus Revenue Collection Account", held in the name of the Borrower Security Trustee (or a Receiver appointed by the Borrower Security Trustee) and maintained with the Borrower Account Bank or any other bank or financial institution which has the Requisite Ratings

"Talons" means the talons (if any) appertaining to, and exchangeable in accordance with the provisions therein contained for further Coupons appertaining to, the Definitive Bonds (other than Zero Coupon Bonds), such talons being in the form or substantially in the form set out in part 6 (*Form of Talon*) of schedule 3 (*Forms of Global and Definitive Bonds, Receipts, Coupons and Talons*) to the Bond Trust Deed or in such other form as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) and includes any replacements for Talons issued pursuant to Condition 14 (*Replacement of Bonds, Receipts, Coupons and Talons*)

"Tax Deed of Covenant" means the deed entered into on 18 August 2008 by (among others) the relevant Obligors, the Issuer, the Borrower Security Trustee and the Bond Trustee

"Temporary Global Bond" means in relation to any Tranche of Bearer Bonds a temporary global bond in the form or substantially in the form set out in part 1 (*Form of Temporary Global Bond*) of schedule 3 (*Forms of Global and Definitive Bonds, Receipts, Coupons and Tables*) to the Bond Trust Deed together with the copy of the applicable Final Terms annexed thereto, with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), comprising some or all of the Bearer Bonds of the same Tranche, issued by the Issuer pursuant to the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the Bond Trust Deed

"Tenants Policy" means any separate property insurance policy for any of the tenanted properties (or parts thereof) and/or for any other assets of any of the Obligors

"Total RAB" means, at any date, the aggregate of the RAB of each Obligor less the aggregate of the RAB attributable to any RAB Enhancing JV as at such date

"Tranche" means all Bonds which are identical in all respects (save for the Issue Date, Interest Commencement Date and Issue Price)

"Tranche A Loan" means a tranche A loan designated as Senior Debt under the Refinancing Facility Agreement (any two or more, together, the **"Tranche A Loans"**)

"Tranche B Loans" means a tranche B loan designated as Junior Debt under the Refinancing Facility Agreement (any two or more, together, the **"Tranche B Loans"**)

"Transaction Documents" means

- (a) each Finance Document,
- (b) the Shared Services Agreement, the SSA Ancillary Documents and the BSC Services Agreement, and
- (c) any other document designated as such by the Borrower Security Trustee and the Issuer

"Transfer Agent" means the transfer agent appointed under the Agency Agreement, including any Successors thereto

"Transfer RAB" means, at any date, in respect of any Obligor the aggregate of the product of (a) the sum of the Relevant EBITDA for the three financial years of such Obligor preceding such date as determined by reference to the audited financial statements of such Obligor for such financial years where available or, otherwise, the management accounts of such Obligor divided by 3 and (b) the Relevant Multiple

"Treasury Transaction" means any currency or interest rate purchase, cap or collar agreement, forward rate agreement, interest rate agreement, index-linked agreement, interest rate or currency or future or option contract, foreign exchange or currency purchase or sale agreement, interest rate swap, currency swap or combined similar agreement or any derivative transaction protecting against or benefiting from fluctuations in any rate or price

"Trigger Event" means any of the events or circumstances identified as such in part 1 of schedule 3 (*Trigger Events*) to the Common Terms Agreement

"UK" means the United Kingdom

"UK Listing Authority" means the Financial Services Authority in its capacity as competent authority under FSMA

"Unwrapped Debt" or **"Unwrapped Bond"** means any indebtedness or bond (respectively) that does not have the benefit of a guarantee from a Financial Guarantor

"Voted Qualifying Debt" means the Participating QBS Creditors voting on a pound for pound basis by reference to the Outstanding Principal Amount owed at the relevant time to the relevant Participating QBS Creditors

"WCF Borrowers" means Asset Holdco and Security Parent

"Working Capital Facilities" means the facilities, including the Initial WCF, made available to (a) the Borrowers to fund their working capital needs and (b) to the Security Parent and Asset Holdco to fund on an intra-day basis a Permitted Inter-Company Distribution

"Wrapped Debt" or **"Wrapped Bond"** means any indebtedness or bond (respectively) that has the benefit of a financial guarantee from a Relevant Financial Guarantor

"Zero Coupon Bond" means a Bond specified as such in the relevant Final Terms and on which no interest is payable

SCHEDULE 4
Excluded Leasehold Property

BAA Tenant	Landlord	Property
Gatwick Airport Limited	NATS Services Limited	Centre A Gatwick Airport
Heathrow Airport Limited		Wraysbury Reservoir – Aerials
Heathrow Airport Limited	J Simpson	Noise Monitor at Horton Depot
Heathrow Airport Limited	Mr Sohal	Noise Monitor at 54 Waye Avenue
Heathrow Airport Limited	Technicolour	Bath Road
Heathrow Airport Limited	Henry Streeter	Approach Light Stanwell
Heathrow Airport Limited	British Airways	Lights - No 1 Maintenance Area Runway 27R
Stansted Airport Limited	Mrs B Mann	Noise monitor
Heathrow Airport Limited	LB Hounslow	Storm Water Drain under Longford
Heathrow Airport Limited	Royal Parks Agency	6 Inch Gas Main below Longford River
Heathrow Airport Limited	The Secretary of State for Culture, Media and Sport	Surface Water Sewers and Foul Sewer under the Longford River

SCHEDULE 5
Group Shares

Obligor	Name of Company in which Shares are held	Name of Nominee (if any) by whom Shares are held	Class of Shares held	Number of Shares held
BAA (AH) Limited	Heathrow Airport Limited	Not Applicable	Preference	100,000
BAA (AH) Limited	Heathrow Airport Limited	Not Applicable	Irredeemable preference	21,960,014
BAA (AH) Limited	Heathrow Airport Limited	Not Applicable	Ordinary	380,200,002
BAA (AH) Limited	Gatwick Airport Limited	Not Applicable	Ordinary	336,300,002
BAA (AH) Limited	Stansted Airport Limited	Not Applicable	Ordinary	503,900,002
BAA (SP) Limited	BAA (AH) Limited	Not Applicable	Ordinary	6,873,555,178
Heathrow Airport Limited	Heathrow Express Operating Company Limited	Not Applicable	Ordinary	2



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

**COMPANY NO. 3145133
CHARGE NO. 3**

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES
HEREBY CERTIFIES THAT A SECURITY AGREEMENT DATED 18
AUGUST 2008 AND CREATED BY HEATHROW EXPRESS
OPERATING COMPANY LIMITED FOR SECURING ALL MONIES
DUE OR TO BECOME DUE FROM EACH OBLIGOR TO ANY
BORROWER SECURED CREDITOR AND FROM EACH OBLIGOR
AND BAA LIMITED TO THE BAA PENSION TRUSTEE ON ANY
ACCOUNT WHATSOEVER UNDER THE TERMS OF THE
AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING
THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1
PART XII OF THE COMPANIES ACT 1985 ON THE 27 AUGUST
2008

GIVEN AT COMPANIES HOUSE, CARDIFF THE 29 AUGUST 2008



Companies House
— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES