

Bulletin:

Ratings On BAA Funding's Corporate Securitization Unaffected After Announcement Of Equity Injection

Primary Credit Analysts:

Alexandre de Lestrangle, Paris (33) 1-4420-7316; alexandre_delestrange@standardandpoors.com
Michela Bariletti, London (44) 20-7176-3804; michela_bariletti@standardandpoors.com

Secondary Credit Analyst:

Vincent Allilaire, London (44) 20-7176-3628; vincent_allilaire@standardandpoors.com

OVERVIEW

- BAA has announced a proposed £500 million equity investment in the BAA Funding securitization structure.
- Our ratings in the BAA Funding securitization are unaffected.

PARIS (Standard & Poor's) Nov. 13, 2009--Standard & Poor's Ratings Services today said that its debt ratings on all classes of notes issued by BAA Funding Ltd. remain unchanged following today's announcement by BAA group of a £500 million equity investment in the securitization structure (£200 million of the injection still needs approval from BAA's controlling shareholders). Our ratings also remain unchanged on the tranche A and B refinancing facility lent to Heathrow Airport Ltd. (HAL), Gatwick Airport Ltd. (GAL), and Stansted Airport Ltd. (STAL) (see list below).

We believe the equity injection will marginally strengthen the borrowing group's liquidity position and its headroom under its financing structure covenants, and also partially offset the impact of the expected weaker recovery in passenger traffic compared with our original expectations.

We think that the potential benefits of this cash injection would not affect the structure enough to alter the rating or outlook. In our view, however, the potential injection would indicate conservativeness in BAA group's financial

policy and support from the shareholders, which we believe is likely to improve BAA group's access to markets, and hence its liquidity.

On Nov. 9, we affirmed the ratings on all BAA Funding's classes of debt and all the tranches of the refinancing facility lent to HAL, GAL, and STAL. This followed, among other things, the Department for Transport's (DFT) Oct. 13 announcement amending its March 2009 consultation paper on potential regulatory changes for U.K.-regulated airports.

RELATED RESEARCH

- BAA Funding's Ratings Affirmed After DFT Announcement And Gatwick Sale; Outlook Stable, Nov. 9, 2009
- Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, May 27, 2009
- Criteria: Methodology For Rating And Surveilling European Corporate Securitizations, Jan. 23, 2008

Related articles are available on RatingsDirect. Criteria, presales, servicer evaluations, and ratings information can also be found on Standard & Poor's Web site at www.standardandpoors.com. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4011.

RATINGS LIST

BAA Funding Ltd.

€2.500 Billion And £2.796 Billion Multicurrency Program For The Issuance Of Asset-Backed Notes

RATINGS UNAFFECTED

Class	Rating
A-1	A-/Stable
A-2	A-/Stable
A-3	A-/Stable
A-4	A-/Stable
A-5	A-/Stable
A-6	A-/Stable
A-7	A-/Stable
A-8	A-/Stable
A-9	A-/Stable

THE BORROWER GROUP—REFINANCING FACILITY

RATINGS UNAFFECTED

Class Rating

Heathrow Airport Ltd.

£2.75 Billion Multicurrency Program For The Issuance Of Asset-Backed Notes
Issued By BAA Funding Ltd.

A1	A-/Stable
A2	A-/Stable
A3	A-/Stable
A4	A-/Stable
B2	BBB/Stable
B3	BBB/Stable

Gatwick Airport Ltd.

£1.05 Billion Multicurrency Program For The Issuance Of Asset-Backed Notes
Issued By BAA Funding Ltd.

A1	A-/Stable
B1	BBB/Stable
B4	BBB/Stable

Stansted Airport Ltd.

£600 Million Multicurrency Program For The Issuance Of Asset-Backed Notes
Issued By BAA Funding Ltd.

A2	A-/Stable
B1	BBB/Stable

Additional Contacts:

Infrastructure Finance Ratings Europe; InfrastructureEurope@standardandpoors.com
Structured Finance Europe; StructuredFinanceEurope@standardandpoors.com

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