

BRITISH AIRWAYS

T5 PRESENTATIONS

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[Presentations with slides]

Geoff Want (Director of Ground Operations): ... [*opening words not recorded*] think of the one at Wembley, it has a few problems. However, as you move towards the Olympics, the approach that has been used here is the forerunner for much of that build programme. I know that the politicians and the world will be looking at us to open this successfully, so we don't have the hiccups that many other airports have had. It is quite a challenge but we shall do it and do it together. You will hear some of the BA things in a moment and Tony will be around so when we take questions and answers at the end, Tony will answer some particularly to do with the airport if that is what the questions are. We are running to time and we shall get you out of here for about four o'clock, so we have about an hour and a quarter to run through. We have presentations which will take 50-55 minutes and then leave 20 minutes or so for questions. We know that some of you have flights to catch, we have to get you back to Waterside so we can get you to the terminals for your flights.

First, I want to say a very big welcome, and I do mean it. This is the BA future and it will change so much the way we do our business. It represents an enormous change not just for our customers but for our staff and we shall talk about that later as we go through. You are the first external group of BA guests to come in here, so you are very special for us, and I hope you will enjoy what you see and take away some memories, particularly when you think that in just over a year's time you can come through here as customers.

You will hear two dates. You will hear about the end of March when we start the move in here but, in our minds, the 17th September is even more important. It was mentioned earlier, it is the day we get the keys of the door. It is the day when the builders are virtually not to be seen and, from that point, Tony and his team and ours will start testing this building, and we test it from a couple of passengers all the way through to thousands of people testing the building – baggage systems and everything else. We shall give you a taste of that as we talk you through some of the presentations today.

We shall give you a couple of quick moments about Heathrow today and remind you of the problems we face today. We shall then have Robert Stewart from the BAA who will quickly take you through the T5 at Heathrow in their context. Jonathan Counsell will take you through the T5 opportunity, what we are doing and how it works through. Then Ian Milne, the T5 Financial Controller, will give a little more flesh to some of the numbers that

Keith Williams spoke about this morning. Then your programme says David Noyes but David cannot make it, so I shall do it. At the moment, there is an enormous amount of work going on as we are training people to get things through, and he has a couple of important sessions today. He has been doing Fit for Five and, to be honest, we thought we needed him to do those, so you will have to put up with me doing the last part, which is really the most important part. It is about our people and about what we are doing in the way we are changing the processes for our staff and our customers.

Let me show you a picture of Heathrow today, which I think you can all see. BA operates out of three terminals. You have Terminal 1 and Terminal 4, which you probably know so well, but don't forget that we also operate out of Terminal 3. The way that has built up historically is that we have all of the problems that go with those terminals, we have grown with the terminals and they are very close to capacity. There are all sorts of issues as to why we have had problems in Terminal 4, and one of the basic issues there is that it is very, very, very full. Our success in growing our schedules has put enormous pressure on Terminal 4. Terminal 1 is busy but in a slightly different way, and it had a new baggage system put in about 10 years ago, so as we have squeezed Terminal 4, we have put it under pressure. When you get things such as the security problems of last summer, with 25% extra bags in the system, it puts all of the processes under strain. Much of the work that we are doing at the moment is trying to mitigate that, so that we have a better performance this summer, and we are working with Tony and his team to do that.

As BA has built up, you almost still have BEA and BOAC, not quite but some of the practices go back to those early days. Terminal 1 has different work practices to those of Terminal 4, and we even have a subset in Terminal 3 as I have said. So what we have before us is a great opportunity to simplify all that we do for our staff and for our customers. The public infrastructure into those terminals is outdated. What you have here is a fantastic infrastructure of all of the main transport modes coming together and this will be a far better experience in all manners of speaking for our customers. We shall talk about a number of those changes but we are moving on from what is arguably a 1970s/1980s environment into a 21st century environment, and we are proud to be part of that. As I have said, it is a shared environment and I hope you will get a feel for it. I shall now hand over to Robert to take you through the BA perspective.

Robert Stewart (BAA, T5 Commercial Director): Thanks Geoff and good afternoon, ladies and gentlemen. This afternoon, I want quite quickly to take you through the challenges that faced BAA when we took the decision to invest £4.3 billion in the Terminal 5

programme, the steps we have taken to guarantee the successful outcome for this development, and also I want to take you through the current status of the programme and to show you how successful we have been to date.

Let me put T5 in context for Heathrow. T5 is really just the start of a journey for us in making Heathrow truly great. Heathrow currently handles about 68 million passengers per annum and with Terminal 5 open, that takes our capacity up to 90 million. While we take up that spare capacity, it gives us a great opportunity – probably a once in a lifetime opportunity – to decant out of some of the older existing facilities in the central terminal area of Heathrow and to renew those and bring them up to the same quality and standard as we have at T5.

T5 exists at the west end of Heathrow within the centre of the central terminal area, and what you see here is the central terminal area as it is. Once T5 is open, by removing Terminal 2 and some of the infrastructure around it, we have the opportunity by 2012 to establish the Heathrow East Terminal, really transforming Heathrow. Following BA's move to T5, all the other airlines at Heathrow will be able to move around and locate themselves with their alliance partners.

Focusing on T5, let me take you through what is so much more than just a terminal, and I guess on your bus ride across here you will have realised that it is more than just a terminal building. To the North we have the runway, to the South we have the southern runway obviously, and to the East of the site the existing Terminals 1, 2 and 3. T5A, the main terminal building, which is behind you, T5B which is where we are sitting just now. We also have constructed a 4,000 space multi-storey car-park just outside T5A, we have a 600-bed five-star hotel being constructed as we speak, just to the West of the car-park.

A key deliverable were two rivers to be moved which ran right through the centre of the site when we took possession of it, and they had to be moved before we could get much of the construction under way. A dedicated spur road connecting us to the M25 is already constructed and operating. To top it off, we wrapped the whole lot up with aprons and taxiways, 60 stands in total to park the aircraft, new taxiways both North and South.

If we look below ground, there is a great deal of work out there that you cannot see, it is already buried. In terms of the rail, we have the Piccadilly Line, twin tunnels connecting us to the existing infrastructure, the Heathrow Express also twin tunnels connecting us to the existing Heathrow Express lines. These come together in a single station which is located below T5A but we have also taken the step to safeguard the future extension of rail services to the West by extending out to our western boundary, as you will see from the drawing, allowing us to connect rail services in the future without disruption to the operation.

How are we doing? We are 90% complete against our programme, and that is on schedule. £3.9 billion of the £4.3 billion has been spent, and a third and very important measure to us is our performance on safety: 0.2 on our accident frequency rate, less than a quarter of the national average. So what does £3.9 billion buy you? You have seen some of it and let me show you a little more.

In T5A we have our structure and envelope complete, that is quite clear to see. Internal fit-out is well advanced. The area is handed over already to retailers for fit-out, World Duty Free having commenced their fit-out already. The comms and systems infrastructure is also well advanced with testing and commissioning progressing.

If we move on to T5B, you are all well positioned to judge how well we are doing here. It is slightly ahead of T5A as it was planned to be in terms of its fit-out and, similarly, with its systems installation. If we look outside, externally we have 12 aircraft stands already operational, and the northern and southern taxiway is completed and in use by the airport.

Looking to the baggage system, 97% of the system is installed which means we are now spending our time on that important task of commissioning the system getting us ready for trial operations in September.

One iconic building which has been up for some time now is the new Heathrow air traffic control tower, completed on programme right in the heart of the operational areas of Heathrow, and handed over to National Air Traffic Services in March last year for their fit-out and training, which is well under way.

Back to the rail systems, what you see there is a picture of the Heathrow Express tunnel and the junction where it connects into the existing Heathrow Express line. The tunnel is fully fitted out and awaiting energisation later this month. The Piccadilly Line is in exactly the same state ready for energisation. Hand-over to the Heathrow Express operating company will take place in September along with the station, which allows them to proceed with their trial operations. The Piccadilly Line infrastructure will be handed over to London Underground in July, which is when they will commence their trial operations. I think you will see from the dates I have given you that an awful lot has been completed well in advance of a March 2008 operational date.

The final area on there is the track transit system, which is an automated driver-less people mover, similar to that used at Stansted. It transfers passengers between T5A, T5B and T5C. Dynamic testing is already under way, all the cars delivered in September last year, and trial operations for that facility are due to commence in September.

That is the story of where we are to date, what we have been doing for the last four and a half years but, before we even stuck a spade in the ground on this site, we did a lot of thinking around what were the risks involved, because the bottom line is that big projects do go wrong, the history books are full of examples of them.

Research on major projects that we carried out told us that, if we took a business as usual approach to the delivery of Terminal 5, we could expect to be at least a year late, we would be overspent and we would be measuring that overspend in hundreds of millions of pounds and, as quite a sobering thought against national safety statistics, we could be expected to kill six people. None of that is acceptable for us and, therefore, we had to take those lessons and do something differently.

The key lessons that we took from our research are around behaviour, the way we organise ourselves and the processes needed to guarantee success. First, it is important to expose and manage risks rather than looking to pass them on, a traditional approach in the construction industry – try to offset your risks. Actually, we see ourselves as being best placed to identify and manage those. You have to balance the effort invested in managing risk with the effort invested in identifying opportunities for improvement, so don't just focus on what you can do to manage those risks; look at what opportunities there are as well. For relationships to be effective, you have to address the behavioural requirements. So you cannot just put a new agreement in place, tell people you want to work differently, unless you work with them on how they behave with you.

Furthermore, we often hear change quoted as the reason for project failures. You have to accept that change is inevitable: on a five-year build programme in a business that is moving very fast, change will be inevitable. Uncontrolled change will be your downfall but managed and controlled change is the way to deal with it. Fundamentally, if you want a different outcome, the old adage still stands: you have to do something differently.

So what is it that we did differently? The first thing we did was look at what the contract solutions and options were for us in engaging our supply chain, and we could find no examples out there on the shelf that we could pick up and use that would deliver what we wanted. Therefore, we set about writing our own contract, our own terms of engagement with our supply chain, which we called the T5 Agreement. It is a collaborative, partnering approach. The traditional form of contract would focus on how you deal with the problems once something has gone wrong. What the T5 Agreement does is motivate and drive behaviour around preventing things from going wrong in the first place. It sets very clear expectations about performance and those expectations are that industry best practice will be the minimum acceptable standard here, and that we are all motivated to strive for

exceptional performance. It contractually requires our partners to adopt three key values: teamwork, trust and commitment.

As far as safety, we have taken very much a behavioural approach. Most safety programmes focus on building incremental improvements to existing processes and procedures but that will only ever get you a small improvement. Where we wanted to get to was this focus on incident and injury-free, zero accidents, zero incidents was all that would be acceptable to us. That required us to tackle the hearts and minds of every person on the site.

In terms of quality, on a programme this size with the timescales we have, we do not have time to go back and put things right, we do not want to spend money putting things right. Therefore, the only acceptable approach here is to get it right first time. How do we get it right first time? Again, we tackle it right down at the grass roots level with the guys on the site, making our expectations clear, benchmarking examples of the quality of work that we require.

Having got it right first time, we want it to stay right, and when you consider that the escalators you came up today to be here have been installed in this building probably two years already, as that is when they had to go in, there is a huge risk that those get damaged before a passenger ever gets near them. So we also have a “respect for others’ work” campaign, whereby we push the point of respecting what you walk around. It may be a construction site but there is finished work in here.

Looking at the programme, the key issue on the programme is milestones: in a five-year build programme, it is very easy to lose focus on what your targets are, because there will be people coming and going at the site all the time. We estimate that by the end of T5, we will have had 60,000 people working on the project. At peak, we had about 8,500 people, so there is a big turnover of guys on the site. We want them to be as focused on the piece of work they are doing and the importance of their critical dates as the end date, so we built in a large number of milestones. We stick to those milestones religiously and we celebrate them as well. Again, that is what has helped us to get to where we are on programme today.

What I have described there are the generic major project failings. If we look at the history around airport projects, they have their own failings and, again, there are plenty of examples of those: in Denver it was the baggage system, at Chek Lap Kok their operational readiness let them down, at Paris Charles de Gaulle the systems failed and they had to flood the building with extra people just to man doors and keep the place secure, and at Madrid

there was a fairly stuttering start, which we believe was down to poor engagement with their airline partners and operators at the time.

Let us look at those and see what we have done here differently to combat those risks. In terms of baggage, the first thing is that we engaged with the users of the baggage system right from the start with a joint brief signed off for the system. Secondly, we allowed sufficient time in the programme for all the testing and trials that were required, and we understood the programme criticality of software development. All too often, the focus is on the physical and not enough on the software. A final point there on baggage is managing the development of interfacing systems. We could get a baggage system operating at T5 but, unless the feeds that it requires from the rest of the systems at Heathrow are available, it is not a lot of use to us, so a big focus on managing that.

In terms of operational readiness, users of T5 have been engaged in developing the operational readiness programme right from the start. We have a programme allowance from day one that was a good piece of time available for the operational readiness, and we have to safeguard that religiously: don't allow the construction to drift into it. We have been working on the operational readiness programme, to put this into perspective, as long as we have been working on the construction, so we do not build and build and build and then think let us think about some operational readiness. It is there right from the start. The operational trials are what give us that measure of capability to operate, that is what allows us to know that we are ready.

With regard to systems integration, we had an organisational response in place from day one. Again, this is back to how you tie it all together. Looking at the multiple systems here, we have ultimate confidence that you can build them and most projects will not have a problem constructing those and installing them; the problem is making them all work together. We built an integrated test facility off-site and tested the interface between all systems before we even brought them onto the site. We managed the systems work-streams both within T5 and those that are interconnecting to T5, so again T5 is only one part of Heathrow, we need to be confident that the systems interconnectivity works.

At an appropriate point in the programme, we changed the programme driver from high volume construction delivery to very much a systems-pulled approach whereby we understand how the systems need to be completed to be integrated.

As far as airline engagement, and you will hear much more about it this afternoon, the key issue here is that we have been working with BA on Terminal 5 development for over 10 years now. British Airways were joint signatories with ourselves in the brief, we had a joint British Airways/BAA development team meeting monthly, driving out the issues. There

is a joint governance around baggage and as far as systems development, a joint steering group governing that. Finally, joint development of the operational readiness and trials programme.

I hope that I have illustrated the success, which I hope is clear when you look around you, we have achieved on the programme to date and with a bit of luck I have demonstrated why we remain confident that we can maintain the performance that will secure the successful opening of this facility in March 2008. Thank you.

Jonathon Counsell (Head of T5 Development): I shall talk to you about T5 and what it delivers to BA specifically from a customer experience and an operational effectiveness perspective. I hope that you will begin to see how it addresses some of the issues that Geoff talked about as far as the problems we face in the current airport environment.

Let me give you an overview of the layout here, you can just about see it. To orient yourself, you probably had a pretty good idea from the bus, there are three main buildings, T5A is the heart of it, this is where every passenger passes through, all departing and arriving passengers. There are two satellites which are T5B and T5C. T5A and B will open next year in March 2008, and the second satellite T5C will open in May 2010. T5A is largely where our shorthaul operations will fly from, though not exclusively, and T5B will be our longhaul operation as will T5C.

We talked about the transit system and one of the questions we get is that this is a big site, by any stretch of the imagination, and there will be issues around the distances that passengers have to walk. This is no more than in the existing terminals simply because the track transit system takes out most of that travelling time. So track transit system journey times from A to B are 60 seconds, from A to C it will be two minutes. The longest walking time from central search to the furthest gate will be six minutes, so no worse than anything we have today.

The two key facets of T5 from a British Airways perspective are that it is the first time we have had our operation in one terminal, one campus, and there are enormous customer and operational effectiveness benefits from that. Secondly, we are the sole occupant of T5, so we have been able to design a lot of the facilities in this building to meet the specific needs of our customers and our staff.

Here are some statistics, and you will hear many impressive statistics in relation to T5. There are a couple that I want to focus on. Significantly, the capacity: 30 million

passengers a year, which is a significant jump, as Robert mentioned. Heathrow is currently 68 million and it will take Heathrow beyond the 90 million passengers per year capacity. There is a significant number of stands so when the second phase is open in May 2010, we shall have 63 stands in total, 48 of those will be on pier, and we shall be able to achieve significantly better levels of on pier service levels once the second satellite is complete. Also minimum connection times. We talked about the opportunities that T5 can provide to transfer passengers, and there will be a significant improvement with T5. Phase one is down to 60 minutes within the terminal and, once we complete phase two, it will be 45 minutes, so again a significant improvement over what we experience today.

Let me talk a little about the aircraft operations. The design of T5 is what is called a toast-rack, so you have these three parallel buildings. This is a design that enables you to maximise the number of stands in a given space. Heathrow is one of the most space-constrained airports on the globe, so toast-rack is the obvious way to go. It maximises the number of stands but, as you may have seen from the coach, there is a lot of space between the buildings, which enables dual taxiways. One of the problems with the central terminal area is that you have cul-de-sacs which creates a real operational constraint in terms of moving aircraft on and off stand. Here every stand has two ways to enter and exit, so you get much more utilisation stand throughput. Additionally, we have some very close parking here over on the East side, which we call an ancillary area. There is close-by parking so when longhaul aircraft arrive in the morning and they do not depart until the evening, you can tow them off-stand and park them here, which means you can get much better throughput of your stands during the day, so a much higher stand utilisation in T5.

Furthermore, because it is between the runways, there is no cross-runway operation. One of the bugbears of T4, as I am sure you have all experienced at some point in time, is that, if you are taking off from or landing on that northern runway, you have to cross the southern runway. So many are the times that you will be landing on the northern runway, you will be early, but by the time you have reached T4 you will be late because you have had to cross that southern runway. You will not get that with T5, which is another key to the operational efficiency.

As you can see in front of your eyes, it is a fantastic building, a state-of-the-art airport but much more than that, BA have used T5 to drive a significant improvement in our working practices. Over the last four years, we have re-engineered over 200 processes mainly in the Heathrow customer service area but also in cargo, engineering, flight operations and crew operations. All of that will drive significant improvements in operating efficiency and customer service, and Geoff will talk in more detail about that shortly.

Robert mentioned about the close working cooperation, and I believe this is absolutely key for the success of this project. As he says, we have been working very closely with BAA for over 10 years since the planning inquiry in the mid-1990s, and today we now have a fully integrated joint plan for T5, and we have also established a joint team to make sure that we deliver the programme on time and on budget.

We have also worked together to make sure that we learn the lessons, not just during the construction phase of T5 but into the operating phase. We learned the lessons from T5 when we continue to work closely together, so we have developed joint vision, service strategies and service level standards to make sure that we together improve the customer service within this terminal. A good example of that is our airport control centres, which are currently based about a mile apart down on the Bath Road. They will be jointly located within T5A next to each other, so there is a very close understanding of how we can jointly optimise the operation of the terminal.

Let me talk a little about the longer term growth opportunities before I talk specifically about some of the customer service experience in T5. I mentioned earlier today that from March next year, 8% of our operation will be based in T3, and this is through the growth of British Airways in the last three to four years. Why T3? I think it becomes pretty obvious when you are out here: it is the closest terminal to T5. As far as achieving a single terminal operation, it makes sense to pick the closest terminal, and it also provides the best connecting opportunities. In addition, our OneWorld partners will all be based in Terminal 3, so we are closest to our OneWorld partners. We shall have 25 daily flights out of T3, they are Spanish flights to link up with our joint venture with Iberia and our Australia flights to link up with our joint venture with Qantas. That position will be permanent and it will secure our longer term growth opportunities within Heathrow.

Question: How will people get from T3 to T5?

Jonathon Counsell: They will extend the track transit system, it will be by coach, and I shall talk about some of the opportunities there.

The second piece that will help to secure our future growth opportunities is the construction of the second satellite, which has now been brought forward by 11 months to May 2010. Additionally with that, you will get an automated baggage link between T5 and T3, so that will help to improve the minimum connecting time between the two terminals, and the second piece will be the eventual extension of track transit system.

Let me talk about the customer experience. As you can see from this environment here, it is a very light and airy atmosphere. The designers did a lot of research in the development of T5 and there were many focus groups. One of the key issues for

passengers in terminals is disorientation: you get into a terminal and you don't know where you have to go, and there is a lot of wasted journey time – a lot of dog-legging or back-legging. One of the fundamental philosophies of T5 is to get away from that and provide a very intuitive journey. You come into T5A, the building behind us, and as you walk in at the highest level, the departures concourse is at the top level, you can see most of the airfield in front of you and you can see the aircraft. Your journey will generally be towards your aircraft, so a very intuitive journey through the building and a very strong sense of orientation.

The second key philosophy is speed. We all accept that the current airport experience, particularly check-in, is seen as a necessary evil and wastes a lot of time because of the needless queuing. One of the key philosophies here is that we reduce the queue times. This is the departures concourse, it is a busy chart so I shall not go through the detail. That is the top floor of T5A that you can see behind you, it is a plan diagram and the yellow part is the open space, so instantly you can see that there is a lot of open space as you can see here in T5B. This orange part up here, by the way, is the lounge which I shall talk to in a second.

Let us talk about the check-in philosophy. It is very different to current airport experience. There are three waves. The first wave is 108 self-service kiosks, the second wave is 96 fast bag drops and the third wave is 54 traditional check-in desks. By the time that T5 opens, we fully expect that 80% of our passengers will either be using online check-in or self-service kiosks. In that environment, we shall have what we call a “no queue” environment in T5, which means that there will be no more than one person waiting either at an SSK or a fast bag drop. As you will begin to appreciate, that is a very different customer proposition than the one you experience today.

Journey time: from arrival onto the concourse through to central search – there are two central search cones within T5 – it is targeted at five minutes or less. So when we talk about achieving a fast, smooth journey through the terminal, that is what we are talking about in T5. I think you will appreciate, therefore, that that is quite an improvement over today.

The other key benefit for T5 is lounges, and all our research says that this is a key customer benefit, particularly for premium customers who see lounges as a primary benefit. We have had issues around T1 and T4 largely due to overcrowding, because we are very constrained as far as the space available to expand our lounge facilities. We have made some small investments in terms of the catering, which has improved customer service to

some perspective but for T5 we have had a fundamental rethink about the whole lounge product, and it is a significant improvement over what you have today.

Let me give you a sense of what you get. In T5 there are in fact five lounges, we have invested £62 million, there are three in T5A, the South and the North, there is an arrivals lounge and there is a lounge here in T5B and T5C, so the lounge is up in the middle, one floor up from here, and it is covering most of that upper deck in the middle part of the building.

There are 15,000 square metres, which is a 20% increase on the amount of space we have today. This is looking inside T5A at the main lounge, it is 7,000 square metres on two floors, each floor is the size of a football pitch and, if you look behind you at where the ramp is, that is the lower level of the lounge, and it extends to that third node. That is the length of the lounge on two floors, so you begin to get a sense of the size of it. It offers fantastic views across the whole of the airfield and right down to the North and South Downs. Looking at some of the other features in this lounge, there is a 150-seat cinema, there are three spas, and a significant increase in seating and space available.

Let me show you some of the specific products. There are many quiet areas, and research has shown that our customers want quiet areas to work. You can probably see it better on your diagrams but there are plenty of what we call living room areas. There will also be over 170 workstations for people to work at with complete WiFi, free downloads in terms of destination information, games and so on. For those who like refreshment, there will be six general bar areas, there will be four wine bars and over 40 coffee machines in the T5 lounge portfolio, and, in the true theme of the high levels of recycling that we want to achieve in T5, there will be 109 washrooms as well, and again no queuing there.

One of the big areas where we have improved is in the catering facilities. We have very limited ability to deliver hot food but across the lounges in T5 there will be five kitchens, seven dining-rooms, and you will have the choice to either dine in a group or separately. All importantly, there will be a pre-flight dining opportunity.

In the arrivals lounge, one of the current bugbears is around the provision of showers, so in total across the lounge portfolio we shall have 134 showers and bathrooms and there will be over 100 of those in the arrivals lounge. So, again, that will take away the need to queue in the arrivals lounge which can be quite lengthy when you arrive in Terminal 4, as some of you may have experienced. I hope that gives you some perspective on the customer experience.

Rob touched on the operational readiness period, and this is absolutely critical for us. It is a six-month period that starts on 17 September, so we get the keys to the building in the

middle of September and then we run a full six-month proving trial and familiarisation programme to ensure that the building is effective from day one. Now we have been absolute religious to hold onto this period and make sure that an extension of the build programme does not compromise this period, because we have done a lot of benchmarking and on most other airport programmes, this has been compromised when you have a late build. This is something we are working very hard to preserve.

As Rob mentioned, the programme has been jointly developed, so it is operational readiness for both ourselves and BAA and we have used a lot of external expertise to make sure that we get it right. There are 64 proving trials, including five advanced trials which will have over 2,000 volunteers, so we can start to load-test the building in some fashion. Importantly, we shall make sure that we familiarise over 10,000 people with the building so that they know what they have to do when the building opens. Madrid airport, in particular, suffered from this problem whereby they did very little familiarisation and, for those of you who have been to Madrid, it is an enormous airport and many staff were getting lost on day one. It is pretty difficult to run an effective operation if your staff are lost! For instance, our 6,700 Heathrow customer service staff will individually receive four familiarisation days, so we are spending a lot of time and money on this, as Keith mentioned this morning, and we are recruiting an additional 350 people to make sure that we fully familiarise our workforce.

The final piece for me is that, once we have done all of that, how do we move into T5? How do you achieve the physical, logistical move in? We decided early on that because we are filling T5, it will be running at 100% capacity once our operation is in here, we need to de-risk the move, and many of the systems providers said that you do not want to run your systems from 0-100% in a 24-hour period, particularly the baggage system. So we have taken a two-phase move strategy to migrate into T5. The first phase is 27 March next year when we shall move all of our shorthaul from T1 and T4 – T1 longhaul and T3 longhaul – and that is about 50% of our operating capacity here at Heathrow. That will be in place for a period of four weeks and then we shall move the remaining longhaul T4 flying in.

That gives us an opportunity over that four-week period to really start to pressure test the system. We shall run all the facilities at 50% capacity for two weeks, then we shall run half of the facilities at 100% for two weeks, so in that way we can get a confident build-up in terms of ensuring the building is effective.

As far as the T3 migration, that will really fit in with the rest of the airline moves planned over the summer, so there are about 40 airline moves triggered by our move into T5. As you probably know, we shall concentrate alliances, so Sky Team in T4, OneWorld in T3 and Star in T1, and we shall fit into that choreography of moves. Our shorthaul flying out

of T1 will move into T3 in June of next year and our longhaul Australia flights will move into T3 in October, so we shall be all in place by October 2008.

Hopefully that gives you a feel for what T5 means for British Airways. I guess what you are really interested to hear now is what does the money position look like, so I shall hand over to Ian Milne now, who is our T5 Finance Manager.

Ian Milne (Financial Controller T5 & Ground Operations): Thank you very much, Jonathon. Good afternoon, ladies and gentlemen. I have been accountable for the T5 financial strategy since 2002 and it was back then that we set a zero NPV over 10 years post opening, excluding the benefits from punctuality or revenue, as Keith talked about this morning. Principally, that was to focus on operational efficiency that we would use as we invest over £300 million in T5 ourselves.

We did not want to put the project together based on what we believe would be further opportunities and further revenue benefits. We wanted to base it on pay itself back by finding efficiencies within the operations itself, and that is across the whole of the Heathrow operations here. Keith has asked me today to give you a little more flavour about what those kind of savings look like, so I shall touch on that in a moment.

First, the capex. Keith showed you this slide this morning. Jonathon has just talked about the lounges which represents a £62 million investment in all of the lounges within T5A and B. In addition, all of the investment we are putting into IT, both the infrastructure which is cabling within the terminals, the applications and the networking that goes on in the terminals, and also the kit that we put on check-in desks, gates and so on, the connected devices, so a huge investment on both sides of the IT portfolio. In addition, we have particular locations both on what we call the eastern ancillary area and the southern ancillary area, and you can see a couple of the buildings coming up already. Those are there for our engineering stores on the eastern ancillary area, and for our ground fleet service maintenance we have a small number of maintenance bays for critical equipment that will not be able to move off the apron here, so they can be maintained there. There is also accommodation for our staff who work out on the ramp: the engineers, some of the coach drivers and dispatchers.

In addition to that, going down to staff accommodation, throughout T5A and T5B and across the campus, we have accommodation for all of the staff, both our passenger staff who work with the passengers, checking them in, getting them through the gates, and the ramp staff. When you came on the buses, there was a Turnaround Manager on the bus I was on and we have something called a Head of Stand Office for the Turnaround Manager,

and that helps them to stay down on the ramp to make sure we can turn the aircraft as efficiently as possible. All of the data and the needs they have will be in that small office which is located at the bottom of each nodes that you have seen out there.

We have invested further money in briefing rooms so that, as staff go on shift, they are made fully aware of what the operation looks like that day and they are briefed into the environment. There are training rooms as well as the traditional facilities such as rest-rooms, canteens and locker space. We have done that based on our ability to try to reduce our portfolio of space in total for staff accommodation, taking into account the scale of T5 and the merging of both T1 and T4 into T5. I shall come on in a moment to talk about the economy of scale benefit we have.

In addition, there is something about passenger processing there, it is only a small amount but investment in those SSKs that Jonathon talked about at the front of house and [end of tape, no overlap] ... baggage out to satellite B for example. We are also buying some further pallets and trailers for the cargo operation, and I shall touch on that in a moment as well. Also within there is a provision for what we need to do in further accommodation and so on when we move to T5C in 2010.

Keith mentioned this morning a £40 million benefit from T5 that we shall see eventually when T5 is fully up and running. This gives you an idea of where that benefit comes from. The key part is in terms of the operations of our passenger service staff and our ramp staff, and there are two aspects to that. We are fully exploiting all of the working practice changes that are currently going on in the terminals, and Geoff will talk about some of the details on that in a moment. Equally, as we merge both T1 and T4 principally into T5, we get a significant economy of scale by moving into a single campus, and those are quite significant benefits within those staff areas.

From crew report, as we close Compass Centre and we have crew reporting into the terminal, the first thing is that we do not need to bus the staff all the way from the Compass Centre, so we need fewer buses, fewer bus drivers to bring them to the side of the aircraft, and they report into T5A and then make their own way to the gates as they do at all of our overseas stations. That enables us slightly to reduce some of the crew report times as well, which is another benefit.

As far as the baggage system costs, we are slightly changing how we are remunerated through the baggage system with the BAA. Overall, we see that as a benefit into the cost of T5, it has been a trigger for looking at how they remunerate across the whole of Heathrow campus, and some of those charges will go into the user charges, which will help BA across the baggage costs area.

As well as our own economies of scales, we have also looked at our suppliers to identify where they, too, will benefit from being in a single campus. In some cases like cleaning on the ramp, we see there are opportunities there and we are negotiating new contracts with them to go into T5 to expose and get some benefit out of those. In other areas like security, that is mostly around guarding our aircraft on the ramp and our fast-track security that we have for our premium customers through the terminals. These will not change a great deal from moving into T5, as those costs are fairly neutral.

Vehicle equipment: while we require to have some new equipment to go into the campus, the fact that we are having only single type of processes and simplifying how we do things, it means that we can both reduce the types of vehicles we have and our holding of vehicles. Again, there is a double effect, partly from the economy of scale and partly from the simplification that we are putting into our operation.

The one slight change to that is on cargo. As you see, our cargo centre building is right over there on the far side of the southern runway and coming out here to T5 is a longer journey than going to T4 right next-door or into the central area. So we shall need to buy further equipment to complete that journey and put more resources in terms of manpower to make sure that cargo can maintain its commercial delivery to T5, thus it is a slightly adverse cost for T5.

Question: Is there a tunnel?

Ian Milne: There is not a tunnel out here to T5, they have to come round overland.

Looking at engineering staff, and this is really about the work on the ramp – maintenance on the ramp as the aircraft come in during the day – again there is not a great deal of change there from what we currently see in T1 and T4. There are some process changes going on and some simplification going on, but it is not a major contributor to benefit, so I have that down as fairly neutral. Equally, IM licences and all the costs associated with the IM kit and the applications do not change a great deal from being in T1 and T4 as well. Clearly, we need check-in desks and self-service kiosks the same here, and there are more of those, so there are some benefits in as much as, while we have had volume increases, we have kept the prices down. Overall, therefore, IM costs are not moving that much.

As Andrew Grainger talked about this morning, these are fabulous facilities so they are better than we currently have in T1 and T4, and, therefore, the yield on those rents is slightly higher than we have in T1 and T4. Equally, we have looked at our portfolio and we have invested heavily in terms of the customer proposition and our lounges, and we have

expanded there. While we have great new facilities for our staff, we have been very clear to try to make sure we minimise our staff accommodation as much as possible, taking into account the economy of scale that I have just described. However, overall rents are slightly up in T5 compared to T1 and T4.

Lounge service costs, which is really about the catering and the support staff you see in the lounges, are not changing a great deal from T1 and T4, and although we are expanding the size of the lounge and there is a volume impact, the unit costs of those are staying very much as we have today, so no significant change from there.

Finally, on our baggage and passenger compensation costs, we anticipate with a much better punctuality that we shall have less disruption, we shall not have to pay out so much for baggage disruption in particular. Geoff will tell you in a little while what is happening on the baggage systems we have and our improved missed bag rates: that will save us costs as well as giving a much better customer proposition.

I felt it was useful to add at the bottom that, if you look around the whole of T1 and T4, the type of cost that we talk about, which is getting our cargo from the centre to the ramp, our engineering ramp, all our passenger and ramp staff, all of those costs together come to about £550 million. Sometimes we think that Heathrow is half of BA's operation, and that is true but, as far as the costs associated with delivering that operation, they amount to around £550 million.

This slide talks about what I have just described as the benefits, so I shall not run through that. That is where we see most of our benefits coming through from the operational improvements we are putting into T5.

As far as the revenue benefits, I know you had some questions this morning regarding what we saw as revenue benefits coming out of T5, first punctuality. This is important for all our customers but in the current environment we believe that our shorthaul premium passengers, in particular, would benefit more from an improved punctuality performance and, therefore, we see some opportunities from our shorthaul premium area. Robert talked earlier about more flights connecting within one terminal so that we can better time our slot integrations, again we believe this will help our longhaul premium business and the longhaul premium transfer business in particular.

Capacity deployment: Robert said this morning that in T1 we are operationally constrained using 747s on all our routes. When we are here, however, we may be better able to deploy 777s on some of those routes and, therefore, get a better yield out of matching demand and capacity.

I have talked about the improved baggage performance which Geoff will touch on. Again, that, we believe, will create a best-in-class transfer product and, therefore, attract premium customers to Heathrow who may not have been attracted previously.

Collectively, just looking at the size and scale of T5, its ambience, what we are doing with the baggage system, the lounges and also remembering the great air products we offer, we believe that this will make T5 at the right time a fantastic proposition to our customers and particularly to our premium customers.

Finally, a number of people have already talked about this today, so I shall not labour too much on it. The 6,700 people in Heathrow customer service will each spend four days on familiarisation of T5, we believe it is that important to make sure they are aware of everything that needs to operate in T5, where they need to go, how they need to operate and work. The rest of those items we have talked about such as proving trials, migration, mobilisation, making sure you have the right pass on day one to get into the building. Equally, on the first day of opening and beyond, we need to make sure we have the right contingency plans in place, additional resources available to way-find etc, so that we open very well indeed. Overall those costs, as Keith mentioned this mentioned, are about £25 million increase as we go into 2007/08. That is me, I shall hand over to Geoff.

Geoff Want (Director of Ground Operations): I shall go through these fairly quickly as I want to give you time for questions. There are a couple of things that I would like to show you and speak to.

First, on the vision, it is really important that you understand what we are trying to do. We intend to provide something that our customers want and we do listen to them: they want speed through the airport, departure on time with your bag – that is a fundamental basic that so much of our industry often fails to do. Therefore, we are determined to get ourselves to a standard that is acceptable to all of you and our other customers. Lounge for our premium passengers: world-class lounges that set the standard, and that is what we are going to do here. As we do that, we want to operate in a way that is absolutely safe and secure: simple, safe processes that mean it is safe for our colleagues, our staff to come to work.

What the BAA have done with injury incident-free is a fundamental step change in the safety on a building site. We intend to work with them to bring it into this environment, to make sure that airports are one of the safest environments. At the moment, the Health and Safety Executive view it as worse than the docks, so we are determined to work with them to improve that situation. We shall use technology wherever we can and, above all, we shall

deliver to plan, that is how we do things efficiently and too often at the moment as an industry but also for BA, we do not operate to plan.

I want to highlight a couple of things on this transition programme which you probably cannot read there. Fifty percent on time would put us in the top three airlines in Europe, the ones above us will operate from very small airports in very small countries of the world. We would outstrip all of our major competitors in Europe if we achieve that and that is our target and our aim.

The 100% passengers ready to fly: that is one of the fundamental process changes which we shall do with this terminal. When you get to the gate, how often do so many things happen at the gate that delay the departure. We are looking to turn it on its head and I shall show you that in a moment.

Missed baggage rate of 20 per 1,000, that is across the whole spectrum, not just direct passengers but also transfers, and that will put us streets ahead of the other European main hubs. It will be better than Schipol, it will be better than Frankfurt, we shall outstrip our competitors in baggage performance at this airport, that is our vision and our target, and we have every intention to do it.

On the bottom of the column on the left-hand side: zero queues for customer service. What we are saying is that this building is designed so that, as you come in, there are 100 self-service machines and we are assuming that 40% of people will have checked in online, there will be no queue at self-service machines, fast bag drops will be fast bag drops. The whole design philosophy is that there will not be more than one person in front of you. There may be one person at the desk but that is the longest queue that you should experience at Terminal 5. It is the way the building is designed and that is our philosophy. I know some of you are saying, "I don't believe it!", but that is our objective to deliver. There may be problems in times of disruption but that is the objective and that is the ability that, on normal operations as we go through that terminal, you should experience to flow you through the building. If you cannot check in and use online check-in, you will use the desks at the back, that is our commitment and what we are striving to achieve.

The process you see here is the normal passenger process we have at the moment: very little happens pre-airport, quite a lot happens lounge-side and a lot happens on the airside by the gates which often delays flights. What we are planning to do is turn it on its head. We are looking that a lot will happen pre-airport within your control. The enormous acceleration in the way people are using online check-in is dramatic. We are taking as much away from the airport itself as we can, so that when you are here at the airport, that is the way we achieve much of that minimum queuing or no queues, because so much is taken

away from the airport environment. The flows you have in Terminal 1 and Terminal 4 at the moment conflict with each other. The flow through the building will allow us to deliver that type of performance.

In order to do that, we have to change a number of things, and that is already starting. Look at some of the yellow boxes. On 4 December we changed our seating policy, and one of the reasons for that was that we have now made far more seats available for online check-in. The way it used to be done was that many were protected for all sorts of reasons but it meant when you had reasonable seat factors, many people could not check in online. It is now far easier to check in online. Also you can check your family in, you can check your group in, whereas in the past it was individual. This has changed the whole way you can do it and it has allowed you to do that outside in the comfort of your own home or your office.

Conformance checks, i.e. before you go airside, you are ready to board, your passport has been checked, your visa has been checked, your boarding card is there, all of those issues. We have been trialling that at JFK last week to make sure that we are in a position to ensure that these processes work.

Forty percent online check-in. Our shorthaul operation at the moment is achieving 33% and it is increasing every week. We are confident that we can get online check-in to that 40% level and beyond. Look at the other numbers: 80% self-service, so it is online and self-service machines. Our domestic operation is now typically around 75%, and much of that has been improved as we changed the seating policy and particularly around groups. That, again, is continuing to increase and we are confident we can get that to 80%. Shorthaul in Terminal 4 is also operating in the high 70s, and that is an environment which is not easily user-friendly. Even in Terminal 4 where we have not really encouraged longhaul, we are getting 40%-odd of our longhaul customers using self-service before. As we move to the end of this month, that will become our preferred method of check-in, and we are absolutely convinced we can get to the levels we need to make the terminal work. It is changing week by week and we are getting there.

Baggage. One of the issues around baggage is that there are many things we need to do and to change. The first one, the Terminal 5 baggage system: T5 phase one was delivered and is under test, and it is working as planned; phase two is due for delivery at the end of this month and that, again, is on schedule. The baggage system is running and testing with bags. It is unusual for a building of this magnitude for the baggage system to be tested up that early but it is fundamental and we are delighted that the BAA have chosen to

do it that way, as we believe it is the only way you can ensure a successful opening of the building.

There are a number of other things we are doing now to improve the processes before we move into T5, and with the problems we had with baggage last year and around Christmas, we are determined to have these things in place and implemented into this summer so that we improve the performance, which was totally unacceptable on many occasions last year. That includes reflighting, it includes the contingencies, it includes the way we work with BAA to manage those baggage systems, and we have to do now if we are going to reach the standards that we have set for ourselves, which are some of the best in Europe.

One last point very quickly, as I want you to be able to ask questions, these sort of devices represent some of the fundamental changes we are making to our staff working practices. We are putting in automated allocation systems, and the staff like them, it is one of the mutual benefits. As they go in, people see them as fair, the computer allocating work does it fairly. The old systems, which go back to the 1950s and 1960s, were done manually on a sheet and, even if it was not being done unfairly, there is always the suspicion that Fred, Sue or whoever is doing it is favouring their friends. We have these systems working in cargo and when they go down, our trade unions are hounding us to get things back on track because they trust the automated systems.

The systems work very simply: they give you a task, you accept it, it takes you to the task and tells you exactly what you are going to do, which containers or bins you are picking up. It gives you control over the system, which we have never had before. What this chart shows you is the type of control that you should have in any operation, and I shall not go into the details. If you look along the top, these are all the different activities, and it shows jobs being assigned in a timely manner. That is the type of central control that we have never had in BA and which a number of other airports have, but this is the type of system we shall have as we move into T5 and we shall have at Heathrow as we go through this year. The Turnaround Manager, referred to earlier, will see how each task has to be done, is being completed, have resources been allocated to it – it is that fundamental.

We have looked at 560 processes at Heathrow, they can be minor or major – we have taken the whole operation apart and re-engineered it. Some of the things are the same while others have been fundamentally changed. Many of these are very basic control and staff management issues.

The last thing I want to say – and it is not really the last thing but one of the first things – we are doing this taking our staff with us. We have had Fit for Five 1 and Fit for

Five 2 running over the last two years, and we have taken 5,000 staff through those courses twice. We are now doing Fit for Five 3 and you have seen some of our colleagues with you on the buses today. We have had 1,500 of the Heathrow customer service staff through this course, and they would have been here earlier today. This is about making it real for them. When they come in here, they see where they are going to report, they see where their coats will be hung, where their lounge is, where their rest-rooms will be, it is becoming very real. It is no longer an enormous barn that you see as you drive round to the airfield, it is becoming a very real building and the excitement you see when they come back – I have often closed some of those sessions – and most of the concerns have disappeared, because they are excited about seeing the facility where they will be working.

One thing that Keith mentioned about staffing is that we are investing in ops readiness. You have heard it mentioned and we believe it is fundamental to us opening this building successfully. As we go into September through, BA will be off-lining just over 400 staff a day to test this building or being trained in familiarisation. Every staff member will have a minimum of four days in the building for familiarisation. BA will have the best part of 10,000 people across the airline having familiarisation. The BAA have over 16,000 people for familiarisation in this building. That six-month period will be very busy but we are determined that all of the processes and systems in it will be thoroughly tested, so that when we come to 27 March it will open successfully. When we move those Terminal 1 flights in, it will work and it will work well, and we shall progress through the changes you have heard about in an orderly manner, which is the way I hope you would expect us to do.

I hope that has been interesting for you and we shall take any questions you have.

Question & Answer Session

Question: I have two questions. The first is at what stage are the negotiations with the employees on the change in the work practices? Secondly, how much of the situation with lost bags and punctuality is as a result of terminal issues, and how much as a result of air traffic and other delays to get some idea of what percentage improvement we can expect?

Geoff Want: Taking the employee question, with regard to the terminal staff all of our ramp areas from coach drivers to baggage handlers to the loading teams have all agreed and voted on new work practices, and the majority of those were voted on at a ratio of about 70/30 or 80/20 majorities. We are at the stage now where we are implementing

most of those changes and many of those are the most fundamental in the way you work around the aeroplanes.

With what we call the A-scale staff, who are the staff upstairs, we are continuing to talk with them as a group. We are implementing a number of the processes already and we are looking to have a final agreement with those staff in the coming weeks and months. We are pretty close to it and we expect that to be worked through. Many of the issues around staff admin, the way we allocate staff, are already being implemented in advance of those formal agreements. That, in itself, is an unusual situation in Heathrow.

If we go back to the ramp staff, when we presented the new work practices, we did it jointly, management and senior reps together in the same room. Those are some of the changes which have happened in the way we are working closely with our trade unions on these issues, and we are getting there.

To the issues around baggage, at a transfer airport many missed bags are due to arrival punctuality, so if you have fog or bad weather you will get a knock-on from that. However, this building will allow us to recover that much quicker but that is also why you talk overall of 20 per 1,000, the transfers will be more than direct passengers, and we shall be looking for this terminal to deliver industry-leading standards of around 2-3 per 1,000 direct passengers and that will give you about 30 for transfer passengers. Those are the sort of numbers we are working with and they will be as good as, if not better than, all of the major European hubs.

Question: Why didn't you build the terminal big enough to take care of all British Airways and their partners while you were planning it from scratch? Looking at the diagram, it looks like behind Terminal C is another area where aeroplanes are parked; Is that freight or could that be expanded to a D section?

Geoff Want: I shall let Tony Douglas speak to some of that. T5 has been in the planning and build for many years and we described how it has been constrained a little between the two runways. As we have gone through that 10-year period, we have outgrown some of the original plans and the OneWorld alliance has come together, but that is why the Terminal 3 campus gives us a number of other options.

Tony Douglas: First of all, welcome everybody to this wonderful space. In answering the question, if we were building a facility like this in the plains of Texas or wherever where there is loads of space, you would probably have had a fundamentally different arrangement to what we have. Terminal 5A, the main terminal building, is a

remarkable building but it has five levels above ground. One of the reasons for that is that it is constrained on the North by a runway, the South by a runway, Europe's busiest motorway just behind it – the M25 – and the stand allocation that moves all the way out to the central terminal area. While this is a 260 hectare site, it is the size of Hyde Park, we have optimised within the 260 hectares how you can get the maximum number of parking stands (6), the maximum amount of terminal space, which we have achieved with these wonderful buildings, and it almost works back from the answer, it gives you buildings of the scale of T5A. You can get 52 full-size football pitches on the floor plates of that building across the road alone, it is the largest free-standing building in the United Kingdom, but you are absolutely right that, if we were not as constrained at Heathrow as we are from a starting point, you might have had a bigger building.

Geoff Want: And it goes right back to the success, as you saw earlier with Robert, of gaining additional slots, and it is that growth and particularly our growth as we start with the new 777s to allow us to continue to expand, we would fill T5 and have to move on, so that is really where we are.

Question: On your target of only one person in front of you in the queue, what you are doing at the moment is encouraging, nay forcing, most people to use kiosks at Terminal 4 at the moment, and then join a huge bag drop queue. If the number of personnel is not increasing, how will the bag drop queue be fixed?

Geoff Want: The number of bag drops are increasing. You will have simplified the whole process as you come through but what you have at the moment in Terminal 4 is the limited number of desks that we have. With 96 desks across the whole of the breadth of the terminal for bag drop, it will allow us to deliver that sort of flow through the building.

Question: But the desks are there at T4 – they are just not manned.

Geoff Want: The desks will be manned in the way that this process will work. You are moving people from other processes in the terminal to focus on those key parts. At the moment, so much of it is landside, you are changing the process so all of the handling is in the landside area so that, as people have gone through security, they are clean to board. Many of the other control activities that you are doing airside at the moment you are bringing into the landside environment.

Question: So there will be more people there but they will be displaced –

Geoff Want: Correct.

Question: Until T5C is built, what proportion of the operation has to be bussed, crew and passengers?

Geoff Want: About 20% of the operation will be bussed from here. The stands around T5C will become progressively online to us, so we shall be bussing to those from the main building.

Question: When British Airways is considering what aeroplanes to order next, can you tell me how many of the stands are A380 capable?

Geoff Want: Twelve and at the moment, the way we are looking to use them initially is to have a number of shorthaul aircraft in different configurations, but we have that number should we buy A380s.

Question: On opening you will be 20% bussing, what is your current rate of bussing? Secondly, can you talk a little about why you are going to containerise the baggage on the Airbus?

Geoff Want: Doing it a different way round, we wanted to standardise the processes in the baggage hall here. You are reducing the amount of manual handling in aircraft. Part of the issue is that we have experienced with our loading staff a lot of back injuries, and this will reduce that. The holds of the aircraft are very cramped, so we have taken that out as one of the reasons. Also it tidies up the way in which we use the baggage hall allowing much more consistency, and it allows you that much more speed in the way you load the aircraft in a more constructive manner which, in turn, allows you a better chance of punctuality.

The current level of bussing in T4 is greater than Terminal 1 and, at the moment, Terminal 4, particularly on the longhaul services, it is over 30% on most days which we bus, T4 is less. The way we shall be configuring it, most of the operations will be focusing to bus as many of the shorthaul operations as we can.

Question: I want to ask about the operating cost savings, is that including prior depreciation from the capex and higher rates, so that is a net figure?

Ian Milne: That is a net figure, which includes all the savings of the adverse costs on the rents but it also includes the depreciation of the £330 million.

Question: Picking up on the congestion side, what about the security?

Geoff Want: There are two security zones. The gates at the northern end of the building will have 14 X-ray machines, and we have remodelled that following the events of last summer, and the security cone at the southern end of the building, which has the fast track into the lounges, has 12 X-ray machines.

Question: Looking at your slide on the on-time departures, I notice that all the turnaround times have more than two hours ... [unclear]

Geoff Want: That is illustrative, that is Finnair. We shall be working to turnaround times here where most longhaul aircraft are around two hours, that is the way it fits the schedule, and we shall be looking to turn the shorthaul aircraft around in anything from 35-40-45 minutes depending on the size of the aeroplanes.

Question: You have mentioned extra rents, and I wonder if you could give us a feel for the sort of scale of the additional property costs? On T5C being built early, are you doing that out of your largesse and kindness or is there some financial reason behind it that you want to invest to get a return? Then I have a question from a customer perspective. I see here that you pay for a fast-track central search, can you please explain why the fast-track search has been so slow?

Ian Milne: On the first question regarding the property premium, for the better quality status it is about 10% higher than we would have in T1 and T4.

Geoff Want: We pay for the fast-track facility but Tony's team provide the service, but that has been picked up in some of the other problems we have had at the airport generally.

Tony Douglas: In terms of the T5C question, first, while I am a charming and benevolent character, there is also a very clear commercial relationship between ourselves and British Airways. The T5C programme was always planned to be delivered by Spring 2011 and that was against an original capacity requirement and phasing that went into the regulatory period when the programme was first granted. This project is now getting very close to the finish line, and we have reappraised the opportunity to transfer the people who have been building these terminals onto T5C and the consequential opportunity is 11 months, as Geoff has explained. What that means is we are looking at a pull forward of 11 months worth of capex from the Q5 regulatory period into the Q4 regulatory period, so it is a phasing change of 11 months worth of capital between the Q5-Q4 period, and we have reached a commercial agreement on how that will be handled.

In terms of the security, let me say two things. First, in regard to T5 the answer to the earlier question also would explain that 25% additional space that we have kind of remodelled into T5 since 10 August of last year. It is clear that security will never be the same again, it will require more space, it will require more processing ability and it will be an area in which technology progressively changes the very means of the security process.

In regard to the current terminals, there is little doubt and I have stood in front of Geoff and all of his BA colleagues and made it quite clear, we apologise for the difficulties that we have all experienced with security at Heathrow, it is simply not good enough. Heathrow is constrained, that is a reality but we have to work within that reality. We have introduced 20% more space at Heathrow in the last three months in the security area. We have introduced 12 new security lanes and machines, and we have a recruitment process that completes at the end of this month that yields 500 new fully-trained security guards.

We are working now with the Department of Transport and we are lobbying hard to be able to reintroduce the second back, and we would look for the earliest possible introduction given DFT approval with that. So there is a real drive from an operational point of view to improve security standards. There was a 40% increase in the processing requirement after 10 August and, therefore, from a resilience point of view what we calculated is that, if that is unlikely to change going forward and, frankly, it only ever got worse where these risks become ever more present, is how we safeguard it in T5. That is why we have put 25% extra space in.

Geoff Want: I hope you have enjoyed your taste of T5, I hope you can see why we are incredibly enthusiastic about it. It gives us a great opportunity to make a step change in our customer service and our performance, and it is just over a year away. So I hope that you will have the chance of travelling through it in the not too distant future. Thank you for spending the time to come over here.

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