



BAA

Investor update

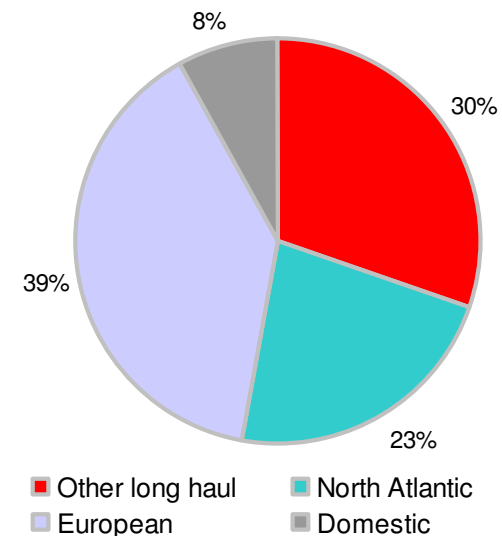
November 2009



Heathrow – the world’s largest international airport

- Ranked first in Europe and third globally in passenger numbers
- Sustained growth in emerging market long haul routes
- Diverse passenger and airline mix

Heathrow passenger traffic by origin/destination in nine months ended 30 September 2009

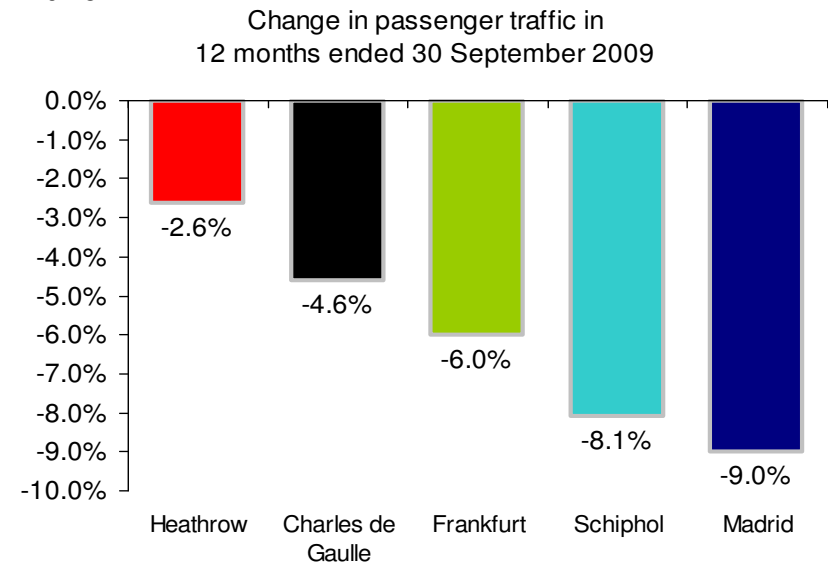
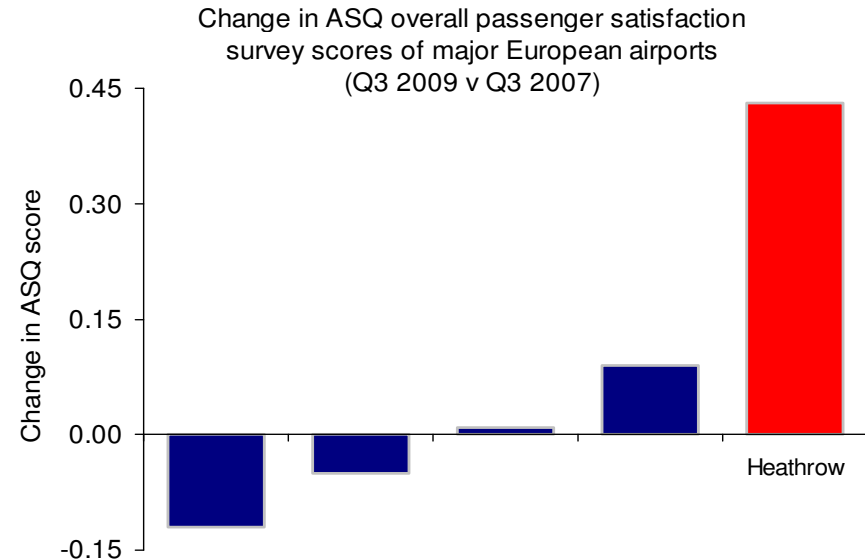


“In the current environment, it is difficult to argue we should go out and acquire these slots...having said that, it may be the only opportunity we ever get.”

Willie Walsh, BA CEO quoted in “BA eyes BMI’s Heathrow slots”
(Source: Financial Times, 26 May 2009)

Heathrow outperforming its competitors

- Operational focus underpinning improved performance
- Strong EBITDA growth
 - tariff profile
 - resilient passenger numbers
 - retail growth through the recession
- Continuing investment to enhance competitive position



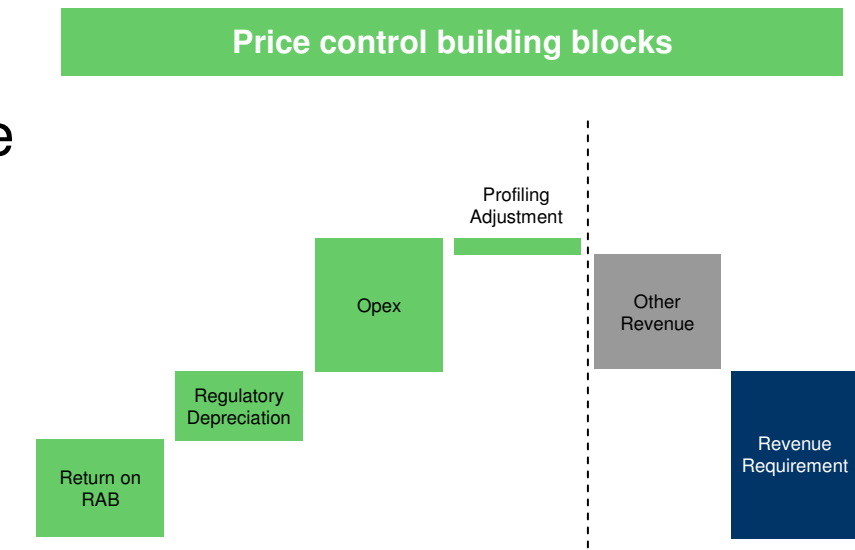
Continuing investment to enhance competitive position

- Approximately £750 million spent in first nine months of 2009
- Heathrow (nearly £600 million spent)
 - improving operations whilst progressing 'brownfield' investment
 - enabling works for new Terminal 2
 - airline moves to refurbished Terminal 4
 - integrated baggage system progresses
 - Terminal 5C on track to open early 2011
- Stansted (£50 million spent)
 - reduced spend in CAA settlement agreed with airlines reflecting economic climate
- Around £100 million spent at Gatwick



Stable regulatory environment

- ‘Single till’ price regulation
- Regulator statutory duties include
 - promoting efficient, economic and profitable operation at airports
- Five year regulatory periods
 - 2013 at Heathrow
 - 2014 at Stansted
- Government airport expansion plans focused on Heathrow and Stansted



Revenue requirement divided by forecast passengers to produce maximum allowable yield per passenger

Maximum allowable yield then adjusted using an RPI+/-X% formula for the remaining years of the regulatory period

Significant positive progress in Government's regulatory review

- BAA welcomes proposals for modernising regulation
- Government addressed creditor sensitive issues on 13 October 2009
 - no longer pursuing special administration insolvency regime
 - existing financing structure can be retained
- Next steps before end of 2009
 - publication of conclusions of overall review
 - launch further consultations on continuity of service and ring fencing

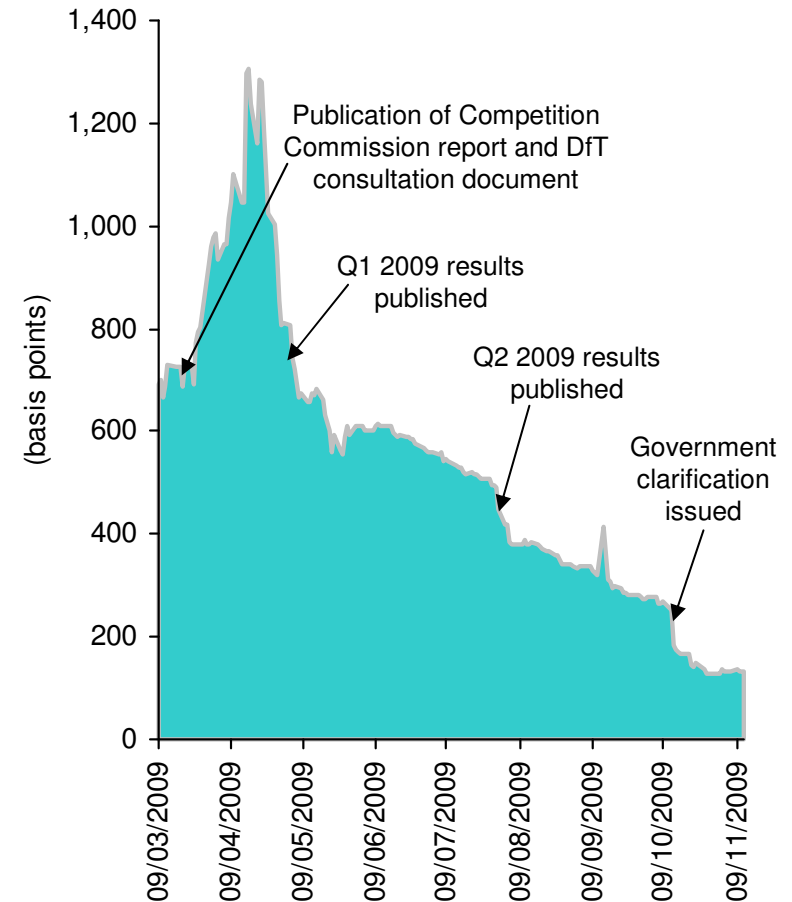
Sale of Gatwick is a major step forward

- Sale of Gatwick airport to Global Infrastructure Partners for £1.51 billion...
 - including contingent consideration of up to £55 million
 - completion expected in December 2009
- ...is a major step forward
 - increased focus on Heathrow
 - key milestone for customers and the public at large
 - clarity for staff
 - breathing space to consider future
- Competition Appeal Tribunal hearing now complete
 - outcome of appeal anticipated by early 2010

Recent positive momentum

- UK government has addressed creditor sensitive issues
- Gatwick sale
- £500 million equity commitment
- Resilient traffic and financials

BAA 5 year CDS price
(March 2009 - November 2009)



Source: Bloomberg/BAA

Resilient traffic and financials

- Improved operating performance
- Resilient financial performance

Highlights of first nine months of 2009

Revenue	+7.6%
Adjusted EBITDA	+17.3%

Heathrow passenger traffic	-2.3%
Total passenger traffic	-5.5%
NRI per passenger	+6.1%

Capital expenditure	£749.2m
Net debt	£9,771.0m
RAB	£13,155.7m

- 1) Percentage changes are relative to first nine months of 2008
- 2) Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation and exceptional items
- 3) NRI: net retail income; RAB: Regulatory Asset Base
- 4) Nominal net debt excluding intra-BAA group loans and including index-linked derivative accretion

Q3 2009 passenger numbers suggest the worst is over

Recent trends in passenger traffic						
	9 months ended 30 September			3 months ended 30 September		
	2009 (m)	2008 (m)	Change	2009 (m)	2008 (m)	Change
<i>By airport</i>						
Heathrow	49.9	51.1	-2.3%	18.6	18.6	+0.3%
Stansted	15.5	17.6	-12.0%	6.3	6.8	-8.3%
Gatwick	25.4	27.3	-7.2%	10.6	10.9	-3.4%
<i>By market served</i>						
UK	8.2	8.9	-8.2%	3.0	3.2	-5.2%
Europe	50.9	54.0	-5.9%	20.7	21.3	-2.9%
Long haul	31.7	33.0	-4.1%	11.8	11.9	-0.7%
Total	90.7	96.0	-5.5%	35.5	36.4	-2.4%

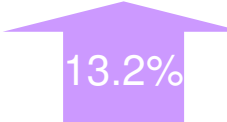

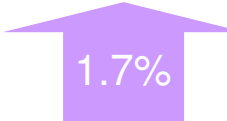
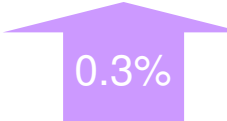
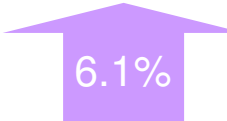
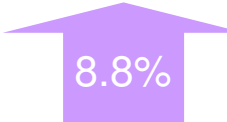
- 1) Totals and percentage change calculated using un-rounded numbers
- 2) European traffic includes North African charter traffic

Resilient financial performance

(figures in £m unless otherwise stated)	2008	2009	Change
Turnover	1,715.5	1,846.0	↑ 7.6%
Operating costs	1,029.3	1,041.4	↑ 1.2%
Adjusted operating costs	1,029.3	993.4	↓ -3.5%
Adjusted EBITDA	686.2	804.6	↑ 17.3%
Net debt	9,426.0	9,771.0	↑ 3.7%
RAB (Regulatory Asset Base)	12,470.2	13,155.7	↑ 5.5%

- 1) Based on consolidated financial results of BAA (SP) Limited for nine months ended 30 September 2009
- 2) Operating costs exclude exceptional items and depreciation and, in addition, adjusted operating costs calculated on a like for like basis
- 3) Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation and exceptional items
- 4) Net debt reflects nominal debt excluding intra-BAA group loans and including index-linked derivative accretion
- 5) 2008 net debt and RAB figures are as at 31 December 2008

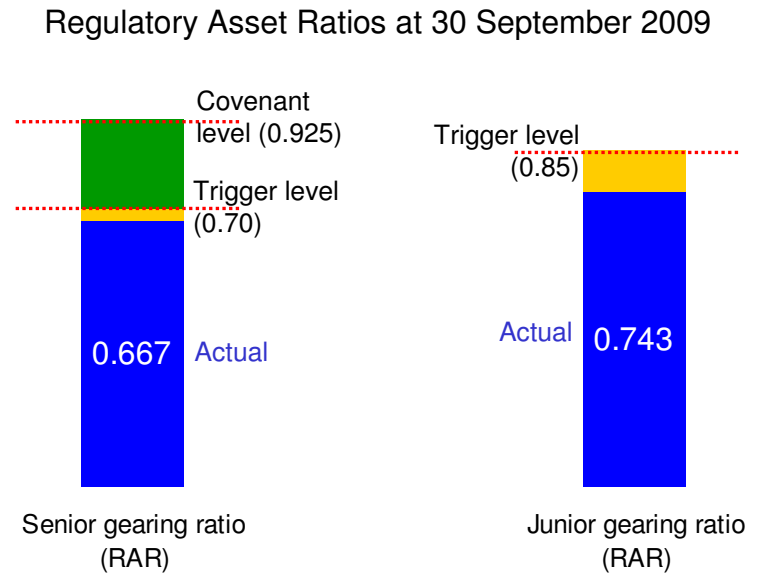
Revenue growth led by revised tariffs and retail

(figures in £m unless otherwise stated)	2008	2009	Change
Aeronautical income	894.8	1,013.3	 13.2%
Aeronautical income (Heathrow)	603.1	723.7	 20.0%
Gross retail income	449.8	457.4	 1.7%
Net retail income	419.9	421.1	 0.3%
NRI per passenger	£4.37	£4.64	 6.1%
NRI per passenger (Heathrow)	£4.52	£4.92	 8.8%

- 1) Based on consolidated financial results of BAA (SP) Limited for nine months ended 30 September 2009
 2) NRI is net retail income which is gross retail income less retail expenditure

Strong creditor protections

- First ranking security
- Operational and financial covenants
- Regular information flow
- Distribution lock-ups if triggers breached
- Significant liquidity enhancements
- Minimum hedging requirement

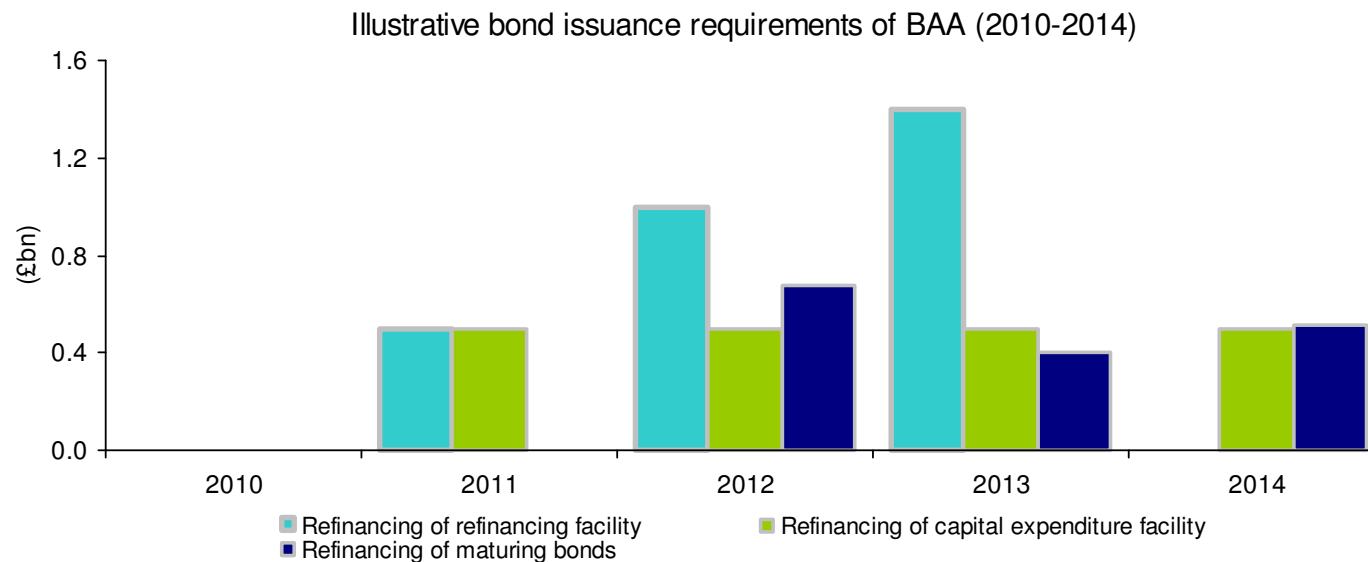


Strengthened liquidity position

- Group remains strongly cash generative
 - over £375 million of post-interest cash flow in first nine months of 2009
- Substantial liquidity with £2.3 billion in cash/undrawn facilities
- £1.2 billion estimated net proceeds from Gatwick sale
 - repay in full £1.0 billion March 2010 bank refinancing facility maturity
 - balance to repay subsequent facility maturities
- Balance of Gatwick proceeds and equity commitment addresses significant part of 2011 debt maturities

Future issuance plans

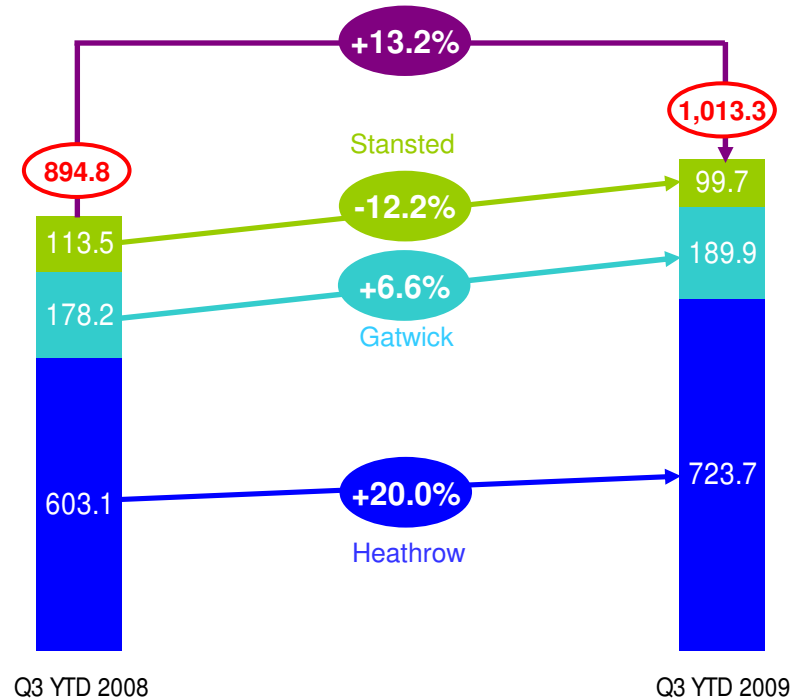
- Ongoing refinancing of bond and bank debt initially via £/€ bond issuance
- Earlier issuance may be used to prepay bank debt
- Natural issuer of index-linked debt



Appendix

Aeronautical income in first nine months of 2009

- Increased aeronautical income supports substantial investment
 - 13.2% reported
 - 5.3% underlying⁽¹⁾
- Heathrow up 20.0%

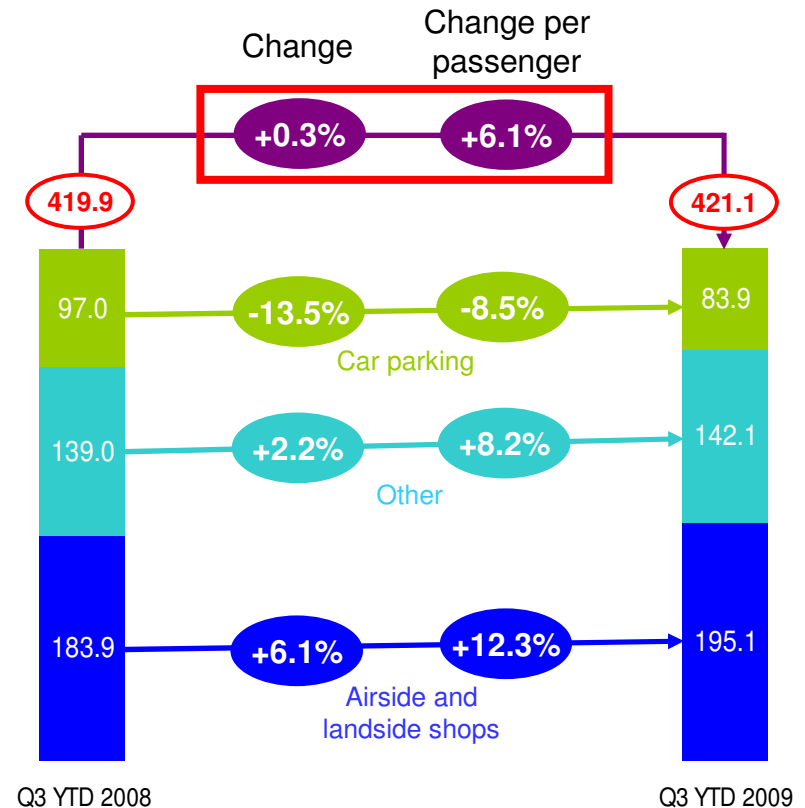


1) Underlying increase in aeronautical income adjusts for introduction of NATS' related income and phasing of introduction of increased Heathrow and Gatwick tariffs

Retail income in first nine months of 2009

- Net retail income per passenger up 6.1% to £4.64
 - Heathrow: +8.8%
 - Gatwick: +1.6%
 - Stansted: +2.8%
- In-terminal shopping driving performance
 - more intra-terminal transfer passengers
 - high quality retail facilities
 - exchange rates

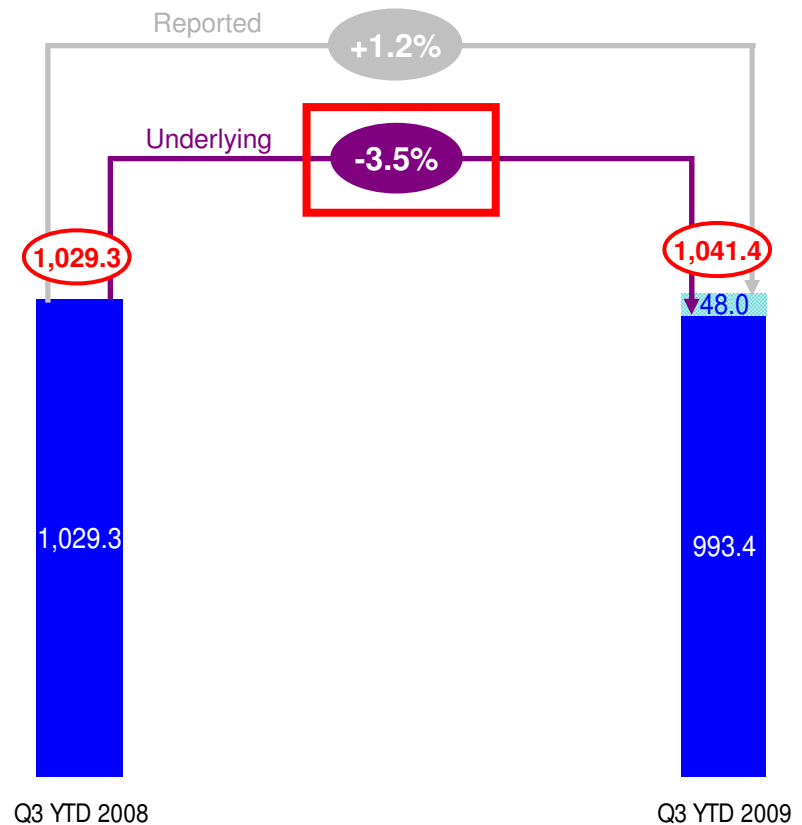
Analysis of net retail income



Operating cost performance in first nine months of 2009

- Significant efficiency gains
- 3.5% underlying cost reduction⁽²⁾
- Continue to identify opportunities to reduce costs
 - IT outsourcing
 - Heathrow car parking suppliers

Analysis of Adjusted Operating Costs⁽¹⁾



- 1) Excluding depreciation and exceptional items
- 2) Underlying cost reduction calculated by adjusting for Terminal 5 pre-opening costs and NATS/PRM costs

Nominal net debt at 30 September 2009

		Debt outstanding at 30 September 2009		Amount and features of available facilities			
		Amount		Local currency	S&P/Fitch Rating	Maturity	
		(£m)		(m)	(£m)		
Senior (Class A)							
Bonds		680.2	680.2	999.9	680.2	A-/A-	2012/14
		396.4	396.4	396.4	396.4	A-/A-	2013/15
		512.9	512.9	749.9	512.9	A-/A-	2014/16
		299.9	299.9	299.9	299.9	A-/A-	2016/18
		510.2	510.2	750.0	510.2	A-/A-	2018/20
		249.8	249.8	249.8	249.8	A-/A-	2021/23
		749.6	749.6	749.6	749.6	A-/A-	2023/25
		199.9	199.9	199.9	199.9	A-/A-	2028/30
		900.0	900.0	900.0	900.0	A-/A-	2031/33
Total bonds		4,498.9	4,498.9	4,498.9	4,498.9		
Bank debt		3,400.0	3,400.0	3,400.0	3,400.0	A-/A-	2010/13
Refinancing Facility		385.0	385.0	385.0	385.0	A-/A-	2010/22
EIB Facility		498.0	498.0	2,300.0	2,300.0	n/a	2013
Capex Facility		0.0	0.0	50.0	50.0	n/a	2013
Working Capital Facility							
Total bank debt		4,283.0	4,283.0	6,135.0	6,135.0		
Total senior debt		8,781.9	8,781.9	10,633.9	10,633.9		
Junior (Class B)							
Bank debt		1,000.0	1,000.0	1,000.0	1,000.0	BBB/BBB	2010/13
Refinancing Facility		0.0	0.0	400.0	400.0	n/a	2013
Capex Facility							
Total junior debt		1,000.0	1,000.0	1,400.0	1,400.0		
Index-linked derivative accretion		16.3	16.3				
Gross debt		9,798.2	9,798.2	12,033.9	12,033.9		
Cash		(27.2)	(27.2)				
Net debt		9,771.0	9,771.0				

1) Data reflects nominal value of debt and excludes intra-BAA group loans

Disclaimer

- This material contains certain tables and other statistical analyses (the “Statistical Information”) which have been prepared in reliance on publicly available information and may be subject to rounding. Numerous assumptions were used in preparing the Statistical Information, which may or may not be reflected herein. Actual events may differ from those assumed and changes to any assumptions may have a material impact on the position or results shown by the Statistical Information. As such, no assurance can be given as to the Statistical Information’s accuracy, appropriateness or completeness in any particular context; nor as to whether the Statistical Information and/or the assumptions upon which it is based reflect present market conditions or future market performance. The Statistical Information should not be construed as either projections or predictions nor should any information herein be relied upon as legal, tax, financial or accounting advice. BAA does not make any representation or warranty as to the accuracy or completeness of the Statistical Information.
- These materials contain statements that are not purely historical in nature, but are “forward-looking statements”. These include, among other things, projections, forecasts, estimates of income, yield and return, and future performance targets. These forward-looking statements are based upon certain assumptions, not all of which are stated. Future events are difficult to predict and are beyond BAA’s control. Actual future events may differ from those assumed. All forward-looking statements are based on information available on the date hereof and neither BAA nor any of its affiliates or advisers assumes any duty to update any forward-looking statements. Accordingly, there can be no assurance that estimated returns or projections will be realised, that forward-looking statements will materialise or that actual returns or results will not be materially lower than those presented.
- This material should not be construed as an offer or solicitation to buy or sell any securities, or any interest in any securities, and nothing herein should be construed as a recommendation or advice to invest in any securities.
- This document may have been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither BAA nor any person who controls it (nor any director, officer, employee not agent of it or affiliate or adviser of such person) accepts any liability or responsibility whatsoever in respect of the difference between the document sent to you in electronic format and the hard copy version available to you upon request from BAA.
- Any reference to “BAA” will include any of its affiliated associated companies and their respective directors, representatives or employees and/or any persons connected with them.