



Update on BAA's London airports

Presentation to Knight Libertas
'Credit Opportunities Conference'

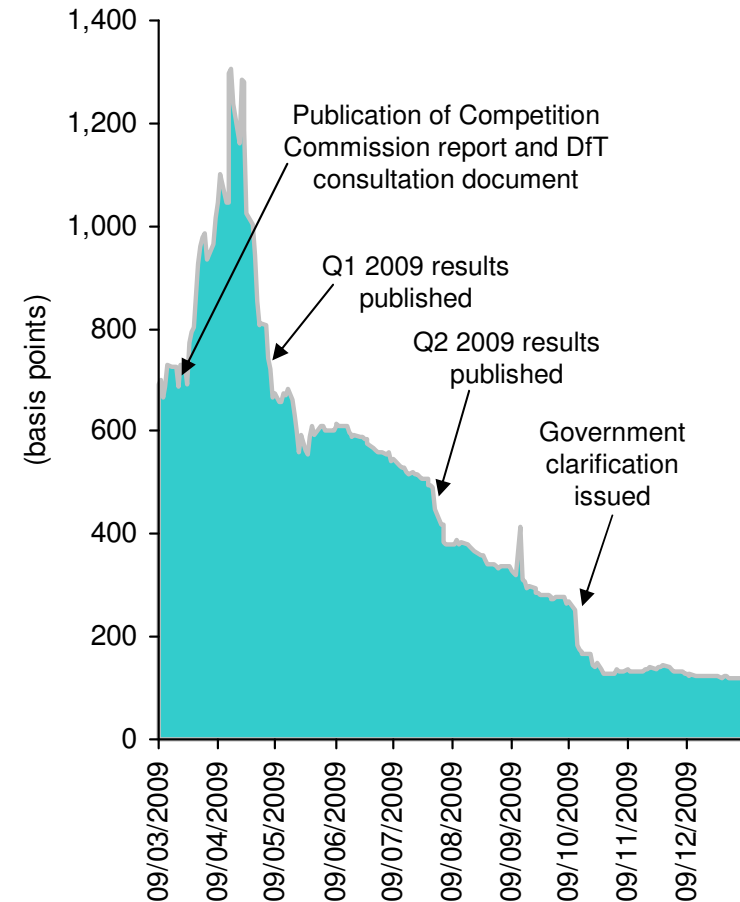
25 March 2010



Recent positive momentum

- Gatwick sale
- £500 million equity commitment
- £935 million bond issues
- Resilient traffic and financials
- UK government has addressed creditor sensitive issues

BAA 5 year CDS price
(March 2009 - January 2010)



Source: Bloomberg/BAA

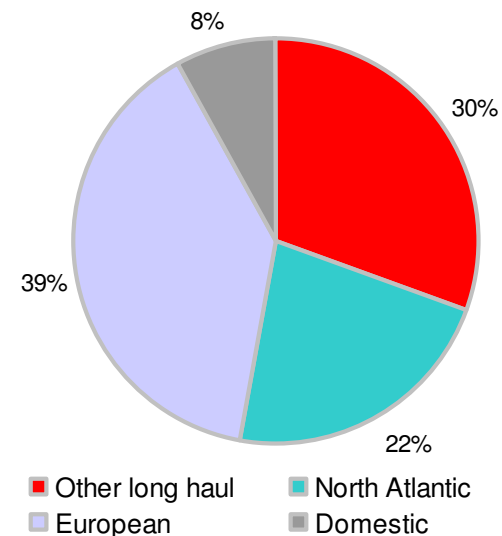
Credit profile

- Based on Heathrow
 - world's largest international airport
 - regulated revenues
 - resilient operational and financial performance
- Strong creditor protections
 - first ranking security
 - operational and financial triggers and covenants
 - regular information flow
 - significant liquidity enhancements

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 year ended 31 December 2009

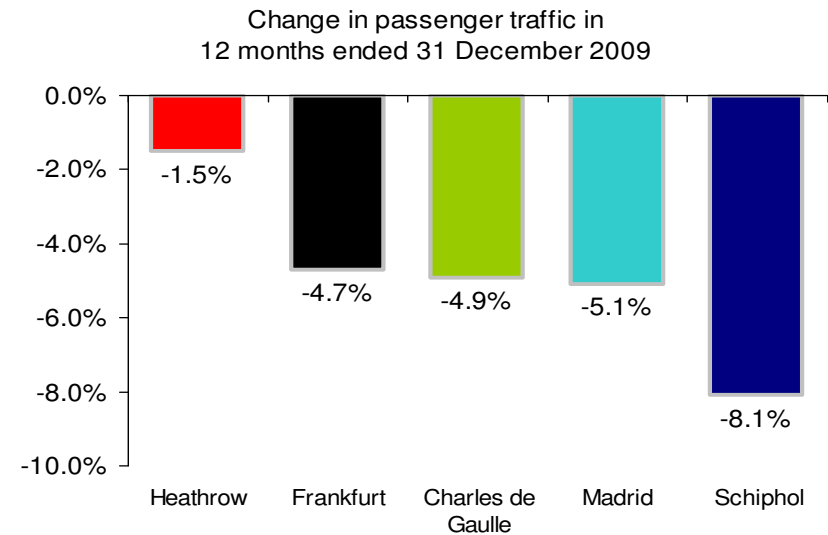
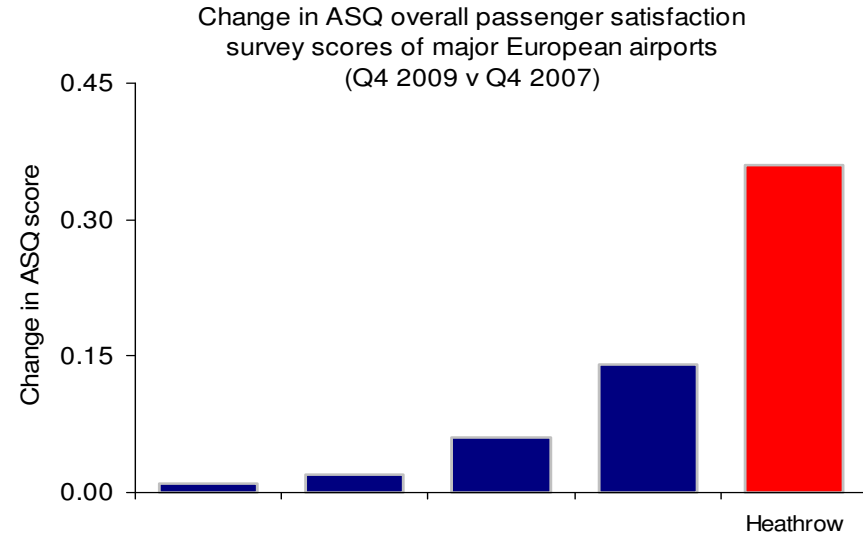


“In the current environment, it is difficult to argue we should go out and acquire these slots...having said that, it may be the only opportunity we ever get.”

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

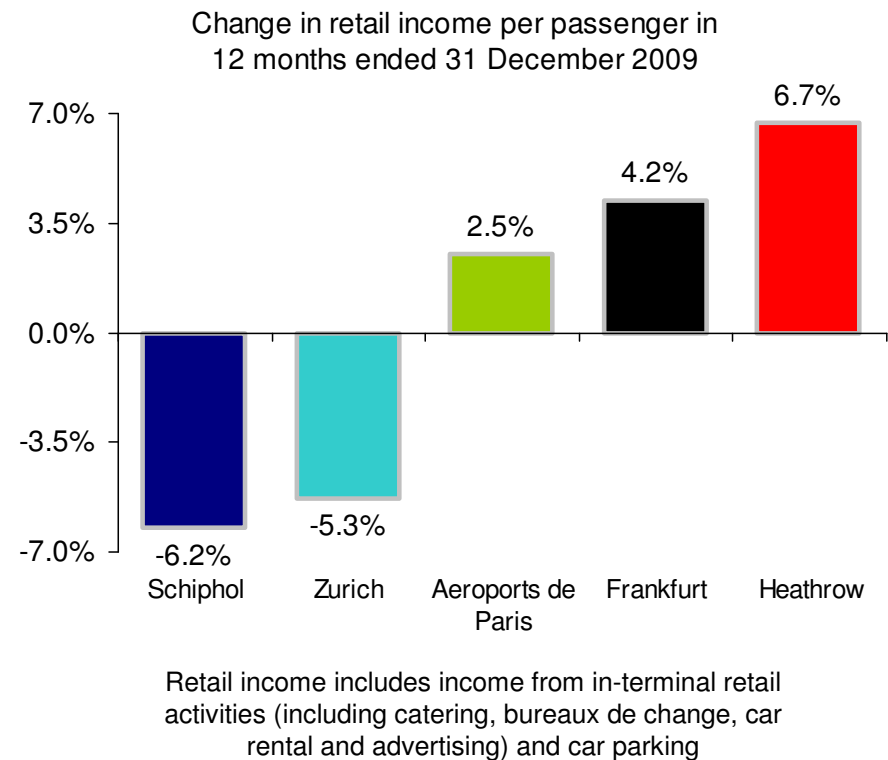
Heathrow outperforming its competitors

- Operational focus underpinning improved performance
- Highly resilient passenger traffic performance



Heathrow outperforming its competitors

- Structural shift in retail spend underway
- Strong EBITDA growth
- Continuing investment to enhance competitive position



Continuing investment to enhance competitive position

- More than £800 million spent at Heathrow in 2009
 - improving operations whilst progressing 'brownfield' investment
 - closure of existing Terminal 2 and enabling works for replacement
 - 37 airline relocations completed
 - opening of refurbished Terminal 4
 - integrated baggage system progresses
 - Terminal 5C on track to open early 2011



Growing Heathrow's capacity

- Current constraint is in runway rather than terminal capacity
- Scope to grow capacity towards 90 million passengers per annum even before third runway including through
 - increased load factors and capacity utilisation
 - average 2009 load factor was 73.5% - each percentage point increase would add 0.9 million passengers per annum
 - as load factors improve, utilisation of 4% unused slots could add further 3 million passenger per annum
 - increased use of larger aircraft
 - A380 alone should add 2-3 million passengers annually over next 5-7 years
- Longer term, third runway could increase annual capacity to around 130 million passengers

Recent passenger data confirms improving trends

Recent trends in passenger traffic								
	Year ended 31 December			Change ⁽¹⁾ in 3 months ended				
	2009 (m)	2008 (m)	Change ⁽¹⁾	31 March 2009	30 June 2009	30 Sept 2009	31 Dec 2009	28 Feb 2010
By airport								
Heathrow	65.9	66.9	-1.5%	-6.4%	-1.5%	+0.3%	+1.1%	+1.8%
Stansted	20.0	22.3	-10.7%	-14.6%	-14.2%	-8.3%	-5.7%	-4.2%
Total⁽¹⁾	85.9	89.2	-3.8%	-8.3%	-4.8%	-2.0%	-0.5%	+0.6%
By market served								
UK	7.2	7.9	-9.6%	-12.5%	-9.1%	-8.9%	-7.8%	-5.8%
Europe	43.5	46.1	-5.6%	-11.7%	-6.6%	-3.9%	-0.4%	+1.2%
Long haul	35.2	35.2	-0.2%	-3.0%	-1.4%	+2.2%	+1.1%	+1.1%
Total⁽¹⁾	85.9	89.2	-3.8%	-8.3%	-4.8%	-2.0%	-0.5%	+0.6%

1) Totals and percentage change calculated using un-rounded numbers

2) Includes North African charter traffic

Resilient financial performance

(figures in £m)	2008	2009	Change
Turnover	1,826.5	1,977.6	8.3%
Adjusted operating costs	1,070.3	1,092.4	2.1%
Underlying adjusted operating costs	1,070.3	1,052.1	-1.7%
Adjusted EBITDA	756.2	885.2	17.1%
Net debt	9,426.0	8,579.0	-9.0%
RAB (Regulatory Asset Base)	12,470.2	11,743.9	-5.8%

- 1) Based on consolidated financial results for continuing operations of BAA (SP) Limited for year ended 31 December 2009
- 2) Adjusted operating costs exclude exceptional items and depreciation and, in addition, underlying 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 restricted cash and including index-linked derivative accretion

Revenue growth led by revised tariffs and retail

(figures in £m unless otherwise stated)	2008	2009	Change
Aeronautical income	980.4	1,092.7	11.5%
Aeronautical income (Heathrow)	835.3	960.7	15.0%
Gross retail income	419.3	439.5	4.8%
Net retail income	396.8	404.9	2.0%
NRI per passenger	£4.45	£4.72	6.1%
NRI per passenger (Heathrow)	£4.62	£4.93	6.7%

- 1) Based on consolidated financial results for continuing operations of BAA (SP) Limited for year ended 31 December 2009
- 2) NRI is net retail income which is gross retail income less retail expenditure

Strengthened liquidity position

- Proceeds from Gatwick sale and recent bond issues used to prepay bank refinancing facility maturities
 - 2010 maturity in full
 - majority of 2011 maturity
 - part of 2013 maturity
- Substantial liquidity with £2.3 billion in cash/undrawn facilities at December 2009
- Additional £600 million in standby liquidity facilities (to be reduced shortly to reflect Gatwick sale)
- Business strongly cash generative with nearly £500 million of post-interest cash flow generated in 2009

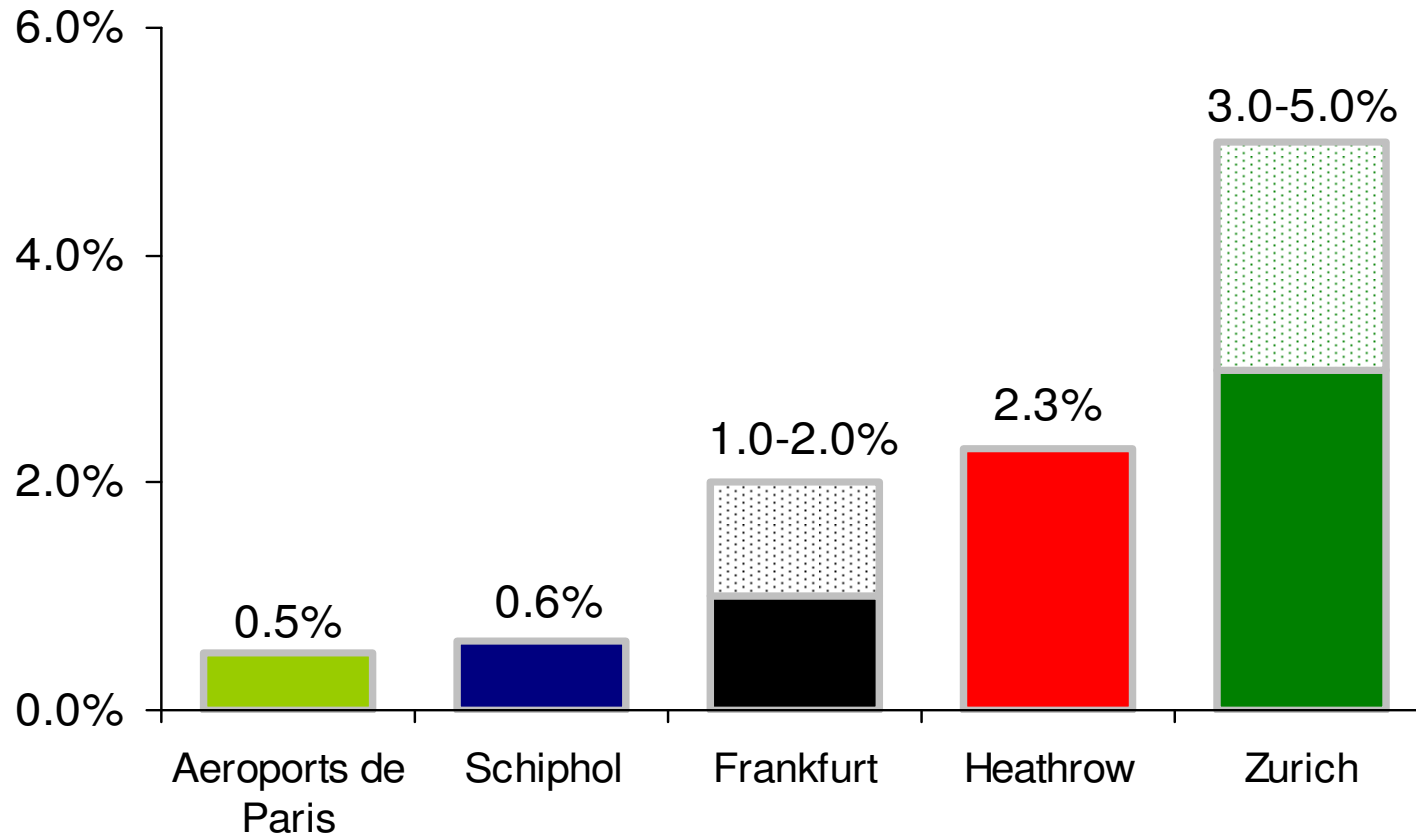
Traffic expected to stage modest recovery in 2010

- Forecast 86.8 million passengers at Heathrow and Stansted in 2010, 1% up on 85.9 million 2009 outturn
- At Heathrow, recent traffic recovery expected to continue
 - origin and destination traffic replacing transfer traffic as driver of growth
 - emerging market long haul routes (e.g. India, China and South America) continuing to outperform
- At Stansted, expecting growth from second half



Positive 2010 traffic outlook across major European airports

Forecast change in passenger traffic in 12 months ended 31 December 2010



1) Source: BAA, company press releases and presentations

2010 financial outlook

- 2010 revenue forecast to increase 6% to £2,087 million
 - aeronautical income per passenger: +4% at Heathrow; -1% at Stansted
 - net retail income per passenger: +8%
- Headline operating costs higher than underlying trend
 - higher pension costs and central costs reallocated from Gatwick
- Net debt forecast to increase £0.5 billion with capital expenditure of £1.0 billion

BAA (SP) Limited 2010 forecast compared with 2009 actuals

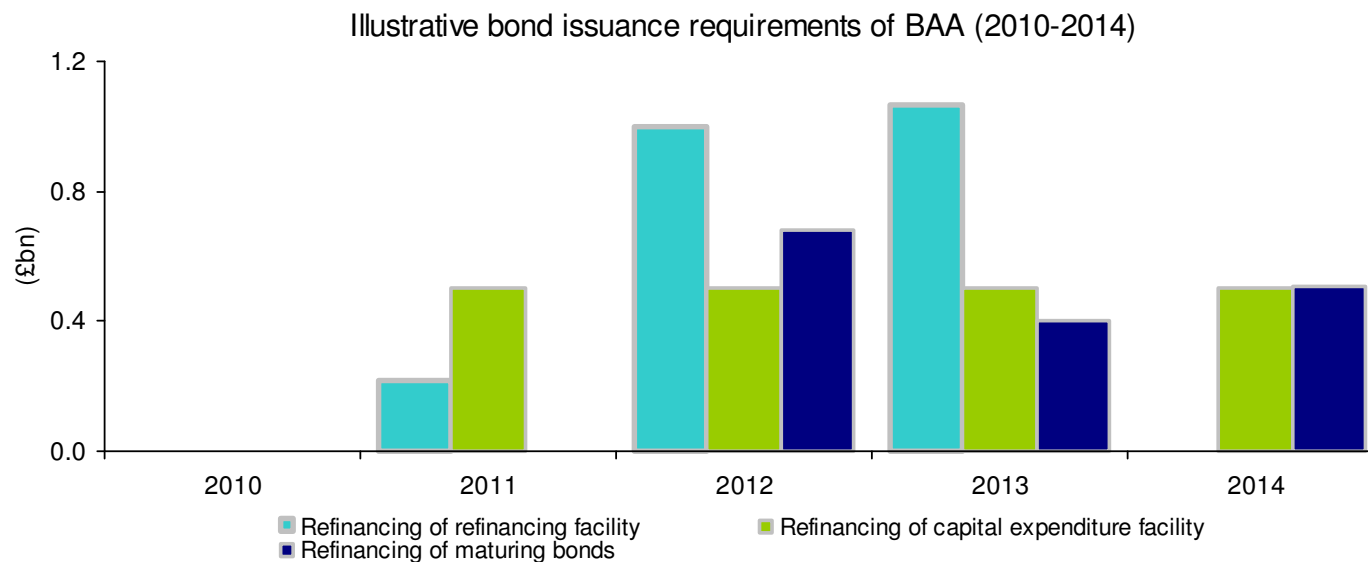
	2010	2009 ⁽¹⁾	Change
Revenue	2,087	1,978	6%
Adjusted Operating Costs	(1,131)	(1,092)	(4%)
Adjusted EBITDA	956	885	8%
Net debt	9,103	8,579	6%
Regulatory Asset Base	12,475	11,744	6%
Gearing ratio (total)	0.730	0.731	n/a
Gearing ratio (senior)	0.683	0.674	n/a
Cashflow from operations	655	738	(11%)
Net interest paid	366	498	(26%)
Interest cover ratio (total)	1.79	1.48	n/a
Interest cover ratio (senior)	2.07	1.62	n/a

1) 2009 figures exclude Gatwick except for cashflow from operations, net interest paid and interest cover ratios

2) Figures in £m other than gearing and interest cover ratios

Financing strategy

- Ongoing refinancing of bank debt
- Capital markets issuance likely to continue focusing on £ conventional and index-linked and € Euro
- Refinancing of holding company subordinated debt



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