



BAA (SP) Limited

Results for year ended 31 December 2009

February 2010



- Resilient financial performance
- Improved operating performance
- Significant strategic progress

2009 highlights

Traffic and retail performance

Heathrow passenger traffic	-1.5%
Total passenger traffic	-3.8%
NRI per passenger	+6.1%

Key financial highlights

Revenue	+8.3%
Adjusted EBITDA	+17.1%

Investment and financing

Capital expenditure	£1,002.8m
Net debt	£8,579.0m
RAB	£11,743.9m

Key business developments

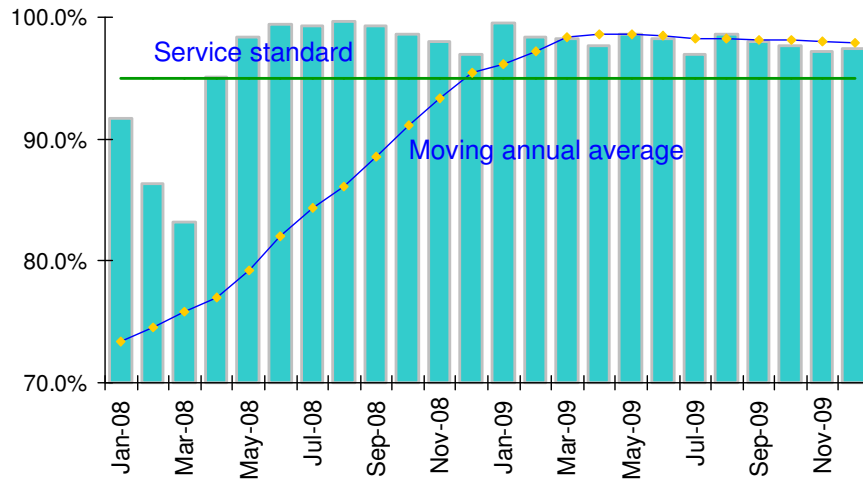
£1.5 billion sale of Gatwick
 £500 million equity injection
 £925 million raised in bond market

See page 23 for notes and defined terms

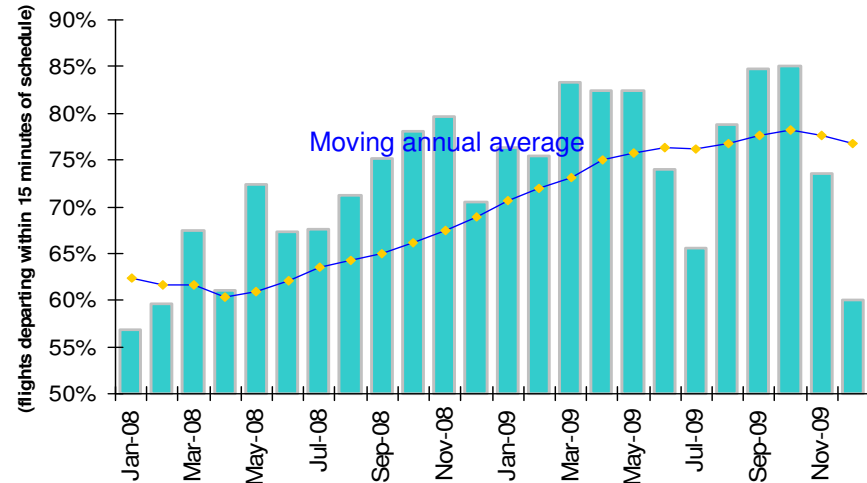
We have improved operational standards

- Underlying performance continues to improve
 - December 2009 affected by weather and new security arrangements

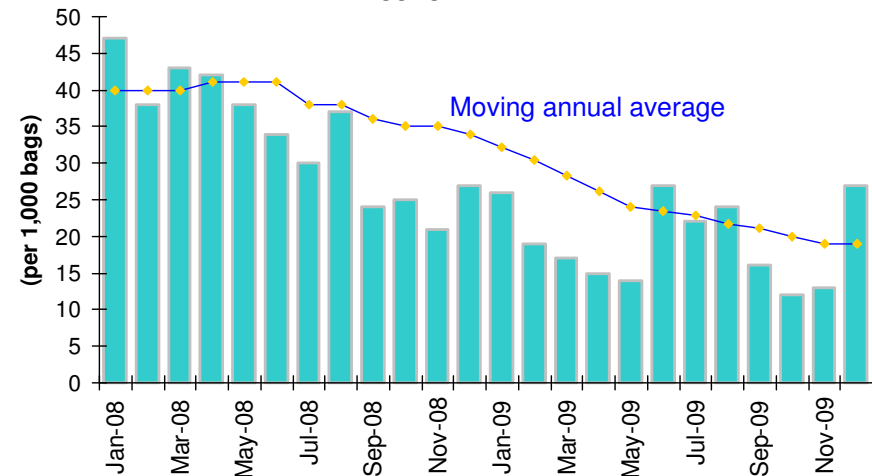
Heathrow security queuing (<5 minutes)



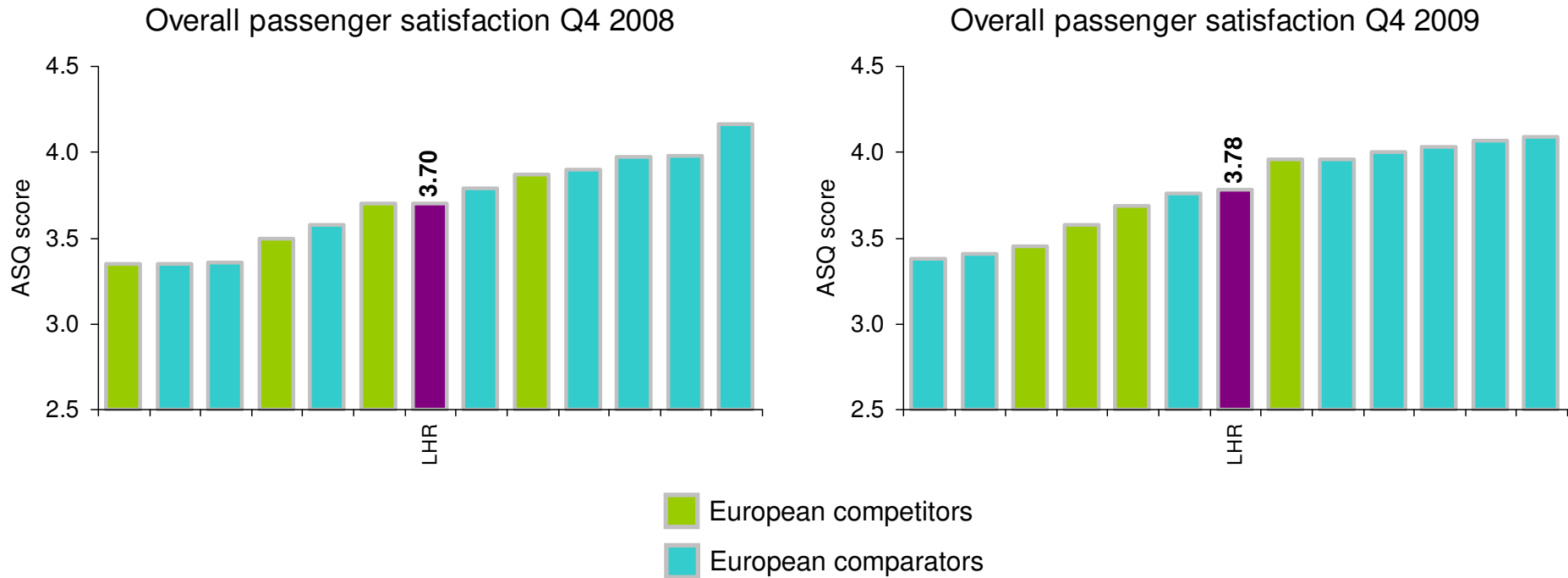
Heathrow departure punctuality



Heathrow baggage misconnect rate



Passenger satisfaction continues to improve



Source: Airport Service Quality ('ASQ') surveys by Airports Council International

Capital investment is transforming the airports

- Heathrow (£817.8 million spent)
 - 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
- Stansted (£57.9 million spent)
 - modernising existing infrastructure
 - spend related to development of second runway



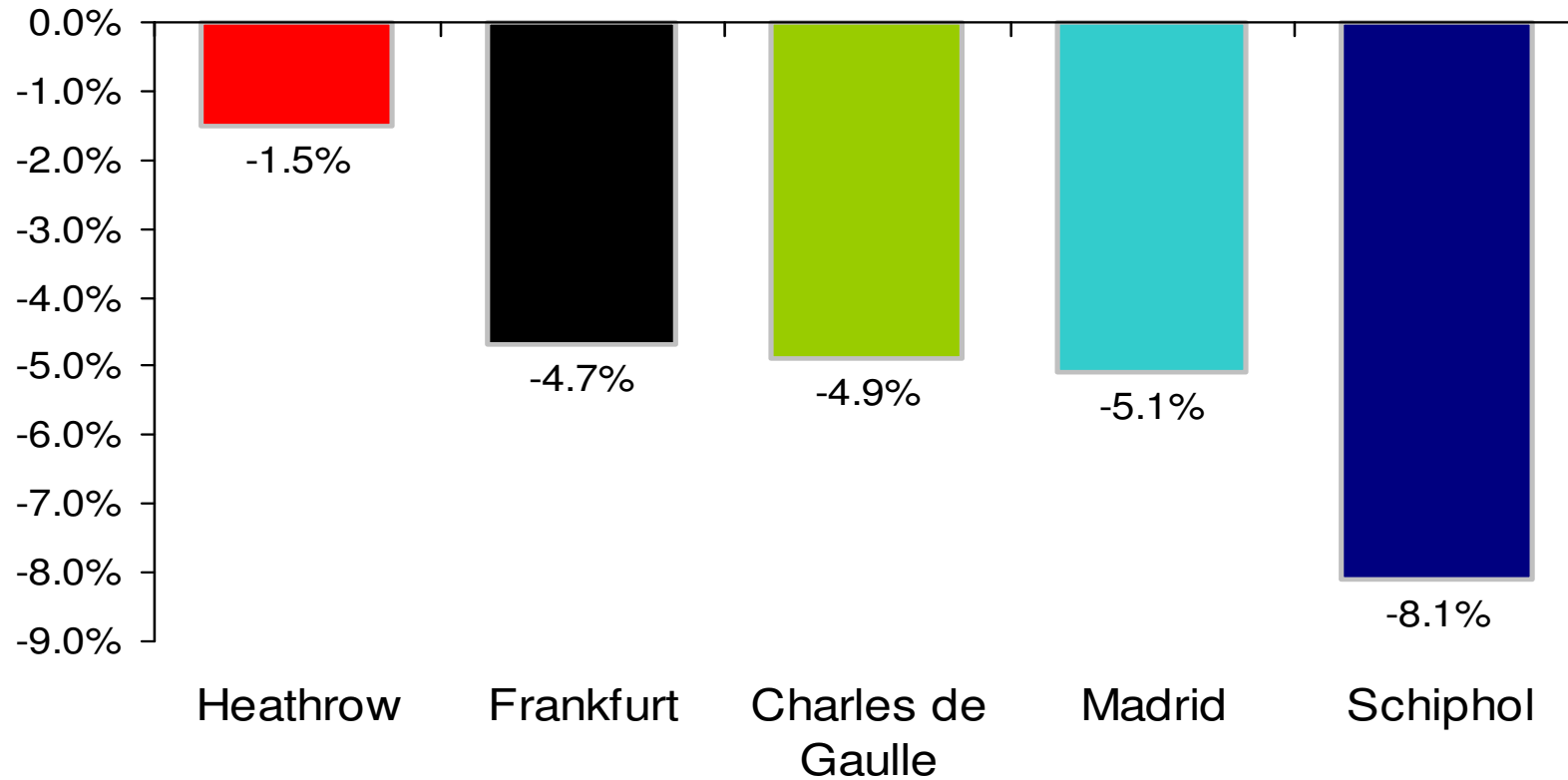
Recent passenger data confirms improving trends

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

See page 23 for notes and defined terms

Heathrow continues outperforming its competitors

Change in passenger traffic in year ended 31 December 2009



Significant positive progress in Government's regulatory review

- Positive outcome for creditor sensitive issues
 - no longer pursuing special administration insolvency regime
 - existing financing structure protected
- Continuity of service and ring fencing consultations ended on 4 February 2010

Sale of Gatwick is a major step forward

- £1.5 billion sale of Gatwick airport
 - reduced debt and refinancing pressure
 - increased focus on Heathrow
 - key milestone for customers and the public at large
 - clarity for staff
- Successful appeal to Competition Appeal Tribunal ('CAT') regarding remedies in Competition Commission's ('CC') decision
- On 10 February 2010, CC appealed CAT's judgement

Key priorities

Making every journey better

Focus on Heathrow

Address policy and regulatory issues

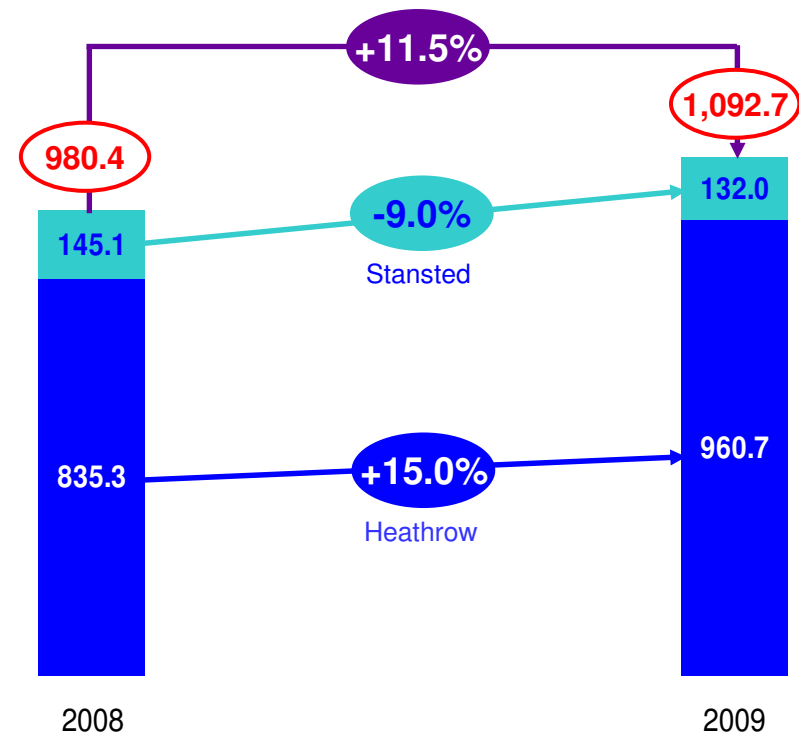
Resilient financial performance

(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%

See page 23 for notes and defined terms

Aeronautical income driven by revised tariffs

- Increased aeronautical income supports substantial investment
 - 11.5% reported
 - 6.2% underlying
- Heathrow up 15.0%

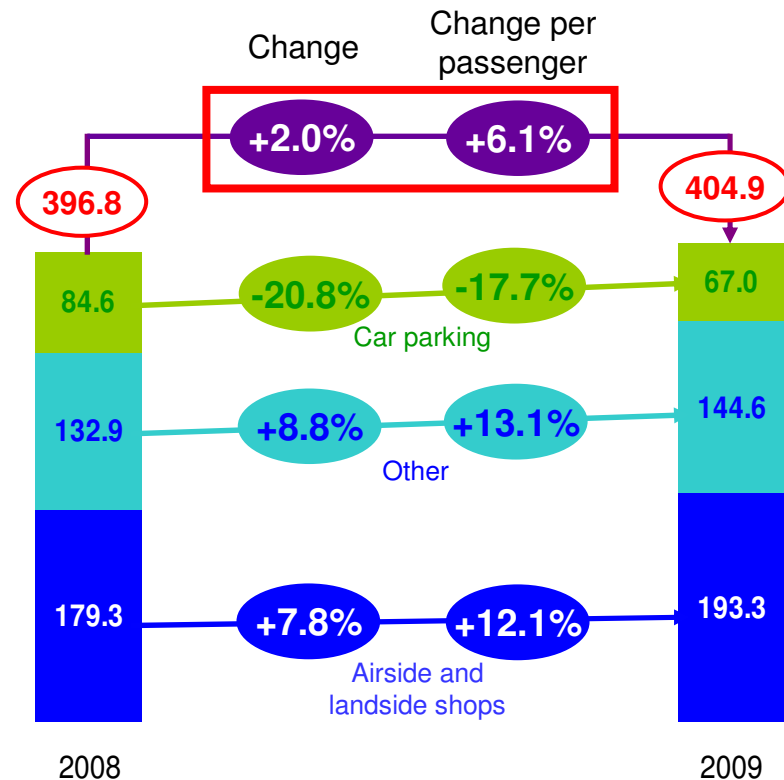


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Retail momentum continues

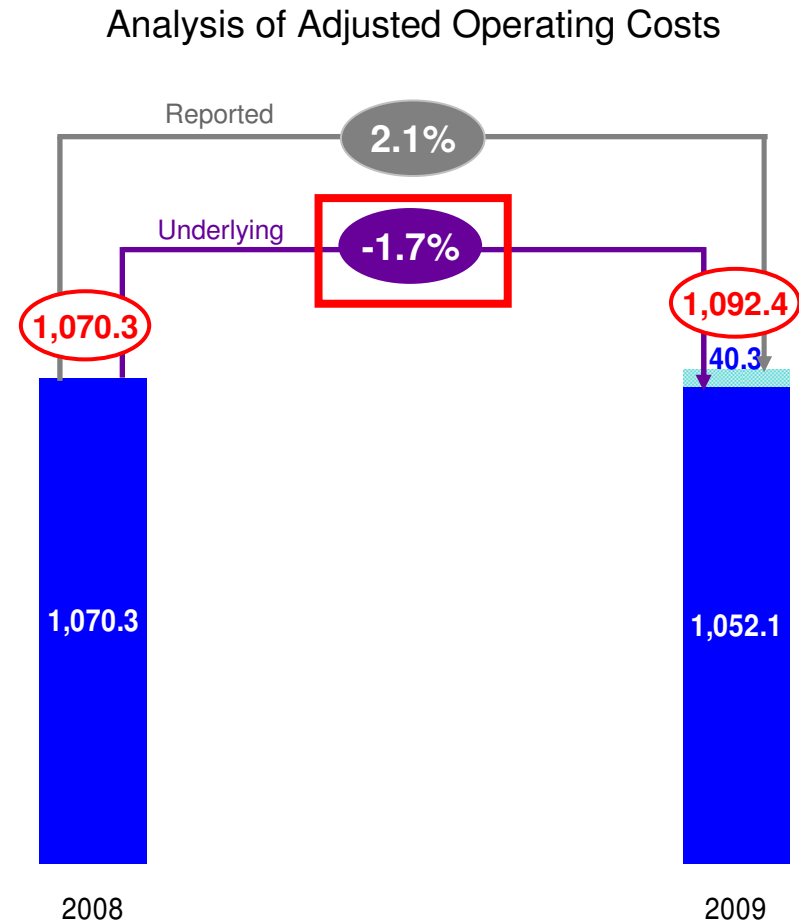
- Net retail income per passenger up 6.1% to £4.72
 - Heathrow: +6.7%
 - record income since abolition of intra-EU duty-free
 - Stansted: +2.0%
- Performance driven by duty and tax-free and specialist airside shops and bureaux de change
- Airside shopping strength reflects
 - more intra-terminal transfer passengers
 - high quality retail facilities
 - exchange rates
- In-terminal retail momentum partially offset by car parking

Analysis of net retail income



Cost discipline contributing to improved results

- Significant efficiency gains
- 1.7% underlying cost reduction
 - 16% lower employment costs
 - 8% lower general expenses
 - 19% lower central overheads in intra-group charges



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Exceptional items, loss on disposal and fair value adjustments

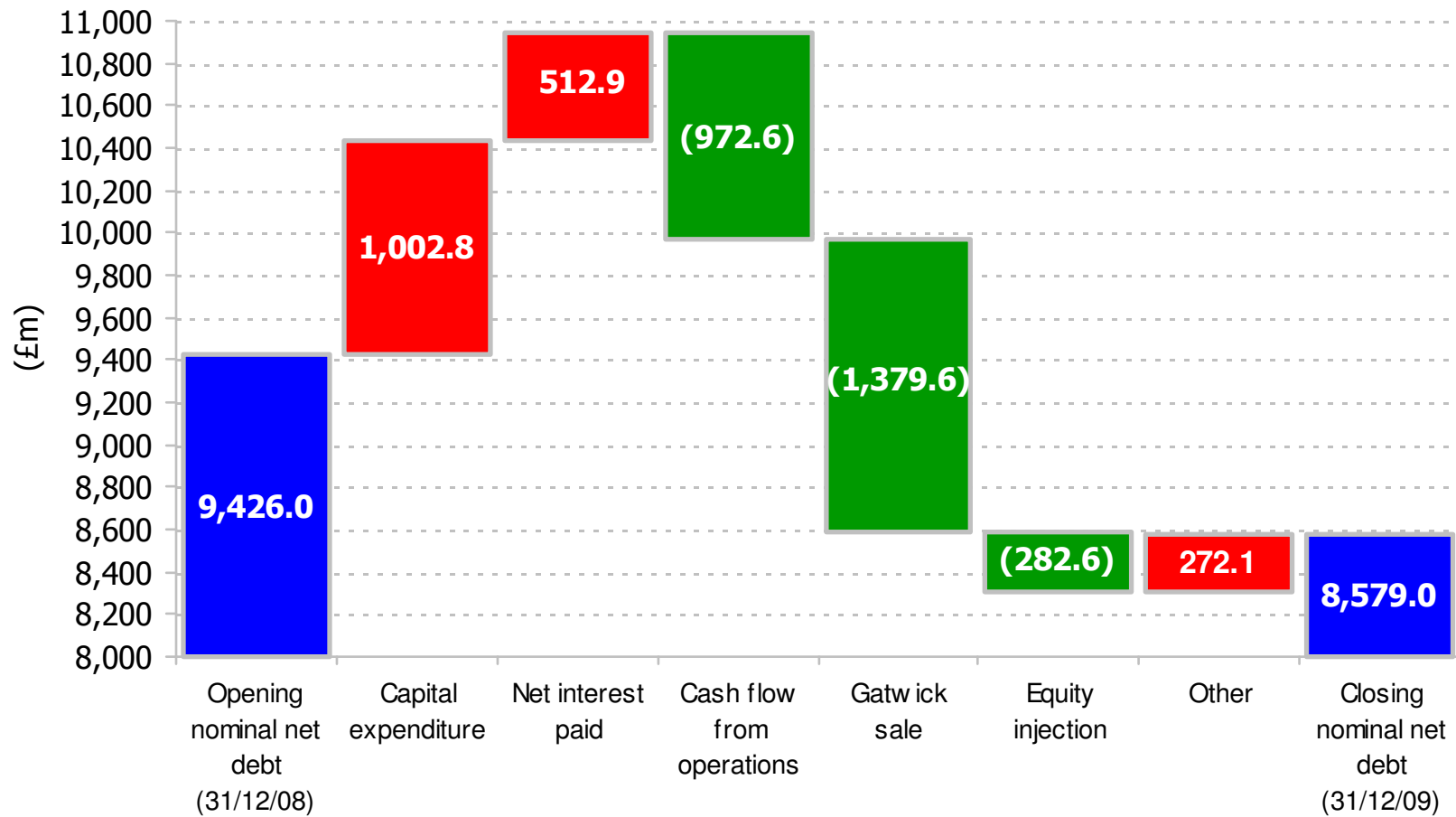
	2009 (£m)
Exceptional item: change in BAA Airports pension scheme deficit	217.8
Exceptional item: accelerated depreciation on Heathrow Terminals 1/2	54.6
Loss on disposal of Gatwick airport	277.3
Fair value loss on financial instruments	117.4
Other exceptional items	(1.7)
Total	665.4

Interest payable and interest paid reconciliation

	2009		
<i>(figures in £m)</i>	SP debenture	External debt	Total
Net interest payable (profit and loss account)	(86.8)	(713.5)	(800.3)
Fair value loss on financial instruments	0.0	117.4	117.4
Net interest payable net of fair value loss/(gain)	(86.8)	(596.1)	(682.9)
Amortisation of financing fees and fair value adjustments	0.0	84.3	84.3
Interest capitalised	0.0	(23.9)	(23.9)
Underlying net interest payable (profit and loss account)	(86.8)	(535.7)	(622.5)
Other adjustments to reconcile to interest paid			
Derivative interest prepayment amortisation	0.0	139.6	139.6
Movement in interest accruals/other	(42.8)	12.8	(30.0)
Net interest paid (cash flow statement)	(129.6)	(383.3)	(512.9)
Prepayment of derivative interest	n/a	(114.2)	n/a
Net interest paid (for interest cover ratio purposes)	n/a	(497.5)	n/a

Cash flow funded significant proportion of investment

Net debt bridge (December 2008 - December 2009)



Liquidity substantially strengthened

- £2.1 billion reduction of refinancing facility
 - Gatwick sale proceeds
 - bond issue proceeds
- £2.3 billion in liquidity in cash and undrawn facilities
- No significant external debt maturities until 2012
- Group remains strongly cash generative

Outstandings under refinancing facility

Before use of Gatwick sale and bond issue proceeds

Repayment date	Class A (£m)	Class B (£m)	Total (£m)
31 March 2010	800.0	200.0	1,000.0
31 March 2011	750.0	250.0	1,000.0
31 March 2012	750.0	250.0	1,000.0
31 March 2013	1,100.0	300.0	1,400.0
Total	3,400.0	1,000.0	4,400.0

After use of Gatwick sale and bond issue proceeds

Repayment date	Class A (£m)	Class B (£m)	Total (£m)
31 March 2010	0.0	0.0	0.0
31 March 2011	109.4	109.4	218.8
31 March 2012	750.0	250.0	1,000.0
31 March 2013	764.6	300.0	1,064.6
Total	1,624.0	659.4	2,283.4

Financial ratios comfortably within required levels

Interest cover ratios (ICR)				Gearing ratios (RAR)		
<i>(figures in £m unless otherwise stated)</i>	Actual interest paid	Adjusted interest paid	Trigger levels	<i>(figures in £m unless otherwise stated)</i>	Actual	Trigger levels
Ratio inputs				Ratio inputs		
Net cash flow	737.7	737.7	n/a	Senior nominal net debt	7,919.6	n/a
Senior interest paid	455.5	341.3	n/a	Junior nominal net debt	8,579.0	n/a
Senior/junior interest paid	497.5	383.3	n/a	Regulatory Asset Base	11,743.9	n/a
Ratios for year ended 31 December 2009				Ratios at 31 December 2009		
Senior ICR	1.620x	2.161x	<1.400x	Senior RAR	0.674x	>0.700x
Junior ICR	1.483x	1.925x	<1.200x	Junior RAR	0.731x	>0.850x

See page 23 for notes and defined terms

Conclusion

- Substantial strategic progress delivered in 2009
- Heathrow's global hub status supports continuing resilience
- Improving traffic trends should support growth in revenue, Adjusted EBITDA and cash flow through 2010
- Continue focusing on key strategic priorities

Appendix

Nominal net debt at 31 December 2009

		Debt outstanding at 31 December 2009		Amount and features of available facilities			
		Amount		Local currency	S&P/Fitch Rating	Maturity	
		(£m)		(m)	(£m)		
Senior (Class A)							
Bonds		680.2		999.9	680.2	A-/A-	2012/14
		396.4		396.4	396.4	A-/A-	2013/15
		512.9		749.9	512.9	A-/A-	2014/16
		299.9		299.9	299.9	A-/A-	2016/18
		510.2		750.0	510.2	A-/A-	2018/20
		249.8		249.8	249.8	A-/A-	2021/23
		749.6		749.6	749.6	A-/A-	2023/25
		700.0		700.0	700.0	A-/A-	2026/28
		199.9		199.9	199.9	A-/A-	2028/30
		900.0		900.0	900.0	A-/A-	2031/33
		235.4		235.4	235.4	A-/A-	2039/41
Total bonds		5,434.3		5,434.3			
Bank debt	Refinancing Facility	1,624.0		1,624.0	1,624.0	A-/A-	2010/13
	EIB Facility	374.2		374.2	374.2	A-/A-	2010/22
	Capex Facility	700.0		2,300.0	2,300.0	n/a	2013
	Working Capital Facility	0.0		50.0	50.0	n/a	2013
Total bank debt		2,698.2		4,348.2			
Total senior debt		8,132.5		9,782.5			
Junior (Class B)							
Bank debt	Refinancing Facility	659.4		659.4	659.4	BBB/BBB	2010/13
	Capex Facility	0.0		400.0	400.0	n/a	2013
Total junior debt		659.4		1,059.4			
Gross debt		8,791.9		10,841.9			
Cash		(238.5)					
Index-linked derivative accretion		25.6					
Net debt		8,579.0					

Net debt is calculated on a nominal basis excluding intra-BAA group loans and restricted cash and including index-linked derivative accretion

Notes and defined terms

- Page 2
 - Percentage changes are from 2008
 - All figures, other than capital expenditure, are for continuing operations only, i.e. excluding Gatwick
 - Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation and exceptional items
 - NRI: net retail income; RAB: Regulatory Asset Base
 - Net debt is calculated on a nominal basis excluding intra-BAA group loans and restricted cash and including index-linked derivative accretion
- Page 6
 - Totals and percentage change calculated using un-rounded numbers
 - European traffic includes North African charter traffic
- Page 11
 - Adjusted operating costs exclude depreciation and exceptional items
 - Underlying adjusted operating costs calculated on a like-for-like basis to adjust primarily for inclusion of Terminal 5 and NATS/PRM costs for 12 months in 2009 compared to 9 months in 2008
 - Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation and exceptional items
 - Net debt is calculated on a nominal basis excluding intra-BAA group loans and restricted cash and including index-linked derivative accretion
- Page 12
 - Underlying increase in aeronautical income adjusts for introduction of NATS-related income and phasing of introduction of increased Heathrow tariffs
- Page 14
 - Adjusted operating costs exclude depreciation and exceptional items
 - Underlying cost reduction calculated on a like-for-like basis to adjust primarily for inclusion of Terminal 5 and NATS/PRM costs for 12 months in 2009 compared with 9 months in 2008
- Page 19
 - Interest cover ratio is the ratio of net cash flow to interest paid
 - Net cash flow is cash flow from operations less tax paid to HMRC and 2% of Regulatory Asset Base
 - Adjusted interest paid excludes the voluntary prepayment of derivative interest of £114.2 million made in December 2009 shown within financing flows in the cash flow statement
 - Gearing ratio is the ratio of nominal net debt (including index-linked derivative accretion) to regulatory asset base. Net debt excludes £143.0 million in restricted cash from the Gatwick disposal held in escrow to meet potential pension commutation payments
 - Senior gearing ratio could be reduced by utilising the currently undrawn junior tranche of capital expenditure facility

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