BAA (SP) Limited

Results for six months ended 30 June 2009

July 2009

BAA

Continued operational and financial progress

- Improving operational performance
- Resilient financial performance maintained in challenging market conditions
  - driven by Heathrow
  - retail momentum continues
  - cost efficiency
- Progressing key strategic priorities

2009 Adjusted EBITDA outlook remains consistent with guidance

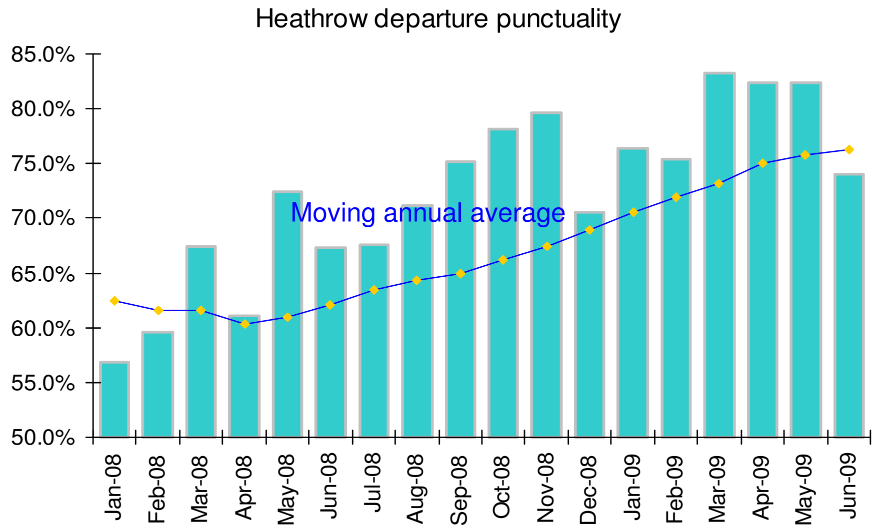
H1 2009 highlights[1]

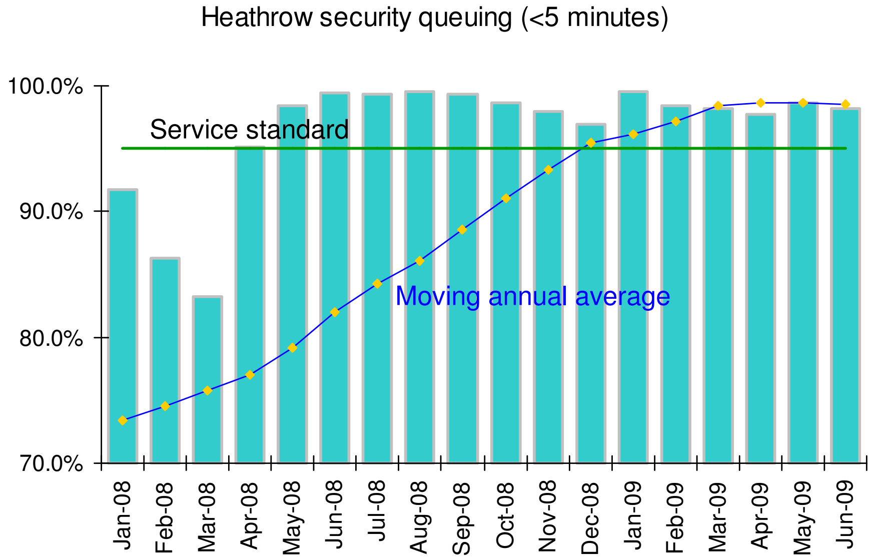
Revenue[2]	**+12.8%**
Adjusted EBITDA[2][3]	**+28.2%**
Heathrow passenger traffic	**-3.8%**
Total passenger traffic	**-7.4%**
NRI[4] per passenger	**+7.3%**
Capital expenditure	**£508.5m**
Net debt[5]	**£9,683.1m**
RAB[4]	**£12,860.5m**

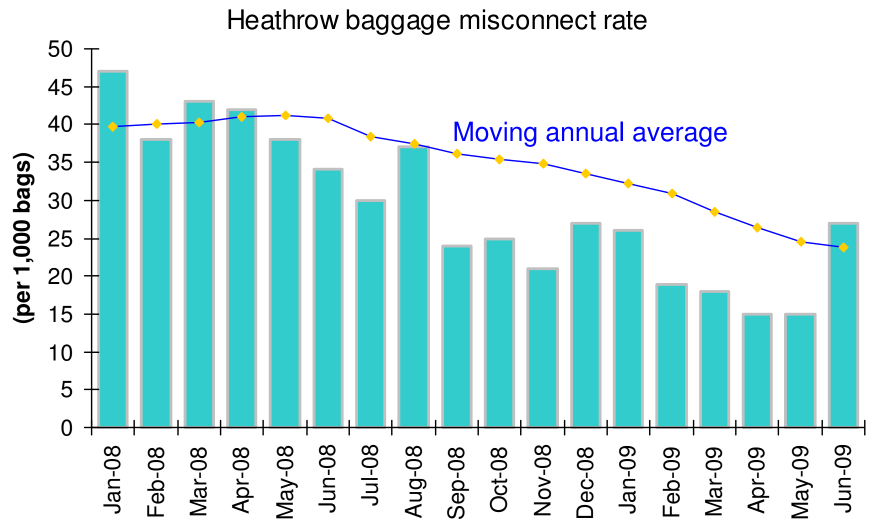
1) Percentage changes are relative to H1 2008
2) Assumes consolidation of Heathrow Express Operating Company Limited for whole of comparative period although it was not acquired by the Group until 7 August 2008
3) Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation and exceptional items
4) NRI: net retail income; RAB: Regulatory Asset Base
5) Nominal net debt excluding intra-BAA group loans

We have improved operational standards

- Consistent high service standards are strategic priority
  - drives cost efficiencies
  - improves competitive position







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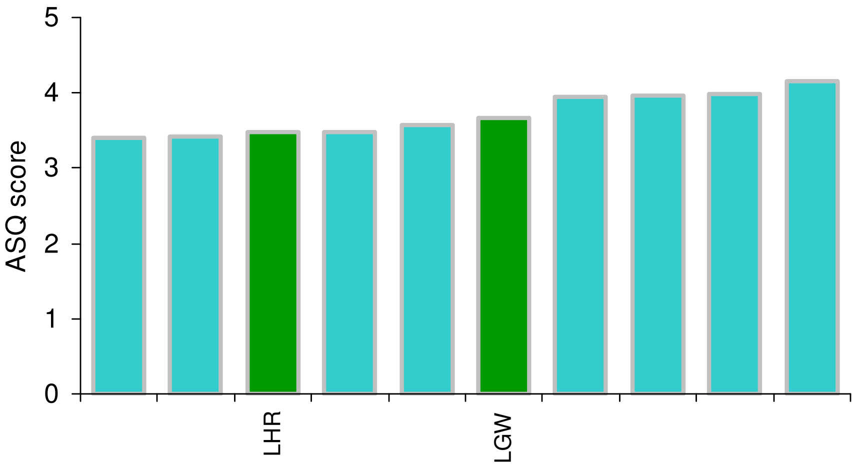
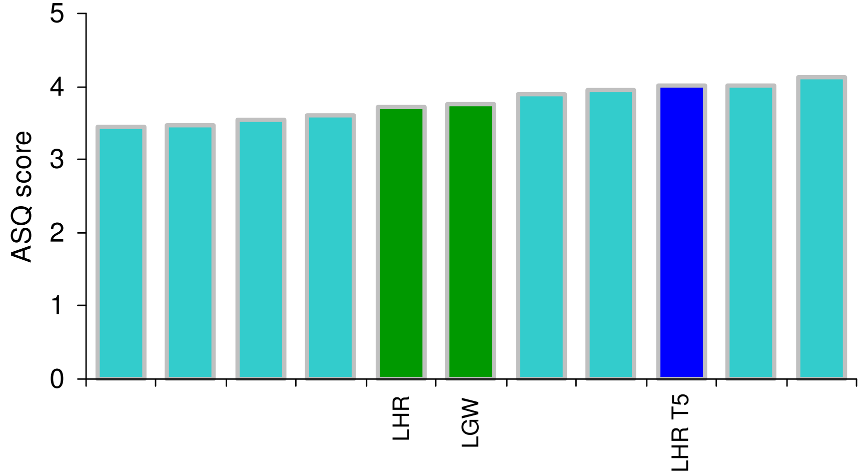
Passenger satisfaction has improved over the last year

Overall passenger satisfaction Q1 2008



Overall passenger satisfaction Q1 2009



European competitors

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

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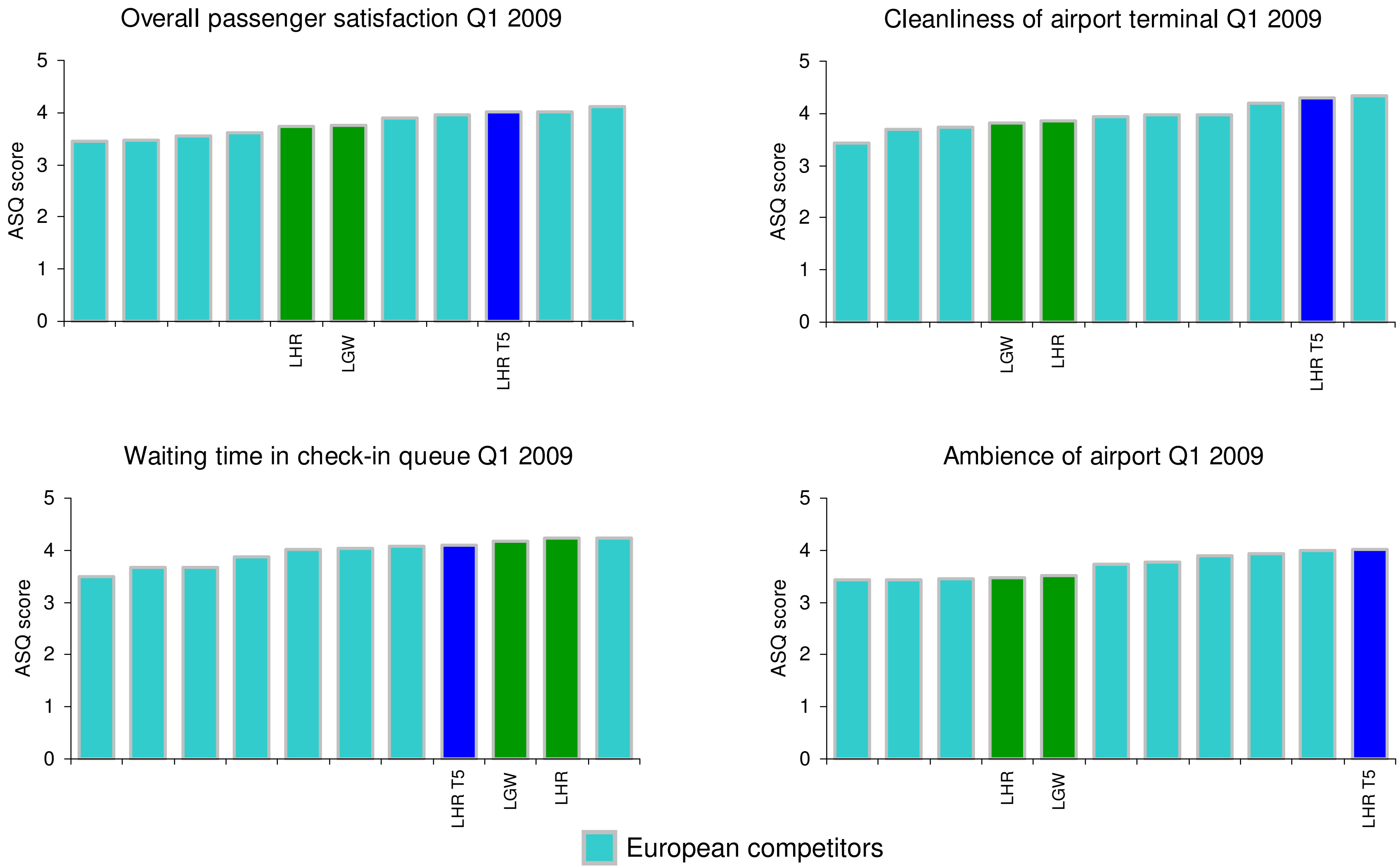
Passenger feedback is strong across a range of measures



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

Capital investment is also transforming the airports

- Heathrow
  - over £400 million spent in H1 2009
  - improving operations whilst progressing ‘brownfield’ investment
  - significant progress on airline relocation
  - exited Queen’s building
  - investment focused on
    - Terminal 2A/2B and Terminal 5C
    - integrated baggage system
- Gatwick (£58.6 million spent)
  - programme consistent with CAA settlement
- Stansted (£42.1 million spent)
  - reduced spend in CAA settlement agreed with airlines reflecting economic climate

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Heathrow is financially resilient because it is a hub

- Total passenger traffic down 7.4% to 55.2 million
- Heathrow outperforming BAA's other London airports
- Gatwick's performance improved since anniversary of Open Skies
- Long haul market continues to show relative resilience

Passenger traffic (H1 2009 v H1 2008)

	2009 (m)	2008 (m)	Change[1] Actual	Underlying[2]
By airport				
Heathrow	**31.2**	32.5	**-3.8%**	**-2.9%**
Gatwick	**14.8**	16.4	**-9.8%**	**-9.0%**
Stansted	**9.2**	10.8	**-14.4%**	**-13.5%**
By market served				
UK	**5.2**	5.8	**-9.9%**	**n/a**
Europe[3]	**30.2**	32.7	**-7.8%**	**n/a**
Long haul	**19.9**	21.2	**-6.0%**	**n/a**
Total[1]	**55.2**	**59.6**	**-7.4%**	**-6.5%**

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

2) Underlying change adjusts actual change for estimated effects of leap year and severe winter weather

3) Includes North African charter traffic

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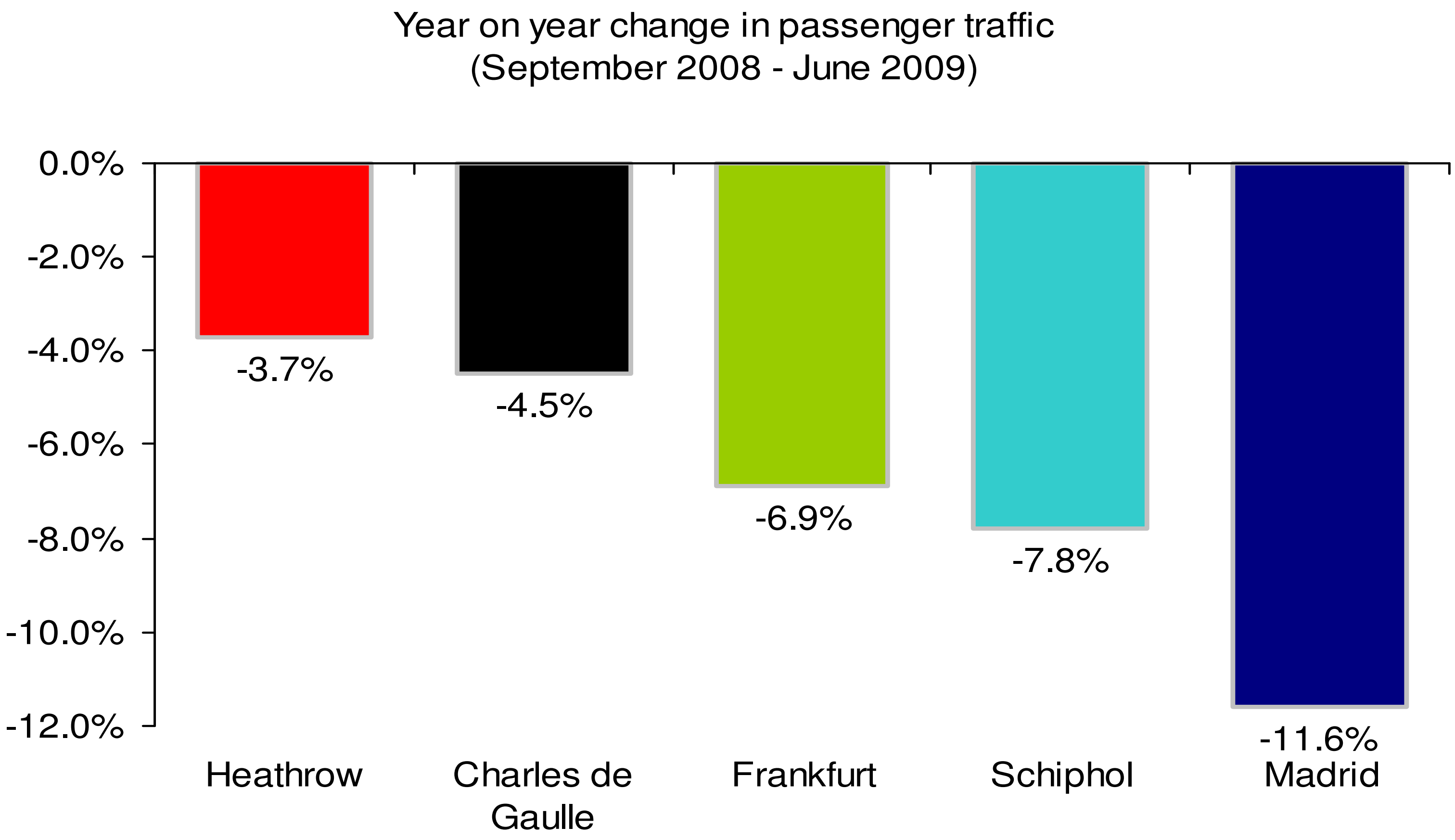
Heathrow is outperforming its competitors



1) Data for Schiphol for the period September 2008 to May 2009

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BAA is now stronger and more confident in the face of key strategic developments

Department for Transport regulatory review

- Broadly welcome proposals to modernise regulation
- Dialogue with bondholders and banks led to development of alternative to special administration

Heathrow runway 3

- Government decision to proceed subject to environmental conditions
- Maintains UK's essential connections consolidating Heathrow's position as world class hub airport

Airport ownership

- BAA appealed to Competition Appeal Tribunal on 18 May 2009
- Gatwick disposal process continues unaffected by appeal process

Key priorities

Making every journey better

Focus on Heathrow

Address policy and regulatory issues

Solid financial performance in challenging conditions

- Revenue up 12.8% (underlying revenue up 3.8%)
- Adjusted EBITDA up 28.2%
- Operating cash flow up 41.6%
- Performance driven by
  - higher Heathrow and Gatwick tariffs
  - continued retail momentum
  - cost efficiency
- Operating comfortably within required financial ratios
- Robust liquidity position

H1 2009 BAA (SP) Limited consolidated financial highlights

	2009	2008[1]	Change
Revenue	**1,154.5**	1,023.5	**12.8%**
Staff costs[2]	**(197.6)**	(216.4)	**8.7%**
Non-staff costs[2]	**(487.0)**	(440.5)	**(10.6%)**
Adjusted EBITDA[3]	**469.9**	366.6	**28.2%**
Depreciation[4]	**(252.5)**	(197.3)	**(28.0%)**
Adjusted EBIT	**217.4**	169.3	**28.4%**
Net interest payable[5]	**(357.7)**	(240.7)	**(48.6%)**
Pre-tax loss[6]	(545.7)	(135.3)	**(303.3%)**
Cash flow from operations	**431.4**	304.7	**41.6%**
Net interest paid	**(244.0)**	0.0	**n/a**
Capital expenditure	**(508.5)**	(502.7)	**(1.2%)**
Net debt[7]	**(9,683.1)**	(9,384.2)	**(3.2%)**

1) Although it was not acquired by the Group until 7 August 2008, profit and loss account figures for 2008 assume consolidation of Heathrow Express Operating Company Limited to make them comparable with 2009 figures
2) Excluding depreciation and exceptional items
3) Earnings before interest, tax, depreciation, amortisation and exceptional items
4) Excluding accelerated depreciation
5) Excluding fair value losses on financial instruments
6) Pre-tax loss is after £255.2 million in exceptional items and £150.2 million fair value loss on financial instruments
7) Nominal debt at 31 December 2008 and 30 June 2009 excluding intra-group loans and index-linked accretion

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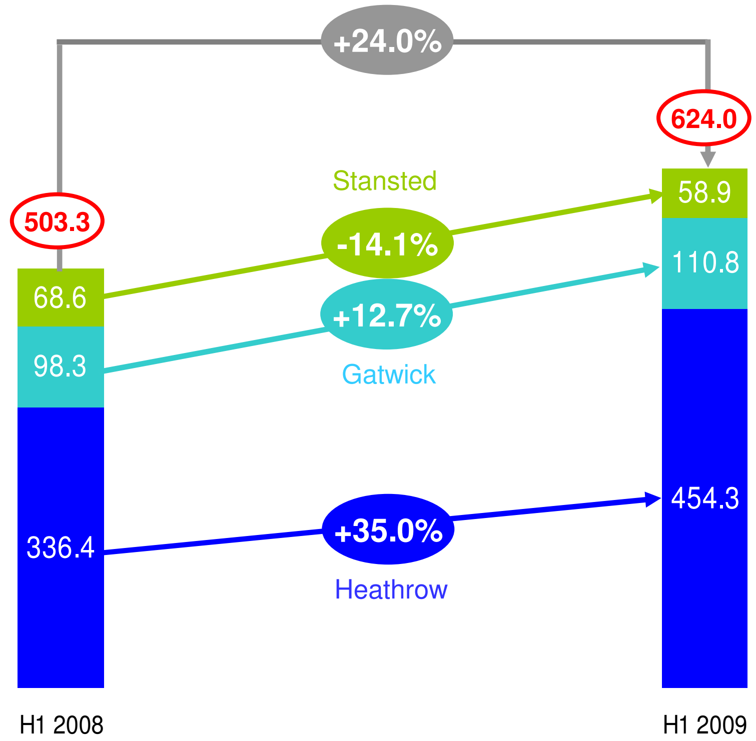
Aeronautical income driven by revised tariffs at Heathrow and Gatwick

- Increased aeronautical income supports substantial investment
  - 24.0% reported
  - 6.8% underlying[1]
  - driven by Heathrow and Gatwick
- Stansted performance reflects flat tariffs and passenger traffic



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

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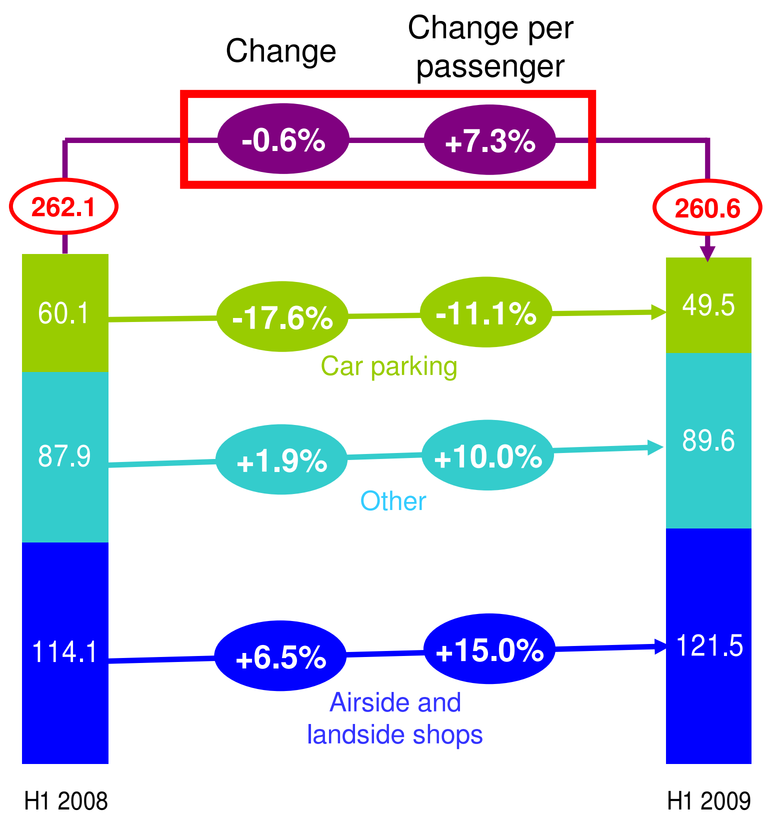
Retail momentum maintained

- Net retail income per passenger up 7.3% to £4.72
  - Heathrow: +11.1%
  - Gatwick: +2.1%
  - Stansted: -0.3%
- In-terminal shopping driving performance
  - more intra-terminal transfer passengers
  - Terminal 5's high quality retail facilities
  - exchange rates

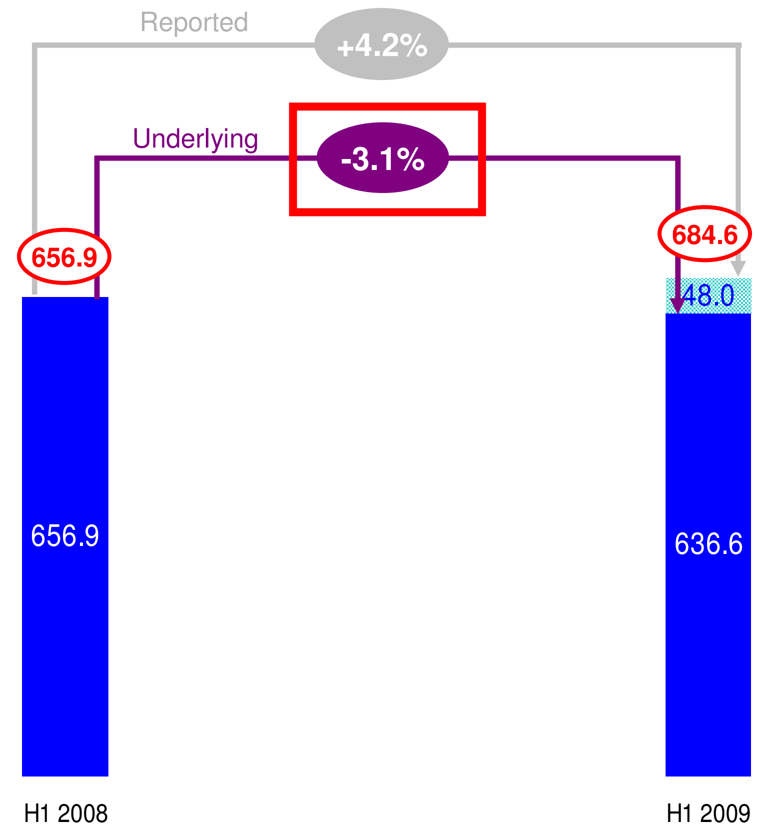
Analysis of net retail income



Strong cost discipline contributing to improved results

- Significant efficiency gains
- 3.1% underlying cost reduction(2)
  - 10% lower employment costs
  - 5% lower general expenses
  - 10% lower central overheads in intra-group charges

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

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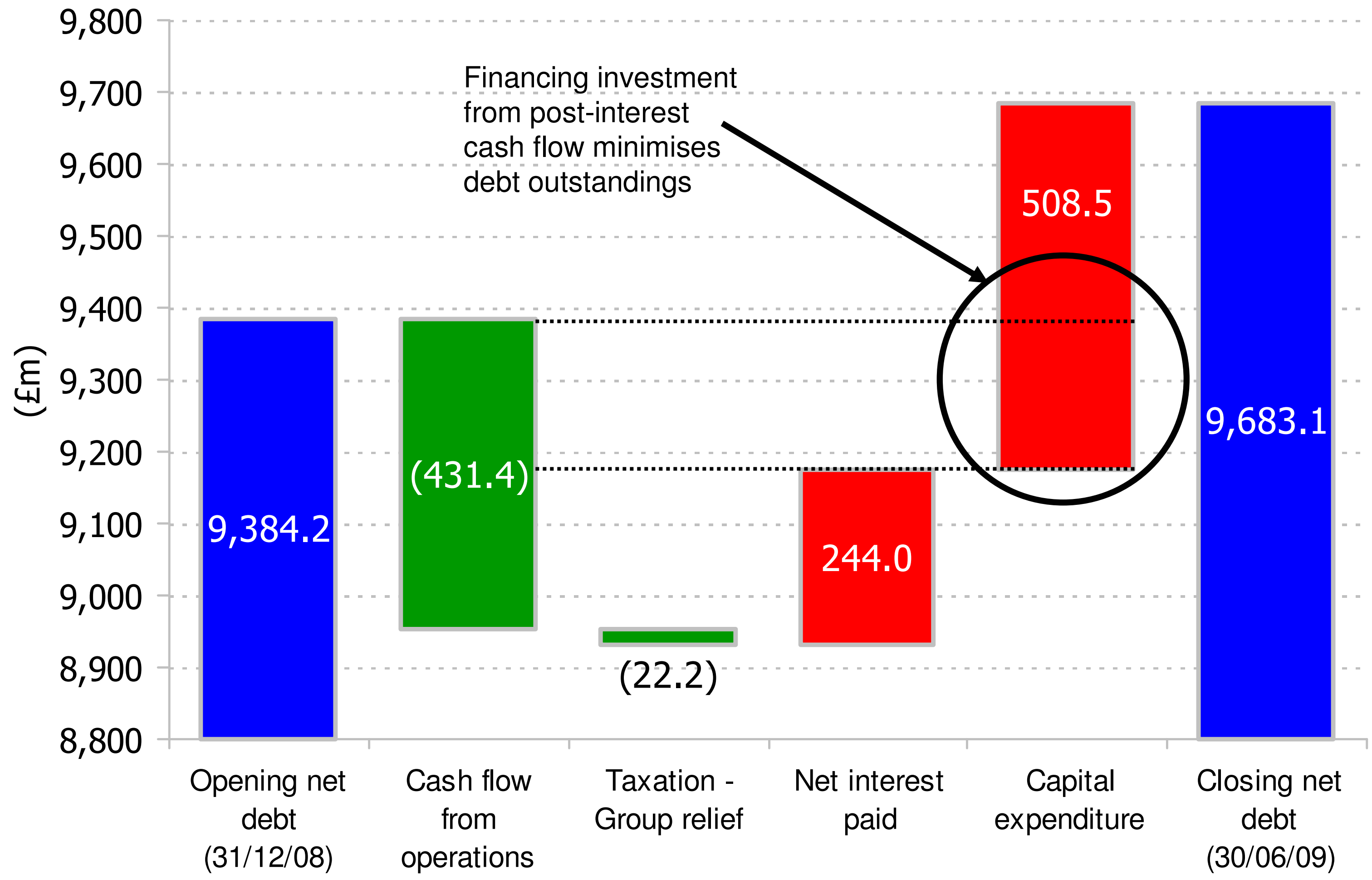
Stable debt, interest and gearing position

(figures in £m unless otherwise stated)	Nominal debt	Accounting debt	Interest payable (P&L)[1]	Interest paid (cash flow)
Bonds	4,498.9	4,610.1		
Refinancing facility	4,400.0	4,354.1		
Capex/EIB facilities	991.9	989.5		
Cash	(207.7)	(207.7)		
Net debt (external to BAA group)	**9,683.1**	**9,746.0**	**309.4**	**155.6**
SP debenture (intra-group)	1,565.8	1,565.8	48.3	88.4
Net debt (including SP debenture)	**11,248.9**	**11,311.8**	**357.7**	**244.0**

1) Excluding fair value loss on financial instruments

Business strongly cash generative pre-capital expenditure



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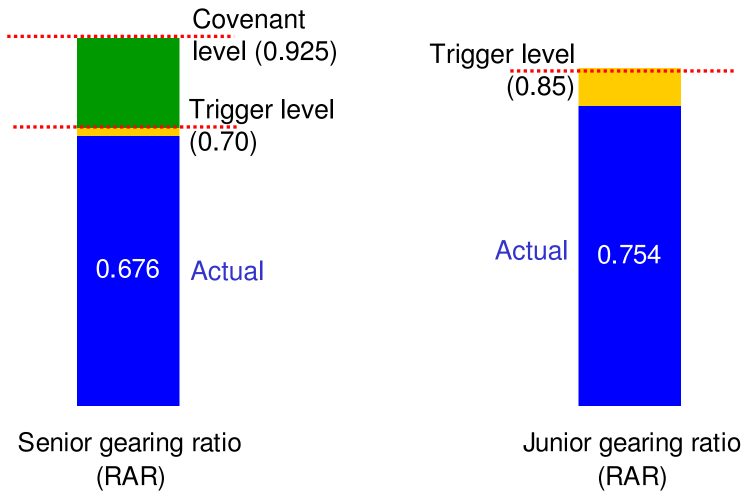
Stable gearing comfortably within required levels

- At 30 June 2009
  - nominal net debt[1]: £9,683.1 million
  - RAB[2]: £12,860.5 million
  - 6.16% average cost of debt[3], down from 6.55% at 31 December 2008
- Gearing (net debt to RAB) ratios
  - 0.676x and 0.754x in line with 31 December 2008 position[4]
  - comfortably below trigger levels
  - flexibility to switch up to £400 million of Senior Debt to Junior Debt

Regulatory Asset Ratios at 30 June 2009



1) Debt figures exclude intra-BAA group loans
2) RAB: Regulatory Asset Base
3) Cost of debt including credit margin and after hedging
4) To calculate net debt to RAB ratios, index-linked accretion (£9 million at 30 June 2009) is added to nominal net debt

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Strong liquidity position

- Group remains strongly cash generative
- Generated over £200 million of post-interest cash flow in first half of 2009
- Substantial liquidity with £2.4 billion in cash/undrawn facilities
- Expect to have financial resources to repay all 2010 debt maturities with or without sale of Gatwick
- In addition, satisfactory resolution of DfT regulatory review would enable the Group to return to debt capital markets

Outlook and conclusion

- Solid performance delivered in challenging macroeconomic conditions
- Heathrow’s global hub status continues to drive superior performance
- Strong liquidity position
- 2009 Adjusted EBITDA outlook remains consistent with previous guidance
- Focus on key strategic priorities
  - making every journey better
  - focus on Heathrow
  - address policy and regulatory issues

Appendix

BAA

Nominal net debt at 30 June 2009

		Debt outstanding at 30 June 2009		Amount and features of available facilities			
		Amount	Cost	Local currency		S&P/Fitch Rating	Maturity
Senior (Class A)		(£m)		(m)	(£m)		
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
		199.9		199.9	199.9	A-/A-	2028/30
		900.0		900.0	900.0	A-/A-	2031/33
Total bonds		**4,498.9**	**6.43%**		**4,498.9**		
Bank debt	Refinancing Facility	3,400.0		3,400.0	3,400.0	A-/A-	2010/13
	EIB Facility	395.9		395.9	395.9	A-/A-	2010/22
	Capex Facility	596.0		2,300.0	2,300.0	n/a	2013
	Working Capital Facility	0.0		50.0	50.0	n/a	2013
Total bank debt		**4,391.9**	**6.03%**		**6,145.9**		
Total senior debt		**8,890.8**	***6.23%***		**10,644.8**		
Junior (Class B)							
Bank debt	Refinancing Facility	1,000.0		1,000.0	1,000.0	BBB/BBB	2010/13
	Capex Facility	0.0		400.0	400.0	n/a	2013
Total junior debt		**1,000.0**	***5.51%***		**1,400.0**		
Gross debt		**9,890.8**	***6.16%***		**12,044.8**		
Cash		**(207.7)**					
Net debt		**9,683.1**					

1) Data reflects nominal value of debt, excludes intra-BAA group loans and is before index-linked accretion of £9 million

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Interest payable and interest paid reconciliation

(figures in £m unless otherwise stated)	SP debenture	External debt	Total
Interest receivable	0.0	77.5	77.5
Interest payable and similar charges	(48.3)	(397.9)	(446.2)
Fair value loss on financial instruments	0.0	(150.2)	(150.2)
Interest capitalised	0.0	11.0	11.0
Total net interest payable (profit and loss account)	**(48.3)**	**(459.6)**	**(507.9)**
Non-cash adjustments			
Fair value loss on financial instruments	0.0	150.2	150.2
Interest capitalised	0.0	(11.0)	(11.0)
Derivative prepayment interest amortisation	0.0	70.9	70.9
Amortisation of fees and bond fair value adjustment	0.0	49.0	49.0
Movement in interest accruals	(40.1)	43.0	2.9
Other	0.0	1.9	1.9
Net interest paid (cash flow statement)	**(88.4)**	**(155.6)**	**(244.0)**

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