



BAA (SP) Limited

Results for nine months ended 30 September 2010

October 2010



- Improving customer service
- Record Heathrow traffic
- Strong financial results
- Enhanced capital structure

Highlights of first 9 months of 2010

Traffic and retail performance

Total passenger traffic	-2.1%
Heathrow passenger traffic	-0.6%
Heathrow underlying traffic	+3.1%
NRI per passenger	+10.1%

Key financial highlights

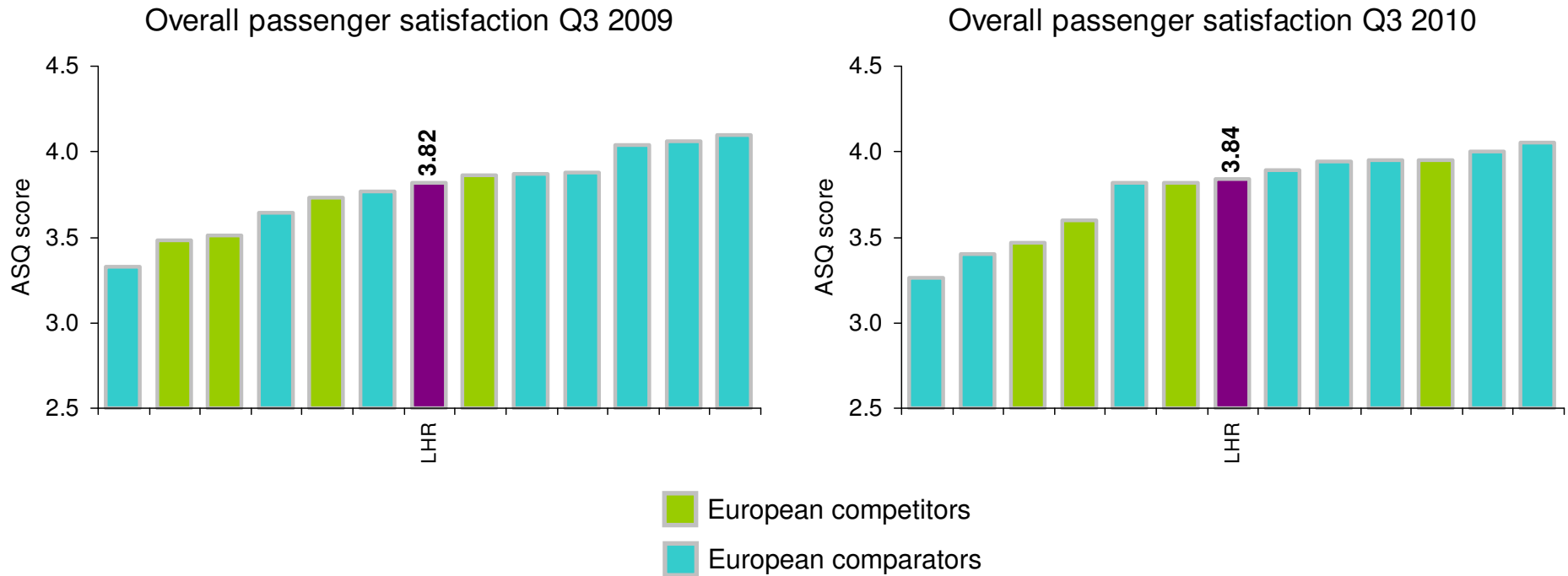
Revenue	+4.4%
Adjusted EBITDA	+8.4%
Underlying Adjusted EBITDA	+20.9%

Investment and financing

Capital expenditure	£609.6m
Net debt	£9,740.1m
RAB	£12,463.3m

See page 22 for notes and defined terms

Heathrow passenger satisfaction ratings maintain improving trend

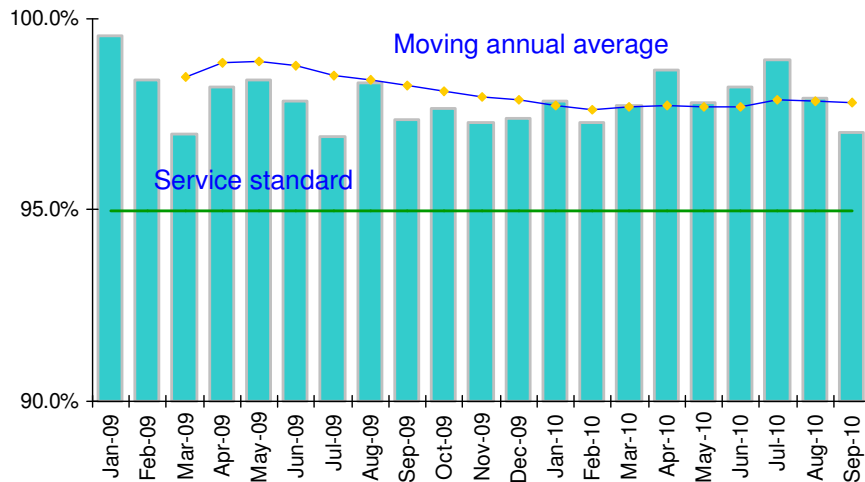


Source: Airport Service Quality ('ASQ') surveys by Airports Council International

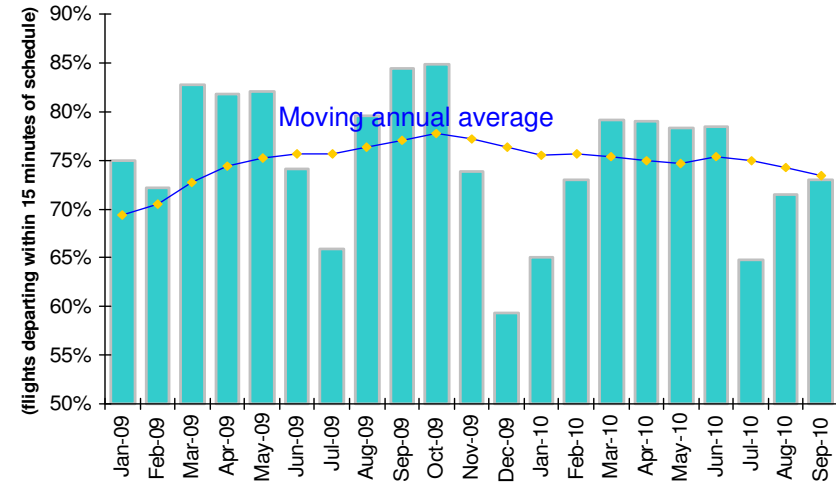
Resilient service performance given external events

- Stable security queuing
- Departure punctuality affected by weather, ash and strikes
- Baggage misconnects continue to improve

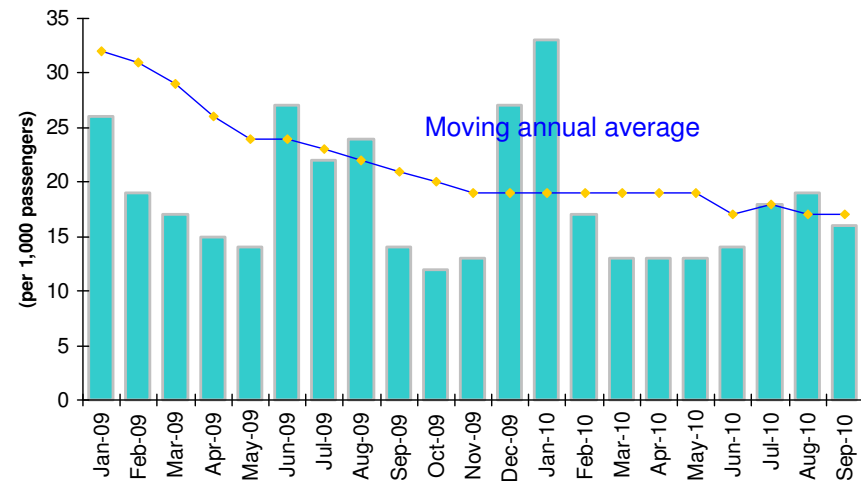
Heathrow security queuing (<5 minutes)



Heathrow departure punctuality



Heathrow baggage misconnect rate



Heathrow transformation gaining momentum

- Heathrow (£589.7 million spent)
 - activity at new Terminal 2 increasing
 - demolition of old Terminal 2 complete
 - construction of new terminal underway
 - shell of new terminal expected to be complete in early 2012
 - construction of Terminal 5C to complete in early 2011
 - operational readiness activities following construction completion
 - fully operational by 2011 peak summer season



New Terminal 2 (artist's impression)



Terminal 5C

Record peak summer traffic for Heathrow

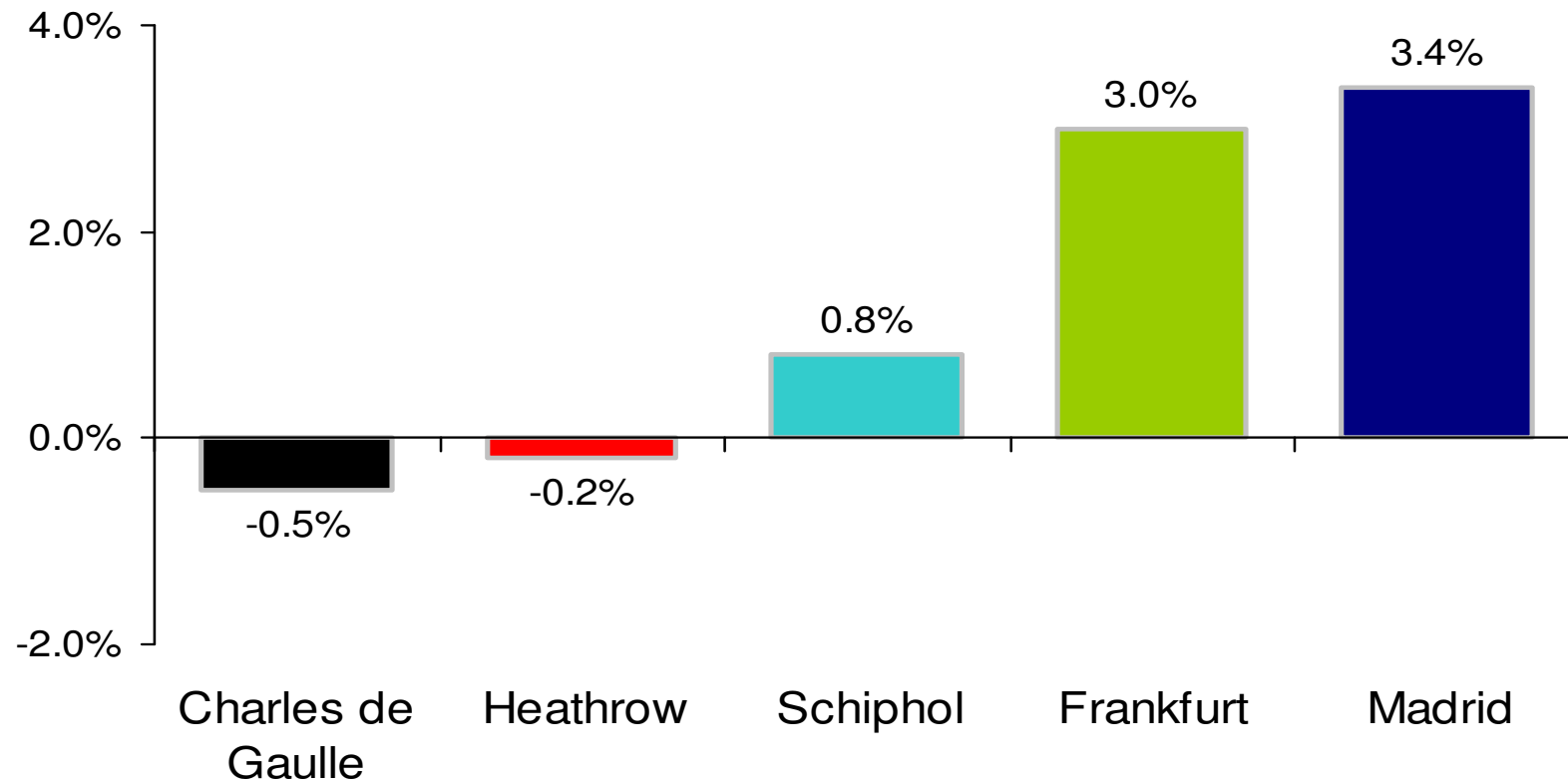
- Underlying year to date traffic
 - total: +1.3%
 - Heathrow: +3.1%
 - Stansted: -4.7%
- 2010 performance reflects
 - volcanic ash/airline industrial action
 - return of business travel
 - increasingly strong European traffic
- Return of Heathrow origin and destination traffic
 - benefits retail and rail income

Passenger traffic				
	9 months to 30 September			3 months to
	2009 (m)	2010 (m)	Change	30 Sept
				Change
<i>By airport</i>				
Heathrow	49.9	49.6	-0.6%	+4.4%
Stansted	15.5	14.4	-7.0%	-6.0%
Total	65.4	64.0	-2.1%	+1.8%
<i>By market served</i>				
UK	5.4	5.0	-8.6%	+0.1%
Europe	33.4	32.7	-1.8%	+2.3%
Long haul	26.6	26.3	-1.0%	+1.5%
Total	65.4	64.0	-2.1%	+1.8%

See page 22 for notes and defined terms

Heathrow's performance remains resilient

Change in passenger traffic in year ended 30 September 2010



Key priorities

Address policy and regulatory issues

Focus on Heathrow

Making every journey better

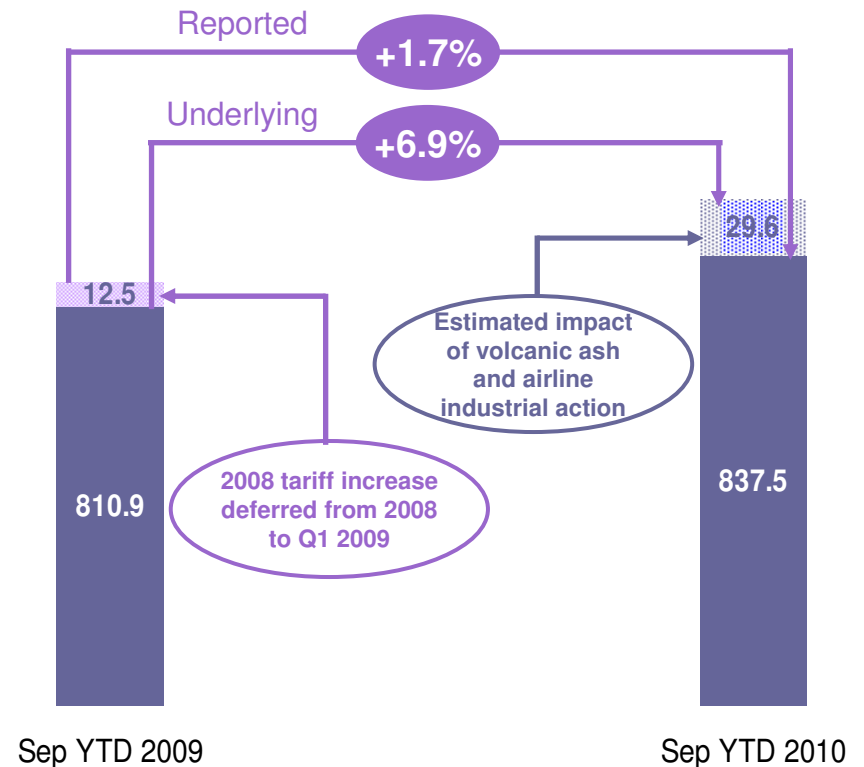
2010 financials benefit from strong Q3 momentum

(figures in £m)	Sep YTD 2009	Sep YTD 2010	Change	
			YTD	Q3
Turnover	1,480.1	1,545.5	+4.4%	+8.3%
Adjusted operating costs	(817.1)	(826.5)	+1.2%	-4.1%
Adjusted EBITDA	663.0	719.0	+8.4%	+21.8%
Underlying Adjusted EBITDA	624.1	754.5	+20.9%	+24.7%
Net debt	8,579.0	9,740.1	+13.5%	+12.5%
RAB (Regulatory Asset Base)	11,730.5	12,463.3	+6.2%	+1.5%

See page 22 for notes and defined terms

Development of aeronautical income

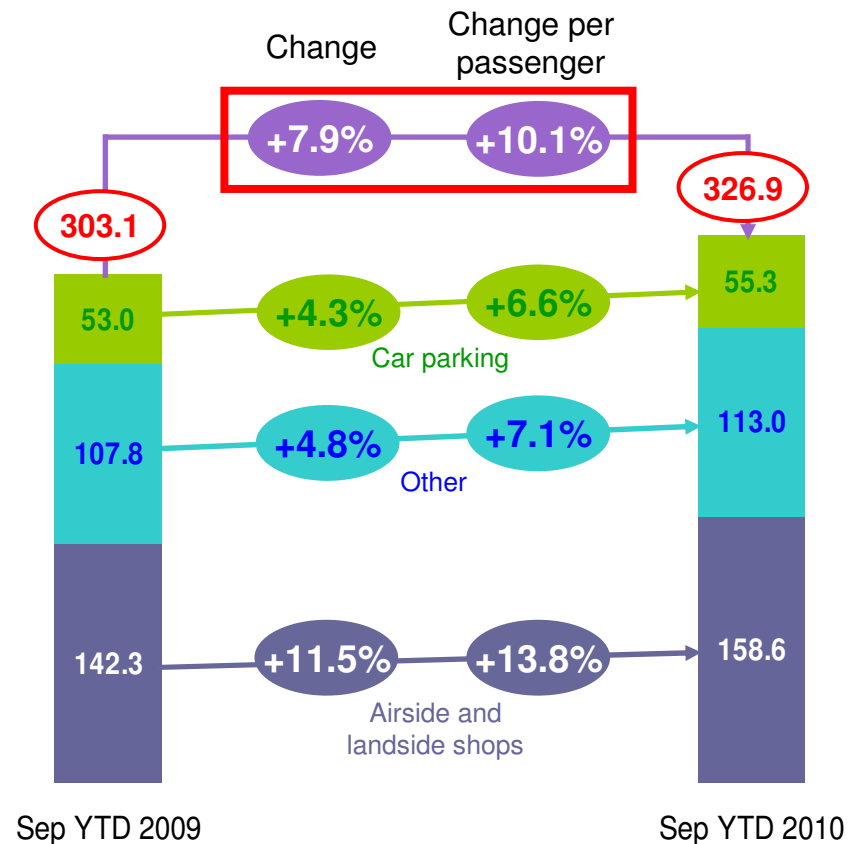
- 2010 aeronautical income trends
 - up 1.7% in first nine months
 - up 6.4% in Q3
 - recent performance reflects strong Heathrow traffic
- Volcanic ash and airline industrial action impacted H1
 - approximately £30 million lost income
 - 6.9% estimated underlying growth



Continued excellent retail performance

- Net retail income per passenger up 10.1% to £5.11
 - Heathrow: +11.5%
 - Stansted: +3.1%
- Airside specialist shops continue to drive growth
- Car parking recovery underway
- Key growth drivers
 - increased Heathrow origin and destination traffic
 - improved passenger experience from relocating airlines to Terminal 4
 - luxury goods demand
- Heathrow wins Business Traveller global airport retail award

Analysis of underlying net retail income

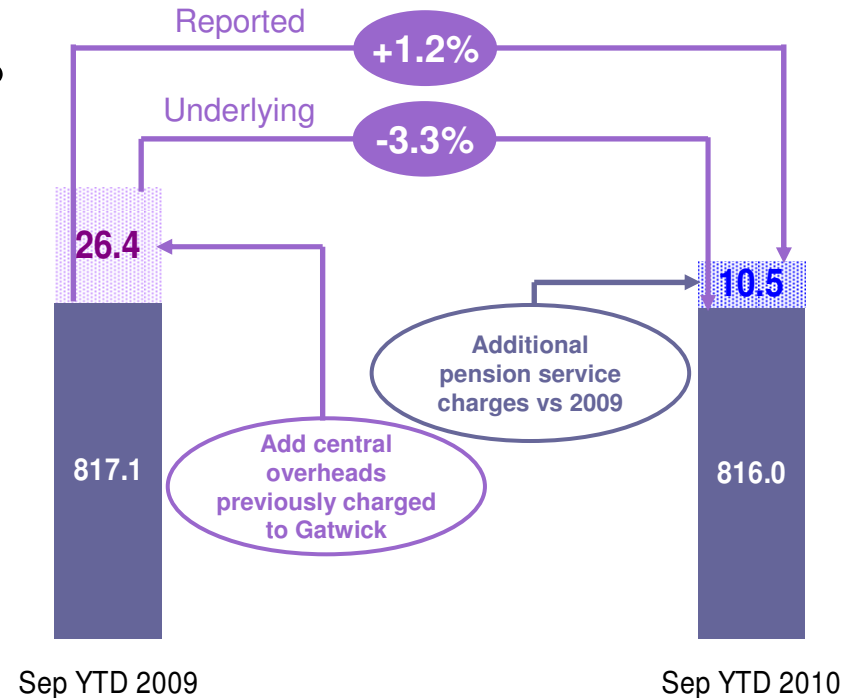


See page 22 for notes and defined terms

Headline cost growth moderated significantly with continued underlying decline

- Adjusted operating costs up 1.2%
 - declined from 4.0% growth at half year
 - moderation since half year
 - lower rate of increase in employment costs
 - lower utility and maintenance costs
 - headline cost growth drivers
 - employment costs – non-cash pension service costs
 - intra-group – central overhead re-allocation from Gatwick
- Underlying adjusted operating costs declined 3.3%
 - driven by lower rents and rates and maintenance expenditure

Analysis of adjusted operating costs



See page 22 for notes and defined terms

Lower exceptional items and fair value adjustments

	Sep YTD 2009 (total) (£m)	Sep YTD 2009 (continuing operations) (£m)	Sep YTD 2010 (total) (£m)
<i>Within operating profit</i>			
Share of change in BAA defined benefit pension scheme deficit	261.7	200.6	(96.6)
Accelerated depreciation on Heathrow Terminal 1/2	51.6	51.6	18.7
Other exceptional items	(1.2)	0.0	11.7
<i>Below operating profit</i>			
Gain on disposal of Gatwick airport	225.0	0.0	(14.6)
Impairment of runway planning application costs	0.0	0.0	104.4
Total exceptional (profit)/loss	537.1	252.2	23.6

Fair value loss on financial instruments of £12.1m in 2010 compared to £161.6m in 2009

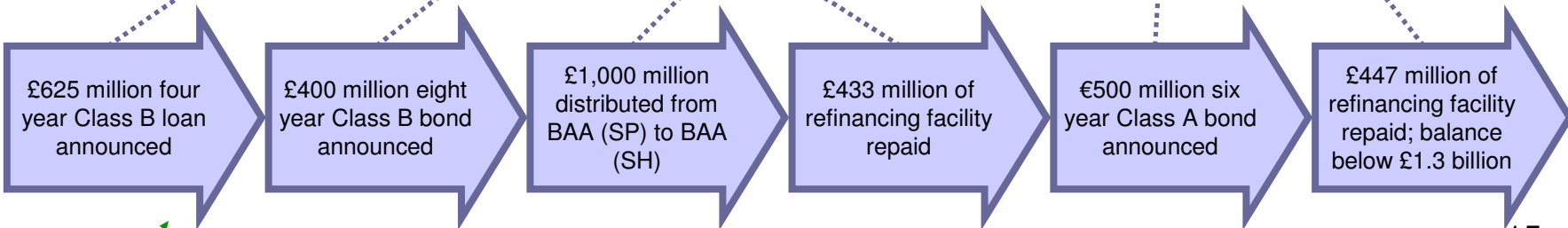
Interest paid consistent with expectations

	Sep YTD 2009	Sep YTD 2010		
<i>(figures in £m)</i>	Total	SP debenture	External debt	Total
Net interest payable (profit and loss account)	(665.1)	(53.2)	(478.3)	(531.5)
Adjust for fair value loss on financial instruments	161.6	0.0	12.1	12.1
Net interest payable net of fair value loss	(503.5)	(53.2)	(466.2)	(519.4)
Amortisation of financing fees and fair value adjustments	65.7	0.0	52.8	52.8
Interest capitalised	(17.8)	0.0	(16.2)	(16.2)
Underlying net interest payable	(455.6)	(53.2)	(429.6)	(482.8)
Other adjustments to reconcile to interest paid				
Derivative interest prepayment amortisation	104.6	0.0	105.6	105.6
Movement in interest accruals/accretion/other	(35.6)	(14.4)	112.2	97.8
Net interest paid (cash flow statement)	(386.6)	(67.6)	(211.8)	(279.4)

Recent financing activity has delivered significant benefits

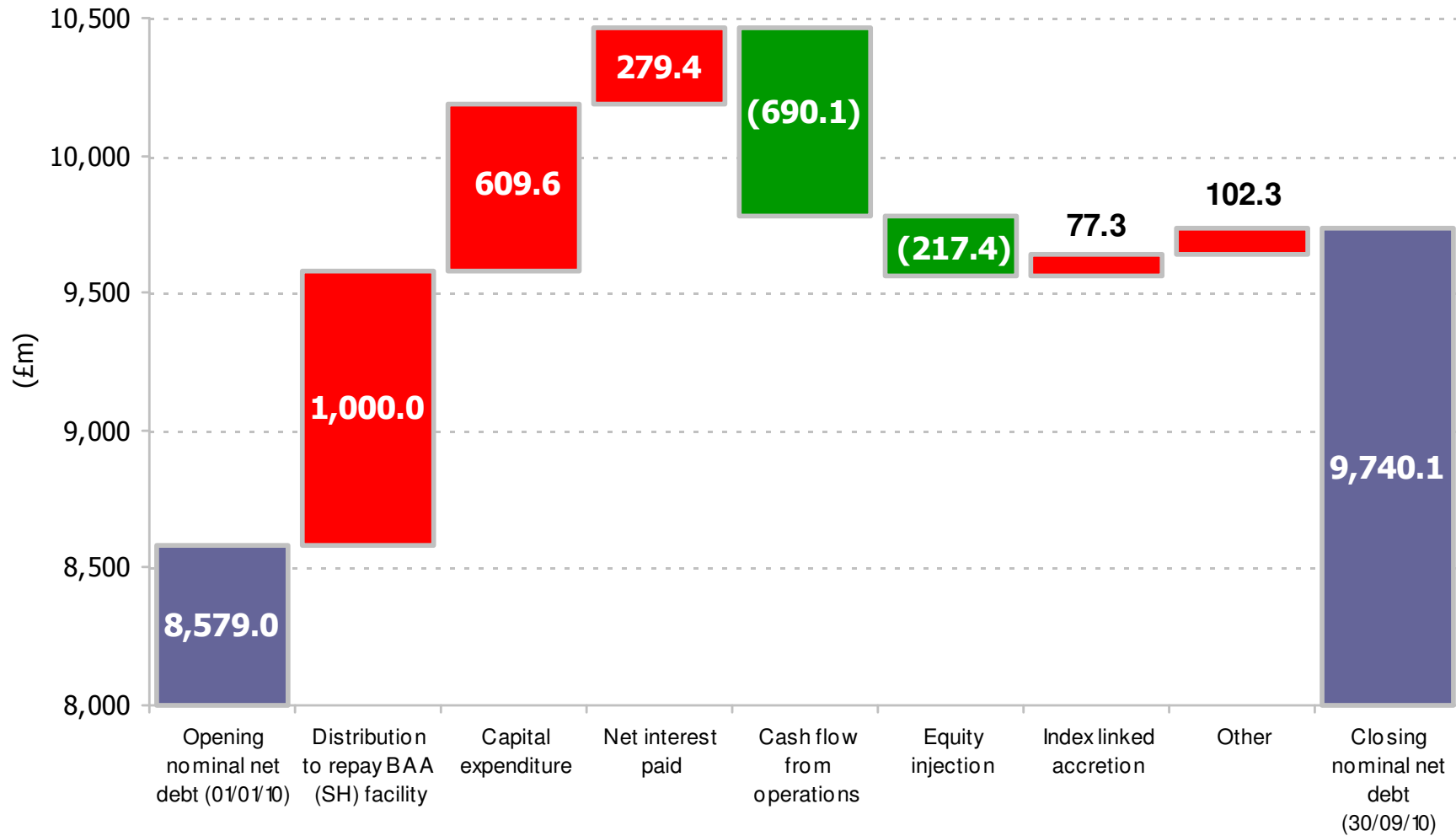
- Demonstrates ability to attract wide range of investors to support Heathrow investment plans
- Extended debt maturity profile, eliminating near term maturities
- Optimised capital structure by rebalancing debt between BAA (SP) and BAA (SH) and reducing cost of debt

August 2010							September 2010							October 2010							
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	
						1			1	2	3	4	5					1	2	3	
2	3	4	5	6	7	8	6	7	8	9	10	11	12	4	5	6	7	8	9	10	
9	10	11	12	13	14	15	13	14	15	16	17	18	19	20	11	12	13	14	15	16	17
16	17	18	19	20	21	22	20	21	22	23	24	25	26	27	18	19	20	21	22	23	24
23	24	25	26	27	28	29	27	28	29	30					25	26	27	28	29	30	31
30	31																				



Gearing optimised between BAA (SP) and BAA (SH)

Net debt bridge (January 2010 - September 2010)



Underlying deleveraging continues

Gearing ratios (RAR)					
<i>(figures in £m unless otherwise stated)</i>	31 Dec 2009 (actual)	31 Mar 2010 (actual)	30 June 2010 (actual)	30 Sep 2010 (actual)	30 Sep 2010 (pro forma)
Ratio inputs					
Senior nominal net debt	7,919.6	7,952.8	7,998.0	8,165.1	8,612.8
Junior nominal net debt	8,579.0	8,612.2	8,657.4	9,740.1	9,740.8
Subordinated nominal net debt	10,143.4	10,176.7	10,222.4	10,204.1	10,204.8
Regulatory Asset Base	11,730.5	12,021.5	12,279.3	12,463.3	12,463.3
Ratios					
Senior RAR	67.5%	66.2%	65.1%	65.5%	69.1%
Junior RAR	73.1%	71.6%	70.5%	78.2%	78.2%
Subordinated RAR	86.5%	84.7%	83.2%	81.9%	81.9%

See page 22 for notes and defined terms

Final stage of subordinated debt refinancing launched

- Refinancing of final £465.8 million of BAA (SH)'s subordinated debt facility announced
- £250 million loan in place
 - £75 million one year tranche with 4.25% margin
 - £175 million five year tranche with 5.00% margin
- Refinancing to be completed with sterling capital markets issue
- Common security and covenants between bond and loan
 - security over shares in BAA (SH) and BAA (SP)
 - distribution lock-up at BAA (SH) if RAR exceeds 82% at BAA (SP)
 - gearing covenant at BAA (SH) if its RAR exceeds 90%

Conclusion

- Continued improvement in customer service
- Record Heathrow traffic over peak summer months
- Strong financial results
- Strengthened capital structure
- Good progress on final stage of subordinated debt refinancing
- Improved outlook for 2010 Adjusted EBITDA with strong prospects for 2011

Appendix

BAA (SP)'s consolidated net debt at 30 September 2010

		Debt outstanding at 30 September 2010		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
		245.7		245.7	245.7	A-/A-	2039/41
Total bonds		5,444.6		5,444.6			
Bank debt	Refinancing Facility	1,196.7		1,196.7	1,196.7	A-/A-	2012/13
	EIB Facility	343.6		343.6	343.6	n/a	2010/22
	Capex Facility	1,145.0		2,300.0	2,300.0	n/a	2013
	Working Capital Facility	0.0		50.0	50.0	n/a	2013
Total bank debt		2,685.3		3,890.3			
Total senior debt		8,129.9		9,334.9			
Junior (Class B)							
Bonds		400.0		400.0	400.0	BBB/BBB	2018
Bank debt	Refinancing Facility	550.0		550.0	550.0	BBB/BBB	2012/13
	Term Loan Facility	625.0		625.0	625.0	n/a	2014
	Capex Facility	0.0		400.0	400.0	n/a	2013
Total junior debt		1,575.0		1,975.0			
Gross debt		9,704.9		11,309.9			
Cash		(57.4)					
Index-linked derivative accretion		92.6					
Net debt		9,740.1					

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

Notes and defined terms

- Page 2
 - Percentage changes are relative to nine months ended 30 September 2009
 - All figures are for continuing operations only, i.e. excluding Gatwick
 - Adjusted EBITDA: earnings before interest, tax, depreciation and amortisation and exceptional items; NRI: net retail income; RAB: Regulatory Asset Base
 - Net debt is consolidated BAA (SP) Limited figure calculated on a nominal basis excluding intra-BAA group loans and including index-linked accretion
- Page 6
 - Totals and percentage change calculated using un-rounded passenger numbers
 - European traffic includes North African charter traffic
- Page 9
 - Adjusted operating costs exclude depreciation, amortisation and exceptional items
 - Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation and exceptional items
 - Underlying Adjusted EBITDA adjusts reported Adjusted EBITDA in 2010 for an estimated £38 million in turnover lost as a result of disruption caused by volcanic ash and airline industrial action, £13.0 million of income under Gatwick transitional services agreements and £10.5 million in additional pension service costs and in 2009 for £12.5 million in aeronautical income due to phasing of tariff increases and £26.4 million of intra-group charges previously applied to Gatwick
 - 2009 net debt and RAB figures are as at 31 December 2009
 - Net debt at 30 September 2010 reflects distribution of £1 billion by BAA (SP) utilised by BAA (SH) in repaying part of its subordinated debt facility
 - Net debt is consolidated BAA (SP) Limited figure calculated on a nominal basis excluding intra-BAA group loans and including index-linked accretion
- Page 11
 - Analysis excludes £2.9 million in non-recurring car parking income at Heathrow in nine months ended 30 September 2009
- Page 12
 - Adjusted operating costs exclude depreciation, amortisation and exceptional items
 - Underlying adjusted operating costs in 2009 adds £26.4 million of intra-group charges previously applied to Gatwick and in 2010 deducts £10.5 million in additional pension service costs
- Page 16
 - Other net debt movement primarily reflects £110.6 million of equity injection used in restructuring derivatives offset by £35.9 million used to reduce net debt (as only £107.1 million of the original £143.0 million restricted cash was required to make pension related payments arising from Gatwick disposal) plus £16.9 million of Gatwick disposal costs
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 - Gearing ratio is the ratio of nominal net debt (including index-linked accretion) to RAB. Net debt at 31 December 2009 excludes £143.0 million in restricted cash from the Gatwick disposal held in escrow to meet potential pension payments but at 30 September 2010 reflects payments made of £107.1 million and release of residual £35.9 million to reduce net debt
 - Pro forma net debt and gearing ratios at 30 September 2010 adjust actual net debt figures to take into account application of £447.0 million (from proceeds of €500 million bond issue in October 2010 and £14.0 million drawn under the capital expenditure facility) in repaying Class B drawings under the refinancing facility. After these transactions, total of £1,299.6 million outstanding under the refinancing facility
 - Senior gearing ratio could be reduced by utilising the currently undrawn £400 million junior tranche of capital expenditure facility

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