



BAA (SP) Limited

Results for three months ended 31 March 2010

April 2010



- Strong financial performance
- Solid operational performance despite terrorism, snow and strikes
- Strategic issues stable since rapid developments of Q4 2009
- £28 million post-Q1 one-off impact of volcano

Q1 2010 highlights

Traffic and retail performance

Total passenger traffic	+0.2%
Heathrow passenger traffic	+1.6%
Heathrow underlying traffic	+3.0%
NRI per passenger	+10.7%

Key financial highlights

Revenue	+5.5%
Adjusted EBITDA	+3.3%
Underlying Adjusted EBITDA	+18.7%

Investment and financing

Capital expenditure	£208.0m
Net debt	£8,612.2m
RAB	£12,034.0m

See page 20 for notes and defined terms

Eyjafjallajökull

- London airports closed from 1200hrs on 15 April to 2200hrs on 20 April
- Normal airline schedules re-established from 22 April
- April passenger traffic impact (up to 25 April vs 2009)
 - Heathrow: -1.2 million
 - Stansted: -0.4 million
- Estimated £28 million Adjusted EBITDA reduction
 - 3% of 2009 Adjusted EBITDA
- Strong liquidity position

...thanks for the superb support in the terminal with your people supporting all airlines with direct customer communications...
(Top 5 Heathrow airline)

Other airport websites should look at yours to get an idea of how best to inform passengers.
Excellent job!
(Passenger feedback on www.heathrowairport.com)

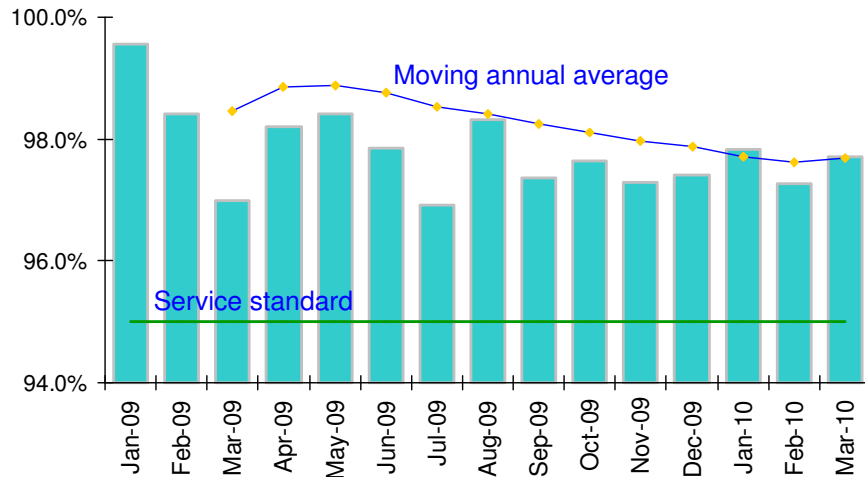
Your support, consistency of information, hard work and tireless efforts were much appreciated and went a long way to help us plan as best as possible.
(Top 5 Heathrow airline)

You guys have been great. Keep up the good work in informing us. I wish other organisations were as responsive.
(Feedback on Heathrow Twitter page)

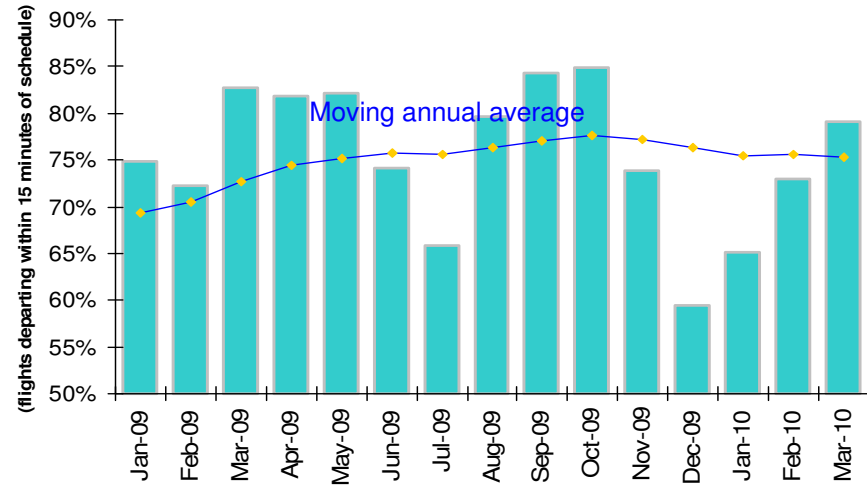
Solid service performance despite external pressures

- Key external influences on Q1 2010 service standards:
 - Delta 253
 - severe winter weather
 - BA industrial action

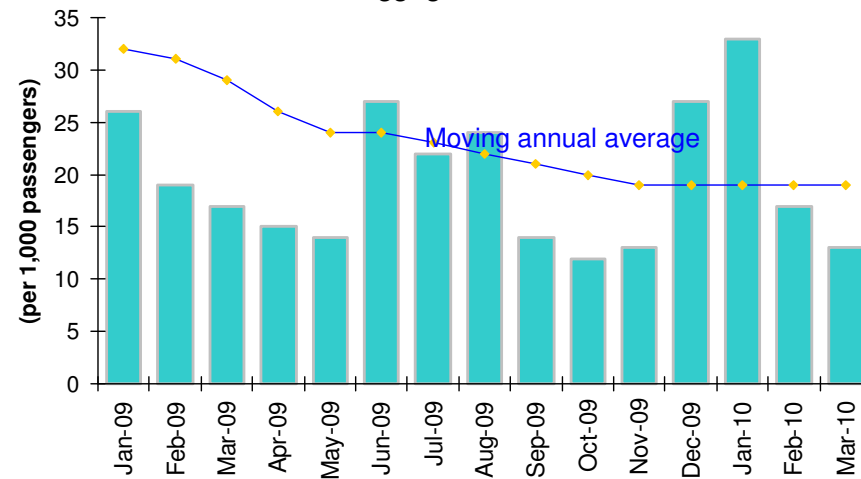
Heathrow security queuing (<5 minutes)



Heathrow departure punctuality



Heathrow baggage misconnect rate



Capital transformation programme progressing

- Heathrow (£203.0 million spent)
 - improving operations whilst progressing 'brownfield' investment
 - some disruption from severe winter weather
 - demolition of old Terminal 2 commenced and to be complete by end 2010
 - Terminal 5C on track to open early 2011
 - integrated baggage system progresses
 - 4 airline relocations completed
- Stansted (£5.0 million spent)
 - modest investment on modernising existing infrastructure in current quinquennium



Passenger traffic trends continue to improve

- Passenger traffic up 0.2% to 18.6 million (2009: 18.5 million)
- Year on year comparison complicated by
 - winter weather in both years
 - BA industrial action
- Underlying performance
 - Heathrow: +3.0%
 - total: +1.1%
- Return of origin and destination traffic at Heathrow
 - benefits retail and rail income

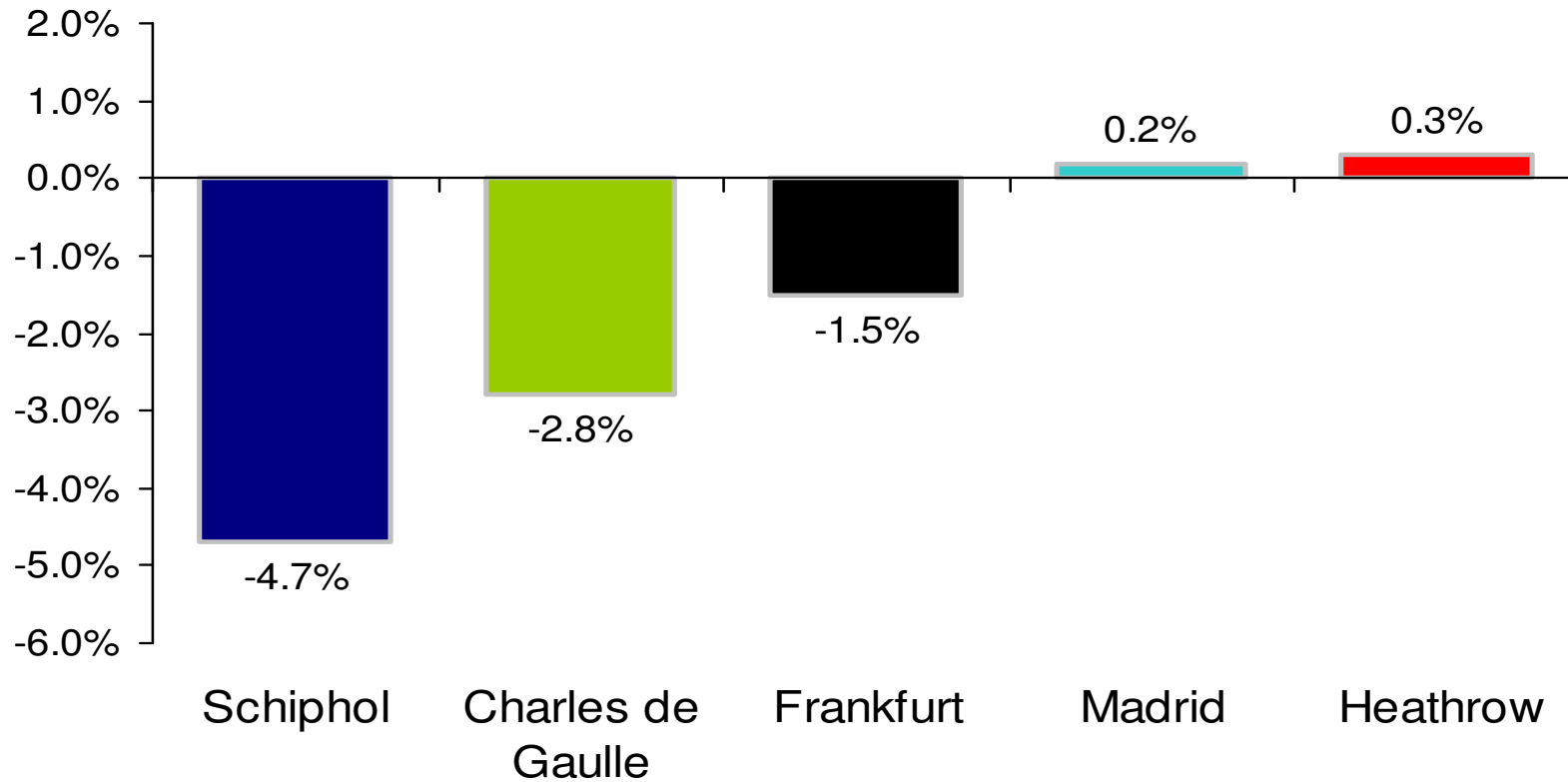
Passenger traffic (Q1 2010 v Q1 2009)

	Three months ended 31 March		
	2009 (m)	2010 (m)	Change
<i>By airport</i>			
Heathrow	14.4	14.6	+1.6%
Stansted	4.1	3.9	-4.7%
Total	18.5	18.6	+0.2%
<i>By market served</i>			
UK	1.6	1.5	-7.6%
Europe	9.1	9.1	+0.3%
Long haul	7.8	7.9	+1.7%
Total	18.5	18.6	+0.2%

See page 20 for notes and defined terms

Heathrow's performance remains resilient

Change in passenger traffic in year ended 31 March 2010



Key priorities

Making every journey better

Focus on Heathrow

Address policy and regulatory issues

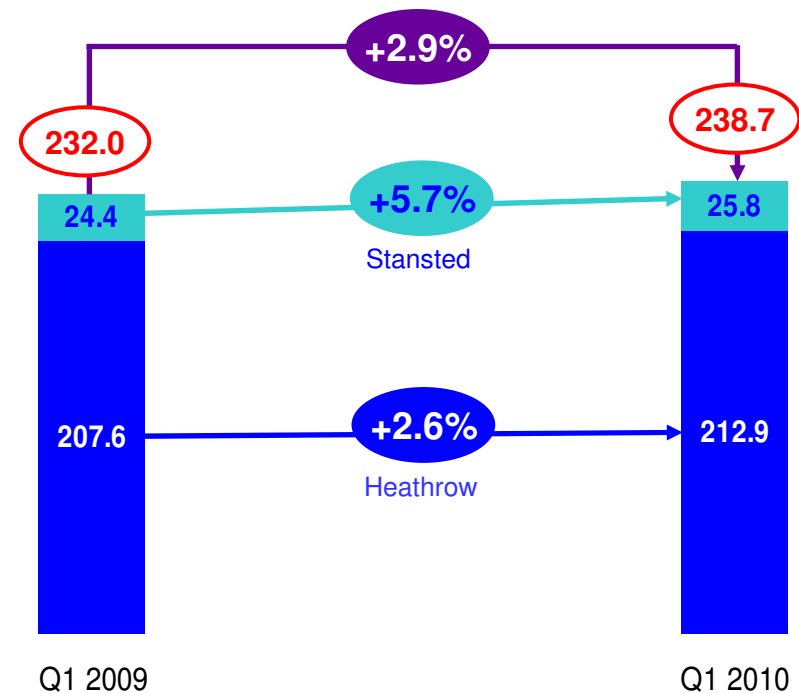
A good start to 2010

(figures in £m)	Q1 2009	Q1 2010	Change
Turnover	432.2	456.1	+5.5%
Adjusted operating costs	263.7	282.0	+6.9%
Adjusted EBITDA	168.5	174.1	+3.3%
Underlying Adjusted EBITDA	147.1	174.6	+18.7%
Net debt	8,579.0	8,612.2	+0.4%
RAB (Regulatory Asset Base)	11,743.9	12,034.0	+2.5%

See page 20 for notes and defined terms

Aeronautical income continues to grow

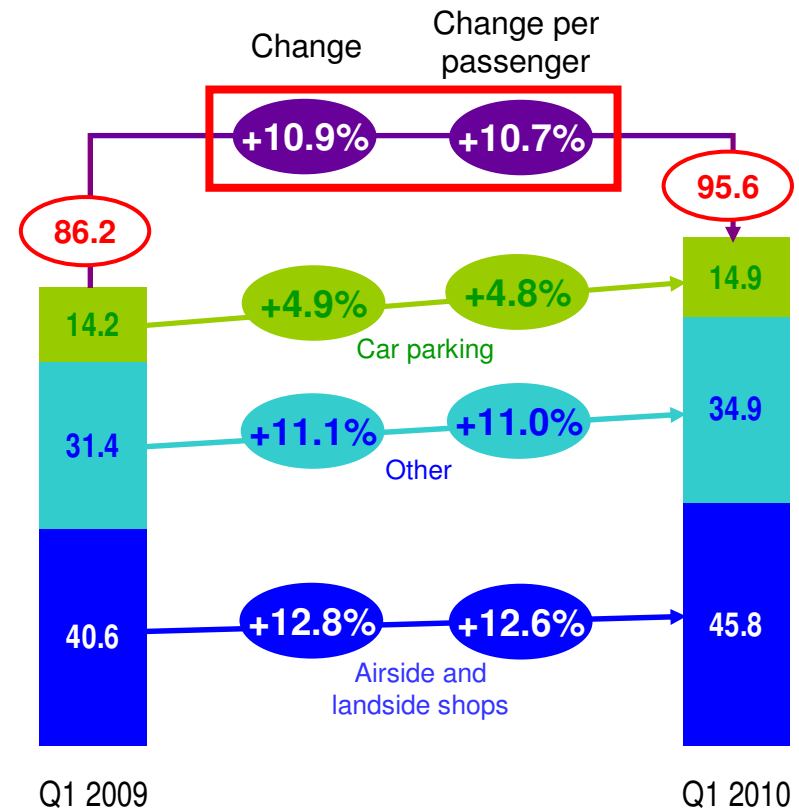
- Increased aeronautical income supports substantial investment
 - 2.9% reported growth
 - 8.7% underlying growth
- Heathrow up underlying 9.1%
- Underlying growth adjusts for £12.5 million of Q1 2009 income due to phasing of tariff increases



An excellent start to 2010 for retail

- Net retail income per passenger up 10.7% to £5.15
 - Heathrow: +11.3%
 - Stansted: +5.6%
- Key growth categories
 - duty and tax free
 - airside specialist shops
 - bureaux de change
 - catering
- Key growth drivers
 - increased Heathrow origin and destination traffic
 - improved passenger experience from relocating airlines to Terminal 4
 - luxury goods demand

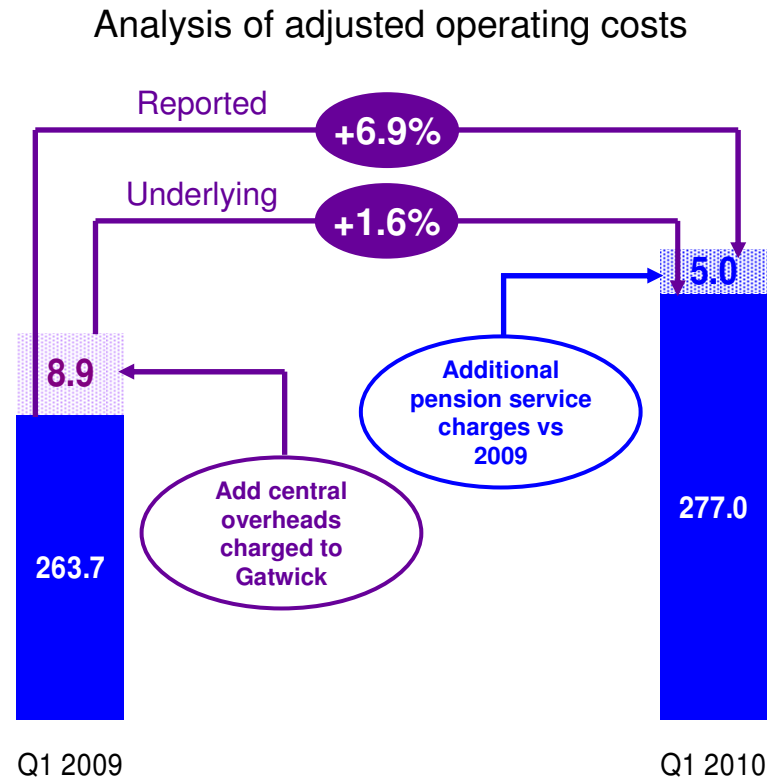
Analysis of underlying net retail income



See page 20 for notes and defined terms

Underlying cost discipline maintained

- Adjusted operating costs up 6.9%
- Key drivers
 - employment – non-cash pension service costs
 - intra-group – central overhead re-allocation from Gatwick
 - utilities – electricity unit costs
- Underlying adjusted operating costs up 1.6%



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Significant reduction in non-cash exceptional items and fair value adjustments

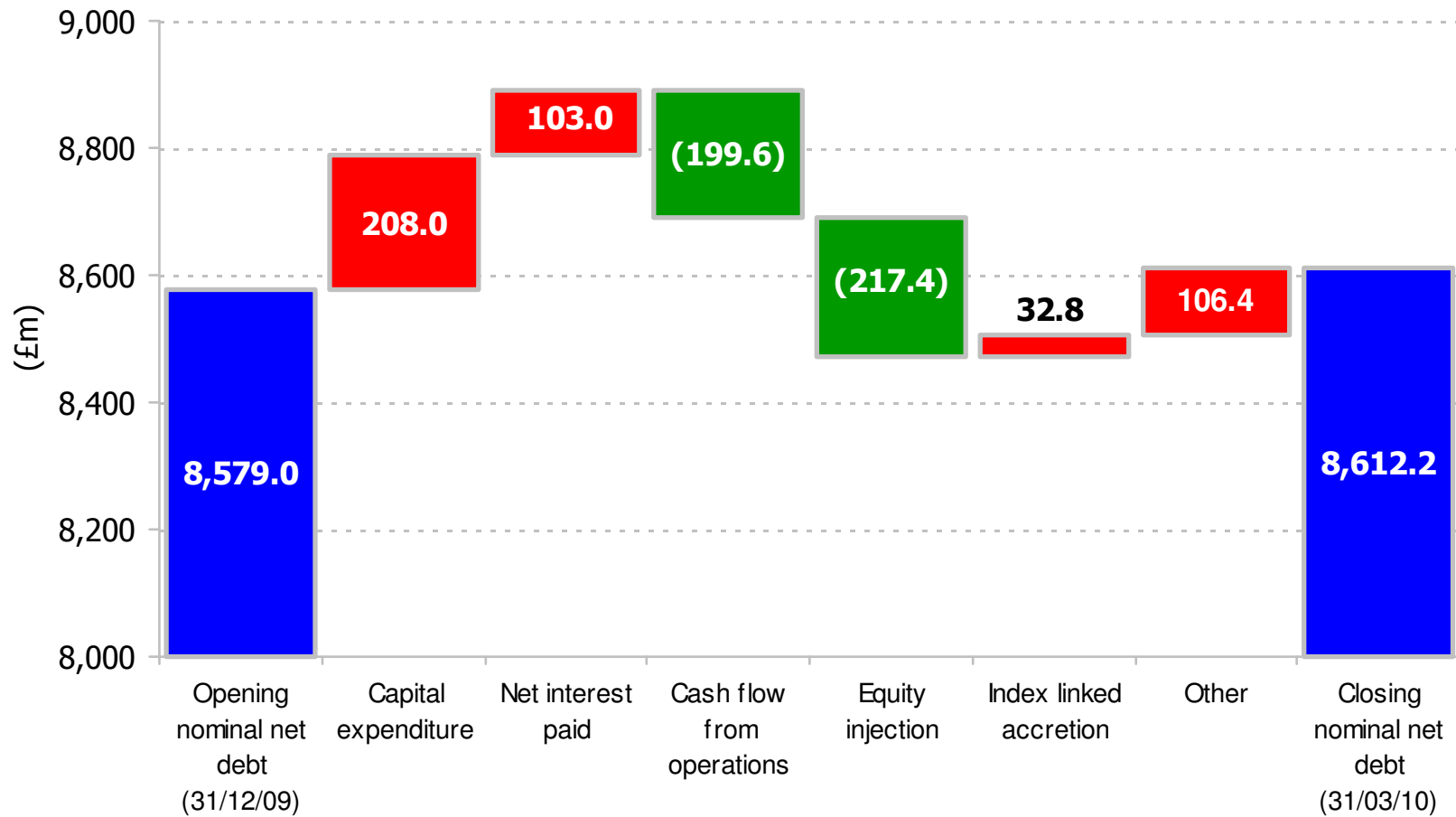
	Q1 2009 (£m)	Q1 2010 (£m)
Exceptional item: share of change in BAA Airports pension scheme deficit	21.5	38.5
Exceptional item: accelerated depreciation on Heathrow Terminal 1/2	24.1	14.0
Fair value loss on financial instruments	165.0	15.0
Other exceptional items	0.0	2.1
Total	210.6	69.6

Interest payable and interest paid reconciliation

	Q1 2009	Q1 2010		
<i>(figures in £m)</i>	Total	SP debenture	External debt	Total
Net interest payable (profit and loss account)	(327.2)	(18.7)	(177.3)	(196.0)
Fair value loss on financial instruments	165.0	0.0	15.0	15.0
Net interest payable net of fair value loss/(gain)	(162.2)	(18.7)	(162.3)	(181.0)
Amortisation of financing fees and fair value adjustments	27.5	0.0	12.5	12.5
Interest capitalised	(5.5)	0.0	(4.7)	(4.7)
Underlying net interest payable (profit and loss account)	(140.2)	(18.7)	(154.5)	(173.2)
Other adjustments to reconcile to interest paid				
Derivative interest prepayment amortisation	37.1	0.0	35.8	35.8
Movement in interest accruals/other	(39.5)	0.8	33.6	34.4
Net interest paid (cash flow statement)	(142.6)	(17.9)	(85.1)	(103.0)

Net debt remained broadly stable in first 3 months of 2010

Net debt bridge (December 2009 - March 2010)



Further headroom against gearing ratios

Gearing ratios (RAR)				
<i>(figures in £m unless otherwise stated)</i>	30 September 2009	31 December 2009	31 March 2010	Trigger levels
Ratio inputs				
Senior nominal net debt	8,771.0	7,919.6	7,952.8	n/a
Junior nominal net debt	9,771.0	8,579.0	8,612.2	n/a
Regulatory Asset Base	13,155.7	11,743.9	12,034.0	n/a
Ratios				
Senior RAR	0.667x	0.674x	0.661x	>0.700x
Junior RAR	0.743x	0.731x	0.716x	>0.850x

See page 20 for notes and defined terms

Conclusion

- Strong financial performance
- Continued momentum in retail activities
- £28 million post-Q1 one-off impact of volcanic ash disruption
- Excluding this disruption, 2010 outlook in line with expectations

Appendix

Nominal net debt at 31 March 2010

		Debt outstanding at 31 March 2010		Amount and features of available facilities			
		Amount		Local currency	S&P/Fitch Rating	Maturity	
		(£m)		(m)	(£m)		
Senior (Class A)							
Bonds		680.2	396.4	999.9	680.2	A-/A-	2012/14
		512.9	299.9	396.4	396.4	A-/A-	2013/15
		510.2	249.8	749.9	512.9	A-/A-	2014/16
		249.8	749.6	299.9	299.9	A-/A-	2016/18
		749.6	700.0	750.0	510.2	A-/A-	2018/20
		700.0	199.9	249.8	249.8	A-/A-	2021/23
		199.9	900.0	749.6	749.6	A-/A-	2023/25
		237.9	237.9	700.0	700.0	A-/A-	2026/28
				199.9	199.9	A-/A-	2028/30
				900.0	900.0	A-/A-	2031/33
				237.9	237.9	A-/A-	2039/41
Total bonds		5,436.8		5,436.8			
Bank debt		1,624.0		1,624.0	1,624.0	A-/A-	2011/13
Refinancing Facility		363.1		363.1	363.1	A-/A-	2010/22
EIB Facility		520.0		2,300.0	2,300.0	n/a	2013
Capex Facility		0.0		50.0	50.0	n/a	2013
Working Capital Facility							
Total bank debt		2,507.1		4,337.1			
Total senior debt		7,943.9		9,773.9			
Junior (Class B)							
Bank debt		659.4		659.4	659.4	BBB/BBB	2011/13
Refinancing Facility		0.0		400.0	400.0	n/a	2013
Capex Facility							
Total junior debt		659.4		1,059.4			
Gross debt		8,603.3		10,833.3			
Cash		(47.0)					
Index-linked derivative accretion		55.9					
Net debt		8,612.2					

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 relative to three months ended 31 March 2009
 - All figures 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
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 - Totals and percentage change calculated using un-rounded passenger numbers
 - European traffic includes North African charter traffic
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 - Adjusted operating costs exclude depreciation 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 £4.5 million of income under Gatwick transitional services agreements and £5.0 million in additional pension service costs and in 2009 for £12.5 million in aeronautical income due to phasing of tariff increases and £8.9 million of intra-group charges previously applied to Gatwick
 - 2009 net debt and RAB figures are as at 31 December 2009
 - RAB figure at 31 March 2010 is provisional with final figures to be published in the regulatory accounts for the year ended 31 March 2010
 - Net debt is calculated on a nominal basis excluding intra-BAA group loans and restricted cash and including index-linked derivative accretion
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 - Analysis excludes £2.9 million in non-recurring car parking income at Heathrow in three months ended 31 March 2009
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 - Adjusted operating costs exclude depreciation and exceptional items
 - Underlying adjusted operating costs in 2009 adds £8.9 million of intra-group charges previously applied to Gatwick and in 2010 deducts £5.0 million in additional pension service costs
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 - Gearing ratio is the ratio of nominal net debt (including index-linked derivative accretion) to RAB. Net debt at 31 December 2009 and 31 March 2010 excludes £143.0 million in restricted cash from the Gatwick disposal held in escrow to meet potential pension commutation payments
 - RAB figure at 31 March 2010 is provisional with final figures to be published in the regulatory accounts for the year ended 31 March 2010
 - Senior gearing ratio could be reduced by utilising the currently undrawn junior tranche of capital expenditure facility

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