BAA

Investor update

May 2010

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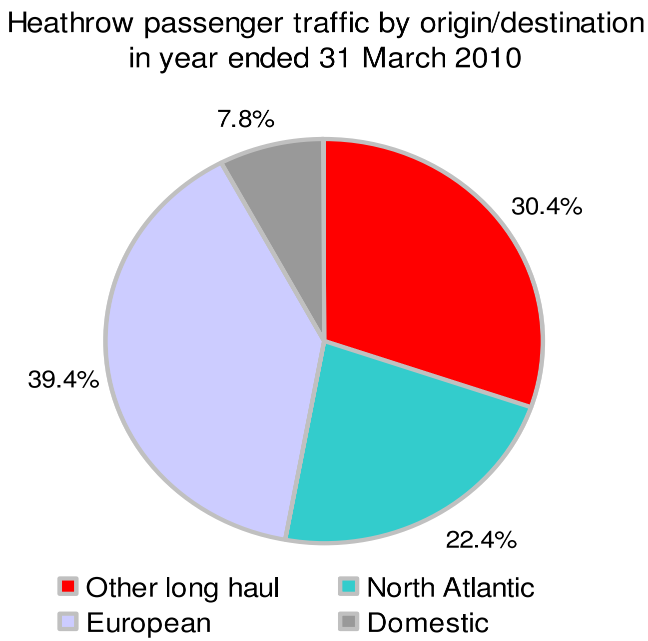
Heathrow – the world's largest international airport

- Ranked first in Europe and third globally in passenger numbers
- Sustained growth in emerging market long haul routes
- Diverse passenger and airline mix



"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)

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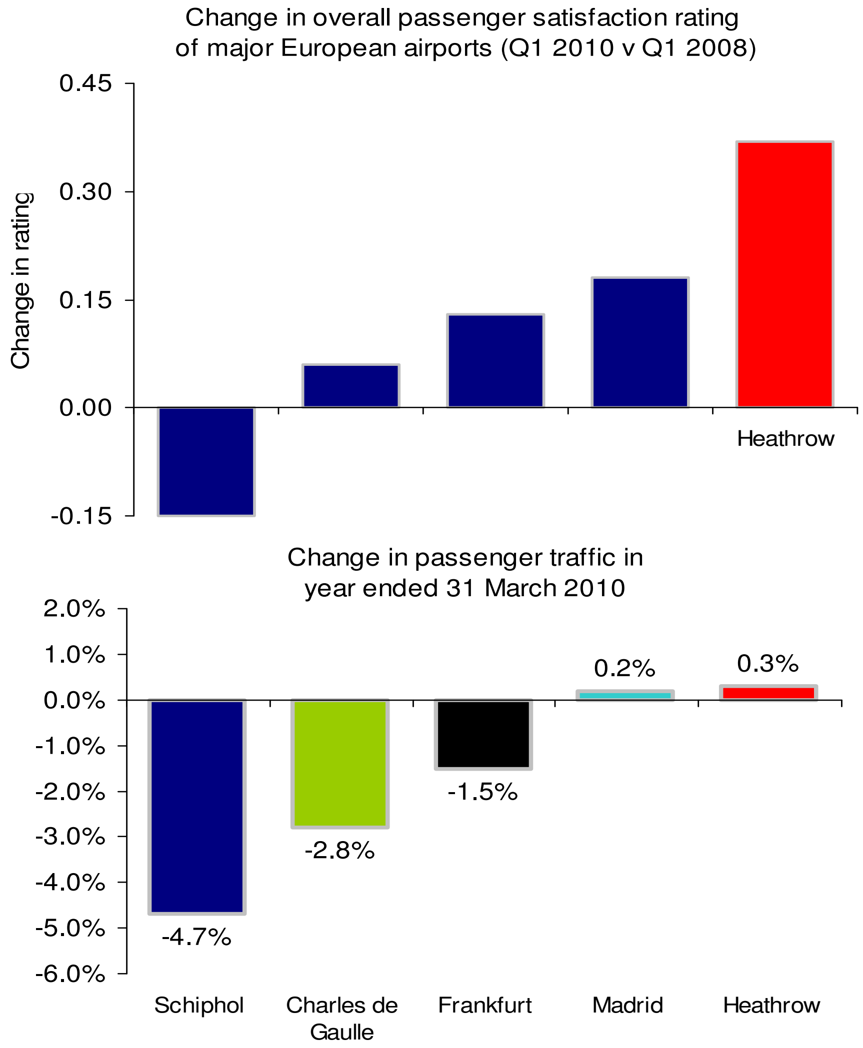
Heathrow outperforming its competitors

- Operational focus underpinning improved performance

- Resilient traffic performance



See page 19 for notes and defined terms

Heathrow retail also outperforming

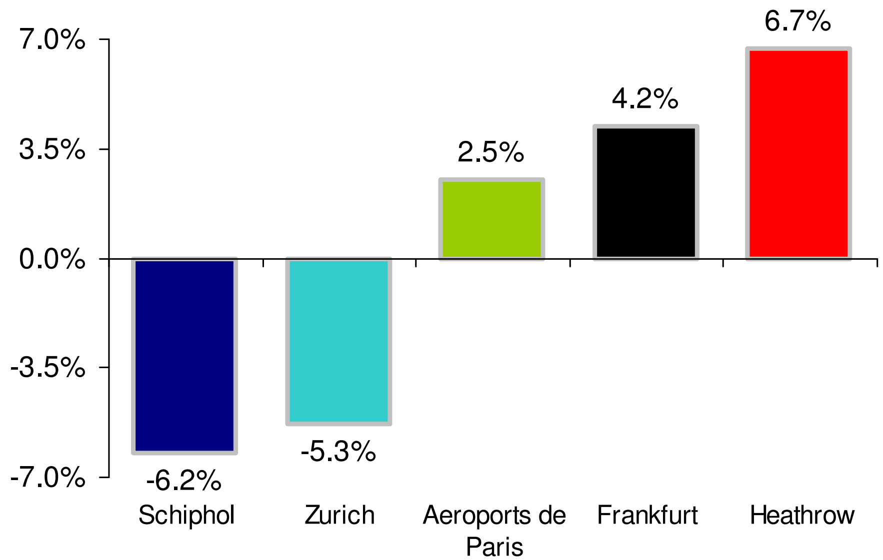
- Structural shift in retail spend

- Recent performance drivers
  - enhancements to passenger experience
  - origin and destination traffic growth in 2010

- Outperformance continuing into 2010

- Global retail award winner

Change in retail income per passenger in 12 months ended 31 December 2009



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Capital transformation programme continues

- Heathrow
  - improving operations whilst progressing ‘brownfield’ investment
  - new Terminal 2
    - demolition of old Terminal 2 underway and to be complete by end 2010
    - construction of new terminal commenced
  - Terminal 5C on track to open early 2011
  - integrated baggage system progresses
  - 5 airline relocations completed in 2010
- Stansted
  - modest investment on modernising existing infrastructure in current quinquennium

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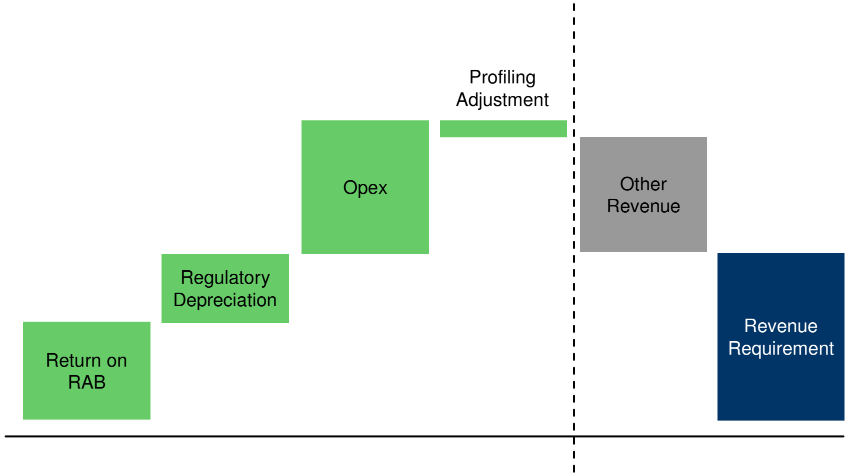
Stable regulatory environment

- ‘Single till’ price regulation
- Regulator statutory duties include
  - promoting efficient, economic and profitable operation at airports
- Five year regulatory periods
  - 2013 at Heathrow
  - 2014 at Stansted
- Positive outcome to review of airport economic regulation
- New government opposed to airport expansion plans

Price control building blocks



Revenue requirement divided by forecast passengers to produce maximum allowable yield per passenger

Maximum allowable yield then adjusted using an RPI+/-X% formula for the remaining years of the regulatory period

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Passenger traffic trends continued to improve in Q1 2010

- 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**
By airport			
Heathrow	14.4	**14.6**	**+1.6%**
Stansted	4.1	**3.9**	**-4.7%**
Total	**18.5**	**18.6**	**+0.2%**
By market served			
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 19 for notes and defined terms

Eyjafjallajøkull

- London airports closed from 15 April to 20 April
- Normal airline schedules re-established from 22 April
- April passenger traffic (v 2009)
  - Heathrow: -1.2 million
  - Stansted: -0.4 million
- Estimated £28 million Adjusted EBITDA reduction
  - 3% of 2009 Adjusted EBITDA

...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)

A good start to 2010

(figures in £m unless otherwise stated)	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 19 for notes and defined terms

Revenue growth led by revised tariffs and retail

(figures in £m unless otherwise stated)	Q1 2009	**Q1 2010**	**Change**
Aeronautical income	232.0	**238.7**	+2.9%
Underlying aeronautical income	219.5	**238.7**	+8.7%
Underlying gross retail income	94.7	**103.1**	+8.9%
Underlying net retail income ('NRI')	86.2	95.6	+10.9%
NRI per passenger	£4.65	**£5.15**	+10.7%
NRI per passenger (Heathrow)	£4.95	**£5.51**	+11.3%

See page 19 for notes and defined terms

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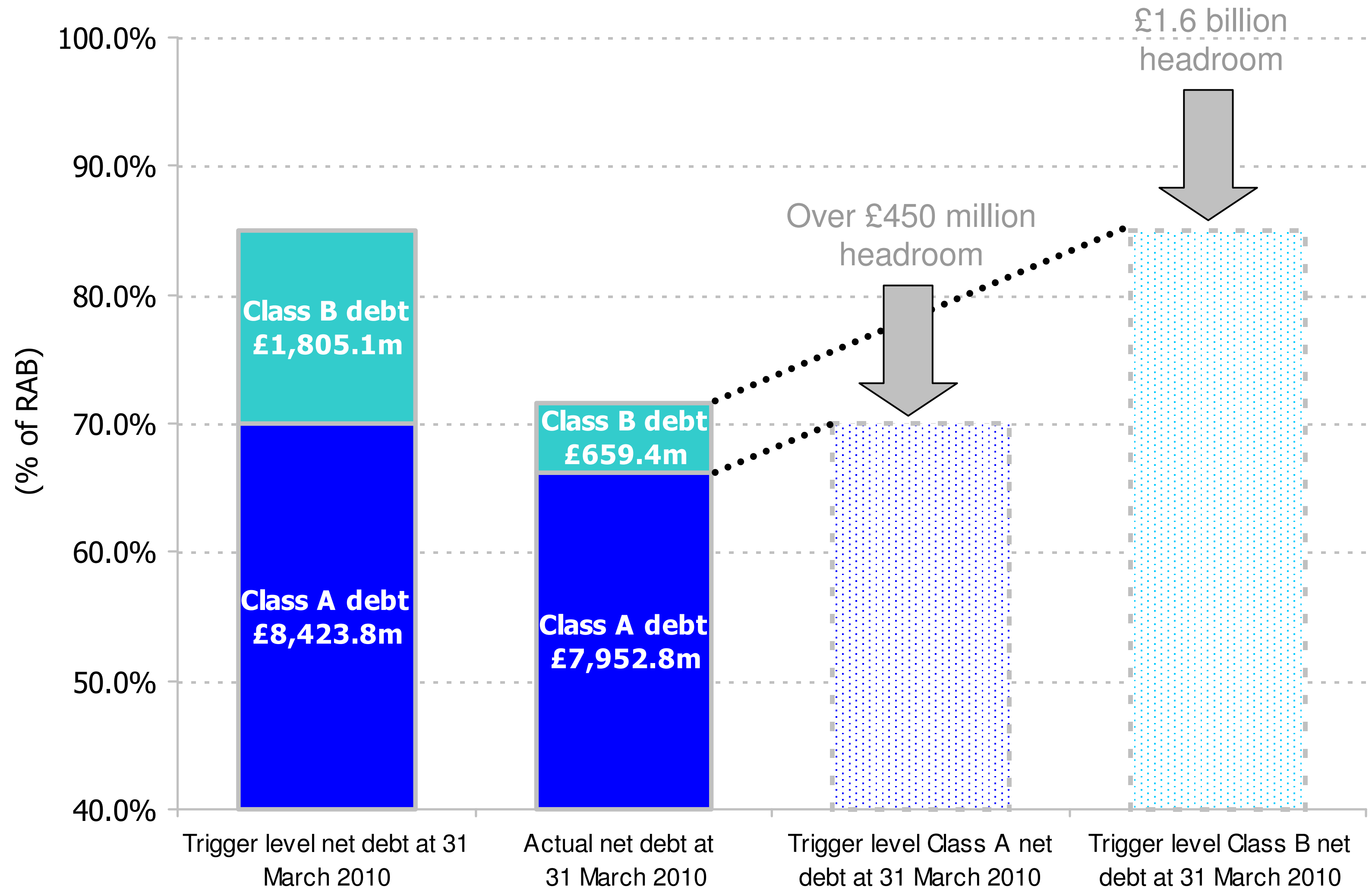
Strong creditor protections

- First ranking security
- Operational and financial covenants
- Regular information flow
- Distribution lock-ups if triggers breached
- Significant liquidity enhancements
- Minimum hedging requirement

Increasing headroom in capital structure



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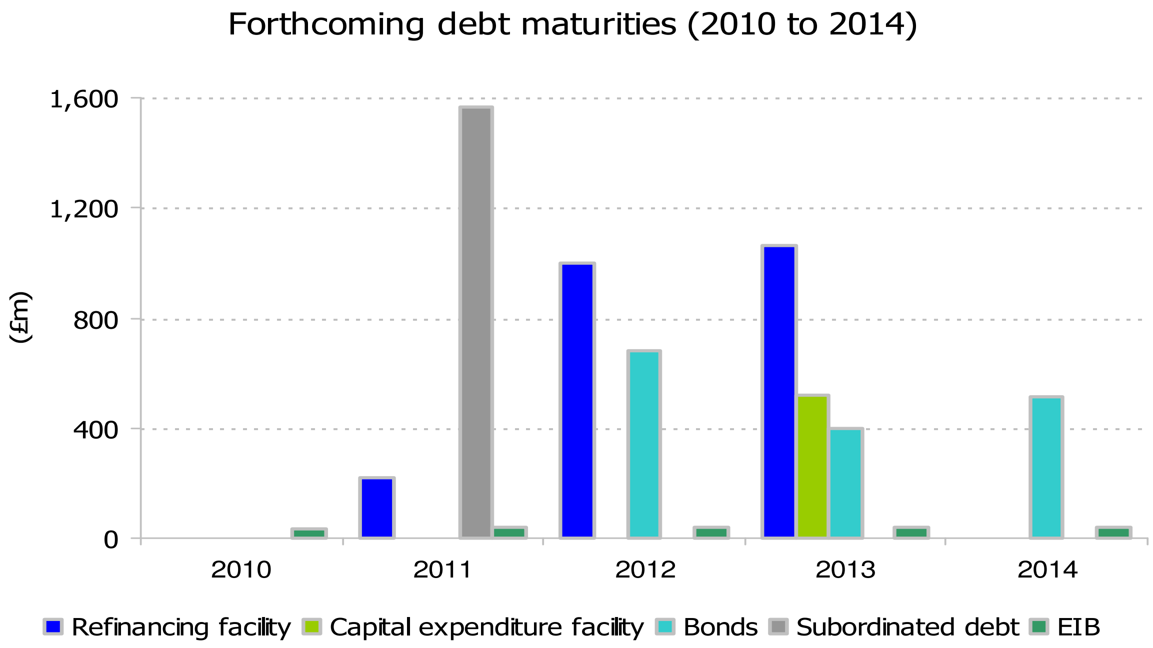
Future issuance plans

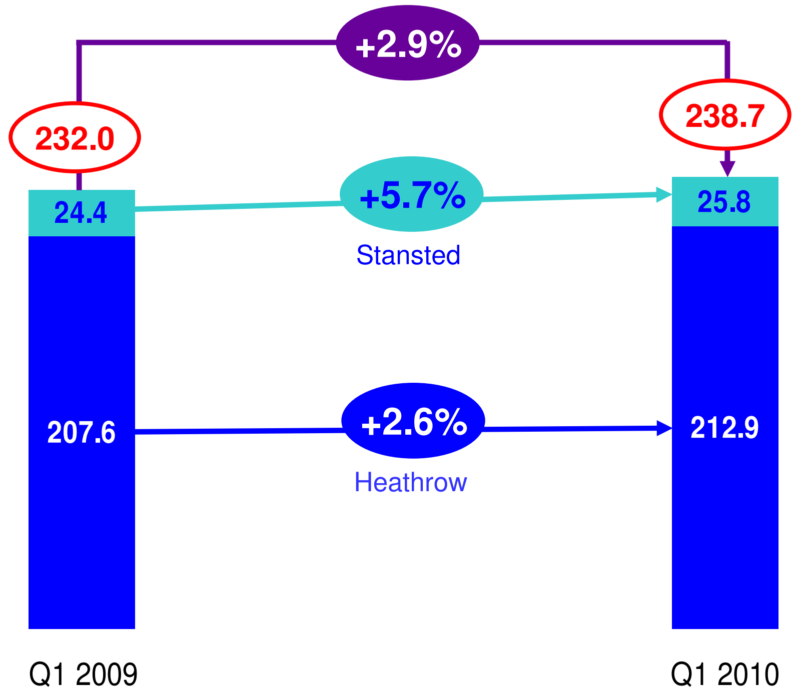
- Ongoing refinancing of bank refinancing facility
  – class A and B tranches of facility mature between 2011 and 2013
- Optimise mix of class A, class B and subordinated debt
- Natural issuer of index-linked debt



Appendix

Aeronautical income in first three months of 2010

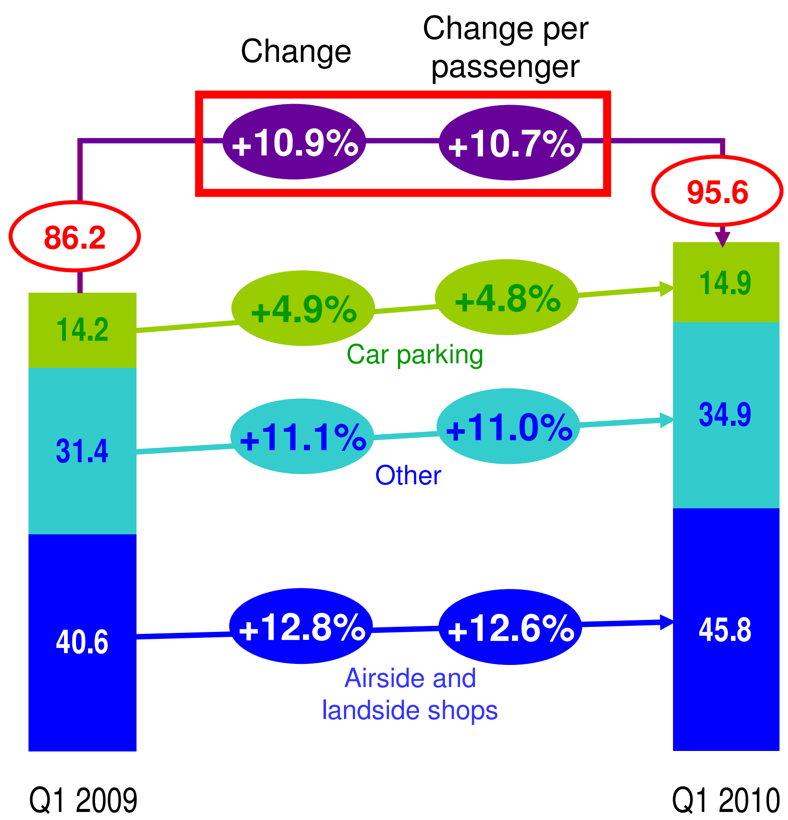
- Increased aeronautical income supports substantial investment
  - 2.9% reported growth
  - 8.7% underlying growth
- Heathrow up underlying 9.1%
- Underlying growth adjusts for £12.5 million of Q1 2009 income due to phasing of tariff increases



Retail income in first three months of 2010

- 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



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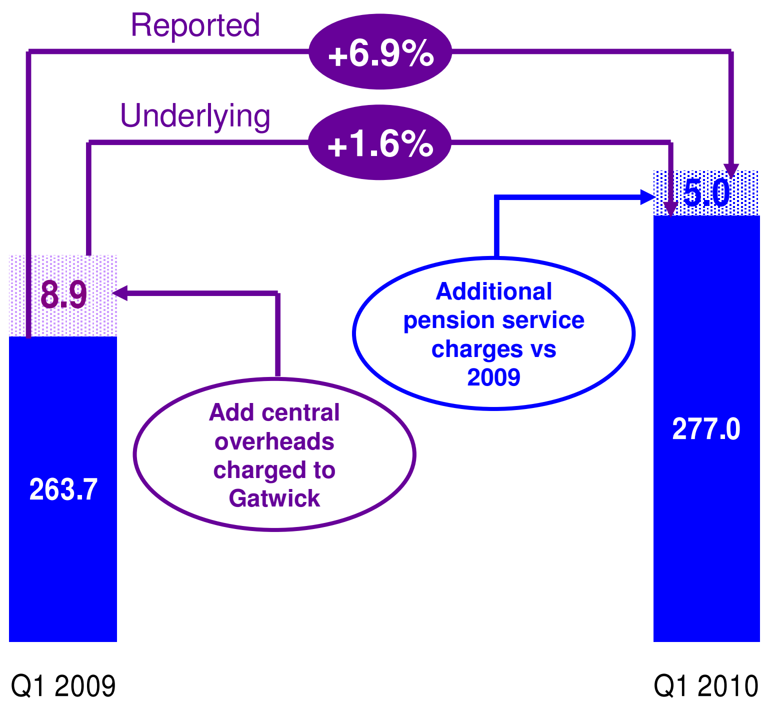
Operating cost performance in first three months of 2010

- 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%

Analysis of adjusted operating costs



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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
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
		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
		237.9	237.9	237.9	A-/A-	2039/41
Total bonds		**5,436.8**		**5,436.8**		
Bank debt	Refinancing Facility	1,624.0	1,624.0	1,624.0	A-/A-	2011/13
	EIB Facility	363.1	363.1	363.1	A-/A-	2010/22
	Capex Facility	520.0	2,300.0	2,300.0	n/a	2013
	Working Capital Facility	0.0	50.0	50.0	n/a	2013
Total bank debt		**2,507.1**		**4,337.1**		
Total senior debt		**7,943.9**		**9,773.9**		
Junior (Class B)						
Bank debt	Refinancing Facility	659.4	659.4	659.4	BBB/BBB	2011/13
	Capex Facility	0.0	400.0	400.0	n/a	2013
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 3
  - Sources: overall passenger satisfaction ratings taken from quarterly Airport Service Quality surveys compiled byAirport Council International; change in passenger traffic data based on data taken from relevant company websites
- Page 4
  - Retail income includes income from in-terminal retail activities (including catering, bureaux de change, car rental and advertising) and car parking
- Page 7
  - Totals and percentage change calculated using un-rounded passenger numbers
  - European traffic includes North African charter traffic
- Page 9
  - 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
- Page 10
  - Underlying aeronautical income excludes £12.5 million in 2009 due to phasing of tariff increases
  - Underlying gross and net retail income excludes £2.9 million in non-recurring car parking income at Heathrow in 2009
- Page 12
  - Class A debt headroom to trigger levels is over £850 million including undrawn class B tranche of capital expenditure facility
- Page 13
  - Amount of capital expenditure facility maturity is based on outstandings under facility at 31 March 2010
- Page 16
  - Analysis excludes £2.9 million in non-recurring car parking income at Heathrow in 2009
- Page 17
  - 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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