

GRUPO FERROVIAL, S.A., en cumplimiento de lo establecido en el artículo 82 de la Ley del Mercado de Valores, pone en conocimiento de la Comisión Nacional del Mercado de Valores la siguiente:

### **INFORMACION RELEVANTE**

Airport Development and Investment Limited (“ADI”) es la sociedad constituida por los miembros del Consorcio formado por Ferrovial Infraestructuras, S.A., 100% filial de Grupo Ferrovial, S.A., junto con Caisse de dépôt et placement du Québec y una sociedad de inversión dirigida por GIC Special Investments Pte Ltd para la realización de las ofertas de adquisición de la totalidad del capital emitido y que pueda ser emitido de BAA Plc (“BAA”) y de todos los bonos convertibles en acciones de BAA (las “Ofertas”).

ADI, de conformidad con los requisitos de la Sección 2.5 del *City Code on Takeovers and Mergers* del Reino Unido, ha anunciado hoy, por medio de sus asesores Citigroup Global Markets Limited y Macquarie Bank Limited, y a través del Regulatory Information System de la Bolsa de Londres, la revisión e incremento de las Ofertas vinculantes (la “Ofertas Revisadas”).

La Ofertas Revisadas, que tienen carácter unilateral, es decir, que no están ligadas a una recomendación del Consejo de Administración de BAA, se dirigen a todos los accionistas de BAA y se formulan como compraventa en metálico, siendo la contraprestación 900 peniques por cada acción de BAA, lo que supone un incremento de 90 peniques por acción con respecto al valor de las Ofertas, anunciado por ADI el 7 de abril de 2006, y una valoración aproximada de BAA de 9.732 millones de libras esterlinas. Según los términos de las ofertas revisadas, los accionistas de BAA no recibirán el dividendo final de 15,25 peniques por acción que anunció BAA el pasado 16 de mayo de 2006.

Asimismo, se realiza una revisión e incremento de la oferta en metálico realizada a los titulares de bonos convertibles (bonos convertibles del 2008 y bonos convertibles 2009) en acciones de BAA, que refleja un valor mejorado respecto del que corresponde a la ecuación de canje de conversión de los bonos en caso de cambio de control y un valor mejorado con respecto a las ofertas sobre los bonos convertibles en acciones de BAA realizada el pasado 7 de abril de 2006.

La efectividad de las Ofertas Revisadas están sujetas a la obtención de aceptaciones que representen, al menos, el 90% del total de las acciones ordinarias de BAA, u otro porcentaje inferior que el Consorcio pudiera establecer en su caso, de acuerdo con los

términos y condiciones ya comunicados al mercado y que constan en el citado anuncio y en su Anexo 1.

El período de aceptación de las Ofertas Revisadas se extiende hasta las 13:00 horas (hora de Londres) del 19 de junio de 2006.

Asimismo, las Ofertas Revisadas están sujetas a otras condiciones que se detallan en el Anexo 1 del citado anuncio.

Se adjunta como Anexo a esta comunicación el anuncio en su versión original en inglés, cuya traducción se remitirá en breve a esa Comisión.

Madrid, 30 de mayo de 2006

José María Pérez Tremps  
Consejero-Secretario de GRUPO FERROVIAL, S.A.

**FOR IMMEDIATE RELEASE**

30 May 2006

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN OR INTO CANADA**

**INCREASED CASH OFFERS**

**by**

**AIRPORT DEVELOPMENT AND INVESTMENT LIMITED**

**a company held by**

**A CONSORTIUM FORMED AT THE DIRECTION OF FERROVIAL  
INFRAESTRUCTURAS, S.A., CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC  
AND GIC SPECIAL INVESTMENTS PTE LTD**

**for**

**BAA PLC**

**Summary**

- Airport Development and Investment Limited (the "Offeror") yesterday submitted to the Chairman of BAA plc ("BAA") the terms of a significantly increased cash offer of 900 pence per BAA Share to acquire the entire issued and to be issued share capital of BAA (the "Increased Ordinary Offer") and significantly increased cash offers to acquire all of the outstanding BAA Convertible Bonds (the "Increased Convertible Offers" and, together with the Increased Ordinary Offer, the "Increased Offers").
- The BAA Board notified the Offeror that it had decided to reject the Increased Offers. The Board of the Offeror believes that the Increased Offers represent extremely attractive value for BAA Shareholders and BAA Convertible Bondholders respectively and hence is disappointed that BAA has chosen to reject such offers without further discussion. It remains the preference of the Board of the Offeror to proceed with the transaction on a recommended basis. However, given the unwillingness of the BAA Board to engage with the Offeror and the attractiveness of the Increased Offers, the Board of the Offeror has decided to announce the terms of the Increased Offers.
- The Increased Ordinary Offer will be made on the following basis:
  - 900 pence in cash for each BAA Share.

- Under the terms of the Increased Ordinary Offer, BAA Shareholders will not receive the proposed final dividend of 15.25 pence per BAA Share.
- The Increased Ordinary Offer values BAA's existing issued share capital at approximately £9.732 billion and provides BAA Shareholders with an opportunity to realise value in cash at a substantial premium to BAA's pre-bid speculation share price.
- The Increased Ordinary Offer represents:
  - a premium of 41 per cent. to the average share price of 637 pence for the 30 days ended on 6 February 2006, the day before speculation began about the possibility of an offer for BAA;
  - a premium of 46 per cent. to the average share price of 615 pence for the 12 months ended on 6 February 2006;
  - a multiple of 22.1x BAA's undiluted pre-exceptional earnings per share of 40.7 pence for the year ended 31 March 2006; and
  - an increase of 90 pence per BAA Share (amounting to an increase of 11 per cent.) on the Offeror's previous offer of 810 pence per BAA Share for the entire issued and to be issued share capital of BAA.
- The Increased Convertible Offers will be made on the following basis:
  - £1,374 for each £1,000 nominal of 2008 Convertible Bonds; and
  - £1,583 for each £1,000 nominal of 2009 Convertible Bonds.

These values reflect the respective enhanced conversion prices of the BAA Convertible Bonds which apply in the event of a change of control of BAA (net of the proposed final dividend).

- The Consortium has made significant progress on various aspects of the transaction since 7 April 2006 (the date of the announcement of the Original Offers), including:
  - clearance (without conditions) from the European Commission in relation to the proposed transaction;
  - agreement with the BAA pension scheme trustees as to an appropriate and robust strategy (including a strengthened funding target and security) for the pension scheme in the event of an acquisition of BAA by the Offeror; and
  - an open and constructive dialogue with the Civil Aviation Authority and the UK Government as to the Offeror's business plan, proposed financial structure and ability to deliver its investment commitments.
- The Increased Ordinary Offer provides BAA Shareholders with an extremely attractive cash exit at a price which the Offeror believes would not be sustained in the absence of a bid.
- BAA Shareholders and BAA Convertible Bondholders are urged to accept the Increased Offers as soon as possible and, in any event, by no later than 1.00pm (London time) on 19 June 2006.

*This summary should be read in conjunction with, and is subject to, the full text of the following announcement (including the Appendices). The Increased Offers will be subject to the Conditions and certain further terms set out in Appendix 1 and the terms and conditions set out in the Revised Offer Documentation when issued. Appendix 2 contains definitions of certain terms used in this summary and in the following announcement. Appendix 3 contains the sources and bases of certain information used in this summary and in the following announcement.*

**Enquiries:**

**Citigroup**

David Wormsley	+ 44 20 7986 7692
Philip Robert-Tissot	+ 44 20 7986 7519
David James (Corporate Broking)	+ 44 20 7986 0732
Simon Alexander (Corporate Broking)	+ 44 20 7986 0963

**Citigate**

Ginny Pulbrook	+ 44 20 7282 2945
----------------	-------------------

**Grupo Albion**

Alex Moore	+ 34 91 531 2388
------------	------------------

Citigroup Global Markets Limited is acting for the Offeror, Ferrovial Infra, CDP and GIC SI Investor and no one else in connection with the Increased Offers and matters described in this announcement, and will not be responsible to anyone other than the Offeror, Ferrovial Infra, CDP and GIC SI Investor for providing the protections afforded to clients of Citigroup Global Markets Limited or for providing advice in relation to the Increased Offers and matters described in this announcement.

Macquarie Bank Limited is acting for the Offeror and no one else in connection with the Increased Offers and matters described in this announcement, and will not be responsible to anyone other than the Offeror for providing the protections afforded to clients of Macquarie Bank Limited or for providing advice in relation to the Increased Offers and matters described in this announcement.

HSBC Bank plc is acting for CDP and no one else in connection with the Increased Offers and matters described in this announcement, and will not be responsible to anyone other than CDP for providing the protections afforded to clients of HSBC Bank plc or for providing advice in relation to the Increased Offers and matters described in this announcement.

This announcement does not constitute or form part of any offer or invitation to sell or purchase any securities or solicitation of an offer to buy any securities pursuant to the Increased Offers or otherwise. The Increased Offers will be made solely by the Revised Offer Documentation, when issued, which will contain the full terms and conditions of the Increased Offers, including details of how the Increased Offers may be accepted.

Unless otherwise determined by the Offeror, the Increased Offers are not being, and will not be, made, directly or indirectly, in or into or by the use of the mails of, or by any other means (including, without limitation, electronic mail, facsimile transmission, telex,

telephone, internet or other forms of electronic communication) of interstate or foreign commerce of, or any facility of a national securities exchange of Canada or any jurisdiction where to do so would violate the laws of that jurisdiction and will not be capable of acceptance by any such use, means or facility or from within Canada or any such jurisdiction. Accordingly, unless otherwise determined by the Offeror, copies of this announcement are not being, and must not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent in, into or from Canada or any such jurisdiction and persons receiving this announcement (including, without limitation, custodians, nominees and trustees) must not mail or otherwise distribute or send it in, into or from such jurisdiction, as doing so may invalidate any purported acceptance of the Increased Offers. Any person (including, without limitation, any custodian, nominee and trustee) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this announcement and/or the Revised Offer Documentation and/or any other related document to any jurisdiction outside the United Kingdom and the United States should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction.

The Loan Notes that may be issued pursuant to the Loan Note Alternative will not be transferable and will not be listed on any stock exchange and, unless otherwise determined by the Offeror, have not been, and will not be, registered under the US Securities Act or under the securities laws of any jurisdiction of the United States nor have the relevant clearances been, nor will they be, nor have any steps been taken, nor will any steps be taken, to enable the Loan Notes to be offered in compliance with applicable securities laws of Australia, Canada or Japan (or any province or territory thereof, if applicable) or any other jurisdiction if to do so would constitute a violation of the relevant laws in such jurisdiction. Accordingly, unless otherwise determined by the Offeror and the relevant clearances are obtained or steps are taken, the Loan Notes may not be offered, sold, resold or delivered, directly or indirectly, in, into or from the United States (or to US Persons, as defined in Rule 902 of Regulation S under the US Securities Act), Australia, Canada or Japan (or to any residents thereof) or any other jurisdiction (or to residents in that jurisdiction) if to do so would constitute a violation of the relevant laws in such jurisdiction. Neither the US Securities and Exchange Commission ("the SEC") nor any US state securities commission has approved or disapproved of the Loan Notes, or determined if this announcement is accurate or complete. Any representation to the contrary is a criminal offence.

An offer for BAA Shares and offers for BAA Convertible Bonds would be for the securities of a corporation organised under the laws of England and would be subject to the procedure and disclosure requirements of England, which are different from those of the United States. The financial information included in the Original and Revised Offer Documentation has not been, and will not be, prepared in accordance with generally accepted accounting principles in the United States ("US GAAP") and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with US GAAP. Also, the settlement procedure with respect to the offers will be consistent with UK practice,

which differs from US domestic tender offer procedures in certain material respects, particularly with regard to date of payment.

It may be difficult for US holders of BAA securities to enforce their rights and any claim arising out of the US federal securities laws, since the Offeror and the Consortium (and their respective members) and BAA are located outside of the United States, and some or all of their officers and directors may be resident outside of the United States. US holders of BAA securities may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the US securities laws. Further, it may be difficult to compel a foreign company and its affiliates to subject themselves to a US court's judgment.

To the extent permitted by applicable law, in accordance with normal UK practice and pursuant to exemptive relief granted by the Staff of the Division of Market Regulation of the SEC from Rule 14e-5 of the US Exchange Act, the Offeror and its members or their respective nominees, or brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, BAA securities other than pursuant to any such offer, such as in open market or privately negotiated purchases outside the United States during the period in which the offer remains open for acceptance. In accordance with the requirements of Rule 14e-5 and exemptive relief granted by the SEC, such purchases, or arrangements to purchase, must comply with English law, the City Code and the Listing Rules. In addition, in accordance with Rule 14e-5(b) of the US Exchange Act, Citigroup Global Markets Limited and HSBC Bank plc will continue to act as exempt market makers in BAA securities on the London Stock Exchange. HSBC Financial Products (France) SNC has been granted ad hoc Exempt Principal Trader status in relation to BAA. Any information about such purchases will be disclosed as required in the UK and will be available from the Regulatory News Service on the London Stock Exchange website, [www.londonstockexchange.com](http://www.londonstockexchange.com). This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.

This announcement may contain various "forward-looking statements" within the meaning of section 27A of the US Securities Act and section 21E of the US Exchange Act relating to the Increased Offers, the Offeror, the Consortium or the BAA Group that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realised from the proposed acquisition of BAA. Information in this announcement relating to the BAA Group has been compiled from public sources. The statements can be identified by the use of forward-looking terminology, such as "believe", "expects", "prospect", "estimated", "should", "may" or the negative thereof, or other variations thereof, or comparable terminology indicating the Offeror's and/or the Consortium's expectations or beliefs concerning future events. The Offeror cautions that such statements are qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements. Other factors could also cause actual results to differ materially from expected results included in the statements. These factors include changes in regulatory environment, foreign political,

economic and currency risks associated with the integration of recently acquired companies.

### **Dealing disclosure requirements**

Under the provisions of Rule 8.3 of the City Code on Takeovers and Mergers (the “City Code”), if any person is, or becomes, “interested” (directly or indirectly) in 1% or more of any class of “relevant securities” of BAA, all “dealings” in any “relevant securities” of BAA (including by means of an option in respect of, or a derivative referenced to, any such “relevant securities”) must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the Increased Ordinary Offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the “offer period” otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of BAA, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the City Code, all “dealings” in “relevant securities” of BAA by the Offeror or BAA, or by any of its “associates”, must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Panel’s website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk).

“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative reference to, securities.

Terms in quotation marks are defined in the City Code, which can also be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, you should consult the Panel.



**FOR IMMEDIATE RELEASE**  
May 2006

30

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN OR  
INTO CANADA**

**INCREASED CASH OFFERS**

**by**

**AIRPORT DEVELOPMENT AND INVESTMENT LIMITED**

**a company held by**

**A CONSORTIUM FORMED AT THE DIRECTION OF FERROVIAL  
INFRAESTRUCTURAS, S.A., CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC  
AND GIC SPECIAL INVESTMENTS PTE LTD**

**for**

**BAA PLC**

**1. Introduction**

On 7 April 2006, the board of Airport Development and Investment Limited (the "Offeror") announced the terms of an 810 pence per BAA Share cash offer to acquire the entire issued and to be issued share capital of BAA plc ("BAA") and the terms of cash offers to acquire all of the outstanding BAA Convertible Bonds on enhanced conversion terms.

The Offeror yesterday submitted to the Chairman of BAA the terms of a significantly increased cash offer of 900 pence per BAA Share to acquire the entire issued and to be issued share capital of BAA (the "Increased Ordinary Offer") and significantly increased cash offers to acquire all of the outstanding BAA Convertible Bonds (the "Increased Convertible Offers" and, together with the Increased Ordinary Offer, the "Increased Offers").

The BAA Board notified the Offeror that it had decided to reject the Increased Offers. The Board of the Offeror believes that the Increased Offers represent extremely attractive value for BAA Shareholders and BAA Convertible Bondholders respectively and hence is disappointed that BAA has chosen to reject such offers without further discussion. It remains the preference of the Board of the Offeror to proceed with the transaction on a recommended basis. However, given the unwillingness of the BAA Board to engage with the Offeror and the attractiveness of the Increased Offers, the Board of the Offeror has decided to announce the terms of the Increased Offers.

## **2. The Increased Ordinary Offer**

The Increased Ordinary Offer, which is subject to the conditions and further terms set out below (and in Appendix 1) and the terms and conditions to be set out in the Revised Offer Documentation, will be made on the following basis:

### **900 pence in cash for each BAA Share**

*(increased from 810 pence in cash for each BAA Share under the Original Ordinary Offer)*

- Under the terms of the Increased Ordinary Offer, BAA Shareholders will not receive the proposed final dividend of 15.25 pence per BAA Share as announced by BAA on 16 May 2006 (the “BAA Final Dividend”).
- The Increased Ordinary Offer values BAA’s existing issued share capital at approximately £9.732 billion and provides BAA Shareholders with an opportunity to realise value in cash at a substantial premium to BAA’s pre-bid speculation share price. The Increased Ordinary Offer represents:
  - a premium of 41 per cent. to the average share price of 637 pence for the 30 days ended on 6 February 2006, the day before speculation began about the possibility of an offer for BAA;
  - a premium of 46 per cent. to the average share price of 615 pence for the 12 months ended on 6 February 2006;
  - a multiple of 22.1x BAA’s undiluted pre-exceptional earnings per share of 40.7 pence for the year ended 31 March 2006; and
  - an increase of 90 pence per BAA Share (amounting to an increase of 11 per cent.) on the Offeror’s previous offer of 810 pence per BAA Share for the entire issued and to be issued share capital of BAA.

The BAA Shares will be acquired by the Offeror fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights or interests whatsoever and together with all rights existing as at 7 April 2006 (the date the Original Offers were announced) or thereafter attaching thereto, including the right to receive and retain, in full, all dividends and other distributions (if any) declared, made or paid or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after 7 April 2006.

A Loan Note Alternative to the Increased Ordinary Offer will be made available subject to certain limitations.

## **3. The Increased Convertible Offers**

The Increased Convertible Offers, which are subject to the conditions and further terms set out below (and in Appendix 1) and the terms and conditions to be set out in the Revised Offer Documentation, will be made on the following basis:

### **£1,374 for each £1,000 nominal of 2008 Convertible Bonds**

*(increased from £1,258 in cash for each £1,000 nominal under the Original 2008 Convertible Offer)*

**£1,583 for each £1,000 nominal of 2009 Convertible Bonds**

*(increased from £1,449 in cash for each £1,000 nominal under the Original 2009 Convertible Offer)*

These values reflect the respective enhanced conversion prices of the BAA Convertible Bonds which apply in the event of a change of control of BAA, provided that, for the purposes of determining the respective enhanced conversion prices only, the Increased Ordinary Offer price shall be deemed to be net of the BAA Final Dividend.

The BAA Convertible Bonds will be acquired by the Offeror fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights or interests whatsoever and together with all rights existing as at 7 April 2006 or thereafter attaching thereto, including the right to receive and retain, in full, all interest payments and any other payments made on or after 7 April 2006 (other than pursuant to the Increased Convertible Offers).

The Increased Convertible Offers will not include a loan note alternative and will be conditional only on the Increased Ordinary Offer becoming or being declared unconditional in all respects.

As explained below, the Increased Ordinary Offer will be conditional upon, amongst other things, a certain level of acceptances having been received under the Increased Convertible Offers, which condition can be waived in whole or in part by the Offeror.

**4. The Offeror's plans for BAA**

***Plans for BAA's business***

The Offeror's aim is to maximize BAA's operational and financial efficiency, whilst also focusing on security, safety, good airline and passenger service and environmental issues. We are committed to the long-term ownership and continued development of BAA's business, and to the investment needs in the future.

The Offeror plans to keep together and to focus on BAA's UK airports. It will undertake a thorough review of BAA's other assets when it has access to detailed information about them following completion of the Increased Offers, with a view to determining whether to keep or sell these assets. The Offeror is willing to make such commitments in relation to BAA's Australian airport interests as will ensure compliance with the Australian Airports Act. The proceeds of any sale of BAA's non UK airport assets will primarily be used to repay acquisition debt.

The Offeror believes users will benefit materially from its commitment to cost-efficient and market demand driven investment, financing and operational efficiency and its focus on the UK airports. In particular, the Offeror believes that there are a number of possible ways to improve BAA's business which could deliver significant benefits to users in the medium to long-term. For example, the Offeror will look at reducing overheads, outsourcing certain functions where appropriate and improving procurement practices. The Offeror believes this would introduce both a higher degree of flexibility in the operations and best industry practices, resulting in higher service levels overall. Ferrovial's global experience of operating successful airports and infrastructure projects has helped the Offeror to identify these opportunities and is expected to assist it in implementing changes going forward.

Another area of focus for the Offeror will be the approach to users and other stakeholder relations. In particular, the Offeror is confident that consultation with users on investment plans and service levels can be improved. In addition, the Offeror believes that there are a number of areas where efficiency savings could be made. The Offeror believes that, historically, BAA has not focused sufficiently on ensuring all possible efficiencies are realised for the benefit of users.

***Investment Plans***

The Offeror has ensured that financing will be available to undertake the published capital expenditure programme of BAA in the UK. The need for terminal and runway capacity has been highlighted in the

ATWP and the Offeror recognises the importance of implementing its recommendations for the future development of the airports in South-East England in particular.

To assist in this process, the Offeror has arranged a £2.0 billion capital expenditure facility which is capable of being drawn for a five-year period. Should this funding source be fully utilised, the Offeror is confident it will be able to raise additional capital expenditure facilities to assist in funding further investment.

The Offeror is also aware of the current deadlock caused by BAA's investment plan for Stansted airport. In the Offeror's view, consultation with stakeholders in general, and users in particular, is of fundamental importance in developing new capacity. An alternative capital expenditure plan, already flagged to the CAA and the DfT, has been developed by the Offeror for Stansted. The Offeror believes that this plan, together with its fresh approach to stakeholder consultation, will allow BAA to meet the needs of all stakeholders within the current regulatory framework.

Overall, the Offeror believes its approach is strongly aligned with the interests of users while not materially transferring risk to them.

#### ***Refinancing***

Shortly after the completion of the acquisition of BAA, the Offeror intends to refinance the Senior Acquisition Facilities with a longer term financing structure based upon proven techniques adopted by other regulated companies. This process is intended to provide the medium and long-term financing required to support the investment needs of BAA.

#### ***BAA Employees***

The Offeror intends that the existing employment rights of all BAA Group employees would continue to be safeguarded and their accrued rights to pension benefits protected, in accordance with statutory requirements, notwithstanding its intention to review the future of BAA's non UK assets and look at possibilities for overhead reductions and outsourcings following the Increased Offers becoming unconditional. Any such steps would only be taken after consultation with the appropriate bodies in accordance with relevant law. The Offeror's plans do not involve any material change in the conditions of employment of BAA's employees, nor are there any current plans to change the principal locations of BAA's business.

## **5. Ferrovial Infra's arrangements with MAP**

As announced on 29 March 2006, Ferrovial Infra has entered into an agreement with MAP in relation to conditional put and call options (the "Options") over Ferrovial Infra's interests in Sydney and Bristol airports. Under the terms of the agreement, the Options may only be exercised if the Offeror acquires, directly or indirectly, shares carrying more than 50 per cent. of the voting rights of the share capital of BAA.

If the condition is satisfied, consistent with MAP's December 2005 valuations, the price at which MAP has an option to acquire Ferrovial Infra's 20.9 per cent. interest in Sydney airport is approximately A\$1,009 million (approximately £412 million) and the price at which MAP may acquire Ferrovial Infra's 50 per cent. interest in Bristol airport is approximately £106 million (in each case less any distributions paid by the relevant airport after 29 March 2006). Ferrovial Infra may exercise its put options at a 7.5 per cent. discount to the call option prices. Exercise of the Options is subject to the existing shareholder pre-emption arrangements. No fees have been paid for the Options, which expire after the earlier of 90 days from the date the Offeror acquires, directly or

indirectly, shares carrying more than 50 per cent. of the voting rights of the share capital of BAA and 365 days from the date of the agreement.

#### **6. Pensions**

As the Offeror announced on 24 May 2006, it has reached agreement with the trustee of the BAA pension scheme (the "Scheme") as to an appropriate and robust strategy (including a strengthened funding target and security) for the Scheme in the event of an acquisition of BAA by the Offeror.

#### **7. Anti-trust and Regulatory**

As the Offeror announced on 23 May 2006, its proposed acquisition of BAA has been reviewed and cleared by the European Commission, without conditions, and no other anti-trust notifications or processes are relevant in the EU or in any EU member state.

In relation to jurisdictions outside the EU in which BAA operates, the Offeror is confident that the implementation of the Increased Offers will not give rise to any material anti-trust or regulatory issues. In relation to Australia, the Consortium members would be willing to make such commitments as may be necessary to ensure compliance with the Australian Airports Act.

Separately, as the Offeror announced on 26 May 2006, it is aware that the OFT is considering looking into the market structure of the UK airport industry.

The Offeror is familiar with the UK regulatory framework and the various reviews that may take place. Indeed, the structure of the market has been considered at regular intervals since BAA was privatised. If the Offeror is successful in its offer for BAA, the Offeror will of course cooperate fully with any review, if the OFT does in due course decide to initiate one.

#### **8. Civil Aviation Authority and UK Government**

As the Offeror disclosed in its announcement of 15 May 2006, in recent weeks it has engaged in an open and constructive dialogue with the CAA and the UK Government.

The Offeror is committed to the long-term development of BAA's UK airports consistent with the recommendations of the ATWP. The required investment has been factored into the Offeror's business plan and has been taken into account in developing the Offeror's financing structure.

The Offeror is confident that it can deliver BAA a flexible, cost effective and robust financing structure that will ensure the investment set out in the ATWP is made consistent with the CAA's objectives.

#### **9. The Loan Note Alternative**

As an alternative to some or all of the cash consideration of 900 pence per BAA Share which would otherwise be receivable under the Increased Ordinary Offer, BAA Shareholders (other than, unless the Offeror otherwise determines, Restricted Overseas Persons and US Persons) who validly accept the Increased Ordinary Offer will, subject to the limitations and other provisions set out below and in the Revised Offer Documentation when issued, be able to elect to receive Loan Notes to be issued by the Offeror on the following basis:

**£1 nominal of Loan Notes for every £1 of cash consideration**

The Loan Notes, which will be governed by English law, will be unsecured obligations of the Offeror, guaranteed as to the principal amount only by The Royal Bank of Scotland plc.

The Loan Notes will bear interest at a rate of one half of one per cent. below LIBOR and payable in arrears. The Loan Notes will not be transferable and no application has been, or will be, made for them to be listed or dealt in on any stock exchange.

If valid elections for the Loan Note Alternative have not been received in respect of an aggregate of at least £50 million nominal value of Loan Notes by the time the Increased Ordinary Offer becomes or is declared unconditional in all respects, no Loan Notes will be issued, in which event BAA Shareholders who have elected for the Loan Note Alternative will then receive cash in accordance with the terms of the Increased Ordinary Offer.

Up to a maximum of £1 billion of Loan Notes in aggregate nominal amount will be available under the Loan Note Alternative. To the extent that BAA Shareholders validly elect to receive Loan Notes pursuant to the Loan Note Alternative which in aggregate nominal amount exceed such amount, the entitlement of each BAA Shareholder who so validly elects will be scaled down pro rata to the number of BAA Shares in respect of which he has elected for the Loan Note Alternative.

Unless otherwise determined by the Offeror, the Loan Notes that may be issued pursuant to the Increased Ordinary Offer are not, and will not be, registered under the US Securities Act or under the securities laws of any jurisdiction of the United States. Unless the Offeror otherwise determines, the relevant clearances have not been, nor will they be, sought, nor have any steps been taken, nor will any steps be taken, to enable the Loan Notes to be offered in compliance with applicable securities laws of Australia, Canada or Japan (or any province or territory thereof, if applicable) or any other jurisdiction if to do so would constitute a violation of the relevant laws in such jurisdiction. Accordingly, unless otherwise determined by the Offeror and the relevant clearances are obtained or steps are taken, the Loan Notes may not be offered, sold, resold or delivered, directly or indirectly, in, into or from the United States (or to US Persons, as defined in Rule 902 of Regulation S under the US Securities Act), Australia, Canada or Japan (or to any residents thereof) or any other jurisdiction (or to residents in that jurisdiction) if to do so would constitute a violation of the relevant laws in such jurisdiction. Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of the Loan Notes, or determined if this announcement is accurate or complete. Any representation to the contrary is a criminal offence.

The Loan Note Alternative will be conditional upon the Increased Ordinary Offer becoming or being declared unconditional in all respects and will remain open for election for so long as the Increased Ordinary Offer remains open for acceptance. The Loan Note Alternative will not be available to BAA Convertible Bondholders in respect of their BAA Convertible Bonds.

A summary of the principal terms of the Loan Note Alternative was set out in the Original Offer Document.

#### **10. BAA Share Schemes**

The Increased Ordinary Offer will extend to any BAA Shares unconditionally allotted or issued and fully paid whilst the Increased Ordinary Offer remains open for acceptance pursuant to the exercise of options under any of the BAA Share Schemes or as a result of vesting pursuant to the BAA Share Schemes.

Participants in the BAA Share Schemes will be written to separately and appropriate proposals will be made to such participants in due course.

#### **11. BAA American Depositary Receipts**

As the Increased Ordinary Offer is not being specifically extended to BAA ADRs representing BAA Shares, BAA ADR Holders who wish to participate in the Increased Ordinary Offer should take steps to present their BAA ADRs to the US Depositary for cancellation in accordance with the terms of the Deposit Agreement, including as to payment of the US Depositary's fees and any applicable transfer fees. Any underlying BAA Shares received by BAA ADR Holders upon such cancellation may then be tendered in the Increased Ordinary Offer following the procedures to be set out in the Revised Offer Documentation when issued.

#### **12. Conditionality of the Increased Offers**

The Increased Offers will be subject to the conditions and further terms set out in Appendix 1 and the terms and conditions to be set out in the Revised Offer Documentation when issued.

The Offeror would like to draw your attention to the following Conditions upon which, amongst others, the Increased Ordinary Offer will be conditional (the full details of such Conditions are set out in Appendix 1 and will be set out in the Revised Offer Documentation):

- The Offeror receiving valid acceptances of the Increased Ordinary Offer in respect of not less than 90 per cent. (or such lower percentage as the Offeror may decide) of the BAA Shares to which the Increased Ordinary Offer relates, provided that this will not be satisfied unless the Offeror and/or any of its wholly-owned subsidiaries shall have acquired or agreed to acquire BAA Shares carrying in aggregate more than 50 per cent. of the voting rights then normally exercisable at a general meeting of BAA. The Offeror has agreed with the Banks that, unless the Banks so consent, it will not declare the Increased Ordinary Offer unconditional as to acceptances until it has received valid acceptances in respect of BAA Shares such that following acquisition of those BAA Shares it would hold more than 75 per cent. of the ordinary shares in BAA (assuming for this purpose that all options, warrants and Convertible Bonds, which, as at the relevant time

have not been assented to an Increased Convertible Offer, had been converted or exercised).

- Valid acceptances being received (and not, where permitted, withdrawn) in respect of (i) not less than 90 per cent. (or such lower percentage as the Offeror may decide) in nominal value of the 2008 Convertible Bonds to which the Increased 2008 Convertible Offer relates; and (ii) not less than 90 per cent. (or such lower percentage as the Offeror may decide) in nominal value of the 2009 Convertible Bonds to which the Increased 2009 Convertible Offer relates.
- Since 7 April 2006 (being the date of the announcement of the Original Offers), none of the following having occurred:
  - the Secretary of State for Transport (“SSfT”) taking action in respect of traffic distribution, aircraft movement, allocating capacity or national security at any airport owned or managed by the Wider BAA Group (“a BAA Airport”) (or threatening or announcing its intention to do any of the same);
  - the CAA or SSfT imposing or modifying any conditions in respect of airport charges levied at a BAA Airport (or threatening or announcing its intention to do any of the same);
  - the CAA having modified or revoked any of the licences in respect of a BAA Airport;
  - the CAA having imposed or modified any condition which could require the Wider BAA Group or the FGP Topco Group to maintain a certain credit rating which would affect BAA’s ability to operate the business of the Wider BAA Group; or
  - any third party having proposed or otherwise indicated any intention to take any action referred to above or to enact a statute, order or other instrument with similar effect that is likely to have the same or similar effect on any member of the Wider BAA Group, in each case as that referred to in any of the preceding four sub-paragraphs,

in each case, to the extent that: (i) it would or might be expected by the Offeror to have an adverse effect on the Wider BAA Group; or (ii) it would be expected to result in any member of the Wider FGP Topco Group being required to give, procure or arrange any guarantee, security, collateral, financial undertaking or other form of financial support whatsoever.

In addition to the Banks’ rights in relation to the ability of the Offeror to declare the Increased Ordinary Offer unconditional as to acceptances in those certain circumstances described above, the Offeror has also agreed with the Banks that it will



not waive, amend or vary any other term or condition of any Increased Offer which is reasonably likely to be prejudicial to the interests of the Banks, unless it is required to do so by the Panel or a court of competent jurisdiction.

### **13. Disclosure of Interests in BAA**

Save for the:

- 378 BAA Shares held by persons presumed by the Panel to be acting in concert (within the meaning of the City Code) with Ferroviai;
- 1,514,626 BAA Shares held by CDP and persons presumed to be acting in concert (within the meaning of the City Code) with CDP;
- 5,951,899 BAA Shares, £3,000,000 in nominal amount 2008 Convertible Bonds and £3,500,000 in nominal amount 2009 Convertible Bonds held by persons presumed to be acting in concert (within the meaning of the City Code) with GIC SI;
- 71,512 BAA Shares held by Citigroup and persons presumed to be acting in concert (within the meaning of the City Code) with Citigroup;
- 1,901,193 BAA Shares held by Macquarie or various entities either directly or indirectly controlled by Macquarie or by funds managed by or to which advisory services are provided by such entities; and
- 155,249 BAA shares held by HSBC and various affiliates presumed to be acting in concert (within the meaning of the City Code) with HSBC,

none of the Offeror (nor any of the Offeror Directors), Ferroviai Infra, Ferroviai Investor, CDP Investor, GIC SI Investor nor, so far as each of the Offeror, Ferroviai Infra, Ferroviai Investor, CDP Investor or GIC SI Investor is aware, any person deemed to be acting in concert with the Offeror, owns or controls or has borrowed or lent (save for any borrowed shares which have been either on-lent or sold) any BAA Shares or any securities convertible or exchangeable into BAA Shares (including pursuant to any long exposure or short position, whether conditional or absolute and whether in the money or otherwise, to changes in the prices of securities) or any rights to subscribe for or purchase the same, or holds any options (including traded options) in respect of, or has any option to acquire, any BAA Shares or has entered into any derivatives referenced to BAA Shares ("Relevant BAA Shares") which remain outstanding, nor does any such person have any arrangement in relation to Relevant BAA Shares. An "arrangement" also includes any indemnity or option arrangement, any agreement or understanding, formal or informal, of whatever nature (including any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery), relating to Relevant BAA Shares which may be an inducement to deal or refrain from dealing in such securities.

All of the interests referred to above comprise holdings of ordinary shares in the share capital of BAA, save that:

- The interests of Citigroup and the persons presumed to be acting in concert with Citigroup in the 71,512 BAA Shares referred to above comprise derivatives (being contracts for differences) referenced to such shares. Of these BAA Shares, 61,460 are under short positions and 10,052 are under long positions; and
- The interests of CDP and the persons presumed to be acting in concert with CDP in the 1,514,626 BAA Shares referenced to the above comprise holdings of 1,511,968 ordinary shares in the share capital of BAA and also a derivative (being an equity swap) referenced to 2,658 BAA Shares.

All of the interests of GIC SI and the persons presumed to be acting in concert with GIC SI in the 2008 Convertible Bonds and 2009 Convertible Bonds comprise holdings of the relevant Convertible Bonds.

#### **14. Financing the Increased Offers**

The cash consideration payable by the Offeror to BAA Shareholders and BAA Convertible Bondholders under the terms of the Increased Ordinary Offer and Increased Convertible Offers respectively will be funded by a combination of equity and debt.

Ferrovial Infra, Ferrovial Investor, CDP and GIC SI have committed to provide (either directly or through an intermediate vehicle) equity funding to FGP Topco Limited (the indirect holding company of Airport Development and Investment Limited) in the following proportions: Ferrovial Infra (approximately 51.0%), Ferrovial Investor (approximately 10.83%), CDP (28.17%) and GIC SI (10%). Ferrovial Infra and Ferrovial Investor may each elect to syndicate a portion of its participation (including through the introduction of one or more new investors to the Consortium and including during the period through to the funding of the cash consideration under the Increased Ordinary Offer), provided that Ferrovial Infra's participation will not be reduced to such an extent that it will cease to hold a majority of the ownership of FGP Topco..

In addition to the equity commitments from Ferrovial Infra, Ferrovial Investor, CDP and GIC SI, the Offeror has obtained committed debt financing from Citigroup, The Royal Bank of Scotland, Banco Santander, HSBC and Calyon for the Increased Offers. These debt facilities are conditional, *inter alia*, on the Increased Ordinary Offer becoming or being declared unconditional in all respects. Further information on the debt and equity financing of the Increased Offers will be set out in the Revised Offer Documentation when issued.

The Offeror is committed to safe long-term funding in the global bond markets and, as such, plans to consult with BAA's existing bondholders (through the Association of British Insurers) to help develop its long-term funding plans.

Citigroup confirms that the financial resources are available to the Offeror sufficient to enable it to satisfy full acceptance of the Increased Offers.

## **15. Overseas BAA Shareholders**

The distribution of this announcement, and the availability of the Increased Offers, to persons who are not resident in the United Kingdom or the United States may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. Further details in relation to overseas shareholders and bondholders will be contained in the Revised Offer Documentation.

## **16. Delisting, compulsory acquisition and other post-acquisition steps**

### ***BAA Shares***

If the Offeror receives acceptances of the Increased Ordinary Offer in respect of, or otherwise acquires, 90 per cent. or more of the BAA Shares to which the Increased Ordinary Offer relates and assuming all other conditions of the Increased Ordinary Offer have been satisfied or waived (if they are capable of being waived), the Offeror intends to exercise its rights pursuant to the provisions of sections 428 to 430F (inclusive) of the Companies Act to acquire compulsorily the remaining BAA Shares to which the Increased Ordinary Offer relates on the same terms as the Increased Ordinary Offer.

If, following the Increased Ordinary Offer becoming or being declared unconditional in all respects, the BAA Shares are delisted from the Official List of the UK Listing Authority and trading of BAA Shares on the London Stock Exchange's market for listed securities is cancelled, **this will significantly reduce the liquidity and marketability of any BAA Shares not assented to the Increased Ordinary Offer.**

### ***BAA Convertible Bonds***

If the Offeror receives acceptances of the relevant Increased Convertible Offer in respect of, or otherwise acquires, 90 per cent. or more of the 2008 Convertible Bonds and/or the 2009 Convertible Bonds (as the case may be) to which the relevant Increased Convertible Offer relates and assuming the Increased Ordinary Offer has become unconditional in all respects, the Offeror intends to exercise its rights pursuant to the provisions of sections 428 to 430F (inclusive) of the Companies Act to acquire compulsorily the remaining 2008 Convertible Bonds and / or the 2009 Convertible Bonds (as the case may be) on the same terms as the relevant Increased Convertible Offer.

If, following the Increased Convertible Offers becoming or being declared unconditional in all respects, the relevant BAA Convertible Bonds are delisted from the Official List of the UK Listing Authority and trading of those bonds on the London Stock Exchange's market for listed debt is cancelled, **this will significantly reduce the liquidity and**

**marketability of any 2008 BAA Convertible Bonds or 2009 Convertible Bonds (as appropriate) not assented to the relevant Increased Convertible Offer.**

## **17. General**

This announcement does not constitute an offer to purchase or an invitation to sell any BAA Shares or BAA Convertible Bonds and any response to the Increased Offers should be made only on the basis of the information contained in the Revised Offer Documentation when issued.

The Increased Offers will be governed by English law and will be subject to the jurisdiction of the English courts. The Increased Offers will be subject to the applicable requirements of both the City Code and US federal securities laws, except to the extent that the SEC has granted exemptive relief from the US federal securities laws.

The Increased Offers will remain open until 1.00pm (London time) on Monday 19 June (unless agreed otherwise with the Panel).

The acquisitions of the BAA Shares and each class of the BAA Convertible Bonds are proposed to be implemented by way of takeover offers (within the meaning of section 428 of the Companies Act) but, in the event that the BAA Board recommends the Increased Ordinary Offer, the Offeror may, with the agreement of the BAA Board and the Panel, elect to implement all or any of those acquisitions by way of scheme(s) of arrangement pursuant to section 425 of the Companies Act.

The Increased Offers will be subject to the conditions and certain further terms set out in Appendix 1 and the terms and conditions set out in the Revised Offer Documentation when issued.

Appendix 1 sets out the Conditions and certain further terms to which the Increased Offers will be subject. Appendix 2 contains definitions of certain terms used in this announcement. Details of the sources and bases of certain information set out in this announcement are included in Appendix 3.

### **Enquiries:**

#### **Citigroup**

David Wormsley	+ 44 20 7986 7692
Philip Robert-Tissot	+ 44 20 7986 7519
David James (Corporate Broking)	+ 44 20 7986 0732
Simon Alexander (Corporate Broking)	+ 44 20 7986 0963

#### **Citigate**

Ginny Pulbrook	+ 44 20 7282 2945
----------------	-------------------

#### **Grupo Albion**

Alex Moore	+ 34 91 531 2388
------------	------------------

Citigroup Global Markets Limited is acting for the Offeror, Ferrovial Infra, CDP and GIC SI Investor and no one else in connection with the Increased Offers and matters described in this announcement, and will not be responsible to anyone other than the Offeror, Ferrovial Infra, CDP and GIC SI Investor for providing the protections afforded

to clients of Citigroup Global Markets Limited or for providing advice in relation to the Increased Offers and matters described in this announcement.

Macquarie Bank Limited is acting for the Offeror and no one else in connection with the Increased Offers and matters described in this announcement, and will not be responsible to anyone other than the Offeror for providing the protections afforded to clients of Macquarie Bank Limited or for providing advice in relation to the Increased Offers and matters described in this announcement.

HSBC Bank plc is acting for CDP and no one else in connection with the Increased Offers and matters described in this announcement, and will not be responsible to anyone other than CDP for providing the protections afforded to clients of HSBC Bank plc or for providing advice in relation to the Increased Offers and matters described in this announcement.

This announcement does not constitute or form part of any offer or invitation to sell or purchase any securities or solicitation of an offer to buy any securities pursuant to the Increased Offers or otherwise. The Increased Offers will be made solely by the Revised Offer Documentation, when issued, which will contain the full terms and conditions of the Increased Offers, including details of how the Increased Offers may be accepted.

Unless otherwise determined by the Offeror, the Increased Offers are not being, and will not be, made, directly or indirectly, in or into or by the use of the mails of, or by any other means (including, without limitation, electronic mail, facsimile transmission, telex, telephone, internet or other forms of electronic communication) of interstate or foreign commerce of, or any facility of a national securities exchange of, Canada or any jurisdiction where to do so would violate the laws of that jurisdiction and will not be capable of acceptance by any such use, means or facility or from within Canada or any such jurisdiction. Accordingly, unless otherwise determined by the Offeror and the relevant clearances are obtained or steps are taken, copies of this announcement are not being, and must not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent in, into or from Canada or any such jurisdiction and persons receiving this announcement (including, without limitation, custodians, nominees and trustees) must not mail or otherwise distribute or send it in, into or from such jurisdiction, as doing so may invalidate any purported acceptance of the Increased Offers. Any person (including, without limitation, any custodian, nominee and trustee) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this announcement and/or the Revised Offer Documentation and/or any other related document to any jurisdiction outside the United Kingdom and the United States should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction.

The Loan Notes that may be issued pursuant to the Loan Note Alternative will not be transferable and will not be listed on any stock exchange and, unless otherwise determined by the Offeror, have not been, and will not be, registered under the US Securities Act or under the securities laws of any jurisdiction of the United States nor

have the relevant clearances been, nor will they be, nor have any steps been taken, nor will any steps be taken, to enable the Loan Notes to be offered in compliance with applicable securities laws of Australia, Canada or Japan (or any province or territory thereof, if applicable) or any other jurisdiction if to do so would constitute a violation of the relevant laws in such jurisdiction. Accordingly, unless otherwise determined by the Offeror, the Loan Notes may not be offered, sold, resold or delivered, directly or indirectly, in, into or from the United States (or to US Persons, as defined in Rule 902 of Regulation S under the US Securities Act), Australia, Canada or Japan (or to any residents thereof) or any other jurisdiction (or to residents in that jurisdiction) if to do so would constitute a violation of the relevant laws in such jurisdiction. Neither the US Securities and Exchange Commission ("the SEC") nor any US state securities commission has approved or disapproved of the Loan Notes, or determined if this announcement is accurate or complete. Any representation to the contrary is a criminal offence.

An offer for BAA Shares and offers for BAA Convertible Bonds would be for the securities of a corporation organised under the laws of England and would be subject to the procedure and disclosure requirements of England, which are different from those of the United States. The financial information included in the Original and Revised Offer Documentation has not been, and will not be, prepared in accordance with generally accepted accounting principles in the United States ("US GAAP") and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with US GAAP. Also, the settlement procedure with respect to the offers will be consistent with UK practice, which differs from US domestic tender offer procedures in certain material respects, particularly with regard to date of payment.

It may be difficult for US holders of BAA securities to enforce their rights and any claim arising out of the US federal securities laws, since the Offeror and the Consortium (and their respective members) and BAA are located outside of the United States, and some or all of their officers and directors may be resident outside of the United States. US holders of BAA securities may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the US securities laws. Further, it may be difficult to compel a foreign company and its affiliates to subject themselves to a US court's judgment.

To the extent permitted by applicable law, in accordance with normal UK practice and pursuant to exemptive relief granted by the Staff of the Division of Market Regulation of the SEC from Rule 14e-5 of the US Exchange Act, the Offeror and its members or their respective nominees, or brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, BAA securities other than pursuant to any such offer, such as in open market or privately negotiated purchases outside the United States during the period in which the offer remains open for acceptance. In accordance with the requirements of Rule 14e-5 and exemptive relief granted by the SEC, such purchases, or arrangements to purchase, must comply with English law, the City Code and the Listing Rules. In addition, in accordance with Rule 14e-5(b) of the

US Exchange Act, Citigroup Global Markets Limited and HSBC Bank plc will continue to act as exempt market makers in BAA securities on the London Stock Exchange. HSBC Financial Products (France) SNC has been granted ad hoc Exempt Principal Trader status in relation to BAA. Any information about such purchases will be disclosed as required in the UK and will be available from the Regulatory News Service on the London Stock Exchange website, [www.londonstockexchange.com](http://www.londonstockexchange.com). This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.

This announcement may contain various “forward-looking statements” within the meaning of section 27A of the US Securities Act and section 21E of the US Exchange Act relating to the Increased Offers, the Offeror, the Consortium or the BAA Group that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realised from the proposed acquisition of BAA. Information in this announcement relating to the BAA Group has been compiled from public sources. The statements can be identified by the use of forward-looking terminology, such as “believe”, “expects”, “prospect”, “estimated”, “should”, “may” or the negative thereof, or other variations thereof, or comparable terminology indicating the Offeror’s and/or the Consortium’s expectations or beliefs concerning future events. The Offeror cautions that such statements are qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements. Other factors could also cause actual results to differ materially from expected results included in the statements. These factors include changes in regulatory environment, foreign political, economic and currency risks associated with the integration of recently acquired companies.

### **Dealing disclosure requirements**

Under the provisions of Rule 8.3 of the City Code on Takeovers and Mergers (the “City Code”), if any person is, or becomes, “interested” (directly or indirectly) in 1% or more of any class of “relevant securities” of BAA, all “dealings” in any “relevant securities” of BAA (including by means of an option in respect of, or a derivative referenced to, any such “relevant securities”) must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the Increased Ordinary Offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the “offer period” otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of BAA, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the City Code, all “dealings” in “relevant securities” of BAA by the Offeror or BAA, or by any of its “associates”, must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Panel’s website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk).

“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative reference to, securities.

Terms in quotation marks are defined in the City Code, which can also be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, you should consult the Panel.



## **APPENDIX 1**

### **Conditions and certain further terms of the Increased Offers**

#### **1. The Increased Ordinary Offer**

##### **1.1 Conditions of the Increased Ordinary Offer**

Subject as stated in paragraph 1.2 below, the Increased Ordinary Offer is conditional upon the following conditions:

- (a) valid acceptances being received (and not, where permitted, withdrawn) by not later than 1.00 p.m. (London time) on 19 June 2006 (or such later time(s) and/or date(s) as the Offeror may, subject to the rules of the City Code, decide) in respect of not less than 90 per cent. (or such lower percentage as the Offeror may decide) in nominal value of the BAA Shares to which the Increased Ordinary Offer relates, provided that this condition will not be satisfied unless the Offeror and/or any of its wholly-owned subsidiaries shall have acquired or agreed to acquire (whether pursuant to the Increased Ordinary Offer or otherwise) BAA Shares carrying in aggregate more than 50 per cent. of the voting rights then normally exercisable at a general meeting of BAA and provided further that, unless the Offeror otherwise determines, this Condition 1.1(a) can only be treated as satisfied at a time when all of the other Conditions 1.1(b) to 1.1(r) inclusive are either satisfied or (if capable of waiver) waived. For the purpose of this Condition:
  - (i) BAA Shares which have been unconditionally allotted but not issued before the Increased Ordinary Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights which they will carry upon issue;
  - (ii) valid acceptances shall be deemed to have been received in respect of BAA Shares which are treated for the purposes of section 429(8) of the Companies Act as having been acquired or contracted to be acquired by the Offeror by virtue of acceptances of the Increased Ordinary Offer; and
  - (iii) the expression "BAA Shares to which the Increased Ordinary Offer relates" shall be construed in accordance with sections 428 to 430F (inclusive) of the Companies Act;
- (b) the European Commission indicating, in terms satisfactory to the Offeror, that it does not intend to initiate proceedings under Article 6(1)(c) of Council Regulation (EC) No 139/2004 (the "EC Merger Regulation") or to make a referral to a competent authority in the EEA under Article 9(1) of the EC Merger Regulation, in either case with respect to any of the Increased Offers or any other matter arising from the proposed acquisition of BAA by any member of the FGP Topco Group;
- (c) in the event of a request pursuant to Article 9(2) of the EC Merger Regulation being made by the United Kingdom and the European Commission, in accordance with Article 9(3) of the EC Merger Regulation, referring the whole or part of any of the Increased Offers or any matter arising from the proposed acquisition of BAA by any member of the FGP Topco Group to the Office of Fair Trading (the "OFT") and the Offeror waiving Condition 1.1(b):
  - (i) it being established, in terms satisfactory to the Offeror, that the OFT, or, as the case may be, the Secretary of State for Trade and Industry, does not intend to refer any of the Increased Offers or any matter arising from any of the Increased Offers or any other matter arising from the proposed acquisition of BAA by any member of the FGP Topco Group to the UK Competition Commission (the "Competition Commission") for investigation; and
  - (ii) the European Commission issuing a decision referred to in Condition 1.1(b) above in respect of the part of the acquisition of BAA by any member of the FGP Topco Group under the Increased Offers not so referred;

- (d) the initial waiting period, commencing upon the Offeror having filed its Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("HSR") notification, if required, expiring or terminating without the US Regulatory Agencies having issued a Request for Additional Information and Documentary Materials in each case, in respect of any of the Increased Offers and any other matter arising from the proposed acquisition of BAA by any member of the FGP Topco Group;
- (e) the Treasurer of the Commonwealth of Australia consenting (or is taken to have consented through the expiry of the relevant period or otherwise), in terms satisfactory to the Offeror, under the Foreign Acquisitions and Takeovers Act 1975 (Cth), to the Increased Offers and any other matter arising from the proposed acquisition of BAA by any member of the FGP Topco Group;
- (f) it being established, in terms satisfactory to the Offeror, that neither the ACCC nor the relevant Minister has commenced or threatened to commence legal proceedings seeking orders to restrain the implementation of any of the Increased Offers or any other matter arising from the acquisition of BAA by the Offeror; or the ACCC advising in writing, in terms satisfactory to the Offeror, that it does not propose to take any action in relation to any of the Increased Offers or any other matter arising from the proposed acquisition of BAA by any member of the FGP Topco Group under the Trade Practices Act 1974 (Cth);
- (g) it being established, in terms satisfactory to the Offeror, that neither the Increased Offers nor the implementation of the Increased Offers nor any other matter arising from the proposed acquisition of BAA by any member of the FGP Topco Group will result in the contravention of the provisions of the Airports Act 1996 (Cth);
- (h) since 7 April 2006:
  - (i) the Secretary of State has not given any directions, made any rules or orders, or approved, varied, revoked or terminated any scheme under Part III of the Airports Act 1986 (the "Airports Act") relating to traffic distribution, aircraft movement, allocating capacity, or national security at any airport owned or managed by any member of the Wider BAA Group or threatened or announced its intention to do any of the same;
  - (ii) the CAA has not imposed or modified any conditions or made an order under Part IV of the Airports Act which could have an impact on airport charges levied at any airport owned or managed by any member of the Wider BAA Group or threatened or announced its intention to do any of the same;
  - (iii) the Secretary of State has not made an order under Part IV of the Airports Act which could have an impact on airport charges levied at any airport owned or managed by any member of the Wider BAA Group or threatened or announced its intention to do any of the same;
  - (iv) the CAA has not modified or revoked any of the aerodrome licences issued under section 128 of the Air Navigation Order 2005 to any member of the Wider BAA Group or threatened or announced its intention to do any of the same;
  - (v) the Secretary of State has not given directions or made an order under sections 93 or 94 of the Transport Act 2000 in relation to any member of the Wider BAA Group or threatened or announced its intention to do any of the same;
  - (vi) the CAA has not, as a result of any of the Increased Offers or any other matter arising from the proposed acquisition of BAA by any member of the FGP Topco Group, imposed or modified any conditions or made an order under Part IV of the Airports Act which could require the Wider BAA Group or the FGP Topco Group to maintain a certain credit rating which would affect BAA's ability to operate the business of the Wider BAA Group; and
  - (vii) no Third Party has proposed or otherwise indicated any intention to take any action referred to in paragraphs (h)(i) to (h)(vi) above or to enact a statute, order or other instrument with similar effect that is likely to have the same or similar effect on any

member of the Wider BAA Group, in each case as that referred to in any of the paragraphs (h)(i) to (h)(vi) above,

in each case to the extent that, (A) it would or might be expected by the Offeror to have an adverse effect on the Wider BAA Group; or (B) it would be expected to result in any member of the Wider FGP Topco Group being required to give, procure or arrange any guarantee, security, collateral, financial undertaking or other form of financial support whatsoever;

- (i) valid acceptances being received (and not, where permitted, withdrawn) in respect of (i) not less than 90 per cent. (or such lower percentage as the Offeror may decide) in nominal value of the 2008 Convertible Bonds to which the Increased 2008 Convertible Offer relates; and (ii) not less than 90 per cent. (or such lower percentage as the Offeror may decide) in nominal value of the 2009 Convertible Bonds to which the Increased 2009 Convertible Offer relates. For the purposes of this condition:
  - (i) valid acceptances shall be deemed to have been received in respect of BAA Convertible Bonds which are treated for the purposes of section 429(8) of the Companies Act as having been acquired or contracted to be acquired by the Offeror by virtue of acceptances of the relevant Increased Offer or Convertible Bonds;
  - (ii) the expression "2008 Convertible Bonds to which the Increased 2008 Convertible Offer relates" shall be construed in accordance with sections 428 to 430F (inclusive) of the Companies Act; and
  - (iii) the expression "2009 Convertible Bonds to which the Increased 2009 Convertible Offer relates" shall be construed in accordance with sections 428 to 430F (inclusive) of the Companies Act;
- (j) all Authorisations issued or granted by a Third Party, which are necessary or are considered necessary or appropriate by the Offeror in any relevant jurisdiction for or in respect of the carrying on by any member of the Wider BAA Group of its business, remaining in full force and effect and there being no notice or intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same in connection with any of the Increased Offers or any other matter arising from the proposed acquisition of BAA by any member of the FGP Topco Group;
- (k) all Authorisations, which are necessary or are considered necessary or appropriate by the Offeror in any relevant jurisdiction for or in respect of the Increased Offers or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider BAA Group by any member of the FGP Topco Group or the carrying on by any member of the Wider BAA Group of its business, having been obtained, in terms and in a form satisfactory to the Offeror, from all appropriate Third Parties or from any persons or bodies with whom any member of the Wider BAA Group has entered into contractual arrangements, in each case where the absence of such Authorisation would have a material adverse effect on the Wider BAA Group taken as a whole;
- (l) all appropriate waiting and other time periods under applicable laws or regulations of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate) and all regulatory clearances in any relevant jurisdiction having been obtained (including any consents or approvals required by the United States Federal Aviation Administration), in each case in respect of the Increased Offers or any matter arising from the proposed acquisition of BAA by any member of the FGP Topco Group, unless otherwise waived by the Offeror, and no temporary restraining order, preliminary or permanent injunction or other order threatened or issued and being in effect by a court or other Third Party of competent jurisdiction which has the effect of making any of the Increased Offers illegal or otherwise prohibiting the consummation of any of the Increased Offers or any matter arising from the proposed acquisition of BAA by any member of the FGP Topco Group;

- (m) no Third Party having intervened (as defined below) and there not continuing to be outstanding any statute, regulation or order of any Third Party in each case which would or might be expected by the Offeror to:
- (i) make any of the Increased Offers or their implementation or the acquisition or proposed acquisition by any member of the FGP Topco Group of any shares or other securities in, or control or management of, BAA or any member of the Wider BAA Group void, illegal or unenforceable in any jurisdiction, or otherwise directly or indirectly restrain, prevent, prohibit, restrict or delay the same or impose additional conditions or obligations with respect to any of the Increased Offers or such acquisition, or otherwise impede, challenge or interfere with any of the Increased Offers or such acquisition, or require amendment to the terms of any of the Increased Offers or such acquisition;
  - (ii) limit or delay, or impose any limitations on, the ability of any member of the Wider FGP Topco Group or any member of the Wider BAA Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities in, or to exercise voting or management control over, any member of the Wider FGP Topco Group or any member of the Wider BAA Group;
  - (iii) require, prevent or delay the divestiture or alter the terms envisaged for any proposed divestiture by any member of the FGP Topco Group of any shares or other securities in BAA;
  - (iv) require, prevent or delay the divestiture or alter the terms envisaged for any proposed divestiture by any member of the Wider FGP Topco Group or by any member of the Wider BAA Group of all or any portion of their respective businesses, assets or properties or limit the ability of any of them to conduct any of their respective businesses or to own or control any of their respective businesses, assets or properties or any part thereof;
  - (v) require any member of the Wider FGP Topco Group or any member of the Wider BAA Group to acquire, or to offer to acquire, any shares or other securities (or the equivalent) in any member of either group owned by any third party;
  - (vi) limit the ability of any member of the Wider FGP Topco Group or any member of the Wider BAA Group to conduct or integrate or coordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider FGP Topco Group or any other member of the Wider BAA Group;
  - (vii) result in any member of the Wider FGP Topco Group or any member of the Wider BAA Group ceasing to be able to carry on business under any name under which it presently does so; or
  - (viii) otherwise adversely affect any or all of the business, assets, profits, financial or trading position or prospects of any member of the Wider FGP Topco Group or any member of the Wider BAA Group,
- and all applicable waiting and other time periods (including any extensions of such waiting and other time periods) during which any Third Party could intervene under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate);
- (n) since 31 March 2005 and except as disclosed in BAA's annual report and accounts for the year then ended or as publicly announced by BAA prior to 29 May 2006 (by the delivery of an announcement to a Regulatory Information Service), there being no provision of any arrangement, agreement, licence, permit, franchise or other instrument to which any member of the Wider BAA Group is a party, or by or to which any such member or any of its assets is or are or may be bound, entitled or subject or any circumstance, which, in each case as a consequence of any of the Increased Offers or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, BAA or any other member of the

Wider BAA Group by any member of the FGP Topco Group or otherwise, could or, in the opinion of the Offeror, might result in:

- (i) any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or any grant available to, any member of the Wider BAA Group being or becoming repayable or capable of being declared repayable immediately or prior to its stated repayment date or the ability of any member of the Wider BAA Group to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn;
- (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interests of any member of the Wider BAA Group or any such mortgage, charge or other security interest (wherever created, arising or having arisen) becoming enforceable;
- (iii) any such arrangement, agreement, licence, permit, franchise or other instrument, or the rights, liabilities, obligations or interests of any member of the Wider BAA Group thereunder, being, or becoming capable of being, terminated or adversely modified or affected or any adverse action being taken or any obligation or liability arising thereunder;
- (iv) any asset or interest of any member of the Wider BAA Group being or falling to be disposed of or ceasing to be available to any member of the Wider BAA Group or any right arising under which any such asset or interest could be required to be disposed of or could cease to be available to any member of the Wider BAA Group otherwise than in the ordinary course of business;
- (v) any member of the Wider BAA Group ceasing to be able to carry on business under any name under which it presently does so;
- (vi) the creation of liabilities (actual or contingent) by any member of the Wider BAA Group;
- (vii) the rights, liabilities, obligations or interests of any member of the Wider BAA Group under any such arrangement, agreement, licence, permit, franchise or other instrument or the interests or business of any such member in or with any other person, firm, company or body (or any arrangement or arrangements relating to any such interests or business) being terminated or adversely modified or affected or any adverse action taken; or
- (viii) the financial or trading position or the prospects or the value of any member of the Wider BAA Group being prejudiced or adversely affected,

and no event having occurred which, under any provision of any such arrangement, agreement, licence, permit, franchise or other instrument, could, in the opinion of the Offeror, result in any of the events or circumstances which are referred to in paragraphs (i) to (viii) of this Condition 1.1(n);

- (o) since 31 March 2005 and except as disclosed in BAA's annual report and accounts for the year then ended or as otherwise publicly announced by BAA prior to 29 May 2006 (by the delivery of an announcement to a Regulatory Information Service), no member of the Wider BAA Group having:
  - (i) issued or agreed to issue, or authorised the issue of, additional shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold any shares out of treasury, other than as between BAA and wholly owned subsidiaries of BAA;
  - (ii) purchased or redeemed or repaid any of its own shares or other securities or reduced or made any other change to any part of its share capital;

- (iii) recommended, declared, paid or made any dividend or other distribution whether payable in cash or otherwise or made any bonus issue (other than to BAA or a wholly owned subsidiary of BAA);
- (iv) except as between BAA and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, made or authorised any change in its loan capital;
- (v) (other than a transaction between BAA and a wholly owned subsidiary of BAA or between such wholly-owned subsidiaries) merged with, demerged or acquired any body corporate, partnership or business or acquired or disposed of or transferred, mortgaged, charged or created any security interest over any assets or any right, title or interest in any assets (including shares in any undertaking and trade investments) or authorised the same;
- (vi) issued, agreed to issue or authorised the issue of, or made any change in or to, any debentures or (except as between BAA and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or liability (actual or contingent);
- (vii) entered into, varied, or authorised any contract, agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which:
  - (A) is of a long term, onerous or unusual nature or magnitude or which could involve an obligation of such nature or magnitude; or
  - (B) could restrict the business of any member of the Wider BAA Group; or is other than in the ordinary course of business;
- (viii) except as between BAA and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, entered into, implemented, effected or authorised any merger, demerger, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement in respect of itself or another member of the Wider BAA Group;
- (ix) entered into or varied the terms of, any contract, agreement, commitment, transaction or arrangement with any of the directors or senior executives of any member of the Wider BAA Group;
- (x) taken any corporate action or had any legal proceedings instituted or threatened against it or petition presented or order made for its winding up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any part of its assets and revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction;
- (xi) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- (xii) waived or compromised any claim;
- (xiii) made any alteration to its memorandum or articles of association;
- (xiv) made or agreed or consented to:
  - (A) any change to:
    - (I) the terms of the trust deeds constituting the pension scheme(s) established for its directors, employees or their dependants; or
    - (II) the benefits which accrue or to the pensions which are payable thereunder; or
    - (III) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
    - (IV) the basis upon which the liabilities (including pensions) of such pension schemes are funded or made; or
  - (B) any change to the trustees including the appointment of a trust corporation;

- (xv) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider BAA Group; or
- (xvi) entered into any contract, agreement, commitment, transaction or arrangement or passed any resolution or made any offer (which remains open for acceptance) or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this Condition 1.1(o);
- (p) since 31 March 2005 and except as disclosed in BAA's annual report and accounts for the year then ended or as otherwise publicly announced by BAA prior to 29 May 2006 (by the delivery of an announcement to a Regulatory Information Service):
  - (i) there having been no adverse change or deterioration in the business, assets, financial or trading position or profit or prospects of any member of the Wider BAA Group;
  - (ii) no contingent or other liability of any member of the Wider BAA Group having arisen or become apparent or increased;
  - (iii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider BAA Group is or may become a party (whether as plaintiff, defendant or otherwise) having been threatened, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the Wider BAA Group; and
  - (iv) (other than as a result of the Increased Offers) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or against or remaining outstanding against or in respect of any member of the Wider BAA Group;
- (q) no member of the FGP Topco Group having discovered:
  - (i) that any financial or business or other information concerning the Wider BAA Group disclosed at any time by or on behalf of any member of the Wider BAA Group is misleading or contains any misrepresentation of fact or omits to state a fact necessary to make any information contained therein not misleading and which was not subsequently corrected before the date of this announcement by disclosure either publicly or otherwise to the Offeror to any extent;
  - (ii) that any member of the Wider BAA Group is subject to any liability (actual or contingent) which is not disclosed in BAA's annual report and accounts for the financial year ended 31 March 2005; or
  - (iii) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Wider BAA Group; and
- (r) no member of the FGP Topco Group having discovered:
  - (i) that any past or present member of the Wider BAA Group has not complied with any applicable legislation or regulations of any jurisdiction with regard to the use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health, or otherwise relating to environmental matters or the health and safety of any person, or that there has otherwise been any such use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission (whether or not this constituted a non compliance by any person with any legislation or regulations and wherever the same may have taken place) which, in any case, would be likely to give rise to any liability (whether actual or contingent) or cost on the part of any member of the Wider BAA Group;
  - (ii) that there is, or is likely to be, any liability, whether actual or contingent, to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the Wider BAA Group or any other property or any controlled waters under any environmental legislation, regulation, notice, circular,

- order or other lawful requirement of any relevant authority or third party or otherwise;  
or
- (iii) that circumstances exist whereby a person or class of persons would be likely to have a claim in respect of any product or process of manufacture or materials used therein now or previously manufactured, sold or carried out by any past or present member of the Wider BAA Group.

For the purpose of these Conditions, a Third Party shall be regarded as having "intervened" if it has decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or made, proposed or enacted any statute, regulation, decision or order or taken any measures or other steps or required any action to be taken or information to be provided or otherwise having done anything and "intervene" shall be construed accordingly.

## **1.2 Certain further terms of the Increased Ordinary Offer**

- (a) To the extent permitted by law and subject to the requirements of the Panel, the Offeror reserves the right to waive all or any of the Conditions, in whole or in part, except Condition 1.1(a).
- (b) Conditions 1.1(b) to 1.1(r) (inclusive) must be fulfilled, be determined by the Offeror to be or remain satisfied or (if capable of waiver) be waived, by midnight on the 21st day after the date on which Condition 1.1(a) is fulfilled (or such later date as the Offeror may, with the consent of the Panel, decide), failing which the Increased Ordinary Offer will lapse. The Offeror shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of Conditions 1.1(b) to 1.1(r) (inclusive) by a date earlier than the latest date specified above for the fulfilment of that Condition, notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are, at such earlier date, no circumstances indicating that any condition may not be capable of fulfilment.
- (c) If the Offeror is required by the Panel to make an offer for any BAA Shares under Rule 9 of the City Code, the Offeror may make such alterations to the above Conditions as are necessary to comply with that Rule.
- (d) The Increased Offers will lapse if the European Commission initiates proceedings under Article 6(1)(c) of Council Regulation (EC) No 139/2004 (the "EC Merger Regulation") or makes a referral to a competent authority in the EEA under Article 9(1) of the EC Merger Regulation, in either case with respect to any of the Increased Offers or any other matter arising from the proposed acquisition of BAA by any member of the FGP Topco Group and, in either case, before the time and date when the Increased Ordinary Offer becomes or is declared unconditional as to acceptances.
- (e) The Offeror reserves the right to elect to implement any of all of the elements of the Increased Ordinary Offer by way of a scheme of arrangement as it may determine in its absolute discretion. In such event, such offer will be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to that or those elements of the Increased Ordinary Offer.
- (f) If the Increased Ordinary Offer lapses, it will cease to be capable of further acceptance. BAA Shareholders who have accepted the Increased Ordinary Offer and the Offeror shall then cease to be bound by acceptances delivered on or before the date on which the Increased Ordinary Offer lapses.
- (g) The BAA Shares will be acquired by the Offeror fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights or interests whatsoever and together with all rights existing as at 7 April 2006 or thereafter attaching thereto, including the right to receive and retain all dividends and other distributions (if any) declared, made or paid or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after 7 April 2006. Accordingly, insofar as a dividend and/or distribution and/or return of capital is proposed, declared, made, paid or payable by BAA in respect of a BAA Share as at 7 April 2006 or will become so proposed, declared, made, paid or payable after such date, the price payable under



the Increased Ordinary Offer in respect of BAA Shares will be reduced by the amount of the dividend and/or distribution and/or return of capital, except insofar as the BAA Share is or will be transferred pursuant to the Increased Ordinary Offer on a basis which entitles the Offeror alone to receive the dividend and/or distribution and/or return of capital and to retain it. The amount of any dividend and/or distribution and/or return of capital which the Offeror is entitled to recover from a BAA Shareholder in respect of a BAA Share pursuant to the Increased Ordinary Offer will be reduced by the amount of any such reduction of the price payable pursuant to the Increased Ordinary Offer in respect of that BAA Share. To the extent that such a reduction in the price payable pursuant to the Increased Ordinary Offer in respect of a BAA Share is permitted in respect of a dividend and/or distribution and/or return of capital but not made, the person to whom the Increased Ordinary Offer price is paid in respect of that BAA Share will be obliged to account to the Offeror for the amount of such dividend or distribution or return of capital.

- (h) The Increased Ordinary Offer and the Loan Note Alternative will be on the terms and will be subject to the conditions which are set out in this announcement and in this Appendix 1 (save for Condition 2.1), those terms which will be set out in the Revised Offer Documentation and such further terms as may be required to comply with the Listing Rules and the provisions of the City Code. This announcement does not constitute an offer or invitation to purchase BAA Shares or any other securities.
- (i) The availability of the Increased Ordinary Offer (including, outside the United States, the Loan Note Alternative) in jurisdictions other than the United Kingdom and the United States may be affected by law. Accordingly, persons into whose possession this announcement comes should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdiction.
- (j) The Increased Ordinary Offer, the Loan Note Alternative and any acceptances and elections will be governed by English law and be subject to the jurisdiction of the English courts. The City Code, so far as appropriate, applies to the Increased Ordinary Offer.

## **2. The Increased Convertible Offers**

### **2.1 Condition of the Increased Convertible Offers**

Each Increased Convertible Offer is conditional upon the Increased Ordinary Offer becoming or being declared unconditional in all respects.

### **2.2 Certain further term of the Increased Convertible Offers**

- (a) If an Increased Convertible Offer lapses, it will cease to be capable of further acceptance. BAA Convertible Bondholders who have accepted such Increased Convertible Offer and the Offeror shall then cease to be bound by acceptances delivered on or before the date on which such Increased Convertible Offer lapses.
- (b) The Offeror reserves the right to elect to implement any or all of the elements of the Increased Convertible Offers by way of scheme(s) of arrangement as it may determine in its absolute discretion. In such event, such offer(s) will be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those that would apply to that or those elements of the relevant Increased Convertible Offer.
- (c) The BAA Convertible Bonds will be acquired by the Offeror fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights or interests whatsoever and together with all rights existing as at 7 April 2006 or thereafter attaching thereto, including the right to receive and retain, in full, all interest payments and any other payments made on or after 7 April 2006 (other than pursuant to the Increased Convertible Offers). Accordingly, insofar as an interest payment and/or any other payment is proposed, declared, made, paid or payable by BAA in respect of a BAA Convertible Bond as at 7 April 2006 or will become so proposed, declared, made, paid or payable after such date, the price payable under the relevant Increased Convertible Offer in respect of BAA Convertible Bonds will be reduced by the amount of the interest payment or other payment,

except insofar as the BAA Convertible Bond is or will be transferred pursuant to the relevant Increased Convertible Offer on a basis which entitles the Offeror alone to receive the interest payment or other payment and to retain it. The amount of any interest payment or other payment which the Offeror is entitled to recover from a BAA Convertible Bondholder in respect of a BAA Convertible Bond pursuant to the relevant Increased Convertible Offer will be reduced by the amount of any such reduction of the price payable pursuant to the relevant Increased Convertible Offer in respect of that BAA Convertible Bond. To the extent that such a reduction in the price payable pursuant to the relevant Increased Convertible Offer in respect of a BAA Convertible Bond is permitted in respect of an interest payment or other payment but not made, the person to whom the relevant Increased Convertible Offer price is paid in respect of that BAA Convertible Bond will be obliged to account to the Offeror for the amount of such interest payment or other payment.

- (d) The Loan Note Alternative will not be available to BAA Convertible Bondholders accepting the Increased Convertible Offers.
- (e) The Increased Convertible Offers will be on the terms and will be subject to the Condition 2.1, those terms which will be set out in the Revised Offer Document and such further terms as may be required to comply with the terms of the BAA Convertible Bonds, the Listing Rules and the provisions of the City Code. This announcement does not constitute an offer or invitation to purchase the BAA Convertible Bonds or any other securities.
- (f) The availability of the Increased Convertible Offers in jurisdictions other than the United Kingdom and the United States may be affected by law. Accordingly, persons into whose possession in this announcement comes should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdiction.
- (g) The Increased Convertible Offers and any acceptances will be governed by English law and be subject to the jurisdiction of the English courts. The City Code, so far as appropriate, applies to the Increased Convertible Offers.

## APPENDIX 2

### Definitions

The following definitions apply throughout this announcement, unless the context requires otherwise:

<b>2008 Convertible Bonds</b>	comprises: <ul style="list-style-type: none"><li>(a) the issued and outstanding 2.94 per cent. convertible bonds due 2008 issued by BAA, pursuant to a prospectus dated 20 March 2002; and</li><li>(b) any further 2.94 per cent. convertible bonds due 2008 issued and forming a single series with the foregoing bonds which are unconditionally allotted or issued and fully paid, in any case, before the date on which the Increased 2008 Convertible Bond Offer closes or before such earlier date as the Offeror (subject to the City Code) may determine not being earlier than the date on which the Increased Ordinary Offer is declared unconditional as to acceptances;</li></ul>
<b>2009 Convertible Bonds</b>	comprises: <ul style="list-style-type: none"><li>(a) the issued and outstanding 2.625 per cent. convertible bonds due 2009 issued by BAA, pursuant to a prospectus dated 13 August 2003; and</li><li>(b) any further 2.625 per cent. convertible bonds due 2009 issued and forming a single series with the foregoing bonds which are unconditionally allotted or issued and fully paid, in any case, before the date on which the Increased 2009 Convertible Bond Offer closes or before such earlier date as the Offeror (subject to the City Code) may determine not being earlier than the date on which the Increased Ordinary Offer is declared unconditional as to acceptances;</li></ul>
<b>ACCC</b>	the Australian Competition and Consumer Commission;
<b>ADI Finance 1</b>	ADI Finance 1 Limited, a company incorporated under the laws of England and Wales with registered number 5723977 and whose registered office is as 20-22 Bedford Row, London WC1R 4JS;
<b>ADI Finance 2</b>	ADI Finance 2 Limited, a company incorporated under the laws of England and Wales with registered number 5723973 and whose registered office is as 20-22 Bedford Row, London WC1R 4JS;
<b>ATWP</b>	the Air Transport White Paper;
<b>Australia</b>	the Commonwealth of Australia, its territories and possessions;
<b>Australian Airports Act</b>	the Australian Airports Act 1996;
<b>Authorisations</b>	authorisations, orders, directions, rules, grants, recognitions, determinations, certificates, confirmations, consents, licenses, clearances, provisions and approvals;
<b>BAA</b>	BAA plc, a public limited company incorporated under the laws of England and Wales with registered number 01970855 and whose registered office is at 130 Wilton Road, London SW1V 1LQ;
<b>BAA ADR</b>	an American depositary receipt evidencing a BAA American depositary share, which represents one BAA Share;
<b>BAA ADR Holders</b>	holders of BAA ADRs, from time to time;
<b>BAA Convertible Bondholders</b>	holders of BAA Convertible Bonds, from time to time;
<b>BAA Convertible Bonds</b>	the 2008 Convertible Bonds and the 2009 Convertible Bonds;

<b>BAA Final Dividend</b>	the proposed final dividend of 15.25 pence per BAA Share as announced by BAA on 16 May 2006;
<b>BAA Group</b>	BAA and its subsidiary undertakings, from time to time;
<b>BAA Share Schemes</b>	the BAA Deferred Annual Bonus Plan, the BAA Performance Share Plan, the BAA 1996 Executive Share Option Scheme, the BAA 1996 Sharesave Scheme, the BAA Share Incentive Plan and any other arrangements for involving employees of BAA and/or members of the BAA Group in the capital of BAA;
<b>BAA Shareholders</b>	holders of BAA Shares, from time to time;
<b>BAA Shares</b>	comprises: <ul style="list-style-type: none"> <li>(a) the existing unconditionally allotted or issued fully paid ordinary shares of 100 pence each in the capital of BAA; and</li> <li>(b) any further ordinary shares of 100 pence each in the capital of BAA which are unconditionally allotted or issued and fully paid (including, without limitation, any such shares unconditionally allotted or issued and fully paid pursuant to any exercise of any rights arising pursuant to the 2008 Convertible Bonds, the 2009 Convertible Bonds or the BAA Share Schemes), in any case before the date on which the Increased Ordinary Offer closes or before such earlier date as the Offeror (subject to the City Code) may determine not being earlier than the date on which the Increased Ordinary Offer becomes or is declared unconditional as to acceptances,</li> </ul> but excludes any shares held as treasury shares on such date as the Offeror may determine before the date on which the Increased Ordinary Offer closes;
<b>Banks</b>	The Royal Bank of Scotland plc, Banco Santander Central Hispano, S.A. (London Branch), Citigroup, HSBC and Calyon Sucursal en España;
<b>Board of the Offeror, Offeror Directors or the Board</b>	the board of directors of the Offeror for the time being, including a duly constituted committee thereof;
<b>Board of BAA or BAA Board</b>	the board of directors of BAA;
<b>CAA</b>	the United Kingdom Civil Aviation Authority;
<b>Canada</b>	Canada, its provinces and territories and all areas under its jurisdiction and political sub-divisions thereof;
<b>CDP</b>	Caisse de dépôt et placement du Québec;
<b>CDP Investor</b>	Airport Infrastructure Fund, L.P., a limited partnership established under the laws of Québec, number #3363630602;
<b>Citigroup</b>	Citigroup Global Markets Limited, a company incorporated under the laws of England and Wales with registered number 1763297 and whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB;
<b>City Code</b>	the City Code on Takeovers and Mergers;
<b>Companies Act</b>	the Companies Act 1985;
<b>Conditions</b>	the conditions to the Increased Ordinary Offer which are set out in paragraph 1.1 of Appendix 1 or the condition to each of the Increased Convertible Offers set out in paragraph 2.1 of Appendix 1, as the case may be;

<b>Consortium</b>	the consortium formed at the direction of Ferrovial Infra, CDP and GIC SI;
<b>Daily Official List</b>	the Daily Official List of the London Stock Exchange;
<b>Deposit Agreement</b>	the deposit agreement between the US Depository, BAA and owners, holders and beneficial holders of BAA ADRs;
<b>DfT</b>	The Department for Transport of the UK Government;
<b>Directors of BAA or BAA Directors</b>	the directors of BAA, as at the date of this announcement;
<b>Directors of the Offeror or the Directors</b>	the directors of the Offeror, as at the date of this announcement;
<b>EEA</b>	the European Economic Area;
<b>European Commission</b>	the Commission of the European Communities;
<b>Ferrovial</b>	Grupo Ferrovial, S.A., a company incorporated under the laws of Spain;
<b>Ferrovial Infra</b>	Ferrovial Infraestructuras, S.A., a company incorporated under the laws of Spain;
<b>Ferrovial Investor</b>	Lernamara S.L., a company incorporated under the laws of Spain;
<b>FGP Topco</b>	FGP Topco Limited, a company incorporated under the laws of England and Wales with registered number 5723961 and whose registered office is at 20-22 Bedford Row, London, WC1R 4JS;
<b>FGP Topco Group</b>	FGP Topco, ADI Finance 1, ADI Finance 2, the Offeror and, after successful completion of the Increased Offers, all of the members of the BAA Group (unless stated otherwise);
<b>FSMA</b>	the Financial Services and Markets Act 2000;
<b>GIC SI</b>	GIC Special Investments Pte Ltd, a company incorporated under the laws of Singapore;
<b>GIC SI Investor</b>	Baker Street Investment Pte Ltd, a company incorporated under the laws of Singapore;
<b>HSBC</b>	HSBC Bank plc, a company incorporated under the laws of England and Wales;
<b>Increased 2008 Convertible Offer</b>	the offer to be made by the Offeror on the terms and Condition set out or referred to in this announcement, to acquire the 2008 Convertible Bonds (other than those 2008 Convertible Bonds which the Offeror holds or has contracted to acquire within the meaning of section 428(5) of the Companies Act at 20 April 2006);
<b>Increased 2009 Convertible Offer</b>	the offer to be made by the Offeror on the terms and Condition set out or referred to in this announcement, to acquire the 2009 Convertible Bonds (other than those 2009 Convertible Bonds which the Offeror holds or has contracted to acquire within the meaning of section 428(5) of the Companies Act at 20 April 2006);
<b>Increased Convertible Offers</b>	the Increased 2008 Convertible Offer and the Increased 2009 Convertible Offer;
<b>Increased Offers</b>	the Increased Ordinary Offer and the Increased Convertible Offers;
<b>Increased Ordinary Offer</b>	the offer to be made by the Offeror on the terms and Conditions set out or referred to in this announcement, to acquire the entire issued and to be issued share capital of BAA (other than those BAA Shares which the Offeror holds or has contracted to acquire within the meaning of section 428(5) of the Companies Act at 20 April 2006);

<b>Listing Rules</b>	the rules and regulations made by the Financial Services Authority in its capacity as the UK Listing Authority under the FSMA, and contained in the UK Listing Authority's publication of the same name;
<b>Loan Note Alternative</b>	the loan note alternative whereby BAA Shareholders (other than, unless otherwise determined by the Offeror, Restricted Overseas Persons and US Persons) validly accepting the Increased Ordinary Offer may elect, subject to certain limitations and conditions, to receive Loan Notes instead of all or part of the cash consideration to which they would otherwise be entitled under the Increased Ordinary Offer;
<b>Loan Notes</b>	the loan notes of the Offeror to be issued pursuant to the Loan Note Alternative and to be guaranteed by The Royal Bank of Scotland plc;
<b>London Stock Exchange</b>	London Stock Exchange plc, a company incorporated under the laws of England and Wales with registered number 02075721 and whose registered office is at 10 Paternoster Square, London EC4M 7LS (or its successor);
<b>Macquarie</b>	Macquarie Bank Limited, a company incorporated under the laws of Australia, acting through its London Branch, which is registered in England and Wales under Branch Number BR002678;
<b>MAp</b>	a listed airport fund, comprising three entities managed or advised by wholly owned subsidiaries of Macquarie;
<b>Offeror</b>	Airport Development and Investment Limited, a company incorporated under the laws of England and Wales with registered number 5757208 and whose registered office is at 20-22 Bedford Row, London WC1R 4JS;
<b>Official List</b>	the Official List of the UK Listing Authority;
<b>OFT</b>	The Office of Fair Trading;
<b>Original 2008 Convertible Offer</b>	the offer for 2008 Convertible Bonds made outside the United States by Citigroup and Macquarie on behalf of the Offeror (and, in the United States, by the Offeror) to acquire the 2008 Convertible Bonds on the terms and subject to the conditions set out in the Original Offer Document and the relevant Original Form of Acceptance;
<b>Original 2009 Convertible Offer</b>	the cash offer for 2009 Convertible Bonds made outside the United States by Citigroup and Macquarie on behalf of the Offeror (and, in the United States, by the Offeror) to acquire the 2009 Convertible Bonds on the terms and subject to the conditions set out in the Original Offer Document and the relevant Original Form of Acceptance;
<b>Original and Revised Offer Documentation</b>	the Original Offer Documentation and the Revised Offer Documentation;
<b>Original Convertible Offers</b>	the Original 2008 Convertible Offer and the Original 2009 Convertible Offer;
<b>Original Forms of Acceptance</b>	the forms of acceptance, election and authority despatched together with the Original Offer Document on (or around) 20 April 2006;
<b>Original Offer Document</b>	the offer document despatched on (or around) 20 April 2006 by Citigroup and Macquarie on behalf of the Offeror (and, in the United States, by the Offeror);

<b>Original Offer Documentation</b>	the Original Offer Document, the Original Forms of Acceptance and any other documentation related to the Original Offers;
<b>Original Offers</b>	the Original Ordinary Offer and the Original Convertible Offers;
<b>Original Ordinary Offer</b>	the cash offer for BAA Shares made outside the United States by Citigroup and Macquarie on behalf of the Offeror (and, in the United States, by the Offeror) to acquire the BAA Shares on the terms and subject to the conditions set out in the Original Offer Document and the relevant Original Form of Acceptance;
<b>Panel</b>	the Panel on Takeovers and Mergers;
<b>Regulatory Information Service or RIS</b>	any of the regulatory information services set out in Appendix 3 to the Listing Rules;
<b>Restricted Overseas Person</b>	a person (including an individual, partnership, unincorporated syndicate, limited liability company, unincorporated organisation, trust, trustee, executor, administrator or other legal representative) in, or resident in, or any person whom the Offeror believes to be in, or resident in, Australia, Canada or Japan and persons in any other jurisdiction (other than persons in the UK or the US) whom the Offeror is advised to treat as restricted overseas persons in order to observe the laws of such jurisdiction or to avoid the requirement to comply with any governmental or other consent or any registration, filing or other formality which the Offeror regards as unduly onerous;
<b>Revised Form of Acceptance</b>	the revised form of acceptance, election and authority relating to the Increased Ordinary Offer accompanying the Revised Offer Document, which is to be completed by holders of BAA Shares in certificated form;
<b>Revised Offer Document</b>	the revised offer document relating to the Increased Offers and the accompanying Revised Form of Acceptance to be posted to BAA Shareholders and (other than the Revised Form of Acceptance) made available to BAA Convertible Bondholders following the date of this announcement;
<b>Revised Offer Documentation</b>	the Revised Offer Document, the Revised Form of Acceptance and any other documentation related to the Increased Offers;
<b>SEC or Securities Exchange Commission</b>	the US Securities and Exchange Commission;
<b>Senior Acquisition Facilities</b>	the facilities which are available to the Offeror partially to fund the Increased Offers and which rank ahead of other acquisition facilities which are available to the Offeror;
<b>Substantial Interest</b>	a direct or indirect interest in 10 per cent. or more of the voting equity capital of an undertaking;
<b>Third Party</b>	any central bank, ministry, governmental, quasi governmental (including the European Union), supranational, statutory, regulatory or investigative body or authority (including any national or supranational anti trust or merger control authority), national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof), private body exercising any regulatory, taxing, importing or other authority, trade agency, association, institution or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction, including for the avoidance of doubt the Panel;

<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland (and its dependent territories);
<b>United States or US</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia and all other areas subject to its jurisdiction;
<b>US Depositary</b>	The Bank of New York, 101 Barclay Street, 22nd Floor, New York, New York 10286, United States as depositary under the Deposit Agreement;
<b>US Exchange Act</b>	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;
<b>US Person</b>	a US person, as defined in Regulation S under the Securities Act;
<b>US Securities Act</b>	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;
<b>White Paper</b>	the UK Government White Paper entitled “The Future of Air Transport”, published on 16 December 2003;
<b>Wider BAA Group</b>	BAA and the subsidiaries and subsidiary undertakings of BAA and associated undertakings (including any joint venture, partnership, firm or company in which any member of the BAA Group is interested or any undertaking in which BAA and such undertakings (aggregating their interests) have a Substantial Interest); and
<b>Wider FGP Topco Group</b>	Ferrovial, GIC SI and CDP and the subsidiaries and subsidiary undertakings of Ferrovial, GIC SI and CDP, respectively, and associated undertakings of Ferrovial, GIC SI and CDP, respectively (including any joint venture, partnership, firm or company in which Ferrovial, GIC SI or CDP, respectively has a Substantial Interest) and including any member of the FGP Topco Group but excluding any member of the Wider BAA Group.

All references to legislation in this announcement are to English legislation, unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

For the purposes of this announcement, “subsidiary”, “subsidiary undertaking”, “parent undertaking”, “undertaking” and “associated undertaking” have the respective meanings given to them by the Companies Act (but for this purpose ignoring paragraph 20(1)(b) of Schedule 4A of the Companies Act). Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.



## **APPENDIX 3**

### **Sources and bases of information**

#### **1. General**

Unless otherwise stated, financial information relating to BAA has been extracted or derived, without material adjustment, from the audited financial statements of BAA for the year ended 31 March 2005, the unaudited interim results for the six months ended 30 September 2005 and BAA's annual report and accounts for the year ended 31 March 2006.

Unless otherwise stated, information relating to the Offeror has been provided by the Offeror Directors.

#### **2. Share prices**

Unless otherwise stated, all prices quoted for BAA Shares have been derived from the Daily Official List of the London Stock Exchange and represent closing middle market prices on the relevant date.

#### **3. Value of the Increased Ordinary Offer**

The value placed by the Increased Ordinary Offer on the entire existing issued share capital, and other statements made by reference to the existing issued share capital, of BAA are based on, as applicable, the Increased Ordinary Offer price of 900 pence per BAA Share and 1,081,367,719 BAA Shares being in issue (as sourced from the Regulatory Information Service announcement released by BAA on 25 May 2006 in accordance with Rule 2.10 of the City Code).

#### **4. Exchange rates**

The exchange rates for the conversion of Australian dollars (A\$) into pounds sterling (£) have been derived from WM Reuters figures from Datastream and are based on the exchange rates as at 29 May 2006.