

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

El Consorcio constituido 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, de conformidad con los requisitos de la Sección 2.5 del *City Code on Takeovers and Mergers* del Reino Unido ha anunciado, 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 formulación de una oferta vinculante (la “Oferta”) para la adquisición de la totalidad de las acciones de la compañía británica BAA plc (“BAA”).

La Oferta, que tiene carácter unilateral, es decir, que no está ligada a una recomendación del Consejo de Administración de BAA, se dirige a todos los accionistas de BAA y se formula como compraventa en metálico, siendo la contraprestación 810 peniques por cada acción de BAA, lo que supone una valoración aproximada de BAA de 8.700 millones de libras esterlinas (12.405 millones de euros).

Asimismo se realiza una oferta en metálico a los titulares de bonos convertibles 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.

La efectividad de la Oferta está sujeta 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. El Consorcio ha alcanzado un acuerdo con los bancos financiadores en virtud del cual no declarará la incondicionalidad de la Oferta en tanto no se reciban aceptaciones que representen más de un 75% del total de las acciones ordinarias de BAA. A estos efectos, las opciones, warrants y bonos convertibles no incluidos en las aceptaciones de la oferta sobre bonos convertibles, serán tenidas en consideración en el cálculo del mencionado porcentaje.

Además, la Oferta está sujeta a otras condiciones, entre las que procede destacar la no iniciación, por parte de las autoridades comunitarias de competencia de actuaciones conforme al artículo 6 (1) (c) del Reglamento del Consejo (EC) N° 139/2004 ni la remisión a ninguna otra autoridad competente de todo o parte del expediente.

.../...

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

Madrid, 7 de abril de 2006

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

FOR IMMEDIATE RELEASE

7 April 2006

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

CASH OFFERS

by

CITIGROUP GLOBAL MARKETS LIMITED

and

MACQUARIE BANK LIMITED

on behalf of

AIRPORT DEVELOPMENT AND INVESTMENT LIMITED

(and, in the United States, 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

- The board of Airport Development and Investment Limited (the “Offeror”) announces the terms of a cash offer to acquire the entire issued and to be issued share capital of BAA plc (the “Share Offer”) and cash offers to acquire all of the BAA Convertible Bonds (the “Convertible Bond Offers” and, together with the Share Offer, the “Offers”).
- The Share Offer, which will be 810 pence in cash for each BAA Share, values BAA’s existing issued share capital at approximately £8.75 billion and provides BAA Shareholders with an opportunity to realise value in cash at a significant premium to BAA’s pre-bid speculation share price. A Loan Note Alternative to the Share Offer will be made available.

- The Convertible Bond Offers will be made on the following basis:
 - £1,258 for each nominal £1,000 of the 2008 Convertible Bonds; and
 - £1,449 for each nominal £1,000 of the 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. The Convertible Bond Offers will not include a loan note alternative and will be made at the time the Offer Documentation is issued.

- On 17 March 2006, the Consortium announced a possible offer for BAA (which was subject to certain pre-conditions – the provision of limited due diligence to the reasonable satisfaction of the Consortium, agreement with BAA’s pension scheme trustees and receipt of appropriate clearance(s) from the pensions regulator and the unanimous recommendation of the BAA Board).
- The Consortium has made significant progress on various aspects of the transaction since 17 March. However, it is clear that, for various reasons, the Consortium is unlikely to be able to secure a recommendation prior to the “Put Up or Shut Up” deadline.
- Accordingly, the Consortium has reluctantly decided to formalise its possible offer as announced on 17 March with today’s announcement of a unilateral offer at the same price.
- The Consortium remains keen to engage in a dialogue with the BAA Board with a view to securing a recommendation for its offers.

Rafael del Pino, Chairman of Ferrovial and Ferrovial Infra, said today:

"We have made good progress over the last three weeks with our bid preparations and in our conversations with BAA's stakeholders. Having now completed and signed our financing, we have decided to announce a firm offer today in order to meet the Takeover Panel's requirement for us to bid or withdraw by 24 April. Whilst this bid is being made unilaterally, we do not regard it as hostile. We remain keen to engage in a dialogue with the BAA Board with a view to securing a recommendation for the Consortium's offers."

This summary should be read in conjunction with, and is subject to, the full text of the following announcement (including the Appendices). The 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 Offer Documentation when issued. Appendix 2 contains a summary of the principal terms of the Loan Note Alternative. Appendix 3 contains definitions of certain

terms used in this summary and the following announcement. Appendix 4 contains the sources and bases of certain information used in this summary and in the following announcement.

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

Macquarie Bank Limited is acting for the Offeror and no one else in connection with the 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 Offers and matters described in this announcement.

HSBC Bank plc is acting for CDP and no one else in connection with the 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 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 Offers or otherwise. The Offers will be made solely by the Offer Documentation, when issued, which will contain the full terms and conditions of the Offers, including details of how the Offers may be accepted.

The Offers will be made in the United States solely by the Offeror. Neither Citigroup Global Markets Limited nor Macquarie Bank Limited, nor any of their respective affiliates, will be making the Offers in the United States.

Unless otherwise determined by the Offeror, the 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, Australia, Canada, Japan 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 Australia, Canada, Japan 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 Australia, Canada, Japan 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 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 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, 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 document 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 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. 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 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 Share 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 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.

“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

7 April 2006

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PART, IN OR INTO CANADA, AUSTRALIA OR JAPAN**

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CITIGROUP GLOBAL MARKETS LIMITED

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MACQUARIE BANK LIMITED

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AIRPORT DEVELOPMENT AND INVESTMENT LIMITED

(and, in the United States, by Airport Development and Investment Limited)

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

for

BAA PLC

1. Introduction

The board of Airport Development and Investment Limited (the “Offeror”) announces the terms of cash offers to be made outside the United States by Citigroup Global Markets Limited and Macquarie Bank Limited on behalf of the Offeror (and, in the United States, by the Offeror) to acquire the entire issued and to be issued share capital of BAA (the “Share Offer”) and to acquire all of the BAA Convertible Bonds (the “Convertible Bond Offers” and, together with the Share Offer, the “Offers”).

2. The Share Offer

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

for each BAA Share 810 pence in cash

The Share Offer values BAA's existing issued share capital at approximately £8.75 billion and provides BAA Shareholders with an opportunity to realise value in cash at a significant premium to BAA's pre-bid speculation share price. A Loan Note Alternative to the Share Offer will be made available.

The Share Offer represents:

- a premium of 27 per cent. to the average share price of 637p 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 32 per cent. to the average share price of 615p for the 12 months ended on 6 February 2006; and
- a multiple of 19.3x BAA's undiluted pre-exceptional earnings per share of 41.9p for the year ended 31 March 2005.

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 the date of this announcement 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 the date of this announcement.

3. The Convertible Bond Offers

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

- £1,258 for each nominal £1,000 of the 2008 Convertible Bonds; and
- £1,449 for each nominal £1,000 of the 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.

The Convertible Bond Offers will be made at the time that the Offer Documentation is issued.

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 the date of this announcement or thereafter attaching thereto, including the right to receive and retain, in full, all interest payments and any other payments made on or after the date of this announcement (other than pursuant to the Convertible Bond Offers).

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

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

4. Background to and reasons for the Offers

Reasons for proposed acquisition of BAA

The proposed acquisition of BAA is entirely consistent with Ferrovial Infra's and Ferrovial's strategy in recent years to increase their focus on long-term and international investment in infrastructure and transport services businesses, including airports and toll roads.

In general, airports are complex and dynamic businesses with many stakeholders. Consequently, management must continually develop and implement appropriate strategies to meet the considerable challenges that they face and to ensure that appropriate opportunities are taken. The Consortium believes that BAA's existing management will continue to face significant challenges given the particular features of the BAA Group and the environment in which it operates, including:

- BAA's key assets being subject to economic regulation and price control;
- BAA having a significant investment programme to deliver airport capacity, particularly in the South East of England; and
- the diversity of the BAA Group, which has businesses in multiple and distinct jurisdictions.

Ferrovial Infra has a proven track record in successfully investing in and managing infrastructure businesses globally. Ferrovial has, over more than half a century, gained considerable experience and expertise in strategy and business planning, capital projects management and optimising capital structures for infrastructure businesses. The Consortium believes that Ferrovial Infra is an ideal partner to assist existing management to develop appropriate strategies and implement a business plan for the BAA Group for the benefit of stakeholders.

Reasons for unilateral Offers

On 17 March 2006, following an approach to the Chairman of BAA, the Consortium announced the terms of a possible cash offer (pursuant to Rule 2.4 of the City Code) for BAA. This proposal was conditional upon (i) the provision of limited due diligence to the reasonable satisfaction of the Consortium, (ii) agreement with BAA's pension scheme trustees and receipt of the appropriate clearance(s) from the pensions regulator and (iii) the unanimous recommendation of the BAA Board. The Consortium reserved the right to waive, in whole or in part, any of these pre-conditions at its discretion. The BAA Board rejected the Consortium's proposal and has refused to provide the limited due diligence requested.

At the request of the BAA Board, the Panel subsequently announced that the Consortium should either announce a firm offer (pursuant to Rule 2.5 of the City Code) or announce that it would not be bidding for BAA (pursuant to Rule 2.8 of the City Code) by 12 noon on 24 April 2006.

Since 17 March, the Consortium has made good progress with respect to various aspects of the transaction, as follows:

- on behalf of the Consortium, Citigroup Global Markets Limited has met with a number of BAA Shareholders to initiate a dialogue in respect of their investment in BAA;
- the debt facilities documentation required to implement the Offers has been finalised and signed;
- the Consortium has held initial meetings with both the UK Government and the CAA;
- the Consortium has held an initial meeting with the trustees of the BAA pension scheme; and
- Ferrovial Infra has entered into put and call option arrangements with MAp in respect of its stakes in Bristol Airport and Sydney Airport.

The Consortium made clear in its announcement of 17 March that it had a strong preference to proceed with this transaction on a recommended basis. However, in light of BAA's refusal to provide the requested limited due diligence information and in the absence of an agreement to date with the pension scheme trustees in respect of an accelerated contribution schedule, the Consortium concluded it was unlikely to be able to reach agreement with the BAA Board on the terms of a recommended offer by the deadline on 24 April. As a result, the Consortium has reluctantly decided to formalise its possible offer as announced on 17 March with today's announcement of a unilateral firm offer at the same price.

Despite today's announcement of a unilateral offer, the Consortium remains keen to engage in a dialogue with the BAA Board with a view to securing a recommendation for its offers.

5. Information on the Consortium

Ferrovial and Ferrovial Infra

Ferrovial Infra is the holding company of the infrastructure division of Ferrovial. Ferrovial was founded as a construction company in 1952 and, while it maintains construction as one of its core activities, is one of Europe's leading diversified industrial groups and is engaged in construction, services and infrastructure concession activities. It had annual revenues in 2005 of €8,989 million (approximately £6,275 million), more than 68,000 employees and a presence in 40 countries worldwide. In recent years, Ferrovial's strategy has been to expand and diversify in terms of activities and regions. In the 1997 to 2005 period, investments amounted to €6 billion (approximately £4 billion), 80% in infrastructure and services. In 2005, Ferrovial derived 59% of its operating profit from infrastructure and services business.

Ferrovial has also made significant strides in investments outside Spain, with 46% of operating profit in 2005 coming from outside Spain. Ferrovial has investments throughout Europe (the UK, Ireland, Italy, Portugal and Poland), Canada, the US, Australia and Chile. Ferrovial's net income in 2005 was €416 million (approximately £290 million).

Ferrovial's infrastructure projects include the operation, through its subsidiary, Cintra Concesiones de Infraestructuras de Transporte, S.A. ("Cintra"), of the 407 ETR motorway in Toronto and the Chicago Skyway Bridge toll road and Cintra has recently been selected as preferred bidder for the maintenance and operation of the Indiana Toll Road. In the UK, through its Amey subsidiary, Ferrovial jointly holds 66% of a 30-year contract to upgrade and maintain the Jubilee, Northern and Piccadilly London Underground Lines. Ferrovial's airport investments currently include owning 50% of Bristol airport, 100% of Belfast City airport, 20.9% of Sydney airport and 99.99% of Cerro Moreno airport in Antofagasta (Chile). Ferrovial has also recently acquired 100% of the share capital of the Swiss airport handling company, Swissport International AG, which operates in more than 180 airports worldwide and employs over 20,000 people.

CDP

CDP is a financial institution that manages funds primarily for public and private pension and insurance plans. As at 31 December 2005, it held CA \$122.2 billion (approximately £60.5 billion), of net assets. CDP invests in the main financial markets as well as in private equity and real estate.

CDP's private equity unit focuses mainly on companies that offer predictable current income for its infrastructure portfolio. CDP partners with dynamic companies in various

sectors, offering them a wide range of financing products, which comprise mainly equity investments and loans. As at 31 December 2005, the private equity portfolio had a net asset value of CA \$10.9 billion (approximately £5.4 billion).

GIC SI

GIC SI is the private equity investment arm of the Government of Singapore Investment Corporation Pte Ltd (“GIC”). GIC SI manages a diversified global portfolio of investments in private equity, venture capital and infrastructure funds, as well as direct investments in private companies. From providing capital to US leveraged buyout and venture capital firms in the early 80s, GIC SI’s portfolio has since grown significantly. Today, operating out of offices in Singapore, London, New York, San Francisco and Beijing, GIC SI is one of the largest private equity investors worldwide.

GIC is a global investment management company established in 1981 to manage Singapore’s foreign reserves. GIC invests internationally in equities, fixed income, money market instruments, real estate and special investments. Since inception, GIC has grown from managing a few billion dollars, to managing more than US\$100 billion (approximately £57 billion) today. GIC strives to achieve good long-term returns on assets under management, to preserve and enhance Singapore’s reserves.

Airport Development and Investment Limited

Airport Development and Investment Limited has been formed at the direction of Ferrovial Infra, CDP and GIC SI for the purpose of acquiring BAA. The directors of the Offeror are Juan Béjar Ochoa (Managing Director of Ferrovial Infra and Managing Director of Ferrovial Aeropuertos, S.A.), Ghislain Gauthier (Senior Vice-President, Investments, CDP) and Ang Eng Seng (Head of European Private Equity Group, GIC SI).

6. Information on BAA

BAA owns and operates seven UK airports (London Heathrow, London Gatwick, London Stansted, Aberdeen, Edinburgh, Glasgow and Southampton) and has management contracts in relation to, or stakes in, airports in the USA, Australia, Italy and, most recently, Hungary (following its acquisition of Budapest airport in December 2005). Just over 133.2 million passengers passed through its seven UK airports during the 11 months to 28 February 2006. The BAA Group also owns an airport retailing business and has a property joint venture with Morley Fund Management focusing on off-airport property developments.

For the year ended 31 March 2005, BAA reported group revenue of £2,115 million (2004: £1,970 million) and underlying pre-exceptional group operating profit of £688 million (2004: £616 million). As at 31 March 2005, BAA had shareholders’ equity of £5,501 million (2004: £4,974 million) and net debt of £3,080 million (2004: £2,770 million).

For the six months ended 30 September 2005, BAA reported underlying group revenue of £1,173 million (2004: £1,102 million) and underlying operating profit of £412 million (2004: £376 million). As at 30 September 2005, BAA had shareholders' equity of £5,770 million (2004: £5,437 million) and net debt of £3,543 million (2004: £3,166 million).

7. The Consortium's plans for the BAA business

The Consortium's aim is to maximise BAA's operational and financial efficiency, whilst also focusing on security, safety, good airline and passenger service and environmental issues. The Consortium is committed to the long-term ownership and continued development of BAA's business, and to the investment needs of the business in the future. Key to this is its intention to keep together BAA's UK airports and to work co-operatively with the UK Government and the CAA to deliver the White Paper recommendations for runway and terminal development.

The Consortium has had regard to all BAA's disclosed investment projects across its seven UK airports. The Consortium intends to focus on investment in the UK and to enhance airport capacity, in particular, in South East England. The Consortium has substantial experience in investing in and managing infrastructure assets, including airports.

8. 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% 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 £421 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% 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% of the voting rights of the share capital of BAA or, if earlier, 365 days from the date of the agreement.

9. Directors, management and employees

The Consortium is keen to minimise disruption to, and ensure the continued smooth operation of, BAA's business, and recognises the key role that BAA management would play in this regard. It is, therefore, keen to retain and support current BAA

executive management following the Offers becoming or being declared unconditional in all respects and explore ways of fully incentivising them.

If the Offers become or are declared unconditional in all respects, the Offeror intends that the existing employment rights of all BAA Group employees would continue to be safeguarded and accrued rights to pension benefits protected, in accordance with statutory requirements.

10. Pensions

The Consortium has assumed in its financial analysis an accelerated schedule of contributions to eliminate the BAA Group's current pension scheme deficit over a period of time. The Offeror wishes to reach an agreement with the trustees of the scheme in relation to a deficit reduction programme (and also wishes to obtain clearance(s) from the pensions regulator). It has held an initial meeting with the trustees but has not yet been provided with the information requested and has not, therefore, been able to discuss or agree such a programme with them.

The Consortium remains keen to continue to engage in a dialogue with the trustees with a view to agreeing a deficit reduction programme as soon as possible.

11. Anti-trust and Regulatory

The Offeror has taken extensive advice on anti-trust and regulatory matters on the basis of which it believes that no material anti-trust or regulatory issues are likely to arise in relation to the Offers.

The Offers will be reviewable by the European Commission and the Offeror is confident that they will be cleared during a Phase I review. In order to help ensure this, the Consortium members would be willing to make such remedy commitments in relation to non-BAA assets as may reasonably be necessary in order to secure such Phase I clearance. The required notification will be submitted to the European Commission shortly.

In relation to jurisdictions outside the EU in which BAA operates, the Offeror is confident that the implementation of the 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.

12. Civil Aviation Authority

The Consortium has taken advice regarding the regulatory regime under which BAA and its UK airport subsidiaries operate and has also had initial discussions with the CAA which the Consortium anticipates will continue following this announcement.

The Consortium supports the constructive engagement and the subsequent phases of the ongoing price review process for BAA's regulated airports and is conscious of the timetable that has been established for the review.

The Consortium is fully committed to achieving the ambitions of the Government's White Paper and has a detailed business plan that provides significant investment to do so. It is confident that the CAA will be comfortable with its business plan, financial structure and ability to deliver its investment commitments.

13. The Loan Note Alternative

As an alternative to some or all of the cash consideration of 810 pence per BAA Share which would otherwise be receivable under the Share Offer, BAA Shareholders who validly accept the Share Offer will, subject to the limitations and other provisions set out below, in Appendix 2 and in the Offer Documentation, be able to elect to receive Loan Notes to be issued by the Offeror on the following basis:

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

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 Share 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 Share 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.

The Loan Notes that may be issued pursuant to the Share 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, 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 document is accurate or complete. Any representation to the contrary is a criminal offence.

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

A summary of the principal terms of the Loan Note Alternative is set out in Appendix 2.

14. BAA Share Schemes

The Share Offer will extend to any BAA Shares unconditionally allotted or issued and fully paid whilst the Share 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.

15. BAA American Depositary Receipts

As the Share Offer is not being specifically extended to BAA ADRs representing BAA Shares, BAA ADR holders who wish to participate in the Share 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 Share Offer following the procedures to be set out in the Offer Documentation when issued.

16. Conditionality of the Offers

The 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 Offer Documentation when issued.

The Consortium would like to draw your attention to the following Conditions upon which, amongst others, the Share Offer will be conditional (the full details of which conditions are set out in Appendix 1):

- The Offeror receiving valid acceptances of the Share 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 Share Offer relates. The Offeror has agreed with the

Banks that it will not declare the Share 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 a Convertible Bond 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 2008 Convertible Bond 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 2009 Convertible Bonds Offer relates.
- The following matters not having occurred since this announcement:
 - 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 Offeror 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 Offeror 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 Share 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 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.

17. Disclosure of Interests in BAA

Save for the:

- 378 BAA Shares held by persons deemed by the Panel to be acting in concert (within the meaning of the City Code) with FerroviaI;
- 1,637,016 BAA Shares held by 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 deemed by the Panel to be acting in concert (within the meaning of the City Code) with GIC SI;
- 1,901,193 BAA Shares held by Macquarie Bank Limited or various entities either directly or indirectly controlled by Macquarie Bank Limited or by funds managed by or to which advisory services are provided by such entities; and
- 204,405 BAA shares held by HSBC and its affiliates, who are acting in concert (within the meaning of the City Code) with CDP,

none of the Offeror (nor any of the Offeror Directors), FerroviaI Infra, GIC SI Investor or CDP Investor, nor, so far as each of the Offeror, FerroviaI Infra, GIC SI Investor or CDP Investor is aware, any person deemed to be acting in concert with the Offeror, owns or controls any BAA Shares or any securities convertible or exchangeable into BAA Shares (including pursuant to any long exposure, whether conditional or absolute, 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, relating to Relevant BAA Shares which may be an inducement to deal or refrain from dealing in such securities.

18. Financing the Offer

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

Ferrovial Infra, CDP and GIC SI have committed to provide (either directly or through an investment company) equity funding to FGP Topco Limited (the indirect holding company of Airport Development and Investment Limited) in the following proportions: Ferrovial Infra (approximately 64%), CDP (approximately 26%) and GIC SI (10%). Ferrovial Infra may elect to syndicate a portion of its participation representing up to 10% of the ownership of FGP Topco Limited through the introduction of one or more new investors to the Consortium during the period through to the funding of the consideration under the Share Offer.

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

The Consortium 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.

19. Overseas BAA Shareholders

The distribution of this announcement to, and the availability of the 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 Offer Documentation.

20. Delisting, compulsory acquisition and other post-acquisition steps

BAA Shares

If the Offeror receives acceptances of the Share Offer in respect of, or otherwise acquires, 90 per cent. or more of the BAA Shares to which the Share Offer relates and assuming all other conditions of the Share 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 Share Offer relates on the same terms as the Share Offer.

If, following the Share 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 Share Offer.**

BAA Convertible Bonds

If the Offeror receives acceptances of the relevant Convertible Bond 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 Convertible Bond Offer relates and assuming the Share 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 Convertible Bond Offer.

If, following the Convertible Bond 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 BAA Convertible Bonds not assented to the relevant Convertible Bond Offer.**

21. 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 Offers should be made only on the basis of the information contained in the Offer Documentation.

The Offer Documentation will be posted (other than to Restricted Overseas Persons) as soon as reasonably practicable after, and, in any event, within 28 days of, the date of this announcement (unless agreed otherwise with the Panel).

The Offers will be governed by English law and will be subject to the jurisdiction of the English courts. The 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.

In accordance with US securities laws, the Offers will remain open for at least 20 US Business Days from the date of the Offer Document.

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 Share 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.

Appendix 2 contains a summary of the principal terms of the Loan Note Alternative. Appendix 3 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 4.

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Citigroup Global Markets Limited is acting for the Offeror, Ferrovial Infra, CDP and GIC SI Investor and no one else in connection with the 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 matters described in this announcement.

Macquarie Bank Limited is acting for the Offeror and no one else in connection with the 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 matters described in this announcement.

HSBC Bank plc is acting for CDP and no one else in connection with the 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 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 Offers or otherwise. The Offers will be made solely by the Offer Documentation, when issued, which will contain the full terms and conditions of the Offers, including details of how the Offers may be accepted.

The Offers will be made in the United States solely by the Offeror. Neither Citigroup Global Markets Limited nor Macquarie Bank Limited, nor any of their respective affiliates, will be making the Offers in the United States.

Unless otherwise determined by the Offeror, the 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, Australia, Canada, Japan 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 Australia, Canada, Japan 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 Australia, Canada, Japan 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 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 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, 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 document 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 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 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. 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, as amended, relating to the 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 Share 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 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.

“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 Offers

1. THE SHARE OFFER

1.1 Conditions of the Share Offer

Subject as stated in paragraph 1.2 below, the Share Offer will be conditional upon the following Conditions:

- (a) valid acceptances being received (and not, where permitted, withdrawn) by not later than 3.00 p.m. (London time) on the first closing date of the Share Offer (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 Share Offer relates, provided that this condition will not be satisfied unless the Offeror and/or any Associate shall have acquired or agreed to acquire (whether pursuant to the Share 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 Share 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 Share Offer; and
 - (iii) the expression “BAA Shares to which the Share 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 Offers or any other matter arising from the proposed acquisition of BAA by any member of the Offeror 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 Offers or any matter arising from the proposed acquisition of BAA by any member of the BAA 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 Offers or any matter arising from any of the Offers or any other matter arising from the proposed acquisition of BAA by any member of the Offeror 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 Offeror Group under the 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 Offers and any other matter arising from the proposed acquisition of BAA by any member of the Offeror 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 Offers and any other matter arising from the proposed acquisition of BAA by any member of the Offeror 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 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 Offers or any other matter arising from the proposed acquisition of BAA by any member of the Offeror Group under the Trade Practices Act 1974 (Cth);
- (g) it being established, in terms satisfactory to the Offeror, that neither the Offers nor the implementation of the Offers nor any other matter arising from the proposed

acquisition of BAA by any member of the Offeror Group will result in the contravention of the provisions of the Airports Act 1996 (Cth);

(h) since this announcement:

- (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 Offers or any other matter arising from the proposed acquisition of BAA by any member of the Offeror 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 Offeror 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, (A) to the extent that would or might be expected by the Offeror to have an adverse effect on the Wider BAA Group; or (B) if this would be expected to result in any member of the Wider Offeror 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 2008 Convertible Bond 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 2009 Convertible Bond Offer relates. For the purposes of this condition:
 - (i) valid acceptances shall be deemed to have been received in respect of 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 Convertible Bond Offer;
 - (ii) the expression “2008 Convertible Bonds to which the 2008 Convertible Bond 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 2009 Convertible Bond 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 Offers or any other matter arising from the proposed acquisition of BAA by any member of the Offeror 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 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 Offeror 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 Offers or any matter arising from the proposed acquisition of BAA by any member of the Offeror 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 Offers illegal or otherwise prohibiting the consummation of any of the Offers or any matter arising from the proposed acquisition of BAA by any member of the Offeror 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 Offers or their implementation or the acquisition or proposed acquisition by any member of the Offeror 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 Offers or such acquisition, or otherwise impede, challenge or interfere with any of the Offers or such acquisition, or require amendment to the terms of any of the Offers or such acquisition;
 - (ii) limit or delay, or impose any limitations on, the ability of any member of the Wider Offeror 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 Offeror 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 Offeror 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 Offeror 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 Offeror 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 Offeror Group or any member of the Wider BAA Group to conduct or integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider Offeror Group or any other member of the Wider BAA Group;
- (vii) result in any member of the Wider Offeror 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 Offeror 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 the date of this announcement (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 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 Offeror 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 the date of this announcement (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 the date of this announcement (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 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 Offeror 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 Offeror 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 Share 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 later of the first closing date of the Share Offer and the date on which Condition 1.1(a) is fulfilled (or in each case such later date as the Offeror may, with the consent of the Panel, decide), failing which the Share 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 Share Offer will lapse (unless otherwise agreed by the Panel) if, before 3.00 p.m. on the later of the first closing date of the Share Offer and the date on which the Share Offer becomes or is declared unconditional as to acceptances, the European Commission either initiates proceedings under Article 6(1)(c) of the EC Merger Regulation or makes a referral to a competent authority of the United Kingdom under Article 9(1) of the EC Merger Regulation and there is then a reference to the Competition Commission.
- (e) The Offeror reserves the right to elect to implement the Share 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 the Share Offer.

- (f) If the Share Offer lapses it will cease to be capable of further acceptance. BAA Shareholders who have accepted the Share Offer and the Offeror shall then cease to be bound by acceptances delivered on or before the date on which the Share Offer lapses.
- (g) The BAA Shares will be acquired by the Offeror fully paid and free from all liens, equitable interests, charges, encumbrances, right of pre-emption and any other third party rights or interests whatsoever and together with all rights existing as at the date of this announcement 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 the date of this announcement. 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 the date of this announcement or will become so proposed, declared, made, paid or payable after such date, the price payable under the Share 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 Share 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 each BAA Share pursuant to the Share Offer will be reduced by the amount of any reduction of the amount of cash consideration payable pursuant to the Share Offer in respect of that BAA Share as a result of such dividend and/or distribution and/or return of capital. To the extent that a reduction in the price payable pursuant to the Share Offer in respect of a BAA Share is to apply in respect of a dividend and/or distribution and/or return of capital but that reduction in price has not been effected, the person to whom the Share 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.
- (h) The Share Offer and the Loan Note Alternative will be on the terms and will be subject to the conditions which are set out in Appendix 1, those terms which will be set out in the 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 Share 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 Share 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 Share Offer.

2. THE CONVERTIBLE BOND OFFERS

2.1 Condition of the Convertible Bond Offers

Each Convertible Bond Offer will be conditional upon the Share Offer becoming or being declared unconditional in all respects.

2.2 Certain further terms of the Convertible Bond Offers

- (a) If a Convertible Bond Offer lapses, it will cease to be capable of further acceptance. BAA Convertible Bondholders who have accepted such Convertible Bond Offer and the Offeror shall then cease to be bound by acceptances delivered in respect of the relevant Convertible Bond Offer on or before the date on which the relevant Convertible Bond Offer lapses.
- (b) The Offeror reserves the right to elect to implement the Convertible Bond 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 as may be required by law or regulation), so far as applicable, as those that would apply to the relevant Convertible Bond Offer(s).
- (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 the date of this announcement or thereafter attaching thereto.
- (d) The Loan Note Alternative will not be available to BAA Convertible Bondholders accepting the Convertible Bond Offers.
- (e) The Convertible Bond Offers will be on the terms and will be subject to the Condition 2.1, those terms which will be set out in the 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 Convertible Bond 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 Convertible Bond 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 Convertible Bond Offers.

APPENDIX 2

Particulars of the Loan Note Alternative

Only those BAA Shareholders whom have validly elected to receive Loan Notes pursuant to the Loan Note Alternative will be issued with Loan Notes.

The Loan Notes will be created and issued pursuant to a resolution of the board of directors of the Offeror (or a duly authorised committee) and will be constituted by the Loan Note Instrument. The Loan Notes will be guaranteed as to the principal amount only by The Royal Bank of Scotland plc (the “Guarantor”) in accordance with the terms of the Loan Note Instrument.

The issue of the Loan Notes is conditional on the Share Offer becoming or being declared unconditional in all respects. If valid elections for the Loan Note Alternative have not been received in respect of at least £50 million nominal value of Loan Notes by the time the Share Offer becomes or is declared unconditional in all respects, no Loan Notes will be issued, in which event all BAA Shareholders accepting the Share Offer will receive cash in accordance with the terms of the Share Offer. Unless otherwise determined by the Offeror, the Loan Note Alternative is not available into, or to any person who is a citizen or resident of the United States, Australia, Canada or Japan (or any province or territory thereof, if applicable) or any other jurisdiction if to make it so available would constitute a violation of the relevant laws of such jurisdiction, and will be subject to the terms and conditions to be set out in the Offer Documentation when issued.

Up to a maximum of £1 billion in aggregate nominal amount of Loan Notes will be available under the Loan Note Alternative and, 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.

The Loan Note Instrument will contain provisions, *inter alia*, to the following effect.

1. Form and Status

The Loan Notes will be issued by the Offeror, credited as fully paid, in amounts and integral multiples of £1 in nominal amount and will constitute unsecured obligations of the Offeror. The Loan Note Instrument will not contain any restrictions on borrowing, disposals or charging of assets by the Offeror. All fractional entitlements to the Loan Notes will be disregarded.

2. Interest

Until such time as the Loan Notes are repaid in full, interest on the outstanding Loan Notes will be payable in arrears (less any tax required by law to be deducted or withheld) on 30 June and 31 December in each year or, if any such day is not a Business Day, on the next following Business Day (each, an "Interest Payment Date"). The first payment of interest on the Loan Notes (the "First Payment Date") will be made on 31 December 2006 in respect of the period from (and including) the date of issue of the relevant Loan Note up to (but excluding) the First Payment Date. The period from (and including) the date of issue of the relevant Loan Note up to (but excluding) the First Payment Date and the period from (and including) the First Payment Date or any subsequent Interest Payment Date up to (but excluding) the next following Interest Payment Date is called an "Interest Period".

- (a) The rate of interest on the Loan Notes for each Interest Period will be the rate per annum which is one half of one per cent. below LIBOR, as determined on the first Business Day of the relevant Interest Period. LIBOR means, in relation to any Interest Period the applicable British Bankers Association LIBOR rate for sterling in the Interest Period displayed on Telerate Page 3750 or Telerate Page 3740 (as appropriate) at or about 11.00 a.m. on the relevant quotation date.
- (b) If the rate of interest cannot for whatever reason be established for an Interest Period in accordance with the provisions of paragraph 2(a) above, the rate of interest on the Loan Notes for such Interest Period shall be the rate determined by the Offeror to be the arithmetic mean (rounded, if necessary, to the nearest five decimal places with the midpoint rounded upwards) of the rates notified to the Offeror by each of the London offices of Citibank, N.A. and The Royal Bank of Scotland plc as the rate at which such banks are offering deposits in the required currency and for the required period in an amount comparable to that amount to prime banks in the London Interbank Market at or about 11.00 a.m. on the relevant quotation date.
- (c) If the rate of interest cannot be established in accordance with the preceding provisions of this paragraph 2 for any Interest Period, the rate of interest on the Loan Notes for such Interest Period shall be the same as that during the previous Interest Period.
- (d) Each payment of interest shall be made to the holders of the Loan Notes ("Noteholders") who are on the register at the close of business on the 20th day preceding the date of payment of such interest.
- (e) Each instalment of interest shall be calculated on the basis of a 365-day year (or a 366-day year in the case of an interest payment date falling in a leap year) and the actual number of days elapsed in the relevant interest period.

- (f) A certificate signed by a duly authorised officer of the Offeror shall be conclusive evidence of the interest rate and shall be binding on the Noteholders and the Offeror and the Guarantor.
- (g) Unless otherwise determined by the Offeror, payments of interest in respect of the Loan Notes will not be made to addresses in the United States, Australia, Canada or Japan.

3. Deduction of tax

- (a) The Offeror and the Guarantor will be entitled to deduct or withhold from any payments of interest or principal on the Loan Notes any amount for or on account of any present or future tax required by law to be deducted or withheld therefrom.
- (b) The Offeror and the Guarantor shall not be obliged either to consider any application or request by or on behalf of a Noteholder to receive payments hereunder free from any deduction or withholding for or on account of tax or (to the extent permissible under law) to make any payments hereunder free from any such deduction or withholding, unless the Offeror has received from the relevant Noteholder such warranties, indemnities, undertakings, security and assurances as it may, in its absolute discretion, consider necessary and in such form as it may think fit.
- (c) The Offeror and the Guarantor shall be entitled to deduct from any payment an amount equal to any tax (including any interest and penalties) for which the Offeror or the Guarantor is assessable as a result of its having failed to make a deduction or withholding of an amount for or on account of any tax from any previous payment to the same Noteholder required by law (including, without limitation, in the circumstances set out in section 349D(1) of the Income and Corporation Taxes Act 1988).

4. Repayment, redemption and purchase of Loan Notes

- (a) Without prejudice to the provisions of paragraph 4(b) below, each Noteholder may at any time and from time to time, by written notice (which shall be irrevocable) sent to the Offeror (in the form endorsed on the Loan Note certificate) not later than 30 days before any Interest Payment Date (other than the Final Redemption Date) falling on or after the First Payment Date, require the Offeror to repay on the relevant Interest Payment Date all or some (being £1,000 nominal amount or any integral multiple thereof) of the Loan Notes held by such Noteholder, at their principal amount together with accrued interest (subject to any requirement to deduct tax therefrom) to (but excluding) the relevant date of repayment. On the expiry of any such notice, the Offeror will

be bound to repay the Loan Notes in respect of which such notice has been given as aforesaid.

- (b) If, at any time:
 - (i) the aggregate nominal amount of the Loan Notes outstanding is less than £50 million; or
 - (ii) the aggregate nominal amount of all the Loan Notes outstanding represents less than 25 per cent. of the total nominal value of the Loan Notes issued in connection with the Share Offer; or
 - (iii) in the reasonable opinion of the Offeror, the interest payable on the Loan Notes falls, or is expected to fall, to be treated as non-deductible for tax purposes,

the Offeror shall be entitled, on giving to the remaining Noteholders not less than 30 days' notice in writing expiring on any Interest Payment Date, to redeem all (but not some only) of the outstanding Loan Notes at their principal amount together with accrued interest (subject to any requirements to deduct tax therefrom) up to (but excluding) the date of redemption.

- (c) Any Loan Note not previously repaid, redeemed or purchased and cancelled, will be repaid on 31 December 2009 (the "Final Redemption Date"), in full at par together with accrued interest (subject to any requirements to deduct tax therefrom) up to (but excluding) that date.
- (d) On redemption by the Offeror pursuant to paragraph 4(c) above, the Offeror may (if it so elects), by notice in writing to Noteholders giving not less than 28 days' notice ending on the Final Redemption Date pay each Noteholder, in lieu of and in satisfaction of the principal amount to be redeemed, an amount in US dollars equal to the amount in US dollars that the sterling amount equal to the principal amount of the Loan Notes to be redeemed could have purchased on the date being 28 days before the Final Redemption Date (at the spot rate for the purchase of US dollars with sterling certified by the Offeror) as prevailing at 11.00 a.m. (London time) on that day (or, if such day is not a Business Day, the next following Business Day), provided that such amount shall be not less than 99.5 per cent. or more than 100.5 per cent. (and, if it would otherwise be less than 99.5 per cent, it shall be equal to 99.5 per cent and, if it would otherwise be more than 100.5 per cent, it shall be equal to 100.5 per cent) in each case, of the amount in US dollars that the sterling principal amount of the Loan Notes to be redeemed could have purchased on the Final Redemption Date.
- (e) Any Loan Notes repaid, purchased or redeemed will be cancelled and shall not be available for re-issue.

- (f) Each Noteholder shall be entitled to require all of the Loan Notes held by him to be immediately repaid at par together with accrued interest (subject to any requirements to deduct tax therefrom) if:
- (i) any principal or interest on any of the Loan Notes held by that Noteholder should fail to be paid in full in accordance with the provisions of the Loan Note Instrument;
 - (ii) the Offeror fails to perform or observe any of its other obligations under the Loan Note Instrument or the Loan Notes and (except in the case of a failure to observe a payment obligation under the terms of the Loan Note Instrument or the Loan Notes) such failure continues for a period of 30 days after written notice thereof has been given by the relevant Noteholder;
 - (iii) an encumbrancer takes possession of, or a trustee, receiver, administrator or similar officer is appointed or an administration order is made in respect of the Offeror or Guarantor or in respect of, the whole or a substantial part of the undertaking of the Offeror or Guarantor or any directly analogous proceedings in a relevant jurisdiction occur and such person has not been paid out or discharged within 30 days; or
 - (iv) an order is made or an effective resolution is passed for the winding-up or dissolution of the Offeror or Guarantor or any directly analogous proceedings in a relevant jurisdiction occur (other than for the purposes of a reconstruction or an amalgamation or a members' voluntary winding-up on terms previously approved by an Extraordinary Resolution (as defined in the Loan Note Instrument)).
- (g) the Offeror will be entitled at any time on or after the date falling six months after the date of issue of the Loan Notes to redeem any Loan Notes by tender (available to all Noteholders alike), private treaty or otherwise, at any price agreed by the Noteholder(s).

5. Modification

The provisions of the Loan Note Instrument and the rights of the Noteholders will be subject to modification, abrogation or compromise in any respect with the sanction of an Extraordinary Resolution (as defined in the Loan Note Instrument) passed in accordance with the provisions of the Loan Note Instrument and with the consent of the Offeror and, where such modification, abrogation or compromise would affect the interests of the Guarantor, with the sanction of the Guarantor. The Offeror may amend the provisions of the Loan Note Instrument without such sanction if, in its opinion, such amendment would not be prejudicial to the interests of Noteholders or is of a formal, minor or technical nature or to correct an obvious error.

6. Substitution or exchange

The Loan Note Instrument will contain provisions entitling the Offeror to substitute:

- (a) any other member or members of the Offeror Group in place of the Offeror as the principal debtor or debtors under the Loan Notes or to require all or any of the Noteholders to exchange the Loan Notes for loan notes of the same principal value issued on the same terms *mutatis mutandis* by any other member or members of the Offeror Group. References to the Offeror in this summary shall be construed accordingly; and
- (b) any other clearing bank with its headquarters in the United Kingdom and with a credit rating of no less than Aa2 Stable / AA- Stable in place of Royal Bank of Scotland plc in connection with or following any refinancing of the debt incurred by the Offeror Group for the purposes of the acquisition of the share capital of BAA. References to the Guarantor in this summary shall be construed accordingly.

7. Registration, transfer and marketability

- (a) The Loan Notes will be registered in amounts and multiples of £1. The Loan Notes will not be transferable.
- (b) No application has been made or is intended to be made to any stock exchange for the Loan Notes to be listed or dealt in on any stock exchange.
- (c) The Loan Notes that may be issued pursuant to the Share 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, 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 document is accurate or complete. Any representation to the contrary is a criminal offence.

8. Prescription

Noteholders will cease to be entitled to amounts in respect of interest which remain unclaimed for a period of five years and to amounts due in respect of principal which remain unclaimed for a period of 10 years, in each case from the date on which the relevant payment first becomes due.

9. Guarantee

The obligations of the Offeror under the Loan Note Instrument will be guaranteed as to the principal amount only by the Guarantor, subject to the terms of the Loan Note Instrument.

10. Governing Law

The Loan Notes and the Loan Note Instrument will be governed by, and construed in accordance with, English law.

APPENDIX 3

Definitions

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

“2008 Convertible Bonds”	includes: <ul style="list-style-type: none"><li data-bbox="730 801 1426 949">(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 data-bbox="730 981 1426 1384">(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 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 2008 Convertible Bond Offer becomes or is declared unconditional
“2008 Convertible Bond Offer”	the cash offer to be made, outside the United States, by Citigroup Global Markets Limited and Macquarie Bank Limited on behalf of the Offeror and, in the United States, by the Offeror, to acquire the 2008 Convertible Bonds, including, where the context so requires, any subsequent revision, variation, extension or renewal of such offer

“2009 Convertible Bonds”	<p>includes:</p> <p>(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</p> <p>(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 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 2009 Convertible Bond Offer becomes or is declared unconditional</p>
“2009 Convertible Bond Offer”	<p>the cash offer to be made, outside the United States, by Citigroup Global Markets Limited and Macquarie Bank Limited on behalf of the Offeror and, in the United States, by the Offeror, to acquire the 2009 Convertible Bonds, including, where the context so requires, any subsequent revision, variation, extension or renewal of such offer</p>
“ACCC”	<p>Australian Competition and Consumer Commission</p>
“Associate”	<p>has the meaning given in section 430E of the Companies Act</p>
“Authorisations”	<p>authorisations, orders, directions, rules, grants, recognitions, determinations, certificates, confirmations, consents, licences, clearances, provisions and approvals</p>
“Banks”	<p>Citigroup, Royal Bank of Scotland, Banco Santander, HSBC and Calyon</p>
“BAA”	<p>BAA plc</p>

“BAA ADR”	an American Depositary Receipt evidencing a BAA American Depositary Share, which represents one BAA Share
“BAA Board”	the board of directors of BAA
“BAA Convertible Bondholders”	the holders of BAA Convertible Bonds, from time to time
“BAA Convertible Bonds” or “Convertible Bonds”	the 2008 Convertible Bonds and the 2009 Convertible Bonds
“BAA Group”	BAA and its subsidiary undertakings
“BAA Share Schemes”	the BAA Deferred Annual Bonus Plan, the BAA Performance Share Plan, the BAA 1996 Executive Share Option Scheme, the BAA Sharesave Scheme, the BAA Share Incentive Plan and any other arrangements for involving the employees of BAA and members of its group in the share capital of BAA
“BAA Shareholders”	the holders of BAA Shares, from time to time

“BAA Shares”

includes:

- (a) the existing unconditionally allotted or issued and fully paid ordinary shares of 100 pence each in the capital of BAA; and
- (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 or the 2009 Convertible Bonds), in any case before the date on which the Share 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 Share Offer becomes or is declared unconditional as to acceptances,

but excludes any shares held as treasury shares on such date as the Offeror may determine before the date on which the Share Offer closes (which may be a different date to the date referred to in (b) above)

“Business Day”

any day (other than Saturday or Sunday) on which banks are open for general business in London, United Kingdom

“CAA”

the United Kingdom Civil Aviation Authority

“CDP”

Caisse de Dépôt et Placement du Québec

“CDP Investor”

Airport Infrastructure Fund, L.P.

“City Code”

the City Code on Takeovers and Mergers

“Companies Act”

the Companies Act 1985, as amended

“Conditions”

the conditions to the Share Offer which are set out in paragraph 1.1 of Appendix 1 to this announcement and, where applicable, the condition to each of the Convertible Bond Offers set out in paragraph 2.1 of Appendix 1

“Consortium”	the consortium formed at the direction of Ferrovial Infra, CDP and GIC SI for the purpose of making the Offers
“Convertible Bond Offers”	the 2008 Convertible Bond Offer and the 2009 Convertible Bond Offer
“Deposit Agreement”	the deposit agreement between US Depositary, BAA and owners, holders and beneficial holders of BAA ADRs
“European Commission”	the Commission of the European Communities
“Ferrovial”	Grupo Ferrovial, S.A., a company incorporated under the laws of Spain
“Ferrovial Infra”	Ferrovial Infraestructuras, S.A., a company incorporated under the laws of Spain
“FGP Topco Limited”	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
“Forms of Acceptance”	the forms of acceptance and authority (and, in the case of the Share Offer, election) in respect of the Share Offer, the 2008 Convertible Bond Offer and the 2009 Convertible Bond Offer, which will each accompany the Offer Document when issued
“GIC”	Government of Singapore Investment Corporation Pte Ltd, a company incorporated under the laws of Singapore
“GIC SI”	GIC Special Investments Pte Ltd, a company incorporated under the laws of Singapore
“GIC SI Investor”	Baker Street Investment Pte Limited, a company incorporated under the laws of Singapore
“HSBC”	HSBC Bank plc

“Listing Rules”	the rules and regulations made by the Financial Services Authority in its capacity as the UK Listing Authority under the Financial Services and Markets Act 2000, and contained in the UK Listing Authority’s publication of the same name
“Loan Notes”	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
“Loan Note Alternative”	the alternative whereby BAA Shareholders (other than Restricted Overseas Persons and US Persons) validly accepting the Share 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 Share Offer
“Loan Note Instrument”	the loan note instrument constituting the Loan Notes to be executed as a deed by the Offeror and Royal Bank of Scotland plc
“MAp”	a listed airport fund comprising three entities managed or advised by wholly owned subsidiaries of Macquarie Bank Limited
“Offer Document”	the document to be posted to BAA Shareholders, BAA Convertible Bondholders and others following the date of this announcement containing, amongst other things, the terms and conditions of the Share Offer and the Convertible Bond Offers and certain information about BAA, the Offeror and the Consortium
“Offeror Directors”	the directors of the Offeror (being, as at the date of this announcement, Juan Béjar Ochoa, Ghislain Gauthier and Ang Eng Seng)
“Offer Documentation”	the Offer Document and the accompanying Forms of Acceptance to be posted to BAA Shareholders, BAA Convertible Bondholders and others following the date of this announcement

“Offeror”	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
“Offeror Group”	FGP Topco Limited and its subsidiaries
“Offers”	the Share Offer and the Convertible Bond Offers
“Panel”	the Panel on Takeovers and Mergers
“Regulatory Information Service”	any of the services set out in schedule 12 to the Listing Rules
“Restricted Overseas Person”	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) 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
“Share Offer”	the cash offer (including the Loan Note Alternative) to be made, outside the United States, by Citigroup Global Markets Limited and Macquarie Bank Limited on behalf of the Offeror and, in the United States (excluding the Loan Note Alternative), by the Offeror, to acquire the BAA Shares, including where the context so requires, any subsequent revision, variation, extension or renewal of such offer
“Substantial Interest”	a direct or indirect interest in 10 per cent. or more of the voting equity capital of an undertaking

“Third Party”	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
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“US Business Days”	any day other than a Saturday, Sunday or a federal holiday in the US
“US Depository”	The Bank of New York, 101 Barclay Street, 22 nd Floor, New York, New York 10286, United States, as depository under the Deposit Agreement
“US Exchange Act”	the United States Securities and Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
“US Person”	a US person as defined in Regulation S under the US Securities Act
“US Regulatory Agencies”	the Antitrust Division of the United States Department of Justice or the United States Federal Trade Commission
“US Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

“Wider BAA Group”

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)

“Wider Offeror Group”

Ferrovial, GIC and CDP and the subsidiaries and subsidiary undertakings of Ferrovial, GIC and CDP, respectively and associated undertakings of Ferrovial, GIC and CDP, respectively (including any joint venture, partnership, firm or company in which Ferrovial, GIC or CDP, respectively has a Substantial Interest) and including any member of the Offeror Group but excluding any member of the Wider BAA Group

For the purposes of this announcement, “subsidiary”, “subsidiary undertaking”, “undertaking” and “associated undertaking” have the meanings given by the Companies Act (but for this purpose ignoring paragraph 20(1)(b) of Schedule 4A of the Companies Act).

APPENDIX 4

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 trading statement dated 28 March 2006.

Unless otherwise stated, financial information relating to Ferroviaal and its group has been extracted or derived, without material adjustment, from Ferroviaal's website (www.ferroviaal.es).

Unless otherwise stated, financial information relating to CDP and its group has been extracted or derived, without material adjustment, from CDP's website (www.lacaisse.com).

Unless otherwise stated, financial information relating to GIC SI and its group has been extracted or derived, without material adjustment, from GIC's website (www.gic.com.sg).

The reference, in paragraph 5 of the announcement, to GIC managing more than US\$100 billion has been sourced from GIC's website (www.gic.com.sg).

Other information relating to BAA has been extracted or derived, without material adjustment, from BAA's website (www.baa.com) and BAA's trading statement dated 28 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 Share Offer

The value placed by the Share 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 Share Offer price of 810 pence per BAA Share and 1,080,530,877 BAA Shares being in issue (as sourced from the Regulatory Information Service

announcement released by BAA on 6 April 2006 in accordance with Rule 2.10 of the City Code).

4. Exchange rates

The exchange rates for the conversion of Canadian dollars (CA\$), US dollars (US\$) and Euros (€) into pounds sterling (£) have been derived from WM Reuters figures from Datastream and are based on the exchange rates as at 6 April 2006 (4.00 pm GMT).