Ferrovial / BAA – A Transforming Acquisition

3rd July 2006

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1. Transaction Description

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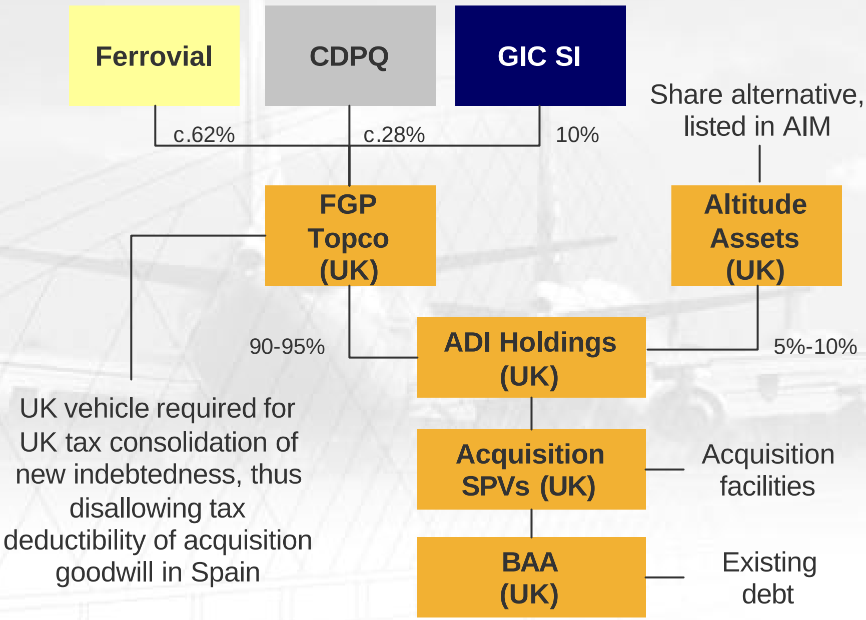
Terms of Acquisition of BAA plc

- 935p per BAA share, plus the previously announced 15.25p per share final dividend
- BAA's Board has unanimously recommended the cash Offers
- Green light from EU and Australian regulatory authorities
- 83.37% acceptances as of Day 60 – Offers declared unconditional
- Consortium took control of BAA's Board on June 26
- Offer will remain open for further acceptances
- Squeeze-out to occur as soon as sufficient acceptances received

Consortium Structure and Acquisition Vehicles



Key Terms of Shareholder's Agreement

- Ferrovial appoints the majority of BAA's Board members
- Lock-in period of 18 months
- Re-listing, if any, not before 5 years

Source: Offer prospectus and Consortium.

Transaction Size and Available Financing

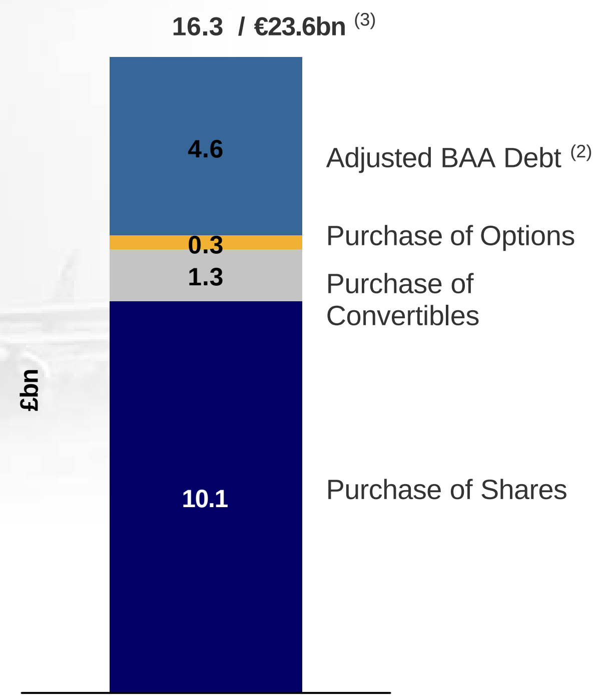
ADI Sources and Uses

Indicative Sources & Uses of Funds for the Offers			
Source	**(£ million)**	**Uses**	**(£ million)**
Consortium equity	4,271	Purchase of Shares	10,111
GIC PIK Notes	373	Purchase of Convertibles	1,334
Toggle Facility	600	Purchase of Options	307
Senior Acquisition Facilities	4,720	Transaction Costs (1)	212
Subordinated Facilities	2,000		
Total Sources	**11,964**	**Total Uses**	**11,964**

Conditions of Acquisition Financing

- Senior acquisition facilities: 5 year tenor, 100bp spread over LIBOR
- Subordinated facilities: 5 year tenor, 325-425bp spread over LIBOR
- Toggle facility: 12% interest in initial 7 years, interest payable in cash or capitalised
- PIK Notes: 13% interest in initial 7 years, interest payable in cash or capitalised

Enterprise Value



(1) Excluding re-financing fees.
(2) Adjusted BAA debt is reported BAA net debt as of 31 March 2006, adjusted for final dividend, conversion of convertibles and proceeds from options.
(3) 1.45x €/GBP applied.

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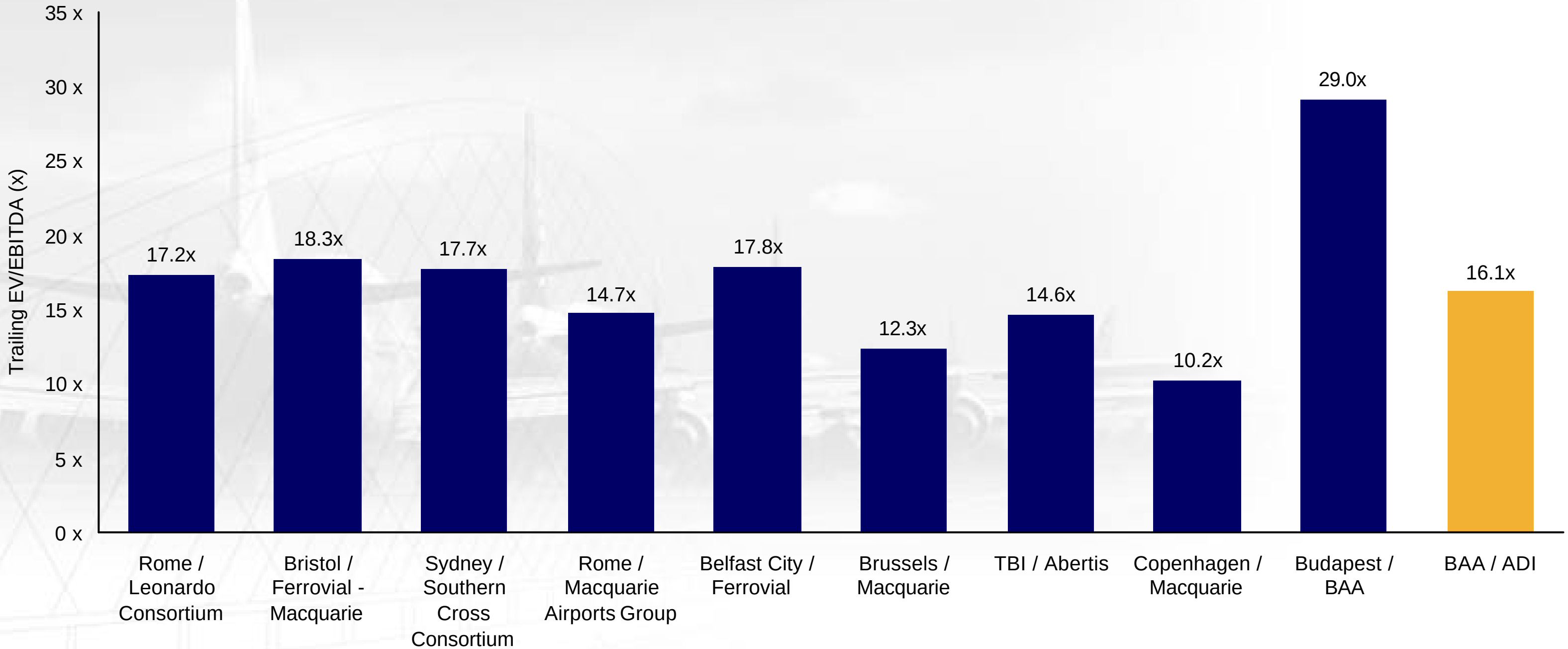
Price – Attractive EBITDA Multiple



Date	Jun - 00	Jul - 02	Dec - 02	Jun - 02	May - 03	Nov - 04	Dec - 04	Oct - 05	Dec - 05	Jun - 06
EV	€2.7bn	€0.4bn	€3.0bn	€2.7bn	€0.06bn	€1.6bn	€0.7bn	€2.3bn	€2.0bn	€23.6bn

Multiple affected by recent Budapest acquisition

Small portion of c.£3bn investment in T5 recognised to date

Future upside from Heathrow East, Stansted G2, etc.

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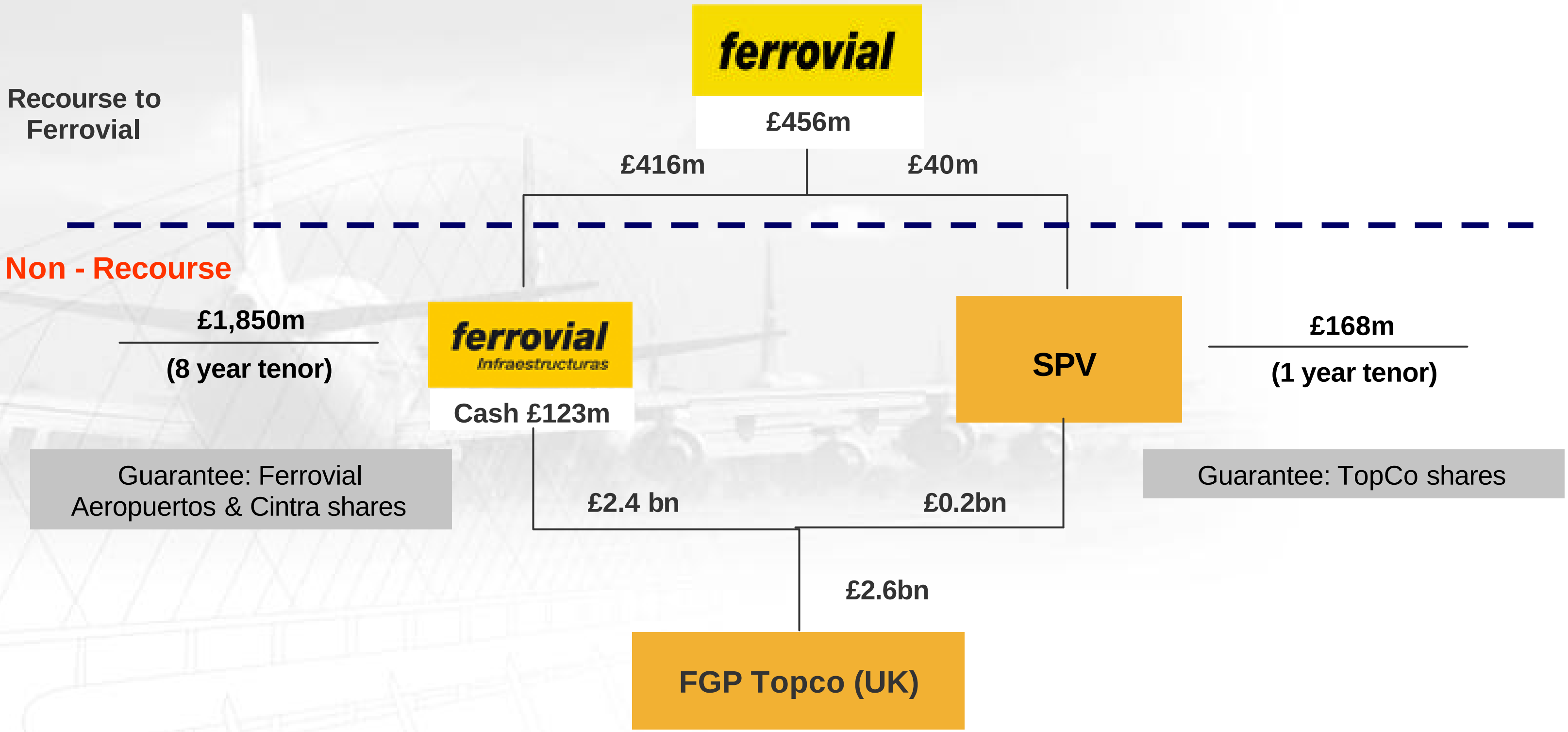
Funding of Ferrovial's Equity Contribution



£2.6bn equity contribution by Ferrovial (c.62%).

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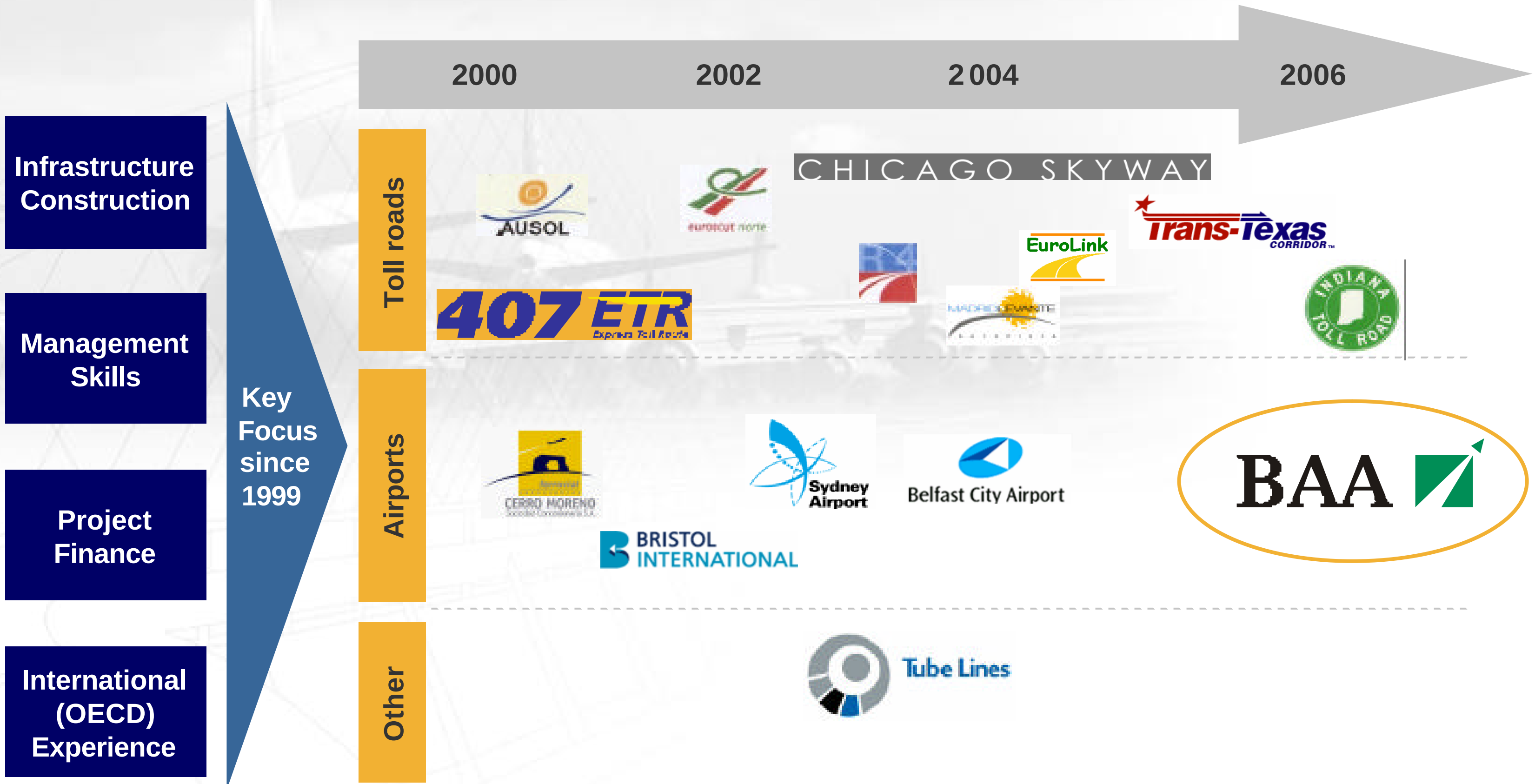
2. Investment Rationale

Move is Consistent with Ferrovial's Focus on Infrastructure

- **Ferrovial** has focused on applying its **skills** to become one of the world's leading infrastructure players



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Why Airports?

Why Airports?	◆ Growth sector, passenger increases significantly above GDP ◆ Regulated business – stable regulatory framework ◆ Capex intensive ◆ Resilient revenues, stable margins and predictable cash-flows ◆ Multi-lever: revenue streams
Fit with Ferrovial Strategy	◆ Attractive prospects in OECD countries ◆ Positive track record in airport investments ◆ Expertise in associated infrastructure capital expenditure ◆ Expertise in managing contracting / execution risk ◆ Opportunity to apply Ferrovial's financing and releveraging expertise ◆ Consistent with Ferrovial's increasing focus on recurring businesses

Why BAA?

Sector leader with high quality assets

Significant expansion in London airports required

Strong management skills

High quality asset that is expected to deliver attractive cash returns over the very long-term

Long-term financing

Positive traffic growth expectations

Stable regulatory environment with attractive incentives

3. BAA – Potential upsides

BAA – Potential upsides

- **Airports capacity challenge** → **Long-term investment**
- **Financial** → **Long-term financing**
- **Asset Portfolio Optimisation** → **Strategic review**
- **Leverage on know-how** → **Rely on BAA management skills**

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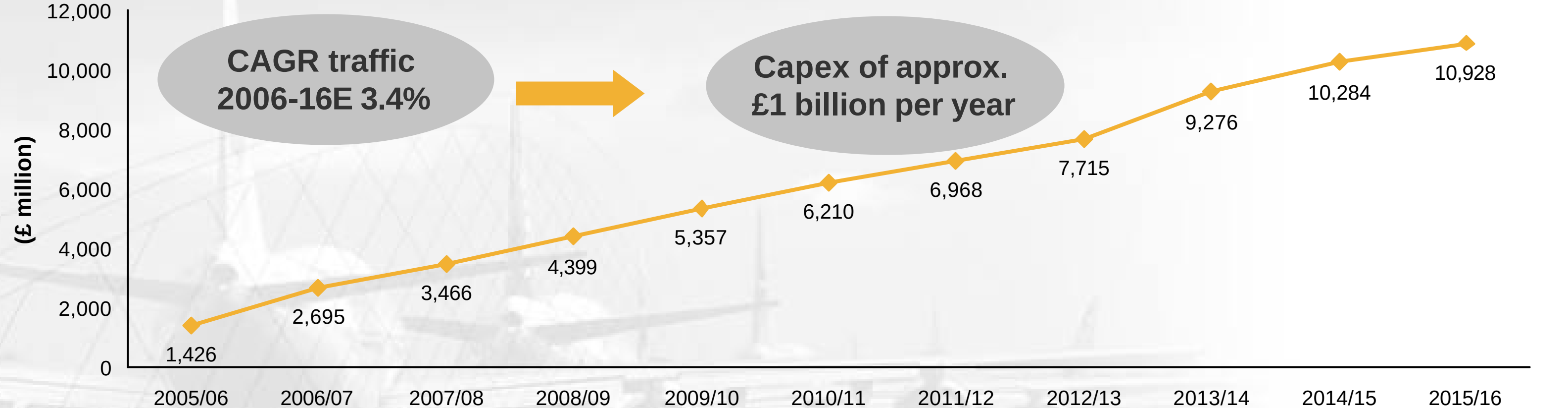
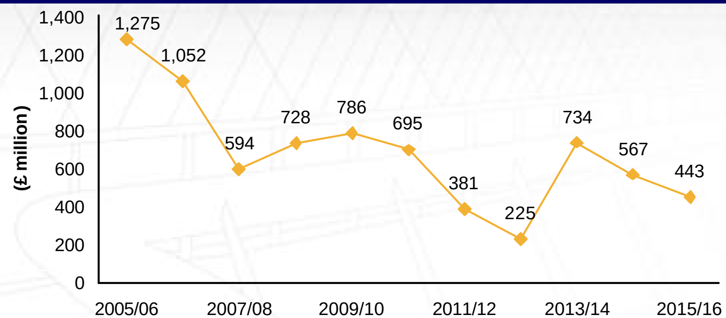
Capacity Challenge – Traffic & Investment

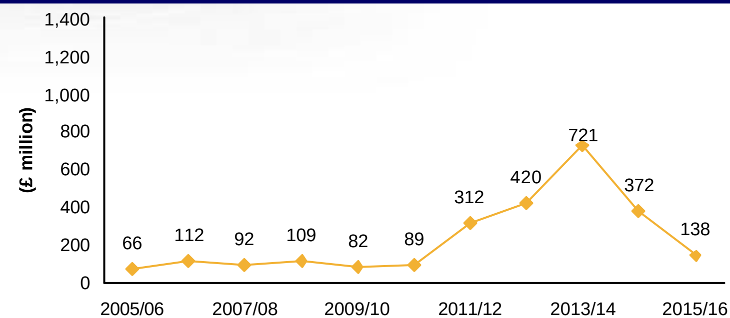
London Airports Cumulative Investment Programme



Heathrow Annual Investment Programme



Stansted Annual Investment Programme



Commitment to maintain pre-eminent position in international traffic through further expansion.

Source: Company Data (Includes 2006-2016 BAA traffic and capex forecasts assuming 2.5% inflation). 2016 Non-Reg UK pax as info provided by the Company.

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Other Assets – Strategic Review

Other UK Airports

Retail (WDF)

International (ex - Budapest)

Real Estate (Lynton and APP)

Budapest Airport

- Substantial development of terminals and airside facilities, as needed, to accommodate future demand
  - Glasgow – potential second runway
  - Edinburgh – expansion of current terminal
  - Aberdeen – extension of the main runway
  - Southampton – phased extensions of terminal, aprons and car parks

- Review strategic options

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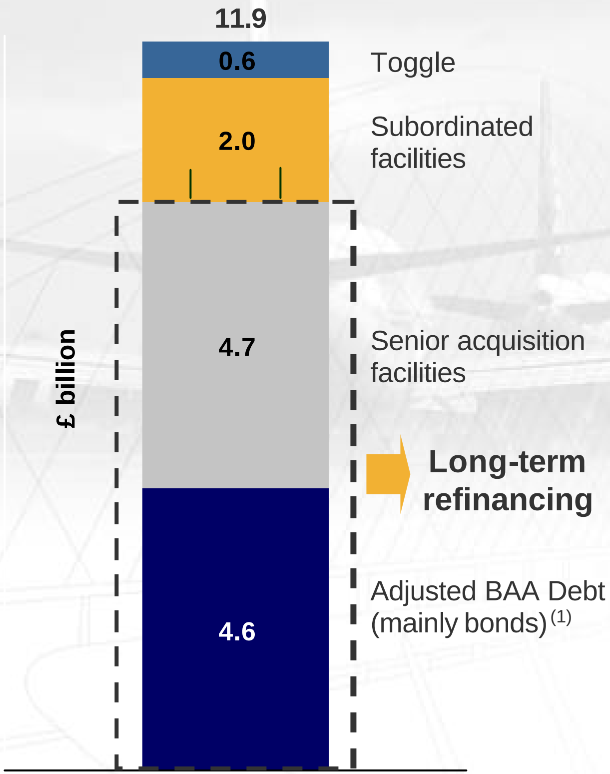
Financial Efficiency

Debt Post Acquisition



- **Investment grade rating** key to support long-term capex and financing plans
- **Refinancing work has already begun**
- UK regulated utilities as the model, as per discussions with rating agencies
- Liability management on existing BAA bonds
- Target to reduce size of subordinated facilities via the senior refinancing

(1) Adjusted BAA debt is reported BAA net debt as of 31 March 2006, adjusted for final dividend, conversion of convertibles and proc eeds from options.
Source: Offer Prospectus and Consortium Business Plan.

4. Impact on Ferrovial

The New Ferrovial

Largest private infrastructure operator worldwide

Leading European infrastructure, construction and services group

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Track record of delivery through excellence, innovation and focused management

Spain, UK and North America as home markets

Organisational Implications for Ferrovial

- Grupo Ferrovial
  - Construction
  - Real Estate
  - Infrastructures
    - Cintra
    - BAA
  - Services

Grupo Ferrovial to play an active role in BAA leveraging on BAA team.

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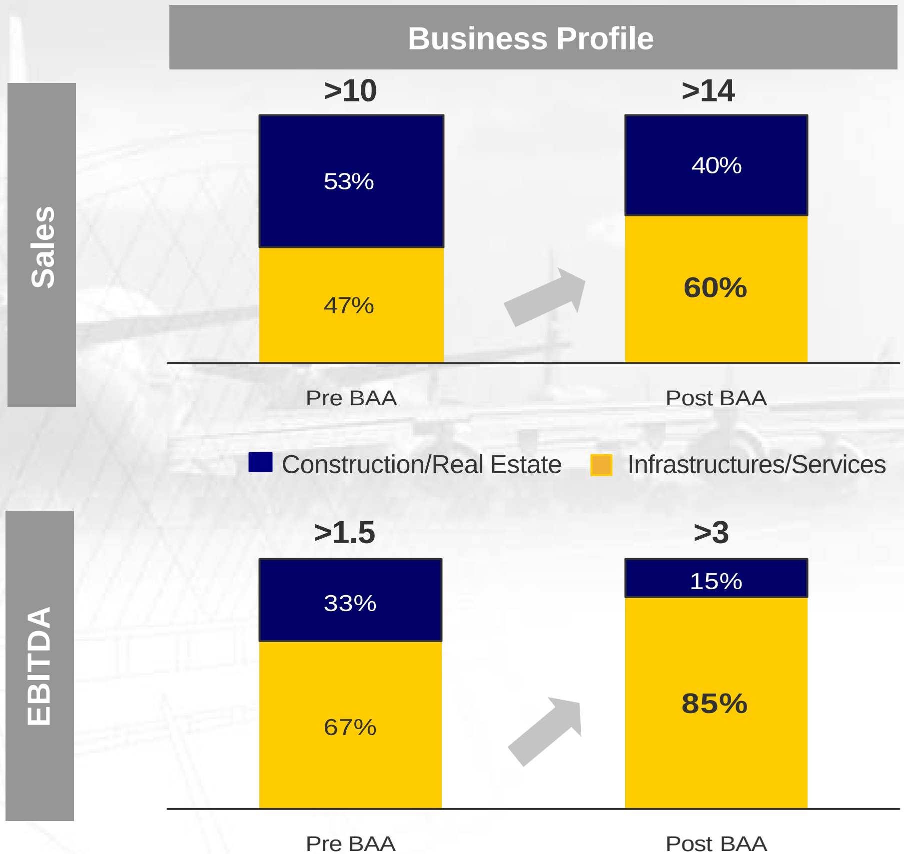
Transforming Ferrovial’s Business Profile

€ billion

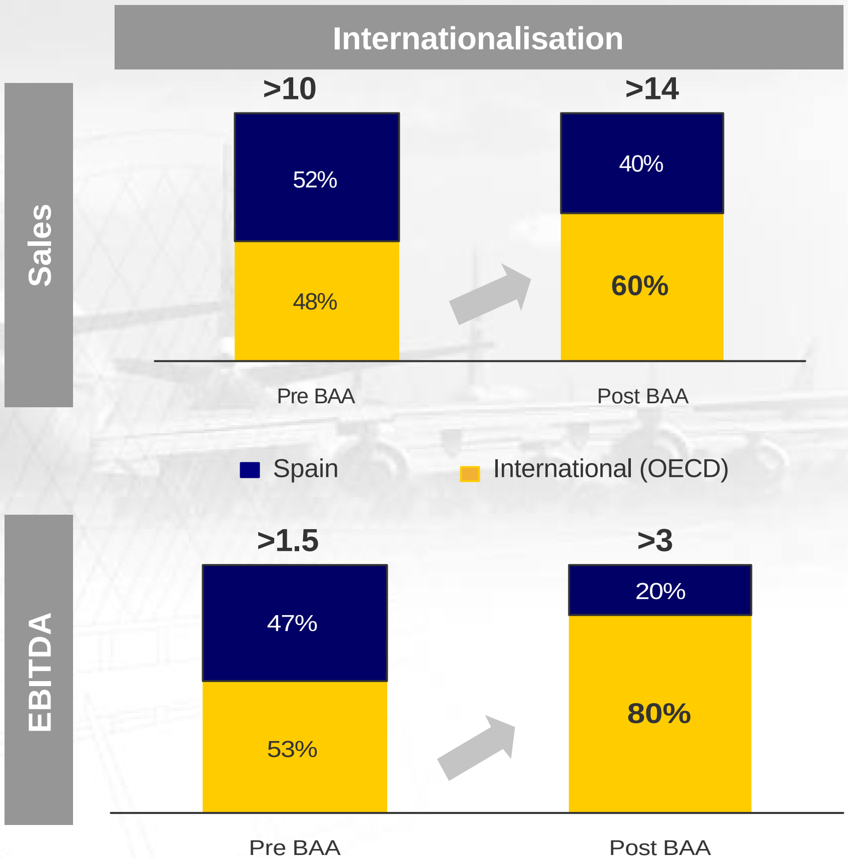


> 80% EBITDA from Infrastructures and Services.

Note: BAA 2006E based on actual FYE March 2006 reported financial information.

Transforming Ferrovial's International Profile

€ billion



@ 80% EBITDA from international activities.

Note: BAA 2006E based on actual FYE March 2006 reported financial information.

Ferrovial Indebtedness Position (Est.)

€ billion

Total Consolidated Net Debt 2006 (e)	**> 32.1**
Debt with recourse to Cintra's projects & Tubelines	11.0
Debt with recourse to BAA / ADI	17.7
Rest of the Group Debt	**3.4**

EBITDA ex Concessions 2006 (e)*	**1.0**

Net Debt / EBITDA ex Concessions **3.4x**

Ferrovial Infrastructures "Ring fence Debt"	**2.2**
Debt ex Ferrovial Infrastructures	**1.2**

EBITDA ex Concessions & ex Ferrovial Infrastructures 2006 (e)*	**0.8**

Net Debt (recourse) / EBITDA ex Concessions & ex F. Infra. **1.5x**

Comfortable indebtedness position at the Ferrovial level.

*** Including dividends and concessions capital refunds**

Source: Ferrovial

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2006 Financial Impact – P&L

(€ billion)	Pre BAA	Post BAA	+/-%
Sales	>10.0	>14.0	+40%
EBITDA	>1.5	>3.0	+100%
EPS			

- 2006/08 EPS **negative** impact offset by asset disposals
  - High depreciation due to asset revaluation
- 2009/10 EPS **enhancing** depending on
  - Refinancing structure
  - Purchase price allocation to assets

Note: BAA 2006E based on actual FYE March 2006 reported financial information.

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Potential Risks

- **Operational**
  - Traffic risk / Opex / Capital projects cost overruns
- **Regulatory**
  - OFT Review
- **Financial**
  - Refinancing / Interest rates
- **Geopolitical**

Conclusions

Transforming Deal

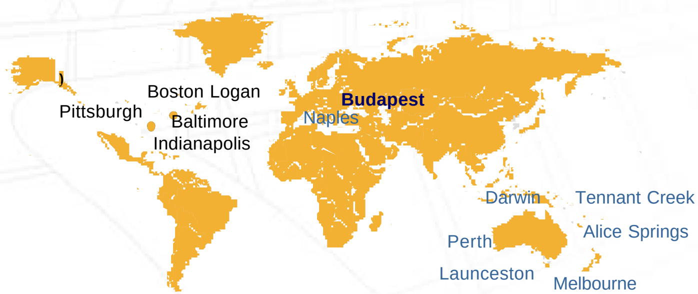
- Stable earnings profile
- High quality long-term asset
- Attractive **cash returns**

Ferrovial's Growth Drivers

- **BAA**
- **US** expansion
  - Trans Texas Corridor
  - Concessions (Indiana toll-road and Chicago Skyway)
  - Construction
- **Services**

Appendix – Overview of BAA

Key Operational Highlights



- Largest airport operator in the world
- Owner of Heathrow, world's busiest international airport
- 144.6m passengers in the UK
- Last 10 year CAGR in London pax of 4.1%
- 81% international passengers in the UK
- 15,000 employees worldwide
- Over 700 destinations served by UK airports
- 106,000 sqm retail space in the UK
- 112,000 car parking spaces
- Privatised in July 1987

- International management and retail contracts
- 118m passengers under management
- BAA recently announced the acquisition of 75% of Budapest Airport for £1.3bn

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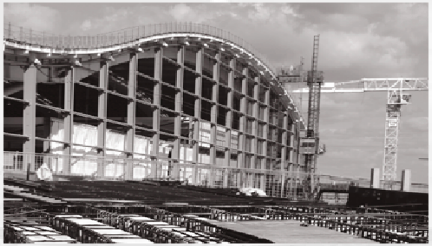
BAA, the Largest Airport Operator in the World

Heathrow



- Pax 67 m
- Icon asset – world's busiest international airport

Gatwick

- Pax 33 m
- Focus on charter flights

Stansted

- Pax 22 m
- Focus on low cost scheduled flights

Other UK Airports

- Edinburgh
- Glasgow
- Aberdeen
- Southampton

Pax 22 m

Retail

- World Duty Free (WDF)

Real Estate

- Lynton JV

International

- Europe – Budapest, Naples
- Australia – Melbourne, Launceston, Perth, Darwin, Alice Springs, Tennant Creek
- USA – Boston, Baltimore, Pittsburgh, Indianapolis

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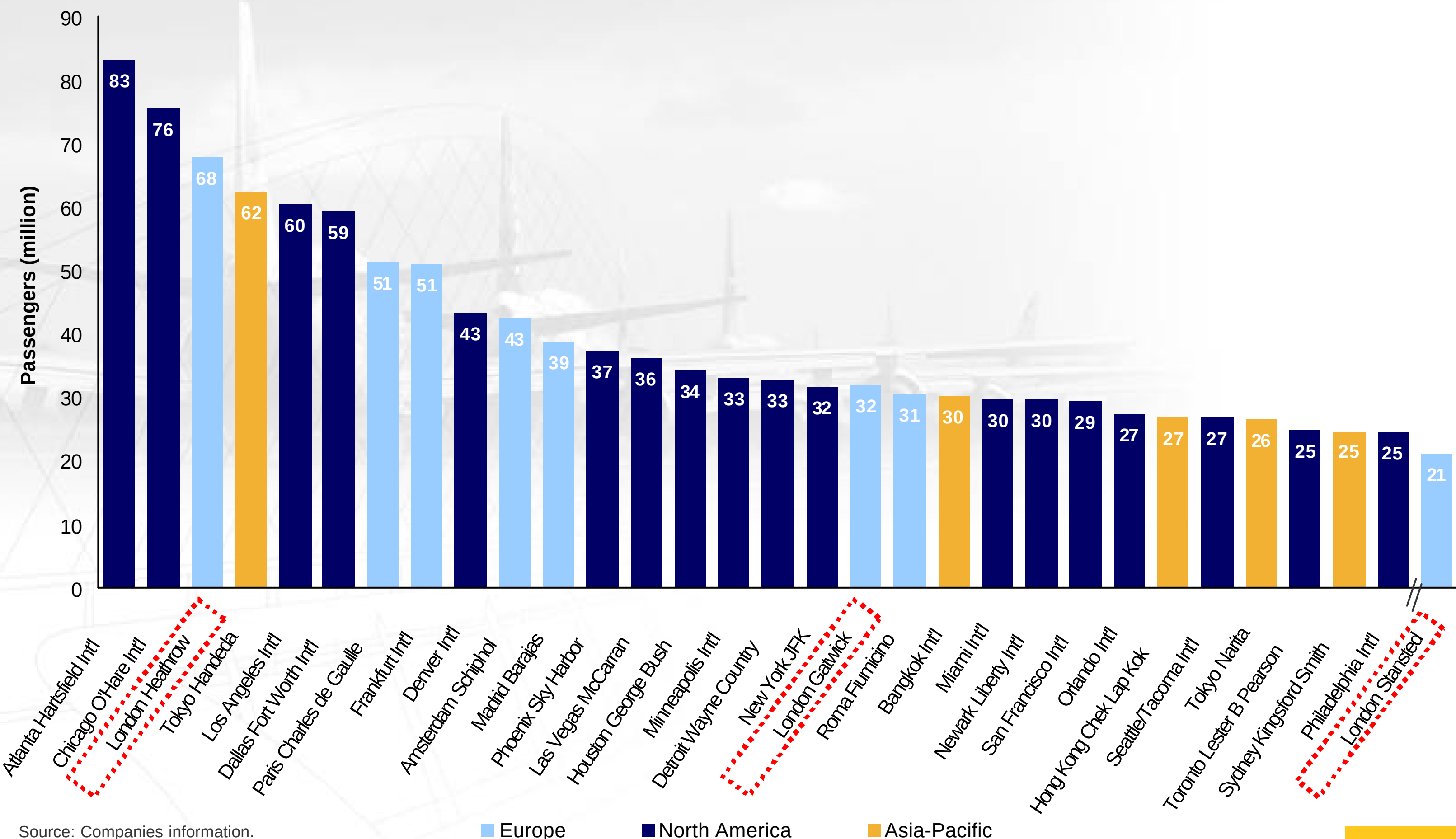
Key International Airports by Passengers – 2005



Source: Companies information.

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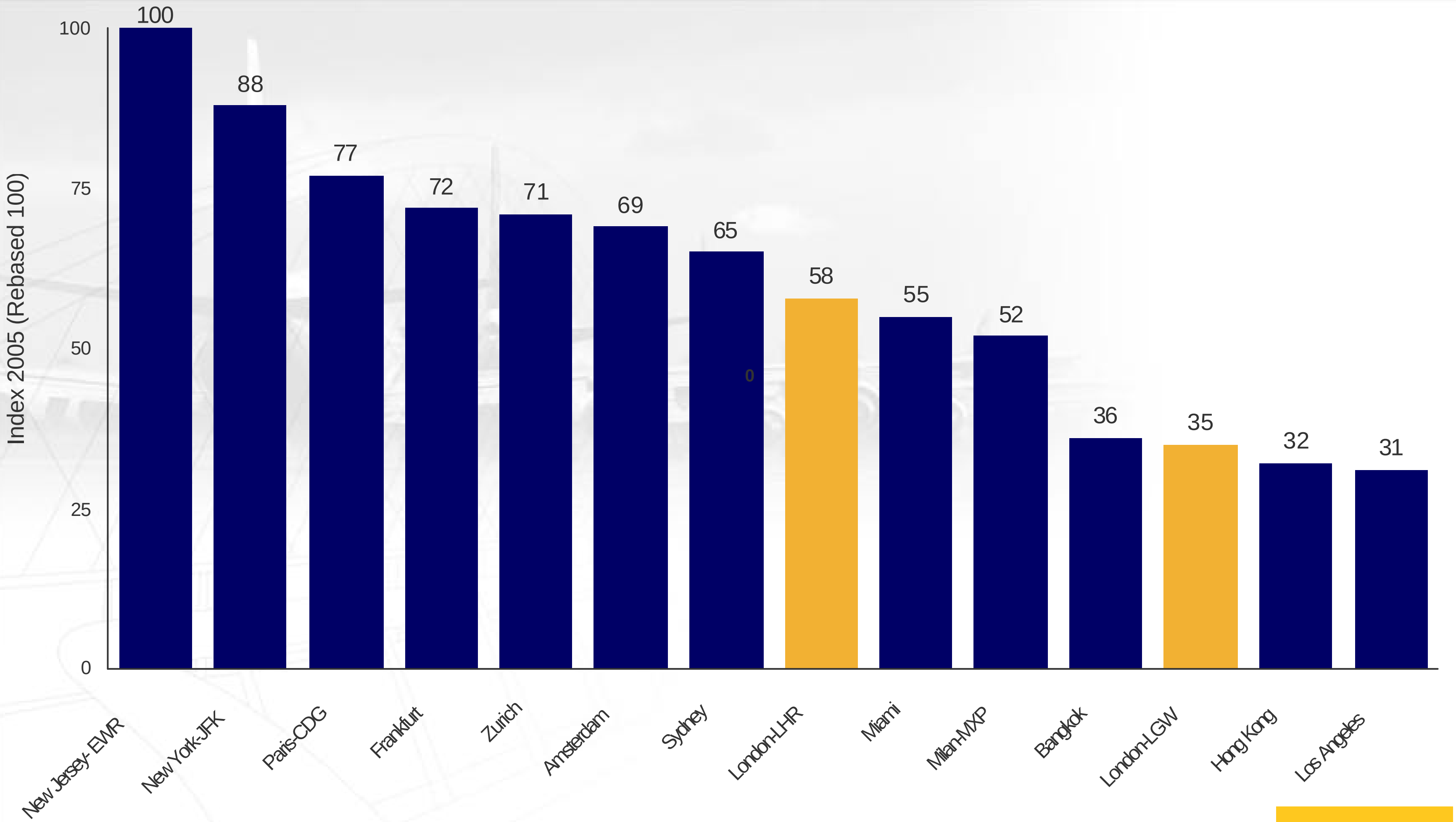
Comparison of Aeronautical Charges



Source: TRL 2005.

Other Assets

Retail (WDF)

- Operates 65 stores across the 7 UK airports
- Over 15,000 sqm of commercial space
- Tax and duty-free business, specialised in luxury brands
- Revenues of £385m, EBIT of £26m

International (ex - Budapest)

- Equity investments and management contracts in Melbourne (20%), Launceston (20%), Perth (15%), Darwin (10%), Alice Springs (10%) , Tennant Creek (10%), and Naples (65%)
- Retail management contracts in Boston-Logan, Baltimore, Pittsburg
- Total airport management in Indianapolis
- Revenues of £31m, EBIT of £18m, Other Income of £7m

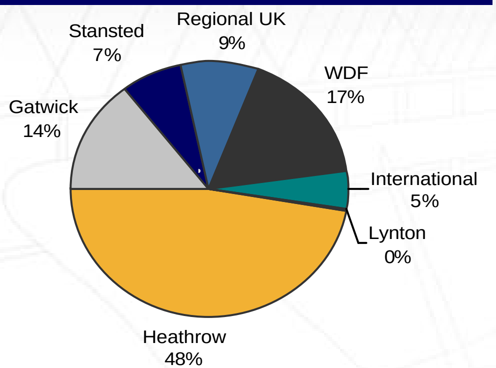
Real Estate

- 50:50 Lynton JV with Morley Fund Management to create Airport Property Partnership (APP)
- Assets are warehouses, hotels and offices at BAA's airports
- Net book value of £890m as at 31st March 2006
- Revenues of £9m, EBIT (recurring) of £12m

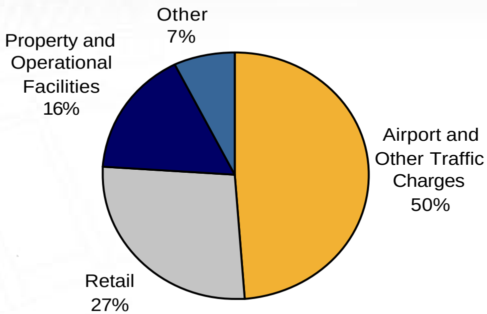
BAA - Main Financial Highlights

FYE March 2006 (£m)	Group	3 year CAGR	London Airports	3 year CAGR
Sales	2,275	+6.0%	1,570	+9.5%
EBITDA	1,009	+6.3%	843	n/a
Margin (%)	44%	--	54%	--
EBIT	710	+6.5%	596	+7.8%
Margin (%)	31%	--	38%	--
Net Income	406	+4.2%	n/a	n/a
Net Debt	5,340	--	n/a	--

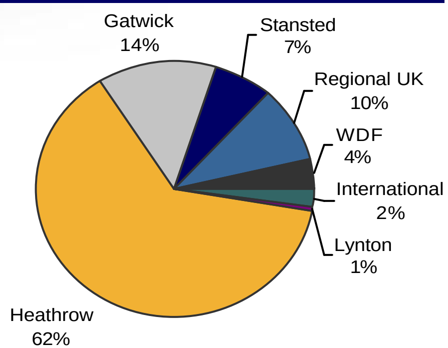
2006 Revenue Split by Asset



2006 Revenue in London Airports



2006 EBIT Split by Asset



Source: Company reports. Financials shown are before certain re-measurements and exceptional items.

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Regulation – Regulated Asset Base

Starting RAB

+

Capex

-

Depreciation

+

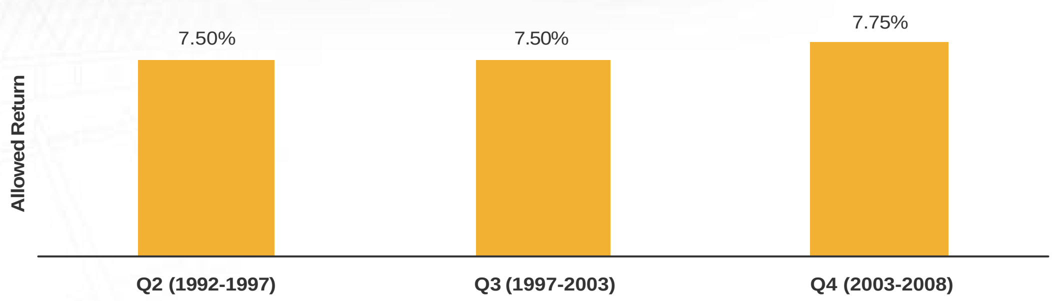
Inflation / Adjustments

=

Ending RAB

- The Regulated Asset Base ("RAB")
  - Includes all airport operational assets: runways, terminals, sho ps, car parks, offices, cargo, maintenance
  - Increases with new capex and inflation and decreases with depreciation
  - Depreciation is fixed at each review (at a projected number and not as an actual number)
- RAB is a proxy to the enterprise value of the regulated assets
- £10.0bn March 2006 RAB for BAA's London airports

Historical Evolution



Source: BAA and CAA .

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Five Year Regulatory Framework Summary

- Purpose of five year regulatory update is to calculate the five year increase in aeronautical tariffs that allows for Expected EBIT to equal Allowed EBIT
- "Single-till" approach
- Applied to BAA London airports and Manchester (the "designated airports")
- Standalone basis in price caps setting for each designated airport - no cross-subsidy between airports

Passengers

x

Aeronautical tariffs

=

SINGLE TILL

Aeronautical Revenues + **Non-Aeronautical Revenues**

-

Opex

-

Depreciation

=

Average RAB x **Allowed Return (7.75%)*** = **Allowed EBIT** = **Expected EBIT**

Regulatory negotiations occur within a clearly set framework.

(*) Q4:2003-2008

Allowed Return –
Pre-tax Real vs. Post-tax Nominal

Regulation – Timetable

Regulatory timetable	Event
December 2005	**CAA consults on policy issues for the review**
Winter 2004/05 – Summer 2006	Constructive Engagement between airport and airlines
May 2006	CAA summarises consultation responses and publishes its developi ng thinking on policy issues
Summer 2006	Outcome of Constructive Engagement published as Price Control Bu siness Plans
September 2006	CAA consults on Business Planning issues
February 2007	CAA makes reference to Competition Commission
August 2007	CC reports to CAA
October 2007	CC report published and CAA consults on price caps
February 2008	CAA Publishes final decision on price caps
April 2008	**New price cap takes effect**

Source: CAA .

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