

MARKET INVESTIGATION INTO THE SUPPLY OF AIRPORT SERVICES BY BAA

Notice of acceptance of Interim Undertakings pursuant to section 157 of the Enterprise Act 2002

1. On 29 March 2007 the Office of Fair Trading made a reference (the Reference) to the Competition Commission (CC) under [section 131](#) of the Enterprise Act 2002 (the Act) concerning the supply of airport services by BAA in the UK.
2. The CC published its report titled *BAA airports market investigation* on 19 March 2009 (the Report). In the Report, the CC concluded that:
 - (a) there are a number of features of the markets for airport services supplied by BAA, which each (and, in certain circumstances, in combination) prevent, restrict or distort competition, and thereby have an adverse effect on competition (AEC) between airports and airlines;
 - (b) the CC should take action to remedy, mitigate or prevent the AECs and detrimental effects flowing from them and to that end Undertakings should be given to give effect to the CC's decision on remedies specified in the report; and
 - (c) pending final determination of the market investigation the CC will pursue interim measures in relation to the sale of Gatwick Airport, reports on the progress towards an agreement on consultation for Heathrow Airport, the preservation of the SG2 planning application and hold separate provisions for all the airports subject to divestiture.
3. The Reference has not been finally determined in accordance with [section 183\(3\)](#) of the Act.
4. Interim undertakings were accepted by the CC on 15 May 2009 which governed the sale and preservation of the Protected Airports.
5. Following the Competition Appeal Tribunal's judgment of 21 December 2009 and the quashing of the structural remedies outlined in the Report, the interim undertakings were released on 11 March 2010.
6. The Court of Appeal's judgment of 13 October 2010 has restored the Report in its entirety.
7. BAA has sought permission from the Supreme Court to appeal the judgment of the Court of Appeal.
8. The CC wishes to prevent action being taken which might impede the taking of any action by the CC under [section 138\(2\)](#) of the Enterprise Act 2002 in relation to the Reference.
9. On 22 December 2010 FGP Topco Limited, ADI Finance 2 Limited, BAA Limited, BAA Airports Limited, BAA (AH) Limited, BAA (Non Des Topco) Limited, Stansted Airport Limited, Glasgow Airport Limited and Edinburgh Airport Limited (together the 'BAA signatories') gave Interim Undertakings to the CC.
10. The CC, under [section 157](#) of the Act, accepts the Interim Undertakings, a copy of which is attached to this Notice, to prevent action being taken which might impede

the taking of any action by the CC under [section 138\(2\)](#) of the Act. The Interim Undertakings come into force accordingly.

(signed) Peter Freeman
Group Chairman
7 January 2011

THE SUPPLY OF AIRPORT SERVICES BY BAA

Interim Undertakings given by FGP Topco Limited, ADI Finance 2 Limited, BAA Limited, BAA Airports Limited, BAA (AH) Limited, BAA (Non Des Topco) Limited, Stansted Airport Limited, Glasgow Airport Limited and Edinburgh Airport Limited under section 157 of the Enterprise Act 2002

On 29 March 2007 the Office of Fair Trading made a reference to the Competition Commission (CC) under section 131 of the Enterprise Act 2002 concerning the supply of airport services by BAA in the United Kingdom.

The CC published its report titled *BAA airports market investigation* on 19 March 2009 (the Report). In the Report, the CC concluded that:

- (a) there are a number of features of the markets for airport services supplied by BAA, which each (and, in certain circumstances, in combination) prevent, restrict or distort competition, and thereby have an adverse effect on competition (AEC) between airports and airlines;
- (b) the CC should take action to remedy, mitigate or prevent the AECs and detrimental effects flowing from them and to that end undertakings should be given to give effect to the CC's decision on remedies specified in the Report; and
- (c) pending final determination of the market investigation, the CC will pursue interim measures in relation to hold separate provisions for all the airports subject to divestiture and certain matters relating to the SG2 planning application.

And the CC wishes to prevent action being taken which might impede the taking of any action by the CC under section 138(2) of the Enterprise Act 2002 in relation to the reference.

And the reference has not been finally determined in accordance with section 183(3) of the Enterprise Act 2002.

Interim undertakings were accepted by the CC on 15 May 2009 which governed the sale and preservation of the Protected Airports.

Following the Competition Appeal Tribunal's judgment of 21 December 2009 and the quashing of the structural remedies outlined in the Report, the interim undertakings were released on 11 March 2010.

The Court of Appeal's judgment of 13 October 2010 has restored the Report in its entirety.

BAA has sought permission from the Supreme Court to appeal the judgment of the Court of Appeal.

Now FGP Topco Limited, ADI Finance 2 Limited, BAA Limited, BAA Airports Limited, BAA (AH) Limited, BAA (Non Des Topco) Limited, Stansted Airport Limited, Glasgow Airport Limited and Edinburgh Airport Limited (together the 'BAA signatories') give the CC the following interim undertakings pursuant to section 157 of the Enterprise Act 2002.

1. The preservation and sale of Protected Airport Companies

- 1.1 The BAA signatories undertake that they will not, and will procure that their subsidiaries will not, divest:

- 1.1.1 all or any part of the share capital, business, property or other assets of any of the Protected Airport Companies; or
- 1.1.2 any assets or property owned by the BAA signatories or their subsidiaries used in connection with the businesses carried on at the Protected Airports;
other than:
 - 1.1.3 in the Ordinary Course of Business;
 - 1.1.4 where the BAA signatories have received prior Notice of consent from the CC; or
 - 1.1.5 subject to paragraph 1.6, where the divestiture of assets or property used in connection with a Protected Airport under paragraph 1.1.2 is to the relevant Protected Airport Company.
- 1.2 The BAA signatories undertake that they will not take any action which might prejudice the taking of any action in accordance with the CC's decisions in the Report, including any action which might impair the ability of the Protected Airports to compete independently subsequent to their divestiture in accordance with the decisions contained in the Report, except where the BAA signatories have received prior Notice of consent from the CC.
- 1.3 Further and without prejudice to the generality of paragraph 1.2, and except where the BAA signatories have received prior Notice of consent from the CC, the BAA signatories will ensure that:
 - 1.3.1 except in the Ordinary Course of Business the assets of the Protected Airport Companies are maintained and preserved, including facilities and goodwill;
 - 1.3.2 [✂];
 - 1.3.3 [✂]; and
 - 1.3.4 the nature, description, range and quality of services currently supplied by the Protected Airport Companies are maintained and preserved.
- 1.4 Without prejudice to paragraph 1.2, the BAA signatories undertake that, if they commence marketing or other preparations for the sale of any Protected Airport Company, they will conduct the preparations with regard to the need to conclude on commercial terms the Transitional Arrangements required to enable an Approved Purchaser to operate the Protected Airport effectively and, save for Transitional Arrangements, independently of the BAA signatories.
- 1.5 Further and without prejudice to the generality of paragraph 1.4, if the BAA signatories commence preparations for the sale of any Protected Airport Company, they will conduct such preparations with regard to the provisions of sub-paragraphs 1.5.1 to 1.5.5 to enable the Approved Purchaser to operate the divested airport as an independent and effective competitor:
 - 1.5.1 developing detailed separation plans to enable the independent operation of a Protected Airport Company upon divestiture to an Approved Purchaser;
 - 1.5.2 using reasonable endeavours to enable the Transitional Arrangements to commence operation upon the divestiture of a Protected Airport Company to

an Approved Purchaser, having undertaken all appropriate trials of the operation of the arrangements and systems concerned;

- 1.5.3 in relation to the performance of the Transitional Arrangements, agreeing on commercial terms, delivery objectives, performance measures, standards and/or confidentiality conditions as appropriate, in accordance with the quality of existing service provision to a Protected Airport;
- 1.5.4 making the systems and operations changes necessary to separate the Protected Airport's computer systems from the combined BAA airports' computer systems subject to and consistent with the relevant Transitional Arrangements; and/or
- 1.5.5 arranging for the division, novation or sharing, as appropriate, of the customer and supply contracts required to enable the independent operation of a Protected Airport upon its divestiture to an Approved Purchaser,

but it is acknowledged that BAA is not required by these undertakings to take any of the steps set out above.

- 1.6 Where the BAA signatories commence marketing or other preparations for the sale of any Protected Airport Company, in accordance with paragraphs 1.4 and 1.5, the BAA signatories shall detail all such activities in the compliance statement provided in accordance with paragraph 5.

2. The monitoring trustee at Protected Airport Companies

- 2.1 BAA Limited undertakes:

- 2.1.1 to appoint Grant Thornton as monitoring trustee for the purpose of monitoring these undertakings; and

- 2.1.2 to make that appointment:

- (a) on the terms set out at Appendix A of these undertakings or as varied in accordance with these terms; and

- (b) as soon as is reasonably practicable, and in any event within the period of two business days after the day on which the CC notifies BAA Limited of the acceptance of these undertakings.

- 2.2 The BAA signatories undertake that they will, and will procure that their subsidiaries will, assist and not hinder the discharge by the monitoring trustee of its responsibilities as set out in Appendix A or as they may be varied from time to time.

3. Former proposals regarding Stansted Airport

- 3.1 The BAA signatories undertake that they will, and will procure that their subsidiaries will, ensure that they, their officers and employees will:

- 3.1.1 maintain all records created in support of the SG2 application; and

- 3.1.2 provide to any Approved Purchaser of Stansted Airport Limited on request all such information relating to the SG2 application as such Approved Purchaser may reasonably require;

except where the BAA signatories have received prior Notice of consent from the CC.

4. Consent

- 4.1 The BAA signatories each undertake that where the BAA signatories or any one of them require the consent or approval of the CC, which consent shall not be unreasonably withheld or delayed, (however that requirement is expressed in these undertakings) they will seek the consent or approval in writing.
- 4.2 The BAA signatories each undertake that any application by them for the CC's consent or approval shall make full disclosure of every fact and matter that is relevant to the CC's decision.
- 4.3 The BAA signatories recognize that where the CC grants consent or approval on the basis of misleading or incomplete information, the consent or approval is voidable at the election of the CC.
- 4.4 In the event that the BAA signatories discover that an application for consent or approval has been made without full disclosure and is therefore incomplete the BAA signatories undertake to:
 - 4.4.1 inform the CC in writing identifying the particulars in which the application for consent is incomplete within seven days of becoming aware that the application is incomplete; and
 - 4.4.2 at the same time or as soon as possible thereafter provide to the CC an application for consent that is complete.
- 4.5 The BAA signatories shall use all reasonable endeavours to make each application or to procure that each application for consent or approval is made so that it is received by the CC at least five working days, or such lesser period as the CC may allow, before the day on which the CC's consent or approval is necessary to avoid a breach of these undertakings.
- 4.6 The BAA signatories recognize that the CC shall not be required to use more than its reasonable endeavours to grant or refuse any consent or approval within the five-working-day period referred to in paragraph 4.5.

5. Compliance statement

- 5.1 The BAA signatories will provide the CC such information or statement of compliance as the CC may from time to time require for the purposes of monitoring compliance by the BAA signatories and their subsidiaries with these undertakings. In particular, on 15 February 2011 and subsequently on the 15th of each month (or, where the 15th does not fall on a working day, the first working day thereafter) the Chief Executive Officer of BAA Limited (or, in his absence, the Managing Director of the Airports Division of BAA Limited) shall provide a monthly statement to the CC on behalf of the BAA signatories confirming compliance with these undertakings in the form set out in Appendix B to these undertakings.

6. Directions

- 6.1 The BAA signatories will in so far as they are able comply with such written directions as the CC may from time to time give to take such steps as may be specified or

described in the directions for the purpose of carrying out or securing compliance with these undertakings.

7. Commencement

7.1 These undertakings shall come into force on the Commencement Day.

8 Termination

8.1 These undertakings shall remain in force until final determination of the reference or such earlier time as the CC and the BAA signatories shall agree.

8.2 The variation, termination, release or supersession of these undertakings shall not affect the validity and enforceability of any rights arising prior to such variation, termination, release or supersession.

9 Effect of invalidity

9.1 The BAA signatories undertake that should any provision of these undertakings be held by any court or tribunal to be contrary to law or invalid for any reason they will continue to observe the remaining provisions.

9.2 The BAA signatories undertake that they shall not rely on any default or want of authority on the part of any BAA signatory or any officer or employee thereof in the execution of these undertakings unless directed to do so by the CC.

10 Interpretation

10.1 Words and expressions defined in the recitals to these undertakings shall have the same meaning in these undertakings.

10.2 These undertakings are to be interpreted and applied so as to give effect to the conclusions of the CC as to the need for interim measures stated in Section 10 of the Report.

10.3 In these undertakings a company is a subsidiary of another company, if that other company:

10.3.1 holds a majority of the voting rights in it; or

10.3.2 is a member of it and has the right to appoint or remove a majority of its board or directors; or

10.3.3 is a member of it and controls alone a majority of the voting rights in it; or

10.3.4 if it is a subsidiary of a company that is itself a subsidiary of that other company.

10.4 A notification under these undertakings may be given to the CC by giving it to Inquiry Manager, BAA Airports Inquiry, Competition Commission, Victoria House, Southampton Row, London WC1B 4AD.

10.5 A notification under these undertakings may be given to BAA by giving it to Carol Hui, General Counsel and Company Secretary, BAA Limited, The Compass Centre, Nelson Road, Hounslow, Middlesex TW6 2GW.

10.6 For the purposes of these undertakings:

'ADI Finance 2 Ltd' means the company of that name incorporated in England and Wales with the number 5723973 and having its address for service in the UK at The Compass Centre, Nelson Road, Hounslow, Middlesex TW6 2GW;

'Approved Purchaser' means a person who has been given Notice by the CC that (i) it has satisfied the criteria stated in paragraph 10.142 of the Report and (ii) that its undertaking concerning the matters stated at paragraph 10.154 of the Report has been accepted by the CC;

'BAA (AH) Limited' means the company of that name incorporated in England and Wales with the number 6458657 and having its address for service in the UK at The Compass Centre, Nelson Road, Hounslow, Middlesex TW6 2GW;

'BAA Airports Limited' means the company of that name incorporated in England and Wales with the number 1970855 and having its address for service in the UK at The Compass Centre, Nelson Road, Hounslow, Middlesex TW6 2GW;

'BAA Limited' means the company of that name incorporated in England and Wales with the number 5757208 and having its address for service in the UK at The Compass Centre, Nelson Road, Hounslow, Middlesex TW6 2GW;

'BAA (Non Des Topco) Limited' means the company of that name incorporated in England and Wales with the number 6636117 and having its address for service in the UK at The Compass Centre, Nelson Road, Hounslow, Middlesex TW6 2GW;

'business day' means any day other than a Saturday or Sunday on which banks are open for business in England;

'CC' means the Competition Commission;

'Commencement Day' means the day on which these undertakings are accepted by the CC;

'control' includes the ability directly or indirectly to control or materially to influence the policy of a body corporate or the policy of any person in carrying on an enterprise or activity;

'to divest' means to sell, transfer, convey, or agree to sell transfer or convey, or grant any right or interest legal or equitable in or over, or otherwise in whole or part to dispose of or relinquish control over;

'Edinburgh Airport Limited' means the company of that name incorporated in Scotland with the number SC96623 and having its address for service in the UK at St Andrews Drive, Glasgow Airport, Paisley PA3 2SW;

'Glasgow Airport Limited' means the company of that name incorporated in Scotland with the number SC96624 and having its address for service in the UK at St Andrews Drive, Glasgow Airport, Paisley PA3 2SW;

'Grant Thornton' means Grant Thornton UK LLP;

'Notice' means a written communication sent by post, fax, personal delivery, or with the prior approval of the CC, email;

'Notification Day' means the day on which acceptance of these undertakings is notified to BAA;

'Ordinary Course of Business' means matters connected to the day-to-day supply of airport services by the BAA signatories and includes:

- lettings to airlines, ground handlers and other airport users and service providers of offices, ramp accommodation, CIP lounges and storage facilities, fuel farm facilities, motor transport facilities, cargo facilities and facilities for use in connection with the provision of air navigation services to the airport;
- leases of substations and granting of equipment licences to statutory undertakers and telecoms providers;
- leases of hangars;
- granting of concession agreements to retailers and car park managers and licensing of desks to airlines and ground handlers; and
- the letting of properties acquired under the SG2 blight schemes (Home Value Guarantee Scheme, Home Owners Support Scheme and Special Case Scheme).

For the sake of clarity it does not include matters involving significant changes to the strategy, capital expenditure commitments or organizational structure of the Protected Airport Companies;

'Protected Airports' means Stansted Airport, Glasgow Airport and Edinburgh Airport;

'Protected Airport Companies' means Stansted Airport Limited, Glasgow Airport Limited and Edinburgh Airport Limited;

'Report' means the report of the CC published on 19 March 2009 and titled *BAA airports market investigation: a report on the supply of airport services by BAA in the UK*;

'SG2 application' means the applications made in 2008 by BAA Limited and Stansted Airport Limited for a second runway and connected development at Stansted Airport, as listed in Annex A of the 'call-in' letter dated 21 July 2008 to Uttlesford District Council requiring these applications to be referred to the Secretary of State for Communities and Local Government for determination as such applications are from time to time modified amended or developed;

'Stansted Airport Limited' means the company of that name incorporated in England and Wales with the number 1990920 and having its address for service in the UK at The Compass Centre, Nelson Road, Hounslow, Middlesex TW6 2GW;

'Transitional Arrangements' means transitional services agreements, foundation agreements and other agreements, covenants or arrangements in accordance with which the BAA signatories continue to provide facilities, goods or services to the divested airport company subsequent to divestiture;

unless the context requires otherwise, the singular shall include the plural and vice versa.

Signed by duly authorized signatories:

FOR AND ON BEHALF OF FGP Topco Limited, ADI Finance 2 Limited, BAA Limited, BAA Airports Limited, BAA (AH) Limited, BAA (Non Des Topco) Limited, Stansted Airport Limited, Glasgow Airport Limited and Edinburgh Airport Limited

..... Signature

.....Signature

COLIN MATTHEWS
Chief Executive Officer
BAA Limited
22 December 2010

TIM HAWKINS
Head of Regulatory Strategy
BAA Limited
22 December 2010

Market investigation into the supply of airport services by BAA

MONITORING TRUSTEE MANDATE

BETWEEN:

1. **BAA Limited**, a company organized under the laws of England, which has its registered office at The Compass Centre, Nelson Road, Hounslow, Middlesex TW6 2GW ('**BAA**'),

AND

2. Grant Thornton UK LLP, a limited liability partnership organized under the laws of England, which has its registered office at Grant Thornton House, Melton Street, Euston Square, London NW1 2EP, UK (the '**Monitoring Trustee**'),

hereafter referred to collectively as the '**Mandate Parties**'.

WHEREAS

Under Interim Undertakings accepted by the Competition Commission on 7 January 2011 in its investigation into the supply of airport services by BAA ('the BAA market investigation'), BAA undertook to appoint a Monitoring Trustee for the purposes of monitoring its compliance with the interim undertakings given by BAA on 22 December 2010 (hereafter the 'Interim Undertakings'). BAA hereby engages the Monitoring Trustee and this agreement forms the mandate (hereafter the '**Mandate**').

THE MANDATE PARTIES HAVE AGREED AS FOLLOWS:

SECTION A

Definitions

For the purpose of this Mandate, the following terms shall have the following meanings:

Monitoring Trustee Partner Firms: the other firms belonging to the same organization of individual partnerships and companies as the Monitoring Trustee.

Monitoring Trustee Team: the key persons responsible for carrying out the tasks assigned by the Mandate and identified in paragraph 3 of this Mandate.

Protected Airport Companies: Stansted Airport Limited, Glasgow Airport Limited and Edinburgh Airport Limited.

SECTION B

Appointment of Monitoring Trustee

1. BAA hereby appoints the Monitoring Trustee to act as its exclusive trustee for fulfilling the tasks of a Monitoring Trustee according to this Mandate. The Monitoring Trustee hereby accepts the said appointment in accordance with the terms of this Mandate.
2. The appointment and this Mandate shall become effective on the date of this Mandate, and terminate in accordance with Section G.
3. The Monitoring Trustee Team consists of the key persons listed below. The key persons shall be supplemented where appropriate with junior executives.

<i>Name</i>	<i>Title</i>
Mark Byers	Partner
[✂]	[✂]
[✂]	[✂]
[✂]	[✂]
[✂]	[✂]
[✂]	[✂]

SECTION C

General duties and obligations of the Monitoring Trustee

4. The Monitoring Trustee shall act in consultation with the CC to monitor matters material to compliance with the Interim Undertakings. The Monitoring Trustee shall carry out its duties in accordance with this Mandate, as well as revisions of this Mandate approved by the CC.
5. The Monitoring Trustee shall propose to BAA such measures as the Monitoring Trustee considers reasonably necessary to discharge its duties under this Mandate, and the Monitoring Trustee shall propose measures it considers reasonably necessary to the CC in the event that BAA does not comply with the Monitoring Trustee's proposals within a reasonable time frame.

SECTION D

Obligations of the Monitoring Trustee

6. The Monitoring Trustee shall carry out the duties described in this Section D until the Mandate is terminated in accordance with Section G.

7. The Monitoring Trustee's primary function (the '**Primary Function**') shall be to:

Separation Planning

7.1 in the event that BAA commences separation planning for the sale of any Protected Airport Company, then the Monitoring Trustee shall monitor whether such planning to separate the operations of that Protected Airport Company from the remainder of BAA's business is satisfactory (and compliant with the Interim Undertakings). This includes the monitoring of planning for measures to enable the business to move towards a position where the business, subject to establishment of transitional service arrangements ('TSAs'), will be capable of separate operation;

Asset Preservation

7.2 monitor whether each Protected Airport Company is preserved as a viable, competitive and marketable business and that no action is taken by BAA that might frustrate or prejudice a sale to a suitable purchaser and the ability of that purchaser to properly and competitively operate the Protected Airport Company; and

Sales Monitoring

7.3 in the event that BAA commences the marketing or sale of any Protected Airport Company, then the Monitoring Trustee shall monitor the sales process including (i) timescales, (ii) whether purchasers with the potential to provide competition will be afforded equal opportunity to formulate their bid and (iii) that purchasers identified are suitable.

8. The Monitoring Trustee shall take such steps as it reasonably considers necessary in order for it effectively to carry out its Primary Function. Those steps shall include, but will not be limited to, the following:

8.1 at the outset of the appointment, conducting a brief review of proposed developments affecting each Protected Airport Company, with particular reference to proposed IT/computer system developments, to ascertain whether these proposals may impact on compliance with the Interim Undertakings;

8.2 in order to conduct the review referred to in 8.1 above, meeting with the management of each Protected Airport Company to discuss operations, developments and management structure;

8.3 in the event that BAA commences the marketing or sale of any Protected Airport Company, monitoring of the splitting of assets between that Protected Airport Company and the remainder of BAA's business;

8.4 meeting with appropriate persons at each Protected Airport Company and BAA to discuss the separation of the businesses and the sales process in the event that BAA commences the marketing or sale of any Protected Airport Company; and

- 8.5 requesting that BAA takes any reasonable steps which the Monitoring Trustee considers would be necessary to assist in carrying out its Primary Functions. Such requests may include requests for BAA to provide the Monitoring Trustee with access, within its Mandate, to books, records, documents, management or other personnel, facilities, sites, IT/computer systems and/or technical information (and any assistance in searching for or understanding information, documents or other material) of each Protected Airport Company and the BAA retained businesses as the Monitoring Trustee may consider reasonably necessary. For the avoidance of doubt, BAA is not obliged to provide to the Monitoring Trustee any material that is subject to legal privilege.
9. All communications between the Monitoring Trustee and the CC (excluding the statements and reports of the Monitoring Trustee referred to in paragraph 10, as set out below) shall be confidential and not disclosed to third parties, save with the express written permission of the CC.
10. On the 10th of each month following the end of the month of its appointment, the Monitoring Trustee shall provide a report to the CC and non-confidential version of the report to BAA which shall set out in detail:
 - 10.1 any steps that have been taken to separate each Protected Airport Company from the retained business of BAA, the current position in relation to the separation process and further steps that have been planned (but having regard to the fact that BAA is not obliged to undertake such steps under the Interim Undertakings);
 - 10.2 in the event that BAA has commenced the marketing or sale of any Protected Airport Company, a summary of significant separation issues and the Monitoring Trustees' recommendations as to what changes to the separation procedures, if any, are necessary (having regard to the fact that BAA is not obliged to commence the marketing or sale of any Protected Airport under the Interim Undertakings and that any recommendations would take account of the timescales of the sales process);
 - 10.3 an overview of the assets of each Protected Airport Company and any recent disposals which are not in the Ordinary Course of Business;
 - 10.4 the recent trading performance of each Protected Airport Company used for monitoring the preservation of each Protected Airport Company's assets;
 - 10.5 progress with any sales process that has been initiated by BAA in connection with a Protected Airport Company;
 - 10.6 in the event that BAA has commenced the marketing or sale of any Protected Airport Company, a summary of the status of the TSAs and, to the extent required, adherence to the TSAs following divestiture;
 - 10.7 an upcoming work and event plan covering the next month.
11. At any time, the Monitoring Trustee may provide, in consultation with the CC, a written or oral report on matters falling within the Monitoring Trustee's Mandate.
12. During any sales process relating to a Protected Airport Company, the Monitoring Trustee will provide analysis of the bidders' submissions in response to the CC's requests for information. Upon receipt of final bids by potential purchasers, the

Monitoring Trustee shall provide to the CC a reasoned opinion as to the suitability and independence of the proposed purchaser(s).

13. From time to time the Monitoring Trustee in conjunction with discussions with the CC may determine that certain communications may be more appropriately kept confidential between the Monitoring Trustee and the CC. BAA acknowledges that in such circumstances it will not receive copies of the relevant reports.
14. When providing its reports to the CC, the Monitoring Trustee must ensure that it does not disclose any information or documents to the CC which BAA would be entitled to withhold from the CC on the grounds of legal privilege.
15. The Monitoring Trustee should notify the CC immediately if it considers that it is not in a position effectively to carry out its Primary Functions. In that situation, the Monitoring Trustee should set out the reasons for its view and attach relevant supporting evidence (so far as it is permitted by paragraph 14).

SECTION E

Duties and obligations of BAA

16. Subject to paragraph 14 above, BAA shall provide the Monitoring Trustee with all such cooperation, assistance and relevant information as the Monitoring Trustee may reasonably require in order to discharge its Primary Functions.
17. For the purpose of enabling the Monitoring Trustee to discharge its Primary Functions, BAA's cooperation shall include but shall not be limited to the following:
 - 17.1 BAA shall provide such facilities as are reasonably necessary to enable the Monitoring Trustee to carry out its Primary Function including provision of an office with a desk, telephone and internet access and access to a facsimile machine; and
 - 17.2 BAA shall provide full and complete access to all personnel, books, records, documents, including but not limited to written and electronic communications, facilities and information within the business of BAA as the Monitoring Trustee may consider reasonably necessary. For the avoidance of doubt, BAA shall not be required to provide access to material which is subject to legal privilege.
 - 17.3 in the event that BAA commences the marketing or sale of a Protected Airport Company, BAA shall provide the Monitoring Trustee with advance notice of any meetings of the UK management responsible for the business of that Protected Airport Company, and will allow the Monitoring Trustee to attend any such meeting. Such notice shall be provided at the earliest possible opportunity and in any event adequately in advance of a meeting for the Monitoring Trustee to be in a position to attend that meeting. The Monitoring Trustee shall be provided with any relevant agenda or papers in advance of such meeting.
 - 17.4 BAA shall notify the Monitoring Trustee immediately of: (i) any substantial changes made to the organizational structure of the business or the management responsibilities within the business of each of the Protected Airport Companies; (ii) the disposal of any operating assets not in the Ordinary Course of Business; (iii) the creation or disposal of any interests in the Protected Airport Companies' assets not in the Ordinary Course of Business; (iv) any key staff who leave the business of the Protected Airport Companies.
 - 17.5 References to BAA in paragraph 16 shall be taken to refer to all staff, officers, directors, advisers and consultants of BAA. References to BAA in paragraph 17 shall be taken to refer to all staff, officers, directors, advisers and consultants of BAA.

SECTION F

Monitoring Trustee related provisions

Conflict of interests

18. The Monitoring Trustee confirms that, as of the date of this Mandate, the Monitoring Trustee and each member of the Monitoring Trustee Team is independent of BAA and their respective subsidiaries or any known party interested in acquiring any Protected Airport Company or any known party arranging finance for any bid relating to such proposed acquisition, and has no conflict of interest that impairs the Monitoring Trustee's objectivity and independence in discharging its duties under the Mandate ('**Conflict of Interest**'). The Monitoring Trustee undertakes to notify the CC and BAA forthwith in the event that a Conflict of Interest arises.
19. The Monitoring Trustee undertakes not to create a Conflict of Interest during the term of the Mandate. The Monitoring Trustee, members of the Monitoring Trustee Team and the Monitoring Trustee Partner Firms may therefore not during the term of this Mandate:
 - 19.1 have or accept any employment by or be or accept any appointment as Member of the Board or member of other management bodies of BAA or its respective subsidiaries or any known party interested in acquiring any Protected Airport Company or any known party arranging finance for any bid relating to such proposed acquisition other than appointments pertaining to the establishment and performance of the Mandate;
 - 19.2 have or accept any assignments or other business relationships with or financial interests in BAA or its respective subsidiaries or any known party interested in acquiring any Protected Airport Company or any known party arranging finance for any bid relating to such proposed acquisition that might lead to a Conflict of Interest.
 - 19.3 A party is deemed to be 'known' to the Monitoring Trustee once the Monitoring Trustee is aware of a party arranging finance for any bid relating to the acquisition of a Protected Airport Company or of any party proposing to acquire a Protected Airport Company.
 - 19.4 For the purposes of this Mandate, a party arranging finance may include other parties such as the bid-co, investors, consortium or syndicate members and the key advisers (eg mergers and acquisition/corporate finance advisers, any lead manager, co-manager, underwriter, book-runner or joint book-runner). The involvement of such parties will be reviewed by the Monitoring Trustee on a case by case basis to determine whether there is any potential for a Conflict of Interest.
 - 19.5 For the purposes of this Mandate, a party arranging finance is unlikely in principle to include any party that subscribes for debt or equity (or other form of finance) via a public offer, private placement, club arrangement, syndicate arrangement or commercial-lending arrangement (eg a bank loan). Similarly, this is unlikely to include banks or investors providing finance on arm's-length terms within a consortium or financing organized by others.
 - 19.6 Where any potential for a Conflict of Interest arising from an existing connection or relationships with any newly identified party arranging finance for any bid relating to such proposed acquisition can be avoided through

appropriate ring-fencing measures, the Monitoring Trustee shall implement such measures and advise the CC and BAA of these measures. As a minimum, ring-fencing measures will ensure that there is no exchange of information, documentation or common team membership.

- 19.7 The provisions of this Section F affect neither assignments or other business relationships between the Monitoring Trustee or Monitoring Trustee Partner Firms and BAA or its respective subsidiaries nor investments by the Monitoring Trustee or Monitoring Trustee Partner Firms in the stock or securities of BAA or its respective subsidiaries if such assignments, business relationships or investments are in the normal course of business and are material neither to the Monitoring Trustee or the Monitoring Trustee Partner Firms nor to the undertaking concerned.
- 19.8 Should the Monitoring Trustee, the Monitoring Trustee Partner Firms or members of the Monitoring Trustee Team wish to undertake an assignment, business relationship or investment, such a person must seek the prior approval of the CC. Should the Monitoring Trustee become aware of a Conflict of Interest, the Monitoring Trustee shall promptly inform BAA and the CC of such Conflict of Interest. In the event that BAA becomes aware that the Monitoring Trustee or the Monitoring Trustee Partner Firms have or may have a Conflict of Interest, BAA shall promptly notify the Monitoring Trustee and the CC of such Conflict of Interest. Where a Conflict of Interest occurs during the term of this Mandate, the Monitoring Trustee undertakes to resolve it immediately. In the event that the Conflict of Interest cannot be resolved or is not resolved by the Monitoring Trustee in a timely manner, the Mandate may be terminated in accordance with Section G below.
20. The Monitoring Trustee undertakes that, during the term of the Mandate and for a period of one year following termination of the Mandate, members of the Monitoring Trustee Team shall not provide services to:
- 20.1 BAA or its respective subsidiaries without first obtaining the CC's prior approval; or
- 20.2 any known party interested in acquiring a Protected Airport or any known party arranging finance for any bid relating to such proposed acquisition without first obtaining the prior approval of the CC and BAA.

In particular:

- 20.3 access to confidential information shall be limited to the Monitoring Trustee Team; and
- 20.4 the Monitoring Trustee Team shall be prohibited from communicating any information relating to this Mandate to any other of the Monitoring Trustee's personnel, except for information of a general nature (eg Trustee's appointment, fees, etc), and except for information whose disclosure is required by law.

Remuneration

21. The Monitoring Trustee shall be remunerated on a time-spent basis (or on the basis of an alternative fee structure as agreed by the Monitoring Trustee and BAA), in accordance with the following hourly rates:

Partner	[X]
Director	[X]
Senior Manager	[X]
Manager	[X]
Assistant Manager	[X]
Executive	[X]

The hourly rate charged to BAA for each of the above grades of Monitoring Trustee partner or employee shall not be increased during the duration of the mandate.

Indemnity

22. BAA shall indemnify the Monitoring Trustee and its employees and agents (each an **'Indemnified Party'**), to the full extent lawful, and hold each Indemnified Party harmless against any liabilities arising out of the performance of the Mandate, except to the extent that such liabilities result from the wilful default, recklessness, bad faith or gross negligence of the Monitoring Trustee, its employees, agents or advisers. BAA further agrees that an Indemnified Party shall have no liability to BAA except to the extent that such liability results from the wilful default, recklessness, bad faith or gross negligence of the Monitoring Trustee, its employees, agents or advisers.

Confidentiality

23. The Monitoring Trustee undertakes not to disclose to anyone other than the CC any sensitive or proprietary information gained as a result of performing the Monitoring Trustee role. In particular, the Monitoring Trustee shall not disclose confidential information relating to BAA gained as a result of the Monitoring Trustee role. The Monitoring Trustee undertakes not to disclose any information, of whatever nature, which falls outside the terms of the Mandate, which it has gained as a result of performing the Monitoring Trustee role.

Miscellaneous

24. Notwithstanding the Monitoring Trustee's overall responsibility to discharge its Primary Functions, and in particular notwithstanding the Monitoring Trustee's position as an independent unrelated third party, the Monitoring Trustee shall have due regard to the commercial interests of BAA to the extent possible given the nature of its tasks.

SECTION G

Termination of the Mandate

25. The Mandate may only be terminated in accordance with this Section G.
26. If the Monitoring Trustee ceases to perform its functions under the Mandate or for any other good cause, including the exposure of the Monitoring Trustee to a Conflict of Interest:
 - 26.1 the CC may, after hearing the Monitoring Trustee, require BAA to replace the Monitoring Trustee; or
 - 26.2 BAA may, after consultation and agreement with the CC, terminate this engagement provided that 14 days' written notice is given to the Monitoring Trustee and all outstanding fees are settled on or before the termination date, save that BAA is not required to pay any fees to the Monitoring Trustee in respect of the period from the date when a Conflict of Interest has arisen provided that the CC agrees that the Conflict of Interest has not been notified to BAA and the CC by the Monitoring Trustee in a timely manner and/or the Monitoring Trustee did not take appropriate steps to seek to resolve the Conflict of Interest in a timely manner.

Termination of the Mandate by the Monitoring Trustee

27. The Monitoring Trustee may only terminate the Mandate for good cause by giving written notice to BAA and the CC.

Surviving provisions

28. Paragraphs 23 to 26 of this Mandate shall survive the termination of the Mandate.

SECTION H

Additional provisions

Amendments to the Mandate

29. Except as provided for in paragraph 30, the Mandate may only be amended in writing and with the CC's prior approval. In considering a request to amend this Mandate the CC shall have regard to the views of BAA and the Monitoring Trustee.
30. The CC may direct an amendment to this Mandate, after consultation with the Monitoring Trustee and BAA.

Governing law and dispute resolution

31. This Mandate shall be governed by, and construed in accordance with, the laws of England.
32. In the event that a dispute arises concerning the Mandate Parties' obligations under the Mandate, such dispute shall be submitted to the non-exclusive jurisdiction of the English courts.

Severability

33. If any provision of this Mandate is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect the validity or enforceability of any of its other provisions or affect the validity or enforceability of such or any other provision in any other jurisdiction. The illegal, invalid or unenforceable provisions shall be replaced by new provisions reflecting the purpose of this Mandate and the initial intention of the Mandate Parties.

Notices

34. All notices sent under this Mandate shall be made in writing and be deemed to have been duly given if served by personal delivery upon the party for whom it is intended or the CC, or delivered by registered or certified mail (return receipt requested), or if sent by fax and email, upon receipt of oral confirmation that such transmission has been received, to the person at the address set forth below:

If to BAA, addressed as follows:

Carol Hui
General Counsel and Company Secretary
BAA Limited

The Compass Centre
Nelson Road
Hounslow
Middlesex
TW6 2GW

Email: carol_hui@baa.com

Copy to:

Tim Hawkins
Head of Regulatory Strategy
BAA Limited
The Compass Centre
Nelson Road
Hounslow
Middlesex
TW6 2GW

Email: tim_hawkins@baa.com

If to the Monitoring Trustee, addressed as follows:

[Mark Byers
Partner
Grant Thornton UK LLP
30 Finsbury Square
EC2P 2YW
UK

Fax: +44 (0)20 7728 2423
Email: mark.r.byers@gtuk.com]

If to the CC, addressed as follows:

Competition Commission
Victoria House
Southampton Row
London
WC1B 4AD
UK

Email: airports@cc.gsi.gov.uk

Or to any such other address or person as the relevant party may from time to time advise by notice in writing given pursuant to this paragraph 33 of this Mandate. The date of receipt of any such notice, request, consent, agreement or approval shall be deemed to be the date of delivery thereof.

SIGNATURE PAGE

FOR BAA:

..... Signature
..... Name
..... Title
7 January 2011 Date
..... Place

FOR THE MONITORING TRUSTEE:

..... Signature
[MARK BYERS
PARTNER
7 January 2011 Date
30 Finsbury Square, LONDON]

Compliance Statement

I [Colin Matthews, Chief Executive Officer of BAA Limited/Fidel Lopez, Managing Director of the Airports Division of BAA Limited] confirm on behalf of the BAA Signatories that:

- (a) The BAA signatories and their subsidiaries have complied with the interim undertakings given by them and accepted by the CC on [date] ('the Interim Undertakings') in the period from [insert date] to [insert date].
- (b) Except in accordance with the Interim Undertakings no action has been taken by the BAA signatories or their subsidiaries in the period from [insert date] to [insert date] that will prejudice the taking of any action in accordance with the CC's decisions in the report.
- (c) Except in accordance with the Interim Undertakings the nature, description, range and quality of services currently supplied by the Protected Airport Companies are maintained and preserved.

Assets—including facilities and goodwill

- (d) Except in accordance with the Interim Undertakings, the assets of the Protected Airport Companies are maintained and preserved, including facilities and goodwill.
- (e) Except in accordance with the Interim Undertakings, none of all or any part of the share capital, business, property or other assets of any of the Protected Airport Companies has been disposed of.
- (f) Except in accordance with the Interim Undertakings, no assets or property owned by the BAA signatories or their subsidiaries used in connection with the businesses carried on at the Protected Airports has been disposed of.

Staff

- (g) Except in accordance with the Interim Undertakings the BAA signatories have made no changes to key staff and no substantive changes have been made to the organizational structure of the Protected Airport Companies or to the management responsibilities within the Protected Airport Companies.

[Separation Activities

As provided for in paragraph 1.6 of the Interim Undertakings the BAA signatories have conducted preparations for the sale of [insert named Protected Airport Company] detailed in the annex to this compliance report.]

Interpretation

- (h) Words used in this Compliance Statement have the meaning given by the Interim Undertakings.

FOR AND ON BEHALF OF THE BAA SIGNATORIES

..... Signature

..... Name

..... Title

..... Date

Explanatory Note

Status of these Interim Undertakings

Having published a report detailing the decisions to the statutory questions in section 136 of the Enterprise Act 2002, the CC can accept interim undertakings¹ or make an interim order² for the purpose of preventing pre-emptive action. 'Pre-emptive action' is action which might impede the taking of any action required as a result of the decisions on remedies in the report.³ Interim undertakings and interim orders remain in force until final determination⁴ of the reference unless they are superseded or released by the CC.⁵

A market investigation reference is finally determined⁶ upon the acceptance of final undertakings⁷ or the making of a final order⁸ implementing the decisions in the report. These Interim Undertakings shall, therefore, cease to apply when the CC accepts final undertakings or makes a final order to implement the decisions in the report.

¹Section 157(2) of the Enterprise Act.

²Section 158(2) of the Enterprise Act.

³Section 157(6) of the Enterprise Act.

⁴Section 157(4) of the Enterprise Act.

⁵Section 157(3) of the Enterprise Act.

⁶In accordance with section 183(3) and (4) of the Enterprise Act.

⁷Section 159 of the Enterprise Act.

⁸Section 161 of the Enterprise Act.