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### Airport Sale 2006-10-18 Preferred Bidder Selected

#### Regional and City Airports picked as preferred bidder

DEVON County Council has named Regional and City Airports (RCA) as the preferred bidder in the contest to acquire Exeter International Airport following an announcement to the Stock Exchange.

RCA – a joint venture by Balfour Beatty, the international engineering, construction and services group and London City Airport – have said that they want Exeter to become “the airport of choice for the South West region.”

The partnership was the unanimous choice of the Devon County Council’s all-party steering group which is overseeing the sale process.

The steering group’s recommendation received the backing of the Council’s Cabinet – the Executive – which met in closed session, on 17 October 2006, for reasons of commercial confidentiality.

RCA, who have tabled a £60 million bid to acquire Exeter International Airport, were picked from a short-list of six would-be owners.

The County Council have now entered a period of detailed negotiations exclusively with RCA with the aim of completing a sale before Christmas. However, the Council will continue to keep two other bidders in reserve if sale talks with RCA do not proceed satisfactorily.

RCA is led by Richard Gooding OBE, managing director of London City Airport, who has long experience of developing both low cost and business services.

London City Airport’s new owners which includes AIG will be

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required to commit the management expertise of London City Airport through a technical services agreement to support the further growth and development of Exeter International Airport.

The Council intends to retain a “golden share” and a non executive seat on the board of Exeter International Airport. The golden share will protect the Council’s interests by requiring the company to provide and maintain airport facilities to a set of objective criteria based on Civil Aviation Authority regulations and Department for Transport security regulations.

Leader of Devon County Council, Brian Greenslade, said: “We have reached a critical milestone in the sale process for Exeter International Airport. We don’t have a deal yet and there’s a lot of detailed negotiations to go through before we get there. However, we’re delighted to announce today that Regional and City Airports are our choice for preferred bidder and have the unanimous backing of the all-party steering group. The bid submitted by RCA was outstanding and that was supported by an excellent management presentation that has reassured the all party steering group that they will be the ideal future owner to ensure that the potential of Exeter International Airport is fully realised. They have among their team people with extensive airport experience and experience of low cost operations.”

“Our paramount objective is ensuring the future success of Exeter International Airport and securing its position as a driving force in the Devon economy. We have a duty on behalf of the tax-payers to secure the best value for this major public asset, but best value is more than just money; it is also about what's best for the airport, the local economy and our customers.”

Commenting on the preferred bidder appointment, RCA Chairman, Richard Gooding said: “Our vision for Exeter International Airport is that it should be the airport of choice for the South-West region. We are determined that its airline customers will consider it to be an efficient, high quality and value for money partner; travellers will

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benefit from a best-in-class airport experience, before, during and after their journeys. We look forward to working with the local community to make that vision become a reality.”

London City Airport (LCA) has developed a very successful niche position serving, principally, the business community of the capital. The current LCA management team has grown passenger numbers from 0.6 million per annum in 1995 to over 2 million per annum in 2006. The airport now has scheduled flights to 27 domestic and European destinations through 15 airlines. It also has a significant market presence in corporate aviation.

Balfour Beatty has extensive experience of airport infrastructure development work including major projects at Heathrow, Gatwick, Stansted, Glasgow, Edinburgh, Hong Kong, Dubai and Miami, and is a shareholder in Devonport Management Limited, the company responsible for running Devonport Dockyard.