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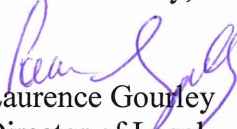
**Re: Consultation on the Decision of the 2012 Aviation Appeals Panel**

Dear John,

We refer to the Decision by the Aviation Appeals Panel to refer the Determination back for review to the CAR with regard to the issue of pension costs.

While it is not clear to us from either the draft or the final Determination the extent to which the CAR did not allow the IAA to recover pension costs, we agree with the approach adopted by the CAR as set out in paragraph 5.22 of the Determination that increases in pension costs should not automatically be passed through into the price cap. We believe that this approach is consistent with the requirements of Article 6.2 of Regulation 1794/2006 and is necessary to ensure cost efficient terminal services. Consequently, we do not see any basis for the Determination being changed with regard to the allowed pension costs.

Yours sincerely,

  
Laurence Gourley  
Director of Legal