

Disclosures of interest: Stansted price control review

Members' interests:

Peter Moizer is one of the three strategic advisers to the Greater Manchester Pension Fund, dealing with long term funding issues, such as the balance between equity and bonds. External fund manager control the investments of the Pension Fund. Professor Moizer has no involvement in the share selection decisions of the Pension Fund and is unaware of the shares in which it invests. It is possible, however, that the Pension Fund may include investments the value of which could be affected by the outcome of the inquiry.

Laura Carstensen was until 2004 an equity partner at Slaughter and May and her capital in the firm will be repaid over a period of time, but as yet has not been fully repaid. Slaughter and May includes British Airways and Consignia amongst its clients. Mrs Carstensen never advised British Airways or Consignia.

John Collings' wife is a senior employee of an international executive recruitment firm which serves clients across a wide range of industries. Clients it has recently assisted with recruitment include the Office of Fair Trading. In addition, a few of the firm's clients are active in the UK air transport sector, specifically as members of consortia owning civil airports and providers of air services. During the last two years, one of the firm's offices outside the UK has secured one recruitment assignment and two research projects from a client that is a member of the consortium that owns BAA. In aggregate the firm's work for all these clients has not accounted for a significant proportion of its total fee income. Her own area of specialisation is outside the air transport sector and none of her personal workload has been undertaken for clients that operate civil airports or use them to provide air services, nor has she worked with or advised the OFT.

The members mentioned above and the CC do not believe that these matters will prejudice the ability of the Group to discharge its functions in an independent and impartial manner.

Staff interests:

Andrew Wright, Inquiry Director on this inquiry, has some indirect investments in trusts/Open-Ended Investment Companies, which either track a market index or are independently managed. These trusts may, from time to time, hold an interest in a business in the relevant sector, but Mr Wright has no influence or control over any of the investment decisions.

Clare Potter, Chief Legal Adviser to the CC, was a partner for Simmons and Simmons until September 2004. Simmons and Simmons is acting for the Civil Aviation Authority (CAA) in relation to the price control. These are new instructions which were secured after Ms Potter left the partnership. Simmons and Simmons has also acted for BA in relation to previous quinquennial inquiries but Ms Potter had no personal involvement with this client.

John Davies, Chief Economist to the CC, published Closing Loopholes in 2002, a bulletin for Frontier Economics. This described a problem in the regulatory price control relating to Aer Rianta airports in Ireland, and was subsequently published in Competition (an Irish journal of competition policy). Mr Davies had substantial prior experience in the sector. As a consultant for various firms from 1994 to 2003, he worked for inter alia: Emirates, Aer Lingus, Iberia, Transavia, Birmingham International Airport, NATS British Airways, the CAA in the UK and for the European Commission on a case relating to the air sector. Mr Davies was until September 2003 an employee and shareholder in Frontier Economics, an economics

consultancy, and worked on the previous quinquennial review of airports 2001 and 2002. Mr Davies initially advised British Airways during the CAA review, including analysing the issues and advising on submissions. In 2002, Mr Davies advised Manchester Airport during the CC inquiry and helped to prepare submissions and appeared on behalf of Manchester Airport at CC hearings.

Morven Hadden, Legal Director on this inquiry, previously worked at Simmons and Simmons. We understand that Simmons and Simmons has advised the Civil Aviation Authority in connection with this reference, but Ms Hadden was not individually involved in that matter, nor in advising on any other instructions from the CAA.

Andrew Riseley, one of the Legal Advisers on this inquiry, was previously employed at Clifford Chance LLP, where he advised a client on the competition and regulatory aspects of a bid for World Duty Free Europe Ltd, which at the time was a wholly-owned subsidiary of BAA plc. The bid did not proceed. At no stage was Mr Riseley involved in acting for BAA, and he did not become privy to any information that was not otherwise in the public domain.

Peter John, a staff member on this inquiry, has worked on regulatory reviews before for other government departments and government customer organisations in other regulated sectors. Last year Mr John was employed as a contractor by Europe Economics, which has done some research for BAA. Mr John knew nothing about any work done for BAA and is no longer associated with Europe Economics.

Mr John Earwaker advised the Competition Commission (CC) staff team on issues relating to the cost of capital for the Airports Market investigation and the Heathrow and Gatwick Quinquennial Review, and he will also be advising the staff team for the Stansted Quinquennial Review.

Mr John Earwaker, in his capacity as a principal consultant with First Economics, worked for the CAA for six months from February to July 2006 on the CAA's response to takeover speculation involving BAA and advised the CAA on the position it should take on this issue. He also subsequently provided input to the CAA on an ad hoc basis as it prepared its price control proposals, focusing in particular on the CAA's Opex analysis.

Since June 2007, Mr Earwaker has been involved personally in the following work on behalf of First Economics:

First Economics is in the process of completing a piece of work for BAA on the appropriate way of charging Crossrail for access to the BAA-owned rail infrastructure at Heathrow Airport. This work, which is considering the implications of the Railways Infrastructure (Access and Management) Regulations 2005, rather than any issue related to the economic regulation of airports, will be concluded by the end of April 2008.

First Economics has also been actively involved in periodic reviews in all of the main regulated sectors (i.e. communications, energy, rail, underground and water) during recent years. Apart from CAA, the CC does not intend to prevent First Economics from continuing to work with these clients on general regulatory issues for the duration of Mr Earwaker's contract with the CC.

In addition to its consultancy work, First Economics hosts regular events for regulatory professionals in companies and regulators' offices. Representatives of BAA, British Airways, the CAA, Go Ahead Group, Macquarie Bank and Manchester Airport have been among the attendees at events held during the last three years.

Mr Earwaker and the CC do not believe that:

this proposed assignment will require Mr Earwaker to consider issues on which he has previously advised the CAA, BAA or other clients; or his previous work for these clients will prejudice his ability to provide impartial advice to the Group, or prejudice the Group's ability to discharge its functions in an independent and impartial manner.

The staff mentioned above and the CC do not believe that these matters will prejudice the ability of the Group to discharge its functions in an independent and impartial manner.

2 May 2008