

2 May 2007

I am the Group Property Director for Tie Rack and am responding to your letter of the 11th April 2007 addressed to the Managing Director. For your information my company also incorporates Rolling Luggage and these comments would similarly apply for that company to who you also wrote on the 11th April.

I understand that you would like to seek the views of various parties as to whether there are reasonable grounds for suspecting that a feature or a combination of features of the market or markets in which airport services are supplied by BAA prevent, restricts or distorts competition in connection with the supply of airport services in the United Kingdom.

My first comment would be to state that, in our opinion, services which are supplied by BAA are carried out in a proper and professional way and as such the services that they are providing contribute to the efficient running of the relevant airports. The services that they provide are complex and important to the well-being of the UK and their considerable experience in this market is important to the long term health of the airport industry. The current environment means that provision of such services must be in the hands of competent well-run companies and the UK should thus have comfort with BAA in this regard. It is difficult for us to see how any change in the current arrangements, in itself, would necessarily benefit people who receive such services.

With regard to the question as to whether the current arrangement prevents, restricts or distorts competition, I am aware that BAA do not operate other airports in the London area (Luton and London City Airport) and they also do not operate other major airports throughout the UK. There is thus a level of competition elsewhere and, it should be pointed out, BAA itself has competition with other major strategic airport hubs throughout Europe, e.g. Paris, Frankfurt and Amsterdam. It is important that the major airports of London are competitive with these foreign airports and BAA's experience in this regard is very important.

I am sure you will appreciate that my company only has direct involvement in some of the services as set out in your letter. However, we are also aware indirectly of many others and, indeed, may use as a customer such facilities.

I trust you find this information of assistance to you in your deliberations and have no objection to these views being published.

Martin Morgan  
Group Property Director  
Tie Rack