

Dear Customer

Pricing Structure – Options Discussion Paper

Airservices Australia's current pricing arrangements were introduced in 2004 and 2005, setting the level of prices for each service through to the end of December 2009. Under the existing Long Term Pricing Agreement (LTPA) the last price change was on 1 July 2008.

In the lead up to the development of a new pricing proposal that extends beyond 2009 we are now examining a range of potential options for the structure, basis and mechanism for future pricing arrangements.

In order to identify and understand the impact of various options on the industry, we have prepared a discussion paper that encapsulates some options, though it is not an exhaustive list. There may be other options that are developed during the industry review of this options paper and during proposed industry consultation sessions.

Additionally, the paper is **not** intended to suggest the actual level of charges beyond 2009. Where prices do appear, they are indicative only and are based on our initial estimate using existing parameters and applying the Australian Competition and Consumer Commission (ACCC) Building Block methodology.

The paper will be released on our website: www.airservicesaustralia.com/pricingproposal and can be downloaded from there or can also be received via mail by calling toll free 1800 026 147.

In a complex operating environment, it is important that we identify fair and equitable methods for recovering terminal navigation, enroute and rescue and fire fighting service costs. To promote discussions, this paper sets out a range of material to identify the key issues and provides some quantitative and qualitative evaluations on various elements within the price structure mix.

We are seeking your feedback on the issues raised in this Discussion Paper.

Consultation forums on the options paper are planned for September and December. We will be conducting consultation sessions both in Australia and in Singapore for major carriers to ensure that our international customers needs are also well met.

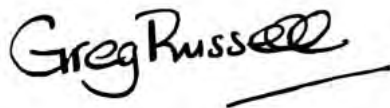
The proposed dates, times and locations for the September consultation are detailed at **Attachment A**. The December times will be provided later in the year.

The consultation sessions will be for 2 hours at each location on the nominated day and will include an explanation of the service and key operational drivers; and a discussion of the proposed options contained in the "Discussion Paper".

If you would like to attend one of these sessions please contact Robyn Gargan on (02) 6268 4797 or robyn.gargan@airservicesaustralia.com to confirm your attendance for the purpose of catering, and arranging access to our site in Brisbane and to the IATA Offices in Singapore.

We are seeking responses to the Discussion Paper by close of business 30 September 2008. All written responses received will be published on our website, unless expressly submitted on an in confidence basis.

Yours sincerely

A handwritten signature in black ink that reads "Greg Russell". The signature is written in a cursive style and is underlined with a single horizontal line.

Greg Russell
Chief Executive Officer
6 August 2008

Domestic Consultation

Date	Time	Location	Address/Contact Information
9 September 2008	9:00	Brisbane	Airservices Australia Brisbane Air Traffic Control Centre Brisbane Airport “Diamantina Room”
9 September 2008	3:00	Cairns	Cairns International Hotel 17 Abbott St “Bluewater 1 Room”
10 September 2008	10:00	Darwin	Novotel Darwin Atrium 100 The Esplanade “Billabong Room”
11 September 2008	9:00	Perth	Mercure Hotel Perth 10 Irwin St “Orelia Room”
15 September 2008	9:00	Melbourne	Airport Hilton
15 September 2008	2:00	Adelaide	Adelaide International Airport Level 2, Terminal 1 “Media Room”
16 September 2008	9:00	Sydney	Airport Stamford Plaza Cnr Robey & O’Riordan Street “Botany Room”
17 September 2008	11:00	Hobart	Hotel Grand Chancellor 1 Davey St “Chancellor Room 4”

International Consultation

Date	Time	Location	Address/Contact Information
4 September 2008	9:00	Singapore	IATA Regional Office for Asia/Pacific 111 Somerset Road #14-05 Somerset Wing Singapore Power Building