

**THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this letter or the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 (as amended).**

**If you have sold or otherwise transferred all of your shares in Flybe Group plc (the "Company"), please send this letter at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee. However, this letter should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations.**

**Flybe Group plc**  
New Walker Hangar Exeter International Airport  
Clyst Honiton  
Exeter EX5 2BA  
Company No: 01373432

14 November 2018

*To shareholders, persons with information rights and to the holders of securities convertible into, rights to subscribe for and options over, the Company's shares.*

Dear Sir/Madam

**Announcement regarding formal sale process as part of strategic review**

In accordance with Rule 2.11 of the City Code on Takeovers and Mergers (the "**Takeover Code**"), I enclose a copy of the Company's announcement released on 14 November 2018 regarding a review of its strategic options, including the launch of a formal sale process under the Takeover Code.

There can be no certainty that an offer will be made for the Company following the launch of the formal sale process, nor as to the terms on which any offer will be made.

Please note that details held by us in relation to you, including addresses, electronic addresses and certain other information may be provided to potential offerors during the offer period, as required under Section 4 of Appendix 4 of the Takeover Code.

The Company's announcement in relation to this matter and a copy of this letter are also available to view on the Company's website at <https://www.flybe.com/investors/>.

A hard copy of this letter will not be sent to you unless you have previously notified the Company's Registrars, Link Asset Services, that you wished to receive all documents in hard copy form or unless requested in accordance with the procedure set out below.

If you have any administrative questions or would like to request a hard copy of this letter, contact the Registrars, Link Asset Services, at 34 Beckenham Road, Beckenham, Kent BR3 4TU, or on 0871 664 0300 from inside the UK or +44 (0) 371 664 0300 from outside the UK. You may also request that all future documents, announcements and information to be sent to you in relation to any offer should be in hard copy form.

Yours faithfully



Simon Laffin  
**Chairman**

The Directors of the Company accept responsibility for the information contained in this letter. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter is in accordance with the facts and does not omit anything likely to affect the import of such information.

### **Disclosure requirements of the Takeover Code**

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION**

**THIS IS AN ANNOUNCEMENT UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") AND IS NOT AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE AND THERE CAN BE NO CERTAINTY THAT AN OFFER WILL BE MADE, NOR AS TO THE TERMS ON WHICH ANY OFFER MIGHT BE MADE.**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.**

**14 November 2018**

**FOR IMMEDIATE RELEASE**

**Flybe Group plc**

**Formal Sale Process as Part of Strategic Review**

The Board of Flybe Group plc ("Flybe" or the "Company") announces today that it is undertaking a comprehensive review of the various strategic options open to it to address the current challenges facing the airline industry and maximise value for shareholders. These options include further capacity and cost saving measures, initiatives to strengthen the balance sheet and preserve cash resources, as well as a potential sale of the Company through the commencement of a "formal sale process" (as referred to in Note 2 on Rule 2.6 of the Code).

The Board has appointed Evercore as its financial adviser to assist it with this review.

The Panel on Takeovers and Mergers (the "Takeover Panel") has agreed that any discussions with third parties may be conducted within the context of a formal sale process. Accordingly, it has granted a dispensation from the requirements of Rules 2.4(a), 2.4(b) and 2.6(a) of the Code such that any interested party participating in the formal sale process will not be required to be publicly identified under Rules 2.4(a) or 2.4(b) as a result of this announcement and any interested party participating in the formal sale process will not be subject to the 28-day deadline referred to in Rule 2.6(a) of the Code for so long as it is participating in the formal sale process. Following this announcement, the Company is now considered to be in an "offer period" as defined in the Code, and the dealing disclosure requirements set out below will apply.

The Company confirms that, at the time of this announcement, it is in discussions with a number of strategic operators about a potential sale of the Company.

Parties with a potential interest in making a proposal should contact Evercore, whose details are set out below.

It is currently expected that any party interested in participating in the formal sale process will, at the appropriate time, enter into a non-disclosure agreement with Flybe on terms satisfactory to the Board of Flybe. The Company then intends to provide such interested parties with certain information on the business, following which interested parties will be invited to submit their proposals to Evercore. Further announcements regarding timings for the formal sale process will be made as appropriate.

There can be no certainty that an offer will be made, nor as to the terms on which any offer will be made.

The Board of Flybe reserves the right to alter or terminate the process at any time and if it does so it will make an announcement as appropriate. The Board of Flybe also reserves the right to reject any approach or terminate discussions with any interested party at any time.

**Enquiries:**

**Flybe** +44 (0)13 9236 4520  
Christine Ourmières-Widener, Chief Executive Officer

**Evercore (Financial Adviser to Flybe)** +44 (0)20 7653 6000  
Julian Oakley  
Tariq Ennaji

**Numis (Broker to Flybe)** +44 (0)20 7260 1000  
Stuart Skinner  
Mike Burke

**Liberum (Broker to Flybe)** +44 (0)20 3100 2000  
Richard Crawley  
Jamie Richards

**Maitland**  
Neil Bennett +44 (0)20 7379 5151  
Andy Donald

In accordance with Rule 26.1 of the Code, a copy of this announcement will, subject to certain restrictions relating to persons resident in restricted jurisdictions, be available at [www.flybe.com/investors/](http://www.flybe.com/investors/). The person responsible for arranging for the release of this announcement on behalf of Flybe is Catherine Ledger, General Counsel and Company Secretary. For the avoidance of doubt, the content of the website referred to above is not incorporated into and does not form part of this announcement.

**MAR**

The information contained within this announcement is considered by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No.596/2014. Upon the publication of this announcement via a Regulatory Information Service, this inside information will be considered to be in the public domain.

**FORWARD LOOKING STATEMENTS**

This announcement (including information incorporated by reference in this announcement), oral statements made regarding the formal sale process, and other information published by Flybe may contain statements about Flybe that are or may be deemed to be forward looking statements. Such statements are prospective in nature. All statements other than historical statements of facts may be forward looking statements. Without limitation, statements containing the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “estimates”, “projects” or “considers” or other similar words may be forward looking statements.

Forward looking statements inherently contain risks and uncertainties as they relate to events or circumstances in the future. Important factors such as business or economic cycles, the terms and conditions of Flybe’s financing arrangements, tax rates, fuel prices, or increased competition may cause Flybe’s actual financial results, performance or achievements to differ materially from any forward looking

statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. Flybe disclaims any obligation to update any forward looking or other statements contained herein, except as required by applicable law.

## **ABOUT FLYBE**

Flybe is Europe's largest regional airline and flies more UK domestic flights than any other airline – 53% of all UK flights within mainland Britain (excluding London). Flybe currently operates 192 routes serving 14 countries from 75 departure points in the UK and Europe\* and is the largest scheduled airline by air traffic movements at Aberdeen, Belfast City, Birmingham, Cardiff, Doncaster Sheffield, Exeter, Glasgow, Isle of Man, Jersey, Manchester, Newquay and Southampton airports\*\*. Flybe operates a fleet of 76 aircraft – 54 Bombardier Q400, 6 Embraer E195, 11 E175 & 5 ATR 72s and was recognised as the most punctual UK-based airline in the latest report on 'Best and Worst Airlines' issued by leading consumer watchdog Which? in January 2018.

\*Flown under the Flybe brand including all routes on sale Nov 2018 – Aug 2019

\*\*Source: CAA Aug 2018

## **ABOUT EVERCORE**

Evercore Partners International LLP ("Evercore"), which is authorised and regulated by the Financial Conduct Authority in the UK, is acting exclusively as financial adviser to Flybe and no one else in connection with the matters described in this announcement and will not be responsible to anyone other than Flybe for providing the protections afforded to clients of Evercore nor for providing advice in connection with the matters referred to herein. Neither Evercore nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Evercore in connection with this announcement, any statement contained herein, the acquisition or otherwise. Apart from the responsibilities and liabilities, if any, which may be imposed on Evercore by FSMA, or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Evercore nor any of its affiliates accepts any responsibility or liability whatsoever for the contents of this announcement, and no representation, express or implied, is made by it, or purported to be made on its behalf, in relation to the contents of this announcement, including its accuracy, completeness or verification of any other statement made or purported to be made by it, or on its behalf, in connection with Flybe or the matters described in this announcement. To the fullest extent permitted by applicable law, Evercore and its affiliates accordingly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this announcement or any statement contained herein.

## **ABOUT NUMIS**

Numis Securities Limited ("Numis"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as corporate broker exclusively for Flybe and no one else in connection with the matters set out in this announcement. In connection with such matters, Numis will not regard any other person as its client, nor will it be responsible to anyone other than Flybe for providing the protections afforded to clients of Numis or for providing advice in relation to the contents of this announcement or any other matter referred to herein. Neither Numis nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Numis in connection with this announcement, any statement contained herein or otherwise.

## **ABOUT LIBERUM**

Liberum Capital Limited ("Liberum"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as corporate broker exclusively for Flybe and no one else in connection with the matters set out in this announcement. In connection with such matters, Liberum will

not regard any other person as its client, nor will it be responsible to anyone other than Flybe for providing the protections afforded to clients of Liberum or for providing advice in relation to the contents of this announcement or any other matter referred to herein. Neither Liberum nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Liberum in connection with this announcement, any statement contained herein or otherwise.

## **RULE 2.9 REQUIREMENT**

In accordance with Rule 2.9 of the Code, the Company confirms that as at close of business on 13 November 2018, its issued share capital consisted of 216,656,776 ordinary shares of 1 pence each, with ISIN Number GB00B4QMVR10, which carry voting rights of one vote per share.

## **DISCLOSURE REQUIREMENTS OF THE CITY CODE ON TAKEOVERS AND MERGERS**

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Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by not later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

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