

## OFFER UPDATE

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Flybe Group PLC  
15 January 2019

Flybe Group plc ("Flybe" or the "Company")

### Offer Update

On 11 January 2019, Connect Airways Limited ("Connect Airways") announced a recommended cash offer (the "Recommended Offer") for all of the issued and to be issued share capital of Flybe Group plc ("Flybe").

Together with the announcement of the Recommended Offer, Flybe entered into a secured bridge loan facility (the "Bridge Facility Agreement") with the shareholders of Connect Airways (the "Consortium") pursuant to which the Consortium agreed to make available to Flybe a committed credit facility of up to £20 million, subject to a number of conditions. Despite significant efforts it has not been possible to satisfy these conditions and so Flybe has been unable to draw any funds under the Bridge Facility Agreement.

### Divestment of Flybe Limited (including Flybe Aviation Services Limited) and Flybe.com Limited and agreement on a Revised Bridge Facility

In light of the above, the Board of Flybe and Connect Airways are pleased to announce that they have reached agreement on:

- the purchase by Connect Airways of the Group's main trading company, Flybe Limited (including Flybe Aviation Services Limited) and the digital company Flybe.com Limited for £2.8 million (the "Divestment"), subject only to a limited number of conditions; and
- a revised Bridge Facility of up to £20 million to provide funding to Flybe Limited, of which £10 million will be released today to support the business. In addition, a number of improved agreements with banks have also been reached today to improve liquidity.

Furthermore, the Consortium has confirmed to Flybe that its plans for the future of the Flybe business including the combination with Stobart Air remain as set out in the Recommended Offer including its commitment to provide £80 million of further funding.

Flybe confirms that following its transfer to a Standard Listing which becomes effective on 17 January 2019, the Divestment will not require shareholder approval. The long stop date for the Divestment is 22 February 2019.

The Board of Flybe believes that obtaining this revised facility from the Consortium provides the security that the business needs to continue to trade successfully. This preserves the interests of its stakeholders, customers, employees, partners and pension members.

### Status of recommended offer by the Consortium for Flybe

Shareholders should note that the Recommended Offer announced on 11 January 2019 will proceed irrespective of the Divestment. Further communications will be made as appropriate.

### Enquiries

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**Additional information**

The Divestment agreement constitutes an offer-related arrangement under Rule 21.2 of the Code.

In accordance with Rule 26.2 of the Code, a copy of the divestment agreement will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, for inspection on Flybe's website at [www.flybe.com/investors](http://www.flybe.com/investors) promptly and in any event by no later than 12 noon (London time) on the Business Day following the date of this announcement. For the avoidance of doubt the contents of that website is not incorporated into, and does not form part of this announcement.

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