

Flybe Group plc

Statement Regarding Media Speculation

The Board of Flybe Group plc ("Flybe" or the "Company") notes the recent media speculation and confirms that, on 1 February 2019, Flybe received a very preliminary, short and highly conditional outline contingency proposal from Mr Tinkler which envisages a capital injection and replacement of the funding provided by Connect Airways Limited (the "Preliminary Proposal").

Flybe confirms that its advisers have held an initial discussion with Mr Tinkler's advisers in relation to the Preliminary Proposal and that no formal proposal was made. For the avoidance of doubt, the Preliminary Proposal does not contemplate an offer for the whole of Flybe or any other acquisition structure.

The Board understands that the capital injection under the Preliminary Proposal would only be provided by Mr Tinkler if the sale of Flybe's operating businesses to Connect Airways Limited ("Connect Airways") in accordance with the share purchase agreement dated 15 January 2019 (the "SPA") does not complete. The Board does not consider that the Preliminary Proposal offers the certainty required to secure the future of Flybe.

Accordingly, the Board emphasizes to shareholders that it continues to regard the arrangements entered into with Connect Airways as being the only viable option available to the Company which provides the security that the business needs to continue to trade successfully. The arrangements with Connect Airways preserve the interests of Flybe's stakeholders, customers, employees, partners and pension members.

Connect Airways is a joint venture company which is owned 40% by DLP Holdings, S.à.r.l., a company wholly-owned by funds managed by Cyrus Capital Partners L.P., 30% by Stobart Aviation, a wholly-owned subsidiary of Stobart Group Limited, and 30% by Virgin Travel Group Limited, a wholly-owned subsidiary of Virgin Atlantic Limited, the holding company of Virgin Atlantic Airways Limited and Virgin Holidays Limited. As part of its proposed acquisition of Flybe, Connect Airways committed to make available a £20 million bridge facility to support Flybe's ongoing working capital and operational requirements. In addition, following completion it intends to provide up to £80 million of further funding to the Combined Group to invest in its business and support its growth, as well as a contribution of Stobart Air.

Flybe continues to work with Connect Airways on the sale of Flybe's operating businesses. The SPA is subject to only a limited number of conditions and progress is being made to meet those conditions. The SPA is subject to a longstop date of 22 February 2019.

Connect Airways has now provided the first £15 million of the £20 million secured committed credit facility, as referred to in the announcement of 15 January 2019. Flybe continues to receive payments from its credit card acquirers in accordance with the arrangements agreed at the time of the SPA being entered into. The arrangements with the Company's credit card acquirers and banks are important to enable Flybe to continue to trade and are conditional themselves upon the SPA completing.

Following completion of the SPA, the Company will be a non-trading entity with no subsidiaries and no material assets other than the cash remaining from the £2.8 million consideration received under the SPA, which will be required to cover transaction costs and residual and rundown costs of the Company. It is anticipated that, after meeting these costs, there will not be any remaining funds available for distribution to shareholders.

Separately, Flybe shareholders will be receiving materials in relation to the scheme of arrangement which will effect the recommended offer of 1 pence per share made by Connect Airways for Flybe Group plc on 11 January 2019. The scheme document and related materials are expected to be posted to shareholders in the near future and there will be a shareholder meeting to vote on the scheme of arrangement not less than 21 days thereafter.

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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 ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information will be considered to be in the public domain.

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