

Consent to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority (CMA) on 1 February 2017

Acquisition by Menzies Aviation plc and Menzies Aviation Inc. of ASIG Holdings Limited and ASIG Holdings Corp.

1. We refer to correspondence dated 11, 30 and 31 January 2017 requesting that the CMA consents to derogations to the Initial Enforcement Order of 1 February 2017 (the **Initial Order**).
2. The terms defined in the Initial Order have the same meaning in this letter.
3. Under the Initial Order, save for written consent by the CMA, Menzies Aviation plc and Menzies Aviation Inc. (**Menzies**) and John Menzies plc are required to hold separate the Menzies business from the ASIG business and to refrain from taking any action which might prejudice a reference under section 22 of the Act or impede the taking of any remedial action following such a reference.

Request for a derogation

4. John Menzies plc and Menzies have sought consent to integrate the Menzies business and the ASIG business immediately in order to preserve the value of the ASIG business, but subject to a ring-fence of the parts of the ASIG business in relation to which the CMA has found that the Transaction may lead to a substantial lessening of competition (**SLC**), namely ASIG's operations at Aberdeen airport (**ABZ**) (the **ASIG ABZ Business**). The proposed ring-fence seeks to ensure that:
 - (a) ASIG's current base of operations at ABZ will not be integrated with the Menzies business and will be managed independently;
 - (b) the ASIG ABZ Business will continue to operate in the ordinary course of business as it does currently and will have all necessary staff, equipment, IT, etc. The ASIG ABZ Business will continue to operate with the necessary key staff;

- (c) the ASIG ABZ Business will have and retain sufficient staffing, finances and equipment to compete independently at ABZ airport;
- (d) the ASIG ABZ Business will continue to manage all existing contracts with airlines for services at ABZ airport, and tender for all new contracts with airlines at ABZ airport;
- (e) the ASIG ABZ Business will not share any competitively sensitive information other than what is permitted by the Initial Order. Certain identified individuals will have access to the existing ASIG IT and payment systems which will include the ASIG ABZ Business information for the purpose of continuing all financial and accounting support services (including receipts, payments and payroll services);
- (f) financial reports (which will be limited to the monthly aggregated financial information (including a summary profit and loss report) in the form approved by the CMA and any 'Red Flag' information),¹ required to enable the John Menzies plc and Menzies boards to discharge their fiduciary duties, will be shared with other named individuals subject to appropriate non-disclosure agreements (**NDAs**);
- (g) only limited information concerning the health and safety of the ASIG ABZ Business' operations, required to enable John Menzies plc and Menzies to discharge their legal and compliance obligations, will be shared with named individuals, subject to NDAs;
- (h) as permitted by the Order, certain named Menzies individuals subject to NDAs will have access to confidential ASIG ABZ Business information in order to progress the sale and divestment process under the UIL process, subject to NDAs; and
- (i) at ABZ airport the Menzies Business and ASIG ABZ Business will continue to operate under separate sales and brand identity: the ASIG ABZ Business will continue during the specific period (as defined in the Initial Order) and for a reasonable transitional period thereafter to operate under the ASIG brand.

¹ Defined to be only that information which indicates that there is or may be potential issues concerning the ASIG ABZ Business that are outside of the ordinary course of business and which could have a material adverse effect on the business, including on its financial viability, regulatory compliance or insurance cover.

CMA's derogation

5. After due consideration of your request for derogations from the Initial Order, based on the information received from you and the proposed ring-fence of the Menzies business and the ASIG business, and in the particular circumstances of this case, John Menzies plc and Menzies may carry out the following actions:

General derogation save for the ASIG ABZ business

6. Since the CMA found that the Merger gives rise to a realistic prospect of an SLC in relation to the supply of ground handling services (which includes baggage, ramp, passenger, airside cargo handling and de-icing services) at ABZ airport only, the CMA consents to any act or omission by John Menzies plc or Menzies that would otherwise constitute a breach of the Initial Order, but only to the extent that such act or omission does not affect or otherwise impact directly or indirectly the ASIG ABZ Business, and is consistent with the ring-fence provisions set out below.

Ring fence for ABZ airport

NDA's

7. NDAs in the forms approved by the CMA are to be signed by the named individuals in Annexes 1 and 2.

Finance and HR

8. On the basis that the ASIG ABZ Business requires certain employees in order to ensure regulatory compliance and ongoing continuity and viability, the CMA requires and permits the roles listed at Annex 2 to be filled by those corresponding individuals listed following the completion of the Transaction, subject to their signing NDAs. In particular,
 - (a) [REDACTED] (Management Accountant, Menzies Distribution Limited); [REDACTED] (Reporting Accountant John Menzies plc); [REDACTED] (Finance - Analyst, John Menzies plc); [REDACTED] (Financial Controller, ASIG Limited) and [REDACTED] (ASIG Finance Manager, ASIG Limited) are required and permitted to receive financial information concerning the ASIG ABZ Business for ensuring the necessary day-to-day financial and accounting processes continue including the preparation of detailed monthly reports, as well as preparing monthly reports for sharing upwards with Menzies' senior management named in paragraph 9 below in the form approved by the CMA. In this regard these named individuals are permitted to receive detailed

information concerning the on-going performance and operation of the ASIG ABZ Business of the kind a financial reporting unit would expect to receive in the ordinary course of business for financial reporting and accounting purposes.

(b) [REDACTED] (UK HR Integration Manager, Menzies Aviation plc) is required and permitted to receive information relating to the employees of the ASIG ABZ Business for HR purposes, as required in order to ensure the ASIG ABZ Business continues to operate in the ordinary course with the necessary employees and contract workers.

(c) [REDACTED], [REDACTED] (Payroll Manager, ASIG Limited) and [REDACTED] (HR Manager, ASIG Limited), as part of the existing payroll and HR team of the ASIG business, are required and permitted to have access to and process all payments and deal with HR issues.

Executive oversight

9. To the extent necessary for the proper discharge of the fiduciary duties of Menzies' board of directors, [REDACTED], [REDACTED] (Group Treasurer, John Menzies plc) and [REDACTED] (Group Financial Controller, John Menzies plc) are permitted to receive monthly reports in the form approved by the CMA and any Red Flag information concerning the ASIG ABZ Business,² and [REDACTED] is also permitted to be appointed a director of ASIG Limited and ASIG Ground Handling Limited.
10. Similarly, to the extent necessary for the proper discharge of Menzies' legal obligations to its employees and to the Health & Safety Executive, [REDACTED]; [REDACTED] (Senior Vice President of Safety, John Menzies plc); [REDACTED] (Safety - UK, Menzies Aviation plc); [REDACTED] (Vice President of Security, Menzies Aviation plc); and [REDACTED] (Head of Internal Audit, John Menzies plc) are permitted to engage with the ASIG ABZ Business and receive regular reports concerning its compliance with health and safety regulations.

Legal

11. To the extent necessary, [REDACTED] (Legal Counsel, Menzies Aviation plc) is permitted to provide legal support in the form of any legal advice required by the ASIG ABZ Business.

² Urgent communications of Red Flag information must be concurrently communicated to the CMA; non-urgent communications must be communicated in advance to the CMA.

UIL process

12. To the extent necessary to enable the timely and effective discharge of the undertakings in lieu offered by Menzies on 22 December 2016, [X] (Head of Corporate Finance, John Menzies plc) and [X] (Head of Legal and Company Secretary, Menzies Aviation plc) are permitted to receive confidential information concerning the ASIG ABZ Business (including without limitation information concerning the ASIG ABZ Business' customer and supplier contracts, financial data, tangible assets and employees).

Brand

13. During the specified period (as defined in the Initial Order) and for a reasonable transitional period beyond any decision by the CMA under section 72(6)(a) or (b) of the Act, the CMA consents to the operation of the ASIG ABZ Business under the ASIG brand.

Annex 1: List of individuals within the Menzies business requested to sign an NDA under this derogation

Executive oversight - Individuals who will receive monthly reports in the form approved by the CMA and any Red Flag Information - subject to NDA Version A

1. [X], Director of Corporate Affairs and Group Company Secretary, John Menzies plc. He will have ultimate reporting line responsibility for the ASIG ABZ Business.
2. [X], Group Financial Manager, John Menzies plc. He will be the ASIG Director that has ultimate responsibility for the ASIG group, including the ASIG ABZ Business.
3. [X], Group Treasurer, John Menzies plc. He will be responsible for group treasury and any tax issues.

Finance - Individuals who will have access to the ASIG ABZ Business' IT system and financial database - subject to NDA Version B

4. [X], Management Accountant, Menzies Distribution Limited. He will report to [X] on the group financing data.
5. [X], Reporting Accountant, John Menzies plc. He will report to [X] on the group financing data.
6. [X], Finance - Analyst, John Menzies plc. She will report to [X] on the group financing data.

HR - Individuals who will have access to the ASIG ABZ Business' HR information - subject to NDA version B

7. [X], Shared Services Manager, Menzies Aviation plc. She will have responsibility for all HR issues for the ASIG ABZ Business.

Health and safety - Individuals who will have access to the ASIG ABZ Business' health and safety / regulatory compliance information - subject to NDA Version B

8. [X], Senior Vice President of Safety, John Menzies plc. He will be responsible for reviewing and ensuring safety standards are up to Menzies' requirements and that standard operating procedures (**SOPs**) are in place.

9. [X], Safety - UK, Menzies Aviation plc. He will be responsible for ensuring a safe working environment is in place and that SOPs are being followed.
10. [X], Vice President of Security, Menzies Aviation plc. She will be responsible for reviewing and ensuring security protocols are in place and are being followed.
11. [X], Head of Internal Audit, John Menzies plc. He will be responsible for reviewing compliance with all relevant legislation and to ensure all process and procedures exist.

Legal - Individual permitted to provide legal support in the form of any legal advice required by the ASIG ABZ Business - subject to NDA Version B

12. [X], Legal Counsel, Menzies Aviation plc. She will be responsible to provide legal support in the form of any legal advice required by the ASIG ABZ Business.

UIL process - Individuals who will have access to the information being provided to potential purchasers for due diligence purposes - subject to NDA Version C

13. [X], Head of Corporate Finance, John Menzies plc. He will be responsible for the divestment of the ASIG ABZ Business.
14. [X], Head of Legal and Company Secretary, Menzies Aviation plc. He will be responsible for the divestment of the ASIG ABZ Business.

Annex 2: List of individuals within the ASIG business requested to sign an NDA under this derogation

Finance - Individuals who will have access to the ASIG ABZ Business' IT system and financial database - subject to NDA Version B

1. [X], ASIG Finance Manager, ASIG Limited. She will be responsible for ASIG ABZ Business financial data.
2. [X], Financial Controller, ASIG Limited. He will be responsible for ASIG ABZ Business financial data and for the payroll process.

HR - Individuals who will have access to the ASIG ABZ Business' HR information - subject to NDA version B

3. [X], Payroll Manager, ASIG Limited. She will be responsible for the ASIG ABZ Business employees.
4. [X], HR Manager, ASIG Limited. She will be responsible for the ASIG ABZ Business employees.