

WET LEASE AGREEMENT ENTERED INTO BY AER LINGUS LIMITED AND CITYJET DESIGNATED ACTIVITY COMPANY

Initial Enforcement Order made by the Competition and Markets Authority pursuant to section 72(2) of the Enterprise Act 2002 (the Act)

Whereas:

- (a) the Competition and Markets Authority (CMA) has reasonable grounds for suspecting that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in Aer Lingus Limited (Aer Lingus), its parent entity International Consolidated Airlines Group SA (IAG) and certain assets of Cityjet Designated Activity Company (CityJet) ceasing to be distinct;
- (b) the CMA is considering whether to make a reference under section 22 or 33 of the Act;
- (c) the CMA wishes to ensure that no action is taken pending final determination of any reference under sections 22 or 33 of the Act which might prejudice that reference or impede the taking of any action by the CMA under Part 3 of the Act which might be justified by the CMA's decisions on the reference; and
- (d) the circumstances set out in section 72(6) of the Act do not apply and the reference has not been finally determined in accordance with section 79(1) of the Act.

Now for the purposes of preventing pre-emptive action in accordance with section 72(2) of the Act the CMA makes the following order addressed to IAG, Aer Lingus, and CityJet (Order).

Commencement, application and scope

1. This Order commences on the commencement date: 4 October 2018.
2. This Order applies to IAG, Aer Lingus and CityJet.
3. Notwithstanding any other provision of this Order, no act or omission shall constitute a breach of this Order, and nothing in this Order shall oblige IAG

and Aer Lingus or CityJet to reverse any act or omission, in each case to the extent that it occurred or was completed prior to the commencement date.

4. This Order does not prohibit IAG, Aer Lingus and CityJet from commencing and carrying out their obligations under the Long Term Wet Lease Agreement, provided that IAG and Aer Lingus and CityJet observe the restrictions set out below.

Management of IAG, Aer Lingus and CityJet businesses until determination of proceedings

5. Except with the prior written consent of the CMA, IAG, Aer Lingus and CityJet shall not, during the specified period, take any action which might prejudice a reference of the transaction under section 22 or 33 of the Act or impede the taking of any action under the Act by the CMA which may be justified by the CMA's decisions on such a reference.

Compliance

6. IAG and CityJet shall procure that each of their subsidiaries complies with this Order as if the Order had been issued to each of them.
7. On 11 October 2018 and subsequently every week (or, where this does not fall on a working day, the first working day thereafter), such representatives authorised to bind each of IAG, Aer Lingus and CityJet as agreed with the CMA shall, on behalf of each of IAG, Aer Lingus and CityJet, provide a report to the CMA informing it of:
 - (a) any changes or planned changes to the use and preservation of slots at London City and Dublin airports transferred as a result of the Long Term Wet Lease Agreement;
 - (b) any changes or planned changes to the flight schedules of IAG or CityJet between London City and Dublin airports;
 - (c) any changes or planned changes to the aircraft dedicated to the London City to Dublin airport services under the Long Term Wet Lease Agreement;
 - (d) any interruption that has prevented IAG or Aer Lingus or CityJet from operating between London City and Dublin airports for more than 24 hours; and
 - (e) any changes or planned changes to the contractual arrangements under the Long Term Wet Lease Agreement.

8. If IAG or Aer Lingus or CityJet has any reason to suspect that this Order might have been breached it shall immediately notify the CMA and any monitoring trustee that IAG or Aer Lingus or CityJet may be directed to appoint under paragraph 9.
9. The CMA may give directions to a specified person or to a holder of a specified office in any body of persons (corporate or unincorporated) to take specified steps for the purpose of carrying out, or ensuring compliance with, this Order, or do or refrain from doing any specified action in order to ensure compliance with the Order. The CMA may vary or revoke any directions so given.
10. IAG, Aer Lingus and CityJet shall comply in so far as they are able with such directions as the CMA may from time to time give to take such steps as may be specified or described in the directions for the purpose of carrying out or securing compliance with this Order.

Interpretation

11. The Interpretation Act 1978 shall apply to this Order as it does to Acts of Parliament.
12. For the purposes of this Order:

'the Act' means the Enterprise Act 2002;

'Aer Lingus' means Aer Lingus Limited, a company incorporated in Ireland and validly existing in accordance with the laws of Ireland whose registered office at Dublin Airport, County Dublin, Ireland with company registration number 9215;

'business' has the meaning given by section 129(1) and (3) of the Act;

'CityJet' means Cityjet Designated Activity Company;

'commencement date' means 4 October 2018;

'the decisions' means the decisions of the CMA on the questions which it is required to answer by virtue of sections 35 or 36 of the Act;

'IAG' means International Consolidated Airlines Group SA;

'Long Term Wet Lease Agreement' means the agreement entitled Long Term Wet Lease Agreement between Cityjet Designated Activity Company as lessor and Aer Lingus Limited as lessee dated 28 August 2018;

'specified period' means the period beginning on the commencement date and terminating in accordance with section 72(6) of the Act;

'subsidiary', unless otherwise stated, has the meaning given by section 1159 of the Companies Act 2006;

'the transaction' means the transaction by which Aer Lingus and certain assets of CityJet will cease to be distinct within the meaning of section 23 of the Act;

unless the context requires otherwise, the singular shall include the plural and vice versa.

Tobe Nwaogu
Assistant Director, Mergers

Compliance statement for IAG

I [insert name] confirm on behalf of IAG that:

Compliance in the Relevant Period

1. In the period from [insert date] to [insert date] (the Relevant Period):
 - (a) IAG has complied with the Order made by the CMA, in relation to the transaction, on 4 October 2018 (the Order).
 - (b) IAG's subsidiaries have also complied with this Order.
2. Subject to paragraphs 3 and 4 of the Order, and except with the prior written consent of the CMA, no action has been taken by IAG that might prejudice a reference of the transaction under section 22 or 33 of the Act or impede the taking of any action by the CMA which may be justified by its decision on such a reference.
3. IAG and its subsidiaries remain in full compliance with the Order and has provided a report to the CMA in accordance with paragraph 6 of the Order.

Interpretation

4. Terms defined in the Order have the same meaning in this compliance statement.

I understand that:

5. It is a criminal offence under section 117 of the Enterprise Act 2002 for a person recklessly or knowingly to supply to the CMA information which is false or misleading in any material respect. Breach of this provision can result in **fines, imprisonment for a term not exceeding two years, or both**. (Section 117 of the Enterprise Act 2002).
6. Failure to comply with this order without reasonable excuse may result in the CMA imposing a **penalty of up to 5% of the total value of the turnover** (both in and outside the United Kingdom) of the enterprises owned or controlled by the person on whom the penalty is imposed. (Section 94A of the Enterprise Act 2002).

FOR AND ON BEHALF OF IAG

Signature

Name

Title

Date

Compliance statement for Aer Lingus

I [insert name] confirm on behalf of Aer Lingus that:

Compliance in the Relevant Period

1. In the period from [insert date] to [insert date] (the Relevant Period), Aer Lingus has complied with the Order made by the CMA, in relation to the transaction, on 4 October 2018 (the Order).
2. Subject to paragraphs 3 and 4 of the Order, and except with the prior written consent of the CMA, no action has been taken by Aer Lingus that might prejudice a reference of the transaction under section 22 or 33 of the Act or impede the taking of any action by the CMA which may be justified by its decision on such a reference.
3. Aer Lingus remains in full compliance with the Order and has provided a report to the CMA in accordance with paragraph 6 of the Order.

Interpretation

4. Terms defined in the Order have the same meaning in this compliance statement.

I understand that:

5. It is a criminal offence under section 117 of the Enterprise Act 2002 for a person recklessly or knowingly to supply to the CMA information which is false or misleading in any material respect. Breach of this provision can result in **fines, imprisonment for a term not exceeding two years, or both**. (Section 117 of the Enterprise Act 2002).
6. Failure to comply with this order without reasonable excuse may result in the CMA imposing a **penalty of up to 5% of the total value of the turnover** (both in and outside the United Kingdom) of the enterprises owned or controlled by the person on whom the penalty is imposed. (Section 94A of the Enterprise Act 2002).

FOR AND ON BEHALF OF AER LINGUS

Signature

Name

Title

Date

Compliance statement for CityJet

I [insert name] confirm on behalf of CityJet that:

Compliance in the Relevant Period

1. In the period from [insert date] to [insert date] (the Relevant Period), CityJet has complied with the Order made by the CMA, in relation to the transaction, on 4 October 2018 (the Order).
2. Subject to paragraphs 3 and 4 of the Order, and except with the prior written consent of the CMA, no action has been taken by CityJet that might prejudice a reference of the transaction under section 22 or 33 of the Act or impede the taking of any action by the CMA which may be justified by its decision on such a reference.
3. CityJet remains in full compliance with the Order and has provided a report to the CMA in accordance with paragraph 6 of the Order.

Interpretation

4. Terms defined in the Order have the same meaning in this compliance statement.

I understand that:

5. It is a criminal offence under section 117 of the Enterprise Act 2002 for a person recklessly or knowingly to supply to the CMA information which is false or misleading in any material respect. Breach of this provision can result in **fining, imprisonment for a term not exceeding two years, or both**. (Section 117 of the Enterprise Act 2002).
6. Failure to comply with this order without reasonable excuse may result in the CMA imposing a **penalty of up to 5% of the total value of the turnover** (both in and outside the United Kingdom) of the enterprises owned or controlled by the person on whom the penalty is imposed. (Section 94A of the Enterprise Act 2002).

FOR AND ON BEHALF OF CITYJET

Signature

Name

Title

Date