



Mr Derek Coates
Chairman
Blue Islands
Jersey Airport
St Peter
JE3 7BP

15 December 2016

Dear Mr Coates

I am writing to inform you that pursuant to its powers under Article 26 of the Competition (Jersey) Law 2005 (2005 Law), the Jersey Competition Regulatory Authority (JCRA) intends to open a formal investigation into the franchise arrangements between Flybe Limited (Flybe) and Blue Islands Limited (Blue Islands). The JCRA has reasonable cause to suspect that by entering into these arrangements and continuing to operate them Flybe and Blue Islands are in breach of Article 8(1) of the 2005 Law.

The basis for this reasonable cause to suspect is the formal franchise agreement between the parties and certain information available on the parties' websites, which together suggest that the arrangements may constitute a restriction of competition by object and/or effect in the provision of air transport services to and from Jersey contrary to Article 8(1) of the 2005 Law.

The JCRA intends to exercise its formal powers under Article 27 of the 2005 Law to require the provision of documents and/or to require certain persons to answer questions about information which the JCRA requires in respect of this investigation. The JCRA expects to issue information requests early in 2017.

Yours sincerely

pp Louise Lead

Michael Byrne
Chief Executive