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FINGAL COUNTY COUNCIL
APR 2015
SECRETARIAT

02/04/2015

Our Ref: PD/15/7281

Mr Michael Kelly
Admin Officer
Corporate Affairs Dept
Fingal County Council
Swords
Co Dublin

Dear Mr Kelly

I refer to your correspondence of 24 February 2015 on behalf of Fingal County Council concerning IAG's proposed offer for Aer Lingus.

As Aer Lingus is in an 'offer period' under the Irish Takeover Rules, I am constrained in what I can say publicly at this point, as these rules apply to significant shareholders in some regards as well as offerors and offeree companies during an offer period.

I have consistently set out the Government's position on the issues that it would take account of in considering any offer for its shareholding in Aer Lingus. In addition to price, the other issues that will be examined include connectivity to/from Ireland including direct transatlantic services and connectivity via Heathrow, competition in the air transport market, jobs in Irish aviation and the Aer Lingus Brand.

Both IAG and Aer Lingus have provided further detail and clarifications in recent weeks. However, the Government's view is that this does not at present provide a basis on which we could provide an irrevocable commitment to accept an offer.

The position now is that further consideration of the IAG proposals will be based on the following:

- Further clarity from IAG on the overall employment prospects on the basis of the proposals received, with particular reference to the timeframe within which net additional employment would be created.

- Firm commitments on plans for growing Aer Lingus's transatlantic business and plans to grow Aer Lingus' routes at Cork, Shannon and Knock airports.
- IAG has indicated that it is proposing to offer legally binding, permanent commitments on the Heathrow slots and term-based commitments on routes. However, the commitment in relation to routes is for five years. The Government requires a longer period.
- The nature and acceptability of oversight measures on the Heathrow slots and routes needs to be confirmed. These would also be subject to any EU considerations.

In line with stated policy, the Government remains open to considering any improved proposal.

I am conscious of the concerns raised in your correspondence and wish to assure you that the Government is examining all the issues very carefully before taking a decision on the matter.

Yours sincerely,

Paschal Donohue

Paschal Donohoe T.D.
Minister for Transport Tourism and Sport