

**MEMORANDUM OF UNDERSTANDING BETWEEN THE STATES OF GUERNSEY,
THE STATES OF ALDERNEY AND AURIGNY AIR SERVICES**

1. Background, Purpose and Scope

- 1.1 Aurigny Air Services (Aurigny) has been wholly owned by the States of Guernsey since 2004. It is subject to shareholder objectives that have been agreed between the Treasury and Resources Department, acting as shareholder on behalf of the States of Guernsey, and the Company's Board of Directors. These objectives are documented in a separate Memorandum of Understanding, the purpose of which is to formalise the relationship between the States of Guernsey and Aurigny by detailing the protocols to be observed in their on-going relationship and setting out the expectations, rights and duties of both parties. This is attached as Appendix 1.
- 1.2 Aurigny operates scheduled passenger and freight air services between Guernsey and Alderney and between Alderney and Southampton. Whilst these services are currently loss-making, it is acknowledged that they are of fundamental importance to the long-term social and economic sustainability of Alderney.
- 1.3 The purpose of this Memorandum of Understanding (MoU) is to set out detailed objectives for Aurigny for the operation of its air passenger services to and from Alderney that strike an appropriate balance between their importance to the social and economic welfare of the Island and the wider Bailiwick and the losses that are incurred in operating them.
- 1.4 This MoU will include provision for: service levels on the air passenger services to and from Alderney, including frequencies, capacities and fare levels; the mechanisms for dialogue between the parties to this MoU on matters within its scope; and, the documentation to be provided by the parties to this MoU. The operation of Aurigny's freight and medevac services to and from Alderney fall outside the scope of this MoU; these are the subject of separate contractual arrangements that Aurigny maintains with Guernsey Post and the Health and Social Services Department respectively.
- 1.5 This MoU is not legally binding. The parties to the MoU acknowledge that they have entered into it in a spirit of mutual collaboration and openness and that their intention in doing so is to provide reassurance about the service levels that will be provided by Aurigny on its air passenger services to and from Alderney and to provide a mechanism through which they can discuss issues of concern or interest relating to those air services.

2. Shareholder Objectives

- 2.1 The Treasury and Resources Department has established and agreed shareholder objectives with Aurigny. These are set out in the Memorandum of Understanding between the Department and Aurigny attached as Appendix 1, which also sets out the Key Performance Indicators and other criteria on which Aurigny reports to demonstrate its performance against those objectives.
- 2.2 The Memorandum of Understanding attached as Appendix 1 will be updated from time to time to take account of any changes in objectives or performance metrics agreed between the Treasury and Resources Department and Aurigny.

- 2.3 A number of the objectives set out in the Memorandum of Understanding attached as Appendix 1 relate specifically to the Aurigny's air services to and from Alderney. A number of the objectives apply to all of Aurigny's air services and, therefore, by extension to its services to and from Alderney.
- 2.4 In the event of a conflict arising between the application of the provisions of this MoU and the Memorandum of Understanding attached as Appendix 1, the latter will take precedence.

3. Service Levels

- 3.1 This MoU assumes that Aurigny will deploy either its Trislander or Dornier 228 aircraft with seating capacities of up to 18 people on the operation of its services to and from Alderney, but that it will transition to solely a Dornier 228 operation during the course of 2016. Based on current airport opening hours in Alderney, the schedules set out in Appendix 2 will require the use of between 1.25 and 2 aircraft¹, depending on the time of year. A third aircraft will be retained for back-up purposes to provide cover for scheduled and unscheduled maintenance, as well as to help recover operations following periods of weather and other disruptions. In the interests of operational resilience, there is a general presumption against committing this third aircraft to the operation of additional scheduled services² beyond those set out in this MoU to ensure that it remains available for back-up purposes.
- 3.2 Whilst Aurigny undertakes to use reasonable endeavours to provide services to and from Alderney in accordance with the provisions of this MoU, it is acknowledged that, with a finite number of aircraft, there will be circumstances beyond its control which prevent it from operating all (and in extreme circumstances any) planned services from time to time. These include: weather related disruption; changes to declared runway operating limits; unplanned aircraft maintenance requirements; bird strikes; and force majeure.
- 3.3 The Treasury and Resources Department and/or Aurigny reserve the right to review and/or amend the service levels specified within this MoU and shall do so in the event of the following:
- The licensing of an additional airline on existing or competing routes to operate scheduled or charter air services to and from Alderney;
 - Material changes in the opening hours of either Southampton, Guernsey or Alderney Airports;
 - Material changes in the operating characteristics of Alderney Airfield (including declared runway lengths and widths, fire cover and availability of suitable fuel);
 - Material changes in the visitor facilities and bed stock in Alderney; and,
 - A material change in the provision of sea passenger ferry services to and from Alderney.

Any such decision to amend the service levels shall only be taken after prior consultation with the States of Alderney.

- 3.4 The States of Alderney undertakes to support the operation of Aurigny's services to and from Alderney through the provision of marketing and promotional campaigns. A priority will be the development of initiatives to improve load factors during off-peak shoulder periods and to mitigate the one-way direction of passenger flows that can be typical of peak periods. The

¹ This includes provision for the freighter services, as contracted by Guernsey Post, and the scheduled services to Dinard.

² Whilst the primary purpose of the third aircraft is to act as a back-up to maintain the services set out in this MoU, Aurigny reserves the right to deploy this aircraft elsewhere on its network on a temporary basis where occasional operational requirements so determine.

marketing functions of the States of Alderney and Aurigny are committed to working collaboratively and proactively together to address such issues.

4. Documentation

- 4.1 In support of this MoU, Aurigny will provide the following documentation/reports to the States of Guernsey and the States of Alderney:
- a) Monthly flight load factor reports on its services to and from Alderney (on a sector basis);
 - b) Quarterly financial analyses of the Guernsey/Alderney and Alderney/Southampton routes, setting out actual performance against budget;
 - c) Quarterly summaries of seat sales by fare band on the Guernsey/Alderney and Alderney/Southampton routes;
 - d) Monthly punctuality and cancellation/flight consolidation reports for the Guernsey/Alderney and Alderney/Southampton routes on a sector basis, including analysis of flights with departures delayed by more than 15 minutes. As a minimum, this analysis will identify whether flights were primarily delayed, cancelled or consolidated for technical, weather related or other reasons.
- 4.2 The parties to this MoU acknowledge that the above documentation set out in (a), (b) and (c) above is confidential and should not be divulged to third parties without Aurigny's prior consent.

5. Meetings and Liaison

- 5.1 The parties to this MoU undertake to meet together on a quarterly basis during the first year of the operation of this MoU and, thereafter, on a bi-annual basis. The purpose of these meetings shall be:
- To review the operation of this MoU and consider any suggestions for modifications to it;
 - To review the documentation provided by Aurigny under the provisions of section 4 of this MoU and to consider reasonable suggestions for improvements or modifications to the data included therein;
 - To consider suggestions for changes to the service levels specified in Appendix 2 of this MoU.
- 5.2 The parties to this MoU may request an emergency meeting in the event of any material issue arising in relation to it which requires prompt attention. Each party shall use their best endeavours to meet and resolve that issue as quickly as possible.
- 5.3 The parties to this MoU undertake that meetings, discussions and correspondence carried out under the provisions of this section shall be undertaken on a confidential basis.
- 5.4 It is acknowledged that, under section 5 of the Memorandum of Understanding between the Department and Aurigny (attached as Appendix 1), Aurigny has undertaken to establish an independent User Body to supplement existing methods of communication with its customers. The terms of reference for and membership of this User Body are for Aurigny to determine. The parties to this MoU agree that Alderney customers should be represented on this User Body.

6. Nominated Representatives


6.1 For the purposes of implementing this MoU, the following individuals have been nominated to act on behalf of the parties to this agreement:


- The Minister, Treasury and Resources Department, States of Guernsey;
- The Chief Executive, States of Alderney;
- The Chief Executive Officer, Aurigny Air Services.


Each party will use their best endeavours to ensure that issues relating to the provision of services under this MoU are channelled and communicated through their nominated representative.

7. Period of Memorandum of Understanding

This Memorandum of Understanding will be effective from 1st January 2016 and will be reviewed in accordance with the provisions of section 5. However, it will cease to be valid in the event that a system of Public Service Obligation (PSO) air services (or similar) is introduced in place of the services covered by this MoU.

Signed:  Date: 22/2/16
For and on behalf of the States of Guernsey
Treasury and Resources Department

Signed:  Date: 24/2/16
For and on behalf of the Aurigny Group

Signed:  Date: 4/2/16
For and on behalf of the States of Alderney

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE TREASURY AND RESOURCES DEPARTMENT AND
THE AURIGNY GROUP**

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE TREASURY AND RESOURCES DEPARTMENT AND THE AURIGNY GROUP**

1. Purpose

The Minister and Deputy Minister of the Treasury and Resources Department are joint shareholders, on behalf of the Department, of all issued shares in Aurigny Air Services Limited and Anglo Normandy Aeroengineering Limited (the Aurigny Group).

The Treasury and Resources Department has been mandated by the States of Deliberation inter alia: to advise the States on matters relating to the allocation and administration of all States resources; and, to be responsible for the shareholders' functions and duties in respect of the States Trading Companies, including the Aurigny Group.

The purpose of this document is to formalise the relationship between the Treasury and Resources Department of the States of Guernsey ("the Shareholder") and the Aurigny Group ("the Company") by detailing the protocols to be observed in their on-going relationship and setting out the expectations, rights and duties of both parties.

2. Scope

This Memorandum of Understanding covers the current expectations placed on the Company by the Shareholder and details the documentation, levels of disclosure and contact expected to enable the Shareholder to discharge its duties and to ensure that the Company discharges its corporate governance duties. It also sets out the institutional arrangements that the Shareholder has established to exercise its role and responsibilities as shareholder in the Company. It details the objectives of the Company agreed between the Board of the Company and the Shareholder and establishes arrangements setting out how the Company will report its performance against those objectives.

The Shareholder and the Company each acknowledge that it is in their mutual interest for each to act at all times having regard to the best interests of the Company.

This Memorandum of Understanding shall not act so as to enable or authorise the Shareholder or the Supervisory Sub-Committee (see section 3 below) to act in any manner which might constitute either or each of them (including employees, servants or members of such bodies) being capable of being regarded as a "Shadow Director" within the meaning of Section 132 of the Companies (Guernsey) Law, 2008.

3. Supervisory Sub-Committee

The Shareholder has established a Supervisory Sub-Committee ("the Sub-Committee") which has been charged with the following objectives:

- Establish clear shareholder objectives for the Company;
- Monitor the Company's performance against appropriate industry benchmarks and quality standards to ensure that the Company delivers cost-effective and innovative services which are responsive to their customers' needs and that the Company operates efficiently and responsibly in the best interests of the community;



- Ensure that the Treasury and Resources Department is an effective shareholder in the Company; and,
- Seek value and an appropriate return that provides best value to the Guernsey economy from the Company for the community, whilst striking a balance with the enabling role the Company plays in supporting the Island and its social, economic and environmental objectives for the long-term benefit of the Island and its community.

The Shareholder has established the following specific terms of reference for the Sub-Committee:

- Establish clear shareholder objectives for the Company, including but not limited to areas such as pricing and pricing controls, dividend policies, financial performance, quality of customer service, corporate governance, sustainability, reputation and compliance with environmental standards;
- Establish the financial, operational and strategic parameters within which the Company can operate with and without reference to the Shareholder;
- Engage with the Company on financial matters and hold it to account in terms of its performance against its business plan and shareholder objectives; and,
- Scrutinise the process employed for the appointment of the Company's Chairman, non-executive directors and executive management team.

The Shareholder will appoint a Shareholder Liaison Officer who will act as the principal point of liaison between the Shareholder, the Sub-Committee and the Company on a day-to-day basis. The Shareholder Liaison Officer will assist and support the Company in meeting its obligations under this Memorandum of Understanding and will provide a sounding board for the Company and their Executive Directors on matters of shareholder interest.

The Shareholder and the Company agree that the costs reasonably incurred by the Shareholder in exercising its oversight responsibilities for the Company through the Sub-Committee and the Shareholder Liaison Officer will be charged to the Company. These costs will be fairly apportioned between the Company and the other companies for which the Department acts as shareholder on behalf of the States. The Shareholder will provide an estimate to the Company of its anticipated costs and proposed apportionment for each calendar year no later than 30th October of the preceding year.

4. States Strategic Guidance

In 2003, following consideration of a States Report¹ from the former Advisory and Finance Committee, the States of Guernsey agreed² to purchase the Company so that the States could ensure the continuing operation of the former British Airways services between Guernsey and Gatwick by Aurigny. The purchase was conditional upon Aurigny securing a legally enforceable right to appropriate British Airways' slots to operate Gatwick services to and from the Island, which it subsequently did.

In making the purchase, the States agreed that the acquisition of the Company was a strategic investment in an operation that would be of considerable value in protecting the Island's long-term social and economic sustainability by securing access to a London hub airport. Whilst this was the express intention of the recommendations in the States Report, the Report did note that Aurigny had "...a long history of serving the Bailiwick on the essential inter-island routes which also needed to be safeguarded".

¹ Billet d'Etat XI of 2003 – Security of Air Links

² Resolution 1 of Billet d'Etat XI of 2003

5. Shareholder Objectives

The Shareholder has established and agreed shareholder objectives with the Company. These are set out in Schedule 1, which also sets out the Key Performance Indicators and other criteria on which the Company will report to demonstrate its performance against these shareholder objectives.

Schedule 1 will be updated from time to time to take account of any changes in objectives or performance metrics agreed between the Shareholder and the Company.

The Company will commission a triennial external efficiency review of its operations, the arrangements and terms of reference for which will be subject to the approval of the Sub-Committee. The company will be responsible for meeting the costs associated with this review.

The Company will establish and maintain an independent User Body to supplement existing methods of communication with its customers. The User Body will provide an opportunity for the company's customers to convey to an independent body issues, ideas and observations on the provision of its services.

6. Documentation

The Company will provide the Shareholder with the following documented information:

- a) An annual confidential Shareholder Report which should cover, as a minimum, the following areas:
 - A review of the Company's performance against its key objectives and strategic goals;
 - A brief description of the principal challenges and other relevant issues that the Company has dealt with in the preceding year;
 - A review of the principal risks being managed by the Company and the steps being taken to mitigate against these;
 - The results of the Board effectiveness review; and,
 - An overview of the work over the year of the Audit Sub-Committee, the Remuneration Sub-Committee and the Board Nominations Committee, or such sub-committees, however combined, named or constituted which fulfil the tasks and roles of the above named sub-committees.
- b) An annual confidential Remuneration Report, including disclosure of the remuneration package for each of the Executive Directors, including any bonuses paid and their basis;
- c) The Company's annual report and accounts;
- d) An annual transparency report (the content and format of which will be agreed and reviewed with the Company from time to time);
- e) An annual business plan and periodic strategic plans, drafts of which should be submitted to the Shareholder before finalisation;
- f) Quarterly KPIs and financial performance reports, including P&L, Balance Sheet and Cashflow (to date and forecasts).



A timetable showing the timing of the submission of these reports is shown at Schedule 2. It is acknowledged that some of the documentation set out above and not specifically marked as confidential will contain confidential and/or commercially sensitive information which will not be appropriate for publication.

7. Meetings and Liaison

The following annual calendar of Shareholder contact should continue for the term of this Memorandum of Understanding:

- a) Annual meeting between the Board of the Treasury and Resources Department, the Sub-Committee and representatives of the Company (to include the Chairman, Chief Executive and Finance Director) to review and discuss the annual Shareholder Report, the Annual Report and Accounts, the Remuneration Report and the Transparency Report;
- b) Annual meeting between the Sub-Committee and representatives of the Company (to include the Chairman, Chief Executive and Finance Director) to review and discuss:
 - Strategic issues, including company performance;
 - Financial matters, including the latest management accounts;
 - Risk and assurance issues;
 - Current or upcoming events and issues;
 - Development of and updates to the strategic plan for the following calendar year; and,
 - Development of and updates to the strategic plan for the following calendar year.
- c) Annual AGM (this may be combined with (a) above).

A timetable showing the timing of these meetings is included in Schedule 2.

Regular dialogue and liaison will be maintained between the Company and the Shareholder Liaison Officer to ensure that there are “no surprises” for either party and to ensure that any matters which may have political implications can be discussed with the Shareholder in advance.

8. Matters to be Referred to the Shareholder

From time to time matters will need to be referred to the Shareholder, either for approval or for information. Those matters that are reserved for decision by the Shareholder are set out in Schedule 3.

Prior sight should be given to the Shareholder, for information only, of any press release that deals with a significant announcement (on the basis that there should be “no surprises” for either party).

9. Corporate Governance Issues

The Shareholder is required by the States to ensure that the Company complies with best practice on corporate governance, including financial management and controls and, as such, the Shareholder will expect the following minimum requirements to be in place within the Company:

Appointment of Non-Executive Directors and Executive Directors

The appointment of the appropriate Non-Executive and Executive Directors is essential to the performance of the Board and to the Shareholder in achieving its objectives. Therefore, there should be a formal, rigorous and transparent procedure for the appointment of new Non-Executive and Executive Directors to the Board, which should be agreed beforehand with the Shareholder.

All such appointments shall be in accordance with the Company's Articles of Incorporation and any relevant legislation.

Any new Non-Executive Director appointments will need to be approved by the Shareholder upon the recommendation of the Company.

The guidance from the Shareholder is that there will be a general presumption that Non-Executive Directors will serve for six years (i.e. two terms of three years). The Company's Board may request the Shareholder to agree to the reappointment of a Non-Executive Director for a third three-year term where such a reappointment would be in the best interests of the Company, having regard to the Non-Executive Director's performance, contribution and the need for continuity. Where such a request is made, the Shareholder will normally respond positively. It is most unlikely that the Shareholder will consent to a further reappointment beyond the nine year period.

Audit Committee

The Company will maintain an Audit Committee which will meet at least biannually. The annual results of their work and considerations should be included in the Shareholder Report.

Internal Control

A sound system of internal control (including financial, operational and compliance controls) and risk management must be in place to ensure effective governance of the Company's finances and resources.

The Company will be expected to conduct a review of the effectiveness of the system of internal control at least annually and to document the above review as part of the annual Shareholder Report.

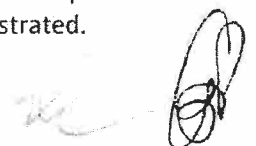
Remuneration and Nominations Sub-Committee

There should be a formal and transparent procedure for developing policy on executive remuneration and for framing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.

Levels of remuneration should be sufficient to attract, retain and motivate directors of the quality required to run the Company successfully while avoiding paying any more than is necessary for this purpose. A proportion of Executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The Shareholder will expect to see full disclosure Remuneration Reports, in respect of each Director, within the annual Confidential Remuneration Report.

The process for appointing new Non-Executive Directors will be subject to the approval of the Shareholder. Evidence of periodic, thorough and effective skills analyses undertaken by the Company's Remuneration and Nominations Sub-Committee and supported by its Board prior to recommendations being put forward to the Shareholder will need to be demonstrated.

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Periodic Review of Company Articles of Association

The Company and the Shareholder shall co-operate to review periodically, but at least once every five years, the Company's Articles of Incorporation to ensure that they are fit for purpose and take due regard to changes in company legislation and other relevant legislation and the needs of the Company and the requirements of the Shareholder generally.

10. Dividend Policy

The Shareholder will issue periodically guidance to the Company setting out its expectations in respect of dividends. The Company's Board will recommend the dividend for approval by the Shareholder at the Annual General Meeting, taking into account any such guidance, as well as the Company's strategic plans, its investment plans and available financial resources, its current and projected future debt levels and the overall best interests of the Company.

11. Period of Memorandum of Understanding

This Memorandum of Understanding will be reviewed after a period of three years from the date of its signature.

Signed: 	Signed: 
For and on behalf of the Treasury and Resources Department	For and on behalf of the Aurigny Group
Name: <u>GAVIN ST. PIERRE</u>	Name: <u>R. M. LACEY</u>
Title: <u>DIRECTOR</u>	Title: <u>CEO</u>
Date: <u>2ND JUNE 2015</u>	Date: <u>16th June 2015</u>

SCHEDULE 1

SHAREHOLDER OBJECTIVES AND KEY PERFORMANCE INDICATORS

Area	Shareholder Objective	Indicators
Operational	<ul style="list-style-type: none"> • Maintain and operate 6 pairs of slots at Gatwick Airport • Maintain a capability to service Alderney • Ensure 89% of departures leave within 15 minutes of scheduled departure time • Develop/implement interline/codeshare capability, subject to the submission and acceptance of a satisfactory business case to the Shareholder 	<ul style="list-style-type: none"> • Total pax carried (monthly vs prior year) • LGW load factors (percentage of flights per month operating at 100% and report by exception on flights operating beyond 95%) • System wide punctuality report (3 month rolling average by aircraft type) • System wide cancellations (3 month rolling average of operated flights vs planned schedule by aircraft type) • LGW cancellations report (3 month and 12 month rolling averages of operated flights vs planned schedule)
Commercial & Financial	<ul style="list-style-type: none"> • Achieve a breakeven position for the Aurigny Group on a full profit and loss basis, excluding agreed exceptional one-off costs and losses incurred in operating lifeline services to and from Alderney agreed with the Shareholder • Optimise the airline's operating cost base, with no real-terms increase in controllable costs per available seat kilometre compared to 2014 • Offer 63% of seats on LGW services at £67.22 or less in 2015 	<ul style="list-style-type: none"> • EBITDA, EBIT and P&L • System wide passenger yields (monthly and year to date) • LGW passenger yields (monthly and year to date) • Costs per available seat kilometre (controllable and non-controllable) • System wide revenue per available seat kilometre • Cash .vs. budget • Monthly sales .vs. prior year • Monthly revenue .vs. prior year • Seat sales by fare value
Safety	<ul style="list-style-type: none"> • Maintain a licence/capability to operate 	<ul style="list-style-type: none"> • Ensure there are no level 1 CAA audit findings
Customer/Island Reputation	<ul style="list-style-type: none"> • Support and maintain communications and travel options for local businesses, tourism and citizens • Establish Quality of Service Survey by Q3 2015 	<ul style="list-style-type: none"> • Total destinations served • No of scheduled flights per week • Biennial customer satisfaction survey/report • Complaints per 1000 flights • QSI Survey Results

SCHEDULE 2

Timetables

Timetable for the Submission of Reports and Documentation

Item	Frequency	Guide Date
Shareholder Report	Annual	30 th June
Remuneration Report	Annual	30 th June
Annual Report & Accounts	Annual	30 th June
Strategic Plan	Annual	3 months before the start of the financial year
KPIs & Financial Performance Reports	Quarterly	Within 6 weeks of quarter-end
Transparency Report	Annual	30 th June

Timetable for Meetings

Meeting	Topic	Guide Date
AGM/T&R Board	Shareholder Report; Remuneration Report; Annual Report & Accounts; Transparency Report	November/December
Supervisory Sub-Committee	Strategic issues, including company performance; financial matters, including the latest financial performance reports; risk and assurance issues; current or upcoming events and issues; annual business plan	March/April

SCHEDULE 3

MATTERS FOR REFERRAL TO THE SHAREHOLDER

THE FOLLOWING MATTERS ARE RESERVED TO THE SHAREHOLDER FOR ITS DECISION / APPROVAL:

1. Allotment and transfer of Company shares;
2. Alteration of the Company's Share Capital;
3. Appointment and Remuneration of Non-Executive Chairman and Non-Executive Directors;
4. The removal of any Non-Executive Director;
5. Annual Strategic Plan and any material derivations from it;
6. Determination of dividend policy;
7. Approval of a dividend;
8. Determination of group capital structure, return on investment and dividend policy
9. Approval of the annual report to the shareholder and the accounts;
10. Alteration of the company's memorandum and articles of association;
11. Appointment, reappointment or removal of the external auditor;
12. Appeals against any decision of the Guernsey Competition and Regulatory Authority.
13. Establishment of any subsidiary companies;
14. Material litigation prosecuted or defended by the Company;
15. Acquisitions and disposals of corporate entities greater than £250k;
16. Material investments or divestments greater than £500k (including long-term aircraft leases);
17. Merger with, or takeover by, another company;
18. Change of company name;
19. Winding up of the company;
20. Matters that will not generate a commercial return, but may fulfil other social, economic or environmental objectives;
21. The entry into new markets, or the introduction of new products, outside the core business.

The company is also required to bring all matters which have the potential to attract political interest to the shareholder's attention prior to them being made the subject of any formal media releases. As examples these will include but not be limited to:

1. Closures
2. Potential industrial action
3. Material service issues
4. Redundancies

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ALDERNEY – GUERNSEY ROUTE

ALDERNEY-GUERNSEY SERVICES		SEASONS												
CAPACITY TARGET & MINIMUM SERVICE LEVELS 2016		Low:	JAN/FEB/MAR/NOV/DEC APR/MAY/JUN/OCT											
			Mid:		July	Aug	Sep							
Core minimum schedule in round trips - frequency														
Providing day returns on Mon-Sat														
Mon - Fri		4	4	4	4	5	4							
Sat		2	3	4	7	4								
Sun		2	3	4	5	4								
In addition to the core schedule, additional return rotations are expected to operate to meet variable demand across the year in the following monthly volumes:														
Rotations over and above the core schedule		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Resulting forecast seats by month		29	28	10	0	9	17	13	10	19	12	4	4	155
2014 passengers		3200	3328	3584	3981	4186	4218	4589	5856	4698	4032	3520	3488	52,459
2015 passengers		2,095	1,775	2,601	3,062	3,363	3,427	3,735	4,453	3,585	3,105	2,376	2,494	36,071
		1,890	2,090	2,726	2,957	3,234	3,410	3,529	4,175	3,741	3,022	2,448	2,407	35,629

ALDERNEY-GUERNSEY SERVICES – TARGETED FARE DISTRIBUTION 2016				
Fare Band:	£10 - £31	£32 - £41	£42 - £53	£54 - £66
Percentage of Passengers:	7%	34%	21%	37%
Notes: Distributions are targets only based on 2015 prior year performance. Percentages may vary in light of actual trading conditions and consequential adjustments to yield management.				

ALDERNEY – SOUTHAMPTON ROUTE

ALDERNEY-SOUTHAMPTON SERVICES CAPACITY TARGET & MINIMUM SERVICE LEVELS 2016		SEASONS												
		Low:	JAN/FEB/MAR/OCT/NOV/DEC				APR/MAY/JUN/SEP							
			Mid:		July		Aug							
Core minimum schedule in round trips - frequency														
Providing day returns on Mon-Fri														
Mon-Fri		2	3	3	3	4								
Sat		2	2	3	3	6								
Sun		2	2	3	3	6								
In addition to the core schedule, additional return rotations are expected to operate to meet variable demand across the year in the following monthly volumes:														
Rotations over and above the core schedule		0	4	4	5	0	5	27	18	12	10	0	10	Total 95
Resulting forecast seats by month		1984	1856	2336	2592	2784	2688	3872	5568	3584	2624	1920	2240	33,667
2014 passengers		1,211	1,116	1,527	2,092	2,373	2,214	2,935	4,003	2,238	1,847	1,277	1,591	24,424
2015 passengers		1,052	1,176	1,438	1,993	2,188	2,240	3,245	3,743	2,357	1,829	1,355	1,545	24,161

ALDERNEY-SOUTHAMPTON SERVICES – TARGETED FARE DISTRIBUTION 2016				
Fare Band:	£10 - £42	£43 - £78	£79 - £116	£117 - £145
Percentage of Passengers:	6%	17%	38%	39%
Notes: Distributions are targets only based on 2015 prior year performance. Percentages may vary in light of actual trading conditions and consequential adjustments to yield management.				

