

EASYGROUP QUESTIONS FOR THE EASYJET GENERAL MEETING 14 JULY 2020

1. At the shareholders meeting on 22 May 2020, easyGroup asked the Chairman of easyJet three questions. The answers given, or not given, raise important points for today's General Meeting.

2. GOING CONCERN

- 2.1. easyGroup asked the directors to confirm if the company was a going concern.
- 2.2. Despite the directors confirming that it was a going concern on 22 May ("As of today and based on our current likely scenario and current availability of funding we believe we are a going concern"), just one month later, on 24 June, the directors felt it necessary to raise more equity before publishing the half year results. We therefore have to conclude that the answer of 22 May was dishonest as, without the additional £419 million, the company would not have been a going concern.
- 2.3. Why did the directors not admit before the vote of the shareholders on 22 May that more equity would need to be raised?
- 2.4. What did they discover between 22 May and 24 June, that they did not know on 22 May, that required them to raise equity?
- 2.5. Were the directors hiding bad news in order to convince shareholders to vote for them so that they could cling on to their jobs and the Airbus order? In a reply to the Mail on Sunday purporting to answer the same question by easyGroup published on 5 July 20 the directors said they "had always kept all options open". What does that mean? Shouldn't the raising of additional equity which dilutes current shareholders be more clearly flagged or ruled out ahead of a crucial shareholder vote? When will the directors raise more equity next?
- 2.6. If, on the other hand, it was simply a monumental error of forecasting by management on 22 May, that was proven to be wrong less than a month later, have the NEDs demanded the resignation of the CEO? The CFO who would normally be responsible for such forecasting has of course already resigned.
- 2.7. The Chairman has refused to terminate or substantially to renegotiate the questionable purchase obligations imposed on easyJet by the Airbus deal, contributing to the company having to raise capital including a £600 million loan from the Bank of England and HM Treasury. The repayment of that loan from the UK taxpayers, due March 2021, is now in serious doubt, as admitted by the directors in their recent announcement: "*Although these severe downside scenarios are not considered likely, in the event that some or all of these occur the Group may need to secure additional funding to ensure the business meets its obligations for the next 12 months. ... Sources of additional funding are expected to include an extension to March 2022 of the £600m of current COVID Corporate Financing Facility (CCFF) government funding.*"
- 2.8. Has the Bank of England or HM Treasury been in contact with the company in relation to concerns about the company's ability to repay the £600 million loan on time or at all?
- 2.9. Has the Bank of England or HM Treasury agreed to an extension of the loan to March 2022? If so, what are the terms of that extension?

3. AIRBUS CONTROL

- 3.1. easyGroup also asked about the degree of control that Airbus has on other shareholders in easyJet.
- 3.2. The matter is now the subject of a High Court action for libel against The Telegraph newspaper and the journalist Ben Marlow who, on 7 May 20, accused Sir Stelios of lying when he asserted that Airbus controls three fund managers who hold shares in easyJet. Neither the newspaper, the journalist nor Airbus have so far denied the assertion made by Sir Stelios. Surely this constitutes reasonable grounds to believe that Airbus does indeed control the three fund managers. The truth will, in any event, be exposed in the High Court action.
- 3.3. Will the directors now accept that there are strong grounds for easyJet to serve a statutory notice on Airbus to disclose its control over shares in easyJet?
- 3.4. If not, why not? It would cost easyJet almost nothing to ask the question and shareholders deserve to know whether the biggest supplier to easyJet controls any shareholders in easyJet.

4. MARC BONNANT QUESTION EVASION

- 4.1. easyGroup also asked the directors to confirm if any current or former directors of easyJet had ever met with or had any dealings, directly or indirectly, with certain Swiss lawyers including Marc Bonnannant.
- 4.2. The Chairman blatantly evaded this direct question, answering instead that Marc Bonnannant and the others had never represented *the company*. That clearly was not the question that had been asked.
- 4.3. Why did the Chairman refuse to answer this question?
- 4.4. Did the Chairman think shareholders would be easily fobbed off with this deliberately disingenuous reply?
- 4.5. Will the Chairman answer this question now?
- 4.6. As the Chairman knows, easyGroup has information from 4 separate whistleblowers (who are naturally keen to retain anonymity for their own safety) suggesting that Marc Bonnannant acted as a facilitator/intermediary of the 2013 Airbus deal and its amendments (additional orders of aircraft), which may have been agreed to by easyJet after financial or other incentives were offered or given by Airbus to certain easyJet directors through offshore companies created, controlled or directed by Marc Bonnannant.
- 4.7. The whistleblower information suggests that Airbus may have employed a similar mechanism to pay bribes in this case, as it did in the cases for which it accepted liability under its Deferred Prosecution Agreement (“DPA”) with the Serious Fraud Office (“SFO”) on the 31 January 2020.
- 4.8. According to the whistleblower information, the process may have involved Airbus or a related party retaining the services of an intermediary such as Marc Bonnannant, who would take his cut, to set up and control at least two off shore companies. The intermediary would first ensure transfer of monies from Airbus or a related party into the account(s) of one of those companies (under Swiss secrecy laws it would be very difficult to track that payment). The second company would then offer some sort of notional service to the first in return for payment of those monies, which would then in effect be held by the intermediary for the benefit of the corrupt airline executive(s) in a sort of unofficial trust or fiduciary arrangement. According to the SFO DPA Statement of Facts and an article in The Times on the 6 July 2020, the bribe paid by Airbus for the Sri Lankan Airlines 2013 order of 14 aircraft was US\$17 million paid

via an offshore company. So, it appears that the going rate for a bribe by Airbus to corrupt airline executives at that time was in the order of US\$1m per aircraft.

- 4.9. Yet, despite the whistleblower information and the serious concerns about Airbus's misconduct at the exact period in time in which easyJet placed its own sizeable order with Airbus, the Chairman has repeatedly refused easyGroup's request for easyJet to instruct an independent QC-led investigation.
- 4.10. Can the Chairman explain why, in the light of significant new whistleblower information and Airbus' recently admitted massive bribery and corruption on a global scale, not publicly known at the time of the 2013 BDO process report, he still refuses to exercise good corporate governance in opening an independent investigation? Lawyers for easyJet have suggested that the information provided is insufficient to start an investigation and that the time and costs of undertaking such an investigation are an impediment. easyGroup believes this to be a disingenuous argument when we are dealing with the ordering of c 300 aircraft where the total cost to the company could be c US\$20 billion and the potential bribes could be US\$300m.
- 4.11. Carolyn McCall was the CEO of easyJet at the time of the 2013 deal with Airbus and remained in post until 2017 during which period further amendments were agreed to by easyJet.
- 4.12. Can the Chairman confirm whether the company itself has examined the question of whether Carolyn McCall had any direct or indirect dealings, in whatever capacity, with Marc Bonnant or any of his associates during her tenure at easyJet from 2010 to 2017?
- 4.13. Has the company, for example, reviewed its records relating to Carolyn McCall and other directors of concern (e.g., company emails and travel expense logs), or interviewed persons of interest (e.g., in the finance department who may have, according to the whistleblower information, forwarded private flight hire invoices for payment to the unrelated third party, Marc Bonnant)?
- 4.14. Additionally, and more specifically, does the company's investigation, if any, reveal answers to the following questions:
- 4.15. Did Carolyn McCall meet Marc Bonnant in Lucerne in the fourth quarter of 2016?
- 4.16. Did Carolyn McCall have any knowledge of or dealings with offshore companies known or believed to have been created, controlled or directed by Marc Bonnant or any of his associates including, but not limited to, '*Well Vision Holdings Limited*' (BVI registered) and '*Circle Point Holdings Limited*' (Hong Kong registered)?

5. ADDITIONAL QUESTION

5.1. BOARD LEVEL RESIGNATIONS

- 5.1.1. Immediately following the shareholder vote on 22 May, at which the main argument against removal of easyJet directors was the damage that would be done to the company if there was to be a change in the team, the company announced the departure of three directors.
- 5.1.2. Did the Chairman know about these imminent resignations from the board at the time of the shareholders meeting on 22 May? If he did, why were these imminent resignations not disclosed prior to or at that meeting?

- 5.1.3.If it was important for the future of the company not to ‘change the team,’ as argued by the Chairman, does the Chairman now believe that the future of the company is damaged by virtue of these departures from the board?
- 5.1.4.If he does not think so, then does he accept that his main argument against removal of directors was disingenuous and invalid?
- 5.1.5.Does the Chairman believe that the three resignations in quick succession have anything to do with Sir Stelios asking questions about certain directors potentially having contacts with questionable Swiss lawyers, who, by the Chairman’s own account, have no relationship with easyJet?
- 5.1.6.Additionally, Sky News reported on 19 June 2020 that Moya Greene has resigned or is about to resign as Chair of easyJet’s Remuneration Committee, a post she has apparently held for less than a year.
- 5.1.7.Is that report correct? When will the market be informed? Why did she resign?

5.2. RNS 26 JUNE 2020

- 5.2.1.We were surprised to see the RNS of the 26 June 2020 in which a sale and lease back transaction was announced to the market. We were particularly surprised to see the net book value of the aircraft being disclosed to the market. It is relatively simple to deduce the price easyJet is paying to Airbus for a new plane. Three questions follow from that:
- 5.2.2.Why has the company chosen to reveal this information at this point in time, when it had refused to do so in the past when repeatedly asked by us and other shareholders?
- 5.2.3.Did the Financial Conduct Authority (“FCA”) put pressure on the company to make such disclosure of what is a class 2 transaction?
- 5.2.4.If the real prices are now known to the market, will the company now drop its pathetic excuse that the easyJet-Airbus contract is confidential, and give the market full disclosure of the sums paid and to be paid to Airbus?

6. end