

**Ben
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EasyJet board face ransom demand over plane order

Airline founder, angered at being labelled greedy over £60m share dividend, pushes for company to cancel order for 107 Airbus planes

They say you should never negotiate in a hostage situation, so pray for the board of easyJet. Aggrieved at being labelled greedy for taking his share of a £170m dividend at a time when the airline is locked in a tailspin, Sir Stelios Haji-Ioannou has yanked on a balaclava, chucked a stun grenade into easyJet's headquarters, and is threatening to kidnap its directors.

In a lengthy ransom letter, easyJet's founder says that unless the company cancels a giant order for 107 Airbus planes, he will seek to remove one non-executive director every seven weeks "starting with Andreas Bierwirth".

EasyJet, however, is refusing to play ball with its largest shareholder and has come up with an equally novel package of cost-cutting measures: its entire fleet has been grounded; and cabin crew have been put on furlough for two months. So having refused to bail out the airline industry, the Government will cover 80pc of staff wages anyway.

Still, it won't be enough to placate Sir Stelios, and not for the first time. The tycoon has been a thorn in the side of management since stepping down from the board a decade ago. He describes the Airbus order as "the elephant in the room" and "the largest single threat to the solvency of

the company".

It's hard to disagree when he says the company cannot afford the Airbus payments due over the next three years. After all, if you can't afford to fly planes or pay your staff, then what justification can there be for buying another 100 aircraft? EasyJet might have £1.6bn of cash sitting on its balance sheet but that's nothing compared to the £4.5bn it owes Airbus.

Besides, it's going to need every penny to get through this storm. Even if grounding the fleet removes "significant cost" as easyJet puts it, the airline's annual fuel bill is around £1.6bn. Sir Stelios estimates that it will cost a further £859m this year to pay pilots and cabin crew.

So the action it has taken will go a long way in saving costs but cancelling the Airbus orders would have freed up a lot more cash and enabled it to keep paying employees.

It should also have prevented boss Johan Lungren from holding out the begging bowl for a government bail-out.

Meanwhile, easyJet has dreamt up an even better way to save the pennies by making it harder for customers to get refunds.

The option to apply for money back online has been

*'Why did
easyJet
see fit to
press ahead
with a
£170m
dividend?'*



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removed, and people whose flights have been cancelled are being offered vouchers for future flights instead.

There is still the option of calling the customer helpline, assuming you don't mind waiting for hours for someone to answer.

Still, Sir Stelios's elaborate ransom note shouldn't be allowed to distract from the other elephant in the room: why did easyJet see fit to press ahead with a £170m dividend, and why didn't he relinquish his £60m share of the spoils? Insisting that the payments were legally binding is a cop-out. The company could have called an EGM and sought permission to withhold payments. Instead, taxpayers are being asked to foot the wage bill. Now, that's a proper stick-up.