

# Mayday at Easyjet as Stelios threatens to sack directors

**Robert Lea** Industrial Editor

The founder of Easyjet has threatened to oust the directors of the company unless they cancel an order for £4.5 billion of aircraft from Airbus.

**Sir Stelios Haji-ioannou** has reopened the recent row over the £174 million payment of Easyjet's

annual dividend, in which he was criticised for not waiving his £60 million payout. Last night he was arguing that the airline should not ask the government for loans but instead should launch a £600 million rights issue fund-raising from shareholders.

On an extraordinary day in which Easyjet grounded its entire fleet

because of Covid-19 travel restrictions, shares in the airline fell again. They closed down 42¾p, or 7 per cent, at 552½p, compared with their price of £15.52 before the coronavirus outbreak.

Easyjet is the largest airline at London Gatwick airport, carrying nearly 100 million passengers a year, second only in the European short-

haul market to Ryanair. While Sir Stelios, 53, remains the largest shareholder in the airline with a 34 per cent stake, he has not been a director for a decade.

He has argued that Easyjet should not continue to expand. The coronavirus crisis and the collapse in aviation demand has crystallised his view that an order of 107 aircraft worth £4.5 billion from Airbus over the next three years should not go ahead.

Angered by an apparent refusal of the board to engage, Sir Stelios yesterday fired off a letter in which he stated:

- general meetings would be held to remove the board one by one for "dereliction of duty";
- the directors should cite the pandemic as a "*force majeure*" to get out of the Airbus contract;
- the directors may have been misleading shareholders over the contract;

He also expressed incredulity that

John Barton, the chairman, had not carried out an investigation into whether anyone at Easyjet had been bribed by Airbus officials to sign up to the deal.

In his letter, Sir Stelios gave Easyjet directors until noon tomorrow to come up with a plan to cut its Airbus orders. If they did not, he would start holding meetings to sack directors, starting with Andreas Bierwirth, an Easyjet non-executive. Other non-executives include Mr Barton, a former City insurance broker, and Dame Moya Greene, the ex-chief executive of Royal Mail.

Sir Stelios was stung by criticism that he had received £60 million of a £174 million shareholder dividend payment when some had argued that the airline should have been saving cash and Johan Lundgren, Easyjet's chief executive,

had said that the airline might access loans made available by the government.

Sir Stelios said he did not "believe that loans is the way to save Easyjet. The way to save a normally profitable company with a fleet of aircraft worth £4 billion is to raise more equity from the markets using a rights issue."

## Behind the story

**I**t does not have a literal translation from French, but most will know that *force majeure* means a significant blow to

the *status quo* — that is, all bets are off (Robert Lea writes).

The great thing about the law is that citing *force majeure* does not automatically mean that a

commercial contract is void: it is for the lawyers to spend time — and money — arguing that.

What complicates matters in the age of coronavirus is that, according to Pinsent Masons, the law firm, there is no reported case law of *force majeure* clauses being cited during previous

epidemics or pandemics, such as Sars and ebola.

However, is it universally acknowledged that such clauses are contractual obligations and/or liabilities under a contract when an extraordinary event or circumstance beyond their control prevents one or all of them

from fulfilling their obligations.

If, as its founder demands, Easyjet should cite *force majeure* to get it out of £4.5 billion of aircraft orders, then that depends on what is written in the contract.

If *force majeure* clauses exist, then coronavirus and the shutdown of flights

would appear to be covered by generally accepted circumstances surrounding acts of governments or plagues and epidemics. What lawyers may argue about, however, is whether



Source: The Times {Main}  
Edition:  
Country: UK  
Date: Tuesday 31, March 2020  
Page: 42,43  
Area: 810 sq. cm  
Circulation: ABC 359960 Daily  
Ad data: page rate £16,645.00, scc rate £75.00  
Phone: 020 7782 5000  
Keyword: Stelios Haji-ioannou

**quarantining and travel restrictions are consumer advice or are legally enforceable acts of government.**

i Ai b



Source: The Times {Main}  
Edition:  
Country: UK  
Date: Tuesday 31, March 2020  
Page: 42,43  
Area: 810 sq. cm  
Circulation: ABC 359960 Daily  
Ad data: page rate £16,645.00, scc rate £75.00  
Phone: 020 7782 5000  
Keyword: Stelios Haji-ioannou



Sir Stelios Haji-ioannou, left,

has demanded that EasyJet's board should come up with a plan to cut its Airbus orders. Yesterday the airline grounded its entire fleet amid global travel restrictions