

quote

From Sir Stelios Haji-Ioannou , creator and owner of the easy family of brands [www.easy.com](http://www.easy.com)  
23 April 2020 at 1145h BST

Dear Fellow Shareholder of **easyJet** PLC,

Why voting to remove 4 of the 11 **easyJet** directors is our best chance of avoiding bankruptcy.

**1) Proxy vote for cancelling the Airbus order**

I have called for this vote not for the removal of 4 directors from the board of **easyJet** but because it is the only method a shareholder has to require the remaining 7 directors to serve notice of termination to Airbus for the order for 107 additional completely unnecessary aircraft costing us £4.5 billion.

**2) Our shares will become worthless if we don't cancel the Airbus order**

We own 34% of **easyJet** so nobody stands to gain or lose more by doing the right thing at this moment of crisis. Our entire fleet of 337 aircraft is grounded with zero revenues. It is my belief that, if the Airbus order is affirmed by these directors, the most likely outcome is that our shares will become worthless on or about December 2020. If the Airbus contract is terminated, even at a cost, we have much longer to survive and reach cash flow breakeven operations with a much smaller fleet. I have not seen any month-by-month cash flow forecast showing we can pay Airbus £1.5 billion in the next 9 months and remain solvent. If the directors think it is possible to maintain solvency whilst paying Airbus this gigantic sum they should officially publish a supporting cash flow forecast, removing marketplace uncertainty, as is their obligation. I will sue the directors personally for breach of their fiduciary duty if the company is placed into administration having paid to Airbus even a single penny post the grounding.

**3) At least three Years to return to pre-covid-19 airline revenues.**

Any sensible observer now knows that cross border air travel in Europe will not come back for years. It took the US domestic airline industry 4 years to achieve pre 9/11 traffic after a grounding of just 4 days. 18 airlines went into bankruptcy. The important number to focus on when looking at analysts' forecasts is the revenues for FY Sept2021. Credit Suisse, as house broker, is still forecasting FY2021 to have the same revenues as 2019 with a higher profit margin! We all know that is a simple lie. Pretending such wildly optimistic forecasts are real is the only way the directors can justify not terminating the Airbus order. Cash burn will go up not down when we restart flying. If you plug in the more realistic 30% revenue reduction for FY21 vs FY19, it is clear paying Airbus will make our equity worthless this coming winter when easyJet is always loss making anyway. Delta Air Lines CEO Ed Bastian said on 22 April 20 that: "we do know that Delta will be a smaller airline for some time, and we should be prepared for a choppy, sluggish recovery even after the virus is contained. I estimate the recovery period could take two to three years." Delta is the largest airline in the world by market cap and about 5 times bigger than easyJet.

**4) Not even tried to terminate the Airbus contract**

Despite the fact the whole world knows **easyJet** does not need an additional 107 planes, the directors have simply shown they are not willing to serve notice of termination to Airbus. They are even trying to blow our one shot chance we have to claim the contract is frustrated in law. Our directors publically advocate in favour of the legal position of Airbus against our company. They cite various urban myths such as unquantified "penalties" and "further costs". Luckily, I got John Barton to withdraw the threat that Airbus can stop **easyJet** operating the A320 because of a commercial dispute. Airbus, as manufacturer of record, is duty bound to support its products for life regardless of ownership.

**5) Ingrained governance, compliance and transparency issues**

For years, the easyJet directors have hidden the costs of the Airbus contract, contrary to the Listing Rules and Market Abuse Regulations. Even the latest amendment to the agreement announced on 9<sup>th</sup> April 2020 failed to set out the cost and value of the renegotiated transaction. We estimate the amendment constituted a Class 1 transaction requiring shareholder vote because it is more than 25% of the market cap of easyJet. We have made an official complaint to the FCA and they confirmed to us on 22 April 20 that they “are we are undertaking a preliminary review of the matters”.

**6) Bribery**

Airbus was convicted by a UK court on 31st January 2020 for bribing airline executives around the world on a massive scale. Consistent with ingrained lack of governance, John Barton refused my request to set up an independent inquiry to investigate if Airbus bribery techniques were used in securing easyJet orders. Since 2013, when John Barton arrived at easyJet and the last shareholder vote was held on buying Airbus aircraft (which I voted against), these directors have taken delivery of 160 Airbus aircraft and have an outstanding order for 107 so, in total, agreed to purchase 267 aircraft when the 2013 vote approved only 135. Let’s just say that our directors made a mistake by ordering too many aircraft and we now need to correct their mistake by removing them.

**7) Parking lot**

In practical terms, with the fleet in the parking lot, there is not much work to be done anyway in the months of May and June 2020. If the vote at end of May 2020 is successful in removing the 4 directors, we believe the remaining directors should promote the COO to interim CEO and then start a search for new CEO and CFO. Airbus is the biggest threat to **easyJet** shareholder value and we need a CEO that can stand up to this monopoly supplier. Airbus thrives by selling more and more aircraft to unprofitable and often insolvent airlines.

For the above reasons, we ask you to vote FOR the removal of the directors at the General Meeting.

End

1025 words including headers