

## **Aer Lingus Staff Information Notice from IALPA**

# ***Aer Lingus reject IALPA's offer of €35m in annual savings***

Dear Colleague,

You will already have seen the Staff (Mis) Information Notice in which Aer Lingus tries to blame IALPA for the lack of final agreement at the LRC negotiations. While negotiations are still ongoing, it is important that you and the rest of our colleagues should know the real truth and IALPA is therefore issuing this bulletin in order to correct the misleading information given by management.

In its Staff Information Notice, Aer Lingus alleges that:

- IALPA has not offered “sustainable savings of a structural nature”
- IALPA has offered “only temporary savings over a short few years”
- IALPA has looked for “very high compensation in return”

Unfortunately, each of these statements is incorrect.

Our CEO, Christoph Mueller, said on 7<sup>th</sup> October 2009: “What is most important to us is that we reach the savings amount as a total, but there might be different ways to get there...maybe there are other ways to get the same amount of money.”

IALPA has offered real, significant and verifiable savings worth in excess of €35 million **per year** to Aer Lingus for the life of the plan. This includes, but is not limited to:

- Pilots have offered to take a 10% pay cut on the basis that the debt of the Tailwind Trust is made good. Aer Lingus recognised the real and tangible contribution made by the Tailwind Trust to the airline throughout the LRC negotiations. This is worth €8.1m per year.
- Voluntary redundancy, valued at €15.2 million per year, according to Aer Lingus' own figures.
- Increase in long haul productivity. We say this is worth €9 million per year; even Aer Lingus accepted it was worth at least €5 million per year.
- Increase in retirement age by 5 years and an increase in pension contribution by pilots of 4% of salary. We say this is worth €5.85 million per year; Aer Lingus say it is worth **ZERO**, despite their constructive obligation to the deficit in the pension schemes – which has yet to be properly accounted for by the company.

In relation to the proposed pay cut of 10%, it is exactly the same percentage pay cut as our CEO and his senior management team are prepared to take. Our proposal is very simple. When the pay for senior management is restored, we want our pay restored too. We think this is fair. Aer Lingus management don't. Management were asked repeatedly in the LRC to agree to Pay Restoration for all staff on the

same basis and at the same time as Pay Restoration for Aer Lingus senior executives (including those who had negotiated 'golden parachutes' for themselves in the event of a takeover). They dismissed this proposal out of hand. They want permanent pay cuts for us and temporary pay cuts for themselves. **But they want to blame us when we don't agree.**

You may know that IALPA's pilots have already spent €30 million of our own money buying Aer Lingus shares to defend the company from hostile takeover attempts. As well as the €35 million plus per year offered to the company in cost savings, pilots also offered an extra reduction in variable pay of several million per year. In return we asked for additional equity in the company to assist in the defence of the company in the event of another hostile takeover attempt. We think this is reasonable and in the best interests of all Aer Lingus staff. We believe that all Aer Lingus staff should be given a similar opportunity to acquire shares.

There is one aspect of the current negotiations that management have not made you aware of – they have proposed that the pilots alone 'shall shoulder the entire (pilots' pension) scheme deficit'. At the last actuarial valuation (March 2009), this was estimated to be in the region of €147 million.

While IALPA approached the negotiations in good faith and reached a tacit agreement on over €35m in annual savings, management continued to pursue a tactic of outsourcing both here and the UK.

IALPA is very disappointed by Aer Lingus' attempt to wage a propaganda war against its pilots. We think it's important you should know the truth. We will arrange a meeting in ALSAA to which all Aer Lingus employees (including members of management) are invited. We will give you the full background to the current situation and answer all your questions.

We are committed to this airline and we have put our own money on the line to defend its independence. We want to join with the management and all employees of Aer Lingus in making this a great airline once again. **We want management to stop fighting us and to start fighting the competition.** We believe the current management team has demonstrated that they have the ability to do so. We hope they have the will to do so.

In the meantime, IALPA is as committed as ever to reaching a fair and equitable agreement to secure the airline's future. In this context, we remain available to engage in negotiations with management.

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Captain Evan Cullen – President IALPA