

11 May 20 at 2115h BST

Whistle-blower campaign about the easyJet – Airbus scandal

1. Stelios is willing to offer a reward of up to £5,000,000 (five million pounds sterling) in cash out of his own money to any whistle-blower who provides useful information that leads to the cancellation of the order for easyJet to buy an additional 107 Airbus aircraft at the cost of £4,500,000,000 (i.e. £4.5 billion) which easyJet simply cannot afford. Just email in full confidence to easyJet-airbus-scandal@stelios.com and Stelios will review your email.
2. easyJet is currently run by certain directors that I can only regard as “Scoundrels”. That remains my honest opinion. The Scoundrels want to maintain the Airbus contract despite the fact that there is plenty of evidence that this obligation to pay Airbus will drive easyJet into insolvency by December 2020. As the overwhelming evidence is that easyJet requires neither more loss-making planes nor massive liabilities, we need to establish why easyJet directors still want to pursue this route.
3. This campaign to find useful information in order to cancel this onerous contract is **in the public interest** for the following reasons:
 - 3.1. For easyJet shareholders: Independent easyJet shareholders, including pension and other funds with many beneficiaries, will lose all their money invested in easyJet by December 2020 because the Scoundrels bought too many aircraft from Airbus (c.267 aircraft since John Barton took over as Chair).
 - 3.2. For UK taxpayers: The Scoundrels borrowed £600 million from the UK taxpayer under the Covid-19 UK government schemes. This sum is repayable by March 2021, which means in all probability the UK taxpayer will not see any of their money back on time unless the Airbus contract is cancelled.
 - 3.3. For easyJet customers: The Scoundrels are holding onto customer deposits for future flights in the form of an open-dated “voucher” with the promise to fly on easyJet in the future. The Scoundrels keep sending this £1 billion of customers’ money to Airbus. If the Airbus contract is not cancelled and easyJet stops flying for good (the fleet has already been grounded since the 30th of March 2020), all these customers will lose their money.
 - 3.4. For easyJet and other staff: If the Airbus contract is cancelled, at least there is a good chance a portion of easyJet’s jobs will survive. If the Scoundrels keep paying Airbus and then bankrupt the company, all 15,000 direct easyJet and many more other jobs dependent on easyJet will be lost.
 - 3.5. The four categories of people mentioned above (independent shareholders, UK taxpayers, consumers and staff) I will call collectively the easyJet Stakeholders.

They are together a very large constituency of people who need to know the truth about why the Scoundrels over-ordered so many aircraft from Airbus and why the Scoundrels refused to cancel the easyJet-Airbus contract.

4. Airbus are the masters of bribery:

- 4.1. Airbus is one of the duopoly of commercial aircraft suppliers in the world of large planes (i.e. those with more than 150 seats).
- 4.2. The other supplier being Boeing, whose B737 MAX is now grounded for safety reasons. Airlines like Ryanair who had ordered the MAX find themselves in the incredibly lucky position of not to have to pay Boeing large capital items in the middle of this crisis. easyJet Stakeholders are not as lucky as Ryanair's.
- 4.3. The easyJet fleet currently comprises 337 Airbus planes, most of which were bought by the easyJet Scoundrels without proper competitive tension from Boeing.
- 4.4. Airbus is a Franco-German military and commercial aircraft manufacturer, whose main aircraft production is in Toulouse in France and Hamburg in Germany. Airbus. Its 2019 revenues were €70 billion.
- 4.5. On 31 January 2020, the UK High court convicted Airbus for bribing airlines executives all over the world. British, French and US government investigations had uncovered bribery and corruption at Airbus on a massive global scale, resulting in Airbus it paying €3bn in fines (penalties) to governments. To put this into context, the amount involved is greater than the sum of all other UK criminal conduct in one year. Private companies who lost money as a result of these bribes are still entitled to sue Airbus directly. Investigations covered many countries but did not focus on UK airlines. The real victims of these crimes are the shareholders of the privately held airlines which never got compensated. AirAsia (similar fleet size to easyJet) was amongst the airlines that Airbus bribed. Tony Fernandez, the CEO of AirAsia, owns Queens Park Rangers Football Club (QPR), to which Airbus paid more than \$50m in sponsorship in return for AirAsia placing very large orders from Airbus. The payment of another \$55m bribe was stopped just in time.
- 4.6. The easyJet 2013 Airbus contract and subsequent secret "top-up orders" by the Scoundrels were made during the heyday of Airbus' corruption.
- 4.7. John Barton, the chair of the Scoundrels, rejected Stelios' request, made after the devastating new facts were publicised on the 31st of January 2020, to set up an independent enquiry to investigate if Airbus bribes were used in the easyJet orders.
- 4.8. John Barton now says that the contract between easyJet and Airbus (which he signed in 2013) is so one-sided in favour of Airbus that cancelling it will result in heavy costs for easyJet. What John Barton does not tell us is:
 - 4.8.1. Why did John Barton himself sign such a one-sided contract against our company's interests in 2013?
 - 4.8.2. Whether the current obligation to buy 107 Airbus aircraft, at inflated prices relative to the current market value, is for the benefit of easyJet and whether easyJet can afford them? With the second-hand market value of aircraft worldwide being in free fall, for which each of these aircraft that easyJet pays Airbus, say, \$70 million, can be bought from the second hand market for 50 cents to the dollar or less?

- 4.8.3. Whether the cost of cancellation is higher than the cost of insisting on delivery and then losing money with each such new aircraft.
- 4.9. The vast majority of Airbus customers are NOT “profitable”. First, as an arms maker, Airbus sells to local ministers of defence in countries all over the world. Many of the Airbus commercial aircraft are sold to perennially loss-making state-owned flag carriers (such as Alitalia). Many more of Airbus’ customers are unprofitable private airlines who buy more and more aircraft at ever higher prices for no good ostensible reason. Airbus does not care if its customers make a profit with the equipment they buy from them. In fact, Airbus set out two decades ago to triple the size of their own output (from building 20 A320 per month to 60) by bribing Airline executives around the world to buy more and more planes. All that hype for growth works until the music stops. Now the tide has come in we can see who is swimming naked in the airline world. The airlines that bought too many planes (like the Scoundrels did at easyJet) will go bust. The flag carriers will simply be subsidised or nationalised (like Air France and Alitalia).
5. The behaviour of the Scoundrels since the COVID-19 crisis and the way in which they illogically continue to defend the Airbus legal position against the interests of easyJet is, in my honest opinion, only consistent with the situation where someone inside easyJet stands to profit personally with each and every delivery of a new aircraft from Airbus to easyJet. Let’s call such mechanisms the Airbus bribery techniques.
6. If you are a current or past hard working easyJet employee or anyone else who has seen anything suspicious by anyone inside easyJet in their dealings with Airbus, you could get a reward from Stelios worth up to £5,000,000 (five million pounds sterling).
 - 6.1. We are willing to make stage payments for engaging with any whistle-blowers of, say, around £10,000 for some quick wins/tips and will pay more to maintain the dialogue.
 - 6.2. Full anonymity for any whistle-blower will be maintained until the whistle-blower agrees to be identified.
 - 6.3. Stelios will offer full legal indemnity to the whistle-blowers (i.e. will pay for all their legal bills).
 - 6.4. The full £5m will be paid once the Airbus-easyJet contract is cancelled after it has been proven as a result of the information given by the whistle-blower that Airbus secured the orders using their bribery techniques.
 - 6.5. We are looking for small tips, anything from lavish entertainment at the Paris Air Show up to the equivalent of the QPR sponsorship fee. Any unexplained wealth and or any ostentatious spending by easyJet employees could also give us a hint.
 - 6.6. Any employees of Airbus or other suppliers to easyJet, including aircraft financiers, lawyers etc. or anyone else might also be able to contribute and be rewarded under this whistle-blower campaign.
 - 6.7. We believe that Airbus is also controlling certain seemingly independent fund managers to invest in easyJet shares and to influence the easyJet strategy to buy more and more planes from Airbus. We suspect that three such fund managers are INVESCO, NINETY ONE and PHOENIX. We have asked the question to both Airbus and these three companies to confirm if they hold Airbus money (or money of the Airbus pension fund) and they have refused to reply. We call

such fund managers the “Airbus straw men”. Any information about dealings between Airbus and the straw men will also be welcome as it will help invalidate their votes at the forthcoming general meeting.

- 6.8. All useful information collected as a result of this campaign will be forwarded at the appropriate time to the Serious Fraud Office of the UK government for its own investigations.

7. Background information:

- 7.1. Stelios has called an easyJet shareholder vote to be held on the 22nd of May 2020 for the removal of 4 directors from the board of easyJet PLC because it is the only way we have legally to force the remaining 7 directors to serve notice of termination to Airbus for the order for 107 additional aircraft costing us £4.5 billion. The removal of the directors should be viewed as a proxy vote for the termination of the Airbus contract. Independent easyJet shareholders may or may not win this vote, particularly if Airbus is able to control nominee shareholders but the whistle-blower campaign will carry on regardless. In fact, Stelios is willing to underwrite the payments to the whistle-blowers with his personal wealth for up to 3 years from today even after easyJet goes bankrupt.
- 7.2. We own 34% of easyJet so nobody stands to gain nor to lose more by doing the right thing at this moment of crisis. Our entire fleet of 337 aircraft is grounded and we have zero revenues. It is my honest belief that if the Airbus order is affirmed by these Scoundrel directors the most likely outcome is that our shares will become worthless within 6-9 months. If the Airbus contract is terminated, then we have twice as long a runway of cash burn - 18 months. Half of our available cash (some £3bn, most of which is either borrowed from the UK government and £1 billion customer deposits) will be sent to Airbus within the next 9 months. We have not seen anybody who has produced a month by month cash flow forecast that shows that easyJet can pay Airbus £1.5 billion in this period and remain in positive net equity. Our shares will become worthless or, at best, diluted by a new massive equity raise at a deep discount even to the current fallen market price of our shares. If the directors think that is possible to achieve solvency and to pay Airbus £1.5bn in the next 9 months, they should officially publish such a cash flow forecast, removing the uncertainty in the market place, as is their obligation. Obviously if they publish a cash flow forecast by month, we will hold them to account. I will sue each personally for breach of their fiduciary duty if the company is placed into administration having paid to Airbus even a single penny.
- 7.3. Everyone in the aviation industry, except the Scoundrels at easyJet, are now saying it will take at many years to get back to 2019 revenues levels. The Scoundrels are saying nothing currently because if they admit the above commonly held view it means they will have to cancel the Airbus contract. Do the scoundrels stand to profit from each aircraft delivery? If you have seen anything that may help us, email easyJet-airbus-scandal@stelios.com
- 7.3.1. Here is what everyone else is saying except the Scoundrels:
- 7.3.2. *“Recovery to the level of passenger demand in 2019 is expected to take several years”* Guillaume Faury, Airbus CEO 29 April 2020 (the very supplier that wants to force easyJet to buy 107 more aircraft).

- 7.3.3. “ ... it could take three to five years for passengers to be as willing to fly as they were before” Dave Calhoun, Boeing CEO 29 April 2020.
- 7.3.4. “We expect it will take two to three years for travel to return to 2019 levels and an additional few years beyond that for the industry’s long-term trend growth to return” Ed Bastian, Delta CEO 22 April 2020 (Delta airlines is the world’s biggest airline by market value).
- 7.3.5. “I estimate the recovery period could take two to three years” Stephen Furlong, Davy (stockbroker to Ryanair) 17 April 2020.
- 7.3.6. “Traffic recovery will be slow, perhaps not reaching baseline 2019 levels until 2023”. Lufthansa 29 April 2020.
- 7.3.7. “... it will take months until the global travel restrictions are completely lifted and years until the worldwide demand for air travel returns to pre-crisis levels” IAG (parent of BA/Iberia and Aer Lingus) unscheduled profit warning on 28 April 2020:
- 7.3.8. Ryanair now expects the recovery of passenger demand and pricing (to 2019 levels) will take at least 2 years, until summer 2022 at the earliest. Ryanair will shortly notify its trade unions about the loss of up to 3,000 mainly pilot and cabin crew jobs, unpaid leave, pay cuts of up to 20%, and the closure of a number of aircraft bases across Europe until traffic recovers. Michael O’Leary, Ryanair, unscheduled profit warning on 1 May 2020.
- 7.3.9. The legendary US investor Warren Buffet announced on the 2nd of May, 2020 that he sold all their holdings in airlines at a loss to them because he believes these airlines will lose money for many years to come
- 7.3.10. The stockbroker to the Scoundrels called Credit Suisse and their very lowly rates analyst called Neil Glynn published today a forecast that shows that 40% of the easyJet fleet will be idle in FY21 and even 20% in FY22. He is normally the cheerleader for buying more aircraft but how can he justify buying 30% more aircraft when 40% of the current fleet will carry no passengers next year?
- 7.3.11. The Scoundrels at easyJet have not yet announced any job cuts! Why? Because they want to buy more aircraft from Airbus before going bust!

End.

Sir Stelios Haji-Ioannou

Email me in confidence on easyJet-airbus-scandal@stelios.com

For more information on the easyJet-airbus-scandal, visit www.easy.com

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