

Explanation of Waiver

28 October 2014

This letter sets out an explanation of the waiver that you are required to sign in order to receive the once-off lump sum contribution outlined in your personal illustration, and it supplements the following information that Aer Lingus has already provided during the communication process:

- A description of the meaning of a waiver by Eversheds Solicitors, solicitors to ICTU, has been included in the Proposal Guide.
- A copy of the waiver has been placed on the pension proposal website.
- Answers to Frequently Asked Questions on the waiver have been placed on the pension proposal website.
- A letter to ICTU on the 20th of October addresses queries that had been raised prior to that time.

Aer Lingus wishes to ensure that everyone understands the meaning of the waiver and the implications of signing it. This letter sets out answers to the key questions that have arisen on the waiver. In drafting these answers we have sought to explain the issues involved in the simplest way possible without taking from the legal meaning of the document. In this regard the answers have been reviewed by our legal advisors and are a fair and accurate description of the waiver.

We would urge you to consider the contents of all available information when deciding whether to sign the waiver. This includes the contents of this letter, the additional information on the waiver referenced above and the further information contained in the Proposal Guide, in your Personal Illustration and on the website. You also have the right to seek further advice of your own if you believe you need to do this.

Why does Aer Lingus require waivers to be signed?

Aer Lingus and the IASS Trustee are proposing to make changes to your pension benefits. As part of these changes, it is proposed that Aer Lingus will make a once-off contribution to each Aer Lingus IASS member's DC Pension Plan account. For active members of the IASS the total of these contributions is €146.7m. Aer Lingus needs to get Shareholder approval to make this funding available. Receiving waivers in return for these contributions is essential if Aer Lingus is to be able to do this. If there were no waivers Aer Lingus would have to ask Shareholders to make pension contributions but still potentially be faced with further claims on the very issue that the contributions were to address. Shareholders would undoubtedly decline to approve the making of the once-off contributions in these circumstances.

In essence the waiver is and always has been an essential component of the proposals if there is to be any prospect of securing Shareholder approval for the €146.7m once-off contributions proposed for active IASS members.

What does signing the waiver mean?

The effect of signing a waiver is that you give up your legal rights in relation to one or more specified matters. In this case, the specified matters are claims, rights and entitlements in relation to your existing and past pension arrangements. Therefore, by signing the waiver,

you are agreeing to give up legal rights which may otherwise have been open to you. In return you receive the once-off contribution into your DC Pension Plan account as specified in your Personal Illustration.

The Waiver is legally binding and affects your legal rights. If you choose to sign the waiver and accept the once-off contribution, it is likely to be very difficult for you to bring a case in the future in relation to the rights you have waived.

What rights are covered by the waiver?

The signature of the Waiver and receipt of the once-off contribution means that you are agreeing to waive any claims, rights and entitlements relating to your existing and past pension arrangements. This includes for example waiving any pension claims, rights and entitlements arising from existing or past pension arrangements and membership of any of the currently existing Aer Lingus pension schemes.

It also includes for example waiving any pension claims, rights and entitlements arising by reason of your employment under your contract of employment with Aer Lingus, or communications and/or representations made to you relating to existing or past pension arrangements.

In simple terms, by signing the waiver you are agreeing and accepting that you have no rights, claims and/or entitlements howsoever arising in relation to any such existing or past pension arrangements, other than those that are excluded under the terms of the waiver.

What rights or entitlements are excluded under the terms of the waiver?

The terms of the waiver specifically provide that you are not waiving certain rights, entitlements or benefits.

In relation to the IASS you are not waiving your right to the reduced IASS pension entitlements that were notified to you by the IASS Trustee and are payable in accordance with the IASS Trust Deed and Rules at the IASS normal retiring date.

In relation to the S1 (being the First Aer Lingus Supplementary Scheme) you are not waiving your rights as the S1 is not affected by the proposals and continues just the same as before in accordance with its Trust Deed and Rules.

Likewise, in relation to S2 (Second Aer Lingus Supplementary Scheme) the rights that you currently have in relation to the assets of S2 are unchanged. In this regard, Aer Lingus and ICTU have written to the Trustees of the S2 to ask them to consider distributing the assets of the S2 to members' individual pension accounts. The Trustees of the S2 have confirmed that if the IASS proposals are approved, they will seek to favourably consider this approach.

Does the Waiver affect my rights to future pension provision ?

No. Just like other employees and/or members of the DC Pension Plan you are fully entitled to raise issues in the future concerning your DC Pension Plan which are subject to and governed by the DC Trust Deed and Rules, pension law and employment law.

Does the Waiver in any way impact on any other employment rights?

The Waiver does not relate to or affect any of your non-pension rights, entitlements or contractual terms as an employee of Aer Lingus. You have your full rights and entitlements in the same way as any other employee in relation to his/her employer.

Is there any precedent in Aer Lingus for signing waivers?

Yes. When staff have accepted a voluntary severance offer, the form of acceptance they have signed is effectively a waiver. While the rights waived in these circumstances are different, the principle is the same; staff accept a payment and in return forego the right to make further claims regarding specified issues.



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