

12 September 2014

Memorandum of Understanding dated

September 2014

- (1) Aer Lingus Limited (the "**Company**");
 - (2) Irish Congress of Trade Unions ("**ICTU**");
 - (3) Services, Industrial, Professional and Technical Union ("**SIPTU**");
 - (4) Impact Trade Union ("**IMPACT**");
 - (5) Technical, Electrical and Engineering Union ("**TEEU**"); and
 - (6) Unite the Union ("**UNITE**")
- (SIPTU, IMPACT, TEEU and UNITE are together referred to as the "**Unions**").

This Memorandum of Understanding ("**Memorandum**") is by and between the Company, ICTU and the Unions who intend to act reasonably and in good faith to enter into a collective agreement based upon the terms of the Memorandum. This Memorandum sets out the understanding of the Parties and does not create binding legal obligations on any Party. Notwithstanding this, the Parties wish to provide the Preliminary Undertakings of the Parties as set out in clause 2.

It is acknowledged by Aer Lingus that ICTU and the Unions must operate in accordance with their respective Constitutions or Rules and that the ultimate decision of the Unions on the implementation of the Proposal will be derived from the ballot of their respective members as detailed below. For this reason, clause 1.1 below allows for the termination of this Memorandum by ICTU and the Unions should that ballot be rejected.

Background

- A. The Irish Airlines (General Employees) Superannuation Scheme ("**IASS**") is a multi-employer scheme (the Company, DAA, SR Technics and Shannon Airport Authority are the participating employers), and is in substantial deficit as calculated under the Pensions Act funding standard.
- B. Detailed and lengthy discussions and negotiations have taken place between the Company, ICTU and the Unions (together, the "**Parties**"), together with other relevant parties including the DAA, the Labour Court, the Department of Transport, Tourism and Sport, the Department of Jobs, Enterprise & Innovation and IBEC, resulting in a proposal to secure a final resolution of the industrial relations issues relating to the IASS (the "**Proposal**"). A copy of the Proposal is attached as **Attachment 1** to this Memorandum.

1. Effective Date

- 1.1 This Memorandum will be effective upon signature by the Parties. However it is acknowledged that the Unions can terminate this Memorandum immediately should the ballot referred to in clause 2.2 below be rejected.

2. Preliminary Undertakings by the Parties ("Preliminary Undertakings")

- 2.1 The Company will endeavour to reach agreement with the Trustee of the IASS to implement the elements of the Proposal which require its agreement and to take all those steps and to do all those things necessary to implement same, including an application to the Pensions Authority for a Section 50 Direction and the Pensions Authority making that direction.
- 2.2 Each of the Unions agrees to ballot its members who are employees of the Company on whether to accept the Proposal. The Unions agree that an aggregate approval is required meaning that the overall ballot is deemed passed if a majority of all those voting vote in its favour and ICTU and/or the Unions will communicate this single result to the Company.
- 2.3 ICTU and the Unions agree to take all reasonable steps to pro-actively and publically support approval and implementation of the Proposal as the best outcome that was capable of being achieved in the negotiations with the Company and the Trustee of the IASS.
- 2.4 Each of the Parties will endeavour to provide information or other technical support to the Unions, for the purpose of the Unions pro-actively and publically supporting approval and implementation of the Proposal.
- 2.5 Subject to agreement being reached with the Trustee of the IASS and the approval of the aggregate Union ballot, the Company agrees to procure that Aer Lingus Group plc will convene an EGM of its shareholders to approve the Proposal and that it will recommend to its shareholders that they vote in favour of the Proposal.

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- 2.6 The Company and the Unions agree that they will act reasonably and in good faith to establish an Internal Dispute Resolution Board (IDRB) to facilitate an improved industrial relations environment within the Company.

3. **Collective Agreement and Registered Employment Agreement**

- 3.1 The Company and the Unions agree that they will commence discussions for the purpose of entering into a collective agreement ("**Collective Agreement**") to be effective immediately following the later of the approval of the Proposal in the aggregate ballot described at clause 2.2 above and the Trustee of the IASS agreeing to submit the Section 50 application subject only to Aer Lingus Group plc shareholder approval. The Parties agree that the Collective Agreement will be based on the terms of this Memorandum and the Proposal.

- 3.2 The Company and the Unions agree that they will seek to register the Collective Agreement by way of Registered Employment Agreement with the Labour Court under the Industrial Relations Acts 1946-2012 or under any amending legislation implemented by the Oireachtas following the Supreme Court decision on 9 May 2013 in the case of *McGowan & Others Labour Court, Ireland & Others*, as and when it is legally possible to do so.

4. **Provisions to be included in the Collective Agreement**

- 4.1 **Full and Final Settlement:** The implementation of the arrangements set out in the Proposal, once approved by the ballot of relevant Union members, represents full and final settlement of all IASS pension issues and full and final payment by the Company in respect of the IASS and the Aer Lingus Defined Contribution Pension Scheme (the "**Company DC Scheme**"), save for the ordinary contributions payable to the Company DC Scheme. It is acknowledged that the Expert Panel Report noted and the parties are agreed that the matter of contributions to the DC schemes is a remuneration issue and that matters of remuneration which are of concern to either party should be dealt with through the normal arrangements for collective bargaining under existing agreements.

- 4.2 **Waiver:** The Company views the signing of waivers by relevant employees in a form materially similar to that attached as **Attachment 2 ("Waiver")** as essential to the Proposal. An employee will not receive a payment or benefit under the Proposal without signing an individual Waiver. The Unions agree not to oppose or hinder this process.

- 4.3 **Company Compliance:** If the Company is in compliance with its obligations under the Memorandum and Collective Agreement the Unions agree that they will not take industrial action, industrial claims nor legal action before any court or forum, nor will they support or promote any such actions or claims in relation to the IASS or the subject matter of this Memorandum and Proposal. However, the rights of the Unions to take actions or claims in relation to any other matter, and to support or promote such actions or claims, is reserved.

- 4.4 **Union Compliance:** If the Unions are in compliance with their obligations under the Memorandum and Collective Agreement the Company agrees that it will not take industrial action, industrial claims nor legal action before any court or forum, nor will they support or promote any such actions or claims in relation to the IASS or the subject matter of this Memorandum and Proposal.

- 4.5 **Agreement:** Once entered into, the Collective Agreement regarding pensions based upon the terms of this Memorandum and Proposal, will replace and supersede any previous documentation exchanged, discussions or understandings between the Parties on the subject matter of pensions, whether in the form of collective agreements or other agreements (or parts thereof), correspondence or otherwise.

5. **Dispute Resolution**

- 5.1 In the event of any issues and/or disputes arising during either the consultation and ballot process or during the implementation phase of the Proposal, the Parties agree to work together to address any such issues and/or disputes. Should the Parties fail to reach a resolution, the Parties agree to revert to the Expert Panel (as referred to in the Proposal) and avail of its dispute resolution services.

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Signed: _____

For and on behalf of the Company

Signed: _____
For and on behalf of ICTU

Signed: _____
For and on behalf of SIPTU

Signed: _____
For and on behalf of IMPACT

Signed: _____
For and on behalf of TEEU

Signed: _____
For and on behalf of Unite

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ATTACHMENT 1 - THE PROPOSAL

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**PROPOSAL TO IMPLEMENT PENSION CHANGES FOR NON-PILOT AER
LINGUS EMPLOYEES
TO FORM AN APPENDIX TO AN AGREEMENT TO BE ENTERED INTO BY
AER LINGUS LIMITED, ICTU, SIPTU, IMPACT, UNITE AND TEEU**

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1. Background & Overview

This is a single integrated proposal in respect of employees who are either members of the Irish Airlines (General Employees) Superannuation Scheme (the "IASS", the "Scheme") or who are eligible to be members of the existing Aer Lingus Defined Contribution Pension Scheme.

It is noted by the parties that the implementation of this Proposal will result in the freeze and de-risk of the IASS and the introduction of a Defined Contribution Scheme ("DCS") for affected employees. It will be a full and final resolution of the industrial relations and legal issues and disputes relating to the IASS.

This proposal arises from the 16 June 2014 Report of the Expert Panel, established by the Department of Transport, Tourism & Sport and the Department of Jobs, Enterprise & Innovation, together with IBEC and ICTU (the "Expert Panel Report").

The Expert Panel Report built on the Labour Court Recommendations of 2 January 2013 and 24 May 2013. It stated that its Report was put forward on the basis that the Panel:

"Recognise that the Employers regard the IASS as being incapable of being sustained and will not contemplate, in any circumstances, investing any additional funding to address the very significant IASS deficit of liabilities over assets as calculated under the statutory minimum funding standard. This very substantial funding deficit exists such that were the IASS wound up on 31st December 2012, current employees and deferred members could receive as little as 5% of their expected IASS benefits."

It also states that the recommendations of the Expert Panel reflect:

"The Panel's definitive view that these recommendations represent the best possible outcome that can be achieved following extensive engagement with the parties on all the issues raised and taking full account of the Impact of the Trustee proposal and the views of the Unions on behalf of their members in recommending the optimum distribution of available funds."

There are a number of key elements to the proposal which are summarised below.

The IASS Trustee has developed a proposal which envisages the freezing and restructuring of benefits under the IASS as part of a Section 50 application by the IASS Trustee to the Pensions Authority. In preparing its proposal, the IASS Trustee

is aware of the recommendations by the Labour Court and Expert Panel to Aer Lingus and ICTU. The IASS Trustee proposal is summarised in Part 2 of this document.

The proposals in respect of the DCS, once-off payments and pay stabilisation derive from the Labour Court and Expert Panel recommendations to Aer Lingus and ICTU. These are an integrated set of measures and can only be considered as a total and combined package. The Labour Court and Expert Panel recommendations should be viewed in the context of the changes to IASS benefits proposed by the IASS Trustee in February 2014.

A summary of the proposal relating to the DCS is set out in Part 3 of this document.

In recognition of the impact of the changes to your benefits under the IASS, current Aer Lingus employees (also known as active IASS members) may receive a once-off payment from Aer Lingus, in the form of a contribution into each employee's new DCS retirement account. The level of once-off payment has been determined by the advisors to both Aer Lingus and the Unions in accordance with the Recommendations of the Labour Court as varied by the Expert Panel. Details relating to the once-off payment are summarised in Part 4 of this document.

An essential part of this Proposal is that affected employees sign a waiver which acknowledges that this Proposal document and the payments envisaged under it are in full and final settlement of any asserted claims relating to the IASS.

2. Changes to the IASS

The IASS Trustee has developed a draft funding proposal that it has submitted to the Pensions Authority.

IASS benefit accrual and contributions will cease (at a fixed date currently expected to be 31 December 2014) and employer and employee pension contributions in respect of future service (from a fixed date currently expected to be 1 January 2015) will be paid to the new DCS (detailed in part 3 of this proposal). This will mean that:

- Benefit accrual for Aer Lingus employees who are currently active members in the IASS will cease in respect of future service;
- Employee and employer contributions to the IASS will cease;
- and The IASS will remain closed to new members.

The IASS Trust Deed and Rules will need to be amended in order to implement these steps and an application to the Irish Pensions Authority and Revenue Commissioners will also be required. Specifically, the IASS Trustee will make an application to the Pensions Authority for a Section 50 Direction to address the deficit in the IASS, through a series of measures:

- The removal of the co-ordination anomaly¹
- Reducing benefits built up in the IASS to 31 December 2014 by 20%
- No revaluation of deferred pensions between now and normal retirement age.

The IASS Trustee has also restructured the existing assets of the IASS to better match required pension cash outflows, as these fall due.

Contributions to the Second Aer Lingus Supplementary Scheme will also cease with its Trust Deed and Rules altered accordingly. Aer Lingus and ICTU will engage with the Trustee of the Second Supplementary Scheme to seek to find the best way of deploying the assets of this Scheme in the interests of its members, subject to its governing Trust Deed and Rules.

3. New Defined Contribution Scheme

From the date that employee and employer contributions to the IASS cease, all future employee and employer pension contributions will be paid to the new DCS rather than the IASS. The new DCS will be introduced in respect of future service in Aer Lingus with an employer contribution rate of 10% of pensionable salary for all relevant staff. The employee contribution level will be 6.375% of pensionable salary. Employees may make additional contributions in line with Revenue Commissioner guidelines. If the member dies in service, or as a deferred member, benefits will be secured by reference to their own DCS account. This will be in addition to the lump sum death in service benefit which may be payable.

The Expert Panel also noted the following in terms of the future performance of the DCS:

“In relation to the matter of performance of the DC Scheme this is the responsibility of the Trustees and the members and will reflect the Defined Contribution investment decisions made by the members and the investment policy approach of the scheme under the direction of its Trustees and the individual members.

In this context, it is also acknowledged that the matter of contributions to the DC schemes is a remuneration issue. Matters of remuneration which are of concern to either party should be dealt with through the normal arrangements for collective bargaining under existing agreements.”

The following governance arrangements shall apply on an interim basis for the first year of operation of the DCS. There will be 6 Trustees as follows:

¹ The coordination anomaly relates to the non-application of the Irish State pension when calculating IASS pension benefits when a member leaves service prior to normal retiring date.

- 3 trustees nominated by Trade Unions representing DC scheme members. These Trustees will themselves be DC Scheme members.
- 2 trustees nominated by Aer Lingus. These Trustees will themselves be DC Scheme members.
- 1 Chairman of Trustees nominated by Aer Lingus. This chairman will be a Professional Trustee who is engaged in the business of providing Trustee services for payment and who has appropriate financial experience. For the interim period the chairman will not have a casting vote.

After the interim period the following governance arrangements will apply:

- There will be 7 Trustees as follows:
 - 3 trustees elected by DC scheme members. These Trustees will themselves be DC Scheme members.
 - 3 trustees nominated by Aer Lingus. At least 1 of these Trustees will be a DC Scheme member.
 - 1 Chairman of Trustees nominated by the other the other 6 Trustees. This chairman will be a Professional Trustee who is engaged in the business of providing Trustee services for payment and who has appropriate financial experience. The Chairman will have a casting vote.

4. Once-Off Employer Contributions to the new DCS

The Expert Panel have recommended that the once-off Aer Lingus contribution, to fund additional payments into individual DCS accounts, should be increased from €110.0 million to €146.7 million for those who are active IASS members and the other IASS members with an active payroll relationship with Aer Lingus (Income Streamers & TUPE staff with Deferred IASS service).

The Expert Panel detailed the elements of the Labour Court assumptions and recommendations that it was maintaining and those it was varying that give rise to the once-off lump sum cash injection of €146.7 million.

There are effectively 3 elements to this €146.7m:

- a) An element of approximately €113.5m in respect of achieving the Labour Court Recommended Outcomes;
- b) An element of approximately €3m related to capitalisation of increases to, and pensionability of, stabilisation payments; and
- c) An element of €30.2m in respect of pensionability of variable pay.

a) An element of . €113.5m in respect of achieving the Labour Court Recommended Outcomes

This element of the capital sum will be distributed based on the Labour Court targets and the assumptions in the joint actuarial report to the Labour Court as adjusted by the Expert Panel.

The Expert Panel endorsed the targets as set out in Interim Labour Court Recommendation LCR 20440 and which were applied in the joint actuarial report to the Labour Court as follows:

Salary	Target	Salary	Target
Below €25K	89.00%	€48,000	74.00%
€25,000	89.00%	€49,000	74.00%
€26,000	88.00%	€50,000	73.00%
€27,000	86.50%	€51,000	73.00%
€28,000	85.00%	€52,000	73.00%
€29,000	83.50%	€53,000	73.00%
€30,000	82.00%	€54,000	73.00%
€31,000	81.00%	€55,000	72.00%
€32,000	80.00%	€56,000	72.00%
€33,000	80.00%	€57,000	72.00%
€34,000	79.00%	€58,000	72.00%
€35,000	79.00%	€59,000	72.00%
€36,000	78.00%	€60,000	71.00%
€37,000	78.00%	€61,000	71.00%
€38,000	77.00%	€62,000	70.00%
€39,000	77.00%	€63,000	70.00%
€40,000	76.00%	€64,000	69.00%
€41,000	76.00%	€65,000	69.00%
€42,000	76.00%	€66,000	68.00%
€42,500	75.00%	€67,000	68.00%
€43,000	75.00%	€68,000	67.00%
€44,000	75.00%	€69,000	67.00%
€45,000	74.00%	€70,000	66.00%
€46,000	74.00%	Above €70K	66.00%
€47,000	74.00%		

The above targets are based upon full pensionable service (40 years) and normal retirement age (anniversary of joining the IASS after age 65). The targets are indicative and should not be construed as definitive or guaranteed. They are predicated on assumptions used by the Technical Group and Expert Panel in respect of all of the components of the solution, including employees contributing to the DC Scheme as per the table shown below. Where lesser amounts are contributed the benefits will reduce pro rata. These are target, not guaranteed, outcomes.

A significant actuarial exercise was completed by the joint actuarial group in order to consider how the benefits that could arise from the DCS, Irish State pension and frozen IASS compare against the targets set out in the Interim Labour Court Recommendation. Using an agreed set of assumptions, the actuarial advisors to both Aer Lingus and the Unions calculated the likely lump sum required to bring benefits up to the target levels expressed as a percentage of Final Pensionable Pay ("FPP"). The vast majority of these assumptions were endorsed by the Expert Panel Report. The Expert Panel also updated calculations in respect of several changes since the date of publication of the interim and final Labour Court Recommendations and listed the following variations to the previously issued Labour Court assumptions and recommendations as the basis for the increased cost:

- A more conservative assumption with regard to the projected rate of increase in the Irish State pension with this rate of increase down from 2.0% to 1.5%

- A change in the assumed rate of employee contribution to the DCS required to meet Labour Court targets. The actuarial advisors to both Aer Lingus and the Unions previously assumed an employee contribution of 8.0% in all cases as the basis for the expected achievement of the Labour Court recommended targets. The Expert Panel adjusted this as follows:

Staff category	Employee contribution
Staff whose annual pensionable pay is €37,999 or below	6.375%
Staff whose Annual Pensionable pay is between €38,000 and €49,999	6.375% for the first €37,500 and 8.000% on balance
Staff whose Annual Pensionable pay is €50,000	8.000% subject to step up arrangements to avoid anomalies

Both of these changes required an increase in the lump sum that Aer Lingus needed to contribute.

The Expert Panel confirmed the minimum payment of €1,000 per service year to apply in calculating the lump sum required for each individual.

The Expert Panel also endorsed the very conservative assumptions for the deployment of funding from the once-off employer contribution to apply to those current employees who will become entitled to an immediate pension between the date of acceptance of the Labour Court Recommendations and 1 July 2018 on retirement from Aer Lingus at their normal retiring dates under the IASS (the “**2018 Retirees**”). In combination with the implementation of the IASS Trustee’s funding proposal, these assumptions provide additional protection in respect of the receipt by the 2018 Retirees of the appropriate target percentage benefit applicable to their salary level specified in Labour Court Recommendations LCR 20440.

b) **An element of approximately €3m related to capitalisation of increases to, and pensionability of, stabilisation payments.**

There are 2 components within this amount:-

- An amount of €400 (i.e. 2x €200) per eligible individual in lieu of increases to future stabilisation payments. This component to be discharged as a cash payment (subject to normal income taxes, social security and any other relevant charges). ; and
- A further amount of €400 (i.e. 10% of 2 x €2,000) per eligible individual in respect of the additional benefit which would have arisen for eligible individuals if the stabilisation payments were to form part of pensionable salary. This component to be discharged as a payment into individual DC accounts

Staff who are currently either members or eligible to be members of the Aer Lingus Ireland DC Scheme and active IASS members who are Aer Lingus Limited employees, are eligible to receive these components of the once-off employer contribution .

c) **An element of €30.2m in respect of pensionability of variable pay.**

The Expert Panel recommended that the €30.2m be distributed in proportion to each individual's variable pay earnings for the previous three years.

Each of these once-off payments into individual DCS accounts will be subject to an employee signing a Waiver as described in Part 7 below.

Notes on calculations

- The calculations will be based on service at 31 December 2014, and on salary data "locked-down" as at 30 June 2014. This "lock-down" will allow the full capital sum to be fairly distributed.
- This means that the once-off lump sum contained in the personal illustration that is intended to be sent to each active IASS member will set out the figure that is to be paid into their DCS account if this proposal is accepted by all relevant parties
- Where it is known that someone will retire by 31 December 2014, they will not be included in these once-off lump sum payments.
- Otherwise the "lock-down" means that status (e.g. active members) at the date of the agreement between Aer Lingus and the Unions will be the basis on which calculations are made regardless of other changes before 31 December 2014 (e.g. if a person leaves on 31 October 2014, the IASS calculation will be amended to reflect 2 months less service than assumed, however the calculation of once-off payment into the individual's DCS account continues to be based on an active member with service to 31 December 2014.

5. Pay Movement between 2013 and 2017

Increments

The following will apply with respect to increments:

- The 2013 annual increment payment and long service increment ("LSI") was paid with effect from 1 September 2013.
- Accumulated but non-paid LSI payments accrued to date relating to periods during which the Greenfield pay freeze period was in effect were paid with effect from 1 September 2013.
- An amount equivalent to the annual increment was paid to all staff at specialist levels in respect of 2013, averaging 2.5% of salary with effect from 1 September 2013.
- The annual increments that would have applied on 1 April 2014, 1 April 2015, and 1 April 2016 respectively will not be paid and are foregone.
- An increment will become payable with effect from 1 April 2017.

- LSI accumulated but not paid during the above pay freeze period will also be paid with effect from 1 April 2017.

Pay Inflation

- There will be no inflationary salary increases in the period between the date of the Final Labour Court Recommendation and April 2017.

Stabilisation Payments

The following stabilisation payments apply during the period from September 2013 to September 2016:

- Each full time current employee will receive a total individual stabilisation payment of €5,850 in the period up to 31 December 2016. This amount will be paid in addition to the level of annual increments and / or LSI payable in respect of 2013.

The amount, timing and funding of these payments are as set out in the table below:

Year	Individual Employee Amounts
September 2013	Once-off stabilisation payment of €250 per full-time employee
September 2014	Once-off stabilisation payment of €2,000 per full-time employee
September 2015	Once-off stabilisation payment of €1,800 per full-time employee*
September 2016	Once-off stabilisation payment of €1,800 per full-time employee*

*As noted above a once-off sum, equivalent to the value of increasing these payments by €200 each and making them pensionable has been included in the capital payment to be made to individual DCS amounts for Aer Lingus employees who are active member of the IASS.

- The individual payments set out above will be adjusted pro-rata for part time staff and to take account of service in the previous 12 months. These stabilisation payments are intended to provide a disproportionately positive impact for those employees earning salary levels which are below the median within Aer Lingus.
- The above payments are gross amounts and are therefore liable to normal revenue deductions applicable to employees.

- The 2014 Greenfield gainshare payment was also paid to these staff groups.

6. Approval Process

A number of fundamental conditions must be fulfilled before agreement to the implementation of the Proposal can take place. The principal conditions are:

- Employee agreement being achieved by ICTU, SIPTU, Impact, Unite and TEEU.
- Approval by the Unions following balloting of their respective relevant members to accept in full the terms of the Proposal.
- IASS Trustee agreeing to an application to the Pensions Authority for a Section 50 Direction to address the deficit in the IASS (including the removal of the co-ordination anomaly and further benefits adjustments) and the Pensions Authority making that Direction.
- Approval by the shareholders of Aer Lingus Group plc of the adoption of, and agreement to, the terms of the Proposal and implementation of same.
- Approval by the Pensions Authority of the funding proposal to implement the benefit reductions proposed by the IASS Trustee.

7. Waivers

In the event that the Union ballot is passed, and subject to each of the above approvals being received, each person eligible to receive the once-off payment referred to in Part 4 above, will then be required to confirm their acceptance of the proposed arrangements by signing a Waiver, before any once-off payment can be made to them. The Waiver confirms that the Proposal and payments are in full and final settlement of all asserted rights or claims such employee may have relating to the IASS or their related pension expectations. The cash injection will be paid initially by Aer Lingus Limited into an escrow structure administered by an escrow administrator. When an Aer Lingus employee who is an active member of the IASS signs the Waiver after overall agreement has been reached, his/her individual proportion of the once-off employer contribution will be transferred from the escrow structure to the DCS Trustee for credit to his/her individual DCS accounts. Future employee and employer pension contributions will be paid to the DCS during their future employment with Aer Lingus.

ATTACHMENT 2 - FORM OF WAIVER

DEED OF WAIVER (the "Waiver")

[by a current employee of Aer Lingus Limited] ("Aer Lingus")

[Employee Name]
[Employee Address]
[Staff Number]

Background:

- A: This Waiver relates to members of the Irish Airlines (General Employees) Superannuation Scheme (the "**IASS**") and the Aer Lingus Defined Contribution Pension Scheme (the "**DC Scheme**") who may also be members of the First Aer Lingus Supplementary Scheme (the "**S1**") and/or the Second Aer Lingus Supplementary Scheme (the "**S2**").
- B: This Waiver reflects the arrangements whereby my accrued IASS benefits are frozen and reduced, the DC Scheme will provide for my future service Aer Lingus pension contributions and I waive any claims I may have against relevant parties, including the employers participating in the IASS and Irish Airlines Pensions Limited as the trustee of the IASS (the "**IASS Trustee**", which term includes any successor(s) as trustees of the IASS).

In consideration of the contribution by Aer Lingus of the payment to the trustee of the DC Scheme (the "**DC Trustee**") on my behalf which has been notified to me, I enter into this Waiver and in doing so accept and acknowledge the following:

1. The IASS is under the management of the IASS Trustee. The DC Scheme is under the management of the DC Trustee. The S1 and S2 have separate trustees.

DC Lump Sum Payment

2. In relation to the IASS and the DC Scheme, I have received a notification from Aer Lingus dated [•] that on receipt by Aer Lingus of this Waiver, properly executed by me, the sum as specified in the notification (the "**Initial DC Payment**") will be paid to the DC Scheme Trustee. I understand that this Waiver will not be accepted by Aer Lingus if it is altered in any way.

IASS, S1 and S2

3. In relation to the IASS, S1 and S2:
 - (a) Contributions and benefit accrual have ceased under the IASS which means that it has become what is known as a "frozen scheme" and my accrued benefits have been reduced in the manner notified to me. As a result I have become a deferred member of the IASS and my pension entitlements under the IASS will come into payment on my normal retiring date which is the first anniversary of joining the IASS which occurs after attaining age 65, or on such other date as has been previously notified to me by the IASS Trustee.
 - (b) I have received a notification from the IASS Trustee setting out the full extent of benefits under the IASS payable to me, and where applicable, my spouse or civil partner confirming that these benefits are payable at the IASS normal retirement date which is the first anniversary of joining the IASS which occurs after attaining age 65, or such other date as has been previously notified to me by the IASS Trustee (together "**My Benefits**").

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- (c) The delivery of My Benefits under the IASS depends on a number of factors including the returns on the investments of the IASS. There is no guarantee of My Benefits under the IASS and benefits are subject to the IASS Trust Deed and Rules (as may be amended from time to time).
- (d) The S1 is unaffected and will continue in operation in accordance with its Trust Deed and Rules (as amended from time to time).
- (e) With effect on and from the date that contributions and benefit accrual ceased in the IASS, contributions and benefit accrual also ceased in the S2. The assets of the S2 will continue to be applied by the trustee of the S2 in accordance with its Trust Deed and Rules (as amended from time to time).

DC Scheme

4. In relation to the DC Scheme:

- (a) I have become an active member of the DC Scheme with effect from the date of the cessation of contributions and benefit accrual in the IASS, and I have received a notification from the DC Trustee setting out the full extent of my new pension arrangements under the DC Scheme.
- (b) The benefits available to me from my account under the DC Scheme will be dependent on a number of factors, including the value of the contributions paid by and in respect of me to the DC Scheme and the value of the Initial DC Payment when my account is used for benefits, and are not guaranteed benefits.
- (c) The assumptions on which the Initial DC Payment is being made to the DC Scheme on my behalf have been based on best actuarial estimates and are not a guarantee of future performance of the DC Scheme.
- (d) All information provided to me concerning my entitlements under the DC Scheme is subject to its Trust Deed and Rules (as may be amended from time to time).

Waiver

5. I understand that the terms of this Waiver are in full settlement, satisfaction and discharge of claims or potential claims referred to in Clauses 5(a) to 5(d) below whether as a member of the IASS, under contract, tort or otherwise.

In return for the Initial DC Payment being made under Clause 2 above, I waive all existing, anticipated or potential claims, rights and/or entitlements against Aer Lingus, its parent, subsidiaries or associated companies and the IASS Trustee and each of their respective officers, directors, employees, shareholders and agents, as well as the trustees and other participating employers under respectively the IASS, the DC Scheme and the S2, arising directly or indirectly from:

- (a) any membership of any previous Aer Lingus pension schemes (including the IASS and/or the S2), and including but not limited to any communications or representations made and/or agreements or arrangements entered into, in relation to pension rights, benefits or entitlements under contract or otherwise as a result of such membership;
- (b) the Initial DC Payment being paid to the DC Scheme on my behalf;
- (c) my being included for future pension entitlements in the DC Scheme instead of the IASS (and S2 if applicable); and/or
- (d) the assumptions underlying the delivery of benefits under the IASS not being borne out such that the benefits provided under the IASS are not delivered,

save for those rights, entitlements or benefits specifically provided for in the IASS, S1 and/or S2 as referred to in Clause 3 above and those specifically provided for in the DC Scheme as referred to in Clause 4 above.

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12 September 2014

Tax

6. I acknowledge that it is my responsibility to account for tax, USC and any other deductions required by law in relation to any payments or benefits provided to me under this Waiver, should such become payable.

Eversheds Explanation

7. Eversheds Solicitors have prepared an explanation of the legal effect of a waiver, which I have read and understood prior to executing this Waiver.
8. I am signing this Waiver voluntarily and with a full understanding that I am waiving and releasing any and all claims and demands of every nature in relation to my pension entitlements as referred to above.

Note to Employee: This Waiver is a legally binding document and affects your legal rights. You have had an opportunity to raise queries and clarifications during the information and consultation process as well as receiving a Personal Illustration and the Eversheds' explanation of the legal effect of a waiver. However, you may before signing wish to seek your own advice in relation to this Waiver and the new pension arrangements.

Signed and delivered as a Deed by

[PRINT NAME] _____

In the presence of:

Signature of Witness: _____

Name of Witness: _____

Address of Witness: _____

Occupation of Witness: _____

Date (to be inserted by employee): _____

Execution Copy