

**Agreement
Between
Aer Lingus Group plc herein “the company”
and the
Irish Air Line Pilots’ Association Branch of IMPACT herein
“IALPA”.**

Dated 12th February 2010.

1. Parties to the agreement: Aer Lingus Group plc and associated subsidiaries having its principal place of business at Dublin Airport, Co. Dublin. Irish Air Line Pilots’ Association Branch of IMPACT Trade Union, Corballis Park, Dublin Airport Co. Dublin and/or their successors and assigns.
2. Ratification: This agreement is subject to ratification by way of secret ballot of pilots. Ratification requires a simple majority of 50% plus one vote of the total valid poll in favour of the proposed agreement in accordance with the constitution of IALPA.
3. The parties agree to make available any information reasonably required to verify that any obligation imposed by this agreement has been satisfied.
4. Existing Agreements: The parties agree that all existing agreements will continue to apply unless amended by this agreement or subsequent agreements.
5. The parties agree that this agreement constitutes full and final settlement to the company’s transformation plan announced in October 2009.
6. Term of Agreement: This agreement shall continue in force until amended or terminated by mutual agreement between the parties.
7. Enforceability – In the event of issues arising in relation to matters within this collective agreement the parties are committed to returning to the LRC for conciliation.
8. Delivery of other group agreements – Gain sharing will only be distributed between those groups that deliver Greenfield targeted savings. The parties accept that in the event that any other union group reject their ballot or fail to deliver their agreed targeted savings IALPA has tabled their intention to re-visit the transformation plan.

Savings to the company from Republic of Ireland (ROI) based pilots.

Basic Pay

1. The parties agree a 10% basic pay reduction effective from the 1st March 2010. This will reduce the current maximum pensionable salary from €206,878.65 to €186,731.25.
2. The parties agree that the back money for the first year of the 2009 increment will be forgone and that the second year of the 2009 increment will be paid on a deferred basis in the April 2011 payroll.
3. The parties agree basic pay increments 2010, 2011, 2012 will be forgone.

Performance Pay

4. The threshold for payment of performance pay shall be raised from the current 570 block hours to 620 block hours per annum. There shall be a corresponding increase in the roster period threshold.

Sector Pay

5. The total gross sector pay cost will be reduced by 10% from 1st March 2010.

Pension

6. The parties agree to be bound by the trust deed and rules of the Irish Airlines (Pilots) Superannuation Scheme (PB No. 3406) and associated agreed amendments.
7. The parties agree, without prejudice to either side's position on constructive and/or legal obligation/s to the pension scheme and subject to Trustees' agreement, to the following rule changes in the pension fund (PB No. 3406):
 - a. Pension contributions: The parties agree that from the 1st June 2010 the total minimum pension contribution will be 32% (21% company, 11% pilot) of pensionable pay.
 - b. Retirement Age and Accrual Rate: The parties agree that from 1st June 2010, the retirement age shall be 60 years and the accrual rate shall be 1/60 per year of pensionable service. This is subject to a maximum pension of 40/60. Contributions (both 21% company and 11% pilot) shall be maintained until age 60.
 - c. Distribution of Surplus: The parties agree that at the sole discretion of the pension trustees any surplus shall be distributed in the following priority:
 - i. CPI payments to pensioners;
 - ii. reduction of retirement age and associated accrual;
 - iii. reduction in member's contribution.
8. The 10% basic pay reduction will reduce the current maximum pensionable salary from €206,878.65 to €186,731.25.
9. The parties agree to the appointment of the new chairman of the trustees to the pilots' pension scheme (PB No.3406) effective from May 2010. Ref: letter of agreement between IALPA and the company regarding appointment of chair to the trustee board.

10. The company agree to facilitate gross salary Additional Voluntary Contributions to approved PRSA schemes for individual pilots.
11. The Company undertakes to ensure equity to all employees on all employee benefit matters.

Voluntary Severance

A Voluntary Severance programme will be made available to staff on the following terms:

- Option 1: 4 weeks pay per completed year of service inclusive of statutory entitlements, to a maximum of 104 weeks.

Or

Option 2: 4 weeks pay per completed year of service to a maximum of 104 weeks, plus statutory entitlements, plus a service bonus along the below schedule. The overall amount is subsequently capped at €180,000

- i. €5,000 after 10 years
- ii. €7,500 after 12 years
- iii. €10,000 after 15 years

The staff examples in Schedule 3 illustrate the two different options.

- Where staff are approved to take voluntary severance, the salary for purposes of the severance calculation will be the employee's salary as of 1 January, 2010.
- Staff over 45 years of age and over 25 years service will attract retiree staff travel concessions at 55 years.
- Terms and conditions of the severance programme will be published separately by the company.

SCHEDULE 3 – Pilot examples of severance calculation**Examples for calculation of severance options****Pilot individual 1**

▪ Years of service:	4
▪ Salary (Base pay & pensionable standard allowances):	€63,486.54
▪ Salary by week (Base pay & pensionable standard allowances):	€1,217.55
▪ Base severance: 16 weeks x weekly salary	€19,480.74
▪ Statutory payment (2 x €600 per year of service plus extra bonus €600):	€5,400
▪ Service bonus:	N/A
▪ Severance package value:	€24,880.74
▪ Severance option selected: 1 / 2 (both options provide same result)	
▪ Calculation:	
– 4 weeks x 4 years = 16	
– 16 x €1,217.55 = €19,480.74	
– Statutory: 2 x €600 x 4 years + €600 = €5,400	
– €19,480.74 + €5,400 = €24,880.74	

Pilot individual 2

▪ Years of service:	10
▪ Salary (Base pay & pensionable standard allowances):	€104,126.28
▪ Salary by week (Base pay & pensionable standard allowances):	€1,996.94
▪ Base severance: 40 weeks x weekly salary	€79,877.69
▪ Statutory payment (2 x €600 per year of service plus extra bonus €600):	€12,600
▪ Service bonus:	€5,000
▪ Severance package value:	€97,477.69
▪ Severance option selected: 2	
▪ Calculation:	
– 4 weeks x 10 years = 40	
– 40 x €1,996.94 = €79,877.69	
– Statutory: 2 x €600 x 10 years + €600 = €12,600	
– €79,877.69 + €12,600 + €5,000 = €97,477.69	

Pilot individual 3

▪ Years of service:	12
▪ Salary (Base pay & pensionable standard allowances):	€125,440.64
▪ Salary by week (Base pay & pensionable standard allowances):	€2,405.71
▪ Base severance: 48 weeks x weekly salary	€115,474.12
▪ Statutory payment (2 x €600 per year of service plus extra bonus €600):	€15,000
▪ Service bonus:	€7,500
▪ Severance package value:	€137,974.12
▪ Severance option selected: 2	
▪ Calculation:	
– 4 weeks x 12 years = 48	
– 48 x €2,405.71 = €115,474.12	
– Statutory: 2 x €600 x 12 years + €600 = €15,000	
– €115,474.12 + €15,000 + €7,500 = €137,974.12	

Pilot individual 4

▪ Years of service:	30
▪ Salary (Base pay & pensionable standard allowances):	€206,878.63
▪ Salary by week (Base pay & pensionable standard allowances):	€3,967.54
▪ Base severance: 30 years x 4 weeks → capped at 104 x weekly salary:	€412,623.68
▪ Statutory payment (No statutory payment over 104 weeks):	N/A
▪ Severance package value:	€412,623.68
▪ Severance option selected:	1
▪ Calculation:	
– 4 weeks x 30 years = 120 → capped at 104 weeks	
– 104 x €3,967.54 = €412,623.68	

1. Voluntary severance exits will be offered to all pilots in order of seniority. In the event of a transition period, post pension rule changes, the parties agree to a transition period of no more than 6 months. All A330 Instructors and Line Standards pilots who avail of VS will receive fixed-term contracts of no longer than 6 months to assist with the transition period. To facilitate the transition period and the exits of fixed term contracts A320 Instructors will be fast-tracked into positions on the A330. These movements may take place out of seniority. However these instructors are only those who would be eligible for any advertised vacancies on the A330.
2. The parties agree that pilots who avail of voluntary severance will have first refusal on permanent contracts of employment to fill vacancies in non-ROI Company bases. Such pilots will maintain their seniority outside the ROI but will have no bidding rights back to the ROI. In the event of over-subscription, seniority will be the deciding factor in the allocation of positions at preferred bases. This will include provision by the company of all necessary type conversion training and checking.
3. The parties agree that all pilots who avail of voluntary severance and who are top of the ROI salary scale will attract maximum incremental pay and service related benefits in Company bases outside the ROI. The parties agree that pilots who avail of voluntary severance who are not at the top of the ROI salary scale, will be given a point on the relevant scale, in bases outside the ROI, in line with their total hours.
4. The current Retire / Rehire scheme is closed to new entrants. Pilots currently serving on this Retire / Rehire contract will not be given the option of a “B” Contract, renewal or extension.
5. The company will assist pilots who take up positions outside the ROI with staff travel concessions to facilitate commuting. As per Central Agenda staff over 45 years of age and with over 25 years service will attract “retiree” staff travel concessions at age 55.
6. The parties agree that pilots who have agreed to this voluntary severance option and who take up vacancies in non-ROI company bases will have the option of part-time work up to the equivalent of a 50% roster line.
7. The parties agree a 3.3 to 1 ratio for pilots in the 100 most junior to pilots in the 100 most senior i.e. for every 1 full time equivalent (FTE) pilot exit in the 100 most senior this is an equivalent cost saving of 3.3 FTE pilots in the 100 most junior.

8. The parties agree that pilots availing of voluntary severance will be offered internal type conversions to currency standard on A320/1 or A330, subject to business needs and recurrent training requirements. The company agree to make representations to franchise partners to facilitate type conversions.
9. IALPA may apply membership levies to the voluntary severance lump sum, subject to consent.

Working Conditions

1. The parties agree that the maximum block time in any 12 consecutive months for any pilot is 900 block hours, and 100 block hours in any 28 consecutive days. Any pilot who achieves either of these limits shall not be assigned any other duties.
2. The parties commit to achieving a target of 850 pilot block hours on average.
3. The parties agree to amend the A330 working conditions as set out in Appendix B.
4. The parties agree that the pilots' roster will be sent electronically in agreed standardised electronic format, from the company to IALPA on the day of roster publication.

Further agreed measures

1. The parties agree that all present and future flying and training performed in and for the service of the company into and out of the Republic of Ireland (ROI) will be performed by pilots on the seniority list who are based in the ROI. This provision shall have 4 specific exceptions:
 - a. That the current Aer Lingus Gatwick based pilots, 3 aircraft only, may operate directly into and out of the ROI directly back to the Gatwick base. No multi-sector out of the ROI.
 - b. The parties agree that code sharing and franchising will be allowed, without attracting command compensation, on turboprop aircraft (up to 72 seat capacity) on routes within the ROI and on other routes into and out of the ROI.
 - c. The parties further agree that code sharing and franchising will be allowed, without attracting command compensation, on 5 turboprop aircraft (up to capacity of 76) on routes within the ROI and on other routes into and out of the ROI.
 - d. The parties agree that wet leasing, franchising, Partnership and Alliances will be allowed, without attracting command compensation, of up to a maximum of 3 regional jet aircraft with a maximum seating capacity of 115, on routes between the ROI and UK Provincial airports until 1st January 2014.
2. The parties agree that no pilot on the seniority list will suffer involuntary redundancy or involuntary lay off prior to the termination of all code share, franchise and wet-lease operations (covered under 1 above) in the Company's entire operation into and out of the Republic of Ireland.

The parties agree that wet leasing, without attracting command compensation, will be permitted for new routes to test new markets. The parties agree that such wet leases shall not exceed any 9 months in any 12 month Period. After 9

months, if the Wet-lease is continued it will attract Command compensation payment for the duration of the continued Wet-lease and an additional 12 months. At the end of the 9-month period there will be 2 options:

- a. The work will be transferred to pilots on the seniority list or
- b. Command Compensation as per the below formula will be paid.

i. No. of Command Compensations = (A / B) + 1

A: Annualised wet lease block hours of the wet lease.

B. Average block hours per year per pilot as calculated under this agreement.

B = (X / Y)

X: Number of annual block hours for the appropriate type in the applicable year. This excludes any wet lease block hours.

Y: Commercial crew requirements for the appropriate aircraft type during the peak period.

3. The parties agree that pilots on the seniority list will operate all slots at the time of the IPO 2006, into and out of London Heathrow Airport. However, the company may lease up to 15% of these slots, provided such an exchange increases the flying for pilots on the seniority list.
4. The parties agree that the company is able to engage in merger, acquisition and divestiture activities outside the ROI, however should a merger involve the company joining into a single legal entity with another airline, then seniority integration with binding arbitration will be a condition precedent.
5. The parties agree that in the event of a pilot surplus, pilots will be offered unpaid leave and such unpaid leave will attract company pension contributions for no less than 12 months. Pilots on unpaid leave will maintain such terms, but not exclusive to, relative seniority, notional salary progression on the agreed incremental salary scale and agreed leave accumulation with service.
6. A Global seniority list will include all pilots in all bases. (Position on the Global Seniority list will be determined by the pilots date of entry as a pilot). This list will be used to fill all pilot vacancies within all Company bases, based on a single bid form for all pilots. Accordingly all pilot movement shall be vacancy based, seniority based and eligibility based.
7. The parties agree to change the year 28 Guaranteed Leave buy back payment so that it is implemented on the same day as Long Service Increment (LSI) 26.
8. The parties agree that the 2002 pay increment delay will not be reflected in the calculation of Final Retiring Salary (FRS) for the purpose of pilot, spouse and child pension calculations, and any other welfare calculations.
9. The parties agree that 2% of all compensation for work outside of agreed contract i.e. blue sheets will be paid to the IALPA Benevolent Fund.
10. The parties agree that the balance of the compensation (less 2%) for work outside of agreed contract i.e. blue sheets may be donated to the following charities: Barnardos, Irish Cancer Society, Barretstown or IALPA Benevolent Fund.
11. The parties agree that the average productivity for A320 pilots should be 850 block hours. The parties further agree that implementation of fixed pattern rosters (e.g. 5-3-5-3) will achieve this level of productivity, and agree to explore implementation of such a fixed pattern by the Winter 2010 schedule.

12. In the event of proposals by the company for changes to pilots' terms and conditions, the company agree to provide access to reasonable and detailed financial information for IALPA's nominated financial advisors.
13. Safety & Technical (S&T): The parties agree that Flight Data Monitoring (FDM), Professional Standards Support Group (PSSG) and Pilots' Advisory Group (PAG) proposals in associated appendix as agreed between IALPA S&T and Director of Flight Operations shall be available in all bases across the company network. The parties further agree that the same panel of pilots will be on the PSSG and the FDM group.
14. The parties agree that changes to the company Staff Manual affecting pilots, will be subject to agreement with IALPA.
15. The parties agree that in recognition of the above savings, the company agree to reimburse agreed reasonable costs incurred by IALPA.

Severance

1. If any provision of this agreement is varied or determined to be void or unenforceable, such provision shall be severed from this agreement to the intent that the validity of the remaining provisions shall not in any way be affected.
2. **Gainsharing:**
 - a. As per central agreement.

Signed (subject to ratification) _____
Capt. Evan Cullen – President IALPA

Signed _____
Michael Grealy – Aer Lingus

I, _____, accept the foregoing as an amendment to my contract of employment with the company.

Signed _____ Date _____

Staff Number: _____

Signed (on behalf of Aer Lingus) _____ Date _____

Appendix B

A330 / MFF Agreement

Introduction

Changes to amend the A330/MFF Working Conditions to give effect to these productivity revisions will commence from roster period 5, 2010.

A series of work rules will be introduced on the A330 to target an increase in A330 productivity. Duties will be categorised as outside the core operation, or within the core operation - in which case a maximum of 58 TA duties over 13 roster periods can be operated.

- Mixed fleet flying (MFF) may apply to all pilots moving to the A330 from 1st January 2010.
- Mixed fleet flying will not apply to the most senior 33% of Aer Lingus A330 pilots (33% Captains / 33% Co-Pilots).
- In Summer 2011 a review of productivity will take place and the % of pilots (excluding the most senior 33%) between A330 flying only and mixed fleet flying shall be determined and allocated to the MFF group.
- Pilots may bid for A320/MFF/A330, which will be reflected on the bid form.
- All A330 reserves may be covered by MFF pilots.

Elements, which may influence the number of crew, required for mixed fleet flying and duration of transfer period to MFF group may include such variables as:

- Changes in the commercial schedule
- Changes in the average block hour core TA trips
- European flying

Contract, Leave and Contract Period for A330 / Mixed Fleet Flying

Annual

Annual: = 13 Roster Periods 364 Days Commencing first day roster period 11.

Leave

Leave 34 Days

Leave 6 blocks Monday to Friday + 4 Days

2 Two Week Blocks L L L L L F F L L L L L F F

A pilot may bid for and is entitled to a weekend free before both “Two Week Blocks”

The default – no bid is as above, first days leave Monday, last day free Sunday.

2 One Week Blocks L L L L L F F

A pilot may bid for and is entitled to 8 days free of duty on the “One Block Leave” on both occasions; first days leave Monday, last day free Sunday. This can be:

F F F L L L L L
F F L L L L L F
F L L L L L F F
L L L L L F F F

The default – no bid is: L L L L L F F

Free Time

Free of Duty means a Leave Day or a day off. It is to ensure flexibility and protection for the pilot. The Number of Annual Free Days is NOT reduced.

There is NO reduction in days off due leave. However it can affect the days off in a roster period.

No Free Days are generated by leave or the first five days training.

2 Days *Free of Duty* after TA
Max Consecutive Duty Days is 6
No Single Free Days Off

Minimum 9 Days off per roster period

Minimum 8 Days off per roster period when 5 or more days leave are rostered.

Minimum X days off in Y roster periods. However if the generated days off exceeds X the amount of free days off is the generated days off minus a maximum of 1. The deduction must be added to following Y roster periods.

For each day “Free of Duty” away from base “Free Days” at base can be reduced by one. This can occur a maximum of once per roster period and 10 times per year and once in any trip. This does not change the Minimums above i.e.

*9 Days off per roster period
8 Days off per roster period when 5 or more days leave are rostered.*

*Max Duty Days – 5 Days Training = 203
*Based on 0.6. Reserves not included – see separate table.

Duty	Co-ef
Core Duty	2.60
MCO	3.50
US West Coast	4.00
Sp US West Coast	5.00
Malaga (H)	1.30
Gran Canaria (C)	2.25
Continental Duties	See Below
RX - As per table below	

Core Duty: To be defined (NYC, BOS, ORD, IAD, BWI)
Sp (Special) US West Coast: To a maximum of 5 times per week per destination. This does not apply to either six or seven frequencies per week to any destination.

Continental Flights

The co-efs below apply to “Continental Flights – Day Duties” – No Overnight – No Through The Night

Duty	Hours		Co-ef
	>	=	
C	8.5	9	2.25
D	8	8.5	2.10
E	7.5	8	1.90
F	7	7.5	1.70
G	6.5	7	1.50
H	6	6.5	1.30
I	5.5	6	1.10
J	5	5.5	0.90
K	4.5	5	0.70
L	0	4.5	0.60

Continental Start time after day off

Start Time After a Day Off for Continental Flights Only – 06:00

A330/MFF Reserve System.

The existing Block Reserve System is still available to the company. 21 Days etc -----

New Reserve System.

1. Reserve is not attached to a flight duty. (i.e. Rx Mon, Tue 105 no longer exists)
2. Is not less than 5 days not more than 20 days.
3. There is no “Co-Ef” associated with any duties done while on Reserve.
4. Is followed by two days off.
5. During RX two days free after each TA.

Two free days MUST follow a reserve period.
These may be part of the pilot’s generated days off.

There are two different situations:

Case One: One or both days off after the reserve are already generated by flight duties:

Days RX	Free Days
5	1
6 - 7	2
8-10	3
11-13	4
14-15	5
16-18	6
19-20	7

Case Two: The days off after the reserve are not already generated by flight duties.

Days RX	Free Days
5	0
6 - 7	1
8-10	2
11-13	3
14-15	4
16-18	5
19-20	6

The free days are allocated by crew control during the reserve period according to existing block reserve rules.

There is a limit on the number of reserves a pilot can do in a year in the absence of bids.