

AIR PACIFIC CONFIRMS UNAUTHORISED IT SYSTEMS ACCESS AND REMOVAL OF DOCUMENTS

Air Pacific today reconfirmed that it has suspended one of its employees as the result of an on-going internal investigation that uncovered unauthorised access and removal of sensitive Air Pacific confidential documents which included: individual pilot and flight attendant salaries; individual employee contracts; Board material; and other sensitive financial and commercial documents. Because of the serious and extensive nature of these offenses, the Company also reported the matter to the Fiji Police, and the Police are conducting a separate investigation. Out of respect for the rights of the employee involved and to allow the police investigation and any subsequent judicial processes to run their course without interference, Air Pacific does not intend to comment further on this matter at this time.

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Q: Preliminary reports suggested that more than one employee has been suspended. Is this true?

A: No. Only one employee has been suspended as a result of the Company's internal investigation and an independent external forensic IT evaluation, both of which confirmed unauthorised access and removal of confidential Air Pacific documents.

Q: Were the documents that were accessed only related to the Essential National Industries (Employment) Decree, as initial press reports seemed to suggest?

A: No, the vast majority of Company confidential documents that were accessed and removed without authorisation had nothing to do with the Essential National Industries (Employment) Decree. The Company's preliminary investigation has revealed that the confidential documents that were improperly accessed and removed were wide-ranging in nature and included: individual pilot and flight attendant salaries; individual employee contracts; Board material; and other confidential Company financial and commercial documents.

Q: Is it true that this suspension was simply a retaliatory move against an employee who revealed Air Pacific's involvement with the Essential National Industries (Employment) Decree?

A: No. The investigation and subsequent suspension were implemented to protect the Company's confidential information and the privacy of other employees. The Company's internal investigation and independent external forensic IT evaluation

confirmed that the security breaches were serious and the unauthorised access and removal of Company documents violated numerous Air Pacific policies and procedures, as well as the terms of the individual's employment agreement. Because of the nature of documents improperly removed – documents containing sensitive and confidential information with content unrelated to the Decree – the breach had the potential to seriously harm the airline.

Air Pacific does not deny assisting the Fijian Government in respect of the Essential National Industries (Employment) Decree and providing inputs to the Government regarding this new employment legislation. Providing inputs to the Government on possible or proposed legislation is a common practice in Fiji and other countries – particularly where legislation affects businesses that are vital to the economic well-being of the country. We understand that other companies in Fiji were also consulted about this legislation and participation in the legislative process is normal and appropriate.

Q: Has the Company's commitment to its employees changed since the Decree has been implemented?

A: No. The airline's commitments to its employees and to its unions – commitments put in writing to them – do not support allegations that the Company is intent on stifling unions or intent on imposing new contracts. Air Pacific has been negotiating in good faith with its unions for the past eight months, and it has always maintained that negotiations with *all* of its employees – unionised or non-unionised – will be held in good faith with a goal of reaching mutually acceptable agreements that are fair to the employees and to the Company. This commitment has continued even after the Essential National Industries (Employment) Decree was published.

In addition, since the decree was issued, Air Pacific's CEO also pledged in writing to voluntarily recognise the Company's two unions, to honour proposals already offered to union representatives without diminishment, and he also promised to provide every employee in the Company, whether they are working under union or individual contracts, with guarantees regarding job security, base pay, health care benefits, and overtime opportunities. He also pledged to uphold the rights guaranteed in the Decree: the right to organise and form a union; the right to a secret ballot election; the right to collectively bargain; the right to a dispute resolution process; and the right to strike. A copy of the CEO's 9th September letter to Air Pacific employees can be found on www.airpacific.com/About-Us/News/

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Press Release

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About Air Pacific

Air Pacific and its subsidiary Pacific Sun together fly over 400 flights per week. The company operates B747, B767, and B737 aircraft from Fiji to 15 cities in 10 countries. Destinations include Hong Kong, USA, Australia, New Zealand, Samoa, Tonga, Tuvalu, Kiribati, Vanuatu, and Solomon Islands. Air Pacific aircraft bring in 68% of all visitors who fly to Fiji.

The Company employs almost 800 employees, earns revenues of F\$600 million, and directly contributes 3% of the country's Gross Domestic Product (GDP). Pacific Sun operates a combination of ATR 42-500s and De Havilland Twin Otter aircraft on Fiji's 10 domestic island routes and regional flights to Tonga, Tuvalu and Vanuatu.

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