

NEWS RELEASE

For Immediate Release

LIAT's response to LIALPA's June 22 Press Release

ST. JOHN'S, Antigua, June 23, 2010 – The Management of LIAT (1974) LTD has taken note of the Leeward Islands Airline Pilots Association's (LIALPA's) latest press release and takes this opportunity to respond to its contents.

Issue # 1 – Unlawful deductions from salaries

The ruling of the Court referred to by LIALPA was made in an Action which was clearly stipulated by LIALPA to relate only to "All Airline Pilots, who are non-citizens of Antigua and Barbuda in the employ of LIAT". The Pilots who have not received payments are not named in the list of Pilots attached to the Action and are Citizens of Antigua and Barbuda. A meeting with LIALPA to discuss this matter has been requested for Monday June 28, 2010.

Issue # 2 – Settle all retroactive public holiday payments

LIAT complied with Ministerial Order "Antigua and Barbuda Labour Code (Exemption of Air Transport Industry) made 15th December 1989. This Order was revoked by Ministerial Order No. 78, Published in the Gazette dated Thursday, 26th November 2009. This new Ministerial Order now provides that "Wages payable - All airline pilots, flight attendants and the management staff employed in Antigua and Barbuda in the air transport industry who are required to work on a public holiday shall be paid in accordance with the provisions of section C 15 (2) of the Antigua and Barbuda Labour Code." From this date the law clearly authorizes the payment of wages under C15(2). C15(2) states that for an employee to whom it relates he "shall be paid, in addition to any wage which he would have received in respect of the public holiday, an hourly rate of not less than 150 per centum of this basic rate per hour worked." LIAT does not recognize LIALPA's claim for retroactivity in this matter. LIAT maintains that its actions taken to date have conformed with the laws of Antigua & Barbuda.

Issue # 3 – Address concerns about the status of current pensions deductions

In 2006 a Committee which included LIALPA's representative agreed to recommend that a new Fund be established and that CLICO would be administrator of the deposits. This recommendation was based on CLICO's

offer of a minimum rate of interest of 7% per annum for the first year and 6% for the second and third years.

The financial chaos surrounding CLICO since early 2009 is well known throughout the Caribbean. In the first quarter of 2009 the Company received professional advice that it was prudent to ask CLICO to repay monies paid into the LIAT Pension Fund up to the date of the collapse of CLICO's parent company, CL Financial. CLICO has not acceded to this demand and LIAT has not taken any of the Pilots' or any other employees' contributions out of CLICO and paid it into a bank.

When it became clear that continuing to pay pensions into CLICO was risky, LIAT's management acting as de facto Trustees of the Pension Fund ceased payments into the Fund and instead deposited subsequent employee/employer contributions into an Antigua-based bank at the available interest rate while taking expert advice about what to do ultimately about the Pension Fund. Efforts have continued by the management to secure the best available rates of interest for these funds.

LIAT's Board of Directors and Management have been in constant communication at the highest level with the Governments of Barbados, Antigua and Barbuda and St. Vincent and the Grenadines with regards to this matter.

Certain guarantees have been provided through the mechanism of LIAT Shareholder Governments to provide protection for the LIAT Pension Fund at CLICO. This information has been made known to LIALPA and to the other trade unions representing LIAT's employees.

As has been pointed out to LIALPA, further decisions on this matter are expected following the next meeting of LIAT Shareholder Governments.

Issue # 4 - Sign off on a new contract immediately following the arbitration judgment

The Arbitration process would result in a revision of the Collective Agreement based on the decision of the Arbitrators. LIALPA's early demand for a new Collective Agreement to be signed is not possible prior to receipt of this decision. LIAT has fully supported the independent arbitration process and will await the decision and duly comply with the ruling and sign the revised Collective Agreement when the decision is handed down.

CONCLUSION

LIAT's management wishes to indicate the inaccuracy in LIAPA's latest press release that **"...since the two-day regional disruption of the airline last week, no**

member of LIAT's Management nor any of its Directors have made a single attempt to contact the leadership of the Pilots' Association."

By e-mail dated June 20, LIAT's Acting CEO, Brian Challenger requested a meeting with LIALPA's Chairman, Capt. Michael Blackburn. A copy of that e-mail was also sent to other LIALPA members. Informal discussions were also held by Mr. Challenger with one senior member of the LIALPA executive in an effort to move forward the process of resolution of these issues. The efforts have followed on initiatives, including by Prime Minister Ralph Gonsalves, to convene meetings of the parties to resolve the outstanding areas of concern.

LIAT deeply regrets the abusive and disrespectful tone of the communication emanating from LIALPA. Such a tone cannot be expected to contribute to resolution of the serious issues presently facing LIAT and LIALPA. LIAT's management calls on LIALPA's executive to refrain from such unfortunate language and to display the professionalism and high standards of decency and fair play.

LIAT calls on LIALPA to recognise the Company's efforts to deal with LIALPA's concerns in good faith and in conformity with the Collective Agreement, principles of sound industrial relations and the laws of Antigua and Barbuda. The present regional and international economic environment means that unwarranted disruptions will have negative consequences for the islands of the Eastern Caribbean that are so dependent on LIAT's services, as well as for LIAT's employees who have worked to build the airline over the last 54 years.

-ENDS-

About LIAT:

LIAT is one of the leading Caribbean airlines. It is owned by regional shareholders, with the major shareholders being the Governments of Barbados, Antigua and Barbuda and St. Vincent and the Grenadines. More information about LIAT may be found at www.liat.com.

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