

24th July 2008

EASYJET
THIRD QUARTER INTERIM MANAGEMENT STATEMENT

Highlights:

- Total passenger numbers up by 16% with continued strong growth in Gatwick and mainland Europe in particular
- Total revenue per seat grew by 12% to £46.36 compared to the same period last year
- Total revenue up 32% driven by strong ancillary performance and the strengthening Euro
- Revenue and costs, excluding fuel performing to expectations and over 50% of the expected full year fuel cost increase of £185 million has been offset
- Capacity growth reduced significantly for the Winter 2008 / 2009 to around 4% to 6% with flexibility to scale back further

Three months ending	June 30 th 2008	June 30 th 2007	Change %
Passengers (m) ¹	11.5	9.9	16
Seats (m)	13.8	11.7	18
Load factor (%) ²	83.5	84.5	(1) ppt
Total revenue (£m) ³	641	487	32
Passenger revenue (£m) ³	538	441	22
Ancillary revenue (£m) ³ Including checked bag charge	103	46	124
Total revenue per seat (£)	46.36	41.46	12
Passenger revenue per seat (£)	38.91	37.58	4
Ancillary revenue per seat (£) Including checked bag charge	7.45	3.87	93
Total revenue per passenger (£)	55.74	49.19	13
Average operating aircraft	154.1	126.6	22
ASKs (bn)	14.8	11.7	26
RPKs (bn)	12.6	9.9	27
Average sector length (km)	1,069	993	8

Commentary:

Third Quarter revenue and network performance

Passenger numbers grew 16% in the quarter to 11.5 million. The majority of the growth was focused around London Gatwick, France, Italy and Spain. Total non-UK originating passengers increased by 25% in the quarter and UK originating passengers grew by 9%.

Despite the timing of Easter which has had the effect of diluting yields, total revenue per seat continued to grow strongly, up 12% to £46.36 in the quarter, with passenger revenue up by 4% per seat. Ancillary revenue grew by 93% in the quarter to £7.45 per seat, mainly driven by the introduction of the checked bag charge from 1st October 2007. The checked bag charge increased to £5 per bag at the end of March. A significant proportion of easyJet's passenger revenues are Euro denominated and unit revenues have benefited from the strengthening of the Euro. Total revenue trends on a constant currency basis have also improved as shown in the table below.

% change vs F '07	Q1 F'08	Q2 F '08	Q3 F'08
Total revenue per seat	1%	16%	12%
and at constant currency	-1%	9%	5%

easyJet now operates 356 routes from 20 bases and revenue performance is encouraging across the network. London, especially Gatwick, continues to perform well with particular strength on the former GB Airways sectors and on routes to France and Italy. Overall, the UK regional bases are delivering good results particularly at Newcastle and in our Scottish bases. Performance at Belfast remains challenging as capacity has increased in the market, however encouragingly easyJet's loads are ahead of the competition on key overlapping routes. France and Italy are delivering strong revenue per seat improvement. Madrid remains challenging however there has been recent improvement in revenue per seat and easyJet's load factors continue to be above those of its competitors.

Network development

Network expansion continues to focus on primary centres such as Milan Malpensa and Paris Charles de Gaulle. At Milan Malpensa easyJet has recently introduced its 11th aircraft, increased capacity substantially and by December 2008 easyJet will have 15 aircraft based there.

Overall, capacity growth for the Winter 2008 / 2009 has been reduced and is currently planned to be in the region of 4% to 6%. Flying at less profitable times has been thinned and easyJet will reallocate capacity from weaker performing bases towards higher value opportunities including Gatwick, France and Italy. At Stansted, capacity will be reduced by 12% this winter and at the beginning of June easyJet announced that the future of its base at Dortmund is under review. In the current environment flexibility is vital and easyJet continues to review its schedule and may make further adjustments both to eliminate unprofitable flying and to seize any opportunities that may arise as capacity exits the market.

Outlook

easyJet's underlying business continues to perform well and in line with expectations. Second half total revenue per seat is expected to show mid teens growth compared to the same period last year. Costs ex fuel, have in the second half been under pressure from increased airport charges not least at Gatwick, a decision easyJet is challenging through a judicial review process. easyJet will continue to be relentless in its approach; reducing cost and increasing efficiency.

Due to the rise in the oil price, easyJet's fuel costs have increased by around £185 million for the full year and naturally this will drive a reduction in margins. However, easyJet has offset over 50% of the increase in fuel through revenue and cost performance and will deliver pre-tax profit before one-off costs in the range of £110 million to £120 million, assuming an average un-hedged fuel price of \$1,280 per metric tonne for the second half of the financial year. GB Airways is now integrated into easyJet's operating model and one-off integration costs remain in line with the original guidance of £12 million.

Winter 2008 / 2009 will be challenging for the whole airline sector due to higher fuel costs. easyJet currently has 28% of its 2009 fuel requirement hedged at an average price of \$1,265 per metric tonne.

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Notes:

1. Represents the number of earned seats flown. Earned seats include seats that are flown whether or not the passenger turns up because easyJet is a no-refund airline, and once a flight has departed a no-show customer is generally not entitled to change flights or seek a refund. Earned seats also include seats provided for promotional purposes and to staff for business travel.
2. Represents the number of passengers as a proportion of the number of seats available for passengers. No weighting of the load factor is carried out to recognise the effect of varying flight (or "sector") lengths.
3. Represents statutory revenue (unaudited).