

easyJet - FURTHER INFORMATION ON THE BRAND LICENCE

Further to the press release issued by easyJet plc today, this document sets out in more detail easyJet's position on the Brand Licence it holds from easyGroup.

easyGroup is to seek legal clarification about how the terms of the Brand Licence should be interpreted, and in particular how the 75:25 rule is applied to the revenues that easyJet currently generates. The 75:25 rule provides that no less than 75% of the aggregate of easyJet's revenue, together with the total income of sub-licensees, is to be derived from easyJet's Core Activity of transporting passengers in aeroplanes, rather than from activities ancillary and conducive to that Core Activity. Recognised legal principles determine what revenues are derived from ancillary and conducive activities for the purposes of the Brand Licence. These are not the same revenues as those reported as ancillary in easyJet's reports and accounts.

easyJet has taken legal advice on the main issues in question (detailed below) and based on that firm advice is confident that it is well within the 75:25 rule.

1. Restrictions on the way easyJet uses the easyJet name

easyJet accepts that it is restricted by the Brand Licence in the way that it can use the easyJet name. Those restrictions have always been in the Brand Licence and easyJet runs its business successfully within them, as the last 8 years have shown. easyGroup has consented, when required, to new uses of the easyJet name. easyJet is confident that it can continue to run its business within the limits of the Brand Licence.

2. Revenue derived from Core Activity/ancillary and conducive activity

easyJet's position is that the revenue which is derived from its Core Activity includes at least the revenues paid for tickets by easyJet passengers, and the collection of fees and charges that are directly linked to the taking of a flight, such as infant fees, rescue fees, baggage charges, boarding fees and credit card booking fees. When ticket revenues and fees and charges are aggregated, they amount to £1,912.70m for the 12 months to March 2008 and are by far the major source of easyJet revenue. For this reason, easyJet is confident that it is well within the 75:25 rule. However, in addition to this, easyJet's position is that other revenues, for example, in flight revenues, car hire and hotel bookings are also derived from Core Activity.

easyJet's view is that only income received by it or its third party partners is relevant to the income calculations under the Brand Licence. For example with the easyJet/Citifinancial credit card, easyJet has clear legal advice that the relevant income for the purposes of the Brand Licence does not include amounts spent by customers on their cards. The relevant income is only that of Citifinancial earned through interest and charges.

In any event, even if all partner revenues are totalled up, easyJet is well within the 75:25 rule (see table below).

3. Production of the Auditor's certificate to show compliance with the 75:25 Rule

Upon completion of the annual accounts of easyJet, the Brand Licence requires easyJet, to provide easyGroup with a report certifying that during the accounting period in question the limitation imposed by the 75:25 rule has been complied with. easyJet will be able to provide such report when the company's auditors receive the clear and agreed terms of reference which they require, following the clarification of the terms of the Brand Licence at completion of the current process.

12 months to March 08	easyJet turnover £m	Sub-licensee total income less tax £m
Passenger revenue	1,735.3	0.0
Fees and charges	177.4	0.0
Inflight revenue	16.6	0.0
Cars/Hotels/Insurance	38.0	78.8
Other partners	3.1	9.8
Total	1,970.4	88.6

