

2006 Preliminary Results

14 November 2006



Business highlights

- Record profit before tax of £129 million
- Passenger numbers up 11.5% to 33 million
- Fleet increased to 122 aircraft, new order announced today
- 58 new routes launched bringing total to 262 routes on offer
- 11 new airports incorporated into network bringing total to 74 airports in 21 countries
- 16th base launched in Milan Malpensa in March 2006

Business highlights

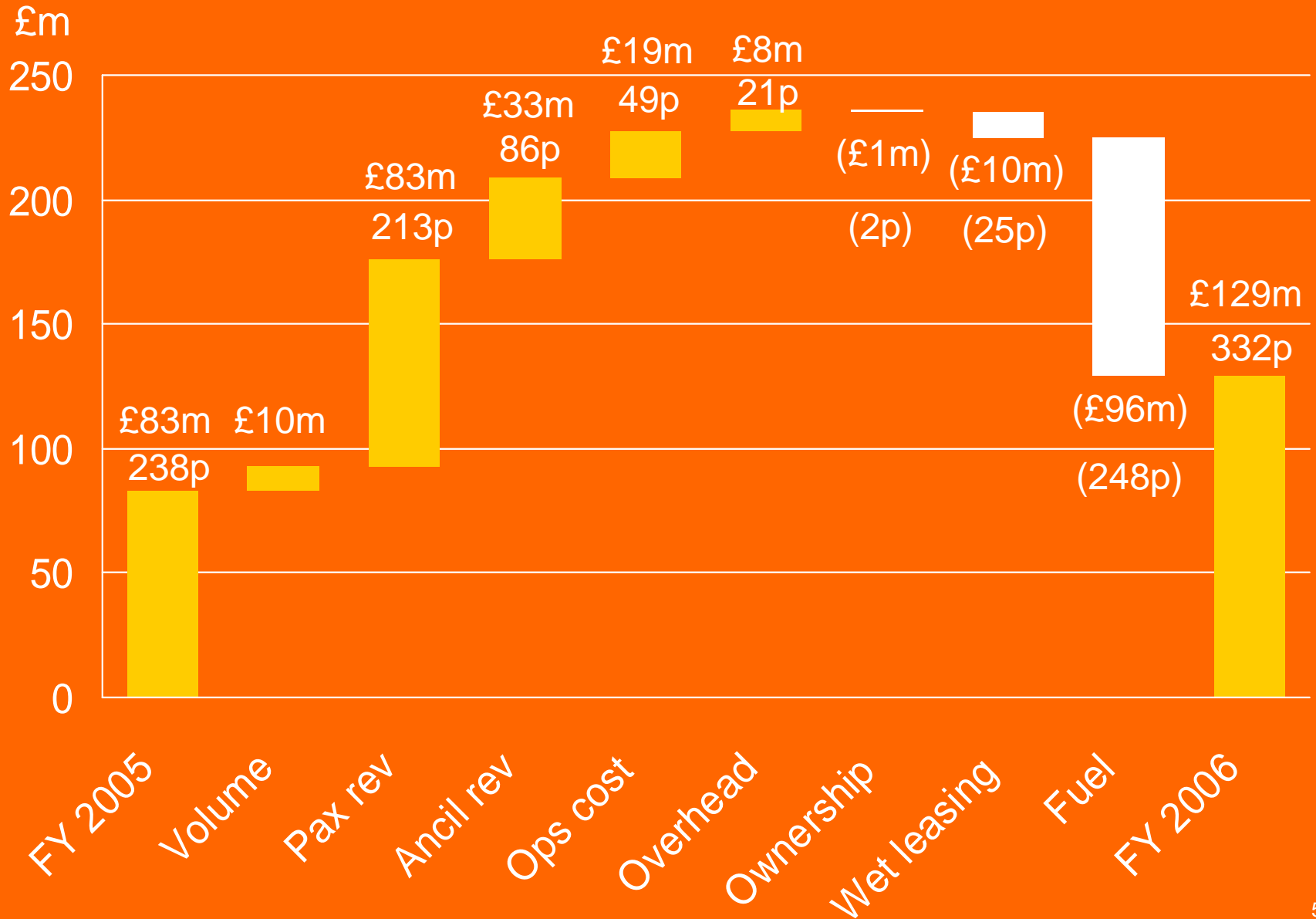
- Return on equity increased by 3.0pp to 10.1%
- Passenger revenue growth of 5.9% per seat
- Ancillary revenue increased by 34% per seat
- Unit costs excluding fuel down 1.5%
 - Unit fuel costs up 33%
 - Unit costs including fuel up 5.7%
- Balance sheet strong with cash of £861 million
 - Continued low gearing at 31%

Profit and loss account

£m	FY 2006	FY 2005	Change
Total revenue	1,620	1,341	+ 21%
Operating costs	(1,341)	(1,134)	+ 18%
EBITDAR	279	207	+ 35%
Finance and ownership	(150)	(124)	+ 21%
Pre-tax profit	129	83	+ 56%
Margin	8.0%	6.2%	+1.8pp

Strong revenue growth driving margin improvement

Profit per seat build-up



Passenger revenue: H2 growth strong across network

	FY 2006	FY 2005	Change
Passengers (m)	33.0	29.6	+ 11%
Load factor	84.8%	85.2%	- 0.4pp
Seats (m)	38.9	34.7	+ 12%
Pax revenue (£m)	1,488	1,254	+ 19%

Per seat	£38.28	£36.15	+ 5.9%
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Growth by half year	H1	H2	FY 2006
Pax rev per seat	- 1.5%	+ 11.2%	+ 5.9%


Ancillary revenues: all areas growing

	FY 2006	FY 2005	Change
Ancillary revenue (£m)	131	87	+51%
Per seat	£3.37	£2.51	+34%

Change per seat	FY 2006
Card fees	+ 24%
Change fees / Rescue fees	+ 20%
Partner	+ 83%
Excess baggage / Sporting goods	+ 53%
In-flight	+ 13%

Ancillary revenue per seat in order of revenue contribution

Cost per seat: maintenance reduction leading the way



	Cost/seat FY 2006	Change vs FY 2005	Change vs FY 2005
Maintenance	£ 2.82	- 18%	- £ 0.62
Overheads	£ 4.11	- 5%	- £ 0.21
Airports / handling	£ 10.35	- 0%	- £ 0.04
Navigation	£ 3.12	- 0%	- £ 0.01
Ownership	£ 3.59	+ 1%	+ £ 0.02
Crew	£ 4.12	+ 5%	+ £ 0.19
Fuel	£ 9.98	+ 33%	+ £ 2.48
Wet leasing	£ 0.25	n/a	+ £ 0.25

Total	£ 38.34	+ 5.7%	+ £ 2.06
Total (ex fuel)	£ 28.36	- 1.5%	- £ 0.42
Total (ex fuel & wet leasing)	£ 28.11	- 2.3%	- £ 0.67

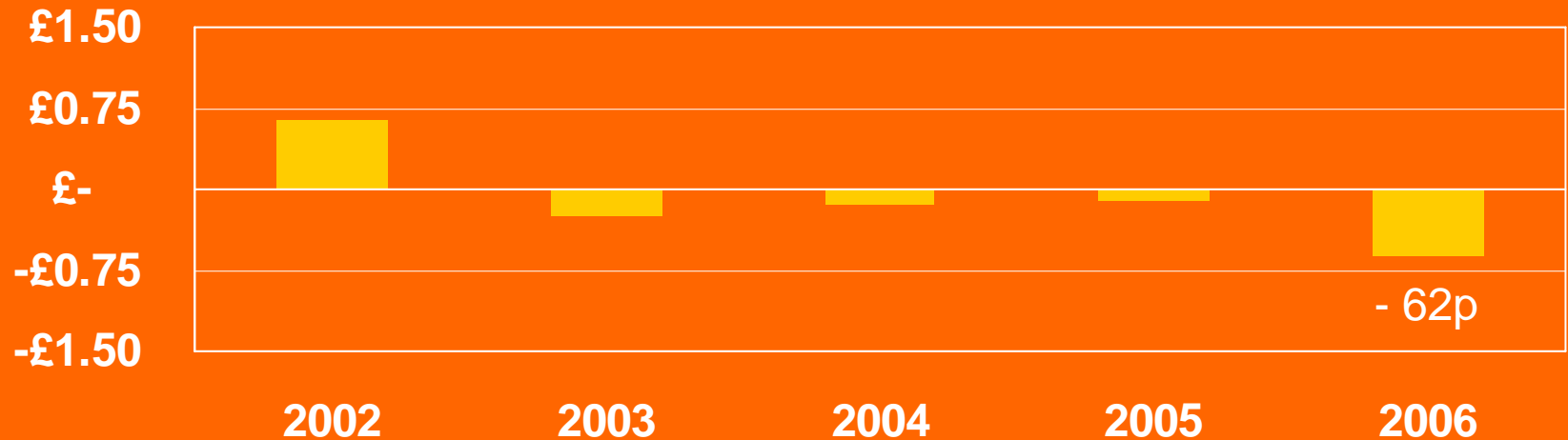
Costs: still falling ex fuel

	FY 2006	FY 2005	Change
Total (ex fuel) per seat	£28.36	£28.78	-1.5%
Total (ex fuel & wet leasing) per seat	£28.11	£28.78	-2.3%

- 1.5% full year unit cost reduction was lower than planned with a number of items impacting H2 performance
- August 10th disruption and passenger assistance
 - Wet leasing and marginally lower capacity growth in H2
 - Additional marketing investment
 - Performance related compensation including share based payments now vesting due to stronger H2

Maintenance

Change in maintenance cost per seat

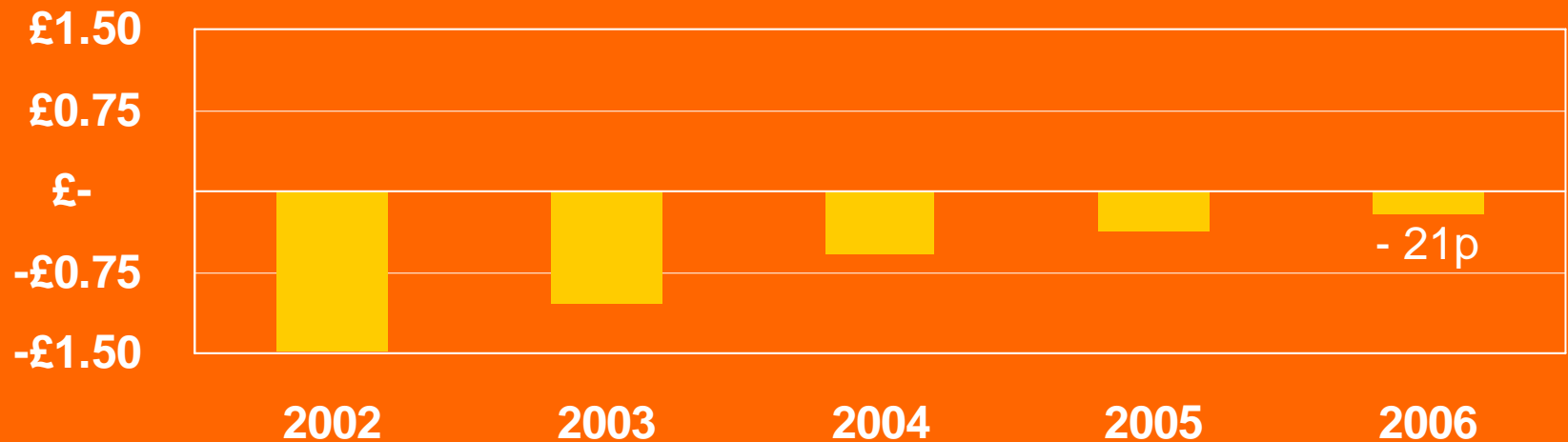


- Full year SRT contract savings on Airbus airframe maintenance
- Exit of older, more expensive 737-300s; out of service end FY06
- Higher proportion of owned A319s reducing maintenance reserves

→ Tender for engine maintenance contract due to complete H107

Overheads

Change in overhead cost per seat

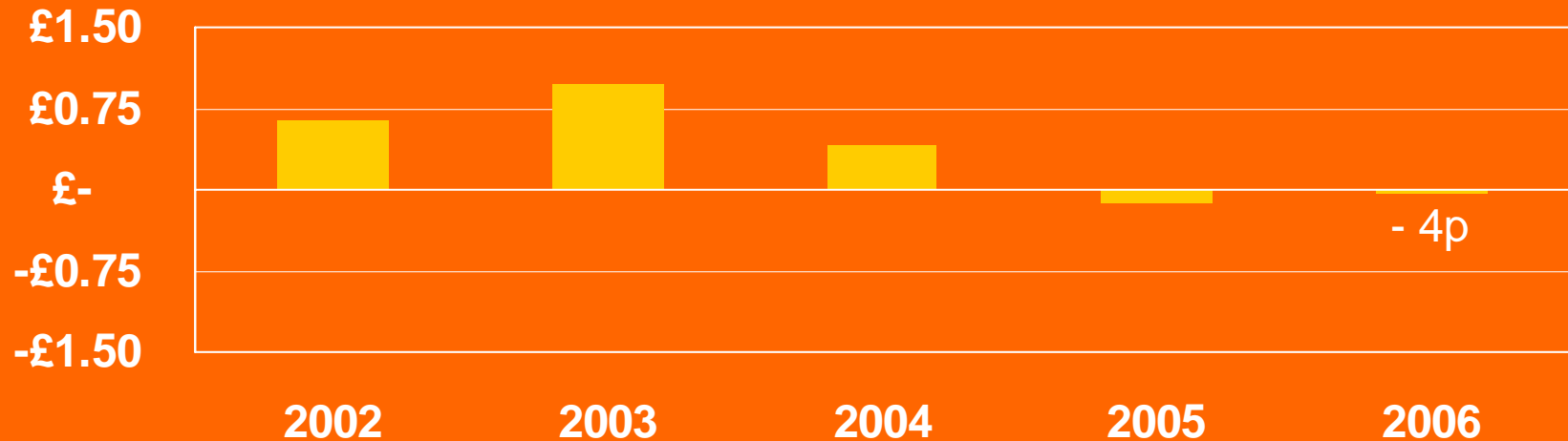


- Increased marketing investments supporting yield improvements
- August 10th disruption and passenger assistance added costs
- Impact of performance related compensation
- Full year benefit from reduced rates for aircraft insurance

→ Continued focus on controlling fixed overhead

Airports and ground handling

Change in airport / handling cost per seat

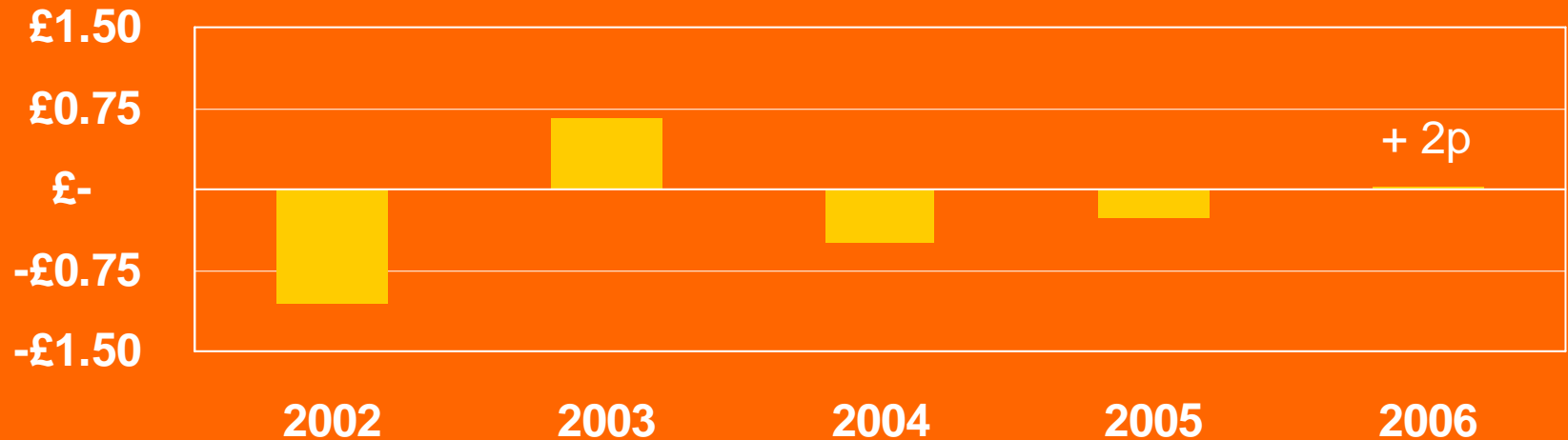


- Significant progress on self and third party handling in Spain
- Volume discounts achieved in Geneva and Basel
- Adverse mix impact due to higher volumes in primary airports
- Pricing pressure, especially at Paris, Amsterdam, Stansted

→ Route decisions based on contribution and cost

Aircraft ownership

Change in aircraft ownership cost per seat

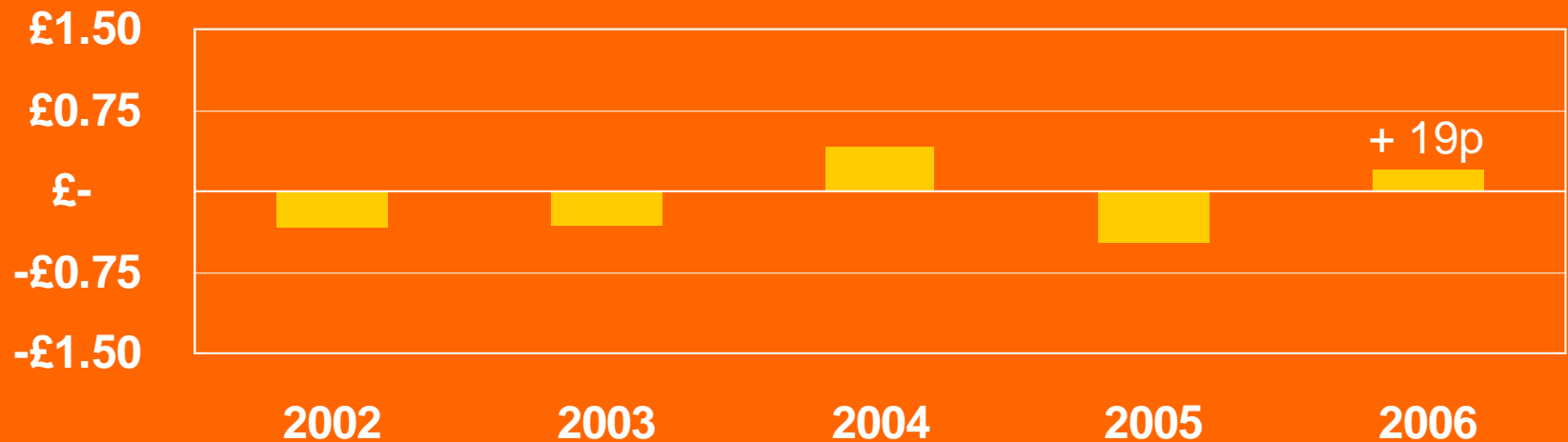


- +23p from increase in USD interest rates
- Improved financing and fleet mix helping to offset
- Increase in owned A319s
- Better end of lease management on the 737-300s delivering further savings

→ Long-term benefits from improved fleet mix and financing

Crew

Change in crew / training cost per seat



- Pay deals agreed: cabin crew to Sep 2008; flight deck to Sep 2007
- Impact of crew deals on unit costs is 16p in 2006

→ Focus on crew resourcing and productivity for 2007

Net income, EPS and ROE

£m	FY 2006	FY 2005	Change
Pre-tax profit	129	83	+ 56%
Tax	35	24	+ 49%
<i>Effective tax rate</i>	<i>27%</i>	<i>29%</i>	<i>- 2pp</i>
Net profit	94	59	+ 59%
EPS (fully diluted)	22.6p	14.4p	+ 57%
Return on Equity	10.1%	7.1%	+ 3.0pp

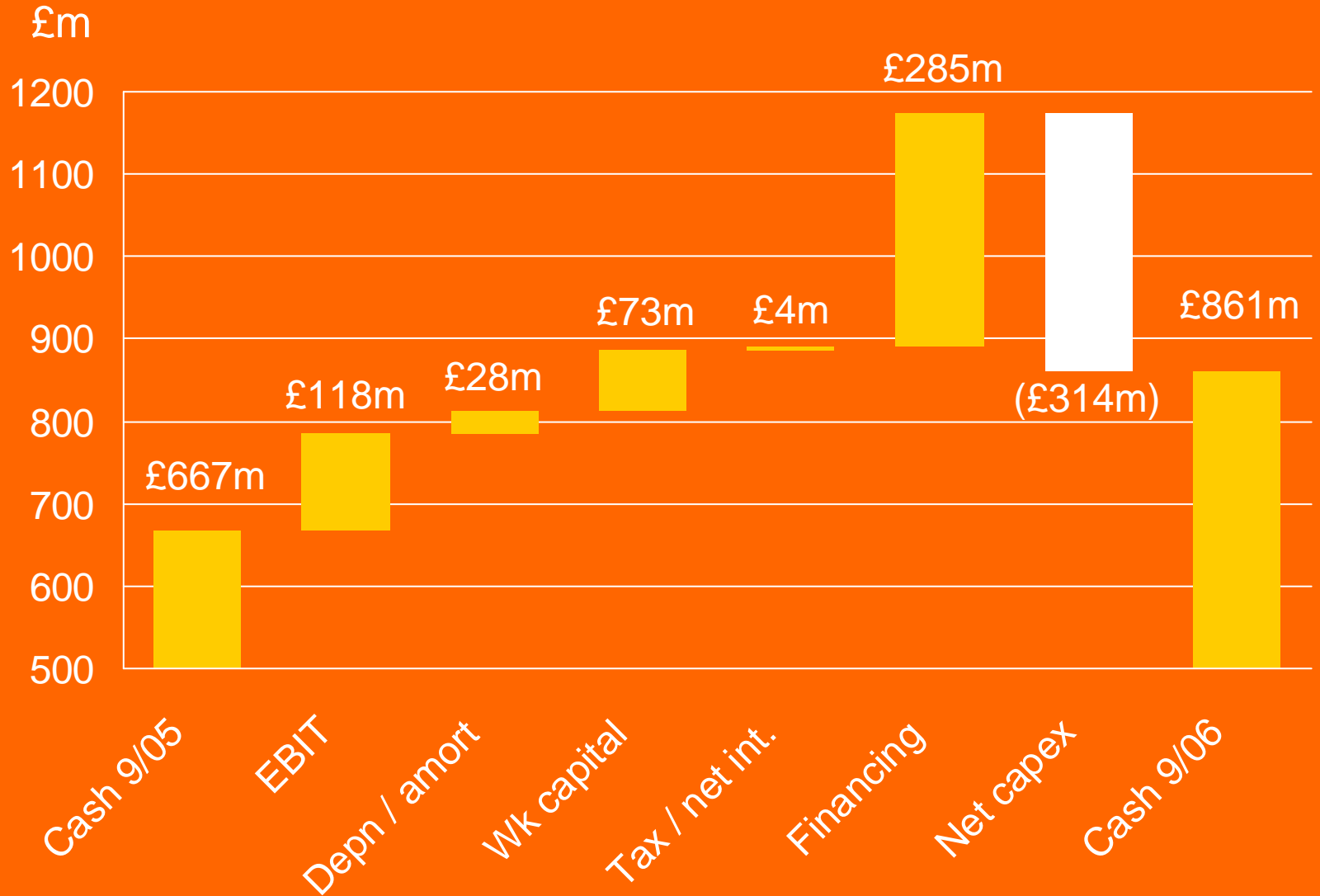
→ FY 2007 tax rate expected to be slightly down on FY 2006

Strong balance sheet

£m	Sep 06	Sep 05
Aircraft (incl. deposits)	699	421
Cash	861	667
Goodwill	310	310
Other assets	254	232
Total assets	2,124	1,630
Debt	480	217
Other liabilities	661	550
Shareholders' funds	983	863
Total equity and liabilities	2,124	1,630
Gearing	31%	31%

Gearing defined as (debt + 7 x annual lease payments – cash incl. restricted deposits) divided by (shareholders funds + debt + 7 x annual lease payments – cash incl. restricted deposits)

Good cash generation



Aircraft Ownership

→ Shift to owned A319s

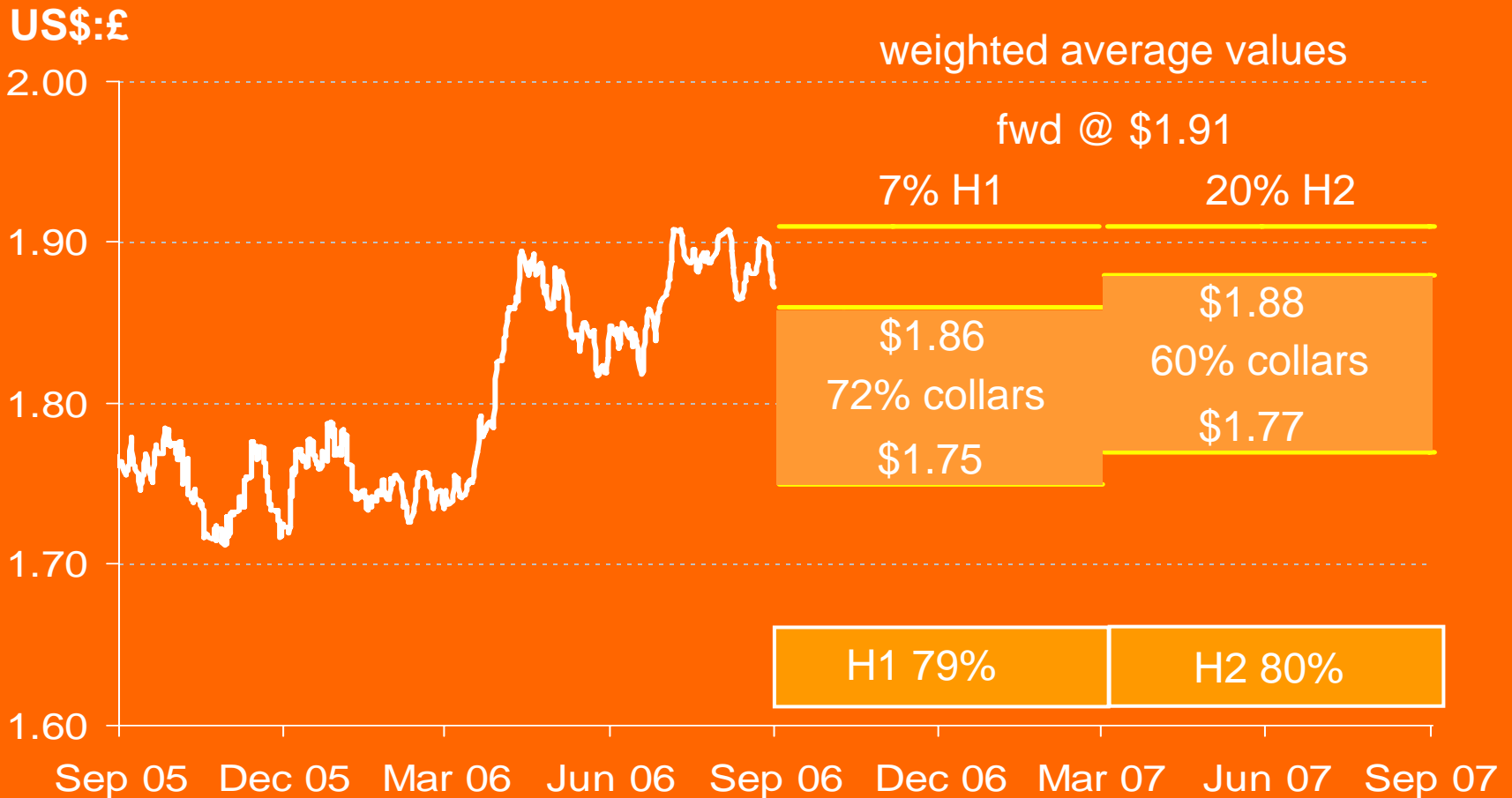
	Airbus A319s		Boeing (leased)	
	Owned	Leased	300s	700s
FY05	18	37	22	32
FY06	44	43	3	32
	+26	+6	-19	-

→ In FY07 20 new A319s entering the fleet

- 3 operating leases
- 17 on balance sheet

→ \$250m Standby facility to 2011 in place since July 2006

Forward hedging: US\$



→ 80% exposure hedged for FY07

Forward hedging: fuel

Jet A1 price per tonne (US\$)



→ 59% exposure hedged for FY07

Business Review

Andy Harrison



Priorities and focus: network

Revenue

Costs

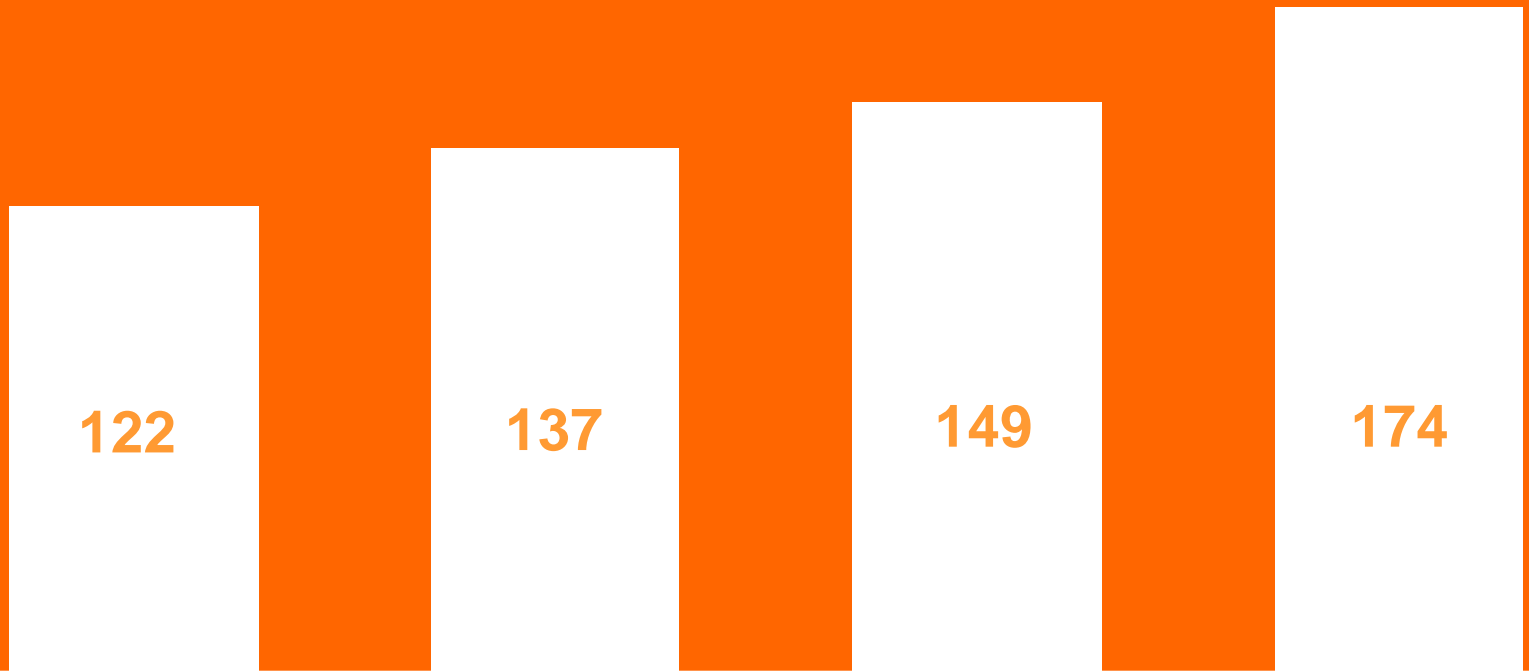


People

Network

15% annual capacity growth planned

Committed aircraft owned / leased at end of financial year



Planned seat growth + 15% + 15% + 15%

Actual
FY 2006

Expected
FY 2007

Expected
FY 2008

Expected
FY 2009

Airbus A319s: ordering for future growth

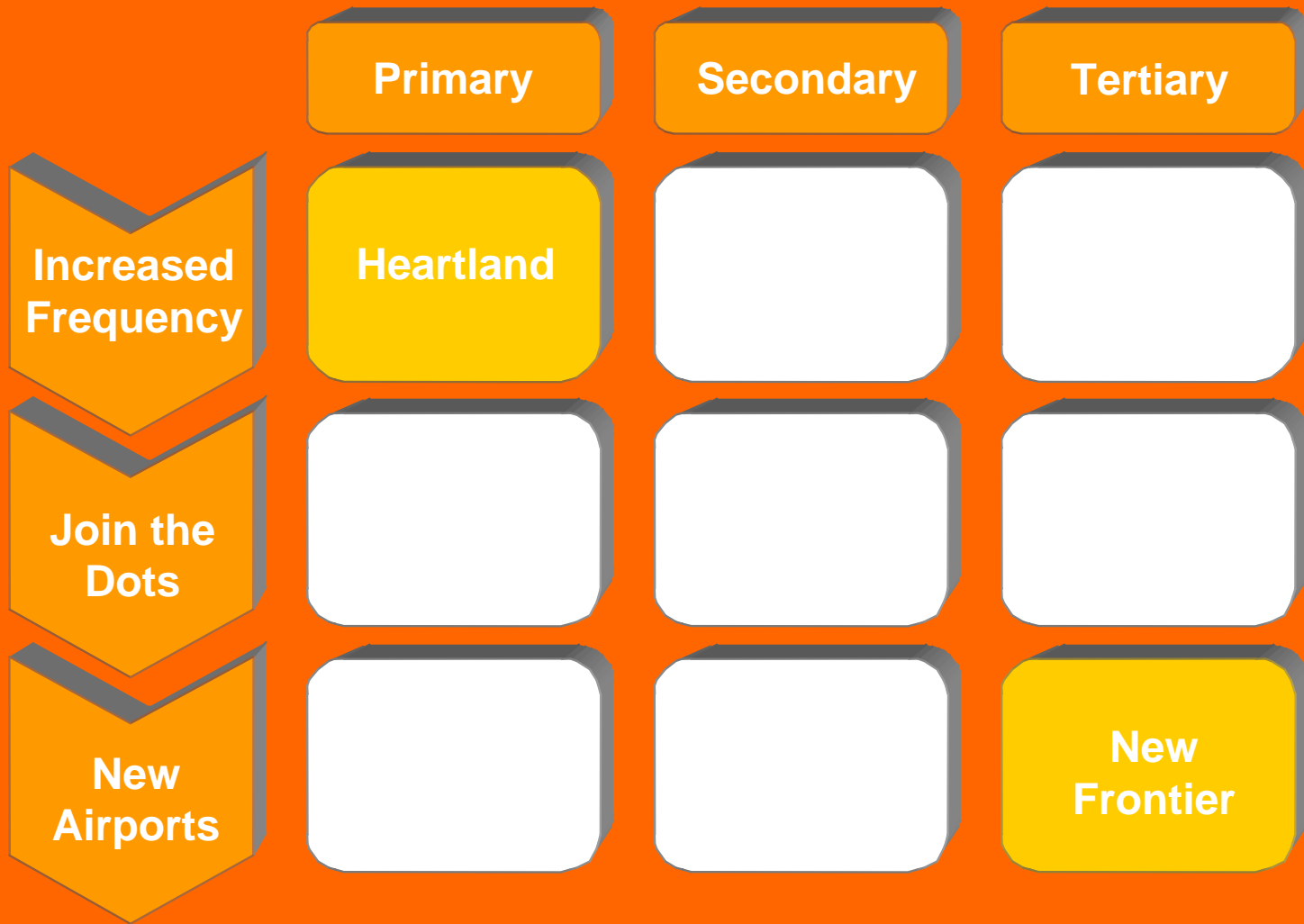
- 52 purchase rights converted into firm orders
 - Delivery mainly in 2009 and 2010
 - Takes total firm Airbus aircraft to 192
- Plus an additional 75 further purchase rights granted
 - Substantially the same terms as original deal
 - Now have 123 purchase rights available up to 2015



Base expansion concentrated in Europe

Base	9/06	9/07	Base	9/06	9/07
Gatwick	18	+2	Madrid		+4
Luton	17		Belfast	5	
Stansted	13		Paris Orly	5	
Bristol	9	+1	Basel	4	
Berlin	8		Dortmund	4	
Liverpool	8		Glasgow	4	
Geneva	6	+2	Edinburgh	3	
Newcastle	6		E Midlands	3	
Malpensa	3	+3	<i>Tactical</i>	6	+3
			Total	122	137

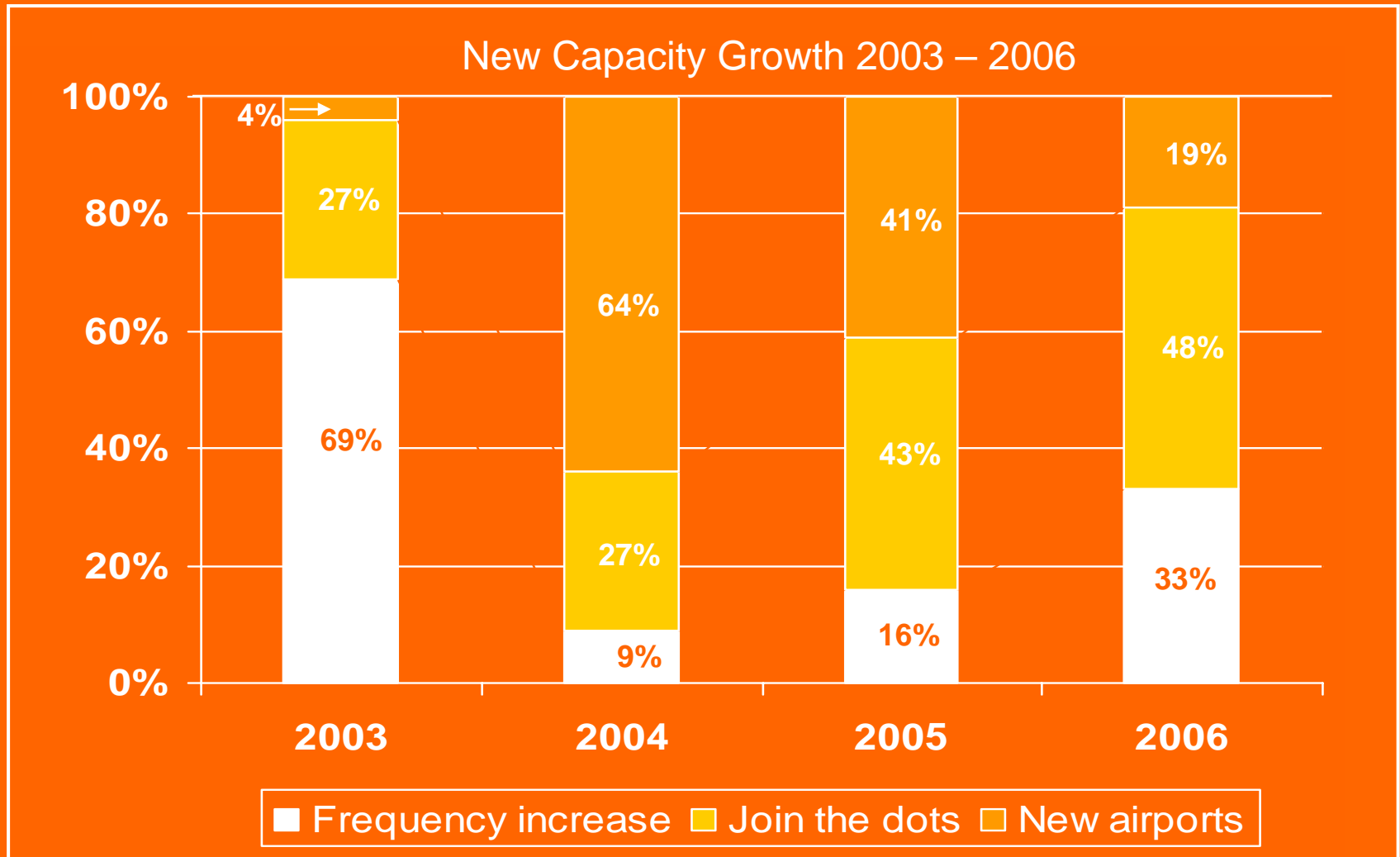
Strategic Network Development



→ Balanced network development focusing on each area

Portfolio management approach

→ Improving schedule quality and frequencies; disciplined growth



Priorities and focus: revenue

Revenue

Costs

People

Network



High impact and targeted marketing

- 'Objects' advertising campaign
- Better use of e-mail to customers
- Balanced pan-European and local promotional focus

+40% increase in
monthly unique
website visitors



Marketing to the business traveller

Doing business is easier with easyJet

We fly to the same
airports as BA

easyJet daily flights
from Gatwick

BA daily flights
from Gatwick

Madrid	4	3
Geneva	4	3
Barcelona	3	2
Milan	5	0
Prague	2	1
Cologne	2	0
Amsterdam	5	6
Nice	2	2

**Best
Low Cost
Airline**
Business Traveller Awards
7 years running

SCHEDULES CORRECT AT TIME OF PRINT FROM 29 OCTOBER MON-FRI FLIGHTS SHOWN

easyJet

Marketing to the business traveller

Best
Low Cost
Airline
2005
7 years running

**Meeting
finished
early?**

**Then take
off early.**

If seats are available on an earlier flight home than the one you're scheduled to catch, you can hop on board for free.

easyJet.com

Best
Low Cost
Airline
2005
7 years running

**If the
minutes
go on for
hours, get a
later flight
home.**

If seats are available, you can catch a later plane for a flat charge of £35, so long as you arrive at the airport within 2 hours after the scheduled departure time of your flight.

easyJet.com

Best
Low Cost
Airline
2005
7 years running

**No A.O.B.?
Get home A.S.A.P.**

If seats are available on an earlier flight home than the one that you are scheduled to catch, you can hop on board for free.

easyJet.com

easyJet

Schedule improvement is also driving performance

<u>Departures</u>	Milan-Gatwick		Madrid-Gatwick		Belfast-Gatwick		Amsterdam-Gatwick	
	W05/06	W06/07	W05/06	W06/07	W05/06	W06/07	W05/06	W06/07
06:00								
07:00		07:30		07:25	08:50	08:50		
08:00								08:55
09:00							09:20	
10:00		10:45						
11:00	11:00		11:45	11:45	12:10	12:10		
12:00								12:15
13:00								
14:00	14:50	14:50				15:50	14:20	
15:00								
16:00			16:55		16:55			16:15
17:00				17:20		18:50	17:15	
18:00		18:35						18:45
19:00								
20:00			20:55	20:55				
21:00		21:45			21:55	21:55	21:50	21:50
22:00	22:05							
23:00								

→ Encouraging performance thus far

Improved yield management

- Leading proprietary system
 - Benchmarked as “best in class amongst low cost carriers”*
- Continual refinement and development carried out nonetheless
 - Increase in the number of algorithms
 - More refinements in terms of days of week and time of day
- Pricing reviews and interventions made on an ongoing basis
 - Daily review of all flights
 - More interventions carried out
- Yield management team strengthened
 - Team of 6 people in Sep 2006 versus 3 people in Sep 2005

* Peter P. Belobaba, Ph.D., MIT Principal Research Scientist, International Center for Air Transportation

Ancillary revenue growth +34% per seat

- Partner revenues
 - Tender process for all major partners completed in year
 - Dynamic packaging of cars in all languages at all airports
- Improving in-flight
 - Retail training for new starters
 - Review of offering: scratch cards, hot food
- Speedy boarding
 - First to board plane
 - £2.50 / £5.00 / £7.50 depending on flight
- Luggage
 - Charging for 2nd bag in hold
 - £5 on line / £10 at airport

→ **Continuing opportunity with improved execution and innovation**

Priorities and focus: people

Revenue

Costs



People

Network

People: planning for growth

- Annual employee survey carried out
 - Good overall satisfaction
 - Feedback used to target areas for improvement
- easyJet Academy opened Nov 2005
 - Cabin simulator and aircraft slides
 - Training and recruitment departments
 - Low cost
- Head office staffing improvements
 - Q1 restructuring
 - Targeted additions



→ easyLand moving early 2007

Crew recruitment

FY 2007F

Pilots	1,534
Pilot requirement	+275
Cabin crew	2,705
Cabin crew requirement	+468

Average FTE crew numbers and net increase for financial year

<i>FY 2007F</i>	<i>Recruited</i>	<i>to date:</i>	<i>to go:</i>
<i>Pilots</i>	<i>Captains</i>	<i>66%</i>	<i>34%</i>
	<i>First Officers</i>	<i>50%</i>	<i>50%</i>

Recruitment data based on gross increase for financial year (including attrition and other effects)

➔ **Recruitment on track for summer 07**

Current trading and outlook

- Today's Airbus order underpins our future growth and we expect to increase capacity in 2007 by 15%.
- Current trading is in line with our expectations and we see yields for winter broadly in line with last year. As we look further forward we anticipate more pressure on yields in the summer due to continued aggressive competition.
- We remain focused on improving execution and delivery of results by revenue enhancement, network development and cost reduction.
- This year has seen an encouraging step towards improved return on equity. The Board remains confident that the business will make good progress in the coming years.

Appendix



Operating statistics

	2006	2005	Change
Seats (m)	38.9	34.7	+ 12%
Load Factor (%)	84.8	85.2	- 0.4pp
Passengers (m)	33.0	29.6	+ 11%
ASKs (m)	37,088	32,141	+ 15%
RPKs (m)	31,621	27,448	+ 15%
Stage Length (km)	954	926	+ 3%
Sectors	253,548	229,068	+ 11%
Operated aircraft utilisation (hours per day)	11.6	11.7	- 1%

Calculated amounts

	2006	2005	Change
Total Revenue per pax (£)	49.15	45.38	+ 8%
Cost / ASK (p)	4.02	3.92	+ 3%
Cost / ASK (ex fuel) (p)	2.97	3.11	- 4%
RASK	4.37	4.17	+ 5%

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