easyJet plc
Preliminary results for the 12 months to 30 September 2007

20 November 2007

RECORD PRE-TAX PROFIT UP 56% TO £202 MILLION

- Record pre-tax profit of £201.9m, including a £10.6m one-off benefit of reinstating easyJet's investment in The Airline Group
- Underlying* profit before tax increased 48% to £191.3m and underlying* earnings per share increased 50% to 34.8p
- Passenger numbers up 13% to 37.2m with consistently high load factors averaging 84%
- Total revenue increased 11% to £1,797.2m
- Ancillary revenue increased by 30% to £171.2m, a 47p increase per seat
- Unit operating costs (excluding fuel) reduced 6.4% or £1.81 per seat to £26.55 per seat
- Underlying* return on equity increased by 3.5pp from 10.1% to 13.6%
- 8 new destinations and 46 routes added, expanding the network to 289 routes through 77 airports in 21 countries
- European expansion continued with the opening of our 17th base in Madrid and a successful first full year of operation at Milan Malpensa
- Delivery of 100th Airbus A319 in April 2007, bringing total fleet to 137 aircraft with average age of just 2.7 years. One of the most modern and environmentally efficient fleets in Europe
- Agreement to acquire GB Airways announced in October to expand presence at London Gatwick Airport

Commenting on the results, Andy Harrison, easyJet Chief Executive said:

> "This is yet another year of record profit at easyJet which underlines the strength of our business model. Despite challenging conditions, revenue, profit and return on equity have all shown strong improvements reflecting the success of our focus on low cost with care and convenience.
>
> "At the same time as driving the financial performance of the business, our now well established management has also expanded easyJet's network and fleet, which carried over 37 million passengers in the year, making the airline the fourth largest in Europe."

During 2007 we continued to expand our network in mainland Europe with the launch of our 17th base in Madrid where we carried over 2 million passengers during the year, making easyJet Madrid's number one low-fares airline. We continued to expand our Milan Malpensa base, where we have become the second largest carrier only one year after the launch of the base and we have agreed to double our capacity to 15 aircraft by the end of 2008.

In the UK we continue to expand our bases, adding two A319s at Gatwick, one at Bristol and increasing our presence at Belfast International to six aircraft. Following the year end we announced the launch of two additional bases in France in spring 2008, at Paris Charles de Gaulle and Lyon.

We continue to innovate at easyJet. In June 2007 we launched easyJetHolidays.com which allows our customers to purchase an integrated flight and hotel package. To supplement our development of the business traveller market, we announced post year end a unique partnership with Amadeus and Galileo. For the first time this allows corporate travel agents access to easyJet via the Global Distribution System ("GDS"). All costs are borne by the user which makes it completely compatible with the low-cost model.

Looking forward, for this winter we expect total revenue per seat to be broadly in line with last winter. For summer 2008 we expect the effect of annualising APD, checked bag charges and growing ancillary revenues to result in total revenue per seat being ahead of the previous summer. High fuel costs will be partly offset by the weak US Dollar however we anticipate an overall increase in Sterling unit fuel costs. Unit costs excluding fuel are anticipated to be similar to last year. The fuel environment remains challenging; however, we believe the easyJet business model is resilient and well positioned for success. Over the past two years we have significantly increased profitability and in the current financial year the Board anticipates an increase in underlying profit before tax of around 20%.

The above outlook excludes the proposed acquisition of GB Airways. We anticipate the acquisition to complete no later than 31 January 2008. Excluding one-off costs of around £12m we expect the acquisition to be earnings enhancing in the current financial year.

**Underlying financial performance excludes the effects of the reversal of the impairment of the Group's investment in The Airline Group of £10.6m.*

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There will be an analyst presentation at 9:30 am on 20 November 2007 at ABN AMRO, 3rd floor, 250 Bishopsgate, EC2M 4AA. A live webcast of the presentation will be available at www.easyJet.com.

There will be an analyst and investor conference call at 2:00 pm on 20 November 2007. For further details, contact Katie Millett at Financial Dynamics on +44 (0)20 7269 7153.

Chairman's statement

Profitable growth and improved shareholder return

We are proud to report on another great year at easyJet. Our performance has been excellent and it is very pleasing to announce a 48.1% increase in underlying pre tax profits, especially coming on top of an increase of 56.4% in the prior year.

During the year we experienced some significant challenges; not least continued higher fuel prices and in February, the unexpected doubling of Air Passenger Duty ("APD") in the UK. However our business model, based on low cost with care and convenience, continues to prove as successful in continental Europe as it has been in the UK.

The Board set return on equity as its key financial measure and this year our shareholders have benefited from an underlying improvement of 3.5 percentage points to 13.6%, with underlying earnings per share increasing 50.1% to 34.8p.

The environment

We fully recognise the importance of environmental issues in the context of the value for money services we provide to our customers. We have taken and will continue to take responsible actions such as continuing to operate one of the youngest and most environmentally efficient fleets of aircraft in Europe. Our investment in modern aircraft continues with the confirmation of further orders for 87 new Airbus A319 aircraft announced during the year.

Looking to the longer term, we are active participants, with both Boeing and Airbus, in the teams developing the next generation of environmentally efficient aircraft.

easyJet continues to support the inclusion of aviation in the EU Emissions Trading Scheme ("ETS"). We have consistently and coherently argued for the abolition of APD, and its replacement by a method of taxation which is sensibly related to emissions not passengers. The recognition of our case by all three of the main political parties in the UK, and in particular by the Chancellor in his pre-budget report, is most welcome.

In addition we are encouraging our passengers to contribute to the mitigation of climate change through our carbon offsetting programme which provides for credits only in projects certified by the United Nations.

People

Our people are a major asset to the Company and enabling them to work in a modern and efficient environment was the objective of the move from our traditional home at easyLand to Hangar 89 at London Luton Airport. Staff and visitors alike have praised the much improved working conditions of this facility.

Investment in the recruitment and retention of both flight deck and cabin crew has enabled us to match the growth in our network with quality people. This demonstrates our commitment to sustaining easyJet's well deserved reputation for good service.

My fellow directors and I continue to be very grateful for the commitment of our people to maintaining easyJet's standards and we extend a warm welcome to those who have joined us during the year.

In October we announced an agreement to purchase GB Airways, this is subject to normal regulatory approval and we anticipate a completion date no later than 31 January 2008. Over the next few months we will be planning the integration of GB Airways into the easyJet family. This acquisition will help us to grow and be a stronger airline, and we welcome the GB Airways team which I am sure will be a positive addition to easyJet.

The Board

Stability in the structure of the Board and the senior management team has considerably helped the achievement of this year's results. We have a combination of experience, expertise and talent which has served us well and on which we can continue to build the Company's future.

I was delighted that John Browett accepted our invitation to join the Board as a Non Executive Director after an extensive search. John's experience and achievements at Tesco plc, together with his forthcoming position as Chief Executive of DSG international plc, will enhance the present board structure and aligns with the future direction of the Company.

Sadly, we will lose the services of Diederik Karsten who will step down after the Annual General Meeting in February 2008. Diederik has been an outstanding contributor to the Board since the Company was listed on the London Stock Exchange in November 2000. We will very much miss his contribution of sound judgement, experience and expertise.

Conclusion

We have come a long way to become Europe's fourth largest airline in just 12 years, and there is much more to come.

The continuous growth of easyJet since its inception is testament to the soundness of the basic business model. Our policy of striving for continuous improvement to the model gives me confidence that growth will be sustained as we go forward.

Investors can be assured that our focus will stay firmly on enhancing revenue and on the efficient management of the cost base, in order to continue to improve shareholder value.

Sir Colin Chandler
Chairman

19 November 2007

Business review

Strategy and business model

At the centre of easyJet's established customer proposition is "low cost with care and convenience". We continue to eliminate the unnecessary cost and frills which characterise traditional airlines, but provide a friendly on-board service, flying to Europe's principal business and leisure destinations, ensuring our passengers use us again and again. A customer satisfaction study in January 2007 reported that 92% of our customers would recommend other people to fly with easyJet.

The key elements of our business model remain unchanged:

- Internet sales through easyJet.com
- Investment in new aircraft and high asset utilisation
- Low cost ticketless travel
- No frills and no "free lunch"
- Efficient use of airports
- Full engagement of all our people

Safety is at the heart of our business model and as always remains our number one priority. We continue to promote an open safety reporting culture and invest the necessary resources to ensure our safety management systems are in line with industry best practice.

We have stated our targets of growing capacity at an annual rate of 15% with improved operating margins and return on equity. This will be achieved through a combination of network development and optimisation, ancillary revenue growth and tough cost control. The results for the year speak for themselves.

Highlights of the year

The doubling of Air Passenger Duty ("APD") on UK departing customers and continued high fuel prices represented challenges in the year. However, our people rose to the challenge to deliver an excellent performance.

Key business highlights were as follows:

- Profit before tax increased 56.3% to £201.9m. Excluding the one-off benefit of reinstating easyJet's investment in The Airline Group underlying* profit before tax increased 48.1% to £191.3m
- Passenger numbers increased by 13.0% to 37.2m with consistently high load factors
- Total revenue increased 11.0% to £1,797.2m
- Ancillary revenue increased by 47p per seat or 30.4% to £171.2m
- Unit operating costs (excluding fuel) reduced by an excellent 6.4% or £1.81 per seat to £26.55 per seat
- Underlying* return on equity increased to 13.6% and underlying* earnings per share increased 50.1% to 34.8p
- European expansion continued with the opening of our 17th base in Madrid in February 2007
- Successful full year of operation at Milan Malpensa
- In April 2007 we took delivery of our 100th Airbus A319
- During the year we added 8 new destinations and 46 routes, and as at 30 September 2007 we were flying 289 routes through 77 airports in 21 countries

- On 25 October 2007 we announced an agreement to acquire GB Airways

* Underlying financial performance excludes the effect of the reversal of the impairment of the Group's investment in The Airline Group of £10.6m.

Market and network development

During 2007 we continued to expand our network in mainland Europe. In 2007 we increased the capacity deployed at our European bases by 29.9%, which now account for 30.3% of our total available seats.

In February 2007 we launched our 17th base at Madrid's Barajas Airport creating over 200 jobs. During the year we carried over 2 million passengers through Madrid, making easyJet Madrid's number one low cost carrier.

We continued to expand our Milan Malpensa base, where we have become the second largest carrier only one year after the launch of the base and we have agreed to double our capacity to 15 aircraft by the end of 2008.

In 2007 we continued to establish easyJet as Switzerland's largest short haul carrier increasing capacity in Switzerland by 22.4% growing at both our bases in Basel and Geneva.

2007 saw easyJet expand its network further into eastern Europe with routes launched to Romania and further focus on the Polish market. Flying will commence to Bulgaria in November 2008.

Following the year end we announced the launch of two additional bases in France, at Paris Charles de Gaulle and Lyon. Initially five additional aircraft will be located in France, starting in spring 2008, creating significant numbers of jobs and reinforcing easyJet's position as France's number two airline.

In the UK we continue to build our bases, adding two A319s at Gatwick, one at Bristol and increasing our presence at Belfast International to a total of six aircraft.

Gatwick, our largest base, offers an attractive catchment area in the South East of England with easy access to London. With this in mind we recently announced an agreement to acquire GB Airways which operates 15 A320 family aircraft. GB Airways is predominately based at Gatwick but also flies from Heathrow and Manchester. We look forward to welcoming the GB team to easyJet, confident that together we will be able to deliver an unbeatable product to customers in the South East of England.

The markets in which easyJet operates are highly competitive, both from traditional flag carriers and other low cost carriers who seek to replicate the easyJet model. Low costs, improving margins, prime slots at major European airports and access to low cost aircraft mean we are confident in our growth plans and we continue to target an organic capacity growth rate of 15% in the medium term.

Innovation

We continue to change and innovate at easyJet. In June 2007 we launched easyJetHolidays.com which allows our customers to purchase an integrated flight and hotel package through easyJet.com. We are optimistic that this will enhance the customer experience and contribute to increasing ancillary revenues.

In September 2007 we announced an agreement with our new in-flight partner, Gate Gourmet. We believe this is a partner who will support our growth plans in this area allowing us to maximise on-board ancillary revenue.

To supplement our development of the business traveller market, we announced post year end a unique partnership with Amadeus and Galileo. For the first time this allows corporate travel agents access to easyJet via the Global Distribution System ("GDS") with all cost borne by the user.

Overall we continue to maximise the benefits of easyJet.com which is the UK's largest travel website receiving an average 12 million unique visitors per month.

Fleet

We continued to develop our fleet in 2007 with the delivery of 20 additional Airbus A319s, conversion of 87 options to firm orders and the securing of a further 75 options on A320 family aircraft. In April 2007 we took delivery of our 100th A319. On average we have introduced a new A319 to the fleet every 13 days since 2004.

We completed the return of our last 737-300s and returned two 737-700s to lessors. At 30 September 2007 the fleet totalled 137 aircraft with confirmed future deliveries of 120 and 88 unexercised options over additional aircraft.

	Owned	Under operating lease	Under finance lease	Total	Changes in year	Future deliveries (including exercised options) (note 2)	Unexercised options (note 1)
Airbus A319s	55	46	6	107	+20	120	88
Boeing 737-700s	-	30	-	30	-2	-	-
Boeing 737-300s	-	-	-	-	-3	-	-
	55	**76**	**6**	**137**	**+15**	**120**	**88**

Notes:

1. Options may be taken as any A320 family aircraft and are valid until 2015.
2. A further 120 Airbus A319 aircraft are planned to be delivered through to April 2012.

Our investment in a modern fleet underpins our high levels of asset utilisation, increased operational efficiency and is complementary to our goal of being environmentally responsible. The average age of our fleet is 2.7 years, one of the youngest in Europe. This leaves easyJet well positioned to fulfil its growth plans.

The total fleet over the period to 30 September 2010 based on contractual commitments is as follows:

	Airbus A319s	Boeing 737-700s	Boeing 737-300s	Total aircraft
At 30 September 2005	55	32	22	109
At 30 September 2006	87	32	3	122
At 30 September 2007	**107**	**30**	**0**	**137**
At 30 September 2008	120	29	0	149
At 30 September 2009	156	18	0	174
At 30 September 2010	188	12	0	200

People

In February easyJet moved, from its original home easyLand, over the road at Luton Airport, to our maintenance location, Hangar 89. This provides a modern, low cost, open plan working environment. Rather than causing a distraction, the move was seamless and a credit to all those involved in it. During the year our team grew from 4,859 to 5,674 at 30 September 2007; much of this growth was in pilots and cabin crew as we corrected the shortages experienced in summer 2006 which resulted in some wet leasing during that time.

After several years we decided to change our crew uniform and in October 2007 we introduced a new uniform, designed in-house by our crew at no extra cost to the previous design.

We are committed to delivering high quality customer support and in August 2007 we announced the outsourcing of the easyJet Customer Services Centre (“CSC”). The CSC has served us well from the early days before easyJet.com, however the time is right to make a step change in the service and support we provide to our nearly 40 million annual customers throughout our network.

Our ‘Pulse’ survey of employee satisfaction and engagement produced some positive results. 74% of employees responded by completing the survey. Our people differentiate easyJet from our competitors and we have a very pleasing 82% satisfaction level. This translated into a substantially higher crew retention rate.

Outlook

Looking forward, for this winter we expect total revenue per seat to be broadly in line with last winter. For summer 2008 we expect the effect of annualising APD, checked bag charges and growing ancillary revenues to result in total revenue per seat being ahead of the previous summer. High fuel costs will be partly offset by the weak US Dollar however we anticipate an overall increase in Sterling unit fuel costs. Unit costs excluding fuel are anticipated to be similar to last year. The fuel environment remains challenging; however, we believe the easyJet business model is resilient and well positioned for success. Over the past two years we have significantly increased profitability and in the current financial year the Board anticipates an increase in underlying profit before tax of around 20%.

The above outlook excludes the proposed acquisition of GB Airways. We anticipate the acquisition to complete no later than 31 January 2008. Excluding one-off costs of around £12m we expect the acquisition to be earnings enhancing in the current financial year.

Financial review

Consolidated financial and operating data

(unaudited)	**2007**	2006	Change %
Key performance indicators			
Return on equity (headline)	**14.3%**	10.1%	4.2pp
Return on equity (underlying*)	**13.6%**	10.1%	3.5pp
Profit before tax per seat (headline), £	**4.54**	3.32	36.7
Profit before tax per seat (underlying*), £	**4.30**	3.32	29.5
Revenue per seat, £	**40.42**	41.66	(3.0)
Cost per seat, £	**36.12**	38.34	(5.8)
Cost per seat excluding fuel, £	**26.55**	28.36	(6.4)
Output measures			
Seats flown (millions)	**44.5**	38.9	14.4
Passengers (millions)	**37.2**	33.0	13.0
Number of aircraft owned/leased at end of period	**137**	122	12.3
Sectors	**287,952**	253,548	13.6
Block hours	**518,410**	454,823	14.0
Number of routes operated at end of period	**289**	262	10.3
Number of airports served at end of period	**77**	74	4.1
Other performance measures			
Load factor	**83.7%**	84.8%	(1.1)pp
Operated aircraft utilisation (hours per day)	**11.6**	11.6	-
Available seat kilometres (“ASK”) (millions)	**43,501**	37,088	17.3
Revenue passenger kilometres (“RPK”) (millions)	**36,976**	31,621	16.9
Average sector length (kilometres)	**978**	954	2.5
Average fare (£)	**43.68**	45.17	(3.3)
Revenue per ASK (pence)	**4.13**	4.37	(5.5)
Cost per ASK (pence)	**3.67**	4.02	(8.7)

Summary income statement

	Year ended 30 September		
	2007	2006	Change
	£ million	£ million	%
Passenger revenue	**1,626.0**	1,488.4	9.2
Ancillary revenue	**171.2**	131.3	30.4
	1,797.2	1,619.7	11.0
Operating costs	**(1,499.0)**	(1,341.2)	(11.8)
EBITDAR	**298.2**	278.5	7.1
Ownership costs	**(106.9)**	(149.3)	28.4
Underlying* profit before tax	**191.3**	129.2	48.1
Reversal of prior year impairment losses on financial assets	**10.6**	-	N/A
Profit before tax	**201.9**	129.2	56.3
Taxation	**(49.6)**	(35.1)	(41.3)
Profit for the year	**152.3**	94.1	61.8
Effective tax rate	**24.6%**	27.2%	(2.6)pp
Earnings per share			
Basic	**36.62**	23.18	58.0
Basic underlying*	**34.79**	23.18	50.1

* Underlying financial performance excludes the effect of the reversal of the impairment of the Group’s investment in The Airline Group of £10.6m.

Passenger revenue

Passenger revenue grew 9.2% to £1,626.0 million, largely as a result of an increase in seats flown from 38.9 million to 44.5 million. A small reduction in load factor from 84.8% in 2006 to 83.7% meant that total passengers increased by 13.0% to 37.2 million. The growth in passengers was supported by the addition of 20 new aircraft in the year. The majority of this growth was in continental Europe where we grew capacity by 29.9%.

As a consequence of this European growth our non-Sterling revenues increased to 41.4% of total, predominantly being Euros and Swiss Francs.

Average passenger yields in the year declined by 4.5% per seat to £36.57 or 3.3% per passenger to £43.68. This was partly market driven following high per seat revenues in 2006 and partly the result of the initial passenger reaction to the surprise doubling of APD in the UK from £5 per departing passenger to £10. To compensate for this easyJet increased its promotional programme in the early summer to ensure demand remained strong.

While we are committed to offering our customers the lowest fares and best value, we also continue to actively manage our network to ensure revenues and shareholder value are optimised. To that end we discontinued 19 poorly performing routes in the year and launched 46 new routes. In addition we made significant improvements to the quality of our schedule by increasing frequency by more than 15% on 58 routes and improving the timing on 65 routes.

Ancillary revenues

Ancillary revenues have continued to contribute significantly to our profit improvement. Total ancillary revenues increased by 30.4% to £171.2 million, or 47p to £3.85 per seat. The biggest contributor to this improvement was the introduction of our speedy boarding product which allows customers to priority board the aircraft for a charge of between £2.50 and £7.50. This great value product has resulted in very high levels of repeat business.

In addition our web partners continue to contribute positively with 19.3% unit growth, primarily coming from increased insurance and car rental sales.

Costs

At easyJet a key part of our financial strategy is to continue to aggressively manage our cost base; cost management and efficiency improvement are a passion second only to our attention to safety.

Our cost performance this year has been impressive with total unit costs improving by £2.22 or 5.8% to £36.12 per seat. We focus particularly on unit costs excluding fuel because the significant volatility in easyJet's fuel cost is largely dictated by external economic and political factors, and therefore we consider unit costs, excluding fuel, are a better indicator of underlying performance. On this basis, unit costs excluding fuel improved by £1.81 or 6.4% to £26.55.

These cost performance results are a tremendous achievement and reflect both continuing direct management of our day to day costs together with more strategic step change initiatives.

Our cost of aircraft ownership, on a per seat basis, has improved by £1.44 or 37.5%, compared to 2006. This significant improvement results from three key drivers. Firstly, at the beginning of the year we completed the return of all of our Boeing 737-300 aircraft. This programme, which has resulted in 22 Boeing 737-300s being returned over the last 2 years, generates a step change in ownership costs as they are replaced by lower cost Airbus A319s. Additionally, these aircraft were returned with considerably less 'one-off' end of lease costs than previously anticipated. Secondly, as most of our lease costs are payable in US Dollars we have benefited from the continued weakness of the US Dollar versus Sterling. Thirdly, we continue to look to minimise our financing costs, resulting in the percentage of owned aircraft increasing from 36% to 45% over the last year. Of our 55 owned aircraft at the year end, 13 have been purchased out of cash.

In addition we saw a benefit in 2007 compared to our costs in 2006 due to the fact that we did not have to take on any short-term wet leased aircraft. This was done in 2006 to enable us to continue to provide our customers with the flights we had promised them whilst we experienced some short-term crew shortages.

Over the next four years our Boeing 737-700 fleet is due to be returned to lessors and we expect to see continued improvement in our unit aircraft ownership costs as we move more to an A320 family fleet which enables us to reflect the full benefit of the purchase deal we signed with Airbus in 2002.

Engineering costs per seat have improved by £0.61 or 21.7%, compared to 2006. A major driver of this improvement was our new engine maintenance deal with GE Aviation that we agreed at the end of June 2007. This guarantees the provision of efficient, low cost maintenance services with the world's leading engine maintenance supplier. The 10 year agreement with GE Aviation covers maintenance and overhaul of our CFM56 engines, which power our fleet of Airbus and Boeing aircraft. The agreement, which covers as many as 340 shop visits, was valued at around $1 billion and will enable us to further reduce our ongoing engineering cost per seat. In addition to ongoing annual cost reductions we benefited during the current financial year from a one-off adjustment to maintenance provisions.

Two other specific areas of significant unit cost improvement are in our ground handling and insurance costs. Our ground handling cost per seat improved by £0.19 or 5.2%, compared to 2006. This reflects tight management of our contracts with our suppliers, benefits from a slightly weaker Euro to Sterling exchange rate and the implementation of self-handling at some of our Spanish airports.

Our insurance cost per seat improved by £0.14 or 33.2%, compared to 2006, reflecting our successful recent renewal. This was driven by the improving perception by the insurance market of easyJet, the weakening of the US Dollar and the underlying recent low loss record for the aviation insurance market.

The two cost areas where we experienced inflationary pressures during 2007 were in our crew costs and airport charges. Crew costs on a per seat basis increased by £0.47 or 11.5%, compared to 2006. During the summer in 2006 we experienced crew shortages which required us to take on wet leased aircraft with the associated incremental costs being recorded in aircraft lease costs. A key priority in this financial year has been to address these crew shortages and it is pleasing to be able to say that we have successfully achieved both the recovery from the shortages and have also been able to fully resource our current year growth without any significant disruptions to our flying programme. During the year we recruited some 400 pilots and 1,000 cabin crew which, after taking account of leavers, resulted in a 20% net increase in our crew complement.

Airport costs on a per seat basis increased in the year by £0.23 or 3.5%, compared to 2006. The key driver of this increase related to BAA's decision to increase Stansted's charges to the regulatory cap. The effect of this has been a doubling of Stansted airport costs from April 2007. We continue to monitor the impact of this rate increase and will make future asset allocation decisions accordingly.

Fuel costs for the year totalled £425.5m up 9.7% from £387.8m in 2006. On a per seat basis our fuel costs were £9.57, down 4.1% from last year's £9.98. Our average cost per metric tonne increased 4.4% from $659 to $688, however this rise was more than offset by the weakening of the US Dollar against Sterling.

For 2008 we anticipate increasing jet fuel prices; we currently have 40% of our jet fuel requirements hedged using a mix of forward contracts and caps with a maximum price of $735 per metric tonne.

Offsetting the impact of fuel price increases will be the effect of a continued weak US Dollar. Our average effective exchange rate in 2007 was 1.89 and we expect our 2008 rate to be significantly higher. We have 68% of US Dollar exposure covered at an average rate of 1.95. Around 40% of our cost base is denominated in US Dollars.

As a result of our target to grow capacity on average by 15% per annum we would expect our underlying overhead cost per seat to show significant year over year improvements as we necessarily invest to some degree to support the growth but benefit from continuing economies of scale and are able to spread those costs over the increased capacity. For 2007 our overhead cost per seat improved 4.0% from £2.27 in 2006 to £2.18 in 2007.

Profit before tax and return on equity

Profit before tax for 2007 amounted to £201.9m; after excluding the one-off benefit of £10.6m relating to the reinstatement of our investment in The Airline Group, underlying* profit before tax was £191.3m. This is a 48.1% increase over 2006 and equates to a profit per seat of £4.30 compared to £3.32 in the previous year.

With total revenue per seat falling by 3.0% but total cost per seat improving by 5.8% our profit margin increased by 2.7 percentage points from 8.0% in 2006 to 10.7% in 2007.

The effective tax rate for the year was 24.6% (2006: 27.2%). The decrease year on year is primarily due to amendments made in relation to earlier years of £5.5m and a one off benefit due to a reduction in the tax rate at which deferred tax liabilities will crystallise of £3.3m. For 2008 the expected effective tax rate is estimated to be 25%.

In terms of our core financial performance measure, return on equity, the headline result for the year was 14.3%. This does include the benefit of The Airline Group one-off and after excluding this underlying return on equity for the year was 13.6%. This represents a very pleasing improvement of 3.5 percentage points from 10.1% in 2006 and means that over the last two financial years we have increased the return on equity for our shareholders by 6.5 percentage points. The Board has set return on equity as its key financial measure as it best represents the return attributable to equity shareholders.

Summary balance sheet

	2007 £ million	2006 £ million (re-presented)*	Change £ million
Property, plant and equipment	**935.8**	695.7	240.1
Other non-current assets	**414.2**	392.6	21.6
	1,350.0	1,088.3	261.7
Net working capital	**(326.9)**	(249.7)	(77.2)
Cash and cash equivalents	**719.1**	860.7	(141.6)
Money market deposits	**193.4**	-	193.4
Borrowings	**(519.1)**	(479.7)	(39.4)
Other non-current liabilities	**(264.1)**	(236.7)	(27.4)
Net assets	**1,152.4**	982.9	169.5
Share capital and premium	**738.7**	694.0	44.7
Reserves	**413.7**	288.9	124.8
	1,152.4	982.9	169.5

*Recoverable supplemental rent which was offset against aircraft maintenance provisions in prior accounting periods has been re-presented gross to provide additional information. There is no effect on net assets or profit of this reclassification.

Balance sheet highlights

- Net assets increased by 17.2% to £1,152.4 million
- Property, plant and equipment increased by £240.1m due to the delivery of a further 17 owned A319 aircraft and some capital expenditure incurred on the refit of easyJet's new Luton head office
- Other non-current assets increased largely due to the reinstatement of easyJet's investment in The Airline Group
- Net working capital increased as a result of additional unearned revenue as a consequence of increased flight capacity, and tax payable increasing on higher profits
- The total of cash and cash equivalents and money market deposits is £912.5m; an increase of £51.8m on the prior year. During the year US dollar cash balances were increased in order to match US dollar denominated borrowings. This cash was invested for 90 days or more in order to match the interest rate re-pricing of these borrowings. These amounts are disclosed as money market deposits and amount to £193.4m. The overall increase in cash and money market deposits was small compared to the profit for the year as cash generated from operations was invested in the fleet

- Cash and cash equivalents exclude £48.8m of restricted cash which is disclosed in other non-current assets and net working capital. These amounts relate principally to customer payments for packaged holidays and operating lease deposits
- Borrowings increased by £39.4m as a result of additional mortgage finance for 7 aircraft delivered in the year. 10 additional aircraft were purchased for cash

The notional debt related to aircraft held under operating leases reduced substantially, principally due to the weakness of the US dollar against Sterling, therefore gearing reduced to 20.4% at 30 September 2007 from 31.0% in 2006.

Shareholders expect us to retain a prudent cash balance, yet also manage the balance sheet efficiently. Accordingly, the Board has decided to seek shareholder approval at the Annual General Meeting to be held on 21 February 2008 to purchase up to 10% of our issued share capital in the market. This is a normal authority for a public company and we would expect to renew it annually.

Summary cash flow

	2007 £ million	2006 £ million	Change £ million
Cash generated from operations	**270.8**	225.2	45.6
Net capital expenditure	**(272.1)**	(314.3)	42.2
Net increase in loan finance	**69.1**	278.4	(209.3)
Net increase in money market deposits	**(197.3)**	-	(197.3)
Other	**(12.1)**	4.4	(16.5)
(Decrease) / increase in cash and cash equivalents	**(141.6)**	193.7	(335.3)
Cash and cash equivalents at beginning of year	**860.7**	667.0	193.7
Cash and cash equivalents at end of year	**719.1**	860.7	141.6

We continue to generate strong annual cash flow and our cashflow from operations increased 20.2% to £270.8m. Our cash was principally used to invest in aircraft. Out of 20 additional aircraft delivered in the year 7 were mortgage financed and 10 were cash acquired. In total 13 aircraft were owned outright at 30 September 2007.

Of the 49 Airbus aircraft to be delivered through to 2009 eleven have committed financing in place at 30 September 2007 (2006: 18 of 53). The Group has commenced a process for arranging further financing of future deliveries and this is expected to be concluded by December 2007.

Investment in the fleet and information technology will continue in 2008 and is expected to total approximately £280 million.

Andrew Harrison
Chief Executive Officer

Jeff Carr
Group Finance Director

19 November 2007

Consolidated income statement

	Notes	Year ended 30 September 2007 £million	Year ended 30 September 2006 £million
Passenger revenue		**1,626.0**	1,488.4
Ancillary revenue		**171.2**	131.3
Revenue		**1,797.2**	1,619.7
Ground handling charges, including salaries		**(156.1)**	(144.1)
Airport charges		**(305.8)**	(258.4)
Fuel		**(425.5)**	(387.8)
Navigation charges		**(141.8)**	(121.2)
Crew costs, including training		**(204.1)**	(160.0)
Maintenance		**(98.1)**	(109.5)
Advertising		**(38.0)**	(38.2)
Merchant fees and incentive pay		**(20.6)**	(17.9)
Aircraft and passenger insurance		**(12.1)**	(15.8)
Other costs		**(96.9)**	(88.3)
EBITDAR		**298.2**	278.5
Depreciation		**(33.3)**	(27.4)
Amortisation of intangible assets		**(0.9)**	(0.8)
Aircraft dry lease costs		**(91.0)**	(122.9)
Aircraft long-term wet lease costs		**(1.0)**	(9.6)
Group operating profit – EBIT		**172.0**	117.8
Interest receivable and other financing income		**54.6**	35.4
Reversal of prior year impairment losses on financial assets	2	**10.6**	-
Interest payable and other financing charges		**(35.4)**	(24.1)
Net finance income		**29.8**	11.3
Share of profit after tax of associate		**0.1**	0.1
Profit before tax		**201.9**	129.2
Tax	3	**(49.6)**	(35.1)
Profit for the year		**152.3**	94.1
Earnings per share, pence	4		
Basic		**36.62**	23.18
Diluted		**35.58**	22.64

Consolidated balance sheet

	Notes	**30 September 2007 £million**	30 September 2006 £million (re-presented) (note 6)
Non-current assets			
Goodwill		**309.6**	309.6
Other intangible assets		**1.8**	1.1
Property, plant and equipment	7	**935.8**	695.7
Financial assets			
Loan notes		**11.1**	-
Restricted cash		**32.9**	26.1
Derivative financial instruments		**-**	0.4
Other non-current assets		**58.1**	54.8
Investments accounted for using the equity method		**0.3**	0.3
Deferred tax assets		**0.4**	0.3
		1,350.0	1,088.3
Current assets			
Trade and other receivables		**223.6**	227.2
Financial assets			
Money market deposits		**193.4**	-
Restricted cash		**15.9**	12.2
Derivative financial instruments		**14.4**	1.0
Cash and cash equivalents		**719.1**	860.7
		1,166.4	1,101.1
Current liabilities			
Trade and other payables		**(461.7)**	(414.1)
Financial liabilities			
Borrowings	8	**(40.5)**	(32.8)
Derivative financial instruments		**(26.6)**	(15.3)
Current tax liabilities		**(89.7)**	(46.8)
Maintenance provisions		**(2.8)**	(13.9)
		(621.3)	(522.9)
Net current assets		**545.1**	578.2
Non-current liabilities			
Financial liabilities			
Borrowings	8	**(478.6)**	(446.9)
Derivative financial instruments		**(6.3)**	(4.8)
Other non-current liabilities		**(86.8)**	(74.8)
Maintenance provisions		**(136.0)**	(125.1)
Deferred tax liabilities		**(35.0)**	(32.0)
		(742.7)	(683.6)
Net assets		**1,152.4**	982.9
Shareholders' funds			
Ordinary shares	9	**104.8**	102.6
Share premium	9	**633.9**	591.4
Hedging reserve	9	**(13.7)**	(9.5)
Retained earnings	9	**427.4**	298.4
		1,152.4	982.9

Consolidated statement of cashflows

	Notes	**Year ended 30 September 2007 £million**	Year ended 30 September 2006 £million
Cash flows from operating activities			
Cash generated from operations	10	**260.8**	221.6
Interest received		**48.9**	32.5
Interest paid		**(36.9)**	(24.4)
Tax paid		**(2.0)**	(4.5)
Net cash from operating activities		**270.8**	225.2
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**3.3**	3.7
Purchase of property, plant and equipment		**(273.9)**	(324.6)
Proceeds from sale of asset held for resale		**-**	7.1
Purchase of other intangible assets		**(1.6)**	(0.5)
Dividend received from associate		**0.1**	-
Net cash used in investing activities		**(272.1)**	(314.3)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		**16.5**	17.9
Purchase of shares for employee share schemes		**(4.6)**	(0.6)
Net proceeds from drawdown of new bank loans		**103.2**	201.2
Net proceeds from sale and finance leasebacks		**-**	108.6
Repayment of bank loans		**(31.7)**	(30.4)
Repayment of capital elements of finance leases		**(2.4)**	(1.0)
Increase in money market deposits		**(197.3)**	-
Increase in restricted cash		**(12.6)**	(11.2)
Net cash (used by) / generated from financing activities		**(128.9)**	284.5
Effects of exchange rate changes		**(11.4)**	(1.7)
Net (decrease) / increase in cash and cash equivalents		**(141.6)**	193.7
Cash and cash equivalents at beginning of year		**860.7**	667.0
Cash and cash equivalents at end of year		**719.1**	860.7

Consolidated statement of recognised income and expense

	2007 £million	2006 £million
Cash flow hedges		
Fair value losses in year	**(39.7)**	(25.2)
Transfers to income statement	**34.6**	(3.8)
Transfers to property, plant and equipment	**1.1**	-
Related taxation	**(0.2)**	8.7
Net expenses recognised directly in equity	**(4.2)**	(20.3)
Profit for the year	**152.3**	94.1
Total recognised income and expense for the year attributable to shareholders of the company	**148.1**	73.8

Notes to the financial information

1. Basis of preparation

This consolidated financial information has been prepared in accordance with the Listing Rules of the Financial Services Authority and uses accounting policies consistent with those described in the annual report and accounts for 2006.

The financial information set out in this document does not constitute statutory accounts for easyJet plc for the two years ended 30 September 2007 but is derived from the 2007 annual report and accounts.

The annual report and accounts for 2006 have been delivered to the Registrar of Companies. The annual report and accounts for 2007 will be delivered to the Registrar of Companies in due course. The auditors have reported on those accounts and have given an unqualified report that does not contain a statement under section 237(2) or (3) of the Companies Act 1985.

2. Reversal of impairment losses on financial assets

In March 2001, easyJet in consortium with six other UK airlines formed The Airline Group Limited in order to acquire a minority interest in NATS, the company that owns the UK air traffic control system. At 30 September 2001, easyJet's investment totalled £7.2 million. This comprised equity of £10,080, loan notes of £6.8 million, bid costs of £0.1 million and accrued interest of £0.3 million. The loan notes are of two classes bearing interest at fixed rates of 8% and 11%. The blended interest rate is 8.07%.

During the year ended 30 September 2002 the carrying value of the investment was impaired to zero. This impairment was taken due to uncertainty over the timing of returns to easyJet following the events of 11 September 2001.

On 28 June 2007, NATS reported its results for the year ended 31 March 2007 showing a fourth consecutive year of profits, and announced that it would recommence paying dividends in July 2007. As a consequence the present value of estimated future cash flows from easyJet's investment in the loan notes exceeds their carrying value, and the impairment was reversed in July.

The impairment reversal relating to prior years comprises:

	£million
Reinstatement of original loan notes and acquisition costs	**6.9**
Interest earned to 30 September 2006	**3.7**
	10.6

The impairment reversal relating to prior years is separately disclosed on the face of the income statement as it is a significant one-off item. A further £0.6m of interest earned from October 2006 to July 2007 is included within interest receivable and other financing income.

3. Taxation

a) Tax on profit on ordinary activities

	2007 £million	2006 £million
Current taxation	**52.2**	17.3
Deferred taxation	**(2.6)**	17.8
Total taxation charge	**49.6**	35.1
Effective tax rate	**24.6%**	27.2%

b) Tax on items charged to equity

	2007 £million	2006 £million
Deferred tax (charge) / credit on share options	**(5.3)**	5.9
Deferred tax (charge) / credit on fair value movements of cash flow hedges	**(0.2)**	8.7
Current tax credit on share options	**7.3**	4.9
Tax credit reported directly in reserves	**1.8**	19.5

c) Reconciliation of the total taxation charge

	2007 £million	2006 £million
Profit on ordinary activities before tax	**201.9**	129.2
Tax charge at 30%	**60.6**	38.8
Attributable to rates other than standard UK rate	**(6.7)**	(6.4)
Income not chargeable for tax purposes	**(0.9)**	-
Expenses not deductible for tax purposes	**0.7**	2.0
Share based payments	**5.1**	(0.3)
Adjustments in respect of prior periods - current taxation	**(0.7)**	1.6
Adjustments in respect of prior periods - deferred taxation	**(4.8)**	(0.6)
Change in tax rate	**(3.7)**	-
Total taxation	**49.6**	35.1

4. Earnings per share

Basic earnings per share has been calculated by dividing the profit for the year retained for equity shareholders by the weighted average number of shares in issue during the year after adjusting for shares held by the Group in employee share option trusts.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential shares. Share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year are considered to be dilutive potential shares. Where share options are exercisable based on performance criteria and those performance criteria have been met during the year, these options are included in the calculation of dilutive potential shares.

Earnings per share is based on:

	2007 £million	2006 £million
Profit for the year	**152.3**	94.1
Reversal of prior year impairment losses on financial assets	**(10.6)**	-
Related deferred taxation	**3.0**	-
Underlying profit for the year	**144.7**	94.1
	million	million
Weighted average number of ordinary shares in issue during the period used to calculate basic earnings per share	416.0	405.7
Weighted average number of dilutive share options used to calculate dilutive earnings per share	12.2	9.7

Earnings per share

	2007 pence	2006 pence
Basic	**36.62**	23.18
Diluted	**35.58**	22.64

Underlying earnings per share (non-GAAP measure)

	2007 pence	2006 Pence
Basic	**34.79**	23.18
Diluted	**33.80**	22.64

Underlying profit and earnings per share are based on the profit for the year after adding back the reversal of impairment on financial assets and related taxation. The adjustment has been made on the grounds that the credit relates to several prior years and will not recur. Further details are given in note 2.

5. Dividends

No dividends have been paid or proposed in the year ended 30 September 2007 or during the comparative accounting period.

6. Re-presentation of balance sheet comparatives

In previous accounting periods, recoverable supplemental rent paid to lessors of aircraft was offset against the related maintenance provisions as this properly reflects the commercial substance of the lease agreements. To provide additional information, recoverable supplemental rent is now reported gross within either current or non-current assets according to when the refund is expected to be received. Comparative figures have been adjusted as follows:

Non-current assets	increased by £51.9 million
Current assets	increased by £13.9 million
Maintenance provisions	increased by £65.8 million

7. Property, plant and equipment

	Aircraft £million	Leasehold improvements - buildings £million	Fixtures and fittings £million	Total £million
Cost				
At 1 October 2006	729.3	6.9	15.9	**752.1**
Additions	264.0	5.3	6.5	**275.8**
Disposals	(5.5)	-	-	**(5.5)**
At 30 September 2007	**987.8**	**12.2**	**22.4**	**1,022.4**
Depreciation				
At 1 October 2006	39.8	4.9	11.7	**56.4**
Charge for the year	31.5	0.7	1.1	**33.3**
Disposals	(3.1)	-	-	**(3.1)**
At 30 September 2007	68.2	**5.6**	**12.8**	**86.6**
Net book value				
At 30 September 2007	**919.6**	**6.6**	**9.6**	**935.8**
At 1 October 2006	689.5	2.0	4.2	695.7

The net book value of aircraft at 30 September 2007 includes £116.0 million (2006: £81.2 million) relating to advance payments and option payments for future deliveries of aircraft. This amount is not depreciated.

The net book value of aircraft held under finance leases was £77.8 million (2006: £80.9 million). £3.3 million of the related accumulated depreciation was charged in the year ended 30 September 2007 (2006: £1.8 million).

At 30 September 2007, aircraft with a net book value of £517.5 million (2006: £418.0 million) were mortgaged to lenders as security for loans.

Aircraft spares with a value of £1.9 million (2006: £4.9 million) were received free of charge during the year.

8. Borrowings

The maturity of borrowings is as follows:

30 September 2007	Bank loans £million	Finance leases £million	Total £million
Within one year	37.9	2.6	**40.5**
Between one and two years	39.8	2.8	**42.6**
Between two and five years	165.6	9.5	**175.1**
After five years	184.2	76.7	**260.9**
	427.5	**91.6**	**519.1**

30 September 2006	Bank loans £million	Finance leases £million	Total £million
Within one year	30.2	2.6	**32.8**
Between one and two years	31.7	2.8	**34.5**
Between two and five years	131.1	9.7	**140.8**
After five years	184.1	87.5	**271.6**
	377.1	**102.6**	**479.7**

The bank loans financed the acquisition of certain of the Group's aircraft. The aircraft purchased with the loans are provided as security against the borrowings. Bank loans are denominated in either US Dollars or Sterling and bear interest based upon LIBOR. Finance lease obligations are secured against certain of the Group's aircraft.

9. Equity

	Share capital £million	Share premium £million	Hedging reserve £million	Retained earnings £million	Total £million
At 1 October 2006	**102.6**	**591.4**	**(9.5)**	**298.4**	**982.9**
Profit for the year	-	-	-	152.3	**152.3**
Cash flow hedges					
Fair value losses	-	-	(39.7)	-	**(39.7)**
Transfers to income statement	-	-	34.6	-	**34.6**
Transfers to property, plant and equipment	-	-	1.1	-	**1.1**
Related taxation	-	-	(0.2)	-	**(0.2)**
Share options					
Proceeds from shares issued	2.2	42.5	-	(28.2)	**16.5**
Value of employee services	-	-	-	7.5	**7.5**
Related taxation	-	-	-	2.0	**2.0**
Employee share schemes – purchase of shares	-	-	-	(4.6)	**(4.6)**
At 30 September 2007	**104.8**	**633.9**	**(13.7)**	**427.4**	**1,152.4**

10. Reconciliation of net profit to net cash inflow from operating activities

	2007 £million	2006 £million
Profit for the year	**152.3**	94.1
Adjustments for:		
Tax charge	**49.6**	35.1
Depreciation charge	**33.3**	27.4
Profit on disposal of property, plant and equipment	**(0.9)**	(1.3)
Amortisation of other intangibles	**0.9**	0.8
Reversal of prior year impairment losses on financial assets	**(10.6)**	-
Interest income	**(53.0)**	(35.4)
Interest expense	**35.4**	22.7
Share based payments	**7.5**	4.7
Share of results of associates	**(0.1)**	(0.1)
Financial instruments – time value	**(4.5)**	9.8
Foreign exchange	**(15.4)**	(17.3)
Changes in working capital:		
Increase / (decrease) in trade and other receivables	**6.0**	(6.9)
Increase in trade and other payables	**51.9**	79.0
(Decrease) / increase in provisions	**(0.2)**	3.2
(Increase) / decrease in other non-current assets	**(3.8)**	5.7
Decrease in financial instruments	**0.4**	0.4
Increase / (decrease) in other non-current liabilities	**12.0**	(0.3)
Cash generated from continuing operations	**260.8**	221.6

11. Contingent liabilities

The Group is involved in various disputes or litigation in the normal course of business. Whilst the results of such disputes cannot be predicted with certainty, the Company believes that the ultimate resolution of these disputes will not have a material effect on the Group's financial position or results.

12. Post balance sheet events

On 25 October 2007, easyJet announced that it had agreed to acquire GB Airways Limited, excluding its slots at Heathrow Airport, for cash consideration of £103.5 million. Completion is subject to clearance from the regulatory authorities and is expected to occur no later than 31 January 2008.