

2008 quarter 1 trading update

1st October 2007 to 31st December 2007

Highlights:

- Total revenue per seat grew by 0.5% to £36.98 versus the same period last year, driven by strong growth in non-UK originating passengers
- Full year guidance of an improvement of around 20% in profit before tax on the prior year is maintained
- Debt facilities for \$1 billion of aircraft financing secured at favourable rates
- Integration of GB Airways, following completion of the acquisition on the 31st January 2008, now underway

Quarter ending	Dec 31st 2007	Dec 31st 2006	Change
Passengers (m) ¹	9.1	8.1	12.4%
Seats (m)	11.3	10.0	13.6%
Load factor (%) ²	80.8	81.7	(0.9)pp
Total revenue (£m) ³	418	366	14.1%
Passenger revenue (£m) ³	361	331	9.0%
Ancillary revenue (£m) ³			
Including checked bag charge	57	35	61.9%
Total revenue per seat (£)	36.98	36.79	0.5%
Passenger revenue per seat (£)	31.91	33.24	(4.0)%
Ancillary revenue per seat (£)			
Including checked bag charge	5.06	3.55	42.6%
Total revenue per passenger (£)	45.76	45.05	1.6%
Average operating aircraft	131	114	15.5%
ASKs (bn)	11.1	9.5	17.7%
RPKs (bn)	9.1	7.8	16.7%
Average sector length (km)	986	952	3.6%

Commentary:

Quarter 1 performance

Passenger numbers grew 12.4% in the quarter to 9.1 million. The majority of the growth was achieved through the successful development of European markets, particularly Italy, Spain and Switzerland. As a result of the investment in these regions, total non-UK originating passengers increased significantly, by 22%, in the period. UK originating passenger numbers grew by 5%.

Total revenue per seat grew ahead of expectations, up 0.5% helped by the strengthening Euro and the introduction of the checked bag charge, which is reported as part of ancillary revenue.

Passenger revenue per seat (excluding ancillary revenue) declined by 4% versus the comparative period and continues to be impacted by the doubling of UK Air Passenger Duty in February 2007. A significant proportion of easyJet's passenger revenues are Euro denominated and unit revenues have benefited from the strengthening of the Euro. Passenger revenue trends shown in the table below have improved.

Passenger revenue per seat	Q3 '07 vs Q3 '06	Q4 '07 vs Q4 '06	Q1 '08 vs Q1 '07
	(9.7)%	(7.0)%	(4.0)%

Ancillary revenues grew by 61.9% in the period, largely as a result of the introduction of the £2 checked bag charge from 1st October. This charge was increased during the quarter to £3.99.

Average load factors for the quarter declined slightly, down 0.9 basis points versus the same period last year due to specific competitive issues, which are actively being addressed. Load factors for London-based aircraft were ahead of last year, with a particularly strong performance at Gatwick, however, as expected the average load factor on aircraft based at Madrid was below easyJet's average in the period, reflecting the investment in the development of the Spanish business. Over the past 12 months, easyJet's load factors at Madrid have outperformed those of other low cost competitors.

Key developments

During the period, easyJet completed a major aircraft financing program securing debt facilities for around \$1 billion at rates that compare favourably with existing debt financing, demonstrating that even in current credit market conditions easyJet is able to receive strong support from the financing community.

The bilateral facilities build upon existing relationships and create new ones. They include Alliance & Leicester, Bank of Tokyo Mitsubishi, BNP Paribas, Commerzbank AG, Fortis, HSH Nordbank, ING, Natixis, SMBC and West LB. The additional funding will be used to finance approximately 50% of easyJet's aircraft deliveries over the next three years.

The acquisition of GB Airways was completed on January 31st 2008. As a result easyJet is now the leading passenger airline operating out of Gatwick and is offering services from Manchester for the first time.

Outlook

Forward bookings are in line with expectations despite the uncertain macro-economic environment. Load factors were down slightly in the first quarter compared to the prior year and it is expected that the second quarter load factor will be down by a similar amount. Although the load factor for January 2008 declined by 2.9%, forward bookings for February and March show an improving trend.

Revenue for the second quarter is expected to continue to perform ahead of our original expectations due to the increase in the checked bag charge and the strength of the Euro. Additionally, revenue per seat for the second half is expected to benefit from moving beyond the first year impact of the increased UK Air Passenger Duty.

Whilst revenues will be ahead of previous guidance, this impact is largely offset by an increase in costs denominated in Euros, principally airport costs, navigation and European based crew costs. Additionally, crew costs in the first half of the year will be ahead of our original expectations. However, these costs are expected to come back into equilibrium in the second half. There has been no material change in easyJet's hedging position with respect to jet fuel for the current financial year.

In the first half of the financial year it is expected that pre tax margins, excluding the impact of the acquisition of GB Airways will decline by 2 to 3 percentage points, largely due to increased fuel costs. For the full year profit guidance remains unchanged with underlying profit before tax expected to grow by around 20%.

The impact of GB Airways in the first half of the financial year is expected to be a pre-tax loss of around £7m. This is slightly above normal levels due to the increase in marketing investment to ensure a strong summer performance. On a full-year basis the acquisition of GB Airways will be earnings enhancing before integration costs of around £12m, which will largely be incurred in the first half of the financial year.

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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).