

29 July 2009**EASYJET THIRD QUARTER INTERIM MANAGEMENT STATEMENT****Highlights**

- Total revenue up 12% to £721million.
- Total revenue per seat increased by 10.9% to £51.42, an increase per seat of 4.8% on a constant currency basis, partly due to the movement of Easter from the second quarter of 2008 to the third quarter of 2009.
- Passengers carried increased by 2.9% to 11.9million, with a 12% growth in passengers originating in mainland Europe.
- easyJet's position continued to strengthen with market share gains across Europe particularly at Gatwick, Milan, Paris and Madrid.
- Strong balance sheet with cash and money market deposits of £962million (excluding restricted cash) and un-drawn financing facilities of \$0.5billion at favourable rates as at 30 June 2009.
- Constant currency total revenue and costs ex fuel continue to perform in line with previous guidance and over 75% of available summer seats are now booked.
- Economic conditions remain uncertain and obviously August is an important month for easyJet, it is though expected that for the year to 30 September 2009 easyJet will deliver underlying pre-tax profit in the range of £25million to £50million.

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

"This has been a resilient third quarter and our position has continued to strengthen as we made market share gains across Europe. easyJet is continuing to perform relatively well in tough trading conditions and we expect to be one of the few airlines to make a profit this year.

easyJet's fundamental competitive strengths continue to prevail; particularly the strength of our network and focus on cost reduction."

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A copy of this Interim Management Statement will be available at [www. easyJet.com/investors](http://www.easyJet.com/investors)

Three months ending	30 June 2009	30 June 2008	Change %
Passengers (m) ¹	11.9	11.5	2.8
Seats (m)	14.0	13.8	1.4
Load factor (%) ²	84.7	83.5	1.2ppt
Total revenue (£m) ³	721	641	12.4
Passenger revenue (£m) ³	581	538	7.9
Ancillary revenue (£m) ³ Including checked bag charge	140	103	35.9
Total revenue per seat (£)	51.42	46.36	10.9
Passenger revenue per seat (£)	41.42	38.91	6.4
Ancillary revenue per seat (£) Including checked bag charge	10.00	7.45	34.1
Total revenue per passenger (£)	60.72	55.55	9.3
Average number of owned / leased aircraft	176	159	10.0
Average operating aircraft	161	154	4.6
Average utilisation (hours per day)	11.8	12.1	(3.1)
ASKs (bn)	15.6	15.3	2.0
RPKs (bn)	13.4	13.0	2.8
Average sector length (km)	1,116	1,109 ⁴	0.6%

Third quarter revenue and network performance

In the period easyJet continued its strategy of carefully targeting growth in markets from which weaker competitors are retreating and where during this period of recession easyJet can build strong, defensible market positions that will ensure it is well positioned once the European economy improves. It is too early to assess any potential impact to the easyJet business from the outbreak of swine flu but naturally the Board are closely monitoring developments.

Passenger numbers grew 2.8% in the quarter to 11.9 million. The majority of the growth reflects the continued development of non-UK originating passengers which increased by 12% in the quarter and now over half of easyJet's passengers originate outside of the UK. Overall, easyJet's capacity in seats flown increased by 1.2% in the quarter with growth at Gatwick (+8%), Milan (+86%), Paris (+9%) and Madrid (+10%) partially offset by capacity reductions in weaker yielding markets.

The load factor increased by 1.2ppt in the quarter to 84.7%, due to the movement of Easter from the second quarter of 2008 to the third quarter of 2009, and as previously stated, load factor for the second half as a whole will be in line with the prior year.

Total revenue per seat improved 10.9% to £51.42 in the quarter, (up 4.8% per seat on a constant currency basis). The following three factors influenced revenue performance in the period.

1. The movement of Easter from the second quarter of 2008 to the third quarter of 2009.

2. An overall reduction in supply to the European short haul market of 4% over the summer.
3. The strength of the euro and Swiss franc and a 12% increase in non-UK originating passengers.

In a tough environment, easyJet continued to deliver a superior commercial performance to its peers - a testament to the strength and resilience of the leading European air transport network that easyJet is developing. Particular highlights include:

- Madrid and Belfast where easyJet achieved improved pricing and load factors following the retreat of weaker competitors.
- At Milan Malpensa, despite recent competitive entry, easyJet continued to achieve load factors above the company average and nearly twice that achieved by new entrants, albeit yield did soften in the period.
- France and London Gatwick delivered a good performance as easyJet continued to optimise the schedule in these markets.

There was also in the period continued improvement in ancillary revenues which grew by 34% per seat to £10.00. This was driven by an £1.59 per seat increase in the checked bag charge compared to the same period last year. There was also a better performance in other ancillary products including speedy boarding, car hire and in-flight which benefited from food offerings tailored by market and the introduction of Electronic Point of Sale equipment on board.

Third quarter cost performance

Operating costs⁵ for the quarter were in line with expectations. On a reported basis operating costs per seat excluding fuel were up 11.3%. However at constant currency, adjusting for the strengthening of the euro and the dollar in relation to sterling, operating cost per seat ex fuel was up 1.8%. As previously flagged, due to the sharp decline in interest rates, net interest income fell versus the prior year.

Fleet and financing

As part of the annual strategy process, the Board has agreed that the fleet plan set out below will enable easyJet to deliver prudent growth and take advantage of the substantial opportunities to take market share in European short-haul aviation whilst maximising margins and delivering positive cash generation beyond the Boeing replacement programme. It is anticipated that easyJet's average annual growth rate over the medium term measured in seats flown will be around 7.5% per annum. One of easyJet's strengths is the flexibility of its fleet planning arrangements and the Board will continue to regularly review fleet planning decisions in the light of economic conditions, the market opportunities available and the financial strength of the business.

Fleet plan	Total aircraft
At 30 September 2008	165
At 30 June 2009 ¹	177
At 30 September 2009 ²	181
At 30 September 2010	187
At 30 September 2011	196
At 30 September 2012	207

¹ Includes 10 aircraft held for sale (5 A319 and 5 A321)

² Includes 9 aircraft held for sale, (5 A319 and 4 A321) which are expected to be sold by 30.09.10.

During the quarter, easyJet took delivery of two A319s and seven A320s. Four B737s and one ex GB A320 Airways were returned to lessors. The fleet stood at 177 aircraft as at 30 June 2009 (including five A321s and five older A319s held for sale). The number of non operational aircraft increased by 10 compared to the same period last year principally due to aircraft held for sale and an increase in aircraft in maintenance as easyJet prepares aircraft for return to lessors. easyJet has agreed the sale of a further A321 and is in discussion with a number of interested parties for the sale of the remaining four A321s.

easyJet is financially strong with £962million of cash and money market deposits on the balance sheet as at 30 June 2009. Financing at favourable rates (less than 100 basis points above LIBOR) is already in place with a number of counterparties. Current un-drawn facilities are \$0.5billion.

Hedging

To reduce short term earnings volatility easyJet has put the following fuel and currency hedging positions in place:

For the six months to end September 2009:

- 75% fuel requirement hedged at \$1,031 per tonne
- 76% of anticipated 2009 US\$ requirement hedged with 74% forwards at \$1.82 and 2% with collars between \$1.83 and \$1.92
- 71% of anticipated 2009 euro surplus hedged at €1.24/£

For the year to 30 September 2010:

- 51% fuel requirement hedged at \$771 per tonne
- 45% of anticipated 2010 US\$ requirement hedged at \$1.74
- 38% of anticipated 2010 euro surplus hedged at €1.23/£

Outlook

In a difficult and uncertain market, easyJet continues to perform in line with previous guidance for the year.

- Capacity measured in seats flown is expected to increase compared to the prior year by around 4% in the fourth quarter resulting in a 3% increase for the second half of the year.
- Average sector length for the second half will be level with the prior year.
- With over 75% of the available summer seats now booked total revenue per seat at constant currency in the second half of the year is expected to be at least at the same level as the prior year.
- Total operating costs⁵ per seat ex fuel remain in line with expectations previously set out and will grow by mid single digits at constant currency compared to the prior year principally due to reduced utilisation over the winter, growth in average sector length and increased crew costs, because of the October 2008 pay increase and increased costs associated with the introduction of overseas contracts.

- As previously highlighted there will be a £30million reduction in net interest income compared to the prior year.
- Second half fuel costs at current fuel prices and exchanges rates are expected to be broadly in line with the same period last year.
- Economic conditions remain uncertain and obviously August is an important month for easyJet, it is though expected that for the year to 30 September 2009 easyJet will deliver underlying pre tax profit in the range of £25million to £50million, with the key variables in determining the final outturn being the performance of late yields and the euro-sterling exchange rate.

END

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).
4. Restated following additional analysis of routes acquired from GB Airways.
5. Excludes interest receivable and payable.