

Acquisition of GB Airways

25 October 2007

Transaction Outline

- Acquisition of GB Airways Ltd (GB): 100% of shares acquired from the Bland Group
 - Consideration: £103.5m payable in cash
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- Deal subject to approval from the relevant regulatory authorities
 - Completion no later than 31 January 2008
 - Transition Services Agreement entered into between British Airways (BA) and GB to ensure seamless customer experience
 - Post completion easyJet to fly BA franchise to 29th March 2008; GB routes operated from Summer 2008 under easyJet brand
 - GB's last results to March 2007: turnover £250m, PBT £2.6m, EBITDAR £35m; gross assets £182m, net assets £33m on UK GAAP basis

Transaction Rationale

- **LGW:**

- ➔ easyJet's largest base
- ➔ attractive yields
- ➔ large, high income catchment area
- ➔ slot constrained

- **GB:**

- ➔ profitable, well-run airline, albeit with margins constrained by franchise relationship
- ➔ high overheads and high aircraft ownership costs
- ➔ already transitioning towards low-cost model; few legacy issues

- **Attractions of GB to easyJet:**

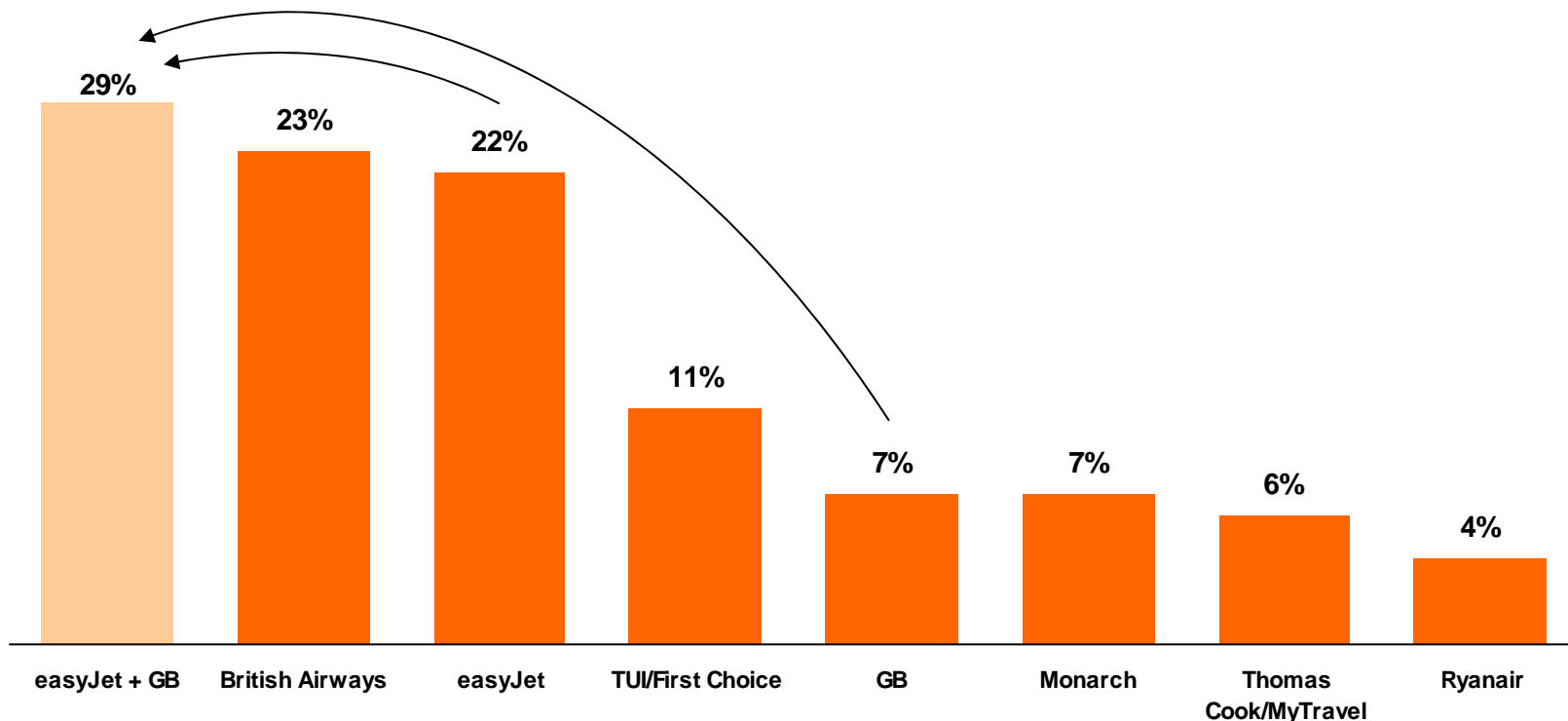
- ➔ combined business 24%* of LGW slots (easyJet 17% + GB 7%); BA 25%
- ➔ LHR routes continue to 29th March 2008 and thereafter routes transfer to LGW; the 4 LHR slots are not included in the acquisition
- ➔ young fleet of 15 Airbus A320 family aircraft in common with existing easyJet fleet
- ➔ 19 new destinations giving network development options
- ➔ 674 crew, 284 in support functions

*Source: recent Gatwick Airport Ltd data

Position at Gatwick

- 28 summer slot pairs giving a 50% increase in peak time slots at LGW
- providing significant increase in network flexibility and development
- takes easyJet holding to 24% of all LGW slots
- 2m passengers added to easyJet's 6m giving a total of 8m across 62 routes from LGW, equivalent to 29% of shorthaul pax

Market Share (shorthaul pax) at Gatwick¹



Source: CAA 2006

¹ Market share expressed as shorthaul PAX in Gatwick.

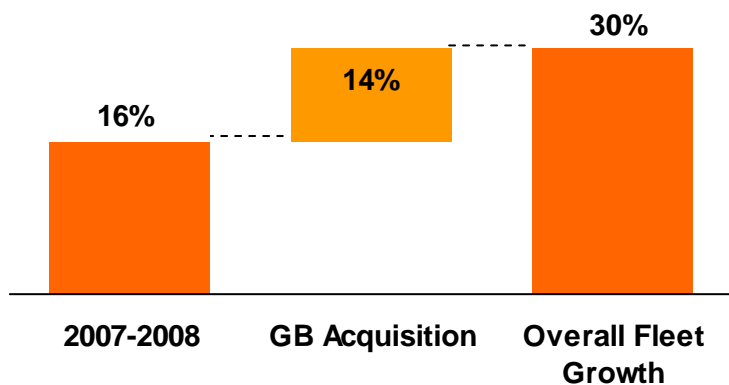
Fleet Development

- 15 A320/A321 aircraft represents first move by easyJet into larger gauge A320 family aircraft

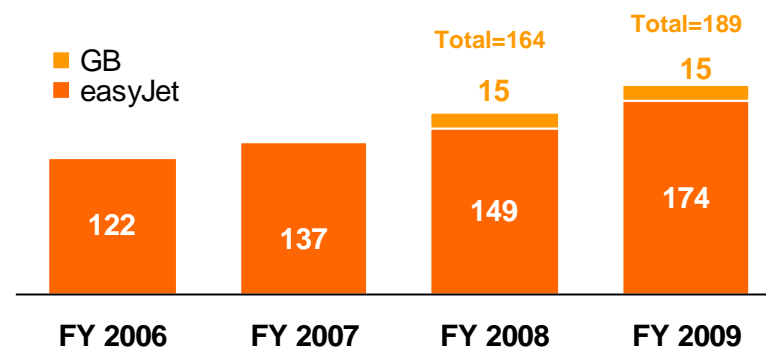
easyJet's Pro Forma Fleet

	Aircraft	Number	Average Age
easyJet	A319	107	2.7
	B737	30	
GB	A320	9	4.1
	A321	6	

ASK Growth



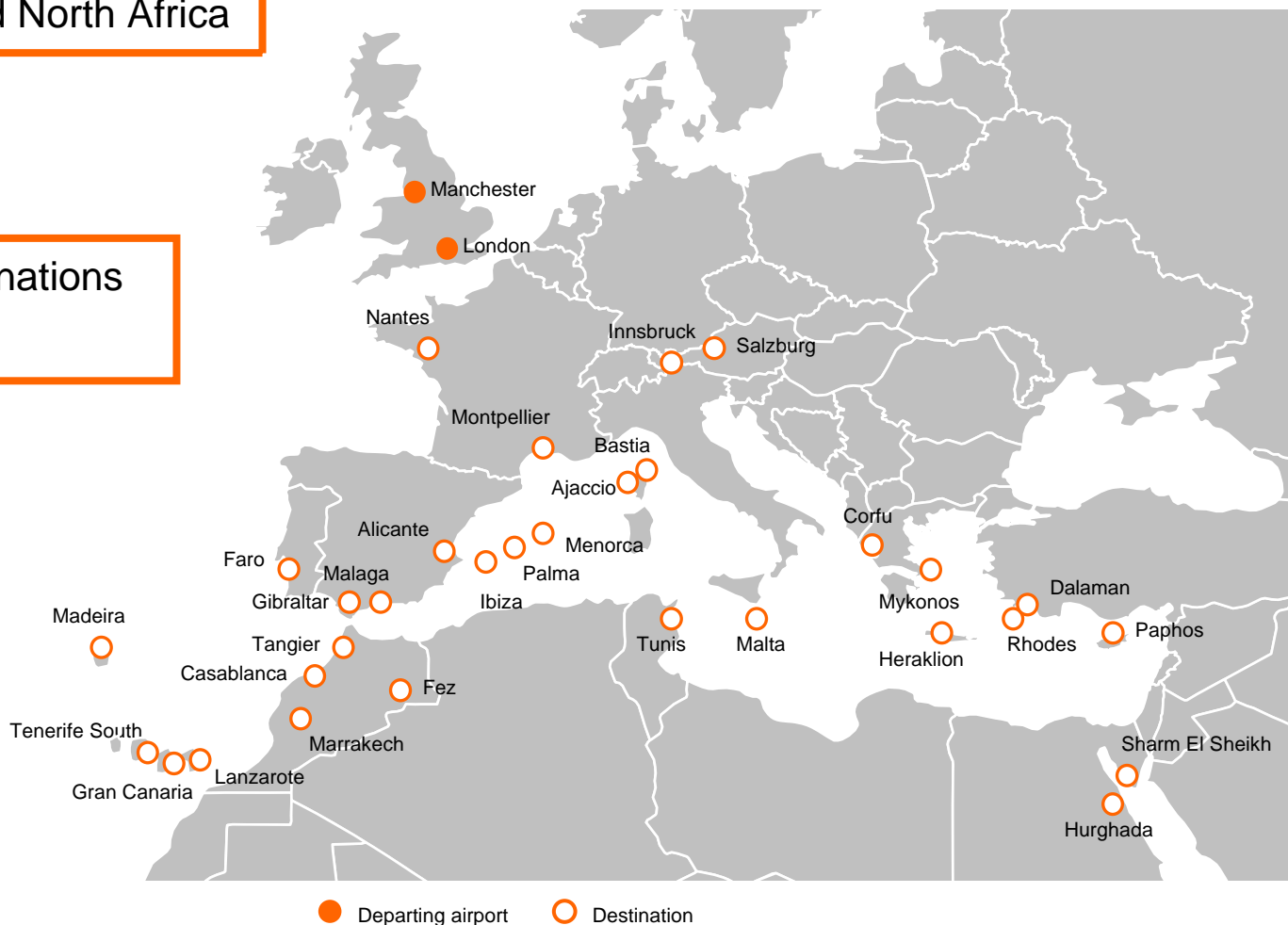
Fleet Increase



GB Destinations

- Opportunity to join the dots and further develop network across all destinations; extends reach of easyJet model to 19 new destinations, predominantly Southern Med and North Africa

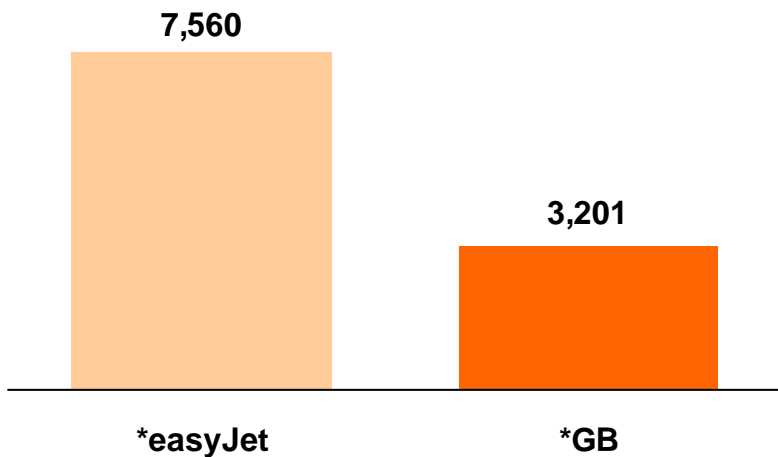
- 31 destinations
- 19 new



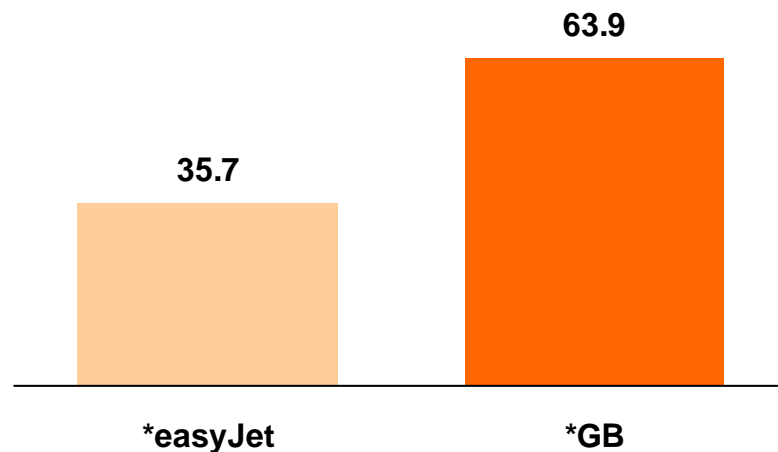
People and Efficiency Opportunities

- GB is a well run business with a highly skilled workforce, complementing the easyJet team

Passengers / Employee



Employees / Aircraft



*Sources: easyJet 2006 statutory accounts and GB Airways data

Objectives

- **Key Targets:**

- ➔ elimination of significant overheads in Summer 2008
- ➔ integration into easyJet business model by Winter 08/09

- **2007/08 Financial Objective:**

- ➔ EPS positive in easyJet's current financial year, before one-off integration costs

- **2008/09 Financial Objective:**

- ➔ EPS positive and profit per seat equal to rest of easyJet LGW operation

- **Financial upside longer term:**

- ➔ transition to easyJet aircraft ownership costs
- ➔ selectively joining new GB dots to rest of easyJet network
- ➔ improving existing LGW schedules with greater access to slots/facilities
- ➔ opportunity to utilise larger aircraft with lower seat economics on rest of network

Appendix: Key GB Facts

<p>Fleet</p>	<p>9 x A320s (8 operating lease, 1 sale and leaseback) 6 x A321s (2 sale and leaseback, 4 debt financed) Max configs – A320 168 seats, A321 204 seats Average fleet age 4.1 years IAE engines 5 deliveries between June 08 and October 09</p>
<p>Network</p>	<p>31 destinations served predominantly from LGW, MAN and LHR 28 routes from LGW, 6 from MAN and 5 from LHR</p>
<p>People</p>	<p>958 people employed; 674 in flight and cabin crew and 284 in support functions</p>
<p>Branding and Product</p>	<p>BA franchisee Full BA product, Club Europe and Euro Traveller</p>
<p>Company History</p>	<p>1931 Company begins as Gibraltar Airways 1947 BEA takes 49% in company 1989 Airline transfers to UK basing itself at LGW under the GB Airways name 1995 GB Airways becomes a BA franchise and BA relinquishes ownership stake 2000 Franchise with BA renewed until 2010</p>