RYANAIR

EUROPE'S GREENEST AIRLINE

September 2006 [1]

1. Ryanair's environmental record.

Ryanair is Europe's original and largest low fares airline. Ryanair's steady growth is being achieved in the most environmentally friendly and sustainable way by investing in the latest aircraft and engine technologies (which have reduced fuel burn and CO2 emissions by 45% over the past 10 years) and the implementation of certain operational and commercial decisions that help to further minimise environmental impacts (by an additional 10% between 1998 and 2008). Ryanair is currently the industry leader in terms of environmental efficiency and it is constantly working towards further improving its performance.

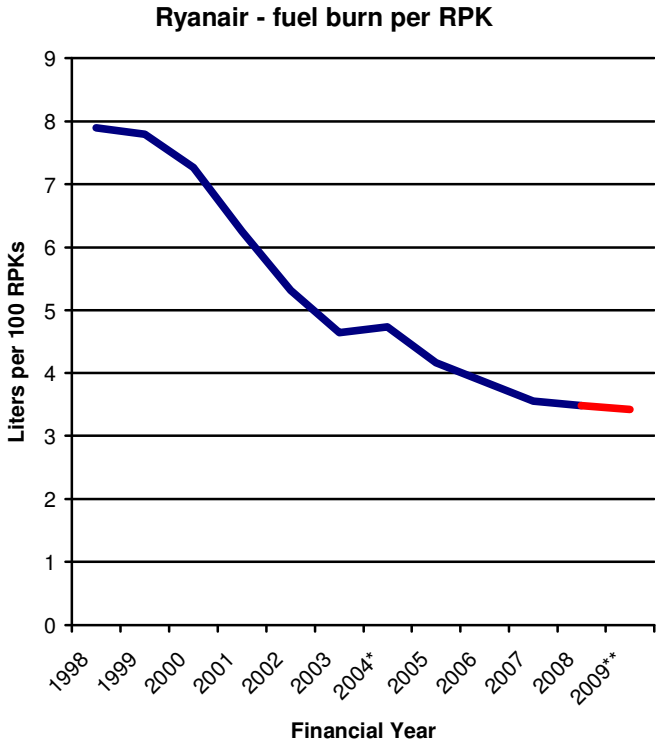
Ryanair is investing some €17bn on its fleet replacement and expansion programme, which commenced in 1999. All of Ryanair's older Boeing 737-200 aircraft have now been replaced with brand new Boeing 737-800 Next Generation aircraft and Ryanair currently operates the youngest and most fuel efficient aircraft fleet in Europe. Ryanair's current fleet of 166 Boeing 737-800 Next Generation aircraft have an average age of just over **2.5 years** (against the average world fleet age of around 11 years[2]) and future growth plans provide for the acquisition of a further 140 brand new aircraft of this type.

The Boeing 737-800 Next Generation aircraft has a vastly superior fuel burn to passenger kilometre ratio than that of the 737-200 aircraft. The move from these older aircraft to new 737-800 Next Generation aircraft alone has reduced Ryanair's fuel consumption and CO2 emissions per passenger kilometre by 45%.

Fuel emissions. Ryanair has minimised and continues to reduce fuel burn and CO2 emissions per passenger kilometre. This has been achieved through the combination of: numerous fuel saving measures (including the use of the latest aircraft and engine technology, e.g., winglets); and commercial measures aimed at maximising passenger numbers per flight in order to spread the fuel use and CO2 emissions over the greatest number of passengers (efficient seat configuration and high load factors).

Other characteristics of Ryanair's low-cost business model include, for example: the use of secondary airports and point-to-point services, which help to increase fuel efficiency and limit emissions. Ryanair avoids long taxiing times and holding patterns at congested primary airports, and delivers passengers to their destination directly on one flight ("point-to-point"), as opposed to forcing passengers onto connecting flights through congested main hub airports, which require two take-offs and two landings.

The combination of these operations and commercial initiatives and Ryanair's substantial investment in new aircraft has led to an overall reduction in fuel consumption and emissions of over **55%** between 1998 and 2007 (see chart below). This is far better than, for example, British Airways' 27% improvement in fuel efficiency between 1990 and 2005.[3] Ryanair's fuel burn per 100 revenue passenger kilometres (RPKs) is currently less than 3.5 litres and is expected to decrease further due to fuel saving measures currently being implemented. For example, the fleet-wide installation of winglets on all Ryanair's aircraft reduced fuel burn and CO2 emissions by up to 4%.



* Includes the adverse effect of a temporary use of inefficient aircraft acquired from Buzz. ** Estimate.

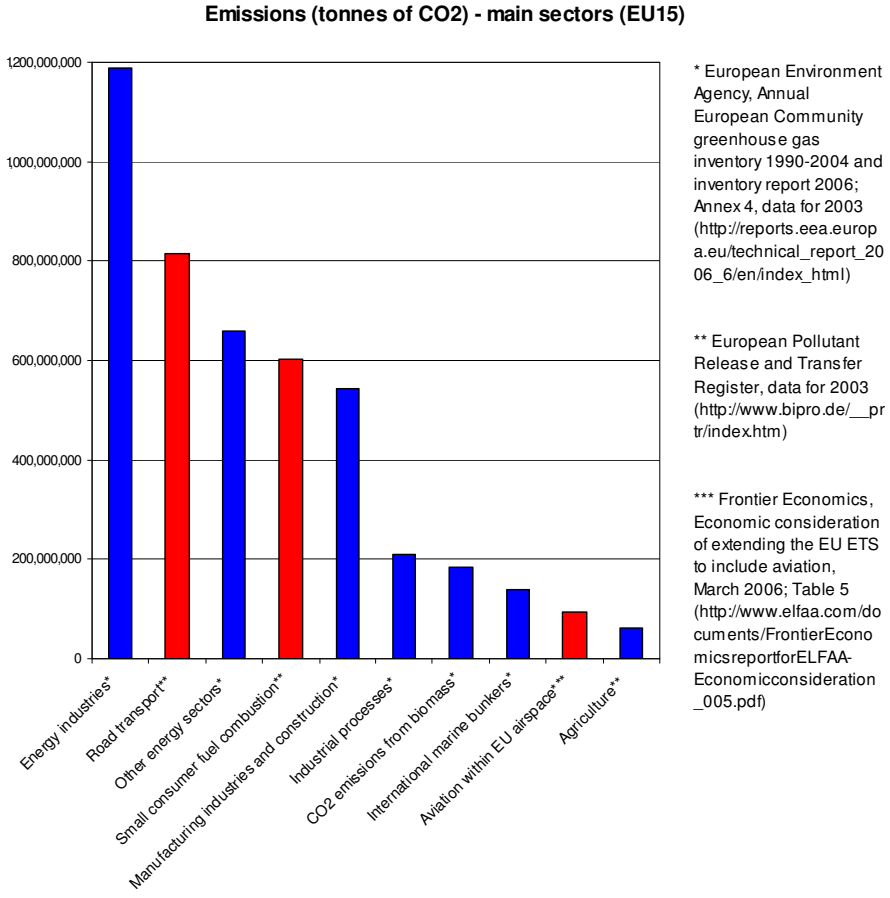
Noise. Ryanair is also the European leader in minimising the number of people affected by noise nuisance and lowering the volume of this nuisance. This has been achieved through: the application of modern technology (all Ryanair aircraft comply with current noise requirements and the use of winglets will further reduce the noise affected area at airports by 6.5%) and the implementation of numerous operational measures; the remote location of the majority of airports Ryanair operates from; the absence of night operations; and compliance with all local noise restrictions.

Waste. Ryanair's low-fare low-cost business model does not include offering "free" meals, drinks or newspapers to passengers, and thus results in a substantial reduction in the amount of waste generated by Ryanair flights, compared to traditional airlines that produce large amounts of waste from food, packaging and newspapers distributed "for free" to all their high-fare passengers.

2. Ryanair's policy on emissions trading and environmental taxation.

Ryanair is fundamentally opposed to any form of environmental taxation (ticket tax, fuel tax, emissions levy, etc.) as such measures have repeatedly failed to have any reduction effect on emissions. For example, motor vehicles are heavily taxed both at point of purchase and in terms of fuel, yet the surge in car ownership across Europe and the world continues unabated. Taxing air transport will not have any effect whatsoever on reducing greenhouse gas emissions but will have substantial adverse effects on European economic growth.

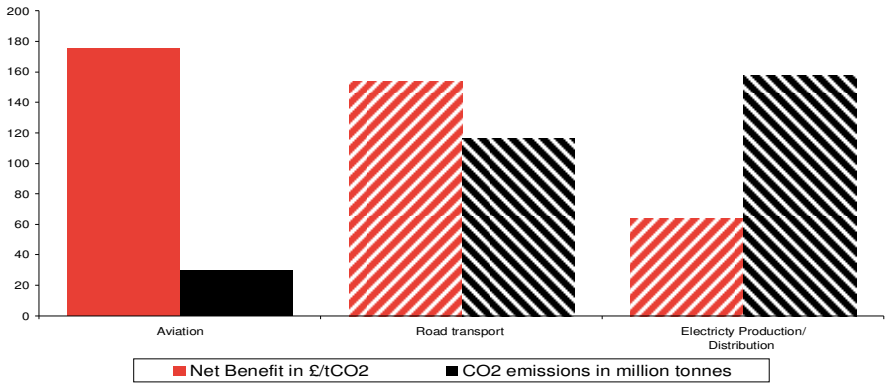
Ryanair proves that air transport can be environmentally friendly whilst continuing to deliver huge economic benefits in terms of the lowest cost air travel for consumers, increased tourism, regional and social cohesion, job creation, inward investment, etc. As the table below illustrates, air transport, which accounts for less than 2% of total EU CO2 emissions, is not the real problem in terms of environmental impacts. Road transport accounts for 9 times more and small consumer fuel combustion for 6 times more CO2 emissions than aviation within EU airspace.



It is unclear as to why the European Union is determined to include air transport in the EU Emissions Trading Scheme (ETS) instead of focussing on the real and larger sources of greenhouse gases.

For example, improving the efficiency of small consumer fuel combustion (e.g. household heating) in the EU15 by just 15% would cancel out the entire impact of air transport on the environment within the EU airspace! This is just one of several easily available measures to reduce EU greenhouse gas emissions, on which the EU should be focusing instead of targeting aviation (where huge efforts to increase energy efficiency due to economic pressures are being made).

Also, air transport accounts for less than 2% of EU CO2 emissions and delivers huge economic benefits, whereas road transport is responsible for some 20% of emissions and provides a fraction of the economic benefits. The table below presents the net benefits of selected sectors in the UK[4]:



If, however, the European Union continues its drive towards extending the scope of the EU ETS to include aviation (instead of, for example, targeting the environmental inefficiency of air traffic control services, which would immediately reduce aviation emissions by 12%), it should ensure that the scheme addresses the real problem areas (i.e., penalises inefficient traditional airlines operating with low load factors and older, more polluting aircraft) and rewards airlines that are maximising their environmental efficiency through investment in the latest technology and through operational efficiency. Any such scheme should therefore be based on the following principles espoused by the European Low Fares Airline Association (ELFAA):

- Uniform application to all flights to and from any EU airport.
- Allowances to be distributed free of charge on an efficiency benchmarking basis.
- Provisions allowing for environmentally sustainable growth.
- Scheme to be administered by the European Commission only.
- No additional "taxes" on aviation.

<u>The currently proposed ETS for aviation does not meet the above conditions.</u>

For more information visit: http://www.elfaa.com/environment.htm

[1] Updated in July 2008.
[2] Source: IATA.
[3] Source: British Airways Annual Report 2006.
[4] Estimated net benefit of selected sectors in the UK (2002). Source: Economic consideration of extending the EU ETS to include aviation, Frontier Economics, March 2002.