

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g)
OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended: March 31, 2001

0-29304

(Commission file number)

Ryanair Holdings plc

(Exact name of registrant as specified in its charter)

Ryanair Holdings plc

(Translation of registrant's name into English)

Republic of Ireland

(Jurisdiction of incorporation or organization)

c/o Ryanair Limited

Corporate Head Office

Dublin Airport

County Dublin, Ireland

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

None

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Title of each class	Name of each national market on which registered
American Depositary Shares, each representing five Ordinary Shares	Nasdaq National Market
Ordinary Shares, par value 2.54 euro cents per Share	Nasdaq National Market*

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

362,158,042 Ordinary Shares

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

* Not for trading, but only in connection with the registration of the American Depositary Shares.

TABLE OF CONTENTS

	<u>Page</u>
Presentation Of Financial And Certain Other Information	iv
Cautionary Statement Regarding Forward-Looking Information	v

PART I

Item 1. <i>Identity of Directors, Senior Management and Advisers</i>	1
Item 2. <i>Offer Statistics and Expected Timetable</i>	1
Item 3. <i>Key Information</i>	1
THE COMPANY	1
SELECTED FINANCIAL DATA	1
EXCHANGE RATES	7
SELECTED OPERATING AND OTHER DATA	9
RISK FACTORS	11
Item 4. <i>Information on the Company</i>	23
INTRODUCTION	23
STRATEGY	25
INDUSTRY OVERVIEW	28
European Airline Market	28
Ireland-U.K. Market	29
Service to Continental Europe	30
ROUTE SYSTEM, SCHEDULING AND FARES	30
Route System and Scheduling	30
Low and Widely-Available Fares	32
MARKETING AND ADVERTISING	33
RESERVATIONS/RYANAIR.COM	33
AIRCRAFT	35
ANCILLARY SERVICES	37
MAINTENANCE AND REPAIRS	38
General	38
Heavy Maintenance	38
SAFETY RECORD	39
AIRPORT OPERATIONS	40
Airport Handling Services	40
Airport Charges	40
FUEL	41
INSURANCE	42
FACILITIES	43
TRADEMARKS	43
GOVERNMENT REGULATION	44
Liberalization of the EU Air Transportation Market	44
Regulatory Authorities	44
Registration of Aircraft	46
Regulation of Competition	46
Environmental Regulation	47
Slots	47
Other	48
DESCRIPTION OF PROPERTY	48

Item 5. <i>Operating and Financial Review and Prospects</i>	48
HISTORY	48
BUSINESS OVERVIEW	49
CHANGE IN ACCOUNTING POLICY	50
RECENT OPERATING RESULTS	51
RESULTS OF OPERATIONS	52
FISCAL YEAR 2001 COMPARED WITH FISCAL YEAR 2000	52
FISCAL YEAR 2000 COMPARED WITH FISCAL YEAR 1999	56
QUARTERLY FLUCTUATIONS	60
U.S. GAAP RECONCILIATION	61
RECENTLY ISSUED ACCOUNTING STANDARDS	61
LIQUIDITY AND CAPITAL RESOURCES	62
TREND INFORMATION	66
INFLATION	66
Item 6. Directors, Senior Management and Employees	67
DIRECTORS	67
Action and Powers of Board of Directors	70
Composition and Term of Office	70
SENIOR MANAGEMENT	70
COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT	72
Compensation	72
Employment Agreements	72
EMPLOYEES AND LABOR RELATIONS	73
Item 7. <i>Major Shareholders and Related Party Transactions</i>	76
DESCRIPTION OF CAPITAL STOCK	76
MAJOR SHAREHOLDERS	76
RELATED PARTY TRANSACTIONS	76
Item 8. <i>Financial Information</i>	76
CONSOLIDATED FINANCIAL STATEMENTS	76
OTHER FINANCIAL INFORMATION	77
Legal Proceedings	77
Dividend Policy	77
SIGNIFICANT CHANGES	77
Item 9. <i>The Offer and Listing</i>	77
TRADING MARKETS AND SHARE PRICES	77
Item 10. Additional Information	81
OPTIONS TO PURCHASE SECURITIES FROM REGISTRANT OR SUBSIDIARIES	81
MEMORANDUM AND ARTICLES OF ASSOCIATION	82
MATERIAL CONTRACTS	84
EXCHANGE CONTROLS	84
LIMITATIONS ON SHARE OWNERSHIP BY NON-EU NATIONALS	84
TAXATION	87
Irish Tax Considerations	87
United States Tax Considerations	90
DOCUMENTS ON DISPLAY	91
Item 11. <i>Quantitative and Qualitative Disclosures About Market Risk</i>	91
GENERAL	91

FUEL PRICE EXPOSURE AND HEDGING	92
FOREIGN CURRENCY AND INTEREST RATE RISK EXPOSURE AND HEDGING..	93
Item 12. <i>Description of Securities Other than Equity Securities</i>	95
PART II	
Item 13. <i>Defaults, Dividend Arrearages and Delinquencies</i>	95
Item 14. <i>Material Modifications to the Rights of Security Holders and Use of Proceeds</i>	95
Item 15. <i>[Reserved]</i>	96
Item 16. <i>[Reserved]</i>	96
PART III	
Item 17. <i>Financial Statements</i>	96
Item 18. <i>Financial Statements</i>	96
Item 19. <i>Exhibits</i>	96
Appendix A.....	A-1

Presentation Of Financial and Certain Other Information

As used herein, the term “Ryanair Holdings” refers to Ryanair Holdings plc. Ryanair Holdings is a holding company formed in 1996 as Glyndon Limited, the name of which was changed to Ryanair Holdings Limited on October 31, 1996. On May 16, 1997, Ryanair Holdings Limited was converted to a public limited company and its name was changed to Ryanair Holdings plc. The term the “Company” refers to Ryanair Holdings together with its consolidated subsidiaries, and, for periods prior to August 24, 1996, Ryanair Limited and its consolidated subsidiaries. The terms “Ryanair Limited” and “Ryanair” refer to Ryanair Limited, a wholly-owned subsidiary of Ryanair Holdings, together with its consolidated subsidiaries. The term “fiscal year” refers to the twelve-month period ended on March 31 of such year. All references to “Ireland” herein are references to the Republic of Ireland. All references to the “U.K.” herein are references to the United Kingdom and all references to the “United States” or “U.S.” herein are references to the United States of America. References to “U.S. dollars,” “dollars” or “\$” are to the currency of the United States, references to “Irish pounds,” “IR£,” “Irish pence” and “p” are to the currency of Ireland, references to “U.K. pounds sterling,” “sterling,” “U.K.£” and “U.K. pence” are to the currency of the U.K. and references to “€,” “euro” and “euro cents” are to the euro, the common currency of the twelve Member States of the European Union (the “EU”), including Ireland. Various amounts and percentages set out in this Annual Report on Form 20-F (this “Report”) have been rounded and accordingly may not total.

The Company owns or otherwise has rights to the trademark RYANAIR[®] in certain jurisdictions. See “Item 4. Information on the Company—Trademarks”. This Report also makes reference to trade names and trademarks of companies other than the Company.

The Company publishes its Consolidated Financial Statements in accordance with accounting principles generally accepted in Ireland (“Irish GAAP”), which differ in certain respects from accounting principles generally accepted in the United States (“U.S. GAAP”). For a detailed discussion of the differences between Irish GAAP and U.S. GAAP that affect the Company’s Consolidated Financial Statements, see Note 31 to the Consolidated Financial Statements included in Item 18.

Beginning with the fiscal year ended March 31, 2000, the Company is publishing its Consolidated Financial Statements in euro. Solely for the convenience of the reader, this Report contains translations of certain euro amounts into U.S. dollars at specified rates. These translations should not be construed as representations that the converted amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated or at any other rate. Unless otherwise indicated, such U.S. dollar amounts have been translated from euro at a rate of €1.00 = \$0.8794 or \$1.00 = €1.1371, the noon buying rate in New York City for cable transfers of foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York (the “Noon Buying Rate”) on March 30, 2001 (the last business day of the fiscal year ended March 31, 2001). The Noon Buying Rate for euro on September 28, 2001 was €1.00 = \$0.9099 or \$1.00 = €1.0990. See “Item 3. Key Information—Exchange Rates” for information regarding rates of exchange between the Irish pound and the U.S. dollar, between the U.K. pound sterling and the Irish pound and between the U.K. pound sterling and the U.S. dollar from 1996 to the present and between the U.S. dollar and the euro from 2000 to the present, and “Item 5. Operating and Financial Review and Prospects” and “Item 11. Quantitative and Qualitative Disclosure About Market Risk” for a discussion of the effects of changes of exchange rates on the Company.

Prior to March 31, 2000, the reporting currency of the Company was Irish pounds. To facilitate a comparison, the Consolidated Financial Statements included in Item 18 and all other Irish pound-denominated financial data for periods prior to March 31, 2000 included in this Report have been restated from Irish pounds to euro at the fixed rate of IR£ 0.787564 = €1.00 set by the European Central Bank as of December 31, 1998. The comparative balances for prior years now reported in euros depict the same

trends as would have been presented had the Company continued to report such amounts in Irish pounds. The Company's Consolidated Financial Statements and other financial data for periods prior to March 31, 2000 may not be comparable to that of other companies reporting in euros if those companies had restated from a reporting currency other than Irish pounds, due to the fact that prior to the adoption of the euro the currencies of the other euro area countries fluctuated against the Irish pound.

Cautionary Statement Regarding Forward-Looking Information

Except for the historical statements and discussions contained herein, statements contained in this Report constitute "forward looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. Forward looking statements may include words such as "expect", "estimate", "project", "anticipate", "should", "intend" and similar expressions or variations on such expressions. Any filing of the Company with the U.S. Securities and Exchange Commission may include forward looking statements. In addition, other written or oral statements which constitute forward looking statements have been made and may in the future be made by or on behalf of the Company, including statements concerning its future operating and financial performance, the Company's share of new and existing markets, general industry and economic trends and the Company's performance relative thereto and the Company's expectation as to requirements for capital expenditures and regulatory matters. The Company's business is the provision of a no-frills, low-fares airline service in Europe, and its outlook is predominately based on its interpretation of what it considers to be the key economic factors affecting that business and the European economy. Forward-looking statements with regard to the Company's business rely on a number of assumptions concerning future events and are subject to a number of uncertainties and other factors, many of which are outside the Company's control, that could cause actual results to differ materially from such statements. It is not reasonably possible to itemize all of the many factors and specific events that could affect the outlook and results of an airline operating in the European economy. Among the factors that are subject to change and could significantly impact Ryanair's expected results are the airline pricing environment, fuel costs, competition from new and existing carriers, market prices for replacement aircraft, costs associated with environmental, safety and security measures, actions of the Irish, U.K., EU and other governments and their respective regulatory agencies, fluctuations in currency exchange rates and interest rates, airport access and charges, labor relations, the economic environment of the airline industry, the general economic environment in Ireland, the U.K. and elsewhere in Europe, the general willingness of passengers to travel and other factors discussed herein. The Company disclaims any obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

PART I

Item 1. *Identity of Directors, Senior Management and Advisers*

Not applicable.

Item 2. *Offer Statistics and Expected Timetable*

Not applicable.

Item 3. *Key Information*

THE COMPANY

Ryanair operates a low-fares, no-frills scheduled passenger airline serving short-haul, point-to-point routes in Europe from its bases at Dublin, London Stansted, Glasgow Prestwick, and Brussels (Charleroi). In operation since 1985, Ryanair began to introduce a low-fares, no-frills operating model under a new management team in the early 1990s. With its fleet of 36 planes, including 21 Boeing 737-200A jet aircraft and 15 new Boeing 737-800 “next generation” aircraft, the Company currently offers approximately 245 scheduled short-haul flights per day serving eleven locations in England, five locations in Ireland, two locations in Scotland, one in each of Wales and Northern Ireland and 27 locations in continental Europe. A detailed description of the Company’s business can be found in “Item 4. Information on the Company.”

SELECTED FINANCIAL DATA

The following tables set forth certain of the Company’s selected consolidated financial information and should be read in conjunction with the audited Consolidated Financial Statements of the Company and related notes thereto included in Item 18 and with “Item 5. Operating and Financial Review and Prospects.”

On January 1, 1999, the euro was introduced as the common legal currency of the then eleven Member States of the EU, including Ireland. The Company has adopted the euro as its reporting currency in the Consolidated Financial Statements included in Item 18 and all Irish pound-denominated financial data for periods prior to March 31, 2000 included in this Report have been restated from Irish pounds to euro at the fixed rate of IR£ 0.787564 = €1.00 set by the European Central Bank as of December 31, 1998. The comparative balances for prior years now reported in euro depict the same trends as would have been presented had the Company continued to report such amounts in Irish pounds. However, they may not be directly comparable to the financial statements of other companies that have been restated in euro if those companies had restated from a reporting currency other than Irish pounds, due to the fact that prior to the adoption of the euro, the currencies of euro-area countries fluctuated against the Irish pound.

During the fiscal year ended March 31, 1999, the Company adopted two new Financial Reporting Standards, FRS 12, “Provisions, Contingent Liabilities and Contingent Assets,” and FRS 15, “Tangible Fixed Assets.” The provisions of these accounting standards required the Company to change the way in which it had previously accounted for maintenance and depreciation expenditure on its aircraft fleet. In accordance with Irish GAAP, the financial statements for fiscal years 1999, 2000 and 2001 have been presented in accordance with these new accounting standards and all prior periods have been adjusted accordingly. The effect of the adoption of this policy on the restated Irish GAAP financial statements has been to reduce the amount of historical maintenance costs in each fiscal period prior to fiscal year 1999

(with a consequent increase in profits and tax liability for the relevant period) by €18.7 million in 1998 and €10.3 million in 1997, to increase the amount of historical depreciation costs in each fiscal period prior to fiscal year 1999 (with a consequent decrease in the tax liability for the relevant period) by €4.4 million in 1998 and €2.8 million in 1997, and to increase the tax charge in each fiscal period prior to fiscal year 1999 by €4.7 million in 1998 and €2.3 million in 1997. The change in accounting treatment has also been adopted by the Company in presenting its U.S. GAAP reconciliation. However, in accordance with the principles of U.S. GAAP regarding changes in accounting policies, the cumulative effect of the change has been shown in the U.S. GAAP reconciliation of the Company's financial statements for the fiscal year ended March 31, 1999 and prior periods have not been restated.

In accordance with Irish GAAP, the series of transactions effected in August 1996 in connection with the investment by Irish Air, L.P. in Ryanair Holdings (the "August 1996 Transaction") is accounted for as a purchase, and its assets were recorded at their fair value at that date. Under U.S. GAAP, purchase accounting does not apply in respect of the August 1996 Transaction and the assets and liabilities of Ryanair Limited were recorded by Ryanair Holdings using their cost basis in Ryanair Limited. For a detailed discussion of the principal differences between Irish GAAP and U.S. GAAP, see Note 31 to the Consolidated Financial Statements included in Item 18.

Profit and Loss Account Data:

<u>Irish GAAP</u>	<u>Ryanair Holdings</u>					<u>Ryanair Limited</u>	
	<u>Fiscal Year ended March 31,</u>	<u>Fiscal Year ended March 31,</u>	<u>Fiscal Year ended March 31,</u>	<u>Fiscal Year ended March 31,</u>	<u>Fiscal Year ended March 31,</u>	<u>Period from August 24, 1996 to March 31, 1997</u>	
	<u>2001(a)</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>Period from April 1 to August 23, 1996</u>	
	(in thousands, except per Ordinary Share and per ADS data)						
Total operating revenues	\$428,624	€487,405	€370,137	€295,759	€231,862	€103,278	€69,969
Total operating expenses	<u>328,363</u>	<u>373,394</u>	<u>286,082</u>	<u>227,898</u>	<u>175,581</u>	<u>83,983</u>	<u>52,911</u>
Operating profit	100,261	114,011	84,055	67,861	56,281	19,295	17,058
Net interest income (expense)	6,775	7,704	3,717	6,373	3,100	(832)	1,228
Other non-operating income (expenses)	<u>1,471</u>	<u>1,673</u>	<u>2,322</u>	<u>1,576</u>	<u>2,053</u>	<u>896</u>	<u>(171)</u>
Profit before taxation	108,507	123,388	90,094	75,810	61,434	19,359	18,115
Taxation	<u>(16,625)</u>	<u>(18,905)</u>	<u>(17,576)</u>	<u>(18,339)</u>	<u>(15,909)</u>	<u>(6,398)</u>	<u>(6,532)</u>
Profit after taxation	<u>\$91,882</u>	<u>€104,483</u>	<u>€72,518</u>	<u>€57,471</u>	<u>€45,525</u>	<u>€12,961</u>	<u>€11,583</u>
Ryanair Holdings basic earnings per Ordinary Share (euro cent)/(U.S. cents) (b)	26.04	29.61	21.62	17.44	14.96	5.19	n.a.
Ryanair Holdings diluted earnings per Ordinary Share (euro cent)/(U.S. cents)	25.73	29.26	21.48	17.38	14.92	5.19	n.a.
Ryanair Holdings basic earnings per ADS (euro cent)/(U.S. cents)(c)	130.20	148.05	108.10	87.20	74.80	25.93	n.a.

See notes on page 6.

Profit and Loss Account Data:

<u>U.S. GAAP</u>	Ryanair Holdings					
	Fiscal Year ended March 31,					
	<u>2001(a)</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
	(in thousands, except per Ordinary Share and per ADS data)					
Total operating revenues	\$428,624	€487,405	€370,137	€295,759	€231,862	€173,247
Total operating expenses	<u>\$325,778</u>	<u>370,455</u>	<u>283,915</u>	<u>225,664</u>	<u>188,488</u>	<u>142,705</u>
Operating income	102,846	116,950	86,222	70,095	43,374	30,542
Net interest income.....	6,775	7,704	3,717	6,373	3,099	396
Other non-operating income (expenses).....	<u>7,454</u>	<u>8,476</u>	<u>(1,433)</u>	<u>4,594</u>	<u>629</u>	<u>235</u>
Income before taxation	117,075	133,130	88,506	81,062	47,102	31,173
Taxation.....	<u>(18,241)</u>	<u>(20,742)</u>	<u>(16,640)</u>	<u>(19,291)</u>	<u>(10,409)</u>	<u>(10,379)</u>
Net income before cumulative effect of accounting change	98,834	112,388	71,866	61,771	36,693	20,794
Cumulative effect of changes in accounting principles.....	-	-	-	<u>23,122</u>	-	-
Net income	<u>\$98,834</u>	<u>€112,388</u>	<u>€71,866</u>	<u>€84,893</u>	<u>€36,693</u>	<u>€20,794</u>
Basic earnings per Ordinary Share (euro cent)/(U.S. cents) before cumulative effect of accounting changes	28	32	21	19	12	9.5
Cumulative effect on prior years of accounting changes (euro cent)/(U.S. cents).....	-	-	-	7	-	-
Basic earnings per Ordinary Share (euro cent)/(U.S. cents)(b)(d).....	28	32	21	26	12	9.5
Diluted earnings per Ordinary Share (euro cent)/(U.S. cents)(b)(d)	27	31	21	26	12	9.5
Net income per ADS (euro cent)/(U.S. cents)(c)(d)	136	155	105	130	60	48.0
<i>Pro forma amounts assuming the changes in accounting principles were applied retroactively</i>						
Net income	\$98,834	€112,388	€71,866	€61,771	€46,230	€25,884
Basic earnings per share (euro cent/U.S. cents).....	28	32	21	19	15	12
Diluted earnings per share (euro cent/U.S. cents).....	27	31	21	19	15	12

See notes on page 6.

Balance Sheet Data:

Irish GAAP	Ryanair Holdings					
	As of March 31,					
	2001(a)	2001	2000	1999	1998	1997
	(in thousands)					
Cash at bank and in hand	\$551,138	€626,720	€355,248	€158,595	€64,719	€30,405
Total assets.....	1,123,215	1,277,252	712,701	399,839	219,488	115,530
Long-term debt, including capital lease obligations	354,178	402,750	121,979	24,969	4,951	48,507
Shareholders' equity	589,108	669,898	441,357	250,964	133,472	15,206

U.S. GAAP	Ryanair Holdings					
	As of March 31,					
	2001(a)	2001	2000	1999	1998	1997
	(in thousands)					
Cash at bank and in hand	\$342,138	€389,059	€121,430	€97,704	€15,439	€15,439
Total assets.....	1,124,830	1,279,088	713,399	397,964	100,957	100,957
Long-term debt, including capital lease obligations	354,178	402,750	121,979	24,969	48,507	48,507
Shareholders' equity/(deficit).....	593,055	674,386	439,340	249,913	(6,915)	(6,915)

See notes on page 6.

Cash Flow Statement Data:

<u>Irish GAAP</u>	<u>Ryanair Holdings</u>						<u>Ryanair Limited (d)</u>
	<u>Fiscal Year Ended March 31, 2001(a)</u>	<u>Fiscal Year ended March 31, 2001</u>	<u>Fiscal Year ended March 31, 2000</u>	<u>Fiscal Year ended March 31, 1999</u>	<u>Fiscal Year ended March 31, 1998</u>	<u>Period from August 24, 1996 to March 31, 1997</u>	<u>Period from April 1 to August 23, 1996</u>
Net cash inflow from operating activities.....	\$202,088	€229,802	€149,575	€124,411	€99,029	€19,407	€22,792
Net cash inflow/(outflow) from returns of investment and servicing of finance	4,898	5,570	1,953	6,043	2,227	(787)	1,214
Taxation	(12,147)	(13,813)	(15,545)	(11,125)	(9,211)	(9,953)	-
Net cash (outflow) from capital expenditure.....	(313,255)	(356,214)	(154,079)	(107,124)	(88,082)	(24,189)	(7,160)
Net cash inflow from acquisitions and disposals.....	-	-	-	-	-	11,120	28
Net cash inflow/(outflow) before financing and use of liquid resources.....	(118,416)	(134,655)	(18,096)	12,205	3,964	(4,402)	16,874
Net cash inflow/(outflow) from financing and use of liquid resources.....	153,188	174,196	18,752	434	(3,079)	7,539	(12,589)
Increase in cash	<u>34,772</u>	<u>39,541</u>	<u>€656</u>	<u>€12,639</u>	<u>€885</u>	<u>€3,137</u>	<u>€4,285</u>

<u>U.S. GAAP</u>	<u>Ryanair Holdings</u>					
	<u>Fiscal Year ended March 31,</u>					
	<u>2001(a)</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Net cash inflow from operating activities	\$194,838	€221,558	€135,983	€119,330	€82,420	€22,518
Net cash inflow/(outflow) from investing activities.....	(316,633)	(360,056)	(327,006)	(158,664)	(72,841)	10,110
Net cash inflow/(outflow) from financing.....	<u>357,148</u>	<u>406,127</u>	<u>214,749</u>	<u>81,671</u>	<u>30,349</u>	<u>(27,249)</u>
Increase in cash and cash equivalents	235,353	267,629	23,726	42,337	39,928	5,379
Cash and cash equivalents at beginning of year	<u>106,786</u>	<u>121,430</u>	<u>97,704</u>	<u>55,367</u>	<u>15,439</u>	<u>10,059</u>
Cash and cash equivalents at end of the year .	<u>\$342,139</u>	<u>€389,059</u>	<u>€121,430</u>	<u>€97,704</u>	<u>€55,367</u>	<u>€15,438</u>

- (a) Dollar amounts are translated from euro solely for convenience at the Noon Buying Rate on March 30, 2001 of €1.00 = \$0.8794 or \$1.00 = €1.1371.
- (b) Earnings per share and net income per share data have been adjusted to give effect to the two-for-one stock split effected in February 2000, as well as to the Ordinary Shares issued in August 1996 and the subsequent twenty-five-for-one stock split, the additional shares issued in connection with the initial public offering of Ordinary Shares in May 1997 and those issued in connection with the stock offerings conducted outside the United States in accordance with Regulation S under the Securities Act (the "Regulation S Offerings") in July 1998, March 2000 and February 2001.
- (c) Represents earnings per Ordinary Share or net income per Ordinary Share multiplied by five.
- (d) Earnings per share for the fiscal year ended March 31, 1997 are not comparable to earnings per share for periods after the fiscal year ended March 31, 1997 because of the change in the capital structure of the Company effected by the August 1996 Transaction.

EXCHANGE RATES

The following table sets forth, for the periods indicated, certain information concerning the exchange rate between (i) the U.S. dollar and the Irish pound, (ii) the U.K. pound sterling and the Irish pound, (iii) the U.K. pound sterling and the U.S. dollar and (iv) the U.S. dollar and the euro. Such rates are provided solely for the convenience of the reader and are not necessarily the rates used by the Company in the preparation of its Consolidated Financial Statements included in Item 18. Financial Statements. No representation is made that any of such currencies could have been, or could be, converted into any of the other such currencies at such rates or at any other rate.

U.S. dollars per IR£1.00(1)

<u>Year ended December 31,</u>	<u>End of Period</u>	<u>Average(2)</u>	<u>Low</u>	<u>High</u>
1996	1.692	1.608	1.552	1.692
1997	1.425	1.518	1.425	1.693
1998	1.424	1.425	1.352	1.552
1999	1.279	1.344	1.272	1.500
2000	1.192	1.168	1.050	1.313
<u>Month ending</u>				
March 30, 2001	1.117	1.153	1.117	1.186
April 30, 2001	1.127	1.133	1.119	1.147
May 31, 2001	1.074	1.111	1.074	1.135
June 29, 2001	1.076	1.083	1.070	1.096
July 31, 2001	1.111	1.094	1.063	1.117
August 31, 2001	1.154	1.145	1.114	1.167

U.K. pounds sterling per IR£1.00(3)

<u>Year ended December 31,</u>	<u>End of period</u>	<u>Average(2)</u>	<u>Low</u>	<u>High</u>
1996	0.989	1.024	0.989	1.044
1997	0.866	0.927	0.864	0.993
1998	0.899	0.858	0.812	0.899
1999	0.789	0.837	0.789	0.904
2000	0.801	0.775	0.727	0.811
<u>Month ending</u>				
March 31, 2001	0.787	0.799	0.783	0.812
April 30, 2001	0.786	0.790	0.783	0.799
May 31, 2001	0.757	0.778	0.757	0.792
June 30, 2001	0.762	0.773	0.759	0.789
July 31, 2001	0.781	0.773	0.758	0.783
August 31, 2001	0.795	0.796	0.780	0.804

U.K. pounds sterling per US\$1.00(4)

<u>Year Ended December 31,</u>	<u>End of period</u>	<u>Average(2)</u>	<u>Low</u>	<u>High</u>
1996	0.584	0.636	0.584	0.669
1997	0.609	0.610	0.587	0.634
1998	0.601	0.602	0.581	0.621
1999	0.619	0.619	0.599	0.645
2000	0.667	0.662	0.606	0.714
<u>Month ending</u>				
March 31, 2001	0.705	0.692	0.705	0.679
April 30, 2001	0.699	0.697	0.704	0.691
May 31, 2001	0.705	0.701	0.710	0.694
June 30, 2001	0.710	0.713	0.728	0.705
July 31, 2001	0.702	0.707	0.714	0.700
August 31, 2001	0.689	0.696	0.707	0.686

U.S. dollars per euro(5)

<u>Year Ended December 31,</u>	<u>End of period</u>	<u>Average(2)</u>	<u>Low</u>	<u>High</u>
1999	1.007	1.059	1.002	1.181
2000	0.939	0.920	0.827	1.034
<u>Month ending</u>				
March 30, 2001	0.879	0.908	0.879	0.934
April 30, 2001	0.887	0.893	0.881	0.903
May 31, 2001	0.846	0.875	0.846	0.894
June 29, 2001	0.847	0.853	0.843	0.863
July 31, 2001	0.875	0.862	0.837	0.880
August 31, 2001	0.909	0.901	0.878	0.919

- (1) Based on the Noon Buying Rate for Irish pounds and, for periods after January 1, 1999, the Noon Buying Rate for the euro, calculated on the basis of the fixed exchange rate of €1.00=IR£0.787564, as established by the European Central Bank.
- (2) The average of the relevant exchange rates on the last business day of each month during the relevant period.
- (3) Based on the mid-market quote, as fixed by the Central Bank of Ireland at 4 p.m. local time on the relevant date and, for periods after January 1, 1999, the mid-range rate of trading in New York among banks in amounts of \$1 million or more, as quoted at 4 p.m. New York time by Telerate.
- (4) Based on the Noon Buying Rate for U.K. pounds sterling.
- (5) Based on the Noon Buying Rate for euros.

As of September 28, 2001, the exchange rate between the U.K. pound sterling and the Irish pound was U.K.£0.7898 = IR£1.00, or IR£1.2661 = U.K.£1.00; the exchange rate between the U.K. pound sterling and the U.S. dollar was U.K.£0.6807 = \$1.00, or \$1.4691 = U.K.£1.00; and the exchange rate between the U.S. dollar and the euro was €1.0990 = \$1.00, or \$0.9099 = €1.00. The fixed exchange rate between the Irish pound and the euro, as established by the European Central Bank, is €1.00 = IR£0.787564. For a discussion of the impact of exchange rate fluctuations on the Company's results of operations, see "Item 11. Quantitative and Qualitative Disclosures About Market Risk."

SELECTED OPERATING AND OTHER DATA

The following table sets forth certain operating data of Ryanair for each of the fiscal years ended March 31, 1997, 1998, 1999, 2000 and 2001. Such data are derived from the Consolidated Financial Statements prepared in accordance with Irish GAAP (except as otherwise indicated) and certain other data and are not audited. For definitions of the terms used in this table, see the Glossary in Appendix A.

See the notes following the table for explanatory material and Note 31 to the Consolidated Financial Statements included in Item 18 for a detailed discussion of the principal differences between Irish GAAP and U.S. GAAP.

	Fiscal Year ended March 31,				
	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Operating Data:					
<i>Irish GAAP and U.S. GAAP</i>					
Average Yield per RPM (€).....	0.139	0.157	0.158	0.175	0.199
Adjusted Average Yield per RPM (€).....	0.143	0.161	0.165	0.183	0.207
Average Yield per ASM (€).....	0.098	0.106	0.112	0.126	0.143
Adjusted Average Yield per ASM (€).....	0.100	0.108	0.118	0.131	0.149
Average Passenger Spend per Flight (€).....	3.60	3.91	5.11	4.38	3.99
Average Fuel Cost per U.S. Gallon (€).....	0.75	0.63	0.66	0.69	0.58
<i>Irish GAAP</i>					
Cost per ASM (CASM) (€)(a).....	0.079	0.085	0.092	0.101	0.119
Adjusted Cost per ASM (ACASM) (€)(a).....	0.079	0.085	0.092	0.099	0.108
Operating Margin.....	23%	23%	23%	24%	22%
<i>U.S. GAAP</i>					
Cost per ASM (CASM) (€)(a).....	0.078	0.085	0.091	0.109	0.126
Adjusted Cost per ASM (ACASM) (€)(a).....	0.078	0.085	0.091	0.108	0.114
Operating Margin.....	24%	23%	24%	19%	18%
Other Data: (Irish GAAP, except where described as U.S. GAAP)					
EBITDA (thousands of €)(b).....	174,859	130,429	105,646	83,474	49,527
EBITDA Margin(b).....	36%	35%	36%	36%	29%
EBITDAR (thousands of €)(b).....	182,145	132,526	108,555	88,587	57,378
EBITDAR Margin(b).....	37%	36%	37%	38%	33%
Adjusted EBITDA (thousands of €)(b).....	174,859	130,429	105,646	86,845	65,399
Adjusted EBITDA Margin(b).....	36%	35%	36%	37%	38%
Adjusted EBITDAR (thousands of €)(b).....	182,145	132,526	108,555	91,961	69,760
Adjusted EBITDAR Margin(b).....	37%	36%	37%	40%	40%
Revenue Passengers Carried.....	7,434,640	5,501,272	4,854,395	3,918,513	3,055,170
Revenue Passenger Miles (RPMs).....	3,118,098,414	2,103,848,249	1,643,267,849	1,159,284,877	767,307,359
Available Seat Miles (ASMs).....	4,439,036,540	3,126,069,535	2,304,838,185	1,620,897,150	1,065,205,290
Passenger Load Factor.....	70%	67%	71%	72%	72%
Passenger Seat Occupancy.....	71%	68%	73%	72%	72%
Break-even Load Factor (a).....	57%	54%	58%	58%	60%
Adjusted Break-even Load Factor (a).....	55%	53%	56%	54%	52%
Break-even Load Factor (U.S. GAAP) (a).....	56%	54%	58%	58%	61%
Adjusted Break-even Load Factor (U.S. GAAP) (a).....	55%	53%	56%	55%	53%
Average Length of Passenger Haul (miles).....	419	382	339	296	251
Sectors Flown.....	72,655	59,140	51,219	42,085	33,390
Average Passenger Fare (€).....	58.23	60.09	53.33	52.01	50.01
Number of Owned Aircraft Operated at Period					
End (c).....	36	26	21	20	12
Number of Airports Served at Period End.....	45	35	27	20	13
Average Daily Flight Hour Utilization (hours).....	6.82	6.37	6.47	4.99	5.73
Employees at Period End.....	1,476	1,388	1,203	988	698
Employees per Aircraft at Period End (c).....	41	53	57	49	58
Passengers per Employee at Period End.....	5,037	3,963	4,035	3,966	4,377

- (a) For the purposes of calculating Cost per ASM, Adjusted Cost per ASM, Break-Even Load Factor and Adjusted Break-Even Load Factor, costs include the costs of Ryanair's charter operations (excluding non-charter ancillary costs) but not the revenues or seat miles of such charter operations.
- (b) EBITDAR and EBITDA provide information regarding a company's ability to service and incur debt. EBITDAR and EBITDA should not, however, be considered in isolation as a substitute for net income, cash flow provided by operating activities or other income or cash flow data prepared in accordance with generally accepted accounting principles or as a measure of a company's profitability or liquidity. Adjusted EBITDA and Adjusted EBITDAR exclude the effect of non-recurring staff costs, including the discontinued executive director bonuses and bonuses paid to employees in connection with the initial public offering of Ordinary Shares in May 1997 and at the time of the industrial dispute at Dublin Airport in March 1998. The amounts of the discontinued executive director bonuses in the fiscal year ended March 31, 1997 was €12.4 million. The bonuses paid to employees in connection with the initial public offering and at the time of the March 1998 industrial dispute were €2.5 million and €0.9 million, respectively. For a discussion of the increase in the Company's consolidated maintenance and depreciation expense in fiscal year 1999, see "Selected Financial Data."

Management believes the data based on EBITDA, EBITDAR, Adjusted EBITDA and Adjusted EBITDAR set forth in the table above when considered in conjunction with (but not in lieu of) other measures that are computed in accordance with generally accepted accounting principles, enhance an understanding of the Company's results of operations, because they permit an investor to analyze operating income before certain items that are (i) non-cash items, such as depreciation and amortization, or (ii) no longer applicable to the Company based on current operations, such as the discontinued executive director bonuses and bonuses paid to employees in connection with the initial public offering of Ordinary Shares in May 1997 and at the time of the March 1998 industrial dispute at Dublin Airport. EBITDAR is provided in addition to EBITDA to enable investors to consider the Company's operating performance without regard to the method by which the Company's aircraft are operated and financed (i.e., leased rather than purchased). In evaluating these data, you should carefully consider the adjustments involved in calculating each measure and that the Company's results of operations and these data have at times varied significantly from quarter to quarter. You should also consider that management expects these variations to continue in the future and that the airline industry is characterized by high fixed costs and revenues that generally exhibit substantially greater elasticity than costs. A relatively small change in the number of passengers or in fare pricing or traffic mix could have a disproportionate effect on operating and financial results. The items excluded in computing certain of these measures, such as depreciation and amortization, are significant components in understanding and assessing the Company's financial performance. These measures should be considered in conjunction with "Item 5. Operating and Financial Review and Prospects" and the Company's Consolidated Financial Statements including the Notes thereto included elsewhere in this Report. The measures based on EBITDA, EBITDAR, Adjusted EBITDA and Adjusted EBITDAR computed for the Company may not be comparable to other similarly-titled measures of other companies.

- (c) Ryanair accepted delivery of its thirteenth owned Boeing 737-200A aircraft on March 27, 1997. As this aircraft was in the process of being reconfigured on March 31, 1997 and was never in operation by Ryanair prior to March 31, 1997, it has not been included in the computations of the Number of Owned Aircraft Operated at Period End and the number of Employees per Aircraft at Period End through March 31, 1997. On March 19, 1999, Ryanair accepted delivery of its first 737-800 "next generation" aircraft, the twenty-second aircraft in its fleet. As this 737-800 aircraft had only been used for training and test flights prior to March 31, 1999, it has not been included in the computations of the Number of Owned Aircraft Operated at Period End and the number of Employees per Aircraft at Period End through March 31, 1999.

RISK FACTORS

Recent Terrorist Attacks on the United States Have Had a Severe Negative Impact on the International Airline Industry

The terrorist attacks on the United States on September 11, 2001, in which four commercial aircraft were hijacked, with two being flown into the World Trade Center in New York, another being flown into the Pentagon in the Washington D.C. area and the fourth crashing in Western Pennsylvania, have had a severe negative impact on the international airline industry, particularly on U.S. carriers and carriers operating international service to and from the U.S. All airline traffic in the U.S. was suspended for several days following the attacks, and a number of major airports were closed for an extended period of time in order to review and enhance security measures. Airline traffic in the U.S. has fallen precipitously since the attacks, with most major airlines reporting dramatic declines in load factors, notwithstanding significant reductions in capacity introduced in the wake of the attacks. In connection with these reductions in capacity, U.S. airlines have laid off tens of thousands of workers, and a handful of smaller carriers have sought bankruptcy protection and/or suspended operations completely. Non-U.S. carriers with significant U.S. operations, including British Airways plc (“British Airways”) and Virgin Atlantic plc (“Virgin Atlantic”), have also laid off thousands of workers. Airlines operating within Europe such as Ryanair are expected to incur some increases in security-related expenses in order to comply with stricter regulations that are expected to be introduced in light of the attacks and may experience related delays in turn-around times. The cost of insurance coverage for certain third party liabilities arising from “acts of war” or terrorism is also expected to increase dramatically. Although Ryanair intends to pass on any increased insurance costs to passengers by means of a special “insurance levy” on each ticket, there can be no assurance that it will be successful in doing so. In response to the dramatic drop in revenue and expected increases in costs, airlines in the U.S. and certain European carriers are seeking governmental assistance in the form of financial aid, and all EU airlines are seeking alternative insurance coverage from the EU. Some European airlines are also seeking the relaxation of EU rules on state aids to the airline industry. There can be no assurance, however, that any such assistance will be forthcoming.

Ryanair does not fly to the U.S., and although it experienced a decline of approximately 10% in reservations in the week following the attacks, the number of flight bookings had returned to normal levels by the end of September. Nonetheless, because a substantial portion of airline travel (both business and personal) is discretionary and because Ryanair is substantially dependent on discretionary air travel, any prolonged general reduction in airline passenger traffic may adversely affect the Company. Similarly, any significant increase in expenses related to security, insurance or related costs could have a material adverse effect on the Company. Any further terrorist attacks in the U.S., or particularly in Europe, any significant military response by the U.S. and its allies or any prolonged hostilities or related economic downturn would be likely to have a material adverse effect on demand for air travel and thus on Ryanair’s business, operating results and financial condition.

The Company is Dependent on the Ireland-U.K. Market

Ryanair operates scheduled air services primarily on routes between Ireland and the U.K. For the fiscal years ended March 31, 2000 and 2001, passengers on Ryanair’s routes between Ireland and the UK accounted for 57.8% and 50.1% of total passenger revenues, with Dublin and London accounting for approximately 23.8% and 21.3%, respectively, of total passenger revenues, and the Dublin-London Stansted route alone accounting for approximately 13.4% and 11.9%, respectively, of such total. Ryanair’s business would be adversely affected by any circumstance causing a reduction in general

demand for air transportation services in Ireland or the U.K., including, but not limited to, adverse changes in local economic conditions, political disruptions or violence (including terrorism) or significant price increases linked to increases in airport access costs or taxes imposed on air passengers. In addition, so long as the Company's operations remain dependent on routes between Ireland and the U.K., the Company's future operations and growth will be adversely affected if this market does not grow and by increased competition in this market. See "Item 4. Information on the Company—Industry Overview—Ireland-U.K. Market."

The Company Will Incur Costs Acquiring Aircraft

Ryanair's continued growth is dependent upon its ability to acquire additional aircraft to meet additional capacity needs and to replace aging aircraft. From 1997 through September 2001, Ryanair launched service on 43 routes to the U.K. and Continental Europe, and also increased the frequency of service on a number of its principal routes. The new routes and expanded service are expected to increase Ryanair's scheduled passenger volumes in fiscal year 2002 to approximately 9.3 million passengers, an increase of approximately 25% over current levels.

Six of the Boeing 737-200A aircraft currently in Ryanair's fleet were manufactured in 1980, with the remainder of the current fleet of Boeing 737-200A aircraft having been manufactured between 1981 and 1983. On March 9, 1998, Ryanair entered into a series of agreements with The Boeing Company to purchase 25 new Boeing 737-800 "next generation" aircraft, together with options to purchase up to a further 20 "next generation" aircraft. Nevertheless, the average age of Ryanair's 21 737-200A aircraft at March 31, 2001 was 20 years, and a number of its current or potential competitors own fleets of aircraft with a lower average age.

The new 737-800 aircraft Ryanair is purchasing under the Boeing agreements share basic characteristics with its existing fleet of 737-200A aircraft, but are larger (seating up to 189 passengers, as compared to 130 on the 737-200As), capable of longer flights without refueling and incorporate more advanced aviation technology. The 737-800s also will comply with Chapter 3 noise reduction requirements established by the International Civil Aviation Organization, which take effect in the EU from 2002. The 25 firm orders placed with Boeing and the three options already exercised will enable Ryanair to increase the size of its summer schedule fleet by between two and eight additional aircraft each year through 2003. Although there can be no assurance that this expansion will not outpace the growth of passenger traffic on Ryanair's routes, if traffic growth proves to be greater than the expanded fleet can accommodate, the Company may exercise its options to acquire up to 12 additional "next generation" aircraft to cater to this demand. Alternatively, the Company may use these remaining option aircraft, which may include 737-700s, 737-800s or 737-900s, for additional capacity from February 2002 onwards or to replace certain of its 737-200A aircraft.

The Company elected not to exercise the options it held to acquire five additional 737-800s from Boeing during 2002. Ryanair has advised Boeing that it does not believe that the prices for the option aircraft established by the existing contracts reflect current market realities and that it does not anticipate exercising any such options unless Boeing makes certain price concessions; Boeing is evaluating this request. Ryanair has also advertised its interest in purchasing up to 50 additional used 737 aircraft from industry sources, should its negotiations with Boeing be unsuccessful. However, no decision has been made to purchase such aircraft and management believes that the aircraft currently in its fleet, together with those to be delivered by Boeing under the firm orders, are sufficient to meet Ryanair's current schedules, and its projected future growth, through at least the end of 2002.

There can be no assurance that the costs associated with the purchase of additional aircraft will not have a material adverse effect on Ryanair's operating margins in the future or that any limitations on

the Company's ability to obtain additional aircraft on favorable terms will not impose limitations on Ryanair's ability to grow after 2002. See "Item 4. Information on the Company—Aircraft" and "Item 5. Operating and Financial Review and Prospects."

EU Rules Impose Restrictions on Ownership of Ryanair Holdings' Ordinary Shares by Non-EU Nationals

The Board of Directors of Ryanair Holdings are given certain powers under Ryanair Holdings' Articles of Association (the "Articles") to take action to ensure that the amount of shares held in Ryanair Holdings by non-EU nationals ("Affected Shares") does not reach a level which could jeopardize the Company's entitlement to continue to hold or enjoy the benefit of any license, permit, consent or privilege which it holds or enjoys and which enables it to carry on business as an air carrier (a "License"). In particular, EU Regulation 2407/92 requires that, in order to obtain and retain an operating license, an EU air carrier must be majority owned and effectively controlled by EU nationals. EU Regulation 2407/92 does not specify what level of share ownership will confer effective control on a holder or holders of shares. As described below, the Directors will, from time to time, set a "Permitted Maximum" on the number of Ordinary Shares that may be owned by non-EU nationals at such level as they believe will comply with EU Regulation 2407/92. The Permitted Maximum is currently set at 49.9%.

In the event that, *inter alia*, (i) the refusal, withholding, suspension or revocation of any License or the imposition of any condition which materially inhibits the exercise of any License (an "Intervening Act") has taken place, (ii) the Company receives a notice or direction from any governmental body or any other body which regulates the provision of air transport services to the effect that an Intervening Act is imminent, threatened or intended or (iii) an Intervening Act may occur as a consequence of the level of non-EU ownership of shares or an Intervening Act is imminent, threatened or intended because of the manner of share ownership or control of Ryanair Holdings generally, the Directors can take action pursuant to the Articles to deal with the situation. They can, *inter alia*, (i) remove any Directors or change the Chairman of the Board, (ii) identify those shares, American Depositary Shares ("ADSs") or Affected Shares which give rise to the need to take action and treat such shares, ADSs, or Affected Shares as Restricted Shares (see below) or (iii) set a "Permitted Maximum" on the number of Affected Shares which may subsist at any time (which may not, save in the circumstances referred to below, be lower than 40% of the total number of issued shares) and treat any Affected Shares (or ADSs representing such Affected Shares) in excess of this Permitted Maximum as Restricted Shares (see below). Also, if as a consequence of a change of law or a direction, notice or requirement of any state, authority or person it is necessary to reduce the total number of Affected Shares below 40% or reduce the number of Affected Shares held by any particular stockholder or stockholders in order to overcome, prevent or avoid an Intervening Act, the Directors may resolve to (i) set the Permitted Maximum at such level below 40% as they consider necessary in order to overcome, prevent or avoid such Intervening Act, or (ii) treat such number of Affected Shares (or ADSs representing Affected Shares) held by any particular stockholder or stockholders as they consider necessary (which could include all of such Affected Shares or ADSs) as Restricted Shares (see below). The Directors may serve a Restricted Share Notice in respect of any Affected Share, or any ADR representing any ADS, which is to be treated as a Restricted Share. Such Notices can have the effect of depriving the recipients of the rights to attend, vote and speak at general meetings, which they would otherwise have had as a consequence of holding such shares or ADSs. Such Notices can also require the recipients to dispose of the shares or ADSs concerned to an EU national (so that the relevant shares (or shares underlying the relevant ADSs) will then cease to be Affected Shares) within 21 days or such longer period as the Directors may determine. The Directors are also given the power to transfer such shares themselves where there is non-compliance with the Restricted Share Notice.

As of March 31, 2001, EU Nationals owned at least 51% of Ryanair Holdings' Ordinary Shares. Ryanair Holdings continues to monitor the EU national ownership status of its Ordinary Shares, which

changes on a daily basis. Ryanair Holdings has undertaken to notify its shareholders of the percentage of ordinary shares held by EU nationals twice a year.

In an effort to increase the percentage of its share capital held by EU nationals, on June 26, 2001, Ryanair Holdings instructed The Bank of New York, the depository for its ADS program, to suspend the issuance of new ADSs in exchange for the deposit of Ordinary Shares until further notice to its shareholders. Holders of Ordinary Shares cannot convert their Ordinary Shares into ADSs during such suspension, and there can be no assurance that the suspension will ever be lifted.

In addition, all of the Ordinary Shares offered by EU nationals in the 1999 public offering (and a small portion of the Ordinary Shares then offered by non-EU nationals), as well as all of the Ordinary Shares offered by Ryanair Holdings in the Regulation S Offerings conducted outside the United States in each of 2000 and 2001, were allocated to purchasers who were EU nationals. Because a larger percentage of the Ordinary Shares are available on the open market as a result of these offerings, there can be no assurance that the percentage of Ordinary Shares owned by EU nationals will not drop, thereby requiring the Directors to exercise the power related to the “Affected Shares” described above. See “Item 10. Additional Information—Limitations on Share Ownership by Non-EU Nationals.”

Ryanair’s New Routes and Expanded Operations May Have An Adverse Financial Impact on Its Results

At the date of this Report, several low-fares carriers operate routes between the U.K. Ireland and continental Europe. See “Item 4. Information on the Company—Industry Overview—Service to Continental Europe.” Ryanair may face substantially greater competition in these markets compared to the Ireland-U.K. market. Although readily accepted on Ryanair’s current routes, there can be no assurance that Ryanair’s low-fares, no-frills service will be accepted on new routes.

When Ryanair commences new routes, its load factors tend to be lower than those on its established routes and its advertising and other promotional costs tend to be higher, which may result in initial losses that could have a material negative impact on the Company’s results of operations as well as require a substantial amount of cash to fund. Ryanair also periodically runs special promotional fare campaigns, in particular in connection with the opening of new routes. Promotional fares may have the effect of reducing Ryanair’s yield and passenger revenues on such routes during the period that they are in effect. See “Item 4. Information on the Company—Route System, Scheduling and Fares.” Ryanair expects to have other substantial cash needs as it expands, including cash required to fund aircraft purchases or aircraft deposits as additional aircraft or replacement aircraft are bought or leased to service new routes and increased flight frequencies on existing routes, including the substantial cash commitments related to the acquisition of the new fleet of 737-800s and or any additional used aircraft Ryanair may acquire. There can be no assurance that the Company will have sufficient cash to fund such projects.

EU air carriers are generally entitled to set air fares freely as a consequence of EU regulations introduced in 1993 as part of a package of measures designed to liberalize the market for air transportation services within the EU. However, EU Member States may intervene to stop further fare reductions on a route or group of routes where market forces have led to a sustained downward movement in fares deviating from seasonal norms and resulting in widespread losses among all carriers on the routes concerned. In addition, certain European nations outside the EU could reserve the right to set minimum fares. Such factors could adversely affect Ryanair’s ability to set its own fares freely on its new routes in such markets.

To the extent Ryanair may be unable to expand its route system successfully, its future revenue and earnings growth will be limited.

The Company's Rapid Growth May Expose It To Risks

Ryanair's operations have grown rapidly since it introduced a low-fares, no-frills operating model in the early 1990s. In recent years, Ryanair has expanded its fleet, added new destinations and flights to its schedule and established London Stansted Airport as a second primary base of operations, as well as expanding its operations at Glasgow Prestwick Airport and Brussels Charleroi Airport. Since 1997, Ryanair has more than doubled the number of passengers it carries, tripled its number of aircraft, more than tripled the number of airports it serves and more than doubled the number of people it employs. Ryanair intends to continue to expand its fleet (increasing its size to at least 49 aircraft by 2003) and add new destinations and additional flights to its schedule. Because the acquisition of the 28 firm commitment Boeing 737-800 "next generation" aircraft is being financed in part by a bank loan facility supported by a guarantee from the Export-Import Bank of the United States, the continued growth of Ryanair's operations will mean a significant increase in the total amount of Ryanair's outstanding debt and in the payments it is obliged to make to service that debt. If growth in passenger traffic and Ryanair's revenues do not keep pace with the planned expansion of its fleet, Ryanair could suffer from overcapacity and its results of operations and financial condition (including its ability to fund scheduled aircraft purchases and related debt) could be materially adversely affected. Ryanair has also entered into significant derivative transactions intended to hedge both its current aircraft acquisition related debt obligations and the substantial debt obligations it expects to incur in the future as it expands its fleet. These derivative transactions expose Ryanair to certain risks that could have an adverse effect on its results of operations and financial condition. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk."

This expansion of Ryanair's fleet and operations, in addition to other factors, may also strain existing management resources and operational, financial and management information systems and controls to the point that they may no longer be adequate to support Ryanair's operations. This would require Ryanair to make significant additional expenditures. This expansion will also require additional skilled personnel, equipment facilities and systems, as well as the upgrading of internal audit functions and the implementation of more detailed budgeting procedures. An inability to hire skilled personnel or to secure the required equipment and facilities efficiently and in a cost-effective manner may adversely affect Ryanair's ability to achieve growth plans and sustain or increase its profitability.

Ryanair expects that it will need to develop further its financial and management controls, reporting systems and procedures to accommodate future growth. There can be no assurance that Ryanair will be able to develop such controls, systems or procedures effectively or on a timely basis, and the failure to do so could have a material adverse effect on the Company's business, operating results and financial condition.

The Company's Growth is Dependent on Its Access to Airports, and Charges For Airport Access are Subject to Increase

Airline traffic at certain European airports is regulated by a system of "grandfather" rights in relation to "slot" allocations. Each slot represents authorization to take-off and land at the particular airport during a specified time period. Dublin Airport, one of Ryanair's two primary bases of operations, currently has no slot allocations. Nevertheless, traffic at four of the airports Ryanair serves, London Gatwick, Manchester, Turin and London Stansted (Ryanair's other primary base), is currently regulated through slot allocations. Applicable EU regulations currently prohibit the buying or selling of slots for cash, and there is no assurance that Ryanair will be able to obtain a sufficient number of slots at slot-controlled airports that it may wish to serve in the future at the time it needs them or on acceptable terms. There can also be no assurance that Dublin Airport or the other airports Ryanair serves will continue to

operate without slot allocations in the future. See “Item 4. Information on the Company—Government Regulation—Slots.”

Airports also may impose other operating restrictions such as curfews, limits on aircraft noise levels, mandatory flight paths, runway restrictions and limits on number of average daily departures. Such restrictions may limit the ability of Ryanair to provide service to or increase service at such airports.

Ryanair’s future growth is materially dependent on its ability to access suitable airports located in its targeted geographic markets at costs that are consistent with Ryanair’s low-fares strategy. See “Item 4. Information on the Company—Airport Operations—Airport Charges.” Any condition that would deny, limit or delay Ryanair’s access to airports it serves or seeks to serve in the future would constrain Ryanair’s ability to grow. A change in the terms of Ryanair’s access to these facilities or any increase in the relevant charges paid by Ryanair as a result of the expiration or termination of such arrangements and Ryanair’s failure to renegotiate comparable terms or rates could have a material adverse effect on the Company’s results of operations. In June 2001, Ryanair discontinued service from London Stansted to Rimini after the management of the Rimini airport initiated a legal action against Ryanair in Italy seeking the recovery of sums paid to Ryanair as marketing support and attempting to impose higher airport charges than those Ryanair has already paid. The Company is vigorously defending this action. See “Item 8. Financial Information—Other Financial Information—Legal Proceedings.” Ryanair has also discontinued service on two other continental European routes. See “Item 4. Information on the Company—Industry Overview—Service to Continental Europe.”

Ryanair’s operations are principally based at Dublin Airport and at London Stansted Airport. There can be no assurance that these airports will not impose higher airport charges in the future and that increases would not adversely affect Ryanair’s operations. In 1999, Aer Rianta, the Irish government authority charged with operating Ireland’s major airports, announced that it planned to phase out landing fee discounts granted to certain airlines that operate out of Dublin Airport, including Ryanair. In response to the announcement, Ryanair canceled plans to launch five new routes to continental Europe from Dublin and proposed a plan that would result in reduced landing fees and would have the Company guarantee a substantial increase in long-term passenger volume. This plan was rejected by Aer Rianta. In February 2001, the Irish Government established a Commission for Aviation Regulation that is now responsible for regulating charges at Dublin, Cork and Shannon airports. In August 2001, the commission issued a report setting charges which are to remain in effect for five years, beginning September 24, 2001. The base charges for 2001 are approximately 5% lower than the charges previously in effect, although an escalation mechanism provides that the charges will increase in line with inflation in Ireland. See “Item 4. Information on the Company—Government Regulation.”

In addition, since January 1997, airlines using Dublin and Cork airports have been granted rebates on passenger and landing charges for traffic increases generated on new and existing routes in each of the first five years after the route’s launch. There can be no assurance that these rebates will continue to be available to Ryanair or that it will be able to generate traffic increases and take advantage of these rebates.

Ryanair’s Industry Is Highly Competitive

The level of competition among airlines is high. Airlines compete primarily with respect to fare levels, frequency and dependability of service, name recognition, passenger amenities (such as access to frequent flyer programs) and the availability and convenience of other passenger services. Ryanair competes with a number of other airlines that currently serve its routes, in particular Aer Lingus plc (“Aer Lingus”), British Midland plc (“British Midland”), Deutsche Lufthansa (“Lufthansa”), British Airways, Scandinavian Airlines System (“SAS”), Go Fly Limited (“Go”), KLM Royal Dutch Airlines (“KLM”), Alitalia S.p.A. (“Alitalia”), Braathens ASA (“Braathens”), Air France Group (“Air France”), Virgin

Express Holdings plc (“Virgin Express”), easyJet Airlines, Co. Limited (“easyJet”), CityFlyer Express Limited (“CityFlyer Express,”) Buzz and Sabena, S.A. (“Sabena”), certain of which are larger and have greater name recognition and greater resources than Ryanair. In addition, unlike Ryanair, certain of Ryanair’s principal actual and potential competitors are state-owned or controlled flag carriers that have received and may receive in the future significant amounts of subsidies and other state aid from their respective governments. See “Item 4. Information on the Company—Government Regulation—Regulation of Competition.” Management expects further competition from start-up low-fares airlines (including Go, originally formed as a low-fare subsidiary of British Airways and since sold, Buzz, the low-fare subsidiary of KLM and other carriers formed by or affiliated with other major airlines) that may be formed to compete in the low-fares segment of the market as a result of continuing liberalization of the EU air transport market. Competition has led to a general reduction in the level of air fares in certain market segments of the industry in the EU, and Ryanair expects to face substantial competition from established and new carriers, possibly including other low-fares carriers operating in the Ireland-U.K. market. Unlike most of its competitors, Ryanair does not offer or plan to offer its passengers access to a frequent flyer program. Lack of such a frequent flyer program could become a competitive disadvantage.

The airline industry is highly susceptible to price discounting, in part because airlines incur very low marginal costs for providing service to passengers occupying otherwise unsold seats. Since Ryanair began to restructure its operations in the early 1990s, a number of its competitors have inaugurated or increased the frequency of their service on routes that Ryanair currently operates or may operate in the future. From time to time, certain of these competitors have substantially reduced fares in an apparent attempt to match or compete with the fares charged by Ryanair. There can be no assurance that competitors will not continue to undercut Ryanair’s fares in the future or increase capacity on competing routes in an effort to increase their respective market shares.

Although Ryanair intends to compete vigorously and to assert its rights against any predatory conduct, such activity by other airlines could reduce the level of fares or passenger traffic on its routes to the point where profitable levels of operations could not be achieved. Due to Ryanair’s smaller size and reduced financial resources compared to some of its competitors, it may be less able to withstand aggressive marketing tactics or fare wars engaged in by competitors should such conditions exist. Furthermore, if Ryanair were to achieve a dominant position on any route it operates, it would be prevented, by virtue of EU competition law, from setting fares at a level below the cost of providing the relevant service.

In addition to traditional competition among airline companies, the industry faces competition from ground and sea transportation alternatives and may also be subject to new forms of competition in the future such as video teleconferencing and other methods of electronic communication that may add a new dimension of competition to the industry as businesses and recreational travelers seek lower-cost substitutes for air travel.

Labor Relations Could Expose the Company To Risk

A variety of factors, including, but not limited to, the Company’s recent profitability, may make it more difficult to maintain its current base salary levels and current employee compensation arrangements. Consequently, there can be no assurance that Ryanair’s existing employee compensation arrangements may not be subject to change or modification at any time.

Although Ryanair currently consults with groups of employees, including its pilots, through “Employee Representation Committees” (“ERCs”), regarding work practices and conditions of employment, it does not conduct formal binding negotiations with collective bargaining units, as is the case in many other airlines.

Ryanair considers its relationship with its employees to be good. However, from January 9 to March 9, 1998, 39 of Ryanair's ground-handling employees participated in industrial action with respect to terms and conditions of their employment. Although the action did not have a material effect on Ryanair's ability to fulfill its flight schedules or on its results of operations or financial condition, a secondary action on the weekend of March 7 and 8, 1998 by members of the Service, Industrial, Professional and Technical Union ("SIPTU") working for other airlines and airport service providers led to the closure of Dublin Airport for certain periods. As part of a government-sponsored arrangement to end the secondary action, Ryanair agreed to cooperate with a governmental inquiry into the facts of the dispute and the reasons for the closure of the airport. The governmental inquiry report, which was issued in July 1998, was critical of the actions of both Ryanair and SIPTU during the dispute. Management believes that the dispute and related governmental and judicial action will not have any impact on Ryanair's historical policy of not conducting formal binding negotiations with collective bargaining units or on the public's perception of the Company generally.

In the United Kingdom, the British Airline Pilots Association ("BALPA") is seeking to represent Ryanair's pilots in labor negotiations. Following submissions by BALPA and Ryanair to the Central Arbitration Committee ("CAC"), which has statutory responsibility to determine whether recognition is automatic or requires a ballot, the CAC determined that a ballot was necessary as BALPA had failed to demonstrate that they had in excess of 50% of Ryanair's U.K. pilots in membership. Ryanair has not yet received notice of the date this ballot is to be conducted.

If any these events were to alter Ryanair's historical experience of flexibility in dealing with employees or were to alter the public's perception of Ryanair generally, it could have a material adverse effect on the Company's business, operating results and financial condition. See "Item 6. Directors, Senior Management and Employees—Employees and Labor Relations."

The Company Is Dependent on Key Personnel

The Company's success depends to a significant extent upon the efforts and abilities of its senior management team, including Michael O'Leary, the Chief Executive of Ryanair, and key financial, commercial, operating and maintenance personnel. Mr. O'Leary's current contract may be terminated by either party upon twelve months' notice. See "Item 6. Directors, Senior Management and Employees—Compensation of Directors and Senior Management—Employment Agreements." The Company's success also depends on the ability of its executive officers and other members of senior management, none of whom had any experience managing a public company prior to its initial public offering in May 1997, to operate and manage effectively both independently and as a group. Although the Company's employment agreement with Mr. O'Leary and its employment agreements with each of its other seven senior executives contain non-competition and non-disclosure provisions, there can be no assurance that these provisions will be enforceable in whole or in part. Competition for highly qualified personnel is intense, and the loss of any executive officer, senior manager or other key employee without adequate replacement or the inability to attract new qualified personnel could have a material adverse effect upon the Company's business, operating results and financial condition.

Safety-Related Undertakings Could Affect the Company's Results

Aviation authorities in Europe and the United States periodically require or suggest that airlines implement certain safety-related procedures on their aircraft. In recent years, the U.S. Federal Aviation Administration (the "FAA") has required a number of such procedures with regard to Boeing 737 aircraft, including checks of rear pressure bulkheads, redesign of the rudder control system and limitations on certain operating procedures. Ryanair's policy is to implement any such required procedures in accordance with FAA guidance, and to perform such procedures in close collaboration with Boeing. To

date, all such procedures have been conducted as part of Ryanair's standard maintenance program and have not interrupted flight schedules or required any material increases in Ryanair's maintenance expenses. However, there can be no assurance that the FAA, or other regulatory authorities, will not recommend or require other safety-related undertakings or that such undertakings would not adversely impact the Company's results of operations or financial condition.

The Company Faces the Risk of Loss and Liability

Ryanair is exposed to potential catastrophic losses that may be incurred in the event of an aircraft accident or terrorist incident. Any such accident or incident could involve not only repair or replacement of a damaged aircraft and its consequent temporary or permanent loss from service, but also significant potential claims of injured passengers and others. Ryanair currently maintains passenger liability insurance, employer liability insurance, aircraft insurance for aircraft loss or damage, insurance for pilots' loss of license and other business insurance in amounts per occurrence that is consistent with industry standards. Although Ryanair currently believes its insurance coverage is adequate, there can be no assurance that the amount of such coverage will not need to be increased, that insurance premiums will not increase significantly or that Ryanair will not be forced to bear substantial losses from accidents. See "—Recent Terrorist Attacks on the United States Have Had a Severe Negative Impact on the International Airline Industry." Substantial claims resulting from an accident in excess of related insurance coverage could have a material adverse effect on the Company's results of operations and financial condition. Moreover, any aircraft accident, even if fully insured, could cause a public perception that Ryanair's aircraft are less safe or reliable than those operated by other airlines, which could have a material adverse effect on Ryanair's business.

EC Council Regulation No. 2027/97 on air carrier liability in the event of accidents came into force on October 17, 1998. This regulation removes certain monetary limits on the liability of an air carrier in the event of death or bodily injuries suffered by passengers which are in effect by virtue of the Warsaw Convention of 1929 for the Unification of Certain Rules Relating to Transportation by Air. This regulation also limits the ability of an air carrier to rely on certain defenses in an action for damages, which would otherwise have been available to it at law. The potential exposure of air carriers, such as Ryanair, has therefore been increased and, although Ryanair has extended its liability insurance accordingly to meet the requirements of the new regulation, no assurance can be given that other laws, regulations or policies will not be applied, modified or amended in a manner that has a material adverse effect on the Company's financial condition or results of operations.

The Company Is Dependent on the Continued Acceptance of Low-Fares Airlines

In past years, accidents or other safety-related incidents involving certain low-fares airlines have had a negative impact on the public's acceptance of those airlines. Any adverse event potentially relating to the safety or reliability of low-fares airlines (including accidents or negative reports from regulatory authorities) could adversely impact the public's perception of, and confidence in, airlines like Ryanair and could have a material adverse effect on the Company's financial condition and results of operations.

The Company's Results of Operations Can Fluctuate Significantly

The Company's results of operations have varied significantly from quarter to quarter, and management expects these variations to continue. Among the factors causing these variations are the airline industry's sensitivity to general economic conditions and the seasonal nature of air travel. Because a substantial portion of airline travel (both business and personal) is discretionary, the industry tends to experience adverse financial results during general economic downturns. Any prolonged general reduction in airline passenger traffic may adversely affect the Company, particularly since we are

substantially dependent on discretionary air travel. In addition, the airline industry tends to be seasonal in nature. Historically, Ryanair has experienced its lowest load factors and yields for the year in January and February. As a result, the Company's operating revenues and profit before taxation have generally been significantly lower in the last quarter of a fiscal year ended March 31 than in the other quarters thereof.

The trading price of Ryanair Holdings' Ordinary Shares and ADSs may be subject to wide fluctuations in response to quarterly variations in the Company's operating results and operating results of other airlines. In addition, the global stock markets from time to time experience extreme price and volume fluctuations that affect the market prices of many airline company stocks. These broad market fluctuations may adversely affect the market price of the Ordinary Shares and ADSs.

The Company Is Dependent on Third Party Service Providers

Ryanair contracts with outside maintenance providers for heavy maintenance services. Ryanair currently contracts its heavy airframe maintenance overhauls, engine overhauls and "rotable" repairs to single contractors approved under the terms of Joint Aviation Requirement ("JAR") 145, the European airline industry standard for maintenance. See "Item 4. Information on the Company—Maintenance and Repairs—Heavy Maintenance."

The loss or expiration of these or any other of Ryanair's third party service contracts or any inability to renew them or negotiate replacement contracts with other service providers at comparable rates could have a material adverse effect on the Company's results of operations. Ryanair will need to enter into similar agreements in any new markets it enters, and there can be no assurance that it will be able to obtain the necessary facilities and services at competitive rates in new markets. In addition, although Ryanair seeks to monitor the performance of third parties that provide passenger and aircraft handling services, the efficiency, timeliness and quality of contract performance by third party providers are largely beyond Ryanair's direct control. Ryanair expects to be dependent on such third party arrangements for the foreseeable future.

Changes In Fuel Costs and Fuel Availability Affect the Company's Results

Jet fuel costs have been subject to wide fluctuations as a result of sudden disruptions in global supply and continued to exhibit substantial volatility in the fiscal years ended March 31, 2000 and 2001. As international prices for jet fuel are denominated in U.S. dollars, Ryanair's fuel costs are also subject to certain exchange rate risks.

Ryanair's 21 737-200A aircraft are generally less fuel efficient than newer aircraft used by many of Ryanair's competitors. A significant increase in the price of jet fuel would therefore result in a higher percentage increase in Ryanair's average overall operating costs than those of its competitors that use more fuel efficient aircraft. See "Item 4. Information on the Company—Fuel." Ryanair's new Boeing 737-800 "next generation" aircraft burn fuel at an hourly rate that is comparable to that of the Boeing 737-200As. However, as the 737-800s are configured to have 45% more seats (189 seats as compared to 130 in the 737-200As), the fuel burn per hour for the new aircraft on a per seat basis has been approximately 31% lower than that for the 737-200A fleet to date. Nonetheless, there can be no assurance that this reduction in fuel burn per hour on a per seat basis will translate into a reduction in fuel costs on a per seat basis, as Ryanair's cost of fuel varies with fluctuations in both world fuel prices and the conversion rate between the U.S. dollar and the euro. See "Item 5. Operating and Financial Review and Prospects—Results of Operations—Fiscal Year 2001 Compared to Fiscal Year 2000—Fuel and Oil."

Both the cost and availability of fuel are subject to many economic and political factors and events occurring throughout the world that Ryanair can neither control nor accurately predict. Substantial price increases, adverse exchange rates or the unavailability of adequate supplies could have a material adverse effect on Ryanair's profitability. In the event of a fuel shortage resulting from a disruption of oil imports or otherwise, higher fuel prices or curtailment of scheduled service could result. Ryanair has entered into limited arrangements providing for protection against fluctuations in fuel prices and exchange rates, but there can be no assurance that such agreements will be adequate to protect Ryanair from significant increases in the price of fuel in the near or longer term. Ryanair has not otherwise entered into agreements to guarantee its supply of fuel. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Fuel Price Exposure and Hedging."

Based upon Ryanair's fuel consumption for the fiscal year ended March 31, 2001, a change of one U.S. cent in the average annual price per gallon of aviation fuel would have caused a change of approximately €960,000 in annual fuel costs. Ryanair's fuel costs in the fiscal year ended March 31, 2001, after giving effect to the Company's fuel hedging activities, increased by approximately 52% over the comparable period ended March 31, 2000, primarily due to an increase in the US\$ cost of fuel and the increase in the number of sectors flown and the average sector length as a result of the expansion of Ryanair's fleet and route network. Because of Ryanair's low-fares policy, its ability to pass on increased fuel costs to passengers through increased fares or otherwise may be limited. Moreover, the anticipated substantial expansion of Ryanair's fleet through 2003 will likely result in a substantial increase, in absolute terms, in Ryanair's aggregate fuel costs.

The Company Faces Risks Related to Its Reservations Operations

In 1996, Ryanair transferred its reservations operation from two locations in London and Dublin to a single new facility in Dublin operated by its Ryanair.com Limited subsidiary. See "Item 4. Information on the Company—Reservations/Ryanair.com." The single center exposes Ryanair to the risks of system breakdowns, damage to, or the loss of, its reservations center and other events which could materially affect Ryanair's ability to process a portion of its passenger reservations and rapidly recover reservations information in the event of a system failure. As of August 31, 2001, approximately 72% of Ryanair's daily flight reservations were made through its website. Although the Company has established a contingency program whereby the website is hosted in two separate locations, each of these locations accesses the same OpenSkies booking engine in order to make reservations. Therefore, there can be no assurance that Ryanair would not suffer a significant loss of reservations in the event of a breakdown of such system, which in turn could have a material adverse affect on the Company's financial condition or results of operations.

Ryanair Is Subject To Aircraft Maintenance Requirements and the Risks of Aircraft Reliability

As Ryanair's existing 737-200A aircraft were manufactured between 1980 and 1983, it is likely that they will require greater maintenance expenditures than would a newer fleet. The average age of Ryanair's fleet of owned 737-200A aircraft at September 10, 2001 (in other words, not including the fifteen new 737-800 aircraft that are now in the fleet) was approximately 20 years. A number of Ryanair's current or potential competitors own fleets of aircraft with a lower average age. In general, the cost of maintaining or operating aging aircraft exceeds that of maintaining or operating newer aircraft. Ryanair's maintenance expense assumptions are based upon historical experience and current requirements to comply with existing regulations. In addition, there can be no assurance that Ryanair's new 737-800 aircraft will not cause the Company to incur significant maintenance or other operating costs. There also can be no assurance that new regulations will not be implemented in the future that would apply to Ryanair's aircraft and result in an increase in Ryanair's cost of maintenance beyond management's current estimates. In addition, should Ryanair's aircraft cease to be sufficiently reliable or

should any public perception develop that Ryanair's aircraft are less than completely reliable, the Company's business could be materially adversely affected. See "Item 4. Information on the Company—Maintenance and Repairs."

Currency Fluctuations Affect the Company's Results

Although the Company is headquartered in Ireland, a significant portion of its operations is conducted in the U.K. Consequently, the Company has operating revenues and operating expenses, as well as assets and liabilities, denominated in currencies other than the Irish pound; for example, fuel costs and debt service obligations are denominated in U.S. dollars and U.K.-related revenues and expenses are denominated in sterling. The Company's results of operations and financial condition can therefore be significantly affected by fluctuations in the respective values of those currencies. Ryanair's operations can be subject to significant direct exchange rate risks between the euro and the U.S. dollar because a significant portion of its operating costs (particularly those related to fuel purchases) is incurred in U.S. dollars, while none of its revenues are denominated in U.S. dollars. At the date of this Report, the Company only engages in foreign currency hedging transactions between the euro and the U.S. dollar and between sterling and the U.S. dollar. See "Item 11. Quantitative and Qualitative Discussion About Market Risk."

The Airline Industry Yields Low Margins of Return

The airline industry is characterized by high fixed costs and revenues that generally exhibit substantially greater elasticity than costs. The operating costs of each flight do not vary significantly with the number of passengers carried and, therefore, a relatively small change in the number of passengers or in fare pricing or traffic mix could have a disproportionate effect on operating and financial results. Accordingly, a relatively minor shortfall from expected revenue levels could have a material adverse effect on the Company's growth or financial performance. See "Item 5. Operating and Financial Review and Prospects." The very low marginal costs incurred for providing services to passengers occupying otherwise unsold seats are also a factor in the industry's high susceptibility to price discounting. See "—Ryanair's Industry Is Highly Competitive."

The Company Benefits from the Availability of Government Incentives

Ryanair.com Limited, a wholly-owned subsidiary of Ryanair ("Ryanair.com"), has incurred capital expenditures of approximately €3.8 million in connection with its Dublin reservations center. Part of the expenditure was financed with job-creation incentive grants from Forbairt Limited ("Forbairt"), a state agency charged with promoting the development of Irish enterprise. See "Item 4. Information on the Company—Reservations/Ryanair.com."

Ryanair.com also benefits from a corporate tax rate of 10% that is available under Irish tax law for corporations that operate international data processing services in Ireland and that have been provided with employment grants by the Irish Development Authority. See "Item 5. Operating and Financial Review and Prospects—Results of Operations—Fiscal Year 2001 Compared to Fiscal Year 2000—Income Taxes."

There can be no assurance that Ryanair will continue to qualify for such government benefits or that current legislation will not be amended to deny such benefits in the future.

Holders of Ordinary Shares are Currently Unable to Convert those Shares into American Depository Shares

In an effort to increase the percentage of its share capital held by EU nationals, on June 26, 2001, Ryanair Holdings instructed The Bank of New York, the depository for its ADS program, to suspend the issuance of new ADSs in exchange for the deposit of Ordinary Shares until further notice to its shareholders. Holders of Ordinary Shares cannot convert their Ordinary Shares into ADSs during such suspension, and there can be no assurance that the suspension will ever be lifted. See also “EU Rules Impose Restrictions on Ownership of Ryanair Holdings’ Ordinary Shares by Non-EU Nationals” above.

Ryanair Holdings Does Not Intend to Pay Dividends

Since its organization as the holding company for Ryanair in 1996, Ryanair Holdings has not declared or paid dividends on its Ordinary Shares. Ryanair Holdings anticipates, for the foreseeable future, that it will retain any future earnings in order to fund the business operations of the Company, including the acquisition of additional aircraft needed for Ryanair’s planned entry into new markets and its expansion of its existing service, as well as replacement aircraft for its current fleet. Ryanair Holdings does not, therefore, anticipate paying any cash or share dividends on its Ordinary Shares in the foreseeable future. As a holding company, Ryanair Holdings does not have any material assets other than interests in the shares of Ryanair. See “Item 8. Financial Information—Other Financial Information—Dividend Policy.”

Future Sales of Ordinary Shares Could Depress Ryanair Holdings’ Stock Price

Sales of substantial amounts of ADSs or Ordinary Shares (including Ordinary Shares issued upon the exercise of stock options) in the public market, or the perception that such sales could occur, could adversely affect the prevailing market price of the ADSs and the Ordinary Shares or the Company’s ability to raise capital through a public offering of our equity securities.

The Company seeks to attract and retain employees in part by offering its employees stock options and other rights to purchase Ordinary Shares. To date, Ryanair Holdings has granted options vesting over time to purchase a total of 11,275,540 Ordinary Shares to directors and employees and has reserved 11,275,540 Ordinary Shares for issuance upon the exercise of such options. As of September 10, 2001, 1,008,414 of such options have been exercised and 427,482 share options issued to senior management remain exercisable, with the remaining 10,848,058 options becoming exercisable at various times beginning in June 2003. Future grants of stock options under the Company’s existing plans are made at the discretion of the Board of Directors of Ryanair Holdings and can only be considered by the Board if the Company meets certain financial performance targets. The issuance of Ordinary Shares for such purposes may have the effect of reducing the percentage ownership in Ryanair Holdings of the then existing stockholders.

Item 4. Information on the Company

INTRODUCTION

The Company operates a low-fares, no-frills scheduled passenger airline serving short-haul, point-to-point routes primarily between Ireland and the U.K. In operation since 1985, the Company began to introduce a low-fares, no-frills operating model under a new management team in the early 1990s. With its fleet of 36 planes, including 21 Boeing 737-200A jet aircraft and 15 new Boeing 737-800 “next generation” aircraft, the Company currently offers approximately 245 scheduled short-haul flights

per day serving eleven locations in England, five locations in Ireland, two locations in Scotland, one in each of Wales and Northern Ireland and 27 locations in continental Europe.

In April 2001, Ryanair launched service from London Stansted to Brussels (Charleroi) in Belgium, Stockholm (Västerås) and Gothenburg in Sweden, Salzburg in Austria, Esbjerg in Denmark and Pescara and Trieste in Italy, as well as introducing a service from Glasgow (Prestwick) and Shannon to Brussels (Charleroi) and service from Brussels (Charleroi) to Toulouse (Carcassonne) in France and Pisa and Venice (Treviso) in Italy. To help serve its existing network and provide capacity for additional routes to be launched in the future, Ryanair expects to expand its fleet to approximately 49 aircraft by taking delivery of 13 additional Boeing 737-800 aircraft during the period from December 2001 through January 2003.

Offering widely-available low fares, Ryanair carried more than 7 million passengers during 2000. On the basis of the U.K. Airports Annual Statement of Movements, Passengers and Cargo (the “CAA Statistics”) published by the Civil Aviation Authority of the U.K. (the “CAA”), in calendar year 2000, Ryanair had the leading market share (in terms of passenger volume) on two-thirds of its scheduled routes between Ireland and provincial cities in the U.K. and carried approximately 32% of all scheduled passenger traffic between Dublin and London, a share comparable to that of Aer Lingus, its primary competitor. On the basis of the CAA statistics, in calendar year 2000, Ryanair carried 46.2% of the traffic between Dublin and Birmingham, 46.1% of the traffic between Dublin and Manchester, 48.6% of the traffic between Dublin and Glasgow, 75.9% of the traffic between Dublin and Bristol, 73.0% of the traffic between Dublin and Leeds/Bradford 73.0% and approximately 90% of the traffic between Dublin and Cardiff. Ryanair also achieved competitive market share results on the routes it launched to continental Europe from the dates it began service on these routes. For example, on the basis of the CAA statistics, in calendar year 2000, Ryanair carried approximately 10% of the traffic between London and Frankfurt, 63.0% of the traffic between London and Genoa and 72.0% of the traffic between London and Turin, as well as all of the traffic between Glasgow and Frankfurt and between London and each of Aarhus, Ancona, Biarritz and Dinard, routes on which Ryanair is the only carrier.

By generating an average scheduled passenger load factor of approximately 70% and average scheduled passenger yield of €0.098 per available seat mile (“ASM”) and focusing on maintaining low operating costs (€0.079 per ASM), Ryanair achieved an Adjusted EBITDA Margin of approximately 36% on operating revenues of €487.4 million for the fiscal year ended March 31, 2001. See “Item 5. Operating and Financial Review and Prospects” and “Glossary.”

The market’s acceptance of Ryanair’s low-fares, no-frills service is reflected in the “Ryanair Effect” — Ryanair’s history of generating significant growth in annual passenger traffic on the new routes it has entered since 1991. On the basis of the CAA Statistics and statistics released by the International Civil Aviation Organization (the “ICAO”), the number of scheduled airline passengers traveling between Dublin and London increased from approximately 1.7 million passengers in 1991 to more than 4 million passengers in 2000. On the basis of the CAA Statistics, each international route Ryanair has entered since 1991 has recorded significant traffic growth in the period following Ryanair’s commencement of service, with Ryanair capturing the largest portion of such growth on each such route. Although a variety of factors contributed to this increase in air passenger traffic, including the relative strength of the Irish, U.K. and European economies and, with respect to routes between Ireland and the U.K., the large Irish population in the U.K., management believes that the most significant factor across all its European routes in such growth has been Ryanair’s low-fares service.

Ryanair Holdings’ registered office is located c/o Ryanair Limited, Corporate Head Office, Dublin Airport, County Dublin, Ireland. The general telephone number is +353-1-812-1212. Under its current Articles of Association, Ryanair Holdings has an unlimited corporate duration.

STRATEGY

Ryanair's objective is to firmly establish itself as Europe's leading low-fares scheduled passenger airline through continued improvements and expanded offerings of its low-fares, no-frills service. Ryanair aims to offer low fares that generate increased passenger traffic while maintaining a continuous focus on cost-containment and operating efficiencies. The key elements of Ryanair's strategy are:

Low-fares, No-frills Service. Ryanair's low fares are designed to stimulate demand, particularly from fare-conscious leisure and business travelers who might otherwise have used alternative forms of transportation or would not have traveled at all. As of September 10, 2001, Ryanair's round trip fares on the Dublin-London Stansted route, Ryanair's largest in terms of passenger volume, were €50.78 for restricted tickets, €190.45 for same/next-day return tickets and €279.33 for unrestricted tickets. Comparable fares on Aer Lingus, Ryanair's primary competitor on the route, from Dublin to London Heathrow, its primary London airport, were €99.04, €448.22 and €600.59, respectively. Ryanair generally makes its lowest fare widely available by endeavoring to allocate a majority of seat inventory to its lowest fare categories. Ryanair's no-frills scheduled service provides essential services such as frequent departures, advance reservations, baggage handling and consistent on-time service while eliminating non-essential "extras" such as advance seat assignments, in-flight meals, multi-class seating, access to a frequent flyer program, complimentary drinks and other amenities.

Frequent Point-to-Point Flights on Short-Haul Routes. Ryanair provides frequent point-to-point service on short-haul routes to secondary and regional airports in and around major population centers and travel destinations. In the fiscal year ended March 31, 2001, Ryanair flew an average of 2 round-trips per route with an average route length of 419 miles and an average duration of approximately 1.2 hours. Short-haul routes allow Ryanair to offer frequent service, while eliminating the necessity to provide "frill" services otherwise expected by customers on longer flights. Point-to-point flying (as opposed to hub-and-spoke service) allows Ryanair to offer direct, non-stop routes and avoid the costs of providing through service for connecting passengers, including baggage transfer and transit passenger assistance costs.

In choosing its routes, Ryanair favors secondary airports with convenient transportation to major population centers and regional airports. Secondary and regional airports are generally less congested than major airports and, as a result, can be expected to provide higher rates of on-time departures, faster turnaround times (the time an aircraft spends at a gate loading and unloading passengers), fewer terminal delays and more competitive airport access and handling costs. Faster turnaround times are a key element in Ryanair's efforts to maximize aircraft utilization. Ryanair's average scheduled turnaround time for the fiscal year ended March 31, 2001 was approximately 25 minutes. Secondary and regional airports also generally do not maintain slot requirements or other operating restrictions that can increase operating expenses and limit the number of allowed take-offs and landings.

Low Operating Costs. Management believes that Ryanair's operating costs are among the lowest of any European scheduled passenger airline. Ryanair strives to reduce or control four of the primary expenses involved in running a major scheduled airline: (i) aircraft equipment costs; (ii) personnel expenses; (iii) customer service costs; and (iv) airport access and handling costs:

Aircraft Equipment Costs. Ryanair's initial strategy for controlling aircraft acquisition costs was to purchase used aircraft of a single type. From 1991 to 1998, Ryanair purchased used Boeing 737-200A aircraft that were, at the date of purchase, between 11 and 17 years old (with an average age of 20 years at March 31, 2001). In the late 1990s, however, there was a significant

reduction in the number of such used aircraft available for purchase in the market. Accordingly, in March 1998, Ryanair announced that it would take delivery from Boeing of 25 new Boeing 737-800 “next generation” aircraft between 1999 and 2003 and that it had acquired an option to purchase an additional 20 new 737-800s. Ryanair exercised the first three of these options in September 2000. The 737-800s represent the latest generation of Boeing’s 737 aircraft and share certain basic attributes in common with Ryanair’s current fleet. Although Ryanair’s acquisition of the 737-800s will more than double the size of its fleet from that in 1998 and thus significantly increase its aircraft equipment and related costs (both on an aggregate and per plane basis), management believes that its strategy of limiting its fleet to two related aircraft types enables it to limit the costs associated with personnel training, maintenance and the purchase and storage of spare parts, as well as affording greater flexibility in the scheduling of crews and equipment.

Personnel Expenses. Ryanair endeavors to control its labor costs by continually improving the productivity of its highly-productive work force. Compensation for employees emphasizes productivity-based pay incentives, including commissions for on-board sales of merchandise for flight attendants and payments based on the number of hours or sectors flown by pilots and cabin crew personnel within limits set by industry standards or regulations fixing maximum working hours, as well as participation in Ryanair’s stock option programs.

Customer Service Costs. Ryanair has entered into agreements on competitive terms with third party contractors at certain airports for passenger and aircraft handling, ticketing and other services that management believes can be more efficiently provided by third parties. Management attempts to obtain competitive rates for such services by negotiating multi-year contracts at prices that are fixed or subject only to periodic increases linked to inflation. The development of its own reservations center and internet booking facility has allowed Ryanair to increase the volume of passenger revenues generated by direct ticket sales. For the fiscal year ended March 31, 2001, Ryanair generated approximately 77% of its scheduled passenger revenues through direct sales, with direct telephone reservations and sales through Ryanair’s website generating approximately 33% and approximately 44% of the total, respectively. In fiscal 2000, direct sales had accounted for approximately 49% of scheduled passenger reservations.

Airport Access Fees. Ryanair attempts to control airport access and service charges by focusing on airports that offer competitive cost terms. Management believes that Ryanair’s record of delivering a consistently high volume of passenger traffic at many of these airports has allowed it to negotiate favorable contracts with such airports for access to their facilities. Ryanair further endeavors to reduce its airport charges by opting, when practicable, for less expensive gate locations as well as outdoor boarding stairs rather than more expensive jetways.

Commitment to Safety and Quality Maintenance. Ryanair’s commitment to safety is a primary priority of the Company and its management. This commitment begins with the hiring and training of Ryanair’s pilots, cabin crews and maintenance personnel and includes a policy of maintaining its aircraft in accordance with European airline industry standards. Ryanair has not had a single incident involving major injury to passengers or flight crew in its 16-year operating history. Although Ryanair seeks to maintain its fleet in a cost-effective manner, management does not seek to extend Ryanair’s “no-frills” operating strategy to the areas of safety, maintenance, training or quality assurance. Routine aircraft maintenance and repair services are performed at Dublin, London Stansted, Glasgow Prestwick, Shannon and Brussels (Charleroi) Airports by Ryanair and, at other airports, by maintenance contractors approved under the terms of Joint Aviation Requirement (“JAR”) 145, the European airline industry standard for maintenance. Ryanair currently contracts heavy airframe maintenance, engine overhaul services and rotatable repairs to single contractors. These contractors also provide similar services to a number of other

airlines, including British Airways Plc (“British Airways”) and Aer Lingus. Ryanair assigns a JAR 145 certified mechanic to supervise heavy maintenance and authorize engine overhauls performed by third parties.

Enhancement of Operating Results through Ancillary Services. Ryanair offers a variety of ancillary, revenue-generating services in conjunction with its core transportation service, including on-board merchandise, beverage and food sales, charter flights, cargo services, accommodation reservation services, advertising, travel insurance, car rentals and rail tickets. Ryanair distributes car rentals, accommodation services and travel insurance through both its website and its traditional telephone reservation offices. Management believes that providing these services through the internet allows Ryanair to increase sales, while at the same time reducing costs on a per unit basis.

Ryanair also makes available the exterior of its planes for paid advertising purposes, whereby a corporate sponsor pays Ryanair for the right to paint one of its aircraft with the sponsor’s name and logos for a specified period. For the fiscal year ended March 31, 2001, ancillary services accounted for 11.2% of Ryanair’s total operating revenues, as compared to 10.7% of such revenues in the fiscal year ended March 31, 2000. The increase reflected higher revenues from car rentals, other ancillary products and services (including advertising) provided through the Ryanair.com website.

Focused Criteria for Growth. Building on its success in the Ireland-U.K. market and its expansion of service to continental Europe, Ryanair intends to follow a manageable growth plan targeting specific markets. Ryanair introduced its first routes to Continental Europe in the spring of 1997 and now serves a total of 27 continental European destinations from Dublin, London Stansted, Glasgow Prestwick, Shannon and Brussels (Charleroi). Over the same period, Ryanair added several new British and Irish destinations and increased the number of flights on certain of its routes.

The new routes and expanded services launched in 2000 increased Ryanair’s scheduled passenger capacity by 28.5% during fiscal year 2001, and the new routes inaugurated earlier this year are expected to further increase seat capacity during fiscal year 2002 by approximately 28.4%, as compared with fiscal year 2001. Ryanair believes it will have opportunities for continued growth by: (i) initiating additional routes from the U.K. to other locations in continental Europe that are currently served by higher-cost, higher-fare carriers; (ii) increasing the frequency of service on its existing routes out of London and Glasgow Prestwick; (iii) starting new routes within the U.K.; (iv) considering possible acquisitions that may become available in the future; (v) landing at other airports within its existing route network (“triangulation”); and (vi) establishing new bases in continental Europe.

Taking Advantage of the Internet. During January 2000, Ryanair converted its host reservation system from the BABS (British Airways Booking System) to a new system called Flightspeed, which it operates under a five year hosting agreement with Accenture Open Skies (“Open Skies”). Open Skies provides the reservations systems for most of the low-fares carriers in Europe and many of the smaller low-fares carriers in the United States. As part of the implementation of the new reservation system, Open Skies and Ryanair jointly developed an internet booking facility called Takeflight. The Takeflight system allows internet users to access Ryanair’s host reservation system and to make and pay for confirmed reservations in real time through Ryanair’s website, known as Ryanair.com.

Ryanair launched its Takeflight internet booking system in mid January 2000. Thereafter, it also began promoting its website heavily through newspaper, radio and television advertising. The result has been that internet bookings have grown rapidly, accounting for in excess of 72% of all reservations on a daily basis as of September 2001.

INDUSTRY OVERVIEW

European Airline Market

The Western European air transport market has historically been subject to significant governmental regulation, encompassing both domestic regulations imposed by individual countries and rules enacted by the EU that apply throughout its territory. The EU commenced a program to reduce the level of regulation during the 1980s, followed by a package of liberalization measures substantially reducing the ability of individual EU Member States to restrict access to routes for air travel that were originally adopted in 1992. Since April 1997, EU carriers have been able to provide passenger service on domestic routes within individual EU Member States outside their home country of operation without restriction.

Partially as a result of this progressive movement towards deregulation, there has been a significant increase in the number of airlines providing scheduled passenger service in the EU over the course of the past decade. The prospects for additional market liberalization measures provided further impetus for new entrants, and management expects that other new carriers may be formed to capitalize on these opportunities. Notwithstanding the overall increase in the number of carriers, a large majority of the new entrants are quite small and the overall market has been volatile, with several of the new entrants ceasing operations. Among the major causes of their failure were the competitive responses from major airlines serving the same routes, including a number of sustained price wars, the difficulty the new entrants encountered in obtaining a sufficient number of slots at major airports at peak times and rapid, unmanageable expansion.

Air carriers operating in the intra-EU market generally have traditionally fallen into one of four principal categories: flag carriers, independent airlines, franchises of major airlines and charter operators. The flag carriers, which fly inter-continental routes as well as those within Western Europe, include both those that have traditionally been heavily dependent on aid from their respective governments (including Air France, Alitalia, Aer Lingus, Iberia, S.A. and Sabena) and “commercial” flag carriers such as British Airways, KLM, SAS and Lufthansa that have operated with no or little state aid in recent years. The independent carriers include low-fares, no-frills carriers such as Ryanair, easyJet, Go and Buzz, a subsidiary of KLM, and carriers providing “frills” services more comparable to those of the flag carriers but at lower fares, such as British Midland (U.K.), Air Azzurra (Italy), Fairlines (France) and Centennial Airlines, S.A. (Spain). Certain small carriers, including Virgin Express and Deutsche BA Luftfahrt GmbH, have become franchises of major airlines, sharing some ticketing and other distribution systems with the flag carriers. These franchises serve mainly regional routes where flag carriers cannot operate profitably due to their high overhead costs and serve to feed regional passengers to their flag carrier partners for interline service. For the flag carriers, franchises represent an effective means of competing with low-fares start-up carriers. These franchises include CityFlyer Express (British Airways), Crossair (Swissair) and TAT European Airlines S.A. (British Airways). Charter flight operators are significantly more established and more competitive in Europe than in the United States, with many charter operations being owned by major travel groups or commercial airlines. Charter operators currently account for a significant portion of total intra-EU annual passenger traffic and operate primarily on routes between northern and southern Europe, targeting mainly price-conscious leisure travelers.

Although the liberalization measures adopted by the EU were expected to reduce air fares and increase competition significantly, the European market continues to be characterized by higher operating costs per ASM than those with respect to scheduled passenger service in the United States. Although active competition has increased with the launch of the low fare carriers, fares for scheduled passenger services on intra-EU routes continue to be generally higher than those on domestic U.S. routes of comparable distances. Management believes that the higher fares are the result of carriers passing on

their higher costs to passengers and the lack of significant competition on some intra-EU routes. In addition, EU Member States may intervene to stop further fare reductions on a route or group of routes where market forces have led to a sustained downward movement in fares deviating from seasonal norms and resulting in widespread losses among all carriers on the routes concerned. Further, certain European nations outside the EU could reserve the right to set minimum fares. Although the number of promotional fares have increased and average fares have fallen on certain routes since the liberalization measures came into effect in 1993, substantial across-the-board reductions in air fares such as those that followed the deregulation of the air transport market in the United States in 1978 have not yet been experienced in Europe. In fact, a number of major carriers have recently announced plans to reduce seat capacity through the utilization of smaller aircraft and are planning to increase fares on those routes.

Ireland-U.K. Market

The market for scheduled passenger air travel between Ireland and the U.K. can be divided into two principal segments, the Dublin-London route and the routes between Ireland and other locations in the U.K. outside of London.

Dublin-London Route. The Dublin-London route (including service from Dublin to each of Heathrow, Gatwick, Stansted, Luton and London City airports) is currently served by four carriers. Ryanair serves three London airports (Stansted, Gatwick and Luton), Aer Lingus serves three airports (Heathrow, Gatwick and London City) and British Midland, and CityFlyer Express each serve one airport (Heathrow and Gatwick, respectively).

Before Ryanair entered the Dublin-London route in 1986, it was serviced only by British Airways and Aer Lingus. Management believes that Ryanair's introduction of competition based on low fares contributed to the significant growth in passenger volume and the heightened competition between airlines that has characterized the Dublin-London route since Ryanair first commenced service in 1986. British Midland entered the route in 1989, British Airways withdrew in 1991, while CityFlyer Express and CityJet (a former Virgin Atlantic Airways, Ltd. franchise) entered the route in 1992 and 1994, respectively, with CityJet withdrawing in 2000. As a result of increased competition, the lowest available fares have declined while the route has experienced substantial annual traffic growth. In calendar year 2000, according to the CAA Statistics, annual traffic had risen to more than 4 million passengers.

Ireland-U.K. Routes. Prior to 1993, the market for air travel between Ireland and other locations in the U.K. was dominated by Aer Lingus. As with the London-Dublin route prior to Ryanair's entry, routes to provincial cities in the U.K. were generally characterized by high fares, service on small-capacity turbo prop aircraft and slow traffic growth. Ryanair entered this market by launching low-fares service using jet aircraft between Dublin and Birmingham in 1993, from Dublin to Manchester and Glasgow Prestwick in 1994, Leeds/Bradford, Cardiff and Bournemouth in 1996 and Bristol and Teesside in 1997, as well as expanding the service on the Dublin-Liverpool route which it had launched in 1988. Since Ryanair's entry into these routes with jet aircraft service and low fares, each of the routes has experienced a significant reduction in fares and, according to the CAA Statistics, a significant increase in traffic growth. In each of these cases, Ryanair has captured a majority of this incremental growth, and, as a result, Ryanair is currently the market leader in terms of passenger volume on two-thirds of its routes between Ireland and provincial cities in the U.K. On the basis of the CAA Statistics, Ryanair's share of calendar year 2000 passenger volumes on these routes was as follows: Birmingham 46.2%, Manchester 46.1%, Glasgow 48.6%, Bristol 75.9%, Leeds/Bradford 73.0% and Cardiff approximately 90%. Ryanair also is the only scheduled passenger airline serving the Dublin-Liverpool, Dublin-Bournemouth, Dublin-Teesside, Kerry-London and Knock-London routes. Ryanair launched service from Shannon to London Stansted and from Dublin to Edinburgh in August 2001.

For the fiscal years ended March 31, 2000 and 2001, passengers on Ryanair's routes between Dublin and London accounted for approximately 23.8% and 19.3%, respectively, of Ryanair's total passenger revenues, with the Dublin-London Stansted route alone accounting for approximately 13.4% and 10.9%, respectively, of such total. Ryanair's business would be adversely affected by any circumstance causing a reduction in general demand for air transportation services in Ireland or the U.K., including, but not limited to, adverse changes in local economic conditions, political disruptions or violence (including terrorism) or significant price increases linked to increases in airport access costs or taxes imposed on air passengers. In addition, so long as the Company's operations remain dependent upon routes between Ireland and the U.K., the Company's future operations and growth will be adversely affected if this market does not grow and by increased competition in this market.

Service to Continental Europe

In 1997, Ryanair began service on new routes to four locations in continental Europe (Dublin to Paris (Beauvais) and Brussels (Charleroi), and London Stansted to Stockholm (Skavsta) and Oslo (Torp)). Ryanair expanded its continental service to include flights from London Stansted to Venice (Treviso), Pisa and Rimini in Italy, Toulouse (Carcassonne) and Lyon (St. Etienne) in France, and Kristianstad in Sweden and from Glasgow Prestwick to Paris (Beauvais) in 1998 and from London Stansted to Aarhus, Denmark, Frankfurt (Hahn) in Germany, Biarritz and Brittany (Dinard) in France and Ancona, Genoa and Turin in Italy in 1999. In June and July 2000, Ryanair launched service from London Stansted to Hamburg (Lübeck) in Germany, Malmo in Sweden, Nimes and Perpignan in France, and Brescia, Lamezia and Alghero (Sardinia) in Italy, as well as introducing service from Glasgow Prestwick to Frankfurt (Hahn) in March 2000 and service from Shannon, Ireland to Frankfurt (Hahn) in May 2000. In April 2001, Ryanair launched service from London Stansted to Brussels (Charleroi) in Belgium, Stockholm (Västerås) and Gothenburg in Sweden, Salzburg in Austria, Esbjerg in Denmark and Pescara and Trieste in Italy, as well as introducing service from Glasgow Prestwick and Shannon to Brussels (Charleroi) and service from Brussels (Charleroi) to Toulouse (Carcassonne) in France and Pisa and Venice (Treviso) in Italy. In June 2001, service from London Stansted to Rimini was discontinued after the airport initiated legal action to recover marketing support that it had previously paid and to retroactively increase airport charges. Ryanair terminated service to Lamezia following a dispute with the local airport over charges in the fall of 2000 and transferred service from Kristianstad to Malmo following the opening of the latter route. Among Ryanair's principal competitors on its routes to continental Europe are Aer Lingus and Air France (Paris), Aer Lingus code-sharing with Sabena (Brussels), British Airways and Air France (Toulouse and Lyon), SAS and British Airways code-sharing with Finnair (Stockholm), British Airways, SAS and Braathens (Oslo), Braathens (Malmo), Lufthansa, British Airways, Aer Lingus, British Midland, Buzz and Royal Nepal (Frankfurt), British Airways, Go and Alitalia (Venice/Treviso and Bologna), British Airways, Alitalia and Meridiana (Pisa), and British Airways (Genoa). Although each of these current competitors (with the exception of Go and Buzz) can be characterized as higher-cost, higher-fare carriers than Ryanair, there can be no assurance that new or existing low-fares, no-frills carriers will not seek to enter these routes in the future.

ROUTE SYSTEM, SCHEDULING AND FARES

Route System and Scheduling

The following table lists each of the routes served by Ryanair and sets forth certain information with respect to Ryanair's route system based upon the flight schedule in effect at September 1, 2001:

<u>Route served</u>	<u>Date service commenced</u>	<u>Round trip flights scheduled per day</u>	<u>Number of passengers carried in calendar year 2000</u> (in thousands)
<i>Between Dublin Airport and:</i>			
London Luton	January 1986	6	297
Liverpool	May 1988	3	167
London Stansted	November 1988	13	825
Birmingham	November 1993	4	259
Manchester	May 1994	6	290
Glasgow Prestwick	May 1994	3	195
London Gatwick	November 1994	4	283
Leeds/Bradford	May 1996	2	158
Bournemouth	May 1996	2	86
Cardiff	May 1996	1	66
Bristol	May 1997	3	169
Paris (Beauvais)	May 1997	4	230
Brussels (Charleroi)	May 1997	4	178
Teesside	November 1997	2	66
Edinburgh	August 2001	5	-
<i>Between London Stansted Airport and:</i>			
Knock	May 1991	2	124
Cork	October 1991	4	234
Glasgow Prestwick	May 1997	8	440
Stockholm (Skavsta)	June 1997	3	261
Kerry	June 1997	1	67
Oslo (Torp)	June 1997	2	115
Venice (Treviso)	May 1998	3	184
Lyon (St. Etienne)	May 1998	1	61
Pisa	June 1998	3	221
Rimini ¹	June 1998	1	67
Toulouse (Carcassonne)	June 1998	2	109
Frankfurt (Hahn)	April 1999	3	227
Biarritz	April 1999	1	87
Brittany (Dinard)	April 1999	1	59
Genoa	May 1999	2	131
Turin	July 1999	2	169
Ancona	July 1999	2	81
City of Derry	July 1999	2	125
Aarhus	September 1999	2	144
Shannon	April 2000	4	138
Hamburg (Lübeck)	June 2000	2	67
Nimes	June 2000	2	44
Perpignan	June 2000	1	57
Malmö	July 2000	2	75
Brescia	July 2000	2	85
Alghero (Sardinia)	July 2000	1	50
Brussels (Charleroi)	April 2001	3	-
Gothenburg	April 2001	2	-
Salzburg	April 2001	2	-
Esbjerg	April 2001	1	-
Pescara	April 2001	1	-
Trieste	April 2001	1	-
Stockholm (Västerås)	April 2001	1	-

¹ Service to Rimini was discontinued in June 2001. See “—Industry Overview—Service to Continental Europe.”

<u>Route served</u>	<u>Date service commenced</u>	<u>Round trip flights scheduled per day</u>	<u>Number of passengers carried in calendar year 2000</u> (in thousands)
<i>Between Glasgow Prestwick Airport and:</i>			
Paris (Beauvais)	November 1998	2	117
Frankfurt (Hahn)	March 2000	1	49
Brussels (Charleroi)	April 2001	1	-
<i>Between Shannon Airport and:</i>			
Frankfurt (Hahn)	May 2000	1	44
Brussels (Charleroi)	April 2001	1	-
<i>Between Brussels (Charleroi) and:</i>			
Toulouse (Carcassonne)	April 2001	2	-
Pisa	April 2001	2	-
Venice (Treviso)	April 2001	2	-

Management's objective is to schedule a sufficient number of flights per day on each route to satisfy demand for Ryanair's low-fares service. Since the early 1990s, Ryanair has continued to increase the number of its flights between Dublin and London, and currently provides more than 20 scheduled flights per day from its Dublin Airport base to Stansted, Gatwick and Luton Airports. Ryanair schedules departures on its most popular routes at frequent intervals normally between 7:00 a.m. and 11:00 p.m. During peak demand periods and periods with high advanced bookings, Ryanair attempts to increase seat capacity by increasing the number of flights with its existing aircraft and, if practicable, by leasing more aircraft on a short-term basis. Management regularly reviews the need for adjustments in the number of flights on all of its routes.

Low and Widely-Available Fares

Ryanair offers low, multi-tier fare pricing, with prices generally varying depending on advance booking, seat availability and demand. Unlike many advertised fares on major airlines, Ryanair's lowest fares do not require any particular day of week (e.g., Saturday night) stay. All restricted tickets are non-changeable, non-cancelable and non-refundable and tickets must be paid for when the reservation is made.

Ryanair's discounted fares are "capacity controlled" in that Ryanair allocates a specific number of seats on each flight to each fare category to accommodate projected demand for seats at each fare level leading up to flight time. Ryanair generally makes its lowest fares widely available by endeavoring to allocate a majority of its seat inventory to its lowest fare categories. Management believes that its unrestricted fares as well as its advance purchase fares are attractive to both the business and the leisure traveler.

When launching a new route, Ryanair's policy is to price its lowest fare so that it will be significantly lower than other carriers' lowest fares, but still provide a satisfactory operating margin.

Ryanair also periodically runs special promotional fare campaigns, in particular in connection with the opening of new routes, and endeavors to underprice attempts by its competitors to lower their fares on a particular route. Ryanair offers weekday one-way fares starting at IR£19.99 (approximately €25) on many of its routes, and offers lower-fare trips on certain routes from time to time. In the summer of 2001, for example, as part of the launch of its new route from Dublin to Edinburgh Ryanair offered promotional IR£10.00 (approximately €13) return fares on every seat on every flight for the months of September and October. Reservations for Ryanair's "every seat, every flight" promotions must be made

during a limited period of time and are only available for travel during a specific period. Other promotional fares generally are available only for mid-week travel, for a limited period and for a limited number of seats per flight, and also require reservations in advance. Promotional fares may have the effect of reducing Ryanair's yield and passenger revenues on the relevant routes during the period they are in effect.

MARKETING AND ADVERTISING

Ryanair's primary marketing strategy is to emphasize its widely-available low fares. In doing so, Ryanair primarily advertises its services in national and regional newspapers in Ireland and the U.K., as well as on radio and television in those markets. In continental Europe, Ryanair advertises primarily through regional and national newspapers, as well as on radio, billboards and other local media. Currently, the slogan "Ryanair.com, the Low Fares Airline" is prominently featured in all of the airline's marketing to build its brand identity. Other marketing activities include the distribution of advertising and promotional material and cooperative advertising campaigns with other travel-related entities, such as Bord Failte, the Irish Tourist Board.

Ryanair generally runs special promotions in coordination with the inauguration of service into new markets. Starting approximately four to six weeks before the launch of a new route, Ryanair undertakes a major advertising campaign in the target market and local media and editorial attention frequently focuses on the introduction of Ryanair's low fares. Ryanair's sales teams also visit each area and target pubs, clubs, shopping malls and universities with a view to increasing consumer awareness of the new service.

RESERVATIONS/RYANAIR.COM

Passenger airlines generally rely on travel agents for a significant portion of their ticket sales and pay travel agents a commission for their services. Following the introduction of its website-based reservations program, Ryanair's reliance on travel agents has been significantly reduced. Travel agents obtain airline travel information via access to computerized reservation systems ("CRSs") that provide information on a large number of airlines. CRSs are also used by travel agents to make hotel and car rental reservations and to issue airline tickets.

Ryanair currently uses Flightspeed from Open Skies to provide its core seat inventory and booking system and also participates in the Sabre and Worldspan reservation systems. In return for access to these systems, Ryanair pays transaction fees that are generally based on the number of passenger seat journeys booked through such systems.

In recent years, Ryanair has initiated significant changes in its reservations operations with the aim of improving direct contact between its customers and its own reservations center. In 1996, Ryanair transferred its reservations operation from two locations in London and Dublin to a single new facility in Dublin operated by its Ryanair Direct Limited subsidiary, and arranged for callers to be able to reach the center from anywhere in the U.K. for the price of a domestic call. To reflect Ryanair's increased focus on internet-based reservations, Ryanair Direct Limited changed its name to Rynanair.com Limited in 2000. For the fiscal year ended March 31, 2001, the percentage of Ryanair's passengers booked through the Dublin telephone reservations center was approximately 31%, as compared with 39% for the fiscal year ended March 31, 2000.

The Dublin reservations center has enabled Ryanair to increase its reservation staff and nearly treble its call-handling capacity. By locating the entire reservation staff in one center, management

believes it can exercise greater control over the quality and consistency of customer service and increase sales of ancillary services such as car rental and travel insurance

Ryanair has also entered into agreements with call center operators to provide foreign language reservations services to customers in France, Italy, Germany, the Netherlands and Scandinavia. Management believes that these companies will provide competitively priced reservation services in language other than English, which will in turn mean that Ryanair does not have to recruit and train foreign language speakers for its Dublin reservations center. Remuneration for these operators is based on the volume of confirmed reservations they produce, thus ensuring the operators are highly incentivized to maximize the bookings in their country. Management believes that the introduction of these call centers will enable Ryanair to continue to reduce its reliance on travel agents as a source of bookings.

In August 1999, Ryanair launched an internet-based reservation and ticketing service that allows passengers to access its reservations system through Ryanair's website at www.ryanair.com. Information included on Ryanair's website is not incorporated by reference into this Report. In January 2000, the system was enhanced and integrated with Ryanair's new Flightspeed reservations system. Passengers can now make reservations and purchase tickets directly through the website. The level of internet bookings has grown rapidly, accounting for approximately 72% of all daily reservations as of September 2001, and management expects this percentage to continue to increase, though not at the same rate as in previous years.

Ryanair supplements the activities of its telephone and internet-based systems and those of its out-sourced call centers by conducting ticket sales through travel agencies that provide distribution capabilities and reservation and ticketing services in return for a set percentage commission. The standard travel agent commission paid by Ryanair during fiscal year 2001 and fiscal year 2000 was 5% and 7.5%, respectively. The success of Ryanair.com allowed Ryanair to reduce the commission rate and to terminate its use of the Galileo reservations system as of August 1, 2000, thus significantly reducing related costs. The Galileo system had previously been used for approximately a quarter of Ryanair's bookings.

Management believes that the continued growth of Ryanair.com's internet-based booking system will allow it to substantially reduce distribution costs related to travel agent commissions and those computerized reservation systems costs generated by travel agents when they make reservations. At the same time, management believes that the success of Ryanair.com will likely be reflected in improved load factors across its route network, and in particular, improve the speed of Ryanair's penetration on new routes. However, management anticipates that these reductions in distribution costs will initially be largely offset by additional costs incurred in the promotion and advertising of Ryanair.com and by the negative impact on overall passenger revenues of discounted fares used to promote the internet site.

Ryanair.com currently benefits from a corporate tax rate of 10% that is available under Irish tax law for corporations that operate international data processing services in Ireland and that have been provided with employment grants by the Irish Development Authority. There can be no assurance, however, that Ryanair will continue to qualify for such government benefits or that current legislation will not be amended to deny such benefits in the future. See "Item 5. Operating and Financial Review and Prospects—Results of Operations—Fiscal Year 2001 Compared to Fiscal Year 2000—Income Taxes."

Ryanair.com has incurred capital expenditures of approximately €3.8 million in connection with its Dublin reservations center. Part of the expenditure was financed with job-creation incentive grants from Forbairt. A portion of the Forbairt grant consists of an employment grant of €11,428 for each permanent full-time position created at the reservations center prior to March 31, 2001, up to a total of €2.3 million. As of March 31, 2001, the total amount of these grants was €2.3 million. However, the employment grant given in respect of any full-time position may be revoked if the position becomes

vacant and remains vacant for more than six months. The remainder of the grant consists of a capital grant of up to €508,000 or 45% of the actual expenditure on buildings, office facilities and equipment for the center, whichever is less. The disbursement of the capital grants is conditional upon Ryanair.com meeting certain performance criteria. As a condition to the grant, the amount paid to Ryanair.com by Forbairt must be matched by an investment of an equal amount in Ryanair.com by Ryanair Holdings or Ryanair.

Any disbursement of grants after March 31, 1997 is subject to Forbairt's being satisfied with the reservations center's overall performance. No scheduled grant has been withheld by Forbairt through the fiscal year ended March 31, 2001. In addition, if, among other events, Ryanair.com fails to meet certain performance criteria, breaches any provision of the grant agreement or becomes insolvent, the grants may be revoked in whole or in part and Ryanair Holdings, Ryanair and Ryanair.com could be jointly and severally obligated to repay all or a portion of the grants accordingly.

In connection with the grant agreement, the Company granted Forbairt an option to purchase for their par value up to 5% of the issued shares of Ryanair.com. Forbairt may exercise this option if, among other things, Irish Air, L.P. (one of Ryanair Holdings' former stockholders) and its affiliates, the Ryan family and Michael O'Leary cease to own in the aggregate at least 50% of Ryanair Holdings' issued Ordinary Shares. Since November 1998, when Irish Air, L.P. dissolved and distributed all of the Ordinary Shares held by it to its partners, Forbairt's option has become exercisable. Forbairt has not yet exercised its option or indicated when it may do so. If Forbairt were to exercise its option, Ryanair.com would be obligated to repurchase or redeem the Ryanair.com shares acquired by Forbairt under the option at a repurchase or redemption price equal to 25% of the grant amounts received by Ryanair.com. Based on the amount of grants Ryanair.com has received to date, the maximum it would have to pay to redeem the Ryanair.com shares acquired by Forbairt would be approximately €690,420. Ryanair.com also has the right to terminate the option by paying Forbairt a pre-set amount, currently €698,350.

AIRCRAFT

As of September 1, 2001, Ryanair's owned fleet consisted of 21 Boeing 737-200A aircraft, each having 130 seats and 15 Boeing 737-800 "next generation" aircraft, each having 189 seats. Six of the Boeing 737-200A aircraft were acquired from Boeing Equipment in 1994, with five others acquired from various industry sources between 1994 and 1996. In November 1996 and March 1997, Ryanair entered into agreements to purchase a total of eight used Boeing 737-200A aircraft formerly operated by Lufthansa, which were delivered between December 1996 and January 1998. In July 1997, Ryanair acquired an additional used Boeing 737-200A aircraft from a Swedish leasing company. In June 1998, Ryanair acquired an additional used Boeing 737-200A aircraft from a leasing subsidiary of the General Electric Company, bringing the size of its fleet to 21. See "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources."

Between March 1999 and March 2001, Ryanair took delivery of the first fifteen of 28 new Boeing 737-800 "next generation" aircraft with which it expects to increase the size of its fleet to 49 planes by January 2003. The new 737-800s share certain basic characteristics with the Company's fleet of 737-200A aircraft, but are larger (seating up to 189 passengers, as compared to 130 in the 727-200As), capable of longer flights without refueling and incorporate more advanced aviation technology. The 737-800s also will comply with Chapter 3 noise reduction requirements established by the International Civil Aviation Organization, which take effect in the EU from 2002. The 25 firm orders placed with Boeing and the three options already exercised will enable Ryanair to increase the size of its summer schedule fleet by between two and eight additional units each year through 2003. Although there can be no assurance that this expansion will not outpace the growth of passenger traffic on Ryanair's routes, if

traffic growth proves to be greater than the expanded fleet can accommodate, the Company may exercise its options to acquire up to 12 additional “next generation” aircraft to cater to this demand.

The Company elected not to exercise the options it held to acquire five additional 737-800s from Boeing during 2002. Ryanair has advised Boeing that it does not believe that the prices for the option aircraft established by the existing contracts reflect current market realities and that it does not anticipate exercising any such options unless Boeing makes certain price concessions; Boeing is evaluating this request. Ryanair has also advertised its interest in purchasing up to 50 additional used 737 aircraft from industry sources, should its negotiations with Boeing be unsuccessful. However, no decision has been made to purchase such aircraft and management believes that the aircraft currently in its fleet, together with those to be delivered by Boeing under the firm orders, are sufficient to meet Ryanair’s current schedules, and its projected future growth, through at least the end of 2002.

Alternatively, the Company may use these remaining option aircraft, which may include 737-700s, 737-800s or 737-900s, for additional capacity from February 2002 onwards or to replace certain of its current 737-200A aircraft.

The purchase of Ryanair’s 25 firm commitment 737-800 aircraft is being financed by a combination of a bank loan facility supported by a guarantee from the Export-Import Bank of the United States and cash flow generated from the Company’s operations; management expects to finance the acquisition of the three option aircraft in a similar manner. Ryanair expects to draw down funds from this bank facility as it takes delivery of these new aircraft, and has drawn down such funds with respect to the fifteen 737-800s delivered to date. This facility is partially secured by a mortgage on each of the 737-800 aircraft financed. This financing will significantly increase the total amount of the Company’s outstanding debt and the payments it is obliged to make to service such debt. In addition, Ryanair’s ability to draw down funds to pay for aircraft as they are delivered is subject to various conditions imposed by the counterparties to the bank loan facility and loan guarantee. See “Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources.”

The Boeing 737 exists in a number of generations and is the world’s most widely-used commercial aircraft. The 737-800s represent the latest generation of Boeing’s 737 aircraft and share certain basic attributes in common with Ryanair’s fleet of 737-200As. Management believes that spare parts and cockpit crews qualified to fly the aircraft are likely to be more widely available on favorable terms than similar resources for other types of aircraft, and that its strategy of limiting its fleet to two related aircraft types enables Ryanair to limit the costs associated with personnel training, maintenance and the purchase and storage of spare parts, as well as affording greater flexibility in the scheduling of crews and equipment. All of the Boeing 737-200A aircraft currently in Ryanair’s fleet are equipped with Pratt & Whitney JT8D engines and with CAT II or CAT III avionics capability and GPS or Omega and PDCS avionics systems. The 737-800s are fitted with CFM 56-7B24 engines and have advanced CAT III Autoland capability, advanced traffic collision avoidance systems, and enhanced ground proximity warning systems.

Under EU Directives governing aircraft noise emissions, all aircraft operated by EU carriers are required to comply with Chapter 3 noise requirements established by the ICAO by April 1, 2002. From April 1, 2000, airlines have been required to stop using hushkitted aircraft in the EU except to the extent that such aircraft (i) were already on the register of an EU Member State before May 1, 2000 or (ii) were on a third country’s register and were operated in the EU between April 1995 and April 1999. Management believes that all of Ryanair’s aircraft already comply with these rules or will comply with these rules prior to the time they become effective. All of the 21 Boeing 737-200A aircraft in Ryanair’s fleet are fitted with low gross weight noise reduction hushkits that allow these aircraft to comply with Chapter 3 noise level limitations. Each of Ryanair’s 21 Boeing 737-200A aircraft were registered in the

Irish Aircraft Registry before April 1, 1999 and all of the 737-800s Ryanair has committed to purchase under the Boeing agreements will comply with Chapter 3 requirements. Certain of the airports in continental Europe to which Ryanair is considering launching service may require the use of Chapter 3 aircraft prior to 2002. There can be no assurance that the hushkit additions will not adversely affect the operating cost of Ryanair's 737-200A aircraft. For example, the hushkits will increase the weight of the 737-200A aircraft and this will likely result in an increased level of fuel consumption.

Management believes that Ryanair is currently in compliance with all applicable directives concerning its fleet of Boeing 737-200A and 737-800 aircraft and will comply with any regulations or directives that may come into effect in the future. However, there can be no assurance that the FAA, or other regulatory authorities, will not recommend or require other safety-related undertakings or that such undertakings would not adversely impact the Company's results of operations or financial condition. See "Item 3. Risk Factors—Safety-Related Undertakings Could Affect the Company's Results."

ANCILLARY SERVICES

Ryanair offers various ancillary services in conjunction with its core air passenger service, including the in-flight sale of beverages and merchandise, charter flights, car rentals, rail tickets and the sale of advertising space on the exterior of its aircraft and in its timetables. Ryanair also derives revenues from hotel reservations made through its website or via its Ryanair.com reservations center. Prior to the elimination of duty-free sales on intra-EU flights on June 30, 1999, Ryanair sold traditional duty-free items, such as spirits, cigarettes and fragrances, on all of its scheduled international flights; Ryanair still charges for all beverages served on all of its scheduled flights within the EU (which still may be sold duty-free). Ryanair's merchandise sales on all of its scheduled flights and both merchandise and beverage sales on flights within the U.K. (between London Stansted and Glasgow Prestwick and the City of Derry), are now on a duty-paid, rather than duty-free basis. In fiscal year 2001, in-flight sale of beverages and duty-free merchandise accounted for 2.9% of Ryanair's revenues, or €14.2 million, as compared to 3.7% of Ryanair's revenues, or €13.6 million, in fiscal year 2000. In addition to the significant revenue generated by these activities, as much as 20% of the compensation of Ryanair's flight attendants was derived from the in-flight sale of beverages and merchandise in fiscal year 2001. See "Item 6—Directors, Senior Management and Employees—Employees and Labor Relations."

Ryanair endeavors to use its excess aircraft capacity at particular periods for the operation of charter services, as well as increasing capacity through the utilization of wet-leased aircraft in periods of peak demand. Such charter services principally include summer weekend service from Ireland to vacation destinations in Europe, winter weekend flights from Ireland to ski resorts and charters from Ireland for special events, such as international soccer and rugby matches. In fiscal year 2001, Ryanair generated revenues of €13.9 million from charter operations, a 49.7% increase from €9.3 million in the prior fiscal year. See "Item 5. Operating and Financial Review and Prospects—Results of Operations—Fiscal Year 2001 Compared to Fiscal Year 2000—Ancillary Revenues."

Ryanair has entered into a contract with the Hertz Corporation ("Hertz") for car rental services, pursuant to which Hertz handles all automobile-related aspects of such services and pays a per-rental fee to Ryanair.com (or other relevant reservations agent) as well as a set amount to Ryanair for marketing support. Ryanair's revenues from car rentals were €12.6 million in fiscal year 2001, an increase of 59.3% from the prior fiscal year, when these rentals generated €7.9 million in revenues. Ryanair distributes car rentals, accommodation services and travel insurance through both its website and its traditional telephone reservation offices. Management believes that providing these services through the internet allows Ryanair to increase sales, while at the same time reducing costs on a per unit basis.

Beginning in the second half of 1996, Ryanair began to make available the exterior of its aircraft for paid advertising purposes, whereby a corporate sponsor pays Ryanair for the right to paint one of its aircraft with the sponsor's name and logos for a specified period. Ryanair's aircraft currently carry the logos of Jaguar Cars Limited, the News International Group's *Sun* and *News of the World* newspapers, Kilkenny Beer, Hertz, Tipperary Crystal and Eircell, an Irish mobile telephone company, and management expects to add at least one additional aircraft to the program in early 2002.

MAINTENANCE AND REPAIRS

General

As part of its commitment to safety, Ryanair endeavors to hire qualified maintenance personnel, provide proper training to such personnel and maintain its aircraft in accordance with European industry standards. While Ryanair seeks to maintain its fleet in a cost-effective manner, management does not seek to extend Ryanair's "no-frills" operating strategy to the area of maintenance, training or quality control.

Ryanair's quality assurance department deals with the overall supervision of all maintenance activities in accordance with JAR 145, the European airline industry standard for aircraft maintenance, and standards established by the FAA (JARs are developed and adopted by the Joint Aviation Authorities, an associated body of the European Civil Aviation Conference formed to enhance co-operation between the national civil aviation authorities of participating European countries, including Ireland). Ryanair is itself a JAR 145-approved maintenance contractor and provides its own routine aircraft maintenance and repair services on its aircraft other than scheduled heavy maintenance. Ryanair also performs certain checks on its aircraft, including pre-flight, daily and transit checks, as well as A and B checks, at its Dublin Airport facility. FLS Aerospace Holding Group A/S ("FLS") performs a limited amount of similar services for Ryanair at London Stansted. Maintenance and repair services that may become necessary while an aircraft is located at one of the other airports served by Ryanair (on-call maintenance) are provided by other JAR 145-approved contract maintenance providers. Aircraft return each evening to Ryanair's primary bases at Dublin Airport and London Stansted Airport and its mini-bases at Glasgow Prestwick, London Luton, Brussels Charleroi and Shannon Airports, where they are examined each night by Ryanair's approved engineers (or, in the case of London Luton, contract engineers).

Heavy Maintenance

Ryanair contracts with outside maintenance providers for heavy maintenance services. Ryanair currently contracts its heavy airframe maintenance overhauls to a single JAR 145-approved contractor, FLS, its engine overhaul service to a single JAR 145-approved contractor, Lufthansa Airmotive Ireland ("Airmotive") and its "rotable" repairs to another JAR 145-approved operator, Israel Aircraft Industries Limited ("Israel Aircraft"). Services provided by FLS include heavy airframe maintenance, technical engineering and various maintenance support services, while those provided by Israel Aircraft include wheel and brake services, landing gear overhaul and auxiliary power unit repair services.

In January 2000, Ryanair entered into a new heavy maintenance agreement with FLS covering both its Boeing 737-200 and 800 aircraft. The agreement formally expires in January 2005, though Ryanair may terminate FLS's services at any time after July 2002 on six months' notice, if FLS has not performed to a reasonable level. Under the new contract, man-hour rates for maintenance on the Boeing 737-200 aircraft are fixed for the first three years and then subject to escalation on the basis of the annual increase in the cost index for the Manufacturers of Aircraft and Spacecraft in the U.K. The Boeing 737-800 aircraft checks are initially to be completed on the basis of the number of man-hours incurred at a fixed rate per hour, plus the actual cost of the materials consumed. Once the first series of checks have

been completed, the contract provides for both parties to agree to fix the price for labor and materials for each check thereafter.

The contract also provides for penalties and a bonus incentive for FLS for the on-time completion of checks, which have been capped at a specific level for each year of the contract. In relation to the major P12 checks on the 737-200 aircraft, the Company does not have a fixed materials cost, but will instead pay FLS on the basis of the manufacturer's list price, with Ryanair having an option to supply spare parts to FLS either in advance of the aircraft check or to pay FLS for such parts.

In November 1999, Ryanair entered into an agreement with Airmotive for the repair and overhaul of the CFM56-7 engines fitted to its Boeing 737-800 aircraft. The contract is for a period of 10 years and thereafter can be terminated by either party upon six months' notice. Labor charges for the repair and overhaul of engines are fixed until January 2003. Thereafter, the rate per hour will be increased to a new fixed rate for one year, and from January 2004 will be adjusted annually based on rates established by the mechanics trade union. All parts required for the overhaul should initially be supplied from Ryanair's inventory of spare parts. If the spare parts are not within Ryanair's inventory they are to be supplied on the basis of the manufacturer's list price plus a fixed percentage for handling which is subject to a cap. Ryanair's current agreement with Airmotive for maintenance of the Pratt and Whitney engines on the Boeing 737-200 aircraft, which also contains certain cost limitation features, can be terminated by either party upon six months' notice.

By contracting with JAR 145-approved maintenance providers, management believes it is better able to control the quality of its aircraft and engine maintenance. Ryanair assigns a JAR 145-certified mechanic to supervise all heavy maintenance or engine overhaul performed by third parties. Maintenance providers are also monitored closely by the national authorities under JAA and national regulations.

The loss or expiration of these or any other of Ryanair's third party service contracts or any inability to renew them or negotiate replacement contracts with other service providers at comparable rates could have a material adverse effect on the Company's results of operations. Ryanair will need to enter into similar agreements in any new markets it enters, and there can be no assurance that it will be able to obtain the necessary facilities and services at competitive rates in new markets. In addition, although Ryanair seeks to monitor the performance of third parties that provide passenger and aircraft handling services, the efficiency, timeliness and quality of contract performance by third party providers are largely beyond Ryanair's direct control. Ryanair expects to be dependent on such third party arrangements for the foreseeable future.

SAFETY RECORD

During its 16-year operating history, Ryanair has not had a single incident involving major injury to passengers or flight crew, nor has Ryanair experienced any reportable incidents involving a breach of security, such as hijackings. Ryanair's commitment to safe operations is manifested by its safety training procedures, its investment in safety-related equipment and the adoption of a confidential reporting system.

Ryanair's flight training is oriented towards accident prevention and covers all aspects of flight operations. Ryanair conducts all of its own flight crew training, both initial and recurrent, with the approval of the Irish Aviation Authority (the "IAA"), which regularly audits both operation control standards and flight training standards. Ryanair purchases time on Boeing 737-200A and 737-800 aircraft simulators used for flight training from third parties.

Ryanair's older Boeing 737-200A aircraft currently operate in accordance with Category II minimum landing requirements. Category II landing standards require a minimum horizontal visibility of 350 meters and a vertical visibility of 100 feet. The addition to its fleet of the Boeing 737-200As delivered in 1997 and 1998, which are equipped with more advanced avionics, allowed Ryanair to operate these aircraft in accordance with the more stringent Category IIIA minimum landing criteria. All of the Boeing 737-800s which Ryanair has bought or committed to buy operate in accordance with the Category IIIA minimum landing criteria which require a minimum horizontal visibility of 200 meters and no vertical visibility.

Management encourages flight crews to report any safety-related issues through the use of a confidential reporting system which is available through Ryanair's Flight Safety Office. The confidential reporting system affords flight crews the opportunity to report directly to senior management any event, error or discrepancy in flight operations that they do not wish to report through standard channels. The confidential reporting system is designed to increase management's awareness of problems that may be encountered by flight crews in their day-to-day operations. Management uses the information reported through the system to modify operating procedures and improve flight operation standards.

On June 1, 2000, the Irish Aviation Authority awarded Ryanair an Air Operator Certificate in recognition of Ryanair's satisfaction of the relevant JAR OPS 1 regulatory requirements.

AIRPORT OPERATIONS

Airport Handling Services

Ryanair provides its own aircraft and passenger handling and ticketing services at Dublin Airport. A limited number of established third parties provide these services to Ryanair at the other airports it serves. Servisair plc provides Ryanair's ticketing, passenger and aircraft handling and ground handling services at many of these airports in Ireland and the U.K., including London Stansted, while similar services in continental Europe are generally provided by the local airport authority either directly or through sub contractors. Management attempts to obtain competitive rates for such services by negotiating multi-year contracts at prices that are fixed or subject only to periodic increases linked to inflation. These contracts are generally scheduled to expire in one to five years, unless renewed, and certain of such contracts may be terminated by either party by prior notice. The loss or expiration of such contracts or any inability to renew such contracts or negotiate contracts with other providers at comparable rates could have a material adverse effect on the Company's results of operations. Ryanair will need to enter into similar agreements in any new markets it may enter, and there can be no assurance that Ryanair will be able to obtain the necessary facilities and services at competitive rates in such new markets.

Airport Charges

As with other airlines, Ryanair is assessed airport charges each time it lands and accesses facilities at the airports it serves. Depending on the policy of the individual airport, such charges can include landing fees, passenger loading fees and parking fees. Noise surcharges have also been imposed by a limited number of European airports in response to concerns expressed by local residents. Ryanair attempts to negotiate advantageous terms for such fees by delivering a consistently high volume of passenger traffic and opts, when practicable, for less expensive facilities, such as less convenient gates, as well as the use of outdoor boarding stairs rather than more expensive jetways.

Aer Rianta, the Irish government authority charged with operating Ireland's major airports, announced in 1999 that it planned to phase out landing fee discounts granted to certain airlines that operate out of

Dublin Airport, including Ryanair. In response to the announcement, Ryanair canceled plans to launch five new routes to continental Europe from Dublin and proposed a plan that would result in reduced landing fees and would have Ryanair guarantee a substantial increase in long-term passenger volume. This plan was rejected by Aer Rianta. In December 1999, the Irish Minister for Public Enterprise announced that almost all of the current landing fee discounts will terminate once a new system came into effect.

In February 2001, the Irish Government established a Commission for Aviation Regulation. This commission is now responsible for regulating charges at Dublin, Cork and Shannon airports. In August 2001, the commission issued a report setting charges which are to remain in effect for five years, beginning September 24, 2001. The base charges for 2001 are approximately 5% lower than the charges previously in effect, although an escalation mechanism provides that the charges will increase in line with inflation in Ireland.

In addition, the commission reduced Aer Rianta's proposed capital expenditure program for the period from 2001 through 2006 was reduced from IR£998 million to IR£272 million, after it determined that only the significantly smaller portion of the announced program had been adequately justified in terms of contribution to the operation and the development of cost effective airports which meet the requirements of users. Nevertheless, there can be no assurance that the airports Ryanair uses will not impose higher airport charges in the future and that any such increases would not adversely affect the Company's operations.

FUEL

The cost of jet fuel accounted for approximately 17.0% and 14.6% of Ryanair's total operating expenses in the fiscal years ended March 31, 2001 and 2000, respectively, in each case after giving effect to the Company's fuel hedging activities. Jet fuel costs have been subject to wide fluctuations as a result of sudden disruptions in supply and continued to exhibit substantial volatility in the fiscal years ended March 31, 2000 and 2001.

The future availability and cost of jet fuel cannot be predicted with any degree of certainty, and because of Ryanair's low-fares policy, its ability to pass on increased fuel costs to passengers through increased fares or otherwise may be limited. See "Item 3. Risk Factors—Changes In Fuel Costs and Fuel Availability Affect the Company's Results." As international prices for jet fuel are denominated in U.S. dollars, Ryanair's fuel costs are also subject to certain exchange rate risks. Ryanair has also entered into fuel and currency hedging agreements with various counterparties providing for price protection in connection with the purchase of fuel. Ryanair has not otherwise entered into agreements to guarantee its supply of fuel. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Fuel Price Exposure and Hedging."

The following table details Ryanair's fuel consumption and costs for scheduled operations (thus excluding fuel costs related to charter operations), after giving effect to the Company's fuel hedging activities, for the fiscal years ended March 31, 1999, 2000 and 2001:

	<u>Fiscal Year ended March 31,</u>		
	<u>2001</u>	<u>2000</u>	<u>1999</u>
Scheduled fuel consumption			
(U.S. gallons).....	82,854,337	65,041,470	54,445,942
Available seat miles (ASM).....	4,439,036,540	3,126,069,535	2,304,838,135
Scheduled fuel consumption			
(U.S. gallons) per ASM.....	0.019	0.020	0.024
Total scheduled fuel costs.....	€61,645,183	€40,746,074	€35,697,500
Cost per gallon.....	€0.75	€0.63	€0.66
Total scheduled fuel costs as a			
percentage of total operating costs	16.51%	14.24%	15.66%

INSURANCE

Ryanair is exposed to potential catastrophic losses that may be incurred in the event of an aircraft accident or terrorist incident. Any such accident or incident could involve not only repair or replacement of a damaged aircraft and its consequent temporary or permanent loss from service, but also significant potential claims of injured passengers and others. Ryanair currently maintains passenger liability insurance, employer liability insurance, aircraft insurance for aircraft loss or damage, insurance for pilots' loss of license and other business insurance in amounts per occurrence that is consistent with industry standards. Although Ryanair currently believes its insurance coverage is adequate, there can be no assurance that the amount of such coverage will not need to be increased, that insurance premiums will not increase significantly or that Ryanair will not be forced to bear substantial losses from accidents. The cost of insurance coverage for certain third party liabilities arising from "acts of war" or terrorism is expected to increase dramatically as a result of the terrorist attacks on the U.S. in September 2001. Although Ryanair intends to pass on any increased insurance costs to passengers by means of a special "insurance levy" on each ticket, there can be no assurance that it will be successful in doing so. Substantial claims resulting from an accident in excess of related insurance coverage could also have a material adverse effect on the Company's results of operations and financial condition. Moreover, any aircraft accident, even if fully insured, could cause a public perception that Ryanair's aircraft are less safe or reliable than those operated by other airlines, which could have a material adverse effect on Ryanair's business.

EC Council Regulation No. 2027/97 on air carrier liability in the event of accidents came into force on October 17, 1998. This regulation removes certain monetary limits on the liability of an air carrier in the event of death or bodily injuries suffered by passengers which are in effect by virtue of the Warsaw Convention of 1929 for the Unification of Certain Rules Relating to Transportation by Air. This regulation also limits the ability of an air carrier to rely on certain defenses in an action for damages, which would otherwise have been available to it at law. The potential exposure of air carriers, such as Ryanair, has therefore been increased and, although Ryanair has extended its liability insurance accordingly to meet the requirements of the new regulation, no assurance can be given that other laws, regulations or policies will not be applied, modified or amended in a manner that has a material adverse effect on the Company's financial condition or results of operations.

FACILITIES

The following are the principal properties owned or leased by the Company:

Location	Site Area (Sq. Meters)	Covered Area (Sq. Meters)	Tenure	Activity
Dublin Airport (Corporate Headquarters)	1,116	1,395	Leasehold	Corporate Headquarters
Phoenix House, Conyngham Road, Dublin	2,566	3,899	Freehold	Reservations Center
Enterprise House, Stansted Airport	212	212	Leasehold	Sales Office
Terminal Building Stansted Airport	223	223	Leasehold	Operations Center
Dublin Airport (hangar)	2,993	2,175	Leasehold	Aircraft Maintenance

Ryanair's headquarters at Dublin Airport are located in an office building that Ryanair Limited leases from Darley Investments Limited ("Darley"), a wholly-owned subsidiary of Ryanair Limited, pursuant to a 30-year lease. Darley leases the premises on which the building is located from the Irish Department for Public Enterprise and Employment (the "DPEE"). The annual rent payable by Darley to the DPEE is €243,790, but Darley is eligible for abatement of the rent in accordance with the terms of its lease.

In May 1996, Ryanair acquired, for total consideration of €2.51 million, a building in which Ryanair.com's reservation center is currently located. Ryanair Limited incurred a loan of €1.6 million from Allied Irish Banks, plc ("AIB") to finance a portion of the purchase price of the building and necessary refurbishments, the loan is secured by a mortgage of the building in favor of AIB. Ryanair.com currently leases certain equipment used at the reservation center pursuant to a lease with AIB dated September 1, 1996, under which Ryanair.com makes quarterly payments of €34,501.

Ryanair has entered into agreements with Aer Rianta to lease ticket counters and other space at the passenger and cargo terminal facilities at Dublin Airport. Ryanair has also financed the construction of and leased a new hangar extension at Dublin Airport, which was completed in May 1997. The airport office facilities used by Ryanair at London Stansted Airport are leased from the airport authority; similar facilities at each of the other airports Ryanair serves are provided by Servisair plc or other service providers.

TRADEMARKS

Ryanair's name, logo and slogans "Ryanair.com The Low Fares Website" and the "Low Fares Airline" have been registered as Community Trade Marks ("CTM"). A CTM allows trademark owners to obtain a single registration of their trademarks, which registration affords uniform protection for those trademarks throughout the EU.

Ryanair has also registered its name as a trademark in the Benelux countries, Germany and the U.K. Protection in each of these jurisdictions is due for renewal in January 2005. The registrations give

Ryanair an exclusive monopoly over the use of its trade name with regard to similar services in these jurisdictions and the right to sue for trademark infringement should a third party use an identical or confusingly similar trade mark in relation to identical or similar services. Management currently intends to maintain these registrations notwithstanding its CTM registration.

At present, Ryanair has not registered either its name or its logo as a trademark in Ireland. As CTM registration provides all of the protection available from an Irish registration, management believes there are no advantages in making a separate Irish application.

GOVERNMENT REGULATION

Liberalization of the EU Air Transportation Market

Ryanair began its flight operations in 1985, during a decade in which the governments of Ireland and the U.K. liberalized the bilateral arrangements for the operation of air services between the two countries. In 1992, the Council of Ministers of the EU adopted a package of measures intended to liberalize the internal market for air transportation in the EU, including measures allowing EU air carriers substantial freedom to set air fares, allowing EU air carriers greatly enhanced access to routes within the EU and introducing a licensing procedure for EU air carriers. Beginning in April 1997, EU air carriers have generally been able to provide passenger services on domestic routes within any EU Member State outside their home country of operations without restriction.

Regulatory Authorities

As an Irish air carrier with routes to the U.K. and other EU countries, Ryanair is subject to Irish and EU regulation which is implemented primarily by the DPE, the IAA and the JAA. Management believes that the present regulatory environment in Ireland and the EU is characterized by an increased sensitivity to safety and security issues and an increased intensity of review of safety-related procedures, training and equipment by the national and EU regulatory authorities.

Commission for Aviation Regulation. The Commission for Aviation Regulation (“CAR”) was established on February 27, 2001 under the Aviation Regulation Act, 2001. CAR is primarily responsible for deciding maximum airport charges at Ireland’s major airports, namely Dublin, Cork and Shannon (the “Regulated Airports”). In August 2001, the CAR issued a report setting charges which are to remain in effect for five years, beginning September 24, 2001. The base charges for 2001 are approximately 5% lower than the charges previously in effect, although an escalation mechanism provides that the charges will increase in line with a formula based on the rate of inflation in Ireland, adjusted to account for airport efficiencies.

CAR also has responsibility for licensing Irish airlines, subject to the requirements of EU law. It issues Operating Licenses under the provision of Council Regulation 2407/92. An operating license is an authorisation permitting the holder to carry out carriage by air of passengers, mail and/or cargo.

Finally, CAR has responsibility for deciding whether a Regulated Airport should be co-ordinated or fully co-ordinated under Council Regulation No. 95/93; and authorising groundhandling operations under Council Directive 96/97/EC and its implementing legislation.

The criteria for granting an operating license are set out in the relevant EU regulation and include, *inter alia*, an air carrier’s financial fitness, the adequacy of its insurance, and the fitness of the persons who will manage the air carrier. In addition, in order to obtain and maintain an operating license, Irish and EU regulations require that (i) the air carrier must be owned and continue to be owned directly or through majority ownership by EU Member States and/or nationals of EU Member States and (ii) the air

carrier must at all times be effectively controlled by such EU Member States or EU nationals. The MPE has broad authority to revoke an operating license. See “Item 10. Additional Information—Limitations on Share Ownership by Non-EU Nationals.”

Ryanair’s current operating license was awarded effective November 30, 1993, reviewed on November 30, 1999 and is automatically subject to renewal each year. Ryanair’s current operating certificate was issued by the IAA with effect from June 2000 through January 2002 and is automatically subject to renewal thereafter.

Irish Aviation Authority. The IAA is primarily responsible for Irish air carrier licensing and certification. To operate in Ireland and the EU, an Irish air carrier is required to hold an operator’s certificate granted by the IAA. An operator’s certificate attests to the air carrier’s operational and technical competence to conduct an air service with specified types of aircraft. The IAA has broad authority to amend or revoke an operator’s certificate, with Ryanair’s ability to continue to hold its operator’s certificate being subject to on-going compliance with applicable statutes, rules and regulations pertaining to the airline industry, including any new rules and regulations that may be adopted in the future.

The IAA is responsible for overseeing and regulating the operations of Irish air carriers. Matters within the scope of the IAA’s regulatory authority include air safety, aircraft certification, personnel licensing and training, maintenance, manufacture, repair, airworthiness and operation of aircraft, implementation of JARs, aircraft noise and ground services. Each of the Company’s aircraft has received an airworthiness certificate issued by the IAA and any additional aircraft the Company adds to the fleet will be required to obtain an airworthiness certificate. These airworthiness certificates are issued for a period of 12 months, after which application for a further certificate must be made. The Company’s flight personnel, flight and emergency procedures, aircraft and maintenance facilities are subject to periodic inspections and tests by the IAA. The IAA has broad and powerful regulatory and enforcement authority, including the authority to require reports, inspect the books, records, premises and aircraft of a carrier and investigate and institute enforcement proceedings. Failure to comply with IAA Regulations can result in revocation of operating authority or certification.

Department of Public Enterprise. The Department of Public Enterprise (“DPE”) has a more limited role in the regulation of Irish air transport as the majority of its regulatory functions have been transferred to CAR under the Aviation Regulation Act. DPE retains responsibility for implementation of EU and national legislation and international standards relating to air transport, e.g., noise levels, etc.

Joint Aviation Authorities. The JAA is an associated body of the European Civil Aviation Conference formed to enhance co-operation between the national civil aviation authorities of the participating European countries (including Ireland) in aspects of aviation relating to, among other things, the safety of aircraft and, in particular, the design, manufacture, continued airworthiness, maintenance and operation of aircraft. The primary function of the JAA is to develop, adopt and implement JARs for the use of authorities in the field of design, manufacture, maintenance and operations. The aim of the JAA is to ensure that each individual JAR becomes a uniform code for all JAA countries without any national regulatory differences. EU regulations provide for the harmonization of technical requirements and administrative procedures on the basis of the JAR codes of the JAA and for the acceptance of certification in accordance with common technical requirements and administrative procedures.

Eurocontrol. The European Organization for the Safety of Air Navigation (“Eurocontrol”) is an autonomous European organization established under the Eurocontrol Convention of December 13, 1960. Eurocontrol is responsible for; *inter alia*, the safety of air navigation and the collection of route charges for en route air navigation facilities and services throughout Europe. Ireland is a party to several

international agreements concerning Eurocontrol. These agreements have been implemented into Irish law, which provides for the payment of charges to Eurocontrol in respect of air navigation services provided for aircraft in airspace under the control of Eurocontrol. The relevant legislation imposes liability for the payment of any charges upon the operators of the aircraft in respect of which services are provided, upon the owners of such aircraft or the managers of airports used by such aircraft. Ryanair, as an aircraft operator, is primarily responsible for the payment to Eurocontrol of charges incurred in relation to its aircraft.

The legislation authorizes the detention of aircraft in the case of default in the payment of any charge for air navigation services by the aircraft operator or the aircraft owner, as the case may be. This power of detention extends to any equipment, stores or documents, which may be on board the aircraft when it is detained, and may result in the possible sale of the aircraft.

Registration of Aircraft

Pursuant to the Irish Aviation Authority (Nationality and Registration of Aircraft) Order, 1996 and 1997 (the “Orders”), the IAA regulates the registration of aircraft in Ireland. In order to be registered or continue to be registered in Ireland, an aircraft must be wholly owned by either (i) a citizen of Ireland or a citizen of another Member State of the EU having a place of residence or business in Ireland or (ii) a company incorporated in and having a place of business in Ireland and having its principal place of business in Ireland or another Member State of the EU and not less than two-thirds of the directors of which are citizens of Ireland or of another Member State of the EU. As of September 1, 2001, nine of the Ryanair Holdings twelve directors are citizens of Ireland or of another Member State of the EU. An aircraft will also fulfill these conditions if it is wholly owned by such citizen or company in combination. Notwithstanding the fact that these particular conditions may not be met, the IAA retains discretion to register an aircraft in Ireland so long as it is in compliance with the other conditions for registration under the Orders. Any such registration may, however, be made subject to certain conditions. In order to be registered, an aircraft must also continue to comply with any applicable provisions of Irish law. The registration of any aircraft can be canceled if it is found that it is not in compliance with the requirements for registration under the 1996 Order and, in particular, (i) if the ownership requirements are not met, (ii) the aircraft has failed to comply with any applicable safety requirements specified by the IAA in relation to the aircraft or aircraft of a similar type or (iii) if the IAA decides in any case that it is satisfied that it is inexpedient in the public interest for the aircraft to remain registered in Ireland.

Regulation of Competition

Competition/Antitrust Law. It is a general principle of EU competition law that no agreement may be concluded between two or more separate economic undertakings that prevents, restricts or distorts competition in the common market or any part of the common market. Such an arrangement may nevertheless be exempted by the European Commission (“EC”), on either an individual or category basis. The second general principle of EU competition law is that any business or businesses having a dominant position in the common market or any substantial part of the common market may not abuse such a dominant position. Ryanair is subject to the application of the general rules of EU competition law as well as specific rules on competition in the airline sector (principally, Regulation 3975/87, as amended).

An aggrieved person may sue for breach of EU competition law in the courts of the Member States and/or complain to the EC for an order to terminate the breach of competition law. The EC also may impose fines and daily penalties on businesses and the courts of the Member States may award damages and other remedies (such as an injunction) in appropriate circumstances.

Competition law in Ireland is primarily embodied in the Competition Acts, 1991-1996. These Acts are modeled on the EU competition law system. The Irish rules generally prohibit anti-competitive arrangements among businesses and prohibit the abuse of a dominant position. These rules are enforced either by public enforcement (primarily by the Competition Authority) through both criminal and civil sanctions or by private action in the courts. These rules apply to the airline sector, but subject to EU rules that override any contrary provision of Irish competition law.

State Aid. The EU controls aid granted by Member States to businesses on a selective or discriminatory basis. The EU Treaty prevents Member States granting such aid unless approved in advance by the EU. Any such grant of state aid to an airline is subject to challenge before the EU or, in certain circumstances, national courts. If aid is held to have been unlawfully granted it may have to be repaid by the airline to the granting Member State, together with interest thereon.

Environmental Regulation

Ryanair is subject to international, national and, in some cases, local noise regulation standards. Current EU and Irish regulations require that aircraft must comply with Stage 3 noise requirements from April 1, 2002. All of Ryanair's aircraft currently comply with these regulations.

Certain airports in the U.K., including London Stansted and London Gatwick, have established local noise restrictions, including restrictions on the use of Stage 2 aircraft at such airports and limits on the number of hourly or daily operations or the time of such operations. Noise surcharges can be assessed on airlines for operating Stage 2 aircraft at London Stansted and London Gatwick airports. These restrictions may cause curtailment of service or increases in operating costs and could limit Ryanair's ability to expand its operations at affected airports. Local authorities at other airports are considering adopting similar noise regulations.

Environmental controls are generally imposed under Irish law through property planning legislation (specifically the Local Government (Planning and Development) Acts of 1963 to 1999, the Planning and Development Act 2000 and regulations made thereunder). At Dublin Airport, Ryanair operates on land controlled by Aer Rianta. Planning permission for its facility is in line with both the zoning and planning requirements of Dublin Airport. There is also specific Irish environmental legislation, generally implementing applicable EU Directives and Regulations. From time to time, noxious or potentially toxic substances are held on a temporary basis within Ryanair's hangar at Dublin Airport. However, at all times Ryanair's storage and handling of these substances complies with the relevant regulatory requirements.

Slots

Currently, only four airports served by Ryanair, London Stansted (one of its two primary bases of operations), London Gatwick, Turin and Manchester, are regulated by means of "slot" allocations, which represent authorizations to takeoff or land at a particular airport within a specified time period. EU law currently regulates the acquisition, transfer and loss of slots. Applicable EU regulations currently prohibit the buying or selling of slots for cash. The EC adopted a proposal in June 2001 to modernize the current allocation system. It allows for a limited transfer of slots between carriers, but only in execution of a competition policy decision of the EC (e.g. in a merger control case). The EC proposes to conduct an in-depth analysis of all possible options that will allow it to propose further measures to introduce a market mechanism for the allocation of slots which will allow more flexibility and mobility in the use of slots and will further enhance possibilities for market entry. Any future proposals that might create a secondary market for the auction of slots or allow trading of slots among airlines could create a potential source of revenue for certain of Ryanair's current and potential competitors, many of which have many

more slots allocated at present than Ryanair. Slot values depend on several factors, including the airport, time of day covered, the availability of slots and the class of aircraft. Ryanair's ability to gain access to and develop its operations at slot-controlled airports will be affected by the availability of slots for takeoffs and landings at these specific airports. New entrants to an airport are given certain privileges in terms of obtaining slots, but such privileges are subject to the "grandfather rights" of existing operators who are utilizing their slots. While Ryanair generally seeks to avoid slot-controlled airports, there is no assurance that Ryanair will be able to obtain a sufficient number of slots at the slot-controlled airports that it desires to serve in the future at the time it needs them or on acceptable terms.

EU regulations require the use of each slot at least 80% of the time during the season to which the slot relates and provide for forfeiture of slots without compensation in certain circumstances.

Other

Health and safety at work issues relating to the Company are largely controlled in Ireland by compliance with the Safety, Health and Welfare at Work Act, 1989, the Safety, Health and Welfare at Work (General Application) Regulations, 1993 and other regulations under that Act. Although licenses or permits are not issued under such legislation, compliance is monitored by the Health and Safety Authority (the "Authority"), which is the regulating body in this area. The Authority periodically reviews Ryanair's health and safety record and where appropriate issues improvement notices/prohibition notices. Ryanair has responded to all such notices to the satisfaction of the Authority, with the exception of a single notice relating to the institution of certain mechanized procedures for baggage handling at Dublin Airport, which Ryanair is currently appealing in accordance with applicable rules and which remains suspended pending the outcome of such appeal.

The Company's operations are subject to the general laws of Ireland and, in so far as they are applicable in Ireland, the laws of the EU. The Company may also become subject to additional regulatory requirements in the future. The Company is also subject to local laws and regulations at locations where it operates and the regulations of various local authorities that operate the airports it serves.

DESCRIPTION OF PROPERTY

For certain information about each of the Company's key facilities, see "—Facilities" above. Management believes that the Company's facilities are suitable for its needs and are well maintained.

Item 5. Operating and Financial Review and Prospects

The following discussion should be read in conjunction with the audited Consolidated Financial Statements of the Company and the notes thereto included in Item 18. Those financial statements have been prepared in accordance with Irish GAAP. For a discussion of certain differences between Irish GAAP and U.S. GAAP, see Note 31 to the Consolidated Financial Statements included in Item 18.

Unless stated otherwise, the financial and operating data presented below for each of fiscal year 1999, fiscal year 2000 and fiscal year 2001 are for the Company.

HISTORY

Ryanair's current business strategy dates to the early 1990s, when a new management team, including the current chief executive and the then executive directors, commenced the restructuring of Ryanair's operations to become a low-fares, no-frills airline based on the operating model pioneered by Southwest Airlines Co. in the United States. During the period between 1992 and 1994, Ryanair

expanded its route network to include scheduled passenger service between Dublin and Birmingham, Manchester and Glasgow Prestwick. In 1994, Ryanair began standardizing its fleet by purchasing used Boeing 737-200A aircraft to replace substantially all of its leased aircraft. Beginning in 1996, Ryanair continued to expand its service from Dublin to new provincial destinations in the U.K. In August 1996, Irish Air, L.P., an investment vehicle led by David Bonderman and certain of his associates at the Texas Pacific Group, acquired a minority interest in the Company in connection with the August 1996 Transaction.

In May 1997, Ryanair Holdings successfully completed an initial public offering (the "IPO"), with listings on the Irish Stock Exchange and the Nasdaq National Market in the United States. In 1997 and 1998, Ryanair began to serve continental Europe, starting service on new routes from Dublin to Paris (Beauvais), Brussels (Charleroi) and Bristol and Teesside in the U.K., as well as from London Stansted to Kerry in Ireland, Oslo (Torp) in Norway, Stockholm (Skavsta) and Malmo (Kristianstad) in Sweden, Venice (Treviso), Pisa and Rimini in Italy, and Toulouse (Carcassonne) and Lyon (St. Etienne) in France.

Ryanair expects to increase the size of its current fleet to approximately 49 aircraft by taking delivery of 13 additional new Boeing 737-800 "next generation" aircraft between March 2001 and January 2003. Ryanair accepted delivery of its first fifteen 737-800s between March 1999 and January 2001. The new 737-800s share certain basic characteristics with the Company's fleet of 737-200A aircraft, but are larger (seating up to 189 passengers, as compared to 130 in the 737-200As), capable of longer flights without refueling and incorporate more advanced aviation technology. The 737-800s will also comply with Chapter 3 noise reduction requirements established by the International Civil Aviation Organization, which take effect in the EU from 2002. The Company has an option to acquire up to 12 additional "next generation" aircraft from Boeing between 2001 and 2003.

In 1999, Ryanair began service on seven new routes between London Stansted and seven locations in continental Europe: Genoa, Turin and Ancona in Italy, Biarritz and Brittany (Dinard) in France, Frankfurt (Hahn) in Germany and Aarhus in Denmark, as well as beginning service on a new route between London Stansted and City of Derry in Northern Ireland. Ryanair launched service from London Stansted Airport to six new locations in continental Europe in June and July 2000 (Hamburg (Lübeck) in Germany, Malmo in Sweden, Nimes and Perpignan in France, and Brescia, Lamezia and Alghero (Sardinia) in Italy), as well as launching service from Glasgow Prestwick to Frankfurt (Hahn) in March 2000 and service from Shannon, Ireland to London Stansted and Frankfurt (Hahn) in April and May 2000. In April 2001, Ryanair launched service from London Stansted to Brussels (Charleroi) in Belgium, Stockholm (Västerås) and Gothenburg in Sweden, Salzburg in Austria, Esbjerg in Denmark and Pescara and Trieste in Italy, as well as introducing service from Glasgow (Prestwick) and Shannon to Brussels (Charleroi) and service from Brussels (Charleroi) to Toulouse (Carcassonne) in France and Pisa and Venice (Treviso) in Italy. The new routes bring the total number of locations in continental Europe currently served by Ryanair to 27, including destinations in Austria, Belgium, Denmark, France, Germany, Italy, Norway and Sweden.

BUSINESS OVERVIEW

Since Ryanair began to introduce its low-fares, no-frills operating model in the early 1990s, its passenger volumes and scheduled passenger revenues have significantly increased as Ryanair has substantially increased capacity. Ryanair's annual scheduled passenger volume has increased from approximately 945,000 passengers in calendar year 1992 to approximately 7.4 million passengers in fiscal year 2001.

Ryanair's revenue passenger miles ("RPMs") increased from 1,643.3 million in fiscal year 1999 to 2,103.8 million in fiscal year 2000 and 3,118.1 million in fiscal year 2001, due primarily to an increase

in scheduled available seat miles (“ASMs”) from 2,304.8 million in fiscal year 1999 to 3,126.1 million in fiscal year 2000 and 4,439.0 million in fiscal year 2001. Scheduled passenger revenues increased from €258.9 million in fiscal year 1999 to €330.6 million in fiscal year 2000 and €432.9 million in fiscal year 2001. During this period, scheduled passenger load factors were 71% in fiscal year 1999, 67% in fiscal year 2000 and 70% in fiscal year 2001, and passenger seat occupancy (the total number of seats occupied on all sectors flown as a percentage of total seat capacity on all sectors flown) was 73% in fiscal year 1999, 68% in fiscal year 2000 and 71% in fiscal year 2001. Average yield per RPM was €0.158 in fiscal year 1999, €0.157 in fiscal year 2000, and €0.139 in fiscal year 2001, while adjusted average yield per RPM was €0.165 in fiscal year 1999, and €0.161 in fiscal year 2000 and €0.143 in fiscal year 2001. The decrease in both average and adjusted average yield per RPM in fiscal years 2000 and 2001 was principally attributable to an increase in average sector length without a corresponding increase in average yield per passenger.

The combination of expanding passenger volumes and capacity, high load factors and aggressive cost containment has enabled Ryanair to generate substantial increases in operating profit and profit after taxation. Ryanair’s break-even load factor was 58% in fiscal year 1999, 54% in fiscal year 2000 and 56% in fiscal year 2001, while its adjusted break-even load factor was 56% in fiscal year 1999, 53% in fiscal year 2000 and 55% in fiscal year 2001. Cost per ASM declined from €0.092 in fiscal year 1999 to €0.085 in fiscal year 2000 and to €0.078 in fiscal year 2001, and adjusted cost per ASM declined from €0.092 in fiscal year 1999 to €0.085 in fiscal year 2000 and to €0.078 in fiscal year 2001. Ryanair’s operating profit increased from €67.9 million in fiscal year 1999 to €84.1 million in fiscal year 2000 and to €114.0 million in fiscal year 2001, while profit after taxation increased from €57.5 million in fiscal year 1999 to €72.5 million in fiscal year 2000 and to €104.5 million in fiscal year 2001.

CHANGE IN ACCOUNTING POLICY

During fiscal year 1999, Ryanair adopted two new Financial Reporting Standards (“FRS”) that changed the way in which it had previously accounted for maintenance and depreciation costs on its fleet of aircraft. In accordance with Irish GAAP, the Consolidated Financial Statements for fiscal years 1999, 2000 and 2001 reflect the adoption of these new standards and all prior periods have been restated accordingly. The following discussion of Ryanair’s results of operations therefore reflects such restatement. In accordance with the U.S. GAAP treatment of changes in accounting standards, the cumulative effect of the change has been recorded in the U.S. GAAP reconciliation of Ryanair’s financial statements for fiscal year 1999 and prior periods have not been restated. For a detailed discussion of the principal differences between Irish GAAP and U.S. GAAP, see Note 31 of Notes to the Consolidated Financial Statements included in Item 18.

Prior to fiscal year 1999, provision for the cost of major maintenance checks was made by providing for the estimated future costs of maintenance over the period from the date of acquisition to the date of the next check, calculated on the basis of hours flown. Under the revised policy, which is in accordance with the provisions of FRS 12, “Provisions, Contingent Liabilities and Contingent Assets,” major maintenance checks are capitalized as incurred and written off over the period to the next check (or to the end of the estimated useful life of the aircraft in question, whichever period is shorter). The effect of the adoption of this policy has been to reduce the amount of historical maintenance costs by €18.7 million in fiscal year 1998 and €10.3 million in fiscal year 1997 (with a consequent increase in profits and tax liability for the relevant period).

During fiscal year 1999, the Company also changed its accounting policy for the depreciation of its aircraft to comply with the provisions of FRS 15, “Tangible Fixed Assets.” Under the provisions of this Standard, the cost of an aircraft is split into its separable components, each of which is depreciated over its estimated useful life. Previously, the entire cost of an aircraft was depreciated over its total useful

life. The combination of the adoption of FRS 12, “Provisions, Contingent Liabilities and Contingent Assets” and FRS 15, “Tangible Fixed Assets” on the depreciation charge in the restated financial statements has been to increase the amount of historical depreciation costs by €4.4 million in fiscal year 1998 and €2.8 million in fiscal year 1997 (with a consequent decrease in the tax liability for the relevant period).

The effect of the adoption of these policies has been to increase the tax charge by €4.7 million in fiscal year 1998 and €2.3 million in fiscal year 1997.

The historical results of operations discussed herein may not be indicative of Ryanair’s future operating performance. Ryanair’s future results of operations will be affected by, among other things, overall passenger traffic volume, the ability to finance its planned acquisition of aircraft and to discharge the resulting debt service obligations, economic and political conditions in Ireland, the U.K. and the EU, seasonal variations in travel, government regulations, fuel prices, foreign currency fluctuations, competition and the public’s perception regarding the safety of low-fares airlines, as well as changes in aircraft acquisition and leasing costs, and, other operating expenses and the rates of income taxes paid. Ryanair expects its depreciation, staff and fuel charges to continue to increase as additional aircraft and related flight equipment, including hushkits, are acquired. Future fuel costs may also increase as a result of the current shortage of fuel production capacity and/or production restrictions imposed by fuel oil producers. Maintenance expenses may also increase as a result of Ryanair’s fleet expansion and replacement program. The elimination by the EU of duty-free sales on aircraft (other than beverages served to passengers on board) and in airports in connection with intra-EU travel, which took effect from June 30, 1999, has adversely affected Ryanair’s revenues from in-flight sales. In-flight sales, which had previously included duty free sales, accounted for approximately 2.9% of the Company’s total operating revenues and for as much as 20% of the compensation of its flight attendants in fiscal year 2001. Airport charges may also be impacted by the EU’s elimination of duty free sales at airports, with airport operators potentially seeking to replace lost revenues previously earned from duty free sales with increases in airport charges and fees. The cost of insurance coverage for certain third party liabilities arising from “acts of war” or terrorism is expected to increase dramatically as a result of the terrorist attacks on the U.S. in September 2001. Although Ryanair intends to pass on any increased insurance costs to passengers by means of a special “insurance levy” on each ticket, there can be no assurance that it will be successful in doing so. See “Item 3. Key Information—Risk Factors—Recent Terrorist Attacks on the United States Have Had a Severe Negative Impact on the International Airline Industry.”

RECENT OPERATING RESULTS

For the quarter ended June 30, 2001 (the first quarter of the Company’s fiscal year 2002), Ryanair recorded an increase in profit after taxation of 28%, from €18.1 million in the three months ended June 30, 2000 to €23.2 million in the first quarter of fiscal year 2002. Total operating revenues increased 31.1%, from €115.0 million in the first quarter of fiscal year 2001 to €150.8 million in the three months ended June 30, 2001, primarily as a result of a 42.5% increase in scheduled passenger volume, which totalled 2.38 million for the quarter. Operating expenses increased by 31.6%, from €92.8 million in the three months ended June 30, 2001 to €122.1 million in the first quarter of fiscal 2002, reflecting increased costs (particularly staff, fuel, and airport and handling costs) related to the growth of Ryanair’s fleet and route network and the general level of activity. As a result, Ryanair’s operating profit increased by 29.1% to €28.8 million. Ryanair’s effective tax rate for the quarter was 15.5%, as compared to 20% in the same quarter last year, primarily due to a reduction in the statutory level of corporate income tax in Ireland. The Company had cash and liquid resources of €668.4 million at June 30, 2001, as compared with €626.7 million in cash and liquid resources at March 31, 2001, as increased cash flows from operating activities

reflected Ryanair's profitable performance. Capital expenditures for the quarter, primarily relating to future aircraft deliveries, totaled €32.6 million.

RESULTS OF OPERATIONS

The following table sets forth certain income statement data (calculated under Irish GAAP) for Ryanair expressed as a percentage of Ryanair's total revenues for each of the periods indicated:

	<u>Fiscal Year ended March 31,</u>		
	<u>2001</u>	<u>2000</u>	<u>1999</u>
Total Revenues	100.0%	100.0%	100.0%
Scheduled Revenues	88.8	89.3	87.5
Ancillary Revenues	11.2	10.7	12.5
Total Operating Expenses(a)	76.6	77.3	77.1
Staff Costs	12.6	13.1	13.5
General	12.6	13.1	13.5
Non-recurring	0.0	0.0	0.0
Depreciation(a)	12.1	11.9	12.2
Fuel and Oil	13.0	11.3	12.4
Maintenance, Materials and Repairs(a)	4.1	4.6	4.0
Marketing and Distribution Costs	4.4	8.7	8.3
Aircraft Rentals	1.5	0.6	1.0
Route Charges	7.3	7.1	7.0
Airport Charges	13.6	11.6	9.8
Other Ancillary and Operating Expenses	7.9	8.5	8.8
Operating Profit(a)	23.4	22.7	22.9
Other Income (Expenses)	1.9	1.6	2.7
Profit before Taxation(a)	25.3	24.3	25.6
Taxation	3.9	4.7	6.2
Profit after Taxation(a)	21.4	19.6	19.4

(a) These data reflect the Company's adoption of FRS 12 and FRS 15. See "Item 3. Key Information—Selected Financial Data".

The following tables set forth the components of ancillary revenues earned by Ryanair and each component expressed as a percentage of total ancillary revenues for each of the periods indicated:

	<u>Fiscal Year ended March 31,</u>					
	<u>2001</u>	<u>2000</u>		<u>1999</u>		
	(in thousands of euro, except percentage data)					
Car Rental	€12,562	23.0%	€7,885	12.5%	€4,604	12.5%
In-flight Sales	14,186	26.0%	13,624	54.8	20,208	54.8
Non-flight Scheduled	12,802	23.5%	8,779	15.3	5,633	15.3
Internet-Related	1,023	2.0%	-	-	-	-
Charter	<u>13,892</u>	<u>25.5%</u>	<u>9,278</u>	<u>17.4</u>	<u>6,441</u>	<u>17.4</u>
Total	<u>€54,465</u>	<u>100.0%</u>	<u>€39,566</u>	<u>100.0</u>	<u>€36,886</u>	<u>100.0</u>

FISCAL YEAR 2001 COMPARED WITH FISCAL YEAR 2000

Profit after Taxation. Ryanair's profit on ordinary activities after taxation increased 44.1%, from €72.5 million in the fiscal year ended March 31, 2000 to €104.5 million in the fiscal year ended March 31, 2001, while total operating revenues increased 31.7% from €370.1 million to €487.4 million. This result reflected a significant increase in the revenues generated by a record number of scheduled passengers (notwithstanding a decline in average fares that reflected the launch of ten new routes and

lower fares offered through Ryanair.com), an increase in ancillary revenues and a decrease in operating expenses as a percentage of total operating revenues. Ryanair's profit on ordinary activities before taxation increased 37.0%, from €90.1 million in the fiscal year ended March 31, 2000 to €123.4 million in the fiscal year ended March 31, 2001.

Scheduled Passenger Revenues. Ryanair's scheduled passenger revenues increased 30.1%, from €330.6 million in the fiscal year ended March 31, 2000 to €432.9 million in the fiscal year ended March 31, 2001. This increase reflected growth of 35.1% in scheduled passenger volumes, from 5.5 million to 7.4 million passengers, and an 22.9% increase in sectors flown from 59,140 to 72,653, as well as the positive exchange rate impact of the translation of sterling-denominated revenues into euro. The increase in scheduled revenues was achieved despite a decrease in adjusted average yield per RPM from €0.161 to €0.143, the negative effects of which were partially offset by increases in average load factor from 67% to 70% and in passenger seat occupancy from 68% to 71%.

Much of the increase in scheduled passenger revenue was directly attributable to the increase in sectors flown due to the impact of the operation of ten more new Boeing 737-800 aircraft and the expansion of Ryanair's route network during the period. The increase in scheduled passenger revenues and sectors flown also reflected Ryanair's launch of ten additional routes during the period and an increase in frequencies on certain of its existing routes. The ten new routes added during the fiscal year ended March 31, 2001 (London Stansted to each of Malmo, Shannon, Perpignan, Nimes, Alghero, Lamezia, Brescia and Hamburg (Lübeck), Glasgow Prestwick to Frankfurt (Hahn) and Shannon to Frankfurt (Hahn)) accounted for approximately 16% of the growth in passenger volume. Increased capacity on Ryanair's existing route network resulting from more frequent flights and the use of larger aircraft on certain of its routes between Ireland and the U.K and the U.K. and continental Europe, accounted for the remaining approximately 84% of the increase in passenger volume. Passenger capacity (as measured in ASMs) increased 42.0% during this period due to the addition of ten 737-800 aircraft, as well as an increase in the average length of passenger haul and the increase in sectors flown. Scheduled passenger revenues accounted for 88.8% of Ryanair's total revenues for the fiscal year ended March 31, 2001, compared with 89.3% of total revenues in fiscal year ended March 31, 2000.

Ancillary Revenues. Ryanair's ancillary revenues, which consist primarily of revenues from in-flight sales of beverages and merchandise, sales of rail tickets and travel insurance, charter services and car rentals, increased 37.7%, from €39.6 million in the fiscal year ended March 31, 2000 to €54.5 million in the fiscal year ended March 31, 2001. The increase was attributable to a significant increase in revenues from car rentals, charter services and other activities ancillary to in-flight services, as well as to €1.0 million in revenues generated from internet-related activities. Revenues from car rentals rose during the period from €7.9 million to €12.6 million, or 59.5%; charter revenues increased from €9.3 million to €13.9 million, or 49.5%; and revenues from non-flight scheduled operations (primarily rail ticket and travel insurance sales) increased from €8.8 million to €12.8 million, or 45.5%. Revenues from in-flight sales increased 4.4%, from €13.6 million in fiscal year 2000 to €14.2 million in fiscal year 2001, as the average passenger spend per flight decreased from €3.91 to €3.60.

Operating Expenses. Ryanair's operating expenses as a percentage of total revenues amounted to 77.3% in the fiscal year ended March 31, 2000 and decreased to 76.6% in the fiscal year ended March 31, 2001. Ryanair's total operating expenses increased 30.5%, from €286.1 million in the fiscal year ended March 31, 2000 to €373.4 million in the fiscal year ended March 31, 2001, principally as a result of a 35.1% increase in scheduled passenger volume and a 22.9% increase in number of sectors flown, which were reflected in increases in fuel expenses, depreciation, airport and handling charges and staff and maintenance costs in absolute terms, as total operating expenses per ASM declined by 8.1%.

The following table sets forth the amounts in euro cents (on a per ASM basis) and percentage changes of Ryanair's operating expenses for the fiscal years ended March 31, 2000 and March 31, 2001 under Irish GAAP:

	Fiscal Year Ended March 31, 2001	Fiscal Year Ended March 31, 2000	% Change
Staff Costs.....	1.38	1.55	-11.2%
Depreciation and Amortization.....	1.33	1.41	-5.4%
Fuel and Oil.....	1.43	1.33	7.2%
Maintenance, Materials and Repairs.....	0.45	0.55	-16.0%
Marketing and Distribution.....	0.48	1.03	-52.8%
Aircraft Rentals.....	0.16	0.06	144.6%
Route Charges.....	0.80	0.84	-4.4%
Airport and Handling Charges.....	1.49	1.38	8.3%
Other Operating Expenses.....	<u>0.87</u>	<u>1.00</u>	<u>-13.2%</u>
Total Operating Expenses(c).....	<u>8.41</u>	<u>9.89</u>	<u>-8.1%</u>

- (a) For the purposes of calculating Operating Expenses per Available Seat Mile (ASM), operating expenses include the costs of the Company's charter operations.
- (b) These data are calculated by dividing the relevant expense amount (as shown in the Consolidated Financial Statements) by the number of ASMs in the relevant year (as shown in the Selected Operating and Other Data) and rounding to the nearest euro cent; the percentage change is calculated on the basis of the relevant figures before rounding.
- (c) Total Operating Expenses per ASM does not equal the Cost per ASM (CASM) reported in the table appearing in "Selected Operating and Other Data" above and "Glossary" below, as the latter figure excludes Non-Charter Ancillary Costs, which were 0.61c and 0.54c per ASM in the fiscal years ended March 31, 2000 and 2001, respectively.

Staff Costs. Ryanair's staff costs, which consist primarily of salaries, wages and benefits, decreased 11.2% on a per ASM basis. In absolute terms, Ryanair's staff costs increased 26.1%, from €48.5 million in the fiscal year ended March 31, 2000 to €61.2 million in the fiscal year ended March 31, 2001. The increase was primarily due to the growth in the average number of Ryanair's employees from 1,262 to 1,467 (in particular, an increase of approximately 34% in the number of pilots, who earn higher than average salaries), as well as the impact of annual pay increases of between 3% and 5.5%.

Depreciation and Amortization. Ryanair's depreciation and amortization per ASM decreased by 5.4%, although in absolute terms these costs increased 34.3%, from €44.1 million in the fiscal year ended March 31, 2000 to €59.2 million in the fiscal year ended March 31, 2001. The increase reflected a full year's depreciation for the additional Boeing 737-800 aircraft delivered in fiscal year 2000, a partial year's depreciation for the ten 737-800s delivered during fiscal year 2001 and the amortization of capitalized maintenance costs.

Fuel and Oil. Ryanair's fuel and oil costs per ASM increased 7.2%, although in absolute terms these costs increased 52.3%, from €41.7 million in the fiscal year ended March 31, 2000 to €63.5 million in the fiscal year ended March 31, 2001. The increase was principally due to the 22.9% increase in sectors flown (resulting from the expansion of Ryanair's fleet), an increase in average sector length reflecting the addition of ten new routes and an increase of approximately 18% in fuel prices (in euro terms) during this period. Fuel and oil costs include both the direct cost of fuel and the cost of delivering fuel to the aircraft. The average fuel price paid by Ryanair (calculated by dividing total scheduled fuel

costs by the number of U.S. gallons of fuel consumed) increased from €0.63 per U.S. gallon in the fiscal year ended March 31, 2000 to €0.75 per U.S. gallon in the fiscal year ended March 31, 2001.

Ryanair's new Boeing 737-800 "next generation" aircraft burn fuel at an hourly rate that is comparable to that of its fleet of Boeing 737-200As. However, as the 737-800s are configured to have 45% more seats (189 seats, as compared to 130 in the 737-200As), the fuel burn per hour for the new aircraft on a per seat basis has been approximately 31% lower than that for the 737-200A fleet to date. Nonetheless, there can be no assurance that any such reduction in fuel burn per hour on a per seat basis will translate into a reduction in fuel costs on a per seat basis, as Ryanair's cost of fuel varies with fluctuations in both world fuel prices and the conversion rate between the U.S. dollar and the euro. In absolute terms, Ryanair's fuel costs are expected to increase as its fleet expands.

Maintenance, Materials and Repairs. Ryanair's maintenance, materials and repair expenses, which consist primarily of the cost of routine maintenance and spare parts, decreased 16.0% on a per ASM basis, while in absolute terms these expenses increased 19.3%, from €16.9 million in the fiscal year ended March 31, 2000 to €20.1 million in the fiscal year ended March 31, 2001. The increase was largely due to the increase in sectors flown (resulting from the expansion of Ryanair's fleet), an increase in sector length and the increased line maintenance costs associated with the expansion of Ryanair's London Stansted base, the effects of which were partially offset by a reduction in costs related to unscheduled engine maintenance.

Marketing and Distribution. Ryanair's marketing and distribution costs per ASM decreased 52.8%, while in absolute terms these costs decreased 33.0%, from €32.1 million in the fiscal year ended March 31, 2000 to €21.5 million in the fiscal year ended March 31, 2001, primarily as a result of the increase in the level of reservations made directly through Ryanair.com, the reduction of the standard travel agent commission rate by one-third and the termination of the distribution agreement with Galileo. The effect of these factors was partially offset by increased marketing and advertising expenses arising from the launch of ten new routes and the expansion of Ryanair.com.

Aircraft Rentals. Ryanair's aircraft rental expenses increased 144.6% on a per ASM basis, while in absolute terms these expenses increased from €2.1 million in the fiscal year ended March 31, 2000 to €7.3 million in the fiscal year ended March 31, 2001, reflecting increased rental of aircraft during the peak summer season.

Route and Airport Charges. Ryanair's route charges per ASM decreased 4.4% in the fiscal year ended March 31, 2001, while airport charges per ASM increased 8.3%. In absolute terms, route charges increased 35.8%, from €26.3 million in the fiscal year ended March 31, 2000 to €35.7 million in the fiscal year ended March 31, 2001, primarily reflecting the 22.9% increase in sectors flown and a 9.7% increase in average sector length. In absolute terms, airport and handling charges increased 53.8%, from €43.1 million in the fiscal year ended March 31, 2000 to €66.3 million in the fiscal year ended March 31, 2001, due to the growth in passenger volume, increased costs on certain existing routes and the strength of sterling (in which U.K. charges are denominated) against the euro, the effects of which were partially offset by lower average costs on certain new routes.

Other Operating Expenses. Ryanair's other operating expenses, including those applicable to the generation of ancillary revenues, decreased 13.2% on a per ASM basis in the fiscal year ended March 31, 2001, although in absolute terms these costs increased by 23.3%, from €31.3 million in the fiscal year ended March 31, 2000 to €38.6 million in the fiscal year ended March 31, 2001, primarily due to a reduction in some ancillary product costs arising from the change in product mix following the abolition of duty-free sales on intra-EU flights.

Operating Profit. As a result of the factors described above, Ryanair's operating profit as a percentage of total revenues increased from 22.7% in the fiscal year ended March 31, 2000 to 23.4% in the fiscal year ended March 31, 2001. In absolute terms, operating profit increased 35.6%, from €84.1 million in the fiscal year ended March 31, 2000 to €114.0 million in the fiscal year ended March 31, 2001.

Interest Receivable and Similar Income. Ryanair's interest receivable and similar income increased from €7.5 million in the fiscal year ended March 31, 2000 to €19.7 million in the fiscal year ended March 31, 2001, primarily reflecting the positive impact on cash resources of the increase in Ryanair's profitability and the receipt of net proceeds of €124.1 million from the sale of 11 million new Ordinary Shares in the Regulation S Offering conducted in February 2001.

Interest Payable and Similar Charges. Ryanair's interest payable and similar charges increased significantly, from €3.8 million in the fiscal year ended March 31, 2000 to €12.0 million in the fiscal year ended March 31, 2001, reflecting the increase in debt related to the acquisition of ten new 737-800 aircraft.

Other Income. Ryanair's other income decreased from €2.3 million in the fiscal year ended March 31, 2000 to €1.7 million in the fiscal year ended March 31, 2001, primarily reflecting the fact that a profit on the sale of investments of €1.0 million in fiscal 2000 did not recur in fiscal 2001.

Income Taxes. The effective tax rate for the fiscal year ended March 31, 2001 was 15%, compared to 20% in the fiscal year ended March 31, 2000. The decline in the effective tax rate reflects a reduction in the statutory rate of Irish corporation tax and the positive impact of Ryanair.com (which benefits from a reduced income tax rate) and the continued benefit of Ryanair's international leasing and internet business. Ryanair recorded an income tax provision of €18.9 million for the fiscal year ended March 31, 2001, and an income tax provision of €17.6 million for the fiscal year ended March 31, 2000. Profits from certain qualifying activities are currently levied at an effective 10% rate in Ireland. Ryanair.com will continue to be eligible for the 10% preferential tax treatment until the scheduled expiration of its license in 2010.

FISCAL YEAR 2000 COMPARED WITH FISCAL YEAR 1999

Profit after Taxation. Ryanair's profit on ordinary activities after taxation increased 26.2%, from €57.5 million in the fiscal year ended March 31, 1999 to €72.5 million in the fiscal year ended March 31, 2000, while total operating revenues increased 25.1% from €295.8 million to €370.1 million. This result reflected a significant increase in the revenues generated by a record number of scheduled passengers and a smaller increase in ancillary revenues, the positive effect of which was offset in part by a relatively smaller increase in operating expenses as a percentage of total operating revenues. Ryanair's profit on ordinary activities before taxation increased 18.8%, from €75.8 million in the fiscal year ended March 31, 1999 to €90.1 million in the fiscal year ended March 31, 2000.

Scheduled Passenger Revenues. Ryanair's scheduled passenger revenues increased 27.7%, from €258.9 million in the fiscal year ended March 31, 1999 to €330.6 million in the fiscal year ended March 31, 2000. This increase reflected a 13.3% growth in scheduled passenger volumes, from 4.9 million to 5.5 million passengers, and an 15.5% increase in sectors flown from 51,219 to 59,140, as well as the positive exchange rate impact of the translation of sterling-denominated revenues into euro. The increase in scheduled revenues was achieved despite a slight decrease in adjusted average yield per RPM from €0.165 to €0.161, as well as the impact of a decrease in average load factor from 71% to 67% and in passenger seat occupancy from 73% to 68%.

Much of the increase in scheduled passenger revenue was directly attributable to the increase in sectors flown due to the impact of the operation of ten new Boeing 737-800 aircraft and the expansion of Ryanair's route network during the period. The increase in scheduled passenger revenues and sectors flown also reflected Ryanair's launch of nine additional routes during the period and an increase in frequencies on certain of its existing routes. The nine new routes added during the fiscal year ended March 31, 2000: London Stansted to each of Aarhus, Frankfurt (Hahn), Ancona, Genoa, Turin, Biarritz, Brittany (Dinard) and City of Derry and Glasgow Prestwick to Frankfurt (Hahn), accounted for approximately 92% of the growth in passenger volume. Increased capacity on Ryanair's existing route network resulting from more frequent flights and the use of larger aircraft on certain of its routes between the U.K. and continental Europe, offset in part by a reduction in capacity on certain routes between Ireland and the U.K., accounted for the remaining approximately 8% of the increase in passenger volume. Passenger capacity (as measured in ASMs) increased 35.6% during this period due to the addition of ten 737-800 aircraft, as well as an increase in the average length of passenger haul and the increase in sectors flown. Scheduled passenger revenues accounted for 89.3% of Ryanair's total revenues for the fiscal year ended March 31, 2000, compared with 87.5% of total revenues in fiscal year ended March 31, 1999.

Ancillary Revenues. Ryanair's ancillary revenues, which consist primarily of revenues from in-flight sales of beverages and merchandise, sales of rail tickets and travel insurance, charter services and car rentals, increased 7.3%, from €36.9 million in the fiscal year ended March 31, 1999 to €39.6 million in the fiscal year ended March 31, 2000. The increase was attributable to a significant increase in revenues from ancillary activities other than in-flight services that more than offset a significant decline in in-flight sales reflecting the impact of the abolition of duty free sales on intra-EU flights as of June 30, 1999. Revenues from car rentals rose during the period from €4.6 million to €7.9 million, or 71.3%, charter revenues increased from €6.4 million to €9.3 million, or 44.0%, and revenues from non-flight scheduled operations (primarily rail ticket and travel insurance sales) increased from €5.6 million to €8.8 million, or 55.9%. Revenues from in-flight sales declined 32.6%, from €20.2 million in fiscal year 1999 to €13.6 million in fiscal year 2000, as the average passenger spend per flight decreased from €5.12 to €3.91.

Operating Expenses. Ryanair's operating expenses as a percentage of total revenues amounted to 77.1% in the fiscal year ended March 31, 1999 and increased to 77.3% in the fiscal year ended March 31, 2000. Ryanair's total operating expenses increased 25.5% from €227.9 million in the fiscal year ended March 31, 1999 to €286.1 million in the fiscal year ended March 31, 2000, principally as a result of a 13.3% increase in scheduled passenger volume and a 15.5% increase in number of sectors flown, which were reflected in increased staff, depreciation and airport costs, as total operating expenses per ASM declined by 7.5%.

The following table sets forth the amounts in euro cents (on a per ASM basis) and percentage changes of Ryanair's operating expenses for the fiscal years ended March 31, 1999 and March 31, 2000 under Irish GAAP:

	Fiscal Year Ended March 31, 2000	Fiscal Year Ended March 31, 1999	% Change
Staff Costs.....	1.55	1.73	-10.2%
Depreciation and Amortization(d).....	1.41	1.57	-10.3%
Fuel and Oil.....	1.33	1.59	-15.9%
Maintenance, Materials and Repairs	0.55	0.52	4.1%
Marketing and Distribution	1.03	1.07	-3.7%
Aircraft Rentals	0.06	0.13	-46.8%
Route Charges.....	0.84	0.90	-6.8%
Airport Charges.....	1.38	1.26	9.4%
Other Operating Expenses.....	<u>1.00</u>	<u>1.13</u>	<u>-11.1%</u>
Total Operating Expenses(c)(d)	<u>9.15</u>	<u>9.89</u>	<u>-7.5%</u>

- (a) For the purposes of calculating Operating Expenses per Available Seat Mile (ASM), operating expenses include the costs of the Company's charter operations.
- (b) These data are calculated by dividing the relevant expense amount (as shown in the Consolidated Financial Statements) by the number of ASMs in the relevant year (as shown in the Selected Operating and Other Data) and rounding to the nearest euro cent; the percentage change is calculated on the basis of the relevant figures before rounding.
- (c) Total Operating Expenses per ASM does not equal the Cost per ASM (CASM) reported in the table appearing in "Selected Operating and Other Data" above and "Glossary" below, as the latter figure excludes Non-Charter Ancillary Costs, which were 0.71c and 0.61c per ASM in the fiscal years ended March 31, 1999 and 2000, respectively.
- (d) These data reflect the Company's adoption of FRS 12 and FRS 15. See "Item 3. Key Information—Selected Financial Data".

Staff Costs. Ryanair's staff costs, which consist primarily of salaries, wages and benefits, decreased 10.2% on a per ASM basis. In absolute terms, Ryanair's recurring staff costs increased 21.8%, from €39.8 million in the fiscal year ended March 31, 1999 to €48.5 million in the fiscal year ended March 31, 2000. The increase was primarily due to the growth in the average number of Ryanair's employees from 1,094 to 1,262 (in particular, a 24% increase in the number of pilots, who earn higher than average salaries), as well as the impact of pay increases of approximately 3% granted to all employees.

Depreciation and Amortization. Ryanair's depreciation and amortization per ASM decreased by 10.3%, although in absolute terms these costs increased 21.8%, from €36.2 million in the fiscal year ended March 31, 1999 to €44.1 million in the fiscal year ended March 31, 2000. The increase reflected a full year's depreciation for the additional Boeing 737-800 aircraft delivered in fiscal year 1999, a partial year's depreciation for the five 737-800s delivered during fiscal year 2000 and the amortization of capitalized maintenance costs. In the fiscal years ended March 31, 1999 and March 31, 2000, depreciation costs also included €1.49 million and €1.2 million of a fair value adjustment under Irish GAAP resulting from the August 1996 Transaction, respectively.

Management expects that the annual depreciation cost per aircraft with respect to the new Boeing 737-800s will be lower than that with respect to its fleet of Boeing 737-200As, even though the acquisition cost for each 737-800 is substantially higher, due to the longer period over which the 737-800 aircraft will be depreciated.

Fuel and Oil. Ryanair's fuel and oil costs per ASM decreased 15.9%, although in absolute terms these costs increased 14.0%, from €36.6 million in the fiscal year ended March 31, 1999 to €41.7 million in the fiscal year ended March 31, 2000. The increase was principally due to the 15.5% increase in sectors flown (resulting from the expansion of Ryanair's fleet) and an increase in average sector length reflecting the addition of eight more routes to continental Europe, offset by a 5% decrease in fuel prices (in euro terms) during this period. Fuel and oil costs include both the direct cost of fuel and the cost of delivering fuel to the aircraft. The average fuel price paid by Ryanair (calculated by dividing total scheduled fuel costs by the number of U.S. gallons of fuel consumed) decreased from €0.66 per U.S. gallon in the fiscal year ended March 31, 1999 to €0.63 per U.S. gallon in the fiscal year ended March 31, 2000.

Ryanair's new Boeing 737-800 "next generation" aircraft burn fuel at an hourly rate that is comparable to that of its fleet of Boeing 737-200As. However, as the 737-800s are configured to have 45% more seats (189 seats, as compared to 130 in the 737-200As), the fuel burn per hour for the new aircraft on a per seat basis has been approximately 31% lower than that for the 737-200A fleet to date. Nonetheless, there can be no assurance that any such reduction in fuel burn per hour on a per seat basis will translate into a reduction in fuel costs on a per seat basis, as Ryanair's cost of fuel varies with fluctuations in both world fuel prices and the conversion rate between the U.S. dollar and the euro. In absolute terms, Ryanair's fuel costs are expected to increase as its fleet expands.

Maintenance, Materials and Repairs. Ryanair's maintenance, materials and repair expenses, which consist primarily of the cost of routine maintenance and spare parts, increased 4.1% on a per ASM basis, while in absolute terms these expenses increased 41.2%, from €12.0 million in the fiscal year ended March 31, 1999 to €16.9 million in the fiscal year ended March 31, 2000. The increase was largely due to the increase in the sectors flown (resulting from the expansion of Ryanair's fleet), an increase in sector length and the increased line maintenance costs associated with the expansion of Ryanair's London Stansted base.

While the new Boeing 737-800 "next generation" aircraft have a warranty period of between three and five years on certain parts and are configured to have 45% more seats than Ryanair's fleet of Boeing 737-200As, management expects maintenance costs for the 737-800s on a per seat basis will, in the near term, be similar to those on the 737-200As.

Marketing and Distribution. Ryanair's marketing and distribution costs per ASM decreased 3.7%, while in absolute terms these costs increased 30.6%, from €24.6 million in the fiscal year ended March 31, 1999 to €32.1 million in the fiscal year ended March 31, 2000, primarily as a result of higher passenger volumes and increased marketing and advertising expenses arising from the launch of nine new routes.

Aircraft Rentals. Ryanair's aircraft rental expenses per ASM decreased 46.8%, while in absolute terms these expenses decreased 27.9%, from €2.9 million in the fiscal year ended March 31, 1999 to €2.1 million in the fiscal year ended March 31, 2000, as the increase in fleet size reduced Ryanair's need for leased aircraft.

Route and Airport Charges. Ryanair's route charges per ASM decreased 6.8% in the fiscal year ended March 31, 2000, while airport charges per ASM increased 9.4%. In absolute terms, route charges increased 26.4%, from €20.8 million in the fiscal year ended March 31, 1999 to €26.3 million in the fiscal year ended March 31, 2000, primarily reflecting the 15.5% increase in sectors flown and a 12.7% increase in average sector length. In absolute terms, airport charges increased 48.4%, from €29.0 million in the fiscal year ended March 31, 1999 to €43.1 million in the fiscal year ended March 31, 2000, reflecting the

expansion of the route network and increased costs on certain existing routes, offset in part by lower costs on certain new routes.

Other Operating Expenses. Ryanair's other operating expenses, including those applicable to the generation of ancillary revenues, decreased 11.1% on a per ASM basis in the fiscal year ended March 31, 2000, although in absolute terms these costs increased by 20.5%, from €26.0 million in the fiscal year ended March 31, 1999 to €31.3 million in the fiscal year ended March 31, 2000, primarily due to the increase in passenger volumes and an increase in ancillary product costs arising from the change in product mix following the abolition of duty-free sales on intra-EU flights.

Operating Profit. As a result of the factors described above, Ryanair's operating profit as a percentage of total revenues totaled 22.9% in the fiscal year ended March 31, 1999 and 22.7% in the fiscal year ended March 31, 2000. In absolute terms, operating profit increased 23.9%, from €67.9 million in the fiscal year ended March 31, 1999 to €84.1 million in the fiscal year ended March 31, 2000.

Interest Receivable and Similar Income. Ryanair's interest receivable and similar income increased by 13.4%, from €6.6 million in the fiscal year ended March 31, 1999 to €7.5 million in the fiscal year ended March 31, 2000, primarily reflecting the positive impact on cash resources of the increase in Ryanair's profitability.

Interest Payable and Similar Charges. Ryanair's interest payable and similar charges increased significantly, from €237,000 in the fiscal year ended March 31, 1999 to €3.8 million in the fiscal year ended March 31, 2000, reflecting the increase in debt related to the acquisition of ten new 737-800 aircraft.

Other Income. Ryanair's other income increased from €1.6 million in the fiscal year ended March 31, 1999 to €2.3 million in the fiscal year ended March 31, 2000, principally as a result of the gain on the Company's sale of shares it held in an airline network service provider.

Income Taxes. The effective tax rate for the fiscal year ended March 31, 2000 was 20%, compared to 24% in the fiscal year ended March 31, 1999. The decline in the effective tax rate reflects a reduction in the statutory rate of Irish corporation tax and the positive impact of Ryanair.com (which benefits from a reduced income tax rate). Ryanair recorded an income tax provision of €17.6 million for the fiscal year ended March 31, 2000, and an income tax provision of €18.3 million for the fiscal year ended March 31, 1999. Profits from certain qualifying activities are currently levied at an effective 10% rate in Ireland. Ryanair.com will continue to be eligible for the 10% preferential tax treatment until the scheduled expiration of its license in 2010.

QUARTERLY FLUCTUATIONS

The Company's results of operations have varied significantly from quarter to quarter, and management expects these variations to continue. Among the factors causing these variations are the airline industry's sensitivity to general economic conditions and the seasonal nature of air travel. Historically, Ryanair has experienced its lowest load factors and yields for the year in January and February. As a result, the Company's operating revenues and profit before taxation have generally been significantly lower in the last quarter of a fiscal year ended March 31 than in the other quarters thereof.

U.S. GAAP RECONCILIATION

The Company's consolidated net income determined in accordance with U.S. GAAP would have been €112.4 million, €71.9 million and €84.9 million, for the years ended March 31, 2001, 2000 and 1999, respectively, as compared with net income of €104.5 million, €72.5 million and €57.5 million, respectively, for the same periods, as determined under Irish GAAP.

The Group's total assets determined in accordance with U.S. GAAP would have been €1.3 billion and €713.4 million at March 31, 2001 and 2000, respectively, as compared with €1.3 billion and €712.7 million, respectively, under Irish GAAP. Shareholders' equity determined in accordance with U.S. GAAP would have been €674.4 million and €439.3 million at March 31, 2001 and 2000, respectively, as compared with €669.9 million and €441.4 million, respectively, under Irish GAAP. The main differences affecting the determination of shareholders' equity at March 31, 2001 include the different treatment of foreign currency forward exchange contracts, pension costs and employment grants received from Forbairt under U.S. GAAP. For a discussion of the principal differences between Irish GAAP and U.S. GAAP as they relate to the Group's consolidated net income and shareholders' equity, see Note 31 to the Consolidated Financial Statements included in Item 18.

RECENTLY ISSUED ACCOUNTING STANDARDS

U.S. GAAP

SFAS 133. On April 1, 2001, the Company adopted SFAS No. 133, "*Accounting for Derivative Instruments and Hedging Activities*" as amended by SFAS No. 137 and SFAS No. 138. SFAS No. 133 requires a company to recognize all derivative instruments as assets or liabilities in its balance sheet and measure them at fair value. The accounting treatment of changes in fair value is dependent upon whether or not a derivative instrument is designated as a hedge and if so, the type of hedge. For derivatives designated as cash flow hedges, changes in fair value are recognized in other comprehensive income until the hedged item is recognized in income. For derivatives designated as fair value hedges, changes in fair value are recorded in the income statement but are offset by changes in fair value of the hedged item.

As discussed in Notes 14, 15 and 16 to the Consolidated Financial Statements included in Item 18, the Company uses various derivative instruments to manage the fuel, interest rate and foreign exchange rate risk of the group. The adoption of SFAS No. 133 on April 1, 2001 resulted in recording €16.8 million of an unrecognized loss in fair value to other comprehensive income, all comprising short term derivative assets.

SFAS 141 and SFAS 142. In June 2001, the Financial Accounting Standards Board ("FASB") issued two new statements: SFAS No. 141 "Business Combination" and SFAS No. 142 "Goodwill and Other Intangible Assets". These Statements will change the accounting for business combinations and goodwill in two significant ways. Firstly, SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Use of the pooling-of-interests method will be prohibited. Secondly, SFAS 142 changes the accounting for goodwill from the amortization method to an impairment-only approach. Thus, amortization of goodwill, including goodwill recorded in past business combinations, will cease upon the adoption of SFAS No. 142, which must be adopted on April 1, 2002. The Company expects that its adoption of SFAS No. 141 and SFAS No. 142 will have no impact on its US GAAP results of operations or financial position, as the Company currently has no goodwill or intangible assets.

SFAS 143. In July 2001, FASB announced that it had voted to issue SFAS No. 143 "Accounting for Asset Retirement Obligations". SFAS 143, which is effective for fiscal years beginning after June 15,

2002, requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. The Company is currently assessing the impact, if any, of SFAS 143 on its US GAAP financial position and results of operations.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity. The Company finances its working capital requirements through a combination of cash generated from operations and bank loans for the acquisition of aircraft. The Company had cash and liquid resources under million Irish GAAP at March 31, 1999, 2000 and 2001 of €158.6 million, €355.2 million and €626.7 million, respectively, with the increase at March 31, 2001 in part reflecting the growth in profits and the receipt of net proceeds of €124.1 million from the sale of 11 million new Ordinary Shares in the Regulation S Offering conducted in February 2001.

The Company's net cash inflow from operating activities in fiscal year 1999, fiscal year 2000 and fiscal year 2001 totaled €124.4 million, €149.6 million and €229.8 million, respectively. During the last three fiscal years, Ryanair's primary cash requirements have been for operating expenses, additional aircraft, advance payments in respect of the new fleet of Boeing 737-800s and related flight equipment, payments on related indebtedness and payments of corporation tax. Equity offerings and cash generated from operations have been the principal sources for these cash requirements, supplemented primarily by aircraft related bank loans.

The Company's net cash inflow from returns on investments and servicing of finance in fiscal year 1999, fiscal year 2000 and fiscal year 2001 totaled €6.0 million, €2.0 million and €5.6 million, respectively, primarily reflecting interest earned by the Company on its cash balances, offset in part by interest payments on long-term aircraft loans.

The Company's net cash inflow from financing and use of liquid resources in fiscal year 1999, fiscal year 2000 and fiscal year 2001 totaled €0.4 million, €18.8 million and €174.2 million, respectively, principally reflecting the increase in long-term aircraft-related debt and the issuance of new Ordinary Shares in 2001.

Under U.S. GAAP, the Company's cash and cash equivalents at March 31, 1999, 2000 and 2001 were €97.7 million, €121.4 million and €389.1 million, respectively. Under U.S. GAAP, the cash inflows from operating activities in fiscal years 1999, 2000 and 2001 were €119.3 million, €136.0 million and €221.6 million, respectively, the cash outflows from investing activities in fiscal years 1999, 2000 and 2001 were €158.7 million, €327.0 million and €360.1 million, respectively, and the cash inflows from financing activities were €81.7 million, €214.7 million and €406.1 million, respectively. See Note 31 to the Consolidated Financial Statements included in Item 18.

Capital Resources. Ryanair has generally been able to generate sufficient funds from operations to meet its non-aircraft acquisition-related working capital requirements and does not currently have any lines of credit other than the ABN AMRO Bank N.V. loan facility described below, which it has used to finance the purchase of the 737-800 aircraft, and a €2.0 million loan facility from the Bank of Ireland to guarantee the electronic payment of certain operating expenses, including staff salaries and foreign travel duty taxes. Loans outstanding totaled €25.0 million at March 31, 1999, €122.0 million at March 31, 2000 and €402.8 million at March 31, 2001. For more information on the maturity profile and debt and currency structure of the Company's borrowings, see Notes 12-17 to the Consolidated Financial

Statements included in Item 18. Management believes that the working capital available to the Company, including its long term financing facilities, is sufficient for its present requirements and will be sufficient to meet its anticipated requirements for capital expenditures and other cash requirements for fiscal year 2002.

Capital Expenditures. The Company's net cash outflows from capital expenditures in fiscal year 1999, fiscal year 2000 and fiscal year 2001 were €107.1 million, €154.1 million and €356.2 million, respectively. Ryanair has funded its acquisition of aircraft and flight equipment primarily through net proceeds from equity offerings (aggregating €250.7 million), bank loans and funds generated from operations.

On March 9, 1998, Ryanair entered into a series of agreements with The Boeing Company to purchase 25 new Boeing 737-800 "next generation" aircraft, together with options to purchase up to a further 20 aircraft (which may include 737-700s, 737-800s or 737-900s). Ryanair exercised the first three of these options in September 2000 and has elected not to exercise the five options it could have exercised in 2001. The new 737-800 aircraft share certain basic characteristics with the Company's fleet of 737-200A aircraft, but are larger (seating up to 189 passengers), capable of longer flights without refueling and incorporate more advanced aviation technology. The 737-800 aircraft also comply with Chapter 3 noise reduction requirements, which take effect from 2002. The 25 firm orders placed with Boeing and the three options already exercised will enable the Company to increase the size of its summer schedule fleet by between two and eight additional units each year from summer 1999 to 2003, more than doubling the size of its fleet over that period. If traffic growth proves to be greater than can be satisfied by these new aircraft, the Company may exercise its rights to acquire some or all of the 12 remaining option aircraft to cater for this demand. Alternatively, the Company may use these option aircraft for additional capacity from 2001 onwards or to replace aircraft from the existing 21 737-200A aircraft in its fleet. Should Ryanair elect to acquire any of the 12 remaining option aircraft, it must do so 21 months in advance of pre-determined delivery dates, which run from December 2003 through January 2005.

As noted above, the Company elected not to exercise the options it held to acquire five additional 737-800s from Boeing during 2002. Ryanair has advised Boeing that it does not believe that the prices for the option aircraft established by the existing contracts reflect current market realities and that it does not anticipate exercising any such options unless Boeing makes certain price concessions; Boeing is evaluating this request. Ryanair has also advertised its interest in purchasing up to 50 additional used 737 aircraft from industry sources, should its negotiations with Boeing be unsuccessful. However, no decision has been made to purchase such aircraft and management believes that the aircraft currently in its fleet, together with those to be delivered by Boeing under the firm orders, are sufficient to meet Ryanair's current schedules, and its projected future growth, through at least the end of 2002.

The gross price for each 737-800 aircraft is \$46,361,900 (€48,424,796) including certain equipment purchased and fitted by Boeing on the Company's behalf, subject to increase to take into account an "Escalation Factor" reflecting the changes in the U.S. Employment Cost and Producer Price Indices and subject to decrease to take into account certain concessions granted to the Company by Boeing. The total amount to be paid by the Company over the period from March 1998 through January 2003 in respect of the 25 firm commitment aircraft, not taking into account any such increases or decreases, is expected to be approximately \$1.2 billion (€1.25 billion). Due to the application of the Escalation Factor, the gross price for each of the three option aircraft is expected to be approximately \$51 million (€53.3 million), not taking into account any concessions. In addition, the Company has paid to Boeing an aggregate deposit of \$2.0 million (€2.1 million), which is applied to the next ten options that may be exercised at any time.

Boeing has granted the Company certain price concessions with regard to the 737-800 aircraft. These take the form of credit memoranda to the Company for the amount of such concessions, which the Company may apply toward the purchase of goods and services from Boeing or toward certain payments, other than advance payments, in respect of the purchase of the aircraft. Boeing and CFM International S.A. (the manufacturer of the CFM56-7B24 engines that power the 737-800 aircraft) have also agreed to give the Company certain allowances for promotional and other activities, as well as providing other goods and services to the Company on concessionary terms.

The Company's purchase of 25 firm commitment 737-800 aircraft is being funded by a combination of bank financing in the form of loans under a loan facility with ABN AMRO Bank N.V. (the "ABN Facility"), supported by a loan guarantee from the Export-Import Bank of the United States ("EXIM") and the Company's cash flow generated from operations. On the basis of an EXIM guarantee with regard to the financing of up to 85% of the eligible U.S. and foreign content represented in the net purchase price of the aircraft, ABN AMRO Bank N.V. ("ABN AMRO") entered into a commitment letter (the "Commitment Letter") with the Company to provide an aggregate of \$705 million in financing for those aircraft benefiting from such a guarantee. ABN AMRO's financing commitment relates only to the 25 firm commitment aircraft. Ryanair is currently in the process of obtaining a preliminary commitment from EXIM with regard to the three aircraft on which it has exercised its option (which are scheduled for delivery in May, June and July of 2002), and does not currently have any definitive financing commitments in place on any of the remaining option aircraft, although management anticipates that any option aircraft it acquires will be financed through a similar combination of loans supported by an EXIM guarantee and cash flow from operations. Each of the loans under the ABN Facility is to be on substantially similar terms as the first of these loans, which is a 12-year dollar-denominated loan that is secured by a first priority mortgage in favor of a security trustee on behalf of EXIM and the lenders on the two tranches of aircraft (three in the first tranche and two in the second tranche) so financed.

Between December 7, 2000 and January 25, 2001, Ryanair took delivery of five additional 737-800 aircraft that it financed through loans under the ABN Facility. On January 30, 2001, Ryanair exercised its option to convert the floating rate financing obtained under the ABN Facility for these five 737-800 aircraft to fixed rate financing; the financing for these five aircraft now is in the form of a fixed rate loan in the amount of \$140.1 million, which bears interest at a rate of 5.99% per annum and is repayable in 48 quarterly installments from April 17, 2001 to January 15, 2013. Through the use of swaps, Ryanair has effectively converted this dollar-denominated debt into an approximately equivalent amount (at current exchange rates) of euro-denominated debt that bears interest at a lower effective interest rate. At March 31, 2001, the Company had U.S. dollar borrowings equivalent to \$402.9 million in respect of the drawdown used to finance a portion of the acquisition price of the first fifteen 737-800 aircraft, which it converted into an obligation of €402.5 million through the use of swaps. At March 31, 2000, the equivalent amounts were \$141.4 million and €121.1 million. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Foreign Currency and Interest Rate Risk Exposure and Hedging."

Ryanair's ability to obtain additional loans pursuant to the ABN Facility in order to finance a portion of the purchase price of the thirteen remaining firm commitment 737-800 aircraft scheduled to be delivered between December 2001 and January 2003, as well as its ability to enter into related swap transactions with ABN AMRO in connection with hedging its obligations under such loans, is subject to the satisfaction of various conditions contained in the documentation for the loan made to date under the ABN Facility (as to the fifteen 737-800 aircraft delivered during 1999, 2000 and 2001) and various conditions set forth in the Commitment Letter (as to the ten 737-800 aircraft scheduled to be delivered after 2001), as well as in the related swaps. These conditions include, among other things, the execution of satisfactory documentation, the requirement that Ryanair perform all of its obligations under the Boeing agreements and provide satisfactory security interests in the aircraft (and related assets) in favor

of the lenders and EXIM, and that Ryanair does not suffer a material adverse change in its conditions or prospects (financial or otherwise). With respect to the 737-800 aircraft scheduled to be delivered after 2001, Ryanair must first obtain a binding final commitment from EXIM to provide loan guarantees in respect of the financing of such aircraft before any such aircraft may be financed under the ABN Facility.

EXIM's policy on facilities of this type is to only issue a binding final commitment six months prior to delivery of each aircraft being financed. EXIM has already issued binding final commitments and related guarantees in the amount of \$401.9 million with respect to the first fifteen 737-800 aircraft delivered in 1999, 2000 and 2001. EXIM's final binding commitment with regard to these aircraft is also subject to certain conditions set forth in the documentation for the ABN Facility and the EXIM guarantee. These conditions include, among other things, the execution of satisfactory documentation, the creation and maintenance of the lease and related arrangements described below, that Ryanair provide satisfactory security interests in the aircraft (and related assets) in favor of EXIM and the lenders, and that the fifteen aircraft be registered in Ireland, be covered by adequate insurance and maintained in a manner acceptable to EXIM. Ryanair expects that any future commitments or guarantees issued by EXIM will contain similar conditions, as well as requiring Ryanair to pay EXIM fees based on the amount of any such commitment or guarantee of the type described in more detail below.

Management has no reason to believe that EXIM will not issue a further final binding commitment and guarantee in relation to each of the other 737-800 aircraft to be delivered after fiscal year 2001 and thus believes it will be eligible for further loans under the ABN Facility. If, however, EXIM does not issue its final binding commitment or a related guarantee in respect of any aircraft purchase, this could result in a significant increase in the financing costs for the relevant aircraft. The Company has entered into and will enter into currency and interest rate swaps in connection with its financing of the new aircraft. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Foreign Currency and Interest Rate Risk Exposure and Hedging."

As part of its financing of the 737-800 aircraft that benefit from the EXIM guarantee, Ryanair has entered into certain lease agreements and related arrangements. Pursuant to these arrangements, legal title to each of the fifteen aircraft delivered to date rests with a single United States special purpose vehicle (the "SPV") in which Ryanair has no equity or other interest. This SPV is the borrower of record under the loans made or to be made under the ABN Facility, with all of its obligations under the loans being guaranteed by Ryanair Holdings. The shares of the SPV (which are owned by an unrelated charitable association) are in turn pledged to a security trustee in favor of EXIM and the lenders. Ryanair Limited operates each of the aircraft pursuant to a finance lease it has entered into with the SPV, the terms of which mirror those of the relevant loan under the ABN Facility. Ryanair has the right to purchase the aircraft upon termination of the lease for a nominal amount. Pursuant to this arrangement, Ryanair is considered to own the aircraft for accounting purposes under both Irish GAAP and U.S. GAAP.

The terms of the ABN Facility and the EXIM guarantee require that Ryanair pay certain fees in connection with such financing. In particular, these fees include a fixed program fee payable to ABN AMRO annually as the arranger of the ABN Facility, and a commitment fee and an exposure fee payable to EXIM on an annual basis in connection with its final binding commitment and guarantee with respect to the first fifteen 737-800 aircraft (and based on the amount of the guarantee). Ryanair's payment of the fees to EXIM is eligible for financing under the ABN Facility. Ryanair expects that the aggregate amount of all such aircraft-finance related fees will be approximately \$4.5 million in fiscal year 2002; these fees will be capitalized and amortized over the life of the aircraft. Ryanair anticipates that similar fees will be incurred as additional aircraft are delivered and financed.

Ryanair also entered into a contract in September 2000 to purchase a Boeing 737-800 flight simulator from CAE Electronics Ltd. of Quebec, Canada. The simulator will be used for pilot training

purposes and is expected to be located in the U.K. The gross purchase price of the simulator and the necessary software was approximately \$10.3 million, not taking into account certain price concessions in the form of credit memoranda. The Company anticipates financing this expenditure with a loan provided by the Export Development Corporation of Canada for up to 85% of the net purchase price, with the remainder provided by cash flows from operations.

In 1996, Ryanair established a new reservations center in Dublin operated by its wholly-owned subsidiary, Ryanair.com. Ryanair purchased the building for the new reservations center for €2.5 million in June 1996, incurring a loan of €1.6 million from AIB to finance a portion of the purchase price of the building, which loan is secured by a mortgage of the building in favor of AIB. Ryanair.com receives employment and capital grants to operate its reservations center from Forbairt Limited (“Forbairt”), an Irish state agency. In connection with the grant agreement, Ryanair granted Forbairt an option to purchase for their par value up to 5% of the issued shares of Ryanair.com. Forbairt may exercise this option if, among other things, Irish Air, L.P., one of Ryanair Holdings’ former stockholders, and its affiliates and certain of the other principal stockholders cease to own at least 50% of Ryanair’s issued Ordinary Shares. Since November 1998, when Irish Air, L.P. dissolved and distributed all of the Ordinary Shares held by it to its partners, Forbairt’s option has become exercisable. Forbairt has not yet exercised its option or indicated when it may do so. If Forbairt were to exercise its option, Ryanair.com would be obligated to repurchase or redeem the Ryanair.com shares acquired by Forbairt under the option at a repurchase or redemption price equal to 25% of the grant amounts received by Ryanair.com. Based on the amount of grants Ryanair.com has received to date, the maximum it would have to pay to redeem the Ryanair.com shares acquired by Forbairt would be approximately €690,420. Ryanair.com has the right to terminate the option by paying to Forbairt €698,350.

TREND INFORMATION

The immediate impact on Ryanair of the terrorist attacks in the U.S. on September 11, 2001 was limited, due to the fact that Ryanair does not fly to the U.S., or interline with any other airlines. Although flight reservations were some 10% lower than normal during the week of the attacks, they returned to normal levels by the end of September. The Company currently expects to recover the shortfall arising from these events over the coming weeks. While the Company remains cautious, management is optimistic that current trading and the immediate future prospects will not be affected to any material extent by these attacks. However, the cost of insurance coverage for certain third party liabilities arising from “acts of war” or terrorism is expected to increase dramatically as a result of the attacks. Although Ryanair intends to pass on any increased insurance costs to passengers by means of a special “insurance levy” on each ticket, there can be no assurance that it will be successful in doing so. Any significant increase in expenses related to security, insurance or related costs could have a material adverse effect on the Company. Any further terrorist attacks in the U.S., or particularly in Europe, any significant military response by the U.S. and its allies or any prolonged hostilities or related economic downturn would be likely to have a material adverse effect on demand for air travel and thus on Ryanair’s business, operating results and financial condition. See “Item 3. Key Information—Risk Factors—Recent Terrorist Attacks on the United States Have Had a Severe Negative Impact on the International Airline Industry.”

INFLATION

Inflation has not had a significant effect on the Company’s results of operations and financial condition during the three years ended March 31, 2000.

Item 6. Directors, Senior Management and Employees

Ryanair Holdings was established in 1996 as a holding company for Ryanair. The management of Ryanair Holdings and Ryanair are integrated, with the two companies having the same Board of Directors and all executive officers of Ryanair Holdings being executive officers of Ryanair.

DIRECTORS

The following table sets forth certain information concerning the Directors of Ryanair Holdings and Ryanair Limited at September 30, 2001:

<u>Name</u>	<u>Age</u>	<u>Position</u>
David Bonderman	58	Chairman of the Board and Director of Ryanair Holdings and Ryanair Limited
Raymond MacSharry(b)(c)	62	Director of Ryanair Holdings and Ryanair Limited
Michael O’Leary(a)(d)	40	Director of Ryanair Holdings and Ryanair Limited
James R. Osborne(b)(c)	52	Director of Ryanair Holdings and Ryanair Limited
Cathal M. Ryan	41	Director of Ryanair Holdings and Ryanair Limited
Declan F. Ryan(a)	37	Director of Ryanair Holdings and Ryanair Limited
T. Anthony Ryan	65	Director of Ryanair Holdings and Ryanair Limited
Richard P. Schifter	47	Director of Ryanair Holdings and Ryanair Limited
Jeffrey A. Shaw(a)(b)(c)	37	Director of Ryanair Holdings and Ryanair Limited
Michael Horgan	65	Director of Ryanair Holdings and Ryanair Limited
Kyran McLaughlin	57	Director of Ryanair Holdings and Ryanair Limited
Paolo Pietrogrande	44	Director of Ryanair Holdings and Ryanair Limited

(a) Member of the Executive Committee.

(b) Member of the Remuneration Committee.

(c) Member of the Audit Committee.

(d) Mr. O’Leary is also the chief executive officer of Ryanair Holdings and Ryanair Limited. None of the other Directors are executive officers of Ryanair Holdings or Ryanair Limited.

David Bonderman has served as a Director of Ryanair Holdings and Ryanair Limited since August 23, 1996 and as Chairman of the Board of Ryanair Holdings and Ryanair Limited since December 1996. Mr. Bonderman is a director and officer of 1996 Air G.P., Inc., the general partner Irish Air GenPar, and founder and Principal of Texas Pacific Group (“TPG”), which organized Irish Air, L.P. and Irish Air GenPar, L.P. Prior to forming TPG, Mr. Bonderman was Chief Operating Officer and Chief Investment Officer of Keystone Inc., the personal investment vehicle of Texas-based investor Robert M. Bass. Prior to joining Keystone Inc. in 1983, Mr. Bonderman was a partner in the law firm of Arnold & Porter in Washington, D.C. Mr. Bonderman is also a Managing Director of Air Partners, L.P., a limited partnership formed to invest in Continental Airlines, Inc., and serves on the Board of Directors of AerFi Group plc, Bell & Howell, Inc., Continental Airlines, Inc. (where he formerly served as Chairman), CoStar Group, Inc., Denbury Resources, Inc., Ducati Motor Holdings S.p.A., J. Crew Group, Inc., Landit & Gyr Communications, Oxford HealthPlans, Inc., Paradyne Networks, Inc., Virgin Entertainment Group Limited and Washington Mutual, Inc. Mr. Bonderman also serves in general partner advisory board roles for Aqua International Partners, L.P., Newbridge Asia II, L.P., Newbridge Investment Partners, L.P. and Newbridge Latin America, L.P.

Raymond MacSharry has served as a Director of Ryanair Holdings since August 22, 1996, and as a Director of Ryanair Limited since February 11, 1993. From 1993 to 1995, Mr. MacSharry served as Chairman of the Board of Ryanair Limited. From 1993 to 1996 and from April 1997 to date,

Mr. MacSharry has served as a consultant to Ryanair. From 1989 to 1993, Mr. MacSharry served as the European Commissioner for Agriculture. Prior to his service on the EC, Mr. MacSharry served in the Irish Parliament for over 20 years and was the Minister for Finance of Ireland in 1982 and from 1987 to 1988. Mr. MacSharry currently serves as a member of the Court of the Bank of Ireland, as a director of Jefferson Smurfit Group Plc and Green Property Plc and as the non-executive Chairman of eircom plc, London City Airport, Green Property plc and Coillte Teoranta.

Michael O'Leary has served as a Director of Ryanair Holdings since July 2, 1996 and as a Director of Ryanair Limited since November 25, 1988. Mr. O'Leary was the Deputy Chief Executive of Ryanair Limited from 1991 to May 1993 and Chief Operating Officer from June 1993 to December 1993, and Chief Executive from January 1, 1994. Mr. O'Leary was appointed the Chief Executive of Ryanair Holdings on April 21, 1997.

James R. Osborne has served as a Director of Ryanair Holdings since August 22, 1996, as a Director of Ryanair Limited since April 12, 1995 and as a consultant to Ryanair since that date. Mr. Osborne was the managing partner of the law firm of A & L Goodbody Solicitors, Irish counsel to the Company, from May 1982 to April 30, 1994 and has served as a consultant to the firm since May 1, 1994. Mr. Osborne also serves on the Board of Directors of Golden Vale plc and Adare Printing Group plc.

Cathal M. Ryan has served as a Director of Ryanair Holdings since August 22, 1996 and as a Director of Ryanair Limited since January 29, 1985. Mr. Ryan has also been employed by Ryanair as a pilot since 1991. From April 1993 to March 1996, Mr. Ryan served as an executive of Ryanair responsible for operational safety and development. Mr. Ryan is the son of T.A. Ryan and the brother of Declan Ryan.

Declan F. Ryan has served as a Director of Ryanair Holdings since August 22, 1996 and as a Director of Ryanair Limited since January 29, 1985. Mr. Ryan held a number of executive positions at Ryanair beginning in 1986 and from April 1993 to March 1996 had executive responsibility for aircraft procurement and finance. Mr. Ryan no longer holds an executive position at Ryanair and currently operates a private investment company, Irlandia Investments Limited. Mr. Ryan is the son of T.A. Ryan and the brother of Cathal Ryan.

T. Anthony Ryan has served as a Director of Ryanair Holdings since July 2, 1996 and as a Director of Ryanair Limited since April 12, 1995. Dr. Ryan served as Chairman of the Board of Ryanair Holdings from August 23, 1996 until December 1996 and as Chairman of the Board of Ryanair Limited from January 1996 until December 1996. Dr. Ryan was one of the founders in 1975 of GPA Group plc ("GPA"), an operating lessor of commercial aircraft, and served as Chairman of GPA from 1985 to 1993. Following a restructuring of GPA involving General Electric Capital Corporation ("GECC") in 1993, Dr. Ryan served as Executive Chairman of, and subsequently as a consultant to, GE Capital Aviation Services, Limited, a company established by GECC to manage the aircraft assets of GPA, from 1993 to 1996.

Richard P. Schifter has served as a Director of Ryanair Holdings and Ryanair Limited since August 23, 1996. Mr. Schifter is a director and officer of 1996 Air G.P., Inc. and a Principal in TPG. Prior to joining TPG, Mr. Schifter was a partner at the law firm of Arnold & Porter in Washington, D.C., where he currently serves as counsel. Mr. Schifter currently serves on the Board of Directors of America West Airlines, Inc., Grupo Milano, S.A., Productora de Papel, S.A. de C.V., Empresas Chocolates La Corona S.A. and Bristol Group, and as an officer of the general partner of Newbridge Latin America, L.P.

Jeffrey A. Shaw has served as a Director of Ryanair Holdings and Ryanair Limited since August 23, 1996. Mr. Shaw is a director and officer of 1996 Air G.P. and a Principal in TPG. Prior to

joining TPG in 1993, Mr. Shaw was a principal investor from 1990 to 1993 with Acadia Partners/Oak Hill Partners, an affiliate of Keystone Inc. From 1986 to 1988, Mr. Shaw was a financial analyst in the Emerging Growth Group as well as the Corporate Finance Department of Goldman, Sachs & Co. Mr. Shaw currently serves on the Board of Directors of America West Airlines, Inc., Del Monte Foods Corp., The Leisure Company and Quantum Bridge Communications.

Michael Horgan has served as a director of Ryanair Holdings since January 12, 2001. A former Chief Pilot of Aer Lingus, he is consultant to a number of international airlines, civil aviation authorities and the European Commission. Mr Horgan chairs the Air Safety Committee of the Board.

Kyran McLaughlin has served as a director of Ryanair Holdings since January 12, 2001. Mr McLaughlin is Head of Equities at Davy Stockbrokers. Mr McLaughlin advised Ryanair during its initial flotation on the Dublin and NASDAQ stock markets in 1997. Mr McLaughlin is also a director of Elan Corporation plc and Riverdeep Group plc.

Paolo Pietrogrande has served as a director of Ryanair Holdings since January 12, 2001 and is a director of Ducati Motor Holding S.p.A. Mr Pietrogrande is currently the chief executive officer of ERGA S.p.A., an Italian electric power generating company, Managing Director of CISE S.r.l. and a member of the Board of Directors of Comphoebus S.p.A.

The Board of Directors has established a number of committees, including the following:

Executive Committee. The Board of Directors established the Executive Committee in August 1996. The Executive Committee can exercise the powers exercisable by the full Board of Directors in circumstances where action by the Board of Directors is required and it is impracticable to convene a meeting of the full Board of Directors. Messrs. O'Leary, D.F. Ryan and Shaw are the members of the Executive Committee.

Remuneration Committee. The Board of Directors established the Remuneration Committee in September 1996, to have authority to determine the remuneration of senior executives of Ryanair Holdings and to administer the Ryanair Holdings' Stock Option Plan. Messrs. MacSharry, Osborne and Shaw are the members of the Remuneration Committee.

Audit Committee. The Board of Directors established the Audit Committee in September 1996, to make recommendations concerning the engagement of independent chartered accountants, to review with the accountants the plans for and scope of the audit, the audit procedures to be utilized and the results of the audit, to approve the professional services provided by the accountants, to review the independence of the accountants and to review the adequacy and effectiveness of the Company's internal accounting controls. Messrs. Osborne, Shaw and MacSharry are the members of the Audit Committee.

Nomination Committee. The Board of Directors established the Nomination Committee in May 1999, to make recommendations concerning the selection of individuals to serve as executive and non-executive Directors and makes proposals to the full Board of Directors, which retains all power relating to the election of Directors. Messrs. Osborne, D.F. Ryan and Shaw are the members of the Nomination Committee.

Air Safety Committee. The Board of Directors established the Air Safety Committee in March 1997, to review and discuss air safety and related issues. The Air Safety Committee reports to the full Board of Directors each quarter. The Air Safety Committee is comprised of the following executive officers of Ryanair: Messrs. Duggan, Hickey, O'Leary and John Osborne, and director Michael Horgan (chairperson).

Action and Powers of Board of Directors

The Board of Directors is empowered by the Articles of Association of Ryanair Holdings to carry on the business of Ryanair Holdings, subject to the Articles of Association, provisions of general law and the right of stockholders to give directions to the Directors by way of ordinary resolution. Every Director of Ryanair Holdings who is present at a meeting of the Board of Directors shall have one vote. In the case of a tie on a vote, the Chairman of the Board of Directors shall not have a second or tie-breaking vote. A Director may designate an alternate to attend any Board of Directors meeting, and such alternate shall have all the rights of a Director at such meeting.

The quorum for a meeting of the Board of Directors, unless another number is fixed by the Directors, consists of three Directors. A majority of the Directors present must be EU nationals. The Articles of Association of Ryanair Holdings require the vote of a majority of the Directors (or alternates) present at a duly convened meeting for the approval of all actions by the Board of Directors.

Composition and Term of Office

Ryanair Holdings' Articles of Association provide that the Board of Directors shall consist of no less than three Directors and no more than fifteen Directors, unless otherwise determined by the stockholders.

Directors are elected (or have their appointment by the Directors confirmed) at annual general meetings of stockholders. Save in certain circumstances, at every annual general meeting one-third (rounded down to the next whole number if it is a fractional number) of the Directors (being the Directors who have been longest in office) will retire by rotation and be eligible for re-election.

There is no maximum age for a Director and no Director shall be required to own any shares of Ryanair Holdings.

SENIOR MANAGEMENT

The following table sets forth certain information concerning the executive officers of Ryanair Holdings and Ryanair Limited at September 10, 2001:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Michael O'Leary.....	40	Chief Executive of Ryanair Holdings and Ryanair Limited
Michael Cawley.....	47	Chief Financial Officer of Ryanair Holdings and Commercial Director of Ryanair Limited
John Osborne.....	53	Director of Group Operations of Ryanair Limited
Howard Millar.....	40	Director of Finance of Ryanair Limited and Secretary of Ryanair Holdings and Ryanair Limited
Tim Jeans.....	44	Director of Sales & Marketing of Ryanair Limited
Michael Hickey.....	38	Director of Engineering of Ryanair Limited
Jim Duggan.....	54	Chief Pilot of Ryanair Limited
Charles Clifton.....	37	Director of Ground Operations and In-flight of Ryanair Limited

Michael O’Leary has served as a Director of Ryanair Holdings since July 2, 1996 and as a Director of Ryanair Limited since November 25, 1988. Mr. O’Leary was the Deputy Chief Executive of Ryanair Limited from 1991 to May 1993 and Chief Operating Officer from June 1993 to December 1993, and Chief Executive from January 1, 1994. Mr. O’Leary was appointed the Chief Executive of Ryanair Holdings on April 21, 1997.

Michael Cawley was appointed as Group Financial Director of Ryanair Limited in February 1997 and Chief Financial Officer of Ryanair Holdings on April 21, 1997, in order to further strengthen the finance function within the Company. From 1993 to 1997, Mr. Cawley served as Group Finance Director of Gowan Group Limited, one of Ireland’s largest private companies and the main distributor for Peugeot and Citroën automobiles in Ireland. Prior to joining Gowan Group Limited, Mr. Cawley served as Joint Managing Director of Athlone Extrusions plc, a plastics manufacturing and sales company, where he led a management buyout in 1990. Mr. Cawley qualified as a chartered accountant in 1978.

John Osborne has served as Group Operations Director of Ryanair Limited since January 2001 and is responsible for all aspects of engineering, flight operations, ground operations and inflight services. Prior to joining Ryanair, Mr Osborne was Chief Executive of Virgin Express in Brussels from September 1999 to December 2000. Prior to this he was Chief Executive of GB Airways, a British Airways franchise carrier, from 1994 to 1999. Mr Osborne has 25 years aviation experience in a variety of roles including 13 years with British Caledonian prior to its takeover by British Airways. He qualified as a chartered accountant in England in 1972.

Howard Millar has served as Director of Finance of Ryanair Limited since March 1993, having served as Financial Controller since April 1992. On July 2, 1996, Mr. Millar was appointed Secretary of Ryanair Holdings. Prior to joining Ryanair, Mr. Millar served as the Group Financial Accounting Manager for the Almarai Group, an international food processing company in Riyadh, Saudi Arabia, from 1988 to 1992. Prior to joining the Almarai Group, Mr. Millar was employed by the Smith Group, the Irish distributor for Renault automobiles in Ireland. Mr. Millar is a graduate of Trinity College, Dublin (B.Sc. Management) and a fellow of the Institute of Chartered Certified Accountants.

Timothy Jeans has served as Director of Sales & Marketing since July 1995. Mr. Jeans is responsible for sales, marketing, yield management and Ryanair.com. Prior to joining Ryanair, Mr. Jeans served as General Manager—Marketing Development of Manchester Airport plc from 1990 to 1995. In this position, he was responsible for business development with over 50 customer airlines, as well as the introduction of rail services to the airport and the opening of Manchester Airport’s second terminal in 1993. From 1978 to 1985, Mr. Jeans held various positions with the P&O Steam Navigation Company plc, including Marketing Manager of P&O Ferries. In 1985, Mr. Jeans started his own tour operating business, Commodore Travel. Commodore Travel was acquired by the Newcastle-based Pure Value Group in 1990. Mr. Jeans is a graduate of the London School of Economics.

Michael Hickey has served as Director of Engineering and Chief Engineer since January 2000. Mr. Hickey has held a wide range of senior positions within the engineering department since 1988 and was Deputy Director of Engineering between 1992 and January 2000. Prior to joining Ryanair in 1988, Mr. Hickey worked as an aircraft engineer with Fields Aircraft Services and McAlpine Aviation, working primarily on executive aircraft. Mr. Hickey trained and served with the Irish Air Corps from 1979 to 1985.

Jim Duggan has served as Chief Pilot since July 2000. Mr. Duggan has held a number of senior positions within the flight operations department since October 1986, and was Base Captain at London Stansted, Ryanair’s largest base, between March 1997 and July 2000. Since 1997, Mr. Duggan has

served as a senior Training Captain responsible for the maintenance of aircraft operating standards and aircraft simulator training programs.

Charles Clifton has served as Director of Ground Operations and Inflight since 1996. Prior to his appointment to this position, Mr. Clifton was Inflight and Cabin Services Manager. Mr. Clifton joined Ryanair in 1986 and has held various posts including Reservations Agent, Station Manager, Catering Manager and Cabin Services Manager. Prior to joining Ryanair, Mr. Clifton completed a training course in hotel management with the Doyle Hotel Group. Mr. Clifton's current responsibilities include maintaining the cost effectiveness and on-time performance of Ryanair's ground handling operations and maximizing the cost effectiveness of agreements with airports throughout the route network. Mr. Clifton is also responsible for the management of Ryanair's inflight cabin crew and on board sales.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Compensation

The aggregate amount of compensation paid by Ryanair Holdings and its subsidiaries to the Directors and executive officers named above in the fiscal year ended March 31, 2001 was €2.1 million. For details of Mr. O'Leary's compensation in such fiscal year, see “—Employment Agreements—Employment and Bonus Agreement with Mr. O'Leary” below. For details of stock options that have been granted to the Company's employees, including the executive directors named above, see “Item 10. Additional Information—Options to Purchase Securities from Registrant or Subsidiaries.”

Each of Ryanair Holdings' eleven non-executive Directors is entitled to receive €31,743 plus expenses per annum, as remuneration for his services to Ryanair Holdings. Each of Messrs. Bonderman, C. Ryan, D. Ryan, T.A. Ryan, Schifter and Shaw has executed an agreement with Ryanair Holdings by which he has waived his respective entitlement to receive annual remuneration of €31,743 in respect of his service as a Director for the fiscal year ended March 31, 2001.

Each of the eleven non executive directors were issued 25,000 share options in respect of an equivalent number of Ordinary Shares having a strike price of €7.40 under Ryanair's Share Option Plan 2000. See “Item 10. Additional Information-Options to Purchase Securities from Registrant or Subsidiaries”

As of September 10th, 2001, the Directors and executive officers of Ryanair Holdings as a group owned 73,384,863 Ordinary Shares, representing 20.3% of Ryanair Holdings' outstanding Ordinary Shares as of such date. See Note 21(d) to the Consolidated Financial Statements in Item 18.

Employment Agreements

Employment and Bonus Agreement with Mr. O'Leary. Mr O'Leary's current employment agreement with Ryanair Limited is dated July 1, 2001 and can be terminated by either party upon twelve months notice. Pursuant to the agreement, Mr. O'Leary serves as Chief Executive at an annual gross salary of €378,382, subject to any increases that may be agreed between Ryanair Limited and Mr. O'Leary. Mr. O'Leary also is eligible for annual bonuses as determined by the Board of Directors of Ryanair Limited; the amount of such bonuses paid to Mr. O'Leary in fiscal year 2001 totaled €165,000. Mr. O'Leary is subject to a covenant not to compete with Ryanair within the EU for a period of two years after the termination of his employment with Ryanair. Mr. O'Leary's employment agreement does not contain provisions providing for compensation on its termination.

Employment Agreement with Mr. C.M. Ryan. Mr. Cathal M. Ryan, a Director of Ryanair Holdings and Ryanair Limited, is employed by Ryanair Limited as a Boeing 737 captain pursuant to an employment contract that does not contain a fixed term of employment and is terminable by Mr. Ryan or Ryanair in accordance with the notice requirements of Irish law. In the fiscal year ended March 31, 2001, Mr. Ryan did not perform any services under this agreement and therefore did not receive any compensation.

EMPLOYEES AND LABOR RELATIONS

The following table sets forth the number of Ryanair's employees at each of March 31, 2000 and 2001:

<u>Classification</u>	<u>Number of Employees at March 31, 2001</u>	<u>Number of Employees at March 31, 2000</u>
Management.....	77	81
Administrative.....	169	157
Reservations.....	223	285
Maintenance.....	134	111
Ground Operations.....	199	178
Cockpit Crew.....	273	250
Flight Attendants.....	<u>401</u>	<u>326</u>
Total.....	<u>1,476</u>	<u>1,388</u>

Ryanair's flight operations, maintenance and customer ground operations personnel undergo training, both initial and recurrent. A substantial portion of the initial training for Ryanair's cabin crews is devoted to safety procedures, and cabin crews are required to undergo annual evacuation and fire drill training during their tenure with the airline. Ryanair pays for the recurrent training of all employees. Ryanair purchases time on Boeing 737-200A and Boeing 737-800 aircraft simulators used for pilot training from third parties. Ryanair has established an in-house apprenticeship program to train maintenance engineers that currently produces four qualified engineers per year. Ryanair also provides salary increases to its engineers who complete advanced training in certain fields of aircraft maintenance.

IAA regulations require pilots to be licensed as commercial pilots with specific ratings for each aircraft to be flown and to be medically certified as physically fit. At March 31, 2001, the average age of Ryanair's pilots was 37 years and their average period of employment with Ryanair was 3 years. Licenses and medical certification are subject to periodic re-evaluation requirements, including recurrent training and recent flying experience. Maintenance engineers must be licensed and qualified for specific aircraft. Flight attendants must have initial and periodic competency fitness training. Training programs are subject to approval and monitoring by the IAA. In addition, the appointment of senior management personnel directly involved in the supervision of flight operations, training, maintenance and aircraft inspection must be satisfactory to the IAA.

Based on its experience in managing the airline's growth to date, management believes that there is a sufficient pool of qualified and licensed pilots, engineers and mechanics in Ireland, the U.K. and continental Europe to satisfy Ryanair's anticipated future needs in the areas of flight operations, maintenance and quality control and that Ryanair will not face significant difficulty in hiring and continuing to employ the required personnel. Ryanair has also been able to satisfy its short-term needs for additional pilots and cockpit crew by contracting with certain employment agencies that represent experienced flight personnel and currently has thirteen such pilots under contract.

Ryanair's employees earn productivity-based pay incentives, including commissions on in-flight sales for flight attendants and payments based on the number of hours or sectors flown by pilots and cabin crew personnel within limits set by industry standards or regulations fixing maximum working hours. During the fiscal year ended March 31, 2001, such productivity-based pay incentives accounted for approximately 80% of an average flight attendant's total pay package and approximately 20% of the typical pilot's compensation. Reservations personnel also receive incentive payments based on the number of bookings made and sales of ancillary services such as car rentals and travel insurance. In November 2000, Ryanair's pilots approved a new five-year pay arrangement (subject to review in "exceptional circumstances" after three years), which, in return for certain productivity enhancements, provides for annual increases in base salary of 3% and increases in payments per sector of between 3% and 20% (depending on the number of sectors flown).

Ryanair's pilots are currently subject to IAA-approved limits of 100 flight hours per 28-day cycle, 300 flight hours every three months and 900 flight hours per calendar year. For the year ended March 31, 2001, the average flight hours for each of Ryanair's pilots were approximately 80 hours per full working month, 240 hours every three months and approximately 840 hours for a complete year. Were more stringent regulations on flight hours to be adopted, Ryanair's flight personnel could experience a reduction in their total pay due to lower compensation for the number of hours or sectors flown and Ryanair could be required to hire additional flight personnel.

Although Ryanair currently consults with groups of employees, including its pilots, through "Employee Representation Committees" ("ERCs"), regarding work practices and conditions of employment, it does not conduct formal binding negotiations with collective bargaining units, as is the case in many other airlines. For example, Ryanair senior management has quarterly meetings with the pilot ERC to discuss all aspects of the business and those issues which specifically relate to pilots.

Ryanair considers its relationship with its employees to be good. However, from January 9 to March 9, 1998, 39 of Ryanair's ground-handling employees participated in industrial action with respect to terms and conditions of their employment. Although the action did not have a material effect on Ryanair's ability to fulfill its flight schedules or on its results of operations or financial condition, a secondary action on the weekend of March 7 and 8, 1998 by members of the Service, Industrial, Professional and Technical Union ("SIPTU") working for other airlines and airport service providers led to the closure of Dublin Airport for certain periods. As part of a government-sponsored arrangement to end the secondary action, Ryanair agreed to cooperate with a governmental inquiry into the facts of the dispute and the reasons for the closure of the airport. The governmental inquiry report, which was issued in July 1998, was critical of the actions of both Ryanair and SIPTU during the dispute. Management believes that the dispute and related governmental and judicial action will not have any impact on Ryanair's historical policy of not conducting formal binding negotiations with collective bargaining units or on the public's perception of the Company generally. However, if these events were to alter Ryanair's historical experience of flexibility in dealing with employees or were to alter the public's perception of Ryanair generally, it could have a material adverse effect on the Company's business, operating results and financial condition.

In the United Kingdom, the British Airline Pilots Association ("BALPA") is seeking to represent Ryanair's pilots in labor negotiations. Following submissions by BALPA and Ryanair to the Central Arbitration Committee ("CAC"), which has statutory responsibility to determine whether recognition is automatic or requires a ballot, the CAC determined that a ballot was necessary as BALPA had failed to demonstrate that they had in excess of 50% of Ryanair's U.K. pilots in membership. Ryanair has not yet received notice of the date this ballot is to be conducted.

If any of these events were to alter Ryanair's historical experience of flexibility in dealing with employees or were to alter the public's perception of Ryanair generally, it could have a material adverse effect on the Company's business, operating results and financial condition. See "Item 6. Directors, Senior Management and Employees—Employees and Labor Relations."

In April 1998, the Board of Directors of Ryanair Holdings adopted an employee share option plan (the "Option Plan"), with all employees being eligible to participate. The Option Plan was approved by the Company's shareholders at the annual general meeting held on September 29, 1998. Ryanair Holdings has also issued share options to certain of its senior managers. For details of all outstanding share options, see "Item 10. Additional Information—Options to Purchase Securities from Registrant or Subsidiaries."

The Option Plan allows for eligible employees to be granted options to purchase up to an aggregate of 5% of the outstanding Ordinary Shares of Ryanair Holdings at an exercise price equal to the closing price of such shares on the Irish Stock Exchange on the date of the grant of the option. Options may be granted over a five-year period beginning in 1998, with the amount of options granted to any individual employee being determined with reference to the amount of emoluments paid to such employee in the current or previous tax year, whichever is greater. Options will be exercisable beginning in June 2003.

Management has designed the Option Plan, so that, subject to the Board of Directors' discretion, employees can be rewarded for achieving certain financial performance criteria over a five-year period, thus allowing them to participate in the increase in the value of the Company over the coming years. Grants of options under the Option Plan are thus subject to the Company's achievement of the following criteria during the five-year period beginning with fiscal year 1998, as follows:

1. The Company's net profit after tax for each fiscal year must exceed its net profit after tax for the preceding fiscal year by at least 20%.
2. If the first criterion is not met, options will still be granted if the aggregate growth in the Company's net profit after tax (as compounded annually) during the period beginning with fiscal 1998 and ending with the fiscal year ending in the year in which the grant of yearly options is being considered is equal to, or greater than, an annual rate of 20%.

If, in any year, either of these two criteria are met, the Remuneration Committee may select eligible employees who will be invited to apply for options that were not granted in any prior year as a result of neither such criterion being met.

Ryanair Holdings' shareholders approved a new share option plan (the "Option Plan 2000") at the Annual General Meeting held on September 22, 2000. All employees and directors are eligible to participate in the plan, under which grants of options can only be made in any of the ten years beginning with fiscal year 2000 if the Company's net profit after tax for the relevant fiscal year has exceeded its net profit after tax for the preceding fiscal year by at least 20%, or if an increase of 1% in net profit after tax for any relevant year would have resulted in such criterion being met. The Option Plan 2000 is part of an incentive program for Ryanair's employees and directors. Under the terms of the plan, options will become exercisable five years from the time of the first grant under the program, provided that the grantee is still employed by the Company. If the grantee has ceased to be a full time employee before this vesting date, the grantee will generally lose their complete option entitlement automatically. However, if grantees have died prior to the vesting date, the number of options which their estate will be entitled to exercise (within 12 months of the grantee's death) will be limited to the proportion of their initial grant that is

equal to the proportion of the complete period represented by the time elapsed from the date of the grant to the date of their death or termination.

As of September 10, 2001, eight separate grants of an aggregate total of 10,848,058 options in respect of an equivalent number of Ordinary Shares had been made to eligible employees under the Option Plan. Of the total of 7,648,414 of the share options that become exercisable on June 30 2003 , 1,195,000 were granted with a strike price of €3.17, 2,700,000 were granted with a strike price of €2.39, 1,146,349 were granted with a strike price of €4.00, 1,888,095 were granted with a strike price of €7.40, 200,000 were granted with a strike price of €9.00, and 518,970 were granted with a strike price of €11.75. The remaining 3,199,644 share options become exercisable on June 30, 2005 and were granted with a strike price of €10.00.

Item 7. Major Shareholders and Related Party Transactions

DESCRIPTION OF CAPITAL STOCK

Ryanair Holdings' capital stock consists of Ordinary Shares, par value 2.54 euro cents. As of September 10, 2001, a total of 362,158,042 Ordinary Shares were outstanding. On February 28, 2000, Ryanair effected a 2 for 1 share split by which each of its then existing Ordinary Shares, par value 4 Irish pence was split into two new Ordinary Shares, par value 2 Irish pence and then redenominated into euros at 2.54 euro cents.

MAJOR SHAREHOLDERS

Based on information available to Ryanair Holdings, the following table summarizes the holdings of those shareholders holding 5% or more of the Ordinary Shares as of the dates indicated.

	<u>2001</u>		<u>As of March 31,</u> <u>2000</u>		<u>1999</u>	
	<u>No. of Shares</u>	<u>% of Class</u>	<u>No. of Shares</u>	<u>% of Class</u>	<u>No. of Shares</u>	<u>% of Class</u>
Ryan Family ⁽¹⁾	46,759,040	12.9%	50,227,444	14.3%	80,162,287	23.9%
Fidelity Investments.....	45,600,000	12.6%	24,361,600	7.0%	10,642,000	3.2%
Guilder Gagnon Howe & Co.	36,000,000	9.9%	40,093,610	11.5%	18,617,100	11.1%
Putnam Investments.....	26,600,000	7.3%	28,095,900	8.0%	15,841,680	4.7%
Michael O'Leary.....	26,000,004	7.2%	30,000,000	8.6%	41,164,276	12.3%
Wellington.....	—	—	23,809,337	6.8%	—	—

(1) Includes T. Anthony Ryan and his three sons, Cathal Ryan, Declan Ryan and Shane Ryan, each of whom has disclaimed beneficial ownership of the Ordinary Shares held by the other members of the family.

RELATED PARTY TRANSACTIONS

The Company has not entered into any "related party transactions" (as such term is defined in Item 7B. of Form 20-F), in the three fiscal years ending March 31, 2001.

Item 8. Financial Information

CONSOLIDATED FINANCIAL STATEMENTS

Please refer to "Item 18. Financial Statements".

OTHER FINANCIAL INFORMATION

Legal Proceedings

The Company is pursuing an action in the Irish High Court against Aer Rianta, the operating company for Dublin, Cork and Shannon airports, alleging various abuses by Aer Rianta of its dominant position. The Company has also instituted proceedings before the EC alleging that Lufthansa has engaged in predatory pricing with respect to routes in Germany on which it competes with Ryanair. The Company is also engaged in litigation with Rimini Airport. Ryanair ceased its flights to Rimini Airport following the airports' refusal to honor its contract with Ryanair. The airport has sued Ryanair in Italy alleging that certain marketing support it had provided to Ryanair was illegal and that the fees provided for in the contract between the parties were too low. Ryanair is vigorously defending this action. The Company is also engaged in litigation arising in the ordinary course of its business. Management does not believe that any of these proceedings will, individually or in the aggregate, have a material adverse effect on the results of operation or financial condition of the Company.

Dividend Policy

Since its organization as the holding company for Ryanair in 1996, Ryanair Holdings has not declared or paid dividends on its Ordinary Shares. Ryanair Holdings anticipates, for the foreseeable future, that it will retain any future earnings in order to fund the business operations of the Company, including the acquisition of additional aircraft needed for Ryanair's planned entry into new markets and its expansion of its existing service, as well as replacement aircraft for its current fleet. Ryanair Holdings does not, therefore, anticipate paying any cash or share dividends on its Ordinary Shares in the foreseeable future.

Any cash dividends or other distributions, if made, are expected to be made in euro, although Ryanair Holdings' Articles of Association provide that dividends may be declared and paid in U.S. dollars. For owners of ADSs, The Bank of New York, as depository will convert all cash dividends and other distributions payable to owners of ADSs into U.S. dollars to the extent that in its judgment it can do so on a reasonable basis and will distribute the resulting U.S. dollar amount (net of conversion expenses) to the owners of ADSs.

SIGNIFICANT CHANGES

No significant change in the Company's financial condition has occurred since the date of the Consolidated Financial Statements included in this Report.

Item 9. *The Offer and Listing*

TRADING MARKETS AND SHARE PRICES

The primary market for Ryanair Holdings' Ordinary Shares is the Irish Stock Exchange Limited (the "Irish Stock Exchange" or "ISE"); Ordinary Shares are also traded on the London Stock Exchange. The Ordinary Shares were first listed for trading on the Official List of the Irish Stock Exchange on June 5, 1997 and were first admitted to the Official List of the London Stock Exchange on July 16, 1998.

ADSs, each representing five Ordinary Shares, are traded on the Nasdaq National Market of the Nasdaq Stock Market, Inc. ("Nasdaq"). The Bank of New York is Ryanair Holdings' depository for purposes of issuing American Depositary Receipts ("ADRs") evidencing the ADSs. The following tables set forth, for the periods indicated, the reported high, low and period-end closing sales prices of the ADSs

on Nasdaq and for the Ordinary Shares on the Irish Stock Exchange and the London Stock Exchange, and have been adjusted to reflect the two-for-one split of the Ordinary Shares and ADSs effected on February 28, 2000:

	<u>High</u>	<u>ADSs</u> <u>(in dollars)</u> <u>Low</u>	<u>Period End</u>
1997			
Second Quarter (beginning June 5).....	13.5625	12.0000	13.5625
Third Quarter	15.0325	11.5000	15.0325
Fourth Quarter.....	15.1250	10.7500	17.9375
1998			
First Quarter.....	18.9375	11.2500	18.5000
Second Quarter.....	19.8750	16.2500	17.8125
Third Quarter	21.5625	14.3750	17.1250
Fourth Quarter.....	19.0000	11.7188	18.8750
1999			
First Quarter.....	20.8125	15.2500	20.3750
Second Quarter.....	26.5000	20.6250	26.5000
Third Quarter	28.6250	22.3125	22.9375
Fourth Quarter.....	28.5000	19.4375	27.5625
2000			
First Quarter.....	47.0000	27.0000	45.8750
Second Quarter.....	46.3750	34.6250	36.5000
Third Quarter	43.1300	37.0000	38.5000
Fourth Quarter.....	55.6900	37.0000	55.6900
2001			
First Quarter.....	58.6900	41.6900	44.5000
Second Quarter.....	56.3400	43.2500	51.9500
Third Quarter (through September 24 th)	57.3900	34.9900	34.9900
Month ending:			
March 31, 2001.....	55.7500	41.6900	44.5000
April 30, 2001.....	53.0400	43.2500	51.6000
May 31, 2001.....	56.3400	52.3600	53.9000
June 30, 2001.....	55.3500	48.9500	51.9500
July 31, 2001.....	57.3900	50.4500	54.6100
August 31, 2001.....	55.5100	50.0800	50.5500

		Ordinary Shares (Irish Stock Exchange) (in IR pence/euros)		
		<u>High</u>	<u>Low</u>	<u>Period End</u>
1997	Second Quarter (beginning June 5).....	IRp178	IRp153	IRp176
	Third Quarter	200	158	198
	Fourth Quarter.....	228	198	228
1998	First Quarter.....	IRp285	IRp170	IRp275
	Second Quarter.....	288	244	254
	Third Quarter	308	251	280
	Fourth Quarter.....	240	158	240
1999 (1)	First Quarter.....	€3.00	€2.65	€3.79
	Second Quarter.....	5.03	3.80	5.03
	Third Quarter	5.18	4.30	4.40
	Fourth Quarter.....	5.38	3.85	5.30
2000	First Quarter.....	€9.61	€5.23	€9.10
	Second Quarter.....	9.50	7.40	7.60
	Third Quarter	9.00	7.80	8.30
	Fourth Quarter.....	11.76	8.65	11.50
2001	First Quarter.....	€12.45	€9.39	€10.24
	Second Quarter.....	13.30	9.80	12.25
	Third Quarter (through September 24 th)	13.00	7.50	7.51
Month ending:				
	March 31, 2001	€11.80	€9.39	€10.24
	April 30, 2001	11.82	9.80	11.82
	May 31, 2001	13.30	11.80	12.74
	June 30, 2001	13.08	11.50	12.25
	July 31, 2001.....	13.00	12.00	12.00
	August 31, 2001.....	12.35	10.90	11.00

(1) Since January 1, 1999, share prices on the Irish Stock Exchange have been quoted in euros. The fixed exchange rate between Irish pounds and euros is €1.00 = IR£0.787564, established by the European Central Bank.

		Ordinary Shares (London Stock Exchange) (in U.K. pence)		
		<u>High</u>	<u>Low</u>	<u>Period End</u>
1998	Third Quarter (beginning July 16)	260.80	178.50	186.30
	Fourth Quarter	220.00	140.80	220.00
1999	First Quarter	236.00	170.00	236.00
	Second Quarter	326.30	252.50	326.30
	Third Quarter	342.30	279.25	279.25
	Fourth Quarter	343.00	241.25	330.76
2000	First Quarter	577.00	331.25	525.00
	Second Quarter	576.00	466.50	480.00
	Third Quarter	567.50	477.50	492.50
	Fourth Quarter	712.50	505.00	712.50
2001	First Quarter	781.00	587.50	632.50
	Second Quarter	801.00	606.50	736.50
	Third Quarter (through September 24 th)	788.50	472.50	474.00
Month ending:				
	March 31, 2001	766.50	587.50	632.50
	April 30, 2001	733.50	606.50	733.50
	May 31, 2001	801.00	726.00	756.50
	June 30, 2001	782.00	704.50	736.50
	July 31, 2001	788.50	703.50	739.50
	August 31, 2001	762.50	684.00	688.50

As of September 7, 2001, 350,559,884 Ordinary Shares were outstanding. At such date, 27,669,354 ADRs, representing 138,346,770 Ordinary Shares, were held of record in the United States by 35 holders, and represented in the aggregate 39.5% of the number of Ordinary Shares then outstanding.

Since certain of the Ordinary Shares are held by brokers or other nominees, the number of direct record holders in the United States may not be fully indicative of the number of direct beneficial owners in the United States or of where the direct beneficial owners of such shares are resident.

Ryanair Holdings is seeking to increase the percentage of its share capital held by EU nationals. Accordingly, beginning June 26, 2001, Ryanair Holdings has instructed The Bank of New York to suspend the issuance of new ADSs in exchange for the deposit of ordinary shares until further notice to its shareholders. Holders of ordinary shares cannot convert their ordinary shares into ADSs. The Bank of New York will continue to convert existing ADSs into ordinary shares at the request of the holders of such ADSs. Ryanair Holdings does not expect this action to have any material effect on the trading of its Ordinary Shares on the Irish Stock Exchange or the London Stock Exchange, or on the trading of its existing ADSs on the Nasdaq National Market.

Item 10. Additional Information

OPTIONS TO PURCHASE SECURITIES FROM REGISTRANT OR SUBSIDIARIES

In May 1997, Ryanair Holdings granted options to seven members of the Company's senior management, including Howard Millar, the Secretary of Ryanair Holdings and Ryanair Limited, to purchase an aggregate total of 1,435,896 Ordinary Shares. The consideration for the grant of such options was €1.27 per participant in each case. The exercise price of the options is 90% of the price per Ordinary Share at the time of the IPO (or €1.11 per Ordinary Share). These options first became exercisable in May 2000 and must be exercised within seven years of the date of their grant. As of September 10, 2001, options in respect of 1,008,414 Ordinary Shares had been exercised.

In April 1998, the Board of Directors of Ryanair Holdings adopted an employee share option plan (the "Option Plan"), with all employees of the Company being eligible to participate. The Option Plan was approved by Ryanair Holdings' shareholders at the annual general meeting held on September 29, 1998 and replaced a comparable plan adopted at the time of the IPO, under which no options had been granted.

The Option Plan allows for eligible employees to be granted options to purchase up to an aggregate of 5% of the outstanding Ordinary Shares of Ryanair Holdings at an exercise price to be equal to the closing price of such shares on the Irish Stock Exchange on the date of the grant of the option. Options would be granted over a five-year period beginning in 1998, with the amount of options granted to any individual employee being determined with reference to the amount of emoluments paid to such employee in the current or previous tax year, whichever is greater. Options will be exercisable beginning in June 2003.

Management has designed the Option Plan, so that, subject to the Board of Directors' discretion, employees can be rewarded for achieving certain financial performance criteria over a five-year period, thus allowing them to participate in the increase in the value of the Company over the coming years. Grants of options under the Option Plan are thus subject to the Company's achievement of the following criteria during the five-year period beginning with fiscal year 1998, as follows:

1. The Company's net profit after tax for each fiscal year must exceed its net profit after tax for the preceding fiscal year by at least 20%.
2. If the first criterion is not met, options will still be granted if the aggregate growth in the Company's net profit after tax (as compounded annually) during the period beginning with fiscal 1998 and ending with the fiscal year ending in the year in which the grant of yearly options is being considered is equal to, or greater than, an annual rate of 20%.

If, in any year, either of these two criteria are met, the Remuneration Committee may select eligible employees who will be invited to apply for options that were not granted in any prior year as a result of neither such criterion being met.

Ryanair Holdings' shareholders approved a new share option plan (the "Option Plan 2000") at the Annual General Meeting held on September 22, 2000. All employees and directors are eligible to participate in the plan, under which grants of options can only be made in any of the ten years beginning with fiscal year 2000 if the Company's net profit after tax for the relevant fiscal year has exceeded its net profit after tax for the preceding fiscal year by at least 20%, or if an increase of 1% in net profit after tax for any relevant year would have resulted in such criteria being met. The Option Plan 2000 is part of a

incentive program for Ryanair's employees and directors. Under the terms of the plan, options will become exercisable five years from the time of the first grant under the program, provided that the grantee is still employed by the Company. If the grantee has ceased to be a full time employee before this vesting date, the grantee will generally lose their complete option entitlement automatically. However, if grantees have died prior to the vesting date, the number of options which their estate will be entitled to exercise (within 12 months of the grantee's death) will be limited to the proportion of their initial grant that is equal to the proportion of the complete period represented by the time elapsed from the date of the grant to the date of their death or termination.

As of September 10, 2001, eight separate grants of an aggregate total of 10,848,058 options in respect of an equivalent number of Ordinary Shares had been made to eligible employees under the Option Plan. Of the total of 7,648,414 of the share options that become exercisable on June 30 2003, , 1,195,000 were granted with a strike price of €3.17, 2,700,000 were granted with a strike price of €2.39, 1,146,349 were granted with a strike price of €4.00, 1,888,095 were granted with a strike price of €7.40, 200,000 were granted with a strike price of €9.00, and 518,970 were granted with a strike price of €11.75. The remaining 3,199,644 share options become exercisable on June 30, 2005 and were granted with a strike price of €10.00. The consideration payable in respect of each of these grants is €1.27 per option. The terms of the 2,700,000 options granted on December 9, 1998, which were granted to 15 key senior executives and managers as part of an incentive and retention program, are generally similar to those granted under the Option Plan, except for the requirement that the executives/managers must continue to be employed by the Company until June 2002. If they should leave or resign during the period they automatically lose their complete option entitlement; if they die or their contract of employment is terminated by the Company, the number of options to which they will be entitled will be limited to the proportion of their initial grant that is equal to the proportion of the complete period represented by the time elapsed from the date of the grant to the date of their death or termination.

The aggregate of 11,275,540 Ordinary Shares that would be issuable upon exercise in full of all of the options described in this section and granted as of September 10, 2001 would represent approximately 3.1% of the current issued share capital of Ryanair Holdings. Of such total, options in respect of an aggregate of 2,352,032 Ordinary Shares are held by the Directors and executive officers of Ryanair Holdings.

MEMORANDUM AND ARTICLES OF ASSOCIATION

The following is a summary of certain provisions of the Memorandum and Articles of Association of Ryanair Holdings. This summary does not purport to be complete and is qualified in its entirety by reference to complete text of the Memorandum and Articles of Association, which are filed as an exhibit to this Report.

Objects. The Company's objects, which are detailed in its Memorandum of Association, are broad and include carrying on business as an investment and holding company. The Company's registered number is 249885.

Directors. Subject to certain exceptions, directors may not vote on matters in which they have a material interest. The ordinary remuneration of the directors is determined from time to time by ordinary resolution of the Company. Any director who holds any executive office, serves on any committee or otherwise performs services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director may be paid such extra remuneration as the directors may determine. The directors may exercise all the powers of the Company to borrow money. These powers may be amended by special resolution of the shareholders. The directors are not required to retire at a particular age. There is no requirement for directors to hold shares. One third of the directors retire and offer themselves for re-

election at each Annual General Meeting of the Company. The directors to retire by rotation are those who have been longest in office since their last appointment or reappointment. As between persons who became or were appointed directors on the same date, those to retire are determined by agreement between them or, otherwise, by lot. All of the shareholders entitled to attend and vote at the Annual General Meeting of the Company may vote on the re-election of directors.

Annual and General Meetings. Annual and Extraordinary Meetings where special resolutions are to be voted upon are called by twenty-one days clear notice. Extraordinary General Meetings where ordinary resolutions are to be voted upon are called by fourteen days clear notice. All holders of ordinary shares are entitled to attend, speak and vote at general meetings of the Company, subject as described below under “Limitations on the Right to Own Shares”.

Rights, Preferences, and Dividends attaching to Shares. The Company has only one class of shares, being ordinary shares of €0.0254 each. All such shares rank equally with respect to payment of dividends and on any winding-up of the Company. Any dividend, interest or other sum payable to a shareholder which remains unclaimed for one year after having been declared may be invested by the directors for the benefit of the Company until claimed. If the directors so resolve, any dividend which has remained unclaimed for twelve years from the date of its declaration shall be forfeited and cease to remain owing by the Company. The Company is permitted under its Articles of Association to issue redeemable shares on such terms and in such manner as the Company may, by special resolution, determine. The ordinary shares currently in issue are not redeemable. The liability of shareholders to invest additional capital is limited to the amounts remaining unpaid on the shares held by them. There are no sinking fund provisions in the Memorandum and Articles of Association of the Company.

Action Necessary to Change the Rights of Shareholders. The rights attaching to shares in the Company may be varied by special resolution passed at a meeting of the shareholders of the Company.

Limitations on the Rights to Own Shares. The Articles of Association contain detailed provisions enabling the directors of the Company to limit the number of shares in which non-EU nationals have an interest or the exercise by non-EU nationals of rights attaching to shares. See “Item 10. Additional Information—Limitations on Share Ownership by non-EU Nationals.” Such powers may be exercised by the directors if they are of the view that any licence, consent, permit or privilege of the Company or any of its subsidiaries which enables it to operate an air service may be refused, withheld, suspended or revoked or have conditions attached to it which inhibit its exercise and exercise of the powers referred to above could prevent such an occurrence. The exercise of such powers could result in non-EU national holders of shares being prevented from attending, speaking or voting at general meetings of the Company and / or being required to dispose of shares held by them to EU nationals.

Disclosure of Share Ownership. Under Irish law, the Company can require parties to disclose their interests in shares. The Articles of Association of the Company entitle the directors to require parties to complete declarations indicating their nationality and the nature and extent of any interest which such party holds in shares before allowing such parties to transfer shares in the Company. See “Item 10. Additional Information—Limitations on Share Ownership by non-EU Nationals.” Under Irish law, if a party acquires or disposes of shares in the Company bringing his interest above or below 5% of the total issued share capital of the Company or changing his percentage interest above 5% (once his interest has been rounded down to the nearest percentage), he must notify the Company of that. The Irish Stock Exchange must also be notified of any acquisition or disposal of shares which bring the shareholding of a party above or below certain specified percentages i.e. 10, 25, 50 and 70 %.

Other Provisions of the Memorandum and Articles of Association. There are no provisions in the Memorandum and Articles of Association:

- Delaying or prohibiting a change in the control of the Company, but which operate only with respect to a merger, acquisition or corporate restructuring;
- discriminating against any existing or prospective holder of shares as a result of such shareholder owning a substantial number of shares; or
- governing changes in capital

where such provisions are more stringent than those required by law.

MATERIAL CONTRACTS

The Company has not entered into any material contract, other than contracts entered into in the ordinary course of business, during the two years immediately preceding the publication of this Report.

EXCHANGE CONTROLS

Irish exchange control regulations ceased to apply from and after December 31, 1992. Except as indicated below, there are no restrictions on non-residents of Ireland dealing in Irish securities (including shares or depositary receipts of Irish companies such as the Company). Except as indicated below, dividends and redemption proceeds also continue to be freely transferable to non-resident holders of such securities.

The Financial Transfers Act 1992 (the “1992 Act”) was enacted in December 1992. The 1992 Act gives power to the Minister for Finance of Ireland to make provision for the restriction of financial transfers between Ireland and other countries. Financial transfers are broadly defined and include all transfers, which would be movements of capital or payments within the meaning of the treaties governing the EU. The acquisition or disposal of the ADSs, which represent shares issued by an Irish incorporated company, the acquisition or the disposal of the Shares and associated payments may fall within this definition. In addition, dividends or payments on the redemption or purchase of shares and payments on a liquidation of an Irish incorporated company would fall within this definition. Orders made by the Minister for Finance pursuant to the 1992 Act prohibit certain financial transfers to (or in respect of funds held by the governments of) Angola, the Federal Republic of Yugoslavia, the Republic of Serbia, Iraq and Libya.

The Company does not anticipate that Irish exchange controls or orders under the 1992 Act will have a material effect on its business.

LIMITATIONS ON SHARE OWNERSHIP BY NON-EU NATIONALS

The Board of Directors of Ryanair Holdings are given certain powers under Ryanair Holdings’ Articles of Association (the “Articles”) to take action to ensure that the amount of shares held in Ryanair Holdings by non-EU nationals does not reach a level which could jeopardize the Company’s entitlement to continue to hold or enjoy the benefit of any license, permit, consent or privilege which it holds or enjoys and which enables it to carry on business as an air carrier (a “License”). In particular, EU Regulation 2407/92 requires that, in order to obtain and retain an operating license, an EU air carrier must be majority owned and effectively controlled by EU nationals. EU Regulation 2407/92 does not specify what level of share ownership will confer effective control on a holder or holders of shares. As described below, the Directors will, from time to time, set a “Permitted Maximum” on the number of Ordinary Shares that may be owned by non-EU nationals at such level as they believe will comply with EU Regulation 2407/92. The Permitted Maximum is currently set at 49.9%.

Ryanair Holdings maintains a separate register (the “Separate Register”) of shares in which non-EU nationals, whether individuals, bodies corporate or other entities, have an interest (such shares are referred to as “Affected Shares” in the Articles). Interest in this context is widely defined and includes an interest held through ADRs in the shares underlying the relevant ADSs. The Directors can require relevant parties to provide them with information to enable a determination to be made by them as to whether shares are, or are to be treated as, Affected Shares. If such information is not available or forthcoming or is unsatisfactory then the Directors can, at their discretion, determine that shares are to be treated as Affected Shares. Registered holders of shares are also obliged to notify the Company if they are aware that any share which they hold ought to be treated as an Affected Share for this purpose. With regard to ADSs, the Directors can treat all of the relevant underlying shares as Affected Shares unless satisfactory evidence as to why they should not be so treated is forthcoming.

In the event that, *inter alia*, (i) the refusal, withholding, suspension or revocation of any License or the imposition of any condition which materially inhibits the exercise of any License (an “Intervening Act”) has taken place, (ii) the Company receives a notice or direction from any governmental body or any other body which regulates the provision of air transport services to the effect that an Intervening Act is imminent, threatened or intended or (iii) an Intervening Act may occur as a consequence of the level of non-EU ownership of shares or an Intervening Act is imminent, threatened or intended because of the manner of share ownership or control of Ryanair Holdings generally, the Directors can take action pursuant to the Articles to deal with the situation. They can, *inter alia*, (i) remove any Directors or change the Chairman of the Board, (ii) identify those shares, ADSs or Affected Shares which give rise to the need to take action and treat such shares, ADSs, or Affected Shares as Restricted Shares (see below) or (iii) set a “Permitted Maximum” on the number of Affected Shares which may subsist at any time (which may not, save in the circumstances referred to below, be lower than 40% of the total number of issued shares) and treat any Affected Shares (or ADSs representing such Affected Shares) in excess of this Permitted Maximum as Restricted Shares (see below). Also, if as a consequence of a change of law or a direction, notice or requirement of any state, authority or person it is necessary to reduce the total number of Affected Shares below 40% or reduce the number of Affected Shares held by any particular stockholder or stockholders in order to overcome, prevent or avoid an Intervening Act, the Directors may resolve to (i) set the Permitted Maximum at such level below 40% as they consider necessary in order to overcome, prevent or avoid such Intervening Act, or (ii) treat such number of Affected Shares (or ADSs representing Affected Shares) held by any particular stockholder or stockholders as they consider necessary (which could include all of such Affected Shares or ADSs) as Restricted Shares (see below). The Directors may serve a Restricted Share Notice in respect of any Affected Share, or any ADR representing any ADS, which is to be treated as a Restricted Share. Such Notices can have the effect of depriving the recipients of the rights to attend, vote and speak at general meetings, which they would otherwise have had as a consequence of holding such shares or ADSs. Such Notices can also require the recipients to dispose of the shares or ADSs concerned to an EU national (so that the relevant shares (or shares underlying the relevant ADSs) will then cease to be Affected Shares) within 21 days or such longer period as the Directors may determine. The Directors are also given the power to transfer such shares themselves where there is non-compliance with the Restricted Share Notice.

To enable the Directors to identify Affected Shares, transferees of Ordinary Shares generally will be required to provide a declaration as to the nationality of persons having interests in those shares and each stockholder is obliged to notify Ryanair Holdings if any of his, her or its Ordinary Shares become Affected Shares. Purchasers or transferees of ADSs need not complete a nationality declaration because the Directors expect to treat all of the Ordinary Shares held by the Depositary as Affected Shares. An American Depositary Receipt holder must open an American Depositary Receipt account directly with the Depositary if he, she or it wishes to provide to Ryanair Holdings a nationality declaration or such other evidence as the Directors may require in order to establish to the Directors’ satisfaction that the Ordinary Shares underlying such holder’s American Depositary Receipts are not Affected Shares.

In deciding which Affected Shares are to be selected as Restricted Shares, the Directors can take into account which Affected Shares have given rise to the necessity to take action. Subject to that they will, insofar as practicable, firstly view as Restricted Shares those Affected Shares in respect of which no declaration as to whether or not such shares are Affected Shares has been made by the holder thereof and where information which has been requested by the Directors in accordance with the Articles has not been provided within specified time periods and, secondly, have regard to the chronological order in which details of Affected Shares have been entered in the Separate Register and, accordingly, treat the most recently registered Affected Shares as Restricted Shares to the extent necessary. Transfers of Affected Shares to Affiliates (as that expression is defined in the Articles) will not affect the chronological order of entry in the Separate Register for this purpose. The Directors do however have the discretion to apply another basis of selection if, in their sole opinion, that would be more equitable. Where the Directors have resolved to treat Affected Shares held by any particular stockholder or stockholders as Restricted Shares (i) because such Affected Shares have given rise to the need to take such action or (ii) because of a change of law or a requirement or direction of a regulatory authority necessitating such action (see above), such powers may be exercised irrespective of the date upon which such Affected Shares were entered in the Separate Register. Irish Air GenPar, as an affiliate of Ryanair Holdings' first non-EU stockholder, would be considered the last non-EU stockholder in respect of which the Directors are permitted to take the actions outlined above, subject to limited exceptions.

After having initially resolved to set the maximum level at 49%, the Directors increased the maximum level to 49.9% on May 26, 1999, after the number of Affected Shares exceeded the initial limit. This maximum level could be reduced if it becomes necessary for the Directors to exercise these powers in the circumstances described above. The decision to make any such reduction or to change the Permitted Maximum from time to time will be published in at least one national newspaper in Ireland and in any country in which the Ordinary Shares or ADSs are listed. The relevant notice will specify the provisions of the relevant Article which can apply to Restricted Shares and the name of the person or persons who will answer queries relating to Restricted Shares on behalf of Ryanair Holdings. The Directors shall publish information as to the number of shares held by EU nationals from time to time.

As of March 31, 2001, EU Nationals owned at least 51% of Ryanair Holdings' Ordinary Shares. Ryanair continues to monitor the EU national ownership status of its Ordinary Shares, which changes on a daily basis. In an effort to increase the percentage of its share capital held by EU nationals, on June 26, 2001, Ryanair Holdings instructed The Bank of New York, the depositary for its ADS program, to suspend the issuance of new ADSs in exchange for the deposit of Ordinary Shares until further notice to its shareholders. Holders of Ordinary Shares cannot convert their Ordinary Shares into ADSs during such suspension, and there can be no assurance that the suspension will ever be lifted. In addition, all of the Ordinary Shares offered by EU nationals in the 1999 public offering (and a small portion of the Ordinary Shares then offered by non-EU nationals), as well as all of the Ordinary Shares offered by Ryanair Holdings in the Regulation S Offerings conducted outside the United States in the spring of each of 2000 and 2001, were allocated to purchasers who were EU nationals. Because a larger percentage of the Ordinary Shares are available on the open market as a result of these offerings, there can be no assurance that the percentage of Ordinary Shares owned by EU nationals will not drop, thereby requiring the Directors to exercise the power related to the "Affected Shares" described above.

TAXATION

Irish Tax Considerations

The following is a discussion of certain Irish tax consequences of the purchase, ownership and disposition of Ordinary Shares or ADSs. This discussion is based upon tax laws and practice of the Republic of Ireland at the date of this document which are subject to change, possibly with retroactive effect. Particular rules may apply to certain classes of taxpayers (such as dealers in securities) and this discussion does not purport to deal with the tax consequences of purchase, ownership or disposition of owning the relevant securities for all categories of investors.

The discussion is intended only as a general guide based on current Irish law and practice and is not intended to be, nor should it be considered to be, legal or tax advice to any particular investor or stockholder. Accordingly, current stockholders or potential investors should satisfy themselves as to the overall tax consequences by consulting their own tax advisers.

Dividends. As discussed herein, it is not currently anticipated that Ryanair Holdings will pay dividends. However, if it does pay dividends or makes other relevant distributions, the following is relevant:

Withholding Tax. Unless exempted, a withholding at the standard rate of income tax (currently 20%) will apply to dividends or other relevant distributions paid by an Irish resident company. The withholding tax requirement will not apply to distributions paid to certain categories of Irish resident stockholders nor to distributions paid to certain categories of non-resident stockholders.

The following Irish resident stockholders are exempt from withholding if they make to the Company, in advance of payment of any relevant distribution, an appropriate declaration of entitlement to exemption:

- An Irish resident company;
- A pension scheme;
- A qualifying fund manager or qualifying savings manager;
- A qualifying employee share ownership trust;
- A collective investment undertaking;
- A charity;
- A designated broker receiving the distribution for a special portfolio investment account;
- A person who is entitled to exemption from income tax under Schedule F on dividends in respect of an investment in whole or in part of payments received in respect of a civil action for damages in respect of mental or physical infirmity;
- Certain qualifying trusts established for the benefit of an incapacitated individual and/or persons in receipt of income from such a qualifying trust; and

- A person entitled to exemption to income tax under Schedule F by virtue of Section 192(2) TCA 1997.

The following non-resident stockholders are exempt from withholding if they make to the Company, in advance of payment of any dividend, an appropriate declaration of entitlement to exemption:

- Persons (other than a company) who are (i) neither resident nor ordinarily resident in Ireland and (ii) who are resident for tax purposes in (a) a country which has in force a tax treaty with Ireland (a “tax treaty country”) or (b) an EU Member State other than Ireland;
- Companies not resident in Ireland which are resident in an EU Member State or a tax treaty country and are not controlled, directly or indirectly, by Irish residents;
- Companies not resident in Ireland which are directly or indirectly controlled by a person or persons who are resident for tax purposes under the law of a tax treaty country or an EU Member State in a tax treaty country or an EU Member State other than Ireland and which are not controlled directly or indirectly by persons who are not resident for tax purposes in that tax treaty country or EU Member State;
- Companies the principal class of shares of which, or of a company of which it is a 75% subsidiary, or where the company is wholly-owned by two or more companies, of each of those companies, is substantially and regularly traded on a recognized stock exchange in a tax treaty country or an EU Member State other than Ireland.

In the case of a non-resident stockholder resident in an EU Member State or tax treaty country, the declaration must be accompanied by a current certificate of residence from the revenue authorities in the stockholder’s country of residence. In the case of non-resident companies which are controlled by residents of an EU Member State other than Ireland or of a tax treaty country or whose shares are substantially and regularly traded on a stock exchange in an EU Member State other than Ireland or a tax treaty country, certain certification by their auditors is required. The declaration also contains an undertaking by the non resident and non ordinarily resident person that they will advise the relevant person accordingly if they cease to be non resident or non ordinary resident. No declarations are required where the stockholder is a 25% parent company in another EU Member State pursuant to the Parent/Subsidiary directive. Neither is a declaration required on the payment by a company resident in Ireland to another company so resident where the company making the dividend is a 51% subsidiary of that other company.

American Depositary Receipts. Special arrangements with regard to the dividend withholding tax obligation apply in the case of Irish companies using ADRs through U.S. depository banks which have been authorized by the Irish Revenue Commissioners. Such banks, which receive dividends from the company and pass them on to U.S. ADR holders beneficially entitled to such dividends will be allowed to receive and pass on the dividends gross based on an “address system” where the recorded address of such holder, as listed in depository bank’s register of depository receipts, is in the U.S.

Taxation on Dividends. Companies resident in Ireland other than those taxable on receipt of dividends as trading income are exempt from corporation tax on distributions received from other Irish resident companies. Stockholders which are “close” companies for Irish taxation purposes may, however, be subject to a 20% corporation tax surcharge on undistributed investment income.

Individual stockholders who are resident or ordinarily resident in Ireland are taxable on the gross dividend (*i.e.*, before withholding) at their marginal rate, but are entitled to a credit for the tax withheld by the company paying the dividend. An individual stockholder who is not liable or not fully liable to income tax by reason of exemption or otherwise may be entitled to receive an appropriate refund of tax withheld. A charge to Irish social security taxes/levies can also arise for individuals on the amount of any dividend received from the Company.

Except in certain circumstances, (a) a person who is neither resident nor ordinarily resident in Ireland and is entitled to receive dividends without deductions is not chargeable to Irish tax on the dividend, (b) where a withholding is made on a payment to a person neither resident nor ordinarily resident in Ireland it will satisfy a liability to Irish tax of such stockholder.

Capital Gains Tax. A person who is either resident or ordinarily resident in Ireland will be liable for Irish capital gains tax on any gain realized on the disposal of the Ordinary Shares or ADSs. The current capital gains tax rate is 20%. A person who is neither resident nor ordinarily resident in Ireland and who does not carry on a trade in Ireland through a branch or agency will not be subject to Irish capital gains tax on the disposal of the Ordinary Shares or ADSs.

Irish Capital Acquisitions Tax. A gift or inheritance of the Ordinary Shares or ADSs will be within the charge to Irish Capital Acquisitions Tax (“CAT”) notwithstanding that the disponer (*e.g.*, a donor) or the donee/successor in relation to such gift or inheritance is resident outside Ireland. CAT is charged at a rate of 20% above a tax-free threshold. This tax-free threshold is determined by the amount of the current benefit and of previous benefits taken since December 2, 1988 within the charge to CAT and the relationship between the donor and the successor or donee. Gifts and inheritances between spouses (and in certain cases former spouses) are not subject to CAT. To the extent that Ordinary Shares or ADSs pass under a will or on intestacy, the Ordinary Shares or ADSs would be within the charge to this tax notwithstanding that the disponer or the successor is resident outside Ireland.

In a case where an inheritance of the Ordinary Shares or ADSs is subject to both Irish CAT and either U.S. federal estate tax or U.K. inheritance tax, the Irish CAT paid on the inheritance may in certain circumstances be credited in whole or in part against the tax paid on the inheritance in the United States or U.K., as the case may be under the relevant Estate Tax Convention between Ireland and the United States or U.K. Neither Convention provides for relief from Irish CAT paid on gifts.

Irish Stamp Duty. It is assumed for the purposes of this paragraph that ADSs are dealt in on a recognized stock exchange in the United States (the Nasdaq National Market is a recognized stock exchange in the United States for this purpose). Under current Irish law, no stamp duty will be payable on the acquisition of ADSs by persons purchasing such ADSs or on any subsequent transfer of an ADS. A transfer of Ordinary Shares (including transfers effected through CREST) wherever executed and whether on sale, in contemplation of a sale or by way of a gift, will attract duty at the rate of 1% of the consideration given or, in the case of a gift or where the purchase price is inadequate or unascertainable, on the market value of the Ordinary Shares. Transfers of Ordinary Shares which are not liable to duty at the rate of 1% (*e.g.*, transfers under which there is no change in beneficial ownership) may attract a fixed duty of €12.50.

The transfer by a stockholder to the Depository or Custodian of Ordinary Shares for deposit in return for ADSs and a transfer of Ordinary Shares from the Depository or Custodian in return for the surrender of ADSs will be stampable at the rate of 1% if the transfer of Ordinary Shares relates to a sale or contemplated sale or any other change in the beneficial ownership (under Irish law) of such Ordinary Shares. If, however, the transfer of the Ordinary Shares is a transfer under which there is no change in the beneficial ownership (under Irish law) of the Ordinary Shares being transferred, nominal stamp duty only

will be payable on the transfer. Under Irish law, it is not free from doubt that the mere deposit of Ordinary Shares for ADSs or ADSs for Ordinary Shares would not be deemed to constitute a change in beneficial ownership. Accordingly, it is not certain that holders would not be subject to stamp duty at the 1% rate when merely depositing Ordinary Shares for ADSs or ADSs for Ordinary Shares and, consequently, the Depositary reserves the right in such circumstances to require payment of stamp duty at the rate of 1% from the holders.

The person accountable for payment of stamp duty is the transferee or, in the case of a transfer by way of a gift or for a consideration less than the market value, all parties to the transfer. Stamp duty is normally payable within 30 days after the date of execution of the transfer. Late or inadequate payment of stamp duty will result in a liability to interest, penalties and fines.

United States Tax Considerations

Except as described below under the heading “Non-U.S. Holders,” the following is a summary of certain U.S. federal income tax considerations relating to the purchase, ownership and disposition of Ordinary Shares or ADSs by a holder that is a citizen or resident of the United States, a U.S. domestic corporation or that is otherwise subject to U.S. federal income tax on a net income basis in respect of the Ordinary Shares or the ADSs (“U.S. Holders”). This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase the Ordinary Shares or the ADSs. In particular, the summary deals only with U.S. Holders that will hold Ordinary Shares or ADSs as capital assets and generally does not address the tax treatment of U.S. Holders that may be subject to special tax rules such as banks, insurance companies, dealers in securities or currencies, traders in securities electing to mark-to-market, persons that own 10 percent or more of the stock of the Company, U.S. holders whose “functional currency” is not U.S. Dollars or persons that hold the Ordinary Shares or the ADSs as part of an integrated investment (including a “straddle”) consisting of the Ordinary Shares or the ADSs and one or more other positions.

Holders of the Ordinary Shares or the ADSs should consult their own tax advisors as to the U.S. or other tax consequences of the purchase, ownership, and disposition of the Ordinary Shares or the ADSs in light of their particular circumstances, including, in particular, the effect of any foreign, state or local tax laws.

For U.S. federal income tax purposes, holders of the ADSs will be treated as the owners of the Ordinary Shares represented by those ADSs.

Taxation of Dividends. Dividends, if any, paid with respect to the Ordinary Shares, including Ordinary Shares represented by ADSs, will be included in the gross income of a U.S. Holder when the dividends are received by the holder or the Depositary, as the case may be. Such dividends will not be eligible for the dividends received deduction allowed to U.S. corporations in respect of dividends from a domestic corporation. Dividends paid in Irish pounds will be includible in the income of a U.S. Holder in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day they are received by the holder or the Depositary, as the case may be. U.S. Holders generally should not be required to recognize any foreign currency gain or loss to the extent such dividends paid in Irish pounds are converted into U.S. dollars immediately upon receipt.

Under the U.S.-Ireland Income Tax Treaty currently in effect, in the event the Company were to pay any dividends, the tax credit attaching to the dividend (as used herein the “Tax Credit”; see “—Irish Tax Considerations”) will generally be treated as a foreign income tax eligible for credit against such U.S. Holder’s United States federal income tax liability, subject to generally applicable limitations and conditions. Any such dividends payable by the Company to such U.S. Holder will constitute income

from sources without the United States for foreign tax credit purposes, and generally will constitute “passive income” or, in the case of certain U.S. Holders, “financial services income.”

Foreign tax credits will not be allowed for withholding taxes imposed in respect of certain short-term or hedged positions in securities or in respect of certain arrangements in which a U.S. holder’s expected economic profit, after non-U.S. taxes, is insubstantial. U.S. Holders should consult their own advisors concerning the implications of these rules in light of their particular circumstances.

Distributions of Ordinary Shares that are made as part of a *pro rata* distribution to all stockholders generally will not be subject to U.S. federal income tax.

Sale or Disposition of Ordinary Shares or ADSs. Gains or losses realized by a U.S. Holder on the sale or other disposition of ADSs generally will be treated for U.S. federal income tax purposes as capital gains or losses, which generally will be long-term capital gains or losses if the ADSs have been held for more than one year. Long-term capital gains recognized by an individual holder generally are subject to a maximum rate of 20 percent.

Deposits and withdrawals of Ordinary Shares by U.S. Holders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes.

Non-U.S. Holders. A holder of Ordinary Shares or ADSs that is, with respect to the United States, a foreign corporation or a nonresident alien individual (a “Non-U.S. Holder”) generally will not be subject to U.S. federal income or withholding tax on dividends received on such Ordinary Shares or ADSs unless such income is effectively connected with the conduct by such holder of a trade or business in the United States. A Non-U.S. Holder of ADSs or Ordinary Shares will not be subject to U.S. federal income tax or withholding tax in respect of gain realized on the sale or other disposition of Ordinary Shares or ADSs, unless (i) such gain is effectively connected with the conduct by such holder of a trade or business in the United States or (ii) in the case of gain realized by an individual Non-U.S. Holder, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met.

DOCUMENTS ON DISPLAY

Copies of Ryanair Holdings’ Articles of Association may be examined at its registered office and principal place of business at its Corporate Head Office, Dublin Airport, County Dublin, Ireland.

Ryanair Holdings also files reports, including annual reports on Form 20-F, periodic reports on Form 6-K and other information with the Securities and Exchange Commission pursuant to the rules and regulations of the SEC that apply to foreign private issuers. You may read and copy any materials filed with the SEC at its Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20459. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. You may also read and copy any materials we file with the SEC at the regional office of the SEC located at Citibank Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661.

Item 11. *Quantitative and Qualitative Disclosures About Market Risk*

GENERAL

Ryanair is exposed to market risks relating to fluctuations in commodity prices, interest rates and currency exchange rates. The objective of financial risk management at Ryanair is to minimize the

negative impact of commodity price, interest rate and foreign exchange rate fluctuations on the Company's earnings, cash flows and equity.

To manage these risks, Ryanair uses various derivative financial instruments including interest rate swaps, interest caps, cross-currency swaps, foreign currency hedges and commodity hedges. These derivative financial instruments are generally held to maturity. The Company enters into these arrangements in order to attempt to hedge its operational and balance sheet risk. The Company's exposure to commodity price, interest rate and currency exchange rate fluctuations cannot be neutralized completely and the Company does not use derivative financial instruments to counter other kinds of ambient risks.

Ryanair, from time to time, enters into forward contracts for the purchase of aviation fuel, as well as fuel hedges and cross currency swaps intended to reduce its exposure to certain currencies, principally the U.S. dollar. It also enters into interest rate and currency swaps with the objective of capping certain borrowing costs and hedging principal repayments, particularly those associated with the purchase of new aircraft such as the Boeing 737-800s. Ryanair is exposed to the risk that the counterparties to its derivative financial instruments may not be creditworthy. Were a counterparty to default on its obligations under any of the instruments described below, Ryanair's economic expectations when entering into these arrangements might not be achieved and its financial condition could be adversely affected. Transactions involving derivative financial instruments are also relatively illiquid, as compared with those involving other kinds of financial instruments. It is the policy of the Company not to enter into transactions involving financial derivatives for speculative purposes.

The following paragraphs describe Ryanair's fuel hedging and foreign currency and interest rate swap arrangements and analyze the sensitivity of the market value, earnings and cash flows of these financial instruments to hypothetical changes in commodity prices, interest rates and exchange rates as if these changes had occurred at March 31, 2001. The range of changes selected for this sensitivity analysis reflects Ryanair's view of changes which are reasonably possible over a one-year period.

FUEL PRICE EXPOSURE AND HEDGING

Fuel costs constitute a substantial portion of Ryanair's operating expenses (approximately 16.0%, 14.6% and 17.0% in fiscal years 1999, 2000 and 2001, respectively, after taking into account Ryanair's fuel hedging activities). Ryanair engages in hedging transactions from time to time, pursuant to which Ryanair and a counterparty agree to exchange payments equal to the difference between a fixed price for a given quantity of jet fuel and the market price for such quantity of jet fuel at a given date in the future, with Ryanair receiving the amount of any excess of such market price over such fixed price and paying to the counterparty the amount of any excess of such fixed price over such market price. Since the end of 1995, Ryanair has sought to hedge its expected fuel requirements for the coming 12 to 18 months on a rolling basis. Although such hedging strategies can cushion the impact on Ryanair of fuel price increases in the short term, in the medium to longer-term, such strategies cannot be expected to eliminate the impact of an increase in the market price of aviation fuel. At March 31, 2000 and March 31, 2001, Ryanair had swap agreements to exchange payments for notional fuel purchases amounting to €40.8 million and €65.3 million, respectively. The unrealized gains/losses on such agreements at such dates, based on their fair value, were a gain of €27.5 million and a loss of €1.5 million, respectively. Based on Ryanair's fuel consumption for the fiscal year ended March 31, 2001, a change of one U.S. cent in the average annual price per U.S. gallon of aviation fuel would have caused a change of approximately €0.96 million in Ryanair's fuel costs.

The Company's unrealized gains and losses on fuel swap contracts and fuel forward purchase contracts are deferred and recognized in the income statement when realized as an offset to actual purchases of fuel.

FOREIGN CURRENCY AND INTEREST RATE RISK EXPOSURE AND HEDGING

Through fiscal year 1998, Ryanair's revenues had historically been denominated primarily in two currencies, the Irish pound and the U.K. pound sterling. Euro area currencies and Irish pounds accounted for approximately 38% of total revenues in fiscal year 2001, compared approximately 41% in 2000 and approximately 45% in 1999, with sterling accounting for most of the balance. As Ryanair reports its results in euro, the Company is not exposed to any material currency risk as a result of its euro-denominated activities or those denominated in Irish pounds, given the fixed exchange rate between the Irish pound and the euro. Ryanair's operating expenses are primarily denominated in Irish pounds, sterling, U.S. dollars and euro. Ryanair's operations can be subject to significant direct exchange rate risks between the euro and the U.S. dollar because a significant portion of its operating costs (particularly those related to fuel purchases) is incurred in U.S. dollars, while none of its revenues are denominated in U.S. dollars. Appreciation of the euro versus the U.S. dollar positively impacts Ryanair's operating income because the amount in euro of its U.S. dollar operating costs decreases, while depreciation of the euro versus the U.S. dollar negatively impacts operating income. It is Ryanair's policy to hedge against a certain portion of its related exposure to fluctuations in the exchange rate between the U.S. dollar and the euro at the time Ryanair enters into fuel purchase and fuel hedging transactions. In general, Ryanair does not hedge its operating surpluses and shortfalls in currencies other than the U.S. dollar and sterling.

Management seeks to manage Ryanair's exposure to changes in the value of the U.K. pound sterling by matching its sterling revenues against its sterling costs. Any unmatched sterling revenues are generally used to fund forward exchange contracts to hedge U.S. dollar currency exposure which arises in relation to Ryanair's fuel, maintenance, aviation insurance and capital expenditure costs, including the advance deposit payments to Boeing on the 737-800's. As Ryanair's volume of traffic originating in the U.K. has increased, however, the volume of Ryanair's unmatched sterling revenues has increased as well. Accordingly, in December 1999, the Company entered into a series of sterling/euro forward exchange contracts to hedge its unmatched sterling revenues. At March 31, 2001, the principal amount of these forward contracts was approximately U.K.£ 61.0 million (€77.5 million). There was an unrealized gain on such contracts of €2.6 million at March 31, 2001. In accordance with the requirements of "Statement of Financial Accounting Standards 52-Foreign Currency", this gain has been included in the Company's Consolidated Profit and Loss Account prepared in accordance with U.S. GAAP.

The Company also incurs a substantial portion of its capital expenditures and debt obligations, particularly those relating to the acquisition of new aircraft, in U.S. dollars. Ryanair has entered into U.S. dollar forward currency exchange transactions in order to hedge its U.S. dollar exposure with respect to certain U.S. dollar-denominated expenses. At March 31, 2000 and March 31, 2001, the aggregate principal amount of these forward contracts was approximately \$43.1 million (€45.0 million) and \$83.0 million (€86.6 million), respectively. There was an unrealized gain on such contracts of €3.4 million at March 31, 2000 and €8.8 million at March 31, 2001.

Holding other variables constant, if there were an adverse change of ten percent in relevant foreign currency exchange rates, the market value of foreign currency contracts outstanding at March 31, 2001 would decrease by €15.0 million, all of which would impact earnings.

The ABN Facility being used by Ryanair in order to finance its purchase of the Boeing 737-800 "next generation" aircraft is denominated in U.S. dollars and, subject to the rate conversion option described below, originally bore interest at a floating rate based on a spread over LIBOR. The Company

has entered into a series of cross currency and interest rate swap agreements with ABN AMRO intended to hedge its exposure to movements in U.S. dollar and euro currency exchange and interest rates with respect to that portion of the total acquisition price of the 25 firm commitment Boeing 737-800s that is being financed or is expected to be financed under the ABN Facility. These include cross currency swaps between the U.S. dollar and the euro intended to reduce the impact of changes in the euro-U.S. dollar exchange rate and interest rate swaps intended to reduce the impact of changes in the difference between interest rates on U.S. Treasury obligations and those on euro-denominated obligations and the effect of future increases in euro-denominated interest rates.

At March 31, 2001, the Company had outstanding borrowings under the ABN Facility of \$402.9 million. These borrowings, which related to the financing of the Company's first fifteen 737-800s, comprised four separate twelve-year fixed rate loans, which bore interest at floating rates of between 5.99% and 7.60% at such date. Under a series of forward starting swap agreements, Ryanair has swapped its obligations under these loans for equivalent Euro obligations at fixed interest rates of 4.87% to 5.54%. At March 31, 2001, Ryanair had remaining unutilized loan commitments under the ABN Facility of \$306.1 million, which it expects to utilize in order to finance the purchase of additional Boeing 737-800 "next generation" aircraft, including those aircraft scheduled to be delivered after 2001. In order to hedge its exposure to movements in euro interest rates in relation to such unutilized commitments, the Company entered into a series of forward starting swaps under which it has agreed to pay fixed rates of between 4.83% and 5.03% on a notional value of €251.8 million. At March 31, 2001, the fair value of the swap agreements relating to both outstanding borrowings and unutilized commitments under the ABN Facility discussed in this paragraph on a mark-to-market basis was €50.4 million. Ryanair's obligations under the swap agreements related to the unutilized commitments are based on the assumption that the Company will draw down the related amounts from the ABN Facility in connection with the financing of new aircraft and could expose the Company to substantial liability if for any reason it did not utilize such financing as anticipated.

At March 31, 2001, the aggregate amount of Ryanair's outstanding floating-rate debt obligations on which it has effectively fixed the interest rate through the use of the swap agreements described above was €402.5 million. If Ryanair had not entered into such swap agreements, a one percentage point increase in interest rates would not materially increase the unrealized fair market value of this liability. The negative earnings and cash flow impact of any such change would be approximately €4.03 million per year, holding other variables constant. At March 31, 2001, the aggregate amount of unutilized loan commitments on which Ryanair has attempted to hedge its exposure to movements in euro currency interest rates by entering into the forward starting swaps described above was equivalent to €251.8 million. Assuming that Ryanair had fully drawn down such unutilized loan commitments on March 31, 2001, but that it had not entered into such swap agreements, a one percentage point increase in euro-denominated interest rates would have increased the negative fair market value of this liability by approximately €12.4 million. The negative earnings and cash flow impact of any such change in interest rates would have been approximately €2.5 million per year, holding other variables constant.

In July 1999, Ryanair exercised its option to convert the floating rate financing originally obtained under the ABN Facility for its first three 737-800 aircraft to fixed rate financing; at the time of the conversion, the relevant debt had a principal amount of \$76.6 million, which bears interest at a rate of 6.70% per annum and is repayable in 48 quarterly installments from August 25, 1999 to May 25, 2011. In connection with its exercise of the fixed rate conversion option, Ryanair unwound its existing cross-currency and interest rate swaps with respect to the floating rate debt on these aircraft and entered into new cross-currency and interest rate swaps with ABN AMRO with respect to the fixed rate debt. As a result of these transactions, ABN AMRO paid Ryanair an aggregate of \$10.6 million in cash in settlement of the unwound swaps. The new swaps, the term of which matches that of the underlying debt, obligate Ryanair to pay a fixed rate of 4.89% on a notional value of €75.3 million quarterly in exchange for the

receipt of quarterly fixed rate payments denominated in U.S. dollars and corresponding in amount and in rate to the underlying debt.

In September 1999, Ryanair exercised its option to convert the floating rate financing originally obtained under the ABN Facility for its fourth and fifth 737-800 aircraft to fixed rate financing; at the time of the conversion, the relevant debt for these two aircraft had a principal amount of \$51.1 million, which bears interest at a rate of 6.92% per annum and is repayable in 48 quarterly installments from December 7, 1999 to September 7, 2011. In connection with its exercise of the fixed rate conversion option, Ryanair unwound its existing and interest rate swaps with respect to the floating rate debt on these two aircraft and entered into new cross-currency and interest rate swaps with ABN AMRO with respect to the fixed rate debt. As a result of these transactions, ABN AMRO paid Ryanair an aggregate of \$7.7 million in cash in settlement of the unwound swaps. The new swaps, the term of which matches that of the underlying debt, obligate Ryanair to pay a fixed rate of 5.54% on a notional value of €49.1 million quarterly in exchange for the receipt of quarterly fixed rate payments denominated in U.S. dollars and corresponding in amount and in rate to the underlying debt.

In June 2000, Ryanair exercised its option to convert the floating rate financing originally obtained under the ABN Facility for the five 737-800 aircraft delivered in May and June 2000 to fixed rate financing; at the time of the conversion, the relevant debt for these aircraft had a principal amount of \$134.1 million, which bears interest at a rate of 7.60% per annum and is repayable in 48 quarterly installments from June 20, 2000 to March 20, 2012. At the same time, Ryanair entered into a cross-currency interest rate swap with respect to the fixed rate debt with ABN AMRO. The term of this swap matches that of the underlying debt, obligates Ryanair to pay a fixed rate of 5.08% on a notional value of €140.8 million quarterly in exchange for the receipt of quarterly fixed rate payments denominated in U.S. dollars and corresponding in amount and in rate to the underlying debt.

On January 30, 2001, Ryanair exercised its option to convert the floating rate financing originally obtained under the ABN Facility for the five 737-800 aircraft delivered in December and January 2001 to fixed rate financing; at the time of the conversion, the relevant debt for these aircraft had a principal amount of \$140.1 million, which bears interest at a rate of 5.99% per annum and is repayable in 48 quarterly installments from April 17, 2001 to January 15, 2013. At the same time, Ryanair entered into a cross-currency interest rate swap with respect to the fixed rate debt with ABN AMRO. The term of this swap matches that of the underlying debt, obligates Ryanair to pay a fixed rate of 4.87% on a notional value of €152.1 million quarterly in exchange for the receipt of quarterly fixed rate payments denominated in U.S. dollars and corresponding in amount and in rate to the underlying debt.

Item 12. *Description of Securities Other than Equity Securities*

Not applicable.

PART II

Item 13. *Defaults, Dividend Arrearages and Delinquencies*

None.

Item 14. *Material Modifications to the Rights of Security Holders and Use of Proceeds*

None.

Item 15. *[Reserved]*

Item 16. *[Reserved]*

PART III

Item 17. *Financial Statements*

Not applicable.

Item 18. *Financial Statements*

RYANAIR HOLDINGS PLC INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
Independent Auditors' Report.....	F-2
Consolidated Balance Sheets of Ryanair Holdings plc at March 31, 1999, March 31, 2000 and March 31, 2001	F-3
Consolidated Profit and Loss Accounts of Ryanair Holdings plc for the Years ended March 31, 1999, March 31, 2000 and March 31, 2001	F-4
Consolidated Cash Flow Statements of Ryanair Holdings plc for the Years Ended March 31, 1999, March 31, 2000 and March 31, 2001	F-5
Consolidated Statements of Changes in Shareholders' Funds-Equity of Ryanair Holdings plc for the Years ended March 31, 1999, March 31, 2000 and March 31, 2001	F-6
Notes to Consolidated Financial Statements.....	F-7

Item 19. *Exhibits*

- 1.1 Memorandum and Articles of Association of Ryanair Holdings, as amended as of the date of this Report.
- 1.2 The total amount of long-term debt securities of Ryanair Holdings authorized under any instrument does not exceed 10% of the total assets of the Company on a consolidated basis. Ryanair Holdings hereby agrees to furnish to the Securities and Exchange Commission upon request a copy of any instrument defining the rights of holders of long-term debt of the registrant or of its subsidiaries for which consolidated or unconsolidated financial statements are required to be filed.
- 8.1 Principal subsidiaries of the registrant.

RYANAIR HOLDINGS PLC INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
Independent Auditors' Report.....	F-2
Consolidated Balance Sheets of Ryanair Holdings plc at March 31, 1999, March 31, 2000 and March 31, 2001	F-3
Consolidated Profit and Loss Accounts of Ryanair Holdings plc for the Years ended March 31, 1999, March 31, 2000 and March 31, 2001.....	F-4
Consolidated Cash Flow Statements of Ryanair Holdings plc for the Years ended March 31, 1999, March 31, 2000 and March 31, 2001	F-5
Consolidated Statements of Changes in Shareholders' Funds-Equity of Ryanair Holdings plc for the Years ended March 31, 1999, March 31, 2000 and March 31, 2001	F-6
Notes to Consolidated Financial Statements.....	F-7

**Report of independent chartered accountants
to the shareholders and Board of Directors of Ryanair Holdings plc**

We have audited the accompanying consolidated balance sheets of Ryanair Holdings plc and subsidiaries (Ryanair Holdings plc) at March 31, 1999, 2000 and 2001 and the related consolidated profit and loss accounts, consolidated cash flow statements and consolidated statements of changes in shareholders' equity for the years ended March 31, 1999, 2000 and 2001. These consolidated financial statements are the responsibility of Ryanair Holdings plc's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Ireland and in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ryanair Holdings plc at March 31, 1999, 2000 and 2001 and the results of their operations and cash flows for the years ended March 31, 1999, 2000 and 2001 in conformity with generally accepted accounting principles in Ireland.

Generally accepted accounting principles in Ireland vary in certain significant respects from generally accepted accounting principles in the United States. Application of generally accepted accounting principles in the United States would have affected results of operations and shareholders' equity for the years ended March 31, 1999, 2000 and 2001 to the extent summarized in Note 31 to the consolidated financial statements.

KPMG
Chartered Accountants
Dublin, Ireland
June 20, 2001

Consolidated Balance Sheets

		Ryanair Holdings plc		
		At March 31, 1999	At March 31, 2000	At March 31, 2001
	Note	€000	€000	€000
Current assets				
Cash and liquid resources		158,595	355,248	626,720
Accounts receivable	2	18,475	21,974	8,695
Other assets	4	6,306	6,478	12,235
Inventories	5	12,917	13,933	15,975
Total current assets		196,293	397,633	663,625
Fixed assets				
Tangible assets	3	203,493	315,032	613,591
Financial assets		53	36	36
Total assets		399,839	712,701	1,277,252
Current liabilities				
Accounts payable	6	30,764	22,861	29,998
Accrued expenses and other liabilities	7	77,972	107,445	139,406
Current maturities of long term debt	8	1,765	9,567	27,994
Short term borrowings	9	3,893	3,780	5,078
Total current liabilities		114,394	143,653	202,476
Other liabilities				
Provisions for liabilities and charges	10	11,277	15,279	30,122
Long term debt	8	23,204	112,412	374,756
		34,481	127,691	404,878
Shareholders' funds—equity				
Called-up share capital	11	8,503	8,892	9,194
Share premium account	11	130,607	248,093	371,849
Profit and loss account		111,854	184,372	288,855
Shareholders' funds—equity		250,964	441,357	669,898
Total liabilities and shareholders' funds		399,839	712,701	1,277,252

The accompanying notes are an integral part of the financial information.

Consolidated Profit and Loss Accounts

		Ryanair Holdings plc		
		Year ended March 31, 1999	Year ended March 31, 2000	Year ended March 31, 2001
Note		€000	€000	€000
Operating Revenues				
	Scheduled revenues	258,873	330,571	432,940
	Ancillary revenues	<u>36,886</u>	<u>39,566</u>	<u>54,465</u>
	Total operating revenues—continuing operations	<u>295,759</u>	<u>370,137</u>	<u>487,405</u>
Operating expenses				
	Staff costs.....	39,834	48,533	61,222
	Depreciation and amortization.....	36,209	44,052	59,175
	Other operating expenses.....	<u>151,855</u>	<u>193,497</u>	<u>252,997</u>
	Total operating expenses	<u>227,898</u>	<u>286,082</u>	<u>373,394</u>
	Operating profit—continuing operations	<u>67,861</u>	<u>84,055</u>	<u>114,011</u>
Other income/(expenses)				
	Interest receivable and similar income	6,610	7,498	19,666
	Interest payable and similar charges	(237)	(3,781)	(11,962)
	Foreign exchange gains	389	1,358	1,621
	Gain on disposal of fixed assets.....	<u>1,187</u>	<u>964</u>	<u>52</u>
	Total other income/(expenses)	<u>7,949</u>	<u>6,039</u>	<u>9,377</u>
	Profit on ordinary activities before tax	75,810	90,094	123,388
	Tax on profit on ordinary activities	<u>(18,339)</u>	<u>(17,576)</u>	<u>(18,905)</u>
	Profit for the financial year	<u><u>57,471</u></u>	<u><u>72,518</u></u>	<u><u>104,483</u></u>
	Basic earnings per ordinary share euro cent	17.44	21.62	29.61
	Diluted earnings per ordinary share euro cent	17.38	21.48	29.26
	Number of ordinary shares (adjusted for 2:1 share split on February 28, 2000) .	25	329,519,616	335,478,395
	Number of diluted shares	25	330,643,536	337,680,643
			352,811,401	357,097,858

The accompanying notes are an integral part of the financial information.

Consolidated Cash Flow Statements

		Ryanair Holdings plc		
		Year ended March 31, 1999	Year ended March 31, 2000	Year ended March 31, 2001
		€000	€000	€000
	Note			
Net cash inflow from operating activities	27(a)	<u>124,411</u>	<u>149,575</u>	<u>229,802</u>
Returns on investments and servicing of finance				
Interest received.....		6,270	5,266	14,303
Interest paid		(189)	(3,229)	(8,667)
Interest paid on finance leases		<u>(38)</u>	<u>(84)</u>	<u>(67)</u>
Net cash inflow from returns on investments and servicing of finance		<u>6,043</u>	<u>1,953</u>	<u>5,569</u>
Taxation				
Corporation tax paid		<u>(11,125)</u>	<u>(15,545)</u>	<u>(13,813)</u>
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(108,452)	(155,099)	(356,669)
Sales of tangible fixed assets		<u>1,328</u>	<u>1,020</u>	<u>456</u>
Net cash (outflow) from capital expenditure		<u>(107,124)</u>	<u>(154,079)</u>	<u>(356,213)</u>
Net cash (outflow)/inflow before financing and use of liquid resources		<u>12,205</u>	<u>(18,096)</u>	<u>(134,655)</u>
Financing and use of liquid resources				
Loans raised.....		20,237	101,851	292,822
Debt repaid.....		-	(4,381)	(11,825)
Issue of share capital.....		63,487	122,470	128,607
Share issue costs		(3,466)	(4,595)	(4,549)
Capital element of finance leases.....		<u>(442)</u>	<u>(483)</u>	<u>(286)</u>
Financing		79,816	214,862	404,829
(Increase) in liquid resources.....	27(c)	<u>(79,382)</u>	<u>(196,110)</u>	<u>(230,633)</u>
Net cash inflow from financing and use of liquid resources		<u>434</u>	<u>18,752</u>	<u>174,196</u>
Increase in cash	27(d)	<u>12,639</u>	<u>656</u>	<u>39,541</u>

The accompanying notes are an integral part of the financial information.

Consolidated Statements of Changes in Shareholders' Funds-Equity

	Ordinary shares	Share premium account	Profit and loss account	Total
	£000	£000	£000	£000
Balance at March 31, 1998	<u>8,041</u>	<u>71,048</u>	<u>54,383</u>	<u>133,472</u>
Issue of ordinary equity shares (net of issue costs)	462	59,559	—	60,021
Profit for the financial year	—	—	<u>57,471</u>	<u>57,471</u>
Balance at March 31, 1999	8,503	130,607	111,854	250,964
Issue of ordinary equity shares (net of issue costs).....	389	117,486	—	117,875
Profit for the financial year.....	—	—	<u>72,518</u>	<u>72,518</u>
Balance at March 31, 2000	8,892	248,093	184,372	441,357
Issue of ordinary equity shares (net of issue costs).....	302	123,756	—	124,058
Profit for the financial year.....	—	—	<u>104,483</u>	<u>104,483</u>
Balance at March 31, 2001	<u>9,194</u>	<u>371,849</u>	<u>288,855</u>	<u>669,898</u>

Details of movements in the number of shares and in the share premium account are set out in Note 11.

The accompanying notes are an integral part of the financial information.

Notes forming part of the Financial Information

1a Business activity

Ryanair Limited and subsidiaries (the group or Ryanair Limited) has operated as an international airline since it commenced operations in 1985. On August 23, 1996 Ryanair Holdings Limited, a newly formed holding company, acquired the entire issued share capital of Ryanair Limited. On May 16, 1997 Ryanair Holdings Limited re-registered as a public limited company, Ryanair Holdings plc (the Company). Ryanair Holdings plc and subsidiaries are hereafter referred to as Ryanair Holdings plc (the group or Ryanair Holdings). All trading activity continues to be undertaken by the group of companies headed by Ryanair Limited.

1b Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements. These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the U.K. and Ireland under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland. Where possible, however, financial information has been presented in accordance with the presentation and terminology of United States (U.S.) GAAP except where such presentation is not consistent with U.K. and Irish GAAP. A summary of the differences between U.K. and Irish GAAP and U.S. GAAP as applicable to the group is set out in Note 31.

Basis of preparation

The preparation of the financial statements in conformity with generally accepted accounting principles in the U.K. and Ireland requires the use of management estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from these estimates.

The consolidated financial statements are prepared in Euros.

The Euro as reporting currency

Effective January 1, 1999 the euro was introduced as the common legal currency of eleven member states of the European Economic and Monetary Union, including Ireland. The Company has adopted the euro as its reporting currency for fiscal periods beginning after January 1, 1999 and has restated prior year financial statements which were in Irish pounds into euros at the official fixed rate of IR£0.787564 to the euro, the conversion rate on January 1, 1999.

Prior to the introduction of the euro, the currencies of other euro area countries fluctuated against the Irish pound, but because the euro did not exist prior to January 1, 1999, historical exchange rates for the euro are not available. Accordingly, while the financial statements restated in euros depict the same trends as would have been shown had they been presented in Irish pounds, they will, however, not be comparable with the euro financial statements of other companies that had historically used a reporting currency other than the Irish pound.

Notes forming part of the Financial Information (Continued)

1b Significant accounting policies (Continued)

Basis of consolidation

The group's consolidated financial statements comprise the consolidated financial statements of Ryanair Holdings plc and its subsidiary undertakings for the years ended March 31, 1999, March 31, 2000 and March 31, 2001.

The results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Upon the acquisition of a business, fair values are attributed to the separable net assets acquired. In the Company's financial statements, investments in subsidiary undertakings are stated at cost less any amounts written off.

A separate profit and loss account for the Company is not presented, as provided by Section 3 (2) of the Companies (Amendment) Act 1986. The retained profit for the year attributable to the Company was €Nil (2000: €Nil, 1999: €Nil).

Operating revenues

Operating revenues comprise the invoiced value of airline and other services, net of passenger taxes. Revenue from the sale of flight seats is recognized in the period in which the service is provided. Unearned revenue represents flight seats sold but not yet flown and is included in accrued expenses and other liabilities. Unused tickets are recognized as revenue on a systematic basis.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost, less estimated residual value, of assets, other than land, on a straight line basis over their expected useful lives at the following annual rates:

Plant and equipment.....	20-33.3%
Fixtures and fittings	20%
Motor vehicles	33.3%
Buildings	5%

Aircraft are depreciated over their estimated useful lives to estimated residual values. The current estimates of useful lives and residual values are:

<u>Aircraft Type</u>	<u>Useful Life</u>	<u>Residual Value</u>
Boeing 737-200's	20 years from date of manufacture	\$1 million
Boeing 737-800's	23 years from date of manufacture	15% of original cost

An element of the cost of an acquired aircraft is attributed on acquisition to its service potential reflecting the maintenance condition of its engines and airframe. This cost is amortized over the shorter of the period to the next check or the remaining life of the aircraft. The costs of subsequent major airframe and engine maintenance checks are capitalized and amortized over the shorter of the period to the next check or the remaining life of the aircraft.

Advance payments and option payments made in respect of aircraft purchase commitments and options to acquire aircraft are recorded at cost and separately disclosed. On acquisition of the related aircraft, these payments are included as part of the cost of aircraft and are depreciated from that date.

Financial Fixed Assets

Financial fixed assets are shown at cost less provision for permanent diminution in value.

Notes forming part of the Financial Information (Continued)

1b Significant accounting policies (Continued)

Inventories

Inventories, principally representing rotatable aircraft spares, are stated at the lower of cost and net realizable value. Cost is based on invoiced price on an average basis for all stock categories. Net realizable value is calculated as estimated selling price net of estimated selling costs.

Foreign currency

Transactions arising in foreign currencies are translated into euros at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are generally stated at the rates of exchange prevailing at the year end and all exchange gains or losses are accounted for through the profit and loss account. Foreign currency assets or liabilities that are hedged using forward foreign exchange contracts are translated at the rate specified in the contract.

Derivative financial instruments

Gains and losses on derivative financial instruments are recognized in the profit and loss account when realized as an offset to the related income or expense, as the group does not enter into any such transactions for speculative purposes.

Taxation

The charge for taxation is based on the profit for the period. Deferred taxation is accounted for in respect of timing differences between profit as computed for taxation purposes and profit as stated in the financial statements to the extent that such differences are expected to reverse in the foreseeable future. Net deferred tax assets are not recognized except to the extent that they are expected to be recoverable without replacement by equivalent asset balances.

Leases

Assets held under finance leases are capitalized in the balance sheet and are depreciated over their estimated useful lives. The present values of the future lease payments are recorded as obligations under finance leases and the interest element of the lease obligation is charged to the profit and loss account over the period of the lease in proportion to the balances outstanding.

Expenditure arising under operating leases is charged to the profit and loss account as incurred.

Aircraft maintenance costs

Accounting for the cost of providing major airframe and engine maintenance checks is described in the accounting policy for tangible fixed assets and depreciation.

All other maintenance costs are expensed as incurred.

Pension costs

The group operates both a defined benefit and a defined contribution scheme. In relation to the defined benefit scheme the cost of providing pensions to employees is charged to the profit and loss account on a systematic basis over the service lives of those employees. Pension costs are determined by an actuary by reference to a funding plan and funding assumptions. The regular pension cost is expressed as a substantially level proportion of current and expected future pensionable payroll. Variations from regular cost are spread over the remaining service lives of the current employees.

To the extent that the pension cost is different from the cash contribution to the pension scheme, a provision or prepayment is recognized in the balance sheet.

The cost of providing defined contribution benefit plans is expensed as incurred.

Notes forming part of the Financial Information (Continued)

1b Significant accounting policies (Continued)

Government grants

Capital government grants received are shown as deferred income and credited to the profit and loss account on a basis consistent with the depreciation policy of the relevant assets. Revenue grants are credited to the profit and loss account on receipt.

Statement of cash flows

Cash represents cash held at bank available on demand, offset by bank overdrafts.

Liquid resources comprise bank fixed deposits with maturities of greater than one day. These deposits are readily convertible into known amounts of cash.

New accounting policies and requirements

The Company has implemented Financial Reporting Standard 16 “Current Tax” which specifies how current tax, in particular withholding tax and credits, should be reflected in the financial statements. The adoption of this Standard did not have a material impact on in the Company’s results.

In fiscal 2002, the Company will be required to implement Financial Reporting Standard 17 “Retirement Benefits” and Financial Reporting Standard 18 “Accounting Policies” and Financial Reporting Standard 19 “Deferred tax”. The adoption of these standards is not expected to have a material impact on the Company’s results.

2 Accounts receivable

	At March 31, 1999	At March 31, 2000	At March 31, 2001
	€000	€000	€000
Trade receivables.....	18,903	22,406	9,097
Provision for doubtful debts	(428)	(432)	(402)
	18,475	21,974	8,695

The movement in the provision for bad debts is as follows:

	Balance at beginning of year	Additions charged to expense	Deductions	Balance at end of year
	€000	€000	€000	€000
Year ended March 31, 1999.....	316	112	—	428
Year ended March 31, 2000.....	428	76	(72)	432
Year ended March 31, 2001.....	432	72	(102)	402

Notes forming part of the Financial Information (Continued)

3 Tangible fixed assets

	Aircraft €000	Land & Buildings €000	Plant & Equipment €000	Fixtures & Fittings €000	Motor Vehicles €000	Total €000
<i>(i) Year ended March 31, 1999</i>						
Cost						
At March 31, 1998	154,471	5,214	1,027	3,507	592	164,811
Additions	53,287	30	503	2,028	257	56,105
Advance payments	52,565	—	—	—	—	52,565
Disposals	—	(90)	—	—	(77)	(167)
At March 31, 1999	<u>260,323</u>	<u>5,154</u>	<u>1,530</u>	<u>5,535</u>	<u>772</u>	<u>273,314</u>
Depreciation						
At March 31, 1998	31,972	568	349	711	74	33,674
Charge for year	34,487	335	311	859	217	36,209
Disposals	—	(1)	—	—	(61)	(62)
At March 31, 1999	<u>66,459</u>	<u>902</u>	<u>660</u>	<u>1,570</u>	<u>230</u>	<u>69,821</u>
Net book value						
At March 31, 1999	<u>193,864</u>	<u>4,252</u>	<u>870</u>	<u>3,965</u>	<u>542</u>	<u>203,493</u>
<i>(ii) Year ended March 31, 2000</i>						
Cost						
At March 31, 1999	260,323	5,154	1,530	5,535	772	273,314
Additions	153,528	—	502	974	117	155,121
Disposals	—	—	(2)	(1)	(113)	(116)
At March 31, 2000	<u>413,851</u>	<u>5,154</u>	<u>2,030</u>	<u>6,508</u>	<u>776</u>	<u>428,319</u>
Depreciation						
At March 31, 1999	66,459	902	660	1,570	230	69,821
Charge for year	41,463	334	309	1,152	286	43,544
Disposals	—	—	(2)	(1)	(75)	(78)
At March 31, 2000	<u>107,922</u>	<u>1,236</u>	<u>967</u>	<u>2,721</u>	<u>441</u>	<u>113,287</u>
Net book value						
At March 31, 2000	<u>305,929</u>	<u>3,918</u>	<u>1,063</u>	<u>3,787</u>	<u>335</u>	<u>315,032</u>
<i>(iii) Year ended March 31, 2001</i>						
Cost						
At March 31, 2000	413,851	5,154	2,030	6,508	776	428,319
Additions	355,030	-	340	982	317	356,669
Disposals	-	-	(6)	(442)	(96)	(544)
At March 31, 2001	<u>768,881</u>	<u>5,154</u>	<u>2,364</u>	<u>7,048</u>	<u>997</u>	<u>784,444</u>
Depreciation						
At March 31, 2000	107,922	1,236	967	2,721	441	113,287
Charge for year	55,311	176	375	1,463	381	57,706
Disposals	-	-	-	(67)	(73)	(140)
At March 31, 2001	<u>163,233</u>	<u>1,412</u>	<u>1,342</u>	<u>4,117</u>	<u>749</u>	<u>170,853</u>
Net book value						
At March 31, 2001	<u>605,648</u>	<u>3,742</u>	<u>1,022</u>	<u>2,931</u>	<u>248</u>	<u>613,591</u>

Notes forming part of the Financial Information (Continued)

Lenders hold a first legal charge over premises at Conyngham Road with a net book value of €2,054,121 at March 31, 2001 (at March 31, 2000, €2,189,489; at March 31, 1999, €2,332,509).

At March 31, 2001, aircraft with a net book value of €455,650,699 (at March 31, 2000, €126,483,592; at March 31, 1999, €27,951,443) were mortgaged to lenders as security for loans.

At March 31, 2001, the net book value of fixed assets held under finance leases was €363,313, (at March 31, 2000, €585,748; at March 31, 1999, €1,048,504). Depreciation on these assets for the years ended March 31, 2001, March 31, 2000 and March 31, 1999 amounted to €222,435 €485,756 and €411,424, respectively.

At March 31, 2001, the cost and net book value of aircraft include €51,488,310 in respect of advance payments on aircraft (at March 31, 2000: €87,463,400; at March 31, 1999: €64,317,312). This amount is not depreciated.

4 Other assets

	At March 31,		
	1999	2000	2001
	€000	€000	€000
Prepayments	4,515	5,155	11,128
Value Added Tax recoverable	676	1,322	1,107
Other receivables and deposits	<u>1,115</u>	<u>1</u>	<u>-</u>
	<u>6,306</u>	<u>6,478</u>	<u>12,235</u>

All amounts fall due within one year.

5 Inventories

	At March 31,		
	1999	2000	2001
	€000	€000	€000
Aircraft spares	12,465	13,322	14,336
Duty free and other inventories	<u>452</u>	<u>611</u>	<u>1,639</u>
	<u>12,917</u>	<u>13,933</u>	<u>15,975</u>

There are no material differences between the replacement cost of inventories and the balance sheet amounts.

6 Accounts payable

Accounts payable represents trade creditors payable within one year.

Notes forming part of the Financial Information (Continued)

7 Accrued expenses and other liabilities

	At March 31,		
	1999 €000	2000 €000	2001 €000
Current:			
Accruals.....	13,943	20,789	28,924
Taxation.....	33,558	40,243	31,717
Unearned revenue.....	<u>30,471</u>	<u>46,413</u>	<u>78,765</u>
	<u>77,972</u>	<u>107,445</u>	<u>139,406</u>

Taxation above comprises:

	At March 31,		
	1999 €000	2000 €000	2001 €000
PAYE (payroll taxes).....	1,722	2,326	2,766
Corporation tax.....	20,553	18,581	8,830
Other tax (including foreign travel duty).....	<u>11,283</u>	<u>19,336</u>	<u>20,121</u>
	<u>33,558</u>	<u>40,243</u>	<u>31,717</u>

8 Maturity analysis of long term debt

	March 31,		
	1999 €000	2000 €000	2001 €000
Due within one year:			
Secured debt.....	1,319	9,247	27,887
Obligations under finance leases.....	<u>446</u>	<u>320</u>	<u>107</u>
	<u>1,765</u>	<u>9,567</u>	<u>27,994</u>
Due between one and two years:			
Secured debt.....	1,728	9,556	27,111
Obligations under finance leases.....	<u>306</u>	<u>51</u>	<u>1</u>
Due between two and five years:			
Secured debt.....	4,962	31,250	91,860
Obligations under finance leases.....	<u>102</u>	<u>23</u>	<u>-</u>
Due after five years:			
Secured debt.....	<u>16,106</u>	<u>71,532</u>	<u>255,784</u>
	<u>23,204</u>	<u>112,412</u>	<u>374,756</u>
Total.....	<u>24,969</u>	<u>121,979</u>	<u>402,750</u>

Notes on long term debt other than finance leases

(i) June 1996 property facility

At March 31, 1999, March 31, 2000 and March 31, 2001, Ryanair Limited had borrowings of €794,000, €476,000 and €158,717, respectively, arranged through a term loan with AIB to finance the purchase of property. The term loan is secured with a first legal charge over the property at Conyngham Road, Dublin 8. The loan was originally drawn down in June 1996. The loan bears interest at 7.61% per annum and is repayable in quarterly installments over five years.

Notes forming part of the Financial Information (Continued)

8 Maturity analysis of long term debt (continued)

(ii) ABN AMRO Bank N. V. 1999 aircraft facility

At March 31, 1999, March 31, 2000 and March 31, 2001, the Company had U.S. dollar borrowings equivalent to €23,323,298 (U.S.\$25,539,687), €121,108,551 (U.S.\$126,497,882) and €402,482,924 (U.S.\$402,891,000), respectively, in respect of a partial drawdown of a loan facility provided by ABN AMRO Bank N.V. on the basis of a guarantee provided by the Export-Import Bank of the United States to finance the acquisition of twenty-five 737-800 “next generation” aircraft. To date the Company has taken delivery of fifteen of these aircraft.

Details of interest rate and debt swap arrangements are described in Note 15.

(iii) Maturity of long term debt other than finance leases

The following table sets out the maturities of the loans described above, analyzed by year of repayment:

<u>Years ending March 31,</u>	<u>At March 31, 2001</u>
	<u>€000</u>
2002	27,887
2003	27,111
2004	28,732
2005	30,555
2006-2013	<u>288,357</u>
	<u>402,642</u>

9 Short term borrowings

	<u>At March 31,</u>		
	<u>1999</u>	<u>2000</u>	<u>2001</u>
	<u>€000</u>	<u>€000</u>	<u>€000</u>
Bank overdrafts (represented by unpresented cheques)	<u>3,893</u>	<u>3,780</u>	<u>5,078</u>

10 Provisions for liabilities and charges

	<u>At March 31,</u>		
	<u>1999</u>	<u>2000</u>	<u>2001</u>
	<u>€000</u>	<u>€000</u>	<u>€000</u>
<i>Deferred taxation: (see Note 23)</i>			
At beginning of year	13,280	11,277	15,279
Charge/(credit) for the year.....	<u>(2,003)</u>	<u>4,002</u>	<u>14,843</u>
At end of year	<u>11,277</u>	<u>15,279</u>	<u>30,122</u>

Notes forming part of the Financial Information (Continued)

11 Share capital and share premium account

(a) Share Capital

	1999	March 31, 2000	2001
	€000	€000	€000
Authorized:			
420,000,000 ordinary equity shares of 2.54 euro cent each	<u>10,666</u>	<u>10,666</u>	<u>10,666</u>
Allotted, called up and fully paid:			
334,849,628 ordinary equity shares of 2.54 euro cent each at March 31, 1999, 350,149,628 ordinary equity shares of 2.54 euro cent each at March 31, 2000 and 362,053,364 ordinary equity shares of 2.54 euro cent each at March 31, 2001	<u>8,503</u>	<u>8,892</u>	<u>9,194</u>

On February 28, 2000, the Company implemented a sub-division of the Company's ordinary shares of IR 4 pence into IR 2 pence/€2.54 cent (the "stock split"). Both the share capital and earnings per share have been restated to give effect to the share split.

In March 2000, €122,469,633 was raised, before the deduction of issue costs from the issue of an additional 15,300,000 ordinary shares.

In February 2001, €127,600,000 was raised, before deduction of issue costs from the issue of an additional 11,000,000 ordinary shares. A further 903,736 ordinary shares were issued during 2001 upon the exercise of options issued to seven managers in 1997, which first became exercisable after May 2000.

The purpose of the March 2000 and February 2001 share issuances was to raise finance for general corporate purposes including the Company's aircraft fleet purchase program.

(b) Share premium account

	€000
Balance at March 31, 1998	71,048
Share premium arising on issue of 18,181,818 ordinary shares	63,025
Cost of share issue	<u>(3,466)</u>
Balance at March 31, 1999	<u>130,607</u>
Share premium arising on issue of 15,300,000 ordinary shares	122,081
Cost of share issue	<u>(4,595)</u>
Balance at March 31, 2000	<u>248,093</u>
Share premium arising on issue of 11,000,000 ordinary shares	127,321
Share premium arising on issue of 903,736 options	984
Cost of share issue	<u>(4,549)</u>
Balance at March 31, 2001	<u>371,849</u>

Notes forming part of the Financial Information (Continued)

11 Share capital and share premium account (continued)

(c) Share options and share purchase arrangements

On May 21, 1997 the Company granted to each of seven senior managers options over ordinary shares with an equivalent value of IR£200,000 (€253,948) each at the Initial Public Offering (the “IPO”) strike price of IR£1.95 (€2.48) less a discount of 10%, resulting in the issue of 717,948 (1,435,896 after stock split) options. Since May 2000, 1,008,414 (104,678 since Mar 31, 2001) of these options have been exercised. The remaining options must be exercised within seven years of the date of their grant.

In addition, the Company adopted a stock option plan (the “Stock Option Plan”) following shareholder approval in 1998. Under the Stock Option Plan, current or future employees or executive directors of the Company may be granted options to purchase an aggregate of up to approximately 5% (when aggregated with other ordinary shares over which options are granted which have not been exercised) of the outstanding ordinary shares of the Company at an exercise price equal to the market price of the ordinary shares at the time the options are granted. The options can be granted each year between 1998 and 2002 if the Company has achieved certain earnings performance criteria. The terms of the Stock Option Plan, and the number of ordinary shares subject to options granted under the Stock Option Plan, may be changed from time to time. At March 31, 2001, 10,329,088 options had been issued under this plan, all of which will become exercisable after June 2003.

	<u>Share Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding at March 31, 1998	-	-
Exercised	-	-
Granted	3,895,000	€2.63
Outstanding at March 31, 1999	3,895,000	€2.63
Exercised	-	-
Granted	1,146,349	€4.00
Outstanding at March 31, 2000	5,041,349	€2.94
Exercised	-	-
Granted	5,287,739	€9.03
Outstanding at 31 March 2001	10,329,088	€6.05

The mid-market price of Ryanair Holdings plc ordinary shares on the Irish Stock Exchange at March 31, 2001 was €10.24.

Notes forming part of the Financial Information (Continued)

12 Loans and Finance Leases

(a) Total loans and finance leases

Loans	At March 31,	
	2001	2000
	€000	€000
Bank	159	476
Euro	-	121,109
Dollar-US\$141,395	402,483	-
Dollar-US\$402,891	402,642	121,585
Finance Leases.....	108	394
	<u>402,750</u>	<u>121,979</u>
Comprising:		
Bank Loans		
Repayable wholly within five years.....	146,858	50,053
Repayable in whole or in part after five years	255,784	71,532
	402,642	121,585
Finance Leases		
Repayable wholly within five years.....	108	394
	<u>402,750</u>	<u>121,979</u>

Bank loans are repayable up to the year 2013.

The analysis required by FRS 13 “Derivatives and other Financial Instruments “excludes short term debtors and creditors” in accordance with the exemption contained in the standard. Short term borrowings of €5.1 million (2000: €3.8 million) which consist of unrepresented bank cheques are set out in note 9.

(b) Analysis of type of borrowing after taking into account cross-currency interest rate swaps

At March 31, 2001	Weighted Average Years remaining for which Rate is fixed	Weighted Average Interest Rate	Total €000
Euro	0.5	7.61%	159
Euro	10.5	4.87 to 5.54%	402,483
			<u>402,642</u>

All borrowings are at fixed rates

(c) Incidence of repayments

	Bank Loans	Finance Leases	Total 2001	Total 2000
	€000	€000	€000	€000
Installments falling due:				
Within one year.....	27,887	107	27,994	9,567
Between one and two years	27,111	1	27,112	9,607
Between two and five years.....	91,860	0	91,860	31,273
In five years or more.....	255,784	0	255,784	71,532
	<u>402,642</u>	<u>108</u>	<u>402,750</u>	<u>121,979</u>

Notes forming part of the Financial Information (Continued)

13 Analysis of changes in borrowings during the year

	<u>Bank Loans</u>	<u>Finance Leases</u>	<u>Total 2001</u>	<u>Total 2000</u>
	€000	€000	€000	€000
Opening balance April 1,2000	121,585	394	121,979	24,969
Loans raised to finance aircraft purchases	292,882	-	292,882	101,851
Finance lease for equipment	-	-	-	23
Repayments of amounts borrowed	<u>(11,825)</u>	<u>(286)</u>	<u>(12,111)</u>	<u>(4,864)</u>
Closing balance March 31,2001	<u>402,642</u>	<u>108</u>	<u>402,750</u>	<u>121,979</u>

The company has a loan facility of \$708 million with ABN Amro Bank supported by a loan guarantee from the Export-Import Bank of America. At March 31, 2001 the undrawn element of this facility amounted to US\$306.1m (2000: US\$580.3m).

The remainder of the undrawn facility will be utilized over the period to January 2003.

14 Forward Transactions

	<u>In Currency</u>		<u>Euro Equivalent</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	000	000	€000	€000
Maturing within one year				
-to cover committed future aircraft acquisition payments in US dollars	43,888	38,619	50,024	38,822
-to hedge future sterling revenues against the euro	61,000	70,000	77,539	109,267
-to hedge future operating payments in US Dollars	17,240	9,416	15,124	9,465
-to hedge future fuel costs in US Dollars	65,750	33,702	57,683	33,879

All forward transactions mature within one year.

15 Interest and Currency Exchange rate arrangements

To reduce interest and currency exchange rate risk on the Company's fixed rate US dollar denominated debt, the Company has entered into Dollar to Euro Cross Currency Interest Rate Swap arrangements. To hedge the interest rate risk on its future aircraft deliveries the Company has entered into a series of Forward Starting Interest Rate Swap Agreements.

Interest Rate Swaps	<u>Balance</u>	<u>Termination Dates</u>	<u>Fixed Interest Rate Payable</u>
	€000		
Euro at March 31, 2000	491,649	2000-2003	4.44% to 5.03%
Euro at March 31,2001.....	251,820	2002-2003	4.83% to 5.03%

Cross Currency Interest Rate Swaps	<u>Principal Balance</u>	<u>Euro Equivalent</u>	<u>Termination Dates</u>	<u>Fixed Interest Rate Payable</u>
	\$000	€000		
Euro/US Dollar at March 31, 2001	402,891	402,483	2011-2013	4.87% to 5.54%
Euro/US Dollar at March 31, 2000.....	127,646	124,414	2011	4.89% to 5.54%

At March 31, 2001 the outstanding euro value of the cross currency interest rate swaps exactly matches the euro borrowings, taken out as part of the Company's financing of its aircraft acquisition programme and set out in note 12 (b). The borrowings and related swaps also match exactly in terms of maturity. As such the Company has a complete hedge of currency and interest rate risk in respect of these borrowings.

Notes forming part of the Financial Information (Continued)

16 Fair Values of financial instruments

(a) Primary financial instruments held to finance the group's operations

	<u>Carrying Amount 2001</u>	<u>Fair Value 2001</u>	<u>Carrying Amount 2000</u>	<u>Fair Value 2000</u>
	€000	€000	€000	€000
Cash on hand	56,860	56,860	17,319	17,319
Liquid Resources	564,782	564,782	334,149	334,149
Bank Borrowings	402,642	422,822	121,585	122,235
Finance Leases	108	108	394	394

The fair value of all other assets and liabilities is deemed to be equal to their carrying value unless stated otherwise in the relevant note to the accounts. The cost and fair value of bank borrowings is stated net of the fair value of related cross currency interest rate swaps set out in note 16 (b) below.

(b) Derivative financial instruments held to manage fuel, interest and currency exchange rate risk of the group

	<u>Fair Value 2001</u>	<u>Fair Value 2000</u>
	€000	€000
Cross Currency Interest Rate Swaps	46,600	7,700
Forward Starting Interest Rate Swaps	3,765	27,430
Forward Currency Transactions	11,415	(4,652)
Fuel Derivatives	(1,535)	27,509

Unrealized gains on cross currency interest rate swaps are reflected in the carrying value of the related debt and will unwind over the period 2002 to 2013 as the related debt matures.

The unrealised gains on the forward starting interest rate swaps will crystallise as the swaps mature in 2002 and 2003. They will be deferred and reflected in the carrying amount of the related debt contracts.

Unrealized gains and losses on forward currency transactions and fuel derivatives will unwind in the year to March 31, 2002 as related costs and revenues arise.

The following methods and assumptions were used by the group in estimating its fair value disclosures for financial instruments:

Re: Bank Loans and Finance Leases carrying fixed rates of interest

- the repayments which the group is committed to make have been discounted at the relevant interest rates applicable at March 31, 2000 and 2001

Re: Off Balance Sheet Cross Currency Interest Rate Swaps and Interest Rate Swaps

- discounted cash flow analysis has been used to determine the estimated amount the group would receive or pay to terminate the agreements. Discounted cash flow analyses are based on estimated future interest rates.

Re: Off Balance Sheet Forward Currency Transactions and Off Balance Sheet Fuel Derivatives

- difference between marked-to-market value and forward rate

Notes forming part of the Financial Information (Continued)

(c) *Hedges*

At March 31, 2001, there were unrecognized gains of €15.2 million and unrecognized losses of €1.5 million. The instruments used to hedge future exposures are cross currency interest rate swaps, interest rate swaps, forward currency contracts and fuel derivatives. Unrealized gains of €46.6 million (2000: gain of €7.7 million) on cross currency interest rate swaps are reflected in the carrying value of related debt.

At March 31, 2000 there were unrecognised gains of €54.9million and unrecognised losses of €4.6 million relating to hedges of future exposures.

17 Concentrations of credit risk

The group's revenues derive principally from airline travel on scheduled and chartered services, car hire and inflight and related sales. Revenue is wholly derived from European routes. No individual customer accounts for a significant portion of total revenue.

18 Analysis of revenues

All revenues derive from the group's principal activity as an airline and include scheduled and chartered services, car hire, wet lease income, inflight and related sales.

Revenue is analyzed by geographical area (by country of origin) as follows:

	Ryanair Holdings plc		
	Year ended March 31, 1999	Year ended March 31, 2000	Year ended March 31, 2001
	€000	€000	€000
Great Britain	163,198	217,991	299,399
Other European countries	132,561	152,146	188,006
	295,759	370,137	487,405

Ancillary revenues included in total revenue above comprise:

	Ryanair Holdings plc		
	Year ended March 31, 1999	Year ended March 31, 2000	Year ended March 31, 2001
	€000	€000	€000
Car hire	4,604	7,885	12,562
Inflight	20,208	13,624	14,186
Internet Income	-	-	1,023
Non-flight scheduled	5,633	8,779	12,802
Charter	6,441	9,278	13,892
	36,886	39,566	54,465

All of the group's operating profit arises from airline-related activities.

The major revenue earning assets of the group are comprised of its aircraft fleet, all of which are registered in Ireland and therefore all profits accrue in Ireland. Since the group's aircraft fleet is employed flexibly across its route network, there is no suitable basis of allocating such assets and related liabilities to geographical segments.

Notes forming part of the Financial Information (Continued)

19 Staff numbers and costs

The average weekly number of employees, including the executive directors, during the periods, analyzed by category, was as follows:

	Ryanair Holdings plc		
	Year ended March 31, 1999	Year ended March 31, 2000	Year ended March 31, 2001
	No.	No.	No.
Flight and cabin crew	424	528	644
Sales, operations and administration	<u>670</u>	<u>734</u>	<u>823</u>
	<u><u>1,094</u></u>	<u><u>1,262</u></u>	<u><u>1,467</u></u>

The aggregate payroll costs of these persons were as follows:

	Ryanair Holdings plc		
	Year ended March 31, 1999 €000	Year ended March 31, 2000 €000	Year ended March 31, 2001 €000
Wages and salaries and related costs.....	36,353	44,124	55,917
Social welfare costs	2,904	3,683	4,334
Other pension costs.....	<u>577</u>	<u>726</u>	<u>971</u>
	<u><u>39,834</u></u>	<u><u>48,533</u></u>	<u><u>61,222</u></u>

This represents an average salary cost per employee of €41,733 (2000: €38,457, 1999: €36,411).

20 Other operating expenses

	Ryanair Holdings plc		
	Year ended March 31, 1999 €000	Year ended March 31, 2000 €000	Year ended March 31, 2001 €000
Fuel and oil	36,554	41,676	63,468
Maintenance, materials and repairs.....	11,961	16,886	20,142
Marketing and distribution costs.....	24,602	32,123	21,526
Aircraft rentals	2,909	2,097	7,286
Route charges.....	20,806	26,301	35,701
Airport & handling charges	29,036	43,095	66,269
Other costs	<u>25,987</u>	<u>31,319</u>	<u>38,605</u>
	<u><u>151,855</u></u>	<u><u>193,497</u></u>	<u><u>252,997</u></u>

Ancillary costs

Other operating costs include certain direct costs of providing inflight service, car hire costs and other non-flight scheduled costs. These costs which are collectively described as non-charter ancillary costs amounted to €16,345,338, €19,106,000 and €23,848,000 for the years ended March 31, 1999, March 31, 2000 and March 31, 2001, respectively.

Notes forming part of the Financial Information (Continued)

Fuel and oil

Fuel and oil costs include fuel costs for scheduled services of €35,697,416, €40,746,074 and €61,645,183 in respect of the years ended March 31, 1999, March 31, 2000 and March 31, 2001, respectively.

21 Statutory and other information

	Ryanair Holdings plc		
	Year ended March 31, 1999 €000	Year ended March 31, 2000 €000	Year ended March 31, 2001 €000
Directors' emoluments:			
Fees.....	96	96	96
Other emoluments, including consultancy fees, bonus and pension contributions	603	650	580
Depreciation of tangible fixed assets	36,209	43,544	57,706
Auditors' remuneration (including expenses)	114	114	121
Operating lease charges (note 26):			
Aircraft.....	2,909	2,097	7,286
Other	170	—	—
Government grants credited to the profit and loss account (note 26).....	—	(841)	—

Directors' information

(a) Executive Directors

	Ryanair Holdings plc		
	Year ended March 31, 1999 €000	Year ended March 31, 2000 €000	Year ended March 31, 2001 €000
Basic salary	315	378	378
Performance related bonus	136	170	165
Pension contributions	13	27	37
	<u>464</u>	<u>575</u>	<u>580</u>

During each year Michael O'Leary was the only executive director.

(b) Non - Executive Directors

	Ryanair Holdings plc		
	Year ended March 31, 1999 €000	Year ended March 31, 2000 €000	Year ended March 31, 2001 €000
Basic salary	46	-	-
Fees.....	96	96	96
Consulting fees.....	93	75	-
	<u>235</u>	<u>171</u>	<u>96</u>

At March 31, 2001, there were eleven non-executive directors.

Notes forming part of the Financial Information (Continued)

21 Statutory and other information (Continued)

(c) Pension benefits

Directors	Increase in Accrued Benefit		Transfer Value Equivalent of Increase in Accrued Benefit		Total Accumulated Accrued Benefit	
	2001	2000	2001	2000	2001	2000
	€	€	€	€	€	€
Michael O'Leary	<u>8,761</u>	<u>8,110</u>	<u>28,883</u>	<u>28,928</u>	<u>39,993</u>	<u>30,133</u>

There have been no changes in pension benefits provided to directors during the year. No pension benefits are provided for non-executive directors. The director is a member of a defined benefit plan. The cost of the death-in-service and disability benefits provided during the accounting year is not included in the above figures. The pension benefits set out above have been computed in accordance with Section 12.43(x) of the Listing Rules of the Irish Stock Exchange. The increases in transfer values of the accrued benefits have been calculated as at the year-end in accordance with Actuarial Guidance Note GN11.

(d) Shares and share options

(i) Shares

The Company was listed on the Irish Stock Exchange on May 29, 1997. The beneficial interests of the directors and of their spouses and minor children are as follows. All figures have been adjusted for 2:1 share split on February 28th 2000:

	At March 31, 1999	At March 31, 2000	At March 31, 2001
David Bonderman*	21,073,220	4,838,720	3,528,340
Raymond MacSharry	3,640	3,640	3,640
Michael O'Leary	41,164,276	30,000,000	26,000,004
James R. Osborne	852,564	352,564	352,564
Cathal M. Ryan	24,473,198	13,930,336	12,761,303
Declan F. Ryan	24,473,198	13,930,336	12,761,303
T. Anthony Ryan	18,979,292	8,436,434	8,436,434
Richard P. Schifter*	21,073,220	4,838,720	332,410
Jeffrey A. Shaw*	21,073,220	4,838,720	300
Michael Horgan	-	-	-
Kyran McLaughlin	-	-	-
Paolo Pietrogrande	-	-	-

* At March 31, 1999 and March 31, 2000, Messrs. Bonderman, Schifter and Shaw were interested in the number ordinary shares opposite their names through their interest in Irish Air GenPar, L.P., the registered holder of those shares.

During fiscal year 2001 Irish Air GenPar, L.P was dissolved and 4,553,200 ordinary shares were distributed to its partners. At March 31, 2001 David Bonderman owned 249,610 shares and a trust for the benefit of his children had an interest in 3,278,730 shares. As of such date, Rick Schifter had a beneficial interest in 332,410 shares and Jeff Shaw had a beneficial interest in 300 shares (Mr. Shaw having sold 192,500 shares in February 2001).

Notes forming part of the Financial Information (Continued)

(ii) Share options

The eleven non executive directors were issued 25,000 share options with an exercise price of €7.40 (the market value at date of grant) in the Company during the year ended March 31, 2001 which are exercisable between June 2005 and June 2007. The mid market price of Ryanair Holdings plc ordinary shares on the Irish Stock Exchange at March 31, 2001 was €10.24.

22 Interest payable and similar charges

	Ryanair Holdings plc		
	Year ended March 31, 1999 €000	Year ended March 31, 2000 €000	Year ended March 31, 2001 €000
Interest payable on bank loans, overdrafts and other			
loans wholly repayable within five years	167	97	68
Interest payable on bank loans repayable after five years	32	3,601	11,827
Finance lease and hire purchase charges	38	83	67
	237	3,781	11,962

23 Taxation

	Ryanair Holdings plc		
	Year ended March 31, 1999 €000	Year ended March 31, 2000 €000	Year ended March 31, 2001 €000
The components of income tax expense were as follows:			
Irish corporation tax	20,342	13,574	4,062
Deferred tax (See Note 10)	(2,003)	4,002	14,843
	18,339	17,576	18,905
The following table reconciles the statutory rate of Irish corporation tax to the group's effective tax rate.			
Statutory rate of Irish corporation tax	31%	27%	23%
Benefit of reducing tax rate on deferred tax provision	—	(2)	(2)
Benefit of effective 10% corporation tax rate applicable to profits on activities in Ryanair.com Limited (see note below)	(7)	(5)	(3)
Benefit of lower corporation tax rate applicable to profits of international aircraft leasing & internet business	—	—	(3)
Effective rate of taxation	24%	20%	15%

At March 31, 1999, March 31, 2000 and March 31, 2001, the group had no unused net operating loss carry forwards.

Ryanair.com Limited is engaged in international data processing and reservation services and, as detailed in Note 26(e), has received employment grants from Forbairt, an Irish Government Agency, in relation to the establishment and maintenance of such services. In these circumstances, Ryanair.com Limited is entitled to claim an effective 10% corporation tax rate on profits derived from qualifying activities. The relevant legislation provides for the continuation of the 10% effective corporation tax rate until 2010.

Ryanair.com Limited was incorporated in October 1996 as Ryanair Direct Limited and completed its first full year of trading in the year ended March 31, 1998.

Notes forming part of the Financial Information (Continued)

23 Taxation (continued)

	Ryanair Holdings plc		
	March 31, 1999	March 31, 2000	March 31, 2001
	€000	€000	€000
The principal components of deferred tax liabilities were as follows:			
Aircraft including maintenance provisions, property and fixtures and fittings.....	11,023	15,025	29,868
Other reversing timing differences principally in relation to unearned revenue and foreign exchange adjustments	254	254	254
	11,277	15,279	30,122

At March 31, 2001 the group had fully provided for deferred tax liabilities. As explained above, profits from certain qualifying activities are levied at an effective 10% rate in Ireland until 2010.

24 Pensions

The Company operates both a defined benefit and defined contribution scheme. Pensions for certain employees are funded through a defined benefit pension scheme, the assets of which are vested in independent trustees for the benefit of employees and their dependants. The contributions are based on the advice of an independent professionally qualified actuary obtained at three yearly intervals. The latest actuarial valuation of the scheme was at December 31, 1997 and used the attained age method. The actuarial valuation as at December 2000 is currently underway and will be finalized shortly.

The principal actuarial assumptions used were as follows:

Rate of long term investment returns will exceed the rate of pensionable salary increases by 2%,

Rate of long term investment returns will exceed the rate of post retirement pension increases by 7%.

The actuarial report showed that at the valuation date the market value of the scheme's assets was €5.78 million which was sufficient to cover more than 100% of the accrued liabilities based on current earnings.

The pension charge for the year to March 31, 1999, the year to March 31, 2000 and the year to March 31, 2001 amounted to €577,731, €726,000 and €971,000, respectively.

While the actuarial report is not available for public inspection, the results are advised to members of the scheme.

For the purposes of disclosure requirements under U.S. GAAP, the pension cost of the group's retirement plan has been restated in the following tables, which are presented in accordance with the requirements of SFAS No. 132.

Notes forming part of the Financial Information (Continued)

24 Pensions (Continued)

<u>Change in Benefit Obligations</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
	<u>€000</u>	<u>€000</u>	<u>€000</u>
Projected benefit obligation at beginning of year.....	5,185	6,351	6,793
Service cost.....	561	616	740
Interest cost.....	357	383	453
Employee contributions.....	457	451	463
Actuarial loss/(gain).....	(48)	(587)	729
Benefits paid.....	<u>(161)</u>	<u>(421)</u>	<u>(396)</u>
Projected benefit obligation at end of year.....	<u>6,351</u>	<u>6,793</u>	<u>8,782</u>
Change in plan assets			
Fair value of Scheme assets at beginning of year.....	5,784	7,641	9,690
Actual return on assets.....	748	1,487	(52)
Employer contributions paid.....	813	532	568
Employee contributions paid.....	457	451	463
Benefits paid.....	<u>(161)</u>	<u>(421)</u>	<u>(396)</u>
Fair value of Scheme assets at end of year.....	<u>7,641</u>	<u>9,690</u>	<u>10,273</u>

The funded status of the group's retirement plan under SFAS No. 132 is as follows:

	<u>At March 31, 1999</u>	<u>At March 31, 2000</u>	<u>At March 31, 2001</u>
	<u>€000</u>	<u>€000</u>	<u>€000</u>
Actuarial present value of vested benefit obligations.....	<u>4,185</u>	<u>4,316</u>	<u>6,595</u>
Accumulated benefit obligations.....	<u>4,185</u>	<u>4,316</u>	<u>6,595</u>
Projected benefit obligations.....	(6,351)	(6,793)	(8,782)
Plan assets at fair value.....	<u>7,641</u>	<u>9,690</u>	<u>10,273</u>
Plan assets in excess of benefit obligations/(benefit obligations in excess of plan assets).....	1,290	2,897	1,491
Unrecognized net (gain).....	(682)	(2,043)	(272)
Unrecognized net obligation on implementation.....	<u>329</u>	<u>298</u>	<u>268</u>
Prepaid pension cost.....	<u>937</u>	<u>1,152</u>	<u>1,487</u>

Plan assets consist primarily of investments in Irish and overseas equity and fixed interest securities.

The principal assumptions used in the plan for SFAS No. 132 purposes were as follows:

	<u>At March 31, 1999</u>	<u>At March 31, 2000</u>	<u>At March 31, 2001</u>
	%	%	%
Discount rate.....	7.0	6.25	6.00
Rate of increase in remuneration.....	5.0	4.25	4.00
Expected long term rate of return on assets.....	9.0	9.0	9.00

Notes forming part of the Financial Information (Continued)

24 Pensions (Continued)

The net periodic pension cost under SFAS No. 132 for the years ended March 31, 1999, March 31, 2000 and March 31, 2001 comprised:

	Year ended March 31, 1999	Year ended March 31, 2000	Year ended March 31, 2001
	€000	€000	€000
Service cost-present value of benefits earned during the year.....	561	616	740
Interest cost on projected benefit obligations	357	383	453
Actual loss/(return) on assets.....	(658)	(1,487)	52
Deferrals and amortization.....	<u>202</u>	<u>851</u>	<u>(1,014)</u>
Net periodic pension cost.....	<u>462</u>	<u>363</u>	<u>231</u>

25 Earnings per share and adjusted earnings per share

Earnings per ordinary share (EPS) for Ryanair Holdings plc for the years ended March 31, 1999, March 31, 2000 and March 31, 2001 has been computed by dividing the profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the period, after giving effect to the share split described in Note 11(a).

	Year ended March 31, 1999	Year ended March 31, 2000	Year ended March 31, 2001
Basic weighted average number of shares outstanding	329,519,616	335,478,395	352,811,401
Dilutive effect of employee share options	1,123,920	2,202,248	4,286,457
Dilutive weighted average number of shares outstanding	330,643,536	337,680,643	357,097,858

26 Commitments and contingencies

Commitments:

(a) Under the terms of an aircraft purchase contract dated March 9, 1998 with Boeing (the “Boeing Contract”), Ryanair Holdings plc will purchase 25 new 737-800 aircraft and has options to purchase up to an additional 20 such aircraft.

The gross price for each aircraft will be U.S.\$46,631,900 including certain equipment purchased and fitted by Boeing on Ryanair Holdings plc’s behalf, subject to increase to take into account an “Escalation Factor” reflecting the changes in the U.S. Employment Cost and Producer Price Indexes and to decrease to take into account certain concessions granted to the Company by Boeing. The total amount to be paid by Ryanair Holdings plc over the period to January 2003 in respect of the 25 new aircraft, not taking into account any such increases or decreases, will be approximately U.S.\$1.2 billion.

The group took delivery of the first five 737-800 aircraft during 1999 and 2000, ten aircraft were delivered in the current fiscal year. Additional deliveries, including three option aircraft ordered under the option agreement, are currently scheduled as follows: three aircraft in December 2001, eight aircraft in 2002 (of which three aircraft are options converted to fixed deliveries) and the final two aircraft in January 2003. The remaining seventeen 737-800s under option to the group may be delivered between 2002 and 2005.

(b) Ryanair Holdings plc incurred expenses of €2,908,970, €2,097,425 and €7,285,174 in respect of operating leases for the year ended March 31, 1999, the year ended March 31, 2000 and the year ended March 31, 2001 which are included in the profit and loss account. Such expenses consisted almost entirely of short term leases of aircraft.

Notes forming part of the Financial Information (Continued)

26 Commitments and contingencies (Continued)

(c) Commitments resulting from the use of derivative financial instruments by the group are described in Note 16.

Contingencies:

(d) The group is engaged in litigation arising in the ordinary course of its business. Management does not believe that any such litigation will individually or in aggregate have a material adverse effect on the financial condition of the group. Should the group be unsuccessful in these litigation actions, management believes the possible liabilities then arising cannot be determined but are not expected to materially adversely affect the group's results of operations or financial position.

(e) During the years ended March 31, 1999, March 31, 2000 and March 31, 2001, a subsidiary undertaking, Ryanair.com Limited, claimed employment grants totaling €nil, €840,563 and €nil respectively from Forbairt, an Irish Government industrial development agency. Under the terms of the grant agreement with Forbairt dated December 9, 1996, the grants received or part thereof may be repayable in certain circumstances.

In addition, the agreement dated December 9, 1996 provides that if the shareholders in Ryanair Holdings plc (or certain of their affiliates) at that date cease to control more than 50% of its share capital or if Ryanair Limited or Ryanair.com Limited cease to be subsidiaries of Ryanair Holdings plc or if Irish Air L.P. acquires more than 50% of the share capital of Ryanair Holdings plc then Forbairt has an option to acquire 5% of the share capital in Ryanair.com Limited without making any further payments (other than nominal amounts). Since November 1998, when Irish Air, L.P. dissolved and distributed all of the Ordinary Shares held by it to its partners, Forbairt's option has become exercisable. Forbairt has not yet exercised its option or indicated when it may do so. If Forbairt exercises its option, then effectively, under the terms of the agreement, Ryanair.com Limited is immediately required to redeem or purchase the 5% shareholding acquired by Forbairt for specified amounts decreasing over time through to 2003 from 30% to 25% of the cumulative grants received. Such repurchase amount was approximately €690,420 as of March 31, 2001. Ryanair.com Limited also has an option to cancel the Forbairt option for €698,350 in the period from April 1, 2000 to March 31, 2003. Management does not believe that the settlement of this contingency will have a material impact on its results.

27 Notes to cash flow statements

(a) Reconciliation of operating profit to net cash inflow from operating activities

	Ryanair Holdings plc		
	Year ended March 31, 1999	Year ended March 31, 2000	Year ended March 31, 2001
	€000	€000	€000
Operating profit.....	67,861	84,055	114,011
Foreign exchange gains	389	1,358	1,621
Depreciation of tangible fixed assets.....	36,209	43,544	57,706
(Increase) in inventories	(5,252)	(1,016)	(2,042)
Decrease/(increase) in accounts receivable	(6,331)	(3,499)	13,279
(Increase)/decrease in other assets.....	(2,226)	2,058	(393)
Increase/(decrease) in accounts payable.....	15,980	(7,903)	7,137
Increase in accrued expenses and other liabilities	17,781	30,978	38,483
Net cash inflow from operating activities.....	<u>124,411</u>	<u>149,575</u>	<u>229,802</u>

Notes forming part of the Financial Information (Continued)

27 Notes to cash flow statements (Continued)

(b) Analysis of cash and liquid resources balances

	Ryanair Holdings plc		
	March 31, 1999	March 31, 2000	March 31, 2001
	€000	€000	€000
Cash at bank, available on demand net of overdraft.....	16,663	17,319	56,860
Liquid resources	<u>138,039</u>	<u>334,149</u>	<u>564,782</u>
Total cash and liquid resources.....	<u>154,702</u>	<u>351,468</u>	<u>621,642</u>

Liquid resources comprise bank fixed deposits with maturities of greater than one day.

(c) Analysis of movement in liquid resources

	Ryanair Holdings plc		
	Year ended March 31, 1999	Year ended March 31, 2000	Year ended March 31, 2001
	€000	€000	€000
Liquid resources at beginning of year	58,657	138,039	334,149
Increase in year	<u>79,382</u>	<u>196,110</u>	<u>230,633</u>
Liquid resources at end of year.....	<u>138,039</u>	<u>334,149</u>	<u>564,782</u>

(d) Analysis of movements in cash

	March 31, 1999		
	Cash at Bank	Bank Overdraft	Total
	€000	€000	€000
At beginning of year.....	6,062	(2,038)	4,024
Net cash inflow	<u>14,494</u>	<u>(1,855)</u>	<u>12,639</u>
At end of year.....	<u>20,556</u>	<u>(3,893)</u>	<u>16,663</u>

	March 31, 2000		
	Cash at Bank	Bank Overdraft	Total
	€000	€000	€000
At beginning of year.....	20,556	(3,893)	16,663
Net cash inflow	<u>543</u>	<u>113</u>	<u>656</u>
At end of year.....	<u>21,099</u>	<u>(3,780)</u>	<u>17,319</u>

	March 31, 2001		
	Cash at Bank	Bank Overdraft	Total
	€000	€000	€000
At beginning of year.....	21,099	(3,780)	17,319
Net cash inflow	<u>40,839</u>	<u>(1,298)</u>	<u>39,541</u>
At end of year.....	<u>61,938</u>	<u>(5,078)</u>	<u>56,860</u>

Notes forming part of the Financial Information (Continued)

27 Notes to cash flow statements (Continued)

(e) Reconciliation of net cash flow to movement in net debt

	Ryanair Holdings plc		
	Year ended March 31, 1999	Year ended March 31, 2000	Year ended March 31, 2001
	€000	€000	€000
Increase in cash in year	12,640	656	39,541
Movement in liquid resources	79,382	196,110	230,633
Cash flow from (increase) in debt	<u>(20,237)</u>	<u>(97,470)</u>	<u>(281,057)</u>
Movement in net (debt)/funds resulting from cash flows....	71,785	99,296	(10,883)
Movement in finance leases	<u>218</u>	<u>460</u>	<u>286</u>
Movement in net (debt)/funds in the year	72,003	99,756	(10,597)
Net funds at beginning of year	<u>57,730</u>	<u>129,733</u>	<u>229,489</u>
Net funds at end of year	<u><u>129,733</u></u>	<u><u>229,489</u></u>	<u><u>218,892</u></u>

Net debt consists of borrowings less cash and liquid resources. Net funds arise when cash and liquid resources exceed debt.

28 Post balance sheet events

There were no significant post balance sheet events.

29 Related party transactions

Since 1992, Ryanair limited has rented its corporate headquarters at Dublin Airport from Darley Investments Limited (“Darley”) at an annual rental of €253,948 per annum. Darley developed the site at Dublin Airport under a 30-year license on land from Ireland’s Minister for Transport, Energy and Communications. Ryanair Limited provided loan facilities to Darley to develop the site. From the period of its incorporation (1988) to March 31, 1996, the share capital of Darley was held by CDS Trust, a trust established by T.A. Ryan for the benefit of C.M. Ryan, D.F. Ryan, S.T. Ryan and their children. Darley became a wholly owned subsidiary of Ryanair Limited with effect from March 31, 1996 (see Note 31). The building is included in fixed assets in the consolidated balance sheet at March 31, 2001 at a net book value of €903,190 (2000: €1,060,000; 1999: €1,216,409). The annual rental payable by the group to the Minister is €243,790 but payment of the rent is suspended for the first 12 years of the agreement and Darley will receive a 50% rebate on the rent for six years thereafter.

The aggregate amounts of directors’ remuneration during the period, including directors’ fees and consultancy fees, are set out in Note 21. There were no contractual arrangements with non-executive directors at March 31, 2001. Mr. MacSharry received annual compensation of €63,487 plus travel and other reasonably incurred expenses in return for consulting services to the group under a three year agreement from April 1, 1997 to March 31, 2000. Mr. Osborne received annual compensation of €30,474 plus travel and other reasonably incurred expenses in return for consulting services to the group under a three year agreement from August 23, 1996 to August 22, 1999.

Notes forming part of the Financial Information (Continued)

30 Subsidiary undertakings and acquisitions during the period

(a) The following are the principal subsidiary undertakings of Ryanair Holdings plc:

<u>Name</u>	<u>Effective date of acquisition</u>	<u>Registered Office</u>	<u>Nature of Business</u>
Ryanair Limited	August 23, 1996	Corporate Headquarters Dublin Airport Co Dublin	Airline operator
Darley Investments Limited*	August 23, 1996	Corporate Headquarters Dublin Airport Co Dublin	Investment holding company
Ryanair.com Limited*	August 23, 1996	Corporate Headquarters Dublin Airport Co Dublin	International data processing and reservations services

* These subsidiaries are wholly owned by Ryanair Limited, which in turn is wholly owned by Ryanair Holdings plc.

Information regarding all other subsidiaries will be filed with the Company's next Annual Return as provided for by S.16(3)(a) of Companies (Amendment) Act, 1986.

In accordance with the basis of consolidation policy described in Note 1b, the subsidiary undertakings referred to above have been consolidated in the respective financial statements of Ryanair Holdings plc from date of acquisition.

Notes forming part of the Financial Information (Continued)

31 Summary of differences between U.K., Irish and United States generally accepted accounting principles

(a) Significant differences

The financial statements of Ryanair Holdings plc are prepared in accordance with generally accepted accounting principles (“GAAP”) applicable in the U.K. and Ireland which differ significantly in certain respects from those generally accepted in the United States. These significant differences are described below:

(i) Deferred tax

Under U.K. and Irish GAAP, Ryanair Holdings plc provides for deferred taxation using the liability method on all material timing differences to the extent that it is probable that liabilities will crystallize in the foreseeable future. Net deferred tax assets are not recognized except to the extent that they are expected to be recoverable without replacement by equivalent asset balances. Under U.S. GAAP, as set out in Statement of Financial Accounting Standards (SFAS) No. 109 “Accounting for Income Taxes,” deferred taxation is provided on all temporary differences between the financial statement carrying value of assets and liabilities and the tax value of such assets and liabilities on a full provision basis. Deferred tax assets are recognized if their realization is considered to be more likely than not.

(ii) Forward exchange contracts

Certain outstanding foreign currency forward exchange contracts which hedge anticipated future transactions and qualify for hedge contracts treatment under U.K. and Irish GAAP would not qualify as hedges under U.S. GAAP. Such contracts would be recorded at fair value at each balance sheet date based on the forward rates of exchange ruling at that date and the corresponding unrealized gain or loss would be included in the determination of net income.

(iii) August 1996 transaction

Under U.S. GAAP, acquisition accounting does not apply in respect of the August 1996 transaction by which Ryanair Holdings plc acquired the entire issued share capital of Ryanair Limited because there has been no change in control. Accordingly, under U.S. GAAP, Ryanair Holdings plc presents assets and liabilities using the historical predecessor cost basis in Ryanair Limited.

Under U.K. and Irish GAAP, the August 1996 transaction is accounted for as an acquisition by Ryanair Holdings plc of Ryanair Limited and the assets and liabilities are recorded at their fair values on that date. As the fair value of the aircraft was higher than its cost basis in Ryanair Limited the depreciation charge in the period subsequent to August 1996 is higher under U.K. and Irish GAAP than U.S. GAAP.

Under U.K. and Irish GAAP, the difference between the fair value of the acquired assets and liabilities and the consideration is recorded as goodwill and written off directly against reserves. Under U.S. GAAP the consideration paid in connection with the transaction is recorded as a reduction in shareholders’ equity.

(iv) Darley Investments Limited

Under U.K. and Irish GAAP, the acquisition of Darley Investments Limited (“Darley”) at March 31, 1996 has been treated as an acquisition and the acquired assets and liabilities have been recorded in the consolidated financial statements of Ryanair Limited at their fair value.

Under U.K. and Irish GAAP, the assets acquired were recorded at their fair value and a fair value adjustment on the headquarters building of €844,915 arose. Under U.S. GAAP, the assets are presented

Notes forming part of the Financial Information (Continued)

31 Summary of differences between U.K., Irish and United States generally accepted accounting principles (Continued)

at their historical cost and consequently, additional depreciation on the fair value adjustment on the headquarters building is not recorded for U.S. GAAP.

(v) Acquisition of certain aircraft

Under U.K. and Irish GAAP, the aggregate consideration of U.S.\$25 million paid by Ryanair Limited to Northill Limited in August 1994 in respect of the acquisition of four aircraft is included in fixed assets as aircraft cost.

Under U.S. GAAP, as Northill Limited was controlled by T.A. Ryan, a connected person with the controlling shareholders of Ryanair Limited, the cost of the aircraft is recorded based on their cost to Northill Limited of U.S.\$22 million and the difference between that cost and the amount paid by Ryanair Limited to Northill Limited is treated as a reduction of shareholders' equity.

(vi) Pensions

Under U.K. and Irish GAAP, Ryanair Holdings plc accounts for pension costs under SSAP 24, "Accounting for pension costs." Its objectives and principles are broadly in line with those set out in the U.S. accounting standard for pensions, SFAS 87, "Employers accounting for pensions." However, SSAP 24 is less prescriptive in its provisions and allows the use of different measurement principles. Note 24 to the financial statements gives the group pension disclosures under both U.K., Irish and U.S. GAAP.

(vii) Employment grants

Under U.K. and Irish GAAP, employment grants paid by an Irish government agency are recognized in the profit and loss account on receipt and a contingent liability is disclosed for amounts which may become repayable in certain predefined circumstances.

Under U.S. GAAP, these revenues are recognized in the profit and loss account over the period for which minimum employment levels apply under the terms of the agreement and the unamortized balance is treated as deferred income.

(viii) Share option compensation expense

Under U.S. GAAP, any excess of the fair market value over the exercise price under a share option plan on the date of the grant is recognized as compensation expense over the period the services are provided. Under U.K. and Irish GAAP, in effect in May 1997, when these share options were granted, compensation was not recognized for stock issued at a price less than market price.

Under US GAAP, the Company applies Accounting Principles Board Opinion No. 25 (APB 25) in accounting for its plans and, accordingly, except for the grant in May 1997, no compensation cost has been recognized for its stock option grants. Had Ryanair Holdings plc determined compensation cost based on the fair value of the options at the grant date for its stock options under Statement of Financial Accounting Standards No. 123 (SFAS 123), its U.S. GAAP net income would have been reduced by €8,699,556, €1,051,016 and €291,016 for the years ended March 31, 2001, March 31, 2000 and March 31, 1999, respectively. Earnings per share would have been reduced in March 31, 1999, 2000, and 2001 by 0.09 cent, 0.31 cent and 2.47 cent respectively.

Notes forming part of the Financial Information (Continued)

31 Summary of differences between U.K., Irish and United States generally accepted accounting principles (Continued)

The weighted average fair value of the individual options granted during the year ended March 31, 2001 is estimated based on the following assumptions.

Options Granted

Date Granted	June 26, 2000	June 26, 2000	Nov 9, 2000	Nov 30, 2000
Date of exercise.....	June 30, 2003	June 30, 2005	June 30, 2005	June 30, 2005
Fair Value.....	€3.24	€3.83	€5.32	€5.42
<u>Assumptions:</u>				
Risk-free interest rate	5.69%	5.55%	5.41%	5.14%
Volatility	40%	40%	40%	40%
Dividend Yield.....	Nil	Nil	Nil	Nil
Expected life (years) .	5.0	7.0	6.6	6.6

The weighted average fair value of the individual options granted during the year ended March 31, 1999 is estimated at €3.66 and €2.63 on the date of grant of the June and December options, respectively. The fair value for these options was estimated using the Black-Scholes option pricing model with the following weighted average assumptions for the year ended March 31, 1999: dividend yield of nil; expected volatility of 50%; risk free interest rate of 4.94% and 3.72%; and expected useful life of 7 and 6.5 years of the June and December options, respectively.

(ix) Investments

The Company holds one investment in a publicly quoted company. Under Irish GAAP this investment, which is held for the long term and not traded, is recorded in the Company's balance sheet at cost, within the caption 'Financial assets'. Profits or losses arising on disposal are booked in the profit and loss account when the shares are sold and represent the difference between sales proceeds and cost of purchase. Under U.S. GAAP equity securities must be designated as trading or available for sale securities. Ryanair investments are available for sale securities and are marked to market with gains or losses arising taken to the Statement of Shareholders' Equity.

Notes forming part of the Financial Information (Continued)

31 Summary of differences between U.K., Irish and United States generally accepted accounting principles (Continued)

(b) Net income under U.S. GAAP

	Ryanair Holdings plc		
	Year ended March 31, 1999 €000	Year ended March 31, 2000 €000	Year ended March 31, 2001 €000
Profit for the financial year as reported in the consolidated profit and loss accounts and in accordance with U.K. and Irish GAAP	57,471	72,518	104,483
Adjustments			
Pensions	115	363	740
Unrealized gain/(loss) on forward exchange contracts.....	3,018	(3,755)	6,803
Employment grants	414	(664)	401
Depreciation on tangible fixed assets:			
—basis of accounting for August 1996 transaction.....	1,238	1,996	1,531
—basis of accounting for aircraft acquired from Northill Limited.....	442	442	179
Darley Investments Limited.....	86	86	88
Share option compensation expense	(61)	(56)	-
Taxation—effect of above adjustments	<u>(952)</u>	<u>936</u>	<u>(1,837)</u>
Net income as adjusted to accord with U.S. GAAP before cumulative effect of accounting change.....	61,771	71,866	112,388
Cumulative effect of accounting change (net of tax expense of €11,067,000)	<u>23,122</u>	<u>—</u>	<u>—</u>
Net income in accordance with U.S. GAAP.....	<u>84,893</u>	<u>71,866</u>	<u>112,388</u>

Notes forming part of the Financial Information (Continued)

31 Summary of differences between U.K., Irish and United States generally accepted accounting principles (Continued)

(c) Shareholders' equity

	Year ended March 31, 1999 €000	Year ended March 31, 2000 €000	Year ended March 31, 2001 €000
Shareholders' equity as reported in the consolidated balance sheets (UK and Irish GAAP)	250,964	441,357	669,898
Adjustments:			
Pension.....	560	923	1,663
Unrealized gain/(loss) on forward exchange contracts.....	1,141	(2,614)	4,189
Employment grants.....	(670)	(1,334)	(933)
Basis of accounting for August 1996 transaction.....	(3,527)	(1,531)	-
Basis of accounting for aircraft acquired from Northill Limited.....	(621)	(179)	-
Darley Investments Limited.....	(589)	(503)	(415)
Share option compensation expense.....	56	—	—
Investments.....	2,302	1,988	588
Tax effect of above adjustments.....	<u>297</u>	<u>1,233</u>	<u>(604)</u>
Shareholders' equity as adjusted to accord with U.S. GAAP.....	<u>249,913</u>	<u>439,340</u>	<u>674,386</u>
Opening shareholders' equity under U.S. GAAP.....	102,697	249,913	439,340
Investments.....	2,302	(314)	(1,400)
Net income in accordance with U.S. GAAP.....	61,771	71,866	112,388
Stock issued for cash.....	60,021	117,875	124,058
Cumulative effect of accounting change.....	<u>23,122</u>	<u>—</u>	<u>—</u>
Closing shareholders' equity under U.S. GAAP.....	<u>249,913</u>	<u>439,340</u>	<u>674,386</u>

Other Comprehensive Income for the years ended March 31, 1999, 2000, and 2001 amounted to €87.2 million, €71.6 million and €111.0 million, respectively. This consisted of reported profits of €84.9 million, €71.9 million and €112.4 million and a gain/(loss) on available for sale securities of €2.3 million, (€0.3 million) and (€1.4 million) for each of the years March 31, 1999, 2000 and 2001.

(d) Total assets

	Year ended March 31, 1999 €000	Year ended March 31, 2000 €000	Year ended March 31, 2001 €000
Total assets as reported in the consolidated balance sheets (U.K. and Irish GAAP)	399,839	712,701	1,277,252
Adjustments:			
Pension.....	560	923	1,663
Basis of accounting for August 1996 transaction.....	(3,527)	(1,531)	-
Basis of accounting for aircraft acquired from Northill Limited.....	(621)	(179)	-
Darley Investments Limited.....	(589)	(503)	(415)
Investments.....	<u>2,302</u>	<u>1,988</u>	<u>588</u>
Total assets as adjusted to accord with U.S. GAAP.....	<u>397,964</u>	<u>713,399</u>	<u>1,279,088</u>

Notes forming part of the Financial Information (Continued)

31 Summary of differences between U.K., Irish and United States generally accepted accounting principles (Continued)

(e) Cash flows

In accordance with U.K. and Irish GAAP, the group complies with Financial Reporting Standard No. 1—"Cash flow statements" (FRS 1). Its objective and principles are similar to those set out in SFAS No. 95 "Statement of Cash Flows." The principal difference between the standards is in respect of classification. Under FRS 1, the group presents its cash flows for: (a) operating activities; (b) returns on investments and servicing of finance; (c) taxation; (d) capital expenditure; (e) acquisitions and disposals; and (f) financing activities. SFAS No. 95 requires only three categories of cash flow activity: (a) operating; (b) investing; and (c) financing.

Cash flows arising from taxation and returns on investments and servicing of finance under FRS 1 are included as operating activities under SFAS No. 95. In addition, under FRS 1, cash and cash equivalents include short term borrowings repayable on demand. SFAS No. 95 requires movements in such borrowings to be included in financing activities.

Disclosure of accounting policy

For the purposes of cash flows under U.S. GAAP, the Company considers all highly liquid deposits with a maturity of three months or less to be cash equivalents. Cash and cash equivalents excludes restricted bank balances. Under U.K. and Irish GAAP, cash represents cash held at bank available on demand, offset by bank overdrafts, and liquid resources comprise bank fixed deposits with maturities of greater than one day.

Under U.K. and Irish and U.S. GAAP, transactions that are undertaken to hedge another transaction are reported under the same classification as the underlying transaction that is the subject of the hedge.

A summarized consolidated cash flow under U.S. GAAP is as follows:

	Year ended March 31, 1999 €000	Year ended March 31, 2000 €000	Year ended March 31, 2001 €000
Cash inflow from operating activities.....	119,330	135,983	221,558
Cash (outflow) from investing activities	(158,664)	(327,006)	(360,056)
Cash inflow from financing activities.....	<u>81,671</u>	<u>214,749</u>	<u>406,127</u>
Increase in cash and cash equivalents.....	42,337	23,726	267,629
Cash and cash equivalents at beginning of year	<u>55,367</u>	<u>97,704</u>	<u>121,430</u>
Cash and cash equivalents at end of year	<u><u>97,704</u></u>	<u><u>121,430</u></u>	<u><u>389,059</u></u>

The following table reconciles cash and cash equivalents as presented under U.S. and liquid resources excluding restricted bank balances as presented under U.K. and Irish GAAP:

Notes forming part of the Financial Information (Continued)

31 Summary of differences between U.K., Irish and United States generally accepted accounting principles (Continued)

	Year ended March 31, 1999	Year ended March 31, 2000	Year ended March 31, 2001
	€000	€000	€000
Cash and cash equivalents under U.S. GAAP	97,704	121,430	389,059
Deposits with a maturity between three and six months.....	<u>60,891</u>	<u>233,818</u>	<u>237,661</u>
Cash and liquid resources under U.K. and Irish GAAP	<u>158,595</u>	<u>355,248</u>	<u>626,720</u>

Supplemental schedule of Non-Cash Investing and Financing Activities.

For the year ended March 31, 2001, the group entered into capital leases for new fixtures and fittings, plant and equipment and motor vehicles of enil (2000: €23,000; 1999: €223,474). Principal payments under these lease obligations totaled €286,000 (2000: €482,500; 1999: €441,869).

(f) Profit and loss account as restated per U.S. GAAP

	Year ended March 31, 1999	Year ended March 31, 2000	Year ended March 31, 2001
	€000	€000	€000
Operating revenues			
Scheduled revenues	258,873	330,571	432,940
Ancillary revenues	<u>36,886</u>	<u>39,566</u>	<u>54,465</u>
Total operating revenues—continuing operations.....	<u>295,759</u>	<u>370,137</u>	<u>487,405</u>
Operating expenses			
Staff costs	(39,364)	(48,890)	(60,081)
Depreciation and amortization.....	(34,531)	(41,614)	(57,465)
Other operating expenses.....	<u>(151,769)</u>	<u>(193,411)</u>	<u>(252,909)</u>
Total operating expenses	<u>(225,664)</u>	<u>(283,915)</u>	<u>(370,455)</u>
Operating income—continuing operations.....	<u>70,095</u>	<u>86,222</u>	<u>116,950</u>
Other income/(expenses)			
Interest receivable and similar income	6,610	7,498	19,666
Interest payable and similar charges.....	(237)	(3,781)	(11,962)
Foreign exchange gains/(losses)	3,407	(2,397)	8,424
Gain on disposal of fixed assets.....	<u>1,187</u>	<u>964</u>	<u>52</u>
Total other income/(expenses)	<u>10,967</u>	<u>2,284</u>	<u>16,180</u>
Income before taxation	81,062	88,506	133,130
Taxation	<u>(19,291)</u>	<u>(16,640)</u>	<u>(20,742)</u>
Net income before cumulative effect of accounting changes...	61,771	71,866	112,388
Cumulative effect of accounting change (net of tax expense of €11,067,037).....	<u>23,122</u>	<u>—</u>	<u>—</u>
Net income.....	<u>84,893</u>	<u>71,866</u>	<u>112,388</u>
Basic earnings per ordinary share (euro cent)	26	21	32
Diluted earnings per share (euro cent).....	26	21	31
<i>Pro forma amounts assuming the new accounting principles were applied retroactively:</i>			
Net income.....	61,771	71,866	112,388
Basic earnings per share (euro cent).....	19	21	32
Diluted earnings per share (euro cent).....	<u>19</u>	<u>21</u>	<u>31</u>
Shares used in computing net income per share	<u>329,519,616</u>	<u>335,478,395</u>	<u>352,811,401</u>

32 New accounting pronouncements

(a) New U.S. accounting pronouncements

On April 1, 2001, the Company adopted SFAS No. 133, “*Accounting for Derivative Instruments and Hedging Activities*” as amended by SFAS No. 137, and SFAS No. 138. SFAS No. 133 requires a company to recognize all derivative instruments as assets or liabilities in its balance sheet and measure them at fair value. The accounting treatment of changes in fair value is dependent upon whether or not a derivative instrument is designated as a hedge and if so, the type of hedge. For derivatives designated as cash flow hedges, changes in fair value are recognized in other comprehensive income until the hedged item is recognized in income. For derivatives designated as fair value hedges, changes in fair value are recorded in the income statement but are offset by changes in fair value of the hedged item.

As discussed in Notes 14, 15 and 16, the Company uses various derivative instruments to manage the fuel, interest rate and foreign exchange rate risk of the group. The adoption of SFAS No. 133 on April 1, 2001 resulted in recording €16.8 million of an unrecognized loss in fair value to other comprehensive income all comprising short term derivative assets.

In July 2001, the FASB announced it had voted to issue SFAS 143, (Accounting for Asset Retirement Obligations). SFAS 143, which is effective for fiscal years beginning after June 15, 2002, requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. The Company is currently assessing the impact, if any, on its US GAAP financial position and results of operations.

In March 2000, the FASB issued Interpretation No. 44, “Accounting for Certain Transactions Involving Stock Compensation” (“FIN No. 44”). FIN No. 44 clarifies the application of Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees”, with respect to certain issues in accounting for employee stock compensation and is generally effective as of July 1, 2000. The adoption of FIN No. 44 did not have any material effect on the Company’s financial statements.

Notes forming part of the Financial Information (Continued)

31 Summary of differences between U.K., Irish and United States generally accepted accounting principles (Continued)

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

RYANAIR HOLDINGS PLC

/s/ MICHAEL O'LEARY

Name: Michael O'Leary

Title: Chief Executive Officer and Director

Date: September 30, 2001

GLOSSARY

Certain of the terms included in the section on Selected Operating and Other Data and elsewhere in this Report have the meanings indicated below and refer only to Ryanair's scheduled passenger service.

Average Yield per RPM	Represents the average scheduled passenger fare revenue for each mile a scheduled revenue passenger is carried.
Adjusted Average Yield per RPM	Represents the average scheduled passenger fare revenue (plus revenues from in-flight sales and car rental services less the cost of those sales and services) received for each RPM.
Average Yield per ASM	Represents the average scheduled passenger fare revenue for each ASM.
Adjusted Average Yield per ASM	Represents the average scheduled passenger fare revenue (plus revenues from in-flight sales and car rental services less the cost of those sales and services) received for each ASM.
Average Passenger Spend per Flight	Represents the average revenue generated per scheduled passenger including in-flight purchases and car rental services.
Cost Per ASM (CASM)	Represents operating expenses (excluding Non-Charter Ancillary Costs) divided by ASMs.
Adjusted Cost Per ASM (ACASM)	Represents operating expenses (excluding discontinued executive director bonuses, IPO bonus, industrial dispute bonus and Non-Charter Ancillary Costs) divided by ASMs.
Average Fuel Cost Per U.S. Gallon	Represents the average cost per U.S. gallon of jet fuel for the fleet (including fueling charges) after giving effect to fuel hedging arrangements.
Operating Margin	Represents operating profit as a percentage of total revenues.
EBITDA	Represents "Earnings before Interest, Tax, Depreciation and Amortization" and is equal to the sum of profit after taxation, minority interest, net interest expense, tax, depreciation and amortization.
EBITDAR	Represents "Earnings before Interest, Tax, Depreciation, Amortization and aircraft Rental Charges" and is equal to the sum of EBITDA (as calculated above) and aircraft rental charges.
EBITDA Margin	Represents EBITDA as a percentage of total revenues
EBITDAR Margin	Represents EBITDAR as a percentage of total revenues.
Adjusted EBITDA	Represents EBITDA plus the discontinued executive director bonuses, IPO bonus and industrial dispute bonus.
Adjusted EBITDAR	Represents EBITDAR plus the discontinued executive director bonuses, IPO bonus and industrial dispute bonus.
Adjusted EBITDA Margin	Represents Adjusted EBITDA as a percentage of total revenues.

Adjusted EBITDAR Margin	Represents Adjusted EBITDAR as a percentage of total revenues.
Revenue Passengers Carried	Represents the number of scheduled fare paying passengers carried.
Revenue Passenger Miles (RPMs)	Represents the number of miles flown by scheduled fare paying passengers.
Available Seat Miles (ASMs)	Represents the number of seats available for scheduled passengers multiplied by the number of miles those seats were flown.
Passenger Load Factor	Represents RPMs divided by ASMs.
Passenger Seat Occupancy	Represents the total number of seats occupied on all Sectors Flown as a percentage of total seat capacity on all Sectors Flown.
Break-even Load Factor	Represents the number of RPMs at which scheduled passenger revenues would have been equal to operating expenses (excluding Non-Charter Ancillary Costs) divided by ASMs (based on Average Yield per RPM). For the purposes of this calculation, the number of RPMs at which scheduled passenger revenues would have been equal to operating expenses (excluding Non-Charter Ancillary Costs) is calculated by dividing operating expenses (excluding Non-Charter Ancillary Costs) by Average Yield per RPM.
Adjusted Break-even Load Factor	Represents the number of RPMs at which scheduled passenger revenues plus revenue from in-flight sales and car rental services less the cost of those sales and services would have been equal to operating expenses (excluding Non-Charter Ancillary Costs and discontinued executive director bonuses, IPO bonus and industrial dispute bonus) divided by ASMs.

Non-Charter Ancillary Costs	Represents the direct cost of Ryanair's ancillary revenues, excluding costs in relation to Ryanair's charter operations.
Average Length of Passenger Haul	Represents the average number of miles traveled by a scheduled fare paying passenger.
Sectors Flown	Represents the number of scheduled passenger flight sectors flown.
Average Passenger Fare	Represents the average fare paid by a scheduled fare paying passenger.
Number of Owned Aircraft Operated	Represents the number of aircraft owned and operated at the end of the period.
Number of Airports Served	Represents the number of airports to/from which the carrier offered scheduled service at the end of the period.
Average Daily Flight Hour Utilization	Represents the average number of air hours flown in scheduled service per day per aircraft for the total fleet of aircraft.

Index to Exhibits

<u>Exhibit Number</u>	<u>Exhibit</u>	<u>Sequentially Numbered Page</u>
1.1	Memorandum and Articles of Association of Ryanair Holdings, as amended as of the date of this Report.	148
8.1	Principal subsidiaries of the registrant	232

THE COMPANIES ACTS, 1963 to 1990

PUBLIC COMPANY LIMITED BY SHARES

MEMORANDUM

and

ARTICLES OF ASSOCIATION

of

RYANAIR HOLDINGS PUBLIC LIMITED COMPANY

Incorporated 5th June, 1996

**(As amended by Special Resolutions
passed on:
2nd day of July, 1996,**

A-2

24th day of July, 1996,
23rd day of August, 1996,
12th May, 1997, 14th September 1999, 25th September 2001
and by **Ordinary Resolution** on the 15th May 1997)

A & L Goodbody
1 Earlsfort Centre

Hatch Street
Dublin 2
TSMA2102.11K

PUBLIC COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION
of

RYANAIR HOLDINGS PUBLIC LIMITED COMPANY

- 1 The name of the company is RYANAIR HOLDINGS PUBLIC LIMITED COMPANY.
- 2 The company is to be a public limited company.
- 3 The objects for which the company is established are:
 - 3.1 To carry on the business of an investment and holding company in all its branches, and to acquire by purchase, lease, concession, grant, licence or otherwise such businesses, options, rights, privileges, lands, buildings, leases, underleases, stocks, shares, debentures, debenture stock, bonds, obligations, securities, reversionary interests, annuities, policies of assurance and other property and rights and interests in property as the company shall deem fit and generally to hold, manage, develop, lease, sell or dispose of the same; and to vary any of the investments of the company, to act as trustees of any deeds constituting or securing any debentures, debenture stock or other securities or obligations; to establish, carry on, develop and extend investments and holdings and to sell, dispose of or otherwise turn the same to account and to coordinate the policy and administration of any companies of which this company is a member or which are in any manner controlled by or connected with the company.
 - (b) To exercise and enforce all rights and powers conferred to or incident upon the ownership of any shares, stock obligations or other securities acquired by the Company including without prejudice to the generality of the foregoing all such powers of

veto or control as may be conferred by virtue of the holding by the company of such special proportion of the issued or nominal amount thereof and to provide managerial and other executive, supervisory and consultant services for or in relation to any company in which the company is interested upon such terms as may be thought fit.

- 3.2 To carry on any other business, except the issuing of policies of insurance, which may seem to the company capable of being conveniently carried on in connection with the above, or calculated directly or indirectly to enhance the value of or render profitable any of the company's property or rights.

- 3.3 To invest any monies of the company in such investments and in such manner as may from time to time be determined, and to hold, sell or deal with such investments and generally to purchase, take on lease or in exchange or otherwise acquire any real and personal property and rights or privileges.
- 3.4 To subscribe for, take, purchase or otherwise acquire and hold shares or other interests in, or securities of any other company having objects altogether or in part similar to those of this company or carrying on any business capable of being carried on so as, directly or indirectly, to benefit this company.
- 3.5 To develop and turn to account any land acquired by the company or in which it is interested and in particular by laying out and preparing the same for building purposes, constructing, altering, pulling down, decorating, maintaining, fitting up and improving buildings and conveniences, and by planting, paving, draining, farming, cultivating, letting on building lease or building agreement and by advancing money to and entering into contracts and arrangements of all kinds with builders, tenants and others.
- 3.6 To acquire and undertake the whole or any part of the business, property, goodwill and assets of any person, firm or company carrying on or proposing to carry on any of the businesses which the company is authorised to carry on, or which can be conveniently carried on in connection with the same, or may seem calculated directly or indirectly to benefit the company.
- 3.7 To employ the funds of the company in the development and expansion of the business of the company and all or any of its subsidiary or associated companies and in any other company whether now existing or hereafter to be formed and engaged in any like business of the company or any of its subsidiary or associated companies or of any other industry ancillary thereto or which can conveniently be carried on in connection therewith.
- 3.8 To lend money to such persons or companies either with or without security and upon such terms as may seem expedient.
- 3.9 To borrow or otherwise raise money or carry out any other means of financing, whether or not by the issue of stock or other securities, and to enter into or issue interest and currency hedging and swap agreements, forward rate agreements, interest and currency futures or options and other forms of financial instruments, and to purchase, redeem or pay off any of the foregoing.
- 3.10 To secure the payment of money or other performance of financial obligations in such manner as the company shall think fit, whether or not by

the issue of debentures or debenture stock, perpetual or otherwise, charged upon all or any of the company's property, present or future, including its uncalled capital.

- 3.11 To adopt such means of making known the company and its products and services as may seem expedient.
- 3.12 To sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose of, turn to account or otherwise deal with all or any part of the property, undertaking, rights or assets of the company and for such consideration as the company might think fit. Generally to purchase, take on lease or in exchange or otherwise acquire any real and personal property and rights or privileges.
- 3.13 To acquire and carry on any business carried on by a subsidiary or a holding company of the company or another subsidiary of a holding company of the company.
- 3.14 To provide services of any kind including the carrying on of advisory, consultancy, brokerage and agency business of any kind.
- 3.15 To guarantee, grant indemnities in respect of, support or secure, whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property and assets (present and future) and uncalled capital of the company, or by both such methods, the performance of the contracts or obligations of and the repayment or payment of the principal amounts of and premiums, interest and dividends on any securities of any person, firm or company, including (without prejudice to the generality of the foregoing) any company which is for the time being the company's holding company as defined by section 155 of the Companies Act, 1963, or another subsidiary as defined by the said section of the company's holding company or otherwise associated with the company in business notwithstanding the fact that the company may not receive any consideration, advantage or benefit, direct or indirect from entering into such guarantee or other arrangement or transaction contemplated herein.
- 3.16 To amalgamate with any other company.
- 3.17 To apply for, purchase or otherwise acquire any patents, brevets d'invention, licences, trade marks, technology and know-how and the like conferring any exclusive or non-exclusive or limited right to use or any secret or other information as to any invention or technology which may seem capable of being used, for any of the purposes of the company or the acquisition of which may seem calculated directly or indirectly to benefit the company, and to use, exercise, develop or grant licences in respect of or otherwise turn to account the property rights or information so acquired.

- 3.18 To enter into partnership or into any arrangement for sharing profits, union of interests, co-operation, joint venture or otherwise with any person or company or engage in any business or transaction capable of being conducted so as directly or indirectly to benefit the company.
- 3.19 To grant pensions or gratuities (to include death benefits) to any officers or employees or ex-officers or ex-employees of the company, or its predecessors in business or the relations, families or dependants of any such persons, and to establish or support any non-contributory or contributory pension or superannuation funds, any associations, institutions, clubs, buildings and housing schemes, funds and trusts which may be considered calculated to benefit any such persons or otherwise advance the interests of the company or of its members.
- 3.20 To promote any company or companies for the purpose of acquiring all or any of the property and liabilities of this company or for any other purpose which may seem directly or indirectly calculated to benefit this company.
- 3.21 To remunerate any person or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares in the company's capital or any debentures, debenture stock or other securities of the company, or in or about the formation or promotion of the company or the conduct of its business.
- 3.22 To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures, letters of credit and other negotiable or transferable instruments.
- 3.23 To undertake and execute any trusts the undertaking whereof may seem desirable, whether gratuitously or otherwise.
- 3.24 To procure the company to be registered or recognised in any country or place.
- 3.25 To promote freedom of contract and to counteract and discourage interference therewith, to join any trade or business federation, union or association, with a view to promoting the company's business and safeguarding the same.
- 3.26 To do all or any of the above things in any part of the world as principal, agent, contractor, trustee or otherwise, and by or through trustees, agents or otherwise and either alone or in conjunction with others.
- 3.27 To distribute any of the property of the company in specie among the members.
- 3.28 To do all such other things as the company may think incidental or conducive to the attainment of the above objects or any of them.

NOTE A: The objects specified in each paragraph of this clause shall, except where otherwise expressed in such paragraph, be in no wise limited or restricted by reference to, or inference from, the terms of any other paragraph.

NOTE B: It is hereby declared that the word "company" in this clause (except where it refers to this company) will be deemed to include any partnership or other body of persons, whether or not incorporated and whether formed in Ireland or elsewhere.

4 The liability of the members is limited.

5 The share capital of the Company is IR£8,400,000 divided into 420,000,000 Ordinary Shares shares of IR2p each.

We, the several persons whose names and addresses are subscribed, wish to be formed into a company in pursuance of this memorandum of association, and we agree to take the number of shares in the capital of the company set opposite our respective names.

Names, Addresses and Descriptions of Subscribers	Number of shares taken by each Subscriber
---	---

Goodbody Subscriber One Limited, 1 Earlsfort Centre, Hatch Street, Dublin 2. Limited Liability Company	One
--	-----

Goodbody Subscriber Two Limited, 1 Earlsfort Centre, Hatch Street, Dublin 2. Limited Liability Company	One
--	-----

Dated 24th May, 1996.

Witness to the above signatures:

Cecilia Kelly,

1 Earlsfort Centre,
Hatch Street,
Dublin 2.

Secretary

Companies Acts, 1963 to 1990

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

**RYANAIR HOLDINGS
PUBLIC LIMITED COMPANY**

Incorporated 5th June, 1996

**(Adopted by Special Resolution passed on 12th May, 1997
and as amended by Ordinary Resolution passed on
15th May, 1997 and Special Resolutions
passed on 14th September, 1999 and 25th September 2001)**

**A & L Goodbody,
Solicitors,
1 Earlsfort Centre,
Hatch Street,
Dublin 2.
TSMA1301.NEW**

Companies Acts, 1963 to 1990

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

**RYANAIR HOLDINGS
PUBLIC LIMITED COMPANY**

Part I - Preliminary	1.	Interpretation
Part II - Share Capital and Rights	2.	Share Capital
	3.	Rights of Shares on issue
	4.	Redeemable preference Shares
	5.	Variation of rights
	6.	Trusts not recognised
	7.	Disclosure of interests
	8.	Allotment of Shares
	9.	Payment of commission
	10.	Payment by instalments
Part III - Share Certificates	11.	Issue of certificates
	12.	Balance and exchange certificates
	13.	Replacement of certificates
Part IV - Lien on Shares	14.	Extent of lien
	15.	Power of sale

	16.	Power to effect transfer
	17.	Proceeds of sale
Part V - Calls on Shares and Forfeiture	18.	Making of calls
	19.	Time of call
	20.	Liability of joint Holders
	21.	Interest on calls
	22.	Amounts treated as calls
	23.	Power to differentiate
	24.	Interest on moneys advanced
	25.	Notice requiring payment
	26.	Power of disposal
	27.	Effect of forfeiture
	28.	Statutory declaration
	29.	Non-Payment of sums due on Share issues
Part VI - Conversion of Shares into Stock	30.	Conversion of Shares into stock
	31.	Transfer of stock
	32.	Rights of stockholders
Part VII - Transfer of Shares	33.	Form of instrument of transfer
	34.	Execution of instrument of transfer
	35.	Refusal to register transfers
	36.	Procedure on refusal
	37.	Closing of transfer books
	38.	Absence of registration fees
	39.	Retention of transfer instruments
	40.	Renunciation of allotment
	41.	Limitations on Share ownership
Part VIII - Transmission of Shares	42.	Death of member
	43.	Transmission on death or bankruptcy
	44.	Rights before registration

Part IX - Alteration of Share Capital	45.	Increase of capital
	46.	Consolidation, sub-division and cancellation of capital
	47.	Fractions on consolidation
	48.	Reduction of capital
	49.	Purchase of own Shares
Part X - General Meetings	50.	Annual general meetings
	51.	Extraordinary general meetings
	52.	Convening general meetings
	53.	Notice of general meetings
Part XI - Proceedings at General Meetings	54.	Quorum for general meetings
	55.	Special business
	56.	Chairman of general meetings
	57.	Directors' and Auditors' right to attend general meetings
	58.	Adjournment of general meetings
	59.	Determination of resolutions
	60.	Amendments to resolutions
	61.	Entitlement to demand poll
	62.	Taking of a poll
	63.	Votes of members
	64.	Chairman's casting vote
	65.	Voting by joint Holders
	66.	Voting by incapacitated Holders
	67.	Default in payment of calls
	68.	Restriction of voting and other rights
	69.	Time for objection to voting
	70.	Appointment of proxy
	71.	Bodies corporate acting by representatives at meetings
	72.	Deposit of proxy instruments

	73.	Effect of proxy instruments
	74.	Effect of revocation of proxy or of authorisation
Part XII - Directors	75.	Number of Directors
	76.	Share qualification
	77.	Ordinary remuneration of Directors
	78.	Special remuneration of Directors
	79.	Expenses of Directors
	80.	Alternate Directors
Part XIII - Powers of Directors	81.	Directors' powers
	82.	Power to delegate
	83.	Appointment of attorneys
	84.	Local management
	85.	Borrowing powers
	86.	Execution of negotiable instruments
	87.	Provision for employees
Part XIV - Appointment and Retirement of Directors	88.	Retirement by rotation
	89.	Deemed reappointment
	90.	Eligibility for appointment
	91.	Appointment of additional Directors
Part XV - Disqualification and Removal of Directors	92.	Disqualification of Directors
	93.	Removal of Directors
Part XVI - Directors' Offices and Interests	94.	Executive offices
	95.	Disclosure of interests by Directors
	96.	Directors' interests
	97.	Restriction on Directors' voting
	98.	Entitlement to grant pensions
Part XVII - Proceedings of Directors	99.	Convening and regulation of Directors' meetings
	100.	Quorum for Directors' meetings

	101.	Voting at Directors' meetings
	102.	Telecommunication meetings
	103.	Chairman of the board of Directors
	104.	Validity of acts of Directors
	105.	Directors' resolutions or other documents in writing
Part XVIII - The Secretary	106.	Appointment of Secretary
Part XIX - The Seal	107.	Use of Seal
	108.	Seal for use abroad
	109.	Signature of sealed instruments
Part XX - Dividends and Reserves	110.	Declaration of dividends
	111.	Scrip dividends
	112.	Interim and fixed dividends
	113.	Payment of dividends
	114.	Deductions from dividends
	115.	Dividends in specie
	116.	Payment of dividends by post
	117.	Dividends not to bear interest
	118.	Payment to Holders on a particular date
	119.	Unclaimed dividends
	120.	Reserves
Part XXI - Accounts	121.	Accounts
Part XXII - Capitalisation of Profits or Reserves	122.	Capitalisation of profits and reserves
	123.	Capitalisation and use of non-distributable profits and reserves
	124.	Implementation of capitalisation issues
Part XXIII - Notices	125.	Notices in writing
	126.	Service of notices
	127.	Notices to members
	128.	Service on joint Holders

	129.	Service on transfer or transmission of Shares
	130.	Signature to notices
	131.	Deemed receipt of notices
Part XXIV - Winding up	132.	Distribution on winding up
	133.	Distribution in specie
Part XXV - Miscellaneous	134.	Minutes of meetings
	135.	Inspection
	136.	Secrecy
	137.	Destruction of records
	138.	Untraced Shareholders
	139.	Indemnity

Companies Acts, 1963 to 1990

A PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

**RYANAIR HOLDINGS
PUBLIC LIMITED COMPANY**

Part I - Preliminary

1. Interpretation

- (a) The regulations contained in Table A in the First Schedule to the Companies Act, 1963 shall not apply to the Company.
- (b) In these Articles the following expressions shall have the following meanings:
- | | |
|----------------------|---|
| "the Acts" | the Companies Acts, 1963 to 1990; |
| "the 1963 Act" | the Companies Act, 1963; |
| "the 1983 Act" | the Companies (Amendment) Act, 1983; |
| "the 1990 Act" | the Companies Act, 1990; |
| "these Articles" | these articles of association as from time to time and for the time being in force; |
| "Associated Company" | any company which for the time being is a subsidiary or a holding company of the Company, is a subsidiary of a holding company of the Company or is a company in which the Company or any of such companies as aforesaid shall for the time being hold shares entitling the holder thereof to |

	exercise at least one-fifth of the votes at any general meeting of such company (not being voting rights which arise only in specified circumstances);
"the Auditors"	the auditors for the time being of the Company;
"the Board"	the board of Directors
"Clear Days"	in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect or is deemed to take effect;
"the Company"	the company whose name appears in the head of these Articles;
"the Directors"	the directors for the time being of the Company;
"EU National"	a national of a member state of the European Union;
"the Group"	the Company and its subsidiaries from time to time and for the time being;
"the Holder"	in relation to any Share, the Member whose name is entered in the Register as the holder of the Share;
"holding company"	in relation to a company, a company of which such company is a subsidiary;
"Interest"	means any interest whatsoever in Shares (of any size) which would be taken into account in deciding whether a notification to the Company would be required under Chapter 2 of Part IV of the 1990 Act;
"The Irish Stock Exchange"	The Irish Stock Exchange Limited or any successor thereto;
"Member"	a member of the Company as defined in Section 31 of the 1963 Act;
"Nasdaq"	the national association of securities dealers automated quotation national market system;
"the Office"	the registered office for the time being of the Company;

"Ordinary Shares"	ordinary Shares of IR4p each in the capital of the Company;
"the Register"	the register of Members to be kept by the Company as required by the Acts;
"the Seal"	the common seal of the Company or (where relevant) the official securities seal kept by the Company pursuant to the Acts;
"the Secretary"	any person appointed to perform the duties of the Secretary of the Company;
"Shares"	means any Shares (whether issued or unissued) in the capital of the Company
"the State"	the Republic of Ireland;
"Stock Exchange Nominee"	the meaning given to that expression by Section 1 of the Companies (Amendment) Act, 1977;
"The Stock Exchanges"	The Irish Stock Exchange, Nasdaq and any other exchange on which Shares are listed from time to time;
"subsidiary"	a subsidiary within the meaning of Section 155 of the 1963 Act;
"the United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"warrants to subscribe"	means a warrant or certificate or similar document indicating the right of the registered holder thereof (other than under a share option scheme for employees) to subscribe for Shares in the Company.

- (c) Expressions in these Articles referring to writing shall be construed, unless the contrary intention appears, as including references to printing, lithography, photography and any other modes of representing or reproducing words in a visible form. Expressions in these Articles referring to execution of any document shall include any mode of execution whether under seal or under hand.

- (d) Unless specifically defined herein or the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Acts but excluding any statutory modification thereof not in force when these Articles become binding on the Company.
- (e) The headings and captions included in these Articles are inserted for convenience of reference only and shall not be considered a part of or affect the construction or interpretation of these Articles.
- (f) References in these Articles to any enactment or any section or provision thereof shall mean such enactment, section or provision as the same may be amended and may be from time to time and for the time being in force.
- (g) In these Articles the masculine gender shall include the feminine and neuter, and vice versa, and the singular number shall include the plural and vice versa, and words importing persons shall include firms and companies.
- (h) References in these Articles to pounds or pence or IR£ or IRp shall mean the currency, for the time being, of the State.
- (i) References in these Articles to dollars or cents or \$ shall mean the currency for the time being of the United States of America.

Part II - Share Capital and Rights

2. Share Capital

The share capital of the Company is ~10,668,000 divided into 840,000,000 Ordinary Shares of ~ 0.0254 each.

3. Rights of Shares on issue

Without prejudice to any special rights previously conferred on the Holders of any existing Shares or class of Shares and subject to the provisions of the Acts, any Share may be issued with such rights or restrictions as the Company may by ordinary resolution determine.

4. Redeemable Shares

Subject to the provisions of the Acts, any Shares may be issued on the terms that they are, or at the option of the Company are, liable to be redeemed on such terms and in such manner as the Company may by special resolution determine.

5. Variation of rights

- (a) Whenever the share capital is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the consent in writing of the Holders of three-fourths in nominal amount of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the Holders of the Shares of the class (but not otherwise), and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. The quorum at any such separate general meeting, other than an adjourned meeting, shall be two persons holding or representing by proxy at least one-third in nominal amount of the issued Shares of the class in question and the quorum at an adjourned meeting shall be one person holding Shares of the class in question or his proxy.
- (b) The rights conferred upon the Holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by these Articles or the terms of the issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith or subordinate thereto.

6. Trusts not recognised

Except as required by law, no person shall be recognised by the Company as holding any Share upon any trust, and the Company shall not be bound by or be compelled in anyway to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or any interest in any fractional part of a Share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any Share except an absolute right to the entirety thereof in the Holder.

7. Disclosure of Interests

- (a) For the purposes of this Article 7:-

"Deemed Voting Concert Party Interest" means an agreement or arrangement between two or more persons with respect to, or to the exercise of, voting rights attaching to Shares and which is likely to result in those rights being exercised so as to influence or to control the policy of the Company or the management of its affairs which the Directors have deemed to be a Deemed Voting Concert Party Interest for the purposes of this Article 7 and, where the Directors so resolve, each of the persons who is party to such agreement or arrangement shall be deemed (for the purposes of this Article 7) to be interested in all the Shares to which the voting rights in question are attached and, in this definition, references to an

arrangement include references to an understanding or mutual expectation, whether formal or informal and whether or not legally binding.

"Disclosure Notice" means a notice served pursuant to Article 7(b) below;

"Interest" means an interest (of any size) in the Relevant Share Capital which would be taken into account in deciding whether a notification to the Company would be required under Chapter 2 of Part IV of the 1990 Act but shall for all purposes include (the *"Included Interests"*) (i) rights to subscribe for or convert into, or entitlements to acquire rights to subscribe for or convert into, shares which would on issue or conversion (as the case may be) be comprised in the Relevant Share Capital; (ii) the interests referred to in Section 78(1)(a), (c) and (g) of the 1990 Act except those of a bare or custodian trustee and of a simple trustee and (iii) any Deemed Voting Concert Party Interest; and *"interested"* shall be construed accordingly;

"Relevant Share Capital" means the relevant share capital of the Company (as that expression is defined in Section 67(2) of the 1990 Act);

"Share" means any share comprised in Relevant Share Capital.

- (b) The Directors may by notice in writing require any Member, or other person appearing to be interested or to have been interested in Shares, to disclose to the Company in writing such information as the Directors shall require relating to the ownership of or any Interest in Shares as lies within the knowledge of such Member or other person (supported if the Directors so require by a statutory declaration and/or by independent evidence) including (without prejudice to the generality of the foregoing):-
- (i) any information which the Company is entitled to seek pursuant to Section 81 of the 1990 Act; or
 - (ii) any information which the Directors shall deem necessary or desirable in order to determine whether any Shares are Affected Shares (as defined in Article 41) or are capable of being Affected Shares (as so defined) or whether it is necessary to take steps to protect any Licence (as so defined) or otherwise in relation to the application or potential application of Article 41.
- (c) Where the Member on which a Disclosure Notice is served is a Depository (as defined in Article 41) acting in its capacity as such, the obligations of the Depository as a Member pursuant to this Article shall be limited to disclosing to the Company in accordance with this Article such information relating to the ownership of or Interests in the Shares in question as has been recorded by it pursuant to the terms entered into between the Depository and the Company

provided that nothing in this Article shall in any other way restrict the powers of the Directors under this Article.

The Directors may give any number of Disclosure Notices pursuant to Article 7(b) above to the same Member or other person in respect of the same Shares.

- (e) The Directors may serve notice pursuant to the terms of this Article irrespective of whether or not the person on whom it shall be served may be dead, bankrupt, insolvent or otherwise incapacitated and no such incapacity or any unavailability of information or inconvenience or hardship in obtaining the same shall be a satisfactory reason for failure to comply with any such notice, provided that if the Directors in their absolute discretion think fit, they may waive compliance in whole or in part with any notice given under this Article in respect of a Share in any case of bona fide unavailability of information or genuine hardship or where they otherwise think fit but no such waiver shall prejudice or affect in any way any non-compliance not so waived whether by the person concerned or any other person appearing to the Directors to be interested in the Shares or by any person to whom a notice may be given at any time.
- (f) The provisions of Articles 125 to 131 inclusive shall apply to the service of notices required by this Article to be served.
- (g) Any resolution or determination of, or decision or exercise of any discretion or power by the Directors under or pursuant to the provisions of this Article shall be final and conclusive and things done by or on behalf of, or on the authority of, the Directors pursuant to the foregoing provisions of this Article shall be conclusive and binding on all persons concerned and shall not be open to challenge, whether as to validity or otherwise on any ground whatsoever. The Directors shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this Article.
- (h) The provisions of this Article are in addition to, and do not limit, any other right or power of the Company or the Directors, including any right vested in the Company or the Directors by the Acts.

8. Allotment of Shares

- (a) The unissued Shares shall be at the disposal of the Directors and (subject to the provisions of these Articles and the Acts) they may allot, grant options over, deal with or otherwise dispose (with or without conferring a right of renunciation) of them on such terms and conditions and at such times as they may consider to be in the best interests of the Company and the Members but so that no Share shall be issued at a discount and so that, where Shares are to be allotted and issued, the amount payable on application on each Share shall not be less than one-quarter of the nominal amount of the Share and the whole of any premium payable thereon.

- (b) Without prejudice to the generality of the powers conferred on the Directors by the other provisions of this Article, the Directors may grant from time to time options to subscribe for unallotted Shares in the capital of the Company to persons in the service or employment of or Directors of the Company or any subsidiary of the Company on such terms and subject to such conditions as may be approved from time to time by the Directors or any committee thereof appointed by the Directors for the purpose of such approval.
- (c) The Company may issue warrants to subscribe (by whatever name they are called) to any person to whom the Company has granted the right to subscribe for Shares in the Company (other than under a share option scheme for employees) certifying the right of the registered holder thereof to subscribe for Shares in the Company upon such terms and conditions as those upon which the right may have been granted.

9. Payment of commission

The Company may exercise the powers of paying commissions conferred or permitted by the Acts. Subject to the provisions of the Acts, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid Shares or partly in one way and partly in the other. On any issue of Shares the Company may also pay such brokerage as may be lawful.

10. Payment by instalments

If by the conditions of allotment of any Share the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment when due shall be paid to the Company by the person who for the time being shall be the Holder of the Share.

Part III - Share Certificates

11. Issue of certificates

Every Member (except a Stock Exchange Nominee in respect of whom the Company is not by law required to complete and have ready for delivery a certificate) shall be entitled without payment to receive within two months after allotment or lodgement of a transfer to him of the Shares in respect of which he is so registered (or within such other period as the conditions of issue shall provide) one certificate for all the Shares of each class held by him or several certificates each for one or more of his Shares upon payment for every certificate after the first of such reasonable out of pocket expenses as the Directors may determine provided that the Company shall not be bound to issue more than one

certificate for Shares held jointly by several persons and delivery of a certificate to one joint Holder shall be a sufficient delivery to all of them. The Company shall not be bound to register more than four persons as joint Holders of any Share (except in the case of executors or trustees of a deceased Member). Every certificate shall be sealed with the Seal and shall specify the number, class and distinguishing number (if any) of the Shares to which it relates and the amount or respective amounts paid up thereon.

12. Balance and exchange certificates

- (a) Where some only of the Shares comprised in a share certificate are transferred the old certificate shall be cancelled and the new certificate for the balance of such Shares shall be issued in lieu without charge.
- (b) Any two or more certificates representing Shares of any one class held by any Member at his request may be cancelled and a single new certificate for such Shares issued in lieu, without charge unless the Directors otherwise determine. If any Member shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more Share certificates representing such Shares in such proportions as he may specify, the Directors may comply, if they think fit, with such request, subject to the payment by him of such charge as may be determined by the Directors.

13. Replacement of certificates

If a share certificate is defaced, worn out, lost, stolen or destroyed, it may be replaced on such terms (if any) as to evidence and indemnity and payment of any exceptional expenses incurred by the Company as the Directors may determine but otherwise free of charge, and (in the case of defacement or wearing out) on delivery up of the old certificate.

Part IV - Lien on Shares

14. Extent of lien

The Company shall have a first and paramount lien on every Share (not being a fully paid Share) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that Share. The Directors, at any time, may declare any Share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a Share shall extend to all moneys payable in respect of it.

15. Power of sale

The Company may sell in such manner as the Directors determine any Share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen Clear Days after notice demanding payment, and stating that if the notice is not complied with the Shares may be sold, has been given to the Holder of the Share or to the person entitled to it by reason of the death or bankruptcy of the Holder.

16. Power to effect transfer

To give effect to a sale the Directors may take such steps as the Directors consider are necessary or desirable in order to effect such sale and, for this purpose, may authorise some person to execute an instrument of transfer of the Shares sold to, or in accordance with the directions of, the purchaser. The transferee shall be entered in the Register as the Holder of the Shares comprised in any such transfer and he shall not be bound to see to the application of the purchase moneys nor shall his title to the Shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale, and after the name of the transferee has been entered in the Register, the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

17. Proceeds of sale

The net proceeds of the sale, after payment of the costs relating thereto, shall be applied in payment of so much of the sum for which the lien exists as is presently payable and any residue (upon surrender to the Company for cancellation of the certificate for the Shares sold or an indemnity in a form which is satisfactory to the Directors and subject to a like lien for any moneys not presently payable as existed upon the Shares before the sale) shall be paid to the person entitled to the Shares at the date of the sale.

Part V - Calls on Shares and Forfeiture

18. Making of calls

Subject to the terms of allotment, the Directors may make calls upon the Members in respect of any moneys unpaid on their Shares and each Member (subject to receiving at

least fourteen Clear Days' notice specifying when and where payment is to be made) shall pay to the Company as required by the notice the amount called on his Shares. A call may be required to be paid by instalments. A call may be revoked before receipt by the Company of a sum due thereunder, in whole or in part, and payment of a call may be postponed in whole or in part. A person upon whom a call is made shall remain liable for such call notwithstanding the subsequent transfer of the Shares in respect of which the call was made.

19. Time of call

A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.

20. Liability of joint Holders

The joint Holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

21. Interest on calls

If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due until it is paid at the rate fixed by the terms of allotment of the Share or in the notice of the call but the Directors may waive payment of the interest wholly or in part.

22. Amounts treated as calls

An amount payable in respect of a Share on allotment or at any fixed date, whether in respect of nominal value or by way of premium, shall be deemed to be a call and if it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified.

23. Power to differentiate

Subject to the terms of allotment, the Directors may make arrangements on the issue of Shares for different terms to apply as between the Holders in relation to the amounts and times of payment of calls on their Shares.

24. Interest on moneys advanced

The Directors, if they think fit, may receive from any Member willing to advance same all or any part of the moneys uncalled and unpaid upon any Shares held by him, and upon all or any of the moneys so advanced may pay (until the same would, but for such advance, become payable) interest at such rate, not exceeding (unless the Company in general meeting otherwise directs) 15 per cent. per annum, as may be agreed upon between the Directors and the Member paying such sum in advance.

25. Notice requiring payment

- (a) If a Member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors, at any time thereafter during such times as any part of the call or instalment remains unpaid, may serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued.

The notice shall name a further day (not earlier than the expiration of fourteen Clear Days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the Shares in respect of which the call was made will be liable to be forfeited.

- (c) If the requirements of any such notice as aforesaid are not complied with then, at any time thereafter before the payment required by the notice has been made, any Shares in respect of which the notice has been given may be forfeited by a resolution of the Directors to that effect. The forfeiture shall include all dividends or other moneys payable in respect of the forfeited Shares and not paid before forfeiture. The Directors may accept a surrender of any Share liable to be forfeited hereunder.
- (d) On the trial or hearing of any action for the recovery of any money due for any call it shall be sufficient to prove that the name of the Member sued is entered in the Register as the Holder, or one of the Holders, of the Shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the Member sued, in accordance with these Articles, and it shall not be necessary to prove the appointment of the Directors who made such call nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

26. Power of disposal

A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale or disposal the forfeiture may be

cancelled on such terms as the Directors think fit. Where for the purposes of its disposal such a Share is to be transferred to any person, the Directors may take such steps as the Directors consider are necessary or desirable in order to effect such sale and, for this purpose, may authorise some person to execute an instrument of transfer of the Share to that person. The Company may receive the consideration, if any, given for the Share on any sale or disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed of and thereupon he shall be registered as the Holder of the Share and shall not be bound to see to the application of the purchase moneys, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share and after the name of the transferee has been entered in the Register the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

27. Effect of forfeiture

A person whose Shares have been forfeited shall cease to be a Member in respect of the forfeited Shares, but nevertheless shall remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the Shares, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the Shares.

28. Statutory declaration

A statutory declaration that the declarant is a Director or the Secretary of the Company, and that a Share in the Company has been duly forfeited on the date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

29. Non-payment of sums due on Share issues

The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the nominal value of the Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Part VI - Conversion of Shares into Stock

30. Conversion of Shares into stock

The Company by ordinary resolution may convert any paid up Shares into stock and reconvert any stock into paid up Shares of any denomination.

31. Transfer of stock

The holders of stock may transfer the same or any part thereof, in the same manner, and subject to the same regulations, as and subject to which the Shares from which the stock arose might have been transferred before conversion, or as near thereto as circumstances admit; and the Directors may fix from time to time the minimum amount of stock transferable but so that such minimum shall not exceed the nominal amount of each Share from which the stock arose.

32. Rights of stockholders

- (a) The holders of stock shall have, according to the amount of stock held by them, the same rights, privileges and advantages in relation to dividends, voting at meetings of the Company and other matters as if they held the Shares from which the stock arose, but no such right, privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which, if existing in Shares, would not have conferred that right, privilege or advantage.
- (b) Such of these Articles as are applicable to paid up Shares shall apply to stock, and the words "Share" and "Shareholder" therein shall include "stock" and "stockholder".

Part VII - Transfer of Shares

33. Form of instrument of transfer

Subject to such of the restrictions of these Articles and to such of the conditions of issue or transfer as may be applicable, the Shares of any Member may be transferred by instrument in writing in any usual or common form or any other form which the Directors may approve.

34. Execution of instrument of transfer

The instrument of transfer of any Share shall be executed by or on behalf of the transferor and, in cases where the Share is not fully paid, by or on behalf of the transferee. The

transferor shall be deemed to remain the Holder of the Share until the name of the transferee is entered in the Register in respect thereof.

35. Refusal to register transfers

- (a) The Directors in their absolute discretion and without assigning any reason therefor may decline to register any transfer of a Share which is not fully paid save and however, that in the case of such a Share which is admitted to listing on any of The Stock Exchanges such restriction shall not operate so as to prevent dealings in such a Share of the Company from taking place on an open and proper basis.
- (b) The Directors shall not register any person as a Holder of any Share in the Company (other than an allottee under an issue of Shares by way of capitalisation of profits or reserves made pursuant to these Articles or a Stock Exchange Nominee or a Depository (as defined in Article 41)) unless such person has furnished to the Directors a declaration (in such form as the Directors may from time to time prescribe) signed by him or on his behalf (or, in the case of a corporation, sealed by the corporation or signed on its behalf by an attorney or duly authorised officer of the corporation), together with such evidence as the Directors may require of the authority of any signatory on behalf of such person, stating (i) the name and nationality of any person who has an Interest in any such Share and (if such declaration or the Directors so require) the nature and extent of the Interest of each such person or (ii) such other information as the Directors may from time to time determine. The Directors shall in any case where they may consider it appropriate require such person to provide such evidence or give such information as to the matters referred to in the declaration as they think fit. The Directors shall decline to register any person as a Holder of a Share if such further evidence or information is not provided or given. The Directors shall, so long as they act reasonably and in good faith, be under no liability to the Company or to any other person if they register any person as the Holder of a Share on the basis of a declaration or other evidence or information provided pursuant to this Article 35 which declaration, evidence or information appears on its face to be correct.
- (c) The Directors may decline to recognise any instrument of transfer unless:-
 - (i) the instrument of transfer is accompanied by the certificate of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer (save where the transferor is a Stock Exchange Nominee);
 - (ii) the instrument of transfer is in respect of one class of Share only;

- (iii) the instrument of transfer is in favour of not more than four transferees; and
 - (iv) it is lodged at the Office or at such other place as the Directors may appoint.
- (d) The transfer of any Restricted Share (as defined in Article 41) shall be subject to the approval of the Directors if, in the opinion of the Directors, such Restricted Share would upon transfer remain a Restricted Share and the Directors may refuse to register the transfer of a Restricted Share if it would continue to be a Restricted Share following such transfer.

36. Procedure on refusal

If the Directors refuse to register a transfer then, within two months after the date on which the transfer was lodged with the Company, they shall send to the transferee notice of the refusal.

37. Closing of transfer books

The registration of transfers of Shares either generally or in respect of any class of Shares may be suspended at such times and for such periods (not exceeding thirty days in each year) as the Directors may determine.

38. Absence of registration fees

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any Share.

39. Retention of transfer instruments

The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the Directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.

40. Renunciation of allotment

Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any Shares by the allottee in favour of some other person.

41. Limitations on Share Ownership

(A) The purpose of this Article 41 is to enable the Directors to ensure that, where it is necessary for Shares to be owned and controlled by persons of a particular nationality or nationalities so as to ensure that the Company or any of its subsidiaries can continue to enjoy the benefit of any Licence, the Shares are so owned and controlled.

(B) In this Article 41 the following expressions shall have the following meanings:-

"Affected Holder"

(i) any natural person who is not a national of a member state of the European Union (ii) any body corporate or similar entity which has not been incorporated in and the centre of management and control of which is not in a member state of the European Union (iii) a government or governmental department, agency or body, otherwise than of a member state of the European Union, (iv) any municipal, local, statutory or other authority or any undertaking or body formed or established in any country other than a member state of the European Union, or (v) any person who (a) falls within any of the foregoing paragraphs of this definition and (b) would be taken to be interested in any Shares pursuant to the provisions of Section 77 of the 1990 Act if a body corporate were interested in those Shares;

"Affected Share"

any Share in which an Affected Holder has a direct or indirect Interest (through Depositary Shares or otherwise) or which is otherwise declared by the Directors to be an Affected Share pursuant to these Articles and which has not been removed from the Separate Register;

"Affiliate"

in the case of an individual Holder, his spouse, child or grandchild and, in the case of any Holder which is a body corporate, a wholly owned subsidiary of such body corporate, a body corporate of which such body corporate is a wholly owned subsidiary or a wholly owned subsidiary of that body corporate, in the case of a general partnership, any partner of such partnership, any limited or general partner or member of any such partner (or any shareholder, member or partner of such entity) and, in the case of a limited partnership, any limited or general partner of such limited partnership, any limited or general partner or member of any such limited or general partner (or any shareholder, member or partner of such entity);

"Depository"	a custodian or other person approved by the Directors appointed under contractual arrangements with the Company (or a nominee for such custodian or other person) whereby such custodian or other person holds or is interested in Shares and which issues Depository Receipts representing Depository Shares evidencing interests in Deposited Shares;
"Depository Receipts"	receipts or similar documents of title issued by or on behalf of a Depository representing Depository Shares;
"Depository Shares"	means shares issued by a Depository represented by Depository Receipts and evidencing interests in Deposited Shares;
"Deposited Shares"	means the Shares held by a Depository or in which such Depository is interested in its capacity as a Depository;
"Intervening Act"	means the refusal, withholding, suspension or revocation of any Licence applied for, granted to or enjoyed by the Company or any subsidiary of the Company, or the imposition of any conditions or limitations upon any such Licence which materially inhibit the exercise thereof;
"Licence"	any licence, permit, consent or privilege of any kind held or enjoyed from time to time by the Company or any of its subsidiaries which enables an air service to be operated including, without prejudice to the generality of the foregoing, any air operators certificate issued pursuant to the Air Navigation (Air Operator Certificates) Order, 1993 or any air operating licence issued pursuant to the Irish Air Navigation and Transport Act, 1965 (Section 8) Regulations, 1993;
"Permitted Maximum"	means any aggregate number of Shares which the Directors have specified as the maximum aggregate permitted number of Affected Shares pursuant to paragraph (H)(ii)(c) of this Article;

"Restricted Share" means any Share or Depositary Share which shall be treated as a restricted share pursuant to sub-paragraph (H) of this Article;

"Restricted Share Disposal" means a disposal or disposals of Interests in an Affected Share (including Interests held through Depositary Shares) such that the Affected Share ceases to be an Affected Share;

"Restricted Share Notice" means a notice in writing served in accordance with the provisions of paragraph (I) of this Article;

"Separate Register" the separate register to be maintained in accordance with Article 41(c);

- (C) A Separate Register, apart from the Register, shall be maintained of all Affected Shares in such format and containing such information as the Directors shall determine from time to time. The particulars entered on the Separate Register in respect of any Share shall comprise, in addition to the identity of the Holder or joint Holders, such information as has been requested by and supplied to the Directors (regarding, where appropriate, the name and nationality of any person having an Interest in such Share, the nature and extent of the Interest of each such person and the date such Interest was acquired) or, if no such information has been supplied, such information as the Directors consider appropriate. The Directors may from time to time (if they so determine) cause to be entered in the Separate Register particulars of any Share in respect of which neither the Holder nor any joint Holder has made a declaration as to whether or not the Share is an Affected Share and all or some specified number of Shares in respect of which Depositary Shares have been issued by a Depositary (and any number so specified may from time to time be varied by the Directors).
- (D) Each Holder of a Share which has not been acknowledged to be an Affected Share who becomes aware that such Share is or has become an Affected Share shall forthwith notify the Company accordingly.
- (E) Whether or not a Disclosure Notice pursuant to Article 7 has been given, the Directors may, and if at any time it appears to the Directors that a Share particulars of which have not been entered in the Separate Register may be an Affected Share shall, give notice in writing to the Holder or Holders of any Share

or to any other person who appears to them to be interested in that Share requiring him to show to their satisfaction that such a Share is not an Affected Share. Any person on which such notice has been served and any other person who is interested in such Share may within twenty-one days thereafter (or such longer period as the Directors may consider reasonable) make representations to the Directors as to why such Share should not be treated as an Affected Share but, if, after considering such representations and such other information as seems to them relevant, the Directors are not so satisfied, the Directors shall declare such Share to be an Affected Share and it shall thereupon be treated as such.

- (F)
 - (i) The Directors shall be entitled to treat any or all Shares held by a Depositary as Affected Shares unless evidence which is satisfactory to the Directors, in their sole discretion, showing that such Shares should not be treated as Affected Shares because the holders of some or all of the Depositary Receipts evidencing Depositary Shares are not Affected Holders is produced to the Directors;
 - (ii) A person who has an Interest in Shares as a consequence of having an Interest in Depositary Receipts evidencing Depositary Shares shall be treated as only having an Interest in the number of Shares represented by such Depositary Shares evidenced by such Depositary Receipts, unless there is some reason why such person should be regarded as having an Interest in any other Shares represented by Depositary Shares evidenced by Depositary Receipts.
 - (iii) The Directors shall be entitled to assume that any holder of Depositary Receipts who has a registered address in the United States of America is or holds such Depositary Receipts on behalf of a national of the United States of America and that any holder of Depositary Receipts who has a registered address in Canada is or holds such Depositary Receipts on behalf of a national of Canada.
- (G) The Directors shall remove from the Separate Register any information set out therein regarding any Affected Shares if satisfactory evidence that such Shares have ceased to be Affected Shares or should no longer be treated as Affected Shares has been produced to them (in such format as they shall specify) and such Shares shall cease to be regarded as Affected Shares once such information has been removed from the Separate Register. The decision of the Directors in this regard shall be at their absolute discretion and any decision made or any action taken by the Directors shall be without prejudice to their entitlement to take any other action which they are entitled to take pursuant to these Articles.

- (H) (i) The provisions of sub-paragraph (ii) below shall apply where the Directors determine that it is necessary to take steps in order to protect any Licence or the status of the Company or any of its subsidiaries as an airline or air carrier by reason of the fact that:
- (a) an Intervening Act has taken place;
 - (b) the Company or any subsidiary of the Company receives a notice or direction from any governmental body or any other body regulating the provision of air transport services to the effect that an Intervening Act is imminent, threatened or intended;
 - (c) the aggregate number of Affected Shares particulars of which are entered in the Separate Register is such that an Intervening Act may occur; or
 - (d) the ownership or control of the Company is otherwise such that an Intervening Act is imminent, threatened or intended.
- (ii) Where a determination has been made under sub-paragraph (i) of this paragraph, the Directors shall take such of the following steps, either immediately upon such determination being made or at any time thereafter, as seems to them necessary or desirable to overcome, prevent or avoid an Intervening Act:
- (a) the Directors may remove any Director before the expiration of his term of office or change the Chairman of the Board;
 - (b) the Directors may resolve to seek to identify those Shares, Depositary Shares evidencing an interest in such Shares or Affected Shares which gave rise to the determination, or would in their sole opinion, if details thereof had been entered on the Separate Register at the relevant time, have given rise to a determination and to deal with such Shares or Affected Shares (or any Depositary Shares evidencing an interest in such Shares) as Restricted Shares;
 - (c) the Directors may specify a Permitted Maximum of Affected Shares or vary any Permitted Maximum previously specified, provided that, subject to paragraph (H) (iii) of this Article, at no time shall the Permitted Maximum be less than 40 per cent of the aggregate number of issued Shares and, at any time when the aggregate number of Affected Shares of which particulars are entered in the Separate Register exceeds the Permitted Maximum applying for the time being, the Directors may deal

with such of the Affected Shares as they decide are in excess of the Permitted Maximum or Depository Shares evidencing an interest in such Shares as Restricted Shares.

(iii) Notwithstanding the provisions of paragraphs (H)(i) and (ii) of this Article, the Directors may take the following action if there is a change in any applicable law or the Company or any subsidiary of the Company receives any direction, notice or requirement of any state, authority or person which, in either case, necessitates such action in order to overcome, prevent or avoid an Intervening Act:-

(a) the Directors may specify that the Permitted Maximum referred to in paragraph (H)(ii)(c) of this Article shall be set at such level below 40 per cent as they consider necessary in order to overcome, prevent or avoid such Intervening Act;

(b) the Directors may resolve that any Affected Shares held by any Holder or Holders or any Depository Shares evidencing an interest in such Shares shall be treated as Restricted Shares for the purposes of this Article 41.

(I) The Directors shall give a Restricted Share Notice to the registered Holder of any Share (or the registered holder of a Depository Receipt evidencing Depository Shares) which they determine to deal with as a Restricted Share and to any other person who appears to them to be interested in that Share (or Depository Receipt evidencing Depository Shares) and shall state which of the provisions of paragraph (J) of this Article (all of which shall be set out in the Notice) are to be applied forthwith in respect of such Restricted Share. The Directors shall be entitled from time to time to serve further Restricted Share Notices in respect of any Restricted Share applying further provisions of paragraph (J) of this Article. The registered Holder of a Share or the registered holder of a Depository Share in respect of which a Restricted Share Notice has been served or any other person on whom a Restricted Share Notice in respect of that Share or Depository Share has been served may make representations to the Directors as to why such Share or Depository Share should not be treated as a Restricted Share and if, after considering such representations and such other information as seems to them relevant, the Directors consider that the Share or Depository Share should not be treated as a Restricted Share they will forthwith withdraw the Restricted Share Notice served in respect of such Share or Depository Share and the provisions of paragraph (J) shall no longer apply to it. For the avoidance of doubt, any Share or Depository Share which the Directors determine to deal with as a Restricted Share shall continue to be a Restricted Share unless and until the Directors withdraw the Restricted Share Notice relating thereto.

- (J) (i) A registered Holder of a Restricted Share or, where relevant, the registered holder of a Depositary Receipt evidencing Depositary Shares upon whom a Restricted Share Notice has been served or, where relevant, a Depositary shall not (if such Restricted Share Notice specified that the provisions of this sub-paragraph (i) are to apply thereto) be entitled, in respect of such Share or Depositary Share evidenced by the relevant Depositary Receipt, to attend or to speak at any general meeting of the Company or any meeting of the Holders of any class of Shares or to vote at any such meeting and the rights to attend (whether in person or by proxy), to speak and to demand and vote on a poll which, but for the provisions of this sub-paragraph (J)(i), would have attached to the Restricted Share shall vest in the chairman of such meeting. The manner in which the chairman exercises or refrains from exercising any such rights shall be entirely at his discretion. The chairman of any such meeting as aforesaid shall be informed by the Directors of any Share or Depositary Share becoming or being deemed to be a Restricted Share.
- (ii) The persons on whom a Restricted Share Notice has been served shall (if such Restricted Share Notice specifies that the provisions of this sub-paragraph (J)(ii) are to apply thereto), within twenty-one days of receiving such Restricted Share Notice (or such longer period as may in such Notice be prescribed by the Directors), make a Restricted Share Disposal so that no Affected Holder has an Interest in that Share (including an Interest held through Depositary Shares) the subject of the relevant Restricted Share Notice.
- (K) If a Restricted Share is not transferred by the Holder thereof in accordance with a Restricted Share Notice requiring such Restricted Share to be transferred within the required period from the date of the service thereof, then such Restricted Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit at the best price reasonably obtainable at the relevant time and in the relevant circumstances, so that the Share, which is the subject of the Restricted Share Notice, thereafter ceases to be an Affected Share. Where for the purposes of such disposal, such Restricted Share is to be transferred to any person, the Directors may authorise some person to execute an instrument of transfer of the Restricted Share to that person or take such other steps as the Directors may consider necessary or desirable to effect such transfer. The Company may receive the consideration, if any, given for the Restricted Share on any sale or disposal thereof and the transferee shall be registered as the Holder or holder of the Restricted Share and shall not be

concerned to see to the application of the purchase money, nor shall his title to the Restricted Share be affected by any irregularity or invalidity in the proceedings in reference to the disposal of the Restricted Share. The net proceeds of the disposal, after payment of the costs, shall be paid to the former Holder or holder of the Restricted Share upon surrender to the Company for cancellation of the certificate for the Restricted Share sold or such other evidence of title to the Restricted Share sold as the Directors consider appropriate;

- (L) A Restricted Share Notice may be withdrawn by the Directors at any time before the relevant Restricted Shares are transferred in accordance with its terms;
- (M) (i) Subject to sub-paragraph (ii), in deciding which Shares are to be dealt with as Restricted Shares the Directors shall be entitled to have regard to the Interests in Affected Shares which in their sole opinion have directly or indirectly caused the determination under sub-paragraph(H) of this Article but subject thereto shall, so far as practicable, firstly treat as Restricted Shares those Affected Shares in respect of which no declaration as to whether or not such Shares are Affected Shares has been made by the Holder or joint Holder thereof and where information requested as to the nationality of parties having an Interest in such Shares is not provided within 14 days of a request being made under Article 7 or in accordance with Article 44(E), as the case may be, and thereafter shall have regard to the chronological order in which particulars of Affected Shares have been, or are to be, entered in the Separate Register (and accordingly treat as Restricted Shares those Affected Shares which have been acquired, or details of which have been entered in the Separate Register, most recently) save in circumstances where such criterion would in the sole opinion of the Directors be inequitable, in which event the Directors shall apply such other criterion or criteria as they may, in their absolute discretion, consider appropriate.
- (ii) Subject to the provisions of this sub-paragraph (ii), the Directors shall not have regard to any transfer of Affected Shares by an Affected Holder to an Affiliate of such Affected Holder in considering the chronological order in which particulars of Affected Shares have been entered in the Separate Register for the purposes of sub-paragraph (i) and, for such purpose, shall only have regard to the date upon which particulars of Affected Shares were first entered in the Separate Register until such time as they are transferred to a party who is

not an Affiliate of the Affected Holder of such Affected Shares. The provisions of this sub-paragraph (ii) are without prejudice to, and shall not affect, the ability of the Directors to apply criteria other than the chronological order in which particulars of Affected Shares have been entered in the Separate Register where the latter criterion would be inequitable in determining which Affected Shares are to be treated as Restricted Shares pursuant to sub-paragraph (i). The Directors may require any Affected Holder to produce evidence, to their satisfaction, that any transfer of Affected Shares by or to such Affected Holder has been a transfer by an Affected Holder to an Affiliate of such Affected Holder for the purposes of this sub-paragraph (ii) and, where the Directors so request, any such transfer shall not be treated as a transfer by an Affected Holder to an Affiliate of such Affected Holder for the purposes of this sub-paragraph (ii) until such evidence has been produced to the Directors.

- (N) Notwithstanding any other provision of these Articles, the Directors shall not be obliged to serve any notice required under this Article upon any person if they do not know either his identity or address. The absence of service in such circumstances as aforesaid and any accidental error in or failure to give any notice to any person upon whom notice is required to be served under this Article shall not prevent the implementation of or invalidate any procedure under this Article.
- (O) For the purposes of this Article a person who has an Interest in Shares the registered holder of which is a Stock Exchange Nominee (other than an Interest arising solely as a result of a Stock Exchange Nominee being the registered holder of such Shares) shall not (in the absence of any other reason why he should be so treated) be deemed to have an Interest in the remainder of the Shares held by such Stock Exchange Nominee.
- (P) Any resolution, decision, determination or exercise of any discretion or power by the Directors pursuant to this Article 41 shall be final and conclusive and they shall not be obliged to give any reasons therefor. The Directors shall be under no liability to the Company or any other person, so long as they act in good faith, for any failure to exercise any of the powers exercisable by them pursuant to this Article or for any erroneous determination made by them in exercise of their powers pursuant to this Article. Any disposal or transfer made, or other thing done, by or on behalf of, or on the authority of the Directors or any of them pursuant to this Article shall be conclusive and binding on all persons concerned and shall not be open to challenge on any ground whatsoever. Without prejudice to the generality of the foregoing, the Directors shall, so long as they act reasonably and in good faith, be under no liability to the Company or any other person for failing to treat any Share as an Affected Share or

any person as an Affected Holder in accordance with the provisions of this Article and neither shall any of the Directors be liable to the Company or any other person if, having acted reasonably and in good faith, they determined erroneously that any Share is a Affected Share or any person is an Affected Holder or, on the basis of such determination or resolution of the Directors, they perform or exercise (or purport to perform or exercise) their duties, powers, rights or discretions under Article 41 in relation to such Share.

- (Q) The provisions of Articles 125 to 131 shall apply, mutatis mutandis, to service of notices upon any Member pursuant to this Article. Any notice required by this Article to be served upon a person who is not a Member or upon a person who is a Member but to whom Article 127 applies shall be deemed validly served if it is sent through the post in a pre-paid cover addressed to that person at the address (or if more than one, at one of the addresses), if any, at which the Directors believe him to be resident or carrying on business. Service shall in such a case be deemed to be effected at the expiration of twenty-four hours (or, where second class mail is employed, forty-eight hours) after the time when the cover containing the same is posted and in proving such service it shall be sufficient that such cover was properly addressed, stamped and posted.
- (R) At any time when the Directors have resolved to specify a Permitted Maximum or deal with any Shares as Restricted Shares (other than on the first occasion when they resolve to specify a Permitted Maximum following the adoption of these Articles) they shall publish in at least one national newspaper in the State (and in a newspaper in any other country in which Shares or Depositary Receipts evidencing Depositary Shares are, at the instigation of the Company, listed, quoted or dealt in on any stock exchange) notice of such resolution and of any Permitted Maximum which has been specified, together with a statement of the provisions of this Article which can apply to Restricted Shares and the name of the person or persons who will answer enquiries relating to Restricted Shares on behalf of the Company. At other times the Directors shall from time to time so publish information as to the number of Shares particulars of which have been entered in the Separate Register.
- (S) The Directors shall not be required to make the Separate Register available for inspection by any person but shall provide persons who make enquiries which the Directors determine in their sole discretion to be bona fide with information as to the aggregate number of Shares of which particulars are from time to time entered in the Separate Register.
- (T) The Directors may determine that a different definition of the term "EU National" shall apply for the purposes of these Articles, where they have

obtained written confirmation from an appropriate governmental or regulatory body and such other confirmations as they require that such determination will not adversely affect the ability of the Directors to ensure compliance with any applicable law or regulation by exercising the powers conferred on them pursuant to these Articles following such determination.

Part VIII - Transmission of Shares

42. Death of Member

If a Member dies the survivor or survivors where he was a joint Holder, and his personal representatives where he was a sole Holder or the only survivor of joint Holders, shall be the only persons recognised by the Company as having any title to his interest in the Shares; but nothing herein contained shall release the estate of a deceased Member from any liability in respect of any Share which had been jointly held by him.

43. Transmission on death or bankruptcy

A person becoming entitled to a Share in consequence of the death or bankruptcy of a Member may elect, upon such evidence being produced as the Directors may properly require, either to become the Holder of the Share or to have some person nominated by him registered as the transferee. If he elects to become the Holder he shall give notice to the Company to that effect. If he elects to have another person registered he shall execute an instrument of transfer of the Share to that person. All of the provisions of these Articles relating to the transfer of Shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer executed by the Member and the death or bankruptcy of the Member had not occurred.

44. Rights before registration

A person becoming entitled to a Share by reason of the death or bankruptcy of a Member (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the Share) shall (notwithstanding that he is not entered on the Register as the holder of the Share) have the rights to which he would be entitled if he were the Holder of the Share, except that, before being registered as the Holder of the Share, he shall not be entitled in respect of it to attend or vote at any meeting of the Company or at any separate meeting of the Holders of any class of Shares in the Company, so, however, that the Directors, at any time, may give notice requiring any such person to elect either to be registered himself or to transfer the Share and, if the notice is not complied with within ninety days, the Directors thereupon may withhold payment of all dividends,

bonuses or other moneys payable in respect of the Share until the requirements of the notice have been complied with.

Part IX - Alteration of Share Capital

45. Increase of capital

- (a) The Company from time to time by ordinary resolution may increase the share capital by such sum, to be divided into Shares of such amount, as the resolution shall prescribe.
- (b) Subject to the provisions of the Acts, the new Shares shall be issued to such persons, upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct and, if no direction be given, as the Directors shall determine and in particular such Shares may be issued with a preferential or qualified right to dividends and in the distribution of the assets of the Company and with a special, or without any, right of voting.
- (c) Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new Shares shall be considered part of the pre-existing ordinary capital and shall be subject to the provisions herein contained with reference to calls and instalments, transfer and transmission, forfeiture, lien and otherwise.

46. Consolidation, sub-division and cancellation of capital

The Company, by ordinary resolution, may:-

- (a) consolidate and divide all or any of its share capital into Shares of larger amount;
- (b) subject to the provisions of the Acts, subdivide its Shares, or any of them, into Shares of smaller amount, so however that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived (and so that the resolution whereby any Share is sub-divided may determine that, as between the Holders of the Shares resulting from such sub-division, one or more of the Shares may have, as compared with the others, any such preferred, deferred or other rights or be subject to any such restrictions as the Company has power to attach to unissued or new Shares); or

- (c) cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and reduce the amount of its authorised share capital by the amount of the Shares so cancelled.

47. Fractions on consolidation

Subject to the provisions of these Articles, whenever as a result of a consolidation of Shares any Members would become entitled to fractions of a Share, the Directors may sell, on behalf of those Members, the Shares representing the fraction for the best price reasonably obtainable to any person and distribute the proceeds of sale in due proportion among those Members, and the Directors may take such steps as the Directors consider are necessary or desirable in order to effect such sale and, for this purpose, may authorise any person to execute an instrument of transfer of the Shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the Shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

48. Reduction of capital

The Company, by special resolution, may reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required, by law.

49. Purchase of own Shares

Subject to the provisions of the Acts and to any rights conferred on the Holders of any class of Shares, the Company may purchase all or any of its Shares of any class (including any redeemable Shares). Every contract for the purchase of, or under which the Company may become entitled or obliged to purchase, Shares in the Company shall be authorised by a special resolution of the Company. Neither the Company nor the Directors shall be required to select the Shares to be purchased rateably or in any particular manner as between the Holders of Shares of the same class or as between them and the Holders of Shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of Shares. Subject as aforesaid, the Company may cancel any Shares so purchased or may hold them as treasury Shares and issue any such treasury Shares as Shares of any class or classes or cancel them. Notwithstanding anything to the contrary contained in these Articles, the rights attached to any class of Shares shall be deemed not to be varied by anything done by the Company pursuant to this Article.

Part XX - General Meetings

50. Annual general meetings

The Company shall hold in each year a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notices calling it. Not more than fifteen months shall elapse between the date of one annual general meeting and that of the next.

51. Extraordinary general meetings

All general meetings other than annual general meetings shall be called extraordinary general meetings.

52. Convening general meetings

The Directors may convene general meetings. Extraordinary general meetings may also be convened by the Directors on such requisition, or in the event of default by the Directors may be convened by such requisitionists and in such manner, as may be provided by the Acts. If at any time there are not within the State sufficient Directors capable of acting to form a quorum, any Director or any two Members of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which general meetings may be convened by the Directors.

53. Notice of general meetings

- (a) Subject to the provisions of the Acts allowing a general meeting to be called by shorter notice, an annual general meeting and an extraordinary general meeting called for the passing of a special resolution shall be called by at least twenty-one Clear Days' notice and all other extraordinary general meetings shall be called by at least fourteen Clear Days' notice.
- (b) Any notice convening a general meeting shall specify the time and place of the meeting and, in the case of special business, the general nature of that business and, in reasonable prominence, that a Member entitled to attend and vote is entitled to appoint a proxy to attend, speak and vote in his place and that a proxy need not be a Member of the Company. It shall also give particulars of any Directors who are to retire by rotation or otherwise at the meeting and of any persons who are recommended by the Directors for appointment or re-appointment as Directors at the meeting, or in respect of whom notice has been duly given to the Company of the intention to propose them for appointment or re-appointment as Directors at the meeting. Subject to any restrictions imposed on any Shares, the notice shall be given to all the Members and to the Directors and the Auditors.

- (c) The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at the meeting.
- (d) Where, by any provision contained in the Acts, extended notice is required of a resolution, the resolution shall not be effective (except where the Directors of the Company have resolved to submit it) unless notice of the intention to move it has been given to the Company not less than such number of days as the Acts permit before the meeting at which it is moved, and the Company shall give to the Members notice of any such resolution as required by and in accordance with the provisions of the Acts.
- (e) The Directors may, for the purpose of controlling the level of attendance at any place specified for the holding of a general meeting, from time to time make such arrangements whether involving the issue of tickets (on a basis intended to afford to all Members otherwise entitled to attend such meeting an equal opportunity of being admitted to the meeting) or the imposition of some random means of selection or otherwise as they shall in their absolute discretion consider to be appropriate, and may from time to time vary any such arrangements or make new arrangements in place therefor and the entitlement of any Member or proxy to attend a general meeting at such place shall be subject to any such arrangements as may be for the time being in force and by the notice of meeting stated to apply to that meeting. In the case of any general meeting to which such arrangements apply the Directors shall, and in the case of any other general meeting the Directors may, when specifying the place of the general meeting, direct that the meeting shall be held at a place specified in the notice at which the chairman of the meeting shall preside ("the Principal Place") and make arrangements for simultaneous attendance and participation at other places by members otherwise entitled to attend the general meeting but excluded therefrom under the provisions of this Article or who wish to attend at any of such other places provided that persons attending at the Principal Place and at any of such other places shall be able to see and hear and be seen and heard by persons attending at the Principal Place and at such other places. Such arrangements for simultaneous attendance may include arrangements for controlling the level of attendance in any manner aforesaid at such other places provided that they shall operate so that any such excluded members as aforesaid are able to attend at one of such other places. For the purposes of all other provisions of these Articles any such meeting shall be treated as being held and taking place at the Principal Place.

Part XI - Proceedings at General Meetings

54. Quorum for general meetings

- (a) No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Except as provided in relation to an adjourned meeting, three Members, present in person or by proxy, entitled to vote upon the business to be transacted, shall be a quorum.
- (b) If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such time and place as the Directors may determine. If at the adjourned meeting such a quorum is not present within half an hour from the time appointed for the meeting, the meeting, if convened otherwise than by resolution of the Directors, shall be dissolved, but if the meeting shall have been convened by resolution of the Directors, two persons entitled to be counted in a quorum present at the meeting shall be a quorum.

55. Special business

All business shall be deemed special that is transacted at an extraordinary general meeting. All business that is transacted at an annual general meeting shall also be deemed special with the exception of declaring a dividend, the consideration of the accounts, balance sheets and reports of the Directors and Auditors, the election of Directors in the place of those retiring (whether by rotation or otherwise), the fixing of the remuneration of the Directors, the re-appointment of the retiring Auditors and the fixing of the remuneration of the Auditors.

56. Chairman of general meetings

- (a) The chairman of the board of Directors or, if such person is not an EU National or in his absence, the deputy chairman (if any) or, if such person is not an EU National or in his absence, some other Director who is an EU National nominated by the Directors shall preside as chairman at every general meeting of the Company. If at any general meeting none of such persons shall be present within fifteen minutes after the time appointed for the holding of the meeting and willing to act, the Directors present shall elect one of their number to be chairman of the meeting and, if there is only one Director present and willing to act, he shall be chairman.
- (b) If at any meeting no Director is willing to act as chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the Members present and entitled to vote shall choose one of the Members personally present (who must be an EU National) to be chairman of the meeting.

57. Directors' and Auditors' right to attend general meetings

A Director shall be entitled, notwithstanding that he is not a Member, to attend and speak at any general meeting and at any separate meeting of the Holders of any class of Shares in the Company. The Auditors shall be entitled to attend any general meeting and to be heard on any part of the business of the meeting which concerns them as the Auditors.

58. Adjournment of general meetings

The Chairman, with the consent of a meeting at which a quorum is present, may (and if so directed by the meeting, shall) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for fourteen days or more or sine die, at least seven Clear Days' notice shall be given, in the same manner as it was given for the meeting, specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid it shall not be necessary to give any notice of an adjourned meeting.

59. Determination of resolutions

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Unless a poll is so demanded a declaration by the Chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. The demand for a poll may be withdrawn before the poll is taken but only with the consent of the Chairman, and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.

60. Amendments to resolutions

If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the Chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.

61. Entitlement to demand poll

Subject to the provisions of the Acts, a poll may be demanded:-

- (a) by the chairman of the meeting;

by at least three Members present (in person or by proxy) having the right to attend and vote at the meeting;
- (c) by any Member or Members present (in person or by proxy) representing in aggregate not less than one-tenth of the total voting rights of all the Members having the right to attend and vote at the meeting; or
- (d) by a Member or Members present (in person or by proxy) holding Shares in the Company conferring the right to attend and vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

62. Taking of a poll

- (a) Save as provided in paragraph (b) of this Article, a poll shall be taken in such manner as the Chairman directs and he may appoint scrutineers (who need not be Members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- (b) A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time (not being more than thirty days after the poll is demanded) and place as the chairman of the meeting may direct. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- (c) No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven Clear Days' notice shall be given specifying the time and place at which the poll is to be taken.

63. Votes of Members

Votes may be given either personally or by proxy. Subject to any rights or restrictions for the time being attached to any class or classes of Shares and to the provisions of Article 41, on a show of hands every Member present in person and every proxy shall have one vote, so, however, that no individual shall have more than one vote, and on a poll every Member shall have one vote for every Share carrying voting rights of which he is the Holder.

64. Chairman's casting vote

Where there is an equality of votes, whether on a show of hands or on a poll the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to any other vote he may have.

65. Voting by joint Holders

Where there are joint Holders of a Share, the vote of the senior who tenders a vote, whether in person or by proxy, in respect of such Share shall be accepted to the exclusion of the votes of the other joint Holders; and for this purpose seniority shall be determined by the order in which the names of the Holders stand in the Register in respect of the Share.

66. Voting by incapacitated Holders

A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction (whether in the State or elsewhere) in matters concerning mental disorder, may vote, whether on a show of hands or on a poll, by his committee, receiver, guardian or other person appointed by that court and any such committee, receiver, guardian or other person may vote by proxy on a show of hands or on a poll.

Evidence to the satisfaction of the Directors of the authority of the person claiming to exercise the right to vote pursuant to this Article shall be deposited at the Office or at such other place as is specified in accordance with these Articles for the deposit of instruments of proxy, not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

67. Default in payment of calls

Unless the Directors otherwise determine, no Member shall be entitled to vote at any general meeting or any separate meeting of the Holders of any class of Shares in the Company, either in person or by proxy, or to exercise any privilege as a Member in respect of any Share held by him unless all moneys then payable by him in respect of that Share have been paid.

68. Restriction of voting and other rights

- (a) If at any time the Directors shall determine that a Specified Event (as defined in paragraph (h)) shall have occurred in relation to any Share or Shares the Directors may serve a notice to such effect on the Holder or Holders thereof. Upon the expiry of a period of 14 days following the service of any such notice (in these Articles referred to as a "Restriction Notice") and for so long as such Restriction Notice shall remain in force, no Holder or Holders of the Share or Shares specified in such Restriction Notice ("the Relevant Shares") shall be entitled to

attend or vote at any general meeting, either personally or by proxy in respect of such Relevant Shares; and the Directors shall, where the Restricted Shares represent not less than 0.25 per cent. of the total number of issued Shares of the same class of Shares as the Relevant Shares, be entitled:

- (i) to withhold payment of any dividend or other amount payable in respect of the Relevant Shares without any liability to pay interest thereon when such money is paid to the Member; and/or
 - (ii) to refuse to register any transfer of the Relevant Shares (other than a transfer made as part of a sale to a bona fide unconnected third party where evidence that such is the case has been provided to the Directors upon a request being made by them in writing to the Holder or Holders of the Relevant Shares) or any renunciation of or any allotment of new Shares or debentures made in respect thereof.
- (b) A Restriction Notice shall be cancelled by the Directors as soon as reasonably practicable, but in any event not later than forty-eight hours after the Holder or Holders concerned or any other relevant person shall have remedied the default by virtue of which the Specified Event shall have occurred;
- (c) A Restriction Notice shall automatically cease to have effect in respect of any Share transferred upon registration of the relevant transfer provided that a Restriction Notice shall not cease to have effect in respect of any transfer where no change in the beneficial ownership of the Share shall occur and for this purpose it shall be assumed that no such change has occurred where a transfer form in respect of the Share is presented for registration having been stamped at a reduced rate of stamp duty by virtue of the transferor or transferee claiming to be entitled to such reduced rate as a result of the transfer being one where no beneficial interest passes.
- (d) The Directors shall cause a notation to be made in the Register against the name of any Holder or Holders in respect of whom a Restriction Notice shall have been served indicating the number of Shares specified in such Restriction Notice and shall cause such notation to be deleted upon cancellation or cesser of such Restriction Notice.
- (e) Where dividends or other payments are not paid as a result of restrictions imposed on Relevant Shares, such dividends or other payments shall accrue and shall be payable (without interest) upon the cancellation of the Restriction Notice.
- (f) Any determination of the Directors and any notice or request served by them pursuant to the provisions of this Article shall be conclusive as against the Holder or Holders of any Share and the validity of any notice or request served by the Directors in pursuance of this Article shall not be questioned by any person.

- (g) If, while any Restriction Notice shall remain in force in respect of any Holder or Holders of any Shares, such Holder or Holders shall be issued with any further Shares as a result of such Holder or Holders not renouncing any allotment of Shares made to him or them pursuant to a capitalisation issue under Articles 122 to 124, the Restriction Notice shall be deemed also to apply to such Holder or Holders in respect of such further Shares on the same terms and conditions as were applicable to the said Holder or Holders immediately prior to such issue of further Shares.
- (h) For the purpose of these Articles the expression "Specified Event" in relation to any Share shall mean either of the following events:-
 - (i) the failure by the Holder or Holders thereof to pay any call or instalment of a call in the manner and at the time appointed for payment thereof; or
 - (ii) the failure by the Holder thereof or any of the Holders thereof or any other relevant person to comply, to the satisfaction of the Directors, with all or any of the terms of Section 81 of the 1990 Act and/or Article 7 in respect of any notice or notices given to him or any of them thereunder.

69. Time for objection to voting

No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered and every vote not disallowed at such meeting shall be valid. Any such objection made in due time shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

70. Appointment of proxy

Every Member entitled to attend and vote at a general meeting may appoint a proxy to attend, speak and vote on his behalf. The instrument appointing a proxy shall be in writing in any usual form or in any other form which the Directors may approve and shall be executed by or on behalf of the appointor. The signature on such instrument need not be witnessed. A body corporate may execute a form of proxy under its common seal or under the hand of a duly authorised officer thereof. A proxy need not be a Member of the Company. No instrument of proxy shall be valid after twelve months have elapsed from the date named in it as the date of its execution.

71. Bodies corporate acting by representatives at meetings

Any body corporate which is a Member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the

Company and the person so authorised shall be entitled to exercise the same powers on behalf of the body corporate which he represents as that body corporate could exercise if it were an individual Member of the Company.

72. Deposit of proxy instruments

The instrument appointing a proxy and any authority under which it is executed or a copy of such authority, certified notarially or in some other way approved by the Directors, shall be deposited at the Office or (at the option of the Member) at such other place or places (if any) as may be specified for that purpose in or by way of note to the notice convening the meeting not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. Provided that:-

- (a) in the case of a meeting which is adjourned to, or a poll which is to be taken on, a date which is less than seven days after the date of the meeting which was adjourned or at which the poll was demanded, it shall be sufficient if the instrument of proxy and any such authority and certification thereof as aforesaid is lodged with the Secretary at the commencement of the adjourned meeting or the taking of the poll; and
- (b) an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require to be delivered again for the purposes of any subsequent meeting to which it relates.

73. Effect of proxy instruments

Deposit of an instrument of proxy in respect of a meeting shall not preclude a Member from attending and voting at the meeting or at any adjournment thereof. The instrument appointing a proxy shall be valid, unless the contrary is stated therein, as well for any adjournment of the meeting as for the meeting to which it relates and shall be deemed to include the right to demand or join in demanding a poll.

74. Effect of revocation of proxy or of authorisation

- (a) A vote given or poll demanded in accordance with the terms of an instrument of proxy or a resolution authorising a representative to act on behalf of a body corporate shall be valid notwithstanding the death or insanity of the principal or the revocation of the instrument of proxy or of the authority under which the instrument of proxy was executed or of the resolution authorising the representative to act or transfer of the Share in respect of which the instrument of

proxy or the authorisation of the representative to act was given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting at which the instrument of proxy is used or at which the representative acts.

- (b) The Directors may send, at the expense of the Company, by post or otherwise, to the Members instruments of proxy (with or without stamped envelopes for their return) for use at any general meeting or at any class meeting, either in blank or nominating any one or more of the Directors or any other persons in the alternative. If for the purpose of any meeting invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the expense of the Company, such invitations shall be issued to all (and not to some only) of the Members entitled to be sent a notice of the meeting and to vote thereat by proxy. The accidental omission to issue the instruments herein referred to, or the non-receipt of any such invitation by any Member entitled to receive such invitation shall not invalidate the proceedings at any such meeting.

Part XII - Directors

75. Number of Directors

- (a) Unless otherwise determined by the Company in General Meeting the number of Directors shall not be more than fifteen nor less than three. The continuing Directors may act notwithstanding any vacancy in their body, provided that if the number of the Directors is reduced below the prescribed minimum the remaining Director or Directors shall appoint forthwith an additional Director or additional Directors to make up such minimum or shall convene a general meeting of the Company for the purpose of making such appointment. If there be no Director or Directors able or willing to act then any two Members may summon a general meeting for the purpose of appointing Directors. Any additional Director so appointed shall hold office (subject to the provisions of the Acts and these Articles) only until the conclusion of the annual general meeting of the Company next following such appointment unless he is re-elected during such meeting and he shall not retire by rotation at such meeting or be taken into account in determining the Directors who are to retire by rotation at such meeting.
- (b) A majority of the Directors shall at all times be EU Nationals and the Directors shall procure that, at all times, all executive Directors and the chief executive officer of the Company are EU Nationals.

Share qualification

- 76. A Director shall not require a Share qualification.

77. Ordinary remuneration of Directors

The ordinary remuneration of the Directors shall be determined from time to time by an ordinary resolution of the Company and shall be divisible (unless such resolution shall provide otherwise) among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of the remuneration related to the period during which he has held office.

78. Special remuneration of Directors

Any Director who holds any executive office (including for this purpose the office of Chairman or Deputy Chairman) or who serves on any committee, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.

79. Expenses of Directors

The Directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors or general meetings or separate meetings of the Holders of any class of Shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

80. Alternate Directors

- (a) Any Director may appoint by writing under his hand any person (including another Director) to be his alternate provided always (i) that no such appointment of a person other than a Director as an alternate shall be operative unless and until such appointment shall have been approved by resolution of the Directors and (ii) that any Director who is an EU National may only appoint a person who is an EU National as his alternate.
- (b) An alternate Director shall be entitled, subject to his giving to the Company an address within the State, the United Kingdom or the United States of America, to receive notices of all meetings of the Directors and of all meetings of committees of Directors of which his appointor is a member, to attend and vote at any such meeting at which the Director appointing him is not personally present and in the absence of his appointor to exercise all the powers, rights, duties and authorities

of his appointor as a Director (other than the right to appoint an alternate hereunder).

- (c) Save as otherwise provided in these Articles, an alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director appointing him. The remuneration of any such alternate Director shall be payable out of the remuneration paid to the Director appointing him and shall consist of such portion of the last mentioned remuneration as shall be agreed between the alternate and the Director appointing him.
- (d) A Director may revoke at any time the appointment of any alternate appointed by him. If a Director shall die or cease to hold the office of Director the appointment of his alternate shall thereupon cease and determine but if a Director retires by rotation or otherwise but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate Director made by him which was in force immediately prior to his retirement shall continue after his re-appointment.
- (e) Any appointment or revocation pursuant to this Article 80 may be sent by delivery, post, cable, telegram, telex, telefax, electronic mail or any other means of communication approved by the Directors and may bear a printed or facsimile signature of the Director making such appointment or revocation or in any other manner approved by the Directors.

Part XIII - Powers of Directors

81. Directors' powers

Subject to the provisions of the Acts, the Memorandum of Association of the Company and these Articles and to any directions by the Members given by ordinary resolution, not being inconsistent with these Articles or with the Acts, the business of the Company shall be managed by the Directors who may do all such acts and things and exercise all the powers of the Company as are not by the Acts or by these Articles required to be done or exercised by the Company in general meeting. No alteration of the Memorandum of Association of the Company or of these Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the Directors by these Articles and a meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.

82. Power to delegate

Without prejudice to the generality of the last preceding Article, the Directors may delegate (with power to sub- delegate) any of their powers to any Managing Director or any other Director holding any other executive office and to any committee consisting of one or more Directors together with such other persons (if any) as may be appointed to such committee by the Directors provided that a majority of the members of each committee appointed by the Directors shall at all times consist of Directors and that no resolution of any such committee shall be effective unless a majority of the members of the committee present at the meeting at which it was passed are Directors. Insofar as any such power or discretion is delegated to a committee any reference in these Articles to the exercise by the Directors of the power or discretion so delegated shall be read and construed as if it were a reference to the exercise thereof by such a committee. Any such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the provisions of these Articles regulating the proceedings of Directors so far as they are capable of applying.

83. Appointment of attorneys

The Directors, from time to time and at any time by power of attorney under seal, may appoint any company, firm or person or fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit. Any such power of attorney may contain such provisions for the protection of persons dealing with any such attorney as the Directors may think fit and may authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

84. Local management

Without prejudice to the generality of Articles 82 and 83 the Directors may establish any committees, local boards or agencies for managing any of the affairs of the Company, either in the State or elsewhere, and may appoint any persons to be members of such committees, local boards or agencies and may fix their remuneration and may delegate to any committee, local board or agent any of the powers, authorities and discretions vested in the Directors with power to sub-delegate and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no person dealing in good faith with any such committee, local board or agency, without notice of any such removal, annulment or variation shall be affected thereby.

85. Borrowing powers

The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property, assets, and uncalled capital or any part thereof subject to Part III of the 1983 Act and to issue debentures, debenture stock and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party, without any limitation as to amount.

86. Execution of negotiable instruments

All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person or persons and in such manner as the Directors shall determine from time to time by resolution.

87. Provision for employees

The Directors may exercise any power conferred by the Acts to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries in connection with the cessation or the transfer to any person of the whole or any part of the undertaking of the Company or that subsidiary.

Part XIV - Appointment and Retirement of Directors

88. Retirement by rotation

- (a) At each annual general meeting of the Company one third of the Directors who are subject to retirement by rotation, rounded down to the next whole number if it is a fractional number, shall retire from office, but if there is only one Director who is subject to retirement by rotation then he shall retire.
- (b) The Directors, (including any Directors holding executive office pursuant to these Articles) to retire by rotation shall be those who have been longest in office since their last appointment or reappointment but as between persons who became or were last reappointed Directors on the same day those to retire shall be determined (unless they otherwise agree among themselves) by lot.
- (c) A Director who retires at an annual general meeting may be reappointed, if willing to act. If he is not reappointed (or deemed to be reappointed pursuant to these Articles) he shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.

- (d) Notwithstanding any other provision of this Article 88, if any of the Directors who are Directors of the Company on the date of adoption of these Articles retires prior to or at the Third Annual General Meeting held following the date of adoption of these Articles, other than in accordance with the provisions of this Article 88 (a "Retiring Director"), any Director appointed to replace any such Director or, for the avoidance of doubt, any Director taking the place on the Board originally held by a Retiring Director (in each case a "Substitute Director") shall be deemed to have been appointed a Director of the Company on the date on which the Retiring Director was appointed a Director of the Company, solely for the purpose of determining which of the Directors are to retire by rotation in accordance with the provisions of this Article 88. If no Director is appointed to replace any such Retiring Director or any Substitute Director then, notwithstanding that no such Director is appointed, none of the Directors of the Company on the date of adoption of these Articles shall be required to retire in accordance with the provisions of this Article 88 at an earlier date than he could otherwise have been required to retire had such Retiring Director not retired and the number of Directors to retire at any annual general meeting in accordance with the provisions of this Article 88 shall accordingly be reduced, if necessary. The terms of this Article 88(d) shall cease to apply following the Third Annual General Meeting held following the date of adoption of these Articles.

89. Deemed reappointment

If the Company, at the meeting at which a Director retires by rotation, does not fill the vacancy, the retiring Director, if willing to act, shall be deemed to have been re-appointed unless at the meeting it is resolved not to fill the vacancy or a resolution for the reappointment of the Director is put to the meeting and lost.

90. Eligibility for appointment

No person other than a Director retiring by rotation shall be appointed a Director at any general meeting unless he is recommended by the Directors or, not less than seven nor more than forty two Clear Days before the date appointed for the meeting, a notice executed by a Member entitled to vote at the meeting has been given to the Company of the intention to propose that person for appointment stating the particulars which would be required, if he were so appointed, to be included in the Company's register of Directors together with notice executed by that person of his willingness to be appointed. No Director shall be required to retire on account of age.

91. Appointment of additional Directors

Subject as aforesaid, the Company by ordinary resolution may appoint a person to be a Director either to fill a vacancy or as an additional Director and may also determine the rotation in which any additional Directors are to retire.

The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of Directors. A Director so appointed shall hold office only until the next following annual general meeting and shall not be taken into account in determining the Directors who are to retire by rotation at the meeting. If not re-appointed at such annual general meeting, such Director shall vacate office at the conclusion thereof.

Part XV - Disqualification and Removal of Directors

92. Disqualification of Directors

The office of a Director and, in the case of (f) the office of the Chairman, shall be vacated ipso facto if:-

- (a) he ceases to be a Director by virtue of any provision of the Acts or he becomes prohibited by law from being a Director;
- (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (c) in the opinion of a majority of his co-Directors, he becomes incapable by reason of mental disorder of discharging his duties as a Director;
- (d) (not being a Director holding for a fixed term an executive office in his capacity as a Director) he resigns his office by notice to the Company;
- (e) he is convicted of an indictable offence, unless the Directors determine otherwise;
- (f) the Directors resolve to remove him pursuant to Article 41;
- (g) he shall have been absent for more than six consecutive months without permission of the Directors from meetings of the Directors held during that period and his alternate director (if any) shall not have attended any such meeting in his place during such period and the Directors pass a resolution that by reason of such absence he has vacated office;
- (h) he is removed from office by notice in writing served upon him signed by all his co-directors; if he holds an appointment to an executive office which thereby

automatically determines, such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company.

93. Removal of Directors

The Company, by ordinary resolution of which extended notice has been given in accordance with the provisions of the Acts, may remove any Director before the expiry of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director and may, if thought fit, by ordinary resolution appoint another Director in his stead. The person appointed shall be subject to retirement at the same time as if he had become a Director on the date on which the Director in whose place he is appointed was last appointed a Director. Nothing in this Article shall be taken as depriving a person removed hereunder of compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating with that of Director.

Part XVI - Directors' Offices and Interests

94. Executive offices

- (a) The Directors may appoint one or more of their body to the office of Managing Director or to any other executive office under the Company (including, where considered appropriate, the office of the Chairman) on such terms and for such period as they may determine and, without prejudice to the terms of any contract entered into in any particular case, may revoke any such appointment at any time.
- (b) A Director holding any such executive office shall receive such remuneration, whether in addition to or in substitution for his ordinary remuneration as a Director and whether by way of salary, commission, participation in profits or otherwise or in any combination of the foregoing as the Directors may determine.
- (c) The appointment of any Director to the office of Chairman or Managing Director shall determine automatically if he ceases to be a Director (other than where he is re-appointed as a Director at an Annual General Meeting of the Company having retired by rotation in accordance with these Articles) but without prejudice to any claim for damages for breach of any contract of service between him and the Company.
- (d) The appointment of any Director to any other executive office shall not determine automatically if he ceases from any cause to be a Director unless the contract or resolution under which he holds office shall expressly state otherwise, in which

event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.

- (e) A Director may hold any other office or place of profit under the Company (except that of Auditor) in conjunction with his office of Director, and may act in a professional capacity to the Company, on such terms as to remuneration and other-wise as the Directors shall arrange.

95. Disclosure of interests by Directors

A Director or shadow director of the Company who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall comply with the provisions of Section 194 of the 1963 Act with regard to the disclosure of such interest by declaration.

96. Directors' interests

- (a) A Director notwithstanding his office but subject to his having disclosed any interest which he is required to disclose whether by these Articles or the Acts in accordance with these Articles or the Acts as the case may be:-
 - (i) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or any subsidiary or Associated Company thereof or in which the Company or any subsidiary or Associated Company thereof is otherwise interested;
 - (ii) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company or any subsidiary or Associated Company thereof is otherwise interested; and
 - (iii) shall not be accountable, by reason of his office, to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.
- (b) No Director or intended Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the other company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to

account to the Company for any profit realised by any such contract or arrangement by reason solely of such Director holding that office or of the fiduciary relationship thereby established. The nature of a Director's interest must be declared by him at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration or, if the Director was not at the date of that meeting interested in the proposed contract or arrangements at the next meeting of the Directors held after he became so interested, and in a case where the Director becomes interested in a contract or arrangement after it is made at the first meeting of the Directors held after he becomes so interested.

- (c) A copy of every declaration made and notice given under this Article shall be entered within three days after the making or giving thereof in a book kept for this purpose. Such book shall be open for inspection without charge by any Director, Secretary, Auditor or Member of the Company at the Office and shall be produced at every general meeting of the Company and at any meeting of the Directors if any Director so requests in sufficient time to enable the book to be available at the meeting.
- (d) For the purposes of this Article:-
 - (i) a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons or company is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified with the relevant party; and
 - (ii) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

97. Restriction on Directors' voting

- (a) Save as otherwise provided by these Articles, a Director shall not vote at a meeting of the Directors or a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly or together with any person or persons connected with him an interest which is material or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum present at a meeting in relation to any such resolution on which he is not entitled to vote.
- (b) A Director shall be entitled (unless he has some material interest or duty which conflicts or may conflict with the interests of the Company which is not indicated

below) to vote (and be counted in the quorum) in respect of any resolutions concerning any of the following matters, namely:-

- (i) the giving of any security, guarantee or indemnity to him in respect of money lent by him to the Company or any of its subsidiary or Associated Companies or obligations incurred by him on behalf of the Company or any of its subsidiaries at the request of or for the benefit of the Company or any of its subsidiary or Associated Companies;
- (ii) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary or Associated Companies for which he himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning any offer of Shares or debentures or other securities of or by the Company or any of its subsidiary or Associated Companies for subscription, purchase or exchange in which offer he is entitled to participate as a holder of Shares, debentures or other securities or in which he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (iv) any proposal concerning any other company in which he is interested, directly or indirectly or together with any person or persons connected with him and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested, directly or indirectly in one per cent. or more of the issued shares of any class of such company or of the voting rights available to members of such company (any such interest being deemed for the purposes of this Article to be a material interest in all circumstances);
- (v) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval for taxation purposes by the appropriate Revenue authorities which does not award the Director any privilege or benefit not generally awarded to the employees to whom such arrangement or scheme relates;
- (vi) any proposal concerning the adoption, modification or operation of any scheme for enabling employees (including full time executive Directors) of the Company and/or any subsidiary thereof to acquire Shares in the Company or any arrangement for the benefit of

employees of the Company or any of its subsidiaries which does not award the Director any privilege or benefit not generally awarded to the employees to whom such scheme or arrangement relates; or

- (vii) any proposal concerning the giving of any indemnity pursuant to Article 139 or the discharge of the cost of any insurance cover to be arranged in connection therewith.
- (c) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred from voting thereon), shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (d) If a question arises at a meeting of Directors or of a committee of Directors as to the materiality of a Director's interest or as to the right of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question may be referred, before the conclusion of the meeting, to the chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive except in a case where the nature or extent of the interest of such Director has not been fully and fairly disclosed; provided that, if such question arises in relation to the chairman of the meeting, he shall temporarily vacate the chair.
- (e) For the purposes of this Article, an interest of a person who is the spouse or a minor child of a Director shall be treated as an interest of the Director and in relation to an alternate director, an interest of his appointor shall be treated as an interest of the alternate director.
- (f) The Company by ordinary resolution may suspend or relax the provisions of this Article to any extent or ratify any transaction not duly authorised by reason of a contravention of this Article.

98. Entitlement to grant pensions

The Directors may provide benefits, whether by way of pensions, gratuities or otherwise, for any Director, former Director or other officer or former officer of the Company or to any person who holds or has held any employment with the Company or with any body corporate which is or has been a subsidiary of or an Associated Company of the Company or a predecessor in business of the Company, any subsidiary of the Company or of any such Associated Company and to any member of his family or any person who

is or was dependent on him and may set up, establish, support, alter, maintain and continue any scheme for providing all or any such benefits and for such purposes any Director accordingly may be, become or remain a member of, or rejoin, any scheme and receive or retain for his own benefit all benefits to which he may be or become entitled thereunder. The Directors may pay out of the funds of the Company any premiums, contributions or sums payable by the Company under the provisions of any such scheme in respect of any of the persons or class of persons above referred to who are or may be or become members thereof.

Part XVII - Proceedings of Directors

99. Convening and regulation of Directors' meetings

- (a) Subject to the provisions of these Articles, the Directors may regulate their proceedings as they think fit. A Director may, and the Secretary at the request of a Director shall, call a meeting of the Directors. Any Director may waive notice of any meeting and any such waiver may be retrospective. If the Directors so resolve, it shall not be necessary to give notice of a meeting of Directors to any Director who, being a resident of the State, is for the time being absent from the State. At least seven days notice must be given to each Director of a meeting of the Directors.
- (b) Notice of a meeting of the Directors shall be deemed to be duly given to a Director if it is in writing and is either given to him or is sent by delivery, post, cable, telegram, telex, telefax, electronic mail or any other means of communication approved by the Directors to him at his last known address or any other address given by him to the Company for this purpose.

100. Quorum for Directors' meetings

- (a) Subject to Article 100(d), the quorum for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed at any other number shall be three. A person who holds office only as an alternate director shall, if his appointer is not present, be counted in a quorum but notwithstanding that such person may act as alternate director for more than one Director he shall not count as more than one for the purposes of determining whether a quorum is present.
- (b) Any Director who ceases to be a Director at a meeting of the Directors may continue to be present and to act as a Director and to be counted in the quorum until the termination of the meeting provided no other Director objects and provided also that otherwise a quorum of Directors would not be present.

- (c) The continuing Directors or a sole Director may act notwithstanding any vacancies in their number but if the number of Directors is less than the number fixed as the quorum, they may act only for the purpose of filling vacancies or of calling a general meeting.
- (d)
 - (i) Until the Fourth Annual General Meeting of the Company held following the date of adoption of these Articles, the meetings of the Board of Directors of the Company shall not be quorate unless any one of David Bonderman, Jeffrey Shaw or Richard Schifter or any alternate Director of any such party appointed in accordance with these Articles of Association attends or such parties consent to the meeting being held notwithstanding that none of them are present, provided however that if any meeting of the Board of Directors is deemed inquorate because of the application of this Article 100(d), this Article 100(d) shall not apply to the next following meeting of the Board of Directors. If either David Bonderman, Jeffrey Shaw or Richard Schifter ceases to be a Director of the Company the reference to him in this Article 100 shall be deemed to be deleted automatically.
 - (ii) Notwithstanding any other provision of this Article 100, a meeting of the Board of Directors of the Company shall not be quorate unless a majority of the Directors present are EU nationals.

101. Voting at Directors' meetings

- (a) Questions arising at any meeting of Directors shall be decided by a majority of votes. Where there is an equality of votes, the chairman of the meeting shall not have a second or casting vote.
- (b) Subject as hereinafter provided, each Director present and voting shall have one vote and in addition to his own vote shall be entitled to one vote in respect of each other Director not present at the meeting who shall have authorised him in respect of such meeting to vote for such other Director in his absence. Any such authority may relate generally to all meetings of the Directors or to any specified meeting or meetings and must be in writing and may be sent by delivery, post, cable, telegram, telex, telefax, electronic mail or any other means of communication approved by the Directors and may bear a printed or facsimile signature of the Director giving such authority. The authority must be delivered to the Secretary prior to or must be produced at the first meeting at which a vote is to be cast pursuant thereto provided that no Director shall be entitled to any vote at a meeting on behalf of another director pursuant to this paragraph if the other Director shall have appointed an alternate director and that alternate Director is present at the meeting at which the Director proposes to vote pursuant to this paragraph.

102. Telecommunication meetings

Any Director may participate in a meeting of the Directors or any committee of the Directors by means of conference telephone or other telecommunications equipment by means of which all persons participating in the meeting can hear each other speak and such participation in a meeting shall constitute presence in person at the meeting but such Director (other than David Bonderman, Richard Schifter or Jeffrey Shaw) shall not be counted in assessing whether any quorum is present at such meeting.

103. Chairman of the board of Directors

Subject to any appointment to the office of Chairman made pursuant to these Articles, the Directors may elect a chairman of their meetings and determine the period for which he is to hold office, but if no such chairman is elected or if at any meeting the chairman is unwilling to act or is not present within five minutes after the time appointed for holding the same the Deputy Chairman if any, shall be the chairman of the meeting or if he is unwilling to act or is not present within five minutes after the time appointed for holding the same the Directors present may choose one of their number to be chairman of the meeting.

104. Validity of acts of Directors

All acts done by any meeting of the Directors or of a committee of Directors or by any person acting as a Director, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified from holding office or had vacated office, shall be as valid as if every such person had been duly appointed and was qualified to be a Director, had continued to be a Director and had been entitled to vote.

105. Directors' resolutions or other documents in writing

A resolution or other document in writing signed by all the Directors entitled to receive notice of a meeting of Directors or of a committee of Directors shall be as valid as if it had been passed at a meeting of Directors or (as the case may be) a committee of Directors; duly convened and held and may consist of several documents in the like form each signed by one or more Directors but a resolution signed by an alternate director need not also be signed by his appointer and, if it is signed by a Director who has appointed an alternate director, it need not be signed by the alternate director in that capacity. Such resolution or other document or documents when duly signed may be delivered or transmitted (unless the Directors shall otherwise determine either generally or in any specific case) by facsimile transmission or some other similar means of transmitting the contents of documents.

Part XVIII - The Secretary

106. Appointment of secretary

The Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit and any Secretary so appointed may be removed by them. Anything required or authorised by the Acts or these Articles to be done by or to the Secretary may be done by or to any assistant or acting Secretary or, if there is no assistant or acting Secretary readily available and capable of acting, by or to any officer or employee of the Company authorised generally or specially in that behalf by the Directors: Provided that any provision of the Acts or these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as a Director and as, or in the place of, the Secretary.

Part XIX - The Seal

107. Use of Seal

The Directors shall ensure that the Seal shall be used only by the authority of the Directors or of a committee authorised by the Directors.

108. Seal for use abroad

The Company may exercise the powers conferred by the Acts with regard to having an official seal for use abroad and such powers shall be vested in the Directors.

109. Signature of sealed instruments

- (a) Subject as provided in paragraph (b) of this Article, every instrument to which the Seal shall be affixed shall, as part of the sealing process, be signed by at least one Director or other person duly authorised in that behalf by the Directors and by the Secretary or one of the persons authorised as aforesaid (who has not already signed) and, in favour of any purchaser or person dealing with the Company in good faith, such signatures shall be conclusive evidence of the fact that the Seal has been properly affixed.
- (b) The Directors may by resolution determine, either generally or in any particular case, that in respect of certificates for Shares or debentures or other securities of the Company, the signature of any Director or of the Secretary or other person

authorised by the Directors as aforesaid forming part of the sealing process may be applied or effected by non-autographic means, or that such certificates shall bear no signatures, and in favour of any registered holder or other person acquiring any such Shares or debentures or other securities in good faith a certificate executed in any of the modes of execution authorised herein shall be as valid and effective as if such certificate was issued under the Seal of the Company pursuant to these Articles.

Part XX - Dividends and Reserves

110. Declaration of dividends

- (a) Subject to the provisions of the Acts, the Company by ordinary resolution may declare dividends in accordance with the respective rights of the Members, but no dividend shall exceed the amount recommended by the Directors. Dividends may be declared or paid in any currency.
- (b) The Directors may at their discretion make provision to enable any Holder of Ordinary Shares as they shall from time to time determine to receive dividends duly declared in a currency or currencies other than Irish pounds. For the purposes of the circulation of the amount receivable in respect of any dividend, the rate of exchange to be used to determine the foreign currency equivalent of any sum payable as a dividend shall be such market rate selected by the Directors as they shall consider appropriate ruling at the close of business in Dublin on the date which is the business day last preceding (a) in the case of a dividend to be declared by the Company in general meeting, the date on which the Directors publicly announce their intention to recommend that specific dividend and (b) in the case of any other dividend, the date on which the Directors publicly announce their intention to pay that specific dividend.
- (c) Where a Holder of Ordinary Shares has elected or agreed pursuant to provision made under these Articles to receive dividends in a currency other than Irish pounds the Directors may at their discretion make such arrangements as they deem necessary to enable payment of the dividend to be made to such Holders in such currency for value on the date on which the relevant dividend is paid, or such later date as the Directors may determine.

111. Scrip dividends

The Directors may, if authorised by an ordinary resolution of the Company, offer any Holders of Ordinary Shares the right to elect to receive Ordinary Shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the

Directors) of any dividend specified by the ordinary resolution. The following provisions shall apply (subject always to the provisions of the Acts):

- (a) An ordinary resolution may specify a particular dividend, or may specify all or any dividends declared within a specified period, but such period may not end later than the beginning of the annual general meeting next following the date of the meeting at which the ordinary resolution is passed.
- (b) The entitlement of each Holder of Ordinary Shares to new Ordinary Shares shall be such that the relevant value of the entitlement shall be as nearly as possible equal to (but not greater than) the cash amount (disregarding any tax credit) of the dividend that such holder elects to forgo. For this purpose, "relevant value" shall be calculated by reference to the average of the middle market quotations for the Company's Ordinary Shares on the Irish Stock Exchange as derived from the daily official list, on the day on which the Ordinary Shares are first quoted "ex" the relevant dividend and the four subsequent dealing days, or in such manner as may be determined by or in accordance with the ordinary resolution. A certificate or report by the auditors as to the amount of the relevant value in respect of any dividend shall be conclusive evidence of that amount.
- (c) On or as soon as practicable after announcing that the Company is to declare or recommend any dividend, the Directors, if they intend to offer an election in respect of that dividend, shall also announce that intention, and shall after determining the basis of allotment, if they decide to proceed with the offer, notify the Holders of Ordinary Shares in writing of the right of election offered to them and specify the procedure to be followed and place at which, and the latest time by which elections must be lodged in order to be effective. Any election by a holder of Ordinary Shares shall be binding on every successor in title to the Ordinary Shares in respect of which the election is made.
- (d) The Directors shall not proceed with any election unless the Company has sufficient unissued Shares authorised for issue and sufficient reserves or funds that may be capitalised to give effect to it after the basis of allotment is determined.
- (e) The Directors may exclude from any offer any Holders of Ordinary Shares where the Directors believe that the making of the offer to them would or might involve the contravention of the laws of any territory or that for any other reason the offer should not be made to them.
- (f) The dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable on Ordinary Shares in respect of which an election has been made ("the elected Ordinary Shares") and instead additional Ordinary Shares shall be allotted to the holders of the elected Ordinary Shares on the basis of allotment calculated as stated. For such purpose the Directors shall capitalise, out of any amount for the time being standing to the credit of any

reserve or fund (including the profit and loss account) whether or not the same is available for distribution as the Directors may determine, a sum equal to the aggregate nominal amount of the additional Ordinary Shares to be allotted on that basis and apply it in paying up in full the appropriate number of unissued Ordinary Shares for allotment and distribution to the holders of the elected Ordinary Shares on that basis and the provisions of Article 123 shall apply mutatis mutandis to any capitalisation made pursuant to this Article.

- (g) The additional Ordinary Shares when allotted shall rank *pari passu* in all respects with the fully-paid Ordinary Shares then in issue except that they will not be entitled to participation in the relevant dividend.
- (h)
 - (i) The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation with full power for the Directors to make such provisions as they think fit in the case of Shares becoming distributable in fractions (including provisions whereby, in whole or in part, the fractional entitlements are disregarded and, the benefit of fractional entitlements accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned. The Directors may, in their absolute discretion, if it shall in their opinion seem expedient, suspend or terminate (whether temporarily or otherwise) such right to elect and may do such acts and things considered necessary or expedient with regard to, or in order to effect, any such suspension or termination;
 - (ii) Notwithstanding the foregoing, the Directors may at any time prior to payment of the relevant dividend determine, if it appears to them desirable to do so because of a change in circumstances, that the dividend shall be payable wholly in cash and if they so determine then all elections made shall be disregarded. The relevant dividend shall be payable wholly in cash if the Ordinary Shares of the Company cease to be listed or dealt in on any recognised stock exchange at any time prior to the due date of issue of the additional Ordinary Shares or, if such listing is suspended and not reinstated by the date immediately preceding the due date of such issue.

112. Interim and fixed dividends

Subject to the provisions of the Acts, the Directors may declare and pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the Directors may declare and pay interim dividends on Shares which confer deferred or non-preferred rights with regard to dividend as well as on Shares which confer preferential

rights with regard to dividend, but subject always to any restrictions for the time being in force (whether under these Articles, under the terms of issue of any Shares or under any agreement to which the Company is a party, or otherwise) relating to the application, or the priority of application, of the Company's profits available for distribution or to the declaration or as the case may be the payment of dividends by the Company. Subject as aforesaid, the Directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the Directors act in good faith they shall not incur any liability to the Holders of Shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any Shares having deferred or non-preferred rights.

113. Payment of dividends

- (a) Except as otherwise provided by the rights attached to Shares, all dividends shall be declared and paid according to the amounts paid up on the Shares on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid; but, if any Share is issued on terms providing that it shall rank for dividend as from a particular date, such Share shall rank for dividend accordingly. For the purposes of this Article, no amount paid on a Share in advance of calls shall be treated as paid on a Share.
- (b) If several persons are registered as joint Holders of any Share, any one of them may give effectual receipts for any dividend or other moneys payable on or in respect of the Share.

114. Deductions from dividends

The Directors may deduct from any dividend or other moneys payable to any Member in respect of a Share any moneys presently payable by him to the Company in respect of that Share.

115. Dividends in specie

A general meeting declaring a dividend may direct, upon the recommendation of the Directors, that it shall be satisfied wholly or partly by the distribution of assets (and, in particular, of paid up Shares, debentures or debenture stock of any other company or in any one or more of such ways) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to the distribution, the Directors may settle the same

as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof in order to adjust the rights of all the parties and may determine that cash payments shall be made to any Members upon the footing of the value so fixed and may vest any such specific assets in trustees.

116. Payment of dividends by post

Any dividend or other moneys payable in respect of any Share may be paid by cheque or warrant sent by post, at the risk of the person or persons entitled thereto, to the registered address of the Holder or, where there are joint Holders, to the registered address of that one of the joint Holders who is first named on the Register or to such person and to such address as the Holder or joint Holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and payment of the cheque or warrant shall be a good discharge to the Company. Any joint Holder or other person jointly entitled to a Share as aforesaid may give receipts for any dividend or other moneys payable in respect of the Share. The Directors may also, in circumstances which they consider appropriate, arrange for payment of dividends by electronic funds transfer, bank transfer or by any other method selected by the Directors from time to time and in such event the debiting of the Company's account in respect of the appropriate amount shall be deemed a good discharge of the Company's obligations in respect of any payment made by any such method.

117. Dividends not to bear interest

No dividend or other moneys payable by the Company on or in respect of any Shares shall bear interest against the Company unless otherwise provided by the rights attached to the Shares.

118. Payment to Holders on a particular date

Any resolution declaring a dividend on Shares of any class, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same may be payable to the persons registered as the Holders of such Shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se of transferors and transferees of any such Shares in respect of such dividend. The provisions of this Article shall apply, mutatis mutandis, to capitalisations to be effected in pursuance of these Articles.

119. Unclaimed dividends

If the Directors so resolve, any dividend which has remained unclaimed for twelve years from the date of its declaration shall be forfeited and cease to remain owing by the Company. The payment by the Directors of any unclaimed dividend or other moneys payable in respect of a Share into a separate account shall not constitute the Company a trustee in respect thereof. Any dividend, interest or other sum payable which remains unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.

120. Reserves

Before recommending any dividend, whether preferential or otherwise, the Directors may carry to reserve out of the profits of the Company such sums as they think proper. All sums standing to reserve may be applied from time to time at the discretion of the Directors for any purpose to which the profits of the Company may be properly applied and at the like discretion may be either employed in the business of the Company or invested in such investments as the Directors may lawfully determine. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided as they may lawfully determine. Any sum which the Directors may carry to reserve out of the unrealised profits of the Company shall not be mixed with any reserve to which profits available for distribution have been carried. The Directors may also carry forward, without placing the same to reserve, any profits which they may think it prudent not to divide.

Part XXI - Accounts

121. Accounts

- (a) The Directors shall cause to be kept proper books of account, whether in the form of documents or otherwise, that:
 - (i) correctly record and explain the transactions of the Company,
 - (ii) will at any time enable the financial position of the Company to be determined with reasonable accuracy,
 - (iii) will enable the Directors to ensure that any balance sheet, profit and loss account or income and expenditure account of the Company complies with the requirements of the Acts, and
 - (iv) will enable the accounts of the Company to be readily and properly audited.

- (b) The books of account of the Company shall be kept on a continuous and consistent basis, that is to say, the entries therein shall be made in a timely manner and be consistent from one year to the next.
- (c) Proper books shall not be deemed to be kept if there are not kept such books of account as comply with the Acts and as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.
- (d) The books of account shall be kept at the Office or, subject to the provisions of the Acts, at such other place as the Directors think fit and shall be open at all reasonable times to the inspection of the Directors.
- (e) In accordance with the provisions of the Acts, the Directors shall cause to be prepared and to be laid before the annual general meeting of the Company from time to time such profit and loss accounts, balance sheets, group accounts and reports as are required by the Acts to be prepared and laid before such meeting.
- (f) A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the annual general meeting of the Company together with a copy of the Directors' report and Auditors' report shall be sent, not less than twenty-one Clear Days before the date of the annual general meeting, to every person entitled under the provisions of the Acts to receive them; and the required number of copies of these documents shall be forwarded at the same time to the appropriate sections of The Stock Exchanges.
- (g) Auditors shall be appointed and removed and their duties regulated in accordance with the Acts.

Part XXII - Capitalisation of Profits or Reserves

122. Capitalisation of profits and reserves

Without prejudice to any powers conferred on the Directors by these Articles, the Company in general meeting may resolve, upon the recommendation of the Directors, that any sum for the time being standing to the credit of any of the Company's reserves (including any capital redemption reserve fund or Share premium account) or to the credit of the profit and loss account be capitalised and applied on behalf of the Members who would have been entitled to receive that sum if it had been distributed by way of dividend and in the same proportions either in or towards paying up amounts for the time being unpaid on any Shares held by them respectively, or in paying up in full unissued Shares or debentures of the Company of a nominal amount equal to the sum capitalised

(such Shares or debentures to be allotted and distributed credited as fully paid up to and amongst such Holders in the proportions aforesaid) or partly in one way and partly in another, so, however, that the only purposes for which such sums standing to the credit of the capital redemption reserve fund or the share premium account shall be applied shall be those permitted by the Acts.

123. Capitalisation and use of non-distributable profits and reserves

Without prejudice to any powers conferred on the Directors as aforesaid, the Company in general meeting may resolve, on the recommendation of the Directors, that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account which is not available for distribution by applying such sum in paying up in full unissued Shares to be allotted as fully paid bonus Shares to those Members of the Company who would have been entitled to that sum if it were distributable and had been distributed by way of dividend (and in the same proportions) and the Directors shall give effect to such resolution.

124. Implementation of capitalisation issues

Whenever such a resolution is passed in pursuance of either of the two immediately preceding Articles, the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares or debentures, if any, and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provisions as they shall think fit for the case of Shares or debentures becoming distributable in fractions (and, in particular, without prejudice to the generality of the foregoing, either to disregard such fractions or to sell the Shares or debentures represented by such fractions and distribute the net proceeds of such sale to and for the benefit of the Company or to and for the benefit of the Members otherwise entitled to such fractions in due proportions) and to authorise any person to enter on behalf of all the Members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares or debentures to which they may become entitled on such capitalisation or, as the case may require, for the payment up by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares and any agreement made under such authority shall be binding on all such Members.

Part XXIII - Notices

125. Notices in writing

Any notice to be given, served or delivered pursuant to these Articles shall be in writing.

126. Service of notices

- (a) A notice or document (including a Share certificate) to be given, served or delivered in pursuance of these Articles may be given to, served on or delivered to any Member by the Company:
 - (i) by handing same to him or his authorised agent;
 - (ii) by leaving the same at his registered address; or
 - (iii) by sending the same by the post in a pre-paid cover addressed to him at his registered address.
- (b) Where a notice or document is given, served or delivered pursuant to sub paragraph (a)(i) or (ii) of this Article, the giving, service or delivery thereof shall be deemed to have been effected at the time the same was handed to the Member or his authorised agent, or left at his registered address (as the case may be).
- (c) Where a notice or document is given, served or delivered pursuant to sub-paragraph (a)(iii) of this Article, the giving, service or delivery thereof shall be deemed to have been effected at the expiration of twenty-four hours after the cover containing it was posted. In proving service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted.
- (d) Every legal personal representative, committee, receiver, curator bonis or other legal curator, assignee in bankruptcy or liquidator of a Member shall be bound by a notice given as aforesaid if sent to the last registered address of such Member, notwithstanding that the Company may have notice of the death, lunacy, bankruptcy, liquidation or disability of such Member.
- (e) Without prejudice to the provisions of sub-paragraphs (a) (i) and (ii) of this Article, if at any time by reason of the suspension or curtailment of postal services within the State, the Company is unable effectively to convene a general meeting by notice sent through the post, a general meeting may be convened by a notice advertised on the same day in at least one leading national daily newspaper published in the State (and one national daily newspaper published in the United Kingdom and the United States of America) and such notice shall be deemed to have been duly served on all Members entitled thereto at noon on the day on which the said advertisement or advertisements shall appear. In any such case the Company shall send confirmatory copies of the notice through the post to those Members whose registered addresses are outside the State (if or to the extent that in the opinion of the Directors it is practical so to do) or are in areas of the State unaffected by such suspension or curtailment of postal services and if at least

ninety-six hours prior to the time appointed for the holding of the meeting the posting of notices to Members in the State, or any part thereof which was previously affected, has become practical in the opinion of the Directors, the Directors shall send forthwith confirmatory copies of the notice by post to such Members. The accidental omission to give any such confirmatory copy of a notice of a meeting to, or the non-receipt of any such confirmatory copy by, any person entitled to receive the same shall not invalidate the proceedings at the meeting.

- (f) Notwithstanding anything contained in this Article the Company shall not be obliged to take account of or make any investigations as to the existence of any suspension or curtailment of postal services within or in relation to all or any part of any jurisdiction or area other than the State.

127. Notices to members

Any Member whose registered address is not within the State, the United Kingdom, the United States of America, the Channel Islands or the Isle of Man and who gives to the Company an address within any of the above territories at which notices may be served upon him shall be entitled to have notices served upon him at that address but unless he does so shall not be entitled to receive any notice from the Company.

128. Service on joint Holders

A notice may be given by the Company to the joint Holders of a Share by giving the notice to the joint Holder whose name stands first in the Register in respect of the Share and notice so given shall be sufficient notice to all the joint Holders.

129. Service on transfer or transmission of Shares

- (a) Every person who becomes entitled to a Share shall before his name is entered in the Register in respect of the Share, be bound by any notice in respect of that Share which has been duly given to a person from whom he derives his title provided that the provisions of this paragraph shall not apply to any notice served under Article 68 unless, under the provisions of Article 68(c), it is a notice which continues to have effect notwithstanding the registration of a transfer of the Shares to which it relates.
- (b) Without prejudice to the provisions of these Articles allowing a meeting to be convened by newspaper advertisement, a notice may be given by the Company to the persons entitled to a Share in consequence of the death or bankruptcy of a Member by sending or delivering it, in any manner authorised by these Articles for the giving of notice to a Member, addressed to them at the address, if any,

supplied by them for that purpose. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

130. Signature to notices

The signature to any notice to be given by the Company may be written or printed.

131. Deemed receipt of notices

A Member present, either in person or by proxy, at any meeting of the Company or the Holders of any class of Shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

Part XXIV - Winding up

132. Distribution on winding up

If the Company shall be wound up and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up or credited as paid up share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up or credited as paid up at the commencement of the winding up on the Shares held by them respectively. And if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the share capital paid up or credited as paid up at the commencement of the winding up, the excess shall be distributed among the Members in proportion to the capital at the commencement of the winding up paid up or credited as paid up on the said Shares held by them respectively. Provided that this Article shall not affect the rights of the Holders of Shares issued upon special terms and conditions.

133. Distribution in specie

If the Company is wound up, the liquidator, with the sanction of a special resolution of the Company and any other sanction required by the Acts, may divide among the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and, for such purpose, may value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator, with the like sanction, may vest the whole or any part of such assets in trustees upon such trusts for the benefit of the

contributories as, with the like sanction, he determines, but so that no Member shall be compelled to accept any assets upon which there is a liability.

Part XXV - Miscellaneous

134. Minutes of meetings

The Directors shall cause minutes to be made of the following matters, namely:-

- (a) of all appointments of officers and committees made by the Directors and of their salary or remuneration;
- (b) of the names of Directors present at every meeting of the Directors and of the names of any Directors and of all other members thereof present at every meeting of any committee appointed by the Directors; and
- (c) of all resolutions and proceedings of all meetings of the Company and of the Holders of any class of Shares in the Company and of the Directors and of committees appointed by the Directors.

Any such minute as aforesaid, if purporting to be signed by the Chairman of the meeting at which the proceedings were held, or by the Chairman of the next succeeding meeting, shall be receivable as prima facie evidence of the matters stated in such minute without any further proof.

135. Inspection

The Directors shall determine from time to time whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members, not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Acts or authorised by the Directors or by the Company in general meeting. No Member shall be entitled to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it would be inexpedient in the interests of the Members of the Company to communicate to the public.

136. Secrecy

Every officer of the Company or other person employed in the business of the Company shall, when required by the Directors before entering upon his duties, sign a declaration

pledging himself to observe a strict secrecy respecting the business of the Company and all transactions of the Company with its customers and the state of accounts with individuals, and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties, except when required to do so by the Directors or by any general meeting or by a court of law or by the person to whom such matters relate, and except so far as may be necessary in order to comply with any of the provisions of these Articles.

137. Destruction of records

The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof, all notifications of change of address at any time after the expiration of two years from the date of recording thereof and all Share certificates and dividend mandates which have been cancelled or ceased to have effect at any time after the expiration of one year from the date of such cancellation or cessation. It shall be presumed conclusively in favour of the Company that every entry in the Register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument duly and properly registered and every Share certificate so destroyed was a valid and effective document duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that:

- (a) the provision aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and
- (c) references herein to the destruction of any document include references to the disposal thereof in any manner.

138. Untraced Shareholders

The Company may sell any Shares in the Company on behalf of a Holder, or person entitled by transmission to, the Shares, if:-

- (a) the Shares have been in issue throughout the qualifying period and at least three cash dividends have become payable on the Shares during the qualifying period;

- (b) no cash dividend payable on the Shares has either been claimed by presentation to the paying bank of the relative cheque or warrant or been satisfied by the crediting of any account which the Holder has with the Company, whether in the sole name of such Holder or jointly with another person or persons, or by the transfer of funds to a bank account designated by the Holder of, or person entitled by transmission to, the Shares at any time during the relevant period;
- (c) the Company has not at any time during the relevant period received, so far as the Company at the end of the relevant period is then aware, any communication from the Holder of, or person entitled by transmission to, the Shares;
- (d) the Company has caused advertisements giving notice of its intention to sell the Shares to be published in a leading daily newspaper with a national circulation in the State and another in a newspaper circulating in the area of the address shown in the register of the Holder of, or person entitled by transmission to, the untraced Shares, and (in either such case) a period of three months has elapsed from the date of publication of the advertisement; and
- (e) the Company has given notice to the relevant departments of The Stock Exchanges of its intention to make the sale.

For the purposes of this Article:

"the qualifying period" means the period of twelve years immediately preceding the date of publication of the relevant advertisements referred to in sub-paragraph (d) above;

"the relevant period" means the period beginning at the commencement of the qualifying period and ending on the date when all the requirements of sub-paragraphs (a) to (e) above have been satisfied.

For the purposes of sub-paragraph (c) above, a statutory declaration that the declarant is a Director of the Company or the secretary and that the Company was not aware at the end of the relevant period of having at any time during the relevant period received any communication from the Holder of, or person entitled by transmission to, the Shares shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Shares.

If, after the publication of the advertisement referred to in sub-paragraph (d) above but before the Company has become entitled to sell the Shares pursuant to this Article, the requirements of sub-paragraph (b) or (c) above cease to be satisfied, the Company may nevertheless sell those Shares after the requirements of sub-paragraphs (a) to (e) above have been satisfied afresh in relation to them.

If during any relevant period further Shares have been issued in right of those held at the beginning of that relevant period or of any previously so issued during that relevant

period and all the requirements of sub- paragraphs (b) to (e) above have been satisfied in regard to the further Shares, the Company may also sell the further Shares.

The manner, timing and terms of any sale of Shares pursuant to this Article (including but not limited to the price or prices at which the same is made) shall be such as the Directors determine, based upon advice from such bankers, brokers or other persons as the Directors consider appropriate which are consulted by it for the purposes, to be reasonably practicable having regard to all the circumstances including the number of Shares to be disposed of and the requirement that the disposal be made without delay; and the Directors shall not be liable to any person for any of the consequences of reliance on such advice.

To give effect to any sale of Shares pursuant to this Article the Directors may take such steps as the Directors consider are necessary or desirable in order to effect such sale and, for this purpose, may authorise some person to transfer the Shares in question and may enter the name of the transferee in respect of the transferred Shares in the register notwithstanding the absence of any Share certificate being lodged in respect thereof and may issue a new certificate to the transferee and an instrument of transfer executed by that person or such other method of transfer as is employed by this person shall be as effective as if it had been executed or employed by the Holder of, or person entitled by transmission to, the Shares. The purchaser shall not be bound to see to the application of the purchase moneys nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

The Company shall account to the Holder or other person entitled to such Shares for the net proceeds of such sale by carrying all moneys in respect thereof to a separate account which shall be a permanent debt of the Company and the Company shall be deemed to be a debtor and not a trustee in respect thereof for such Holder or other person. Moneys carried to such separate account may be either employed in the business of the Company or invested in such investments as the Directors may think fit, from time to time.

139. Indemnity

Subject to the provisions of and so far as may be permitted by the Acts, every Director, Managing Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses, and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court.

To the extent permitted by law, the Directors may arrange insurance cover at the cost of the Company in respect of any liability, loss or expenditure incurred by any Director, officer or the Auditors in relation to anything done or alleged to have been done or omitted to be done by him or them as Director, officer or Auditors.

Dated the [] day of []

Witness to the above signatures: []

Exhibit 8.1 Principal Subsidiaries of the Registrant

<u>Name</u>	<u>Jurisdiction of Incorporation</u>
Ryanair Limited	Ireland
Darley Investments Limited*	Ireland
Ryanair.com Limited*	Ireland

* These subsidiaries are wholly owned by Ryanair Limited, which in turn is wholly owned by Ryanair Holdings plc.