

# COINSIDE LTD

---

13<sup>th</sup> August, 2007

The Board of Directors  
Aer Lingus Group plc  
Head Office  
Dublin Airport  
Co Dublin

**Re: Notice of Requisition of Extraordinary General Meeting of Aer Lingus Group plc (the "Company")**

Dear Sirs,

We, Coinside Ltd, being a Member of the Company holding not less than 10% of the paid up share capital of the Company as at the date hereof, carrying the right of voting at General Meetings, hereby requisition an Extraordinary General Meeting of the Company. The object of the said meeting shall be as follows:

- To consider, and if thought fit, pass the following resolutions as ordinary resolutions;
  1. That the Directors of the Company be and are hereby directed to take such actions as may be required to preserve and maintain the Company's existing profitable Shannon-Heathrow services, and to take such other actions as may be necessary or desirable in order to further improve the current profitability of its services at Shannon Airport.
  2. That the Directors of the Company be and are hereby directed to take such actions as may be required to enable the Company to proceed with its planned services on the Belfast – London route and to consider allocating some of the Company's other Heathrow slots to these services, or alternatively to consider operating this route to London-Gatwick where the Company has recently announced that it has secured 4 pairs of daily slots for the commencement of a Dublin-Gatwick service.

These requisitions are made pursuant to Article 55 of the Articles of Association of the Company and Section 132 of the Companies Act, 1963 (the "Act").

Please confirm in writing that you will proceed forthwith to convene the said meeting in accordance with the Articles of Association of the Company and the Act.

Signed by:



Ken O'Toole  
Director  
For and on behalf of  
Coinside Ltd

31<sup>st</sup> August, 2007

**STRICTLY PRIVATE AND CONFIDENTIAL**

Mr John Sharman  
Chairman  
Aer Lingus Group plc  
Head Office  
Dublin Airport

DELIVERED BY HAND AT 17.00 HRS  
FR. 31 AUG 2007

Dear Mr Sharman,

I refer to your release of interim results yesterday (30 August) and in particular to the statement made on page 7 (attached) as follows:

*"The Board firmly believes that the actions Ryanair are proposing are not in the best interests of all shareholders, are anti-competitive and that the proposals will destroy shareholder value".*

Your Chief Executive, Mr Mannion, then repeated these clearly defamatory comments on RTE Radio One's "Morning Ireland" programme and several other broadcasts in Ireland and internationally during the day.

We take grave exception to this unfounded and false accusation of unlawful activity on the part of Ryanair. We require an immediate confirmation that this false accusation will be withdrawn and an appropriate apology issued. It is an entirely unacceptable way for company directors, given their statutory and fiduciary duties, to treat any of their shareholders who exercise their lawful right to requisition an extraordinary general meeting.

Ryanair's actions in requesting an Extraordinary General Meeting are firmly pro competition and will we believe enhance shareholder value given that:

- a) The preservation of Aer Lingus's existing profitable Shannon-Heathrow services will maintain competition between Ryanair and Aer Lingus on the Shannon-London city pair.
- b) Aer Lingus have already confirmed that the Shannon-Heathrow services are profitable and the Shannon Airport Authority has identified a further €4m in cost savings which would, we believe, if delivered by management, make the Shannon-Heathrow route among the most profitable within the Aer Lingus network. It is beholden upon a management team which yesterday announced a 58% fall in profits, to explore any opportunity which could enhance the profitability of any route by up to €4m per annum.
- c) If the already profitable Shannon-Heathrow route can be further boosted with €4m of additional profits/cost reductions, then this will significantly enhance, not destroy, shareholder value.
- d) Ryanair's EGM proposals, in relation to Belfast-London, were not prescriptive. They allow Aer Lingus the freedom to decide to use whatever slots at Heathrow or elsewhere it wishes in order to launch the route and Ryanair can do nothing about it. Nothing in these proposals are or could be considered anti-competitive or injurious to shareholder value.

May I also draw your attention to the recent actions of Ryanair, which have been both pro competitive and shareholder value enhancing as follows:

1. Ryanair publicly supported the management's position in the run up to the recent threatened pilot strike precisely because the opening of the Belfast base on local terms and conditions would result in lower costs and enhanced shareholder value.
2. Rather than benefiting from the closure of Aer Lingus' flight operations for 2 days, Ryanair assisted Aer Lingus by agreeing to lease two of its spare aircraft (fully crewed) to allow you to continue to fly any routes of your choice and you decided to take up this offer to fly Ryanair's aircraft from Dublin to London, Amsterdam, Frankfurt, Milan, Faro and Malaga during the threatened two day pilots strike. Ryanair's supportive actions enabled Aer Lingus to minimize much of the effect of this strike threat, as well as preserving competition on those routes during the days in question. This action was palpably pro competition and enhancing of Aer Lingus's shareholder value.
3. During the recent downturn in Aer Lingus's profitability and share price, Ryanair again supported the company entering the market and acquiring further Aer Lingus shares, which action, clearly prevented shareholder value being destroyed still further.

We trust that the Board of Aer Lingus will now withdraw this unfounded, inaccurate and defamatory accusation of illegal behaviour on the part of Ryanair.

We look forward to the EGM being called in the near future to allow all Aer Lingus shareholders an opportunity to exercise their statutory right to express their views, as shareholders, on the issue of the closure of the profitable Shannon-Heathrow route, a closure that is clearly not necessary in order to allow the Belfast routes to proceed.

**It is entirely inappropriate for the Board of Aer Lingus, which has now spent over €24m (more than four times Aer Lingus's interim profits) in its defence against the Ryanair bid; and which yesterday reported a 58% decline in profit after tax from €16.3m in 2006 to €6.8m in 2007; to accuse its largest shareholder of acting anti-competitively or advancing proposals that will destroy shareholder value, when all we are seeking to do is to maintain the profitable Shannon-Heathrow route, and request that management examine the SAA's proposals to increase the profitability of this route by up to €4m per annum, which would significantly enhance shareholder value in the context of a company which yesterday announced an interim profit after tax of just €6.8m.**

Yours sincerely



Jim Callaghan  
*Company Secretary*

cc. Mr Dermot Mannion, Chief Executive, Aer Lingus  
Board of Directors, Aer Lingus

31<sup>st</sup> August, 2007

RECEIVED BY HAND  
AT APPROX 18.30 HRS.  
FRIDAY 31 AUG.

Dublin Airport, Dublin, Ireland

Telephone: Head Office 0818 365 022  
General Fax +353 1 886 3832  
<http://www.aerlingus.com>

Coinside Ltd,  
C/o Ryanair Head Office,  
Dublin Airport,  
Co. Dublin.

Direct Telephone Number

Direct Fax Number

F.A.O. Mr Ken O'Toole  
Director

## Re: Notice of Requisition of Extraordinary General Meeting of Aer Lingus

Dear Sir,

We refer to your letter of 13<sup>th</sup> August, 2007 requisitioning an Extraordinary General Meeting ("EGM") of Aer Lingus to consider, and if thought fit to pass the two resolutions set out in your letter. We also refer to the related statement issued by Ryanair on 14<sup>th</sup> August, 2007 to the Irish Stock Exchange.

We have carefully considered your request, but for the reasons set out in detail below we are not prepared to accede to it.

The context in which your request must be considered is of course the decision by the European Commission of 27 June 2007 that the acquisition of control by Ryanair of its closest competitor, Aer Lingus, would significantly impede effective competition in the Common Market and therefore could not be permitted. You are well aware that Aer Lingus and Ryanair are each others' closest competitors on routes between Ireland and the UK which are the subject matter of the resolutions you have sought.

In Ryanair's statement of 14<sup>th</sup> August 2007, Mr O'Leary, Chief Executive of Ryanair, expressly identified the strategy that Ryanair would wish Aer Lingus to pursue, namely to continue to fly from Shannon and to operate Belfast-Gatwick routes instead of its recently

announced Dublin-Gatwick route, on which Aer Lingus competes with Ryanair, as well as Ryanair's own future commercial strategy, in respect of a number of markets on which Aer Lingus and Ryanair currently compete or potentially compete. Ryanair specifically comments in its statement that *"competing from Belfast to Gatwick against the relatively high fare Easyjet, will certainly be more profitable for Aer Lingus than competing against the much lower fare Ryanair on the Dublin-Gatwick route"*. Mr O'Leary also stated Ryanair's wish in the alternative that Aer Lingus reduce frequency on its London Heathrow routes from Dublin and Cork where it currently competes with Ryanair.

In addition, Mr O'Leary stated that if Aer Lingus decided to continue with its Shannon-Heathrow flights, then Ryanair would suspend its three additional daily flights to London as *"it would not make financial sense for Ryanair to add these flights in circumstances where Aer Lingus continues to provide capacity for 330,000 passengers annually on the Shannon-London route"*.

You will be aware that Irish and European competition law prohibits all agreements and concerted practices between undertakings that have as their object or effect the prevention, restriction or distortion of competition. As you will also be aware, an infringement of Irish and/or EC competition law gives rise to a criminal offence under Irish law as well as exposing the company to the threat of civil fines and damages.

It is clear that, in calling for an EGM to consider the two resolutions set out in your letter, coupled with the content of the statements made by Ryanair to the Stock Exchange, Ryanair is attempting to influence and co-ordinate the strategic conduct of Aer Lingus, its closest competitor, in circumvention of the Commission's recent prohibition decision and in clear breach of Irish and European competition law.

In these circumstances and having received legal advice, it is clear that both the holding of the EGM and the consideration of the proposed resolutions would involve Aer Lingus and Ryanair in an infringement of Irish and EC competition law, namely, Section 4(1) of the Competition Acts, 2002 and 2006 and Article 81(1) of the EC Treaty, respectively.

Consequently, the directors of Aer Lingus reject the request as set out in your letter of 13<sup>th</sup> August to convene an EGM and I am directed by the Board of Aer Lingus to inform you that Aer Lingus will not be convening an EGM for these purposes in any circumstances.

Yours faithfully.



Laurence Gourley

Company Secretary

On behalf of Aer Lingus Group plc

Cc Company Secretary, Ryanair Holdings plc

Dublin Airport, Dublin, Ireland

Telephone: Head Office 0818 365 022  
General Fax +353 1 886 3832  
<http://www.aerlingus.com>

3 September 2007

Direct Telephone Number

Direct Fax Number

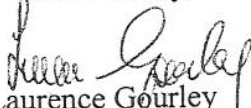
Mr Jim Callaghan  
Company Secretary  
Ryanair Ltd  
Corporate Head Office  
Dublin Airport  
County Dublin

Dear Mr Callaghan,

We refer to your letter dated 31 August 2007.

As we stated in our letter to you of 31 August 2007, we have acted in accordance with legal advice in relation to this matter. We, therefore, entirely reject the allegations made in your letter.

Yours sincerely,

  
Laurence Gourley  
Company Secretary



Corporate Head Office,  
Dublin Airport,  
County Dublin,  
Ireland.  
Telephone: +353 1 8121212  
General Fax: +353 1 8121213  
sita; DUBHQFR  
Reservations: +353 1 2497700  
Website: www.ryanair.com

Department Fax Numbers  
Finance: 01 8121373  
Sales & Marketing: 01 8446625  
Flight Operations: 01 8444404  
Engineering: 01 8121338  
Reservations: 01 6097902

4th September, 2007

Mr John Sharman  
Chairman  
Aer Lingus Group plc  
Head Office  
Dublin Airport

Dear Mr Sharman,

We refer to your letter of 31 August addressed to Coinside Ltd, a subsidiary of Ryanair. Many of the claims made therein are factually untrue and legally untenable.

1. The Directors of Aer Lingus Group plc ("Aer Lingus") do not have discretion in this matter. As the Articles of Association of Aer Lingus and the Companies Act make clear, any shareholder owning at least 10% of Aer Lingus has the statutory right to call an EGM at any time, and your Board has no legal right to reject such a request.
2. Article 55 of Aer Lingus' Articles and Section 132 of the Companies Act, 1963 clearly confirm that the directors of the company are obliged to convene such an EGM. Failure to do so is a clear breach of their statutory duty.
3. Since this rejection of an EGM request from a qualifying shareholder is unlawful, each of the Directors of Aer Lingus is in wilful breach of their statutory duty, and is, consequently, personally liable - without recourse to Aer Lingus or any Directors and Officers (D&O) insurance policy - for this patent breach of their obligations towards shareholders.
4. Your claim that the holding of an EGM of Aer Lingus' shareholders would infringe competition law is of course absurd. Ryanair has never sought, nor seeks, any agreement with Aer Lingus.
5. Your claim that a proposed motion which would direct Aer Lingus to retain its profitable Shannon-Heathrow route (and thereby maintain and promote competition between Aer Lingus and Ryanair on the Shannon-London city pair) would infringe competition law is also absurd as the proposed motion promotes rather than reduces competition.
6. Your claim that Ryanair "*expressly identified*" the strategy that Ryanair would wish Aer Lingus to pursue with regard to the Company's Belfast-London route is untrue. Ryanair's proposed EGM motion was not in any way prescriptive. It only sought - if a majority of shareholders so agreed - to ask the Company "*to consider*" a range of further possibilities which would allow Aer Lingus to operate the Belfast-London route, without sacrificing the profitable Shannon-Heathrow route.



7. Your claim that Ryanair, in calling an EGM, is attempting to influence the conduct of Aer Lingus is simply untrue, when Ryanair's 29.4% shareholding is not sufficient to win any vote at an EGM. As you are aware the European Commission has already confirmed that Ryanair's minority shareholding in Aer Lingus means that "*Ryanair is not in a position to exert any control over Aer Lingus*". Your Chief Executive has also publicly confirmed that he was "*unconcerned*" about Ryanair's minority shareholding since "*that shareholding would give Ryanair no control*".
8. It is entirely reasonable for Ryanair to lawfully request an EGM of Aer Lingus shareholders (to consider the closure of the profitable Shannon-Heathrow route) in order to maximise the Company's profitability and shareholder returns. The company has confirmed that this route is profitable and the Board of the Shannon Airport Authority have identified a further €4m of potential profitability on this one route. **In the context of the Company's €6m interim profit announced last week, shareholders (if a majority so vote) are entitled to request the Board and management of Aer Lingus to retain a route which has the potential to realise profits of over €4m per annum (more than two thirds of Aer Lingus' total interim profits).**
9. **Aer Lingus and its Board of Directors last week published interim results which showed a 58% collapse in profitability from €16.3m in 2006 to just €6.8m in 2007. Indeed without the €9m increase in interest income (earned from the funds raised from shareholders at last September's IPO), Aer Lingus would have reported an interim loss. Given this collapse in profitability, shareholders are more than justified in requesting an EGM to ask their Board and management why such a profitable route is being closed.**

Ryanair is Aer Lingus' largest shareholder. We recently spent a further €53m to purchase shares and prevent an even more precipitous decline in shareholder value at a time of collapsing profitability. Meanwhile your Board spent an extraordinary €24m (four times your interim profits) of shareholders funds to defeat Ryanair's takeover offer of €2.80 per share. As a result your shareholders, on the day of your reply, are suffering a share price of just €2.45 – well below Ryanair's offer - some 10 months later. This is not what your Chief Executive promised shareholders last November when he claimed "*my priority is to create tangible shareholder value*".

We do not wish to see any more shareholder funds wasted on legal fees. Whilst we could call an EGM of shareholders ourselves, or initiate legal proceedings against the Company and your Directors for this unlawful rejection of a legally valid EGM request, we would prefer to see this matter resolved without recourse to the courts. Accordingly, we now formally request that an EGM be called to consider just one motion, as set out in the attached requisition notice, a requisition duly executed by Ryanair Ltd, the registered holder of over 10% of Aer Lingus shares.

This motion will we believe (if approved by a majority of shareholders) enhance the profitability of both the Shannon-Heathrow route and Aer Lingus Group plc. Since it will maintain and promote competition between Aer Lingus and Ryanair on the Shannon – London city pair it is immune from any suggestion of anti-competitive behaviour. As a minority shareholder Ryanair will of course abide by the decision of the majority of shareholders voting at this EGM.

Please confirm receipt of this formal EGM request. We look forward, in due course, to the Board and Directors of Aer Lingus complying with their statutory obligations and holding this EGM at an early date.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J. Callaghan', written in a cursive style.

Jim Callaghan  
Company Secretary

c.c. Mr Bertie Ahern TD – Irish Government  
Aer Lingus ESOP Trustee Limited



Corporate Head Office,  
Dublin Airport,  
County Dublin,  
Ireland.  
Telephone: +353 1 8121212  
General Fax: +353 1 8121213  
site; DUBHQFR  
Reservations: +353 1 2497700  
Website: www.ryanair.com

Department Fax Numbers  
Finance: 01 8121373  
Sales & Marketing: 01 8446625  
Flight Operations: 01 8444404  
Engineering: 01 8121338  
Reservations: 01 6097902

4<sup>th</sup> September, 2007

The Board of Directors  
Aer Lingus Group plc  
Head Office  
Dublin Airport  
Co Dublin

**Re: Notice of Requisition of Extraordinary General Meeting of Aer Lingus Group plc (the "Company")**

Dear Sirs,

We, Ryanair Ltd, being a Member of the Company holding not less than 10% of the paid up share capital of the Company as at the date hereof, carrying the right of voting at General Meetings, hereby requisition an Extraordinary General Meeting of the Company. The object of the said meeting shall be to consider, and if thought fit, pass the following resolution as an ordinary resolution;

*"In view of the recently announced 58% decline in the Company's interim profits, that the Directors of the company, be and are hereby directed to take such actions as may be required to preserve the Company's existing profitable Shannon-Heathrow services and explore the €4m p.a. of additional cost reductions recently identified by the Shannon Airport Authority to enhance shareholder returns."*

This requisition is made pursuant to Article 55 of the Articles of Association of the Company and Section 132 of the Companies Act, 1963 (the "Act").

Please confirm in writing that you will proceed forthwith to convene the said meeting in accordance with the Articles of Association of the Company and the Act.

**Jim Callaghan**  
Company Secretary

c.c. Mr Bertie Ahern TD – Irish Government  
Aer Lingus ESOP Trustee Limited