MAKING TRAVEL EASY AND AFFORDABLE

easyJet plc

Annual report and accounts 2014

See all of the investor information online at

http://corporate.easyjet.com/investors

Strategic report

Governance

Accounts & other information

References to 'easyJet', 'the Company', 'the Group', 'we' or 'our' in this report are references to easyJet plc or to easyJet plc and its subsidiaries.

OUR AMBITION IS TO BE EUROPE'S PREFERRED SHORT-HAUL AIRLINE

Our aim is to deliver market leading returns to our shareholders through maintaining a leading European network at primary airports, with a clear focus on making travel easy and affordable for our customers. Delivering a friendly and efficient service, at a low cost, will see us realise our vision.

See how we are delivering.

HOW WE DRIVE GROWTH AND RETURNS

Our sustainable business model makes travel easy and affordable and drives growth and returns for shareholders.

OUR VALUES >

SAFETY
We will never compromise our commitment to safety, which is always the first priority for our people.

SIMPLICITY
We cut out the things that don't matter to keep us lean and make it easy.

ONE TEAM
Together we'll always find a way.

INTEGRITY
We stand by our word and do what we say.

PASSION
We have a passion for our customers, our people and the work we do.

PIONEERING
We challenge to find new ways to make travel easy and affordable.

WHAT WE DO >

WE ARE A LOW-COST EUROPEAN POINT-TO-POINT SHORT-HAUL AIRLINE
We use our cost advantage and number one and number two network positions in strong markets to deliver point-to-point low fares and operational efficiency, with our people making the difference by offering friendly service for our customers.

OUR AMBITION
To be Europe's preferred short-haul airline, delivering market leading returns.

OUR CAUSE
To make travel easy and affordable.

226
aircraft

64.8m
passengers

675
routes

24
bases

SAFETY UNDERPINS EVERYTHING WE DO

WHERE WE DO IT >

INTRA-EUROPEAN SHORT-HAUL NETWORK

Network focused on primary airports serving significant catchment areas.

HOW WE DO IT >

BUILD STRONG NUMBER ONE AND TWO NETWORK POSITIONS

We fly from the primary airports in attractive catchment areas and have the biggest presence on Europe's top 100 routes.

MAINTAIN COST ADVANTAGE

We are able to provide low fares to our customers by maintaining a low cost base and by delivering operational excellence. We have low overhead costs, use our aircraft efficiently and have industry leading on-time performance.

DRIVE DEMAND, CONVERSION AND YIELDS ACROSS EUROPE

We make it easy to buy our low fares through our website, which has over one million visits every day, and also through mobile devices. People are attracted to the well-known easyJet brand and service offering.

DISCIPLINED USE OF CAPITAL

We maintain a strong balance sheet so that we can withstand external shocks, such as airspace closure. We maximise the use of our aircraft and have a policy of returning excess cash to shareholders.

CULTURE, PEOPLE AND PLATFORM

Our people are passionate and friendly. We strive for simple systems and processes.

SAFETY UNDERPINS EVERYTHING WE DO

WHERE WE ARE NOW

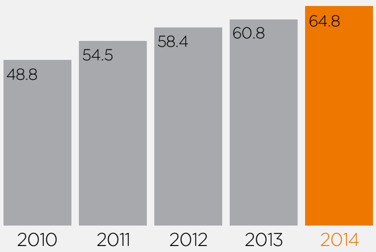
We have continued to grow our capacity, increase the number of routes and attract more customers across Europe.

We continue to grow the number of passengers and seats flown

Number of passengers
million

64.8

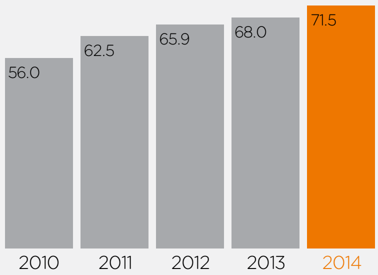
+6.6%
from 2013



Seats flown
million

71.5

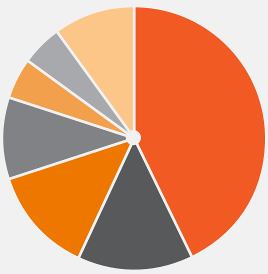
+5.1%
from 2013



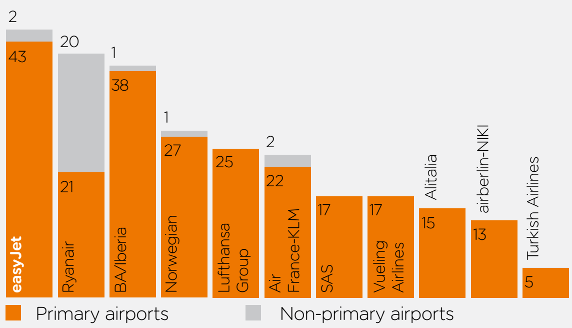
We attract customers across Europe

Passengers by country
%

UK	43
France	14
Italy	13
Switzerland	10
Germany	5
Spain	5
Other	10



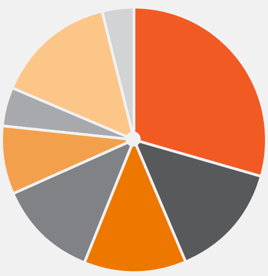
Presence on top 100 routes



Our network is truly European

Number of routes by country

UK	399
France	192
Italy	167
Portugal and Spain	167
Switzerland	110
Germany	67
Other EU	198
Non-EU	50



Our presence across Europe – number of routes touching each location

UK

London Gatwick	107
Bristol	46
London Luton	39
Manchester	35
Edinburgh	32
Liverpool	29
London Stansted	26
Belfast	24
Glasgow	16
Newcastle	14
London Southend	12
Other	19

PORTUGAL

Lisbon	17
Faro	12
Porto	6
Other	3

ITALY

Milan Malpensa	47
Rome Fiumicino	34
Naples	21
Sardinia	17
Venice	14
Sicily	14
Other	20

FRANCE

Paris Charles de Gaulle	38
Lyon	31
Nice	27
Paris Orly	18
Toulouse	15
Bordeaux	15
Corsica	14
Other	34

GERMANY

Berlin	43
Hamburg	16
Other	8

NETHERLANDS

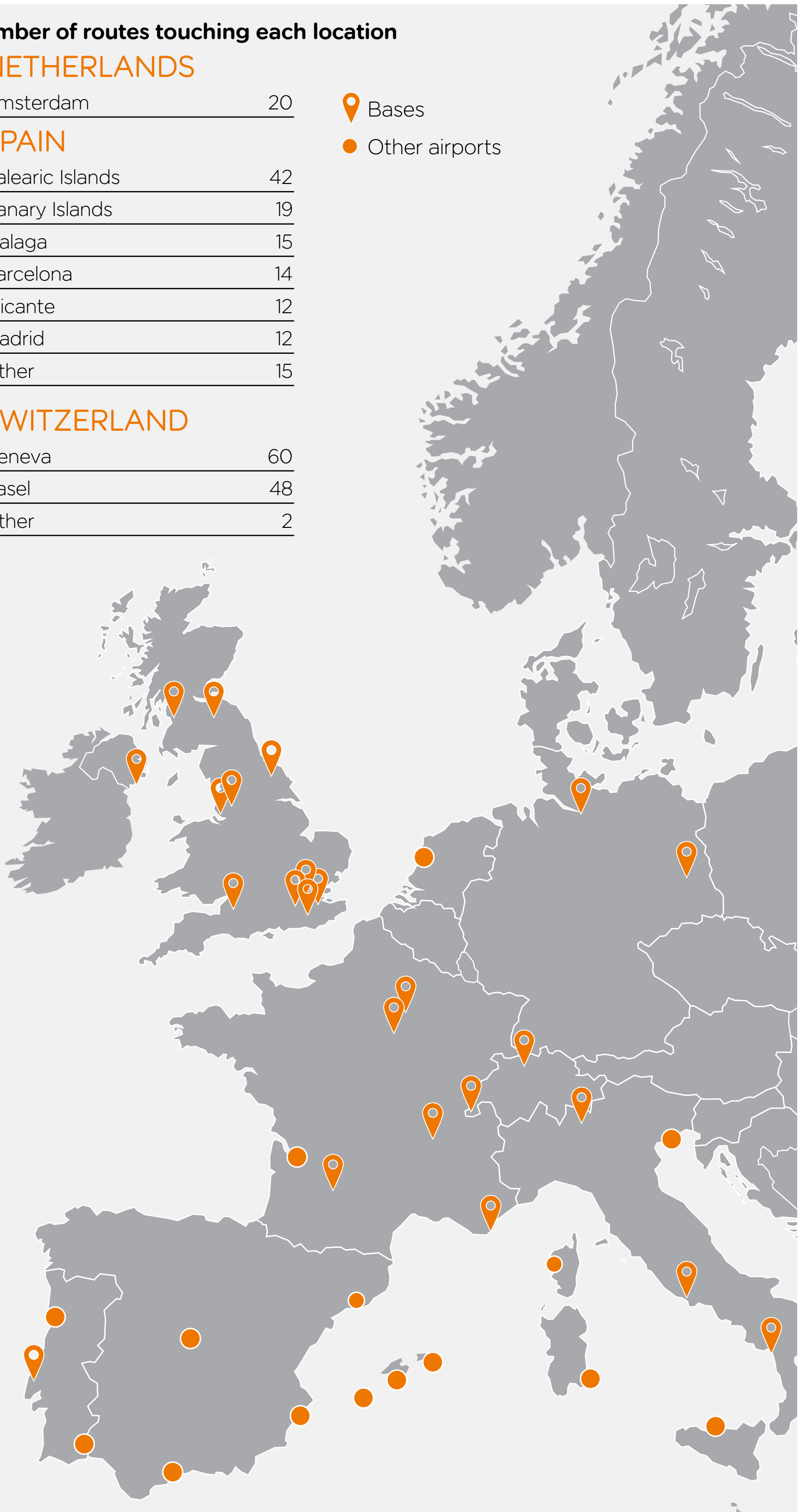
Amsterdam	20

SPAIN

Balearic Islands	42
Canary Islands	19
Malaga	15
Barcelona	14
Alicante	12
Madrid	12
Other	15

SWITZERLAND

Geneva	60
Basel	48
Other	2



Airports with fewer than 10 routes are not shown.

WE HAVE GROWN TO BECOME EUROPE'S LEADING AIRLINE

From our modest beginnings we have grown to become Europe's leading short-haul airline. In the year to 30 September 2014 we flew 64.8 million passengers, an increase of 43% in the last five years. We operate over 650 routes with more than 200 Airbus aircraft, and employ more than 9,000 people across Europe. Here are some of our highlights since we started in 1995.

'95

easyJet launches its inaugural flights from London Luton to Glasgow and Edinburgh with fares starting at £29 one way.

£29
fares starting price one way

'96

easyJet takes delivery of its first wholly owned aircraft and starts international flights with routes from London Luton to Amsterdam, Barcelona and Nice.

'97

easyJet launches its website with online bookings available a year later. The second base opens in Liverpool with flights to Amsterdam.

'00

easyJet floats on the London Stock Exchange at an offer price of 310p valuing the Company at £777 million.

310p
easyJet floats on the London Stock Exchange

'01

easyJet makes London Gatwick its fifth base and becomes the second-largest scheduled airline at the airport.

5th
base is opened by easyJet

'03

easyJet's shareholders approve the purchase of 120 aircraft from Airbus with the option to purchase an additional 120 aircraft.

120
aircraft purchased from Airbus

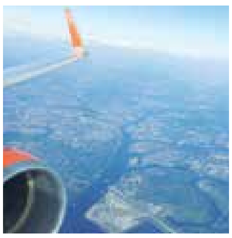
'08

easyJet opens bases at Paris Charles de Gaulle and Lyon to bring the number of bases to 20.

20th base is opened by easyJet

'09

easyJet operates over 400 routes with over 175 aircraft in 27 countries. For the first time over 50% of passengers originate from outside the UK.



>50% of passengers originate from outside the UK

'11

easyJet announces two new bases in France at Nice and Toulouse, bringing the number of bases in France to five. easyJet announces its maiden dividend to shareholders.

'12

>100 routes from London Gatwick

easyJet introduces allocated seating on all of its flights from November 2012. easyJet also announces that it has reached the landmark of flying more than 100 routes from London Gatwick, its largest base. easyJet is awarded the rights to fly between Moscow and London.

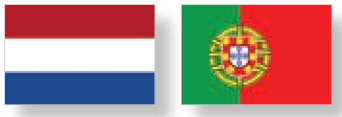
'13

easyJet's shareholders approve the purchase of 35 current generation Airbus A320 aircraft and 100 new generation A320neo aircraft for delivery between 2015 and 2022. easyJet announces new bases in Hamburg and Naples and the expansion of its base in Berlin.

135 new aircraft ordered

'14

easyJet signs a new seven-year deal at its largest base, London Gatwick, and announces new bases in Amsterdam and Porto.



40% ordinary dividend

easyJet increases the payout ratio for the ordinary dividend to 40% of profit after tax

CONTINUING TO DELIVER

John Barton
Non-Executive Chairman

DEAR SHAREHOLDER

I am pleased to report that your Company has delivered record profits for the fourth year in a row with profit before tax growing by 21.5% to £581 million.

Customers
easyJet continues to be focused on primary airports in our core markets and our low cost base enables us to offer low fares to our customers. During the year we have continued to expand and make improvements to our network, making travel easy and affordable for our customers. This makes our business model uniquely positioned to deliver what customers look for when choosing an airline.

Opportunities
We continue to see profitable and time-sensitive opportunities for growth in our core markets. The Board therefore decided to exercise the remaining 35 options and purchase rights over current generation aircraft for delivery between 2015 and 2018. These aircraft will augment easyJet's highly cash generative model. The Board will continue to keep the balance sheet under review and intends to make further returns of capital to shareholders in the coming years as surplus funds accumulate.

Returns to shareholders
In light of the continued strong financial performance of the Company and confidence in the future, the Board has decided to increase the payout ratio for the ordinary dividend from one-third of profit after tax to 40% of profit after tax. The Board is therefore proposing an ordinary dividend of 45.4 pence per share, an increase of 35.5% over the ordinary dividend paid last year.

Regulatory environment
The regulatory environment continues to have a significant impact on easyJet. However, this year we have seen progress at Gatwick, where we have reached a long-term agreement with the airport that provides a good base for growth and savings over the next seven years. We have also seen governments start to reconsider how airports are regulated in France and Switzerland.

We have continued to work with the Airports Commission on future runway capacity in the UK, and have focused on assessing which of the options it has put forward will deliver the best outcome for easyJet and our passengers. In particular, we are looking closely at the proposal for further runway capacity at Heathrow, which we believe could potentially offer an attractive proposition for us to bring our operating model to the airport.

People
I would like to thank all our people for their continued hard work, passion and focus on customer service which has driven the strong performance in the year. Operationally we have had a very busy summer and I would like to thank our pilots, cabin crew and ground staff for continuing to deliver the friendly and efficient service our customers have come to expect.

During the year, Dr. Andreas Bierwirth and François Rubichon joined the Board. They are both experienced in the aviation industry and bring a welcome European view to the Board. Just after the year end David Bennett and Professor Rigas Doganis will retire from the Board having both served nine years. They have seen many changes in their time and have played a full part in making easyJet the success it is today. Many thanks to both of them.

Conclusion
easyJet has built the leading business model in European short-haul aviation. The Company's pan-European network, cost advantage at the primary airports it flies from, focus on customer service and capital allocation mean that easyJet is well placed to continue to deliver sustainable growth and returns for shareholders.

John Barton

John Barton
Non-Executive Chairman

A YEAR OF STRONG PERFORMANCE

Carolyn McCall OBE
Chief Executive

Highlights

£581m
Profit before tax
(2013: £478m)

20.5%
ROCE
(2013: 17.4%)

45.4
pence per share
Proposed ordinary dividend
(2013: 33.5 pence per share)

FINANCIAL PERFORMANCE

easyJet delivered record profit before tax of £581 million, an increase of £103 million from 2013 with a profit before tax margin of 12.8%. Profit before tax per seat rose by £1.09 year-on-year to £8.12.

Return on capital employed grew by 3.1 percentage points to 20.5%(1). In light of the continued strong financial performance and confidence in the future, the Board has decided to increase the ordinary dividend pay-out ratio from one third of profit after tax to 40% of profit after tax, which has resulted in a 35.5% increase in the ordinary dividend from 33.5 pence per share to 45.4 pence per share.

The performance in the year was driven by:

- continued revenue per seat growth in a higher capacity environment;
- a 1.3 percentage point improvement in the load factor;
- continued digital and data initiatives;
- better than expected cost performance driven by the easyJet lean programme, one-off benefits of the CFM engine selection and the continued scale advantages of increasing the proportion of A320 aircraft in the fleet; and
- rigorous focus on capital allocation and returns with continued strategy of allocating aircraft to highest returning parts of the network.

MARKET OVERVIEW

Competitive landscape

The European short-haul aviation market can be divided into legacy carriers and low-cost carriers. The legacy carriers include for example Air France-KLM, IAG and Lufthansa. Legacy carriers operate short and long-haul networks. The short-haul operations are partly used to provide connectivity for passengers to transfer onto the more profitable long-haul. Low-cost carriers, like easyJet, typically operate point-to-point business models with no (or limited) connectivity to other flights. Due to a less complicated business model, and cost advantage, low-cost airlines have consistently generated higher levels of profitability compared to the legacy carriers.

After several years of low market capacity growth the European short-haul market has returned to more normal levels of capacity growth. In the 12 months to 30 September 2014 the total number of European short-haul seats increased by 4.3%(2) and by 3.0%(2) on easyJet's markets. easyJet grew slightly ahead of the market with seat growth of 5.1% in the 2014 financial year. easyJet expects that capacity and demand will be broadly aligned over the next five-year period. This is based on confirmed short-haul European fleet orders, conservative assumptions on aircraft retirements and GDP growth in easyJet's main markets.

Several airlines have launched initiatives to improve profitability, rationalise capacity and reduce costs. In some cases these airlines have also been dependent on external

(1) Return on capital employed shown adjusted for leases with leases capitalised at 7 times.
(2) Capacity and market share figures from OAG. Size of European market based on internal easyJet definition. Historical data based on 12 month period from October 2013 to September 2014.

funding to support operations and strengthen balance sheets. For example, UK-based airline Monarch has announced a restructuring programme including a material reduction in its fleet size. Etihad made an investment for a 49% stake in Alitalia which is undergoing significant restructuring. Air Berlin announced additional restructuring at its full year results, and has since cancelled part of its fleet order to reduce future capital expenditure commitments.

Legacy carriers are also trying to reduce costs by transferring capacity, primarily on point-to-point routes, to lower-cost subsidiaries. For example, Lufthansa Group has begun to transfer capacity to Germanwings in Germany and also announced plans to set up Eurowings outside of Germany. Air France-KLM has announced plans to further expand its low-cost subsidiary Transavia. easyJet has a cost advantage over these low-cost subsidiaries, an advantage of a pan-European network and an established brand which allows it to drive high load factors from both departure and arrival markets.

Primary airports are becoming increasingly capacity constrained in peak periods. With long planning and investment cycles to expand existing airports, several more airports are expected to be capacity-constrained in the future. easyJet has a competitive advantage from its network driven by its well-balanced portfolio of slots at congested primary airports, which has taken a number of years to build up and cannot be readily replicated.

Regulatory environment

The regulatory environment remains an important issue for easyJet and, while the Company has seen significant progress in some areas, easyJet continues to see monopoly infrastructure providers imposing unreasonable price increases.

At Gatwick, easyJet's largest base, the Company worked to make changes to the regulatory environment which has allowed it to reach a long-term agreement with the airport that provides a lasting advantage for the Company. There has also been a willingness to reconsider how airports are regulated in France and Switzerland; in particular easyJet has focused on ensuring that airports are effectively regulated and are not able to retain the commercial revenues from passengers through the airport and instead have to use them to offset airport charges. However, there have been significant increases in charges at Rome Fiumicino airport in particular, where the airport has structured charges in a way that discriminates against point-to-point airlines. This has been accompanied by continued pressure on regulated charges at a range of airports across Europe. easyJet remains focused on addressing this and has an on-going dialogue and programme of work with both regulators and the European Commission on regulated charges at EU airports.

After the year-end the UK Supreme Court effectively upheld a Court of Appeal ruling in favour of paying EU261 compensation to passengers who experience a cancellation or a delay of more than three hours due to certain types of technical failure. easyJet operates a young and reliable fleet and fully complies with all applicable rulings relating to EU261.

There has also been mixed progress on airspace charges. In some EU Member States, in particular the UK and a range of smaller nations, airline pressure has ensured that providers will deliver reductions in airspace charges. However, other Member States are continuing to support increases. easyJet will continue to oppose these increases, and is working with other airlines on this issue.

easyJet remains concerned with the continued increase in taxes on aviation across Europe, which is undermining European growth and ultimately jobs. easyJet has undertaken work to demonstrate to governments that these taxes are not in their interest or those of consumers or people working within the sector. The forthcoming general election in the UK provides an opportunity for APD to be addressed in the UK.

STRATEGIC PROGRESS

easyJet flies between airports people want to fly to; its principal competitors at these primary airports are the legacy, low-cost and charter carriers. easyJet has a structural cost advantage relative to these airlines allowing it to offer customers more affordable fares. This cost advantage is driven through a combination of factors including aircraft configuration with easyJet carrying a higher number of seats per aircraft; higher load factors and higher aircraft utilisation driven by its point-to-point model; its younger fleet and advantaged fleet deal reducing ownership and maintenance costs, and leaner overhead costs.

The Company is confident that its strategy of building on its competitive advantages of a strong network and market positions, efficient low-cost model, pan-European brand and strong balance sheet will position it to deliver sustainable growth and returns for shareholders.

In order to deliver on its strategy, easyJet has four key objectives:

1. BUILD STRONG NUMBER ONE AND TWO NETWORK POSITIONS
2. MAINTAIN COST ADVANTAGE
3. DRIVE DEMAND, CONVERSION AND YIELDS ACROSS EUROPE
4. DISCIPLINED USE OF CAPITAL

For shareholders, this will deliver: sustainable and flexible growth; industry leading returns and regular cash returns via ordinary dividends paid out at 40% of profit after tax; and, in addition, a policy of distributing excess cash to shareholders.

1. BUILD STRONG NUMBER ONE AND TWO NETWORK POSITIONS

easyJet has developed the leading pan-European network by building up a valuable portfolio of slots, held at primary airports over several years. easyJet connects more of the top European city-to-city market pairs than any other airline and its network is a clear competitive advantage. easyJet has number one or two market positions at primary airports including London Gatwick, Geneva, Paris Orly, Paris Charles de Gaulle, Amsterdam and Milan Malpensa.

easyJet's network is designed to maximise asset utilisation and extract the maximum value from its assets. The Company constantly strives to balance the network by allocating aircraft to areas of the network which drive the highest returns depending on time of day or year.

easyJet has a market share of around 8%(3) in the total intra-European market and around 32% share in easyJet's markets(3). An overview of the developments in each of easyJet's key markets is shown below.

Country review

UK

easyJet is the largest short-haul carrier in the UK with a market share of around 20%(3). easyJet saw growth across a number of airports in the UK with the majority of the increase coming at Gatwick due to the acquisition of Flybe slots in May 2013 where capacity increased by around 15% in the six months to 30 September 2014. The slots transferred on 30 March 2014 and have been used to further build the route portfolio at Gatwick and increase frequencies on existing routes such as Inverness and Amsterdam.

easyJet increased capacity in the UK by 5.8% and launched 24 new routes in the 12 months to 30 September 2014. The Company now bases 127 aircraft in the UK and holds leading positions in nine out of eleven UK bases.

Switzerland

easyJet grew capacity by 6.8% and carried over 10 million passengers in the 2014 financial year. The Company now has 23 aircraft based in Switzerland, launched 11 new destinations from Geneva and Basel and now flies 110 routes from the country.

The Company has consolidated its number one positions at Geneva and Basel by increasing its market share by 0.4 and 1.2 percentage points to 40.5% and 52.4% respectively.

France

easyJet is the largest low-cost airline in France with a market share of around 14% and 26 based aircraft. In the 2014 financial year easyJet carried 14.7 million passengers on over 180 routes of which 24 were launched in the year.

(3) Capacity and market share figures from OAG. Size of European market based on internal easyJet definition. Historical data based on 12 month period from October 2013 to September 2014.

As part of its strategy to become the alternative to Air France, easyJet grew capacity by 5% in the 2014 financial year and continued to improve its brand consideration scores from 87% to 90%. easyJet was able to take advantage of the Air France pilots' strike in September 2014 by adding additional capacity, attracting more customers to the airline and increasing revenue by approximately £5 million.

easyJet also launched four new routes at Bordeaux, increased frequencies on key business routes, became the largest short-haul carrier in Nice and launched two new French destinations at Strasbourg and Figari.

Italy

easyJet has 27 aircraft based in Italy, grew capacity by 6.2% in the 2014 financial year and has number one or number two positions at its key bases of Milan Malpensa, Rome Fiumicino and Naples. easyJet opened its Naples base in March 2014 with two based aircraft.

easyJet also has a strong structural position in other areas of the country such as Venice, Olbia and Pisa. The Company believes there are further opportunities in Italy given the current market dynamics and easyJet's structural position which it has built in the market. easyJet has been steadily increasing its brand attractiveness and now one out of four Italians prefers to fly with easyJet.

Germany

easyJet grew capacity by 6.7% in Germany in the 2014 financial year. easyJet has 11 aircraft based in Germany at Berlin and Hamburg. The Hamburg base was launched in March 2014 and has two based aircraft.

easyJet's focus has been on Berlin with nine aircraft and a 62% market share at Berlin Schönefeld airport[(4)]. easyJet has performed well in Berlin taking share from Lufthansa as it retrenches and transfers traffic to Germanwings. easyJet is in a strong position to drive returns when the new Berlin airport eventually opens.

Portugal / Spain

easyJet carried approximately four million passengers in the 2014 financial year with a market share of around 13%, and is the second largest carrier in Lisbon Portela with four aircraft based at the airport with a 12% market share[(4)]. In spring 2015 easyJet will open its second Portuguese base at Porto with two based aircraft.

Spain is an important destination in the easyJet network with 10% of all flights touching Spain. In the 2014 financial year easyJet had an 8% share of the Spanish short-haul market.

Netherlands

easyJet is the second largest carrier in Amsterdam with a market share of around 9%. In spring 2015 easyJet will open a base at Amsterdam Schiphol Airport, with three based aircraft.

(4) Capacity and market share figures from OAG. Size of European market based on internal easyJet definition. Historical data based on 12 month period from October 2013 to September 2014.

2. MAINTAIN COST ADVANTAGE

easyJet has a cost advantage over its competitors in the airports that it operates from, allowing it to offer competitive and affordable fares for passengers. Its key competitors in the primary airports it operates from are legacy carriers with older, less efficient aircraft, lower asset utilisation, lower seat densities, lower load factors and higher levels of fixed costs and low-cost carriers. easyJet's lower cost base enables it to offer the affordable fares its customers value.

easyJet's asset utilisation of 11 block hours per day for operated aircraft is amongst the highest in the industry and has remained constant year-on-year.

Robust operations

easyJet's strong operational and cost performance is built around ensuring aircraft depart and arrive on time. This both minimises the costs of disruption, and improves customer satisfaction and repeat purchases, which in turn increases revenue.

The first half of the year saw some challenges for easyJet's operations including the Italian Air Traffic Controllers strike in October, a power outage at Gatwick on Christmas Eve, Air Traffic Control computer systems failure in the UK, the adverse weather conditions in December across Northern Europe and the French Air Traffic Controllers strike in March. easyJet's strong operational process and teams ensured that the ground and flight operations recovered quickly from disruption events to ensure on-time performance remained industry leading.

The second half of the year saw operational issues such as the recurring industrial action in Italy and France, unusually disruptive and prolonged continental summer thunderstorm periods as well as the transitional impact of easyJet's large increase in capacity at Gatwick due to the acquisition of Flybe slots. This resulted in a two percentage point reduction in on-time performance levels for the year to 30 September 2014.

OTP % arrivals within 15 minutes[5]	Q1	Q2	Q3	Q4	Full year
2013	86%	86%	89%	88%	87%
2014	**87%**	**91%**	**84%**	**80%**	**85%**

easyJet lean

easyJet is committed to maintaining its structural cost advantage against the legacy, low-cost and charter operators who are its major competitors in the airports from which it operates. easyJet lean is a programme designed to ensure unit cost growth excluding fuel is kept below the prevailing market inflation. Since inception easyJet lean has delivered c.£175 million of sustainable savings.

In the 2014 financial year easyJet lean delivered £32 million of sustainable savings, of which £18 million was delivered in the second half. Savings were focused on ground handling contracts and agreements with non-regulated airports. Further savings were delivered by engineering initiatives and fuel burn projects including the benefit of more aircraft fitted with Sharklets in the fleet.

After four years of the easyJet lean programme the Company took the opportunity to add to the initiatives contained in the pipeline over the next five years through an independent cost benchmarking exercise. The benchmarking process highlighted that easyJet is in a strong cost position compared to its competitors. The process also highlighted that there are many more cost saving opportunities for easyJet to deliver which will form the basis of the plan to deliver £30 million to £40 million in sustainable savings per annum over the next five years.

(5) On-time performance as measured by internal easyJet system.

Aircraft fitted with Sharklets improve fuel efficiency and reduce CO_2 emissions.

Fleet

easyJet continues to build flexibility into its fleet planning arrangements such that it can increase or decrease capacity deployed, subject to the opportunities available and prevailing economic conditions. easyJet uses the flexibility it has to move aircraft between routes and markets to improve returns.

easyJet's total fleet as at 30 September 2014 comprised 226 aircraft, split between 156-seat Airbus A319s and 180-seat A320s. During the year, easyJet took delivery of nine A320 aircraft under the terms of the current generation Airbus agreement. No aircraft exited the fleet in the year.

The larger A320 aircraft have been introduced over the last few years with minimal reduction in yields, and they deliver a per seat cost saving of approximately 7% to 8% over the A319 aircraft through economies of scale, efficiencies in crew, ownership, fuel and maintenance. The increase in the proportion of A320s delivered a 10 pence per seat cost saving in 2014.

During the year easyJet exercised:

- 31 October 2013 – six options over current generation A320 aircraft;
- 14 February 2014 – two purchase rights over current generation A320 aircraft; and
- 18 September 2014 – the remaining 27 purchase rights over current generation A320 aircraft.

These aircraft are subject to a very substantial discount from the list price, will be delivered between 2015 and 2018, and are expected to be funded through a combination of easyJet's internal resources, cash flow, sale and leaseback transactions and debt.

easyJet continues to have a high level of fleet flexibility provided by its current fleet arrangements. As a result of the exercise of the options and purchase rights easyJet is expecting to have a fleet of 304 aircraft by 2019. However, the fleet arrangements also give easyJet the ability to manage the fleet size to between 204 and 316 aircraft by 2019 depending on economic conditions and opportunities available.

Fleet as at 30 September 2014:

	Owned	Operating leases	Finance leases	**Total**	% of fleet	Changes in year	Future committed deliveries	Unexercised purchase rights
A319	93	54	6	**153**	68%	–	–	–
A320	50	18	5	**73**	32%	9	70	–
A320neo	–	–	–	–		–	100	100
	143	72	11	**226**		9	170	100

easyJet's fleet plan as at 30 September 2014:

	2015 financial year	2016 financial year	2017 financial year	2018 financial year	2019 financial year
Maximum fleet(6)(7)	241	259	281	296	316
Minimum fleet(6)	241	250	261	226	204
Fleet plan – base case(6)	241	259	281	296	304

(6) Maximum, minimum and base fleet show the fleet position at the end of the relevant financial year.

(7) Does not include exercise of any of the 100 purchase rights over A320neo aircraft.

3. DRIVE DEMAND, CONVERSION AND YIELDS ACROSS EUROPE

A key part of easyJet's strategy is to drive revenues by optimising its network, improving brand awareness across Europe, developing its competitive advantage through its bespoke revenue management system, improving its customer relationship management capabilities, driving conversion and implementing its wider digital strategy.

Revenue per seat grew by 1.2% on a reported basis to £63.31 and by 1.9% on a constant currency basis. The growth in revenue per seat in a competitive market was driven by the:

- continued improvement in the mix of routes, with the ability to respond quickly to increases or decreases in demand from customers including in season where the mix of fleet enables easyJet to deploy the right sized aircraft to meet peak demand and take advantage of opportunities;
- improved conversion and yield from more sophisticated pricing for customers through further developments of the bespoke revenue management system;
- performance of allocated seating and the yield management of bag charges;
- load factor which increased by 1.3 percentage points to 90.6%;
- initiatives to target the business passenger; and
- continued roll-out of digital, brand and revenue initiatives.

Revenue per seat growth continued to improve with the exception of London Gatwick where easyJet started flying the Flybe slots on 30 March 2014. In the six months to 30 September 2014 easyJet increased capacity by around 15% at London Gatwick and as expected this resulted in short-term yield pressure at the airport. easyJet sees a significant opportunity over the next two years to drive improvement in revenue performance at London Gatwick as it optimises the use of slots and as the additional capacity matures.

easyJet continues to make travel easy and affordable for its customers by driving innovation through its digital strategy. The Company's award-winning app has now been downloaded by over ten million people and the use of mobile boarding passes continues to grow. During the year easyJet launched a series of innovations including becoming the first European carrier to allow planes to be tracked in real time on a map of Europe and a trial of iBeacons at London Luton, London Gatwick and Paris Charles de Gaulle. These strategically placed beacons trigger helpful notifications to passengers' mobiles during critical points of the airport journey. Other initiatives launched in the year included a 'lowest fare finder' on easyjet.com and Hebrew and Chinese language websites.

The Company's business passenger initiative continues to perform in line with expectations. In the 2014 financial year easyJet continued to drive sales of new business products, such as inclusive fare and flexi fare, the latter of which grew by 48% year-on-year. easyJet also grew its managed business – those corporates where easyJet has a contractual relationship – by 10% year-on-year. easyJet's sales through dedicated business channels such as Global Distribution Systems, API and on-line booking tools grew by 34%. In September 2014 easyJet launched a TV advertising campaign focused on its business passenger offering and carried its highest ever number of business passengers in a month. During the year easyJet continued to develop its business passenger initiative; partnering with Sabre to enhance its booking process in October 2013 and renewing its distribution agreement with Travelport in February 2014. easyJet also renewed its travel deal with the UK Houses of Parliament. The success of easyJet's developments within the corporate travel arena was recognised when it won Best Short-Haul Airline at the 2014 Business Travel awards.

Non-seat revenue per seat declined by £0.03 per seat to £0.91 per seat. This was primarily due to the non-recurrence of a one-off benefit in the prior year. easyJet continues to review and expand its portfolio of partners, inflight services and fees and charges to drive improvements in its customer experience.

4. DISCIPLINED USE OF CAPITAL

easyJet allocates its aircraft and capacity to optimise the returns across its network and it discontinued 36 routes during the financial year.

easyJet maintains a strong balance sheet with low gearing and therefore derives a competitive advantage through access to funding at a lower cost. Over the cycle, easyJet is committed to earning returns in excess of its cost of capital, and intends to fund both aircraft purchases and dividends from the cash generated from the business.

During the year easyJet revised its financial objectives and metrics to provide a clear capital structure framework.

This framework allows easyJet to withstand external shocks such as an extended closure of airspace, significant fuel price increases or a sustained period of low yields whilst being in a position to drive growth and returns for shareholders.

As at 30 September 2014, easyJet had cash and money market deposits of £985 million, a decrease of £252 million on 30 September 2013 which reflects the payment of £308 million in dividends to shareholders in the year, pre-delivery payments for new aircraft and repayment of borrowings. easyJet finished the year with net cash of £422 million against net cash of £558 million at the same time last year. Adjusted net debt, including leases at seven times at 30 September 2014 was £446 million against £156 million at 30 September 2013.

easyJet is focused on driving returns for shareholders and, consistent with this, the Board increased the pay-out ratio on the ordinary dividend from one third of profit after tax to 40% of profit after tax. In addition the Board will continue to keep the balance sheet under review and intends to make further returns of capital in the coming years when appropriate.

Therefore the Board is recommending an ordinary dividend of 45.4 pence a share which is subject to shareholder approval at the Company's Annual General Meeting on 12 February 2015.

	Objective	Metric	Progress
Capital discipline	High asset efficiency Maintain high level of fleet flexibility	Fleet size flexibility of between 204 and 316 aircraft by 2019	226 aircraft with 11 hours per day asset utilisation
Capital structure	Ensure robust capital structure Retain ability to invest in profitable growth opportunities	Gearing: 15% to 30% Moving to 80:20 ratio on owned vs. leased aircraft	Gearing 17% 32% leased
Liquidity	Maintain sufficient liquidity to manage through industry shocks	£4 million cash per aircraft	£4.4 million cash per aircraft
Returns	Maintain industry-leading returns	Top quartile ROCE[(8)]	ROCE of 20.5%
Dividend policy	Target consistent and continuous payments Return excess capital to shareholders	40% of profit after tax pay-out ratio for ordinary dividend	Ordinary dividend payment increased by 35.5% to 45.4 pence per share

(8) Return on capital employed shown adjusted for leases with leases capitalised at 7 times.

LOOKING FORWARD

Hedging positions

easyJet operates under a clear set of treasury policies agreed by the Board. The aim of easyJet's hedging policy is to reduce short-term earnings volatility. Therefore, easyJet hedges forward, on a rolling basis, between 65% and 85% of the next 12 months' anticipated fuel and currency requirements and between 45% and 65% of the following 12 months' anticipated requirements.

Details of current hedging arrangements are set out below:

Percentage of anticipated requirement hedged	Fuel requirement	US Dollar requirement	Euro surplus
Six months to 31 March 2015	91%	91%	84%
Average rate	$958/metric tonne	$1.60	€1.19
Full year ending 30 September 2015	80%	85%	77%
Average rate	$944/metric tonne	$1.59	€1.18
Full year ending 30 September 2016	58%	55%	52%
Average rate	$921/metric tonne	$1.64	€1.21

Sensitivities

- A $10 movement per metric tonne impacts the 2015 financial year fuel bill by $3.5 million.
- A one cent movement in £/$ impacts the 2015 financial year profit before tax by £1.3 million.
- A one cent movement in £/€ impacts the 2015 financial year profit before tax by £1.1 million.

Outlook

easyJet expects to grow capacity, measured in seats flown, by around 3.5% in the first half of the year and by around 5% for the full year. Forward bookings for the first half of the 2015 financial year are slightly ahead of the prior year. easyJet continues to invest in its network and in particular is growing capacity at London Gatwick, driven by the purchase of the Flybe slots, by around 10% in the first half of the year. As a result of easyJet continuing to invest in and grow its network, revenue per seat at constant currency for the first half of the financial year is expected to be flat to very slightly up on the prior year.

easyJet expects cost per seat (excluding fuel and currency) to increase by around 2.5% for the first half of the year and by around 2% for the full year[9]. The cost per seat increase reflects the prior year's unusually benign winter weather and will primarily be driven by increased crew costs associated with delivering a resilient operation ahead of new base openings, charges at regulated airports, particularly in Germany and Italy, increased navigation charges and increased maintenance costs associated with the planned ageing of the fleet.

It is estimated that at current exchange rates and with jet fuel remaining within a $800 metric tonne to $1,000 metric tonne trading range, easyJet's unit fuel bill for the first six months of the 2015 financial year is likely to decrease by between £12 million[10,11] and £22 million[10,11] compared to the six months to 31 March 2014. On a full year basis it is estimated that at current exchange rates and with jet fuel remaining within a $800 metric tonne to $1,000 metric tonne trading range, easyJet's unit fuel bill for the 12 months ending 30 September 2015 is likely to decrease by between £22 million and £70 million[10,11] compared to the 12 months to 30 September 2014.

In addition, exchange rate movements are likely to have around a £5 million[10] favourable impact compared to the six months to 31 March 2014 and are likely to have around a £20 million[10] adverse impact compared to the 12 months to 30 September 2014.

easyJet is successfully executing its strategy of offering its customers low fares to great destinations with friendly service so that it will continue to win in a more competitive market. This means easyJet is well placed to continue to deliver sustainable returns and growth for shareholders.

Carolyn McCall OBE
Chief Executive

(9) Includes anticipated impact from the recent EU261 Huzar judgement.

(10) US $ to £ sterling 1.5633, euro to £ sterling 1.2540. Currency and fuel increases are shown net of hedging impact.

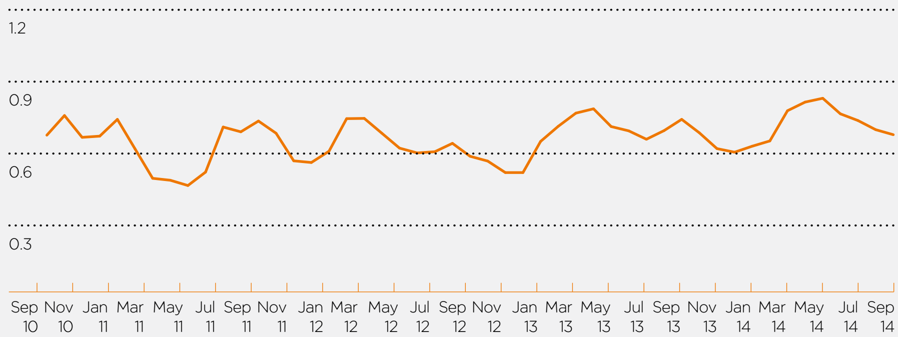
(11) Unit fuel calculated as the difference between latest estimate of FY'15 fuel costs less FY'14 fuel cost per seat multiplied by FY'15 seat capacity.

MEASURING OUR PERFORMANCE

SAFETY FIRST

No compromise on safety
We will never compromise our commitment to safety, which is always the first priority for our people.

Composite risk value (CRV)

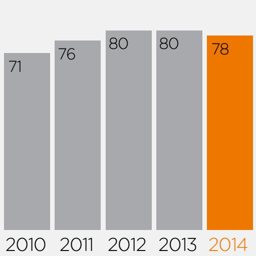


FOCUS ON OUR CUSTOMERS

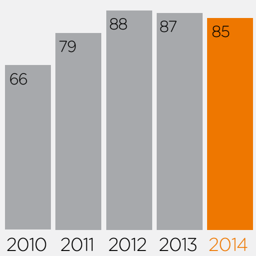
We are committed to making travel easy and affordable and providing friendly service to our customers.

49-51
See Corporate Responsibility for more information

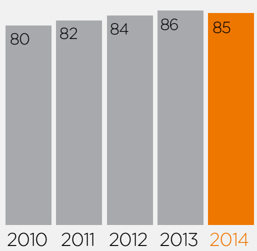
Overall customer satisfaction*
%



On-time performance
%



Likely to recommend
%



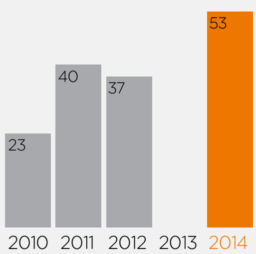
* Results prior to 2014 have been recalibrated to be consistent with the survey basis adopted in 2014.

FOCUS ON OUR PEOPLE

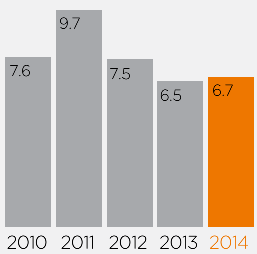
We are committed to listening to our people and engaging with them to improve what we do and how we do it.

38-43
See Corporate Responsibility for more information

Employee engagement uSay*
%



Employee turnover
%



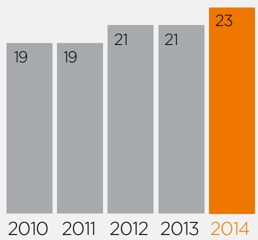
* In 2013 we undertook a review and subsequently decided to commission a new supplier to conduct the survey. As a result, the survey was delayed until early in 2014.

FOCUS ON OUR NETWORK DEVELOPMENT

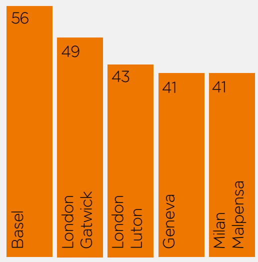
We are focused on improving our routes, slots and bases to build on our leading presence across Europe.

9-17
See Chief Executive's review for more information

Top 100 airports where we are the No.1 or No.2 airline



Market share of airports
%

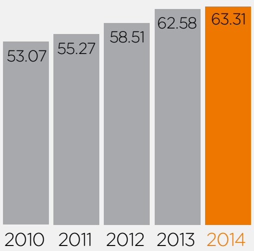


FINANCIALLY STRONG

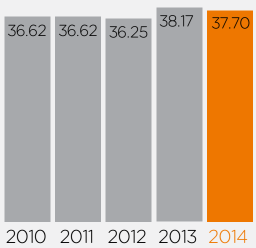
We are committed to improving shareholder returns whilst remaining prudently financed with a strong, liquid balance sheet.

20-27
See the Financial review for more information

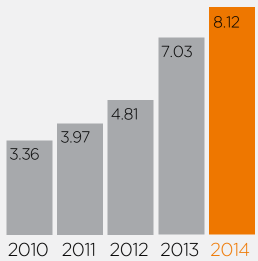
Revenue per seat
£
+1.2%



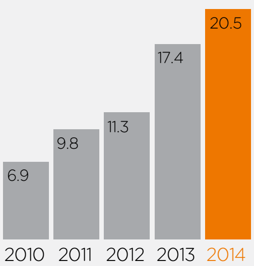
Cost per seat excluding fuel
£
-1.2%



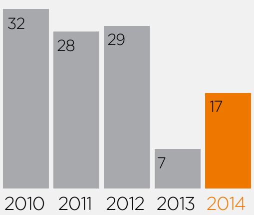
Profit before tax per seat
£
+15.6%



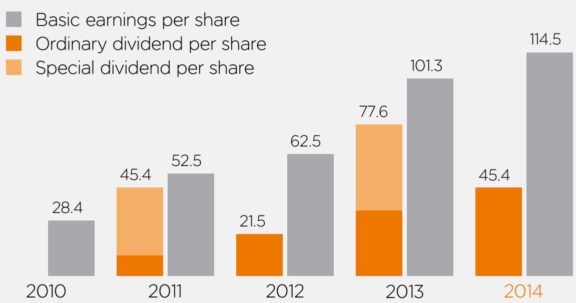
ROCE
%
+3.1ppt



Gearing
%
+10ppt



Dividends and basic earnings per share
pence



OUR FINANCIAL RESULTS

Chris Kennedy
Chief Financial Officer

Highlights

£4,527m
Revenue
(2013: £4,258m)

£8.12
Profit before tax per seat
(2013: £7.03)

114.5
pence per share
Basic earnings per share
(2013: 101.3 pence per share)

In the 2014 financial year, easyJet flew 64.8 million passengers (2013: 60.8 million) and grew revenue by 6.3% from £4,258 million to £4,527 million, compared with 5.1% growth in seats flown.

A good cost performance meant that easyJet grew profit before tax by 21.5% to £581 million, resulting in profit before tax per seat of £8.12 (2013: £7.03). Profit after tax was £450 million, an increase of 13.1% over last year.

Financial overview

	2014			2013		
	£ million	**£ per seat**	**pence per ASK**	£ million	£ per seat	pence per ASK
Total revenue	**4,527**	**63.31**	**5.69**	4,258	62.58	5.74
Costs excluding fuel	**(2,695)**	**(37.70)**	**(3.39)**	(2,598)	(38.17)	(3.51)
Fuel	**(1,251)**	**(17.49)**	**(1.57)**	(1,182)	(17.38)	(1.59)
Profit before tax	**581**	**8.12**	**0.73**	478	7.03	0.64
Tax charge	**(131)**	**(1.83)**	**(0.16)**	(80)	(1.18)	(0.10)
Profit after tax	**450**	**6.29**	**0.57**	398	5.85	0.54
Operating profit*	**581**	**8.12**	**0.73**	497	7.30	0.66

* Operating profit represents profit before interest and tax.

Total revenue per seat grew by 1.2% to £63.31. At constant currency, revenue per seat grew by 1.9%.

Excluding fuel, cost per seat reduced by 1.2% to £37.70, but increased by 0.6% at constant currency, with inflationary increases largely offset by a one-off reduction in engine heavy maintenance costs, continued delivery of easyJet lean initiatives (including improved contractual terms with a number of ground handlers), and lower de-icing costs as a consequence of an unusually mild winter.

Fuel costs increased by £69 million, from £17.38 to £17.49 per seat, with the average effective fuel price stable at $977 per tonne.

Overall, profit before tax per seat increased by 15.6% to £8.12 per seat.

The tax charge for the year was £131 million. The effective tax rate for the year was 22.5% (2013: 16.7%), slightly higher than the standard UK rate due to the higher rate applicable to profits taxed in Switzerland. The effective tax rate of 16.7% in the prior year was due to a £28 million reduction in deferred tax resulting from legislation that reduced the UK corporate tax rate to 20% with effect from 1 April 2015. easyJet made corporation tax payments totalling £96 million during the 2014 financial year.

Earnings per share and dividends per share

	2014 pence per share	2013 pence per share	Change
Basic earnings per share	**114.5**	101.3	13.0%
Proposed ordinary dividend	**45.4**	33.5	35.5%
Special dividend	**–**	44.1	n/a

Basic earnings per share increased by 13.0% to 114.5 pence, driven by the increase in profit after tax from £398 million to £450 million.

The Board is recommending an ordinary dividend of £180 million or 45.4 pence per share which is subject to shareholder approval at the Company's Annual General Meeting on 12 February 2015. This will be paid on 20 March 2015 to shareholders on the register at close of business on 27 February 2015.

Return on capital employed (ROCE) and capital structure

	2014	2013	Change
ROCE	**20.5%**	17.4%	3.1ppt
Gearing	**17%**	7%	10ppt

ROCE for the year was 20.5%, an improvement of 3.1 percentage points from prior year driven by the increase in profit for the year, partly offset by a 2% increase in average adjusted capital employed. This latter increase was mainly driven by pre-delivery payments on the 35 aircraft ordered during the 2014 financial year and the full year impact of the 24 aircraft leases entered into during the 2013 financial year.

The combined impact of the special dividend and the increase in adjusted capital employed resulted in gearing of 17% (2013: 7%), in line with the target range of 15% to 30% over the next three financial years.

Cash and money market deposits as at 30 September 2014 were £985 million, a reduction of £252 million from the end of the prior financial year, driven by the special dividend and aircraft pre-delivery payments.

EXCHANGE RATES

The proportion of revenue and costs denominated in currencies other than sterling was little changed year-on-year.

	Revenue		Costs	
	2014	2013	**2014**	2013
Sterling	**47%**	48%	**26%**	25%
Euro	**42%**	41%	**33%**	35%
US dollar	**1%**	1%	**35%**	34%
Other (principally Swiss franc)	**10%**	10%	**6%**	6%

Average exchange rates

	2014	2013
Euro – revenue	**€1.21**	€1.19
Euro – costs	**€1.22**	€1.19
US dollar	**$1.59**	$1.59
Swiss franc	**CHF 1.49**	CHF 1.45

Over the year as a whole, movements in average effective exchange rates were relatively small.

The net favourable impact on profit of changes in exchange rates was mainly driven by a weaker average euro rate as follows:

Favourable / (adverse)

	Euro £ million	Swiss franc £ million	US dollar £ million	Other £ million	Total £ million
Revenue	(23)	(4)	(3)	(3)	(33)
Fuel	2	–	(1)	–	1
Costs excluding fuel	40	5	5	–	50
Total	**19**	**1**	**1**	**(3)**	**18**

Although easyJet has a surplus of euro revenue over euro costs, on average, revenue cash inflows occur several months before cost cash outflows, resulting in a short-term benefit to the income statement that will not continue into the next financial year.

FINANCIAL PERFORMANCE

Revenue

	2014			2013		
	£ million	**£ per seat**	**pence per ASK**	£ million	£ per seat	pence per ASK
Seat revenue	**4,462**	**62.40**	**5.61**	4,194	61.64	5.65
Non-seat revenue	**65**	**0.91**	**0.08**	64	0.94	0.09
Total revenue	**4,527**	**63.31**	**5.69**	4,258	62.58	5.74

Revenue per seat improved by 1.2% to £63.31 in comparison to the prior year, and by 1.9% at constant currency.

Load factor increased by 1.3 percentage points to 90.6%, contributing to revenue per ASK being flat at constant currency despite the 1.9% increase in average sector length. Revenue per passenger was £69.90, down by 0.3% compared with the 2013 financial year, but up by 0.5% at constant currency.

Costs excluding fuel

	2014			2013		
	£ million	**£ per seat**	**pence per ASK**	£ million	£ per seat	pence per ASK
Operating costs						
Airports and ground handling	**1,107**	**15.48**	**1.39**	1,078	15.84	1.45
Crew	**479**	**6.70**	**0.60**	454	6.68	0.61
Navigation	**307**	**4.30**	**0.39**	294	4.33	0.40
Maintenance	**212**	**2.97**	**0.27**	212	3.11	0.29
Selling and marketing	**103**	**1.45**	**0.13**	101	1.49	0.14
Other costs	**245**	**3.41**	**0.30**	226	3.31	0.30
	2,453	**34.31**	**3.08**	2,365	34.76	3.19
Ownership costs						
Aircraft dry leasing	**124**	**1.73**	**0.16**	102	1.49	0.14
Depreciation	**106**	**1.49**	**0.13**	102	1.50	0.15
Amortisation	**12**	**0.17**	**0.02**	10	0.15	0.01
Net interest receivable	**7**	**0.10**	**0.01**	11	0.16	0.01
Net exchange (gains) / losses	**(7)**	**(0.10)**	**(0.01)**	8	0.11	0.01
	242	**3.39**	**0.31**	233	3.41	0.32
Total costs excluding fuel	**2,695**	**37.70**	**3.39**	2,598	38.17	3.51

Airports and ground handling cost per seat decreased by 2.3% and were broadly flat at constant currency. Charges at regulated airports increased as anticipated, primarily as Contratto charges in Italy annualised. However, easyJet lean delivered compensating savings on new ground handling and airport contracts. De-icing cost per seat was also £0.16 lower as an unusually mild winter followed last year's unusually cold conditions.

Crew cost per seat increased by 0.3% to £6.70, and by 1.8% at constant currency, driven by an average 2.0% increase in payroll costs and the 1.9% increase in average sector length, partly offset by improved crew scheduling.

Navigation costs decreased slightly to £4.30 per seat but were up by 2.4% at constant currency principally due to increased average sector length.

Maintenance costs per seat decreased by 4.6% to £2.97, and by 2.9% at constant currency. As expected, the increasing average age of the fleet has led to higher maintenance costs. However, these increases were more than offset by the benefit of the revised engine contract, which has delivered a reduction in the cost of heavy maintenance. A significant proportion of this reduction is one-off in nature and will not recur next year.

Other costs per seat increased by 3.1% to £3.41 per seat, driven by the cost of wet leasing two aircraft over the summer, employee performance-related pay and digital development costs.

Aircraft dry leasing cost per seat increased by 16.1% to £1.73 and by 12.5% at constant currency. The increase in cost per seat is driven by the annualising of last year's leasing activity, when the leased fleet increased by a net 17 aircraft to 72. There have been no new leases or lease returns during the 2014 financial year.

Net interest receivable decreased by £0.06 to £0.10 per seat as easyJet continued to repay mortgage and finance lease debt.

The impact of movements in currency exchange rates is a gain of £7 million compared with a loss of £8 million in the prior year, in each case driven mainly by changes in the euro exchange rate. A fluctuation of this size is within the range of expectations, given the size of the related foreign currency cash flows.

Fuel

	2014			2013		
	£ million	**£ per seat**	**pence per ASK**	£ million	£ per seat	pence per ASK
Fuel	**1,251**	**17.49**	**1.57**	1,182	17.38	1.59

Fuel cost per seat increased by 0.6% and by a similar amount at constant currency. The average effective fuel price was broadly similar at $977 per tonne (equivalent to £614 per tonne). Longer average sector length and the higher load factor drove an increase in cost per seat, which was partly offset by easyJet lean initiatives. Further per seat benefits were driven by short-term factors, including more favourable weather conditions.

CASH FLOWS AND FINANCIAL POSITION

Summary consolidated statement of cash flows

	2014 £ million	2013 £ million	Change £ million
Net cash generated from operating activities (excluding dividends and tax)	**798**	766	32
Ordinary dividends paid	**(133)**	(85)	(48)
Special dividends paid	**(175)**	–	(175)
Tax paid	**(96)**	(65)	(31)
Net capital expenditure	**(445)**	(416)	(29)
Net loan and lease finance (repayment)/drawdown	**(112)**	33	(145)
Net (increase)/decrease in money market deposits	**(338)**	41	(379)
Net (increase)/decrease in restricted cash	**(20)**	148	(168)
Purchase of own shares for employee share schemes	**(57)**	(26)	(31)
Other (including the effect of exchange rates)	**(11)**	(28)	17
Net (decrease)/increase in cash and cash equivalents	**(589)**	368	(957)
Cash and cash equivalents at beginning of year	**1,013**	645	368
Cash and cash equivalents at end of year	**424**	1,013	(589)
Money market deposits at end of year	**561**	224	337
Cash and money market deposits at end of year	**985**	1,237	(252)

easyJet generated strong operating cash flow during the 2014 financial year, at a level similar to the prior year, which benefited from improved credit card settlement terms.

Net capital expenditure includes the acquisition of nine aircraft (2013: ten aircraft), the purchase of life-limited parts used in engine restoration and pre-delivery payments relating to aircraft purchases. An additional 35 aircraft were ordered during the 2014 financial year for delivery between 2015 and 2018.

Summary consolidated statement of financial position

	2014 £ million	2013 £ million	Change £ million
Goodwill	**365**	365	–
Property, plant and equipment	**2,542**	2,280	262
Derivative financial instruments	**(21)**	(71)	50
Net working capital	**(989)**	(980)	(9)
Restricted cash	**32**	12	20
Net cash	**422**	558	(136)
Current and deferred taxation	**(239)**	(202)	(37)
Other non-current assets and liabilities	**60**	55	5
	2,172	2,017	155
Opening shareholders' equity	**2,017**	1,794	
Profit for the year	**450**	398	
Ordinary dividends paid	**(133)**	(85)	
Special dividends paid	**(175)**	–	
Change in hedging reserve	**38**	(97)	
Other movements (net)	**(25)**	7	
	2,172	2,017	

Shareholders' equity increased by £155 million driven by the profit for the year, offset partially by payment of the ordinary and special dividends.

The net book value of property, plant and equipment increased by £262 million driven principally by the acquisition of nine A320 family aircraft, and pre-delivery payments relating to aircraft purchases and life-limited parts.

Reconciliation of net cash flow to movement in net cash

	2014 £ million	2013 £ million	Change £ million
Cash and cash equivalents	**424**	1,013	(589)
Money market deposits	**561**	224	337
	985	1,237	(252)
Bank loans	**(377)**	(484)	107
Finance lease obligations	**(186)**	(195)	9
	(563)	(679)	116
Net cash	**422**	558	(136)

Net cash at 30 September 2014 was £422 million compared with net cash of £558 million at 30 September 2013, with the reduction of £136 million driven mainly by the special dividend payment of £175 million. After allowing for the impact of aircraft operating leases, adjusted net debt has increased by £290 million to £446 million. As a result, gearing has increased to 17% at 30 September 2014.

GOING CONCERN

easyJet's business activities, together with factors likely to affect its future development and performance, are described in this strategic report on pages 2 to 51. Principal risks and uncertainties facing the Group are described on pages 28 to 35. Note 23 to the accounts sets out then Group's objectives, policies and procedures for managing its capital and provides details of the risks related to financial instruments held by the Group.

At 30 September 2014, the Group held cash and cash equivalents of £424 million and money market deposits of £561 million. Total debt, which is free of financial covenants, was £563 million, with £91 million due for repayment in the year to 30 September 2015.

Net current liabilities at 30 September 2014 were £159 million but included unearned revenue (payments made by customers for flights scheduled post year end) of £572 million.

The Group is exposed to fluctuations in jet fuel prices and US dollar and euro exchange rates. The Group's policy is to hedge between 65% and 85% of estimated exposures 12 months in advance, and between 45% and 65% of estimated exposures from 13 months up to 24 months in advance. The Group was compliant with this policy at 17 November 2014.

After making enquiries, the Directors have a reasonable expectation that the Company and Group will be able to operate within the level of available facilities and cash and deposits for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these accounts.

Chris Kennedy
Chief Financial Officer

KEY STATISTICS

Operational measures

	2014	2013	Change
Seats flown (millions)	**71.5**	68.0	5.1%
Passengers (millions)	**64.8**	60.8	6.6%
Load factor	**90.6%**	89.3%	+1.3ppt
Available seat kilometres (ASK) (millions)	**79,525**	74,223	7.1%
Revenue passenger kilometres (RPK) (millions)	**72,933**	67,573	7.9%
Average sector length (kilometres)	**1,112**	1,091	1.9%
Sectors	**439,943**	420,311	4.7%
Block hours	**849,790**	799,480	6.3%
Number of aircraft owned/leased at end of year	**226**	217	4.1%
Average number of aircraft owned/leased during year	**220.8**	212.6	3.8%
Number of aircraft operated at end of year	**217**	209	3.8%
Average number of aircraft operated during year	**210.8**	199.8	5.5%
Operated aircraft utilisation (hours per day)	**11.0**	11.0	0.8%
Owned aircraft utilisation (hours per day)	**10.6**	10.3	2.4%
Number of routes operated at end of year	**675**	633	6.6%
Number of airports served at end of year	**135**	138	(2.2%)

Financial measures

	2014	2013	Change
Return on capital employed	**20.5%**	17.4%	+3.1ppt
Gearing	**17%**	7%	+10ppt
Profit before tax per seat (£)	**8.12**	7.03	15.6%
Profit before tax per ASK (pence)	**0.73**	0.64	13.4%
Revenue			
Revenue per seat (£)	**63.31**	62.58	1.2%
Revenue per seat at constant currency (£)	**63.78**	62.58	1.9%
Revenue per passenger (£)	**69.90**	70.08	(0.3%)
Revenue per passenger at constant currency (£)	**70.40**	70.08	0.5%
Revenue per ASK (pence)	**5.69**	5.74	(0.8%)
Revenue per ASK at constant currency (pence)	**5.73**	5.74	0.0%
Costs			
Per seat measures			
Total cost per seat (£)	**55.19**	55.55	(0.6%)
Total cost per seat excluding fuel (£)	**37.70**	38.17	(1.2%)
Total cost per seat excluding fuel at constant currency (£)	**38.41**	38.17	0.6%
Operational cost per seat (£)	**51.80**	52.14	(0.6%)
Operational cost per seat excluding fuel (£)	**34.31**	34.76	(1.3%)
Operational cost per seat excluding fuel at constant currency (£)	**34.97**	34.76	0.6%
Ownership cost per seat (£)	**3.39**	3.41	(0.8%)
Per ASK measures			
Total cost per ASK (pence)	**4.96**	5.10	(2.7%)
Total cost per ASK excluding fuel (pence)	**3.39**	3.51	(3.1%)
Total cost per ASK excluding fuel at constant currency (pence)	**3.45**	3.51	(1.3%)
Operational cost per ASK (pence)	**4.65**	4.78	(2.5%)
Operational cost per ASK excluding fuel (pence)	**3.08**	3.19	(3.2%)
Operational cost per ASK excluding fuel at constant currency (pence)	**3.14**	3.19	(1.6%)
Ownership cost per ASK (pence)	**0.31**	0.32	(2.7%)

PRINCIPAL RISKS AND UNCERTAINTIES

RISK MANAGEMENT PROCESS

The Group faces a number of risks which, if they arise, could affect its ability to achieve its strategic objectives. The Board is responsible for determining the nature of these risks and ensuring appropriate mitigating actions are in place to manage them.

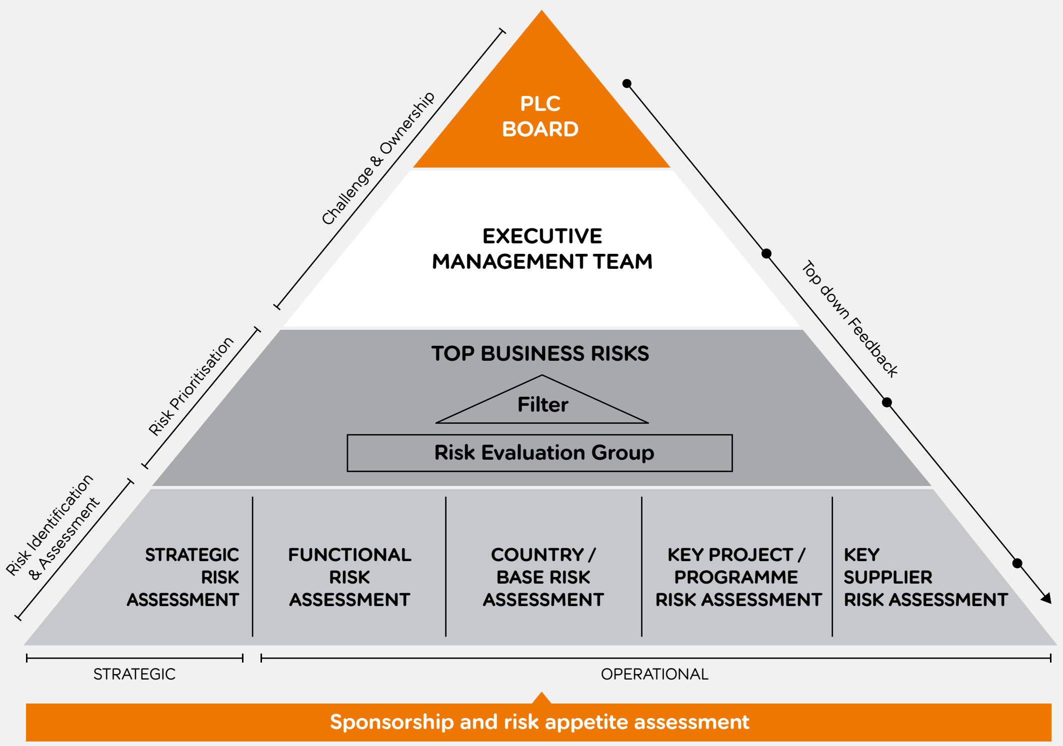
The diagram below provides an overview of the risk management process. The process commences with rigorous annual risk identification workshops attended by the functional managers and Executive Management Team members. The output from these risk workshops is reviewed and discussed by the Risk Evaluation Group (REG), which is made up of members of senior management from across the business. The REG identifies and prioritises the top business risks, which are then discussed and challenged by the Executive Management Team and the Board. The process focuses on the identification of key strategic, financial and operational risks. The potential impact and likelihood of the risks occurring are determined, key risk mitigations are identified, and the current level of risk assessed against the Board's risk appetite.

These top business risks form the basis for the principal risks and uncertainties detailed in the section below. In addition, the risk team supports the business in its management of risks relating to key projects, suppliers, countries and bases. This process is coordinated by the risk team which reports to the Chief Financial Officer.

PRINCIPAL RISKS AND UNCERTAINTIES

The risks and uncertainties described are considered to have the most significant effect on easyJet's strategic objectives. This list is not intended to be exhaustive. Many risks, however, remain outside easyJet's full control, for example adverse weather, pandemics, acts of terrorism, changes in government regulation and macroeconomic issues.

Risk management



SAFETY FIRST

Risk description and potential impact	Current mitigation
Major safety incident/accident Failure to prevent a major safety incident (such as a hull loss) or deal with it effectively. This could adversely affect easyJet's reputation and its operational and financial performance.	easyJet's number one priority is the safety and security of its customers and people. easyJet operates a Safety Management System (SMS) using a leading software system (SafetyNet). This is used to collect and analyse safety data and enables learning from easyJet and industry events/incidents to be captured and embedded into future risk mitigations. Data collected is also used to project potential areas of risk. A robust incident reporting process and 'Just Culture' are in place. The following also support the SMS: • a Safety Committee (a committee of the Board) provides oversight of the management of easyJet's safety processes and systems (see pages 58 to 59); • a Safety Review Board (at Executive Management Team level) is responsible for directing overall safety policy and governance; • airline and departmental Safety Action Groups responsible for the identification, evaluation and control of safety-related risks; and • weekly operations meetings, safety reporting and monitoring of fatigue risk management. See page 37 for further details of the above Crew are trained to current safety guidelines. easyJet has response systems in place and provides training for crisis management, including the performance of regular crisis management exercises. Hull (all risks) and liabilities insurance (including spares) is held. easyJet has been working alongside the Civil Aviation Authority (CAA) on the implementation of the new European Aviation Safety Agency (EASA) safety regulations. easyJet was issued an EASA Air Operators Certificate in October 2014.
Security and terrorist threat or attack Failure to identify or prevent a major security-related threat, prevent a terrorist attack, or react to either immediately and effectively. This could adversely affect easyJet's reputation and its operational and financial performance.	The Director of Safety and Security and the Head of Security work with relevant authorities and governments around easyJet's network to ensure that security measures are effective and in compliance with all regulatory requirements. A significant amount of work is carried out with the aim of enhancing: • early identification of developing and emerging security risks; • the active management of security risks; • the reduction of the impact of any security-related incident; and • the Group's security culture and awareness. There is a Security Decision Making Group, whose purpose is to make strategic decisions on whether easyJet continues to operate in countries or areas affected by security-related incidents. It is attended by the Chairman, Chief Executive, and appropriate members of the Executive Management Team and senior management. Crew are trained to current security guidelines.

OPERATIONAL EXCELLENCE

Risk description and potential impact	Current mitigation
Impact of mass disruption A number of factors could lead to widespread disruption to easyJet's network, including forces of nature (extreme weather, volcanic ash, etc.), union activity and strike action, acts of terrorism and epidemics/pandemics. Any mass disruption could adversely affect easyJet's reputation and its operational and financial performance. Mass disruption has the potential to have a significant adverse affect on easyJet's financial results, especially if it should occur during easyJet's peak summer months. As the largest number of easyJet aircraft are positioned at Gatwick (the world's busiest single runway airport) easyJet could be disproportionately affected by the closure of that airport for a significant period of time.	Processes are in place to manage mass disruption. Crisis management exercises are performed regularly and a business continuity programme is also in place. Board policy is to maintain target liquidity at £4 million per aircraft. This allows the business to manage the impact of downturns in business or temporary curtailment of activities better. In addition, easyJet has secured business disruption insurance. In 2014, Gatwick Airport has invested in improved resilience to meet the requirements of the McMillan review. easyJet and Gatwick Airport have developed joint contingency plans to provide an effective response to disruptive events.
Single fleet risk easyJet is dependent on Airbus as its sole supplier for aircraft, with two aircraft types (A319 and A320). There are significant cost and efficiency advantages of a single fleet; however, there are two main associated risks: • technical or mechanical issues that could ground the full fleet, or part of the fleet, which could cause negative perception by the flying public; and • valuation risks which crystallise on the ownership exit of the aircraft. The main exposure at this time is with the ageing A319 fleet, where easyJet is reliant on the future demand for second-hand aircraft.	The efficiencies achieved by operating a single fleet type are considered to outweigh the risks associated with easyJet's single fleet strategy. The Airbus A320 family (which includes the A319) and Boeing 737 family are the two primary fleets used for short-haul travel. There are approximately 5,000 of each fleet operating globally with a proven track record for reliability. easyJet operates a rigorous established aircraft maintenance programme. To mitigate the potential valuation risks, easyJet constantly reviews the second-hand market and has a number of different options when looking at fleet exit strategies. easyJet targets an owned to leased split of aircraft of 80:20. Leasing facilitates the exit strategy of older A319s and protects residual values, as well as providing flexibility in managing the fleet size.
IT system failure easyJet is dependent on a number of key IT systems and processes operated at London Luton airport and other key facilities. A loss of systems or access to facilities, including the website, could lead to significant disruption and could have an adverse operational, reputational and financial impact.	Key systems are hosted across two data centres in two distinct locations with failover arrangements between them. This arrangement is reviewed and tested regularly to identify areas for improvement and resilience. An experienced IT team is in place to respond rapidly to any unforeseen incidents that may arise. Alternative sites are available should there be a need to relocate critical staff at short notice due to a loss of facilities.

OPERATIONAL EXCELLENCE CONTINUED

Risk description and potential impact	Current mitigation
Scalability and flexibility of key IT systems The rapid growth of easyJet over recent years, in particular through the introduction of new sales channels and initiatives, creates additional complexity in IT systems. If not managed effectively, the core applications could lose their flexibility and create issues of scalability, which could increase cost and cause delays when implementing required business change.	Enterprise architecture is reviewed and improvements are made where opportunities arise. easyJet plans for, and maintains, appropriate capacity for key systems, and performs structured testing to ensure that they are sufficiently scaled to meet forecast growth. easyJet is a member of relevant systems user groups, which provide contact with other users and the ability to share any issues and review system assessments. easyJet holds regular meetings with key providers of systems and applications to discuss performance, continuous improvements and future innovation. easyJet has established an IT Governance and Oversight Committee (a committee of the Board). The purpose of this committee is to provide independent oversight over the governance and control relating to the Group's IT business area (see page 65 for further details).
Dependence on third-party service providers easyJet has entered into agreements with third-party service providers for services covering a significant proportion of its operation and cost base. Failure to adequately manage third-party performance could adversely affect easyJet's reputation and its operational and financial performance. Loss of these contracts or inability to renew or negotiate favourable replacement contracts could have an adverse effect on future operating costs.	easyJet has a centralised procurement team which ensures that the Group has competitive supply options or suitable alternatives. The procurement process is then supported by a supplier management framework covering business ownership and accountability. There are alternative service providers within the major markets in which easyJet operates.
Industrial action easyJet, and the aviation industry in general, has a significant number of employees who are members of trade unions. Industrial action taken by easyJet employees, or by the employees of key third-party service providers, could impact on easyJet's ability to maintain its flight schedules. This could adversely affect easyJet's reputation and its operational and financial performance.	Employee and union engagement takes place on a regular basis. As easyJet operates across Europe, there are multiple unions of which crew are members. Each of the countries have localised employment terms and conditions which mitigates the risk of large-scale internal industrial action occurring at the same time. Processes are in place to adapt to disruptions as a result of industrial action. The level of standby crew cover in place recognises the external factors and volatility that impact the airline industry.

OPERATIONAL EXCELLENCE CONTINUED

Risk description and potential impact	Current mitigation
Senior management succession and reliance on key personnel easyJet's current and future success is reliant on having the right people with the right capabilities in key leadership positions. Failure to develop and grow the capabilities and behaviours required of senior management to ensure that all key business roles have clear successors, could adversely affect easyJet's ability to deliver its strategic objectives.	Key business roles within easyJet, and succession plans for these, have been identified. easyJet's aim is to develop talent from within. There are several talent development programmes in place for individuals who have been identified for fast-tracking into more senior roles as vacancies arise. In addition, a management development programme is in place to develop people management and senior leadership capabilities. These programmes operate at various levels within the organisation.

EFFICIENT ASSET UTILISATION

Risk description and potential impact	Current mitigation
Asset allocation easyJet has a leading presence on the top 100 routes in Europe and positions at primary airports that are attractive to time-sensitive consumers. easyJet manages the performance of its network by careful allocation of aircraft to routes and optimisation of its flying schedules. The competitive environment is highly dynamic and if easyJet does not continue to optimise its network and aircraft allocation, its competitive advantage could be weakened and its ability to sustain earnings growth would be threatened.	A portfolio management strategy is in place which takes a balanced approach to the routes that easyJet flies, balancing short-term returns with longer-term sustainable growth. Route performance is monitored on a regular basis and operating decisions are made to improve performance where required. The fleet framework arrangements in place, together with the Group's leasing policy, provide easyJet with significant flexibility in respect of scaling the fleet according to business requirements.

STRONG BALANCE SHEET

Risk description and potential impact	Current mitigation
Exposure to fuel price fluctuations and other macroeconomic shifts Sudden and significant increases in jet fuel price and/or a weakening in the exchange rate relative to the US dollar would significantly impact fuel costs. Increases in fuel costs would have an adverse effect on the financial performance of easyJet if not protected against. easyJet's business can also be affected by macroeconomic issues outside of its control such as weakening consumer confidence, inflationary pressure or instability of the euro. This could give rise to adverse pressure on revenue, load factors and residual values of aircraft.	A Board-approved hedging policy (fuel and currency) is in place that is consistently applied. The policy is to hedge within a percentage band for a rolling 24-month period. To provide protection, easyJet uses a limited range of hedging instruments traded in the over-the-counter markets. These are principally forward purchases with a number of approved counterparties. A strong balance sheet supports the business through fluctuations in the economic conditions for the sector. Regular monitoring of markets and route performance is undertaken by easyJet's network and fleet management teams.

STRONG BALANCE SHEET CONTINUED

Risk description and potential impact	Current mitigation
Financing and interest rate risk All of easyJet's debt is asset-related, reflecting the capital intensive nature of the airline industry. Market conditions could change the cost of finance which may have an adverse effect on easyJet's financial performance.	easyJet's interest rate management policy is based on a natural hedge with cash deposits mirroring floating debt. None of the agreements contain financial covenants. A portion of US dollar mortgage debt is matched with US dollar money market deposits. Operating lease rentals are a mix of fixed and floating rates.
Liquidity risk A misjudgement in the level of liquidity required could result in business disruption and have an adverse effect on easyJet's financial performance.	Board policy is to maintain target liquidity at £4 million per aircraft. This allows the Group to better manage the impact of downturns in business or temporary curtailment of activities.
Counterparty risk Surplus funds are invested in high-quality short-term liquid instruments, usually money market funds, bank deposits or tri-party repos. There is a possibility of loss arising in the event of non-performance of counterparties which could adversely affect easyJet's financial performance.	Cash is placed on deposit with institutions based upon their credit rating, with a maximum exposure at the time of deposit of £150 million for any individual AAA rated counterparty money market fund. Counterparties must have a minimum credit rating of A- and counterparty credit ratings are monitored on a daily basis. Tri-party repos are collateralised with a range of high-quality debt instruments which are publicly traded. The collateral basket is reviewed on a regular basis.

REPUTATIONAL RISKS

Risk description and potential impact	Current mitigation
Major shareholder and brand owner relationship easyJet has two major shareholders (easyGroup Holdings Limited and Polys Holding Limited) which, as a concert party, control 34.6% of its ordinary shares. Shareholder activism could adversely impact the reputation of easyJet and cause a distraction to management. easyJet does not own its company name or branding which is licensed from easyGroup IP Licensing Limited. The licence includes certain minimum service levels that easyJet must meet in order to retain the right to use the name and brand. The easyJet brand could also be impacted through the actions of easyGroup or other easyGroup licensees.	easyJet has an active shareholder engagement programme led by its investor relations team. As part of that programme easyJet seeks to engage with easyGroup Holdings Limited on a regular basis alongside all its other major shareholders. This is to ensure that the Board and management team are kept aware of the views of all shareholders. Representatives from the Board and senior management take collective responsibility for addressing issues arising from any activist approach adopted by the major shareholder. The objective is to address issues when they arise, as effectively as possible. easyJet's brand licence with easyGroup IP Licensing Limited contains terms agreed between the parties for the regular meeting of senior representatives from both sides to actively manage brand-related issues as they arise. Such meetings occur on a quarterly basis and have proven an effective way of managing brand-related issues. Separately, easyJet monitors compliance with brand licence service levels and has a right to take steps to remedy any instance of non-compliance.

REPUTATIONAL RISKS CONTINUED

Risk description and potential impact	Current mitigation
Ineffective or non-delivery of projects supporting the business strategy During the year, the business has initiated a number of key projects and programmes to deliver key elements of the strategy. If these projects and programmes do not deliver the benefits and cost savings planned, easyJet could fall short of its planned financial results.	A portfolio management office and experienced project teams are in place to oversee delivery of a portfolio of projects and programmes, and track budgets and benefits realisation. A steering group, consisting of the Executive Management Team and key senior management, provides challenge to project teams, monitors progress and ensures that decisions are made at the appropriate level. Strong cost control is a key behaviour across the Company. easyJet lean initiatives drive cost reduction and efficiency in targeted areas.
Cyber threats and information security easyJet receives most of its revenue through credit card transactions and operates as an e-commerce business. It faces both external cyber threats and internal risks to its data and systems. A security breach could result in an adverse impact for the business and reputational damage.	easyJet continues to focus on the protection of information. Controls are in place to ensure customer, employee and other potentially sensitive information is collected, held and processed securely, including: • monitoring of secure systems against unauthorised access; • quarterly review of the security of internal systems and easyJet.com through penetration testing; • enhanced physical security at head office buildings; • periodic mandatory employee security training to maintain staff awareness; • consideration of information security risks within procurement processes; and • monitoring and control of scanning software for fraudulent customer activity by the Revenue Protection team. There is an Information Security Steering Group, chaired by the General Counsel, which oversees any developments in data threats and controls.
Bribery Act Non-compliance with the Bribery Act 2010 could adversely affect easyJet financially and reputationally.	easyJet has a zero tolerance approach to bribery which is reinforced by a strong ethical tone from the top. The adoption of appropriate anti-bribery controls has been a key point of focus for the legal compliance programme at easyJet. These include: • completion of risk assessments to determine specific compliance needs; • specific policies, including ethics, anti-bribery and corruption policy, and gift and hospitality policy; • online training module and mandatory training for all managers and administrative employees in the UK and across the easyJet network; • targeted face-to-face training for employee groups perceived as higher risk; • the adoption of anti-bribery due diligence and standard anti-bribery clauses for inclusion in supplier contracts; and • maintaining awareness of a whistleblowing helpline.

EXTERNAL RISKS

Risk description and potential impact	Current mitigation
Competition and industry consolidation easyJet operates in competitive market places against both flag carriers and other low-cost airlines. easyJet's key competitive advantages are its network, cost base and efficient and robust capital structure. Failure to retain these advantages could impact its profitability. Industry consolidation will also affect the competitive environment in a number of markets. This could cause a loss of market share and erosion of revenue.	Regular monitoring of competitor and consolidation activity, enabling key routes and positions to be readily defended. easyJet seeks to have a rapid response to any such activity that may impact easyJet's ability to grow the business. The Network Development Forum, a cross-functional panel of senior executives, approves new routes and bases and the allocation of assets around the network.
Legislative and regulatory risks Legislative decisions, particularly at a national and European level, can have a significant impact on the airline industry, for example increasing Air Passenger Duty in the UK. The airline industry is currently heavily regulated, with expected increased regulator intervention. This includes environmental, security and airport regulation, which have charges levied by regulatory decision rather than by commercial negotiation. easyJet is exposed to regulatory oversight across its network, which will increase as easyJet grows geographically. An inadequate knowledge or misinterpretation of local regulations could result in fines or enforcement orders. This could adversely affect easyJet's reputation, cost base and market share.	easyJet seeks to have a key role in influencing future and existing policy and regulations which affect the airline industry. This work is coordinated by the Regulatory Affairs Group. Country oversight boards are established for easyJet's main markets, raising awareness of potential changes and impacts in the different countries.
easyJet is required under European law to compensate passengers for certain long flight delays and cancellations. The interpretation of this law varies by jurisdiction.	Tight operational controls, including availability of standby aircraft and crew to minimise the potential incidence of claims. In addition, country-specific plans are in place to address differing interpretations of the legislation.

OUR COMMITMENT TO CORPORATE RESPONSIBILITY

Carolyn McCall OBE
Chief Executive

Our ambition is to make travel easy and affordable for our passengers, delivering a friendly and efficient service with low fares. We remain focused on our people, passengers and stakeholders all of whom we depend on to achieve this. Corporate responsibility (CR) is therefore embedded in our vision and values and influences everything we do.

Our passengers and people lie at the heart of the airline. The delivery of high levels of customer service depends on motivated, connected people. As well as placing safety as our highest priority we continually seek to improve customer service. Central to this is our ongoing work to embed our Customer Charter commitments across the business. We were particularly pleased that our latest employee engagement survey results show that 97% of our people understand how important it is to make sure our customers have a great easyJet experience. In addition, 86% agree they understand how they can deliver the promises in the Customer Charter.

Improving the customer experience at times of disruption has also been a focus this year. New developments have included connecting our Operation Control Centre at Luton directly with customers so they can keep in touch with live updates – an industry first.

We continue to grow our talent to keep easyJet strong and develop the skills and competencies of our leaders and managers. This has included the launch of a new People Manager Development Programme, accredited by the University of Bedfordshire. Learning and development opportunities have been extended for all our people and we continue to work to improve communication and engagement. Employee wellbeing remains an important focus and we continue to build our programmes in this area, in particular in relation to people's psychological health.

Having carried out an employee engagement survey early in 2014, we saw our overall engagement score increase by 16%, compared to our last survey two years ago, which demonstrates we are making good progress. However, there is more work to do in respect of employee engagement and supporting our people to reach their full potential which remain important priorities for us.

As an airline we have a responsibility to reduce our environmental impact, and our investment in 100 new Airbus A320neo aircraft (which will be delivered from summer 2017) over the coming years will ensure we continue to operate one of the most efficient fleets in Europe. Due to easyJet's simple, efficient operations and young fleet our passengers' carbon footprint is already 22% smaller than that of passengers on traditional airlines flying the same route. This year our emissions per passenger km reduced by 1.73g/km in line with achieving our target of reducing 2012 emissions by 2.5% by 2017.

We remain strongly committed to engaging with our local communities and continue to support local initiatives and activities across the network. Our community engagement is particularly strong around our headquarters in Luton, where we employ the most people and have forged strong links with the local community through partnerships with schools, local government, businesses and the local league football team.

Due to the volume of requests for charitable donations we receive, we decided to channel our efforts and fundraising ability into one large charity. UNICEF was selected via a structured process involving people from across the airline.

Our partnership with UNICEF has raised over £3.9 million since 2012, with £1.9 million raised this financial year. These donations from easyJet and its passengers have benefitted communities far and wide including the vaccination of 5.3 million mothers and babies across Africa and Syria.

To help us move our CR programme forward we have this year surveyed the views of some of our passengers and people on easyJet and sustainability. The findings demonstrate that they feel CR and sustainability are important issues which we must continue to address. Our passengers think we are the most sustainable of the airlines we compete with. Strong support for the UNICEF partnership was balanced by the view we must continue to support local community initiatives alongside it.

In the future we will continue to embed CR in the business by building the capability of our people and remaining focused on the needs of our customers.

In this section of the report we provide an overview of our performance in our key CR areas: safety, our people, our customers, the environment and the community. Further details in relation to each of these areas can be found on our corporate website at http://corporate.easyjet.com/corporate-responsibility

Carolyn McCall OBE
Chief Executive

SAFETY FIRST

At easyJet, the safety of passengers and people comes first. Safety is a guiding principle and influences every decision made by the Company. We continue to develop an open safety culture that promotes continuous improvements in safety performance.

Comprehensive processes and structures are maintained to monitor and manage safety-related risk throughout the airline. The safety management structure is led from the top of the organisation.

The Chief Executive and Chief Operations Officer are responsible for all aspects of safety delivery, including compliance obligations under the Air Operator's Certificate.

The Chief Executive chairs the Company's Safety Review Board which meets monthly to assess reports from the Safety Action Groups across the airline. This review and assessment process delivers monthly reports to both the UK Civil Aviation Authority and the easyJet Board.

To further strengthen the safety structure and allow more in-depth review of safety matters, the easyJet Board established the Safety Committee in January 2013. The primary function of the Committee is to assess the Company's oversight of safety systems, processes, operations and resources, and to review and monitor the implementation of the Company's annual safety plan. The Committee also examines specific safety issues as requested by the Board.

Further details can be found in the report of the Safety Committee on pages 58 to 59

No compromise on safety
At easyJet there is no compromise on safety. We have established a leading-edge Safety Management System and Fatigue Risk Management System which are well established and incorporate rigorous reporting processes. Through these systems we are continually working to drive safety performance improvements and reduce risks to our people, passengers and suppliers.

easyJet has long pioneered innovative solutions to improve safety and continually seeks better ways to support our people to improve safety performance. In particular we are developing our human factors capability to support this. We have worked with external experts in the field on particular safety challenges and have recruited an expert in human factors to support the safety team.

We have used human factors research to develop our industry-leading Fatigue Risk Management System which provides analytical data to determine reliable methods of predicting fatigue and alertness in pilots. More recently we have applied a human factors intervention programme, developed in conjunction with Cranfield University, to the problem of inadvertent slide deployment. Further details can be found in the case study on page 38.

Our strong focus on safety has helped us meet the new regulatory compliance requirements prescribed by the European Aviation Safety Agency (EASA). We are proud to be able to report that easyJet has secured full EASA Approval for its Air Operator's Certificate well ahead of the deadline.

Safety lies at the forefront of everything we do and we are continually working to make our airline safer. Under our Air Operator's Certificate we are required to regularly report our operating safety performance to the UK Civil Aviation Authority and other European national authorities. These reporting requirements differ from more standard occupational health and safety metrics such as the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) in the UK. Many occupational health and safety requirements do not apply to airlines in the same way.

This means that although we capture and monitor all incidents and injuries to our people and passengers wherever they happen, the way in which we have reported on our operating safety does not align with other industries' reporting and is not in a format familiar to many of our stakeholders.

To address this issue, we have been looking at how to present our data in a way that allows better comparison of performance with other industries. Over the coming year we will continue to refine our methods for generating data aligned to more standard occupational health and safety metrics which will allow us to present a broader range of occupational health and safety data and trends.

Driving continuous improvement in safety performance
As part of easyJet's ongoing commitment to safety improvement, we are placing a new emphasis on how we can improve safety performance across our supply chain. Our aim is to ensure seamless safety standards across the supply chain through the promotion of improved communication and engagement on safety issues, and, above all, sharing and learning from best practice.

To demonstrate our commitment to this new initiative we have created a new role in the safety department to lead its implementation. The new role will focus on the interface between easyJet's world-leading Safety Management System and the safety systems of our third-party suppliers to ensure the highest standards are maintained across easyJet's network.

Protecting customers and our people
easyJet's security team works to reduce vulnerability to security-related risks. The team co-operates closely with government and regulatory agencies throughout the network, to ensure strict compliance with security regulations. Security risk assessments are conducted for each airport and country to which easyJet flies. The highest standards of vigilance are maintained regarding the current geopolitical situation within those countries to inform these assessments. easyJet implements measures to protect the Company from corporate and aviation security risks, ensuring internal governance of business-sensitive and personal data, vetting our people and asset protection. Security awareness is driven through the business to ensure the security team is able to deliver an effective and efficient support service to easyJet's people.

PREVENTING INADVERTENT SLIDE DEPLOYMENT

As part of our drive to improve safety performance we recently sought to tackle the problem of inadvertent slide deployment. Although these incidents are very infrequent (less than eight per year prior to the introduction of this initiative), they present a risk to nearby ground crew and, with the right approach, can be avoided.

Using a human factors intervention programme, developed in conjunction with Cranfield University, we undertook a detailed review of the processes and procedures concerned with the arming and disarming of the aircraft. The findings have led to the introduction of new operating procedures which include additional checks on approach to landing supported by revised cabin crew training.

Since the introduction of the new procedures there have been no inadvertent slide deployments. The last reported incident occurred on 31 August 2013.

CULTURE, PEOPLE AND PLATFORM

Culture, people and platform is one of our key strategic drivers. Our people are the key to our ability to make travel easy and affordable and meet our ambition of being Europe's preferred short-haul airline. Our focus is to attract and retain the right people at every level of our organisation and to keep them engaged so that we can deliver our business goals and our customer promises.

We have a three-part people strategy to help us deliver this:

1. AT THE GATE

Means ensuring that we have the right people, in the right job, at the right time, equipped to succeed and supported by processes that work.

2. ON BOARD

Is about living the values, wanting to be part of the Company's success and knowing the part they play in delivering this.

3. ABLE TO FLY

Means promoting a high-performance culture where success and continuous improvement are expected, managed and rewarded and people achieve their potential.

At the gate – ensuring we have the right people
The significant growth of the airline has meant it has been crucial to recruit high numbers of crew across Europe. Through our high-volume recruitment programme we have successfully maintained optimum employee levels and recruited over 250 pilots and 1,200 cabin crew during the year.

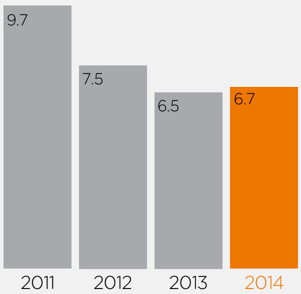
In addition, we have recruited 358 specialised roles within our management and administration teams to support the growth of the business. In line with our retention and development goals, 42% of these were recruited internally or resulted from internal promotions, compared to 38% last year. As at 30 September 2014 easyJet employed 9,649 (2013: 8,945) people across Europe.

Our effective recruitment processes are supported by continued high retention rates. In the year ended 30 September 2014, employee turnover was 6.7%, reflecting our ongoing commitment to growing and developing our people.

Employee turnover
%

6.7%

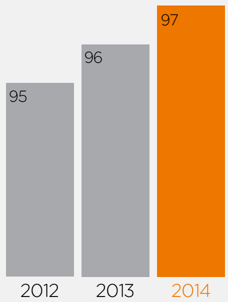
+0.2ppt
from 2013



Employee attendance rates
%

97%

+1ppt
from 2013



On board – living our values

Once on board we work with our people to help them understand easyJet's values and their role in the business and to help them achieve their full potential. We do this in a number of ways.

Induction

It is important that on joining the business all new recruits receive a detailed induction programme to introduce them to the business and their role within it. All new employees are enrolled on our induction programme. In the case of cabin crew, induction forms part of their basic training. Induction includes mandatory e-learning in key areas including ethics, safeguarding our reputation, our customers (with a focus on the Customer Charter) and caring for our customers who have reduced mobility. In addition, new recruits attend face-to-face induction sessions where they come together to learn about the business through interactive exercises.

Working in partnership with representatives

Many of our employees are represented by unions and other representative bodies. We recognise the importance of actively engaging with these bodies across our operations to promote the success of the business. We currently engage with 16 unions and eight representative bodies across eight countries, undertaking dialogue and negotiation, both informal and formal, on a regular basis. easyJet actively supports employee representatives by allowing them paid leave to undertake a range of activities from representation to formal negotiations and training. During the 2014 financial year we released employee representatives for a total of 4,167 days at an estimated cost of £1.6 million.

Engagement

We are continually working to promote our culture and values to help embed them in the business. This year particular focus has been placed on embedding the values of Simplicity and One Team with the people in our management and administration team. These are essential to growing our business cost-effectively, and through promoting them we seek to encourage both collective and individual ideas that help inform the business priorities and planning processes.

To assess the impact of our programme on employee engagement we conduct regular surveys. This year we commissioned a new supplier for our survey following a review in 2013. We were very pleased that the survey results, on a like-for-like basis, showed material improvements since our last survey in 2012, reflecting our ongoing commitment to engaging our people more deeply in the business:

- 16ppt increase in overall engagement score;
- 13ppt improvement in likelihood to recommend easyJet as an employer; and
- 15ppt improvement in likelihood to stay at easyJet.

Areas identified for improvement include action planning for all functions to ensure that actions from the survey are taken forward, focusing on our people feeling valued and recognised and work/life balance.

Our people continue to show a high level of commitment to working at easyJet, demonstrated by high employee attendance which has continued to improve.

Able to fly – developing a high-performance culture

Learning and development

Developing our people to their full potential and ensuring they have the right skills for their role is an essential part of developing a high-performance culture. Through our online learning academy introduced in 2013 we now have nearly 300 learning and development opportunities available to our people. These range from articles and videos to formal e-learning and face-to-face workshops. In addition, this year we ran an annual National Learning at Work week. This involved functions within the business developing face-to-face learning sessions open to all employees to promote a better understanding of the business and help us live our One Team value.

Building the capacity of our management population is also a high priority. Our managers are key to ensuring we meet operational performance targets, as well as ensuring we have an engaged workforce. Our new People Management Development programme aims to provide people managers with the basic skills and knowledge they need to effectively manage their direct reports. This programme has now been accredited by the University of Bedfordshire and counts towards ongoing study for a MBA (see the case study on page 43 for more details).

We continue to invest in future talent to support business continuity. There are currently 29 people on our graduate scheme and we employ 20 engineering apprentices.

Connected crew

Connected crew is our new programme to engage pilots more closely with the business by improving communication and offering further learning and development opportunities.

- Pilot focus groups have been introduced to give pilots the opportunity to ask questions and provide feedback to the management team face-to-face. 47 sessions have been run in Gatwick, Milan and Paris covering more than 500 pilots.
- Command leadership training has been enhanced with an additional day's training covering leadership and commercial awareness for new and existing captains. We have run 90 courses to date with over 700 captains and have received excellent feedback.
- We have launched a ground-breaking pilot degree programme (Bachelor of Professional Pilot Practice BSc) which is the first of its kind in the UK. The programme, which is accredited by the University of Bedfordshire, has been launched this year to our cadet pilots with a view to offering it more widely in our pilot community in the future.

A culture of wellbeing

Our people's physical and psychological health is important for continued success and growth. Our overall aim is to keep our people happy, healthy and in work.

Through analysing management information that comes from our specialist providers we have been seeking to improve existing services and provide targeted help and support for our people. Findings indicate that although it is necessary to continue to support and promote good physical health, there is a need to provide additional focus on people's psychological health.

To this end we have introduced a number of courses, including an introduction to psychological health (stress, anxiety and depression), mindfulness and resilience training. During the year we have seen referral rates to our occupational health services increase by around 17% as the benefits of the services are communicated to our managers. Based on a review of our services, we will soon be introducing 'biopsychosocial' assessment (looking at psychological and social wellness as well as physical illness).

Recognition and reward

We know that our approach to reward is critical to our ability to attract and retain our people.

easyJet offers a competitive reward package focused on driving a performance culture, with the emphasis on cash and variable pay rather than fixed benefits. The reward package includes an annual performance-driven bonus (based on personal and Group performance) and grants of share awards (based on the financial performance of the Group).

All easyJet employees, with a minimum amount of service, have the opportunity to become shareholders in the Company. At 30 September 2014 they held interests in 18 million shares between them worth £256 million. This year employees realised large gains in share value. For example, the Save As You Earn (SAYE) scheme, which matured during 2014, had an exercise price of £2.88. The share price at 30 September 2014 was £14.23 (£12.78 at 30 September 2013).

easyJet also has a Buy As You Earn (BAYE) share scheme and performance shares which easyJet gives to all its employees every year so they can share in the Company's success. Each scheme is Her Majesty's Revenue & Customs (HMRC) approved and is open to all permanent employees on the UK payroll. For our people who are on non-UK payrolls, international schemes have been established with similar terms and conditions.

easyJet also offers a small number of associated airline benefits in line with our cost-focused approach. These include insurances and access to travel on easyJet services at cost price. In the UK and Portugal we have also been able to facilitate a number of additional flexible benefits under our Benefits4me programme. These enable our people to access programmes and savings which would not be available to them on an individual basis, without additional cost to easyJet. Our people can benefit from reduced social security contributions for many of these flexible benefits, through salary sacrifice.

easyJet contributes towards a group personal pension plan in the UK and, where negotiated, to pension arrangements for our people in Germany and Portugal.

A lifestyle benefits programme is also in place offering discounts on a wide range of products and services.

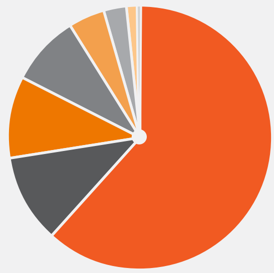
Equality and diversity

easyJet is an equal opportunities employer and we always treat our employees and applicants fairly regardless of their age, gender, full or part-time status, disability and marital status.

easyJet values diversity and inclusivity and we also drive for a high-performance culture; as such we strive to employ and leverage the best talent that can deliver our business goals. To this extent easyJet ensures that talented high-performing individuals with disabilities are supported in joining us and in continuing to reach and maintain their performance potential, through flexibility in our offering and making reasonable adjustments to the workplace to make it easy for them to contribute at a high level.

Number of employees broken down by country

United Kingdom	5,958
France	1,046
Italy	981
Switzerland	818
Germany	438
Spain	269
Portugal	138
Netherlands	1



We recognise that a diverse workforce will provide us with an insight into different markets and help us anticipate and provide what our customers want from us. We have actively sought to recruit across Europe to ensure our employees reflect our customer base.

Special assistance passengers

easyJet takes the welfare of all passengers extremely seriously as it continues to work to improve the travelling experience. This includes the requirements of around 300,000 passengers requiring special assistance. We engage extensively and widely with organisations representing those with special needs and have in place a special advisory group – the easyJet Special Assistance Advisory Group (ESAAG) – chaired by The Right Honourable David Blunkett MP, to provide ongoing feedback and guidance.

The ESAAG advises on the welfare needs, requirements and trends around the special assistance community. It provides feedback on all stages of the customer journey and advises on areas where adjustments can be made to improve the customer experience. This year the ESAAG has been critical in helping us understand the need for on-board wheelchairs, which are now being installed throughout our fleet.

All ground and air crew receive ongoing training in providing support to those with special needs. This training is subject to ongoing review and improvement taking on board comments and feedback from special assistance and disabled passengers.

Gender equality

We work particularly hard to create an environment where women have the opportunity to build careers in all communities and at all management levels of the organisation, by ensuring there is a pipeline of women coming up through the organisation.

Women are actively encouraged and supported as they progress through the organisation. We aim to provide flexible working arrangements, part-time working and job sharing that fit our business model and work for our people. In 2012, we established a women's network which encourages women across the Group to come together to network and share experiences and challenges.

easyJet has also signed up to the "think, act, report" campaign which promotes equal opportunities for women in the workplace. The campaign provides a simple step-by-step framework to help companies think about gender equality in their workforces, particularly in relation to recruitment, retention, promotion and pay.

The Company has two female Directors on its Board, one being the Chief Executive. Following the appointment of the two new Non-Executive Directors on 22 July and the stepping down of the two outgoing Non-Executive Directors on 1 October and 1 December, the Board will retain its 20% female Board representation from last year. This is a percentage which easyJet aspires to retain in the future.

36% (four of 11) of easyJet's Executive Management Team are women, including our Chief Executive, Carolyn McCall, along with the airline's Strategy and Implementation Director, one of two Commercial Directors and the People Director.

14 out of 63 (22%) of the Senior Management Team are female. The number of women in the Senior Management Team is the same as last year although the team has grown by two people.

Middle managers will provide the pipeline for future senior managers and growing the number of women in this group is an important part of our strategy to grow the number of women in our Senior Management Team. Currently around 30% (76 of 245) of positions in this group are held by women, the same percentage as in 2013. 46% of our overall workforce is female.

Board of Directors

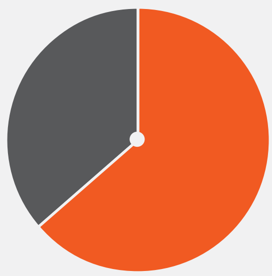
12

Male	10
Female	2

Executive Management Team

11

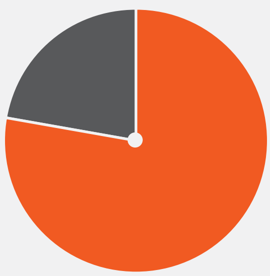
Male	7
Female	4



Senior Management Team

63

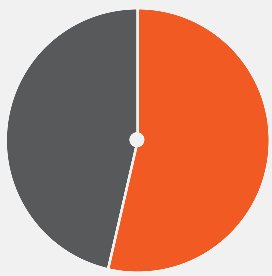
Male	49
Female	14



All easyJet employees

9,649

Male	5,194
Female	4,455



Based on employees as at 30 September 2014.




BUILDING THE CAPACITY OF OUR PEOPLE MANAGERS

This year we launched a leading-edge people manager development programme designed to provide people managers with the skills and knowledge they need to manage their direct reports' performance, engagement and development effectively. The programme is a three-and-a-half-day module delivered over a three-month period and includes the use of a 180 degree feedback tool to help managers understand their own personal gaps and measure their progress over time.

The programme was developed following a review of best practice both within the industry and beyond and through consultation with our current managers in the form of a series of focus groups looking at current skills gaps.

To date 172 people managers have completed the programme with evaluations averaging 8.9 out of 10.

'this is the best programme I have attended during my career'

'a really great reminder of the management fundamentals. This has helped me to prioritise the areas I need to improve on'

The programme recently gained accreditation from the University of Bedfordshire. Participants now receive a 'fundamentals of management' certificate from the University. Those wishing to continue studying, on satisfactory completion of a personal development plan, can gain credits towards a Masters level programme (e.g. MBA). The University acknowledged that the programme was 'very well thought out, promoting personal development with a knowledge of corporate impact and containing robust and well researched underpinning'.

EASYJET'S COMMITMENT ON HUMAN RIGHTS

easyJet has a responsibility to conduct business in an ethical and transparent way. The Company has in place policies to support recognised human rights principles. These include policies on non-discrimination, health and safety, anti-bribery and environmental issues. The Company also maintains a zero tolerance approach to bribery and corruption.

easyJet seeks to comply with all relevant laws in the countries in which it operates, and co-operates with the efforts of national law enforcement agencies and border agencies to combat human rights abuses and crimes such as human trafficking. It adheres to a set of business principles including a commitment to internationally proclaimed human rights standards. These standards apply for the individuals working within the organisation and its customers.

The Company's policies seek to respect and maintain the human rights standards defined in the International Bill of Human Rights. The Company observes the principles set out by the International Labour Organisation Declaration on Fundamental Principles and Rights at Work (the 'ILO Declaration'). It accepts its corporate responsibility to respect human rights, as set out in the United Nations Guiding Principles on Business and Human Rights (the 'UN Guiding Principles').

Employees: easyJet conducts its employment practices in an ethical and socially responsible manner. It respects the human rights of its employees as established in the four principles of the ILO Declaration.

- Freedom of association and the effective recognition of the right to collective bargaining: easyJet recognises and respects its employees' right to join associations and choose representative organisations for the purpose of engaging in collective bargaining in a manner consistent with applicable laws, rules and regulations.
- Elimination of all forms of forced or compulsory labour: easyJet does not utilise forced or compulsory labour. It recruits its employees and provides working conditions, including payment of wages and benefits, which comply with applicable laws and regulations.
- Effective abolition of child labour: all easyJet employees are above the legal employment age in the country of their employment.
- Elimination of discrimination in respect of employment and occupation: easyJet has committed human resources policies including non-discrimination and health and safety policies.

Customers: easyJet is committed to making travel easy and affordable for all of its customers. It upholds the equal treatment of all passengers regardless of their personal characteristics or social status. This commitment is supported by the advice of stakeholders within easyJet and the continued involvement of the easyJet Special Assistance Advisory Group (ESAAG) in policy and product development.

Suppliers and third parties: easyJet will never knowingly infringe the human rights of others. It seeks to prevent or mitigate any adverse human rights impact directly linked to its business relationships through obtaining appropriate contractual commitments. It expects third parties who deal on its behalf to observe the principles of the International Bill of Human Rights, the ILO Declaration and the UN Guiding Principles.

Bribery and corruption

easyJet has a company-wide anti-bribery and corruption policy. There is also a gifts and hospitality policy and online register to record all gifts and hospitality that are accepted by employees. It is compulsory for all management and administration employees to complete anti-bribery and ethics training and pass an online examination. Completion of an employee's probationary period is also dependent on this. As at 30 September 2014, the training and examination had been completed by 100% of management and administration employees.

Community and charitable activities

easyJet remains strongly committed to engaging with the local communities where we are based and harnessing the fundraising powers of our employees and significant customer base. Our fundraising activities are driven through our partnership with UNICEF, the world's leading organisation focusing on children and their rights, under the "Change for Good" partnership established in 2012.

UNICEF – Our pan-European charity partner 'Change for Good'

easyJet's charity partnership with UNICEF has continued to grow throughout 2014. It is now in its third year and since 2012 easyJet has raised over £3.9 million for the charity, with £1.9 million raised this financial year. This is more than any other UNICEF airline partner, demonstrating our commitment to the partnership, an achievement we aim to continue.

The 'Change for Good' programme offers all easyJet customers the opportunity to support the world's children by dropping their spare change and leftover foreign currency into fundraising pouches. Two standard collections take place each year, one in the summer and one in the winter. This year we also managed special collections for the Philippines, and UK Soccer Aid. Through the partnership we have enabled UNICEF to take advantage of matching funding from the Department for International Development for the winter collection and Soccer Aid.

We promote and encourage employee engagement through the partnership. This year we provided our employees with the opportunity to take part in a sponsored tandem skydive to raise money for UNICEF.

A number of our employees have also had the opportunity to see the charity in action. Earlier this year our Head of Cabin Services and two crew members went on a field trip to Mauritania, West Africa, to learn more about polio vaccines and how our funds are used to support those most in need.

Donations from easyJet and its passengers have allowed UNICEF to vaccinate over 5.3 million mothers and children against preventable, life-threatening diseases across Africa and Syria.

The Company has also provided benefits in kind including free profile-raising for the charity through various channels and free flights to support the work of the charity.

Charity Committee

easyJet has a dedicated European Charity Committee made up of easyJet employees to oversee the partnership with UNICEF. The Committee also determines how the annual charitable fund is spent. Since launching in 2012, the Committee has awarded £72,000 to over 100 local charities across our network.

Supporting local communities

Across our network easyJet seeks to develop relationships with local communities and support local initiatives. Our links are particularly strong around our headquarters in Luton where the majority of our employees are based.

- We are long-term supporters of Luton Town Football Club and support the Love Luton Campaign. This year we also supported the Christmas lights in Luton town centre after a funding shortage threatened their future.
- We have strong relationships with a number of local schools. Many of our pilots and cabin crew visit local schools to give talks about the Company and industry. These visits help young people understand the careers potentially available to them in the industry and how they can access them.
- We continue to support Pride in various cities including Manchester and Berlin in recognition of the airline's diversity.
- This year we have been appointed as a partner to Dementia Friends to help the charity raise awareness of dementia and how to help people who suffer with this condition. We will work with them to raise their profile and the understanding of the condition amongst employees. Through this relationship, our people will have the opportunity to become a dementia friend through a short training session. This relationship is particularly important to us as there are currently over 800,000 people living with dementia in the UK, with this figure predicted to increase to over 1 million by 2021.
- We continue to run our Fearless Flyer programme to help those who either have a fear or nervousness of flying, to overcome them. This year we ran 12 sessions across the UK, with 1,044 participants. The course consists of two parts; in the first part an experienced easyJet captain deals with any misconceptions that participants may have about flying. In addition, the well-known phobia expert, Lawrence Leyton, teaches people proven techniques to help overcome the anxieties and concerns nervous flyers typically have. In the second part, participants and travelling companions go on an "experience flight" operated by easyJet.

In response to the feedback from our CR survey we will continue to support UNICEF in the coming year, and will also look to extend our support for local community projects, particularly where their objectives align with ours and where there is the opportunity to engage our employees in their activity.

HOW OUR FUNDRAISING HAS SUPPORTED UNICEF

Since the start of the UNICEF partnership in 2012, our customers and employees have helped us raise over £3.9 million for the charity, which has benefited communities far and wide.

- 5.3 million mothers and babies have been vaccinated across Africa and Syria. This programme has included educating communities, distributing vitamin A supplements and carrying out essential health assessments for under-fives.
- In the Central African Republic, 550,000 children have been vaccinated against measles and polio and vitamin A supplements have been distributed.
- In Mauritania the funding has supported the provision of essential refrigeration facilities for vaccines, trained health workers and helped distribute vaccines across the country.
- In Syria, funds have provided 2 million polio vaccines to children and 450,000 blankets to refugee camps to help children survive the cold winter.
- During the Philippines Emergency, easyJet's support helped provide 95 tents, 242 tarpaulins, and 3,000 temporary learning spaces, meaning 500,000 children could attend temporary schools.
- Funds from easyJet have supported UNICEF's goal of increasing immunisation coverage from 80% to 85% for children living in Liberia over the past two years.

We would like to thank our customers and employees for their ongoing support for our fundraising activity.

ENVIRONMENT

Addressing environmental impact is clearly part of the responsibility of an airline. easyJet also considers it a business imperative. Environmental concerns have a significant impact on public policy towards aviation, from restrictions on airport expansion to passenger taxes. It is therefore in the Company's interest to ensure that both easyJet and the wider industry properly address environmental concerns.

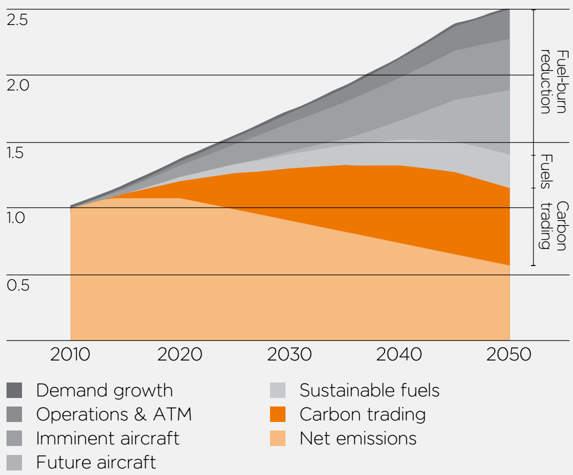
Aviation emissions continue to increase. Over the last 10 years global aviation traffic has grown by over 5% a year, while efficiency gains have been about 2%. Unless the industry can reverse this trend there is a real risk it will be subjected to growth constraints; a suggestion already put forward by the Committee on Climate Change in their December 2009 report. To prevent this, the industry needs to significantly reduce emissions from flying, through step-changes in technology and the right incentives, to ensure that airlines and passengers fly as efficiently as possible.

Climate change

easyJet believes the most important environmental issue facing the industry is climate change. In common with other transport organisations, there remain significant challenges in moving away from reliance on fossil fuels. In the short to medium term, easyJet remains committed to making its operations as efficient as possible through purchasing the most fuel efficient aircraft available and optimising their use.

To support the longer-term technological change necessary to deliver more sustainable flying, easyJet supports industry-wide efforts as a member of Sustainable Aviation. This is a UK body that focuses on cross-industry measures to improve carbon efficiency in particular. Sustainable Aviation has shown how reductions in overall CO_2 emissions can be delivered alongside growth in aviation. The chart on this page sets out the path to lower emissions and the contribution from different emission saving aspects.

Net CO_2 emissions from UK aviation



Projection of CO_2 emissions from UK aviation

easyJet was among the first supporters of aviation's entry into the European Union's Emission Trading System (ETS), an important step to ensuring that aviation is helping to tackle climate change. The Company was disappointed that the scope of aviation's role in ETS has been reduced with the exclusion of long-haul flights in 2013 and believes the future scope should be as wide as possible. easyJet is continuing to work towards a wider scope through its European airline association, ELFAA.

To achieve further emission reductions, it is vital that the policy framework set by governments supports increased environmental efficiency in aviation. easyJet would like to see aviation taxes support environmental objectives. Aviation-specific taxes should provide incentives for more environmentally efficient flying.

easyJet's CO_2 emissions

easyJet's CO_2 emissions were 5.9 million tonnes compared to 5.5 million tonnes for the 2013 financial year. The calculation of these emissions is based on fuel burn measurement, which is verified to comply with ETS requirements. CO_2 equivalents from emissions of other greenhouse gases are not included as there are no conversion factors available for these emissions from aircraft fuel burn.

easyJet also monitors emissions per passenger kilometre. This is a measure of how efficiently passengers are carried and allows comparison between airlines. easyJet's emissions per passenger kilometre are amongst the lowest in the industry and have reduced significantly over the past 10 years. In the 2014 financial year, easyJet's emissions per passenger km (the standard industry measure of efficiency) were 82.03g/km, reduced from 83.76g/km in 2013.

In 2013, easyJet set targets for the reduction of CO_2 g/km per passenger, of 2.5% by 2017 and 5% by 2022. An important factor in achieving these targets will be the recent order for the new generation of Airbus short-haul aircraft, entering the fleet from 2017. These aircraft are 13% to 15% more fuel efficient than the existing fleet.

To reduce emissions further, significant progress in the development of the new generation of aircraft will be necessary. While there has been some progress in the short-haul market a second step change in efficiency is necessary. easyJet will continue to push the manufacturers to deliver this and would also like to see international minimum standards in place to drive the development of new technology aircraft.

In the meantime, easyJet has an ongoing programme that looks at how existing aircraft can be flown as efficiently as possible. This includes the ongoing installation of new lightweight seats and trolleys and the introduction of Sharklets; an enlarged wing tip which makes the wing more aerodynamic. Fuel efficiency is monitored to determine the impact of these measures. Although some of these measures reduce CO_2 emissions per flight by relatively small amounts, as easyJet averages over 1,200 flights a day, total savings are significant.

Local air quality

Local air quality impact arises from nitrogen oxides (NOx) emissions during aircraft take-offs and landings. easyJet has upgraded 62% of engines with the tech insertion upgrade which reduces NOx emissions by around 10%. These engines are the best in class and help minimise the impact on local air quality.

Noise

Aircraft noise clearly has an impact on residents around airports. easyJet complies with local rules that govern noise at airports (such as curfews and routings to avoid built-up areas). easyJet aircraft meet the tightest international noise standards (ICAO chapter 4). The Company's focus on improving the efficiency of flying has also reduced the noise impact; by changing the flap settings used for landings, fuel efficiency has improved and noise levels at landing have been reduced.

easyJet also works locally with airports and air traffic control to put in place noise mitigation activities that best fit each airport.

Recycling

On board, easyJet has a two-bag waste collection system which separates recyclable material such as newspapers, plastic bottles and metal cans from general waste. Poster campaigns have been used to promote recycling to cabin crew.

easyJet also has recycling systems in place in its offices and hangars around the network to recycle a variety of materials including food waste, oil, aluminium, paper, plastics and drinks cans.

Employee and passenger feedback has shown an appetite for improving our systems for recycling. Irrespective of the separation we undertake on board, recycling is dependent on the facilities at each airport where waste is collected by local cleaning and ground handling contractors. A recent survey of all our airports identified that over 50% currently have recycling facilities. We are working with the others to see if we can work together to improve recycling opportunities.

Governance

Many people within easyJet help deliver easyJet's environmental aims. Oversight of easyJet's environment policy is carried out by its regulatory team, and the Executive Management Team and Chief Executive receive regular updates on environmental policy as part of reporting on regulatory issues.

OUR CUSTOMERS

easyJet is passionate about connecting people by making travel easy and affordable. At easyJet, service is focused on the customer, with an emphasis on creating a friendly experience. Our Customer Charter, co-created with over 300 employees including pilots, cabin crew and contact centre employees, was published in 2013 and sets out what customers should expect when they travel with us:

- Safety first, we never compromise
- On your side, we see it from your point of view
- A big smile, friendly service is our passion
- Make it easy, at every step
- Open and upfront, we will always be straight with you
- Customer at the heart of easyJet

We are continually working to embed our Customer Charter commitments across the Company to ensure we live them on a day-to-day basis. Integral to this is understanding how we can support our people to deliver them. To this end a particular initiative this year has been to help our senior managers and administrators gain a better understanding of what it is like to work in a contact centre or customer service team. We achieved this by establishing a temporary call centre in Luton for a week. 167 of our directors, managers and administrators answered live calls giving them first-hand experience of what is involved. They were supported by contact centre agents from India and Poland.

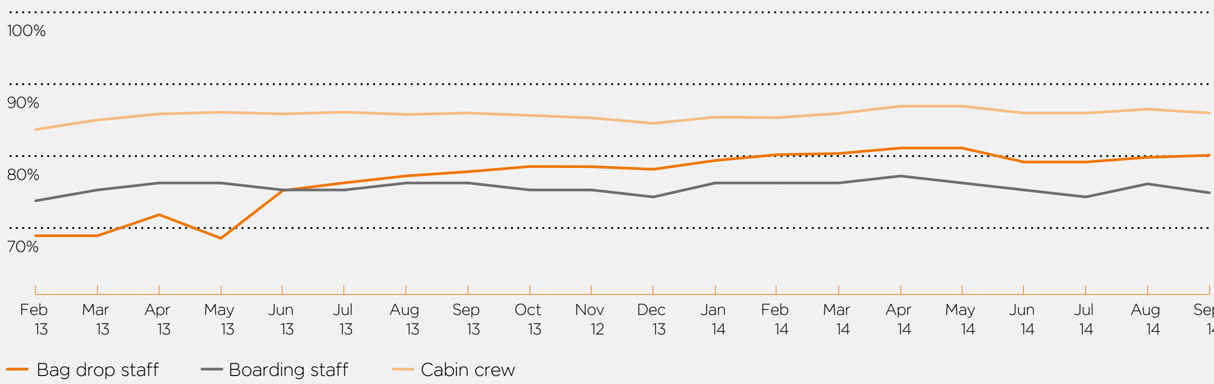
We believe that our ongoing focus on embedding and communicating our Customer Charter is having an impact. We are proud to be able to report that 97% of our people who took part in our employee engagement survey (4,649 participants in 2014) agreed that they understood how important it was to make sure our customers had a great easyJet experience. In addition, 86% agreed they understood how they could deliver the promises in the Customer Charter.

Our Customer Charter also drives us to continually improve the customer experience. This year we have concentrated in particular on improving customer service at airports and developing technology to enable us to provide customers with better real-time information at times of disruption.

Improving customer service at airports

Improving customer services at airports has been driven through our Triple C programme (Customer, Communication, Consistency). With approximately 20,000 people representing easyJet in airports throughout our network, it is important they feel connected to easyJet and bring to life the brand experience in the airport so it mirrors the on-board experience. The Triple C programme has included customer host training, improved communication and ongoing engagement of ground crew to drive more consistent and improved interaction with customers. Our customer satisfaction data for staff friendliness has shown overall improvements over the past year, suggesting the programme is starting to have an impact. In particular, friendliness satisfaction in relation to our people at bag drop has shown significant improvements rising eight percentage points to 80%. To support the Triple C programme we have sought to reduce customer waiting times and have introduced customer hosts at the bag drop in our 30 largest operations. These initiatives are supported by the introduction of our Customer Services Manual which sets out the policies and procedures ground handlers are expected to follow.

Satisfaction with staff friendliness



Using digital technology to transform our customers' experience during disruption

We fly up to 1,400 sectors each day across Europe. Disruption can therefore have a significant impact on both our operations and our customers' experience. We want to provide our customers with the best available information at times of disruption, supported by open and transparent information in line with our Customer Charter.

As a result we have introduced a number of new measures to improve information availability and access.

- We have introduced an innovative flight tracker tool across easyJet.com and our app which enables customers to track their flight status and keep in touch on the move.
- We have achieved an industry first by connecting our Operation Control Centre at Luton directly with customers so they can keep in touch with "live updates".
- We have added "push notifications" to our mobile app which has been downloaded more than 10 million times so customers can opt into being alerted when there is new information.
- We have formed an innovative partnership with Flight Radar 24, which allows customers to track the live location of our flights across Europe. This is also of benefit to friends and relatives who can see the location of incoming flights.

We will continue to look at further ways to improve our customers' experience during disruption using digital technology both through mobile, easyJet.com and within the airport environment.

On-time performance

Strong operational performance is critical to easyJet. Ensuring the aircraft depart and arrive on time minimises the cost of disruption, improves customer satisfaction and promotes repeat purchases.

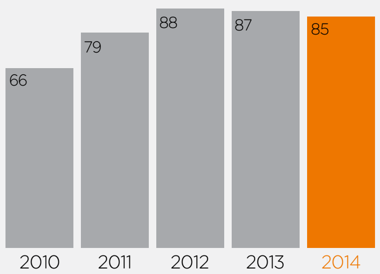
easyJet works hard to maintain strong on-time performance and has sought to lead the industry in this area. For example, to maintain punctuality during the roll-out of allocated seating, the 'easyJet turn' programme was introduced. This involved working with pilots, cabin crew and ground handling partners to review all policies and procedures associated with turning round an aircraft, and unnecessary processes were removed and operations streamlined.

This year has seen a small drop in on-time performance from previous years due to unusually high levels of disruption across the network. These have been largely out of our control. Bad weather has caused disruption, including flooding at Gatwick Airport on Christmas Eve, and further disruption has been caused by strike action of certain air traffic control staff. Maintaining strong on-time performance remains incredibly important to us and we will continue to do everything within our control to maintain punctual services.

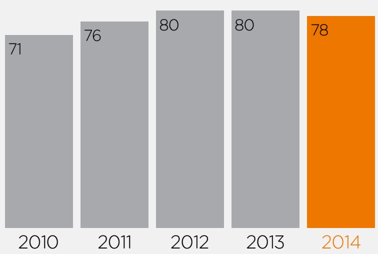
Customer satisfaction

We seek regular feedback from customers through our customer satisfaction surveys, which customers are invited to complete shortly after taking their flight. We receive feedback from over 400,000 customers each year, covering all aspects of the customer journey from booking to arrival. In addition, we have an established online customer community – a forum of over 3,000 customers who participate in online discussions that help shape customer service improvement initiatives. Last year we ran 87 discussions via the forum on a wide range of topics, including allocated seating and business travel.

On-time performance
%
85%



Overall customer satisfaction*
%
78%



* Results prior to 2014 have been recalibrated to be consistent with the survey basis adopted in 2014.

Internally, customer issues are managed by a Customer Board that brings together key people in the Company involved in the customer journey. The Customer Board shares data and insights and discusses and agrees ongoing improvement initiatives.

During the summer months, our peak travel period, there was more widespread disruption than we have seen in recent years, as a result of air traffic control strikes and severe weather-related disruption, as well as a number of resilience issues at Gatwick which impacted all airlines at the airport. This is reflected in the reduction in our on-time performance from 87% in the year ended 30 September 2013, to 85%, and the consequent fall in overall customer satisfaction from 80% to 78% in the year ended 30 September 2014.

We also use our customer surveys to gauge future customer value as there is a clear link between deep satisfaction and brand advocacy (likelihood to recommend easyJet). Currently 55% of our customers are completely or very satisfied. Our aim is to increase the proportion of customers in these categories.

As part of strengthening stakeholder engagement on sustainability issues, we extended our customer research this year to also gain more insight into how our customers view sustainability and how this impacts on their impressions of easyJet. Overall the findings indicate that sustainability is important to our customers. They feel particularly strongly that companies have a responsibility for people's wellbeing. A high proportion believes that airlines in general could do more to reduce their environmental impact, although only 40% said easyJet's approach to the environment would impact on whether they recommended easyJet. Compared to 10 other airlines easyJet was considered the most sustainable. 55% of customers felt the UNICEF partnership made them feel more positive about easyJet, balanced by the view that we must continue to support local community initiatives alongside it.

COMMITTED TO MAINTAINING HIGH STANDARDS

John Barton
Non-Executive Chairman

DEAR SHAREHOLDER

At easyJet, we are committed to maintaining high standards of corporate governance to enhance performance and for the protection of our shareholders. I would like to highlight, in particular, the following key areas of governance focus during 2014.

Strategy
It is essential for the Board to ensure we have the right strategy in place and this has been an area of focus for me in my first full year as Chairman. We have increased the number of strategy sessions, focused on debating and refining the strategy, to three this year. These took place in April, July and September. With the Group Director: Strategy and Implementation joining the Executive Management Team, and the Board requesting more focus on strategy and forward planning and less on operational issues, the Board has seen a high quality of both strategic thought and management information. This has allowed better informed debates and more effective strategic decision-making.

Board and Committee composition
It is of real importance to my role, as Chairman, to ensure that the Board has the right composition. This means having the right balance of skills and experience, maintaining a strong level of independence and objectivity and ensuring that all Directors have a good knowledge of the Group and the context in which it operates. There have been a number of key changes to the Board since the end of the 2013 financial year. After nine years of service, David Bennett retired from the Board on 1 October 2014 and Professor Rigas Doganis is retiring from the Board on 1 December 2014. I would like to thank them, on behalf of the Board, for their commitment and contribution. In July 2014, Dr. Andreas Bierwirth and François Rubichon joined the Board as Non-Executive Directors. They each bring with them great experience of the aviation industry in Germany, France and across Europe generally, which will provide easyJet with a more diverse range of knowledge and insight. We have also seen a change in the chairmanship of two Board Committees, with Adèle Anderson succeeding David Bennett as chair of the Audit and Finance Committees in June and July respectively. The composition of the Committees has also changed (see pages 58 to 66).

Board effectiveness
Each year, the Board undertakes a formal evaluation of its effectiveness, and after careful consideration of the findings, has agreed its priorities for next year. Following my first full year as Chairman, Charles Gurassa, the Senior Independent Director, has also led a review of my performance with input from the other Non-Executive Directors. The evaluation process and the Board's set of

priorities following the evaluation are described on page 68. Following this review, I am satisfied that the Board and its Committees are performing effectively and that there is the appropriate balance of skills, experience, independence and knowledge of the Group to enable the Directors to discharge their respective duties and responsibilities effectively. I am also satisfied that the members of the Board, in particular the Non-Executive Directors, have sufficient time to undertake their roles at Board and Committee level with the Company, so as to be able to discharge their responsibilities effectively.

Board Committees

The Board delegates certain of its responsibilities to the Board Committees to enable it to carry out its functions effectively. A diagram of the Board governance structure is set out on page 58.

The Fleet Oversight and Governance Committee (FOGC) continued to meet during the year to provide governance oversight over the engine selection process following the fleet order deal which was approved by shareholders in July 2013. The selection of engine supplier was concluded in June 2014, following which the FOGC was dissolved.

Reflecting the importance of technology in maintaining resilience and competitive differentiation, the Board created an IT Governance and Oversight Committee in April to provide independent oversight and challenge over the planned and phased review of our core IT systems. This Committee is chaired by John Browett, who has a wealth of experience in IT oversight, in particular in his previous role running tesco.com where he was responsible for formulating and delivering its strategy from launch to profitability. Keith Hamill and Adèle Anderson also bring their relevant experience to the Committee. Since its constitution, the Committee has provided guidance on the risk framework surrounding IT resilience and change. More details on the IT Governance and Oversight Committee can be found on page 65.

Structure of corporate governance report

The corporate governance report is intended to give shareholders an understanding of the Company's corporate governance arrangements and how they have operated during the 2014 financial year. This year, the Corporate governance report also includes reports from each of the Committee Chairmen to provide details on key matters addressed by the Committees during the year.

On pages 66 to 69 we describe how the Company has complied with the principles of the UK Corporate Governance Code.

Compliance with the UK Corporate Governance Code The Board considers that it and the Company have, throughout the year ended 30 September 2014, complied without exception with the provisions of the UK Corporate Governance Code (September 2012), which is the version of the Code which applies to the Company for its 2014 financial year. The Code is issued by the Financial Reporting Council and is available for review on the Financial Reporting Council's website: https://www.frc.org.uk

John Barton

John Barton
Non-Executive Chairman

Board of Directors

John Barton
Non-Executive Chairman

John (1944) was appointed to the Board of easyJet as Chairman on 1 May 2013. He is also Chairman of Next plc and Catlin Group Ltd (the international insurance underwriters).

John has also served as Chairman of Cable and Wireless Worldwide plc, Brit Holdings plc, Wellington Underwriting plc and was previously Senior Independent Director of WHSmith plc and Hammerson plc. He was also the Chief Executive of the insurance broker JIB Group plc from 1984 to 1997. After JIB's merger with Lloyd Thomson in 1997, he became Chairman of the combined group, Jardine Lloyd Thompson Group plc, a role he held until 2001.

John is a chartered accountant and received an MBA from Strathclyde University.

Charles Gurassa
Non-Executive Deputy Chairman and Senior Independent Director

Charles (1956) was appointed to the Board of easyJet as an independent Non-Executive Director on 27 June 2011 and became Deputy Chairman and Senior Independent Director on 1 September 2011. Charles is the Chair of the Remuneration and Nominations Committees. He is currently Non-Executive Chairman of Genesis Housing Association and NetNames and Senior Independent Director at Merlin Entertainments plc.

Charles' career has been spent primarily in the travel, tourism and leisure industries, where he has held a number of senior positions including Chief Executive of Thomson Travel Group Plc, Director of TUI AG, Executive Chairman of TUI Northern Europe and Director of Passenger and Cargo at British Airways. Previously he was Non-Executive Chairman of LOVEFiLM, Phones4U, Virgin Mobile plc, Alamo/National Rent a Car and Tragus, a Non-Executive Director at Whitbread plc, and an advisory Board member of Alpitour. Charles is Deputy Chairman of the National Trust and a trustee of the Migration Museum project.

Carolyn McCall OBE
Chief Executive

Carolyn (1961) joined easyJet on 1 July 2010 as Chief Executive and was appointed to the Board of easyJet. Prior to this, she was Chief Executive of Guardian Media Group.

Carolyn joined the Burberry plc board as a Non-Executive Director in September 2014. She was a Non-Executive Director of Lloyds TSB from 2008 to 2009, Non-Executive Director of Tesco PLC from 2005 to 2008 and Non-Executive Director of New Look from 1999 to 2005. She was Chair of Opportunity Now and a former President of Women in Advertising and Communications London (WACL). She has also sat on the Royal Academy of Arts Corporate Board since September 2008.

Carolyn was awarded the OBE for services to women in business in 2008. In April 2008, she was named Veuve Clicquot Business Woman of the Year.

Carolyn graduated from Kent University with a BA in History and Politics and from London University with a Masters in Politics.

Dr. Andreas Bierwirth
Independent Non-Executive Director

Andreas (1971) was appointed to the Board of easyJet on 22 July 2014. Andreas is currently Chief Executive Officer of T-Mobile Austria GmbH, a position he has held since 1 September 2012.

Andreas previously served as a Member of the Board at Austrian Airlines AG between 2008 and 2012, where he held the role of Chief Commercial Officer. Between 2006 and 2008, Andreas served as Vice President Marketing of Deutsche Lufthansa AG (Frankfurt). Prior to this, Andreas was first Deputy Managing Director and later Managing Director at Germanwings between October 2002 and September 2006. During this time the foundation and the business launch of Germany's first low-cost airline took place.

Andreas trained as a banker and economist as well as being licensed as a commercial pilot.

John Browett
Independent Non-Executive Director

John (1963) was appointed to the Board of easyJet on 27 September 2007 and is the Chair of the IT Governance and Oversight Committee. He is currently Chief Executive Officer of Monsoon Accessorize and was previously Senior Vice President of Retail at Apple Inc. Prior to joining Apple in 2012, John was Chief Executive Officer of Dixons Retail plc for four years and also held a number of Executive Director positions at Tesco PLC, including Operations Development Director, Group Strategy Director, and running tesco.com from 2000 to 2004 where he was responsible for formulating and delivering its strategy from launch to profitability. Between 1993 and 1998, John was at the Boston Consulting Group.

John is a graduate of Cambridge University and Wharton Business School.

Professor Rigas Doganis
Independent Non-Executive Director

Rigas (1939) was appointed to the Board of easyJet on 1 December 2005 and is Chair of the Safety Committee. Rigas is an aviation consultant and strategy adviser to airlines, airports, banks and governments around the world. He is Chairman of the European Aviation Club in Brussels.

He is a former Chairman and Chief Executive Officer of Olympic Airways and was formerly a Non-Executive Director of South African Airways.

Rigas was Professor and Head of the Air Transport Department at Cranfield University and is still a Visiting Professor there. He is also the author of books on aviation economics and management.

Rigas is stepping down from the Board on 1 December 2014.

Chris Kennedy
Chief Financial Officer

Chris (1964) joined easyJet on 1 July 2010 as Chief Financial Officer and was appointed to the Board of easyJet.

After graduating from Cambridge with a degree in Engineering, Chris worked in audit and consultancy before spending two years as a venture capitalist and banker.

In 1993, Chris joined EMI Music where he worked both in the UK and the US, covering a variety of roles including UK Chief Financial Officer, European Chief Operating Officer and International Chief Financial Officer. In early 2008 he joined the EMI Music Board as Chief Financial Officer and then Chief Investment Officer.

Adèle Anderson
Independent Non-Executive Director

Adèle (1965) was appointed to the Board of easyJet on 1 September 2011 and was appointed Chair of the Audit and Finance Committees on 12 June 2014 and 1 July 2014, respectively. Until July 2011, Adèle was a partner in KPMG and held roles including Chief Financial Officer of KPMG UK, Chief Executive Officer of KPMG's captive insurer and Chief Financial Officer of KPMG Europe. Adèle is also a Non-Executive Director of Intu Properties plc, where she chairs the Audit Committee and is a member of the Remuneration Committee. She is a member of the Board of Trustees of both Save the Children UK and Save the Children International and chair of the Audit Committee of Save the Children International. Adèle graduated from Kent University with BSc (Hons) in Mathematics and Computer Science.

David Bennett
Independent Non-Executive Director

David (1962) was appointed to the Board of easyJet on 1 October 2005. He is currently Chairman of Homeserve Membership Ltd and a Non-Executive Director of Jerrold Holdings Ltd, PayPal (Europe) S.a.r.l et Cie, S.C.A. and Cheshire Mortgage Corporation Ltd.

David has had a long career in the financial services sector and was both Group Finance Director and Group Chief Executive of Alliance & Leicester plc until its sale to Santander in 2008. David has also held a number of senior positions in Abbey National, Alliance & Leicester, Cheltenham & Gloucester, Lloyds TSB and the National Bank of New Zealand.

David stepped down from the Board on 1 October 2014.

Keith Hamill OBE
Independent Non-Executive Director

Keith (1952) was appointed to the Board of easyJet on 1 March 2009. He has considerable experience as a director of listed companies and is currently a Non-Executive Director of Samsonite International SA and Max Property Group plc, as well as being chairman of a number of private equity-financed and AIM Listed companies.

He was previously Chairman of Go (prior to its acquisition by easyJet in 2002) and Travelodge. He was Chairman of Tullett Prebon, Collins Stewart, Heath Lambert and the Council of The University of Nottingham and a Non-Executive Director of Electrocomponents and Cadmus Communications Corp. He was Finance Director of WHSmith, Forte and United Distillers and a partner in Price Waterhouse from 1986 to 1988.

Keith is a Fellow of the Institute of Chartered Accountants.

Andy Martin
Independent Non-Executive Director

Andy (1960) was appointed to the Board of easyJet on 1 September 2011. He is currently Group Chief Operating Officer-Europe, UK and Japan for Compass Group PLC.

Prior to joining Compass Group in 2004 as Group Finance Director, Andy was a partner in Arthur Andersen and held senior financial positions with Forte PLC and Granada Group PLC. Following the disposal of the Hotels Division in 2001, Andy joined First Choice Holidays PLC (now TUI Travel PLC) as Group Finance Director.

Andy graduated from Manchester University with a BA in Economics and is a member of the Institute of Chartered Accountants.

François Rubichon
Independent Non-Executive Director

François (1963) was appointed to the Board of easyJet on 22 July 2014.

François is currently serving as the Executive Vice President of Human Resources, General Affairs and Organisation at Société Française du Radiotéléphone (SFR), a position which he has held since September 2013.

Prior to this, François was Deputy Chief Executive Officer and Chief Operating Officer of Aéroports de Paris for seven years. Between 2002 and 2005, he worked in a number of advisory positions within government for the Minister of Transport, Infrastructure, Housing, Tourism and Maritime Affairs, and as a social advisor to the French Prime Minister. François also formerly held the positions of Chairman of Publi-Trans (La Poste Group), Chief Executive Officer of GeoPost Logistics, and Managing Director of Sofipost (holding company for La Poste subsidiaries). François graduated from the Paris Institut d'Études Politiques (1985) and the École Nationale Supérieure, Post et Télécommunications (1989).

Executive Management Team

Alita Benson
Group People Director

Alita (1967) joined easyJet in February 2011 as Head of HR Central Services and in June 2011 was appointed Group People Director.

Before joining easyJet, Alita was Head of HR Business Partners at T-Mobile for nine years and led the T-Mobile UK HR input for the merger with Orange.

Alita is a fellow of CIPD and graduated from Southampton University with a BA (Hons) in English Literature. She received a Post Graduate Diploma in Personnel Development at Manchester Polytechnic.

Warwick Brady
Chief Operations Officer

Warwick (1964) is currently Chief Operations Officer responsible for all of easyJet's operations. He joined easyJet in May 2009 as Procurement Director responsible for fleet management, airport, central procurement and regulation. In October 2010 he was appointed Director of Group Operations.

Warwick joined the FirstGroup plc board as a Non-Executive Director in June 2014.

Before joining easyJet, Warwick was Chief Executive Officer at Mandala Airlines in Asia. He also spent two years as Chief Operating Officer of Air Deccan/Kingfisher which, at the time, was India's second-largest airline. Prior to this, Warwick was Deputy Operations Director at Ryanair from 2002 to 2005 where he held various senior executive roles including Deputy Chief Executive Officer of Buzz, following its acquisition from KLM.

Prior to this Warwick worked in private equity for six years as well as a number of years with Thomson Airways. He also holds an MBA.

Mike Campbell
Group Director, Transformation

Mike (1957) is currently Group Director, Transformation. He joined easyJet in October 2005 as People Director and was Group Director, Europe from 2011 to 2014.

Before joining easyJet, Mike worked for a number of luxury goods brands in a variety of roles including Director of People and Brands and Managing Director for Canada, Australia and Pan-Asia. Prior to that, Mike worked for 14 years in the technology sector in low-cost businesses within the Fujitsu group in a range of transformation, integration and human resources roles and board positions across Europe, Asia, Africa and the Middle East, ending up as Chief Personnel Officer for Fujitsu Siemens. His early career was in education and research.

Mike has a BSc in Mathematics and a Masters in Fluid Dynamics.

Rachel Kentleton
Group Director: Strategy and Implementation

Rachel (1969) joined easyJet as Head of Investor Relations in 2007 and in 2011 moved to the role of Director of Strategy and Investor Relations before moving into her current role in January 2014. She is responsible for strategy development, corporate finance activities and the prioritisation and governance of easyJet's change programme. Prior to joining easyJet, Rachel worked for Unilever, NatWest, Diageo and SABMiller in a variety of finance roles and gained significant experience in business partnering, group reporting and investor relations.

Rachel has a BA in Politics and Psychology from Liverpool University.

Cath Lynn
Group Commercial Director: Markets, Network and Pricing

Cath (1964) joined easyJet in 2002 following the merger with Go. Cath has carried out a number of senior leadership roles at easyJet including Head of Ground Operations, Head of Airport Development and Procurement and Head of Network Development. Cath joined the Airline Management Board in September 2009 as Network and Planning Director. In April 2011 she was appointed Customer and Revenue Director, and Group Commercial Director in April 2012. She currently holds the role of Group Commercial Director: Markets, Network & Pricing.

Cath spent 12 years in retail at J Sainsbury before joining Go where she was part of the management buy-out team and headed up cabin services, ground operations and customer service. Cath graduated from the University of Leicester with a BA (Hons) in Geography.

Carolyn McCall OBE
Chief Executive

See Board of Directors' profiles.

Trevor Didcock
Chief Information Officer

Trevor (1963) joined easyJet in September 2010 as Chief Information Officer. He is responsible for all aspects of IT across easyJet. Before easyJet, Trevor was Chief Information Officer at Homeserve plc, The AA and RAC Motoring Services and spent nine years in IT management roles at Mars, Inc, including three years running IT for Mars Confectionery. His earlier career was in IT, finance and engineering roles at JP Morgan and Esso.

Trevor has an MBA from Cranfield and a BSc in Mechanical Engineering from Nottingham University.

Peter Duffy
Group Commercial Director: Customer, Product and Marketing

Peter (1966) is currently Group Commercial Director: Customer, Product and Marketing, and is responsible for brand and marketing services, digital, customer relationship management and insight, customer operations and experience, in-flight, holidays and business. Peter joined easyJet in February 2011 as Marketing Director.

Before joining easyJet, he was Marketing Director for Audi in the UK. Prior to that, Peter was Marketing Services Director at Barclays.

Peter has a degree in Economics and an MBA.

Chris Kennedy
Chief Financial Officer

See Board of Directors' profiles.

Paul Moore
Communications Director

Paul (1962) joined easyJet in November 2010 as Communications Director.

Before joining easyJet, Paul was Group Public Affairs and Communications Director for FirstGroup. Prior to that Paul worked for Virgin Atlantic Airways for 10 years as its Director of Corporate Affairs.

Paul started his career as a civil servant and first joined the transport sector with the Department of Transport.

Giles Pemberton
Group General Counsel and Director of Corporate Governance

Giles (1968) joined easyJet in April 2006 and heads the Legal, Regulatory and Company Secretarial departments. He has been a member of the Executive Management Team since July 2010.

Before joining easyJet, Giles was Assistant General Counsel and Director of Compliance at Cable & Wireless plc where he spent 10 years as a legal adviser within the UK and Australian operating divisions, and then in its head office. He is a qualified solicitor (England & Wales) who spent the first four years of his career with the City law firm Freshfields. Giles holds an LLB (Hons) degree from Nottingham University and obtained his professional qualification from The Guildford College of Law.

BOARD COMMITTEES

The Committee reports that follow set out, amongst other things, the responsibilities and activities of the Committees in the past financial year. The terms of reference of each Committee are documented and agreed by the Board. The full text of the Committees' terms of reference are available in the governance section of easyJet's corporate website: http://corporate.easyJet.com

The Chair of each Board Committee formally reports back to the Board.

Details of Directors' attendance at Board and Board Committee meetings is set out on page 67.

The Board of easyJet plc
Chairman: John Barton

Safety Committee Chair: Professor Rigas Doganis	See pages 58 to 59
Remuneration Committee Chair: Charles Gurassa	See pages 59 and 71 to 88
Audit Committee Chair: Adèle Anderson	See pages 60 to 63
Nominations Committee Chair: Charles Gurassa	See page 64
Finance Committee Chair: Adèle Anderson	See page 65
IT Governance and Oversight Committee Chair: John Browett	See page 65
Fleet Oversight and Governance Committee* Chair: Charles Gurassa	See page 66

* The Fleet Oversight and Governance Committee was dissolved in June 2014.

SAFETY COMMITTEE

Professor Rigas Doganis
Chair of the Safety Committee

"The Safety Committee is now in its second year and continues to make a difference to the effective safety oversight of the Board."

Membership as at 30 September 2014
(two independent Non-Executive Directors, one independent safety expert, and one Executive Director)

- Professor Rigas Doganis (Chair)
- Keith Hamill
- Carolyn McCall (Executive Director – appointed to Committee on 1 July 2014)
- Geoff Want (independent safety expert)

Meetings held in the 2014 financial year: 4

Key responsibilities
To assess the Company's oversight of safety systems, processes, operations and resources, and to review and monitor the implementation of the Company's annual safety plan.

The Committee also examines specific safety issues as requested by the Board. Where appropriate, the Committee reviews relevant reports published by the UK Air Accident Investigation Branch, major incidents that have affected other operators, as well as other external reports on matters relevant to safety and security.

As was the case prior to the establishment of this Committee, independent safety reports from the Director of Safety and Security are presented at every Board meeting. The Committee ensures that both internal and relevant external events are fully investigated and that appropriate actions have been taken where necessary.

The Director of Safety and Security has a direct reporting line to the Chairman which reinforces the independence of safety oversight. In addition, the independent safety expert has reported to the Board twice-yearly with his own assessment of safety management within the airline. Further information on the Safety Management System is provided on page 37.

Highlights of the 2014 financial year
A range of safety-related matters have been reviewed by the Committee during the 2014 financial year. Some of these followed requests from the Board to carry out detailed reviews of specific operational incidents following the regular safety reports provided to the Board; others were reports of safety actions taken by easyJet operational departments. This included a review of the processes, identification and use of pattern recognition for safety purposes, and also a review of the cyber security threats to easyJet's operations and the mitigations in place to counter such threats.

Moving forward

After eight years as easyJet's Director of Safety and Security, Dave Prior decided to step down from this role at the end of October 2014. He will, however, continue in a new safety role as Head of Safety Assurance and Sustainability. Geoff Want, who was the Safety Committee's independent safety expert, joined easyJet in October 2014 as the new Director of Safety and Security. Dr. Andreas Bierwirth was appointed to the Committee on 13 November, and the Committee will benefit from his extensive experience in the European airline industry.

Professor Rigas Doganis
On behalf of the Safety Committee

REMUNERATION COMMITTEE

Charles Gurassa
Chair of the Remuneration Committee

"The Remuneration Committee's focus during the year has been on putting forward a revised Long Term Incentive Plan in its remuneration policy for shareholder approval at the Company's 2015 Annual General Meeting. The remuneration policy has been designed to be straightforward and transparent, in alignment with the Company's principle of having a simple and cost-effective approach."

Membership as at 30 September 2014 (all members are independent Non-Executive Directors)

- Charles Gurassa (Chair)
- David Bennett (stepped down from Committee on 1 October 2014)
- John Browett (appointed to Committee on 1 July 2014)
- François Rubichon (appointed to Committee on 22 July 2014)
- Professor Rigas Doganis (stepping down from Committee on 1 December 2014)

Andy Martin stepped down from the Committee on 1 July 2014.

Meetings held in the 2014 financial year:	3

Key responsibilities

To assess and make recommendations to the Board on the policies for remuneration for each of the Executive Directors and the Chairman, as well as the level and structure of remuneration for senior management.

Highlights of the 2014 financial year

- The Committee reviewed and will be putting forward a revised Long Term Incentive Plan for shareholder approval at the Company's 2015 Annual General Meeting as part of the remuneration policy.
- The Committee reviewed other share scheme matters, including the share purchase monetary limits for the HMRC-approved all-employee Save As You Earn and Buy As You Earn plans, and the share schemes for Swiss employees.

A detailed report to the shareholders from the Committee on behalf of the Board which, amongst other things, includes a description of the main activities of the Committee during the year, is contained in the Directors' remuneration report on pages 71 to 88.

Additional disclosures under the UK Corporate Governance Code

- Hewitt New Bridge Street (NBS) (an AON Company) has been appointed as easyJet's remuneration consultants. NBS is a member of the Remuneration Consultants Group and complies with its code of conduct. NBS has no other connection with the Company. However, a sister company in the AON Group provides pension and flexible benefits administration services to the Company following the acquisition of our existing provider, Lorica Consulting Holdings Limited, by AON in June 2014.
- Shareholders are required to approve all new long-term incentive plans and significant changes to existing plans. Consequently, the Company will be seeking shareholder approval for the proposed Long Term Incentive Plan at the 2015 Annual General Meeting. Further details can be found in the Directors' remuneration report.

Charles Gurassa
On behalf of the Remuneration Committee

AUDIT COMMITTEE

Adèle Anderson
Chair of the Audit Committee

"I succeeded David Bennett as Chair of the Committee in June. On behalf of the Committee I would like to thank David for his effective chairmanship over the last nine years. I would also like to welcome Andy Martin, who brings a further wealth of recent and relevant financial experience to the Committee.

During the year, the Audit Committee has continued to devote significant time to the scrutiny of the appropriateness of the Group's system of risk management and internal controls, the integrity of the Group's financial reporting, together with the robustness of the internal and external audit processes.

Looking ahead to next year, the Committee welcomes the changes to the revised UK Corporate Governance Code, and the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, published in September 2014. These changes will apply to the Company from its 2015 financial year and allow the Committee to further strengthen its role as a key independent oversight committee adding value to the Group. The key Code changes with respect to the Committee, regarding the robust assessment of principal risks and how they are being managed and mitigated, and carrying out an effectiveness review of the risk management and internal control systems in place, are already, and will continue to be, focus areas for the Committee. The Committee will increase its number of meetings from three to four for the forthcoming financial year, in order to continue to discharge its set of responsibilities effectively."

Membership as at 30 September 2014
(all members are independent Non-Executive Directors)

- Adèle Anderson (appointed as Chair on 12 June 2014)
- David Bennett (stepped down from Committee on 1 October and stepped down as Chair on 12 June 2014)
- Keith Hamill
- Andy Martin (appointed to Committee on 1 July 2014)

The Committee members have been selected to provide the wide range of financial and commercial expertise necessary to fulfil the Committee's duties and responsibilities. Adèle Anderson was a partner in KPMG until July 2011 and held roles including Chief Financial Officer of KPMG UK, Chief Executive Officer of KPMG's captive insurer and Chief Financial Officer of KPMG Europe. David Bennett was previously an Executive Director of Abbey National plc, and prior to that the Chief Executive Officer and Finance Director of Alliance and Leicester plc. Keith Hamill has had considerable experience as a director of listed companies and was Finance Director of WHSmith, Forte and United Distillers and a partner in Price Waterhouse (from 1986 to 1988). Andy Martin was Group Finance Director of Compass Group plc between 2004 and 2012, and prior to this held other senior financial positions with First Choice Holidays plc (now TUI Travel plc), Forte plc and Granada Group plc. The Board considers the Committee members' financial experience to be recent and relevant for the purposes of the Code.

Meetings held in the 2014 financial year: 3

Main activities and responsibilities of the Committee during the financial year

Please refer to the Audit Committee terms of reference for further details on the Committee's duties and responsibilities, available in the governance section of easyJet's corporate website: http://corporate.easyJet.com

Responsibilities	How the Committee has discharged its responsibilities
To monitor and review:	
The integrity of the financial statements and related formal announcements, and the significant financial reporting issues and judgements which they contain	Review of the financial statements and announcements relating to the financial performance and governance of the Group at year end and half year. The Committee also considered the material areas in which significant judgements have been applied based on reports from both the Group's management and the external auditors. Further information is provided in the **Financial reporting and significant financial issues** section.
The Group's risk management systems and internal control	Review of the adequacy and effectiveness of the Group's ongoing risk management systems and processes, through risk and assurance plans and reports, including: • risk assessments; • information security and business continuity; • control themes; and • internal financial control assessments. Further information is provided in the **Risk management and internal control** section.
The effectiveness of the Company's Internal Audit function and its activities	The Committee undertook an assessment of the effectiveness and independence of the Internal Audit function, which included consideration of: • key Internal Audit reports; • stakeholder feedback on the quality of Internal Audit activity; • Internal Audit's compliance with prevailing professional standards; and • closure of Internal Audit recommendations. Further information is provided in the **Internal audit** section.
The Company's relationship with the external auditors, including: • their independence and objectivity; • the effectiveness of the external audit process; • recommending the appointment, re-appointment or removal of the external auditors; • approving their remuneration and terms of engagement; and • the policy regarding the supply of non-audit services.	The Committee considered the re-appointment of the external auditors, confirming and assessing their independence, objectivity and effectiveness. Further information on: • how the effectiveness, independence and objectivity of the external audit process were assessed is provided in the **External auditors and effectiveness of external audit process** section below; and • the external auditors' non-audit services, and audit tendering, is provided in the **Non-audit services** and the **Audit tendering** sections, respectively.

Main activities and responsibilities of the Committee during the financial year continued:

Responsibilities	How the Committee has discharged its responsibilities
The adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters The Group's systems and controls for the prevention of bribery and detection of fraud, including receiving reports on non-compliance	During the year, the Committee reviewed: • whistleblower reports; • reports on anti-bribery and corruption procedures; • reports on procedures on fraud and loss prevention; and • reports on revenue protection.
Other duties of the Committee include: • updating their terms of reference; • assessing potential conflicts of interest of Directors on behalf of the Board; and • as requested by the Board, providing advice on whether the Annual report and accounts is fair, balanced and understandable.	The Committee updated its terms of reference and considered potential conflicts of interests of the Directors during the year. Further information on the Committee's role on providing advice on whether the Annual report and accounts is fair, balanced and understandable, is provided in the **Financial reporting and significant financial issues** section below.

Other items which the Committee looked at during the financial year in addition to its core responsibilities included reviewing:

- the management of change initiatives in the business;
- information security policies and procedures, including mitigations around cyber attacks and incidents;
- the delegation of authorities within the Group and the business; and
- payroll processes.

Financial reporting and significant financial issues
The Committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. The Committee reviews accounting papers prepared by management which provide details on the main financial reporting judgements. The Committee also reviews reports by the external auditors on the full year and half year results which highlight any issues with respect to the work undertaken on the audit.

The Committee reviews financial issues through discussion with management and the external auditors and comparison to other organisations. The number of such issues currently considered as significant are, however, limited given easyJet's relatively simple business model and group structure, which are unencumbered with legacy issues. The significant issues considered in relation to the accounts are detailed below:

- The Committee reviewed the maintenance provision at the year end. A number of judgements are used in the calculation of the provision, primarily pricing, utilisation of aircraft and timing of maintenance checks. The Committee addressed these matters using reports received from management which underlie the basis of assumptions used. The Committee also discussed with the external auditors their review of the assumptions underlying the estimates used.
- The Committee considered whether the carrying value of goodwill and landing rights held by easyJet should be impaired. The judgement in relation to impairment largely relates to the assumptions underlying the calculation of the value in use of the business being tested for impairment; primarily whether the strategic plan is achievable and the overall macroeconomic assumptions which underlie the valuation process. The Committee addressed these matters using reports received from management outlining the basis for assumptions used. The strategic plan used in the calculation was approved by the Board.
- The Committee considered the key treasury transactions and balances, and the application of hedge accounting. easyJet hedges forward, on a rolling basis, between 65% and 85% of the next 12 months' anticipated fuel and currency requirements and between 45% and 65% of the following 12 months' anticipated requirements, and does not operate any other significant derivative financial instruments. However, this area remains significant due to the quantity of fuel price and exchange rate hedges.
- The Committee reviewed the level and calculation of key accruals which are judgemental in nature (for example customer claims in respect of flight delays, cancellations and Air Passenger Duty).

The Committee is satisfied that the judgements made by management are reasonable, and that appropriate disclosures have been included in the accounts.

At the request of the Board, the Committee also considered whether the Annual report and accounts was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess the Company's performance, business model and strategy. The Committee is satisfied that, taken as a whole, the Annual report and accounts is fair, balanced and understandable. In reaching this conclusion, the Committee considered the overall review and confirmation process around the Annual report and accounts, including:

- the input of subject matter experts, the Executive Management Team and other senior management, and where applicable, the Board and its Committees;
- the processes and controls which underpin the overall review and confirmation process, including the verification process being carried out by an internal financial controls specialist (independent of the finance function); and
- internal audit providing assurance over the audit trail for material data points relating to the non-financial statement aspects of the Annual report and accounts, and external audit providing assurance over the accounts.

The Committee was provided with, and commented on, a draft copy of the Annual Report and accounts.

In carrying out the above processes, key considerations included ensuring that there was consistency between the accounts and the narrative provided in the front half of the annual report, and that the programme of corporate reporting reviews focused on the balance between the reporting of weaknesses, difficulties and challenges, as well as successes, in an open and honest manner.

Risk management and internal control

The Board, as a whole, including the Audit Committee members, considers the nature and extent of easyJet's risk management framework and the risk profile that is acceptable in order to achieve the Company's strategic objectives. As a result, it is considered that the Board has fulfilled its obligations under the Code.

easyJet's system of internal controls, along with their design and operating effectiveness is subject to review by the Audit Committee, through reports received from management, along with those from both internal and external auditors. No significant deficiencies were noted in the review. Further details of risk management and internal control are provided on page 70.

Internal audit

The Audit Committee is responsible for overseeing the work of the Internal Audit function. It reviews and approves the scope of the internal audit annual plan and assesses the quality of Internal Audit reports, along with management's actions relating to findings and the closure of recommended actions. The Audit Committee also considers stakeholder feedback on the quality of Internal Audit's work. Further information on the Internal Audit function is provided on page 70. In order to safeguard the independence of the Internal Audit function, the Head of Internal Audit is given the opportunity to meet privately with the Audit Committee without any members of management present.

External auditors and effectiveness of external audit process

PricewaterhouseCoopers LLP were re-appointed auditors of the Company at the 2014 Annual General Meeting. Senior management monitors the auditors' performance, behaviour and effectiveness during the exercise of their duties, which informs the Audit Committee's decision to recommend re-appointment on an annual basis.

The assessment of the effectiveness of the external audit process and the independence and objectivity of the external auditors includes:

- conducting a post year end review of the audit process involving input from the Chief Financial Officer, senior management in the finance department, and their respective teams;
- holding a feedback session between the Group Financial Controller and the Senior Statutory Auditor and audit director following the post year end review; and
- maintaining regular dialogue between the external auditors and the Chief Financial Officer, the Group Financial Controller and Internal Audit.

The Audit Committee also assesses the effectiveness, independence and objectivity of the external auditors by, amongst other things:

- considering all key external auditor plans and reports;
- having regular engagement with the external auditors during Committee meetings and ad hoc meetings (when required), including meetings without any member of management being present;
- the Committee Chair having discussions with the Senior Statutory Auditor ahead of each Committee meeting; and
- following the end of the financial year, each Committee member completing an auditor effectiveness review questionnaire.

The auditors are also asked on an annual basis to articulate the steps they have taken to ensure objectivity and independence, in relation to the audit and the provision of non-audit services. As a result, the Committee receives reports on the auditors' independence and internal quality control procedures and considers their annual audit quality and transparency report.

Non-audit services

In the 2014 financial year, easyJet did not incur any costs with PricewaterhouseCoopers LLP in respect of non-audit services (2013: £0.3 million). In order to preserve objectivity and independence, the external auditors are not asked to provide consulting services unless this is in the best interests of the Company, in accordance with easyJet's non-audit services policy which is available in the governance section of easyJet's corporate website: http://corporate.easyJet.com

Audit tendering

The Company's external audit was last tendered in 2005, resulting in a change of external auditors in 2006 to PricewaterhouseCoopers LLP. Since 2006, there have been two different Senior Statutory Auditors in line with rotation requirements. The Audit Committee intends to carry out a re-tendering process during 2015 as the current Senior Statutory Auditor's last audit will be the 2015 financial year audit. There are no contractual obligations that restrict the choice of external auditors.

Adèle Anderson

Adèle Anderson
On behalf of the Audit Committee

NOMINATIONS COMMITTEE

Charles Gurassa
Chair of the
Nominations Committee

"During the year, the focus and attention of the Committee was on Board succession and the key skills and experience required for future recruits, undertaking a search process for two new Non-Executive Directors, and reviewing the composition of the Board Committees. Effective from 1 December, John Barton will be taking over as Chair of the Committee. I will remain on the Committee as a member."

Membership as at 30 September 2014
(members are independent Non-Executive Directors and the Non-Executive Chairman of the Board)

- Charles Gurassa (Chair)
- John Barton (appointed to Committee on 1 July 2014)
- David Bennett (stepped down from Committee on 1 October 2014)
- Professor Rigas Doganis (stepping down from Committee on 1 December 2014)
- François Rubichon (appointed to Committee on 22 July 2014 in place of Andy Martin)

Meetings held in the 2014 financial year:	3

Key responsibilities
- Keeping under review the composition, structure and size of, and succession to, the Board and its Committees.
- Succession planning for senior executives and the Board.
- Identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- Evaluation of the balance of skills, knowledge, experience and diversity on the Board.

Highlights of the 2014 financial year
- Reviewing the composition of the Board and the balance of skills, experience and knowledge.
- Overseeing the appointments process and subsequent appointments of two new Non-Executive Directors.
- Consideration of the appointments to the Board Committees following the change in Board composition.

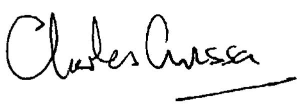
Board appointments process
The Committee adopts a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. The Nominations Committee led a succession planning process on behalf of the Board to search for new Non-Executive Directors.

In appointing Non-Executive Directors, the Board's practice is to use external recruitment consultants. Following a selection process, terms were negotiated with Egon Zehnder to act as easyJet's recruitment consultants for these Board appointments. Other than providing recruitment consultancy services, Egon Zehnder has no connection with the Company. Egon Zehnder was provided with a detailed brief of the desired candidate profile based on merit and against objective criteria (including an assessment of the time commitment expected) and their services were used to conduct a thorough search to identify suitable candidates. The Nominations Committee considered a list of potential candidates and the balance of skills, knowledge, independence, diversity (including gender) and experience on the Board to ensure that a suitable balance was maintained. Those shortlisted were interviewed by the Nominations Committee and other members of the Board. Following this process, Dr. Andreas Bierwirth and François Rubichon were invited to join the Board as Non-Executive Directors. The new Directors' other significant commitments were disclosed to the Board before their appointment and are provided on pages 54 to 55.

Diversity
The Board recognises the benefits of having diversity across all areas of the Group and believes that this adds to easyJet's continued success and advantage. In considering the appointment of new Non-Executive Directors this year, focus was placed on increasing the diversity of European aviation knowledge and experience. When considering the optimum make-up of the Board, the benefits of diversity of the Board are appropriately reviewed and balanced where possible, including in terms of differences in skills, industry experience, business model experiences, gender, race, disability, age, nationality, background and other contributions that individuals may make. The Committee continues to focus on encouraging diversity of business skills and experience, recognising that Directors with diverse skill sets, capabilities and experience gained from different geographic and cultural backgrounds enhance the Board. In identifying suitable candidates the Committee will seek candidates from a range of backgrounds, with the final decision being based on merit against objective criteria.

The Company has two female Directors on its Board, one being the Chief Executive. Following the appointment of the two new Non-Executive Directors on 22 July 2014 and the stepping down of the two outgoing Non-Executive Directors on 1 October and 1 December 2014, the Board will retain its 20% female Board representation from last year. This is a percentage which easyJet aspires to retain in the future.

The Company's policy on diversity applies across all levels of the organisation, not just the Board, further details of which can be found in the Corporate responsibility section on pages 41 to 42. This year, for example, the number of women on the Executive Management Team increased from three to four (out of 11 positions).



Charles Gurassa
On behalf of the Nominations Committee

FINANCE COMMITTEE

Adèle Anderson
Chair of the Finance Committee

"The Finance Committee continues to provide effective oversight of the Group's treasury and funding policies and activities, ensuring that activities undertaken will not subject the Group to undesired levels of risk, and that treasury activities are appropriately aligned with Group strategy and support Group financial performance. Next year, the Committee will assist the Board in providing an improved and broader assessment of the Group's long-term solvency and liquidity in light of the revised UK Corporate Governance Code which requires on-going viability disclosures by the Company. The revised Code was published in September 2014 and will apply to the Company's 2015 financial year."

Membership as at 30 September 2014
(all members are independent Non-Executive Directors)

- Adèle Anderson (appointed as Chair on 1 July 2014)
- David Bennett (stepped down from Committee on 1 October 2014)
- Keith Hamill (appointed to Committee on 1 July 2014 and stepping down from the Committee on 13 November 2014)
- Andy Martin

Charles Gurassa has also been appointed to the Committee, effective from 13 November 2014.

Meetings held in the 2014 financial year:	4

Key responsibilities
To review and monitor the Group's treasury policies and treasury and funding activities, and the related risks.

Highlights of the 2014 financial year
The Committee undertook:

- a treasury policy review;
- a jet fuel hedging review;
- a review of the requirements of IFRS 13 (Fair Value Measurement) which applies for the first time to the 2014 financial year; and
- a review and approval of a proposal to simplify the Group's intercompany loan structure.

Adèle Anderson

Adèle Anderson
On behalf of the Finance Committee

IT GOVERNANCE AND OVERSIGHT COMMITTEE

John Browett
Chair of the IT Governance and Oversight Committee

"The IT Governance and Oversight Committee was constituted in April 2014 to provide governance oversight, and give independent validation and challenge, to one of the Company's key business areas."

Membership as at 30 September 2014
(all members are independent Non-Executive Directors)

- John Browett (Chair)
- Adèle Anderson
- Keith Hamill

Meetings held in the 2014 financial year:	3

Key responsibilities
To provide independent oversight over the governance and controls relating to the IT business area, in particular covering the required resilience and change. In particular the Committee:

- monitors IT resources and capability to ensure appropriate internal leadership, management calibre and structure;
- reviews prioritisation of IT needs to ensure management focuses on the right issues, with appropriate allocation of resource; and
- oversees development of IT strategy to ensure it supports easyJet's long-term goals within the ambit of its strategic framework.

Highlights of the 2014 financial year
The Committee has given guidance on the risk framework surrounding the IT resilience and change.

John Browett
On behalf of the IT Governance and Oversight Committee

FLEET OVERSIGHT AND GOVERNANCE COMMITTEE

Charles Gurassa
Chair of the Fleet Oversight and Governance Committee

"The Fleet Oversight and Governance Committee was constituted in October 2012 to oversee the governance and controls relating to easyJet's 2013 fleet order, and the subsequent engine selection process this year, and has given the Board assurance in its detailed scrutiny of these orders. The Committee has been dissolved following the completion of its duties."

Membership prior to dissolution of the Committee
(all members are independent Non-Executive Directors)

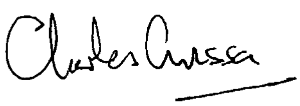
- Charles Gurassa (Chair)
- Adèle Anderson
- Andy Martin

Meetings held in the 2014 financial year:	5

Key responsibilities
During the 2013 financial year, the Committee provided independent oversight over the governance and controls relating to easyJet's fleet order which was approved by shareholders in July 2013. During the 2014 financial year, the Committee provided oversight of the procurement process in relation to the selection of the engine supplier for the new generation aircraft order, which was announced in June 2014.

Highlights of the 2014 financial year
In relation to the engine selection process:

- reviewing the risk register;
- considering the financial models, technical review reports and technical verification audits; and
- considering the overall governance arrangements.



Charles Gurassa
On behalf of the Fleet Oversight and Governance Committee

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Company has, throughout the 2014 financial year, complied without exception with the provisions of the September 2012 UK Corporate Governance Code (the Code), which is the version of the Code which applies to its 2014 financial year.

The section below details how the Company has complied with the Code, available at www.frc.org.uk The following disclosures are ordered into the sections as they appear in the Code.

A. Leadership

A.1 Role of the Board
The Board is responsible for providing effective leadership to the Group to deliver long-term growth and performance and setting and delivering the Group's strategic objectives, establishing a balanced approach to risk within the framework of established controls. The Board has a formal schedule of matters reserved for its decision which is available in the governance section of easyJet's corporate website: http://corporate.easyJet.com

Day-to-day management responsibility rests with the Executive Management Team, listed on pages 56 to 57. These 11 individuals are also the Executive Directors and Company Secretary of the principal operating company, easyJet Airline Company Limited.

The Board meets regularly, with eight scheduled meetings having been held during the year ended 30 September 2014. The Directors' attendance records at those meetings and Board Committee meetings held during the 2014 financial year are shown in the table on page 67. Attendance is expressed as the number of meetings that each Director attended out of the number that they were eligible to attend (e.g. where a Director has been appointed to a Committee in the middle of the financial year, they will have been eligible to attend only a proportion of the meetings held during the year). In addition to those scheduled meetings, five ad hoc Board meetings were also arranged to deal with matters between scheduled meetings as appropriate. Non-Executive Directors are also encouraged to communicate directly with Executive Directors and senior management between formal Board meetings.

Keith Hamill missed a Board meeting due to the rearrangement of the meeting date when he had pre-existing commitments. He also missed an IT Governance and Oversight Committee meeting due to his flight from the US being delayed. Adèle Anderson missed a Fleet Oversight and Governance Committee meeting due to rearrangement of the meeting date at short notice.

A.2 Division of responsibilities
The roles of Chairman and Chief Executive are separate, set out in writing, clearly defined, and approved by the Board. They are available on easyJet's corporate website. The Chairman's role is to lead the Board and ensure that it operates effectively. The Chief Executive's role is the day-to-day running of the Group's businesses and the development and implementation of strategy.

A.3 The Chairman

The Chairman, John Barton, sets the Board's agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues.

On his appointment in May 2013, the Board considered John Barton to be independent in character and judgement in accordance with the Code.

A.4 Non-Executive Directors

Charles Gurassa is Senior Independent Director and Deputy Chairman. In this role, Charles provides advice and additional support and experience to the Chairman as required, and is available to act as an intermediary for the other Directors if necessary. Charles is also available to address shareholders' concerns that have not been resolved through the normal channels of communication with the Chairman, Chief Executive or other Executive Directors, and leads the appraisal of the Chairman's performance annually in discussion with the other Non-Executive Directors in a meeting without the Chairman being present. The Non-Executive Directors, together with the Chairman, have also met without any Executive Directors present during the year.

During the year, there were no unresolved concerns regarding the running of the Company.

B. Effectiveness

B.1 Composition of the Board

As at 30 September 2014, the Board comprised 10 Non-Executive Directors (including the Chairman) and two Executive Directors. The number of Non-Executive Directors decreased to nine when David Bennett stepped down on 1 October 2014 and will decrease to eight when Professor Rigas Doganis steps down from the Board on 1 December 2014.

After giving thorough consideration to the matter, the Board considers Adèle Anderson, David Bennett, Dr. Andreas Bierwirth, John Browett, Professor Rigas Doganis, Charles Gurassa, Keith Hamill, Andy Martin and François Rubichon to be Non-Executive Directors who are independent in character and judgement. David Bennett and Professor Rigas Doganis are approaching nine years of service on the Board; however, they will be stepping down on 1 October and 1 December 2014 respectively, which for each of them is nine years from their date of appointment.

B.2 Appointments to the Board

For information on the procedure for the appointment of new directors to the Board, and the role of the Nominations Committee in this process, please refer to the Nominations Committee report on page 64.

B.3 Commitment

Following the Board evaluation process, detailed on page 68, the Board is satisfied that each of the Directors is able to allocate sufficient time to the Company to discharge their responsibilities effectively.

Contracts and letters of appointment with Directors are made available at the Annual General Meeting or on request. The standard terms and conditions of the appointment of Non-Executive Directors are also available in the governance section of easyJet's corporate website: http://corporate.easyjet.com

Executive Directors are encouraged to take up non-executive positions in other companies or organisations. During the year, Carolyn McCall, the Chief Executive accepted an appointment as Non-Executive Director at Burberry Group plc starting in September 2014. Appointment to such positions is subject to the approval of the Board which considers, amongst other things, the time commitment required. The Executive Directors and members of the Executive Management Team are only allowed to hold one non-executive directorship position each, outside of the Company.

	Board (maximum 8)	Audit Committee (maximum 3)	Remuneration Committee (maximum 3)	Finance Committee (maximum 4)	Safety Committee (maximum 4)**	Nominations Committee (maximum 3)	Fleet Oversight and Governance Committee (maximum 5)	IT Governance and Oversight Committee (maximum 3)
Executive Directors								
Carolyn McCall OBE	8	3*	1*	2*	2* and 1/1	2*	2*	3*
Chris Kennedy	8	3*	n/a	4*	n/a	n/a	4*	3*
Non-Executive Directors								
John Barton	8/8	2*	2*	1*	1*	3*	1*	n/a
Charles Gurassa	8/8	n/a	3/3	n/a	n/a	3/3	5/5	n/a
Adèle Anderson	8/8	3/3	n/a	4/4	n/a	1*	4/5	3/3
David Bennett	8/8	3/3	3/3	4/4	n/a	3/3	n/a	n/a
Dr. Andreas Bierwirth	2/2	n/a	n/a	n/a	n/a	n/a	n/a	n/a
John Browett	8/8	n/a	1/1	n/a	n/a	1*	n/a	3/3
Professor Rigas Doganis	8/8	n/a	2/3	n/a	4/4	3/3	n/a	n/a
Keith Hamill OBE	7/8	3/3	n/a	1/1	4/4	1*	n/a	2/3
Andy Martin	8/8	1*	2/2	4/4	n/a	3/3	5/5	n/a
François Rubichon	2/2	n/a	1/1	n/a	n/a	n/a	n/a	n/a

* Not a member of the Committee – attendance at meeting by invitation.

** Geoff Want (the independent safety expert) attended four out of four Safety Committee meetings.

Governance

B.4 Development
On joining the Board, new members receive a full and tailored induction, organised by the Company Secretary, which covers amongst other things:

- the business of the Group;
- their legal and regulatory responsibilities as Directors;
- briefings and presentations from relevant executives; and
- opportunities to visit and experience easyJet's business operations.

To update the Directors' skills, knowledge and familiarity with the Group, visits to bases are organised for the Board periodically, to assist its understanding of the operational issues that the business faces. The Board held one of its meetings at Gatwick and the Directors had the opportunity to experience flying an A320 simulator at easyJet's training facilities.

A briefing paper is provided to Board members to update them on relevant developments in law, regulation and best practice, usually two to four times per year. Directors are given the opportunity to highlight specific areas where they feel their skills or knowledge would benefit from development as part of the annual Board evaluation process. The Board is confident that all its members have the knowledge, ability and experience to perform the functions required of a director of a listed company.

B.5 Information and Support
All members of the Board are supplied with appropriate, clear and accurate information in a timely manner covering matters which are to be considered at forthcoming Board or Committee meetings.

Should Directors judge it necessary to seek independent legal advice about the performance of their duties with the Company, they are entitled to do so at the Company's expense. Directors also have access to the advice and services of the Company Secretary who is responsible for advising the Board on all governance matters and ensuring that Board procedures are complied with.

The appointment and removal of the Company Secretary is a matter requiring Board approval.

B.6 Evaluation
As in 2013, a performance review of the Board, its Committees and Directors was undertaken with the assistance of an external facilitator, Lintstock Limited. Lintstock has no connection with the Company beyond evaluating the Board, other than providing the Company with software to monitor insider lists and Directors' shareholdings. easyJet has used Lintstock in assisting with the preparation of questionnaires for Directors, and the production of anonymised reports regarding the Board, its Committees, the Chairman and individual performance following completion of those questionnaires. It is intended to hold externally facilitated face-to-face interviews next year (as was done two years ago).

The evaluation process took place in the summer and involved each Director completing four detailed questionnaires relating to the performance of the Board, the Chairman, the Committees and their own individual performance. Dr. Andreas Bierwirth and François Rubichon did not participate due to their appointments starting on 22 July. The questionnaires gathered views and feedback on a number of key areas including Board and Committee composition, dynamics, time management, support, strategic oversight, risk management, succession planning and priorities for change. Parts of the questionnaires were consistent with previous years so as to measure any perceived improvement or decline in Board and Committee performance. Questions tailored to reflect the activities of the Board and its Committees during the 2014 financial year were also included. Lintstock produced reports based on the results of the questionnaires with feedback anonymised.

Charles Gurassa, as Senior Independent Director, led a review of the Chairman's performance in his first full year, using a bespoke questionnaire prepared with the assistance of Lintstock and held a private meeting of the Non-Executive Directors without the Chairman present to discuss the Chairman's performance. The Executive Directors and the Non-Executive Directors also reviewed and were satisfied with the Chairman's time commitment to the Board and the business.

The Chairman conducted a process of evaluating the performance and contribution of each Director which included a one-to-one performance evaluation and feedback discussion with each of them, as well as referring to an individual performance review questionnaire completed by each Director.

The results of the evaluation from the questionnaire as well as the Chairman and the Senior Independent Director's own findings were discussed by the Board at its September Board meeting.

The Board has already started to crystallise the necessary actions in order to focus on the perceived areas of improvement, and will continue to review its procedures, its effectiveness and development in the financial year ahead.

The Board considers that the performance review shows that each Director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for Board and Committee meetings and any other duties).

B.7 Re-election
The Company's Articles of Association require the Directors to submit themselves for re-election by shareholders at least once every three years. However, the Board has decided that, as has been the case for the past three years, all Directors will stand for re-election or election at each Annual General Meeting in accordance with the Code.

C. Accountability

C.1 Financial and Business Reporting

Please refer to:

- page 92 for the Board's statement on the Annual report and accounts being fair, balanced and understandable;
- page 26 for the statement on the status of the Company and the Group as a going concern; and
- the Strategic report for an explanation of the Company's business model and the strategy for delivering the objectives of the Company.

C.2 Risk Management and Internal Control

The overall responsibility for easyJet's systems of internal control and for reviewing their effectiveness rests with the Board. The Board has conducted an annual review of the effectiveness of the systems of internal control during the year, under the auspices of the Audit Committee. Please refer to page 70 for further information on the Company's risk management and internal control systems.

C.3 Audit Committee and Auditors

For further information on the Company's compliance with the Code provisions relating to the Audit Committee and auditors, please refer to the Audit Committee report on pages 60 to 63.

D. Remuneration

For further information on the Company's compliance with the Code provisions relating to remuneration, please refer to:

- the Directors' remuneration report for the level and components of remuneration (D.1); and
- page 59 (the Remuneration Committee report) for the procedure relating to remuneration (D.2).

E. Relations with shareholders

E.1 Dialogue with Shareholders

The Company actively engages with investors and solicits their feedback. The Chairman and Deputy Chairman (also being the Senior Independent Director) have both met with shareholders to help maintain a balanced understanding of their issues and concerns. They have both updated the Board on the opinions of investors. The views of shareholders and market perceptions are also regularly communicated to the Board via a formal monthly report and regular verbal briefings. In addition, an investor perception audit was carried out by an independent third party.

easyJet has an investor relations department which runs an active programme to facilitate engagement with investors based around the financial reporting calendar. This year the programme has included one-to-one meetings with institutional investors, road shows, conferences and an Investor Day in September. There is also regular communication with institutional investors on key business issues.

During the course of the year the Chief Executive and Chief Financial Officer have both met with representatives of easyGroup Holdings Limited, the Company's largest shareholder, to discuss relevant matters. The Chief Financial Officer has also met separately with representatives of easyGroup IP Licensing Limited (an affiliate of easyGroup Holdings Limited) to discuss matters relating to the management and protection of the "easyJet" and "easy" brands.

E.2 Constructive use of the Annual General Meeting

The Annual General Meeting gives all shareholders the opportunity to communicate directly with the Board and encourages their participation. Shareholders are given the opportunity to raise issues formally at the Annual General Meeting or informally with Directors after the meeting. All Directors normally attend the Annual General Meeting and the Chairs of the Committees are available to answer questions at the Annual General Meeting.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for easyJet's risk management and systems of internal control.

Risk management
easyJet has a detailed risk management process to ensure that significant risks are identified and mitigated where possible. For further details of the risk management process, the principal risks and uncertainties faced by the Group and the associated mitigating actions, please refer to pages 28 to 35.

In order that risks are managed effectively, a number of activities are undertaken:

- ongoing risk management and assurance is provided through the various monitoring reviews and reporting mechanisms that are embedded into the business operations;
- regular operational (including safety), commercial, financial and IT functional meetings are held to review performance and to consider key risks and issues; (please refer to page 58 for details of the Safety Committee); and
- the Executive Management Team meets regularly to consider significant risks and overall business performance.

To mitigate any significant risks identified, the Directors review the effectiveness of internal controls, including operating, financial and compliance controls, by the following:

- review by management of controls, which mitigate or minimise high-level risks, to ensure that they are in operation. The results of this review are reported to the Audit Committee and the Board which considers whether these high-level risks are being effectively controlled; and
- discussions with senior personnel throughout the Company. This ensures key issues are escalated through the management team and, as appropriate, ultimately to the Board.

The Audit Committee undertakes an annual review of the appropriateness of the risk management processes to ensure that they are sufficiently robust to meet the needs of the Group (please refer to pages 61 to 63 for details of the Audit Committee's responsibilities).

Internal control
The responsibility for establishing and operating detailed control procedures lies with the Chief Executive. The internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives. By their nature, they can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has conducted an annual review of the effectiveness of the systems of internal control during the year, under the auspices of the Audit Committee. This included reviews of systems and controls relating to financial reporting processes and the preparation of the accounts. The internal financial control monitoring programme, administered by internal audit, has continued to enhance the review process. No material failings or weaknesses were identified during the course of this review.

The internal control regime is supported by the operation of a whistleblower reporting function. The system is operated by a specialist external third-party service provider and allows employees to report concerns anonymously and in confidence. The Audit Committee has approved the processes and reporting structure for the function, and receives regular reports on its operation.

Internal audit
The Internal Audit function's key objectives are to provide independent and objective assurance on risks and controls to the Board, Audit Committee and senior management, and to assist the Board in meeting its corporate governance and regulatory responsibilities. Its work is summarised in a risk-based audit plan, which is approved by the Board and the Audit Committee and updated on a rolling basis.

Internal Audit reviews the extent to which systems of internal control:

- are designed and operating effectively;
- are adequate to manage easyJet's key risks; and
- safeguard the Group's assets.

The Head of Internal Audit reports to the Head of Risk and Tax and has direct access to the Chief Executive and the Chairman of the Audit Committee. The Head of Internal Audit is invited to, and attends, Audit Committee meetings throughout the year and reports regularly on Internal Audit reviews at the Executive Management Team meetings.

During the year, the effectiveness of the Internal Audit function was assessed by the Head of Internal Audit and the Audit Committee; this followed a formal external effectiveness review completed in 2011.

The role of the Internal Audit function and the scope of its work both continue to evolve to take account of changes within the business and emerging best practice. A formal audit charter is in place.

ANNUAL STATEMENT BY THE CHAIR OF THE REMUNERATION COMMITTEE

Charles Gurassa
Chair of the Remuneration Committee

"On behalf of the Board, I am pleased to present the Directors' remuneration report for the year ended 30 September 2014."

Performance of the Group in the 2014 financial year
easyJet has continued to deliver sustainable returns and growth for its shareholders. The key highlights are as follows:

- profit before tax up by 21.5% to £581 million;
- 3.1 percentage point growth in return on capital employed (ROCE) (including lease adjustments) from 17.4% in 2013 to 20.5% in 2014. ROCE (excluding lease adjustments) increased from 23.0% to 28.6% in the year;
- on-time performance of 85% for arrivals within 15 minutes; and
- increased ordinary dividend with a proposed ordinary dividend of 45.4 pence per share.

Aligning remuneration policy with Company principles
Simple and cost-effective approach – In line with our low-cost and efficient business model, the Committee has chosen to set a simple pay package against the market. For example, our Executive Directors receive minimal benefits (see page 74).

Support the stated business strategy of growth and returns – Performance is assessed against a range of financial, operational and longer-term targets ensuring value is delivered to shareholders, and participants are rewarded for the successful delivery of the key strategic objectives of the Company.

Pay for performance – Remuneration is heavily weighted towards variable pay, dependent on performance. This ensures that there is a clear link between the value created for shareholders and the amount paid to our Executive Directors.

Key pay outcomes in respect of the 2014 financial year
The basic salary of the Chief Executive and Chief Financial Officer will increase by 2.5%, which is in line with the typical rate of increase being awarded across the Group. This will result in the Chief Executive's salary increasing from £681,600 to £698,600, and the Chief Financial Officer's salary increasing from £420,250 to £430,800. Both increases will be effective from 1 January 2015.

Annual bonuses are based on profit before tax and key operational and financial targets. Bonuses of 76% of the maximum were awarded to the Chief Executive and the Chief Financial Officer in respect of the 2014 financial year. This reflects the strong financial and operational results the Group has achieved.

In addition to the portion of the bonus subject to compulsory deferral, Carolyn McCall has chosen to defer the maximum 50% of her bonus into shares for three years under the Matching Share Award element of the Long Term Incentive Plan (LTIP), and Chris Kennedy has chosen to defer 22% of his bonus.

Under the LTIP, Performance Share Awards made in January 2012 are due to vest in January 2015. These awards are based on average ROCE performance (excluding lease adjustments) for the three financial years ended 30 September 2014. The Group achieved average ROCE performance (excluding operating lease adjustments) of 22%, reflecting exceptional performance over the period, resulting in 100% of the awards being earned, subject to continued employment to the vesting date.

Remuneration policy for the 2015 financial year
As a result of the forthcoming expiry of the LTIP in September 2015, the Committee has undertaken a review of remuneration. The key conclusion was that the Company's remuneration policy should continue to be

aligned with easyJet's principles, as noted above. The Committee also considered recent developments in institutional investors' 'best practice' expectations and, in particular, the general consensus that has emerged that remuneration structures should be simplified as far as practicable. As a result, under a revised LTIP that is expected to operate from the 2016 financial year, it is the Committee's intention to no longer grant Matching Share Awards which will result in a simplification of the overall remuneration policy. In addition, the Committee will be introducing a holding period for shares vesting under the LTIP, during which Executive Directors will be required to retain the after-tax value of shares for 24 months from the vesting date.

To ensure that easyJet remains competitive in the market for executive talent, at the same time as adhering to the principle of operating in a cost effective manner, there are to be changes to the Chief Financial Officer's maximum bonus opportunity. This is in response to the Chief Financial Officer's remuneration falling well below comparable market benchmarks in total pay and follows extensive dialogue with the Company's major shareholders and the leading shareholder advisory bodies on this issue. This change to his remuneration arrangements will ensure that his remuneration package will be more market competitive, subject to delivering the Board's performance objectives, and the approach to increasing quantum remains consistent with the overall philosophy of operating with below-market fixed levels of pay. The revised annual bonus opportunity will continue to be earned against rigorous annual performance targets. To further strengthen the alignment between the Chief Executive and shareholders, the Chief Executive will, in future, be required to build and retain shares equal in value to 200% of salary (up from 175% of salary).

No other changes are being proposed to the policy for which shareholder approval was received at the 2014 Annual General Meeting (AGM). To implement the above changes the Company is seeking shareholder approval for a revised remuneration policy which is set out on pages 72 to 80. Details of how the policy will be applied in practice for the 2015 financial year are set out in the Annual Report on Remuneration on pages 80 to 88. A summary of the principal terms of the revised LTIP, for which shareholder approval is being sought at the 2015 AGM, will be set out in the Notice of Meeting.

Shareholder feedback
easyJet is committed to maintaining an open and transparent dialogue with shareholders. The objective of this report is to communicate clearly how much the Executive Directors are earning and how this is strongly linked to performance. As always, I welcome any comments you may have.

Charles Gurassa

Charles Gurassa
Chair of the Remuneration Committee

17 November 2014

WHAT IS IN THIS REPORT?

This report sets out easyJet's remuneration policy for Executive and Non-Executive Directors, describes the implementation of that policy and discloses the amounts earned relating to the year ended 30 September 2014.

The report complies with the provisions of the Companies Act 2006 and Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The report has been prepared in line with the recommendations of the UK Corporate Governance Code and the requirements of the UKLA Listing Rules.

The Directors' remuneration policy (set out on pages 72 to 80) will be put to shareholders for approval in a binding vote at the forthcoming AGM. The effective date of the updated policy is 12 February 2015, which is the date shareholder approval is being sought for the revised policy.

The Annual Statement by the Chairman of the Remuneration Committee (set out on pages 71 to 72) and the Annual Report on Remuneration (set out on pages 80 to 88) will be subject to an advisory vote at the AGM.

OUR REMUNERATION POLICY

What is the role of our Remuneration Committee?
The Remuneration Committee has responsibility for determining remuneration for the Executive Directors and the Chairman of the Board. The Committee also reviews the remuneration of the Group's most senior executives in consultation with the Chief Executive. The Committee takes into account the need to recruit and retain executives and ensure that they are properly motivated to perform in the interests of the Company and its shareholders, while paying no more than is necessary.

What does the Committee consider when setting remuneration?
When setting the policy for Executive Directors' remuneration, the Committee takes into account total remuneration levels operating in companies of a similar size and complexity, the responsibilities of each individual role, individual performance and an individual's experience. Our overall policy, having had due regard to the factors noted, is to weight remuneration towards variable pay. This is typically achieved through setting base pay at market median levels, offering very modest pension and benefits, and above-market variable pay opportunities linked to the achievement of very demanding performance targets.

In setting remuneration for the Executive Directors, the Committee takes note of the overall approach to reward for employees in the Group. Salary increases will ordinarily be (in percentage of salary terms) in line with those of the wider workforce. The Committee does not formally consult directly with employees on executive pay but does receive periodic updates from the Group People Director.

The Committee also considers developments in institutional investors' best practice expectations and the views expressed by shareholders during any dialogue.

How do we take into account the views of shareholders when we determine the remuneration policy?

easyJet remains committed to shareholder dialogue and takes an active interest in voting outcomes. We consult extensively with our major shareholders when setting our remuneration policy. If any of these shareholders were to be opposed to our policy, we would endeavour to meet with them, as appropriate, to understand and respond to any issues they may have.

What changes are we proposing to make to the remuneration policy approved by shareholders at the 2014 AGM and why?

As a result of the upcoming expiry of the Company's LTIP in September 2015, the Committee undertook a review of the existing remuneration policy against the Company's principles and in light of developments in the executive pay environment. Since the Company's overall policy is considered to be aligned with easyJet's principles, and is considered to be serving the Company well, the primary change proposed relates to simplifying the LTIP structure in light of general encouragement in this regard from institutional shareholders and the leading shareholder advisory bodies. In summary, the proposed changes to policy include:

- simplification of the current long-term incentive arrangements, with a lower maximum total annual award potential for the Chief Executive, when compared against the current long-term incentive structure, to apply from the financial year commencing on 1 October 2015. Subject to shareholder approval at the February 2015 AGM, for the simplified LTIP, only Performance Share Awards will be granted in respect of the 2016 financial year onwards, as opposed to Performance Share Awards in tandem with Matching Share Awards, as per the policy shareholders approved at the 2014 AGM;
- the 2015 financial year will see the final operation of the current LTIP (i.e. with Performance Share Awards and Matching Share Awards granted at the same time) since this was the policy communicated to both shareholders and executives at the start of the financial year, and so bonuses earned in respect of the 2014 financial year will be eligible for a Matching Share Award for the final time, in line with our existing policy;
- from the 2016 financial year, the maximum normal annual award limit of Performance Shares will be restricted to 250% of salary, which is lower than the combined award potential for the Chief Executive under the current plan of 300% of salary (200% of salary in Performance Shares plus 100% of salary in Matching Shares);
- for completeness, subject to the new LTIP being approved by shareholders at the 2015 AGM, the intention is to set ongoing annual award policy at 250% of salary for the Chief Executive and 200% of salary for the Chief Financial Officer. The revised award level for the Chief Executive has been set so as to retain a similar expected value to the current remuneration policy, with the Matching Share Award included at 50% of the 100% of salary maximum level (i.e. assuming that, on average, half the maximum Matching Share Award would be granted each year). The revised award level for the Chief Financial Officer incorporates the maximum Matching Share Award, at 50% of salary, in order to position his remuneration closer to comparable roles in companies of a similar size and complexity. Awards under the new LTIP will be granted for the first time, subject to shareholder approval of the new plan and revised remuneration policy at the 2015 AGM, following the results announcement for the year ending 30 September 2015 (i.e. in the 2016 financial year); and
- in addition, the Committee will be introducing a holding period for shares vesting under the new LTIP, during which Executive Directors will be required to retain the after-tax value of shares for 24 months from the vesting date.

To address the below market total remuneration positioning of the Chief Financial Officer, his annual bonus opportunity is to increase to 175% of salary from 150%.

The change to the Chief Financial Officer's bonus opportunity takes effect from 1 October 2014 (subject to the policy that follows being approved by shareholders at the 2015 AGM), and takes account of the fact that the Chief Financial Officer has fallen well behind appropriate comparative benchmarks from a total remuneration perspective.

This approach ensures that his revised remuneration structure remains aligned with easyJet's remuneration philosophy of operating a relatively lean approach to fixed pay levels versus comparative market benchmarks, with the opportunity to earn above-market levels of total remuneration subject to successful execution of the Board's strategy.

In setting the 2015 financial year annual bonus targets, the higher quantum for the Chief Financial Officer was considered by the Committee. A higher year-on-year profit growth target has been set for the 2015 financial year and is considered appropriately challenging for the new bonus arrangement.

A higher share ownership guideline will be introduced for the Chief Executive at 200% of salary (from 175% of salary). A 175% of salary share ownership guideline will continue to operate for the Chief Financial Officer.

How is remuneration structured?

The table below sets out the main components of easyJet's remuneration policy:

Element, purpose and link to strategy	Operation (including maximum levels where applicable)	Framework used to assess performance and provisions for the recovery of sums paid
Salary To provide the core reward for the role. Sufficient level to recruit and retain individuals of the necessary calibre to execute the Company's business strategy.	Base salaries are normally reviewed annually, with changes effective from 1 January. Salaries are typically set after considering salary levels in companies of a similar size and complexity, the responsibilities of each individual role, progression within the role, individual performance and an individual's experience. Our overall policy, having had due regard to the factors noted, is normally to target salaries at the market median level. Salaries may be adjusted and any increase will ordinarily be (in percentage of salary terms) in line with those of the wider workforce. Increases beyond those granted to the wider workforce (in percentage of salary terms) may be awarded in certain circumstances such as where there is a change in responsibility, progression in the role, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group. Salary levels for current incumbents, effective from 1 January 2015 are as follows: • Chief Executive: £698,600. • Chief Financial Officer: £430,800.	The Committee considers individual salaries at the appropriate Committee meeting each year after having due regard to the factors noted in operating the salary policy. No recovery provisions apply to salary.
Benefits In line with the Company's policy to keep remuneration simple and consistent.	Executive Directors receive modest personal accident and life assurance cover (0.5 x salary), at the same levels as the wider workforce. The cost to the Company of providing these benefits may vary from year to year depending on the level of the associated premium. Executive Directors receive no other conventional executive company benefits. Executive Directors can pay for voluntary benefits, where Company purchasing power may provide an advantage to employees. Executive Directors are also eligible to participate in any all-employee share plans operated by the Company, in line with HMRC guidelines currently prevailing (where relevant), on the same basis as for other eligible employees. Should it be appropriate to recruit a Director from overseas, flexibility is retained to provide benefits that take account of those typically provided in their country of residence (e.g. it may be appropriate to provide benefits that are tailored to the unique circumstances of such an appointment as opposed to providing the benefits detailed above). Necessary expenses incurred undertaking Company business are reimbursed so that Executive Directors are not worse-off on a net of tax basis for fulfilling Company duties.	Not applicable. No recovery provisions apply to benefits.
Pension To provide employees with long-term savings via modest pension provisions in line with the Company's strategy to keep remuneration simple and consistent.	Defined contribution plan with the same monthly employer contributions as those offered to eligible employees in the wider workforce, of 7% of basic salary. A cash alternative may be considered. While individuals are not obliged to make contributions, easyJet operates a pension salary sacrifice arrangement whereby individuals can exchange part of their salary for Company paid pension contributions. Where individuals exchange salary this reduces employer National Insurance Contributions. easyJet credits half of this reduction (currently 6.9% of the salary exchanged) to the individual's pension plan.	Not applicable. No recovery provisions apply to employer pension contributions.

Element, purpose and link to strategy	Operation (including maximum levels where applicable)	Framework used to assess performance and provisions for the recovery of sums paid
Annual bonus To incentivise and recognise execution of the business strategy on an annual basis. Rewards the achievement of annual financial and operational goals. Compulsory and voluntary deferral provides alignment with shareholders.	Maximum opportunity of 200% of salary for Chief Executive and 175% of salary for other Executive Directors. One-third of the bonus earned is subject to compulsory deferral into shares (or equivalent) in a Deferred Annual Bonus Plan (DABP), typically for a period of three years, and is normally subject to continued employment. Executive Directors can choose to voluntarily defer a further portion of their bonus into shares for three years which may be eligible for a Matching Share Award under the LTIP (see below). The remainder of the bonus is paid in cash. Matching Share Awards will operate for the final time in the year ending 30 September 2015. Dividend equivalent payments may be made (in cash or shares) under the DABP, at the time of vesting and may assume the reinvestment of dividends. All bonus payments are at the discretion of the Committee, as shown following this table.	Bonuses are based on stretching financial, operational and, in some cases, personal/departmental performance measures as set and assessed by the Committee in its discretion. Financial measures (e.g. profit before tax) will represent the majority of bonus, with other measures representing the balance. A graduated scale of targets is set for each measure, with 10% of each element being payable for achieving the relevant threshold hurdle. Safety underpins all of the operational activities of the Group and the bonus plan includes an underpin that enables the Remuneration Committee to scale back the bonus earned in the event that there is a safety event which it considers warrants the use of such discretion. The cash and deferred elements of bonuses are subject to provisions which enable the Committee to recover the cash paid (clawback) or to lapse the associated deferred shares (malus) in the event of a misstatement of results for the financial year to which the bonus relates, or an error in determining the cash bonus or the number of shares comprising a deferred share award, within three years of the payment of the cash bonus.
LTIP Matching Share Award (operating for the final time in the financial year commencing 1 October 2014) To incentivise and recognise execution of the business strategy over the longer term. Rewards strong financial performance and sustained increase in shareholder value.	Each year, the Executive Directors can voluntarily defer a portion of their bonus which is invested (after tax) into shares for three years. The maximum voluntary deferral is restricted to: • Chief Executive: half of bonus; and • Other Executive Directors: one-third of bonus. The maximum voluntary investment is therefore limited to 100% of salary in the case of the Chief Executive and 50% of salary in the case of other Executive Directors. The amount deferred may be eligible for a 1:1 match, based on the number of pre-tax shares deferred. Vesting of Matching Shares is dependent on the achievement of performance targets. Awards normally vest over a three year period. A dividend equivalent provision exists which allows the Committee to pay dividends on vested shares (in cash or shares) at the time of vesting and may assume the reinvestment of dividends.	Matching Share Awards vest based on three year performance against a challenging range of financial targets and relative Total Shareholder Return (TSR) performance set and assessed by the Committee in its discretion. Financial targets will determine vesting in relation to at least 50% of a Matching Share Award. In order for the TSR portion of the award to be earned, the Company's absolute TSR performance must also be positive over the performance period. 25% of each element vests for achieving the threshold performance target with 100% of the awards being earned for maximum performance. (There is straight-line vesting between these points). The Matching Share Awards include provisions which enable the Committee to recover value in the event of a misstatement of results for the financial year to which the vesting of a Matching Share Award related, or an error in calculation when determining the vesting result within three years of the vesting (i.e. clawback provisions apply). The mechanism through which the clawback can be implemented enables the Committee to: (i) reduce the cash bonus earned in a subsequent year and/or reduce the outstanding LTIP share awards (i.e. malus provisions may be used to effect a clawback), or (ii) for the Committee to require that a net of tax balancing cash payment be made.

Element, purpose and link to strategy	Operation (including maximum levels where applicable)	Framework used to assess performance and provisions for the recovery of sums paid
LTIP Performance Share Award Awards will be delivered under the 2005 LTIP in the year ending 30 September 2015 and under a replacement LTIP for the year ending 30 September 2016. To incentivise and recognise execution of the business strategy over the longer term. Rewards strong financial performance and sustained increase in shareholder value.	Each year Performance Shares may be granted subject to the achievement of performance targets. Awards normally vest over a three year period. **Policy for the financial year ending 30 September 2015** The maximum opportunity contained within the plan rules for Performance Share Awards is 200% of salary. The maximum face value of annual awards will be 200% of salary for the Chief Executive and 150% of salary for other Executive Directors. **Policy for the financial year ending 30 September 2016** The maximum opportunity contained within the plan rules for Performance Share Awards is 250% of salary (with awards up to 300% of salary eligible to be made in exceptional circumstances, such as recruitment). The normal maximum face value of annual awards will be 250% of salary for the Chief Executive and 200% of salary for other Executive Directors. For clarity, there will be no matching share awards for the financial year ending 30 September 2016. A dividend equivalent provision exists which allows the Committee to pay dividends on vested shares (in cash or shares) at the time of vesting and may assume the reinvestment of dividends. A holding period will apply to share awards granted in the financial year ending 30 September 2015 and beyond. The holding period will require the Executive Directors to retain the after-tax value of shares for 24 months from the vesting date.	The performance targets are as described on page 75 for the Matching Share Award. The recovery (clawback) and withholding (malus) provisions are as described on page 75 in relation to Matching Share Awards.
Share ownership To ensure alignment between the interests of Executive Directors and shareholders.	175% of salary (rising to 200% from financial year ending 30 September 2016) holding required for the Chief Executive and 175% of salary for the Chief Financial Officer which is expected to be reached within five years of appointment. Executive Directors are required to retain half of the post-tax shares vesting under the LTIP until the guideline is met.	Not applicable.

What discretion is retained by the Committee in operating its incentive plans?

The Committee will operate the annual bonus plan, LTIP and Deferred Annual Bonus Plan according to their respective rules (or relevant documents) and in accordance with the Listing Rules where relevant. The Committee retains discretion, consistent with market practice, in a number of regards to the operation and administration of these plans. These include, but are not limited to, the following in relation to the LTIP and Deferred Annual Bonus Plan:

- the participants;
- the timing of grant of an award;
- the size of an award;
- the determination of vesting;
- discretion required when dealing with a change of control or restructuring of the Group;
- determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen;
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends); and
- the annual review of performance measures and weighting, and targets for the LTIP from year to year.

In relation to the annual bonus plan, the Committee retains discretion over:

- the participants;
- the timing of grant of a payment;
- the determination of the bonus payment;
- dealing with a change of control;
- determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen; and
- the annual review of performance measures and weighting, and targets for the annual bonus plan from year to year.

In relation to both the Company's LTIP and annual bonus plan, the Committee retains the ability to adjust the targets and/or set different measures if events occur which cause it to determine that the conditions are no longer appropriate (e.g. material acquisition and/or divestment of a Group business), and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy.

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

The use of discretion in relation to the Company's Sharesave and Share Incentive Plans will be as permitted under HMRC rules and the Listing Rules.

Details of share awards granted to existing Executive Directors are set out on page 84 of the Annual Report on Remuneration. These remain eligible to vest based on their original award terms.

How did we choose performance metrics and how do we set performance targets?
The performance metrics used for the annual bonus plan and LTIP have been selected to reflect the Group's key performance indicators.

Profit before tax is used to assess annual performance as this reflects how successful we have been in managing our operations effectively (e.g. in maximising profit per seat whilst maintaining a high load factor). The balance is determined based on how well we perform against other specific key performance indicators set annually (e.g. on-time performance and customer satisfaction) to ensure that Executive Directors are motivated to deliver across a scorecard of objectives.

Since safety is of central importance to the business, the award of any bonus is subject to an underpin that enables the Remuneration Committee to reduce the bonus earned in the event that there is a safety event that it considers warrants the use of such discretion.

LTIP awards are earned for delivering performance against ROCE (which, since December 2012, has included operating lease adjustments) and relative TSR targets. These seek to assess the underlying financial performance of the business while maintaining clear alignment between shareholders and Executive Directors. Targets are set based on a sliding scale that takes account of relevant commercial factors. Only modest awards are available for delivering threshold performance levels with maximum awards requiring substantial outperformance of challenging plans.

No performance targets are set for Sharesave and Share Incentive Plan awards since these form part of all-employee arrangements that are purposefully designed to encourage employees across the Group to purchase shares in the Company.

Have LTIP Awards always been granted subject to the same performance targets?
The LTIP, under which the Performance and Matching Share Awards are granted, was approved by shareholders in 2008. Further details on how the awards are structured and operated are set out in the plan rules which are available, on request, from the Company.

The policy set out above applies to awards granted from the 2013 financial year onwards. Awards granted under the previous policy are subject to different performance measures (typically Return on Equity (ROE) or ROCE as the sole performance measure), have different award levels and may be earned in line with the terms of their grant in due course. Details of all the outstanding share awards granted to existing Executive Directors are set out in the Annual Report on Remuneration.

How does the executive pay policy differ from that for other easyJet employees?
The remuneration policy for the Executive Directors is more heavily weighted towards variable pay than for other employees, to make a greater part of their pay conditional on the successful delivery of business strategy. This aims to create a clear link between the value created for shareholders and the remuneration received by the Executive Directors. However, in line with the Company's policy to keep remuneration simple and consistent, the benefit and pension arrangements for the current Executive Directors are on the same terms as those offered to eligible employees in the wider workforce.

How much could the Executive Directors earn under the remuneration policy?
A significant proportion of remuneration is linked to performance, particularly at maximum performance levels. The charts on page 78 show how much the Chief Executive and Chief Financial Officer could earn under easyJet's remuneration policy (as detailed above) under different performance scenarios (based on their salaries as at 1 October 2014). The following assumptions have been made:

Minimum (performance below threshold) – Fixed pay only with no vesting under any of easyJet's incentive plans.

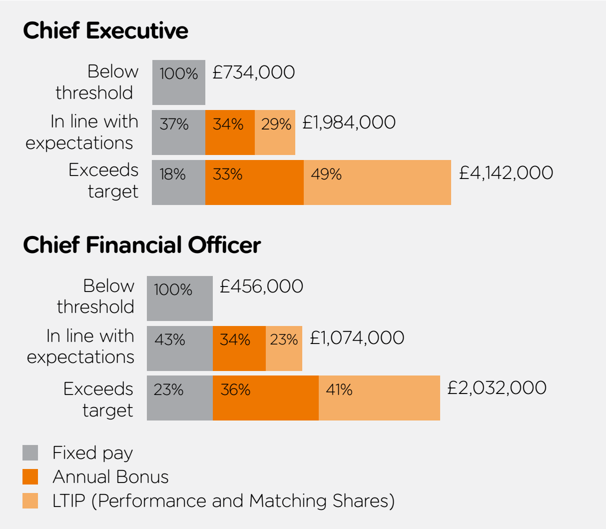
In line with expectations – Fixed pay plus a bonus at the mid-point of the range (giving 50% of the maximum opportunity and assuming half of the maximum voluntary deferral) and vesting of one-third of the maximum under the Performance and Matching Share elements of the LTIP.

Maximum (performance meets or exceeds maximum) – Fixed pay plus maximum bonus (with maximum voluntary deferral) and maximum vesting under the Performance and Matching Shares elements of the LTIP.

Fixed pay comprises:

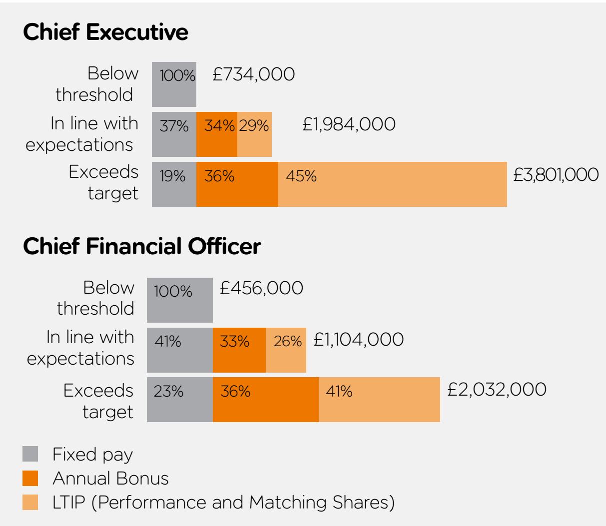
- salaries – salary effective as at 1 October 2014;
- benefits – amount received by each Executive Director in the 2014 financial year;
- pension – employer contributions or cash-equivalent payments received by each Executive Director in the 2014 financial year; and
- Free and Matching Shares under the all-employee share incentive plan.

The scenarios do not include any share price growth or dividend assumptions.



It should be noted that since the analysis above shows what could be earned by the Executive Directors based on the 2015 financial year remuneration policy described above (ignoring the potential impact of share price growth), the numbers will be different to the values included in the table on page 82 detailing what was actually earned by the Executive Directors in relation to the financial year ended 30 September 2014, since these values are based on the actual levels of performance achieved to 30 September 2014 and include the impact of share price growth in relation to share awards.

For completeness, the chart below illustrates the revised policy that will operate in the financial year ending 30 September 2016 (based on salaries as at 1 October 2014).



What are the Executive Directors' terms of employment?
Under the Executive Directors' service contracts both parties are required to give 12 months' notice of termination of employment.

For Executive Directors, if notice is served by either party, the Executive Director can continue to receive basic salary, benefits and pension for the duration of their notice period during which time the Company may require the individual to continue to fulfil their current duties or may assign a period of garden leave.

The policy for a new hire would be based on similar terms and will also include the ability for easyJet to make a payment in lieu of notice of up to 12 monthly instalments which would be reduced if alternative employment was taken up.

Under the current Chief Executive's contract, the Company, by mutual consent, may elect to make a payment in lieu of notice equivalent in value to 12 months' basic salary, payable in monthly instalments which would be subject to mitigation if alternative employment is taken up during this time. Alternatively, this payment may be paid as a lump sum. Bonus payments may be made, payable in cash, on a pro-rata basis, but only for the period of time served from the start of the financial year to the date of termination and not for any period in lieu of notice. Any bonus paid would be subject to the normal bonus targets, tested at the end of the financial year. The current Chief Executive has a contractual entitlement to such a pro-rated payment under her service contract, other than in the cases of resignation or termination resulting from gross misconduct. These provisions do not apply to the Chief Financial Officer.

In relation to a termination of employment, the Committee may make any statutory entitlements or payments to settle or compromise claims in connection with a termination of any existing or future Executive Director as necessary. The Committee also retains the discretion to reimburse reasonable legal expenses incurred in relation to a termination of employment and to meet any outplacement costs if deemed necessary.

The Executive Directors' service contracts and the Non-Executive Directors' letters of appointment are available for inspection by shareholders at the Company's registered office.

What is our policy when an Executive Director leaves or there is a takeover?
The rules of both schemes (LTIP and Deferred Annual Bonus Plan) set out what happens to awards if a participant ceases to be an employee or Director of easyJet before the end of the vesting period. Generally, any outstanding share awards will lapse on such cessation, except in certain circumstances.

If an Executive Director ceases to be an employee or Director of easyJet as a result of death, injury, retirement, the sale of the business or company that employs the individual, or any other reason at the discretion of the Committee, then they will be treated as a 'good leaver' under the plan rules. Under the Deferred Annual Bonus Plan, the shares for a good leaver will normally vest in full on the normal vesting date (or on cessation of employment in the case of death) and if the award is in the form of an option, there is a 12 month window in which the award can be exercised. Awards structured as options which have vested prior to cessation can be exercised within 12 months of cessation of office or employment.

Under the LTIP, a good leaver's unvested awards will vest (either on the normal vesting date or the relevant date of cessation, as determined by the Committee) subject to achievement of any relevant performance conditions, with a pro-rata reduction to reflect the proportion of the vesting period served. The Committee has the discretion to disapply time pro-rating if it considers it appropriate to do so. A good leaver may exercise their vested awards structured as options for a period of 12 months following the individual's cessation of office or employment, whereas unvested awards may be exercised within 12 months of vesting.

In determining whether an Executive Director should be treated as a good leaver, and the extent to which their award may vest, the Committee will take into account the circumstances of an individual's departure. In the event of a takeover or winding-up of easyJet plc (which is not part of an internal reorganisation of the easyJet Group in circumstances where equivalent replacement awards are not granted) all awards will vest subject to, in the case of LTIP awards, the achievement of any relevant performance conditions with a pro-rata reduction to reflect the proportion of the vesting period served. The Committee has discretion to disapply time pro-rating if it considers it appropriate to do so. In the event of a takeover, the Committee may determine, with the agreement of the acquiring company, that awards will be exchanged for equivalent awards in another company.

What is the policy on Executive Directors holding external appointments?

Executive Directors are permitted to accept one appointment on an external board or committee so long as this is not thought to interfere with the business of the Group. Any fees received in respect of these appointments are retained directly by the relevant Executive Director.

What would the remuneration policy be if a new Director was appointed?

Base salary levels will be set in accordance with easyJet's remuneration policy, taking into account the experience and calibre of the individual (e.g. typically up to market median levels but salaries above or below this level may be set dependent upon the level of the individual). Where it is appropriate to offer a lower salary initially, a series of increases to achieve the desired salary positioning may be given over the following few years subject to individual performance. Benefits will be provided in line with those offered to other employees, with relocation expenses/ arrangements provided if necessary. easyJet may offer a cash amount on recruitment, payment of which may be staggered, to reflect the value of benefits a new recruit may have received from a former employer.

Should it be appropriate to recruit a Director from overseas, flexibility is retained to provide benefits that take account of those typically provided in their country of residence (e.g. it may be appropriate to provide benefits that are tailored to the unique circumstances of such an appointment).

The maximum level of variable pay that may be offered on an ongoing basis and the structure of remuneration will be in accordance with the approved policy detailed above (i.e. at an aggregate maximum of up to 500% of salary in the financial year ending 30 September 2015 (200% annual bonus, 200% Performance Shares and 100% Matching Shares under the LTIP) and 450% of salary in the financial year ending 30 September 2016 onwards (200% annual bonus and 250% Performance Shares under the LTIP), taking into account annual and long-term variable pay. This limit does not include the value of any buyout arrangements.

Different performance measures may be set initially for the annual bonus, taking into account the responsibilities of the individual, and the point in the financial year that they joined. Any incentive offered above this limit would be contingent on the Company receiving shareholder approval for an amendment to its approved policy at its next General Meeting.

The above policy applies to both an internal promotion to the Board or an external hire.

In the case of an external hire, if it is necessary to buy out incentive pay or benefit arrangements (which would be forfeited on leaving the previous employer), this would be provided for taking into account the form (cash or shares), timing and expected value (i.e. likelihood of meeting any existing performance criteria) of the remuneration being forfeited. Replacement share awards, if used, will be granted using easyJet's share plans to the extent possible, although awards may also be granted outside of these schemes if necessary and as permitted under the Listing Rules.

In the case of an internal promotion, any outstanding variable pay awarded in relation to the previous role will be paid according to its terms of grant (adjusted as relevant to take into account the Board appointment).

On the appointment of a new Chairman or Non-Executive Director, fees will be set taking into account the experience and calibre of the individual. Where specific cash or share arrangements are delivered to Non-Executive Directors, these will not include share options or other performance-related elements.

How are the Non-Executive Directors paid?
The Chairman, Deputy Chairman and Non-Executive Directors receive an annual fee (paid in monthly instalments). The fee for the Chairman is set by the Remuneration Committee and the fees for the Deputy Chairman and Non-Executive Directors are approved by the Board, on the recommendation of the Chairman and Chief Executive.

What are the terms of appointment of the Non-Executive Directors?
The Chairman, Deputy Chairman and Non-Executive Directors' terms of appointment are recorded in letters of appointment, which are usually renewed every three years. The required notice from the Company is three months in all cases. The Non-Executive Directors are not entitled to any compensation on loss of office.

Element	Purpose and link to strategy	Operation (including maximum levels where applicable)
Fees	To attract and retain a high-calibre Chairman, Deputy Chairman and Non-Executive Directors by offering market-competitive fee levels.	The Chairman is paid an all-inclusive fee for all Board responsibilities. The other Non-Executive Directors receive a basic Board fee, with supplementary fees payable for additional Board Committee responsibilities. The Chairman and Non-Executive Directors do not participate in any of the Company's incentive arrangements. Fee levels are reviewed on a periodic basis, and may be increased, taking into account factors such as the time commitment of the role and market levels in companies of comparable size and complexity. Flexibility is retained to exceed current fee levels if it is necessary to do so in order to appoint a new Chairman or Non-Executive Director of an appropriate calibre. Necessary expenses incurred undertaking Company business will be reimbursed so that the Chairman and Non-Executive Directors are not worse off, on a net of tax basis, for fulfilling Company duties. No other benefits or remuneration are provided to the Chairman or Non-Executive Directors. Fee levels for current incumbents for the 2015 financial year are as follows: • Non-Executive Chairman: £300,000; • Non-Executive Director base fee: £60,000; • supplementary fee for Deputy Chairman and Senior Independent Director (SID) role: £25,000; and • supplementary fee for Chair of the Audit, Remuneration and Safety Committees: £15,000, and Finance Committee Chair: £10,000.

OUR ANNUAL REPORT ON REMUNERATION

Who is on our Remuneration Committee?
As at 30 September 2014, the members of the Committee were: Charles Gurassa (Chair), François Rubichon, John Browett, David Bennett and Professor Rigas Doganis. Andy Martin stepped down from the Committee on 1 July 2014. David Bennett stepped down from the Committee on 1 October 2014 and Professor Rigas Doganis will be stepping down from the Committee on 1 December 2014 following their retirement from the Board. John Browett and François Rubichon joined the Committee on 1 July 2014 and 22 July 2014 respectively. The responsibilities of the Committee are set out in the Corporate Governance section of the Annual Report on page 59.

The Chief Executive attends meetings by invitation and assists the Committee in its deliberations as appropriate. The Committee also receives assistance from the Group People Director and the Group Head of Reward. The Group Company Secretary acts as secretary to the Committee. No Executive Directors are involved in deciding their own remuneration.

The Remuneration Committee is advised by New Bridge Street (NBS), a trading name of Aon plc. NBS was appointed by the Company in 2004. NBS advises the Committee on developments in executive pay and on the operation of easyJet's incentive plans. Total fees paid to NBS in respect of services to the Committee during the 2014 financial year were £161,000. NBS is a signatory to the Remuneration Consultants' Code of Conduct. The Committee has reviewed the operating processes in place at NBS and is satisfied that the advice it receives is independent and objective.

How will the remuneration policy be applied for the 2015 financial year?

What are the Executive Directors' current salaries?
The current and proposed salaries of the Executive Directors are:

	1 January 2015 salary	1 January 2014 salary	Change
CE	£698,600	£681,600	2.5%
CFO	£430,800	£420,250	2.5%

The increase awarded to the Executive Directors is consistent with the typical rate of increase being awarded across the Group.

What bonus will be awarded in respect of performance in the 2015 financial year?

The annual bonus for the 2015 financial year will operate on the same basis as for the 2014 financial year and will be consistent with the policy detailed in the remuneration policy section of this report in terms of deferral and clawback provisions. The maximum bonus opportunity remains at 200% of salary for the Chief Executive and increases from 150% to 175% for the Chief Financial Officer. The measures have been selected to reflect a range of financial and operational goals that support the key strategic objectives of the Company.

The performance measures and weightings will be as follows:

	As a percentage of maximum bonus opportunity	
Measure	CE	CFO
Profit before tax	70%	60%
On-time performance	10%	10%
Customer satisfaction targets	10%	10%
Operating costs (excluding fuel) per seat at constant currency	10%	10%
Departmental objectives	–	10%

The proposed target levels for the 2015 financial year have been set to be challenging relative to the business plan.

In setting the targets, the Committee was mindful that the maximum opportunity has been increased for the Chief Financial Officer. A higher year-on-year profit growth target has been set for the 2015 financial year and is considered appropriately challenging for the new bonus arrangement. The targets relating to on-time performance, cost per seat and customer satisfaction are also considered demanding. Therefore, overall, the Committee is comfortable that the bonus targets for both Executive Directors are appropriately demanding in light of their respective bonus opportunities.

The targets themselves, as they relate to the 2015 financial year, are deemed to be commercially sensitive. However, retrospective disclosure of the targets and performance against them will be provided in next year's remuneration report to the extent that they do not remain commercially sensitive at that time. The safety of our customers and people underpins all of the operational activities of the Group and the bonus plan includes an underpin that enables the Remuneration Committee to scale back the bonus earned in the event that there is a safety event that occurs that it considers warrants the use of such discretion.

How will the LTIP be operated in relation to the 2015 financial year awards?

The award levels of Performance Shares for the Executive Directors in the 2015 financial year are as per the policy approved by shareholders at the 2014 AGM at 200% of salary for the Chief Executive and 150% of salary for the Chief Financial Officer.

The annual bonus plan operated in 2014 was the last opportunity for voluntary deferral of part of the bonus into shares for the purposes of receiving Matching Share Awards. The Awards will operate for the final time in the financial year ending 30 September 2015. Accordingly, where Executive Directors have elected to voluntarily defer more of their bonus into shares beyond the compulsory deferral element, Matching Share Awards will be granted. The amount voluntarily deferred may be eligible for a 1:1 match dependent on the delivery of performance goals, with awards vesting over a three year period. The Chief Executive could have voluntarily deferred up to 50% of the annual bonus earned and the Chief Financial Officer up to two-thirds of the bonus earned. The Chief Executive deferred the maximum amount of her 2014 financial year bonus and the Chief Financial Officer deferred two-thirds of the maximum amount. Both amounts will be eligible for Matching Share Awards.

The 2015 financial year LTIP awards (Performance and Matching Share Awards) will be subject to the following performance conditions:

	Below threshold (0% vesting)	Threshold (25% vesting)	On-target (40% vesting)	Maximum (100% vesting)
ROCE (50% of total award)	<15.0%	15.0%	18.2%	20.0%

	Below threshold (0% vesting)	Threshold (25% vesting)	Maximum (100% vesting)
TSR (50% of total award)	< median	median	upper quartile

Awards vest on a straight-line basis between these points. As with the awards granted in the 2014 financial year, ROCE targets are based on average ROCE (including operating lease adjustments) over a three year performance period, commencing on 1 October 2014. TSR targets are based on relative TSR compared to companies ranked FTSE 31-130 at the date of grant, where the average share price is calculated over three months at the start and end of the period. In addition, in order for the TSR-based awards to vest, easyJet must have achieved positive absolute TSR performance over the performance period.

These targets will require management to deliver strong, sustainable performance over the period. The Committee considers the range of ROCE targets set to be demanding, given that the level of return required to be created for vesting to take place will be calculated from a materially higher capital base reflecting the growth in the Company's fleet numbers during the period through to 30 September 2017.

As detailed in the policy report, Matching Share Awards will no longer operate with effect from the financial year commencing on 1 October 2015 with the revised award levels detailed in the policy report applying at the time of grant. Similarly challenging performance targets to those described above will apply to awards granted under the revised policy with any substantial change the subject of appropriate dialogue with the Company's major shareholders.

How will the Non-Executive Directors be paid in the 2015 financial year?

The fees for the Chairman and Non-Executive Directors will be as follows:

Chairman	£300,000
Basic fee for other Non-Executive Directors	£60,000
Fees for Deputy Chairman and SID role(1)	£25,000
Chair of the Audit, Safety and Remuneration Committees(1)	£15,000
Chair of the Finance Committee(1)	£10,000

(1) Supplementary fees.

There are no changes to basic fees, which were last reviewed and increased on 1 October 2013.

Governance

What did the Directors earn in relation to the 2014 financial year?

The table below sets out the amounts earned by the Directors (£'000) (Audited):

	2014						2013					
£'000	**Fees and Salary**	**Benefits[3]**	**Bonus[4]**	**LTIP[5]**	**Pension[6]**	**Total**	Fees and Salary	Benefits	Bonus	LTIP	Pension	Total
Executive												
Carolyn McCall OBE	**677**	**5**	**1,034**	**5,915**	**47**	**7,678**	665	5	1,153	5,907	47	7,777
Chris Kennedy	**418**	**5**	**474**	**3,131**	**31**	**4,059**	410	5	533	3,553	30	4,531
Non-Executive												
John Barton[1]	**300**	**–**	**–**	**–**	**–**	**300**	125	–	–	–	–	125
Charles Gurassa	**100**	**–**	**–**	**–**	**–**	**100**	90	–	–	–	–	90
Adèle Anderson	**66**	**–**	**–**	**–**	**–**	**66**	55	–	–	–	–	55
David Bennett	**78**	**–**	**–**	**–**	**–**	**78**	75	–	–	–	–	75
Dr. Andreas Bierwirth[2]	**17**	**–**	**–**	**–**	**–**	**17**	–	–	–	–	–	–
John Browett	**60**	**–**	**–**	**–**	**–**	**60**	55	–	–	–	–	55
Professor Rigas Doganis	**75**	**–**	**–**	**–**	**–**	**75**	63	–	–	–	–	63
Keith Hamill OBE	**60**	**–**	**–**	**–**	**–**	**60**	55	–	–	–	–	55
Andy Martin	**60**	**–**	**–**	**–**	**–**	**60**	55	–	–	–	–	55
François Rubichon[2]	**17**	**–**	**–**	**–**	**–**	**17**	–	–	–	–	–	–
Sir Michael Rake[7]	**–**	**–**	**–**	**–**	**–**	**–**	175	–	–	–	–	175
Total	**1,928**	**10**	**1,508**	**9,046**	**78**	**12,570**	1,823	10	1,686	9,460	77	13,056

(1) Appointed to the Board on 1 May 2013.

(2) Appointed to the Board on 22 July 2014.

(3) Benefits relate to the cost to the Company of personal accident and life assurance cover and the value of free and matching shares during the year under the Company's Share Incentive Plan.

(4) One-third of the bonus will be compulsorily deferred in shares for three years and subject to forfeiture. Carolyn McCall chose to defer the maximum 50% of her bonus and Chris Kennedy chose to defer 22%, being two-thirds of the maximum voluntary deferral (of one-third) of his bonus.

(5) This relates to the 2012 LTIP awards which vest in January 2015 based on performance measured to 30 September 2014. For the purposes of this table, the award has been valued using the average share price over the three months to 30 September 2014 of £13.275. This compares to £3.928 at grant.

(6) Chris Kennedy received £1,348 in exchange for sacrificing salary into the pension scheme, in line with easyJet's SMART pension arrangements. Carolyn McCall has reached her lifetime pension limit and receives a cash alternative of £47,424 in lieu of pension contributions.

(7) Retired from the Board on 1 May 2013.

How was pay linked to performance in the 2014 financial year?

	As a percentage of maximum bonus opportunity		Performance required			Actual	Payout
Measure	CE	CFO	Threshold	On-Target	Maximum		
Profit before tax (£m)	70%	60%	475	530	610	581	82%
On-time performance	10%	10%	80%	84%	88%	85%	61%
Customer satisfaction targets[1]	10%	10%	76%	81%	84%	78%	30%
Cost per seat (ex. fuel)[2]	10%	10%	£39.26	£39.04	£38.76	£38.41	100%
Departmental objectives[3]	–	10%	Successful	Achieved	Outstanding	Exceeding	75%

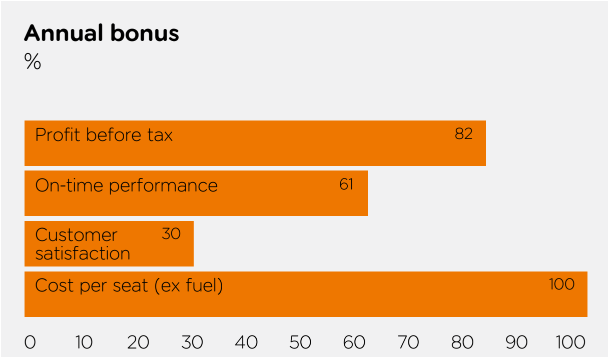
(1) Customer satisfaction – this measures the percentage of our passengers that are "Quite satisfied","Very satisfied" or "Completely satisfied" at last contact. We are considering measuring performance against "Very satisfied" and "Completely satisfied" in future years.

(2) Cost (excluding fuel) per seat targets are at constant (plan) currency.

(3) Actual reflects performance above 'on-target' and below 'maximum'.

Annual bonus

The following chart shows the performance against bonus targets for 2014:



A sliding scale of targets for each objective was set at the start of the financial year. 10% of each element is payable for achieving the threshold target, increasing to 50% for on-target performance and 100% for achieving maximum performance. Achievements between these points are calculated on a straight-line basis.

The safety of our customers and people underpins all of the operational activities of the Group and the bonus plan includes an underpin that enables the Committee to scale back the bonus earned in the event that there is a safety event that occurs that it considers warrants the use of such discretion. No such event occurred in the 2014 financial year.

Performance highlights during the year were:

- profit before tax – increased by 21.5% to £581 million and pre-tax profit margins grew by 1.6 percentage points to 12.8%;
- on-time performance – on-time performance of 85% of arrivals within 15 minutes;
- customer satisfaction targets – 78% of customers satisfied with the service;
- total cost per seat excluding fuel at constant currency – 0.6% increase; and
- Chief Financial Officer's departmental objectives – these were exceeded.

76% of the maximum bonus was awarded to the Chief Executive and Chief Financial Officer in respect of performance for the year ended 30 September 2014. This resulted in a bonus payment of £1,033,790 to the Chief Executive and £473,660 to the Chief Financial Officer. One-third of the bonus is compulsorily deferred into shares for three years and subject to continued employment. In addition, Executive Directors can voluntarily defer a portion of their bonus which may be eligible for Matching Share Awards.

The Committee is satisfied with the overall payments in light of the level of performance achieved.

LTIP

The awards made to Executive Directors in 2012 were subject to average ROCE (excluding lease adjustments) performance over the three financial years ended 30 September 2014. The percentage which could be earned was determined using the following vesting schedule:

ROCE y/e 30 September 2014	Threshold (25% vesting)	Target (50% vesting)	Maximum (100% vesting)
Award 1 (up to 100% of salary)	8.0%	10.0%	12.0%
Award 2 (over 100% of salary)	11.5%	12.5%	13.0%

Three year average ROCE (excluding lease adjustments) to 30 September 2014 was 22.0%; correspondingly 100% of awards of Performance Shares and Matching Shares are due to vest in January 2015, subject to continued service.

What LTIP awards were granted to Directors in the financial year?

Performance and Matching Share Awards were made in the financial year under the LTIP. Details of the awards made to the Executive Directors are summarised below, with further details given in the table on outstanding share interests on page 86.

	Award	Type	Number of Shares	Face value[1]	(% of salary)	Performance condition[2]	Performance period	% vesting at threshold performance
CE	Performance	Nil cost option	90,517	£1,363,186	200%	50% based on average ROCE[4] and 50% based on relative TSR[5] (versus FTSE 51-150)	3 financial years ending 30 September 2016	25%
	Matching		38,283	£576,542	85%[3]			
CFO	Performance	Nil cost option	41,857	£630,366	150%			
	Matching		11,801	£177,723	42%[3]			

(1) Face value calculated based on the closing share price of 1,506 pence on 16 December 2013.

(2) Performance conditions are set out on page 85.

(3) Matching awards are granted over an equal number of shares as the Executive Directors voluntarily defer bonus (pre-tax).

(4) ROCE (including operating lease adjustments) 15% threshold to 20% maximum.

(5) In addition, the TSR awards will not vest unless there has been positive TSR over the performance period.

Have there been any payments to past Directors? (Audited)

There have been no payments made to past Directors during the year.

What share awards do the Executive Directors have outstanding at the financial year end?

Details of share options and share awards outstanding at the financial year end are shown in the following tables (Audited):

Carolyn McCall OBE

Scheme	No. of shares/ options at 30 September 2013[1]	Shares/ options granted in year	Shares/ options lapsed in year	Shares/ options exercised in year	**No. of shares/ options at 30 September 2014[1]**	Date of grant	Exercise price (£)	Market price on exercise date (£)	Date from which exercisable	Expiry Date
A	199,625	–	–	(199,625)	**–**	5 Jul 2010[2]	–	£14.08	–	–
A	344,405	–	–	–	**344,405**	31 Mar 2011[3]	–	–	31 Mar 2014	31 Mar 2021
A	338,594	–	–	–	**338,594**	4 Jan 2012[4]	–	–	4 Jan 2015	4 Jan 2022
A	180,461	–	–	–	**180,461**	18 Dec 2012[5]	–	–	18 Dec 2015	18 Dec 2022
A	–	90,517	–	–	**90,517**	17 Dec 2013[6]	–	–	17 Dec 2016	17 Dec 2023
B	106,978	–	–	–	**106,978**	4 Jan 2012[4]	–	–	4 Jan 2015	4 Jan 2022
B	86,438	–	–	–	**86,438**	18 Dec 2012[5]	–	–	18 Dec 2015	18 Dec 2022
B	–	38,283	–	–	**38,283**	17 Dec 2013[6]	–	–	17 Dec 2016	17 Dec 2023
C	807	–	–	–	**807**	1 May 2011	–	–	1 May 2014	n/a
C	617	–	–	–	**617**	18 Apr 2012	–	–	18 Apr 2015	n/a
C	265	–	–	–	**265**	30 Apr 2013	–	–	30 Apr 2016	n/a
C	–	176	–	–	**176**	25 Apr 2014	–	–	25 Apr 2017	n/a
D	796	98	–	–	**894**	–	–	See note 7	–	n/a
E	3,133	–	–	(3,133)	**–**	1 Aug 2011	£2.88	£12.89	–	–
E	–	947	–	–	**947**	12 Jun 2014	£13.30	–	1 Aug 2017	1 Feb 2018

Chris Kennedy

Scheme	No. of shares/ options at 30 September 2013[1]	Shares/ options granted in year	Shares/ options lapsed in year	Shares/ options exercised in year	**No. of shares/ options at 30 September 2014[1]**	Date of grant	Exercise price (£)	Market price on exercise date (£)	Date from which exercisable	Expiry Date
A	78,731	–	–	(78,731)	**–**	5 Jul 2010[2]	–	£14.08	–	–
A	207,161	–	–	–	**207,161**	31 Mar 2011[3]	–	–	31 Mar 2014	31 Mar 2021
A	203,664	–	–	–	**203,664**	4 Jan 2012[4]	–	–	4 Jan 2015	4 Jan 2022
A	83,446	–	–	–	**83,446**	18 Dec 2012[5]	–	–	18 Dec 2015	18 Dec 2022
A	–	41,857	–	–	**41,857**	17 Dec 2013[6]	–	–	17 Dec 2016	17 Dec 2023
B	32,174	–	–	–	**32,174**	4 Jan 2012[4]	–	–	4 Jan 2015	4 Jan 2022
B	16,878	–	–	–	**16,878**	18 Dec 2012[5]	–	–	18 Dec 2015	18 Dec 2022
B	–	11,801	–	–	**11,801**	17 Dec 2013[6]	–	–	17 Dec 2016	17 Dec 2023
C	807	–	–	–	**807**	1 May 2011	–	–	1 May 2014	n/a
C	617	–	–	–	**617**	18 Apr 2012	–	–	18 Apr 2015	n/a
C	265	–	–	–	**265**	30 Apr 2013	–	–	30 Apr 2016	n/a
C	–	176	–	–	**176**	25 Apr 2014	–	–	25 Apr 2017	n/a
D	820	98	–	–	**918**	–	–	See note 7	–	n/a
E	3,133	–	–	(3,133)	**–**	1 Aug 2011	£2.88	£13.47	–	–
E	–	947	–	–	**947**	12 Jun 2014	£13.30	–	1 Aug 2017	1 Feb 2018

The closing share price of the Company's ordinary shares at 30 September 2014 was £14.23 and the closing price range during the year ended 30 September 2014 was £12.00 to £18.27.

Notes

A Long Term Incentive Plan – Performance Shares

B Long Term Incentive Plan – Matching Shares

C Share Incentive Plan – Performance (Free) Shares

D Share Incentive Plan – Matching Shares

E Save As You Earn Awards (SAYE)

Note 1: The number of shares are calculated according to the scheme rules of individual plans based on the middle-market closing share price of the day prior to grant. As is usual market practice, the option price for SAYE awards is determined by the Committee in advance of the award by reference to the share price following announcement of results.

Note 2: For LTIP awards made in July 2010, vesting was based on ROE performance in the financial year ended 30 September 2012, according to the following targets:

	Threshold (25% vesting)	Target (50% vesting)	Maximum (100% vesting)
Award 1 (up to 100% of salary)	9.0%	12.0%	15.0%
Award 2 (over 100% of salary)	11.0%	13.0%	15.0%

As disclosed in last year's remuneration report, ROE in the year to 30 September 2012 was 14.6% (compared to 5.5% in the year prior to grant). Correspondingly 93.3% of award one and 90.0% of award two (or 91.7% of the overall award) vested in July 2013.

Note 3: For LTIP awards made in March 2011, vesting was based on ROCE (excluding operating leases adjustment) performance for the year to 30 September 2013. Actual ROCE for the year was 23% and therefore 100% of the awards vested in March 2014.

	Threshold (25% vesting)	Target (50% vesting)	Maximum (100% vesting)
Award 1 (up to 100% of salary)	7.0%	8.5%	12.0%
Award 2 (over 100% of salary)	10.0%	12.0%	13.0%

Note 4: For LTIP awards made in January 2012, vesting is based on three year average ROCE performance (excluding lease adjustment) for the three financial years ended 30 September 2014, which averaged 22.0%. Correspondingly 100% of these awards will vest. The following targets apply for these awards:

	Threshold (25% vesting)	Target (50% vesting)	Maximum (100% vesting)
Award 1 (up to 100% of salary)	8.0%	10.0%	12.0%
Award 2 (over 100% of salary)	11.5%	12.5%	13.0%

Note 5: For LTIP awards made in December 2012, 50% of vesting is based on three year average ROCE (including operating lease adjustment) performance for the three financial years ending 30 September 2015 and 50% of vesting is based on relative total shareholder return performance compared to companies ranked FTSE 51-150. The following targets apply for these awards:

	Below threshold (0% vesting)	Threshold (25% vesting)	Maximum (100% vesting)
ROCE awards (50% of total award)	< 12.0%	12.0%	16.0%
TSR awards (50% of total award)	< median	median	upper quartile

Note 6: For LTIP awards made in December 2013, 50% of vesting is based on three year average ROCE (including operating lease adjustment) performance for the three financial years ending 30 September 2016 and 50% of vesting is based on relative total shareholder return performance compared to companies ranked FTSE 51-150. The following targets apply for these awards:

	Below threshold (0% vesting)	Threshold (25% vesting)	Target (40% vesting)	Maximum (100% vesting)
ROCE awards (50% of total award)	<15.0%	15.0%	18.5%	20.0%
TSR awards (50% of total award)	< median	median		upper quartile

In addition, the TSR awards will not vest unless there has been positive TSR over the performance period.

Note 7: Participants buy Partnership Shares monthly under the Share Incentive Plan. The Company provides one Matching Share for each Partnership Share purchased, up to the first £125 per month. These matching shares are first available for vesting three years after purchase.

What are the shareholding guidelines for Directors?

The Chief Executive is required to build up a shareholding of 200% of salary (increased from 175% of salary) and the Chief Financial Officer required to build a shareholding of 175% of salary, to be built up over five years from the adoption of the policy (27 September 2012) or their appointment, if later. It is expected that this guideline will be achieved within five years of appointment. Until the guideline is met, they are required to retain 50% of net vested shares from the LTIP. Other senior executives have a 100% of salary shareholding requirement.

The Non-Executive Directors, including the Chairman of the Board, are required to build up a shareholding of 100% of annual fees over a period of three years from the adoption of the policy or date of appointment, if later.

What are the Directors' current shareholdings and interests in shares?

The following table provides details on the Directors' shareholdings and interests in shares as at 30 September 2014 (Audited):

	Unconditionally owned shares(2)	Shareholding guidelines achieved(3)	Interests in shares				
			DABP(4)	SAYE	LTIP(5)	SIP(6)	Total
John Barton	24,000	100%	–	–	–	–	–
Charles Gurassa	18,198	100%	–	–	–	–	–
Carolyn McCall OBE	231,131	100%	25,522	947	1,185,676	1,631	1,213,776
Chris Kennedy	110,364	100%	11,801	947	596,981	1,631	611,360
Adèle Anderson	5,114	86%	–	–	–	–	–
David Bennett	9,166	100%	–	–	–	–	–
Dr. Andreas Bierwirth(1)	3,771	98%	–	–	–	–	–
John Browett	5,412	100%	–	–	–	–	–
Professor Rigas Doganis	12,467	100%	–	–	–	–	–
Keith Hamill OBE	4,560	100%	–	–	–	–	–
Andy Martin	7,000	100%	–	–	–	–	–
François Rubichon(1)	nil	0%	–	–	–	–	–

(1) Appointed to the Board on 22 July 2014.

(2) Includes SIP Partnership Shares, vested SIP Performance (Free) Shares, vested SIP Matching Shares, LTIP Investment Shares, and any shares owned by connected persons.

(3) Unconditionally owned shares and share interests under the Deferred Annual Bonus Plan count towards achievement of the shareholding guidelines.

(4) The principal terms of the Deferred Annual Bonus Plan are described on page 75.

(5) LTIP shares are granted in the form of nil cost options subject to performance.

(6) Consists of unvested SIP Performance (Free) Shares and unvested SIP Matching Shares.

Note: The unconditionally owned shares of Carolyn McCall and Chris Kennedy have increased by 86 shares each since 30 September 2014 to 231,217 shares and 110,450 shares respectively, due to:

- the purchase in October and November 2014 of 21 SIP Partnership Shares; and
- the vesting of 65 SIP Matching Shares awarded in October and November 2011.

The interests in SIP shares of Carolyn McCall and Chris Kennedy have decreased by 48 shares each since 30 September 2014 to 1,583 shares each, due to:

- the vesting of 65 SIP Matching Shares awarded in October and November 2011; and
- the award of 17 SIP Matching Shares in October and November 2014.

Any changes subsequent to the date of this report may be found on our corporate website, http//corporate.easyjet.com

Executive Directors are deemed to be interested in the unvested shares held by the easyJet Share Incentive Plan and the easyJet plc Employee Benefit Trust. At 30 September 2014, ordinary shares held in the Trusts were as follows:

	Number
easyJet Share Incentive Plan Trust	2,514,157
easyJet plc Employee Benefit Trust	254,240
Total	**2,768,397**

Position against dilution limits

easyJet complies with the IMA Principles of Remuneration. These principles require that commitments under all of the Company's share ownership schemes must not exceed 10% of the issued share capital in any rolling ten-year period. The requirement for shares under all current share incentive schemes (LTIP, Deferred Annual Bonus Plan, Save As you Earn and Share Incentive Plan) will be satisfied with share purchases on the market. The remaining 0.4 million options under the Discretionary Share Option Schemes, when or if exercised, will continue to be settled by the issue of new shares. The Company's current position against its dilution limit is therefore under the maximum 10% limit.

The Company continuously reviews its position against the IMA dilution guidelines and, should there be insufficient headroom within which to grant new awards which could be satisfied by issuing new shares, it is the intention of the Company to continue its current practice of satisfying such awards with shares purchased on the market. This would include, in relation to the IMA's guideline, 5% in 10 year dilution limit which relates to discretionary share plans.

Employee share plan participation

easyJet encourages share ownership throughout the Group by the use of Performance (Free) Shares and Matching Shares within a Share Incentive Plan and a Save As You Earn scheme. All staff subject to minimum service were granted shares during the year. Executive Directors may also participate in these plans on the same terms as other eligible staff. They are summarised in the Corporate Responsibility report on page 41.

Details of Directors' service contracts and letters of appointment

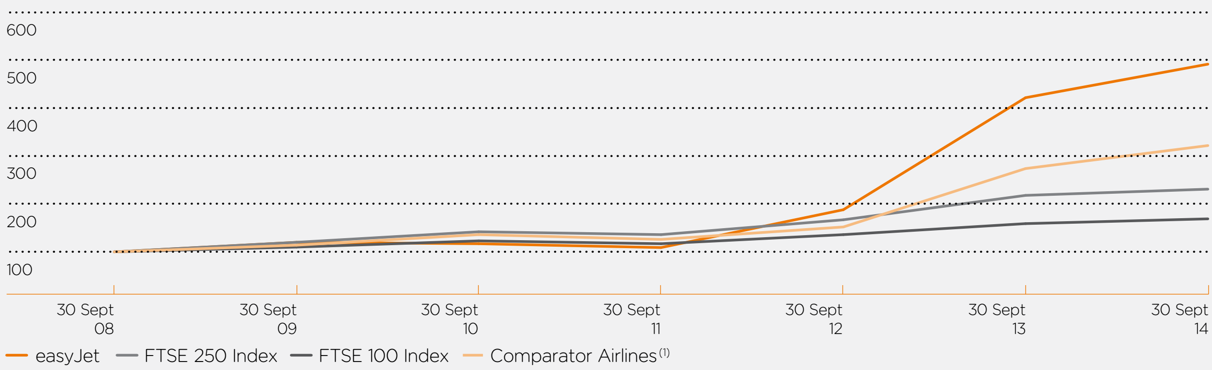
Details of the service contracts and letters of appointment in place as at 30 September 2014 for Directors are as follows:

	Date of current service contract or letter of appointment	Unexpired term at 30 September 2014
John Barton	3 October 2013	1 year 7 months
Charles Gurassa	3 October 2013	2 years
Carolyn McCall OBE	1 July 2010	–
Chris Kennedy	1 July 2010	–
Adèle Anderson	3 October 2013	2 years
David Bennett	26 September 2013	–
Dr. Andreas Bierwirth	19 June 2014	2 years 9 months
John Browett	26 September 2013	1 year 11 months
Professor Rigas Doganis	26 September 2013	2 months
Keith Hamill OBE	3 October 2013	5 months
Andy Martin	3 October 2013	2 years
François Rubichon	19 June 2014	2 years 9 months

Review of past performance

The chart below sets out the total shareholder return performance of the Company relative to the FTSE 250, FTSE 100 and a group of European airlines[1]. The FTSE 100 and FTSE 250 were chosen as easyJet has been a member of both indices during the period.

Total shareholder return



This graph shows the value, by 30 September 2014, of £100 invested in easyJet on 30 September 2008 compared with the value of £100 invested in the FTSE 100 Index, FTSE 250 Index or a comparator group of airlines. The other points plotted are the values at intervening financial year ends (overseas companies have been tracked in their local currency, i.e. ignoring exchange rate movements since 30 September 2008).

(1) British Airways, Lufthansa, Ryanair, Air France-KLM and Iberia have all been included in the comparative European airlines group. British Airways and Iberia have been tracked forward for 2011, 2012, 2013, and 2014 as IAG.

The table below shows the total remuneration figure for the Chief Executive over the same six-year period. The total remuneration figure includes the annual bonus and LTIP awards which vested based on performance in those years. The annual bonus and LTIP vesting percentages show the payout for each year as a percentage of the maximum.

	Year ended 30 September					
	2009	2010	2011	2012	2013	**2014**
Single total figure of remuneration (£'000)	1,686	2,741[3]	1,552	3,694	7,777	**7,678[2]**
Annual bonus (%)	88%	0%	63%	96%	87%	**76%**
LTIP vesting (%)	0%	0%	0%	92%	100%	**100%**

(2) Includes 445,575 LTIP shares vesting for the period, share price is £13.275 (the average share price for the three months to 30 September 2014) an increase of 238% on the share price at grant of £3.928. These also include the vesting of LTIP matching shares, granted in 2012, reflecting the first opportunity in which the current Executive Directors could invest their bonus.

(3) Includes remuneration for the current Chief Executive, Carolyn McCall, of £178,000 and for the former Chief Executive of £2,563,000.

Governance

How does the change in Chief Executive pay for the year compare to that for easyJet employees?

The table below shows the percentage year-on-year change in salary, benefits and annual bonus earned between the year ended 30 September 2014 and the year ended 30 September 2013 for the Chief Executive, compared to the average earnings of all other easyJet UK employees.

%	Salary	Benefits	Annual bonus
CE	2.5%	0%	10% reduction
Average pay based on all easyJet's UK employees(1)	2.5%	0%	10% reduction

(1) Reflects the change in average pay for UK employees employed in both the year ended 30 September 2014 and the year ended 30 September 2013.

How much does easyJet spend on employee pay each year?

The table below shows the total pay for all of easyJet's employees compared to other key financial indicators.

	Year ended 30 September 2013	**Year ended 30 September 2014**	Change %
Employee costs (£m)	517	**566**	9.5%
Ordinary dividend (£m)	133	**180**	35.5%
Special dividend (£m)	175	**nil**	n/a
Average number of employees	8,343	**8,987**	7.7%
Revenue (£m)	4,258	**4,527**	6.3%
Profit before tax (£m)	478	**581**	21.5%

Additional information on the number of employees, total revenue and profit has been provided for context. The majority of easyJet's employees (around 93%) perform flight and ground operations, with the rest performing administrative and managerial roles.

What have Executive Directors earned for holding external appointments?

Carolyn McCall joined the board of Burberry Group plc as a non-executive director on 1 September 2014 and received fees of £6,667 in the period to 30 September 2014. No other Executive Directors held external appointments in the year ended 30 September 2014.

How did shareholders vote on remuneration at the last AGM?

Votes cast at the AGM in February 2014 in respect of the Company's remuneration policy and the Annual report on remuneration are given in the 'Shareholders' vote on remuneration' table below.

In line with the Company's commitment to ongoing dialogue with its shareholders, meetings are offered, where appropriate, to understand the reasons for any potential or actual opposition to the Company's remuneration policy. Changes are made to our policy where it is considered appropriate to do so.

easyJet consulted extensively with shareholders in advance of the 2014 financial year Directors' remuneration report. In addition, improved disclosure enables other shareholders to take a fully informed view on the current remuneration framework policies and practices at easyJet. easyJet met with the NAPF and the ABI, who recommended a vote 'for' and gave a "blue top" report respectively.

In relation to voting at our 2014 AGM, 37.0% and 36.5% of the total shares able to be voted were cast against the resolutions relating to the approval of the Company's remuneration policy and approval of the Annual report on remuneration, respectively. Two of our top 20 shareholders voted against the two resolutions. However, all of our top 20 institutional shareholders voted in support of the resolutions and the next largest institutional shareholder voting against the resolutions held 0.13% of the shares able to be voted.

Where individual shareholders voted against our policy, the Committee has sought to engage with them to understand their concerns as part of determining remuneration policy.

Shareholders' vote on remuneration

	Policy		Annual Report on Remuneration	
Votes cast in favour	179,101,482	54.95%	181,034,255	55.55%
Votes cast against	146,816,506	45.05%	144,889,092	44.45%
Total votes cast in favour or against	325,917,988	100.00%	325,923,347	100.00%
Votes withheld	959,350		952,895	

The Directors present the Directors' report, together with the audited accounts for the year ended 30 September 2014. The Directors' report comprises pages 89 to 92, and the sections of the annual report incorporated by reference are set out below:

In accordance with the UK Financial Conduct Authority's Listing Rules (LR 9.8.4C), the information to be included in the Annual report and accounts, where applicable, under LR 9.8.4, is set out in this Directors' report, with the exception of details of transactions with controlling shareholders which is set out on page 129 (note 27 to the accounts).

The annual report has been drawn up and presented in accordance with English company law and the liabilities of the Directors in connection with the report shall be subject to the limitations and restrictions provided by such law.

easyJet plc is incorporated as a public limited company and is registered in England with the registered number 3959649. easyJet plc's registered office is Hangar 89, London Luton Airport, Luton, Bedfordshire, LU2 9PF. The Company's registrars are Equiniti Limited who are situated at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

Political donations and expenditure
easyJet works constructively with all levels of government across its network, regardless of political affiliation. easyJet believes in the rights of individuals to engage in the democratic process, however easyJet itself does not make any political donations and does not incur any political expenditure.

Dividend
The Directors are recommending an ordinary dividend, with a payout ratio of 40% of profit after tax, of £180 million or 45.4 pence per share. The ordinary dividend is subject to shareholder approval at the Company's Annual General Meeting to be held on 12 February 2015.

Appointment and retirement of Directors
Subject to applicable law, a Director may be appointed by an ordinary resolution of shareholders in general meeting following nomination by the Board or a member (or members) entitled to vote at such meeting, or following retirement by rotation if the Director chooses to seek re-election at a general meeting. In addition, the Directors may appoint a Director to fill a vacancy or as an additional Director, provided that the individual retires at the next Annual General Meeting. A Director may be removed by the Company as provided for by applicable law, in certain circumstances set out in the Company's Articles of Association (for example bankruptcy or resignation), or by an ordinary resolution of the Company in general meeting. All Directors stand for election at the Annual General Meeting following their appointment, and stand for re-election on an annual basis in line with the recommendations of the UK Corporate Governance Code.

Powers conferred on the Directors in relation to issuing or buying back shares
Subject to applicable law and the Company's Articles of Association the Directors may exercise all powers of the Company, including the power to authorise the issue and/or market purchase of the Company's shares (subject to an appropriate authority being given to the Directors by shareholders in general meeting and any conditions attaching to such authority). The shareholders delegated the following powers in relation to the issuing or market purchase by the Company of its shares at the Company's 2014 Annual General Meeting:

- authority to allot equity securities with a nominal value of up to approximately 10% of its issued share capital; and
- authority to make market purchases of its own shares, up to a maximum of approximately 10% of the Company's issued share capital.

These standard authorities will expire on 13 May 2015, or at the conclusion of the Annual General Meeting in 2015, whichever is the earlier. The Directors will seek to renew the authorities at the Annual General Meeting in 2015. As at 17 November 2014, neither authority had been exercised.

During the 2014 financial year, 351,564 ordinary shares in the Company were issued for cash to satisfy the exercise of options granted under the Company's Discretionary Share Option Scheme (see note 19 to the accounts). However, these do not count against the allotment authority granted by shareholders in accordance with the Companies Act 2006.

Directors' indemnities
Directors' and officers' insurance cover has been established for all Directors to provide cover against their reasonable actions on behalf of the Company. A deed was executed in 2007 indemnifying each of the Directors of the Company and/or its subsidiaries as a supplement to the directors' and officers' insurance cover. The indemnities, which constitute a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2014 financial year and remain in force for all current and past Directors of the Company.

Directors' conflicts of interest
Directors have a statutory duty to avoid situations in which they have, or may have, interests that conflict with those of easyJet, unless that conflict is first authorised by the Board. The Company has in place procedures for managing conflicts of interest. The Company's Articles of Association also contain provisions to allow the Directors to authorise potential conflicts of interest so that a Director is not in breach of his/her duty under company law. Should a Director become aware that he/she has an interest, directly or indirectly, in an existing or proposed transaction with easyJet, he/she should notify the Board in line with the Company's Articles of Association. Directors have a continuing duty to update any changes to their conflicts of interest.

Share capital and rights attaching to shares
Details of the movements in authorised and issued share capital during the year are provided in note 18 to the accounts on page 118.

On 30 September 2014 there was a single class of 396,857,135 ordinary shares of 27 2/7 pence in issue, each with one vote. There were no shares held in treasury at that date.

The rights and obligations attaching to the Company's ordinary shares are set out in its Articles of Association. Holders of ordinary shares are entitled, subject to any applicable law and the Company's Articles of Association, to:

- have shareholder documents made available to them, including notice of any general meeting;
- attend, speak and exercise voting rights at general meetings, either in person or by proxy; and
- participate in any distribution of income or capital.

Voting rights and restrictions on transfer of shares
None of the ordinary shares carry any special rights with regard to control of the Company. There are no restrictions on transfers of shares other than:

- certain restrictions which may from time to time be imposed by laws or regulations such as those relating to insider dealing;
- pursuant to the Company's Share Dealing Code, whereby the Directors and designated employees require approval to deal in the Company's shares;
- where a person with an interest in the Company's shares has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares;
- where a proposed transferee of the Company's shares has failed to furnish to the Directors a declaration of nationality (together with such evidence as the Directors may require) as required by the Company's Articles of Association; and
- the powers given to the Directors by the Company's Articles of Association to limit the ownership of the Company's shares by non-UK nationals and powers to enforce this limitation including the right to force a sale of any affected shares.

There are no restrictions on exercising voting rights save in situations where the Company is legally entitled to impose such a restriction (for example under the Articles of Association where amounts remain unpaid in the shares after request, or the holder is otherwise in default of an obligation to the Company). The Company is not aware of any arrangements between shareholders that may result in restrictions on the transfer of securities or voting rights.

Employee share schemes – rights of control
The trustee of the easyJet UK Share Incentive Plan (the Plan) will, on receipt of any offer, compromise, arrangement or scheme which affects ordinary shares held in the Plan, or in relation to any resolutions proposed at a general meeting (including the Annual General Meeting), invite participants to direct the trustee on the exercise of any voting rights attaching to the ordinary shares held by the trustee on their behalf and/or direct how the trustee shall act in relation to those ordinary shares. The trustee shall take no action in respect of ordinary shares for which it has received no direction to vote, or ordinary shares which are unallocated. On a poll, the trustee shall vote in accordance with directions given by participants. In the absence of directions, or on a show of hands, the trustee shall not vote.

The trustee of the easyJet plc Employee Benefit Trust (the Trust), which is used to purchase shares on behalf of the Company for the benefit of employees, including in connection with the easyJet Long Term Incentive Plan and the International Share Incentive Plan, has the power to vote or not vote, at its absolute discretion in respect of any shares in the Company held unallocated in the Trust. However, in accordance with good practice, the trustee adopts a policy of not voting in respect of such shares.

Both the trustees of the easyJet UK Share Incentive Plan and the easyJet plc Employee Benefit Trust have a dividend waiver in place in respect of shares which are the beneficial property of each of the trusts.

Amendment of the Articles of Association
The Company's Articles of Association may only be amended by a special resolution at a general meeting of the shareholders.

Change of control provisions
The Company is not party to any significant agreements that would take effect, alter or terminate following a change of control of the Company.

The Company does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a change of control on takeover, except that provisions of the Company's share schemes and plans may cause options and awards granted to employees under such schemes and plans to vest on a takeover.

Substantial interests

In accordance with the Disclosure and Transparency Rules DTR 5, the Company, as at 30 September 2014, has been notified of the following disclosable interests in its issued ordinary shares:

	Number of shares as notified to the Company	% of issued share capital as at 30 September 2014
The Haji-Ioannou family concert party shareholding, consisting of easyGroup Holdings Ltd (holding vehicle for Sir Stelios Haji-Ioannou and Clelia Haji-Ioannou) and Polys Haji-Ioannou (through his holding vehicle Polys Holding Limited)	137,400,553	34.62%
The Capital Group Companies, Inc.	35,932,207	9.05%
Blackrock, Inc.	19,819,175	4.99%
Standard Life Investments Ltd (in relation to shares held through Vidacos Nominees)	19,707,961	4.97%

Note: On 5 November 2014, The Capital Group Companies, Inc, disclosed an increase in shareholding to 10.01% (39,725,742 ordinary shares). No other changes to the above have been disclosed to the Company in accordance with the Disclosure and Transparency Rules DTR 5, between 30 September and 14 November 2014. All interests disclosed to the Company in accordance with DTR 5 that have occurred since 30 September 2014 can be found at easyJet's corporate website: http://corporate.easyjet.com/investors

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the Company will be put to shareholders at the forthcoming Annual General Meeting.

Relationship agreement with controlling shareholders

Any person who exercises or controls on their own or together with any person with whom they are acting in concert, 30% or more of the votes able to be cast on all or substantially all matters at general meetings of a company are known as 'controlling shareholders'. The Financial Conduct Authority's Listing Rules require companies with controlling shareholders to enter into a written and legally binding agreement which is intended to ensure that the controlling shareholder complies with certain independence provisions. The agreement must contain undertakings that:

(a) transactions and arrangements with the controlling shareholder (and/or any of its associates) will be conducted at arm's length and on normal commercial terms;

(b) neither the controlling shareholder nor any of its associates will take any action that would have the effect of preventing the listed company from complying with its obligations under the Listing Rules; and

(c) neither the controlling shareholder nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

The Board confirms that, in accordance with the Listing Rules, on 14 November 2014, the Company entered into such an agreement with Sir Stelios Haji-Ioannou (easyJet's founder) and easyGroup Holdings Limited, an entity in which Sir Stelios holds a beneficial interest and which holds shares in the Company on behalf of Sir Stelios (the 'Relationship Agreement'). Under the terms of the Relationship Agreement, Sir Stelios and easyGroup Holdings Limited have agreed to procure the compliance of Polys and Clelia Haji-Ioannou with the independence obligations contained in the Relationship Agreement. Sir Stelios, easyGroup, Polys and Clelia Haji-Ioannou together comprise controlling shareholders of the Company who have a combined total holding of approximately 34.62% of the Company's voting rights.

The Board confirms that, since the entry into the Relationship Agreement on 14 November 2014 until 17 November 2014, being the latest practicable date prior to the publication of this Annual report and accounts:

(i) the Company has complied with the independence provisions included in the Relationship Agreement;

(ii) so far as the Company is aware, the independence provisions included in the Relationship Agreement have been complied with by Sir Stelios, easyGroup, and Clelia and Polys Haji-Ioannou and their associates; and

(iii) so far as the Company is aware, the procurement obligation included in the Relationship Agreement has been complied with by Sir Stelios and easyGroup.

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report, the Directors' remuneration report and the accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have prepared the Group and Company accounts in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period. In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the accounts and the Directors' remuneration report comply with the Companies Act 2006 and, as regards the Group accounts, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of, amongst other things, the financial and corporate governance information provided on the easyJet website: http://corporate.easyjet.com/investors. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 54 and 55 confirm that, to the best of their knowledge:

- the Group and Company accounts, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company; and
- the Strategic report, included in the annual report, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

In accordance with Section 418 of the Companies Act 2006, each Director in office at the date the Directors' report is approved, confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The annual report on pages 1 to 92 was approved by the Board of Directors and authorised for issue on 17 November 2014 and signed on its behalf by:

Carolyn McCall OBE
Chief Executive

Chris Kennedy
Chief Financial Officer

REPORT ON THE ACCOUNTS

Our opinion

In our opinion:

- easyJet plc's Group accounts and Company accounts (together the "accounts") give a true and fair view of the state of the Group's and of the Company's affairs as at 30 September 2014 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- the Group accounts have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Company accounts have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the accounts have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group accounts, Article 4 of the IAS Regulation.

What we have audited

easyJet plc's accounts comprise:

- the Group consolidated and Company statements of financial position as at 30 September 2014;
- the Group consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the Group consolidated and Company statements of cash flows for the year then ended;
- the Group consolidated and Company statements of changes in equity for the year then ended; and
- the notes to the accounts, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the accounts is applicable law and IFRSs as adopted by the European Union and, as regards the Company accounts, as applied in accordance with the provisions of the Companies Act 2006.

Our audit approach

Overview

Materiality

- Overall group materiality: £29 million which represents 5% of profit before tax.

Audit scope

- The Group operates through the Company and its four trading subsidiaries; the Group accounts are a consolidation of these entities.
- The accounting for these entities and the Group consolidation is largely centralised in the UK.
- Our audit scope comprises an audit of the Company and the complete financial information of the trading subsidiaries.

Areas of focus:

- Aircraft maintenance provisions.
- Treasury operations.
- Accruals.
- Goodwill and landing rights impairment assessment.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the accounts. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there is evidence of bias by the Directors that may represent a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below together with an explanation of how we tailored our audit to address these specific areas. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Aircraft maintenance provisions The Group operates aircraft which are owned or held under finance or operating lease arrangements and incurs liabilities for maintenance costs in respect of aircraft leased under operating leases during the term of the lease. These arise from legal and contractual obligations relating to the condition of the aircraft when it is returned to the lessor. Maintenance provisions of £226 million for aircraft maintenance costs in respect of aircraft leased under operating leases are recorded in the accounts at 30 September 2014 (refer to notes 1 and 17 to the accounts). At each balance sheet date, the calculation of the maintenance provision includes a number of variable factors and assumptions including: likely utilisation of the aircraft; the expected cost of the heavy maintenance check at the time it is expected to occur; the condition of the aircraft; and the lifespan of life-limited parts. We focused on this area because of an inherent level of management judgement required in calculating the amount of provision needed as a result of the complex and subjective elements around these variable factors and assumptions.	We evaluated the maintenance provision model and tested the calculations therein. This included assessing the process by which the variable factors within the provision were estimated, evaluating the reasonableness of the assumptions, testing the input data and reperforming calculations. In particular, we challenged the key assumptions using the Group's internal data, such as business plans and maintenance contract terms. We also performed sensitivity analysis around the key drivers of the model. Having ascertained the magnitude of movements in those key assumptions, that either individually or collectively would be required for the provision to be misstated, we considered the likelihood of such movements arising and any impact on the overall level of aircraft maintenance provisions recorded in the accounts.
Treasury operations The Group holds significant net funds, comprising cash and money market deposits and borrowings through bank loans and finance lease obligations. Given the nature of the business, the Group also makes use of derivative financial instruments. Forward contracts are used to hedge transaction currency risk (comprising fuel, leasing and maintenance US dollar payments), jet fuel price risk, and euro and Swiss franc revenue receipts. At 30 September 2014, cash and money market deposits amount to £985 million, borrowings are £563 million, derivative financial assets amount to £89 million and derivative financial liabilities are £110 million. Further details are set out in notes 1, 13, 15, 22 and 23 to the accounts. We focused on these balances because of their materiality to the financial position of the Group, the volume of transactions passing through the respective accounts and the number of counterparties involved.	We evaluated and assessed the processes, procedures and controls in respect of the Group's treasury and other management functions which directly impact the relevant account balances and transactions. We tested management's year end account reconciliation process. The results of this work allowed us to focus on substantiating the year-end positions recorded in the accounts. We independently obtained third-party confirmations from each counterparty as at the year end position. We assessed the appropriateness of hedge accounting for the derivative financial instruments and tested, using independent data-feeds, the fair values being ascribed to those instruments at the year end. We also assessed the appropriateness of the disclosures in the accounts in respect of both non-derivative and derivative financial instruments.

Area of focus	How our audit addressed the area of focus
Accruals The Group records a number of accrual balances which are specific to the business and its operations. At 30 September 2014, the aggregate of all accruals is £309 million (refer to notes 1 and 14 to the accounts). Whilst some accruals are easily and ordinarily calculated and processed, others contain an element of judgement and are more complex in nature, for example, customer claims in respect of flight delays, cancellations and Air Passenger Duty. We focused on this area because of an inherent level of complexity in management estimating certain accruals as a result of the judgements that were to be made. These types of accrual were not individually material but may, under certain circumstances, be material in the aggregate.	We evaluated the systems, processes and controls in place over accrual balances and also assessed key account reconciliation processes. Amongst other testing, we sought evidence of post year end cash and other account movements which provided evidence as to the validity of the accrual at the year end and we undertook analytical procedures over the related income statement cost categories. We tested and challenged the reasonableness of the key assumptions underlying certain accruals, which included passenger claim history and levels, flight disruptions, no-show passengers and time periods. We also tested the accrual input data, reperformed calculations and performed sensitivity analysis around the key drivers, as well as considering the likelihood of material movements to such drivers.
Goodwill and landing rights impairment assessment Goodwill arises from acquisitions in previous years and has an indefinite expected useful life. Landing rights (which are an intangible asset) are considered by management to have an indefinite useful life as they will remain available for use for the foreseeable future. Goodwill and landing rights are tested for impairment at least annually at the cash-generating unit ('CGU') level. The Group has one CGU, being its route network, to which all goodwill and landing rights relate. At 30 September 2014, they amount, in aggregate, to £459 million (refer to notes 1 and 8 to the accounts). We focused on this assessment as the impairment test involves a number of subjective judgements and estimates by management, many of which are forward-looking. These estimates include key assumptions surrounding the strategic plans through to 2019, fuel prices, exchange rates, long-term economic growth rates and discount rates.	We evaluated and challenged the future cash flow forecasts of the CGU, and the process by which they were drawn up, and tested the underlying value in use calculations. In doing this, we compared the forecast to the latest Board approved plans, along with comparing prior year budget to actual data, as this informed as to the quality of the forecasting process. We also challenged the key assumptions for fuel prices, exchange rates and long-term growth rates in the forecasts by comparing them to economic and industry forecasts; and the discount rate by assessing the cost of capital for the Company and comparable organisations. We performed sensitivity analysis around the key assumptions above to ascertain the extent of change in those assumptions that either individually or collectively would be required for the goodwill and landing rights to be impaired.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the accounts as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group operates through the Company and its four trading subsidiary undertakings as set out on page 133 and the Group accounts are a consolidation of these entities. The accounting for these entities is largely centralised in the UK and our audit scope comprises an audit of their complete financial information. These procedures gave us the evidence that we needed for our opinion on the Group's accounts as a whole.

Materiality

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the accounts as a whole.

Based on our professional judgement, we determined materiality for the accounts as a whole as follows:

Overall group materiality	£29 million (2013: £23 million).
How we determined it	5% of profit before tax.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £2 million (2013: £1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 26, in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the accounts using the going concern basis of accounting. The going concern basis presumes that the Group and Company have adequate resources to remain in operation, and that the Directors intend them to do so, for at least one year from the date the accounts were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern.

OTHER REQUIRED REPORTING

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic report and the Directors' report for the financial year for which the accounts are prepared is consistent with the accounts.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

• Information in the Annual Report is: • materially inconsistent with the information in the audited accounts; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Company acquired in the course of performing our audit; or • otherwise misleading.	We have no exceptions to report arising from this responsibility.
• the statement given by the Directors on pages 62 and 63, in accordance with provision C.1.1 of the UK Corporate Governance Code dated September 2012 (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Company's performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
• the section of the Annual Report on pages 60 to 63, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company accounts and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

RESPONSIBILITIES FOR THE ACCOUNTS AND THE AUDIT

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 92, the Directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of accounts involves

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the accounts.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the accounts.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

John Minards (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans, Hertfordshire

17 November 2014

Consolidated income statement

	Notes	**Year ended 30 September 2014 £ million**	Year ended 30 September 2013 £ million
Seat revenue		**4,462**	4,194
Non-seat revenue		**65**	64
Total revenue	26	**4,527**	4,258
Fuel		**(1,251)**	(1,182)
Airports and ground handling		**(1,107)**	(1,078)
Crew		**(479)**	(454)
Navigation		**(307)**	(294)
Maintenance		**(212)**	(212)
Selling and marketing		**(103)**	(101)
Other costs		**(245)**	(226)
EBITDAR		**823**	711
Aircraft dry leasing		**(124)**	(102)
Depreciation	9	**(106)**	(102)
Amortisation of intangible assets	8	**(12)**	(10)
Operating profit		**581**	497
Interest receivable and other financing income		**11**	5
Interest payable and other financing charges		**(11)**	(24)
Net finance charges	2	**–**	(19)
Profit before tax	3	**581**	478
Tax charge	5	**(131)**	(80)
Profit for the year		**450**	398
Earnings per share, pence			
Basic	6	**114.5**	101.3
Diluted	6	**113.2**	100.0

Consolidated statement of comprehensive income

	Notes	**Year ended 30 September 2014 £ million**	Year ended 30 September 2013 £ million
Profit for the year		**450**	398
Other comprehensive income			
Cash flow hedges			
Fair value losses in the year		**(2)**	(82)
Losses/(gains) transferred to income statement		**50**	(42)
Related tax (charge)/credit	5	**(10)**	27
		38	(97)
Total comprehensive income for the year		**488**	301

All items in other comprehensive income will be re-classified to the income statement.

Consolidated statement of financial position

	Notes	**30 September 2014 £ million**	30 September 2013 £ million
Non-current assets			
Goodwill	8	**365**	365
Other intangible assets	8	**113**	102
Property, plant and equipment	9	**2,542**	2,280
Derivative financial instruments	22	**36**	13
Loan notes	10	**4**	7
Restricted cash	13	**9**	12
Other non-current assets	11	**152**	185
		3,221	2,964
Current assets			
Trade and other receivables	12	**200**	194
Derivative financial instruments	22	**53**	17
Restricted cash	13	**23**	–
Money market deposits	13	**561**	224
Cash and cash equivalents	13	**424**	1,013
		1,261	1,448
Current liabilities			
Trade and other payables	14	**(1,110)**	(1,093)
Borrowings	15	**(91)**	(87)
Derivative financial instruments	22	**(87)**	(60)
Current tax payable		**(53)**	(58)
Maintenance provisions	17	**(79)**	(81)
		(1,420)	(1,379)
Net current (liabilities)/assets		**(159)**	69
Non-current liabilities			
Borrowings	15	**(472)**	(592)
Derivative financial instruments	22	**(23)**	(41)
Non-current deferred income	16	**(62)**	(68)
Maintenance provisions	17	**(147)**	(171)
Deferred tax	5	**(186)**	(144)
		(890)	(1,016)
Net assets		**2,172**	2,017
Shareholders' equity			
Share capital	18	**108**	108
Share premium		**658**	657
Hedging reserve		**(17)**	(55)
Translation reserve		**1**	1
Retained earnings		**1,422**	1,306
		2,172	2,017

The accounts on pages 98 to 129 were approved by the Board of Directors and authorised for issue on 17 November 2014 and signed on behalf of the Board.

Carolyn McCall

Carolyn McCall OBE
Director

Chris Kennedy
Director

Consolidated statement of changes in equity

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2013	**108**	**657**	**(55)**	**1**	**1,306**	**2,017**
Total comprehensive income	**–**	**–**	**38**	**–**	**450**	**488**
Dividends paid (note 7)	**–**	**–**	**–**	**–**	**(308)**	**(308)**
Share incentive schemes						
Proceeds from shares issued	**–**	**1**	**–**	**–**	**–**	**1**
Value of employee services	**–**	**–**	**–**	**–**	**23**	**23**
Related tax (note 5)	**–**	**–**	**–**	**–**	**8**	**8**
Purchase of own shares	**–**	**–**	**–**	**–**	**(57)**	**(57)**
At 30 September 2014	**108**	**658**	**(17)**	**1**	**1,422**	**2,172**

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2012	108	656	42	1	987	1,794
Total comprehensive (expense)/income	–	–	(97)	–	398	301
Dividends paid	–	–	–	–	(85)	(85)
Share incentive schemes						
Proceeds from shares issued	–	1	–	–	–	1
Value of employee services	–	–	–	–	18	18
Related tax (note 5)	–	–	–	–	14	14
Purchase of own shares	–	–	–	–	(26)	(26)
At 30 September 2013	108	657	(55)	1	1,306	2,017

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments relating to highly probable transactions that are forecast to occur after the year end.

Consolidated statement of cash flows

	Notes	**Year ended 30 September 2014 £ million**	Year ended 30 September 2013 £ million
Cash flows from operating activities			
Cash generated from operations (excluding dividends)	20	**793**	788
Ordinary dividends paid	7	**(133)**	(85)
Special dividends paid	7	**(175)**	–
Net interest and other financing charges received/(paid)		**5**	(22)
Tax paid		**(96)**	(65)
Net cash generated from operating activities		**394**	616
Cash flows from investing activities			
Purchase of property, plant and equipment	9	**(426)**	(400)
Proceeds from sale of property, plant and equipment		**1**	1
Purchase of intangible assets	8	**(23)**	(21)
Redemption of loan notes	10	**3**	4
Net cash used by investing activities		**(445)**	(416)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		**1**	1
Purchase of own shares for employee share schemes		**(57)**	(26)
Repayment of bank loans	21	**(104)**	(273)
Repayment of capital element of finance leases	21	**(8)**	(10)
Net proceeds from sale and operating leaseback of aircraft		**–**	316
Net (increase)/decrease in money market deposits	21	**(338)**	41
Net (increase)/decrease in restricted cash		**(20)**	148
Net cash (used by)/generated from financing activities		**(526)**	197
Effect of exchange rate changes		**(12)**	(29)
Net (decrease)/increase in cash and cash equivalents		**(589)**	368
Cash and cash equivalents at beginning of year		**1,013**	645
Cash and cash equivalents at end of year	13	**424**	1,013

1 Significant accounting policies

Statement of compliance

easyJet plc (the 'Company') and its subsidiaries ('easyJet' or the 'Group' as applicable) is a low-cost airline carrier operating principally in Europe. The Company is a public limited company whose shares are listed on the London Stock Exchange under the ticker symbol EZJ and is incorporated and domiciled in the United Kingdom. The address of its registered office is Hangar 89, London Luton Airport, Luton, Bedfordshire, LU2 9PF.

The accounts are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, taking into account IFRS Interpretations Committee (IFRSIC) interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of preparation

The accounts are prepared based on the historical cost convention except for certain financial assets and liabilities including derivative financial instruments that are measured at fair value.

The accounting policies set out below have been applied consistently to all years presented in these accounts.

easyJet's business activities, together with factors likely to affect its future development and performance, are described in the strategic report on pages 2 to 51. Principal risks and uncertainties are described on pages 28 to 35. Note 23 to the accounts sets out the Group's objectives, policies and procedures for managing its capital and gives details of the risks related to financial instruments held by the Group.

The accounts have been prepared on the going concern basis. Details on going concern are provided on page 26.

Significant judgements, estimates and critical accounting policies

The preparation of accounts in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions may mean that actual results ultimately differ from those estimates, and these differences may be material. The estimates and the underlying assumptions are reviewed regularly.

The following two accounting policies are considered critical accounting policies as they require a significant amount of management judgement and the results are material to easyJet's accounts.

Aircraft maintenance provisions (Note 17)

easyJet incurs liabilities for maintenance costs in respect of aircraft leased under operating leases during the term of the lease. These arise from legal and constructive contractual obligations relating to the condition of the aircraft when it is returned to the lessor. To discharge these obligations, easyJet will also normally need to carry out one heavy maintenance check on each of the engines and the airframe during the lease term.

A charge is made in the income statement based on hours or cycles flown to provide for the cost of these obligations. Estimates required include the likely utilisation of the aircraft, the expected cost of the heavy maintenance check at the time it is expected to occur, the condition of the aircraft and the lifespan of life-limited parts.

The bases of all estimates are reviewed annually, and also when information becomes available that is capable of causing a material change to an estimate, such as renegotiation of end of lease return conditions, increased or decreased utilisation, or changes in the cost of heavy maintenance services.

Goodwill and landing rights (Note 8)

Goodwill and landing rights are tested for impairment at least annually. easyJet has one cash-generating unit, being its route network. In making this assessment, easyJet has considered the manner in which the business is managed including the centralised nature of its operations and the ability to open or close routes and redeploy aircraft and crew across the whole route network.

The value in use of the cash-generating unit is determined by discounting future cash flows to their present value. When applying this method, easyJet relies on a number of estimates including its strategic plans, fuel prices, exchange rates, long-term economic growth rates for the principal countries in which it operates and its pre-tax weighted average cost of capital.

1 Significant accounting policies continued

Basis of consolidation

The consolidated accounts incorporate those of easyJet plc and its subsidiaries for the years ended 30 September 2013 and 2014.

A subsidiary is an entity controlled by easyJet. Control exists when easyJet has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to benefit from its activities.

Intragroup balances, transactions and any unrealised gains and losses arising from intragroup transactions are eliminated in preparing the consolidated accounts.

Foreign currencies

The primary economic environment in which a subsidiary operates determines its functional currency. The consolidated accounts of easyJet are presented in sterling, which is the Company's functional currency and the Group's presentation currency. Certain subsidiaries have operations that are primarily influenced by a currency other than sterling. Exchange differences arising on the translation of these foreign operations are taken to shareholders' equity until all or part of the interest is sold, when the relevant portion of the accumulated exchange gains or losses is recognised in the income statement. Profits and losses of foreign operations are translated into sterling at average rates of exchange during the year, since this approximates the rates on the dates of the transactions.

Transactions arising in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling using the rate of exchange ruling at the balance sheet date and (except where the asset or liability is designated as a cash flow hedge) the gains or losses on translation are included in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated into sterling at foreign exchange rates ruling at the dates the transactions were effected.

Revenue recognition

Revenue comprises seat revenue, being the value of airline services (net of air passenger duty, VAT and discounts), and non-seat revenue.

Seat revenue arises from the sale of flight seats, including the provision of checked baggage, allocated seating, administration, credit card and change fees. Seat revenue is recognised when the service is provided. This is generally when the flight takes place, but in the following cases, this is at the time of booking:

- administration and credit card fees, as they are contractually non-refundable; and
- change fees, as the service provided is that of allowing customers to change bookings.

Amounts paid by 'no-show' customers are recognised as seat revenue when the booked service is provided as such customers are not generally entitled to change flights or seek refunds once a flight has departed.

Unearned revenue represents flight seats, including the provision of checked baggage and allocated seating, sold but not yet flown and is included in trade and other payables until it is realised in the income statement when the service is provided.

Non-seat revenue arises from commissions earned from services sold on behalf of partners and is recognised when the service is provided. This is generally when the related flight takes place. In the case of commission earned from travel insurance, revenue is recognised at the time of booking as easyJet acts solely as appointed representative of the insurance company.

Business combinations

Business combinations in prior years were accounted for by applying the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given and liabilities incurred or assumed plus any costs directly attributable to the business combination. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date. There have been no business combinations since the effective date of IFRS 3 Business Combinations (Revised).

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over easyJet's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

Goodwill and other intangible assets
Goodwill is stated at cost less any accumulated impairment losses. It has an indefinite expected useful life and is tested for impairment at least annually or where there is any indication of impairment.

Landing rights are stated at cost less any accumulated impairment losses. They are considered to have an indefinite useful life as they will remain available for use for the foreseeable future provided minimum utilisation requirements are observed, and are tested for impairment at least annually or where there is any indication of impairment.

Other intangible assets are stated at cost less accumulated amortisation, which is calculated to write off their cost, less estimated residual value, on a straight-line basis over their expected useful lives. Expected useful lives and residual values are reviewed annually.

	Expected useful life
Computer software	3 years
Contractual rights	Over the length of the related contracts

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost, less estimated residual value, of assets, on a straight-line basis over their expected useful lives. Expected useful lives are reviewed annually.

	Expected useful life
Aircraft	23 years
Aircraft spares	14 years
Aircraft – prepaid maintenance	3-10 years
Leasehold improvements	5-10 years or the length of lease if shorter
Fixtures, fittings and equipment	3 years or length of lease of property where equipment is used if shorter
Computer hardware	5 years

Aircraft held under finance leases are depreciated over the shorter of the lease term and their expected useful lives, as shown above.

Residual values, where applicable, are reviewed annually against prevailing market rates at the balance sheet date for equivalently aged assets and depreciation rates adjusted accordingly on a prospective basis. The carrying value is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

An element of the cost of a new aircraft is attributed on acquisition to prepaid maintenance and is depreciated over a period ranging from three to ten years from the date of manufacture. Subsequent costs incurred which lend enhancement to future periods, such as long-term scheduled maintenance and major overhaul of aircraft and engines, are capitalised and depreciated over the length of period benefiting from these enhancements. All other maintenance costs are charged to the income statement as incurred.

Pre-delivery and option payments made in respect of aircraft are recorded in property, plant and equipment at cost. These amounts are not depreciated.

Gains and losses on disposals (other than aircraft sale and leaseback transactions) are determined by comparing the net proceeds with the carrying amount and are recognised in the income statement.

Impairment of non-current assets
An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset's fair value less cost to sell and its value in use. Impairment losses recognised on goodwill are not reversed. Impairment losses recognised on assets other than goodwill are only reversed where changes in the estimates used result in an increase in recoverable amount.

1 Significant accounting policies continued

Leases

easyJet enters into sale and leaseback transactions whereby it sells either new or mid-life aircraft to a third party and immediately leases it back under an operating lease. Surpluses arising on disposal, where the price that the aircraft is sold for is above fair value, are recognised in deferred income and amortised on a straight-line basis over the expected lease term.

In some operating sale and leaseback arrangements, receipt of part of the proceeds is deferred until the end of the lease, the amount of which is recorded as deferred consideration within non-current or current assets as appropriate.

Additionally, in some cases, receipt of part of the sales proceeds due is exchanged for a reduction in future lease rentals, which consequently are below market price. As a result, the proceeds received on sale and leaseback are lower than the fair value of the aircraft sold. The resulting shortfall is deferred within non-current or current assets as appropriate, and amortised on a straight-line basis over the expected lease term.

Non-contingent operating lease rentals are charged to the income statement on a straight-line basis over the life of the lease. A number of operating leases require easyJet to make contingent rental payments based on variable interest rates; these are expensed as incurred.

Finance leases, which transfer to easyJet substantially all the risks and benefits incidental to ownership of the leased item, are recognised at the inception of the lease at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments. Any directly attributable costs of entering into financing sale and leasebacks are included in the value of the asset recognised. Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included in interest payable and other financing charges.

Financial instruments

Financial instruments are recognised when easyJet becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions.

Where market values are not available, the fair value of financial instruments is calculated by discounting cash flows at prevailing interest rates and by applying year end exchange rates.

Non-derivative financial assets

Non-derivative financial assets are recorded at amortised cost and include loan notes, trade receivables, cash and money market deposits. Investments in equity instruments are carried at cost where fair value cannot be reliably measured due to significant variability in the range of reasonable fair value estimates.

Cash and cash equivalents comprise cash held in bank accounts with no access restrictions and money market deposits, bank deposits and tri-party repos repayable on demand or maturing within three months of inception. Interest income on these items is recognised using the effective interest method. Restricted cash comprises cash deposits which have restrictions governing their use and is classified as a current or non-current asset based on the estimated remaining length of the restriction.

Impairment losses are recognised on financial assets carried at amortised cost where there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of future cash flows, discounted at the original effective interest rate.

If, subsequently, the amount of the impairment loss decreases, and the decrease can be related objectively to an event that occurred after the impairment was recognised, the appropriate portion of the loss is reversed. Both impairment losses and reversals are recognised in the income statement as components of net finance charges.

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recorded at fair value less directly attributable transaction costs, and subsequently at amortised cost, and include trade and other payables, borrowings and provisions. Interest expense on borrowings is recognised using the effective interest method.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derivative financial instruments

Derivative financial instruments are measured at fair value.

Derivative financial instruments designated as cash flow hedges are used to mitigate operating and investing transaction exposures to movements in jet fuel prices and currency exchange rates. Hedge accounting is applied to these instruments.

Changes in fair value are recognised in other comprehensive income to the extent that the cash flow hedges are determined to be effective. All other changes in fair value are recognised immediately in the income statement. Where the hedged item is a non-financial asset, the accumulated gains and losses previously recognised in other comprehensive income form part of the initial carrying amount of the asset. Otherwise accumulated gains and losses are recognised in the income statement in the same period in which the hedged items affect the income statement.

Hedge accounting is discontinued when a hedging instrument is derecognised (e.g. through expiry or disposal), or no longer qualifies for hedge accounting. Where the hedged item is a highly probable forecast transaction, the related gains and losses remain in shareholders' equity until the transaction takes place.

When a hedged future transaction is no longer expected to occur, any related gains and losses held in shareholders' equity are immediately recognised in the income statement.

Financial guarantees

If a claim on a financial guarantee given to a third party becomes probable, the obligation is recognised at fair value. For subsequent measurement, the carrying amount is the higher of initial measurement and best estimate of the expenditure required to settle the obligation at the reporting date.

Tax

Tax expense in the income statement consists of current and deferred tax. Tax is recognised in the income statement except when it relates to items credited or charged directly to other comprehensive income or shareholders' equity, in which case it is recognised in other comprehensive income or shareholders' equity. The charge for current tax is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to the taxable income.

Deferred tax is provided in full on temporary differences relating to the carrying amount of assets and liabilities, where it is probable that the recovery or settlement will result in an obligation to pay more, or a right to pay less, tax in the future, with the following exceptions:

- where the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable income nor accounting profit; and
- deferred tax arising on investments in subsidiaries is not recognised where easyJet is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the periods in which recovery of assets and settlement of liabilities are expected to take place, based on tax rates or laws enacted or substantively enacted at the date of the statement of financial position.

Deferred tax assets represent amounts recoverable in future periods in respect of deductible temporary differences, losses and tax credits carried forwards. Deferred tax assets are recognised to the extent that it is probable that there will be suitable taxable profits from which they can be deducted.

Deferred tax liabilities represent the amount of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and it is the intention to settle these on a net basis.

Aircraft maintenance provisions

The accounting for the cost of providing major airframe and certain engine maintenance checks for owned and finance-leased aircraft is described in the accounting policy for property, plant and equipment.

easyJet has contractual obligations to maintain aircraft held under operating leases. Provisions are created over the term of the lease based on the estimated future costs of major airframe checks, engine shop visits and end of lease liabilities. These costs are discounted to present value where the amount of the discount is considered material.

Where an aircraft is sold and leased back, other than when first delivered to easyJet, a liability to undertake future maintenance activities, resulting from past flying activity, arises at the point the lease agreement is signed. The cost is treated as part of the surplus or shortfall arising on the sale and leaseback, the accounting treatment of which is described in the leases accounting policy.

A number of leases also require easyJet to pay supplemental rent to the lessor. The purpose of these payments is to provide the lessor with collateral should an aircraft be returned in a condition that does not meet the requirements of the lease. Supplemental rent is either refunded when qualifying maintenance is performed, or when the lease ends.

1 Significant accounting policies continued

Employee benefits

easyJet contributes to defined contribution pension schemes for the benefit of employees. easyJet has no further payment obligations once the contributions have been paid. The assets of the schemes are held separately from those of easyJet in independently administered funds. easyJet's contributions are charged to the income statement in the year in which they are incurred.

The expected cost of compensated holidays is recognised at the time that the related employees' services are provided.

Share capital and dividend distribution

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company or employee benefit trust purchases the Company's equity shares, the consideration paid and any directly attributable incremental costs are deducted from retained earnings until the shares are cancelled or reissued. Proceeds from reissue are shown as a credit to retained earnings.

easyJet settles share awards under the Long Term Incentive, Sharesave and Share Incentive Plans by purchasing its own shares on the market through employee benefit trusts. The cost of such purchases is deducted from retained earnings in the period that the transaction occurs.

Dividend distributions to the Company's shareholders are recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

Share-based payments

easyJet has a number of equity-settled share incentive schemes. The fair value of share options granted under the Discretionary and Sharesave scheme is measured at the date of grant using the Binomial Lattice option pricing model. The fair value of grants under the Long Term Incentive Plan is measured at the date of grant using the Black-Scholes model for awards based on ROCE performance targets, and the Stochastic model (also known as the Monte Carlo model) for awards based on total shareholder return (TSR) performance targets. The fair value of all other awards is the share price at the date of grant.

The fair value of the estimated number of options and awards that are expected to vest is expensed to the income statement on a straight-line basis over the period that employees' services are rendered, with a corresponding increase in shareholders' equity. Where non-market performance criteria (such as ROCE) attached to the share options and awards are not met, any cumulative expense previously recognised is reversed. For awards with market-related performance criteria (such as TSR), an expense is recognised irrespective of whether the market condition is satisfied.

The social security obligations payable in connection with grant of the share options is an integral part of the grant itself and the charge is treated as a cash-settled transaction.

Segmental disclosures

easyJet has one operating segment, being its route network, based on management information provided to the Executive Management Team, which is easyJet's Chief Operating Decision Maker. Resource allocation decisions are made for the benefit of the route network as a whole, rather than for individual routes within the network. Performance of the network is assessed based on the consolidated profit or loss before tax for the year.

Revenue is allocated to geographic segments on the following bases:

- revenue earned from passengers is allocated according to the location of the first departure airport on each booking; and
- commission revenue earned from partners is allocated according to the domicile of each partner.

Impact of new standards and interpretations
The following standards and interpretations issued by the International Accounting Standards Board have been implemented for the year ended 30 September 2014:

Revised standards

IFRS 1	First-time Adoption of International Financial Reporting Standards – Government Loans
IFRS 7	Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities
IAS 19	Employee benefits – Amended standard resulting from the post-employment benefits and termination benefits projects
IAS 27	Separate Financial Statements
IAS 28	Investments in Associates and Joint Ventures

Impact of Annual Improvements to IFRS 2009 – 2011 Cycle

New standards

IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of interests in other entities
IFRS 13	Fair Value Measurement

The adoption of these standards and interpretations has not led to any changes in accounting policies, or had a material impact on easyJet's accounts.

New and revised standards and interpretations not applied
The following new or revised standards and interpretations issued by the International Accounting Standards Board have not been applied in preparing these accounts as their effective dates fall in periods beginning on or after 1 October 2014.

Effective for the year ending 30 September 2015

IAS 32	Financial Instruments Presentation – Amendments relating to the offsetting of Financial Assets and Financial Liabilities
IAS 36	Impairment of Assets – Amendments arising from Recoverable Amount Disclosure for Non-Financial Assets
IAS 39	Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

Annual Improvements to IFRS 2010-2012 Cycle

Annual Improvements to IFRS 2011-2013 Cycle

Effective for the year ending 30 September 2017

IAS 16 and IAS 38	Amendments relating to Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 27	Amendments relating to Equity Method in Separate Financial Statements
IFRS 10 and IAS 28	Amendments relating to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 11	Amendments relating to Acquisitions of Interests in Joint Operations

Effective for the year ending 30 September 2018

IFRS 15	Revenue from Contracts with Customers

Effective for the year ending 30 September 2019

IFRS 9	Financial Instruments – Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on easyJet's accounts. Certain of these standards and interpretations will, when adopted, require addition to or amendment of disclosures in the accounts.

2 Net finance charges

	2014 £ million	2013 £ million
Interest receivable and other financing income		
Interest income	**(4)**	(5)
Net exchange gains on monetary assets and liabilities (note 22)	**(7)**	–
	(11)	(5)
Interest payable and other financing charges		
Interest payable on bank loans	**6**	9
Interest payable on finance lease obligations	**5**	5
Other interest payable	**–**	2
Net exchange losses on monetary assets and liabilities (note 22)	**–**	8
	11	24
	–	19

3 Profit before tax

The following have been included in arriving at profit before tax:

	2014 £ million	2013 £ million
Depreciation of property, plant and equipment		
Owned assets	**98**	95
Assets held under finance leases	**8**	7
Loss on disposal of property, plant and equipment	**2**	–
Operating lease rentals		
Aircraft	**113**	101
Other assets	**5**	3

Auditors' remuneration

During the year easyJet obtained the following services from easyJet's auditors and their associates (including foreign partners):

	2014 £ million	2013 £ million
Group audit fee	**0.4**	0.4
Fees for other assurance services	**–**	0.3
	0.4	0.7

Fees for other assurance services in 2013 comprised reporting in connection with the Class 1 Shareholder Circular.

4 Employees

The average monthly number of persons employed by easyJet was:

	2014 Number	2013 Number
Flight and ground operations	**8,400**	7,812
Sales, marketing and administration	**587**	531
	8,987	8,343

Employee costs for easyJet were:

	2014 £ million	2013 £ million
Wages and salaries	**430**	399
Social security costs	**72**	64
Pension costs	**41**	36
Share-based payments	**23**	18
	566	517

Key management compensation was:

	2014 £ million	2013 £ million
Short-term employee benefits	**7**	8
Share-based payments	**6**	6
	13	14

The Directors of easyJet plc and the other members of the Executive Management Team are easyJet's key management as they have collective authority and responsibility for planning, directing and controlling the business.

Emoluments paid or payable to the Directors of easyJet plc were:

	2014 £ million	2013 £ million
Remuneration	**4**	4
Gains made on the exercise of Long Term Incentive Plan awards	**4**	3
	8	7

Details of Directors' remuneration are disclosed in the Directors' remuneration report on pages 71 to 88.

5 Tax charge

Tax on profit on ordinary activities

	2014 £ million	2013 £ million
Current tax		
United Kingdom corporation tax	**99**	103
Foreign tax	**6**	4
Prior year adjustments	**(7)**	(11)
Total current tax charge	**98**	96
Deferred tax		
Temporary differences relating to property, plant and equipment	**25**	15
Other temporary differences	**3**	(9)
Prior year adjustments	**8**	6
Change in tax rate	**(3)**	(28)
Total deferred tax charge/(credit)	**33**	(16)
	131	80
Effective tax rate	**22.5%**	16.7%

Legislation enacted in 2013 reduced the UK corporation tax rate to 20% from 1 April 2015. As a consequence, deferred tax in 2013 reduced by £28 million resulting in an effective tax rate of 16.7%.

5 Tax charge continued

Reconciliation of the total tax charge

The tax for the year is higher than (2013: lower than) the standard rate of corporation tax in the UK as set out below:

	2014 £ million	2013 £ million
Profit before tax	**581**	478
Tax charge at 22.0% (2013: 23.5%)	**128**	112
Income not chargeable for tax purposes	**–**	(4)
Expenses not deductible for tax purposes	**3**	2
Share-based payments	**2**	3
Adjustments in respect of prior years – current tax	**(7)**	(11)
Adjustments in respect of prior years – deferred tax	**8**	6
Change in tax rate	**(3)**	(28)
	131	80

Current tax payable at 30 September 2014 amounted to £53 million (2013: £58 million). £45 million of this relates to tax payable in the UK, the remaining amount of £8 million related to tax due in other European countries.

During the year ended 30 September 2014 cash tax paid amounted to £96 million (2013: £65 million).

Tax on items recognised directly in other comprehensive income or shareholders' equity

	2014 £ million	2013 £ million
(Charge)/credit to other comprehensive income		
Deferred tax on fair value movements of cash flow hedges	**(10)**	27
Credit to shareholders' equity		
Current tax credit on share-based payments	**7**	3
Deferred tax credit on share-based payments	**1**	11
	8	14

Deferred tax

The net deferred tax liability in the statement of financial position is as follows:

	Accelerated capital allowances £ million	**Short-term timing differences £ million**	**Fair value gains £ million**	**Share-based payments £ million**	**Total £ million**
At 1 October 2013	**139**	**26**	**–**	**(21)**	**144**
Charged/(credited) to income statement	**32**	**3**	**–**	**(2)**	**33**
Charged to other comprehensive income	**–**	**–**	**10**	**–**	**10**
Credited to shareholders' equity	**–**	**–**	**–**	**(1)**	**(1)**
At 30 September 2014	**171**	**29**	**10**	**(24)**	**186**

	Accelerated capital allowances £ million	Short-term timing differences £ million	Fair value gains £ million	Share-based payments £ million	Total £ million
At 1 October 2012	146	30	29	(7)	198
Credited to income statement	(7)	(4)	(2)	(3)	(16)
Credited to other comprehensive income	–	–	(27)	–	(27)
Credited to shareholders' equity	–	–	–	(11)	(11)
At 30 September 2013	139	26	–	(21)	144

It is estimated that deferred tax assets of approximately £24 million (2013: deferred tax assets of £18 million) will reverse during the next financial year.

Deferred tax assets and liabilities have been offset where they relate to taxes levied by the same taxation authority. As a result the net UK deferred tax liability is £194 million (2013: £152 million). The net overseas deferred tax asset is £8 million (2013: £8 million).

No deferred tax liability has been recognised on the unremitted earnings of overseas subsidiaries as no tax is expected to be payable in the foreseeable future based on the current repatriation policy of easyJet.

6 Earnings per share

Basic earnings per share has been calculated by dividing the profit for the year by the weighted average number of shares in issue during the year after adjusting for shares held in employee benefit trusts.

To calculate diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential shares. Share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year are considered to be dilutive potential shares. Where share options are exercisable based on performance criteria and those performance criteria have been met during the year, these options are included in the calculation of dilutive potential shares.

Earnings per share is based on:

	2014 £ million	2013 £ million
Profit for the year	**450**	398

	2014 million	2013 million
Weighted average number of ordinary shares used to calculate basic earnings per share	**393**	393
Weighted average number of dilutive share options	**5**	5
Weighted average number of ordinary shares used to calculate diluted earnings per share	**398**	398

Earnings per share	**2014 pence**	2013 pence
Basic	**114.5**	101.3
Diluted	**113.2**	100.0

7 Dividends

An ordinary dividend in respect of the year ended 30 September 2014 of 45.4 pence per share, or £180 million, is to be proposed at the forthcoming Annual General Meeting. These accounts do not reflect this proposed dividend.

An ordinary dividend of 33.5 pence per share, or £133 million, and a special dividend of 44.1 pence per share, or £175 million, in respect of the year ended 30 September 2013 were both paid in the year ended 30 September 2014.

8 Goodwill and other intangible assets

		Other intangible assets			
	Goodwill £ million	**Landing rights £ million**	**Contractual rights £ million**	**Computer software £ million**	**Total £ million**
Cost					
At 1 October 2013	**365**	**81**	**1**	**34**	**116**
Additions	**–**	**13**	**–**	**–**	**13**
Transfer from property, plant and equipment	**–**	**–**	**–**	**10**	**10**
Disposals	**–**	**–**	**(1)**	**(6)**	**(7)**
At 30 September 2014	**365**	**94**	**–**	**38**	**132**
Amortisation					
At 1 October 2013	**–**	**–**	**–**	**14**	**14**
Charge for the year	**–**	**–**	**1**	**11**	**12**
Disposals	**–**	**–**	**(1)**	**(6)**	**(7)**
At 30 September 2014	**–**	**–**	**–**	**19**	**19**
Net book value					
At 30 September 2014	**365**	**94**	**–**	**19**	**113**
At 1 October 2013	365	81	1	20	102

During the year, easyJet completed the exchange of certain landing rights at Gatwick Airport from Flybe for a total consideration of £20 million, £7 million of which was paid in 2013.

8 Goodwill and other intangible assets continued

		Other intangible assets			
	Goodwill £ million	Landing rights £ million	Contractual rights £ million	Computer software £ million	Total £ million
Cost					
At 1 October 2012	365	74	1	35	110
Additions	–	7	–	–	7
Transfer from property, plant and equipment	–	–	–	14	14
Disposals	–	–	–	(15)	(15)
At 30 September 2013	365	81	1	34	116
Amortisation					
At 1 October 2012	–	–	–	19	19
Charge for the year	–	–	–	10	10
Disposals	–	–	–	(15)	(15)
At 30 September 2013	–	–	–	14	14
Net book value					
At 30 September 2013	365	81	1	20	102
At 1 October 2012	365	74	1	16	91

easyJet has one cash-generating unit, being its route network. The recoverable amount of goodwill and other assets with indefinite expected useful lives has been determined based on value in use calculations of the route network.

Pre-tax cash flow projections have been derived from the strategic plan approved by the Board for the period up to 2019, using the following key assumptions:

Pre-tax discount rate (derived from weighted average cost of capital)	13.6-14.2%
Fuel price (US dollars per metric tonne)	1,050
Exchange rates:	
US dollar	1.60
Euro	1.20
Swiss franc	1.53

Both fuel price and exchange rates are volatile in nature, and the assumptions used represent management's view of reasonable average rates. Operating margins are sensitive to significant changes in these rates.

Cash flow projections beyond the forecast period have been extrapolated using growth rate scenarios ranging from zero up to an estimated average of long-term economic growth rates for the principal countries in which easyJet operates. No impairment resulted from any of these scenarios.

No reasonably possible combination of changes to the key assumptions above would result in the carrying value of the cash-generating unit exceeding its recoverable amount.

9 Property, plant and equipment

	Aircraft and spares £ million	Other £ million	Total £ million
Cost			
At 1 October 2013	**2,674**	**31**	**2,705**
Additions	**419**	**17**	**436**
Transfer to intangible assets	**–**	**(10)**	**(10)**
Transfer to maintenance provision	**(55)**	**–**	**(55)**
Disposals	**(3)**	**(2)**	**(5)**
At 30 September 2014	**3,035**	**36**	**3,071**
Depreciation			
At 1 October 2013	**415**	**10**	**425**
Charge for the year	**103**	**3**	**106**
Disposals	**(1)**	**(1)**	**(2)**
At 30 September 2014	**517**	**12**	**529**
Net book value			
At 30 September 2014	**2,518**	**24**	**2,542**
At 1 October 2013	2,259	21	2,280

	Aircraft and spares £ million	Other £ million	Total £ million
Cost			
At 1 October 2012	2,745	29	2,774
Additions	395	19	414
Transfer to intangible assets	–	(14)	(14)
Aircraft sold and leased back	(421)	–	(421)
Transfer to maintenance provision	(43)	–	(43)
Disposals	(2)	(3)	(5)
At 30 September 2013	2,674	31	2,705
Depreciation			
At 1 October 2012	368	11	379
Charge for the year	100	2	102
Aircraft sold and leased back	(52)	–	(52)
Disposals	(1)	(3)	(4)
At 30 September 2013	415	10	425
Net book value			
At 30 September 2013	2,259	21	2,280
At 1 October 2012	2,377	18	2,395

The net book value of aircraft includes £322 million (2013: £196 million) relating to advance and option payments for future deliveries. This amount is not depreciated.

Aircraft with a net book value of £597 million (2013: £664 million) are mortgaged to lenders as loan security.

Aircraft with a net book value of £142 million (2013: £147 million) are held under finance leases.

easyJet is contractually committed to the acquisition of 170 (2013: 144) Airbus A320 family aircraft, with a total list price of US$14.6 billion (2013: US$12.4 billion) before escalations and discounts for delivery in 2015 (20 aircraft), between 2016 and 2018 (50 aircraft) and between 2017 and 2022 (100 new generation aircraft).

The 'other' category mainly comprises leasehold improvements, computer hardware, and fixtures, fittings and equipment.

10 Loan notes

In 2001, easyJet, in consortium with six other UK airlines, formed The Airline Group Limited in order to acquire a non-controlling interest in NATS, the company that owns the UK air traffic control system. easyJet's investment is principally in the form of unsecured loan notes bearing interest at a fixed rate of 8%. Interest receivable is settled by the issue of additional loan notes. Redemption is governed by a priority agreement among the consortium members.

	2014 £ million	2013 £ million
At 1 October	**7**	10
Interest receivable converted to loan notes	**–**	1
Redemption of loan notes	**(3)**	(4)
At 30 September	**4**	7

11 Other non-current assets

	2014 £ million	2013 £ million
Deferred consideration and deposits held by aircraft lessors	**76**	76
Leased aircraft – shortfall on sale and leaseback	**55**	74
Recoverable supplemental rent (pledged as collateral)	**19**	32
Other	**2**	3
	152	185

Supplemental rent is pledged to lessors to provide collateral should an aircraft be returned in a condition that does not meet the requirements of the lease and is refunded when qualifying heavy maintenance is performed, or is offset against the costs incurred at the end of the lease.

12 Trade and other receivables

	2014 £ million	2013 £ million
Trade receivables	**62**	94
Less provision for impairment	**(4)**	(2)
	58	92
Prepayments and accrued income	**90**	64
Leased aircraft – shortfall on sale and leaseback	**20**	20
Recoverable supplemental rent (pledged as collateral)	**10**	–
Other receivables	**22**	18
	200	194

The following amounts of trade and other receivables are past due but not impaired:

	2014 £ million	2013 £ million
Up to three months past due	**17**	29
Over three months past due	**–**	14
	17	43

With respect to trade receivables that are neither impaired nor past due, there are no indications at the reporting date that the payment obligations will not be met. Amounts due from trade receivables are short-term in nature and largely comprise credit card receivables due from financial institutions with credit ratings of at least A and, accordingly, the possibility of significant default is considered to be unlikely.

13 Cash and money market deposits

	2014 £ million	2013 £ million
Cash and cash equivalents (original maturity less than three months)	**424**	1,013
Money market deposits (original maturity more than three months)	**561**	224
Current restricted cash	**23**	–
Non-current restricted cash	**9**	12
	1,017	1,249

Interest rates on money market deposits and restricted cash are repriced within 185 days based on prevailing market rates of interest. Carrying value is not significantly different from fair value.

Restricted cash comprises:

	2014 £ million	2013 £ million
Pledged as collateral to third parties:		
Security deposits	**23**	–
Aircraft operating lease deposits	**9**	12

14 Trade and other payables

	2014 £ million	2013 £ million
Trade payables	**134**	117
Unearned revenue	**572**	547
Accruals	**309**	336
Leased aircraft – surplus on sale and leaseback	**13**	15
Taxes and social security	**20**	14
Other payables	**62**	64
	1,110	1,093

15 Borrowings

At 30 September 2014	Current £ million	Non-current £ million	Total £ million
Bank loans	**78**	**299**	**377**
Finance lease obligations	**13**	**173**	**186**
	91	**472**	**563**

At 30 September 2013	Current £ million	Non-current £ million	Total £ million
Bank loans	78	406	484
Finance lease obligations	9	186	195
	87	592	679

Bank loans, which bear interest at variable rates linked to LIBOR, were drawn down to finance the acquisition of aircraft that have been mortgaged to the lender to provide security. None of the agreements contain financial covenants required to be met.

Finance lease obligations relate to aircraft and bear interest partly at fixed rates and partly at variable rates linked to LIBOR.

The maturity profile of borrowings is set out in note 23.

16 Non-current deferred income

Deferred income principally comprises the non-current surplus of sales proceeds over fair value of aircraft that have been sold and leased back under operating leases. This balance will be realised in the income statement over the next nine years.

17 Maintenance provisions

	£ million
At 1 October 2013	252
Exchange adjustments	(3)
Charged to income statement	52
Transferred from property, plant and equipment	(55)
Utilised	(20)
At 30 September 2014	**226**

Amounts transferred from property, plant and equipment relate to aircraft life-limited parts used in engine restoration in the year.

17 Maintenance provisions continued

Maintenance provisions are analysed as follows:

	2014 £ million	2013 £ million
Current	**79**	81
Non-current	**147**	171
	226	252

The provision for maintenance liabilities is expected to be utilised within nine years.

18 Share capital

	Number		Nominal value	
	2014 million	2013 million	**2014 £ million**	2013 £ million
Authorised				
At 30 September 2014 and 30 September 2013				
Ordinary shares of 27 2/7 pence each	**458**	458	**125**	125
Allotted, called up and fully paid				
At 1 October	**397**	396	**108**	108
Issued during the year under share incentive schemes	**–**	1	**–**	–
At 30 September	**397**	397	**108**	108

The weighted average share price for options exercised during the year was £14.46 (2013: £10.57).

easyJet's employee benefit trusts hold the following shares. The cost of these has been deducted from retained earnings:

	2014	2013
Number of shares (million)	**3**	4
Cost (£ million)	**26**	24
Market value at year end (£ million)	**39**	50

19 Share incentive schemes

easyJet operates the following share incentive schemes, all of which are equity settled. The change in the number of awards outstanding and weighted average exercise prices during the year, and the number exercisable at each year end were as follows:

Grant date	1 October 2013 million	Granted million	Forfeited million	Exercised million	**30 September 2014 million**
Discretionary schemes					
19 January 2004	0.1	–	–	(0.1)	**–**
8 December 2004	0.7	–	–	(0.3)	**0.4**
Long Term Incentive Plan					
16 January 2009	0.1	–	–	(0.1)	**–**
16 December 2009	0.2	–	–	(0.2)	**–**
5 July 2010	0.2	–	–	(0.2)	**–**
31 March 2011	2.2	–	–	(0.9)	**1.3**
4 January 2012	2.6	–	(0.1)	–	**2.5**
18 December 2012	1.3	–	(0.1)	–	**1.2**
17 December 2013	–	0.7	–	–	**0.7**
Sharesave					
1 July 2011	2.1	–	(0.1)	(1.8)	**0.2**
1 July 2012	1.0	–	(0.1)	–	**0.9**
1 July 2013	0.6	–	–	–	**0.6**
1 July 2014	–	0.8	–	–	**0.8**
Share Incentive Plan	5.8	0.6	(0.1)	(1.0)	**5.3**
	16.9	2.1	(0.5)	(4.6)	**13.9**

Weighted average exercise prices are as follows:

	1 October 2013 £	Granted £	Forfeited £	Exercised £	**30 September 2014 £**
Discretionary schemes	2.09	–	–	2.34	**1.84**
Sharesave	4.33	13.30	5.94	2.88	**8.04**

The exercise price of all awards, except those disclosed in the above table, is £nil.

The number of awards exercisable at each year end and their weighted average exercise price is as follows:

	Price £		Number million	
	2014	2013	**2014**	2013
Discretionary schemes	**1.84**	2.09	**0.4**	0.8
Long Term Incentive Plan	**–**	–	**1.3**	0.6
Sharesave	**2.88**	3.49	**0.2**	–
Share Incentive Plan	**–**	–	**1.7**	0.4
			3.6	1.8

The weighted average remaining contractual life for each class of share award at 30 September 2014 is as follows:

	Years
Discretionary schemes	**0.2**
Long Term Incentive Plan	**7.5**
Sharesave	**2.5**
Share Incentive Plan	**1.2**

Discretionary schemes
All awards have a three-year vesting period and performance conditions based on growth in earnings per share. All options expire 10 years after grant.

Long Term Incentive Plan
The plan is open, by invitation, to Executive Directors and senior management, and provides for annual awards of Performance Shares worth up to 200% of salary each year and matching shares linked to the investment of up to 50% of annual bonus in easyJet shares. The vesting of these shares is dependent on return on capital employed (ROCE) targets and a positive total shareholder return (TSR) compared to companies ranked 51-150 in the FTSE 250 Index at the timing of the award, being achieved.

Sharesave
Sharesave is open to all employees on the UK payroll. Participants may elect to save up to £350 per month (2013: £250 per month) under a three-year savings contract. An option is granted by the Company to buy shares at a discount of 20% from market price at the time of the grant. At the end of the savings period, a tax-free bonus is applied to the savings and the option becomes exercisable for a period of six months.

Employees who are not paid through the UK payroll may save under similar terms and conditions, albeit without tax benefits.

Share Incentive Plan
The plan is open to all employees on the UK payroll. Participants may invest up to £1,800 (2013: £1,500) of their pre-tax salary each year to purchase partnership shares in easyJet. For each partnership share acquired easyJet purchases a matching share up to a maximum value of £1,500 per annum. Employees must remain with easyJet for three years from the date of purchase of each partnership share in order to qualify for the matching share, and for five years for the shares to be transferred to them tax-free. The employee is entitled to dividends and to vote at shareholder meetings.

19 Share incentive schemes continued
Subject to company performance, easyJet also issues free shares under the approved share incentive plan of up to £3,000 in value. There is a similar unapproved scheme for international employees.

The fair value of grants under the Discretionary and Sharesave schemes are estimated by applying the Binomial Lattice option pricing model. The fair value of grants under the TSR based Long Term Incentive Plan is estimated under the Stochastic model (also known as the Monte Carlo model). The fair value of grants under all other schemes is the share price on the date of grant. The following assumptions are used:

Grant date	Share price £	Exercise price £	Expected volatility %	Option life years	Risk-free interest rate %	Fair value £
Discretionary schemes						
8 December 2004	1.81	1.84	42	6.5	4.45	0.88
Long Term Incentive Plan						
31 March 2011	3.41	–	–	–	–	3.41
4 January 2012	3.92	–	–	–	–	3.92
18 December 2012 – ROCE	7.37	–	–	–	–	6.92
18 December 2012 – TSR	7.37	–	33	3.0	0.44	5.16
17 December 2013 – ROCE	14.99	–	–	–	–	14.99
17 December 2013 – TSR	14.99	–	31	3.0	0.76	9.83
Sharesave						
1 July 2011	3.60	2.88	46	3.5	1.45	1.37
1 July 2012	5.23	4.18	35	3.5	0.24	1.77
1 July 2013	12.11	9.69	34	3.5	0.32	3.54
1 July 2014	16.62	13.30	33	3.5	1.64	5.03

Share price is the closing share price from the last working day prior to the date of grant.

Exercise price for the discretionary schemes was determined using a five-day weighted average price. For the Sharesave scheme, exercise price is set at a 20% discount from share price.

Expected volatility is based on historical volatility over a period comparable to the expected life of each type of option.

Levels of early exercises and forfeitures are estimated using historical averages.

The weighted average fair value of matching shares granted under the Share Incentive Plan during the year was £14.61 (2013: £9.77).

For grants under the Sharesave scheme after 30 September 2011, the dividend yield assumption is calculated based on the actual yield at the date the options are granted. For the options granted on 1 July 2012, 1 July 2013 and 1 July 2014, the dividend yield assumption was 2%.

20 Reconciliation of operating profit to cash generated from operations

	2014 £ million	2013 £ million
Operating profit	**581**	497
Adjustments for non-cash items:		
Depreciation	**106**	102
Loss on disposal of property, plant and equipment	**2**	–
Amortisation of intangible assets	**12**	10
Share-based payments	**23**	18
Changes in working capital and other items of an operating nature:		
(Increase)/decrease in trade and other receivables	**(6)**	74
Increase in trade and other payables	**18**	64
Increase in provisions	**32**	29
Decrease in other non-current assets	**33**	8
Decrease in derivative financial instruments	**(2)**	–
Decrease in non-current deferred income	**(6)**	(14)
	793	788

21 Reconciliation of net cash flow to movement in net cash

	1 October 2013 £ million	Exchange differences £ million	Loan issue costs £ million	Net cash flow £ million	30 September 2014 £ million
Cash and cash equivalents	1,013	(12)	–	(577)	**424**
Money market deposits	224	(1)	–	338	**561**
	1,237	(13)	–	(239)	**985**
Bank loans	(484)	4	(1)	104	**(377)**
Finance lease obligations	(195)	1	–	8	**(186)**
	(679)	5	(1)	112	**(563)**
Net cash	558	(8)	(1)	(127)	**422**

22 Financial instruments

Carrying value and fair value of financial assets and liabilities

The fair values of financial assets and liabilities, together with the carrying value at each reporting date, are as follows:

At 30 September 2014	Amortised cost Loans and receivables £ million	Amortised cost Financial liabilities £ million	Held at fair value Cash flow hedges £ million	Other £ million	Carrying value £ million	Fair value £ million
Loan notes	**4**	**–**	**–**	**–**	**4**	**4**
Other non-current assets	**95**	**–**	**–**	**57**	**152**	**152**
Trade and other receivables	**141**	**–**	**–**	**59**	**200**	**200**
Trade and other payables	**–**	**(434)**	**–**	**(676)**	**(1,110)**	**(1,110)**
Derivative financial instruments	**–**	**–**	**(21)**	**–**	**(21)**	**(21)**
Restricted cash	**32**	**–**	**–**	**–**	**32**	**32**
Money market deposits	**561**	**–**	**–**	**–**	**561**	**561**
Cash and cash equivalents	**424**	**–**	**–**	**–**	**424**	**424**
Borrowings	**–**	**(563)**	**–**	**–**	**(563)**	**(568)**

At 30 September 2013	Amortised cost Loans and receivables £ million	Amortised cost Financial liabilities £ million	Held at fair value Cash flow hedges £ million	Other £ million	Carrying value £ million	Fair value £ million
Loan notes	7	–	–	–	7	7
Other non-current assets	108	–	–	77	185	185
Trade and other receivables	149	–	–	45	194	194
Trade and other payables	–	(454)	–	(639)	(1,093)	(1,093)
Derivative financial instruments	–	–	(71)	–	(71)	(71)
Restricted cash	12	–	–	–	12	12
Money market deposits	224	–	–	–	224	224
Cash and cash equivalents	1,013	–	–	–	1,013	1,013
Borrowings	–	(679)	–	–	(679)	(687)

All financial instruments are in level 2 of the IFRS 13 fair value hierarchy.

Amounts disclosed in the 'Other' column are items that do not meet the definition of a financial instrument. They are disclosed to facilitate reconciliation of the carrying values of financial instruments to line items presented in the statement of financial position.

Fair value calculation methodology

Derivative financial instruments are forward contracts that are valued based on market rates and market-accepted models. Fair value for financial instruments held at amortised cost has been estimated by discounting cash flows at prevailing interest rates and by applying year end exchange rates.

Fair value of derivative financial instruments

At 30 September 2014	**Quantity million**	**Non-current assets £ million**	**Current assets £ million**	**Current liabilities £ million**	**Non-current liabilities £ million**	**Total £ million**
Designated as cash flow hedges						
US dollar	**3,358**	**17**	**8**	**(33)**	**(3)**	**(11)**
Euro	**990**	**16**	**39**	**–**	**–**	**55**
Swiss franc	**238**	**3**	**6**	**–**	**–**	**9**
Jet fuel	**3**	**–**	**–**	**(54)**	**(20)**	**(74)**
		36	**53**	**(87)**	**(23)**	**(21)**

At 30 September 2013	Quantity million	Non-current assets £ million	Current assets £ million	Current liabilities £ million	Non-current liabilities £ million	Total £ million
Designated as cash flow hedges						
US dollar	3,323	–	–	(31)	(30)	(61)
Euro	1,048	10	6	(6)	(2)	8
Swiss franc	225	1	1	(1)	–	1
Jet fuel	2	2	10	(22)	(9)	(19)
		13	17	(60)	(41)	(71)

For currency contracts, quantity represents the nominal value of currency contracts held, disclosed in the contract currency. For jet fuel contracts, quantity represents contracted metric tonnes.

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements:

	Gross amount £ million	**Amount not set off £ million**	**Net amount £ million**
At 30 September 2014			
Derivative financial instruments			
Assets	**89**	**(69)**	**20**
Liabilities	**(110)**	**69**	**(41)**
	(21)	**–**	**(21)**

	Gross amount £ million	Amount not set off £ million	Net amount £ million
At 30 September 2013			
Derivative financial instruments			
Assets	30	(26)	4
Liabilities	(101)	26	(75)
	(71)	–	(71)

All financial assets and liabilities are presented gross on the face of the statement of financial position as the conditions for netting specified in IAS 32 are not met.

Derivatives designated as cash flow hedges
All derivatives to which hedge accounting is applied are designated as cash flow hedges.

Changes in fair value are recognised directly in other comprehensive income, to the extent that they are effective, with the ineffective portion being recognised in the income statement.

Where the hedged item is a non-financial asset, the accumulated gains and losses previously recognised in other comprehensive income are included in the carrying value of that asset. Otherwise accumulated gains and losses are recognised in the income statement in the same period in which the hedged item affects the income statement.

easyJet uses forward contracts to hedge transaction currency risks comprising fuel, leasing and maintenance US dollar payments, euro and Swiss franc revenue receipts and jet fuel price risk. Where these hedges are assessed as highly effective, gains and losses are deferred in other comprehensive income and transferred to the income statement when the related cash flow occurs.

22 Financial instruments continued

The cumulative net losses deferred in shareholders' equity and their expected maturities are as follows:

At 30 September 2014	**Within 1 year £ million**	**1-2 years £ million**	**Total £ million**
Hedges of transaction currency risk	**18**	**33**	**51**
Hedges of jet fuel price risk	**(54)**	**(20)**	**(74)**
	(36)	**13**	**(23)**
Related deferred tax			**6**
			(17)

At 30 September 2013	Within 1 year £ million	1-2 years £ million	Total £ million
Hedges of transaction currency risk	(31)	(21)	(52)
Hedges of jet fuel price risk	(12)	(7)	(19)
	(43)	(28)	(71)
Related deferred tax			16
			(55)

	2014 £ million	2013 £ million
(Losses)/gains on cash flow hedges recycled from other comprehensive income in income statement captions:		
Revenue	**14**	2
Fuel	**(56)**	36
Maintenance	**(2)**	1
Aircraft lease costs	**(7)**	3
Other costs	**1**	–
	(50)	42

Amounts recorded in the income statement in respect of revaluation of monetary assets and liabilities and the gains and losses on derivatives designated as held for trading are as follows:

	2014 £ million	2013 £ million
Unrealised revaluation losses on non-derivative financial instruments	**(7)**	(4)
Realised foreign exchange gains/(losses) on non-derivative financial instruments	**11**	(9)
Unrealised revaluation gains on other monetary assets and liabilities	**3**	2
Unrealised gains on derivative financial instruments	**–**	9
Realised gains/(losses) on derivative financial instruments	**–**	(6)
Net gains/(losses) (note 2)	**7**	(8)

23 Financial risk and capital management

easyJet is exposed to financial risks including fluctuations in exchange rates, jet fuel prices and interest rates. Financial risk management aims to limit these market risks with selected derivative hedging instruments being used for this purpose. easyJet policy is not to trade in derivatives but to use the instruments to hedge anticipated exposure. As such, easyJet is not exposed to market risk by using derivatives as any gains and losses arising are offset by the outcome of the underlying exposure being hedged. In addition to market risks, easyJet is exposed to credit and liquidity risk.

The Board is responsible for setting financial risk and capital management policies and objectives which are implemented by the treasury function on a day-to-day basis. The policy outlines the approach to risk management and also states the instruments and time periods which the treasury function is authorised to use in managing financial risks. The policy is regularly reviewed to ensure best practice; however, there have been no significant changes during the current year.

Capital employed

Capital employed comprises shareholders' equity, borrowings, cash and money market deposits (excluding restricted cash) and an adjustment for the capital implicit in aircraft operating lease arrangements. The adjustment is calculated by multiplying the annual charge for aircraft dry leasing by a factor of seven, in line with accepted practice for the airline industry.

Normalised operating profit is adjusted for the implied interest incorporated in the charge for aircraft dry leasing.

Consequently, the capital employed at the end of the current and prior year and the return earned during those years were as follows:

	2014 £ million	2013 £ million
Shareholders' equity	**2,172**	2,017
Borrowings	**563**	679
Cash and money market deposits (excluding restricted cash)	**(985)**	(1,237)
Reported capital employed	**1,750**	1,459
Operating leases adjustment	**868**	714
Capital employed including operating leases adjustment	**2,618**	2,173
Operating profit – reported	**581**	497
Implied interest in operating lease costs	**41**	34
Operating profit – adjusted	**622**	531
Operating profit after tax – adjusted	**491**	409
Return on capital employed	**20.5%**	17.4%

Return on capital employed is calculated by dividing the adjusted operating profit after tax by the average of the opening and closing capital employed, after applying the operating leases adjustment.

The percentage of operating leased aircraft at 30 September 2014 was 32% (2013: 33%). The Board has recently amended its policy and intends to reduce the proportion of the fleet held under operating lease arrangements to approximately 20%.

23 Financial risk and capital management continued

Capital management

The objective of capital management is to ensure that easyJet is able to continue as a going concern whilst delivering shareholder expectations of a strong capital base as well as returning benefits for other stakeholders and optimising the cost of capital.

easyJet manages its capital structure in response to changes in both economic conditions and strategic objectives. The cash and net debt position, together with the maturity profile of existing debt, is monitored to ensure the continuity of funding.

The principal measure used by easyJet to manage capital risk is the gearing ratio of debt to capital employed. Debt is defined as borrowings less cash (including money market deposits but excluding restricted cash) plus seven times aircraft operating lease payments. Capital employed is defined as shareholders' equity plus debt as previously defined. Gearing has increased to 17% (2013: 7%).

Liquidity risk management

The objective of easyJet's liquidity risk management is to ensure sufficient cash resources and the availability of funding as required. easyJet holds financial assets either for which there is a liquid market or which are expected to generate cash inflows that are available to meet liquidity needs.

easyJet continues to hold significant cash and liquid funds to mitigate the impact of potential business disruption events with Board-approved policy stating a target level of liquidity of £4 million per aircraft in the fleet. Total cash (excluding restricted cash) and money market deposits at 30 September 2014 was £985 million (2013: £1,237 million). Surplus funds are invested in high-quality short-term liquid instruments, usually money market funds, bank deposits or tri-party repos.

The maturity profile of financial liabilities based on undiscounted gross cash flows and contractual maturities is as follows:

At 30 September 2014	**Within 1 year £ million**	**1-2 years £ million**	**2-5 years £ million**	**Over 5 years £ million**
Borrowings	**97**	**178**	**220**	**105**
Trade and other payables	**434**	**–**	**–**	**–**
Derivative contracts – receipts	**(1,826)**	**(1,173)**	**(69)**	**–**
Derivative contracts – payments	**1,861**	**1,159**	**69**	**–**

At 30 September 2013	Within 1 year £ million	1-2 years £ million	2-5 years £ million	Over 5 years £ million
Borrowings	99	102	356	180
Trade and other payables	454	–	–	–
Derivative contracts – receipts	(2,494)	(1,885)	(128)	–
Derivative contracts – payments	2,512	1,878	125	–

The maturity profile has been calculated based on spot rates for the US dollar, euro, Swiss franc and jet fuel at close of business on 30 September each year.

Credit risk management

easyJet is exposed to credit risk arising from cash and money market deposits, derivative financial instruments and trade and other receivables. Credit risk management aims to reduce the risk of default by setting limits on credit exposure to counterparties based on their respective credit ratings. Credit ratings also determine the maximum period of investment when placing funds on deposit. Credit risk is limited to the carrying amount in the statement of financial position at each year end.

Counterparties for cash investments, currency forward contracts and jet fuel forward contracts are required to have a credit rating of A- or better at contract inception. Exposures to those counterparties are regularly reviewed and, when the market view of a counterparty's credit quality changes, adjusted as considered appropriate. Accordingly, in normal market conditions, the probability of material loss due to non-performance by counterparties is considered to be low.

Disclosure relating to the credit quality of trade and other receivables is given in note 12 to the accounts.

Foreign currency risk management
The principal exposure to currency exchange rates arises from fluctuations in both the US dollar and euro rates which impact operating, financing and investing activities. The aim of foreign currency risk management is to reduce the impact of exchange rate volatility on the results of easyJet. Foreign exchange exposure arising from transactions in various currencies is reduced through a policy of matching, as far as possible, receipts and payments in each individual currency. Any remaining significant anticipated exposure is managed through the use of forward foreign exchange contracts. In addition, easyJet has substantial US dollar balance sheet liabilities, which are offset by holding US dollar cash and money market deposits.

Financing and interest rate risk management
Interest rate cash flow risk arises on floating rate borrowings and cash investments.

Interest rate risk management policy aims to provide certainty in a proportion of financing while retaining the opportunity to benefit from interest rate reductions. All borrowings are at floating interest rates re-pricing every three to six months. A significant proportion of US dollar loans by value are matched with US dollar cash and money market deposits. Operating leases are a mix of fixed and floating rates. Of the 72 operating leases in place at 30 September 2014 (2013: 72), 71% were based on fixed interest rates and 29% were based on floating interest rates (2013: 75% fixed, 25% floating).

All debt is asset related, reflecting the capital intensive nature of the airline industry and the attractiveness of aircraft as security to lenders. These factors are also reflected in the medium-term profile of easyJet's borrowings and operating leases. At 30 September 2014 the Company had 94 (2013: 78) unencumbered aircraft.

Fuel price risk management
easyJet is exposed to fuel price risk. The objective of the fuel price risk management policy is to provide protection against sudden and significant increases in jet fuel prices, thus mitigating volatility in the income statement in the short term. In order to manage the risk exposure, forward contracts are used in line with Board approved policy to hedge between 65% and 85% of estimated exposures up to 12 months in advance, and to hedge between 45% and 65% of estimated exposures from 13 up to 24 months in advance. In exceptional market conditions, the Board may accelerate or limit the implementation of the hedging policy.

Market risk sensitivity analysis
Financial instruments affected by market risk include borrowings, money market deposits, trade and other receivables, trade and other payables and derivative financial instruments. The following analysis illustrates the sensitivity of such financial instruments to changes in relevant foreign exchange rates, interest rates and fuel prices. It should be noted that the analysis reflects the impact on profit or loss after tax for the year and other comprehensive income on financial instruments held at the reporting date. It does not reflect changes in revenue or costs that may result from changing currency rates, interest rates or fuel prices. Sensitivity is calculated based on all other variables remaining constant. The analysis is considered representative of easyJet's exposure over the 12-month period.

The currency sensitivity analysis is based on easyJet's foreign currency financial instruments held at each statement of financial position date taking into account forward exchange contracts that offset effects from changes in currency exchange rates. The increased sensitivity in the US dollar and euro rate represents sterling weakening against each variable currency with the -10% sensitivity reflecting stronger sterling.

The interest rate analysis assumes a 1% change in interest rates over the reporting year applied to end of year financial instruments.

The fuel price sensitivity analysis is based on easyJet's fuel related derivative financial instruments held at the end of each reporting period.

The impact of a 1% increase in interest rates and a 10% increase in the fuel price is disclosed. A corresponding decrease results in an equal and opposite impact on the income statement and other comprehensive income in both reporting periods.

23 Financial risk and capital management continued

Sensitivities are calculated based on a reasonably possible change in the rate applied to the value of financial instruments held at each statement of financial position date.

At 30 September 2014	Currency rates US dollar +10%(1) £ million	Currency rates US dollar -10%(2) £ million	Currency rates Euro +10%(1) £ million	Currency rates Euro -10%(2) £ million	Interest rates 1% increase £ million	Fuel price 10% increase £ million
Income statement impact: gain/(loss)	**23**	**(18)**	**4**	**(3)**	**4**	**–**
Impact on other comprehensive income: increase/(decrease)	**173**	**(142)**	**(69)**	**56**	**–**	**115**

At 30 September 2013	Currency rates US dollar +10%(1) £ million	Currency rates US dollar -10%(2) £ million	Currency rates Euro +10%(1) £ million	Currency rates Euro -10%(2) £ million	Interest rates 1% increase £ million	Fuel price 10% increase £ million
Income statement impact: gain/(loss)	22	(15)	4	(3)	5	–
Impact on other comprehensive income: increase/(decrease)	180	(150)	(78)	64	–	113

(1) GBP weakened.

(2) GBP strengthened.

The market risk sensitivity analysis has been calculated based on spot rates for the US dollar, euro and jet fuel at close of business on 30 September each year.

24 Leasing commitments

Commitments under operating leases

	Aircraft 2014 £ million	Aircraft 2013 £ million	Other 2014 £ million	Other 2013 £ million
Total commitments under non-cancellable operating leases due:				
Not later than one year	**105**	110	**1**	2
Later than one year and not later than five years	**286**	293	**3**	4
Later than five years	**68**	102	**3**	3
	459	505	**7**	9

easyJet holds 72 aircraft (2013: 72 aircraft) under operating leases, with initial lease terms ranging from five to ten years. easyJet is contractually obliged to carry out maintenance on these aircraft, and the cost of this is provided based on the number of flying hours and cycles operated. Further details are given in the critical accounting policies section of note 1.

Commitments under finance leases

	2014 £ million	2013 £ million
Minimum lease payments fall due as follows:		
Not later than one year	**15**	14
Later than one year and not later than five years	**114**	121
Later than five years	**76**	85
	205	220
Future finance charges	**(19)**	(25)
	186	195

easyJet holds 11 aircraft (2013: 11 aircraft) under finance leases with 10-year initial terms. Further details are given in notes 9 and 15.

25 Contingent liabilities

easyJet is involved in a number of claims, disputes and litigation which arose in the normal course of business. The likely outcome of these claims, disputes and litigation cannot be predicted, and in complex cases reliable estimates of any potential obligation may not be possible.

Having reviewed the information currently available, management considers that the ultimate resolution of these claims, disputes and litigation is unlikely to have a material adverse effect on easyJet's results, cash flows or financial position.

At 30 September 2014 easyJet had outstanding letters of credit and performance bonds totalling £39 million (2013: £40 million), of which £34 million (2013: £37 million) expires within one year. The fair value of these instruments at each year end was negligible.

No amount is recognised on the statement of financial position in respect of any of these financial instruments as it is not probable that there will be an outflow of resources.

26 Geographical revenue analysis

	2014 £ million	2013 £ million
United Kingdom	**2,077**	1,971
Southern Europe	**1,471**	1,392
Northern Europe	**906**	835
Other	**73**	60
	4,527	4,258

Southern Europe comprises countries lying wholly or mainly south of the border between Italy and Switzerland, plus France.

easyJet's non-current assets principally comprise its fleet of 143 owned and 11 finance leased aircraft. A further 72 aircraft are held under operating leases, giving a total fleet of 226 at 30 September 2014. All of these aircraft are registered in the United Kingdom except for 23 registered in Switzerland. These assets are used flexibly across the entire route network, and accordingly there is no suitable basis for allocating them to geographic segments.

27 Related party transactions

The Company licenses the easyJet brand from easyGroup IP Licensing Limited ('easyGroup'), a wholly owned subsidiary of easyGroup Holdings Limited, an entity in which easyJet's founder, Sir Stelios Haji-Ioannou, holds a beneficial interest. The Haji-Ioannou family concert party shareholding (being easyGroup Holdings Limited and Polys Holding Limited) holds, in total, 34.62% of the issued share capital of easyJet plc as at 30 September 2014.

Under the Amended Brand Licence signed in October 2010, an annual royalty of 0.25% of total revenue is payable by easyJet to easyGroup for a minimum term of 10 years. The full term of agreement is 50 years.

A new brand protection protocol was also agreed, under which easyJet will contribute up to £1 million per annum to meet the costs to protect the 'easy' and 'easyJet' brands and easyGroup will contribute £100,000 per annum. Beyond the first £1.1 million of costs, easyJet can commit up to an aggregate £5.5 million annually to meet brand protection costs, with easyGroup continuing to meet its share of costs on a 10:1 ratio. easyJet must meet 100% of any brand protection costs it wishes to incur above this limit.

A separate agreement has been entered with Sir Stelios ('the Comfort Letter'), dated 9 October 2010, under which, in return for certain non-compete obligations, easyJet makes payment of a fee of £300,000, adjusted annually per the UK Retail Price index, each year for five years (or until the expiry of the longest subsisting restriction, whichever is later). Whilst certain of those obligations have since expired, remaining in force is the following:

- for five years from the date of the Comfort Letter, Sir Stelios shall not use his own name (or a derivative thereof) to brand an airline flying to or from any EEA country, or Switzerland.

The Amended Brand Licence and Comfort Letter were approved by the shareholders at a general meeting held on 10 December 2010.

The amounts included in the income statement for these items were as follows:

	2014 £ million	2013 £ million
Annual royalty	**11.3**	10.6
Brand protection (legal fees paid through easyGroup to third parties)	**1.0**	0.5
Agreement with Sir Stelios Haji-Ioannou	**0.3**	0.3
	12.6	11.4

At 30 September 2014, £0.8 million (2013: £1.1 million) of the above aggregate amount was included in trade and other payables.

Company statement of financial position

	Notes	30 September 2014 £ million	30 September 2013 £ million
Non-current assets			
Investments in subsidiary undertakings	c	**309**	286
Current assets			
Amounts due from subsidiary undertakings		**1,192**	1,090
Tax recoverable		**–**	10
		1,192	1,100
Current liabilities			
Amounts due to subsidiary undertakings		**(1)**	(274)
Current tax payable		**(5)**	–
		(6)	(274)
Net current assets		**1,186**	826
Net assets		**1,495**	1,112
Shareholders' equity			
Share capital		**108**	108
Share premium		**658**	657
Retained earnings		**729**	347
		1,495	1,112

The accounts on pages 130 to 134 were approved by the Board of Directors and authorised for issue on 17 November 2014 and signed on behalf of the Board.

Carolyn McCall OBE
Director

Chris Kennedy
Director

Company statement of changes in equity

	Share capital £ million	Share premium £ million	Retained earnings £ million	Total £ million
At 1 October 2013	**108**	**657**	**347**	**1,112**
Total comprehensive income				
Profit for the year	**–**	**–**	**667**	**667**
Dividends paid	**–**	**–**	**(308)**	**(308)**
Share incentive schemes				
Proceeds from shares issued	**–**	**1**	**–**	**1**
Movement in reserves for employee share schemes	**–**	**–**	**23**	**23**
At 30 September 2014	**108**	**658**	**729**	**1,495**

	Share capital £ million	Share premium £ million	Retained earnings £ million	Total £ million
At 1 October 2012	108	656	380	1,144
Total comprehensive income				
Profit for the year	–	–	34	34
Dividends paid	–	–	(85)	(85)
Share incentive schemes				
Proceeds from shares issued	–	1	–	1
Movement in reserves for employee share schemes	–	–	18	18
At 30 September 2013	108	657	347	1,112

An ordinary dividend in respect of the year ended 30 September 2014 of 45.4 pence per share, or £180 million, is to be proposed at the forthcoming Annual General Meeting. These accounts do not reflect this proposed dividend.

An ordinary dividend of 33.5 pence per share, or £133 million, and a special dividend of 44.1 pence per share, or £175 million, in respect of the year ended 30 September 2013 were both paid in the year ended 30 September 2014.

The disclosures required in respect of share capital are shown in note 18 to the consolidated accounts.

Company statement of cash flows

	Notes	Year ended 30 September 2014 £ million	Year ended 30 September 2013 £ million
Cash flows from operating activities			
Cash generated from operations (excluding dividends)	d	**295**	27
Interest received		**12**	9
Dividends received		**–**	40
Dividends paid		**(308)**	(85)
Tax paid		**–**	(7)
Net cash used by operating activities		**(1)**	(16)
Cash flows from investing activities			
Capital distributions		**–**	15
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		**1**	1
Cash and cash equivalents at beginning and end of year		**–**	–

a) Significant accounting policies
The accounting policies applied in the preparation of these Company accounts are the same as those set out in note 1 to the consolidated accounts with the addition of the following.

Investments
Investments in subsidiaries are stated at cost, less any provision for impairment. Where subsidiary undertakings incur charges for share-based payments in respect of share options and awards granted by the Company, a capital contribution in the same amount is recognised as an investment in subsidiary undertakings with a corresponding credit to shareholders' equity.

b) Income statement and statement of total comprehensive income
In accordance with Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement and statement of comprehensive income. The Company's profit for the year was £667 million (2013: £34 million). Included in this amount are in-specie dividends received of £650 million (2013: £40 million – cash), which are recognised when the right to receive payment is established. The Company recognised no other income or expenses in either the current or prior year.

The Executive Directors of easyJet plc are employed by easyJet Airline Company Limited. The Company has 10 employees at 30 September 2014 (2013: eight). These are the Non-Executive Directors of easyJet plc; their remuneration is paid by easyJet Airline Company Limited. Details of Directors' remuneration are disclosed in note 4 to the consolidated accounts and in the Directors' remuneration report on pages 71 to 88.

c) Investments in subsidiary undertakings
Investments in subsidiary undertakings were as follows:

	2014 £ million	2013 £ million
At 1 October	**286**	283
Capital contributions to subsidiaries	**23**	18
Capital distributions made by subsidiaries	**–**	(15)
At 30 September	**309**	286

The companies listed below are those which, in the opinion of the Directors, principally affect the results, cash flows or financial position shown in the consolidated accounts.

A full list of Group companies will be included in the Company's next annual return, in accordance with Section 410 of the Companies Act 2006.

	Country of incorporation	Principal activity	Percentage of ordinary shares held
easyJet Airline Company Limited	England and Wales	Airline operator	100
easyJet Switzerland S.A.	Switzerland	Airline operator	49
easyJet Sterling Limited (1)	Cayman Islands	Aircraft trading and leasing	100
easyJet Leasing Limited (1)	Cayman Islands	Aircraft trading and leasing	100

(1) Although these companies are Cayman Islands incorporated they have always been, and continue to be, UK tax resident.

The Company has a 49% interest in easyJet Switzerland S.A. with an option that expires on 30 June 2015 to acquire the remaining 51%. Unless this option is terminated by written agreement before that date, it shall be tacitly renewed for a further year. easyJet Switzerland S.A. is consolidated as a subsidiary on the basis that the Company exercises a dominant influence over the undertaking. A non-controlling interest has not been reflected in the accounts on the basis that holders of the remaining 51% of the shares have no entitlement to any dividends from that holding and the Company has an option to acquire those shares for a predetermined minimal consideration.

d) Reconciliation of profit for the year to cash generated from operations

	2014 £ million	2013 £ million
Profit for the year	**667**	34
Adjustments for:		
Finance and other similar income	**(12)**	(9)
Unrealised foreign exchange differences	**(10)**	12
Tax charge	**5**	3
Dividends received	**(650)**	(40)
Operating cash flows before movement in working capital	**–**	–
Changes in working capital:		
Decrease/(increase) in tax recoverable	**10**	(10)
Decrease in amounts due from subsidiary undertakings	**538**	52
Decrease in amounts due to subsidiary undertakings	**(253)**	(15)
	295	27

e) Guarantees and contingent liabilities

The Company has given a formal undertaking to the Civil Aviation Authority to guarantee the payment and discharge of all liabilities of easyJet Airline Company Limited, a subsidiary of the Company. The guarantee is required for that company to maintain its operating licence under Regulation 3 of the Licensing of Air Carriers Regulations 1992.

The Company has issued a guarantee in favour of easyJet Airline Company Limited, a subsidiary undertaking, in relation to the processing of credit card transactions, and also in respect of hedging transactions carried out according to treasury policy.

The Company has guaranteed the contractual obligations of easyJet Airline Company Limited and easyJet Leasing Limited, both subsidiary undertakings, in respect of its contractual obligations to Airbus SAS in respect of the supply of Airbus 320 family aircraft.

The Company has guaranteed the repayment of borrowings that financed the acquisition of aircraft by subsidiary undertakings. The Company has also guaranteed the payment obligations for the lease of aircraft by subsidiary undertakings.

The Company has guaranteed certain letters of credit issued on behalf of subsidiary undertakings.

No amount is recognised on the Company statement of financial position in respect to any of these guarantees as it is not probable that there will be an outflow of resources.

f) Related party transactions

Transactions with subsidiary undertakings, which principally relate to the provision of funding within the Group, are carried out on an arm's length basis. Outstanding balances are placed on intercompany accounts with no specified credit period, are unsecured, and bear market rates of interest.

For full details of transactions and arrangements with easyJet's largest shareholder, see note 27 of the consolidated accounts.

Five-year summary

	2014 £ million	2013 £ million	2012 £ million	2011 £ million	2010 £ million
Income statement					
Revenue	**4,527**	4,258	3,854	3,452	2,973
EBITDAR	**823**	711	531	468	361
Operating profit	**581**	497	331	269	174
Profit before tax	**581**	478	317	248	154
Profit for the year	**450**	398	255	225	121
Earnings per share (basic) – pence	**114.5**	101.3	62.5	52.5	28.4
Earnings per share (diluted) – pence	**113.2**	100.0	61.7	52.0	28.0
Ordinary dividend per share – pence	**45.4**	33.5	21.5	10.5	–
Special dividend per share – pence	**–**	44.1	–	34.9	–
Statement of financial position					
Non-current assets	**3,221**	2,964	2,968	2,731	2,488
Current assets	**1,261**	1,448	1,327	1,738	1,515
Current liabilities	**(1,420)**	(1,379)	(1,264)	(1,177)	(1,065)
Non-current liabilities	**(890)**	(1,016)	(1,237)	(1,587)	(1,437)
Net assets	**2,172**	2,017	1,794	1,705	1,501
Statement of cash flows					
Operating activities (net of dividend payments)	**394**	616	261	424	363
Investing activities	**(445)**	(416)	(389)	(478)	(482)
Financing activities	**(526)**	197	(309)	246	233
Exchange (losses)/gains	**(12)**	(29)	(18)	(4)	9
Net (decrease)/increase in cash and cash equivalents	**(589)**	368	(455)	188	123
Key performance indicators					
Return on capital employed	**20.5%**	17.4%	11.3%	9.8%	6.9%
Gearing	**17%**	7%	29%	28%	32%
Net cash/(debt)	**422**	558	(74)	100	(40)
Profit before tax per seat (£)	**8.12**	7.03	4.81	3.97	2.75
Revenue per seat (£)	**63.31**	62.58	58.51	55.27	53.07
Cost per seat (£)	**55.19**	55.55	53.70	51.30	50.32
Cost per seat excluding fuel (£)	**37.70**	38.17	36.25	36.62	37.23
Seats flown (millions)	**71.5**	68.0	65.9	62.5	56.0

Glossary

Adjusted capital employed
Capital employed plus seven times operating lease costs incurred in the year.

Adjusted net cash/debt
Net cash/debt less seven times operating lease costs incurred in the year.

Aircraft dry/wet leasing
Payments to lessors under dry leasing arrangements relate solely to the provision of an aircraft. Payments to lessors under wet leasing arrangements relate to the provision of aircraft, crew, maintenance and insurance.

Aircraft owned/leased at end of year
Number of aircraft owned or on lease arrangements of over one month's duration at the end of the period.

Available seat kilometres (ASK)
Seats flown multiplied by the number of kilometres flown.

Average adjusted capital employed
The average of opening and closing adjusted capital employed.

Average capital employed
The average of opening and closing capital employed.

Average fare
Passenger and ancillary revenue divided by passengers.

Block hours
Hours of service for aircraft, measured from the time that the aircraft leaves the terminal at the departure airport to the time that it arrives at the terminal at the destination airport.

Capital employed
Shareholders' equity less net cash/debt.

Cost per ASK
Revenue less profit before tax, divided by available seat kilometres.

Cost per seat
Revenue less profit before tax, divided by seats flown.

Cost per seat, excluding fuel
Revenue, less profit before tax, plus fuel costs, divided by seats flown.

EBITDAR
Earnings before interest, taxes, depreciation, amortisation, aircraft dry leasing costs, and profit or loss on disposal of assets held for sale.

Gearing
Adjusted net cash/debt divided by the sum of shareholders' equity and adjusted net cash/debt.

Load factor
Number of passengers as a percentage of number of seats flown. The load factor is not weighted for the effect of varying sector lengths.

Net cash/debt
Total borrowings less cash. (Cash includes money market deposits but excludes restricted cash).

Normalised operating profit after tax
Reported operating profit adjusted for one-third of operating lease costs incurred in the year, less tax at the prevailing UK corporation tax rate at the end of the financial year.

Operated aircraft utilisation
Average number of block hours per day per aircraft operated.

Other costs
Administrative and operational costs not reported elsewhere, including some employee costs, compensation paid to passengers and the profit or loss on the disposal of non-aircraft property, plant and equipment.

Passengers
Number of earned seats flown. Earned seats comprises seats sold to passengers (including no-shows), seats provided for promotional purposes and seats provided to staff for business travel.

Profit before tax per seat
Profit before tax divided by seats flown.

Return on equity
Profit for the year divided by the average of opening and closing shareholders' equity.

Revenue
The sum of seat revenue and non-seat revenue.

Revenue passenger kilometres (RPK)
Number of passengers multiplied by the number of kilometres those passengers were flown.

Revenue per ASK
Revenue divided by available seat kilometres.

Revenue per seat
Revenue divided by seats flown.

ROCE
Return on capital employed.

ROCE (excluding lease adjustments)
Operating profit, less tax at the prevailing UK corporation tax rate at the end of the financial year, divided by average capital employed.

ROCE (including lease adjustments)
Normalised operating profit after tax divided by average adjusted capital employed.

Seats flown
Seats available for passengers.

Sector
A one-way revenue flight.

THANK YOU

We'd like to thank everyone who has helped to produce this report:

Paul Ablin, Charlotte Allin, Michael Barker, John Barton, Angela Bennett, Alita Benson, Lis Blair, Warwick Brady, Max Bruce, Lisa Burger, Mike Campbell, Phil Chastell, Ben Cookman, Louise Creighton, Trevor Didcock, Peter Duffy, Kate Field, Jo Flynn, Chris Gadsden, Pallavi Ghosh, Paul Gibson, Lewis Girdwood, Scott Glenister, Val Goldine, Pamela Harrison, Michelle Heywood, Mike Hirst, Shalini Iyanger, Joyce Linehan, Bruce James, Mark Johnston, Sarah Kayser, Chris Kennedy, Rachel Kentleton, Ken Lawrie, Martin Lynch, Cath Lynn, Will MacLaren, Carolyn McCall OBE, Yasmine Martin, Paul Moore, Tom Oliver, Fatima Parkar, Chris Paull, Giles Pemberton, Louise Pocklington, Captain Dave Prior, Mark Rouessart, Neil Slaven, Natalie Solebo, Chris Sominka, Ben Souter, Andrew Tempest, Huw Thomas, Claire Walker, Ian Walster, Charles Whitehouse, Anna Willshire, Andrew Winterton, and all of our employees across the network.

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