OFFERING CIRCULAR

easyJet plc

(*incorporated with limited liability in England and Wales*)

unconditionally and irrevocably guaranteed by

easyJet Airline Company Limited

(*incorporated with limited liability in England and Wales*)

£3,000,000,000
Euro Medium Term Note Programme

Under this £3,000,000,000 Euro Medium Term Note Programme (the **Programme**), easyJet plc (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by easyJet Airline Company Limited (the **Guarantor**).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed £3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

Application has been made to the Financial Conduct Authority in its capacity as competent authority (the **UK Listing Authority**) for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to the official list of the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Notes to be admitted to trading on the London Stock Exchange's regulated market.

References in this Offering Circular to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange's regulated market and have been admitted to the Official List. The London Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the **Final Terms**) which, where listed, will be delivered to the UK Listing Authority and the London Stock Exchange. Copies of Final Terms in relation to Notes to be listed on the London Stock Exchange will also be published on the website of the London Stock Exchange through a regulatory information service.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, the Guarantor and the relevant Dealer.

The Issuer has been rated Baa1 (stable) by Moody's Investors Service Limited (**Moody's**) and BBB+ (stable) by Standard and Poor's Credit Market Services Europe Limited (**S&P**). The Guarantor has been rated BBB+ (stable) by S&P. The Programme has been rated (P)Baa1 by Moody's and BBB+ by S&P. Each of Moody's and S&P is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Arranger

**SOCIÉTÉ GÉNÉRALE
CORPORATE & INVESTMENT BANKING**

Dealers

Barclays | **BofA Merrill Lynch**

**Société Générale
Corporate & Investment Banking**

The date of this Offering Circular is 7 January 2016.

IMPORTANT INFORMATION

This Offering Circular comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive. **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

The Issuer and the Guarantor accept responsibility for the information contained in this Offering Circular and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

Neither the Dealers nor the Trustee (as defined below) have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Programme. No Dealer or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer, the Guarantor or the Trustee to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, any of the Dealers or the Trustee.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantor, any of the Dealers or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantor. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS OFFERING CIRCULAR AND OFFERS OF NOTES GENERALLY

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor, the Dealers and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom) and Japan, see "*Subscription and Sale*".

This Offering Circular has been prepared on a basis that would permit an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) must be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "*Subscription and Sale*").

PRESENTATION OF INFORMATION

In this Offering Circular, all references to:

- **U.S. dollars**, **U.S.$** and **$** refer to United States dollars;
- **Sterling** and **£** refer to pounds sterling;
- **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended; and
- “includes”, “including” or “such as” shall mean “includes without limitation”, “including without limitation” or “such as but not limited to”.

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STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, if appropriate, a supplement to the Offering Circular or a new Offering Circular will be published.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive (the **Prospectus Regulation**).

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this Overview.

Issuer:	easyJet plc
Guarantor:	easyJet Airline Company Limited
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. There are also certain factors that may affect the Guarantor’s ability to fulfil its obligations under the Guarantee. These are set out under "*Risk Factors*" below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Risk Factors*" and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Euro Medium Term Note Programme
Arranger:	Société Générale
Dealers:	Société Générale
	Barclays Bank PLC
	Merrill Lynch International
	and any other Dealers appointed in accordance with the Programme Agreement, which appointment may be for a specific issue or on an ongoing basis. The Issuer may also, from time to time, terminate the appointment of any Dealer under the Programme.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Offering Circular.

	Notes having a maturity of less than one year
	Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".
Trustee:	Citicorp Trustee Company Limited
Issuing and Principal Paying Agent:	Citibank, N.A., London Branch
Programme Size:	Up to £3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Notes may be denominated in, subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer form as described in "*Form of the Notes*".
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined:
	(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or

	(b) on the basis of the reference rate set out in the applicable Final Terms.
	The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.
	Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.
	Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption:	The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.
	Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see "*Certain Restrictions - Notes having a maturity of less than one year*" above.
Denomination of Notes:	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions - Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, at least the equivalent of such amount in such currency).
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 7. In the event that any such deduction is made, the Issuer or, as the case may be, the Guarantor will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge:	The terms of the Notes will contain a negative pledge provision

	as further described in Condition 3.
Cross Acceleration:	The terms of the Notes will contain a cross acceleration provision as further described in Condition 9.
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.
Guarantee:	The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under its guarantee will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Guarantor and will rank *pari passu* and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.
Rating:	The Programme has been rated (P)Baa1 by Moody's and BBB+ by S&P. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the ratings assigned to the Programme. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing:	Application has been made for Notes issued under the Programme to be listed on the London Stock Exchange. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom), Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".
United States Selling Restrictions:	Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer and the Guarantor may become insolvent or otherwise be unable to make all payments due in respect of the Notes or the Guarantee. There is a wide range of factors which individually or together could result in the Issuer and the Guarantor becoming unable to make all payments due in respect of the Notes or the Guarantee. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer and the Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's and the Guarantor's control. The Issuer and the Guarantor have identified in this Offering Circular a number of factors which could materially adversely affect their businesses and ability to make payments due under the Notes or the Guarantee.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

Words and expressions defined in the "Terms and Conditions of the Notes" and the "Description of the Issuer and the Guarantor" shall have the same meanings in this section unless the contrary intention appears.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME AND/OR THE GUARANTOR'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE

Major safety incidents

Aircraft crashes or other safety incidents involving the Issuer and its subsidiaries (together, **easyJet**) or another airline, as well as potentially leading to loss of life could impact passenger confidence and have an adverse effect on the airline industry in general and (particularly to the extent easyJet was involved) easyJet's reputation in particular, leading to reduced demand for easyJet's services. Such events could have a material adverse effect on easyJet's business, financial performance and profits. In addition, if easyJet's aircraft are involved in crashes or other safety incidents, there may be other associated losses. Costs associated with the repair or replacement of damaged or lost aircraft, consequent temporary or permanent loss from service of such damaged or lost aircraft and claims by affected passengers, owners and third parties may occur. Failure to prevent or respond effectively to such an incident could have a material adverse effect on easyJet's business, results of operations, financial condition and prospects. This in turn could affect the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

Major security-related threats, attacks or conflicts

Security-related incidents or terrorist threats or attacks or conflicts could impact passenger confidence and have an adverse effect on easyJet's reputation, leading to reduced demand for easyJet's services and which could in turn lead to a loss of revenues and have a material adverse effect on easyJet's business, results of operations, financial condition and prospects. Additional adverse consequences of such events, and the threat of such events, could include a complete or partial closure of European airspace for certain periods, reduced demand for air travel, limitations on the availability of insurance coverage, increased costs associated with security precautions and flight restrictions over war zones. All of these adverse consequences, should such an incident occur, could have a material adverse effect on easyJet's results of operations, financial condition and prospects. This in turn could affect the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

Significant network disruptions

A number of possible events may cause a significant disruption to easyJet's network; forces of nature, including natural disasters, severe weather conditions, volcanic ash or other acts of God, union activity and strike action and epidemics and pandemics (such as avian flu). If an event or circumstance were to weaken the demand for air travel or materially affect airline operations this could have a disproportionate effect on easyJet's results for the relevant financial year. The occurrence and timing of such events, together with the reaction of aviation authorities to such events, cannot be predicted or controlled by easyJet and could result in the disruption of easyJet's operations and could have a material adverse effect on easyJet's results of operations, financial condition and prospects. This in turn could affect the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

Closure of or disruption at key airports for a significant period of time

easyJet operates from a number of key airports across Europe. The complete or partial closure or temporary unavailability of any of the key airports from which easyJet operates, for instance due to fire, flooding, excessive snow, a major air crash at the site, union activity and strike action or a terrorist or similar security incident, would result in the disruption of easyJet's operations and could have a material adverse effect on easyJet's results of operations, financial condition and prospects and therefore on the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

easyJet is dependent on Airbus and CFM International as its sole suppliers for aircraft and aircraft engines, respectively

easyJet operates a single fleet of Airbus aircraft and is dependent on Airbus and CFM International as its sole suppliers for aircraft and aircraft engines, respectively. The Airbus 320 family (which includes the A319) and Boeing 737 family are the two primary fleets used for short-haul travel in the European airline industry. Whilst there are significant cost and efficiency advantages of easyJet maintaining a single fleet, technical or mechanical issues that relate specifically to Airbus aircraft or CFM International engines could ground easyJet's full fleet, or part of its fleet. easyJet has a significant number of outstanding orders with Airbus and CFM International and therefore relying on these sole suppliers could lead to a delay or complete failure of delivery of new aircraft which could impact easyJet's fleet plans. This could result in significant disruption to easyJet's operations as well as passengers forming a negative perception of easyJet thereby reducing demand. Such disruption to operations and/or reduction in demand could have a material adverse effect on easyJet's results of operations, financial condition and prospects and in turn on the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

easyJet is exposed to the future value of second-hand aircraft which may crystallise when aircraft exit the fleet

easyJet owns a significant proportion of its fleet of A319 and A320 aircraft which, at the appropriate time, it seeks to sell in the second-hand aircraft market. If second-hand prices drop or if easyJet faces delays in making these sales, this could have a material adverse effect on easyJet's operations and financial condition and in turn on the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

Compliance with contractual obligations

A failure by easyJet to comply with its contractual obligations or to pay its indebtedness and fixed costs, could result in a variety of material adverse consequences, including acceleration, the exercise of remedies by its creditors, lessors or other co-contracting parties, and such defaults could trigger additional defaults under other indebtedness or agreements. In such a situation, easyJet may not be able to repay the accelerated indebtedness or fulfil its obligations under certain contracts, make required aircraft lease payments or otherwise cover its fixed costs. The lenders under such financing arrangements could enforce upon all or substantially all of the assets of easyJet which secure its obligations. Such failure to pay or enforcement action could have a material adverse effect on the financial condition and prospects of easyJet and could therefore affect the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

Dependency on a number of key IT systems and processes

easyJet is dependent on a number of key IT systems and processes. easyJet's key operational and commercial IT systems include internet bookings, online check in, flight planning and flight operations. A loss of such systems or access to facilities, including the easyJet website, could lead to significant disruption. Any such disruption or loss of access to the key IT systems could have a material adverse effect on easyJet's results of operations and financial condition and therefore on the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

Cyber security breaches

easyJet receives most of its revenue through payment card transactions and operates as an e-commerce business. It therefore faces both external cyber threats and internal risks to its data and systems. easyJet's data and systems may be vulnerable to theft, loss, damage and interruption due to unauthorised access, security breaches, cyber-attacks, computer viruses, power loss, or other disruptive events. A security breach could have a negative impact on customer confidence in easyJet's systems and negatively impact easyJet's reputation. Should a security breach occur this could have a material adverse effect on easyJet's results of operations and financial condition and therefore on the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

easyJet is dependent on third-party service providers for a significant proportion of its operations

easyJet has entered into agreements with third-party service providers for services covering a significant proportion of its operation and cost base, including ground handling, aircraft maintenance, call centre, catering and fuel supply. Failure to adequately manage performance of such service providers and failure by such service providers to perform their obligations under these agreements could adversely affect easyJet's reputation and its operational and financial performance. Loss of such third-party contracts or the inability to renew or negotiate favourable replacement contracts could have a material adverse effect on easyJet's results of operations and financial condition. This in turn could affect the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

Industrial action

easyJet and its suppliers have a significant number of employees who are members of trade unions and also has key third party service providers whose employees are members of trade unions. easyJet and its suppliers regularly negotiate with a number of the unionised groups including pilots, cabin crew, ramp staff and engineering staff. Whilst collective bargaining and other agreements with these unions takes place regularly, a breakdown in the bargaining process could lead to strikes or other industrial action being taken by easyJet employees, or by the employees of key third-party service providers, which could impact on easyJet's ability to maintain its flight schedules. There can be no assurance that easyJet will not experience strikes or other industrial action. Any drawn out dispute including the prospect of strikes or other industrial action, even if it does not ultimately result in strikes or other industrial action taking place, could have a material adverse effect on easyJet's reputation and cause consumers to book with easyJet's competitors. Any such strike or other industrial action, or any threat of a strike or industrial action, could have a material adverse effect on easyJet's results of operations, financial condition and prospects. This in turn could affect the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

easyJet is reliant on having the right people with the right capabilities in key management and personnel positions

easyJet's success depends upon the efforts, abilities and knowledge of its management team, and other key financial, commercial and operating personnel. Competition for highly qualified personnel within the aviation industry is intense and, if an adequate replacement cannot be found within a suitable time period, the loss of any of the key management personnel of easyJet could lead to an adverse effect on its business and could have a material adverse effect on easyJet's results of operations and financial condition. Equally, failure to develop and grow the capabilities and behaviours required of senior management so that there are clear successors for all key business roles could adversely affect easyJet's ability to deliver its strategic objectives and could have a material adverse effect on easyJet's results of operations and financial condition. This in turn could affect the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

If easyJet does not continue to optimise its network and aircraft allocation, its competitive advantage could be weakened

easyJet has a presence on many of the top 100 market pairs in Europe (according to data extracted by easyJet from the Official Airline Guide's online database) and positions at primary airports that are attractive to time-sensitive consumers. While easyJet manages the performance of its network by careful allocation of aircraft to routes and optimisation of its flying schedules, it cannot always guarantee that such optimal management will be achievable. There are a number of factors, including factors that are outside of easyJet's control that could have an adverse impact on easyJet's network performance. If easyJet fails to manage the performance of its network in an optimal manner, easyJet's competitors could take advantage of such situation or consumers could decide to fly with a competitor. In addition, significant delays in easyJet's provision of services could damage its reputation. Should such situation occur, this could have a material adverse effect on easyJet's results of operations, financial condition and prospects. This in turn could affect the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

Exposure to fuel price fluctuations may significantly increase easyJet's fuel costs

Fuel costs constitute a substantial proportion of easyJet's total operating expenses. easyJet’s fuel consumption costs amounted to £1,199 million and £1,251 million, in the years to 30 September 2015 and 30 September 2014 respectively, equal to 32 per cent. and 34 per cent., respectively, of its operating costs. Jet fuel has been, and is expected to remain, subject to significant price volatility. Prices for jet fuel are influenced by a number of political and economic factors, war or the threat of war, refining capacity and sudden disruptions in supply. Substantial increases in jet fuel prices would significantly impact fuel costs. Please also see "*Hedging arrangements*" in the section entitled "*Description of the Issuer and the Guarantor*" below.

If easyJet is exposed to significant price volatility and/or increases in prices for jet fuel, there can be no assurance that it will be able to offset such volatility and increases by passing these costs on to customers and/or cost reductions and/or through fuel hedging arrangements. In addition, easyJet cannot predict the movement of either short-term or long-term jet fuel prices. Any such price volatility and/or increases in prices for jet fuel could have a material adverse effect on easyJet's results of operations, financial condition and prospects. This in turn could affect the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

Shifts in macroeconomic conditions could have a material adverse effect on easyJet’s operational and financial performance

easyJet's business can be affected by macroeconomic conditions outside of its control, such as weakening consumer confidence, inflationary pressure or economic instability. During such times consumers may choose not to fly. easyJet has no control over the impact of such macroeconomic conditions and there can be no assurance that any such issue will not have a material adverse effect on easyJet's results of operations, financial condition and prospects and therefore on the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

Market conditions could change the cost of current finance

easyJet is exposed to movements on interest rates on interest bearing monetary items. easyJet's adjusted net debt (after making an adjustment for aircraft operating leases by capitalising at seven times annual interest expense) stood at £363 million at 30 September 2015 and £446 million at 30 September 2014. As such, easyJet is exposed to increases in interest rates and such increases could have a material adverse effect on easyJet's results of operations and financial condition. This in turn could affect the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

Liquidity risk

Liquidity risk is the possibility of being unable to meet all present and future financial obligations as they become due. While easyJet believes it has processes in place designed to deliver sufficient cash resources and the availability of funding as needed, there can be no assurance that such processes will be effective. Any business disruption as a result of not being able to meet all present and future financial obligations as they become due could have a material adverse effect on easyJet's results of operations and financial condition. This in turn could affect the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

Market conditions could change the cost of finance in the future

easyJet's ability to finance its operations and satisfy its fleet commitments, together with future fleet requirements is reliant on a number of factors including those outside of its control. In some cases, easyJet may need to refinance and such refinancing may be more expensive than current rates, or may be unavailable depending on easyJet's current profile, the economic climate at the time and other factors outside of its control. Should easyJet be unable to obtain satisfactory financing in respect of its current commitments, or in respect of future financing needs, this could have a material adverse effect on easyJet's results of operations and financial condition and in turn on the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

Exchange rate risk

easyJet reports its financial results in Sterling and therefore easyJet's principal exposure to currency exchange rates arise from fluctuations in the U.S. dollar, euro and Swiss franc rates with respect to Sterling which impact its operating, financing and investing activities. As easyJet reports its financial results in Sterling, the results for each period are affected by fluctuations in exchange rates. An adverse change in exchange rates against Sterling could have a material adverse effect on easyJet's business, operations, financial condition and results of operations. This in turn could affect the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

Whilst easyJet manages foreign currency risk through hedging activity which aims to reduce the impact of exchange rate volatility on the results and cash flows of easyJet there can be no assurance that such foreign currency risk management will be effective. If such foreign currency risk management is not effective, this could have a material adverse effect on easyJet's results of operations and financial condition. This in turn could affect the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

Exposure to credit risk of counterparties

easyJet is exposed to the credit risk of non-performance by its counterparties in respect of receivable financial assets, which include cash and money market deposits, derivative financial instruments, and trade and other receivables. easyJet is also exposed to the credit risk of non-performance by its insurance counterparties. Failure of any of its counterparties could have a material adverse effect on easyJet's financial condition and results of operations. This in turn could affect the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

easyJet does not own its company name or branding which is licensed from easyGroup Limited

easyJet does not own its company name or branding, but instead licenses them from easyGroup Limited, a wholly-owned subsidiary of easyGroup Holdings Limited, which is controlled by Sir Stelios Haji-loannou, easyJet's founder. The licence agreement imposes certain minimum service levels that easyJet must meet in order to retain the right to use the name and the brand.

Under the terms of the licence agreement signed in October 2010, the brand licence was granted for 50 years subject to a minimum term commitment by easyJet to the brand for 10 years (with earlier termination by easyJet other than as a result of a breach by easyGroup Holdings Limited triggering a balancing royalty payment to ensure royalties are paid in respect of the full 10 year term). The licence agreement provides easyJet with worldwide rights to use the brand on a basis which protects easyJet's current commercial activities. Under the terms of the licence, easyJet is granted rights to use the brand for business activities, including commercial air travel and ancillary services, such as car hire and hotel arrangements through "easyJet Holidays", as well as other activities.

Any adverse impact on the brand, the termination of the brand licence or the post-termination use of the brand by a competing airline, could have a material adverse effect on easyJet's financial condition, results of operations and prospects and therefore on the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

easyJet's major shareholders control approximately 34 per cent. of its ordinary shares

The Haji-Ioannou family concert party shareholding, consisting of easyGroup Holdings Limited (a holding vehicle for Sir Stelios Haji-Ioannou and Clelia Haji-Ioannou) and Polys Haji-Ioannou (through his holding vehicle Polys Holding Limited), was (as disclosed to the Issuer in accordance with the FCA's Disclosure and Transparency Rule 5) 33.73 per cent. of the Issuer's ordinary shares as at 30 September 2015. As a result, together easyGroup Holdings Limited and Polys Holding Limited are controlling shareholders, for the purposes of the FCA Listing Rules, and have the ability to influence easyJet's business in relation to actions that require shareholder approval. easyGroup Holdings Limited and Polys Holding Limited could attempt to do this in connection with business initiatives requiring shareholder approval that they disagree with. Any such shareholder activism could disrupt the attention of management to the business and could adversely impact the reputation of easyJet. Any such disruption to the business or impact on easyJet's reputation as a result of shareholder activism could have a material adverse effect on easyJet's results of operations, financial condition and prospects. This in turn could affect the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

Failure to deliver business benefits and cost savings from projects supporting the business strategy

easyJet is undertaking a number of key projects and programmes to deliver on elements of its strategy. If one or more of these projects and programmes fail to deliver the anticipated business benefits and costs saving planned, this could have a material adverse effect on easyJet's financial condition and results of operations. This in turn could affect the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

easyJet operates in a competitive market

easyJet operates in competitive market places against both legacy carriers and other low-cost airlines. easyJet's key competitive advantages are its network (including a high number of prime slots at primary airports), digital innovation and an efficient and strong balance sheet. Failure to retain these advantages or react quickly to competitor changes could have a material adverse effect on easyJet's market share, results of operations, financial condition and prospects.

easyJet is also at risk of competitors increasing capacity and causing an oversupply in the marketplace, which could have a material adverse effect on easyJet's revenues and profitability, results of operations, financial condition and prospects.

In addition, the airline industry competes with other modes of transport including train travel. easyJet's operations are concentrated across Europe where there is a significant and reliable rail network. If alternative modes of transport provide a more cost-effective means of travel or there is a change in preference amongst airline travellers against using low-cost airlines this could have a material adverse effect on easyJet's financial condition and results of operations. Any failure to retain its competitive advantage could therefore affect the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

easyJet is exposed to risks associated with industry consolidation

Industry consolidation could affect the competitive environment of easyJet in a number of different markets. easyJet's ability to retain its competitive advantage is dependent upon it remaining a key player in the relevant markets in which it operates. Consolidation by other key players in the low-cost airline industry could cause a loss of market position and erosion of revenue and could have a material adverse effect on easyJet's financial condition and prospects and therefore affect the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

easyJet is exposed to extensive legislative and regulatory oversight across its network

The airline industry is subject to extensive legislative and regulatory requirements at UK and European level and changes occur frequently. Additional laws, regulations and taxes have been proposed from time to time that, if implemented, could significantly increase the cost of airline operations or reduce revenues. easyJet is also exposed to legislative and regulatory oversight in all countries where it sells its product via local language websites. This will increase as easyJet grows geographically and its number of local language websites increases. New regulations could have a negative impact on easyJet's costs and business model. For example, more onerous safety and/or security requirements could impact easyJet's ability to manage quick turnarounds and therefore may compromise aircraft utilisation or may impose additional costs. easyJet cannot fully anticipate all changes that may be made in the future, nor the possible adverse impact of such changes, including on its operations, financial condition or prospects. Its ability to comply with such regulations is key to maintaining its operational and financial performance. Any such new regulations could have a material adverse effect on easyJet's results of operations, financial condition and prospects and therefore on the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

easyJet is required to compensate passengers for certain flight delays and cancellations

Under European legislation, airlines including easyJet are required to compensate passengers for certain flight delays and cancellations. The legislation provides for compensation in a cash amount equal to €250, €400 or €600 per passenger, depending on the length of the flight, with short-haul flights generally subject to compensation in an amount equal to €250 per passenger. In addition, passengers may also be entitled to assistance, including meals, drinks and telephone calls, as well as hotel accommodation, depending on the length of the delay. In certain circumstances, easyJet must offer the option of a refund of the cost of the unused ticket. While easyJet carefully manages its network and seeks to minimise delays and cancellations of flights, there can be no assurance that it will be able to manage all circumstances which may give rise to such delays and/or cancellations. In such circumstances, easyJet may be required to make compensatory payments to affected passengers and may also suffer reputational damage, and this could have a material adverse effect on easyJet's results of operations, financial condition and prospects and therefore on the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

Insurance cover in the event of disaster or major disruption may not be sufficient or may be difficult to obtain

easyJet believes that it has insurance in place consistent with its competitors. However, insurance policies are typically subject to a number of conditions and exclusions and must be renewed from time to time. In addition, insurance may be difficult to obtain subsequent to the occurrence of a safety incident. Any disaster or major disruption involving easyJet or its aircraft could result in potential claims from injured passengers, third-parties or others. There may also be temporary or permanent loss of the aircraft from service, as well as repair and replacement costs. In addition, easyJet may suffer from reputational damage if one or more of its aircraft is involved in a disaster or major disruption. There can be no assurance that the amount or type of insurance cover currently held by easyJet will be sufficient or adequate to cover all potential losses. If easyJet's insurance policies exclude certain events or specific claims or if the amounts insured under such policies are insufficient easyJet may suffer significant costs. In addition, if the cost of insurance increases substantially, for example due to a terrorist incident there may be a negative impact on easyJet's profits and easyJet may suffer substantial loss should a disaster or major disruption occur for which its insurance coverage is inadequate.

Any such disaster or major disruption, or the inability of easyJet to renew or obtain adequate insurance could have a material adverse effect on easyJet's results of operations, financial condition and prospects. This in turn could impact the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

easyJet is exposed to increases in airport, transit and landing fees, along with changes in air security policies and air traffic security costs affecting the airline industry

Airlines are exposed to increases in airport, transit and landing fees, along with changes in air security policies and air traffic security costs. Airport, transit and landing fees and security charges or initiatives represent a significant operating cost to easyJet and have an impact on its operations.

There can be no assurance that such costs will not increase or that easyJet will not incur new costs in the UK, or elsewhere in Europe and the jurisdictions in which it operates. If easyJet is not able to pass any increases in charges, fees or other costs on to its customers, these increases could have a material adverse effect on easyJet's financial condition and results of operations. This in turn could impact the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

easyJet is exposed to governmental policy changes or decisions affecting aviation capacity

Certain markets in which easyJet operates are subject to government regulation aimed at controlling capacity and restricting market entry. Relaxation (or tightening) of such controls and restrictions could impact easyJet's ability to compete with other airlines and therefore have a negative impact on easyJet's margins. If there is a negative impact on easyJet's margins this in turn could have a material adverse effect on easyJet's financial condition and results of operations and therefore on the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

The airline industry is exposed to risks associated with the limitation of greenhouse gas emissions and related trading schemes or allowances and any changes to environmental legislation.

Under the United Nations Framework Convention on Climate Change and the Kyoto Protocol, certain contracting states entered into obligations to control and reduce the emission of greenhouse gasses.

To comply with its obligations under public international law, the EU introduced the Emissions Trading Scheme (the **ETS**) in 2003 to limit greenhouse gas emissions and the trading allowances which apply to certain industrial installations. The ETS was introduced in 2012 for intra-EU flights with the intention to extend the scheme outside the EU in 2014. Further increases or the extension of the ETS to flights outside the EU, could have an adverse impact upon demand for air travel and/or reduce the profit margin per ticket. Customer attitudes to environmental and climate issues may also change and this may lead to a reduced demand for air travel.

Further regulations on greenhouse gas emissions may be enacted in one or more of the countries in which easyJet operates. All of these factors may limit easyJet's operational flexibility, increase costs and therefore may have a material adverse effect on its financial condition and results of operations and therefore on the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee respectively.

easyJet is exposed to changes to regional, national or international law or regulations affecting the airline industry

Airlines are subject to extensive regulatory requirements. easyJet is subject not only to English laws and regulations but also to the laws and regulations of the EU and other nations in which it operates outside the EU, together with international organisations and international, bilateral and multilateral treaties. The scope of such laws and regulations includes (among other things) infrastructure issues relating to slot capacity and route flying rights, environmental and security requirements, safety, licensing, competition, customer protection and tax. Additional laws, regulations, taxes and airport rates and charges may be proposed from time to time that could significantly increase the cost of easyJet's airline operations or reduce its revenues. Furthermore, while easyJet can neither fully anticipate all changes that may be made in the future nor the possible adverse impact of such changes, its ability to comply with such regulations is key to maintaining its operational and financial performance. Any such reduction in revenues could have a material adverse effect on easyJet's financial condition and results of operations and therefore on the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

The airline industry relies upon and is exposed to national and international infrastructure development

easyJet is dependent on and may be affected by infrastructure decisions or changes in infrastructure policy by governments, regulators or other entities, which are often outside easyJet's control. For example, if a new runway is added at an airport, or a new airport was to open. This in turn could have a material adverse effect on easyJet's financial condition and results of operations and therefore on the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

Political uncertainty

In May 2015, the EU Referendum Bill was introduced into the UK Parliament, which provides that a referendum on the UK's membership of the European Union (the **EU**) will be held by 31 December 2017. The outcome of such a referendum is not known and there is uncertainty as to the impact of either a "Remain a member of the European Union" or "Leave the European Union" vote on general economic conditions in the UK and the UK’s future relationship with the EU. As such, no assurance can be given as to the impact of the referendum on easyJet, including the effect on the UK’s inclusion in the Single European Sky initiative.

The outcome of this decision could have a material adverse effect on easyJet's financial condition and results of operations and therefore on the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which involve particular risks for potential investors. Set out below is a description of the most common such features, distinguishing between factors which may occur in relation to any Notes:

Risks applicable to all Notes

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a description of material risks relating to the Notes generally:

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders.

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such or (iii) agree to the substitution of (a) any holding company of the Issuer, any other company being a Subsidiary (as defined in the Conditions) of the Issuer or the Guarantor, or any Successor in Business (as defined in the Trust Deed) of the Issuer as principal debtor under the Notes in place of the Issuer and/or (b) any Successor in Business of the Guarantor as guarantor of the Notes in place of the Guarantor, in the circumstances described in the Trust Deed and the conditions of the Notes, provided that in the case of (i), (ii) and (iii), that the Trustee is of the opinion that to do so would not be materially prejudicial to the interests of Noteholders.

The conditions of the Notes and the Trust Deed also provide that the Trustee shall, without the consent of the Noteholders, agree to the substitution of the Issuer in place of the Guarantor so that the Issuer shall thereby become the sole obligor in respect of the Notes subject to the Guarantor no longer being party to the Facilities Agreement (as defined in Condition 14.2) and to certain other conditions being complied with as further described in the Trust Deed and the conditions of the Notes. Noteholders should note that, in this particular circumstance, the substitution right is mandatory and thus such a substitution will not be subject to any material prejudice determination by the Trustee with respect to the interests of the Noteholders and therefore could potentially be materially prejudicial to the interests of Noteholders.

The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Notes.

U.S. Foreign Account Tax Compliance Act Withholding

Whilst the Notes are in global form and held within Euroclear Bank SA/NV or Clearstream Banking, société anonyme (together the **ICSDs**), in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) will affect the amount of any payment received by the ICSDs (see "*Taxation – FATCA Disclosure*"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of, the common depositary or common safekeeper for the ICSDs (as bearer of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an **IGA**) are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

The value of the Notes could be adversely affected by a change in English law or administrative practice.

The conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular and any such change could materially adversely impact the value of any Notes affected by it.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or the Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes.

One or more independent credit rating agencies may assign credit ratings to the Issuer, the Guarantor or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Financial Conduct Authority shall be incorporated in, and form part of, this Offering Circular:

(a) the audited consolidated annual financial statements (including the auditors' report thereon and the notes thereto) of the Issuer for the financial year ended 30 September 2015 (as set out on pages 85 to 123 of the Issuer's 30 September 2015 annual report); and

(b) the audited consolidated annual financial statements (including the auditors' report thereon and the notes thereto) of the Issuer for the financial year ended 30 September 2014 (as set out on pages 93 to 135 of the Issuer's annual report for the financial year ended 30 September 2014).

Following the publication of this Offering Circular a supplement may be prepared by the Issuer and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg. In addition, copies of the documents will be available free of charge at the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Offering Circular.

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note**) which, in either case, will:

(i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**); and

(ii) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, Euroclear and Clearstream, Luxembourg will be notified as to whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form and a certificate to such effect signed by an Authorised Officer (as defined in Condition 6) of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The exchange of a Permanent Global Note for definitive Notes upon notice from Euroclear and/or Clearstream (acting on the instructions of any holder) or at any time at the request of the Issuer should not be expressed to be applicable in the applicable Final Terms if the Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes.

The following legend will appear on all Notes (other than Temporary Global Notes) and interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

The Issuer and the Guarantor may agree with any Dealer and the Trustee that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event a new Offering Circular will be made available which will describe the effect of the agreement reached in relation to such Notes.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

[*Date*]

easyJet plc

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by easyJet Airline Company Limited
under the £3,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 7 January 2016 [and the supplement[s] to it dated [*date*] [and [*date*]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Offering Circular**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular has been published on the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange /news/market-news/market-news-home.html.

The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular dated [*original date*] [and the supplement[s] to it dated [*date*]] which are incorporated by reference in the Offering Circular dated [*current date*]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular dated [*current date*] [and the supplement[s] to it dated [*date*] [and [*date*]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Offering Circular**), including the Conditions incorporated by reference in the Offering Circular. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular has been published on the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange /news/market-news/market-news-home.html.]

[*Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.*]

[*If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination must be £100,000 or its equivalent in any other currency.*]

1.	(a)	Issuer:	easyJet plc
	(b)	Guarantor:	easyJet Airline Company Limited

2.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [25] below, which is expected to occur on or about [*date*]][Not Applicable]
3.	Specified Currency or Currencies:		[ ]
4.	Aggregate Nominal Amount:		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
5.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
6.	(a)	Specified Denominations:	[ ] (*N.B. Notes must have a minimum denomination of €100,000 (or equivalent)*) (*Note – where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:* *"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]."*)
	(b)	Calculation Amount:	[ ] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations*.)
7.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes*.)
8.	Maturity Date:		*Specify date or for Floating rate notes* - Interest Payment Date falling in or nearest to [*specify month and year*]]

9.	Interest Basis:		[[ ] per cent. Fixed Rate] [[[ ] month [LIBOR/EURIBOR]] +/- [ ] per cent. Floating Rate] [Zero coupon] (see paragraph [14]/[15]/[16]below)
10.	Redemption/Payment Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount (*N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Notes may be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.*)
11.	Change of Interest Basis:		[*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there*][Not Applicable]
12.	Put/Call Options:		[Investor Put] [Change of Control Put] [Issuer Call] [Issuer Residual Call] [Make-Whole Redemption by the Issuer] [Issuer Maturity Call] [Not Applicable] [(see paragraph [17]/[21]/[22]/[21]/[22]/[22] below)]
13.	(a)	Status of the Notes:	Senior
	(b)	Status of the Guarantee:	Senior
	(c)	[Date [Board] approval for issuance of Notes and Guarantee obtained:	[ ] [and [ ], respectively]] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date (*Amend appropriately in the case of irregular coupons*)
	(c)	Fixed Coupon Amount(s): (Applicable to Notes in	[ ] per Calculation Amount

		definitive form.)	
	(d)	Broken Amount(s): (Applicable to Notes in definitive form.)	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
	(e)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
	(f)	[Determination Date(s):	[[ ] in each year][Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*)
15.	Floating Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below /, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]
	(c)	Additional Business Centre(s):	[ ]
	(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ]
	(f)	Screen Rate Determination:	
		• Reference Rate:	[ ] month [LIBOR/EURIBOR]
		• Interest Determination Date(s):	[ ] (*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR*)
		• Relevant Screen Page:	[ ] (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)

	(g)	ISDA Determination:	
		• Floating Rate Option:	[ ]
		• Designated Maturity:	[ ]
		• Reset Date:	[ ] (*In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period*)
	(h)	Linear Interpolation:	[Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
	(i)	Margin(s):	[+/-] [ ] per cent. per annum
	(j)	Minimum Rate of Interest:	[ ] per cent. per annum
	(k)	Maximum Rate of Interest:	[ ] per cent. per annum
	(l)	Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] 30E/360 (ISDA)]
16.	Zero Coupon Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Accrual Yield:	[ ] per cent. per annum
	(b)	Reference Price:	[ ]
	(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

17.	Issuer Call:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[[ ] per Calculation Amount]
	(c)	Redeemable in part:	[Applicable]/[Not Applicable – the Notes are not

		redeemable in part only]
	(i) Minimum Redemption Amount:	[ ]
	(ii) Maximum Redemption Amount:	[ ]
18.	Issuer Residual Call:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraph of this paragraph*)
	Residual Call Early Redemption Amount:	[ ] per Calculation Amount
19.	Make-Whole Redemption by the Issuer:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Make-Whole Redemption Margin:	[[ ] basis points/Not Applicable]
	(b) Reference Bond:	[CA Selected Bond/[ ]]
	(c) Quotation Time:	[[5.00 p.m. [Brussels/London/[ ]]] time/Not Applicable]
	(d) Reference Rate Determination Date:	The [ ] Business Day preceding the relevant Make-Whole Redemption Date
	(e) If redeemable in part:	
	(i) Minimum Redemption Amount:	[ ]
	(ii) Maximum Redemption Amount:	[ ]
20.	Issuer Maturity Call:	[Applicable/Not Applicable]
21.	Investor Put:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Optional Redemption Date(s):	[ ]
	(b) Optional Redemption Amount:	[ ] per Calculation Amount (*NB: If the Optional Redemption Amount is other than a specified amount per Calculation Amount, the Notes will need to be exempt Notes*)
22.	Change of Control Put:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraph of this paragraph*)
	Change of Control Redemption Amount:	[ ] per Calculation Amount

23.	Final Redemption Amount:	[ ] per Calculation Amount (*N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes may be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.*)
24.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:	[ ] per Calculation Amount (*N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.*)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes:

(a)	Form:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]] [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]] [Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005[1]] (*N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.*)
	[New Global Note:	[Yes][No]]

[1] Include for Notes that are to be offered in Belgium.

26.	Additional Financial Centre(s):	[Not Applicable/*give details*] (*Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 15(c) relates*)
27.	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

[THIRD PARTY INFORMATION

[*Relevant third party information*] has been extracted from [*specify source*]. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of easyJet plc:

By: ....

Duly authorised

Signed on behalf of easyJet Airline Company Limited:

By: ....

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Listing and Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and admitted to the Official List of the UK Listing Authority with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and admitted to the Official List of the UK Listing Authority with effect from [ ].]
(ii)	Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

Ratings:	[The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]: [*insert details*]] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*]. [[Each of][ ] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).] (*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating*.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer, the Guarantor and their affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.*)]

4. **YIELD** *(Fixed Rate Notes only)*

Indication of yield:	[ ]
	The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. **OPERATIONAL INFORMATION**

(i)	ISIN:	[ ]
(ii)	Common Code:	[ ]
(iii)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(iv)	Delivery:	Delivery [against/free of] payment
(v)	Names and addresses of additional Paying Agent(s) (if any):	[ ]

6. **DISTRIBUTION**

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names of Managers:	[Not Applicable/*give names*] *(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
(iii)	Date of [Subscription] Agreement:	[ ]
(iv)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(v)	U.S. Selling Restrictions:	[Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by easyJet plc (the **Issuer**) constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 7 January 2016 made between the Issuer, easyJet Airline Company Limited (the **Guarantor**) and Citicorp Trustee Company Limited (the **Trustee**, which expression shall include any successor as Trustee).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;

(b) any Global Note; and

(c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 7 January 2016 and made between the Issuer, the Guarantor, the Trustee, Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. The expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

Interest bearing definitive Notes have interest coupons (**Coupons**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The Trustee acts for the benefit of the holders for the time being of the Notes (the **Noteholders**, which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of

Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Trust Deed (including the Guarantee (as defined below)) and the Agency Agreement are available for inspection during normal business hours at the principal office for the time being of the Trustee being at 7 January 2016 at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of the London Stock Exchange the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed (including the Guarantee), the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer, the Guarantor, the Paying Agents and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Paying Agents and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, the Guarantor, any Paying Agent and the Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. STATUS OF THE NOTES AND THE GUARANTEE

2.1 Status of the Notes

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.

2.2 Status of the Guarantee

The payment of principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed (the **Guarantee**). The obligations of the Guarantor under the Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Guarantor and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.

3. NEGATIVE PLEDGE

So long as any of the Notes remains outstanding:

(a) the Issuer undertakes that it will not, and it will procure that none of its Subsidiaries (as defined below) will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a **Security Interest**), other than a Permitted Security Interest, upon, or with respect to, any of their present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer and/or any of its Subsidiaries to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(i) all amounts payable by it under the Notes, the Coupons and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or

(ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

(b) the Guarantor undertakes that it will not create or have outstanding any Security Interest, other than a Permitted Security Interest, upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Guarantor and/or any of its Subsidiaries to secure any Relevant Indebtedness, unless the Guarantor, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(i) all amounts payable by it under the Guarantee and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or

(ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of these Conditions:

(a) **Permitted Security Interest** means (i) any Security Interest which directly or indirectly secures any aircraft or aircraft equipment of the Issuer, the Guarantor or any of the their respective Subsidiaries; or (ii) any Security Interest existing on property at the time of the acquisition thereof by the Issuer, the Guarantor or any of their respective Subsidiaries, provided that such Security Interest was not created in connection with or in contemplation of such acquisition and that the amount secured by such Security Interest is not increased subsequently to the acquisition of the relevant property;

(b) **Relevant Indebtedness** means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which with the consent of the issuer of the indebtedness are for the time being (or are intended to be) quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity in respect of any such indebtedness; and

(c) **Subsidiary** means, in relation to any person (the **first person**) at any particular time, any other person (the **second person**):

(i) whose affairs and policies the first person, directly or indirectly, controls or has power to control, whether by ownership or share capital, contract, the power to appoint or remove members of the governing body of the second person or otherwise; or

(ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person.

4. INTEREST

4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or

(b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

(c) In the Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

4.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In the Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, **Business Day** means a day which is both:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and

(b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

(A) the Floating Rate Option is as specified in the applicable Final Terms;

(B) the Designated Maturity is a period specified in the applicable Final Terms; and

(C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or

(B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y_2 - Y_1)] + [30 \text{ x } (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y_2 - Y_1)] + [30 \text{ x } (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

(vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y_2 - Y_1)] + [30 \text{ x } (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(e) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) Determination or Calculation by Trustee

If for any reason at any relevant time the Agent defaults in its obligation to determine the Rate of Interest or in its obligation to calculate any Interest Amount in accordance with subparagraph (b)(i) or subparagraph (b)(ii) above, as the case may be, and in each case in accordance with paragraph (d) and (e) above, the Trustee shall (at the expense of the Issuer) determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent.

(h) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2 by the Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantor, the Noteholders or the Couponholders shall attach to the Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) as provided in the Trust Deed.

5. PAYMENTS

5.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

(b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto.

5.2 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

5.3 Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

5.4 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

5.5 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

    (i) in the case of Notes in definitive form only, the relevant place of presentation;

    (ii) each Additional Financial Centre specified in the applicable Final Terms; and

(b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

5.6 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 7 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) the Residual Call Early Redemption Amount (if any) of the Notes;

(f) the Make-Whole Redemption Amount(s) (if any) of the Notes;

(g) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.6); and

(h) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

6.2 Redemption for tax reasons

Subject to Condition 6.6, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 or the Guarantor would be unable for reasons outside of its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

(b) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee (i) a certificate signed by an Authorised Officer of the Issuer or, as the case may be, an Authorised Officer of the Guarantor, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

In these Conditions, **Authorised Officer** means any director of the Issuer or the Guarantor, as applicable, or any other officer of the Issuer or the Guarantor authorised to sign on behalf of the Issuer or the Guarantor, as applicable.

6.3 Issuer Call Options

(a) Redemption at the option of the Issuer

This Condition 6.3(a) applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons pursuant to Condition 6.2 or pursuant to the Issuer Residual Call described in Condition 6.3(b) or pursuant to a Make-Whole Redemption by the Issuer as described in Condition 6.3(c) or pursuant to the Issuer Maturity Call described in Condition 6.3(d)), such option being referred to as an **Issuer Call**. The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 6.3 for full information on any Issuer Call. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than 30 nor more than 60 days' notice to the Trustee and the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or (if redemption in part is specified as being applicable in the applicable Final Terms) some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. If redemption in part is specified as being applicable in the applicable Final Terms, any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption.

(b) Issuer Residual Call Option

This Condition 6.3(b) applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons pursuant to Condition 6.2 or pursuant to the Issuer Call described in Condition 6.3(a) or pursuant to a Make-Whole Redemption by the Issuer as described in Condition 6.3(c) or pursuant to the Issuer Maturity Call described in Condition 6.3(d)), such option being referred to as the **Issuer Residual Call**. The applicable Final Terms contains provisions applicable to the Issuer Residual Call and must be read in conjunction with this Condition 6.3(b) for full information on the Issuer Residual Call. In particular, the applicable Final Terms will identify the Residual Call Early Redemption Amount.

If Issuer Residual Call is specified as being applicable in the applicable Final Terms and, at any time, the outstanding aggregate nominal amount of the Notes is 20 per cent. or less of the aggregate nominal amount of the Series issued, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 and not more than 60 days' notice to the Trustee and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable) at the Residual Call Early Redemption Amount together, if appropriate, with interest accrued to (but excluding) the date of redemption.

(c) Make-Whole Redemption by the Issuer

This Condition 6.3(c) applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons pursuant to Condition 6.2 or pursuant to the Issuer Call described in Condition 6.3(a) or pursuant to the Issuer Residual Call described in Condition 6.3(b) or pursuant to the Issuer Maturity Call described in Condition 6.3(d)), such option being referred to as the **Make-Whole Redemption by the Issuer**. The applicable Final Terms contains provisions applicable to the Make-Whole Redemption by the Issuer and must be read in conjunction with this Condition 6.3(c) for full information on the Make-Whole Redemption by the Issuer. In particular, the applicable Final Terms will identify the Make-Whole Redemption Margin, the Reference Bond, the Quotation Time, the Reference Rate Determination Date and, if redeemable in part, any minimum or maximum amount of Notes which can be redeemed.

If Make-Whole Redemption by the Issuer is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than 30 nor more than 60 days' notice to the Trustee and the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption (the **Make-Whole Redemption Date**)), redeem all or some only of the Notes then outstanding on any Make-Whole Redemption Date and at the Make-Whole Redemption Amount(s) together, if appropriate, with interest accrued to (but excluding) the relevant Make-Whole Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Notes, the Redeemed Notes will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the relevant Make-Whole Redemption Date and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the relevant Make-Whole Redemption Date.

In this Condition 6.3(c), **Make-Whole Redemption Amount** means: (A) the outstanding nominal amount of the relevant Note or (B) if higher, the sum, as determined by the Calculation Agent, of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the relevant Make-Whole Redemption Date on an annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Reference Rate plus the Make-Whole Redemption Margin (if any) specified in the applicable Final Terms, where:

CA Selected Bond means a government security or securities (which, if the Specified Currency is euro, will be a German *Bundesobligationen*) selected by the Calculation Agent as having a maturity comparable to the remaining term of the Notes to be redeemed and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes;

Calculation Agent means a leading investment, merchant or commercial bank appointed by the Issuer and approved in writing by the Trustee for the purposes of calculating the relevant Make-Whole Redemption Amount, and notified to the Noteholders in accordance with Condition 13;

Reference Bond means (A) if CA Selected Bond is specified in the applicable Final Terms, the relevant CA Selected Bond or (B) if CA Selected Bond is not specified in the applicable Final Terms, the security specified in the applicable Final Terms, provided that if the Calculation Agent advises the Issuer that, at the time at which the relevant Make-Whole Redemption Amount is to be determined, for reasons of illiquidity or otherwise, the relevant security specified is not appropriate for such purpose, such other central bank or government security as the Calculation Agent may, after consultation with the Issuer and with the advice of Reference Market Makers, determine to be appropriate;

Reference Bond Price means (i) the average of five Reference Market Maker Quotations for the relevant Make-Whole Redemption Date, after excluding the highest and lowest of such five Reference Market Maker Quotations (or, if there are two highest and/or two lowest quotations, excluding just one of such highest quotations and/or one of such lowest quotations, as the case may be), (ii) if the Calculation Agent obtains fewer than five, but more than one, such Reference Market Maker Quotations, the average of all such quotations, or (iii) if only one such Reference Market Maker Quotation is obtained, the amount of the Reference Market Maker Quotation so obtained;

Reference Market Maker Quotations means, with respect to each Reference Market Maker and any Make-Whole Redemption Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) quoted in writing to the Calculation Agent at the Quotation Time specified in the applicable Final Terms on the Reference Rate Determination Date specified in the applicable Final Terms;

Reference Market Makers means five brokers or market makers of securities such as the Reference Bond selected by the Calculation Agent or such other five persons operating in the market for securities such as the Reference Bond as are selected by the Calculation Agent in consultation with the Issuer; and

Reference Rate means, with respect to any Make-Whole Redemption Date, the rate per annum equal to the equivalent yield to maturity of the Reference Bond, calculated using a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such Make-Whole Redemption Date. The Reference Rate will be calculated on the Reference Rate Determination Date specified in the applicable Final Terms.

(d) Issuer Maturity Call Option

This Condition 6.3(d) applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons pursuant to Condition 6.2 or pursuant to the Issuer Call described in Condition 6.3(a) or pursuant to the Issuer Residual Call described in Condition 6.3(b) or pursuant to a Make-Whole Redemption by the Issuer as described in Condition 6.3(c)), such option being referred to as the **Issuer Maturity Call**.

If Issuer Maturity Call is specified as being applicable in the applicable Final Terms, the Issuer may at its option, having given:

(i) not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 13; and

(ii) not less than 15 days before giving the notice referred to in (i) above, notice to the Trustee and Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all the Notes then outstanding, but not some only, on any Business Day during the period commencing on (and including) the day that is 90 days prior to the Maturity Date to (and excluding) the Maturity Date, at the Final Redemption Amount specified in the applicable Final Terms, together (if appropriate) with interest accrued (but unpaid) to (but excluding) the date fixed for redemption.

6.4 Redemption at the option of the Noteholders (Investor Put) (other than upon a Change of Control)

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than 30 nor more than 60 days' notice, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 9, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.4.

6.5 Redemption as a result of a Change of Control of the Issuer (Change of Control Put)

If Change of Control Put is specified as being applicable in the applicable Final Terms, upon the occurrence of a Change of Control Put Event (as defined below) while this Note remains outstanding, the holder of this Note will have the option (the **Change of Control Put Option**) to require the Issuer to redeem or, at the Issuer's option, to purchase (or procure the purchase of) this Note on the Change of Control Redemption Date (as defined below).

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall, and upon the Trustee becoming so aware (the Issuer having failed to do so) the Trustee may, give notice (a **Change of Control Notice**) to the Noteholders in accordance with Condition 13 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the Change of Control Put Period (as defined below), a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **Change of Control Put Exercise Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Change of Control Put Exercise Notice, be held to its order or under its control. All unmatured Coupons and Talons (if any) relating to such Note shall be dealt with as per the provisions of Condition 5.2.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the Change of Control Put Option the holder of this Note must, within the Change of Control Put Period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

The Issuer shall redeem or, at the Issuer's option, purchase (or procure the purchase of) the Notes in respect of which the Change of Control Put Option has been validly exercised at their Change of Control Redemption Amount together (if appropriate) with (or, where purchased, together with an amount equal to) interest accrued to (but excluding) the date of redemption in accordance with the provisions of this Condition 6.5 on the Change of Control Redemption Date (as defined below).

Any Change of Control Put Exercise Notice or other notice given in accordance with the standard procedures of Euroclear or Clearstream, Luxembourg, as applicable, once given, shall be irrevocable except where prior to the Change of Control Redemption Date an Event of Default shall have occurred and the Trustee shall have accelerated the Notes, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Change of Control Put Exercise Notice or such other notice and instead to treat its Notes as being forthwith due and payable pursuant to Condition 9.

The Trustee is under no obligation to ascertain whether a Change of Control Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Put Event or Change of Control or other such event has occurred.

For the purposes of this Condition 6.5:

(a) a **Change of Control** occurs if any person or group, acting in concert, gains Control of the Issuer;

(b) **Change of Control Period** means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which any Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

(c) a **Change of Control Put Event** will be deemed to occur if a Change of Control occurs and either on the Relevant Announcement Date the Notes have:

(i) been assigned at the invitation of the Issuer:

(A) an investment grade rating by any Rating Agency and, within the Change of Control Period, that credit rating is either downgraded to a non-investment grade rating or such Rating Agency ceases to assign a credit rating to the Notes and, in each case, does not subsequently upgrade its credit rating assigned to the Notes to an investment grade rating or re-assign an investment grade rating to the Notes by the end of the Change of Control Period (provided that a Change of Control Put Event shall not occur pursuant to this Condition 6.5(c)(i)(A) if (x) the Notes are assigned, at the invitation of the Issuer, an investment grade credit rating by at least one Rating Agency by the end of the Change of Control Period, and (y) no more than one such Rating Agency so downgrades its investment grade rating of the Notes to a non-investment grade rating or ceases to assign an investment grade rating to the Notes); or

(B) a non-investment grade rating by any Rating Agency and, within the Change of Control Period, that credit rating is either downgraded by one or more categories (by way of example, BB+ to BB being one rating category) or such Rating Agency ceases to assign a credit rating to the Notes and, in each case, does not subsequently upgrade its credit rating assigned to the Notes to, or re-assign a credit rating to the Notes of, the category assigned to the Notes on the Relevant Announcement Date or better by the end of the Change of Control Period,

provided that if on the Relevant Announcement Date the Notes have been assigned at the invitation of the Issuer a credit rating from more than one Rating Agency, at least one of which is an investment grade rating, then paragraph (A) only will apply; or

(ii) not been assigned a credit rating by any Rating Agency at the invitation of the Issuer and a Negative Rating Event also occurs within the Change of Control Period, and, in making any decision to downgrade or cease to assign a credit rating pursuant to paragraphs (i)(A) and (B) above or not to award a credit rating of at least investment grade as described in paragraph (ii) of the definition of Negative Rating Event, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement.

(d) **Change of Control Put Period** means the period of 30 days following the date on which a Change of Control Notice is given;

(e) **Change of Control Redemption Date** means the fifth Business Day following the expiry of the Change of Control Put Period;

(f) **Control** means (i) any direct or indirect legal or beneficial ownership of, or any direct or indirect legal or beneficial entitlement to, in the aggregate, more than 50 per cent. of the ordinary shares of the Issuer, the right to directly or indirectly appoint a majority of the directors of the Issuer, or any other ability to control the affairs of the Issuer, or (ii) in the event of a tender offer for shares of the Issuer, circumstances where (A) the shares already in the control of the offeror and the shares with respect to which the offer has been accepted carry in aggregate more than 50 per cent. of the voting rights in the Issuer, and (B) at the same time the offer has become unconditional;

(g) an **investment grade rating** shall mean, in relation to S&P, a rating of BBB- or above, in relation to Moody's, a rating of Baa3 or above, in relation to Fitch, a rating of BBB- or above (*provided that*, if the rating designations employed by a Rating Agency are changed from those referred to above, the Issuer shall determine, with the agreement of the Trustee (not to be unreasonably withheld or delayed), the rating designations of such Rating Agency as are most equivalent to the prior rating designations of such Rating Agency and this Condition 6.5 shall be read accordingly) and, in the case of any other Rating Agency, a comparable rating from that Rating Agency;

(h) a **Negative Rating Event** shall be deemed to have occurred at any time if at such time there is no credit rating assigned to the Notes by any Rating Agency at the invitation of the Issuer and (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a credit rating of the Notes or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such a credit rating that is an investment grade rating by the end of the Change of Control Period;

(i) a **non-investment grade** rating shall mean, in relation to S&P, a rating of BB+ or below, in relation to Moody's, a rating of Ba1 or below, in relation to Fitch, a rating of BB+ or below (*provided that*, if the rating designations employed by a Rating Agency are changed from those referred to above, the Issuer shall determine, with the agreement of the Trustee (not to be unreasonably withheld or delayed), the rating designations of such Rating Agency as are most equivalent to the prior rating designations of such Rating Agency and this Condition 6.5 shall be read accordingly) and, in the case of any other Rating Agency, a comparable rating from that Rating Agency;

(j) **Rating Agency** means Standard & Poor's Credit Market Services Europe Limited (**S&P**), Fitch Ratings Ltd. (**Fitch**) or Moody's Investors Service Ltd. (**Moody's**), or any of their respective successors, or any other rating agency of international standing specified from time to time by the Issuer and agreed to in writing by the Trustee;

(k) **Relevant Announcement Date** means the date that is the earlier of (i) the date of the first public announcement of the relevant Change of Control, and (ii) the date of the earliest Relevant Potential Change of Control Announcement (if any); and

(l) **Relevant Potential Change of Control Announcement** means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

6.6 Early Redemption Amounts

For the purpose of Condition 6.2 above and Condition 9:

(a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and

(b) each Zero Coupon Note will be redeemed at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^{y}$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

6.7 Purchases

The Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to any Paying Agent for cancellation.

6.8 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.7 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

6.9 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3 or 6.4 above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.6(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 13.

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer or the Guarantor will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) presented for payment in the United Kingdom; or

(b) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.5).

As used herein:

(i) **Tax Jurisdiction** means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax; and

(ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

For the avoidance of doubt, no additional amounts will be required to be paid on account of any deduction or withholding required pursuant to any agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

8. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

9. EVENTS OF DEFAULT AND ENFORCEMENT

9.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), (but in the case of the happening of any of the events described in paragraphs (b) to (e) (other than the winding up or dissolution of the Issuer or the Guarantor), (f) to (i) inclusive and (k) below, only if the Trustee shall have certified in writing to the Issuer and the Guarantor that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice in writing to the Issuer that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an **Event of Default**) shall occur and be continuing:

(a) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal and 14 days in the case of interest; or

(b) if the Issuer or the Guarantor fails to perform or observe any of its other obligations under the Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 45 days next following the service by the Trustee on the Issuer or the Guarantor (as the case may be) of notice requiring the same to be remedied; or

(c) if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer, the Guarantor or any Material Subsidiary becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer, the Guarantor or any Material Subsidiary fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment as extended by any originally applicable grace period; (iii) any security given by the Issuer, the Guarantor or any Material Subsidiary for any Indebtedness for Borrowed Money becomes enforceable and steps are taken to enforce the same; or (iv) default is made by the Issuer, the Guarantor or any Material Subsidiary in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person on the due date for payment as extended by any originally applicable grace period; provided that no event described in this subparagraph 9.1(c) shall constitute an Event of Default unless the Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above which have occurred and are continuing, amounts to at least U.S.$50,000,000 (or its equivalent in any other currency or currencies); or

(d) one or more judgment(s) or order(s) (which is not being disputed in good faith by appropriate proceedings) for the payment of any amount is rendered against the Issuer, the Guarantor or any Material Subsidiary and continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer, the Guarantor or any Material Subsidiary, save for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or

(f) if (i) the Issuer, the Guarantor or any Material Subsidiary ceases or threatens to cease to carry on all or substantially all of its business, save in each case for the purposes of (A) any solvent reorganisation (I) on terms previously approved in writing by the Trustee or by an Extraordinary Resolution, (II) in the case of the Guarantor, where all or substantially all of the undertaking and assets of the Guarantor are transferred to or otherwise vested in the Issuer, or (III) in the case of a Material Subsidiary, where all or substantially all of the undertaking and assets of such Material Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor or another of the Issuer’s Subsidiaries or (B) in the case of any Material Subsidiary, any transfer or disposal where all or substantially all of the undertaking and assets of such Material Subsidiary are transferred to a third party for full consideration on an arms' length basis or (ii) the Issuer, the Guarantor or any Material Subsidiary stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of section 123(2) of the Insolvency Act 1986, or is adjudicated or found bankrupt or insolvent; or

(g) if (A) proceedings are initiated against the Issuer, the Guarantor or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, the Guarantor or any Material Subsidiary or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (B) in any case (other than the appointment of an administrator) is not discharged within 14 days; or

(h) if the Issuer, the Guarantor or any Material Subsidiary initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors);

(i) if the Guarantor ceases to be a subsidiary wholly owned and controlled, directly or indirectly, by the Issuer; or

(j) if the Guarantee ceases to be, or is claimed by the Issuer or the Guarantor not to be, in full force and effect; or

(k) if any event occurs which, under the laws of any Relevant Jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in paragraphs (c) to (h) above.

9.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons or any other actions under or pursuant to the Trust Deed, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

9.3 Definitions

For the purposes of the Conditions:

Indebtedness for Borrowed Money means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any borrowed money or any liability under or in respect of any acceptance or acceptance credit or any notes, bonds, debenture stock, loan stock or other securities.

Material Subsidiary means at any time a Subsidiary of the Issuer:

(a) whose total revenues (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose net assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 10 per cent. of the consolidated total revenues, or, as the case may be, consolidated net assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that:

    (i) if the then latest audited consolidated accounts of the Issuer and its Subsidiaries show negative assets at the end of the relevant financial period then there shall be substituted for the words "net assets" the words "total assets" for the purposes of this definition;

    (ii) in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;

(b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (b) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

(c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, generate total revenues equal to) not less than 10 per cent. of the consolidated total revenues, or represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated net assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, provided that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate total revenues equal to) not less than 10 per cent. of the consolidated total revenues, or its assets represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated net assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (c) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Trust Deed.

A report by an Authorised Officer of the Issuer that in its opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

10. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

11. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

(a) there will at all times be an Agent;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer and/or the Guarantor is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 13.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and the Guarantor and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

13. NOTICES

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve in writing.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. SUBSTITUTION

14.1 The Trustee may (at the expense of the Issuer), without the consent of the Noteholders or the Couponholders, agree with the Issuer and the Guarantor to:

(a) the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed, of (i) any holding company of the Issuer, (ii) any other company being a Subsidiary of the Issuer (including, for the avoidance of doubt, the Guarantor) or (iii) any Successor in Business (as defined in the Trust Deed) of the Issuer; and/or

(b) the substitution in place of the Guarantor (or of any previous substitute under this Condition) as the guarantor under the Trust Deed of any Successor in Business (as defined in the Trust Deed) of the Guarantor,

in each case, subject to:

(i) the Trustee being satisfied that the substitution is not materially prejudicial to the interests of the Noteholders; and

(ii) certain other conditions set out in the Trust Deed being complied with.

14.2 The Trustee shall, without the consent of the Noteholders or Couponholders, agree with the Issuer and the Guarantor to the substitution of the Issuer (or any previous substitute for the Issuer under Condition 14.1(a)) in place of the Guarantor (or of any previous substitute for the Guarantor under Condition 14.1(b)) so that the Issuer shall thereby become the sole obligor in respect of the Notes, provided that:

(x) an Authorised Officer of the Issuer has certified in writing to the Trustee that (I) the Guarantor is no longer a party to, or an obligor under, the U.S.$500,000,000 Secured Revolving Credit Facility Agreement dated 10 February 2015 or any replacement or substitute loan(s) or financing agreement(s) (the **Facilities Agreement**) and (II) the Issuer (or a Subsidiary of the Issuer which is guaranteed by the Issuer) is the principal obligor under the Facilities Agreement or the primary working capital and standby bank facilities for the Issuer and its Subsidiaries;

(y) each of the Rating Agencies (as defined in Condition 6.5) then rating the Notes has confirmed in writing to the Trustee that it has determined that it would not downgrade or withdraw the credit rating assigned by it to the Notes as a result of such substitution; and

(z) certain other conditions set out in the Trust Deed are complied with.

Upon any such substitution of the Guarantor by the Issuer, all provisions relating to the Guarantor and the Guarantee (including, without limitation, paragraphs (i) and (j) of Condition 9) in these Conditions and the Trust Deed shall cease to have effect and these Conditions and the Trust Deed shall be construed accordingly. A certification by an Authorised Officer of the Issuer under paragraph (x) above may be relied upon by the Trustee without further enquiry or evidence and the Trustee shall suffer no liability whatsoever for so relying on, and acting in accordance with, such certification.

15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error. Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

16. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER AND/OR THE GUARANTOR

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer, the Guarantor and/or any of their respective Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Guarantor and/or any of their respective Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

17. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

19.1 Governing Law

The Trust Deed (including the Guarantee), the Agency Agreement, the Notes, the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed (including the Guarantee), the Agency Agreement, the Notes and the Coupons are governed by, and construed in accordance with, English law.

19.2 Jurisdiction

(a) Subject to Condition 19.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer, the Guarantor and the Trustee and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(b) For the purposes of this Condition 19.2, the Issuer and the Guarantor each waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) To the extent allowed by law, the Trustee, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes.

DESCRIPTION OF THE ISSUER AND THE GUARANTOR

BACKGROUND

easyJet plc (the **Issuer**) is domiciled in the United Kingdom (the **UK**) and trades commercially as "easyJet". It was incorporated and registered in England and Wales on 24 March 2000 under the UK Companies Act 1985 as a private company limited by shares with the name easyJet Limited and registered number 03959649. By resolution dated 12 October 2000, the Issuer resolved to register as a public limited company, which became effective from 16 October 2000. The Issuer's registered office is at Hangar 89, London Luton Airport, Luton, Bedfordshire LU2 9PF, UK and its telephone number is 01582 525 019.

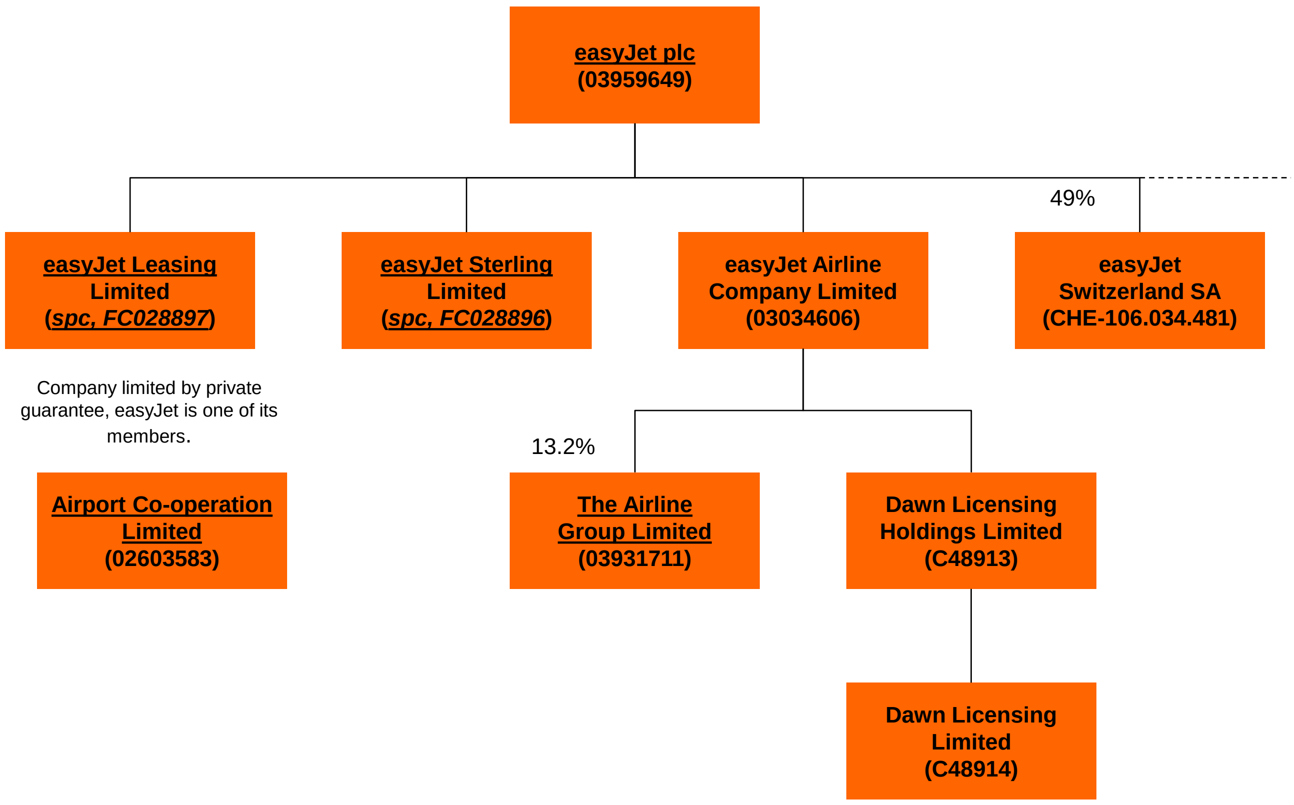
easyJet Airline Company Limited (the **Guarantor**) is domiciled in the UK. It was incorporated in England and Wales on 17 March 1995 under the Companies Act as a private company limited by shares under registered number 03034606. Its registered office is at Hangar 89, London Luton Airport, Luton, Bedfordshire LU2 9PF, UK and its telephone number is 01582 525 019.

Unless the context otherwise requires, the Issuer and its subsidiaries are referred to herein as "**easyJet**".

Structure of easyJet

The Issuer is the holding company of easyJet and the group of easyJet companies. The Guarantor is the main operating entity within easyJet and is wholly owned by the Issuer.

The following chart shows the easyJet structure as at the date of this Offering Circular.



(*) The Issuer has a 49 per cent. interest in easyJet Switzerland S.A. with an option to acquire the remaining 51 per cent. easyJet Switzerland S.A. is consolidated as a subsidiary on the basis that the Issuer exercises a dominant influence over the undertaking. Holders of the remaining 51 per cent. of the shares have no entitlement to any dividends from that holding and the Issuer has an option to acquire those shares for a predetermined minimal consideration.

For more information on applicable nationality requirements, see "*Regulatory Environment*" below.

STRATEGY

easyJet's strategy involves building on its competitive advantages of what it believes comprise a strong network, strong market positions, an efficient low-cost model, a well-known brand and a strong balance sheet.

In order to deliver on its strategy, easyJet has four key objectives as described further below:

1. Build strong number one and two network positions;
2. Maintain cost advantage;
3. Drive demand, conversion and yields across Europe; and
4. Disciplined use of capital.

Build strong number one and two network positions

easyJet believes it has established itself in valuable catchment areas that represent Europe's top markets by GDP, focusing on both leisure and business travel. According to data published by Official Airline Guide (**OAG**) on its online database as analysed internally by easyJet, easyJet operates more of the top 100 market pairings by primary airport in Europe than any other airline and its average route frequencies deliver choice and flexibility for its customers while increasing returns for easyJet. easyJet believes its competitive advantage is reinforced by its overall portfolio of peak time slots at airports where either total slot availability or availability at customer-friendly times is constrained. easyJet regularly reviews its route network in order to maximise returns and exploit opportunities where it perceives there is demand for profitable routes.

easyJet believes that its network allows it to maintain high levels of asset utilisation and extract the highest possible value from its assets. easyJet constantly strives to balance its network by allocating aircraft to areas of the network which drive the highest returns depending on the time of day or year.

For more information on easyJet's network, see "*Network*" below.

Maintain cost advantage

easyJet believes it has a strong cost-focused culture. This focus and any related savings have been delivered whilst prioritising safety and maintaining strong customer centric metrics driving continually improving customer retention rates.

easyJet works with its partners and stakeholders in seeking to mitigate external cost inflationary pressures and risks.

As at the date of this Offering Circular, savings derived from the easyJet lean programme have come from certain ground handling contracts, a new maintenance contract and agreements with regulated and non-regulated airports, as well as engineering initiatives and fuel efficiency projects, and implementing cost controls and maintaining low operating costs across aircraft equipment costs, personnel costs, and airport access and handling costs more widely.

Drive demand, conversion and yields across Europe

Together with maintaining the quality of its network, easyJet is focussed on driving profitable growth through its customer-focussed proposition, particularly through driving increasing levels of loyalty and attracting passengers through the quality and innovation of its digital platform.

Leading customer offering

easyJet is focussed on building a strong relationship with its customers in order to increase loyalty, build repeat bookings and to therefore create more sustainable long term revenue.

A part of easyJet's strategy is to drive revenues by targeting business passengers which it aims to achieve through a combination of its use of primary airports in large markets and high frequency and attractive flight timings, together with a business offering through its distribution platforms.

Innovation and digital leadership

easyJet believes that its digital platform is a point of differentiation from many of its competitors, and that it has advantages in the capability of its web platform, its customer relationship management data and its mobile offering.

easyJet's customer relationship management enables customers to benefit from increasing levels of personalisation across several channels, with examples such as saved passport details, targeted marketing campaigns via email and text message and bespoke offers from easyJet's affiliate partners.

For more information on easyJet's revenue management system and digital strategy, see "*Sales and distribution*" below.

Disciplined use of capital

easyJet maintains a strong balance sheet and therefore believes it derives a competitive advantage through access to a low cost of funding, as well as operational flexibility.

easyJet believes it has a capital structure framework that helps it to withstand certain short-term external shocks, such as a fleet grounding or a closure of airspace.

easyJet believes it has built flexibility into its fleet planning arrangements such that it can increase or decrease capacity deployed in its network, subject to the opportunities available and prevailing economic conditions. easyJet manages its fleet to provide flexibility in its planning arrangements so that on the one hand it can maximise opportunities in a strong demand environment whilst being able to reduce its capacity if necessary. easyJet’s total fleet as at 30 September 2015 consisted of 241 aircraft comprising 148 A319s and 93 A320s.

For more information on easyJet's fleet, see "*Fleet*" below.

BUSINESS

Overview

easyJet's business comprises the provision of low-cost point-to-point short-haul airline services in Europe through its main operating company, easyJet Airline Company Limited (the Guarantor).

easyJet's business model and strategy has continued to deliver strong growth in revenue, profits and returns. In particular:

- For the year ended 30 September 2015, easyJet had total revenue of £4,686 million (an increase of 3.5 per cent. from 2014), profit before tax of £686 million (an increase of 18.1 per cent. from 2014), revenue per seat of £62.48 (a decrease of 1.3 per cent. from 2014) and profit before tax per seat of £9.15 (an increase of 12.6 per cent.). For the year ended 30 September 2014, easyJet had total revenue of £4,527 million, revenue per seat of £63.31, profit before tax of £581 million, and profit before tax per seat of £8.12.

- High load factors were recorded in both July and August 2015 (driving revenue per seat up 3.2 per cent. on a constant currency basis in the fourth quarter) and load factor increased by 0.9 per cent. to 91.5 per cent. in the year ended 30 September 2015 (90.6 per cent. as at 30 September 2014).

- easyJet believes its aircraft utilisation (based on the average number of block hours per day per aircraft operated) is high and in the year to 30 September 2015 it achieved 11.1 hours per day (the same as in the year to 30 September 2014).

- An ability to drive yield and revenue is supported by its proprietary revenue management system. For more information on easyJet's revenue management system, see "*Sales and distribution*" below

External environment

easyJet operates in the European short-haul aviation market, where there has been strong demand throughout the year. easyJet's focus is primarily in western and northern Europe, where it believes its potential customer base has a high propensity to spend.

The European short-haul aviation market can be divided into legacy carriers and low-cost carriers. Legacy carriers include, for example, Air France-KLM, International Airlines Group and Lufthansa (often referred to as 'flag' carriers) which operate both short and long-haul networks. Whilst the overall short-haul market has grown over the last ten years, the low-cost carriers have taken significant market share from legacy carriers as the legacy carriers have cut capacity across their short-haul networks. At the same time legacy carriers are transferring capacity from their flag carriers to low-cost subsidiaries such as Vueling, Eurowings and Transavia.

Network

As at 30 September 2015, easyJet operated on 735 routes serving 136 airports across 31 countries.

easyJet focuses on building number one and number two network positions by market share, and has developed a network that extends across Europe made up of a valuable portfolio of slots at predominantly primary airports, built up over several years. easyJet has established itself in valuable catchment areas that represent Europe’s top markets by GDP, focusing on both leisure and business travel. Based on strong demand and easyJet's customer proposition, easyJet intends to continue to invest in growing its network. According to easyJet’s analysis of data provided by OAG, easyJet currently operates more of the top 100 market pairings by primary airport in Europe than any other airline and its average route frequencies deliver choice and flexibility for its customers while increasing returns. easyJet believes its competitive advantage is reinforced by its overall portfolio of peak time slots at airports where either total slot availability or availability at customer-friendly times is constrained.

Fuel

easyJet has jet fuel supply contracts in place at its network bases and other locations. easyJet's total fuel cost for the year ending 30 September 2015 was £1,199 million compared to £1,251 million for the year ending 30 September 2014.

International prices for jet fuel are denominated in US dollars, and therefore easyJet's fuel costs are subject to both price fluctuations and exchange rate risk. easyJet manages this risk through its hedging policies and practices. Please see "*Hedging arrangements*" below for further information with respect to this.

Hedging arrangements

easyJet operates under a clear set of treasury policies agreed by the board of directors of the Issuer (the **Board**). The aim of easyJet's hedging policy is to reduce short-term earnings volatility.

Foreign currency risk management

easyJet reports its financial results in Sterling. The principal exposure to currency exchange rates arises from fluctuations in the US dollar, euro and Swiss franc exchange rates with respect to Sterling which can significantly impact easyJet's results, cash flows or financial position. The aim of foreign currency risk management is to reduce the impact of these fluctuations.

Significant exposure in the income statement is managed through the use of foreign currency forward exchange contracts where, in line with Board approved policy, between 65 per cent. and 85 per cent. of the next 12 months' forecast surplus or requirement is hedged on a rolling basis, and between 45 per cent. and 65 per cent. of the following 12 months' forecast surplus or requirement is hedged on a rolling basis. Significant exposure relating to the acquisition cost of aircraft is also managed through the use of foreign currency forward exchange contracts where 90 per cent. of the next two years' forecast requirement is hedged. In exceptional market conditions, the Board may accelerate or limit the implementation of the hedging policy.

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 changes in jet fuel prices, thus mitigating volatility in the income statement in the short term. In line with Board approved policy, between 65 per cent. and 85 per cent. of the next 12 months' forecast requirement is hedged on a rolling basis, and between 45 per cent. and 65 per cent. of the following 12 months' forecast requirement is hedged on a rolling basis. In exceptional market conditions, the Board may accelerate or limit the implementation of the hedging policy.

Details of hedging arrangements as at 30 September 2015 are set out below:

Percentage of anticipated requirement hedged	Fuel requirement	US Dollar requirement	Euro surplus	Swiss Franc surplus
Six months to 31 March 2016	85%	89%	75%	69%
Average rate	US$852/metric tonne	US$1.62	€1.20	CHF1.46
Full year ending 30 September 2016	83%	81%	80%	67%
Average rate	US$830/metric tonne	US$1.63	€1.22	CHF1.46
Full year ending 30 September 2017	60%	61%	54%	51%
Average rate	US$664/metric tonne	US$1.55	€1.33	CHF1.43

Sales and distribution

easyJet sells seats via its own website www.easyjet.com, its mobile application, call centres, global distribution systems (**GDSs**) and application programme interfaces (**APIs**). GDSs and APIs are platforms that allow third parties direct access to easyJet's bookings systems and are predominantly used for business customers. easyJet has demonstrated success in the corporate travel arena through its business passenger initiative with partnerships with GDSs such as Sabre, Travelport and Amadeus.

easyJet has a bespoke proprietary revenue management system (**RMS**) which is demand based and is therefore designed to drive and optimise contribution from each flight. The continuous dynamic price setting of the RMS is designed to optimise yield, as well as allowing for yield management of allocated seating and bags. It also assigns sales profile curves to each individual flight and assists with conversion of website traffic into bookings for easyJet.

easyJet seeks to drive innovation through its digital strategy, for example with mobile 'hosts' at London Gatwick airport, live disruption notification with the ability to change flights, saved personal data such as payment details, the use of e-tickets, targeted and personalised marketing emails to customers on its distribution lists, which are referred to as 'inspire me' emails, and the development of a flight tracker. The development of its digital strategy enables easyJet to review extensive current and historic data with respect to its customers' travel and purchase habits and experiences in order to provide personalised and tailored communications to its customers.

easyJet has announced an innovative customer loyalty programme for high-frequency, loyal passengers whereby passengers are offered a range of benefits such as free name changes on tickets, free booking changes and price guarantees, rather than the traditional earnings based programme used by most other carriers. The loyalty programme is expected to be launched in 2016.

Additionally, easyJet has non-seat revenues from a range of other related products, such as the ability to choose allocated seating for an additional fee, "easyJet Holidays" which provides a range of holiday products, commissions earned from services sold on behalf of partners (i.e. travel insurance) and inflight and other revenues such as the sale of inflight food and beverages.

Brand licence

easyJet places great importance on its brand. easyJet licenses the easyJet brand from easyGroup 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, 33.73 per cent. of the issued share capital of the Issuer as disclosed to the Issuer in accordance with the FCA's Disclosure and Transparency Rule 5 as at 30 September 2015.

Under the Amended Brand Licence signed in October 2010, an annual royalty of 0.25 per cent. of total annual statutory revenue (net of revenue taxes) is payable by easyJet to easyGroup. The full term of the licence agreement is 50 years subject to a minimum term commitment by easyJet to the brand for 10 years (with earlier termination by easyJet other than as a result of a breach by easyGroup Holdings Limited triggering a balancing royalty payment to ensure royalties are paid in respect of the full 10 year term).

The licence agreement provides easyJet with worldwide rights to use the brand on a basis which protects easyJet's current commercial activities. Under the terms of the licence, easyJet is granted rights to use the brand for business activities, including commercial air travel and ancillary services, such as car hire and hotel arrangements through "easyJet Holidays", as well as other activities. Sir Stelios Haji-Ioannou previously agreed that he would not use his own name in connection with any other airline flying in or to Europe. This agreement expired in October 2015 (as intended) and has not been renewed.

At the time the Amended Brand Licence was signed, a new brand protection protocol was also agreed, under which easyJet agreed to contribute up to £1 million per annum to meet the costs to protect the 'easy' and 'easyJet' brands and easyGroup agreed to contribute £100,000 per annum. Under the terms of the agreement, beyond the first £1.1 million of costs cumulatively contributed by both parties, easyJet can commit up to

£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 per cent. of any brand protection costs it wishes to incur above this limit.

FLEET

Fleet

As at 30 September 2015, easyJet's fleet comprised a total of 241 aircraft, made up of 148 Airbus A319s and 93 Airbus 320s. easyJet's fleet are owned or financed by a combination of operating and finance leases and aircraft mortgages. All of these aircraft are registered in the UK, with the exception of 24 aircraft, which are registered in Switzerland.

As at 30 September 2015, the average age of easyJet's fleet was 6.2 years.

The table below sets out the composition of easyJet's fleet as at 30 September 2015 and also includes the 36 additional committed deliveries announced on 16 November 2015:

Type of Aircraft	Owned	Operating leases	Finance leases	**Total**	% of fleet	Changes since Sep 2014	Future committed deliveries at 16 November 2015[1]	Unexercised purchase rights(2)
A319	93	49	6	**148**	61%	(5)	-	-
A320 current generation	70	18	5	**93**	39%	20	56	-
A320neo	-	-	-	**-**		-	130	100
TOTAL	163	67	11	**241**		15	186	100

(1) Future committed deliveries through to 2022.

(2) Purchase rights may be taken on any A320 family aircraft.

The table below sets out easyJet's fleet plan as at 16 November 2015:

	2016 financial year	2017 financial year	2018 financial year	2019 financial year	2020 financial year
Maximum fleet[1]	257	280	303	333	346
Minimum fleet[1][2]	257	271	239	212	227
Fleet plan – base case[1]	257	279	301	312	335

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

(2) Achieving the minimum fleet numbers set out above requires aircraft to be sold in the market, which depends on the economic conditions and opportunities available at the time.

easyJet has fleet flexibility provided by its current fleet arrangements, depending on economic conditions and opportunities available.

Aircraft acquisitions

As detailed in easyJet's fleet circular dated 18 June 2013, under the fleet transaction with Airbus, Airbus has granted very substantial price concessions to easyJet Airline Company Limited with regard to the new generation A320neo family aircraft (being new generation A319 aircraft, new generation A320 aircraft and new generation A321 aircraft) (with respect to both the 100 aircraft subject to firm orders and the 100 aircraft subject to purchase rights) greater than the discounts, in percentage terms relative to the relevant list price, granted under the existing aircraft purchase agreement entered into between *inter alia* the Issuer and Airbus in 2002.

Since 30 September 2015, easyJet have agreed with Airbus to take delivery of an additional 36 A320 aircraft between 2018 and 2021, all in the 186 seat configuration. easyJet is exercising rights to 30 next generation A320neos under the existing fleet transaction. The additional six aircraft are current generation A320 aircraft added to that fleet transaction. easyJet has secured an additional 30 A320neo purchase rights to replace those that have been exercised.

Aircraft financing

easyJet's operating leases include leases in respect of aircraft which bear interest at both fixed and floating rates. In addition, easyJet has a number of aircraft mortgage transactions in place, all of which bear floating rates of interest and a number of finance leases, which bear interest at fixed and floating rates. As at 30 September 2015, easyJet had £504 million of borrowings (30 September 2014: £563 million), of which £316 million (30 September 2014: £377 million) comprised bank loans which were used to finance the acquisition of aircraft that have been mortgaged to the lender to provide security, and £188 million (30 September 2014: £186 million) comprised finance lease obligations.

REGULATORY ENVIRONMENT

The regulatory environment has a significant impact on easyJet, in particular the legislative framework set out by the European Union (**EU**) and the UK.

International Regulation

The International Civil Aviation Organisation is an agency of the United Nations and was established by the 1944 Chicago Convention on International Civil Aviation (the **Convention**). The Convention established the process of coordinating and regulating international air services through bilateral air services agreements (**ASAs**) between sovereign states. ASAs are international bilateral treaties between states, with government-negotiated terms and conditions covering all aspects of commercial scheduled air services between the two countries. An exception to this is the single aviation market arrangement which applies within the EU and the multilateral agreements between the EU and third countries.

EU Regulation

easyJet is affected by a wide range of EU laws and regulations. These include safety, security, aircraft operations, airline ownership, airport slot allocations, ground handling, competition, airport charges, consumer protection, insurance, environmental protection and air traffic control.

There are no longer ASAs between EU member states since April 1997, EU air carriers (such as easyJet) have been able to provide passenger services on routes between and within EU member states (and outside their home country of operations) without restrictions on capacity, frequencies and fares. The European Free

Trade Association states and a number of other neighbouring countries are also parties to a multilateral agreement known as the European Common Aviation Area.

UK Regulation

easyJet has an operating licence and an air operator's certificate in the UK which was issued on 28 October 2014 and which is subject to routine audit and review.

The UK Civil Aviation Authority (the **CAA**) is currently primarily responsible for overseeing and regulating air carriers in the UK. The CAA is responsible for licensing UK airlines through the issue of operating licences, subject to the requirements of EU law. An operating licence is an authorisation permitting the holder to transport passengers, mail or cargo by air. The criteria for granting an operating licence includes, *inter alia*, an air carrier's financial fitness, the adequacy of its insurance and the fitness of the persons who will manage the air carrier.

The CAA issues operating licences in the UK under the provisions of EU Regulation 1008/2008 (the **2008 Regulation**), which sets nationality requirements for undertakings that may hold operating licences. The 2008 Regulation, together with (in the UK) the Civil Aviation Act 1982, requires that (i) an air carrier must be owned and continue to be owned directly or through majority ownership by European Economic Area (**EEA**) states and/or nationals of EEA states and (ii) the air carrier must at all times be effectively controlled by such EEA member states or EEA nationals.

The Civil Aviation Act 1982 provides that an EU carrier must hold (and comply with the terms of) a relevant "route licence" to operate aircraft on flights involving the carriage of passengers or cargo outside the EU or to or from a point outside the EU for consideration. Such licences are granted by the CAA and can only be granted where the applicant holds a valid operating licence. easyJet holds the required "route licences" for any relevant routes.

The Air Passenger Duty Regulations 1994 and its more recent amendments also impose a duty levied on the carriage of passengers from a UK airport (subject to limited exceptions). The duty is payable by operating carriers (both those based in the UK and foreign carriers) with the amount payable being calculated by reference to the passenger's final destination and the class of travel.

Swiss Regulation

easyJet Switzerland SA has an operating licence and an air operator's certificate in Switzerland which was issued on 18 September 2014 and which is subject to routine audit and review.

The Federal Office of Civil Aviation (**FOCA**) is a part of the Federal Department of the Environment, Transport, Energy and Communications in Switzerland. The FOCA is responsible for the regulation and oversight of civil aviation in Switzerland, and is responsible for licensing Swiss airlines through the issue of operating licences. An operating licence is required for commercial flight operators in Switzerland.

There are two main applicable sources of legislation for civil aviation companies operating in Switzerland, Swiss laws and ordinances (including the Swiss Federal Civil Aviation Act and the Swiss Federal Civil Aviation Ordinance) and regulations and directives based on EU legislation. Based on the agreement between the EU and the Swiss Confederation on Air Transport which entered into force on 1 June 2002, Switzerland has adopted the relevant civil aviation regulations of the European Union, which are more fully described above. Similar to the framework in the UK, Swiss legislation requires an EU carrier to also hold and comply with a route licence.

FOCA grants operating licences in Switzerland under the provisions of the 2008 Regulation (which applies to Switzerland by virtue of the '*Agreement between the European Community and the Swiss Confederation on Air Transport*' which entered into force on 1 June 2002). In order to be granted an operating licence, the

Regulation states that (i) the air carrier must be owned (over 50 per cent.) and effectively controlled by an EEA member state or EEA national, whether directly or indirectly, and (ii) the air carrier must at all times be effectively controlled by such EEA member states or EEA nationals.

Other National Regulation

Generally, easyJet is affected by a wide range of laws and regulations in each of the jurisdictions it operates. These include safety, security, ground handling, airport charges, consumer protection, passenger taxes, environmental protection and air traffic control.

SAFETY

easyJet's highest priority is the safety and security of its passengers and its people. 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 at Issuer level.

The Chief Executive Officer of easyJet Airline Company Limited (**EACL** or the **Guarantor**), and the Accountable Manager of easyJet Switzerland S.A. (**EZS**) are responsible for all aspects of safety delivery, including compliance obligations, under the EACL Air Operator Certificate and the EZS Air Operator Certificate, respectively. The Chief Executive of the Issuer chairs the Safety Review Board (at executive management team level) which is responsible for directing overall safety policy and governance and which meets monthly to assess reports from the Safety Action Groups across the airline (which are responsible for the identification, evaluation and control of safety-related risks). This review and assessment process delivers monthly reports to both the UK Civil Aviation Authority and the Board.

To further strengthen the safety structure and allow more in-depth review of safety matters, the Board established the Safety Committee (a committee of the Board) in January 2013. The primary function of the Safety Committee is to assess easyJet's oversight of safety systems, processes, operations and resources, which is carried out by reviewing, monitoring and providing oversight of the implementation of easyJet's annual safety plan and safety processes and systems. The Committee also examines specific safety issues as requested by the Board.

easyJet has established a Safety Management System and a Fatigue Risk Management System (which as of 17 August 2015 was one of only two such systems approved for use by the CAA) which incorporate rigorous reporting processes. Through these systems easyJet is continually working to drive safety performance improvements and reduce risks to its people, passengers and suppliers.

easyJet's focus on safety has helped it meet the new regulatory compliance requirements prescribed by the European Aviation Safety Agency (**EASA**). The Issuer has secured full EASA approval for its air operator's certificate. Under the air operator's certificate the Issuer is required to regularly report its operating safety performance to the UK Civil Aviation Authority and other European national authorities. easyJet continues to work closely with EASA on the development of future safety regulations. This has included easyJet's Director of Safety and Security being a member of EASA's EU taskforce following the Germanwings incident.

As part of easyJet's ongoing commitment to safety improvement, easyJet continues to develop appropriate safety standards throughout its supply chain. This includes the promotion of improved communication and engagement on safety issues, and, above all, sharing and learning from best practice.

easyJet's security team works to reduce vulnerability to security-related risks. The security team co-operates closely with government and regulatory agencies throughout its network, to ensure strict compliance with security regulations. Security risk assessments are conducted for each airport and country to which easyJet flies. High standards of vigilance are maintained regarding the current geopolitical situation within those countries to inform these assessments. easyJet implements measures to protect it from corporate and aviation security risks, including internal governance of business-sensitive and personal data, vetting people and asset protection.

ENVIRONMENT

Environmental impact of the business

Environmental concerns have a significant impact on public policy towards aviation in a range of areas affecting an airline carrier's business, from restrictions on airport expansion to passenger taxes. easyJet is committed to addressing the environmental impact of its business through the development of its fleet, using fuel efficient aircraft, and optimising their use through the efficiency initiatives. The airline industry will continue to rely on the use of fossil fuels in the short and medium term, as unlike some other industries, aviation does not have a clear alternative to jet fuel in the coming years. Instead easyJet believes that the industry must show that it is making continual improvements in efficiency and optimising the use of these fossil fuels, whilst also supporting the longer-term technological changes necessary to deliver more sustainable flying.

easyJet supports industry-wide efforts to support the long-term technological changes necessary to deliver more sustainable flying, for example by being a member of a UK body, "Sustainable Aviation", that focuses on cross-industry measures to improve carbon efficiency. Sustainable Aviation has shown how reductions in overall carbon dioxide emissions can be delivered alongside growth in aviation.

Impact on local air quality arises from nitrogen oxide (**NOx**) emissions during aircraft take-offs and landings. As at 30 September 2015, easyJet has 67.8 per cent. of its engines fitted with a technical insertion upgrade which reduces NOx emissions by around 25 per cent.

easyJet seeks to comply with all local rules that govern noise emissions at airports (such as curfews and routings to avoid built up areas) and easyJet's aircraft meet international noise standards (in accordance with chapter 4 of the International Civil Aviation Organisation's published standards relating to the reduction of aircraft noise).

EU Emissions Trading

Under the United Nations Framework Convention on Climate Change and the Kyoto Protocol, certain contracting states entered into obligations to control and reduce the emission of greenhouse gases. To comply with its obligations under public international law, the EU introduced the Emissions Trading Scheme (**ETS**) in 2003 to limit greenhouse gas emissions and the trading of allowances which applies to certain industrial installations. Aviation was included in the ETS in 2012 for intra-EU flights; the inclusion of emissions from flights to and from the EU has been suspended at least until 2016.

easyJet was among the first supporters of the aviation industry's entry into the ETS, which it views as an important step to ensuring that the aviation industry is helping to tackle climate change. easyJet continues to support efforts to ensure that all aviation is brought into a scheme to tackle emissions globally.

INSURANCE

easyJet has insurance coverage which it believes is consistent with industry standard. Broadly, easyJet's insurance covers:

- Hull (all risks) and liabilities insurance (including spares);
- Property damage and business interruption;
- Employer's liability;

- Directors and officers insurance cover for all directors to provide cover against their reasonable actions on behalf of easyJet; and

- Public and product liability insurance.

Council Regulation (EC) No. 2027/97, as amended by Council Regulation (EC) No. 889/2002, governs air carrier liability. This legislation provides for unlimited liability of an air carrier in the event of death or bodily injuries suffered by passengers, implementing the Warsaw Convention of 1929 for the Unification of Certain Rules Relating to Transportation by Air, as amended by the Montreal Convention of 1999. easyJet's liability insurance has been designed to meet the appropriate requirements of the legislation.

STAFF AND LABOUR RELATIONS

As at 30 September 2015, easyJet had 10,388 employees compared to 9,649 employees at 30 September 2014.

easyJet and its suppliers have a significant number of employees who are members of trade unions and 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. 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. easyJet has processes in place to adapt to disruptions as a result of industrial action.

easyJet recognises the importance of actively engaging with the trade unions and other representative bodies across its operations to promote the success of the business. As at 30 September 2015, easyJet was engaged with 16 unions and eight representative bodies across eight countries, undertaking dialogue and negotiation, both informal and formal, on a regular basis. easyJet also actively supports employee representatives by allowing them paid union leave.

DIRECTORS AND MAJOR SHAREHOLDERS

Directors of the Issuer

The following table sets forth certain information concerning the Board as at the date of this Offering Circular.

Name	**Position**	**Principal activities outside the Issuer**
Adèle Anderson	Independent Non-Executive Director	Non-Executive Director of Intu Properties plc Member of the board of Trustees of Save the Children UK
John Barton	Non-Executive Chairman	Chairman of Next plc Director of Matheson & Company Ltd and SSP Ltd
Dr. Andreas Bierwirth	Independent Non-Executive Director	Chief Executive Officer of T-Mobile Austria GmbH Member of the board of Lindner Hotels AG, Bene AG and Austria

		Vienna and Casinos Austria AG
Chris Browne OBE	Independent Non-Executive Director	Non-Executive Director of Bovis Homes PLC
Andrew Findlay	Chief Financial Officer	Director of easyJet Airline Company Limited, easyJet Leasing Limited, easyJet Sterling Limited and easyJet Switzerland SA
Charles Gurassa	Non-Executive Deputy Chairman and Senior Independent Director	Non-Executive Chairman of Genesis Housing Association Ltd Senior Independent Director at Merlin Entertainment plc Non-Executive Director of Genfinance II Plc Trustee of English Heritage
Keith Hamill OBE	Independent Non-Executive Director	Non-Executive Chairman of Horsforth Holdings Limited and Aldrington Investments Limited Non-Executive Director of Samsonite International SA
Andy Martin	Independent Non-Executive Director	None
Dame Carolyn McCall	Chief Executive	Non-Executive Director of Burberry plc Director of easyJet Airline Company Limited, easyJet Leasing Limited, easyJet Sterling Limited and French Chamber of Commerce in Great Britain
François Rubichon	Independent Non-Executive Director	Executive Vice President of Human Resources, General Affairs and Organisation at Société Française du Radiotéléphone (SFR)

Directors of the Guarantor

The following table sets forth certain information concerning the directors of the Guarantor as at the date of this Offering Circular.

Name	**Position**	**Principal activities outside the Guarantor**
Jacky Simmonds	Group People Director	Non-Executive Director of Wolseley plc
Warwick Brady	Chief Operations Officer	Non-Executive Director of FirstGroup plc Director of easyJet Leasing Limited, easyJet Sterling Limited and easyJet Switzerland SA
Christopher Brocklesby	Chief Information Officer	None
Peter Duffy	Group Commercial Director: Customer Product and Marketing	Director of Dawn Licensing Holding Limited and Dawn Licensing Limited
Andrew Findlay	Chief Financial Officer	Director of easyJet plc, easyJet Leasing Limited, easyJet Sterling Limited and easyJet Switzerland SA
Rachel Kentleton	Group Director: Strategy and Implementation	Non-Executive Director of Persimmon plc
Cath Lynn	Group Commercial Director: Markets Network and Pricing	Non-Executive Director of Liberty Living Investments Limited, Liberty Living Investments Limited II, Liberty Living Investments Limited GP 1 Limited, Liberty Living Investments Limited GP 2 Limited and Airport Coordination Limited
Dame Carolyn McCall	Chief Executive	Non-Executive Director of Burberry plc Director of easyJet plc, easyJet Leasing Limited, easyJet Sterling Limited and French Chamber of Commerce in Great Britain
Paul Moore	Communications Director	None

The business address of each member of the Board and each member of the board of directors of the Guarantor is Hangar 89, London Luton Airport, Luton, Bedfordshire LU2 9PF, UK.

There are no actual or potential conflicts of interest between the duties to either the Issuer or the Guarantor of each of the members of either the Board or the board of directors of the Guarantor listed above and their private interests or other duties.

Major Shareholders of the Issuer

As at the date of this Offering Circular, there were 397,208,133 voting shares outstanding in the Issuer. Based on information available to the Issuer, the following table sets out interests in the ordinary shares of the Issuer disclosed to the Issuer in accordance with the FCA's Disclosure and Transparency Rule 5 as at 30 September 2015.

Holder	**% of ordinary shares held**
The Haji-Ioannou family concert party shareholding, consisting of easyGroup Holdings Limited (holding vehicle for Sir Stelios Haji-Ioannou and Clelia Haji-Ioannou) and Polys Haji-Ioannou (through his holding vehicle Polys Holding Limited)	33.73

TAXATION

UK Taxation

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's and the Guarantor’s understanding of current United Kingdom law and published HM Revenue and Customs practice relating only to United Kingdom withholding tax treatment of payments of principal and interest in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Payment of Interest on the Notes

Payments of interest on the Notes by the Issuer may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HM Revenue and Customs (**HMRC**) has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where the maturity of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty). If the Guarantor makes any payments under or in respect of interest on the Notes regarded as having a United Kingdom source (or other amounts due under or in respect of the Notes other than the repayment of amounts subscribed for such Notes) such payments may be subject to withholding tax at 20 per cent. subject to such relief as may be available under the provisions of any applicable double taxation treaty or any other exemption which may apply. It is not certain that any such payments made by the Guarantor would be eligible for the exemptions described above.

FATCA DISCLOSURE

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to any non-U.S. financial institution (a **foreign financial institution**, or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA. The Issuer may be classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of any Notes characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after the **grandfathering date**, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the United Kingdom have entered into an agreement (the **US-UK IGA**) based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI pursuant to the US-UK IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. The Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, the Guarantor, any paying agent and the Common Depositary, or as the case may be, Common Safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax

advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 7 January 2016, agreed with the Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer (failing which, the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and

- the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Guarantor, the Trustee and any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantor, the Trustee and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment of the Programme has been duly authorised by resolutions of the Board of Directors of the Issuer dated 12 November 2015 and 6 January 2016 and the giving of the Guarantee has been duly authorised by resolutions of the Board of Directors and resolutions of the shareholder of the Guarantor dated 1 December 2015, 5 January 2016 and 1 December 2015, respectively.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of Notes is expected to be granted on or before 12 January 2016.

Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

(a) the Articles of Association of the Issuer;

(b) the Articles of Association of the Guarantor;

(c) the audited consolidated annual financial statements of the Issuer in respect of the financial years ended 30 September 2014 and 30 September 2015 and the audited non-consolidated financial statements of the Guarantor in respect of the financial years ended 30 September 2013 and 30 September 2014, in each case together with the audit reports prepared in connection therewith. The Issuer currently prepares audited consolidated accounts on an annual basis. The Guarantor currently prepares non-consolidated accounts on an annual basis;

(d) the most recently published audited annual financial statements of the Issuer and the Guarantor and the most recently published unaudited interim financial statements (if any) of the Issuer and the Guarantor, in each case together with any audit or review reports prepared in connection therewith. The Issuer currently prepares unaudited condensed consolidated interim accounts on a half-yearly basis;

(e) the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;

(f) a copy of this Offering Circular; and

(g) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms to this Offering Circular and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, *société anonyme*, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer or the Issuer and its Subsidiaries (the **Group**) since 30 September 2015 and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 30 September 2015.

There has been no significant change in the financial or trading position of the Guarantor or the Guarantor and its subsidiaries since 30 September 2014 and there has been no material adverse change in the financial position or prospects of the Guarantor since 30 September 2014.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, the Guarantor or the Group.

Auditors

The auditors of the Issuer are PricewaterhouseCoopers LLP, independent registered Chartered Accountants in England and Wales, who have audited the Issuer's accounts, without qualification, in accordance with IFRS for each of the two financial years ended on 30 September 2015. The auditors of the Issuer have no material interest in the Issuer.

The auditors of the Guarantor are PricewaterhouseCoopers LLP, independent registered Chartered Accountants in England and Wales, who have audited the Guarantor's accounts, without qualification, in accordance with IFRS for each of the two financial years ended on 30 September 2014. The auditors of the Guarantor have no material interest in the Guarantor.

Dealers transacting with the Issuer and the Guarantor

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer, the Guarantor and their affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor or their affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer or the Guarantor routinely hedge their credit exposure to the Issuer or the Guarantor consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Trustee's action

The Conditions and the Trust Deed provide for the Trustee to take action on behalf of the Noteholders in certain circumstances, but only if the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction. It may not always be possible for the Trustee to take certain actions, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it. Where the Trustee is unable to take any action, the Noteholders are permitted by the Conditions and the Trust Deed to take the relevant action directly.

APPENDIX 1 – The audited non-consolidated annual financial statements (including the auditors' report thereon and the notes thereto) of the Guarantor for the financial year ended 30 September 2014

easyJet Airline Company Limited

Annual report and accounts

30 September 2014

Registered Number 03034606

Contents

Strategic report

Review of the Company's business

easyJet Airline Company Limited is incorporated in the United Kingdom and is the principal operating subsidiary of easyJet plc. The Company is an airline carrier operating principally in Europe. easyJet Group ("the Group") is managed on a unified basis, and a full strategic report for the year may be found in easyJet plc's published Annual report and accounts for the year ended 30 September 2014.

easyJet Group is a low cost European point-to-point short-haul airline, carrying over 60 million passengers on over 600 routes across more than 30 countries.

The Group's ambition is to be Europe's preferred short-haul airline; delivering market-leading returns. The core values underpinning the Group's cause, to make travel easy and affordable, are:

- safety;
- simplicity;
- one team;
- integrity;
- passion; and
- pioneering.

This will be achieved by focusing on four key objectives:

- build strong number 1 and 2 network positions;
- maintain cost advantage;
- drive demand, conversion and yields across Europe; and
- disciplined use of capital.

The easyJet Group is structurally positioned as the strongest pan-European airline due to its cost advantage, leading market positions at convenient airports and great customer proposition of low fares with friendly and efficient service supported by one of the strongest balance sheets in European aviation.

The easyJet Group delivered record profit before tax of £581 million up by £103 million from the year ended 30 September 2013. Revenue per seat improved despite a higher capacity environment. Cost increases were minimised as a result of a one-off benefit relating to engine maintenance costs, continued scale advantages of increasing the proportion of A320 aircraft in the fleet and the unusually mild winter.

Total Group revenue grew by 6.3% to £4,527 million, with revenue per seat improving by 1.2% to £63.31.

The Group's returns have improved year on year, with the profit before tax per seat increasing by 15.6% to £8.12.

The Group's ROCE continues to be in excess of cost of capital, increasing by 3.1 percentage points to 20.5% from the prior year.

The Group increased its net assets by £155 million to £2,172 million at 30 September 2014. The Group holds cash and cash equivalents and money market deposits totalling £985 million, and ended the year in net cash position of £422 million.

Gearing for the Group increased to 17% at 30 September 2014 (2013: 7%), driven by the payment of a special dividend and pre-delivery payments on 35 aircraft ordered during the year.

Key performance indicators

The Group uses a range of both financial and non-financial key performance indicators, as described in easyJet plc's published Annual report and accounts for the year ended 30 September 2014. The Group is managed as a single entity and accordingly key performance indicators are monitored at Group level, rather than on an individual entity basis.

Principal risks and uncertainties

The Group is affected by a number of principal risks and uncertainties as described in easyJet plc's published Annual report and accounts for the year ended 30 September 2014. easyJet Airline Company Limited is exposed to the same risks and uncertainties.

Results and dividends

The Company's profit after tax for the year was £316 million (2013: £290 million) which has been transferred to reserves. During the year the Company declared an in-specie dividend of £322 million (2013: nil) to its immediate parent company, easyJet plc.

Directors' report

The Directors present the Strategic report on page 1, the Directors' report on pages 2 and 3, the Statement of Directors' responsibilities on page 4 and the audited accounts for the year ended 30 September 2014.

Directors

The Directors who held office during the year and up to the date of this report are as follows:

Carolyn McCall OBE
Chris Kennedy
Alita Benson
Warwick Brady
Mike Campbelll
Trevor Didcock
Peter Duffy
Cath Lynn
Paul Moore
Rachel Kentleton (appointed 13 February 2014)

Employees

The Company is an equal opportunities employer. It ensures that employees and applicants do not receive less favourable treatment on the basis of their age, colour, creed, disability, full or part time status, gender, marital status, nationality or ethnic origin, race or sexual orientation.

The Company ensures that talented high-performing individuals with disabilities are supported in joining the Company and in continuing to reach and maintain their performance potential by offering and making reasonable adjustments to the workplace to make it easy for them to contribute at a high level.

It is understood that good communication within the business is vital, especially one that has such an extensive staff base. The Company ensures that key issues and matters are discussed with employees so that it can react quickly and ensure that everyone remains engaged. The Company works with employee representatives and recognises a number of trade unions.

The Company encourages the involvement of employees in its performance through the use of employee share schemes, settled in the shares of the Company's parent undertaking, easyJet plc.

Further details are contained in the Annual report and accounts of easyJet plc.

Political donations and expenditure

The Company made no political donations or incurred any political expenditure during either year.

Principal subsidiaries and overseas branches

Information in respect of the Company's subsidiaries is given in the notes to the accounts. The Company also operates two Spanish branches (one performing self-handling and the other dealing with employment matters) and an Italian branch (dealing with employment matters).

Going concern

In adopting the going concern basis for preparing the accounts, the Directors have considered current and ongoing business activities of the Company as well as the principal risks and uncertainties.

The Company holds cash and cash equivalents and money market deposits totalling £983 million as at 30 September 2014. Total debt of £331 million is free from financial covenants, with £49 million due for repayment in the year to 30 September 2015.

Net current liabilities at 30 September 2014 were £1,502 million but included unearned revenue (payments made by customers for flights scheduled post year end) of £572 million.

The business is exposed to fluctuations in fuel prices and US dollar and euro exchange rates. The Company's policy is to hedge between 65% and 85% of estimated exposures 12 months in advance, and 45% and 65% of estimated exposures from 13 up to 24 months in advance. The Company was compliant with this policy at the date of this Directors' report and accounts.

After making enquiries, the Directors have a reasonable expectation that the Company 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 the accounts.

Audit information

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who are Directors of the Company at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director 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.

Auditors

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

On behalf of the board

Chris Kennedy
Director
2 March 2015

Hangar 89
London Luton Airport
Luton
Bedfordshire
LU2 9PF

Registered Number 3034606

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report, the Strategic 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 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names are listed on page 2 confirm that, to the best of their knowledge:

- the 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 Company; and
- the Strategic 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 of 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 Strategic report on page 1 and the Directors' report on pages 2 and 3 were approved by the Board of Directors and authorised for issue on 2 March 2015 and signed on behalf of the Board.

Chris Kennedy
Director

Independent auditors' report to the members of easyJet Airline Company Limited

Report on the accounts

Our opinion

In our opinion, easyJet Airline Company Limited's accounts (the "accounts"):

- give a true and fair view of the state of the Company's affairs as at 30 September 2014 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

easyJet Airline Company Limited's accounts comprise:

- the Statement of financial position as at 30 September 2014;
- the Income statement and Statement of comprehensive income for the year then ended;
- the Statement of cash flows for the year then ended;
- the Statement 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.

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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.

Other matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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.

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 4, 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 International Standards on Auditing (UK and Ireland) ("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 the accounts involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 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 and accounts 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.
2 March 2015

Income statement

Year ended 30 September	Notes	2014 £ million	2013 £ million
Seat revenue		**4,462**	4,194
Non-seat revenue		**65**	64
Operating lease revenue		**42**	44
Total revenue		**4,569**	4,302
Fuel		**(1,251)**	(1,182)
Ground operations		**(1,107)**	(1,078)
Crew		**(481)**	(458)
Navigation		**(307)**	(294)
Maintenance		**(236)**	(198)
Selling and marketing		**(103)**	(101)
Other costs		**(315)**	(254)
EBITDAR		**769**	737
Aircraft dry leasing		**(240)**	(230)
Depreciation	8	**(80)**	(75)
Amortisation of intangible assets	7	**(12)**	(10)
Operating profit		**437**	422
Interest receivable and other financing income		**6**	8
Interest payable and other financing charges		**(27)**	(33)
Net exchange gains/(losses)		**4**	(26)
Net finance charges	2	**(17)**	(51)
Profit before tax	3	**420**	371
Tax charge	5	**(104)**	(81)
Profit for the year		**316**	290

Statement of comprehensive income

Year ended 30 September	Notes	2014 £ million	2013 £ million
Profit for the year		**316**	290
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		**354**	193

All items in other comprehensive income will be re-classified to the income statement.

Statement of financial position

At 30 September	Notes	2014 £ million	2013 £ million
Non-current assets			
Goodwill	7	**367**	367
Other intangible assets	7	**113**	102
Property, plant and equipment	8	**2,091**	1,814
Investments in subsidiaries	9	**1**	1
Derivative financial instruments	22	**36**	13
Loan notes	10	**4**	7
Restricted cash	13	**9**	11
Other non-current assets	11	**146**	170
		2,767	2,485
Current assets			
Trade and other receivables	12	**192**	341
Derivative financial instruments	22	**53**	17
Restricted cash	13	**23**	-
Money market deposits	13	**561**	224
Cash and cash equivalents	13	**422**	956
		1,251	1,538
Current liabilities			
Trade and other payables	14	**(2,537)**	(2,549)
Borrowings	15	**(49)**	(50)
Derivative financial instruments	22	**(87)**	(60)
Current tax payable		**(25)**	(29)
Maintenance provisions	17	**(55)**	(64)
		(2,753)	(2,752)
Net current liabilities		**(1,502)**	(1,214)
Non-current liabilities			
Borrowings	15	**(282)**	(360)
Derivative financial instruments	22	**(23)**	(41)
Non-current deferred income	16	**(62)**	(67)
Maintenance provisions	17	**(107)**	(113)
Deferred tax	5	**(108)**	(69)
		(582)	(650)
Net assets		**683**	621
Shareholders' equity			
Share capital	18	**214**	214
Hedging reserve		**(17)**	(55)
Translation reserve		**1**	1
Retained earnings		**485**	461
		683	621

The accounts on pages 6 to 34 were approved by the Board of Directors and authorised for issue on 2 March 2015 and signed on behalf of the Board.

~~Chris Kennedy~~ ~~Director~~

Statement of changes in equity

	Share capital £ million	Hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2013	**214**	**(55)**	**1**	**461**	**621**
Total comprehensive income	**-**	**38**	**-**	**316**	**354**
Dividends (note 6)	**-**	**-**	**-**	**(322)**	**(322)**
Share incentive schemes					
Value of employee services	**-**	**-**	**-**	**21**	**21**
Related tax (note 5)	**-**	**-**	**-**	**9**	**9**
At 30 September 2014	**214**	**(17)**	**1**	**485**	**683**

	Share capital £ million	Hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2012	214	42	1	140	397
Total comprehensive income	-	(97)	-	290	193
Share incentive schemes					
Value of employee services	-	-	-	17	17
Related tax (note 5)	-	-	-	14	14
At 30 September 2013	214	(55)	1	461	621

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.

Statement of cash flows

Year ended 30 September	Notes	2014 £ million	2013 £ million
Cash flows from operating activities			
Cash generated from operations	20	**427**	372
Net interest and other financing charges paid		**(10)**	(51)
Tax paid		**(70)**	(37)
Net cash generated from operating activities		**347**	284
Cash flows from investing activities			
Purchase of property, plant and equipment	8	**(413)**	(396)
Proceeds from sale of property, plant and equipment		**-**	1
Purchase of intangible assets	7	**(23)**	(21)
Capital distributions	9	**-**	131
Redemption of loan notes	10	**3**	4
Dividends received		**-**	11
Net cash used by investing activities		**(433)**	(270)
Cash flows from financing activities			
Repayment of bank loans	21	**(71)**	(116)
Repayment of capital elements of finance leases	21	**(5)**	(4)
Net proceeds from sale and operating leaseback of aircraft		**-**	316
Net (increase)/decrease in money market deposits	21	**(338)**	14
Net (increase)/decrease in restricted cash		**(21)**	145
Net cash (used by)/generated from financing activities		**(435)**	355
Effect of exchange rate changes		**(13)**	(2)
Net (decrease)/increase in cash and cash equivalents		**(534)**	367
Cash and cash equivalents at beginning of year		**956**	589
Cash and cash equivalents at end of year	13	**422**	956

NOTES TO THE ACCOUNTS

1 Significant accounting policies

Statement of compliance

easyJet Airline Company Limited (the "Company" or "easyJet") is a low cost airline carrier operating principally in Europe 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 Company is a wholly owned subsidiary of easyJet plc, a public limited company whose shares are listed on the London Stock Exchange under the ticker symbol EZJ.

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 on page 1 and within the easyJet plc Annual report and accounts. Note 23 to the accounts sets out the Company's objectives, policies and procedures for managing its capital and gives details of the risks related to financial instruments held by the Company.

The accounts have been prepared on the going concern basis. Details on going concern are provided on page 2.

The Company is not required, under the Companies Act 2006, to prepare consolidated accounts and has not elected to do so.

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 accounting policies are considered critical accounting policies as they require a significant amount of management judgment and the results are material to the Company's accounts.

Aircraft maintenance provisions (Note 17)

The Company 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, the Company 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 7)

Goodwill and landing rights are tested for impairment at least annually. The Company has one cash-generating unit, being its route network. In making this assessment, the Company 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 cashflows to their present value. When applying this method, the Company 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.

Foreign currencies

The Company's functional currency, determined by reference to the primary economic environment in which it operates, is sterling.

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 date of the statement of financial position 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 the Company acts solely as appointed representative of the insurance company.

Operating lease revenue arises from the rental of aircraft to other group companies and is recognised on the date that the right to receive consideration occurs.

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 date of the statement of financial position 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.

Leases

The Company 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.

Finance leases, which transfer to the Company 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 the Company 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 date of the statement of financial position.

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;

– deferred tax arising on investments in subsidiaries is not recognised where the Company 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 forward. 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.

The Company 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 the Company, 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 the Company 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.

Employee benefits

The Company contributes to defined contribution pension schemes for the benefit of employees and has no further payment obligations once contributions have been paid. The assets of the schemes are held separately from those of the Company in independently administered funds. 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-based payments

easyJet plc has a number of equity-settled share incentive schemes. The fair value of share options granted under the Discretionary and Sharesave schemes are measured at the date of grant using the Binomial Lattice option pricing model. The fair value 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 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.

Investments in subsidiaries

Investments in subsidiaries are stated at cost, less any provision for impairment.

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 the Company'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 ended 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 Amounts 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 ended 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 ended 30 September 2018

IFRS 15 Revenue from Contracts with Customers

Effective for the year ended 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 the Company'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 from fellow group undertakings	**2**	4
External interest income	**4**	4
	6	8
Interest payable and other financing charges		
Interest payable to fellow group undertakings	**(19)**	(24)
Interest payable on bank loans	**(5)**	(5)
Interest payable on finance lease obligations	**(3)**	(3)
Other interest payable	**-**	(1)
	(27)	(33)
Net exchange gains/(losses) (note 22)	**4**	(26)
	(17)	(51)

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	**76**	71
Assets held under finance leases	**4**	4
Operating lease rentals		
Aircraft - dry leases	**240**	229
Other assets	**4**	3

Auditors' remuneration

During the year the Company obtained the following services from the Company's auditors:

	2014 £ million	2013 £ million
Company audit fee	**0.3**	0.3
Fees for other assurance services	**0.1**	0.4
	0.4	0.7

Fees for other assurance services include the audit of other group entities and, in 2013, reporting, on behalf of easyJet plc, in connection with the Class 1 Shareholder Circular.

4 Employees

Average monthly number of persons employed	2014 Number	2013 Number
Flight and ground operations	**7,622**	7,334
Sales, marketing and administration	**558**	510
	8,180	7,844

Employee costs	2014 £ million	2013 £ million
Wages and salaries	**381**	351
Social security costs	**70**	63
Pension costs	**34**	30
Share-based payments	**21**	17
	506	461

Key management compensation	2014 £ million	2013 £ million
Short-term employee benefits	**6**	7
Share-based payments	**6**	5
	12	12

Directors' emoluments	2014 £ million	2013 £ million
Remuneration	**6**	7
	6	7

The members of the Executive Management Team are key management as they have collective responsibility for planning, directing and controlling the business.

The highest paid director received remuneration totalling £1.8 million (2013: £1.9 million).

Two directors have reached the pension fund Lifetime Allowance limit and therefore receive a taxable payment in lieu of employer pension contributions. All other Directors accrue retirement benefits under the easyJet Group defined contribution pension scheme.

5 Tax charge

Tax on profit on ordinary activities:

	2014 £ million	2013 £ million
Current tax		
United Kingdom corporation tax	**79**	79
Prior year adjustments	**(6)**	2
	73	81
Deferred tax		
Temporary differences relating to property, plant and equipment	**26**	19
Other temporary differences	**-**	(4)
Prior year adjustments	**8**	-
Change in tax rate	**(3)**	(15)
	31	-
	104	81

Reconciliation of the total tax charge

The tax for the year is higher (2013: lower) than the standard rate of corporation tax in the UK as set out below:

	2014 £ million	2013 £ million
Profit on ordinary activities before tax	**420**	371
Tax charge at 22% (2013: 23.5%)	**92**	87
Income not chargeable for tax purposes	**-**	(2)
Expenses not deductible for tax purposes	**2**	-
Group relief claimed for nil consideration	**(1)**	(1)
Share-based payments	**12**	9
Other permanent differences	**-**	1
Adjustments in respect of prior years - current tax	**(6)**	2
Adjustments in respect of prior years - deferred tax	**8**	-
Change in tax rate	**(3)**	(15)
	104	81

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 on share-based payments	**7**	3
Deferred tax on share-based payments	**2**	11
	9	14

Deferred tax

The net deferred tax liability in the statement of financial position is as follows:

	Accelerated capital allowances £ million	Fair value gains £ million	Share-based payments £ million	Total £ million
At 1 October 2013	89	-	(20)	69
Charged/(credited) to income statement	33	-	(2)	31
Charged to other comprehensive income	-	10	-	10
Credited to shareholders' equity	-	-	(2)	(2)
At 30 September 2014	122	10	(24)	108

	Accelerated capital allowances £ million	Fair value gains £ million	Share-based payments £ million	Total £ million
At 1 October 2012	83	30	(6)	107
Charged/(credited) to income statement	6	(3)	(3)	-
Credited to other comprehensive income	-	(27)	-	(27)
Credited to shareholders' equity	-	-	(11)	(11)
At 30 September 2013	89	-	(20)	69

It is estimated that deferred tax assets of approximately £24 million (2013: £18 million) will reverse during the next financial year. There are no unrecognised deferred tax assets.

6 Dividends

During the year the Company declared in-specie dividends of £1.5069 per share (2013: nil) totalling £322 million (2013: nil).

Dividend distributions are recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

7 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	**367**	**81**	**1**	**34**	**116**
Additions	-	**13**	-	-	**13**
Transferred from property, plant and equipment	-	-	-	**10**	**10**
Disposals	-	-	**(1)**	**(6)**	**(7)**
At 30 September 2014	**367**	**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	**367**	**94**	-	**19**	**113**
At 1 October 2013	367	81	1	20	102

During the year, the Company 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.

	Goodwill	Landing rights	Contractual rights	Computer software	Total
		Other intangible assets			
	£ million	£ million	£ million	£ million	£ million
Cost					
At 1 October 2012	367	74	1	35	110
Additions	-	7	-	-	7
Transferred from property, plant and equipment	-	-	-	14	14
Disposals	-	-	-	(15)	(15)
At 30 September 2013	367	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	367	81	1	20	102
At 1 October 2012	367	74	1	16	91

The Company 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 for the period up to 2019 approved by the Board, 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 the Company 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.

8 Property, plant and equipment

	Aircraft and spares £ million	Other £ million	Total £ million
Cost			
At 1 October 2013	**2,054**	**30**	**2,084**
Additions	**406**	**ÿ7**	**423**
Transfer to group undertaking	**(18)**	**-**	**(18)**
Transfer to intangible assets	**-**	**(10)**	**(10)**
Transfer to maintenance provision	**(37)**	**-**	**(37)**
Disposals	**(2)**	**(1)**	**(3)**
At 30 September 2014	**2,403**	**36**	**2,439**
Depreciation			
At 1 October 2013	**261**	**9**	**270**
Charge for the year	**77**	**3**	**80**
Disposals	**(1)**	**(1)**	**(2)**
At 30 September 2014	**337**	**11**	**348**
Net book value			
At 30 September 2014	**2,066**	**25**	**2,091**
At 1 October 2013	1,793	21	1,814

	Aircraft and spares £ million	Other £ million	Total £ million
Cost			
At 1 October 2012	2,007	29	2,036
Additions	392	18	410
Transfer from group undertaking	120	-	120
Aircraft sold and leased back	(421)	-	(421)
Transfer to intangible assets	-	(14)	(14)
Transfer to maintenance provision	(28)	-	(28)
Disposals	(16)	(3)	(19)
At 30 September 2013	2,054	30	2,084
Depreciation			
At 1 October 2012	205	10	215
Charge for the year	73	2	75
Transfer from group undertaking	35	-	35
Aircraft sold and leased back	(52)	-	(52)
Disposals	-	(3)	(3)
At 30 September 2013	261	9	270
Net book value			
At 30 September 2013	1,793	21	1,814
At 1 October 2012	1,802	19	1,821

The net book value of aircraft includes £322 million (2013: £196 million) relating to advance and option payments for future deliveries of aircraft. This amount is not depreciated.

Aircraft with a net book value of £358 million (2013: £418 million) are mortgaged to lenders as loan security.

The Company holds five (2013: five) aircraft under finance leases, with a net book value of £83 million (2013: £87 million).

The Company 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 comprises leasehold improvements, computer hardware, and fixtures, fittings and equipment.

9 Investments in subsidiary undertakings

	2014 **£ million**	2013 £ million
At 1 October	**1**	132
Capital distributions made by subsidiaries	**-**	(131)
At 30 September	**1**	1

A list of subsidiaries will be included in the Company's next annual return, in accordance with section 410 of the Companies Act 2006.

10 Loan notes

In 2001, the Company, in a 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. The Company'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)	**13**	17
Other	**2**	3
	146	170

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
Amounts owed by group undertakings	-	158
Prepayments and accrued income	89	53
Leased aircraft - shortfall on sale and leaseback	20	20
Recoverable supplemental rent (pledged as collateral)	3	-
Other receivables	22	18
	192	341

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)	422	956
Money market deposits (original maturity more than three months)	561	224
Current restricted cash	23	-
Non-current restricted cash	9	11
	1,015	1,191

Interest rates on money market deposits and restricted cash are re-priced 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	11
	32	11

14 Trade and other payables

	2014	2013
	£ million	£ million
Trade payables	**125**	110
Amounts owed to group undertakings	**1,442**	1,482
Unearned revenue	**572**	547
Accruals	**302**	317
Leased aircraft - surplus on sale and leaseback	**13**	15
Taxes and social security	**20**	15
Other payables	**63**	63
	2,537	2,549

15 Borrowings

At 30 September 2014	**Current £ million**	**Non-current £ million**	**Total £ million**
Bank loans	**43**	**189**	**232**
Finance lease obligations	**6**	**93**	**99**
	49	**282**	**331**

At 30 September 2013	Current £ million	Non-current £ million	Total £ million
Bank loans	45	261	306
Finance lease obligations	5	99	104
	50	360	410

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 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 sale 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	177
Exchange adjustments	(2)
Charged to income statement	37
Transferred from property, plant and equipment	(37)
Utilised	(13)
At 30 September 2014	**162**

Amounts transferred from property, plant and equipment relate to aircraft life-limited parts used in engine restoration in the year.

Maintenance provisions are analysed as follows:

	2014 **£ million**	2013 £ million
Current	**55**	64
Non-current	**107**	113
	162	177

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
Allotted, called up and fully paid				
At 1 October				
Ordinary shares of £1 each	**214**	214	**214**	214
At 30 September	**214**	214	**214**	214

19 Share incentive schemes

The Company operates the following share incentive schemes, all of which are settled in the equity of its parent, easyJet plc. Further details are given in easyJet plc's published Annual report and accounts for the year ended 30 September 2014.

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	0.6	-	-	(0.2)	**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	0.9	-	(0.1)	-	**0.8**
1 July 2013	0.6	-	-	-	**0.6**
1 July 2014	-	0.8	-	-	**0.8**
Share Incentive Plan	4.0	0.5	(0.1)	(0.5)	**3.9**
	14.9	2.0	(0.5)	(4.0)	**12.4**

Weighted average exercise prices are as follows:

	1 October 2013 £	Granted £	Forfeited £	Exercised £	**30 September 2014 £**
Discretionary schemes	2.09	-	-	2.42	**1.84**
Sharesave	4.26	13.30	5.88	2.88	**8.01**

The exercise price of all awards, save those disclosed in the above table, is £nil.

The number of awards exercisable at each year end and their weighted average exercise price are as follows:

	Price (£)		Number (million)	
	2014	2013	**2014**	2013
Discretionary schemes	**1.84**	**2.09**	**0.4**	**0.7**
Long Term Incentive Plan	-	-	**1.3**	0.4
Sharesave	**2.88**	3.49	**0.2**	-
Share Incentive Plan	-	-	**1.5**	0.4
			3.4	1.5

The weighted average remaining contractual life for each class of share 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 plc 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 easyJet plc 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 plc. For each Partnership Share acquired easyJet plc purchases a Matching Share up to a maximum value of £1,500 per annum. Employees must remain with the easyJet group 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.

Subject to easyJet Group performance, easyJet plc 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 the 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 were 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	**437**	422
Adjustments for non-cash items:		
Depreciation	**80**	75
Loss on disposal of property, plant and equipment	**1**	-
Amortisation of intangible assets	**12**	10
Share-based payments	**21**	16
Dividends received	**-**	(11)
Changes in working capital and other items of an operating nature:		
Decrease in trade and other receivables	**149**	101
Decrease in trade and other payables	**(314)**	(246)
Increase in provisions	**24**	16
Decrease in other non-current assets	**24**	4
Decrease in derivative financial instruments	**(2)**	-
Decrease in non-current deferred income	**(5)**	(15)
	427	372

21 Reconciliation of net cash flow to movement in net cash

	1 October 2013 £ million	Exchange differences £ million	Net cash flow £ million	**30 September 2014 £ million**
Cash and cash equivalents	956	(13)	(521)	**422**
Money market deposits	224	(1)	338	**561**
	1,180	(14)	(183)	**983**
Bank loans	(306)	3	71	**(232)**
Finance lease obligations	(104)	-	5	**(99)**
	(410)	3	76	**(331)**
Net cash	770	(11)	(107)	**652**

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:

		Amortised cost	**Held at fair value**			
At 30 September 2014	**Loans and receivables £ million**	**Financial liabilities £ million**	**Cash flow hedges £ million**	**Other £ million**	**Carrying value £ million**	**Fair value £ million**
Loan notes	**4**	-	-	-	**4**	**4**
Other non-current assets	**89**	-	-	**57**	**146**	**146**
Trade and other receivables	**135**	-	-	**57**	**192**	**192**
Trade and other payables	-	**(1,862)**	-	**(675)**	**(2,537)**	**(2,537)**
Derivative financial instruments	-	-	**(21)**	-	**(21)**	**(21)**
Restricted cash	**32**	-	-	-	**32**	**32**
Money market deposits	**561**	-	-	-	**561**	**561**
Cash and cash equivalents	**422**	-	-	-	**422**	**422**
Borrowings	-	**(331)**	-	-	**(331)**	**(335)**

		Amortised cost	Held at fair value			
At 30 September 2013	Loans and receivables £ million	Financial liabilities £ million	Cash flow hedges £ million	Other £ million	Carrying value £ million	Fair value £ million
Loan notes	7	-	-	-	7	7
Other non-current assets	93	-	-	77	170	170
Trade and other receivables	308	-	-	33	341	341
Trade and other payables	-	(1,910)	-	(639)	(2,549)	(2,549)
Derivative financial instruments	-	-	(71)	-	(71)	(71)
Restricted cash	11	-	-	-	11	11
Money market deposits	224	-	-	-	224	224
Cash and cash equivalents	956	-	-	-	956	956
Borrowings	-	(410)	-	-	(410)	(413)

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.

At 30 September 2014	Gross amount £ million	Amount not set off £ million	Net amount £ million
Derivative financial instruments			
Assets	89	(69)	20
Liabilities	(110)	69	(41)
	(21)	-	(21)

At 30 September 2013	Gross amount £ million	Amount not set off £ million	Net amount £ million
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 amount 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.

The Company uses forward contracts to hedge transaction currency risk 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.

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 into 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	**(8)**	(4)
Unrealised revaluation gains on other monetary assets and liabilities	**2**	2
Realised foreign exchange gains/(losses) on non-derivative financial instruments	**10**	(8)
Unrealised gains on derivative financial instruments	**-**	3
Realised losses on derivative financial instruments	**-**	(19)
Net gains/(losses) (note 2)	**4**	(26)

23 Financial risk and capital management

All financial risk management activities are carried out at Group level according to policies approved by the Board of Directors of easyJet plc and are described in easyJet's published Annual report and accounts for the year ended 30 September 2014. The Company is exposed to the same financial risks as the Group.

The maturity profile of the Company's 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	**54**	**56**	**148**	**104**
Trade and other payables	**2,054**	**-**	**-**	**-**
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	57	59	169	167
Trade and other payables	1,910	-	-	-
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 the close of business on 30 September each year.

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 the Company's exposure over the 12 month period.

The currency sensitivity analysis is based on the Company'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 the Company'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.

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.

				Currency rates	Fuel price	Interest rates
At 30 September 2014	**US dollar +10% £ million**	**US dollar -10% £ million**	**Euro +10% £ million**	**Euro -10% £ million**	**10% increase £ million**	**1% increase £ million**
Income statement impact: gain / (loss)	**34**	**(28)**	**7**	**(5)**	**6**	**-**
Impact on other comprehensive income: increase / (decrease)	**173**	**(142)**	**(69)**	**56**	**-**	**115**

				Currency rates	Fuel price	Interest rates
At 30 September 2013	US dollar +10% £ million	US dollar -10% £ million	Euro +10% £ million	Euro -10% £ million	10% increase £ million	1% increase £ million
Income statement impact: gain / (loss)	135	(108)	-	-	-	(4)
Impact on other comprehensive income: increase / (decrease)	180	(150)	(78)	64	183	-

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		Other	
	2014	2013	**2014**	2013
	£ million	£ million	**£ million**	£ million
Total commitments under non-cancellable operating leases due:				
Not later than one year	**150**	158	**1**	2
Later than one year and not later than five years	**400**	475	**3**	4
Later than five years	**81**	145	**3**	3
	631	778	**7**	9

The Company holds 114 aircraft (2013: 114 aircraft) under operating leases, including those with other group undertakings, with initial lease terms ranging from five to ten years. It 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	2013
	£ million	£ million
Minimum lease payments fall due as follows:		
Not later than one year	**7**	7
Later than one year and not later than five years	**31**	31
Later than five years	**77**	88
	115	126
Future finance charges	**(16)**	(22)
	99	104

The Company holds five aircraft (2013: five aircraft) under finance leases with ten year initial terms. Further details are given in note 15.

25 Contingent liabilities

The Company 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 effect on the Company's results, cash flows or financial position.

The Company has outstanding letters of credit, guarantees 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 in 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 Related party transactions

Transactions with easyJet Group undertakings are carried out on an arm's length basis. Outstanding balances are placed on intercompany accounts (notes 12 and 14) with no specified credit period, are unsecured, and bear market rates of interest.

Significant transactions are as follows:

- dry lease and other operating costs for leasing aircraft;
- dry lease revenue from sub-leasing aircraft; and
- balance sheet hedges.

Charges for the years ended 30 September 2014 and 2013 are as follows:

	2014 £ million	2013 £ million
Charges to the Company	**241**	261
Charges by the Company	**42**	44

No aircraft were acquired from easyJet Leasing Limited in the year ended 30 September 2014. In 2013, five aircraft were acquired from easyJet Leasing Limited for total consideration of £48 million, and four aircraft were acquired from easyJet Sterling Limited for total consideration of £38 million.

During the current year, amounts relating to aircraft life-limited parts were transferred at net book value to easyJet Switzerland SA totalling £18 million (2013: £14 million).

Amounts included in the income statement for the year ended 30 September 2014 due under the Brand Licence and other agreements with easyGroup IP Licensing Limited and others, detailed within note 27 to the Group accounts, amounted to £12.6 million (2013: £11.4 million). Royalty payments within this total were £11.3 million (2013: £10.6 million).

At 30 September 2014, £0.8 million (2013: £1.1 million) was included in trade and other payables in relation to the Brand Licence and other agreements.

easyJet plc has given a formal undertaking to the Civil Aviation Authority to guarantee the payment and discharge of all liabilities of the Company. The guarantee is required for the Company to maintain its operating licence under Regulation 3 of the Licensing of Air Carriers Regulations 1992.

easyJet plc has also issued guarantees in favour of the Company relating to:

- processing of credit card transactions;
- hedging transactions in derivative financial instruments;
- contractual obligations to Airbus SAS in respect of the supply of aircraft;
- repayment of borrowings financing the acquisition of aircraft;
- payment obligations for the lease of aircraft from lessors outside of the Group;
- bank letters of credit; and
- brand licence agreement with easyGroup IP Licensing Ltd (approved by the shareholders of easyJet plc on 10 December 2010).
-

27 Ultimate controlling company

The Company's parent and ultimate controlling company is easyJet plc, incorporated in England and Wales, registered number 3959649.

The only group in which the results of the Company are consolidated is headed by easyJet plc, the Annual report and accounts of which can be obtained from easyJet plc, Hangar 89, London Luton Airport, Luton, Bedfordshire, LU2 9PF and at www.corporate.easyjet.com.

APPENDIX 2 – The audited non-consolidated annual financial statements (including the auditors' report thereon and the notes thereto) of the Guarantor for the financial year ended 30 September 2013

easyJet Airline Company Limited

Annual Report and Accounts

30 September 2013

Registered Number 03034606

Contents

Strategic report

Review of the Company's business

easyJet Airline Company Limited is incorporated in the United Kingdom and is a principal operating subsidiary of easyJet plc . The Company is an airline carrier operating principally in Europe. The easyJet Group is managed on a unified basis, and a full strategic report for the year may be found in easyJet plc's published Annual report and accounts for the year ended 30 September 2013.

easyJet Group is a low cost European point-to-point short-haul airline, carrying over 60 million passengers on over 600 routes across more than 30 countries.

The Group's ambition is to be Europe's preferred short-haul airline; delivering market leading returns. The core values underpinning the Group's cause, to make travel easy and affordable, are:

- Safety;
- Pioneering;
- One team;
- Passion;
- Integrity; and
- Simplicity.

This will be achieved by focusing on four key objectives:

- Build strong number 1 and 2 network positions;
- Maintain cost advantage;
- Drive demand, conversion and yields across Europe; and
- Disciplined use of capital.

easyJet Group is structurally positioned as the strongest pan European airline due to its cost advantage, leading market positions at convenient airports and great customer proposition of low fares with friendly and efficient service supported by one of the strongest balance sheets in European aviation.

easyJet Group delivered profit before tax of £478 million, up by £161 million from the year ended 30 September 2012. The result was delivered despite the on-going consumer pressure from the weak European economy, significant increases in airport charges at regulated airports, especially those in Spain and Italy, together with higher than anticipated disruption and the increased need for de-icing following one of the longest periods of adverse weather experienced across the network in the last few years.

Total Group revenue grew by 10.5% to £4,258 million, with revenue per seat improving by 7.0% to £62.58.

easyJet Group's returns have improved year on year, with the profit before tax per seat increasing by 46.0% to £7.03.

ROCE continues to be in excess of its cost of capital, increasing by 6.1 percentage points to 17.4% from the prior year.

easyJet Group increased its net assets by £223 million to £2,017 million at 30 September 2013. The Group holds cash and cash equivalents of £1,237 million, and ended the year in net cash position of £558 million.

Gearing for the Group reduced to 7% at 30 September 2013 (2012: 29%), driven by increased cash generated from operations, proceeds received on the sale and leaseback transactions and the release of restricted cash in the year.

Key performance indicators

easyJet Group uses a range of both financial and non-financial key performance indicators, as described in easyJet plc's published Annual report and accounts for the year ended 30 September 2013. The Group is managed as a single entity and accordingly key performance indicators are monitored at Group level, rather than on an individual entity basis.

Principal risks and uncertainties

easyJet Group is affected by a number of principal risks and uncertainties as described in easyJet plc's published Annual report and accounts for the year ended 30 September 2013. easyJet Airline Company Limited is exposed to the same risks and uncertainties.

Results and dividends

The profit after tax for the year was £294 million (2012: £135 million). No dividends were paid in either year, and the Directors do not recommend the payment of a final dividend.

Directors' report

The Directors present the Directors' report on pages 1 to 4, and the audited accounts for the year ended 30 September 2013.

Directors

The Directors who held office during the year and up to the date of this report are as follows:

Carolyn McCall OBE
Chris Kennedy
Alita Benson
Warwick Brady
Mike Campbell
Trevor Didcock
Peter Duffy
Cath Lynn
Paul Moore

Employees

The Company is an equal opportunities employer. It ensures that employees and applicants do not receive less favourable treatment on the basis of their age, colour, creed, disability, full or part time status, gender, marital status, nationality or ethnic origin, race or sexual orientation.

Applications for employment from disabled persons are always fully considered, bearing in mind the aptitude of the person concerned. In the event that an employee becomes disabled every effort is made to ensure that their employment continues and training is arranged where appropriate.

It is understood that good communication within the business is vital, especially one that has such an extensive staff base. The Company ensures that key issues and matters are discussed with employees so that it can react quickly and ensure that everyone remains engaged. The Company works with employee representatives and recognises a number of trade unions. Over the last year there has been a significant increase in the level of union activity. The Company has not been immune to this, but did not lose any days through internal industrial action.

The Company encourages the involvement of employees in its performance through the use of employee share schemes, settled in the shares of the Company's parent undertaking, easyJet plc.

Political contributions

The Company made no political contributions during either year.

Principal subsidiaries and overseas branches

Information in respect of the Company's subsidiaries are given in the notes to the accounts. The Company also operates two main Spanish branches (one performing self-handling and the other dealing with employment matters) and an Italian branch (also dealing with employment matters).

Going concern

In adopting the going concern basis for preparing the accounts, the Directors have considered current and on-going business activities of the Company as well as the principal risks and uncertainties.

The Company holds cash and cash equivalents of £956 million as at 30 September 2013. Total debt of £410 million is free from financial covenants, with £50 million due for repayment in the year to 30 September 2014.

The business is exposed to fluctuations in fuel prices and US dollar and euro exchange rates. The Company's policy is to hedge between 65% and 85% of estimated exposures 12 months in advance, and 45% and 65% of estimated exposures from 13 up to 24 months in advance. The Company was compliant with this policy at the date of this Directors' report and accounts.

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

Audit information

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who are Directors of the Company at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director 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.

Auditors

The auditors, PricewaterhouseCoopers LLP have expressed their willingness to continue in office.

On behalf of the board

Chris Kennedy
Director
13 February 2014

Hangar 89
London Luton Airport
Luton
Bedfordshire
LU2 9PF

Registered Number 3034606

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and 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 elected to prepare the accounts in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and of the profit or loss of 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 European Union 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names are listed on page 2 confirm that, to the best of their knowledge:

- the 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 Company; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, 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 Annual 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 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 and Accounts were approved by the Board of Directors and authorised for issue on 13 February 2014 and signed on behalf of the Board by Chris Kennedy, Director.

Independent Auditors' Report to the Members of easyJet Airline Company Limited

Report on the accounts

Our opinion

In our opinion the accounts:

- give a true and fair view of the state of the Company's affairs as at 30 September 2013 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say below.

What we have audited

The accounts for the year ended 30 September 2013, which are prepared by easyJet Airline Company Limited, comprise:

- Income statement;
- Statement of comprehensive income;
- Statement of financial position;
- Statement of changes in equity;
- Statement of cash flows; and
- related notes.

The financial reporting framework that has been applied in their preparation comprises applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of accounts involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). 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 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.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts 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.

Opinion on matter prescribed by the Companies Act 2006

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.

Other matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of Directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

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 4, 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.

John Minards (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans, Hertfordshire

13 February 2014

Income statement

Year ended 30 September	Notes	2013 £ million	2012 £ million
Seat revenue		**4,194**	3,794
Non-seat revenue		**64**	60
Operating lease revenue		**44**	36
Total revenue		**4,302**	3,890
Fuel		**(1,182)**	(1,149)
Ground operations		**(1,078)**	(955)
Crew		**(458)**	(434)
Navigation		**(294)**	(280)
Maintenance		**(198)**	(207)
Selling and marketing		**(101)**	(104)
Other costs		**(254)**	(227)
EBITDAR		**737**	534
Aircraft dry leasing		**(230)**	(236)
Depreciation	7	**(75)**	(64)
Amortisation of intangible assets	6	**(10)**	(8)
Operating profit		**422**	226
Interest receivable and other financing income		**8**	9
Interest payable and other financing charges		**(33)**	(46)
Net exchange losses		**(26)**	(23)
Net finance charges	2	**(51)**	(60)
Profit before tax	3	**371**	166
Tax charge	5	**(81)**	(31)
Profit for the year		**290**	135

Statement of comprehensive income

Year ended 30 September	Notes	2013 £ million	2012 £ million
Profit for the year		**290**	135
Other comprehensive income			
Cash flow hedges			
Fair value (losses) / gains in the year		**(82)**	109
Gains transferred to income statement		**(42)**	(74)
Related tax	5	**27**	(7)
		(97)	28
Total comprehensive income for the year		**193**	163

All items in other comprehensive income will be re-classified to the income statement

Statement of financial position

At 30 September

	Notes	2013 £ million	2012 £ million
Non-current assets			
Goodwill	6	**367**	367
Other intangible assets	6	**102**	91
Property, plant and equipment	7	**1,814**	1,821
Investments in subsidiaries	8	**1**	132
Derivative financial instruments	21	**13**	21
Loan notes	9	**7**	10
Restricted cash	12	**11**	24
Other non-current assets	10	**170**	38
		2,485	2,504
Current assets			
Trade and other receivables	11	**341**	415
Derivative financial instruments	21	**17**	73
Current tax assets		**-**	11
Restricted cash	12	**-**	130
Money market deposits	12	**224**	238
Cash and cash equivalents	12	**956**	589
		1,538	1,456
Current liabilities			
Trade and other payables	13	**(2,549)**	(2,715)
Borrowings	14	**(50)**	(57)
Derivative financial instruments	21	**(60)**	(20)
Current tax liabilities		**(29)**	-
Maintenance provisions	16	**(64)**	(41)
		(2,752)	(2,833)
Net current liabilities		**(1,214)**	(1,377)
Non-current liabilities			
Borrowings	14	**(360)**	(471)
Derivative financial instruments	21	**(41)**	(24)
Non-current deferred income	15	**(67)**	(46)
Maintenance provisions	16	**(113)**	(82)
Deferred tax liabilities	5	**(69)**	(107)
		(650)	(730)
Net assets		**621**	397
Shareholders' equity			
Share capital	17	**214**	214
Hedging reserve		**(55)**	42
Translation reserve		**1**	1
Retained earnings		**461**	140
		621	397

The accounts on pages 7 to 34 were approved by the Board of Directors and authorised for issue on 13 February 2014 and signed on behalf of the Board.

Chris Kennedy
Director

Statement of changes in equity

	Share capital £ million	Hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 01 October 2012	**214**	**42**	**1**	**140**	**397**
Total comprehensive income	**-**	**(97)**	**-**	**290**	**193**
Share incentive schemes					
Value of employee services	**-**	**-**	**-**	**17**	**17**
Related tax (note 5)	**-**	**-**	**-**	**14**	**14**
At 30 September 2013	**214**	**(55)**	**1**	**461**	**621**

	Share capital £ million	Hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 01 October 2011	214	14	1	(8)	221
Total comprehensive income	-	28	-	135	163
Share incentive schemes					
Value of employee services	-	-	-	10	10
Related tax (note 5)	-	-	-	3	3
At 30 September 2012	214	42	1	140	397

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.

Statement of cash flows

Year ended 30 September	Notes	2013 £ million	2012 £ million
Cash flows from operating activities			
Cash generated from operations	19	**372**	172
Net interest and other financing charges paid		**(51)**	(28)
Dividends received		**11**	-
Tax paid		**(37)**	(13)
Net cash generated from operating activities		**295**	131
Cash flows from investing activities			
Purchase of property, plant and equipment		**(396)**	(372)
Proceeds from sale of property, plant and equipment		**1**	1
Purchase of intangible assets		**(21)**	(13)
Capital distributions		**131**	-
Redemption of loan notes		**4**	2
Net cash used by from investing activities		**(281)**	(382)
Cash flows from financing activities			
Repayment of bank loans		**(116)**	(195)
Repayment of capital elements of finance leases		**(4)**	(5)
Net proceeds from sale and operating leaseback of aircraft		**316**	-
Net decrease in money market deposits		**14**	55
Decrease / (increase) in restricted cash		**145**	(36)
Net cash generated from / (used by) financing activities		**355**	(181)
Effect of exchange rate changes		**(2)**	(20)
Net increase / (decrease) in cash and cash equivalents		**367**	(452)
Cash and cash equivalents at beginning of year		**589**	1,041
Cash and cash equivalents at end of year	12	**956**	589

Notes to the Accounts

1 Significant accounting policies

Statement of compliance

easyJet Airline Company Limited (the "Company" or "easyJet") is a low cost airline carrier operating principally in Europe 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 Company is a wholly owned subsidiary of easyJet plc; a public limited company whose shares are listed on the London Stock Exchange under the ticker symbol EZJ.

The accounts are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, taking into account International Financial Reporting Interpretations Committee (IFRIC) 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.

Prior year numbers have been reclassified to conform to the current year presentation.

The accounting policies set out below have been applied consistently to all years presented in these accounts.

easyJet Group's business activities, together with factors likely to affect its future development and performance, are described within the easyJet plc accounts and also on page 1. Note 22 to the accounts sets out the Company's objectives, policies and procedures for managing its capital and gives details of the risks related to financial instruments held by the Company.

The accounts have been prepared on a going concern basis. Details on going concern are provided on page 2.

The Company is not required, under the Companies Act 2006, to prepare consolidated accounts and has not elected to do so.

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 accounting policies are considered critical accounting policies as they require a significant amount of management judgment and the results are material to the Company's accounts.

Goodwill and landing rights (Note 6)

Goodwill and landing rights are tested for impairment at least annually. The Company has one cash-generating unit, being its route network. In making this assessment, the Company 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 cashflows to their present value. When applying this method, the Company 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.

Aircraft maintenance provisions (Note 16)

The Company 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, the Company 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.

Foreign currencies

The Company's functional currency, determined by reference to the primary economic environment in which it operates, is sterling.

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, speedy (priority) boarding services and 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,
- 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. Non-seat revenue 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.

Operation lease revenue arises from the rental of aircraft to other group companies and is recognised on the date that the right to receive consideration occurs.

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 utlisation 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

Items 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 amortised.

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.

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 lease 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.

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 the Company 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 bank or money market deposits repayable on demand or maturing within three months of inception. Interest income on cash and money market deposits 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. 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 transaction exposures to movements in jet fuel prices and currency exchange rates. Hedge accounting is applied to these instruments.

Changes in intrinsic 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 results in a non-financial asset or liability, the accumulated gains and losses previously recognised in other comprehensive income form part of the initial carrying amount of the asset or liability. 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 other comprehensive income until the transaction takes place.

When a hedged future transaction is no longer expected to occur, any related gains and losses previously recognised in other comprehensive income 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 on the statement of financial position date.

Tax

Tax expense in the income statement consists of current and deferred tax. 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. Tax is recognised in the income statement except when it relates to items credited or charged directly to other comprehensive income, in which case it is recognised in other comprehensive 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;
- 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 measured on an undiscounted basis 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. They 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.

Employee benefits

The Company contributes to defined contribution pension schemes for the benefit of employees, and has no further payment obligations once contributions have been paid. The assets of the schemes are held separately from those of the Company in independently administered funds. 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-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 grants under the total shareholder return based 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 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.

Investments in subsidiaries

Investments in subsidiaries are stated at cost, less any provision for impairment.

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 2013:

Revised standards
IAS 1 Presentation of Items of Other Comprehensive Income
IAS 12 Deferred Tax (Recovery of Underlying Assets)

The adoption of these standards and interpretations has not led to any changes in accounting policies.

New standard 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 after 01 October 2013.

Effective for the year ending 30 September 2014
IAS 19 Employee Benefits
IFRS 1 First-time Adoption of International Financial Reporting Standards – Government Loans
IFRS 7 Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities
IFRS 13 Fair Value Measurement
Annual Improvements to IFRS 2009 – 2011 Cycle

Effective for the year ending 30 September 2015
IAS 27 Separate Financial Statements
IAS 28 Investments in Associates and Joint Ventures
IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
IAS 36 Recoverable Amounts Disclosure for Non-Financial Assets
IFRIC 21 Levies
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosures of Interests in Other Entities

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Company'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

	2013 **£ million**	2012 £ million
Interest receivable and other financing income		
Interest income from fellow group undertakings	**4**	-
External interest income	**4**	9
	8	9
Interest payable and other financing charges		
Interest payable to fellow group undertakings	**(24)**	(31)
Interest payable on bank loans	**(5)**	(12)
Interest payable on finance lease obligations	**(3)**	(3)
Other interest payable	**(1)**	-
	(33)	(46)
Net exchange losses (note 21)	**(26)**	(23)
	(51)	(60)

3 Profit before tax

The following have been included in arriving at profit before tax:

	2013 £ million	2012 £ million
Depreciation of property, plant and equipment		
Owned assets	71	60
Assets held under finance leases	4	4
Operating lease rentals		
Aircraft - dry leases	229	232
Other assets	3	4

Auditors' remuneration

During the year the Company obtained the following services from the Company's auditor and its associates (including foreign partners):

	2013 £ million	2012 £ million
Company audit fee	0.3	0.3
Fees for other assurance services	0.4	0.1
	0.7	0.4

Fees for other assurance services include the audit of other group entities and the reporting to easyJet plc in connection with the Class 1 Shareholder Circular.

4 Employees

Average monthly number of persons employed	2013	2012
Flight and ground operations	7,334	7,090
Sales, marketing and administration	510	434
	7,844	7,524

Employee costs	2013 £ million	2012 £ million
Wages and salaries	351	337
Social security costs	63	52
Pension costs	30	26
Share-based payments	17	10
	461	425

Key management compensation	2013 £ million	2012 £ million
Short-term employee benefits	7	6
Share-based payments	5	4
	12	10

Directors' emoluments	2013 £ million	2012 £ million
Remuneration	7	6
	7	6

The members of the Executive Management Team are key management as they have collective responsibility for planning, directing and controlling the business.

The highest paid director received remuneration totalling £1.9 million (2012: £2.0 million).

All Directors (excluding the Chief Executive) are accruing retirement benefits under the easyJet Group defined contribution pension scheme.

5 Tax charge

	2013 £ million	2012 £ million
Current tax		
United Kingdom corporation tax	79	4
Prior year adjustments	2	(3)
	81	1
Deferred tax		
Temporary differences relating to property, plant and equipment	19	41
Other temporary differences	(4)	(2)
Prior year adjustments	-	(1)
Change in tax rate	(15)	(8)
	-	30
	81	31

Reconciliation of the total tax charge

The tax for the year is lower than the standard rate of corporation tax in the UK as set out below:

	2013 £ million	2012 £ million
Profit on ordinary activities before tax	371	166
Tax charge at 23.5% (2012: 25%)	87	42
Income not chargeable for tax purposes	(2)	-
Group relief (claimed) / surrendered for nil consideration	(1)	4
Share-based payments	9	1
Other permanent differences	1	1
Adjustments in respect of prior years - current tax	2	(3)
Adjustments in respect of prior years - deferred tax	-	(1)
Utilisation of previously unrecognised losses	-	(5)
Change in tax rate	(15)	(8)
	81	31

Tax on items recognised directly in other comprehensive income or shareholders' equity:

	2013 £ million	2012 £ million
Credit / (charge) to other comprehensive income		
Deferred tax on fair value movements of cash flow hedges	**27**	(7)
Credit to shareholders' equity		
Current tax on share-based payments	**3**	1
Deferred tax on share-based payments	**11**	2
	14	3

Deferred tax

The net deferred tax liability in the statement of financial position is as follows:

	Accelerated capital allowances £ million	Fair value (gains) / losses £ million	Share-based payments £ million	Total £ million
At 01 October 2012	83	30	(6)	107
Charged / (credited) to income statement	6	(3)	(3)	-
Credited to other comprehensive income	-	(27)	-	(27)
Credited to shareholders' equity	-	-	(11)	(11)
At 30 September 2013	**89**	**-**	**(20)**	**69**

	Accelerated capital allowances £ million	Fair value (gains) / losses £ million	Share-based payments £ million	Total £ million
At 01 October 2011	53	22	(3)	72
Charged / (credited) to income statement	30	1	(1)	30
Charged to other comprehensive income		7	-	7
Credited to shareholders' equity	-	-	(2)	(2)
At 30 September 2012	83	30	(6)	107

It is estimated that deferred tax assets of approximately £18 million (2012: liability of £11 million) will reverse during the next financial year. There are no unrecognised deferred tax assets.

6 Goodwill and other intangible assets

		Other intangible assets			
	Goodwill	Landing rights	Contractual rights	Computer software	Total
	£ million	£ million	£ million	£ million	£ million
Cost					
At 01 October 2012	367	74	1	35	110
Additions	-	7	-	-	7
Transferred from property, plant and equipment	-	-	-	14	14
Disposals	-	-	-	(15)	(15)
At 30 September 2013	367	81	1	34	116
Amortisation					
At 01 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	**367**	**81**	**1**	**20**	**102**
At 01 October 2012	367	74	1	16	91

In May 2013, the Company entered into a conditional agreement with Flybe to exchange certain landing rights at Gatwick Airport. Under this agreement, £7 million was paid in August 2013 when the transaction was approved by Flybe's shareholders.

Provided Flybe meets its obligations to exchange those landing rights during the coming financial year, further consideration totalling £13 million becomes payable. As these obligations had not been met at 30 September 2013, this amount has not been recognised as a liability in the statement of financial position. Subsequent to the year end, a further payment of £10 million has been made.

		Other intangible assets			
	Goodwill	Landing rights	Contractual rights	Computer software	Total
	£ million	£ million	£ million	£ million	£ million
Cost					
At 01 October 2011	367	74	4	25	103
Transferred from property, plant and equipment	-	-	-	13	13
Disposals	-	-	(3)	(3)	(6)
At 30 September 2012	367	74	1	35	110
Amortisation					
At 01 October 2011	-	-	3	14	17
Charge for the year	-	-	-	8	8
Disposals	-	-	(3)	(3)	(6)
At 30 September 2012	-	-	-	19	19
Net book value					
At 30 September 2012	367	74	1	16	91
At 01 October 2011	367	74	1	11	86

The Company 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 for the period up to 2018 approved by the Board, using the following key assumptions:

Pre-tax discount rate (derived from weighted average cost of capital)	10.2%-10.5%
Fuel price (US dollars per metric tonne)	1,100
Exchange rates	
US dollar	1.55
Euro	1.17
Swiss franc	1.44

Both fuel price and exchange rates are volatile in nature, and the assumptions used represent management's view of reasonable average rates and are derived from recent market information. 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.

7. Property, plant and equipment

	Aircraft and spares £ million	**Other £ million**	**Total £ million**
Cost			
At 01 October 2012	**2,007**	**29**	**2,036**
Additions	**392**	**18**	**410**
Transfer from other group undertaking	**120**	**-**	**120**
Aircraft sold and leased back	**(421)**	**-**	**(421)**
Transfer to intangible assets	**-**	**(14)**	**(14)**
Transfer to maintenance provision	**(28)**	**-**	**(28)**
Disposals	**(16)**	**(3)**	**(19)**
At 30 September 2013	**2,054**	**30**	**2,084**
Depreciation			
At 01 October 2012	**205**	**10**	**215**
Charge for the year	**73**	**2**	**75**
Transfer from other group undertaking	**35**	**-**	**35**
Aircraft sold and leased back	**(52)**	**-**	**(52)**
Disposals	**-**	**(3)**	**(3)**
At 30 September 2013	**261**	**9**	**270**
Net book value			
At 30 September 2013	**1,793**	**21**	**1,814**
At 01 October 2012	1,802	19	1,821

	Aircraft and spares £ million	Other £ million	Total £ million
Cost			
At 01 October 2011	1,570	27	1,597
Additions	364	21	385
Transfer from other group undertaking	109	-	109
Transfer to intangible assets	-	(13)	(13)
Transfer to maintenance provision	(27)	-	(27)
Disposals	(9)	(6)	(15)
At 30 September 2012	2,007	29	2,036
Depreciation			
At 01 October 2010	118	12	130
Charge for the year	61	3	64
Transfer from other group undertaking	27	-	27
Disposals	(1)	(5)	(6)
At 30 September 2012	205	10	215
Net book value			
At 30 September 2012	1,802	19	1,821
At 01 October 2011	1,452	15	1,467

The net book value of aircraft includes £196 million (2012: £88 million) relating to advance and option payments for future deliveries of aircraft. This amount is not depreciated.

Aircraft with a net book value of £418 million (2012: £652 million) are mortgaged to lenders as loan security.

The Company holds five (2012: five) aircraft under finance leases, with a net book value of £87 million (2012: £91 million).

The Company is contractually committed to the acquisition of 144 (2012: 18) Airbus A320 family aircraft, with a total list price of US$12.4 billion (2012: US$1.0 billion) before escalations and discounts for delivery in the period to April 2014 (9 aircraft), 2015 to 2017 (35 aircraft) and 2017 to 2022 (100 new generation aircraft).

Subsequent to the year end, easyJet has exercised options for the acquisition of six aircraft, for delivery in 2015, with a total list price of $458 million.

The 'other' category comprises leasehold improvements, computer hardware and fixtures, fittings and equipment.

8 Investments in subsidiary undertakings

	2013 £ million	2012 £ million
At 01 October	**132**	132
Capital distributions made by subsidiaries	**(131)**	-
At 30 September	**1**	132

A list of subsidiaries will be included in the Company's next annual return, in accordance with section 410 of the Companies Act 2006.

9 Loan notes

In 2001, the Company in a 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. The Company'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.

	2013	2012
	£ million	£ million
At 01 October	**10**	11
Interest receivable converted to loan notes	**1**	1
Redemption of loan notes	**(4)**	(2)
At 30 September	**7**	10

10 Other non-current assets

	2013	2012
	£ million	£ million
Deferred consideration and deposits held by aircraft lessors	**76**	17
Leased aircraft - shortfall on sale and leaseback	**74**	-
Recoverable supplemental rent on leased aircraft (pledged as collateral)	**17**	17
Other	**3**	4
	170	38

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.

11 Trade and other receivables

	2013	2012
	£ million	£ million
Trade receivables	**94**	124
Less provision for impairment	**(2)**	(4)
	92	120
Amounts owed by group undertakings	**158**	179
Prepayments and accrued income	**53**	82
Leased aircraft - shortfall on sale and leaseback	**20**	-
Recoverable supplemental rent on leased aircraft (pledged as collateral)	**-**	2
Other receivables	**18**	32
	341	415

The following amounts of trade and other receivables are past due but not impaired:

	2013	2012
	£ million	£ million
Up to three months past due	**29**	52
Over three months past due	**14**	1
	43	53

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.

12 Cash and money market deposits

	2013 £ million	2012 £ million
Cash and cash equivalents (original maturity less than three months)	**956**	589
Money market deposits (original maturity more than three months)	**224**	238
Current restricted cash	**-**	130
Non-current restricted cash	**11**	24
	1,191	981

Interest rates on money market deposits and restricted cash are re-priced within 185 days based on prevailing market rates of interest. Carrying value is not significantly different from fair value.

Restricted cash comprises:

	2013 £ million	2012 £ million
Pledged as collateral to third parties		
Payment card acquiring	**-**	130
Aircraft operating lease deposits	**11**	24
	11	154

13 Trade and other payables

	2013 £ million	2012 £ million
Trade payables	**110**	102
Amounts owed to group undertakings	**1,482**	1,709
Unearned revenue	**547**	496
Accruals	**317**	318
Leased aircraft - surplus on sale and leaseback	**15**	11
Other taxes and social security	**15**	14
Other payables	**63**	65
	2,549	2,715

14 Borrowings

At 30 September 2013	Current £ million	Non-current £ million	Total £ million
Bank loans	**45**	**261**	**306**
Finance lease obligations	**5**	**99**	**104**
	50	**360**	**410**

At 30 September 2012	Current £ million	Non-current £ million	Total £ million
Bank loans	53	367	420
Finance lease obligations	4	104	108
	57	471	528

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 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 22.

15 Non-current deferred income

Deferred income principally comprises the non-current surplus of sale 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.

16 Maintenance provisions

	£ million
At 01 October 2012	**123**
Exchange adjustments	**(2)**
Charged to income statement	**40**
Related to aircraft sold and leased back	**68**
Transfer from property, plant and equipment	**(28)**
Utilised	**(24)**
At 30 September 2013	**177**

Amounts transferred from property, plant and equipment relate to aircraft life-limited parts used in engine restoration in the year.

Maintenance provisions are analysed as follows:

	2013 £ million	2012 £ million
Current	**64**	41
Non-current	**113**	82
	177	123

The provision for maintenance liabilities is expected to be utilised within nine years.

17. Share capital

	Number		Nominal value	
	2013 million	2012 million	**2013 £ million**	2012 £ million
Allotted, called up and fully paid				
At 01 October	**214**	214	**214**	214
At 30 September	**214**	214	**214**	214

18 Share Incentive Schemes

The Company operates the following share incentive schemes, all of which are settled in the equity of its parent, easyJet plc. Further details are given in easyJet plc's published Annual report and accounts for the year ended 30 September 2013, available on www.easyjet.com.

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 2012 million	Granted million	Forfeited million	Exercised million	**30 September 2013 million**
Discretionary schemes					
19 January 2004	0.2	-	-	(0.1)	**0.1**
8 December 2004	1.2	-	-	(0.6)	**0.6**
Long Term Incentive Plan					
16 January 2009	0.3	-	-	(0.2)	**0.1**
16 December 2009	0.8	-	(0.1)	(0.5)	**0.2**
5 July 2010	0.5	-		(0.3)	**0.2**
31 March 2011	2.3	-	(0.1)	-	**2.2**
4 January 2012	2.7	-	(0.1)	-	**2.6**
18 December 2012	-	1.3	-	-	**1.3**
Sharesave					
5 June 2009	0.2	-	(0.1)	(0.1)	**-**
10 June 2010	0.3	-		(0.3)	**-**
1 July 2011	2.2	-	(0.1)	-	**2.1**
1 July 2012	0.9	-	-	-	**0.9**
1 July 2013	-	0.6	-	-	**0.6**
Share Incentive Plan	4.1	0.6	(0.1)	(0.6)	**4.0**
	15.7	2.5	(0.6)	(2.7)	**14.9**

Weighted average exercise prices are as follows:

Weighted average exercise prices	1 October 2012 £	Granted £	Forfeited £	Exercised £	**30 September 2013 £**
Discretionary schemes	2.10	-	-	2.10	**2.09**
Sharesave	3.24	9.69	3.15	3.09	**4.26**

The exercise price of all awards save those disclosed in the above table is £nil.

Awards exercisable	Price (£) **2013**	Price (£) 2012	Number (million) **2013**	Number (million) 2012
Discretionary schemes	**2.09**	2.10	**0.7**	1.4
Long Tern Incentive Plan	**-**	-	**0.4**	0.3
Sharesave	**3.49**	2.43	**-**	0.2
Share Incentive Plan	**-**	-	**0.4**	0.8
			1.5	2.7

The weighted average remaining contractual life for each class of share at 30 September 2013 is as follows:

	Years
Discretionary schemes	1.1
Long Term incentive plan	8.0
Sharesave	2.4
Share Incentive Plan	1.4

Discretionary schemes

Awards have a three year vesting period and performance conditions based on growth in earnings per share. All options expire ten 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) versus FTSE 51-150 being achieved.

Sharesave

Sharesave is open to all employees on the UK payroll. Participants may elect to save up to £250 per month under a three year savings contract. An option is granted by easyJet plc 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 share incentive plan is open to all employees on the UK payroll. Participants may invest up to £1,500 of their pre-tax salary each year to purchase partnership shares in easyJet plc. For each partnership share acquired easyJet plc purchases a matching share. Employees must remain with the easyJet Group 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.

Subject to company performance, easyJet also issues free shares under the new approved share incentive plan of up to £3,000 in value.

The fair value of grants under the discretionary and Sharesave is estimated by applying the Binomial Lattice option pricing model. The fair value of grants under the total shareholder return 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						
19 January 2004	3.80	3.60	40%	6.5	4.62%	1.90
8 December 2004	1.81	1.84	42%	6.5	4.45%	0.88
Long term incentive plan						
16 January 2009	2.88	-	-	-	-	2.88
16 December 2009 and 5 July 2010	3.49	-	-	-	-	3.49
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
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

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 £9.77 (2012: £4.96).

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 and 1 July 2013, the dividend yield assumption was 2%.

19. Reconciliation of operating profit to cash generated from operations

	2013 £ million	2012 £ million
Operating profit	**422**	226
Adjustments for non-cash items:		
Depreciation	**75**	64
Loss on disposal of property, plant and equipment	**-**	1
Amortisation of intangible assets	**10**	8
Share-based payments	**16**	10
Dividends received	**(11)**	-
Changes in working capital and non-current items of an operating nature:		
Decrease / (increase) in trade and other receivables	**101**	(228)
(Decrease) / increase in trade and other payables	**(246)**	94
Increase in provisions	**16**	8
Decrease in other non-current assets	**4**	6
Decrease in derivative financial instruments	**-**	(3)
Decrease in non-current deferred income	**(15)**	(14)
	372	172

20. Reconciliation of net cash flow to movement in net funds

	01 October 2012 £ million	Exchange differences £ million	Loan issue costs £ million	Net cash flow £ million	30 September 2013 £ million
Cash and cash equivalents	589	(2)	-	369	**956**
Money market deposits	238	-	-	(14)	**224**
	827	(2)	-	355	**1,180**
Bank loans	(420)	(1)	(1)	116	**(306)**
Finance lease obligations	(108)	-	-	4	**(104)**
	(528)	(1)	(1)	120	**(410)**
Net funds	299	(3)	(1)	475	**770**

21 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:

	Amortised cost		Held at fair value				
At 30 September 2013	**Loans and receivables £ million**	**Financial liabilities £ million**	**Cash flow hedge £ million**	**Held for trading £ million**	**Other £ million**	**Carrying value £ million**	**Fair value £ million**
Loan notes	7	-	-	-	-	7	7
Other non-current assets	93	-	-	-	77	170	170
Trade and other receivables	308	-	-	-	33	341	341
Trade and other payables	-	(1,910)	-	-	(639)	(2,549)	(2,549)
Derivative financial instruments	-	-	(71)	-	-	(71)	(71)
Restricted cash	11	-	-	-	-	11	11
Money market deposits	224	-	-	-	-	224	224
Cash and cash equivalents	956	-	-	-	-	956	956
Borrowings	-	(410)	-	-	-	(410)	(413)

	Amortised cost		Held at fair value				
At 30 September 2012	Loans and receivables £ million	Financial liabilities £ million	Cash flow hedge £ million	Held for trading £ million	Other £ million	Carrying value £ million	Fair value £ million
Loan notes	10	-	-	-	-	10	10
Other non-current assets	34	-	-	-	4	38	38
Trade and other receivables	371	-	-	-	44	415	415
Trade and other payables	-	(2,148)	-	-	(567)	(2,715)	(2,715)
Derivative financial instruments	-	-	53	(3)	-	50	50
Restricted cash	154	-	-	-	-	154	154
Money market deposits	238	-	-	-	-	238	238
Cash and cash equivalents	589	-	-	-	-	589	589
Borrowings	-	(528)	-	-	-	(528)	(535)

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 2013	**Quantity million**	**Non-current assets £ million**	**Current assets £ million**	**Current liabilities £ million**	**Non-current liabilities £ million**	**Total £ million**
Forward contracts						
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)

At 30 September 2012	Quantity million	Non-current assets £ million	Current assets £ million	Current liabilities £ million	Non-current liabilities £ million	Total £ million
Forward contracts						
Designated as cash flow hedges						
US dollar	3,204	1	4	(11)	(15)	(21)
Euro	653	5	20	-	-	25
Swiss franc	202	1	4	-	-	5
Jet fuel	2	14	45	(6)	(9)	44
Designated as held for trading						
US dollar	266	-	-	(3)	-	(3)
		21	73	(20)	(24)	50

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.

All derivative financial instruments are in level 2 of the IFRS 7 fair value hierarchy.

Derivatives designated as cash flow hedges
All derivatives to which hedge accounting is applied are designated as cashflow 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 or liability, the accumulated gains and losses previously recognised in other comprehensive income are included in the carrying amount of that asset or liability. Otherwise accumulated gains and losses are recognised in the income statement in the same period in which the hedged item affects the income statement.

The Company uses forward contracts to hedge US dollar transaction currency risk (comprising fuel, leasing and maintenance payments), jet fuel price risk and euro and Swiss franc revenues. 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.

The cumulative net (losses) / gains deferred in other comprehensive income and their expected maturities are as follows:

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)**
	(75)	**4**	**(71)**
Related deferred tax			**16**
Net losses			**(55)**

At 30 September 2012	Within 1 year £ million	1-2 years £ million	Total £ million
Hedges of transaction currency risk	17	(8)	9
Hedges of jet fuel price risk	39	5	44
	56	(3)	53
Related deferred tax			(11)
Net gains			42

	2013 £ million	2012 £ million
Gains on cash flow hedges recycled from other comprehensive income into income statement captions:		
Revenue	**2**	21
Fuel	**36**	51
Maintenance	**1**	-
Other	**-**	1
Aircraft lease costs	**3**	1
	42	74

Derivatives designated as held for trading
easyJet Group had material net monetary liabilities denominated in US dollars at 30 September 2012. In accordance with IAS21, monetary assets and liabilities are revalued using exchange rates at the balance sheet date. This exposure was managed by the use of forward foreign exchange contracts.

easyJet Group managed this exposure by the use of forward foreign exchange contracts entered into by the Company. Realised and unrealised gains and losses on these contracts were allocated to companies within the easyJet Group in proportion to their shares of the Group's exposure.

The Company's net US dollar monetary liabilities were as follows:

	2012 $ million
Cash and money market deposits	622
Net amount owed by group undertakings	1,000
Borrowings	(665)
Maintenance provisions	(174)
Other	9
	792
Forward US dollar contracts	266
Net US dollar balance sheet exposure	1,058

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:

	2013 £ million	2012 £ million
Unrealised revaluation losses on non-derivative financial instruments	**(4)**	(22)
Unrealised revaluation gains on other monetary assets and liabilities	**2**	4
Realised foreign exchange (losses) / gains on non-derivative financial instruments	**(8)**	10
Unrealised gains / (losses) on derivative financial instruments	**3**	(10)
Realised losses on derivative financial instruments	**(19)**	(5)
Net losses (note 2)	**(26)**	(23)

22 Financial risk and capital management

All financial risk management activities are carried out at Group level according to policies approved by the Group's board of directors and are described in easyJet plc's published Annual report and accounts for the year ended 30 September 2013. The Company is exposed to the same financial risks as the Group.

The maturity profile of the Company's financial liabilities based on undiscounted gross cash flows and contractual maturities is as follows:

At 30 September 2013	Within 1 year £ million	1-2 years £ million	2-5 years £ million	Over 5 years £ million
Borrowings	57	59	169	167
Trade and other payables	1,910	-	-	-
Derivative contracts - receipts	(2,494)	(1,885)	(128)	-
Derivative contracts - payments	2,512	1,878	125	-

At 30 September 2012	Within 1 year £ million	1-2 years £ million	2-5 years £ million	Over 5 years £ million
Borrowings	68	70	205	245
Trade and other payables	2,148	-	-	-
Derivative contracts - receipts	(3,311)	(1,821)	-	-
Derivative contracts - payments	3,236	1,790	-	-

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.

Market risk sensitivity analysis

Financial instruments affected by market risk include borrowings, 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 the Company's exposure over the 12 month period.

The currency sensitivity analysis is based on the Company's foreign currency financial instruments held at each balance sheet 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 the Company'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.

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.

	Currency rates				Fuel price	Interest rates
At 30 September 2013	US dollar +10% £ million	US dollar -10% £ million	Euro +10% £ million	Euro -10% £ million	10% increase £ million	1% increase £ million
Income statement impact: gain / (loss)	135	(108)	-	-	-	(4)
Impact on other comprehensive income: increase / (decrease)	180	(150)	(78)	64	183	-

At 30 September 2012	US dollar +10% £ million	US dollar -10% £ million	Euro +10% £ million	Euro -10% £ million	Fuel price 10% increase £ million	Interest rates 1% increase £ million
	Currency rates					
Income statement impact: gain / (loss)	67	(54)	(1)	1	-	(9)
Impact on other comprehensive income: increase / (decrease)	164	(134)	(43)	35	111	-

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.

23 Leasing commitments

Commitments under operating leases

	Aircraft		Other	
	2013	2012	**2013**	2012
	£ million	£ million	**£ million**	£ million
Total commitments under non-cancellable operating leases due:				
Not later than one year	**193**	173	**2**	2
Later than one year and not later than five years	**543**	484	**4**	2
Later than five years	**145**	91	**3**	2
	881	748	**9**	6

The Company holds 114 aircraft (2012: 112 aircraft) under operating leases, including those with other group undertakings, with initial lease terms ranging from five to ten years. It 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

	2013	2012
	£ million	£ million
Minimum lease payments fall due as follows:		
Not later than one year	**7**	7
Later than one year and not later than five years	**31**	31
Later than five years	**88**	93
	126	131
Future finance charges	**(22)**	(23)
	104	108

The Company holds five aircraft (2012: five aircraft) under finance leases with ten year initial terms. Further details are given in note 14.

24 Contingent liabilities

The Company is involved in a number of disputes and litigation which arose in the normal course of business. The likely outcome of these disputes and litigation cannot be predicted, and in complex cases reliable estimate of any potential obligation may not be possible.

Having reviewed the information currently available, management considers that the ultimate resolution of these disputes and litigation is unlikely to have material adverse effect on the Company's results, cash flows or financial position.

The Company has outstanding letters of credit, guarantees and performance bonds totalling £40 million (2012: £37 million), of which £37 million (2012: £34 million) expires within one year. The fair value of these instruments at each year end was negligible.

No amount is recognised on the balance sheet in respect of any of these financial instruments as it is not probable that there will be an outflow of resources.

25 Related party transactions

Transactions with easyJet group undertakings 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.

Significant transactions are as follows:

Dry lease and other operating costs for leasing aircraft
Dry lease revenue from sub-leasing aircraft
Balance sheet hedges

Charges for the years ended 30 September 2013 and 2012 are as follows:

	2013 £ million	2012 £ million
Charges to the Company	**261**	244
Charges by the Company	**44**	45

During the current year, five aircraft were acquired from easyJet Leasing Limited for total consideration of £48 million (comprising net book value). In addition, four aircraft were acquired from easyJet Sterling Limited for total consideration of £38 million (comprising net book value). Both acquisitions have been left outstanding on the intercompany account. This is a non-cash transaction which accordingly has been excluded from the statement of cash flows.

In 2012, seven aircraft were acquired from easyJet Sterling Limited for total consideration of £71 million, and one aircraft was acquired from easyJet Aircraft Company Limited for a consideration of £11 million.

During the current year, amounts relating to aircraft life-limited parts were transferred at net book value to easyJet Switzerland SA totalling £14 million (2012: £8 million).

Amounts included in the income statement for the year ended 30 September 2013 due under the Brand Licence agreement with easyGroup IP Licensing Limited, detailed within note 26 to the Group accounts, amounted to £11.4 million (2012: £6.5 million). Royalty payments within this total were £10.6 million (2012: £5.0 million).

At 30 September 2013, £1.1 million (2012: £0.2 million) was included in trade and other payables in relation to the Brand Licence.

easyJet plc has given a formal undertaking to the Civil Aviation Authority to guarantee the payment and discharge of all liabilities of the Company. The guarantee is required for the Company to maintain its operating licence under Regulation 3 of the Licensing of Air Carriers Regulations 1992.

easyJet plc has also issued guarantees in favour of the Company relating to:

- processing of credit card transactions;
- hedging transactions in derivative financial instruments;
- contractual obligations to Airbus SAS in respect of the supply of aircraft;
- repayment of borrowings financing the acquisition of aircraft;
- payment obligations for the lease of aircraft from lessors outside of the Group;
- bank letters of credit; and
- brand licence agreement with easyGroup IP Licensing Ltd (approved by the shareholders of easyJet plc on 10 December 2010)

26 Ultimate controlling company

The Company's parent and ultimate controlling company is easyJet plc, incorporated in England and Wales, registered number 3959649.

The only group in which the results of the Company are consolidated is headed by easyJet plc, accounts of which can be obtained from easyJet plc, Hangar 89, London Luton Airport, Luton, Bedfordshire, LU2 9PF.

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Luton LU2 9PF
Bedfordshire
United Kingdom

GUARANTOR

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