

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 20-F

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

OR

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

**For the Fiscal Year Ended: March 31, 2012**

OR

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

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report: \_\_\_\_\_  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: **000-29304**

**Ryanair Holdings plc**

(Exact name of registrant as specified in its charter)

**Ryanair Holdings plc**

(Translation of registrant's name into English)

**Republic of Ireland**

(Jurisdiction of incorporation or organization)

**c/o Ryanair Limited**

**Corporate Head Office**

**Dublin Airport**

**County Dublin, Ireland**

(Address of principal executive offices)

**Please see "Item 4. Information on the Company" herein.**

(Name, telephone, e-mail and/or facsimile number and address of company contact person)

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

Title of each class

**American Depositary Shares, each  
representing five Ordinary Shares**

**Ordinary Shares, par value  
0.635 euro cent per share**

Name of each exchange on which registered

**The NASDAQ Stock Market LLC**

**The NASDAQ Stock Market LLC (not for  
trading but only in connection with the  
registration of the American Depositary Shares)**

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

**None**

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

**None**

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

**1,455,593,261 Ordinary Shares**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

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

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement Item the registrant has elected to follow

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes  No

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## Presentation of Financial and Certain Other Information

As used herein, the term “Ryanair Holdings” refers to Ryanair Holdings plc. The term the “Company” refers to Ryanair Holdings or Ryanair Holdings together with its consolidated subsidiaries, as the context requires. The term “Ryanair” refers to Ryanair Limited, a wholly owned subsidiary of Ryanair Holdings, together with its consolidated subsidiaries, unless the context requires otherwise. The term “fiscal year” refers to the 12-month period ended on March 31 of the quoted year. The term “Ordinary Shares” refers to the outstanding par value 0.635 euro cent per share common stock of the Company. All references to “Ireland” herein are references to the Republic of Ireland. All references to the “U.K.” herein are references to the United Kingdom and all references to the “United States” or “U.S.” herein are references to the United States of America. References to “U.S. dollars,” “dollars,” “\$” or “U.S. cents” are to the currency of the United States, references to “U.K. pound sterling,” “U.K. £” and “£” are to the currency of the U.K. and references to “€,” “euro,” “euros” and “euro cent” are to the euro, the common currency of seventeen member states of the European Union (the “EU”), including Ireland. Various amounts and percentages set out in this annual report on Form 20-F have been rounded and accordingly may not total.

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

The Company publishes its annual and interim consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”). Additionally, in accordance with its legal obligation to comply with the International Accounting Standards Regulation (EC 1606 (2002)), which applies throughout the EU, the consolidated financial statements of the Company must comply with International Financial Reporting Standards as adopted by the EU. Accordingly, the Company’s consolidated financial statements and the selected financial data included herein comply with International Financial Reporting Standards as issued by the IASB and also International Financial Reporting Standards as adopted by the EU, in each case as in effect for the year ended and as of March 31, 2012 (collectively referred to as “IFRS” throughout).

The Company publishes its consolidated financial statements in euro. Solely for the convenience of the reader, this report contains translations of certain euro amounts into U.S. dollars at specified rates. These translations should not be construed as representations that the converted amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated or at any other rate. Unless otherwise indicated, such U.S. dollar amounts have been translated from euro at a rate of €1.00 = \$1.3334, or \$1.00 = €0.7499, the official rate published by the U.S. Federal Reserve Board in its weekly “H.10” release (the “Federal Reserve Rate”) on March 31, 2012. The Federal Reserve Rate for euro on July 13, 2012 was €1.00 = \$1.2232 or \$1.00 = €0.8175. See “Item 3. Key Information—Exchange Rates” for information regarding historical rates of exchange relevant to the Company, and “Item 5. Operating and Financial Review and Prospects” and “Item 11. Quantitative and Qualitative Disclosures About Market Risk” for a discussion of the effects of changes in exchange rates on the Company.

### **Cautionary Statement Regarding Forward-Looking Information**

Except for the historical statements and discussions contained herein, statements contained in this report constitute “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements may include words such as “expect,” “estimate,” “project,” “anticipate,” “should,” “intend,” and similar expressions or variations on such expressions. Any filing made by the Company with the U.S. Securities and Exchange Commission (the “SEC”) may include forward-looking statements. In addition, other written or oral statements which constitute forward-looking statements have been made and may in the future be made by or on behalf of the Company, including statements concerning its future operating and financial performance, the Company’s share of new and existing markets, general industry and economic trends and the Company’s performance relative thereto and the Company’s expectations as to requirements for capital expenditures and regulatory matters. The Company’s business is to provide a low-fares airline service in Europe, and its outlook is predominately based on its interpretation of what it considers to be the key economic factors affecting that business and the European economy. Forward-looking statements with regard to the Company’s business rely on a number of assumptions concerning future events and are subject to a number of uncertainties and other factors, many of which are outside the Company’s control, that could cause actual results to differ materially from such statements. It is not reasonably possible to itemize all of the many factors and specific events that could affect the outlook and results of an airline operating in the European economy. Among the factors that are subject to change and could significantly impact Ryanair’s expected results are the airline pricing environment, fuel costs, competition from new and existing carriers, market prices for replacement aircraft and aircraft maintenance services, aircraft availability, costs associated with environmental, safety and security measures, terrorist attacks, actions of the Irish, U.K., EU and other governments and their respective regulatory agencies, fluctuations in currency exchange rates and interest rates, changes to the structure of the euro, airport handling and access charges, litigation, labor relations, the economic environment of the airline industry, the general economic environment in Ireland, the U.K. and elsewhere in Europe, the general willingness of passengers to travel, flight interruptions caused by volcanic ash emissions or other atmospheric disruptions, and other factors discussed herein. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## **PART I**

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

Not applicable.

### **Item 2. *Offer Statistics and Expected Timetable***

Not applicable.

### **Item 3. *Key Information***

## **THE COMPANY**

Ryanair operates an ultra-low cost, scheduled airline serving short-haul, point-to-point routes largely in Europe from its 51 bases in airports across Europe, which together are referred to as “Ryanair’s bases of operations” or “Ryanair’s bases.” For a list of these bases, see “Item 4. Information on the Company—Route System, Scheduling and Fares.” Ryanair pioneered the low-fares operating model in Europe in the early 1990s. As of June 30, 2012, the Company offered over 1,500 scheduled short-haul flights per day serving approximately 160 airports largely throughout Europe, with an operating fleet of 294 aircraft flying approximately 1,500 routes. The Company also holds a 29.8% interest in Aer Lingus Group plc (“Aer Lingus”), which it has acquired through market purchases following Aer Lingus’ partial privatization in 2006. The European Commission prohibited Ryanair’s 2006 tender offer to acquire the entire share capital of Aer Lingus and Ryanair filed an appeal with the European Court of First Instance (“CFI”). On July 6, 2010, the CFI upheld the European Commission’s decision. On June 19, 2012 the Company made its third offer to purchase Aer Lingus. For additional information, see “Item 8. Financial Information—Other Financial Information—Legal Proceedings—Matters Related to Investment in Aer Lingus.” A detailed description of the Company’s business can be found in “Item 4. Information on the Company.”

## SELECTED FINANCIAL DATA

The following tables set forth certain of the Company's selected consolidated financial information as of and for the periods indicated, presented in accordance with IFRS. This information should be read in conjunction with: (i) the audited consolidated financial statements of the Company and related notes thereto included in Item 18; and (ii) "Item 5. Operating and Financial Review and Prospects."

### Income Statement Data:

	Fiscal year ended March 31,					
	2012(a)	2012	2011	2010	2009	2008
	(in millions, except per-Ordinary Share data)					
Total operating revenues.....	\$5,853.8	€4,390.2	€3,629.5	€2,988.1	€2,942.0	€2,713.8
Total operating expenses .....	(4,942.9)	(3,707.0)	(3,141.3)	(2,586.0)	(2,849.4)	(2,176.7)
Operating income .....	910.9	683.2	488.2	402.1	92.6	537.1
Net interest (expense) income .....	(86.5)	(64.9)	(66.7)	(48.6)	(55.0)	(13.2)
Other non-operating (expense) income .....	19.6	14.7	(0.6)	(12.5)	(218.1)	(85.0)
Profit (loss) before taxation .....	844.0	633.0	420.9	341.0	(180.5)	438.9
Taxation.....	(96.8)	(72.6)	(46.3)	(35.7)	11.3	(48.2)
Profit (loss) after taxation .....	<u>\$747.2</u>	<u>€560.4</u>	<u>€374.6</u>	<u>€305.3</u>	<u>€(169.2)</u>	<u>€390.7</u>
Ryanair Holdings basic earnings (loss) per Ordinary Share (U.S. cents)/(euro cent) .....	\$50.7	38.03	25.21	20.68	(11.44)	25.84
Ryanair Holdings diluted earnings (loss) per Ordinary Share (U.S. cents)/(euro cent) .....	\$50.6	37.94	25.14	20.60	(11.44)	25.62
Ryanair Holdings dividend paid per Ordinary Share (U.S. cents)/(euro cent) .....	n/a	n/a	33.57	n/a	n/a	n/a

### Balance Sheet Data:

	As of March 31,					
	2012(a)	2012	2011	2010	2009	2008
	(in millions)					
Cash and cash equivalents .....	\$3,611.2	€2,708.3	€2,028.3	€1,477.9	€1,583.2	€1,470.8
Total assets .....	\$12,002.0	€9,001.0	€8,596.0	€7,563.4	€6,387.9	€6,327.6
Long-term debt, including capital lease obligations.....	\$4,833.4	€3,625.2	€3,649.4	€2,956.2	€2,398.4	€2,266.5
Shareholders' equity .....	\$4,409.2	€3,306.7	€2,953.9	€2,848.6	€2,425.1	€2,502.2
Issued share capital.....	\$12.4	€9.3	€9.5	€9.4	€9.4	€9.5
Weighted Average Number of Ordinary Shares .....	1,473.7	1,473.7	1,485.7	1,476.4	1,478.5	1,512.0





## EXCHANGE RATES

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

### *U.S. dollars per €1.00(a)*

<b><u>Year ended December 31,</u></b>	<b><u>End of Period</u></b>	<b><u>Average (b)</u></b>	<b><u>Low</u></b>	<b><u>High</u></b>
2007 .....	1.458	1.371	—	—
2008 .....	1.395	1.471	—	—
2009 .....	1.433	1.394	—	—
2010 .....	1.336	1.326	—	—
2011 .....	1.296	1.392	—	—
<b><u>Month ended</u></b>				
January 31, 2012 .....	—	—	1.267	1.317
February 29, 2012 .....	—	—	1.306	1.346
March 31, 2012 .....	—	—	1.302	1.334
April 30, 2012 .....	—	—	1.306	1.333
May 31, 2012 .....	—	—	1.236	1.322
June 30, 2012 .....	—	—	1.238	1.269
Period ended July 13, 2012 .....	—	—	1.220	1.261

### *U.K. pounds sterling per €1.00(c)*

<b><u>Year ended December 31,</u></b>	<b><u>End of Period</u></b>	<b><u>Average (b)</u></b>	<b><u>Low</u></b>	<b><u>High</u></b>
2007 .....	0.735	0.685	—	—
2008 .....	0.957	0.797	—	—
2009 .....	0.887	0.891	—	—
2010 .....	0.857	0.858	—	—
2011 .....	0.836	0.868	—	—
<b><u>Month ended</u></b>				
January 31, 2012 .....	—	—	0.825	0.839
February 29, 2012 .....	—	—	0.830	0.848
March 31, 2012 .....	—	—	0.831	0.841
April 30, 2012 .....	—	—	0.815	0.835
May 31, 2012 .....	—	—	0.797	0.815
June 30, 2012 .....	—	—	0.799	0.812
Period ended July 13, 2012 .....	—	—	0.787	0.804

*U.K. pounds sterling per U.S.\$1.00(d)*

<u>Year ended December 31,</u>	<u>End of Period</u>	<u>Average (b)</u>	<u>Low</u>	<u>High</u>
2007.....	0.504	0.500	—	—
2008.....	0.686	0.546	—	—
2009.....	0.627	0.641	—	—
2010.....	0.641	0.647	—	—
2011.....	0.645	0.624	—	—
<b><u>Month ended</u></b>				
January 31, 2012 .....	—	—	0.635	0.654
February 29, 2012 .....	—	—	0.627	0.638
March 31, 2012 .....	—	—	0.625	0.640
April 30, 2012 .....	—	—	0.615	0.632
May 31, 2012 .....	—	—	0.617	0.649
June 30, 2012 .....	—	—	0.636	0.651
Period ended July 13, 2012 .....	—	—	0.637	0.649

(a) Based on the Federal Reserve Rate for euro.

(b) The average of the relevant exchange rates on the last business day of each month during the relevant period.

(c) Based on the composite exchange rate as quoted at 5 p.m., New York time, by Bloomberg.

(d) Based on the Federal Reserve Rate for U.K. pound sterling.

As of July 13, 2012, the exchange rate between the U.S. dollar and the euro was €1.00 = \$1.2232, or \$1.00 = €0.8175; the exchange rate between the U.K. pound sterling and the euro was U.K. £1.00 = €1.2713, or €1.00 = U.K. £0.7866; and the exchange rate between the U.K. pound sterling and the U.S. dollar was U.K. £1.00 = \$1.5549, or \$1.00 = U.K. £0.6431. For a discussion of the impact of exchange rate fluctuations on the Company's results of operations, see "Item 11. Quantitative and Qualitative Disclosures About Market Risk."

## SELECTED OPERATING AND OTHER DATA

The following tables set forth certain operating data of Ryanair for each of the fiscal years shown. Such data are derived from the Company's consolidated financial statements prepared in accordance with IFRS and certain other data, and are not audited. For definitions of the terms used in this table, see the Glossary in Appendix A.

<b>Operating Data:</b>	<b>Fiscal Year ended March 31,</b>			
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Average Yield per Revenue Passenger Mile ("RPM") (€) ..	0.059	0.053	0.052	0.060
Average Yield per Available Seat Miles ("ASM") (€) .....	0.048	0.045	0.043	0.050
Average Fuel Cost per U.S. Gallon (€) .....	2.075	1.756	1.515	2.351
Cost per ASM ("CASM") (€)....	0.051	0.049	0.047	0.058
Operating Margin .....	14%	14%	13%	5%
Break-even Load Factor .....	70%	72%	73%	79%
Average Booked Passenger Fare (€) .....	45.36	39.24	34.95	40.02
Ancillary Revenue per Booked Passenger (€) .....	11.69	11.12	9.98	10.21

<b>Other Data:</b>	<b>Fiscal Year ended March 31,</b>			
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Revenue Passengers Booked ...	75,814,551	72,062,659	66,503,999	58,565,663
Revenue Passenger Miles .....	58,584,451,085	53,256,894,035	44,841,072,500	39,202,293,374
Available Seat Miles .....	71,139,686,423	63,358,255,401	53,469,635,740	47,102,503,388
Booked Passenger Load Factor .....	82%	83%	82%	81%
Average Length of Passenger Haul (miles) .....	771	727	661	654
Sectors Flown .....	489,759	463,460	427,900	380,915
Number of Airports Served at Period End .....	159	158	153	143
Average Daily Flight Hour Utilization (hours) .....	8.47	8.36	8.89	9.59
Personnel at Period End .....	8,388	8,560	7,168	6,616
Personnel per Aircraft at Period End .....	30	31	31	36
Booked Passengers per Personnel at Period End .....	9,038	8,418	9,253	8,852

## RISK FACTORS

### *Risks Related to the Company*

*Changes in Fuel Costs and Fuel Availability Affect the Company's Results and Increase the Likelihood of Adverse Impact to the Company's Profitability.* Jet fuel costs are subject to wide fluctuations as a result of many economic and political factors and events occurring throughout the world that Ryanair can neither control nor accurately predict, including increases in demand, sudden disruptions in supply and other concerns about global supply, as well as market speculation. For example, although they declined in the 2010 fiscal year, oil prices increased substantially in fiscal years 2011 and 2012 and remain at elevated levels. As international prices for jet fuel are denominated in U.S. dollars, Ryanair's fuel costs are also subject to certain exchange rate risks. Substantial price increases, adverse exchange rates, or the unavailability of adequate supplies, including, without limitation, any such events resulting from international terrorism, prolonged hostilities in the Middle East or other oil-producing regions or the suspension of production by any significant producer, may adversely affect Ryanair's profitability. In the event of a fuel shortage resulting from a disruption of oil imports or otherwise, additional increases in fuel prices or a curtailment of scheduled services could result.

Ryanair has historically entered into arrangements providing for substantial protection against fluctuations in fuel prices, generally through forward contracts covering periods of up to 18 months of anticipated jet fuel requirements. Ryanair (like many other airlines) has, in more recent periods, entered into hedging arrangements on a more selective basis. As of July 27, 2012, Ryanair had entered into forward jet fuel (jet kerosene) contracts covering approximately 90% of its estimated requirements for the fiscal year ending March 31, 2013 at prices equivalent to approximately \$1,000 per metric ton. In addition, as of July 27, 2012, Ryanair had entered into forward jet fuel (jet kerosene) contracts covering approximately 50% of its estimated requirements for the first half of the fiscal year ending March 31, 2014 at prices equivalent to approximately \$935 per metric ton, and had not entered into any jet fuel hedging contracts with respect to its expected fuel purchases beyond that quarter. Because of the limited nature of its hedging program, the Company is exposed to risks arising from fluctuations in the price of fuel, and movements in the euro/U.S. dollar exchange rate, especially in light of the recent volatility in the relevant markets. Any new increase in fuel costs could have a material adverse effect on the Company's financial condition and results of operations. In addition, any strengthening of the U.S. dollar against the euro could have an adverse effect on the cost of buying fuel in euro. As of July 27, 2012, Ryanair had hedged 90% of its forecasted fuel-related dollar purchases against the euro at a rate of \$1.38 per euro for the period to March 31, 2013, without, however, having entered into any material hedging arrangements with respect to periods thereafter. See "—The Company May Not Be Successful in Raising Fares to Offset Increased Business Costs" below.

No assurances whatsoever can be given about trends in fuel prices, and average fuel prices for the 2013 fiscal year or for future years may be significantly higher than current prices. Management estimates that every \$10 movement in the price of a metric ton of jet fuel will impact Ryanair's costs by approximately €1.0 million, taking into account Ryanair's hedging program for the 2013 fiscal year. There can be no assurance, however, in this regard, and the impact of fuel prices on Ryanair's operating results may be more pronounced. There also cannot be any assurance that Ryanair's current or any future arrangements will be adequate to protect Ryanair from increases in the price of fuel or that Ryanair will not incur losses due to high fuel prices alone or in combination with other factors. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Fuel Price Exposure and Hedging." Because of Ryanair's low fares and its no-fuel-surcharges policy, as well as the Company's expansion plans, which could have a negative impact on yields, its ability to pass on increased fuel costs to passengers through increased fares or otherwise is somewhat limited. Moreover, the anticipated expansion of Ryanair's fleet in 2013 will result in an increase, in absolute terms, in Ryanair's aggregate fuel costs.

Based upon Ryanair's fuel consumption for the 2012 fiscal year, a change of \$10 in the average annual price per metric ton of jet fuel at the prevailing euro/U.S. dollar exchange rate would have caused a change of approximately €17.0 million in the Company's annual fuel costs. Ryanair's fuel costs in the 2012 fiscal year, after giving effect to the Company's fuel hedging activities, increased by approximately 30% from the comparable period ended March 31, 2011, to €1,593.6 million, primarily due to higher market prices per metric ton and growth of the airline. Ryanair estimates that its fuel costs would have been approximately €1,923.9 million in the 2012 fiscal year, as compared to €1,275.1 million in the 2011 fiscal year, had Ryanair not had any fuel hedging arrangements in place in either fiscal year.

*Ryanair Has Decided to Seasonally Ground Aircraft.* In recent years, in response to an operating environment characterized by high fuel prices, typically lower winter yields and higher airport charges and/or taxes, Ryanair has adopted a policy of grounding a certain portion of its fleet during the winter months (from November to March). In the winter of fiscal year 2012, Ryanair grounded approximately 80 aircraft and the Company announced in May 2012 that it intends to again ground approximately 80 aircraft during the coming winter.

Ryanair's adoption of the policy of seasonally grounding aircraft presents some risks. While the Company seeks to implement its seasonal grounding policy in a way that will allow it to reduce losses by operating flights to high cost airports at low winter yields, there can be no assurance that this strategy will be successful. Additionally, the Company's growth has been largely dependent on increasing capacity, and decreasing winter capacity may affect the overall future growth of the Company. Further, while seasonal grounding does reduce the Company's variable operating costs, it does not avoid fixed costs such as aircraft ownership costs and some staff costs, and it also decreases Ryanair's potential to earn ancillary revenues. Decreasing the number and frequency of flights may also negatively affect the Company's labor relations, including its ability to attract flight personnel interested in full-time employment. Such risks could lead to negative effects on the Company's financial condition and/or results of operations.

*Risks Associated with the Euro.* Ryanair is headquartered in Ireland and its reporting currency is the euro. As a result of the ongoing uncertainty surrounding the eurozone debt crisis, there has been widespread speculation that some member states could exit the euro or that there may be a potential break-up of the eurozone currency union, including with regard to Ireland, the country in which Ryanair is headquartered. If a eurozone participating member state were to leave the eurozone, there is a risk of contagion spreading to the remaining members. Ryanair predominantly operates to/from countries within the eurozone and has significant operational and financial exposures to the eurozone that could result in a reduction in the operating performance of the Company or the devaluation of certain assets. See "Item 4 - Strategy for further information". The Company has taken certain risk management measures to minimise any disruptions, however these risk management measures may fail to address the potential fall-out from a break-up of the euro or an exit by one of the eurozone members.

Ryanair has cash and aircraft assets and debt liabilities that are denominated in euro on its balance sheet. In addition the positive/negative mark-to-market on derivative based transactions are recorded in euro as either assets or liabilities on Ryanair's balance sheet. A potential exit of a member state or the break-up of the eurozone could have a materially adverse effect on the value of these assets and liabilities. In addition to the assets and liabilities on Ryanair's balance sheet, Ryanair has a number of cross currency risks as a result of the jurisdictions of the operating business including non-euro revenues, fuel costs, certain maintenance costs and insurance costs. A weakening in the value of the euro primarily against U.K. pound sterling and U.S. dollar but also against other non-eurozone European currencies and Moroccan Dirhams, could negatively impact the operating results of the Company.

*Currency Fluctuations Affect the Company's Results.* Although the Company is headquartered in Ireland, a significant portion of its operations is conducted in the U.K. Consequently, the Company has significant operating revenues and operating expenses, as well as assets and liabilities, denominated in U.K. pounds sterling. In addition, fuel, aircraft, insurance, and some maintenance obligations are denominated in U.S. dollars. The Company's results of operations and financial condition can therefore be significantly affected by fluctuations in the respective values of the U.K. pound sterling and the U.S. dollar. Ryanair is particularly subject to direct exchange rate risks between the euro and the U.S. dollar because a significant portion of its operating costs are incurred in U.S. dollars and none of its revenues are denominated in U.S. dollars.

Although the Company engages in foreign currency hedging transactions between the euro and the U.S. dollar, between the euro and the U.K. pound sterling, and between the U.K. pound sterling and the U.S. dollar, hedging activities cannot be expected to eliminate currency risks. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk."

*The Company May Not Be Successful in Increasing Fares and Revenues to Offset Higher Business Costs.* Ryanair operates a low-fares airline. The success of its business model depends on its ability to control costs so as to deliver low fares while at the same time earning a profit. The Company has limited control over its fuel costs and already has comparatively low other operating costs. In periods of high fuel costs, if the Company is unable to further reduce its other operating costs or generate additional revenues, operating profits are likely to fall. The Company cannot offer any assurances regarding its future profitability. See “—The Company Faces Significant Price and Other Pressures in a Highly Competitive Environment” below and “—Changes in Fuel Costs and Fuel Availability Affect the Company’s Results and Increase the Likelihood that the Company May Incur Additional Losses” above.

*The Company is Subject to Legal Proceedings Alleging State Aid at Certain Airports.* Formal investigations are ongoing by the European Commission into Ryanair’s agreements with the Lübeck, Berlin (Schönefeld), Alghero, Pau, Aarhus, Frankfurt (Hahn), Dusseldorf (Weeze), Zweibrücken, Altenburg, Klagenfurt, Stockholm (Vasteras), Paris (Beauvais), La Rochelle, Carcassonne, Nimes, Angouleme, Marseille and Brussels (Charleroi) airports. The investigations seek to determine whether the arrangements constitute illegal state aid. The investigations are expected to be completed in late 2012/early 2013, with the European Commission’s decisions being appealable to the EU General Court. In addition to the European Commission investigations, Ryanair is facing allegations that it has benefited from unlawful state aid in a number of court cases, including in relation to its arrangements with Frankfurt (Hahn) and Lübeck airports. Adverse rulings in these matters could be used as precedents by competitors to challenge Ryanair’s agreements with other publicly owned airports and could cause Ryanair to strongly reconsider its growth strategy in relation to public or state-owned airports across Europe. This could in turn lead to a scaling-back of Ryanair’s overall growth strategy due to the smaller number of privately owned airports available for development.

No assurance can be given as to the outcome of legal proceedings, nor as to whether any unfavorable outcomes may, individually or in the aggregate, have a material adverse effect on the results of operation or financial condition of the Company. For additional information, please see “Item 8. Financial Information—Other Financial Information—Legal Proceedings.”

*The Company Faces Significant Price and Other Pressures in a Highly Competitive Environment.* Ryanair operates in a highly competitive marketplace, with a number of low-fare, traditional and charter airlines competing throughout the route network. Airlines compete primarily with respect to fare levels, frequency and dependability of service, name recognition, passenger amenities (such as access to frequent flyer programs), and the availability and convenience of other passenger services. Unlike Ryanair, certain of Ryanair’s competitors are state-owned or state-controlled flag carriers and in some cases may have greater name recognition and resources and may have received, or may receive in the future, significant amounts of subsidies and other state aid from their respective governments. In addition, the EU-U.S. Open Skies Agreement, which entered into effect in March 2008, allows U.S. carriers to offer services in the intra-EU market, which should eventually result in increased competition. See “Item 4. Information on the Company—Government Regulation—Liberalization of the EU Air Transportation Market.”

The airline industry is highly susceptible to price discounting, in part because airlines incur very low marginal costs for providing service to passengers occupying otherwise unsold seats. Both low-fare and traditional airlines sometimes offer low fares in direct competition with Ryanair across a significant proportion of its route network as a result of the liberalization of the EU air transport market and greater public acceptance of the low-fares model. Although Ryanair’s Yield per Available Seat Mile (“YASM”) increased by approximately 10% in the 2012 fiscal year and by approximately 3% in the 2011 fiscal year, it decreased by approximately 13% in the 2010 fiscal year, and there can be no assurance that it will not decrease in future periods.

Although Ryanair intends to compete vigorously and to assert its rights against any predatory pricing or other conduct, price competition among airlines could reduce the level of fares or passenger traffic on the Company’s routes to the point where profitability may not be achievable.

In addition to traditional competition among airline companies and charter operators who have entered the low-fares market, the industry also faces competition from ground transportation (including high-speed rail systems) and sea transportation alternatives, as businesses and recreational travelers seek substitutes for air travel.

*Changes in the Display of the Administration Fee.* Following agreement with certain European competition and consumer protection authorities during 2012, Ryanair will incorporate its Administration Fee in all advertised prices and in all prices displayed during its booking process. Currently the Administration Fee can be avoided by passengers who use the Ryanair Cash Passport debit card as their form of payment. Following the change, since Ryanair offers discounted fares whereby certain fees and levies are waived, there is no certainty that the Administration Fee will be paid by all passengers. If a significant proportion of passengers do not pay the Administration Fee, this change could result in a significant reduction in the fees collected, which could have a material adverse impact on the financial performance of Ryanair. This change to the Administration Fee will be effective in the UK and Italy on December 1, 2012 and elsewhere across our network shortly thereafter.

*The Company Will Incur Significant Costs Acquiring New Aircraft and Any Instability in the Credit and Capital Markets Could Negatively Impact Ryanair's Ability to Obtain Financing on Acceptable Terms.* Ryanair's continued growth is dependent upon its ability to acquire additional aircraft to meet additional capacity needs and to replace older aircraft. Ryanair expects to have 305 aircraft in its fleet by March 31, 2013. For additional information on the Company's aircraft fleet and expansion plans, see "Item 4. Information on the Company—Aircraft" and "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources." There can be no assurance that this planned expansion will not outpace the growth of passenger traffic on Ryanair's routes or that traffic growth will not prove to be greater than the expanded fleet can accommodate. In either case, such developments could have a material adverse effect on the Company's business, results of operations, and financial condition.

Ryanair plans to finance its remaining purchases of firm-order aircraft (aircraft it is obliged to buy under its contracts with The Boeing Company ("Boeing")) through a combination of bank loans, operating and finance leases – including via sale-and-leaseback transactions – and cash flow generated from the Company's operations. As in the past, Ryanair expects much of its financing to be supported by guarantees granted by the Export-Import Bank of the United States ("Ex-Im Bank"). Nonetheless, due to the general deterioration in the availability of bank credit facilities in recent years, no assurance can be given that sufficient financing will be available to Ryanair or that the terms of any such financing will be favorable. Any inability of the Company to obtain financing for new aircraft on reasonable terms could have a material adverse effect on its business, results of operations, and financial condition.

In addition, the financing of new and existing Boeing 737-800 aircraft has already, and will continue to, significantly increase the total amount of the Company's outstanding debt and the payments it is obliged to make to service such debt. The level of outstanding debt is expected to fall, however, in fiscal year 2014 as the Company has not entered into any contracts to purchase additional or replacement aircraft. Furthermore, Ryanair's ability to draw down funds under its existing bank-loan facilities to pay for aircraft as they are delivered is subject to various conditions imposed by the counterparties to such bank loan facilities and related loan guarantees, and any future financing is expected to be subject to similar conditions. The Company currently has arranged financing for all 11 remaining aircraft to be delivered in the period between the date hereof and March 2013. For additional details on Ryanair's financings, see "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources."

Ryanair has also entered into significant derivative transactions intended to hedge its current aircraft acquisition-related debt obligations. These derivative transactions expose Ryanair to certain risks and could have adverse effects on its results of operations and financial condition. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk."



*The Company's Growth May Expose It to Risks.* Ryanair's operations have grown rapidly since it pioneered the low-fares operating model in Europe in the early 1990s, although it only plans to grow by 4% in fiscal 2013. See "Item 5. Operating and Financial Review and Prospects—History." During the 2012 fiscal year, Ryanair announced 330 new routes across its network and intends to continue to expand its fleet and add new destinations and additional flights, which are expected to increase Ryanair's booked passenger volumes in the 2013 fiscal year to approximately 79 million passengers, an increase from the approximately 76 million passengers booked in the 2012 fiscal year. However, no assurance can be given that this target will in fact be met. If growth in passenger traffic and Ryanair's revenues do not keep pace with the planned expansion of its fleet, Ryanair could suffer from overcapacity and its results of operations and financial condition (including its ability to fund scheduled aircraft purchases and related debt) could be materially adversely affected. See "—Risks Related to the Airline Industry—Volcanic Ash Emissions Could Affect the Company and Have a Material Adverse Effect on the Company's Results of Operations."

The expansion of Ryanair's fleet and operations, although somewhat slower than in previous years, in addition to other factors, may also strain existing management resources and related operational, financial, management information and information technology systems, including Ryanair's Internet-based reservation system, to the point that they may no longer be adequate to support Ryanair's operations. This would require Ryanair to make significant additional expenditures. Expansion will generally require additional skilled personnel, equipment, facilities and systems. An inability to hire skilled personnel or to secure required equipment and facilities efficiently and in a cost-effective manner may adversely affect Ryanair's ability to achieve growth plans and sustain or increase its profitability.

*Ryanair's New Routes and Expanded Operations may have an Adverse Financial Impact on its Results.* Currently, a substantial number of carriers operate routes that compete with Ryanair's, and the Company expects to face further intense competition. See "Item 4. Information on the Company—Industry Overview—European Market."

When Ryanair commences new routes, its load factors and fares tend to be lower than those on its established routes and its advertising and other promotional costs tend to be higher, which may result in initial losses that could have a material negative impact on the Company's results of operations as well as require a substantial amount of cash to fund. In addition, there can be no assurance that Ryanair's low-fares service will be accepted on new routes. Ryanair also periodically runs special promotional fare campaigns, in particular in connection with the opening of new routes. Promotional fares may have the effect of increasing load factors and reducing Ryanair's yield and passenger revenues on such routes during the periods that they are in effect. See "Item 4. Information on the Company—Route System, Scheduling and Fares." Ryanair expects to have other significant cash needs as it expands, including as regards the cash required to fund aircraft purchases or aircraft deposits related to the acquisition of additional Boeing 737-800s, although Ryanair has only another 11 aircraft to finance under the terms of its purchase agreement with Boeing. There can be no assurance that the Company will have sufficient cash to make such expenditures and investments, and to the extent Ryanair is unable to expand its route system successfully, its future revenue and earnings growth will in turn be limited. Further volcanic ash emissions, similar to those experienced in April and May 2010, could make consumers less willing and/or able to travel and impact the launch of new routes or bases. See "—Risks Related to the Airline Industry—Volcanic Ash Emissions Could Affect the Company and Have a Material Adverse Effect on the Company's Results of Operations." See also "—The Company Will Incur Significant Costs Acquiring New Aircraft and the Continued Instability in the Credit and Capital Markets Could Negatively Impact Ryanair's Ability to Obtain Financing on Acceptable Terms."

*Ryanair's Continued Growth is Dependent on Access to Suitable Airports; Charges for Airport Access are Subject to Increase.* Airline traffic at certain European airports is regulated by a system of grandfathered "slot" allocations. Each slot represents authorization to take-off and land at the particular airport during a specified time period. Although the majority of Ryanair's bases currently have no slot allocations, traffic at a minority of the airports Ryanair serves, including its primary bases, is currently regulated through slot allocations. There can be no assurance that Ryanair will be able to obtain a sufficient number of slots at slot-controlled airports that it may wish to serve in the future, at the time it needs them, or on acceptable terms. There can also be no assurance that its non-slot constrained bases, or the other non-slot constrained airports Ryanair serves, will continue to operate without slot allocation restrictions in the future. See "Item 4. Information on the Company—Government Regulation—Slots." Airports may impose other operating restrictions such as curfews, limits on aircraft noise levels, mandatory flight paths, runway restrictions, and limits on the number of average daily departures. Such restrictions may limit the ability of Ryanair to provide service to, or increase service at, such airports.

Ryanair's future growth also materially depends on its ability to access suitable airports located in its targeted geographic markets at costs that are consistent with Ryanair's ultra-low cost strategy. Any condition that denies, limits, or delays Ryanair's access to airports it serves or seeks to serve in the future would constrain Ryanair's ability to grow. A change in the terms of Ryanair's access to these facilities or any increase in the relevant charges paid by Ryanair as a result of the expiration or termination of such arrangements and Ryanair's failure to renegotiate comparable terms or rates could have a material adverse effect on the Company's financial condition and results of operations. In Spain, the Spanish government has announced that airport charges at the two largest airports, Barcelona and Madrid, will increase by over 100%, while smaller increases will take place at smaller Spanish airports effective from July 1, 2012. Ryanair recently cancelled routes and reduced capacity on remaining routes from Madrid and Barcelona, in response to the Spanish government's decision to double airport taxes at the two airports. Ryanair anticipates redeploying this capacity to lower cost airports in Europe. For additional information see "Item 4. Information on the Company—Airport Operations—Airport Charges." See also "—The Company Is Subject to Legal Proceedings Alleging State Aid at Certain Airports."

*The Company's Acquisition of 29.8% of Aer Lingus and Subsequent Failure to Conclude a Complete Acquisition of Aer Lingus Could Expose the Company to Risk.* During the 2007 fiscal year, the Company acquired 25.2% of Aer Lingus. The Company increased its interest to 29.3% during the 2008 fiscal year, and to 29.8% during the 2009 fiscal year at a total aggregate cost of €407.2 million. Following the acquisition of its initial stake and upon the approval of the Company's shareholders, management proposed to effect a tender offer to acquire the entire share capital of Aer Lingus. This 2006 offer was, however, prohibited by the European Commission on competition grounds.

In October 2007, the European Commission reached a formal decision that it would not force Ryanair to sell its shares in Aer Lingus. This decision has been affirmed on appeal. However, EU legislation may change in the future to require such a forced disposition. If eventually forced to dispose of its stake in Aer Lingus, Ryanair could suffer significant losses due to the negative impact on market prices of the forced sale of such a significant portion of Aer Lingus' shares.

The United Kingdom's Office of Fair Trading ("OFT") wrote to Ryanair in September 2010, advising that it intends to investigate Ryanair's minority stake in Aer Lingus. Ryanair objected on the basis that the OFT's investigation was time-barred. On June 15, 2012, the OFT referred the investigation of Ryanair's minority stake in Aer Lingus to the U.K. Competition Commission (the "Competition Commission"). Ryanair welcomed the OFT's decision as it believes that the Competition Commission should find that since Ryanair exerts no influence over Aer Lingus through its minority stake, it should not be forced to sell down its minority stake. However, the Competition Commission could order Ryanair to divest some or all of its shares in Aer Lingus, as a result of which Ryanair could suffer significant losses due to the negative impact on market prices of the forced sale of such a significant portion of Aer Lingus' shares.

On June 19, 2012, Ryanair announced its third offer to acquire the entire share capital of Aer Lingus (the “June 19 offer”) and immediately commenced pre-notification discussions with the European Commission for the purpose of preparing a merger filing. Pending the outcome of the European Commission’s review of Ryanair’s bid, on the basis of the duty of “sincere cooperation” between the EU and the Member States, and under the EU Merger Regulation, the Competition Commission’s investigation of Ryanair’s minority stake in Aer Lingus cannot properly proceed. Nevertheless, Aer Lingus argued that the investigation should proceed and that Ryanair’s June 19 offer was in breach of certain provisions of the UK Enterprise Act 2002. On July 10, 2012, the Competition Commission ruled that Ryanair’s bid was not in breach of the UK Enterprise Act, but nevertheless decided that its investigation of the minority stake can proceed in parallel with the European Commission’s investigation of the June 19 offer. On July 13, 2012 Ryanair appealed the latter part of the Competition Commission’s ruling to the UK Competition Appeal Tribunal. The outcome of this appeal is currently expected within a relatively short timeframe of approximately 3-4 weeks. Should the Competition Appeal Tribunal uphold Ryanair’s appeal, the Competition Commission’s investigation will be suspended pending the EU merger review process of the June 19 offer, including any subsequent appeals. Should Ryanair’s appeal be rejected, the Competition Commission’s investigation will proceed in parallel with the EU merger review process, however the Competition Commission could not in any event attempt to frustrate the European Commission’s jurisdiction and/or decisions. For more information, see “Item 8. Financial Information—Other Financial Information—Legal Proceedings—Matters Related to Investment in Aer Lingus.”

The change in the available for sale financial asset from €114.0 million at March 31, 2011 to €149.7 million at March 31, 2012 is comprised of a gain of €35.7 million, recognised through other comprehensive income, reflecting the increase in the share price for Aer Lingus from €0.72 per share at March 31, 2011 to €0.94 per share at March 31, 2012. All impairment losses are required to be recognized in the income statement and are not subsequently reversed, while gains are recognized through other comprehensive income. Deteriorations in conditions in the airline industry affect the Company not only directly, but also indirectly, because the value of its stake in Aer Lingus fluctuates with the share price. However, as the value of the Company’s stake in Aer Lingus has already been written down to just €79.7 million (the equivalent of €0.50 per share as of June 30, 2009), the potential for future write-downs of that asset is currently limited to that amount.

*Labor Relations Could Expose the Company to Risk.* A variety of factors, including, but not limited to, the Company’s historical and current level of profitability and its seasonal grounding policy may make it difficult for Ryanair to avoid increases to its base salary levels and employee productivity payments. Consequently, there can be no assurance that Ryanair’s existing employee compensation arrangements may not be subject to change or modification at any time. The Company agreed to provide a company-wide pay increase of up to 2% on basic pay for certain categories of employees, effective April 1, 2011. The Company paid increases in line with agreements previously negotiated with employee representative committees that provided for pay increases (on average 2%) effective April 1, 2012. Those employees not covered by an existing agreement have had their pay frozen for a period of one year, until compensation is reviewed again in April 2013. These steps may lead to a deterioration in labor relations in the Company and could impact the Company’s business or results of operations. The Company also operates in certain jurisdictions with above average payroll taxes and employee-related social insurance costs, which could have an impact on the availability and cost of employees in these jurisdictions. Ryanair crew in continental Europe operate on Irish contracts of employment on the basis that those crew work on Irish Territory, (i.e. on board Irish Registered Aircraft). A number of challenges have been initiated by government agencies in a number of countries to the applicability of Irish labor law to these contracts, and if Ryanair were forced to concede that Irish jurisdiction did not apply to those crew who operate from continental Europe then it could lead to increased salary, social insurance and pension costs and a potential loss of flexibility. In relation to social insurance costs, the European Parliament has approved amendments to Regulation (EC) 883/2004 which will impose substantial social insurance contribution increases for both the Company and the individual employees. This change came into effect from late June 2012. While this change to social insurance contributions relates primarily to new employees, its effect in the long term may materially increase Company social insurance contributions and could affect the Company’s decision to operate from those high cost locations, resulting in redundancies and a consequent deterioration in labor relations. For additional details see — “Change in EU regulations in relations to Employers and Employee Social Insurance could Increase costs”.

Ryanair currently conducts collective bargaining negotiations with groups of employees, including its pilots, regarding pay, work practices, and conditions of employment, through collective-bargaining units called “Employee Representation Committees.” In the U.K., BALPA unsuccessfully sought to represent Ryanair’s U.K.-based pilots in their negotiations with the Company in 2001, at which time an overwhelming majority of those polled rejected BALPA’s claim to represent them. On June 19, 2009, BALPA (the U.K. pilots union) made a request for voluntary recognition under applicable U.K. legislation, which Ryanair rejected. BALPA had the option of applying to the U.K.’s Central Arbitration Committee (“CAC”) to organize a vote on union recognition by Ryanair’s pilots in relevant bargaining units, as determined by the CAC, but BALPA decided not to proceed with an application at that time. The option to apply for a ballot remains open to BALPA and if it were to seek and be successful in such a ballot, it would be able to represent the U.K. pilots in negotiations over salaries and working conditions. For additional details, see “Item 6. Directors, Senior Management and Employees—Employees and Labor Relations.” Limitations on Ryanair’s flexibility in dealing with its employees or the altering of the public’s perception of Ryanair generally could have a material adverse effect on the Company’s business, operating results, and financial condition.

*The Company is Dependent on External Service Providers.* Ryanair currently assigns its engine overhauls and “rotable” repairs to outside contractors approved under the terms of Part 145, the European regulatory standard for aircraft maintenance established by the European Aviation Safety Agency (“Part 145”). The Company also assigns its passenger, aircraft and ground handling services at airports other than Dublin and certain airports in Spain and the Canary Islands to established external service providers. See “Item 4. Information on the Company—Maintenance and Repairs—Heavy Maintenance” and “Item 4. Information on the Company—Airport Operations—Airport Handling Services.”

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

*The Company is Dependent on Key Personnel.* The Company’s success depends to a significant extent upon the efforts and abilities of its senior management team, including Michael O’Leary, the Chief Executive Officer, and key financial, commercial, operating and maintenance personnel. Mr. O’Leary’s current contract may be terminated by either party upon 12 months’ notice. See “Item 6. Directors, Senior Management and Employees—Compensation of Directors and Senior Management—Employment Agreements.” The Company’s success also depends on the ability of its executive officers and other members of senior management to operate and manage effectively, both independently and as a group. Although the Company’s employment agreements with Mr. O’Leary and some of its other senior executives contain non-competition and non-disclosure provisions, there can be no assurance that these provisions will be enforceable in whole or in part. Competition for highly qualified personnel is intense, and either the loss of any executive officer, senior manager, or other key employee without adequate replacement or the inability to attract new qualified personnel could have a material adverse effect upon the Company’s business, operating results, and financial condition.

*The Company Faces Risks Related to its Internet Reservations Operations and its Announced Elimination of Airport Check-in Facilities.* Approximately 99% of Ryanair’s flight reservations are made through its website. Although the Company has established a contingency program whereby the website is hosted in three separate locations, each of these locations accesses the same booking engine, located at a single center, in order to make reservations.

A back-up booking engine is available to Ryanair to support its existing platform in the event of a breakdown in this facility. Nonetheless, the process of switching over to the back-up engine could take some time and there can be no assurance that Ryanair would not suffer a significant loss of reservations in the event of a major breakdown of its booking engine or other related systems, which, in turn, could have a material adverse affect on the Company’s operating results or financial condition.

Since October 1, 2009, all passengers have been required to use Internet check-in. Internet check-in is part of a package of measures intended to reduce check-in lines and passenger handling costs and pass on these savings by reducing passenger airfares. See “Item 4. Information on the Company—Reservations/Ryanair.com.” The Company has deployed this system across its network. Any disruptions to the Internet check-in service as a result of a breakdown in the relevant computer systems or otherwise could have a material adverse impact on these service-improvement and cost-reduction efforts. The result of this requirement is that Ryanair has reduced airport and handling costs, due to the need to have fewer check-in personnel and rented check-in desks. There can be no assurance, however, that this process will continue to be successful or that consumers will not switch to other carriers that provide standard check-in facilities, which would negatively affect the Company’s results of operations and financial condition.

*The Company Faces Risks Related to Unauthorized Use of Information from the Company’s Website.* Screenscraper websites gain unauthorized access to Ryanair’s website and booking system, extract flight and pricing information and display it on their own websites for sale to customers at prices which include intermediary fees on top of Ryanair’s fares. Ryanair does not allow any such commercial use of its website and objects to the practice of screenscraping also on the basis of certain legal principles, such as database rights, copyright protection, etc. In November 2011, the Company introduced Captcha, a Google product which requires passengers who wish to book flights to enter a screen code to complete their bookings. This has had a positive impact and reduced the level of screenscraping. The Company is also involved in a number of legal proceedings against the proprietors of screenscraper websites in Ireland, Germany, the Netherlands, France, Spain, Italy and Switzerland. The Company’s objective is to prevent any unauthorized use of its website, however the Company does allow certain companies who operate fare comparison websites to access the website provided they sign a license and use the agreed method to access the data. The Company has received favorable rulings in Ireland, Germany and The Netherlands. However, pending the outcome of these legal proceedings and if Ryanair were to be unsuccessful in them, the activities of screenscraper websites could lead to a reduction in the number of customers who book directly on Ryanair’s website and consequently in a reduction in the Company’s ancillary revenue stream. Also, some customers may be lost to the Company once they are presented by a screenscraper website with a Ryanair fare inflated by the screenscraper’s intermediary fee. This could also adversely affect Ryanair’s reputation as a low-fares airline, which could negatively affect the Company’s results of operations and financial condition. For additional details, see “Item 8. Financial Information—Other Financial Information—Legal Proceedings—Legal Proceedings Against Internet Ticket Touts.”

*Irish Corporation Tax Rate Could Rise.* The majority of Ryanair’s profits are subject to Irish corporation tax at a statutory rate of 12.5%. Due to the size and scale of the Irish government’s budgetary deficit and the “bailout” of the Irish government by a combination of loans from the International Monetary Fund and the European Union, there is a risk that the Irish government could increase Irish corporation tax rates above 12.5% in order to repay current or future loans or to increase tax revenues.

At 12.5%, the rate of Irish corporation tax is lower than that applied by most of the other European Union member states, and has periodically been subject to critical comment by the governments of other EU member states. Although the Irish government has repeatedly publicly stated that it will not increase corporation tax rates, there can be no assurance that such an increase in corporation tax rates will not occur.

In the event that the Irish government increases corporation tax rates or changes the basis of calculation of corporation tax from the present basis, any such changes would result in Ryanair paying higher corporate taxes and would have an adverse impact on our cash flows, financial position and results of operations. See “—Risks Related to the Company—Tax audits.”

*Change in EU Regulations in Relation to Employers and Employee Social Insurance Could Increase Costs.* The European Parliament passed legislation governing the payment of employee and employer social insurance costs in May, 2012. The legislation was introduced in late June 2012. The legislation governs the country in which employees and employers must pay social insurance costs. Presently, Ryanair pays employee and employer social insurance in the country under whose laws the employee's contract of employment is governed, which is at this time either the UK or Ireland. Under the terms of this new legislation, employees and employers must pay social insurance in the country where the employee is based. The legislation includes grandfathering rights which means that existing employees should be exempt. However, both new and existing employees who transfer from their present base location to a new base in another EU country will be impacted by the new rules in relation to employee and employer contributions. Each country within the EU has different rules and rates in relation to the calculation of employee and employer social insurance contributions. Ryanair estimates that the change in legislation will not have any initial material impact on salary costs although it could have an adverse impact over time.

*Tax Audits.* The Company operates in many jurisdictions and is, from time to time, subject to tax audits, which by their nature are often complex and can require several years to conclude. While the Company endeavors to be tax compliant in the various jurisdictions in which it operates, there can be no guarantee, particularly in the current economic environment, that it will not receive tax assessments following the conclusion of the tax audits. If assessed, the Company will robustly defend its position. In the event that the Company is unsuccessful in defending its position, it is possible that the effective tax rate, employment and other costs of the Group could materially increase.

### ***Risks Related to the Airline Industry***

*The Airline Industry Is Particularly Sensitive to Changes in Economic Conditions; A Continued Recessionary Environment Would Negatively Impact Ryanair's Result of Operations.* Ryanair's operations and the airline industry in general are sensitive to changes in economic conditions. Unfavorable economic conditions such as government austerity measures, the breakup of the eurozone, high unemployment rates, constrained credit markets and increased business operating costs lead to reduced spending by both leisure and business passengers. Unfavorable economic conditions, such as the conditions persisting as of the date hereof, also tend to impact Ryanair's ability to raise fares to counteract increased fuel and other operating costs. A continued recessionary environment, combined with austerity measures by European governments, will likely negatively impact Ryanair's operating results. It could also restrict the Company's ability to grow passenger volumes, secure new airports and launch new routes and bases, and could have a material adverse impact on its financial results.

*The Introduction of Government Taxes on Travel Could Damage Ryanair's Ability to Grow and Could Have a Material Adverse Impact on Operations.* The U.K. government levies an Air Passenger Duty (APD) of £13 per passenger. The tax was previously set at £5 per passenger, but it was increased to £10 per passenger in 2007, £11 in 2009, £12 in 2010 and subsequently to £13 in April 2012. The increase in this tax is thought to have had a negative impact on Ryanair's operating performance, both in terms of average fares paid and growth in passenger volumes. In 2008, the Dutch government introduced a travel tax ranging from €11 on short-haul flights to €45 on long-haul flights (withdrawn with effect from July 1, 2009). On March 30, 2009, the Irish government also introduced a €10 Air Travel Tax on all passengers departing from Irish airports on routes longer than 300 kilometers but subsequently reduced it to €3 on March 30, 2011. In Germany, the government introduced an air passenger tax of €8.00 in January 2011 which was subsequently reduced to €7.50 in January 2012. In Austria, the government also introduced an ecological air travel levy of €8.00 in January 2011.

Other governments also have introduced or may introduce similar taxes. See "Item 4. Information on the Company—Airport Operations—Airport Charges." The introduction of government taxes on travel has had a negative impact on passenger volumes, particularly given the current period of decreased economic activity. The introduction of further government taxes on travel across Europe, could have a material negative impact on Ryanair's results of operations as a result of price-sensitive passengers being less likely to travel.

*EU Regulation on Passenger Compensation Could Significantly Increase Related Costs.* The EU has passed legislation for compensating airline passengers who have been denied boarding on a flight for which they hold a valid ticket (Regulation (EC) No. 261/2004). This legislation, which came into force on February 17, 2005, imposes fixed levels of compensation to be paid to passengers in the event of cancelled flights. In November 2009, the Court of Justice of the EU in the *Sturgeon* case decided that provisions of the legislation in relation to compensation are not only applicable to flight cancellations but also to delays of over three hours. However, such provisions, by their terms, do not apply to any cancellation, or any delay over three hours, in circumstances in which the airline is able to prove that such cancellation or delay was caused by extraordinary circumstances, such as weather, air-traffic control delays, or safety issues. The *Sturgeon* case was referred to the Court of Justice of the European Union for a preliminary ruling from the High Court of Justice (England & Wales), Queen's Bench Division (Administrative Court) on December 24, 2010. The Opinion of the Advocate General of the European Court of Justice has reinforced the legitimacy of the *Sturgeon* judgment. The Opinion is not binding on courts unless reconfirmed in the judgment which will be issued at the end of 2012. The regulation calls for compensation of €250, €400, or €600 per passenger, depending on the length of the flight. As Ryanair's average flight length is less than 1,500 km – the upper limit for short-haul flights – the amount payable is generally €250 per passenger per occurrence. Passengers subject to long delays (in excess of two hours for short-haul flights) are also entitled to “assistance,” including meals, drinks and telephone calls, as well as hotel accommodations if the delay extends overnight. For delays of over five hours, the airline is also required to offer the option of a refund of the cost of the unused ticket. There can be no assurance that the Company will not incur a significant increase in costs in the future due to the impact of this legislation, if Ryanair experiences a large number of cancelled flights, which could occur as a result of certain types of events beyond its control. See “—Risks Related to the Airline Industry—Volcanic Ash Emissions Could Affect the Company and Have a Material Adverse Effect on the Company's Results of Operations.”

*EU Regulation of Emissions Trading Will Increase Costs.* On November 19, 2008, the European Council of Ministers adopted legislation to add aviation to the EU Emissions Trading Scheme (“ETS”) with effect from 2012. This scheme, which has thus far applied mainly to industrial companies, is a cap-and-trade system for CO<sub>2</sub> emissions to encourage industries to improve their CO<sub>2</sub> efficiency. Under the legislation, airlines are granted initial CO<sub>2</sub> allowances based on historical performance and a CO<sub>2</sub> efficiency benchmark. Any shortage of allowances will have to be purchased in the open market and/or at government auctions. The cost of such allowances that Ryanair will have to buy in order to cover the shortage that will arise in calendar year 2012 are estimated to be in the region of €10 million to €15 million at current market rates. The Company estimates that the related cost in respect of calendar year 2013 could be in the region of €15 million to €25 million but could increase significantly over the coming years depending on the costs of carbon credits and the Company's future decisions on growth. There can be no assurance that Ryanair will be able to obtain sufficient carbon credits or that the cost of the credits will not have a material adverse effect on the Company's business, operating results, and financial condition.

*Volcanic Ash Emissions Could Affect the Company and Have a Material Adverse Effect on the Company's Results of Operations.* Between April 15 and April 20, 2010 and May 4 and May 17, 2010, a significant portion of the airspace over northern Europe was closed by authorities as a result of safety concerns presented by emissions of ash from an Icelandic volcano. This closure forced Ryanair to cancel 9,490 flights. In May 2011, there were further periodic closures of parts of the European airspace due to emissions of ash from another Icelandic volcano, which resulted in the cancellation of 96 flights.

Under the terms of Regulation (EC) No. 261/2004, described above, Ryanair has certain duties to passengers whose flights are cancelled. In particular, Ryanair is required to reimburse passengers who have had their flights cancelled for certain reasonable, documented expenses – primarily for accommodation and food. As of the date hereof, the Company is uncertain as to the number of claims it will receive or the amount it will have to reimburse passengers in respect of these claims, (as there is currently no time limitation on claims specified in the Regulation) but the Company expects that the amount will not be significant. The Company to date estimates that the non-recoverable fixed costs associated with the cancellations, the repositioning costs for aircraft, and other costs associated with cancellations, as well as the aforementioned reimbursement claims for the initial 20 days of closure of European aerospace will amount to approximately €29 million for such periods of closure. The Company has accommodated or refunded fares to approximately 1.5 million passengers due to flight cancellations.

Volcanic emissions may happen again and could lead to further significant flight cancellation costs which could have a material adverse impact on the Company's financial condition and results of operations. Furthermore, volcanic emissions (whether from current or new sources) or similar atmospheric disturbances and resulting cancellations due to the closure of airports could also have a material adverse effect on the Company's financial performance indirectly, as a consequence of changes in the public's willingness to travel within Europe due to the risk of flight disruptions.

*Any Significant Outbreak of any Airborne Disease, Including Swine Flu or Foot-and-Mouth Disease, Could Significantly Damage Ryanair's Business.* Worldwide, there has, from time to time, been substantial publicity in recent years regarding certain potent influenza viruses and other disease epidemics. Publicity of this type may have a negative impact on demand for air travel in Europe. Past outbreaks of SARS, foot-and-mouth disease, avian flu and swine flu have adversely impacted the travel industries, including aviation, in certain regions of the world, including Europe. The Company believes that if any influenza or other pandemic becomes severe in Europe, its effect on demand for air travel in the markets in which Ryanair operates could be material, and it could therefore have a significantly adverse impact on the Company. A severe outbreak of swine flu, SARS, foot-and-mouth disease, avian flu or another pandemic or livestock-related disease also may result in European or national authorities imposing restrictions on travel, further damaging Ryanair's business. A serious pandemic could therefore severely disrupt Ryanair's business, resulting in the cancellation or loss of bookings, and adversely affecting Ryanair's financial condition and results of operations.

*Introduction of New or Increases in Existing Aviation Taxes Could Increase Costs.* A number of European states, including the United Kingdom, Ireland, Germany and Austria, currently impose taxes on air travel, often disguised as environmental taxes. Although the Netherlands reduced its aviation tax to zero in 2009 and Ireland reduced its tax from €10 to €3 in March 2011, due to government budgetary deficits these taxes may be reinstated in their previous or a new form. Further, other state governments or the European Union may introduce aviation taxation. Any such taxes would increase costs and could have a negative impact on demand for air travel. See also “—Environmental Regulation—Aviation Taxes” below.

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

*Terrorism in the United Kingdom or Elsewhere in Europe Could Have a Material Detrimental Effect on the Company.* On August 10, 2006, U.K. security authorities arrested and subsequently charged eight individuals in connection with an alleged plot to attack aircraft operating on transatlantic routes. As a result of these arrests, U.K. authorities introduced increased security measures, which resulted in all passengers being body-searched, and a ban on the transportation in carry-on baggage of certain liquids and gels. The introduction of these measures led to passengers suffering severe delays while passing through these airport security checks. As a result, Ryanair cancelled 279 flights in the days following the incident and refunded a total of €2.7 million in fares to approximately 40,000 passengers. In the days following the arrests, Ryanair also suffered reductions in bookings estimated to have resulted in the loss of approximately €1.9 million of additional revenue. As in the past, the Company reacted to these adverse events by initiating system-wide fare sales to stimulate demand for air travel.

In addition, reservations on Ryanair's flights to London dropped materially for a number of days in the immediate aftermath of the terrorist attacks in London on July 7, 2005. Although the terrorist attack in Glasgow on June 30, 2007 and the failed terrorist attacks in London on July 21, 2005 and June 29, 2007 had no material impact on bookings, there can be no assurance that future such attacks will not affect passenger traffic. In the 2012 fiscal year, 16.0 million passengers were booked on Ryanair's flights into and out of London, representing 21.0% of the total passengers booked on all of the Company's flights in the fiscal year. Future acts of terrorism or significant terrorist threats, particularly in London or other markets that are significant to Ryanair, could have a material adverse effect on the Company's profitability or financial condition should the public's willingness to travel to and from those markets decline as a result. See also “—The 2001 Terrorist Attacks on the United States Had a Severe Negative Impact on the International Airline Industry” below.



*The 2001 Terrorist Attacks on the United States Had a Severe Negative Impact on the International Airline Industry.* The terrorist attacks on the United States on September 11, 2001, in which four commercial aircraft were hijacked, had a severe negative impact on the international airline industry, particularly on U.S. carriers and carriers operating international services to and from the United States. Although carriers such as Ryanair that operate primarily or exclusively in Europe were generally spared from such material adverse impacts on their businesses, the cost to all commercial airlines of insurance coverage for certain third-party liabilities arising from “acts of war” or terrorism increased dramatically after the September 11 attacks. See “Item 4. Information on the Company—Insurance.” In addition, Ryanair’s insurers have indicated that the scope of the Company’s current “act of war”-related insurance may exclude certain types of catastrophic incidents, such as certain forms of biological, chemical or “dirty bomb” attacks. This could result in the Company’s seeking alternative coverage, including government insurance or self-insurance, which could lead to further increases in costs. Although Ryanair to date has passed on increased insurance costs to passengers by means of a special “insurance levy” on each ticket, there can be no assurance that it will continue to be successful in doing so.

Because a substantial portion of airline travel (both business and personal) is discretionary and because Ryanair is substantially dependent on discretionary air travel, any prolonged general reduction in airline passenger traffic may adversely affect the Company. Similarly, any significant increase in expenses related to security, insurance or related costs could have a material adverse effect on the Company. Any further terrorist attacks in the U.S. or in Europe, particularly in London or other markets that are significant to Ryanair, any significant military actions by the United States or EU nations or any related economic downturn may have a material adverse effect on demand for air travel and thus on Ryanair’s business, operating results, and financial condition. See also “—Risks Related to the Company—Further Terrorist Attacks in London and Other Destinations Could Have a Detrimental Effect on the Company.”

*The Company Faces the Risk of Loss and Liability.* Ryanair is exposed to potential catastrophic losses that may be incurred in the event of an aircraft accident or terrorist incident. Any such accident or incident could involve costs related to the repair or replacement of a damaged aircraft and its consequent temporary or permanent loss from service. In addition, an accident or incident could result in significant legal claims against the Company from injured passengers and others who experienced injury or property damage as a result of the accident or incident, including ground victims. Ryanair currently maintains passenger liability insurance, employer liability insurance, aircraft insurance for aircraft loss or damage, and other business insurance in amounts per occurrence that are consistent with industry standards.

Ryanair currently believes its insurance coverage is adequate (although not comprehensive). However, there can be no assurance that the amount of insurance coverage will not need to be increased, that insurance premiums will not increase significantly, or that Ryanair will not be forced to bear substantial losses from any accidents not covered by its insurance. Airline insurance costs increased dramatically following the September 2001 terrorist attacks on the United States. See “—The 2001 Terrorist Attacks on the United States Had a Severe Negative Impact on the International Airline Industry” above. Substantial claims resulting from an accident in excess of related insurance coverage could have a material adverse effect on the Company’s results of operations and financial condition. Moreover, any aircraft accident, even if fully insured, could lead to the public perception that Ryanair’s aircraft were less safe or reliable than those operated by other airlines, which could have a material adverse effect on Ryanair’s business.

EU Regulation No. 2027/97, as amended by Regulation No. 889/2002, governs air carrier liability. See “Item 4. Information on the Company—Insurance” for details of this regulation. This regulation increased the potential liability exposure of air carriers such as Ryanair. Although Ryanair has extended its liability insurance to meet the requirements of the regulation, no assurance can be given that other laws, regulations, or policies will not be applied, modified or amended in a manner that has a material adverse effect on Ryanair’s business, operating results, and financial condition.

*Airline Industry Margins are Subject to Significant Uncertainty.* The airline industry is capital intensive and is characterized by high fixed costs and by revenues that generally exhibit substantially greater elasticity than costs. Although fuel accounted for approximately 43% of total operating expenses in the 2012 fiscal year, management anticipates that this percentage may vary significantly in future years. See “—Changes in Fuel Costs and Fuel Availability Affect the Company’s Results and Increase the Likelihood that the Company May Incur Losses” above.

The operating costs of each flight do not vary significantly with the number of passengers flown, and therefore, a relatively small change in the number of passengers, fare pricing, or traffic mix could have a disproportionate effect on operating and financial results. Accordingly, a relatively minor shortfall from expected revenue levels could have a material adverse effect on the Company's growth or financial performance. See "Item 5. Operating and Financial Review and Prospects." The very low marginal costs incurred for providing services to passengers occupying otherwise unsold seats are also a factor in the industry's high susceptibility to price discounting. See "—The Company Faces Significant Price and Other Pressures in a Highly Competitive Environment" above.

*Safety-Related Undertakings Could Affect the Company's Results.* Aviation authorities in Europe and the United States periodically require or suggest that airlines implement certain safety-related procedures on their aircraft. In recent years, the U.S. Federal Aviation Administration (the "FAA") has required a number of such procedures with regard to Boeing 737-800 aircraft, including checks of rear pressure bulkheads and flight control modules, redesign of the rudder control system, and limitations on certain operating procedures. Ryanair's policy is to implement any such required procedures in accordance with FAA guidance and to perform such procedures in close collaboration with Boeing. To date, all such procedures have been conducted as part of Ryanair's standard maintenance program and have not interrupted flight schedules nor required any material increases in Ryanair's maintenance expenses. However, there can be no assurance that the FAA or other regulatory authorities will not recommend or require other safety-related undertakings or that such undertakings would not adversely impact the Company's operating results or financial condition.

There also can be no assurance that new regulations will not be implemented in the future that would apply to Ryanair's aircraft and result in an increase in Ryanair's cost of maintenance or other costs beyond management's current estimates. In addition, should Ryanair's aircraft cease to be sufficiently reliable or should any public perception develop that Ryanair's aircraft are less than completely reliable, the Company's business could be materially adversely affected.

#### ***Risks Related to Ownership of the Company's Ordinary Shares or ADRs***

*EU Rules Impose Restrictions on the Ownership of Ryanair Holdings' Ordinary Shares by Non-EU Nationals, and the Company Has Instituted a Ban on the Purchase of Ordinary Shares by Non-EU Nationals.* EU Regulation No. 1008/2008 requires that, in order to obtain and retain an operating license, an EU air carrier must be majority-owned and effectively controlled by EU nationals. The regulation does not specify what level of share ownership will confer effective control on a holder or holders of Ordinary Shares. The Board of Directors of Ryanair Holdings is given certain powers under Ryanair Holdings' articles of association (the "Articles") to take action to ensure that the number of Ordinary Shares held in Ryanair Holdings by non-EU nationals ("Affected Shares") does not reach a level that could jeopardize the Company's entitlement to continue to hold or enjoy the benefit of any license, permit, consent, or privilege which it holds or enjoys and which enables it to carry on business as an air carrier. The directors, from time to time, set a "Permitted Maximum" on the number of the Company's Ordinary Shares that may be owned by non-EU nationals at such level as they believe will comply with EU law. The Permitted Maximum is currently set at 49.9%. In addition, under certain circumstances, the directors can take action to safeguard the Company's ability to operate by identifying those Ordinary Shares, American Depositary Shares ("ADSs") or Affected Shares which give rise to the need to take action and treat such Ordinary Shares, the American Depositary Receipts ("ADRs") evidencing such ADSs, or Affected Shares as "Restricted Shares." The Board of Directors may, under certain circumstances, deprive holders of Restricted Shares of their rights to attend, vote at, and speak at general meetings, and/or require such holders to dispose of their Restricted Shares to an EU national within as little as 21 days. The directors are also given the power to transfer such Restricted Shares themselves if a holder fails to comply. In 2002, the Company implemented measures to restrict the ability of non-EU nationals to purchase Ordinary Shares, and non-EU nationals are currently effectively barred from purchasing Ordinary Shares, and will remain so for as long as these restrictions remain in place. There can be no assurance that these restrictions will ever be lifted. Additionally, these foreign ownership restrictions could result in Ryanair's exclusion from certain stock tracking indices. Any such exclusion may adversely affect the market price of the Ordinary Shares and ADRs. On April 19, 2012, the Company obtained shareholder approval to repurchase ADRs as part of its general authority to repurchase up to 5% of the issued share capital in the Company traded on the NASDAQ. See "Item 10. Additional Information—Limitations on Share Ownership by Non-EU Nationals" for a detailed discussion of restrictions on share ownership and the current ban on share purchases by non-EU nationals.

As of June 30, 2012, EU nationals owned at least 54.17% of Ryanair Holdings' Ordinary Shares (assuming conversion of all outstanding ADRs into Ordinary Shares).

*Holder of Ordinary Shares are Currently Unable to Convert those Shares into American Depositary Receipts.* In an effort to increase the percentage of its share capital held by EU nationals, on June 26, 2001, Ryanair Holdings instructed The Bank of New York Mellon, the depositary for its ADR program (the "Depositary"), to suspend the issuance of new ADRs in exchange for the deposit of Ordinary Shares until further notice. Holders of Ordinary Shares cannot convert their Ordinary Shares into ADRs during this suspension, and there can be no assurance that the suspension will ever be lifted. See also "—EU Rules Impose Restrictions on the Ownership of Ryanair Holdings' Ordinary Shares by Non-EU nationals and the Company has Instituted a Ban on the Purchase of Ordinary Shares by Non-EU Nationals" above.

*The Company's Results of Operations May Fluctuate Significantly.* The Company's results of operations have varied significantly from quarter to quarter, and management expects these variations to continue. See "Item 5. Operating and Financial Review and Prospects—Seasonal Fluctuations." Among the factors causing these variations are the airline industry's sensitivity to general economic conditions, the seasonal nature of air travel, and trends in airlines' costs, especially fuel costs. Because a substantial portion of airline travel (both business and personal) is discretionary, the industry tends to experience adverse financial results during general economic downturns. The Company is substantially dependent on discretionary air travel.

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

*Ryanair Holdings May or May Not Pay Dividends.* Since its incorporation as the holding company for Ryanair in 1996, Ryanair Holdings has only twice declared dividends on its Ordinary Shares. The directors of the Company declared on June 1, 2010 that Ryanair Holdings intended to pay a special dividend of €500 million, and following shareholder approval at its annual general meeting on September 22, 2010 this special dividend was paid on October 1, 2010. Directors of the Company also declared on May 21, 2012 that Ryanair Holdings intended to pay a special dividend of €0.34 per ordinary share (approx €489 million) in November 2012 subject to shareholder approval at the annual general meeting on September 21, 2012. The Company may ultimately determine not to pay any such dividend, or may fail to obtain shareholder approval (where required). The Company may pay other dividends from time to time, or it may not pay any dividends at all, as has been its general practice to date. No assurances can be given that the Company will, or will not, pay dividends. See "Item 8. Financial Information—Other Financial Information—Dividend Policy." As a holding company, Ryanair Holdings does not have any material assets other than the shares of Ryanair.

*Increased Costs for Possible Future ADR and Share Repurchases.* In April 2012, the Company held an extraordinary general meeting to authorize the directors to repurchase Ordinary Shares and ADRs for up to 5% of the issued share capital of the Company traded on the NASDAQ Stock Market ("NASDAQ"). Up until April 2012, shareholders had only authorized the directors to repurchase Ordinary Shares. As the ADRs typically trade at a premium of 15% to 20% compared to Ordinary Shares, this may result in increased costs in performing share buy-backs in the future. At this time the Company has not decided whether it will complete further share repurchases and whether it will repurchase Ordinary Shares or ADRs.

#### **Item 4. Information on the Company**

### **INTRODUCTION**

Ryanair Holdings was incorporated in 1996 as a holding company for Ryanair Limited. The latter operates an ultra-low cost, scheduled-passenger airline serving short-haul, point-to-point routes between Ireland, the U.K., Continental Europe, and Morocco. Incorporated in 1984, Ryanair Limited began to introduce a low-fares operating model under a new management team in the early 1990s. See “Item 5. Operating and Financial Review and Prospects—History.” As of June 30, 2012, with its operating fleet of 294 Boeing 737-800 “next generation” aircraft, Ryanair Limited offered over 1,500 scheduled short-haul flights per day serving approximately 160 airports largely throughout Europe. See “—Route System, Scheduling and Fares—Route System and Scheduling” for more details of Ryanair’s route network. See “Item 5. Operating and Financial Review and Prospects—Seasonal Fluctuations” for information about the seasonality of Ryanair’s business.

Ryanair recorded a profit on ordinary activities after taxation of €560.4 million in the 2012 fiscal year, as compared to a profit on ordinary activities after taxation of €374.6 million in the 2011 fiscal year. This increase was primarily attributable to an increase in revenues of approximately 21% from €3,629.5 million to €4,390.2 million, partially offset by an increase in fuel costs of approximately 30% from €1,227.0 million to €1,593.6 million. Ryanair generated an average booked passenger load factor of approximately 82% and average scheduled passenger revenues of €0.061 per ASM in the 2012 fiscal year. The Company has focused on maintaining low operating costs (€0.052 per ASM in the 2012 fiscal year).

The market’s acceptance of Ryanair’s low-fares service is reflected in the “Ryanair Effect” – Ryanair’s history of stimulating significant annual passenger traffic growth on the new routes on which it has commenced service since 1991. For example, on the basis of the “U.K. Airports Annual Statement of Movements, Passengers and Cargo” published by the U.K. Civil Aviation Authority and statistics released by the International Civil Aviation Organization (the “ICAO”), the number of scheduled airline passengers traveling between Dublin and London increased from 1.7 million passengers in 1991 to 3.7 million passengers in the 2011 calendar year. Most international routes Ryanair has begun serving since 1991 have recorded significant traffic growth in the period following Ryanair’s commencement of service, with Ryanair capturing the largest portion of such growth on each such route. A variety of factors contributed to this increase in air passenger traffic, including the relative strength of the Irish, U.K., and European economies in past years. However, management believes that the most significant factors driving such growth across all its European routes have been Ryanair’s low-fares policy and its superiority to its competitors in terms of flight punctuality, levels of lost baggage, and rates of flight cancellations.

The address of Ryanair Holdings’ registered office is: c/o Ryanair Limited, Corporate Head Office, Dublin Airport, County Dublin, Ireland. The Company’s contact person regarding this Annual Report on Form 20-F is: Howard Millar, Deputy Chief Executive and Chief Financial Officer (same address as above). The telephone number is +353-1-812-1212 and the facsimile number is +353-1-812-1213. Under its current Articles, Ryanair Holdings has an unlimited corporate duration.

### **STRATEGY**

Ryanair’s objective is to firmly establish itself as Europe’s biggest scheduled passenger airline, through continued improvements and expanded offerings of its low-fares service. In the highly challenging current operating environment, Ryanair seeks to offer low fares that generate increased passenger traffic while maintaining a continuous focus on cost-containment and operating efficiencies. The key elements of Ryanair’s long-term strategy are:

*Low Fares.* Ryanair’s low fares are designed to stimulate demand, particularly from fare-conscious leisure and business travelers who might otherwise use alternative forms of transportation or choose not to travel at all. Ryanair sells seats on a one-way basis, thus eliminating minimum stay requirements from all travel on Ryanair scheduled services. Ryanair sets fares on the basis of the demand for particular flights and by reference to the period remaining to the date of departure of the flight, with higher fares charged on flights with higher levels of demand

and for bookings made nearer to the date of departure. Ryanair also periodically runs special promotional fare campaigns. See “—Route System, Scheduling and Fares—Low and Widely Available Fares” below.

*Customer Service.* Ryanair’s strategy is to deliver the best customer service performance in its peer group. According to the data available from the Association of European Airlines (“AEA”) and airlines’ own published statistics, Ryanair has achieved better punctuality, fewer lost bags, and fewer cancellations than its peer group in Europe. Ryanair achieves this by focusing strongly on the execution of these services and by primarily operating from un-congested airports. Ryanair conducts a daily conference call with Ryanair and airport personnel at each of its base airports, during which the reasons for each “first wave” flight delay and baggage short-shipment are discussed in detail and logged to ensure that the root cause is identified and rectified. Subsequent (consequential) delays and short shipments are investigated by Ryanair ground operations personnel. Customer satisfaction is also measured by regular online, mystery-passenger and by passenger surveys.

*Frequent Point-to-Point Flights on Short-Haul Routes.* Ryanair provides frequent point-to-point service on short-haul routes to secondary and regional airports in and around major population centers and travel destinations. In the 2012 fiscal year, Ryanair flew an average route length of 771 miles and an average flight duration of approximately 1.77 hours. Short-haul routes allow Ryanair to offer its low fares and frequent service, while eliminating the need to provide unnecessary “frills,” like in-flight meals and movies, otherwise expected by customers on longer flights. Point-to-point flying (as opposed to hub-and-spoke service) allows Ryanair to offer direct, non-stop routes and avoid the costs of providing “through service,” for connecting passengers, including baggage transfer and transit passenger assistance.

In choosing its routes, Ryanair favors secondary airports with convenient transportation to major population centers and regional airports. Secondary and regional airports are generally less congested than major airports and, as a result, can be expected to provide higher rates of on-time departures, faster turnaround times (the time an aircraft spends at a gate loading and unloading passengers), fewer terminal delays, more competitive airport access, and lower handling costs. Ryanair’s “on time” performance record (arrivals within 15 minutes of schedule) for the 2012 fiscal year was 91%. Faster turnaround times are a key element in Ryanair’s efforts to maximize aircraft utilization. Ryanair’s average scheduled turnaround time for the 2012 fiscal year was approximately 25 minutes. Secondary and regional airports also generally do not maintain slot requirements or other operating restrictions that can increase operating expenses and limit the number of allowed take-offs and landings.

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

Aircraft Equipment Costs. Ryanair’s primary strategy for controlling aircraft acquisition costs is focused on operating a single aircraft type. Ryanair currently operates only “next generation” Boeing 737-800s. Ryanair’s continuous acquisition of new Boeing 737-800s has already and is expected, until the end of 2012, to increase the size of its fleet and thus increase its aircraft equipment and related costs (on an aggregate basis). However, the purchase of aircraft from a single manufacturer enables Ryanair to limit the costs associated with personnel training, maintenance, and the purchase and storage of spare parts while also affording the Company greater flexibility in the scheduling of crews and equipment. Management also believes that the terms of Ryanair’s contracts with Boeing are very favorable to Ryanair. However, as Ryanair’s existing delivery program expires in November 2012, the Company may have to consider an additional aircraft order with Boeing or other aircraft manufacturers for future deliveries for growth or fleet replacement purposes. See “—Aircraft” below for additional information on Ryanair’s fleet.

Personnel Costs. Ryanair endeavors to control its labor costs by seeking to continually improve the productivity of its already highly productive work force. Compensation for employees emphasizes productivity-based pay incentives. These incentives include commissions for onboard sales of products for flight attendants and payments based on the number of hours or sectors flown by pilots and flight attendants within limits set by industry standards or regulations fixing maximum working hours.

Customer Service Costs. Ryanair has entered into agreements on competitive terms with external contractors at certain airports for ticketing, passenger and aircraft handling, and other services that management believes can be more cost-efficiently provided by third parties. Management attempts to obtain competitive rates for such services by negotiating fixed-price, multi-year contracts. The development of its own Internet booking facility has allowed Ryanair to eliminate travel agent commissions and third-party reservation systems costs. Ryanair generates over 99% of its scheduled passenger revenues through direct sales via its website.

Airport Access and Handling Costs. Ryanair attempts to control airport access and service charges by focusing on airports that offer competitive prices. Management believes that Ryanair's record of delivering a consistently high volume of passenger traffic growth at many airports has allowed it to negotiate favorable contracts with such airports for access to their facilities. Ryanair further endeavors to reduce its airport charges by opting, when practicable, for less expensive gate locations as well as outdoor boarding stairs, rather than jetways, which are more expensive and operationally less efficient to use. In addition, since October 2009, Ryanair has required all passengers to check-in on the Internet. This requirement was instituted to reduce waiting times at airports and speed a passenger's journey from arrival at the airport to boarding, as well as significantly reduce airport handling costs. Ryanair has also introduced a checked-bag fee, which is payable on the Internet at the time of booking and is aimed at reducing the number of bags carried by passengers in order to further reduce handling costs. See "Risk Factors—Risks Related to the Company—The Company Faces Risks Related to its Internet Reservations Operations and its Announced Elimination of Airport Check-in Facilities."

*Taking Advantage of the Internet.* In 2000, Ryanair converted its host reservation system to a new system, which it operates under a hosting agreement with Navitaire that was extended in 2011 and will terminate in 2020. As part of the implementation of the new reservation system, Navitaire developed an Internet booking facility. The Ryanair system allows Internet users to access its host reservation system and to make and pay for confirmed reservations in real time through the Ryanair.com website. After the launch of the Internet reservation system, Ryanair heavily promoted its website through newspaper, radio and television advertising. As a result, Internet bookings grew rapidly, and have accounted for over 99% of all reservations over the past several years. In May 2012, Ryanair further upgraded the reservation system, which offers more flexibility for future system enhancements and to accommodate the future growth of Ryanair.

*Commitment to Safety and Quality Maintenance.* Safety is the primary priority of Ryanair and its management. This commitment begins with the hiring and training of Ryanair's pilots, flight attendants, and maintenance personnel and includes a policy of maintaining its aircraft in accordance with the highest European airline industry standards. Ryanair has not had a single passenger or flight crew fatality as a result of an accident with one of its aircraft in its 27-year operating history. Although Ryanair seeks to maintain its fleet in a cost-effective manner, management does not seek to extend Ryanair's low-cost operating strategy to the areas of safety, maintenance, training or quality assurance. Routine aircraft maintenance and repair services are performed primarily by Ryanair, at Ryanair's main bases, but are also performed at other base airports by maintenance contractors approved under the terms of Part 145. Ryanair currently performs heavy airframe maintenance, but contracts with other parties who perform engine overhaul services and rotatable repairs. These contractors also provide similar services to a number of other airlines, including British Airways, Finnair and Iberia. Ryanair assigns a Part 145-certified mechanic to oversee engine overhauls performed by other parties.

*Enhancement of Operating Results through Ancillary Services.* Ryanair distributes accommodation services and travel insurance primarily through its website. For hotel services, Ryanair has a contract with Hotelscombined PTY Ltd, and they provide a hotel comparison website to Ryanair which generates commissions for Ryanair on the number of bookings made. Ryanair also has contracts with other accommodation providers that enable Ryanair to offer camping, hostel, bed-and-breakfast, guesthouse, villa and apartment accommodation to its customers. In addition Ryanair has a contract with the Hertz Corporation ("Hertz"), pursuant to which Hertz handles all car rental services marketed through Ryanair's website or telephone reservation system. Ryanair also sells bus and rail tickets onboard its aircraft and through its website. For the 2012 fiscal year, ancillary services accounted for approximately 20% of Ryanair's total operating revenues, as compared to approximately 22% of such revenues in the 2011 fiscal

year. See “—Ancillary Services” below and “Item 5. Operating and Financial Review and Prospects—Results of Operations—Fiscal Year 2012 Compared with Fiscal Year 2011—Ancillary Revenues” for additional information.

*Focused Criteria for Growth.* Building on its success in the Ireland-U.K. market and its expansion of service to continental Europe and Morocco, Ryanair intends to follow a manageable growth plan targeting specific markets. Ryanair believes it will have opportunities for continued growth by: (i) initiating additional routes in the EU; (ii) initiating additional routes in countries party to a European Common Aviation Agreement with the EU that are currently served by higher-cost, higher-fare carriers; (iii) increasing the frequency of service on its existing routes; (iv) starting new domestic routes within individual EU countries; (v) considering acquisition opportunities that may become available in the future; (vi) connecting airports within its existing route network (“triangulation”); (vii) establishing new bases; and (viii) initiating new routes not currently served by any carrier.

During the 2007 fiscal year, the Company acquired 25.2% of Aer Lingus. The Company thereafter increased its interest to 29.3% during the 2008 fiscal year, and to 29.8% during the 2009 fiscal year at a total aggregate cost of €407.2 million. Following the acquisition of the Company’s initial stake in Aer Lingus during fiscal 2007, and after approval by the Company’s shareholders, Company management proposed to effect a tender offer to acquire the entire share capital of Aer Lingus (the “2006 Offer”). This 2006 offer was, however, prohibited by the European Commission on competition grounds. Ryanair filed an appeal with the EU Court of First Instance (“CFI”; now the “General Court”), in July 2010. The CFI upheld the European Commission’s decision.

On December 1, 2008, Ryanair made a second offer to acquire all of the ordinary shares of Aer Lingus it did not own, at a price of €1.40 per ordinary share. Ryanair offered to keep Aer Lingus as a separate company, maintain the Aer Lingus brand, and retain its Heathrow slots and connectivity. Ryanair also proposed to double Aer Lingus’ short-haul fleet from 33 to 66 aircraft and to create 1,000 associated new jobs over a five-year period. If the offer had been accepted, the Irish government would have received over €180 million in cash. The employee share option trust and employees, who owned 18% of Aer Lingus, would have received over €137 million in cash. The Company met Aer Lingus management, representatives of the employee share option trust and other parties, including the Irish Government. The offer of €1.40 per share represented a premium of approximately 25% over the closing price of €1.12 of Aer Lingus on November 28, 2008. However, as the Company was unable to secure the shareholders’ support (to sell their stakes in Aer Lingus to Ryanair), the Company decided on January 28, 2009, to withdraw its offer for Aer Lingus.

Between 2010 and 2012 the United Kingdom’s OFT investigated Ryanair’s minority stake in Aer Lingus and in June 2012 referred the matter to the UK Competition Commission for further investigation. See “Item 8. Financial Information—Other Financial Information—Legal Proceedings—Matters Related to Investment in Aer Lingus.”

On June 19, 2012, Ryanair made a third offer to acquire all of the ordinary shares of Aer Lingus it did not own at a price of €1.30 per ordinary share. The timing of the offer has been influenced by: (1) the continued consolidation of European airlines, and more recently the International Airlines Group (the parent company of British Airways) takeover of British Midland International, where the No. 1 airline at Heathrow was allowed to acquire the No. 2; (2) the additional capacity available at Dublin airport following the opening of Terminal 2 and the decline in traffic from 23.3 million passengers per annum in 2007 to 18.7 million in 2011, resulting in Dublin airport operating at approximately 50% capacity; (3) the change in the Irish government policy since 2006 in that the Irish government has decided to sell its stake in Aer Lingus; (4) the fact that under the terms of the bailout agreement provided by the European Commission, European Central Bank and the International Monetary Fund (collectively the “Troika”) to Ireland, the Irish government has committed to sell its stake in Aer Lingus; (5) the fact that the ESOT (Employee Share Ownership Trust) which at the time of the unsuccessful 2006 offer controlled 15% of Aer Lingus, has been disbanded since December 2010 and the shares distributed to the individual members with the result that, Ryanair’s new offer is, in Ryanair’s view, capable of reaching over 50% acceptance either with or without the Irish government’s acceptance; and (6) the fact that recently, Etihad, an Abu Dhabi based airline, has acquired a 3% stake in Aer Lingus and has expressed an interest in buying the Irish government’s 25% stake in Aer Lingus (the offer now provides Etihad or any other potential bidder the opportunity to purchase the Irish government’s stake). Ryanair is willing to offer the European Commission appropriate remedies to allay competition concerns and it believes that these remedies, as well as the efficiencies and synergies arising from the combination, should allow the Commission to approve this proposed merger.

Ryanair has offered to keep Aer Lingus as a separate company, maintain the Aer Lingus brand, and to grow its traffic from 9.5 million to over 14.5 million passengers over a five year period post acquisition, by growing Aer Lingus' short haul traffic at some of Europe's major airports where Aer Lingus currently operates and Ryanair does not. Ryanair also intends to increase Aer Lingus' transatlantic traffic from Ireland, which has fallen in recent years, by investing in operations. If the offer is accepted, the Irish government would receive €173 million in cash. The offer of €1.30 per share represented a premium of approximately 38% over the closing price of €0.94 for Aer Lingus shares as of June 19, 2012. The offer is conditional on competition approval by the European Commission. The Company anticipates that the EU merger review process will be completed between September 2012 and February 2013.

*Responding to Current Challenges.* In recent periods, and with increased effect in the 2010, 2011 and 2012 fiscal years, Ryanair's low-cost, low-fares model has faced substantial pressure due to significantly increased fuel costs and reduced economic growth (or economic contraction) in some of the economies in which it operates. The Company has aimed to meet these challenges by: (i) grounding (approximately 80) aircraft during the winter season; (ii) disposing of aircraft (disposals totaled three in the 2010 fiscal year, ten lease hand backs in the 2011 fiscal year and 3 lease hand backs in the 2012 fiscal year); (iii) controlling labor and other costs, including through wage freezes for non flight crew employees in 2010 and 2011, selective redundancies and the introduction of Internet check-in; and (iv) renegotiating contracts with existing suppliers, airports and handling companies. There can be no assurance that the Company will be successful in achieving all of the foregoing or taking other similar measures, or that doing so will allow the Company to earn profits in any period. See "Item 3. Key Information—Risk Factors—Risks Related to the Company—Changes in Fuel Costs and Fuel Availability Affect the Company's Results and Increase the Likelihood that the Company May Incur Losses" and "—The Company May Not Be Successful in Raising Fares to Offset Increased Business Costs."

In recent years, in response to an operating environment characterized by high fuel prices, typically lower seasonal yields and higher airport charges and/or taxes, Ryanair has adopted a policy of grounding a certain portion of its fleet during the winter months (from November to March inclusive). In the winter months of fiscal year 2012, Ryanair grounded approximately 80 aircraft and the Company announced in May 2012 that it intends to ground approximately 80 aircraft during the winter months of fiscal year 2013. While seasonal grounding does reduce the Company's operating costs, it also decreases Ryanair's potential to record both flight and non-flight revenues. Decreasing the number and frequency of flights may also negatively affect the Company's labor relations, including its ability to attract flight personnel interested in full-time employment. See "Item 3. Key Information—Risk Factors—Ryanair Has Decided to Seasonally Ground Aircraft."



## ROUTE SYSTEM, SCHEDULING AND FARES

### Route System and Scheduling

As of July 20, 2012, the Company offered over 1,500 scheduled short-haul flights per day serving approximately 160 airports largely throughout Europe, and flying approximately 1,500 routes. The following table lists Ryanair's bases of operations:

<b>Bases of Operations</b>		
Alghero	Dublin	Manchester
Alicante	Dusseldorf (Weeze)	Milan (Bergamo)
Baden-Baden	Edinburgh	Nottingham East Midlands
Barcelona (Girona)	Faro	Palma Mallorca
Barcelona (El Prat)	Frankfurt (Hahn)	Paphos
Bari	Glasgow (Prestwick)	Pescara
Billund	Gran Canaria	Pisa
Bologna	Kaunas	Porto
Bournemouth	Lanzarote	Oslo (Rygge)
Birmingham	Leeds Bradford	Rome (Ciampino)
Bremen	Liverpool	Seville
Brindisi	London (Luton)	Shannon
Bristol	London (Stansted)	Stockholm (Skavsta)
Brussels (Charleroi)	Maastricht (a)	Tenerife South
Budapest	Madrid	Trapani
Cagliari	Malaga	Valencia
Cork	Malta	Wroclaw

(a) On July 3, 2012 Ryanair announced it would open a new base at Maastricht with effect from December 2012.

See Note 17, "Analysis of operating revenues and segmental analysis," to the consolidated financial statements included in Item 18 for more information regarding the geographical sources of the Company's revenue.

Management's objective is to schedule a sufficient number of flights per day on each of Ryanair's routes to satisfy demand for Ryanair's low-fares service. Ryanair schedules departures on its most popular routes at frequent intervals, normally between approximately 6:00 a.m. and 11:00 p.m. Management regularly reviews the need for adjustments in the number of flights on all of its routes.

During the 2012 fiscal year, Ryanair announced 330 new routes across its network. See "Risk Factors—Risks Related to the Company—Ryanair Has Decided to Seasonally Ground Aircraft."

### Low and Widely Available Fares

Ryanair offers low fares, with prices generally varying on the basis of advance booking, seat availability and demand. Ryanair sells seats on a one-way basis, thus removing minimum stay requirements from all travel on Ryanair scheduled services. All tickets can be changed, subject to certain conditions, including fee payment and applicable upgrade charges. However, tickets are generally non-cancelable and non-refundable and must be paid for at the time of reservation.

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

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

Ryanair also periodically runs special promotional fare campaigns, in particular in connection with the opening of new routes, and endeavors to always offer the lowest fare on any route it serves. Promotional fares may have the effect of increasing load factors and reducing Ryanair's yield and passenger revenues on the relevant routes during the periods they are in effect. Ryanair expects to continue to offer significant fare promotions to stimulate demand in periods of lower activity or during off-peak times for the foreseeable future.

## **MARKETING AND ADVERTISING**

Ryanair's primary marketing strategy is to emphasize its widely available low fares and price guarantee. In doing so, Ryanair primarily advertises its services in national and regional newspapers, as well as through controversial and topical advertising, press conferences and publicity stunts. Other marketing activities include the distribution of advertising and promotional material and cooperative advertising campaigns with other travel-related entities, including local tourist boards. Ryanair also regularly contacts people registered in its database to inform them about promotions and special offers via e-mail.

## **RESERVATIONS ON RYANAIR.COM**

Passenger airlines generally rely on travel agents (whether traditional or online) for a significant portion of their ticket sales and pay travel agents commissions for their services, as well as reimbursing them for the fees charged by reservation systems-providers. In contrast, Ryanair requires passengers to make reservations and purchase tickets directly through the Company. Over 99% of such reservations and purchases are made through the website Ryanair.com. Ryanair is therefore not reliant on travel agents. See "—Strategy—Taking Advantage of the Internet" above for additional information.

In May 2012, Ryanair further upgraded its reservation system in order to facilitate the continued expansion of the airline. The upgraded system gives the Company the ability to offer more enhancements to passengers, as the new platform is far more flexible in terms of future development. Under the agreement with the system-provider, Navitaire, the system serves as Ryanair's core seating inventory and booking system. In return for access to these system functions, Ryanair pays transaction fees that are generally based on the number of passenger seat journeys booked through the system. Navitaire also retains a back-up booking engine to support operations in the event of a breakdown in the main system. Over the last several years, Ryanair has introduced a number of Internet-based customer service enhancements such as Internet check-in, priority boarding service and limited reserved seating in January 2012. Since October 2009, Ryanair has required Internet check-in for all passengers. These enhancements and changes have been made to reduce waiting time at airports and speed a passenger's journey from arrival at the airport to boarding, as well as significantly reduce airport handling costs. Ryanair has also introduced a checked-bag fee, which is payable on the Internet and is aimed at reducing the number of bags carried by passengers in order to further reduce handling costs. See Item 3. Key Information—Risk Factors—Risks Related to the Company—Ryanair Faces Risks Related to Unauthorized Use of Information from the Company's Website."

## **AIRCRAFT**

### **Aircraft**

As of June 30, 2012, Ryanair's operating fleet was composed of 294 Boeing 737-800 "next generation" aircraft, each having 189 seats. Ryanair's fleet totaled 294 Boeing 737-800s at March 31, 2012. The Company expects to have an operating fleet comprising 305 Boeing 737-800s at March 31, 2013.

Between March 1999 and March 2012, Ryanair took delivery of 333 new Boeing 737-800 "next generation" aircraft under its contracts with Boeing (and disposed of 39 such aircraft including 13 lease handbacks).

Ryanair entered into a series of agreements with Boeing for Boeing 737-800 “next generation” aircraft starting in 1998. As of January 2005, 89 firm-order aircraft remained to be delivered under those agreements, and the Company had options to purchase an additional 123 aircraft. On February 24, 2005, the Company announced that it had entered into a new agreement with Boeing for the purchase of a further 70 new Boeing 737-800s as well as purchase options for an additional 70 such aircraft.

Under the terms of the 2005 Boeing contract, while the basic price per aircraft that was applicable under the prior contracts continued to apply to the firm-order aircraft that remained to be delivered and purchase options outstanding thereunder, these firm-order and option aircraft became subject to the commercial and other terms applicable to the firm-order aircraft under the 2005 Boeing contract, including benefiting from more favorable price concessions.

On December 18, 2009, the Company announced that it was unable to conclude negotiations with Boeing in respect of a new agreement for the purchase of 100 new Boeing 737-800 series aircraft (with an option to purchase an additional 100) for delivery during the period 2013 to 2015. Although the Company had reached agreement with Boeing in relation to the aircraft price and delivery dates it was unable to conclude negotiations regarding other terms and conditions. The Company has not entered into any agreement to purchase additional aircraft. However, on June 22, 2011, the Company signed a Memorandum of Understanding with COMAC, a Chinese aircraft manufacturer, to co-operate and work together in relation to the development of a 174-200 seat commercial aircraft.

Ryanair expects to take delivery of a further 11 aircraft under its contracts with Boeing over the period from June 30, 2012 to March 31, 2013. These deliveries will increase the size of Ryanair’s fleet to 305 by March 2013 (assuming that the planned disposal or return (under the terms of an operating lease) of four such aircraft is completed on schedule). As of June 30, 2012, Ryanair had either sold to third parties or returned to the relevant lessor 43 Boeing 737-800 aircraft. Depending on market conditions and various other considerations, Ryanair expects to either dispose of four more aircraft or return such aircraft to the relevant lessor during the period through March 31, 2014.

For additional details on the Boeing contracts, scheduled aircraft deliveries and related expenditures and their financing, as well as the terms of the arrangements under which Ryanair currently leases 55 of the aircraft in its operating fleet, see “Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources.”

Management believes that the purchase of the final 11 new Boeing 737-800 aircraft will allow Ryanair to continue to grow over the next two years. Management also believes that the significant size of its orders allowed Ryanair to obtain favorable purchase terms, guaranteed deliveries, and a standard configuration for all of the aircraft it purchased.

The Boeing 737 is the world’s most widely used commercial aircraft and exists in a number of generations, the Boeing 737-800s being the most recent. Management believes that spare parts and cockpit crews qualified to fly these aircraft are likely to be more widely available on favorable terms than similar resources for other types of aircraft. Management believes that its strategy, to date, of having reduced its fleet to one aircraft type enables Ryanair to limit the costs associated with personnel training, the purchase and storage of spare parts, and maintenance. Furthermore this strategy affords Ryanair greater flexibility in the scheduling of crews and equipment. The Boeing 737-800s are fitted with CFM 56-7B engines and have advanced CAT III Autoland capability, advanced traffic collision avoidance systems, and enhanced ground-proximity warning systems. On July 20, 2011, Boeing announced that it was seeking approval from its Board of Directors to manufacture a variant of the 737 with new, more fuel-efficient engines. This new variant could impact the Company insofar as the residual value of its aircraft could be reduced if this new variant is produced.

At March 31, 2012, the average aircraft age of the Company’s Boeing 737-800 fleet was just over 3.8 years.

## **Training and Regulatory Compliance**

Ryanair currently owns and operates four Boeing 737-800 full flight simulators for pilot training, the first of which was delivered in 2002. The simulators were purchased from CAE Electronics Ltd. of Quebec, Canada (“CAE”). The second simulator was delivered in 2004, while the third and fourth simulators were delivered in the 2008 fiscal year. In September 2006, Ryanair entered into a new contract with CAE to purchase B737NG Level B flight simulators. Two of these simulators were delivered in the 2009 fiscal year. This contract also provides Ryanair with an option to purchase another five such simulators. The gross price of each simulator is approximately \$8 million, not taking into account certain price concessions provided by the seller in the form of credit memoranda and discounts.

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

## **ANCILLARY SERVICES**

Ryanair provides various ancillary services and engages in other activities connected with its core air passenger service, including non-flight scheduled services, Internet-related services, and the in-flight sale of beverages, food, and merchandise. See “Item 5. Operating and Financial Review and Prospects—Results of Operations—Fiscal Year 2012 Compared with Fiscal Year 2011—Ancillary Revenues” for additional information.

As part of its non-flight scheduled and Internet-related services Ryanair incentivizes ground service providers at many of the airports it serves to levy correct excess baggage charges for any baggage that exceeds Ryanair’s published baggage allowances and to collect these charges in accordance with Ryanair’s standard terms and conditions. Excess baggage charges are recorded as non-flight scheduled revenue.

Ryanair primarily distributes accommodation services and travel insurance through its website. For hotel services, Ryanair has a contract with Hotelscombined PTY Ltd. (“Hotelscombined”), which operates a price comparison website, pursuant to which Hotelscombined handles all aspects of such services marketed through Ryanair’s website and pays a fee to Ryanair. Ryanair also has contracts with other accommodation providers that enable Ryanair to offer hostel, bed-and-breakfast, guesthouse, villa and apartment accommodation to its customers. In addition Ryanair has a contract with Hertz, pursuant to which Hertz handles all car rental services marketed through Ryanair’s website or telephone reservation system.

Ryanair also sells bus and rail tickets onboard its aircraft and through its website. Ryanair also sells attractions and activities on its website with the former going on sale in-flight in spring 2012.

Ryanair sells gift vouchers on its website. Such gift vouchers are also redeemable online. In May 2009, Ryanair started to offer its passengers the possibility of receiving an SMS (text message) when booking, at a fee of £1.50 or €1.50, to inform them of their flight confirmation details.

In April 2009, Ryanair signed a contract with Webloyalty International Ltd, which offers Ryanair’s customers who have a UK, German or French billing address a retail discount and cash-back program. In February 2009, Ryanair introduced Google AdSense to its search results pages in order to monetize the traffic levels that those pages generate. In March 2009, Ryanair expanded further into the area of third-party Internet advertising with the introduction of third-party display advertising on the homepages on its website and, more recently, on the subpages of Ryanair.com. In April 2011, Ryanair began to sell advertising on its boarding cards. In 2012, a boarding card redesign along with increased passengers is expected to provide further growth in this area.

Ryanair has entered into agreements pursuant to which the Company promotes Ryanair-branded credit and prepaid cards issued by MBNA, GE Money, Access Prepaid (a Mastercard company) and Banco Santander on its Internet site. The MBNA agreement relates to Irish residents only, the GE Money agreement relates to Swedish and Polish residents only and the Banco Santander agreement relates to UK residents only. Ryanair generates revenue from MBNA, GE Capital and Banco Santander on the basis of the number of cards issued and the revenues generated through the use of the credit cards. The Access Prepaid Limited prepaid card covers residents in the UK, Ireland, Italy, Spain and Germany.

In fiscal year 2012, Ryanair rolled out handheld Electronic Point of Sale (“EPOS”) devices across its route network. These EPOS devices replaced manual and paper based systems on board the aircraft. The EPOS device enables cabin crew to sell and record their on-board sales transactions more efficiently and generate vastly improved management sales reporting. The EPOS device also issues bus and rail tickets and tickets for tourist attractions.

In fiscal year 2011, Ryanair began offering reserved seating in twenty-one extra legroom seats on each aircraft for a fee on certain routes and this feature was rolled out to all routes in fiscal year 2012.

## **MAINTENANCE AND REPAIRS**

### **General**

As part of its commitment to safety, Ryanair endeavors to hire qualified maintenance personnel, provide proper training to such personnel, and maintain its aircraft in accordance with European industry standards. While Ryanair seeks to maintain its fleet in a cost-effective manner, management does not seek to extend Ryanair’s low-cost operating strategy to the areas of maintenance, training or quality control.

Ryanair’s quality assurance department deals with oversight of all maintenance activities in accordance with Part 145. The European Aviation Safety Agency (“EASA”), which established Part 145, came into being on September 28, 2003, through the adoption of Regulation (EC) No. 1592/2002 of the European Parliament, and its standards superseded the previous Joint Aviation Authority (“JAA”) requirements. See “—Government Regulation—Regulatory Authorities.”

Ryanair is itself an EASA Part 145-approved maintenance contractor and provides its own routine aircraft maintenance and repair services. Ryanair also performs certain checks on its aircraft, including pre-flight, daily, and transit checks at some of its bases, as well as A-checks at its Dublin, London (Stansted), Glasgow (Prestwick), Bremen and Frankfurt (Hahn) facilities. Since December 2003, Ryanair has operated a five-bay hangar facility at its base at Glasgow (Prestwick) in Scotland, where both A-checks and C-checks are performed on the fleet of Boeing 737-800 aircraft. The facility performs up to four C-checks per week, enabling Ryanair to perform all of the heavy maintenance that is currently required on its Boeing 737-800 fleet in-house.

Ryanair opened a five-bay hangar and stores facility at its London (Stansted) airport base in October 2008 to allow Ryanair to carry out additional line maintenance on its expanding fleet. This facility also incorporates two flight simulator devices with space and provisions for two more, together with a cabin crew trainer and associated training rooms. Ryanair has completed the building of a separate training facility adjacent to the hangar to accommodate a full size 737NG training aircraft to allow for cabin crew and engineering training. Ryanair carries out checks and line maintenance in its single-bay aircraft hangar facility in Bremen. Ryanair has also entered into a 30-year sole-tenancy agreement with Frankfurt (Hahn) airport and has taken acceptance of a two-bay hangar and stores facility that also incorporates a two-bay simulator-training center. This facility was completed in January 2011 and allows Ryanair to carry out additional line maintenance including A checks.

Maintenance and repair services that may become necessary while an aircraft is located at some of the other airports served by Ryanair are provided by other Part 145-approved contract maintenance providers. Aircraft return each evening to Ryanair’s bases, where they are examined by Ryanair’s approved engineers or, in the case of Brussels (Charleroi), Stockholm (Skavsta), Frankfurt (Hahn), Barcelona (Girona), Madrid, Alicante, Dusseldorf (Weeze), Bristol, Paphos and Billund, by local Part 145-approved companies.

## **Heavy Maintenance**

As noted above, Ryanair currently has sufficient capacity to be able to carry out all of the routine maintenance work required on its Boeing 737-800 fleet itself. Ryanair opened a new three-bay maintenance hangar at Glasgow (Prestwick) airport in winter 2010 to accommodate the additional maintenance requirements arising from its expanding and aging fleet.

Ryanair contracts out engine overhaul service for its Boeing 737-800 aircraft to General Electric Engine Services pursuant to a 10-year agreement with an option for a 10-year extension, signed in 2004. This comprehensive maintenance contract provides for the repair and overhaul of the CFM56-7B series engines fitted to the first 155 of Ryanair's Boeing 737-800 aircraft, the repair of parts and general technical support for the fleet of engines. On June 30, 2008, the Company finalized a contract for a similar level of coverage and support for the engines on all of its aircraft that have been or are scheduled to be delivered pursuant to the Company's current contracts with Boeing over the period through November 2012. Due to the fact that engines on recently delivered aircraft will not require a scheduled engine overhaul prior to the expiry of the current contract with GE, Ryanair has decided, at this time, not to take up its option to have engines delivered with aircraft after October 2010 covered by this contract. General Electric Engine Services mainly uses its Part 145-approved repair facility in Cardiff, Wales for this work, but also uses the KLM Part 145-approved facility in Amsterdam, and occasionally its Part 145-approved facility in Celma, Brazil. By contracting with experienced Part 145-approved maintenance providers, management believes it is better able to ensure the quality of its aircraft and engine maintenance. Ryanair assigns a Part 145-certified mechanic to oversee all heavy maintenance and to authorize all engine overhauls performed by third parties. Maintenance providers are also monitored closely by the national authorities under EASA and national regulations.

Ryanair expects to be dependent on external service contractors, particularly for engine and component maintenance, for the foreseeable future, notwithstanding the additional capabilities provided by its maintenance facilities at Glasgow (Prestwick), London (Stansted) and Frankfurt (Hahn). See "Item 3. Key Information—Risk Factors—Risks Related to the Company—The Company Is Dependent on External Service Providers."

## **SAFETY RECORD**

Ryanair has not had a single passenger or flight crew fatality in its 27-year operating history. Ryanair demonstrates its commitment to safe operations through its safety training procedures, its investment in safety-related equipment, and its adoption of an internal confidential reporting system for safety issues. The Company's Board of Directors also has an air safety committee to review and discuss air safety and related issues. Michael Horgan, a Company director, is the chairman of this committee and reports to the Board of Directors.

Ryanair's flight training is oriented towards accident prevention and covers all aspects of flight operations. Ryanair maintains full control of the content and delivery of all of its flight crew training, including initial, recurrent, and upgrade phases. All training programs are approved by the Irish Aviation Authority (the "IAA"), which regularly audits both operation control standards and flight crew training standards for compliance with EU legislation.

All of the Boeing 737-800s that Ryanair has bought or committed to buy are certified for Category IIIA landings (automatic landings with minimum horizontal visibility of 200 meters and a 50 feet decision height).

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

Ryanair has installed an Operational Flight Data Monitoring (OFDM) system on each of its Boeing 737-800 aircraft, which automatically provides a confidential report on variations from normal operating limitations detected during the course of each flight. The purpose of this system is to monitor operational trends and inform management of any instance of an operational limit being exceeded. By analyzing these reports, management is able to identify undesirable trends and potential areas of risk, so as to take steps to rectify such deviations, thereby ensuring adherence to Ryanair's flight safety standards.

In November 2008, a Ryanair aircraft suffered a multiple bird strike during its final approach to Rome (Ciampino) airport. This incident caused substantial damage to the aircraft, which resulted in an insurance claim being filed in respect of this aircraft. The damage that it suffered was such that the aircraft was not repaired. It is scheduled as a "disposal" in the table on page 60, although Ryanair has retained ownership of it for certain parts and for training purposes.

## **AIRPORT OPERATIONS**

### **Airport Handling Services**

Ryanair provides its own aircraft and passenger handling and ticketing services at Dublin Airport. Third parties provide these services to Ryanair at most other airports it serves. Servisair plc provides Ryanair's ticketing, passenger and aircraft handling, and ground handling services at many of these airports in Ireland and the U.K. (excluding London (Stansted) Airport where these services are provided primarily by Swissport Ltd.), while similar services in continental Europe are generally provided by the local airport authorities, either directly or through sub-contractors. Management attempts to obtain competitive rates for such services by negotiating multi-year contracts at fixed prices. These contracts are generally scheduled to expire in one to five years, unless renewed, and certain of them may be terminated by either party before their expiry upon prior notice. Ryanair will need to enter into similar agreements in any new markets it may enter. See "Item 3. Key Information—Risk Factors—Risks Related to the Company—The Company Is Dependent on External Service Providers."

During 2009, Ryanair introduced Internet check-in for all passengers and also introduced kiosks at certain airports for the provision of other services. The Company has these kiosks in operation at Dublin, London (Stansted), London (Gatwick), Frankfurt (Hahn), and many of its other bases. The introduction of Internet check-in and kiosks combined with the reduction in the number of bags carried by passengers are expected to enable Ryanair to achieve further reductions in airport handling costs.

### **Airport Charges**

As with other airlines, Ryanair must pay airport charges each time it lands and accesses facilities at the airports it serves. Depending on the policy of the individual airport, such charges can include landing fees, passenger loading fees, security fees and parking fees. Ryanair attempts to negotiate discounted fees by delivering annual increases in passenger traffic, and opts, when practicable, for less expensive facilities, such as less convenient gates and the use of outdoor boarding stairs rather than more expensive jetways. Nevertheless, there can be no assurance that the airports Ryanair uses will not impose higher airport charges in the future and that any such increases would not adversely affect the Company's operations.

As a result of rising airport charges and the introduction of an Air Travel Tax of €10 on passengers departing from Irish airports on routes longer than 300 kilometers from Dublin Airport (€2 on shorter routes), Ryanair reduced its fleet at Dublin airport to 13 during winter 2010 (down from 22 in summer 2008 and 20 in winter 2008). The introduction of the aforementioned €10 tax has likely had a negative impact on the number of passengers traveling to and from Ireland. The Dublin Airport Authority ("DAA") has reported that passenger volumes declined by 25% from 30 million in 2007 to 22 million in 2011. Ryanair believes that this is partly reflective of the negative impact of the tax on Irish travel. Ryanair has called for the elimination of the tax to stimulate tourism during the recession. The Company has cited the example of the Dutch government, which withdrew its travel tax with effect from July 1, 2009. The Dutch travel tax had ranged from €11 for short-haul flights to €45 for long-haul flights and had resulted in a significant decline in passenger volumes at Schiphol Airport, Holland's main airport, according to data published by the airport. Ryanair also complained to the European Commission about the unlawful differentiation in the level of the Irish Air Travel tax between routes within the EU. From April 2011 a single rate

(€3) of the Air Travel Tax has been introduced on all routes. In May 2011 the Irish Government announced that it would abolish the Air Travel Tax, although no details were provided as to when this decision would be implemented. No assurance can be given that the tax will be abolished or indeed that a higher rate of tax will not be applied in the future, which could have a negative impact on demand for air travel. In June 2011, Ryanair proposed to the Irish Government that it would deliver an incremental 5 million passengers per annum over a five year period in return for reduced airport charges and the abolition of the €3 air travel tax. Despite the fact that this offer was renewed in 2012, as of July 20, 2012, the Company has not yet received a positive response to this proposal.

Both the Belgian and Greek governments planned to introduce similar taxes; however, they have now cancelled plans to introduce these taxes. The German government introduced an €8 passenger tax on January 1, 2011 for all departing domestic or short-haul passengers and a passenger tax of €25 for all departing passengers on flights bound for southern Europe and northern Africa. The €8 tax was reduced to €7.50 in January 2012. In addition, the Austrian government introduced an ecological air travel levy of €8 effective January 1, 2011.

In March 2007, the discount arrangement formerly in place at London (Stansted) airport terminated, subjecting Ryanair to an average increase in charges of approximately 100%. The increase in these charges, which was passed on in the form of higher ticket prices, had a negative impact on yields and passenger volumes in the winter, resulting in Ryanair's decision to ground seven aircraft. Ryanair responded to the increases by filing complaints with the U.K. Office of Fair Trading ("OFT") and the Competition Commission, calling for the break-up of the British Airports Authority plc ("BAA") monopoly and the introduction of competition in the London airports market. The OFT referred the matter to the Competition Commission, whose preliminary findings were released in April 2008. The Competition Commission found that the common ownership by BAA of the three main airports in London affects competition and that a "light touch" approach to regulating BAA by the Civil Aviation Authority was adversely impacting competition. The Competition Commission subsequently in March 2009, ordered the break-up of BAA, a reorganization that will require the sale of both London (Gatwick) and London (Stansted) airports and either Glasgow or Edinburgh Airport in Scotland. In October 2009, London (Gatwick) was sold to Global Infrastructure Partners for £1.5 billion. In February 2010, this decision by the Competition Commission was quashed by the UK Competition Appeal Tribunal ("Competition Appeal Tribunal") on the basis of an alleged appearance of bias on the part of one of the six members of the Competition Commission panel. However, in October 2010, following appeals from the Competition Commission and Ryanair, the Court of Appeal overturned the Competition Appeals Tribunal ruling and reinstated the Competition Commission's March 2009 decision to order the break-up of the BAA airport monopoly. In February 2011 BAA's request for permission to appeal the Court of Appeal ruling was refused by the Supreme Court, putting an end to this appeal process. The Competition Commission meanwhile initiated a consultation on the appropriateness of the March 2009 remedies given the passage of time. In July 2011 the Competition Commission confirmed its March 2011 provisional decision on "possible material changes of circumstances." It found that no material changes of circumstances (that would necessitate a change in the remedies package) have occurred since the March 2009 decision requiring the BAA to sell Gatwick, Stansted and one of Glasgow or Edinburgh airports, and that consequently the BAA should proceed to dispose of Stansted and one of the Scottish airports. The BAA appealed this decision to the Competition Appeal Tribunal, and lost on February 1, 2012. The BAA then brought a further appeal to the Court of Appeal, which they also lost on July 26, 2012. The BAA then announced that they intend to appeal this decision to the UK Supreme Court in 2012. While these appeals were ongoing, the BAA proceeded to sell Edinburgh airport in April 2012. Ryanair believes that Stansted airport will be sold in the next 6-12 months, unless the BAA is successful in the Court of Appeal or unless it manages to appeal a negative Court of Appeal ruling to the Supreme Court, which would likely delay the sale further. Following the December 2003 publication of the U.K. government's White Paper on Airport Capacity in the Southeast of England, the BAA in 2004 announced plans to spend up to £4 billion on a multi-year project to construct a second runway and additional terminal facilities at London (Stansted) airport with a target opening date of 2013. Ryanair and other airlines using London (Stansted) support the principle of a second runway at London (Stansted), but are opposed to this development because they believe that the financing of what they consider to be an overblown project will lead to airport costs approximately doubling from current levels. In May 2010 the BAA announced that it would not proceed with this £4 billion program.



Ryanair announced on July 21, 2009 that, as a result of the U.K. government's then £10 APD tourist tax (as well as the then scheduled increase in APD from £10 to £11, which occurred in November 2009, from £11 to £12 which occurred in November 2010 and from £12 to £13 in April 2012) and the high costs of operating at its London (Stansted) base, it would implement a 40% reduction in capacity at such base between October 2009 and March 2010. In particular, the Company announced its intention to reduce its London (Stansted)-based aircraft from the then current 40 to 24 during the aforementioned period, and also reduce by 30% the number of weekly Ryanair flights to and from the airport. The Company announced at that time that it expected these cuts to result in 2.5 million fewer passenger trips during the period. In addition, on June 29, 2010, due to the continuance of the U.K. government's £11 APD tourist tax and high charges at London (Stansted) airport, the Company announced that capacity at London (Stansted) airport would be reduced from winter 2010 by 17% and the number of aircraft based at London (Stansted) would be reduced to 22. Ryanair also noted that, as a result of other capacity reductions at its U.K. bases except for the bases at Edinburgh and Leeds Bradford, its total U.K. capacity fell by 16% in the period from November 1, 2010 to March 31, 2011. See "Item 3. Risk Factors—Risks Related to the Company—Ryanair's Continued Growth is Dependent on Access to Suitable Airports; Charges for Airport Access are Subject to Increase." See also "Item 8. Financial Information—Other Financial Information—Legal Proceedings—EU State Aid-Related Proceedings" for information regarding legal proceedings in which Ryanair's economic arrangements with several publicly owned airports are being contested.

## FUEL

The cost of jet fuel accounted for approximately 43% and 39% of Ryanair's total operating expenses in the fiscal years ended March 31, 2012 and 2011, respectively (in each case, this accounts for costs after giving effect to the Company's fuel hedging activities but excludes de-icing costs, which accounted for approximately 1% of total fuel costs in each of the fiscal years ended March 31, 2012 and 2011). Jet fuel costs experienced substantial variance in the fiscal years ended March 31, 2012 and 2011. The future availability and cost of jet fuel cannot be predicted with any degree of certainty, and Ryanair's low-fares policy limits its ability to pass on increased fuel costs to passengers through increased fares. Jet fuel prices are dependent on crude oil prices, which are quoted in U.S. dollars. If the value of the U.S. dollar rises against the euro, Ryanair's fuel costs, expressed in euro, may increase even absent any increase in the U.S. dollar price of jet fuel. Ryanair has also entered into foreign currency forward contracts to hedge against some currency fluctuations. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Foreign Currency Exposure and Hedging."

Ryanair has historically entered into arrangements providing for substantial protection against fluctuations in fuel prices, generally through forward contracts covering periods of up to 18 months of anticipated jet fuel requirements. Ryanair (like many other airlines) has, in more recent periods, entered into hedging arrangements on a much more selective basis. As of July 27, 2012, Ryanair had entered into forward jet fuel (jet kerosene) contracts covering approximately 90% of its estimated requirements for the fiscal year ending March 31, 2013 at prices equivalent to approximately \$1,000 per metric ton. In addition, as of July 27, 2012, Ryanair had entered into forward jet fuel (jet kerosene) contracts covering approximately 50% of its estimated requirements for the first half of the fiscal year ending March 31, 2014 at prices equivalent to approximately \$935 per metric ton, and had not entered into any jet fuel hedging contracts with respect to its expected fuel purchases beyond that period. See "Item 3. Key Information—Risk Factors—Risks Related to the Company—Changes in Fuel Costs and Fuel Availability Affect the Company's Results and Increase the Likelihood of Adverse Impact to the Company's Profitability" and "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Fuel Price Exposure and Hedging" for additional information on recent trends in fuel costs and the Company's related hedging activities, as well as certain associated risks. See also "Item 5. Operating and Financial Review and Prospects—Fiscal Year 2012 Compared with Fiscal Year 2011—Fuel and Oil."

The following table details Ryanair’s fuel consumption and costs for scheduled operations (i.e. it excludes costs related to de-icing and EU emissions trading costs) after giving effect to the Company’s fuel hedging activities for fiscal years ended March 31, 2012, 2011 and 2010. The excluded de-icing costs amounted to €9.3 million, €11.2 million and €11.6 million, respectively, for the fiscal years ended March 31, 2012, 2011 and 2010. De-icing costs are costs incurred for the labor and anti-freeze used to de-ice aircraft. The excluded EU emissions trading costs amounted to €2.2 million, nil and nil, respectively for the fiscal years ended March 31, 2012, 2011 and 2010.

	<b>Fiscal Year ended March 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Scheduled fuel consumption (millions of U.S. gallons).....	762.5	692.2	582.5
Available seat miles (ASM) (millions) .....	71,139.7	63,358.3	53,469.6
Scheduled fuel consumption (U.S. gallons) per ASM .....	0.011	0.011	0.011
Total scheduled fuel costs (a) (€ millions) .....	1,582.1	1,215.8	882.3
Cost per U.S. gallon .....	€2.075	€1.756	€1.515
Total scheduled fuel costs as a percentage of total operating costs .....	42.7%	38.7%	34.1%

(a) Omits de-icing costs and EU emissions trading costs.

## INSURANCE

Ryanair is exposed to potential catastrophic losses that may be incurred in the event of an aircraft accident or terrorist incident. Any such accident or incident could involve costs related to the repair or replacement of a damaged aircraft and its consequent temporary or permanent loss from service. In addition, an accident or incident could result in significant legal claims against the Company from injured passengers and others who experienced injury or property damage as a result of the accident or incident, including ground victims. Ryanair maintains aviation third-party liability insurance, passenger liability insurance, employer liability insurance, directors and officers liability insurance, aircraft insurance for aircraft loss or damage, and other business insurance in amounts per occurrence consistent with industry standards. Ryanair believes its insurance coverage is adequate, although not comprehensive. There can be no assurance that the amount of such coverage will not need to be increased, that insurance premiums will not increase significantly or that Ryanair will not be forced to bear substantial losses from accidents. Ryanair’s insurance does not cover claims for losses incurred when, due to unforeseen events, airspace is closed and aircraft are grounded, such as the airspace closures described on page 17, which resulted from volcanic ash in the northern European airspace during April and May 2010.

The cost of insurance coverage for certain third-party liabilities arising from “acts of war” or terrorism increased dramatically as a result of the September 11, 2001 terrorist attacks. In the immediate aftermath, aircraft liability war indemnities for amounts above \$50 million were, in the absence of any alternative coverage, provided by the Irish Government at pre-September 11, 2001 levels of coverage on the basis of a per-passenger surcharge. In March 2002, once such coverage was again commercially available, Ryanair arranged coverage to replace that provided by the government indemnity. The replacement insurance coverage operated on the basis of a per-passenger surcharge with an additional surcharge based on hull values. Ryanair’s insurers have indicated that the scope of the Company’s current war-related insurance coverage may exclude certain types of catastrophic incidents, which may result in the Company seeking alternative coverage. Ryanair to date has passed increased insurance costs on to passengers by means of a special “insurance levy” on each ticket.

During the 2006 fiscal year, Ryanair established Aviation Insurance (IOM) Limited (“AIL”), a wholly owned insurance company subsidiary, to provide the Company with self-insurance as part of its ongoing risk-management strategy. AIL underwrites a portion of the Company’s aviation insurance program, which covers not only the Company’s aircraft but also its liability to passengers and to third parties. AIL reinsures virtually all of the aviation insurance risk it underwrites with recognized third parties in the aviation reinsurance market, with the amount of AIL’s maximum aggregate exposure not currently subject to such reinsurance agreements being equal to approximately \$16.5 million. In addition to aviation insurance, AIL has underwritten most of the single trip travel insurance policies sold on Ryanair.com since February 1, 2011.

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. Ryanair has extended its liability insurance to meet the appropriate requirements of the legislation. See “Item 3. Key Information—Risk Factors—Risks Related to the Airline Industry—The Company Faces the Risk of Loss and Liability” for information on the Company’s risks of loss and liability.

### FACILITIES

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

<b>Location</b>	<b>Site Area (Sq. Meters)</b>	<b>Floor Space (Sq. Meters)</b>	<b>Tenure</b>	<b>Activity</b>
Dublin Airport .....	1,116	1,395	Leasehold	Corporate Headquarters
Dublin Airport (Hangar No. 1)	1,620	1,620	Leasehold	Aircraft Maintenance
Dublin Airport (Hangar No. 2)	5,200	5,000	Leasehold	Aircraft Maintenance
Dublin Airport Business Park..	955	749	Leasehold	Administration Offices
Phoenix House, Conyngham Road, Dublin .....	2,566	3,899	Freehold	Administration Offices
Satellite 3, Stansted Airport.....	605	605	Leasehold	Operations Center and Administrative Offices
Stansted Airport (Hangar) .....	12,161	10,301	Leasehold	Aircraft Maintenance Hangar and Simulator Training Center
Stansted Airport.....	375	375	Leasehold	Training Centre
Stansted Storage Facilities.....	378	531	Leasehold	Aircraft Maintenance
East Midlands Airport .....	3,890	2,801	Freehold	Simulator and Training Center
East Midlands Airport .....	2,045	634	Leasehold	Training Center
Bremen Airport.....	5,952	5,874	Leasehold	Terminal and Aircraft Maintenance Hangar
Skavsta Airport (Hangar) .....	1,936	1,936	Leasehold	Aircraft Maintenance
Prestwick Airport (Hangar) .....	10,052	10,052	Leasehold	Aircraft Maintenance
Frankfurt (Hahn) Airport (Hangar) .....	5,064	5,064	Leasehold	Aircraft Maintenance Hangar and Simulator Training Center
Kaunas Airport (Hangar).....	1,700	1,700	Leasehold	Aircraft Maintenance
Rygge Airport (Hangar) .....	1,700	1,700	Leasehold	Aircraft Maintenance

Ryanair has agreements with the DAA, the Irish government authority charged with operating Dublin Airport, to lease bag-drop counters and other space at the passenger and cargo terminal facilities at Dublin Airport. The airport office facilities used by Ryanair at London (Stansted) are leased from the airport authority; similar facilities at each of the other airports Ryanair serves are provided by Servisair plc or other service providers.

## TRADEMARKS

Ryanair's logo and the slogans "Ryanair.com The Low Fares Website" and "Ryanair The Low Fares Airline" have been registered as Community Trade Marks ("CTMs"). Ryanair has also registered the CTM for the word "Ryanairhotels.com." A CTM allows a trademark owner to obtain a single registration of its trademark, which registration affords uniform protection for that trademark in all EU member states. The registration gives Ryanair an exclusive monopoly over the use of its trade name with regard to similar services and the right to sue for trademark infringement should another party use an identical or confusingly similar trademark in relation to identical, or similar services.

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

Ryanair's trademarks include:

- Community (Word) Trade Mark registration number 004168721 comprised of the word "Ryanair" in classes 16, 28, 35, 36, 37, 38, 39 and 42 (Nice Classification);
- Community (Figurative) Trade Mark registration number 001493329 comprising the following graphic representation:



in classes 16, 35, 36, 37, 38, 39 and 42 (Nice Classification) and class 27.5.1 (Vienna classification);

- Community (Figurative) Trade Mark registration number 00446559 comprising the following graphic representation:



in classes 16, 35, 36, 37, 38, 39 and 42 (Nice Classification) and class 22.1.16 (Vienna classification);

- Community (Figurative) Trade Mark registration number 000338301 comprising the following graphic representation:



in classes 16, 35, 36, 37, 38, 39 and 42 (Nice Classification) and class 22.1.16 (Vienna classification)

## GOVERNMENT REGULATION

### Liberalization of the EU Air Transportation Market

Ryanair began its flight operations in 1985, during a decade in which the governments of Ireland and the U.K. liberalized the bilateral arrangements for the operation of air services between the two countries. In 1992, the Council of Ministers of the EU adopted a package of measures intended to liberalize the internal market for air transportation in the EU. The liberalization included measures that allow EU air carriers substantial freedom to set air fares, provided EU air carriers greatly enhanced access to routes within the EU, and also introduced a licensing procedure for EU air carriers. Beginning in April 1997, EU air carriers have generally been able to provide passenger services on domestic routes within any EU member state outside their home country of operations without restriction. See also “—Industry Overview—European Airline Market.”

### Regulatory Authorities

Ryanair is subject to Irish and EU regulation, which is implemented primarily by the Department of Transport, the IAA, the European Commission, and the EASA. Management believes that the present regulatory environment in Ireland and the EU is characterized by high sensitivity to safety and security issues, which is demonstrated by intensive reviews of safety-related procedures, training, and equipment by the national and EU regulatory authorities.

*Commission for Aviation Regulation.* The CAR is currently primarily responsible for deciding maximum airport charges only at Dublin Airport. See “—Airport Operations—Airport Charges” above.

The CAR also has responsibility for licensing Irish airlines, subject to the requirements of EU law. It issues operating licenses under the provisions of EU Regulation 1008/2008 (formerly 2407/92). An operating license is an authorization permitting the holder to transport passengers, mail and/or cargo by air. The criteria for granting an operating license include, *inter alia*, an air carrier’s financial fitness, the adequacy of its insurance, and the fitness of the persons who will manage the air carrier. In addition, in order to obtain and maintain an operating license, Irish and EU regulations require that (i) the air carrier must be owned and continue to be owned directly or through majority ownership by EU member states and/or nationals of EU member states and (ii) the air carrier must at all times be effectively controlled by such EU member states or EU nationals. The CAR has broad authority to revoke an operating license. See “Item 10. Additional Information—Limitations on Share Ownership by Non-EU Nationals.” See also “Item 3. Risk Factors—Risks Related to Ownership of the Company’s Ordinary Shares or ADRs—EU Rules Impose Restrictions on the Ownership of Ryanair Holdings’ Ordinary Shares by Non-EU nationals and the Company has Instituted a Ban on the Purchase of Ordinary Shares by Non-EU Nationals” above.

The CAR is also responsible for deciding whether a regulated airport should be coordinated or fully coordinated under Council Regulation (EEC) No. 95/93 (as amended by Regulation (EC) No. 793/2004) on slots and for authorizing ground handling operations under Council Directive 96/67/EC and its implementing legislation. In April 2005, the CAR announced that Dublin Airport would be fully slot-coordinated beginning in March 2006. Ryanair successfully challenged this decision in the Irish High Court, and the decision was overturned in July 2006. In February 2007, the CAR re-imposed full coordination at Dublin Airport. Ryanair again challenged this decision in the Irish High Court, but subsequently withdrew the challenge. See “—Slots” below for additional information regarding this litigation.

Ryanair’s current operating license became effective on December 1, 1993, and is subject to periodic review. The Flight Operations Department is also subject to ongoing review by the Irish Aviation Authority (the IAA), which reviews the department’s audits, including flight audits, training audits, document audits, and quality audits. Ryanair’s current Air Operator Certificate No IE 7/94 was issued on January 26, 2011.

*Irish Aviation Authority.* The IAA is primarily responsible for the operational and regulatory function and services relating to the safety and technical aspects of aviation in Ireland. To operate in Ireland and the EU, an Irish air carrier is required to hold an operator's certificate granted by the IAA attesting to the air carrier's operational and technical competence to conduct airline services with specified types of aircraft. The IAA has broad authority to amend or revoke an operator's certificate, with Ryanair's ability to continue to hold its operator's certificate being subject to ongoing compliance with applicable statutes, rules and regulations pertaining to the airline industry, including any new rules and regulations that may be adopted in the future.

The IAA is also responsible for overseeing and regulating the operations of Irish air carriers. Matters within the scope of the IAA's regulatory authority include: air safety; aircraft certification; personnel licensing and training; maintenance, manufacture, repair, airworthiness, and operation of aircraft; implementation of EU legislation; aircraft noise; and ground services. Each of the Company's aircraft is required to have a Certificate of Airworthiness, which is issued by the IAA. The validity of Certificates of Airworthiness is subject to the review of a committee of the IAA. Each certificate is generally valid for a 12-month period. In March 2009, Ryanair received "Sub-Part (I) approval" from the IAA, which gives Ryanair the authority to extend the validity of its certificates, subject to certain record checks and physical aircraft inspections being performed by Ryanair's quality department. The Company's flight personnel, flight and emergency procedures, aircraft, and maintenance facilities are subject to periodic inspections and tests by the IAA. The IAA has broad regulatory and enforcement powers, including the authority to require reports; inspect the books, records, premises, and aircraft of a carrier; and investigate and institute enforcement proceedings. Failure to comply with IAA regulations can result in revocation of operating certification.

In July 1999, the IAA awarded Ryanair an air operator's certificate, which is subject to routine audit and review, in recognition of Ryanair's satisfaction of the relevant EU requirements for the operation of commercial air transport ("EU OPS 1"). The requirements of EU OPS 1 have been incorporated into European law as prescribed in Regulation (EEC) 3922/91 and were applied in full on July 16, 2008. All current regulatory requirements are addressed in the Ryanair Operations Manual Part A (as amended). The current Manual, Issue 3 Revision 7, was approved by the IAA on April 1, 2011.

*Department of Transport.* The Department of Transport ("DOT") is responsible for implementation of certain EU and Irish legislation and international standards relating to air transport (e.g., noise levels, aviation security, etc.).

In June 2005, the Irish Minister for Transport enacted legislation strengthening rights for air passengers following the enactment of EU legislation requiring compensation of airline passengers who have been denied boarding on a flight for which they hold a valid ticket (Regulation (EC) No. 261/2004), which came into force on February 17, 2005. See "Item 3. Risk Factors—Risks Related to the Airline Industry—EU Regulation on Passenger Compensation Could Significantly Increase Related Costs."

*The European Aviation Safety Agency.* EASA is an agency of the EU that has been given specific regulatory and executive tasks in the field of aviation safety. EASA was established through Regulation (EC) No. 1592/2002 of the European Parliament and the Council of July 15, 2002. The purpose of EASA is to draw-up common standards to ensure the highest levels of safety, oversee their uniform application across Europe and promote them at the global level. The EASA formally started its work on September 28, 2003, taking over the responsibility for regulating airworthiness and maintenance issues within the EU member states.

*Eurocontrol.* The European Organization for the Safety of Air Navigation ("Eurocontrol") is an autonomous European organization established under the Eurocontrol Convention of December 13, 1960. Eurocontrol is responsible for, *inter alia*, the safety of air navigation and the collection of route charges for *en route* air navigation facilities and services throughout Europe. Ireland is a party to several international agreements concerning Eurocontrol. These agreements have been implemented in Irish law, which provides for the payment of charges to Eurocontrol in respect of air navigation services for aircraft in airspace under the control of Eurocontrol. The relevant legislation imposes liability for the payment of any charges upon the operators of the aircraft in respect of which services are provided and upon the owners of such aircraft or the managers of airports used by such aircraft. Ryanair, as an aircraft operator, is primarily responsible for the payment to Eurocontrol of charges incurred in relation to its aircraft.

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

*European Commission.* The European Commission is in the process of introducing a “single European sky policy,” which would lead to changes to air traffic management and control within the EU. The “single European sky policy” currently consists of the Framework Regulation (Reg. (EC) No. 549/2004) plus three technical regulations on the provision of air navigation services, organization and use of the airspace and the interoperability of the European air traffic management network. These regulations have recently been amended by the so-called “Single European Sky II” regulation (EU Regulation 1070/09). The objective of the policy is to enhance safety standards and the overall efficiency of air traffic in Europe, as well as to reduce the cost of air traffic control services.

On September 6, 2005, the European Commission announced new guidelines on the financing of airports and start-up aid to airlines by regional airports based on its February 2004 finding in the Charleroi case, a decision that the CFI has since annulled in December 2008. The guidelines only apply to publicly owned regional airports, and place restrictions on the incentives that these airports can offer airlines to deliver traffic. Ryanair believes that the CFI’s annulment of the Charleroi decision severely undermines these guidelines. In April 2011, the European Commission launched a consultation on the revision of the 2005 guidelines. However, no assurance can be given that the revised guidelines will better reflect the commercial reality of the liberalized air transport market and consequently allow public airports to offer similar incentives to those offered by private airports.

The European Union also adopted legislation on airport charges (EU Directive 2009/12), which was originally intended to address abusive pricing at monopoly airports. However, the legislation includes all European airports with over five million passengers per year. Management believes that this will likely increase the administrative burdens on smaller airports and may lead to higher airport charges, while the scope that exists within this Directive to address abuses of their dominant positions by Europe’s larger airports is very limited. See “Item 7. Major Shareholders and Related-Party Transactions —Other Financial Information—Legal Proceedings—EU State Aid-Related Proceedings.”

The European Union also passed legislation calling for increased transparency in airline fares, which requires the inclusion of all mandatory taxes, fees, and charges in advertised prices. Ryanair currently includes this information in its advertised fares in all markets where it operates. However, certain regulatory authorities have alleged that some fees applied by airlines, including Ryanair, on an avoidable basis are in fact mandatory. Ryanair amended its website to include information on fees in June 2012 and plans to incorporate further changes to meet these requirements on its website in August 2012 and December 2012.

## **Registration of Aircraft**

Pursuant to the Irish Aviation Authority (Nationality and Registration of Aircraft) Order 2002 (the “Order”), the IAA regulates the registration of aircraft in Ireland. In order to be registered or continue to be registered in Ireland, an aircraft must be wholly owned by either (i) a citizen of Ireland or a citizen of another member state of the EU having a place of residence or business in Ireland or (ii) a company registered in and having a place of business in Ireland and having its principal place of business in Ireland or another member state of the EU and not less than two-thirds of the directors of which are citizens of Ireland or of another member state of the EU. As of the date of this report, seven of the nine directors of Ryanair Holdings are citizens of Ireland or of another member state of the EU. An aircraft will also fulfill these conditions if it is wholly owned by such citizens or companies in combination. Notwithstanding the fact that these particular conditions may not be met, the IAA retains discretion to register an aircraft in Ireland so long as it is in compliance with the other conditions for registration under the Order. Any such registration may, however, be made subject to certain conditions. In order to be registered, an aircraft must also continue to comply with any applicable provisions of Irish law. The registration of any aircraft can be cancelled if it is found that it is not in compliance with the requirements for registration under the Order and, in particular: (i) if the ownership requirements are not met; (ii) if the aircraft has failed to comply with any applicable safety requirements specified by the IAA in relation to the aircraft or aircraft of a similar type; or (iii) if the IAA decides in any case that it is not in the public interest for the aircraft to remain registered in Ireland.

## **Regulation of Competition**

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

An aggrieved person may sue for breach of EU competition law in the courts of a member state and/or petition the European Commission for an order to put an end to the breach of competition law. The European Commission also may impose fines and daily penalties on businesses and the courts of the member states may award damages and other remedies (such as injunctions) in appropriate circumstances.

Competition law in Ireland is primarily embodied in the Competition Act 2002. This Act is modeled on the EU competition law system. The Irish rules generally prohibit anti-competitive arrangements among businesses and prohibit the abuse of a dominant position. These rules are enforced either by public enforcement (primarily by the Competition Authority) through both criminal and civil sanctions or by private action in the courts. These rules apply to the airline sector, but are subject to EU rules that override any contrary provisions of Irish competition law. Ryanair has been subject to an abuse-of-dominance investigation by the Irish Competition Authority in relation to service between Dublin and Cork. The Competition Authority closed its investigation in July 2009 with a finding in favor of Ryanair.

*State Aid.* The EU rules control aid granted by member states to businesses on a selective or discriminatory basis. The EU Treaty prevents member states from granting such aid unless approved in advance by the EU. Any such grant of state aid to an airline is subject to challenge before the EU or, in certain circumstances, national courts. If aid is held to have been unlawfully granted it may have to be repaid by the airline to the granting member state, together with interest thereon. See “Item 3. Key Information—Risk Factors—Risks Related to the Company—The Company Is Subject to Legal Proceedings Alleging State Aid at Certain Airports” and “Item 8. Financial Information—Other Financial Information—Legal Proceedings.”

## **Environmental Regulation**

*Aircraft Noise Regulations.* Ryanair is subject to international, national and, in some cases, local noise regulation standards. EU and Irish regulations have required that all aircraft operated by Ryanair comply with Stage 3 noise requirements since April 1, 2002. All of Ryanair’s aircraft currently comply with these regulations. Certain airports in the U.K. (including London Stansted and London Gatwick) and continental Europe have established local noise restrictions, including limits on the number of hourly or daily operations or the time of such operations.

*Company Facilities.* Environmental controls are generally imposed under Irish law through property planning legislation, specifically the Local Government (Planning and Development) Acts of 1963 to 1999, the Planning and Development Act 2000 and regulations made thereunder. At Dublin Airport, Ryanair operates on land controlled by the DAA. Planning permission for its facilities has been granted in accordance with both the zoning and planning requirements of Dublin Airport. There is also specific Irish environmental legislation implementing applicable EU directives and regulations, to which Ryanair adheres. From time to time, noxious or potentially toxic substances are held on a temporary basis within Ryanair’s engineering facilities at Dublin Airport, Glasgow (Prestwick), London (Stansted), Frankfurt (Hahn), Stockholm (Skavsta), Oslo (Rygge) and Kaunas. However, at all times Ryanair’s storage and handling of these substances complies with the relevant regulatory requirements. At Ryanair’s Glasgow (Prestwick) and London (Stansted) maintenance facilities, all normal waste is removed in accordance with the Environmental Protection Act of 1996 and Duty of Care Waste Regulations. For special waste removal, Ryanair operates under the Special Waste Regulations 1998. At all other facilities Ryanair adheres to all local and EU regulations.



*Ryanair's Policy on Noise and Emissions.* Ryanair is committed to reducing emissions and noise through investments in “next generation” aircraft and engine technologies and the implementation of certain operational and commercial decisions to minimize the environmental impact of its operations. According to the latest Air Travel Carbon and Energy Efficiency Report published by Brighter Planet, Ryanair is the industry leader in terms of environmental efficiency, and the Company is constantly working towards improving its performance.

In December 2005, Ryanair completed the fleet replacement program it commenced in 1999. All of Ryanair’s older Boeing 737-200A aircraft were replaced with Boeing 737-800 “next generation” aircraft, and Ryanair now operates a single-aircraft-type fleet of Boeing 737-800 “next generation” aircraft with an average age of just over 3.8 years. The design of the new aircraft is aimed at minimizing drag, thereby reducing the rate of fuel burn and noise levels. The engines are also quieter and more fuel-efficient. Furthermore, by moving to an all Boeing 737-800 “next generation” fleet, Ryanair reduced the unit emissions per passenger due to the inherent capacity increase in the Boeing 737-800 aircraft. The Boeing 737-800 “next generation” aircraft have a significantly superior fuel-burn to passenger-kilometer ratio than Ryanair’s former fleet of Boeing 737-200A aircraft. See “—Aircraft” above for details on Ryanair’s fleet plan.

Ryanair has also installed winglets on all of its existing aircraft and all future aircraft will also be fitted with winglets. Winglets reduce both the rate of fuel burn and carbon dioxide emissions by approximately 4% and also reduce noise emissions.

In addition, Ryanair has distinctive operational characteristics that management believes are helpful to the general environment. In particular, Ryanair:

- operates with a high-seat density of 189 seats and an all-economy configuration, as opposed to the 162 seats and two-class configuration of the Boeing 737-800 aircraft used by traditional network airlines, reducing fuel burn and emissions per seat-kilometer flown;
- has reduced per-passenger emissions through higher load factors;
- better utilizes existing infrastructure by operating out of underutilized secondary and regional airports throughout Europe, which limits the use of holding patterns and taxiing times, thus reducing fuel burn and emissions and reducing the need for new airport infrastructure;
- provides direct services as opposed to connecting flights, in order to limit the need for passengers to transfer at main hubs and thus reduces the number of take-offs and landings per journey from four to two, reducing fuel burn and emissions per journey; and
- has no late-night departures of aircraft, reducing the impact of noise emissions.

*Emissions Trading.* On November 19, 2008, the European Council of Ministers adopted legislation to add aviation to the EU Emissions Trading Scheme as of 2012. This scheme, which has thus far applied mainly to energy producers, is a cap-and-trade system for CO<sub>2</sub> emissions to encourage industries to improve their CO<sub>2</sub> efficiency. Under the legislation, airlines were granted initial CO<sub>2</sub> allowances based on historical “revenue ton kilometers” and a CO<sub>2</sub> efficiency benchmark. Any shortage of allowances has to be purchased in the open market and/or at government auctions. The Company has estimated its carbon credit requirements in respect of 2012 and has hedged its exposures at a cost of approximately €10 to €15 million. Management believes that this legislation is likely to have a negative impact on the European airline industry. Ryanair takes its environmental responsibilities seriously and intends to continue to improve its environmental efficiency and to minimize emissions.

*Aviation Taxes.* Ryanair is fundamentally opposed to the introduction of any aviation taxes, including any environmental taxes, fuel taxes or emissions levies. Ryanair has and continues to offer the lowest fares in Europe, to make passenger air travel affordable and accessible to European consumers. Ryanair believes that the imposition of additional taxes on airlines will not only increase airfares, but will discourage new entrants into the market, resulting in less choice for consumers. Ryanair believes this would ultimately have adverse effects on the European economy in general. There is in particular no justification for any environmental taxes on aviation following the introduction of the Emissions Trading Scheme for airlines.

As a company, Ryanair believes in free market competition and that the imposition of aviation taxation would favor the less efficient flag carriers – which generally have smaller and older aircraft, lower load factors, and a much higher fuel burn per passenger, and which operate primarily into congested airports – and reduce competition. Furthermore, the introduction of a tax at a European level only would distort competition between airlines operating solely within Europe and those operating also outside of Europe. We believe that the introduction of such a tax would also be incompatible with international law. See “Item 3. Key Information—Risk Factors—Introduction of New or Increases in Existing Aviation Taxes Could Increase Costs.”

### **Airport charges**

The EU Airport Charges Directive of March 2009 sets forth general principles that are to be followed by airports with more than five million passenger per annum, and all capital city airports irrespective of their passenger throughput, when setting airport charges, and provides for an appeals procedure for airlines in the event they are not satisfied with the level of charges. However, Ryanair does not believe that this procedure will be effective or that it will constrain those airports that are currently abusing their dominant position, in part because the legislation was mis-transposed in certain countries, such as Ireland, so as to deprive airlines of even the basic safeguards provided for in the Directive. This legislation may in fact lead to higher airport charges, depending on how its provisions are applied by EU member states and subsequently by the courts.

### **Slots**

Currently, the majority of Ryanair’s bases of operations have no “slot” allocation restrictions; however, traffic at a substantial number of the airports Ryanair serves, including its primary bases, are regulated by means of “slot” allocations, which represent authorizations to take off or land at a particular airport within a specified time period. In addition, EU law currently regulates the acquisition, transfer, and loss of slots. Applicable EU regulations currently prohibit the buying or selling of slots for cash. The European Commission adopted a regulation in April 2004 (Regulation (EC) No. 793/2004) that made some minor amendments to the current allocation system, allowing for limited transfers of, but not trading in, slots. Slots may be transferred from one route to another by the same carrier, transferred within a group or as part of a change of control of a carrier, or swapped between carriers. In April 2008, the European Commission issued a communication on the application of the slot allocation regulation, signaling the acceptance of secondary trading of airport slots between airlines. This is expected to allow more flexibility and mobility in the use of slots and will further enhance possibilities for market entry at slot constrained airports. Any future legislation that might create an official secondary market for slots could create a potential source of revenue for certain of Ryanair’s current and potential competitors, many of which have many more slots allocated at primary airports at present than Ryanair. The European Union is currently considering such proposals as part of a review of the slots legislation announced in December 2011. Slot values depend on several factors, including the airport, time of day covered, the availability of slots and the class of aircraft. Ryanair’s ability to gain access to and develop its operations at slot-controlled airports will be affected by the availability of slots for takeoffs and landings at these specific airports. New entrants to an airport are currently given certain privileges in terms of obtaining slots, but such privileges are subject to the grandfathered rights of existing operators that are utilizing their slots. While Ryanair generally seeks to avoid slot-controlled airports, there is no assurance that Ryanair will be able to obtain a sufficient number of slots at the slot-controlled airports that it desires to serve in the future at the time it needs them or on acceptable terms.

## **Other**

Health and occupational safety issues relating to the Company are largely addressed in Ireland by the Safety, Health and Welfare at Work Act, 2005 and other regulations under that act. Although licenses or permits are not issued under such legislation, compliance is monitored by the Health and Safety Authority (the “Authority”), which is the regulating body in this area. The Authority periodically reviews Ryanair’s health and safety record and when appropriate, issues improvement notices or prohibition notices. Ryanair has responded to all such notices to the satisfaction of the Authority. Other safety issues are covered by the Irish Aviation Orders, which may vary from time to time.

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

## **DESCRIPTION OF PROPERTY**

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

### **Item 4A. *Unresolved Staff Comments***

There are no unresolved staff comments.

### **Item 5. *Operating and Financial Review and Prospects***

The following discussion should be read in conjunction with the audited consolidated financial statements of the Company and the notes thereto included in Item 18. Those consolidated financial statements have been prepared in accordance with IFRS.

## **HISTORY**

Ryanair’s current business strategy dates to the early 1990s, when a new management team, including the current chief executive, commenced the restructuring of Ryanair’s operations to become a low-fares airline based on the low-cost operating model pioneered by Southwest Airlines Co. in the United States. During the period between 1992 and 1994, Ryanair expanded its route network to include scheduled passenger services between Dublin and Birmingham, Manchester and Glasgow (Prestwick). In 1994, Ryanair began standardizing its fleet by purchasing used Boeing 737-200A aircraft to replace substantially all of its leased aircraft. Beginning in 1996, Ryanair continued to expand its service from Dublin to new provincial destinations in the U.K. In August 1996, Irish Air, L.P., an investment vehicle led by David Bonderman and certain of his associates at the Texas Pacific Group, acquired a minority interest in the Company. Ryanair Holdings completed its initial public offering in June 1997.

From 1997 through June 30, 2012, Ryanair launched service on more than 1,500 routes throughout Europe and also increased the frequency of service on a number of its principal routes. During that period, in addition to Dublin, Ryanair established 51 airports as bases of operations. See “Item 4. Information on the Company—Route System, Scheduling and Fares” for a list of these bases. Ryanair has increased the number of booked passengers from 4.9 million in the 1999 fiscal year to approximately 75.8 million in the 2012 fiscal year. Ryanair had 294 Boeing 737-800 aircraft as of June 30, 2012, and now serves approximately 160 airports with a team of over 8,500 people.

Ryanair expects to have 305 aircraft in its operating fleet by March 31, 2013. During the period through March 2014, the Company may hand back up to four Boeing 737-800 aircraft, as leases mature, thereby reducing the size of the Company’s fleet to 301 aircraft. See “—Liquidity and Capital Resources” and “Item 4. Information on the Company—Aircraft” for additional details.

## BUSINESS OVERVIEW

Since Ryanair pioneered its ultra low cost operating model in Europe in the early 1990s, its passenger volumes and scheduled passenger revenues have increased significantly because it has substantially increased capacity and demand has been sufficient to match the increased capacity. Ryanair's annual booked passenger volume has grown from approximately 945,000 passengers in the calendar year 1992 to approximately 75.8 million passengers in the 2012 fiscal year.

Ryanair's revenue passenger miles ("RPMs") increased approximately 10% from 53,256.9 million in the 2011 fiscal year to 58,584.5 million in the 2012 fiscal year due primarily to an increase of approximately 12% in scheduled available seat miles ("ASMs") from 63,358.3 million in the 2011 fiscal year to 71,139.7 million in the 2012 fiscal year. Scheduled passenger revenues increased approximately 24% from €2,827.9 million in the 2011 fiscal year to €3,504.0 million in the 2012 fiscal year. Average yield per RPM was €0.053 in the 2011 fiscal year and €0.059 in the 2012 fiscal year.

Expanding passenger volumes and capacity, high load factors and aggressive cost containment have enabled Ryanair to continue to generate operating profits despite increasing price competition and increases in certain costs. Ryanair's total break-even load factor was 72% in the 2011 fiscal year and 71% in the 2012 fiscal year. Cost per ASM was €0.049 in the 2011 fiscal year and €0.051 in the 2012 fiscal year, with the increase primarily reflecting the higher fuel cost per ASM of €0.022 in the 2012 fiscal year, as compared to €0.019 in the 2011 fiscal year, as well as an increase of approximately 12% in ASMs in the 2012 fiscal year. Ryanair recorded operating profits of €488.2 million in the 2011 fiscal year and €683.2 million in the 2012 fiscal year. The Company recorded a profit after taxation of €374.6 million in the 2011 fiscal year and profit after taxation of €560.4 million in the 2012 fiscal year. Ryanair recorded seat capacity growth of approximately 6% in the 2012 fiscal year, compared to approximately 8% in the 2011 fiscal year, and expects capacity to increase by approximately 4% in the 2013 fiscal year. See "Item 3. Key Information—Risk Factors—Ryanair Has Decided to Seasonally Ground Aircraft."

### Investment in Aer Lingus

The Company owns 29.8% of Aer Lingus, which it acquired in fiscal years 2007, 2008 and 2009 at a total cost of €407.2 million. Following the approval of its shareholders, management proposed in the 2007 fiscal year to effect a tender offer to acquire the entire share capital of Aer Lingus. This 2006 offer was, however, prohibited by the European Commission on competition grounds in June 2007. Ryanair's management viewed the acquisition of Aer Lingus in the context of the overall trend of consolidation among airlines in Europe and believed that the acquisition would lead to the formation of one strong Irish airline group able to compete with large carriers such as Lufthansa, Air France/KLM and British Airways/Iberia (now "International Airlines Group"). During the EU competition review, the Company made a commitment that if the acquisition was approved, Ryanair would eliminate Aer Lingus' fuel surcharges and reduce its fares, which would have resulted in Aer Lingus passengers saving approximately €100 million per year. The Company was thus surprised and disappointed by the European Commission's decision to prohibit this offer. This decision was the first adverse decision taken in respect of any EU airline merger and the first-ever adverse decision in respect of a proposed merger of two companies with less than 5% of the EU market for their services. Ryanair filed an appeal with the CFI, which was heard in July 2009. On July 6, 2010, the CFI upheld the Commission's decision.

In October 2007, the European Commission also reached a formal decision that it would not force Ryanair to sell its shares in Aer Lingus. Aer Lingus appealed this decision before the CFI. This case was heard in July 2009 and on July 6, 2010 the court rejected Aer Lingus' appeal and confirmed that Ryanair cannot be forced to dispose of its 29.8% stake in Aer Lingus. However, EU legislation may change in the future to require such a forced disposition. If eventually forced to dispose of its stake in Aer Lingus, Ryanair could suffer significant losses due to the negative impact on market prices of the forced sale of such a significant portion of Aer Lingus' shares.

On December 1, 2008, Ryanair made a new offer to acquire all of the ordinary shares of Aer Lingus it did not own at a price of €1.40 per ordinary share. Ryanair offered to keep Aer Lingus as a separate company, maintain the Aer Lingus brand, and retain its Heathrow slots and connectivity. Ryanair also proposed to double Aer Lingus' short-haul fleet from 33 to 66 aircraft and to create 1,000 associated new jobs over a five-year period. If the offer had been accepted, the Irish government would have received over €180 million in cash. The employee share ownership trust and employees, who owned 18% of Aer Lingus, would have received over €137 million in cash. The Company met Aer Lingus management, representatives of the employee share ownership trust and other parties, including members of the Irish Government. The offer of €1.40 per share represented a premium of approximately 25% over the closing price of €1.12 for Aer Lingus shares on November 28, 2008. As the Company was unable to secure the shareholders' support, it decided on January 28, 2009 to withdraw its offer for Aer Lingus.

The United Kingdom's Office of Fair Trading ("OFT") wrote to Ryanair in September 2010, advising that it intended to investigate Ryanair's minority stake in Aer Lingus. Ryanair objected on the basis that the OFT's investigation was time-barred. Ryanair maintains that the OFT had the opportunity, which it missed, to investigate Ryanair's minority stake within four months from the European Commission's June 2007 decision to prohibit Ryanair's takeover of Aer Lingus. The OFT agreed in October 2010 to suspend its investigation pending the outcome of Ryanair's appeal against the OFT's decision that its investigation is within time. On July 28, 2011, the Competition Appeal Tribunal ruled that the OFT was not time barred when it attempted in September 2010 to open an investigation into Ryanair's 2006 acquisition of a minority non-controlling stake in Aer Lingus. Ryanair subsequently appealed the Competition Appeal Tribunal's decision. On November 24, 2011, the UK Court of Appeal ordered a stay of the OFT's investigation pending the Courts review of whether the OFT's investigation was time barred. On May 22, 2012, the Court of Appeal found that the OFT was not time barred to investigate Ryanair's minority stake in Aer Lingus in September 2010. Ryanair subsequently sought permission to appeal that ruling to the UK Supreme Court, but permission was refused. On June 15, 2012, the OFT referred the investigation of Ryanair's minority stake in Aer Lingus to the UK Competition Commission. Ryanair welcomed the decision by the OFT to refer the case to the Competition Commission and Ryanair anticipates that the Competition Commission will agree with the decision of the European Commission in 2007 that since Ryanair has neither "de factor or de jure control" in Aer Lingus, that it should not be forced to sell down its minority stake. The Competition Commission could order Ryanair to divest some or all of its shares in Aer Lingus, as a result of which Ryanair could suffer significant losses due to the negative impact on market prices of the forced sale of such a significant portion of Aer Lingus' shares.

On June 19, 2012, Ryanair made a third offer to acquire all of the ordinary shares of Aer Lingus it did not own at a price of €1.30 per ordinary share. The timing of the offer has been influenced by: (1) the continued consolidation of European airlines, and more recently the International Airlines Group (the parent company of British Airways) takeover of British Midland International, where the No. 1 airline at Heathrow was allowed to acquire the No. 2; (2) the additional capacity available at Dublin airport following the opening of Terminal 2 and the decline in traffic from 23.3 million passengers per annum in 2007 to 18.7 million in 2011, has resulted in Dublin airport operating at approximately 50% capacity; (3) the change in the Irish government policy since 2006 in that the Irish government has decided to sell its stake in Aer Lingus; (4) the fact that under the terms of the bailout agreement provided by the European Commission, European Central Bank and the International Monetary Fund to Ireland, the Irish government has committed to sell its stake in Aer Lingus; (5) the fact that the ESOT (Employee Share Ownership Trust) which at the time of the unsuccessful 2006 offer controlled 15% of Aer Lingus, has been disbanded since December 2010 and the shares distributed to the individual members, with the result that Ryanair's new offer is, in Ryanair's view, capable of reaching over 50% acceptance either with or without government acceptance; and (6) the fact that recently Etihad, an Abu Dhabi based airline, has acquired a 3% stake in Aer Lingus and has expressed an interest in buying the government's 25% stake in Aer Lingus (the offer now provides Etihad or any other potential bidder the opportunity to purchase the government's stake). Ryanair is willing to offer the European Commission appropriate remedies to allay competition concerns and it believes that these remedies, as well as the efficiencies and synergies arising from the combination, should allow the Commission to approve this proposed merger.

Ryanair has offered to keep Aer Lingus as a separate company, maintain the Aer Lingus brand, and to grow its traffic from 9.5 million to over 14.5 million passengers over a five year period post acquisition, by growing Aer Lingus' short haul traffic at some of Europe's major airports where Aer Lingus currently operates and Ryanair does not. Ryanair also intends to increase Aer Lingus' transatlantic traffic from Ireland, which has fallen in recent years, by investing in operations. If the offer is accepted, the Irish government would receive €173 million in cash. The offer of €1.30 per share represented a premium of approximately 38% over the closing price of €0.94 for Aer Lingus shares as of June 19, 2012. The offer is conditional on competition approval by the European Commission. The Company anticipates that the EU merger review process will be completed between September 2012 and February 2013.

The available for sale financial asset balance sheet value of €149.7 million reflects the market value of the Company's stake in Aer Lingus as of March 31, 2012, as compared to a value of €114.0 million as of March 31, 2011. In accordance with the company's accounting policy, this investment is held at fair value. This investment is classified as available-for-sale, rather than as an investment in an associate, because the Company does not have the power to exercise any influence over Aer Lingus. The change in the available for sale financial asset from €114.0 million at March 31, 2011 to €149.7 million at March 31, 2012 is comprised of a gain of €35.7 million, recognised through other comprehensive income, reflecting the increase in the share price from €0.72 per share at March 31, 2011 to €0.94 per share at March 31, 2012. All impairment losses are required to be recognized in the income statement and are not subsequently reversed, while gains are recognized through other comprehensive income. The investment had in prior periods been impaired to €0.50 per share. In fiscal year 2010, the Company recorded an impairment charge of €13.5 million in the income statement on its Aer Lingus shareholding.

The Company's determination that it does not have control, or even exercise a "significant influence," over Aer Lingus through its minority shareholding has been based on the following factors:

- (i) Ryanair does not have any representation on the Aer Lingus Board of Directors; nor does it have a right to appoint a director.
- (ii) Ryanair does not participate in Aer Lingus policy-making decisions; nor does it have a right to participate in such policy-making decisions.
- (iii) There are no material transactions between Ryanair and Aer Lingus, there is no interchange of personnel between the two companies and there is no sharing of technical information between the companies.
- (iv) Aer Lingus and its significant shareholder (the Irish government: 25.1%) have historically openly opposed Ryanair's investment or participation in the company.
- (v) In August 2007, September 2007 and November/December 2011, Aer Lingus refused Ryanair's attempt to assert its statutory right to requisition a general meeting (a legal right of any 10% shareholder under Irish law).
- (vi) On April 15, 2011, the High Court in Dublin ruled that Aer Lingus was not obliged to accede to Ryanair's request that two additional resolutions (on the payment of a dividend and on payments to pension schemes) be put to vote at Aer Lingus' annual general meeting; and
- (vii) The European Commission has formally found that Ryanair's shareholding in Aer Lingus does not grant Ryanair "de jure or de facto control of Aer Lingus" and that "Ryanair's rights as a minority shareholder...are associated exclusively to rights related to the protection of minority shareholders" (Commission Decision Case No. COMP/M.4439 dated October 11, 2007). The European Commission's finding has been confirmed by the European Union's General Court which issued a decision on July 6, 2010 that the European Commission was justified to use the required legal and factual standard in its refusal to order Ryanair to divest its minority shareholding in Aer Lingus and that, as part of that decision, Ryanair's shareholding did not confer control of Aer Lingus (Judgment of the General Court (Third Chamber) Case No. T-411/07 dated July 6, 2010).

## **Historical Results Are Not Predictive of Future Results**

The historical results of operations discussed herein may not be indicative of Ryanair's future operating performance. Ryanair's future results of operations will be affected by, among other things, overall passenger traffic volume; the availability of new airports for expansion; fuel prices; the airline pricing environment in a period of increased competition; the ability of Ryanair to finance its planned acquisition of aircraft and to discharge the resulting debt service obligations; economic and political conditions in Ireland, the U.K. and the EU; terrorist threats or attacks within the EU; seasonal variations in travel; developments in government regulations, litigation and labor relations; foreign currency fluctuations, the impact of the banking crisis and potential break-up of the euro, competition and the public's perception regarding the safety of low-fares airlines; the value of its equity stake in Aer Lingus; changes in aircraft acquisition, leasing, and other operating costs; flight interruptions caused by volcanic ash emissions or other atmospheric disruptions, the rates of income and corporate taxes paid, and the impact of the financial and eurozone crisis. Ryanair expects its depreciation, staff and fuel charges to increase as additional aircraft and related flight equipment are acquired. Future fuel costs may also increase as a result of the depletion of petroleum reserves, the shortage of fuel production capacity and/or production restrictions imposed by fuel oil producers. Maintenance expenses may also increase as a result of Ryanair's fleet expansion and replacement program. In addition, the financing of new Boeing 737-800 aircraft will increase the total amount of the Company's outstanding debt and the payments it is obliged to make to service such debt. The cost of insurance coverage for certain third-party liabilities arising from "acts of war" or terrorism increased dramatically following the September 11, 2001 terrorist attacks. Although Ryanair currently passes on increased insurance costs to passengers by means of a special "insurance levy" on each ticket, there can be no assurance that it will continue to be successful in doing so. See "Item 3. Key Information—Risk Factors—The 2001 Terrorist Attacks on the United States Had a Severe Negative Impact on the International Airline Industry."

## **RECENT OPERATING RESULTS**

The Company's profit after tax for the quarter ended June 30, 2012 (the first quarter of the Company's 2013 fiscal year) was €98.8 million, as compared to €139.3 million for the corresponding period of the previous year. The Company recorded a decrease in operating profit, from €169.9 million in the first quarter of the 2012 fiscal year to €132.0 million in the recently completed quarter. Total operating revenues increased from €1,155.4 million in the first quarter of 2012 to €1,283.9 million in the first quarter of 2013. The decrease in operating profit was primarily due to a 27% increase in fuel costs, offset by a 4% increase in average fares and strong ancillary revenues. Operating expenses increased from €985.5 million in the first quarter of 2012 to €1,151.9 million in the first quarter of 2013, due primarily to the 27% increase in fuel costs and an increase in other operating costs associated with a higher level of activity in line with the growth of the airline. The Company's cash and cash equivalents, restricted cash and financial assets with terms of less than three months amounted to €3,807.6 million at June 30, 2012 as compared with €3,213.8 million at June 30, 2011.

## **CRITICAL ACCOUNTING POLICIES**

The following discussion and analysis of Ryanair's financial condition and results of operations is based on its consolidated financial statements, which are included in Item 18 and prepared in accordance with IFRS.

The preparation of the Company's financial statements requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. Actual results may differ from these estimates.

The Company believes that its critical accounting policies, which are those that require management's most difficult, subjective and complex judgments, are those described in this section. These critical accounting policies, the judgments and other uncertainties affecting application of these policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered in reviewing the consolidated financial statements included in Item 18 and the discussion and analysis below. For additional detail on these policies, see Note 1, "Basis of preparation and significant accounting policies," to the consolidated financial statements included in Item 18.

## **Long-lived Assets**

As of March 31, 2012, Ryanair had €4.9 billion of long-lived assets, virtually all of which were aircraft. In accounting for long-lived assets, Ryanair must make estimates about the expected useful lives of the assets, the expected residual values of the assets, and the potential for impairment based on the fair value of the assets and the cash flows they generate.

In estimating the lives and expected residual values of its aircraft, Ryanair has primarily relied on its own and industry experience, recommendations from Boeing, the manufacturer of all of the Company's aircraft, valuations from appraisers and other available marketplace information. Subsequent revisions to these estimates, which can be significant, could be caused by changes to Ryanair's maintenance program, changes in utilization of the aircraft, governmental regulations on aging of aircraft, changes in new aircraft technology, changes in governmental and environmental taxes, changes in new aircraft fuel efficiency and changing market prices for new and used aircraft of the same or similar types. Ryanair evaluates its estimates and assumptions in each reporting period, and, when warranted, adjusts these assumptions. Generally, these adjustments are accounted for on a prospective basis, through depreciation expense.

Ryanair periodically evaluates its long-lived assets for impairment. Factors that would indicate potential impairment would include, but are not limited to, significant decreases in the market value of an aircraft, a significant change in an aircraft's physical condition and operating or cash flow losses associated with the use of the aircraft. While the airline industry as a whole has experienced many of these factors from time to time, Ryanair has not yet been seriously impacted and continues to record positive cash flows from these long-lived assets. Consequently, Ryanair has not yet identified any impairments related to its existing aircraft fleet. The Company will continue to monitor its long-lived assets and the general airline operating environment.

The Company's estimate of the recoverable amount of aircraft residual values is 15% of current market value of new aircraft, determined periodically, based on independent valuations and actual aircraft disposals during prior periods. Aircraft are depreciated over a useful life of 23 years from the date of manufacture to residual value.

## **Heavy Maintenance**

An element of the cost of an acquired aircraft is attributed, on acquisition, to its service potential, reflecting the maintenance condition of the engines and airframe.

For aircraft held under operating lease agreements, Ryanair is contractually committed to either return the aircraft in a certain condition or to compensate the lessor based on the actual condition of the airframe, engines and life-limited parts upon return. In order to fulfill such conditions of the lease, maintenance, in the form of major airframe overhaul, engine maintenance checks, and restitution of major life-limited parts, is required to be performed during the period of the lease and upon return of the aircraft to the lessor. The estimated airframe and engine maintenance costs and the costs associated with the restitution of major life-limited parts, are accrued and charged to profit or loss over the lease term for this contractual obligation, based on the present value of the estimated future cost of the major airframe overhaul, engine maintenance checks and restitution of major life-limited parts, calculated by reference to the number of hours flown or cycles operated during the year.

Ryanair's aircraft operating lease agreements typically have a term of seven years, which closely correlates with the timing of heavy maintenance checks. The contractual obligation to maintain and replenish aircraft held under operating lease exists independently of any future actions within the control of Ryanair. While Ryanair may, in very limited circumstances, sub-lease its aircraft, it remains fully liable to perform all of its contractual obligations under the 'head lease' notwithstanding any such sub-leasing.



Both of these elements of accounting policies involve the use of estimates in determining the quantum of both the initial maintenance asset and/or the amount of provisions to be recorded and the respective periods over which such amounts are charged to income. In making such estimates, Ryanair has primarily relied on its own and industry experience, industry regulations and recommendations from Boeing; however, these estimates can be subject to revision, depending on a number of factors, such as the timing of the planned maintenance, the ultimate utilization of the aircraft, changes to government regulations and increases or decreases in estimated costs. Ryanair evaluates its estimates and assumptions in each reporting period and, when warranted, adjusts its assumptions, which generally impact maintenance and depreciation expense in the income statement on a prospective basis.

## RESULTS OF OPERATIONS

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

	<b>Fiscal Year ended March 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total revenues .....	100%	100%	100%
Scheduled revenues .....	79.8	77.9	77.8
Ancillary revenues.....	20.2	22.1	22.2
Total operating expenses .....	84.5	86.5	86.5
Staff costs .....	9.5	10.4	11.2
Depreciation .....	7.0	7.7	7.9
Fuel and oil.....	36.3	33.8	29.9
Maintenance, materials and repairs .....	2.4	2.6	2.9
Aircraft rentals.....	2.1	2.7	3.2
Route charges .....	10.5	11.3	11.3
Airport and handling charges .....	12.6	13.5	15.4
Marketing, distribution and other .....	4.1	4.6	4.8
Operating profit.....	15.5	13.4	13.5
Net interest income (expense) .....	(1.5)	(1.8)	(1.6)
Other income (expenses) .....	0.3	-	(0.5)
Profit before taxation.....	14.3	11.6	11.4
Taxation .....	(1.7)	(1.3)	(1.2)
Profit after taxation .....	12.6	10.3	10.2

## FISCAL YEAR 2012 COMPARED WITH FISCAL YEAR 2011

*Profit after taxation.* Ryanair recorded a profit on ordinary activities after taxation of €560.4 million in the 2012 fiscal year, as compared with a profit of €374.6 million in the 2011 fiscal year. This profit was primarily attributable to an increase in revenues driven by a 15.6% increase in average fares and a 10.6% increase in ancillary revenues, partially offset by a 29.9% increase in fuel and oil costs from €1,227.0 million to €1,593.6 million.

*Scheduled revenues.* Ryanair's scheduled passenger revenues increased 23.9%, from €2,827.9 million in the 2011 fiscal year, to €3,504.0 million in the 2012 fiscal year, primarily reflecting an increase of 15.6% in average fares. The number of passengers booked increased 5.2%, from 72.1 million to 75.8 million, reflecting increased passenger volumes on existing routes and the successful launch of new bases at Manchester, Wroclaw, Baden-Baden, Billund, Palma, Paphos and Budapest in the 2012 fiscal year. There was a one percentage point decrease in booked passenger load factors from 83% in fiscal 2011 to 82% in fiscal 2012.

Passenger capacity (as measured in ASMs) during the 2012 fiscal year increased by 12.3% due to the addition of 22 Boeing 737-800 aircraft (net of handbacks), as well as a 5.8% increase in sectors flown and a 6.1% increase in the average length of passenger haul. Scheduled passenger revenues accounted for 79.8% of Ryanair's total revenues for the 2012 fiscal year, compared with 77.9% of total revenues in the 2011 fiscal year.

During fiscal year 2012, changes in estimates relating to the timing of revenue recognition for unused passenger tickets were made, resulting in increased revenue in the 2012 fiscal year of €65.3 million. This change reflects more accurate and timely data obtained through system enhancements.

*Ancillary revenues.* Ryanair's ancillary revenues, which comprise revenues from non-flight scheduled operations, in-flight sales and Internet-related services, increased 10.6%, from €801.6 million in the 2011 fiscal year to €886.2 million in the 2012 fiscal year, while ancillary revenues per booked passenger increased to €11.69 from €11.12. Revenues from non-flight scheduled operations, including revenues from excess baggage charges, debit and credit card transactions, sales of rail and bus tickets, accommodations, travel insurance and car rental increased 12.4% to €645.6 million from €574.2 million in the 2011 fiscal year. Revenues from in-flight sales increased 6.4%, to €107.2 million from €100.7 million in the 2011 fiscal year. Revenues from Internet-related services, primarily commissions received from products sold on Ryanair.com or linked websites, increased 5.3%, from €126.7 million in the 2011 fiscal year to €133.4 million in the 2012 fiscal year. The rate of increase in revenues from all ancillary revenue categories exceeded the increase in overall passengers booked.

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

	<b>Fiscal Year ended March 31,</b>			
	<b>2012</b>		<b>2011</b>	
	<b>(in millions of euro, except percentage data)</b>			
Non-flight Scheduled .....	€645.6	72.9%	€574.2	71.6%
In-flight Sales .....	€107.2	12.1%	€100.7	12.6%
Internet-related .....	€133.4	15.0%	€126.7	15.8%
Total .....	<u>€886.2</u>	<u>100.0%</u>	<u>€801.6</u>	<u>100.0%</u>

*Operating expenses.* As a percentage of total revenues, Ryanair's operating expenses decreased from 86.5% in the 2011 fiscal year to 84.5% in the 2012 fiscal year, as total revenues increased by 21.0%, faster than the 18.0% increase in operating expenses. In absolute terms, total operating expenses increased 18.0%, from €3,141.3 million in the 2011 fiscal year to €3,707.0 million in the 2012 fiscal year, principally as a result of a 29.9% increase in fuel costs from €1,227.0 million in the 2011 fiscal year to €1,593.6 million in the 2012 fiscal year. Staff costs, depreciation and amortization, maintenance expenses, aircraft rental expenses, route charges, airport handling charges and marketing, distribution and other costs decreased as a percentage of total revenues, while fuel and oil increased. Total operating expenses per ASM increased by 5.1%, with the increase reflecting, principally, the increase in passenger capacity (as measured in ASMs) during the 2012 fiscal year and the impact of the higher fuel costs.

The Company's decision to ground aircraft did not have a material impact on the results of the Company for the year ended March 31, 2012 and, at present, is not anticipated to have a material impact on future operations. The Company anticipates that any revenues which could have been generated had the Company operated the grounded aircraft would have been lower than the operating costs associated with operating these aircraft, due to significantly higher fuel costs, airport charges and taxes. The Company does not anticipate that any material staff costs will be incurred during future periods of the grounding of aircraft, as the relevant staff can be furloughed under the terms of their contracts without compensation and the maintenance costs associated with the grounded aircraft will be minimal. However, the Company will still incur aircraft ownership costs comprised of depreciation and amortization costs, lease rentals costs and financing costs.

The following table sets forth the amounts in euro cent of, and percentage changes in, Ryanair's operating expenses (on a per-ASM basis) for the fiscal years ended March 31, 2012 and March 31, 2011 under IFRS. These data are calculated by dividing the relevant expense amount (as shown in the consolidated financial statements) by the number of ASMs in the relevant year as shown in the table of "Selected Operating and Other Data" in Item 3 and rounding to the nearest euro cent; the percentage change is calculated on the basis of the relevant figures before rounding.

	<b>Fiscal Year Ended March 31, 2012</b>	<b>Fiscal Year Ended March 31, 2011</b>	<b>% Change</b>
Staff costs .....	0.58	0.59	(1.7)%
Depreciation .....	0.43	0.44	(0.8)%
Fuel and oil.....	2.24	1.94	15.7%
Maintenance, materials and repairs .....	0.15	0.15	(1.3)%
Aircraft rentals .....	0.13	0.15	(16.9)%
Route charges .....	0.65	0.65	(0.1)%
Airport and handling charges .....	0.78	0.78	0.3%
Marketing, distribution and other .....	0.25	0.26	(0.4)%
Total operating expenses .....	5.21	4.96	5.1%

*Staff costs.* Ryanair's staff costs, which consist primarily of salaries, wages and benefits, decreased 1.7% on a per-ASM basis, while in absolute terms, these costs increased 10.3%, from €376.1 million in the 2011 fiscal year (which included €4.6 million in relation to volcanic ash expenses) to €415.0 million in the 2012 fiscal year. The increase in absolute terms was primarily attributable to a 10.5% increase in hours flown and a Company-wide pay increase of 2% granted in April 2011, partially offset by a €2.5 million reversal of previously recognized share-based payment compensation expense for awards that did not vest.

*Depreciation and amortization.* Ryanair's depreciation and amortization per ASM decreased by 0.8%, while in absolute terms these costs increased 11.3% from €277.7 million in the 2011 fiscal year, to €309.2 million in the 2012 fiscal year. The increase was primarily attributable to the addition of 14 owned aircraft (net of disposals) to the fleet during the 2012 fiscal year. See "—Critical Accounting Policies—Long-lived Assets" above.

*Fuel and oil.* Ryanair's fuel and oil costs per ASM increased by 15.7%, while in absolute terms, these costs increased by 29.9% from €1,227.0 million in the 2011 fiscal year to €1,593.6 million in the 2012 fiscal year, in each case after giving effect to the Company's fuel hedging activities. The 29.9% increase reflected an 18.2% increase in average fuel prices paid, the impact of a 10.5% increase in the number of hours flown and a 6.1% increase in the average sector length. Fuel and oil costs include the direct cost of fuel, the cost of delivering fuel to the aircraft, and aircraft de-icing costs. The average fuel price paid by Ryanair (calculated by dividing total fuel costs by the number of U.S. gallons of fuel consumed) increased 18.2% from €1.76 per U.S. gallon in the 2011 fiscal year to €2.08 per U.S. gallon in the 2012 fiscal year, in each case after giving effect to the Company's fuel hedging activities.

*Maintenance, materials and repairs.* Ryanair's maintenance, materials and repair expenses, which consist primarily of the cost of routine maintenance and the overhaul of spare parts, decreased 1.3% on a per-ASM basis, while in absolute terms these expenses increased by 10.8% from €93.9 million in the 2011 fiscal year to €104.0 million in the 2012 fiscal year. The increase in absolute terms during the fiscal year reflected the additional costs arising from increased level of activity and the opening of new bases.

*Aircraft rentals.* Aircraft rental expenses amounted to €90.7 million in the 2012 fiscal year, a 6.7% decrease from the €97.2 million reported in the 2011 fiscal year, reflecting the lower lease costs on newer aircraft and the handback of 3 aircraft due to the maturity of leases.

*Route charges and airport and handling charges.* Ryanair's route charges per ASM decreased 0.1% in the 2012 fiscal year, while airport and handling charges per ASM increased 0.3%. In absolute terms, route charges increased 12.2%, from €410.6 million in the 2011 fiscal year to €460.5 million in the 2012 fiscal year, primarily as a result of the 5.8% increase in sectors flown. In absolute terms, airport and handling charges increased 12.6%, from €491.8 million in the 2011 fiscal year, to €554.0 million in the 2012 fiscal year, reflecting the overall growth in passenger volumes and higher charges at Dublin and Stansted airports, partially offset by lower average costs at Ryanair's newer airports and bases.

*Marketing, distribution and other expenses.* Ryanair's marketing, distribution and other operating expenses, including those applicable to the generation of ancillary revenues, decreased 4.0% on a per-ASM basis in the 2012 fiscal year, while in absolute terms, these costs increased 7.8%, from €167.0 million in the 2011 fiscal year to €180.0 million in the 2012 fiscal year, with the overall increase primarily reflecting the higher level of activity and increased onboard product costs reflecting the higher level of sales.

*Operating profit.* As a result of the factors outlined above, operating profit increased 24.6% on a per-ASM basis in the 2012 fiscal year, and also increased in absolute terms, from €488.2 million in the 2011 fiscal year to €683.2 million in the 2012 fiscal year. See "Item 3. Key Information—Risk Factors—Ryanair Has Decided to Seasonally Ground Aircraft. The Company's decision to ground aircraft did not have a material impact on the results of the Company for the year ended March 31, 2012 and, at present, is not anticipated to have a material impact on future operations. The Company anticipates that any revenues which could have been generated had the Company operated the grounded aircraft, would have been lower than the operating costs associated with operating these aircraft, due to significantly higher fuel costs, airport charges and taxes. The Company does not anticipate that any material staff costs will be incurred during future periods of the grounding of aircraft, as the relevant staff can be furloughed under the terms of their contract without compensation and the maintenance costs associated with the grounded aircraft will be minimal. However, the Company will still incur aircraft ownership costs comprised of depreciation and amortization costs, lease rentals costs and financing costs.

*Finance income.* Ryanair's interest and similar income increased 62.5%, from €27.2 million in the 2011 fiscal year to €44.3 million in the 2012 fiscal year reflecting the improved yield on term deposits.

*Finance expense.* Ryanair's interest and similar charges increased 16.3%, from €93.9 million in the 2011 fiscal year to €109.2 million in the 2012 fiscal year, primarily due to higher interest rates in the 2012 fiscal year compared to the 2011 fiscal year. These costs are expected to increase as Ryanair further expands its fleet.

*Foreign exchange gains/losses.* Ryanair recorded foreign exchange gains of €4.3 million in the 2012 fiscal year, as compared with foreign exchange losses of €0.6 million in the 2011 fiscal year, with the different result being primarily due to the weakening of the euro against the U.K. pound sterling during the 2012 fiscal year.

*Taxation.* The effective tax rate for the 2012 fiscal year was 11.5%, as compared to an effective tax rate of 11.0% in the 2011 fiscal year. The effective tax rate reflects the statutory rate of Irish corporation tax of 12.5%. Ryanair recorded an income tax provision of €72.6 million in the 2012 fiscal year, compared with a tax provision of €46.3 million in the 2011 fiscal year, with the increase primarily reflecting higher pre-tax profits. The determination regarding the recoverability of the deferred tax asset was based on future income forecasts, which demonstrated that it was more likely than not that future profits would be available in order to utilize the deferred tax asset. A deferred tax asset's recoverability is not dependent on material improvements over historical levels of pre-tax income, material changes in the present relationship between income reported for financial and tax purposes, or material asset sales or other non-routine transactions.

## FISCAL YEAR 2011 COMPARED WITH FISCAL YEAR 2010

*Profit after taxation.* Ryanair recorded a profit on ordinary activities after taxation of €374.6 million in the 2011 fiscal year, as compared with a profit of €305.3 million in the 2010 fiscal year. This profit was primarily attributable to an increase in revenues driven by a 12.3% increase in average fares and a 20.8% increase in ancillary revenues, partially offset by a 37.3% increase in fuel and oil costs from €893.9 million to €1,227.0 million.

*Scheduled revenues.* Ryanair's scheduled passenger revenues increased 21.6%, from €2,324.5 million in the 2010 fiscal year, to €2,827.9 million in the 2011 fiscal year, primarily reflecting an increase of 12.3% in average fares. The number of passengers booked increased 8.4%, from 66.5 million to 72.1 million, reflecting increased scheduled passenger volumes on existing passenger routes and the successful launch of new bases at Barcelona (El Prat), Gran Canaria, Kaunas, Lanzarote, Malta, Seville, Tenerife and Valencia in the 2011 fiscal year. There was a one-percentage-point increase in booked passenger load factors from 82% in the 2010 fiscal year to 83% in the 2011 fiscal year.

Passenger capacity (as measured in ASMs) during the 2011 fiscal year increased by 18.5% due to the addition of 40 Boeing 737-800 aircraft (net of disposals), as well as a 7.8% increase in sectors flown and a 9.9% increase in the average length of passenger haul. Scheduled passenger revenues accounted for 77.9% of Ryanair's total revenues for the 2011 fiscal year, compared with 77.8% of total revenues in the 2010 fiscal year.

*Ancillary revenues.* Ryanair's ancillary revenues, which comprise revenues from non-flight scheduled operations, in-flight sales and Internet-related services, increased 20.8%, from €663.6 million in the 2010 fiscal year to €801.6 million in the 2011 fiscal year, while ancillary revenues per booked passenger increased to €11.12 from €9.98. Revenues from non-flight scheduled operations, including revenues from excess baggage charges, debit and credit card transactions, sales of rail and bus tickets, accommodations, travel insurance and car rental increased 16.3% to €574.2 million from €493.5 million in the 2010 fiscal year. Revenues from in-flight sales increased 16.4%, to €100.7 million from €86.5 million in the 2010 fiscal year. Revenues from Internet-related services, primarily commissions received from products sold on Ryanair.com or linked websites, increased 51.5%, from €83.6 million in the 2010 fiscal year to €126.7 million in the 2011 fiscal year. The rate of increase in revenues from all ancillary revenue categories exceeded the increase in overall passengers booked.

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

	<b>Fiscal Year ended March 31,</b>			
	<b>2011</b>		<b>2010</b>	
	<b>(in millions of euro, except percentage data)</b>			
Non-flight Scheduled .....	€574.2	71.6%	€493.5	74.4%
In-flight Sales .....	€100.7	12.6%	€86.5	13.0%
Internet-related .....	€126.7	15.8%	€83.6	12.6%
Total .....	€801.6	100.0%	€663.6	100.0%

*Operating expenses.* As a percentage of total revenues, Ryanair's operating expenses remained unchanged at 86.5% in the 2011 fiscal year as compared to the 2010 fiscal year, as the impact of the increase in total revenues was offset by a corresponding increase in operating expenses. In absolute terms, total operating expenses increased 21.5%, from €2,586.0 million in the 2010 fiscal year to €3,141.30 million in the 2011 fiscal year, principally as a result of a 37.3% increase in fuel costs from €893.9 million in the 2010 fiscal year to €1,227.0 million in the 2011 fiscal year. Staff costs, depreciation and amortization maintenance expenses, aircraft rental expenses, route charges, airport handling charges and marketing, distribution and other costs decreased as a percentage of total revenues, while fuel and oil increased. Total operating expenses per ASM increased by 2.5%, with the increase reflecting, principally the increase in passenger capacity (as measured in ASMs) during the 2011 fiscal year and the impact of the higher fuel costs.

The following table sets forth the amounts in euro cent of, and percentage changes in, Ryanair's operating expenses (on a per-ASM basis) for the fiscal years ended March 31, 2011 and March 31, 2010 under IFRS. These data are calculated by dividing the relevant expense amount (as shown in the consolidated financial statements) by the number of ASMs in the relevant year as shown in the table of "Selected Operating and Other Data" in Item 3 and rounding to the nearest euro cent; the percentage change is calculated on the basis of the relevant figures before rounding.

	<b>Fiscal Year Ended March 31, 2011</b>	<b>Fiscal Year Ended March 31, 2010</b>	<b>% Change</b>
Staff costs.....	0.59	0.63	(5.1)%
Depreciation.....	0.44	0.44	(0.4)%
Fuel and oil.....	1.94	1.67	16.0%
Maintenance, materials and repairs.....	0.15	0.16	(7.3)%
Aircraft rentals.....	0.15	0.18	(14.8)%
Route charges.....	0.65	0.63	2.9%
Airport and handling charges.....	0.78	0.86	(9.7)%
Marketing, distribution and other.....	0.26	0.27	(2.4)%
Total operating expenses.....	<u>4.96</u>	<u>4.84</u>	<u>2.5%</u>

*Staff costs.* Ryanair's staff costs, which consist primarily of salaries, wages and benefits, decreased 5.1% on a per-ASM basis, while in absolute terms, these costs increased 12.3%, from €335.0 million in the 2010 fiscal year to €376.1 million in the 2011 fiscal year. The increase in absolute terms was primarily attributable to a 14.7% increase in average headcount to 8,069, which was partially offset by the impact of a Company-wide pay freeze then in effect, the higher proportion of contract crew operating during the year, and the rise, during the year, in the proportion of cabin crew members who earn below-average salaries. Employee numbers rose due to the growth of the business.

*Depreciation and amortization.* Ryanair's depreciation and amortization per ASM decreased by 0.4%, while in absolute terms these costs increased 18.0% from €235.4 million in the 2010 fiscal year, to €277.7 million in the 2011 fiscal year. The increase was primarily attributable to the addition of 44 owned aircraft (net of disposals) to the fleet during the 2011 fiscal year. See "—Critical Accounting Policies—Long-lived Assets" above.

*Fuel and oil.* Ryanair's fuel and oil costs per ASM increased by 16.0%, while in absolute terms, these costs increased by 37.3% from €893.9 million in the 2010 fiscal year to €1,227.0 million in the 2011 fiscal year, in each case after giving effect to the Company's fuel hedging activities. The 37.3% increase reflected a 15.8% increase in average fuel prices paid, the impact of a 17.4% increase in the number of hours flown and a 9.9% increase in the average sector length. Fuel and oil costs include the direct cost of fuel, the cost of delivering fuel to the aircraft, and aircraft de-icing costs. The average fuel price paid by Ryanair (calculated by dividing total fuel costs by the number of U.S. gallons of fuel consumed) increased 15.8% from €1.52 per U.S. gallon in the 2010 fiscal year to €1.76 per U.S. gallon in the 2011 fiscal year, in each case after giving effect to the Company's fuel hedging activities.

*Maintenance, materials and repairs.* Ryanair's maintenance, materials and repair expenses, which consist primarily of the cost of routine maintenance and the overhaul of spare parts, decreased 7.3% on a per-ASM basis, while in absolute terms these expenses increased by 9.2% from €86.0 million in the 2010 fiscal year to €93.9 million in the 2011 fiscal year. The increase in absolute terms during the fiscal year reflected the additional costs arising from increased line maintenance activity at new bases and costs incurred to satisfy provisions of lease contracts dealing with the condition of aircraft due to be returned in 2010 and 2011.

*Aircraft rentals.* Aircraft rental expenses amounted to €97.2 million in the 2011 fiscal year, a 1.8% increase from the €95.5 million reported in the 2010 fiscal year, reflecting the net impact of the return of ten aircraft under operating lease and the addition of six aircraft leased during the year.

*Route charges and airport and handling charges.* Ryanair's route charges per ASM increased 2.9% in the 2011 fiscal year, while airport and handling charges per ASM decreased 9.7%. In absolute terms, route charges increased 22.1%, from €336.3 million in the 2010 fiscal year to €410.6 million in the 2011 fiscal year, primarily as a result of the 8.3% increase in sectors flown. In absolute terms, airport and handling charges increased 7.1%, from €459.1 million in the 2010 fiscal year, to €491.8 million in the 2011 fiscal year, reflecting the overall growth in passenger volumes, partially offset by lower average costs at Ryanair's newer airports and bases.

*Marketing, distribution and other expenses.* Ryanair's marketing, distribution and other operating expenses, including those applicable to the generation of ancillary revenues, decreased 2.4% on a per-ASM basis in the 2011 fiscal year, while in absolute terms, these costs increased 15.3%, from €144.8 million in the 2010 fiscal year to €167.0 million in the 2011 fiscal year, with the overall increase primarily reflecting the higher level of activity and increase in airport commissions on revenues generated.

*Icelandic ash related costs.* The closure of European airspace in April and May 2010, due to the Icelandic volcanic ash disruption, resulted in the cancellation of 9,490 Ryanair flights. The impact on Ryanair's profit before tax totaled €29.7 million consisting of €28.0 million in operating expenses (including passenger compensation of €12.4 million pursuant to Regulation (EC) No. 261/2004 ("EU261") and €1.7 million of other income/expense attributable to the period of flight disruption. The following table sets forth the components of Icelandic volcanic ash related costs associated with each category of operating expense:

	<b>Fiscal Year Ended March 31, 2011</b>
	<b>(in millions of euro)</b>
Staff costs.....	€4.6
Depreciation.....	€4.7
Fuel and oil.....	€0.3
Maintenance, materials and repairs.....	-
Aircraft rentals.....	€2.0
Route charges.....	€0.1
Airport and handling charges.....	€0.9
Marketing, distribution and other (includes €12.4 million passenger compensation costs pursuant to EU261).....	€15.4
Total operating expenses.....	<u>€28.0</u>

*Operating profit.* As a result of the factors outlined above, operating profit increased 2.5% on a per-ASM basis in the 2011 fiscal year, and also increased in absolute terms, from €402.1 million in the 2010 fiscal year to €488.2 million in the 2011 fiscal year.

*Finance income.* Ryanair's interest and similar income increased 15.8%, from €23.5 million in the 2010 fiscal year to €27.2 million in the 2011 fiscal year reflecting the impact of higher market interest rates which was partially offset by the Company's policy of continuing to place its deposits with highly rated and guaranteed financial institutions which typically provide a lower yield.

*Finance expense.* Ryanair's interest and similar charges increased 30.2%, from €72.1 million in the 2010 fiscal year to €93.9 million in the 2011 fiscal year, primarily due to the drawdown of debt related to the acquisition of additional Boeing 737-800 aircraft. These costs are expected to increase as Ryanair further expands its fleet.

*Foreign exchange losses/gains.* Ryanair recorded foreign exchange losses of €0.6 million in the 2011 fiscal year, as compared with foreign exchange losses of €1.0 million in the 2010 fiscal year, with the different result being primarily due to the strengthening of the U.K. pound sterling and U.S. dollar against the euro during the 2011 fiscal year.

*Taxation.* The effective tax rate for the 2011 fiscal year was 11.0%, as compared to an effective tax rate of 10.5% in the 2010 fiscal year. The effective tax rate reflects the statutory rate of Irish corporation tax of 12.5%. Ryanair recorded an income tax provision of €46.3 million in the 2011 fiscal year, compared with a tax provision of €35.7 million in the 2010 fiscal year, with the increase primarily reflecting higher pre-tax profits. The determination regarding the recoverability of the deferred tax asset was based on future income forecasts, which demonstrated that it was more likely than not that future profits would be available in order to utilize the deferred tax asset. A deferred tax asset's recoverability is not dependent on material improvements over historical levels of pre-tax income, material changes in the present relationship between income reported for financial and tax purposes, or material asset sales or other non-routine transactions.

## **SEASONAL FLUCTUATIONS**

The Company's results of operations have varied significantly from quarter to quarter, and management expects these variations to continue. Among the factors causing these variations are the airline industry's sensitivity to general economic conditions and the seasonal nature of air travel. Ryanair typically records higher revenues and income in the first half of each fiscal year ended March 31 than the second half of such year.

## **RECENTLY ISSUED ACCOUNTING STANDARDS**

Please see Note 1 to the consolidated financial statements included in Item 18 for information on recently issued accounting standards that are material to the Company.

## **LIQUIDITY AND CAPITAL RESOURCES**

*Liquidity.* The Company finances its working capital requirements through a combination of cash generated from operations and bank loans for the acquisition of aircraft. See "Item 3. Key Information—Risk Factors—Risks Related to the Company—The Company Will Incur Significant Costs Acquiring New Aircraft" for more information about risks relating to liquidity and capital resources. The Company had cash and liquid resources at March 31, 2012 and 2011 of €3,515.6 million and €2,940.6 million, respectively. The increase at March 31, 2012 primarily reflects cash generated from operating activities of €1,020.3 million offset in part by the cash used to fund the purchase of property, plant, and equipment – primarily 14 new Boeing 737-800 aircraft and the purchase of 36.5 million Ordinary Shares via a share buy-back costing €124.6 million. During the 2012 fiscal year, the Company funded its €317.6 million in purchases of property, plant, and equipment out of €292.3 million in loans. Cash and liquid resources included €35.1 million and €42.9 million in "restricted cash" held on deposit as collateral for certain derivative financial instruments entered into by the Company with respect to its aircraft financing obligations and other banking arrangements at March 31, 2012 and 2011, respectively. See "Item 8. Financial Information—Other Financial Information—Legal Proceedings."

The Company's net cash inflows from operating activities in the 2012 and 2011 fiscal years amounted to €1,020.3 million and €786.3 million, respectively. During the last two fiscal years, Ryanair's primary cash requirements have been for operating expenses, additional aircraft, including advance payments in respect of new Boeing 737-800s and related flight equipment, payments on related indebtedness and payments of corporation tax, as well as share buy-backs of €124.6 million and the payment of a €500.0 million special dividend to shareholders. Cash generated from operations has been the principal source for these cash requirements, supplemented primarily by aircraft-related bank loans.

The Company's net cash used in investing activities in fiscal years 2012 and 2011 totaled €185.4 million and €474.0 million, respectively, primarily reflecting the Company's capital expenditures, and investment of cash with maturities of greater than three months, as described in more detail below.



The Company's net cash provided by financing activities totaled €238.1 million in the 2011 fiscal year, largely reflecting the receipt of proceeds from long-term borrowings of €991.4 million in fiscal year 2011, offset in part by repayments of long-term borrowings of €280.7 million. There was a net cash outflow from financing activities of €154.9 million in fiscal year 2012. This was due to the receipt of proceeds from long term borrowings of €292.3 million being more than offset by repayments of long-term borrowings of €329.7 million and the expenditure of €124.6 million under the share buy-back program.

*Capital Expenditures.* The Company's net cash outflows for capital expenditures in fiscal years 2012 and 2011 were €290.4 million and €897.2 million, respectively. Ryanair has funded a significant portion of its acquisition of new Boeing 737-800 aircraft and related equipment through borrowings under facilities provided by international financial institutions on the basis of guarantees issued by Ex-Im Bank. At March 31, 2012, Ryanair had a fleet of 294 Boeing 737-800 aircraft, the majority of which (199 aircraft) were funded by Ex-Im Bank-guaranteed financing. Other sources of on-balance-sheet aircraft financing utilized by Ryanair are Japanese Operating Leases with Call Options ("JOLCOs"), which are treated as finance leases (30 of the aircraft in the fleet as of March 31, 2012) and commercial debt financing (6 of the aircraft in the fleet as of March 31, 2012). Of Ryanair's total fleet of 294 aircraft there were 59 Boeing 737-800 aircraft in Ryanair's fleet at March 31, 2012 which were financed through operating lease arrangements. Of the 25 new Boeing 737-800 aircraft which Ryanair took delivery of between April 1, 2011 and March 31, 2012, 11 were financed through sale-and-leaseback financings and the remainder through Ex-Im Bank guaranteed-financing. Ryanair has generally been able to generate sufficient funds from operations to meet its non-aircraft acquisition-related working capital requirements. Management believes that the working capital available to the Company is sufficient for its present requirements and will be sufficient to meet its anticipated requirements for capital expenditures and other cash requirements for the 2013 fiscal year.

The table on the following page summarizes the delivery schedule for the Boeing 737-800 aircraft Ryanair has purchased, or is required to purchase, under its past and current contracts with Boeing, including through the exercise of purchase options. These Boeing 737-800s are identical in all significant respects, having 189 seats and the same cockpit and engine configuration. The table also provides details of the "Basic Price" (equivalent to a standard list price for an aircraft of this type) for each of these aircraft. The Basic Price for each of the firm-order aircraft to be delivered pursuant to the 2005 Boeing contract, as well as for each of the firm-order aircraft that remained to be delivered and purchase options outstanding under the prior contracts at January 1, 2005, will be increased by (a) an estimated \$900,000 per aircraft for certain "buyer furnished" equipment the Company has asked Boeing to purchase and install on each of the aircraft, and (b) an "Escalation Factor" designed to increase the Basic Price of any individual aircraft to reflect increases in the published U.S. Employment Cost and Producer Price indices from the time the Basic Price is set through the time six months prior to the delivery of such aircraft. The Basic Price is also subject to decrease to take into account certain concessions granted to the Company by Boeing pursuant to the terms of the contracts. These concessions take the form of credit memoranda, which the Company may apply towards the purchase of goods and services from Boeing or towards certain payments in respect of the purchase of the aircraft. These credit memoranda are generally incorporated into Boeing's final aircraft invoices and thus reduce the amount paid by Ryanair for aircraft. Boeing and CFM International S.A. (the manufacturer of the CFM56-7B engines that power the Boeing 737-800 aircraft) have also agreed to give the Company certain allowances for promotional and other activities, as well as provide other goods and services to the Company on concessionary terms. As a result of credit memoranda received from Boeing, the effective price of each aircraft purchased in the past has been, and the effective prices of aircraft to be delivered in the future are expected to be, significantly below the unadjusted Basic Prices in the table on the following page.

**Aircraft Delivery Schedule**

<b>Deliveries and Scheduled Deliveries in the Fiscal Year ending March 31,</b>	<b>1998 Boeing Contract (Incl. Options)</b>	<b>2002 Boeing Contract (Incl. Options)</b>	<b>2003 Boeing Contract (Incl. Options)</b>	<b>2005 Boeing Contract (Incl. Options)</b>	<b>737-800 Disposals /Lease Handbacks</b>	<b>Total No. of Boeing 737-800 Aircraft</b>
1999.....	1	—	—	—	—	1
2000.....	4	—	—	—	—	4
2001.....	10	—	—	—	—	10
2002.....	5	—	—	—	—	5
2003.....	8	5	—	—	—	13
2004.....	—	18	—	—	—	18
2005.....	—	13	14	—	—	27
2006.....	—	16	9	—	—	25
2007.....	—	27	1	2	—	30
2008.....	—	21	—	15	(6)	30
2009.....	—	3	—	32	(17)(a)	18
2010.....	—	—	—	54	(3)	51
2011.....	—	—	—	50	(10)	40
2012.....	—	—	—	25	(3)	22
<b>Total as of March 31, 2012.....</b>	<b>28</b>	<b>103</b>	<b>24</b>	<b>178</b>	<b>(39)</b>	<b>294</b>
2013.....	—	—	—	15	(4)	11
2014.....	—	—	—	—	(4)	(4)
<b>Expected Total as of March 31, 2014.....</b>	<b>28</b>	<b>103</b>	<b>24</b>	<b>193</b>	<b>(47)(b)</b>	<b>301</b>
<b>Basic Price per aircraft (unadjusted) (in millions)</b>	<b>\$47</b>	<b>\$51</b>	<b>\$51</b>	<b>\$51</b>		

- (a) This includes the aircraft that was involved in the bird strike incident at Rome (Ciampino) airport in November 2008, which has not been sold and remains the property of Ryanair. The Company will not return this aircraft to service.
- (b) As of June 30, 2012 the Company had sold and re-delivered a cumulative total 39 Boeing 737-800 aircraft. The Company expects to dispose of 8 further aircraft before March 2014 (which, when added to the 38 completed disposals, and the aircraft disabled by the bird strike and thus listed as a disposal, brings the total number of disposals to 47). To this end, the Company may choose to dispose of aircraft through sale and/or non-renewal of a number of operating leases due to expire between fiscal year 2012 and fiscal year 2013.

As can be seen from the delivery schedule table above, delivery of the Boeing 737-800s already ordered will enable the Company to increase the size of its summer schedule fleet by 11 additional aircraft (net of planned disposals) in fiscal year 2013 thereby increasing the size of the fleet, which is expected to total 305 at the end of that period.

*Capital Resources.* Ryanair's long-term debt (including current maturities) totaled €3,625.2 million at March 31, 2012 and €3,649.4 million at March 31, 2011, with the change being primarily attributable to financing of new aircraft and repayment of existing debt facilities. Please see the table "Obligations Due by Period" below for more information on Ryanair's long-term debt (including current maturities) and finance leases as of March 31, 2012. See also Note 11 to the consolidated financial statements included in Item 18 for further information on the maturity profile of the interest rate structure and other information on, the Company's borrowings.

The Company's purchase of the 25 Boeing 737-800 aircraft delivered in the 2012 fiscal year has been funded by a combination of financing solutions, including bank loans supported by Ex-Im Bank guarantees (14 aircraft) and sale-and-leaseback financings (11 aircraft). At March 31, 2012, the majority of the aircraft in Ryanair's fleet had been financed through loan facilities with various financial institutions active in the structured export finance sector and supported by a loan guarantee from Ex-Im Bank. Each of these facilities takes essentially the same form and is based on the documentation developed by Ryanair and Ex-Im Bank, which follows standard market forms for this type of financing. In November 2010, Ryanair financed seven aircraft through a U.S. dollar-denominated Ex-Im Bank Capital Markets Product ("Eximbond"). The Eximbond has essentially the same characteristics as all previous Ex-Im Bank guaranteed financings with no additional obligations on Ryanair. On the basis of an Ex-Im Bank guarantee with regard to the financing of up to 85% of the eligible U.S. and foreign content represented in the net purchase price of the relevant aircraft, the financial institution investor enters into a commitment letter with the Company to provide financing for a specified number of aircraft benefiting from such guarantee; loans are then drawn down as the aircraft are delivered and payments to Boeing become due. Each of the loans under the facilities are on substantially similar terms, having a maturity of 12 years from the drawdown date and being secured by a first priority mortgage in favor of a security trustee on behalf of Ex-Im Bank. As of July 20, 2012, the Company has a commitment for all 11 aircraft due for delivery on September, October and November 2012.

Through the use of interest rate swaps or cross currency interest rate swaps, Ryanair has effectively converted a portion of its floating-rate debt under its financing facilities into fixed-rate debt. Approximately 36% of the loans for the aircraft acquired under the above facilities are not covered by such swaps and have therefore remained at floating rates linked to EURIBOR, with the interest rate exposure from these loans largely hedged by placing a similar amount of cash on deposit at floating interest rates. The net result is that Ryanair has effectively swapped or drawn down fixed-rate euro-denominated debt with maturities between 7 and 12 years in respect of approximately 64% of its outstanding debt financing at March 31, 2012 and of this total approximately 44% of this debt has been partially swapped, with the relevant swaps covering the first 7 years of the 12-year amortizing period.

The table below illustrates the effect of swap transactions (each of which is with an established international financial counterparty) on the profile of Ryanair's total outstanding debt at March 31, 2012. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Interest Rate Exposure and Hedging" for additional details on the Company's hedging transactions.

**At March 31, 2012**

	<b>EUR Fixed</b>	<b>EUR Floating</b>
	<b>(in millions of euro)</b>	
Borrowing profile before swap transactions .....	1,019.9	2,605.3
Interest rate swaps – Debt swapped from floating to fixed.....	1,290.6	(1,290.6)
Borrowing profile after swap transactions .....	<u>2,310.5</u>	<u>1,314.7</u>

The weighted-average interest rate on the cumulative borrowings under these facilities of €3,625.2 million at March 31, 2012 was 2.9%. Ryanair's ability to obtain additional loans pursuant to each of the facilities to finance the price of future Boeing 737-800 aircraft purchases is subject to the issuance of further bank commitments and the satisfaction of various contractual conditions. These conditions include, among other things, the execution of satisfactory documentation, the requirement that Ryanair perform all of its obligations under the Boeing agreements and provide satisfactory security interests in the aircraft (and related assets) in favor of the lenders and Ex-Im Bank, and that Ryanair not suffer a material adverse change in its conditions or prospects (financial or otherwise).

Ex-Im Bank's policy on facilities of this type is to issue a binding final commitment approximately six months prior to delivery of each aircraft being financed. Ex-Im Bank has already issued final binding commitments and related guarantees with respect to the 199 (net of 26 aircraft disposals) Ex-Im Bank-financed Boeing 737-800 aircraft delivered between 2001 and March 31, 2012. Ex-Im Bank's final binding commitment is also subject to certain conditions set forth in the documentation for facilities and the Ex-Im Bank guarantee. These conditions include, among other things, the execution of satisfactory documentation, the creation and maintenance of the lease and related arrangements described below, that Ryanair provide satisfactory security interests in the aircraft (and related assets) in favor of Ex-Im Bank and the lenders, and that the subject aircraft be registered in Ireland, be covered by adequate insurance and maintained in a manner acceptable to Ex-Im Bank. Ryanair expects that any future commitments or guarantees issued by Ex-Im Bank will contain similar conditions. The terms of the facilities and the Ex-Im Bank guarantee require that Ryanair pay certain fees in connection with such financings. In particular, these fees include arrangement fees paid to the facility arranger, and a commitment fee based on the unutilized and non-cancelled portion of the guarantee commencing 60 days from the date of issuance of the guarantee and payable semi-annually in arrears. An exposure fee for the issuance of the guarantee on the date of delivery is also payable to Ex-Im Bank (based on the amount of the guarantee). Ryanair's payment of the applicable exposure fee to Ex-Im Bank (based on the amount of the loan provided) is eligible for financing under the facilities. Ryanair anticipates that similar fees will be incurred as additional aircraft are delivered and financed.

As part of its Ex-Im Bank guarantee-based financing of the Boeing 737-800s, Ryanair has entered into certain lease agreements and related arrangements. Pursuant to these arrangements, legal title to the 199 aircraft delivered and remaining in the fleet as of March 31, 2012 rests with a number of United States special purpose vehicles (the "SPVs") in which Ryanair has no equity or other interest. The SPVs are the borrowers of record under the loans made or to be made under the facilities, with all of their obligations under the loans being guaranteed by Ryanair Holdings.

The shares of the SPVs (which are owned by an unrelated charitable association) are in turn pledged to a security trustee in favor of Ex-Im Bank and the lenders. Ryanair operates each of the aircraft pursuant to a finance lease it has entered into with the SPVs, the terms of which mirror those of the relevant loans under the facilities. Ryanair has the right to purchase the aircraft upon termination of the lease for a nominal amount. Pursuant to this arrangement, Ryanair is considered to own the aircraft for accounting purposes under IFRS. Ryanair does not use special purpose entities for off-balance sheet financing or any other purpose which results in assets or liabilities not being reflected in Ryanair's consolidated financial statements.

As of July 20, 2012, Ryanair had mandated a lender to provide financing for up to seven of its firm-order Boeing 737-800 aircraft under an Ex-Im Bank financing structure and the remaining four through the use of operating leases, including via sale-and-leaseback transactions. The future Ex-Im Bank guarantee-based financing will be substantially based on terms and conditions similar to those described above. However, no assurance can be given that such financing will be available to Ryanair, or that the terms of any such financing will be as advantageous to the Company as those available at the time of the facilities. Any inability of the Company to obtain financing for the new aircraft on advantageous terms could have a material adverse effect on its business, results of operations and financial condition.

The Company financed 72 of the Boeing 737-800 aircraft delivered between December 2003 and March 2012 under seven-year, sale-and-leaseback arrangements with a number of international leasing companies, pursuant to which each lessor purchased an aircraft and leased it to Ryanair under an operating lease. Between October 2010 and March 2012, 13 operating lease aircraft were returned to the lessor at the agreed maturity date of the lease. At March 31, 2012, Ryanair had 59 operating lease aircraft in the fleet. As a result, Ryanair operates, but does not own, these aircraft, which were leased to provide flexibility for the aircraft delivery program. Ryanair has no right or obligation to acquire these aircraft at the end of the relevant lease terms. Two of these leases are denominated in euro and require Ryanair to make variable rental payments that are linked to EURIBOR. Through the use of interest rate swaps, Ryanair has effectively converted the floating-rate rental payments due pursuant to these leases into fixed-rate rental payments. Thirty leases are denominated in euro and require Ryanair to make fixed rental payments over the term of the lease. The remaining 27 operating leases are U.S. dollar-denominated and two require Ryanair to make variable rental payments that are linked to U.S. dollar LIBOR, while a further 25 require Ryanair to make fixed rental payments. The Company has an option to extend the initial period of seven years on 36 of the 59 remaining operating lease aircraft as of March 31, 2012, on pre-determined terms. Four operating lease

arrangements will mature during the year ended March 31, 2013. The Company decided not to extend any of these operating leases for a secondary lease period and handed aircraft back to the lessors in April 2012. In addition to the above, the Company financed 30 of the Boeing 737-800 aircraft delivered between March 2005 and March 2012 with 13-year euro-denominated JOLCOs. These structures are accounted for as finance leases and are initially recorded at fair value in the Company's balance sheet. Under each of these contracts, Ryanair has a call option to purchase the aircraft at a pre-determined price after a period of 10.5 years, which it may exercise. Six aircraft have been financed through euro-denominated 12-year amortizing commercial debt transactions.

Since, under each of the Company's operating leases, the Company has a commitment to maintain the relevant aircraft, an accounting provision is made during the lease term for this obligation based on estimated future costs of major airframe and certain engine maintenance checks by making appropriate charges to the income statement calculated by reference to the number of hours or cycles operated during the year. Under IFRS, the accounting treatment for these costs with respect to leased aircraft differs from that for aircraft owned by the Company, for which such costs are capitalized and amortized.

In 2000, Ryanair purchased a Boeing 737-800 flight simulator from CAE Electronics Limited of Quebec, Canada ("CAE"). The simulator is being used for pilot training purposes. The gross purchase price of the simulator and the necessary software was approximately \$10 million, not taking into account certain price concessions provided by the seller in the form of credit memoranda. The Company financed this expenditure with a 10-year euro-denominated loan provided by the Export Development Corporation of Canada for up to 85% of the net purchase price, with the remainder provided by cash flows from operations.

In 2002, Ryanair entered into a contract to purchase three additional Boeing 737-800 flight simulators from CAE. The first of these simulators was delivered in 2004 and the second and third simulators were delivered in the 2008 fiscal year. The gross price of each simulator was approximately \$10.3 million, not taking into account certain price concessions provided by the seller in the form of credit memoranda. In September 2006 Ryanair entered into a new contract with CAE to purchase B737NG Level B flight simulators. Two such simulators were delivered in the 2009 fiscal year. The gross price of each simulator is approximately \$8 million, not taking into account certain price concessions provided by the seller in the form of credit memoranda and discounts.

*Contractual Obligations.* The table below sets forth the contractual obligations and commercial commitments of the Company with definitive payment terms, which will require significant cash outlays in the future, as of March 31, 2012. These obligations primarily relate to Ryanair's aircraft purchase and related financing obligations, which are described in more detail above. For additional information on the Company's contractual obligations and commercial commitments, see Note 23 to the consolidated financial statements included in Item 18.

The amounts listed under "Finance Lease Obligations" reflect the Company's obligations under its JOLCOs. See "Item 5. Operating and Financial Review and Prospects— Liquidity and Capital Resources."

The amounts listed under "Purchase Obligations" in the table reflect obligations for aircraft purchases and are calculated by multiplying the number of aircraft the Company is obligated to purchase under its current agreements with Boeing during the relevant period by the Basic Price for each aircraft pursuant to the relevant contract, with the dollar-denominated Basic Price being converted into euro at an exchange rate of \$1.3356 = €1.00 (based on the European Central Bank Rate on March 31, 2012). The relevant amounts therefore exclude the effect of the price concessions granted to Ryanair by Boeing and CFM, as well as any application of the Escalation Factor. As a result, Ryanair's actual expenditures for aircraft during the relevant periods will be lower than the amounts listed under "Purchase Obligations" in the table.

With respect to purchase obligations under the terms of the 2005 Boeing contract, the Company was required to pay Boeing 1% of the Basic Price of each of the 70 firm-order Boeing 737-800 aircraft at the time the contract was signed in February 2005, and will be required to make periodic advance payments of the purchase price for each aircraft it has agreed to purchase during the course of the two-year period preceding the delivery of each aircraft. As a result of these required advance payments, the Company will have paid up to 30% of the Basic Price of each aircraft prior to its delivery (including the addition of an estimated "Escalation Factor" but before deduction of any credit memoranda and other concessions); the balance of the net price is due at the time of delivery.

The amounts listed under “Operating Lease Obligations” reflect the Company’s obligations under its aircraft operating lease arrangements.

### Obligations Due by Period

Contractual Obligations	Total	Less than 1			
		year	1-2 years	2-5 years	After 5 years
(in millions of euro)					
Long-term Debt (a).....	2,819.2	317.4	327.7	964.1	1,210.0
Finance Lease Obligations .....	806.0	51.0	53.4	230.0	471.6
Purchase Obligations .....	571.8	571.8	—	—	—
Operating Lease Obligations .....	605.9	117.0	49.5	278.5	160.9
Future interest payments (b).....	378.4	86.1	73.8	144.6	73.9
Total Contractual Obligations .....	<u>5,181.3</u>	<u>1,143.3</u>	<u>504.4</u>	<u>1,617.2</u>	<u>1,916.4</u>

(a) For additional information on Ryanair’s long-term debt obligations, see Note 11 to the consolidated financial statements included in Item 18.

(b) In determining an appropriate methodology to estimate future interest payments we have applied either the applicable fixed rate or currently applicable variable rate where appropriate. These interest rates are subject to change and may be higher or lower than noted in the table above.

### OFF-BALANCE SHEET TRANSACTIONS

Ryanair uses certain off-balance sheet arrangements in the ordinary course of business, including financial guarantees and operating lease commitments. Details of each of these arrangements that have or are reasonably likely to have a current or future material effect on the Company’s financial condition, results of operations, liquidity or capital resources are discussed below.

*Operating Lease Commitments.* The Company has entered into a number of sale-and-leaseback transactions in connection with the financing of a number of aircraft in its fleet. See “—Liquidity and Capital Resources—Capital Resources” above for additional information on these transactions.

*Guarantees.* Ryanair Holdings has provided an aggregate of €5,503.4 million in letters of guarantee to secure obligations of certain of its subsidiaries in respect of loans and bank advances, including those relating to aircraft financing and related hedging transactions. All of these guarantees are eliminated in the Company’s consolidated balance sheet.

### TREND INFORMATION

For information concerning the principal trends and uncertainties affecting the Company’s results of operations and financial condition, see “Item 3. Key Information—Risk Factors,” “—Business Overview,” “—Recent Operating Results,” “—Results of Operations,” “—Liquidity and Capital Resources” and “Item 4. Information on the Company—Strategy—Responding to Current Challenges” above.

### INFLATION

Inflation did not have a significant effect on the Company’s results of operations and financial condition during the three fiscal years ended March 31, 2012.

## Item 6. Directors, Senior Management and Employees

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

### DIRECTORS

The following table sets forth certain information concerning the directors of Ryanair Holdings and Ryanair as of June 30, 2012:

Name	Age	Positions
David Bonderman (a)(b) .....	69	Chairman of the Board and Director
Michael Horgan (d) .....	75	Director
Klaus Kirchberger (e) .....	54	Director
Charles McCreevy (c) .....	62	Director
Declan McKeon (c) .....	61	Director
Kyran McLaughlin (a)(b) .....	68	Director
Michael O'Leary (a)(b)(f) .....	51	Director and Chief Executive Officer
James Osborne (a)(c)(e) .....	63	Director
Paolo Pietrogrande (e) .....	55	Director

(a) Member of the Executive Committee.

(b) Member of the Nomination Committee.

(c) Member of the Audit Committee.

(d) Member of the Air Safety Committee.

(e) Member of the Remuneration Committee.

(f) Mr. O'Leary is also the chief executive officer of Ryanair Holdings and Ryanair. None of the other directors are executive officers of Ryanair Holdings or Ryanair.

**David Bonderman (Chairman).** David Bonderman has served as a director since August 1996 and has served as the chairman of the Board of Directors since December 1996. In 1992, Mr. Bonderman co-founded TPG (formerly known as Texas Pacific Group), a private equity investment firm. He currently serves as an officer and director of the general partner and manager of TPG. Mr. Bonderman is also an officer, director and shareholder of 1996 Air G.P. Inc., which owns shares of Ryanair. He also serves on the boards of directors of the following public companies: Armstrong World Industries, Inc., CoStar Group, Inc. and General Motors Company. Mr. Bonderman is a U.S. citizen.

**Michael Horgan (Director).** Michael Horgan has served as a director since January 2001. A former Chief Pilot of Aer Lingus, he has acted as a consultant to a number of international airlines, civil aviation authorities, the European Commission and the European Bank for Reconstruction and Development. Mr. Horgan is the Chairman of the Company's Air Safety Committee. Mr. Horgan is an Irish citizen.

**Klaus Kirchberger (Director).** Klaus Kirchberger has served as a director since September 2002. He also serves as a director of a number of German corporations. Mr. Kirchberger is a German citizen.

**Charles McCreevy (Director).** Charles McCreevy has served as a director since May 2010. Mr. McCreevy has previously served as EU Commissioner for Internal Markets and Services (2004-2010) and has held positions in several Irish Government Ministerial Offices, including Minister for Finance (1997-2004), Minister for Tourism & Trade (1993-1994) and Minister for Social Welfare (1992-1993). Mr. McCreevy is an Irish citizen.

**Declan McKeon (Director).** Declan McKeon has served as a director since May 2010. Mr. McKeon is a former audit partner of PricewaterhouseCoopers and continues to act as a consultant to PricewaterhouseCoopers. He is currently a director, chairman of the audit committee, and a member of the compensation committee of Icon plc. Mr. McKeon is an Irish citizen.

**Kyran McLaughlin (Director).** Kyran McLaughlin has served as a director since January 2001, and is also Deputy Chairman and Head of Capital Markets at Davy Stockbrokers. Mr. McLaughlin also advised Ryanair during its initial flotation on the Dublin and NASDAQ stock markets in 1997. Mr. McLaughlin serves on the Board of Directors of Elan Corporation plc, and he also serves as a director of a number of other Irish private companies. Mr. McLaughlin is an Irish citizen.

**Michael O’Leary (Executive Director).** Michael O’Leary has served as a director of Ryanair since 1988 and a director of Ryanair Holdings since July 1996. Mr. O’Leary was appointed chief executive officer of Ryanair on January 1, 1994. Mr. O’Leary is an Irish citizen.

**James Osborne (Director).** James Osborne has served as a director of Ryanair Holdings since August 1996, and has been a director of Ryanair since April 1995. Mr. Osborne is a former managing partner of A & L Goodbody Solicitors. He is also a former Chairman of Independent News and Media plc and a director of James Hardie Industries NV. He also serves as a director of a number of Irish private companies. Mr. Osborne is an Irish citizen.

**Paolo Pietrogrande (Director).** Paolo Pietrogrande has served as a director since 2001. He is presently Chairman of Element Power Solar. A chemical engineer by training, he has served as an executive at a number of multinational companies. Mr. Pietrogrande currently serves on the board of AMKA Onlus (Not for Profit Company) and Camco International (LSE: CAO) where he is also chairman of the audit committee. He also serves on the advisory board of Wherb Ventures. Mr. Pietrogrande is a U.S. citizen.

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

*Executive Committee.* The Board of Directors established the Executive Committee in August 1996. The Executive Committee can exercise the powers exercisable by the full Board of Directors in circumstances in which action by the Board of Directors is required but it is impracticable to convene a meeting of the full Board of Directors. Messrs. Bonderman, McLaughlin, O’Leary and Osborne are the members of the Executive Committee.

*Remuneration Committee.* The Board of Directors established the Remuneration Committee in September 1996. This committee has authority to determine the remuneration of senior executives of the Company and to administer the stock option plans described below. The Board of Directors as a whole determines the remuneration and bonuses of the chief executive officer, who is the only executive director. Messrs. Osborne, Pietrogrande and Kirchberger are the members of the Remuneration Committee.

*Audit Committee.* The Board of Directors established the Audit Committee in September 1996 to make recommendations concerning the engagement of independent chartered accountants; to review with the accountants the plans for and scope of each annual audit, the audit procedures to be utilized and the results of the audit; to approve the professional services provided by the accountants; to review the independence of the accountants; and to review the adequacy and effectiveness of the Company’s internal accounting controls. Messrs. McKeon, Osborne and McCreevy are the members of the Audit Committee. In accordance with the recommendations of the Irish Combined Code of Corporate Governance (the “Combined Code”), a senior independent non-executive director, Mr. McKeon, is the chairman of the Audit Committee. All members of the Audit Committee are independent for purposes of the listing rules of the NASDAQ and the U.S. federal securities laws.

*Nomination Committee.* The Board of Directors established the Nomination Committee in May 1999 to make recommendations and proposals to the full Board of Directors concerning the selection of individuals to serve as executive and non-executive directors. The Board of Directors as a whole then makes appropriate determinations regarding such matters after considering such recommendations and proposals. Messrs. Bonderman, McLaughlin and O’Leary are the members of the Nomination Committee.

*Air Safety Committee.* The Board of Directors established the Air Safety Committee in March 1997 to review and discuss air safety and related issues. The Air Safety Committee reports to the full Board of Directors each quarter. The Air Safety Committee is composed of Mr. Horgan (who acts as the chairman), as well as the following executive officers of Ryanair: Messrs. Conway, Hickey, O’Brien and Wilson.



## **Powers of, and Action by, the Board of Directors**

The Board of Directors is empowered by the Articles to carry on the business of Ryanair Holdings, subject to the Articles, provisions of general law and the right of stockholders to give directions to the directors by way of ordinary resolutions. Every director who is present at a meeting of the Board of Directors of Ryanair Holdings has one vote. In the case of a tie on a vote, the chairman of the Board of Directors has a second or tie-breaking vote. A director may designate an alternate director to attend any Board of Directors meeting, and such alternate director shall have all the rights of a director at such meeting.

The quorum for a meeting of the Board of Directors, unless another number is fixed by the directors, consists of three directors, a majority of whom must be EU nationals. The Articles require the vote of a majority of the directors (or alternates) present at a duly convened meeting for the approval of any action by the Board of Directors.

## **Composition and Term of Office**

The Articles provide that the Board of Directors shall consist of no fewer than three and no more than 15 directors, unless otherwise determined by the stockholders. There is no maximum age for a director and no director is required to own any shares of Ryanair Holdings.

Directors are elected (or have their appointments confirmed) at the annual general meetings of stockholders. Save in certain circumstances, at every annual general meeting, one-third (rounded down to the next whole number if it is a fractional number) of the directors (being the directors who have been longest in office) must stand for re-election as their terms expire. Accordingly the terms of Michael Horgan, Kyran McLoughlin and Paolo Pietrogrande will have expired. Michael Horgan and Kyran McLoughlin will be eligible to offer themselves for re-election at the annual general meeting scheduled to be held on September 21, 2012. Paolo Pietrogrande will not be offering himself for re-election.

## **Exemptions from NASDAQ Corporate Governance Rules**

The Company relies on certain exemptions from the NASDAQ corporate governance rules. These exemptions, and the practices the Company adheres to, are as follows:

- The Company is exempt from NASDAQ's quorum requirements applicable to meetings of shareholders, which require a minimum quorum of 33% for any meeting of the holders of common stock, which in the Company's case are its Ordinary Shares. In keeping with Irish generally accepted business practice, the Articles provide for a quorum for general meetings of shareholders of three shareholders, regardless of the level of their aggregate share ownership.
- The Company is exempt from NASDAQ's requirement with respect to audit committee approval of related-party transactions, as well as its requirement that shareholders approve certain stock or asset purchases when a director, officer or substantial shareholder has an interest. The Company is subject to extensive provisions under the Listing Rules of the Irish Stock Exchange (the "Irish Listing Rules") governing transactions with related parties, as defined therein, and the Irish Companies Act also restricts the extent to which Irish companies may enter into related-party transactions. In addition, the Articles contain provisions regarding disclosure of interests by the directors and restrictions on their votes in circumstances involving conflicts of interest. The concept of a related party for purposes of NASDAQ's audit committee and shareholder approval rules differs in certain respects from the definition of a transaction with a related party under the Irish Listing Rules.

- NASDAQ requires shareholder approval for certain transactions involving the sale or issuance by a listed company of common stock other than in a public offering. Under the NASDAQ rules, whether shareholder approval is required for such transactions depends, among other things, on the number of shares to be issued or sold in connection with a transaction, while the Irish Listing Rules require shareholder approval when the size of a transaction exceeds a certain percentage of the size of the listed company undertaking the transaction.
- NASDAQ requires that each issuer solicit proxies and provide proxy statements for all meetings of shareholders and provide copies of such proxy solicitation to NASDAQ. The Company is exempt from this requirement as the solicitation of holders of ADSs is not required under the Irish Listing Rules or the Irish Companies Acts. Details of our annual general meetings and other shareholder meetings, together with the requirements for admission, voting or the appointment of a proxy are available on the website of the Company in accordance with the Irish Companies Acts and the Company's Articles of Association. ADS holders may provide instructions to The Bank of New York, as depositary, as to the voting of the underlying Ordinary Shares represented by such ADSs. Alternatively, ADS holders may convert their holding to Ordinary Shares, subject to compliance with the nationality ownership rules, in order to be eligible to attend our annual general meetings or other shareholder meetings.

The Company also follows certain other practices under the UK Corporate Governance Code in lieu of those set forth in the NASDAQ corporate governance rules, as expressly permitted thereby. Most significantly:

- Independence. NASDAQ requires that a majority of an issuer's Board of Directors be "independent" under the standards set forth in the NASDAQ rules and that directors deemed independent be identified in the Company's annual report on Form 20-F. The Board of Directors has determined that each of the Company's eight non-executive directors is "independent" under the standards set forth in the UK Corporate Governance Code. Under the UK Corporate Governance Code, there is no bright-line test establishing set criteria for independence, as there is under NASDAQ Rule 4200(a)(15). Instead, the Board of Directors determines whether the director is "independent in character and judgment," and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgment. Under the UK Corporate Governance Code, the Board of Directors may determine that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, but it should state its reasons if it makes such a determination. The UK Corporate Governance Code specifies that relationships or circumstances that may be relevant include whether the director: (i) has been an employee of the relevant company or group within the last five years; (ii) has had within the last three years a direct or indirect material business relationship with such company; (iii) has received payments from such company, subject to certain exceptions; (iv) has close family ties with any of the company's advisers, directors or senior employees; (v) holds cross-directorships or other significant links with other directors; (vi) represents a significant shareholder; or (vii) has served on the Board of Directors for more than nine years. In determining that each of the eight non-executive directors is independent under the UK Corporate Governance Code standard, the Ryanair Holdings Board of Directors identified such relevant factors with respect to non-executive directors Messrs. Bonderman, McLaughlin, Osborne, Horgan, Pietrogrande and Kirchberger. When arriving at the decision that these directors are nonetheless independent, the Board of Directors has taken into account the comments made by the Financial Reporting Council in its report dated December 2009 on its review of the impact and effectiveness of the UK Corporate Governance Code. The NASDAQ independence criteria specifically state that an individual may not be considered independent if, within the last three years, such individual or a member of his or her immediate family has had certain specified relationships with the company, its parent, any consolidated subsidiary, its internal or external auditors, or any company that has significant business relationships with the company, its parent or any consolidated subsidiary. Neither ownership of a significant amount of stock nor length of service on the board is a *per se* bar to independence under the NASDAQ rules.

- CEO compensation. The NASDAQ rules require that an issuer’s chief executive officer not be present during voting or deliberations by the Board of Directors on his or her compensation. There is no such requirement under the UK Corporate Governance Code.

## EXECUTIVE OFFICERS

The following table sets forth certain information concerning the executive officers of Ryanair Holdings and Ryanair at June 30, 2012:

Name	Age	Position
Michael Cawley .....	58	Deputy Chief Executive; Chief Operating Officer
Ray Conway .....	57	Chief Pilot
Caroline Green .....	48	Director of Customer Service
Michael Hickey .....	49	Director of Engineering
Juliusz Komorek .....	34	Director of Legal & Regulatory Affairs; Company Secretary
Howard Millar .....	51	Deputy Chief Executive; Chief Financial Officer
David O’Brien .....	48	Director of Flight Operations and Ground Operations
Michael O’Leary .....	51	Chief Executive Officer
Edward Wilson .....	48	Director of Personnel and In-flight

**Michael Cawley (Deputy Chief Executive; Chief Operating Officer).** Michael Cawley was appointed Deputy Chief Executive and Chief Operating Officer on January 1, 2003, having served as Chief Financial Officer and Commercial Director since February 1997. From 1993 to 1997, Michael served as Group Finance Director of Gowan Group Limited, one of Ireland’s largest private companies and the main distributor for Peugeot and Citroën automobiles in Ireland.

**Ray Conway (Chief Pilot).** Captain Ray Conway was appointed as Chief Pilot in June 2002, having joined Ryanair in 1987. He has held a number of senior management positions within the Flight Operations Department over the last 25 years, including Fleet Captain of the BAC1-11 and Boeing 737–200 fleets. Ray was Head of Training between 1998 and June 2002. Prior to joining Ryanair, Ray served as an officer with the Irish Air Corps for 14 years where he was attached to the Training and Transport Squadron, which was responsible for the Irish government jet.

**Caroline Green (Director of Customer Service).** Caroline Green was appointed Director of Customer Service in February 2003. Prior to this, Caroline served as Chief Executive Officer of Ryanair.com between November 1996 and January 2003. Before joining Ryanair, Caroline worked in senior positions at a number of airline computerized reservations system providers, including Sabre.

**Michael Hickey (Director of Engineering).** Michael Hickey has served as Director of Engineering since January 2000. Michael has held a wide range of senior positions within the Engineering Department since 1988 and was Deputy Director of Engineering between 1992 and January 2000. Prior to joining Ryanair in 1988, Michael worked as an aircraft engineer with Fields Aircraft Services and McAlpine Aviation, working primarily on executive aircraft.

**Juliusz Komorek (Director of Legal & Regulatory Affairs; Company Secretary).** Juliusz Komorek was appointed Company Secretary and Director of Legal and Regulatory Affairs in May 2009, having served as Deputy Director of Legal and Regulatory Affairs since 2007. Prior to joining the Company in 2004, Juliusz had gained relevant experience in the European Commission’s Directorate General for Competition and in the Polish Embassy to the EU in Brussels, as well as in the private sector in Poland and the Netherlands. Juliusz is a lawyer, holding degrees from the universities of Warsaw and Amsterdam.

**Howard Millar (Deputy Chief Executive; Chief Financial Officer).** Howard Millar was appointed Deputy Chief Executive and Chief Financial Officer on January 1, 2003, having served as Director of Finance of Ryanair from March 1993. Between April 1992 and March 1993 he served as Financial Controller of Ryanair. Howard was the Group Finance Manager for the Almarai Group, the largest integrated dairy food processing company in the world, in Riyadh, Saudi Arabia, from 1988 to 1992.

**David O'Brien (Director of Flight Operations and Ground Operations).** David O'Brien was appointed Director of Flight Operations and Ground Operations in December 2002; previously, he served as Director of Flight Operations of Ryanair from May 2002, having served as Director of U.K. Operations since April 1998. Prior to that, David served as Regional General Manager for Europe and CIS for Aer Rianta International. Between 1992 and 1996, David served as Director of Ground Operations and In-flight for Ryanair.

**Michael O'Leary (Chief Executive Officer).** Michael O'Leary has served as a director of Ryanair since November 1988 and was appointed Chief Executive Officer on January 1, 1994.

**Edward Wilson (Director of Personnel and In-flight).** Edward Wilson was appointed Director of Personnel and In-flight in December 2002, prior to which he served as Head of Personnel since joining Ryanair in December 1997. Prior to joining Ryanair he served as Human Resources Manager for Gateway 2000 and held a number of other human resources-related positions in the Irish financial services sector.

## COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

### Compensation

The aggregate amount of compensation paid by Ryanair Holdings and its subsidiaries to the eight sitting non-executive directors and nine executive officers named above in the 2012 fiscal year was €6.0 million. For details of Mr. O'Leary's compensation in such fiscal year, see "—Employment and Bonus Agreement with Mr. O'Leary" below.

Each of Ryanair Holdings' eight non-executive directors is entitled to receive €32,000 plus expenses per annum, as remuneration for his services to Ryanair Holdings. Mr. Bonderman executed an agreement with Ryanair Holdings waiving his entitlement to receive this remuneration for the 2012 fiscal year. The additional remuneration paid to Audit Committee members for service on that committee is €15,000 per annum. Mr. Horgan receives €40,000 per annum in connection with his additional duties in relation to the Air Safety Committee.

For further details of stock options that have been granted to the Company's employees, including the executive officers, see "Item 10. Additional Information—Options to Purchase Securities from Registrant or Subsidiaries," as well as Note 15 to the consolidated financial statements included herein.

### Employment and Bonus Agreement with Mr. O'Leary

Mr. O'Leary's current employment agreement with the Company is dated July 1, 2002 and can be terminated by either party upon 12 months' notice. Pursuant to the agreement, Mr. O'Leary serves as Chief Executive Officer at a current annual gross salary of €768,000, subject to any increases that may be agreed between the Company and Mr. O'Leary. Mr. O'Leary is also eligible for annual bonuses as determined by the Board of Directors of the Company; the amount of such bonuses paid to Mr. O'Leary in the 2012 fiscal year totaled €504,000. Mr. O'Leary is subject to a covenant not to compete with the Company within the EU for a period of two years after the termination of his employment with the Company. Mr. O'Leary's employment agreement does not contain provisions providing for compensation on its termination.

## EMPLOYEES AND LABOR RELATIONS

The following table sets forth the details of Ryanair’s team at each of March 31, 2012, 2011 and 2010:

Classification	Number of Personnel at March 31,		
	2012	2011	2010
Management .....	99	95	99
Administrative .....	280	275	276
Maintenance .....	138	149	180
Ground Operations .....	243	268	297
Pilots.....	2,429	2,344	2,032
Flight Attendants* .....	5,199	5,429	4,284
<b>Total .....</b>	<b>8,388</b>	<b>8,560</b>	<b>7,168</b>

\* Decrease on prior year due to lower aircraft in operation in March 2012 and cabin crew staff being furloughed.

Ryanair’s pilots, flight attendants and maintenance and ground operations personnel undergo training, both initial and recurrent. A substantial portion of the initial training for Ryanair’s flight attendants is devoted to safety procedures, and cabin crew are required to undergo annual evacuation and fire drill training during their tenure with the airline. Ryanair also provides salary increases to its engineers who complete advanced training in certain fields of aircraft maintenance. Ryanair utilizes its own Boeing 737-800 aircraft simulators for pilot training.

IAA regulations require pilots to be licensed as commercial pilots with specific ratings for each aircraft to be flown. In addition, IAA regulations require all commercial pilots to be medically certified as physically fit. At March 31, 2012, the average age of Ryanair’s pilots was 34 years and their average period of employment with Ryanair was 4.8 years. Licenses and medical certification are subject to periodic re-evaluation and require recurrent training and recent flying experience in order to be maintained. Maintenance engineers must be licensed and qualified for specific aircraft types. Flight attendants must undergo initial and periodic competency training. Training programs are subject to approval and monitoring by the IAA. In addition, the appointment of senior management personnel directly involved in the supervision of flight operations, training, maintenance and aircraft inspection must be satisfactory to the IAA. Based on its experience in managing the airline’s growth to date, management believes that there is a sufficient pool of qualified and licensed pilots, engineers and mechanics within the EU to satisfy Ryanair’s anticipated future needs in the areas of flight operations, maintenance and quality control and that Ryanair will not face significant difficulty in hiring and continuing to employ the required personnel. Ryanair has also been able to satisfy its needs for additional pilots through the use of contract agencies. These contract pilots are included in the table above. In addition, Ryanair has also been able to satisfy its needs for additional flight attendants through the use of contract agencies. These contract flight attendants are included in the table above.

Ryanair has licensed approved organizations in Sweden and Holland to operate pilot training courses using Ryanair’s syllabus, in order to grant Boeing 737 type-ratings. Each trainee pilot must pay for his or her own training and, based on his or her performance, he or she may be offered a position operating on Ryanair aircraft. This program enables Ryanair to secure a continuous stream of type-rated co-pilots.

Ryanair’s employees earn productivity-based incentive payments, including a sales bonus for onboard sales for flight attendants and payments based on the number of hours or sectors flown by pilots and flight attendants (within limits set by industry standards or regulations fixing maximum working hours). During the 2012 fiscal year, such productivity-based incentive payments accounted for approximately 47% of an average flight attendant’s total earnings and approximately 37% of the typical pilot’s compensation. Pilots at all Ryanair bases are covered by four-year agreements on pay, allowances and rosters which variously fall due for negotiation between 2013 and 2015. In March 2012, Ryanair agreed to increase the pay of pilots and cabin crew in accordance with the terms of individual base agreements. The remaining employees who were not covered by base agreements had their salary frozen for a period of 12 months. Ryanair’s pilots are currently subject to IAA-approved limits of 100 flight-hours per 28-day cycle and 900 flight-hours per fiscal year. For the 2012 fiscal year, the average flight-hours for Ryanair’s pilots

amounted to approximately 70 hours per month and approximately 839 hours for the complete year, a 2% increase on the previous fiscal year. Were more stringent regulations on flight hours to be adopted, Ryanair's flight personnel could experience a reduction in their total pay due to lower compensation for the number of hours or sectors flown and Ryanair could be required to hire additional flight personnel.

Ryanair considers its relations with its employees to be good. Ryanair currently negotiates with groups of employees, including its pilots, through "Employee Representation Committees" ("ERCs") regarding pay, work practices and conditions of employment, including conducting formal negotiations with these internal collective bargaining units. Ryanair's senior management meets regularly with the different ERCs to discuss all aspects of the business and those issues that specifically relate to each relevant employee group.

On June 19, 2009, BALPA (the U.K. pilots union) made a request for voluntary recognition under applicable U.K. legislation, which Ryanair rejected. BALPA had the option of applying to the U.K.'s Central Arbitration Committee (CAC) to organize a vote on union recognition by Ryanair's pilots in relevant bargaining units, as determined by the CAC but BALPA decided not to proceed with an application at that time. The option to apply for a ballot remains open to BALPA and if it were to seek and be successful in such a ballot, it would be able to represent the U.K. pilots in negotiations over salaries and working conditions.

Ryanair Holdings' shareholders have approved a number of share option plans for employees and directors. Ryanair Holdings has also issued share options to certain of its senior managers. For details of all outstanding share options, see "Item 10. Additional Information—Options to Purchase Securities from Registrant or Subsidiaries."

#### **Item 7. Major Shareholders and Related Party Transactions**

As of June 30, 2012, there were 1,440,665,261 Ordinary Shares outstanding. As of that date, 118,335,860 ADRs, representing 591,679,300 Ordinary Shares, were held of record in the United States by 68 holders, and represented in the aggregate 41.06% of the number of Ordinary Shares then outstanding. See "Item 10. Additional Information—Articles of Association" and "—Limitations on Share Ownership by Non-EU Nationals."

#### **MAJOR SHAREHOLDERS**

Based on information available to Ryanair Holdings, the following table summarizes the holdings of those shareholders holding 3% or more of the Ordinary Shares as of June 30, 2012, June 30, 2011 and June 30, 2010, the latest practicable date prior to the Company's publication of its statutory annual report in each of the relevant years.

	<b>As of June 30, 2012</b>		<b>As of June 30, 2011</b>		<b>As of June 30, 2010</b>	
	<b>No. of Shares</b>	<b>% of Class</b>	<b>No. of Shares</b>	<b>% of Class</b>	<b>No. of Shares</b>	<b>% of Class</b>
Capital Research and Management Company .....	239,479,390	16.6%	242,547,995	16.3%	227,952,645	15.4%
Manning and Napier .....	85,044,870	5.9%	76,774,465	5.2%	Not Reportable	n/a
BlackRock Inc .....	74,688,280	5.2%	82,794,588	5.6%	Not Reportable	n/a
Baillie Gifford .....	52,883,746	3.7%	Not Reportable	n/a	Not Reportable	n/a
Michael O'Leary .....	51,081,256	3.5%	55,081,256	3.7%	60,035,418	4.0%
Lloyds Banking Group .....	Not Reportable	n/a	50,892,144	3.4%	Not Reportable	n/a

As of June 30, 2012, the directors and executive officers of Ryanair Holdings as a group owned 61,632,771 Ordinary Shares, representing 4.3% of Ryanair Holdings' outstanding Ordinary Shares as of such date. See also Note 19(d)] to the consolidated financial statements included herein. Each of our shareholders has identical voting rights with respect to its Ordinary Shares.

## RELATED PARTY TRANSACTIONS

The Company has not entered into any “related party transactions” as defined in Item 7.B. of Form 20-F in the three fiscal years ending March 31, 2012 or in the period from March 31, 2012 to the date hereof.

### Item 8. *Financial Information*

## CONSOLIDATED FINANCIAL STATEMENTS

Please refer to “Item 18. Financial Statements.”

## OTHER FINANCIAL INFORMATION

### Legal Proceedings

The Company is engaged in litigation arising in the ordinary course of its business. Although no assurance can be given as to the outcome of any current or pending litigation, management does not believe that any of such litigation will, individually or in the aggregate, have a material adverse effect on the results of operations or financial condition of the Company, except as otherwise described below.

*EU State Aid-Related Proceedings.* On December 11, 2002, the European Commission announced the launch of an investigation into the 2001 agreement among Ryanair, the Brussels (Charleroi) airport and the government of the Walloon Region of Belgium, the owner of the airport, which enabled the Company to launch new routes and base up to four aircraft at Brussels (Charleroi). The European Commission’s investigation was based on an anonymous complaint alleging that Ryanair’s arrangements with Brussels (Charleroi) constituted illegal state aid.

The European Commission issued its decision on February 12, 2004. As regards the majority of the arrangements between Ryanair, the airport and the region, the European Commission found that although they constituted state aid, they were nevertheless compatible with the EC Treaty provisions and therefore did not require repayment. However, the European Commission also found that certain other arrangements did constitute illegal state aid and therefore ordered Ryanair to repay the amount of the benefit received in connection with those arrangements. On April 20, 2004, the Walloon Region wrote to Ryanair requesting repayment of such state aid, although it acknowledged that Ryanair could offset against the amount of such state aid certain costs incurred in relation to the establishment of the base, in accordance with the European Commission’s decision. Ryanair made the requested repayment.

On May 25, 2004, Ryanair appealed the decision of the European Commission to the CFI, requesting the court to annul the decision because:

- the European Commission infringed Article 253 of the EC Treaty by failing to provide adequate reasons for its decision; and
- the European Commission misapplied Article 87 of the EC Treaty by failing to properly apply the Market Economy Investor Principle (MEIP), which generally holds that an investment made by a public entity that would have been made on the same basis by a private entity does not constitute state aid.

In March 2008, Ryanair had its hearing before the CFI, and in December 2008, the CFI annulled the European Commission’s decision, and Ryanair was repaid the €4 million that the Commission had claimed was illegal state aid. The Belgian government has also withdrawn a separate €2.3 million action against Ryanair arising from the European Commission’s decision.

In July 2012, the European Commission concluded that the financial arrangements between the Tampere airport in Finland and Ryanair do not constitute state aid within the meaning of EU rules, because such arrangements are in line with market terms.

Ryanair is facing similar legal challenges with respect to agreements with certain other airports, notably Lübeck, Berlin (Schönefeld), Alghero, Pau, Aarhus, Frankfurt (Hahn), Dusseldorf (Weeze), Zweibrücken, Altenburg, Klagenfurt, (Stockholm) Vasteras, Paris (Beauvais), La Rochelle, Carcassonne, Nimes, Angoulême, Marseille and Brussels (Charleroi). In January 2010, the European Commission concluded the Bratislava state aid investigation with a finding that Ryanair's agreement with Bratislava airport involved no aid. The remaining nineteen investigations involving Ryanair are ongoing and Ryanair currently expects that they will conclude within the next 12 months, with any European Commission's decisions appealable to the EU General Court.

State aid complaints by Lufthansa about Ryanair's cost base at Frankfurt (Hahn) have been rejected by German courts, as have similar complaints by Air Berlin in relation to Ryanair's arrangement with Lubeck airport, but following a German Supreme Court ruling on a procedural issue in early 2011, these cases will be re-heard by lower courts. In addition, Ryanair has been involved in legal challenges including allegations of state aid at Alghero and Marseille airports. The Alghero case (initiated by Air One) was dismissed in its entirety in April 2011. The Marseille case was withdrawn by the plaintiffs (subsidiaries of Air France) in May 2011.

In September 2005, the European Commission announced new guidelines on the financing of airports and the provision of start-up aid to airlines departing from regional airports, based on the European Commission's finding in the Brussels (Charleroi) case, which Ryanair successfully appealed. The guidelines apply only to publicly owned regional airports, and place restrictions on the incentives these airports can offer airlines to deliver traffic. The guidelines apply only in cases in which the terms offered by a public airport are in excess of what a similar private airport would have offered. Ryanair deals with airports, both public and private, on an equal basis and receives the same cost agreements from both. The guidelines have therefore had no impact on Ryanair's business, although they have caused significant uncertainty in the industry in relation to what public airports may or may not do in order to attract traffic.

Ryanair believes that the positive decision by the CFI in the Brussels (Charleroi) case has caused the European Commission to rethink its policy in this area. Ryanair believes that the CFI's findings should be addressed in the ongoing revision of the guidelines. However, adverse rulings in the above or similar cases could be used as precedents by other competitors to challenge Ryanair's agreements with other publicly owned airports and could cause Ryanair to strongly reconsider its growth strategy in relation to public or state-owned airports across Europe. This could in turn lead to a scaling back of Ryanair's growth strategy due to the smaller number of privately owned airports available for development. No assurance can be given as to the outcome of these proceedings, nor as to whether any unfavorable outcomes may, individually or in the aggregate, have a material adverse effect on the results of operations or financial condition of the Company.

In November 2007, Ryanair initiated proceedings in the CFI against the European Commission for its failure to take action on a number of state aid complaints Ryanair had submitted against Air France, Lufthansa, Alitalia, Volare and Olympic Airways. Following the European Commission's subsequent findings that illegal state aid had been provided to Air France and Olympic Airways, Ryanair withdrew the two relevant proceedings. The case related to Lufthansa concluded with the EU General Court's ruling in May 2011, in which the Court found that while the European Commission has not failed to act, it has unreasonably delayed the launch of the investigation, which justified Ryanair's action for failure to act. Consequently, the Court ordered the European Commission to pay 50% of Ryanair's costs in the proceedings. Similarly, in October 2011, the General Court found that the European Commission has failed to act on Ryanair's 2005-2006 complaints against state aid to Alitalia. The European Commission has appealed that ruling.

In November 2008, Ryanair initiated proceedings in the CFI contesting the European Commission's refusal to grant Ryanair access to documents relating to the European Commission's state aid investigations at Hamburg (Lubeck), Tampere, Berlin (Schönefeld), Alghero, Pau, Aarhus, Bratislava and Frankfurt (Hahn) airports. These cases were heard on July 7, 2010 and a judgment was issued in December 2010. The CFI found that the European Commission had acted in line with applicable legislation, which highlighted the unfairness inherent in state aid procedures in the EU, whereby alleged beneficiaries of aid have no right of access to the European Commission's files and therefore cannot properly exercise their rights to defense and good administration. The CFI ordered the European Commission to pay Ryanair's costs in three of the eight access to documents cases.



In March 2009, Ryanair also appealed (to the CFI) two decisions issued by the European Commission in November 2008 relating to the sale of Alitalia's assets to Compagnia Aerea Italiana (CAI) and to a €300 million rescue loan granted to Alitalia by the Italian government and subsequently converted into Alitalia's capital. A hearing in this case took place in June 2011 and judgment rejecting Ryanair's appeal was issued in March 2012. Ryanair appealed this ruling to the EU Court of Justice.

*Matters Related to Investment in Aer Lingus.* During the 2007 fiscal year, the Company acquired 25.2% of Aer Lingus. The Company increased its interest to 29.3% during the 2008 fiscal year, and to 29.8% during the 2009 fiscal year at a total aggregate cost of €407.2 million. Following the acquisition of its initial stake and upon the approval of the Company's shareholders, management proposed to effect a tender offer to acquire the entire share capital of Aer Lingus. This 2006 offer was, however, prohibited by the European Commission on competition grounds. Ryanair filed an appeal with the CFI, which was heard in July 2009. On July 6, 2010 the Court upheld the European Commission's decision. (see also: "Item 5. Operating and Financial Review and Prospects—Business Overview").

The then EU Commissioner for Competition, Neelie Kroes, said on June 27, 2007 that, "Since Ryanair is not in a position to exert de jure or de facto control over Aer Lingus, the European Commission is not in a position to require Ryanair to divest its minority shareholding, which is, by the way, not a controlling stake." In October 2007, the European Commission also reached a formal decision that it would not force Ryanair to sell its shares in Aer Lingus. However, Aer Lingus appealed this decision before the CFI. In January 2008, the CFI heard an application by Aer Lingus for interim measures limiting Ryanair's voting rights, pending a decision of the CFI on Aer Lingus' appeal of the European Commission's decision not to force Ryanair to sell the Aer Lingus shares. In March 2008, the court dismissed Aer Lingus' application for interim measures. Aer Lingus' main appeal was heard in July 2009. On July 6, 2010 the court rejected Aer Lingus' appeal and confirmed that Ryanair cannot be forced to dispose of its 29.8% stake in Aer Lingus. Aer Lingus had two months and 10 days from such date to appeal this judgment to the Court of Justice of the EU but chose not to do so. EU legislation may change in the future to require such a forced disposal. If eventually forced to dispose of its stake in Aer Lingus, Ryanair could suffer significant losses due to the negative impact on market prices of the forced sale of such a significant portion of Aer Lingus' shares.

On December 1, 2008, Ryanair made a second offer to acquire all of the ordinary shares of Aer Lingus it did not own at a price of €1.40 per ordinary share. Ryanair offered to keep Aer Lingus as a separate company, maintain the Aer Lingus brand, and retain its Heathrow slots and connectivity. Ryanair also proposed to double Aer Lingus' short-haul fleet from 33 to 66 aircraft and to create 1,000 associated new jobs over a five-year period. If the offer had been accepted, the Irish government would have received over €180 million in cash. The employee share ownership trust and employees who owned 18% of Aer Lingus would have received over €137 million in cash. The Company met Aer Lingus management, representatives of the employee share ownership trust and other parties. The offer of €1.40 per Aer Lingus share represented a premium of approximately 25% over the closing price of €1.12 on November 28, 2008. Ryanair also advised the market that it would not proceed to seek EU approval for the new bid unless the shareholders agreed to sell their stakes in Aer Lingus to Ryanair. However, as the Company was unable to secure the shareholders' support it decided, on January 28, 2009, to withdraw its second offer for Aer Lingus.

The United Kingdom's Office of Fair Trading ("OFT") wrote to Ryanair in September 2010, advising that it intended to investigate Ryanair's minority stake in Aer Lingus. Ryanair objected on the basis that the OFT's investigation was time-barred. Ryanair maintains that the OFT had and missed the opportunity to investigate Ryanair's minority stake within four months from the European Commission's June 2007 decision to prohibit Ryanair's takeover of Aer Lingus. The OFT agreed in October 2010 to suspend its investigation pending the outcome of Ryanair's appeal against the OFT's decision that its investigation is not time barred. On July 28, 2011, the Competition Appeal Tribunal ruled that the OFT was not time barred when it attempted in September 2010 to open an investigation into Ryanair's 2006 acquisition of a minority non-controlling stake in Aer Lingus. Ryanair subsequently appealed the Competition Appeal Tribunal's decision. On November 24, 2011, the UK Court of Appeal ordered a stay of the OFT's investigation into Ryanair's minority stake in Aer Lingus pending the outcome of the appeal. On May 22, 2012, the UK Court of Appeal found that the OFT was not time barred to investigate Ryanair's minority stake in Aer Lingus in September 2010. Ryanair subsequently sought permission to appeal this ruling to the UK Supreme Court but permission was refused. On June 15, 2012, the OFT referred the investigation of Ryanair's minority stake in Aer Lingus to the UK Competition Commission. Ryanair welcomed this decision as it

believes that the Competition Commission should find that since Ryanair has no influence over Aer Lingus through its minority stake, it cannot be forced to dispose of the stake. The Competition Commission could order Ryanair to divest some or all of its shares in Aer Lingus, as a result of which Ryanair could suffer significant losses due to the negative impact on market prices of the forced sale of such a significant portion of Aer Lingus' shares.

On June 19, 2012, Ryanair made a third offer to acquire all of the ordinary shares of Aer Lingus it did not own at a price of €1.30 per ordinary share. The Company immediately commenced pre-notification discussions with the European Commission for the purpose of preparing a merger filing. Pending the outcome of the European Commission's review of Ryanair's bid, on the basis of the duty of "sincere cooperation" between the EU and the Member States, and under the EU Merger Regulation, the Competition Commission's investigation of Ryanair's minority stake in Aer Lingus cannot properly proceed. Nevertheless, Aer Lingus argued that the investigation should proceed and that Ryanair's June 19 offer was in breach of certain provisions of the UK Enterprise Act 2002. On July 10, 2012, the Competition Commission ruled that Ryanair's bid was not in breach of the UK Enterprise Act, but nevertheless decided that its investigation of the minority stake can proceed in parallel with the European Commission's investigation of the June 19 offer. On July 13, 2012 Ryanair appealed the latter part of the Competition Commission's ruling to the UK Competition Appeal Tribunal. The outcome of this appeal is currently expected within a relatively short timeframe of approximately 3-4 weeks. Should the Competition Appeal Tribunal uphold Ryanair's appeal, the Competition Commission's investigation will be suspended pending the EU merger review process of the June 19 offer, including any subsequent appeals. Should Ryanair's appeal be rejected, the Competition Commission's investigation will proceed in parallel with the EU merger review process, however the Competition Commission could not in any event attempt to frustrate the European Commission's jurisdiction and/or decisions.

The timing of the offer has been influenced by; (1) the continued consolidation of European airlines, and more recently the International Airlines Group (the parent company of British Airways) takeover of British Midland International, where the No.1 airline at Heathrow was allowed to acquire the No. 2; (2) the additional capacity available at Dublin airport following the opening of Terminal 2 and the decline in traffic from 23.3 million passengers per annum in 2007 to 18.7 million in 2011, resulting in Dublin airport operating at approximately 50% capacity; (3) the change in the Irish government policy since 2006 in that the Irish government has decided to sell its stake in Aer Lingus; (4) the fact that under the terms of the bailout agreement provided by the European Commission, European Central bank and International Monetary Fund to Ireland, the Irish government has committed to sell its stake in Aer Lingus; (5) the fact that the ESOT (Employee Share Ownership Trust) which at the time of the unsuccessful 2006 offer controlled 15% of Aer Lingus has been disbanded since December 2010 and the shares distributed to the individual members, with the result that Ryanair's new offer is, in Ryanair's view, capable of reaching over 50% acceptance either with or without government acceptance; and (6) the fact that recently Etihad, an Abu Dhabi based airline, has acquired a 3% stake in Aer Lingus and has expressed an interest in buying the Irish government's 25% stake in Aer Lingus (the offer now provides Etihad or any other potential bidder the opportunity to purchase the government's stake). Ryanair is willing to offer the European Commission for Competition appropriate remedies to allay competition concerns, and it believes that these remedies, as well as the efficiencies and synergies arising from the combination, should allow the Commission to approve this proposed merger.

Ryanair has offered to keep Aer Lingus as a separate company, maintain the Aer Lingus brand, and to grow its traffic from 9.5 million to over 14.5 million passengers over a five year period post acquisition, by growing Aer Lingus' short haul traffic at some of Europe's major airports where Aer Lingus currently operates and Ryanair does not. Ryanair also intends to increase Aer Lingus' transatlantic traffic from Ireland, which has fallen in recent years, by investing in operations. If the offer is accepted, the Irish government would receive €173 million in cash. The offer of €1.30 per share represented a premium of approximately 38% over the closing price of €0.94 for Aer Lingus shares as of June 19, 2012. The offer is conditional on competition approval by the European Commission. The Company anticipates that the EU Merger review process will be completed between September 2012 and February 2013.

*Legal Actions Against Monopoly Airports.* Ryanair has been involved in a number of legal and regulatory actions against the Dublin and London (Stansted) airports in relation to what Ryanair considers to be ongoing abuses of their dominant positions in the Dublin and London (Stansted) markets. Management believes that both of these airports have been engaging in “regulatory gaming” in order to achieve inflated airport charges under the regulatory processes in the U.K. and Ireland. By inflating its so-called “regulated asset base” (essentially the value of its airport facilities), a regulated airport can achieve higher returns on its assets through inflated airport charges. With respect to London (Stansted), the OFT, following complaints from Ryanair and other airlines, has recognized that the regulatory process is flawed and provides perverse incentives to regulated airports to spend excessively on infrastructure in order to inflate their airport charges. The OFT referred the case to the Competition Commission which released its preliminary findings in April 2008. It found that the common ownership by BAA of the three main airports in London affects competition and that the “light touch” regulation by the Civil Aviation Authority was having an adverse impact on competition. In March 2009, the Competition Commission published its final report on the BAA and ordered the breakup of the BAA, (which will involve the sale of London (Gatwick) and London (Stansted) and either Glasgow or Edinburgh Airport in Scotland). In October 2009 London (Gatwick) was sold to Global Infrastructure Partners for £1.5 billion. In May 2009, BAA appealed the Competition Commission’s decision on the bases of apparent bias and lack of proportionality. Ryanair secured the right to intervene in this appeal in support of the Competition Commission. The case was heard in October 2009 and in February 2010 the Competition Appeal Tribunal quashed the Competition Commission’s ruling on the basis of the “apparent bias” claim. This decision was successfully appealed by both the Competition Commission and Ryanair before the Court of Appeal. The appeal was heard in June 2010 and the judgment was issued in October 2010, quashing the Competition Appeal Tribunal ruling and reinstating the Competition Commission March 2009 decision. In February 2011, the Supreme Court refused to grant the BAA permission to appeal the Court of Appeal ruling. The Competition Commission has subsequently reconsidered the appropriateness of the remedies imposed on the BAA in March 2009 in light of the passage of time, and confirmed in its preliminary report in April 2011 that the remedies are still appropriate and the sale of Stansted and one of either Glasgow or Edinburgh airports should proceed. In July 2011, the Competition Commission confirmed its March 2011 provisional decision on “possible material changes of circumstances.” It found that no material changes of circumstances (that would necessitate a change in the remedies package) have occurred since the March 2009 decision requiring the BAA to sell Gatwick, Stansted and one of either Glasgow or Edinburgh airports, and that consequently the BAA should proceed to dispose of Stansted and one of the Scottish airports. The BAA appealed this decision to the Competition Appeal Tribunal, and lost on February 1, 2012. The BAA then brought a further appeal to the Court of Appeal, which they also lost on July 26, 2012. The BAA then announced that they intend to appeal this decision to the UK Supreme Court in 2012. While these appeals were ongoing, the BAA proceeded to sell Edinburgh airport in April 2012. Ryanair believes that Stansted airport will be sold in the next 6-12 months, unless the BAA is successful in the Court of Appeal or unless it manages to appeal a negative Court of Appeal ruling to the Supreme Court, which would likely delay the sale further.

With respect to Dublin airport, Ryanair appealed the December 2009 decision of the CAR, which set maximum charges at the airport for 2010 through 2014, to the Appeals Panel set up by the Minister for Transport. In June 2010, the Appeals Panel found in favor of Ryanair on the matter of differential pricing between Terminal 1 and Terminal 2, recommending that such differential pricing be imposed by the CAR. The CAR subsequently overruled the decision of the Appeals panel and allowed the charges increase at Dublin Airport, with no differential pricing between Terminals 1 and 2.

Ryanair has also been trying to prevent both the BAA in London and the DAA in Dublin from engaging in wasteful capital expenditure. In the case of London (Stansted) Airport, the BAA was planning to spend £4 billion on a second runway and terminal, which Ryanair believes should only cost approximately £1 billion. Following the final decision of the Competition Commission forcing BAA to sell London (Stansted) airport, Ryanair believed that it was highly unlikely that BAA’s planned £4 billion plans would proceed. The Liberal/Conservative government in the U.K. had also outlined that it would not approve the building of any more runways in the Southeast of England. Consequently, in May 2010, the BAA announced that it would not pursue its plans to develop a second runway at London (Stansted).

In the case of Dublin, the DAA has built a second terminal, costing over four times its initial estimate. When the DAA first announced plans to build a second terminal (“Terminal 2”) at Dublin Airport, it estimated that the proposed expansion would cost between €170 million and €200 million. Ryanair supported a development of this scale; however, in September 2006, the DAA announced that the construction of Terminal 2 would cost approximately €800 million. Subsequently, the cost of the new infrastructure rose in excess of €1.2 billion. Ryanair opposed expansion at what it believed to be an excessive cost. On August 29, 2007, however the relevant planning authority approved the planning application from the DAA for the building of Terminal 2, and other facilities, all of which went ahead. On May 1, 2010, the airport fees per departing passenger increased by 27% from €13.61 to €17.23, and by a further 12% in 2011 following the opening of Terminal 2 in November 2010 in accordance with the CAR’s decision of December 4, 2009 in relation to airport charges between 2010 and 2014. Ryanair sought a judicial review of the planning approval, however, this appeal was unsuccessful. The increase in charges, in combination with the introduction of the €10 Air Travel Tax (subsequently reduced to €3) mentioned above, led to substantially reduced passenger volumes to and from Dublin Airport. See “Item 3. Risk Factors—Risks Related to the Company—Ryanair’s Continued Growth is Dependent on Access to Suitable Airports; Charges for Airport Access are Subject to Increase” and “—The Company Is Subject to Legal Proceedings Alleging State Aid at Certain Airports,” as well as “Item 4. Information on the Company—Airport Operations—Airport Charges.”

*Legal Proceedings Against Internet Ticket Touts.* The Company is involved in a number of legal proceedings against internet ticket touts (scrapers) in Ireland, Germany, the Netherlands, France, Spain, Italy and Switzerland. Scrapper websites gain unauthorized access to Ryanair’s website and booking system, extract flight and pricing information and display it on their own websites for sale to customers at prices which include intermediary fees on top of Ryanair’s fares. Ryanair does not allow any such commercial use of its website and objects to the practice of scrapers also on the basis of certain legal principles, such as database rights, copyright protection, etc. The Company’s objective is to prevent any unauthorized use of its website. The Company also believes that the selling of airline tickets by scraper websites is inherently anti-consumer as it inflates the cost of air travel. At the same time, Ryanair encourages genuine price comparison websites which allow consumers to compare prices of several airlines and then refer consumers to the airline website in order to perform the booking at the original fare. Ryanair offers licensed access to its flight and pricing information to such websites. The Company has received favorable rulings in Ireland, Germany and The Netherlands. However, pending the outcome of these legal proceedings and if Ryanair were to be unsuccessful in them, the activities of scraper websites could lead to a reduction in the number of customers who book directly on Ryanair’s website and consequently in a reduction in the ancillary revenue stream. Also, some customers may be lost to the Company once they are presented by a scraper website with a Ryanair fare inflated by the scraper’s intermediary fee. See Item 3. Key Information—Risk Factors—Risks Related to the Company—Ryanair Faces Risks Related to Unauthorized Use of Information from the Company’s Website.”

## **Dividend Policy**

Following shareholder approval at the September 2010 annual general meeting of shareholders, a €500 million special dividend was paid in October 2010. On May 21, 2012, the Company indicated that it may pay a further dividend of €0.34 per ordinary share (approximately €489 million) in November 2012, subject to shareholder approval at the annual shareholder meeting on September 21, 2012. The Company may pay other dividends from time to time, or it may not pay any dividends at all, as has been its practice to date. No assurances can be given that the Company will, or will not, pay dividends. Any cash dividends or other distributions, if made, are expected to be made in euro, although Ryanair Holdings’ Articles provide that dividends may be declared and paid in U.S. dollars. In the case of ADRs, the Depositary will convert all cash dividends and other distributions payable to owners of ADRs into U.S. dollars to the extent that, in its judgment, it can do so on a reasonable basis, and will distribute the resulting U.S. dollar amounts (net of conversion expenses and any applicable fees) to the owners of ADRs. See “Item 12. Description of Securities Other than Equity Securities” for information regarding fees of the Depositary.

## **Share Buy-back Program**

Following shareholder approval at the 2006 annual general meeting of shareholders, a €300 million share buy-back program was formally announced on June 5, 2007. Permission was received at the annual general meeting of the shareholders held on September 20, 2007 to repurchase a maximum of 75.6 million Ordinary Shares representing 5% of the Company's then outstanding share capital. The €300 million share buy-back of approximately 59.5 million Ordinary Shares, representing approximately 3.8% of the Company's pre-existing share capital, was completed in November 2007. In February 2008 the Company announced a second share buy-back program of up to €200 million worth of Ordinary Shares, which was ratified by shareholders at the annual general meeting of the shareholders held on September 18, 2008. 18.1 million Ordinary Shares were repurchased under this program at a cost of approximately €46.0 million. The Company also completed the share buy-back of €125 million in respect of 36.5 million Ordinary Shares in the 2012 fiscal year. In April 2012, the Company completed a share buy-back of 15 million Ordinary Shares at a cost of approximately €68 million. As a result, the total amount spent on the share buy-back programs was approximately €538.1 million. All Ordinary Shares repurchased have been cancelled.

In April 2012, the Company held an extraordinary general meeting to authorize the directors to repurchase Ordinary Shares and ADRs for up to 5% of the issued share capital of the Company traded on the NASDAQ. Up until April 2012, shareholders had only authorized the directors to repurchase Ordinary Shares. As the ADRs typically trade at a premium of 15% to 20% compared to Ordinary Shares, this may result in increased costs in performing share buy-backs in the future. At this time the Company has not decided whether it will complete further share repurchases and whether it will repurchase Ordinary Shares or ADRs.

See "Item 9. The Offer and Listing - Trading Markets and Share Prices" below for further information regarding share buy-backs.

## **SIGNIFICANT CHANGES**

No significant change in the Company's financial condition has occurred since the date of the consolidated financial statements included in this annual report.

## Item 9. The Offer and Listing

### TRADING MARKETS AND SHARE PRICES

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

ADRs, each representing five Ordinary Shares, are traded on NASDAQ. The Bank of New York Mellon is Ryanair Holdings' depositary for purposes of issuing ADRs evidencing the ADSs. The following tables set forth, for the periods indicated, the reported high and low closing sales prices of the ADRs on NASDAQ and for the Ordinary Shares on the Irish Stock Exchange and the London Stock Exchange, and have been adjusted to reflect the two-for-one split of the Ordinary Shares and ADRs effected on February 26, 2007:

\*All quarterly high and low prices for ADRs and Ordinary Shares in the following tables refer to calendar year quarters and not fiscal year quarters

	ADRs	
	(in U.S. dollars)	
	High	Low
2006.....	40.750	23.365
2007.....	49.560	36.210
2008.....	35.482	15.089
2009.....	29.586	20.779
2010		
First Quarter*.....	26.327	24.471
Second Quarter.....	28.606	21.268
Third Quarter.....	30.810	26.053
Fourth Quarter.....	33.090	29.200
2011		
First Quarter.....	31.990	26.580
Second Quarter.....	30.560	27.970
Third Quarter.....	29.730	24.200
Fourth Quarter.....	30.820	25.410
Month ending:		
January 31, 2012.....	33.540	27.770
February 29, 2012.....	35.040	33.230
March 31, 2012.....	36.280	33.460
April 30, 2012.....	36.890	33.100
May 31, 2012.....	35.440	30.450
June 30, 2012.....	31.080	29.330
Period ending July 13, 2012.....	30.440	28.980

**Ordinary Shares  
(Irish Stock Exchange)**

	(in euro)	
	<b>High</b>	<b>Low</b>
2006.....	5.24	3.25
2007.....	6.33	4.40
2008.....	4.20	1.80
2009.....	3.45	2.51
2010		
First Quarter.....	3.38	3.05
Second Quarter .....	3.73	2.77
Third Quarter .....	3.92	3.27
Fourth Quarter .....	4.19	3.67
2011		
First Quarter.....	3.98	3.13
Second Quarter .....	3.64	3.32
Third Quarter .....	3.58	2.82
Fourth Quarter .....	3.84	3.15
Month ending:		
January 31, 2012.....	4.19	3.68
February 28, 2012.....	4.35	4.04
March 31, 2012.....	4.48	4.16
April 30, 2012.....	4.49	4.20
May 31, 2012.....	4.43	3.91
June 30, 2012.....	4.08	3.83
Period ending July 13, 2012.....	4.09	3.94

<b>Ordinary Shares</b> <b>(London Stock Exchange)</b>		
(in euro)		
	<b>High</b>	<b>Low</b>
2006.....	5.21	3.24
2007.....	6.30	4.44
2008.....	4.20	1.81
2009.....	3.45	2.50
2010		
First Quarter.....	3.39	3.03
Second Quarter.....	3.71	2.76
Third Quarter.....	3.91	3.27
Fourth Quarter.....	4.19	3.65
2011		
First Quarter.....	3.97	3.13
Second Quarter.....	3.65	3.31
Third Quarter.....	3.58	2.83
Fourth Quarter.....	3.85	3.14
Month ending:		
January 31, 2012.....	4.19	3.68
February 28, 2012.....	4.36	4.05
March 31, 2012.....	4.48	4.16
April 30, 2012.....	4.49	4.20
May 31, 2012.....	4.42	3.93
June 30, 2012.....	4.09	3.84
Period ending July 13, 2012.....	4.10	3.95

Since certain of the Ordinary Shares are held by brokers or other nominees, the number of direct record holders in the United States, which is reported above 68, may not be fully indicative of the number of direct beneficial owners in the United States, or of where the direct beneficial owners of such shares are resident.

In order to increase the percentage of its share capital held by EU nationals, beginning June 26, 2001, Ryanair Holdings instructed the Depositary to suspend the issuance of new ADRs in exchange for the deposit of Ordinary Shares until further notice. Therefore, holders of Ordinary Shares cannot currently convert their Ordinary Shares into ADRs. The Depositary will however convert existing ADRs into Ordinary Shares at the request of the holders of such ADRs. The Company in 2002 implemented additional measures to restrict the ability of non-EU nationals to purchase Ordinary Shares. As a result, non-EU nationals are currently effectively barred from purchasing Ordinary Shares. See “Item 10. Additional Information—Limitations on Share Ownership by Non-EU Nationals” for additional information.



The Company, at its annual general meeting of the Shareholders, has, in recent years, passed a special resolution permitting the Company to engage in Ordinary Share buy-back programs subject to certain limits noted below. Since June 2007 (when the Company engaged in its first Ordinary Share buy-back program) the Company has repurchased the following Ordinary Shares:

<u>Year ended March 31,</u>	<u>No. of shares ('m)</u>	<u>Approx. cost (€'m)</u>
2008 .....	59.5	300.0
2009 .....	18.1	46.0
2010 .....	-	-
2011 .....	-	-
2012 .....	36.5	124.6
2013 (as at July 13, 2012).....	15.0	67.5
<b>Total.....</b>	<b>129.1</b>	<b>538.1</b>

All Ordinary Shares repurchased have been cancelled.

The maximum price at which the Company may repurchase Ordinary Shares, in accordance with the listing rules of the Irish Stock Exchange and of the Financial Services Authority, is the higher of 5% above the average market value of the Company's Ordinary Shares for the five business days prior to the day of the repurchase and the price stipulated by Article 5(1) of Commission Regulation (EC) of 22 December 2003 (No. 2273/2003) (which is the higher of the last independent trade and the highest current independent bid on the Irish Stock Exchange). The minimum price at which the Company may repurchase Ordinary Shares is their nominal value, currently 0.635 euro cent per share.

At an extraordinary general meeting of Shareholders held on April 19, 2012 the Company obtained a new repurchase authority which will enable the Company to repurchase the Company's ADRs which are traded on NASDAQ. The maximum price at which Ordinary Shares which underlie the Company's ADRs can be repurchased is 5% above the average market value of one-fifth of the Company's ADRs as quoted on NASDAQ, for the five business days prior to the date of purchase (as one ADS represents five Ordinary Shares). Any ADRs purchased will be converted to Ordinary Shares by the Company's brokers for subsequent repurchase and cancellation by the Company.

As of June 30, 2012, the total number of options over Ordinary Shares outstanding under all of the Company's share option plans was 17,912,382, representing 1.2% of the Company's issued share capital at that date.

#### **Item 10. Additional Information**

##### **DESCRIPTION OF CAPITAL STOCK**

Ryanair Holdings' capital stock consists of Ordinary Shares, each having a par value of 0.635 euro cent. As of March 31, 2012, a total of 1,455,593,261 Ordinary Shares were outstanding. On February 26, 2007, Ryanair effected a 2-for-1 share split as a result of which each of its then existing Ordinary Shares, par value 1.27 euro cent, was split into two new Ordinary Shares, par value 0.635 euro cent. Each Ordinary Share entitles the holder thereof to one vote in respect of any matter voted upon by Ryanair Holdings' shareholders.

##### **OPTIONS TO PURCHASE SECURITIES FROM REGISTRANT OR SUBSIDIARIES**

Ryanair Holdings' shareholders approved a stock option plan (referred to herein as "Option Plan 2000"), under which all employees and directors are eligible to receive options. Grants of options were permitted to take place at the close of any of the ten years beginning with fiscal year 2000 only if the Company's net profit after tax for such fiscal year had exceeded its net profit after tax for the prior fiscal year by at least 25%, or if an increase of 1% in net profit after tax for the relevant year would have resulted in such requirement being met.

Ryanair Holdings' shareholders have also approved a stock option plan (referred to herein as "Option Plan 2003") established in accordance with a then tax-favorable share option scheme available under Irish law, so that employees would not be subject to income tax on the exercise of options (subject to certain conditions). Option Plan 2003 was approved by the Revenue Commissioners on July 4, 2003 for the purposes of Chapter 4, Part 17, of the Irish Taxes Consolidation Act, 1997 and Schedule 12C of that act. Following the publication of the Irish National Recovery Plan: 2011-2014 (the "NRP") on November 24, 2010, Revenue approved share option plans, such as Option Plan 2003, no longer qualified for favorable tax treatment from that date. All employees and full-time directors are eligible to participate in the plan, under which grants of options may be made at the close of any of the ten years beginning with fiscal year 2002 only if the Company's net profit after tax for such fiscal year has exceeded its net profit after tax for the prior fiscal year by at least 25%, or if an increase of 1% in net profit after tax for the relevant year would have resulted in such requirement being met.

Under Option Plan 2000, 20 senior managers (including seven of the current executive officers) were granted 10,500,000 share options, in the aggregate, at a strike price of €3.21 in July 2005. These options have either become exercisable or will become exercisable between August 1, 2010 and August 31, 2013, subject to certain targets being achieved and other conditions being complied with. Not all of the vesting conditions have been met, and as a result only 80% of the options granted that satisfied the conditions were exercisable. The Company recognized a credit of €2.5 million in relation to the options that did not vest in June 2011. Also, under Option Plan 2000, each of the non-executive directors were granted 25,000 share options, at a strike price of €4.96, during the 2008 fiscal year. These options will become exercisable between June 2012 and June 2014. In addition, 39 senior managers (including eight of the current executive officers) were granted 10,000,000 share options, in the aggregate, under Option Plan 2000, at a strike price of €2.56, on September 18, 2008. These options will become exercisable between September 18, 2013 and September 17, 2015, but only for managers who continue to be employed by the Company through September 18, 2013.

Under Option Plan 2003, 47 senior managers (including seven of the current executive officers) were granted 5,550,000 share options at a strike price of €2.35 on November 3, 2004. These options, which became exercisable in June 2009, had to be fully exercised by June 30, 2011.

The aggregate of 17,912,382 Ordinary Shares that would be issuable upon exercise in full of the options that were outstanding as of June 30, 2012 under Company's option plan represent approximately 1.2% of the issued share capital of Ryanair Holdings as of such date. Of such total, options in respect of an aggregate of 9,505,000 Ordinary Shares were held by the directors and executive officers of Ryanair Holdings. For further information, see notes 15 and 19 to the consolidated financial statements included herein.

## ARTICLES OF ASSOCIATION

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

*Objects.* Ryanair Holdings' objects, which are detailed in its Articles, are broad and include carrying on business as an investment and holding company. Ryanair Holdings' Irish company registration number is 249885.

*Directors.* Subject to certain exceptions, directors may not vote on matters in which they have a material interest. The ordinary remuneration of the directors is determined from time to time by ordinary resolutions of the shareholders. Any director who holds any executive office, serves on any committee or otherwise performs services, which, in the opinion of the directors, are outside the scope of the ordinary duties of a director, may be paid such extra remuneration as the directors may determine. The directors may exercise all the powers of the Company to borrow money. These powers may be amended by special resolution of the shareholders. The directors are not required to retire at any particular age. There is no requirement for directors to hold shares. One-third of the directors retire and offer themselves for re-election at each annual general meeting of the Company. The directors to retire by rotation are those who have been longest in office since their last appointment or reappointment. As between persons who became or were appointed directors on the same date, those to retire are determined by agreement between them or, otherwise, by lot. All of the shareholders entitled to attend and vote at the annual general meeting of the Company may vote on the re-election of directors.

*Annual and General Meetings.* Annual and extraordinary meetings are called upon 21 days' advance notice. At Ryanair's annual general meeting, held on September 22, 2010, the Company's Articles of Association were amended by special resolution to reflect the implementation of the Shareholders' Rights (Directive 2007/36/EC) Regulations 2009 to allow all Ryanair shareholders to appoint proxies electronically to attend, speak, ask questions and vote on behalf of them at annual general meetings and to reflect certain other provisions of those Regulations. All holders of Ordinary Shares are entitled to attend, speak at and vote at general meetings of the Company, subject to limitations described below under "—Limitations on the Right to Own Shares."

*Rights, Preferences and Dividends Attaching to Shares.* The Company has only one class of shares, Ordinary Shares with a par value of 0.635 euro cent per share. All such shares rank equally with respect to payment of dividends and on any winding-up of the Company. Any dividend, interest or other sum payable to a shareholder that remains unclaimed for one year after having been declared may be invested by the directors for the benefit of the Company until claimed. If the directors so resolve, any dividend which has remained unclaimed for 12 years from the date of its declaration shall be forfeited and cease to remain owing by the Company. The Company is permitted under its Articles to issue redeemable shares on such terms and in such manner as the Company may, by special resolution, determine. The Ordinary Shares currently in issue are not redeemable. The liability of shareholders to invest additional capital is limited to the amounts remaining unpaid on the shares held by them. There are no sinking fund provisions in the Articles of the Company.

*Action Necessary to Change the Rights of Shareholders.* The rights attaching to shares in the Company may be varied by special resolutions passed at meetings of the shareholders of the Company.

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

*Disclosure of Share Ownership.* Under Irish law, the Company can require parties to disclose their interests in shares. The Articles of the Company entitle the directors to require parties to complete declarations indicating their nationality and the nature and extent of any interest which such parties hold in Ordinary Shares before allowing such parties to transfer such Ordinary Shares. See, also "—Limitations on Share Ownership by non-EU nationals" below. Under Irish law, if a party acquires or disposes of Ordinary Shares so as to bring his interest above or below 5% of the total issued share capital of the Company, he must notify the Company of that. The Irish Stock Exchange must also be notified of any acquisition or disposal of shares that brings the shareholding of a party above or below certain specified percentages – i.e., 10%, 25%, 50% and 70%.

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

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

in each case, where such provisions are more stringent than those required by law.

## **MATERIAL CONTRACTS**

In February 2005, the Company and Boeing entered into a series of agreements for the purchase by the Company of new Boeing 737-800 aircraft for delivery during the period from April 2008 through March 2013, as well as for options to purchase additional aircraft. See “Item 4. Information on the Company—Aircraft” and “Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources” for a detailed discussion of the 2005 Boeing contract.

## **EXCHANGE CONTROLS**

Except as indicated below, there are no restrictions on non-residents of Ireland dealing in Irish securities (including shares or depositary receipts of Irish companies such as the Company). Dividends and redemption proceeds also continue to be freely transferable to non-resident holders of such securities.

Under the Financial Transfers Act 1992 (the “1992 Act”), the Minister for Finance of Ireland may make provision for the restriction of financial transfers between Ireland and other countries. Financial transfers are broadly defined, and the acquisition or disposal of the ADRs, which represent shares issued by an Irish incorporated company, the acquisition or the disposal of Ordinary Shares and associated payments may fall within this definition. Dividends or payments on the redemption or purchase of shares and payments on the liquidation of an Irish-incorporated company would fall within this definition.

The 1992 Act prohibits financial transfers involving the late Slobodan Milosevic and associated persons, Belarus, Burma (Myanmar), certain persons indicted by the International Criminal Tribunal for the former Yugoslavia, Usama Bin Laden, the Al-Qaeda network and the Taliban of Afghanistan, the Democratic Republic of Congo, Egypt, Eritrea, the Republic of Guinea, the Democratic People’s Republic of Korea (North Korea), Iran, Iraq, Côte d’Ivoire, Lebanon, Liberia, Libya, Afghanistan, Tunisia, Zimbabwe, Sudan, Somalia, Syria, certain known terrorists and terrorist groups, and countries that harbor certain terrorist groups, without the prior permission of the Central Bank of Ireland.

Any transfer of, or payment in respect of, an ADS involving the government of any country that is currently the subject of United Nations sanctions, any person or body controlled by any of the foregoing, or any person acting on behalf of the foregoing, may be subject to restrictions pursuant to such sanctions as implemented into Irish law. The Company does not anticipate that Irish exchange controls or orders under the 1992 Act or United Nations sanctions implemented into Irish law will have a material effect on its business.

## **LIMITATIONS ON SHARE OWNERSHIP BY NON-EU NATIONALS**

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

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

In the event that, *inter alia*, (i) the refusal, withholding, suspension or revocation of any License or the imposition of any condition which materially inhibits the exercise of any License (an “Intervening Act”) has taken place, (ii) the Company receives a notice or direction from any governmental body or any other body which regulates the provision of air transport services to the effect that an Intervening Act is imminent, threatened or intended or (iii) an Intervening Act may occur as a consequence of the level of non-EU ownership of Ordinary Shares or an Intervening Act is imminent, threatened or intended because of the manner of share ownership or control of Ryanair Holdings generally, the directors can take action pursuant to the Articles to deal with the situation. They can, *inter alia*, (i) remove any directors or change the chairman of the Board of Directors, (ii) identify those Ordinary Shares, ADRs or Affected Shares which give rise to the need to take action and treat such Ordinary Shares, ADRs, or Affected Shares as Restricted Shares (see below) or (iii) set a “Permitted Maximum” on the number of Affected Shares which may subsist at any time (which may not, save in the circumstances referred to below, be lower than 40% of the total number of issued shares) and treat any Affected Shares (or ADRs representing such Affected Shares) in excess of this Permitted Maximum as Restricted Shares (see below).

In addition to the above, if as a consequence of a change of law or a direction, notice or requirement of any state, authority or person it is necessary to reduce the total number of Affected Shares below 40% or reduce the number of Affected Shares held by any particular stockholder or stockholders in order to overcome, prevent or avoid an Intervening Act, the directors may resolve to (i) set the Permitted Maximum at such level below 40% as they consider necessary in order to overcome, prevent or avoid such Intervening Act, or (ii) treat such number of Affected Shares (or ADRs representing Affected Shares) held by any particular stockholder or stockholders as they consider necessary (which could include all of such Affected Shares or ADRs) as Restricted Shares (see below). The directors may serve a Restricted Share Notice in respect of any Affected Share, or any ADR representing any ADS, which is to be treated as a Restricted Share. Such notices can have the effect of depriving the recipients of the rights to attend, vote at and speak at general meetings, which they would otherwise have as a consequence of holding such Ordinary Shares or ADRs. Such notices can also require the recipients to dispose of the Ordinary Shares or ADRs concerned to an EU national (so that the relevant shares (or shares underlying the relevant ADRs) will then cease to be Affected Shares) within 21 days or such longer period as the directors may determine. The directors are also given the power to transfer such Restricted Shares, themselves, in cases of non-compliance with the Restricted Share Notice.

To enable the directors to identify Affected Shares, transferees of Ordinary Shares are generally required to provide a declaration as to the nationality of persons having interests in those shares. Stockholders are also obliged to notify Ryanair Holdings if they are aware that any shares, which they hold, ought to be treated as Affected Shares for this purpose. Purchasers or transferees of ADRs need not complete a nationality declaration because the directors expect to treat all of the Ordinary Shares held by the Depositary as Affected Shares. ADS holders must open ADR accounts directly with the Depositary if they wish to provide to Ryanair Holdings nationality declarations or such other evidence as the directors may require in order to establish to the directors’ satisfaction that the Ordinary Shares underlying such holder’s ADRs are not Affected Shares.

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

After having initially resolved to set the maximum level at 49.0%, the directors increased the maximum level to 49.9% on May 26, 1999, after the number of Affected Shares exceeded the initial limit. This maximum level could be reduced if it becomes necessary for the directors to exercise these powers in the circumstances described above. The decision to make any such reduction or to change the Permitted Maximum from time to time will be published in at least one national newspaper in Ireland and in any country in which the Ordinary Shares or ADRs are listed. The relevant notice will specify the provisions of the Articles that apply to Restricted Shares and the name of the person or persons who will answer queries relating to Restricted Shares on behalf of Ryanair Holdings. The directors shall publish information as to the number of shares held by EU nationals annually.

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

As a further measure to increase the percentage of Ordinary Shares held by EU nationals, on February 7, 2002, the Company issued a notice to shareholders to the effect that any purchase of Ordinary Shares by a non-EU national after such date will immediately result in the issue of a Restricted Share Notice to such non-EU national purchaser. The Restricted Share Notice compels the non-EU national purchaser to sell the Affected Shares to an EU national within 21 days of the date of issuance. In the event that any such non-EU national shareholder does not sell its Ordinary Shares to an EU national within the specified time period, the Company can then take legal action to compel such a sale. As a result, non-EU nationals are effectively barred from purchasing Ordinary Shares for as long as these restrictions remain in place. There can be no assurance that these restrictions will ever be lifted.

As an additional measure, to ensure the percentage of shares held by EU nationals remains at least 50.1%, at the extraordinary general meeting held on April 19, 2012, the Company obtained a new repurchase authority which will enable the repurchase of ADRs for up to 5% of the issued share capital of the Company traded on the NASDAQ.

Concerns about the foreign ownership restrictions described above could result in the exclusion of Ryanair from certain stock tracking indices. Any such exclusion may adversely affect the market price of the Ordinary Shares and ADRs. See also “Item 3. Risk Factors—Risks Related to Ownership of the Company’s Shares or ADRs—EU Rules Impose Restrictions on the Ownership of Ryanair Holdings’ Ordinary Shares by Non-EU Nationals and the Company has Instituted a Ban on the Purchase of Ordinary Shares by Non-EU Nationals” above.

As of June 30, 2012, EU nationals owned at least 54.2% of Ryanair Holdings’ Ordinary Shares (assuming conversion of all outstanding ADRs into Ordinary Shares). Ryanair continuously monitors the ownership status of its Ordinary Shares, which changes on a daily basis.

## TAXATION

### Irish Tax Considerations

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

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

*Dividends.* If Ryanair Holdings pays dividends or makes other relevant distributions, the following is relevant:

*Withholding Tax.* Unless exempted, a withholding at the standard rate of income tax (currently 20%) will apply to dividends or other relevant distributions paid by an Irish resident company. The withholding tax requirement will not apply to distributions paid to certain categories of Irish resident stockholders or to distributions paid to certain categories of non-resident stockholders.

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

- Irish resident companies;
- Pension schemes approved by the Irish Revenue Commissioners (“Irish Revenue”);
- Qualifying fund managers or qualifying savings managers;
- Personal Retirement Savings Account (“PRSA”) administrators who receive the relevant distribution as income arising in respect of PRSA assets;
- Qualifying employee share ownership trusts;
- Collective investment undertakings;
- Tax-exempt charities;
- Designated brokers receiving the distribution for special portfolio investment accounts;
- Any person who is entitled to exemption from income tax under Schedule F on dividends in respect of an investment in whole or in part of payments received in respect of a civil action or from the Personal Injuries Assessment Board for damages in respect of mental or physical infirmity;
- Certain qualifying trusts established for the benefit of an incapacitated individual and/or persons in receipt of income from such a qualifying trust;
- Any person entitled to exemption to income tax under Schedule F by virtue of Section 192(2) Taxes Consolidation Act (“TCA”) 1997;
- Unit trusts to which Section 731(5)(a) TCA 1997 applies; and

- Certain Irish Revenue-approved amateur and athletic sport bodies.

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

- Persons (other than a company) who (i) are neither resident nor ordinarily resident in Ireland and (ii) are resident for tax purposes in (a) a country which has signed a tax treaty with Ireland (a “tax treaty country”) or (b) an EU member state other than Ireland;
- Companies not resident in Ireland which are resident in an EU member state or a tax treaty country, by virtue of the law of an EU member state or a tax treaty country and are not controlled, directly or indirectly, by Irish residents;
- Companies not resident in Ireland which are directly or indirectly controlled by a person or persons who are, by virtue of the law of a tax treaty country or an EU member state, resident for tax purposes in a tax treaty country or an EU member state other than Ireland and which are not controlled directly or indirectly by persons who are not resident for tax purposes in a tax treaty country or EU member state;
- Companies not resident in Ireland the principal class of shares of which is substantially and regularly traded on a recognized stock exchange in a tax treaty country or an EU member state including Ireland or on an approved stock exchange; or
- Companies not resident in Ireland that are 75% subsidiaries of a single company, or are wholly-owned by two or more companies, in either case the principal classes of shares of which is or are substantially and regularly traded on a recognized stock exchange in a tax treaty country or an EU member state including Ireland or on an approved stock exchange.

In the case of an individual non-resident stockholder resident in an EU member state or tax treaty country, the declaration must be accompanied by a current certificate of tax residence from the tax authorities in the stockholder’s country of residence. In the case of both an individual and corporate non-resident stockholder resident in an EU member state or tax treaty country the declaration also must contain an undertaking by the non-resident or non-ordinarily resident person that he, she or it will advise the relevant person accordingly if he, she or it ceases to be a non-resident or non-ordinary resident. No declaration is required if the stockholder is a 5% parent company in another EU member state pursuant to the EC Parent-Subsidiary Directive (Council Directive No. 90/435/EEC). Neither is a declaration required on the payment by a company resident in Ireland to another company so resident if the company making the dividend is a 51% subsidiary of that other company.

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

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



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

Except in certain circumstances, a person who is neither resident nor ordinarily resident in Ireland and is entitled to receive dividends without deductions is not liable for Irish tax on the dividends. Where a person who is neither resident nor ordinarily resident in Ireland is subject to withholding tax on the dividend received due to not benefiting from any exemption from such withholding, the amount of that withholding will generally satisfy such person's liability for Irish tax.

*Capital Gains Tax.* A person who is either resident or ordinarily resident in Ireland will generally be liable for Irish capital gains tax on any gain realized on the disposal of the Ordinary Shares or ADSs. The current capital gains tax rate is 30%. A person who is neither resident nor ordinarily resident in Ireland and who does not carry on a trade in Ireland through a branch or agency will not be subject to Irish capital gains tax on the disposal of the Ordinary Shares or ADSs.

*Irish Capital Acquisitions Tax.* A gift or inheritance of the Ordinary Shares or ADSs will be within the charge to Irish Capital Acquisitions Tax ("CAT") notwithstanding that the disposer (e.g., a donor) or the donee/successor in relation to such gift or inheritance is resident outside Ireland. CAT is charged at a rate of 30% above a tax-free threshold. This tax-free threshold is determined by the amount of the current benefit and of previous benefits taken since December 5, 1991, as relevant, within the charge to CAT and the relationship between the donor and the successor or donee. Gifts and inheritances between spouses (and in certain cases former spouses) are not subject to CAT.

In a case where an inheritance or gift of the Ordinary Shares or ADSs is subject to both Irish CAT and foreign tax of a similar character, the foreign tax paid may in certain circumstances be credited in whole or in part against the Irish tax.

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

The Irish Revenue treats a conversion of Ordinary Shares to ADSs made in contemplation of a sale or a change in beneficial ownership (under Irish law) as an event subject to stamp duty at a rate of 1%. The Irish Revenue has indicated that a re-conversion of ADSs to Ordinary Shares made in contemplation of a sale or a change in beneficial ownership (under Irish law) will not be subject to a stamp duty. However, the subsequent sale of the re-converted Ordinary Shares will give rise to Irish stamp duty at the 1% rate. If the transfer of the Ordinary Shares is a transfer under which there is no change in the beneficial ownership (under Irish law) of the Ordinary Shares being transferred, nominal stamp duty only will be payable on the transfer. Under Irish law, it is not clear whether the mere deposit of Ordinary Shares for ADSs or ADSs for Ordinary Shares would be deemed to constitute a change in beneficial ownership. Accordingly, it is possible that holders would be subject to stamp duty at the 1% rate when merely depositing Ordinary Shares for ADSs or ADSs for Ordinary Shares and, consequently, the Depository reserves the right in such circumstances to require payment of stamp duty at the rate of 1% from the holders.

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

## **United States Federal Income Tax Considerations**

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

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

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

### *Taxation of Dividends*

#### *U.S. Holders*

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

Subject to certain exceptions for short-term and hedged positions, the U.S. dollar amount of dividends received by an individual prior to January 1, 2013 with respect to the Ordinary Shares or ADRs will be subject to taxation at a maximum rate of 15% if the dividends are “qualified dividends.” Dividends paid on the Ordinary Shares or ADRs will be treated as qualified dividends if (i) the issuer is eligible for the benefits of a comprehensive income tax treaty with the United States that the Internal Revenue Service has approved for the purposes of the qualified dividend rules and (ii) the Company was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a passive foreign investment company (a “PFIC”). The income tax treaty between Ireland and the United States has been approved for the purposes of the qualified dividend rules. Based on the Company’s audited financial statements and relevant market data, the Company believes that it was not treated as a PFIC for U.S. federal income tax purposes with respect to its 2011/12 taxable year. In addition, based on the Company’s audited financial statements and its current expectations regarding the value and nature of its assets, the sources and nature of its income, and relevant market data, the Company does not anticipate becoming a PFIC for its 2012/13 taxable year.

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

Foreign tax credits may not be allowed for withholding taxes imposed in respect of certain short-term or hedged positions in securities.

U.S. Holders should consult their own tax advisors concerning the implications of these rules in light of their particular circumstances.

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

#### *Taxation of Capital Gains*

*Sale or Disposition of Ordinary Shares or ADRs.* Gains or losses realized by a U.S. Holder on the sale or other disposition of ADRs generally will be treated for U.S. federal income tax purposes as capital gains or losses, which generally will be long-term capital gains or losses if the ADRs have been held for more than one year. The net amount of long-term capital gain recognized by an individual holder before January 1, 2013 generally is subject to taxation at a maximum rate of 15%. The deductibility of capital losses is subject to limitations.

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

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

### **DOCUMENTS ON DISPLAY**

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

Ryanair Holdings also files reports, including annual reports on Form 20-F, periodic reports on Form 6-K and other information, with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. You may read and copy any materials filed with the SEC at its Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

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

### **GENERAL**

Ryanair is exposed to market risks relating to fluctuations in commodity prices, interest rates and currency exchange rates. The objective of financial risk management at Ryanair is to minimize the negative impact of commodity price, interest rate and foreign exchange rate fluctuations on the Company's earnings, cash flows and equity.

To manage these risks, Ryanair uses various derivative financial instruments, including cross currency interest rate swaps, foreign currency forward contracts and commodity forwards. These derivative financial instruments are generally held to maturity and are not actively traded. The Company enters into these arrangements with the goal of hedging its operational and balance sheet risk. However, Ryanair's exposure to commodity price, interest rate and currency exchange rate fluctuations cannot be neutralized completely.

In executing its risk management strategy, Ryanair currently enters into forward contracts for the purchase of some of the jet fuel (jet kerosene) that it expects to use. It also uses foreign currency forward contracts intended to reduce its exposure to risks related to foreign currencies, principally the U.S. dollar. Furthermore, it enters into interest rate contracts with the objective of fixing certain borrowing costs and hedging principal repayments, particularly those associated with the purchase of new Boeing 737-800s. Ryanair is also exposed to the risk that the counterparties to its derivative financial instruments may not be creditworthy. Were a counterparty to default on its obligations under any of the instruments described below, Ryanair's economic expectations when entering into these arrangements might not be achieved and its financial condition could be adversely affected. Transactions involving derivative financial instruments are also relatively illiquid as compared with those involving other kinds of financial instruments. It is Ryanair's policy not to enter into transactions involving financial derivatives for speculative purposes.

The following paragraphs describe Ryanair's fuel hedging, foreign currency and interest rate swap arrangements and analyze the sensitivity of the market value, earnings and cash flows of the financial instruments to hypothetical changes in commodity prices, interest rates and exchange rates as if these changes had occurred at March 31, 2012. The range of changes selected for this sensitivity analysis reflects Ryanair's view of the changes that are reasonably possible over a one-year period.

### **FUEL PRICE EXPOSURE AND HEDGING**

Fuel costs constitute a substantial portion of Ryanair's operating expenses (approximately 43.0% and 39.1% of such expenses in fiscal years 2012 and 2011, respectively, after taking into account Ryanair's fuel hedging activities). Ryanair engages in fuel price hedging transactions from time to time, pursuant to which Ryanair and a counterparty agree to exchange payments equal to the difference between a fixed price for a given quantity of jet fuel and the market price for such quantity of jet fuel at a given date in the future, with Ryanair receiving the amount of any excess of such market price over such fixed price and paying to the counterparty the amount of any deficit of such fixed price under such market price.

Ryanair has historically entered into arrangements providing for substantial protection against fluctuations in fuel prices, generally through forward contracts covering periods of up to 18 months of anticipated jet fuel requirements. Ryanair (like many other airlines) has, in more recent periods, entered into hedging arrangements on a much more selective basis. See "Item 3. Key Information—Risk Factors—Risks Related to the Company—Changes in Fuel Costs and Fuel Availability Affect the Company's Results and Increases the Likelihood that the Company May Incur Losses" and "Item 11. Quantitative and Qualitative Disclosures About Market Risks—Fuel Price Exposure and Hedging" for additional information on recent trends in fuel costs and the Company's related hedging activities, as well as certain associated risks. See also "Item 5. Operating and Financial Review and Prospects—Fiscal Year 2012 Compared with Fiscal Year 2011—Fuel and Oil." As of July 27, 2012, Ryanair had entered into forward jet fuel (jet kerosene) contracts covering approximately 90% of its estimated requirements for the fiscal year ending March 31, 2013 at prices equivalent to approximately \$1,000 per metric ton. In addition, as of July 27, 2012, Ryanair had entered into forward jet fuel (jet kerosene) contracts covering approximately 50% of its estimated requirements for the first half of the fiscal year ending March 31, 2014 at prices equivalent to approximately \$935

per metric ton, and had not entered into any jet fuel hedging contracts with respect to its expected fuel purchases beyond that period.

While these hedging strategies can cushion the impact on Ryanair of fuel price increases in the short term, in the medium to longer-term, such strategies cannot be expected to eliminate the impact on the Company of an increase in the market price of jet fuel. The unrealized gains on outstanding forward agreements at March 31, 2012 and 2011, based on their fair values, amounted to €145.8 million and €383.8 million (gross of tax), respectively. Based on Ryanair's fuel consumption for the 2012 fiscal year, a change of \$1.00 in the average annual price per metric ton of jet fuel would have caused a change of approximately €1.7 million in Ryanair's fuel costs. See "Item 3. Key Information—Risk Factors—Risks Related to the Company—Changes in Fuel Costs and Fuel Availability Affect the Company's Results and Increase the Likelihood that the Company May Incur Losses."

Under IFRS, the Company's fuel forward contracts are treated as cash-flow hedges of forecast fuel purchases for risks arising from the commodity price of fuel. The contracts are recorded at fair value in the balance sheet and are re-measured to fair value at the end of each fiscal period through equity to the extent effective, with any ineffectiveness recorded through the income statement. The Company has considered these hedges to be highly effective in offsetting variability in future cash flows arising from fluctuations in the market price of jet fuel because the jet fuel forward contracts typically relate to the same quantity, time, and location of delivery as the forecast jet fuel purchase being hedged and the duration of the contracts is typically short. Accordingly, the quantification of the change in expected cash flows of the forecast jet fuel purchase is based on the jet fuel forward price, and in the 2012 fiscal year, the Company recorded no hedge ineffectiveness within earnings. The Company has recorded no level of ineffectiveness on its jet fuel hedges in its income statements to date. In the 2012 fiscal year, the Company recorded a positive fair-value adjustment of €127.6 million (net of tax) within accumulated other comprehensive income in respect of jet fuel forward contracts, and in the 2011 fiscal year, the Company recorded a positive fair-value adjustment of €335.8 million (net of tax) within accumulated other comprehensive income.

## **FOREIGN CURRENCY EXPOSURE AND HEDGING**

In recent years, Ryanair's revenues have been denominated primarily in two currencies, the euro and U.K. pound sterling. The U.K. pound sterling and the euro accounted for approximately 24% and 65%, respectively, of Ryanair's total revenues in the 2012 fiscal year, as compared to approximately 24% and 67%, respectively, in the 2011 fiscal year. As Ryanair reports its results in euro, the Company is not exposed to any material currency risk as a result of its euro-denominated activities. Ryanair's operating expenses are primarily denominated in euro, U.K. pounds sterling and U.S. dollars. Ryanair's operations can be subject to significant direct exchange rate risks between the euro and the U.S. dollar because a significant portion of its operating costs (particularly those related to fuel purchases) is incurred in U.S. dollars, while none of its revenues are denominated in U.S. dollars. Appreciation of the euro against the U.S. dollar positively impacts Ryanair's operating income because the euro equivalent of its U.S. dollar operating costs decreases, while depreciation of the euro against the U.S. dollar negatively impacts operating income. It is Ryanair's policy to hedge a significant portion of its exposure to fluctuations in the exchange rate between the U.S. dollar and the euro. From time to time, Ryanair hedges its operating surpluses and shortfalls in U.K. pound sterling. Ryanair matches certain U.K. pound sterling costs with U.K. pound sterling revenues and may choose to sell any surplus U.K. pound sterling cash flows for euro.

*Hedging associated with the income statement.* In the 2012 and 2011 fiscal years, the Company entered into a series of forward contracts, principally euro/U.S. dollar forward contracts to hedge against variability in cash flows arising from market fluctuations in foreign exchange rates associated with its forecast fuel, maintenance and insurance costs and euro/U.K. pound sterling forward contracts to hedge certain surplus U.K. pound sterling cash flows. At March 31, 2012, the total unrealized gain relating to these contracts amounted to €89.4 million, compared to a €75.7 million unrealized loss at March 31, 2011.

Under IFRS, these foreign currency forward contracts are treated as cash-flow hedges of forecast U.S. dollar and U.K. pound sterling purchases to address the risks arising from U.S. dollar and U.K. pound sterling exchange rates. The derivatives are recorded at fair value in the balance sheet and are re-measured to fair value at the end of each reporting period through equity to the extent effective, with ineffectiveness recorded through the income statement. Ryanair considers these hedges to be highly effective in offsetting variability in future cash flows arising from fluctuations in exchange rates, because the forward contracts are timed so as to match exactly the amount, currency and maturity date of the forecast foreign currency-denominated expense being hedged. In the 2012 fiscal year, the Company recorded a positive fair-value adjustment of €86.1 million (net of tax) within accumulated other comprehensive income in respect of these contracts, as compared to a negative adjustment of €75.7 million in the 2011 fiscal year.

*Hedging associated with the balance sheet.* In the 2011 and 2012 fiscal years the Company entered into a series of cross currency interest rate swaps to manage exposures to fluctuations in foreign exchange rates of US dollar-denominated floating rate borrowings entered into during the 2011 and 2012 fiscal years, together with managing the exposures to fluctuations in interest rates on these US dollar-denominated floating rate borrowings. Cross currency interest rate swaps are primarily used to convert a portion of the Company's US dollar-denominated debt to euro and floating rate interest exposures into fixed rate exposures and are set so as to match exactly the critical terms of the underlying debt being hedged (i.e. notional principal, interest rate settings, re-pricing dates). These are all classified as cash-flow hedges of the forecasted US dollar variable interest payments on the Company's underlying debt and have been determined to be highly effective in achieving offsetting cash flows. Accordingly, no ineffectiveness has been recorded in the income statement relating to these hedges in the 2011 and 2012 fiscal years.

At March 31, 2012, the fair value of the cross currency interest rate swap agreements relating to this US dollar-denominated floating rate debt was represented by a loss of €7.4 million (gross of tax) compared to a loss of €7.9 million in fiscal 2011. In the 2012 fiscal year, the Company recorded a negative fair-value adjustment of €6.5 million (net of tax), compared to a loss of €6.9 million in fiscal 2011, within accumulated other comprehensive income in respect of these contracts.

*Hedging associated with capital expenditures.* During the 2012 and 2011 fiscal years, the Company also entered into a series of euro/U.S. dollar contracts to hedge against changes in the fair value of aircraft purchase commitments under the Boeing contracts, which arise from fluctuations in the U.K. pound sterling/U.S. dollar and euro/U.S. dollar exchange rates.

Under IFRS, the Company generally accounts for these contracts as either cash-flow hedges or fair-value hedges. Fair-value hedges are recorded in the balance sheet at fair value. Any gains or losses arising on these instruments, as well as the related gain or loss on the underlying aircraft purchase commitment, are recorded in the balance sheet. Any related ineffectiveness is measured by the amount by which these adjustments to earnings do not match. Cash-flow hedges are recorded at fair value in the balance sheet and are re-measured to fair value at the end of the financial period through equity to the extent effective, with any ineffectiveness recorded through the income statement. The Company expects these hedges to be highly effective in offsetting changes in the fair value of the aircraft purchase commitments arising from fluctuations in exchange rates because the forward exchange contracts are always for the same amount, currency and maturity dates as the corresponding aircraft purchase commitments.

At March 31, 2012, the total unrealized gains relating to these contracts amounted to €6.8 million, while at March 31, 2011 unrealized gains amounted to €3.7 million. Under IFRS, the Company recorded positive fair-value adjustments of €6.0 million and positive fair-value adjustments of €3.2 million for cash-flow hedges in the 2012 and 2011 fiscal years, respectively. No amounts were recorded for such fair-value hedges from other accumulated comprehensive income in the 2012 and 2011 fiscal years.

Holding other variables constant, if there were an adverse change of 10% in relevant foreign currency exchange rates, the market value of Ryanair's foreign currency contracts outstanding at March 31, 2012 would decrease by approximately €176.3 million (net of tax), all of which would ultimately impact earnings when such contracts mature.

## INTEREST RATE EXPOSURE AND HEDGING

The Company's purchase of 235 of the 294 Boeing 737-800 aircraft in the fleet as of March 31, 2012 has been funded by bank financing in the form of loans supported by a loan guarantee from Ex-Im Bank (with respect to 199 aircraft), JOLCOs and commercial debt. With respect to these 235 aircraft, at March 31, 2012, the Company had outstanding cumulative borrowings under these facilities of €3,625.2 million with a weighted average interest rate of 2.9%. See "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Capital Resources" for additional information on these facilities and the related swaps, including a tabular summary of the "Effective Borrowing Profile" illustrating the effect of the swap transactions (each of which is with an established international financial counterparty) on the profile of Ryanair's aircraft-related debt at March 31, 2012. At March 31, 2012, the fair value of the interest rate swap agreements relating to this floating rate debt was represented by a loss of €80.3 million (gross of tax), as compared with a loss of €36.4 million at March 31, 2011. See Note 11 to the consolidated financial statements included in Item 18 for additional information.

The Company also enters into interest rate swaps to hedge against floating rental payments associated with certain aircraft financed through operating lease arrangements. Through the use of interest rate swaps, Ryanair has effectively converted the floating-rate rental payments due under 12 of these leases into fixed-rate payments. At March 31, 2012, the fair value of the interest rate swap agreements relating to leases on a mark-to-market basis was equivalent to approximately zero, as compared with a loss of €1.4 million at March 31, 2011. These financial instruments are, accordingly, recorded at fair value in the balance sheet and are subsequently re-measured to fair value through equity to the extent effective, with ineffectiveness recorded through the income statement. The Company has recorded no material level of ineffectiveness on these swaps as they have the same critical terms as the underlying item being hedged. Under IFRS, the Company accounts for all of its swaps as cash-flow hedges of variable rental payments or variable rate debt payments. At March 31, 2012, the Company recorded a total fair-value adjustment of approximately nil relating to these arrangements, as compared with a €1.2 million negative fair-value adjustment at March 31, 2011. Losses will be realized within earnings over the period from the expected drawdown of the related financing (i.e., over a period of up to seven years from March 31, 2012), with an increase in the related interest expense.

If Ryanair had not entered into such derivative agreements, a plus or minus one percentage point movement in interest rates would impact the fair value of this liability by approximately €36.2 million. The earnings and cash-flow impact of any such change in interest rates would have been approximately plus or minus €13.1 million in the 2012 fiscal year.

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

Holders of ADSs are required to pay certain fees and expenses. The table below sets forth the fees and expenses which, under the deposit agreement between the Company and The Bank of New York Mellon, holders of ADRs can be charged or be deducted from dividends or other distributions on the deposited shares. The Company and The Bank of New York Mellon have also entered into a separate letter agreement, which the Company believes should have the effect of reducing some of the fees listed below. However, the Company and The Bank of New York Mellon have not yet reached final agreement on the exact application of such separate letter agreement to certain of the fees listed below, so it is possible that such fees may be assessed by The Bank of New York Mellon without any such reduction.

#### ***Persons depositing or withdrawing***

##### ***ADSs must pay:***

\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs).

\$0.02 (or less) per ADS.

##### ***For:***

Issuance of ADSs, including issuances resulting from a distribution of common shares or rights or other property.

Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates.

Any cash distribution to the holder of the ADSs.

\$0.02 (or less) per ADS per calendar year.	Depository services.
A fee equivalent to the fee that would be payable if securities distributed to the holder of ADSs had been shares and the shares had been deposited for issuance of ADSs.	Distribution of securities distributed by the issuer to the holders of common securities, which are distributed by the depository to ADS holders.
Registration or transfer fees.	Transfer and registration of shares on our share register to or from the name of the depository or its agent when the holder of ADSs deposits or withdraws common shares.
Expenses of the depository.	Cable, telex and facsimile transmissions (when expressly provided for in the deposit agreement).  Expenses of the depository in converting foreign currency to U.S. Dollars.
Taxes and other governmental charges the depository or the custodian have to pay on any ADSs or common shares underlying ADSs (for example, stock transfer taxes, stamp duty or withholding taxes).	As necessary.
Any charges incurred by the depository or its agents for servicing the deposited securities.	As necessary.

**Reimbursement of Fees**

From April 1, 2011 to June 30, 2012 the Depository collected annual depository services fees equal to approximately \$3.10 million from holders of ADSs, net of fees paid to the Depository by the Company.

**PART II**

**Item 13. *Defaults, Dividend Arrearages and Delinquencies***

None.

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

None.



## **Item 15. Controls and Procedures**

### **DISCLOSURE CONTROLS AND PROCEDURES**

The Company has carried out an evaluation, as of March 31, 2012, under the supervision and with the participation of the Company's management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon the Company's evaluation, the chief executive officer and chief financial officer have concluded that, as of March 31, 2012, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports the Company files or submits under the Exchange Act is recorded, processed, summarized and reported as and when required, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to the Company's management, including the chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

### **MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING-**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The Company's management evaluated the effectiveness of the Company's internal control over financial reporting as of March 31, 2012, based on the criteria established in "Internal Control — Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on the evaluation, management has concluded that the Company maintained effective internal control over financial reporting as of March 31, 2012.

Our independent registered public accounting firm, KPMG, has issued an auditor's report on the Company's internal control over financial reporting, which is included in its entirety below.

#### **ATTESTATION REPORT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Shareholders  
Ryanair Holdings plc:

We have audited Ryanair Holdings plc's (the "Company") internal control over financial reporting as of March 31, 2012, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting, appearing under Item 15 in this Annual Report on Form 20-F. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2012, based on criteria established in *Internal Control – Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company and subsidiaries as of March 31, 2012, 2011 and 2010 and the related consolidated income statements, consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended March 31, 2012, and our report dated July 27, 2012 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG

Dublin, Ireland

July 27, 2012

## CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There has been no change in the Company's internal control over financial reporting during the 2012 fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

### **Item 16. Reserved**

#### **Item 16A. Audit Committee Financial Expert**

The Company's Board of Directors has determined that Declan McKeon qualifies as an "audit committee financial expert" within the meaning of this Item 16A. Mr. McKeon is "independent" for purposes of the listing rules of NASDAQ.

#### **Item 16B. Code of Ethics**

The Company has adopted a broad Code of Business Conduct and Ethics that meets the requirements for a "code of ethics" as defined in Item 16B of Form 20-F. The Code of Business Conduct and Ethics applies to the Company's chief executive officer, chief financial officer, chief accounting officer, controller and persons performing similar functions, as well as to all of the Company's other officers, directors and employees. The Code of Business Conduct and Ethics is available on Ryanair's website at <http://www.ryanair.com>. (Information appearing on the website is not incorporated by reference into this annual report.) The Company has not made any amendment to, or granted any waiver from, the provisions of this Code of Business Conduct and Ethics that apply to its chief executive officer, chief financial officer, chief accounting officer, controller or persons performing similar functions during its most recently completed fiscal year.

#### **Item 16C. Principal Accountant Fees and Services**

##### **Audit and Non-Audit Fees**

The following table sets forth the fees billed or billable to the Company by its independent auditors, KPMG, during the fiscal years ended March 31, 2012, 2011 and 2010:

	Year ended March 31,		
	2012	2011	2010
	(millions)		
Audit fees .....	€0.4	€0.4	€0.5
Tax fees .....	€0.4	€0.4	€0.3
Total fees .....	€0.8	€0.8	€0.8

Audit fees in the above table are the aggregate fees billed or billable by KPMG in connection with the audit of the Company's annual financial statements, as well as work that generally only the independent auditor can reasonably be expected to provide, including the provision of comfort letters, statutory audits, discussions surrounding the proper application of financial accounting and reporting standards and services provided in connection with certain regulatory requirements including those under the Sarbanes-Oxley Act of 2002.

Tax fees include fees for all services, except those services specifically related to the audit of financial statements, performed by the independent auditor's tax personnel, work performed in support of other tax-related regulatory requirements and tax compliance reporting.

### **Audit Committee Pre-Approval Policies and Procedures**

The audit committee expressly pre-approves every engagement of Ryanair's independent auditors for all audit and non-audit services provided to the Company.

### **Item 16D. Exemptions from the Listing Standards for Audit Committees**

None.

### **Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

The following table details purchases by the Company of its Ordinary shares in the 2012 fiscal year.

<b>Month / Period</b>	<b>Total Number of Ordinary Shares Purchased (a)</b>	<b>Average Price Paid Per Ordinary Share</b>
	<b>(Millions)</b>	<b>(€)</b>
April 1, 2011 to April 30, 2011	—	—
May 1, 2011 to May 31, 2011	—	—
June 1, 2011 to June 30, 2011	—	—
July 1, 2011 to July 31, 2011	—	—
August 1, 2011 to August 31, 2011	27.0	3.12
September 1, 2011 to September 30, 2011	—	—
October 1, 2011 to October 31, 2011	—	—
November 1, 2011 to November 30, 2011	—	—
December 1, 2011 to December 31, 2011	—	—
January 1, 2012 to January 31, 2012	—	—
February 1, 2012 to February 29, 2012	—	—
March 1, 2012 to March 31, 2012	9.5	4.11
<b>Total (Year-end) .....</b>	<b>36.5</b>	<b>3.38</b>
Post Year-end(b) .....	15.0	4.45

(a) The Ordinary Share purchases in the table above have not been made pursuant to publicly announced plans or programs, and consist of open-market transactions conducted within defined parameters pursuant to the Company's repurchase authority from shareholders granted via a special resolution.

(b) On March 29, 2012, the Company agreed to buy-back 15.0 million Ordinary Shares at a cost of €67.5 million and the purchase settled in early April 2012. This is equivalent to 1.0% of the issued share capital of the Company at March 31, 2012. See Note 26 to our consolidated financial statements for further information.

See "Item 8. Financial Information—Other Information—Share Buy-Back Program" and "Item 9. The Offer and Listing—Trading Markets and Share Prices" for further information regarding the Company's Ordinary Share buy-back program, pursuant to which all of the shares purchased by the Company and disclosed in the table above were purchased.

### **Item 16F. Change in Registrant's Certified Accountant**

Not applicable.

**Item 16G. Corporate Governance**

See “Item 6. Directors, Senior Management and Employees—Directors—Exemptions from NASDAQ Corporate Governance Rules” for further information regarding the ways in which the Company’s corporate governance practices differ from those followed by domestic companies listed on NASDAQ.

**PART III**

**Item 17. Financial Statements**

Not applicable.

**Item 18. Financial Statements**

**RYANAIR HOLDINGS PLC  
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**Item 19. Exhibits**

- 1.1 Memorandum and Articles of Association of Ryanair Holdings in effect as of the date of this Annual Report.
- 1.2 The total amount of long-term debt securities of Ryanair Holdings authorized under any instrument does not exceed 10.0% of the total assets of the Company on a consolidated basis. Ryanair Holdings hereby agrees to furnish to the Securities and Exchange Commission upon request a copy of any instrument defining the rights of holders of long-term debt of the registrant or of its subsidiaries for which consolidated or unconsolidated financial statements are required to be filed.
- 4.1 Purchase Agreement No. 2403 between The Boeing Company and Ryanair Holdings plc relating to Model Boeing 737-800 aircraft, together with ancillary documents (subject to a request for confidential treatment that has been granted) (incorporated herein by reference to Exhibit 4.1 of Ryanair Holdings' Annual Report on Form 20-F filed on September 30, 2002 (Commission file No. 000-29304)).
- 4.2 Supplemental Agreement No. 6 to Purchase Agreement 2403 between The Boeing Company and Ryanair Holdings plc relating to Model Boeing 737-800 aircraft, dated as of February 28, 2005, together with ancillary documents (subject to a request for confidential treatment that has been granted) (incorporated herein by reference to Exhibit 4.2 of Ryanair Holdings' Annual Report on Form 20-F filed on September 30, 2005 (Commission file No. 000-29304)).
- 8.1 List of principal subsidiaries of the registrant (incorporated herein by reference to Exhibit 8.1 of Ryanair Holdings' Annual Report on Form 20-F filed on September 20, 2007 (Commission file No. 000-29304)).
- 12.1 Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 13.1 Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**SIGNATURES**

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

RYANAIR HOLDINGS PLC

/s/ MICHAEL O' LEARY

Name: Michael O'Leary

Title: Chief Executive Officer and Director

Date: July 27, 2012

## **Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders  
Ryanair Holdings plc:

We have audited the accompanying consolidated balance sheets of Ryanair Holdings plc and subsidiaries (the Company) as of March 31, 2012, 2011 and 2010 and the related consolidated income statements, consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended March 31, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ryanair Holdings plc and subsidiaries as of March 31, 2012, 2011 and 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2012, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and also IFRS as adopted by the European Union.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Ryanair Holdings plc's internal control over financial reporting as of March 31, 2012, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated July 27, 2012 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG

Dublin, Ireland

July 27, 2012

## Consolidated Balance Sheets

		At March 31, 2012	At March 31, 2011	At March 31, 2010
	Note	€M	€M	€M
<b>Non-current assets</b>				
Property, plant and equipment .....	2	4,925.2	4,933.7	4,314.2
Intangible assets .....	3	46.8	46.8	46.8
Available for sale financial assets .....	4	149.7	114.0	116.2
Derivative financial instruments .....	5	3.3	23.9	22.8
<b>Total non-current assets</b> .....		<u>5,125.0</u>	<u>5,118.4</u>	<u>4,500.0</u>
<b>Current assets</b>				
Inventories .....	6	2.8	2.7	2.5
Other assets .....	7	64.9	99.4	80.6
Current tax .....	12	9.3	0.5	-
Trade receivables .....	8	51.5	50.6	44.3
Derivative financial instruments .....	5	231.9	383.8	122.6
Restricted cash .....	9	35.1	42.9	67.8
Financial assets: cash > 3 months .....		772.2	869.4	1,267.7
Cash and cash equivalents .....		2,708.3	2,028.3	1,477.9
<b>Total current assets</b> .....		<u>3,876.0</u>	<u>3,477.6</u>	<u>3,063.4</u>
<b>Total assets</b> .....		<u>9,001.0</u>	<u>8,596.0</u>	<u>7,563.4</u>
<b>Current liabilities</b>				
Trade payables .....		181.2	150.8	154.0
Accrued expenses and other liabilities .....	10	1,237.2	1,224.3	1,088.2
Current maturities of debt .....	11	368.4	336.7	265.5
Current tax .....	12	-	-	0.9
Derivative financial instruments .....	5	28.2	125.4	41.0
<b>Total current liabilities</b> .....		<u>1,815.0</u>	<u>1,837.2</u>	<u>1,549.6</u>
<b>Non-current liabilities</b>				
Provisions .....	13	103.2	89.6	102.9
Derivative financial instruments .....	5	53.6	8.3	35.4
Deferred tax .....	12	319.4	267.7	199.6
Other creditors .....	14	146.3	126.6	136.6
Non-current maturities of debt .....	11	3,256.8	3,312.7	2,690.7
<b>Total non-current liabilities</b> .....		<u>3,879.3</u>	<u>3,804.9</u>	<u>3,165.2</u>
<b>Shareholders' equity</b>				
Issued share capital .....	15	9.3	9.5	9.4
Share premium account .....	15	666.4	659.3	631.9
Capital redemption reserve .....		0.7	0.5	0.5
Retained earnings .....		2,400.1	1,967.6	2,083.5
Other reserves .....	16	230.2	317.0	123.3
<b>Shareholders' equity</b> .....		<u>3,306.7</u>	<u>2,953.9</u>	<u>2,848.6</u>
<b>Total liabilities and shareholders' equity</b> .....		<u>9,001.0</u>	<u>8,596.0</u>	<u>7,563.4</u>

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



## Consolidated Income Statements

		Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
	Note	€M	€M	€M
<b>Operating revenues</b>				
Scheduled revenues.....	17	3,504.0	2,827.9	2,324.5
Ancillary revenues .....	17	886.2	801.6	663.6
<b>Total operating revenues – continuing operations .....</b>	<b>17</b>	<b>4,390.2</b>	<b>3,629.5</b>	<b>2,988.1</b>
<b>Operating expenses</b>				
Staff costs .....	18	(415.0)	(376.1)	(335.0)
Depreciation.....	2	(309.2)	(277.7)	(235.4)
Fuel and oil .....		(1,593.6)	(1,227.0)	(893.9)
Maintenance, materials and repairs.....		(104.0)	(93.9)	(86.0)
Aircraft rentals.....		(90.7)	(97.2)	(95.5)
Route charges.....		(460.5)	(410.6)	(336.3)
Airport and handling charges.....		(554.0)	(491.8)	(459.1)
Marketing, distribution and other.....		(180.0)	(154.6)	(144.8)
Icelandic volcanic ash related cost .....		-	(12.4)	-
<b>Total operating expenses .....</b>		<b>(3,707.0)</b>	<b>(3,141.3)</b>	<b>(2,586.0)</b>
<b>Operating profit – continuing operations .....</b>		<b>683.2</b>	<b>488.2</b>	<b>402.1</b>
<b>Other income/(expense)</b>				
Finance income.....		44.3	27.2	23.5
Finance expense.....	20	(109.2)	(93.9)	(72.1)
Foreign exchange gain/(loss) .....		4.3	(0.6)	(1.0)
Loss on impairment of available-for-sale financial asset .....	4	-	-	(13.5)
Gain on disposal of property, plant and equipment.....		10.4	-	2.0
<b>Total other expense .....</b>		<b>(50.2)</b>	<b>(67.3)</b>	<b>(61.1)</b>
<b>Profit before tax .....</b>		<b>633.0</b>	<b>420.9</b>	<b>341.0</b>
Tax expense on profit on ordinary activities .....	12	(72.6)	(46.3)	(35.7)
<b>Profit for the year – all attributable to equity holders of parent .....</b>		<b>560.4</b>	<b>374.6</b>	<b>305.3</b>
Basic earnings per ordinary share (euro cent).....	22	38.03	25.21	20.68
Diluted earnings per ordinary share (euro cent).....	22	37.94	25.14	20.60
Number of ordinary shares (in Ms).....	22	1,473.7	1,485.7	1,476.4
Number of diluted shares (in Ms) .....	22	1,477.0	1,490.1	1,481.7

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

## Consolidated Statement of Comprehensive Income

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
	€M	€M	€M
<b>Profit for the year</b> .....	560.4	374.6	305.3
<b>Other comprehensive income:</b>			
<b>Net actuarial (loss)/gain from retirement benefit plans</b> .....	(6.3)	5.0	-
<b>Cash-flow hedge reserve-effective portion of fair value changes to derivatives:</b>			
Effective portion of changes in fair value of cash-flow hedges .....	(384.9)	227.1	129.8
Net change in fair value of cash-flow hedges transferred to property, plant and equipment .....	11.1	(15.2)	(16.7)
Net change in fair value of cash-flow hedges transferred to profit or loss.....	255.0	(14.8)	(50.8)
Net movements in cash-flow hedge reserve.....	(118.8)	197.1	62.3
<b>Available for sale financial asset:</b>			
Net increase/(decrease) in fair value of available-for-sale asset .....	35.7	(2.2)	23.0
Impairment of available-for-sale asset written off to the income statement.....	-	-	13.5
Net movements in available-for-sale financial asset reserve.....	35.7	(2.2)	36.5
<b>Total other comprehensive (loss)/income for the year, net of income tax</b> .....	(89.4)	199.9	98.8
<b>Total comprehensive income for the year – all attributable to equity holders of parent</b> .....	471.0	574.5	404.1

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

**Consolidated Statements of Changes in Shareholders' Equity**

	Ordinary Shares M	Issued Share Capital €M	Share Premium Account €M	Retained Earnings €M	Capital Redemption Reserve €M	Other Reserves		Total €M
						Hedging €M	Other Reserves €M	
<b>Balance at March 31, 2009</b> .....	<b>1,473.4</b>	<b>9.4</b>	<b>617.4</b>	<b>1,777.7</b>	<b>0.5</b>	<b>(2.0)</b>	<b>22.1</b>	<b>2,425.1</b>
Profit for the year.....	-	-	-	305.3	-	-	-	305.3
<i>Other comprehensive income</i>								
Net movements in cash-flow reserve...	-	-	-	-	-	62.3	-	62.3
Net change in fair value of available-for-sale asset.....	-	-	-	-	-	-	36.5	36.5
Total other comprehensive income.....	-	-	-	-	-	62.3	36.5	98.8
Total comprehensive income.....	-	-	-	305.3	-	62.3	36.5	404.1
<i>Transactions with owners of the Company, recognised directly in equity</i>								
Issue of ordinary equity shares.....	5.5	-	14.5	-	-	-	-	14.5
Share-based payments.....	-	-	-	-	-	-	4.9	4.9
Transfer of exercised and expired share-based awards.....	-	-	-	0.5	-	-	(0.5)	-
<b>Balance at March 31, 2010</b> .....	<b>1,478.9</b>	<b>9.4</b>	<b>631.9</b>	<b>2,083.5</b>	<b>0.5</b>	<b>60.3</b>	<b>63.0</b>	<b>2,848.6</b>
Profit for the year.....	-	-	-	374.6	-	-	-	374.6
<i>Other comprehensive income</i>								
Net actuarial gains from retirement benefits plan.....	-	-	-	5.0	-	-	-	5.0
Net movements in cash-flow reserve...	-	-	-	-	-	197.1	-	197.1
Net change in fair value of available-for-sale asset.....	-	-	-	-	-	-	(2.2)	(2.2)
Total other comprehensive income/(loss).....	-	-	-	5.0	-	197.1	(2.2)	199.9
Total comprehensive income.....	-	-	-	379.6	-	197.1	(2.2)	574.5
<i>Transactions with owners of the Company, recognised directly in equity</i>								
Issue of ordinary equity shares.....	10.7	0.1	27.4	-	-	-	-	27.5
Share-based payments.....	-	-	-	-	-	-	3.3	3.3
Transfer of exercised and expired share-based awards.....	-	-	-	4.5	-	-	(4.5)	-
Dividend paid.....	-	-	-	(500.0)	-	-	-	(500.0)
<b>Balance at March 31, 2011</b> .....	<b>1,489.6</b>	<b>9.5</b>	<b>659.3</b>	<b>1,967.6</b>	<b>0.5</b>	<b>257.4</b>	<b>59.6</b>	<b>2,953.9</b>

## Consolidated Statement of Changes in Shareholders' Equity Continued

	Ordinary Shares M	Issued Share Capital €M	Share Premium Account €M	Retained Earnings €M	Capital Redemption Reserve €M	Other Reserves		Total €M
						Hedging €M	Other Reserves €M	
Profit for the year.....	-	-	-	560.4	-	-	-	560.4
<i>Other comprehensive income</i>								
Net actuarial losses from retirement benefits plan.....	-	-	-	(6.3)	-	-	-	(6.3)
Net movements in cash-flow reserve...	-	-	-	-	-	(118.8)	-	(118.8)
Net change in fair value of available-for- -sale asset.....	-	-	-	-	-	-	35.7	35.7
Total other comprehensive income/(loss).....	-	-	-	(6.3)	-	(118.8)	35.7	(89.4)
Total comprehensive income.....	-	-	-	554.1	-	(118.8)	35.7	471.0
<i>Transactions with owners of the Company, recognised directly in equity</i>								
Issue of ordinary equity shares.....	2.5	-	7.1	-	-	-	-	7.1
Repurchase of ordinary equity shares....	-	-	-	(124.6)	-	-	-	(124.6)
Cancellation of repurchased ordinary shares.....	(36.5)	(0.2)	-	-	0.2	-	-	-
Share-based payments.....	-	-	-	-	-	-	(0.7)	(0.7)
Transfer of exercised and expired share- based awards.....	-	-	-	3.0	-	-	(3.0)	-
<b>Balance at March 31, 2012.....</b>	<b>1,455.6</b>	<b>9.3</b>	<b>666.4</b>	<b>2,400.1</b>	<b>0.7</b>	<b>138.6</b>	<b>91.6</b>	<b>3,306.7</b>

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

## Consolidated Statements of Cash Flows

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
	€M	€M	€M
<b>Operating activities</b>			
Profit before tax .....	633.0	420.9	341.0
<b>Adjustments to reconcile profit before tax to net cash provided by operating activities</b>			
Depreciation.....	309.2	277.7	235.4
Increase in inventories .....	(0.1)	(0.2)	(0.4)
Increase in trade receivables .....	(0.9)	(6.3)	(2.5)
Decrease/(increase) in other current assets .....	34.5	(20.9)	11.6
Increase/(decrease) in trade payables.....	30.4	(3.2)	21.3
Increase in accrued expenses .....	11.6	135.0	189.7
Increase/(decrease) in other creditors .....	19.7	(10.0)	30.1
Increase/(decrease) in maintenance provisions .....	6.6	(7.9)	30.7
Gain on disposal of property, plant and equipment.....	(10.4)	-	(2.0)
Loss on impairment of available-for-sale financial asset .....	-	-	13.5
Decrease/(increase) in interest receivable.....	-	1.6	(1.2)
Increase/(decrease) in interest payable.....	1.1	2.3	(0.5)
Retirement costs .....	(0.1)	(0.1)	(0.1)
Share-based payments .....	(0.7)	3.3	4.9
Income tax paid .....	(13.6)	(5.9)	-
<b>Net cash provided by operating activities</b> .....	<u>1,020.3</u>	<u>786.3</u>	<u>871.5</u>
<b>Investing activities</b>			
Capital expenditure (purchase of property, plant and equipment).....	(317.6)	(897.2)	(997.8)
Proceeds from sale of property, plant and equipment .....	27.2	-	89.2
Decrease in restricted cash.....	7.8	24.9	223.8
Decrease/(increase) in financial assets: cash > 3 months .....	97.2	398.3	(864.3)
<b>Net cash used in investing activities</b> .....	<u>(185.4)</u>	<u>(474.0)</u>	<u>(1,549.1)</u>
<b>Financing activities</b>			
Shares purchased under share buy-back programme .....	(124.6)	-	-
Net proceeds from shares issued.....	7.1	27.4	14.5
Dividend paid .....	-	(500.0)	-
Proceeds from long term borrowings .....	292.3	991.4	788.1
Repayments of long term borrowings .....	(329.7)	(280.7)	(230.3)
<b>Net cash (used in)/provided by financing activities</b> .....	<u>(154.9)</u>	<u>238.1</u>	<u>572.3</u>
<b>Increase/(decrease) in cash and cash equivalents</b> .....	680.0	550.4	(105.3)
Cash and cash equivalents at beginning of year.....	2,028.3	1,477.9	1,583.2
<b>Cash and cash equivalents at end of year</b> .....	<u><u>2,708.3</u></u>	<u><u>2,028.3</u></u>	<u><u>1,477.9</u></u>

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

## Notes forming part of the Consolidated Financial Statements

### 1 Basis of preparation and significant accounting policies

The accounting policies applied in the preparation of the consolidated financial statements for the 2012 fiscal year are set out below. These have been applied consistently for all periods presented, except as otherwise stated.

#### *Business activity*

Ryanair Limited and its subsidiaries ("Ryanair Limited") has operated as an international airline since commencing operations in 1985. On August 23, 1996, Ryanair Holdings Limited, a newly formed holding company, acquired the entire issued share capital of Ryanair Limited. On May 16, 1997, Ryanair Holdings Limited re-registered as a public limited company, Ryanair Holdings plc (the "Company"). Ryanair Holdings plc and its subsidiaries are hereafter together referred to as "Ryanair Holdings plc" (or "we", "our", "us", "Ryanair" or the "Company") and currently operate a low-fares airline headquartered in Dublin, Ireland. All trading activity continues to be undertaken by the group of companies headed by Ryanair Limited.

#### *Statement of compliance*

In accordance with the International Accounting Standards ("IAS") Regulation (EC 1606 (2002)) which applies throughout the European Union ("EU"), the consolidated financial statements have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards (collectively "IFRS") as adopted by the EU, which are effective for the year ended and as at March 31, 2012. In addition to complying with its legal obligation to comply with IFRS as adopted by the EU, the consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have also been prepared in accordance with the Companies Acts, 1963 to 2012.

Details of legislative changes and new accounting standards or amendments to accounting standards, which are not yet effective and have not been early adopted in these consolidated financial statements, and the likely impact on future financial statements are set forth below in the prospective accounting changes section.

#### *New accounting standards adopted during the year*

There were no new standards, interpretations or amendments to existing standards adopted for the first time during the year ended March 31, 2012, which had a material impact on our financial position or results from operations.

#### *Basis of preparation*

These consolidated financial statements are presented in euro millions, the euro being the functional currency of the parent entity and the majority of the group companies. They are prepared on the historical cost basis, except for derivative financial instruments and available-for-sale securities which are stated at fair value, and share-based payments, which are based on fair value determined as at the grant date of the relevant share options. Certain non-current assets classified as held for sale are stated at the lower of cost and fair value less costs to sell.

#### *Critical accounting policies*

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, and the results of such estimates form the basis of judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ materially from these estimates. These underlying assumptions are reviewed on an ongoing basis. A revision to an accounting estimate is recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if

these are also affected. Principal sources of estimation uncertainty have been set forth in the critical accounting policies section below. Actual results may differ from estimates.

The Company believes that its critical accounting policies, which are those that require management's most difficult, subjective and complex judgements, are those described in this section. These critical accounting policies, the judgements and other uncertainties affecting application of these policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered in reviewing the consolidated financial statements.

#### *Long-lived assets*

As of March 31, 2012, Ryanair had €4.9 billion of property, plant and equipment long-lived assets, virtually all of which consisted of aircraft. In accounting for long-lived assets, Ryanair must make estimates about the expected useful lives of the assets, the expected residual values of the assets and the potential for impairment based on the fair value of the assets and the cash flows they generate.

In estimating the lives and expected residual values of its aircraft, Ryanair has primarily relied on its own and industry experience, recommendations from Boeing, the manufacturer of all of the Company's aircraft, and other data available in the marketplace. Subsequent revisions to these estimates, which can be significant, could be caused by changes to Ryanair's maintenance program, changes in utilisation of the aircraft, changes to governmental regulations on aging aircraft, and changing market prices for new and used aircraft of the same or similar types. Ryanair evaluates its estimates and assumptions in each reporting period, and, when warranted, adjusts these assumptions. Generally, these adjustments are accounted for on a prospective basis, through depreciation expense.

Ryanair periodically evaluates its long-lived assets for impairment. Factors that would indicate potential impairment would include, but are not limited to, significant decreases in the market value of an aircraft, a significant change in an aircraft's physical condition and operating or cash flow losses associated with the use of the aircraft. While the airline industry as a whole has experienced many of these factors from time to time, Ryanair has not yet been seriously impacted and continues to record positive cash flows from these long-lived assets. Consequently, Ryanair has not yet identified any impairments related to its existing aircraft fleet. The Company will continue to monitor its long-lived assets and the general airline operating environment.

The Company's estimate of the recoverable amount of aircraft residual values is 15% of current market value of new aircraft, determined periodically, based on independent valuations and actual aircraft disposals during prior periods. Aircraft are depreciated over a useful life of 23 years from the date of manufacture to residual value.

#### *Heavy maintenance*

An element of the cost of an acquired aircraft is attributed, on acquisition, to its service potential, reflecting the maintenance condition of the engines and airframe.

For aircraft held under operating lease agreements, Ryanair is contractually committed to either return the aircraft in a certain condition or to compensate the lessor based on the actual condition of the airframe, engines and life-limited parts upon return. In order to fulfill such conditions of the lease, maintenance, in the form of major airframe overhaul, engine maintenance checks, and restitution of major life-limited parts, is required to be performed during the period of the lease and upon return of the aircraft to the lessor. The estimated airframe and engine maintenance costs and the costs associated with the restitution of major life-limited parts, are accrued and charged to profit or loss over the lease term for this contractual obligation, based on the present value of the estimated future cost of the major airframe overhaul, engine maintenance checks, and restitution of major life-limited parts, calculated by reference to the number of hours flown or cycles operated during the year.

Ryanair's aircraft operating lease agreements typically have a term of seven years, which closely correlates with the timing of heavy maintenance checks. The contractual obligation to maintain and replenish aircraft held under operating lease exists independently of any future actions within the control of Ryanair.

While Ryanair may, in very limited circumstances, sub-lease its aircraft, it remains fully liable to perform all of its contractual obligations under the ‘head lease’ notwithstanding any such sub-leasing.

Both of these elements of accounting policies involve the use of estimates in determining the quantum of both the initial maintenance asset and/or the amount of provisions to be recorded and the respective periods over which such amounts are charged to income. In making such estimates, Ryanair has primarily relied on its own and industry experience, industry regulations and recommendations from Boeing; however, these estimates can be subject to revision, depending on a number of factors, such as the timing of the planned maintenance, the ultimate utilisation of the aircraft, changes to government regulations and increases or decreases in estimated costs. Ryanair evaluates its estimates and assumptions in each reporting period and, when warranted, adjusts its assumptions, which generally impact maintenance and depreciation expense in the income statement on a prospective basis.

### ***Basis of consolidation***

The consolidated financial statements comprise the financial statements of Ryanair Holdings plc and its subsidiary undertakings as of March 31, 2012. Subsidiaries are entities controlled by Ryanair. Control exists when Ryanair has the power either directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

All inter-company account balances and any unrealised income or expenses arising from intra-group transactions have been eliminated in preparing the consolidated financial statements.

The results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated income statement from the date of acquisition or up to the date of disposal. Upon the acquisition of a business, fair values are attributed to the separable net assets acquired.

### ***Business combinations***

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

#### *Acquisitions on or after April 1, 2010*

For acquisitions on or after January 1, 2010, the Company measures goodwill at the acquisition date as the fair value of the consideration transferred, plus the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed.

#### *Acquisitions between January 1, 2004 and April 1, 2010*

For acquisitions between January 1, 2004 and January 1, 2010, goodwill represents the excess of the cost of the acquisition over the Company’s interest in the recognised amount of the identifiable assets, liabilities and contingent liabilities of the acquiree.

#### *Acquisitions prior to January 1, 2004 (date of transition to IFRSs)*

As part of its transition to the IFRSs, the Company elected to restate only those business combinations that occurred on or after January 1, 2003. Prior to January 1, 2003, goodwill represented the amount recognised under the Company’s previous accounting framework, Irish GAAP.

### ***Foreign currency translation***

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in euro, which is the functional currency of the majority of the group entities.



Transactions arising in foreign currencies are translated into the respective functional currencies at the rates of exchange in effect at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated to euro at foreign exchange rates in effect at the dates the transactions were effected. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on qualifying cash-flow hedges, which are recognised in other comprehensive income.

***Property, plant and equipment***

Property, plant and equipment is stated at historical cost less accumulated depreciation and provisions for impairments, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Cost may also include transfers from other comprehensive income of any gain or loss on qualifying cash-flow hedges of foreign currency purchases of property, plant and equipment. Depreciation is calculated so as to write off the cost, less estimated residual value, of assets on a straight-line basis over their expected useful lives at the following annual rates:

	<b><u>Rate of Depreciation</u></b>
Hangar and buildings .....	5%
Plant and equipment (excluding aircraft) .....	20-33.3%
Fixtures and fittings .....	20%
Motor vehicles .....	33.3%

Aircraft are depreciated on a straight-line basis over their estimated useful lives to estimated residual values. The estimates of useful lives and residual values at year-end are:

<u>Aircraft Type</u>	<u>Number of Owned Aircraft at March 31, 2012</u>	<u>Useful Life</u>	<u>Residual Value</u>
Boeing 737-800s	235(a)	23 years from date of manufacture	15% of current market value of new aircraft, determined periodically

(a) The Company operated 294 aircraft as of March 31, 2012, of which 59 were leased.

The Company's estimate of the recoverable amount of aircraft residual values is 15% of current market value of new aircraft, determined periodically, based on independent valuations and actual aircraft disposals during prior periods.

An element of the cost of an acquired aircraft is attributed on acquisition to its service potential, reflecting the maintenance condition of its engines and airframe. This cost, which can equate to a substantial element of the total aircraft cost, is amortised over the shorter of the period to the next maintenance check (usually between 8 and 12 years for Boeing 737-800 aircraft) or the remaining life of the aircraft. The costs of subsequent major airframe and engine maintenance checks are capitalised and amortised over the shorter of the period to the next check or the remaining life of the aircraft.

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

Rotable spare parts held by the Company are classified as property, plant and equipment if they are expected to be used over more than one period.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised on a net basis within other income/(expenses) in profit or loss.

### ***Aircraft maintenance costs***

The accounting for the cost of providing major airframe and certain engine maintenance checks for owned aircraft is described in the accounting policy for property, plant and equipment.

For aircraft held under operating lease agreements, Ryanair is contractually committed to either return the aircraft in a certain condition or to compensate the lessor based on the actual condition of the airframe, engines and life-limited parts upon return. In order to fulfill such conditions of the lease, maintenance, in the form of major airframe overhaul, engine maintenance checks, and restitution of major life-limited parts, is required to be performed during the period of the lease and upon return of the aircraft to the lessor. The estimated airframe and engine maintenance costs and the costs associated with the restitution of major life-limited parts, are accrued and charged to profit or loss over the lease term for this contractual obligation, based on the present value of the estimated future cost of the major airframe overhaul, engine maintenance checks, and restitution of major life-limited parts, calculated by reference to the number of hours flown or cycles operated during the year.

Ryanair's aircraft operating lease agreements typically have a term of seven years, which closely correlates with the timing of heavy maintenance checks. The contractual obligation to maintain and replenish aircraft held under operating lease exists independently of any future actions within the control of Ryanair. While Ryanair may, in very limited circumstances, sub-lease its aircraft, it remains fully liable to perform all of its contractual obligations under the 'head lease' notwithstanding any such sub-leasing.

All other maintenance costs, other than major airframe overhaul, engine maintenance checks, and restitution of major life-limited parts costs associated with leased aircraft, are expensed as incurred.

### ***Intangible assets - landing rights***

Intangible assets acquired are recognised to the extent it is considered probable that expected future benefits will flow to the Company and the associated costs can be measured reliably. Landing rights acquired as part of a business combination are capitalised at fair value at that date and are not amortised, where those rights are considered to be indefinite. The carrying values of those rights are reviewed for impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that carrying values may not be recoverable. No impairment to the carrying values of the Company's intangible assets has been recorded to date.

### ***Available-for-sale securities***

The Company holds certain equity securities, which are classified as available-for-sale, and are measured at fair value, less incremental direct costs, on initial recognition. Such securities are classified as available-for-sale, rather than as an investment in an associate if the Company does not have the power to exercise significant influence over the investee. Subsequent to initial recognition they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and reflected in shareholders equity in the consolidated balance sheet. Fair value losses, subsequent to any impairments are recognised in other comprehensive income against net cumulative gains in the reserve. Fair value losses below the impaired value are recognised on the income statement. The fair values of available-for-sale securities are determined by reference to quoted prices at each reporting date. When an investment is de-recognised the cumulative gain or loss in other comprehensive income is transferred to the income statement.

Such securities are considered to be impaired if there is objective evidence which indicates that events have occurred that can reasonably be expected to adversely affect the future cash flows of the securities, such that the future cash flows do not support the current fair value of the securities. This includes where there is a significant or prolonged decline in the fair value below its cost. All impairment losses are recognised in the income statement and any cumulative loss in respect of an available-for-sale asset recognised previously in other comprehensive income is also transferred to the income statement.

### ***Other financial assets***

Other financial assets (other than available-for-sale financial assets) comprise cash deposits of greater than three months' maturity. All amounts are categorised as loans and receivables and are carried initially at fair value and then subsequently at amortised cost, using the effective interest method in the balance sheet.

### ***Derivative financial instruments***

Ryanair is exposed to market risks relating to fluctuations in commodity prices, interest rates and currency exchange rates. The objective of financial risk management at Ryanair is to minimise the impact of commodity price, interest rate and foreign exchange rate fluctuations on the Company's earnings, cash flows and equity.

To manage these risks, Ryanair uses various derivative financial instruments, including interest rate swaps, foreign currency forward contracts and commodity contracts. These derivative financial instruments are generally held to maturity. The Company enters into these arrangements with the goal of hedging its operational and balance sheet risk. However, Ryanair's exposure to commodity price, interest rate and currency exchange rate fluctuations cannot be neutralised completely.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments continue to be re-measured to fair value, and changes therein are accounted for as described below.

The fair value of interest rate swaps is computed by discounting the projected cash flows on the Company's swap arrangements to present value using an appropriate market rate of interest. The fair value of forward foreign exchange contracts and commodity contracts is determined based on the present value of the quoted forward price. Recognition of any resultant gain or loss depends on the nature of the item being hedged.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income (in the cash flow hedging reserve on the balance sheet). When the hedged forecasted transaction results in the recognition of a non-financial asset or liability, the cumulative gain or loss is removed from other comprehensive income and included in the initial measurement of that asset or liability. Otherwise the cumulative gain or loss is removed from other comprehensive income and recognised in the income statement at the same time as the hedged transaction. The ineffective part of any hedging transaction and the gain or loss thereon is recognised in the income statement immediately.

When a hedging instrument or hedge relationship is terminated but the underlying hedged transaction is still expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income is recognised in the income statement immediately.

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability or an unrecognised firm commitment, any gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss also being recognised in the income statement.

### ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is based on invoiced price on an average basis for all stock categories. Net realisable value is calculated as the estimated selling price arising in the ordinary course of business, net of estimated selling costs.

### ***Trade and other receivables and payables***

Trade and other receivables and payables are stated on initial recognition at fair value plus any incremental direct costs and subsequently at amortised cost, net (in the case of receivables) of any impairment losses, which approximates fair value given the short-dated nature of these assets and liabilities.

### ***Cash and cash equivalents***

Cash represents cash held at banks and available on demand, and is categorised for measurement purposes as “loans and receivables.”

Cash equivalents are current asset investments (other than cash) that are readily convertible into known amounts of cash, typically cash deposits of more than one day but less than three months at the date of purchase. Deposits with maturities greater than three months are recognised as short-term investments, are categorised as loans and receivables and are carried initially at fair value and then subsequently at amortised cost, using the effective-interest method.

### ***Interest-bearing loans and borrowings***

All loans and borrowings are initially recorded at fair value, being the fair value of the consideration received, net of attributable transaction costs. Subsequent to initial recognition, non-current interest-bearing loans are measured at amortised cost, using the effective interest yield methodology.

### ***Leases***

Leases under which the Company assumes substantially all of the risks and rewards of ownership are classified as finance leases. Assets held under finance leases are capitalised in the balance sheet, at an amount equal to the lower of their fair value and the present value of the minimum lease payments, and are depreciated over their estimated useful lives. The present values of the future lease payments are recorded as obligations under finance leases and the interest element of a lease obligation is charged to the income statement over the period of the lease in proportion to the balances outstanding.

Other leases are operating leases and the associated leased assets are not recognised on the Company’s balance sheet. Expenditure arising under operating leases is charged to the income statement as incurred. The Company also enters into sale-and-leaseback transactions whereby it sells the rights to an aircraft to an external party and subsequently leases the aircraft back, by way of an operating lease. Any profit or loss on the disposal where the price achieved is not considered to be at fair value is spread over the period during which the asset is expected to be used. The profit or loss amount deferred is included within “other creditors” and divided into components of greater than and less than one year.

### ***Provisions and contingencies***

A provision is recognised in the balance sheet when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future outflow at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

The Company assesses the likelihood of any adverse outcomes to contingencies, including legal matters, as well as probable losses. We record provisions for such contingencies when it is probable that a liability will be incurred and the amount of the loss can be reasonably estimated. A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability. Provisions are re-measured at each balance sheet date based on the best estimate of the settlement amount.

In relation to legal matters, we develop estimates in consultation with internal and external legal counsel using the current facts and circumstances known to us. The factors that we consider in developing our legal provisions include the merits and jurisdiction of the litigation, the nature and number of other similar

current and past litigation cases, the nature of the subject matter of the litigation, the likelihood of settlement and current state of settlement discussions, if any.

### ***Segment reporting***

Operating segments are reported in a manner consistent with the internal organisational and management structure and the internal reporting information provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of operating segments. The Company is managed as a single business unit that provides low fares airline-related services, including scheduled services, and ancillary services including car hire services, and internet and other related services to third parties, across a European route network.

### ***Income statement classification and presentation***

Individual income statement captions have been presented on the face of the income statement, together with additional line items, headings and sub-totals, where it is determined that such presentation is relevant to an understanding of our financial performance, in accordance with IAS 1, “*Presentation of Financial Statements*”.

Expenses are classified and presented in accordance with the nature-of-expenses method. We disclose separately on the face of the income statement, within other income and expense, losses on the impairment of available-for-sale financial assets and gains or losses on disposal of property, plant and equipment. The nature of the Company’s available-for-sale asset is that of a financial investment; accordingly any impairment of the investment is categorised as finance expense and included in other income/(expense) as a separate line item. The presentation of gains or losses on the disposal of property, plant and equipment within other income/(expense) accords with industry practice.

### ***Revenues***

Scheduled revenues comprise the invoiced value of airline and other services, net of government taxes. Revenue from the sale of flight seats is recognised in the period in which the service is provided. Unearned revenue represents flight seats sold but not yet flown and a provision for government tax refund claims attributable to unused tickets, and is included in accrued expenses and other liabilities. Revenue, net of government taxes, is released to the income statement as passengers fly. Unused tickets are recognised as revenue on a systematic basis, such that twelve months of time expired revenues are recognised in revenue in each fiscal year. Miscellaneous fees charged for any changes to flight tickets are recognised in revenue immediately.

During fiscal year 2012, changes in estimates relating to the timing of revenue recognition for unused passenger tickets were made, resulting in increased revenue in the current year of €65.3 million. This change reflects more accurate and timely data obtained through system enhancements.

Ancillary revenues are recognised in the income statement in the period the ancillary services are provided.

### ***Share-based payments***

The Company engages in equity-settled, share-based payment transactions in respect of services received from certain of its employees. The fair value of the services received is measured by reference to the fair value of the share options on the date of the grant. The grant measurement date is the date that a shared understanding of the terms of the award is established between the Company and the employee. The cost of the employee services received in respect of the share options granted is recognised in the income statement over the period that the services are received, which is the vesting period, with a corresponding increase in equity. To the extent that service is provided prior to the grant measurement date, the fair value of the share options is initially estimated and re-measured at each balance sheet date until the grant measurement date is achieved. The fair value of the options granted is determined using a binomial lattice option-pricing model, which takes into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the Ryanair Holdings plc share price over the life of the option and other relevant factors. Non-market vesting conditions are taken into account by adjusting the number of shares or share options included in the

measurement of the cost of employee services so that ultimately, the amount recognised in the income statement reflects the number of vested shares or share options.

### ***Pensions and other post-retirement obligations***

The Company provides certain employees with post-retirement benefits in the form of pensions. The Company operates a number of defined contribution and defined benefit pension schemes.

Costs arising in respect of the Company's defined contribution pension schemes (where fixed contributions are paid into the scheme and there is no legal or constructive obligation to pay further amounts) are charged to the income statement in the period in which they are incurred. Any contributions unpaid at the balance sheet date are included as a liability.

A defined benefit plan is a post-employment benefit plan other than a defined-contribution plan. The liabilities and costs associated with the Company's defined benefit pension schemes are assessed on the basis of the projected unit credit method by professionally qualified actuaries and are arrived at using actuarial assumptions based on market expectations at the balance sheet date. The discount rates employed in determining the present value of each scheme's liabilities are determined by reference to market yields at the balance sheet date of high quality corporate bonds in the same currency and term that is consistent with those of the associated pension obligations. The net surplus or deficit arising on the Company's defined-benefit schemes is shown within non-current assets or liabilities on the balance sheet. The deferred tax impact of any such amount is disclosed separately within deferred tax.

The Company separately recognises the operating and financing costs of defined-benefit pensions in the income statement. IFRS permits a number of options for the recognition of actuarial gains and losses. The Company has opted to recognise all actuarial gains and losses within other comprehensive income.

### ***Income taxes including deferred income taxes***

Income tax on the profit or loss for a year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income (such as certain hedging derivative financial instruments, available-for-sale assets, pensions and other post-retirement obligations). Current tax payable on taxable profits is recognised as an expense in the period in which the profits arise using tax rates enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising from the tax bases of assets and liabilities and their carrying accounts in the consolidated financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date and expected to apply when the temporary differences reverse.

The following temporary differences are not provided for: (i) the initial recognition of assets and liabilities that effect neither accounting nor taxable profit and (ii) differences relating to investments in subsidiaries to the extent that it is probable they will not reverse in the future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that a sufficient taxable profit will be available to allow all or part of the deferred tax asset to be realised.

### ***Share capital***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. When share capital recognised as equity is repurchased, the amount of consideration paid, which includes any directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity, until they are cancelled.

### ***Prospective accounting changes, new standards and interpretations not yet adopted***

The following new or revised IFRS standards and IFRIC interpretations will be adopted for purposes of the preparation of future financial statements, where applicable. We do not anticipate that the adoption of these new or revised standards and interpretations will have a material impact on our financial position or results from operations, except for IFRS 9, which may impact the classification and measurement of some of the Company's financial instruments. The Company does not currently plan to early adopt this standard. The impact of this standard will be considered when all elements of the final IFRS have been issued.

- Amendments to IFRS 7, “*Disclosure – Transfers of Financial Assets*” (effective for fiscal periods beginning on or after July 1, 2011).\*
- Amendment to IAS 12, “*Deferred Tax: Recovery of Underlying Assets*” (effective for fiscal periods beginning on or after January 1, 2012).
- IAS 1 (amendment 2011) “*Presentation of items of other comprehensive income*” (effective for fiscal periods beginning on or after July 1, 2012).\*
- IFRS 10, “*Consolidated Financial Statements*” (effective for fiscal periods beginning on or after January 1, 2013).
- IAS 19 (amendment 2011) “*Employee benefits*” (effective for fiscal periods beginning on or after January 1, 2013).\*
- IFRS 11, “*Joint Arrangements*” (effective for fiscal periods beginning on or after January 1, 2013).
- IFRS 12, “*Disclosure of Interests in other Entities*” (effective for fiscal periods beginning on or after January 1, 2013).
- IFRS 13, “*Fair Value Measurement*” (effective for fiscal periods beginning on or after January 1, 2013).
- IAS 27 (amended 2011) “*Separate Financial Statements*” (effective for fiscal periods beginning on or after January 1, 2013).
- IAS 28 (amended 2011) “*Investments in Associates and Joint Ventures*” (effective for fiscal periods beginning on or after January 1, 2013).
- Amendments to IFRS 7: “*Disclosures – Offsetting Financial Assets and Financial Liabilities*” (effective for fiscal periods beginning on or after January 1, 2013).
- Offsetting Financial Assets and Financial Liabilities (Amendment to IAS 32): (effective for fiscal periods beginning on or after January 1, 2014).
- IFRS 9 Financial Instruments (IFRS 9 (2010)) –effective from January 1, 2015. (effective for fiscal periods beginning on or after January 1, 2015).
- Improvements to IFRSs (2009-2011, issued May 2012): (effective for fiscal periods beginning January 1, 2013)

\*Endorsed by the EU

## 2 Property, plant and equipment

	<b>Aircraft</b>	<b>Hangar and Buildings</b>	<b>Plant and Equipment</b>	<b>Fixtures and Fittings</b>	<b>Motor Vehicles</b>	<b>Total</b>
	€M	€M	€M	€M	€M	€M
<b>Year ended March 31, 2012</b>						
<b>Cost</b>						
At March 31, 2011.....	5,953.2	46.6	19.1	27.2	2.2	6,048.3
Additions in year .....	312.3	0.2	1.7	3.3	0.1	317.6
Disposals in year.....	(107.2)	-	-	-	-	(107.2)
At March 31, 2012.....	<u>6,158.3</u>	<u>46.8</u>	<u>20.8</u>	<u>30.5</u>	<u>2.3</u>	<u>6,258.7</u>
<b>Depreciation</b>						
At March 31, 2011.....	1,065.1	11.1	14.8	21.6	2.0	1,114.6
Charge for year .....	301.1	2.3	2.3	3.4	0.1	309.2
Eliminated on disposals .....	(90.3)	-	-	-	-	(90.3)
At March 31, 2012.....	<u>1,275.9</u>	<u>13.4</u>	<u>17.1</u>	<u>25.0</u>	<u>2.1</u>	<u>1,333.5</u>
<b>Net book value</b>						
At March 31, 2012.....	<u>4,882.4</u>	<u>33.4</u>	<u>3.7</u>	<u>5.5</u>	<u>0.2</u>	<u>4,925.2</u>
	<b>Aircraft</b>	<b>Hangar and Buildings</b>	<b>Plant and Equipment</b>	<b>Fixtures and Fittings</b>	<b>Motor Vehicles</b>	<b>Total</b>
	€M	€M	€M	€M	€M	€M
<b>Year ended March 31, 2011</b>						
<b>Cost</b>						
At March 31, 2010.....	5,069.6	39.2	16.4	23.7	2.2	5,151.1
Additions in year .....	883.6	7.4	2.7	3.5	-	897.2
At March 31, 2011.....	<u>5,953.2</u>	<u>46.6</u>	<u>19.1</u>	<u>27.2</u>	<u>2.2</u>	<u>6,048.3</u>
<b>Depreciation</b>						
At March 31, 2010.....	794.4	8.9	12.3	19.4	1.9	836.9
Charge for year .....	270.7	2.2	2.5	2.2	0.1	277.7
At March 31, 2011.....	<u>1,065.1</u>	<u>11.1</u>	<u>14.8</u>	<u>21.6</u>	<u>2.0</u>	<u>1,114.6</u>
<b>Net book value</b>						
At March 31, 2011.....	<u>4,888.1</u>	<u>35.5</u>	<u>4.3</u>	<u>5.6</u>	<u>0.2</u>	<u>4,933.7</u>
	<b>Aircraft</b>	<b>Hangar and Buildings</b>	<b>Plant and Equipment</b>	<b>Fixtures and Fittings</b>	<b>Motor Vehicles</b>	<b>Total</b>
	€M	€M	€M	€M	€M	€M
<b>Year ended March 31, 2010</b>						
<b>Cost</b>						
At March 31, 2009.....	4,220.5	38.5	15.2	20.2	2.1	4,296.5
Additions in year .....	992.3	0.7	1.2	3.5	0.1	997.8
Disposals in year.....	(143.2)	-	-	-	-	(143.2)
At March 31, 2010.....	<u>5,069.6</u>	<u>39.2</u>	<u>16.4</u>	<u>23.7</u>	<u>2.2</u>	<u>5,151.1</u>
<b>Depreciation</b>						
At March 31, 2009.....	618.3	7.0	9.9	14.8	1.7	651.7
Charge for year .....	226.3	1.9	2.4	4.6	0.2	235.4
Eliminated on disposals .....	(50.2)	-	-	-	-	(50.2)
At March 31, 2010.....	<u>794.4</u>	<u>8.9</u>	<u>12.3</u>	<u>19.4</u>	<u>1.9</u>	<u>836.9</u>
<b>Net book value</b>						
At March 31, 2010.....	<u>4,275.2</u>	<u>30.3</u>	<u>4.1</u>	<u>4.3</u>	<u>0.3</u>	<u>4,314.2</u>



At March 31, 2012, aircraft with a net book value of €4,856.0 million (2011: €4,718.7 million; 2010: €3,863.0 million) were mortgaged to lenders as security for loans. Under the security arrangements for the Company's new Boeing 737-800 "next generation" aircraft, the Company does not hold legal title to those aircraft while these loan amounts remain outstanding.

At March 31, 2012, the cost and net book value of aircraft includes €110.5 million (2011: €194.2 million; 2010: €397.8 million) in respect of advance payments on aircraft. This amount is not depreciated. The cost and net book value also includes capitalised aircraft maintenance, aircraft simulators and the stock of rotatable spare parts.

The net book value of assets held under finance leases at March 31, 2012, 2011 and 2010 was €607.5 million, €635.1 million and €422.8 million respectively.

Sale proceeds of €27.2 million were generated from the disposal of spare engines during the year. In fiscal year 2010, €89.2 million in sales proceeds comprised €65.6 million from the sale of three aircraft and €23.6 million in respect of the sale of spare engines and insurance proceeds from an aircraft damaged by a bird strike in 2009.

There were no Boeing 737-800 aircraft disposed of during the year (2011: nil; 2010: 3). There is no agreement to dispose of further aircraft at future dates.

During the 2012 fiscal year, no accelerated depreciation (2011: nil; 2010: nil) arose in relation to aircraft disposals or agreements to dispose of aircraft at future dates.

### 3 Intangible assets

	At March 31,		
	2012	2011	2010
	€M	€M	€M
Landing rights.....	46.8	46.8	46.8

Landing slots were acquired with the acquisition of Buzz Stansted Limited in April 2003. As these landing slots have no expiry date and are expected to be used in perpetuity, they are considered to be of indefinite life and accordingly are not amortised. The Company also considers that there has been no impairment of the value of these rights to date. The recoverable amount of these rights has been determined on a value-in-use basis, using discounted cash-flow projections for a twenty-year period for each route that has an individual landing right. The calculation of value-in-use is most sensitive to the operating margin and discount rate assumptions. Operating margins are based on the existing margins generated from these routes and adjusted for any known trading conditions. The trading environment is subject to both regulatory and competitive pressures that can have a material effect on the operating performance of the business. Foreseeable events, however, are unlikely to result in a change of projections of a significant nature so as to result in the landing rights' carrying amounts exceeding their recoverable amounts. These projections have been discounted using weighted average cost of capital, estimated to be 7.7% for 2012, 7.3% for 2011 and 6.1% for 2010.

#### 4 Available-for-sale financial assets

	At March 31,		
	2012	2011	2010
	€M	€M	€M
Investment in Aer Lingus .....	149.7	114.0	116.2

As at March 31, 2012 Ryanair's total holding in Aer Lingus was 29.8% (2011: 29.8%; 2010: 29.8%). The balance sheet value of €149.7 million (2011: €114.0 million; 2010: €116.2 million) reflects the market value of this investment as at March 31, 2012. In accordance with the Company's accounting policy, this asset is held at fair value with a corresponding adjustment to other comprehensive income following initial acquisition. All impairment losses are recognised in the income statement and any cumulative loss previously recognised in other comprehensive income is transferred to the income statement once an impairment is considered to have occurred.

The movement on the available for sale financial asset from €114.0 million at March 31, 2011 to €149.7 million at March 31, 2012 is comprised of a gain of €35.7 million, recognised through other comprehensive income, reflecting the increase in the share price of Aer Lingus from €0.72 per share at March 31, 2011 to €0.94 per share at March 31, 2012. All impairment losses are required to be recognised in the income statement and are not subsequently reversed, while gains are recognised through other comprehensive income. The investment in Aer Lingus has in prior periods been impaired to €0.50 per share. In fiscal year 2010, the Company recorded an impairment charge of €13.5 million on the income statement relating to its Aer Lingus shareholding.

This investment is classified as available-for-sale, rather than as an investment in an associate, because the Company does not have the power to exercise any influence over the entity. The Company's determination that it does not have any influence over Aer Lingus through its minority shareholding has been based on the following factors, in particular:

(i) Ryanair does not have any representation on the Aer Lingus Board of Directors, nor does it have a right to appoint a director;

(ii) Ryanair does not participate in Aer Lingus' policy-making decisions, nor does it have a right to participate in such policy-making decisions;

(iii) There are no material transactions between Ryanair and Aer Lingus, there is no interchange of personnel between the two companies and there is no sharing of technical information between the companies;

(iv) Aer Lingus and its significant shareholder (the Irish government: 25.1%) have openly opposed Ryanair's investment or participation in the company;

(v) In August 2007, September 2007 and November/December 2011, Aer Lingus refused Ryanair's attempt to assert its statutory right to requisition a general meeting (a legal right of any 10% shareholder under Irish law).

(vi) On April 15, 2011, the High Court in Dublin ruled that Aer Lingus was not obliged to accede to Ryanair's request that two additional resolutions (on the payment of a dividend and on payments to pension schemes) be put to vote at Aer Lingus' annual general meeting; and

(vii) The European Commission has formally found that Ryanair's shareholding in Aer Lingus does not grant Ryanair "de jure or de facto control of Aer Lingus" and that "Ryanair's rights as a minority shareholder...are associated exclusively to rights related to the protection of minority shareholders" (Commission Decision Case No. COMP/M.4439 dated October 11, 2007). The European Commission's finding has been confirmed by the European Union's General Court which issued a decision on July 6, 2010 that the European Commission was justified to use the required legal and factual standard in its refusal to order Ryanair to divest its minority shareholding in Aer Lingus and that, as part of that decision, Ryanair's shareholding did

not confer control of Aer Lingus (Judgment of the General Court (Third Chamber) Case No. T-411/07 dated July 6, 2010).

On December 1, 2008 Ryanair made a second offer to acquire 70.2% of the ordinary shares of Aer Lingus plc that it does not already own. However, the Company was unable to secure the shareholders' support and accordingly on January 28, 2009 withdrew its offer for Aer Lingus.

The United Kingdom's Office of Fair Trading (OFT) wrote to Ryanair in September 2010, advising that it intends to investigate Ryanair's minority stake in Aer Lingus. Ryanair objected to this investigation on the basis that the OFT's investigation became time-barred within four months from the European Commission's June 2007 decision to prohibit Ryanair's takeover of Aer Lingus. The OFT agreed in October 2010 to suspend its investigation pending the outcome of Ryanair's appeal against the OFT's investigation.

On July 28, 2011, the Competition Appeal Tribunal ruled that the OFT was not time barred when it attempted in September 2010 to open an investigation into Ryanair's 2006 acquisition of a minority non-controlling stake in Aer Lingus. Ryanair appealed the Competition Appeal Tribunal's decision. On November 24, 2011, the UK Court of Appeal ordered a stay of the OFT's investigation pending the Courts review of whether the OFT's investigation was time barred. On May 22, 2012, the Court of Appeal found that the OFT was not time barred to investigate Ryanair's minority stake in Aer Lingus in September 2010. Ryanair subsequently sought permission to appeal that ruling to the UK Supreme Court, but permission was refused. On June 15, 2012, the OFT referred the investigation of Ryanair's minority stake in Aer Lingus to the UK Competition Commission. Ryanair welcomed the decision by the OFT to refer the case to the Competition Commission and Ryanair anticipates that the Competition Commission will agree with the decision of the European Commission in 2007 that since Ryanair has neither "de factor or de jure control" in Aer Lingus, that it should not be forced to sell down its minority stake. The Competition Commission could order Ryanair to divest some or all of its shares in Aer Lingus, as a result of which Ryanair could suffer significant losses due to the negative impact on attainable prices of the forced sale of such a significant portion of Aer Lingus' shares.

On June 19, 2012, Ryanair made a third all cash offer to acquire all of the ordinary shares of Aer Lingus it did not own at a price of €1.30 per ordinary share.

## **5 Derivative financial instruments**

The Audit Committee of the Board of Directors has responsibility for monitoring the treasury policies and objectives of the Company, which include controls over the procedures used to manage the main financial risks arising from the Company's operations. Such risks comprise commodity price, foreign exchange and interest rate risks. The Company uses financial instruments to manage exposures arising from these risks. These instruments include borrowings, cash deposits and derivatives (principally jet fuel derivatives, interest rate swaps, cross-currency interest rate swaps and forward foreign exchange contracts). It is the Company's policy that no speculative trading in financial instruments takes place.

The Company's historical fuel risk management policy has been to hedge between 70% and 90% of the forecast rolling annual volumes required to ensure that the future cost per gallon of fuel is locked in. This policy was adopted to prevent the Company being exposed, in the short term, to adverse movements in global jet fuel prices. However, when deemed to be in the best interests of the Company, it may deviate from this policy. At March 31, 2012, the Company had hedged approximately 90% of its estimated fuel exposure for the year ending March 31, 2013. At March 31, 2011, the Company had hedged approximately 77% of its estimated fuel exposure for the year ending March 31, 2012. At March 31, 2010, the Company had hedged approximately 85% of its estimated fuel exposure for the year ending March 31, 2011.

Foreign currency risk in relation to the Company's trading operations largely arises in relation to non-euro currencies. These currencies are primarily U.K. pounds sterling and the U.S. dollar. The Company manages this risk by matching pounds sterling revenues against pounds sterling costs. Surplus pounds sterling revenues are sometimes used to fund forward foreign exchange contracts to hedge U.S. dollar currency exposures that arise in relation to fuel, maintenance, aviation insurance, and capital expenditure costs and excess pounds sterling are converted into euro. Additionally, the Company swaps euro for U.S. dollars using forward currency contracts to cover any expected dollar outflows for these costs. From time to time, the Company also swaps euro for U.K. pounds sterling using forward currency contracts to hedge expected future surplus pounds sterling.

From time to time the Company also enters into cross-currency interest rate swaps to hedge against fluctuations in foreign exchange rates and interest rates in respect of US dollar denominated borrowings.

The Company's objective for interest rate risk management is to reduce interest-rate risk through a combination of financial instruments, which lock in interest rates on debt and by matching a proportion of floating rate assets with floating rate liabilities. In addition, the Company aims to achieve the best available return on investments of surplus cash – subject to credit risk and liquidity constraints. Credit risk is managed by limiting the aggregate amount and duration of exposure to any one counterparty based on third-party market-based ratings. In line with the above interest rate risk management strategy, the Company has entered into a series of interest rate swaps to hedge against fluctuations in interest rates for certain floating rate financial arrangements and certain other obligations. The Company has also entered into floating rate financing for certain aircraft, which is matched with floating rate deposits. Additionally, certain cash deposits have been set aside as collateral for the counterparty's exposure to risk of fluctuations on certain derivative and other financing arrangements with Ryanair (restricted cash). At March 31, 2012, such restricted cash amounted to €35.1 million (2011: €42.9 million; 2010: €67.8 million). Additional numerical information on these swaps and on other derivatives held by the Company is set out below and in Note 11 to the consolidated financial statements.

The Company utilises a range of derivatives designed to mitigate these risks. All of the above derivatives have been accounted for at fair value in the Company's balance sheet and have been utilised to hedge against these particular risks arising in the normal course of the Company's business. All have been designated as hedging derivatives for the purposes of IAS 39 and are fully set out below.

Derivative financial instruments, all of which have been recognised at fair value in the Company's balance sheet, are analysed as follows:

	<b>At March 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>€M</b>	<b>€M</b>	<b>€M</b>
<b>Current assets</b>			
Gains on cash-flow hedging instruments – maturing within one year .....	231.9	383.8	122.6
	<u>231.9</u>	<u>383.8</u>	<u>122.6</u>
<b>Non-current assets</b>			
Gains on cash flow hedging instruments – maturing after one year.....	3.3	23.9	22.8
	<u>3.3</u>	<u>23.9</u>	<u>22.8</u>
<b>Total derivative assets</b> .....	<u>235.2</u>	<u>407.7</u>	<u>145.4</u>
<b>Current liabilities</b>			
Losses on cash flow hedging instruments – maturing within one year .....	(28.2)	(125.4)	(41.0)
	<u>(28.2)</u>	<u>(125.4)</u>	<u>(41.0)</u>
<b>Non-current liabilities</b>			
Losses on cash flow hedging instruments – maturing after one year .....	(53.6)	(8.3)	(35.4)
	<u>(53.6)</u>	<u>(8.3)</u>	<u>(35.4)</u>
<b>Total derivative liabilities</b> .....	<u>(81.8)</u>	<u>(133.7)</u>	<u>(76.4)</u>
<b>Net derivative financial instrument position at year-end</b> .....	<u>153.4</u>	<u>274.0</u>	<u>69.0</u>

All of the above gains and losses were unrealised at the period-end.

The table above includes the following derivative arrangements:

	<b>Fair value 2012</b>	<b>Fair value 2011</b>	<b>Fair value 2010</b>
	<b>€M</b>	<b>€M</b>	<b>€M</b>
<b>Interest rate swaps (a)</b>			
Less than one year.....	(26.7)	(61.7)	(41.0)
Between one and five years.....	(53.8)	7.7	(38.6)
After five years.....	0.2	16.2	3.2
	<u>(80.3)</u>	<u>(37.8)</u>	<u>(76.4)</u>
<b>Foreign currency forward contracts (a)</b>			
Less than one year.....	86.1	(63.7)	80.0
Between one and five years.....	3.0	(8.2)	22.8
After five years.....	0.3	(0.1)	-
	<u>89.4</u>	<u>(72.0)</u>	<u>102.8</u>
<b>Commodity forward contracts</b>			
Less than one year(c).....	144.3	383.8	42.6
	<u>144.3</u>	<u>383.8</u>	<u>42.6</u>
<b>Net derivative position at year end.....</b>	<u>153.4</u>	<u>274.0</u>	<u>69.0</u>

- (a) Additional information in relation to the above interest rate swaps and forward currency contracts (i.e. notional value and weighted average interest rates) can be found in Note 11 to the consolidated financial statements.
- (b) €26.7 million interest rate swap financial liabilities falling due within one year, includes €2.1 million derivative financial liabilities, falling due within one year, in respect of cross currency interest rate swaps (see Note 11 to the consolidated financial statements).
- (c) €144.3 million commodity forward contracts falling due within one year, includes €145.8 million jet fuel derivative financial assets and €1.5 million carbon swap financial liability (see Note 11 of the Consolidated Financial Statements).

Interest rate swaps are primarily used to convert a portion of the Company's floating rate exposures on borrowings and operating leases into fixed rate exposures and are set so as to match exactly the critical terms of the underlying debt or lease being hedged (i.e. notional principal, interest rate settings, re-pricing dates). These are all classified as cash-flow hedges of the forecasted variable interest payments and rentals due on the Company's underlying debt and operating leases and have been determined to be highly effective in achieving offsetting cash flows. Accordingly, no ineffectiveness has been recorded in the income statement relating to these hedges in the current and preceding years.

The Company also utilises cross currency interest rate swaps to manage exposures to fluctuations in foreign exchange rates of US dollar denominated floating rate borrowings, together with managing the exposures to fluctuations in interest rates on these US dollar denominated floating rate borrowings. Cross currency interest rate swaps are primarily used to convert a portion of the Company's US dollar denominated debt to euro and floating rate interest exposures into fixed rate exposures and are set so as to match exactly the critical terms of the underlying debt being hedged (i.e. notional principal, interest rate settings, re-pricing dates). These are all classified as cash-flow hedges of the forecasted US dollar variable interest payments on the Company's underlying debt and have been determined to be highly effective in achieving offsetting cash flows. Accordingly, no ineffectiveness has been recorded in the income statement relating to these hedges in the current year.

Foreign currency forward contracts are utilised in a number of ways: forecast U.K. pounds sterling and euro revenue receipts are converted into U.S. dollars to hedge against forecasted U.S. dollar payments principally for jet fuel, insurance, capital expenditure and other aircraft related costs. These are classified as either cash-flow or fair-value hedges of forecasted and committed U.S. dollar payments and have been determined to be highly effective in offsetting variability in future cash flows and fair values arising from the fluctuation in the U.S. dollar to pounds sterling and euro exchange rates for the forecast and committed U.S. dollar purchases. Because the timing of anticipated payments and the settlement of the related derivatives is very closely coordinated, no ineffectiveness has been recorded for these foreign currency forward contracts in the current or preceding years (the underlying hedged items and hedging instruments have been consistently closely matched).

The Company also utilises jet fuel forward contracts to manage exposure to jet fuel prices. These are used to hedge the Company's forecasted fuel purchases, and are arranged so as to match as closely as possible against forecasted fuel delivery and payment requirements. These are classified as cash-flow hedges of forecasted fuel payments and have been determined to be highly effective in offsetting variability in future cash flows arising from fluctuations in jet fuel prices. No ineffectiveness has been recorded on these arrangements in the current or preceding years.

The European Union Emissions Trading System (EU ETS) began operating for airlines on 1 January 2012. In order to manage the risks associated with the fluctuation in the price of carbon emission credits, the Company entered into swap arrangements to fix the cost of a portion of their forecasted carbon emission credit purchases. The Company can forecast its requirement for carbon credits as they are directly linked to its consumption of jet fuel. These instruments have been classified as cash-flow hedges and no ineffectiveness has been recorded in the current year.

The (gains)/losses on the aircraft firm commitments are recognised as part of the capitalised cost of aircraft additions, within property, plant and equipment. The (gains)/losses on interest rate swaps, commodity forward contracts and forward currency contracts (excluding aircraft firm commitments) are recognised in the income statement when the hedged transaction occurs.

The following table indicates the amounts that were reclassified from other comprehensive income into the income statement, analysed by income statement category, in respect of cash-flow hedges realised during the year:

	<b>Year ended March 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>€M</b>	<b>€M</b>	<b>€M</b>
<b>Commodity forward contracts</b>			
Recognised in fuel and oil operating expenses, net of tax .....	284.2	(39.5)	(20.2)
<b>Interest rate swaps</b>			
Recognised in finance expense, net of tax .....	(22.7)	21.2	(32.9)
<b>Foreign currency forward contracts</b>			
Recognised in fuel and oil operating expenses, net of tax .....	(6.5)	3.5	2.3
	<u>255.0</u>	<u>(14.8)</u>	<u>(50.8)</u>

The following table indicates the amounts that were reclassified from other comprehensive income into the capitalised cost of aircraft additions within property, plant and equipment, in respect of cash-flow hedges realised during the year:

	<b>Year ended March 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>€M</b>	<b>€M</b>	<b>€M</b>
<b>Foreign currency forward contracts</b>			
Recognised in property plant and equipment – aircraft additions.....	11.1	(15.2)	(16.7)
	<u>11.1</u>	<u>(15.2)</u>	<u>(16.7)</u>

The following tables indicate the periods in which cash flows associated with derivatives that are designated as cash-flow hedges were expected to occur, as of March 31, 2012, 2011 and 2010:

	<b>Carrying Amount</b>	<b>Expected Cash Flows</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Thereafter</b>
	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>
<b>At March 31, 2012</b>							
Interest rate swaps .....	(80.3)	(70.5)	(22.7)	(23.7)	(14.4)	(7.4)	(2.3)
U.S. dollar currency forward contracts.....	89.4	90.1	86.0	0.9	0.9	0.9	1.4
Commodity forward contracts .....	144.3	144.3	144.3	-	-	-	-
	<u>153.4</u>	<u>163.9</u>	<u>207.6</u>	<u>(22.8)</u>	<u>(13.5)</u>	<u>(6.5)</u>	<u>(0.9)</u>

	<b>Carrying Amount</b>	<b>Expected Cash Flows</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Thereafter</b>
	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>
<b>At March 31, 2011</b>							
Interest rate swaps .....	(37.8)	(18.7)	(19.6)	(9.5)	(1.6)	2.8	9.2
U.S. dollar currency forward contracts.....	(72.0)	(72.7)	(63.7)	(8.6)	(0.1)	(0.1)	(0.2)
Commodity forward contracts .....	383.8	383.8	383.8	-	-	-	-
	<u>274.0</u>	<u>292.4</u>	<u>300.5</u>	<u>(18.1)</u>	<u>(1.7)</u>	<u>2.7</u>	<u>9.0</u>

	<b>Carrying Amount</b>	<b>Expected Cash Flows</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Thereafter</b>
	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>
<b>At March 31, 2010</b>							
Interest rate swaps .....	(76.4)	(149.2)	(44.2)	(37.8)	(23.9)	(17.8)	(25.5)
U.S. dollar currency forward contracts.....	99.8	107.9	83.4	24.4	0.1	-	-
U.K. pounds sterling currency forward contracts .....	3.0	3.0	3.0	-	-	-	-
Commodity forward contracts .....	42.6	42.6	42.6	-	-	-	-
	<u>69.0</u>	<u>4.3</u>	<u>84.8</u>	<u>(13.4)</u>	<u>(23.8)</u>	<u>(17.8)</u>	<u>(25.5)</u>

The following tables indicate the periods in which cash flows associated with derivatives designated as cash-flow hedges were expected to impact profit or loss, as of March 31, 2012, 2011 and 2010:

	Carrying Amount	Expected Cash flows	2013	2014	2015	2016	Thereafter
	€M	€M	€M	€M	€M	€M	€M
<b>At March 31, 2012</b>							
Interest rate swaps .....	(80.3)	(70.5)	(22.7)	(23.7)	(14.4)	(7.4)	(2.3)
U.S. dollar currency forward contracts.....	82.5	83.2	79.1	0.9	0.9	0.9	1.4
U.S. dollar currency forward contracts capitalised in property plant and equipment – aircraft additions .....	6.9	6.9	6.9	-	-	-	-
Commodity forward contracts .....	144.3	144.3	144.3	-	-	-	-
	<u>153.4</u>	<u>163.9</u>	<u>207.6</u>	<u>(22.8)</u>	<u>(13.5)</u>	<u>(6.5)</u>	<u>(0.9)</u>

	Carrying Amount	Expected Cash flows	2012	2013	2014	2015	Thereafter
	€M	€M	€M	€M	€M	€M	€M
<b>At March 31, 2011</b>							
Interest rate swaps .....	(37.8)	(18.7)	(19.6)	(9.5)	(1.6)	2.8	9.2
U.S. dollar currency forward contracts.....	(75.7)	(76.3)	(68.3)	(7.6)	(0.1)	(0.1)	(0.2)
U.S. dollar currency forward contracts capitalised in property plant and equipment – aircraft additions .....	3.7	3.6	4.6	(1.0)	-	-	-
Commodity forward contracts .....	383.8	383.8	383.8	-	-	-	-
	<u>274.0</u>	<u>292.4</u>	<u>300.5</u>	<u>(18.1)</u>	<u>(1.7)</u>	<u>2.7</u>	<u>9.0</u>

	Carrying Amount	Expected Cash flows	2011	2012	2013	2014	Thereafter
	€M	€M	€M	€M	€M	€M	€M
<b>At March 31, 2010</b>							
Interest rate swaps .....	(76.4)	(149.2)	(44.2)	(37.8)	(23.9)	(17.8)	(25.5)
U.S. dollar currency forward contracts.....	40.3	44.6	38.6	5.9	0.1	-	-
U.S. dollar currency forward contracts capitalised in property plant and equipment – aircraft additions .....	59.5	63.3	44.8	18.5	-	-	-
U.K. pounds sterling currency forward contracts .....	3.0	3.0	3.0	-	-	-	-
Commodity forward contracts .....	42.6	42.6	42.6	-	-	-	-
	<u>69.0</u>	<u>4.3</u>	<u>84.8</u>	<u>(13.4)</u>	<u>(23.8)</u>	<u>(17.8)</u>	<u>(25.5)</u>



## 6 Inventories

	At March 31,		
	2012	2011	2010
	€M	€M	€M
Consumables.....	2.8	2.7	2.5

In the view of the directors, there are no material differences between the replacement cost of inventories and the balance sheet amounts.

## 7 Other assets

	At March 31,		
	2012	2011	2010
	€M	€M	€M
Prepayments.....	60.0	94.5	74.1
Interest receivable.....	4.9	4.9	6.5
	<u>64.9</u>	<u>99.4</u>	<u>80.6</u>

All amounts fall due within one year.

## 8 Trade receivables

	At March 31,		
	2012	2011	2010
	€M	€M	€M
Trade receivables.....	51.6	50.7	44.4
Provision for impairment.....	(0.1)	(0.1)	(0.1)
	<u>51.5</u>	<u>50.6</u>	<u>44.3</u>

All amounts fall due within one year.

The movement in the provision for trade receivable impairments is as follows:

	Balance at beginning of year	Additions charged to expenses	Write-offs	Balance at end of year
	€M	€M	€M	€M
Year ended March 31, 2012.....	0.1	-	-	0.1
Year ended March 31, 2011.....	0.1	-	-	0.1
Year ended March 31, 2010.....	0.1	-	-	0.1

No individual customer accounted for more than 10% of our accounts receivable at March 31, 2012, March 31, 2011 or at March 31, 2010.

At March 31, 2012 €1.0 million (2011: €0.7 million; 2010: €0.6 million) of our total accounts receivable balance were past due, of which €0.1 million (2011: €0.1 million; 2010: €0.1 million) was impaired and provided for and €0.9 million (2011: €0.6 million; 2010: €0.5 million) was considered past due but not impaired.

## 9 Restricted cash

Restricted cash consists of €35.1 million (2011: €42.9 million; 2010: €67.8 million) placed on deposit as collateral for certain derivative financial instruments and other financing arrangements entered into by the Company.

## 10 Accrued expenses and other liabilities

	At March 31,		
	2012	2011	2010
	€M	€M	€M
Accruals.....	327.0	273.2	260.3
Taxation.....	228.8	185.2	282.3
Unearned revenue.....	681.4	765.9	545.6
	<u>1,237.2</u>	<u>1,224.3</u>	<u>1,088.2</u>

Taxation comprises:

	At March 31,		
	2012	2011	2010
	€M	€M	€M
PAYE (payroll taxes).....	5.1	5.3	4.3
Value Added Tax.....	-	-	1.7
Other tax (principally air passenger duty).....	223.7	179.9	276.3
	<u>228.8</u>	<u>185.2</u>	<u>282.3</u>

## 11 Financial instruments and financial risk management

The Company utilises financial instruments to reduce exposures to market risks throughout its business. Borrowings, cash and cash equivalents and liquid investments are used to finance the Company's operations. Derivative financial instruments are contractual agreements with a value that reflects price movements in an underlying asset. The Company uses derivative financial instruments, principally jet fuel derivatives, interest rate swaps, cross-currency interest rate swaps and forward foreign exchange contracts to manage commodity risks, interest rate risks and currency exposures and to achieve the desired profile of fixed and variable rate borrowings and leases in appropriate currencies. It is the Company's policy that no speculative trading in financial instruments shall take place.

The main risks attaching to the Company's financial instruments, the Company's strategy and approach to managing these risks, and the details of the derivatives employed to hedge against these risks have been disclosed in Note 5 to the consolidated financial statements.

(a) **Financial assets and financial liabilities – fair values**

The carrying value and fair value of the Company's financial assets by class and measurement category at March 31, 2012, 2011 and 2010 were as follows:

	<b>Available For Sale</b>	<b>Cash-Flow Hedges</b>	<b>Loans and Receivables</b>	<b>Total Carrying Value</b>	<b>Total Fair Value</b>
	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>
<b>At March 31, 2012</b>					
Available-for-sale financial assets .....	149.7	-	-	149.7	149.7
Cash and cash equivalents .....	-	-	2,708.3	2,708.3	2,708.3
Financial asset: cash > 3 months.....	-	-	772.2	772.2	772.2
Restricted cash .....	-	-	35.1	35.1	35.1
Derivative financial instruments					
-US dollar currency forward contacts	-	89.4	-	89.4	89.4
- Jet fuel derivative contracts .....	-	145.8	-	145.8	145.8
Trade receivables .....	-	-	51.5	51.5	51.5
Other Assets.....	-	-	4.9	4.9	4.9
Total financial assets at March 31, 2012.....	<u>149.7</u>	<u>235.2</u>	<u>3,572.0</u>	<u>3,956.9</u>	<u>3,956.9</u>
	<b>Available For Sale</b>	<b>Cash-Flow Hedges</b>	<b>Loans and Receivables</b>	<b>Total Carrying Value</b>	<b>Total Fair Value</b>
	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>
<b>At March 31, 2011</b>					
Available-for-sale financial assets .....	114.0	-	-	114.0	114.0
Cash and cash equivalents .....	-	-	2,028.3	2,028.3	2,028.3
Financial asset: cash > 3 months.....	-	-	869.4	869.4	869.4
Restricted cash .....	-	-	42.9	42.9	42.9
Derivative financial instruments					
- Jet fuel derivative contracts .....	-	383.8	-	383.8	383.8
- Interest rate swaps .....	-	23.9	-	23.9	23.9
Trade receivables .....	-	-	50.6	50.6	50.6
Other Assets.....	-	-	4.9	4.9	4.9
Total financial assets at March 31, 2011.....	<u>114.0</u>	<u>407.7</u>	<u>2,996.1</u>	<u>3,517.8</u>	<u>3,517.8</u>
	<b>Available For Sale</b>	<b>Cash-Flow Hedges</b>	<b>Loans and Receivables</b>	<b>Total Carrying Value</b>	<b>Total Fair Value</b>
	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>
<b>At March 31, 2010</b>					
Available-for-sale financial assets .....	116.2	-	-	116.2	116.2
Cash and cash equivalents .....	-	-	1,477.9	1,477.9	1,477.9
Financial asset: cash > 3 months.....	-	-	1,267.7	1,267.7	1,267.7
Restricted cash .....	-	-	67.8	67.8	67.8
Derivative financial instruments					
- U.S. dollar currency forward contracts.....	-	99.8	-	99.8	99.8
- U.K. pounds sterling currency forward contracts.....	-	3.0	-	3.0	3.0
-Jet fuel derivative contracts .....	-	42.6	-	42.6	42.6
Trade receivables .....	-	-	44.3	44.3	44.3
Other assets.....	-	-	6.5	6.5	6.5
Total financial assets at March 31, 2010.....	<u>116.2</u>	<u>145.4</u>	<u>2,864.2</u>	<u>3,125.8</u>	<u>3,125.8</u>

The carrying values and fair values of the Company's financial liabilities by class and category were as follows:

	<u>Amortised Cost</u>	<u>Cash-Flow Hedges</u>	<u>Fair-Value Hedges</u>	<u>Total Carrying Value</u>	<u>Total Fair Value</u>
	€M	€M	€M	€M	€M
<b>At March 31, 2012</b>					
Long-term debt .....	3,625.2	-	-	3,625.2	3,665.4
Derivative financial instruments					
-Interest rate swaps .....	-	80.3	-	80.3	80.3
-Carbon swaps .....	-	1.5	-	1.5	1.5
Trade payables .....	181.2	-	-	181.2	181.2
Accrued expenses .....	327.0	-	-	327.0	327.0
Total financial liabilities at March 31, 2012 .....	<u>4,133.4</u>	<u>81.8</u>	<u>-</u>	<u>4,215.2</u>	<u>4,255.4</u>
<b>At March 31, 2011</b>					
Long-term debt .....	3,649.4	-	-	3,649.4	3,621.1
Derivative financial instruments					
- U.S. dollar currency forward contracts.....	-	72.0	-	72.0	72.0
-Interest rate swaps .....	-	61.7	-	61.7	61.7
Trade payables .....	150.8	-	-	150.8	150.8
Accrued expenses .....	273.2	-	-	273.2	273.2
Total financial liabilities at March 31, 2011 .....	<u>4,073.4</u>	<u>133.7</u>	<u>-</u>	<u>4,207.1</u>	<u>4,178.8</u>
<b>At March 31, 2010</b>					
Long-term debt .....	2,956.2	-	-	2,956.2	2,955.8
Derivative financial instruments					
- Interest rate swaps .....	-	76.4	-	76.4	76.4
Trade payables .....	154.0	-	-	154.0	154.0
Accrued expenses .....	260.3	-	-	260.3	260.3
Total financial liabilities at March 31, 2010 .....	<u>3,370.5</u>	<u>76.4</u>	<u>-</u>	<u>3,446.9</u>	<u>3,446.5</u>

#### *Estimation of fair values*

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than as part of a forced liquidation sale. The following methods and assumptions were used to estimate the fair value of each material class of the Company's financial instruments:

**Cash and liquid resources:** Carrying amount approximates fair value due to the short-term nature of these instruments. Cash and cash resources comprise cash and cash equivalents, short-term investments and restricted cash.

**Fixed-rate long-term debt:** The repayments which Ryanair is committed to make have been discounted at the relevant market rates of interest applicable (including credit spreads) at March 31, 2012, 2011, and 2010 which would be payable to a third party to assume the obligations.

**Derivatives – interest rate swaps:** Discounted cash-flow analyses have been used to determine the estimated amount Ryanair would receive or pay to terminate the contracts. Discounted cash-flow analyses are based on forward interest rates.

**Derivatives – currency forwards, aircraft fuel contracts and carbon swaps:** A comparison of the contracted rate to the market rate for contracts providing a similar risk management profile at March 31, 2012, 2011 and 2010 has been made.

The table below analyses financial instruments carried at fair value in the balance sheet categorised by the type of valuation method used. The different valuation levels are defined as follows:

- Level 1: Inputs are based on unadjusted quoted prices in active markets for identical instruments.
- Level 2: Inputs are based on quoted prices for identical or similar instruments in markets that are not active, quoted prices for similar instruments in active markets, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3: Inputs for the asset or liability are not based on observable market data.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	€M	€M	€M	€M
<b>At March 31, 2012</b>				
<b>Assets measured at fair value</b>				
Available-for-sale financial asset .....	149.7	-	-	149.7
Cash-flow hedges – US dollar currency forward contracts .....	-	89.4	-	89.4
Cash-flow hedges – jet fuel derivative contracts .....	-	145.8	-	145.8
	<u>149.7</u>	<u>235.2</u>	<u>-</u>	<u>384.9</u>
<b>Liabilities measured at fair value</b>				
Cash-flow hedges – interest rate swaps .....	-	(80.3)	-	(80.3)
Cash-flow hedges – carbon swaps .....	-	(1.5)	-	(1.5)
	<u>-</u>	<u>(81.8)</u>	<u>-</u>	<u>(81.8)</u>

During the year ended March 31, 2012, there were no transfers between Level 1 and Level 2 fair-value measurements, and no transfers into or out of Level 3 fair-value measurement.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	€M	€M	€M	€M
<b>At March 31, 2011</b>				
<b>Assets measured at fair value</b>				
Available-for-sale financial asset .....	114.0	-	-	114.0
Cash-flow hedges – jet fuel derivative contracts .....	-	383.8	-	383.8
Cash-flow hedges – interest rate swaps .....	-	23.9	-	23.9
	<u>114.0</u>	<u>407.7</u>	<u>-</u>	<u>521.7</u>
<b>Liabilities measured at fair value</b>				
Cash-flow hedges – US dollar currency forward contracts .....	-	(72.0)	-	(72.0)
Cash-flow hedges – interest rate swaps .....	-	(61.7)	-	(61.7)
	<u>-</u>	<u>(133.7)</u>	<u>-</u>	<u>(133.7)</u>

During the year ended March 31, 2011, there were no transfers between Level 1 and Level 2 fair-value measurements, and no transfers into or out of Level 3 fair-value measurement.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	€M	€M	€M	€M
<b>At March 31, 2010</b>				
<b>Assets measured at fair value</b>				
Available-for-sale financial asset .....	116.2	-	-	116.2
Cash-flow hedges – US dollar currency forward contracts .....	-	99.8	-	99.8
Cash-flow hedges – GBP currency forward contracts .....	-	3.0	-	3.0
Cash-flow hedges – jet fuel derivative contracts .....	-	42.6	-	42.6
	<u>116.2</u>	<u>145.4</u>	<u>-</u>	<u>261.6</u>
<b>Liabilities measured at fair value</b>				
Cash-flow hedges – interest rate swaps .....	-	(76.4)	-	(76.4)
	<u>-</u>	<u>(76.4)</u>	<u>-</u>	<u>(76.4)</u>

During the year ended March 31, 2010, there were no transfers between Level 1 and Level 2 fair-value measurements, and no transfers into or out of Level 3 fair-value measurement.

**(b) Commodity risk**

The Company's exposure to price risk in this regard is primarily for jet fuel used in the normal course of operations.

At the year-end, the Company had the following jet fuel and carbon arrangements in place:

	At March 31,		
	2012	2011	2010
	€M	€M	€M
Carbon swaps – fair value.....	(1.5)	-	-
Jet fuel forward contracts – fair value.....	145.8	383.8	42.6
	<u>144.3</u>	<u>383.8</u>	<u>42.6</u>

All of the above commodity contracts mature within the year and are matched against highly probable forecast commodity cash flows.

**(c) Maturity and interest rate risk profile of financial assets and financial liabilities**

At March 31, 2012, the Company had total borrowings of €3,625.2 million (2011: €3,649.4 million; 2010: €2,956.2 million) from various financial institutions, provided primarily on the basis of guarantees granted by the Export-Import Bank of the United States to finance the acquisition of 199 Boeing 737-800 “next generation” aircraft (2011:185; 2010:151). The guarantees are secured with a first fixed mortgage on the delivered aircraft. The remaining long-term debt relates to 30 aircraft held under finance leases (2011: 30; 2010: 20), 6 aircraft financed by way of other commercial debt (2011: 6; 2010: 6) and aircraft simulators.

The maturity profile of the Company's financial liabilities (excluding aircraft provisions, trade payables and accrued expenses) at March 31, 2012 was as follows:

	Weighted average fixed rate (%)	2013 €M	2014 €M	2015 €M	2016 €M	Thereafter €M	Total €M
<b>Fixed rate</b>							
Secured long term-debt.....	2.94%	78.9	81.8	84.7	87.5	392.8	725.7
Debt swapped from floating to fixed.....	3.96%	154.7	159.0	161.5	140.2	675.2	1,290.6
Secured long-term debt after swaps.....	3.59%	233.6	240.8	246.2	227.7	1,068.0	2,016.3
Finance leases.....	2.81%	-	-	39.8	-	254.4	294.2
Total fixed rate debt.....		<u>233.6</u>	<u>240.8</u>	<u>286.0</u>	<u>227.7</u>	<u>1,322.4</u>	<u>2,310.5</u>
<b>Floating rate</b>							
Secured long-term debt.....		238.5	245.9	251.4	230.0	1,127.6	2,093.4
Debt swapped from floating to fixed.....		(154.7)	(159.0)	(161.5)	(140.2)	(675.2)	(1,290.6)
Secured long-term debt after swaps.....	1.47%	83.8	86.9	89.9	89.8	452.4	802.8
Finance leases.....	2.43%	51.0	53.4	55.8	67.5	284.2	511.9
Total floating rate debt.....	1.85%	<u>134.8</u>	<u>140.3</u>	<u>145.7</u>	<u>157.3</u>	<u>736.6</u>	<u>1,314.7</u>
Total financial liabilities.....		<u>368.4</u>	<u>381.1</u>	<u>431.7</u>	<u>385.0</u>	<u>2,059.0</u>	<u>3,625.2</u>

All of the above debt maturing after 2016 will mature between 2016 and 2024.

The maturity profile of the Company's financial liabilities (excluding aircraft provisions, trade payables and accrued expenses) at March 31, 2011 was as follows:

	<b>Weighted average fixed rate (%)</b>	<b>2012 €M</b>	<b>2013 €M</b>	<b>2014 €M</b>	<b>2015 €M</b>	<b>Thereafter €M</b>	<b>Total €M</b>
<b>Fixed rate</b>							
Secured long term-debt.....	3.03%	57.4	58.3	60.5	62.7	251.9	490.8
Debt swapped from floating to fixed.....	4.12%	138.2	142.0	146.0	148.0	692.0	1,266.2
Secured long-term debt after swaps.....	3.81%	195.6	200.3	206.5	210.7	943.9	1,757.0
Finance leases.....	2.80%	-	-	-	38.9	247.7	286.6
Total fixed rate debt.....		<u>195.6</u>	<u>200.3</u>	<u>206.5</u>	<u>249.6</u>	<u>1,191.6</u>	<u>2,043.6</u>
<b>Floating rate</b>							
Secured long-term debt.....		230.6	237.5	244.9	250.4	1,348.1	2,311.5
Debt swapped from floating to fixed.....		(138.2)	(142.0)	(146.0)	(148.0)	(692.0)	(1,266.2)
Secured long-term debt after swaps.....	1.57%	92.4	95.5	98.9	102.4	656.1	1,045.3
Finance leases.....	2.39%	48.7	51.0	53.4	55.8	351.6	560.5
Total floating rate debt.....	1.86%	<u>141.1</u>	<u>146.5</u>	<u>152.3</u>	<u>158.2</u>	<u>1,007.7</u>	<u>1,605.8</u>
Total financial liabilities.....		<u>336.7</u>	<u>346.8</u>	<u>358.8</u>	<u>407.8</u>	<u>2,199.3</u>	<u>3,649.4</u>

All of the above debt maturing after 2015 will mature between 2015 and 2023.

The maturity profile of the Company's financial liabilities (excluding aircraft provisions, trade payables and accrued expenses) at March 31, 2010 was as follows:

	<b>Weighted average fixed rate (%)</b>	<b>2011 €M</b>	<b>2012 €M</b>	<b>2013 €M</b>	<b>2014 €M</b>	<b>Thereafter €M</b>	<b>Total €M</b>
<b>Fixed rate</b>							
Secured long term-debt.....	3.03%	55.4	57.4	58.4	60.5	314.5	546.2
Debt swapped from floating to fixed.....	4.68%	100.2	102.7	105.4	108.3	485.1	901.7
Secured long-term debt after swaps.....	4.06%	155.6	160.1	163.8	168.8	799.6	1,447.9
Finance leases.....	2.63%	-	-	-	-	191.7	191.7
Total fixed rate debt.....		<u>155.6</u>	<u>160.1</u>	<u>163.8</u>	<u>168.8</u>	<u>991.3</u>	<u>1,639.6</u>
<b>Floating rate</b>							
Secured long-term debt.....		177.6	182.8	188.4	194.4	1,105.3	1,848.5
Debt swapped from floating to fixed.....		(100.2)	(102.7)	(105.4)	(108.3)	(485.1)	(901.7)
Secured long-term debt after swaps.....	1.22%	77.4	80.1	83.0	86.1	620.2	946.8
Finance leases.....	1.70%	32.5	34.0	35.6	37.2	230.5	369.8
Total floating rate debt.....	1.35%	<u>109.9</u>	<u>114.1</u>	<u>118.6</u>	<u>123.3</u>	<u>850.7</u>	<u>1,316.6</u>
Total financial liabilities.....		<u>265.5</u>	<u>274.2</u>	<u>282.4</u>	<u>292.1</u>	<u>1,842.0</u>	<u>2,956.2</u>

The following provides an analysis of changes in borrowings during the year:

	At March 31,		
	2012 €M	2011 €M	2010 €M
Balance at start of year.....	3,649.4	2,956.2	2,398.4
Loans raised to finance aircraft acquisitions– denominated in euro.....	292.3	751.2	788.1
Loans raised to finance aircraft acquisitions– denominated in USD.....	-	240.2	-
Repayments of amounts borrowed.....	(329.7)	(280.7)	(230.3)
Foreign exchange loss/(gain) on conversion of US dollar loans.....	13.2	(17.5)	-
<b>Balance at end of year</b> .....	<b>3,625.2</b>	<b>3,649.4</b>	<b>2,956.2</b>
Less than one year .....	368.4	336.7	265.5
More than one year .....	3,256.8	3,312.7	2,690.7
	<b>3,625.2</b>	<b>3,649.4</b>	<b>2,956.2</b>

The maturities of the contractual undiscounted cash flows (including estimated future interest payments on debt) of the Company's financial liabilities are as follows:

	Total Carrying Value €M	Total Contractual Cash flows €M	2013 €M	2014 €M	2015 €M	2016 €M	Thereafter €M
<b>At March 31, 2012</b>							
Long term debt and finance leases							
-Fixed rate debt (excluding Swapped debt).....	1,019.9	1,133.9	98.9	99.9	140.7	101.8	692.6
-Swapped to fixed rate debt	1,290.6	1,329.4	170.2	170.6	168.7	143.7	676.2
- Fixed rate debt..... 3.49%	2,310.5	2,463.3	269.1	270.5	309.4	245.5	1,368.8
- Floating rate debt..... 1.85%	1,314.7	1,436.9	158.3	161.3	164.4	173.3	779.6
	3,625.2	3,900.2	427.4	431.8	473.8	418.8	2,148.4
Derivative financial instruments							
- Interest rate swaps .....	80.3	70.5	22.7	23.7	14.4	7.4	2.3
-Carbon swaps .....	1.5	1.5	1.5	-	-	-	-
Trade payables.....	181.2	181.2	181.2	-	-	-	-
Accrued expenses.....	327.0	327.0	327.0	-	-	-	-
Total at March 31, 2012 .....	4,215.2	4,480.4	959.8	455.5	488.2	426.2	2,150.7
	Total Carrying Value €M	Total Contractual Cash flows €M	2012 €M	2013 €M	2014 €M	2015 €M	Thereafter €M
<b>At March 31, 2011</b>							
Long term debt and finance leases							
- Fixed rate debt..... 3.67%	2,043.6	2,237.8	237.0	235.8	236.0	273.0	1,256.0
- Floating rate debt..... 1.86%	1,605.8	1,747.6	170.0	173.2	176.3	179.4	1,048.7
	3,649.4	3,985.4	407.0	409.0	412.3	452.4	2,304.7
Derivative financial instruments							
-U.S dollar currency							
Forward contracts .....	72.0	72.7	63.7	8.6	0.1	0.1	0.2
- Interest rate swaps .....	37.8	18.7	19.6	9.5	1.6	(2.8)	(9.2)
Trade payables.....	150.8	150.8	150.8	-	-	-	-
Accrued expenses.....	273.2	273.2	273.2	-	-	-	-
Total at March 31, 2011 .....	4,183.2	4,500.8	914.3	427.1	414.0	449.7	2,295.7



		<b>Total Carrying Value €M</b>	<b>Total Contractual Cash flows €M</b>	<b>2011 €M</b>	<b>2012 €M</b>	<b>2013 €M</b>	<b>2014 €M</b>	<b>Thereafter €M</b>
<b>At March 31, 2010</b>								
Long term debt and finance leases								
- Fixed rate debt.....	3.89%	1,639.6	1,767.6	183.9	184.4	184.1	185.0	1,030.2
- Floating rate debt.....	1.35%	1,316.6	1,422.2	127.7	130.4	133.2	136.3	894.6
		<u>2,956.2</u>	<u>3,189.8</u>	<u>311.6</u>	<u>314.8</u>	<u>317.3</u>	<u>321.3</u>	<u>1,924.8</u>
Derivative financial instruments								
- Interest rate swaps.....		76.4	149.2	44.2	37.8	23.9	17.8	25.5
Trade payables.....		154.0	154.0	154.0	-	-	-	-
Accrued expenses.....		260.3	260.3	260.3	-	-	-	-
Total at March 31, 2010 ..		<u>3,446.9</u>	<u>3,753.3</u>	<u>770.1</u>	<u>352.6</u>	<u>341.2</u>	<u>339.1</u>	<u>1,950.3</u>

### *Interest rate re-pricing*

Floating interest rates on financial liabilities are generally referenced to European inter-bank interest rates (EURIBOR). Secured long-term debt and interest rate swaps typically re-price on a quarterly basis with finance leases re-pricing on a semi-annual basis. We use current interest rate settings on existing floating rate debt at each year-end to calculate contractual cash flows.

Fixed interest rates on financial liabilities are fixed for the duration of the underlying structures (typically between 10 and 12 years).

The Company holds significant cash balances that are invested on a short-term basis. At March 31, 2012, all of the Company's cash and liquid resources had a maturity of one year or less and attracted a weighted average interest rate of 1.07% (2011: 0.97%; 2010: 0.93%).

<b>Financial assets</b>	<b>March 31, 2012</b>		<b>March 31, 2011</b>		<b>March 31, 2010</b>	
	<b>Within 1 year</b>	<b>Total</b>	<b>Within 1 year</b>	<b>Total</b>	<b>Within 1 year</b>	<b>Total</b>
	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>
Cash and cash equivalents .....	2,708.3	2,708.3	2,028.3	2,028.3	1,477.9	1,477.9
Cash > 3 months .....	772.2	772.2	869.4	869.4	1,267.7	1,267.7
Restricted cash .....	35.1	35.1	42.9	42.9	67.8	67.8
Total financial assets.....	<u>3,515.6</u>	<u>3,515.6</u>	<u>2,940.6</u>	<u>2,940.6</u>	<u>2,813.4</u>	<u>2,813.4</u>

Interest rates on cash and liquid resources are generally based on the appropriate EURIBOR, LIBOR or bank rates dependant on the principal amounts on deposit.

As described in Note 4 to the consolidated financial statements, the Company also held €149.7 million of an equity investment in Aer Lingus at March 31, 2012 (2011: €114.0 million; 2010: €116.2 million). This has no fixed maturity and is not interest bearing.

### **(d) Foreign currency risk**

The Company has exposure to various foreign currencies (principally U.K. pounds sterling and U.S. dollars) due to the international nature of its operations. The Company manages this risk by matching U.K. pound sterling revenues against U.K. pound sterling costs. Any remaining unmatched U.K. pound sterling revenues are used to fund U.S. dollar currency exposures that arise in relation to fuel, maintenance, aviation insurance and capital expenditure costs or are sold for euro. The Company also sells euro forward to cover certain U.S. dollar costs. Further details of the hedging activity carried out by the Company are disclosed in Note 5 to the consolidated financial statements.

The following table shows the net amount of monetary assets of the Company that are not denominated in euro at March 31, 2012, 2011 and 2010. Such amounts have been translated using the following year-end foreign currency rates in 2012: €/£: 0.8339 ; €/\$: 1.3356 (2011: €/£: 0.8837; €/\$: 1.4207, 2010: €/£: 0.8898; €/\$: 1.3479).

	March 31, 2012			March 31, 2011			March 31, 2010		
	GBP	U.S.\$	euro equiv.	GBP	U.S.\$	euro equiv.	GBP	U.S.\$	euro equiv.
	£M	£M	\$M	£M	\$M	£M	\$M	\$M	€M
<b>Monetary assets</b>									
U.K. pounds sterling cash and liquid resources.....	38.9	-	46.7	33.8	-	38.2	35.6	-	40.0
USD cash and liquid resources.....	-	-	-	-	-	-	-	12.4	9.2
	<u>38.9</u>	<u>-</u>	<u>46.7</u>	<u>33.8</u>	<u>-</u>	<u>38.2</u>	<u>35.6</u>	<u>12.4</u>	<u>49.2</u>

The following table shows the net amount of monetary liabilities of the Company that are not denominated in euro at March 31, 2012, 2011 and 2010. Such amounts have been translated using the following year-end foreign currency rates in 2012: €/£: 0.8339 ; €/\$: 1.3356.

	March 31, 2012		March 31, 2011		March 31, 2010	
	U.S.\$	euro equiv.	U.S.\$	euro equiv.	U.S.\$	euro equiv.
	\$M	€M	\$M	€M	\$M	€M
<b>Monetary liabilities</b>						
USD long term debt .....	282.8	211.7	341.3	240.2	-	-
	<u>282.8</u>	<u>211.7</u>	<u>341.3</u>	<u>240.2</u>	<u>-</u>	<u>-</u>

The Company has entered into cross currency interest rate swap arrangements to manage exposures to fluctuations in foreign exchange rates on these US dollar denominated floating rate borrowings, together with managing the exposures to fluctuations in interest rates on these US dollar denominated floating rate borrowings. The fair value of these cross currency interest rate swap instruments at March 31, 2012 was €7.4 million, (2011: €7.9 million, 2010: nil) which has been classified within current liabilities, specifically derivative liabilities falling due within one year (see Note 5 to the consolidated financial statements).

The following table gives details of the notional amounts of the Company's currency forward contracts as at March 31, 2012, 2011 and 2010:

	March 31, 2012		March 31, 2011		March 31, 2010	
	U.S.\$	euro equiv.	U.S.\$	euro equiv.	U.S.\$	euro equiv.
	\$M	€M	\$M	€M	\$M	€M
<b>Currency forward contracts</b>						
<b>U.S. dollar currency forward contracts</b>						
- for fuel and other purchases.....	2,657.0	1,907.9	2,552.6	1,887.2	1,437.4	770.4
- for aircraft purchases .....	191.7	136.9	584.2	410.8	1,123.8	1,021.8
	<u>2,848.7</u>	<u>2,044.8</u>	<u>3,136.8</u>	<u>2,298.0</u>	<u>2,561.2</u>	<u>1,792.2</u>

	March 31, 2012		March 31, 2011		March 31, 2010	
	Stg £	euro equiv.	Stg £	euro equiv.	Stg £	euro equiv.
	£M	€M	£M	€M	£M	€M
<b>Currency forward contracts</b>						
U.K pounds sterling currency forward contracts .....	10.0	12.0	-	-	122.3	140.3
	<u>10.0</u>	<u>12.0</u>	<u>-</u>	<u>-</u>	<u>122.3</u>	<u>140.3</u>

**(e) Equity risk**

The Company has exposure to equity price risk primarily in relation to its 29.8% investment in Aer Lingus. The Company does not have significant influence over Aer Lingus and accordingly, this investment is classified as an available-for-sale financial asset rather than an investment in an associate. Additional information in relation to the available-for-sale financial asset can be found in Note 4 to the consolidated financial statements.

**(f) Credit risk**

The Company holds significant cash balances, which are invested on a short-term basis and are classified as either cash equivalents or liquid investments. These deposits and other financial instruments (principally certain derivatives and loans as identified above) give rise to credit risk on amounts due from counterparties. Credit risk is managed by limiting the aggregate amount and duration of exposure to any one counterparty through regular review of counterparties' market-based ratings, Tier 1 capital level and credit default swap rates and by taking into account bank counterparties' systemic importance to the financial systems of their home countries. The Company typically enters into deposits and derivative contracts with parties that have a long term Standard and Poors "A" category rating or equivalent credit rating. The maximum exposure arising in the event of default on the part of the counterparty is the carrying value of the relevant financial instrument. The Company is authorised to place funds on deposit for periods up to 18 months. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders on an ongoing basis.

The Company's revenues derive principally from airline travel on scheduled services, internet income and in-flight and related sales. Revenue is wholly derived from European routes. No individual customer accounts for a significant portion of total revenue.

At March 31, 2012 €1.0 million (2011: €0.7 million, 2010: €0.6 million) of our total accounts receivable balance were past due, of which €0.1 million (2011: €0.1 million, 2010: €0.1 million) was impaired and provided for and €0.9 million (2011: €0.6 million, 2010: €0.5 million) was past due but not impaired. See Note 8 to the consolidated financial statements.

**(g) Liquidity and capital management**

The Company's cash and liquid resources comprise cash and cash equivalents, short-term investments and restricted cash. The Company defines the capital that it manages as the Company's long-term debt and equity. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to maintain sufficient financial resources to mitigate against risks and unforeseen events.

The Company finances its working capital requirements through a combination of cash generated from operations and bank loans for the acquisition of aircraft. The Company had cash and liquid resources at March 31, 2012 of €3,515.6 million (2011: €2,940.6 million; 2010: €2,813.4 million). During the year, the Company funded €317.6 million in purchases of property, plant and equipment (2011: €897.2 million, 2010: €997.8 million). Cash generated from operations has been the principal source for these cash requirements, supplemented primarily by aircraft-related financing structures.

The Board of Directors periodically reviews the capital structure of the Company, considering the cost of capital and the risks associated with each class of capital. The Board approves any material adjustments to the capital structure in terms of the relative proportions of debt and equity.

Ryanair has generally been able to generate sufficient funds from operations to meet its non-aircraft acquisition-related working capital requirements. Management believes that the working capital available to the Company is sufficient for its present requirements and will be sufficient to meet its anticipated requirements for capital expenditures and other cash requirements for the 2013 fiscal year.

## (h) Guarantees

Details of the Company's guarantees and the related accounting have been disclosed in Note 23 to the consolidated financial statements.

## (i) Sensitivity analysis

(i) Interest rate risk: Based on the levels of and composition of year-end interest bearing assets and liabilities, including derivatives, at March 31, 2012, a plus or minus one-percentage-point movement in interest rates would result in a respective increase or decrease of €18.3 million (net of tax) in net interest income and expense in the income statement (2011: €10.9 million; 2010: €12.4 million) and €36.9 million in equity. All of the Group's interest rate swaps are used to swap variable rate debt to fixed rate debt; consequently any changes in interest rates would have an equal and opposite income statement effect for both the interest rate swaps and the debt.

(ii) Foreign currency risk: A plus or minus change of 10% in relevant foreign currency exchange rates, based on outstanding foreign currency-denominated financial assets and financial liabilities at March 31, 2012 would have a respective positive or negative impact on the income statement of €1.8 million (net of tax) (2011: €3.7 million; 2010: €4.8 million) and on equity of €176.3 million (net of tax) (2011: €201.1 million; 2010: €153.0 million).

(iii) Equity price risk: A decrease of 10% in the Aer Lingus share price as of March 31, 2012 would result in a decrease of €15.0 million in the fair value of the available-for-sale financial assets (2011: €11.4 million; 2010: €11.6 million). The decrease would be recognised in other comprehensive income. An increase of 10% in the Aer Lingus share price at March 31, 2012 would result in an increase of €15.0 million in the fair value of the available-for-sale financial assets reserve (2011: €11.4 million; 2010: €11.6 million). Such an increase would be recognised in other comprehensive income.

## 12 Deferred and current taxation

The components of the deferred and current taxation in the balance sheet are as follows:

	At March 31,		
	2012	2011	2010
	€M	€M	€M
<b>Current tax (assets)/liabilities</b>			
Corporation tax (prepayment)/provision.....	(9.3)	(0.5)	0.9
Total current tax (assets)/liabilities .....	<u>(9.3)</u>	<u>(0.5)</u>	<u>0.9</u>
<b>Deferred tax liabilities</b>			
Origination and reversal of temporary differences on property, plant and equipment, derivatives, pensions and available-for- sale securities .....	324.4	299.1	229.1
Total deferred tax liabilities .....	<u>324.4</u>	<u>299.1</u>	<u>229.1</u>
<b>Deferred tax (assets)</b>			
Net operating losses .....	(5.0)	(31.4)	(29.5)
Total deferred tax assets .....	<u>(5.0)</u>	<u>(31.4)</u>	<u>(29.5)</u>
<b>Total deferred tax liabilities (net) .....</b>	<u>319.4</u>	<u>267.7</u>	<u>199.6</u>
<b>Total tax liabilities (net) .....</b>	<u>310.1</u>	<u>267.2</u>	<u>200.5</u>

	At March 31,		
	2012	2011	2010
	€M	€M	€M
<b>Reconciliation of current tax</b>			
At beginning of year .....	(0.5)	0.9	0.4
Corporation tax charge in year .....	4.9	4.4	0.8
Adjustment in respect of prior-year over-provision.....	(0.1)	-	(0.3)
Tax paid.....	(13.6)	(5.8)	-
At end of year .....	<u>(9.3)</u>	<u>(0.5)</u>	<u>0.9</u>

	At March 31,		
	2012	2011	2010
	€M	€M	€M
<b>Reconciliation of deferred tax</b>			
At beginning of year .....	267.7	199.6	155.5
Adjustment in respect of prior year provisions .....	-	-	(1.7)
Release of deferred tax asset for prior-year net operating losses .....	26.4	(1.9)	6.6
New temporary differences on property, plant and equipment, derivatives, pensions and other items .....	25.3	70.0	39.2
At end of year .....	<u>319.4</u>	<u>267.7</u>	<u>199.6</u>

As at March 31, 2012, a deferred tax asset of €5 million was recognised in respect of net operating losses incurred and available to carry forward to future periods (2011: €31.4 million, 2010: €29.5 million). The recoverability of the deferred tax asset is based on future income forecasts which demonstrate that it is more likely than not that future profits will be available in order to utilise the deferred tax asset. The deferred tax asset's recoverability is not dependent on material improvements over historical levels of pre-tax income, material changes in the present relationship between income reported for financial and tax purposes, or material asset sales or other non-routine transactions.

New temporary differences arising in the year to March 31, 2012 consisted of temporary differences of a charge of €41.4 million for property, plant and equipment recognised in the income statement, a credit of €15.2 million for derivatives and a credit of €0.9 million for pensions, all recognised in other comprehensive income. The charge in the year to March 31, 2011 consisted of temporary differences of a charge of €43.7 million for property, plant and equipment recognised in the income statement, a charge of €25.6 million for derivatives and a charge of €0.7 million for pensions, all recognised in other comprehensive income. The charge in the year to March 31, 2010 consisted of temporary differences of a charge of €30.2 million for property, plant and equipment recognised in the income statement and a charge of €9.0 million for derivatives, all recognised in other comprehensive income.

The components of the tax expense/(credit) in the income statement were as follows:

	Year ended	Year ended	Year ended
	March 31,	March 31,	March 31,
	2012	2011	2010
	€M	€M	€M
Corporation tax charge in year.....	4.9	4.4	0.8
Adjustment in respect of prior-year provisions.....	-	0.1	(2.0)
Deferred tax charge relating to origination and reversal of temporary differences .....	67.7	41.8	36.9
	<u>72.6</u>	<u>46.3</u>	<u>35.7</u>

The following table reconciles the statutory rate of Irish corporation tax to the Company's effective corporation tax rate:

	<b>Year ended March 31, 2012</b>	<b>Year ended March 31, 2011</b>	<b>Year ended March 31, 2010</b>
	%	%	%
Statutory rate of Irish corporation tax .....	12.5	12.5	12.5
Adjustments for earnings taxed at higher rates .....	0.2	0.2	0.1
Adjustments for earnings taxed at lower rates .....	(1.1)	(0.9)	(1.1)
Loss on impairment of available-for-sale financial asset .....	-	-	0.5
Adjustments for prior year over-provisions .....	-	-	(0.6)
Other differences .....	(0.1)	(0.8)	(0.9)
Total effective rate of taxation .....	<u>11.5</u>	<u>11.0</u>	<u>10.5</u>

Deferred tax applicable to items charged or credited to other comprehensive income were as follows:

	<b>At March 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
	€M	€M	€M
Defined benefit pension obligations .....	(0.9)	0.7	-
Derivative financial instruments .....	(15.2)	25.6	9.0
Total tax charge in other comprehensive income.....	<u>(16.1)</u>	<u>26.3</u>	<u>9.0</u>

The majority of current and deferred tax recorded in each of fiscal 2012, 2011 and 2010 relates to domestic tax charges and there is no expiry date associated with these temporary differences. In fiscal 2012, the Irish corporation tax rate remained at 12.5%.

The principal components of deferred tax at each year-end were:

	<b>At March 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
	€M	€M	€M
Arising on capital allowances and other temporary differences.....	306.9	265.5	221.8
Arising on net operating losses carried forward.....	(5.0)	(31.4)	(29.5)
Arising on derivatives.....	19.0	34.2	8.6
Arising on pensions .....	(1.5)	(0.6)	(1.3)
Total.....	<u>319.4</u>	<u>267.7</u>	<u>199.6</u>

At March 31, 2012, 2011 and 2010, the Company had fully provided for all required deferred tax assets and liabilities. There are no taxable temporary differences on overseas subsidiaries and, on that basis, no deferred tax has been provided for on the un-remitted earnings of overseas subsidiaries because there is no intention to remit these to Ireland.

## 13 Provisions

	At March 31,		
	2012	2011	2010
	€M	€M	€M
Provision for aircraft maintenance on operating leased aircraft (a) .....	91.3	84.7	92.6
Provision for pension obligation (b) .....	11.9	4.9	10.3
	<u>103.2</u>	<u>89.6</u>	<u>102.9</u>

  

	At March 31,		
	2012	2011	2010
	€M	€M	€M
<b>(a) Provision for aircraft maintenance on operating leased aircraft</b>			
At beginning of year .....	84.7	92.6	61.9
Increase in provision during the year .....	33.1	31.3	30.7
Utilisation of provision upon the hand-back of aircraft .....	(26.5)	(39.2)	-
At end of year .....	<u>91.3</u>	<u>84.7</u>	<u>92.6</u>

During the 2012 fiscal year, the Company returned 3 aircraft held under operating lease to the lessors. The Company incurred €26.5 million satisfying the requirement to return the aircraft to the lessor in accordance with operating conditions specified in the lease agreements.

The expected timing of the outflows of economic benefits associated with the provision at March 31, 2012, 2011 and 2010 are as follows:

	Carrying Value	2013	2014	2015	2016	Thereafter
	€M	€M	€M	€M	€M	€M
<b>At March 31, 2012</b>						
Provision for leased aircraft maintenance	<u>91.3</u>	<u>4.3</u>	<u>44.3</u>	<u>8.0</u>	<u>14.9</u>	<u>19.8</u>
<b>At March 31, 2011</b>						
Provision for leased aircraft maintenance	<u>84.7</u>	<u>10.8</u>	<u>13.4</u>	<u>30.5</u>	<u>10.4</u>	<u>19.6</u>
<b>At March 31, 2010</b>						
Provision for leased aircraft maintenance	<u>92.6</u>	<u>36.2</u>	<u>7.6</u>	<u>9.5</u>	<u>22.4</u>	<u>16.9</u>

	At March 31,		
	2012	2011	2010
	€M	€M	€M
<b>b) Provision for pension obligation</b>			
At beginning of year .....	4.9	10.3	10.1
Movement during the year .....	7.0	(5.4)	0.2
At end of year .....	<u>11.9</u>	<u>4.9</u>	<u>10.3</u>

The present value of the net pension obligation before tax is €11.9 million (2011: €4.9 million; 2010: €10.3 million) in Ryanair Limited. See Note 21 to the consolidated financial statements for further details.

## 14 Other creditors

This consists of deferred gains arising from the sale and leaseback of aircraft. During fiscal year 2012, Ryanair returned 3 sale-and-leaseback aircraft and entered into sale-and-leaseback arrangements for 11 (2011: 6; 2010: 12) new Boeing 737-800 “next generation” aircraft, bringing total sale-and-leaseback aircraft to 59 as at March 31, 2012.

## 15 Issued share capital, share premium account and share options

### (a) Share capital

	At March 31,		
	2012	2011	2010
	€M	€M	€M
<b>Authorised:</b>			
1,680,000,000 ordinary equity shares of 0.635 euro cent each .....	10.7	10.7	10.7
<b>Allotted, called-up and fully paid:</b>			
1,455,593,261 ordinary equity shares of 0.635 euro cent each .....	9.3	-	-
1,489,574,915 ordinary equity shares of 0.635 euro cent each .....	-	9.5	-
1,478,935,935 ordinary equity shares of 0.635 euro cent each .....	-	-	9.4

The movement in the share capital balance year on year principally relates to 2.5 million (2011: 10.6 million; 2010: 5.6 million) new shares issued due to the exercise of share options, less the cancellation of 36.5 million shares relating to share buy-backs (2011: nil; 2010: nil).

The share capital of Ryanair consists of one class of stock, the ordinary equity shares. The ordinary equity shares do not confer on the holders thereof the specific right to be paid a dividend out of profits.

### (b) Share premium account

	At March 31,		
	2012	2011	2010
	€M	€M	€M
Balance at beginning of year .....	659.3	631.9	617.4
Share premium arising from the exercise of 2.5 million options in fiscal 2012, 10.6 million options in fiscal 2011 and 5.6 million options in fiscal 2010 .....	7.1	27.4	14.5
Balance at end of year.....	666.4	659.3	631.9

### (c) Share options and share purchase arrangements

The Company has adopted a number of share option plans, which allow current or future employees or executive directors to purchase shares in the Company up to an aggregate of approximately 5% (when aggregated with other ordinary shares over which options are granted and which have not yet been exercised) of the outstanding ordinary shares of Ryanair Holdings plc, subject to certain conditions. All grants are subject to approval by the Remuneration Committee. These are exercisable at a price equal to the market price of the ordinary shares at the time options are granted. The key terms of these option plans include the requirement that certain employees remain in employment with the Company for a specified period of time. See note 25 to the consolidated financial statements for more details.



Details of the share options outstanding are set out below:

	<b>Share Options</b>	<b>Weighted</b>
	<b>M</b>	<b>Average</b>
		<b>Exercise Price</b>
Outstanding at March 31, 2009.....	41.7	€2.94
Exercised .....	(5.6)	€2.60
Expired .....	(0.2)	€2.83
Forfeited .....	(0.1)	€2.49
Outstanding at March 31, 2010.....	35.8	€3.00
Exercised .....	(10.6)	€2.58
Expired .....	(1.8)	€4.13
Forfeited .....	(0.0)	€3.77
Outstanding at March 31, 2011.....	23.4	€3.07
Exercised .....	(2.5)	€2.81
Expired .....	(0.8)	€3.40
Forfeited .....	(2.1)	€3.08
Outstanding at March 31, 2012.....	18.0	€3.11

The mid-market price of Ryanair Holdings plc's ordinary shares on the Irish Stock Exchange at March 31, 2012 was €4.48 (2011: €3.36, 2010: €3.68). The highest and lowest prices at which the Company's shares traded on the Irish Stock Exchange in the 2012 fiscal year were €4.48 and €2.82, respectively (2011: €4.20 and €2.78, respectively; 2010: €3.77 and €2.74, respectively). There were 6.2 million options exercisable at March 31, 2012 (2011: 12.9 million; 2010: 14.1 million). The average share price for the year was €3.58 (2011: €3.60, 2010: €3.29).

The weighted average share price (as of the dates of exercises) for all options exercised during the 2012 fiscal year was €3.69 (2011: €3.72; 2010: €3.50).

At March 31, 2012 the range of exercise prices and weighted average remaining contractual life of outstanding and exercisable options was as follows:

<b>Range of exercise price (€)</b>	<b>Options outstanding</b>			<b>Options exercisable</b>		
	<b>Number outstanding</b>	<b>Weighted-average remaining contractual life (years)</b>	<b>Weighted-average exercise price (€)</b>	<b>Number exercisable</b>	<b>Weighted-average remaining contractual life (years)</b>	<b>Weighted-average exercise price (€)</b>
	<b>M</b>			<b>M</b>		
2.56-4.96	18.0	3.1	3.11	6.2	0.4	3.24

The Company has accounted for its share option grants to employees at fair value, in accordance with IFRS 2, using a binomial lattice model to value the option grants. The net credit to the income statement of €0.7 million (2011: €3.3 million charge; 2010: €4.9 million charge) comprises a €2.5 million reversal of previously recognised share-based compensation expense for awards that did not vest, offset by a charge of €1.8 million for the fair value of various share options granted in prior periods, which are recognised within the income statement in accordance with employee services rendered. This was based on 8.4 million share options within the scope of IFRS 2 (2011: 22.6 million; 2010: 23.2 million) as compared to the total share options disclosed above (as permitted by the transitional rules in IFRS 1).

There were no share options granted during the years ended March 31, 2010, 2011 and 2012.

## 16 Other equity reserve

The total share based payments reserve at March 31, 2012 was €21.6 million (2011: €25.3 million; 2010: €26.5 million). The available-for-sale financial asset reserve at March 31, 2012 was €70.0 million (2011: €34.3 million; 2010: €36.5 million). The total cash-flow hedge reserve amounted to €138.6 million at March 31, 2012 (2011: €257.4 million; 2010: €60.3 million). Further details of the group's derivatives are set out in Notes 5 and 11 to the consolidated financial statements.

## 17 Analysis of operating revenues and segmental analysis

The Company is managed as a single business unit that provides low fares airline-related services, including scheduled services, internet and other related services to third parties across a European route network. The Company operates a single fleet of aircraft that is deployed through a single route scheduling system.

The Company determines and presents operating segments based on the information that internally is provided to Michael O'Leary, CEO, who is the Company's Chief Operating Decision Maker (CODM). When making resource allocation decisions the CODM evaluates route revenue and yield data, however resource allocation decisions are made based on the entire route network and the deployment of the entire aircraft fleet, which are uniform in type. The objective in making resource allocation decisions is to maximise consolidated financial results, rather than results on individual routes within the network.

The CODM assesses the performance of the business based on the consolidated adjusted profit/(loss) after tax of the Company for the year. This measure excludes the effects of certain income and expense items, which are unusual, by virtue of their size and incidence, in the context of the Company's ongoing core operations, such as the impairment of a financial asset investment, accelerated depreciation related to aircraft disposals and Icelandic volcanic ash related costs.

All segment revenue is derived wholly from external customers and, as the Company has a single reportable segment, inter-segment revenue is zero.

The Company's major revenue-generating asset class comprises its aircraft fleet, which is flexibly employed across the Company's integrated route network and is directly attributable to its reportable segment operations. In addition, as the Company is managed as a single business unit, all other assets and liabilities have been allocated to the Company's single reportable segment.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since the prior year.

Reportable segment information is presented as follows:

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
	€M	€M	€M
<b>External revenues</b> .....	4,390.2	3,629.5	2,988.1
<b>Reportable segment adjusted profit after income tax</b> .....	<u>502.6</u>	<u>400.7</u>	<u>318.8</u>
<b>Other segment information:</b>			
Depreciation .....	(309.2)	(277.7)	(235.4)
Finance income .....	44.3	27.2	23.5
Finance expense .....	(109.2)	(93.9)	(72.1)
Capital expenditure .....	(317.6)	(897.2)	(997.8)

	<u>At March 31, 2012</u>	<u>At March 31, 2011</u>	<u>At March 31, 2010</u>
	€M	€M	€M
Reportable segment assets (i).....	8,851.3	8,482.0	7,447.2

(i) Excludes the available-for-sale financial asset.

Reconciliation of reportable segment profit or loss to consolidated profit after income tax is as follows:

	<u>Year ended March 31, 2012</u>	<u>Year ended March 31, 2011</u>	<u>Year ended March 31, 2010</u>
	€M	€M	€M
Total adjusted profit or loss for reportable segment.....	502.6	400.7	318.8
<i>Other items of profit or loss;</i>			
One-off revenue adjustment (a) .....	57.8	-	-
Icelandic volcanic ash related cost (b) .....	-	(26.1)	-
Loss on impairment of available-for-sale financial asset (c).....	-	-	(13.5)
<b>Consolidated profit/(loss) after income tax</b> .....	<u>560.4</u>	<u>374.6</u>	<u>305.3</u>

- (a) The exceptional item in the year relates to a one-off release of ticket sales revenue in the year ended March 31, 2012 of €57.8 million, net of tax, due to a change in accounting estimates relating to the timing of revenue recognition for unused passenger tickets which was made as a result of the availability of more accurate and timely data obtained through system enhancements.
- (b) Icelandic volcanic ash related costs of €26.1 million reflect the estimated costs relating to the closure of airspace in April and May 2010 due to the Icelandic volcanic ash disruptions. The closure of European airspace in April and May 2010, due to the Icelandic volcanic ash disruption, resulted in the cancellation of 9,400 Ryanair flights. The impact on the Group's operating results totaled €29.7 million, (before associated tax of €3.6 million) for the year ended March 31, 2011, comprising €15.6 million of operating expenses and €1.7 million of finance expenses attributable to the period of flight disruption, together with estimated passenger compensation costs of €12.4 million pursuant to Regulation (EC) No. 261/2004 ('EU261'). The Company's estimate of total passenger compensation costs has been determined based on actual claims received and processed to date together with probable future compensation payments and other related costs.
- (c) This reflects the impairment change taken on the Company's investment in Aer Lingus in 2010.

#### Entity-wide disclosures:

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

	<u>Year ended March 31, 2012</u>	<u>Year ended March 31, 2011</u>	<u>Year ended March 31, 2010</u>
	€M	€M	€M
Ireland.....	387.2	375.1	357.2
United Kingdom .....	1,054.6	965.0	838.7
Other European countries .....	2,948.4	2,289.4	1,792.2
	<u>4,390.2</u>	<u>3,629.5</u>	<u>2,988.1</u>

Ancillary revenues included in total revenue above comprise:

	<b>Year ended March 31, 2012</b>	<b>Year ended March 31, 2011</b>	<b>Year ended March 31, 2010</b>
	<b>€M</b>	<b>€M</b>	<b>€M</b>
Non-flight scheduled.....	677.4	603.4	493.5
In-flight.....	106.7	102.1	86.5
Internet income.....	102.1	96.1	83.6
	<u>886.2</u>	<u>801.6</u>	<u>663.6</u>

Non-flight scheduled revenue arises from the sale of rail and bus tickets, hotel reservations, car hire and other sources, including excess baggage charges and administration fees, all directly attributable to the low-fares business.

All of the Company's operating profit arises from low-fares airline-related activities, its only business segment. The major revenue earning assets of the Company are its aircraft, which are registered in Ireland and therefore all profits accrue principally in Ireland. Since the Company's aircraft fleet is flexibly employed across its route network in Europe, there is no suitable basis of allocating such assets and related liabilities to geographical segments.

## 18 Staff numbers and costs

The average weekly number of staff, including the executive director, during the year, analysed by category, was as follows:

	<b>Year ended March 31, 2012</b>	<b>Year ended March 31, 2011</b>	<b>Year ended March 31, 2010</b>
Flight and cabin crew (full time employees).....	2,888	2,883	2,859
Flight and cabin crew (contract staff).....	4,768	4,356	3,304
Sales, operations and administration.....	782	824	869
	<u>8,438</u>	<u>8,063</u>	<u>7,032</u>

At March 31, 2012 the company had a team of 8,388 people (2011: 8,560; 2010: 7,168).

The aggregate payroll costs of these persons were as follows:

	<b>Year ended March 31, 2012</b>	<b>Year ended March 31, 2011</b>	<b>Year ended March 31, 2010</b>
	<b>€M</b>	<b>€M</b>	<b>€M</b>
Staff and related costs.....	395.0	352.0	310.6
Social welfare costs.....	18.1	18.1	17.5
Other pension costs (a).....	2.6	2.7	2.0
Share based payments (b).....	(0.7)	3.3	4.9
	<u>415.0</u>	<u>376.1</u>	<u>335.0</u>

(a) Costs in respect of defined-contribution benefit plans and other pension arrangements were €1.9 million in 2012 (2011: €1.7 million; 2010: €1.4 million) while costs associated with defined-benefit plans included here were €0.7 million in 2012 (2011: €1.0 million; 2010: €0.6 million). (See Note 21 to the consolidated financial statements).

(b) The net credit to the income statement in the year of approximately €0.7 million comprises a €2.5 million reversal of previously recognised share-based compensation expense for awards that did not vest, offset by a charge of €1.8million for the fair value of various share options granted in prior periods, which are being recognised on the income statement in accordance with employee services rendered.

## 19 Statutory and other information

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
	€M	€M	€M
<b>Directors' emoluments:</b>			
-Fees .....	0.3	0.3	0.2
-Other emoluments, including bonus and pension contributions .....	1.3	1.1	0.9
Total directors' emoluments .....	<u>1.6</u>	<u>1.4</u>	<u>1.1</u>
<b>Auditor's remuneration:</b>			
- Audit services (i) .....	0.4	0.4	0.5
- Audit-related services (ii) .....	-	-	-
- Tax advisory services (iii) .....	0.4	0.4	0.3
Total fees .....	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>
Included within the above total fees, the following fees were payable to other KPMG firms outside of Ireland:			
Audit services .....	-	-	-
Tax services .....	0.3	0.3	0.1
Total fees .....	<u>0.3</u>	<u>0.3</u>	<u>0.1</u>
Depreciation of owned property, plant and equipment .....	294.3	260.5	219.3
Depreciation of property, plant and equipment held under finance leases.....	14.9	17.2	16.1
Operating lease charges, principally for aircraft .....	90.7	97.2	95.5

(i) Audit services comprise audit work performed on the consolidated financial statements. In 2012, €1,000, (2011: €1,000; 2010: €1,000) of audit fees relate to the audit of the parent company.

(ii) Audit-related services are for assurance and related services that are traditionally performed by the independent auditor, including statutory audits, interim reviews, employee benefit plan audits, and special procedures required to meet certain regulatory requirements.

(iii) Tax services include all services, except those services specifically related to the audit of financial statements, performed by the independent auditor's tax personnel, supporting tax-related regulatory requirements, and tax compliance and reporting.

### (a) Fees and emoluments - executive director

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
	€M	€M	€M
Basic salary.....	0.8	0.6	0.6
Bonus (performance and target-related).....	0.5	0.4	0.2
Pension contributions.....	-	0.1	0.1
	<u>1.3</u>	<u>1.1</u>	<u>0.9</u>

During the years ended March 31, 2012, 2011, and 2010 Michael O'Leary was the only executive director.

**(b) Fees and emoluments – non-executive directors**

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
	€M	€M	€M
<b>Fees</b>			
Emmanuel Faber (i) .....	-	0.01	0.05
Michael Horgan .....	0.03	0.03	0.03
Klaus Kirchberger .....	0.03	0.03	0.03
Charles McCreevy .....	0.05	0.04	-
Declan McKeon .....	0.05	0.04	-
Kyran McLaughlin .....	0.05	0.05	0.05
James Osborne .....	0.05	0.05	0.05
Paolo Pietrogrande .....	0.03	0.03	0.03
	<u>0.29</u>	<u>0.28</u>	<u>0.24</u>
<b>Emoluments</b>			
Michael Horgan .....	0.04	0.04	0.04
	<u>0.33</u>	<u>0.32</u>	<u>0.28</u>

(i) Emmanuel Faber resigned on September 22, 2010.

**(c) Pension benefits**

Director	Increase in Accrued Benefit			Transfer Value Equivalent of Increase in Accrued Benefit			Total Accumulated Accrued Benefit		
	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2012	Fiscal 2011	Fiscal 2010
	€	€	€	€	€	€	€	€	€
Michael O'Leary.....	<u>3,623</u>	-	-	<u>31,053</u>	-	-	<u>142,949</u>	139,326	139,326

Increase in fiscal 2012 benefits relate solely to a revaluation at January 1, 2012 as compared to the previous revaluation at October 1, 2008

**Defined Contribution Plan: Company Contributions Paid**

Director	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
	€	€	€
Michael O'Leary.....	-	68,425	68,425

As of October 1, 2008, Michael O'Leary is no longer an active member of a Company defined-benefit plan. Michael O'Leary is now a member of a defined-contribution plan. The cost of the death-in-service and disability benefits provided during the accounting year is not included in the above figures. No pension benefits are provided for non-executive directors. The pension benefits set out above have been computed in accordance with Section 6.8 of the Listing Rules of the Irish Stock Exchange. The increases in transfer values of the accrued benefits have been calculated as at the year-end in accordance with version 1.1 of Actuarial Standard of Practice PEN-11.

## (d) Shares and share options

### (i) Shares

Ryanair Holdings plc is listed on the Irish, London and NASDAQ stock exchanges.

The beneficial interests as at March 31, 2012, 2011 and 2010 of the directors and of their spouses and minor children in the share capital of the Company are as follows:

	No. of Shares at March 31,		
	2012	2011	2010
David Bonderman .....	9,230,671	13,230,671	13,230,671
Michael O'Leary.....	51,081,256	55,081,256	60,000,016
James Osborne .....	510,256	1,010,256	1,410,256
Kyran McLaughlin.....	200,000	200,000	200,000
Michael Horgan .....	50,000	50,000	50,000
Paolo Pietrogrande.....	20,000	20,000	-

### (ii) Share options

The share options held by each director in office at the end of fiscal 2012 were as follows:

	No. of Options at March 31,		
	2012	2011	2010
David Bonderman (b) .....	25,000	25,000	25,000
Michael Horgan (b).....	25,000	25,000	25,000
Klaus Kirchberger (b).....	25,000	25,000	25,000
Kyran McLaughlin (b).....	25,000	25,000	25,000
Michael O'Leary (a) .....	-	-	102,037
James Osborne (b) .....	25,000	25,000	25,000
Paolo Pietrogrande (b).....	25,000	25,000	25,000

(a) These options were granted to Michael O'Leary as follows: 35,402 in fiscal 2003 at €2.86 and 45,838 in fiscal 2004 at €2.21 and 20,797 in fiscal 2008 at €4.86 (the market values at the dates of grant), in all cases under the 2003 share option plan; these were exercisable between 2008 and 2010. On June 18, 2010, Michael O'Leary exercised 35,402 options at €2.86 and on July 27, 2010, exercised 45,838 options at €2.21. The 20,797 options granted in fiscal 2008 at €4.86 lapsed on July 31, 2010.

(b) These options were granted to these directors at an exercise price of €4.96 (the market value at the date of grant) during the 2008 fiscal year and are exercisable between June 2013 and June 2015.

Directors not referred to above held no shares or share options.

In the 2012 fiscal year the Company incurred total share-based compensation expense of €0.1 million (2011: €0.05 million; 2010: €0.05 million) in relation to directors.

## 20 Finance expense

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
	€M	€M	€M
Interest payable on bank loans wholly repayable after five years .....	109.3	93.8	71.6
Interest arising on pension liabilities, net (see Note 21) .....	(0.1)	0.1	0.5
	<u>109.2</u>	<u>93.9</u>	<u>72.1</u>

## 21 Pensions

The Company accounts for pensions in accordance with IAS 19, “*Employee Benefits*.”

The Company operates defined-benefit and defined-contribution schemes.

### *Defined-benefit schemes*

The Company funds the pension entitlements of certain employees through defined-benefit plans. Two plans are operated for eligible Irish and UK employees. In general, on retirement, a member is entitled to a pension calculated at 1/60th of the final pensionable salary for each year of pensionable service, subject to a maximum of 40 years. These plans are fully funded on a discontinuance basis and the related pension costs and liabilities are assessed in accordance with the advice of a professionally qualified actuary. The investments of the plans at March 31, 2012 consisted of units held in independently administered funds. The most recent full actuarial valuations of the plans were carried out at January 1, 2011 in respect of the UK plan and December 31, 2009 in respect of the Irish plan, in accordance with local regulatory requirements using the projected unit credit method, and the valuation reports are not available for public inspection.

A separate annual actuarial valuation has been performed for the purposes of preparing these financial statements. The principal actuarial assumptions used for the purpose of this actuarial valuation were as follows:

	<b>At March 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
	%	%	%
Discount rate used for Irish plan.....	5.00	5.75	5.25
Discount rate used for UK plan.....	5.00	5.60	5.60
Return on plan assets for Irish plan.....	6.15	6.75	6.67
Return on plan assets for UK plan.....	6.55	7.55	7.45
Rate of euro inflation.....	2.00	2.25	2.25
Rate of UK inflation.....	3.25	3.40	3.50
Future pension increases in Irish plan.....	0.00	0.00	0.00
Future pension increases in UK plan.....	3.15	3.30	3.40
Future salary increases for Irish plan.....	2.00	2.00	2.25
Future salary increases for UK plan.....	2.25	2.00	3.50

The Company uses certain mortality rate assumptions when calculating scheme liabilities. The mortality assumptions of the Irish scheme have been based on the mortality table 62%/70% PNM/FL00 while the mortality assumptions of the UK scheme have been based on the “SAPS” mortality table. Both mortality assumptions make allowance for future improvements in mortality rates. Retirement ages for scheme members are 60 for pilots and 65 for other staff.



The current life expectancies underlying the value of the scheme liabilities for the Irish scheme are as follows:

	At March 31,		
	2012	2011	2010
<b>Retiring at age 60:</b>			
Male .....	26.6	26.5	26.3
Female .....	28.2	28.1	28.0
<b>Retiring at age 65:</b>			
Male .....	22.3	22.2	22.0
Female .....	23.7	23.6	23.5

The current life expectancies underlying the value of the scheme liabilities for the UK scheme are as follows:

	At March 31,		
	2012	2011	2010
<b>Retiring at age 60:</b>			
Male .....	26.4	26.7	26.5
Female .....	28.7	29.6	29.4
<b>Retiring at age 65:</b>			
Male .....	21.9	21.7	21.6
Female .....	23.9	24.5	24.4

The amounts recognised in the consolidated balance sheets in respect of our defined benefit plans are as follows:

	At March 31,		
	2012	2011	2010
	€M	€M	€M
Present value of benefit obligations .....	(42.2)	(32.8)	(35.9)
Fair value of plan assets .....	30.3	27.9	25.6
Present value of net obligations .....	(11.9)	(4.9)	(10.3)
Related deferred tax asset .....	1.5	0.6	1.3
Net pension (liability) .....	(10.4)	(4.3)	(9.0)

The amounts recognised in the consolidated income statements in respect of our defined-benefit plans are as follows:

	Year ended	Year ended	Year ended
	March 31, 2012	March 31, 2011	March 31, 2010
	€M	€M	€M
<b>Included in payroll costs</b>			
Service cost .....	0.7	0.8	0.6
<b>Included in finance expense</b>			
Interest on pension scheme liabilities .....	1.9	1.9	1.7
Expected return on plan assets .....	(2.0)	(1.8)	(1.2)
Net finance (income)/expense .....	(0.1)	0.1	0.5
<b>Net periodic pension cost</b> .....	0.6	0.9	1.1

Analysis of amounts included in the Consolidated Statements of Comprehensive Income (“CSOCI”);

	<b>Year ended March 31, 2012</b>	<b>Year ended March 31, 2011</b>	<b>Year ended March 31, 2010</b>
	<b>€M</b>	<b>€M</b>	<b>€M</b>
Actual return less expected return on pension scheme assets .....	(0.8)	(0.3)	5.6
Experience (losses)/gains on scheme liabilities .....	(0.8)	1.0	0.5
Changes in assumptions underlying the present value of scheme liabilities .....	(5.5)	5.0	(6.1)
Actuarial (losses)/gains recognised in the CSOCI .....	(7.1)	5.7	-
Related deferred tax (liability) .....	0.8	(0.7)	-
Net actuarial (losses)/gains recognised in the CSOCI.....	<u>(6.3)</u>	<u>5.0</u>	<u>-</u>

Changes in the present value of the defined-benefit obligation of the plans are as follows:

	<b>At March 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>€M</b>	<b>€M</b>	<b>€M</b>
Projected benefit obligation at beginning of year .....	32.9	35.9	28.1
Service cost.....	0.6	0.8	0.6
Interest cost.....	1.9	1.9	1.7
Plan participants’ contributions .....	0.3	0.3	0.3
Actuarial loss/(gain).....	6.2	(6.0)	5.3
Benefits paid .....	(0.2)	(0.2)	(0.4)
Foreign exchange rate changes .....	0.5	0.1	0.3
Projected benefit obligation at end of year funded.....	<u>42.2</u>	<u>32.8</u>	<u>35.9</u>

Changes in fair values of the plans’ assets are as follows:

	<b>At March 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>€M</b>	<b>€M</b>	<b>€M</b>
Fair value of plan assets at beginning of year .....	27.9	25.6	17.9
Expected return on plan assets .....	2.0	1.8	1.2
Actual (losses)/gains on plan assets .....	(0.8)	(0.3)	5.4
Employer contribution .....	0.7	0.8	0.9
Plan participants’ contributions .....	0.3	0.3	0.3
Benefits paid .....	(0.2)	(0.2)	(0.4)
Foreign exchange rate changes .....	0.4	(0.1)	0.3
Fair value of plan assets at end of year .....	<u>30.3</u>	<u>27.9</u>	<u>25.6</u>

The fair value of the plans’ assets at March 31 of each year is analysed as follows:

	<b>At March 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>€M</b>	<b>€M</b>	<b>€M</b>
Equities .....	22.5	21.5	19.2
Bonds .....	5.4	4.4	4.3
Property .....	0.7	0.6	0.6
Other assets.....	1.7	1.4	1.5
Total fair value of plan assets .....	<u>30.3</u>	<u>27.9</u>	<u>25.6</u>

The plans’ assets do not include any of our own financial instruments, nor any property occupied by, or other assets used by us.

The expected long-term rate of return on assets of 6.15% (2011: 6.75%; 2010: 6.67%) for the Irish scheme was calculated based on the assumptions of the following returns for each asset class: Equities 7.50% (2011: 7.50%; 2010: 7.75%); Bonds 4.50% (2011: 4.50%; 2010: 3.50%); Property 6.50% (2011: 6.25%; 2010: 6.25%); and Cash 3.00% (2011: 3.00%; 2010: 2.00%). The expected long-term rate of return on assets of 6.55% (2011: 7.55%; 2010: 7.45%) for the UK scheme was calculated based on the assumptions of the following returns for each asset class: Equities 7.50% (2011: 8.10%; 2010: 8.30%); Corporate and Overseas Bonds 4.65% (2011: 5.60%; 2010: 5.50%); and Other 3.00% (2011: 3.00%; 2010: 2.27%).

Since there are no suitable euro-denominated AA-rated corporate bonds, the expected return is estimated by adding a suitable risk premium to the rate available from government bonds. The assumptions are based on long-term expectations at the beginning of the reporting period and are expected to be relatively stable.

The history of the plans for the current and prior periods is as follows:

	<b>At March 31,</b>				
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>	<b>€M</b>
Difference between expected and actual return on assets .....	(0.8)	(0.3)	5.6	(9.8)	(6.6)
Expressed as a percentage of scheme assets .....	(3%)	(1%)	22%	(54%)	(26%)
Experience (losses)/gains on scheme liabilities .....	(0.8)	0.9	0.5	0.9	1.6
Expressed as a percentage of scheme liabilities .....	(2%)	3%	1%	3%	6%
Total actuarial (losses)/gains.....	(7.1)	5.5	-	(8.6)	5.1
Expressed as a percentage of scheme liabilities .....	(17%)	17%	0%	(31%)	19%

We expect to contribute approximately €1.1 million to our defined-benefit plans in 2013.

### ***Defined-contribution schemes***

The Company operates defined-contribution retirement plans in Ireland and the UK. The costs of these plans are charged to the consolidated income statement in the period in which they are incurred. The pension cost of these defined-contribution plans was €1.9 million in 2012 (2011: €1.7 million; 2010: €1.4 million).

## **22 Earnings per share**

	<b>At March 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Basic earnings per ordinary share (in euro cent).....	38.03	25.21	20.68
Diluted earnings per ordinary share (in euro cent).....	37.94	25.14	20.60
Number of ordinary shares (in Ms) used for EPS			
Basic .....	1,473.7	1,485.7	1,476.4
Diluted (a) .....	1,477.0	1,490.1	1,481.7

(a) Details of share options in issue have been described more fully in Note 15 to the consolidated financial statements.

Basic earnings per ordinary share (EPS) for Ryanair Holdings plc for the years ended March 31, 2012, 2011 and 2010 has been computed by dividing the profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share takes account solely of the potential future exercise of share options granted under the Company's share option schemes. For the 2012 fiscal year, the weighted average number of shares in issue of 1,477.0 million includes weighted average share options assumed to be converted, and equal to a total of 3.3 million shares. For the 2011 fiscal year, the weighted average number of shares in issue of 1,490.1 million includes weighted average share options assumed to be converted, and equal to a total of 4.4 million shares. For the 2010 fiscal year, the weighted average number of shares in issue of 1,481.7 million includes weighted average share options assumed to be converted, and equal to a total of 5.3 million shares.

## **23 Commitments and contingencies**

### ***Commitments***

In January 2002, the Company entered into a contract with Boeing (the "2002 Boeing contract") whereby the Company agreed to purchase 100 new Boeing 737-800 "next generation" aircraft, and received purchase rights to acquire a further 50 such aircraft. The 2002 Boeing contract was superseded by a contract entered into with Boeing in January 2003 (the "2003 Boeing contract") whereby the Company agreed to purchase 125 new Boeing 737-800 "next generation" aircraft, thus adding "firm" orders for 22 aircraft to the existing "firm" orders (100 "firm" orders, plus three options exercised) under the 2002 Boeing contract. In addition, the Company acquired purchase rights over a further 78 aircraft, bringing the number of option aircraft to 125.

In February 2005, the Company entered into another contract with Boeing (the "2005 Boeing contract") whereby the Company agreed to purchase 70 new Boeing 737-800 "next generation" aircraft and acquired additional purchase rights to acquire a further 70 such aircraft over a five-year period from 2006 to 2012 (subsequently extended to 2013). The aircraft to be delivered after January 1, 2005, arising from the 2002 and 2003 Boeing contracts, benefit from the discounts and concessions under the 2005 Boeing contract. In addition, the orders for the 89 "firm" aircraft still to be delivered at January 1, 2005 and the remaining additional purchase rights in respect of 123 aircraft granted under the 2002 and 2003 Boeing contracts are governed by the 2005 Boeing contract from January 2005.

In August 2006 the Company exercised 32 options under the 2005 contract whereby it increased its "firm" aircraft deliveries by this amount during fiscal 2009 (22) and 2010 (10).

In April 2007 the Company exercised 27 options under the 2005 contract whereby it increased its "firm" aircraft deliveries during fiscal 2010.

In June 2008, the Company exercised three options with Boeing under the terms of its 2005 contract. These "firm" Boeing 737-800 aircraft were delivered in fiscal 2011.

In September 2008, the Company exercised four options with Boeing under the terms of its 2005 contract. These "firm" Boeing 737-800 aircraft were delivered in fiscal 2011.

In October 2008, the Company exercised 10 options with Boeing under the terms of its 2005 contract. These "firm" Boeing 737-800 aircraft were delivered in fiscal 2011.

In January 2009, the Company exercised 13 options with Boeing under the terms of its 2005 contract. These "firm" Boeing 737-800 aircraft were delivered in fiscal 2011.

In December 2009, the Company exercised 10 options with Boeing under the terms of its 2005 contract. These "firm" Boeing 737-800 aircraft will be delivered in fiscal 2013.

The table below details the firm aircraft delivery schedule at March 31, 2012 and March 31, 2011 for the Company pursuant to the 2005 Boeing contract.

	Aircraft Delivered at March 31, 2012	Firm Aircraft Deliveries Fiscal 2013/ 2014	Total "Firm" Aircraft	Basic price per aircraft (U.S.\$ million)	Firm Aircraft Deliveries Fiscal 2012- 2013 at March 31, 2011
2005 Contract .....	230	15	245	51.0	40
Total.....	230	15	245		40

The "Basic Price" (equivalent to a standard list price for an aircraft of this type) for each aircraft governed by the 2005 Boeing contract will be increased by (a) an estimated U.S.\$900,000 per aircraft for certain "buyer furnished" equipment the Company has asked Boeing to purchase and install on each of the aircraft, and (b) an "Escalation Factor" designed to increase the Basic Price, as defined in the purchase agreement, of any individual aircraft by applying a formula which reflects increases in the published U.S. Employment Cost and Producer Price indices between the time the Basic Price was set and the period of six months prior to the delivery of such aircraft.

Boeing has granted Ryanair certain price concessions with regard to the Boeing 737-800 "next generation" aircraft. These take the form of credit memoranda to the Company for the amount of such concessions, which the Company may apply toward the purchase of goods and services from Boeing or toward certain payments, in respect of the purchase of the aircraft under the various Boeing contracts.

Boeing and CFMI (the manufacturer of the engines to be fitted on the purchased aircraft) have also agreed to give the Company certain allowances in addition to providing other goods and services to the Company on concessionary terms. These credit memoranda and allowances will effectively reduce the price of each aircraft to the Company. As a result, the effective price of each aircraft will be significantly below the Basic Price mentioned above. At March 31, 2012, the total potential commitment to acquire all 15 "firm" aircraft, not taking such increases and decreases into account, will be up to U.S.\$0.8 billion. (At March 31, 2011, the total potential commitment was U.S.\$2.0 billion to acquire all 40 "firm" aircraft).

### ***Operating leases***

The Company financed 72 of the Boeing 737-800 aircraft delivered between December 2003 and March 2012 under seven-year, sale-and-leaseback arrangements with a number of international leasing companies, pursuant to which each lessor purchased an aircraft and leased it to Ryanair under an operating lease. Between October 2010 and December 2012, 13 operating lease aircraft were returned to the lessor at the agreed maturity date of the lease. At March 31, 2012 Ryanair had 59 operating lease aircraft in the fleet. As a result, Ryanair operates, but does not own, these aircraft. Ryanair has no right or obligation to acquire these aircraft at the end of the relevant lease terms. Two of these leases are denominated in euro and require Ryanair to make variable rental payments that are linked to EURIBOR. Through the use of interest rate swaps, Ryanair has effectively converted the floating-rate rental payments due under these two leases into fixed-rate rental payments. Another 30 leases are also denominated in euro and require Ryanair to make fixed rental payments over the term of the leases. 27 remaining operating leases are U.S. dollar-denominated, of which two require Ryanair to make variable rental payments that are linked to U.S. dollar LIBOR, while the remaining 25 require Ryanair to make fixed rental payments. The Company has an option to extend the initial period of seven years on 36 of the 59 remaining operating lease aircraft as at March 31, 2012, on pre-determined terms. Four operating lease arrangements will mature during the year ended March 31, 2013. The Company has decided not to extend any of these operating leases for a secondary lease period. The following table sets out the total future minimum payments of leasing 59 aircraft (2011: 51 aircraft; 2010: 55 aircraft), ignoring movement in interest rates, foreign currency and hedging arrangements, at March 31, 2012, 2011 and 2010, respectively:

	At March 31,					
	2012		2011		2010	
	Minimum payments €M	Present value of Minimum payments €M	Minimum payments €M	Present value of minimum payments €M	Minimum payments €M	Present value of minimum payments €M
Due within one year .....	116.9	106.4	100.2	91.7	77.8	71.5
Due between one and five years.....	328.0	232.5	325.5	248.5	208.8	160.3
Due after five years.....	160.9	87.4	164.8	91.8	112.2	64.3
Total.....	<u>605.8</u>	<u>426.3</u>	<u>590.5</u>	<u>432.0</u>	<u>398.8</u>	<u>296.1</u>

### *Finance leases*

The Company financed 30 of the Boeing 737-800 aircraft delivered between March 2005 and March 2012 with 13-year euro-denominated Japanese Operating Leases with Call Options (“JOLCOs”). These structures are accounted for as finance leases and are initially recorded at fair value in the Company’s balance sheet. Under each of these contracts, Ryanair has a call option to purchase the aircraft at a pre-determined price after a period of 10.5 years, which it may exercise. The following table sets out the total future minimum payments of leasing 30 aircraft (2011: 30 aircraft; 2010: 20 aircraft) under JOLCOs at March 31, 2012, 2011 and 2010, respectively:

	At March 31,					
	2012		2011		2010	
	Minimum payments €M	Present value of Minimum payments €M	Minimum payments €M	Present value of minimum payments €M	Minimum payments €M	Present value of minimum payments €M
Due within one year .....	63.2	51.0	61.9	48.7	38.9	32.5
Due between one and five years.....	318.9	243.6	305.2	262.8	203.7	183.7
Due after five years.....	484.0	217.2	556.3	535.7	353.7	345.3
Total minimum lease payments.....	866.1	511.8	923.4	847.2	596.3	561.5
Less amounts allocated to future financing costs.....	(60.1)	-	(76.2)	-	(34.8)	-
Present value of minimum lease payments .....	<u>806.0</u>	<u>511.8</u>	<u>847.2</u>	<u>847.2</u>	<u>561.5</u>	<u>561.5</u>

Commitments resulting from the use of derivative financial instruments by the Company are described in Notes 5 and 11 to the consolidated financial statements.

### *Contingencies*

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

In February 2004, the European Commission ruled that Ryanair had received illegal state aid from the Walloon regional government in connection with its establishment of a low cost base at Brussels (Charleroi). Ryanair advised the regional government that it believed no money was repayable as the cost of establishing the base exceeded the amount determined to be illegal state aid. Ryanair also appealed the decision of the European Commission to the European Court of First Instance (“CFI”), requesting that the Court annul the decision on the basis that Ryanair’s agreement at Brussels (Charleroi) was consistent with agreements at similar privately owned airports and therefore did not constitute illegal state aid. The Company placed €4 million in an escrow account pending the outcome of this appeal. In December 2008, the CFI annulled the Commission’s decision against Charleroi Airport and Ryanair was repaid the €4 million that the Commission had claimed was illegal state aid. A further action taken by the Belgian government for €2.3 million has also been withdrawn.

Ryanair is facing similar legal challenges with respect to agreements with certain other airports, notably Lübeck, Berlin (Schönefeld), Tampere, Alghero, Pau, Aarhus, Frankfurt (Hahn), Niederrhein (Weeze), Zweibrücken, Altenburg, Klagenfurt, Vasteras, Paris (Beauvais), La Rochelle, Carcassonne, Nimes, Angouleme, Marseille and Brussels (Charleroi). In January 2010, the European commission concluded the Bratislava state aid investigation with a finding that Ryanair’s agreement with Bratislava airport involved no aid. The remaining nineteen investigations involving Ryanair are ongoing and Ryanair currently expects that they will conclude within the next 12 months, with any European Commission’s decisions appealable to the EU General Court.

State aid complaints by Lufthansa about Ryanair’s cost base at Frankfurt (Hahn) have been rejected by German courts, as have similar complaints by Air Berlin in relation to Ryanair’s arrangement with Lubeck airport, but following a German Supreme Court ruling on a procedural issue in early 2011, these cases will be re-heard by lower courts. In addition, Ryanair has been involved in legal challenges including allegations of state aid at Alghero and Marseille airports. The Alghero case (initiated by Air One) was dismissed in its entirety in April 2011. The Marseille case was withdrawn by the plaintiffs (subsidiaries of Air France) in May 2011.

The Company has also entered into a series of interest rate swaps to hedge against fluctuations in interest rates for certain floating-rate financing arrangements. Cash deposits have been set aside as collateral for the counterparty’s exposure to risk of fluctuations on long-term derivative and other financing arrangements with Ryanair (restricted cash) (see Note 9 to the consolidated financial statements for further details). Additional numerical information on these swaps and on other derivatives held by the Company is set out in Notes 5 and 11 to the consolidated financial statements.

## 24 Note to cash flow statements

	<b>At March 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>€M</b>	<b>€M</b>	<b>€M</b>
Net (debt) at beginning of year .....	(708.8)	(142.8)	(120.2)
Increase/(decrease) in cash and cash equivalents in year .....	680.0	550.4	(105.3)
(Decrease)/increase in financial assets > 3 months .....	(97.2)	(398.3)	864.3
(Decrease) in restricted cash .....	(7.8)	(24.9)	(223.8)
Net cash flow from (increase) in debt .....	24.2	(693.2)	(557.8)
Movement in net funds resulting from cash flows .....	599.2	(566.0)	(22.6)
Net (debt) at end of year .....	(109.6)	(708.8)	(142.8)
Analysed as:			
Cash and cash equivalents, financial assets and restricted cash .....	3,515.6	2,940.6	2,813.4
Total borrowings .....	(3,625.2)	(3,649.4)	(2,956.2)
Net (debt) .....	(109.6)	(708.8)	(142.8)

## 25 Dividends and Share buy-backs

In August 2011, the Company bought back 27.0 million ordinary shares at a cost of €85.1 million. In March 2012, the Company bought back a further 9.5 million ordinary shares at a cost of €39.5 million. Overall this is equivalent to approximately 2.5% of the Company's issued share capital. All ordinary shares repurchased have been cancelled. Accordingly, share capital decreased by 36.5 million ordinary shares with a nominal value of €0.2 million and the capital redemption reserve increased by a corresponding €0.2 million. The capital redemption reserve is required to be created under Irish law to preserve permanent capital in the parent company. See note 15 to the consolidated financial statements for further details.

On October 1, 2010, following shareholder approval at the Company's annual general meeting on September 22, 2010, Ryanair Holdings plc paid a special dividend of €500 million, (33.57 euro cent per ordinary share), to shareholders. Prior to effecting the dividend payment and in order to ensure that the parent company, Ryanair Holdings plc, had sufficient distributable profits to effect the dividend payment, on June 15, 2010, Ryanair Limited declared a dividend of €400 million to Ryanair Holdings plc.

The Company announced on May 21, 2012 that it plans to pay a special dividend of €0.34 per ordinary share (approx €489 million) in November 2012 subject to shareholder approval at the annual general meeting on September 21, 2012.

## 26 Post-balance sheet events

On March 29, 2012, the Company agreed to buy back 15.0 million ordinary shares at a cost of €67.5 million. This is equivalent to 1.0% of the issued share capital of the Company at March 31, 2012. This trade settled in early April 2012 and the repurchased shares were cancelled.

On June 19, 2012 Ryanair announced its intention to make an all cash offer of €1.30 per share for the entire issued share capital of Aer Lingus Group plc.

## 27 Subsidiary undertakings and related party transactions

The following is the principal subsidiary undertaking of Ryanair Holdings plc:

<u>Name</u>	<u>Effective date of acquisition/incorporation</u>	<u>Registered Office</u>	<u>Nature of Business</u>
Ryanair Limited (a).....	August 23, 1996 (acquisition)	Corporate Headquarters Dublin Airport Co Dublin, Ireland.	Airline operator

(a) Ryanair Limited is wholly owned by Ryanair Holdings plc.

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

In accordance with the basis of consolidation policy, as described in Note 1 of these consolidated financial statements, the subsidiary undertaking referred to above has been consolidated in the financial statements of Ryanair Holdings plc for the years ended March 31, 2012, 2011 and 2010.



The total amount of remuneration paid to senior key management (defined as the executive team reporting to the Board of Directors) and directors amounted to €5 million in the fiscal year ended March 31, 2012, (2011: €6.5 million, 2010: €7.4 million), the majority of which comprises short-term employee benefits.

	<u>Year ended March 31, 2012</u>	<u>Year ended March 31, 2011</u>	<u>Year ended March 31, 2010</u>
	€M	€M	€M
Basic salary and bonus.....	5.9	3.9	3.4
Pension contributions.....	0.1	0.9	0.8
Share-based compensation expense (a).....	(1.0)	1.7	3.2
	<u>5.0</u>	<u>6.5</u>	<u>7.4</u>

- (a) The net credit to the income statement in the year comprises a reversal of previously recognised share-based compensation expense for awards that did not vest, offset by a charge for the fair value of various share options granted in prior periods, which are being recognised within the income statement in accordance with employee services rendered.

## **28 Date of approval**

The consolidated financial statements were approved by the Board of Directors of the Company on July 27, 2012.

## APPENDIX A

### GLOSSARY

Certain of the terms included in the section on Selected Operating and Other Data and elsewhere in this annual report on Form 20-F have the meanings indicated below and refer only to Ryanair's scheduled passenger service.

Available Seat Miles ("ASMs").....	Represents the number of seats available for passengers multiplied by the number of miles those seats were flown.
Average Booked Passenger Fare .....	Represents the average fare paid by a fare-paying passenger who has booked a ticket.
Average Daily Flight Hour Utilization.....	Represents the average number of flight hours flown in service per day per aircraft for the total fleet of operated aircraft.
Average Fuel Cost Per U.S. Gallon.....	Represents the average cost per U.S. gallon of jet fuel for the fleet (including fueling charges) after giving effect to fuel hedging arrangements.
Average Length of Passenger Haul .....	Represents the average number of miles traveled by a fare-paying passenger.
Ancillary Revenue per Booked Passenger ....	Represents the average revenue earned per booked passenger flown from ancillary services.
Average Yield per ASM.....	Represents the average flown passenger fare revenue for each available seat mile (ASM).
Average Yield per RPM.....	Represents the average passenger fare revenue for each revenue passenger mile (RPM), or each mile a revenue passenger is flown.
Baggage Commissions .....	Represents the commissions payable to airports on the revenue collected at the airports for excess baggage and airport baggage fees.
Booked Passenger Load Factor .....	Represents the total number of seats sold as a percentage of total seat capacity on all sectors flown.
Break-even Load Factor .....	Represents the number of RPMs at which passenger revenues would have been equal to operating expenses divided by ASMs (based on Average Yield per RPM). For the purposes of this calculation, the number of RPMs at which passenger revenues would have been equal to operating expenses is calculated by dividing operating expenses by Average Revenue per RPM.
Cost Per ASM ("CASM") .....	Represents operating expenses (excluding ancillary costs) divided by ASMs.
Net Margin .....	Represents profit after taxation as a percentage of total revenues.
Number of Airports Served .....	Represents the number of airports to/from which the carrier offered scheduled service at the end of the period.
Number of Owned Aircraft Operated.....	Represents the number of aircraft owned and operated at the end of the period.
Operating Margin .....	Represents operating profit as a percentage of total revenues.
Part 145 .....	The European regulatory standard for aircraft maintenance established by the European Aviation Safety Agency.
Revenue Passenger Miles ("RPMs").....	Represents the number of miles flown by booked fare-paying passengers.
Revenue Passengers Booked.....	Represents the number of fare-paying passengers booked.

Sectors Flown..... Represents the number of passenger flight sectors flown.

**Memorandum and Articles of Association of Ryanair Holdings  
in effect as of the date of this Annual Report**

THE COMPANIES ACTS, 1963 to 2009

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PUBLIC COMPANY LIMITED BY SHARES

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**MEMORANDUM**

**and**

**ARTICLES OF ASSOCIATION**

**of**

**RYANAIR HOLDINGS PUBLIC LIMITED COMPANY**

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Incorporated 5th June, 1996

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**(As amended by Special Resolutions  
passed on:**

2nd day of July, 1996,  
24th day of July, 1996,  
23rd day of August, 1996,  
12th May, 1997, 14th September, 1999, 25th September, 2001, 21st  
September, 2006, 14th December 2006, 2nd February, 2007, 18th September, 2008 and 22nd  
day of September 2010 and by Ordinary Resolution on the 15th May 1997)

**PUBLIC COMPANY LIMITED BY SHARES**

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**MEMORANDUM OF ASSOCIATION**

**of**

**RYANAIR HOLDINGS PUBLIC LIMITED COMPANY**

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1 The name of the company is RYANAIR HOLDINGS PUBLIC LIMITED COMPANY.

2 The company is to be a public limited company.

3 The objects for which the company is established are:

3.1 To carry on the business of an investment and holding company in all its branches, and to acquire by purchase, lease, concession, grant, licence or otherwise such businesses, options, rights, privileges, lands, buildings, leases, underleases, stocks, shares, debentures, debenture stock, bonds, obligations, securities, reversionary interests, annuities, policies of assurance and other property and rights and interests in property as the company shall deem fit and generally to hold, manage, develop, lease, sell or dispose of the same; and to vary any of the investments of the company, to act as trustees of any deeds constituting or securing any debentures, debenture stock or other securities or obligations; to establish, carry on, develop and extend investments and holdings and to sell, dispose of or otherwise turn the same to account and to coordinate the policy and administration of any companies of which this company is a

member or which are in any manner controlled by or connected with the company.

(b) To exercise and enforce all rights and powers conferred to or incident upon the ownership of any shares, stock obligations or other securities acquired by the Company including without

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

- 3.2 To carry on any other business, except the issuing of policies of insurance, which may seem to the company capable of being conveniently carried on in connection with the above, or calculated directly or indirectly to enhance the value of or render profitable any of the company's property or rights.
- 3.3 To invest any monies of the company in such investments and in such manner as may from time to time be determined, and to hold, sell or deal with such investments and generally to purchase, take on lease or in exchange or otherwise acquire any real and personal property and rights or privileges.
- 3.4 To subscribe for, take, purchase or otherwise acquire and hold shares or other interests in, or securities of any other company having objects altogether or in part similar to those of this company or carrying on any business capable of being carried on so as, directly or indirectly, to benefit this company.
- 3.5 To develop and turn to account any land acquired by the company or in which it is interested and in particular by laying out and preparing the same for building purposes, constructing, altering, pulling down, decorating, maintaining, fitting up and improving buildings and conveniences, and by planting, paving, draining, farming, cultivating, letting on building lease or building agreement and by advancing money to and entering into contracts and arrangements of all kinds with builders, tenants and others.
- 3.6 To acquire and undertake the whole or any part of the business, property, goodwill and assets of any person, firm or company carrying on or proposing to carry on any of the businesses which the company is authorised to carry on, or which can be conveniently carried on in connection with the same, or may seem calculated directly or indirectly to benefit the company.
- 3.7 To employ the funds of the company in the development and expansion of the business of the company and all or any of its subsidiary or associated companies and in any other company whether now existing or hereafter to be formed and engaged in any like business of the company or any of its subsidiary or associated companies or of any other industry ancillary thereto or which can conveniently be carried on in connection therewith.

- 3.8 To lend money to such persons or companies either with or without security and upon such terms as may seem expedient.
- 3.9 To borrow or otherwise raise money or carry out any other means of financing, whether or not by the issue of stock or other securities, and to enter into or issue interest and currency hedging and swap agreements, forward rate agreements, interest and currency futures or options and other forms of financial instruments, and to purchase, redeem or pay off any of the foregoing.
- 3.10 To secure the payment of money or other performance of financial obligations in such manner as the company shall think fit, whether or not by the issue of debentures or debenture stock, perpetual or otherwise, charged upon all or any of the company's property, present or future, including its uncalled capital.
- 3.11 To adopt such means of making known the company and its products and services as may seem expedient.
- 3.12 To sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose of, turn to account or otherwise deal with all or any part of the property, undertaking, rights or assets of the company and for such consideration as the company might think fit. Generally to purchase, take on lease or in exchange or otherwise acquire any real and personal property and rights or privileges.
- 3.13 To acquire and carry on any business carried on by a subsidiary or a holding company of the company or another subsidiary of a holding company of the company.
- 3.14 To provide services of any kind including the carrying on of advisory, consultancy, brokerage and agency business of any kind.
- 3.15 To guarantee, grant indemnities in respect of, support or secure, whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property and assets (present and future) and uncalled capital of the company, or by both such methods, the performance of the contracts or obligations of and the repayment or payment of the principal amounts of and premiums, interest and dividends on any securities of any person, firm or company, including (without prejudice to the generality of the foregoing) any company which is for the time being the company's holding company as defined by section 155 of the Companies Act, 1963, or another subsidiary as defined by the said section of the company's holding company or otherwise associated with the company in business notwithstanding the fact that the company may not receive any consideration, advantage or benefit, direct or indirect from entering into such guarantee or other arrangement or transaction contemplated herein.

- 3.16 To amalgamate with any other company.
- 3.17 To apply for, purchase or otherwise acquire any patents, brevets d'invention, licences, trade marks, technology and know-how and the like conferring any exclusive or non-exclusive or limited right to use or any secret or other information as to any invention or technology which may seem capable of being used, for any of the purposes of the company or the acquisition of which may seem calculated directly or indirectly to benefit the company, and to use, exercise, develop or grant licences in respect of or otherwise turn to account the property rights or information so acquired.
- 3.18 To enter into partnership or into any arrangement for sharing profits, union of interests, co-operation, joint venture or otherwise with any person or company or engage in any business or transaction capable of being conducted so as directly or indirectly to benefit the company.
- 3.19 To grant pensions or gratuities (to include death benefits) to any officers or employees or ex-officers or ex-employees of the company, or its predecessors in business or the relations, families or dependants of any such persons, and to establish or support any non-contributory or contributory pension or superannuation funds, any associations, institutions, clubs, buildings and housing schemes, funds and trusts which may be considered calculated to benefit any such persons or otherwise advance the interests of the company or of its members.
- 3.20 To promote any company or companies for the purpose of acquiring all or any of the property and liabilities of this company or for any other purpose which may seem directly or indirectly calculated to benefit this company.
- 3.21 To remunerate any person or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares in the company's capital or any debentures, debenture stock or other securities of the company, or in or about the formation or promotion of the company or the conduct of its business.
- 3.22 To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures, letters of credit and other negotiable or transferable instruments.
- 3.23 To undertake and execute any trusts the undertaking whereof may seem desirable, whether gratuitously or otherwise.
- 3.24 To procure the company to be registered or recognised in any country or place.
- 3.25 To promote freedom of contract and to counteract and discourage interference therewith, to join any trade or business federation, union or



association, with a view to promoting the company's business and safeguarding the same.

- 3.26 To do all or any of the above things in any part of the world as principal, agent, contractor, trustee or otherwise, and by or through trustees, agents or otherwise and either alone or in conjunction with others.
- 3.27 To distribute any of the property of the company in specie among the members.
- 3.28 To do all such other things as the company may think incidental or conducive to the attainment of the above objects or any of them.

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

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

- 4 The liability of the members is limited.
- 5 The share capital of the Company is €10,668,000 divided into 1,680,000,000 Ordinary Shares of €0.635 euro cent each.

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

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Names, Addresses and Descriptions of Subscribers	Number of shares taken by each Subscriber
Goodbody Subscriber One Limited, 1 Earlsfort Centre, Hatch Street, Dublin 2.	One
Limited Liability Company	
Goodbody Subscriber Two Limited, 1 Earlsfort Centre, Hatch Street, Dublin 2.	One
Limited Liability Company	

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Dated 24th May, 1996.

Witness to the above signatures:

Cecilia Kelly,  
1 Earlsfort Centre,  
Hatch Street,  
Dublin 2.  
Secretary

**Companies Acts, 1963 to 2009**

**COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**OF**

**RYANAIR HOLDINGS PUBLIC LIMITED COMPANY**

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**Companies Acts, 1963 to 2009**

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**A PUBLIC COMPANY LIMITED BY SHARES**

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**ARTICLES OF ASSOCIATION**

**OF**

**RYANAIR HOLDINGS PUBLIC LIMITED COMPANY**

**Part I - Preliminary**

**1. Interpretation**

(a) The regulations contained in Table A in the First Schedule to the Companies Act, 1963 shall not apply to the Company.

(b) In these Articles the following expressions shall have the following meanings:

"the Acts" the Companies Acts, 1963 to 2009 and the Shareholders' Rights (Directive 2007/36/EC) Regulations 2009.;

"the 1963 Act" the Companies Act, 1963;

"the 1983 Act" the Companies (Amendment) Act, 1983;

"the 1990 Act" the Companies Act, 1990;

"these Articles" these articles of association as from time to time and for the time being in force;

"Associated Company" any company which for the time being is a subsidiary or a holding company of the Company, is a subsidiary of a holding company of the Company or is a company in which the Company or any of such companies as aforesaid shall for the time being hold shares entitling the holder thereof to exercise at least one-fifth of the

	votes at any general meeting of such company (not being voting rights which arise only in specified circumstances);
"the Auditors"	the auditors for the time being of the Company;
"the Board"	the board of Directors
"Clear Days"	in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect or is deemed to take effect;
"the Company"	the company whose name appears in the head of these Articles;
"the Directors"	the directors for the time being of the Company;
"EU National"	a national of a member state of the European Union;
"Electronic Communication"	has the same meaning as under the Electronic Commerce Act, 2000 (as amended or supplemented from time to time); and includes, without limitation and subject to the discretion of Directors the availability of any such information (including notices and any other documents) on a website or by delivering, giving or sending the same by electronic mail and "electronic" and "electronically" shall be construed accordingly.
"the Group"	the Company and its subsidiaries from time to time and for the time being;
"the Holder"	in relation to any Share, the Member whose name is entered in the Register as the holder of the Share;
"holding company"	in relation to a company, a company of which such company is a subsidiary;
"Interest"	means any interest whatsoever in Shares (of any size) which would be taken into account in deciding whether a notification to the Company would be required under Chapter 2 of Part IV of the 1990 Act;
"The Irish Stock Exchange"	The Irish Stock Exchange Limited or any successor thereto;

"Member"	a member of the Company as defined in Section 31 of the 1963 Act;
"Nasdaq"	the national association of securities dealers automated quotation national market system;
"the Office"	the registered office for the time being of the Company;
"Ordinary Shares"	ordinary Shares of IR4p each in the capital of the Company;
"the Register"	the register of Members to be kept by the Company as required by the Acts;
"the Seal"	the common seal of the Company or (where relevant) the official securities seal kept by the Company pursuant to the Acts;
"the Secretary"	any person appointed to perform the duties of the Secretary of the Company;
"Shares"	means any Shares (whether issued or unissued) in the capital of the Company
"the State"	the Republic of Ireland;
"Stock Exchange Nominee"	the meaning given to that expression by Section 1 of the Companies (Amendment) Act, 1977;
"The Stock Exchanges"	The Irish Stock Exchange, Nasdaq and any other exchange on which Shares are listed from time to time;
"subsidiary"	a subsidiary within the meaning of Section 155 of the 1963 Act;
"the United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"warrants to subscribe"	means a warrant or certificate or similar document indicating the right of the registered holder thereof (other than under a share option scheme for employees) to subscribe for Shares in the Company.

- (c) Subject to Article 131A expressions in these Articles referring to writing shall be construed, unless the contrary intention appears, as including references to printing, lithography, photography and to electronic form and any other modes of representing or reproducing words in a visible form. Expressions in these Articles referring to execution of any document shall include any mode of execution whether under seal or under hand.
- (d) Unless specifically defined herein or the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Acts but excluding any statutory modification thereof not in force when these Articles become binding on the Company.
- (e) The headings and captions included in these Articles are inserted for convenience of reference only and shall not be considered a part of or affect the construction or interpretation of these Articles.
- (f) References in these Articles to any enactment or any section or provision thereof shall mean such enactment, section or provision as the same may be amended and may be from time to time and for the time being in force.
- (g) In these Articles the masculine gender shall include the feminine and neuter, and vice versa, and the singular number shall include the plural and vice versa, and words importing persons shall include firms and companies.
- (h) References in these Articles to euro or cent shall mean the currency, for the time being, of the State.
- (i) References in these Articles to dollars or cents or \$ shall mean the currency for the time being of the United States of America.

## **Part II - Share Capital and Rights**

### **2. Share Capital**

The share capital of the Company is €10,668,000 divided into 1,680,000,000 Ordinary Shares of €0.635 euro cent each.

### **3. Rights of Shares on issue**

Without prejudice to any special rights previously conferred on the Holders of any existing Shares or class of Shares and subject to the provisions of the Acts, any Share may be issued with such rights or restrictions as the Company may by ordinary resolution determine.

#### **4. Redeemable Shares**

Subject to the provisions of the Acts, any Shares may be issued on the terms that they are, or at the option of the Company are, liable to be redeemed on such terms and in such manner as the Company may by special resolution determine.

#### **5. Variation of rights**

- (a) Whenever the share capital is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the consent in writing of the Holders of three-fourths in nominal amount of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the Holders of the Shares of the class (but not otherwise), and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. The quorum at any such separate general meeting, other than an adjourned meeting, shall be two persons holding or representing by proxy at least one-third in nominal amount of the issued Shares of the class in question and the quorum at an adjourned meeting shall be one person holding Shares of the class in question or his proxy
- (b) The rights conferred upon the Holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by these Articles or the terms of the issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith or subordinate thereto.

#### **6. Trusts not recognised**

Except as required by law, no person shall be recognised by the Company as holding any Share upon any trust, and the Company shall not be bound by or be compelled in anyway to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or any interest in any fractional part of a Share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any Share except an absolute right to the entirety thereof in the Holder.

#### **7. Disclosure of Interests**

- (a) For the purposes of this Article 7:-

*"Deemed Voting Concert Party Interest"* means an agreement or arrangement between two or more persons with respect to, or to the exercise of, voting rights attaching to Shares and which is likely to result in those rights being exercised so as to influence or to control the policy of the Company or the management of its affairs which the Directors have deemed to be a Deemed Voting Concert Party Interest for the purposes of this Article 7 and, where the Directors so resolve, each

of the persons who is party to such agreement or arrangement shall be deemed (for the purposes of this Article 7) to be interested in all the Shares to which the voting rights in question are attached and, in this definition, references to an arrangement include references to an understanding or mutual expectation, whether formal or informal and whether or not legally binding.

*"Disclosure Notice"* means a notice served pursuant to Article 7(b) below;

*"Interest"* means an interest (of any size) in the Relevant Share Capital which would be taken into account in deciding whether a notification to the Company would be required under Chapter 2 of Part IV of the 1990 Act but shall for all purposes include (the *"Included Interests"*) (i) rights to subscribe for or convert into, or entitlements to acquire rights to subscribe for or convert into, shares which would on issue or conversion (as the case may be) be comprised in the Relevant Share Capital; (ii) the interests referred to in Section 78(1)(a), (c) and (g) of the 1990 Act except those of a bare or custodian trustee and of a simple trustee and (iii) any Deemed Voting Concert Party Interest; and *"interested"* shall be construed accordingly;

*"Relevant Share Capital"* means the relevant share capital of the Company (as that expression is defined in Section 67(2) of the 1990 Act);

*"Share"* means any share comprised in Relevant Share Capital.

- (b) The Directors may by notice in writing require any Member, or other person appearing to be interested or to have been interested in Shares, to disclose to the Company in writing such information as the Directors shall require relating to the ownership of or any Interest in Shares as lies within the knowledge of such Member or other person (supported if the Directors so require by a statutory declaration and/or by independent evidence) including (without prejudice to the generality of the foregoing):-
- (i) any information which the Company is entitled to seek pursuant to Section 81 of the 1990 Act; or
  - (ii) any information which the Directors shall deem necessary or desirable in order to determine whether any Shares are Affected Shares (as defined in Article 41) or are capable of being Affected Shares (as so defined) or whether it is necessary to take steps to protect any Licence (as so defined) or otherwise in relation to the application or potential application of Article 41.
- (c) Where the Member on which a Disclosure Notice is served is a Depository (as defined in Article 41) acting in its capacity as such, the obligations of the Depository as a Member pursuant to this Article shall be limited to disclosing to the Company in accordance with this Article such information relating to the

ownership of or Interests in the Shares in question as has been recorded by it pursuant to the terms entered into between the Depository and the Company provided that nothing in this Article shall in any other way restrict the powers of the Directors under this Article.

The Directors may give any number of Disclosure Notices pursuant to Article 7(b) above to the same Member or other person in respect of the same Shares.

- (e) The Directors may serve notice pursuant to the terms of this Article irrespective of whether or not the person on whom it shall be served may be dead, bankrupt, insolvent or otherwise incapacitated and no such incapacity or any unavailability of information or inconvenience or hardship in obtaining the same shall be a satisfactory reason for failure to comply with any such notice, provided that if the Directors in their absolute discretion think fit, they may waive compliance in whole or in part with any notice given under this Article in respect of a Share in any case of bona fide unavailability of information or genuine hardship or where they otherwise think fit but no such waiver shall prejudice or affect in any way any non-compliance not so waived whether by the person concerned or any other person appearing to the Directors to be interested in the Shares or by any person to whom a notice may be given at any time.
- (f) The provisions of Articles 125 to 131A inclusive shall apply to the service of notices required by this Article to be served.
- (g) Any resolution or determination of, or decision or exercise of any discretion or power by the Directors under or pursuant to the provisions of this Article shall be final and conclusive and things done by or on behalf of, or on the authority of, the Directors pursuant to the foregoing provisions of this Article shall be conclusive and binding on all persons concerned and shall not be open to challenge, whether as to validity or otherwise on any ground whatsoever. The Directors shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this Article.
- (h) The provisions of this Article are in addition to, and do not limit, any other right or power of the Company or the Directors, including any right vested in the Company or the Directors by the Acts.

## **8. Allotment of Shares**

- (a) The unissued Shares shall be at the disposal of the Directors and (subject to the provisions of these Articles and the Acts) they may allot, grant options over, deal with or otherwise dispose (with or without conferring a right of renunciation) of them on such terms and conditions and at such times as they may consider to be in the best interests of the Company and the Members but so that no Share shall be issued at a discount and so that, where Shares are to be allotted and issued, the

amount payable on application on each Share shall not be less than one-quarter of the nominal amount of the Share and the whole of any premium payable thereon.

- (b) Without prejudice to the generality of the powers conferred on the Directors by the other provisions of this Article, the Directors may grant from time to time options to subscribe for unallotted Shares in the capital of the Company to persons in the service or employment of or Directors of the Company or any subsidiary of the Company on such terms and subject to such conditions as may be approved from time to time by the Directors or any committee thereof appointed by the Directors for the purpose of such approval.
- (c) The Company may issue warrants to subscribe (by whatever name they are called) to any person to whom the Company has granted the right to subscribe for Shares in the Company (other than under a share option scheme for employees) certifying the right of the registered holder thereof to subscribe for Shares in the Company upon such terms and conditions as those upon which the right may have been granted.

#### **9. Payment of commission**

The Company may exercise the powers of paying commissions conferred or permitted by the Acts. Subject to the provisions of the Acts, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid Shares or partly in one way and partly in the other. On any issue of Shares the Company may also pay such brokerage as may be lawful.

#### **10. Payment by instalments**

If by the conditions of allotment of any Share the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment when due shall be paid to the Company by the person who for the time being shall be the Holder of the Share.

### **Part III - Share Certificates**

#### **11. Issue of certificates**

Every Member (except a Stock Exchange Nominee in respect of whom the Company is not by law required to complete and have ready for delivery a certificate) shall be entitled without payment to receive within two months after allotment or lodgement of a transfer to him of the Shares in respect of which he is so registered (or within such other period as the conditions of issue shall provide) one certificate for all the Shares of each class held by him or several certificates each for one or more of his Shares upon payment for every certificate after the first of such reasonable out of pocket expenses as the Directors may determine provided that the Company shall not be bound to issue more than one certificate for Shares held jointly by several persons and delivery of a certificate to one



joint Holder shall be a sufficient delivery to all of them. The Company shall not be bound to register more than four persons as joint Holders of any Share (except in the case of executors or trustees of a deceased Member). Every certificate shall be sealed with the Seal and shall specify the number, class and distinguishing number (if any) of the Shares to which it relates and the amount or respective amounts paid up thereon.

**12. Balance and exchange certificates**

- (a) Where some only of the Shares comprised in a share certificate are transferred the old certificate shall be cancelled and the new certificate for the balance of such Shares shall be issued in lieu without charge.
- (b) Any two or more certificates representing Shares of any one class held by any Member at his request may be cancelled and a single new certificate for such Shares issued in lieu, without charge unless the Directors otherwise determine. If any Member shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more Share certificates representing such Shares in such proportions as he may specify, the Directors may comply, if they think fit, with such request, subject to the payment by him of such charge as may be determined by the Directors.

**13. Replacement of certificates**

If a share certificate is defaced, worn out, lost, stolen or destroyed, it may be replaced on such terms (if any) as to evidence and indemnity and payment of any exceptional expenses incurred by the Company as the Directors may determine but otherwise free of charge, and (in the case of defacement or wearing out) on delivery up of the old certificate.

**Part IV - Lien on Shares**

**14. Extent of lien**

The Company shall have a first and paramount lien on every Share (not being a fully paid Share) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that Share. The Directors, at any time, may declare any Share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a Share shall extend to all moneys payable in respect of it.

**15. Power of sale**

The Company may sell in such manner as the Directors determine any Share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen Clear Days after notice demanding payment, and stating that if the notice is not complied with the Shares may be sold, has been given to the

Holder of the Share or to the person entitled to it by reason of the death or bankruptcy of the Holder.

**16. Power to effect transfer**

To give effect to a sale the Directors may take such steps as the Directors consider are necessary or desirable in order to effect such sale and, for this purpose, may authorise some person to execute an instrument of transfer of the Shares sold to, or in accordance with the directions of, the purchaser. The transferee shall be entered in the Register as the Holder of the Shares comprised in any such transfer and he shall not be bound to see to the application of the purchase moneys nor shall his title to the Shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale, and after the name of the transferee has been entered in the Register, the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

**17. Proceeds of sale**

The net proceeds of the sale, after payment of the costs relating thereto, shall be applied in payment of so much of the sum for which the lien exists as is presently payable and any residue (upon surrender to the Company for cancellation of the certificate for the Shares sold or an indemnity in a form which is satisfactory to the Directors and subject to a like lien for any moneys not presently payable as existed upon the Shares before the sale) shall be paid to the person entitled to the Shares at the date of the sale.

**Part V - Calls on Shares and Forfeiture**

**18. Making of calls**

Subject to the terms of allotment, the Directors may make calls upon the Members in respect of any moneys unpaid on their Shares and each Member (subject to receiving at least fourteen Clear Days' notice specifying when and where payment is to be made) shall pay to the Company as required by the notice the amount called on his Shares. A call may be required to be paid by instalments. A call may be revoked before receipt by the Company of a sum due thereunder, in whole or in part, and payment of a call may be postponed in whole or in part. A person upon whom a call is made shall remain liable for such call notwithstanding the subsequent transfer of the Shares in respect of which the call was made.

**19. Time of call**

A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.

**20. Liability of joint Holders**

The joint Holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

**21. Interest on calls**

If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due until it is paid at the rate fixed by the terms of allotment of the Share or in the notice of the call but the Directors may waive payment of the interest wholly or in part.

**22. Amounts treated as calls**

An amount payable in respect of a Share on allotment or at any fixed date, whether in respect of nominal value or by way of premium, shall be deemed to be a call and if it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified.

**23. Power to differentiate**

Subject to the terms of allotment, the Directors may make arrangements on the issue of Shares for different terms to apply as between the Holders in relation to the amounts and times of payment of calls on their Shares.

**24. Interest on moneys advanced**

The Directors, if they think fit, may receive from any Member willing to advance same all or any part of the moneys uncalled and unpaid upon any Shares held by him, and upon all or any of the moneys so advanced may pay (until the same would, but for such advance, become payable) interest at such rate, not exceeding (unless the company in general meeting otherwise directs) 15 per cent. per annum, as may be agreed upon between the Directors and the Member paying such sum in advance.

**25. Notice requiring payment**

- (a) If a Member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors, at any time thereafter during such times as any part of the call or instalment remains unpaid, may serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued.

The notice shall name a further day (not earlier than the expiration of fourteen Clear Days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-

payment at or before the time appointed the Shares in respect of which the call was made will be liable to be forfeited.

- (c) If the requirements of any such notice as aforesaid are not complied with then, at any time thereafter before the payment required by the notice has been made, any Shares in respect of which the notice has been given may be forfeited by a resolution of the Directors to that effect. The forfeiture shall include all dividends or other moneys payable in respect of the forfeited Shares and not paid before forfeiture. The Directors may accept a surrender of any Share liable to be forfeited hereunder.
- (d) On the trial or hearing of any action for the recovery of any money due for any call it shall be sufficient to prove that the name of the Member sued is entered in the Register as the Holder, or one of the Holders, of the Shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the Member sued, in accordance with these Articles, and it shall not be necessary to prove the appointment of the Directors who made such call nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

## **26. Power of disposal**

A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale or disposal the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal such a Share is to be transferred to any person, the Directors may take such steps as the Directors consider are necessary or desirable in order to effect such sale and, for this purpose, may authorise some person to execute an instrument of transfer of the Share to that person. The Company may receive the consideration, if any, given for the Share on any sale or disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed of and thereupon he shall be registered as the Holder of the Share and shall not be bound to see to the application of the purchase moneys, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share and after the name of the transferee has been entered in the Register the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

## **27. Effect of forfeiture**

A person whose Shares have been forfeited shall cease to be a Member in respect of the forfeited Shares, but nevertheless shall remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the Shares, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the Shares.

**28. Statutory declaration**

A statutory declaration that the declarant is a Director or the Secretary of the Company, and that a Share in the Company has been duly forfeited on the date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

**29. Non-payment of sums due on Share issues**

The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the nominal value of the Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

**Part VI - Conversion of Shares into Stock**

**30. Conversion of Shares into stock**

The Company by ordinary resolution may convert any paid up Shares into stock and reconvert any stock into paid up Shares of any denomination.

**31. Transfer of stock**

The holders of stock may transfer the same or any part thereof, in the same manner, and subject to the same regulations, as and subject to which the Shares from which the stock arose might have been transferred before conversion, or as near thereto as circumstances admit; and the Directors may fix from time to time the minimum amount of stock transferable but so that such minimum shall not exceed the nominal amount of each Share from which the stock arose.

**32. Rights of stockholders**

- (a) The holders of stock shall have, according to the amount of stock held by them, the same rights, privileges and advantages in relation to dividends, voting at meetings of the Company and other matters as if they held the Shares from which the stock arose, but no such right, privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which, if existing in Shares, would not have conferred that right, privilege or advantage.
- (b) Such of these Articles as are applicable to paid up Shares shall apply to stock, and the words "Share" and "Shareholder" therein shall include "stock" and "stockholder".

## **Part VII - Transfer of Shares**

### **33. Form of instrument of transfer**

Subject to such of the restrictions of these Articles and to such of the conditions of issue or transfer as may be applicable, the Shares of any Member may be transferred by instrument in writing in any usual or common form or any other form which the Directors may approve.

### **34. Execution of instrument of transfer**

The instrument of transfer of any Share shall be executed by or on behalf of the transferor and, in cases where the Share is not fully paid, by or on behalf of the transferee. The transferor shall be deemed to remain the Holder of the Share until the name of the transferee is entered in the Register in respect thereof.

### **35. Refusal to register transfers**

- (a) The Directors in their absolute discretion and without assigning any reason therefor may decline to register any transfer of a Share which is not fully paid save and however, that in the case of such a Share which is admitted to listing on any of The Stock Exchanges such restriction shall not operate so as to prevent dealings in such a Share of the Company from taking place on an open and proper basis.
- (b) The Directors shall not register any person as a Holder of any Share in the Company (other than an allottee under an issue of Shares by way of capitalisation of profits or reserves made pursuant to these Articles or a Stock Exchange Nominee or a Depositary (as defined in Article 41)) unless such person has furnished to the Directors a declaration (in such form as the Directors may from time to time prescribe) signed by him or on his behalf (or, in the case of a corporation, sealed by the corporation or signed on its behalf by an attorney or duly authorised officer of the corporation), together with such evidence as the Directors may require of the authority of any signatory on behalf of such person, stating (i) the name and nationality of any person who has an Interest in any such Share and (if such declaration or the Directors so require) the nature and extent of the Interest of each such person or (ii) such other information as the Directors may from time to time determine. The Directors shall in any case where they may consider it appropriate require such person to provide such evidence or give such information as to the matters referred to in the declaration as they think fit. The Directors shall decline to register any person as a Holder of a Share if such further evidence or information is not provided or given. The Directors shall, so long as they act reasonably and in good faith, be under no liability to the Company or to any other person if they register any person as the Holder of a Share on the basis of a declaration or other evidence or information provided pursuant to this Article 35 which declaration, evidence or information appears on its face to be correct.

- (c) The Directors may decline to recognise any instrument of transfer unless:-
- (i) the instrument of transfer is accompanied by the certificate of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer (save where the transferor is a Stock Exchange Nominee);
  - (ii) the instrument of transfer is in respect of one class of Share only;
  - (iii) the instrument of transfer is in favour of not more than four transferees; and
  - (iv) it is lodged at the Office or at such other place as the Directors may appoint.
- (d) The transfer of any Restricted Share (as defined in Article 41) shall be subject to the approval of the Directors if, in the opinion of the Directors, such Restricted Share would upon transfer remain a Restricted Share and the Directors may refuse to register the transfer of a Restricted Share if it would continue to be a Restricted Share following such transfer.

**36. Procedure on refusal**

If the Directors refuse to register a transfer then, within two months after the date on which the transfer was lodged with the Company, they shall send to the transferee notice of the refusal.

**37. Closing of transfer books**

The registration of transfers of Shares either generally or in respect of any class of Shares may be suspended at such times and for such periods (not exceeding thirty days in each year) as the Directors may determine.

**38. Absence of registration fees**

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any Share.

**39. Retention of transfer instruments**

The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the Directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.

#### **40. Renunciation of allotment**

Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any Shares by the allottee in favour of some other person.

#### **41. Limitations on Share Ownership**

(A) The purpose of this Article 41 is to enable the Directors to ensure that, where it is necessary for Shares to be owned and controlled by persons of a particular nationality or nationalities so as to ensure that the Company or any of its

subsidiaries can continue to enjoy the benefit of any Licence, the Shares are so owned and controlled.

(B) In this Article 41 the following expressions shall have the following meanings:-

"Affected  
Holder"

(i) any natural person who is not a national of a member state of the European Union (ii) any body corporate or similar entity which has not been incorporated in and the centre of management and control of which is not in a member state of the European Union (iii) a government or governmental department, agency or body, otherwise than of a member state of the European Union, (iv) any municipal, local, statutory or other authority or any undertaking or body formed or established in any country other than a member state of the European Union, or (v) any person who (a) falls within any of the foregoing paragraphs of this definition and (b) would be taken to be interested in any Shares pursuant to the provisions of Section 77 of the 1990 Act if a body corporate were interested in those Shares;

"Affected  
Share"

any Share in which an Affected Holder has a direct or indirect Interest (through Depositary Shares or otherwise) or which is otherwise declared by the Directors to be an Affected Share pursuant to these Articles and which has not been removed from the Separate Register;

"Affiliate"

in the case of an individual Holder, his spouse, child or grandchild and, in the case of any Holder which is a body corporate, a wholly owned subsidiary of such body corporate, a body corporate of which such body corporate



is a wholly owned subsidiary or a wholly owned subsidiary of that body corporate, in the case of a general partnership, any partner of such partnership, any limited or general partner or member of any such partner (or any shareholder, member or partner of such entity) and, in the case of a limited partnership, any limited or general partner of such limited partnership, any limited or general partner or member of any such limited or general partner (or any shareholder, member or partner of such entity);

"Depositary"	a custodian or other person approved by the Directors appointed under contractual arrangements with the Company (or a nominee for such custodian or other person) whereby such custodian or other person holds or is interested in Shares and which issues Depositary Receipts representing Depositary Shares evidencing interests in Deposited Shares;
"Depositary Receipts"	receipts or similar documents of title issued by or on behalf of a Depositary representing Depositary Shares;
"Depositary Shares"	means shares issued by a Depositary represented by Depositary Receipts and evidencing interests in Deposited Shares;
"Deposited Shares"	means the Shares held by a Depositary or in which such Depositary is interested in its capacity as a Depositary;
"Intervening Act"	means the refusal, withholding, suspension or revocation of any Licence applied for, granted to or enjoyed by the Company or any subsidiary of the Company, or the imposition of any conditions or limitations upon any such Licence which materially inhibit the exercise thereof;
"Licence"	any licence, permit, consent or privilege of any kind held or enjoyed from time to time by the Company or any of its subsidiaries which enables an air service to be operated including, without prejudice to the generality of the foregoing, any air operators certificate issued pursuant to the Air Navigation (Air Operator Certificates) Order, 1993 or any air operating licence issued pursuant to the Irish Air Navigation and Transport Act, 1965 (Section 8) Regulations, 1993;

"Permitted Maximum"	means any aggregate number of Shares which the Directors have specified as the maximum aggregate permitted number of Affected Shares pursuant to paragraph (H)(ii)(c) of this Article;
"Restricted Share"	means any Share or Depositary Share which shall be treated as a restricted share pursuant to sub-paragraph (H) of this Article;
"Restricted Share Disposal"	means a disposal or disposals of Interests in an Affected Share (including Interests held through Depositary Shares) such that the Affected Share ceases to be an Affected Share;
"Restricted Share Notice"	means a notice in writing served in accordance with the provisions of paragraph (I) of this Article;
"Separate Register"	the separate register to be maintained in accordance with Article 41(c);

- (C) A Separate Register, apart from the Register, shall be maintained of all Affected Shares in such format and containing such information as the Directors shall determine from time to time. The particulars entered on the Separate Register in respect of any Share shall comprise, in addition to the identity of the Holder or joint Holders, such information as has been requested by and supplied to the Directors (regarding, where appropriate, the name and nationality of any person having an Interest in such Share, the nature and extent of the Interest of each such person and the date such Interest was acquired) or, if no such information has been supplied, such information as the Directors consider appropriate. The Directors may from time to time (if they so determine) cause to be entered in the Separate Register particulars of any Share in respect of which neither the Holder nor any joint Holder has made a declaration as to whether or not the Share is an Affected Share and all or some specified number of Shares in respect of which Depositary Shares have been issued by a Depositary (and any number so specified may from time to time be varied by the Directors).

- (D) Each Holder of a Share which has not been acknowledged to be an Affected Share who becomes aware that such Share is or has become an Affected Share shall forthwith notify the Company accordingly.
- (E) Whether or not a Disclosure Notice pursuant to Article 7 has been given, the Directors may, and if at any time it appears to the Directors that a Share particulars of which have not been entered in the Separate Register may be an Affected Share shall, give notice in writing to the Holder or Holders of any Share or to any other person who appears to them to be interested in that Share requiring him to show to their satisfaction that such a Share is not an Affected Share. Any person on which such notice has been served and any other person who is interested in such Share may within twenty-one days thereafter (or such longer period as the Directors may consider reasonable) make representations to the Directors as to why such Share should not be treated as an Affected Share but, if, after considering such representations and such other information as seems to them relevant, the Directors are not so satisfied, the Directors shall declare such Share to be an Affected Share and it shall thereupon be treated as such.
- (F) (i) The Directors shall be entitled to treat any or all Shares held by a Depositary as Affected Shares unless evidence which is satisfactory to the Directors, in their sole discretion, showing that such Shares should not be treated as Affected Shares because the holders of some or all of the Depositary Receipts evidencing Depositary Shares are not Affected Holders is produced to the Directors;
- (ii) A person who has an Interest in Shares as a consequence of having an Interest in Depositary Receipts evidencing Depositary Shares shall be treated as only having an Interest in the number of Shares represented by such Depositary Shares evidenced by such Depositary Receipts, unless there is some reason why such person should be regarded as having an Interest in any other Shares represented by Depositary Shares evidenced by Depositary Receipts.
- (iii) The Directors shall be entitled to assume that any holder of Depositary Receipts who has a registered address in the United States of America is or holds such Depositary Receipts on behalf of a national of the United States of America and that any holder of Depositary Receipts who has a registered address in Canada is or holds such Depositary Receipts on behalf of a national of Canada.
- (G) The Directors shall remove from the Separate Register any information set out therein regarding any Affected Shares if satisfactory evidence that such Shares have ceased be an Affected Shares or should no longer be treated as Affected

Shares has been produced to them (in such format as they shall specify) and such Shares shall cease to be regarded as Affected Shares once such information has been removed from the Separate Register. The decision of the Directors in this regard shall be at their absolute discretion and any decision made or any action taken by the Directors shall be without prejudice to their entitlement to take any other action which they are entitled to take pursuant to these Articles.

- (H) (i) The provisions of sub-paragraph (ii) below shall apply where the Directors determine that it is necessary to take steps in order to protect any Licence or the status of the Company or any of its subsidiaries as an airline or air carrier by reason of the fact that:
  - (a) an Intervening Act has taken place;
  - (b) the Company or any subsidiary of the Company receives a notice or direction from any governmental body or any other body regulating the provision of air transport services to the effect that an Intervening Act is imminent, threatened or intended;
  - (c) the aggregate number of Affected Shares particulars of which are entered in the Separate Register is such that an Intervening Act may occur; or
  - (d) the ownership or control of the Company is otherwise such that an Intervening Act is imminent, threatened or intended.
- (ii) Where a determination has been made under sub-paragraph (i) of this paragraph, the Directors shall take such of the following steps, either immediately upon such determination being made or at any time thereafter, as seems to them necessary or desirable to overcome, prevent or avoid an Intervening Act:
  - (a) the Directors may remove any Director before the expiration of his term of office or change the Chairman of the Board;
  - (b) the Directors may resolve to seek to identify those Shares, Depositary Shares evidencing an interest in such Shares or Affected Shares which gave rise to the determination, or would in their sole opinion, if details thereof had been entered on the Separate Register at the relevant time, have given rise to a determination and to deal with such Shares or Affected Shares (or any Depositary Shares evidencing an interest in such Shares) as Restricted Shares;

- (c) the Directors may specify a Permitted Maximum of Affected Shares or vary any Permitted Maximum previously specified, provided that, subject to paragraph (H) (iii) of this Article, at no time shall the Permitted Maximum be less than 40 per cent of the aggregate number of issued Shares and, at any time when the aggregate number of Affected Shares of which particulars are entered in the Separate Register exceeds the Permitted Maximum applying for the time

being, the Directors may deal with such of the Affected Shares as they decide are in excess of the Permitted Maximum or Depositary Shares evidencing an interest in such Shares as Restricted Shares.

- (iii) Notwithstanding the provisions of paragraphs (H)(i) and (ii) of this Article, the Directors may take the following action if there is a change in any applicable law or the Company or any subsidiary of the Company receives any direction, notice or requirement of any state, authority or person which, in either case, necessitates such action in order to overcome, prevent or avoid an Intervening Act:-

- (a) the Directors may specify that the Permitted Maximum referred to in paragraph (H)(ii)(c) of this Article shall be set at such level below 40 per cent as they consider necessary in order to overcome, prevent or avoid such Intervening Act;

- (b) the Directors may resolve that any Affected Shares held by any Holder or Holders or any Depositary Shares evidencing an interest in such Shares shall be treated as Restricted Shares for the purposes of this Article 41.

- (I) The Directors shall give a Restricted Share Notice to the registered Holder of any Share (or the registered holder of a Depositary Receipt evidencing Depositary Shares) which they determine to deal with as a Restricted Share and to any other person who appears to them to be interested in that Share (or Depositary Receipt evidencing Depositary Shares) and shall state which of the provisions of paragraph (J) of this Article (all of which shall be set out in the Notice) are to be applied forthwith in respect of such Restricted Share. The Directors shall be entitled from time to time to serve further Restricted Share Notices in respect of any Restricted Share applying further provisions of paragraph (J) of this Article. The registered Holder of a Share or the registered holder of a Depositary Share in respect of which a Restricted Share Notice has been served or any other person on whom a Restricted Share Notice in respect of that Share or Depositary Share has

been served may make representations to the Directors as to why such Share or Depositary Share should not be treated as a Restricted Share and if, after considering such representations and such other information as seems to them relevant, the Directors consider that the Share or Depositary Share should not be treated as a Restricted Share they will forthwith withdraw the Restricted Share Notice served in respect of such Share or Depositary Share and the provisions of paragraph (J) shall no longer apply to it. For the avoidance of doubt, any Share or Depositary Share which the Directors determine to deal with as a Restricted Share shall continue to be a Restricted Share unless and until the Directors withdraw the Restricted Share Notice relating thereto.

- (J) (i) A registered Holder of a Restricted Share or, where relevant, the registered holder of a Depositary Receipt evidencing Depositary Shares upon whom a Restricted Share Notice has been served or, where relevant, a Depositary shall not (if such Restricted Share Notice specified that the provisions of this sub-paragraph (i) are to apply thereto) be entitled, in respect of such Share or Depositary Share evidenced by the relevant Depositary Receipt, to attend or to speak at any general meeting of the Company or any meeting of the Holders of any class of Shares or to vote at any such meeting and the rights to attend (whether in person or by proxy), to speak and to demand and vote on a poll which, but for the provisions of this sub-paragraph (J)(i), would have attached to the Restricted Share shall vest in the chairman of such meeting. The manner in which the chairman exercises or refrains from exercising any such rights shall be entirely at his discretion. The chairman of any such meeting as aforesaid shall be informed by the Directors of any Share or Depositary Share becoming or being deemed to be a Restricted Share.
- (ii) The persons on whom a Restricted Share Notice has been served shall (if such Restricted Share Notice specifies that the provisions of this sub-paragraph (J)(ii) are to apply thereto), within twenty-one days of receiving such Restricted Share Notice (or such longer period as may in such Notice be prescribed by the Directors), make a Restricted Share Disposal so that no Affected Holder has an Interest in that Share (including an Interest held through Depositary Shares) the subject of the relevant Restricted Share Notice.
- (K) If a Restricted Share is not transferred by the Holder thereof in accordance with a Restricted Share Notice requiring such Restricted Share to be transferred within the required period from the date of the service thereof, then such Restricted Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit at the best price reasonably obtainable at the relevant time and in the relevant

circumstances, so that the Share, which is the subject of the Restricted Share Notice, thereafter ceases to be an Affected Share. Where for the purposes of such disposal, such Restricted Share is to be transferred to any person, the Directors may authorise some person to execute an instrument of transfer of the Restricted Share to that person or take such other steps as the Directors may consider necessary or desirable to effect such transfer. The Company may receive the consideration, if any, given for the Restricted Share on any sale or disposal thereof and the transferee shall be registered as the Holder or holder of the Restricted Share and shall not be concerned to see to the application of the purchase money, nor shall his title to the Restricted Share be affected by any irregularity or invalidity in the proceedings in reference to the disposal of the Restricted Share. The net proceeds of the disposal, after payment of the costs, shall be paid to the former Holder or holder of the Restricted Share upon surrender to the Company for cancellation of the certificate for the Restricted Share sold or such other evidence of title to the Restricted Share sold as the Directors consider appropriate;

- (L) A Restricted Share Notice may be withdrawn by the Directors at any time before the relevant Restricted Shares are transferred in accordance with its terms;
- (M) (i) Subject to sub-paragraph (ii), in deciding which Shares are to be dealt with as Restricted Shares the Directors shall be entitled to have regard to the Interests in Affected Shares which in their sole opinion have directly or indirectly caused the determination under sub-paragraph(H) of this Article but subject thereto shall, so far as practicable, firstly treat as Restricted Shares those Affected Shares in respect of which no declaration as to whether or not such Shares are Affected Shares has been made by the Holder or joint Holder thereof and where information requested as to the nationality of parties having an Interest in such Shares is not provided within 14 days of a request being made under Article 7 or in accordance with Article 44(E), as the case may be, and thereafter shall have regard to the chronological order in which particulars of Affected Shares have been, or are to be, entered in the Separate Register (and accordingly treat as Restricted Shares those Affected Shares which have been acquired, or details of which have been entered in the Separate Register, most recently) save in circumstances where such criterion would in the sole opinion of the Directors be inequitable, in which event the Directors shall apply such other criterion or criteria as they may, in their absolute discretion, consider appropriate.

- (ii) Subject to the provisions of this sub-paragraph (ii), the Directors shall not have regard to any transfer of Affected Shares by an Affected Holder to an Affiliate of such Affected Holder in considering the chronological order in which particulars of Affected Shares have been entered in the Separate Register for the purposes of sub-paragraph (i) and, for such purpose, shall only have regard to the date upon which particulars of Affected Shares were first entered in the Separate Register until such time as they are transferred to a party who is not an Affiliate of the Affected Holder of such Affected Shares. The provisions of this sub-paragraph (ii) are without prejudice to, and shall not affect, the ability of the Directors to apply criteria other than the chronological order in which particulars of Affected Shares have been entered in the Separate Register where the latter criterion would be inequitable in determining which Affected Shares are to be treated as Restricted Shares pursuant to sub-paragraph (i). The Directors may require any Affected Holder to produce evidence, to their satisfaction, that any transfer of Affected Shares by or to such Affected Holder has been a transfer by an Affected Holder to an Affiliate of such Affected Holder for the purposes of this sub-paragraph (ii) and, where the Directors so request, any such transfer shall not be treated as a transfer by an Affected Holder to an Affiliate of such Affected Holder for the purposes of this sub-paragraph (ii) until such evidence has been produced to the Directors.
  
- (N) Notwithstanding any other provision of these Articles, the Directors shall not be obliged to serve any notice required under this Article upon any person if they do not know either his identity or address. The absence of service in such circumstances as aforesaid and any accidental error in or failure to give any notice to any person upon whom notice is required to be served under this Article shall not prevent the implementation of or invalidate any procedure under this Article.
  
- (O) For the purposes of this Article a person who has an Interest in Shares the registered holder of which is a Stock Exchange Nominee (other than an Interest arising solely as a result of a Stock Exchange Nominee being the registered holder of such Shares) shall not (in the absence of any other reason why he should be so treated) be deemed to have an Interest in the remainder of the Shares held by such Stock Exchange Nominee.
  
- (P) Any resolution, decision, determination or exercise of any discretion or power by the Directors pursuant to this Article 41 shall be final and



conclusive and they shall not be obliged to give any reasons therefor. The Directors shall be under no liability to the Company or any other person, so long as they act in good faith, for any failure to exercise any of the powers exercisable by them pursuant to this Article or for any erroneous determination made by them in exercise of their powers pursuant to this Article. Any disposal or transfer made, or other thing done, by or on behalf of, or on the authority of the Directors or any of them pursuant to this Article shall be conclusive and binding on all persons concerned and shall not be open to challenge on any ground whatsoever. Without prejudice to the generality of the foregoing, the Directors shall, so long as they act reasonably and in good faith, be under no liability to the Company or any other person for failing to treat any Share as an Affected Share or any person as an Affected Holder in accordance with the provisions of this Article and neither shall any of the Directors be liable to the Company or any other person if, having acted reasonably and in good faith, they determined erroneously that any Share is a Affected Share or any person is an Affected Holder or, on the basis of such determination or resolution of the Directors, they perform or exercise (or purport to perform or exercise) their duties, powers, rights or discretions under Article 41 in relation to such Share.

- (Q) The provisions of Articles 125 to 131A shall apply, mutatis mutandis, to service of notices upon any Member pursuant to this Article. Any notice required by this Article to be served upon a person who is not a Member or upon a person who is a Member but to whom Article 127 applies shall be deemed validly served if it is sent through the post in a pre-paid cover addressed to that person at the address (or if more than one, at one of the addresses), if any, at which the Directors believe him to be resident or carrying on business. Service shall in such a case be deemed to be effected at the expiration of twenty-four hours (or, where second class mail is employed, forty-eight hours) after the time when the cover containing the same is posted and in proving such service it shall be sufficient that such cover was properly addressed, stamped and posted.
- (R) At any time when the Directors have resolved to specify a Permitted Maximum or deal with any Shares as Restricted Shares (other than on the first occasion when they resolve to specify a Permitted Maximum following the adoption of these Articles) they shall publish in at least one national newspaper in the State (and in a newspaper in any other country in which Shares or Depositary Receipts evidencing Depositary Shares are, at the instigation of the Company, listed, quoted or dealt in on any stock exchange) notice of such resolution and of any Permitted Maximum which has been specified, together with a statement of the provisions of this Article which can apply to Restricted Shares and the name of the person or persons who will answer enquiries relating to Restricted Shares on behalf of the Company. At other times the

Directors shall from time to time so publish information as to the number of Shares particulars of which have been entered in the Separate Register.

- (S) The Directors shall not be required to make the Separate Register available for inspection by any person but shall provide persons who make enquiries which the Directors determine in their sole discretion to be bona fide with information as to the aggregate number of Shares of which particulars are from time to time entered in the Separate Register.
- (T) The Directors may determine that a different definition of the term "EU National" shall apply for the purposes of these Articles, where they have obtained written confirmation from an appropriate governmental or regulatory body and such other confirmations as they require that such determination will not adversely affect the ability of the Directors to ensure compliance with any applicable law or regulation by exercising the powers conferred on them pursuant to these Articles following such determination.

## **Part VIII - Transmission of Shares**

### **42. Death of Member**

If a Member dies the survivor or survivors where he was a joint Holder, and his personal representatives where he was a sole Holder or the only survivor of joint Holders, shall be the only persons recognised by the Company as having any title to his interest in the Shares; but nothing herein contained shall release the estate of a deceased Member from any liability in respect of any Share which had been jointly held by him.

### **43. Transmission on death or bankruptcy**

A person becoming entitled to a Share in consequence of the death or bankruptcy of a Member may elect, upon such evidence being produced as the Directors may properly require, either to become the Holder of the Share or to have some person nominated by him registered as the transferee. If he elects to become the Holder he shall give notice to the Company to that effect. If he elects to have another person registered he shall execute an instrument of transfer of the Share to that person. All of the provisions of these Articles relating to the transfer of Shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer executed by the Member and the death or bankruptcy of the Member had not occurred.

#### **44. Rights before registration**

A person becoming entitled to a Share by reason of the death or bankruptcy of a Member (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the Share) shall (notwithstanding that he is not entered on the Register as the holder of the Share) have the rights to which he would be entitled if he were the Holder of the Share, except that, before being registered as the Holder of the Share, he shall not be entitled in respect of it to attend or vote at any meeting of the Company or at any separate meeting of the Holders of any class of Shares in the Company, so, however, that the Directors, at any time, may give notice requiring any such person to elect either to be registered himself or to transfer the Share and, if the notice is not complied with within ninety days, the Directors thereupon may withhold payment of all dividends, bonuses or other moneys payable in respect of the Share until the requirements of the notice have been complied with.

### **Part IX - Alteration of Share Capital**

#### **45. Increase of capital**

- (a) The Company from time to time by ordinary resolution may increase the share capital by such sum, to be divided into Shares of such amount, as the resolution shall prescribe.
- (b) Subject to the provisions of the Acts, the new Shares shall be issued to such persons, upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct and, if no direction be given, as the Directors shall determine and in particular such Shares may be issued with a preferential or qualified right to dividends and in the distribution of the assets of the Company and with a special, or without any, right of voting.
- (c) Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new Shares shall be considered part of the pre-existing ordinary capital and shall be subject to the provisions herein contained with reference to calls and instalments, transfer and transmission, forfeiture, lien and otherwise.

#### **46. Consolidation, sub-division and cancellation of capital**

The Company, by ordinary resolution, may:-

- (a) consolidate and divide all or any of its share capital into Shares of larger amount;
- (b) subject to the provisions of the Acts, subdivide its Shares, or any of them, into Shares of smaller amount, so however that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share

shall be the same as it was in the case of the Share from which the reduced Share is derived (and so that the resolution whereby any Share is sub-divided may determine that, as between the Holders of the Shares resulting from such sub-division, one or more of the Shares may have, as compared with the others, any such preferred, deferred or other rights or be subject to any such restrictions as the Company has power to attach to unissued or new Shares); or

- (c) cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and reduce the amount of its authorised share capital by the amount of the Shares so cancelled.

#### **47. Fractions on consolidation**

Subject to the provisions of these Articles, whenever as a result of a consolidation of Shares any Members would become entitled to fractions of a Share, the Directors may sell, on behalf of those Members, the Shares representing the fraction for the best price reasonably obtainable to any person and distribute the proceeds of sale in due proportion among those Members, and the Directors may take such steps as the Directors consider are necessary or desirable in order to effect such sale and, for this purpose, may authorise any person to execute an instrument of transfer of the Shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the Shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

#### **48. Reduction of capital**

The Company, by special resolution, may reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required, by law.

#### **49. Purchase of own Shares**

Subject to the provisions of the Acts and to any rights conferred on the Holders of any class of Shares, the Company may purchase all or any of its Shares of any class (including any redeemable Shares). Every contract for the purchase of, or under which the Company may become entitled or obliged to purchase, Shares in the Company shall be authorised by a special resolution of the Company. Neither the Company nor the Directors shall be required to select the Shares to be purchased rateably or in any particular manner as between the Holders of Shares of the same class or as between them and the Holders of Shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of Shares. Subject as aforesaid, the Company may cancel any Shares so purchased or may hold them as treasury Shares and issue any such treasury Shares as Shares of any class or classes or cancel them. Notwithstanding anything to the contrary contained in these Articles, the rights attached to any class of Shares shall be deemed not to be varied by anything done by the Company pursuant to this Article.

## **Part XX - General Meetings**

### **50. Annual general meetings**

The Company shall hold in each year a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notices calling it. Not more than fifteen months shall elapse between the date of one annual general meeting and that of the next.

### **51. Extraordinary general meetings**

All general meetings other than annual general meetings shall be called extraordinary general meetings.

### **52. Convening general meetings**

The Directors may convene general meetings. Extraordinary general meetings may also be convened by the Directors on such requisition, or in the event of default by the Directors may be convened by such requisitionists and in such manner, as may be provided by the Acts. If at any time there are not within the State sufficient Directors capable of acting to form a quorum, any Director or any two Members of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which general meetings may be convened by the Directors.

### **53. Notice of general meetings**

- (a) Subject to the provisions of the Acts allowing a general meeting to be called by shorter or longer notice, an annual general meeting and an extraordinary general meeting shall be called by at least twenty-one Clear Days' notice.
- (b) Any notice convening a general meeting shall specify the time and place of the meeting and, in the case of special business, the general nature of that business and, in reasonable prominence, that a Member entitled to attend and vote is entitled to appoint a proxy to attend, speak and vote in his place and that a proxy need not be a Member of the Company. It shall also give particulars of any Directors who are to retire by rotation or otherwise at the meeting and of any persons who are recommended by the Directors for appointment or re-appointment as Directors at the meeting, or in respect of whom notice has been duly given to the Company of the intention to propose them for appointment or re-appointment as Directors at the meeting. Subject to any restrictions imposed on any Shares, the notice shall be given to all the Members and to the Directors and the Auditors.

- (c) The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at the meeting.
- (d) Where, by any provision contained in the Acts, extended notice is required of a resolution, the resolution shall not be effective (except where the Directors of the Company have resolved to submit it) unless notice of the intention to move it has been given to the Company not less than such number of days as the Acts permit before the meeting at which it is moved, and the Company shall give to the Members notice of any such resolution as required by and in accordance with the provisions of the Acts.
- (e) The Directors may, for the purpose of controlling the level of attendance at any place specified for the holding of a general meeting, from time to time make such arrangements whether involving the issue of tickets (on a basis intended to afford to all Members otherwise entitled to attend such meeting an equal opportunity of being admitted to the meeting) or the imposition of some random means of selection or otherwise as they shall in their absolute discretion consider to be appropriate, and may from time to time vary any such arrangements or make new arrangements in place therefor and the entitlement of any Member or proxy to attend a general meeting at such place shall be subject to any such arrangements as may be for the time being in force and by the notice of meeting stated to apply to that meeting. In the case of any general meeting to which such arrangements apply the Directors shall, and in the case of any other general meeting the Directors may, when specifying the place of the general meeting, direct that the meeting shall be held at a place specified in the notice at which the chairman of the meeting shall preside ("the Principal Place") and make arrangements for simultaneous attendance and participation at other places by members otherwise entitled to attend the general meeting but excluded therefrom under the provisions of this Article or who wish to attend at any of such other places provided that persons attending at the Principal Place and at any of such other places shall be able to see and hear and be seen and heard by persons attending at the Principal Place and at such other places. Such arrangements for simultaneous attendance may include arrangements for controlling the level of attendance in any manner aforesaid at such other places provided that they shall operate so that any such excluded members as aforesaid are able to attend at one of such other places. For the purposes of all other provisions of these Articles any such meeting shall be treated as being held and taking place at the Principal Place.
- (f) Any request by a Member to table a draft resolution under section 133B(1)(b) of the 1963 Act in respect of an extraordinary general meeting shall be received by the Company in hardcopy form or in electronic form at the address or addresses specified by the Company for that purpose at least fourteen days before the extraordinary general meeting to which it relates.

## **Part XI - Proceedings at General Meetings**

### **54. Quorum for general meetings**

- (a) No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Except as provided in relation to an adjourned meeting, three Members, present in person or by proxy, entitled to vote upon the business to be transacted, shall be a quorum.
- (b) If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such time and place as the Directors may determine. If at the adjourned meeting such a quorum is not present within half an hour from the time appointed for the meeting, the meeting, if convened otherwise than by resolution of the Directors, shall be dissolved, but if the meeting shall have been convened by resolution of the Directors, two persons entitled to be counted in a quorum present at the meeting shall be a quorum.

### **55. Special business**

All business shall be deemed special that is transacted at an extraordinary general meeting. All business that is transacted at an annual general meeting shall also be deemed special with the exception of declaring a dividend, the consideration of the accounts, balance sheets and reports of the Directors and Auditors, the election of Directors in the place of those retiring (whether by rotation or otherwise), the fixing of the remuneration of the Directors, the re-appointment of the retiring Auditors and the fixing of the remuneration of the Auditors.

### **56. Chairman of general meetings**

- (a) The chairman of the board of Directors or, if such person is not an EU National or in his absence, the deputy chairman (if any) or, if such person is not an EU National or in his absence, some other Director who is an EU National nominated by the Directors shall preside as chairman at every general meeting of the Company. If at any general meeting none of such persons shall be present within fifteen minutes after the time appointed for the holding of the meeting and willing to act, the Directors present shall elect one of their number to be chairman of the meeting and, if there is only one Director present and willing to act, he shall be chairman.
- (b) If at any meeting no Director is willing to act as chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the Members present and entitled to vote shall choose one of the Members personally present (who must be an EU National) to be chairman of the meeting.

**57. Directors' and Auditors' right to attend general meetings**

A Director shall be entitled, notwithstanding that he is not a Member, to attend and speak at any general meeting and at any separate meeting of the Holders of any class of Shares in the Company. The Auditors shall be entitled to attend any general meeting and to be heard on any part of the business of the meeting which concerns them as the Auditors.

**58. Adjournment of general meetings**

The Chairman, with the consent of a meeting at which a quorum is present, may (and if so directed by the meeting, shall) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for fourteen days or more or sine die, at least seven Clear Days' notice shall be given, in the same manner as it was given for the meeting, specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid it shall not be necessary to give any notice of an adjourned meeting.

**59. Determination of resolutions**

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Unless a poll is so demanded a declaration by the Chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. The demand for a poll may be withdrawn before the poll is taken but only with the consent of the Chairman, and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made. Voting may also be undertaken by way of such electronic devices as are for the time being and from time to time approved by the Directors in their absolute discretion and Articles 62-66 shall be interpreted accordingly.

**60. Amendments to resolutions**

If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the Chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.



## **61. Entitlement to demand poll**

Subject to the provisions of the Acts, a poll may be demanded:

- (a) by the chairman of the meeting;
- (b) by at least three Members present (in person or by proxy) having the right to attend and vote at the meeting;
- (c) by any Member or Members present (in person or by proxy) representing in aggregate not less than one-tenth of the total voting rights of all the Members having the right to attend and vote at the meeting; or
- (d) by a Member or Members present (in person or by proxy) holding Shares in the Company conferring the right to attend and vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

## **62. Taking of a poll**

- (a) Save as provided in paragraph (b) of this Article and subject to compliance with the requirements of the Acts, a poll shall be taken in such manner (including by the use of a ballot, electronic devices, voting papers or tickets) as the chairman in his discretion may direct and he may appoint scrutineers (who need not be Members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- (b) A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time (not being more than thirty days after the poll is demanded) and place as the chairman of the meeting may direct. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- (c) No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded.

In any other case at least seven Clear Days' notice shall be given specifying the time and place at which the poll is to be taken.

**63. Votes of Members**

Votes may be given either personally or by proxy. Subject to any rights or restrictions for the time being attached to any class or classes of Shares and to the provisions of Article 41, on a show of hands every Member present in person and every proxy shall have one vote, so, however, that no individual shall have more than one vote, and on a poll every Member shall have one vote for every Share carrying voting rights of which he is the Holder.

**64. Chairman's casting vote**

Where there is an equality of votes, whether on a show of hands or on a poll the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to any other vote he may have.

**65. Voting by joint Holders**

Where there are joint Holders of a Share, the vote of the senior who tenders a vote, whether in person or by proxy, in respect of such Share shall be accepted to the exclusion of the votes of the other joint Holders; and for this purpose seniority shall be determined by the order in which the names of the Holders stand in the Register in respect of the Share.

**66. Voting by incapacitated Holders**

A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction (whether in the State or elsewhere) in matters concerning mental disorder, may vote, whether on a show of hands or on a poll, by his committee, receiver, guardian or other person appointed by that court and any such committee, receiver, guardian or other person may vote by proxy on a show of hands or on a poll.

Evidence to the satisfaction of the Directors of the authority of the person claiming to exercise the right to vote pursuant to this Article shall be deposited at the Office or at such other place as is specified in accordance with these Articles for the deposit of instruments of proxy, not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

**67. Default in payment of calls**

Unless the Directors otherwise determine, no Member shall be entitled to vote at any general meeting or any separate meeting of the Holders of any class of Shares in the Company, either in person or by proxy, or to exercise any privilege as a Member in respect of any Share held by him unless all moneys then payable by him in respect of that Share have been paid.

## 68. Restriction of voting and other rights

- (a) If at any time the Directors shall determine that a Specified Event (as defined in paragraph (h)) shall have occurred in relation to any Share or Shares the Directors may serve a notice to such effect on the Holder or Holders thereof. Upon the expiry of a period of 14 days following the service of any such notice (in these Articles referred to as a "Restriction Notice") and for so long as such Restriction Notice shall remain in force, no Holder or Holders of the Share or Shares specified in such Restriction Notice ("the Relevant Shares") shall be entitled to attend or vote at any general meeting, either personally or by proxy in respect of such Relevant Shares; and the Directors shall, where the Restricted Shares represent not less than 0.25 per cent. of the total number of issued Shares of the same class of Shares as the Relevant Shares, be entitled:
  - (i) to withhold payment of any dividend or other amount payable in respect of the Relevant Shares without any liability to pay interest thereon when such money is paid to the Member; and/or
  - (ii) to refuse to register any transfer of the Relevant Shares (other than a transfer made as part of a sale to a bona fide unconnected third party where evidence that such is the case has been provided to the Directors upon a request being made by them in writing to the Holder or Holders of the Relevant Shares) or any renunciation of or any allotment of new Shares or debentures made in respect thereof.
- (b) A Restriction Notice shall be cancelled by the Directors as soon as reasonably practicable, but in any event not later than forty-eight hours after the Holder or Holders concerned or any other relevant person shall have remedied the default by virtue of which the Specified Event shall have occurred;
- (c) A Restriction Notice shall automatically cease to have effect in respect of any Share transferred upon registration of the relevant transfer provided that a Restriction Notice shall not cease to have effect in respect of any transfer where no change in the beneficial ownership of the Share shall occur and for this purpose it shall be assumed that no such change has occurred where a transfer form in respect of the Share is presented for registration having been stamped at a reduced rate of stamp duty by virtue of the transferor or transferee claiming to be entitled to such reduced rate as a result of the transfer being one where no beneficial interest passes.
- (d) The Directors shall cause a notation to be made in the Register against the name of any Holder or Holders in respect of whom a Restriction Notice shall have been served indicating the number of Shares specified in such Restriction Notice and shall cause such notation to be deleted upon cancellation or cesser of such Restriction Notice.

- (e) Where dividends or other payments are not paid as a result of restrictions imposed on Relevant Shares, such dividends or other payments shall accrue and shall be payable (without interest) upon the cancellation of the Restriction Notice.
- (f) Any determination of the Directors and any notice or request served by them pursuant to the provisions of this Article shall be conclusive as against the Holder or Holders of any Share and the validity of any notice or request served by the Directors in pursuance of this Article shall not be questioned by any person.
- (g) If, while any Restriction Notice shall remain in force in respect of any Holder or Holders of any Shares, such Holder or Holders shall be issued with any further Shares as a result of such Holder or Holders not renouncing any allotment of Shares made to him or them pursuant to a capitalisation issue under Articles 122 to 124, the Restriction Notice shall be deemed also to apply to such Holder or Holders in respect of such further Shares on the same terms and conditions as were applicable to the said Holder or Holders immediately prior to such issue of further Shares.
- (h) For the purpose of these Articles the expression "Specified Event" in relation to any Share shall mean either of the following events:-
  - (i) the failure by the Holder or Holders thereof to pay any call or instalment of a call in the manner and at the time appointed for payment thereof; or
  - (ii) the failure by the Holder thereof or any of the Holders thereof or any other relevant person to comply, to the satisfaction of the Directors, with all or any of the terms of Section 81 of the 1990 Act and/or Article 7 in respect of any notice or notices given to him or any of them thereunder.

#### **69. Time for objection to voting**

No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered and every vote not disallowed at such meeting shall be valid. Any such objection made in due time shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

#### **70 Appointment of proxy**

Every Member entitled to attend and vote at a general meeting may appoint a proxy (or, where Shares are held in different securities accounts more than one proxy, but so that the number of proxies appointed shall not exceed the number of securities accounts in which Shares are held by that Member) to attend, speak and vote on his behalf. A Member acting as an intermediary on behalf of a client may grant a proxy to each of his clients, or to any third party designated by a client. The appointment of a proxy shall be in writing in any usual form or in any other form (including in electronic form) which the Directors

may approve and shall be executed by or on behalf of the appointer (or otherwise authenticated in such manner or form as the Directors may approve). Any signature on such appointment of a proxy need not be witnessed. A body corporate may execute a form of proxy under its common seal or under the hand of a duly authorised officer thereof. A proxy need not be a Member. No appointment of a proxy shall be valid after twelve months have elapsed from the date named in it as the date of its execution.

**71. Bodies corporate acting by representatives at meetings**

Any body corporate which is a Member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the body corporate which he represents as that body corporate could exercise if it were an individual Member of the Company.

**72. Delivery and receipt of an appointment of proxy**

The appointment of a proxy and any authority under which it is executed (or otherwise authenticated in a manner approved by the Directors) or a copy of such authority (or the information contained therein), certified notarially or in some other way authenticated in a manner approved by the Directors, shall be delivered to or lodged at the Office or (at the option of the Member) at such other place or places (if any) as may be specified for that purpose in or by way of note to the notice convening the meeting not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. Provided that:-

- (a) in the case of a meeting which is adjourned to, or a poll which is to be taken on, a date which is less than seven days after the date of the meeting which was adjourned or at which the poll was demanded, it shall be sufficient if the appointment of a proxy and any such authority and certification thereof as aforesaid is delivered to or lodged with the Secretary at the commencement of the adjourned meeting or the taking of the poll;
- (b) an appointment of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require to be delivered again for the purposes of any subsequent meeting to which it relates
- (c) appointments of a proxy may, provided they are received in legible form, be submitted by telefax to such telefax number as may be specified by the Secretary for such purpose provided that in the case of such telefax appointment of proxy, the Secretary shall have endorsed the same with a certificate stating that he is satisfied as to the authenticity thereof; and

- (d) when two or more valid but differing appointments of a proxy are received in respect of the same shares for use at the same meeting, the one bearing the later date shall be treated as replacing and revoking the other; if the appointments are undated the last one received shall be treated as valid; and if the Company is unable to determine which was the last received, none shall be treated as valid, and a certificate endorsed by the Secretary stating that the appointment is valid or invalid, as the case may be, shall be conclusive for all purposes.

## **72A Electronic proxy**

Notwithstanding anything contained elsewhere in these Articles, in relation to any Shares, the Directors may from time to time permit appointments of proxies to be made by electronic means (including without limitation by means of Electronic Communication generated and sent by Members to the Company via a website for this purpose using identification numbers communicated by or on behalf of the Company to each Member) in such manner or form and subject to such terms, conditions or restrictions as the Directors may, subject to and in accordance with the Acts, determine or approve from time to time in their absolute discretion. Subject as aforesaid, the Company and its Directors, Secretary or officers shall not be compelled to accept or receive any instrument appointing a proxy in accordance with this Article 72A until such time as the Directors shall have advised (pursuant to any terms and conditions of Electronic Communication or otherwise) the Members in writing of the manner, form and restrictions (if any) by which such appointment may be made. The Directors may prescribe the method of determining the time at which any such appointment of a proxy is to be treated as received by the Company. The Directors may treat any such appointment which purports to be or is expressed to be sent on behalf of a Member as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that Member.

For the purposes of Articles 72 and 72A, delivery of the appointment of proxy by the Member shall be to such number (including identification number) or address (including any number or address used for the purpose of communication by way of electronic mail or other Electronic Communication) or by such other means as is notified by the Directors to the Members whether by way of note to the notice convening the meeting or otherwise.

## **73. Effect of proxy appointments**

Delivery or lodging of an appointment of a proxy in respect of a meeting shall not preclude a Member from attending and voting at the meeting or at any adjournment thereof. The appointment of a proxy shall be valid, unless the contrary is stated therein, as well for any adjournment of the meeting as for the meeting to which it relates and shall be deemed to include the right to demand or join in demanding a poll.

#### **74. Effect of revocation of a proxy or of an authorisation**

A vote given or poll demanded in accordance with the terms of an appointment of a proxy or a resolution authorising a representative to act on behalf of a body corporate shall be valid notwithstanding the death or insanity of the principal or the revocation of the appointment of a proxy or of the authority under which the appointment of a proxy was executed or otherwise authenticated in a manner approved by the Directors (as the case may be) or of the resolution authorising the representative to act or transfer the Share in respect of which the appointment of a proxy or the authorisation of the representative to act was given, provided that (a) no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office or at such other address as may be specified in the notice of meeting or in the notes thereto at least one hour or such longer period as may be specified by the Directors and so notified in the notice of meeting or in the notes thereto as aforesaid before the commencement of the meeting or adjourned meeting at which the appointment of a proxy is used or at which the representative acts and (b) in the case of any such intimation being given in electronic form, no such intimation shall have been received by the Company at least 24 hours before the commencement of the meeting, or such longer period as may be specified by the Directors and so notified in the notice of meeting or in the notes thereto as aforesaid before the commencement of the meeting or adjourned meeting at which the appointment of a proxy is used or at which the representative acts.

The Directors may send, at the expense of the Company, by post, by electronic means or otherwise, to the Members appointments of a proxy (with or without stamped envelopes for their return) for use at any general meeting or at any class meeting, either in blank or nominating any one or more of the Directors or any other persons in the alternative. If for the purpose of any meeting invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the expense of the Company, such invitations shall be issued to all (and not to some only) of the Members entitled to be sent a notice of the meeting and to vote thereat by proxy. The accidental omission to issue the appointments of proxy herein referred to, or the non-receipt of any such invitation by, any Member entitled to receive such invitation shall not invalidate the proceedings at any such meeting.

### **Part XII - Directors**

#### **75. Number of Directors**

- (a) Unless otherwise determined by the Company in General Meeting the number of Directors shall not be more than fifteen nor less than three. The continuing Directors may act notwithstanding any vacancy in their body, provided that if the number of the Directors is reduced below the prescribed minimum the remaining Director or Directors shall appoint forthwith an additional Director or additional Directors to make up such minimum or shall convene a general meeting of the Company for the purpose of making such appointment. If there be no Director or Directors able or willing to act then any two Members may summon a general

meeting for the purpose of appointing Directors. Any additional Director so appointed shall hold office (subject to the provisions of the Acts and these Articles) only until the conclusion of the annual general meeting of the Company next following such appointment unless he is re-elected during such meeting and he shall not retire by rotation at such meeting or be taken into account in determining the Directors who are to retire by rotation at such meeting.

- (b) A majority of the Directors shall at all times be EU Nationals and the Directors shall procure that, at all times, all executive Directors and the chief executive officer of the Company are EU Nationals.

### **Share qualification**

- 76.** A Director shall not require a Share qualification.

### **77. Ordinary remuneration of Directors**

The ordinary remuneration of the Directors shall be determined from time to time by an ordinary resolution of the Company and shall be divisible (unless such resolution shall provide otherwise) among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of the remuneration related to the period during which he has held office.

### **78. Special remuneration of Directors**

Any Director who holds any executive office (including for this purpose the office of Chairman or Deputy Chairman) or who serves on any committee, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.

### **79. Expenses of Directors**

The Directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors or general meetings or separate meetings of the Holders of any class of Shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

### **80. Alternate Directors**

- (a) Any Director may appoint by writing under his hand any person (including another Director) to be his alternate provided always (i) that no such appointment of a person other than a Director as an alternate shall be operative unless and until such appointment shall have been approved by resolution of the Directors and (ii)



that any Director who is an EU National may only appoint a person who is an EU National as his alternate.

- (b) An alternate Director shall be entitled, subject to his giving to the Company an address within the State, the United Kingdom or the United States of America, to receive notices of all meetings of the Directors and of all meetings of committees of Directors of which his appointor is a member, to attend and vote at any such meeting at which the Director appointing him is not personally present and in the absence of his appointor to exercise all the powers, rights, duties and authorities of his appointor as a Director (other than the right to appoint an alternate hereunder).
- (c) Save as otherwise provided in these Articles, an alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director appointing him. The remuneration of any such alternate Director shall be payable out of the remuneration paid to the Director appointing him and shall consist of such portion of the last mentioned remuneration as shall be agreed between the alternate and the Director appointing him.
- (d) A Director may revoke at any time the appointment of any alternate appointed by him. If a Director shall die or cease to hold the office of Director the appointment of his alternate shall thereupon cease and determine but if a Director retires by rotation or otherwise but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate Director made by him which was in force immediately prior to his retirement shall continue after his re-appointment.
- (e) Any appointment or revocation pursuant to this Article 80 may be sent by delivery, post, cable, telegram, telex, telefax, electronic mail or any other means of communication approved by the Directors and may bear a printed or facsimile signature of the Director making such appointment or revocation or in any other manner approved by the Directors.

### **Part XIII - Powers of Directors**

#### **81. Directors' powers**

Subject to the provisions of the Acts, the Memorandum of Association of the Company and these Articles and to any directions by the Members given by ordinary resolution, not being inconsistent with these Articles or with the Acts, the business of the Company shall be managed by the Directors who may do all such acts and things and exercise all the powers of the Company as are not by the Acts or by these Articles required to be done or exercised by the Company in general meeting. No alteration of the Memorandum of Association of the Company or of these Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been

made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the Directors by these Articles and a meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.

## **82. Power to delegate**

Without prejudice to the generality of the last preceding Article, the Directors may delegate (with power to sub- delegate) any of their powers to any Managing Director or any other Director holding any other executive office and to any committee consisting of one or more Directors together with such other persons (if any) as may be appointed to such committee by the Directors provided that a majority of the members of each committee appointed by the Directors shall at all times consist of Directors and that no resolution of any such committee shall be effective unless a majority of the members of the committee present at the meeting at which it was passed are Directors. Insofar as any such power or discretion is delegated to a committee any reference in these Articles to the exercise by the Directors of the power or discretion so delegated shall be read and construed as if it were a reference to the exercise thereof by such a committee. Any such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the provisions of these Articles regulating the proceedings of Directors so far as they are capable of applying.

## **83. Appointment of attorneys**

The Directors, from time to time and at any time by power of attorney under seal, may appoint any company, firm or person or fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit. Any such power of attorney may contain such provisions for the protection of persons dealing with any such attorney as the Directors may think fit and may authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

## **84. Local management**

Without prejudice to the generality of Articles 82 and 83 the Directors may establish any committees, local boards or agencies for managing any of the affairs of the Company, either in the State or elsewhere, and may appoint any persons to be members of such committees, local boards or agencies and may fix their remuneration and may delegate to any committee, local board or agent any of the powers, authorities and discretions vested in the Directors with power to sub-delegate and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such

delegation, but no person dealing in good faith with any such committee, local board or agency, without notice of any such removal, annulment or variation shall be affected thereby.

**85. Borrowing powers**

The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property, assets, and uncalled capital or any part thereof subject to Part III of the 1983 Act and to issue debentures, debenture stock and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party, without any limitation as to amount.

**86. Execution of negotiable instruments**

All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person or persons and in such manner as the Directors shall determine from time to time by resolution.

**87. Provision for employees**

The Directors may exercise any power conferred by the Acts to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries in connection with the cessation or the transfer to any person of the whole or any part of the undertaking of the Company or that subsidiary.

**Part XIV - Appointment and Retirement of Directors**

**88. Retirement by rotation**

- (a) At each annual general meeting of the Company one third of the Directors who are subject to retirement by rotation, rounded down to the next whole number if it is a fractional number, shall retire from office, but if there is only one Director who is subject to retirement by rotation then he shall retire.
- b) The Directors, (including any Directors holding executive office pursuant to these Articles) to retire by rotation shall be those who have been longest in office since their last appointment or reappointment but as between persons who became or were last reappointed Directors on the same day those to retire shall be determined (unless they otherwise agree among themselves) by lot.
- (c) A Director who retires at an annual general meeting may be reappointed, if willing to act. If he is not reappointed (or deemed to be reappointed pursuant to these Articles) he shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.

- (d) Notwithstanding any other provision of this Article 88, if any of the Directors who are Directors of the Company on the date of adoption of these Articles retires prior to or at the Third Annual General Meeting held following the date of adoption of these Articles, other than in accordance with the provisions of this Article 88 (a "Retiring Director"), any Director appointed to replace any such Director or, for the avoidance of doubt, any Director taking the place on the Board originally held by a Retiring Director (in each case a "Substitute Director") shall be deemed to have been appointed a Director of the Company on the date on which the Retiring Director was appointed a Director of the Company, solely for the purpose of determining which of the Directors are to retire by rotation in accordance with the provisions of this Article 88. If no Director is appointed to replace any such Retiring Director or any Substitute Director then, notwithstanding that no such Director is appointed, none of the Directors of the Company on the date of adoption of these Articles shall be required to retire in accordance with the provisions of this Article 88 at an earlier date than he could otherwise have been required to retire had such Retiring Director not retired and the number of Directors to retire at any annual general meeting in accordance with the provisions of this Article 88 shall accordingly be reduced, if necessary. The terms of this Article 88(d) shall cease to apply following the Third Annual General Meeting held following the date of adoption of these Articles.
- (e) Notwithstanding any of the foregoing provisions of this Article 88, in order to ensure that all of the Directors have been subject to retirement by rotation at one of any three consecutive Annual General Meetings of the Company, any Directors who has not been subject to retirement by rotation at either of the two previous Annual General Meetings of the Company shall retire at the third of such Annual General Meetings.

#### **89. Deemed reappointment**

If the Company, at the meeting at which a Director retires by rotation, does not fill the vacancy, the retiring Director, if willing to act, shall be deemed to have been re-appointed unless at the meeting it is resolved not to fill the vacancy or a resolution for the reappointment of the Director is put to the meeting and lost.

#### **90 Eligibility for appointment**

- (a) No person other than a Director retiring by rotation shall be appointed a Director at any annual general meeting unless he is recommended by the Directors or unless a draft resolution for the appointment of such person (accompanied by the particulars which would be required, if he were to be so appointed, to be included in the Company's register of Directors together with a notice executed by that person of his willingness to be appointed) shall have been proposed by a Member entitled to vote at the meeting and received by the Company in hardcopy form or in electronic form at least forty-two days before the meeting to which it relates, and passed at that meeting in compliance with the Acts and these Articles.

- (b) In the case of a general meeting other than an annual general meeting, no person other than a Director retiring as aforesaid or a person recommended by the Directors shall be appointed unless a draft resolution for the appointment of such person (accompanied by the particulars which would be required, if he were to be so appointed, to be included in the Company's register of Directors together with a notice executed by that person of his willingness to be appointed) shall have been proposed by a Member entitled to vote at the meeting and received by the Company in hardcopy form or in electronic form not less than seven nor more than forty-two Clear Days before the meeting to which it relates, and passed at that meeting in compliance with the Acts and these Articles.
- (c) No Director shall be required to retire on account of age.

#### **91. Appointment of additional Directors**

Subject as aforesaid, the Company by ordinary resolution may appoint a person to be a Director either to fill a vacancy or as an additional Director and may also determine the rotation in which any additional Directors are to retire.

The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of Directors. A Director so appointed shall hold office only until the next following annual general meeting and shall not be taken into account in determining the Directors who are to retire by rotation at the meeting. If not re-appointed at such annual general meeting, such Director shall vacate office at the conclusion thereof.

### **Part XV - Disqualification and Removal of Directors**

#### **92. Disqualification of Directors**

The office of a Director and, in the case of (f) the office of the Chairman, shall be vacated ipso facto if:

- (a) he ceases to be a Director by virtue of any provision of the Acts or he becomes prohibited by law from being a Director;
- (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (c) in the opinion of a majority of his co-Directors, he becomes incapable by reason of mental disorder of discharging his duties as a Director;
- (d) (not being a Director holding for a fixed term an executive office in his capacity as a Director) he resigns his office by notice to the Company;

- (e) he is convicted of an indictable offence, unless the Directors determine otherwise;
- (f) the Directors resolve to remove him pursuant to Article 41;
- (g) he shall have been absent for more than six consecutive months without permission of the Directors from meetings of the Directors held during that period and his alternate director (if any) shall not have attended any such meeting in his place during such period and the Directors pass a resolution that by reason of such absence he has vacated office;
- (h) he is removed from office by notice in writing served upon him signed by all his co-directors; if he holds an appointment to an executive office which thereby automatically determines, such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company.

### **93. Removal of Directors**

The Company, by ordinary resolution of which extended notice has been given in accordance with the provisions of the Acts, may remove any Director before the expiry of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director and may, if thought fit, by ordinary resolution appoint another Director in his stead. The person appointed shall be subject to retirement at the same time as if he had become a Director on the date on which the Director in whose place he is appointed was last appointed a Director. Nothing in this Article shall be taken as depriving a person removed hereunder of compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating with that of Director.

## **Part XVI - Directors' Offices and Interests**

### **94. Executive offices**

- (a) The Directors may appoint one or more of their body to the office of Managing Director or to any other executive office under the Company (including, where considered appropriate, the office of the Chairman) on such terms and for such period as they may determine and, without prejudice to the terms of any contract entered into in any particular case, may revoke any such appointment at any time.
- (b) A Director holding any such executive office shall receive such remuneration, whether in addition to or in substitution for his ordinary remuneration as a Director and whether by way of salary, commission, participation in profits or otherwise or in any combination of the foregoing as the Directors may determine.

- (c) The appointment of any Director to the office of Chairman or Managing Director shall determine automatically if he ceases to be a Director (other than where he is re-appointed as a Director at an Annual General Meeting of the Company having retired by rotation in accordance with these Articles) but without prejudice to any claim for damages for breach of any contract of service between him and the Company.
- (d) The appointment of any Director to any other executive office shall not determine automatically if he ceases from any cause to be a Director unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.
- (e) A Director may hold any other office or place of profit under the Company (except that of Auditor) in conjunction with his office of Director, and may act in a professional capacity to the Company, on such terms as to remuneration and other-wise as the Directors shall arrange.

**95. Disclosure of interests by Directors**

A Director or shadow director of the Company who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall comply with the provisions of Section 194 of the 1963 Act with regard to the disclosure of such interest by declaration.

**96. Directors' interests**

- (a) A Director notwithstanding his office but subject to his having disclosed any interest which he is required to disclose whether by these Articles or the Acts in accordance with these Articles or the Acts as the case may be:-
  - (i) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or any subsidiary or Associated Company thereof or in which the Company or any subsidiary or Associated Company thereof is otherwise interested;
  - (ii) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company or any subsidiary or Associated Company thereof is otherwise interested; and
  - (iii) shall not be accountable, by reason of his office, to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such

transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

- (b) No Director or intended Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the other company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason solely of such Director holding that office or of the fiduciary relationship thereby established. The nature of a Director's interest must be declared by him at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration or, if the Director was not at the date of that meeting interested in the proposed contract or arrangements at the next meeting of the Directors held after he became so interested, and in a case where the Director becomes interested in a contract or arrangement after it is made at the first meeting of the Directors held after he becomes so interested.
- (c) A copy of every declaration made and notice given under this Article shall be entered within three days after the making or giving thereof in a book kept for this purpose. Such book shall be open for inspection without charge by any Director, Secretary, Auditor or Member of the Company at the Office and shall be produced at every general meeting of the Company and at any meeting of the Directors if any Director so requests in sufficient time to enable the book to be available at the meeting.
- (d) For the purposes of this Article:-
  - (i) a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons or company is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified with the relevant party; and
  - (ii) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.



**97. Restriction on Directors' voting**

- (a) Save as otherwise provided by these Articles, a Director shall not vote at a meeting of the Directors or a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly or together with any person or persons connected with him an interest which is material or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum present at a meeting in relation to any such resolution on which he is not entitled to vote.
- (b) A Director shall be entitled (unless he has some material interest or duty which conflicts or may conflict with the interests of the Company which is not indicated below) to vote (and be counted in the quorum) in respect of any resolutions concerning any of the following matters, namely:-
  - (i) the giving of any security, guarantee or indemnity to him in respect of money lent by him to the Company or any of its subsidiary or Associated Companies or obligations incurred by him on behalf of the Company or any of its subsidiaries at the request of or for the benefit of the Company or any of its subsidiary or Associated Companies;
  - (ii) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary or Associated Companies for which he himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
  - (iii) any proposal concerning any offer of Shares or debentures or other securities of or by the Company or any of its subsidiary or Associated Companies for subscription, purchase or exchange in which offer he is entitled to participate as a holder of Shares, debentures or other securities or in which he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
  - (iv) any proposal concerning any other company in which he is interested, directly or indirectly or together with any person or persons connected with him and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested, directly or indirectly in one per cent. or more of the issued shares of any class of such company or of the voting rights available to members of such company (any such interest being deemed for the purposes of this Article to be a material interest in all circumstances);

- (v) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval for taxation purposes by the appropriate Revenue authorities which does not award the Director any privilege or benefit not generally awarded to the employees to whom such arrangement or scheme relates;
  - (vi) any proposal concerning the adoption, modification or operation of any scheme for enabling employees (including full time executive Directors) of the Company and/or any subsidiary thereof to acquire Shares in the Company or any arrangement for the benefit of employees of the Company or any of its subsidiaries which does not award the Director any privilege or benefit not generally awarded to the employees to whom such scheme or arrangement relates; or
  - (vii) any proposal concerning the giving of any indemnity pursuant to Article 139 or the discharge of the cost of any insurance cover to be arranged in connection therewith.
- (c) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred from voting thereon), shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (d) If a question arises at a meeting of Directors or of a committee of Directors as to the materiality of a Director's interest or as to the right of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question may be referred, before the conclusion of the meeting, to the chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive except in a case where the nature or extent of the interest of such Director has not been fully and fairly disclosed; provided that, if such question arises in relation to the chairman of the meeting, he shall temporarily vacate the chair.
- (e) For the purposes of this Article, an interest of a person who is the spouse or a minor child of a Director shall be treated as an interest of the Director and in relation to an alternate director, an interest of his appointor shall be treated as an interest of the alternate director.

- (f) The Company by ordinary resolution may suspend or relax the provisions of this Article to any extent or ratify any transaction not duly authorised by reason of a contravention of this Article.

**98. Entitlement to grant pensions**

The Directors may provide benefits, whether by way of pensions, gratuities or otherwise, for any Director, former Director or other officer or former officer of the Company or to any person who holds or has held any employment with the Company or with any body corporate which is or has been a subsidiary of or an Associated Company of the Company or a predecessor in business of the Company, any subsidiary of the Company or of any such Associated Company and to any member of his family or any person who is or was dependent on him and may set up, establish, support, alter, maintain and continue any scheme for providing all or any such benefits and for such purposes any Director accordingly may be, become or remain a member of, or rejoin, any scheme and receive or retain for his own benefit all benefits to which he may be or become entitled thereunder. The Directors may pay out of the funds of the Company any premiums, contributions or sums payable by the Company under the provisions of any such scheme in respect of any of the persons or class of persons above referred to who are or may be or become members thereof.

**Part XVII - Proceedings of Directors**

**99. Convening and regulation of Directors' meetings**

- (a) Subject to the provisions of these Articles, the Directors may regulate their proceedings as they think fit. A Director may, and the Secretary at the request of a Director shall, call a meeting of the Directors. Any Director may waive notice of any meeting and any such waiver may be retrospective. If the Directors so resolve, it shall not be necessary to give notice of a meeting of Directors to any Director who, being a resident of the State, is for the time being absent from the State. At least seven days notice must be given to each Director of a meeting of the Directors.
- (b) Notice of a meeting of the Directors shall be deemed to be duly given to a Director if it is in writing and is either given to him or is sent by delivery, post, cable, telegram, telex, telefax, electronic mail or otherwise in electronic form, (whether as an electronic communication or otherwise) or any other means of communication approved by the Directors to him at his last known address or any other address or number (including any address or number used for the purpose of communication by way of electronic mail or other electronic communication) given by him to the Company for this purpose.

#### **100. Quorum for Directors' meetings**

- (a) Subject to Article 100(d), the quorum for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed at any other number shall be three. A person who holds office only as an alternate director shall, if his appointer is not present, be counted in a quorum but notwithstanding that such person may act as alternate director for more than one Director he shall not count as more than one for the purposes of determining whether a quorum is present.
- (b) Any Director who ceases to be a Director at a meeting of the Directors may continue to be present and to act as a Director and to be counted in the quorum until the termination of the meeting provided no other Director objects and provided also that otherwise a quorum of Directors would not be present.
- (c) The continuing Directors or a sole Director may act notwithstanding any vacancies in their number but if the number of Directors is less than the number fixed as the quorum, they may act only for the purpose of filling vacancies or of calling a general meeting.
- (d)
  - (i) Until the Fourth Annual General Meeting of the Company held following the date of adoption of these Articles, the meetings of the Board of Directors of the Company shall not be quorate unless any one of David Bonderman, Jeffrey Shaw or Richard Schifter or any alternate Director of any such party appointed in accordance with these Articles of Association attends or such parties consent to the meeting being held notwithstanding that none of them are present, provided however that if any meeting of the Board of Directors is deemed inquorate because of the application of this Article 100(d), this Article 100(d) shall not apply to the next following meeting of the Board of Directors. If either David Bonderman, Jeffrey Shaw or Richard Schifter ceases to be a Director of the Company the reference to him in this Article 100 shall be deemed to be deleted automatically.
  - (ii) Notwithstanding any other provision of this Article 100, a meeting of the Board of Directors of the Company shall not be quorate unless a majority of the Directors present are EU nationals.

#### **101. Voting at Directors' meetings**

- (a) Questions arising at any meeting of Directors shall be decided by a majority of votes. Where there is an equality of votes, the chairman of the meeting shall not have a second or casting vote.
- (b) Subject as hereinafter provided, each Director present and voting shall have one vote and in addition to his own vote shall be entitled to one vote in respect of each

other Director not present at the meeting who shall have authorised him in respect of such meeting to vote for such other Director in his absence. Any such authority may relate generally to all meetings of the Directors or to any specified meeting or meetings and must be in writing and may be sent by delivery, post, cable, telegram, telex, telefax, or may be provided in electronic form (whether as an electronic communication or otherwise) or sent by any other means of communication approved by the Directors and may bear a printed or facsimile signature of the Director giving such authority or may be otherwise authenticated in such manner as may be prescribed by the Directors. The authority must be delivered to the Secretary prior to or must be produced at the first meeting at which a vote is to be cast pursuant thereto provided that no Director shall be entitled to any vote at a meeting on behalf of another director pursuant to this paragraph if the other Director shall have appointed an alternate director and that alternate Director is present at the meeting at which the Director proposes to vote pursuant to this paragraph.

## **102. Electronic Meetings**

- (a) All or any of the directors, or all or any of the members of a committee of directors (a "Committee"), can take part in a meeting of the directors, or of a Committee as the case may be, by the use of conference telephone, video-conferencing or other telecommunications equipment designed to allow all persons participating to hear each other and speak (an "Electronic Meeting").
- (b) A person taking part in this way will be counted as being present at the meeting, and an Electronic Meeting will be considered to be a meeting of directors, or of a Committee as the case may be, for the purpose of passing resolutions but not for doing any other act or thing which, under specific requirements of the Acts, must be done at a meeting of directors.
- (c) A person may not cease to take part in an Electronic Meeting by disconnecting his telephone or other means of communication unless he has previously obtained the express consent of the chairman of the meeting and a person shall be conclusively presumed to have been present and to have formed part of the quorum at all times during the meeting unless he has previously obtained the express consent of the chairman of the meeting to leave the meeting.
- (d) An electronic meeting shall be deemed to take place where the largest group of those participating is assembled, or if there is no such group, where the chairman of the meeting is present.
- (e) The provisions of these regulations, in so far as they relate to the summoning of meetings of directors or of Committees, the appointment and powers of a chairman, the transaction of business, alternates, quorum, voting, adjournment and the keeping of minutes, will apply to an Electronic Meeting as if it were a

meeting of directors, or of a Committee as the case may be, at which all those taking part were in the physical presence of each other.

- (f) A minute of the proceedings of an Electronic meeting shall be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as a correct minute by the chairman of the meeting.

### **103. Chairman of the board of Directors**

Subject to any appointment to the office of Chairman made pursuant to these Articles, the Directors may elect a chairman of their meetings and determine the period for which he is to hold office, but if no such chairman is elected or if at any meeting the chairman is unwilling to act or is not present within five minutes after the time appointed for holding the same the Deputy Chairman if any, shall be the chairman of the meeting or if he is unwilling to act or is not present within five minutes after the time appointed for holding the same the Directors present may choose one of their number to be chairman of the meeting.

### **104f. Validity of acts of Directors**

All acts done by any meeting of the Directors or of a committee of Directors or by any person acting as a Director, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified from holding office or had vacated office, shall be as valid as if every such person had been duly appointed and was qualified to be a Director, had continued to be a Director and had been entitled to vote.

### **105. Directors' resolutions or other documents in writing**

A resolution or other document in writing signed (or otherwise authenticated in a manner determined by the Directors) by all the Directors entitled to receive notice of a meeting of Directors or of a committee of Directors shall be as valid as if it had been passed at a meeting of Directors or (as the case may be) a committee of Directors; duly convened and held and may consist of several documents in the like form each signed (or otherwise authenticated as aforesaid, as the case may be) by one or more Directors but a resolution signed (or otherwise authenticated as aforesaid, as the case may be) by an alternate director need not also be signed by his appointer and, if it is signed (or otherwise authenticated as aforesaid, as the case may be) by a Director who has appointed an alternate director, it need not be signed by the alternate director in that capacity. Such resolution or other document or documents when duly signed (or otherwise authenticated, as aforesaid as the case may be) may be delivered or transmitted (unless the Directors shall otherwise determine either generally or in any specific case) by facsimile transmission or some other similar means of transmitting the contents of documents or may be delivered or transmitted in electronic form, whether as an electronic communication or otherwise provided such manner of delivery or transmission has been approved by the Directors.

## **Part XVIII - The Secretary**

### **106. Appointment of secretary**

The Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit and any Secretary so appointed may be removed by them. Anything required or authorised by the Acts or these Articles to be done by or to the Secretary may be done by or to any assistant or acting Secretary or, if there is no assistant or acting Secretary readily available and capable of acting, by or to any officer or employee of the Company authorised generally or specially in that behalf by the Directors: Provided that any provision of the Acts or these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as a Director and as, or in the place of, the Secretary.

## **Part XIX - The Seal**

### **107. Use of Seal**

The Directors shall ensure that the Seal shall be used only by the authority of the Directors or of a committee authorised by the Directors.

### **108. Seal for use abroad**

The Company may exercise the powers conferred by the Acts with regard to having an official seal for use abroad and such powers shall be vested in the Directors.

### **109. Signature of sealed instruments**

- (a) Subject as provided in paragraph (b) of this Article, every instrument to which the Seal shall be affixed shall, as part of the sealing process, be signed by at least one Director or other person duly authorised in that behalf by the Directors and by the Secretary or one of the persons authorised as aforesaid (who has not already signed) and, in favour of any purchaser or person dealing with the Company in good faith, such signatures shall be conclusive evidence of the fact that the Seal has been properly affixed.
- (b) The Directors may by resolution determine, either generally or in any particular case, that in respect of certificates for Shares or debentures or other securities of the Company, the signature of any Director or of the Secretary or other person authorised by the Directors as aforesaid forming part of the sealing process may be applied or effected by non-autographic means, or that such certificates shall bear no signatures, and in favour of any registered holder or other person acquiring any such Shares or debentures or other securities in good faith a certificate executed in any of the modes of execution authorised herein

shall be as valid and effective as if such certificate was issued under the Seal of the Company pursuant to these Articles.

## **Part XX - Dividends and Reserves**

### **110. Declaration of dividends**

- (a) Subject to the provisions of the Acts, the Company by ordinary resolution may declare dividends in accordance with the respective rights of the Members, but no dividend shall exceed the amount recommended by the Directors. Dividends may be declared or paid in any currency.
- (b) The Directors may at their discretion make provision to enable any Holder of Ordinary Shares as they shall from time to time determine to receive dividends duly declared in a currency or currencies other than Irish pounds. For the purposes of the circulation of the amount receivable in respect of any dividend, the rate of exchange to be used to determine the foreign currency equivalent of any sum payable as a dividend shall be such market rate selected by the Directors as they shall consider appropriate ruling at the close of business in Dublin on the date which is the business day last preceding (a) in the case of a dividend to be declared by the Company in general meeting, the date on which the Directors publicly announce their intention to recommend that specific dividend and (b) in the case of any other dividend, the date on which the Directors publicly announce their intention to pay that specific dividend.
- (c) Where a Holder of Ordinary Shares has elected or agreed pursuant to provision made under these Articles to receive dividends in a currency other than Irish pounds the Directors may at their discretion make such arrangements as they deem necessary to enable payment of the dividend to be made to such Holders in such currency for value on the date on which the relevant dividend is paid, or such later date as the Directors may determine.

### **111. Scrip dividends**

The Directors may, if authorised by an ordinary resolution of the Company, offer any Holders of Ordinary Shares the right to elect to receive Ordinary Shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the Directors) of any dividend specified by the ordinary resolution. The following provisions shall apply (subject always to the provisions of the Acts):

- (a) An ordinary resolution may specify a particular dividend, or may specify all or any dividends declared within a specified period, but such period may not end later than the beginning of the annual general meeting next following the date of the meeting at which the ordinary resolution is passed.



- (b) The entitlement of each Holder of Ordinary Shares to new Ordinary Shares shall be such that the relevant value of the entitlement shall be as nearly as possible equal to (but not greater than) the cash amount (disregarding any tax credit) of the dividend that such holder elects to forgo. For this purpose, "relevant value" shall be calculated by reference to the average of the middle market quotations for the Company's Ordinary Shares on the Irish Stock Exchange as derived from the daily official list, on the day on which the Ordinary Shares are first quoted "ex" the relevant dividend and the four subsequent dealing days, or in such manner as may be determined by or in accordance with the ordinary resolution. A certificate or report by the auditors as to the amount of the relevant value in respect of any dividend shall be conclusive evidence of that amount.
- (c) On or as soon as practicable after announcing that the Company is to declare or recommend any dividend, the Directors, if they intend to offer an election in respect of that dividend, shall also announce that intention, and shall after determining the basis of allotment, if they decide to proceed with the offer, notify the Holders of Ordinary Shares in writing of the right of election offered to them and specify the procedure to be followed and place at which, and the latest time by which elections must be lodged in order to be effective. Any election by a holder of Ordinary Shares shall be binding on every successor in title to the Ordinary Shares in respect of which the election is made.
- (d) The Directors shall not proceed with any election unless the Company has sufficient unissued Shares authorised for issue and sufficient reserves or funds that may be capitalised to give effect to it after the basis of allotment is determined.
- (e) The Directors may exclude from any offer any Holders of Ordinary Shares where the Directors believe that the making of the offer to them would or might involve the contravention of the laws of any territory or that for any other reason the offer should not be made to them.
- (f) The dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable on Ordinary Shares in respect of which an election has been made ("the elected Ordinary Shares") and instead additional Ordinary Shares shall be allotted to the holders of the elected Ordinary Shares on the basis of allotment calculated as stated. For such purpose the Directors shall capitalise, out of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution as the Directors may determine, a sum equal to the aggregate nominal amount of the additional Ordinary Shares to be allotted on that basis and apply it in paying up in full the appropriate number of unissued Ordinary Shares for allotment and distribution to the holders of the elected Ordinary Shares on that basis and the provisions of Article 123 shall apply mutatis mutandis to any capitalisation made pursuant to this Article.

- (g) The additional Ordinary Shares when allotted shall rank pari passu in all respects with the fully-paid Ordinary Shares then in issue except that they will not be entitled to participation in the relevant dividend.
- (h)
  - (i) The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation with full power for the Directors to make such provisions as they think fit in the case of Shares becoming distributable in fractions (including provisions whereby, in whole or in part, the fractional entitlements are disregarded and, the benefit of fractional entitlements accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned. The Directors may, in their absolute discretion, if it shall in their opinion seem expedient, suspend or terminate (whether temporarily or otherwise) such right to elect and may do such acts and things considered necessary or expedient with regard to, or in order to effect, any such suspension or termination;
  - (ii) Notwithstanding the foregoing, the Directors may at any time prior to payment of the relevant dividend determine, if it appears to them desirable to do so because of a change in circumstances, that the dividend shall be payable wholly in cash and if they so determine then all elections made shall be disregarded. The relevant dividend shall be payable wholly in cash if the Ordinary Shares of the Company cease to be listed or dealt in on any recognised stock exchange at any time prior to the due date of issue of the additional Ordinary Shares or, if such listing is suspended and not reinstated by the date immediately preceding the due date of such issue.

## **112. Interim and fixed dividends**

Subject to the provisions of the Acts, the Directors may declare and pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the Directors may declare and pay interim dividends on Shares which confer deferred or non-preferred rights with regard to dividend as well as on Shares which confer preferential rights with regard to dividend, but subject always to any restrictions for the time being in force (whether under these Articles, under the terms of issue of any Shares or under any agreement to which the Company is a party, or otherwise) relating to the application, or the priority of application, of the Company's profits available for distribution or to the declaration or as the case may be the payment of dividends by the Company. Subject as aforesaid, the Directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the Directors act in good faith they shall not

incur any liability to the Holders of Shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any Shares having deferred or non-preferred rights.

### **113. Payment of dividends**

- (a) Except as otherwise provided by the rights attached to Shares, all dividends shall be declared and paid according to the amounts paid up on the Shares on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid; but, if any Share is issued on terms providing that it shall rank for dividend as from a particular date, such Share shall rank for dividend accordingly. For the purposes of this Article, no amount paid on a Share in advance of calls shall be treated as paid on a Share.
- (b) If several persons are registered as joint Holders of any Share, any one of them may give effectual receipts for any dividend or other moneys payable on or in respect of the Share.

### **114. Deductions from dividends**

The Directors may deduct from any dividend or other moneys payable to any Member in respect of a Share any moneys presently payable by him to the Company in respect of that Share.

### **115. Dividends in specie**

A general meeting declaring a dividend may direct, upon the recommendation of the Directors, that it shall be satisfied wholly or partly by the distribution of assets (and, in particular, of paid up Shares, debentures or debenture stock of any other company or in any one or more of such ways) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to the distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof in order to adjust the rights of all the parties and may determine that cash payments shall be made to any Members upon the footing of the value so fixed and may vest any such specific assets in trustees.

**116. Payment of dividends by post**

Any dividend or other moneys payable in respect of any Share may be paid by cheque or warrant sent by post, at the risk of the person or persons entitled thereto, to the registered address of the Holder or, where there are joint Holders, to the registered address of that one of the joint Holders who is first named on the Register or to such person and to such address as the Holder or joint Holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and payment of the cheque or warrant shall be a good discharge to the Company. Any joint Holder or other person jointly entitled to a Share as aforesaid may give receipts for any dividend or other moneys payable in respect of the Share. The Directors may also, in circumstances which they consider appropriate, arrange for payment of dividends by electronic funds transfer, bank transfer or by any other method selected by the Directors from time to time and in such event the debiting of the Company's account in respect of the appropriate amount shall be deemed a good discharge of the Company's obligations in respect of any payment made by any such method.

**117. Dividends not to bear interest**

No dividend or other moneys payable by the Company on or in respect of any Shares shall bear interest against the Company unless otherwise provided by the rights attached to the Shares.

**118. Payment to Holders on a particular date**

Any resolution declaring a dividend on Shares of any class, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same may be payable to the persons registered as the Holders of such Shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se of transferors and transferees of any such Shares in respect of such dividend. The provisions of this Article shall apply, mutatis mutandis, to capitalisations to be effected in pursuance of these Articles.

**119. Unclaimed dividends**

If the Directors so resolve, any dividend which has remained unclaimed for twelve years from the date of its declaration shall be forfeited and cease to remain owing by the Company. The payment by the Directors of any unclaimed dividend or other moneys payable in respect of a Share into a separate account shall not constitute the Company a trustee in respect thereof. Any dividend, interest or other sum payable which remains unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.

## **120. Reserves**

Before recommending any dividend, whether preferential or otherwise, the Directors may carry to reserve out of the profits of the Company such sums as they think proper. All sums standing to reserve may be applied from time to time at the discretion of the Directors for any purpose to which the profits of the Company may be properly applied and at the like discretion may be either employed in the business of the Company or invested in such investments as the Directors may lawfully determine. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided as they may lawfully determine. Any sum which the Directors may carry to reserve out of the unrealised profits of the Company shall not be mixed with any reserve to which profits available for distribution have been carried. The Directors may also carry forward, without placing the same to reserve, any profits which they may think it prudent not to divide.

## **Part XXI - Accounts**

### **121. Accounts**

- (a) The Directors shall cause to be kept proper books of account, whether in the form of documents or otherwise, that:
  - (i) correctly record and explain the transactions of the Company,
  - (ii) will at any time enable the financial position of the Company to be determined with reasonable accuracy,
  - (iii) will enable the Directors to ensure that any balance sheet, profit and loss account or income and expenditure account of the Company complies with the requirements of the Acts, and
  - (iv) will enable the accounts of the Company to be readily and properly audited.
- (b) The books of account of the Company shall be kept on a continuous and consistent basis, that is to say, the entries therein shall be made in a timely manner and be consistent from one year to the next.
- (c) Proper books shall not be deemed to be kept if there are not kept such books of account as comply with the Acts and as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.
- (d) The books of account shall be kept at the Office or, subject to the provisions of the Acts, at such other place as the Directors think fit and shall be open at all reasonable times to the inspection of the Directors.

- (e) In accordance with the provisions of the Acts, the Directors shall cause to be prepared and to be laid before the annual general meeting of the Company from time to time such profit and loss accounts, balance sheets, group accounts and reports as are required by the Acts to be prepared and laid before such meeting.
- (f) A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the annual general meeting of the Company together with a copy of the Directors' report and Auditors' report shall be sent, not less than twenty-one Clear Days before the date of the annual general meeting, to every person entitled under the provisions of the Acts to receive them; and the required number of copies of these documents shall be forwarded at the same time to the appropriate sections of The Stock Exchanges.
- (g) Auditors shall be appointed and removed and their duties regulated in accordance with the Acts.

## **Part XXII - Capitalisation of Profits or Reserves**

### **122. Capitalisation of profits and reserves**

Without prejudice to any powers conferred on the Directors by these Articles, the Company in general meeting may resolve, upon the recommendation of the Directors, that any sum for the time being standing to the credit of any of the Company's reserves (including any capital redemption reserve fund or Share premium account) or to the credit of the profit and loss account be capitalised and applied on behalf of the Members who would have been entitled to receive that sum if it had been distributed by way of dividend and in the same proportions either in or towards paying up amounts for the time being unpaid on any Shares held by them respectively, or in paying up in full unissued Shares or debentures of the Company of a nominal amount equal to the sum capitalised (such Shares or debentures to be allotted and distributed credited as fully paid up to and amongst such Holders in the proportions aforesaid) or partly in one way and partly in another, so, however, that the only purposes for which such sums standing to the credit of the capital redemption reserve fund or the share premium account shall be applied shall be those permitted by the Acts.

### **123. Capitalisation and use of non-distributable profits and reserves**

Without prejudice to any powers conferred on the Directors as aforesaid, the Company in general meeting may resolve, on the recommendation of the Directors, that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account which is not available for distribution by applying such sum in paying up in full unissued Shares to be allotted as fully paid bonus Shares to those Members of the Company who would have been entitled to that sum if it were distributable and had been distributed by way of

dividend (and in the same proportions) and the Directors shall give effect to such resolution.

#### **124. Implementation of capitalisation issues**

Whenever such a resolution is passed in pursuance of either of the two immediately preceding Articles, the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares or debentures, if any, and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provisions as they shall think fit for the case of Shares or debentures becoming distributable in fractions (and, in particular, without prejudice to the generality of the foregoing, either to disregard such fractions or to sell the Shares or debentures represented by such fractions and distribute the net proceeds of such sale to and for the benefit of the Company or to and for the benefit of the Members otherwise entitled to such fractions in due proportions) and to authorise any person to enter on behalf of all the Members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares or debentures to which they may become entitled on such capitalisation or, as the case may require, for the payment up by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares and any agreement made under such authority shall be binding on all such Members.

### **Part XXIII - Notices**

#### **125. Notices in writing or by electronic communication**

Any notice to be given, served or delivered pursuant to these Articles shall be in writing or by electronic communication.

#### **126. Service of notices**

- (a) A notice or document (including a Share certificate) to be given, served or delivered in pursuance of these Articles or otherwise may be given to, served on or delivered to any Member by the Company:
  - (i) by handing same to him or his authorised agent;
  - (ii) by leaving the same at his registered address;
  - (iii) by sending the same by the post in a pre-paid cover addressed to him at his registered address; or
  - (iv) by delivering or making the same available in electronic form, whether as an electronic communication or otherwise subject to and in accordance with the provisions of these Articles.

- (b) Where a notice or document is given, served or delivered pursuant to sub-paragraph (a)(i) or (ii) of this Article, the giving, service or delivery thereof shall be deemed to have been effected at the time the same was handed to the Member or his authorised agent, or left at his registered address (as the case may be).
- (c) Where a notice or document is given, served or delivered pursuant to sub-paragraph (a)(iii) of this Article, the giving, service or delivery thereof shall be deemed to have been effected at the expiration of twenty-four hours after the cover containing it was posted. In proving service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted.
- (d) Where a notice, document or other information is given, served or delivered pursuant to sub-paragraph (a)(iv) it shall be treated as having been given, served or delivered
  - (i) by electronic mail, at the time it was sent; or
  - (ii) if made available or displayed on a website, when the recipient received or is deemed to have received notice of the fact that the notice, document or other information was available on the website.
- (de) Every legal personal representative, committee, receiver, curator bonis or other legal curator, assignee in bankruptcy or liquidator of a Member shall be bound by a notice given as aforesaid if sent to the last registered address of such Member (or otherwise delivered or made available in accordance with this Article), notwithstanding that the Company may have notice of the death, lunacy, bankruptcy, liquidation or disability of such Member.
- (f) Where a member has elected to receive notices documents or other information in electronic format, whether as an electronic communication or otherwise, the Company may notwithstanding such election and without giving advance notice to the Member, provide such notices or documents in accordance with any of the methods allowed for in sub-paragraphs a) (i), (ii), or (iii) of this Article and such provision shall satisfy the Company's obligation in this regard.
- (eg) Without prejudice to the provisions of sub-paragraphs (a) (i) and (ii) of this Article, if at any time by reason of:
  - (i) the suspension or curtailment of postal services within the State, the Company is unable effectively to convene a general meeting by notice sent through the post; or
  - (ii) the occurrence of any event or thing as a consequence of which the Company is unable effectively to convene a general meeting by



means of an electronic communication; a general meeting may be convened by a notice advertised on the same day in at least one leading national daily newspaper published in the State (and one national daily newspaper published in the United Kingdom and the United States of America) and such notice shall be deemed to have been duly served on or delivered to all Members entitled thereto at noon on the day on which the said advertisement or advertisements shall appear. In any such case the Company shall send confirmatory copies of the notice through the post to those Members whose registered addresses are outside the State (if or to the extent that in the opinion of the Directors it is practical so to do) or are in areas of the State unaffected by such suspension or curtailment of postal services and if at least ninety-six hours prior to the time appointed for the holding of the meeting the posting of notices to Members in the State, or any part thereof which was previously affected, has become practical in the opinion of the Directors, the Directors shall send forthwith confirmatory copies of the notice by post or electronic means, whether as an electronic communication or otherwise (as the case may be) to such Members. The accidental omission to give any such confirmatory copy of a notice of a meeting to, or the non-receipt of any such confirmatory copy by, any person entitled to receive the same shall not invalidate the proceedings at the meeting.

- (fh) Notwithstanding anything contained in this Article the Company shall not be obliged to take account of or make any investigations as to the existence of any suspension or curtailment of postal services within or in relation to all or any part of any jurisdiction or area other than the State and, in the case of sub-paragraph (g)(ii) of this Article, the Company shall not be obliged to carry out any tests or investigations into the causes of or circumstances surrounding the event or thing in question as a consequence of which the Company shall be unable effectively to convene a general meeting by means of an electronic communication other than such tests and investigations as may be used from time to time by the Company or its agents in relation to the use or operation of any systems for electronic communication.

## **127. Notices to members**

Any Member whose registered address is not within the State, the United Kingdom, the United States of America, the Channel Islands or the Isle of Man and who gives to the Company an address within any of the above territories at which notices may be served upon him shall be entitled to have notices served upon him at that address but unless he does so shall not be entitled to receive any notice from the Company.

## **128. Service on joint Holders**

A notice may be given by the Company to the joint Holders of a Share by giving the notice to the joint Holder whose name stands first in the Register in respect of the Share and notice so given shall be sufficient notice to all the joint Holders.

## **129. Service on transfer or transmission of Shares**

- (a) Every person who becomes entitled to a Share shall before his name is entered in the Register in respect of the Share, be bound by any notice in respect of that Share which has been duly given to a person from whom he derives his title provided that the provisions of this paragraph shall not apply to any notice served under Article 68 unless, under the provisions of Article 68(c), it is a notice which continues to have effect notwithstanding the registration of a transfer of the Shares to which it relates.
- (b) Without prejudice to the provisions of these Articles allowing a meeting to be convened by newspaper advertisement, a notice may be given by the Company to the persons entitled to a Share in consequence of the death or bankruptcy of a Member by sending or delivering it, in any manner authorised by these Articles for the giving of notice to a Member, addressed to them at the address, if any, supplied by them for that purpose. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

## **130. Signature to notices**

The signature to any notice to be given by the Company may be in writing or printed.

## **131. Deemed receipt of notices**

A Member present, either in person or by proxy, at any meeting of the Company or the Holders of any class of Shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

### **131A. Use of electronic communication**

- (a) Notwithstanding any other provision of these Articles, whenever any person (including without limitation the Company, a Director, the Secretary, any officer of the Company, a Member or any other person) is required or permitted by these Articles or otherwise to give or receive information in writing such information may be given in electronic form, whether as an electronic communication or otherwise in such a manner or form subject to such terms, conditions or restrictions as the Directors may determine or approve from time to time in their absolute discretion

(b) The Company and its Directors, Secretary or officers shall not be compelled to receive or to send electronic communications or information in electronic form under these Articles or otherwise until such time as the Directors shall have advised (pursuant to any terms and conditions of electronic communication or otherwise) the recipient or giver (as the case may be) in writing of the manner, form and restrictions (if any) by which such information may be sent or received.

## **Part XXIV - Winding up**

### **132. Distribution on winding up**

If the Company shall be wound up and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up or credited as paid up share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up or credited as paid up at the commencement of the winding up on the Shares held by them respectively. And if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the share capital paid up or credited as paid up at the commencement of the winding up, the excess shall be distributed among the Members in proportion to the capital at the commencement of the winding up paid up or credited as paid up on the said Shares held by them respectively. Provided that this Article shall not affect the rights of the Holders of Shares issued upon special terms and conditions.

### **133. Distribution in specie**

If the Company is wound up, the liquidator, with the sanction of a special resolution of the Company and any other sanction required by the Acts, may divide among the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and, for such purpose, may value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator, with the like sanction, may vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as, with the like sanction, he determines, but so that no Member shall be compelled to accept any assets upon which there is a liability.

## **Part XXV - Miscellaneous**

### **134. Minutes of meetings**

The Directors shall cause minutes to be made of the following matters, namely:-

- (a) of all appointments of officers and committees made by the Directors and of their salary or remuneration;
- (b) of the names of Directors present at every meeting of the Directors and of the names of any Directors and of all other members thereof present at every meeting of any committee appointed by the Directors; and
- (c) of all resolutions and proceedings of all meetings of the Company and of the Holders of any class of Shares in the Company and of the Directors and of committees appointed by the Directors.

Any such minute as aforesaid, if purporting to be signed by the Chairman of the meeting at which the proceedings were held, or by the Chairman of the next succeeding meeting, shall be receivable as prima facie evidence of the matters stated in such minute without any further proof.

### **135. Inspection**

The Directors shall determine from time to time whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members, not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Acts or authorised by the Directors or by the Company in general meeting. No Member shall be entitled to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it would be inexpedient in the interests of the Members of the Company to communicate to the public.

### **136. Secrecy**

- (a) Every officer of the Company or other person employed in the business of the Company shall, when required by the Directors before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting the business of the Company and all transactions of the Company with its customers and the state of accounts with individuals, and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties, except when required to do so by the Directors or by any general meeting or by a court of law or by the

person to whom such matters relate, and except so far as may be necessary in order to comply with any of the provisions of these Articles.

- (b) No member shall be entitled to require discovery of any information respecting any detail of the trading of the Company or any of its subsidiaries or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company or any of its subsidiaries, and which, in the opinion of the Directors, it would be inexpedient in the interests of the members of the Company or any such subsidiary to communicate to the public.

### **137. Destruction of records**

The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof, all notifications of change of address at any time after the expiration of two years from the date of recording thereof and all Share certificates and dividend mandates which have been cancelled or ceased to have effect at any time after the expiration of one year from the date of such cancellation or cessation. It shall be presumed conclusively in favour of the Company that every entry in the Register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument duly and properly registered and every Share certificate so destroyed was a valid and effective document duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that:

- (a) the provision aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and
- (c) references herein to the destruction of any document include references to the disposal thereof in any manner.

### **138. Untraced Shareholders**

The Company may sell any Shares in the Company on behalf of a Holder, or person entitled by transmission to, the Shares, if:-

- (a) the Shares have been in issue throughout the qualifying period and at least three cash dividends have become payable on the Shares during the qualifying period;

- (b) no cash dividend payable on the Shares has either been claimed by presentation to the paying bank of the relative cheque or warrant or been satisfied by the crediting of any account which the Holder has with the Company, whether in the sole name of such Holder or jointly with another person or persons, or by the transfer of funds to a bank account designated by the Holder of, or person entitled by transmission to, the Shares at any time during the relevant period;
- (c) the Company has not at any time during the relevant period received, so far as the Company at the end of the relevant period is then aware, any communication from the Holder of, or person entitled by transmission to, the Shares;
- (d) the Company has caused advertisements giving notice of its intention to sell the Shares to be published in a leading daily newspaper with a national circulation in the State and another in a newspaper circulating in the area of the address shown in the register of the Holder of, or person entitled by transmission to, the untraced Shares, and (in either such case) a period of three months has elapsed from the date of publication of the advertisement; and
- (e) the Company has given notice to the relevant departments of The Stock Exchanges of its intention to make the sale.

For the purposes of this Article:

*"the qualifying period"* means the period of twelve years immediately preceding the date of publication of the relevant advertisements referred to in sub-paragraph (d) above;

*"the relevant period"* means the period beginning at the commencement of the qualifying period and ending on the date when all the requirements of sub-paragraphs (a) to (e) above have been satisfied.

For the purposes of sub-paragraph (c) above, a statutory declaration that the declarant is a Director of the Company or the secretary and that the Company was not aware at the end of the relevant period of having at any time during the relevant period received any communication from the Holder of, or person entitled by transmission to, the Shares shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Shares.

If, after the publication of the advertisement referred to in sub-paragraph (d) above but before the Company has become entitled to sell the Shares pursuant to this Article, the requirements of sub-paragraph (b) or (c) above cease to be satisfied, the Company may nevertheless sell those Shares after the requirements of sub-paragraphs (a) to (e) above have been satisfied afresh in relation to them.

If during any relevant period further Shares have been issued in right of those held at the beginning of that relevant period or of any previously so issued during that relevant

period and all the requirements of sub- paragraphs (b) to (e) above have been satisfied in regard to the further Shares, the Company may also sell the further Shares.

The manner, timing and terms of any sale of Shares pursuant to this Article (including but not limited to the price or prices at which the same is made) shall be such as the Directors determine, based upon advice from such bankers, brokers or other persons as the Directors consider appropriate which are consulted by it for the purposes, to be reasonably practicable having regard to all the circumstances including the number of Shares to be disposed of and the requirement that the disposal be made without delay; and the Directors shall not be liable to any person for any of the consequences of reliance on such advice.

To give effect to any sale of Shares pursuant to this Article the Directors may take such steps as the Directors consider are necessary or desirable in order to effect such sale and, for this purpose, may authorise some person to transfer the Shares in question and may enter the name of the transferee in respect of the transferred Shares in the register notwithstanding the absence of any Share certificate being lodged in respect thereof and may issue a new certificate to the transferee and an instrument of transfer executed by that person or such other method of transfer as is employed by this person shall be as effective as if it had been executed or employed by the Holder of, or person entitled by transmission to, the Shares. The purchaser shall not be bound to see to the application of the purchase moneys nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

The Company shall account to the Holder or other person entitled to such Shares for the net proceeds of such sale by carrying all moneys in respect thereof to a separate account which shall be a permanent debt of the Company and the Company shall be deemed to be a debtor and not a trustee in respect thereof for such Holder or other person. Moneys carried to such separate account may be either employed in the business of the Company or invested in such investments as the Directors may think fit, from time to time.

### **139. Indemnity**

Subject to the provisions of and so far as may be permitted by the Acts, every Director, Managing Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses, and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court.

To the extent permitted by law, the Directors may arrange insurance cover at the cost of the Company in respect of any liability, loss or expenditure incurred by any Director, officer or the Auditors in relation to anything done or alleged to have been done or omitted to be done by him or them as Director, officer or Auditors.

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Dated the [ ] day of [ ]

Witness to the above signatures: [ ]



**Exhibit 12.1**

**Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a)  
of the Securities Exchange Act of 1934**

I, Michael O'Leary, certify that:

1. I have reviewed this annual report on Form 20-F of Ryanair Holdings plc (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's Board of Directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ MICHAEL O'LEARY

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**Michael O'Leary**  
**Chief Executive Officer**

Date: July 27, 2012

**Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a)  
of the Securities Exchange Act of 1934**

I, Howard Millar, certify that:

1. I have reviewed this annual report on Form 20-F of Ryanair Holdings plc (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of and for, the periods presented in this report;
4. The Company’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s Board of Directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

/s/ HOWARD MILLAR

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**Howard Millar**  
**Deputy Chief Executive and Chief Financial Officer**

Date: July 27, 2012

**Certification Pursuant to Rule 13a-14(b) or Rule 15d-14(b) of  
the Securities Exchange Act of 1934, as adopted pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002  
18 U.S.C. Section 1350**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Ryanair Holdings plc (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 20-F for the fiscal year ended March 31, 2012 (the "Form 20-F") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MICHAEL O'LEARY

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**Michael O'Leary**  
**Chief Executive Officer**

Date: July 27, 2012

/s/ HOWARD MILLAR

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**Howard Millar**  
**Deputy Chief Executive and Chief Financial Officer**

Date: July 27, 2012

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.