RYANAIR HOLDINGS PLC
Form 20-F
July 20, 2010
Table of Contents

As filed with the United States Securities and Exchange Commission on July 20, 2010

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

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Fiscal Year Ended: March 31, 2010

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: 0-29304

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	Name of each exchange on which registered
American Depositary Shares, each representing five Ordinary Shares	**The NASDAQ Stock Market LLC**
Ordinary Shares, par value 0.635 euro cent per share	**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**

Table of Contents

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.

1,478,935,935 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 x 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 x

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 x 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 x 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 x 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 x

(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 ¨

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

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. 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. poun 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 currenc sixteen 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 IFRS 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 at March 31, 2010 (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=$1.3526, or $1.00= 0.7393, the official rate published by the U.S. Federal Reserve Board in its weekly H.10 release (the Federal Reserve Rate) on March 31, 2010. The Federal Reserve Rate for euro on July 16, 2010 was 1.00=$1.2919 or $1.00= 0.7740. 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 Disclosure About Market Risk for a discussion of the effects of changes in exchange rates on the Company.

Table of Contents

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, 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, the value of its equity stake in Aer Lingus Group plc (Aer Lingus), 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.

Table of Contents

PART I

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

Not applicable.

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

Not applicable.

Item 3. ***Key Information***

THE COMPANY

Ryanair operates a low-fares, scheduled passenger airline serving short-haul, point-to-point routes in Europe and Morocco from its bases in Dublin, London (Stansted and Luton), Glasgow (Prestwick), Brussels (Charleroi), Frankfurt (Hahn), Milan (Bergamo), Stockholm (Skvasta), Rome (Ciampino), Barcelona (Girona), Nottingham East Midlands, Liverpool, Shannon, Pisa, Cork, Marseille, Madrid, Bremen, Dusseldorf (Weeze), Bristol, Alicante, Belfast, Bournemouth, Birmingham, Kerry, Edinburgh, Reus, Alghero, Cagliari, Trapani, Bologna, Pescara, Oporto, Bari, Brindisi, Leeds Bradford, Faro, Oslo (Rygge), Malaga, Kaunas and Malta airports, which together are referred to as Ryanair s bases of operations or Ryanair s bases. Ryanair plans to open a new base in Barcelona (El Prat) in September 2010 and a further new base in Valencia in November 2010. Ryanair pioneered the low-fares operating model in Europe in the early 1990s. As of June 30, 2010, the Company offered approximately 1,300 scheduled short-haul flights per day serving 155 airports throughout Europe and Morocco, with an operating fleet of 250 aircraft flying approximately 1,100 routes. The Company also holds a 29.8% interest in Aer Lingus, which it has acquired through market purchases following Aer Lingus partial privatization in 2006. The European Commission has prevented Ryanair from acquiring a majority stake in Aer Lingus and Ryanair filed an appeal with the European Court of First Instance (CFI). On July 6, 2010, the Court upheld the Commission s decision. Ryanair has two months and 10 days from such date to appeal this judgment. For additional information, see Item 8. Financial Information Other Financial Information Legal Proceedings Aer Lingus Merger Decision.

A detailed description of the Company s business can be found in Item 4. Information on the Company.

Table of Contents

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, (in millions, except per-Ordinary Share data)					
	2010(a)	**2010**	**2009**	**2008**	**2007**	**2006**
Total operating revenues	$ 4,041.7	2,988.1	2,942.0	2,713.8	2,236.9	1,692.5
Total operating expenses	(3,497.8)	(2,586.0)	(2,849.4)	(2,176.7)	(1,765.2)	(1,317.5)
Operating income	543.9	402.1	92.6	537.1	471.7	375.0
Net interest (expense) income	(65.7)	(48.6)	(55.0)	(13.2)	(19.9)	(35.7)
Other non-operating (expense) income	(16.9)	(12.5)	(218.1)	(85.0)	(0.8)	(0.4)
Profit (loss) before taxation	461.3	341.0	(180.5)	438.9	451.0	338.9
Taxation	(48.3)	(35.7)	11.3	(48.2)	(15.4)	(32.2)
Profit (loss) after taxation	$ 413.0	305.3	(169.2)	390.7	435.6	306.7
Ryanair Holdings basic earnings (loss) per Ordinary Share (U.S. cents)/(euro cent)(b)	27.97	20.68	(11.44)	25.84	28.20	20.00
Ryanair Holdings diluted earnings (loss) per Ordinary Share (U.S. cents)/(euro cent)(b)	27.86	20.60	(11.44)	25.62	27.97	19.87

Balance Sheet Data:

	As of March 31, (in millions)					
	2010(a)	**2010**	**2009**	**2008**	**2007**	**2006**
Cash and cash equivalents	$ 1,999.0	1,477.9	1,583.2	1,470.8	1,346.4	1,439.0
Total assets	$ 10,230.3	7,563.4	6,387.9	6,327.6	5,763.7	4,634.2
Long-term debt, including capital lease obligations	$ 3,998.6	2,956.2	2,398.4	2,266.5	1,862.1	1,677.7
Shareholders equity	$ 3,853.0	2,848.6	2,425.1	2,502.2	2,539.8	1,992.0
Issued share capital	$ 12.7	9.4	9.4	9.5	9.8	9.8

Cash Flow Statement Data:

	Fiscal year ended March 31, (in millions)					
	2010(a)	**2010**	**2009**	**2008**	**2007**	**2006**
Net cash inflow from operating activities	$ 1,178.8	871.5	413.2	703.9	900.8	610.6
Net cash (outflow) from investing activities	$ (2,095.3)	(1,549.1)	(388.3)	(692.3)	(1,189.0)	(337.3)
Net cash inflow from financing activities	$ 774.1	572.3	87.5	112.8	195.6	293.4
Increase (decrease) in cash and cash equivalents	$ (142.4)	(105.3)	112.4	124.4	(92.6)	566.7

(a) Dollar amounts are translated from euro solely for convenience at the Federal Reserve Rate on March 31, 2010, of 1.00=$1.3526 or $1.00= 0.7393.

(b) All per-Ordinary Share amounts have been adjusted to reflect the 2-for-1 split of Ordinary Shares (and ADRs) that occurred on February 26, 2007. For additional information, see Item 10. Additional Information Description of Capital Stock.

Table of Contents

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)

Year ended December 31,	End of Period	Average(b)	Low	High
2005	1.184	1.239		
2006	1.319	1.256		
2007	1.458	1.371		
2008	1.395	1.471		
2009	1.433	1.394		
Month ended				
January 31, 2010			1.389	1.451
February 28, 2010			1.352	1.396
March 31, 2010			1.330	1.378
April 30, 2010			1.316	1.366
May 31, 2010			1.223	1.320
June 30, 2010			1.195	1.236
Period ended July 16, 2010			1.244	1.292

U.K. pounds sterling per 1.00(c)

Year ended December 31,	End of Period	Average(b)	Low	High
2005	0.689	0.682		
2006	0.674	0.682		
2007	0.735	0.685		
2008	0.957	0.797		
2009	0.887	0.891		
Month ended				
January 31, 2010			0.866	0.900
February 28, 2010			0.867	0.893
March 31, 2010			0.891	0.912
April 30, 2010			0.864	0.888
May 31, 2010			0.846	0.870
June 30, 2010			0.809	0.836
Period ended July 16, 2010			0.824	0.844

Table of Contents

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

Year ended December 31,	End of Period	Average(b)	Low	High
2005	0.581	0.551		
2006	0.511	0.543		
2007	0.504	0.500		
2008	0.686	0.546		
2009	0.627	0.641		
Month ended				
January 31, 2010			0.610	0.627
February 28, 2010			0.626	0.656
March 31, 2010			0.651	0.675
April 30, 2010			0.646	0.659
May 31, 2010			0.656	0.698
June 30, 2010			0.662	0.693
Period ended July 16, 2010			0.651	0.665

(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. pounds sterling.

As of July 16, 2010, the exchange rate between the U.S. dollar and the euro was 1.00=$1.2919, or $1.00= 0.7740; the exchange rate between the U.K. pound sterling and the euro was U.K. £1.00= 1.1834, or 1.00=U.K. £0.8449; and the exchange rate between the U.K. pound sterling and the U.S. dollar was U.K. £1.00=$1.5289, or $1.00=U.K. £0.6541. 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.

Table of Contents

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.

Operating Data:

	Fiscal Year ended March 31,			
	2010	2009	2008	2007
Average Yield per Revenue Passenger Mile (RPM) ( )	0.052	0.060	0.065	0.070
Average Yield per Available Seat Miles (ASM) ( )	0.043	0.050	0.054	0.059
Average Fuel Cost per U.S. Gallon ( )	1.515	2.351	1.674	1.826
Cost per ASM (CASM) ( )	0.047	0.058	0.051	0.054
Operating Margin	13%	5%	20%	21%
Break-even Load Factor	73%	79%	67%	66%
Average Booked Passenger Fare ( )	34.95	40.02	43.70	44.10
Ancillary Revenue per Booked Passenger ( )	9.98	10.21	9.58	8.52

Other Data:

	Fiscal Year ended March 31,			
	2010	2009	2008	2007
Revenue Passengers Booked	66,503,999	58,565,663	50,931,723	42,509,112
Revenue Passenger Miles	44,841,072,500	39,202,293,374	34,452,733,067	26,943,689,231
Available Seat Miles	53,469,635,740	47,102,503,388	41,342,195,458	32,043,022,051
Booked Passenger Load Factor	82%	81%	82%	82%
Average Length of Passenger Haul (miles)	661	654	662	621
Sectors Flown	427,900	380,915	330,598	272,889
Number of Airports Served at Period End	153	143	147	123
Average Daily Flight Hour Utilization (hours)	8.89	9.59	9.87	9.77
Personnel at Period End	7,168	6,616	5,920	4,462
Personnel per Aircraft at Period End	31	36	36	34
Booked Passengers per Personnel at Period End	9,253	8,852	8,603	9,527

Table of Contents

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 2008 and 2009, peaking in July 2008. These increases had a significant impact on Ryanair s costs, and in turn, on its financial results contributing to the net loss recorded in the 2009 fiscal year, which reflected, among other things, a 59% increase in fuel costs between fiscal year 2008 and fiscal year 2009. 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 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 19, 2010, Ryanair had entered into forward jet fuel (jet kerosene) contracts covering approximately 90% of its estimated requirements for the fiscal year ending March 31, 2011 at prices equivalent to approximately $730 per metric ton. In addition, as of July 19, 2010, Ryanair had entered into forward jet fuel (jet kerosene) contracts covering approximately 90% of its estimated requirements for the period from April 2011 to September 2011 at prices equivalent to approximately $755 per metric ton. Because of the limited nature of its hedging program, the Company is exposed to risks arising from fluctuations in the price of fuel, especially in light of the recent volatility. Any new increase in fuel costs could have a material adverse effect on the Company s financial condition and results of operations. In addition, the recent 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 19, 2010, Ryanair had hedged 88% of its forecasted fuel-related dollar purchases against the euro at a rate of $1.38 per euro for the period to 30 June 2011, without, however, having entered into material hedging arrangements 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 2011 fiscal year or for future years may be significantly higher than current prices. Management estimates that every $1.00 movement in the price of a metric ton of jet fuel will impact Ryanair s net income by approximately 2.1 million, taking into account Ryanair s hedging program for the 2011 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 will tend to 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 will result in an increase, in absolute terms, in Ryanair s aggregate fuel costs.

Based upon Ryanair s fuel consumption for the 2010 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 0.9 million in the Company s annual fuel costs. Ryanair s fuel costs in the 2010 fiscal year, after giving effect to the Company s fuel hedging activities, decreased by 29% from the comparable period ended March 31, 2009, to 893.9 million, primarily due to the significant decrease in the cost of jet fuel. Ryanair estimates that its fuel costs would have been approximately 916.6 million in the 2010 fiscal year, as compared to 1,154.5 million in the 2009 fiscal year, had Ryanair not had any fuel hedging arrangements in place in either fiscal year.

Ryanair Has Decided to Freeze its Development in the U.K. Market and Curtail Certain U.K. Operations. Ryanair informed its U.K.-based pilots on June 16, 2009 that it had completed a review of its U.K. growth plans. The review was prompted by the recessionary environment in the U.K. and the impact it had had on Ryanair s business, coupled with the negative impact of the U.K. s then £10 Air Passenger Duty (APD), described in

6

more detail below. As a secondary issue, Ryanair also noted that the campaign conducted by the British Airline Pilots Association (BALPA) for union recognition had made Ryanair s position in the U.K. more uncertain. See 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 below.

As a result of the review, Ryanair announced its decision to temporarily freeze overall growth at its existing U.K. bases from June 16, 2009 onwards. However, the Company may selectively increase capacity at some U.K. airports where opportunities arise such as its launch of a new base at Leeds Bradford. Any changes in the announced policy will be dependent upon the recovery of the U.K. economy, the status of the U.K. s APD tourist tax and any other relevant factors (such as airport growth incentives). Furthermore, Ryanair announced on July 21, 2009 that, as a result of the U.K. government s £10 APD tourist tax (as well as the then scheduled increase in APD from £10 to £11, which occurred in November 2009) 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 from 24 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 would fall by 16% in the period from November 1, 2010 to March 31, 2011.

The decision to freeze the Company s development in the U.K. and reduce flights to and from London (Stansted) has presented some risks. In the past, the Company s growth has been largely dependent on flights to or from the U.K. Such flights represented 24.1% of total flights in the 2010 fiscal year. A weak U.K. economy, along with the Company s decision to freeze growth at its U.K. bases (with the exception of launching a base at Leeds Bradford), and reduce its London (Stansted) flights, may affect the overall growth of the Company. In addition, the abovementioned measures affecting U.K.-based pilots may affect the Company s labor relations. Such risks could lead to negative effects on the Company s financial condition and/or results of operations.

The Company May Not Be Successful in Reducing Business Costs to Offset Reduced Fares. 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, 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. In December 2002, the European Commission announced the launch of an investigation into the 2001 agreement between Ryanair and Brussels (Charleroi) airport and the airport s owner, the government of the Walloon Region of Belgium. The agreement enabled the Company to launch new routes and base up to four aircraft at Brussels (Charleroi).

In February 2004, the European Commission found that a portion of the arrangements between Ryanair, the airport, and the region constituted illegal state aid, and therefore ordered Ryanair to repay the amount of the benefit received in connection with those arrangements. In May 2004, Ryanair appealed the decision of the European Commission to the European Court of First Instance (CFI), requesting that the decision be annulled. The CFI heard Ryanair s appeal in March 2008. 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. Subsequently, the Walloon Region withdrew a separate action for 2.3 million against the Company.

Between July 2007 and March 2008, the European Commission launched formal investigations into Ryanair s agreements with the Lübeck, Schönefeld, Tampere, Alghero, Pau, Aarhus and Bratislava airports. These investigations are ongoing, with the exception of the Bratislava airport case, which concluded in January 2010 with a finding that the agreement was in full compliance with state-aid rules.

On June 17, 2008, the European Commission launched a further investigation into Ryanair s agreements at Frankfurt (Hahn) airport, which is a significant base for Ryanair. The European Commission announced in a public statement that its initial investigation had found that the airport might have acted like a private market investor but that it had insufficient evidence to reach a conclusion and therefore had elected to open a formal investigation. The formal investigation is ongoing.

Ryanair believes that the positive decision by the CFI in the Charleroi case has caused the Commission to rethink its policy in this area. However, adverse rulings in the Frankfurt (Hahn) or similar cases 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 was signed in April 2007 and 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 its route network as a result of the liberalization of the EU air transport market and greater public acceptance of the low-fares model. Increased price competition and the resulting lower fares, combined with continuous increases in the Company s capacity in recent years (including an increase of approximately 12% during the 2010 fiscal year), have combined to put downward pressure on the Company s yields. Ryanair s Yield per Available Seat Mile (YASM) decreased by 7.6% in the 2009 fiscal year and decreased further by 12.6% in the 2010 fiscal year.

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.

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 272 aircraft in its fleet by March 31, 2011. With the Company s current orders for aircraft it is obligated to buy (i.e., firm orders) under its contracts with The Boeing Company (Boeing), the Company expects to increase the size of its fleet to as many as 299 Boeing 737-800 aircraft by March 2013 (assuming that planned disposals of aircraft and returns of leased aircraft are completed on schedule). 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.

Table of Contents

Ryanair plans to finance its purchases of firm-order aircraft 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 a majority 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. 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 or drawn down financing for all 16 aircraft to be delivered in the period between the date hereof and January 2011 through Ex-Im Bank-supported finance leases (five of such aircraft remain subject to the issuance of preliminary credit guarantees by Ex-Im Bank). 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 Rapid 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. See Item 5. Operating and Financial Review and Prospects History. During the 2010 fiscal year, Ryanair announced 356 new routes originating from Belgium, France, Germany, Ireland, Italy, Lithuania, Malta, Norway, Portugal, Slovakia, Spain, Sweden and the U.K. Ryanair 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 2011 fiscal year to approximately 73.5 million passengers (prior to any reduction in passengers arising from the volcanic ash-related flight cancellations), an increase of approximately 11% over the approximately 66.5 million passengers booked in the 2010 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, 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 initially 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

9

Table of Contents

Item 4. Information on the Company Route System, Scheduling and Fares. Ryanair expects to have other substantial 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. 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 could make consumers less willing 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. Applicable EU regulations appear to prohibit the buying or selling of slots for cash, although media reports indicate that the buying and selling of slots may have occurred at certain airports in Europe. Regardless of any such sales, 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 bases, or the other non-slot airports Ryanair serves, will continue to operate without slot allocations 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 low-fares 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. For example, 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%. This increase in charges had a negative impact on yields and passenger volumes. In addition, the Dublin Airport Authority (DAA) recently completed a new terminal (Terminal 2) and other infrastructure at Dublin Airport at a cost in excess of 1.2 billion. As a result of this capital expenditure, airport fees per departing passenger increased by 27% in May 2010, from 13.61 to 17.23, and could increase by up to 8.0% in November 2010 to 18.64 following the opening of Terminal 2 in November 2010 and by up to a further 12.0% in January 2011 to 20.88 in accordance with the CAR s decision on December 4, 2009 in relation to airport charges between 2010 and 2014. Increases in airport charges tend to lead to increased fares and have an adverse impact on yields and passenger volumes at Dublin Airport. Ryanair has already responded to this change by moving to reduce capacity in both summer and winter periods. However, the Aviation Appeals Panel appointed by the Minister of Transport following a request from Ryanair ruled on June 2, 2010, that the Irish Commission for Aviation Regulation (CAR) should introduce differential pricing for the use of the existing Terminal 1 and the new Terminal 2. The CAR must decide whether to introduce such pricing by August 2, 2010. The Company is unsure as to whether the introduction of differential pricing will reduce costs at Dublin Airport. The increase in charges in May 2010, in combination with the introduction of the 10 Air Travel Tax described below, has led to substantially reduced passenger volumes and a significant decline in yields on flights to and from Dublin Airport. In June 2009, Ryanair announced that it was reducing its fleet at Dublin Airport to 17 by summer 2009, 16 by winter 2009, 15 by summer 2010 and 12 by winter 2010 (down from 22 in summer 2008 and 20 in winter 2008), as a result of rising airport charges and the introduction of an Air Travel Tax of 10 on all passengers departing from Irish airports on routes longer than 300 kilometers. Excluding the planned reduction by winter 2010, these reductions have been carried out. 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

10

Table of Contents

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 acquisition proposal was, however, blocked 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 Commission s decision. Ryanair has two months and 10 days from such date to appeal this judgment.

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 has two months and 10 days from such date to appeal this judgment to the Court of Justice of the EU. In addition to the risk that the Court of Justice may overturn the lower court s ruling, should Aer Lingus choose to appeal it, 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 attainable prices of the forced sale of such a significant portion of Aer Lingus shares.

During the 2010 fiscal year, Ryanair recorded an impairment charge recognized in the income statement of 13.5 million on its Aer Lingus shareholding reflecting a decline in the Aer Lingus share price from 0.59 at March 31, 2009 to 0.50 at June 30, 2009. The subsequent increase in the Aer Lingus share price from 0.50 at June 30, 2009 to 0.73 at March 31, 2010 resulted in a gain of 36.5 million, which was recognized through other comprehensive income within equity.

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. 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. 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, the Company was unable to secure the shareholders support, and accordingly on January 28, 2009, it withdrew its new offer for Aer Lingus.

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 (as of March 31, 2010), 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 planned payment of a 500 million dividend to shareholders, 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 has negotiated with all employee groups and has secured a pay freeze for fiscal years 2009, 2010 and 2011. In addition, the Company will eliminate any positions that may be identified as redundant. These steps may lead to deteriorations 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 currently conducts collective bargaining negotiations with groups of employees, including its pilots, regarding pay, work practices, and conditions of employment, through collective-bargaining unites 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 made a request for voluntary recognition under applicable U.K. legislation, which Ryanair rejected. BALPA has 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; however, in July 2009 BALPA confirmed that it was temporarily suspending its campaign. If BALPA were to proceed with an application to the CAC and be

Table of Contents

successful in such a ballot initiative, this would allow it to represent the U.K. pilots at some or all U.K. bases 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 and aircraft handling 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 improve service by reducing airfares as well as reducing check-in lines. 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, as a result of the need to have fewer check-in staff 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.

Table of Contents

Risks Related to the Airline Industry

Volcanic Ash Emissions Could Affect the Company s Results of Operations and Have a Material Adverse Effect on the Company s Results of Operations. Between April 17 and April 22, 2010, the majority 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 7,855 flights. Since then, there have been periodic closures of parts of the European airspace due to further emissions of ash from the same volcano, which have resulted in the cancellation of a further 1,635 flights.

Under the terms of Regulation (EC) No. 261/2004, described below, 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, but the Company expects that the amount will be significant. The Company 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 6.5 days of closure of European aerospace will amount to approximately 6 million per day, or approximately 40m for such initial period of closure. Based on the latest information available, the Company estimates that the cumulative costs in respect of volcanic ash disruptions experienced to date, excluding taxation credits, will amount to approximately 50 million. The Company has re-accommodated or refunded fares to approximately 1.5 million passengers due to flight cancellations.

Volcanic emissions may continue for some time and could lead to further 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 affect 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.

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 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. Total demand for European air travel has weakened between the period of the latter half of 2008 and the first half of 2010, which Ryanair believes can be primarily attributed to the crisis experienced in the worldwide credit markets, high oil prices and the global recession. 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. Furthermore, demand for air travel could be impacted by emissions of volcanic ash, as noted above.

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 £11 per passenger. The tax was previously set at £5 per passenger, but it was increased to £10 per passenger in 2007 and £11 in 2009. 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. 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.

Both the Belgian and Greek governments planned to introduce similar taxes; however, they have now cancelled plans to introduce these taxes. The Dutch government withdrew its travel tax with effect from July 1, 2009. 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 German government has also announced that it plans to introduce a passenger tax in 2010 for all departing passengers, however to date, no details on the amount of this charge have been published. The introduction of further government taxes on travel across Europe, such as that proposed by the German government in June 2010, could have a material negative impact on Ryanair s results of operations as a result of price-sensitive passengers being less likely to travel.

Table of Contents

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.

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. Otherwise, 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 Could Increase Costs. On November 19, 2008, the European Council of Ministers adopted legislation to add aviation to the EU Emissions Trading Scheme with effect from 2012. This scheme, which has thus far applied mainly to energy producers, is a cap-and-trade system for CO_2 emissions to encourage industries to improve their CO_2 efficiency. Under the legislation, airlines will be granted initial CO_2 allowances based on historical performance and a CO_2 efficiency benchmark. Any shortage of allowances will have to be purchased in the open market and/or at government auctions. The cost and amount of such allowances that Ryanair will have to buy in 2012 have yet to be determined. 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.

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.

Table of Contents

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 (in which a car filled with explosives was driven into Glasgow s airport) 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 2010 fiscal year, 17.8 million passengers were booked on Ryanair s flights into and out of London, representing 26.7% 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 service 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 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

Table of Contents

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 characterized by high fixed costs and by revenues that generally exhibit substantially greater elasticity than costs. Although fuel accounted for 34.1% of total operating expenses (excluding de-icing costs) in the 2010 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.

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 Discussion About Market Risk.

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 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 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 shares, American Depositary Shares (ADSs) or Affected Shares which give rise to the need to take action and treat such 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 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. 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, 2010, EU nationals owned at least 53.6% of Ryanair Holdings Ordinary Shares (assuming conversion of all outstanding ADRs into Ordinary Shares).

Holders 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 not declared or paid dividends on its Ordinary Shares. However, the directors of Company declared on June 1, 2010 that Ryanair Holdings intends to pay a special dividend of 500 million, to be paid in October 2010, subject to shareholder approval at its annual general meeting on September 22, 2010. The Company also indicated in the same announcement that it may pay a further dividend of up to 500 million before the end of fiscal year 2013, subject to, amongst other things, its continued profitability and the absence of further aircraft purchases or any other significant capital expenditures. The Company may ultimately determine not to pay any such dividend, or may fail to obtain shareholder approval. 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. 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.

Table of Contents

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

INTRODUCTION

Ryanair Holdings was incorporated in 1996 as a holding company for Ryanair Limited. The latter operates a low-fares, 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. At June 30, 2010, with its operating fleet of 250 Boeing 737-800 next generation aircraft, Ryanair Limited offered approximately 1,300 scheduled short-haul flights per day serving 155 airports throughout Europe and Morocco. 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 305.3 million in the 2010 fiscal year, as compared to a loss on ordinary activities after taxation of 169.2 million in the 2009 fiscal year. This variation was primarily attributable to a 28.9% decrease in fuel costs from 1,257.1 million to 893.9 million, and a 2.0% increase in revenues from 2,942.0 million to 2,988.1 million. Ryanair generated an average booked passenger load factor of approximately 82.2% and average scheduled passenger revenues of 0.067 per ASM in the 2010 fiscal year. The Company has focused on maintaining low operating costs (0.047 per ASM in the 2010 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 3.96 million passengers in the 2009 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, 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 leading 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.

Table of Contents

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 employee 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 2010 fiscal year, Ryanair flew an average route length of 661 miles and an average flight duration of approximately 1.55 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 2010 fiscal year was 88%. According to the last available comparative data published by the AEA (which relates to the 2008-2009 winter season), Ryanair s on time performance record exceeded that of its principal competitors that make such data available, including: Air France (approximately 83%); British Airways (approximately 83%); Iberia (approximately 70%) and Lufthansa (approximately 85%). Aer Lingus and easyJet do not publish punctuality statistics. Faster turnaround times are a key element in Ryanair s efforts to maximize aircraft utilization. Ryanair s average scheduled turnaround time for the 2010 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:

<u>Aircraft Equipment Costs</u>. Ryanair s primary strategy for controlling aircraft acquisition costs is to operate 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 to continue to significantly increase the size of its fleet and thus significantly 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. See Aircraft below for additional information on Ryanair s fleet.

<u>Personnel Costs</u>. 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.

Table of Contents

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.

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 will terminate in 2013. 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 2008, Ryanair upgraded the reservation system to a more scalable version, which offers more flexibility for future system enhancements and to accommodate the planned growth of Ryanair.

In March 2006, Ryanair introduced its Internet check-in service and, in October 2009, it made its use mandatory. The Company therefore replaced its previous airport check-in facilities with significantly fewer bag-drop desks. The Company has also deployed kiosks with payment facilities at most of its main bases. 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.

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 in its 25-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 rotable 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 Booking.com, pursuant to which Booking.com 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 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. Hertz pays a per-passenger fee to Ryanair. Ryanair also sells cruises online and bus and rail tickets onboard its aircraft and through its website. Costa Cruises handles all cruise bookings made via Ryanair s website and pays Ryanair a per-passenger fee. For the 2010 fiscal year, ancillary services accounted for 22.2% of Ryanair s total operating revenues, as compared to 20.3% of such revenues in the 2009 fiscal year. See Ancillary Services below and Item 5. Operating and Financial Review and Prospects Results of Operations Fiscal Year 2010 Compared with Fiscal Year 2009 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

20

Table of Contents

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 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 acquisition proposal was, however, blocked 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 Commission s decision. Ryanair has two months and 10 days from such date to appeal this judgment.

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 own 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.

See Item 8. Financial Information Other Financial Information Legal Proceedings Aer Lingus Merger Decision.

Responding to Current Challenges. In recent periods, and with increased effect in the 2008, 2009 and 2010 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 the economies in which it operates. The Company has aimed to meet these challenges by: (i) selectively grounding aircraft during the 2009-2010 winter season; (ii) disposing of aircraft (disposals totaled 6 in the 2008 fiscal year, 17 in the 2009 fiscal year and 3 in the 2010 fiscal year); (iii) controlling labor and other costs, including through wage freezes, 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 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.

The Company has announced capacity reductions, primarily at Dublin Airport, the most expensive airport in terms of airport charges that Ryanair serves. As a result of this airport s high charges, certain routes are not economically viable to operate during the winter when the Company typically experiences lower load factors and fares. In June 2009, Ryanair announced that it was reducing its fleet at Dublin Airport to 17 by summer 2009, 16 by winter 2009, 15 by summer 2010 and 12 by winter 2010 (down from 22 in summer 2008 and 20 in winter 2008), as a result of rising airport charges and the introduction of an Air Travel Tax of 10 on all passengers departing from Irish airports on routes longer than 300 kilometers. Excluding the planned reduction by winter 2010, these reductions have been carried out. The Company has also frozen growth in the United Kingdom with the exception of launching a base at Leeds Bradford. Ryanair reduced capacity at its London (Stansted) base by 40% between October 2009 and March 2010. 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 from 24 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 would fall by 16% in the period from November 1, 2010 to March 31, 2011. See Risk Factors Risks Related to the Company Ryanair Has Decided to Freeze its Development in the U.K. Market and Curtail Certain U.K. Operations.

Table of Contents

ROUTE SYSTEM, SCHEDULING AND FARES

Route System and Scheduling

As of June 30, 2010, the Company offered approximately 1,300 scheduled short-haul flights per day serving 155 airports throughout Europe and Morocco, and flying approximately 1,100 routes. The following table lists Ryanair s top ten routes during the 2010 fiscal year by number of passengers, as well as the date service commenced on each such route. These routes in the aggregate accounted for 7.1% of the Company s scheduled passenger volume in the 2010 fiscal year.

Route Served	Date service commenced
Between Dublin and London (Stansted)	Nov-88
Between Dublin and London (Gatwick)	Nov-94
Between Milan (Bergamo) and Rome (Ciampino)	Mar-06
Between Dublin and Manchester	May-94
Between London (Stansted) and Belfast	Oct-07
Between London (Stansted) and Rome (Ciampino)	Apr-02
Between Dublin and London (Luton)	Jan-86
Between London (Stansted) and Milan (Bergamo)	Apr-02
Between Frankfurt (Hahn) and London (Stansted)	Apr-99
Between Dublin and Birmingham	Oct-93

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 2010 fiscal year, Ryanair announced 356 new routes originating from Belgium, France, Germany, Ireland, Italy, Lithuania, Malta, Norway, Portugal, Slovakia, Spain, Sweden and the U.K. See Risk Factors Risks Related to the Company Ryanair Has Decided to Freeze its Development in the U.K. Market and Curtail Certain U.K. Operations.

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 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 2008, Ryanair upgraded its reservation system in order to facilitate the continued expansion of the airline. The prior reservation system had been approaching its capacity in terms of the total number of passenger transactions processed each year. The upgraded system is much more scalable and will be able to cope with the planned growth of Ryanair. In addition, the new system also 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 and priority boarding service. 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.

AIRCRAFT

Aircraft

As of June 30, 2010, Ryanair s operating fleet was composed of 250 Boeing 737-800 next generation aircraft, each having 189 seats. Ryanair s fleet totaled 232 Boeing 737-800s at March 31, 2010. The Company expects to have an operating fleet comprising 272 Boeing 737-800s at March 31, 2011.

Between March 1999 and June 30, 2010, Ryanair took delivery of 276 new Boeing 737-800 next generation aircraft under its contracts with Boeing (and disposed of 26 such aircraft). The new Boeing 737-800s share certain basic characteristics with Ryanair s prior fleet of Boeing 737-200A aircraft, all of which were retired by December 2005. However, the new aircraft are larger (seating up to 189 passengers, as compared to 130 in the Boeing 737-200As), capable of longer flights without refueling, and incorporate more advanced aviation technology. The Boeing 737-800s also comply with Chapter 3 noise reduction requirements established by the ICAO, which took effect in the EU in 2002.

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.

Table of Contents

In addition, as part of the 2005 contract with Boeing, the Company ensured that winglets, or wing-tip extensions, manufactured by Aviation Partners Boeing (APB) would be incorporated into all aircraft to be delivered to the Company under its contracts with Boeing from January 2006 onwards. The cost of these winglets is included in the net price of each aircraft. APB agreed to supply the winglets at a discounted rate for all of the Boeing 737-800s delivered to Ryanair prior to January 2006. The cost of retrofitting all of these winglets was borne by Ryanair and the retrofitting was carried out during routine maintenance at the Company s facility at Glasgow (Prestwick). The winglets are attached to the existing wings and improve the aerodynamics of the aircraft; as a result, the aircraft consume less fuel per flight-hour. The winglet modification program has proved effective, with better aircraft performance and a reduction of approximately 4% in each aircraft s consumption of fuel per hour flown.

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 it was unable to conclude negotiations regarding other terms and conditions. The Company has no immediate plans to re-commence negotiations with Boeing. With the surplus cash that resulted from unsuccessful negotiations with Boeing, the Company has, subject to shareholder approval, decided to pay a special dividend of 500 million. See Item 8. Financial Information Other Financial Information Dividend Policy.

Beginning in June 2005, the Company exercised a number of purchase options to acquire new Boeing 737-800 aircraft. These exercised purchase options are detailed in the table below.

Date(s) Purchase Option Exercised	No. of Aircraft	Delivery Dates Agreed Upon
June 2005	5	Feb. 2007 to May 2007
October 2005	9	Sept. 2007 to Nov. 2007
June 2006	10	March 2008 to June 2009
August 2006	32	Sept. 2009 to June 2009
April 2007	27	Sept. 2009 to March 2010
June 2008, September 2008, October 2008 and January 2009	30	June 2010 to March 2011
December 2009	10	Sept. 2012 to Nov. 2012

Ryanair expects to take delivery of an additional 72 aircraft under its contracts with Boeing over the period from June 30, 2010 to March 31, 2013. These deliveries will increase the size of Ryanair s fleet to 299 by March 2013 (assuming that the planned disposal or return (under the terms of an operating lease) of 23 such aircraft is completed on schedule). As of June 30, 2010, Ryanair had sold 25 Boeing 737-800 aircraft to third parties. Depending on market conditions and various other considerations, Ryanair expects to either dispose of 23 more aircraft or return such aircraft to the relevant lessor during the period through March 31, 2013. (The foregoing does not take into account an aircraft involved in a bird strike at Rome (Ciampino) airport in November 2008, which has been retained but not repaired and is thus listed as a disposal in the table on page 51, bringing the total number of past and future disposals and/or returns to 49.)

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 additional new Boeing 737-800 aircraft will allow Ryanair to continue to grow over the next three 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 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.

Table of Contents

At March 31, 2010, the average aircraft age of the Company s Boeing 737-800 fleet was 2.94 years, and no aircraft was more than 8 years old.

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. The first two of these simulators were delivered in the 2009 fiscal year and are now fully operational. 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 2010 Compared with Fiscal Year 2009 Ancillary Revenues for additional information.

As part of its non-flight scheduled and Internet-related services Ryanair incentivises ground service providers at all 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 Booking.com, pursuant to which Booking.com 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 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. Hertz pays a per-passenger fee to Ryanair. Ryanair also sells cruises online and bus and rail tickets onboard its aircraft and through its website. Costa Cruises handles all cruise bookings made via Ryanair s website and pays Ryanair a fixed fee.

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 or 1, 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 programme. 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 in the UK and Ireland.

Ryanair has entered into agreements pursuant to which the Company promotes Ryanair-branded credit cards issued by MBNA, GE Money and Banco Santander onboard its aircraft and 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.

Table of Contents

In April 2008, Ryanair entered into a contract with On Air, a provider of mobile voice and data solutions for aircraft, for the provision of an in-flight communications service that allowed Ryanair passengers to use mobile phone and electronic communication devices such as Blackberries while onboard Ryanair aircraft. Ryanair bore the cost of its installation on Ryanair aircraft. Ryanair received commissions on mobile calls made and text messages and emails sent using the service, which were billed to customers based on international roaming rates. On March 29, 2010, On Air notified Ryanair of its intention to terminate the contract. Ryanair was pleased with the system performance and passenger usage and had notified On Air of its wish to roll out the service across the entire fleet. On Air was unwilling to commit to this expense and exercised its right to terminate. Ryanair plans to invite other providers of similar services to tender for the business.

Ryanair has recently commenced a rollout of handheld Electronic Point of Sale (EPOS) devices across its route network. These EPOS devices will replace the existing manual and paper based systems on board the aircraft. The EPOS device will enable cabin crew to sell and record their on-board sales transactions more efficiently and generate vastly improved management sales reporting. The device will also be able to issue bus and rail tickets and will replace the existing manual ticket systems. Management expects to complete the rollout of the EPOS devices by the end of August 2010.

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) and Bremen facilities. Since December 2003, Ryanair has operated a two-bay hangar facility at its base at Glasgow (Prestwick) in Scotland, where it carries out both A-checks and C-checks on the fleet of Boeing 737-800 aircraft. The facility performs two C-checks per week, enabling Ryanair to perform most of the heavy maintenance that is currently required on its Boeing 737-800 fleet in-house. Ryanair also expects to complete the construction of a new three-bay maintenance hangar at Glasgow (Prestwick) airport by October 2010, which should accommodate some heavy maintenance work.

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 carries out checks and line maintenance in its single-bay aircraft hangar facility in Bremen. Ryanair has recently entered into a 30-year sole-tenancy agreement with Frankfurt (Hahn) airport to occupy a two-bay hangar and stores facility that also incorporates a two-bay simulator-training center. This facility is undergoing construction. It is expected to be completed by January 2011, allowing Ryanair to carry out additional line maintenance.

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 (Skvasta), Rome (Ciampino), Frankfurt (Hahn), Milan (Bergamo), Marseille, Barcelona (Girona), Madrid, Alicante, Dusseldorf (Weeze), Kaunas, Bristol, Brindisi, Bari, Pescara, Trapini, Bologna and Cagliari, by local Part 145-approved companies.

Table of Contents

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. However, Ryanair occasionally contracts with outside maintenance providers for some heavy maintenance services that it cannot accommodate in its own facilities. In particular, Ryanair enters into short-term, ad hoc contracts with reputable Part 145-approved suppliers of heavy maintenance in the U.K. and Europe, such as ATC Lasham, for the carrying-out of the heavy maintenance overhauls currently required on its relatively new fleet.

Ryanair has entered into a contract to build a new three-bay maintenance hangar at Glasgow (Prestwick) airport to accommodate the additional maintenance requirements that it expects to arise beginning in winter 2010 due to the aging and expansion of its fleet. This facility is already under construction and is expected to be completed by October 2010, as is noted above.

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 CFM56-7 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 as well as any option aircraft delivered pursuant to the Company s current contracts with Boeing over the period through November 2012. General Electric Engine Services mainly uses its Part 145-approved repair facility in Cardiff, Wales for this work, but also uses the KLKM 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 25-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 no vertical visibility).

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 Crewdoc system. The confidential reporting system affords flight crews the opportunity to report directly to senior management any event, error, or discrepancy in flight operations that they do not wish to report through standard 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.

Table of Contents

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 deviations from normal operating procedures 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 51, 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 bases for the provision of other payment services. The Company has these kiosks in operation at London (Stansted), Frankfurt (Hahn), Belfast, Girona (Barcelona), Glasgow (Prestwick), Pisa, Dusseldorf (Weeze), Marseille, Edinburgh, Brussels (Charleroi), Bristol, Birmingham, Dublin, Milan (Bergamo), Bremen, Cagliari, Rome (Ciampino), Faro and Kerry. 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.

With respect to Ryanair s bases in Ireland, the DAA has recently completed a second terminal (Terminal 2) at Dublin Airport. When this was first announced, the DAA 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 600 million. Subsequently, the cost of the new infrastructure rose in excess of 1.2 billion. Ryanair opposed this expansion at what it believed to be an excessive cost.

The CAR is responsible for regulating charges at Dublin Airport. In late September 2005, the CAR approved an increase in airport charges of more than 22% (effective January 1, 2006). On March 30, 2006, following an appeal by the DAA, charges at Dublin Airport were increased by an additional 3%. On September 5, 2006, the CAR announced the launch of a public consultation to review and obtain feedback on the levels of airport charges at Dublin Airport. In September 2007, the CAR announced its decision not to change the cap on airport charges but appeared to allow approximately 1.2 billion of additional planned capital expenditures (including approximately 800 million for the new terminal) to be counted towards the regulated asset base, enabling the DAA to substantially increase charges from 2010 onwards. Ryanair challenged this decision in the Irish High Court but was unsuccessful. The High Court did, however, confirm that the CAR s decision was a determination within the meaning of the Aviation Regulation Act 2001 and that Ryanair was therefore entitled to appeal this decision to an Independent Appeals Panel established by the Minister for Transport.

In December 2008, the Appeals Panel issued its decision in which it criticized the CAR for its passive approach to regulating the DAA monopoly and found that the new terminal (Terminal 2) was considerably oversized and that DAA should have to bear the full risk for that over-sizing. Despite the Appeals Panel s findings, the CAR has refused to reduce airport charges.

In December 2009, the CAR issued its decision on charges at Dublin Airport for 2010-2014 and as a result, airport fees per departing passenger increased by 27% in May 2010, from 13.61 to 17.23, and could increase by up to 8.0% in November 2010 to 18.64 following the opening of Terminal 2 in November 2010 and by up to a further 12.0% in January 2011 to 20.88. However, the Appeals Panel, following a request from Ryanair, ruled on June 2, 2010, that the CAR should introduce differential pricing for the use of the existing Terminal 1 and the new Terminal 2. The CAR must decide whether to introduce such pricing by August 2, 2010.

In June 2009, Ryanair announced that it was reducing its fleet at Dublin Airport to 17 by summer 2009, 16 by winter 2009, 15 by summer 2010 and 12 by winter 2010 (down from 22 in summer 2008 and 20 in winter 2008), as a result of rising airport charges and the introduction of an Air Travel Tax of 10 on all passengers departing from Irish airports on routes longer than 300 kilometers. Excluding the planned reduction by winter 2010, these reductions have been carried out. The introduction of the aforementioned 10 tax has likely had a negative impact on the number of passengers traveling to and from Ireland. The DAA has reported that passenger volumes fell by 13% in 2009 and by a further 14% in the period to June 2010, in each case compared to the prior-year numbers. 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. The German government has also announced that it plans to introduce a passenger tax in 2010 for all departing passengers, however, to date, no details on the amount of this charge have been published.

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 U.K. Competition Commission (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 by the Civil Aviation Authority was adversely impacting competition. The Competition Commission subsequently 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 Competition Appeal Tribunal, and the quashed ruling was appealed by the Competition Commission and Ryanair to the Court of Appeals. This appeal was heard in June 2010 and a judgment is expected in the summer of 2010. In the meantime, however, costs at London (Stansted) remain high.

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. Following the final decision of the U.K. Competition Commission forcing BAA to sell London (Stansted), it is highly unlikely that BAA s planned £4 billion program will proceed, and Ryanair intends to work with the new owners to develop appropriate low-cost facilities. The recently elected Liberal/Conservative U.K. government has also outlined that it will not approve the building of any more runways in the southeast of England.

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) 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 from 24 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 would fall 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 34.1% and 43.8% of Ryanair s total operating expenses in the fiscal years ended March 31, 2010 and 2009, 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 1.2% and 0.8% of total fuel costs in the fiscal years ended March 31, 2010 and 2009, respectively). Jet fuel costs experienced substantial variance in the fiscal years ended March 31, 2010 and 2009. 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, which has been depressed (in historical terms) in recent years, rises against the euro, Ryanair s fuel costs, expressed in euro, may increase even absent any increase in the U.S. dollar price of crude oil. 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 19, 2010, Ryanair had entered into forward jet fuel (jet kerosene) contracts covering approximately 90% of its estimated requirements for the fiscal year ending March 31, 2011 at prices equivalent to approximately $730 per metric ton. In addition, as of July 19, 2010, Ryanair had entered into forward jet fuel (jet kerosene) contracts covering approximately 90% of its estimated requirements for the period from April 2011 to September 2011 at prices equivalent to approximately $755 per metric ton. 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 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 2010 Compared with Fiscal Year 2009 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) after giving effect to the Company s fuel hedging activities for fiscal years ended March 31, 2010, 2009 and 2008. The excluded de-icing costs amounted to 11.6 million, 9.7 million, and 5.5 million, respectively, for the fiscal years ended March 31, 2010, 2009 and 2008. De-icing costs, which are costs incurred for the labor and anti-freeze used to de-ice aircraft, have increased significantly in recent years as the Company s route network and number of sectors flown have increased.

	Fiscal Year ended March 31,		
	2010	**2009**	**2008**
Scheduled fuel consumption (millions of U.S. gallons)	582.5	530.5	469.5
Available seat miles (ASM) (millions)	53,469.6	47,102.5	41,342.2
Scheduled fuel consumption (U.S. gallons) per ASM	0.011	0.011	0.011
Total scheduled fuel costs(a) (millions)	882.3	1,247.3	785.8
Cost per U.S. gallon	1.515	2.351	1.674
Total scheduled fuel costs as a percentage of total operating costs	34.1%	43.8%	36.1%

(a) Omits de-icing 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 13, 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 s activities are currently limited to underwriting 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 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 $15.6 million.

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 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.

31

Table of Contents

FACILITIES

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

Location	Site Area (Sq. Meters)	Floor Space (Sq. Meters)	Tenure	Activity
Dublin Airport	1,116	1,395	Leasehold	Corporate Headquarters
Phoenix House, Conyngham Road, Dublin	2,566	3,899	Freehold	Administration Offices
Satellite 3, Stansted Airport	605	605	Leasehold	Sales Office and Operations Center
Dublin Airport (Hangar EJT)	2,993	2,175	Leasehold	Aircraft Maintenance
Dublin Airport (Hangar No. 1)	1,620	1,620	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
Skvasta Airport (Hangar)	1,936	1,936	Leasehold	Aircraft Maintenance
Prestwick Airport (Hangar)	4,052	4,052	Leasehold	Aircraft Maintenance
Stansted Storage Facilities	378	531	Leasehold	Aircraft Maintenance
Dublin Airport Business Park	955	749	Leasehold	Administration Offices
Stansted Airport (Hangar)	12,161	10,301	Leasehold	Aircraft Maintenance Hangar and Simulator Training Centre

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.

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 liberalizations 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.

Table of Contents

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. Key Information Risk Factors Risks Related to Ownership of the Company s Ordinary Stock 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 05/2010 was issued on May 5, 2010.

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.

Table of Contents

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 6, was approved by the IAA on March 4, 2010.

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 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. Key Information 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 both airports and start-up aid to airlines by certain regional airports based on its finding in the Charleroi case, a decision that the CFI has since annulled. The guidelines only apply to publicly owned regional airports, and place restrictions on the incentives that these airports can offer airlines to deliver traffic. However, Ryanair believes that the CFI s annulment of the Charleroi decision severely undermines these guidelines.

The European Parliament and the European Council have also passed 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 8. Financial Information Other Financial Information Legal Proceedings EU State Aid-Related Proceedings.

Table of Contents

The European Council has also passed legislation calling for 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.

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, eight of the ten 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.

Table of Contents

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) and London (Stansted). 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. Ryanair is currently the industry leader in terms of environmental efficiency and 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 only 2.94 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. 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.

Furthermore, by moving to an all Boeing 737-800 next generation fleet, Ryanair has 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.

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.

Table of Contents

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_2 emissions to encourage industries to improve their CO_2 efficiency. Under the legislation, airlines will be granted initial CO_2 allowances based on historical revenue ton kilometers and a CO_2 efficiency benchmark. Any shortage of allowances will have to be purchased in the open market and/or at government auctions. The cost and amount of such allowances that Ryanair will have to buy in 2012 have yet to be determined. 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.

Fuel Taxes/Emissions Levies. Ryanair is fundamentally opposed to the introduction of any fuel tax or emissions levy. 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 on airlines of a tax on fuel or emissions 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.

As a company, Ryanair believes in free market competition and that the imposition of any of the above measures 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 fuel tax or emissions levy 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 or levy would also be incompatible with international law.

Airport charges

The EU Airport Charges Directive of March 2009 sets forth general principles that are to be followed by airports 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. This legislation may in fact lead to higher airport charges, depending on how its provisions are implemented and applied by EU member states and subsequently by the courts. The directive is to be transposed into national legislation throughout the EU by March 2011.

Slots

Currently, the majority of Ryanair s bases of operations have no slot allocations; 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. Any future proposals that might create a secondary market for the auction of slots or allow trading of slots among airlines could create a potential source of revenue for certain of Ryanair s current and potential competitors, many of which have many more slots allocated at present than Ryanair. Slot values depend on several factors, including the airport, time of day covered, the availability of slots and the class of aircraft. Ryanair s ability to gain access to and develop its operations at slot-controlled airports will be affected by the availability of slots for takeoffs and landings at these specific airports. New entrants to an airport are 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.

Table of Contents

Other

Health and occupational safety issues relating to the Company are largely addressed in Ireland by the Safety, Health and Welfare at Work Act, 1989; the Safety, Health and Welfare at Work (General Application) Regulations, 1993; and other regulations under that act. Although licenses or permits are not issued under such legislation, compliance is monitored by the Health and Safety Authority (the Authority), which is the regulating body in this area. The Authority periodically reviews Ryanair s health and safety record and 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, 2010, Ryanair launched service on more than 1,100 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, London (Stansted and Luton), Glasgow (Prestwick), Brussels (Charleroi), Frankfurt (Hahn), Milan (Bergamo), Stockholm (Skvasta), Rome (Ciampino), Barcelona (Girona), Nottingham East Midlands, Liverpool, Shannon, Pisa, Cork, Marseille, Madrid, Bremen, Dusseldorf (Weeze), Bristol, Alicante, Belfast, Bournemouth, Birmingham, Kerry, Edinburgh, Reus, Alghero, Cagliari, Trapani, Bologna, Pescara, Oporto, Bari, Brindisi, Leeds Bradford, Faro, Oslo (Rygge), Malaga, Kaunas and Malta airports as bases of operations. Ryanair plans to open two new bases in Barcelona (El Prat) and Valencia in September and November of 2010, respectively. Ryanair has increased the number of booked passengers from 4.9 million in the 1999 fiscal year to approximately 66.5 million in the 2010 fiscal year. Ryanair had 250 Boeing 737-800 aircraft as of June 30, 2010, and now serves 155 airports with a team of over 8,000 people.

Ryanair expects to have 272 aircraft in its operating fleet by March 31, 2011. During the period through March 2013, the Company expects to take delivery of additional Boeing 737-800 aircraft that, net of planned retirements and lease terminations, are expected to increase the size of the Company s fleet to 299 aircraft. See Liquidity and Capital Resources and Item 4. Information on the Company Aircraft for additional details.

Table of Contents

BUSINESS OVERVIEW

Since Ryanair pioneered its low-fares operating model in Europe in the early 1990s, its passenger volumes and scheduled passenger revenues have increased significantly because it has substantially increased capacity. Ryanair s annual booked passenger volume has grown from approximately 945,000 passengers in the calendar year 1992 to approximately 66.5 million passengers in the 2010 fiscal year.

Ryanair s revenue passenger miles (RPMs) increased 14.4% from 39,202.3 million in the 2009 fiscal year to 44,841.1 million in the 2010 fiscal year due primarily to a 13.5% increase in scheduled available seat miles (ASMs) from 47,102.5 million in the 2009 fiscal year to 53,469.6 million in the 2010 fiscal year. Scheduled passenger revenues decreased 0.8% from 2,343.9 million in the 2009 fiscal year to 2,324.5 million in the 2010 fiscal year. Average yield per RPM was 0.060 in the 2009 fiscal year and 0.052 in the 2010 fiscal year. The decrease in average yield per RPM in the 2010 fiscal year was principally attributable to an increase in seat capacity, poor economic conditions, increased price promotions and the adverse impact of the strengthening of the U.K. pound sterling against the euro.

Expanding passenger volumes and capacity, high load factors and aggressive cost containment (together with a reduction in fuel costs) 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 79% in the 2009 fiscal year and 73% in the 2010 fiscal year. Cost per ASM was 0.058 in the 2009 fiscal year and 0.047 in the 2010 fiscal year, with the reduction primarily reflecting a lower fuel cost per ASM of 0.017 in the 2010 fiscal year, as compared to 0.027 in the 2009 fiscal year, as well as a 13.5% increase in ASMs in the 2010 fiscal year. Ryanair recorded operating profits of 92.6 million in the 2009 fiscal year and 402.1 million in the 2010 fiscal year. The Company recorded a loss after taxation of 169.2 million in the 2009 fiscal year and profit after taxation of 305.3 million in the 2010 fiscal year. Ryanair recorded seat capacity growth of approximately 12% in the 2010 fiscal year, compared to approximately 14% in the 2009 fiscal year, and expects capacity to increase by approximately 11% in the 2011 fiscal year, reflecting the current timetable for the delivery of aircraft under the Company s contracts with Boeing.

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 acquisition proposal was, however, blocked 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. 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 block the merger. 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 Court upheld the Commission s decision. Ryanair has two months and 10 days from such date to appeal this judgment.

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. 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. Aer Lingus has two months and 10 days from such date to appeal this judgment to the Court of Justice of the EU.

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 option trust and employees, who own 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 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 new offer for Aer Lingus.

The balance sheet value of 116.2 million reflects the market value of the Company s stake in Aer Lingus as at March 31, 2010, as compared to a value of 93.2 million as of March 31, 2009. 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. During the 2008 fiscal year, Ryanair recognized an impairment charge of 91.6 million on its Aer Lingus shareholding reflecting the fall in Aer Lingus share price from the date of purchase to March 31, 2008. Ryanair recorded a further impairment of 222.5 million in the 2009 fiscal year reflecting a fall in the Aer Lingus share price from 2.00 at March 31, 2008 to 0.59 at March 31, 2009. Ryanair recorded an impairment of 13.5 million in the 2010 fiscal year reflecting a fall in the Aer Lingus share price from 0.59 at March 31, 2009 to 0.50 at June 30, 2009. The subsequent increase in the Aer Lingus share price from 0.50 at June 30, 2009 to 0.73 at March 31, 2010 resulted in a gain of 36.5 million, which was recognized through other comprehensive income. All impairment losses are required to be recognized in the income statement and may not be subsequently reversed, while gains are recognized through other comprehensive income.

The Company s determination that it does not have control, or even exercise a significant influence, over Aer Lingus 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 principal shareholders (Irish government: 25.1%; Employee Share Ownership Plan: 14.2%) have openly opposed Ryanair s investment or participation in the company.

(v) On August 13, 2007 and September 4, 2007, 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). The Aer Lingus Board of Directors refused to accede to these requests (by letters dated August 31, 2007 and September 17, 2007).

(vi) 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, 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; and the rates of income taxes paid. Ryanair expects its depreciation, staff and fuel charges to increase as additional aircraft and

Table of Contents

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

For the quarter ended June 30, 2010 (the first quarter of the Company s 2011 fiscal year), the Company recorded a decrease in operating profit, from 154.7 million in the first quarter of the 2010 fiscal year to 119.4 million in the recently completed quarter. Total operating revenues increased from 774.7 million in the first quarter of 2010 to 896.8 million in the first quarter of 2011. The decrease in operating profit was therefore due to a 25% increase in operating expenses. Operating expenses increased from 620.0 million in the first quarter of 2010 to 777.4 million in the first quarter of 2011, due primarily to a 34% increase in fuel costs, an increase in other operating costs associated with a higher level of activity in line with the growth of the airline including an estimated 50 million costs relating to the closure of airspace in April and May 2010 due to the Icelandic volcanic ash disruption. The Company s profit after taxation for the quarter ended June 30, 2010 was 93.7 million, as compared to 123.0 million for the corresponding period of the previous year. The Company s cash and cash equivalents, restricted cash and financial assets with terms of less than three months amounted to 3,072.8 million at June 30, 2010 as compared with 2,500.1 million at June 30, 2009.

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.

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 because 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 recognized directly in equity. The fair values of available-for-sale securities are determined by reference to quoted prices at each reporting date. When an investment is de-recognized the cumulative gain or loss in equity is transferred to the income statement.

Such securities are considered to be impaired if there is objective evidence which indicates that there may be a negative influence on future cash flows. This includes where there is a significant or prolonged decline in the fair value below its cost. All impairment losses are recognized in the income statement and any cumulative loss in respect of an available-for-sale asset recognized previously in equity is transferred to the income statement.

Table of Contents

Long-lived Assets

As of March 31, 2010, Ryanair had 4.3 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, 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 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 market value, determined periodically, based on independent valuations and actual aircraft disposals during the current and prior periods.

During the fiscal year ended March 31, 2009, accelerated depreciation of 51.6 million arose in relation to aircraft disposals during the year and an agreement to dispose of additional aircraft in the 2010 fiscal year. In particular, this charge arose due to an adverse change in the exchange rate between the U.S. dollar and the euro between the accounting periods in which the aircraft were purchased and March 31, 2009. There was no such accelerated depreciation recognized in the 2010 fiscal year.

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. A provision is made 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 and 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.

Table of Contents

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:

	Fiscal Year ended March 31, 2010	2009	2008
Total Revenues	100%	100%	100%
Scheduled Revenues	77.8	79.7	82.0
Ancillary Revenues	22.2	20.3	18.0
Total Operating Expenses	86.5	96.9	80.2
Staff Costs	11.2	10.5	10.5
Depreciation and Amortization	7.9	8.7	6.5
Fuel and Oil	29.9	42.7	29.2
Maintenance, Materials and Repairs	2.9	2.3	2.1
Aircraft Rentals	3.2	2.7	2.7
Route Charges	11.3	9.8	9.5
Airport and Handling Charges	15.4	15.1	14.6
Other	4.8	5.1	5.1
Operating Profit	13.5	3.1	19.8
Net Interest Income (Expense)	(1.6)	(1.9)	(0.5)
Other Income (Expenses)	(0.5)	(7.4)	(3.1)
Profit/(Loss) before Taxation	11.4	(6.2)	16.2
Taxation	(1.2)	0.4	(1.8)
Profit/(Loss) after Taxation	10.2	(5.8)	14.4

FISCAL YEAR 2010 COMPARED WITH FISCAL YEAR 2009

Profit/(Loss) after Taxation. Ryanair recorded a profit on ordinary activities after taxation of 305.3 million in the 2010 fiscal year, as compared with a loss of 169.2 million in the 2009 fiscal year. This profit was primarily attributable to a 28.9% decrease in fuel and oil costs from 1,257.1 million to 893.9 million, partially offset by a decrease in revenues driven by a 12.7% decline in average fares.

Scheduled Revenues. Ryanair s scheduled passenger revenues decreased 0.8%, from 2,343.9 million in the 2009 fiscal year, to 2,324.5 million in the 2010 fiscal year, primarily reflecting a decrease of 12.7% in average fares. The number of passengers booked increased 13.6%, from 58.6 million to 66.5 million, reflecting increased scheduled passenger volumes on existing passenger routes and the successful launch of new bases at Trapani, Pescara, Oporto, Bari, Brindisi, Leeds Bradford, Faro and Oslo (Rygge) in the 2010 fiscal year. There was a one-percentage-point increase in booked passenger load factors from 81% in the 2009 fiscal year to 82% in the 2010 fiscal year.

Passenger capacity (as measured in ASMs) during the 2010 fiscal year increased by 13.5% due to the addition of 51 Boeing 737-800 aircraft (net of disposals), as well as a 12.3% increase in sectors flown and a 1.0% increase in the average length of passenger haul. Scheduled passenger revenues accounted for 77.8% of Ryanair s total revenues for the 2010 fiscal year, compared with 79.7% of total revenues in the 2009 fiscal year.

Ancillary Revenues. Ryanair s ancillary revenues, which comprise revenues from non-flight scheduled operations, car rentals, in-flight sales and Internet-related services (including insurance, accommodation and cruises), increased 11.0%, from 598.1 million in the 2009 fiscal year to 663.6 million in the 2010 fiscal year, while ancillary revenues per booked passenger decreased to 9.98 from 10.22. Revenues from non-flight scheduled operations, including revenues from excess baggage charges, debit and credit card transactions, sales of rail and bus tickets, accommodations and travel insurance, increased 8.9% to 463.6 million from 425.8 million in the 2009 fiscal year. Car rental revenues decreased 7.1%, to 29.9 million from 32.2 million in the 2009 fiscal year, reflecting the terms of a new contract with Hertz. Revenues from in-flight sales increased 4.0%, to 86.5 million from 83.2 million in the 2009 fiscal year. Revenues from Internet-related services, primarily commissions received from products sold on Ryanair.com or linked websites, increased 46.9%, from 56.9 million in the 2009 fiscal year to 83.6 million in the 2010 fiscal year. The rate of increase in revenues from Internet-related operations exceeded the increase in overall passengers booked, while the rate of increase in the other categories grew at a slower rate than passenger bookings.

Table of Contents

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:

	Fiscal Year ended March 31, 2010		2009	
	(in millions of euro, except percentage data)			
Non-flight Scheduled	463.6	69.9%	425.8	71.2%
Car Rental	29.9	4.5%	32.2	5.4%
In-flight Sales	86.5	13.0%	83.2	13.9%
Internet-related	83.6	12.6%	56.9	9.5%
Total	663.6	100.0%	598.1	100.0%

Operating Expenses. As a percentage of total revenues, Ryanair s operating expenses decreased from 96.9% in the 2009 fiscal year to 86.5% in the 2010 fiscal year, reflecting a 28.9% reduction in fuel costs from 1,257.1 million in the 2009 fiscal year, to 893.9 million in the 2010 fiscal year. In absolute terms, total operating expenses decreased 9.2%, from 2,849.4 million in the 2009 fiscal year to 2,586.0 million in the 2010 fiscal year, principally as a result of the aforementioned decrease in fuel costs, which was partially offset by incremental increases in certain operating expenses associated with the 13.5% increase in booked passenger volumes and the 12.3% increase in the number of sectors flown. Maintenance expenses, aircraft rental expenses and route charges increased as a percentage of total revenues, while staff, depreciation and amortization, fuel and oil, airport and handling charges and marketing, distribution and other costs decreased. Total operating expenses per ASM decreased by 20.1%, with the decrease reflecting, principally, the increase in passenger capacity (as measured in ASMs) during the 2010 fiscal year and the impact of the lower 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, 2010 and March 31, 2009 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.

	Fiscal Year Ended March 31, 2010	Fiscal Year Ended March 31, 2009	% Change
Staff Costs	0.63	0.66	(4.6)%
Depreciation and Amortization	0.44	0.54	(19.0)%
Fuel and Oil	1.67	2.67	(37.4)%
Maintenance, Materials and Repairs	0.16	0.14	13.4%
Aircraft Rentals	0.18	0.17	7.6%
Route Charges	0.63	0.61	3.4%
Airport and Handling Charges	0.86	0.94	(8.8)%
Marketing, Distribution and Other	0.27	0.32	(16.0)%
Total Operating Expenses	4.84	6.05	(20.1)%

Staff Costs. Ryanair s staff costs, which consist primarily of salaries, wages and benefits, decreased 4.6% on a per-ASM basis, while in absolute terms, these costs increased 8.3%, from 309.3 million in the 2009 fiscal year to 335.0 million in the 2010 fiscal year. The increase in absolute terms was primarily attributable to a 10.4% increase in average headcount to 7,032, which was partially offset by the impact of a Company-wide pay freeze, 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 19.0%, while in absolute terms these costs decreased 8.1% from 256.1 million in the 2009 fiscal year, to 235.4 million in the 2010 fiscal year. The decrease was recorded notwithstanding the addition of 39 owned aircraft (net of disposals) to the fleet during the 2010 fiscal year, as the figure for the 2009 fiscal year had included accelerated depreciation of 51.6 million in relation to aircraft disposals during the year and an agreement to dispose of additional aircraft in the 2010 fiscal year, while there was no such accelerated depreciation recognized in the 2010 fiscal year. See Critical Accounting Policies Long-lived Assets above.

Table of Contents

Fuel and Oil. Ryanair s fuel and oil costs per ASM decreased by 37.4%, while in absolute terms, these costs decreased by 28.9% from 1,257.1 million in the 2009 fiscal year to 893.9 million in the 2010 fiscal year, in each case after giving effect to the Company s fuel hedging activities. The 28.9% decrease reflected a 35.6% decrease in average fuel prices paid, the impact of which was partially offset by a 12.8% increase in the number of hours flown and a 1.0% 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) decreased 35.6% from 2.35 per U.S. gallon in the 2009 fiscal year to 1.52 per U.S. gallon in the 2010 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, increased 13.4% on a per-ASM basis, while in absolute terms these expenses increased by 28.7% from 66.8 million in the 2009 fiscal year to 86.0 million in the 2010 fiscal year. The increase in absolute terms during the fiscal year reflected an increase in the average number of leased Boeing 737-800 aircraft, which grew from 40 to 50 during the year, 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. These factors were offset in part by the positive impact of the weakening of the euro against the U.S. dollar during the period, as many of these expenses are denominated in U.S. dollars.

Aircraft Rentals. Aircraft rental expenses amounted to 95.5 million in the 2010 fiscal year, a 22.1% increase from the 78.2 million reported in the 2009 fiscal year, reflecting an increase in the weighted average number of leased Boeing 737-800 aircraft by ten, bringing the total to 50 during the 2010 fiscal year, the negative effect of which was somewhat offset by lower lease rates and the impact of a weaker euro versus the U.S. dollar.

Route Charges and Airport and Handling Charges. Ryanair s route charges per ASM increased 3.4% in the 2010 fiscal year, while airport and handling charges per ASM decreased 8.8%. In absolute terms, route charges increased 17.3%, from 286.6 million in the 2009 fiscal year to 336.3 million in the 2010 fiscal year, primarily as a result of the 12.3% increase in sectors flown. In absolute terms, airport and handling charges increased 3.5%, from 443.4 million in the 2009 fiscal year, to 459.1 million in the 2010 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 16.0% on a per-ASM basis in the 2010 fiscal year, while in absolute terms, these costs decreased 4.7%, from 151.9 million in the 2009 fiscal year to 144.8 million in the 2010 fiscal year, with the overall decrease primarily reflecting the achievement of cost reductions, through an increased focus on Internet-based selling.

Operating Profit. As a result of the factors outlined above, operating profit more than tripled on a per-ASM basis in the 2010 fiscal year, and also increased sharply in absolute terms, from 92.6 million in the 2009 fiscal year to 402.1 million in the 2010 fiscal year.

Finance Income. Ryanair s interest and similar income decreased 68.8%, from 75.5 million in the 2009 fiscal year to 23.5 million in the 2010 fiscal year reflecting the combined impact of lower market interest rates and a shift in the Company s policy towards placing its deposits with highly rated and guaranteed financial institutions which typically provide a lower yield, which factors were partially offset by higher average cash balances on hand.

Finance Expense. Ryanair s interest and similar charges decreased 44.7%, from 130.5 million in the 2009 fiscal year to 72.1 million in the 2010 fiscal year, primarily due to the impact of lower market interest rates, the impact of which was partly offset by 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 1.0 million in the 2010 fiscal year, as compared with foreign exchange gains of 4.4 million in the 2009 fiscal year, with the different result being primarily due to the strengthening of the U.K. pound sterling and U.S. dollar exchange rates against the euro during the 2010 fiscal year.

Taxation. The effective tax rate for the 2010 fiscal year was 10.5%, as compared to a tax benefit of (6.3%) in the 2009 fiscal year. The effective tax rate reflects the statutory rate of Irish corporation tax of 12.5%, the positive impact of the reduced rates of tax applicable to Internet-related businesses and the loss due to the impairment of the Company s available-for-sale financial asset (its Aer Lingus holding, which is not subject to corporation tax). Ryanair recorded an income tax provision of 35.7 million in the 2010 fiscal year, compared with a tax credit of 11.3 million in the 2009 fiscal year (the tax credit of 11.3 million was primarily due to the recognition of a deferred tax asset of 34.3 million in respect of net operating losses incurred and available to carry forward to future periods). 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 2009 COMPARED WITH FISCAL YEAR 2008

(Loss)/Profit after Taxation. Ryanair recorded a loss on ordinary activities after taxation of 169.2 million in the 2009 fiscal year, as compared with a profit on ordinary activities after taxation of 390.7 million in the 2008 fiscal year. The loss, which was recorded notwithstanding an 8.4% increase in total operating revenues to 2,942.0 million from 2,713.8 million in the prior year, was primarily attributable to (i) a 58.9% increase in fuel and oil costs from 791.3 million to 1,257.1 million, (ii) an impairment charge of 222.5 million on the available-for-sale investment in Aer Lingus, reflecting a significant decline in the Aer Lingus share price from March 31, 2008 to March 31, 2009 and (iii) accelerated depreciation of 51.6 million arising from aircraft disposals during the year and an agreement to dispose of additional aircraft in the 2010 fiscal year. These negative effects were offset in part by an increase in revenues and a 11.3 million tax credit. The increase in revenues reflected an increase of 5.3% in scheduled revenues and an increase of 22.5% in ancillary revenues, each as described in more detail below. Total revenue per passenger decreased by 5.7%, primarily due to an 8.4% decrease in average fares, as offset in part by a 22.5% increase in ancillary revenues.

Scheduled Revenues. Ryanair s scheduled passenger revenues increased 5.3%, from 2,225.7 million in the 2008 fiscal year, to 2,343.9 million in the 2009 fiscal year, as overall passengers booked increased 14.9%, from 50.9 million to 58.6 million. This change reflected increased scheduled passenger volumes on existing passenger routes and the successful launch of new bases at Alghero, Birmingham, Bologna, Bournemouth, Cagliari and Edinburgh in the 2009 fiscal year. The higher scheduled revenues were recorded notwithstanding a decrease of 8.4% in average fares and a one-percentage-point decrease in booked passenger load factors from 82% in the 2008 fiscal year to 81% in the 2009 fiscal year.

Passenger capacity (as measured in ASMs) during the 2009 fiscal year increased by 13.9% due to the addition of 18 Boeing 737-800 aircraft (net of disposals), as well a 15.2% increase in sectors flown (the effect of which was partially offset by a 1.1% decrease in the average length of passenger haul). Scheduled passenger revenues accounted for 79.7% of Ryanair s total revenues for the 2009 fiscal year, compared with 82.0% of total revenues in the 2008 fiscal year.

Ancillary Revenues. Ryanair s ancillary revenues, which comprise revenues from non-flight scheduled operations, car rentals, in-flight sales and Internet-related services, increased 22.5%, from 488.1 million in the 2008 fiscal year to 598.1 million in the 2009 fiscal year, while ancillary revenue per booked passenger increased to 10.22 from 9.58. The overall increases reflected higher revenues in each of the aforementioned categories. Revenues from non-flight scheduled operations, including revenues from excess baggage charges, debit and credit card transactions, sales of rail and bus tickets, accommodations and travel insurance, increased 27.3% to 425.8 million from 334.6 million in the 2008 fiscal year, and car rental revenues increased 27.3%, to 32.2 million from 25.3 million. The rate of increase in revenues from non-flight scheduled operations and car rental revenues exceeded the increase in overall passengers booked, while the rate of increase in the other categories lagged somewhat behind. Revenues from in-flight sales increased 13.5%, to 83.2 million from 73.3 million in the 2008 fiscal year. Revenues from Internet-related services increased 3.4%, from 55.0 million in the 2008 fiscal year to 56.9 million in the 2009 fiscal year.

Table of Contents

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:

	Fiscal Year ended March 31,			
	2009		2008	
	(in millions of euro, except percentage data)			
Non-flight Scheduled	425.8	71.2%	334.6	68.5%
Car Rental	32.2	5.4%	25.3	5.2%
In-flight Sales	83.2	13.9%	73.3	15.0%
Internet-related	56.9	9.5%	54.9	11.3%
Total	598.1	100.0%	488.1	100.0%

Operating Expenses. As a percentage of total revenues, Ryanair s operating expenses increased from 80.2% in the 2008 fiscal year to 96.9% in the 2009 fiscal year, reflecting the fact that operating expenses grew at a significantly faster rate than revenues. In absolute terms, total operating expenses increased 30.9%, from 2,176.7 million in the 2008 fiscal year, to 2,849.4 million in the 2009 fiscal year, principally as a result of the increase in booked passenger volume and the 15.2% increase in the number of sectors flown, which were reflected in increases in fuel expenses, route charges, staff costs, route and airport charges and handling charges. The increase in operating expenses also reflected the adverse impact of significantly higher jet fuel prices in U.S. dollars that were only partially offset by the strength of the euro against the U.S. currency, as well as an increase in depreciation and amortization expenses related to aircraft disposals. Depreciation, amortization, maintenance, aircraft rental and other expenses also increased, while marketing and distribution costs decreased. Total operating expenses per ASM increased by 15.4%, with the slower rate of growth reflecting the increase in passenger capacity (as measured in ASMs) during the 2009 fiscal year.

The following table sets forth the amounts in euro cents and percentage changes of Ryanair s operating expenses (on a per ASM basis) for the fiscal years ended March 31, 2009 and March 31, 2008 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.

	Fiscal Year Ended March 31, 2009	Fiscal Year Ended March 31, 2008	% Change
Staff Costs	0.66	0.69	(4.9)%
Depreciation and Amortization	0.54	0.40	35.0%
Fuel and Oil	2.67	1.91	39.4%
Maintenance, Materials and Repairs	0.14	0.14	3.4%
Aircraft Rentals	0.17	0.18	(5.5)%
Route Charges	0.61	0.63	(3.0)%
Airport and Handling Charges	0.94	0.96	(1.8)%
Marketing, Distribution and Other	0.32	0.33	(3.0)%
Total Operating Expenses	6.05	5.24	15.4%

Staff Costs. Ryanair s staff costs, which consist primarily of salaries, wages and benefits, decreased 4.9% on a per-ASM basis, while in absolute terms, these costs increased 8.4%, from 285.3 million in the 2008 fiscal year to 309.3 million in the 2009 fiscal year. This increase in absolute terms was primarily attributable to a 21.0% increase in average headcount to 6,369 and a 3.8 million charge for share options granted to eligible employees. Employee numbers rose due to the growth of the business.

Depreciation and Amortization. Ryanair s depreciation and amortization per ASM increased by 35.0%, while in absolute terms these costs/increased 45.6% from 176.0 million in the 2008 fiscal year, to 256.1 million in the 2009 fiscal year. This reflects an additional 10 owned aircraft (net of disposals) in the fleet at March 31, 2009 and accelerated depreciation of 51.6 million in relation to aircraft disposals during the year and an agreement to dispose of additional aircraft in the 2010 fiscal year. See Critical Accounting Policies Long-lived Assets above.

47

Table of Contents

Fuel and Oil. Ryanair s fuel and oil costs per ASM increased by 39.4%, while in absolute terms, these costs increased by 58.9% from 791.3 million in the 2008 fiscal year to 1,257.1 million in the 2009 fiscal year, in each case after giving effect to the Company s fuel hedging activities. The 58.9% increase reflected a 40.7% increase in average fuel prices paid and a 13.4% increase in the number of hours flown, the effect of which was offset in part by a decrease of 1.1% in the average sector length and the strengthening of the euro against the U.S. dollar during the period. 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 scheduled fuel costs by the number of U.S. gallons of fuel consumed) increased 40.7% from 1.67 per U.S. gallon in the 2008 fiscal year to 2.35 per U.S. gallon in the 2009 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, increased 3.4% on a per-ASM basis, while in absolute terms these expenses increased by 17.8% from 56.7 million in the 2008 fiscal year, to 66.8 million in the 2009 fiscal year. The increase in absolute terms during the fiscal year reflected the higher number of leased Boeing 737-800 aircraft, which grew to 43 from 35 during the year, and the increased level of activity, offset in part by a lower level of maintenance costs incurred due to the improved reliability of the Boeing 737-800s operated and the positive impact of the strengthening of the euro against the U.S. dollar during the period.

Aircraft Rentals. Ryanair recorded 78.2 million in aircraft rental expenses during the 2009 fiscal year, a 7.6% increase from the 72.7 million reported in the 2008 fiscal year, reflecting an increase in the weighted average number of leased Boeing 737-800 aircraft by eight, bringing the total to 43 during the 2009 fiscal year, the negative effect of which was somewhat offset by lower lease rates and the impact of a stronger euro versus the U.S. dollar.

Route Charges and Airport and Handling Charges. Ryanair s route charges per ASM decreased 3.0% in the 2009 fiscal year, while airport and handling charges per ASM decreased 1.8%. In absolute terms, route charges increased 10.5%, from 259.3 million in the 2008 fiscal year to 286.6 million in the 2009 fiscal year, primarily as a result of the 15.2% increase in sectors flown (the effect of which was offset in part by the decrease of 1.1% in average sector length). In absolute terms, airport and handling charges increased 11.9%, from 396.3 million in the 2008 fiscal year, to 443.4 million in the 2009 fiscal year, reflecting the overall growth in passenger volumes as well as increased costs at London (Stansted) airport, where unit costs doubled during the 2009 fiscal year, and higher charges at Dublin Airport, both offset in part 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 3.0% on a per ASM basis in the 2009 fiscal year, while in absolute terms, these costs increased 9.2%, from 139.1 million in the 2008 fiscal year to 151.9 million in the 2009 fiscal year, with the overall increase reflecting increased passenger numbers, as partially offset by the achievement of cost reductions, including as a result of a focus on Internet-based selling.

Operating Profit. As a result of the factors outlined above, operating profit decreased 84.8% on a per-ASM basis in the 2009 fiscal year, and decreased 82.7% in absolute terms, from 537.1 million in the 2008 fiscal year to 92.6 million in the 2009 fiscal year.

Finance Income. Ryanair s interest and similar income decreased 10.0%, from 83.9 million in the 2008 fiscal year to 75.5 million in the 2009 fiscal year, primarily reflecting lower average interest rates received on its deposits during the year, the impact of which was partially offset by higher average cash balances on hand.

Finance Expense. Ryanair s interest payable and similar charges increased 34.4%, from 97.1 million in the 2008 fiscal year to 130.5 million in the 2009 fiscal year, reflecting the increase in debt related to the acquisition of additional Boeing 737-800 aircraft. These costs are expected to continue to increase as Ryanair further expands its fleet.

Foreign Exchange Gains (Losses). Ryanair recorded foreign exchange gains of 4.4 million in the 2009 fiscal year, as compared with foreign exchange losses of 5.6 million in the 2008 fiscal year, with the different result being primarily due to the positive impact of changes in the U.K. pound sterling and U.S. dollar exchange rates against the euro during the 2009 fiscal year.

Table of Contents

Taxation. The tax credit of 11.3 million recorded in the 2009 fiscal year was primarily due to the recognition of a deferred tax asset of 34.3 million in respect of net operating losses incurred and available to carry-forward to future periods. 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 utilize 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. The effective tax rate for the 2009 fiscal year was a tax benefit of (6.3%), as compared to the effective tax rate of 11.0% in the 2008 fiscal year. The effective tax rate reflects the statutory rate of Irish corporation tax of 12.5%, the positive impact of the reduced rates tax applicable to Ryanair.com and other Internet-related businesses and the loss due to the impairment of the Company s available-for-sale financial asset (which is not subject to corporation tax).

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, 2010 and 2009 of 2,813.4 million and 2,278.2 million, respectively. The increase at March 31, 2010 primarily reflects cash generated from operating activities of 871.5 million and proceeds from the sale of three Boeing 737-800 aircraft and two spare engines, offset in part by the cash used to fund the purchase of property, plant, and equipment primarily 42 new Boeing 737-800 aircraft. During the 2010 fiscal year, the Company funded its 997.8 million in purchases of property, plant, and equipment with 788.1 million in loans and the balance from cash generated from operations. Cash and liquid resources included 67.8 million and 291.6 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, 2010 and 2009, respectively. With respect to aircraft deliveries between November 2009 and January 2011, the Company announced on July 31, 2009, that it had entered into an agreement with a syndicate of banks consisting of BNP Paribas, Crédit Agricole Corporate and Investment bank and Sumitomo Mitsui Banking Corporation to provide US $1.6 billion of financing for these aircraft to support Ryanair s Export Import Bank of the United States (the Ex-Im Bank) euro-denominated export credit facilities. See Item 8. Financial Information Other Financial Information Legal Proceedings.

The Company s net cash inflows from operating activities in the 2010 and 2009 fiscal years amounted to 871.5 million and 413.2 million, respectively, reflecting the increase in the Company s operating profitability. 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. 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 2010 and 2009 totaled 1,549.1 million and 388.3 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.

Table of Contents

The Company s net cash provided by financing activities totaled 572.3 million in the 2010 fiscal year and 87.5 million in the 2009 fiscal year, largely reflecting the receipt of proceeds from long-term borrowings of 788.1 million and 459.0 million in fiscal years 2010 and 2009, respectively, offset in part by repayments of long-term borrowings of 230.3 million and 327.1 million in fiscal years 2010 and 2009, respectively.

Capital Expenditures. The Company s net cash outflows for capital expenditures in fiscal years 2010 and 2009 were 997.8 million and 702.0 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 the Ex-Im Bank. At March 31, 2010, Ryanair had a fleet of 232 Boeing 737-800 aircraft, the majority of which (151 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 (20 of the aircraft in the fleet as of March 31, 2010) and commercial debt financing (6 of the aircraft in the fleet as of March 31, 2010). 55 Boeing 737-800 aircraft in Ryanair s fleet at March 31, 2010 were financed through operating lease arrangements. All of the 18 new Boeing 737-800 aircraft which Ryanair took delivery of between April 1, 2010 and June 30, 2010, were financed 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 2011 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.

Table of Contents

Aircraft Delivery Schedule

Deliveries and Scheduled Deliveries in the Fiscal Year ending March 31,	1998 Boeing Contract (Incl. Options)	2002 Boeing Contract (Incl. Options)	2003 Boeing Contract (Incl. Options)	2005 Boeing Contract (Incl. Options)	737-800 Disposals	Total No. of Boeing 737-800 Aircraft
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
Total as of March 31, 2010	**28**	**103**	**24**	**103**	**(26)**	**232**
2011				50	(10)	40
2012				25(c)	(10)	15
2013				15	(3)	12
Expected Total as of March 31, 2013	**28**	**103**	**24**	**193**	**(49)(b)**	**299**
Basic Price per aircraft (unadjusted) (in millions)	$ 47	$ 51	$ 51	$ 51		

(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) At June 30, 2010 the Company had sold and delivered a cumulative total 25 Boeing 737-800 aircraft. The Company expects to dispose of 23 further aircraft before March 2013 (which, when added to the 25 completed disposals, and the aircraft disabled by the bird strike and thus listed as a disposal, brings the total number of disposals to 49). 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 2011 and fiscal 2013.

(c) On December 18, 2009, Ryanair exercised 10 options for aircraft due for delivery in September, October and November 2012. In addition the Company has deferred 15 aircraft deliveries due for delivery in September, October and November 2010 to January, February, March and April 2012.

Table of Contents

The following table summarizes the aggregate purchase options available to the Company under its contracts with Boeing as of the dates specified, broken down by periods in which the relevant option aircraft are deliverable.

	For Deliveries in Fiscal 2007 2011	For Deliveries in Fiscal 2012 2014	Total Boeing 737-800 Options
Options available as of April 1, 2007	67	70	137
Options granted in the period			
Options exercised in the period	(27)		(27)
Options cancelled in the period			
Options available as of March 31, 2008	40	70	110
Options granted in the period			
Options exercised in the period	(30)		(30)
Options cancelled in the period			
Options available as of March 31, 2009	10	70	80
Options granted in the period			
Options exercised in the period	(10)		(10)
Options cancelled in the period			
Options available as of March 31, 2010		70	70
Options granted after March 31, 2010			
Options exercised after March 31, 2010			
Options cancelled after March 31, 2010			
Options available as of June 30, 2010		70	70

As can be seen from the delivery schedule table on the preceding page, delivery of the Boeing 737-800s already ordered will enable the Company to increase the size of its summer schedule fleet by 40 additional aircraft (net of planned disposals) in fiscal year 2011, by 15 additional aircraft (net of planned disposals) in fiscal year 2012 and by 12 additional aircraft (net of planned disposals) in fiscal year 2013, thereby increasing the size of the fleet, which is expected to total 299 at the end of that period (assuming that the planned disposal and/or lease return of 23 such aircraft is completed on schedule). If traffic growth proves to be greater than can be satisfied by these new aircraft, the Company may exercise its rights to acquire some of the option aircraft detailed in the above table to cater to this demand.

Capital Resources. Ryanair s long-term debt (including current maturities) totaled 2,398.4 million at March 31, 2009 and 2,956.2 million at March 31, 2010, with the increase being primarily attributable to the financing of new aircraft. 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, 2010. 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 54 Boeing 737-800 aircraft delivered in the 2010 fiscal year has been funded by a combination of financing solutions, including bank loans supported by Ex-Im Bank guarantees (42 aircraft), and sale-and-leaseback financings (12 aircraft). At March 31, 2010, 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. 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 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 is 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.

Through the use of interest rate swaps, Ryanair has effectively converted a portion of its floating-rate debt under its financing facilities into fixed-rate debt. Approximately 45% 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

Table of Contents

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 55% of its outstanding debt financing at March 31, 2010. 30% 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, 2010. 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, 2010	EUR Fixed	EUR Floating
	(millions)	
Borrowing profile before swap transactions	737.9	2,218.3
Interest rate swaps Debt swapped from floating to fixed	901.7	(901.7)
Borrowing profile after swap transactions	1,639.6	1,316.6

The weighted-average interest rate on the cumulative borrowings under these facilities of 2,956.2 million at March 31, 2010 was 2.76%. 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 157 (net of 25 aircraft disposals) Ex-Im Bank-financed Boeing 737-800 aircraft delivered between 1999 and March 31, 2010. 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 157 aircraft delivered and remaining in the fleet as of March 31, 2010 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.

Table of Contents

At June 30, 2010, Ryanair had mandated a number of lenders to provide financing for up to 16 of its firm-order Boeing 737-800 aircraft under Ex-Im Bank guaranteed financing structures (although guarantees with respect to 10 of such aircraft remain subject to the receipt of Ex-Im Bank s final commitment and 5 remain subject to the receipt of Exlm Bank s preliminary commitment). The Company expects to finance the remaining 72 Boeing 737-800 aircraft it is obligated to purchase under its contracts with Boeing by November 2012 and any option aircraft it acquires under those agreements through the use of similar financing arrangements based on Ex-Im Bank guarantees, bank debt provided by commercial banks, and finance and operating leases, including via sale-and-leaseback transactions such as those described below, as well as cash flow generated from the Company s operations. It is expected that any future Ex-Im Bank guarantee-based financing will also be subject to 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 operation and financial condition.

The Company financed 55 of the Boeing 737-800 aircraft delivered between December 2003 and March 2010 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. 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. 15 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 12 of these leases into fixed-rate rental payments. 30 of these leases are denominated in euro and require Ryanair to make fixed rental payments over the term of the lease. The remaining 10 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 eight require Ryanair to make fixed rental payments. The Company has an option to extend the initial period of seven years on 28 of the operating lease aircraft on pre-determined terms. Ten operating lease arrangements, including six with extension options, will mature during January, February or March 2011. The Company has decided not to extend any of these operating leases for a secondary lease period. In addition to the above, the Company financed 20 of the Boeing 737-800 aircraft delivered between March 2005 and March 2010 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 five B737NG Level B flight simulators. The first 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.

54

Table of Contents

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, 2010. 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 $1.3526= 1.00 (based on the Federal Reserve Rate on March, 31, 2010). 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**
			(millions)		
Long-term Debt(a)	2,394.7	233.0	240.2	762.9	1,158.6
Finance Lease Obligations	561.5	32.5	34.0	149.7	345.3
Purchase Obligations	3,399.7	1,888.7	944.3	566.7	
Operating Lease Obligations	398.8	77.8	74.1	134.7	112.2
Total Contractual Obligations	6,754.7	2,232.0	1,292.6	1,614.0	1,616.1

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

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 4,384.2 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.

Table of Contents

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 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, 2010.

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, 2010:

Name	Age	Positions
David Bonderman(a)(b)	67	Chairman of the Board and Director
Emmanuel Faber(c)	46	Director
Michael Horgan(d)	73	Director
Klaus Kirchberger(e)	52	Director
Charles McCreevy	60	Director
Declan McKeon(c)	59	Director
Kyran McLaughlin(a)(b)(c)	66	Director
Michael O Leary(a)(b)(f)	49	Director and Chief Executive Officer
James Osborne(a)(c)(e)	61	Director
Paolo Pietrogrande(e)	53	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 Texas Pacific Group, a private equity investment firm. He currently serves as an officer and director of the general partner and manager of Texas Pacific Group. 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 public companies such as General Motors Company, CoStar Group, Inc. and Harrah s Entertainment, Inc., among other companies. Mr. Bonderman is a U.S. citizen.

Emmanuel Faber (Director). Emmanuel Faber has served as a director since September 2002. He holds the title of Co-Chief Operating Officer for Group Danone and also serves as a director of a number of French public companies. Mr. Faber is a French citizen.

Michael Horgan (Director). Michael Horgan has served as a director since January 12, 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.

Table of Contents

Klaus Kirchberger (Director). Klaus Kirchberger has served as a director since September 2002 and is also the Chief Executive Officer of DOBA Grund Beteiligungs GmbH in Munich, Germany. He also serves as a director of a number of German corporations. Mr. Kirchberger is a German citizen.

Charles McCreevy (Director). On May 28, 2010, the board of directors appointed Charles McCreevy as a director of the Company in accordance with the Company s articles of association. 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). On May 28, 2010, the board of directors appointed Declan McKeon as a director of the Company in accordance with the Company s articles of association. Mr. McKeon is a former audit partner of PricewaterhouseCoopers and continues to act as a consultant to PricewaterhouseCoopers. He is currently a director and member of the audit 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. He is also the chairman of the board of directors of Elan Corporation plc, and he 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 also serves as a director of a number of Irish private companies. Mr. Osborne is an Irish citizen.

Paolo Pietrogrande (Director). Paolo Pietrogrande, a citizen of the United States, has been a director since 2001. He is presently also Executive Chairman of 9REN Group, formerly Gamesa Solar. A chemical engineer by training, he has served as an executive at KTI Group, Bain & Company, General Electric, Enel, Ducati Motor Holding and Sviluppo Italia; as chief executive officer of Enel Greenpower, CISE, and Nuovi Cantieri Apuania; and as chairman of Atmos Holdings and Solar Energy Italia. His previous board memberships include different companies of the Enel Group, Trinergy Plc, Ducati Motor Holding and Atmos Holdings and its subsidiaries. He also currently serves on the advisory board of Wheb Ventures.

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. McLaughlin, Faber, McKeon and Osborne 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. McLaughlin, is the chairman of the Audit Committee. All members of the Audit Committee are independent for purposes of the listing rules of the NASDAQ National Market (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 Mr. Klaus Kirchberger s term will have expired, and he will be eligible to offer himself for re-election at the annual general meeting scheduled to be held on September 22, 2010. Mr. Emmanuel Faber s term also will have expired, but he has decided not to offer himself for re-election. In addition, Mr. Charles McCreevy and Mr. Declan McKeon, two newly appointed directors, have offered themselves for election.

Exemptions from NASDAQ Corporate Governance Rules

At the time of the listing of Ryanair s ADSs on NASDAQ in 1997, the Company received 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.

The Company also follows certain other practices under the Combined 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 nine non-executive directors is independent under the standards set forth in the Combined Code. Under the Combined 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 Combined 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 Combined 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 nine non-executive directors is independent under the Combined Code standard, the Ryanair Holdings board of directors identified such relevant factors with respect to non-executive directors Messrs. Bonderman, McLaughlin, Osborne, Horgan and Petrogrande. 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 Combined 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 Combined Code.

EXECUTIVE OFFICERS

The following table sets forth certain information concerning the executive officers of Ryanair Holdings and Ryanair at June 30, 2010:

Name	Age	Position
Michael Cawley	56	Deputy Chief Executive; Chief Operating Officer
Ray Conway	55	Chief Pilot
Caroline Green	46	Director of Customer Service
Michael Hickey	47	Director of Engineering
Juliusz Komorek	32	Director of Legal & Regulatory Affairs; Company Secretary
Howard Millar	49	Deputy Chief Executive; Chief Financial Officer
David O Brien	46	Director of Flight Operations and Ground Operations

Michael O Leary	49	Chief Executive Officer
Edward Wilson	46	Director of Personnel and In-flight

59

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 Citröen 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 17 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 directors and nine executive officers named above in the 2010 fiscal year was 4.5 million. For details of Mr. O Leary s compensation in such fiscal year, see Employment and Bonus Agreement with Mr. O Leary below.

Table of Contents

Each of Ryanair Holdings nine 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 2010 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 595,000, 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 2010 fiscal year totaled 241,000. 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 number of Ryanair s personnel at each of March 31, 2010, 2009 and 2008:

Classification	Number of Personnel at March 31, 2010	Number of Personnel at March 31, 2009	Number of Personnel at March 31, 2008
Management	99	99	99
Administrative	276	271	259
Maintenance	180	202	201
Ground Operations	297	384	485
Pilots	2,032	1,852	1,599
Flight Attendants	4,284	3,808	3,277
Total	7,168	6,616	5,920

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 crews 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, 2010, the average age of Ryanair s pilots was 37.8 years and their average period of employment with Ryanair was 3.8 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. 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. Ryanair had 1,147 such pilots from these agencies as of March 31, 2010. 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. Ryanair had 2,255 such flight attendants as of March 31, 2010. These contract flight attendants are included in the table above.

Table of Contents

Ryanair has licensed IAA-approved organizations in Sweden and the Netherlands 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 commissions 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 2010 fiscal year, such productivity-based incentive payments accounted for approximately 39% 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. In November and December 2009, negotiations on new employee pay arrangements concluded in a one-year pay freeze and the extension of all existing agreements by one year at all of Ryanair s bases. Ryanair s pilots are currently subject to IAA-approved limits of 100 flight-hours per 28-day cycle, 300 flight-hours every three months and 900 flight-hours per fiscal year. For the 2010 fiscal year, the average flight-hours for Ryanair s pilots amounted to approximately 64 hours per full working month and approximately 758 hours for the complete year, almost identical to the previous 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 has quarterly meetings 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 now has 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. If BALPA were successful in such a ballot initiative, this would allow it 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, 2010, 1,483,867,225 Ordinary Shares were outstanding. At that date, 118,335,860 ADRs, representing 591,679,300 Ordinary Shares, were held of record in the United States by 81 holders, and represented in the aggregate 39.9% 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, 2010, June 30, 2009 and June 30, 2008, the latest practicable date prior to the Company s publication of its statutory annual report in each of the relevant years.

	As of June 30, 2010		As of June 30, 2009		As of June 30, 2008	
	No. of Shares	% of Class	No. of Shares	% of Class	No. of Shares	% of Class
Capital Research and Management Company.	227,952,645	15.36%	195,559,515	13.24%	211,322,630	14.29%
Michael O Leary(a)	60,035,418	4.04%	60,000,016	4.06%	65,000,016	4.39%
Gilder Gagnon Howe & Co. LLC(b)	Not Reportable		76,570,295	5.19%	93,372,870	6.31%
FMR LLC(b)	Not Reportable		64,938,500	4.40%	46,806,380	