

EASYJET PLC

Co. no. 3959649

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Annual report and accounts 2015

HOW YEARS HAVE FLOWN

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SEE ALL OF THE INVESTOR
INFORMATION ONLINE AT
[http://corporate.easyJet.com/
investors](http://corporate.easyJet.com/investors)

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HOW  YEARS HAVE FLOWN

Our journey so far

THIS IS JUST THE START

1ST

NEW AIRBUS
ENTERS SERVICE

'95

£29

**FARES STARTING
PRICE ONE WAY**

easyJet launches its inaugural flights from London Luton to Glasgow and Edinburgh.

'96

'00

310p



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

'01

'02

120

**NEW AIRCRAFT
ORDERED**

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

'03

'05

10 YEARS OLD

100th aircraft delivered; 100 millionth customer flown (Stansted to Malaga).



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



5TH BASE IS OPENED

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

>400

ROUTES IN TOTAL



INTRODUCTION OF SPEEDY BOARDING

>100

ROUTES FROM LONDON GATWICK

The landmark of flying more than 100 routes from London Gatwick is reached.

Allocated seating introduced for all flights.

7 YEAR

DEAL WITH LONDON GATWICK

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

'06

'08

'11

'12

'13

'14

'15



135

NEW AIRCRAFT ORDERED

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

Logo removed

ACQUISITION

20

YEARS OLD

250th Airbus delivered. After 20 years we can still offer a one way flight for less than £30.

FIVE

BASES IN FRANCE



easyJet announces two new bases in France at Nice and Toulouse, bringing the number of bases in France to five. easyJet announces its maiden dividend to shareholders. easyJet passes the 50 million passenger milestone.

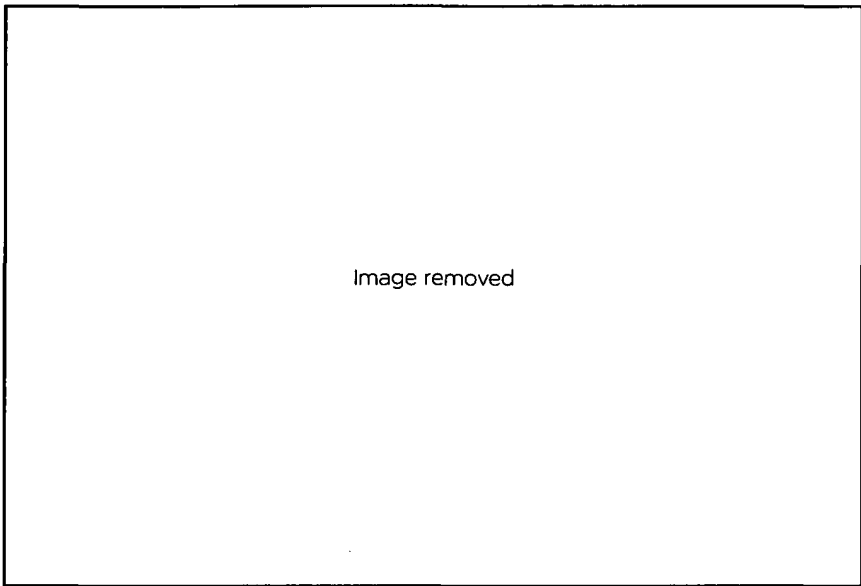


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2015

£29.99

**FARES STARTING
PRICE ONE WAY**

After 20 years
we can still offer
a one way flight
for less than £30.

Over the past 20 years easyJet has built Europe's leading short-haul airline, delivering market-leading returns to our shareholders.

Our network of primary airports, routes and slots, combined with a clear focus on making travel easy and affordable, enables us to provide a friendly, efficient service with low fares for our customers.

We have a strong platform to continue to deliver profitable growth for the next 20 years and be the short-haul airline of choice for passengers across Europe.

CAROLYN MCCALL OBE,
Chief Executive

YESTERDAY

In 1995 we started with two leased Boeing 737s at Luton airport, flying to Edinburgh and Glasgow. The price of a ticket was £29 one way, the same as a pair of jeans.



... Net revenue (£ million)
— Number of passengers (million)

Graph removed

+93% 

COMPOUND ANNUAL GROWTH RATE
OF NUMBER OF PASSENGERS
BETWEEN 1996 AND 2000

TODAY



Turn to pages: 10-15
to see our strategy

Today easyJet is the second-largest short-haul airline in Europe, carrying almost 70 million passengers per year with its innovative approach and friendly customer service. We still offer tickets for under £30.

735
ROUTES OPERATED
BY 2015

10,104
EASYJET EMPLOYEES
BY 30 SEPTEMBER 2015

241
AIRCRAFT IN FLEET
BY 2015

£2,249m
NET ASSETS
IN 2015

Net revenue (£ million)
Number of passengers (million)

Graph removed

+18%

COMPOUND ANNUAL GROWTH RATE
OF NUMBER OF PASSENGERS
BETWEEN 2000 AND 2015

OUR TRULY EUROPEAN NETWORK

Since day one we have continued to grow our capacity, increase the number of routes and attract more customers across Europe.

Our network extends across Europe and beyond, taking our customers to places that they really want to go.

We fly to 136 airports in 31 different countries, operating 735 routes.

In 2015 we added 95 new routes, offering flights to places like Stuttgart, Pula and Preveza.

We are continuing to expand in 2016, adding over 90 further routes to serve our customers' demands.

Image removed



www.easyJet.com/EN/routemap
To see our entire network

735 routes
at 30 September 2015

Over 90
new routes planned
for 2016

Image removed

136
airports
in 31 different
countries

HOW WE DRIVE GROWTH AND RETURNS

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

OUR VALUES >

SAFETY

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

SIMPLICITY

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

ONE TEAM

Together we'll always find a way.

INTEGRITY

We stand by our word and do what we say.

PASSION

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

PIONEERING

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

WHAT WE DO >

WE ARE A LOW-COST EUROPEAN POINT-TO-POINT SHORT-HAUL AIRLINE

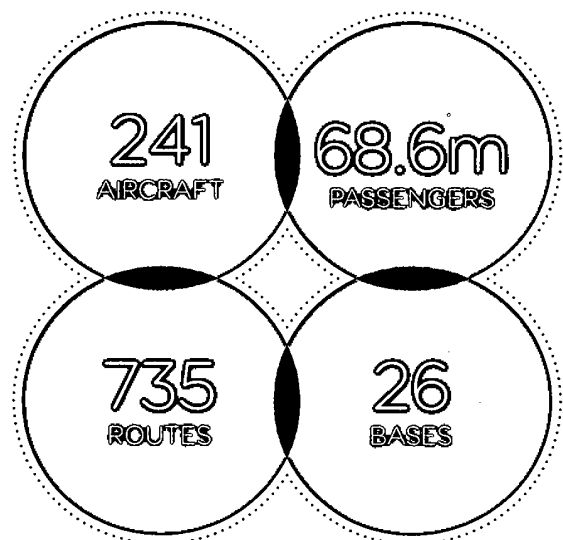
We use our cost advantage and number one and number two network positions in strong markets to deliver point-to-point low fares and operational efficiency, with our people making the difference by offering friendly service for our customers.

OUR AMBITION

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

OUR CAUSE

To make travel easy and affordable.



See the About Us section of <http://corporate.easyJet.com> to see more about our values



See the About Us section of <http://corporate.easyJet.com> to see more about our values

SAFETY UNDERPINS EVERYTHING WE DO

WHERE WE DO IT >

INTRA-EUROPEAN SHORT-HAUL NETWORK

Network focused on primary airports serving significant catchment areas.

Image removed

 Airports to which easyJet flies



Turn to pages 10-15
to see more detail on our strategy

HOW WE DO IT >

How we do it is about how our people implement our strategy through our unique network, digital leadership, cost advantage and financial strength. This is what sets us apart from our competitors.

BUILD STRONG NUMBER ONE AND TWO NETWORK POSITIONS

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

DRIVE DEMAND, CONVERSION AND YIELDS

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

MAINTAIN COST ADVANTAGE

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

DISCIPLINED USE OF CAPITAL

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

CULTURE, PEOPLE AND PLATFORM

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



Turn to pages 10-15
to see more detail on our strategy

SAFETY UNDERPINS EVERYTHING WE DO

CONTINUING TO DELIVER

Image removed

JOHN BARTON, CHAIRMAN

DEAR SHAREHOLDER

Reflecting another year of growth, I am pleased to report that your Company has delivered record profit for the fifth year in a row, with profit before tax up 18% to £686 million.

Celebrating 20 years as a business

easyJet celebrated its 20th birthday in November 2015. It is remarkable how far we have come in this short period of time. We have grown to become the second biggest short-haul airline in Europe, carrying almost 70 million passengers a year and we are now an established FTSE 100 company with £4.7 billion of revenue. Over the 20 years we have retained our entrepreneurial spirit and maintained our focus on providing customers with excellent service at a reasonable cost, the main reason for our success.

Strategy

Our strategy remains focused on delivering market-leading innovation in customer service, whilst establishing a network of routes and frequencies that benefit from strong demand. We continue to see a number of opportunities to grow in a profitable and disciplined way and our announcement of an agreement with Airbus to take delivery of an additional 36 A320 aircraft will help us to capitalise on these.

There have been several regulatory developments in the year. We are engaging with the European Union to address efficiency in a new EU Aviation strategy, including overall regulatory structure, air traffic control, regulated airports, levies and taxation. We were pleased with the Airports Commission's final report in July recommending that the Government expand its aviation capacity in London. We are also encouraged to see the Government engaging on Air Passenger Duty, against a backdrop of evidence that clearly indicates that an increase in air passenger traffic is a contributor to economic growth.

Returns to shareholders

Last year the Board announced its policy to increase the dividend payout ratio to 40% of profit after tax, in line with the broader market. After another successful year we are pleased to recommend a dividend for the year of 55.2 pence per share, an increase of 22%.

People

As always, our people have again made a significant contribution to the success of the business. I would particularly like to thank those on the front line, who sustained high standards of customer service throughout the year. We continue to dedicate resource to attracting the right people for the business and in the development and retention of our existing employees. It is the strength of our people that will enable us to meet our ambitious objectives for the future.

On the Board, we have recently welcomed Andrew Findlay as our incoming Chief Financial Officer, joining the Company on 2 October 2015. I would like to thank Chris Kennedy for his significant contribution to the successful growth of the Company in the last five years and wish him success in the future.

Conclusion

We believe that our business model and strategy will deliver long-term value to shareholders. Our clear focus is to fulfil our customers' needs via a network of airports, routes, frequencies and slots that is unrivalled in European short-haul aviation. This, combined with our fleet expansion plans, gives us a significant opportunity for future profitable growth and increasing shareholder returns. We look forward to another 20 years of success.

JOHN BARTON
Non-Executive Chairman

A YEAR OF STRONG PERFORMANCE

Image removed

£686m

PROFIT BEFORE TAX (2014: £581M)

22.2%

ROCE (2014: 20.5%)

CAROLYN MCCALL OBE, CHIEF EXECUTIVE

This has been another year of record profits and delivering our strategy for easyJet. We carried an additional four million passengers to reach 68.6 million passengers; we grew revenue to £4,686 million; and we increased profit before tax for the fifth successive year to a record £686 million. Return on capital employed increased to 22.2%⁽¹⁾, another record for the Company.

OVERVIEW

Our markets are strong, with favourable economic and consumer trends. Our core leisure customer is part of a market that is growing strongly every year as people take more holidays and city breaks, complemented by a business travel market that prizes both flexibility and value.

easyJet has positioned its network and product to capitalise on these trends and has delivered again during the year. Our business model and strategy are continuing to deliver profitable growth and increasing annual returns to shareholders.

In particular:

- Revenue increased by 3.5% to £4,686 million, with passenger volumes increasing by 6.0% and revenue per seat by 1.5% on a constant currency basis to £64.28, offset by currency headwinds.
- Our passengers continue to be attracted by our model of having convenient airports and flights, available at good value. We finished the year strongly with record load factors in both July and August driving revenue per seat up by 3.2% in constant currency in the fourth quarter.

- Load factor for the full year grew by 0.9 percentage points to 91.5%, demonstrating strong demand in a competitive environment.
- We increased yield and revenue throughout the year with our market leading digital platform driving and fulfilling demand, supported by our best-in-class Revenue Management System.
- Our confidence, both in the demand environment and our structural growth opportunities within our markets has led us to secure an additional 36 aircraft between 2018 and 2021, comprising 30 Next Generation A320s and 6 Current Generation A320s, all in the 186 seat configuration. This will bring flexibility and secure further cost savings of £27 million.
- Cost per seat decreased by 3.4%, with benefits from both fuel and currency. Cost per seat at constant currency excluding fuel increased by 3.6%. We have experienced cost pressures that include regulated airport price increases, increased de-icing costs and significant disruption costs. We have mitigated this through £46 million of sustainable savings and we have a pipeline of structural cost improvement to deliver future savings.
- Profit before tax grew by £105 million to £686 million and we increased the profit before tax margin to 14.6% from 12.8%.
- Return on capital employed⁽¹⁾ increased by 1.7 percentage points to a record 22.2% (2014: 20.5%), with some benefits from our hedge positions, maintaining our strong market returns. We continue to drive capital efficiency with rigour and discipline, reallocating aircraft around the network to maximise return on capital employed.
- We generated £895 million of operating cash flow, reducing our gearing to 14%, thus further strengthening our balance sheet.
- Reflecting the strong financial performance during 2015, the Board has recommended a dividend of 55.2 pence per share, an increase of 21.6% from the prior year, in line with its policy of paying 40% of annual profit after tax to shareholders.

(1) Return on Capital Employed shown adjusted for leases capitalised at 7 times.

EXTERNAL ENVIRONMENT

easyJet operates in the short-haul European aviation market, which has seen strong underlying demand throughout the year. easyJet's focus is primarily in Western and Northern Europe, where there is a high propensity to travel and deep, rich markets. Economic trends are currently favourable, with GDP growth in our main markets. The UK is the strongest country in terms of absolute GDP performance in 2015 and we continue to see an improving outlook across all of our other major regions. In addition, consumer confidence is growing in those markets, which we expect to support growth in economic activity. These positive trends, combined with our market positioning, are reflected in strong demand for our services.

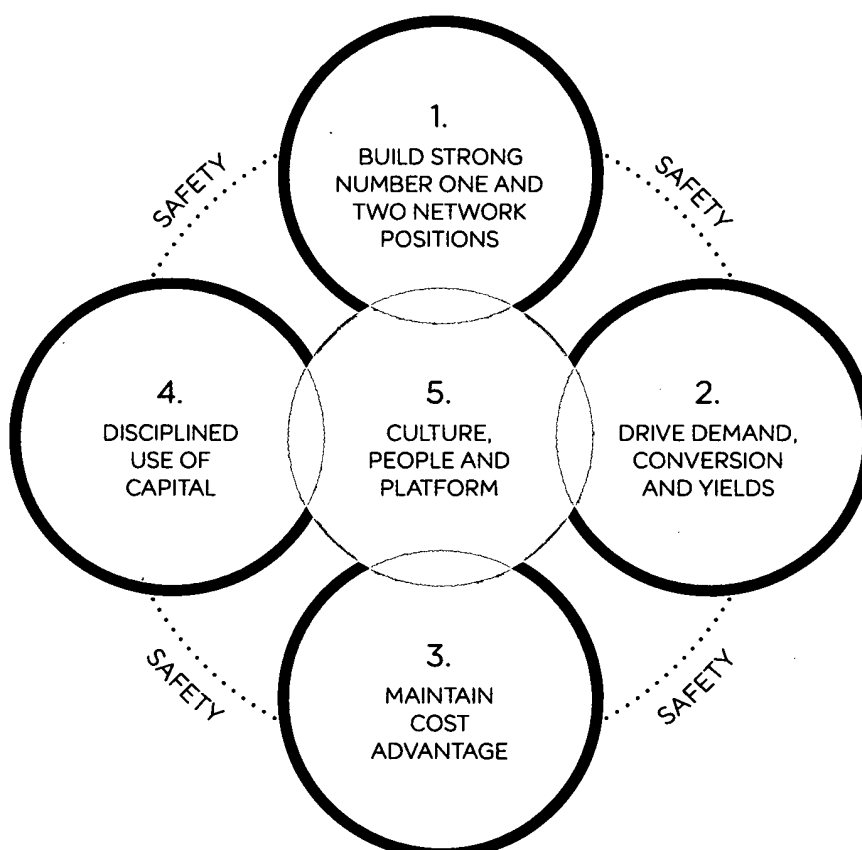
The total European short-haul market⁽²⁾ grew by 5% year-on-year in the 12 months to 30 September 2015, sustained in part by a continued low fuel price. Low cost carrier share of the short-haul market increased by around one percentage point to 42%. In the same period, easyJet's competitors increased capacity by 7% in its markets, with particularly strong growth in the UK market. Over its financial year, easyJet increased capacity by 5%, with growth of 4% in the first half increasing to 6% in the second half.

Whilst the overall short-haul market has grown over the last 10 years, the low-cost carriers have taken significant market share, as the legacy carriers have cut mainline capacity across their networks in order to address their lack of competitiveness. At the same time the legacy carriers are transferring capacity from their flag airlines to lower-cost subsidiaries such as Vueling, Eurowings and Transavia. In its 20 years of existence, easyJet has grown its own market share as part of that low cost growth and now has an estimated 8% of the European short-haul market. We see a number of opportunities to increase our market share.

easyJet has delivered a strong performance against this competitive backdrop, demonstrating the strength of its model and implementation of its strategy. With a track record of high growth across economic cycles, strong underlying demand, as well as our relatively low current market share, we continue to see opportunities to deliver further growth over the medium term.

OUR STRATEGY

easyJet is confident that through its strategy it will deliver sustainable growth and returns for shareholders.



(2) Capacity and market share figures from OAG. Size of European market based on internal easyJet definition. Historical data based on 12 month period from October 2014 to September 2015.

1 BUILD STRONG NUMBER ONE AND TWO NETWORK POSITIONS

easyJet flies to a network of primary airports and routes that tap into deep, wealthy markets with populations that have a high propensity to fly. We have chosen to establish ourselves at the right airports, serving valuable catchment areas that represent Europe's top markets by GDP, driving both leisure and business travel. This is also where strong markets already exist, built up over a period of time by legacy carriers. We have the opportunity both to capture further market share and to grow the overall market.

Driven by strong underlying demand and an attractive customer proposition, we will continue to invest in growing our network. We operate more of the top 100 routes in Europe than any other airline and our route frequencies deliver choice and flexibility for our customers while increasing returns. Our competitive advantage is reinforced by the overall portfolio of peak time slots at airports where either total slot availability or availability at customer-friendly times is constrained.

We regularly review the route network in order to maximise returns and exploit demand opportunities in the market. During the year we added a net 60 routes to the network, slightly more than last year. These were allocated to new bases, such as Amsterdam, Hamburg, Naples and Oporto, and to markets where we want to consolidate our position and grow our share, such as Switzerland and Italy. We have recently announced new base openings in Venice and Barcelona. Our plans for fleet expansion will help us to capitalise on expected demand in markets that we understand.

Over time, increased route maturity and greater numbers of frequencies have contributed to increasing profitability and returns. We continue to establish stronger leadership positions in all of our markets, to achieve the aim of holding the position of number one or number two in each market. We currently have 52% of our capacity in airports where we have the number one position by share and 83% as one of the top two.

Progress in our main markets is as follows:

United Kingdom

easyJet is the UK's largest short-haul airline, where we have a 20% market share⁽²⁾. At year end the UK had 134 based aircraft.

We are continuing to reinforce our already strong position in the UK market, both London-based and regional. easyJet remains the number one carrier by market share at almost all of its UK bases, including its major bases of London Gatwick, London Luton, Bristol, Belfast and Edinburgh. Our positioning, market share and airport bases are driving both leisure and business passengers. We increased capacity by 3% in the twelve months to 30 September 2015, launching new routes such as London Gatwick to Stuttgart and London Luton to Essaouira, while continuing to increase frequencies on selected routes. Our competitors increased their capacity on our markets by 9%.

France

easyJet is France's second largest short-haul airline with a 14% market share. At year end France had 26 based aircraft.

We see opportunities to grow our market share in France, leveraging our competitive market position, adding capacity at Charles de Gaulle through up-gauging and strengthening our domestic network (we are the number one or two carrier after Air France in most of the airports where we operate). We increased capacity in France by 6% in the year, against competitor growth on our markets of 5%, launching eight new routes in the year such as Toulouse to Seville and Paris Orly to Split.

Italy

easyJet has a 12% market share in Italy. At year end Italy had 29 based aircraft.

We continue to target increasing market share in Italy, by reinforcing our existing strong positions and investing more in the higher value catchment areas. We are the biggest operator at Milan Malpensa with 22 touching aircraft, have recently opened a new base at Naples and will open a base in Venice early in 2016 (and we are already the number one airline at both). We are supporting this by redeploying aircraft and crew from Rome Fiumicino, which still remains an important part of our network with an expected two million passengers a year. During 2015 we increased capacity in Italy by 7% launching 23 new routes in the year, including Milan Malpensa to Munich, Milan Linate to Paris Charles de Gaulle and Milan Linate to Amsterdam.

Switzerland

easyJet is Switzerland's second largest airline with a 23% total market share. At year end Switzerland had 23 based aircraft.

easyJet is the number one operator at both Geneva and Basel airports, with the latter also part of the Zurich catchment area. We increased capacity by 9% in the twelve months to 30 September 2015, building and reinforcing our leading positions at both airports. As the leading airline brand in Geneva and Basel easyJet's strategy is to continue to build customer preference in the market. Competitor capacity growth on our markets was also 9%. easyJet launched eleven new routes in the year such as Geneva to Menorca and Basel to London Luton.

Germany

easyJet has 4% market share in Germany. At the year end Germany had 12 based aircraft.

Germany is a large and attractive market, although with a more regional, federal structure than other European countries. easyJet is focused on its two bases at Berlin Schoenefeld, where it is the number one airline, and Hamburg, which opened in 2014. We target continued growth in Germany, taking share from the incumbent operators. We have increased capacity by 15% during the year. Competitor growth on our markets was 6%. We launched sixteen new routes in the year such as Hamburg to Lanzarote and Hamburg to Paris Orly.

Portugal/Spain

easyJet has 13% market share in Portugal and 8% market share in Spain. At year end Portugal had six based aircraft.

Portugal and Spain are principally an in-bound market for easyJet, with strong demand on key flows to the region from the rest of Europe. We increased capacity by 8% and 2% in Portugal and Spain respectively, reflecting in particular the investment in a new base in Oporto from where we launched six new routes to Luxembourg, Nantes, Stuttgart, Manchester, Bristol and London Luton airports. We also announced that a new base at Barcelona would be opening in February 2016. Competitor market growth on our markets was 10% in Portugal and 7% in Spain.

Netherlands

easyJet is the Netherlands' second largest short-haul airline with a 9% market share. At year end the Netherlands had three based aircraft.

The Netherlands is a significant opportunity for easyJet, where we currently carry four million passengers a year. In March 2015 we opened a new base at Schiphol Airport, Amsterdam (where we are now the second biggest operator) and we are continuing to invest in growth of our market share. As a result we have increased capacity by 17% during the year against competitor growth on our markets of 9%. easyJet launched nine new routes in the year, such as Amsterdam to Nice.

2 DRIVE DEMAND, CONVERSION AND YIELDS

Alongside the quality of its network, easyJet is able to drive profitable growth through its leading customer-focused proposition. In particular we are driving increasing levels of loyalty and attracting passengers through the quality and innovation of our digital platform.

Leading customer offering

easyJet's strong relationship with its customers continues to develop, with passengers increasingly likely to travel with easyJet again after previously taking an easyJet flight. Increasing customer loyalty helps to create more sustainable long-term revenue.

In the last year, 74% of our seats were booked by returning customers, which is a six percentage point increase from 2010. All easyJet markets have seen an increase in customer loyalty, with France showing the biggest increase of 28% since 2011. The strength of the relationship was best illustrated during the very busy summer trading period, with approximately 80% of passengers who flew with easyJet being returning customers.

As part of the 20th Anniversary celebrations easyJet announced the launch of its new customer loyalty program. This aims to recognise and retain our high value and loyal customers with a scheme that makes travel with easyJet even easier. Very different to legacy frequent flyer programs, which are highly expensive and complex, we want to make the simple things easy for our customers. The programme offers a range of benefits such as free name changes, free booking changes and a low price promise, all reinforced by a dedicated customer support team. This is expected to be rolled out in early 2016.

Our combination of using primary airports in large economic markets, alongside high frequencies and attractive flight timings, also makes easyJet a logical choice for business passengers. We are focused on providing a bespoke business offering through distribution platforms, Travel Management Companies and direct to small and medium sized enterprises. We signed up 100 corporate customers during the year. Despite a strong comparable benefit in 2014 due to the Air France strike, we nevertheless continued to increase the business yield premium during the year. Sales of business products performed well, with a 58% increase in the sale of flexible business fares when compared to 2014. Sales through Global Distribution Systems grew by 32% in the year as easyJet continued to leverage its relationships with the Travel Management Companies. Bookings from corporate customers direct also went up by 30%. easyJet continues to see opportunities to sell its business product across Europe and we have recently strengthened our corporate sales capability through a new market, customer and industry structure.

Innovation and digital leadership

Our digital platform is a key point of differentiation with our competitors. We believe that we have significant advantages in the capability of our web platform, our Customer Relationship Management ("CRM") data and our mobile offering. During the year we had over 500 million visits across all platforms, an 18% increase in the last two years, and we grew web conversion by 13% over the same period.

Our CRM enables our customers to benefit from increasing levels of personalisation across multiple channels, with examples such as saved passport details, targeted marketing campaigns via email and text message and bespoke offers from our affiliate partners. The user experience has been further developed over the year, with greater ease of interaction on the website and mobile and optimised layouts and design.

We have put significant focus on the mobile offering over the past two years, with an award-winning app that enables mobile hosting through the airport, disruption notification live with the ability to change flights, and saved personal data such as payment details. We have seen very positive take-up of mobile as the platform for seat sales, almost doubling as a percentage over the last 12 months to over 8%.

The strength of this platform was recently demonstrated when our summer 2016 season tickets went on sale. On the day we were commanding 33% of all UK airline web traffic share. Across all channels we had 2.6 million visits, up 30% on the prior year, of which over 15% were on mobile. In the early moments we were selling 800 seats per minute, rising to a peak when we were selling out the equivalent of an A320 every seven seconds.

We will be investing substantially in our digital capability over the next three years, as we continue to innovate and maintain our leadership position in the sector. Our initial focus will be on enhancing the digital customer interface, to be delivered by summer 2016, followed by the development of support systems that will lead to easyJet having the first fully-integrated e-commerce platform in the airline industry. In the longer term we are committing to the acceleration of our use of data science to improve efficiency, increase revenue and drive greater customer satisfaction.

The digital programme will offer increasing amounts of personalisation, introducing a more relevant booking journey based on previous behaviour to drive higher footfall, higher conversion rates and higher attachment rates. It will also enable greater self-management capability through the entire journey chain, from booking to check-in, through the airport and in the event of disruption.

We are subsequently building an e-commerce platform that will give us a competitive advantage for the long term. Its primary objective is to give us significantly better flexibility and capability than we currently have, specifically around our ability to offer customers bespoke, attractive options.

Lastly, we have started to explore ways to innovate in other areas across the business. In June we showcased new technology such as engineering drones and prognostics software. Looking to the future, we are investing in research around Artificial Intelligence to exploit the large amounts of data generated by our operations.

3 MAINTAIN COST ADVANTAGE

easyJet has a strong cost-focused culture, with a number of structural advantages in key areas that enable it to combine the offering of a primary airport network with good value fares. Every year easyJet delivers substantial cost savings against underlying cost inflation, whilst in the longer term we have a pipeline of opportunities that will further improve our structural competitiveness.

In 2015 cost per seat decreased by 3.4%, primarily reflecting benefits from fuel and foreign currency. On a constant currency, ex-fuel basis cost per seat rose 3.6%. Part of this is the cost of doing business within our successful business model; part was due to one-off factors during the year. We have generated sustainable savings during the year of £46 million.

easyJet's structural advantages are an integral part of our business model, with established benefits in fleet, airports and handling, engineering, pensions and overheads:

- We operate an exclusively Airbus A320-family fleet. This delivers operational flexibility as well as efficiencies in engineering and maintenance, crew, ownership and fuel. As the second-largest operator of Airbus aircraft in the world we also benefit from significant economies of scale on acquisition. Between 2016 and 2021 we will derive a major benefit from up-gauging of our fleet, from a majority 156-seat A319 composition to a fleet that is over 70% 186-seat A320s. This is expected to have a 13-14% cost per seat benefit, which translates into over £110 million of comparable savings.
- With significant positions in our airports, we are able to drive economies of scale from long term deals with the airport owners and operators, as well as with ground handling agents at those airports. We are now in our second year of a seven year contract with Gatwick airport, as the largest operator at the airport, and likewise at London Luton airport, where we have signed a 10 year contract. In Ground Handling we signed an arrangement with GH Italia covering all of the nine airports where we operate in Italy. We expect to agree a number of new contracts in both areas in 2016 and 2017.
- During 2015 we completed our new component support arrangement with AJW Group, consolidating previous arrangements and again leveraging our increasing scale. This has been successfully implemented in October 2016 and we expect to drive significant maintenance savings over the term of the contract.
- easyJet is not encumbered with significant historic costs that legacy carriers have. Our crew are more productive. We maintain a lean and efficient head office and we do not have expensive pension arrangements for current and previous employees. We believe we can leverage this position to drive incrementally profitable growth in the medium term.

We will relentlessly focus on delivering these initiatives in the next few years. Our experiences in 2015 have given us the impetus to increase our cost saving efforts. We plan to re-invigorate what has already been a hugely successful cost saving programme, leveraging our increasing scale and reviewing our cost management down to the lowest level.

4 DISCIPLINED USE OF CAPITAL

easyJet has a clear capital structure framework and a strategy which is intended to maximise shareholder returns. The Company maintains a strong balance sheet with low gearing, which gives us a strong competitive advantage through access to a lower cost of funding as well as operational flexibility.

Our objective is always to optimise our return on capital employed through the allocation of aircraft and capacity across the network, regularly moving them to airports and routes with better opportunities. In line with this strategy, we took the decision in June to close our base at Rome Fiumicino and will redistribute those eight based aircraft to other bases in Italy, including the opening of a new base in Venice. These actions reiterate our focus on returns and will increase the return on capital employed of the Company as a whole, as we have done regularly in the past and will do so in the future.

As we continue to add frequencies and commit to basing aircraft around the network in scale, we are able to maintain the very high fleet utilisation that sets us apart. In 2015 we maintained our asset utilisation across the network, at an average of 11 block hours per day (2014: 11 hours).

Fleet

We manage our fleet to provide flexibility in our planning arrangements, so that on the one hand we can maximise opportunities in a strong demand environment, whilst being able to manage our capacity as necessary. easyJet's total fleet as at 30 September 2015 comprised 241 aircraft and increased by a net 15 from 30 September 2014.

Over the next five years we will reduce cost by changing the fleet mix and ownership structure. We took delivery of 20 A320 aircraft in the 12 months to 30 September 2015, which provide a per seat cost saving of 7% to 8% over the A319, through up-gauging. Five A319 aircraft were retired and the average age of the fleet increased to 6.2 years (2014: 5.8 years).

Fleet as at 30 September 2015:

	Owned	Operating leases	Finance leases	Total	% of fleet	Changes in year	Future committed deliveries at 16 November 2015	Unexercised purchase rights
A319	93	49	6	148	61%	(5)	—	—
A320	70	18	5	93	39%	20	56	—
A320neo	—	—	—	—	—	—	130	100
	163	67	11	241		15	186	100

Agreement for 36 additional aircraft

Due to our continued robust trading, high demand for easyJet flights and the number of profitable opportunities we see in our markets, we are pleased to have secured an agreement with Airbus to take delivery of an additional 36 A320 aircraft between 2018 and 2021, all in the 186 seat configuration. These aircraft will offer increased flexibility in fleet planning, including the faster replacement of some of our A319 aircraft, lower overall unit costs and ensure easyJet can continue to grow past 2019 to support increasing total shareholder return.

easyJet is exercising rights to 30 next generation A320 NEOs under the existing framework agreement signed in 2013⁽³⁾. The additional six aircraft are current generation A320 added to that agreement. We have secured an additional 30 A320 NEO purchase rights to replace those we are exercising. Funding is available. easyJet's balance sheet and cash generation is strong with gearing at 30 September at 14%, marginally below the Board's target of 15% – 30%.

5 CULTURE, PEOPLE AND PLATFORM

easyJet is passionate about its people and we believe that it is what sets us apart. In particular we believe that our customer-facing employees are the best in the industry and contribute significantly to the positive experience that our passengers enjoy, which in turn drives their loyalty and repeat business.

It is our people who continue to deliver the strategy for the business and will drive future success. Internally we continue to focus on recruiting the right people, helping them to understand the Company's values and their role in the business and then giving them the tools to develop a high-performance culture.

Our people are truly exceptional. They are passionate and driven to achieving a winning strategy. They have responded to recent tragic events with energy, care for our customers and unbelievable stamina. We couldn't achieve these results without this orange spirit.

In line with the rest of the business we recruited during the year to help support our growth, adding over 290 pilots and 1,300 cabin crew, as well as 390 people within the management, administration, engineering and maintenance departments. Retention rates remain good with employee turnover of 6.6% (2014: 6.7%).

DELIVERING SHAREHOLDER RETURNS

Our high revenue growth and good cost control have driven strong profit growth and this year we have recorded record profit for the fifth consecutive year. Our cash generation is also strong. We generated £895 million in operating cash, before investing £532 million, principally in the acquisition of 20 aircraft. easyJet ended the year with net cash of £435 million and gearing of 14%, marginally below the bottom end of the Board's target range.

Return on capital employed increased to 22.2% from 20.5% last year, as the increase in profit more than made up for the increase in fleet. As we embark on a new phase of fleet acquisition we expect this to reduce slightly in the next few years, whilst remaining among the higher performers in the market.

As we look forward, we expect that our ability to grow revenue and the renewed focus on cost will deliver strong earnings momentum and significant returns to shareholders.

HEDGING POSITIONS

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

Details of current hedging arrangements are set out below:

Percentage of anticipated requirement hedged	Fuel requirement	US Dollar requirement	Euro surplus	CHF surplus
Six months to 31 March 2016	85%	89%	75%	69%
Average rate	\$852 /metric tonne	\$1.62	€1.20	CHF 1.46
Full year ending 30 September 2016	83%	81%	80%	67%
Average rate	\$830 /metric tonne	\$1.63	€1.22	CHF 1.46
Full year ending 30 September 2017	60%	61%	54%	51%
Average rate	\$664 /metric tonne	\$1.55	€1.33	CHF 1.43

Sensitivities

- A \$10 movement per metric tonne impacts the 2016 financial year fuel bill by \$3.5 million.
- A one cent movement in £/\$ impacts the 2016 financial year profit before tax by £1.5 million.
- A one cent movement in £/€ impacts the 2016 financial year profit before tax by £0.7 million.
- A one cent movement in £/CHF impacts the 2016 financial year profit before tax by £0.4 million.

OUTLOOK

We remain confident in our ability to deliver growth and returns for shareholders as we continue to execute our strategy. For the year to 30 September 2016 we plan to increase capacity by c.7% and by c.8% in the first half of the year as we invest in profitable growth. We will continue to expand in our new bases of Hamburg, Amsterdam and Oporto as well as consolidating our strong market positions in the UK, Switzerland, France and Italy. Demand remains resilient and with forward bookings in line with last year, we view the future with confidence.

Based on current market fuel prices we expect the unit fuel⁽⁴⁾ bill to decline by between £140 million and £160 million during the year to 30 September 2016. As you would expect, passengers will continue to benefit from the lower fuel cost and therefore we expect a slight decline in revenue per seat at constant currency during the first half of the year.

We expect a slight decline in total cost per seat at constant currency including fuel for the full year of approximately 1%, based on jet fuel prices within a range of \$450 per metric tonne to \$556 per metric tonne. Cost per seat excluding fuel and currency is expected to increase by approximately 2% for the full year. This will be weighted towards the first six months to 31 March 2016, primarily reflecting further increases in regulated airports costs and navigation charges, disruption costs and an expected cold winter.

Exchange rate movements⁽⁵⁾ are likely to have an adverse impact of approximately £15 million in the first half year compared to the six months to 31 March 2015 and £40 million for the 12 months to 30 September 2016 compared to the 12 months to 30 September 2015. Consequently market expectations are in line within the Board's expectations for the full year.

We continue to see significant longer term opportunities to grow revenue, profit and shareholder returns. We expect market demand to remain strong and easyJet's unique model and strategy are well-positioned to capture significant value from favourable trends in both leisure and business markets.



CAROLYN MCCALL OBE
Chief Executive

(3) The aircraft list prices based on the relevant price catalogue in January 2012, is US\$76,260,569 for the current generation A320 aircraft and US\$92,346,946 for the new generation A320 NEO aircraft (being the sum of the airframe list price, engine option list price and the price of certain assumed specification change notices). Therefore the total list price for the 36 aircraft is approximately US\$3,227,971,794.

(4) Unit fuel calculated as the difference between latest estimate of the 2016 financial year fuel costs less the 2015 financial year fuel cost per seat multiplied by 2016 financial year seat capacity.

(5) US \$ to £ sterling 1.522, euro to £ sterling 1.4106. Currency and fuel increases are shown net of hedging impact.

MEASURING OUR PERFORMANCE

SAFETY FIRST

graph removed

Definition:

All reported safety-related incidents are assessed and categorised with risk values assigned and aggregated to form a composite risk value index.

Performance:

Safety remains our number one priority, supported by a strong safety reporting culture. The small increases year-on-year reflect the Company's promotion and ongoing commitment to an open safety reporting culture.

See Risk on pages 24-29 for more information

BUILD STRONG NO. 1 & 2 NETWORK POSITIONS

graph removed

Performance:

Excluding Rome Fiumicino, where easyJet has taken a strategic decision to reallocate aircraft to more profitable and stronger markets within Italy, we have maintained the number of key airports where we have a number one or number two position.

MAINTAIN COST ADVANTAGE

graph removed

Definition:

Revenue less profit before tax, plus fuel costs, divided by seats flown.

Performance:

Cost per seat excluding fuel decreased by 0.9% to £37.35, however increased by 3.6% at constant currency due to anticipated increases in charges at regulated airports, increased disruption costs and costs associated with building a resilient operation ahead of new crew base openings.

See Chief Executives' review on pages 9-15 for more information

See Financial review on pages 18-22 for more information

graph removed

Definition:

Percentage of flights which arrive within 15 minutes of the scheduled arrival time.

Performance:

Increased disruption due to the French ATC strikes in April and the fires at Rome Fiumicino airport have contributed to the decrease in on-time performance to 80% (2014: 85%).

See Corporate Responsibility on pages 30 to 45 for more information

DRIVE DEMAND, CONVERSION AND YIELDS ACROSS EUROPE

graph removed

Definition:

Revenue divided by seats flown.

Performance:

Revenue per seat decreased by 1.3% to £62.48 (2014: £63.31), impacted by the weak Euro, with an increase of 1.5% at constant currency.

See Financial review
on pages 18-22 for more information

CULTURE, PEOPLE AND PLATFORM

graph removed

Definition:

Employee engagement index, based on results of an employee survey.

Performance:

The survey result was consistent with last year, and continues to outperform the Ipsos Mori airline norm.⁽²⁾

See Corporate Responsibility
on pages 30 to 45 for more information

DISCIPLINED USE OF CAPITAL

graph removed

Definition:

Adjusted net debt divided by the sum of shareholders' equity and adjusted net debt.

Performance:

Gearing decreased by three percentage points to 14%.

See Financial review
on pages 18-22 for more information

graph removed

Definition:

Normalised operating profit after tax divided by average adjusted capital employed.

Performance:

ROCE increased to 22.2% (2014: 20.5%).

See Financial review
on pages 18-22 for more information

graph removed

Performance:

The Board has recommended a final dividend of 55.2 pence per share (2014: 45.4 pence), an increase of 21.6%, which is in line with the stated dividend policy of a payout ratio of 40% profit after tax.

See Financial review
on pages 18-22 for more information

(1) Surveys carried out prior to 2014 were conducted using a different methodology and the results are therefore not comparable.

(2) Ipsos Mori is a market leading research company.

OUR FINANCIAL RESULTS

FINANCIAL OVERVIEW

	2015			2014		
	£ million	£ per seat	pence per ASK	£ million	£ per seat	pence per ASK
Total revenue	4,686	62.48	5.59	4,527	63.31	5.69
Costs excluding fuel	(2,801)	(37.35)	(3.34)	(2,695)	(37.70)	(3.39)
Fuel	(1,199)	(15.98)	(1.43)	(1,251)	(17.49)	(1.57)
Profit before tax	686	9.15	0.82	581	8.12	0.73
Tax charge	(138)	(1.84)	(0.17)	(131)	(1.83)	(0.16)
Profit after tax	548	7.31	0.65	450	6.29	0.57
Operating profit*	688	9.18	0.82	581	8.12	0.73

* Operating profit represents profit before interest and tax.

Image removed

ANDREW FINDLAY, CHIEF FINANCIAL OFFICER

In the 2015 financial year, easyJet flew 68.6 million passengers (2014: 64.8 million) and grew profit before tax by 18.1% to £686 million. Profit after tax was £548 million, an increase of 21.8% over last year.

Basic earnings per share increased 21.5% to 139.1 pence.

Year-on-year seats flown grew by 4.9%. Total revenue per seat fell by 1.3% to £62.48. At constant currency, revenue per seat grew by 1.5% to £64.28.

Excluding fuel, cost per seat decreased by 0.9% to £37.35, and increased by 3.6% at constant currency. This increase includes higher disruption costs following French ATC strikes in April and the impact of two fires at Rome Fiumicino airport. There were also additional costs due to increased airport charges, the early recruitment of crew in the winter to provide a resilient operation ahead of three crew base openings, and a one-off settlement of £8 million with Eurocontrol in the second half of the year.

Fuel costs decreased by £52 million, and from £17.49 to £15.98 per seat, primarily driven by the significant reduction in market price.

Profit before tax per seat increased 12.6% to £9.15 per seat (2014: £8.12).

The tax charge for the year was £138 million. The effective tax rate for the year was 20.1% (2014: 22.5%), slightly lower than the standard UK rate of 20.5%, reflecting the impact of net prior year adjustments of £6 million.

Earnings per share and dividends per share

	2015 pence per share	2014 pence per share	Change
Basic earnings per share	139.1	114.5	21.5%
Proposed ordinary dividend	55.2	45.4	21.6%

Reflecting the increased profit after tax, basic earnings per share were 139.1 pence.

In line with the stated dividend policy of a payout ratio of 40% of profit after tax, the Board is recommending an ordinary dividend of £219 million or 55.2 pence per share, which is subject to shareholder approval at the Company's Annual General Meeting on 11 February 2016. This will be paid on 18 March 2016 to shareholders on the register at close of business on 26 February 2016.

Return on capital employed (ROCE) and capital structure

	2015	2014	Change
ROCE	22.2%	20.5%	1.7ppt
Gearing	14%	17%	(3ppt)

ROCE for the year was 22.2%, an improvement of 1.7 percentage points on the prior year. The impact of hedging reserve movements on capital employed represents 0.8 percentage points of this increase. The acquisition of 20 aircraft during the year contributed to an overall 9.1% increase in capital employed which was more than compensated for by the increase in profit for the year.

The combined effect of the profit for the year and the lower lease adjustment following the return of five leased aircraft, offset the impact of capital expenditure and the ordinary dividend payment, resulting in gearing of 14% (2014: 17%), which is marginally outside the target range of 15% to 30%.

EXCHANGE RATES

The strong performance of UK beach routes and the strengthening of sterling against Euro year-on-year resulted in an increase in the proportion of sales denominated in sterling. The relative weakness in the Euro was observable to a greater extent in cost than revenues due to the timing of the revenue and cost cash flows.

	Revenue		Costs	
	2015	2014	2015	2014
Sterling	49%	47%	27%	26%
Euro	40%	42%	32%	33%
US dollar	1%	1%	35%	35%
Other (principally Swiss franc)	10%	10%	6%	6%

Average exchange rates

	2015	2014
Euro – revenue	€1.29	€1.21
Euro – costs	€1.35	€1.22
US dollar	\$1.58	\$1.59
Swiss franc	CHF 1.48	CHF 1.49

The net adverse impact on profit due to the year-on-year changes in exchange rates was mainly driven by the weaker average Euro rate:

Favourable/(adverse)

	Euro £ million	Swiss franc £ million	US dollar £ million	Other £ million	Total £ million
Revenue	(131)	(1)	4	(7)	(135)
Fuel	–	–	(6)	–	(6)
Costs excluding fuel	127	(3)	5	–	129
Total	(4)	(4)	3	(7)	(12)

FINANCIAL PERFORMANCE

Revenue

	2015			2014		
	£ million	£ per seat	pence per ASK	£ million	£ per seat	pence per ASK
Seat revenue	4,616	61.54	5.51	4,462	62.40	5.61
Non-seat revenue	70	0.94	0.08	65	0.91	0.08
Total revenue	4,686	62.48	5.59	4,527	63.31	5.69

Revenue per seat decreased by 1.3% to £62.48 (2014: £63.31), again impacted by the weak euro, with an increase of 1.5% at constant currency.

Load factor increased by 0.9 percentage points to 91.5%.

Average sector length increased 0.5% year-on-year contributing to a reduction in revenue per ASK of 1.8% (increased by 1.0% at constant currency).

Costs excluding fuel

	2015			2014		
	£ million	£ per seat	pence per ASK	£ million	£ per seat	pence per ASK
Operating costs						
Airports and ground handling	1,122	14.96	1.34	1,107	15.48	1.39
Crew	505	6.73	0.60	479	6.70	0.60
Navigation	313	4.17	0.38	307	4.30	0.39
Maintenance	229	3.06	0.27	212	2.97	0.27
Selling and marketing	102	1.36	0.12	103	1.45	0.13
Other costs	276	3.70	0.33	245	3.41	0.30
	2,547	33.98	3.04	2,453	34.31	3.08
Ownership costs						
Aircraft dry leasing	114	1.51	0.14	124	1.73	0.16
Depreciation	125	1.66	0.15	106	1.49	0.13
Amortisation	13	0.17	0.02	12	0.17	0.02
Net interest payable	8	0.12	–	7	0.10	0.01
Net exchange (gains)/losses	(6)	(0.09)	(0.01)	(7)	(0.10)	(0.01)
	254	3.37	0.30	242	3.39	0.31
Total costs excluding fuel	2,801	37.35	3.34	2,695	37.70	3.39

Cost per seat excluding fuel decreased by 0.9% to £37.35 but increased by 3.6% per seat at constant currency.

Airports and ground handling cost per seat decreased by 3.4% but increased by 2.4% at constant currency. This increase reflects higher charges at regulated airports, primarily in Italy, partially offset by savings from renegotiated airport contracts. Higher levels of de-icing costs in the first half of the year also contributed to the uplift.

Crew cost per seat rose by 0.6% to £6.73, and by 3.8% at constant currency. This was driven by early recruitment of crew in the winter to provide a resilient operation ahead of three crew base openings together with the cost of regular pay increases.

Navigation costs decreased by 2.8% to £4.17 per seat but were up by 5.1% at constant currency due to annual price increases and a one-off £8 million settlement with Eurocontrol.

Maintenance cost per seat increased by 3.1% to £3.06, and by 3.8% at constant currency. The 2014 financial year benefited from a reduction in the cost of heavy maintenance following a revised engine contract, a significant proportion of this reduction was one-off in nature and did not recur this year. This impact was partially offset by reduced maintenance from the return of five leased aircraft during the year and some benefits of a reduced maintenance contract in the year.

Other costs per seat increased by 8.2% to £3.70 per seat, and by 9.6% at constant currency. There were increased disruption costs during the year due to the French ATC strikes in April and the two fires at Rome Fiumicino airport. Investment in the development of our digital customer proposition also contributed to the increased cost per seat.

Aircraft dry leasing cost per seat fell by 12.6% to £1.51 and by 9.7% at constant currency due to the return of five leased aircraft during the year and the extension of 12 aircraft leases at lower monthly rentals.

Depreciation costs have increased by 11.8% on a per seat basis. The increase is principally driven by the acquisition of 20 new A320 aircraft, which increased the average number of owned fleet by 9.7% from 150 in 2014 to 164 in 2015.

Fuel

	2015			2014		
	£ million	£ per seat	pence per ASK	£ million	£ per seat	pence per ASK
Fuel	1,199	15.98	1.43	1,251	17.49	1.57

Fuel cost per seat decreased by 8.6% and by 9.1% at constant currency.

During the period the average market Jet fuel price fell by 36.4% to \$619 per tonne from \$973 per tonne in the previous year. The operation of easyJet's fuel hedging policy meant that the average effective fuel price movement only saw a decrease of 10.7% to \$872 per tonne from \$977 per tonne in the previous year.

Cost per seat including fuel decreased by 3.4% to £53.33 and decreased by 0.4% per seat at constant currency.

NET CASH AND FINANCIAL POSITION

Summary net cash reconciliation

	2015 £ million	2014 £ million	Change £ million
Operating profit	688	581	107
Depreciation and amortisation	138	118	20
Net working capital movement	50	69	(19)
Net tax paid	(98)	(96)	(2)
Net capital expenditure	(536)	(449)	(87)
Purchase of own shares for employee share schemes	(92)	(57)	(35)
Net decrease/(increase) in restricted cash	21	(20)	41
Other (including the effect of exchange rates)	22	26	(4)
Ordinary dividend paid	(180)	(133)	(47)
Special dividend paid	—	(175)	175
Net increase/(decrease) in net cash	13	(136)	149
Net cash at beginning of year	422	558	(136)
Net cash at end of year	435	422	13

Net cash at 30 September 2015 was £435 million (2014: £422 million) and comprised cash and money market deposits of £939 million (2014: £985 million) and borrowings of £504 million (2014: £563 million). After allowing for the impact of aircraft operating leases, adjusted net debt has decreased by £83 million to £363 million. As a result, gearing has decreased by three percentage points to 14% at 30 September 2015.

Net capital expenditure includes the acquisition of 20 aircraft (2014: nine aircraft), the purchase of life-limited parts used in engine restoration and pre-delivery payments relating to aircraft purchases.

easyJet made net corporation tax payments totalling £98 million during the 2015 financial year (2014: £96 million).

Cash and money market deposits as at 30 September 2015 were £939 million, a reduction of £46 million from the end of the prior financial year. At 30 September 2015, £619 million (2014: £572 million) of cash and money market deposits represented unearned revenue in relation to flight seats sold but not yet flown.

On 10 February 2015 easyJet signed a \$500 million revolving credit facility with a minimum five-year term, and continues to have available funds in excess of its liquidity objective of £4 million per aircraft.

Summary consolidated statement of financial position

	2015 £ million	2014 £ million	Change £ million
Goodwill	365	365	–
Property, plant and equipment	2,877	2,542	335
Derivative financial instruments	(297)	(21)	(276)
Unearned revenue	(619)	(572)	(47)
Net working capital	(350)	(417)	67
Restricted cash	12	32	(20)
Net cash	435	422	13
Current and deferred taxation	(219)	(239)	20
Other non-current assets and liabilities	45	60	(15)
	2,249	2,172	77
Opening shareholders' equity	2,172	2,017	
Profit for the year	548	450	
Ordinary dividend paid	(180)	(133)	
Special dividend paid	–	(175)	
Movement in hedging reserve	(222)	38	
Other movements	(69)	(25)	
	2,249	2,172	

Net assets increased by £77 million, with the adverse movement on the hedging reserve and the payment of the ordinary dividend more than off set by the profit and cash generated in the period. The movement on the hedging reserve was due to the adverse mark-to-market movement on Jet fuel forward contracts offset to an extent by favourable movements on foreign currency forward contracts.

The net book value of property, plant and equipment increased by £335 million, driven principally by the acquisition of 20 A320 family aircraft, and pre-delivery payments relating to other aircraft purchases.



ANDREW FINDLAY
Chief Financial Officer

GOING CONCERN

easyJet's business activities, together with factors likely to affect its future development and performance, are described in the strategic report on pages 1 to 45. Principal risks and uncertainties are described on pages 24 to 29. Note 22 to the accounts sets out the Group's objectives, policies and procedures for managing its capital and gives details of the risks related to financial instruments held by the Group.

The Group holds cash and cash equivalents of £650 million and money market deposits of £289 million as at 30 September 2015. Total debt of £504 million is free from financial covenants, with £182 million due for repayment in the year to 30 September 2016.

Net current liabilities at 30 September 2015 were £489 million but included unearned revenue (payments made by customers for flights scheduled post year end) of £619 million.

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

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

VIABILITY STATEMENT

The Directors have assessed easyJet's viability over a three-year period to September 2018. This is based on three years of the strategic plan, which gives greater certainty over the forecasting assumptions used.

In making their assessment, the Directors took account of easyJet's current financial and operational positions and contracted capital expenditure. They also assessed the potential financial and operational impacts, in severe but plausible scenarios, of the principal risks and uncertainties set out on pages 24 to 29 and the likely degree of effectiveness of current and available mitigating actions.

Based on this assessment, the Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet all their liabilities as they fall due up to September 2018.

In making this statement, the Directors have also made the following key assumptions:

- funding for capital expenditure in the form of capital markets debt, bank debt or aircraft leases will be available in all plausible market conditions;
- there will not be a prolonged grounding of a substantial portion of the fleet; and
- in the event that the UK votes to leave the European Union, the terms of exit are such that easyJet would be able to continue to operate over broadly the same network as at present.

KEY STATISTICS

Operating measures

	2015	2014	Increase/ (decrease)
Seats flown (millions)	75.0	71.5	4.9%
Passengers (millions)	68.6	64.8	6.0%
Load factor	91.5%	90.6%	+0.9ppt
Available seat kilometres (ASK) (millions)	83,846	79,525	5.4%
Revenue passenger kilometres (RPK) (millions)	77,619	72,933	6.4%
Average sector length (kilometres)	1,118	1,112	0.5%
Sectors	457,479	439,943	4.0%
Block hours	892,052	849,790	5.0%
Number of aircraft owned/leased at end of year	241	226	6.6%
Average number of aircraft owned/leased during year	232.6	220.8	5.3%
Number of aircraft operated at end of year	233	217	7.4%
Average number of aircraft operated during year	221.1	210.8	4.9%
Operated aircraft utilisation (hours per day)	11.1	11.0	0.5%
Owned aircraft utilisation (hours per day)	10.5	10.6	(0.9%)
Number of routes operated at end of year	735	675	8.9%
Number of airports served at end of year	136	135	0.7%

Financial measures

Return on capital employed	22.2%	20.5%	+1.7ppt
Gearing	14%	17%	-3ppt
Profit before tax per seat (£)	9.15	8.12	12.6%
Profit before tax per ASK (pence)	0.82	0.73	12.0%

Revenue

Revenue per seat (£)	62.48	63.31	(1.3%)
Revenue per seat at constant currency (£)	64.28	63.31	1.5%
Revenue per passenger (£)	68.28	69.90	(2.3%)
Revenue per passenger at constant currency (£)	70.25	69.90	0.5%
Revenue per ASK (pence)	5.59	5.69	(1.8%)
Revenue per ASK at constant currency (pence)	5.75	5.69	1.0%

Costs

Per seat measures

Total cost per seat (£)	53.33	55.19	(3.4%)
Total cost per seat excluding fuel (£)	37.35	37.70	(0.9%)
Total cost per seat excluding fuel at constant currency (£)	39.07	37.70	3.6%
Operating cost per seat (£)	49.96	51.80	(3.6%)
Operating cost per seat excluding fuel (£)	33.98	34.31	(1.0%)
Operating cost per seat excluding fuel at constant currency (£)	35.57	34.31	3.7%
Ownership cost per seat (£)	3.37	3.39	(0.4%)

Per ASK measures

Total cost per ASK (pence)	4.77	4.96	(3.9%)
Total cost per ASK excluding fuel (pence)	3.34	3.39	(1.5%)
Total cost per ASK excluding fuel at constant currency (pence)	3.49	3.39	3.1%
Operating cost per ASK (pence)	4.47	4.65	(4.1%)
Operating cost per ASK excluding fuel (pence)	3.04	3.08	(1.5%)
Operating cost per ASK excluding fuel at constant currency (pence)	3.18	3.08	3.1%
Ownership cost per ASK (pence)	0.30	0.31	(1.0%)

RISK MANAGEMENT FRAMEWORK

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

Risk appetite

The level of risk it is considered appropriate to accept in achieving easyJet's strategic objectives is reviewed and validated by the Board on an annual basis. The appropriateness of the mitigating actions is determined in accordance with the Board approved risk appetite for the relevant area.

Risk management process

The diagram below sets out easyJet's risk management process. This is co-ordinated by the risk team, which reports to the Chief Financial Officer. The key elements of the process are:

- The risk management process begins with the identification of significant risks by each function. Risk identification workshops are run to identify matters which could materially impact on the functions or the wider business. These are attended by Executive Management Team members and senior managers.
- Risks are assessed taking into account the potential impact and likelihood of the risks occurring and the key mitigations identified. The current level of risk is compared to the Board's risk appetite to determine whether further mitigations are

required. Risks specific to the function's activities are managed within the function on an ongoing basis with regular follow-up by the risk team.

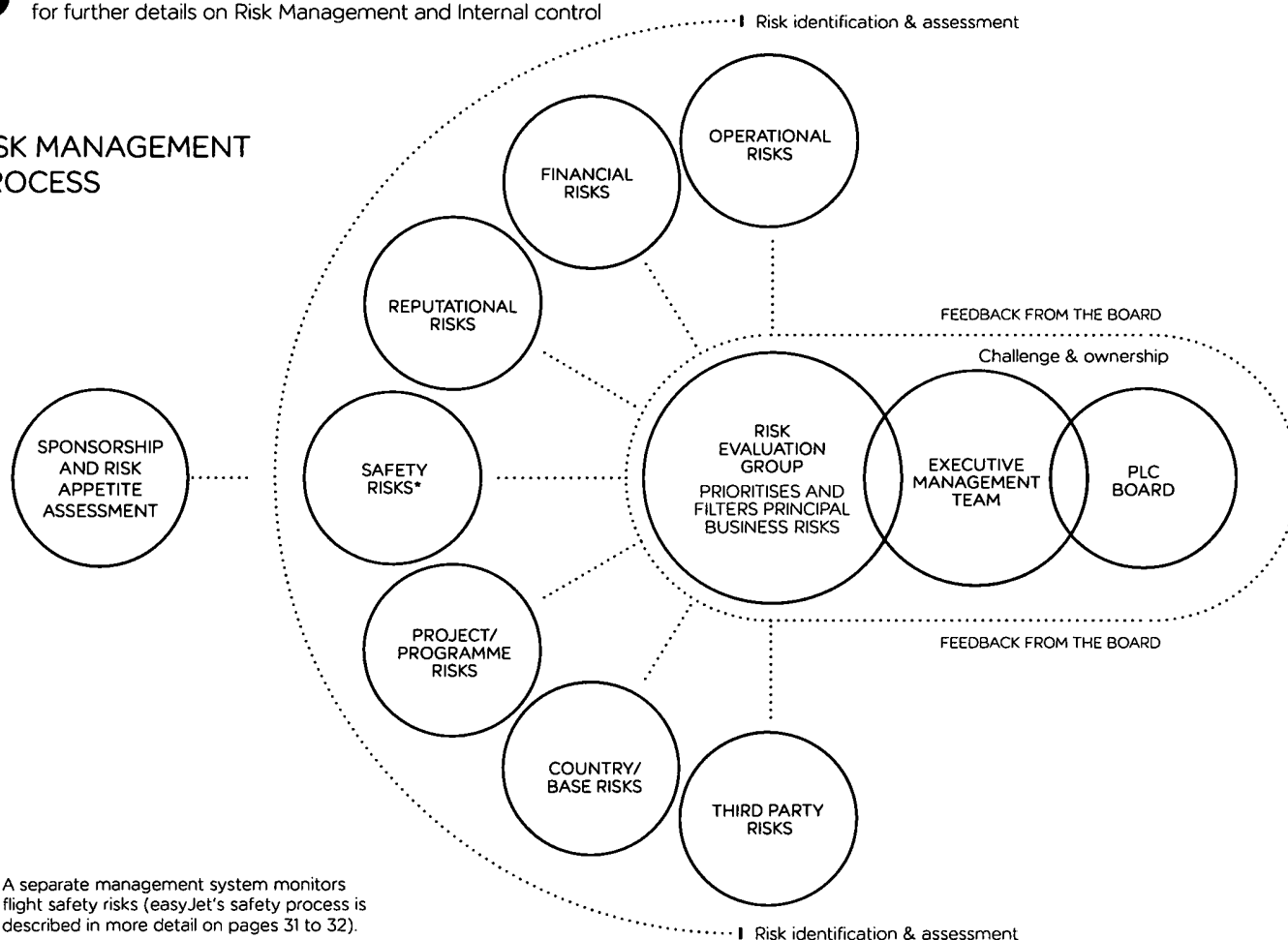
- The most significant risks from each function (based on materiality, cross-functional impact and/or those which have common themes across the business) are reviewed by the Risk Evaluation Group, which consists of members of senior management from each function. This Group's role is to debate, agree and prioritise the principal business risks.
- These risks, which form the basis for the principal risks and uncertainties detailed in this section, are challenged and validated by the Executive Management Team and the Board.
- The principal business risks are monitored and managed throughout the year by the Executive Management Team and the Board with the risk team. Risk reports are provided to the Board on a quarterly basis as a minimum.
- In addition to supporting the Board, the risk team supports the business in its management of risks relating to key projects, third parties, countries and bases.



Turn to page: 56

for further details on Risk Management and Internal control

RISK MANAGEMENT PROCESS



* A separate management system monitors flight safety risks (easyJet's safety process is described in more detail on pages 31 to 32).

PRINCIPAL RISKS AND UNCERTAINTIES

The risks and uncertainties described below are considered, at this point in time, to have the greatest effect on easyJet's strategic objectives. This list is not intended to be exhaustive. Whilst easyJet can monitor risks and prepare for adverse scenarios, the ability to affect the core drivers of many risks is not within the Group's control, for example adverse weather, pandemics, acts of terrorism, changes in government regulation and macroeconomic issues.

Link to strategy:

- 1 Build strong number 1 and 2 network positions
- 2 Drive demand, conversion and yields
- 3 Maintain cost advantage

- 4 Disciplined use of capital
- 5 Culture, People & Platform

SAFETY FIRST

Risk description

Major safety incident

A major safety incident (such as a hull loss) could adversely affect easyJet's reputation and its operational and financial performance. The impact of such an incident would be heightened if easyJet failed to react promptly and deal with it effectively.

Link to strategy:

- 1
- 2
- 3
- 4
- 5

Mitigation

easyJet's number one priority is the safety and security of its customers and people.

A Safety Committee (a committee of the Board) provides oversight of the management of easyJet's safety processes and systems



Turn to pages: 52-53
for further details

A Safety Review Board (at Executive Management Team level) is responsible for directing overall safety policy and governance.

Safety Action Groups from across the airline are responsible for the identification, evaluation and control of safety-related risks.

easyJet operates a Safety Management System using a leading software system (SafetyNet). This is used to:

- collect and analyse safety data (enabling potential areas of risk to be projected); and
- enable learning from easyJet and industry events/incidents to be captured and embedded into future risk mitigations.

A robust incident reporting process and 'Just Culture' are in place.



Turn to page: 31
for further details

easyJet has an emergency response process and performs regular crisis management exercises.

Hull (all risks) and liabilities insurance (including spares) is held.

easyJet has an industry-leading fatigue risk management system and is currently implementing the EASA Flight Time Limitations regulations.

Security threat or attack

Failure to identify or prevent a major security-related threat or attack, or react immediately and effectively, could adversely affect easyJet's reputation and its operational and financial performance.

Link to strategy:

- 1
- 2
- 3
- 4
- 5

A Security Decision Making Group, comprising the Chairman, Chief Executive, appropriate members of the Executive Management Team and other senior management, determines whether easyJet should continue to operate in countries or areas affected by security-related incidents.

The Director of Safety and Security and the Head of Security work with authorities and governments around easyJet's network to assess whether security measures are effective and in compliance with regulatory requirements. A significant amount of work is carried out with the aim of enhancing:

- early identification of developing and emerging security risks;
- the active management of security risks;
- the methods for reducing the impact of any security-related incident; and
- the Group's security culture and awareness.

OPERATIONAL EXCELLENCE

Risk description

Significant network disruption

A number of factors could lead to widespread disruption to easyJet's network, including forces of nature (extreme weather, volcanic ash, etc.), terrorism, epidemics/pandemics or the closure of a key airport.

Significant disruption to the network could significantly adversely affect easyJet's reputation and its operational and financial performance.

Link to strategy:

1 2 3 4

Critical IT system failure and continuity of services

easyJet is dependent on a number of key IT systems and processes.

A loss of critical systems or access to facilities, including the website, could lead to significant disruption and could have an adverse operational, reputational and financial impact.

Link to strategy:

2 3 5

Delivery of projects supporting the business strategy

The business is undertaking a number of key projects and programmes to deliver key elements of the strategy.

If these projects and programmes fail to deliver the business benefits and cost savings planned, easyJet could fall short of its planned financial results.

Link to strategy:

1 2 3 4 5

Third-party service providers

easyJet has entered into agreements with third-party service providers for services covering a significant proportion of its operational and cost base.

Failure to adequately manage third party performance could adversely affect easyJet's reputation and its operational and financial performance.

Link to strategy:

3 5

Mitigation

There are processes in place, and clear roles and responsibilities within teams across the business, to manage significant disruption.

A business disruption team, which includes senior management from relevant business areas, determines and initiates required action.

A business continuity programme is in place.

Board policy is to maintain target liquidity at £4 million per aircraft, which is supported by a \$500 million (five-year) revolving credit facility provided by a group of 12 relationship banks. This allows the Group to better manage the impact of downturns in business or temporary curtailment of activities.

In addition, easyJet holds business disruption insurance.

Key systems are hosted across two data centres in two distinct locations, with failover arrangements between them, or within third-party provider locations, for which failover arrangements are contractually agreed with them.

IT disaster recovery plans are in place and tested regularly to identify areas for improvement in resilience.

An IT incident management team is in place to respond rapidly to any unforeseen incidents that may arise.

If there is a need to relocate critical staff due to the loss of facilities, alternative sites are available at short notice.

A Steering Group, consisting of the Executive Management Team and key senior management, provides challenge to project teams, monitors progress and ensures that decisions are made at the appropriate level.

Key IT projects or programmes have additional oversight through the IT Governance and Oversight Committee (a committee of the Board).



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for further details

A portfolio management office is in place to oversee delivery of projects and programmes, and track budgets and realisation of benefits.

A project management framework, which sets out the governance requirements, key processes and controls, is followed by all projects and programmes.

easyJet has a centralised procurement team which aims to provide the Group with competitive supply options.

Following the supplier selection process the contract is managed according to easyJet's supplier management framework, whose key principles cover defined ownership and accountability, a governance framework and effective communication.

Alternative service providers are identified and assessed within the major markets in which easyJet operates.

Robust transition plans are agreed in the event of switching suppliers to enable an acceptable level of service to be maintained.

OPERATIONAL EXCELLENCE CONTINUED

Risk description

Industrial action

easyJet, and the aviation industry in general, has a significant number of employees who are members of trade unions. Industrial action taken by easyJet employees, or by the employees of key third-party service providers, could impact on easyJet's ability to maintain its flight schedules.

This could adversely affect easyJet's reputation and its operational and financial performance.

Link to strategy:

2 3 5

Senior management succession

easyJet's current and future success is reliant on having the right people with the right capabilities in key leadership positions.

Failure to develop and grow the capabilities and behaviours required of senior management so that there are clear successors for all key business roles, could adversely affect easyJet's ability to deliver its strategic objectives.

Link to strategy:

5

Single fleet risk

easyJet is dependent on Airbus as its sole supplier for aircraft.

There are significant cost and efficiency advantages of a single fleet, however, there are two main associated risks:

- technical or mechanical issues that could ground the full fleet, or part of the fleet, which could cause negative perception; and
- valuation risks which crystallise when aircraft exit the fleet. The main exposure at this time is with the ageing A319 fleet, where easyJet is reliant on the future demand for second-hand aircraft.

Link to strategy:

3 4

Mitigation

As easyJet operates across Europe there are 18 unions and nine representative bodies across eight countries of which crew are members. easyJet seeks to maintain positive working relationships with all trade unions and other representative bodies.

Each of the countries in which easyJet operates has localised employment terms and conditions. This mitigates the risk of large-scale internal industrial action occurring at the same time.

Processes are in place to adapt to disruptions as a result of industrial action.

easyJet's aim is to develop talent from within. There are several talent development programmes in place for individuals who have been identified for fast-tracking into more senior roles as vacancies arise.

In addition, a management development programme is in place to develop people management and senior leadership capabilities. These programmes operate at various levels within the organisation.

There is an annual succession planning process.

The Board considers that the efficiencies achieved by operating a single fleet type outweigh the risks associated with easyJet's single fleet strategy.

The Airbus A320 family (which includes the A319) is one of the two primary fleets used for short-haul travel. There are approximately 6,000 A320 family aircraft operating with a proven track record for reliability.

easyJet operates a rigorous established aircraft maintenance programme.

To mitigate the potential valuation risks, easyJet regularly reviews the second-hand market and has a number of different options when looking at fleet exit strategies. Leasing facilitates the exit of A319 aircraft from the fleet by transferring residual value risk, and also provides flexibility in managing the fleet size.

STRONG BALANCE SHEET

Risk description

Financial risk

easyJet is exposed to a variety of financial risks which could give rise to adverse pressure on the financial performance of the Company, e.g. costs, revenue.

- Market risks – significant/sudden increases in jet fuel prices, currency fluctuations or interest rates which have not been adequately protected through hedging
- Counterparty risk – non-performance of counterparties used for depositing surplus funds (e.g. money market funds, bank deposits)
- Liquidity risk – misjudgement in the level of liquidity resulting in inability to meet contractual/contingent financial obligations or the inability to fund the business when needed.

Link to strategy:



Mitigation

The Finance Committee (a committee of the Board) oversees the Group's treasury and funding policies and activities.



Turn to page: 59
for further details

This includes:

- a treasury policy setting out Board approved strategies for foreign exchange and fuel hedging, along with liquidity, interest rate management, counterparties and cash deposit limits; and
- reviewing and reporting on compliance with Board treasury policies.

The policy is to hedge within a percentage band for a rolling 24-month period.

Board policy is to maintain target liquidity at £4 million per aircraft, which is supported by a \$500 million (five-year) revolving credit facility provided by a group of 12 relationship banks. This allows the Group to better manage the impact of downturns in business or temporary curtailment of activities.

A strong balance sheet supports the business through fluctuations in economic conditions.

REPUTATIONAL RISKS

Risk description

Major shareholder and brand owner relationship

easyJet has two major shareholders (easyGroup Holdings Limited and Polys Holding Limited) which, as a concert party, control 33.73% of its ordinary shares. Shareholder activism could adversely impact the reputation of easyJet and cause a distraction to management.

easyJet does not own its Company name or branding, which is licensed from easyGroup Ltd. The licence includes certain minimum service levels that easyJet must meet in order to retain the right to use the name and brand. The easyJet brand could also be impacted through the actions of easyGroup or other easyGroup licensees.

Link to strategy:



Mitigation

easyJet has an active shareholder engagement programme led by its investor relations team. As part of that programme easyJet engages with easyGroup Holdings Limited on a regular basis alongside its other major shareholders.

In addition to engaging with easyGroup as part of the shareholder engagement programme, the Company has a relationship agreement with easyGroup and Polys Holdings in line with the controlling shareholder regime as set out in the Financial Conduct Authority's Listing Rules.



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for further details

Representatives from the Board and senior management take collective responsibility for addressing issues arising from any activist approach adopted by the major shareholder. The objective is to proactively address issues before they arise and anticipate and plan for potential future activism.

The brand licence agreement with easyGroup Ltd provides for the regular meeting of senior representatives from both sides to actively manage brand-related issues as they arise. Such meetings occur on a quarterly basis and have proven effective. easyJet also monitors compliance with brand licence service levels and has a right to take steps to remedy any instance of non-compliance.

REPUTATIONAL RISKS CONTINUED

Risk description

Cyber threat and information security

easyJet receives most of its revenue through credit card transactions and operates as an e-commerce business. It faces both external cyber threats and internal risks to its data and systems.

A security breach could negatively impact easyJet's reputation and have an adverse operational and financial impact.

Link to strategy:

2 3 5

Competition and industry consolidation

easyJet operates in competition with both flag carriers and other low-cost airlines.

easyJet's key competitive advantages include its network, cost base, digital innovation and efficient and robust capital structure. Failure to retain these advantages or react quickly to competitor changes could have an adverse financial impact.

Industry consolidation could also affect the competitive environment in a number of markets. This could cause a loss of market position and erosion of revenue.

Link to strategy:

1 2 3

Legislative and regulatory risks

easyJet is exposed to legislative and regulatory oversight across its network and all countries where it sells its product via a native language website. This will increase as easyJet grows geographically and the number of local language websites increases.

Failure to comply with legislative and regulatory requirements (or interpretations thereof), such as local consumer laws, passenger compensation for certain long flight delays and cancellations, and environmental and airport regulations, in the jurisdictions in which easyJet operates could have an adverse reputational and financial impact.

In the event the UK votes to leave the European Union, the terms of exit could have implications for easyJet to continue to operate the network it does currently.

Link to strategy:

2 3 4 5

Mitigation

An Information Security Steering Group, chaired by the General Counsel, oversees any developments in data threats and controls and determines whether appropriate responses are being taken to them.

There is a dedicated information security team to monitor and manage information security risk. The following controls are in place:

- monitoring of secure systems against unauthorised access;
- reviewing the security of internal systems and easyJet.com through quarterly vulnerability scanning;
- periodic mandatory employee security training to maintain staff awareness;
- considering information security risks within procurement processes and the introduction of new systems and IT services;
- monitoring and control of scanning software for fraudulent customer activity by the revenue protection team; and
- providing robust physical security at head office buildings.

Given the nature of this risk the appropriateness of the controls is under continuous review.

easyJet seeks to have a rapid response to any such activity that may impact easyJet's ability to grow the business.

Competitor and consolidation activity is monitored, enabling key routes/positions to be readily defended.

The Network Development Forum, a cross-functional panel of senior executives, approves new bases and the allocation of assets around the network.

Fleet framework arrangements, together with the Group's leasing policy, provide easyJet with significant flexibility in respect of scaling the fleet according to business requirements.

Strong cost control is a key behaviour across the Company, with initiatives to drive cost reduction and improve efficiency in targeted areas.

The Regulatory Affairs Group co-ordinates easyJet's role in influencing future and existing policy and regulations which affect the airline industry.

Country oversight Boards are established for easyJet's main markets, raising awareness of potential changes and impacts in the different countries. Industry bodies and legal advisers in-country are also used to understand and develop appropriate responses to new legislation.

easyJet has an in-house legal team to monitor compliance with formal regulatory requirements.

HOW WE RUN OUR BUSINESS RESPONSIBLY

Image removed

CAROLYN MCCALL OBE, CHIEF EXECUTIVE

At easyJet we seek to be a responsible company and make a positive contribution to society. We want to do the right thing for our customers, our people, our partners, the communities in which we operate and the environment. This is very important to the continued success of the business. Everyone who has a relationship with easyJet expects the airline to act responsibly and continue to improve.

Safety is always easyJet's highest priority and comes before any of our other responsibilities. We continue to maintain comprehensive processes and structures to monitor and manage safety-related risk throughout the Company.

We remain passionate about making travel easy and affordable for our customers. Our Customer Charter has continued to be a guide for all our people. This year we have particularly focused on how we support customers when there is disruption to their journey. We have made improvements to our support at airports and in our communication to customers, including innovative use of digital technology such as the easyJet mobile app.

Our culture is an essential part of our success. Bringing the values of safety, pioneering, one team, passion, integrity and simplicity alive every day is important to all our people. So it is essential that easyJet continues to attract, develop and retain the right people. It is our people who will help to meet our ambition of being Europe's preferred short-haul airline.

We value diversity and believe it contributes to our continued success. One aspect of this is female talent in our business. easyJet already focuses on ensuring there is a pipeline of women coming up through the organisation. The easyJet women's network started four years ago and has now got great momentum, which comes from the women across our airline. It strengthens this pipeline of talent.

As part of increasing the representation of women across the airline, we are now increasing our efforts to recruit female pilots. We recognise that the proportion of our pilots who are female is too low, though this is common in the airline industry. We want to encourage more women to join and stay in this interesting, highly-skilled and well-rewarded profession. We have set an initial target to double the proportion of female new entrant pilots over two years, as the first phase of a long-term strategy to increase the proportion of female pilots in the airline and bring more women into more senior ranks and management roles.

The nature of our business means that our carbon emissions will be our largest environmental impact for the foreseeable future. We continue to be an efficient airline, due to a modern fleet and high load factor. It is the right thing to continue to work to reduce our environmental impact, but it is also absolutely central to maintaining our cost advantage and wider business efficiency. In 2013 we set targets to reduce our carbon emissions per passenger kilometre by 5% by 2022 and we have already achieved a 3% reduction, so we have increased the target further to 8% by 2020.

We also want to have strong, positive and effective relationships with our partners. We already have very good relationships with most of them. We have established a supplier relationship management framework, based on the easyJet values. This guides relationships and clearly sets out our partners' rights and responsibilities.

We are working to reduce and manage waste from our operations. A new project is being led by one of our Luton-based pilots who has also recently completed an MBA in business sustainability. The project will focus on reducing the amount of waste from on-board our aircraft, by engaging with our customers, our crew and our supply chain.

For the first time, this year we are including an independent report from Rt Hon the Lord Blunkett, Chair of the easyJet Special Assistance Advisory Group, in the annual report. This group has continued to provide valuable advice and challenge to easyJet on how we support people who need assistance when travelling. A visible sign of the progress this year is that every easyJet aircraft now has an on-board wheelchair.

I am very pleased that this year we have passed the milestone of £5 million in fundraising for Unicef. This is down to our crews' on-board appeals and the generosity of our customers. In light of this success, and our excellent relationship with Unicef, we decided this year to continue the partnership for a further three years. The renewed partnership aims to raise at least a further £5 million and increase the work between easyJet and Unicef in all key European markets.

Our customers and employees have told us that they value the Unicef partnership but they also want us to increase the contribution we make locally. We have recently expanded this work, initially in the Luton area around our head office, in partnership with a new organisation called Connecting Enterprising Women. They have partnered easyJet female managers with young women in education, to provide mentoring and careers advice. This complements easyJet's emphasis on mentoring within the business to support career and personal development. Over the next year we hope to develop this programme and look for other ways we can have a positive impact in the areas around some of our key bases.

easyJet has made good progress, as seen by the varied initiatives. Our people are energised and motivated by these priorities and we all recognise we can continue to do a lot more.

CAROLYN MCCALL OBE
Chief Executive



SAFETY FIRST

easyJet's highest priority is the safety of its passengers and people. Safety is a guiding principle and informs the decisions made by the Company. The airline continues to develop an open safety culture that promotes continuous improvements in safety performance.

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

The Chief Executive of easyJet Airline Company Limited (EACL) and the Accountable Manager of easyJet Switzerland S.A. (EJS) are responsible for all aspects of safety delivery, including compliance obligations under the EACL Air Operator Certificate and the EJS Air Operator Certificate, respectively. The Company also has Nominated Persons responsible for safety in certain aspects of the airline's operations.

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

To further strengthen the safety structure and allow more in-depth review of safety matters, the easyJet Board established the Safety Committee in 2013.



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For further information on the Safety Committee

No compromise on safety

easyJet does not compromise on safety. The Company has established a leading-edge Safety Management System and Fatigue Risk Management System which are well established and incorporate rigorous reporting processes. Through these systems easyJet works to drive safety performance improvements and reduce risks to its people, passengers and suppliers.

easyJet has long pioneered innovative solutions to improve safety and continues to seek better ways to support our people to improve safety performance. In particular the airline continues to focus on developing its understanding of human factors to support this.

The airline's Fatigue Risk Management System provides analytical data to determine reliable methods of predicting fatigue and alertness in pilots. It was established over 10 years ago and is one of only two such systems approved for use by the UK Civil Aviation Authority (CAA). easyJet has collaborated with the US National Aeronautics and Space Administration on fatigue research and analysis and is now working with the CAA to develop fatigue management principles which will be a benchmark for the rest of the aviation industry.

easyJet is now also able to use data from flights, following agreement from many pilot representative groups across Europe, to monitor flight behaviours and better understand any operational issues which should be considered in relation to this important area.

OUR NEW DIRECTOR OF SAFETY AND SECURITY, GEOFF WANT

Image removed

This year easyJet appointed a new Director of Safety and Security. Geoff Want joined easyJet in October 2014, having previously been a non-executive aviation safety adviser to the Board since December 2012.

Geoff reports directly to the Chief Executive and Chairman and has a remit to act independently outside of other operational or commercial considerations.

Geoff is an aviation safety expert and previously held the role of Director of Safety, Security and Risk Management at British Airways during his over 30 year career at the airline. At British Airways he became a member of the airline's Executive Board, where he had responsibility for operational planning and delivery, whilst also developing the company's risk management system. He later became aviation safety adviser to Rio Tinto, the global mining company. Throughout his career Geoff has worked closely with aviation safety and regulatory bodies.

The Company's strong focus on safety has helped it meet the new regulatory compliance requirements prescribed by the European Aviation Safety Agency (EASA).

easyJet continues to work closely with EASA on the development of future safety regulations. This has included easyJet's Director of Safety and Security being a member of EASA's EU taskforce following the Germanwings incident.

In advance of the recommendation of EASA and the CAA, easyJet implemented measures to ensure at least two crew are in the cockpit at all times during a flight. All easyJet pilots are licensed by their national regulator and as part of this are subject to extensive regular medical assessments. In addition, all easyJet's pilots are continually scrutinised and monitored from recruitment to training and operating to ensure they are fully fit to operate.

easyJet takes all incidents of disruptive behaviour on-board very seriously. The Company does not tolerate abusive or threatening behaviour on-board and seeks prosecutions where appropriate. It has established an internal working group on this issue and is also an active participant in the British Air Transport Association group, which brings together airlines, airports, airport retailers and the police.

This year easyJet has also joined the Flight Safety Foundation, an international non-profit organisation whose purpose is to provide impartial, independent, expert safety guidance and resources for the aviation and aerospace industries.

Safety reporting

Under easyJet's Air Operator Certificates it is required to regularly report operating safety performance to the National Aviation Authorities (NAAs) and to EASA.

Injuries that occur on-board easyJet aircraft are reported under NAA regulations. easyJet has updated its Operational Safety reporting system, SafetyNet, to ensure that RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) categories are accurately reflected and reviewed as part of the investigation process. easyJet continues to review and develop this process so that these categories are thoroughly investigated, reviewed and reported.

Protecting customers and employees

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

Safety in the supply chain

easyJet has established a new risk-based programme focused around appropriate safety standards throughout its supply chain, including for our ground handling agents. This has involved the promotion of improved communication and engagement on safety issues and the sharing and learning from best practice.

DEFIBRILLATORS ON-BOARD

Sudden cardiac arrest is a leading cause of death in Europe and there are a significant number of cardiac arrests on aircraft each year. According to the British Heart Foundation, after a cardiac arrest, every minute without cardiopulmonary resuscitation and defibrillation reduces someone's chance of survival by 10%.

All easyJet aircraft now have on-board defibrillators. These devices are simple to use and give crews and any medical professionals travelling as passengers another option if someone on-board is having severe heart problems.

Instruction on how to use defibrillators is now part of easyJet crew training, in addition to the regular first aid training.

A RESPONSIBLE AND SUPPORTIVE EMPLOYER

easyJet wants to be an employer that attracts and retains the best people, values and promotes diversity, and seeks to support and develop its employees. It is on the strength of its people that it will be able to meet the Company's ambition to be Europe's preferred short-haul airline.

The airline has a three-part people strategy to help deliver this:

AT THE GATE

Making sure that the Company has the right people, in the right job, at the right time, equipped to succeed and supported by processes that work.

ON BOARD

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

ABLE TO FLY

Means promoting a high-performance culture where continuous improvement is expected, managed and rewarded so that all people achieve their potential and deliver success.

At the gate – ensuring easyJet has the right people

The significant growth of easyJet has meant it has been crucial to recruit high numbers of crew across Europe. Through a high-volume recruitment programme it has successfully maintained optimum employee levels and recruited over 290 pilots and over 1,300 cabin crew during the year.

In addition, the Company has recruited 390 people within the management and administration and engineering and maintenance teams to support the growth of the business. In line with retention and development goals, 35% of these were recruited internally. As at 30 September 2015 easyJet employed 10,388 (2014: 9,649) people across Europe.

The Company's recruitment processes are supported by continued high retention rates. This year employee turnover was 6.6%, compared to 6.7% in the 2014 financial year. Within the different easyJet communities the turnover this year was: 11.3% for management and administration and engineering and maintenance, 2.7% for pilots and 7.2% for cabin crew.

On board – living easyJet's values

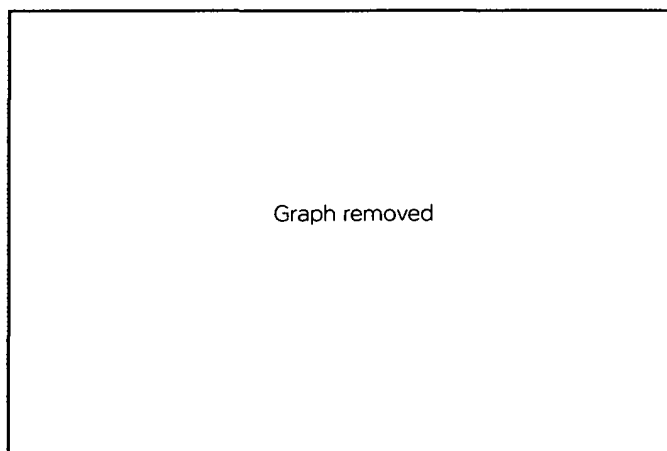
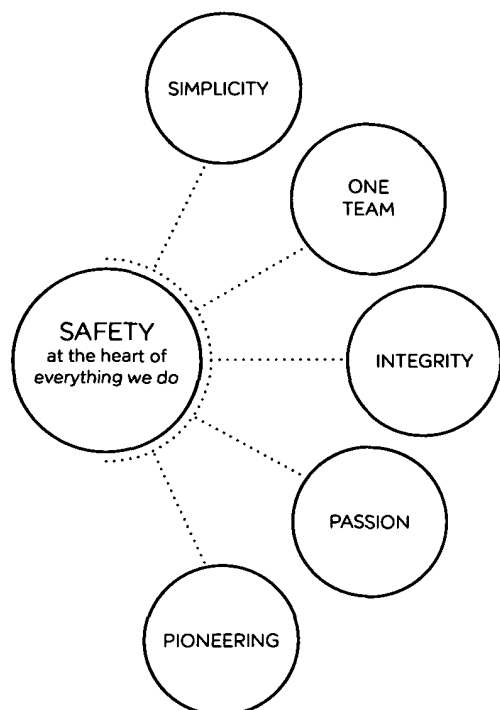
Once on board easyJet works with its people to help them understand easyJet's values and their role in the business and to help them achieve their full potential. The Company does this in a number of ways.

Induction

On joining the business all new recruits receive a detailed induction programme to introduce them to the business, its values and their role within easyJet. Induction includes mandatory e-learning in key areas including ethics, safeguarding our reputation, our customers (with a focus on the Customer Charter) and about customers who have reduced mobility. In addition, new recruits attend face-to-face induction sessions where they come together to learn about the business through interactive exercises.

OUR VALUES

Our values underpin everything we do. They reflect our ambition and shape who we are, both as a company and as people. We actively live and breathe them, every day.



Survey highlights:

- Employee engagement index (an overall result, based on survey results) – 83% (2014: 83%)
- The extent to which employees understand and support what easyJet is trying to achieve as an organisation – 87% (2014: 86%)
- The extent to which employees enjoy what they do and make a positive contribution to the organisation – 80% (2014: 80%)
- The extent to which the organisation is a good place to work and that employees want to continue being part of that – 84% (2014: 83%)

Following the survey easyJet has identified two main focus areas for improvement. It will respond to employee feedback on rosters and develop a plan to improve this process. easyJet will also consider how it engages with its employees at London Gatwick, the airline's largest base. This is particularly important as the engagement of easyJet's people and operational performance at London Gatwick have a significant impact on the airline's network as a whole.

easyJet's people continue to show a high level of commitment to working at easyJet, demonstrated by high employee attendance, which was 96.2% this year.

Able to fly – developing a high-performance culture Learning and development

Supporting people to develop to their full potential and ensuring they have the right skills for their role is an essential part of maintaining a high-performance culture.

easyJet provides significant new entrant and ongoing training for its pilots and cabin crew. To meet the airline's future training needs it has this year opened a new training centre at London Gatwick Airport, which will be used by crew from across the easyJet network.

The airline has an established pilot cadet programme, in partnership with CTC Aviation and CAE Oxford Aviation Academy, to train people for their first full-time flying role. This year 223 cadets have completed their training with these providers and are now flying with easyJet.

In addition to role-specific training, easyJet also offers learning and development opportunities to all of its people. This year it offered 115 face-to-face training sessions, which had over 1,200 participants, as well as 100 e-learning options.

Local employment and employee representatives

easyJet employs people on local contracts in eight countries across Europe, complying with national laws. This has a higher cost than the approach taken by some other airlines who employ all their people on one contract, irrespective of where they may work. easyJet does this so that its roles are attractive locally and to reflect each country's employment practices.

Many of our employees are represented by unions or other representative bodies. easyJet recognises the importance of actively engaging with these bodies across its operations to promote the success of the business. It works with eighteen unions and nine representative bodies across eight countries, undertaking dialogue and negotiation on a regular basis. easyJet actively supports employee representatives by allowing them released employee representatives for a total of 4,397 days at an estimated cost of £1.6 million.

Engagement

easyJet works to promote its values and maintain a positive culture within the business.

To assess the impact of this activity on employee engagement easyJet conducts regular surveys. The survey results for 2015 show that easyJet outperforms the airline norm based on data from the survey provider Ipsos Mori, which aggregates employee survey data from its many airline clients to provide industry averages.

easyJet has an apprenticeship programme within its engineering team, with currently 14 apprentices in the airline. The apprentices receive 8 months' classroom training, followed by 16 months with easyJet in a mix of aircraft maintenance and office-based roles. On completion of the programme the apprentices receive an NVQ Level 3 in aeronautical engineering and an 'A licence' to carry out standard maintenance tasks on aircraft.

easyJet's graduate programme currently has 38 participants from across Europe. The graduates spend two years in different parts of the airline to develop their skills and increase their knowledge.

easyJet also uses mentoring as a way to develop people, with benefits for both the mentee and mentor. All easyJet pilots are mentored by a more senior colleague and mentoring also takes place within the Company's management and administration community.

One team value

easyJet holds an annual 'Spirit Awards' event which celebrates the work of employees who live the easyJet values in their behaviour. easyJet managers decide which employees will get a ticket to the celebration event, which is attended by over 500 people.

easyJet bases and its head office also have culture teams in which employees volunteer to arrange activities such as team social events.

easyJet continues to support its managers through the Company's people management development programme, which aims to provide people managers with the skills and knowledge they need to effectively manage their direct reports. This programme is accredited by the University of Bedfordshire and counts towards ongoing study for an MBA. A total of 247 managers have now completed this course, including 72 this year.

Connected crew

Connected crew is a programme to engage pilots more closely with the business by improving communication and offering further learning and development opportunities. Pilot focus groups are carried out to give pilots the opportunity to ask questions and provide feedback to the management team face-to-face. Since the programme began in 2013 sessions have been held at London Gatwick, Milan, Paris Charles de Gaulle, Bristol and Manchester and attended by over 980 pilots.

Command leadership training has been enhanced, so that it covers leadership and commercial awareness for new and existing captains. Since the programme began in 2013 over 1,200 captains have received the training.

A culture of wellbeing

The physical and psychological health of the Company's people is important for its continued success and growth. easyJet's overall aim is to keep its people happy, healthy and in work. By analysing management information that comes from its specialist providers the airline has been seeking to improve existing services and provide targeted help and support for employees. Findings indicate that although it is necessary to continue to support and promote good physical health, there is a need to provide additional focus on people's psychological health. Current initiatives in this area include developing a peer support network, as well as improved training on mental health for all of its people.

easyJet is working with its new occupational health and employee assistance provider to further develop the support it offers to its employees. easyJet staff can now complete a health risk assessment, which gives a personalised health report and suggestions for positive lifestyle changes. There are also podcasts, factsheets and 'ask the expert' forums for our people to access information on a wide range of topics covering mental health, physical health and life skills such as parenting, relationships and debt management.

Recognition and reward

easyJet's approach to reward is critical to its ability to attract and retain people. The Company offers a competitive reward package designed to deliver a performance culture, with the emphasis on cash and variable pay rather than fixed benefits. The reward package includes an annual performance-driven bonus (based on personal and Group performance) and share awards (based on the financial performance of the Group).

easyJet is committed to being a Living Wage employer. All direct employees of easyJet in the UK are already paid above the 'UK Living Wage', established by the Living Wage Foundation, which is currently £7.85 per hour and is above the UK National Minimum Wage. easyJet is working with the Living Wage Foundation to discuss considerations for the airline sector, such as variable pay for pilots and cabin crew, as well as the potential to extend the Living Wage to employees of airline suppliers.

Employee benefits

All easyJet employees, with a minimum amount of service, have the opportunity to become shareholders in the Company. At 30 September 2015 they held interests in 12.6 million shares between them worth £224 million.

All employees can join easyJet's Save As You Earn scheme, which allows employees to save money from their salary with the option to purchase shares. All UK employees can take part in the Buy As You Earn scheme, in which employees can buy shares from their salary each month and easyJet buys matching shares. The UK schemes are approved by Her Majesty's Revenue & Customs. easyJet also awards Performance (Free) Shares to employees.

easyJet employees may, subject to their holdings and the share price performance, be able to realise gains in share value. For example, 1.5 million Performance (Free) Shares vested during the year and the Save As You Earn scheme, which matured during 2015, had an exercise price of £4.18. The share price at 30 September 2015 was £17.77.

easyJet also offers a small number of associated airline benefits in line with the Company's cost-focused approach. These include insurances and access to travel on easyJet services at cost price.

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

easyJet aims to provide flexible working arrangements, part-time working and job sharing that fit its business model and the personal circumstances of its people. As at 30 September 2015 there were 1,382 easyJet employees who worked part-time (working fewer than 35 hours per week), making up over 13% of the employee population.

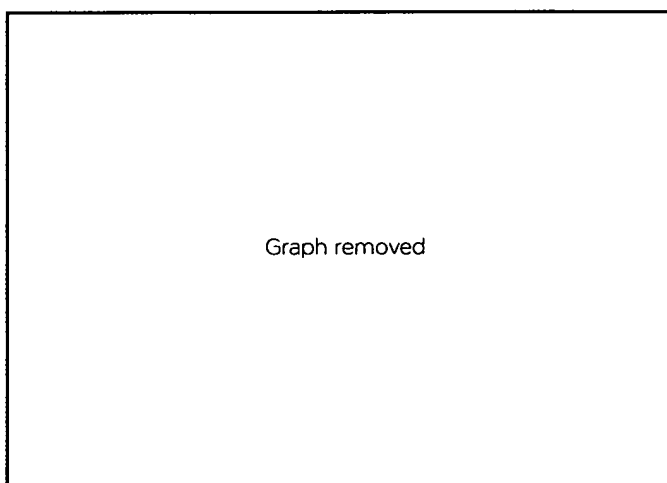
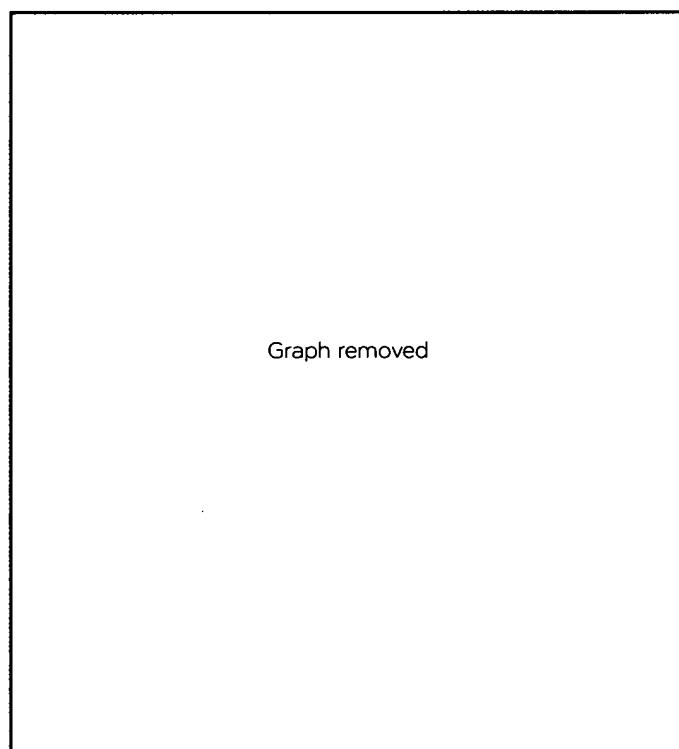
Equality and diversity

easyJet is an equal opportunities employer and the Company always treats its employees and applicants fairly regardless of their age, gender, sexuality, full or part-time status, disability and marital status.

easyJet values diversity and inclusivity and believes this contributes to the continued success of the Company, by attracting and retaining a workforce which reflects the airline's customer base and can engage with passengers as individuals.

easyJet employs people of 50 different nationalities. These people are predominantly from countries in which easyJet operates, which provides valuable insight about different markets.

As at 30 September 2015, the chart shows the 12 nationalities where easyJet has more than 50 employees. There are a further 38 nationalities in the easyJet employee community which are grouped together. easyJet employs people in some countries where it is not legal to store employee nationality information, so these employees are not included in this data. easyJet holds records for 670 employees where their nationality is not recorded.



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

The Company has two female Directors on its Board: the Chief Executive and the Chairs of the Audit and Finance Committees. The Board continues to have a 20% female make-up.

As shown on page 50, 45% (5 of 11) of easyJet's Executive Management Team are women, up from 4 of 11 in 2014.

Middle managers will provide the pipeline for future senior managers and increasing the number of women in this group is an important part of our strategy to grow the number of women in our Senior Management Team.

- Senior Management Team – As at 30 September 2015, 15 people out of 65 total were female (23%). This is a year-on-year increase of one percentage point.
- Middle management – As at 30 September 2015, this group was 33.3% female.

As at 30 September 2015, the overall easyJet workforce was 45% female. (2014: 46%).

Gender equality

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

The Company believes that a significant issue for women in business is the lack of female executives at senior management level. Currently too many women are leaving work and the business community is losing a lot of talent before enough women get to executive positions.

WOMEN'S NETWORK

Image removed

easyJet's Women's Network started four years ago and this year it has been re-launched with a range of new activities. The group has a mission to empower and inspire women across the airline. A large event was held with the Chief Executive and members of the airline's Executive Management Team. The group has also heard from a range of external speakers and female leaders within the airline.

Gender pay

easyJet welcomes the UK's Government's commitment to address the gender pay gap. The Company agrees that greater transparency would encourage organisations to give more consideration to gender pay and help to close the gender pay gap. However, to be meaningful the pay gap comparisons need to be made by type of role. Otherwise the statistics, which should be a useful guide for companies and employees, risk becoming distorted and losing their value.

As an illustration, female pay as a percentage of male pay at easyJet – irrespective of the type of role or any other consideration – is 38.6%. This is based on full-time equivalent basic salary of active UK employees. This is influenced by the salaries and gender make up of easyJet's two largest communities, its pilots and cabin crew. Pilots are predominantly male and their salaries are higher than for cabin crew, the majority of who are female.

However, easyJet salaries for equivalent roles are broadly equal across the genders, reflecting the Company's commitment to gender equality. Salaries for pilots and cabin crew are collectively agreed, meaning for example that a female captain's basic salary will be 100% that of a male captain and a female cabin crew member's basic salary will be 100% that of a male cabin crew member.

Within easyJet's management and administration community female pay as a percentage of male pay is 97% when comparing equivalent roles.

Disability

easyJet treats applicants with disabilities equally and supports current employees who become disabled. This includes offering flexibility and making reasonable adjustments to the workplace to ensure they can achieve their full potential. However, for easyJet's two largest communities, pilots and cabin crew, there are a range of regulatory requirements on health and physical ability which all applicants and current employees must comply with.

People reporting

easyJet is currently carrying out a project to improve its employee data management system. The Company does not hold sufficient data to report on other aspects of the diversity of its workforce, such as ethnicity, sexuality, gender identity or disability.

In the meantime, easyJet is working with its employees and their representative groups to carry out voluntary surveys on diversity to better understand the make-up of its workforce and how the Company can further support its people, particularly those who may be part of minority groups.

To assist this work, easyJet has recently begun working with OUTstanding, an organisation which promotes equality and inclusion for people of all sexualities in the workplace.

EASYJET'S COMMITMENT ON HUMAN RIGHTS

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

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

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

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

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

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

Suppliers and third parties: easyJet will never knowingly infringe the human rights of others. It seeks to prevent or mitigate any adverse human rights impact directly linked to its business relationships through obtaining appropriate contractual commitments. It expects third parties who deal on its behalf

to observe the principles of the International Bill of Human Rights, the ILO Declaration and the UN Guiding Principles.

Bribery and corruption

easyJet has a Company-wide anti-bribery and corruption policy which is strictly enforced. There is also a gifts and hospitality policy and online register to record all gifts and hospitality that are accepted by employees.

It is compulsory for all management and administration employees to complete anti-bribery and ethics training and pass an online test. As at 30 September 2015 the test has been successfully completed by 100% of all relevant employees and contractors.

FEMALE PILOTS

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easyJet recognises that the proportion of its pilots who are female is too low, though this is common in the airline industry. The Company wants to encourage more women to join and stay in this interesting, highly-skilled and well-rewarded profession.

easyJet has recently established a new initiative to increase the proportion of new entrant easyJet pilots who are female. This is part of a new strategy to encourage the development of female pilots at all ranks and positions and which will widen the pipeline of women who enter easyJet's pilot community.

Currently 5% of the over 2,600 pilots employed by easyJet are female and women make up 5% of easyJet's new entrant pilots. The airline plans to more than double the proportion of female new entrants to 12% over the next two years.

easyJet will highlight the opportunities of pilot careers to female audiences such as school groups and other youth organisations, through presentations by easyJet pilots and managers, building on the work easyJet already does in mentoring young women. easyJet will also work in partnership with organisations which promote female take-up of STEM (science, technology, engineering and maths) subjects.

easyJet will work with its pilot training providers to attract more women to apply for the cadet programme and offer 10 places for women each year on a pilot training programme with the training loan of around £100,000 underwritten by easyJet.

In addition to the current mentoring for all pilots, easyJet will introduce enhanced mentoring for female pilots. Female captains will be given further development support so they can take on leadership roles such as training and base management roles. easyJet will also introduce training loan underwriting for A320 type ratings for female pilots entering from other airlines.

CHARITY AND COMMUNITY

easyJet remains strongly committed to engaging with the local communities in which it operates and harnessing the fundraising powers of its employees and significant customer base. The airline's fundraising activities are directed through its 'Change for Good' partnership with Unicef, the world's leading organisation focusing on children and their rights.

Unicef – Our pan-European charity partner

The 'Change for Good' partnership offers easyJet customers the opportunity to support some of the world's most vulnerable children by donating their spare change and leftover foreign currency whilst on board. This year the partnership added a third standard collection period in spring 2015, in addition to the existing summer and winter periods.

Thanks to the generosity of its passengers and efforts of its crew, easyJet's partnership with Unicef this year reached the significant milestone of raising £5 million since it was established in 2012 and the overall total has now exceeded £6 million. The funds have primarily supported Unicef's vaccination work to keep children safe from deadly diseases, with a recent focus on supporting the global eradication of polio. The partnership has also supported Unicef's urgent appeals for children in danger from emergencies.

To build on this success, easyJet and Unicef have agreed to continue the partnership for a further three years, with the aim of raising a further £5 million.

This decision was the subject of a structured review process which also considered the option to move to another charity partner. The decision was made to renew the Unicef partnership for a further three years, reflecting the strong, successful existing partnership and Unicef's international recognition across all easyJet markets. The two organisations will work together to further increase the fundraising for Unicef, the engagement of easyJet's employees, and the profile of the charity partnership across Europe.

"Our partnership with easyJet has already achieved so much in the past three years, helping to vaccinate 5.3 million mothers and babies against deadly diseases, helping to keep 2 million children safe from polio and now purchasing approximately 4 million doses of polio vaccines to protect even more children. easyJet and their passengers have also provided vital support for Unicef's emergency work reaching children and families affected by the crisis in Syria and the surrounding region, Typhoon Haiyan in the Philippines, the Ebola crisis, and the Nepal earthquakes earlier this year.

We're incredibly proud to have renewed our partnership with easyJet for another three years, and remain hugely grateful to easyJet and their passengers who are together making a real and tangible difference to the lives of millions of children around the world."

– David Bull, Unicef UK Executive Director

This year the partnership raised over £1.2 million through the regular on-board collections and a further £1.2 million through emergency appeals. The total funds raised through the partnership, including corporate donations and other fundraising activities, were £2.5 million this year.

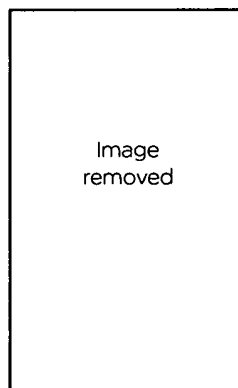
In addition to fundraising for Unicef, easyJet has also helped to raise awareness of the charity and its work for children. Examples include an easyJet aircraft that has a special 'Change for Good' Unicef livery, featuring Unicef in the inflight magazine 'Traveller', and making announcements about Unicef's work on-board flights during collection periods.

easyJet's Chief Executive, Carolyn McCall, is a member of the Advisory Board for Unicef UK's Children in Danger campaign that aims to raise funds and awareness for the millions of children in danger from violence, war, disaster, disease and hunger.

easyJet people see Unicef's work

In March 2015 five easyJet people visited the Gambia to witness first-hand how Unicef is helping to keep children safe from polio.

easyJet cabin crew member James Baron took part in the trip and said:



James Baron,
easyJet cabin crew member

"This experience brought home to me how important partnerships like Unicef and easyJet's are. The funds raised by easyJet crew continue to help support efforts to eradicate polio from the world by 2019. No mean feat, but one that is within reaching distance, if the funding continues. easyJet and Unicef's Change for Good partnership is crucial to enable this to happen. I am proud to be a part of the on-board crew working to raise these funds; we must realise our goal of global eradication of polio and protect every child in danger."

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Emergency appeals with Unicef

This year easyJet and Unicef worked quickly and effectively together to launch three special collections in response to international emergencies. easyJet also made a corporate donation to start each appeal, totalling £40,000 over the three appeals.

- Ebola, November/December 2014 – The two-week on-board collection raised over £200,000, including aid match funding for Unicef from the UK Government. This helped Unicef's overall response which provided psychological care and support for more than 52,000 children, supplied over 500,000 ebola protection suits, and distributed hygiene kits for almost four million schoolchildren.
- Nepal earthquake, April/May 2015 – The four-week on-board collection, established within 48 hours of the earthquake, raised over £660,000. This helped Unicef's overall response which supplied more than 650,000 people with clean, safe water, delivered school supplies for over 200,000 children, and provided psychological care for more than 85,000 children and parents.

- Refugee and migrant crisis, September 2015 – The two-week on-board collection raised over £395,000. This helped Unicef's work with children affected by the crisis in Syria and neighbouring countries. Donations will provide life-saving supplies such as clean water and medicine, after an estimated more than two million Syrian children have been forced to abandon their homes.

Charity Committee

easyJet has a Charity Committee made up of airline employees which provides support, funded by the Company, to charitable activities by the Company's employees or to charities which are important to staff. These tend to be smaller charities in the areas where easyJet's employees live.

This year the Committee has made 138 awards of flight vouchers or financial donations, each to the value of £250 or €300. These donations, reflecting the priorities of easyJet's staff, have most often been made to health charities, in particular cancer charities, and organisations which support children.

Supporting local communities

easyJet wants to make a positive contribution in the communities in which it operates. This is particularly important to the Company's employees who also live in these areas.

easyJet already has strong links around its head office in Luton and it is also identifying partner organisations which could help easyJet to make a larger contribution in specific local areas, starting with Connecting Enterprising Women in the Luton area.

The Luton community around easyJet's head office

easyJet's links are particularly strong in the Luton area, where a large number of employees are based. The airline's first flight 20 years ago was from Luton Airport and easyJet continues to proudly call Luton its home.

easyJet is a long-term supporter of Luton Town Football Club and in the 2014/15 football season easyJet was the main shirt sponsor of the team. The Company has since refocused its work with Luton Town by providing funding for the team's children's sport project, which also helps the club to access additional match funding from the national football associations. The Luton Town 'easyJet Free School Visit' project offers every primary school in Luton and Bedfordshire a free physical education session with the club. Additionally, with easyJet's support the club has recently extended this to offer female coaching sessions at every high school and further education college in Bedfordshire.

easyJet has also continued to be a patron of Love Luton, an organisation which seeks to promote and improve the town.

Connecting Enterprising Women

easyJet has established a new community partnership with Connecting Enterprising Women, to support the Company's work to promote and encourage opportunities for women.

The partnership, currently focused on Luton and the surrounding area, matches female professionals with young women to provide mentoring support and career guidance.

Initially 10 young women at four local schools have been matched with easyJet female managers. They meet to discuss education, personal development and careers.

THE GLOBAL WORK TO END POLIO

Image removed

In 1988 polio was endemic in 125 countries but today it remains in just two countries – Afghanistan and Pakistan. easyJet is proud to be a part of the global fight to eradicate polio forever. In September 2015 it was announced that polio is no longer endemic in Nigeria. If global immunisation efforts continue, Unicef believe there is a real chance that polio could be eradicated by 2019.

Most recently, funds raised through the easyJet on-board collections have been allocated to purchase approximately four million doses of polio vaccines for a major polio campaign in Afghanistan.

©Unicef/mcconnell/thegambia

AEROBILITY FLIGHT

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Aerobility, which offers disabled people the opportunity to fly small aircraft and participate in aviation activities, is a charity which has resonance within easyJet's pilot community, and they have supported the charity for a number of years.

This year easyJet operated a flight to view the Northern Lights, to raise funds for the charity. The flight, which was provided without charge by easyJet, featured on-board live music and a commentary from entertainer Jon Culshaw, scientist Dr Helen Czerski and Neil Parker, formerly of the Royal Greenwich Observatory. All passengers on the flight were able to view the Aurora Borealis and the flight raised £18,500 to support Aerobility's work.

ENVIRONMENT

easyJet continues to seek ways to reduce the impact of its operations on the environment. easyJet's largest cost and biggest impact on the environment is its fuel and the associated carbon emissions. This means that easyJet's continued efforts to reduce its fuel usage and costs also have the effect of reducing the airline's impact on the environment.

Environmental concerns have an influence on public policy towards aviation across Europe, such as restrictions on airport expansion and levels of passenger taxes. It is therefore also in the Company's interest to ensure that both easyJet and the wider industry properly address environmental concerns.

Climate change

The whole airline industry will continue to rely on the use of fossil fuels in the short and medium-term. Unlike some other industries, aviation does not have a clear alternative to jet fuel in the coming years. easyJet believes the industry must show that it is making continual improvements in efficiency and optimising the use of these fossil fuels, whilst also supporting the longer-term technological change necessary to deliver more sustainable flying.

Sustainable Aviation, a UK body made up of airlines, aviation manufacturers, air traffic control providers and other organisations in the sector, supports efforts to reduce carbon emissions and has produced a carbon emissions roadmap. This shows that UK aviation is able to accommodate significant growth to 2050 without a substantial increase in absolute carbon emissions through a number of measures to improve aircraft fuel efficiency and international carbon trading.

easyJet plays an active role in the delivery of this carbon emissions roadmap. easyJet's efficient business model means that the airline has a continued focus on reducing emissions and fuel burn for each aircraft. It has a young, efficient fleet which features advanced technology and is flown efficiently.

easyJet's ongoing programme to reduce emissions and increase fuel efficiency is overseen by the airline's Fuel Board, which leads the airline's work to use fuel efficiently. The programme includes:

- The introduction of lightweight Recaro seats that make each aircraft almost 600kg lighter, a 26% seat weight reduction. These seats have been a standard feature of aircraft delivered to easyJet since April 2013 and are now fitted in 37 aircraft.
- 'Sharklet' wing tips which make the aircraft more fuel efficient. This technology delivers up to 4% savings in fuel consumption and consequent reductions in CO₂ emissions. These have been standard on aircraft delivered to easyJet since August 2013 and have also been retrofitted to six existing aircraft, so are now a feature of 38 easyJet aircraft.

- easyJet's pilots have implemented measures to save fuel whilst still operating the aircraft safely and effectively, such as one engine taxiing, delayed engine starts, continuous descent approaches and minimum use of the auxiliary power unit when on the ground.
- easyJet's cockpits became paperless in May 2014 and its entire fleet is now fitted with Panasonic Toughpads which replaced laptops and printed navigational charts. This has removed 27kg of paper per aircraft per flight, equating to a reduction of over 1,900 tonnes of CO₂ emissions for easyJet as a whole per year.
- The airline's enhanced maintenance programme washes the engine's compressors routinely to ensure they operate as efficiently as possible.

Although some of these measures reduce CO₂ emissions per flight by relatively small amounts, easyJet's large number of flights per day means the total savings are significant.

easyJet was also among the first supporters of aviation's entry into the European Union's Emission Trading System (ETS), an important step to ensuring that aviation is helping to tackle climate change. easyJet continues to support efforts to ensure that all aviation is brought into a scheme to tackle emissions globally.

Investing in an efficient fleet

An important factor in easyJet's carbon emissions reduction and fuel efficiency will be the introduction of the new generation of Airbus short-haul aircraft. In 2013 easyJet confirmed an order for 100 new generation Airbus A320neo aircraft for delivery from 2017 to 2022 and has taken purchase rights on a further 100 aircraft. These aircraft, equipped with CFM LEAP-1A engines and wing 'Sharklets', will be 13% to 15% more fuel efficient than existing aircraft types.

easyJet has also worked with Airbus on a new cabin design for A320 family aircraft, which will add a further six seats, whilst maintaining the current level of passenger comfort. The first new aircraft with this cabin design is due to be delivered by Airbus in May 2016 and the cabin layout is planned to be retrofitted to existing A320 aircraft between autumn 2016 and spring 2018. This will create the opportunity for easyJet to further increase the number of passengers on each aircraft, contributing to increased environmental efficiency.

To further reduce emissions in the longer term, significant progress in the development of a new generation of aircraft will be necessary. While there has been some progress in the short-haul market, a further step change in efficiency is necessary. easyJet will continue to press the manufacturers to deliver this and supports the establishment of international minimum standards to drive the development of new technology aircraft.

Graph removed

easyJet's CO₂ emissions

easyJet's CO₂ emissions this year were 6.1 million tonnes, compared to 5.9 million tonnes for the 2014 financial year, an increase of 3.4%.

The increase in overall emissions has been due to the continued expansion of easyJet's operations, as this year easyJet's passenger numbers increased by 6% compared to 2014.

easyJet's calculation of emissions is based on fuel burn measurement, which is verified to comply with the European Union's Emission Trading System requirements. CO₂ equivalents from emissions of other greenhouse gases are not included as there are no conversion factors available for these emissions from aircraft fuel burn.

easyJet's route network primarily overlaps with legacy airlines, which tend to operate older and less efficient fleets. easyJet aircraft on average carry more passengers than aircraft of many other airlines operating on similar routes, which means carbon emissions per passenger are lower. This transfer of passengers from less efficient airlines means that easyJet is contributing to the reduction of aviation carbon emissions.

To obtain a better understanding of how efficiently easyJet carries its passengers the airline also monitors emissions per passenger kilometre.

This year easyJet's carbon emissions per passenger kilometre, the standard industry measure of efficiency, were 81.05 grams per passenger kilometre, down from 82.03 grams per passenger kilometre in financial year 2014.

In 2013, easyJet set targets for the reduction of its carbon emissions per passenger kilometre of 2.5% by 2017 and 5% by 2022. easyJet has already exceeded the 2017 target, with per passenger kilometre emissions already 3.2% lower in 2015 than 2013, and is on track to exceed the 2022 target.

As easyJet expects to exceed its current emissions reduction target and plans to increase the number of passengers on each aircraft, it has increased its target. easyJet's new target is to reduce its carbon emissions per passenger kilometre by 8% by 2020 compared to 2013. easyJet's progress towards this new target will be overseen by the airline's Fuel Board.

Local air quality

Local air quality impact arises from nitrogen oxides (NOx) emissions during aircraft take-offs and landings. easyJet's new engines feature a tech insertion which reduces NOx emissions by around 25%. These are in use in 67.8% of easyJet's aircraft.

Noise

easyJet wants to be a good neighbour in the communities around the airports where it operates and the impact of aircraft noise on residents is an important consideration. The airline complies with local rules that govern noise at airports (such as curfews and routings to avoid built-up areas). easyJet aircraft meet the tightest international noise standards (ICAO Chapter 4). easyJet also works locally with airports and air traffic control to put in place noise mitigation activities that best fit each airport.

easyJet's work to improve the efficiency of flying has also reduced the noise impact. For example, a change in the flap settings used for landings has improved fuel efficiency and reduced noise levels at landing. At London Gatwick, easyJet's largest base, the airline is a leader in the use of Continuous Descent Approaches in which aircraft descend more efficiently and quietly.

This year the Company has worked to further reduce aircraft noise in response to comments from local residents about the A320 family aircraft of all airlines, particularly at London Gatwick. All new aircraft delivered to easyJet since June 2014 are fitted with 'vortex generators' to prevent a particular sound due to airflow under the wing. From November 2015 easyJet will begin an engineering programme to modify 197 existing aircraft with vortex generators. It expects to complete the programme by March 2018.

Waste management

easyJet seeks to recycle as much waste as possible. On board, easyJet has a two-bag waste collection system which separates recyclable material such as newspapers, plastic bottles and metal cans from general waste. The airline does not have control of the final management of on-board waste which is dependent on the facilities at each airport where waste is collected by local cleaning and ground handling contractors. easyJet also has recycling in place in its offices and hangars around its network.

This year a working group has been established to look at how easyJet can reduce waste across the airline's operations. This is being led by Captain Stuart Green, an easyJet pilot based in Luton who has completed an MBA with a focus on airline sustainability. The working group is considering all aspects of easyJet's operations and in particular on-board waste. This includes working with easyJet's supply chain, including with Airbus on potential on-board solutions and Gate Gourmet to reduce waste arising from the sale of on board food and beverages. The group is seeking improvements which will also engage staff and customers in the process of waste reduction.

EASYJET'S CUSTOMERS

easyJet's cause is to make travel easy and affordable. It wants to provide its customers with a good and safe service, with an emphasis on a friendly experience. easyJet wants to be open and honest with its customers, to build lasting relationships with them.

Customer Charter

easyJet's Customer Charter, co-created with over 300 employees including pilots, cabin crew and contact centre employees, was published in 2013 and sets out what customers should expect when they travel with easyJet:

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

This year easyJet has continued to work to embed its Customer Charter commitments across the Company.

FEARLESS FLYER

Image removed

easyJet continues to run its Fearless Flyer programme to help those who either have a fear or nervousness of flying, to overcome them. The course consists of two parts; in the first part an experienced easyJet captain deals with any misconceptions that participants may have about flying. In addition, phobia expert Lawrence Leyton teaches people proven techniques to help overcome the anxieties and concerns nervous flyers typically have. In the second part, participants and travelling companions go on an 'experience flight' operated by easyJet.

Since 2013 more than 2,500 people have completed the course and flown on an experience flight.

Employee research suggests the Customer Charter is well established amongst easyJet employees. 84% of over 4,000 people who took part in easyJet's employee engagement survey agreed that they understood how they can deliver the promises in the Customer Charter.

This year easyJet has focused on how the airline applies the Customer Charter during times of disruption. In March easyJet Customer Champions came together from across the airline for the annual Customer Meeting, a forum for knowledge and idea sharing. They created an internal set of guidelines defining how easyJet employees should support customers during disruption in the airline's airports. These behaviours have also since been communicated to easyJet's ground crews across the airline's network.

easyJet has also improved how it communicates with customers when their travel plans have been disrupted. To ensure timely and relevant information is sent to customers, a new team has been established in the Operations Control Centre in Luton, solely focusing on customer communications during disruption. This team provides information to customers through text messages, emails and live updates on easyJet's Flight Tracker tool.

Using digital technology to enhance the customer experience

easyJet uses digital technology to improve the customer experience. This year it launched further innovations to help make it easier to book, manage travel and fly with easyJet.

Its digital platform is a key point of differentiation. easyJet believes it has significant advantages in the capability of its web platform, Customer Relationship Management (CRM) data and mobile offering. During the year easyJet had over 500 million visits across all platforms, an 18% increase in the last two years, and grew web conversion by 13% over the same period.

easyJet's CRM enables its customers to benefit from increasing levels of personalisation across several channels, with examples such as saved passport details, targeted marketing campaigns via email and text message and bespoke offers from its affiliate partners. The user experience has been further developed over the year, with greater ease of interaction on the website and mobile and optimised layouts and design. The customer help web pages were also re-launched, as part of easyJet's strategy to make it easier for customers to resolve simple queries and encourage self-service.

ENHANCING THE CUSTOMER EXPERIENCE

Image removed

easyJet has put significant focus on the mobile offering over the past two years, with an award-winning app that enables mobile hosting through the airport, disruption notification live with the ability to change flights, and saved personal data such as payment details. Recently added features include a passport scanning function to add passenger information and the use of Apple's finger print 'Touch ID' technology to retrieve previously submitted information. easyJet also created an Apple Watch app to coincide with Apple's launch of the device, extending the functionality of the easyJet app.

easyJet will be investing substantially in its digital platform over the next three years, as it continues to innovate and maintain its leadership position in the sector. easyJet is working to develop the first fully-integrated e-commerce platform in the airline industry.

easyJet has also continued to innovate in other areas across the business. In June easyJet showcased new technology such as engineering drones and prognostics software. easyJet is also investing in research around Artificial Intelligence to exploit the large amounts of data generated by our operations.

On-time performance

easyJet is focused on delivering solid operational performance. This is reflected in all its operating procedures, without compromising safety. easyJet recognises departing and arriving on time is the main influence on customer satisfaction. It therefore considers ways to improve how it delivers the best performance and can meet its aim of being a leading airline for performance and customer service. For example, easyJet's customer experience improvement plan, Triple C – Customer, Communication, and Consistency involves working with its ground handling partners to improve the boarding process, which is an important factor in achieving punctuality and customer satisfaction.

This year on-time performance (arrivals within 15 minutes of the scheduled time) was 80%, despite an operationally challenging year which included many external events outside of easyJet's control. The growth in demand for air travel has led to an increase in airport and airspace congestion which has caused delays. This has put pressure on easyJet's busy operation, particularly at London Gatwick and in the Greek islands. A fire in the Rome Fiumicino terminal in May 2015 also heavily affected the operation, as well as other airlines' operation, due to restrictions on capacity applied by the authorities. easyJet was required to cancel over 1,000 flights and other flights had to be temporarily transferred to Ciampino, Rome's secondary airport. Overall, the weather was less disruptive than previous years, with a relatively mild and calm winter and less volatile summer storms. The operation was also adversely affected by air traffic control strike action mainly in the French and Italian airspace, most notably the French strike in April 2015 which led to over 600 flight cancellations over the two-day period.

Customer satisfaction

easyJet runs an extensive 'voice of the customer' programme, based on customer satisfaction surveys (which customers are invited to complete shortly after taking a flight) and the online community of customers.

The customer satisfaction survey covers all aspects of the customer journey from the booking experience through to arrivals. easyJet received over 390,000 responses last year. The online community has over 900 members: over 500 in the UK, more than 150 each in France and Italy, and over 120 in Switzerland. easyJet has gathered feedback from community members on over 50 topics about many aspects of the customer experience.

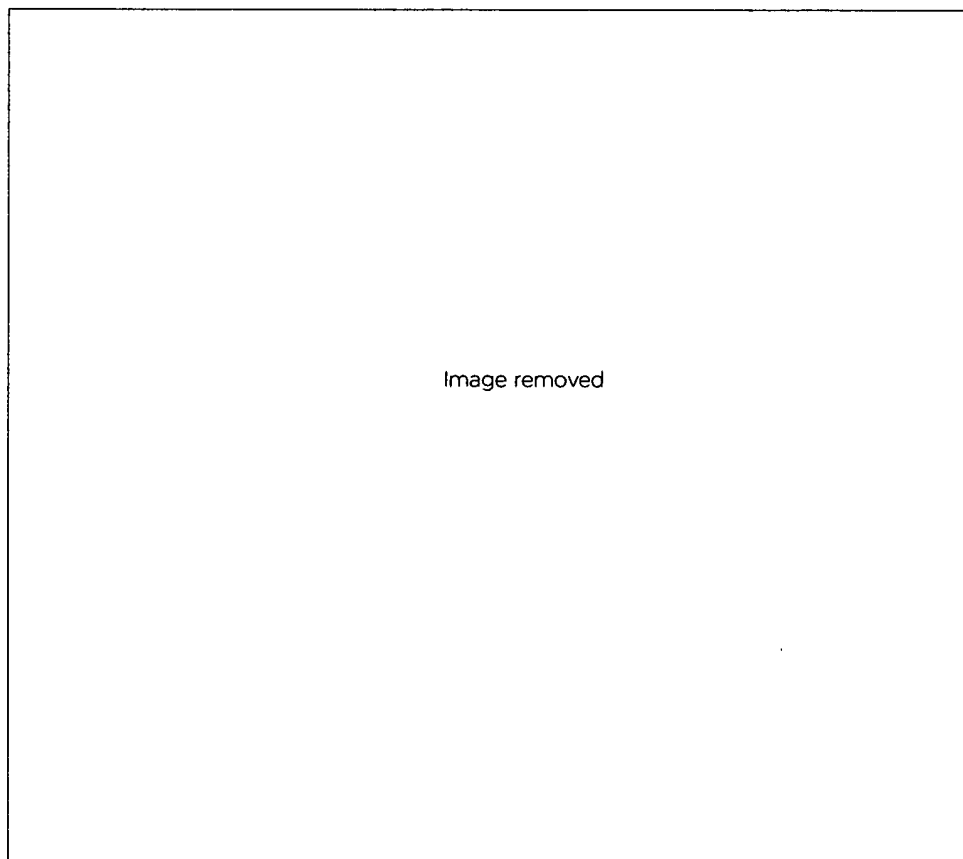
This year has seen periods of lower on-time performance, including instances due to factors outside of easyJet's control, such as industrial action by air traffic controllers. This has resulted in a fall in customer satisfaction to 75% at the end of September 2015.

easyJet has launched a new survey for customers whose flights are disrupted by a long delay, a diversion or cancellation. It wants to better understand how to improve the management of these incidents and minimise the impact on the overall customer experience.

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Graph removed

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

	AIRBUS Airbus is one of easyJet's most important suppliers and this is reflected in the close and transparent relationship maintained during the assembly and delivery of each aircraft. Using on-line tools, Airbus is able to provide easyJet with near real-time data for each delivery which allows the airline to ensure quality is maintained at each stage of the build process. This partnership has developed over 12 years of aircraft deliveries and specific measurements have been introduced providing easyJet with full oversight at each stage. This efficient interface allows the airline to comment, question or challenge within a short time scale, minimising any impact on the overall delivery process. easyJet took delivery of its 250th Airbus family aircraft in spring 2015.
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EASYJET'S SUPPLIERS

easyJet's suppliers have an important role in making travel easy and affordable for the airline's customers. The Company seeks to have an open, constructive and effective relationship with all suppliers, to contribute to its success.

easyJet has established a supplier relationship management framework, which gives guidance to easyJet managers who lead relationships with suppliers. The management framework is developed around easyJet's core values and is based on the principle that suppliers are managed in the same way that easyJet manages its people, and that suppliers' rights and responsibilities are clearly set out.

When tendering for new suppliers, easyJet seeks information from suppliers on factors including quality, health and safety, environmental practices, sub-contracting arrangements and tax compliance.

CLEANING SUPPLIERS

easyJet relies on its on-board cleaning suppliers to ensure that each aircraft is well presented for passengers and ready in time for its first flight of the day. To engage with these suppliers easyJet has introduced a monthly cleaning newsletter, showing customer satisfaction with cleanliness and delays attributed to cleaning at each base, as well as updates on current priorities.

EASYJET SPECIAL ASSISTANCE ADVISORY GROUP

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**REPORT FROM THE CHAIR –
RT HON THE LORD BLUNKETT,
OF BRIGHTSIDE AND HILLSBOROUGH**

The easyJet Special Assistance Advisory Group (ESAAG) was established in 2012 to provide feedback and guidance to easyJet on the services it provides to passengers who require special assistance.

The group is made up of experts in disability issues and accessible travel. We meet regularly with easyJet managers to discuss the Company's forward proposals, best practice and emerging issues. Crucially, oversight and regular reporting back on the rolling programme of training at every level has helped to support staff in doing a better job with greater job satisfaction. The group takes a pan-European approach and includes members from key easyJet markets: the UK, France, Switzerland and, most recently, Italy. One of our meetings was hosted in Paris by the French disability organisation Association pour Adultes et Jeunes Handicapés.

easyJet carries more than 400,000 passengers who need special assistance every year. This is a growing number and as societies across Europe age it is very likely that more people will need this assistance in the future. easyJet wants to be an airline for everyone, including people with disabilities and those with a variety of challenges requiring additional support.

Over the last year ESAAG has helped easyJet to introduce on-board wheelchairs across its fleet. The group has also been involved in changes to cabin layout, which includes a newly designed accessible toilet. ESAAG has also had a role in wider easyJet projects, such as the consolidation of easyJet operations at London Gatwick into the North Terminal and digital developments such as improved information and advice, the ongoing reconfiguration of the easyJet website and apps for use in navigating airports.

The customer satisfaction amongst easyJet passengers with reduced mobility was 87.4% this year, which was higher than for customers in general. We believe this reflects the focus easyJet and ESAAG give to providing the right support to passengers who need special assistance.

ESAAG is seeking to improve the whole journey for passengers who need special assistance. Customers understandably expect that when they book assistance this will be done seamlessly between the airline, assistance provider and the relevant airports.

ESAAG sees its task as facilitating a speedier and more customer friendly experience for all passengers and the improvement in reputation and therefore customer satisfaction. But considerable emphasis is needed on the different commercial elements, which make up that experience and for which under European regulation the airline, as far as the customer is concerned, is responsible.

This is why ESAAG has this year produced a pan-European charter on meeting the needs of air travellers with disabilities. The Charter recommends best practice for all aspects of aviation special assistance. It was launched at the European Parliament and has since been discussed at a UK aviation industry session jointly hosted by ESAAG and the UK CAA. ESAAG will continue to use the Charter to engage with stakeholders across Europe.

I would like to thank the members of ESAAG for their work and easyJet for continuing to engage with and support the group. ESAAG is helping to deliver real improvements for passengers and is driving competition within the industry to improve the service offered to travellers.

We look forward to continuing this work.

Rt Hon The Lord Blunkett, of Brightside and Hillsborough
Chair of easyJet Special Assistance Advisory Group

ESAAG members

Rt Hon The Lord Blunkett, of Brightside and Hillsborough – Chair

Ann Bates OBE – Independent accessible transport adviser

Roberto Castiglioni – Member of the Access to Air Travel Advisory Group UK CAA, Access to Air Travel Consultant, and Editor-in-Chief Reduced Mobility Rights

Ann Frye – Member of CAA Consumer Panel; Director, PassePartout Training Ltd; Visiting Professor, University College London

Mervyn Kholer – Age UK

Stefano Medaglia – Accessible transport adviser and architect based in Milan

Jean-Marie Munier – Former adviser at Association pour Adultes et Jeunes Handicap

Marcus Rocca – Mobility International Schweiz

COMMITTED TO MAINTAINING HIGH STANDARDS

DEAR SHAREHOLDER

At easyJet, we are committed to maintaining high standards of corporate governance to enhance performance and for the protection of our shareholders. I would like to highlight, in particular, the following key areas of governance during 2015:

Strategy

As a Board, we need to be confident that our strategy remains appropriate and that we are identifying appropriate strategic priorities. This year the Board held meetings in March and September at which we challenged and shaped the strategic priorities brought by management.

Board and Committee composition

There were a number of changes to the Board during the year.

After five years at easyJet Chris Kennedy left on 1 September 2015 to become Chief Financial Officer at ARM Holdings.

After nine years of service, David Bennett retired from the Board on 1 October 2014 and Professor Rigas Doganis retired from the Board on 1 December 2014, although he continues to chair the Safety Committee until 29 February 2016. John Browett has announced his decision to step down from the Board on 31 December 2015 after almost nine years.

I would like to thank all of them on behalf of the Board for their commitment and contribution.

I am delighted to welcome Andrew Findlay, who joined as Chief Financial Officer on 2 October 2015 and Chris Browne who will join the Board as a Non-Executive Director on 1 January 2016.

The membership of the Board's Committees as at 30 September 2015 can be found on pages 47-49.

Board effectiveness

Each year, the Board undertakes a formal evaluation of its effectiveness. This year we have had this process externally facilitated by Independent Audit Limited. In addition, Charles Gurassa, the Senior Independent Director, has also led a review of my performance with input from the other Non-Executive Directors. Further details of the evaluation process are provided on page 61. Following this review, I am satisfied that the Board and its Committees are performing effectively and that there is the appropriate balance of skills, experience, independence and knowledge of the Group to enable the Directors to discharge their respective duties and responsibilities effectively. I am also satisfied that the members of the Board, in particular the Non-Executive Directors, have sufficient time to undertake their roles at Board and Committee level with the Company, so as to be able to discharge their responsibilities effectively.

Board Committees

The Board delegates certain of its responsibilities to the Board Committees to enable it to carry out its functions effectively. A diagram of the Board governance structure is set out on page 52.

The Audit Committee, chaired by Adèle Anderson, led a robust competitive tender process, leading to the Board's recommendation to reappoint PricewaterhouseCoopers LLP as the Company's auditors. The Board will recommend to the shareholders at the 2016 Annual General Meeting the reappointment of PricewaterhouseCoopers LLP as auditors for the year ending 30 September 2016. Further details of the audit tender process are provided in the Audit Committee report on pages 54 to 57.

Structure of Corporate Governance Report

The Corporate Governance Report which follows is intended to give shareholders an understanding of the Company's corporate governance arrangements and how they operated during the year. The Corporate Governance Report includes reports from each of the Committee Chairs to provide details on key matters addressed by the Committees during the year.

We have also set out a separate section (on pages 60 to 62) to provide a detailed description of how the Company has complied with the principles of the UK Corporate Governance Code.

Compliance with the UK Corporate Governance Code

The Board considers that it and the Company have, throughout the year, complied without exception with the provisions of the UK Corporate Governance Code (September 2014), which is the version of the Code which applies to the Company for its 2015 financial year. The Code is issued by the Financial Reporting Council and is available for review on the Financial Reporting Council's (FRC's) website: <https://www.frc.org.uk>



JOHN BARTON
Non-Executive Chairman

AN EXPERIENCED AND BALANCED BOARD

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1. JOHN BARTON,
Non-Executive Chairman

2. CHARLES GURASSA, Non-Executive Deputy
Chairman and Senior Independent Director

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3. CAROLYN MCCALL OBE,
Chief Executive

4. ANDREW FINDLAY,
Chief Financial Officer

5. ADÈLE ANDERSON,
Independent Non-Executive Director

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6. DR. ANDREAS BIERWIRTH,
Independent Non-Executive Director

7. JOHN BROWETT,
Independent Non-Executive Director

8. KEITH HAMILL OBE,
Independent Non-Executive Director

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9. ANDY MARTIN,
Independent Non-Executive Director

10. FRANÇOIS RUBICHON,
Independent Non-Executive Director

Turn to the next page
for the full Director biographies

WHAT THEY BRING TO THE TABLE

1. John Barton

Non-Executive Chairman

First appointed: May 2013

Key areas of prior experience: Finance, Governance

Current external appointments:

Chairman, Next plc. Director of Matheson & Company Limited and SSP Limited.

Previous relevant experience:

John has also served as Chairman of Catlin Group Limited (2012-2015), Cable and Wireless Worldwide plc (2010-2012), Brit Holdings plc (2007-2009) and Wellington Underwriting plc (2003-2006).

John was previously Senior Independent Director of WH Smith plc (2006-2011) and Hammerson plc (1998-2007). He was also the Chief Executive of insurance broker JIB Group plc (1984-1997). After JIB's merger with Lloyd Thomson he became Chairman of the combined group, Jardine Lloyd Thompson Group plc (1997-2001).

2. Charles Gurassa

Non-Executive Deputy Chairman and Senior Independent Director

First appointed: June 2011

Key areas of prior experience: Airline industry

Current external appointments:

Non-Executive Chairman, Genesis Housing Association Limited and Netnames. Senior Independent Director, Merlin Entertainments plc. Non-Executive Director, Genfinance II plc. Trustee, English Heritage. Trustee, Migration Museum.

Previous relevant experience:

Charles's career has been primarily in the travel, tourism and leisure industries in a number of senior positions including Chief Executive of Thomson Travel Group Plc (1999-2003), Executive Chairman of TUI Northern Europe Limited (1999-2003) and Director of Passenger and Cargo at British Airways plc (1995-1999).

Charles retired from full time work in June 2003 to pursue a portfolio career. He was previously Non-Executive Chairman of LOVEFILM International Limited (2006-2011), Phones4U Limited (2007-2011), Virgin Mobile plc (2004-2006), Alamo/National Rent a Car (2004-2006), 7Days Ltd (2003-2010) and Non-Executive Director at Whitbread plc (2000-2009) and MACH (2007-2013).

3. Carolyn McCall OBE

Chief Executive

First appointed: July 2010

Key areas of prior experience: Media

Current external appointments:

Non-Executive Director, Burberry Group plc and member of the Audit, Remuneration and Nominations Committees. Director of French Chamber of Commerce.

Previous relevant experience:

Prior to joining easyJet, Carolyn was Chief Executive of Guardian Media Group plc (2000-2010). She was also Non-Executive Director of Lloyds TSB Limited (2008-2009), Tesco plc (2005-2008) and New Look plc (1999-2005).

Carolyn was Chair of Opportunity Now (2005-2009) and former President of Women in Advertising and Communications London (WACL) (2002-2003).

N

4. Andrew Findlay*

Chief Financial Officer

First appointed: October 2015

Key areas of prior experience: Finance

Previous relevant experience:

Andrew was previously Chief Financial Officer at Halfords plc (2011-2015). Prior to this, Andrew was Director of Finance, Tax and Treasury at Marks and Spencer Group plc (2009-2011). He has also held senior finance roles at the London Stock Exchange and at Cable and Wireless both in the UK and US.

5. Adèle Anderson

Independent Non-Executive Director

First appointed: September 2011

Key areas of prior experience: Finance

Current external appointments:

Non-Executive Director, Intu Properties plc and Chair of Audit Committee and member of Remuneration Committee. Chair of Audit Committee, Save the Children International. Member of Board of Trustees, Save the Children UK and Save the Children International.

Previous relevant experience:

Until July 2011, Adèle was a partner in KPMG and held roles including Chief Financial Officer of KPMG UK, Chief Executive Officer of KPMG's captive insurer and Chief Financial Officer of KPMG Europe.

6. Dr. Andreas Bierwirth

Independent Non-Executive Director

First appointed: July 2014

Key areas of prior experience: Airline industry

Current external appointments:

Chief Executive Officer, T-Mobile Austria GmbH. Member of the Board of Austrian Airlines AG, German-Austrian Chamber of Commerce, Lindner Hotels AG, Austria Vienna, Austria's Association of Industry and Casinos Austria AG (on behalf of the Austrian Government).

Previous relevant experience:

Andreas previously served as a Member of the Board at Austrian Airlines AG (2008-2012), including as Chief Commercial Officer for the whole period. He also served as Vice President Marketing of Deutsche Lufthansa AG in Frankfurt (2006-2008). Prior to this, Andreas was first Deputy Managing Director and later Managing Director at Germanwings (2002-2006).

A F I

S

* Prior to Andrew Findlay's appointment in October 2015, Chris Kennedy was Chief Financial Officer from July 2010 until September 2015.

7. John Browett

I R

Independent Non-Executive Director

First appointed: September 2007

Key areas of prior experience: Retail, Strategy**Current external appointments:**

Chief Executive Designate, Dunelm Group plc and will become Chief Executive Officer on 1 January 2016. Director, Octopus Investments Limited.

Previous relevant experience:

John was previously Chief Executive Officer at Monsoon Accessorize (2013-2015), Senior Vice President of Retail at Apple Inc (2012) and Chief Executive Officer of Dixons Retail plc (2007-2012). John has also held a number of Executive Director positions at Tesco plc, including CEO of Tesco.com, Operations Development Director and Group Strategy Director (1998-2007). John was at the Boston Consulting Group Limited (1993-1998).

8. Keith Hamill OBE

A I S

Independent Non-Executive Director

First appointed: March 2009

Key areas of prior experience: Finance, Strategy**Current external appointments:**

Chairman, Horsforth Holdings Limited and Aldrington Investments Limited. Non-Executive Director, Samsonite International SA.

Previous relevant experience:

Keith was Chairman of Travelodge (2003-2012) and Go, prior to its acquisition by easyJet in 2002, (2001-2002). His other previous Chairman roles include Tullett Prebon plc (2006-2013), Collins Stewart plc (2000-2006), Avant Homes Limited (2013-2014), Heath Lambert Limited (2005-2011) and Moss Bros Group plc (2001-2008). His Non-Executive Director roles include Max Property Group plc (2010-2014), Electrocomponents plc (1999-2008) and Cadmus Communications Corporation (2002-2007).

Keith was Finance Director of WH Smith (1996-2000), of Forte plc (1993-1996) and of United Distillers (1991-1993), Director of Financial Control at Guinness plc (1988-1991) and a Partner in Price Waterhouse (1986-1988).

9. Andy Martin

A F

Independent Non-Executive Director

First appointed: September 2011

Key areas of prior experience: Finance, Airline industry**Current external appointments:**

Group Chief Operating Officer-Europe, UK and Japan, Compass Group plc. Director, Compass Group Holdings plc and Hospitality Holdings Ltd.

Previous relevant experience:

Prior to joining the Compass Group plc in 2004, Andy was Group Finance Director at First Choice Holidays plc (now TUI Travel plc) which had an airline as part of a wider tour operator business. Andy has also held senior financial positions with Granada Group plc (1996-2001), Forte plc (1994-1996) and Arthur Andersen (now part of Deloitte) (1985-1994) including Partner (1992-1994).

10. François Rubichon

N R

Independent Non-Executive Director

First appointed: July 2014

Key areas of prior experience: Airline industry**Current external appointments:**

Executive Vice President of Human Resources, General Affairs & Organization at Société Française du Radiotéléphone (SFR).

Previous relevant experience:

François was Deputy Chief Executive Officer and Chief Operating Officer of Aéroports de Paris for seven years. Francois has worked in a number of advisory positions within government for the Minister of Transport, Infrastructure, Housing, Tourism and Maritime Affairs (2002-2005) and as a social adviser to the then French Prime Minister.

BOARD COMMITTEES

S Safety Committee

R Remuneration Committee

A Audit Committee

N Nominations Committee

F Finance Committee

I IT Governance and Oversight Committee

AN EXPERIENCED TEAM TO DELIVER

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1. ALITA BENSON,
Group People Director

2. WARWICK BRADY,
Chief Operating Officer

3. CHRIS BROCKLESBY,
Chief Information Officer

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4. MIKE CAMPBELL,
Group Director, Transformation

5. PETER DUFFY, Group Commercial Director:
Customer Product and Marketing

6. ANDREW FINDLAY,
Chief Financial Officer

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7. RACHEL KENTLETON,
Group Director: Strategy and Implementation

8. CATH LYNN, Group Commercial Director:
Markets, Network and Pricing

9. CAROLYN MCCALL OBE,
Chief Executive

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10. PAUL MOORE,
Communications Director

11. KYLA MULLINS, General Counsel and Director
of Regulation & Corporate Governance

1. Alita Benson**Group People Director**

First appointed: June 2011

Key areas of prior experience: Human Resources**Previous relevant experience:** Prior to joining easyJet, Alita was Head of HR Business Partners at T-Mobile for nine years and led the T-Mobile UK HR input for the merger with Orange (2001-2011).**2. Warwick Brady MBA****Chief Operating Officer**

First appointed: May 2009

Key areas of prior experience: Low Cost Airline experience in Europe, India & Asia, Private Equity experience manufacturing, retailing, ecommerce**Current external appointments:** Non-Executive Director, FirstGroup plc**Previous relevant experience:** Warwick joined easyJet in 2009 on the management board as Director of Procurement responsible for Fleet, Regulation, Central and Airport Procurement before becoming Group Operations Director in October 2010.

Prior to easyJet Warwick was CEO at Mandala Airlines (2007-2009), Chief Operating Officer of Air Deccan (2005-2007), Deputy Director Operations at Ryanair (2002-2005) where he held various executive roles including Deputy Chief Executive Officer of Buzz following its acquisition from KLM.

3. Chris Brocklesby**Chief Information Officer**

First appointed: March 2015

Key areas of prior experience: IT**Previous relevant experience:** Before joining easyJet, Chris was CIO at Tesco Bank and was a member of the Executive Committee with responsibility for IT, Change Management, Supplier Management and Procurement (2007-2015).

Chris also spent 18 years at Accenture in their Financial Services and Technology practices. He became a partner in 2000 and led the UK FS Systems Integration practice as well as leading work at clients such as AXA Life, Zurich Financial Services, Standard Life and Prudential.

4. Mike Campbell**Group Director, Transformation**

First appointed: October 2005

Key areas of prior experience: Human Resources, Technology, Transformation**Previous relevant experience:** Mike has previously held other senior positions at easyJet including Europe Director and People Director. Before joining easyJet, Mike worked at Wedgwood in a broad role as Director of People and Brands and Managing Director for Canada, Australia and Pan-Asia (2000-2005). Prior to that, Mike worked for 14 years at Fujitsu in a variety of development and personnel roles across Europe, Asia, Africa and the Middle East, ending up as Chief Personnel Officer.**5. Peter Duffy****Group Commercial Director: Customer Product and Marketing**

First appointed: February 2011

Key areas of prior experience: Marketing**Previous relevant experience:** Before joining easyJet, he was Marketing Director for Audi in the UK (2007-2011). Prior to that, Peter was Marketing Services Director at Barclays (2005-2007).**6. Andrew Findlay*****Chief Financial Officer**

See Board of Directors' profiles.

7. Rachel Kentleton**Group Director: Strategy and Implementation**

First appointed: February 2014

Key areas of prior experience: Finance, Investor Relations, Strategy, Programme Management.**Current external appointments:**

Non-Executive Director, Persimmon plc and member of the Audit and Risk Committees.

Previous relevant experience: Rachel is a qualified accountant and prior to joining easyJet in 2007, she worked in a number of finance roles at Unilever (1991-1997), NatWest (1997-2000), Diageo (2000-2006) and SABMiller (2006-2007).**8. Cath Lynn****Group Commercial Director: Markets, Network and Pricing**

First appointed: September 2009

Key areas of prior experience: Commercial, Operations, Procurement**Previous relevant experience:** Cath joined easyJet in 2002 following the merger of Go and has carried out a number of senior roles at easyJet including Head of Ground Operations, Head of Airport Development and Procurement, Head of Network Development, Network and Planning Director, Customer and Revenue Director and Group Commercial Director. Prior to easyJet Cath spent 12 years in retail for J Sainsbury before joining Go (1998-2002) where she was part of the management buy-out team and headed up cabin services, ground operations and customer service.**9. Carolyn McCall****Chief Executive**

See Board of Directors' profiles.

10. Paul Moore**Communications Director**

First appointed: November 2010

Key areas of prior experience: Communications**Previous relevant experience:** Before joining easyJet, Paul was Group Public Affairs and Communications Director for FirstGroup (2006-2010). Prior to that Paul worked for Virgin Atlantic Airways for ten years as its Director of Corporate Affairs (1997-2006).**11. Kyla Mullins****General Counsel and Director of Regulation & Corporate Governance**

First appointed: February 2015

Key areas of prior experience: Legal, Company Secretarial, Regulation**Previous relevant experience:** Kyla is a qualified solicitor, having spent four years with Clifford Chance (1989-1993) before moving in-house. Over the past 20 years she has held senior legal positions in the media, entertainment and strategic outsourcing sectors. Before joining easyJet Kyla was General Counsel and Company Secretary at Mitie Group plc (2014-2015), Global General Counsel of EMI Music (2009-2012), and Group Legal Director at ITV Plc and Granada Media (2000-2007).

* Prior to Andrew Findlay's appointment in October 2015, Chris Kennedy was Chief Financial Officer from July 2010 until September 2015.

BOARD COMMITTEES

Board committees

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

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

Details of Directors' attendance at Board and Board Committee meetings is set out on page 60.

Safety Committee Chair: Professor Rigas Doganis	See pages 52 to 53
Remuneration Committee Chair: Charles Gurassa	See pages 53 and 64 to 80
Audit Committee Chair: Adèle Anderson	See pages 54 to 57
Nominations Committee Chair: John Barton	See page 58
Finance Committee Chair: Adèle Anderson	See page 59
IT Governance and Oversight Committee Chair: John Browett	See page 59

SAFETY COMMITTEE

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**PROFESSOR RIGAS DOGANIS,
CHAIR OF THE SAFETY COMMITTEE**

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

Membership as at 30 September 2015

(two independent Non-Executive Directors, one independent chairman)

Members of the committee

- Professor Rigas Doganis (Chair)
- Keith Hamill
- Dr Andreas Bierwirth

 Turn to page 60 for meeting attendance table

Key responsibilities

To monitor and follow up on safety incidents reported to the Board to ensure that they have been satisfactorily closed either by the Company and/or the relevant external parties.

To receive, examine and monitor reports on actions taken by departments.

To review and monitor the implementation of the Company's annual safety plan.

The Committee also examines specific safety issues as requested by the Board or any member of the committee. Where appropriate, the Committee reviews relevant reports published by the UK Air Accident Investigation Branch, major incidents that have affected other operators, such as the incidents suffered by Air Asia and Germanwings in the last year, as well as other external reports on matters relevant to safety and security.

REMUNERATION COMMITTEE

Independent safety reports from the Director of Safety and Security are presented at every Board meeting. The Committee ensures that both internal and relevant external events are fully investigated and that appropriate actions have been taken where necessary.

The Director of Safety and Security has a direct reporting line to the Chairman which reinforces the independence of safety oversight. In addition, the Chairman of the Committee has reported to the Board with his own assessment of safety management within the airline.

Further information on the Safety Management System is provided on page 31.

Highlights of the 2015 financial year

A range of safety-related matters have been reviewed by the Committee during the 2015 financial year involving all areas – flight operations, cabin crew, ground services and engineering. Some of these reviews followed requests from the Board to carry out detailed assessment of specific operational incidents; others were reports of safety actions taken by easyJet operational departments. These included a review of the processes, identification and use of pattern recognition for safety purposes, and also a review of the cyber security threats to easyJet's operations and the mitigations in place to counter such threats.

Changes to the Committee

Although Professor Rigas Doganis stepped down from the Board of easyJet as a Non-Executive Director on 1 December 2014, he remains as Chairman of the Safety Committee until 29 February 2016.

As reported in last year's annual report, in October 2014 the Committee's former Independent Safety Expert, Geoff Want, joined easyJet as the Director of Safety and Security. With considerable and wide-spread previous experience in aviation safety, he has made an invaluable contribution in ensuring that the Company maintains the highest safety standards and procedures.

The safety team has been further strengthened by the appointment of a specialist in human factors.

Image removed

CHARLES GURASSA,
CHAIR OF THE REMUNERATION COMMITTEE

The Remuneration Committee's focus was firstly on putting forward a revised Long Term Incentive Plan in its remuneration policy for shareholder approval at the 2015 Annual General Meeting. The remuneration policy has been designed to be straightforward and transparent, in alignment with the Company's principle of having a simple and cost-effective approach. The second area of focus was recommending a package for the incoming Chief Financial Officer which aligned with our policy.

Membership as at 30 September 2015

(all members are independent Non-Executive Directors)

Members of the committee

- Charles Gurassa (Chair)
- John Browett
- François Rubichon

 Turn to page 60 for meeting attendance table

Key responsibilities

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

Highlights of the 2015 financial year

- The Committee reviewed and put forward a revised Long Term Incentive Plan which was approved at the Company's 2015 Annual General Meeting as part of the remuneration policy.
- The Committee reviewed and put forward proposals for the package for the new Chief Financial Officer.

The detailed Directors' remuneration report is on pages 64 to 80.

Additional disclosures under the UK Corporate Governance Code
Hewitt New Bridge Street (HNBS) (an AON Company) has been appointed by the Committee as easyJet's remuneration consultants. HNBS is a member of the Remuneration Consultants Group and complies with its code of conduct. HNBS has no other connection with the Company. However, a sister company in the AON Group provides pension and flexible benefits administration services to the Company.

AUDIT COMMITTEE

Image removed

ADÈLE ANDERSON, CHAIR OF THE AUDIT COMMITTEE

During the year, the Audit Committee has continued to devote significant time to reviewing the Group's system of risk management, internal controls, the integrity of the Group's financial reporting and the effectiveness of both internal and external audit. In addition, the Committee has led a competitive tender for external audit services which followed best practice guidance, resulting in the recommendation to reappoint PricewaterhouseCoopers LLP as the Group auditors.

The Committee welcomes the changes to the revised UK Corporate Governance Code, and the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, published in September 2014. These changes apply to the Group for the first time this year and have been areas of focus for the committee.

Membership as at 30 September 2015 (all independent Non-Executive Directors)

Members of the committee

- Adèle Anderson (Chair)
- Keith Hamill
- Andy Martin

The Committee members have been selected to provide the wide range of financial and commercial expertise necessary to fulfil the Committee's duties and responsibilities. Adèle Anderson was a partner in KPMG until July 2011 and held roles including Chief Financial Officer of KPMG UK, Chief Executive Officer of KPMG's captive insurer and Chief Financial Officer of KPMG Europe. She currently chairs the audit committees of Intu Properties Plc and Save the Children International. Keith Hamill has had considerable experience as a director of listed companies and was Finance Director of WH Smith, Forte plc and United Distillers. Andy Martin was Group Finance Director of Compass Group plc between 2004 and 2012, and prior to this held other senior financial positions with First Choice Holidays plc (now TUI Group), Forte plc and Granada Group plc. The Board considers the Committee members' financial experience to be recent and relevant for the purposes of the Code.

 Turn to page 60 for meeting attendance table

Main activities and responsibilities of the Committee:

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

Responsibilities

To monitor and review:

the integrity of the financial statements and related formal announcements, and the significant financial reporting issues and judgements which they contain

the Company's risk management systems and internal control

the effectiveness of the Company's Internal Audit function and its activities

the Company's relationship with the external auditors, including:

- their independence and objectivity;
- the effectiveness of the external audit process;
- recommending the appointment, reappointment or removal of the external auditors;
- approving their remuneration and terms of engagement; and
- the policy on the supply of non-audit services.

the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters

the Group's systems and controls for the prevention of bribery and detection of fraud, including receiving reports on non-compliance

Other duties of the Audit Committee include:

- annually reviewing their terms of reference;
- assessing potential conflicts of interest of Directors on behalf of the Board; and
- as requested by the Board, providing advice on whether the annual report and accounts are fair, balanced and understandable.

How the Committee has discharged its responsibilities

Review of the financial statements and announcements relating to the financial performance and governance of the Group at year end and half year.

The Committee also considered the material areas in which significant judgements have been applied based on reports from both the Group's management and the external auditors. Further information is provided in the **Financial reporting and significant financial issues** section.

Review of the adequacy and effectiveness of the Group's ongoing risk management systems and control processes, through an evaluation of:

- the risk and assurance plans;
- Internal Audit reports;
- risk assessments;
- information security and business continuity;
- control themes; and
- internal financial control assessments.

The Committee undertook an assessment of the effectiveness and independence of the Internal Audit function, which included consideration of:

- key Internal Audit reports;
- stakeholder feedback on the quality of Internal Audit activity;
- Internal Audit's compliance with prevailing professional standards; and
- closure of Internal Audit recommendations.

Further information is provided in the **Internal Audit** section.

The Committee considered the appointment of the external auditors, confirming and assessing their independence, objectivity and effectiveness.

More information on:

- how the effectiveness, independence and objectivity of the external audit process were assessed, is provided in the **External auditors and effectiveness of external audit process** section; and
- the external auditors' non-audit services, and audit tendering, is provided in the **Non-audit services** and the **Audit tendering** sections respectively.

During the year, the Committee reviewed:

- whistleblower reports;
- reports on anti-bribery and corruption procedures;
- reports on procedures on fraud and loss prevention; and
- reports on credit card fraud monitoring and investigations.

The Committee reviewed its terms of reference and concluded that they did not require updating.

There were no potential conflicts to be considered during the year.

Further information on the Committee's role on providing advice on whether the annual report and accounts is fair, balanced and understandable is provided in the **Financial reporting and significant financial issues** section.

Specific items which the Committee looked at during the financial year as part of and in addition to its main activities included:

- the treasury function and accounting treatment of hedging transactions;
- the accounting treatment for property, plant and equipment;
- the accounting treatment of share-based payments;
- the management of change initiatives in the business;
- information security capabilities, policies and procedures, including mitigations around cyber attacks and incidents; and
- the preparation for making a viability statement.

Financial reporting and significant financial judgements

The Committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. For example, during the financial year, the Committee reviews the level of provisions and accruals recorded which are judgemental in nature. The Committee reviews accounting papers prepared by management which provide details on significant financial reporting judgements. The Committee also reviews reports by the external auditors on the full year and half year results which highlight any issues with respect to the work undertaken on the audit.

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

- The Committee reviewed the maintenance provision at the year end. A number of judgements are used in the calculation of the provision, primarily pricing, utilisation of aircraft and timing of maintenance checks. The Committee addressed these matters using reports received from management which underpin the basis of assumptions used. The Committee also discussed with the external auditors their review of the assumptions underlying the estimates used.
- The Committee considered whether the carrying value of goodwill and landing rights held by easyJet should be impaired. The judgement in relation to impairment largely relates to the assumptions underlying the calculation of the value in use of the business being tested for impairment; primarily whether the strategic plan is achievable and the overall macroeconomic assumptions which underlie the valuation process. The Committee addressed these matters using reports received from management outlining the basis for assumptions used. The strategic plan used in the calculation was presented to the Board.
- The Committee considered the key treasury transactions, and the application of hedge accounting. easyJet hedges forward, on a rolling basis, between 65% and 85% of the next 12 months anticipated fuel and currency requirements and between 45% and 65% of the next 12 months' anticipated requirements. Significant exposure relating to the acquisition cost of aircraft is also managed through the use of foreign currency forward exchange contracts where 90% of the next two years forecast requirement is hedged. easyJet does not operate any other significant derivative financial instruments. However, this area remains significant due to the quantity of fuel and exchange rate hedges.

- The Committee reviewed the level and calculations of key accruals and provisions which are judgemental in nature. Specifically the area of customer claims in respect of flight delays, cancellations and Air Passenger Duty.

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

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

- the input of subject matter experts, the Executive Management Team and other senior management and, where applicable, the Board and its Committees;
- the processes and controls which underpin the overall review and confirmation process, including the verification process being carried out by an internal financial controls specialist (independent of the Finance function);
- Internal Audit providing assurance over the audit trail for material data points relating to the non-financial statement aspects of the Annual report and accounts, and external audit providing assurance over the accounts; and
- the Committee itself, as part of a continuous improvement process, emphasising to contributors the importance of providing a balanced view, especially in relation to the more subjective areas.

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

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

Risk management and internal control

The Board, as a whole, including the Audit Committee members, consider the nature and extent of easyJet's risk management framework and the risk profile that is acceptable in order to achieve the Company's strategic objectives. The Audit Committee has reviewed the work done by management, the Committee itself and the Board on the assessment of the Company's principal risks, including their impact on the prospects of the Company. As a result, it is considered that the Board has fulfilled its obligations under the Code in relation to risk management and internal controls. Further details on the Company's principal risks and uncertainties and their impact on the prospects of the Company are set out on page 24-29.

easyJet's system of internal controls, along with its design and operating effectiveness is subject to review by the Audit Committee, through reports received from management, along with those from both internal and external auditors. Any controls deficiencies identified are followed up with action plans tracked by the Committee. Further details of risk management and internal control are set out on page 63.

Audit tendering

PricewaterhouseCoopers LLP were first appointed to audit the Annual report and accounts for the year ended 30 September 2006, and have therefore served a ten year term. Under EU audit reform legislation, companies are required to have a mandatory rotation of auditors after ten years, or 20 years if there is a compulsory retender at ten years.

During the early summer of 2015, the Committee led a tender process for external audit services for the year ending 30 September 2016.

Management met with the top 10 UK audit firms by fee income, which were then assessed by a common set of criteria. Following this assessment, a number of firms were ruled out due to irresolvable conflicts of interests/independence issues or a lack of demonstrable appetite to become the external auditor to a company of our size and scale. As part of this process a number of firms met with the Audit Committee Chair and the outgoing Chief Financial Officer.

Our largest investors were invited to discuss our approach to the audit tender and three of these investors took up the invitation and contributed to our considerations.

In May the Audit Committee reviewed the investor feedback and the feedback from the meetings with the firms. It was concluded that two firms should be invited to tender on the basis that:

- both firms had extensive experience in delivering quality audit services;
- both firms demonstrated having the high calibre resources needed to deliver quality audit services;
- each firm demonstrated a willingness to participate in the audit tender and to deliver the audit services;

- both firms had significant experience in auditing FTSE 100 organisations and/or organisations of comparable size and complexity to easyJet; and
- neither easyJet nor the firm were aware of any apparent conflicts of interest or independence issues.

Once the Request For Proposal had been issued to both firms, each was invited to put forward potential lead audit partners at a meeting with the Audit Committee Chair.

Following feedback by the Company on the preferred lead audit partners, each firm was invited to attend 'working with easyJet' meetings to ensure they fully understood our external audit requirements and to give an opportunity to assess the cultural fit. The lead audit partner and senior team members from each firm also met with the incoming CFO, Andrew Findlay.

Each firm submitted a formal audit proposal document which was reviewed by management and the Audit Committee. On 6 July each firm presented at meetings with easyJet management. At this meeting each firm was given a technical question which they had to consider and include in their final presentation to the Audit Committee on 20 July. As part of this process, the Audit committee met with each firm without management present.

The Audit Committee met on 22 July and concluded that both firms were capable of providing the services required by the Company and could be put forward to the Board. The Audit Committee agreed to recommend that the Board reappoint PricewaterhouseCoopers LLP as, on balance, they performed better against the committees pre-agreed selection and assessment criteria.

Internal Audit

The Audit Committee is responsible for overseeing the work of the Internal Audit function. It reviews and approves the scope of the Internal Audit annual plan and assesses the quality of Internal Audit reports, along with management's actions relating to findings and the closure of recommended actions. The Audit Committee also considers stakeholder feedback on the quality of Internal Audit's work. Further information on the Internal Audit function is provided on page 63. In order to safeguard the independence of the Internal Audit functions, the Head of Internal Audit is given the opportunity to meet privately with the Audit Committee without any other members of management present.

External auditors and effectiveness of external audit process

PricewaterhouseCoopers LLP were reappointed auditors of the Company at the 2015 Annual General Meeting. Senior management monitors the auditors' performance, behaviour and effectiveness during the exercise of their duties, which informs the Audit Committee's decision to recommend reappointment on an annual basis.

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

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

Non-audit services

In the 2015 financial year, easyJet did not incur any costs with PricewaterhouseCoopers LLP in respect of non-audit services (2014: £nil). In order to preserve objectivity and independence, the external auditors are not asked to provide consulting services unless this is in the best interests of the Company, in accordance with easyJet's non-audit services policy which is available in the governance section of easyJet's corporate website, <http://corporate.easyJet.com>.

NOMINATIONS COMMITTEE

Image removed

JOHN BARTON,
CHAIR OF THE NOMINATIONS COMMITTEE

During the year the Committee undertook a search for a new Chief Financial Officer, reviewing the make-up of the Board Committees given the new Board make up at the beginning of the year, ensuring that the newly appointed NEDs were embedded in the Board and continuing to review succession plans within the Board and the Executive Management Team.

Membership as at 30 September 2015

(members are independent Non-Executive Directors and the Non-Executive Chairman of the Board)

Members of the committee

- John Barton (appointed Chair effective from 1 December 2014)
- Charles Gurassa
- François Rubichon



Turn to page 60 for meeting attendance table

Key responsibilities

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

Highlights of the 2015 financial year

- Overseeing the selection process and appointment of the new Chief Financial Officer and a new Non-Executive Director.
- Consideration of the appointments to the Board Committees following the change in Board composition.
- Reviewing management's succession plans for senior executive positions.

Board appointments process

The Committee adopts a formal and transparent procedure for the appointment of new Directors to the Board.

The Board's practice is to use external recruitment consultants for appointing Directors and as such, terms were negotiated with JCA Group Limited (JCA) to act as easyJet's search consultants for the appointment of a new Chief Financial Officer. Other than providing search consultancy services, JCA has no connection with the Company. JCA was provided with a brief of the desired candidate profile based on merit and against objective criteria, and their services were used to conduct a search to identify suitable candidates. A list of potential candidates was assessed against these criteria and a number were interviewed by members of the Board and Executive Management Team. Andrew Findlay was appointed as Chief Financial Officer, effective 2 October 2015.

While the Board's practice is to use external search consultants for appointing Directors, there are occasions where an individual with particular relevant qualifications is identified as a potential candidate to join the Board as a Non-Executive Director. This was the case with Chris Browne and therefore no external search consultancy or open advertising was used. Once the committee became aware of her availability, it reviewed her experience and skills and she was interviewed by members of the Board. She was appointed to become a Non-Executive Director with effect from 1 January 2016.

Diversity

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

The Company has two female Directors, one being the Chief Executive. Following the appointment of Chris Browne, the Board will have 30% female representation from 1 January 2016. The Company's policy on diversity applies across all levels of the organisation, and further details can be found in the Corporate responsibility section on pages 35 to 36.

FINANCE COMMITTEE

Image removed

ADÈLE ANDERSON,
CHAIR OF THE FINANCE COMMITTEE

The Finance Committee continues to provide effective oversight of the Group's treasury and funding policies and activities, ensuring that activities undertaken will not subject the Group to undesired levels of risk, and that treasury activities are appropriately aligned with Group strategy and support the Group financial performance.

Membership as at 30 September 2015
(all members are independent Non-Executive Directors)

- Adèle Anderson (Chair)
- Andy Martin
- Charles Gurassa (appointed to the Committee effective from 13 November 2014)

 Turn to page 60 for meeting attendance table

Keith Hamill stepped down from the Committee effective from 13 November 2014.

Key responsibilities

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

Highlights of the 2015 financial year
The Committee undertook:

- a review of debt funding alternatives;
- a review of foreign exchange and interest rate hedging strategies; and
- a review of the unearned revenue and cash position.

IT GOVERNANCE AND OVERSIGHT COMMITTEE

Image removed

JOHN BROWETT,
CHAIR OF THE IT GOVERNANCE AND OVERSIGHT COMMITTEE

The IT Governance and Oversight Committee provides governance oversight, and gives independent validation and challenge, to one of the Company's key business areas.

Membership as at 30 September 2015
(all members are independent Non-Executive Directors)

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

 Turn to page 60 for meeting attendance table

Key responsibilities

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

- monitors the strategic direction of the IT programme to ensure it supports easyJet's long-term goals within the ambit of its strategic framework;
- reviews the risks and controls associated with IT strategy to ensure appropriate mitigation is built into the implementation process;
- monitors implementation of the IT strategy and ensures that changing business needs are being met in the context of the Company's strategic goals and competitive position; and
- provides financial oversight over the IT programmes as the Committee considers necessary, including ensuring an appropriate framework within which budgetary decisions are made.

Highlights of the 2015 financial year
The Committee has reviewed:

- the prioritisation and sequencing of the various IT programmes;
- the tender process for systems relating to an e-commerce platform;
- the requirements and capacity of the operational platform; and
- the capabilities required to deliver the IT programmes.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Company has, throughout the 2015 financial year, complied without exception with the provisions of the UK Corporate Governance Code issued in September 2014 (the Code), which is the version of the Code which applies to its 2015 financial year. The section below details how the Company has complied with the Code, available at www.frc.org.uk. The following disclosures are ordered into the sections as they appear in the Code.

A. Leadership

A.1 Role of the Board

The Board is responsible for providing effective leadership to the airline. It does this by setting strategic priorities and overseeing their delivery in a way that enables sustainable long-term growth, while maintaining a balanced approach to risk within a framework of effective controls.

The Board has a formal schedule of matters reserved for its decision which is available in the governance section of easyJet's corporate website: <http://corporate.easyJet.com>. Day-to-day management responsibility rests with the Executive Management Team, listed on pages 50 to 51. These individuals are also the Directors and Company Secretary of the principal operating company, easyJet Airline Company Limited.

The Board meets regularly, with nine scheduled meetings having been held during the year. The Directors' attendance records at those meetings and Board Committee meetings held during the year are shown in the table below. In addition to those scheduled meetings, four ad hoc Board meetings were also arranged to deal with matters arising between scheduled meetings as appropriate. Non-Executive Directors are also encouraged to communicate directly with senior management between Board meetings.

Attendance at scheduled meetings

	Board	Audit Committee	Remuneration Committee	Finance Committee	Safety Committee	Nominations Committee	IT Governance and Oversight Committee
Number of scheduled meetings	9	4	3	4	4	2	6
Executive Directors							
Carolyn McCall OBE ⁽¹⁾	9	1*	1*		4*	1*	6*
Chris Kennedy ⁽²⁾	7	4*		3*			3*
Andrew Findlay	1*			1*			
Non-Executive Directors							
John Barton	9	2*	3*	1*	3*	2	
Charles Gurassa	9		3	4		2	
Keith Hamill OBE ⁽³⁾	9	4			4	1*	5
John Browett	8		3			1*	6
Rigas Doganis ⁽⁴⁾	1		1		4	1	
Adèle Anderson	9	4		4		1*	6
Andrew Martin	9	4		4		1*	
Andreas Bierwirth ⁽⁵⁾	9				3	1*	
François Rubichon	9		3			2	

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

(1) Carolyn McCall stepped down as a member of the Safety Committee on 1 December 2014 but continued to attend meetings by invitation.

(2) Chris Kennedy stepped down as a Director on 1 September 2015 and missed one Board meeting when on jury service.

(3) Keith Hamill missed an IT Governance and Oversight Committee meeting due to the rearrangement of the meeting date at short notice conflicting with pre-existing arrangements.

(4) Rigas Doganis stepped down as a Director on 1 December 2014 but continued to chair the Safety Committee.

(5) Andreas Bierwirth joined the Safety Committee on 1 December 2014.

A.2 Division of responsibilities

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

A.3 The Chairman

The Chairman, John Barton, sets the Board's agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. On his appointment in May 2013, the Board considered John Barton to be independent in character and judgement in accordance with the Code.

A.4 Non-Executive Directors

Charles Gurassa is Senior Independent Director and Deputy Chairman. In this role, Charles provides advice and additional support and experience to the Chairman as required, and is available to act as an intermediary for the other Directors if necessary. Charles is also available to address shareholders' concerns that have not been resolved through the normal channels of communication with the Chairman, Chief Executive or other Executive Directors, and leads the appraisal of the Chairman's performance annually in consultation with the other Non-Executive Directors in a meeting without the Chairman being present. The Non-Executive Directors, together with the Chairman, have also met without any Executive Directors present during the year. During the year, there were no unresolved concerns regarding the running of the Company.

B. Effectiveness

B.1 Composition of the Board

As at 30 September 2015, the Board comprised eight Non-Executive Directors (including the Chairman) and one Executive Director, Chris Kennedy having left the Company on 1 September 2015. The number of Executive Directors increased to two when Andrew Findlay joined on 2 October 2015.

After giving thorough consideration to the matter, the Board considers Adèle Anderson, Dr. Andreas Bierwirth, John Browett, Charles Gurassa, Keith Hamill, Andy Martin and François Rubichon to be Non-Executive Directors who are independent in character and judgement.

B.2 Appointments to the Board

For information on the procedure for the appointment of new Directors to the Board, and the role of the Nominations Committee in this process, refer to the Nominations Committee report on page 58.

B.3 Commitment

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

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

Executive Directors are encouraged to take up non-executive positions in other companies or organisations. Carolyn McCall, the Chief Executive, has acted as Non-Executive Director at Burberry Group plc since September 2014. Appointment to such positions is subject to the approval of the Board which considers, amongst other things, the time commitment required. The Executive Management Team are permitted to hold one appointment on a Board or committee of a listed company so long as this is not thought to interfere with the business of the Group.

B.4 Development

On joining the Board, new members receive a tailored induction, organised by the Company Secretary, which covers amongst other things:

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

To update the Directors' skills, knowledge and familiarity with the Group, visits to bases are organised for the Board periodically, to assist its understanding of the operational issues that the business faces. The Board were invited to attend a country review Board and also observe the innovation day which was run in Milan in June 2015. A briefing paper is provided to Board members to update them on relevant developments in law, regulation and best practice, usually two to four times per year. Directors are encouraged to highlight specific areas where they feel their skills or knowledge would benefit from development as part of the annual Board evaluation process. The Board is confident that all its members have the knowledge, ability and experience to perform the functions required of a Director of a listed company.

B.5 Information and Support

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

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

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

B.6 Evaluation

A performance review of the Board, its Committees and Directors was undertaken with the assistance of an external facilitator, Independent Audit Limited, during the period. Independent Audit has no connection with the Company beyond evaluating the Board. It is intended to hold an externally facilitated review every three years.

The evaluation process took place in the summer and involved interviews with each Director and a number of the Executive Management Team. Independent Audit Limited also reviewed the Board and committee papers over the past year and attended and observed the July Board meeting.

The review extended to all aspects of Board and committee performance including composition and dynamics, the Chairman's leadership, agenda and focus, clarity as to role with particular focus on its effectiveness in relation to strategic development, oversight of risk and succession planning, and priorities for change. Independent Audit Limited provided a report to the Board, which was included in the papers for the Board's September meeting.

Charles Gurassa, as Senior Independent Director, led a review of the Chairman's performance and held a private meeting of the Non-Executive Directors without the Chairman present to discuss the Chairman's performance. The Executive Directors and the Non-Executive Directors also reviewed and were satisfied with the Chairman's time commitment to the Board and the business.

The Chairman conducted a process of evaluating the performance and contribution of each Director which included a one-to-one performance evaluation and feedback discussion with each of them.

The Board has started to determine appropriate actions in response to the areas highlighted in these reviews. It will also continue to review its procedures, effectiveness and development objectives in the year ahead.

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

B.7 Re-election

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

C. Accountability

C.1 Financial and Business Reporting

Please refer to:

- page 84 for the Board's statement on the Annual report and accounts being fair, balanced and understandable;
- page 22 for the statement on the status of the Company and the Group as a going concern; and
- the Strategic report on pages 6-15 for an explanation of the Company's business model and the strategy for delivering the objectives of the Company.

C.2 Risk Management and Internal Control

The Board has carried out a robust assessment of the principal risks facing the Company and how those risks affect the prospects of the Company. Please refer to pages 24-29 for further information on the Company's principal risks and uncertainties and page 22 for their impact on the prospects of the Company.

The overall responsibility for easyJet's systems of internal control and for reviewing their effectiveness rests with the Board. The Board has conducted an annual review of the effectiveness of the systems of internal control during the year, under the auspices of the Audit Committee. Further information on the Company's risk management and internal control systems is given on page 63.

C.3 Audit Committee and Auditors

For further information on the Company's compliance with the Code provisions relating to the Audit Committee and auditors, please refer to the Audit Committee report on pages 54-57.

D. Remuneration

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

- the Directors' remuneration report on pages 64-83 for the level and components of remuneration (D.1); and
- page 53 (the Remuneration Committee Report) for the procedure relating to remuneration (D.2).

E. Relations with shareholders

E.1 Dialogue with Shareholders

The Company actively engages with investors and solicits their feedback. The Chairman met with shareholders to help maintain a balanced understanding of their issues and concerns. He has updated the Board on the opinions of investors. The views of shareholders and market perceptions are also regularly communicated to the Board via verbal briefings.

easyJet has an investor relations department which runs an active programme to facilitate engagement with investors based around the financial reporting calendar.

This year the programme has included one-to-one meetings with institutional investors, road shows and conferences. There is also regular communication with institutional investors on key business issues.

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

E.2 Constructive use of the Annual General Meeting

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

Risk management

easyJet has an established risk management process to ensure that significant risks are identified and mitigated where possible. For further details of the risk management process, the principal risks and uncertainties faced by the Group and the associated mitigating actions, please refer to pages 24-29.

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

- ongoing risk management and assurance is provided through the various monitoring reviews and reporting mechanisms that are embedded into the business operations;
- regular operational (including safety), commercial, financial and IT functional meetings are held to review performance and to consider key risks and issues; (please refer to pages 52-53 for details of the Safety Committee); and
- the Executive Management Team meets regularly to consider significant risks and overall business performance.

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

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

The Audit Committee undertakes an annual review of the appropriateness of the risk management processes to ensure that they are sufficiently robust to meet the needs of the Group (please refer to pages 54-57 for details of the Audit Committee's responsibilities).

Internal control

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

The Board has conducted an annual review of the effectiveness of the systems of internal control during the year, under the auspices of the Audit Committee. This included reviews of systems and controls relating to financial reporting processes and the preparation of the accounts. The internal financial control monitoring programme, administered by Internal Audit, has continued to enhance the review process.

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

Internal audit

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

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

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

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

During the year, the effectiveness of the Internal Audit function was assessed by the Audit Committee. The role of the Internal Audit function and the scope of its work both continue to evolve to take account of changes within the business and emerging best practice. A formal audit charter is in place.

ANNUAL STATEMENT BY THE CHAIR OF THE REMUNERATION COMMITTEE

Image removed

CHARLES GURASSA,
CHAIR OF THE REMUNERATION COMMITTEE

Performance of the Group in the 2015 financial year

easyJet has continued to deliver sustainable returns and growth for its shareholders. The key highlights are as follows:

- profit before tax up by 18% to £686 million;
- 1.7 percentage point growth in return on capital employed (ROCE) (including lease adjustments) from 20.5% in 2014 to 22.2% in 2015;
- increased ordinary dividend with a proposed ordinary dividend of 55.2 pence per share;
- on-time performance was 80%, marginally above the threshold for the year; and
- total cost per seat (excluding fuel at constant currency) and customer satisfaction outcomes for the year were below bonus thresholds for the year.

Aligning remuneration policy with Company principles

Simple and cost-effective approach – In line with our low-cost and efficient business model, the Committee has chosen to set a simple pay package against the market. For example, our Executive Directors do not receive the Executive benefits that can be found in most organisations (see page 66).

Support the stated business strategy of growth and returns –

Performance is assessed against a range of financial, operational and longer-term targets ensuring value is delivered to shareholders, and Directors are rewarded for the successful delivery of the key strategic objectives of the Company.

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

Key pay outcomes in respect of the 2015 financial year – Annual bonuses are based on profit before tax and key operational and financial targets. A bonus of 66% of the maximum was awarded to the Chief Executive in respect of the 2015 financial year. This reflects the strong results the Group has achieved. One-third of the bonus earned is subject to compulsory deferral for three years. In light of the resignation during the year of Chris Kennedy, the Chief Financial Officer, he is not eligible to receive a bonus award in respect of the 2015 financial year.

Under the Long Term Incentive Plan (LTIP), Performance Share Awards made in December 2012 are due to vest in December 2015. These awards are based on a combination of average ROCE performance (including lease adjustments) and relative total shareholder return (TSR) compared to FTSE 51-150

companies for the three financial years ended 30 September 2015. The Group achieved average ROCE performance (including lease adjustments) of 20.0%, and the Company was ranked in the top decile in terms of TSR relative to FTSE 51-150 companies, reflecting exceptional performance over the period. This level of performance, reflecting a return of 236% for investment in easyJet shares, resulted in 100% of the awards vesting successfully, subject to continued employment to the vesting date.

Remuneration policy for the 2016 financial year

The Company's remuneration policy was approved by shareholders at last year's AGM in February 2015 and the current intention is that it will apply until the 2018 AGM. As such, we will not be asking shareholders to vote on the policy at the 2016 AGM. In reviewing the policy last year, one key conclusion of the Committee was that the Company's remuneration policy should continue to be aligned with easyJet's principles and the Committee is of the view that this remains the case. In line with our principles, and taking full account of the 'best practice' expectations of investors, we took the opportunity of simplifying our arrangements and 2015 was therefore the last time that we made Matching Share Awards under the LTIP. From 2016, awards will be made as Performance Shares only. The Committee remains confident that the policy is appropriate and that it satisfies our objective to operate a remuneration structure which successfully promotes the long-term success of the Company.

The Committee has further reviewed the LTIP and has recalibrated the targets in line with the current key strategic focus and projected additional capital expenditure within the business. This has led to a rebalancing of the current performance metric from an equal split of ROCE and relative TSR to a condition based 70% on ROCE and 30% on TSR. The target range continues to be set taking into account internal projections and external views. The range is the same as last year with a small enhancement to pay out on achieving target expectations. This has been the subject of consultation with the Company's major shareholders and the leading shareholder advisory bodies. The Committee believe these to be appropriate and demanding targets.

In summary, our relatively straightforward remuneration consists of a base salary, pension contribution of 7%, benefit provision and, subject to stretching performance conditions, an annual bonus plan, part paid in cash and part deferred into shares, and shares awarded under an LTIP. Incentive pay is subject to clawback provisions, a post-vesting holding period operates for LTIP awards and significant share ownership guidelines apply.

The basic salary of the Chief Executive increased by 1%, in line with the typical rate of increase being awarded across the Group. The increase will be effective from 1 January 2016.

Changes to the Board

We announced in January 2015 that our CFO, Chris Kennedy, would be leaving to take up another role. Chris subsequently stepped down from the Board and left the Company on 1 September 2015. We are delighted that Andrew Findlay has joined us as CFO from 2 October 2015.

Chris Kennedy worked the majority of his notice period and will not receive any payment in lieu of the balance of his notice period after leaving the Company. In line with the Company's remuneration policy, following his resignation, Chris was not eligible to receive a bonus for the 2015 financial year. Under the rules of the LTIP, any unvested LTIP awards after the date of departure lapsed, and all benefits also ceased.

On joining the Board on 2 October 2015, Andrew Findlay's base salary was set at £425,000. The intention on joining was to set the salary at a discount to the market level but with a view that it would be brought up to the mid-market level as he gained experience in the role. The Committee therefore intends to increase his salary to £500,000 in equal increments over the next two to three years subject to individual and Company performance. The Committee has taken account of easyJet's policy of providing benefits and pension at modest levels and the weighting on variable pay in the overall package in determining the salary level. Andrew will also receive a cash alternative to pension of 7% of salary, annual bonus opportunity of 175% of salary, annual LTIP award of 200% of salary, and some modest benefits. This package is consistent with our remuneration policy. In addition, in order to secure the appointment, certain buy-out arrangements have been agreed, to compensate Andrew for incentive awards forfeited from his previous employer. The Committee has taken particular care in ensuring that these arrangements are appropriate in light of our policy, the expectations of institutional investors, where a buy-out takes place, and replicate, as closely as possible, the expected value, form and time horizons of the forfeited awards.

Shareholder feedback

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



CHARLES GURASSA
Chair of the Remuneration Committee
16 November 2015

WHAT IS IN THIS REPORT?

This report sets out easyJet's remuneration policy for Executive and Non-Executive Directors, describes the implementation of that policy and discloses the amounts earned relating to the year ended 30 September 2015.

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

The Directors' remuneration policy was approved by shareholders in a binding vote at the 2015 AGM on 12 February 2015. The policy took formal effect from the date of approval and the intention is that it will apply until the 2018 AGM. A summary of the policy has again been included in this report (set out on pages 61 to 67) for the purposes of clarity and transparency.

The Annual Statement by the Chairman of the Remuneration Committee (set out on pages 64 to 65) and the Annual Report on Remuneration (set out on pages 71 to 80) will be subject to an advisory vote at the AGM.

OUR REMUNERATION POLICY

What is the role of our Remuneration Committee?

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

What does the Committee consider when setting remuneration?

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

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

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

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

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

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

Directors' remuneration report continued

Element, purpose and link to strategy	Operation (including maximum levels where applicable)	Framework used to assess performance and provisions for the recovery of sums paid
Salary To provide the core reward for the role. Sufficient level to recruit and retain individuals of the necessary calibre to execute the Company's business strategy	Base salaries are normally reviewed annually, with changes effective from 1 January. Salaries are typically set after considering salary levels in companies of a similar size and complexity, the responsibilities of each individual role, progression within the role, individual performance and an individual's experience. Our overall policy, having had due regard to the factors noted, is normally to target salaries at the market median level. Salaries may be adjusted and any increase will ordinarily be (in percentage of salary terms) in line with those of the wider workforce. Increases beyond those granted to the wider workforce (in percentage of salary terms) may be awarded in certain circumstances such as where there is a change in responsibility, progression in the role, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group. Salary levels for current incumbents, effective from 1 January 2016, are as follows: • Chief Executive: £705,600. • Chief Financial Officer: £425,000	The Committee considers individual salaries at the appropriate Committee meeting each year after having due regard to the factors noted in operating the salary policy. No recovery provisions apply to salary.
Benefits In line with the Company's policy to keep remuneration simple and consistent.	Executive Directors receive modest personal accident and life assurance cover (0.5 x salary), at similar levels as the wider UK workforce. The cost to the Company of providing these benefits may vary from year to year depending on the level of the associated premium. Executive Directors receive no other conventional executive company benefits. Executive Directors can pay for voluntary benefits, where Company purchasing power may provide an advantage to employees. Executive Directors are also eligible to participate in any all-employee share plans operated by the Company, in line with HMRC guidelines currently prevailing (where relevant), on the same basis as for other eligible employees. Should it be appropriate to recruit a Director from overseas, flexibility is retained to provide benefits that take account of those typically provided in their country of residence (e.g. it may be appropriate to provide benefits that are tailored to the unique circumstances of such an appointment as opposed to providing the benefits detailed above). Necessary expenses incurred undertaking Company business are reimbursed so that Executive Directors are not worse off on a net of tax basis for fulfilling Company duties.	Not applicable. No recovery provisions apply to benefits.
Pension To provide employees with long-term savings via pension provisions in line with the Company's strategy to keep remuneration simple and consistent.	Defined contribution plan with the same monthly employer contributions as those offered to eligible employees in the wider UK workforce, of 7% of base salary. A cash alternative may be considered. While individuals are not obliged to make contributions, easyJet operates a pension salary sacrifice arrangement whereby individuals can exchange part of their salary for Company paid pension contributions. Where individuals exchange salary this reduces employer National Insurance contributions. easyJet credits half of this reduction (currently 6.9% of the salary exchanged) to the individual's pension plan.	Not applicable. No recovery provisions apply to employer pension contributions.

Element, purpose and link to strategy	Operation (including maximum levels where applicable)	Framework used to assess performance and provisions for the recovery of sums paid
Annual bonus To incentivise and recognise execution of the business strategy on an annual basis. Rewards the achievement of annual financial and operational goals. Compulsory deferral provides alignment with shareholders.	Maximum opportunity of 200% of salary for Chief Executive and 175% of salary for other Executive Directors. One-third of the bonus earned is subject to compulsory deferral into shares (or equivalent) in a Deferred Annual Bonus Plan (DABP), typically for a period of three years, and is normally subject to continued employment. The remainder of the bonus is paid in cash. Dividend equivalent payments may be made (in cash or shares) under the DABP, at the time of vesting and may assume the reinvestment of dividends. All bonus payments are at the discretion of the Committee, as shown following this table.	Bonuses are based on stretching financial, operational and, in some cases, personal/departmental performance measures, as set and assessed by the Committee in its discretion. Financial measures (e.g. profit before tax) will represent the majority of bonus, with other measures representing the balance. A graduated scale of targets is set for each measure, with 10% of each element being payable for achieving the relevant threshold hurdle. Safety underpins all of the operational activities of the Group and the bonus plan includes provision that enables the Remuneration Committee to scale back the bonus earned in the event that there is a safety event which it considers warrants the use of such discretion. The cash and deferred elements of bonuses are subject to provisions which enable the Committee to recover the cash paid (clawback) or to lapse the associated deferred shares (malus) in the event of a misstatement of results for the financial year to which the bonus relates, or an error in determining the cash bonus or the number of shares comprising a deferred share award, within three years of the payment of the cash bonus.
LTIP Performance Share Award To incentivise and recognise execution of the business strategy over the longer term. Rewards strong financial performance and sustained increase in shareholder value.	Each year LTIP awards may be granted subject to the achievement of performance targets. Awards normally vest over a three-year period. The maximum opportunity contained within the plan rules for Performance Share Awards is 250% of salary (with awards up to 300% of salary eligible to be made in exceptional circumstances, such as recruitment). The normal maximum face value of annual awards will be 250% of salary for the Chief Executive and 200% of salary for other Executive Directors. A dividend equivalent provision exists which allows the Committee to pay dividends on vested shares (in cash or shares) at the time of vesting and may assume the reinvestment of dividends. A holding period applies to share awards granted in the financial year ended 30 September 2015 and beyond. The holding period will require the Executive Directors to retain the after-tax value of shares for 24 months from the vesting date.	LTIP awards vest based on three-year performance against a stretching range of financial targets and relative TSR performance set and assessed by the Committee in its discretion. Financial targets will determine vesting in relation to at least 50% of awards. In order for the TSR portion of the award to be earned, the Company's absolute TSR performance must also be positive over the performance period. 25% of each element vests for achieving the threshold performance target with 100% of the awards being earned for maximum performance. (There is straight-line vesting between these points). The LTIP includes provisions which enable the Committee to recover value in the event of a misstatement of results for the financial year to which the vesting of awards related, or an error in calculation when determining the vesting result within three years of the vesting (i.e. clawback provisions apply). The mechanism through which the clawback can be implemented enables the Committee to: (i) reduce the outstanding LTIP share awards (i.e. malus provisions may be used to effect a clawback), or (ii) for the Committee to require that a net of tax balancing cash payment be made.
Share ownership To ensure alignment between the interests of Executive Directors and shareholders.	200% of salary holding required for the Chief Executive and 175% of salary for the Chief Financial Officer which is expected to be reached within five years of appointment. Executive Directors are required to retain half of the post-tax shares vesting under the LTIP until the guideline is met.	Not applicable.

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

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

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

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

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

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

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

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

Details of share awards granted to existing Executive Directors are set out on page 75 of the Annual Report on Remuneration. These remain eligible to vest based on their original award terms.

How were the performance metrics chosen and how were the performance targets set?

The performance metrics used for the annual bonus plan and LTIP have been selected to reflect the Group's key performance indicators.

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

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

LTIP awards are earned for delivering performance against ROCE and relative TSR targets. These seek to assess the underlying financial performance of the business while maintaining clear alignment between shareholders and Executive Directors. Targets are set based on a sliding scale that takes account of relevant commercial factors.

Only modest awards are available for delivering threshold performance levels with maximum awards requiring substantial outperformance of challenging plans.

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

Have LTIP Awards always been granted subject to the same performance targets?

The LTIP, under which the Performance and Matching Share Awards are granted, was approved by shareholders in 2008. Further details on how the awards are structured and operated are set out in the plan rules which are available, on request, from the Company.

How does the executive pay policy differ from that for other easyJet employees?

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

How much could the Executive Directors earn under the remuneration policy?

A significant proportion of remuneration is linked to performance, particularly at maximum performance levels. The charts below show how much the Chief Executive and Chief Financial Officer could earn under easyJet's remuneration policy (as detailed above) under different performance scenarios (based on their salaries as at 2 October 2015 – Chief Financial Officer's date of joining). The following assumptions have been made:

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

In line with expectations – Fixed pay plus a bonus at the mid-point of the range (giving 50% of the maximum opportunity) and vesting of 37.5% of the maximum under the LTIP.

Maximum (performance meets or exceeds maximum) – Fixed pay plus maximum bonus and maximum vesting under the LTIP.

Fixed pay comprises:

- salaries – salary effective as at 2 October 2015;
- benefits – amount received by each Executive Director in the 2015 financial year;
- pension – employer contributions or cash-equivalent payments received by each Executive Director in the 2015 financial year; and
- Free and Matching Shares under the all-employee share incentive plan.

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

Graph removed

It should be noted that since the analysis above shows what could be earned by the Executive Directors based on the remuneration policy described above (ignoring the potential impact of share price growth), the numbers will be different to the values included in the table on page 73 detailing what was actually earned by the Executive Directors in relation to the financial year ended 30 September 2015, since these values are based on the actual levels of performance achieved to 30 September 2015 and include the impact of share price growth in relation to share awards.

What are the Executive Directors' terms of employment?

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

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

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

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

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

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

What is the policy when an Executive Director leaves or there is a takeover?

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

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

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

In determining whether an Executive Director should be treated as a good leaver, and the extent to which their award may vest, the Committee will take into account the circumstances of an individual's departure.

In the event of a takeover or winding-up of easyJet plc (which is not part of an internal reorganisation of the easyJet Group, in circumstances where equivalent replacement awards are not granted) all awards will vest subject to, in the case of LTIP awards, the achievement of any relevant performance conditions with a pro-rata reduction to reflect the proportion of the vesting period served. The Committee has discretion to disapply time pro-rating if it considers it appropriate to do so. In the event of a takeover, the Committee may determine, with the agreement of the acquiring company, that awards will be exchanged for equivalent awards in another company.

What is the policy on Executive Directors holding external appointments?

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

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

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

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

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

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

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

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

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

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

How are the Non-Executive Directors paid?

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

What are the terms of appointment of the Non-Executive Directors?

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

Element	Purpose and link to strategy	Operation (including maximum levels where applicable)
Fees	To attract and retain a high-calibre Chairman, Deputy Chairman and Non-Executive Directors by offering market-competitive fee levels.	The Chairman is paid an all-inclusive fee for all Board responsibilities. The other Non-Executive Directors receive a basic Board fee, with supplementary fees payable for additional Board Committee responsibilities. The Chairman and Non-Executive Directors do not participate in any of the Company's incentive arrangements. Fee levels are reviewed on a periodic basis, and may be increased, taking into account factors such as the time commitment of the role and market levels in companies of comparable size and complexity. Flexibility is retained to exceed current fee levels if it is necessary to do so in order to appoint a new Chairman or Non-Executive Director of an appropriate calibre. Necessary expenses incurred undertaking Company business will be reimbursed so that the Chairman and Non-Executive Directors are not worse off, on a net of tax basis, for fulfilling Company duties. No other benefits or remuneration are provided to the Chairman or Non-Executive Directors. Fee levels for current incumbents for the 2016 financial year are as follows: • Non-Executive Chairman: £300,000; • Non-Executive Director base fee: £60,000; • supplementary fee for Deputy Chairman and Senior Independent Director (SID) role: £25,000; and • supplementary fee for Chair of the Audit, Remuneration and Safety Committees: £15,000, and Finance Committee Chair: £10,000.

ANNUAL REPORT ON REMUNERATION

Who is on the Company's Remuneration Committee?

As at 30 September 2015, the members of the Committee were: Charles Gurassa (Chair), François Rubichon and John Browett. David Bennett stepped down from the Committee on 1 October 2014 and Professor Rigas Doganis stepped down from the Committee on 1 December 2014 following their retirement from the Board. The responsibilities of the Committee are set out in the Corporate Governance section of the Annual Report on page 53.

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

The Remuneration Committee is advised by Hewitt New Bridge Street (HNBS), (an AON company). A sister company in the AON Group also provides pension and flexible benefits administration services to the company. HNBS was appointed by the Committee in 2004. HNBS advises the Committee on developments in executive pay and on the operation of easyJet's incentive plans. Total fees paid to HNBS in respect of services to the Committee during the 2015 financial year were £133,000. HNBS is a signatory to the Remuneration Consultants' Group Code of Conduct. The Committee has reviewed the operating processes in place at HNBS and is satisfied that the advice it receives is independent and objective.

How has the new CFO's package been set?

Andrew Findlay's package is in line with that applicable to the previous CFO, and is in line with our policy, other than salary on appointment which has been set at £425,000 (with the previous CFO's salary set at £430,800 at the time of his departure).

In addition, certain performance related buy-out arrangements have been agreed to compensate Andrew Findlay for bonus and long-term incentive awards forfeited from his previous employer. The approach to the buy-out is in line with the Company's policy on buy-out arrangements (and the expectations of institutional investors where a buy-out takes place). The payment was performance related in that it has been calculated so as to replicate the likely value and time horizons associated with the awards at the previous employer.

The buy-out comprised:

1. A cash payment of equivalent value to the bonus he would have been eligible to receive from his previous employer in relation to the year of his departure. The payment was performance related in that the amount of the bonus was determined based on his former company's reported disclosures of how the company performed against its bonus targets. The cash payment, amounting to £311,837, was paid in October 2015. The Committee was comfortable with providing this form and level of compensation since it replicated the amount of value forfeit in connection with joining easyJet.

2. A performance adjusted award of 22,762 easyJet shares will be made to compensate for the forfeiture of the long-term incentive award he received in August 2013 from his previous employer. Since around two-thirds of the vesting period for this award had already run its course, the Committee assessed the extent to which the performance targets were likely to be met (based on current market forecasts) in respect of the shares comprising two-thirds of the award and converted this number of shares into an equivalent value of easyJet shares on joining. These will vest, subject to continued employment with easyJet, on 7 August 2016, so as to mirror the original time horizon of the award. A further award of 14,625 easyJet shares relating to the forfeiture of the August 2013 award was also granted. This award was calculated based on the value of one-third of the award at the time of joining easyJet, but these shares will only vest to the extent that the performance targets set for the 2013 easyJet LTIP award are met and continued employment to 17 December 2016. The Committee was comfortable with providing this form and level of compensation since it replicated its assessment of the value forfeit and also, in part, switched into easyJet performance on a pro-rata basis for part of the award.

3. An award of 39,923 easyJet shares will be made to compensate for the forfeiture of the award granted to the individual in August 2014. This award comprised an exchange of the maximum number of shares that could vest under his previous employers' award which were then converted to easyJet shares on joining. These shares will only vest based on the extent to which the performance targets applying to the 2014 easyJet LTIP award are met and the individual remaining in employment until 19 December 2017, being the ordinary vesting date for the easyJet award and later than the vesting date of the original award at his former employer. The Committee was comfortable with providing this form of compensation given the performance period at the individual's previous employer for this award had only recently commenced and so switching to an equivalent value in performance related easyJet shares resulted in alignment being achieved with the wider executive team at easyJet.

Each of the replacement share awards detailed above will be subject to easyJet's shareholding guidelines whereby Andrew Findlay will be required to retain at least half of the (after tax) number of shares exercised from the awards until he has built a shareholding that, when aggregated with his other easyJet shareholdings, is of equivalent value to 175% of salary.

How will the remuneration policy be applied for the 2016 financial year?

What are the Executive Directors' current salaries?

The current and proposed salaries of the Executive Directors are:

	1 January 2016 salary	1 January 2015 or on appointment to the Board salary	Change
CEO	£705,600	£698,600	1%
CFO ⁽¹⁾	£425,000	£425,000	0%

(1) The current CFO, Andrew Findlay, was appointed to the Board on 2 October 2015. His base salary on appointment was set at £425,000 and no increase will be awarded in the 2016 financial year. The salary of former CFO, Chris Kennedy, was £430,800.

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

What bonus will be awarded in respect of performance in the 2016 financial year?

The maximum bonus opportunity remains at 200% of salary for the Chief Executive and at 175% for the Chief Financial Officer. The measures have been selected to reflect a range of financial and operational goals that support the key strategic objectives of the Company.

The performance measures and weightings will be as follows:

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

The proposed target levels for the 2016 financial year have been set to be challenging relative to the business plan.

The Committee is comfortable that the bonus targets for both Executive Directors are appropriately demanding in light of their respective bonus opportunities.

The targets themselves, as they relate to the 2016 financial year, are commercially sensitive. However, retrospective disclosure of the targets and performance against them will be provided in next year's remuneration report unless they remain commercially sensitive. The safety of our customers and people underpins all of the operational activities of the Group and the bonus plan includes a provision that enables the Remuneration Committee to scale back the bonus earned in the event that there is a safety event that occurs that it considers warrants the use of such discretion.

How will the LTIP be operated in relation to the 2016 financial year awards?

The 2015 financial year was the last time that LTIP awards were made via a combination of Performance and Matching Share Awards. Matching Share Awards will no longer operate from the 2016 financial year onwards and LTIP awards will be made as Performance Shares only.

The award levels for the Executive Directors in the 2016 financial year will be 250% of salary for the Chief Executive and 200% of salary for the Chief Financial Officer.

The 2016 financial year LTIP awards will be subject to the following performance conditions:

	Below threshold (0% vesting)	Threshold (25% vesting)	On-target (50% vesting)	Maximum (100% vesting)
ROCE (70% of total award)	<15%	15%	18%	20%
	Below threshold (0% vesting)	Threshold (25% vesting)		Maximum (100% vesting)
TSR (30% of total award)	<Median	Median		Upper quartile

Awards vest on a straight-line basis from threshold to on-target and from on-target to maximum. As with the awards granted in the 2015 financial year, ROCE targets are based on average ROCE over a three-year performance period, commencing on 1 October 2015. TSR targets are based on relative TSR compared to companies ranked FTSE 31-130 at the start of the performance period, where the average share price is calculated over three months at the start and end of the period. In addition, in order for the TSR-based awards to vest, easyJet must have achieved positive absolute TSR over the performance period. The weighting on ROCE and TSR has been rebalanced for the 2016 financial year from an equal split to a 70/30 split in favour of ROCE.

Targets are set taking account of management's strategic plan, market consensus and the Board's strong focus on driving value from its increasing capital base. The ROCE target range is the same as last year but with a small enhancement for achieving target expectations within the range. The Committee considers the range of ROCE targets set to be at least as demanding as those set in prior years, given that the level of return required to

be created for vesting to take place will be calculated from a significantly higher capital base reflecting the growth and replacement of in the Company's fleet during the period through to 30 September 2018.

How will the Non-Executive Directors be paid in the 2016 financial year?

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

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

(1) Supplementary fees.

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

What did the Directors earn in relation to the 2015 financial year?

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

£'000	2015						2014					
	Fees and Salary	Benefits ⁽⁵⁾	Bonus ⁽⁶⁾	LTIP ⁽⁷⁾	Pension ⁽⁸⁾	Total	Fees and Salary	Benefits	Bonus	LTIP ⁽⁹⁾	Pension	Total
Executive												
Carolyn McCall OBE	694	4	917	4,534	49	6,198	677	5	1,034	7,446	47	9,209
Chris Kennedy ⁽¹⁾⁽¹⁰⁾	394	–	–	–	20	414	418	5	474	3,941	31	4,869
Non-Executive												
John Barton	300	–	–	–	–	300	300	–	–	–	–	300
Charles Gurassa	100	–	–	–	–	100	100	–	–	–	–	100
Adèle Anderson	85	–	–	–	–	85	66	–	–	–	–	66
David Bennett ⁽²⁾	–	–	–	–	–	–	78	–	–	–	–	78
Dr. Andreas Bierwirth ⁽³⁾	60	–	–	–	–	60	17	–	–	–	–	17
John Browett	60	–	–	–	–	60	60	–	–	–	–	60
Professor Rigas Doganis ⁽⁴⁾	13	–	–	–	–	13	75	–	–	–	–	75
Keith Hamill OBE	60	–	–	–	–	60	60	–	–	–	–	60
Andy Martin	60	–	–	–	–	60	60	–	–	–	–	60
François Rubichon ⁽³⁾	60	–	–	–	–	60	17	–	–	–	–	17
Total	1,886	4	917	4,534	69	7,410	1,928	10	1,508	11,387	78	14,911

(1) Left the Board on 1 September 2015.

(2) Left the Board on 1 October 2014.

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

(4) Left the Board on 1 December 2014.

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

(6) One-third of the bonus will be compulsorily deferred in shares for three years and subject to forfeiture.

(7) This relates to the LTIP awards granted in December 2012 which vest in December 2015 based on performance measured to 30 September 2015. For the purposes of this table, the award has been valued using the average share price over the three months to 30 September 2015 of £16.988. This compares to £7.37 at grant.

(8) Carolyn McCall has reached her lifetime pension limit and received a cash alternative of £48,605 in lieu of pension contributions.

(9) This relates to the January 2012 awards which vested in January 2015 based on performance measured to 30 September 2014. For the purposes of the table in last year's report, the award was valued using the average share price over the three months to 30 September 2014 of £13.275. The value has been updated in this table using the share price at the date of vesting of £16.71. This compares to £3.928 at grant.

(10) Entitlement to a 2015 annual bonus and vesting under the December 2012 LTIP awards lapsed for Chris Kennedy following his resignation during the year and cessation of employment.

How was pay linked to performance in the 2015 financial year?

Measure	CEO	CFO	Threshold	On-Target	Maximum	Actual	Payout
Profit before tax (£m)	70%	60%	550	610	700	686	92%
On-time performance	10%	10%	80%	84%	88%	80%	15%
Customer satisfaction targets ⁽¹⁾	10%	10%	76%	81%	84%	75%	0%
Cost per seat (ex. fuel) ⁽²⁾	10%	10%	£39.01	£38.74	£38.21	£39.38	0%
Departmental objectives ⁽³⁾	–	10%	Successful	Achieved	Exceeding	N/A	N/A

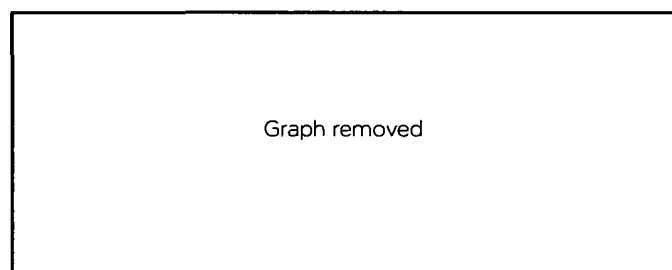
(1) Customer satisfaction – this measures the percentage of our passengers that are 'Quite satisfied', 'Very satisfied' or 'Completely satisfied' at last contact.

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

(3) There was no CFO bonus paid this year.

Annual bonus

The following chart shows the performance against bonus targets for 2015:



* Bonus payments were not triggered for customer satisfaction and cost per seat (ex fuel).

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

Performance highlights during the year were:

- profit before tax increased by 18% to £686 million and pre-tax profit margins grew by 1.8 percentage points to 14.6%;
- on-time performance was 80%, marginally above the threshold for the year; and
- total cost per seat (excluding fuel at constant plan currency) and customer satisfaction target threshold levels were not met.

66% of the maximum bonus was awarded to the Chief Executive in respect of performance for the year ended 30 September 2015. This resulted in a bonus payment of £917,098 to the Chief Executive. One-third of the bonus is compulsorily deferred into shares for three years and subject to continued employment.

No bonus was payable to the Chief Financial Officer in light of his resignation and cessation of employment during the year.

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

LTIP

The awards made to Executive Directors in December 2012 were subject to a combination of average ROCE (including lease adjustments) and relative TSR compared to FTSE 51-150 companies performance conditions measured over the three financial years ended 30 September 2015. The percentage which could be earned was determined using the following vesting schedule:

	Threshold (25% vesting)	Maximum (100% vesting)
ROCE awards (50% of total awards)	12%	16%
TSR awards (50% of total awards)	Median	Upper quartile

Three-year average ROCE (including lease adjustments) to 30 September 2015 was 20.0% and the Company was ranked at top decile in terms of TSR relative to FTSE 51-150 companies; correspondingly 100% of awards of Performance Shares and Matching Shares are due to vest in December 2015, subject to continued service. Chris Kennedy's awards lapsed following his cessation of employment on 1 September 2015.

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

Performance and Matching Share Awards were made in combination, for the final time, in the financial year under the LTIP. Details of the awards made to the Executive Directors are summarised below, with further details given in the table on outstanding share interests on page 77.

	Award	Type	Number of shares	Face value (% of salary) ⁽¹⁾	Performance condition ⁽²⁾	Performance period	% vesting at threshold performance
CEO	Performance	Nil cost	84,987	£1,397,186 200%	50% based on average ROCE ⁽⁴⁾ and 50% Based on relative TSR ⁽⁵⁾ (versus FTSE 31-130)	3 financial years ending 30 September 2017	25%
	Matching	option	31,441	£516,890 75% ⁽³⁾			
CFO	Performance	Nil cost	39,306	£646,190 150%	Based on relative TSR ⁽⁵⁾ (versus FTSE 31-130)	30 September 2017	25%
	Matching	option	6,402	£105,249 24% ⁽³⁾			

(1) Face value calculated based on the closing share price of £16.44 on 18 December 2014.

(2) Performance conditions are set out on page 67.

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

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

(5) Relative TSR against companies ranked FTSE 31-130 median threshold to upper quartile maximum. In addition, the TSR awards will not vest unless there has been positive TSR over the performance period.

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

A payment of £20,833 was paid to Professor Rigas Doganis since he retired from the Board on 1 December 2014, for continuing to chair the Safety Committee. There have been no other payments made to past Directors during the year.

Have there been any payments for loss of office? (Audited)

No payments for loss of office have been made to Directors during the year.

Chris Kennedy announced his decision on 8 January 2015 to leave easyJet in order to become Chief Financial Officer of ARM Holdings plc. Following his resignation, no payments were made in connection with his notice period following the agreement of a mutually convenient leaving date. In line with the Company's remuneration policy, this was not as a good leaver for incentive plan purposes, he was not eligible to receive an annual bonus award in connection with the 2015 financial year and all outstanding share awards lapsed on his cessation of employment.

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

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

Carolyn McCall OBE

Scheme	No. of shares/ options at 30 September 2014 ⁽¹⁾	Shares/ options granted in year	Shares/ options lapsed in year	Shares/ options exercised in year	No. of shares/ options at 30 September 2015 ⁽¹⁾	Date of grant	Exercise price (£)	Market price on exercise date (£)	Date from which exercisable	Expiry Date
A	344,405	–	–	(130,000)	–	31 Mar 2011 ⁽²⁾	–	£15.43	–	–
				(214,405)				£17.85		
A	338,594	–	–	(338,594)	–	4 Jan 2012 ⁽³⁾	–	£17.85	–	–
A	180,461	–	–	–	180,461	18 Dec 2012 ⁽⁴⁾	–	–	18 Dec 2015	18 Dec 2022
A	90,517	–	–	–	90,517	17 Dec 2013 ⁽⁵⁾	–	–	17 Dec 2016	17 Dec 2023
A	–	84,987	–	–	84,987	19 Dec 2014 ⁽⁶⁾	–	–	19 Dec 2017	19 Dec 2024
B	106,978	–	–	(106,978)	–	4 Jan 2012 ⁽³⁾	–	£17.93	–	–
B	86,438	–	–	–	86,438	18 Dec 2012 ⁽⁴⁾	–	–	18 Dec 2015	18 Dec 2022
B	38,283	–	–	–	38,283	17 Dec 2013 ⁽⁵⁾	–	–	17 Dec 2016	17 Dec 2023
B	–	31,441	–	–	31,441	19 Dec 2014 ⁽⁶⁾	–	–	19 Dec 2017	19 Dec 2024
C	807	–	–	–	807	1 May 2011	–	–	1 May 2014	n/a
C	617	–	–	–	617	18 Apr 2012	–	–	18 Apr 2015	n/a
C	265	–	–	–	265	30 Apr 2013	–	–	30 Apr 2016	n/a
C	176	–	–	–	176	25 Apr 2014	–	–	25 Apr 2017	n/a
C	–	122	–	–	122	24 Apr 2015	–	–	24 Apr 2018	n/a
D	894	95	–	–	989	–	–	See note 7	–	n/a
E	947	–	–	–	947	12 Jun 2014	13.30	–	1 Aug 2017	1 Feb 2018
E	–	408	–	–	408	10 Jun 2015	13.23	–	1 Aug 2018	1 Feb 2019

Directors' remuneration report continued

Chris Kennedy

Scheme	No. of shares/ options at 30 September 2014 ⁽¹⁾	Shares/ options granted in year	Shares/ options lapsed in year ⁽⁸⁾	Shares/ options exercised in year	No. of shares/ options at 30 September 2015 ⁽¹⁾	Date of grant	Exercise price (£)	Market price on exercise date (£)	Date from which exercisable	Expiry Date
A	207,161	–	–	(150,000) (57,161)	–	31 Mar 2011 ⁽²⁾	–	£15.43 £17.85	–	–
A	203,664	–	–	(203,664)	–	4 Jan 2012 ⁽³⁾	–	£17.85	–	–
A	83,446	–	(83,446)	–	–	18 Dec 2012 ⁽⁴⁾	–	–	–	–
A	41,857	–	(41,857)	–	–	17 Dec 2013 ⁽⁵⁾	–	–	–	–
A	–	39,306	(39,306)	–	–	19 Dec 2014 ⁽⁶⁾	–	–	–	–
B	32,174	–	–	(32,174)	–	4 Jan 2012 ⁽³⁾	–	£17.85	–	–
B	16,878	–	(16,878)	–	–	18 Dec 2012 ⁽⁴⁾	–	–	–	–
B	11,801	–	(11,801)	–	–	17 Dec 2013 ⁽⁵⁾	–	–	–	–
B	–	6,402	(6,402)	–	–	19 Dec 2014 ⁽⁶⁾	–	–	–	–
C	807	–	–	(807)	–	1 May 2011	–	–	–	–
C	617	–	–	(617)	–	18 Apr 2012	–	–	–	–
C	265	–	(265)	–	–	30 Apr 2013	–	–	–	–
C	176	–	(176)	–	–	25 Apr 2014	–	–	–	–
C	–	122	(122)	–	–	24 Apr 2015	–	–	–	–
D	918	87	(364)	–	641	–	–	See note 7	–	–
E	947	–	(947)	–	–	12 Jun 2014	–	–	–	–

The closing share price of the Company's ordinary shares at 30 September 2015 was £17.77 and the closing price range during the year ended 30 September 2015 was £13.06 to £19.15.

Key:

- A Long Term Incentive Plan – Performance Shares
- B Long Term Incentive Plan – Matching Shares
- C Share Incentive Plan – Performance (Free) Shares
- D Share Incentive Plan – Matching Shares
- E Save As You Earn Awards (SAYE)

Notes:

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

Note 2: For LTIP awards made in March 2011, vesting was based on ROCE (excluding operating leases adjustment) performance for the year to 30 September 2013. Actual ROCE for the year was 23% and therefore 100% of the awards vested in March 2014.

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

Note 3: For LTIP awards made in January 2012, vesting was based on three-year average ROCE performance (excluding operating leases adjustment) for the three financial years ended 30 September 2014, which averaged 22.0%. Correspondingly 100% of these awards vested in January 2015. The following targets applied for these awards:

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

Note 4: For LTIP awards made in December 2012, 50% of vesting is based on three-year average ROCE (including lease adjustment) performance for the three financial years ending 30 September 2015. This was the first award where ROCE calculations included operating leases and this is the basis for all subsequent rewards. 50% of vesting is based on relative TSR performance compared to companies ranked FTSE 51-150. Three year average ROCE (including lease adjustments) was 20.0% and the Company was ranked at the 94th percentile versus FTSE 51-150 companies in terms of TSR; correspondingly 100% of these awards will vest in December 2015. The following targets applied for these awards:

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

Note 5: For LTIP awards made in December 2013, 50% of vesting is based on three-year average ROCE (including lease adjustment) performance for the three financial years ending 30 September 2016 and 50% of vesting is based on relative total shareholder return performance compared to companies in the top decile versus ranked FTSE 51-150. The following targets apply for these awards:

	Below threshold (0% vesting)	Threshold (25% vesting)	Target (40% vesting)	Maximum (100% vesting)
ROCE awards (50% of total award)	< 15.0%	15.0%	18.5%	20.0%
TSR awards (50% of total award)	< Median	Median	n/a	Upper quartile

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

Note 6: For LTIP awards made in December 2014, 50% of vesting is based on three-year average ROCE (including lease adjustment) performance for the three financial years ending 30 September 2017 and 50% of vesting is based on relative total shareholder return performance compared to companies ranked FTSE 31-130. The following targets apply for these awards:

	Below threshold (0% vesting)	Threshold (25% vesting)	Target (40% vesting)	Maximum (100% vesting)
ROCE awards (50% of total award)	< 15.0%	15.0%	18.2%	20.0%
TSR awards (50% of total award)	< Median	Median	n/a	Upper quartile

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

Note 7: Participants buy Partnership Shares monthly under the Share Incentive Plan. The Company provides one Matching Share for each Partnership Share purchased, up to the first £1,500 per year. These Matching Shares are first available for vesting three years after purchase.

Note 8: These shares/options lapsed in the year due to Chris Kennedy resigning as Director before the maturity date.

What are the shareholding guidelines for Directors?

The Chief Executive is required to build up a shareholding of 200% of salary and the Chief Financial Officer is required to build a shareholding of 175% of salary, to be built up over five years from the adoption of the policy (27 September 2012) or their appointment, if later. Until the guideline is met, they are required to retain 50% of net vested shares from the LTIP.

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

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

The following table provides details on the Directors' shareholdings and interests in shares as at 30 September 2015 (Audited):

	Unconditionally owned shares ⁽³⁾	Shareholding guidelines achieved ⁽⁴⁾	Interests in shares				Total
			DABP ⁽⁵⁾	SAYE	LTIP ⁽⁶⁾	SIP ⁽⁷⁾	
John Barton	24,000	100%	—	—	—	—	—
Charles Gurassa	18,198	100%	—	—	—	—	—
Carolyn McCall OBE	327,895	100%	46,482	1,355	512,127	912	560,876
Chris Kennedy ⁽⁹⁾⁽¹⁰⁾	—	—	—	—	—	—	—
Adèle Anderson	5,114	100%	—	—	—	—	—
David Bennett ⁽¹⁾⁽¹⁰⁾	—	—	—	—	—	—	—
Dr. Andreas Bierwirth	3,771	100%	—	—	—	—	—
John Browett	5,412	100%	—	—	—	—	—
Professor Rigas Doganis ⁽²⁾⁽¹⁰⁾	—	—	—	—	—	—	—
Keith Hamill OBE	4,560	100%	—	—	—	—	—
Andy Martin	7,000	100%	—	—	—	—	—
François Rubichon	3,465	100%	—	—	—	—	—

(1) Left the Board on 1 October 2014.

(2) Left the Board on 1 December 2014.

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

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

(5) The principal terms of the Deferred Annual Bonus Plan are described on page 67.

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

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

(8) Andrew Findley was not employed by easyJet as at 30 September 2015.

(9) Left the Board on 1 September 2015.

(10) In respect of these Directors, 100% of the shareholding guideline had been achieved on the dates they left the Board.

Directors' remuneration report continued

Note: The unconditionally owned shares of Carolyn McCall have increased by 56 shares since 30 September 2015 to 327,951 shares due to:

- the purchase in October and November 2015 of 17 SIP Partnership Shares; and
- the vesting of 39 SIP Matching Shares awarded in October and November 2012.

The interests in SIP shares of Carolyn McCall have decreased by 22 shares since 30 September 2015 to 890 shares due to:

- the vesting of 39 SIP Matching Shares awarded in October and November 2012; and
- the award of 17 SIP Matching Shares in October and November 2015.

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

Executive Directors are deemed to be interested in the unvested shares held by the easyJet Share Incentive Plan and the easyJet plc Employee Benefit Trust. At 30 September 2015, ordinary shares held in the Trusts were as follows:

	Number
easyJet Share Incentive Plan Trust	1,552,512
easyJet plc Employee Benefit Trust	115,488
Total	1,668,000

Position against dilution limits

easyJet complies with the Principles of Remuneration with regard to dilution limits. These principles require that commitments under all of the Company's share ownership schemes must not exceed 10% of the issued share capital in any rolling 10 year period. The requirement for shares under all current share incentive schemes (LTIP, Save As you Earn and Share Incentive Plan) will be satisfied with share purchases on the market. The Company's current position against its dilution limit is therefore under the maximum 10% limit.

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

Employee share plan participation

easyJet encourages share ownership throughout the Group by the use of Performance (Free) Shares and Matching Shares within a Share Incentive Plan and a Save As You Earn scheme. All staff subject to minimum service were granted shares during the year. Executive Directors may also participate in these plans on the same terms as other eligible staff. They are summarised in the Corporate Responsibility report on page 34.

Details of Directors' service contracts and letters of appointment

Details of the service contracts and letters of appointment in place as at 30 September 2015 for Directors are as follows:

	Date of current service contract or letter of appointment	Unexpired term at 30 September 2015
John Barton	3 October 2013	7 months
Charles Gurassa	27 June 2014	1 year 9 months
Carolyn McCall OBE	1 July 2010	—
Andrew Findlay	10 April 2015	—
Adèle Anderson	1 September 2014	1 year 11 months
Dr. Andreas Bierwirth	19 June 2014	1 year 9 months
John Browett	26 September 2013	1 year
Keith Hamill OBE	3 March 2015	2 years 4 months
Andy Martin	1 September 2014	1 year 11 months
François Rubichon	19 June 2014	1 year 9 months

Review of past performance

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

Graph removed

This graph shows the value, by 30 September 2015 of £100 invested in easyJet on 30 September 2008 compared with the value of £100 invested in the FTSE 100 Index, FTSE 250 Index or a comparator group of airlines. The other points plotted are the values at intervening financial year ends (overseas companies have been tracked in their local currency, i.e. ignoring exchange rate movements since 30 September 2008).

(1) British Airways, Lufthansa, Ryanair, Air France-KLM and Iberia have all been included in the comparative European Airlines group. British Airways and Iberia have been tracked forward for 2011, 2012, 2013, 2014 and 2015 as IAG.

The table below shows the total remuneration figure for the Chief Executive over the same seven year period. The total remuneration figure includes the annual bonus and LTIP awards which vested based on performance in those years.

The annual bonus and LTIP vesting percentages show the payout for each year as a percentage of the maximum.

	2010	2011	2012	2013	2014	2015
Single total figure of remuneration (£'000)	2,741 ⁽³⁾	1,552	3,694	7,777	9,209 ⁽²⁾	6,198⁽¹⁾
Annual bonus (%)	0%	63%	96%	87%	76%	66%
LTIP vesting (%)	0%	0%	92%	100%	100%	100%

(1) Includes 266,899 LTIP shares vesting for the period, share price is £16.988 (the average share price for the three months to 30 September 2015) an increase of 130% on the share price at grant of £7.37.

(2) Includes 445,575 LTIP shares vesting for the period, share price was £16.71 (the actual share price at vesting) an increase of 325% on the share price at grant of £3.928.

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

Directors' remuneration report continued

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

The table below shows the percentage year-on-year change in salary, benefits and annual bonus earned between the year ended 30 September 2015 and the year ended 30 September 2014 for the Chief Executive, compared to the average earnings of all other easyJet UK employees.

%	Salary	Benefits	Annual bonus
CEO	1%	0%	(11%)
Average pay based on all easyJet's UK employees ⁽¹⁾	2%	0%	2%

(1) Reflects the change in average pay for UK employees employed in both the year ended 30 September 2015 and the year ended 30 September 2014.

How much does easyJet spend on employee pay each year?

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

	Year ended 30 September 2014	Year ended 30 September 2015	Change %
Employee costs (£m)	566	582	2.8%
Ordinary dividend (£m)	180	219	21.7%
Average number of employees	8,987	9,811	9.2%
Revenue (£m)	4,527	4,686	3.5%
Profit before tax (£m)	581	686	18.1%

Additional information on the number of employees, total revenue and profit has been provided for context.

The majority of easyJet's employees (around 93%) perform flight and ground operations, with the rest performing administrative and managerial roles.

Shareholders' vote on remuneration

	Policy		Annual Report on Remuneration	
Votes cast in favour	169,949,424	97.59%	172,811,079	99.26%
Votes cast against	4,205,137	2.41%	1,281,804	0.74%
Total votes cast in favour or against	174,154,561	100.00%	174,092,883	100.00%
Votes withheld	354,559		384,461	

What have Executive Directors earned for holding external appointments?

Carolyn McCall joined the board of Burberry Group plc as a non-executive director on 1 September 2014 and received fees of £80,000 in the period to 30 September 2015. No other Executive Directors held external appointments in the year ended 30 September 2015.

How did shareholders vote on remuneration at the last AGM?

Votes cast at the AGM in February 2015 in respect of the Company's remuneration policy and the Annual report on remuneration are given in the 'Shareholders' vote on remuneration' table below. In line with the Company's commitment to ongoing dialogue with its shareholders, meetings are offered, where appropriate, to understand the reasons for any potential or actual opposition to the Company's remuneration policy. Changes are made to our policy where it is considered appropriate to do so.

The Directors present the Directors' report, together with the audited accounts for the year ended 30 September 2015. The Directors' report comprises pages 81 to 84, and the sections of the annual report incorporated by reference are set out below:

Membership of Board during 2015 financial year	See pages 47 to 49
Financial instruments and financial risk management	See pages 111 to 115
Greenhouse gas emissions	See pages 40 to 41
Corporate governance report	See pages 46 to 63
Future developments of the business of the Group	See page 15
Employee equality and diversity	See pages 35 to 36
Employee involvement	See pages 32 to 34

In accordance with the UK Financial Conduct Authority's Listing Rules (LR 9.8.4C), the information to be included in the Annual report and accounts, where applicable, under LR 9.8.4, is set out in this Directors' report, with the exception of details of transactions with controlling shareholders which is set out on page 117 (note 26 to the accounts).

The Annual report and accounts have been drawn up and presented in accordance with UK Company law and the liabilities of the Directors in connection with the report shall be subject to the limitations and restrictions provided by such law.

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

Political donations and expenditure

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

Dividend

The Directors are recommending an ordinary dividend, with a payout ratio of 40% of profit after tax, resulting in a dividend of £219 million or 55.2 pence per share. The ordinary dividend is subject to shareholder approval at the Company's Annual General Meeting to be held on 11 February 2016.

Appointment and retirement of Directors

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

Powers conferred on the Directors in relation to issuing or buying back shares

Subject to applicable law and the Company's Articles of Association the Directors may exercise all powers of the Company, including the power to authorise the issue and/or market purchase of the Company's shares (subject to an appropriate authority being given to the Directors by shareholders in general meeting and any conditions attaching to such authority). The shareholders delegated the following powers in relation to the issuing or market purchase by the Company of its shares at the Company's 2015 Annual General Meeting:

- authority to allot equity securities with a nominal value of up to approximately 10% of its issued share capital;
- authority to allot equity securities, without first offering them to existing shareholders in proportion to their holdings, with a nominal value of up to approximately 5% of its issued share capital; and
- authority to make market purchases of its own shares, up to a maximum of approximately 10% of the Company's issued share capital.

These standard authorities will expire on 12 May 2016, or at the conclusion of the Annual General Meeting in 2016, whichever is the earlier. The Directors will seek to renew the authorities at the Annual General Meeting in 2016. As at 13 November 2015, none of these authorities had been exercised.

During the 2015 financial year, 350,998 ordinary shares in the Company were issued for cash to satisfy the exercise of options granted under the Company's Discretionary Share Option Scheme before it lapsed in December 2014 (see note 18 to the accounts). However, these do not count against the allotment authority granted by shareholders in accordance with the Companies Act 2006.

Directors' indemnities

Directors' and officers' insurance cover has been established for all Directors to provide cover against their reasonable actions on behalf of the Company. A deed was executed in 2007 indemnifying each of the Directors of the Company and/or its subsidiaries as a supplement to the directors' and officers' insurance cover. The indemnities, which constitute a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2015 financial year and remain in force for all current and past Directors of the Company.

Directors' conflicts of interest

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

Share capital and rights attaching to shares

Details of the movements in authorised and issued share capital during the year are provided in note 17 to the accounts on page 108.

On 30 September 2015 there was a single class of 397,208,133 ordinary shares of 27 2/7 pence in issue, each with one vote. There were no shares held in treasury at that date.

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

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

Voting rights and restrictions on transfer of shares

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

- certain restrictions which may from time to time be imposed by laws or regulations such as those relating to insider dealing;
- pursuant to the Company's Share Dealing Code, whereby the Directors and designated employees require approval to deal in the Company's shares;
- where a person with an interest in the Company's shares has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares;

- where a proposed transferee of the Company's shares has failed to furnish to the Directors a declaration of nationality (together with such evidence as the Directors may require) as required by the Company's Articles of Association; and
- the powers given to the Directors by the Company's Articles of Association to limit the ownership of the Company's shares by non-UK nationals and powers to enforce this limitation including the right to force a sale of any affected shares.

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

Employee share schemes – rights of control

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

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

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

Amendment of the Articles of Association

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

Change of control provisions

The Company is party to a Revolving Credit Facility (RCF) which contains change of control provisions. The effect of a change of control would be that unless otherwise agreed by the Company and the agent of the lenders:

- a lender would not be obliged to fund a utilisation of the facility;
- the commitment of the lenders would be cancelled; and
- all amounts accrued would become immediately due and payable.

As at 13 November no amounts had been drawn down under the RCF.

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

Governance

Substantial interests

In accordance with the Disclosure and Transparency Rules DTR 5, the Company, as at 30 September 2015, has been notified of the following disclosable interests in its issued ordinary shares:

	Number of shares as notified to the Company	% of issued share capital as at 30 September 2015
The Haji-loannou family concert party shareholding, consisting of easyGroup Holdings Ltd (holding vehicle for Sir Stelios Haji-loannou and Clelia Haji-loannou) and Polys Haji-loannou (through his holding vehicle Polys Holding Limited)	133,977,772	33.73%

Note: No changes to the above have been disclosed to the Company in accordance with the Disclosure and Transparency Rules DTR 5, between 30 September 2015 and 13 November 2015. All interests disclosed to the Company in accordance with DTR 5 that have occurred since 30 September 2015 can be found at easyJet's corporate website: <http://corporate.easyJet.com/investors>

Independent auditors

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

Relationship agreement with controlling shareholders

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

- transactions and arrangements with the controlling shareholder (and/or any of its associates) will be conducted at arm's length and on normal commercial terms;
- neither the controlling shareholder nor any of its associates will take any action that would have the effect of preventing the listed company from complying with its obligations under the Listing Rules; and
- neither the controlling shareholder nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

The Board confirms that, in accordance with the Listing Rules, on 14 November 2014, the Company entered into such an agreement with Sir Stelios Haji-loannou (easyJet's founder) and easyGroup Holdings Limited, an entity in which Sir Stelios holds a beneficial interest and which holds shares in the Company on behalf of Sir Stelios (the 'Relationship Agreement'). Under the terms of the Relationship Agreement, Sir Stelios and easyGroup Holdings Limited have agreed to procure the compliance of Polys and Clelia Haji-loannou with the independence obligations contained in the Relationship Agreement. Sir Stelios, easyGroup, Polys and Clelia Haji-loannou together comprise controlling shareholders of the Company who have a combined total holding of approximately 33.73% of the Company's voting rights.

The Board confirms that, since the entry into the Relationship Agreement on 14 November 2014 until 13 November 2015, being the latest practicable date prior to the publication of this Annual report and accounts:

- the Company has complied with the independence provisions included in the Relationship Agreement;
- so far as the Company is aware, the independence provisions included in the Relationship Agreement have been complied with by Sir Stelios, easyGroup, and Clelia and Polys Haji-loannou and their associates; and
- so far as the Company is aware, the procurement obligation included in the Relationship Agreement has been complied with by Sir Stelios and easyGroup Holdings Limited.

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report, the Directors' remuneration report and the accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have prepared the Group and Company accounts in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period. In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the accounts and the Directors' remuneration report comply with the Companies Act 2006 and, as regards the Group accounts, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of, amongst other things, the financial and corporate governance information provided on the easyJet website (<http://corporate.easyJet.com>). Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in on pages 48 and 49 confirm that, to the best of their knowledge:

- the Group and Company accounts, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company; and
- the Strategic report, included in the annual report, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

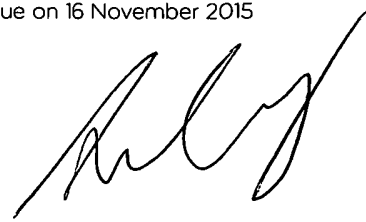
In accordance with Section 418 of the Companies Act 2006, each Director in office at the date the Directors' report is approved, confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The annual report on pages 1 to 84 was approved by the Board of Directors and authorised for issue on 16 November 2015 and signed on its behalf by:



CAROLYN MCCALL OBE
Chief Executive



ANDREW FINDLAY
Chief Financial Officer

REPORT ON THE ACCOUNTS

Our opinion

In our opinion:

- easyJet plc's Group accounts and Company accounts (together the "accounts") give a true and fair view of the state of the Group's and of the Company's affairs as at 30 September 2015 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- the Group accounts have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Company accounts have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the accounts have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group accounts, Article 4 of the IAS Regulation.

What we have audited

The accounts, included within the Annual Report, comprise:

- the Group consolidated and Company statements of financial position as at 30 September 2015;
- the Group consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the Group consolidated and Company statements of cash flows for the year then ended;
- the Group consolidated and Company statements of changes in equity for the year then ended; and
- the notes to the accounts, which include a summary of significant accounting policies and other explanatory information.

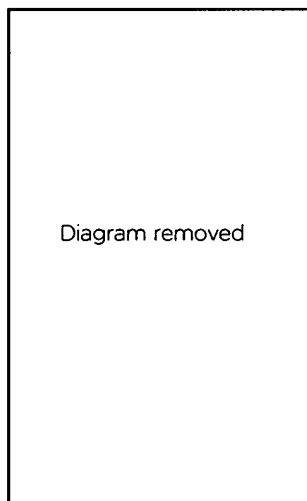
The financial reporting framework that has been applied in the preparation of the accounts is applicable law and IFRSs as adopted by the European Union and, as regards the Company accounts, as applied in accordance with the provisions of the Companies Act 2006.

Our audit approach

Context

The scope of our audit was tailored to ensure that we performed sufficient work to be able to give an opinion on the accounts as a whole, taking into account the geographic and operational structure of the Group, the accounting systems, processes and controls, and the industry and regulatory environment in which the Group operates.

Overview



Materiality

Overall Group materiality: £34 million which represents 5% of profit before tax.

Audit scope

- The Group operates through the Company and its trading subsidiaries; and the Group accounts are a consolidation of these entities.
- The accounting for these entities, along with the Group consolidation, is largely centralised in the UK.
- Our audit scope comprises an audit of the complete financial information of the trading subsidiaries and the Company.

Areas of focus

Our areas of focus have not substantively changed from last year and comprised:

- Aircraft maintenance provisions.
- Treasury operations.
- Accruals and other provisions.
- Goodwill and landing rights impairment assessment.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the accounts. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the accounts as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit. The Audit Committee's report on those matters below that they considered to be significant issues in relation to the accounts is set out on page 56.

Area of focus

Aircraft maintenance provisions

The Group operates aircraft which are owned or held under finance or operating lease arrangements. Liabilities for maintenance costs are incurred during the term of the lease in respect of aircraft leased under operating leases. These arise from legal and contractual obligations relating to the condition of the aircraft when it is returned to the lessor.

Maintenance provisions of £205 million for aircraft maintenance costs in respect of aircraft leased under operating leases were recorded in the accounts at 30 September 2015 (refer to notes 1 and 16 to the accounts).

At each balance sheet date, the maintenance provision is calculated using a model that incorporates a number of variable factors and assumptions including: likely utilisation of the aircraft; the expected cost of the heavy maintenance check at the time it is expected to occur; the condition of the aircraft; and the lifespan of life-limited parts.

We focused on this area because of an inherent level of management judgement required in calculating the amount of provision needed as a result of the complex and subjective elements around these variable factors and assumptions.

Treasury operations

The Group holds significant net funds, comprising cash and money market deposits and borrowings through bank loans and finance lease obligations. Given the nature of the business, the Group also makes use of derivative financial instruments. These derivative financial instruments include foreign currency forward exchange contracts to hedge foreign currency risks on transactions denominated in US dollars, euros, Swiss francs and South African rand. These transactions primarily affect revenue, fuel and aircraft dry leasing costs, and the carrying value of owned aircraft. The Group also uses jet fuel forward contracts to hedge fuel price risks.

At 30 September 2015, cash and money market deposits amounted to £939 million, borrowings were £504 million, derivative financial assets amounted to £172 million and derivative financial liabilities were £469 million. Further details are set out in notes 1, 12, 14, 20, 21 and 22 to the accounts.

We focused on these balances because of their materiality to the financial position of the Group, the volume of transactions passing through the respective accounts and the number of counterparties involved.

Accruals and other provisions

The Group records a number of accrual balances and other provisions which are specific to the business and its operations. At 30 September 2015, the aggregate of all accruals is £310 million (refer to notes 1 and 13 to the accounts) and the aggregate of all other provisions is £21 million (refer to notes 1 and 16 to the accounts). Whilst some accruals and other provisions are easily and ordinarily calculated and processed, others contain an element of judgement and are more complex in nature, for example customer claims in respect of flight delays and cancellations and refunds of air passenger duty or similar charges.

We focused on this area because of an inherent level of complexity in management estimating certain accruals and other provisions as a result of the judgements that need to be made. These types of accrual and other provisions were not individually material but may, under certain circumstances, be material in the aggregate.

How our audit addressed the area of focus

We evaluated the maintenance provision model and tested the calculations therein. This included assessing the process by which the variable factors within the provision were estimated, evaluating the reasonableness of the assumptions, testing the input data and reperforming calculations. We found no material exceptions from these procedures.

In particular, we challenged the key assumptions that were based on the Group's internal data, such as business plans and maintenance contract terms. We performed sensitivity analysis around the key drivers of the model. We also evaluated the provision and the key assumptions in the light of actual utilisation in the year. We found no material exceptions from these assessments and comparisons.

Having ascertained the magnitude of movements in those key assumptions, that either individually or collectively would be required for the provision to be misstated, we considered the likelihood of such movements arising and any impact on the overall level of aircraft maintenance provisions recorded in the accounts. Our assessment as to likelihood and magnitude did not identify any material exceptions.

We evaluated and assessed the processes, procedures and controls in respect of the Group's treasury and other management functions which directly impact the relevant account balances and transactions. We tested management's year end account reconciliation process. The results of this work allowed us to focus on substantiating the year-end positions recorded in the accounts. We did not identify any material exceptions from this work.

We independently obtained third-party confirmations from counterparties of the year end positions. We assessed the appropriateness of hedge accounting for the derivative financial instruments and tested, using independent data-feeds, the fair values being ascribed to those instruments at the year end. These procedures did not identify any material exceptions.

We also assessed the appropriateness of the disclosures in the accounts in respect of both non-derivative and derivative financial instruments. Based on our work, we considered the disclosures to be appropriate.

We evaluated the systems, processes and controls in place over accrual and other provision balances and also assessed key account reconciliation processes. Amongst other testing, we sought evidence of post year end cash and other account movements which provided evidence as to the validity of the accruals and provisions at the year end and we undertook analytical procedures over the related income statement cost categories. We found no material exceptions from these procedures.

We tested and challenged the reasonableness of the key assumptions underlying certain accruals and provisions, which included passenger claim history and levels, flight disruptions, no-show passengers and time periods. We also tested the accruals and provisions input data, reperformed calculations and performed sensitivity analysis around the key drivers, as well as considering the likelihood of material movements to such drivers. We found no material exceptions from these tests.

Area of focus

Goodwill and landing rights impairment assessment

Goodwill arises from acquisitions in previous years and has an indefinite expected useful life. Landing rights (which are an intangible asset) are considered by management to have an indefinite useful life as they will remain available for use for the foreseeable future.

Goodwill and landing rights are tested for impairment at least annually at the cash-generating unit ('CGU') level. The Group has one CGU, being its route network, to which all goodwill and landing rights relate. At 30 September 2015, they amounted, in aggregate, to £459 million (refer to notes 1 and 8 to the accounts).

We focused on this assessment as the impairment test involves a number of subjective judgements and estimates by management, many of which are forward-looking. These estimates include key assumptions surrounding the strategic plan through to 2020, fuel prices, exchange rates, long-term economic growth rates and discount rates.

How our audit addressed the area of focus

We evaluated and challenged the future cash flow forecasts of the CGU, and the process by which they were drawn up, and tested the underlying value in use calculations. In doing this, we compared the forecast to the latest strategic plan presented to the Board, along with comparing prior year budget to actual data, as this informed as to the quality of the forecasting process. The results of our evaluation proved to be satisfactory.

We also challenged the key assumptions for fuel prices, exchange rates and long-term growth rates in the forecasts by comparing them to economic and industry forecasts; and the discount rate by assessing the cost of capital for the Company and comparable organisations. We found no material exceptions from these comparisons and assessments.

We performed sensitivity analysis around the key assumptions above to ascertain the extent of change in those assumptions that either individually or collectively would be required for the goodwill and landing rights to be impaired. We found no material exceptions from this analysis.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the accounts as a whole, taking into account the geographic and operational structure of the Group, the accounting systems, processes and controls, and the industry and regulatory environment in which the Group operates.

The Group operates through the Company and its trading subsidiary undertakings as set out on page 121 and the Group accounts are a consolidation of these entities. The accounting for these entities is largely centralised in the UK and our audit scope comprises an audit of their complete financial information. These procedures gave us the evidence that we needed for our opinion on the Group's accounts as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual account line items and disclosures and in evaluating the effect of misstatements, both individually and on the accounts as a whole.

Based on our professional judgement, we determined materiality for the accounts as a whole as follows:

Overall group materiality	£34 million (2014: £29 million).
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How we determined it	5% of profit before tax.
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Rationale for benchmark applied	We applied this benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be more appropriate.
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We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £2 million (2014: £2 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 22, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are also required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the accounts. We have nothing material to add or to draw attention to.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the accounts. The going concern basis presumes that the Group and Company have adequate resources to remain in operation, and that the Directors intend them to do so, for at least one year from the date the accounts were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern.

OTHER REQUIRED REPORTING

Consistency of other information

Companies Act 2006 opinions

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the information given in the Corporate Governance Report set out on page 63 with respect to risk management systems and internal control, and about share capital structures, is consistent with the accounts.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

- | | |
|---|----------------------------------|
| <ul style="list-style-type: none"> • information in the Annual Report is: <ul style="list-style-type: none"> • materially inconsistent with the information in the audited accounts; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Company acquired in the course of performing our audit; or • otherwise misleading. | We have no exceptions to report. |
| <ul style="list-style-type: none"> • the statement given by the Directors on pages 56 and 84, in accordance with provision C.1.1 of the UK Corporate Governance Code (September 2014) (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Company's performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit. | We have no exceptions to report. |
| <ul style="list-style-type: none"> • the section of the Annual Report on pages 54 to 57, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee. | We have no exceptions to report. |

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

- | | |
|---|--|
| <ul style="list-style-type: none"> • the Directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. | We have nothing material to add or to draw attention to. |
| <ul style="list-style-type: none"> • the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated. | We have nothing material to add or to draw attention to. |
| <ul style="list-style-type: none"> • the Directors' explanation in the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. | We have nothing material to add or to draw attention to. |

Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the Directors' statement in relation to the longer-term viability of the Group, set out on pages 62 and 22 respectively. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company accounts and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Companies Act 2006 we are required to report to you if, in our opinion, a corporate governance statement has not been prepared by the Company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

RESPONSIBILITIES FOR THE ACCOUNTS AND THE AUDIT

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 84, the Directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of accounts involves

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the accounts.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the accounts.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



JOHN MINARDS

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

16 November 2015

Consolidated income statement

	Notes	Year ended 30 September 2015 £ million	Year ended 30 September 2014 £ million
Seat revenue		4,616	4,462
Non-seat revenue		70	65
Total revenue	25	4,686	4,527
Fuel		(1,199)	(1,251)
Airports and ground handling		(1,122)	(1,107)
Crew		(505)	(479)
Navigation		(313)	(307)
Maintenance		(229)	(212)
Selling and marketing		(102)	(103)
Other costs		(276)	(245)
EBITDAR		940	823
Aircraft dry leasing		(114)	(124)
Depreciation	9	(125)	(106)
Amortisation of intangible assets	8	(13)	(12)
Operating profit		688	581
Interest receivable and other financing income		9	11
Interest payable and other financing charges		(11)	(11)
Net finance charges	2	(2)	–
Profit before tax	3	686	581
Tax charge	5	(138)	(131)
Profit for the year		548	450
Earnings per share, pence			
Basic	6	139.1	114.5
Diluted	6	138.0	113.2

Consolidated statement of comprehensive income

	Notes	Year ended 30 September 2015 £ million	Year ended 30 September 2014 £ million
Profit for the year		548	450
Other comprehensive income/(expense)			
Cash flow hedges			
Fair value losses in the year		(510)	(2)
Losses transferred to income statement		229	50
Losses transferred to property, plant and equipment		3	—
Related tax credit/(charge)	5	56	(10)
		(222)	38
Total comprehensive income for the year		326	488

For capital expenditure cash flow hedges, the accumulated gains and losses recognised in other comprehensive income will be reclassified to the initial carrying amount of the asset acquired, within property, plant and equipment. All other items in other comprehensive income will be reclassified to the income statement.

Losses/(gains) on cash flow hedges reclassified from other comprehensive income in income statement captions are as follows:

	2015 £ million	2014 £ million
Revenue	(64)	(14)
Fuel	299	56
Maintenance	(1)	2
Aircraft dry leasing	(3)	7
Other costs	(2)	(1)
	229	50

Consolidated statement of financial position

	Notes	30 September 2015 £ million	30 September 2014 £ million
Non-current assets			
Goodwill	8	365	365
Other intangible assets	8	127	113
Property, plant and equipment	9	2,877	2,542
Derivative financial instruments	21	44	36
Restricted cash	12	6	9
Other non-current assets	10	130	156
		3,549	3,221
Current assets			
Trade and other receivables	11	206	200
Derivative financial instruments	21	128	53
Restricted cash	12	6	23
Money market deposits	12	289	561
Cash and cash equivalents	12	650	424
		1,279	1,261
Current liabilities			
Trade and other payables	13	(495)	(523)
Unearned revenue		(619)	(572)
Borrowings	14	(182)	(91)
Derivative financial instruments	21	(368)	(87)
Current tax payable		(43)	(53)
Provisions for liabilities and charges	16	(61)	(94)
		(1,768)	(1,420)
Net current liabilities		(489)	(159)
Non-current liabilities			
Borrowings	14	(322)	(472)
Derivative financial instruments	21	(101)	(23)
Non-current deferred income	15	(47)	(62)
Provisions for liabilities and charges	16	(165)	(147)
Deferred tax	5	(176)	(186)
		(811)	(890)
Net assets		2,249	2,172
Shareholders' equity			
Share capital	17	108	108
Share premium		659	658
Hedging reserve		(239)	(17)
Translation reserve		1	1
Retained earnings		1,720	1,422
		2,249	2,172

The accounts on pages 90 to 117 were approved by the Board of Directors and authorised for issue on 16 November 2015 and signed on behalf of the Board.

CAROLYN MCCALL OBE
Director

ANDREW FINDLAY
Director

Consolidated statement of changes in equity

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2014	108	658	(17)	1	1,422	2,172
Total comprehensive (expense)/income	—	—	(222)	—	548	326
Dividends paid (note 7)	—	—	—	—	(180)	(180)
Share incentive schemes						
Proceeds from shares issued	—	1	—	—	—	1
Value of employee services	—	—	—	—	18	18
Related tax (note 5)	—	—	—	—	4	4
Purchase of own shares	—	—	—	—	(92)	(92)
At 30 September 2015	108	659	(239)	1	1,720	2,249
	Share capital £ million	Share premium £ million	Hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2013	108	657	(55)	1	1,306	2,017
Total comprehensive income	—	—	38	—	450	488
Dividends paid (note 7)	—	—	—	—	(308)	(308)
Share incentive schemes						
Proceeds from shares issued	—	1	—	—	—	1
Value of employee services	—	—	—	—	23	23
Related tax (note 5)	—	—	—	—	8	8
Purchase of own shares	—	—	—	—	(57)	(57)
At 30 September 2014	108	658	(17)	1	1,422	2,172

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments relating to highly probable transactions that are forecast to occur after the year end.

Consolidated statement of cash flows

	Notes	Year ended 30 September 2015 £ million	Year ended 30 September 2014 £ million
Cash flows from operating activities			
Cash generated from operations	19	895	793
Ordinary dividends paid	7	(180)	(133)
Special dividends paid	7	—	(175)
Net interest and other financing charges (paid)/received		(8)	5
Net tax paid		(98)	(96)
Net cash generated from operating activities		609	394
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(509)	(426)
Proceeds from sale of property, plant and equipment		—	1
Purchase of intangible assets	8	(27)	(23)
Other		4	3
Net cash used by investing activities		(532)	(445)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		1	1
Purchase of own shares for employee share schemes		(92)	(57)
Repayment of bank loans	20	(80)	(104)
Repayment of capital element of finance leases	20	(11)	(8)
Net decrease/(increase) in money market deposits	20	277	(338)
Net decrease/(increase) in restricted cash		21	(20)
Net cash generated from/(used by) financing activities		116	(526)
Effect of exchange rate changes		33	(12)
Net increase/(decrease) in cash and cash equivalents		226	(589)
Cash and cash equivalents at beginning of year		424	1,013
Cash and cash equivalents at end of year	12	650	424

1. Significant accounting policies

Statement of compliance

easyJet plc (the 'Company') and its subsidiaries ('easyJet' or the 'Group' as applicable) is a low-cost airline carrier operating principally in Europe. The Company is a public limited company whose shares are listed on the London Stock Exchange under the ticker symbol EZJ and is incorporated and domiciled in the United Kingdom. The address of its registered office is Hangar 89, London Luton Airport, Luton, Bedfordshire, LU2 9PF.

The accounts are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, taking into account IFRS Interpretations Committee (IFRSIC) interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of preparation

The accounts are prepared based on the historical cost convention except for certain financial assets and liabilities including derivative financial instruments that are measured at fair value.

The accounting policies set out below have been applied consistently to all years presented in these accounts.

easyJet's business activities, together with factors likely to affect its future development and performance, are described in the strategic report on pages 1 to 45. Principal risks and uncertainties are described on pages 24 to 29. Note 22 to the accounts sets out the Group's objectives, policies and procedures for managing its capital and gives details of the risks related to financial instruments held by the Group.

The accounts have been prepared on a going concern basis. Details on going concern are provided on page 22.

Significant judgements, estimates and critical accounting policies

The preparation of accounts in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of income and expenses during the reporting period. Although these amounts are based on management's best estimates of the amount, events or actions may mean that actual results ultimately differ from those estimates, and these differences may be material. The estimates and the underlying assumptions are reviewed regularly.

The following three accounting policies are considered critical accounting policies as they require a significant amount of management judgement and the results are material to easyJet's accounts.

Aircraft maintenance provisions (Note 16)

easyJet incurs liabilities for maintenance costs in respect of aircraft leased under operating leases during the term of the lease. These arise from legal and constructive contractual obligations relating to the condition of the aircraft when it is returned to the lessor. To discharge these obligations, easyJet will also normally need to carry out one heavy maintenance check on each of the engines and the airframe during the lease term.

A charge is made in the income statement, based on hours or cycles flown, to provide for the cost of these obligations. Estimates required include the likely utilisation of the aircraft, the expected cost of the heavy maintenance check at the time it is expected to occur, the condition of the aircraft and the lifespan of life-limited parts.

The bases of all estimates are reviewed annually, and also when information becomes available that is capable of causing a material change to an estimate, such as renegotiation of end of lease return conditions, increased or decreased utilisation, or changes in the cost of heavy maintenance services.

Other provisions (Note 16)

easyJet incurs liabilities for amounts payable to customers who make claims in respect of flight delays and cancellations, and refunds of air passenger duty or similar charges. Estimates required include passenger claim history, level of claims made and period of time over which claims are made. The bases of all estimates are reviewed at least annually and also when information becomes available that is capable of causing a material change to the estimate.

Goodwill and landing rights (Note 8)

Goodwill and landing rights are tested for impairment at least annually. easyJet has one cash-generating unit, being its route network. In making this assessment, easyJet has considered the manner in which the business is managed including the centralised nature of its operations and the ability to open or close routes and redeploy aircraft and crew across the whole route network.

The value in use of the cash-generating unit is determined by discounting future cashflows to their present value. When applying this method, easyJet relies on a number of estimates including its strategic plans, fuel prices, exchange rates, long-term economic growth rates for the principal countries in which it operates, and its pre-tax weighted average cost of capital.

1. Significant accounting policies continued

Basis of consolidation

The consolidated accounts incorporate those of easyJet plc and its subsidiaries for the years ended 30 September 2014 and 2015.

A full list of subsidiaries can be found in the notes to the Company accounts on page 121.

A subsidiary is an entity controlled by easyJet. Control is achieved when easyJet is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power, directly or indirectly, over the investee.

Intragroup balances, transactions and any unrealised gains and losses arising from intragroup transactions are eliminated in preparing the consolidated accounts.

Foreign currencies

The primary economic environment in which a subsidiary operates determines its functional currency. The consolidated accounts of easyJet are presented in sterling, rounded to the nearest £million, which is the Company's functional currency and the Group's presentation currency. Certain subsidiaries have operations that are primarily influenced by a currency other than sterling. Exchange differences arising on the translation of these foreign operations are taken to shareholders' equity until all or part of the interest is sold, when the relevant portion of the accumulated exchange gains or losses is recognised in the income statement. Profits and losses of foreign operations are translated into sterling at average rates of exchange during the year, since this approximates the rates on the dates of the transactions.

Transactions arising in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling using the rate of exchange ruling at the balance sheet date and (except where the asset or liability is designated as a cash flow hedge) the gains or losses on translation are included in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated into sterling at foreign exchange rates ruling at the dates the transactions were effected.

Revenue recognition

Revenue comprises seat revenue, being the value of airline services (net of air passenger duty and similar charges, VAT and discounts), and non-seat revenue.

Seat revenue arises from the sale of flight seats, including the provision of checked baggage, allocated seating, administration, credit card and change fees. Seat revenue is recognised when the service is provided. This is generally when the flight takes place, but in the following cases, this is at the time of booking:

- administration and credit card fees as they are contractually non-refundable; and
- change fees as the service provided is that of allowing customers to change bookings.

Amounts paid by 'no-show' customers are recognised as seat revenue when the booked service is provided as such customers are not generally entitled to change flights or seek refunds once a flight has departed.

Unearned revenue represents flight seats, including the provision of checked baggage and allocated seating, sold but not yet flown and is held in the statement of financial position until it is realised in the income statement when the service is provided.

Non-seat revenue arises from commissions earned from services sold on behalf of partners and is recognised when the service is provided. This is generally when the related flight takes place. In the case of commission earned from travel insurance, revenue is recognised at the time of booking as easyJet acts solely as appointed representative of the insurance company.

Business combinations

Business combinations in prior years were accounted for by applying the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given and liabilities incurred or assumed plus any costs directly attributable to the business combination. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date. There have been no business combinations since the effective date of IFRS 3 Business Combinations (Revised).

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over easyJet's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

Goodwill and other intangible assets

Goodwill is stated at cost less any accumulated impairment losses. It has an indefinite expected useful life and is tested for impairment at least annually or where there is any indication of impairment.

Landing rights are stated at cost less any accumulated impairment losses. They are considered to have an indefinite useful life as they will remain available for use for the foreseeable future provided minimum utilisation requirements are observed, and are tested for impairment at least annually or where there is any indication of impairment.

Other intangible assets are stated at cost less accumulated amortisation, which is calculated to write off their cost, less estimated residual value, on a straight-line basis over their expected useful lives. Expected useful lives and residual values are reviewed annually.

	Expected useful life
Computer software	3 years
Contractual rights	Over the length of the related contracts

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost, less estimated residual value of assets, on a straight-line basis over their expected useful lives. Expected useful lives are reviewed annually.

	Expected useful life
Aircraft	23 years
Aircraft spares	14 years
Aircraft – prepaid maintenance	7-10 years
Leasehold improvements	5-10 years or the length of lease if shorter
Fixtures, fittings and equipment	3 years or length of lease of property where equipment is used if shorter
Computer hardware	5 years

Aircraft held under finance leases are depreciated over the shorter of the lease term and their expected useful lives, as shown above.

Residual values, where applicable, are reviewed annually against prevailing market rates at the balance sheet date for equivalently aged assets and depreciation rates adjusted accordingly on a prospective basis. The carrying value is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

An element of the cost of a new aircraft is attributed on acquisition to prepaid maintenance and is depreciated over a period ranging from seven to ten years from the date of manufacture. Subsequent costs incurred which lend enhancement to future periods, such as long-term scheduled maintenance and major overhaul of aircraft and engines, are capitalised and depreciated over the length of period benefiting from these enhancements. All other maintenance costs are charged to the income statement as incurred.

Pre-delivery and option payments made in respect of aircraft are recorded in property, plant and equipment at cost. These amounts are not depreciated.

Gains and losses on disposals (other than aircraft sale and leaseback transactions) are determined by comparing the net proceeds with the carrying amount and are recognised in the income statement.

Impairment of non-current assets

An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset's fair value less cost to sell and its value in use. Impairment losses recognised on goodwill are not reversed. Impairment losses recognised on assets other than goodwill are only reversed where changes in the estimates used result in an increase in recoverable amount.

Leases

easyJet enters into sale and leaseback transactions whereby it sells either new or mid-life aircraft to a third party and immediately leases it back under an operating lease. Surpluses arising on disposal, where the price that the aircraft is sold for is above fair value, are recognised in deferred income and amortised in the income statement on a straight-line basis over the expected lease term.

In some operating sale and leaseback arrangements, receipt of part of the proceeds is deferred until the end of the lease, the amount of which is recorded as deferred consideration within non-current or current assets as appropriate.

Additionally, in some cases, receipt of part of the sales proceeds due is exchanged for a reduction in future lease rentals, which consequently are below market price. As a result, the proceeds received on sale and leaseback are lower than the fair value of the aircraft sold. The resulting shortfall is deferred within non-current or current assets as appropriate, and amortised on a straight-line basis in the income statement over the expected lease term.

Non-contingent operating lease rentals are charged to the income statement on a straight-line basis over the life of the lease. A number of operating leases require easyJet to make contingent rental payments based on variable interest rates; these are expensed as incurred.

Finance leases, which transfer to easyJet substantially all the risks and benefits incidental to ownership of the leased item, are recognised at the inception of the lease at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments. Any directly attributable costs of entering into financing sale and leasebacks are included in the value of the asset recognised. Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included in interest payable and other financing charges.

Financial instruments

Financial instruments are recognised when easyJet becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions.

Where market values are not available, the fair value of financial instruments is calculated by discounting cash flows at prevailing interest rates and by applying year end exchange rates.

Non-derivative financial assets

Non-derivative financial assets are recorded at amortised cost and include trade receivables and cash and money market deposits. Investments in equity instruments are carried at cost where fair value cannot be reliably measured due to significant variability in the range of reasonable fair value estimates.

1. Significant accounting policies continued

Cash and cash equivalents comprise cash held in bank accounts with no access restrictions and money market deposits, bank deposits and tri-party repos repayable on demand or maturing within three months of inception. Interest income on cash and money market deposits is recognised using the effective interest method. Restricted cash comprises cash deposits which have restrictions governing their use and is classified as a current or non-current asset based on the estimated remaining length of the restriction.

Impairment losses are recognised on financial assets carried at amortised cost where there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of future cash flows, discounted at the original effective interest rate.

If, subsequently, the amount of the impairment loss decreases, and the decrease can be related objectively to an event that occurred after the impairment was recognised, the appropriate portion of the loss is reversed. Both impairment losses and reversals are recognised in the income statement as components of net finance charges.

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recorded at fair value less directly attributable transaction costs, and subsequently at amortised cost, and include trade and other payables, borrowings and provisions. Interest expense on borrowings is recognised using the effective interest method.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derivative financial instruments and cash flow hedging

Derivative financial instruments are measured at fair value. Hedge accounting is applied to those derivative financial instruments that are designated as cash flow hedges.

easyJet uses foreign currency forward exchange contracts to hedge foreign currency risks on transactions denominated in US dollars, Euros, Swiss francs and South African rand. These transactions primarily affect revenue, fuel, aircraft dry leasing costs, and the carrying value of owned aircraft. easyJet uses jet fuel forward contracts to hedge fuel price risks.

Gains and losses arising from changes in the fair value of these forward contracts are recognised in other comprehensive income and deferred in the hedging reserve to the extent that the hedges are determined to be effective. All other changes in fair value are recognised immediately in the income statement.

When the hedged forecast transaction relates to an item of property, plant and equipment, the relevant accumulated gains and losses are transferred from the hedging reserve and included in the initial carrying amount of that purchased asset. Otherwise they are recognised in the income statement in the same period in which the hedged transaction affects the income statement.

In the event that a hedged forecast transaction is no longer considered highly probable, any related gains and losses are immediately transferred from the hedging reserve and recognised in the income statement.

Hedge accounting is discontinued when a hedging instrument is derecognised (e.g. through expiry or disposal), or no longer qualifies for hedge accounting. Where the hedged item remains a highly probable forecast transaction, the related gains and losses remain deferred in the hedging reserve until the transaction takes place.

Financial guarantees

If a claim on a financial guarantee given to a third party becomes probable, the obligation is recognised at fair value. For subsequent measurement, the carrying amount is the higher of initial measurement and best estimate of the expenditure required to settle the obligation at the reporting date.

Tax

Tax expense in the income statement consists of current and deferred tax. Tax is recognised in the income statement except when it relates to items credited or charged directly to other comprehensive income or shareholders' equity, in which case it is recognised in other comprehensive income or shareholders' equity. The charge for current tax is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to the taxable income.

Deferred tax is provided in full on temporary differences relating to the carrying amount of assets and liabilities, where it is probable that the recovery or settlement will result in an obligation to pay more, or a right to pay less, tax in the future, with the following exceptions:

- where the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable income nor accounting profit; and

- deferred tax arising on investments in subsidiaries is not recognised where easyJet is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the periods in which recovery of assets and settlement of liabilities are expected to take place, based on tax rates or laws enacted or substantively enacted at the date of the statement of financial position.

Deferred tax assets represent amounts recoverable in future periods in respect of deductible temporary differences, losses and tax credits carried forwards. Deferred tax assets are recognised to the extent that it is probable that there will be suitable taxable profits from which they can be deducted.

Deferred tax liabilities represent the amount of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and it is the intention to settle these on a net basis.

Aircraft maintenance provisions

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

easyJet has contractual obligations to maintain aircraft held under operating leases. Provisions are created over the term of the lease based on the estimated future costs of major airframe checks, engine shop visits and end of lease liabilities. These costs are discounted to present value where the amount of the discount is considered material.

Where an aircraft is sold and leased back, other than when first delivered to easyJet, a liability to undertake future maintenance activities, resulting from past flying activity, arises at the point the lease agreement is signed. This liability is treated as part of the surplus or shortfall arising on the sale and leaseback, the accounting treatment of which is described in the leases accounting policy.

A number of leases also require easyJet to pay recoverable supplemental rent to the lessor. The purpose of these payments is to provide the lessor with collateral should an aircraft be returned in a condition that does not meet the requirements of the lease. This recoverable supplemental rent is included in trade and other receivables within current assets and other non-current assets, as applicable, and is refunded when qualifying heavy maintenance is performed, or is offset against the costs incurred at the end of the lease.

Employee benefits

easyJet contributes to defined contribution pension schemes for the benefit of employees. easyJet has no further payment obligations once the contributions have been paid. The assets of the schemes are held separately from those of easyJet in independently administered funds. easyJet's contributions are charged to the income statement in the year in which they are incurred.

The expected cost of compensated holidays is recognised at the time that the related employees' services are provided.

Share capital and dividend distribution

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company or employee benefit trust purchases the Company's equity shares, the consideration paid and any directly attributable incremental costs are deducted from retained earnings until the shares are cancelled or reissued. Proceeds from re-issue are shown as a credit to retained earnings.

easyJet settles share awards under the Long Term Incentive Plan, the Save As You Earn scheme and the Share Incentive Plans by purchasing its own shares on the market through employee benefit trusts. The cost of such purchases is deducted from retained earnings in the period that the transaction occurs.

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

Share-based payments

easyJet has a number of equity-settled share incentive schemes. The fair value of share options granted under the Save As You Earn scheme is measured at the date of grant using the Binomial Lattice option pricing model. The fair value of grants under the Long Term Incentive Plan is measured at the date of grant using the Black-Scholes model for awards based on ROCE performance targets, and the Stochastic model (also known as the Monte Carlo model) for awards based on TSR performance targets. The fair value of all other awards is the share price at the date of grant.

The fair value of the estimated number of options and awards that are expected to vest is expensed to the income statement on a straight-line basis over the period that employees' services are rendered, with a corresponding increase in shareholders' equity. Where non-market performance criteria (such as ROCE) attached to the share options and awards are not met, any cumulative expense previously recognised is reversed. For awards with market-related performance criteria (such as TSR), an expense is recognised irrespective of whether the market condition is satisfied.

The social security obligations payable in connection with grant of the share options are an integral part of the grant itself and the charge is treated as a cash-settled transaction.

Segmental disclosures

easyJet has one operating segment, being its route network, based on management information provided to the Executive Management Team, which is easyJet's Chief Operating Decision Maker. Resource allocation decisions are made for the benefit of the route network as a whole, rather than for individual routes within the network. Performance of the network is assessed based on the consolidated profit or loss before tax for the year.

Revenue is allocated to geographic segments on the following bases:

- revenue earned from passengers is allocated according to the location of the first departure airport on each booking; and
- commission revenue earned from partners is allocated according to the domicile of each partner.

1. Significant accounting policies continued

Impact of new standards and interpretations

The following standards and interpretations issued by the International Accounting Standards Board have been implemented for the year ended 30 September 2015:

IAS 36 'Impairment of Assets' – Amendments arising from Recoverable Amount Disclosure for Non-Financial Assets

IAS 39 'Financial Instruments: Recognition and measurement' – Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting

Annual Improvements to IFRS 2010-2012 Cycle

Annual Improvements to IFRS 2011-2013 Cycle

IFRIC 21 'Levies'

The adoption of these standards and interpretations has not led to any changes in accounting policies, or had a material impact on easyJet's accounts.

New and revised standards and interpretations not applied

The following new or revised standards and interpretations issued by the International Accounting Standards Board have not been applied in preparing these accounts as their effective dates fall in periods beginning after 1 October 2015.

Effective for the year ending 30 September 2017 (not yet EU endorsed)

IAS 1 'Presentation of Financial Statements' – Amendments relating to the Disclosure Initiative

IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' – Amendments relating to Clarification of Acceptable Methods of Depreciation and Amortisation

IAS 27 'Separate Financial Statements' – Amendments relating to Equity Method in Separate Financial Statements

IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' – Amendments relating to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

IFRS 11 'Joint Arrangements' – Amendments relating to Acquisitions of Interests in Joint Operations

Annual Improvements to IFRS 2012-2014 Cycle

Effective for the year ending 30 September 2019 (not yet EU endorsed)

IFRS 9 'Financial Instruments' – Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition

IFRS 15 'Revenue from Contracts with Customers'

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on easyJet's accounts. Certain of these standards and interpretations will, when adopted, require addition to or amendment of disclosures in the accounts.

2. Net finance charges

	2015 £ million	2014 £ million
Interest receivable and other financing income		
Interest income	(3)	(4)
Net exchange gains on monetary assets and liabilities	(6)	(7)
	(9)	(11)
Interest payable and other financing charges		
Interest payable on bank loans	5	6
Interest payable on finance lease obligations	5	5
Other interest payable	1	–
	11	11
Net finance charges	2	–

3. Profit before tax

The following have been included in arriving at profit before tax:

	2015 £ million	2014 £ million
Depreciation of property, plant and equipment		
Owned assets	117	98
Assets held under finance leases	8	8
Loss on disposal of property, plant and equipment	1	2
Operating lease rentals		
Aircraft	115	113
Other assets	5	5

Auditors' remuneration

During the year easyJet incurred fees payable for the audit of the Group and individual accounts from easyJet's auditors and their associates (including foreign partners) totalling £0.4m (2014: £0.4m).

4. Employees

The average monthly number of people employed by easyJet was:

	2015 Number	2014 Number
Flight and ground operations	9,164	8,400
Sales, marketing and administration	647	587
	9,811	8,987

Employee costs for easyJet were:

	2015 £ million	2014 £ million
Wages and salaries	453	430
Social security costs	67	72
Pension costs	44	41
Share-based payments	18	23
	582	566

Key management compensation was:

	2015 £ million	2014 £ million
Short-term employee benefits	7	7
Share-based payments	3	6
	10	13

The Directors of easyJet plc and the other members of the Executive Management Team are easyJet's key management as they have collective authority and responsibility for planning, directing and controlling the business.

Emoluments paid or payable to the Directors of easyJet plc were:

	2015 £ million	2014 £ million
Remuneration	3	4
Gains made on the exercise of Long Term Incentive Plan awards	21	4
	24	8

Details of Directors' remuneration are disclosed in the Directors' remuneration report on pages 64 to 80.

5. Tax charge

Tax on profit on ordinary activities

	2015 £ million	2014 £ million
Current tax		
United Kingdom corporation tax	109	99
Foreign tax	6	6
Prior year adjustments	(14)	(7)
Total current tax charge	101	98
Deferred tax		
Temporary differences relating to property, plant and equipment	28	25
Other temporary differences	2	3
Prior year adjustments	8	8
Change in tax rate	(1)	(3)
Total deferred tax charge	37	33
	138	131
Effective tax rate	20.1%	22.5%

Reconciliation of the total tax charge

The tax for the year is lower than (2014: higher than) the standard rate of corporation tax in the UK as set out below:

	2015 £ million	2014 £ million
Profit before tax	686	581
Tax charge at 20.5% (2014: 22.0%)	141	128
Expenses not deductible for tax purposes	3	3
Share-based payments	1	2
Adjustments in respect of prior years – current tax	(14)	(7)
Adjustments in respect of prior years – deferred tax	8	8
Change in tax rate	(1)	(3)
	138	131

Current tax payable at 30 September 2015 amounted to £43 million (2014: £53 million). The current tax payable at 30 September 2015 of £43 million entirely related to tax payable in the UK. The current tax payable at 30 September 2014 of £53 million related to £45 million of tax payable in the UK and £8 million related to tax due in other European countries.

During the year ended 30 September 2015, net cash tax paid amounted to £98 million (2014: £96 million).

Tax on items recognised directly in other comprehensive income or shareholders' equity

	2015 £ million	2014 £ million
Credit/(charge) to other comprehensive income		
Deferred tax on change in fair value of cash flow hedges	56	(10)
Credit/(charge) to shareholders' equity		
Current tax credit on share-based payments	13	7
Deferred tax (charge)/credit on share-based payments	(9)	1
	4	8

Deferred tax

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

	Accelerated capital allowances £ million	Short-term timing differences £ million	Fair value gains/(losses) £ million	Share-based payments £ million	Total £ million
At 1 October 2014	171	29	10	(24)	186
Charged to income statement	28	8	–	1	37
Credited to other comprehensive income	–	–	(56)	–	(56)
Charged to shareholders' equity	–	–	–	9	9
At 30 September 2015	199	37	(46)	(14)	176

	Accelerated capital allowances £ million	Short-term timing differences £ million	Fair value gains/(losses) £ million	Share-based payments £ million	Total £ million
At 1 October 2013	139	26	–	(21)	144
Charged/(credited) to income statement	32	3	–	(2)	33
Charged to other comprehensive income	–	–	10	–	10
Credited to shareholders' equity	–	–	–	(1)	(1)
At 30 September 2014	171	29	10	(24)	186

It is estimated that deferred tax assets of approximately £50 million (2014: deferred tax assets of £24 million) will reverse during the next financial year.

Deferred tax assets and liabilities have been offset where they relate to taxes levied by the same taxation authority. As a result the net UK deferred tax liability is £176 million (2014: £194 million). The net overseas deferred tax asset is £nil (2014: £8 million).

No deferred tax liability has been recognised on the unremitted earnings of overseas subsidiaries as no tax is expected to be payable in the foreseeable future based on the current repatriation policy of easyJet.

6. Earnings per share

Basic earnings per share has been calculated by dividing the profit for the year by the weighted average number of shares in issue during the year after adjusting for shares held in employee benefit trusts.

To calculate diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential shares. Share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year are considered to be dilutive potential shares. Where share options are exercisable based on performance criteria and those performance criteria have been met during the year, these options are included in the calculation of dilutive potential shares.

Earnings per share is based on:

	2015 £ million	2014 £ million
Profit for the year	548	450

	2015 million	2014 million
Weighted average number of ordinary shares used to calculate basic earnings per share	394	393
Weighted average number of dilutive potential shares	3	5
Weighted average number of ordinary shares used to calculate diluted earnings per share	397	398

	2015 pence	2014 pence
Earnings per share		
Basic	139.1	114.5
Diluted	138.0	113.2

7. Dividends

An ordinary dividend in respect of the year ended 30 September 2015 of 55.2 pence per share, or £219 million, is to be proposed at the forthcoming Annual General Meeting. These accounts do not reflect this proposed dividend.

An ordinary dividend of 45.4 pence per share, or £180 million, in respect of the year ended 30 September 2014 was paid in the year ended 30 September 2015. An ordinary dividend of 33.5 pence per share, or £133 million, and a special dividend of 44.1 pence per share, or £175 million, in respect of the year ended 30 September 2013 were both paid in the year ended 30 September 2014.

8. Goodwill and other intangible assets

	Goodwill £ million	Other intangible assets			
		Landing rights £ million	Contractual rights £ million	Computer software £ million	Total £ million
Cost					
At 1 October 2014	365	94	–	38	132
Transfer from property, plant and equipment	–	–	–	27	27
Disposals	–	–	–	(5)	(5)
At 30 September 2015	365	94	–	60	154
Amortisation					
At 1 October 2014	–	–	–	19	19
Charge for the year	–	–	–	13	13
Disposals	–	–	–	(5)	(5)
At 30 September 2015	–	–	–	27	27
Net book value					
At 30 September 2015	365	94	–	33	127
At 1 October 2014	365	94	–	19	113

	Goodwill £ million	Other intangible assets			
		Landing rights £ million	Contractual rights £ million	Computer software £ million	Total £ million
Cost					
At 1 October 2013	365	81	1	34	116
Additions	–	13	–	–	13
Transfer from property, plant and equipment	–	–	–	10	10
Disposals	–	–	(1)	(6)	(7)
At 30 September 2014	365	94	–	38	132
Amortisation					
At 1 October 2013	–	–	–	14	14
Charge for the year	–	–	1	11	12
Disposals	–	–	(1)	(6)	(7)
At 30 September 2014	–	–	–	19	19
Net book value					
At 30 September 2014	365	94	–	19	113
At 1 October 2013	365	81	1	20	102

easyJet has one cash-generating unit, being its route network. The recoverable amount of goodwill and other assets with indefinite expected useful lives has been determined based on value in use calculations of the route network.

Pre-tax cash flow projections have been derived from the strategic plan presented to the Board for the period up to 2020, using the following key assumptions:

Pre-tax discount rate (derived from weighted average cost of capital)	12%
Fuel price (US dollars per metric tonne)	650 – 1,000
Exchange rates:	
US dollar	1.50
Euro	1.30
Swiss franc	1.40

Both fuel price and exchange rates are volatile in nature, and the assumptions used represent management's view of reasonable average rates. Operating margins are sensitive to significant changes in these rates.

Cash flow projections beyond the forecast period have been extrapolated using growth rate scenarios ranging from zero up to an estimated average of long-term economic growth rates for the principal countries in which easyJet operates. No impairment resulted from any of these scenarios.

No reasonably possible combination of changes to the key assumptions above would result in the carrying value of the cash-generating unit exceeding its recoverable amount.

9. Property, plant and equipment

	Aircraft and spares £ million	Other £ million	Total £ million
Cost			
At 1 October 2014	3,035	36	3,071
Additions	500	36	536
Transfer to intangible assets	–	(27)	(27)
Transfer to maintenance provisions	(48)	–	(48)
Disposals	(2)	(2)	(4)
At 30 September 2015	3,485	43	3,528
Depreciation			
At 1 October 2014	517	12	529
Charge for the year	121	4	125
Disposals	(2)	(1)	(3)
At 30 September 2015	636	15	651
Net book value			
At 30 September 2015	2,849	28	2,877
At 1 October 2014	2,518	24	2,542
	Aircraft and spares £ million	Other £ million	Total £ million
Cost			
At 1 October 2013	2,674	31	2,705
Additions	419	17	436
Transfer to intangible assets	–	(10)	(10)
Transfer to maintenance provisions	(55)	–	(55)
Disposals	(3)	(2)	(5)
At 30 September 2014	3,035	36	3,071
Depreciation			
At 1 October 2013	415	10	425
Charge for the year	103	3	106
Disposals	(1)	(1)	(2)
At 30 September 2014	517	12	529
Net book value			
At 30 September 2014	2,518	24	2,542
At 1 October 2013	2,259	21	2,280

Notes to the accounts continued

9. Property, plant and equipment continued

The net book value of aircraft includes £275 million (2014: £322 million) relating to advance and option payments for future deliveries. This amount is not depreciated.

Aircraft with a net book value of £583 million (2014: £597 million) are mortgaged to lenders as loan security.

Aircraft with a net book value of £149 million (2014: £142 million) are held under finance leases.

easyJet is contractually committed to the acquisition of 150 (2014: 170) Airbus A320 family aircraft, with a total list price of US\$13.0 billion (2014: US\$14.6 billion) before escalations and discounts for delivery in 2016 (20 aircraft), between 2017 and 2018 (30 aircraft) and between 2017 and 2022 (100 new generation aircraft).

On 16 November 2015, easyJet secured an agreement with Airbus to take delivery of an additional 36 aircraft (of which 30 are new generation) with a total list price of \$3.2 billion, based on January 2012 list prices.

The 'other' category mainly comprises leasehold improvements, computer hardware, and fixtures, fittings and equipment.

10. Other non-current assets

	2015 £ million	2014 £ million
Deferred consideration and deposits held by aircraft lessors	81	76
Leased aircraft – shortfall on sale and leaseback	35	55
Recoverable supplemental rent (pledged as collateral)	10	19
Other	4	6
	130	156

11. Trade and other receivables

	2015 £ million	2014 £ million
Trade receivables	61	62
Less provision for impairment	(3)	(4)
	58	58
Prepayments and accrued income	86	90
Leased aircraft – shortfall on sale and leaseback	20	20
Recoverable supplemental rent (pledged as collateral)	7	10
Other receivables	35	22
	206	200

Trade and other receivables of £14m (2014: £17m) are up to three months past due but not impaired.

With respect to trade receivables that are neither impaired nor past due, there are no indications at the reporting date that the payment obligations will not be met. Amounts due from trade receivables are short-term in nature and largely comprise credit card receivables due from financial institutions with credit ratings of at least A and, accordingly, the possibility of significant default is considered to be unlikely.

12. Cash and money market deposits

	2015 £ million	2014 £ million
Cash and cash equivalents (original maturity less than three months)	650	424
Money market deposits (original maturity more than three months)	289	561
Current restricted cash	6	23
Non-current restricted cash	6	9
	951	1,017

Interest rates on money market deposits and restricted cash are repriced within 185 days based on prevailing market rates of interest. Carrying value is not significantly different from fair value.

Restricted cash comprises:

	2015 £ million	2014 £ million
Pledged as collateral to third parties:		
Security deposits	–	23
Aircraft operating lease deposits	12	9

13. Trade and other payables

	2015 £ million	2014 £ million
Trade payables	101	134
Accruals	310	299
Leased aircraft – surplus on sale and leaseback	12	13
Taxes and social security	16	20
Other payables	56	57
	495	523

14. Borrowings

	Current £ million	Non-current £ million	Total £ million
At 30 September 2015			
Bank loans	88	228	316
Finance lease obligations	94	94	188
	182	322	504
	Current £ million	Non-current £ million	Total £ million
At 30 September 2014			
Bank loans	78	299	377
Finance lease obligations	13	173	186
	91	472	563

Bank loans, which bear interest at variable rates linked to LIBOR, were drawn down to finance the acquisition of aircraft that have been mortgaged to the lender to provide security. None of the agreements contain financial covenants required to be met.

Finance lease obligations relate to aircraft and bear interest partly at fixed rates and partly at variable rates linked to LIBOR.

The maturity profile of borrowings is set out in note 22.

On 10 February 2015 easyJet signed a \$500 million revolving credit facility with a minimum five-year term. As at 16 November 2015 no amounts had been drawn down under this facility.

15. Non-current deferred income

The balance principally comprises the non-current surplus of sale proceeds over fair value of aircraft that have been sold and leased back under operating leases. This balance will be realised in the income statement over the next seven years.

16. Provisions for liabilities and charges

	Maintenance provisions £ million	Other provisions £ million	Total £ million
At 1 October 2014	226	15	241
Exchange adjustments	10	–	10
Charged to income statement	45	37	82
Transferred from property, plant and equipment	(48)	–	(48)
Utilised	(28)	(31)	(59)
At 30 September 2015	205	21	226

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

Notes to the accounts continued

16. Provisions for liabilities and charges continued

Other provisions comprise liabilities for amounts payable to customers who make claims in respect of flight delays and cancellations, and refunds of air passenger duty or similar charges, previously included in accruals and other payables.

	2015 £ million	2014 £ million
Current	61	94
Non-current	165	147
	226	241

Maintenance provisions are expected to be utilised within eight years. Other provisions are expected to be utilised within one year.

17. Share capital

	Number		Nominal value	
	2015 million	2014 million	2015 million	2014 million
Authorised				
At 30 September 2015 and 30 September 2014				
Ordinary shares of 27 2/7 pence each	458	458	125	125
Allotted, called up and fully paid				
At 30 September 2015 and 30 September 2014	397	397	108	108

The weighted average share price for options exercised during the year was £15.84 (2014: £14.46).

easyJet's employee benefit trusts hold the following shares. The cost of these has been deducted from retained earnings:

	2015	2014
Number of shares (million)	2	3
Cost (£ million)	25	26
Market value at year end (£ million)	30	39

18. Share incentive schemes

easyJet operates the following share incentive schemes, all of which are equity settled. The change in the number of awards outstanding and weighted average exercise prices during the year, and the number exercisable at each year end were as follows:

Grant date	1 October 2014 million	Granted million	Forfeited million	Exercised million	30 September 2015 million
Discretionary schemes					
8 December 2004	0.4	—	—	(0.4)	—
Long Term Incentive Plan					
31 March 2011	1.3	—	—	(1.3)	—
4 January 2012	2.5	—	—	(2.4)	0.1
18 December 2012	1.2	—	(0.3)	—	0.9
17 December 2013	0.7	—	(0.2)	—	0.5
19 December 2014	—	0.7	—	—	0.7
Save As You Earn scheme					
1 July 2011	0.2	—	—	(0.2)	—
1 July 2012	0.9	—	(0.1)	(0.6)	0.2
1 July 2013	0.6	—	—	—	0.6
1 July 2014	0.8	—	—	—	0.8
1 July 2015	—	1.2	—	—	1.2
Share Incentive Plans	5.3	0.7	(0.1)	(1.5)	4.4
	13.9	2.6	(0.7)	(6.4)	9.4

Weighted average exercise prices are as follows:

	1 October 2014 £	Granted £	Forfeited £	Exercised £	30 September 2015 £
Discretionary schemes	1.84	–	–	1.84	–
Save As You Earn scheme	8.04	13.23	4.18	3.75	11.85

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

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

	Price £		Number million	
	2015	2014	2015	2014
Discretionary schemes	–	1.84	–	0.4
Long Term Incentive Plan	–	–	0.1	1.3
Save As You Earn scheme	4.18	2.88	0.2	0.2
			0.3	1.9

The weighted average remaining contractual life for each class of share award at 30 September 2015 is as follows:

	Years
Long Term Incentive Plan	8.0
Save As You Earn scheme	2.3

Discretionary schemes

All awards have a three year vesting period and performance conditions based on growth in earnings per share. All options expired this year, ten years after grant.

Long Term Incentive Plan

The plan is open, by invitation, to Executive Directors and senior management, and provides for annual awards of Performance Shares worth up to 250% (200% up to 31 December 2014) of salary each year and matching shares linked to the investment of up to 50% of annual bonus in easyJet shares. Matching Share Awards will no longer operate for Executive Directors from the 2016 financial year onwards and LTIP awards will be made as Performance shares only. For awards granted in the 2015 financial year, the vesting of these shares is dependent on return on capital employed (ROCE) targets and total shareholder return (TSR) targets compared to FTSE 31-130 ranked companies at the start of the performance period. For awards made prior to the 2015 financial year, the vesting of these shares is dependent on return on capital employed (ROCE) targets and a positive total shareholder return (TSR) compared to FTSE 51-150 companies performance conditions measured over the three financial years ended 30 September 2015.

Save As You Earn scheme

The scheme is open to all employees on the UK payroll. Participants may elect to save up to £500 per month (2014: £350 per month) under a three year savings contract. An option is granted by the Company to buy shares at a discount of 20% from market price at the time of the grant. At the end of the savings period the option becomes exercisable for a period of six months.

Employees who are not paid through the UK payroll may save under similar terms and conditions, albeit without the same tax benefits.

Share Incentive Plans

The plan is open to all employees on the UK payroll. Participants may invest up to £1,800 (2014: £1,800) of their pre-tax salary each year to purchase partnership shares in easyJet. For each partnership share acquired easyJet purchases a matching share up to a maximum value of £1,500 per annum. Employees must remain with easyJet for three years from the date of purchase of each partnership share in order to qualify for the matching share, and for five years for the shares to be transferred to them tax free. The employee is entitled to dividends and to vote at shareholder meetings.

Subject to Company performance, easyJet also issues free shares under a new approved share incentive plan of up to £3,000 in value. There is a similar unapproved scheme for international employees.

18. Share incentive schemes continued

The fair value of grants under the Save As You Earn scheme are calculated by applying the Binomial Lattice option pricing model. The fair value of grants under the TSR based Long Term Incentive Plan is estimated under the Stochastic model (also known as the Monte Carlo model). The fair value of grants under all other schemes is the share price on the date of grant. The following assumptions are used:

Grant date	Share price £	Exercise price £	Expected volatility %	Option life years	Risk-free interest rate %	Fair value £
Long Term Incentive Plan						
31 March 2011	3.41	—	—	—	—	3.41
4 January 2012	3.92	—	—	—	—	3.92
18 December 2012 – ROCE	7.37	—	—	—	—	6.92
18 December 2012 – TSR	7.37	—	33	3.0	0.44	5.16
17 December 2013 – ROCE	14.99	—	—	—	—	14.99
17 December 2013 – TSR	14.99	—	31	3.0	0.76	9.83
19 December 2014 – ROCE	16.52	—	—	—	—	16.52
19 December 2014 – TSR	16.52	—	29	3.0	0.78	11.65
Save As You Earn scheme						
1 July 2011	3.60	2.88	46	3.5	1.45	1.37
1 July 2012	5.23	4.18	35	3.5	0.24	1.77
1 July 2013	12.11	9.69	34	3.5	0.32	3.54
1 July 2014	16.62	13.30	33	3.5	1.64	5.03
1 July 2015	16.54	13.23	31	3.5	0.95	4.42

Share price is the closing share price from the last working day prior to the date of grant.

Exercise price for the Save As You Earn scheme is set at a 20% discount from the share price at grant date.

Expected volatility is based on historical volatility over a period comparable to the expected life of each type of option.

Levels of early exercises and forfeitures are estimated using historical averages.

The weighted average fair value of matching shares granted under the Share Incentive Plan during the year was £16.69 (2014: £14.61).

For grants under the Save As You Earn scheme after 30 September 2011, the dividend yield assumption is calculated based on the actual yield at the date the options are granted. For the options granted in 2012 to 2014, the dividend yield assumption was 2% and this increased to 2.75% in 2015.

19. Reconciliation of operating profit to cash generated from operations

	2015 £ million	2014 £ million
Operating profit	688	581
Adjustments for non-cash items:		
Depreciation	125	106
Loss on disposal of property, plant and equipment	1	2
Amortisation of intangible assets	13	12
Share-based payments	18	23
Changes in working capital and other items of an operating nature:		
Decrease/(increase) in trade and other receivables	5	(6)
Decrease in trade and other payables	(30)	(5)
Increase in unearned revenue	47	25
Increase in provisions	23	30
Decrease in other non-current assets	22	33
Decrease in derivative financial instruments	(2)	(2)
Decrease in non-current deferred income	(15)	(6)
Cash generated from operations	895	793

20. Reconciliation of net cash flow to movement in net cash

	1 October 2014 £ million	Exchange differences £ million	Net cash flow £ million	30 September 2015 £ million
Cash and cash equivalents	424	33	193	650
Money market deposits	561	5	(277)	289
	985	38	(84)	939
Bank loans	(377)	(19)	80	(316)
Finance lease obligations	(186)	(13)	11	(188)
	(563)	(32)	91	(504)
Net cash	422	6	7	435

21. Financial instruments

Carrying value and fair value of financial assets and liabilities

The fair values of financial assets and liabilities, together with the carrying value at each reporting date, are as follows:

	Amortised cost		Held at fair value	Other £ million	Carrying value £ million	Fair value £ million
	Loans and receivables £ million	Financial liabilities £ million	Cash flow hedges £ million			
At 30 September 2015						
Other non-current assets	91	—	—	39	130	130
Trade and other receivables	136	—	—	70	206	206
Trade and other payables	—	(398)	—	(97)	(495)	(495)
Derivative financial instruments	—	—	(297)	—	(297)	(297)
Restricted cash	12	—	—	—	12	12
Money market deposits	289	—	—	—	289	289
Cash and cash equivalents	650	—	—	—	650	650
Borrowings	—	(504)	—	—	(504)	(510)

	Amortised cost		Held at fair value	Other £ million	Carrying value £ million	Fair value £ million
	Loans and receivables £ million	Financial liabilities £ million	Cash flow hedges £ million			
At 30 September 2014						
Other non-current assets	99	—	—	57	156	156
Trade and other receivables	112	—	—	88	200	200
Trade and other payables	—	(419)	—	(104)	(523)	(523)
Derivative financial instruments	—	—	(21)	—	(21)	(21)
Restricted cash	32	—	—	—	32	32
Money market deposits	561	—	—	—	561	561
Cash and cash equivalents	424	—	—	—	424	424
Borrowings	—	(563)	—	—	(563)	(568)

For the financial instruments for which fair value is disclosed in the tables above, the fair value is classified as level 2 of the IFRS13 'Fair Value Measurement' fair value hierarchy. Level 2 is defined as being the fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) and which are determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is classified as level 2.

Amounts disclosed in the 'Other' column are items that do not meet the definition of a financial instrument. They are disclosed to facilitate reconciliation of the carrying values of financial instruments to line items presented in the statement of financial position.

21. Financial instruments continued

Fair value calculation methodology

Derivative financial instruments are forward contracts that are valued based on market rates and market-accepted models. Fair value for financial instruments held at amortised cost has been estimated by discounting cash flows at prevailing interest rates and by applying year end exchange rates.

Fair value of derivative financial instruments

At 30 September 2015	Quantity million	Non-current assets £ million	Current assets £ million	Current liabilities £ million	Non-current liabilities £ million	Total £ million
Designated as cash flow hedges						
US dollar	2,614	18	71	(1)	(2)	86
Euro	2,360	23	55	(3)	(4)	71
Swiss franc	329	2	2	(1)	(1)	2
South African rand	479	—	—	—	—	—
Jet fuel	3	1	—	(363)	(94)	(456)
		44	128	(368)	(101)	(297)
At 30 September 2014	Quantity million	Non-current assets £ million	Current assets £ million	Current liabilities £ million	Non-current liabilities £ million	Total £ million
Designated as cash flow hedges						
US dollar	3,358	17	8	(33)	(3)	(11)
Euro	990	16	39	—	—	55
Swiss franc	238	3	6	—	—	9
Jet fuel	3	—	—	(54)	(20)	(74)
		36	53	(87)	(23)	(21)

For foreign currency forward exchange contracts, quantity represents the nominal value of currency contracts held, disclosed in the contract currency. For jet fuel forward contracts, quantity represents contracted metric tonnes.

The hedged transactions are expected to occur on various dates mainly within the next two years. Accumulated gains and losses deferred in the hedging reserve will be recognised in the income statement in the periods that the hedged transaction affects the income statement. This will generally be within two years of the end of the reporting period save where the gain or loss is included in the initial amount recognised for the purchase of aircraft in which case recognition will be over a period of up to 23 years in the form of depreciation of the purchased asset.

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements:

At 30 September 2015	Gross amount £ million	Amount not set off £ million	Net amount £ million
Derivative financial instruments			
Assets	172	(145)	27
Liabilities	(469)	145	(324)
	(297)	—	(297)
At 30 September 2014	Gross amount £ million	Amount not set off £ million	Net amount £ million
Derivative financial instruments			
Assets	89	(69)	20
Liabilities	(110)	69	(41)
	(21)	—	(21)

All financial assets and liabilities are presented gross on the face of the statement of financial position as the conditions for netting specified in IAS 32 'Financial Instruments Presentation' are not met.

22. Financial risk and capital management

easyJet is exposed to financial risks including fluctuations in exchange rates, jet fuel prices and interest rates. Financial risk management aims to limit these market risks with selected derivative hedging instruments being used for this purpose. easyJet policy is not to trade in derivatives but to use the instruments to hedge anticipated exposure. As such, easyJet is not exposed to market risk by using derivatives as any gains and losses arising are offset by the outcome of the underlying exposure being hedged. In addition to market risks, easyJet is exposed to credit and liquidity risk.

The Board is responsible for setting financial risk and capital management policies and objectives which are implemented by the treasury function on a day-to-day basis. The policy outlines the approach to risk management and also states the instruments and time periods which the treasury function is authorised to use in managing financial risks. The policy is regularly reviewed to ensure best practice, however there have been no significant changes during the current year.

Capital employed

Capital employed comprises shareholders' equity, borrowings, cash and money market deposits (excluding restricted cash) and an adjustment for the capital implicit in aircraft operating lease arrangements. The adjustment is calculated by multiplying the annual charge for aircraft dry leasing by a factor of seven.

Normalised operating profit is adjusted for the implied interest incorporated in the charge for aircraft dry leasing.

Consequently, the capital employed at the end of the current and prior year and the return earned during those years were as follows:

	2015 £ million	2014 £ million
Shareholders' equity	2,249	2,172
Borrowings	504	563
Cash and money market deposits (excluding restricted cash)	(939)	(985)
Reported capital employed	1,814	1,750
Operating leases adjustment	798	868
Capital employed including operating leases adjustment	2,612	2,618
Operating profit – reported	688	581
Implied interest in operating lease costs	38	41
Operating profit – adjusted	726	622
Operating profit after tax – adjusted	581	491
Return on capital employed	22.2%	20.5%

Return on capital employed is calculated by dividing the adjusted operating profit after tax by the average of the opening and closing capital employed, including the operating leases adjustment.

The percentage of operating leased aircraft at 30 September 2015 was 28% (2014: 32%).

Capital management

The objective of capital management is to ensure that easyJet is able to continue as a going concern whilst delivering shareholder expectations of a strong capital base as well as returning benefits for other stakeholders.

easyJet manages its capital structure in response to changes in both economic conditions and strategic objectives. The cash and net debt position, together with the maturity profile of existing debt, is monitored to ensure the continuity of funding.

The principal measure used by easyJet to manage capital risk is the gearing ratio of debt to capital employed. Debt is defined as reported net debt plus seven times aircraft operating lease payments, less cash (including money market deposits but excluding restricted cash). Capital employed is defined as shareholders' equity plus debt as previously defined. Gearing has decreased to 14% (2014: 17%).

Liquidity risk management

The objective of easyJet's liquidity risk management is to ensure sufficient cash resources and the availability of funding as required. easyJet holds financial assets either for which there is a liquid market or which are expected to generate cash inflows that are available to meet liquidity needs.

easyJet continues to hold significant cash and liquid funds to mitigate the impact of potential business disruption events as well as a \$500m revolving credit facility. The revolving credit facility was agreed during the year ended 30 September 2015, for a minimum of five years, and was undrawn at 30 September 2015. easyJet has a target minimum liquidity requirement of £4 million per aircraft in the fleet. This requires the revolving credit facility to be taken into consideration in assessing this liquidity metric. Total cash (excluding restricted cash) and money market deposits at 30 September 2015 was £939 million (2014: £985 million).

Surplus funds are invested in high quality short-term liquid instruments, usually money market funds, bank deposits or tri-party repos.

22. Financial risk and capital management continued

The maturity profile of financial liabilities based on undiscounted cash flows and contractual maturities is as follows:

At 30 September 2015	Within 1 year £ million	1-2 years £ million	2-5 years £ million	Over 5 years £ million
Borrowings	190	93	199	52
Trade and other payables	398	–	–	–
Derivative contracts – receipts	(2,193)	(1,667)	(73)	–
Derivative contracts – payments	2,433	1,727	69	–

At 30 September 2014	Within 1 year £ million	1-2 years £ million	2-5 years £ million	Over 5 years £ million
Borrowings	97	178	220	105
Trade and other payables	419	–	–	–
Derivative contracts – receipts	(1,826)	(1,173)	(69)	–
Derivative contracts – payments	1,861	1,159	69	–

The maturity profile has been calculated based on spot rates for the US dollar, Euro, Swiss franc, South African rand and jet fuel at close of business on 30 September each year.

Credit risk management

easyJet is exposed to credit risk arising from cash and money market deposits, derivative financial instruments and trade and other receivables. Credit risk management aims to reduce the risk of default by setting limits on credit exposure to counterparties based on their respective credit ratings. Credit ratings also determine the maximum period of investment when placing funds on deposit. Credit risk is limited to the carrying amount in the statement of financial position at each year end.

Counterparties for cash investments, currency forward contracts and jet fuel forward contracts are required to have a credit rating of A- or better at contract inception. Exposures to those counterparties are regularly reviewed and, when the market view of a counterparty's credit quality changes, adjusted as considered appropriate. Accordingly, in normal market conditions, the probability of material loss due to non-performance by counterparties is considered to be low.

Disclosure relating to the credit quality of trade and other receivables is given in note 11 to the accounts.

Foreign currency risk management

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

Significant exposure in the income statement is managed through the use of foreign currency forward exchange contracts where, in line with board approved policy, between 65% – 85% of the next 12 months' forecast surplus which is hedged on a rolling basis, and 45% – 65% of the following 12 months forecast surplus which is hedged on a rolling basis.

Significant exposure relating to the acquisition cost of aircraft is also managed through the use of foreign currency forward exchange contracts where 90% of the next two years forecast requirement is hedged. In addition, easyJet has substantial borrowings and other liabilities denominated in US dollars, which are largely offset by holding US dollar cash and money market deposits.

Financing and interest rate risk management

Interest rate cash flow risk arises on floating rate borrowings and cash investments.

Interest rate risk management policy aims to provide certainty in a proportion of financing while retaining the opportunity to benefit from interest rate reductions. All borrowings are at floating interest rates repricing every three to six months. A significant proportion of US dollar loans by value are matched with US dollar cash. Operating leases are a mix of fixed and floating rates. Of the 67 operating leases in place at 30 September 2015 (2014: 72), 75% were based on fixed interest rates and 25% were based on floating interest rates (2014: 71% fixed, 29% floating).

All debt is asset related, reflecting the capital intensive nature of the airline industry and the attractiveness of aircraft as security to lenders. These factors are also reflected in the medium-term profile of easyJet's borrowings and operating leases. At 30 September 2015, the Company had 114 (2014: 94) unencumbered aircraft.

Fuel price risk management

easyJet is exposed to fuel price risk. The objective of the fuel price risk management policy is to provide protection against sudden and significant increases in jet fuel prices, thus mitigating volatility in the income statement in the short-term. In order to manage the risk exposure, forward contracts are used in line with Board approved policy to hedge between 65% and 85% of estimated exposures up to 12 months in advance which is hedged on a rolling basis, and to hedge between 45% and 65% of estimated exposures from 13 up to 24 months in advance which is hedged on a rolling basis. In exceptional market conditions, the Board may accelerate or limit the implementation of the hedging policy.

Market risk sensitivity analysis

Financial instruments affected by market risk include borrowings, money market deposits, trade and other receivables, trade and other payables and derivative financial instruments. The following analysis illustrates the sensitivity of such financial instruments to changes in relevant foreign exchange rates, interest rates and fuel prices. It should be noted that the analysis reflects the impact on profit or loss after tax for the year and other comprehensive income on financial instruments held at the reporting date. It does not reflect changes in revenue or costs that may result from changing currency rates, interest rates or fuel prices. Sensitivity is calculated based on all other variables remaining constant. The analysis is considered representative of easyJet's exposure over the 12 month period.

The currency sensitivity analysis is based on easyJet's foreign currency financial instruments held at each statement of financial position date taking into account forward exchange contracts that offset effects from changes in currency exchange rates.

The interest rate analysis assumes a 1% change in interest rates over the reporting year applied to end of year financial instruments.

The fuel price sensitivity analysis is based on easyJet's fuel related derivative financial instruments held at the end of each reporting period.

The impact of a 1% increase in interest rates and a 10% increase in the fuel price is disclosed. A corresponding decrease results in an equal and opposite impact on the income statement and other comprehensive income in both reporting periods.

Sensitivities are calculated based on a reasonably possible change in the rate applied to the value of financial instruments held at each statement of financial position date.

	Currency rates				Interest rates 1% increase £ million	Fuel price 10% increase £ million
	US dollar +10% ⁽¹⁾ £ million	US dollar -10% ⁽²⁾ £ million	Euro +10% ⁽¹⁾ £ million	Euro -10% ⁽²⁾ £ million		
At 30 September 2015						
Income statement impact: gain/(loss)	17	(14)	4	(3)	4	—
Impact on other comprehensive income: increase/(decrease)	109	(89)	24	(20)	—	79

	Currency rates				Interest rates 1% increase £ million	Fuel price 10% increase £ million
	US dollar +10% ⁽¹⁾ £ million	US dollar -10% ⁽²⁾ £ million	Euro +10% ⁽¹⁾ £ million	Euro -10% ⁽²⁾ £ million		
At 30 September 2014						
Income statement impact: gain/(loss)	23	(18)	4	(3)	4	—
Impact on other comprehensive income: increase/(decrease)	173	(142)	(69)	56	—	115

(1) GBP weakened

(2) GBP strengthened

The market risk sensitivity analysis has been calculated based on spot rates for the US dollar, Euro and jet fuel at close of business on 30 September each year.

23. Leasing commitments

Commitments under operating leases

	Aircraft		Other	
	2015 £ million	2014 £ million	2015 £ million	2014 £ million
Total commitments under non-cancellable operating leases due:				
Not later than one year	98	105	3	1
Later than one year and not later than five years	255	286	5	3
Later than five years	31	68	4	3
	384	459	12	7

easyJet holds 67 aircraft (2014: 72 aircraft) under operating leases, with initial lease terms ranging from five to ten years. easyJet is contractually obliged to carry out maintenance on these aircraft, and the cost of this is provided based on the number of flying hours and cycles operated. Further details are given in the critical accounting policies section of note 1.

23. Leasing commitments continued

Commitments under finance leases

	2015 £ million	2014 £ million
Present value of minimum lease payments fall due as follows:		
Not later than one year	98	15
Later than one year and not later than five years	62	114
Later than five years	44	76
	204	205
Future finance charges	(16)	(19)
	188	186

easyJet holds 11 aircraft (2014: 11 aircraft) under finance leases with ten year initial terms. Further details are given in notes 9 and 14.

24. Contingent liabilities

easyJet is involved in a number of disputes and litigation which arose in the normal course of business. The likely outcome of these disputes and litigation cannot be predicted, and in complex cases reliable estimates of any potential obligation may not be possible.

Having reviewed the information currently available, management considers that the ultimate resolution of these disputes and litigation is unlikely to have a material adverse effect on easyJet's results, cash flows or financial position.

At 30 September 2015 easyJet had outstanding letters of credit and performance bonds totalling £44 million (2014: £39 million), of which £33 million (2014: £34 million) expires within one year. The fair value of these instruments at each year end was negligible.

No amount is recognised on the statement of financial position in respect of any of these financial instruments as it is not probable that there will be an outflow of resources.

25. Geographical revenue analysis

	2015 £ million	2014 £ million
United Kingdom	2,205	2,077
Southern Europe	1,456	1,471
Northern Europe	950	906
Other	75	73
	4,686	4,527

Southern Europe comprises countries lying wholly or mainly south of the border between Italy and Switzerland, plus France.

easyJet's non-current assets principally comprise its fleet of 163 owned and 11 finance leased aircraft. A further 67 aircraft are held under operating leases, giving a total fleet of 241 at 30 September 2015 (2014: 226). All of these aircraft are registered in the United Kingdom except for 24 (2014: 23) registered in Switzerland. These assets are used flexibly across the entire route network, and accordingly there is no suitable basis for allocating them to geographic segments.

26. Related party transactions

The Company licenses the easyJet brand from easyGroup Limited ('easyGroup'), a wholly owned subsidiary of easyGroup Holdings Limited, an entity in which easyJet's founder, Sir Stelios Haji-loannou, holds a beneficial controlling interest. The Haji-loannou family concert party shareholding (being easyGroup Holdings Limited and Polys Holding Limited) holds, in total, 33.73% of the issued share capital of easyJet plc as at 30 September 2015.

Under the Amended Brand Licence signed in October 2010 and approved by the shareholders of easyJet plc in December 2010, an annual royalty of 0.25% of total revenue is payable by easyJet to easyGroup for a minimum term of 10 years. The full term of agreement is 50 years.

easyJet and easyGroup established a fund to meet the annual costs of protecting the 'easy' (and related marks) and the 'easyJet' brands. easyJet contributes up to £1 million per annum to this fund and easyGroup contributes up to £100,000 per annum. Beyond the first £1.1 million of costs, easyJet can commit up to an aggregate £5.5 million annually to meet brand protection costs, with easyGroup continuing to meet its share of costs on a 10:1 ratio. easyJet must meet 100% of any brand protection costs it wishes to incur above this limit.

A separate agreement was entered with Sir Stelios ('the Comfort Letter'), dated 9 October 2010, under which, in return for certain non-complete obligations, easyJet made payment of a fee of £300,000, adjusted annually per the UK Retail Price index, each year for five years (or until the expiry of the longest subsisting restriction, whichever is later). All of the obligations in the Comfort Letter have now expired and no further payments will be made under it.

The amounts included in the income statement for these items were as follows:

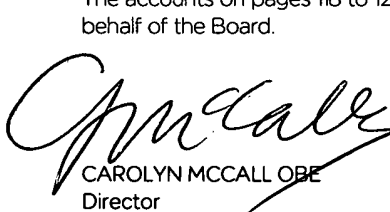
	2015 £ million	2014 £ million
Annual royalty	11.7	11.3
Brand protection (legal fees paid through easyGroup to third parties)	0.9	1.0
Comfort Letter agreement with Sir Stelios Haji-loannou	0.3	0.3
	12.9	12.6

At 30 September 2015, £1.0 million (2014: £0.8 million) of the above aggregate amount was included in trade and other payables.

Company statement of financial position

	Notes	30 September 2015 £ million	30 September 2014 £ million
Non-current assets			
Investments in subsidiary undertakings	c	878	309
Current assets			
Amounts due from subsidiary undertakings		684	1,192
Current liabilities			
Amounts due to subsidiary undertakings		(1)	(1)
Current tax payable		(6)	(5)
		(7)	(6)
Net current assets		677	1,186
Net assets		1,555	1,495
Shareholders' equity			
Share capital		108	108
Share premium		659	658
Retained earnings		788	729
		1,555	1,495

The accounts on pages 118 to 122 were approved by the Board of Directors and authorised for issue on 16 November 2015 and signed on behalf of the Board.




CAROLYN MCCALL OBE
Director

ANDREW FINDLAY
Director

Company statement of changes in equity

	Share capital £ million	Share premium £ million	Retained earnings £ million	Total £ million
At 1 October 2014	108	658	729	1,495
Total comprehensive income				
Profit for the year	—	—	221	221
Dividends paid	—	—	(180)	(180)
Share incentive schemes				
Proceeds from shares issued	—	1	—	1
Movement in reserves for employee share schemes	—	—	18	18
At 30 September 2015	108	659	788	1,555

	Share capital £ million	Share premium £ million	Retained earnings £ million	Total £ million
At 1 October 2013	108	657	347	1,112
Total comprehensive income				
Profit for the year	—	—	667	667
Dividends paid	—	—	(308)	(308)
Share incentive schemes				
Proceeds from shares issued	—	1	—	1
Movement in reserves for employee share schemes	—	—	23	23
At 30 September 2014	108	658	729	1,495

An ordinary dividend in respect of the year ended 30 September 2015 of 55.2 pence per share, or £219 million, is to be proposed at the forthcoming Annual General Meeting. These accounts do not reflect this proposed dividend.

An ordinary dividend of 45.4 pence per share, or £180 million, in respect of the year ended 30 September 2014 was paid in the year ended 30 September 2015. An ordinary dividend of 33.5 pence per share, or £133 million, and a special dividend of 44.1 pence per share, or £175 million, in respect of the year ended 30 September 2013 were both paid in the year ended 30 September 2014.

The disclosures required in respect of share capital are shown in note 17 to the consolidated accounts.

Company statement of cash flows

	Notes	Year ended 30 September 2015 £ million	Year ended 30 September 2014 £ million
Cash flows from operating activities			
Cash (used by)/generated from operations (excluding dividends)	d	(35)	295
Interest received		15	12
Dividends received		199	—
Dividends paid		(180)	(308)
Net cash used by operating activities		(1)	(1)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		1	1
Cash and cash equivalents at beginning and end of year		—	—

a) Significant accounting policies

The significant accounting policies applied in the preparation of these Company accounts are the same as those set out in note 1 to the consolidated accounts with the addition of the following.

Investments

Investments in subsidiaries are stated at cost, less any provision for impairment. Where subsidiary undertakings incur charges for share-based payments in respect of share options and awards granted by the Company, a capital contribution in the same amount is recognised as an investment in subsidiary undertakings with a corresponding credit to shareholders' equity.

b) Income statement and statement of total comprehensive income

In accordance with Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement and statement of comprehensive income. The Company's profit for the year was £221 million (2014: £667 million). Included in this amount are cash dividends received of £199 million (2014: £650 million – in-specie), which are recognised when the right to receive payment is established. The Company recognised no other income or expenses in either the current or prior year, other than the profit for each year.

The Company has eight employees at 30 September 2015 (2014: ten). These are the Non-Executive Directors of easyJet plc; their remuneration is paid by easyJet Airline Company Limited. The Executive Directors of easyJet plc are employed and paid by easyJet Airline Company Limited. Details of Directors' remuneration are disclosed in note 4 to the consolidated accounts and in the Directors' remuneration report on pages 64 to 80.

c) Investments in subsidiary undertakings

Investments in subsidiary undertakings were as follows:

	2015 £ million	2014 £ million
At 1 October	309	286
Capital contributions to subsidiaries	18	23
Allotment and issue of shares by subsidiaries	551	—
At 30 September	878	309

A full list of Group companies are detailed below.

	Country of incorporation ⁽¹⁾	Principal activity	Percentage of ordinary shares held
easyJet Airline Company Limited	England and Wales	Airline operator	100
easyJet Switzerland S.A.	Switzerland	Airline operator	49
Dawn Licensing Holdings Limited	Malta	Holding company	100
Dawn Licensing Limited	Malta	Graphic design	100
easyJet Sterling Limited ⁽¹⁾	Cayman Islands	Aircraft trading and leasing	100
easyJet Leasing Limited ⁽¹⁾	Cayman Islands	Aircraft trading and leasing	100

(1) Although these companies are Cayman Islands incorporated they have always been, and continue to be, UK tax resident.

The Company has a 49% interest in easyJet Switzerland S.A. with an option that expires in 2016 to acquire the remaining 51%. easyJet Switzerland S.A. is a subsidiary on the basis that the Company exercises a dominant influence over the undertaking. A non-controlling interest has not been reflected in the consolidated accounts on the basis that holders of the remaining 51% of the shares have no entitlement to any dividends from that holding and the Company has an option to acquire those shares for a predetermined minimal consideration.

d) Reconciliation of profit for the year to cash generated from operations

	2015 £ million	2014 £ million
Profit for the year	221	667
Adjustments for:		
Finance and other similar income	(15)	(12)
Unrealised foreign exchange differences	(12)	(10)
Tax charge	5	5
Dividends received	(199)	(650)
Operating cash flows before movement in working capital	—	—
Changes in working capital:		
Decrease in tax recoverable	—	10
(Increase)/decrease in amounts due from subsidiary undertakings	(35)	538
Decrease in amounts due to subsidiary undertakings	—	(253)
	(35)	295

e) Guarantees and contingent liabilities

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

The Company has issued a guarantee in favour of easyJet Airline Company Limited, a subsidiary undertaking, in relation to the processing of credit card transactions, and also in respect of hedging transactions carried out according to treasury policy.

The Company has guaranteed the contractual obligations of easyJet Airline Company Limited and easyJet Leasing Limited, both subsidiary undertakings, in respect of its contractual obligations to Airbus SAS in respect of the supply of Airbus 320 family aircraft.

The Company has guaranteed the repayment of borrowings that financed the acquisition of aircraft by subsidiary undertakings. The Company has also guaranteed the payment obligations for the lease of aircraft by subsidiary undertakings.

The Company has guaranteed certain letters of credit issued on behalf of subsidiary undertakings.

The Company has guaranteed the contractual obligations of easyJet Airline Company Limited, a subsidiary undertaking, in respect of a \$500m revolving credit facility. The revolving credit facility was agreed during the year ended 30 September 2015, for a minimum of five years, and was undrawn at 30 September 2015.

No amount is recognised on the Company statement of financial position in respect to any of these guarantees as it is not probable that there will be an outflow of resources

f) Related party transactions

Transactions with subsidiary undertakings, which principally relate to the provision of funding within the Group, are carried out on an arm's length basis. Outstanding balances are placed on intercompany accounts with no specified credit period, are unsecured, and bear market rates of interest.

For full details of transactions and arrangements with easyJet's largest shareholder, see note 26 of the consolidated accounts.

Five-year summary

	2015 £ million	2014 £ million	2013 £ million	2012 £ million	2011 £ million
Income statement					
Revenue	4,686	4,527	4,258	3,854	3,452
EBITDAR	940	823	711	531	468
Operating profit	688	581	497	331	269
Profit before tax	686	581	478	317	248
Profit for the year	548	450	398	255	225
Earnings per share (basic) – pence					
	139.1	114.5	101.3	62.5	52.5
Earnings per share (diluted) – pence					
	138.0	113.2	100.0	61.7	52.0
Ordinary dividend per share – pence					
	55.2	45.4	33.5	21.5	10.5
Special dividend per share – pence					
	–	–	44.1	–	34.9
Statement of financial position					
Non-current assets	3,549	3,221	2,964	2,968	2,731
Current assets	1,279	1,261	1,448	1,327	1,738
Current liabilities	(1,768)	(1,420)	(1,379)	(1,264)	(1,177)
Non-current liabilities	(811)	(890)	(1,016)	(1,237)	(1,587)
Net assets	2,249	2,172	2,017	1,794	1,705
Net cash					
Operating activities	609	394	616	261	424
Investing activities	(532)	(445)	(416)	(389)	(478)
Financing activities (excluding movements in borrowings and money market deposits)	(70)	(76)	439	(50)	201
Loan issue costs	–	(1)	(3)	(3)	1
Exchange gains/(losses)	6	(8)	(4)	7	(8)
Increase/(decrease) in net cash	13	(136)	632	(174)	140
Key performance indicators					
Return on capital employed	22.2%	20.5%	17.4%	11.3%	9.8%
Gearing	14%	17%	7%	29%	28%
Net cash/(debt)	435	422	558	(74)	100
Profit before tax per seat (£)	9.15	8.12	7.03	4.81	3.97
Revenue per seat (£)	62.48	63.31	62.58	58.51	55.27
Cost per seat (£)	53.33	55.19	55.55	53.70	51.30
Cost per seat excluding fuel (£)	37.35	37.70	38.17	36.25	36.62
Seats flown (millions)	75.0	71.5	68.0	65.9	62.5

Glossary

Adjusted capital employed	Capital employed plus seven times operating lease costs incurred in the year.
Adjusted net cash/debt	Net cash/debt less seven times operating lease costs incurred in the year.
Aircraft dry/ wet leasing	Payments to lessors under dry leasing arrangements relate solely to the provision of an aircraft. Payments to lessors under wet leasing arrangements relate to the provision of aircraft, crew, maintenance and insurance.
Aircraft owned/leased at end of year	Number of aircraft owned or on lease arrangements of over one month's duration at the end of the period.
Available seat kilometres (ASK)	Seats flown multiplied by the number of kilometres flown.
Average adjusted capital employed	The average of opening and closing adjusted capital employed.
Block hours	Hours of service for aircraft, measured from the time that the aircraft leaves the terminal at the departure airport to the time that it arrives at the terminal at the destination airport.
Capital employed	Shareholders' equity less net cash/debt.
Cost per ASK	Revenue less profit before tax, divided by available seat kilometres.
Cost per seat	Revenue less profit before tax, divided by seats flown.
Cost per seat, excluding fuel	Revenue, less profit before tax, plus fuel costs, divided by seats flown.
EBITDAR	Earnings before interest, taxes, depreciation, amortisation, aircraft dry leasing costs, and profit or loss on disposal of aircraft held for sale.
Gearing	Adjusted net cash/debt divided by the sum of shareholders' equity and adjusted net cash/debt.
Load factor	Number of passengers as a percentage of number of seats flown. The load factor is not weighted for the effect of varying sector lengths.
Net cash/debt	Total cash less borrowings. (Cash includes money market deposits but excludes restricted cash).
Normalised operating profit after tax	Reported operating profit adjusted for one-third of operating lease costs incurred in the year, less tax at the prevailing UK corporation tax rate at the end of the financial year.
Operated aircraft utilisation	Average number of block hours per day per aircraft operated.
Other costs	Administrative and operational costs not reported elsewhere, including some employee costs, compensation paid to passengers, exchange gains and losses and the profit or loss on the disposal of property plant and equipment.
Passengers	Number of earned seats flown. Earned seats comprises seats sold to passengers (including no-shows), seats provided for promotional purposes and seats provided to staff for business travel.
Profit before tax per seat	Profit before tax divided by seats flown.
Revenue	The sum of seat revenue and non-seat revenue.
Revenue passenger kilometres (RPK)	Number of passengers multiplied by the number of kilometres those passengers were flown.
Revenue per ASK	Revenue divided by available seat kilometres.
Revenue per seat	Revenue divided by seats flown.
ROCE	Return on capital employed.
ROCE (excluding lease adjustments)	Operating profit, less tax at the prevailing UK corporation tax rate at the end of the financial year, divided by average capital employed.
ROCE (including lease adjustments)	Normalised operating profit after tax divided by average adjusted capital employed.
Seats flown	Seats available for passengers.
Sector	A one-way revenue flight.

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