Aer Lingus Group plc

ISE: EIL1 LSE: AERL

Interim Management Statement

Dublin, London, 15 May 2008: *Aer Lingus Group plc ("Aer Lingus" or "The Company") today issues its first interim management statement (IMS). This IMS covers the period from 1 January 2008 to 30 April 2008, representing the first four months of the Group's financial year. It is produced in compliance with the EU's Transparency Directive, which requires certain listed companies to provide periodic updates to the capital markets in addition to their existing reporting requirements.*

Revenue performance
Total revenues increased by 10.3% during the first four months of 2008 compared to the same period in 2007. Total passenger numbers increased by 11.1% year-on-year to 3.2 million. This comprised an 11.4% increase in passengers on short-haul and a 9.4% increase on long-haul.

Capacity increased significantly in the period with nine new short-haul and three new long-haul routes year-on-year. Short-haul capacity increased by 20.0% and long haul-capacity increased by 36.7%. Short-haul load factor was only slightly behind 2007 despite the increased capacity, with a decline in yield largely compensated for by an increase in ancillary revenue per passenger. The Company's long-haul load factor for the same period, however, was impacted by the significant increase in capacity and the introduction of three new routes in the second half of 2007, resulting in a reduction to 65.3% for the period. Against that, however, long-haul yield increased slightly in the first four months.

Record Fuel Costs and Hedging
The airline industry is now experiencing unprecedented, record fuel costs. On 12 March 2008, the Company indicated that at 29 February 2008, it had hedged 36% of its fuel requirements for the remaining ten months of 2008. Since then, the spot price of jet fuel has increased by approximately US$180 per tonne, or 16%.

At 30 April 2008, 28% of the Company's estimated fuel requirements for the 8 months from May to December 2008 were hedged at a rate of US$775 per tonne. Each increase of US$5 per tonne in fuel costs over current rates will result in an increase in the unhedged fuel cost of US$1.2m.

Fleet
On 10 April 2008, the Company's shareholders approved the purchase of 12 long-haul aircraft (six A330s and six A350s) for delivery between 2009 and 2016. These aircraft are primarily intended to upgrade the long-haul fleet and also underpin Aer Lingus' medium-term growth strategy. The 12 aircraft comprise seven replacement aircraft and five new aircraft, which will bring the total long-haul fleet to 14 best-in-class aircraft in 2014. The Company also has orders with Airbus for four A320 short haul aircraft to be delivered between late 2010 and early 2011, with a further three leased A320s to also join the fleet (one in each of 2008, 2009 and 2010). These orders will bring the short haul fleet to 39 aircraft.

Network
During the period, Aer Lingus made significant progress on its long-haul growth strategy. The Company's innovative, industry first partnership with jetBlue Airways commenced on 3 April, 2008, allowing customers to book a single low fare ticket between Ireland and over 40 continental US destinations. On 8 April 2008, the Company announced a codeshare agreement with United Airlines, a leading US domestic and international airline, which will commence from 1 November 2008. The codeshare agreement will cover all seven Aer Lingus US gateways and will provide customers access to over 200 additional destinations in the US market.

Cost reduction

Sustained cost reduction is key to ensuring that Aer Lingus can continue to offer a competitive proposition to customers and maximise value for stakeholders. The economic challenges that are currently facing the industry, combined with the rapid and record appreciation in fuel prices, underscore the need for a relentless and sustained focus on cost reduction.

During April, Aer Lingus announced that it has concluded new contracts on the provision of base maintenance and component maintenance. Aer Lingus anticipates that new contracts for the provision of line maintenance and wheels and brakes maintenance will be concluded in the near future.

Aer Lingus had previously indicated that the staff cost element of its cost reduction programme would deliver savings of €20 million in the first full year of implementation. While agreement was reached with most staff groupings, the rejection of the proposals by a number of areas is disappointing in an environment where fuel prices are at record levels and the economic outlook is uncertain. There is now an even greater imperative for a final conclusion to be reached on staff cost reduction measures.

Outlook

The economic outlook in the Company's main markets remains uncertain due to a slowing global economy, the record price of fuel and the current weakness of the US dollar and sterling. Against this market backdrop, the Company is also continuing to face increased competition.

The Company has a strong balance sheet and a committed and capable team that enables it to compete in this challenging environment. However, the unprecedented cost of fuel and the difficult operating environment are having a negative impact on the financial performance of the business.

The business has always been seasonal in nature, with most or all of the profits generated in the second half and, in particular, the summer months. The current market conditions have magnified this seasonality in 2008, resulting in operating losses in the first half and operating profits in the second half of 2008.

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About Aer Lingus Group plc

Aer Lingus is an Irish low-cost, low-fares airline, providing both long-haul and short-haul passenger transportation services. Aer Lingus' low-cost, low-fares model is centred on maintaining low unit cost, offering one-way fares, maintaining effective fleet utilisation and developing the Aer Lingus brand. Consistent with this low-cost model, Aer Lingus' primary distribution channel is its website aerlingus.com.

For further information please visit www.aerlingus.com or contact:

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