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2008 Full Year Review

- ✈ Pre-tax profit before exceptional items of €21.2m
- ✈ Passenger growth of 7.5%
- ✈ Revenue growth of 5.6% driven by strong growth in ancillary revenue
- ✈ Achieved despite challenging trading conditions throughout 2008
 - €148m (58.4%) increase in fuel costs
 - Weakening of dollar and sterling
 - Weakening consumer demand in second half of the year

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2008 Full Year | Financial Performance

- ✈ Full Year performance reflects extremely challenging market conditions
 - Passengers +7.5% to 10.0 million
 - Total revenue +5.6% to €1,357.4 million
 - Ancillary revenue +37.7% to €149.7 million
 - Fuel costs +58.4% to €401.3 million
 - Operating loss €17.6m ('07: Profit €8.5m)
 - Pre-tax profit before exceptional items €21.2m ('07: Profit €131.1m)
 - Return on Capital* 9.5% ('07: 19.6%)
 - Strong net cash position €53.3m (2007: €757.0m)

*As measured by EBITDAR/Replacement Value on 12 month-rolling basis.

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Strategic Developments | Delivering & Driving Growth

- ✈ Significant progress diversifying the Aer Lingus business in 2008

Short haul


- ✈ New base announced at London Gatwick, with 4 aircraft operating from April 2009
- ✈ Belfast load factors have grown to be in line with mature bases
 - ✓ Belfast up 40% year to date

Long haul

- ✈ Joint operation with United Airlines, commencing 2010
- ✈ New extensive code share agreement put in place with United Airlines
- ✈ Web to web booking model rolled out with JetBlue
- ✈ Significant enhancements to web-booking capability (sum of sectors)
- ✈ By June 2009, 7 of 8 A330 aircraft will have new higher specification
 - ✓ United Airlines and JetBlue – 10,000 passengers/month by year end
 - ✓ Sum of sectors – 25,000 passengers/month by year end

Focus on continued revenue diversification

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Cost Reduction | Continued Progress

- ✈ **Staff**
 - Restructuring agreement to deliver €52m in annualised staff cost savings
 - PCI agreed to deliver €20 million in annualised staff cost savings
 - Exceptional costs of €117.5 million for restructuring and €17.6 million for PCI
 - Annual benefit will grow due to new pay scales and flexible work arrangements
- ✈ **Other 2008 Change plan savings**
 - €24 million in savings from airport, distribution, consultancy and LH fleet reduction
- ✈ **Maintenance**
 - Executed competitive tender process for 4 contracts
 - New arrangements to deliver annualised savings in excess of €20 million
- ✈ **Fuel Conservation**
 - Programme implemented delivering 1.1% reduced fuel burn year-on-year

Fundamental progress on reducing operating costs delivered in 2008

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Aer Lingus | Delivering on objectives

Since IPO, Aer Lingus has continued to diversify revenue streams and reduce costs.

- ✈ New international bases at Belfast and Gatwick ✓
- ✈ Joint operation and code share agreement with United Airlines ✓
- ✈ Web to web booking initiative with JetBlue ✓
- ✈ Fleet growth to capitalise on Short and Long Haul opportunities ✓
- ✈ Significant enhancements to web-booking capability (sum of sectors) ✓
- ✈ Significant progress on operating cost reduction ✓

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One of the World's Leading Low Cost Carriers

2008 Profit (EBITDAR) ¹			2008 Fleet (Planes)			2008 Profit per Plane ¹¹		
Rank	Airline	€m	Rank	Airline	Number of Aircraft	Rank	Airline	€m
1	Southwest ²	949.4	1	Southwest	537	1	Air Arabia	8.6
2	Air Berlin ³	478.6	2	Ryanair	168	2	WestJet	4.9
3	Ryanair	450.9	3	easyJet	165	3	Air Berlin	3.7
4	WestJet ⁴	374.2	4	JetBlue	142	4	Virgin Blue	3.5
5	easyJet ⁵	343.3	5	AirTran	136	5	Ryanair	2.7
6	JetBlue ⁶	287.1	6	Air Berlin	130	6	Aer Lingus	2.5
7	Virgin Blue ⁶	183.3	7	GOL	104	7	easyJet	2.1
8	GOL ⁷	174.5	8	WestJet	76	8	JetBlue	2.0
9	Air Asia ⁸	145.0	9	Air Asia	75	9	Air Asia	1.9
10	AirArabia ⁹	137.9	10	Virgin Blue	53	10	Southwest	1.8
11	Aer Lingus	105.5	11	Aer Lingus	42	11	GOL	1.7
12	AirTran ²	60.1	12	Allegiant Air	38	12	Allegiant Air	1.5
13	Allegiant Air ²	56.2	13	Norwegian	37	13	Norwegian	0.7
14	Norwegian ¹⁰	24.3	14	Air Arabia	16	14	AirTran	0.4

Source: Latest company filings and press releases

Notes:

1 LTM Dec-2008, unless otherwise noted

2 Converted at average rate of \$/€ 0.68

3 LTM ended 30-Sep-2008

4 Converted at average rate of CAD/€ 0.66 (ended 30-Sep-2008)

5 Converted at average rate of £/€ 1.31 (ended 30-Sep-2008)

6 Converted at average rate of AS\$/€ 0.59

7 Converted at average rate of R\$/€ 0.39 (ended 30-Sep-2008)

8 Converted at average rate of MYR/€ 0.21

9 Converted at average rate of AED/€ 0.19

10 Converted at average rate of NOK/€ 0.12

Note:

11 EBITDAR per Plane

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2008 Full Year | Financial Review


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2008 Full Year Summary Performance			
<i>€m, unless stated</i>	2008	2007	Change
Total revenue	1,357.4	1,284.9	+5.6%
EBITDAR costs (ex-fuel)	850.6	823.3	+3.3%
Fuel costs	401.3	253.3	+58.4%
EBITDAR	105.5	208.3	(49.4%)
Operating (loss)/profit (before profit share)	(17.6)	88.5	(119.9%)
Pre-tax profit before exceptional items	21.2	131.0	(83.8%)
Exceptional items	(140.9)	3.5	NM
EPS (cent)	(20.4)	19.9	(202.5%)
Return on Invested Capital (%)**	9.5%	19.6%	(10.1)pt

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**As measured by EBITDAR/Replacement Value on 12 month-rolling basis.

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2008 Full Year Operating Metrics			
	2008	2007	Change
ASKs (bn)	22.4	19.6	+13.9%
RPKs (bn)	16.3	14.8	+9.9%
Load Factor (Booked RPKs per ASK) (%)	72.8	75.4	(2.6)pts
Passengers (m)	10.0	9.3	+7.5%
Average fare per passenger (€)	115.15	120.72	(4.6%)
Passenger Yield per RPK (€cent)	7.1	7.6	(6.6)%

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2008 Full Year Strong Revenue Growth			
€m	2008	2007	Change
Passenger Revenue	1,151.6	1,123.3	+2.5%
Ancillary Revenue	149.7	108.7	+37.7%
Cargo Revenue	50.3	47.7	+5.5%
Other Revenue	5.8	5.2	+11.5%
Total Revenue	1,357.4	1,284.9	+5.6%

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2008 Full Year | Passenger Revenue

- ✈ Short haul load factor maintained with 6.4% reduction in fare
- ✈ Long haul load factor impacted by significant capacity growth
- ✈ Overall average fare reduced by 4.6%

Short Haul Network				Long Haul Network			
	2008	2007	Change		2008	2007	Change
Passengers (000)	8,737	8,070	8.3%	Passengers (000)	1,264	1,235	2.3%
Revenue (€m)	767	757	1.3%	Revenue (€m)	385	367	5.0%
ASks (m)	12,328	10,743	14.7%	ASks (m)	10,042	8,890	13.0%
Load Factor (%)	73.9	74.6	(0.7)pts	Load Factor (%)	71.4	76.4	(5.0)pts
Average Fare (€)	87.75	93.77	(6.4)%	Average Fare (€)	304.49	296.87	2.6%
Revenue per RPK	8.4	9.4	(10.8)%	Revenue per RPK	5.4	5.4	(0.6)%

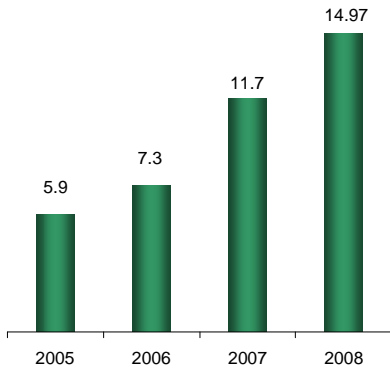
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2008 Full Year | Ancillary Revenue

- ✈ Ancillary revenue increased by 37.7% in 2008 to €149.7million
- ✈ Ancillary revenue per passenger at €14.97 - an increase of 28.2%

Ancillary Revenue per Passenger (€)




→ 28.2% increase per passenger

→ Strong performances from :


- Inflight sales revenue;
- Baggage fees;
- Online booking fees;
- Seat selection; and
- Passenger travel insurance.

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2008 Full Year Unit Costs (per ASK)			
EBITDAR CASK (€cents)	2008	2007	Change
Staff	1.49	1.56	(4.5)%
Airport charges	1.09	1.13	(3.5)%
Ground operations	0.45	0.50	(10.0)%
Maintenance expenses	0.33	0.42	(21.4)%
En-route charges	0.26	0.28	(7.1)%
Distribution costs	0.22	0.26	(15.4)%
Other	(0.04)	0.04	(200.0)%
Total Unit Cost (ex-fuel)	3.80	4.19	(9.3)%
Fuel	1.79	1.29	+37.5%
Total Cash Unit Cost	5.59	5.48	+2.0 %


Continued reduction in unit cost (ex-fuel) per ASK

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2008 Full Year Unit Costs (per Passenger)			
Cost per Passenger (€)	2008	2007	Change
Staff	33.35	32.98	+1.1%
Airport charges	24.29	23.80	+2.1%
Ground operations	10.17	10.50	(3.1)%
Maintenance expenses	7.44	8.88	(16.2)%
En Route charges	5.73	5.88	(2.5)%
Distribution	4.94	5.50	(10.1)%
Other	(0.87)	0.79	(210.1)%
Total cost per pax (ex fuel)	85.05	88.49	(3.9)%
Fuel	40.13	27.22	+47.4%
Total cash cost per passenger	125.18	115.71	+8.2%

Reduction in per Pax cost (ex-fuel) led by maintenance

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Fuel and Currency Hedging

- ✈ 2008 full year fuel bill of €401.3m - Up €148 million or 58.4% year-on-year
- ✈ 76% of 2009 fuel hedged at US\$911 per tonne
- ✈ 22% of 2010 fuel hedged at US\$876 per tonne
- ✈ Fully hedged our trading exposure to USD for 2009 and a large % of our trading exposure for 2010 at favourable rates

Fuel Cost	Average US\$ cost per tonne*	Total Cost €
2007 Actual	US\$ 681 per tonne	€253m
2008 Actual	US\$1,047 per tonne	€401m
2009 (76% Hedged)	US\$ 812 per tonne	€341m

* Excluding into plane fees


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2008 Full Year | Balance Sheet Strength


€m	2008	2007
Aircraft	686.2	635.6
Cash	1,206.8	1,132.3
Other assets	191.5	113.1
Total assets	2,084.5	1,881.0
Debt	552.9	375.3
Other liabilities	758.9	561.8
Equity	915.6	943.9
Total equity and liabilities	2,084.5	1,881.0

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2008 Full Year Net cash movement		
€m	2008	2007
Net cash at 1 January	757.0	769.3*
Cash inflow from operations	38.3	138.2
Working capital cash flow	(41.9)	20.9
Net interest received	29.1	37.6
Capex	(120.1)	(204.9)
Other	(8.5)	(4.1)
Net cash at 31 December	653.9	757.0

* Excludes €104m due for supplemental pension arrangements as agreed at IPO

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Cashflow drivers	
✈	Deteriorating operating environment and changing booking patterns will affect cashflow in 2009
✈	Principal impacts on net cash in 2009 include: <ul style="list-style-type: none"> - Weaker than expected operating environment in 2009 - Working capital impacted by changing booking patterns - Investment in fleet (€160m) - Cashflow associated with exceptional costs (€120m) - Assumes 75% debt financing on aircraft purchases and no sale and leaseback
✈	Net cash at end of 2009 expected to be circa €400m to €430m depending on operating result and working capital position.

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2008 Full Year | Financial Summary

- ✈ Fall in profit reflects difficult consumer and fuel environment
- ✈ Delivery on cost saving initiatives through PCI and maintenance contracts
- ✈ Deteriorating consumer demand requires ongoing review of cost base
- ✈ Cashflow impacted by exceptional costs and working capital


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Total revenue	1,357.4	1,284.9	+5.6%
EBITDAR	105.5	208.3	(49.4%)
Pre-tax profit before exceptional items	21.2	131.0	(83.8)%
Return on Invested Capital (%)**	9.5%	19.6%	(10.1)pt

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Managing Capacity and Shape


Short Haul

- ✦ Short Haul seat capacity increased 10.5% in 2008 - total short haul fleet now 33 aircraft
- ✦ Utilisation increased to 10.4hr per day (2007: 10.1)
- ✦ Seat capacity will grow by 5% in 2009 – total fleet will be 36 aircraft
- ✦ Dublin capacity reduced for 2009 by 1 aircraft year on year (against planned increase of 1 unit)
- ✦ 4 aircraft in Gatwick sourced from 3 new leased units and 1 Dublin unit
- ✦ Dublin down 4%, Belfast down 1%, Cork down 1%, Shannon and Gatwick new

Long Haul

- ✦ Long Haul seat capacity increased by 9.7% in 2008 - two A330 aircraft delivered in H2 2007
- ✦ Utilisation increased to 14.3hr per day (2007: 14.0)
- ✦ Order for six A330-300 Enhanced & six A350XWB aircraft for delivery 2009-2016
- ✦ Fleet deliveries moderated for 2009 given adverse operating environment
 - Two replacement aircraft to be delivered in 2009; one new aircraft deferred until 2010
 - Total LH fleet reduced from 9 a/c to 8 a/c – seat capacity will be down by 10%
- ✦ Long Haul product enhancement - consistency of product and service across fleet
 - 7 of 8 aircraft in new enhanced specification


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Outlook

- ✦ **Consumer confidence in key markets is weak and deteriorating**
- ✦ **Booking pattern is trending towards later bookings**
- ✦ **Likely to see total revenue decline in 2009**
- ✦ **Operating loss will probably be wider than 2008**
- ✦ **Forward prices for fuel continue to fall**
- ✦ **Costs per passenger will fall by circa 10% in 2009**
- ✦ **Continuous cost reduction necessary to ensure return to profitability in 2010**

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Positioned for the Future

Adding Diversified Revenue Streams

- ✦ New international bases and long haul initiatives to diversify revenue and deliver growth over medium-term

Reducing Costs

- ✦ Significant progress on operating cost reduction; efficiencies, automated facilities and web-based booking enhancements

Financial Strength

- ✦ Strong balance sheet to support growth objectives; valuable assets in Heathrow slots, Aircraft fleet and Aer Lingus brand

Strategic Positioning

- ✦ Continuous cost reduction and financial strength provide opportunity to use the downturn to enter key short haul markets at slot co-ordinated airports.

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