

# Aer Lingus Group plc

ISE: EIL1

LSE: AERL

## Q3 2014 operating profit up 19.0% to €112.9m with operating margin of 21.3% and net cash of €571.6 million

Dublin and London, 5 November 2014: Aer Lingus Group plc (“Aer Lingus” or “the Group”) today issues an un-audited interim management statement for the period from 1 July 2014 to 30 September 2014, representing the third quarter of the Group’s financial year.

### Performance highlights

- Q3 2014 operating profit €112.9 million; strongest Q3 result since the financial crisis
- Q3 2014 revenue up 13.9% year-on-year; driven by strong short haul performance and continued success of long haul capacity expansion
- Short haul revenue recovery a highlight of the quarter; passenger volumes and yield per seat all ahead of prior year
- Long haul revenues 34.0% higher; all recurring routes trading ahead of prior year; new 2014 routes trading ahead of expectations. Next year will see the launch of a new Dublin to Washington service and increased frequency on existing long haul routes
- 12.6% rise in quarterly operating costs broadly consistent with increased flying activity relative to prior year (quarterly ASK production up 11.4%)
- Assuming the current trading environment is maintained, management now expect that Aer Lingus’ 2014 operating profit, before exceptional items, will be ahead of the 2013 operating result of €61.1 million
- Progress continues on implementation of proposed IASS solution although complex steps remain to achieve all required approvals

€m (un-audited) <sup>1</sup>	Quarter ended 30 September			Year-to-date 30 September		
	2014	2013	Change <sup>2</sup>	2014	2013	Change <sup>2</sup>
<b>Revenue</b>						
- Short haul fare revenue	274.3	259.9	5.5%	639.5	631.7	1.2%
- Long haul fare revenue	175.9	131.3	34.0%	373.7	297.8	25.5%
- Retail revenue	59.0	56.0	5.4%	149.4	143.2	4.3%
Total passenger revenue	509.2	447.2	13.9%	1,162.6	1,072.7	8.4%
Cargo revenue	11.5	9.9	16.2%	33.2	32.2	3.1%
Other revenue	10.4	9.2	13.0%	32.5	19.2	69.3%
<b>Total revenue</b>	<b>531.1</b>	<b>466.3</b>	<b>13.9%</b>	<b>1,228.3</b>	<b>1,124.1</b>	<b>9.3%</b>
Fuel costs	(114.3)	(103.7)	(10.2%)	(284.6)	(279.3)	(1.9%)
Staff costs	(76.1)	(72.1)	(5.5%)	(219.2)	(210.0)	(4.4%)
Airport & en-route charges	(115.2)	(106.6)	(8.1%)	(293.6)	(279.2)	(5.2%)
Other operating costs	(112.6)	(89.0)	(26.5%)	(327.8)	(277.3)	(18.2%)
<b>Total operating costs</b>	<b>(418.2)</b>	<b>(371.4)</b>	<b>(12.6%)</b>	<b>(1,125.2)</b>	<b>(1,045.7)</b>	<b>(7.6%)</b>
<b>Operating profit before exceptional items<sup>3</sup></b>	<b>112.9</b>	<b>94.9</b>	<b>19.0%</b>	<b>103.1</b>	<b>78.4</b>	<b>31.5%</b>
Operating margin	21.3%	20.4%	0.9ppts	8.4%	7.0%	1.4ppts
<b>EBITDAR<sup>4</sup></b>	<b>152.7</b>	<b>127.2</b>	<b>20.0%</b>	<b>217.6</b>	<b>174.1</b>	<b>25.0%</b>
<b>Gross cash<sup>5</sup></b>	<b>973.3</b>	<b>933.2</b>	<b>4.3%</b>			
<b>Gross debt</b>	<b>(401.7)</b>	<b>(492.6)</b>	<b>18.5%</b>			
<b>Net cash</b>	<b>571.6</b>	<b>440.6</b>	<b>29.7%</b>			

<sup>1</sup> The trading results set out above are presented in euro rounded to the nearest thousand; therefore discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding

<sup>2</sup> Sign convention: favourable / (adverse)

<sup>3</sup> Operating profit before exceptional items is a non IFRS measure

<sup>4</sup> EBITDAR is a non IFRS measure defined as Earnings Before Interest, Tax, Depreciation, Amortisation & aircraft operating lease Rentals

<sup>5</sup> Gross cash includes restricted cash of €19.6 million (2013: €22.1 million)

## CEO performance review

### **Christoph Mueller, Aer Lingus' CEO said:**

*"We are particularly pleased with Aer Lingus' Q3 2014 performance. Our quarterly operating result of €112.9 million, representing an operating margin of 21.3%, is 19.0% above prior year and is our highest Q3 operating result since the financial crisis. Our net cash increased by 29.7% to €571.6 million.*

*Aer Lingus' short haul traded strongly in a tough environment, with revenue growth increasing by 5.5% in the quarter. This is a reflection of the inherent strength of our business model and the success of management actions taken to address the effects of industrial disruption in Q2 2014.*

*In long haul, we carried nearly a quarter more passengers compared to last year while increasing our load factor and revenue per seat. We target further profitable growth of our long haul business into 2015. Our new Dublin to Washington service will be launched in May 2015 and services on existing transatlantic routes will be increased. This will provide even more connectivity for our passengers and strengthen Aer Lingus' and Dublin's position in traffic between Europe and North America.*

*We continue to make progress towards the implementation of a solution to address the funding issues in the IASS. The outcome of the ballot of union members is expected imminently and we will announce the result as soon as it is available. Subject to a positive outcome in this ballot, we expect to engage with our shareholders before the end of the year, starting with the publication of a shareholder circular in the coming weeks, followed by an EGM. We reiterate that the current proposal is the only viable solution that is capable of acceptance by all parties.*

*Assuming the current trading environment is maintained, management now expect that Aer Lingus' full year 2014 operating profit, before exceptional items, will be ahead of the 2013 operating result (i.e. €61.1 million)."*

## Conference call details

The Aer Lingus management team will host a conference call for institutional investors and analysts at 8.30am GMT on 5 November 2014. Dial in details are:

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## Further enquiries

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### **Note on forward-looking information**

*This Announcement contains forward-looking statements, which are subject to risks and uncertainties because they relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Group or the industry in which it operates, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements referred to in this paragraph speak only as at the date of*

this Announcement. The Group will not undertake any obligation to release publicly any revision or updates to these forward-looking statements to reflect future events, circumstances, unanticipated events, new information or otherwise except as required by law or by any appropriate regulatory authority.

### Aer Lingus operating metrics (un-audited)

	Three months ended 30 September			Nine months ended 30 September		
	2014	2013	Change	2014	2013	Change
<b>Passengers carried ('000) *</b>						
Short haul	<b>2,625</b>	2,568	2.2%	<b>6,678</b>	6,650	0.4%
Long haul	<b>427</b>	345	23.8%	<b>989</b>	833	18.7%
<b>Total</b>	<b>3,052</b>	2,913	4.8%	<b>7,667</b>	7,483	2.5%
<b>Revenue passenger kilometres (RPKs) (m) *</b>						
Short haul	<b>2,940</b>	2,891	1.7%	<b>7,177</b>	7,171	0.1%
Long haul	<b>2,334</b>	1,803	29.5%	<b>5,370</b>	4,377	22.7%
<b>Total</b>	<b>5,274</b>	4,694	12.4%	<b>12,547</b>	11,548	8.7%
<b>Available seat kilometres (ASKs) (m)</b>						
Short haul	<b>3,583</b>	3,524	1.7%	<b>9,358</b>	9,338	0.2%
Long haul	<b>2,532</b>	1,966	28.8%	<b>6,308</b>	5,219	20.9%
<b>Total</b>	<b>6,115</b>	5,490	11.4%	<b>15,666</b>	14,557	7.6%
<b>Passenger load factor (%) (flown RPKs per ASKs)*</b>						
Short haul	<b>82.1%</b>	82.0%	0.1 pts	<b>76.7 %</b>	76.8%	(0.1 pts)
Long haul	<b>92.2%</b>	91.7%	0.5 pts	<b>85.1 %</b>	83.9%	1.2 pts
<b>Total</b>	<b>86.2%</b>	85.5%	0.7 pts	<b>80.1 %</b>	79.3%	0.8 pts
<b>Average revenue per passenger (€)</b>						
Short haul	<b>104.51</b>	101.19	3.3%	<b>95.77</b>	95.00	0.8%
Long haul	<b>411.46</b>	380.91	8.0%	<b>377.94</b>	357.57	5.7%
<b>Total</b>	<b>147.50</b>	134.28	9.8%	<b>132.16</b>	124.22	6.4%
<b>Average revenue per seat (€)</b>						
Short haul	<b>84.61</b>	80.43	5.2%	<b>72.21</b>	70.34	2.7%
Long haul	<b>379.03</b>	349.20	8.5%	<b>321.23</b>	299.93	7.1%
<b>Total</b>	<b>121.47</b>	108.45	12.0%	<b>101.12</b>	93.20	8.5%
<b>Retail revenue per passenger (€)</b>						
	<b>19.33</b>	19.24	0.5%	<b>19.48</b>	19.13	1.8%
<b>Aer Lingus Regional passengers carried ('000)</b>	<b>404</b>	343	17.8%	<b>1,025</b>	836	22.6%

\* Based on flown passengers and excluding Aer Lingus Regional Services operated by Stobart Air and the "wet lease" agreement with Virgin Atlantic Airways Limited ("contract flying business")

Q3 2014 was again a strong quarter for Aer Lingus with an operating profit, before exceptional items, of €112.9 million. This represents a 19.0% increase on Q3 2013 (€94.9 million). This result was driven by strong short haul revenue performance relative to prior year and continued strength in our transatlantic business during the peak summer travel period.

In Q3 2014, Aer Lingus had to address the effects of actual and threatened industrial action earlier in the year, with bookings at the end of June 2014 being €10 million lower than expected. The positive effects of management actions as well as resilient underlying passenger demand for Aer Lingus' services are reflected in the revenue and operating profit in the quarter.

It should be noted that the prior year Q3 results were adversely impacted by exceptional weather conditions negatively affecting trading and by a significant increase in short haul price competition.

### Revenue

Total Q3 2014 revenue increased by 13.9% compared with prior year. All activities contributed positively to this year-on-year growth.

Short haul passenger revenue increased by 5.5% to €274.3 million (Q3 2013: €259.9 million) driven by a 5.2% increase in revenue per seat and 2.2% increase in short haul passenger numbers. Short haul load factor remained steady at 82.1%, fully absorbing the 1.7% increase in short haul capacity deployed in the quarter.

Long haul passenger revenue increased by 34.0% to €175.9 million (Q3 2013: €131.3 million), reflecting the attractiveness of the Aer Lingus long haul proposition and underlying passenger demand. New routes to San Francisco and Toronto and higher frequencies on existing routes increased capacity by 28.8%. Additional capacity was converted in 23.8% higher long haul passenger volumes, 8.5% higher in yield per seat and a 0.5 percentage point increase in load factor compared to Q3 2013.

Retail revenue increased by 5.4% in the quarter reflecting increased passenger volumes (particularly in short haul) as well as a 0.5% increase in average spend per passenger to €19.33.

Aer Lingus' contract flying activities (reported under "Other revenue" above) performed positively in the quarter. Please see the "Recent commercial developments" section below for additional comments on Virgin "Little Red" operations.

### Operating expenses

Operating expenses of €418.2 million in Q3 2014 increased by 12.6% compared with prior year (Q3 2013 €371.4 million). This increase should be seen in the context of increased flying activity in the quarter (i.e. 11.4% increase in capacity deployment in the quarter compared to Q3 2013) in combination with higher distribution, IT and project costs.

Q3 2014 fuel cost of €114.3 million increased by 10.2% compared to prior year. This movement in fuel costs reflects a 11.9% increase in fuel volume consumption, partly offset by 2.2% lower unit fuel prices (i.e. average Q3 2014 fuel cost per tonne, excluding into-plane costs, declined to US\$979 from US\$1,001 in Q3 2013) and the positive effect of the relatively weaker US\$ in the quarter compared to Q3 2013 (i.e. US\$1.34 vs. US\$1.32). Details of our fuel hedging for the remainder of 2014 and for 2015 are outlined in the fuel and currency hedging section below.

The 5.5% increase in Q3 2014 staff costs was primarily driven by an increase in average staffing levels to support the increase in transatlantic flying. Airport and en-route charges increased by 8.1% in the quarter. This increase is attributable to a combination of higher passenger volumes, increased charges at certain airports and the unfavourable effect of stronger GBP on a year-on-year basis (i.e. GBP0.81 vs. GBP0.85).

Other operating costs increased by 26.5% to €112.6 million (Q3 2013: €89.0 million). This year-on-year movement is due to a combination of factors including increased aircraft hire charges (related to the three additional leased B757 aircraft), depreciation and higher distribution charges. The latter are the result of increased passenger volumes, higher transatlantic volumes and increased advertising costs associated with the industrial disruption in Q2 2014. In addition, overheads rose year-on-year due to increased IT and other optimisation projects.

## Review of nine months to September 2014

Aer Lingus' Year-to-Date ("YTD") September 2014 operating profit, before exceptional items, increased by 31.5% to €103.1 million (YTD September 2013: €78.4 million). This year-on-year increase in operating profit has been achieved despite the negative impact of threatened and actual industrial disruption earlier in 2014.

### Revenue

Short haul revenue for the nine months to September 2014 increased by 1.2% to €639.5 million (2013: €631.7 million) driven by both a 2.7% increase in average short haul yield per seat and a 0.4% increase in passenger numbers. YTD short haul load factor remained steady at 76.7%.

Long haul passenger revenue for the nine months to September 2014 increased by 25.5% to €373.7 million (YTD September 2013: €297.8 million). All YTD long haul revenue metrics are ahead of the corresponding prior year period: yield per seat is up 7.1%; passenger volumes are up 18.7% and load factor is up 1.2 percentage points. The increase in load factor has been achieved notwithstanding a 20.9% increase in capacity deployed for the first nine months of 2013.

YTD retail revenue increased 4.3% year-on-year reflecting a 1.8% increase in retail revenue per passenger as well the increase in passenger volumes noted above. Other revenue reported for the YTD period increased by 69.3% to €32.5 million (YTD September 2013: €19.2 million) primarily reflecting the full nine month impact of Aer Lingus' contract flying business which performed positively in the first nine months of 2014.

### Operating expenses

Operating expenses increased by 7.6% to €1,125.2 million in the nine months to September 2014 (YTD September 2013: €1,045.7 million).

YTD fuel costs increased by 1.9% to €284.6 million (YTD September 2013: €279.3 million) driven by a 7.7% increase in fuel uplift (in metric tonnes). This was offset by favourable price movements with the average fuel cost per metric tonne (excluding into-plane fees) decreasing to US\$979 compared with US\$1,011 for the same period in 2013. In addition fuel benefited from a relatively weaker US\$ in the first nine months of 2014 compared to prior year (i.e. US\$1.36 versus US\$1.31).

YTD staff costs increased by 4.4% year-on-year driven by additional recruitment required to support increased transatlantic activity. Airport and en-route charges increased by 5.2% related to higher passenger volumes, increased charges at certain airports and the effect of stronger GBP relative to the euro (i.e. year-on-year GBP0.81 vs. GBP0.85).

Other operating costs increased by 18.2% to €327.8 million (YTD 2013 €277.3 million). As previously noted, this cost movement should be viewed in the context of higher year-on-year flying activity which is reflected in increased fuel costs, aircraft hire charges and depreciation. Distribution charges also increased due to higher passenger volumes and transatlantic revenues. As was the case with Q3 2014, Aer Lingus incurred higher overhead charges in the YTD period in relation to IT and other projects which, for example, resulted in higher software licensing fees and charges for third party services.

## Outlook

Aer Lingus is typically seasonally loss making in the fourth quarter and this is also expected to be the case in 2014. In addition, the Q4 2014 operating results will reflect the Group's 2014 expanded fleet, which while facilitating Aer Lingus' year-on-year out-performance in Q2 and Q3 2014, leads to higher fixed costs affecting the Q4 2014 result. For this reason, we expect the Q4 2014 operating loss will be higher than that reported for the same period in 2013.

Notwithstanding this, and assuming the current trading environment is maintained, management now expect that Aer Lingus' full year 2014 operating profit, before exceptional items, will be ahead of the 2013 operating result (i.e. €61.1 million).

## Fuel & currency sensitivities

Based on the trading deficit in US dollars (before hedging) for the nine months ended 30 September 2014, a 5% weakening of the average EUR to USD exchange rate would have a negative effect of approximately €4.8 million.

Based on the trading surplus in sterling (before hedging) for the nine months ended 30 September 2014, a 5% weakening of the average EUR to GBP exchange rate would have a positive effect of approximately €5.3 million.

The impact of these currency movements after taking account of hedging would have been negligible for both YTD 2014 and YTD 2013

A 5% weakening of the average fuel cost after hedging per metric tonne (excluding into plane fees) would positively impact results by €13.3 million for YTD 2014. On the other hand, a 5% weakening of the average EUR to USD exchange rate would have resulted in higher fuel costs of €14.8 million for YTD 2014.

Although it is too early to comment in detail on possible 2015 trading, the impact of the expected strength in the US\$ exchange rate relative to the average rate which applied in 2014 will impact a number of cost captions (such as fuel, airport & en-route charges, aircraft lease charges and certain maintenance costs). This may offset the benefit of lower fuel prices.

## Fuel & currency hedging

As at 30 September 2014, Aer Lingus had hedged 88% of its forecast Q4 2014 fuel requirements at an average of US\$943 per metric tonne. In addition, 50% of total 2015 fuel requirements were hedged at US\$937 per metric tonne. A summary of the quarterly fuel hedging position for the remainder of 2014 and 2015 is:

Fuel	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full yr 2015
Estimated burn ('000 metric tonnes)	112	90	144	154	115	504
% hedged	88%	80%	58%	40%	32%	50%
Avg. hedged price/MT (US\$)	943	940	937	936	931	937

As at 30 September 2014, the majority of Aer Lingus' estimated US\$ trading requirement for Q4 2014 was hedged at an average rate of US\$1.34. In addition, 56% of our total estimated US\$ trading requirement for 2015 was hedged at a rate of US\$1.34. As at 30 September 2014, we had sold forward 95% of our expected GBP surplus for Q4 2014 at a rate of €1 = GBP0.84 and 56% of our expected 2015 GBP surplus at a rate of GBP0.83.

## Financial position

Net cash of €571.6 million at 30 September 2014, was 29.7% higher than September 2013.

Gross cash at 30 September 2014 was €973.3 million, which is €40.1 million higher than September 2013. The increase in gross cash is largely driven by the higher degree of trading activity during the preceding 12 months period including the benefit of increased working capital inflows. In the twelve months to 30 September 2014, the Group also made scheduled finance leases repayments of €111.4 million and paid a dividend of €21.3 million.

In the twelve months to 30 September 2014, gross debt decreased by €90.9 million to €401.7 million with €111.4 million of finance lease repayments, offset by a €15.6 million foreign exchange movement related to the strengthening of the US\$ against the euro as well as accrued interest on finance lease debt of €4.9 million. As a result of final bullet finance lease repayments, five aircraft became unencumbered in the twelve months to 30 September 2014. One further A320 aircraft is scheduled to be unencumbered by the end of 2014.

## Cost Optimisation and Revenue Excellence “CORE” programme

CORE comprises revenue, process and staff related initiatives. Progress on revenue and process initiatives has been positive with several projects completed to date including the move to London Heathrow Terminal 2, the increase in booking classes, the re-launch of Aer Lingus business class and the reduction in the number of legacy software applications. Aer Lingus remains committed to achieving the CORE programme savings targets. However, as previously disclosed, limited financial benefits are expected in 2014. Progress on staff related initiatives has been delayed by industrial action in Q2 2014 and the implementation of the proposed IASS solution. The successful implementation of the IASS solution, including employment cost stabilisation measures, will be a key enabler to achieving other, targeted labour related benefits. These include a re-launched voluntary severance scheme, annual working time efficiencies and a fundamental re-positioning of labour relations in Aer Lingus through an internal disputes resolution mechanism.

## Recent commercial developments

### Transatlantic expansion

Aer Lingus intends to grow its transatlantic network in 2015 making use of its competitive cost position, geographic location, extensive network, customer proposition and flexible fleet. This planned growth will increase the number of seats offered by Aer Lingus during the 2015 summer season by 135,000 (12.5% year on year growth) to 1.2 million seats, and is equivalent to a 14% increase in ASK production. The planned schedule is fully aligned with our demand-led focus with a greater relative increase planned during the peak summer season.

An additional A330 will be added to the fleet from May 2015 (leased on a five year term) and will be deployed during the summer 2015 season as follows:

- Commencement of a direct service between Dublin and Washington Dulles, four services per week (operating Monday, Wednesday, Friday and Sunday);
- Increase in frequency on the Dublin to San Francisco route from five services per week to a daily service;
- Increase in frequency on the Dublin to Orlando route from three to four services per week.

The introduction of Washington and increased service on existing routes adds scope to our network and increases the relevance of both Aer Lingus and the Dublin hub in traffic between Europe and North America. Connections from sixteen UK and continental European cities will be available to Washington, with Washington also serving as a gateway to over thirty US domestic destinations.

In addition to the core fleet of eight A330s and three B757s, Aer Lingus will also deploy a B767 on an ACMI contract during the peak 12 weeks of the summer programme. This incremental aircraft and capacity will enable:

- The increase in capacity on the daily Shannon Boston route from a B757 (177 seats) to a B767 (210 seats);
- The introduction of a third daily frequency on the Dublin to New York route to provide an early morning departure westbound and a daylight service eastbound. As demonstrated in the table below, this increased frequency, operated by a B757, will complement the existing two daily A330 services and offer new travel options. The additional frequency cements the Aer Lingus' position as the largest operator on this route.

Flight / Aircraft	Departs Dublin	Arrives New York	Flight / Aircraft	Departs New York	Arrives Dublin
E1103/B757	0750	1020	E1102/B757	1200	2340
E1105/A330	1050	1320	E1104/A330	1730	0510
E1109/A330	1600	1830	E1108/A330	2100	0840

### Virgin “Little Red” operations

We have been informed by Virgin Atlantic of its intention to cease its “Little Red” operations on a phased basis in 2015 in line with contractual agreements. Aer Lingus has commenced the process of re-assessing the deployment of aircraft assets including aircraft applied by Aer Lingus on “Little Red” services. Aer Lingus is currently exploring a number of new opportunities in the context of its short haul fleet arising from the controlled phase out of Virgin “Little Red”. Other exit costs associated with the cessation of “Little Red” services are largely mitigated through inbuilt flexibility in contractual arrangements related to these services.

### A350 fleet order

In our H1 2014 results, we noted that discussions with Airbus in relation to our A350-XWB fleet order had substantially concluded but that we were in the process of evaluating the new A330 neo long haul aircraft. This process is continuing.

## Pension and related Matters

As disclosed in detail in our H1 2014 results Aer Lingus remains focused on the implementation of the Labour Court recommendations, as varied by the Expert Panel in relation to the issues arising from the funding shortfall in the Irish Airlines (General Employees) Superannuation Scheme (the “IASS”).

The following implementation steps have now been achieved:

- Aer Lingus entered into a conditional agreement with the IASS Trustee dated 11 September 2014 and a memorandum of understanding with trade unions representing Aer Lingus staff dated 15 September 2014;
- Aer Lingus, DAA and the IASS Trustee commenced an extensive communications exercise for current and former employees on 24 September 2014. This exercise comprised detailed proposal guides, personal illustrations, information website and interactive question and answer sessions;
- A consultation period, during which IASS members could provide feedback to the IASS Trustee also commenced on 24 September 2014 and ended on 27 October 2014. The IASS Trustee will consider feedback received for a period which is expected to end on 15 November 2014; and
- Trade unions representing Aer Lingus staff have conducted a member ballot on the proposed IASS solution, the results of which are expected imminently.

Despite the above steps, the implementation of the proposed IASS solution is a complex process and there remains a risk of unexpected delay or other unanticipated issues arising.

Subject to a positive outcome of the trade union ballot, Aer Lingus expects to issue a circular to shareholders in mid-November 2014 setting out full details of the proposed IASS solution. This will be followed by the convening of an extraordinary general meeting in mid-December 2014 to seek approval from shareholders to make proposed once-off payments totaling €190.7 million relating to the proposed IASS solution. If shareholder approval is received, the benefit reductions proposed by the IASS trustee will still need to be approved by the Pensions Authority in order for the proposed IASS solution to be fully implemented.

The proposed IASS solution does not relate to the Irish Airlines' (Pilots) Superannuation Scheme (the "Pilots' Scheme"). Aer Lingus has engaged in discussions regarding the Pilots' Scheme with the trustee of the Pilots Scheme and IALPA. These parties have signed a funding proposal for submission to the Pensions Authority and this funding proposal does not involve any capital contribution by Aer Lingus either within the Pilots' Scheme or outside of the Pilots' Scheme. The trustee of the Pilots' Scheme is awaiting the decision of the Pensions Authority regarding the funding proposal.

### **Ryanair shareholding**

Ryanair's appeal in relation to the decision of the Competition Appeals Tribunal to the UK Court of Appeal will be heard on the 26 and 27 November 2014, with a judgement likely in the first quarter of 2015.