Aer Lingus Group plc

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Interim Management Statement

Dublin, London, 9 November 2009: Aer Lingus Group plc ("Aer Lingus" or the "Group") today issues an interim management statement covering the period from 1 July 2009 to 30 September 2009, representing the third quarter of the Group's financial year.

Performance overview – Third quarter - three months to 30 September 2009
Total revenues decreased by 9.7% during the quarter compared to the same period in 2008. Flown passenger numbers increased by 7% year-on-year to 3.08 million. This comprised a 10.0% increase in passengers on short-haul and a 13.2% decrease on long-haul. Average passenger revenue in the period fell by 14.8% year on year.

Short-haul capacity, measured in available seat kilometres (ASKs), increased by 10.5% in the quarter to 30 September 2009 compared to the same period in 2008. Long haul-capacity decreased by 18.0% in the quarter. Overall flown load factor has increased by 1.3 percentage points to 80.4% compared to the same period in 2008, with short haul flown load factor up by 1.4 percentage points to 82.0 %, and long haul flown load factor up by 0.6 percentage points versus 2008 to 77.8%.

Yields continue to reflect the poor market conditions and weak economic environment. Short-haul average fare fell by 12.3% year on year for the same period. This decline was partly offset by an increase of 8.5% in ancillary revenue per passenger. Long haul average fare fell by 17.0% year on year. Overall average fare for the quarter declined 17.6% on the same period last year.

Cash flow and balance sheet
Net cash was €399.9 million as at 30 September 2009. This represents a decrease of 38.8% since 31 December, 2008 (€653.9 million), and reflects an outflow of €107 million in respect of restructuring costs, provided for in 2008, the final payments for two new A330 aircraft delivered in the first half, and the net cash flow from operating activities.

Fuel hedging
Based on an estimated unhedged fuel cost of US$696 per tonne for the remaining two months of the year, Aer Lingus expects its blended fuel rate to be US$864 per tonne for the 2009 full year. The Group has extended its hedging to 53% of the estimated 2010 full year tonnage at a rate of US$778 per tonne and 9% of the estimated 2011 full year tonnage at a rate of US$734 per tonne.

New Chief Executive and Transformation Plan
Our new Chief Executive, Christoph Mueller, joined Aer Lingus Group on 1 September 2009. The board is confident that Christoph has the knowledge and experience to lead the executive management team in this crucial period in the airline's history.

On 7 October 2009 Aer Lingus announced a Transformation Plan to reduce costs, remove legacy work practices and improve revenue, which will position the Group to compete more effectively against a peer group with significantly lower operating costs. As announced, the proposed changes under the Transformation Plan are expected to yield operating costs savings, excluding fuel, of €97 million per annum, consisting of €74 million in staff costs savings and €23 million in non-staff costs savings.

The first stage of the Transformation Plan will deliver substantial reductions in operating costs, enhance productivity and implement changes in the Group's pension arrangements. The second phase will focus on delivering revenue growth through a series of commercial initiatives and further cost savings through a series of business process improvements.

The first stage has commenced and management is currently engaged in a consultation period with employees and unions and expects this process to be concluded on or about 18 November 2009. A further A330 will be removed from long haul service as part of the change bringing long haul winter operations to five units and Summer 2010 to a maximum of six units.

Network and fleet developments

On 4 August 2009 the Group announced that agreement had been reached with Airbus on a revised delivery schedule for three A330s and two A350s. Aer Lingus negotiated the revised delivery schedule at no additional cost to the Group. The new delivery schedule and the related revised pre-delivery payment schedules for these aircraft will result in significant reductions in medium term capital commitments for the Group.

Aer Lingus also negotiated the termination of an existing lease of an A330 aircraft in October, 18 months ahead of schedule, and has also reached agreement for the early termination of an additional lease of an A330 in March 2010, 14 months ahead of schedule (which will again reduce medium term capital commitments).

Aer Lingus continues to evaluate the business' network and fleet needs and optimise fleet ownership costs. As part of this, on 7th October 2009 the airline published an RFI for Sale or Sale and Leaseback of a number of its aircraft. A significant number of expressions of interest have been received as at the closing date and the company will seek to pursue the disposal of some units in the fleet should there not be the demand or appropriate cost base to operate them.

Outlook

The business continues to experience challenging conditions. However the actions taken to remove capacity on underperforming parts of the network has had a positive impact on stabilising load factors and yields while reducing operating costs. While the fall in yield year on year continues, the pace of decline in average fares does not appear to be accelerating currently. Cost increases in the form of higher fuel prices, airport and navigation charges together with further expected GDP declines and unemployment increases in our major markets, will mean that we must continue to reduce any costs within our control so that we can cope with continued falling fares, compete and maintain balance sheet strength.

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