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RYANAIR HOLDINGS PLC  
Form 20-F  
September 29, 2004

As filed with the Securities and Exchange Commission on September 29, 2004  
=====

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g)  
OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended: March 31, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

0-29304

(Commission file number)

Ryanair Holdings plc  
(Exact name of registrant as specified in its charter)

Ryanair Holdings plc  
(Translation of registrant's name into English)

Republic of Ireland  
(Jurisdiction of incorporation or organization)

c/o Ryanair Limited  
Corporate Head Office  
Dublin Airport  
County Dublin, Ireland  
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

None

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Title of each class	Name of each national market on which registered
American Depositary Shares, each representing five Ordinary Shares	Nasdaq National Market

Ordinary Shares, par value 1.27 euro cent per Share	Nasdaq National Market*
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Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None  
(Title of Class)

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Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

759,271,140 Ordinary Shares

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17  Item 18

\* Not for trading, but only in connection with the registration of the American Depositary Shares.

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Presentation of Financial and Certain Other Information

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As used herein, the term "Ryanair Holdings" refers to Ryanair Holdings plc. The term the "Company" refers to Ryanair Holdings together with its consolidated subsidiaries. The terms "Ryanair Limited" and "Ryanair" refer to Ryanair Limited, a wholly-owned subsidiary of Ryanair Holdings, together with its consolidated subsidiaries. The term "fiscal year" refers to the twelve-month period ended on March 31 of such year. All references to "Ireland" herein are references to the Republic of Ireland. All references to the "U.K." herein are references to the United Kingdom and all references to the "United States" or "U.S." herein are references to the United States of America. References to "U.S. dollars," "dollars," "\$" or "U.S. cents" are to the currency of the United States, references to "U.K. pounds sterling," "sterling," "U.K. POUND" and "U.K. pence" are to the currency of U.K. and references to "EUR," "euro" and "euro cents" are to the euro, the common currency of twelve Member States of the European Union (the "EU"), including Ireland. References to "Irish pounds" or "IR POUND" are to the former currency of Ireland. Various amounts and percentages set out in this Annual Report on Form 20-F (this "Report") have been rounded and accordingly may not total.

The Company owns or otherwise has rights to the trademark RYANAIR (R) in certain jurisdictions. See "Item 4. Information on the Company-Trademarks." This Report also makes reference to trade names and trademarks of companies other than the Company.

The Company publishes its Consolidated Financial Statements in accordance with accounting principles generally accepted in Ireland ("Irish GAAP"), which differ in certain respects from accounting principles generally accepted in the United States ("U.S. GAAP"). For a detailed discussion of the differences between Irish GAAP and U.S. GAAP that affect the Company's Consolidated Financial Statements, see Note 31 to the Consolidated Financial Statements included in Item 18.

The company publishes its Financial Statements in euro. Solely for the convenience of the reader, this Report contains translations of certain euro amounts into U.S. dollars at specified rates. These translations should not be construed as representations that the converted amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated or at any other rate. Unless otherwise indicated, such U.S. dollar amounts have been translated from euro at a rate of EUR 1.00=\$1.2292 or \$1.00=EUR 0.8135, the noon buying rate in New York City for cable transfers of foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate") on March 31, 2004. The Noon Buying Rate for euro on September 15, 2004 was EUR 1.00=\$1.214 or \$1.00=EUR 0.824. See "Item 3. Key Information-Exchange Rates" for information regarding rates of exchange between the euro and the U.S. dollar, between the U.K. pound sterling and the euro and between the U.K. pound sterling and the U.S. dollar from 1999 to the present, and "Item 5. Operating and Financial Review and Prospects" and "Item 11. Quantitative and Qualitative Disclosure About Market Risk" for a discussion of the effects of changes of exchange rates on the Company.

Prior to March 31, 2000, the reporting currency of the Company was Irish pounds. To facilitate a comparison, Irish pound-denominated financial data for periods prior to March 31, 2000 included in this Report have been restated from Irish pounds to euro at the fixed rate of IR POUND 0.787564=EUR 1.00 set by the European Central Bank as of December 31, 1998. The comparative balances for prior years now reported in euro depict the same trends as would have been presented had the Company continued to report such amounts in Irish pounds. The Company's financial data for periods prior to March 31, 2000 may not be comparable to that of other companies reporting in euro if those companies had restated from a reporting currency other than Irish pounds, due to the fact that prior to the adoption of the euro the currencies of the other euro area countries fluctuated against the Irish pound.

Cautionary Statement Regarding Forward Looking Information

Except for the historical statements and discussions contained herein, statements contained in this Report constitute "forward looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. Forward looking statements may include words such as "expect," "estimate," "project," "anticipate," "should," "intend" and similar expressions or variations on such expressions. Any filing of the Company with the U.S. Securities and Exchange Commission may include forward looking statements. In addition, other written or oral statements which constitute forward looking statements have been made and may in the future be made by or on behalf of the Company, including statements concerning its future operating and financial performance, the Company's share of new and existing markets, general industry and economic trends and the Company's performance relative thereto and the Company's expectation as to requirements for capital expenditures and regulatory matters. The Company's business is the provision of a low-fares airline service in Europe, and its outlook is predominately based on its interpretation of what it considers to be the key economic factors affecting that business and the European economy. Forward looking statements with regard to the Company's business rely on a number of assumptions concerning future events and are subject to a number of uncertainties and other factors, many of which are outside the Company's control, that could cause actual results to differ materially from such statements. It is not reasonably possible to itemize all of the many factors and specific events that could affect the outlook and results of an airline operating in the European economy. Among the factors that are subject to change and could significantly impact Ryanair's expected results are the airline pricing environment, fuel costs, competition from new and existing carriers, market prices for replacement aircraft, costs associated with environmental, safety and security measures, actions of the Irish, U.K., EU and other governments and their respective regulatory agencies, fluctuations in currency exchange rates and interest rates, airport handling and access charges, litigation, labor relations, the economic environment of the airline industry, the general economic environment in Ireland, the U.K. and elsewhere in Europe, the general willingness of passengers to travel and other factors discussed herein. The Company disclaims any obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

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## THE COMPANY

Ryanair operates a low-fares scheduled passenger airline serving short-haul, point-to-point routes in Europe from its bases at Dublin, London (Stansted), Shannon, London (Luton), Glasgow (Prestwick), Brussels (Charleroi), Frankfurt (Hahn), Milan (Bergamo), Stockholm (Skavsta), Barcelona (Girona) and Rome (Ciampino) airports, which together are referred to as "Ryanair's bases of operations" or "Ryanair's bases." In operation since 1985, Ryanair began to introduce a low cost operating model under a new management team in the early 1990s. The Company offers over 500 scheduled short-haul flights per day serving 24 locations in the U.K. and Ireland and 64 locations in continental Europe, with an operating fleet of 76 aircraft flying a total of 161 routes.

A detailed description of the Company's business can be found in "Item 4. Information on the Company."

## SELECTED FINANCIAL DATA

On January 1, 1999, the euro was introduced as the common legal currency of then eleven of the Member States of the EU, including Ireland. The Company has adopted the euro as its reporting currency in the Consolidated Financial Statements included in Item 18 and all Irish pound-denominated financial data for periods prior to March 31, 2000 included in this Report have been restated from Irish pounds to euro at the fixed rate of IR POUND 0.787564=EUR 1.00 set by the European Central Bank as of December 31, 1998. The comparative balances for prior years now reported in euro depict the same trends as would have been presented had the Company continued to report such amounts in Irish pounds. However, they may not be directly comparable to the financial statements of other companies that have been restated in euro if those companies had restated from a reporting currency other than Irish pounds, due to the fact that prior to the adoption of the euro, the currencies of euro-area countries fluctuated against the Irish pound.

The following tables set forth certain of the Company's selected consolidated financial information and should be read in conjunction with the audited Consolidated Financial Statements of the Company and related notes thereto included in Item 18 and with "Item 5. Operating and Financial Review and Prospects."

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### Profit and Loss Account Data:

Irish GAAP	Fiscal Year ended				
	2004 (a)	2004	March 31, 2003	2002	2001
(in thousands, except per Ordinary Share and per ADS)					
Total operating revenues.....	\$1,320,436	EUR 1,074,224	EUR 842,508	EUR 624,050	EUR 487,400
Total operating expenses.....	(1,011,554)	(822,937)	(579,034)	(461,117)	(373,390)
Operating income before goodwill amortization.....	308,882	251,287	263,474	162,933	114,010

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Goodwill amortization.....	(2,879)	(2,342)	-	-	
Operating income after goodwill amortization.....	306,003	248,945	263,474	162,933	114,011
Net interest (expense) income....	(29,098)	(23,673)	477	7,939	7,700
Other non-operating income .....	3,943	3,208	599	1,502	1,677
Profit before taxation.....	280,848	228,480	264,550	172,374	123,388
Taxation.....	(26,881)	(21,869)	(25,152)	(21,999)	(18,900)
Profit after taxation.....	\$253,967	EUR 206,611	EUR 239,398	EUR 150,375	EUR 104,488
Ryanair Holdings basic earnings per Ordinary Share (U.S. cents)/(euro cent) (b)..	33.53	27.28	31.71	20.64	14.80
Ryanair Holdings diluted earnings per Ordinary Share (U.S. cents)/(euro cent).....	33.20	27.00	31.24	20.32	14.60
Ryanair Holdings basic earnings per ADS (U.S. cents)/(euro cent) (c).....	167.66	136.40	158.55	103.20	74.00

See notes on page 5.

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Profit and Loss Account Data:

U.S. GAAP	Fiscal Year ended				
	2004(a)	2004	2003	2002	2001
	(in thousands, except per Ordinary Share and per ADS d)				
Total operating revenues.....	\$1,320,436	EUR 1,074,224	EUR 842,508	EUR 624,050	EUR 487,400
Total operating expenses.....	(1,011,336)	(822,760)	(577,780)	(459,814)	(370,450)
Operating income.....	309,100	251,464	264,728	164,236	116,950
Net interest (expense) income..	(20,232)	(16,460)	5,739	12,966	7,700
Other non-operating income (expenses).....	3,943	3,208	(3,590)	1,502	8,477
Income before taxation.....	292,811	238,212	266,877	178,704	133,130
Taxation.....	(28,004)	(22,782)	(25,067)	(23,155)	(20,740)
Net income.....	\$264,807	EUR 215,430	EUR 241,810	EUR 155,549	EUR 112,390
Basic earnings per Ordinary Share (U.S. cents)/(euro cent) (b)...	34	28	32	21	14
Diluted earnings per Ordinary Share (U.S. cents)/(euro cent) (b).....	34	28	31	20	14
Net income per ADS (U.S. cents)/(euro cent) (c)..	175	142	160	103	74

See notes on page 5.

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Balance Sheet Data:

Irish GAAP	2004 (a)	2004	As of March 31,		2003	2002	2001
			2003	2002			
(in thousands)							
Cash at bank and liquid resources.	\$1,545,535	EUR 1,257,350	EUR 1,060,218	EUR 899,275	EUR 1,060,218	EUR 899,275	EUR 1,060,218
Total assets.....	3,612,616	2,938,998	2,466,707	1,889,572	2,466,707	1,889,572	1,889,572
Long-term debt, including capital lease obligations.....	1,171,405	952,982	837,225	550,503	837,225	550,503	837,225
Shareholders' equity.....	1,788,840	1,455,288	1,241,728	1,002,274	1,241,728	1,002,274	1,241,728

  

U.S. GAAP	2004 (a)	2004	As of March 31,		2003	2002	2001
			2003	2002			
(in thousands)							
Cash and cash equivalents.....	\$915,268	EUR 744,605	EUR 537,476	EUR 482,492	EUR 537,476	EUR 482,492	EUR 537,476
Total assets.....	3,640,757	2,961,892	2,479,868	1,896,686	2,479,868	1,896,686	1,896,686
Long-term debt, including capital lease obligations.....	1,171,404	952,981	837,225	550,503	837,225	550,503	837,225
Shareholders' equity.....	1,667,141	1,356,281	1,177,187	1,019,607	1,177,187	1,019,607	1,177,187

See notes on page 5.

Cash Flow Statement Data:

Irish GAAP	2004 (a)	2004	As of March 31,		2003	2002	2001
			2003	2002			
(in thousands)							
Net cash inflow from operating activities.....	\$567,966	EUR 462,062	EUR 351,003	EUR 309,109	EUR 351,003	EUR 309,109	EUR 351,003
Net cash (outflow)/inflow from returns on investment and servicing of finance	(24,969)	(20,313)	608	10,360	(24,969)	(20,313)	(24,969)
Taxation.....	(2,527)	(2,056)	(3,410)	(5,071)	(2,527)	(2,056)	(2,527)
Net cash (outflow) from capital expenditure.....	(407,601)	(331,599)	(469,847)	(372,024)	(407,601)	(331,599)	(407,601)
Net cash (outflow) from acquisition of subsidiary undertakings.....	(40,190)	(32,696)	-	-	(40,190)	(32,696)	(40,190)
Net cash inflow/(outflow) before financing and management of liquid resources	92,679	75,398	(121,646)	(57,626)	92,679	75,398	92,679
Net cash (outflow)/inflow from financing and management of liquid resources	(155,512)	(126,515)	120,449	78,513	(155,512)	(126,515)	(155,512)
(Decrease)/increase in cash.....	(\$62,833)	(EUR 51,117)	(EUR 1,197)	EUR 20,887	(\$62,833)	(EUR 51,117)	(\$62,833)

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U.S. GAAP	2004 (a)	2004	As of March 31, 2003 (in thousands)	2002	2001
Net cash inflow from operating activities.....	\$540,472	EUR 439,694	EUR 348,200	EUR 314,398	EUR 314,398
Net cash (outflow) from investing activities.....	(435,504)	(354,299)	(575,806)	(551,146)	(551,146)
Net cash inflow from financing.....	149,635	121,734	282,590	330,181	330,181
Increase in cash and cash equivalents..	254,603	207,129	54,984	93,433	93,433
Cash and cash equivalents at beginning of .....	660,665	537,476	482,492	389,059	389,059
Cash and cash equivalents at end of the year.....	\$915,268	EUR 744,605	EUR 537,476	EUR 482,492	EUR 482,492

- (a) Dollar amounts are translated from euro solely for convenience at the Noon Buying Rate on March 31, 2004 of EUR 1.00=\$1.2292 or \$1.00=EUR 0.8135.
- (b) Earnings per share and net income per share data have been adjusted to give effect to the two-for-one stock splits effected in February 2000 and December 2001 and those shares issued in connection with the stock offerings conducted outside the United States in accordance with Regulation S under the Securities Act (the "Regulation S Offerings") in March 2000, February 2001 and February 2002.
- (c) Represents earnings per Ordinary Share or net income per Ordinary Share multiplied by five.

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EXCHANGE RATES

The following table sets forth, for the periods indicated, certain information concerning the exchange rate between (i) the U.S. dollar and the euro, (ii) the U.K. pound sterling and the euro, and (iii) the U.K. pound sterling and the U.S. dollar. Such rates are provided solely for the convenience of the reader and are not necessarily the rates used by the Company in the preparation of its Consolidated Financial Statements included in Item 18. No representation is made that any of such currencies could have been, or could be converted into any of the other such currencies at such rates or at any other rate.

U.S. dollars per EUR 1.00 (1)	End of period	Average (2)
Year ended December 31,		
1999.....	1.007	1.059
2000.....	0.939	0.920
2001.....	0.882	0.892
2002.....	1.050	0.946
2003.....	1.260	1.141

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Month ended			
March 31, 2004.....	-	-	1
April 30, 2004.....	-	-	1
May 31, 2004.....	-	-	1
June 30, 2004.....	-	-	1
July 31, 2004.....	-	-	1
August 31, 2004.....	-	-	1
September 15, 2004.....	-	-	1

U.K. pounds sterling per EUR 1.00 (3)

Year ended December 31,	End of period	Average (2)
1999.....	0.622	0.656
2000.....	0.630	0.609
2001.....	0.611	0.620
2002.....	0.652	0.629
2003.....	0.706	0.694

Month ended			
March 31, 2004.....	-	-	0
April 30, 2004.....	-	-	0
May 31, 2004.....	-	-	0
June 30, 2004.....	-	-	0
July 31, 2004.....	-	-	0
August 31, 2004.....	-	-	0
September 15, 2004.....	-	-	0

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U.K. pounds sterling per US\$1.00 (4)

Year ended December 31,	End of period	Average (2)
1999.....	0.619	0.619
2000.....	0.667	0.662
2001.....	0.688	0.695
2002.....	0.621	0.666
2003.....	0.560	0.608

Month ended			
March 31, 2004.....	-	-	
April 30, 2004.....	-	-	
May 31, 2004.....	-	-	
June 30, 2004.....	-	-	
July 31, 2004.....	-	-	
August 31, 2004.....	-	-	
September 15, 2004.....	-	-	

(1) Based on the Noon Buying Rate for euro, and, for periods prior to January

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1, 1999, the Noon Buying Rate for Irish pounds, calculated on the basis of the fixed exchange rate of EUR 1.00=IR POUND 0.787564, as established by the European Central Bank.

- (2) The average of the relevant exchange rates on the last business day of each month during the relevant period.
- (3) Based on the composite exchange rate as quoted at 5 p.m. New York time by Bloomberg.
- (4) Based on the Noon Buying Rate for U.K. pounds sterling.

As of September 15, 2004, the exchange rate between the U.S. dollar and the euro was EUR 1.00=\$1.214, or \$1.00=EUR 0.824 the exchange rate between the U.K. pound sterling and the euro was U.K. POUND 1.00=EUR 1.463, or EUR 1.00=U.K. POUND 0.684; and the exchange rate between the U.K. pound sterling and the U.S. dollar was U.K. POUND 1.00=\$1.777, or \$1.00=U.K. POUND 0.563. The fixed exchange rate between the Irish pound and the euro, as established by the European Central Bank, is EUR 1.00=IR POUND 0.787564. For a discussion of the impact of exchange rate fluctuations on the Company's results of operations, see "Item 11. Quantitative and Qualitative Disclosures About Market Risk."

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### SELECTED OPERATING AND OTHER DATA

The following table sets forth certain operating data of Ryanair for each of the fiscal years ended March 31, 2000, 2001, 2002, 2003 and 2004. Such data are derived from the Consolidated Financial Statements prepared in accordance with Irish GAAP (except as otherwise indicated) and certain other data and are not audited. For definitions of the terms used in this table, see the Glossary in Appendix A. See the notes following the table for explanatory material and Note 31 to the Consolidated Financial Statements included in Item 18 for a detailed discussion of the principal differences between Irish GAAP and U.S. GAAP.

Operating Data:	2004	Fiscal Year ended March 31,		
		2003	2002	2001
Irish GAAP and U.S. GAAP.....				
Average Yield per RPM (EUR).....	0.089	0.108	0.122	0.138
Average Yield per ASM (EUR).....	0.066	0.084	0.091	0.100
Average Passenger Spend per Flight (EUR)..	3.070	3.518	3.630	3.750
Average Fuel Cost per U.S. Gallon (EUR)...	0.816	0.930	1.007	1.080
Irish GAAP.....				
Cost per ASM (CASM) (EUR) (a).....	0.055	0.062	0.071	0.078
Operating Margin.....	23%	31%	26%	23%
U.S. GAAP.....				
Cost per ASM (CASM) (EUR) (a).....	0.055	0.061	0.071	0.078
Operating Margin.....	23%	31%	26%	23%
Other Data: (Irish GAAP, except where described as U.S. GAAP)				
Revenue Passengers Booked.....	23,132,936	15,736,936	11,091,066	8,051,000
Revenue Passengers Flown	21,244,130	14,427,329	10,202,193	7,434,000
Revenue Passenger Miles (RPMs).....	10,425,878,625	6,781,128,672	4,505,861,947	3,118,098,000
Available Seat Miles (ASMs).....	13,996,127,688	8,744,373,118	6,081,007,925	4,439,036,000

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Flown Passenger Load Factor.....	74%	78%	74%	
Booked Passenger Load Factor	81%	85%	81%	
Break-even Load Factor (a).....	62%	57%	58%	
Break-even Load Factor (U.S. GAAP) (a)..	62%	57%	58%	
Average Length of Passenger Haul (miles).....	491	473	442	
Sectors Flown.....	171,726	115,325	90,124	72,
Average Flown Passenger Fare (EUR).....	43.52	50.73	54.01	58
Average Booked Passenger Fare (EUR).....	39.97	46.51	49.68	53
Number of Airports Served at Period End.	84	62	52	
Average Daily Flight Hour Utilization ----- (hours).....	8.37	8.02	7.28	6
Employees at Period End.....	2,302	1,897	1,531	1,
Employees per Aircraft at Period End ...	32	35	37	
Booked Passengers per Employee at Period End.....	10,049	8,296	7,244	5,

- (a) For the purposes of calculating Cost per ASM, and Break-Even Load Factor, costs include the costs of Ryanair's charter operations (excluding non-charter ancillary costs) but not the revenues or seat miles of such charter operations.

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### RISK FACTORS

#### Risks Related to the Company

##### Changes in Fuel Costs and Fuel Availability Affect the Company's Results

Jet fuel costs have been subject to wide fluctuations as a result of increases in demand, sudden disruptions in and other concerns about global supply, as well as market speculation. As a result, prices continue to exhibit substantial volatility. Both the cost and availability of fuel are subject to many economic and political factors and events occurring throughout the world that Ryanair can neither control nor accurately predict. As international prices for jet fuel are denominated in U.S. dollars, Ryanair's fuel costs are also subject to certain exchange rate risks. Substantial price increases, adverse exchange rates or the unavailability of adequate supplies, including, without limitation, any such events resulting from prolonged hostilities in the Middle East or other oil-producing regions, or the suspension of production by any significant producer, could have a material adverse effect on Ryanair's profitability. In the event of a fuel shortage resulting from a disruption of oil imports or otherwise, higher fuel prices or a curtailment of scheduled services could result.

While Ryanair has in the past entered into arrangements providing for substantial protection against fluctuations in fuel prices, generally through forward contracts covering 12-18 months of anticipated jet fuel requirements, in light of the significant increases in oil prices in recent months, the Company has not entered into any such arrangements beyond October 2004, when its current contracts expire. Ryanair does not expect to enter into new arrangements until it believes forward prices have returned to more favorable levels. There can be no assurance that Ryanair's current or any future such arrangements will be

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adequate to protect Ryanair from further increases in the price of fuel, or that fuel prices will decline from their current high levels any time in the near future. Ryanair has not otherwise entered into agreements to guarantee its supply of fuel. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Fuel Price Exposure and Hedging."

As a result of Ryanair's decision not to enter into new hedging arrangements, the Company will be more exposed to risks arising from fluctuations in the price of fuel, especially in light of recent significant increases. In the quarter ended June 30, 2004, one gallon of jet fuel cost on average 0.91 U.S. cents per gallon, an increase of 9.6 % as compared to 0.83 U.S. cents per gallon in the comparable period in 2003. Based upon Ryanair's fuel consumption for the fiscal year ended March 31, 2004, a change of one U.S. cent in the average annual price per gallon of aviation fuel would have caused a change of approximately EUR 2 million in the Company's annual fuel costs. Ryanair's fuel costs in the fiscal year ended March 31, 2004, after giving effect to the Company's fuel hedging activities, increased by approximately 36% over the comparable period ended March 31, 2003, to EUR 175.0 million, primarily due to an increase in the number of sectors flown and the average sector length as a result of the expansion of Ryanair's fleet and route network, offset in part by improvements in fuel burn per hour and the positive impact on the cost per gallon of the strengthening of the euro against the dollar. Ryanair estimates that its fuel cost would have been approximately EUR 194.3 million in fiscal year 2004, compared to EUR 171.3 million (excluding de-icing costs of EUR 3.7 million in each case) had Ryanair not had any hedging arrangements in place. Because of Ryanair's low-fares policy, its ability to pass on increased fuel costs to passengers through increased fares or otherwise may be limited. Moreover, the anticipated substantial expansion of Ryanair's fleet will result in a substantial increase, in absolute terms, in Ryanair's aggregate fuel costs.

In addition, of Ryanair's total operating fleet of 76 aircraft, 13 are Boeing 737-200As which are generally less fuel efficient than newer aircraft used by many of Ryanair's competitors. A significant increase in the price of jet fuel would therefore result in a higher percentage increase in Ryanair's average overall operating costs than those of its competitors that use more fuel efficient aircraft. See "Item 4. Information on the Company--Fuel."

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The Company's Legal Dispute Regarding Fuel Levies at Stansted Airport Could Result in Increased Costs

In July 2004, Ryanair commenced an action in the High Court of England and Wales (Chancery Division) against BAA plc and Stansted Airport Limited (together "BAA"), the companies that operate London's Heathrow, Gatwick and Stansted Airports, on several grounds, including abuse of dominant position and overcharging, in connection with a fuel levy that BAA has unilaterally imposed on Ryanair and other airlines at London (Stansted). BAA responded by filing a separate action against Ryanair alleging that Ryanair has repudiated its contract with BAA and seeking payment of fuel levies withheld by Ryanair as a result of the fuel levy dispute in an amount of approximately EUR 1.5 million (or roughly 3% of the total aeronautical charges that Ryanair paid BAA during fiscal 2004). BAA further claims that it is now no longer bound by its contract with Ryanair in relation to airport charges and that it can instead charge Ryanair the published airport tariffs at London (Stansted), as opposed to the lower amounts charged under the contract. See "Item 8. Financial Information--Other Financial Information--Legal Proceedings" for additional details on this matter.

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While the Company believes that its contract with BAA remains valid, Ryanair cannot predict the final outcome of these actions, and does not expect any final decision to be rendered in the near term. However, should the courts declare Ryanair's contract with BAA is no longer binding, the Company would likely face materially increased costs at London (Stansted), its principal base, or could be forced to cut back its London (Stansted) operations. See also "--Ryanair's Continued Growth Is Dependent on Access to Suitable Airports" below. Flights to or from London (Stansted) accounted for approximately 61% of the Company's passenger volumes in fiscal 2004.

The Company Could Incur Significant Additional Costs Arising from Legal Proceedings Alleging Unlawful State Aid at Brussels Charleroi and Certain Other Airports

In December 2002, the European Commission announced the launch of an investigation into the April 2001 agreement between Ryanair and Brussels (Charleroi) airport and the airport's owner, the government of the Walloon Region of Belgium which enabled the Company to launch new routes and base up to four aircraft at Brussels (Charleroi).

In February 2004, the European Commission found that a portion of the Company's arrangements between Ryanair, the airport and the region constituted illegal state aid, and therefore ordered Ryanair to repay the amount of the benefit received in connection with those arrangements. In May 2004, Ryanair appealed the decision of the European Commission to the European Court of First Instance, requesting the decision be annulled. No assurance can be given that this appeal will be successful. In addition, in April 2004, the Walloon Region wrote to Ryanair requesting repayment of all deemed illegal state aid, although it acknowledged Ryanair's right to offset against these amounts certain costs incurred in relation to the establishment of the base, in accordance with the Commission's decision. In September 2004, the Walloon Region issued a formal demand that Ryanair repay a total of approximately EUR 4 million, excluding any interest that may be due. Ryanair believes that no repayment is due when such offsets are taken into account.

In an unrelated, though similar, matter, in July 2003, a Strasbourg court ruled (on the basis of a complaint by Air France Group ("Air France")) that marketing support granted by the Strasbourg Chamber of Commerce to Ryanair in connection with its launch of services from Strasbourg to London (Stansted) constituted unlawful state aid. The judgment took effect on September 24, 2003 and has been upheld by one appeals court. Ryanair has appealed this decision to a higher court on the basis that the marketing support granted was not state aid; however, pending the outcome of this appeal, Ryanair decided to close the Strasbourg route and has instead opened a route from Baden-Karlsruhe in Germany to London (Stansted) (Baden airport is located some 40 kilometres from Strasbourg). Ryanair has confirmed that it will reopen the route if its appeal is successful, although no assurance can be given that Ryanair will in fact prevail.

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Ryanair is facing similar legal challenges by competitors with respect to its agreements with Pau Airport in southern France and Palermo Airport in Sicily. These actions are currently pending before local courts and are unlikely to be resolved in the near future.

The adverse rulings in these or similar cases could be used as precedents by other competitors to challenge Ryanair's agreements with other publicly owned airports and could cause Ryanair to strongly reconsider its growth strategy in

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relation to public or state-owned airports across Europe. This could in turn lead to a scaling back of Ryanair's growth strategy due to the smaller number of privately-owned airports available for development. For additional details on these matters, please see "Item 8. Financial Information--Other Financial Information--Legal Proceedings."

### The Company Faces Significant Price and Other Pressures in a Highly Competitive Environment

Ryanair operates in a highly competitive marketplace, with a large number of new entrants, traditional airlines and charter airlines competing throughout the route network. Airlines compete primarily with respect to fare levels, frequency and dependability of service, name recognition, passenger amenities (such as access to frequent flyer programs) and the availability and convenience of other passenger services. In addition, unlike Ryanair, certain of Ryanair's principal actual and potential competitors are state-owned or controlled flag carriers and may have greater name recognition and resources and may have received or may receive in the future significant amounts of subsidies and other state aid from their respective governments. In addition, negotiations between the EU and the United States on a comprehensive "open skies" agreement could result in the removal of current barriers to the entry of U.S. carriers into the intra-EU market. See "Item 4. Information on the Company--Government Regulation--Regulation of Competition."

The airline industry is highly susceptible to price discounting, in part because airlines incur very low marginal costs for providing service to passengers occupying otherwise unsold seats. The number of new entrant low-fares airlines and traditional carriers offering lower, more competitive fares in direct competition with Ryanair across its route network has increased significantly as a result of the liberalization of the EU air transport market and greater public acceptance of the low fares product. Increasing price competition and the resulting lower fares, combined with a 54% increase in the Company's capacity during the 2004 fiscal year, in turn have resulted in the Company's average revenue per passenger, or yield, declining by approximately 14% compared to fiscal 2003, which in turn led to the Company's posting a quarterly loss of EUR 3.3 million in the fourth quarter of fiscal 2004, its first quarterly loss since its initial public offering in June 1997. The Company expects this price competition, and the resulting downward pressure on yields, to continue to intensify through the second half of the current 2005 fiscal year, particularly during the winter period, as loss-making carriers reduce their fares in order to attract business and generate needed revenues and cash flow in an industry characterized by rising losses.

Although Ryanair intends to compete vigorously and to assert its rights against any predatory pricing or other conduct, price competition among airlines could reduce the level of fares or passenger traffic on the Company's routes to the point where profitable levels of operations may not be achieved. Furthermore, if Ryanair were to achieve a dominant position on any route it operates, it would be prevented by EU competition law from setting fares at a level below the cost of providing the relevant service.

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In addition to traditional competition among airline companies and charter operators who have entered the "low fares" market, the industry also faces competition from ground and sea transportation alternatives as businesses and recreational travelers seek lower-cost substitutes for air travel.

### The Company Will Incur Significant Costs Acquiring New Aircraft



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Ryanair's continued growth is dependent upon its ability to acquire additional aircraft to meet additional capacity needs and to replace aging aircraft. Ryanair currently provides service on 161 routes to/from the U.K. and in continental Europe, and has also increased the frequency of service on a number of its principal routes. The new routes and expanded service are expected to increase Ryanair's scheduled passenger volumes in fiscal year 2005 to approximately 27.5 million passengers, an increase of approximately 19% over current levels of 23.1 million passengers, although no assurance can be given that these targets will in fact be met.

Taking into account the retirement of certain of Ryanair's Boeing 737-200As and the expected termination of aircraft leases, Ryanair expects to have at least 87 aircraft in its fleet by April 2005. Over the period through 2008, the Company expects to take delivery of an additional 98 Boeing 737-800 aircraft which it is obligated to purchase under existing contracts with The Boeing Company ("Boeing"). These deliveries, net of further scheduled retirements and lease terminations, are expected to increase the size of the Company's fleet to 155 aircraft by December 2008. Ryanair may elect to enlarge its fleet further by exercising any of the 123 options to purchase new aircraft it currently has under its agreements with Boeing. For additional information on the Company's aircraft and their delivery dates, see "Item 4. Information on the Company-Aircraft" and "Item 5. Operating and Financial Review and Prospects--Liquidity and Capital Resources." There can be no assurance that this planned expansion will not outpace the growth of passenger traffic on Ryanair's routes, or that traffic growth will not prove to be greater than the expanded fleet can accommodate; in either case, such developments could have a material adverse effect on the Company's business, results of operations and financial condition.

Ryanair plans to finance the 98 firm order aircraft expected to be delivered from October 2004 through December 2008 through a combination of new bank loan facilities supported by a guarantee from the Export-Import Bank of the United States and similar to those already in place, bank debt provided by commercial bankers, operating and finance leases via sale and leaseback transactions, Enhanced Equipment Transit Certificates and cash flow generated from the Company's operations. However, no assurance can be given that such financing will be available to Ryanair, or that the terms of any such financing will be favorable. Any inability of the Company to obtain financing for the new aircraft on advantageous terms could have a material adverse effect on its business, results of operations and financial condition. In addition, the financing of new and existing 737-800 aircraft has already and will continue to significantly increase the total amount of the Company's outstanding debt and the payments it is obliged to make to service such debt. Furthermore, Ryanair's ability to draw down funds under its existing bank loan facilities to pay for aircraft as they are delivered is subject to various conditions imposed by the counterparties to the bank loan facilities and related loan guarantees, and any future financing is expected to be subject to similar conditions. The Company currently has a preliminary commitment from the Export Import Bank of the United States to provide a loan guarantee covering 14 of the 98 firm order aircraft, anticipates obtaining a preliminary financing commitment for a further 29 aircraft by the end of October 2004, and is assessing proposals for financing aircraft due for delivery in the medium term. For additional details on Ryanair's financings, see "Item 5. Operating and Financial Review and Prospects--Liquidity and Capital Resources."

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Ryanair's operations have grown rapidly since it introduced a low cost operating model in the early 1990s. In recent years, Ryanair has expanded its fleet, added new destinations and flights to its schedule and established several new bases of operations, bringing its total to 11, while almost quadrupling the number of passengers flown from 5.5 million to 23.1 million and increasing the number of people it employs by approximately 65%. Ryanair intends to continue to expand its fleet (which is scheduled to increase to a minimum of 155 aircraft by December 2008) and add new destinations and additional flights to its schedule. If growth in passenger traffic and Ryanair's revenues do not keep pace with the planned expansion of its fleet, Ryanair could suffer from overcapacity and its results of operations and financial condition (including its ability to fund scheduled aircraft purchases and related debt) could be materially adversely affected. Ryanair has also entered into significant derivative transactions intended to hedge both its current aircraft acquisition-related debt obligations and a portion of the substantial debt obligations it expects to incur in the future as it expands its fleet. These derivative transactions expose Ryanair to certain risks that could have an adverse effect on its results of operations and financial condition. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk."

The expansion of Ryanair's fleet and operations, in addition to other factors, may also strain existing management resources and related operational, financial, management information and information technology systems, including its internet-based reservation system, to the point that they may no longer be adequate to support Ryanair's operations. This would require Ryanair to make significant additional expenditures. This expansion will also require additional skilled personnel, equipment facilities and systems. An inability to hire skilled personnel or to secure the required equipment and facilities efficiently and in a cost-effective manner may adversely affect Ryanair's ability to achieve growth plans and sustain or increase its profitability.

### Ryanair's New Routes and Expanded Operations May Have an Adverse Financial Impact on Its Results

Currently, a substantial number of low-fares carriers operate routes between the U.K., Ireland and continental Europe. See "Item 4. Information on the Company-Industry Overview--Ireland, U.K. and Continental European Market." Ryanair expects to face more intense competition in these markets, and there can be no assurance that Ryanair's low-fares service will be accepted on new routes.

When Ryanair commences new routes, its load factors tend to be lower than those on its established routes and its advertising and other promotional costs tend to be higher, which may result in initial losses that could have a material negative impact on the Company's results of operations as well as require a substantial amount of cash to fund. Ryanair also periodically runs special promotional fare campaigns, in particular in connection with the opening of new routes. Promotional fares may have the effect of increasing load factors and reducing Ryanair's yield and passenger revenues on such routes during the period that they are in effect. See "Item 4. Information on the Company-Route System, Scheduling and Fares." Ryanair expects to have other substantial cash needs as it expands, including cash required to fund aircraft purchases or aircraft deposits as additional aircraft or replacement aircraft are bought to service new routes and increase flight frequencies on existing routes, including the substantial cash commitments related to the acquisition of the new fleet of 737-800s. There can be no assurance that the Company will have sufficient cash to fund such projects and to the extent Ryanair may be unable to expand its route system successfully, its future revenue and earnings growth would in turn be limited.

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Ryanair's Continued Growth Is Dependent on Access to Suitable Airports; Charges for Airport Access Are Subject to Increase

Airline traffic at certain European airports is regulated by a system of "grandfather" rights in relation to "slot" allocations. Each slot represents authorization to take-off and land at the particular airport during a specified time period. Although the majority of Ryanair's bases of operations currently have no slot allocations, traffic at 16 of the airports Ryanair serves, including its bases at London (Stansted), Milan (Bergamo), Barcelona (Girona) and Rome (Ciampino), is currently regulated through slot allocations. Applicable EU regulations currently prohibit the buying or selling of slots for cash, and there is no assurance that Ryanair will be able to obtain a sufficient number of slots at slot-controlled airports that it may wish to serve in the future at the time it needs them or on acceptable terms. There can also be no assurance that its non-slot bases or the other airports Ryanair serves will continue to operate without slot allocations in the future. See "Item 4. Information on the Company--Government Regulation--Slots."

Airports may impose other operating restrictions such as curfews, limits on aircraft noise levels, mandatory flight paths, runway restrictions and limits on number of average daily departures. Such restrictions may limit the ability of Ryanair to provide service to or increase service at such airports.

Ryanair's future growth is also materially dependent on its ability to access suitable airports located in its targeted geographic markets at costs that are consistent with Ryanair's low-fares strategy. See "Item 4. Information on the Company--Airport Operations--Airport Charges." Any condition that denies, limits or delays Ryanair's access to airports it serves or seeks to serve in the future would constrain Ryanair's ability to grow. A change in the terms of Ryanair's access to these facilities or any increase in the relevant charges paid by Ryanair as a result of the expiration or termination of such arrangements and Ryanair's failure to renegotiate comparable terms or rates could have a material adverse effect on the Company's financial condition and results of operations.

Labor Relations Could Expose the Company to Risk

A variety of factors, including, but not limited to, the Company's recent profitability, may make it more difficult to maintain its current base salary levels and current employee productivity and compensation arrangements. Consequently, there can be no assurance that Ryanair's existing employee compensation arrangements may not be subject to change or modification at any time.

Although Ryanair currently consults with groups of employees, including its pilots, through "Employee Representation Committees," regarding work practices and conditions of employment, it does not conduct formal binding negotiations with collective bargaining units, as is the case at many other airlines. Ryanair considers its relationship with its employees to be good, although the Company has in the past experienced industrial actions or work stoppages by certain groups of its employees. In addition, in the United Kingdom, the British Airline Pilots Association ("BALPA") unsuccessfully sought to represent Ryanair's U.K. based pilots in their negotiations with the Company. However, under U.K. employment law, BALPA can request that a new ballot on representation be undertaken among Ryanair's U.K. pilot body in October 2004 or thereafter, which if successful would allow the U.K. pilots to be represented by BALPA in negotiations over pilot salaries and working conditions. The Company could also potentially be exposed to claims arising from former employees of KLM UK Limited employed by Buzz Stansted Limited ("Buzz Stansted"), a subsidiary of Ryanair Limited, following Buzz Stansted's April 2003 acquisition of certain

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assets of KLM UK Limited if, pursuant to U.K. legislation, a "transfer of undertaking" is found to have occurred as part of the acquisition. For additional details on these matters, see "Item 6. Directors, Senior Management and Employees-Employees and Labor Relations."

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If any future occurrence of such events were to alter Ryanair's historical experience of flexibility in dealing with employees or were to alter the public's perception of Ryanair generally, it could have a material adverse effect on the Company's business, operating results and financial condition.

### The Company Is Dependent on the Ireland-U.K. Market

For the fiscal years ended March 31, 2003 and 2004, passengers on Ryanair's routes between Ireland and the U.K. accounted for 35.9% and 28.6% of total passenger revenues respectively, with Dublin and London accounting for approximately 13.4% and 10.7%, respectively, of total passenger revenues, and the Dublin-London (Stansted) route alone accounting for approximately 7.6% and 6.0%, respectively, of such total. Ryanair's business would be adversely affected by any circumstance causing a reduction in general demand for air transportation services in Ireland or the U.K., including, but not limited to, adverse changes in local economic conditions, political disruptions or violence (including terrorism) or significant price increases linked to increases in airport access costs or taxes imposed on air passengers. In addition, so long as the Company's operations remain dependent on routes between Ireland and the U.K., the Company's future operations and growth will be adversely affected if this market does not grow and if there is increased competition in this market. See "Item 4. Information on the Company-Industry Overview-Ireland-U.K. Market."

### The Company Is Dependent on Third Party Service Providers

Ryanair currently contracts its heavy airframe maintenance overhauls, engine overhauls and "rotable" repairs to outside contractors approved under the terms of Part 145/JAR 145, the European airline industry standard for maintenance. The Company also contracts its ticketing, passenger and aircraft handling and ground handling services at airports other than Dublin and those served by Ryanair in Spain to established third party providers. See "Item 4. Information on the Company-Maintenance and Repairs-Heavy Maintenance" and "Item 4. Information on the Company-Airport Operations--Airport Handling Services."

Ryanair has recently terminated one of its engine repair and overhaul maintenance contracts and is in the process of negotiating a replacement. In addition, the Company's heavy maintenance agreement expires in January 2005. Any inability to successfully negotiate replacement contracts, the loss or expiration of any of Ryanair's third party service contracts or any inability to renew them or negotiate replacement contracts with other service providers at comparable rates could have a material adverse effect on the Company's results of operations. Ryanair will need to enter into airport services agreements in any new markets it enters, and there can be no assurance that it will be able to obtain the necessary facilities and services at competitive rates in new markets. In addition, although Ryanair seeks to monitor the performance of third parties that provide passenger and aircraft handling services, the efficiency, timeliness and quality of contract performance by third party providers are largely beyond Ryanair's direct control. Ryanair expects to be dependent on such third party arrangements for the foreseeable future.

### The Company Is Dependent on Key Personnel

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The Company's success depends to a significant extent upon the efforts and abilities of its senior management team, including Michael O'Leary, the Chief Executive of Ryanair, and key financial, commercial, operating and maintenance personnel. Mr. O'Leary's current contract may be terminated by either party upon 12 months' notice. See "Item 6. Directors, Senior Management and Employees-Compensation of Directors and Senior Management-Employment Agreements." The Company's success also depends on the ability of its executive officers and other members of senior management to operate and manage effectively both independently and as a group. Although the Company's employment agreement with Mr. O'Leary and its employment agreements with its other senior executives contain non-competition and non-disclosure provisions, there can be no assurance that these provisions will be enforceable in whole or in part. Competition for highly qualified personnel is intense, and the loss of any executive officer, senior manager or other key employee without adequate replacement or the inability to attract new qualified personnel could have a material adverse effect upon the Company's business, operating results and financial condition.

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### The Company May Face Increased Costs In Connection with Buzz Stansted

On April 10, 2003, Buzz Stansted, then a newly formed 100% subsidiary of Ryanair Limited, purchased certain assets from KLM UK Limited for EUR 20.8 million. See "Item 4. Information on the Company--Acquisition of Buzz." As part of the transaction, Buzz Stansted agreed to take over the leases on six Boeing 737-300s that Buzz Stansted is currently operating on a sub-service basis on Ryanair's route network.

The monthly payments due the lessor, International Lease Finance Corporation ("ILFC"), on these leases were substantially higher than the market rates for leases on similar aircraft, leading Buzz Stansted to incur operating losses and therefore to seek to renegotiate or terminate these leases. On August 6, 2004, Buzz Stansted finalized an agreement with ILFC for the early return of the aircraft by the end of October 2004. The commercial terms of the agreement include a settlement in relation to the maintenance return conditions of the aircraft.

As a result of the return of the aircraft to ILFC, Buzz Stansted intends to cease operations. Ryanair plans to utilize aircraft from its existing fleet and those acquired under its fleet delivery program to service those routes previously operated by Buzz Stansted. A number of employees of Buzz Stansted, consisting almost entirely of pilots, have individually applied for positions with a third-party firm which has an agreement to provide contract pilots to Ryanair. Ryanair could also be exposed to costs associated with the cessation of operations by Buzz Stansted, including, but not limited to, claims arising from any redundancy of the remaining Buzz Stansted employees.

### Ryanair is Subject to Aircraft Maintenance Requirements and the Risks of Aircraft Reliability

As 13 out of Ryanair's operating fleet of 76 aircraft are 737-200As manufactured between 1980 and 1983, it is likely that they will require greater maintenance expenditures than would a newer fleet. The average age of Ryanair's fleet of owned 737-200A aircraft at March 31, 2004 was approximately 23 years. The Company plans to retire these 13 737-200A aircraft between September 2004 and December 2005 and replace them with new 737-800 aircraft. In general, the cost of maintaining or operating aging aircraft exceeds that of maintaining or operating newer aircraft. In addition, there can be no assurance that Ryanair's

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new 737-800 aircraft will not cause the Company to incur significant maintenance or other operating costs. There also can be no assurance that new regulations will not be implemented in the future that would apply to Ryanair's aircraft and result in an increase in Ryanair's cost of maintenance beyond management's current estimates. In addition, should Ryanair's aircraft cease to be sufficiently reliable or should any public perception develop that Ryanair's aircraft are less than completely reliable, the Company's business could be materially adversely affected. See "Item 4. Information on the Company-Maintenance and Repairs."

### The Company Faces Risks Related to Its Internet Reservations Operations

As of August 2004, in excess of 96% of Ryanair's daily flight reservations were made through its website. Although the Company has established a contingency program whereby the website is hosted in two separate locations, each of these locations accesses the same Open Skies booking engine, located at the single center, in order to make reservations. Although there are backup procedures at one of these locations, there can be no assurance that Ryanair would not suffer a significant loss of reservations in the event of a breakdown of such system, which in turn could have a material adverse affect on the Company's financial condition or results of operations.

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### Risks Related to the Airline Industry

#### Pending EU Regulations on Denied Boarding Compensation for Passengers Could Significantly Increase Related Costs

The European Union has passed legislation for compensating airline passengers who have been denied boarding on a flight for which they hold a valid ticket (Regulation (EC) No 261/2004), which comes into force on February 17, 2005. This legislation also imposes fixed levels of compensation to passengers for cancelled flights, except where the airline can prove that such cancellation is caused by extraordinary circumstances, such as weather, air-traffic control ("ATC") delays or safety issues. The regulation calls for compensation of either EUR 250, EUR 400 or EUR 600 per passenger, depending on the length of the flight. As Ryanair's average flight duration is less than 1,500 km and therefore considered a short-haul flight, the amount payable would therefore generally be EUR 250 per passenger, per occurrence. Passengers subject to long delays (in excess of two hours for short haul flights) would also be entitled to "assistance" including meals, drinks and telephone calls, as well as hotel accommodation if the delay extends overnight. For delays of over five hours, the airline would be required to reimburse the cost of the ticket or provide re-routing to the passenger's final destination. Ryanair does not currently offer any such compensation or other benefits to its passengers as part of its low-fares service.

The European Low Fares Airline Association (ELFAA), of which Ryanair is a member, has sought and received from the U.K. High Court a reference to the European Court of Justice challenging the validity of this regulation, on the basis that the legislation is unfair and does not benefit consumers. ELFAA has also argued that the regulation is anti-competitive as it does not apply to other competing modes of transport, such as trains, ferries and bus coaches. The U.K. High Court has requested the European Court to expedite the hearing of this case given the "existence of a significant risk that airlines will suffer serious damage following the coming into force of the Regulation".

Although Ryanair does not overbook its flights as a general rule (and

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therefore generally does not need to deny boarding to "bumped" passengers) and has one of the best on-time and completed flights records of major European carriers, there can be no assurance that this legislation (if not successfully challenged in the European courts) would not cause the Company to incur significant costs in connection with denied boarding compensation, compensation for certain cancellations or the provision of "assistance" to delayed or cancelled passengers, which could have a material adverse effect on the Company's operating costs and in turn reduce its profitability.

Implementation of the Montreal Convention for Lost, Damaged or Delayed Luggage Could Also Increase Costs.

The Montreal Convention on the Unification of Certain Rules for International Air Carriage was adopted in Montreal in May 1999. The Convention consolidated, updated and has replaced all previous agreements on air carrier liability, including the 1929 Warsaw Convention. The Convention came into force for all EU countries on June 28, 2004. Passengers can now claim up to 1,000 Special Drawing Rights (SDRs) (currently approximately EUR 835) for lost, damaged or delayed luggage. Passengers submitting baggage claims will have to provide evidence to back up these claims. This compares to the previous weight-based compensation system under the 1929 Warsaw Convention, which limited liability for lost, damaged or delayed luggage to 17 SDRs (currently approximately EUR 14) per kilo of checked hold baggage.

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Although Ryanair has a record for losing fewer bags in comparison to the major European carriers, there can be no assurance that the Company will not incur a significant increase in costs in connection with lost baggage, which could have an adverse effect on the Company's operating costs and in turn reduce its profitability.

The Company Is Dependent on the Continued Acceptance of Low-Fares Airlines

In past years, accidents or other safety-related incidents involving certain low-fares airlines have had a negative impact on the public's acceptance of those airlines. Any adverse event potentially relating to the safety or reliability of low-fares airlines (including accidents or negative reports from regulatory authorities) could adversely impact the public's perception of, and confidence in, airlines like Ryanair and could have a material adverse effect on the Company's financial condition and results of operations.

The 2001 Terrorist Attacks on the United States Had a Severe Negative Impact on the International Airline Industry

The terrorist attacks on the United States on September 11, 2001, in which four commercial aircraft were hijacked, had a severe negative impact on the international airline industry, particularly on U.S. carriers and carriers operating international service to and from the U.S. Although carriers such as Ryanair that operate exclusively in Europe have generally been spared from such material adverse impacts on their businesses to date, the cost to all commercial airlines of insurance coverage for certain third party liabilities arising from "acts of war" or terrorism has increased dramatically since these attacks. See "Item 4. Information on the Company-Insurance." In addition, Ryanair's insurers have recently advised the Company that they intend to narrow the scope of the Company's current act of war-related insurance coverage to exclude certain types of catastrophic incidents, such as biological, chemical or "dirty bomb" attacks, which could lead to further increases in costs if the Company is forced to seek additional coverage. Although Ryanair to date has passed on the increased insurance costs to passengers by means of a special "insurance levy" on each

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ticket, there can be no assurance that it will continue to be successful in doing so. In response to the dramatic drop in revenue and expected increases in costs, airlines in the U.S. and certain European carriers with significant U.S. operations have sought, and in certain cases, already received, governmental assistance in the form of financial aid, although Ryanair has not sought or received any such aid.

Ryanair does not fly to the U.S., and although it experienced a decline of approximately 10% in reservations in the week following the terrorist attacks, the number of flight bookings had returned to normal levels by the end of September 2001. Nonetheless, because a substantial portion of airline travel (both business and personal) is discretionary and because Ryanair is substantially dependent on discretionary air travel, any prolonged general reduction in airline passenger traffic may adversely affect the Company. Similarly, any significant increase in expenses related to security, insurance or related costs could have a material adverse effect on the Company. Any further terrorist attacks in the U.S., or particularly in Europe, any significant new military actions by the U.S. and any allies (such as the spring 2003 war in Iraq) or any related economic downturn would be likely to have a material adverse effect on demand for air travel and thus on Ryanair's business, operating results and financial condition.

### The Company Faces the Risk of Loss and Liability

Ryanair is exposed to potential catastrophic losses that may be incurred in the event of an aircraft accident or terrorist incident. Any such accident or incident could involve not only repair or replacement of a damaged aircraft and its consequent temporary or permanent loss from service, but also significant potential claims of injured passengers and others. Ryanair currently maintains passenger liability insurance, employer liability insurance, aircraft insurance for aircraft loss or damage, insurance for pilots' loss of license and other business insurance in amounts per occurrence that are consistent with industry standards. Although Ryanair currently believes its insurance coverage is adequate, there can be no assurance that the amount of such coverage will not need to be increased, that insurance premiums will not increase significantly or that Ryanair will not be forced to bear substantial losses from any accidents. Airline insurance costs increased dramatically following the September 2001 terrorist attacks on the United States. See "-The 2001 Terrorist Attacks on the United States Had a Severe Negative Impact on the International Airline Industry." Substantial claims resulting from an accident in excess of related insurance coverage could have a material adverse effect on the Company's results of operations and financial condition. Moreover, any aircraft accident, even if fully insured, could cause a public perception that Ryanair's aircraft are less safe or reliable than those operated by other airlines, which could have a material adverse effect on Ryanair's business.

EU Regulation No. 2027/97, as amended by Regulation 889/2002, governs air carrier liability. This legislation provides for unlimited liability of an air carrier in the event of death or bodily injuries suffered by passengers, implementing the Warsaw Convention of 1929 for the Unification of Certain Rules Relating to Transportation by Air, as amended by the Montreal Convention of 1999. This legislation also limits the ability of an air carrier to rely on certain defenses in an action for damages, which would otherwise have been available to it at law, and provides for uniform liability limits for loss of, damage to or destruction of baggage and for damage occasioned by delay. The potential exposure of air carriers, such as Ryanair, has therefore been increased and, although Ryanair has extended its liability insurance accordingly



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to meet the requirements of the legislation, no assurance can be given that other laws, regulations or policies will not be applied, modified or amended in a manner that has a material adverse effect on the Company's financial condition or results of operations.

### Airline Industry Margins Are Subject to Significant Uncertainty

The airline industry is characterized by high fixed costs and revenues that generally exhibit substantially greater elasticity than costs. The operating costs of each flight do not vary significantly with the number of passengers flown and, therefore, a relatively small change in the number of passengers or in fare pricing or traffic mix could have a disproportionate effect on operating and financial results. Accordingly, a relatively minor shortfall from expected revenue levels could have a material adverse effect on the Company's growth or financial performance. See "Item 5. Operating and Financial Review and Prospects." The very low marginal costs incurred for providing services to passengers occupying otherwise unsold seats are also a factor in the industry's high susceptibility to price discounting. See "-The Company Faces Significant Price and Other Pressures in a Highly Competitive Environment."

### Safety-Related Undertakings Could Affect the Company's Results

Aviation authorities in Europe and the United States periodically require or suggest that airlines implement certain safety-related procedures on their aircraft. In recent years, the U.S. Federal Aviation Administration (the "FAA") has required a number of such procedures with regard to Boeing 737 aircraft, including checks of rear pressure bulkheads and flight control modules, redesign of the rudder control system and limitations on certain operating procedures. Ryanair's policy is to implement any such required procedures in accordance with FAA guidance, and to perform such procedures in close collaboration with Boeing. To date, all such procedures have been conducted as part of Ryanair's standard maintenance program and have not interrupted flight schedules or required any material increases in Ryanair's maintenance expenses. However, there can be no assurance that the FAA or other regulatory authorities will not recommend or require other safety-related undertakings or that such undertakings would not adversely impact the Company's results of operations or financial condition.

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### Currency Fluctuations Affect the Company's Results

Although the Company is headquartered in Ireland, a significant portion of its operations is conducted in the U.K. Consequently, the Company has operating revenues and operating expenses, as well as assets and liabilities, denominated in currencies other than the euro; for example, fuel costs and some maintenance and insurance obligations are denominated in U.S. dollars and U.K.-related revenues and expenses are denominated in U.K. pounds sterling. The Company's results of operations and financial condition can therefore be significantly affected by fluctuations in the respective values of those currencies. Ryanair's operations can be subject to significant direct exchange rate risks between the euro and the U.S. dollar because a significant portion of its operating costs (particularly those related to fuel purchases) is incurred in U.S. dollars, while none of its revenues are denominated in U.S. dollars. Although the Company engages in foreign currency hedging transactions between the euro and the U.S. dollar, between the euro and sterling, and between sterling and the U.S. dollar, hedging activities cannot be expected to eliminate currency risks. See "Item 11. Quantitative and Qualitative Discussion About Market Risk."

### Risks Related to Ownership of Ryanair's Ordinary Shares or ADSs

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EU Rules Impose Restrictions on the Ownership of Ryanair Holdings' Ordinary Shares by Non-EU Nationals, and the Company has Instituted a Ban on the Purchase of Ordinary Shares by Non-EU Nationals

The Board of Directors of Ryanair Holdings are given certain powers under Ryanair Holdings' Articles of Association (the "Articles") to take action to ensure that the amount of shares held in Ryanair Holdings by non-EU nationals ("Affected Shares") does not reach a level which could jeopardize the Company's entitlement to continue to hold or enjoy the benefit of any license, permit, consent or privilege which it holds or enjoys and which enables it to carry on business as an air carrier (a "License"). In particular, EU Regulation 2407/92 requires that, in order to obtain and retain an operating license, an EU air carrier must be majority owned and effectively controlled by EU nationals. EU Regulation 2407/92 does not specify what level of share ownership will confer effective control on a holder or holders of shares. As described below, the Directors will, from time to time, set a "Permitted Maximum" on the number of Ordinary Shares that may be owned by non-EU nationals at such level as they believe will comply with EU Regulation 2407/92. The Permitted Maximum is currently set at 49.9%.

In the event that, inter alia, (i) the refusal, withholding, suspension or revocation of any License or the imposition of any condition which materially inhibits the exercise of any License (an "Intervening Act") has taken place, (ii) the Company receives a notice or direction from any governmental body or any other body which regulates the provision of air transport services to the effect that an Intervening Act is imminent, threatened or intended or (iii) an Intervening Act may occur as a consequence of the level of non-EU ownership of shares or an Intervening Act is imminent, threatened or intended because of the manner of share ownership or control of Ryanair Holdings generally, the Directors can take action pursuant to the Articles to deal with the situation. They can, inter alia, (i) remove any Director or change the Chairman of the Board, (ii) identify those shares, American Depositary Shares ("ADSs") or Affected Shares which give rise to the need to take action and treat such shares, ADSs, or Affected Shares as Restricted Shares (see below) or (iii) set a "Permitted Maximum" on the number of Affected Shares which may subsist at any time (which may not, save in the circumstances referred to below, be lower than 40% of the total number of issued shares) and treat any Affected Shares (or ADSs representing such Affected Shares) in excess of this Permitted Maximum as Restricted Shares (see below). Also, if as a consequence of a change of law or a direction, notice or requirement of any state, authority or person it is necessary to reduce the total number of Affected Shares below 40% or reduce the number of Affected Shares held by any particular stockholder or stockholders in order to overcome, prevent or avoid an Intervening Act, the Directors may resolve to (i) set the Permitted Maximum at such level below 40% as they consider necessary in order to overcome, prevent or avoid such Intervening Act, or (ii) treat such number of Affected Shares (or ADSs representing Affected Shares) held by any particular stockholder or stockholders as they consider necessary (which could include all of such Affected Shares or ADSs) as Restricted Shares (see below). The Directors may serve a Restricted Share Notice in respect of any Affected Share, or any ADR representing any ADS, which is to be treated as a Restricted Share. Such Notices can have the effect of depriving the recipients of the rights to attend, vote and speak at general meetings, which they would otherwise have had as a consequence of holding such shares or ADSs. Such Notices can also require the recipients to dispose of the shares or ADSs concerned to an EU national (so that the relevant shares (or shares underlying the relevant ADSs) will then cease to be Affected Shares) within 21 days or such longer period as the Directors may determine. The Directors are also given the power to transfer such shares themselves where there is non-compliance with the Restricted Share Notice.

As a further measure to increase the percentage of shares held by EU nationals, on February 7, 2002, the Company issued a notice to shareholders to the effect that any purchase of Ordinary Shares by a non-EU national after such date will immediately result in the issue of a Restricted Share Notice to such non-EU national purchaser. The Restricted Share Notice compels the non-EU purchaser to sell the affected shares to an EU national within 21 days of the date of issuance. In the event that any such non-EU national shareholder does not sell its shares to an EU national within the specified time period, the Company can then take legal action to compel such a sale. As a result, non-EU nationals are effectively barred from purchasing Ordinary Shares for as long as these restrictions remain in place. There can be no assurance that these restrictions will ever be lifted.

As of June 30, 2004, EU nationals owned at least 54.6% of Ryanair Holdings' Ordinary Shares (assuming conversion of all outstanding ADSs into Ordinary Shares). Ryanair Holdings continues to monitor the EU national ownership status of its Ordinary Shares, which changes on a daily basis. Ryanair Holdings has undertaken to notify its shareholders annually of the percentage of Ordinary Shares held by EU nationals.

Holders of Ordinary Shares are Currently Unable to Convert those Shares into American Depository Shares

In an effort to increase the percentage of its share capital held by EU nationals, on June 26, 2001, Ryanair Holdings instructed The Bank of New York, the depository for its ADS program, to suspend the issuance of new ADSs in exchange for the deposit of Ordinary Shares until further notice to its shareholders. Holders of Ordinary Shares cannot convert their Ordinary Shares into ADSs during such suspension, and there can be no assurance that the suspension will ever be lifted. See also "EU Rules Impose Restrictions on the Ownership of Ryanair Holdings' Ordinary Shares by Non-EU nationals and the Company has Instituted a Ban on the Purchase of Ordinary Shares by Non-EU Nationals" above.

The Company's Results of Operations Can Fluctuate Significantly

The Company's results of operations have varied significantly from quarter to quarter, and management expects these variations to continue. Among the factors causing these variations are the airline industry's sensitivity to general economic conditions and the seasonal nature of air travel. Because a substantial portion of airline travel (both business and personal) is discretionary, the industry tends to experience adverse financial results during general economic downturns. Any prolonged general reduction in airline passenger traffic may adversely affect the Company, particularly since it is substantially dependent on discretionary air travel. In addition, the airline industry tends to be seasonal in nature. Historically, Ryanair has experienced its lowest load factors and yields for the year in January and February. As a result, the Company's operating revenues and profit before taxation have generally been significantly lower in the last quarter of a fiscal year ended March 31 than in the other quarters thereof.

The trading price of Ryanair Holdings' Ordinary Shares and ADSs may be subject to wide fluctuations in response to quarterly variations in the Company's operating results and operating results of other airlines. In

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addition, the global stock markets from time to time experience extreme price and volume fluctuations that affect the market prices of many airline company stocks. These broad market fluctuations may adversely affect the market price of the Ordinary Shares and ADSs.

### Ryanair Holdings Does Not Intend to Pay Dividends

Since its organization as the holding company for Ryanair in 1996, Ryanair Holdings has not declared or paid dividends on its Ordinary Shares. Ryanair Holdings anticipates, for the foreseeable future, that it will retain any future earnings in order to fund the business operations of the Company, including the acquisition of additional aircraft needed for Ryanair's planned entry into new markets and its expansion of its existing service, as well as replacement aircraft for its current fleet. Ryanair Holdings does not, therefore, anticipate paying any cash or share dividends on its Ordinary Shares in the foreseeable future. As a holding company, Ryanair Holdings does not have any material assets other than interests in the shares of Ryanair. See "Item 8. Financial Information-Other Financial Information-Dividend Policy."

### Future Sales of Ordinary Shares Could Depress Ryanair Holdings' Stock Price

Sales of substantial amounts of ADSs or Ordinary Shares (including Ordinary Shares issued upon the exercise of stock options) in the public market, or the perception that such sales could occur, could adversely affect the prevailing market price of the ADSs and the Ordinary Shares or the Company's ability to raise capital through a public offering of its equity securities.

The Company seeks to attract and retain employees in part by offering its employees stock options and other rights to purchase Ordinary Shares, which vest over time. As of March 31, 2004, a total of 24,206,538 options to purchase an equal number of Ordinary Shares were outstanding; not all of these options are currently exercisable. Future grants of stock options under the Company's existing plans are made at the discretion of the Board of Directors of Ryanair Holdings and can only be considered by the Board if the Company meets certain financial performance targets. The issuance of Ordinary Shares for such purposes may have the effect of reducing the percentage ownership in Ryanair Holdings of the then existing stockholders. See "Item 10. Additional Information-Options to Purchase Securities from Registrant or Subsidiaries."

### Item 4. Information on the Company

#### INTRODUCTION

The Company operates a low-fares scheduled passenger airline serving short-haul, point-to-point routes between Ireland, the U.K. and Continental Europe. In operation since 1985, the Company began to introduce a low cost operating model under a new management team in the early 1990s. See "Item 5. Operating and Financial Review and Prospects--History." At September 1, 2004, with its operating fleet of 76 aircraft, including 13 Boeing 737-200A jet aircraft, 57 new Boeing 737-800 "next generation" aircraft and six Boeing 737-300 aircraft, the Company offered approximately 500 scheduled short-haul flights per day serving 88 locations in the U.K., Ireland and continental Europe. See "--Route System, Scheduling and Fares--Route System and Scheduling" for more details of Ryanair's route network.

Offering widely-available low fares, Ryanair carried more than 21 million passengers during calendar year 2003. On the basis of the U.K. Airports Annual Statement of Movements, Passengers and Cargo (the "CAA Statistics") published by

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the CAA in calendar year 2003, Ryanair had the leading market share (in terms of passenger volume) on most of its scheduled routes between Ireland and provincial cities in the U.K. and carried approximately 43% of all scheduled passenger traffic between Dublin and London, a share favorably comparable to the 35% share of Aer Lingus plc ("Aer Lingus"), its primary competitor on its U.K./Ireland routes. According to the CAA Statistics, Ryanair has also achieved competitive market share results on the routes it launched from the U.K. to continental Europe from the dates it began service on these routes.

By generating an average scheduled flown passenger load factor of approximately 74% and average scheduled passenger yield of EUR 0.066 per available seat mile ("ASM") and focusing on maintaining low operating costs (EUR 0.055 per ASM), Ryanair achieved a net margin of 19.2% on operating revenues of EUR 1,074 million for the fiscal year ended March 31, 2004. See "Item 5. Operating and Financial Review and Prospects" and "Glossary."

The market's acceptance of Ryanair's low-fares service is reflected in the "Ryanair Effect" - Ryanair's history of stimulating significant growth in annual passenger traffic on the new routes it has entered since 1991. On the basis of the CAA Statistics and statistics released by the International Civil Aviation Organization (the "ICAO"), the number of scheduled airline passengers traveling between Dublin and London increased from approximately 1.7 million passengers in 1991 to approximately 4.4 million passengers in 2003. Each international route Ryanair has entered since 1991 has recorded significant traffic growth in the period following Ryanair's commencement of service, with Ryanair capturing the largest portion of such growth on each such route. Although a variety of factors contributed to this increase in air passenger traffic, including the relative strength of the Irish, U.K. and European economies, management believes that the most significant factor driving such growth across all its European routes has been Ryanair's low-fares policy and its delivery of better on-time flight punctuality, lower levels of lost bags and fewer cancellations when compared to its competitors.

Ryanair Holdings' registered office is located c/o Ryanair Limited, Corporate Head Office, Dublin Airport, County Dublin, Ireland. The general telephone number is +353-1-812-1212. Under its current Articles of Association, Ryanair Holdings has an unlimited corporate duration.

### STRATEGY

Ryanair's objective is to firmly establish itself as Europe's leading low-fares scheduled passenger airline through continued improvements and expanded offerings of its low-fares service. Ryanair aims to offer low fares that generate increased passenger traffic while maintaining a continuous focus on cost-containment and operating efficiencies. The key elements of Ryanair's strategy are:

**Low Fares.** Ryanair's low fares are designed to stimulate demand, particularly from fare-conscious leisure and business travelers who might otherwise have used alternative forms of transportation or would not have traveled at all. Ryanair sells seats on a one-way basis, thus eliminating minimum stay requirements from all travel on Ryanair scheduled services, regardless of fare. Ryanair sets fares on the basis of the demand for particular flights and by reference to the period remaining to the date of departure of the flight, with higher fares charged on flights with higher levels of demand for bookings made nearer to the date of departure. Ryanair's Dublin to London (Stansted) route is its largest route in terms of passenger volume, with fares ranging from EUR 0.99 to EUR 199.99 (excluding government taxes and passenger service charges). Ryanair's competitors generally do not operate a one-way pricing policy, so direct comparison is not possible, but current round-trip fares on Aer Lingus, Ryanair's largest competitor on the London-Dublin route, for travel in September 2004 were EUR 82.27 for economy restricted return

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tickets, EUR 218.27 for economy flexible return and EUR 353.75 for business class tickets. In July 2004, Ryanair launched a fare promotion offering a total of one million seats on certain routes for "EUR 0.99" (excluding government taxes and passenger service charges) for travel during the period between September 7, 2004 and January 31, 2005, and launched a similar fare promotion in August 2004 offering a total of 900,000 seats on certain routes for "EUR 0.90" (excluding government taxes and passenger service charges) for travel during the period from September 2, 2004, and February 10, 2005.

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**Customer Service.** Ryanair's strategy is to deliver the best customer service performance in its peer group. According to reports by the Association of European Airlines and the airlines' own published statistics, Ryanair has achieved better punctuality, fewer lost bags and fewer cancellations than all of the rest of its peer grouping in Europe. Ryanair achieves this by focusing strongly on the execution of these services and by operating from uncongested airports.

**Frequent Point-to-Point Flights on Short-Haul Routes.** Ryanair provides frequent point-to-point service on short-haul routes to secondary and regional airports in and around major population centers and travel destinations. In the fiscal year ended March 31, 2004, Ryanair flew an average of approximately 1.83 round-trips per route per day with an average route length of 491 miles and an average flight duration of approximately 1.2 hours. Short-haul routes allow Ryanair to offer frequent service, while eliminating the necessity to provide "frill" services otherwise expected by customers on longer flights. Point-to-point flying (as opposed to hub-and-spoke service) allows Ryanair to offer direct, non-stop routes and avoid the costs of providing through service for connecting passengers, including baggage transfer and transit passenger assistance costs.

In choosing its routes, Ryanair favors secondary airports with convenient transportation to major population centers and regional airports. Secondary and regional airports are generally less congested than major airports and, as a result, can be expected to provide higher rates of on-time departures, faster turnaround times (the time an aircraft spends at a gate loading and unloading passengers), fewer terminal delays and more competitive airport access and handling costs. Ryanair's "on time" performance record (arrivals within 15 minutes of schedule) for the first six months of 2004 was 92%, exceeding that of its principal competitors, including Lufthansa AG ("Lufthansa") 84%, Air France 84%, easyJet Plc ("easyJet") 82%, British Airways 81% and Alitalia S.p.A. ("Alitalia") 80%, according to the Association of European Airlines' reports and the airlines' own published statistics. Faster turnaround times are a key element in Ryanair's efforts to maximize aircraft utilization. Ryanair's average scheduled turnaround time for the fiscal year ended March 31, 2004 was approximately 25 minutes. Secondary and regional airports also generally do not maintain slot requirements or other operating restrictions that can increase operating expenses and limit the number of allowed take-offs and landings.

**Low Operating Costs.** Management believes that Ryanair's operating costs are among the lowest of any European scheduled passenger airline. Ryanair strives to reduce or control four of the primary expenses involved in running a major scheduled airline: (i) aircraft equipment costs; (ii) personnel productivity; (iii) customer service costs; and (iv) airport access and handling costs:

**Aircraft Equipment Costs.** Ryanair's initial strategy for controlling aircraft acquisition costs was to purchase used aircraft of a single type. From 1994 to 1998, Ryanair purchased used Boeing 737-200A aircraft that

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were, at the date of purchase, between 11 and 17 years old (with an average age of 23 years at March 31, 2004). In the late 1990s, however, there was a significant reduction in the number of such used aircraft available for purchase in the market. Accordingly, in March 1998, Ryanair announced that it would start purchasing new Boeing 737-800 "next generation" aircraft. See "--Aircraft." The 737-800s represent the latest generation of Boeing's 737 aircraft and share certain basic attributes in common with Ryanair's current fleet. Although Ryanair's acquisition of the 737-800s has already, and will continue to significantly increase the size of its fleet from that in 1998 and thus significantly increase its aircraft equipment and related costs (both on an aggregate and per aircraft basis), the purchase of aircraft from a single manufacturer enables it to limit the costs associated with personnel training, maintenance and the purchase and storage of spare parts, as well as affording greater flexibility in the scheduling of crews and equipment. Management also believes that the terms of the Boeing contracts are very favorable to Ryanair. Management expects Ryanair to be operating a single fleet type of "next generation" Boeing 737-800s from December 2005 onwards.

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**Personnel Productivity.** Ryanair endeavors to control its labor costs by continually improving the productivity of its already highly-productive work force. In the year ended March 31, 2004 productivity calculated on the basis of passengers booked per employee continued to improve, increasing to 10,049 passengers, a 21% improvement on the year ended March 31, 2003. Compensation for employees emphasizes productivity-based pay incentives, including commissions for on-board sales of products for flight attendants and payments based on the number of hours or sectors flown by pilots and cabin crew personnel within limits set by industry standards or regulations fixing maximum working hours, as well as participation in Ryanair's stock option programs. Ryanair's average pay per employee for the year ended March 31, 2004 of EUR 50,582 compares favorably to that of its competitors Iberia, easyJet, Lufthansa, Aer Lingus, British Airways, where average salaries are EUR 42,077, EUR 41,384, EUR 41,377, EUR 38,329 and EUR 37,602 respectively, as published in the latest annual reports.

**Customer Service Costs.** Ryanair has entered into agreements on competitive terms with third party contractors at certain airports for passenger and aircraft handling, ticketing and other services that management believes can be more cost efficiently provided by third parties. Management attempts to obtain competitive rates for such services by negotiating multi-year contracts at prices that are fixed or subject only to periodic increases linked to inflation. The development of its own internet booking facility and reservations center has allowed Ryanair to eliminate travel agent commissions. For the fiscal year ended March 31, 2004, Ryanair generated virtually all of its scheduled passenger revenues through direct sales, with sales through Ryanair's website and direct telephone reservations generating approximately 96% and approximately 4% of the total, respectively.

**Airport Access Fees.** Ryanair attempts to control airport access and service charges by focusing on airports that offer competitive cost terms. Management believes that Ryanair's record of delivering a consistently high volume of passenger traffic growth at many of these airports has allowed it to negotiate favorable contracts with such airports for access to their facilities. Ryanair further endeavors to reduce its airport charges by opting, when practicable, for less expensive gate locations as well as

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outdoor boarding stairs rather than more expensive jetways.

**Taking Advantage of the Internet.** During January 2000, Ryanair converted its host reservation system from the BABS (British Airways Booking System) to a new system called Flightspeed, which it operates under a 10 year hosting agreement with Accenture Open Skies ("Open Skies"). As part of the implementation of the new reservation system, Open Skies developed an internet booking facility called Skylights. The Skylights system allows internet users to access Ryanair's host reservation system and to make and pay for confirmed reservations in real time through Ryanair's Ryanair.com website. Since the launch of the Skylights system, Ryanair has heavily promoted its website through newspaper, radio and television advertising. As a result, internet bookings have grown rapidly, accounting for in excess of 96% of all reservations on a daily basis as of September 2004.

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**Commitment to Safety and Quality Maintenance.** Ryanair's commitment to safety is a primary priority of the Company and its management. This commitment begins with the hiring and training of Ryanair's pilots, cabin crews and maintenance personnel and includes a policy of maintaining its aircraft in accordance with the highest European airline industry standards. Ryanair has not had a single incident involving major injury to passengers or flight crew in its 20-year operating history. Although Ryanair seeks to maintain its fleet in a cost-effective manner, management does not seek to extend Ryanair's low cost operating strategy to the areas of safety, maintenance, training or quality assurance. Routine aircraft maintenance and repair services are performed at Dublin, London (Stansted), Glasgow (Prestwick), Shannon and Milan (Bergamo) by Ryanair and, at other airports, by maintenance contractors approved under the terms of Part 145/JAR 145, the European airline industry standard for maintenance. Ryanair currently contracts heavy airframe maintenance, engine overhaul services and rotatable repairs to contractors. These contractors also provide similar services to a number of other airlines, including British Airways and Aer Lingus. Ryanair assigns a Part 145/JAR 145 certified mechanic to oversee heavy maintenance and authorize engine overhauls performed by third parties.

**Enhancement of Operating Results through Ancillary Services.** Ryanair provides various ancillary services and engages in other activities connected with its core air passenger service, including non-flight scheduled services, the in-flight sale of beverages, food and merchandise and internet-related services. As part of its non-flight scheduled and internet-related services, Ryanair distributes accommodation services and travel insurance as well as car rentals through both its website and its traditional telephone reservation offices. Management believes that providing these services through the internet allows Ryanair to increase sales, while at the same time reducing costs on a per unit basis.

For the fiscal year ended March 31, 2004, ancillary services accounted for 13.9% of Ryanair's total operating revenues, as compared to 13.1% of such revenues in the fiscal year ended March 31, 2003. The increase reflected higher revenues from non-flight scheduled operations, car rentals, in-flight sales and internet-related services. These increases more than offset the elimination of charter revenue from April 2003, when the Company re-directed its charter capacity to scheduled services. See "-Ancillary Services" and "Item 5. Operating and Financial Review and Prospects-Results of Operations-Fiscal Year 2004 Compared with Fiscal Year 2003-Ancillary Revenues" for additional information.

**Focused Criteria for Growth.** Building on its success in the Ireland-U.K.



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market and its expansion of service to continental Europe, Ryanair intends to follow a manageable growth plan targeting specific markets. Ryanair believes it will have opportunities for continued growth by: (i) initiating additional routes from the U.K. or Ireland to other locations in continental Europe that are currently served by higher-cost, higher-fare carriers; (ii) increasing the frequency of service on its existing routes; (iii) starting new domestic routes within EU countries; (iv) considering possible acquisitions that may become available in the future; (v) connecting airports within its existing route network ("triangulation"); and (vi) establishing more new bases in continental Europe.

### INDUSTRY OVERVIEW

#### European Airline Market

The Western European air transport market has historically been subject to significant governmental regulation, encompassing both domestic regulations imposed by individual countries and rules enacted by the EU that apply throughout its territory. The EU commenced a program to reduce the level of regulation during the 1980s, followed by a package of liberalization measures substantially reducing the ability of individual EU Member States to restrict access to routes for air travel that were originally adopted in 1992. Since April 1997, EU carriers have been able to provide passenger service on domestic routes within individual EU Member States outside their home country of operation without restriction.

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Partially as a result of this progressive movement towards deregulation, there has been a significant increase in the number of airlines providing scheduled passenger service in the EU over the course of the past decade. The prospects for additional market liberalization measures provided further impetus for new entrants, including the conversion of some charter airlines into operators of both scheduled and charter flights. Management expects that other new carriers may be formed to capitalize on these opportunities. Notwithstanding the overall increase in the number of carriers, a large majority of the new entrants are quite small, although this may change, and the overall market has been volatile, with several of the new entrants ceasing operations. Among the major causes of their failure were the competitive responses from major airlines and other low cost carriers (including Ryanair) serving the same routes, including a number of sustained price wars, rapid, unmanageable expansion at higher cost base than existing carriers, and the impact of increased costs of operating aircraft arising from higher interest rates and higher fuel prices.

Air carriers operating in the intra-EU market generally have traditionally fallen into one of four principal categories: flag carriers, independent airlines, franchises of major airlines and charter operators. The flag carriers, which fly inter-continental routes as well as those within Western Europe, include both those that have traditionally been heavily dependent on aid from their respective governments (including Air France Group ("Air France"), Alitalia, Aer Lingus, and Iberia, S.A.) and "commercial" flag carriers such as British Airways, KLM, Scandinavian Airline System ("SAS") and Lufthansa that have operated with no or little state aid in recent years. The independent carriers include low-fares carriers, such as Ryanair and easyJet, and carriers providing "frills" services more comparable to those of the flag carriers but at slightly lower fares than the flag carriers, such as British Midland Airways Ltd. ("British Midland"). Certain small carriers, have become franchises of major airlines, sharing some ticketing and other distribution systems with the flag carriers. These franchises serve mainly regional routes where flag carriers

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cannot operate profitably due to their high overhead costs and serve to feed regional passengers to their flag carrier partners for interline service. For the flag carriers, franchises represent a possible means of competing with low-fares start-up carriers, although in Germany, Lufthansa has chosen to compete with the low-fares carriers by maintaining a 49% stake in Germanwings, a low-fares carrier based in Germany. Charter flight operators are significantly more established and more competitive in Europe than in the United States, with many charter operations being owned by major travel groups or commercial airlines. A number of charter operators have recently established their own low-fares subsidiaries, including Hapag-Lloyd Express in Germany (a subsidiary of TUI AG) and My Travel Ltd in the U.K. (a subsidiary of My Travel.com). Charter operators currently account for a significant portion of total intra-EU annual passenger traffic and operate primarily on routes between northern and southern Europe, targeting mainly price-conscious leisure travelers. There have also been a large number of recent start-up airlines throughout Europe following the increased availability of aircraft as a result of capacity reductions by larger airlines post-9/11 and the low interest rate environment of recent years.

Although the liberalization measures adopted by the EU were expected to reduce air fares and increase competition significantly, the European market continues to be characterized by higher operating costs per ASM than those with respect to scheduled passenger service in the United States. While active competition has increased with the launch of the low-fares carriers, fares for scheduled passenger services on intra-EU routes continue to be generally higher than those on domestic U.S. routes of comparable distances. Ryanair believes that the higher fares are the result of carriers passing on their higher costs to passengers and the lack of significant competition on some intra-EU routes. In addition, EU Member States may intervene to stop further fare reductions on a route or group of routes where market forces have led to a sustained downward movement in fares deviating from seasonal norms and resulting in widespread losses among all carriers on the routes concerned. Further, certain European nations outside the EU could reserve the right to set minimum fares.

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### Ireland, U.K. and Continental European Markets

The market for scheduled passenger air travel between Ireland and the U.K. can be divided into two principal segments, the Dublin-London route and the routes between Ireland and other locations in the U.K. outside of London.

Dublin-London Route. The Dublin-London route (including service from Dublin to each of Heathrow, Gatwick, Stansted, Luton and London City airports) is currently served by five carriers. Ryanair serves three London airports (Stansted, Gatwick and Luton), Aer Lingus serves one airport (Heathrow), while British Midland, British Airways and Air France/Cityjet each serve one airport (Heathrow, Gatwick, and London City respectively).

Before Ryanair entered the Dublin-London route in 1986, it was serviced only by British Airways and Aer Lingus. Management believes that Ryanair's introduction of competition based on low fares contributed to the significant growth in passenger volume and the heightened competition between airlines that has characterized the Dublin-London route since Ryanair first commenced service in 1986. British Midland entered the route in 1989 and British Airways withdrew in 1991, while British Airways and CityJet Limited (a former Virgin Atlantic franchise) entered the route in 1992 and 1994, respectively, although CityJet withdrew from this route from January 2001, through October 2003. As a result of increased competition, the lowest available fares have declined while the route has experienced substantial annual traffic growth. By calendar year 2003,

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according to the CAA Statistics, annual traffic had risen to more than 4.4 million passengers.

Ireland-U.K. Routes. Prior to 1993, the market for air travel between Ireland and other locations in the U.K. was dominated by Aer Lingus. As with the London-Dublin route prior to Ryanair's entry, routes to provincial cities in the U.K. were generally characterized by high fares, service on small-capacity turboprop aircraft and slow traffic growth. Ryanair entered this market by launching low-fares service using jet aircraft between Dublin and Birmingham in 1993 and has since expanded its service to include 24 routes. See "-Route System, Scheduling and Fares-Route System and Scheduling" for a complete list of routes and the dates of their introduction. Since Ryanair's entry into these routes with jet aircraft service and low fares, each of the routes has experienced a significant reduction in fares and, according to the CAA Statistics, a significant increase in traffic growth. In each of these cases, Ryanair has captured a majority of this incremental growth, and, as a result, Ryanair is currently the market leader in terms of passenger volume on most of its routes between Ireland and provincial cities in the U.K.

Continental Europe. In 1997, Ryanair began service on new routes to four locations in continental Europe (Dublin to Paris (Beauvais) and Brussels (Charleroi), and London (Stansted) to Stockholm (Skavsta) and Oslo (Torp)). Since that time Ryanair has substantially expanded its continental European service and now serves a total of 64 locations. See "-Route System, Scheduling and Fares-Route System and Scheduling" for a complete list of routes and the dates of their introduction. Ryanair established continental European bases at Brussels (Charleroi), Frankfurt (Hahn), Milan (Bergamo), Stockholm (Skavsta), Barcelona (Girona) and Rome (Ciampino). Ryanair currently competes with a number of flag carriers, including British Airways, Lufthansa, Air France, KLM, Iberia and Alitalia, and a larger number of smaller carriers, including low-fares airlines such as easyJet, BMI Baby and Fly Be in the United Kingdom and Hapag Lloyd Express, Germanwings and easyJet in Germany, with the number and identity of its competitors varying according to the route flown.

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### The Acquisition of Buzz

On April 10, 2003, Buzz Stansted, a newly-formed subsidiary of Ryanair, purchased certain assets of Buzz, KLM's former low-fares subsidiary, from KLM UK Limited for EUR 20.8 million. These assets primarily comprised trademarks, domain names, computer equipment, ticket desk equipment and certain aircraft documents, records and manuals. As part of the transaction, KLM UK Limited agreed to transfer certain landing and takeoff slots at London (Stansted) Airport to Ryanair. In addition, Buzz Stansted agreed to take over leases with ILFC on six Boeing 737-300s, which were novated by KLM UK Limited to Buzz Stansted, as well as to sub-lease four BAe146 aircraft from KLM during the period from April 10, 2003 to March 31, 2004, at which time the BAe146s were returned to KLM.

As part of the acquisition, Buzz Stansted agreed to employ 110 of the approximately 500 former Buzz staff, each of whom was offered and accepted new contracts of employment with Buzz Stansted. The balance of the former Buzz staff were made redundant by KLM UK Ltd, and, under the purchase agreement governing the transaction, any liabilities arising from resultant claims by these staff were settled by KLM UK Ltd. The acquisition agreement also contains an indemnity from KLM UK Ltd in favor of Buzz Stansted covering any further claims arising from these redundancies of the former Buzz staff.

The leases for the six Boeing 737-300 aircraft, which had a formal term of

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approximately eight years, ending between October 2010 and February 2011, had monthly lease payments that were substantially higher than market rates. However, Buzz Stansted was permitted to terminate any or all six of these leases 48 months prior to the contractual lease termination date for each aircraft, or between October 2006 and February 2007. On August 6, 2004, Buzz Stansted finalized an agreement with ILFC for the early return of these aircraft, with two aircraft to be returned on October 15, 2004, and the remaining four aircraft on or before October 31, 2004. As part of the commercial terms of the agreement for the early return of the aircraft, the parties reached an agreement in relation to the maintenance and other return conditions of the aircraft.

As a result of the return of the aircraft to ILFC, Ryanair intends to cease operations at Buzz Stansted and to utilize aircraft from its existing fleet and those acquired under its fleet delivery program to service those routes previously operated by Buzz Stansted. A number of employees of Buzz Stansted, consisting almost entirely of pilots, have individually applied for positions with a third-party firm which has an agreement to provide contract pilots to Ryanair. The Company could also be exposed to costs associated with the cessation of operations at Buzz Stansted. See "Item 3. Key Information--Risk Factors--Risks Related to the Company--The Company May Face Increased Costs In Connection with Buzz Stansted."

Buzz Stansted's results have been fully consolidated with those of Ryanair and are included in the financial and operating data included in this annual report.

Buzz Stansted did not operate any services between April 10, 2003 and May 1, 2003, while its staff were being retrained and the airline obtained the required U.K. air operators' certificate. As a result, the Company recorded exceptional costs amounting to EUR 3.1 million (equal to Buzz Stansted's operating costs during this period of inactivity) in the fiscal quarter ending June 30, 2003. The Company was also required to give a guarantee of U.K. POUND 12 million to the CAA to discharge any liabilities to third parties that might arise from the termination of Buzz's business. This guarantee was withdrawn on September 19, 2004.

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Ryanair recorded goodwill in the amount of EUR 46.8 million in connection with the Buzz acquisition. This figure is comprised of the purchase price of EUR 20.8 million and excess lease costs in the amount of EUR 26.0 million, which latter amount was calculated on the basis of a report from Avitas, independent aircraft valuers. This independent valuation highlighted that the monthly payments on the leases novated to Buzz Stansted are substantially higher than existing market rates for leases on similar aircraft. The Company has calculated the amount of these excess lease costs over the remaining term of the leases at EUR 26.0 million, based on a calculation of the difference between the contractual rates and these estimates of current market rates. Under Irish GAAP, this goodwill will be amortized in the Company's profit and loss account over a 20-year period in the amount of EUR 2.3 million per annum. In accordance with U.S. GAAP, the Company has performed a valuation of the Buzz assets acquired to attribute value to separable intangible assets. As these assets do not have a limited life, they will not be depreciated and, except for the straight-line goodwill amortization which is not required under U.S. GAAP, the Company does not expect there will be any income statement differences under Irish and U.S. GAAP in accounting for this acquisition.

ROUTE SYSTEM, SCHEDULING AND FARES

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### Route System and Scheduling

The following table lists each of the routes served by Ryanair and sets forth certain information with respect to Ryanair's route system based upon the flight schedule in effect at September 1, 2004:

Route served	Date service commenced	Round trip flights scheduled per day	Number of passengers per calendar month
<b>Between Dublin and London:</b>			
London (Luton)	January 1986	5	
London (Stansted)	November 1988	12	1
London (Gatwick)	November 1994	6	
<b>Between Dublin and U.K. Provincial Airports:</b>			
Liverpool	May 1988	3	
Birmingham	November 1993	2	
Manchester	May 1994	5	
Glasgow (Prestwick)	May 1994	3	
Cardiff	May 1996	1	
Bournemouth	May 1996	1	
Leeds/Bradford	May 1996	3	
Bristol	May 1997	3	
Teesside	November 1997	1	
Edinburgh	August 2001	3	
Aberdeen	April 2002	1	
Newcastle	January 2003	2	
Blackpool	May 2003	1	
East Midlands	April 2004	3	
<b>Between Dublin and Continental Europe:</b>			
Paris (Beauvais)	May 1997	3	
Brussels (Charleroi)	May 1997	4	
Malaga	March 2003	3 per week	
Faro	March 2003	3 per week	
Barcelona (Girona)	April 2003	1	

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Route served	Date service commenced	Round trip flights scheduled per day	Number of passengers per calendar month
Reus	April 2004	1	
<b>Between Shannon and Continental Europe:</b>			
Paris (Beauvais)	February 2002	1	
<b>Between London (Stansted) and Irish Provincial Airports:</b>			

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Cork	October 1991	3
Knock	May 1991	1
Kerry	June 1997	1
City of Derry	July 1999	2
Shannon	April 2000	2
Between London (Stansted) and U.K. Provincial Airports:		
Newquay	April 2002	2
Blackpool	May 2003	2
Between London (Stansted) and Germany:		
Altenburg	May 2003	1
Frankfurt (Hahn)	April 1999	4
Friedrichshafen	April 2002	1
Hamburg (Lubeck)	June 2000	4
Niederrhein	April 2003	3
Berlin Schoenefeld	May 2003	2
Baden-Karlsruhe	September 2003	2
Erfurt	January 2004	1
Between London (Stansted) and Italy:		
Venice (Treviso)	May 1998	3
Pisa	June 1998	4
Genoa	May 1999	2
Ancona	July 1999	1
Turin	July 1999	2
Alghero (Sardinia)	July 2000	2
Brescia	July 2000	2
Trieste	April 2001	1
Pescara	April 2001	1
Bologna (Forli)	November 2001	2
Rome (Ciampino)	April 2002	6
Palermo	May 2003	2
Bari	January 2004	1
Between Pisa Airport and Germany:		
Hamburg (Lubeck)	May 2003	1
Between London (Stansted) and France:		
Lyon (St. Etienne)	May 1998	1
Toulouse (Carcassonne)	June 1998	2
Biarritz	April 1999	3
Brittany (Dinard)	April 1999	1
Nimes	June 2000	2

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Route served	Date service commenced	Round trip flights scheduled per day	Number of passengers per calendar
Perpignan	June 2000	2	
Montpellier	April 2002	1	
Strasbourg (a)	October 2002	-	
Pau	April 2003	1	
Reims (b)	April 2003	-	

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Rodez	May 2003	1
Bergerac	May 2003	2
Brest (c)	May 2003	-
Clermont Ferrand (b)	May 2003	-
Limoges	May 2003	2
La Rochelle	May 2003	1
Poitiers	May 2003	1
Tours	May 2003	1
Between London (Stansted) and Scandinavia:		
Oslo (Torp)	June 1997	3
Aarhus	September 1999	2
Malmo	July 2000	2
Esbjerg	April 2001	2
Stockholm (Vasteras)	April 2001	1
Gothenburg	April 2001	3
Haugesund	April 2003	2
Tampere	October 2003	1
Between London (Stansted) and the Netherlands:		
Eindhoven	April 2002	2
Maastricht (c)	April 2003	-
Groningen (d)	May 2003	-
Between London (Stansted) and Austria:		
Salzburg	April 2001	2
Graz	April 2002	1
Klagenfurt	April 2002	1
Linz	January 2004	1
Between London (Stansted) and Belgium:		
Ostend-Bruges (c)	May 2003	-
Between London (Stansted) and Spain:		
Barcelona (Girona)	February 2003	4
Murcia	May 2003	4
Jerez	May 2003	2
Valladolid	November 2003	1
Barcelona (Reus)	November 2003	2
Between Glasgow (Prestwick) and:		
London (Stansted)	October 1995	6
Paris (Beauvais)	November 1998	2
Frankfurt (Hahn)	March 2000	1
Oslo (Torp)	April 2002	1
Bournemouth	February 2003	1

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Route served	Date service commenced	Round trip flights scheduled per day	Number of passengers per calendar
Barcelona (Girona)	May 2003	1	
Gothenburg	October 2003	1	
Shannon	December 2003	1	
Milan (Bergamo)	January 2004	1	

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Between Brussels Charleroi and:		
London (Stansted) (d)	April 2001	-
Toulouse (Carcassonne)	April 2001	1
Prestwick	April 2001	1
Pisa	April 2001	2
Shannon	April 2001	1
Venice (Treviso)	April 2001	2
Liverpool (b)	June 2002	-
Rome (Ciampino)	June 2002	2
Barcelona (Girona)	May 2003	2
Valladolid	January 2004	1
Between Frankfurt (Hahn) and:		
Shannon	May 2000	1 per week
Bournemouth (b)	February 2002	-
Milan (Bergamo)	February 2002	2
Pescara	February 2002	1
Oslo (Torp)	February 2002	1
Montpellier	March 2002	1
Pisa	March 2002	2
Barcelona (Girona)	December 2002	2
Rome (Ciampino)	December 2002	2
Bologna (Forli)	December 2002	1
Stockholm (Skavsta)	December 2002	2
Gothenburg	February 2003	1
Malmo (c)	March 2003	-
Kerry	April 2003	1
Perpignan (b)	March 2002	-
Treviso	October 2003	1
Alghero	October 2003	1
Barcelona (Reus)	January 2004	2
Tampere	January 2004	1
Between Milan (Bergamo) and:		
London (Stansted)	April 2002	4
London (Luton)	February 2003	2
Paris (Beauvais)	February 2003	2
Brussels (Charleroi)	February 2003	2
Barcelona (Girona)	February 2003	2
Hamburg (Lubeck)	February 2003	1
Between Stockholm (Skavsta) and:		
London (Stansted)	June 1997	3
Aarhus (c)	April 2003	-
Paris (Beauvais)	April 2003	2
Hamburg	April 2003	1

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Route served	Date service commenced	Round trip flights scheduled per day	Number of passengers per calendar
Glasgow (Prestwick)	April 2003	1	
Tampere (c)	April 2003	-	
Oslo (Torp) (c)	April 2003	-	
Brussels (Charleroi)	October 2003	1	
Rome (Ciampino)	January 2004	1	



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Milan (Bergamo)	January 2004	1
Between Barcelona (Girona) and:		
Bournemouth	October 2003	1
Birmingham (d)	October 2003	-
Paris (Beauvais)	February 2004	2
Liverpool	February 2004	1
Baden	February 2004	1
Turin	February 2004	1
Treviso	February 2004	1
Eindhoven	February 2004	2
Alghero	February 2004	1
Rome (Ciampino)	February 2004	2
Between Birmingham and:		
Murcia (d)	October 2003	-
Between Rome (Ciampino) and:		
Klagenfurt	January 2004	1
Baden	January 2004	1
Paris (Beauvais)	January 2004	2

- (a) Service to Strasbourg was discontinued in September 2003 after a Strasbourg court ruled that the marketing support granted by the Strasbourg Chamber of Commerce to Ryanair in connection with the route was illegal and constituted unlawful state aid to Ryanair. Ryanair is appealing this decision; pending the outcome of this appeal, it has opened a route from Baden Karlsruhe in Germany to London (Stansted). See "Item 8. Financial Information--Other Financial Information--Legal Proceedings."
- (b) Services from Frankfurt (Hahn) to Bournemouth and Perpignan were discontinued on October 25, 2003 and March 28, 2004, respectively.
- (c) On January 14, Ryanair discontinued services between London (Stansted) and Reims, Clermont Ferrend, Ostend and Maastricht; Frankfurt (Hahn) and Malmo; Stockholm (Skavsta) and Aarhus, Tampere and Oslo (Torp); and Brussels (Charleroi) and Liverpool.
- (d) On April 28, 2004 Ryanair discontinued services between London (Stansted) and Brest, Groningen and Charleroi; Barcelona (Girona) and Birmingham; and Birmingham and Murcia.

Management's objective is to schedule a sufficient number of flights per day on each route to satisfy demand for Ryanair's low-fares service. Ryanair schedules departures on its most popular routes at frequent intervals normally between approximately 6:30 a.m. and 11:00 p.m. Management regularly reviews the need for adjustments in the number of flights on all of its routes.

### Low and Widely-Available Fares

Ryanair offers low, multi-tier fare pricing, with prices generally varying depending on advance booking, seat availability and demand. Ryanair sells seats on a one-way basis, thus removing minimum stay requirements from all travel on

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Ryanair scheduled services, regardless of fare. All tickets can be changed subject to certain conditions, including payment of a fee and applicable upgrade charge, but are non-cancelable and non-refundable and must be paid for when the reservation is made.

Ryanair's discounted fares are "capacity controlled" in that Ryanair allocates a specific number of seats on each flight to each fare category to accommodate projected demand for seats at each fare level leading up to flight time. Ryanair generally makes its lowest fares widely available by endeavoring to allocate a majority of its seat inventory to its lowest fare categories. Management believes that its unrestricted fares as well as its advance purchase fares are attractive to both the business and the leisure traveler.

When launching a new route, Ryanair's policy is to price its lowest fare so that it will be significantly lower than other carriers' lowest fares, but still provide a satisfactory operating margin.

Ryanair also periodically runs special promotional fare campaigns, in particular in connection with the opening of new routes, and endeavors to underprice attempts by its competitors to lower their fares on a particular route. Ryanair offers weekday one-way fares starting at EUR 9.99 on many of its routes, and is offering lower-fare trips on certain routes from time to time. Ryanair promotions must be made during a limited period of time and are only available for travel during a specific period. Other promotional fares generally are available only for mid-week travel, for a limited period and for a limited number of seats per flight, and also require reservations in advance. Promotional fares may have the effect of increasing load factors and reducing Ryanair's yield and passenger revenues on the relevant routes during the period they are in effect.

### MARKETING AND ADVERTISING

Ryanair's primary marketing strategy is to emphasize its widely-available low fares. In doing so, Ryanair primarily advertises its services in national and regional newspapers in Ireland and the U.K. In continental Europe, Ryanair advertises primarily through regional and national newspapers, as well as on radio, billboards and other local media. Currently, the slogan "Ryanair.com, Fly Cheaper" is prominently featured in all of the airline's marketing to build its brand identity. Other marketing activities include the distribution of advertising and promotional material and cooperative advertising campaigns with other travel-related entities, including local tourist boards.

Ryanair generally runs special promotions in coordination with the inauguration of service into new markets. Starting approximately four to six weeks before the launch of a new route, Ryanair undertakes a major advertising campaign in the target market and local media and editorial attention frequently focuses on the introduction of Ryanair's low fares. Ryanair's sales teams also visit each area and target pubs, clubs, shopping malls, factories, offices and universities with a view to increasing consumer awareness of the new service.

### RESERVATIONS/RYANAIR.COM

Passenger airlines generally rely on travel agents for a significant portion of their ticket sales and pay travel agents a commission for their services. Following the introduction of its website-based reservations program, Ryanair's reliance on travel agents has been eliminated.

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ticketing service that allows passengers to access its reservations system through Ryanair's website at [www.ryanair.com](http://www.ryanair.com). Information included on Ryanair's website is not incorporated by reference into this Report. In January 2000, the system was enhanced and integrated with Ryanair's new Flightspeed reservations system. Passengers can now make reservations and purchase tickets directly through the website. The level of internet bookings has grown rapidly, accounting for approximately 96% of all daily reservations as of September 1, 2004.

Ryanair currently uses Flightspeed from Open Skies to provide its core seat inventory and booking system. In return for access to these systems, Ryanair pays transaction fees that are generally based on the number of passenger seat journeys booked through such systems.

Management anticipates that the internet-based direct sales system will allow it to continue to benefit from substantially reduced distribution costs. However, Ryanair may incur additional costs in the promotion and advertising of [Ryanair.com](http://Ryanair.com), and overall passenger revenues may also be negatively affected by discounted fares used to promote the internet site.

### AIRCRAFT

As of September 30, 2004, Ryanair's operating fleet included 13 Boeing 737-200A aircraft, each having 130 seats, and 57 Boeing 737-800 "next generation" aircraft, each having 189 seats. Ryanair also, through its subsidiary Buzz Stansted, leased six Boeing 737-300 aircraft, each having 148 seats. During fiscal 2004, Ryanair, also through Buzz Stansted, sub-leased and operated four BAe146 aircraft, each having 110 seats.

The table below sets forth details of Ryanair's operating fleet of aircraft at March 31, 2004 and September 30, 2004, as well as the number of aircraft it expects to be operating at March 31, 2005.

	March 31, 2004	No. of operating aircraft in fleet September 30, 2004
Boeing 737-200As	15	13
Boeing 737-300s	6	6
Boeing 737-800s	51	57
 Total operating aircraft	 72	 76

#### Aircraft

**Boeing 737-200As:** Ryanair is in the process of phasing out its 737-200A aircraft, which currently comprise 13 operating aircraft with an average age of 23 years. Eight 737-200As have already been retired from the fleet and the Company expects to complete this phase-out by December 2005. In 2003, Ryanair accelerated the retirement schedule with respect to six of these aircraft after scratches were found on the outer skin of these planes during a routine maintenance check. Two additional Boeing 737-200As were subsequently retired as scheduled in July 2004, with the remaining 13 due for retirement on or before December 2005. During 2003, Ryanair arranged for the short-term lease from October 2003 of six aircraft to cover for the retired 737-200As. All of these

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leases had expired by the end of fiscal 2004.

**Boeing 737-800s:** Between March 1999 and March 2004, Ryanair took delivery of 51 new Boeing 737-800 "next generation" aircraft under its contracts with Boeing. Six additional Boeing 737-800s have been delivered through September 30, 2004. The new 737-800s share certain basic characteristics with the Company's fleet of 737-200A aircraft, but are larger (seating up to 189 passengers, as compared to 130 in the 727-200As), capable of longer flights without refueling and incorporate more advanced aviation technology. The 737-800s also comply with Chapter 3 noise reduction requirements established by the International Civil Aviation Organization, which took effect in the EU in 2002.

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On January 24, 2002, Ryanair announced that it had entered into a new series of agreements with Boeing to purchase an additional 100 new Boeing 737-800 seat aircraft over a six-year period from December 2002 to December 2008; the contract also provided Ryanair with options to purchase up to an additional 50 such aircraft. In June 2002, the Company exercised three of these 50 options, bringing its firm orders to 103 aircraft.

On January 31, 2003, the Company entered into a supplemental agreement to the 2002 Boeing contract, pursuant to which Ryanair exercised a further 18 of the purchase options granted under the 2002 Boeing contract and purchased an additional four 737-800 aircraft. This in turn brought total firm orders with Boeing for 737-800 series aircraft to 125. In addition, as part of the supplemental agreement, the number of purchase options remaining was increased from 29 to 125. In January 2004, Ryanair exercised two purchase options for aircraft due for delivery in December 2005 bringing the total firm aircraft order with Boeing to 155 aircraft and 123 options. Similar commercial terms apply to the additional firm aircraft ordered and to the additional options granted. For additional details on the Boeing contracts and scheduled aircraft deliveries, see "Item 5. Operating and Financial Review and Prospects--Liquidity and Capital Resources" and "Item 10. Additional Information-Material Contracts."

Management believes that the purchase of the additional new Boeing 737-800 aircraft will allow Ryanair to continue to grow over the next six years and that the significant size of the original and supplemental orders allowed Ryanair to obtain favorable purchase terms, guaranteed deliveries, and a standard configuration for all of the aircraft. The purchase is also expected to allow Ryanair to phase out its remaining 13 Boeing 737-200As, which are on average 23 years old, over a two-year period ending in 2005.

The Boeing 737 exists in a number of generations and is the world's most widely-used commercial aircraft. The 737-800s represent the latest generation of Boeing's 737 aircraft and share certain basic attributes in common with Ryanair's fleet of 737-200As. Management believes that spare parts and cockpit crews qualified to fly the aircraft are likely to be more widely available on favorable terms than similar resources for other types of aircraft, and that its strategy of generally limiting its fleet to related aircraft types enables Ryanair to limit the costs associated with personnel training, maintenance and the purchase and storage of spare parts, as well as affording greater flexibility in the scheduling of crews and equipment. The 737-800s are fitted with CFM 56-7B26 and CFM 56-7B27 engines and have advanced CAT III Autoland capability, advanced traffic collision avoidance systems, and enhanced ground proximity warning systems.

**Boeing 737-300s:** As part of the acquisition of certain assets of Buzz, Ryanair's Buzz Stansted subsidiary took over the leases on six 737-300 aircraft, which as of March 31, 2003, had an average age of eight years. During 2004, Buzz

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Stansted operated these aircraft on a sub-service basis for Ryanair. On August 6, 2004, Buzz Stansted finalized an agreement with the lessor, ILFC, for the early return of the aircraft by the end of October 2004. See "--Industry Overview--The Acquisition of Buzz."

### Fleet Expansion

Ryanair expects to take delivery of an additional 98 aircraft under its current contracts with Boeing. Together with the retirement of its Boeing 737-200 as well as the planned termination of Buzz Stansted's leases for the six Boeing 737-300s in the fall of 2004, these deliveries will increase the size of Ryanair's fleet to 155 by December 2008, or more should Ryanair choose to exercise any of the additional 123 options to purchase aircraft remaining under its existing purchase contracts with Boeing.

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Ryanair anticipates financing the expansion of its fleet through a combination of new bank loan facilities supported by a guarantee from the Export-Import Bank of the United States and similar to those already in place, bank debt provided by commercial bankers, operating and finance leases via sale and leaseback transactions, Enhanced Equipment Trust Certificates and cash flow generated from the Company's operations. The financing of the new and existing 737-800 aircraft will significantly increase the total amount of the Company's outstanding debt and the payments it is obliged to make to service such debt. In addition, Ryanair's ability to draw down funds to pay for aircraft as they are delivered under the 2002 Boeing contract and the 2003 supplemental agreement is subject to various conditions imposed by the counterparties to the bank loan facilities and loan guarantees, and any future financing is expected to be subject to similar conditions. For additional details on this financing, see "Item 5. Operating and Financial Review and Prospects-Liquidity and Capital Resources."

### Training and Regulatory Compliance

Ryanair currently owns and operates 737-200 and 737-800 flight simulators for pilot training and has entered into a contract to purchase two additional 737-800 flight simulators from CAE Electronics Ltd. of Quebec, Canada. The first of these additional simulators was delivered in January 2004 and the second simulator is expected to be delivered in 2007. The CAE contract also provides Ryanair with an option to purchase another such simulator for delivery in 2007.

Management believes that Ryanair is currently in compliance with all applicable directives concerning its fleet of Boeing 737-200A, 737-300 and 737-800 aircraft and will comply with any regulations or directives that may come into effect in the future. However, there can be no assurance that the FAA or other regulatory authorities will not recommend or require other safety-related undertakings or that such undertakings would not adversely impact the Company's results of operations or financial condition. See "Item 3. Key Information-Risk Factors-Safety-Related Undertakings Could Affect the Company's Results".

### ANCILLARY SERVICES

Ryanair provides various ancillary services and engages in other activities connected with its core air passenger service, including non-flight scheduled services, the in-flight sale of beverages, food and merchandise, and internet-related services. Revenues from ancillary services totaled EUR 149.7 million in fiscal 2004, compared to EUR 110.6 million in fiscal 2003. See "Item

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### 5. Operating and Financial Review and Prospects-Results of Operations-Fiscal Year 2004 Compared with Fiscal Year 2003-Ancillary Revenues."

As part of its non-flight scheduled and internet-related services, Ryanair distributes accommodation services and travel insurance through both its website and its traditional telephone reservation offices. Ryanair also sells rail tickets and plans to start distributing them through its website during the autumn of 2005. The Company also plans to introduce Ryanair incentivizes ground service providers at all of the airports it serves to collect established excess baggage charges on any baggage that exceeds Ryanair's published baggage allowances. The Company also charges customers a fixed fee to defray the administrative costs incurred in processing debit and credit card transactions. Both excess baggage charges and these processing fees are recorded as components of non-flight scheduled revenue.

For car rental services, Ryanair has entered into a contract with the Hertz Corporation ("Hertz"), pursuant to which Hertz handles all automobile-related aspects of such services and pays a per-rental fee to Ryanair.com (or other relevant reservations agent) as well as a set amount to Ryanair for marketing support. Ryanair also receives a commission on all Hertz car rentals booked through the Ryanair.com website.

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Ryanair's merchandise sales on all of its scheduled flights and merchandise, food, and beverage sales on flights within the U.K., are on a duty-paid, rather than duty-free basis. In fiscal year 2004, the in-flight sale of beverages and duty-free merchandise accounted for 2.8% of Ryanair's revenues, or EUR 30.1 million, as compared to 2.7% of Ryanair's revenues, or EUR 23.1 million, in fiscal year 2003. Starting in November 2004, Ryanair also plans to introduce handheld in-flight entertainment devices available for rental on a limited number of flights.

Internet-related revenues comprises revenue generated from Ryanair.com, including hotel accommodation and travel insurance, but excluding car hire revenue. Management believes that providing these services through the internet allows Ryanair to increase sales, while at the same time reducing costs on a per unit basis. Revenue generated from internet services was EUR 17.7 million and EUR 12.1 million in the years ending March 31, 2004 and March 31, 2003, respectively. Ryanair also provides certain financial services and acts as an agent for MBNA, an issuer of Visa credit cards. As part of this agreement with MBNA, Ryanair and MBNA jointly promote a Ryanair-branded credit card supplied by MBNA on board the aircraft, on Ryanair's internet site, and via direct marketing at the airports served by Ryanair in the U.K. and Ireland. Ryanair generates revenues from MBNA on the basis of the number of cards issued and the revenues generated through use of the credit cards.

In fiscal year 2004, Ryanair's revenues from charter operations decreased to EUR 0.1 million from EUR 12.4 million in fiscal year 2003 as a result of a decline in excess capacity available for charter service as the Company continued to focus on its scheduled operations. Since April 2003, the Company has no longer offered charter services, as remaining charter capacity was reallocated to scheduled services, with the Company now offering scheduled flights to many of the destinations previously served by charters.

#### MAINTENANCE AND REPAIRS

##### General

As part of its commitment to safety, Ryanair endeavors to hire qualified

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maintenance personnel, provide proper training to such personnel and maintain its aircraft in accordance with European industry standards. While Ryanair seeks to maintain its fleet in a cost-effective manner, management does not seek to extend Ryanair's low cost operating strategy to the area of maintenance, training or quality control.

Ryanair's quality assurance department deals with the overall supervision of all maintenance activities in accordance with Part 145/JAR 145, the European regulatory standard for aircraft maintenance and standards established by the European Aviation Safety Agency (EASA). EASA came into being on September 28, 2003, through the adoption of Regulation (EC) NO 1592/2002 of the European parliament, and its standards superseded the previous Joint Aviation Authority (JAA) requirements (JARs were developed and adopted by the JAA, an associated body of the European Civil Aviation Conference, formed to enhance co-operation between the national civil aviation authorities of participating European countries, including Ireland). See "--Government Regulation--Regulatory Authorities."

Ryanair is itself an EASA Part 145/JAR 145-approved maintenance contractor and provides its own routine aircraft maintenance and repair services on its aircraft other than scheduled heavy maintenance. Ryanair also performs certain checks on its aircraft, including pre-flight, daily and transit checks at some of its bases, as well as A and B checks at its Dublin facility. Maintenance and repair services that may become necessary while an aircraft is located at one of the other airports served by Ryanair are provided by other Part 145/JAR 145 approved contract maintenance providers. Aircraft return each evening to Ryanair's bases, where they are examined each night by Ryanair's approved engineers (or, in the case of Brussels (Charleroi), London (Luton), Stockholm (Skavsta), Rome (Ciampino) and Frankfurt (Hahn), by local Part 145/JAR 145 approved companies).

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In August 2002, Ryanair announced that it would be expanding its in-house maintenance capability to include light C checks by building a new two-bay hangar facility at its base at Glasgow (Prestwick) in Scotland. The facility started operations in December 2003 and is initially set up to carry out A checks on Ryanair's fleet of 737-800 aircraft. The facility is capable of performing two light C-checks per week, enabling Ryanair to perform these checks in-house. All heavy maintenance C checks will continue to be outsourced to third parties. The new facility is expected to cost up to U.K. POUND 10 million and to employ up to approximately 180 people when it becomes fully operational sometime in 2006.

### Heavy Maintenance

Ryanair contracts with outside maintenance providers for heavy maintenance services. Ryanair currently contracts its heavy airframe maintenance overhauls for its core Boeing 737 fleet to a single Part 145/JAR 145-approved contractor, FLS Aerospace Ltd. ("FLS") and engine overhaul service for these aircraft to two Part 145/JAR 145-approved contractors, Lufthansa Airmotive Ireland ("Airmotive"), which is responsible for maintenance of the CFM 56-7 engines that power the Boeing 737-800 aircraft, and Israeli Aircraft Industries Limited ("IAI"), which is responsible for the JT8D engines fitted to the Boeing 737-200A aircraft. Ryanair also contracts its "rotable" repairs to IAI. Services provided by FLS include heavy airframe maintenance, technical engineering and various maintenance support services, while those provided by IAI include engine overhauls, wheel and brake services, landing gear overhaul and auxiliary power unit repair services.

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In January 2000, Ryanair entered into a new heavy maintenance agreement with FLS covering both its Boeing 737-200A and 737-800 aircraft. The agreement formally expires in January 2005, and Ryanair has started negotiations with a number of maintenance and repair organizations (MRO's) (including FLS) to carry out this work after that date. Under this existing contract, man-hour rates for maintenance on the Boeing 737-200A aircraft are fixed for the first three years and then are subject to escalation on the basis of the annual increase in the cost index for the Manufacturers of Aircraft and Spacecraft in the U.K. The Boeing 737-800 aircraft checks are initially to be completed on the basis of the number of man-hours incurred at a fixed rate per hour, plus the actual cost of the materials consumed. Once the first series of checks have been completed, the contract provides for both parties to agree to fix the price for labor and materials for each check thereafter.

The contract also provides for penalties and a bonus incentive for FLS for the on-time completion of checks, which have been capped at a specific level for each year of the contract. In relation to the major P12 checks on the 737-200A aircraft, the Company does not have a fixed materials cost, but will instead pay FLS on the basis of the manufacturer's list price, with Ryanair having an option to supply spare parts to FLS either in advance of the aircraft check or to pay FLS for such parts.

In November 1999, Ryanair entered into a 10-year contract with Airmotive for the repair and overhaul of the CFM56-7 engines fitted to its 737-800 aircraft, which was terminable after 5 years by either party, upon six months notice. Ryanair has given Airmotive notice and the contract is to be terminated on December 1, 2004. Ryanair is currently in the final stages of concluding a new 10-year cost-per-cycle agreement with an engine MRO provider for all repair and overhaul services for these engines at agreed rates per cycle flown throughout the period of the contract. There can be no assurance that the Company will conclude these negotiations successfully or on favorable terms. In the existing agreement with Airmotive, labor charges for the repair and overhaul of engines were fixed until January 2003. Thereafter, the rate per hour was increased to a new fixed rate, to be adjusted annually based on rates established by the mechanics trade union.

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Effective November 1, 2001, Ryanair entered into an agreement with IAI, which is based at Ben Gurion Airport in Israel, for the repair and overhaul of all of the Pratt & Whitney JT8D engines on its Boeing 737-200A aircraft, including seven spare engines. The contract terminates on December 31, 2005, and requires IAI to complete all scheduled and unscheduled shop visits for these engines, including spare parts and labor, at a fixed rate per engine cycle. IAI will also provide other repair and overhaul services for these engines at fixed rates throughout the period of the contract. Ryanair can terminate the contract upon 30 days notice if there is material default in IAI's performance or in the event of IAI's bankruptcy, or upon six months notice if certain delays occur. IAI can terminate the contract upon 30 days notice if Ryanair fails to pay, except where items are disputed in good faith, or if Ryanair is declared bankrupt. The scheduled termination date for this contract corresponds to the date by which Ryanair expects to have retired all of the 737-200As from its fleet.

The Buzz Stansted aircraft are currently being maintained on a line maintenance basis by Ryanair Limited under its Part 145/JAR 145 approval. The heavy maintenance in respect of engines for the six Boeing 737-300s is contracted to Snecma, while that for the airframe has not been contracted to any specific maintenance organization.



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By contracting with Part 145/JAR 145-approved maintenance providers, management believes it is better able to control the quality of its aircraft and engine maintenance. Ryanair assigns a Part 145/JAR 145-certified mechanic to oversee all heavy maintenance or engine overhaul performed by third parties. Maintenance providers are also monitored closely by the national authorities under JAA and national regulations.

The loss or expiration of these or any other of Ryanair's third party service contracts or any inability to renew them or negotiate replacement contracts with other service providers at comparable rates could have a material adverse effect on the Company's business, results of operations and financial condition. Ryanair expects to be dependent on such third party arrangements for the foreseeable future, notwithstanding the additional capabilities provided by its new maintenance facility at Glasgow (Prestwick).

### SAFETY RECORD

During its 20-year operating history, Ryanair has not had a single incident involving major injury to passengers or flight crew. Ryanair's commitment to safe operations is manifested by its safety training procedures, its investment in safety-related equipment and the adoption of an internal confidential reporting system for safety issues.

Ryanair's flight training is oriented towards accident prevention and covers all aspects of flight operations. Ryanair conducts all of its own flight crew training, both initial and recurrent, with the approval of the Irish Aviation Authority (the "IAA"), which regularly audits both operation control standards and flight training standards. Buzz Stansted separately conducts its own training, under the approval of the CAA.

All of the Boeing 737-800s which Ryanair has bought or committed to buy and the Boeing 737-300's operated by Buzz Stansted operate in accordance with the Category IIIA minimum landing criteria, which require a minimum horizontal visibility of 200 meters and no vertical visibility.

Ryanair has a comprehensive and documented safety management system. Management encourages flight crews to report any safety-related issues through the use of a confidential reporting system which is available through Ryanair's and Buzz Stansted's Flight Safety Offices. The confidential reporting system affords flight crews the opportunity to report directly to senior management any event, error or discrepancy in flight operations that they do not wish to report through standard channels. The confidential reporting system is designed to increase management's awareness of problems that may be encountered by flight crews in their day-to-day operations. Management uses the information reported through the system to modify operating procedures and improve flight operation standards.

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### AIRPORT OPERATIONS

#### Airport Handling Services

Ryanair provides its own aircraft and passenger handling and ticketing services at Dublin Airport. Third parties provide these services to Ryanair at the other airports it serves. Servisair plc provides Ryanair's ticketing, passenger and aircraft handling and ground handling services at many of these airports in Ireland and the U.K., excluding London (Stansted) (where these services are provided primarily by Groundstar Ltd.), while similar services in

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continental Europe are generally provided by the local airport authority, either directly or through sub-contractors. Management attempts to obtain competitive rates for such services by negotiating multi-year contracts at fixed prices, although some may have periodic increases linked to inflation. These contracts are generally scheduled to expire in one to five years, unless renewed, and certain of such contracts may be terminated by either party by prior notice. The loss or expiration of such contracts or any inability to renew such contracts or negotiate contracts with other providers at comparable rates could have a material adverse effect on the Company's business, results of operations and financial condition. Ryanair will need to enter into similar agreements in any new markets it may enter, and there can be no assurance that Ryanair will be able to obtain the necessary facilities and services at competitive rates in such new markets.

### Airport Charges

As with other airlines, Ryanair is assessed airport charges each time it lands and accesses facilities at the airports it serves. Depending on the policy of the individual airport, such charges can include landing fees, passenger loading fees, security fees and parking fees. Noise surcharges have also been imposed by a limited number of European airports in response to concerns expressed by local residents. Ryanair attempts to negotiate advantageous terms for such fees by delivering a consistently high volume of passenger traffic and opts, when practicable, for less expensive facilities, such as less convenient gates, as well as the use of outdoor boarding stairs rather than more expensive jetways. Nevertheless, there can be no assurance that the airports Ryanair uses will not impose higher airport charges in the future and that any such increases would not adversely affect the Company's operations.

In February 2001, the Irish Government established a Commission for Aviation Regulation (the "CAR"). The CAR is currently responsible for regulating charges at Dublin, Cork and Shannon airports. In August 2001, the CAR issued a determination in relation to charges which are to remain in effect for five years, beginning September 24, 2001 with a possibility of a review by the CAR after two years. The base charges for 2002 were approximately 5% lower than the charges previously in effect, and an efficiency factor (RPI-X) provides that the charges will decrease by the efficiency factor minus the level of inflation in Ireland. On September 24, 2003, the CAR announced a 9% increase in the maximum charges permitted at Dublin airport to compensate for claimed under-recovery of costs by Aer Rianta and legal costs incurred by the CAR in defending a legal challenge by Aer Rianta of the CAR's original price determination. However, on March 26, 2004, the CAR published its "two-year" review of the changes, in accordance with the Aviation Regulation Act, and reduced the maximum charges permitted to be levied by Aer Rianta by approximately 9% based on errors in the CAR's original regulatory formula. As a result, the maximum charges permitted to be levied by Aer Rianta at Dublin airport have remained essentially unchanged from 2003 to 2004.

The State Airports Act 2004 was introduced by the Irish government to provide the legislative basis for the restructuring of Aer Rianta and the establishment of Dublin, Cork and Shannon airports as independent airport authorities under state ownership. The Act provides for Aer Rianta to be re-named as the Dublin Airport Authority. The Act also provides for the establishment of two new state-owned companies, namely Cork Airport Authority plc and Shannon Airport Authority plc.

In respect of changes, the State Airports Act 2004 provides that the CAR will retain price regulation responsibilities solely for Dublin airport. Dublin airport will be subject to a new determination in respect of landing charges by the CAR within a year of the renaming of Dublin Airport Authority plc. Landing charges will become deregulated at Cork and Shannon airports on the earlier of the vesting day or the issuance of a new determination by the CAR in respect of

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Dublin airport. At this point, Cork Airport Authority plc and Shannon Airport Authority plc will have sole discretion to fix landing fees at their airports.

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On February 12, 2004, the European Commission ruled that certain concessions granted to Ryanair by the Walloon Government in connection with its operations in Brussels (Charleroi) constituted illegal state aid, while a Strasbourg court in September 2003 ruled Ryanair received illegal state aid from the Strasbourg Chamber of Commerce in connection with the Company's launch of its Strasbourg-London (Stansted) service. Ryanair is currently appealing both of these decisions, while separate similar proceedings relating to Pau and Palermo airports are currently pending in lower courts. As Ryanair currently benefits from similar concessions on a number of its routes, negative outcomes in these proceedings could have a material adverse effect on its airport charges and profitability. See "Item 3. Risk Factors--Risks Related to the Company--The Company Could Incur Significant Additional Costs Arising from Legal Proceedings Regarding Brussels (Charleroi) and Strasbourg" and "Item 8. Financial Information--Other Financial Information--Legal Proceedings."

In July 2004, Ryanair commenced an action in the High Court of England and Wales (Chancery Division) against BAA plc and Stansted Airport Limited (together "BAA"), the companies that operate London's Heathrow, Gatwick and Stansted Airports. The action relates to a fuel levy that BAA has unilaterally imposed on Ryanair and other airlines at Stansted Airport. Despite representations by BAA that the fuel levy was imposed to recover its original capital investment, and further representations that the fuel levy would be eliminated or reduced once the capital costs had been recovered as fuel uplift volumes increased, BAA has failed to either eliminate or reduce the fuel levy in circumstances where Ryanair believes BAA has now recovered its original capital investment some three times over and where the volumes of fuel uplifted at Stansted Airport have increased dramatically, largely driven by increasing passenger volumes delivered by Ryanair. Ryanair claims damages and other relief against BAA for breaches of statutory duty and abuse of dominant position arising out of BAA's overcharging in respect of the fuel levy and BAA's continuing failure to provide transparent and accurate information about the fuel levy.

BAA has responded by filing a separate action against Ryanair alleging that Ryanair has repudiated its contract with BAA and is seeking payment of fuel levies withheld by Ryanair. These sums were withheld by Ryanair as a result of, and in response to, BAA's abuses in relation to the fuel levy and overcharging. Ryanair currently accounts for in excess of 60% of the fuel volumes at London (Stansted) airport. The amount in dispute in BAA's claim in relation to fuel levies against Ryanair is approximately EUR 1.5 million (or roughly 3% of the total aeronautical charges that Ryanair paid BAA in fiscal 2004). BAA further claims that it is now no longer bound by its contract with Ryanair in relation to airport charges and that it can instead charge Ryanair the published airport tariffs, as opposed to the lower amounts charged under the contract. Ryanair denies all of BAA's claims and counterclaims against BAA for breach of contract, breaches of statutory duty, abuse of dominant position and misrepresentation and overcharging in relation to the fuel levy. However, should the courts declare Ryanair's contract with BAA is no longer binding, the Company would likely face materially increased costs at London (Stansted), its principal base, or could be forced to cut back its London (Stansted) operations. Flights to or from London (Stansted) accounted for approximately 61% of the Company's passenger volumes in fiscal 2004. See "Item 3. Key Information--Risk Factors--Risks Related to the Company--The Company's Legal Dispute Regarding Fuel Levies at Stansted Airport Could Result in Increased Costs" and "Item 8. Financial Information--Other Financial Information--Legal Proceedings."

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### FUEL

The cost of jet fuel accounted for 20.8% and 22.3% of Ryanair's total operating expenses in the fiscal years ended March 31, 2004 and 2003, respectively, in each case after giving effect to the Company's fuel hedging activities and excluding de-icing costs. Jet fuel costs have been subject to wide fluctuations as a result of sudden disruptions in supply and market speculation and continued to exhibit substantial volatility in the fiscal years ended March 31, 2003 and 2004.

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The future availability and cost of jet fuel cannot be predicted with any degree of certainty, and because of Ryanair's low-fares policy, its ability to pass on increased fuel costs to passengers through increased fares or otherwise may be limited. Ryanair has entered into fuel and currency hedging agreements with various counterparties providing for price protection in connection with the purchase of fuel covering periods only through October 2004. Ryanair has not otherwise entered into agreements to hedge the cost of or otherwise guarantee its supply of fuel. As a result of Ryanair's decision not to enter into new hedging arrangements, the Company will be more exposed to risks arising from fluctuations in the price of fuel, especially in light of recent significant increases. In the quarter ended June 30, 2004, one gallon of jet fuel cost on average 0.91 U.S. cents per gallon, an increase of 9.6 % as compared to 0.83 U.S. cents per gallon in the comparable period in 2003. Based upon Ryanair's fuel consumption for the fiscal year ended March 31, 2004, a change of one U.S. cent in the average annual price per gallon of aviation fuel would have caused a change of approximately EUR 2 million in the Company's annual fuel costs. Ryanair's fuel costs in the fiscal year ended March 31, 2004, after giving effect to the Company's fuel hedging activities, increased by approximately 36% over the comparable period ended March 31, 2003, to EUR 175.0 million, primarily due to an increase in the number of sectors flown and the average sector length as a result of the expansion of Ryanair's fleet and route network, offset in part by improvements in fuel burn per hour and the positive impact on the cost per gallon of the strengthening of the euro against the dollar. Ryanair estimates that its fuel cost would have been approximately EUR 194.3 million in fiscal year 2004, compared to EUR 171.3 million (excluding de-icing costs of EUR 3.7 million in each case) had Ryanair not had any hedging arrangements in place. See Item 3. Risk Factors--Risks Related to the Company--Changes in Fuel Costs and Fuel Availability Affect the Company's Results" and "Item 11. Quantitative and Qualitative Disclosures About Market Risk--Fuel Price Exposure and Hedging."

The following table details Ryanair's fuel consumption and costs for scheduled operations (thus excluding fuel costs related to charter operations and de-icing costs), after giving effect to the Company's fuel hedging activities, for the fiscal years ended March 31, 2002, 2003 and 2004. The excluded de-icing costs amounted to EUR 1,347,336, EUR 2,282,003 and EUR 3,701,892, respectively, for the fiscal years ended March 31, 2002, 2003 and 2004. De-icing costs, which are costs incurred for the labor and anti-freeze used to de-ice aircraft, have increased significantly in recent years as the Company's route network, types of aircraft operated and number of sectors flown have increased; the Company therefore believes including these costs would distort the year-to-year cost comparison.

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	2004	Fiscal Year ended March 2003
Scheduled fuel consumption (U.S. gallons).....	210,024,169	133,782,854
Available seat miles (ASM).....	13,996,127,688	8,744,373,118
Scheduled fuel consumption (U.S. gallons) per ASM.....	0.015	0.014
Total scheduled fuel costs.....	EUR 171,289,098	EUR 124,429,232
Cost per gallon.....	EUR 0.8156	EUR 0.9301
Total scheduled fuel costs as a percentage of total operating costs.....	20.8%	22.3%

INSURANCE

Ryanair is exposed to potential catastrophic losses that may be incurred in the event of an aircraft accident or terrorist incident. Any such accident or incident could involve not only repair or replacement of a damaged aircraft and its consequent temporary or permanent loss from service, but also significant potential claims of injured passengers and others. Ryanair currently maintains passenger liability insurance, employer liability insurance, aircraft insurance for aircraft loss or damage, insurance for pilots' loss of license and other business insurance in amounts per occurrence that is consistent with industry standards. Although Ryanair currently believes its insurance coverage is adequate, there can be no assurance that the amount of such coverage will not need to be increased, that insurance premiums will not increase significantly or that Ryanair will not be forced to bear substantial losses from accidents. The cost of insurance coverage for certain third party liabilities arising from "acts of war" or terrorism increased dramatically as a result of the terrorist attacks on the U.S. in September 2001. Following the attacks, all insurance underwriters withdrew aircraft hull war liability cover and imposed a per passenger surcharge of \$1.25 for reinstatement of such cover up to a \$50 million limit. Aircraft hull war liability indemnities for amounts above \$50 million were, in the absence of any alternative cover, provided by the Irish Government at pre-September 11 levels of coverage on the basis of a per passenger surcharge. In March 2002, once such coverage was again commercially available, Ryanair arranged cover to replace that provided by the Government indemnity on the basis of a per passenger surcharge and an additional surcharge based on hull values. However, Ryanair's insurers have recently advised the Company that they intend to narrow the scope of the Company's current act of war-related insurance coverage to exclude certain types of catastrophic incidents, such as biological, chemical or "dirty bomb" attacks, which could lead to further increases in costs if the Company is forced to seek additional coverage. Ryanair to date has passed these increased insurance costs on to passengers by means of a special "insurance levy" on each ticket. Substantial claims resulting from an accident in excess of related insurance coverage could also have a material adverse effect on the Company's results of operations and financial condition. Moreover, any aircraft accident, even if fully insured, could cause a public perception that Ryanair's aircraft are less safe or reliable than those operated by other airlines, which could have a material adverse effect on Ryanair's business.

Council Regulation (EC) No. 2027/97, as amended by Council Regulation (EC) No. 889/2002, governs air carrier liability. This legislation provides for unlimited liability of an air carrier in the event of death or bodily injuries suffered by passengers, implementing the Warsaw Convention of 1929 for the Unification of Certain Rules Relating to Transportation by Air, as amended by

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the Montreal Convention of 1999. This legislation also limits the ability of an air carrier to rely on certain defenses in an action for damages, which would otherwise have been available to it at law, and provides for uniform liability limits for loss of, damage to or destruction of baggage and for damage occasioned by delay. The potential exposure of air carriers, such as Ryanair, has therefore been increased and, although Ryanair has extended its liability insurance accordingly to meet the requirements of the legislation, no assurance can be given that other laws, regulations or policies will not be applied, modified or amended in a manner that has a material adverse effect on the Company's financial condition or results of operations.

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### FACILITIES

The following are the principal properties owned or leased by the Company:

Location	Site Area (Sq. Meters)	Floor Space (Sq. Meters)	Tenure	
Dublin Airport (Corporate Headquarters)	1,116	1,395	Leasehold	Cor
Phoenix House, Conyngham Road, Dublin	2,566	3,899	Freehold	Res
Satellite 3, Stansted Airport	605	605	Leasehold	Sal Ope
Dublin Airport (Hangar)	2,993	2,175	Leasehold	Air
East Midlands Airport	3,647	3,647	Freehold	Sim tra
Skavsta Airport (Hangar)	1,936	1,936	Leasehold	Air Mai
Prestwick Airport (Hangar)	4,052	4,052	Leasehold	Air Mai
Stansted Storage Facilities	378	531	Leasehold	Air

Ryanair has agreements with Aer Rianta, the Irish government authority charged with operating Ireland's major airports, to lease ticket counters and other space at the passenger and cargo terminal facilities at Dublin Airport. Ryanair also financed the construction of and leased a new hangar extension at Dublin Airport, which was completed in May 1997. The airport office facilities used by Ryanair at London (Stansted) are leased from the airport authority; similar facilities at each of the other airports Ryanair serves are provided by Servisair plc or other service providers.

In May 2002, a new minister was appointed to lead the Department of Transport in Ireland following the general election. The minister has completed a review of Ireland's airport facilities and recently requested proposals from interested parties for the development of new terminals and piers at Dublin Airport. Ryanair has submitted a proposal to the government, as have several

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other interested parties. Management expects that its proposal, if accepted and implemented, would either involve Ryanair building and operating a terminal and pier at Dublin Airport itself or it becoming the "anchor tenant" for a terminal built by another consortium. Although the total cost to Ryanair of such a role in the development of any such facilities cannot be determined at this time, any such project could require substantial capital expenditures, as well as significant additional costs in relation to the maintenance and operation of the terminal and pier. In July 2004, the Minister for the Department of Transport announced legislation enacting plans for the break up of Aer Rianta into three competing airports at Dublin, Cork, and Shannon managed by three separate boards. This break-up of Aer Rianta is contingent on separate business plans to be ratified by the Minister for Finance and the Minister for Transport. This would enable each airport to compete with the others on a commercial basis for new and existing business. The break up of Aer Rianta has already commenced and the Government is in the process of appointing directors to the board of the companies that will manage the three airports. Ryanair anticipates that the new boards of management for the three airports will not be fully operational until the end of 2004. On implementation of the new board at Dublin airport and following the approval of the business plan for competing airports by the Minister of Finance, it is anticipated that the government will consider plans for independent competing airport terminals at Dublin airport.

### TRADEMARKS

Ryanair's name, logo and slogans "Ryanair.com The Low Fares Website" and the "Low Fares Airline" have been registered as Community Trade Marks ("CTM"). A CTM allows trademark owners to obtain a single registration of their trademarks, which registration affords uniform protection for those trademarks throughout the EU.

Ryanair has also registered its name as a trademark in the Benelux countries, Germany and the U.K. The registrations give Ryanair an exclusive monopoly over the use of its trade name with regard to similar services in these jurisdictions and the right to sue for trademark infringement should a third party use an identical or confusingly similar trade mark in relation to identical, or similar services. The registrations in each of these jurisdictions is due for renewal in January 2005 and management currently intends to maintain these registrations notwithstanding its CTM registration.

At present, Ryanair has not registered either its name or its logo as a trademark in Ireland, as CTM registration provides all of the protection available from an Irish registration, and management believes there are therefore no advantages in making a separate Irish application.

### GOVERNMENT REGULATION

#### Liberalization of the EU Air Transportation Market

Ryanair began its flight operations in 1985, during a decade in which the governments of Ireland and the U.K. liberalized the bilateral arrangements for the operation of air services between the two countries. In 1992, the Council of Ministers of the EU adopted a package of measures intended to liberalize the internal market for air transportation in the EU, including measures allowing EU air carriers substantial freedom to set air fares, allowing EU air carriers greatly enhanced access to routes within the EU and introducing a licensing procedure for EU air carriers. Beginning in April 1997, EU air carriers have generally been able to provide passenger services on domestic routes within any EU Member State outside their home country of operations without restriction. See also "--Regulation of Competition--State Aid."

The European Court of Justice in November 2002 ruled that bilateral agreements between certain member states and the United States fell within the

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exclusive competence of the EU and should not therefore be entered into by the member states individually. As a result of these rulings, the European Commission has been granted a mandate to negotiate with the United States to replace the existing bilateral agreements between individual member states and the United States with a single comprehensive EU-U.S. agreement establishing an open aviation area between the two territories. These negotiations will cover all arrangements covering air transport between and within the EU and United States. It is proposed that this would include the rules governing market access (routes, capacity, frequency), how airfares are set, how to ensure effective application of competition rules and how to ensure maintenance of high standards of airline safety and aviation security. The negotiations will also address opening up each side's internal market to the airlines of the other side. A key element will be the removal of the special restrictions that currently apply to foreign ownership and control of airlines in the United States and EU.

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### Regulatory Authorities

As an Irish air carrier with routes to the U.K. and other EU countries, Ryanair is subject to Irish and EU regulation, which is implemented primarily by the Department of Transport, the IAA and the JAA. Management believes that the present regulatory environment in Ireland and the EU is characterized by an increased sensitivity to safety and security issues and an increased intensity of review of safety-related procedures, training and equipment by the national and EU regulatory authorities.

Commission for Aviation Regulation. The CAR was established on February 27, 2001 under the Aviation Regulation Act, 2001 ("Aviation Regulation Act"). The CAR is primarily responsible for deciding maximum airport charges at Ireland's major airports, namely Dublin, Cork and Shannon. See "--Airport Operations--Airport Charges" above.

The CAR also has responsibility for licensing Irish airlines, subject to the requirements of EU law. It issues operating licenses under the provisions of Council Regulation 2407/92. An operating license is an authorization permitting the holder to carry out carriage by air of passengers, mail and/or cargo.

Finally, CAR has responsibility for deciding whether a regulated airport should be co-ordinated or fully co-ordinated under Council Regulation No. 95/93 on slots; and authorizing ground handling operations under Council Directive 96/67/EC and its implementing legislation.

The criteria for granting an operating license include, inter alia, an air carrier's financial fitness, the adequacy of its insurance, and the fitness of the persons who will manage the air carrier. In addition, in order to obtain and maintain an operating license, Irish and EU regulations require that (i) the air carrier must be owned and continue to be owned directly or through majority ownership by EU Member States and/or nationals of EU Member States and (ii) the air carrier must at all times be effectively controlled by such EU Member States or EU nationals. The CAR has broad authority to revoke an operating license. See "Item 10. Additional Information--Limitations on Share Ownership by Non-EU Nationals."

Ryanair's current operating license was awarded effective December 1, 1994, reviewed on November 30, 1999, and is subject to review and renewal each year.

Irish Aviation Authority. The IAA is primarily responsible for the operational and regulatory function and services relating to the safety and



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technical aspects of aviation in Ireland. To operate in Ireland and the EU, an Irish air carrier is required to hold an operator's certificate granted by the IAA. An operator's certificate attests to the air carrier's operational and technical competence to conduct an air service with specified types of aircraft. The IAA has broad authority to amend or revoke an operator's certificate, with Ryanair's ability to continue to hold its operator's certificate being subject to on-going compliance with applicable statutes, rules and regulations pertaining to the airline industry, including any new rules and regulations that may be adopted in the future.

The IAA is responsible for overseeing and regulating the operations of Irish air carriers. Matters within the scope of the IAA's regulatory authority include air safety, aircraft certification, personnel licensing and training, maintenance, manufacture, repair, airworthiness and operation of aircraft, implementation of JARs, aircraft noise and ground services. Each of the Company's aircraft has received an airworthiness certificate issued by the IAA and any additional aircraft the Company adds to the fleet will be required to obtain an airworthiness certificate. These airworthiness certificates are issued for a period of 12 months, after which application for a further certificate must be made. The Company's flight personnel, flight and emergency procedures, aircraft and maintenance facilities are subject to periodic inspections and tests by the IAA. The IAA has broad and powerful regulatory and enforcement authority, including the authority to require reports, inspect the books, records, premises and aircraft of a carrier and investigate and institute enforcement proceedings. Failure to comply with IAA Regulations can result in revocation of operating certification.

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In July 1999, the IAA awarded Ryanair an air operator's certificate, which is subject to routine audit and review, in recognition of Ryanair's satisfaction of the relevant JAR OPS 1 regulatory requirements. Ryanair's current operating certificate, in accordance with the routine annual schedule, is set to expire on January 31, 2005.

Civil Aviation Authority. Buzz Stansted's current air operator's certificate was issued by the U.K. CAA with effect from June 29, 2004. This certificate allows Buzz Stansted to operate the six 737-300 aircraft it leases. The CAA has similar powers to those of the IAA.

Department of Transport. The Department of Transport ("DOT") has a more limited role in the regulation of Irish air transport as the majority of its regulatory functions have been transferred to CAR under the Aviation Regulation Act. DOT retains responsibility for implementation of EU and national legislation and international standards relating to air transport, e.g., noise levels, aviation security, etc.

Joint Aviation Authorities. The JAA is an associated body of the European Civil Aviation Conference representing civil aviation authorities of participating European states who have agreed to co-operate in developing and implementing common safety regulatory standards and procedures. The purpose is to provide high and consistent standards of safety. The aim of the JAA is to ensure that each individual Joint Aviation Requirement (JAR) becomes a uniform code for all JAA member states without any national regulatory differences. EU regulations provide for the harmonization of technical requirements and administrative procedures on the basis of the JAR codes of the JAA and for the acceptance of certification in accordance with common technical requirements and administrative procedures.

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The European Aviation Safety Agency. EASA is an agency of the European Union which has been given specific regulatory and executive tasks in the field of aviation safety. EASA was established through Regulation (EC) No 1592/2002 of the European Parliament and the Council of July 15, 2002, on common rules in the field of civil aviation and establishing a European Aviation Safety Agency. The purpose of EASA is to draw-up common standards to ensure the highest levels of safety; oversee their uniform application across Europe; and promote them at the global level. EASA formally started its work on September 28, 2003, taking over the responsibility for regulating airworthiness and maintenance issues within the EU Member States. The JAA retains its current functions for operations and licensing as well as airworthiness and maintenance issues for the JAA member states outside EASA. However, the EASA is expected to take over these JAA functions as the agency continues to develop and establish itself, in co-operation with the EU Commission and with the other divisions of the JAA.

Eurocontrol. The European Organization for the Safety of Air Navigation ("Eurocontrol") is an autonomous European organization established under the Eurocontrol Convention of December 13, 1960. Eurocontrol is responsible for, inter alia, the safety of air navigation and the collection of route charges for en route air navigation facilities and services throughout Europe. Ireland is a party to several international agreements concerning Eurocontrol. These agreements have been implemented into Irish law, which provides for the payment of charges to Eurocontrol in respect of air navigation services provided for aircraft in airspace under the control of Eurocontrol. The relevant legislation imposes liability for the payment of any charges upon the operators of the aircraft in respect of which services are provided, upon the owners of such aircraft or the managers of airports used by such aircraft. Ryanair, as an aircraft operator, is primarily responsible for the payment to Eurocontrol of charges incurred in relation to its aircraft.

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The legislation authorizes the detention of aircraft in the case of default in the payment of any charge for air navigation services by the aircraft operator or the aircraft owner, as the case may be. This power of detention extends to any equipment, stores or documents, which may be on board the aircraft when it is detained, and may result in the possible sale of the aircraft.

The European Commission is in the process of introducing a "single European sky policy," which would bring changes to air traffic management and control within the EU by the end of 2004. The "single European sky policy" currently consists of the Framework Regulation (Reg. E.C. No. 549/2004) plus three technical regulations on the provision of air navigation services, organization and the use of the airspace and the interoperability of the European air traffic management network. The objective of the policy is to enhance safety standards and the overall efficiency for general air traffic in Europe.

### Registration of Aircraft

Pursuant to the Irish Aviation Authority (Nationality and Registration of Aircraft) Order, 2001 (the "Order"), the IAA regulates the registration of aircraft in Ireland. In order to be registered or continue to be registered in Ireland, an aircraft must be wholly owned by either (i) a citizen of Ireland or a citizen of another Member State of the EU having a place of residence or business in Ireland or (ii) a company registered in and having a place of business in Ireland and having its principal place of business in

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Ireland or another Member State of the EU and not less than two-thirds of the directors of which were citizens of Ireland or of another Member State of the EU. As of September 15, 2004, nine of the ten Directors of Ryanair Holdings are citizens of Ireland or of another Member State of the EU. An aircraft will also fulfill these conditions if it is wholly owned by such citizen or company in combination. Notwithstanding the fact that these particular conditions may not be met, the IAA retains discretion to register an aircraft in Ireland so long as it is in compliance with the other conditions for registration under the Order. Any such registration may, however, be made subject to certain conditions. In order to be registered, an aircraft must also continue to comply with any applicable provisions of Irish law. The registration of any aircraft can be cancelled if it is found that it is not in compliance with the requirements for registration under the Order and, in particular, (i) if the ownership requirements are not met, (ii) the aircraft has failed to comply with any applicable safety requirements specified by the IAA in relation to the aircraft or aircraft of a similar type or (iii) if the IAA decides in any case that it is satisfied that it is inexpedient in the public interest for the aircraft to remain registered in Ireland. Similar measures apply to Buzz Stansted, which operates under a U.K. air operators certificate issued by the CAA and whose six aircraft are all registered in the U.K. As of September 15, 2004, all of the directors of Buzz Stansted are citizens of EU Member States.

### Regulation of Competition

Competition/Antitrust Law. It is a general principle of EU competition law that no agreement may be concluded between two or more separate economic undertakings that prevents, restricts or distorts competition in the common market or any part of the common market. Such an arrangement may nevertheless be exempted by the European Commission, on either an individual or category basis. The second general principle of EU competition law is that any business or businesses having a dominant position in the common market or any substantial part of the common market may not abuse such a dominant position. Ryanair is subject to the application of the general rules of EU competition law as well as specific rules on competition in the airline sector (principally, Council Regulation (EEC) 3975/87, as amended).

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An aggrieved person may sue for breach of EU competition law in the courts of the Member States and/or complain to the European Commission for an order to terminate the breach of competition law. The European Commission also may impose fines and daily penalties on businesses and the courts of the Member States may award damages and other remedies (such as an injunction) in appropriate circumstances.

Competition law in Ireland is primarily embodied in the Competition Act 2002. This Act is modeled on the EU competition law system. The Irish rules generally prohibit anti-competitive arrangements among businesses and prohibit the abuse of a dominant position. These rules are enforced either by public enforcement (primarily by the Competition Authority) through both criminal and civil sanctions or by private action in the courts. These rules apply to the airline sector, but are subject to EU rules that override any contrary provision of Irish competition law.

State Aid. The EU rules control aid granted by Member States to businesses on a selective or discriminatory basis. The EU Treaty prevents Member States granting such aid unless approved in advance by the EU. Any such grant of state aid to an airline is subject to challenge before the EU or, in certain

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circumstances, national courts. If aid is held to have been unlawfully granted it may have to be repaid by the airline to the granting Member State, together with interest thereon. See "Item 3. Key Information--Risk Factors--The Company Could Incur Significant Additional Costs Arising from Legal Proceedings Regarding Brussels Charleroi and Strasbourg" and "Item 8. Financial Information--Other Financial Information--Legal Proceedings."

### Environmental Regulation

**Aircraft Noise Regulations.** Ryanair is subject to international, national and, in some cases, local noise regulation standards. EU and Irish regulations have required that all aircraft operated by Ryanair comply with Stage 3 noise requirements since April 1, 2002. All of Ryanair's aircraft currently comply with these regulations. Certain airports in the U.K. (including London (Stansted) and London (Gatwick)) and continental Europe have established local noise restrictions, including limits on the number of hourly or daily operations or the time of such operations.

**Group Facilities.** Environmental controls are generally imposed under Irish law through property planning legislation specifically the Local Government (Planning and Development) Acts of 1963 to 1999, the Planning and Development Act 2000 and regulations made thereunder. At Dublin Airport, Ryanair operates on land controlled by Aer Rianta. Planning permission for its facilities has been granted in accordance with both the zoning, and planning requirements of Dublin Airport. There is also specific Irish environmental legislation implementing applicable EU Directives and Regulations, which Ryanair adheres to. From time to time, noxious or potentially toxic substances are held on a temporary basis within Ryanair's engineering facilities at Dublin Airport and Glasgow (Prestwick). However, at all times Ryanair's storage and handling of these substances complies with the relevant regulatory requirements. In our Glasgow (Prestwick) maintenance facility, all normal waste is removed under the Environmental Protection Act of 1996 and Duty of Care Waste Regulations. For special waste removal, Ryanair operates under the Special Waste Regulations 1998 (contaminated waste). At all other facilities Ryanair adheres to all local and EU regulations.

**Ryanair's Policy on Noise and Emissions.** Ryanair is committed to reducing emissions and noise and has entered into its fleet replacement program to replace the Boeing 737-200A aircraft with Boeing 737-800 "next generation" aircraft with lower emissions, lower fuel burn, greater seat density and quieter engines, which significantly reduce the impact on the environment. This replacement program is expected to be completed by December 2005. The Company's future growth plans provide for a fleet consisting entirely of more environmentally friendly Boeing 737-800 "next generation" aircraft from the end of 2005. See "--Aircraft" above for details on Ryanair's fleet plan.

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Furthermore, by moving to an all Boeing 737-800 "next generation" fleet, Ryanair is reducing the unit emissions per passenger due to the inherent capacity increase in the 737-800 aircraft. The Boeing 737-800 "next generation" aircraft have a significantly superior fuel burn to passenger mile ratio than the 737-200A aircraft.

In addition, Ryanair has distinctive operational characteristics that are helpful to the general environment; it:

- has no late night departures of aircraft, reducing noise emissions;

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- has reduced per passenger emissions through higher load factors;
- operates fuel efficient Boeing 737-800 "next generation" aircraft, thereby reducing fuel usage per seat by 45% compared to the older Boeing 737-200As; and
- better utilizes existing infrastructure by operating out of underutilized airports throughout Europe.

Emissions Charges. Ryanair is fundamentally opposed to the imposition of regulatory charges tied to aircraft emissions, as have been suggested by certain European politicians. Ryanair has and continues, to offer the lowest fares in Europe, to make passenger travel affordable and accessible to European consumers. Ryanair believes that to impose a charge on the emissions of aircraft will not only increase airfares, but will discourage new entrants into the market, resulting in less choice for consumers. As a company, Ryanair believes in free market competition and believes that the proposed imposition of an emissions trading scheme on airlines, particularly growing airlines, would continue to enable the flag carriers to achieve their objectives of reducing competition, and would also limit expansion and create a further barrier to entry into the market. This would benefit the traditional flag carriers of the European Union who have smaller aircraft, lower load factors, a much higher fuel burn per passenger and already tend to operate into inefficient, congested airports.

### Slots

Currently, only sixteen airports served by Ryanair - London (Stansted), London (Gatwick), Turin, Manchester, Milan (Bergamo), Rome (Ciampino), Palermo, Murcia, Barcelona (Girona), Barcelona (Reus), Malaga, Faro, Jerez, Berlin Schoenefeld, Eindhoven and Valladolid - are regulated by means of "slot" allocations, which represent authorizations to take off or land at a particular airport within a specified time period. EU law currently regulates the acquisition, transfer and loss of slots. Applicable EU regulations currently prohibit the buying or selling of slots for cash. The European Commission adopted a regulation in April 2004 (Reg EC 793 2004) that made some minor amendments to the current allocation system. It allows for limited transfers of, but not trading in, slots. Slots may be transferred from one route to another by the same carrier, transferred within a group or as part of a change of control of a carrier, or swapped between carriers. The European Commission is now conducting a consultation that will allow it to propose further measures to introduce a market mechanism for the allocation of slots which will allow more flexibility and mobility in the use of slots and will further enhance possibilities for market entry. Any future proposals that might create a secondary market for the auction of slots or allow trading of slots among airlines could create a potential source of revenue for certain of Ryanair's current and potential competitors, many of which have many more slots allocated at present than Ryanair. Slot values depend on several factors, including the airport, time of day covered, the availability of slots and the class of aircraft. Ryanair's ability to gain access to and develop its operations at slot-controlled airports will be affected by the availability of slots for takeoffs and landings at these specific airports. New entrants to an airport are currently given certain privileges in terms of obtaining slots, but such privileges are subject to the "grandfather rights" of existing operators who are utilizing their slots. While Ryanair generally seeks to avoid slot-controlled airports, there is no assurance that Ryanair will be able to obtain a sufficient number of slots at the slot-controlled airports that it desires to serve in the future at the time it needs them or on acceptable terms.

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EU regulations require the use of each slot at least 80% of the time during the season to which the slot relates and provide for forfeiture of slots without compensation in certain circumstances. A minor amendment was made to the legislation in 2003 to reflect the fact that, due to the war launched in March 2003 in Iraq, as well as the outbreak of SARS, many airlines could not meet this "use it or lose it" requirement for maintaining their slots. The amendment recognized that these events were exceptional circumstances, which merited deviation from the rule. This exemption lasted until the end of the summer season in 2004.

### Other

Health and safety at work issues relating to the Company are largely controlled in Ireland by compliance with the Safety, Health and Welfare at Work Act, 1989, the Safety, Health and Welfare at Work (General Application) Regulations, 1993, and other regulations under that Act. Although licenses or permits are not issued under such legislation, compliance is monitored by the Health and Safety Authority (the "Authority"), which is the regulating body in this area. The Authority periodically reviews Ryanair's health and safety record and where appropriate, issues improvement notices/prohibition notices. Ryanair has responded to all such notices to the satisfaction of the Authority. Other safety issues are covered by the Irish Aviation Orders, which may vary from time to time.

The Company's operations are subject to the general laws of Ireland and, in so far as they are applicable in Ireland, the laws of the EU. The Company may also become subject to additional regulatory requirements in the future. The Company is also subject to local laws and regulations at locations where it operates and the regulations of various local authorities that operate the airports it serves.

### DESCRIPTION OF PROPERTY

For certain information about each of the Company's key facilities, see "--Facilities" above. Management believes that the Company's facilities are suitable for its needs and are well maintained.

### Item 5. Operating and Financial Review and Prospects

The following discussion should be read in conjunction with the audited Consolidated Financial Statements of the Company and the notes thereto included in Item 18. Those financial statements have been prepared in accordance with Irish GAAP. For a discussion of certain differences between Irish GAAP and U.S. GAAP, see Note 31 to the Consolidated Financial Statements included in Item 18.

### HISTORY

Ryanair's current business strategy dates to the early 1990s, when a new management team, including the current chief executive, commenced the restructuring of Ryanair's operations to become a low-fares airline based on the low cost operating model pioneered by Southwest Airlines Co. in the United States. During the period between 1992 and 1994, Ryanair expanded its route network to include scheduled passenger service between Dublin and Birmingham, Manchester and Glasgow (Prestwick). In 1994, Ryanair began standardizing its fleet by purchasing used Boeing 737-200A aircraft to replace substantially all of its leased aircraft. Beginning in 1996, Ryanair continued to expand its

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service from Dublin to new provincial destinations in the U.K. In August 1996, Irish Air, L.P., an investment vehicle led by David Bonderman and certain of his associates at the Texas Pacific Group, acquired a minority interest in the Company. Ryanair Holdings completed its initial public offering in June 1997.

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From 1997 through September 2004, Ryanair launched service on 149 routes to/from the U.K. and in continental Europe, and also increased the frequency of service on a number of its principal routes. During that period, Ryanair also established London (Stansted), Glasgow (Prestwick), London (Luton), Shannon, Brussels (Charleroi), Frankfurt (Hahn), Milan (Bergamo), Stockholm (Skavsta), Barcelona (Girona) and Rome (Ciampino) airports as additional bases of operations. Since 1999, Ryanair has increased the number of passengers flown from 4.9 million in 1999 to 21.2 million in 2004, taken delivery of 57 Boeing 737-800 aircraft, and now serves 88 airports while employing over 2,300 people.

Taking into account scheduled retirements of Ryanair's Boeing 737-200As, Ryanair expects to have 87 aircraft in its operating fleet by April 2005. Over the next five years, the Company expects to take delivery of an additional 98 Boeing 737-800 aircraft which it is obligated to purchase under existing contracts with Boeing. These deliveries, net of further scheduled retirements and lease terminations, are expected to increase the size of the Company's fleet to 155 aircraft by December 2008, with that number increasing should Ryanair choose to exercise any of the 123 options remaining under its current contracts with Boeing. See "--Liquidity and Capital Resources" and "Item 4. Information on the Company--Aircraft" for additional details.

### BUSINESS OVERVIEW

Since Ryanair began to introduce its low cost operating model in the early 1990s, its passenger volumes and scheduled passenger revenues have increased significantly as Ryanair has substantially increased capacity. Ryanair's annual scheduled flown passenger volume has increased more than tenfold over the past decade, from approximately 945,000 passengers in calendar year 1992 to approximately 23.1 million passengers in fiscal year 2004.

Ryanair's revenue passenger miles ("RPMs") increased from 4,505.9 million in fiscal year 2002 to 6,781.1 million in fiscal year 2003 and to 10,425.9 million in fiscal year 2004, due primarily to an increase in scheduled available seat miles ("ASMs") from 6,081.0 million in fiscal year 2002 to 8,744.4 million in fiscal year 2003 and to 13,996.1 million in fiscal year 2004. Scheduled passenger revenues increased from EUR 551.0 million in fiscal year 2002 to EUR 732.0 million in fiscal year 2003 and to EUR 924.6 million in fiscal year 2004. During this period, flown passenger load factors were 74% in fiscal year 2002, 78% in fiscal year 2003 and 74% in fiscal year 2004. Average yield per RPM was EUR 0.122 in fiscal year 2002, EUR 0.108 in fiscal year 2003 and EUR 0.089 in fiscal year 2004. The decrease in average yield per RPM in fiscal years 2003 and 2004 was principally attributable to an increase in the company's seat capacity, increased competition in the market and an increase in average sector length without a corresponding increase in average yield per passenger, or the amount of scheduled revenues per passenger flown. The Company expects average yields to decline further in the near term due to continuing price competition.

The combination of expanding passenger volumes and capacity, high load factors and aggressive cost containment has enabled Ryanair to continue to generate operating profits and profits after taxation despite increasing price competition. Ryanair's break-even load factor was 58% in fiscal year 2002, 57% in fiscal year 2003 and 62% in fiscal year 2004. Cost per ASM declined from EUR

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0.071 in fiscal year 2002 to EUR 0.062 in fiscal year 2003 and to EUR 0.055 in fiscal year 2004. Ryanair recorded an operating profit after goodwill amortization of EUR 162.9 million in fiscal year 2002, EUR 263.5 million in fiscal year 2003 and EUR 249.0 million in fiscal year 2004, and profit after taxation of EUR 150.4 million in fiscal year 2002, EUR 239.4 million in fiscal year 2003 and EUR 206.6 million in fiscal year 2004. Ryanair recorded seat capacity growth of approximately 54% in fiscal 2004, compared to 35% and 31% in fiscal years 2003 and 2002, and expects capacity growth to slow to approximately 16% in fiscal 2005, as a result of the Company's early termination in August 2004 of the leases for Buzz Stansted's six 737-300 aircraft. See "Item 4. Information on the Company--Acquisition of Buzz" for additional information on these terminations.

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The historical results of operations discussed herein may not be indicative of Ryanair's future operating performance. Ryanair's future results of operations will be affected by, among other things, overall passenger traffic volume, the availability of new airports for expansion, fuel prices, the airline pricing environment in a period of increased competition, the ability to finance its planned acquisition of aircraft and to discharge the resulting debt service obligations, economic and political conditions in Ireland, the U.K. and the EU, seasonal variations in travel, developments in government regulations, litigation and labor relations, foreign currency fluctuations, competition and the public's perception regarding the safety of low-fares airlines and changes in aircraft acquisition, leasing, and other operating costs, as well as the rates of income taxes paid. Ryanair expects its depreciation, staff and fuel charges to continue to increase as additional aircraft and related flight equipment are acquired. Future fuel costs may also increase as a result of the current shortage of fuel production capacity and/or production restrictions imposed by fuel oil producers, as well as the Company's decision not to enter into fuel hedging arrangements beyond October 2004 at current market rates. Maintenance expenses may also increase as a result of Ryanair's fleet expansion and replacement program. In addition, the financing of new and existing 737-800 aircraft will significantly increase the total amount of the Company's outstanding debt and the payments it is obliged to make to service such debt. The cost of insurance coverage for certain third party liabilities arising from "acts of war" or terrorism has increased dramatically as a result of the terrorist attacks on the U.S. in September 2001. Although Ryanair currently passes on increased insurance costs to passengers by means of a special "insurance levy" on each ticket, there can be no assurance that it will continue to be successful in doing so. See "Item 3. Key Information--Risk Factors--The 2001 Terrorist Attacks on the United States Had a Severe Negative Impact on the International Airline Industry."

### RECENT OPERATING RESULTS

For the quarter ended June 30, 2004 (the first quarter of the Company's fiscal year 2005), Ryanair recorded an increase in profit after taxation of 29.8%, from EUR 40.5 million in the three months ended June 30, 2003 to EUR 52.6 million, including in each case exceptional costs and goodwill amortization arising from the April 2003 acquisition of Buzz.

Total operating revenues increased 23.5%, from EUR 245.2 million in the first quarter of fiscal year 2004 to EUR 302.8 million in the first quarter of fiscal 2005, primarily as a result of an increase of approximately 21.0% in scheduled passenger revenues, which totalled EUR 259.1 million for the quarter, as well as a 40.4% increase in ancillary revenues to EUR 43.7 million. Operating expenses increased at approximately the same rate, rising by 23.9%, from EUR



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192.1 million in the three months ended June 30, 2003 to EUR 238.0 million in the three months ended June 30, 2004, reflecting increased costs (particularly staff, fuel, route charges, and airport and handling costs) related to the growth of Ryanair's fleet and route network and the general level of activity. As a result, Ryanair's operating profit after goodwill amortization increased by 28.9% to EUR 64.2 million. The Company had cash and liquid resources of EUR 1,327.0 million at June 30, 2004, as compared with EUR 1,257.4 million in cash and liquid resources at March 31, 2004, as increased cash flows from operating activities reflected Ryanair's profitable performance. Capital expenditures for the quarter, primarily relating to deposit payments for future aircraft deliveries, totalled EUR 60.5 million.

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Buzz Stansted did not operate any services between April 10, 2003 and May 1, 2003, while staff were being retrained and the airline obtained the required U.K. air operators' certificate. As a result, the Company recorded exceptional costs amounting to EUR 3.0 million (equal to Buzz Stansted's operating costs during this period of inactivity) in the fiscal quarter ending June 30, 2003.

### CRITICAL ACCOUNTING POLICIES

The following discussion and analysis of Ryanair's financial condition and results of operations are based on its Consolidated Financial Statements, which are included in Item 18 and prepared in accordance with Irish GAAP. Irish GAAP differs in certain significant respects from U.S. GAAP. For additional information regarding the material differences between Irish GAAP and U.S. GAAP, please refer to Note 31 to the Consolidated Financial Statements included in Item 18. The preparation of these financial statements requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. Actual results may differ from these estimates under different conditions or assumptions.

Ryanair believes that its most critical accounting policies, which are those that require management's most difficult, subjective and complex judgments, are those described in this section. These critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered in reviewing the Consolidated Financial Statements included in Item 18 and the discussion and analysis below. For additional detail on these policies, see Note 1b to the Consolidated Financial Statements included in Item 18.

#### Long lived assets

As of March 31, 2004, Ryanair had EUR 1.58 billion of long-lived assets, including EUR 1.56 billion of aircraft. In accounting for long-lived assets, Ryanair must make estimates about the expected useful lives of the assets, the expected residual values of the assets and the potential for impairment based on the fair value of the assets and the cash flows they generate.

In estimating the lives and expected residual values of its aircraft, Ryanair has primarily relied on industry experience and recommendations from Boeing, the manufacturer of all of the Company's owned aircraft. Subsequent revisions to these estimates, which can be significant, could be caused by changes to Ryanair's maintenance program, changes in utilization of the aircraft, governmental regulations on aging of aircraft and changing market prices for new and used aircraft of the same or similar types. Ryanair evaluates

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its estimates and assumptions in each reporting period, and when warranted adjusts these assumptions. Generally, these adjustments are accounted for on a prospective basis, through depreciation expense.

Ryanair periodically evaluates its long-lived assets for impairment. Factors that would indicate potential impairment would include, but are not limited to, significant decreases in the market value of long-lived assets, a significant change in a long-lived asset's physical condition, and operating or cash-flow losses associated with the use of the long-lived asset. While the airline industry as a whole has experienced many of these factors, Ryanair has not yet been seriously impacted and continues to record positive cash flows from these long-lived assets. Consequently, Ryanair has not yet identified any impairments related to its existing aircraft fleet. The Company will continue to monitor its long-lived assets and the general airline operating environment.

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### Heavy maintenance

An element of the cost of an acquired aircraft is attributed on acquisition to its service potential, reflecting the maintenance condition of the engines and airframe. Additionally, where Ryanair has a lease commitment to perform aircraft maintenance, a provision is made during the lease term for this obligation. Both of these accounting policies involve the use of estimates in determining the quantum of both the initial maintenance asset and/or the amount of provision to be set aside and the respective periods over which such amounts are charged to income. In making such estimates, Ryanair has primarily relied on industry experience, industry regulations and recommendations from Boeing; however, these estimates can be subject to revision, depending on a number of factors, such as the timing of the planned maintenance, the ultimate utilization of the aircraft, changes to government regulations and increases and decreases in the estimated costs. Ryanair evaluates its estimates and assumptions in each reporting period and, when warranted, adjusts these assumptions, which generally impact on maintenance and depreciation expense in the income statement, on a prospective basis.

### Inventory obsolescence

In accounting for inventory, which principally comprises rotatable aircraft spares, Ryanair must make estimates regarding the useful lives of the aircraft on which the inventory will be used, in addition to estimates of any excess inventory on hand, and provides an allowance for such amounts. In estimating the useful lives of the aircraft and related inventory, and any excess inventory, Ryanair has primarily relied on the experience of its own operations and that of the aircraft industry. Subsequent revisions to such estimates, which could be significant, can be affected by changes to Ryanair's maintenance program, changes to utilization of aircraft, governmental regulations on aging of aircraft and changing market prices for rotatable aircraft spares. Ryanair evaluates these estimates and assumptions in each reporting period and adjusts these as needed.

## RESULTS OF OPERATIONS

The following table sets forth certain income statement data (calculated under Irish GAAP) for Ryanair expressed as a percentage of Ryanair's total revenues for each of the periods indicated:

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	Fiscal Year ended March 31	
	2004	2003
Total Revenues.....	100%	100%
Scheduled Revenues.....	86.1	86.9
Ancillary Revenues.....	13.9	13.1
Total Operating Expenses.....	76.6	68.7
Staff Costs.....	11.5	11.0
Depreciation and Amortization.....	9.1	9.1
Fuel and Oil.....	16.3	15.3
Maintenance, Materials and Repairs.....	4.0	3.5
Marketing and Distribution Costs.....	1.5	1.7
Aircraft Rentals.....	1.1	0.0
Route Charges.....	10.3	8.1
Airport and Handling Charges.....	13.7	12.8
Other Ancillary and Operating Expenses.....	7.3	7.2
Exceptional Costs*.....	1.8	-
Operating Profit before goodwill amortization.....	23.4	31.3
Goodwill Amortization**	0.2	-
Operating Profit after goodwill amortization.....	23.2	31.3
Net interest (expense) income.....	(2.2)	0.0
Other Income (Expenses).....	0.3	0.1
Profit before Taxation.....	21.3	31.4
Taxation.....	2.0	3.0
Profit after Taxation.....	19.3	28.4

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\* Exceptional costs totaled EUR 19.6 million, comprising lease costs of EUR 13.3 million arising from the early retirement of six Boeing 737-200A aircraft, an additional depreciation charge of EUR 3.3 million relating to an adjustment to the residual value of these aircraft and EUR 3.0 million in costs we incurred to reorganize Buzz's operations following its acquisition.

\*\* Goodwill amortization of EUR 2.3 million arising from the "Buzz" acquisition was recorded during the period.

The following tables set forth the components of ancillary revenues earned by Ryanair and each component expressed as a percentage of total ancillary revenues for each of the periods indicated:

	Fiscal Year ended March 31,			
	2004		2003	
	(in thousands of euro, except percentage data)			
Non-flight Scheduled.....	EUR 66,616	44.5%	EUR 35,291	31.9%
Car Rental.....	EUR 35,110	23.4%	EUR 27,615	25.0%
In-flight Sales.....	EUR 30,100	20.1%	EUR 23,142	20.9%

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Internet-Related.....	EUR 17,721	11.8%	EUR 12,159	11.0%
Charter.....	EUR 111	0.2%	EUR 12,350	11.2%
Total.....	EUR 149,658	100.0%	EUR 110,557	100%

### FISCAL YEAR 2004 COMPARED WITH FISCAL YEAR 2003

Profit after Taxation. Ryanair's profit on ordinary activities after taxation declined 13.7%, from EUR 239.4 million in the fiscal year ended March 31, 2003 to EUR 206.6 million in the fiscal year ended March 31, 2004, despite a 27.5% increase in total operating revenues from EUR 842.5 million to EUR 1,074.2 million. The decrease in profitability was largely attributable to a reduction of approximately 14% in average fares, and also reflected the negative impact of the exceptional costs described in more detail below, as well as goodwill arising from the "Buzz" acquisition of EUR 2.3 million amortized during the period. These negative factors were offset only in part by continued strong growth in passenger volumes due to the launch of 73 new routes and two additional continental European bases during the year, increased capacity on existing routes and the acquisition of Buzz in April 2003, as well as the Company's continued focus on tight cost controls. Ryanair's profit on ordinary activities before taxation decreased 13.6%, from EUR 264.6 million in the fiscal year ended March 31, 2003 to EUR 228.5 million in the fiscal year ended March 31, 2004.

Scheduled Revenues. Ryanair's scheduled passenger revenues increased 26.3%, from EUR 731.9 million in the fiscal year ended March 31, 2003 to EUR 924.6 million in the fiscal year ended March 31, 2004. This increase reflected growth of 47.3% in scheduled passenger volumes, from 14.4 million to 21.2 million passengers flown, and a 48.9% increase in sectors flown from 115,325 to 171,726. The increase in scheduled revenues was achieved despite the approximately 14% decrease in average fares, of which approximately four percentage points was attributable to the depreciation of the U.K. pound sterling against the euro, as well as a decrease in average yield per RPM from EUR 0.108 to EUR 0.089 and a decline in flown passenger load factor from 78% to 74%.

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The increase in scheduled passenger revenue was directly attributable to the increase in sectors flown due to the impact of operating 18 new Boeing 737-800 aircraft and the expansion of Ryanair's route network during the period, as 73 new routes were launched. The increase in scheduled passenger revenues and sectors flown also reflected an increase in frequencies on certain of its existing routes and the use of larger aircraft on certain of its routes. Passenger capacity (as measured in ASMs) increased 60.1% during this period due to the addition of 18 Boeing 737-800 aircraft, as well as an increase in the average length of passenger haul and the increase in sectors flown. Scheduled passenger revenues accounted for 86.1% of Ryanair's total revenues for the fiscal year ended March 31, 2004, compared with 86.9% of total revenues in fiscal year ended March 31, 2003.

Ancillary Revenues. Ryanair's ancillary revenues, which comprise revenues from non-flight scheduled operations, car rentals, in-flight sales and charter revenues, increased 35.4%, from EUR 110.6 million in the fiscal year ended March 31, 2003 to EUR 149.7 million in the fiscal year ended March 31, 2004. The overall increase reflected improved results in each of the components other than charter revenues. Revenues from non-flight scheduled operations, primarily

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excess baggage charges, income from debit and credit card transactions, and sales of rail tickets, hotel accommodation and travel insurance, increased 88.9% to EUR 66.6 million from EUR 35.3 million in fiscal 2003, while car rental revenues increased by 23.4%, to EUR 35.1 million from EUR 27.6 million. Revenues from in-flight sales increased 30.1%, from EUR 23.1 million in fiscal year 2003 to EUR 30.1 million in fiscal year 2004, although average passenger spending per flight declined from EUR 3.52 to EUR 3.07. Revenues from internet-related services, primarily commissions received from products sold on websites linked to the Ryanair.com website and those earned on services (such as hotel reservations) offered through the website, increased 45.7%, from EUR 12.2 million in fiscal year 2003 to EUR 17.7 million in fiscal year 2004. Charter revenues decreased from EUR 12.4 million to EUR 0.1 million, reflecting the fact that the Company ceased offering charter services in April 2003 in order to focus on its scheduled operations.

**Operating Expenses.** As a percentage of total revenues, Ryanair's operating expenses increased from 68.7% in the fiscal year ended March 31, 2003 to 76.8% in the fiscal year ended March 31, 2004, as a result of the faster growth in expenses during the year compared to revenues, which were negatively affected by the decline in fares described above. In absolute terms, total operating expenses increased 42.5%, from EUR 579.0 million in the fiscal year ended March 31, 2003 to EUR 825.3 million in the fiscal year ended March 31, 2004, principally as a result of the increase in scheduled passenger volume and the 48.9% increase in number of sectors flown, which were reflected in increases in fuel expenses and route and airport and handling charges, which were offset only in part by the weakening of the U.K. pound sterling against the euro as well as efficiencies arising from the increased proportion of 737-800 aircraft in the Company's fleet. Nonetheless, total operating expenses per ASM declined by 10.9%, reflecting declines on a per ASM basis in all components other than aircraft rentals and route charges.

The following table sets forth the amounts in euro cents and percentage changes of Ryanair's operating expenses (on a per ASM basis) for the fiscal years ended March 31, 2003 and March 31, 2004 under Irish GAAP:

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	Fiscal Year Ended March 31, 2004	Fiscal Year Ended March 31,
Staff Costs.....	0.88	1.06
Depreciation and Amortization.....	0.70	0.88
Fuel and Oil.....	1.25	1.47
Maintenance, Materials and Repairs.....	0.31	0.34
Marketing and Distribution.....	0.12	0.17
Aircraft Rentals.....	0.08	0.00
Route Charges.....	0.79	0.78
Airport and Handling Charges.....	1.05	1.24
Other Operating Expenses.....	0.56	0.68
Exceptional costs(a).....	0.14	-
Operating Expenses before goodwill amortization.....	5.88	6.62
Goodwill amortization(b).....	0.02	-
Total Operating Expenses after goodwill amortization(c).....	5.90	6.62

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- \* For the purposes of calculating Operating Expenses per Available Seat Mile (ASM), operating expenses include the costs of the Company's charter operations.
- \*\* These data are calculated by dividing the relevant expense amount (as shown in the Consolidated Financial Statements) by the number of ASMs in the relevant year as shown in the table of "Selected Operating and Other Data" in Item 3 and rounding to the nearest euro cent; the percentage change is calculated on the basis of the relevant figures before rounding.
- (a) Exceptional costs totaled EUR 19.6 million, comprising lease costs of EUR 13.3 million arising from the early retirement of six Boeing 737-200A aircraft, an additional depreciation charge of EUR 3.3 million relating to an adjustment to the residual value of these aircraft and EUR 3.0 million in costs we incurred to reorganize Buzz's operations following their acquisition.
- (b) Goodwill of EUR 2.3 million arising from the "Buzz" acquisition was recorded during the period.
- (c) Total Operating Expenses per ASM does not equal the Cost per ASM (CASM) reported in the table of "Selected Operating and Other Data" in Item 3, as the latter figure excludes Non-Charter Ancillary Costs, which were 0.46 euro cents and 0.14 euro cents per ASM in the fiscal years ended March 31, 2003 and 2004, respectively.
- (d) Not meaningful.

Staff Costs. Ryanair's staff costs, which consist primarily of salaries, wages and benefits, decreased 17.0% on a per ASM basis, while in absolute terms, these costs increased 32.8%, from EUR 93.1 million in the fiscal year ended March 31, 2003 to EUR 123.6 million in the fiscal year ended March 31, 2004, reflecting a 31% increase in average employee numbers to 2,288 as well as a 3% pay increase granted to employees during the year, offset in part by savings arising from the strengthening of the euro against the U.K. pound sterling. Productivity calculated on the basis of passengers booked per employee continued to improve, increasing 21.1% to 10,049 passengers during the year.

Depreciation and Amortization. Ryanair's depreciation and amortization per ASM decreased by 20.2%, while in absolute terms these costs increased 27.7% from EUR 76.9 million in the fiscal year ended March 31, 2003 to EUR 98.1 million (excluding exceptional costs) in the fiscal year ended March 31, 2004, reflecting an increase in the number of owned aircraft from 54 to 62 and the amortization of capitalized maintenance costs, offset in part by savings arising from the base cost of all 737-200A aircraft now having been fully depreciated.

Fuel and Oil. Ryanair's fuel and oil costs per ASM decreased 15.1%, although in absolute terms these costs increased 35.8%, from EUR 128.8 million in the fiscal year ended March 31, 2003 to EUR 175.0 million in the fiscal year ended March 31, 2004, in each case after giving effect to the Company's fuel hedging activities. The increase was principally due to the 58.2% increase in overall number of hours flown resulting from the expansion of Ryanair's fleet and route network, offset in part by a decrease in the Company's cost of fuel as a result of the weakness of the dollar against the euro and an improvement in the fleet fuel burn rate due to the increased proportion of 737-800 aircraft operated. Fuel and oil costs include the direct cost of fuel, the cost of delivering fuel to the aircraft and aircraft de-icing costs. The average fuel price paid by Ryanair (calculated by dividing total scheduled fuel costs by the number of U.S. gallons of fuel consumed) decreased from EUR 0.930 per U.S.

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gallon in the fiscal year ended March 31, 2003 to EUR 0.816 per U.S. gallon in the fiscal year ended March 31, 2004, in each case after giving effect to the Company's fuel hedging activities.

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**Maintenance, Materials and Repairs.** Ryanair's maintenance, materials and repair expenses, which consist primarily of the cost of routine maintenance and the overhaul of spare parts, decreased 8.7% on a per ASM basis, while in absolute terms these expenses increased 46.2%, from EUR 29.7 million in the fiscal year ended March 31, 2003 to EUR 43.4 million in the fiscal year ended March 31, 2004. The increase in absolute terms was largely due to the increase in the size of the fleet operated and flight hours, as well as higher maintenance charges relating to the Buzz aircraft, the effects of which were partially offset by savings reflecting improved reliability due to the higher proportion of 737-800 aircraft in the fleet. In addition, the entry into operation of 10 aircraft under operating lease as a result of the acquisition of Buzz and the early retirement of certain 737-200s resulted in the recognition of the maintenance costs as provisions made for future overhauls. Under Irish GAAP, the accounting treatment for these costs differs from that for aircraft owned by the Company, for which such costs are capitalized and amortized.

**Marketing and Distribution Costs.** Ryanair's marketing and distribution costs per ASM decreased 31.0%, while in absolute terms these costs increased 10.4%, from EUR 14.6 million in the fiscal year ended March 31, 2003 to EUR 16.1 million in the fiscal year ended March 31, 2004. The increase in absolute terms was primarily the result of higher spending on the promotion of new routes, as well as the initial launch costs arising from the commencement of two new bases at Barcelona (Girona) and Rome (Ciampino) in the fiscal fourth quarter of the year.

**Aircraft Rentals.** Ryanair recorded EUR 11.5 million in aircraft rental expense during the fiscal year ended March 31, 2004, compared to none during the fiscal year ended March 31, 2003. This reflects the lease rental costs associated with the acquired Buzz aircraft and the operating leases entered into for 10 of the new 737-800 aircraft, nine of which were delivered during the fourth quarter of fiscal 2004. See "Item 4. Information on the Company--Aircraft" for more information on these leases.

**Route and Airport and Handling Charges.** Ryanair's route charges per ASM increased 0.7% in the fiscal year ended March 31, 2004, while airport and handling charges per ASM decreased 14.8%. In absolute terms, route charges increased 61.2%, from EUR 68.4 million in the fiscal year ended March 31, 2003 to EUR 110.3 million in the fiscal year ended March 31, 2004, primarily as a result of the 48.9% increase in sectors flown and the increase in average sector length, as well as an increase in route charges based on aircraft weight as the average weight of the fleet increased due to the higher proportion 737-800s, offset in part by the impact of the weakening of the British pound, in which costs at our bases in London (Stansted) and Glasgow (Prestwick) and other airports in the United Kingdom are denominated, against the euro. In absolute terms, airport and handling charges increased 36.3%, from EUR 108.0 million in the fiscal year ended March 31, 2003 to EUR 147.2 million in the fiscal year ended March 31, 2004, reflecting the growth in passenger volume and increased costs on certain existing routes, the effects of which were offset in part by lower average costs on new routes to continental Europe.

**Other Ancillary and Operating Expenses.** Ryanair's other operating expenses, including those applicable to the generation of ancillary revenues, decreased 18.1% on a per ASM basis in the fiscal year ended March 31, 2004, although in

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absolute terms these costs increased by 31.1%, from EUR 59.5 million in the fiscal year ended March 31, 2003 to EUR 78.0 million in the fiscal year ended March 31, 2004. The decline on a per ASM basis reflected improved margins on some new and existing products, as well as cost reductions realized in relation to certain indirect overhead costs, while the increase in absolute terms was primarily attributable to the increases in passenger volumes.

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**Exceptional Costs.** The Company recorded exceptional costs in fiscal 2004 consisting of lease costs of EUR 13.3 million arising from the early retirement of six Boeing 737-200A aircraft, an additional depreciation charge of EUR 3.3 million relating to an adjustment to the residual value of these aircraft and EUR 3.0 million in costs we incurred to reorganize Buzz's operations following its acquisition. The Company did not record any exceptional costs in fiscal 2003.

**Goodwill Amortization.** The Company recorded goodwill amortization in fiscal 2004 of EUR 2.3 million, arising from the "Buzz" acquisition. The Company had no goodwill amortization in fiscal 2003.

**Operating Profit after Goodwill Amortization.** As a result of the factors described above, Ryanair's operating profit after goodwill amortization as a percentage of total revenues decreased from 31.3% in the fiscal year ended March 31, 2003 to 23.2% in the fiscal year ended March 31, 2004. In absolute terms, operating profit after goodwill amortization decreased 5.5%, from EUR 263.5 million in the fiscal year ended March 31, 2003 to EUR 249.0 million in the fiscal year ended March 31, 2004.

**Interest Receivable and Similar Income.** Ryanair's interest receivable and similar income decreased 23.8%, from EUR 31.4 million in the fiscal year ended March 31, 2003 to EUR 23.9 million in the fiscal year ended March 31, 2004, primarily reflecting reductions in deposit interest rates during the year, offset only in part by higher average cash balances on hand due to Ryanair's continuing profitability.

**Interest Payable and Similar Charges.** Ryanair's interest payable and similar charges increased 54.0%, from EUR 30.9 million in the fiscal year ended March 31, 2003 to EUR 47.6 million in the fiscal year ended March 31, 2004, reflecting the increase in debt related to the acquisition of nine 737-800 aircraft. These costs are expected to continue to increase as Ryanair expands its fleet.

**Other Income.** Ryanair's other income, comprising foreign exchange gains and losses as well as gains and losses on disposals of assets, increased from EUR 0.6 million in the fiscal year ended March 31, 2003 to EUR 3.2 million in the fiscal year ended March 31, 2004, primarily due to the year-end conversion to euro of U.K. pound sterling and U.S. dollar bank balances, as well as foreign currency receivable and payable balances.

**Taxation.** The effective tax rate for the fiscal year ended March 31, 2004 was 9.6%, compared to 9.5% in the fiscal year ended March 31, 2003. The effective tax rate reflects a reduction in the statutory rate of Irish corporation tax to 12.5%, the positive impact of Ryanair.com (which benefits from a reduced income tax rate) and the continued benefit of Ryanair's international leasing and internet-related businesses. Profits from certain qualifying activities at Ryanair.com are currently levied at an effective 10% tax rate in Ireland. Ryanair.com will continue to be eligible for the 10% preferential tax treatment until the scheduled expiration of its license in



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2010. Ryanair recorded an income tax provision of EUR 21.9 million for the fiscal year ended March 31, 2004, compared to an income tax provision of EUR 25.2 million for the fiscal year ended March 31, 2003.

### FISCAL YEAR 2003 COMPARED WITH FISCAL YEAR 2002

Profit after Taxation. Ryanair's profit on ordinary activities after taxation increased 59.2%, from EUR 150.4 million in the fiscal year ended March 31, 2002 to EUR 239.4 million in the fiscal year ended March 31, 2003, while total operating revenues increased 35.0% from EUR 624.1 million to EUR 842.5 million. The increase in profitability was driven by continued strong growth in passenger volumes due to the increase in seat capacity on existing routes and the launch of a further 29 routes and an additional continental European base during the year. The continued focus on tight cost controls also contributed to the increase in profitability. Ryanair's profit on ordinary activities before taxation increased 53.5%, from EUR 172.4 million in the fiscal year ended March 31, 2002 to EUR 264.6 million in the fiscal year ended March 31, 2003.

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Scheduled Revenues. Ryanair's scheduled passenger revenues increased 32.8%, from EUR 551.0 million in the fiscal year ended March 31, 2002 to EUR 731.9 million in the fiscal year ended March 31, 2003. This increase reflected growth of 41.4% in scheduled passenger volumes, from 10.2 million to 14.4 million passengers flown, and a 28.0% increase in sectors flown from 90,124 to 115,325. The increase in scheduled revenues was achieved despite a decrease in average yield per RPM from EUR 0.122 to EUR 0.108, the negative effects of which were partially offset by the increase in flown passenger load factor from 74% to 78%.

Much of the increase in scheduled passenger revenue was directly attributable to the increase in sectors flown due to the impact of operating 13 new Boeing 737-800 aircraft and the expansion of Ryanair's route network during the period. The increase in scheduled passenger revenues and sectors flown also reflected Ryanair's launch of 29 additional routes during the period, an increase in frequencies on certain of its existing routes and the use of larger aircraft on certain of its routes. Passenger capacity (as measured in ASMs) increased 43.8% during this period due to the addition of 13 737-800 aircraft, as well as an increase in the average length of passenger haul and the increase in sectors flown. Scheduled passenger revenues accounted for 86.9% of Ryanair's total revenues for the fiscal year ended March 31, 2003, compared with 88.3% of total revenues in fiscal year ended March 31, 2002.

Ancillary Revenues. Ryanair's ancillary revenues, which consist primarily of revenues from car rentals, in-flight sales of beverages, food, and merchandise, sales of rail tickets, hotel accommodation and travel insurance, internet-related activities and charter services, increased 51.3%, from EUR 73.1 million in the fiscal year ended March 31, 2002 to EUR 110.6 million in the fiscal year ended March 31, 2003. The increase was primarily attributable to a significant increase in revenues from car rentals, non-flight scheduled services, and internet-related activities. Revenues from car rentals rose during the period from EUR 18.9 million to EUR 27.6 million, or 46.1%; and revenues from non-flight scheduled operations (primarily sales of rail tickets, hotel accommodation and travel insurance, as well as excess baggage charges and credit card revenues) more than doubled from EUR 16.7 million to EUR 35.3 million. Revenues from in-flight sales increased 28.4%, from EUR 18.0 million in fiscal year 2002 to EUR 23.1 million in fiscal year 2003, as average passenger spending

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per flight declined from EUR 3.63 to EUR 3.52. Charter revenues decreased from EUR 14.6 million to EUR 12.4 million, or 15.6%, due to a reduction in the seat capacity available, as charter capacity has been transferred to scheduled flights and the Company now offers service to some of the destinations previously served by charters. Revenues from internet-related services, primarily commissions received from products sold on websites linked to the Ryanair.com website, more than doubled, from EUR 4.8 million in fiscal year 2002 to EUR 12.2 million in fiscal year 2003. Revenues from internet-related services also reflect revenues from the financial services the Company offers.

Operating Expenses. As a percentage of total revenues, Ryanair's operating expenses decreased from 73.9% in the fiscal year ended March 31, 2002 to 68.7% in the fiscal year ended March 31, 2003. In absolute terms, total operating expenses increased 25.6%, from EUR 461.1 million in the fiscal year ended March 31, 2002 to EUR 579.0 million in the fiscal year ended March 31, 2003, principally as a result of the increase in scheduled passenger volume and the 28% increase in number of sectors flown, which were reflected in increases in fuel expenses, route and airport and handling charges and staff and depreciation costs in absolute terms. Nonetheless, total operating expenses per ASM declined by 12.7%, reflecting declines on a per ASM basis in all components other than route charges.

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The following table sets forth the amounts in euro cents and percentage changes of Ryanair's operating expenses (on a per ASM basis) for the fiscal years ended March 31, 2002 and March 31, 2003 under Irish GAAP:

	Fiscal Year Ended March 31, 2003	Fiscal Year Ended March 31, 2002
Staff Costs.....	1.06	1.29
Depreciation and Amortization.....	0.88	0.97
Fuel and Oil.....	1.47	1.71
Maintenance, Materials and Repairs.....	0.34	0.43
Marketing and Distribution.....	0.17	0.20
Aircraft Rentals.....	0.00	0.07
Route Charges.....	0.78	0.77
Airport and Handling Charges.....	1.24	1.40
Other Operating Expenses.....	0.68	0.74
Total Operating Expenses (a).....	6.62	7.58

\* For the purposes of calculating Operating Expenses per Available Seat Mile (ASM), operating expenses include the costs of the Company's charter operations.

\*\* These data are calculated by dividing the relevant expense amount (as shown in the Consolidated Financial Statements) by the number of ASMs in the relevant year as shown in the table of "Selected Operating and Other Data" in Item 3 and rounding to the nearest euro cent; the percentage change is calculated on the basis of the relevant figures before rounding.

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- (a) Total Operating Expenses per ASM does not equal the Cost per ASM (CASM) reported in the table of "Selected Operating and Other Data" in Item 3, as the latter figure excludes Non-Charter Ancillary Costs, which were 0.50 euro cents and 0.46 euro cents per ASM in the fiscal years ended March 31, 2002 and 2003, respectively.

**Staff Costs.** Ryanair's staff costs, which consist primarily of salaries, wages and benefits, decreased 17.3% on a per ASM basis, while in absolute terms, these costs increased 19.0%, from EUR 78.2 million in the fiscal year ended March 31, 2002 to EUR 93.1 million in the fiscal year ended March 31, 2003, due to an increase in the number of staff employed, increased productivity payments to pilots and cabin crew reflecting the growth of the airline and the impact of increases in basic pay granted to certain employees.

**Depreciation and Amortization.** Ryanair's depreciation and amortization per ASM decreased by 9.4%, while in absolute terms these costs increased 30.3% from EUR 59.0 million in the fiscal year ended March 31, 2002 to EUR 76.9 million in the fiscal year ended March 31, 2003, reflecting the increased costs arising from the purchase of 13 new Boeing 737-800 aircraft.

**Fuel and Oil.** Ryanair's fuel and oil costs per ASM decreased 13.8%, although in absolute terms these costs increased 24.0%, from EUR 103.9 million in the fiscal year ended March 31, 2002 to EUR 128.8 million in the fiscal year ended March 31, 2003, in each case after giving effect to the Company's fuel hedging activities. The increase was principally due to an increase in the dollar-denominated cost of fuel and the 28% increase in sectors flown (resulting from the expansion of Ryanair's fleet), as well as an increase in average sector length. Fuel and oil costs include the direct cost of fuel, the cost of delivering fuel to the aircraft and aircraft de-icing costs. The average fuel price paid by Ryanair (calculated by dividing total scheduled fuel costs by the number of U.S. gallons of fuel consumed) decreased from EUR 1.007 per U.S. gallon in the fiscal year ended March 31, 2002 to EUR 0.9301 per U.S. gallon in the fiscal year ended March 31, 2003, in each case after giving effect to the Company's fuel hedging activities.

**Maintenance, Materials and Repairs.** Ryanair's maintenance, materials and repair expenses, which consist primarily of the cost of routine maintenance and the overhaul of spare parts, decreased 21.7% on a per ASM basis, while in absolute terms these expenses increased 12.6%, from EUR 26.4 million in the fiscal year ended March 31, 2002 to EUR 29.7 million in the fiscal year ended March 31, 2003. The increase in absolute terms was largely due to the increase in flight hours (resulting from the expansion of Ryanair's fleet) and the increase in sector length, the effects of which were partially offset by savings reflecting improved reliability due to the higher proportion of 737-800 aircraft in the fleet. 64

**Marketing and Distribution Costs.** Ryanair's marketing and distribution costs per ASM decreased 17.7%, while in absolute terms these costs increased 18.3%, from EUR 12.4 million in the fiscal year ended March 31, 2002 to EUR 14.6 million in the fiscal year ended March 31, 2003. The increase in absolute terms was primarily the result of higher spending on the promotion of new routes, including those launched from Frankfurt (Hahn) following an increase in the number of aircraft based there, as well as the initial launch costs arising from the commencement of two new bases at Milan (Bergamo) and Stockholm (Skavsta).

**Aircraft Rentals.** Ryanair did not record any aircraft rental expense during the period, as compared to EUR 4.0 million in such expenses in the fiscal year

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ended March 31, 2002. This reflected the reduced requirements to rent additional seat capacity arising from the delivery of the new 737-800 aircraft.

**Route and Airport and Handling Charges.** Ryanair's route charges per ASM increased 1.9% in the fiscal year ended March 31, 2003, while airport and handling charges per ASM decreased 11.5%. In absolute terms, route charges increased 46.5%, from EUR 46.7 million in the fiscal year ended March 31, 2002 to EUR 68.4 million in the fiscal year ended March 31, 2003, primarily as a result of the 28% increase in sectors flown and the increase in average sector length, as well as an increase in route charges based on aircraft weight, as the average weight of the fleet increased due to the acquisition of 13 new 737-800s. In absolute terms, airport and handling charges increased 27.2%, from EUR 84.9 million in the fiscal year ended March 31, 2002 to EUR 108.0 million in the fiscal year ended March 31, 2003, reflecting the growth in passenger volume and increased costs on certain existing routes, the effects of which were offset in part by lower average costs on new routes to continental Europe and at Ryanair's new bases.

**Other Ancillary and Operating Expenses.** Ryanair's other operating expenses, including those applicable to the generation of ancillary revenues, decreased 9.2% on a per ASM basis in the fiscal year ended March 31, 2003, although in absolute terms these costs increased by 30.5%, from EUR 45.6 million in the fiscal year ended March 31, 2002 to EUR 59.5 million in the fiscal year ended March 31, 2003. The decline on a per ASM basis reflected improved margins on some new and existing products, as well as cost reductions realized in relation to certain indirect costs, while the increase in absolute terms was primarily attributable to the increases in sectors flown, average sector length and passenger volumes.

**Operating Profit.** As a result of the factors described above, Ryanair's operating profit as a percentage of total revenues increased from 26.1% in the fiscal year ended March 31, 2002 to 31.3% in the fiscal year ended March 31, 2003. In absolute terms, operating profit increased 61.7%, from EUR 162.9 million in the fiscal year ended March 31, 2002 to EUR 263.5 million in the fiscal year ended March 31, 2003.

**Interest Receivable and Similar Income.** Ryanair's interest receivable and similar income increased 13.8%, from EUR 27.5 million in the fiscal year ended March 31, 2002 to EUR 31.4 million in the fiscal year ended March 31, 2003, primarily reflecting higher average cash balances on hand due to the increase in Ryanair's profitability.

**Interest Payable and Similar Charges.** Ryanair's interest payable and similar charges increased 57.5%, from EUR 19.6 million in the fiscal year ended March 31, 2002 to EUR 30.9 million in the fiscal year ended March 31, 2003, reflecting the increase in debt related to the acquisition of 13 new 737-800 aircraft. These costs are expected to continue to increase as Ryanair expands its fleet.

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**Other Income.** Ryanair's other income decreased significantly from EUR 1.5 million in the fiscal year ended March 31, 2002 to EUR 0.6 million in the fiscal year ended March 31, 2003, primarily reflecting the fact that other income for the prior fiscal year included a gain on disposal of fixed assets of EUR 0.5 million.

**Taxation.** The effective tax rate for the fiscal year ended March 31, 2003 was 9.5%, compared to 12.8% in the fiscal year ended March 31, 2002. The decline

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in the effective tax rate reflects a reduction in the statutory rate of Irish corporation tax to 12.5%, the positive impact of Ryanair.com (which benefits from a reduced income tax rate) and the continued benefit of Ryanair's international leasing and internet-related businesses. Profits from certain qualifying activities at Ryanair.com are currently levied at an effective 10% tax rate in Ireland. Ryanair.com will continue to be eligible for the 10% preferential tax treatment until the scheduled expiration of its license in 2010. Ryanair recorded an income tax provision of EUR 25.2 million for the fiscal year ended March 31, 2003, and an income tax provision of EUR 22.0 million for the fiscal year ended March 31, 2002.

### QUARTERLY FLUCTUATIONS

The Company's results of operations have varied significantly from quarter to quarter, and management expects these variations to continue. Among the factors causing these variations are the airline industry's sensitivity to general economic conditions and the seasonal nature of air travel. Historically, Ryanair has experienced its lowest load factors and yields for the year in January and February. As a result, the Company's operating revenues and profit before taxation have generally been significantly lower in the last quarter of a fiscal year ended March 31 than in the other quarters thereof.

### U.S. GAAP RECONCILIATION

The Company's consolidated net income determined in accordance with U.S. GAAP was EUR 215.4 million, EUR 241.8 million and EUR 155.5 million, for the fiscal years ended March 31, 2004, 2003 and 2002, respectively, as compared with net income of EUR 206.6 million, EUR 239.4 million and EUR 150.4 million, respectively, for the same periods, as determined under Irish GAAP.

The Company's total assets determined in accordance with U.S. GAAP were EUR 2,961.9 million, EUR 2,479.9 million and EUR 1,896.7 million at March 31, 2004, 2003 and 2002, respectively, as compared with EUR 2,939.0 million, EUR 2,466.7 million and EUR 1,889.6 million, respectively, under Irish GAAP. Shareholders' equity determined in accordance with U.S. GAAP was EUR 1,356.3 million, EUR 1,177.2 million and EUR 1,019.6 million at March 31, 2004, 2003 and 2002, respectively, as compared with EUR 1,455.3 million, EUR 1,241.7 million and EUR 1,002.3 million, respectively, under Irish GAAP. The main differences affecting the determination of shareholders' equity at March 31, 2004 include the different treatment of derivative financial instruments, pension costs, capitalized interest on aircraft acquisitions, the treatment of goodwill and employment grants received from Forbairt under U.S. GAAP. For a discussion of the principal differences between Irish GAAP and U.S. GAAP as they relate to the Company's consolidated net income and shareholders' equity, see Note 31 to the Consolidated Financial Statements included in Item 18.

### RECENTLY ISSUED ACCOUNTING STANDARDS

#### International Financial Reporting Standards

Ryanair will be required to adopt International Financial Reporting Standards ("IFRS"), which incorporate International Accounting Standards ("IAS"), in the preparation of its Consolidated Financial Statements from April 1, 2005. The new standards are the result of an extensive exercise undertaken by International Accounting Standards Board ("IASB") to develop new standards and improve existing ones.

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There are significant differences between IFRS and Irish GAAP. Some of the principal policy and disclosure changes required and expected to impact on the Company's results under IFRS are set out below.

### Business combinations, intangible assets and goodwill

The more significant policy changes resulting from the transition to IFRS include:

- Replacement of goodwill amortization with an annual impairment test; and
- A broader definition of "intangible assets" to be recognized at acquisition.

### Financial instruments

The Company's adoption of IAS 32 and 39 (revised) will require it to recognize all derivatives on the balance sheet at fair value. Subsequent changes in fair values are either taken to equity, if the criteria for hedge accounting are met, or to the income statement. Currently, derivatives qualifying as hedges in accordance with Irish GAAP have been held off balance sheet, and their fair value disclosed within a note to the financial statements. Any derivatives embedded within the terms of contractual obligations that are not considered closely related to the underlying host contract will also be separately identified and recorded at fair value in the income statement.

### Deferred tax

Under IFRS, deferred tax is to be recognized at acquisition as part of an accounting fair value exercise and will be provided on some balances previously excluded from provision under Irish accounting rules, such as revaluations and fair value adjustments.

### Employee benefit schemes: post retirement and share option remuneration

IAS 19 requires companies to recognize the full deficit (or surplus) of defined benefit pension schemes on the balance sheet, but permits a choice whereby companies can choose to defer actuarial gains or losses within a defined range (the "corridor" approach).

Under IFRS, options granted by the Company to employees are to be recorded at fair value at the grant date using an option pricing model, and charged through the income statement over the vesting period of the options.

### Presentation and disclosure of financial information.

The transition to an international accounting framework will give rise to an increase in certain disclosures to the financial statements. There will also be some presentational changes. For example, financial statements will include a detailed reconciliation of reserve movements for the current year, including a comparison to previous years

In December 2003, the Committee of European Securities Regulators (CESR) recommended that when European companies publish their 2005 financial statements, they should present comparable IFRS information for 2004, but not for 2003. Instead, issuers would present information for 2003 and 2004 under their home-country accounting principles (with 2005 information would consequently be published under two sets of accounting principles). Ryanair expects that it will follow these recommendations in preparing its fiscal 2006 financial statements.

## U.S. GAAP

In December 2003, the FASB issued Interpretation No. 46, revised-Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51 ("FIN 46R"). FIN 46R addresses the consolidation of variable interest entities ("VIEs"), which included entities that have one or more of the following characteristics: (1) The equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support; (2) The equity investors lack essential characteristics of a controlling financial interest (as defined by FIN46R); and (3) The equity investors have voting rights that are not proportionate to their economic interests, and the activities of the entity involve or are conducted on behalf of an investor with a disproportionately small voting interest. In addition, FIN 46R provides for certain scope exceptions to its application. Adoption of this interpretation is required in financial statements of entities that have interests in VIEs or potential VIEs, commonly referred to as special-purpose entities, for periods ending after December 15, 2003. Application for all other types of entities is required in financial statements for period ending after March 15, 2004. The adoption of FIN 46R has not had a material impact on the Company's financial statements.

In December 2003, the FASB issued SFAS Statement No. 132 (revised) "Employers' Disclosures about Pensions and Other Postretirement Benefits" ("SFAS No. 132 (revised)"). SFAS No. 132 (revised) revises employer's disclosures about pension plans and other postretirement benefit plans. It does not change the measurement or recognition of those plans. SFAS No. 132 retains and revises the disclosure requirements contained in the original SFAS No. 132. It also requires additional disclosures about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other postretirement benefit plans. The Statement generally is effective for fiscal years ending after December 15, 2003. The additional disclosures required by SFAS No. 132 have been included within the U.S. GAAP pensions disclosures provided within this section of the financial statements.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003, except for certain mandatory redeemable financial instruments or non-public utilities. The adoption of SFAS No. 150 did not impact on the Company's financial statements.

In April 2003, the FASB issued SFAS Statement No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" ("SFAS No. 149"), which amends SFAS Statements No. 133, to address (1) decisions reached by the Derivatives Implementation Group, (2) developments in other FASB projects that address financial instruments, and (3) implementation issues related to the definition of a derivative. SFAS No. 149 has multiple effective date provisions depending on the nature of the amendments to SFAS No. 133. SFAS No. 149 did not have a material impact on the Company's results for the year.

## LIQUIDITY AND CAPITAL RESOURCES

Liquidity. The Company finances its working capital requirements through a combination of cash generated from operations and bank loans for the acquisition of aircraft. The Company had cash and liquid resources under Irish GAAP at March 31, 2002, 2003 and 2004 of EUR 899.3 million, EUR 1,060.2 million and EUR 1,257.4 million, respectively, with the increase at March 31, 2004 primarily reflecting the growth in profits, offset in part by cash used to fund the purchase of tangible assets. During the year, the Company funded its EUR 331.6 million in purchases of tangible assets with cash generated from operations and EUR 187.0 million in loans. Cash and liquid resources under Irish GAAP of EUR 1,257.4 million at March 31, 2004 included EUR 200.0 million in "restricted cash" held on deposit as collateral for certain derivative financial instruments entered into by the Company with respect to its aircraft financing obligations. The amount of restricted cash was EUR 120.9 million and nil at the end of fiscal years 2003 and 2002, respectively.

The Company's net cash inflow from operating activities in fiscal year 2002, fiscal year 2003 and fiscal year 2004 totaled EUR 309.1 million, EUR 351.0 million and EUR 462.1 million, respectively. During the last three fiscal years, Ryanair's primary cash requirements have been for operating expenses, additional aircraft, including advance payments in respect of the new fleet of Boeing 737-800s and related flight equipment, payments on related indebtedness and payments of corporation tax. Cash generated from operations and, in fiscal 2002, equity offerings have been the principal sources for these cash requirements, supplemented primarily by aircraft-related bank loans.

The Company's net cash flow from returns on investments and servicing of finance in totaled inflows of EUR 10.4 million and EUR 0.6 million in fiscal year 2002 and fiscal year 2003, respectively, and an outflow of EUR 20.3 million in fiscal year 2004, primarily reflecting interest earned by the Company on its cash balances, as offset by interest payments on long-term aircraft purchase loans. In fiscal year 2004, interest income decreased from EUR 31.4 million in fiscal year 2003 to EUR 23.9 million (in line with the lower market interest rates during the period, offset by an increase in cash and liquid resources during the year), while at the same time interest payable increased from EUR 30.9 million to EUR 47.6 million as a result of increased bank loans to fund the purchase of an additional eight new Boeing 737-800 aircraft during the year.

The Company's net cash flow from financing and management of liquid resources in fiscal year 2002 and fiscal year 2003 totaled inflows of EUR 78.5 million and EUR 120.4 million, respectively, and an outflow of EUR 126.5 million in fiscal year 2004. The inflows in 2002 and 2003 principally reflected the increase in long-term aircraft-related debt and, in 2002, the issuance of new Ordinary Shares in that year's Regulation S Offering, which contributed EUR 182.0 million to cash flow in that year, while the outflow in fiscal year 2004 reflected increased investment in liquid resources of EUR 249.2 million, offset in part by an increase in long-term aircraft related debt raised during the year.

Under U.S. GAAP, the Company's cash and cash equivalents at March 31, 2002, 2003, and 2004 were EUR 482.5 million, EUR 537.5 million and EUR 744.6 million, respectively. Under U.S. GAAP, the cash inflows from operating activities in fiscal years 2002, 2003, and 2004 were EUR 314.4 million, EUR 348.2 million and EUR 439.7 million, respectively, reflecting the strong growth in the Company's profitability during the period. The cash outflows from investing activities in fiscal years 2002, 2003 and 2004 were EUR 551.1 million, EUR 575.8 million and



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EUR 354.3 million respectively, predominantly comprising payments for aircraft deliveries and advance payments on future deliveries. The cash inflows from financing activities were EUR 330.2 million, EUR 282.6 million and EUR 121.7 million, respectively. See Note 31 to the Consolidated Financial Statements included in Item 18.

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Capital Resources. Ryanair has generally been able to generate sufficient funds from operations to meet its non-aircraft acquisition related working capital requirements. A significant portion of the Company's capital expenditures (consisting of purchases of new Boeing 737-800 aircraft and related equipment) have been funded through drawdowns under borrowing facilities provided by international financial institutions on the basis of guarantees issued by the Export-Import Bank of the United States ("ExIm"), as described in more detail below. Ryanair's long-term debt (including current maturities) totaled EUR 550.5 million at March 31, 2002, EUR 837.2 million at March 31, 2003 and EUR 953.0 million at March 31, 2004, with the increase being primarily attributable to the financing of new aircraft. The ExIm guarantees are secured with a first fixed mortgage on the delivered aircraft, and the terms of each of the facilities are substantially similar, with borrowings maturing twelve years from the date they are drawn down. At March 31, 2004, Ryanair had taken delivery of 41 Boeing 737-800 aircraft, the purchase of which was funded in part by ExIm-guaranteed financing, and the Company took delivery of an additional six such aircraft bringing the total to 47 during the period between March 31 and September 30, 2004. The remaining ten 737-800 aircraft currently in the operating fleet are subject to the sale and leaseback arrangements described in more detail below.

The following table summarizes the maturity profile of Ryanair's long-term debt (including current maturities) as of March 31, 2004; additional details about both the ExIm guaranteed debt and the simulator debt are presented under "Capital Expenditures" below. For more information on the maturity profile of debt and currency structure of the Company's borrowings, see Notes 10 and 14 through 17 to the Consolidated Financial Statements included in Item 18.

	Total Long-Term Debt EUR'000	ExIm Guarantees Debt EUR'000
Repayments fall due as follows:		
Within one year.....	80,337	79,338
Between one and two years.....	84,209	83,210
Between two and five years.....	276,715	273,718
After five years.....	511,721	508,723
Total long-term debt.....	952,982	944,989
Weighted average interest rate.....	5.46%	5.46%

Management believes that the working capital available to the Company is sufficient for its present requirements and will be sufficient to meet its anticipated requirements for capital expenditures and other cash requirements for fiscal year 2005.

Capital Expenditures. The Company's net cash outflows for capital

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expenditures in fiscal year 2002, fiscal year 2003 and fiscal year 2004 were EUR 372.0 million, EUR 469.8 million and EUR 331.6 million, respectively. Ryanair has funded its acquisition of aircraft and related equipment primarily through borrowings under the ExIm guaranteed bank facilities described herein, net proceeds from equity offerings aggregating EUR 182.0 million in the period from fiscal year 2002 through fiscal year 2004 and funds generated from operations.

The following table summarizes the delivery schedule for each of the Boeing 737-800 aircraft Ryanair has purchased, or is required to purchase, under the 1998 Boeing contract, the 2002 Boeing contract and the 2003 supplemental agreement. These Boeing 737-800s are identical in all significant respects, having 189 seats and the same cockpit and engine configuration. The table also provides details as to the number of firm commitment and option aircraft covered by each of the agreements and the current status of the existing options, as well as the "Basic Price" (or gross price) for each of these aircraft, including certain equipment purchased and fitted by Boeing on the Company's behalf in millions of U.S. dollars. The Basic Price is subject to increase to take into account an "Escalation Factor" reflecting the changes in the U.S. Employment Cost and Producer Price Indices and subject to decrease to take account of certain concessions granted to the Company by Boeing pursuant to the terms of the contracts. These concessions take the form of credit memoranda, which the Company may apply towards the purchase of goods and services from Boeing or towards certain payments, other than advance payments, in respect of the purchase of the aircraft. Boeing and CFM International S.A. (the manufacturer of the CFM56-7B engines that power the Boeing 737-800 aircraft) have also agreed to give the Company certain allowances for promotional and other activities, as well as providing other goods and services to the Company on concessionary terms.

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Aircraft Delivery Schedule

Deliveries and Scheduled Deliveries in the Fiscal Year ending March 31,	1998 Boeing Contract Firm Orders	1998 Boeing Contract Option Aircraft	2002 Boeing Contract Firm Orders	2002 Boeing Contract Option Aircraft	2003 Supplemental Agreements
1999.....	1	-	-	-	-
2000.....	4	-	-	-	-
2001.....	10	-	-	-	-
2002.....	5	-	-	-	-
2003.....	5	3	5	-	-
2004.....	-	-	15	3	-
Total as of March 31, 2004.....	25	3	20	3	-
2005.....	-	-	13	-	14
2006.....	-	-	19	2	8
2007.....	-	-	19	-	-
2008.....	-	-	19	-	-
2009.....	-	-	10	-	-

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Expected Total as of					
March 31, 2009.....	25	3	100	5	22
Options Granted.....	-	20	-	50	96
Options Exercised.....	-	(3)	-	(23) (1)	-
Options Cancelled.....	-	(17)	-	-	-
Total as of					
March 31, 2004.....	-	-	-	27	96
Basic Price per					
aircraft (unadjusted					
for escalation factor					
or concessions) (in					
millions).....	US\$46.632	US\$46.632	US\$51.851	US\$51.851	US\$51
-----					

(1) Including 18 exercised pursuant to the 2003 Supplemental Agreement.

Management believes that the purchase of the additional Boeing 737-800 aircraft will allow Ryanair to continue to grow over the next five years and that the significant size of the orders has allowed Ryanair to obtain favorable purchase terms, guaranteed deliveries and a standard configuration for all of the aircraft. The purchase is also expected to allow Ryanair to phase out its remaining 13 Boeing 737-200s, which are an average 23 years old, over the period ending in December 2005. Ryanair's fleet is thus expected to consist entirely of Boeing 737-800 "next generation" aircraft by December 2005.

As can be seen from the table above, delivery of the 127 Boeing 737-800s (including the two advance purchase options exercised during the year) already ordered under the 2002 Boeing contract and the 2003 supplemental agreement will enable the Company to increase the size of its summer schedule fleet by between 10 and 29 additional aircraft each fiscal year during the period from 2005 to 2009, significantly increasing the size of the fleet, which is expected to total 155 at the end of that period. If traffic growth proves to be greater than can be satisfied by these new aircraft, the Company may exercise its rights to acquire some of the 123 option aircraft to cater to this demand.

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The Company's purchase of 41 of the 51 Boeing 737-800 aircraft delivered as of March 31, 2004, has been funded in part by bank financing in the form of loans under facilities supported by a loan guarantee from ExIm. At March 31, 2004, Private Export Funding Corporation ("PEFCO"), acting through ABN AMRO Bank N.V. as Loan Agent, ABN AMRO Bank N.V. ("ABN"), The Royal Bank of Scotland ("RBS") and BNP Paribas ("BNP") had provided financing under these ExIm-guaranteed loan facilities for twenty-three, five, eight and five aircraft respectively. Lloyds TSB Bank PLC ("Lloyds TSB") provided financing under such a facility for an additional six aircraft delivered during the period July 2004 to September 2004. Each of these facilities takes essentially the same form and is based on the documentation initially developed for the PEFCO facility, which follows standard market forms for this type of financing. On the basis of an ExIm guarantee with regard to the financing of up to 85% of the eligible U.S. and foreign content represented in the net purchase price of the relevant aircraft, the financial institution enters into a commitment letter with the Company to provide financing for a specified number of aircraft benefiting from such a guarantee; loans are then drawn down as the aircraft are delivered and payments to Boeing become due. Each of the loans under the facilities is on

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substantially similar terms, having a maturity of twelve years from the drawdown date and being secured by a first priority mortgage in favor of a security trustee on behalf of ExIm. The initial loans under the PEFCO facilities are denominated in dollars and bear interest at a floating rate linked to U.S. dollar LIBOR and which is converted into a euro-based fixed rate through the use of the cross currency swaps described below, so that Ryanair's exchange and interest-rate risk is fully hedged, while subsequent loans under the ABN, RBS, BNP and Lloyds TSB facilities, are denominated in euro and bear interest at floating rates linked to EURIBOR.

Through the use of cross currency swaps, Ryanair has fully hedged its ongoing interest rate and currency risk by effectively converting its dollar-denominated debt under the initial ABN and PEFCO facilities into an approximately equivalent amount of euro-denominated fixed rate debt. Through the use of interest rate swaps, Ryanair has effectively converted almost all of its floating rate debt under each of the facilities into fixed rate debt. Loans for approximately 4% of aircraft acquired under the above facilities are not covered by such swaps and have therefore remained at floating rates linked to EURIBOR; the interest rate exposure from these loans is hedged by placing a similar amount of cash on deposit at floating interest rates. The net result is that Ryanair has drawn down fixed rate euro-denominated debt with a maturity of twelve years in respect of more than 96% of its financing for the 41 Boeing 737-800 aircraft purchased through March 31, 2004, using these facilities. The table below illustrates the effect of swap transactions (each of which is with an established international financial counterparty) on the profile of Ryanair's aircraft-related debt at March 31, 2004 (prior to the drawdown for the six aircraft financed under the Lloyds TSB facility). See "Item 11. Quantitative and Qualitative Disclosures About Market Risk -- Interest Rate Exposure and Hedging" for additional details on the Company's hedging transactions.

### Effective Borrowing Profile of Aircraft-Related Debt

At March 31, 2004

	EUR Fixed EUR 000	Flea EUR
Euro borrowings.....	-	408
Aircraft borrowing profile before swap transactions.....	-	408
Cross currency interest rate swaps.....	536,718	
Interest rate swaps.....	372,686	(372,
Aircraft borrowing profile after swap transactions.....	909,404	35
-----		

Ryanair's ability to obtain additional loans pursuant to each of the facilities in order to finance a portion of the purchase price of Boeing 737-800 aircraft to be delivered in the future is subject to the issuance of further commitments by the banks and satisfaction of various conditions contained in the documentation for the facilities. These conditions include, among other things, the execution of satisfactory documentation, the requirement that Ryanair perform all of its obligations under the Boeing agreements and provide satisfactory security interests in the aircraft (and related assets) in favor of the lenders and ExIm, and that Ryanair does not suffer a material adverse change

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in its conditions or prospects (financial or otherwise).

ExIm's policy on facilities of this type is to issue a binding final commitment only six months prior to delivery of each aircraft being financed. ExIm has already issued final binding commitments and related guarantees with respect to the 47 ExIm-financed Boeing 737-800 aircraft delivered between 1999 and September 2004. ExIm's final binding commitment is also subject to certain conditions set forth in the documentation for facilities and the ExIm guarantee. These conditions include, among other things, the execution of satisfactory documentation, the creation and maintenance of the lease and related arrangements described below, that Ryanair provide satisfactory security interest in the aircraft (and related assets) in favor of ExIm and the lenders, and that the subject aircraft be registered in Ireland, be covered by adequate insurance and maintained in a manner acceptable to ExIm. Ryanair expects that any future commitments or guarantees issued by ExIm will contain similar conditions.

The terms of the facilities and the ExIm guarantee require that Ryanair pay certain fees in connection with such financings. In particular, these fees include arrangement fees paid to the facility arranger, and a commitment fee based on the unutilized and uncanceled portion of the guarantee commencing 60 days from date of issuance of the guarantee and payable semi-annually in arrears. An exposure fee for the issuance of the guarantee on the date of delivery is also payable to ExIm (based on the amount of the guarantee). Ryanair's payment of the 3% exposure fee to ExIm of the amount of the loan provided is eligible for financing under the facilities. All such fees are capitalized and amortized over the life of the aircraft. Ryanair anticipates that similar fees will be incurred as additional aircraft are delivered and financed.

As part of its ExIm guarantee-based financing of the Boeing 737-800's, Ryanair has entered into certain lease agreements and related arrangements. Pursuant to these arrangements, legal title of 47 aircraft delivered to date rests with a number of United States special purpose vehicles (the "SPV's") in which Ryanair has no equity or other interest. The SPV's are the borrower of record under the loans made or to be made under the facilities, with all of its obligations under the loans being guaranteed by Ryanair Holdings plc. The shares of the SPV's (which are owned by an unrelated charitable association) are in turn pledged to a security trustee in favor of ExIm and the lenders. Ryanair Limited operates each of the aircraft pursuant to a finance lease it has entered into with the SPV's, the terms of which mirror those of the relevant loan under the facilities. Ryanair has the right to purchase the aircraft upon termination of the lease for a nominal amount. Pursuant to this arrangement, Ryanair is considered to own the aircraft for accounting purposes under both Irish GAAP and U.S. GAAP. Ryanair does not engage in the use of special purpose entities for off-balance sheet financing or any other purpose which results in assets or liabilities not being reflected in Ryanair's Consolidated Financial Statements.

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Ryanair has a firm commitment from BNP to provide financing for up to 14 more of its firm order Boeing 737-800 aircraft under ExIm guaranteed financing structures. The company expects to finance the remaining 84 of the 98 Boeing 737-800 aircraft it is obligated to purchase under the 2002 Boeing contract and the 2003 supplemental agreement by December 2008 and any option aircraft it acquires under those agreements through the use of similar financing arrangements based on an ExIm guarantee, bank debt provided by commercial banks, operating and finance leases via sale and leaseback transactions such as those described below, Enhanced Equipment Trust Certificates and cash flow generated from the Company's operations. At March 31, 2004, the Company had received a

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preliminary commitment from ExIm in relation to 20 aircraft which were to be delivered over the period from December 2002 to March 2005. The terms of this preliminary commitment are the same as those outlined above in relation to the guarantees already issued. Six of these preliminary commitments have already been converted into final commitments by ExIm for deliveries during the period from July 2004 to March 2005, and were used to support the financing under the Lloyds TSB facility. The Company anticipates the remaining 14 will be converted to final commitments in early October 2004.

It is expected that any future ExIm guarantee-based financing will also be subject to terms and conditions similar to those described above. However, no assurance can be given that such financing will be available to Ryanair, or that the terms of any such financing will be as advantageous to the Company as those available at the time of the facilities. Any inability of the Company to obtain financing for the new aircraft on advantageous terms could have a material adverse effect on its business, results of operation and financial condition.

In connection with its expected financing of additional Boeing 737-800 aircraft to be delivered under the 2002 Boeing Contract and the 2003 supplemental agreement after March 31, 2003, Ryanair has entered into a series of forward-starting 12-year interest rate swaps. These swaps have the effect of capping the effective interest rate in euro terms on an estimated total of EUR 412.7 million in borrowings commencing between October 2004 and March 2005 and terminating between October 2016 and March 2017 (with the starting dates corresponding to the scheduled delivery dates for the aircraft) at interest rates from 5.70% to 5.73%. See Note 16 to the Consolidated Financial Statements included in Item 18 and "Item 11. Quantitative and Qualitative Disclosures About Market Risk -- Interest Rate Risk Exposure and Hedging."

In fiscal year 2004, the Company financed 10 Boeing 737-800 aircraft delivered between December 2003 and March 2004 under a seven-year sale and leaseback arrangement with RBS Aviation Capital (RBS Aviation) pursuant to which RBS Aviation purchased the aircraft from Ryanair and leased them back to Ryanair pursuant to operating leases. As a result, Ryanair operates, but does not own, these aircraft, which were leased to provide flexibility to the aircraft delivery program. The Company has an option to extend the initial period of seven years on five of these aircraft on pre-determined terms. These leases are denominated in euro and require Ryanair to make variable rental payments that are linked to EURIBOR. Through the use of interest rate swaps, Ryanair has effectively converted the floating rental payments due under these leases into fixed rental payments. At March 31, 2004, the fair value of the interest rate swap agreements relating to these leases on a mark-to-market basis was equivalent to a loss of EUR 39.5 million.

In 2000, Ryanair purchased a Boeing 737-800 flight simulator from CAE Electronics Limited of Quebec, Canada ("CAE"). The simulator is being used for pilot training purposes. The gross purchase price of the simulator and the necessary software was approximately US\$10 million, not taking into account certain price concessions provided by the seller in the form of credit memoranda. The Company financed this expenditure with a 10-year euro-denominated loan provided by the Export Development Corporation of Canada for up to 85% of the net purchase price, with the remainder provided by cash flows from operations.

In 2002, Ryanair entered into a contract to purchase two additional Boeing 737-800 flight simulators from CAE. The first of these simulators was delivered in January 2004 and the second simulator is expected to be delivered in 2007. The CAE contract also provides Ryanair with an option to purchase another such

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simulator for delivery in 2007. The gross price of each simulator is approximately US\$10.3 million, not taking into account certain price concessions provided by the seller in the form of credit memoranda. In September 2004, the Company refinanced the first simulator delivered under the 2002 contract with a 10-year euro-denominated loan provided by the Export Development Corporation of Canada for up to 85% of the net purchase price, with the remainder provided by cash flows from operations. The Company anticipates financing the second simulator through a combination of bank debt provided by commercial banks and cash flow from its operations.

**Contractual Obligations.** The following table sets forth the contractual obligations and commercial commitments of the Company with definitive payment terms which will require significant cash outlays in the future, as of March 31, 2004. These obligations primarily relate to Ryanair's aircraft purchase and related financing obligations, which are described in more detail above. The amounts listed under "Purchase Obligations" in the table reflect obligations for aircraft purchases and are calculated by multiplying the number of aircraft the Company is obligated to purchase under its current agreements with Boeing during the relevant period by the "Base Price" for each aircraft pursuant to the relevant contract, with the dollar-denominated Base Price being converted into euro at an exchange rate of US\$1.2292=EUR 1.00. The relevant amounts therefore exclude the effect of the price concessions granted to Ryanair by Boeing and CFM, as well as any application of the Escalation Factor. As a result, Ryanair's actual expenditures for aircraft during the relevant periods will be lower than the amounts listed under "Purchase Obligations" in the table. The amounts listed under "Operating Lease Obligations" reflect EUR 215.6 million due on the Boeing 737-300s taken over with the acquisition of Buzz Stansted and the 10 Boeing 737-800s sale and operating leaseback transactions entered into during fiscal 2004. Obligations with respect to engine maintenance relate to the Company's long-term maintenance contracts with third parties. See "Item 4. Information on the Company--Maintenance and Repairs" for information on these contracts.

### Obligations due by Period

Contractual Obligations	Total	Less than 1 year	1-2 years (EUR in thousands)	2-5 ye
Long term Debt Obligations.....	952,982	80,337	84,209	27
Purchase Obligations.....	4,385,648	1,138,609	1,222,927	2,02
Operating Lease Obligations .....	215,607	37,055	37,055	9
Engine Maintenance.....	1,567	1,567	-	
Total Contractual Obligations.....	5,555,804	1,257,568	1,344,191	2,39

### OFF-BALANCE SHEET TRANSACTIONS

Ryanair uses certain off-balance sheet arrangements in the ordinary course of business, including financial guarantees and derivative transactions. Details of each of these arrangements that have or are reasonably likely to have a current or future material effect on the Company's financial condition, results of operations, liquidity or capital resources are discussed below. For additional information, see Notes 14-17 to the Consolidated Financial Statements included in Item 18.

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Guarantees. Ryanair Holdings has provided an aggregate of EUR 56.5 million in letters of guarantee to secure obligations of certain of its subsidiaries in respect of loans and bank advances, including those relating to aircraft financing and related hedging transactions. In addition, during fiscal year 2004 Ryanair Holdings had provided a guarantee for U.K.POUND 12 million to the U.K. Civil Aviation Authority in relation to liabilities of Buzz Stansted, which guarantee has since expired.

Derivatives. Ryanair uses various derivative financial instruments, including forward starting interest rate swaps, foreign currency forward contracts and commodity contracts, to manage its exposure to market risks relating to fluctuations in commodity prices, interest rates and currency exchange rates. The objective of financial risk management at Ryanair is to minimize the negative impact of commodity price, interest rate and foreign exchange rate fluctuations on the Company's earnings, cash flows and equity. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk Interest Rate Exposure and Hedging" and Notes 14-17 to the Consolidated Financial Statements for additional information on the Company's derivative instruments. These derivatives are recorded on the balance sheet under US GAAP. See Note 31 to the Consolidated Financial Statements.

### TREND INFORMATION

For information on Ryanair's results of operations in the quarter ended June 30, 2004, see "--Recent Operating Results" above. For information on the principal trends and uncertainties affecting the Company's results of operations and financial condition, see "Item 3. Key Information Risk Factors" and "Business Overview," "Results of Operations" and "Liquidity and Capital Resources" above.

### INFLATION

Inflation has not had a significant effect on the Company's results of operations and financial condition during the three years ended March 31, 2004.

### Item 6. Directors, Senior Management and Employees

Ryanair Holdings was established in 1996 as a holding company for Ryanair. The management of Ryanair Holdings and Ryanair are integrated, with the two companies having the same Board of Directors and all executive officers of Ryanair Holdings being executive officers of Ryanair.

### DIRECTORS

The following table sets forth certain information concerning the Directors of Ryanair Holdings as of September 15, 2004:

Name	Age	Positions
David Bonderman (a).....	62	Chairman of the Board and Director
Emmanuel Faber (c) (e).....	40	Director
Michael Horgan (f).....	68	Director
Klaus Kirchberger (e).....	46	Director
Raymond MacSharry (b) (c).....	65	Director
Kyran McLaughlin (b) (c).....	60	Director
Michael O'Leary (a) (d).....	43	Director and Chief Executive



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James R. Osborne (b) (a).....	55	Director
Paolo Pietrogrande.....	47	Director
T. Anthony Ryan.....	68	Director
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- (a) Member of the Executive Committee.
- (b) Member of the Remuneration Committee.
- (c) Member of the Audit Committee.
- (d) Mr. O'Leary is also the chief executive officer of Ryanair Holdings and Ryanair Limited. None of the other Directors are executive officers of Ryanair Holdings or Ryanair Limited.
- (e) Emmanuel Faber and Klaus Kirchberger were appointed to the Board of Directors on September 25, 2002; and were approved by the Company's shareholders at the annual general meeting held on September 24, 2003.
- (f) Member of the Air Safety Committee.

David Bonderman has served as a Director of Ryanair Holdings and Ryanair Limited since August 23, 1996 and as Chairman of the Board of Ryanair Holdings and Ryanair Limited since December 1996. Mr. Bonderman is a director and officer of 1996 Air G.P., Inc., the general partner Irish Air GenPar, and founder and Principal of Texas Pacific Group ("TPG"), which organized Irish Air, L.P. and Irish Air GenPar, L.P. Prior to forming TPG, Mr. Bonderman was Chief Operating Officer and Chief Investment Officer of Keystone Inc., the personal investment vehicle of Texas-based investor Robert M. Bass. Prior to joining Keystone Inc. in 1983, Mr. Bonderman was a partner in the law firm of Arnold & Porter in Washington, D.C. Mr. Bonderman serves on the Board of Directors of public companies CoStar Group, Inc., Ducati Motor Holdings S.p.A., Gemplus International S.A. and ProQuest Company.

Emmanuel Faber has served as a director of Ryanair Holdings since September 25, 2002, and currently serves as Chief Financial Officer and Executive Vice President of Groupe Danone and was elected a director of the board of Groupe Danone in 2002. Mr. Faber is also a director of Legris Industries. Prior to his current appointment, he was head of the Mergers and Acquisitions and the Corporate Strategy department of Groupe Danone. Between 1993 and 1997, he served as a director and Chief Financial Officer of Legris Industries, a French public company specializing in mechanical engineering. From 1988 to 1993, Mr. Faber held a number of senior positions in the Corporate Finance department of Barings Bank.

Michael Horgan has served as a director of Ryanair Holdings since January 12, 2001. A former Chief Pilot of Aer Lingus, he sometimes acts as a consultant to a number of international airlines, civil aviation authorities, the European Commission and the European Bank for Reconstruction and Development. Mr. Horgan chairs the Air Safety Committee of the Board.

Klaus Kirchberger has served as director of Ryanair Holdings since September 25, 2002. He has been Chief Executive Officer of Thurn und Taxis Group, the asset management holding of Thurn und Taxis family in Regensburg, since August 2002, and a director of that company since 1997. Prior to serving as CEO, Mr. Kirchberger was the Head of the Controlling and Tax department of Thurn und Taxis. Between 1990 and 1994, he was a Senior Manager at Pricewaterhouse Coopers in Munich. He also held senior management positions at IKB Industriebank AG, Munich and is a qualified German lawyer and auditor. Mr. Kirchberger is also a non-executive director of the German listed companies

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DIBAG AG and TTL Information Technology AG, furthermore he is a non-executive director of Deutsche Immobilien Chancen AG & Co. KGaA and TTL International AG.

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Raymond MacSharry has served as a Director of Ryanair Holdings since August 22, 1996, and as a Director of Ryanair Limited since February 11, 1993. From 1993 to 1995, Mr. MacSharry served as Chairman of the Board of Ryanair Limited. From 1993 to 1996 and from April 1997 to March 2000, Mr. MacSharry served as a consultant to Ryanair. From 1989 to 1993, Mr. MacSharry served as the European Commissioner for Agriculture. Prior to his service on the European Commission, Mr. MacSharry served in the Irish Parliament for over 20 years and was the Minister for Finance of Ireland in 1982 and from 1987 to 1988. Mr. MacSharry currently serves as a member of the Court of the Bank of Ireland, and as the non-executive chairman of London City Airport.

Kyran McLaughlin has served as a director of Ryanair Holdings since January 12, 2001. Mr. McLaughlin is Head of Equities at Davy Stockbrokers. Mr. McLaughlin advised Ryanair during its initial flotation on the Dublin and NASDAQ stock markets in 1997. Mr. McLaughlin is also a director of Elan Corporation plc and he serves as a director of a number of Irish private companies.

Michael O'Leary has served as a Director of Ryanair Limited since November 25, 1988 and a Director of Ryanair Holdings since July 2, 1996. Mr. O'Leary was the Deputy Chief Executive of Ryanair Limited from 1991 to December 1993, and has been Chief Executive from January 1, 1994.

James R. Osborne has served as a Director of Ryanair Holdings since August 22, 1996, as a Director of Ryanair Limited since April 12, 1995. Mr. Osborne was the managing partner of the law firm of A & L Goodbody Solicitors from May 1982 to April 30, 1994 and served as a consultant to the firm from May 1, 1994 to March 2000. Mr. Osborne also serves on the Board of Directors of a number of Irish private companies.

Paolo Pietrogrande has served as member of the board of directors of Ryanair since 2001. A Chemical Engineering graduate from University of Roma, Italy, Mr. Pietrogrande is currently Managing Director of Nuovi Cantieri Apuania, a designer and supplier of merchant ships with its shipyard in Carrara, Italy. Mr. Pietrogrande is also Director of Executive MBA programme at Almaweb, University of Bologna, and is a board member of Ducati Motor Holding S.p.A. Prior assignments of Mr. Pietrogrande include CEO of Enel Green Power S.p.A. (power generation in Italy, North and Latin America), Business Development Director at General Electric Power Systems, Europe+, Manager at Bain and Company and Vice President Marketing, Kinetics Technology International B.V.

T. Anthony Ryan has served as a Director of Ryanair Holdings since July 2, 1996 and as a Director of Ryanair Limited since April 12, 1995. Dr. Ryan served as Chairman of the Board of Ryanair Holdings from August 23, 1996 until December 1996 and as Chairman of the Board of Ryanair Limited from January 1996 until December 1996. Dr. Ryan was one of the founders in 1975 of GPA Group plc ("GPA"), an operating lessor of commercial aircraft, and served as Chairman of GPA from 1985 to 1993. Following a restructuring of GPA involving General Electric Capital Corporation ("GECC") in 1993, Dr. Ryan served as Executive Chairman of, and subsequently as a consultant to, GE Capital Aviation Services, Limited, a company established by GECC to manage the aircraft assets of GPA, from 1993 to 1996.

The Board of Directors has established a number of committees, including

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the following:

Executive Committee. The Board of Directors established the Executive Committee in August 1996. The Executive Committee can exercise the powers exercisable by the full Board of Directors in circumstances where action by the Board of Directors is required and it is impracticable to convene a meeting of the full Board of Directors. Messrs. O'Leary and Bonderman are the members of the Executive Committee.

Remuneration Committee. The Board of Directors established the Remuneration Committee in September 1996 to have authority to determine the remuneration of senior executives of Ryanair Holdings and to administer the Ryanair Holdings Stock Option Plan. Messrs. Pietrogrande, Kirchberger and Osborne are the members of the Remuneration Committee.

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Audit Committee. The Board of Directors established the Audit Committee in September 1996 to make recommendations concerning the engagement of independent chartered accountants; to review with the accountants the plans for and scope of the audit, the audit procedures to be utilized and the results of the audit; to approve the professional services provided by the accountants; to review the independence of the accountants; and to review the adequacy and effectiveness of the Company's internal accounting controls. Messrs. McLaughlin, Faber and MacSharry are the members of the Audit Committee. In accordance with the recommendations of the Irish Combined Code of Corporate Governance, a senior independent non-executive Director, Kyran McLaughlin, is Chairman of both the Audit Committee and the Remuneration Committee. The criteria for Director independence under the Combined Code differ in certain respects from those scheduled to become applicable to Ryanair and other foreign private issuers in 2005 under the U.S. federal securities laws and the listing rules of the Nasdaq National Market ("Nasdaq"). Ryanair expects to be in compliance with such U.S. standards at or before the time they become applicable to Ryanair.

Nomination Committee. The Board of Directors established the Nomination Committee in May 1999 to make recommendations to the full Board of Directors concerning the selection of individuals to serve as executive and non-executive Directors and to make proposals to the Board of Directors. Messrs. O'Leary and Bonderman are the members of the Nomination Committee.

Air Safety Committee. The Board of Directors established the Air Safety Committee in March 1997 to review and discuss air safety and related issues. The Air Safety Committee reports to the full Board of Directors each quarter. The Air Safety Committee is comprised of the following executive officers of Ryanair: Messrs. Conway, Hickey, O'Brien, and director Michael Horgan (chairperson).

### Action and Powers of Board of Directors

The Board of Directors is empowered by the Articles of Association of Ryanair Holdings to carry on the business of Ryanair Holdings, subject to the Articles of Association, provisions of general law and the right of stockholders to give directions to the Directors by way of ordinary resolution. Every Director of Ryanair Holdings who is present at a meeting of the Board of Directors shall have one vote. In the case of a tie on a vote, the Chairman of the Board of Directors shall not have a second or tie-breaking vote. A Director may designate an alternate to attend any Board of Directors meeting, and such alternate shall have all the rights of a Director at such meeting.

The quorum for a meeting of the Board of Directors, unless another number

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is fixed by the Directors, consists of three Directors. A majority of the Directors present must be EU nationals. The Articles of Association of Ryanair Holdings require the vote of a majority of the Directors (or alternates) present at a duly convened meeting for the approval of all actions by the Board of Directors.

### Composition and Term of Office

The Articles of Association provide that the Board of Directors shall consist of no less than three Directors and no more than 15 Directors, unless otherwise determined by the stockholders. There is no maximum age for a Director and no Director is required to own any shares of Ryanair Holdings.

Directors are elected (or have their appointment by the Directors confirmed) at Annual General Meetings of stockholders. Save in certain circumstances, at every Annual General Meeting one-third (rounded down to the next whole number if it is a fractional number) of the Directors (being the Directors who have been longest in office) will retire by rotation and be eligible for re-election. Accordingly Richard P. Schifter, Michael O'Leary, and Raymond MacSharry retired, and Michael O'Leary and Raymond MacSharry were re-elected at the annual general meeting on September 24, 2003. Richard P. Schifter although eligible, did not seek re-election at that meeting. Declan F. Ryan resigned from the Board on June 24, 2003.

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Emmanuel Faber and Klaus Kirchberger were appointed to the Board as non-executive Directors on September 25, 2002; the appointments were approved by the Company's shareholders at the annual general meeting held on September 24, 2003.

### Exemptions from Certain Nasdaq Corporate Governance Rules

The Nasdaq may grant a foreign private issuer exemptions from the Nasdaq corporate governance rules for listed companies when those rules impose standards that are contrary to a law, rule or regulation of any public authority exercising jurisdiction over such issuer or are contrary to generally accepted business practices in the issuer's country of domicile. At the time of Ryanair's listing on the Nasdaq in 1997, the Company received certain exemptions from the Nasdaq corporate governance rules. These exemptions, and the practices the Company follows, are as follows:

- The Company is exempt from Nasdaq's quorum requirements applicable to meetings of shareholders, which require a minimum quorum of 33 1/3% for any meeting of the holders of common stock, which in the Company's case are its Ordinary Shares. In keeping with Irish generally accepted business practice, the Articles of Association provide for a quorum for general meetings of shareholders of three shareholders, regardless of the level of their aggregate share ownership.
- The Company is exempt from the Nasdaq's requirement with respect to audit committee approval of related-party transactions, as well as its requirement that shareholders approve certain stock or asset purchases where a director, officer or substantial shareholder has an interest. The Company is subject to extensive provisions under the Listing Rules of the Irish Stock Exchange (the "Irish Listing Rules") governing transactions with related parties, as defined therein, and the Irish Companies Act also restricts the extent to which Irish companies may enter into related party transactions. In addition, the Company's

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Articles of Association contain provisions regarding disclosure of interests by the Directors and restrictions on their votes in circumstances involving a conflict of interest. The concept of a related party for purposes of each of the Nasdaq's audit committee and shareholder approval rules differs in certain respects from the definition of a transaction with a related party under the Irish Listing Rules.

- The Nasdaq requires shareholder approval for certain transactions involving the sale or issuance by a listed company of common stock other than in a public offering. Under the Nasdaq rules, whether shareholder approval is required for such transactions depends, among other things, on the amount of shares to be issued or sold in connection with a transaction, while the Irish Listing Rules require shareholder approval where the size of the transaction exceeds a certain percentage of the size of the listed company undertaking the transaction.

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### SENIOR MANAGEMENT

The following table sets forth certain information concerning the executive officers of Ryanair Holdings and Ryanair Limited at September 30, 2004:

Name	Age	Position
Jim Callaghan.....	36	Head of Regulatory Affairs and Company Sec
Michael Cawley.....	50	Deputy Chief Executive and Chief Operating
Ray Conway.....	49	Chief Pilot
Caroline Green.....	41	Head of Customer Service
Michael Hickey.....	41	Director of Engineering
Howard Millar.....	43	Deputy Chief Executive and Chief Financial
David O'Brien.....	40	Director of Flight Operations and Ground O
Michael O'Leary.....	43	Chief Executive
Edward Wilson.....	41	Director of Personnel and In-flight

Jim Callaghan was appointed Company Secretary in June 2002 and has also served as Head of Regulatory Affairs of Ryanair since May 2000. Prior to joining Ryanair, Jim practiced as a competition lawyer for the Brussels office of Linklaters & Alliance. Jim is a U.S.-trained lawyer and completed a dual degree in Law and Public and International Affairs at the University of Pittsburgh in Pennsylvania.

Michael Cawley was appointed Chief Operating Officer on January 1, 2003, having served as Chief Financial Officer and Commercial Director since February 1997. From 1993 to 1997, Michael served as Group Finance Director of Gowan Group Limited, one of Ireland's largest private companies and the main distributor for Peugeot and Citroen automobiles in Ireland.

Captain Ray Conway was appointed as Chief Pilot in June 2002, having joined Ryanair in 1987. He has held a number of senior management positions within the Flight Operations Department over the last 16 years, including Fleet Captain on the BAC1-11 and Boeing 737-200 fleets. Ray was Head of Training between 1998 and

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June 2002. Prior to joining Ryanair, Ray served as an officer with the Irish Air Corps for 14 years where he was attached to the Training and Transport Squadron, which was responsible for the government jet.

Caroline Green was appointed Head of Customer Services in February 2003. Prior to this, Caroline served as Chief Executive of Ryanair.com between November 1996 and January 2003. Before joining Ryanair, Caroline worked in senior positions at a number of airline computerized reservations system providers, including Sabre.

Michael Hickey has served as Head of Engineering and Chief Engineer since January 2000. Michael has held a wide range of senior positions within the Ryanair engineering department since 1988 and was Deputy Director of Engineering between 1992 and January 2000. Prior to joining Ryanair in 1988, Michael worked as an aircraft engineer with Fields Aircraft Services and McAlpine Aviation, working primarily on executive aircraft.

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Howard Millar was appointed Chief Financial Officer on January 1, 2003, having served as Director of Finance of Ryanair since March 1993. Between April 1992 and March 1993 he served as Financial Controller of Ryanair. Howard was the Group Finance Manager for the Almarai Group, an international food processing company in Riyadh, Saudi Arabia, from 1988 to 1992.

David O'Brien was appointed Director of Operations in December 2002; previously, he served as Director of Flight Operations of Ryanair since May 2002, having served as Director of U.K. Operations since April 1998. Prior to that, David served as Regional General Manager-Europe and CIS for Aer Rianta International. Between 1992 and 1996, David served as Director of Ground Operations and Inflight with Ryanair.

Michael O'Leary has served as a Director of Ryanair since November 1988 and was appointed Chief Executive on January 1, 1994. Prior to this, Michael was the Deputy Chief Executive of Ryanair from 1991 to May 1993 and Chief Operating Officer from June 1993 to December 1993.

Edward Wilson was appointed Director of Personnel and Inflight in December 2002, prior to which he served as Head of Personnel since joining Ryanair in December 1997. Prior to joining Ryanair he served as Human Resources Manager for Gateway 2000 and held a number of other human resources related positions in the Irish financial services sector.

### COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

#### Compensation

The aggregate amount of compensation paid by Ryanair Holdings and its subsidiaries to the Directors and executive officers named above in the fiscal year ended March 31, 2004 was EUR 3,869,850 million. For details of Mr. O'Leary's compensation in such fiscal year, see "--Employment Agreements--Employment and Bonus Agreement with Mr. O'Leary" below. For details of stock options that have been granted to the Company's employees, including the executive Directors named above, see "Item 10. Additional Information--Options to Purchase Securities from Registrant or Subsidiaries."

Each of Ryanair Holdings' nine non-executive Directors is entitled to receive EUR 32,000 plus expenses per annum, as remuneration for his services to Ryanair Holdings. Each of Messrs. Bonderman and T.A. Ryan has executed an

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agreement with Ryanair Holdings by which he has waived his respective entitlement to receive annual remuneration of EUR 32,000 in respect of his service as a Director for the fiscal year ended March 31, 2004. The remuneration of audit committee members was increased to EUR 15,000 per annum effective January 1, 2004. Mr. Michael Horgan receives EUR 40,000 in connection with his additional duties in relation to the Air Safety Committee.

Each of the 11 non-executive Directors then in office were issued 50,000 share options after the 2-for-1 share split in December 2001 in respect of an equivalent number of Ordinary Shares having a strike price of EUR 3.70 under Ryanair's Share Option Plan 2000. See "Item 10. Additional Information--Options to Purchase Securities from Registrant or Subsidiaries."

Emmanuel Faber and Klaus Kirchberger were appointed to the Board as non-executive Directors on September 25, 2002, and the appointments were approved by the Company's shareholders at the annual general meeting held on September 24, 2003. In connection with his appointment, each of Messrs. Faber and Kirchberger was granted 25,000 share options, exercisable between June 2008 and June 2010, at a strike price of EUR 5.65.

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As of September 1, 2004, the Directors and executive officers of Ryanair Holdings as a group owned 59,637,669 Ordinary Shares, representing 7.9% of Ryanair Holdings' outstanding Ordinary Shares as of such date. See Note 21(d) to the Consolidated Financial Statements in Item 18. See "Item 7. Major Shareholders and Related Party Transactions--Major Shareholders."

### Employment Agreements

Employment and Bonus Agreement with Mr. O'Leary. Mr O'Leary's current employment agreement with Ryanair Limited is dated July 1, 2002 and can be terminated by either party upon twelve months notice. Pursuant to the agreement, Mr. O'Leary serves as Chief Executive at a current annual gross salary of EUR 505,000, subject to any increases that may be agreed between Ryanair Limited and Mr. O'Leary. Mr. O'Leary also is eligible for annual bonuses as determined by the Board of Directors of Ryanair Limited; the amount of such bonuses paid to Mr. O'Leary in fiscal year 2004 totalled EUR 127,000. Mr. O'Leary is subject to a covenant not to compete with Ryanair within the EU for a period of two years after the termination of his employment with Ryanair. Mr. O'Leary's employment agreement does not contain provisions providing for compensation on its termination.

### EMPLOYEES AND LABOR RELATIONS

The following table sets forth the number of Ryanair's employees at each of March 31, 2003 and 2004:

Classification	Number of Employees at March 31, 2004	Number of Employ 20
Management.....	79	8
Administrative.....	115	1
Reservations.....	120	1
Maintenance.....	144	1
Ground Operations.....	263	2

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Cockpit Crew.....	702	5
Flight Attendants.....	879	5
Total.....	2,302	1,

Ryanair's flight crew, maintenance and customer ground operations personnel undergo training, both initial and recurrent. A substantial portion of the initial training for Ryanair's cabin crews is devoted to safety procedures, and cabin crews are required to undergo annual evacuation and fire drill training during their tenure with the airline. Ryanair pays for the recurrent training of all employees. Ryanair utilizes its own Boeing 737-200A and Boeing 737-800 aircraft simulators for pilot training. Ryanair has established an in-house apprenticeship program to train maintenance engineers that currently produces four qualified engineers per year. Ryanair also provides salary increases to its engineers who complete advanced training in certain fields of aircraft maintenance.

IAA regulations require pilots to be licensed as commercial pilots with specific ratings for each aircraft to be flown and to be medically certified as physically fit. At March 31, 2004, the average age of Ryanair's pilots was 36 years and their average period of employment with Ryanair was 4 years. Licenses and medical certification are subject to periodic re-evaluation requirements, including recurrent training and recent flying experience. Maintenance engineers must be licensed and qualified for specific aircraft. Flight attendants must have initial and periodic competency fitness training. Training programs are subject to approval and monitoring by the IAA. In addition, the appointment of senior management personnel directly involved in the supervision of flight operations, training, maintenance and aircraft inspection must be satisfactory to the IAA.

Based on its experience in managing the airline's growth to date, management believes that there is a sufficient pool of qualified and licensed pilots, engineers and mechanics in Ireland, the U.K. and within the EU to satisfy Ryanair's anticipated future needs in the areas of flight operations, maintenance and quality control and that Ryanair will not face significant difficulty in hiring and continuing to employ the required personnel. Ryanair has also been able to satisfy its short-term needs for additional pilots by contracting with certain employment agencies that represent experienced flight personnel and currently has 121 such pilots under contract.

Ryanair has licensed a number of JAA-approved type organizations in Sweden, the Netherlands, Germany and the U.K. to operate pilot training courses which result in 737 type-ratings based on the Ryanair syllabus. Each trainee pilot must pay these training organizations for their own type-rating and, based on their performance, some of the pilots may be offered positions within Ryanair. This program enables Ryanair to secure a continuous stream of type-rated co-pilots.

Ryanair's employees earn productivity-based pay incentives, including commissions on in-flight sales for flight attendants and payments based on the number of hours or sectors flown by pilots and cabin crew personnel within limits set by industry standards or regulations fixing maximum working hours. During the fiscal year ended March 31, 2004, such productivity-based pay incentives accounted for approximately 46% of an average flight attendant's total pay package and approximately 38% of the typical pilot's compensation. Reservations personnel also receive incentive payments based on the number of



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bookings made and sales of ancillary services such as car rentals and travel insurance. In November 2000, Ryanair's pilots approved a new five-year pay arrangement (subject to review in "exceptional circumstances" after three years), which, in return for certain productivity enhancements, provides for annual increases in base salary of 3% and increases in daily allowances of between 3% and 20% (depending on the number of hours flown).

Ryanair's pilots are currently subject to IAA-approved limits of 100 flight hours per 28-day cycle, 300 flight hours every three months and 900 flight hours per fiscal year. For the fiscal year ended March 31, 2004, the average flight hours for each of Ryanair's pilots were approximately 71 hours per full working month and approximately 850 hours for the complete year. Were more stringent regulations on flight hours to be adopted, Ryanair's flight personnel could experience a reduction in their total pay due to lower compensation for the number of hours or sectors flown and Ryanair could be required to hire additional flight personnel.

Although Ryanair currently consults with groups of employees, including its pilots, through "Employee Representation Committees" ("ERCs"), regarding work practices and conditions of employment, it does not conduct formal binding negotiations with collective bargaining units, as is the case in many other airlines. For example, Ryanair senior management has quarterly meetings with the pilot ERC to discuss all aspects of the business and those issues that specifically relate to pilots.

Ryanair considers its relationship with its employees to be good. However, from January 9 to March 9, 1998, 39 of Ryanair's ground-handling employees participated in industrial action with respect to terms and conditions of their employment. Although the action did not have a material effect on Ryanair's ability to fulfill its flight schedules or on its results of operations or financial condition, a secondary action on the weekend of March 7 and 8, 1998 by members of the Service, Industrial, Professional and Technical Union ("SIPTU") working for other airlines and airport service providers led to the closure of Dublin Airport for certain periods. As part of a government-sponsored arrangement to end the secondary action, Ryanair agreed to cooperate with a governmental inquiry into the facts of the dispute and the reasons for the closure of the airport. The governmental inquiry report, which was issued in July 1998, was critical of the actions of both Ryanair and SIPTU during the dispute. Management believes that the dispute and related governmental and judicial action will not have any impact on Ryanair's historical policy of not conducting formal binding negotiations with collective bargaining units or on the public's perception of the Company generally.

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In the United Kingdom, the British Airline Pilots Association ("BALPA") sought in 2001 to represent Ryanair's U.K. based pilots in their negotiations with the company. A legally-required ballot of the pilots conducted by the Central Arbitration Committee in September 2001 resulted in only 18% of those eligible to vote opting for formal recognition of BALPA, well below the required 51% threshold for recognition of the union. Under applicable U.K. labor legislation, BALPA cannot reapply for recognition at Ryanair until October 2004.

In addition, the Company offered contracts of employment which were accepted by 110 of the approximately 500 former KLM UK Limited staff. The balance of the former KLM UK Limited staff were made redundant, and, under the purchase agreement governing the transaction, any liabilities arising from resultant claims by these staff were settled by KLM UK Limited. The acquisition agreement also contains an indemnity from KLM UK Limited in favor of Buzz Stansted covering any further claims arising from the redundancies of the former

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Buzz staff.

The Company could potentially be exposed to claims arising from the transfer of employees from Buzz to Buzz Stansted, if, pursuant to U.K. legislation, a "transfer of undertaking" is found to have occurred as part of the Buzz acquisition. This would enable employees to transfer certain rights under their employment contracts with Buzz to Ryanair, including existing terms and conditions in relation to redundancy, periods of service, redundancy entitlements and payments, and other benefits associated with their previous contracts. A related legal action has been initiated by BALPA on behalf of a small number of former KLM UK Limited pilots and a hearing is scheduled for December 2004.

In addition, Ryanair is planning to cease operations at Buzz Stansted. A number of employees of Buzz Stansted, consisting almost entirely of pilots, have individually applied for positions with a third-party firm which has an agreement to provide contract pilots to Ryanair. Ryanair could also be exposed to costs associated with the cessation of operations by Buzz Stansted, including, but not limited to, claims arising from any termination of employment of Buzz Stansted employees. If any of these events were to alter Ryanair's historical experience of flexibility in dealing with employees or were to alter the public's perception of Ryanair generally, it could have a material adverse effect on the Company's business, operating results and financial condition.

In April 1998, the Board of Directors of Ryanair Holdings adopted an employee share option plan (the "Option Plan"), with all employees being eligible to participate. The Option Plan was approved by the Company's shareholders at the Annual General Meeting held on September 29, 1998. Ryanair Holdings has also issued share options to certain of its senior managers. For details of all outstanding share options, see "Item 10. Additional Information--Options to Purchase Securities from Registrant or Subsidiaries."

The Option Plan allows for eligible employees to be granted options to purchase up to an aggregate of 5% of the outstanding Ordinary Shares of Ryanair Holdings at an exercise price equal to the closing price of such shares on the Irish Stock Exchange on the date of the grant of the option. Options may be granted over a five-year period beginning in 1998, with the amount of options granted to any individual employee being determined at the time they became eligible to participate in the scheme with reference to the amount of emoluments paid in May 1998 to such employee in the current or previous tax year, whichever is greater. The first tranche of options became exercisable on June 24, 2003 and 639 employees were entitled to exercise options under the scheme.

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Management has designed the Option Plan, so that, subject to the Board of Directors' discretion, employees can be rewarded for achieving certain financial performance criteria over a five-year period, thus allowing them to participate in the increase in the value of the Company over the coming years. Grants of options under the Option Plan are thus subject to the Company's achievement of the following criteria during the five-year period beginning with fiscal year 1998, as follows:

1. The Company's net profit after tax for each fiscal year must exceed its net profit after tax for the preceding fiscal year by at least 20%.
2. If the first criterion is not met, options will still be granted if the aggregate growth in the Company's net profit after tax (as compounded annually) during the period beginning with fiscal 1998 and ending with the fiscal year ending in the year in which the

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grant of yearly options is being considered is equal to, or greater than, an annual rate of 20%.

If, in any year, either of these two criteria are met, the Remuneration Committee may select eligible employees who will be invited to apply for options that were not granted in any prior year as a result of neither such criterion being met.

Ryanair Holdings' shareholders approved a share option plan at the Annual General Meeting held on September 22, 2000 (the "Option Plan 2000"). All employees and Directors are eligible to participate in the plan, under which grants of options can only be made in any of the ten years beginning with fiscal year 2000 if the Company's net profit after tax for the relevant fiscal year has exceeded its net profit after tax for the preceding fiscal year by at least 20%, or if an increase of 1% in net profit after tax for any relevant year would have resulted in such criterion being met. The Option Plan 2000 is part of an incentive program for Ryanair's employees and Directors. Under the terms of the plan, options will become exercisable five years from the time of the first grant under the program, provided that the grantee is still employed by the Company. If the grantee has ceased to be a full time employee before this vesting date, the grantee will generally lose their complete option entitlement automatically.

A new share option plan (the "Option Plan 2003") was established by resolution of the Board of Directors of Ryanair Holdings and approved by the shareholders of Ryanair Holdings at the Annual General Meeting held on September 25, 2002. As Ireland currently operates a tax favorable approved share option scheme regime, it was decided to adopt the Option Plan 2003 in accordance with this regime so that employees will be subject to Capital Gains Tax at 20% compared to income tax at 42% on the exercise of options (subject to certain conditions). The Option Plan 2003 was approved by the Revenue Commissioners on July 4, 2003 for the purposes of Chapter 4, Part 17, of the Irish Taxes Consolidation Act, 1997 and Schedule 12C of that act.

The Option Plan allows for eligible employees to be granted options to purchase up to an aggregate of 5% of the outstanding Ordinary Shares of Ryanair Holdings at an exercise price equal to the closing price of such shares on the Irish Stock Exchange on the date of the grant of the option. Options may be granted over a five-year period beginning in 2003, with the amount of options granted to any individual employee being determined at the time they became eligible to participate in the scheme with reference to the amount of emoluments paid in May 2003 to such employee in the current or previous tax year, whichever is greater.

Management has designed the Option Plan, so that, subject to the Board of Directors' discretion, employees can be rewarded for achieving certain financial performance criteria over a five-year period, thus allowing them to participate in the increase in the value of the Company over the coming years. Grants of options under the Option Plan are thus subject to the Company's achievement of the following criteria during the five-year period beginning with fiscal year 2003, as follows:

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1. The Company's net profit after tax for each fiscal year must exceed its net profit after tax for the preceding fiscal year by at least 25%.
2. If the first criterion is not met, options will still be granted if the aggregate growth in the Company's net profit

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after tax (as compounded annually) during the period beginning with fiscal 2003 and ending with the fiscal year ending in the year in which the grant of yearly options is being considered is equal to, or greater than, an annual rate of 25%.

If, in any year, either of these two criteria are met, the Remuneration Committee may select eligible employees who will be invited to apply for options that were not granted in any prior year as a result of neither such criterion being met.

### Item 7. Major Shareholders and Related Party Transactions

#### DESCRIPTION OF CAPITAL STOCK

Ryanair Holdings' capital stock consists of Ordinary Shares, par value 1.27 euro cents. As of March 31, 2004, a total of 759,271,140 Ordinary Shares were outstanding. On December 7, 2001, Ryanair effected a 2 for 1 share split by which each of its then existing Ordinary Shares, par value 2.54 euro cents, was split into two new Ordinary Shares, par value 1.27 euro cents.

#### MAJOR SHAREHOLDERS

Based on information available to Ryanair Holdings, the following table summarizes the holdings of those shareholders holding 5% or more of the Ordinary Shares as of the dates indicated.

	2004		As of March 31, 2003		No. Shar
	No. of Shares	% of Class	No. of Shares	% of Class	
Fidelity Investments.....	113,147,344	14.9%	91,000,000	12.1%	104,408
Putnam Investments.....	-	-	69,068,700	9.1%	70,570
Guilder Gagnon Howe & Co.....	66,335,175	8.7%	67,597,305	8.9%	
Janus.....	-	-	55,759,575	7.4%	70,548
Michael O'Leary (1)	41,000,008	5.4%	45,000,008	6.0%	52,000
Capital Group Companies Inc.....	69,010,578	9.1%	52,159,800	6.9%	37,797

(1) On June 10, 2003, Michael O'Leary sold 4 million shares at EUR 5.95 per share in a private sale conducted outside the United States in accordance with Regulation S under the Securities Act.

#### RELATED PARTY TRANSACTIONS

The Company has not entered into any "related party transactions" as defined in Item 7.B. of Form 20-F in the three fiscal years ending March 31, 2004.

### Item 8. Financial Information

#### CONSOLIDATED FINANCIAL STATEMENTS

Please refer to "Item 18. Financial Statements."

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### OTHER FINANCIAL INFORMATION

#### Legal Proceedings

The Company is engaged in litigation arising in the ordinary course of its business. Except as otherwise described below, management does not believe that any of these proceedings will, individually or in the aggregate, have a material adverse effect on the results of operation or financial condition of the Company.

On December 11, 2002, the European Commission announced the launch of an investigation into the April 2001 agreement among Ryanair and Brussels (Charleroi) airport and the government of the Walloon region of Belgium, the owner of the airport, which enabled the Company to launch new routes and base up to four aircraft at Brussels (Charleroi). The European Commission's investigation was based on an anonymous complaint alleging that Ryanair's arrangements with Brussels (Charleroi) constituted illegal state aid.

The European Commission issued its decision on February 12, 2004. As regards the majority of the arrangements between Ryanair, the airport and the Region, the Commission found that although they constituted state aid, they were nevertheless compatible with the EC Treaty provisions and therefore did not require repayment. However, the Commission found certain of these arrangements did constitute illegal state aid and therefore ordered Ryanair to repay the amount of the benefit received in connection with those arrangements. On April 20, 2004, the Walloon Region wrote to Ryanair requesting repayment of all deemed illegal state aid, although it acknowledged that Ryanair could offset against these amounts certain costs incurred in relation to the establishment of the base, in accordance with the Commission's decision.

On May 25, 2004, Ryanair appealed the decision of the European Commission to the European Court of First Instance, requesting the Court to annul the decision on the bases that:

- The Commission infringed Article 253 of the EC Treaty by failing to provide adequate reasons for its decision; and
- The Commission misapplied Article 87 of the Treaty by failing to properly apply the Market Economy Investor Principle ("MEIP"), which generally holds that an investment made by a public entity that would have been made on the same basis by a private entity does not constitute state aid.

In September 2004, the Walloon Region issued a formal demand that Ryanair repay a total of approximately EUR 4 million, excluding any interest that may be due. Ryanair has informed the Walloon authorities that it does not believe it is obliged to make any repayment as Ryanair's costs of establishing the base far exceeded the concessions granted by the Walloon region.

In an unrelated, though similar, matter, on July 24, 2003, a Strasbourg court ruled (on the basis of a complaint by Air France) that marketing support granted by the city of Strasbourg to Ryanair in connection with its launch of services from Strasbourg to London (Stansted) constituted unlawful state aid to Ryanair. The judgment took effect on September 24, 2003. Ryanair appealed this decision on the basis that the marketing support granted was not state aid as it complied with the MEIP test. The Appeals Court in Nancy (France) confirmed the decision of the lower court and Ryanair subsequently appealed this decision to the French Administrative Supreme Court, where it is currently pending. Pending the outcome of this appeal, Ryanair decided to close the route and has instead opened a route from Baden-Karlsruhe in Germany to London (Stansted) (Baden Airport is located some 40 kilometers from Strasbourg). Ryanair has also confirmed that it will reopen the Strasbourg route if the appeal is successful,

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although no assurance can be given that Ryanair will in fact prevail.

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Ryanair is facing similar legal challenges by competitors with respect to its agreements with Pau Airport in southern France and Palermo Airport in Sicily. These actions are currently pending before local courts and are unlikely to be resolved in the near future.

Adverse rulings in these or similar cases could be used as precedents by other competitors to challenge Ryanair's agreements with other publicly owned airports and could cause Ryanair to strongly reconsider its growth strategy in relation to public or state-owned airports across Europe. This could in turn lead to a scaling back of its growth strategy due to the smaller number of privately-owned airports available for development.

In July 2004, Ryanair commenced an action in the High Court of England and Wales (Chancery Division) against BAA, which operate London's Heathrow, Gatwick and Stansted Airports. The action relates to a fuel levy that BAA has unilaterally imposed on Ryanair and other airlines at London (Stansted). Despite representations by BAA that the fuel levy was imposed to recover its original capital investment, and further representations that the fuel levy would be reduced once the capital costs had been recovered and as fuel uplift volumes increased, BAA has failed to either eliminate or reduce the fuel levy in circumstances where Ryanair believes it has now recovered its original capital investment some three times over and where the volumes of fuel uplifted at Stansted Airport have increased dramatically, largely driven by increasing passenger volumes delivered by Ryanair. Ryanair claims damages and other relief against BAA for breaches of statutory duty and abuse of dominant position arising out of BAA's overcharging in respect of the fuel levy and BAA's continuing failure to provide transparent and accurate information about the fuel levy.

BAA has responded by filing a separate action against Ryanair alleging that Ryanair has repudiated its contract with BAA and is seeking payment of fuel levies withheld by Ryanair. These sums were withheld by Ryanair as a result of, and in response to, BAA's abuses in relation to the fuel levy and overcharging. Ryanair currently accounts for in excess of 60% of the fuel volumes at London (Stansted) airport. The amount in dispute in BAA's claim against Ryanair in relation to fuel levies is approximately EUR 1.5 million (or roughly 3% of the total aeronautical charges that Ryanair paid BAA in fiscal 2004). BAA further claims that it is now no longer bound by its contract with Ryanair in relation to airport charges and that it can instead charge Ryanair the published airport tariffs at London (Stansted), as opposed to the lower amounts charged under the contract.

While the Company believes that its contract with BAA remains valid, Ryanair cannot predict the final outcome of these actions, and does not expect any final decision to be rendered in the near term. However, should the courts declare Ryanair's contract with BAA no longer binding, the Company would likely face materially increased costs at London (Stansted), its principal base, or could be forced to cut back its London (Stansted) operations. Flights to or from London (Stansted) accounted for approximately 61% of the Company's passenger volumes in fiscal 2004.

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Dividend Policy

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Since its organization as the holding company for Ryanair in 1996, Ryanair Holdings has not declared or paid dividends on its Ordinary Shares. Ryanair Holdings anticipates, for the foreseeable future, that it will retain any future earnings in order to fund the business operations of the Company, including the acquisition of additional aircraft needed for Ryanair's planned entry into new markets and its expansion of its existing service, as well as replacement aircraft for its current fleet. Ryanair Holdings does not, therefore, anticipate paying any cash or share dividends on its Ordinary Shares in the foreseeable future.

Any cash dividends or other distributions, if made, are expected to be made in euro, although Ryanair Holdings' Articles of Association provide that dividends may be declared and paid in U.S. dollars. For owners of ADSs, The Bank of New York, as depositary will convert all cash dividends and other distributions payable to owners of ADSs into U.S. dollars to the extent that in its judgment it can do so on a reasonable basis and will distribute the resulting U.S. dollar amount (net of conversion expenses) to the owners of ADSs.

### SIGNIFICANT CHANGES

No significant change in the Company's financial condition has occurred since the date of the Consolidated Financial Statements included in this Report.

Item 9. The Offer and Listing

### TRADING MARKETS AND SHARE PRICES

The primary market for Ryanair Holdings' Ordinary Shares is the Irish Stock Exchange Limited (the "Irish Stock Exchange" or "ISE"); Ordinary Shares are also traded on the London Stock Exchange. The Ordinary Shares were first listed for trading on the Official List of the Irish Stock Exchange on June 5, 1997 and were first admitted to the Official List of the London Stock Exchange on July 16, 1998.

ADSs, each representing five Ordinary Shares, are traded on the Nasdaq. The Bank of New York is Ryanair Holdings' depositary for purposes of issuing American Depositary Receipts ("ADRs") evidencing the ADSs. The following tables set forth, for the periods indicated, the reported high and low closing sales prices of the ADSs on Nasdaq and for the Ordinary Shares on the Irish Stock Exchange and the London Stock Exchange, and have been adjusted to reflect the two-for-one splits of the Ordinary Shares and ADSs effected on February 28, 2000 and December 7, 2001:

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	ADSs (in U.S. do High
1999.....	14.0938
2000.....	27.8438
2001.....	32.0500
2002	
First Quarter.....	34.2000

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Second Quarter.....	36.7700
Third Quarter.....	35.4500
Fourth Quarter.....	48.0000
2003	
First Quarter.....	43.9400
Second Quarter.....	44.9200
Third Quarter.....	46.2500
Fourth Quarter.....	52.0500
2004	
First Quarter.....	57.8800
Month ending:	
March 31, 2004.....	35.7600
April 30, 2004.....	37.5200
May 31, 2004.....	32.7500
June 30, 2004.....	32.8200
July 31, 2004.....	36.3700
August 31, 2004.....	31.2900

	Ordinary S (Irish Stock (in eur High
1999.....	2.69
2000.....	5.88
2001.....	7.10
2002	
First Quarter.....	7.20
Second Quarter.....	6.95
Third Quarter.....	6.32
Fourth Quarter.....	8.20
2003	
First Quarter.....	7.23
Second Quarter.....	6.90
Third Quarter.....	6.72
Fourth Quarter.....	7.30
2004	
First Quarter.....	7.59
Month ending:	
March 31, 2004.....	4.90
April 30, 2004.....	5.38
May 31, 2004.....	4.71
June 30, 2004.....	4.69
July 31, 2004.....	4.96
August 31, 2004.....	4.41



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	Ordinary S (London Stock (in U.K. p High
1999.....	171.50
2000.....	356.25
2001.....	420.00
2002	
First Quarter.....	434.50
Second Quarter.....	450.00
Third Quarter.....	404.50
Fourth Quarter.....	437.50
2003	
First Quarter.....	470.50
Second Quarter.....	469.00
Third Quarter.....	472.00
Fourth Quarter.....	496.50
2004	
First Quarter.....	523.75
Month ending:	
March 31, 2004.....	330.50
April 30, 2004.....	359.10
May 31, 2004.....	317.40
June 30, 2004.....	313.10
July 31, 2004.....	330.00
August 31, 2004.....	298.50

As of September 15, 2004, 759,524,911 Ordinary Shares were outstanding. At that date, 59,167,930 ADRs, representing 295,839,650 Ordinary Shares, were held of record in the United States by 64 holders, and represented in the aggregate 39% of the number of Ordinary Shares then outstanding.

Since certain of the Ordinary Shares are held by brokers or other nominees, the number of direct record holders in the United States may not be fully indicative of the number of direct beneficial owners in the United States or of where the direct beneficial owners of such shares are resident.

Ryanair Holdings is seeking to increase the percentage of its share capital held by EU nationals. Accordingly, beginning June 26, 2001, Ryanair Holdings has instructed The Bank of New York to suspend the issuance of new ADSs in exchange for the deposit of Ordinary Shares until further notice to its shareholders. Holders of Ordinary Shares cannot convert their Ordinary Shares into ADSs. The Bank of New York will continue to convert existing ADSs into ordinary shares at the request of the holders of such ADSs.

As a further measure to increase the percentage of shares held by EU nationals, on February 7, 2002, the Company issued a notice to shareholders to the effect that any purchase of Ordinary Shares by a non-EU national after such date will immediately result in the issue of a Restricted Share Notice to such non-EU national purchaser. The Restricted Share Notice compels the non-EU national purchaser to sell the affected shares to an EU national within 21 days of the date of the issuance. In the event that any such non-EU national shareholder does not sell its shares to an EU national within the specified time period, the Company can then take legal action to compel such a sale. As a result, non-EU nationals are effectively barred from purchasing Ordinary Shares

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for as long as these restrictions remain in place. There can be no assurance that these restrictions will ever be lifted.

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### Item 10. Additional Information

#### OPTIONS TO PURCHASE SECURITIES FROM REGISTRANT OR SUBSIDIARIES

In May 1997, Ryanair Holdings granted options to seven members of the Company's senior management to purchase an aggregate total of 2,871,792 Ordinary Shares. The consideration for the grant of such options was EUR 1.27 per participant in each case. The exercise price of the options is 90% of the price per Ordinary Share at the time of the IPO (or EUR 0.557 per Ordinary Share). These options first became exercisable in May 2000 and must be exercised within seven years of the date of their grant. As of March 31, 2004, options in respect of 2,861,716 Ordinary Shares had been exercised. The balance of these options have been exercised since the end of the 2004 fiscal year.

In April 1998, the Board of Directors of Ryanair Holdings adopted an employee share option plan (the "Option Plan"), with all employees of the Company being eligible to participate. The Option Plan was approved by Ryanair Holdings' shareholders at the Annual General Meeting held on September 29, 1998 and replaced a comparable plan adopted at the time of the IPO, under which no options had been granted.

The Option Plan allows for eligible employees to be granted options to purchase up to an aggregate of 5% of the outstanding Ordinary Shares of Ryanair Holdings at an exercise price to be equal to the closing price of such shares on the Irish Stock Exchange on the date of the grant of the option. Options would be granted over a five-year period beginning in 1998, with the amount of options granted to any individual employee being determined with reference to the amount of emoluments paid to eligible employees. All of these options became exercisable beginning in June 2003 and will be exercisable through June 2007.

Management has designed the Option Plan, so that, subject to the Board of Directors' discretion, employees can be rewarded for achieving certain financial performance criteria over a five-year period, thus allowing them to participate in the increase in the value of the Company over the coming years. Grants of options under the Option Plan are thus subject to the Company's achievement of the following criteria during the five-year period beginning with fiscal year 1998, as follows:

1. The Company's net profit after tax for each fiscal year must exceed its net profit after tax for the preceding fiscal year by at least 20%.
2. If the first criterion is not met, options will still be granted if the aggregate growth in the Company's net profit after tax (as compounded annually) during the period beginning with fiscal 1998 and ending with the fiscal year ending in the year in which the grant of yearly options is being considered is equal to, or greater than, an annual rate of 20%.

If, in any year, either of these two criteria are met, the Remuneration Committee may select eligible employees who will be invited to apply for options that were not granted in any prior year as a result of neither such criterion being met.

Ryanair Holdings' shareholders approved a share option plan at the Annual

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General Meeting held on September 22, 2000 (the "Option Plan 2000"). All employees and Directors are eligible to participate in the plan, under which grants of options can only be made in any of the ten years beginning with fiscal year 2000 if the Company's net profit after tax for the relevant fiscal year has exceeded its net profit after tax for the preceding fiscal year by at least 20%, or if an increase of 1% in net profit after tax for any relevant year would have resulted in such criterion being met. The Option Plan 2000 is part of an incentive program for Ryanair's employees and Directors. Under the terms of the plan, options will become exercisable five years from the time of the first grant under the program, provided that the grantee is still employed by the Company. If the grantee has ceased to be a full time employee before this vesting date, the grantee will generally lose their complete option entitlement automatically.

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A new share option plan (the "Option Plan 2003") was established by resolution of the Board of Directors of Ryanair Holdings and approved by the shareholders of Ryanair Holdings at the Annual General Meeting held on September 25, 2002. As Ireland operates a tax favorable approved share option scheme regime, it was decided to adopt the Option Plan 2003 in accordance with this regime so that employees will not be taxed on the exercise of options (subject to certain conditions). The Option Plan 2003 was approved by the Revenue Commissioners on July 4, 2003 for the purposes of Chapter 4, Part 17, of the Irish Taxes Consolidation Act, 1997 and Schedule 12C of that act. All employees and full-time Directors are eligible to participate in the plan, under which grants of options can only be made in any of the ten years beginning with fiscal year 2002 if the Company's net profit after tax for the relevant fiscal year has exceeded its net profit after tax for the preceding fiscal year by at least 25%, or if an increase of 1% in net profit after tax for any relevant year would have resulted in such criterion being met. The Option Plan 2003 is part of an incentive program for Ryanair's employees and Directors. Under the terms of the plan, options will become exercisable five years from the time of the first grant under the program.

As of March 31, 2004, ten separate grants of an aggregate total of 32,724,617 options in respect of an equivalent number of Ordinary Shares had been made to eligible employees under the Option Plan, the Option Plan 1998, Option Plan 2000 and Option Plan 2003 together, and an aggregate of 24,206,538 options to purchase an equal number of Ordinary Shares were outstanding. Of this total, which includes options granted to senior management in 1997 that have not yet been exercised, 10,276 options are currently exercisable, and the balance become exercisable between June 2004 and June 2007. All of the options granted under the Option Plan have a strike price equal to the closing price of the Ordinary Shares on the date of the grant. The terms of the 5,400,000 options granted under the Option Plan on December 9, 1998, which were granted to 15 key senior executives and managers as part of an incentive and retention program, are generally similar to those generally granted under the Option Plan, except for the requirement that the executives/managers must continue to be employed by the Company until June 2002. If they should leave or resign during the period they automatically lose their complete option entitlement; if they die or their contract of employment is terminated by the Company, the number of options to which they will be entitled will be limited to the proportion of their initial grant that is equal to the proportion of the complete period represented by the time elapsed from the date of the grant to the date of their death or termination. Under the Option Plan 2002, 23 senior managers were granted 4,558,000 share options at a strike price of EUR 5.65 on June 30, 2002. These options become exercisable between June 1, 2007 and June 1, 2009, but only for managers who continue to be employed by the Company through June 1, 2007.

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The aggregate of 24,206,538 Ordinary Shares that would be issuable upon exercise in full of the options described in this section that were outstanding as of March 31, 2004 would represent approximately 3.2% of the current issued share capital of Ryanair Holdings. Of such total, options in respect of an aggregate of 4,520,757 Ordinary Shares are held by the Directors and executive officers of Ryanair Holdings.

### MEMORANDUM AND ARTICLES OF ASSOCIATION

The following is a summary of certain provisions of the Memorandum and Articles of Association of Ryanair Holdings. This summary does not purport to be complete and is qualified in its entirety by reference to complete text of the Memorandum and Articles of Association, which are filed as an exhibit to this Report.

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**Objects.** The Company's objects, which are detailed in its Memorandum of Association, are broad and include carrying on business as an investment and holding company. The Company's registered number is 249885.

**Directors.** Subject to certain exceptions, Directors may not vote on matters in which they have a material interest. The ordinary remuneration of the Directors is determined from time to time by ordinary resolution of the Company. Any director who holds any executive office, serves on any committee or otherwise performs services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a director may be paid such extra remuneration as the Directors may determine. The Directors may exercise all the powers of the Company to borrow money. These powers may be amended by special resolution of the shareholders. The Directors are not required to retire at a particular age. There is no requirement for Directors to hold shares. One third of the Directors retire and offer themselves for re-election at each Annual General Meeting of the Company. The Directors to retire by rotation are those who have been longest in office since their last appointment or reappointment. As between persons who became or were appointed Directors on the same date, those to retire are determined by agreement between them or, otherwise, by lot. All of the shareholders entitled to attend and vote at the Annual General Meeting of the Company may vote on the re-election of Directors.

**Annual and General Meetings.** Annual and Extraordinary Meetings where special resolutions are to be voted upon are called by 21 days clear notice. Extraordinary General Meetings where ordinary resolutions are to be voted upon are called by 14 days clear notice. All holders of ordinary shares are entitled to attend, speak and vote at general meetings of the Company, subject as described below under "Limitations on the Right to Own Shares."

**Rights, Preferences and Dividends Attaching to Shares.** The Company has only one class of shares, being ordinary shares of EUR 0.0127 each. All such shares rank equally with respect to payment of dividends and on any winding-up of the Company. Any dividend, interest or other sum payable to a shareholder which remains unclaimed for one year after having been declared may be invested by the Directors for the benefit of the Company until claimed. If the Directors so resolve, any dividend which has remained unclaimed for 12 years from the date of its declaration shall be forfeited and cease to remain owing by the Company. The Company is permitted under its Articles of Association to issue redeemable shares on such terms and in such manner as the Company may, by special resolution, determine. The ordinary shares currently in issue are not redeemable. The liability of shareholders to invest additional capital is limited to the amounts remaining unpaid on the shares held by them. There are no sinking fund provisions in the Memorandum and Articles of Association of the

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Company.

Action Necessary to Change the Rights of Shareholders. The rights attaching to shares in the Company may be varied by special resolution passed at a meeting of the shareholders of the Company.

Limitations on the Rights to Own Shares. The Articles of Association contain detailed provisions enabling the Directors of the Company to limit the number of shares in which non-EU nationals have an interest or the exercise by non-EU nationals of rights attaching to shares. See "Item 10. Additional Information--Limitations on Share Ownership by non-EU nationals." Such powers may be exercised by the Directors if they are of the view that any license, consent, permit or privilege of the Company or any of its subsidiaries which enables it to operate an air service may be refused, withheld, suspended or revoked or have conditions attached to it which inhibit its exercise and exercise of the powers referred to above could prevent such an occurrence. The exercise of such powers could result in non-EU national holders of shares being prevented from attending, speaking or voting at general meetings of the Company and/or being required to dispose of shares held by them to EU nationals.

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Disclosure of Share Ownership. Under Irish law, the Company can require parties to disclose their interests in shares. The Articles of Association of the Company entitle the Directors to require parties to complete declarations indicating their nationality and the nature and extent of any interest, which such party holds in shares before allowing such parties to transfer shares in the Company. See "Item 10. Additional Information--Limitations on Share Ownership by non-EU nationals." Under Irish law, if a party acquires or disposes of shares in the Company bringing his interest above or below 5% of the total issued share capital of the Company or changing his percentage interest above 5% (once his interest has been rounded down to the nearest percentage), he must notify the Company of that. The Irish Stock Exchange must also be notified of any acquisition or disposal of shares which bring the shareholding of a party above or below certain specified percentages i.e., 10, 25, 50 and 70%.

Other Provisions of the Memorandum and Articles of Association. There are no provisions in the Memorandum and Articles of Association:

- Delaying or prohibiting a change in the control of the Company, but which operate only with respect to a merger, acquisition or corporate restructuring;
- discriminating against any existing or prospective holder of shares as a result of such shareholder owning a substantial number of shares; or
- governing changes in capital

where such provisions are more stringent than those required by law.

### MATERIAL CONTRACTS

In January 2002, the Company and Boeing entered into a series of agreements for the purchase by the Company of new 737-800 aircraft for delivery during the period from December 2002 through December 2008, as well as for options to purchase additional aircraft. See "Item 4. Information on the Company--Aircraft" and "Item 5. Operating and Financial Review and Prospects--Liquidity and Capital Resources" for a detailed discussion of these contracts.

A copy of the agreements comprising the 2002 Boeing contract, which was the

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subject of a request for confidential treatment that was granted, was filed as Exhibit 4.1 to Ryanair's Annual Report on Form 20-F for the fiscal year ended March 31, 2002.

### EXCHANGE CONTROLS

Irish exchange control regulations ceased to apply from and after December 31, 1992. Except as indicated below, there are no restrictions on non-residents of Ireland dealing in Irish securities (including shares or depositary receipts of Irish companies such as the Company). Except as indicated below, dividends and redemption proceeds also continue to be freely transferable to non-resident holders of such securities.

The Financial Transfers Act 1992 (the "1992 Act") was enacted in December 1992. The 1992 Act gives power to the Minister for Finance of Ireland to make provision for the restriction of financial transfers between Ireland and other countries. Financial transfers are broadly defined and include all transfers, which would be movements of capital or payments within the meaning of the treaties governing the EU. The acquisition or disposal of the ADSs, which represent shares issued by an Irish incorporated company, the acquisition or the disposal of the shares and associated payments may fall within this definition. In addition, dividends or payments on the redemption or purchase of shares and payments on a liquidation of an Irish incorporated company would fall within this definition. Orders made by the Minister for Finance pursuant to the 1992 Act prohibit certain financial transfers to (or in respect of funds held by the government of) the Federal Republic of Yugoslavia, Slobodan Milosevic and associated persons, Zimbabwe (including senior members of the Zimbabwean government), Iraq, Liberia, Burma/Myanmar, the Republic of Serbia, Al Qaeda, Osama Bin Laden and the Taliban of Afghanistan.

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The Company does not anticipate that Irish exchange controls or orders under the 1992 Act will have a material effect on its business.

### LIMITATIONS ON SHARE OWNERSHIP BY NON-EU NATIONALS

The Board of Directors of Ryanair Holdings are given certain powers under Ryanair Holdings' Articles of Association (the "Articles") to take action to ensure that the amount of shares held in Ryanair Holdings by non-EU nationals does not reach a level which could jeopardize the Company's entitlement to continue to hold or enjoy the benefit of any license, permit, consent or privilege which it holds or enjoys and which enables it to carry on business as an air carrier (a "License"). In particular, EU Regulation 2407/92 requires that, in order to obtain and retain an operating license, an EU air carrier must be majority owned and effectively controlled by EU nationals. EU Regulation 2407/92 does not specify what level of share ownership will confer effective control on a holder or holders of shares. As described below, the Directors will, from time to time, set a "Permitted Maximum" on the number of Ordinary Shares that may be owned by non-EU nationals at such level as they believe will comply with EU Regulation 2407/92. The Permitted Maximum is currently set at 49.9%.

Ryanair Holdings maintains a separate register (the "Separate Register") of shares in which non-EU nationals, whether individuals, bodies corporate or other entities, have an interest (such shares are referred to as "Affected Shares" in the Articles). Interest in this context is widely defined and includes an interest held through ADRs in the shares underlying the relevant ADSs. The Directors can require relevant parties to provide them with information to enable a determination to be made by them as to whether shares are, or are to be

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treated as, Affected Shares. If such information is not available or forthcoming or is unsatisfactory then the Directors can, at their discretion, determine that shares are to be treated as Affected Shares. Registered holders of shares are also obliged to notify the Company if they are aware that any share which they hold ought to be treated as an Affected Share for this purpose. With regard to ADSs, the Directors can treat all of the relevant underlying shares as Affected Shares unless satisfactory evidence as to why they should not be so treated is forthcoming.

In the event that, inter alia, (i) the refusal, withholding, suspension or revocation of any License or the imposition of any condition which materially inhibits the exercise of any License (an "Intervening Act") has taken place, (ii) the Company receives a notice or direction from any governmental body or any other body which regulates the provision of air transport services to the effect that an Intervening Act is imminent, threatened or intended or (iii) an Intervening Act may occur as a consequence of the level of non-EU ownership of shares or an Intervening Act is imminent, threatened or intended because of the manner of share ownership or control of Ryanair Holdings generally, the Directors can take action pursuant to the Articles to deal with the situation. They can, inter alia, (i) remove any Directors or change the Chairman of the Board, (ii) identify those shares, ADSs or Affected Shares which give rise to the need to take action and treat such shares, ADSs, or Affected Shares as Restricted Shares (see below) or (iii) set a "Permitted Maximum" on the number of Affected Shares which may subsist at any time (which may not, save in the circumstances referred to below, be lower than 40% of the total number of issued shares) and treat any Affected Shares (or ADSs representing such Affected Shares) in excess of this Permitted Maximum as Restricted Shares (see below). Also, if as a consequence of a change of law or a direction, notice or requirement of any state, authority or person it is necessary to reduce the total number of Affected Shares below 40% or reduce the number of Affected Shares held by any particular stockholder or stockholders in order to overcome, prevent or avoid an Intervening Act, the Directors may resolve to (i) set the Permitted Maximum at such level below 40% as they consider necessary in order to overcome, prevent or avoid such Intervening Act, or (ii) treat such number of Affected Shares (or ADSs representing Affected Shares) held by any particular stockholder or stockholders as they consider necessary (which could include all of such Affected Shares or ADSs) as Restricted Shares (see below). The Directors may serve a Restricted Share Notice in respect of any Affected Share, or any ADR representing any ADS, which is to be treated as a Restricted Share. Such Notices can have the effect of depriving the recipients of the rights to attend, vote and speak at general meetings, which they would otherwise have had as a consequence of holding such shares or ADSs. Such Notices can also require the recipients to dispose of the shares or ADSs concerned to an EU national (so that the relevant shares (or shares underlying the relevant ADSs) will then cease to be Affected Shares) within 21 days or such longer period as the Directors may determine. The Directors are also given the power to transfer such shares themselves where there is non-compliance with the Restricted Share Notice.

To enable the Directors to identify Affected Shares, transferees of Ordinary Shares generally will be required to provide a declaration as to the nationality of persons having interests in those shares and each stockholder is obliged to notify Ryanair Holdings if any of his, her or its Ordinary Shares become Affected Shares. Purchasers or transferees of ADSs need not complete a nationality declaration because the Directors expect to treat all of the Ordinary Shares held by the Depositary as Affected Shares. An American Depositary Receipt holder must open an American Depositary Receipt account directly with the Depositary if he, she or it wishes to provide to Ryanair Holdings a nationality declaration or such other evidence as the Directors may

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require in order to establish to the Directors' satisfaction that the Ordinary Shares underlying such holder's American Depositary Receipts are not Affected Shares.

In deciding which Affected Shares are to be selected as Restricted Shares, the Directors can take into account which Affected Shares have given rise to the necessity to take action. Subject to that they will, insofar as practicable, firstly view as Restricted Shares those Affected Shares in respect of which no declaration as to whether or not such shares are Affected Shares has been made by the holder thereof and where information which has been requested by the Directors in accordance with the Articles has not been provided within specified time periods and, secondly, have regard to the chronological order in which details of Affected Shares have been entered in the Separate Register and, accordingly, treat the most recently registered Affected Shares as Restricted Shares to the extent necessary. Transfers of Affected Shares to Affiliates (as that expression is defined in the Articles) will not affect the chronological order of entry in the Separate Register for this purpose. The Directors do however have the discretion to apply another basis of selection if, in their sole opinion, that would be more equitable. Where the Directors have resolved to treat Affected Shares held by any particular stockholder or stockholders as Restricted Shares (i) because such Affected Shares have given rise to the need to take such action or (ii) because of a change of law or a requirement or direction of a regulatory authority necessitating such action (see above), such powers may be exercised irrespective of the date upon which such Affected Shares were entered in the Separate Register.

After having initially resolved to set the maximum level at 49%, the Directors increased the maximum level to 49.9% on May 26, 1999, after the number of Affected Shares exceeded the initial limit. This maximum level could be reduced if it becomes necessary for the Directors to exercise these powers in the circumstances described above. The decision to make any such reduction or to change the Permitted Maximum from time to time will be published in at least one national newspaper in Ireland and in any country in which the Ordinary Shares or ADSs are listed. The relevant notice will specify the provisions of the relevant Article which can apply to Restricted Shares and the name of the person or persons who will answer queries relating to Restricted Shares on behalf of Ryanair Holdings. The Directors shall publish information as to the number of shares held by EU nationals annually.

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As of June 30, 2004, EU nationals owned at least 54.6% of Ryanair Holdings' Ordinary Shares (assuming conversion of all outstanding ADSs into Ordinary Shares). Ryanair continues to monitor the EU national ownership status of its Ordinary Shares, which changes on a daily basis. In an effort to increase the percentage of its share capital held by EU nationals, on June 26, 2001, Ryanair Holdings instructed The Bank of New York, the depositary for its ADS program, to suspend the issuance of new ADSs in exchange for the deposit of Ordinary Shares until further notice to its shareholders. Holders of Ordinary Shares cannot convert their Ordinary Shares into ADSs during such suspension, and there can be no assurance that the suspension will ever be lifted. As a further measure to increase the percentage of shares held by EU nationals, on February 7, 2002, the Company issued a notice to shareholders to the effect that any purchase of Ordinary Shares by a non-EU national after such date will immediately result in the issue of a Restricted Share Notice to such non-EU national Purchaser. The Restricted Share Notice compels the non-EU national purchaser to sell the affected shares to an EU national within 21 days of the date of issuance. In the event that any such non-EU national shareholder does not sell its shares to an EU national within the specified time period, the Company can then take legal action to compel such a sale. As a result, non-EU nationals are effectively



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barred from purchasing Ordinary Shares for as long as these restrictions remain in place. There can be no assurance that these restrictions will ever be lifted.

### TAXATION

#### Irish Tax Considerations

The following is a discussion of certain Irish tax consequences of the purchase, ownership and disposition of Ordinary Shares or ADSs. This discussion is based upon tax laws and practice of the Republic of Ireland at the date of this document which are subject to change, possibly with retroactive effect. Particular rules may apply to certain classes of taxpayers (such as dealers in securities) and this discussion does not purport to deal with the tax consequences of purchase, ownership or disposition of owning the relevant securities for all categories of investors.

The discussion is intended only as a general guide based on current Irish law and practice and is not intended to be, nor should it be considered to be, legal or tax advice to any particular investor or stockholder. Accordingly, current stockholders or potential investors should satisfy themselves as to the overall tax consequences by consulting their own tax advisers.

Dividends. As discussed herein, it is not currently anticipated that Ryanair Holdings will pay dividends. However, if it does pay dividends or makes other relevant distributions, the following is relevant:

Withholding Tax. Unless exempted, a withholding at the standard rate of income tax (currently 20%) will apply to dividends or other relevant distributions paid by an Irish resident company. The withholding tax requirement will not apply to distributions paid to certain categories of Irish resident stockholders nor to distributions paid to certain categories of non-resident stockholders.

The following Irish resident stockholders are exempt from withholding if they make to the Company, in advance of payment of any relevant distribution, an appropriate declaration of entitlement to exemption:

- An Irish resident company;
- An Irish Revenue approved pension scheme;
- A qualifying fund manager or qualifying savings manager;
- A qualifying employee share ownership trust;
- A collective investment undertaking;
- A tax exempt charity;
- A designated broker receiving the distribution for a special portfolio investment account;
- A person who is entitled to exemption from income tax under Schedule F on dividends in respect of an investment in whole or in part of payments received in respect of a civil action for damages in respect of mental or physical infirmity;
- Certain qualifying trusts established for the benefit of an incapacitated individual and/or persons in receipt of income from such a qualifying trust; and
- A person entitled to exemption to income tax under Schedule F

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by virtue of Section 192(2) TCA 1997.

The following non-resident stockholders are exempt from withholding if they make to the Company, in advance of payment of any dividend, an appropriate declaration of entitlement to exemption:

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- Persons (other than a company) who are (i) neither resident nor ordinarily resident in Ireland and (ii) who are resident for tax purposes in (a) a country which has in force a tax treaty with Ireland (a "tax treaty country") or (b) an EU Member State other than Ireland;
- Companies not resident in Ireland which are resident in an EU Member State or a tax treaty country and are not controlled, directly or indirectly, by Irish residents;
- Companies not resident in Ireland which are directly or indirectly controlled by a person or persons who are resident for tax purposes under the law of a tax treaty country or an EU Member State in a tax treaty country or an EU Member State other than Ireland and which are not controlled directly or indirectly by persons who are not resident for tax purposes in that tax treaty country or EU Member State;
- Companies the principal class of shares of which, or of a company of which it is a 75% subsidiary, or where the company is wholly-owned by two or more companies, of each of those companies, is substantially and regularly traded on a recognized stock exchange in a tax treaty country or an EU Member State other than Ireland or on an approved stock exchange.

In the case of a non-resident stockholder resident in an EU Member State or tax treaty country, the declaration must be accompanied by a current certificate of residence from the revenue authorities in the stockholder's country of residence. In the case of non-resident companies which are controlled by residents of an EU Member State other than Ireland or of a tax treaty country or whose shares are substantially and regularly traded on a stock exchange in an EU Member State other than Ireland or a tax treaty country, certain certification by their auditors is required. The declaration also contains an undertaking by the non resident and non ordinarily resident person that they will advise the relevant person accordingly if they cease to be non resident or non ordinary resident. No declarations are required where the stockholder is a 5% parent company in another EU Member State pursuant to the Parent/Subsidiary directive. Neither is a declaration required on the payment by a company resident in Ireland to another company so resident where the company making the dividend is a 51% subsidiary of that other company.

American Depositary Receipts. Special arrangements with regard to the dividend withholding tax obligation apply in the case of Irish companies using ADRs through U.S. depository banks which have been authorized by the Irish Revenue Commissioners. Such banks, which receive dividends from the company and pass them on to U.S. ADR holders beneficially entitled to such dividends will be allowed to receive and pass on the dividends gross based on an "address system" where the recorded address of such holder, as listed in depository bank's register of depository receipts, is in the U.S.

Taxation on Dividends. Companies resident in Ireland other than those taxable on receipt of dividends as trading income are exempt from corporation tax on distributions received from other Irish resident companies. Stockholders which are "close" companies for Irish taxation purposes may, however, be subject to a 20% corporation tax surcharge on undistributed investment income.

Individual stockholders who are resident or ordinarily resident in Ireland are taxable on the gross dividend (i.e., before withholding) at their marginal rate, but are entitled to a credit for the tax withheld by the company paying the dividend. An individual stockholder who is not liable or not fully liable to income tax by reason of exemption or otherwise may be entitled to receive an appropriate refund of tax withheld. A charge to Irish social security taxes/levies can also arise for individuals on the amount of any dividend received from the Company.

Except in certain circumstances, (a) a person who is neither resident nor ordinarily resident in Ireland and is entitled to receive dividends without deductions is not chargeable to Irish tax on the dividend, (b) where a withholding is made on a payment to a person neither resident nor ordinarily resident in Ireland it will satisfy a liability to Irish tax of such a corporate stockholder but such an individual may have a liability to the higher rate of income tax depending on their level of Irish income.

Capital Gains Tax. A person who is either resident or ordinarily resident in Ireland will be liable for Irish capital gains tax on any gain realized on the disposal of the Ordinary Shares or ADSs. The current capital gains tax rate is 20%. A person who is neither resident nor ordinarily resident in Ireland and who does not carry on a trade in Ireland through a branch or agency will not be subject to Irish capital gains tax on the disposal of the Ordinary Shares or ADSs.

Irish Capital Acquisitions Tax. A gift or inheritance of the Ordinary Shares or ADSs will be within the charge to Irish Capital Acquisitions Tax ("CAT") notwithstanding that the disponer (e.g., a donor) or the donee/successor in relation to such gift or inheritance is resident outside Ireland. CAT is charged at a rate of 20% above a tax-free threshold. This tax-free threshold is determined by the amount of the current benefit and of previous benefits taken since December 2, 1988 or December 5, 1991, as relevant, within the charge to CAT and the relationship between the donor and the successor or donee. Gifts and inheritances between spouses (and in certain cases former spouses) are not subject to CAT. To the extent that Ordinary Shares or ADSs pass under a will or on intestacy, the Ordinary Shares or ADSs would be within the charge to this tax notwithstanding that the disponer or the successor is resident outside Ireland.

In a case where an inheritance of the Ordinary Shares or ADSs is subject to both Irish CAT and either U.S. federal estate tax or U.K. inheritance tax, the Irish CAT paid on the inheritance may in certain circumstances may be credited in whole or in part against the tax paid on the inheritance in the United States or U.K., as the case may be under the relevant Estate Tax Convention between Ireland and the United States or U.K. Neither Convention provides for relief from Irish CAT paid on gifts.

Irish Stamp Duty. It is assumed for the purposes of this paragraph that ADSs are dealt in on a recognized stock exchange in the United States (the Nasdaq National Market is a recognized stock exchange in the United States for this purpose). Under current Irish law, no stamp duty will be payable on the acquisition of ADSs by persons purchasing such ADSs or on any subsequent transfer of an ADS. A transfer of Ordinary Shares (including transfers effected

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through CREST) wherever executed and whether on sale, in contemplation of a sale or by way of a gift, will attract duty at the rate of 1% of the consideration given or, in the case of a gift or where the purchase price is inadequate or unascertainable, on the market value of the Ordinary Shares. Transfers of Ordinary Shares which are not liable to duty at the rate of 1% (e.g., transfers under which there is no change in beneficial ownership) may attract a fixed duty of EUR 12.50.

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The transfer by a stockholder to the Depositary or Custodian of Ordinary Shares for deposit in return for ADSs and a transfer of Ordinary Shares from the Depositary or Custodian in return for the surrender of ADSs will be stampable at the rate of 1% if the transfer of Ordinary Shares relates to a sale or contemplated sale or any other change in the beneficial ownership (under Irish law) of such Ordinary Shares. If, however, the transfer of the Ordinary Shares is a transfer under which there is no change in the beneficial ownership (under Irish law) of the Ordinary Shares being transferred, nominal stamp duty only will be payable on the transfer. Under Irish law, it is not free from doubt that the mere deposit of Ordinary Shares for ADSs or ADSs for Ordinary Shares would not be deemed to constitute a change in beneficial ownership. Accordingly, it is not certain that holders would not be subject to stamp duty at the 1% rate when merely depositing Ordinary Shares for ADSs or ADSs for Ordinary Shares and, consequently, the Depositary reserves the right in such circumstances to require payment of stamp duty at the rate of 1% from the holders.

The person accountable for payment of stamp duty is the transferee or, in the case of a transfer by way of a gift or for a consideration less than the market value, all parties to the transfer. Stamp duty is normally payable within 30 days after the date of execution of the transfer. Late or inadequate payment of stamp duty will result in a liability to interest, penalties and fines.

### United States Tax Considerations

Except as described below under the heading "Non-U.S. Holders," the following is a summary of certain U.S. federal income tax considerations relating to the purchase, ownership and disposition of Ordinary Shares or ADSs by a holder that is a citizen or resident of the United States, a U.S. domestic corporation or that is otherwise subject to U.S. federal income tax on a net income basis in respect of the Ordinary Shares or the ADSs ("U.S. Holders"). This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase the Ordinary Shares or the ADSs. In particular, the summary deals only with U.S. Holders that will hold Ordinary Shares or ADSs as capital assets and generally does not address the tax treatment of U.S. Holders that may be subject to special tax rules such as banks, insurance companies, dealers in securities or currencies, traders in securities electing to mark-to-market, persons that own 10% or more of the stock of the Company, U.S. Holders whose "functional currency" is not U.S. Dollars or persons that hold the Ordinary Shares or the ADSs as part of an integrated investment (including a "straddle") consisting of the Ordinary Shares or the ADSs and one or more other positions.

Holders of the Ordinary Shares or the ADSs should consult their own tax advisors as to the U.S. or other tax consequences of the purchase, ownership, and disposition of the Ordinary Shares or the ADSs in light of their particular circumstances, including, in particular, the effect of any foreign, state or local tax laws.

For U.S. federal income tax purposes, holders of the ADSs will be treated as the owners of the Ordinary Shares represented by those ADSs.

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Taxation of Dividends. Dividends, if any, paid with respect to the Ordinary Shares, including Ordinary Shares represented by ADSs, will be included in the gross income of a U.S. Holder when the dividends are received by the holder or the Depositary, as the case may be. Such dividends will not be eligible for the dividends received deduction allowed to U.S. corporations in respect of dividends from a domestic corporation. Dividends paid in euros will be includible in the income of a U.S. Holder in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day they are received by the holder or the Depositary, as the case may be. U.S. Holders generally should not be required to recognize any foreign currency gain or loss to the extent such dividends paid in euros are converted into U.S. dollars immediately upon receipt.

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Subject to certain exceptions for short-term and hedged positions, the U.S. dollar amount of dividends received by an individual with respect to the Ordinary Shares or ADSs before January 1, 2009, will be subject to taxation at a maximum rate of 15% if the dividends are "qualified dividends." Dividends received with respect to the Ordinary Shares or ADSs will be qualified dividends if the Company was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a passive foreign investment company ("PFIC"), foreign personal holding company ("FPHC") or foreign investment company ("FIC"). Based on the Company's audited financial statements and relevant market and shareholder data, the Company believes that it was not treated as a PFIC, FPHC, or FIC for U.S. federal income tax purposes with respect to its 2003 taxable year. In addition, based on the Company's audited financial statements and its current expectations regarding the value and nature of its assets, the sources and nature of its income, and relevant market and shareholder data, the Company does not anticipate becoming a PFIC, FPHC, or FIC for its 2004 taxable year.

Under the U.S.-Ireland Income Tax Treaty currently in effect, in the event the Company were to pay any dividends, the tax credit attaching to the dividend (as used herein the "Tax Credit"; see "--Irish Tax Considerations") will generally be treated as a foreign income tax eligible for credit against such U.S. Holder's United States federal income tax liability, subject to generally applicable limitations and conditions. Any such dividends payable by the Company to such U.S. Holder will constitute income from sources without the United States for foreign tax credit purposes, and generally will constitute "passive income" or, in the case of certain U.S. Holders, "financial services income."

Foreign tax credits may not be allowed for withholding taxes imposed in respect of certain short-term or hedged positions in securities. U.S. Holders should consult their own advisors concerning the implications of these rules in light of their particular circumstances.

Distributions of Ordinary Shares that are made as part of a pro rata distribution to all stockholders generally will not be subject to U.S. federal income tax.

Sale or Disposition of Ordinary Shares or ADSs. Gains or losses realized by a U.S. Holder on the sale or other disposition of ADSs generally will be treated for U.S. federal income tax purposes as capital gains or losses, which generally will be long-term capital gains or losses if the ADSs have been held for more than one year. The net amount of long-term capital gain recognized by an individual holder after May 5, 2003 and before January 1, 2009 generally is subject to taxation at a maximum rate of 15%. The net long-term capital gain recognized by an individual holder before May 6, 2003 or after December 31, 2008

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generally is subject to taxation at a maximum rate of 20%.

Deposits and withdrawals of Ordinary Shares by U.S. Holders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes.

Non-U.S. Holders. A holder of Ordinary Shares or ADSs that is, with respect to the United States, a foreign corporation or a nonresident alien individual (a "Non-U.S. Holder") generally will not be subject to U.S. federal income or withholding tax on dividends received on such Ordinary Shares or ADSs unless such income is effectively connected with the conduct by such holder of a trade or business in the United States. A Non-U.S. Holder of ADSs or Ordinary Shares will not be subject to U.S. federal income tax or withholding tax in respect of gain realized on the sale or other disposition of Ordinary Shares or ADSs, unless (i) such gain is effectively connected with the conduct by such holder of a trade or business in the United States or (ii) in the case of gain realized by an individual Non-U.S. Holder, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met.

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### DOCUMENTS ON DISPLAY

Copies of Ryanair Holdings' Articles of Association may be examined at its registered office and principal place of business at its Corporate Head Office, Dublin Airport, County Dublin, Ireland.

Ryanair Holdings also files reports, including annual reports on Form 20-F, periodic reports on Form 6-K and other information with the Securities and Exchange Commission pursuant to the rules and regulations of the SEC that apply to foreign private issuers. You may read and copy any materials filed with the SEC at its Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20459. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

### GENERAL

Ryanair is exposed to market risks relating to fluctuations in commodity prices, interest rates and currency exchange rates. The objective of financial risk management at Ryanair is to minimize the negative impact of commodity price, interest rate and foreign exchange rate fluctuations on the Company's earnings, cash flows and equity.

To manage these risks, Ryanair uses various derivative financial instruments, including forward starting interest rate swaps, foreign currency forward contracts and commodity contracts. These derivative financial instruments are generally held to maturity and are not actively traded. The Company enters into these arrangements with the goal of hedging its operational and balance sheet risk. However, Ryanair's exposure to commodity price, interest rate and currency exchange rate fluctuations cannot be neutralized completely. The Company also does not use derivative financial instruments to counter other kinds of ambient risks that could affect its results of operations and financial condition.

In executing its risk management strategy, Ryanair has traditionally entered into forward contracts for the purchase of aviation fuel, although it has no such contracts in place for the period after October 2004. It also uses

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foreign currency forward contracts intended to reduce its exposure to certain currencies, principally the U.S. dollar and U.K. pound sterling. It also enters into forward starting and regular interest rate contracts with the objective of fixing certain borrowing costs and hedging principal repayments, particularly those associated with the purchase of new aircraft such as the Boeing 737-800s. Ryanair is also exposed to the risk that the counterparties to its derivative financial instruments may not be creditworthy. Were a counterparty to default on its obligations under any of the instruments described below, Ryanair's economic expectations when entering into these arrangements might not be achieved and its financial condition could be adversely affected. Transactions involving derivative financial instruments are also relatively illiquid as compared with those involving other kinds of financial instruments. It is Ryanair's policy not to enter into transactions involving financial derivatives for speculative purposes.

The following paragraphs describe Ryanair's fuel hedging, foreign currency and interest rate swap arrangements and analyze the sensitivity of the market value, earnings and cash flows of the financial instruments to hypothetical changes in commodity prices, interest rates and exchange rates as if these changes had occurred at March 31, 2004. The range of changes selected for this sensitivity analysis reflects Ryanair's view of changes which are reasonably possible over a one-year period.

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### FUEL PRICE EXPOSURE AND HEDGING

Fuel costs constitute a substantial portion of Ryanair's operating expenses (approximately 22.5%, 22.3% and 21.2% of such expenses in fiscal years 2002, 2003 and 2004, respectively, after taking into account Ryanair's fuel hedging activities). Ryanair has historically engaged in fuel price hedging transactions from time to time, pursuant to which Ryanair and a counterparty agree to exchange payments equal to the difference between a fixed price for a given quantity of jet fuel and the market price for such quantity of jet fuel at a given date in the future, with Ryanair receiving the amount of any excess of such market price over such fixed price and paying to the counterparty the amount of any excess of such fixed price over such market price. Starting from the end of 1995 through 2004, Ryanair generally sought to hedge its expected fuel requirements for the coming 12 to 18 months on a rolling basis. Although these hedging strategies can cushion the impact on Ryanair of fuel price increases in the short term, in the medium to longer-term, such strategies cannot be expected to eliminate the impact on the Company of an increase in the market price of aviation fuel. In addition, Ryanair currently has hedging contracts in place only through October 2004, and, given the recent significant increases in fuel prices, management does not intend to enter into new forward contracts to hedge its fuel price risk until prices return to more favorable levels. The unrealized gains on the outstanding forward agreements at March 31, 2002, March 31, 2003 and March 31, 2004, based on their fair values, amounted to EUR 5.9 million, EUR 3.3 million and EUR 16.7 million, respectively. Based on Ryanair's fuel consumption for the fiscal year ended March 31, 2004, a change of one U.S. cent in the average annual price per U.S. gallon of aviation fuel would have caused a change of approximately EUR 2 million in Ryanair's fuel costs. Ryanair expects its fuel costs to increase following expiry of the current hedging contracts in October 2004. See "Item 3. Key Information--Risk Factors--Risks Related to the Company--Changes in Fuel Costs and Fuel Availability Affect the Company's Results."

Under Irish GAAP, the Company's fuel forward contracts are treated as hedges, and any unrealized gains or losses arising on those contracts are deferred and recognized as an offset to fuel expenses, when realized. Under U.S.

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GAAP, Ryanair accounts for its fuel forward contracts as cash flow hedges. In accordance with Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), these financial instruments are recorded at fair value as an offset to accumulated other comprehensive income, net of applicable income taxes and the amount of estimated hedge ineffectiveness, and are recorded as a component of fuel expenses when the underlying fuel being hedged is used. The Company has generally considered these hedges to be highly effective in offsetting variability in future cash flows arising from fluctuations in the market price of fuel because the fuel forward contracts relate to the same quantity and time and location of delivery as the forecasted fuel purchase being hedged. Accordingly, the quantification of the change in expected cash flows of the forecasted fuel purchase is based on the fuel forward price, and in the fiscal year ended March 31, 2004, the Company recorded no material hedge ineffectiveness within earnings.

In the fiscal year ended March 31, 2004, the Company recorded a positive fair value adjustment relating to fuel forward contracts of EUR 14.6 million, net of tax, within accumulated other comprehensive income. All of this gain is expected to impact on Ryanair's earnings in fiscal 2005. In the fiscal year ended March 31, 2003, the Company recorded a corresponding positive fair value adjustment of EUR 2.9 million, net of tax, within accumulated other comprehensive income.

### FOREIGN CURRENCY EXPOSURE AND HEDGING

In recent years, Ryanair's revenues have been denominated primarily in two currencies, the euro and U.K. pound sterling. The euro accounted for approximately 52% of Ryanair's total revenues in fiscal year 2004, as compared to approximately 45% in fiscal year 2003 and approximately 43% in fiscal year 2002, with the U.K. pound sterling accounting for most of the balance in each period. As Ryanair reports its results in euro, the Company is not exposed to any material currency risk as a result of its euro-denominated activities. Ryanair's operating expenses are primarily denominated in euro, U.K. pounds sterling and U.S. dollars. Ryanair's operations can be subject to significant direct exchange rate risks between the euro and the U.S. dollar because a significant portion of its operating costs (particularly those related to fuel purchases) is incurred in U.S. dollars, while none of its revenues is denominated in U.S. dollars. Appreciation of the euro versus the U.S. dollar positively impacts Ryanair's operating income because the euro equivalent of its U.S. dollar operating costs decreases, while depreciation of the euro versus the U.S. dollar negatively impacts operating income. It is Ryanair's policy to hedge against a certain portion of its exposure to fluctuations in the exchange rate between the U.S. dollar and the U.K. pound sterling at the time Ryanair enters into U.S. dollar-denominated purchases. In general, Ryanair does not hedge its operating surpluses and shortfalls in currencies other than the U.S. dollar and the U.K. pound sterling.

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Management seeks to manage Ryanair's exposure to changes in the value of the U.K. pound sterling by matching its sterling revenues against its U.K. pound sterling costs. Any unmatched U.K. pound sterling revenues are generally used to fund forward exchange contracts to hedge U.S. dollar currency exposure which arises in relation to Ryanair's fuel, maintenance, aviation insurance and capital expenditure costs, including the payments to Boeing on the Boeing 737-800s.

As Ryanair's volume of traffic originating in the U.K. has increased, however, the volume of Ryanair's unmatched U.K. pound sterling revenues has also increased. Accordingly, in fiscal year 2003 and fiscal year 2004, the Company



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entered into a series of U.S. dollar/U.K. pound sterling and U.S. dollar/euro forward contracts to hedge against variability in cash flows arising from market fluctuations in foreign exchange rates associated with its forecasted fuel, maintenance and insurance costs. At March 31, 2004, the total unrealized loss relating to these contracts amounted to EUR 14.7 million, compared to a EUR 5.2 million unrealized loss at March 31, 2003.

In the fiscal year ended March 31, 2003, the Company also entered into a series of U.K. pound sterling/euro forward contracts to hedge against variability in cash flows arising from market fluctuations in foreign exchange rates associated with its forecasted U.K. pound sterling revenues. At March 31, 2003, the total unrealized loss relating to these contracts amounted to EUR 0.9 million. There were no such contracts at March 31, 2004.

Under Irish GAAP, the Company's foreign currency forward contracts are treated as hedges and any unrealized gains or losses arising on those contracts are deferred and recognized as an offset to the related income or expense when realized. Under U.S. GAAP, the Company accounts for these contracts as cash flow hedges in accordance with SFAS 133, and the change in fair value of these contracts is recorded as an offset to accumulated other comprehensive income, net of applicable income taxes and the amount of estimated hedge ineffectiveness. Ryanair considers these hedges to be highly effective in offsetting variability in future cash flows arising from fluctuations in exchange rates, because the forward contracts are always for the same quantity, currency and maturity date as the forecasted U.S. dollar-denominated expense or U.K. pound sterling-denominated revenue being hedged. Accordingly, the quantification of the change in expected cash flows of the forecasted U.S. dollar expense or U.K. pound sterling revenue is based on the forward contract price and in the fiscal year ended March 31, 2004, no material hedge ineffectiveness was recorded in earnings. In the fiscal year ended March 31, 2004, the Company recorded a negative fair value adjustment of EUR 12.9 million relating to its U.S. dollar forward contracts. These losses have been included within accumulated other comprehensive income and are all expected to impact on earnings in fiscal year 2005. In the fiscal year ended March 31, 2003, the Company recorded a negative fair value adjustment of EUR 4.6 million relating to its U.S. dollar forward contracts and a negative fair value adjustment of EUR 0.8 million relating to its U.K. pound sterling/euro forward contracts.

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During fiscal years 2004 and 2003, the Company also entered into a series of U.S. dollar/U.K. pound sterling and U.S. dollar/euro contracts to hedge against changes in the fair value of aircraft purchase commitments under the Boeing contracts which arise from fluctuations in the U.S. dollar/U.K. pound sterling and U.S. dollar/euro exchange rates. At March 31, 2004, the total unrealized losses relating to these contracts amounted to EUR 21.5 million, while at March 31, 2003, such unrealized losses amounted to EUR 3.8 million.

Under U.S. GAAP, the Company accounts for these contracts as fair value hedges in accordance with SFAS 133, and accordingly, such financial instruments are recorded at fair value. Any gains or losses arising on these instruments are recorded currently in earnings while the related gain or loss on the underlying aircraft purchase commitment adjusts the carrying amount of aircraft purchase commitments and is also recognized currently in earnings. Any related ineffectiveness is measured by the amount by which these adjustments to earnings do not match. The Company expects these hedges to be highly effective in offsetting changes in the fair value of the aircraft purchase commitments arising from fluctuations in exchange rates because the forward exchange contracts are always for the same amount, currency and maturity dates as the corresponding aircraft purchase commitments. Accordingly, the quantification of

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the change in the fair value of the aircraft purchase commitment is based on the foreign currency forward rate, and in the fiscal year ended March 31, 2004, no material hedge ineffectiveness was recorded in earnings.

Holding other variables constant, if there were an adverse change of ten percent in relevant foreign currency exchange rates, the market value of Ryanair's foreign currency contracts outstanding at March 31, 2004 would decrease by EUR 22.4 million, all of which would ultimately impact earnings when such contracts mature.

### INTEREST RATE EXPOSURE AND HEDGING

The Company's purchase of 41 of the Boeing 737-800 aircraft delivered to date has been funded in part by bank financing in the form of loans under facilities supported by a loan guarantee from ExIm. At March 31, 2004, Private Export Funding Corporation ("PEFCO"), acting through ABN AMRO Bank N.V. as Loan Agent, ABN AMRO Bank N.V. ("ABN"), The Royal Bank of Scotland ("RBS") and BNP Paribas ("BNP") had provided financing under these ExIm-guaranteed loan facilities for twenty-three, five, eight and five aircraft respectively. Lloyds TSB provided financing under such a facility for an additional six aircraft delivered between July 2004 and September 2004. Each of the loans under the facilities is on substantially similar terms, having a maturity of twelve years from the drawdown date and being secured by a first priority mortgage in favor of a security trustee on behalf of ExIm. The initial loans under the PEFCO facility are denominated in dollars and bear interest at a floating rate linked to U.S. dollar LIBOR, while subsequent loans under that facility, as well as all of those under the ABN, RBS, BNP and Lloyds TSB facilities, are denominated in euro and bear interest at floating rates linked to EURIBOR.

Through the use of cross currency swaps, Ryanair has effectively converted its dollar-denominated debt under the ABN facility into euro-denominated debt. Additionally, using interest rate swaps, Ryanair has effectively converted almost all of its floating rate debt under each of the facilities into fixed rate debt. Loans for approximately 4% of aircraft acquired under the above facilities are not covered by such swaps and have therefore remained at floating rates linked to EURIBOR; the interest rate exposure from these loans is hedged by placing a similar amount of cash on deposit at floating rates. The net result is that Ryanair has effectively drawn down fixed rate euro-denominated debt with a maturity of twelve years in respect of more than 96% of the financing cost of 41 of the 57 Boeing 737-800 aircraft delivered to date and is fully hedged in respect of this debt. At March 31, 2004, the Company had outstanding cumulative borrowings under the PEFCO, RBS and BNP facilities of EUR 945.0 million with a weighted average interest rate of 5.46%. See "Item 5. Operating and Financial Review and Prospects--Liquidity and Capital Resources--Capital Expenditures" for a tabular summary of the "Effective Borrowing Profile of Aircraft-Related Debt" illustrating the effect of the swap transactions (each of which is with an established international financial counterparty) on the profile of Ryanair's aircraft-related debt at March 31, 2004. At March 31, 2004, the fair value of the interest rate swap agreements relating to this floating rate debt was represented by a loss of EUR 50.9 million. See Note 19 to the Consolidated Financial Statements include in Item 18 for additional information. If Ryanair had not entered into such swap agreements, a plus or minus one-percentage point movement in interest rates would impact the unrealized fair market value of this liability by approximately EUR 23.0 million. The earnings and cash flow impact of any such change would be approximately plus or minus EUR 9 million per year, holding other variables constant.

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delivered between December 2003 and March 2004 under a sale and leaseback structure with RBS Aviation Capital (RBS Aviation) pursuant to which RBS Aviation purchased the aircraft from Ryanair and leased than back to Ryanair pursuant to operating leases. As a result, Ryanair operates, but does not own, these aircraft, and it has no right or obligation to acquire these aircraft at the end of the lease term. The RBS Aviation leases are denominated in euro and have floating rentals that are linked to EURIBOR. Through the use of interest rate swaps, Ryanair has effectively converted the floating rental payments due under these leases into fixed rate payments. At March 31, 2004, the fair value of the interest rate swap agreements relating to leases on a mark-to-market basis was equivalent to a loss of EUR 39.5 million.

In connection with its expected financing of additional Boeing 737-800 aircraft to be delivered under the 2002 Boeing Contract and the 2003 supplemental agreement after March 31, 2004, Ryanair has entered into a series of forward-starting 12-year interest rate swaps. These swaps have the effect of capping the effective interest rate in euro terms on an estimated notional value of EUR 412.7 million in borrowings commencing between October 2004 and March 2005 and terminating between October 2016 and March 2017 (with the starting dates corresponding to the scheduled delivery dates for the aircraft) at interest rates from 5.70% to 5.73%. At March 31, 2004, the fair value of the forward starting interest rate swap agreements relating to forecasted debt drawdowns on a mark-to-market basis was represented by a loss of EUR 44.9 million.

Under Irish GAAP, the Company's interest rate swaps and forward starting interest rate swaps are accounted for as hedges and any unrealized gains or losses on those swaps are deferred and recognized as an offset to these related financing charges once the debt is drawn down. Under U.S. GAAP, the Company accounts for its swaps as cash flow hedges in accordance with SFAS 133. These financial instruments are, accordingly, recorded at fair value with an offset to accumulated other comprehensive income, net of applicable income taxes and the estimated amount of hedge ineffectiveness, and are deferred and recorded in earnings on the same basis as the underlying interest expense once the debt is drawn-down, shown as an offset to interest expense.

The Company considers these hedges to be highly effective in offsetting variability in future cash flows arising from the fluctuation of interest rates associated with forecasted drawdowns of debt and operating lease payments, because the notional amounts of debt, and operating leases and the interest rate swaps match, the formula for computing net settlements under the swaps are uniform, the repricing dates match and both the swap and the forecast debt draw-downs are based on the same index. Additionally, the other conditions set out in SFAS 133 for highly effective interest rate hedges have, in the opinion of the Company, been met. Accordingly, the quantification of the change in expected cash flows of the loan and lease drawdowns is based on the interest swap rate, and in fiscal year 2004, no material hedge ineffectiveness has been recorded in earnings. In the fiscal year ended March 31, 2004, the Company recorded a negative fair value adjustment of EUR 118.4 million relating to these arrangements, which was included within accumulated other comprehensive income. This loss will be realized within earnings over the period from the expected drawdown of the related financing as an offset to the related interest expense.

Assuming that Ryanair had fully drawn down all of this debt on March 31, 2004, but that it had not entered into such derivative agreements, a plus or minus one percentage point movement in interest rates would impact the fair value of this liability by approximately EUR 26 million. The earnings and cash flow impact of any such change in interest rates would have been approximately

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plus or minus EUR 4 million per year.

### Item 12. Description of Securities Other than Equity Securities

Not applicable.

## PART II

### Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

### Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

### Item 15. Controls and Procedures

As of March 31, 2004, the Company carried out an evaluation under the supervision and with the participation of its management, including its chief executive officer and chief financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon and as of the date of the Company's evaluation, the chief executive officer and chief financial officer concluded that the disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in the reports Ryanair file and submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported as and when required. There has been no change in the Company's internal control over financial reporting during the fiscal year ended March 31, 2004 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

### Item 16A. Audit Committee Financial Expert

Our board of directors has determined that Emmanuel Faber qualifies as an "audit committee financial expert" within the meaning of this Item 16A.

### Item 16B. Code of Ethics

The Company has adopted a broad Code of Conduct applicable to all of its employees. As part of this Code of Conduct, the Company adopted a specific code of ethics, as defined in Item 16B of Form 20-F under the Securities Exchange Act of 1934, as amended, that is applicable to the Company's chief executive officer, chief financial officer, chief accounting officer and controller, as well as to its general counsel, and persons performing similar functions to any of the foregoing. The Company will provide a copy of this code of ethics to any person free of charge, upon request to the company secretary at Ryanair Corporate Headquarters, Dublin Airport, Co. Dublin, Ireland. If the Company amends the provisions of this code of ethics that apply to its chief executive officer, chief financial officer, chief accounting officer, controller and persons performing similar functions, or if the Company grants any waiver of such provisions, it will disclose such amendment or waiver on its website at the same address.

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### Item 16C. Principal Accountant Fees and Services

#### Audit and Non-Audit Fees

The following table sets forth the fees billed to the Company by its independent auditors, KPMG, during the fiscal years ended March 31, 2003 and 2004:

	Year e 2004 EUR'00
Audit fees.....	169
Audit-related fees.....	17
Tax fees.....	167
Other fees.....	-
Total fees.....	353

Audit fees in the above table are the aggregate fees billed by KPMG in connection with the audit of the Company's annual financial statements as well as work that generally only the independent auditor can reasonably be expected to provide, including comfort letters, statutory audits, and discussions surrounding the proper application of financial accounting and/or reporting standards.

Audit-related fees in the above table are the aggregate fees billed by KPMG for assurance and related services that are traditionally performed by the independent auditor, including due diligence related to mergers and acquisitions, employee benefit audit plans, and special procedures required to meet certain regulatory requirements.

Tax fees include all services, except those services specifically related to the audit of financial statements, performed by the independent auditor's tax personnel, including tax analysis, supporting other tax related regulatory requirements, and tax compliance reporting.

Other fees are those associated with services not captured in the other categories.

#### Audit Committee Pre-Approval Policies and Procedures

The audit committee expressly approves any engagement of Ryanair's independent auditors for all audit and non-audit services provided to the Company.

### PART III

### Item 17. Financial Statements

Not applicable.

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## Item 18. Financial Statements

### RYANAIR HOLDINGS PLC INDEX TO FINANCIAL STATEMENTS

Independent Auditors' Report.....	
Consolidated Balance Sheets of Ryanair Holdings plc at March 31, 2003 and March 31, 2004...	
Consolidated Profit and Loss Accounts of Ryanair Holdings plc for the Years ended March 31, 2002, March 31, 2003 and March 31, 2004.....	
Consolidated Cash Flow Statements of Ryanair Holdings plc for the Years Ended March 31, 2002, March 31, 2003 and March 31, 2004.....	
Consolidated Statements of Changes in Shareholders' Funds-Equity of Ryanair Holdings plc for the Years ended March 31, 2002, March 31, 2003 and March 31, 2004.....	
Notes to Consolidated Financial Statements.....	

## Item 19. Exhibits

- 1.1 Memorandum and Articles of Association of Ryanair Holdings in effect as of the date of this Report (incorporated herein by reference to Exhibit 1.1 of Ryanair Holdings' Annual Report on Form 20-F/A filed on November 2, 2001 (Commission file No. 0-2930)).
- 1.2 The total amount of long-term debt securities of Ryanair Holdings authorized under any instrument does not exceed 10% of the total assets of the Company on a consolidated basis. Ryanair Holdings hereby agrees to furnish to the Securities and Exchange Commission upon request a copy of any instrument defining the rights of holders of long-term debt of the registrant or of its subsidiaries for which consolidated or unconsolidated financial statements are required to be filed.
- 4.1 Purchase Agreement No. 2403 between The Boeing Company and Ryanair Holdings plc relating to Model 737-8AS aircraft, together with ancillary documents (subject to a request for confidential treatment that has been granted) (incorporated herein by reference to Exhibit 4.1 of Ryanair Holdings' Annual Report on Form 20-F filed on September 30, 2002 (commission file No. 0-2930)).
- 8.1 Principal subsidiaries of the registrant.
- 12.1 Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 13.1 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Ryanair Holdings PLC

We have audited the accompanying consolidated balance sheets of Ryanair Holdings plc and subsidiaries (Ryanair Holdings plc) as of March 31, 2003 and 2004 and the related consolidated profit and loss accounts, consolidated cash flow statements and consolidated statements of changes in shareholders' funds-equity for each of the years in the three year period ended March 31, 2004. These consolidated financial statements are the responsibility of Ryanair Holdings plc's management. Our responsibility is to express an opinion on each of these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Ireland and the standards of the Public Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ryanair Holdings plc at March 31, 2003 and 2004 and the results of their operations and cash flows for each of the years in the three year period ended March 31, 2004 in conformity with generally accepted accounting principles in Ireland.

Accounting principles generally accepted in Ireland vary in certain significant respects from accounting principles generally accepted in the United States. Information relating to the nature and effect of such differences is presented in Note 31 to the consolidated financial statements.

KPMG  
Chartered Accountants  
Dublin, Ireland  
August 13, 2004

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Consolidated Balance Sheets

At March 31  
2003  
EUR 000

Note

Current assets

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Cash and liquid resources.....	2	1,060,218
Accounts receivable.....	3	14,970
Other assets .....	4	16,370
Inventories .....	5	22,788
Total current assets.....		1,114,346
Fixed assets		
Tangible assets.....	6	1,352,361
Intangible assets.....	7	-
Total assets.....		2,466,707
Current liabilities		
Accounts payable.....	8	61,604
Accrued expenses and other liabilities.....	9	251,328
Current maturities of long term debt.....	10	63,291
Short term borrowings.....	11	1,316
Total current liabilities.....		377,539
Other liabilities		
Provisions for liabilities and charges.....	12	67,833
Accounts payable due after one year.....	8	5,673
Long term debt.....	10	773,934
		847,440
Shareholders' funds-equity		
Called-up share capital.....	13	9,588
Share premium account.....	13	553,512
Profit and loss account.....		678,628
Shareholders' funds-equity.....		1,241,728
Total liabilities and shareholders' funds.....		2,466,707

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The accompanying notes are an integral part of the financial information.

Consolidated Profit and Loss Accounts

	Note	Year ended March 31, 2002 EUR 000	Year ended March 31, 200 EUR 0
Operating Revenues			
Scheduled revenues.....		550,991	731,95
Ancillary revenues.....		73,059	110,55
Total operating revenues-continuing operations.....	19	624,050	842,50
Operating expenses			
Staff costs.....	20	(78,240)	(93,073)
Depreciation and amortization.....	6	(59,010)	(76,865)
Other operating expenses.....	21	(323,867)	(409,096)
Total operating expenses excluding goodwill.....		(461,117)	(579,034)
Operating profit-continuing operations before amortization of goodwill.....	22	162,933	263,47
Amortization of goodwill.....		-	
Operating profit - continuing operations after amortization of goodwill.....		162,933	263,47



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Other income/(expenses)			
Interest receivable and similar income.....		27,548	31,36
Interest payable and similar charges.....	23	(19,609)	(30,886)
Foreign exchange gains.....		975	62
Gain / (loss) on disposal of fixed assets.....		527	(29)
Total other income/(expenses).....		9,441	1,07
Profit on ordinary activities before tax.....		172,374	264,55
Tax on profit on ordinary activities.....	24	(21,999)	(25,152)
Profit for the financial year.....		150,375	239,39
Basic earnings per ordinary share euro			
cent.....	26	20.64	31.7
Diluted earnings per ordinary share euro			
cent.....	26	20.32	31.2
Number of ordinary shares .....	26	728,726,484	755,055,37
Number of diluted shares.....		739,960,901	766,278,56

The accompanying notes are an integral part of the financial information.

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Consolidated Cash Flow Statements

	Note	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Net cash inflow from operating activities.....	28(a)	309,109	351,003
Returns on investments and servicing of finance			
Interest received.....		30,193	30,171
Interest paid.....		(19,830)	(29,563)
Interest paid on finance leases.....		(3)	-
Net cash inflow / (outflow) from returns on			
investments and servicing of finance.....		10,360	608
Taxation			
Corporation tax paid.....		(5,071)	(3,410)
Capital expenditure and financial investment			
Purchase of tangible fixed assets.....		(372,587)	(469,878)
Sales of financial and tangible fixed assets.....		563	31
Net cash (outflow) from capital expenditure and			
financial investment.....		(372,024)	(469,847)
Acquisitions			
Purchase consideration.....			
Onerous lease payments.....		-	-
Net cash (outflow) from acquisition of subsidiary			
undertakings.....		-	-
Financing and management of liquid resources			
Loans raised.....		175,746	331,502
Debt repaid.....		(27,886)	(44,779)
Issue of share capital.....		188,331	56
Share issue costs.....		(6,330)	-
Capital element of finance leases.....		(107)	(1)

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Financing.....		329,754	286,778
(Increase) in liquid resources.....	28 (c)	(251,241)	(166,329)
Net cash inflow / (outflow) from financing and management of liquid resources.....		78,513	120,449
Increase/(decrease) in cash.....	28 (e)	20,887	(1,197)

The accompanying notes are an integral part of the financial information.

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### Consolidated Statements of Changes in Shareholders' Funds-Equity

	Ordinary shares EUR 000	Share premium account EUR 000	Profit and loss account EUR 000
Balance at March 31, 2001.....	9,194	371,849	288,8
Issue of ordinary equity shares (net of issue costs)...	393	181,608	
Profit for the financial year.....	-	-	150,3
Balance at March 31, 2002.....	9,587	553,457	439,2
Issue of ordinary equity shares (net of issue costs)...	1	55	
Profit for the financial year.....	-	-	239,3
Balance at March 31, 2003.....	9,588	553,512	678,6
Issue of ordinary equity shares (net of issue costs)...	55	6,894	
Profit for the financial year.....	-	-	206,6
Balance at March 31, 2004.....	9,643	560,406	885,2

Details of movements in the number of shares and in the share premium account are set out in Note 13.

The accompanying notes are an integral part of the financial information.

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### Notes forming part of the Financial Information (Continued)

#### 1a Business activity

Ryanair Limited and subsidiaries (the Group or Ryanair Limited) has operated as an international airline since it commenced operations in 1985. On August 23, 1996 Ryanair Holdings Limited, a newly formed holding company,

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acquired the entire issued share capital of Ryanair Limited. On May 16, 1997 Ryanair Holdings Limited re-registered as a public limited company, Ryanair Holdings plc (the Company). Ryanair Holdings plc and subsidiaries are hereafter referred to as Ryanair Holdings plc (the Group or Ryanair Holdings). All trading activity continues to be undertaken by the Group of companies headed by Ryanair Limited.

### 1b Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements. These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in Ireland under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland. Where possible, however, financial information has been presented in accordance with the presentation and terminology of United States (U.S.) GAAP except where such presentation is not consistent with Irish GAAP. A summary of the differences between Irish GAAP and U.S. GAAP as applicable to the Group is set out in Note 31.

#### Basis of preparation

#### Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles in Ireland and the UK requires the use of management estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from these estimates.

The consolidated financial statements are prepared in euro.

#### Basis of consolidation

The Group's consolidated financial statements comprise the consolidated balance sheets of Ryanair Holdings plc and its subsidiary undertakings as of March 31, 2003 and 2004 and the related consolidated profit and loss accounts, consolidated cash flow statements and consolidated statements of changes in shareholders' funds equity for each of the years in the three year period ended March 31, 2004.

The results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Upon the acquisition of a business, fair values are attributed to the separable net assets acquired. In the Company's financial statements, investments in subsidiary undertakings are stated at cost less any amounts written off.

A separate profit and loss account for the Company is not presented, as provided by Section 3 (2) of the Companies (Amendment) Act 1986. The retained profit for the year attributable to the Company was EUR Nil (2003: EUR Nil, 2002: EUR Nil).

#### Goodwill

With effect from April 1, 1998, purchased goodwill, being the excess of the consideration over the fair value of net assets acquired at the date of acquisition, is capitalized and amortized over its estimated useful economic life, currently considered to approximate to 20 years. Purchased goodwill arising prior to that date was written off immediately against reserves and was

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not reinstated on implementation of Financial Reporting Standard 10 - Goodwill and Intangible Assets (FRS 10) as permitted by that standard.

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Notes forming part of the Financial Information (Continued)

### Revenues

Scheduled revenues comprise the invoiced value of airline and other services, net of government taxes. Revenue from the sale of flight seats is recognized in the period in which the service is provided. Unearned revenue represents flight seats sold but not yet flown and is included in accrued expenses and other liabilities and released to the profit and loss account as passengers fly. Unused tickets are recognized as revenue on a systematic basis. Miscellaneous fees charged for any changes to flight tickets are recognized in revenue immediately.

Ancillary revenues are recognized in the profit and loss account in the period the ancillary services are provided.

### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and provisions for impairments, if any. Depreciation is calculated to write off the cost, less estimated residual value, of assets on a straight line basis over their expected useful lives at the following annual rates:

Plant and equipment.....	
Fixtures and fittings.....	
Motor vehicles.....	
Buildings.....	

Aircraft are depreciated on a straight line basis over their estimated useful lives to estimated residual values. The current estimates of useful lives and residual values are:

Aircraft Type	Number of Aircraft at March 31, 2004	Useful Life	Residual Value
	15	20 years from date of manufacture	EUR 500,000
Boeing 737-200's	6	20 years from date of manufacture	EUR 250,000
Boeing 737-800's	41	23 years from date of manufacture	15% of cost

An element of the cost of an acquired aircraft is attributed on acquisition to its service potential reflecting the maintenance condition of its engines and airframe. This cost, which can equate to a substantial element of the total

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aircraft cost, is amortized over the shorter of the period to the next check (usually between 8 and 12 years for 737-800 aircraft) or the remaining life of the aircraft. The costs of subsequent major airframe and engine maintenance checks are capitalized and amortized over the shorter of the period to the next check or the remaining life of the aircraft.

Advance and option payments made in respect of aircraft purchase commitments and options to acquire aircraft are recorded at cost and separately disclosed. On acquisition of the related aircraft, these payments are included as part of the cost of aircraft and are depreciated from that date.

### Financial Fixed Assets

Financial fixed assets are shown at cost less provisions for impairments, if any.

### Inventories

Inventories, principally representing rotatable aircraft spares, are stated at the lower of cost and net realizable value. Cost is based on invoiced price on an average basis for all stock categories. Net realizable value is calculated as estimated selling price net of estimated selling costs.

### Foreign currency

Transactions arising in currencies other than the euro are translated into euro at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are generally stated at the rates of exchange prevailing at the year end and all exchange gains or losses are accounted for through the profit and loss account.

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## Notes forming part of the Financial Information (Continued)

### Derivative financial instruments

The Group enters into transactions in the normal course of business using a variety of derivative financial instruments in order to hedge against its exposures to fluctuating aircraft fuel prices and changes in foreign exchange and interest rates. Derivative financial instruments are utilized to cap aircraft fuel prices, foreign exchange and interest rate exposures. Gains and losses on derivative financial instruments are recognized in the profit and loss account when realized as an offset to the related income or expense, as the Group does not enter into any such transactions for speculative purposes.

### Taxation

Corporation tax is provided on taxable profits at current rates. Full provision is made for all timing differences at the balance sheet date in accordance with Financial Reporting Standard No. 19 "Deferred Tax." Provision is made at tax rates that are expected to apply in the periods in which the timing differences are expected to reverse.

### Leases

Assets held under finance leases are capitalized in the balance sheet and are depreciated over their estimated useful lives. The present values of the

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future lease payments are recorded as obligations under finance leases and the interest element of the lease obligation is charged to the profit and loss account over the period of the lease in proportion to the balances outstanding.

Expenditure arising under operating leases is charged to the profit and loss account as incurred. The group also enters into sale and leaseback transactions whereby it sells the rights to acquire an aircraft to a third party and subsequently leases the aircraft back, by way of operating lease. Any profit or loss on the disposal is spread over the lease term. The profit or loss amount deferred is included within other creditors and analyzed into its components of greater or less than one year.

### Aircraft maintenance costs

The accounting for the cost of providing major airframe and certain engine maintenance checks is described in the accounting policy for tangible fixed assets and depreciation.

With respect to the group's operating lease agreements, where the group has a commitment to maintain the aircraft, provision is made during the lease term for the obligation based on estimated future costs of major airframe and certain engine maintenance checks by making appropriate charges to the profit and loss account calculated by reference to the number of hours or cycles operated during the year.

All other maintenance costs are expensed as incurred.

### Pension costs

The Group operates both defined benefit and defined contribution schemes. In relation to the defined benefit scheme the cost of providing pensions to employees is charged to the profit and loss account on a systematic basis over the service lives of those employees. Pension costs are determined by an actuary by reference to a funding plan and funding assumptions. The regular pension cost is expressed as a substantially level proportion of current and expected future pensionable payroll. Variations from regular cost are spread over the remaining service lives of the current employees.

To the extent that the pension cost is different from the cash contribution to the pension scheme, a provision or prepayment is recognized in the balance sheet.

The cost of providing the defined contribution benefit plan is expensed as incurred.

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## Notes forming part of the Financial Information (Continued)

### Statement of cash flows

Cash represents cash held at bank available on demand, offset by bank overdrafts.

Liquid resources are current asset investments (other than cash) that are readily convertible into known amounts of cash and restricted cash balances. Liquid resources include investments in commercial paper, certificates of deposit and cash deposit of less than one year.

Operating profit before amortization of goodwill

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Operating profit is presented before the charge for goodwill amortization because management believes this presentation is helpful to investors as goodwill amortization is considered to be a non-operational item. This presentation may also facilitate comparison with other companies' financial statements and management believes that this measure is used by investors in their assessment of the underlying performance of the company.

### 2 Cash and liquid resources

Cash and liquid resources, net of overdrafts of EUR 0.3m (2003: EUR 1.3m) amounted to EUR 1,257.0m (2003: EUR 1,058.9m). This includes EUR 200.0m (2003: EUR 120.9m) held on deposit as collateral for certain derivative financial instruments and debt financing arrangements entered into by the group.

### 3 Accounts receivable

	At March 31, 2003 EUR 000
Trade receivables.....	15,316
Provision for doubtful debts.....	(346)
	14,970

All amounts fall due within one year.

The movement in the provision for bad debts is as follows:

	Balance at beginning of year EUR 000	Additions charged to expenses EUR 000	Deductions EUR 000
Year ended March 31, 2003.....	359	-	(13)
Year ended March 31, 2004.....	346	6	-

### 4 Other assets

	At 2003 EUR 000
Prepayments.....	5,679
Interest Receivable.....	7,013

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Value Added Tax recoverable.....	3,678
	16,370

All amounts fall due within one year.

5 Inventories

	At M
	2003
	EUR 000
Aircraft spares .....	21,596
Duty free and other inventories.....	1,192
	22,788

There are no material differences between the replacement cost of inventories and the balance sheet amounts.

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Notes forming part of the Financial Information (Continued)

6 Tangible fixed assets

	Aircraft EUR 000	Hangar & Buildings EUR 000	Plant & Equipment EUR 000	Fixtures & Fittings EUR 000	Moto Vehic EUR 0
(i) Year ended March 31, 2003					
Cost					
At March 31, 2002.....	1,163,694	6,558	2,727	7,541	98
Additions.....	474,757	156	663	1,559	34
Disposals.....	(42)	(13)	-	-	(635)
At March 31, 2003.....	1,638,409	6,701	3,390	9,100	69
Depreciation					
At March 31, 2002.....	219,852	1,641	1,751	5,511	94
Charge for year.....	74,683	404	436	1,182	16
Disposals.....	(42)	(4)	-	-	(584)
At March 31, 2003.....	294,493	2,041	2,187	6,693	52
Net book value					
At March 31, 2003.....	1,343,916	4,660	1,203	2,407	17



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	Aircraft EUR 000	Buildings EUR 000	Equipment EUR 000	Fittings EUR 000	Vehicles EUR
(ii) Year ended March 31, 2004					
Cost					
At March 31, 2003.....	1,638,409	6,701	3,390	9,100	69
Additions.....	317,664	6,380	858	618	4
Disposals.....	-	-	(1)	-	(279)
At March 31, 2004.....	1,956,073	13,081	4,247	9,718	46
Depreciation					
At March 31, 2003.....	294,493	2,041	2,187	6,693	52
Charge for year.....	98,945	508	682	1,135	12
Disposals.....	-	-	(1)	-	(266)
At March 31, 2004.....	393,438	2,549	2,868	7,828	37
Net book value					
At March 31, 2004.....	1,562,635	10,532	1,379	1,890	9

At March 31, 2004, aircraft with a net book value of EUR 1,204,431,888 (March 31, 2003, EUR 1,002,841,729) were mortgaged to lenders as security for loans. Under the security arrangements for the Group's new 737-800 aircraft, the Group does not hold legal title to those aircraft while related loan amounts remain outstanding.

At March 31, 2004, the net book value of fixed assets held under finance leases was EUR nil (March 31, 2003, EUR nil). Depreciation on these assets for the years ended March 31, 2004 and March 31, 2003 amounted to EUR nil and EUR 164,590 respectively.

At March 31, 2004, the cost and net book value of aircraft included EUR 327,029,831 in respect of advance payments on aircraft (March 31, 2003: EUR 259,358,902). This amount is not depreciated. The cost and net book value also includes capitalized aircraft maintenance and aircraft simulators.

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Notes forming part of the Financial Information (Continued)

At March 31, 2004 fixed asset additions of EUR 325,567,390 (March 31, 2003: EUR 477,480,249) was comprised of assets paid for of EUR 325,567,390 (March 31, 2003: EUR 469,878,312) and the balance represented unpaid additions.

The depreciation charge for the year includes an exceptional charge of EUR 3.3m which relates to aircraft which were retired early as a result of scratch marks that occurred during an aircraft painting programme.

7 Intangible assets

7(a) Intangible fixed assets

Group

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Cost	
At beginning of year.....	
Acquisitions in year.....	
At end of year.....	
Amortization	
At beginning of year.....	
Amortization in year.....	
At end of year.....	
Net Book Value	
At March 31, 2004.....	
At March 31, 2003.....	

7(b) Acquisition of subsidiary undertakings

On April 10, 2003 the group acquired certain assets of KLM UK Limited from KLM Royal Dutch Airlines (known as the "Buzz" acquisition). This has been accounted for using the acquisition method of accounting. The assets acquired and consideration paid were as follows:

Group	Book value at date of acquisition EUR 000	Fair value adjustment EUR 000
Provisions for onerous lease contracts.....	-	(26,046)
Goodwill arising on acquisition.....		
Purchase consideration.....		
Satisfied by:		
Cash Consideration.....		
Total cost of acquisition.....		

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Notes forming part of the Financial Information (Continued)

In addition in the period to March 31, 2004 Ryanair had paid EUR 11.9m in respect of the onerous lease provision set out above.

The acquisition of certain assets from KLM UK Limited principally comprised:

- Aircraft operating leases of six Boeing 737-300's and four BAE 146-200's. Because the fixed cost of these leases was substantially above market value at the date of acquisition, the group has provided for the onerous element of these leases.
- Transfer of 110 Buzz employees to Buzz Stansted Limited; and
- Transfer of certain landing and take-off slots at Stansted Airport.

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### 7(c) Re-organization costs relating to acquisition

Buzz Stansted Limited, the new operating company, was closed from April 11, 2003 to May 1, 2003, to allow the group to re-organize the assets acquired and integrate them into its existing operations. The costs incurred relating to this reorganization amounted to EUR 3.0 m (EUR 2.7 m net of tax); (see note 21).

### 8 Accounts payable

Accounts payable: represents trade creditors payable within one year.

Accounts payable falling due after one year: consists of long term minimum obligations arising from an engine maintenance contract and deferred gains arising from the sale and leaseback of aircraft. During the year, Ryanair entered into a sale and leaseback arrangement for 10 new Boeing 737-800 aircraft. The aircraft are operated under a seven year lease arrangement and Ryanair does not have the right or obligation to acquire the aircraft at the end of seven years.

### 9 Accrued expenses and other liabilities

	At Ma 2003 EUR 000
Current:	
Accruals.....	48,196
Taxation.....	58,907
Unearned revenue.....	144,225
	251,328

#### Taxation above comprises:

	At M 2003 EUR 000
PAYE (payroll taxes).....	3,370
Corporation tax.....	9,789
Other tax (including air passenger duty).....	45,748
	58,907

### 10 Maturity analysis of long term debt

At Ma  
2003  
EUR 000

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Due within one year:	
Secured debt.....	63,291
Obligations under finance leases.....	-
	63,291
Due between one and two years:	
Secured debt .....	66,480
Obligations under finance leases.....	-
Due between two and five years:	
Secured debt .....	220,869
Due after 5 years:	
Secured debt.....	486,585
	773,934
	837,225

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Notes forming part of the Financial Information (Continued)

Notes on long term debt other than finance leases

(i) Aircraft Facility

At March 31, 2003 and March 31, 2004, the Group had borrowings equivalent to EUR 828,233,318 and EUR 944,989,060, from various financial institutions provided on the basis of guarantees issued by the Export-Import Bank of the United States to finance the acquisition of forty one Boeing 737-800 "next generation" aircraft. The guarantees are secured with a first fixed mortgage on the delivered aircraft. At March 31, 2004 the group had taken delivery of 41 of these aircraft. The remaining balance of long term debt relates to debt drawn down to fund the acquisition of an aircraft simulator. Details of the interest rates and terms of such debt are set out in Note 15.

(ii) CAE Financing

At March 31, 2003 and March 31, 2004, the Group had other borrowings of EUR 8,991,678 and EUR 7,992,603. This loan has been provided by Export Development Canada, a Canadian government agency, to finance the acquisition of an aircraft simulator. The loan was originally drawn down in February 2002. A Canadian governmental guarantee for the financing is secured with a mortgage on the delivered aircraft simulator.

(iii) Maturity analysis of long term debt other than finance leases

The following table sets out the maturities of the loans described above, analyzed by year of repayment:

Years ending March 31,

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2005  
2006  
2007  
2008  
2009-2016

(v) Analysis of changes in borrowings during the year

	Bank Loans EUR 000	Total Fiscal 2004 EUR 000
Opening balance at start of year.....	837,225	837,225
Loans raised to finance aircraft/simulator purchases.....	187,035	187,035
Repayments of amounts borrowed.....	(71,278)	(71,278)
Closing balance at end of year.....	952,982	952,982

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Notes forming part of the Financial Information (Continued)

11 Short term borrowings

	At Ma 2003 EUR 000
Bank overdrafts (represented by unrepresented cheques).....	1,316

12 Provisions for liabilities and charges

	At 2003 EUR 000
Provision for aircraft maintenance:	
At beginning of year.....	-
Charge for the year.....	-
At end of year.....	-
Deferred taxation: (see Note 24)	
At beginning of year.....	49,317
Charge for the year.....	18,516
At end of year.....	67,833

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Total provision at end of year..... 67,833

13 Share capital and share premium account

(a) Share Capital

Authorized:

840,000,000 ordinary equity shares of 1.27 euro cent each..... 10,668

Allotted, called up and fully paid:

755,130,716 ordinary equity shares of 1.27 euro cent each at  
March 31, 2003 and 759,217,140 ordinary equity shares of 1.27 euro  
cent each at March 31, 2004..... 9,588

During the year ended March 31, 2003, 100,000 ordinary shares were issued upon the exercise of options.

(b) Share premium account

Balance at March 31, 2003.....  
Share premium arising from the exercise of 4,140,424 options.....  
Balance at March 31, 2004.....

(c) Share options and share purchase arrangements

On May 21, 1997 the Group granted seven senior managers options over ordinary shares with an equivalent value of IR POUND 200,000 (EUR 253,948) each at the Initial Public Offering (the "IPO") strike price of IR POUND 1.95 (EUR 2.48) less a discount of 10%, resulting in the issue of 717,948 options (equivalent to 2,871,792 after the stock splits in both December 2001 and February 2000). At March 31, 2004, the equivalent of 2,861,716 of these options have been exercised. The balance of these options have been exercised since the year end.

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Notes forming part of the Financial Information (Continued)

In addition, the Group adopted a stock option plan (the "Stock Option Plan") following shareholder approval in 1998. Under the Stock Option Plan,

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current or future employees or executive directors of the Company may be granted options to purchase an aggregate of up to approximately 5% (when aggregated with other ordinary shares over which options are granted which have not been exercised) of the outstanding ordinary shares of Ryanair at an exercise price equal to the market price of the ordinary shares at the time the options are granted. Options were granted each year between fiscal 1998 and fiscal 2003. The terms of the Stock Option Plan, and the number of ordinary shares subject to options granted under the Stock Option Plan, may be changed from time to time. During 2003 the company implemented a new staff share option scheme which has been approved by the revenue authorities in the UK and Ireland. There were 2,280,177 options granted under the scheme, which under the plan rules will become exercisable in 2009. At March 31, 2004, 24,206,538 options in aggregate had been issued under these plans. Under plan rules 10,799,401 options issued under the 1998 plan became exercisable in June 2003. The options outstanding under the various stock option plans are set out below:

	Share Options
Outstanding at March 31, 2002.....	20,936,631
Exercised.....	(100,000)
Granted.....	5,763,407
Expired.....	(146,183)
Outstanding at March 31, 2003.....	26,453,855
Exercised.....	(4,140,424)
Granted.....	2,280,177
Expired.....	(387,070)
Outstanding at March 31, 2004.....	24,206,538

The mid-market price of Ryanair Holdings plc's ordinary shares on the Irish Stock Exchange at March 31, 2004 was EUR 4.58. The highest and lowest prices at which the shares traded on the Irish Stock Exchange in the year ended March 31, 2004 were EUR 7.59 and EUR 4.27, respectively.

### 14 Financial instruments

Ryanair utilizes financial instruments to reduce exposure to market risks resulting from fluctuations in foreign exchange rates, interest rates and aircraft fuel prices. The Group does not enter into these instruments for speculative purposes.

Derivative financial instruments are contractual agreements whose value reflects price movements in an underlying asset. Ryanair uses derivative financial instruments, where appropriate, to generate the desired effective profile of currency, interest and aircraft fuel price risk.

Notes 15 to 17 below give details as to the Group's financial instruments held, in accordance with the requirements of Financial Reporting Standard No. 13 "Derivatives and Other Financial Instruments: Disclosures" (the "Standard"). As permitted by this Standard, short term debtors and creditors have been excluded from all numerical disclosures shown in notes 15 to 17.

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Notes forming part of the Financial Information (Continued)

### 15 Interest rate risk

#### Financial liabilities

The net interest rate risk profile of Ryanair's financial liabilities at March 31, 2003 and 2004 was as follows:

	At March 31, 2003			At M
	Fixed EUR 000	Floating EUR 000	Total EUR 000	Fixed EUR 000
Short-term borrowings.....	-	1,316	1,316	-
Current maturities of long-term debt.....	63,291	-	63,291	77,578
Non-current maturities of long term debt.....	773,934	-	773,934	839,819
	837,225	1,316	838,541	917,397

Average interest rates applicable to fixed financial liabilities shown above are as follows:

	Weighted average years remaining	Weighted average interest rate	Total at March 31, 2003 EUR 000	Weighted average years remaining	Weight avera inter rat
Fixed euro denominated long term debt.	9.7	5.28%	828,233	10.3	5.5
Other euro debt.....	9.0	5.81%	8,992	7.8	5.8
			837,225		

All long term euro fixed debt shown above matures between 2011 and 2016 (at March 31, 2003: 2011 and 2015) and attracts a range of fixed interest rates of between 4.93% and 5.97% (at March 31, 2003: 4.93% and 5.60%).

Floating interest rates on financial liabilities are generally referenced to inter-bank interest rates (principally Euribor).

#### Financial assets

The Group holds significant cash balances that are invested on a short-term basis. At March 31, 2004 all of the Group's cash and liquid resources had a maturity of one year or less and attracted a weighted average rate of interest of 2.11% (2003: 2.79%).

Interest rates on financial assets are generally based on the appropriate Libor, Euribor and Euribor-based bank offered rates.

#### Interest rate related derivative arrangements

The group's objective is to reduce interest rate risk through a combination of financial instruments which lock in interest rates on debt and by matching a



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proportion of floating rate assets with floating rate liabilities. In line with this strategy, the group has entered into a series of interest rate swaps whereby it has effectively converted almost all of its floating rate debt under each of its long term debt facilities into fixed rate debt. Loans for approximately 4% of long term debt are not covered by such swaps and have therefore remained at floating rates linked to Euribor. The interest rate exposure from these loans is hedged by a similar amount of cash on deposit at floating rates. Interest rate swaps have also been used to convert floating rate rentals on various aircraft operating leases into fixed rate rentals.

The table below illustrates the effect of swap transactions (each of which is with an established international financial counterparty) on the profile of the group's debt.

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Notes forming part of the Financial Information (Continued)

	At March 31, 2003			At March 3	
	Fixed EUR 000	Floating EUR 000	Total EUR 000	Fixed EUR 000	Float EUR
Short-term borrowings.....	-	1,316	1,316	-	
Long term debt.....	581,447	246,786	828,233	536,718	408,
Other debt.....	8,992	-	8,992	7,993	
Borrowing profile before swap transactions	590,439	248,102	838,541	544,711	408,
Interest rate swaps.....	246,786	(246,786)	-	372,686	(372,6
Borrowing profile after swap transactions.	837,225	1,316	838,541	917,397	35,

The profile of the group's interest rate swaps for existing debt and operating lease commitments are as follows:

	Notional Amount EUR 000	Debt Commencement Dates	Debt Termination Dates
2004 - interest rate swaps.....	710,972	2002 - 2004	2010 - 2016
2003 - interest rate swaps.....	246,786	2002 - 2003	2014 - 2015

In addition to the above, the group has entered into a series of forward starting interest rate swaps in order to cap interest rate risk which arises in respect of its forecasted draw-downs of long term debt. Details of these are as follows:

	Notional Amount EUR 000	Loan Commencement Dates	Loan Termination Dates
--	-------------------------------	-------------------------------	------------------------------

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2004 - Forward starting interest rate swaps	412,700	2004 - 2005	2016 - 2017
2003 - Forward starting interest rate swaps	875,000	2003 - 2005	2015 - 2017

16 Currency rate risk and aircraft fuel price risk

Currency rate risk

Ryanair has exposure to various reporting currencies (principally sterling and US dollars) due to the international nature of its operations. The following table shows the net amount of monetary assets of Ryanair that are not denominated in euro at March 31, 2003 and March 31, 2004:

Monetary assets	At March 31, 2003			At March 31, 2004	
	GBP POUND 000	US\$ \$000	euro Equiv EUR 000	GBP POUND 000	US\$ \$000
Sterling cash and liquid resources.....	43,344	-	66,464	27,151	-
USD cash and liquid resources.....	-	7,240	6,645	-	42,000
	43,344	7,240	73,109	27,151	42,000

Ryanair also enters into US dollar and sterling currency forward contracts in order to manage functional currency risk which arises on its forecasted aircraft payments, fuel, maintenance and aviation insurance costs, which are primarily denominated in US dollars and certain of its revenue income streams, which arise in sterling. The following table gives details of Ryanair's currency forward contracts as at March 31, 2003 and March 31, 2004:

Currency Forward Contracts	At March 31, 2003			At March 31, 2004	
	GBP POUND 000	US\$ \$000	euro Equiv EUR 000	GBP POUND 000	US\$ \$000
US dollar currency forward contracts for aircraft purchases.....	-	203,500	189,417	-	441,000
US dollar currency forward contracts for fuel and other purchases.....	-	169,000	156,526	-	144,000
Sterling currency forward contracts for sterling revenues.....	7,000	-	10,124	-	-

Aircraft fuel price risk

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Ryanair enters into derivative contracts to fix the price of its forecasted aircraft fuel purchases. At March 31, 2003 and 2004, the following fuel price contracts were outstanding:

	At March 31, 2003 (000 Metric Tonnes)
Aircraft fuel fixed price contracts.....	393

### 17 Fair values

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than as part of a forced liquidation or sale. The following methods and assumptions were used to estimate the fair value of each material class of Ryanair's financial instruments:

- o Cash and liquid resources, current portions of bank loans and overdrafts: carrying amount approximates to fair value due to the short term nature of these instruments.
- o Bank loans carrying fixed rates of interest: the repayments which Ryanair is committed to make have been discounted at the relevant rates of interest applicable at March 31, 2003 and March 31, 2004, which would be payable by a third party to assume the obligation.
- o Off balance sheet interest rate contracts: discounted cash flow analyses have been used to determine the estimated amount Ryanair would receive or pay to terminate the contracts. Discounted cash flow analyses are based on estimated future interest rates.
- o Off balance sheet currency forward and aircraft fuel contracts: a comparison of the contracted rate to the market rate for contracts providing a similar risk management profile at March 31, 2003 and March 31, 2004 has been made.

The fair value of Ryanair's financial instruments at 2003 and 2004 was as follows:

	At March 31, 2003 Carrying amount EUR 000	Fair value EUR 000	At M Carryin amount EUR 000
On balance sheet instruments			
Cash on hand.....	77,866	77,866	25,77
Liquid resources.....	982,352	982,352	1,231,57
Short term borrowings.....	(1,316)	(1,316)	(345
Long term debt.....	(837,225)	(912,576)	(952,982
Derivative instruments			

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Forward starting interest rate swaps (loss).....	-	(81,024)
Interest rate swaps (loss)	-	-
US dollar currency forward contracts (loss).....	-	(9,045)
Sterling currency forward contracts (loss).....	-	(925)
Aircraft fuel price contracts gain.....	-	3,306

All of the off-balance sheet instruments shown above were held for hedging purposes. The fair value of the off-balance sheet instruments in the table above equates to the net unrealized gains and losses on these instruments which were unrecognized at March 31, 2003 and March 31, 2004.

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Notes forming part of the Financial Information (Continued)

On the basis of no movement in fuel prices and exchange rates, these unrealized gains and losses will impact on Ryanair's profit and loss account in the following years:

Off balance sheet instruments	Maturing in 2004 EUR 000	Total at March 31, 2003 EUR 000	Maturing in 2005 EUR 000
US dollar currency forward contracts (loss).....	(9,045)	(9,045)	(36,181)
Sterling currency forward contracts (loss).....	(925)	(925)	
Aircraft fuel price contracts gain.....	3,306	3,306	16,72
	(6,664)	(6,664)	(19,458)

Unrealized gains and losses on the Group's forward starting interest rate swaps and interest rate swaps of EUR 135.3 million (at March 31, 2003: EUR 81.0 million) will be amortized to the profit and loss account over the period from the date of the draw-down of the long term debt and operating leases (typically 7 to 12 years from the year end), as an offset to the related interest and rental expense.

18 Concentrations of credit risk

The Group's revenues derive principally from airline travel on scheduled and chartered services, car hire, in-flight and related sales. Revenue is wholly derived from European routes. No individual customer accounts for a significant portion of total revenue.

19 Analysis of operating revenues

All revenues derive from the Group's principal activity as an airline and include scheduled and chartered services, car hire, in-flight, internet, non-flight-scheduled and related sales.

Revenue is analyzed by geographical area (by country of origin) as follows:

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	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
United Kingdom.....	355,708	466,749
Other European countries.....	268,342	375,759
	624,050	842,508

Ancillary revenues included in total revenue above comprise:

	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Car hire.....	18,905	27,615
In-flight.....	18,030	23,142
Internet income.....	4,831	12,159
Non-flight scheduled.....	16,662	35,291
Charter.....	14,631	12,350
	73,059	110,557

All of the Group's operating profit arises from airline-related activities.

The major revenue earning assets of the Group are comprised of its aircraft fleet, which is registered in Ireland and the United Kingdom and therefore all profits accrue in Ireland and the United Kingdom. Since the Group's aircraft fleet is flexibly employed across its route network, there is no suitable basis of allocating such assets and related liabilities to geographical segments. Internet income comprises revenue generated from Ryanair.com, excluding internet car hire revenue, which is included under the heading car hire. Non flight scheduled revenue arises from the sale of rail and bus tickets, hotel reservations and other revenues generated including excess baggage charges.

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Notes forming part of the Financial Information (Continued)

20 Staff numbers and costs

The average weekly number of employees, including the executive director, during the years presented, analyzed by category, was as follows:

	Year ended March 31, 2002	Year ended March 31, 2003
Flight and cabin crew.....	792	983
Sales, operations and administration.....	755	763
	1,547	1,746

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The aggregate payroll costs of these persons were as follows:

	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Wages and salaries and related costs.....	70,551	82,633
Social welfare costs.....	6,462	7,835
Other pension costs.....	1,227	2,605
	78,240	93,073

21 Other operating expenses

	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Fuel and oil.....	103,918	128,842
Maintenance, materials and repairs.....	26,373	29,709
Marketing and distribution costs.....	12,356	14,623
Aircraft rentals.....	4,021	-
Route charges.....	46,701	68,406
Airport & handling charges.....	84,897	107,994
Other costs.....	45,601	59,522
	323,867	409,096
Exceptional costs		
Aircraft rentals.....	-	-
Buzz re-organization.....	-	-
	-	-
	323,867	409,096

Exceptional items are those items that are material items which derive from events or transactions that fall within the ordinary activities of the group but which in management judgement need to be disclosed by virtue of their size or incidence. The exceptional costs relate to the closure of Buzz for one month post acquisition to restructure the business and integrate it into Ryanair and the exceptional lease costs associated with the early permanent retirement of 6 Boeing 737-200 aircraft which are no longer operated due to scratch marks which occurred during an aircraft painting programme. The costs are treated as exceptional as they are material to the results for the year.

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Notes forming part of the Financial Information (Continued)

Fuel and oil

Fuel and oil costs include fuel costs for scheduled services of EUR 101,390,040, EUR 126,711,235 and EUR 174,990,990 in respect of the years ended

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March 31, 2002, March 31, 2003 and March 31, 2004, respectively.

### 22 Statutory and other information

	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Directors' emoluments:		
Fees.....	160	198
Other emoluments, including consultancy fees, bonus and pension contributions.....	694	822
Depreciation of tangible fixed assets.....	59,010	76,865
Auditors' remuneration (including expenses) (i).....	121	180
Audit related services (ii).....	35	14
Taxation services (iii).....	153	213
All other fees (iv).....	-	2
Operating lease charges- aircraft (note 27(b)):	4,021	-
Amortization of goodwill.....		

- (i) Audit services include audit work performed on the consolidated financial statements, as well as work that generally only the independent auditor can reasonably be expected to provide, including comfort letters, statutory audits, and discussions surrounding the proper application of financial accounting and/or reporting standards.
- (ii) Audit related services are for assurance and related services that are traditionally performed by the independent auditor, including due diligence related to mergers and acquisitions, employee benefit plan audits, and special procedures required to meet certain regulatory requirements.
- (iii) Tax services include all services, except those services specifically related to the audit of financial statements, performed by the independent auditor's tax personnel, including tax analysis; supporting other tax-related regulatory requirements; and tax compliance and reporting.
- (iv) Other fees are those associated with services not captured in the other categories.
- (a) Fees and emoluments - executive director

	Year ended March 31, 2002 EUR 000	Year end March 3 2003 EUR 000
Basic salary.....	474	505
Performance related bonus.....	180	228
Pension contributions.....	40	49
	694	782

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During each year Michael O'Leary was the only executive director.

(b) Fees and emoluments-Non executive directors

	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Fees.....	160	198
Emoluments.....	-	40
	160	238

At March 31, 2004 there were nine non-executive directors.

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Notes forming part of the Financial Information (Continued)

(c) Pension benefits

Directors	Increase in Accrued Benefit			Transfer Value Equivalent of Increase in Accrued Benefit			Total A Accrue	
	Fiscal 2002 EUR	Fiscal 2003 EUR	Fiscal 2004 EUR	Fiscal 2002 EUR	Fiscal 2003 EUR	Fiscal 2004 EUR	Fiscal 2002 EUR	Fiscal 2003 EUR
Michael O'Leary.....	15,648	11,216	12,374	53,848	43,919	61,529	57,097	70

There have been no changes in pension benefits provided to directors during the year. No pension benefits are provided for non-executive directors. The executive director is a member of a defined benefit plan. The cost of the death-in-service and disability benefits provided during the accounting year is not included in the above figures. The pension benefits set out above have been computed in accordance with Section 12.43(x) of the Listing Rules of the Irish Stock Exchange. The increases in transfer values of the accrued benefits have been calculated as at the year-end in accordance with Actuarial Guidance Note GN11.

(d) Shares and share options

(i) Shares

Ryanair Holdings plc is listed on the Irish, London and Nasdaq Stock Exchanges. The beneficial interests of the directors as at March 31, 2004 and of



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their spouses and minor children are as follows:

	At March 31, 2002	At March 31, 2003
David Bonderman.....	7,056,680	7,056,680
Raymond MacSharry.....	7,280	7,280
Michael O'Leary.....	52,000,008	45,000,008
James R. Osborne.....	705,128	705,128
Declan F. Ryan.....	21,922,600	19,408,273
T. Anthony Ryan.....	13,272,878	10,758,535
Richard P. Schifter.....	104,820	104,820

Non-executive directors not referred to above held no shares.

On June 24, 2003 Declan F. Ryan resigned from the board of directors. Richard P. Schifter did not stand for re-election at the last shareholders' annual general meeting on September 24, 2003.

(ii) Share options

The number of share options held by directors at the year end were:

	March 31, 2002 Number of Options	March 31, 2003 Number of Options
David Bonderman*.....	50,000	50,000
Emmanuel Faber**.....	-	25,000
Michael Horgan*.....	50,000	50,000
Klaus Kirchberger**.....	-	25,000
Raymond MacSharry*.....	50,000	50,000
Michael O'Leary***.....	-	-
James R. Osborne*.....	50,000	50,000
Cathal M. Ryan*.....	50,000	-
Paolo Pietrogrande*.....	50,000	50,000
Declan F. Ryan****.....	50,000	50,000
T. Anthony Ryan*.....	50,000	50,000
Richard P. Schifter****.....	50,000	50,000
Jeffrey A. Shaw*.....	50,000	-
Kyran McLaughlin*.....	50,000	50,000

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\* The share options were granted to these directors at EUR 3.70 (the market value at date of grant) during the year ended March 31, 2001 and are exercisable between June 2005 and June 2007.

\*\* These options were granted to these directors at EUR 5.65 each (the

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market value at date of grant), are exercisable between June 2008 and June 2010.

- \*\*\* These options were granted to Michael O'Leary at EUR 5.71 (the market value at date of grant) under the 2003 share option plan.
- \*\*\*\* On June 24, 2003 Declan F. Ryan resigned from the board of directors. Richard P. Shifter did not stand for re-election at the shareholders' annual general meeting on September 24, 2003. Accordingly, the share options granted to these directors have lapsed.

23 Interest payable and similar charges

	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Interest repayable on bank loans, wholly repayable after five years.....	19,608	30,886
Finance lease and hire purchase charges.....	1	-
	19,609	30,886

24 Taxation

The components of income tax expense were as follows:

	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Current corporation tax.....	2,804	6,636
Deferred tax (See Note 12).....	19,195	18,516
	21,999	25,152

All of the deferred tax charge above arose from the origination and reversal of timing differences.

The following table reconciles the statutory rate of Irish corporation tax to the Group's effective current corporation tax rate.

	Year ended March 31, 2002 %	Year ended March 31, 2003 %
Statutory rate of Irish corporation tax.....	19.0	15.1
Adjustments for earnings taxed at higher rates.....	1.0	1.1

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Adjustments for earnings taxed at lower rates (including those qualifying for relief under section 448, TCA 1997).....	(7.5)	(6.6)
Capital allowances in excess of depreciation.....	(7.5)	(6.4)
Other timing differences.....	(3.4)	(0.7)
Current effective rate of taxation.....	1.6	2.5
Provision of deferred tax on timing differences.....	11.1	7.0
Total effective rate of taxation.....	12.7	9.5

At March 31, 2002, March 31, 2003 and March 31, 2004 the Group had no unused net operating losses carry forwards. In fiscal 2005 the Irish headline corporation tax rate remains at 12.5%. The majority of corporation and deferred tax recorded in each of fiscal 2004 and 2003 relates to domestic tax charges.

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### Notes forming part of the Financial Information (Continued)

Ryanair.com Limited is engaged in international data processing and reservation services. In these circumstances, Ryanair.com Limited is entitled to claim an effective 10% corporation tax rate on profits derived from qualifying activities in accordance with Section 448 of the Taxes Consolidated Act, 1997. This legislation provides for the continuation of the 10% effective corporation tax rate until 2010.

The principal components of deferred tax liabilities were as follows:

	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Aircraft including maintenance provisions, property and fixtures and fittings.....	49,063	67,833
Other reversing timing differences principally in relation to unearned revenue and foreign exchange adjustments.....	254	-
	49,317	67,833

At March 31, 2002, March 31, 2003 and March 31, 2004 the Group had fully provided for deferred tax liabilities. As explained above, profits from certain qualifying activities are levied at an effective 10% rate in Ireland until 2010. No deferred tax had been provided on the unremitted earnings of overseas subsidiaries because there is no intention to remit these to Ireland.

#### 25 Pensions

The Group operates both a defined benefit and a defined contribution scheme.

The Group has continued to account for pensions in accordance with the accounting standard SSAP 24 and the disclosures given in (a) below are those required by that standard. A new accounting standard on pensions (Financial

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Reporting Standard No. 17 "Retirement Benefits" ("FRS 17") was issued in November 2000. In July 2002, the Accounting Standards Board deferred the requirement for the full adoption of FRS 17 until the International Accounting Standards Board has reconsidered its international standard, IAS 19 "Employee Benefits". FRS 17 has, accordingly, not been adopted in the profit and loss account or the balance sheet, however the phased disclosures required by FRS 17 have been outlined in (b) below:

### (a) SSAP 24 disclosures

Pensions for certain employees are funded through a defined benefit pension scheme, the assets of which are vested in independent trustees for the benefit of employees and their dependants. The contributions are based on the advice of an independent professionally qualified actuary obtained at three yearly intervals. The latest actuarial valuation of the scheme was at December 31, 2003 and used the projected unit method.

The principal actuarial assumptions used were as follows:

- o Rate of long term investment returns will exceed the rate of pensionable salary increases by 3.0%,
- o Rate of long term investment returns will exceed the rate of post retirement pension increases by 6.5%.

The actuarial report showed that at the valuation date the market value of the scheme's assets was EUR 11.5 million which was sufficient to cover more than 100% of the accrued liabilities, based on current earnings and 78% of the accrued liabilities allowing for expected future increases in earnings. The actuarial report recommends payment of contributions at 11.5% of staff and 17.8% of pilots' pensionable salaries respectively, which is an increase from previous contribution rates, intended to make good the shortfall on accrued liabilities, allowing for expected future increases in earnings.

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### Notes forming part of the Financial Information (Continued)

The total pension charge for the Group for the year to March 31, 2004 was EUR 1,706,184 of which EUR 1,274,000 relates to defined benefit pension schemes. While the actuarial report is not available for public inspection, the results are advised to the members of the scheme.

### (b) FRS 17 disclosures

The valuation of Ryanair's defined benefit scheme used for the purposes of the FRS 17 disclosures has been based on the most recent triennial actuarial valuation of the scheme identified above and updated to March 31, 2004 by an independent qualified actuary.

The financial assumptions used for the Ryanair defined benefit pension scheme are:

Year ended March 31, 2002 %	Year ended March 31, 2003 %
--------------------------------------	--------------------------------------

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Rate of general increase in salaries.....	4.25	3.50
Discount rate.....	6.25	5.25
Rate of price inflation.....	3.25	2.50

The assets in the Ryanair pension scheme (excluding additional voluntary contributions) and the expected rates of return were:

	Expected Rate of Return %	Value at March 31, 2002 EUR 000	Expected Rate of Return %	Value at March 31, 2003 EUR 000	Expec Rate Retu %
Equities.....	8.50	7,337	8.50	5,430	7.5
Properties.....	7.50	713	7.50	458	7.0
Bonds.....	5.50	1,834	5.50	1,878	4.5
Cash.....	3.25	306	3.25	400	2.5
Outstanding contributions at year end (paid subsequent to year end).....		91		112	
Total market value of scheme assets		10,281		8,278	
Actuarial value of scheme liabilities.....		(9,209)		(13,343)	
Recoverable surplus/(deficit) in scheme.....		1,072		(5,065)	
Related deferred tax (liability)/asset.....		(134)		633	
Net pension asset/(liability).....		938		(4,432)	

If these amounts had been recognized in the financial statements, the Group's net assets and revenue reserves would be as follows:

	At March 31, 2002 EUR 000	At March 31, 2003 EUR 000
<b>Net assets</b>		
Net assets excluding pension asset.....	1,002,274	1,241,728
Net pension asset/(liability).....	938	(4,432)
Net assets including pension asset/(liability).....	1,003,212	1,237,296
<b>Revenue reserve</b>		
Revenue reserves per balance sheet.....	439,320	678,628
Net FRS 17 pension asset/(liability).....	938	(4,432)
Net reserves including pension asset/(liability).....	440,258	674,196

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Included in finance costs	Year ended March 31, 2003 EUR 000
Expected return on pension scheme assets.....	(795)
Interest on pension scheme liabilities.....	509
Net finance costs.....	(286)
 Included in payroll costs	 Year ended March 31, 2003 EUR 000
Current service costs.....	960
 Total costs in accordance with FRS 17.....	 Year ended March 31, 2003 EUR 000 674

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Notes forming part of the Financial Information (Continued)

The following tables set out the components of the defined benefit costs which would have been included in the profit and loss account for the year ended March 31, 2004 and March 31, 2003 if FRS 17 had been applied:

The analysis of the amounts that would have been recognized in the Statement of Total Recognized Gains and Losses (STRGL) is as follows:

	March 31, 2003 EUR 000
Actual return less expected return on pension scheme assets...	(2,910)
Experience losses on scheme liabilities.....	(784)
Changes in financial and demographic assumptions underlying present value of scheme liabilities.....	(1,992)
Actuarial (losses)/gains recognized in the STRGL.....	(5,686)
Movement in surplus/(deficit) during the year is as follows:	
Surplus/ (deficit) in scheme at beginning of year.....	1,072
Movement in year	
Current service costs.....	(960)
Contributions.....	795
Other finance income/investment return.....	(286)
Actuarial losses.....	(5,686)

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Deficit in scheme at end of year.....	(5,065)
History of actuarial gains and losses	March 31, 2003 EUR 000
Difference between expected and actual return on assets.....	(2,910)
Expressed as a percentage of scheme assets.....	(35%)
Experience losses on scheme liabilities.....	(784)
Expressed as a percentage of scheme liabilities.....	(6%)
Total actuarial losses/ gains.....	(5,686)
Expressed as a percentage of scheme liabilities.....	(43%)

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Notes forming part of the Financial Information (Continued)

26 Earnings per share and adjusted earnings per share

Basic earnings per ordinary share (EPS) for Ryanair Holdings plc for the years ended March 31, 2002, March 31, 2003 and March 31, 2004 has been computed by dividing the profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the period.

	Year ended March 31, 2002	Year ended March 31, 2003
Basic weighted average number of shares outstanding.....	728,726,484	755,055,374
Dilutive effect of employee share options.....	11,234,417	11,223,195
Dilutive weighted average number of shares outstanding.....	739,960,901	766,278,569

27 Commitments and contingencies

Commitments

- a) On January 24, 2002 the company entered into a contract with The Boeing Company ("Boeing") (the "2002 Boeing contract") whereby the company agreed to purchase 100 new Boeing 737-800 "next generation" aircraft, and has additional purchase options to acquire a further 50 such aircraft. The group has since exercised 5 of these purchase options (2 in the current year) and taken delivery of 23 aircraft (18 in the current year). Additional deliveries are scheduled between 2004 and 2009. The "Basic Price" (equivalent to a standard list price for an aircraft of this type) for each of the Boeing 737-800 "next generation" aircraft (defined as a per aircraft airframe price, including engines, plus the per aircraft price for certain optional features agreed between the parties) is US\$50,885,100. This "Basic Price" will be increased by (a) an estimated US\$900,000 per aircraft for certain "buyer-furnished" equipment the company has asked Boeing to purchase and install on each of the aircraft, and (b) an "Escalation Factor" designed to increase the Basic Price of any individual

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aircraft by applying a formula which reflects increases in the published US Employment Cost and Producer Price indices between the time the Basic Price was set and the period of six months prior to the delivery of such aircraft.

Boeing has granted Ryanair certain price concessions with regard to the Boeing 737-800 "next generation" aircraft. These will take the form of credit memoranda to the group for the amount of such concessions, which the company may apply toward the purchase of goods and services from Boeing or toward certain payments, other than advance payments, in respect of the purchase of the aircraft under the 2002 Boeing Contract. Boeing and CFMI (the manufacturer of the engines to be fitted on the purchased aircraft) have also agreed to give the group certain allowances in addition to providing other goods and services to the group on concessionary terms. These credit memoranda and allowances will effectively reduce the price of each aircraft to the group. As a result, the effective price of each aircraft will be significantly below the Basic Price mentioned above. The total potential commitment to acquire all 155 aircraft, not taking such increases and decreases into account, will be up to US\$7.6 billion.

On January 31, 2003 the company entered into a contract with Boeing (the "2003 Boeing contract") for the delivery of an additional 22 new Boeing 737-800 "next generation" aircraft, bringing its total firm orders (including options exercised at that date) to 125 aircraft. In addition the company increased its purchase options to 125. The same commercial terms apply to the additional firm aircraft ordered and to the additional options granted. At March 31, 2004, 102 firm aircraft and 2 options exercised remain due for delivery.

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Notes forming part of the Financial Information (Continued)

b) Operating Leases

Due within one year.....	.....
Due between one and two years.....	.....
Due between two and five years.....	.....
Due after five years.....	.....

The above table sets out the committed future cost of leasing 10 Boeing 737-800 "next generation" and 6 Boeing 737-300's at March 31, 2004.

As part of the "Buzz" acquisition 6 Boeing 737-300's which were leased by KLM UK Ltd from International Lease Finance Corporation "ILFC" were novated to Buzz Stansted Limited, a subsidiary of Ryanair Limited. Subsequent to the year end Buzz Stansted Limited entered into an agreement with ILFC to return the 6 Boeing 737-300's between October 15, 2004 and October 31, 2004 with no early termination penalty.



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- c) Commitments resulting from the use of derivative financial instruments by the group are described in notes 14 to 17.

### Contingencies

- d) The group is engaged in litigation arising in the ordinary course of its business. Management does not believe that any such litigation will individually or in aggregate have a material adverse effect on the financial condition of the group. Should the group be unsuccessful in these litigation actions, management believes the possible liabilities then arising cannot be determined but are not expected to materially adversely affect the group's results of operations or financial position.
- e) The company has provided EUR 56.5m in letters of guarantee to secure obligations of subsidiary undertakings in respect of loans and bank advances.
- f) In order to avail of the exemption contained in Section 17 of the Companies (Amendment) Act, 1986, the holding company, Ryanair Holdings plc, has guaranteed the liabilities of its subsidiary undertakings registered in Ireland. As a result, the subsidiary undertakings have been exempted from the provisions of Section 7 of the Companies (Amendment) Act, 1986. Details of the group's principal subsidiaries have been included at note 30. The Irish subsidiaries of the group covered by the Section 17 exemption are listed at note 30 also. One additional Irish subsidiary covered by this exemption which is not listed as a principal subsidiary at note 30 is Airport Marketing Services Limited.
- g) Ryanair Holdings plc has given a guarantee to the Civil Aviation Authority regarding the payment and discharge of all liabilities of Buzz Stansted Limited, a subsidiary of the group. The guarantee amounts to Stg POUND 12m and is required by the Civil Aviation Authority (CAA) for Buzz Stansted Limited to obtain and maintain an operating license in the United Kingdom.
- h) The group has also entered into a series of interest rate swaps to hedge against fluctuations in interest rates for certain floating rate financing arrangements. Cash deposits have been set aside as collateral (subject to an agreed capped amount EUR 200.0m) to mitigate certain counterparty risk of fluctuations on long-term derivative and financing arrangements ("restricted cash"). At March 31, 2004 restricted cash amounted to EUR 200.0m (2003: EUR 120.9m). Additional numerical information on these swaps and on other derivatives held by the group is set out in notes 15 to 17 of the financial statements.

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### Notes forming part of the Financial Information (Continued)

- i) In February 2004 the European Commission ruled that Ryanair had received illegal state aid from the Walloon regional government in connection with its establishment of a low cost base at Brussels (Charleroi). Subsequently Ryanair was requested by the regional government to repay all deemed illegal state aid, but in accordance with the Commission ruling Ryanair may deduct various costs incurred in establishing its base at Brussels (Charleroi) from this amount. Ryanair has advised the regional government that it believes no money is repayable as the cost of establishing the base exceeded the amount determined to be illegal state aid.

Ryanair is also appealing the decision of the European Commission to the European Court of First Instance, requesting that the Court annul the

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decision on the basis that Ryanair's agreement at Brussels (Charleroi) was consistent with agreements at similar privately owned airports and therefore did not constitute illegal state aid.

- j) In July 2004, Ryanair commenced an action in the High Court of England and Wales (Chancery Division) against BAA plc and Stansted Airport Limited (together "BAA"), the companies that operate London's Heathrow, Gatwick and Stansted Airports, on several grounds, including abuse of dominant position and overcharging, in connection with a fuel levy that BAA has unilaterally imposed on Ryanair and other airlines at London (Stansted). BAA responded by filing a separate action against Ryanair alleging that Ryanair has repudiated its contract with BAA and is seeking payment of airport charges withheld by Ryanair as a result of the fuel levy dispute in an amount of approximately EUR 1.5 million (or roughly 3% of the total aeronautical charges that Ryanair paid BAA during fiscal 2004). BAA further claims that it is now no longer bound by its contract with Ryanair in relation to airport charges and that it can instead charge Ryanair the published airport tariffs at London (Stansted), as opposed to the lower amounts charged under the contract.

While the Company believes that its contract with BAA remains valid, Ryanair cannot predict the final outcome of these actions, and does not expect any final decision to be rendered in the near term.

### 28 Notes to cash flow statements

(a) Reconciliation of operating profit to net cash inflow from operating activities

	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Operating profit excluding goodwill amortization....	162,933	263,474
Foreign exchange gains.....	975	628
Depreciation of tangible fixed assets.....	59,010	76,865
(Increase) in inventories.....	(1,150)	(5,663)
(Increase)/decrease in accounts receivable.....	(1,636)	(4,639)
(Increase) in other assets.....	(1,445)	(4,143)
Increase in accounts payable.....	16,781	14,825
Increase in accrued expenses and other liabilities..	73,641	22,069
(Decrease)/Increase in accounts payable > one year	-	(12,413)
Increase in maintenance provision (Note 12)	-	-
Net cash inflow from operating activities.....	309,109	351,003

(b) Analysis of cash and liquid resources balances

	March 31, 2002 EUR 000	March 31, 2003 EUR 000
Cash at bank, available on demand net of overdraft.....	77,747	76,550
Liquid resources .....	816,023	982,352
Total cash and liquid resources.....	893,770	1,058,902

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Liquid resources comprise bank fixed deposits with maturities of greater than one day.

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Notes forming part of the Financial Information (Continued)

(c) Analysis of movements in liquid resources

	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Liquid resources at beginning of year.....	564,782	816,023
Increase in year.....	251,241	166,329
Liquid resources at end of year.....	816,023	982,352

(d) Analysis of movements in cash

	Year ended March 31, 2002	
	Cash at Bank EUR 000	Bank Overdraft EUR 000
At beginning of year.....	61,938	(5,078)
Net cash inflow.....	21,314	(427)
At end of year.....	83,252	(5,505)
	Year ended March 31, 2003	
	Cash at Bank EUR 000	Bank Overdraft EUR 000
At beginning of year.....	83,252	(5,505)
Net cash (outflow).....	(5,386)	4,189
At end of year.....	77,866	(1,316)
	Year ended March 31, 2004	
	Cash at Bank EUR 000	Bank Overdraft EUR 000
At beginning of year.....	77,866	(1,316)
Net cash (outflow).....	(52,088)	971
At end of year.....	25,778	(345)

(e) Reconciliation of net cash flow to movement in net funds

	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Increase/(decrease) in cash in year.....	20,887	(1,197)
Movement in liquid resources.....	251,241	166,329
Cash flow from (increase) in debt.....	(147,858)	(286,723)
Movement in net (debt)/funds resulting from cash flows.....	124,270	(121,591)

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Movement in finance leases.....	107	1
Movement in net (debt)/funds in the year.....	124,377	(121,590)
Net funds at beginning of year.....	218,892	343,267
Net funds at end of year.....	343,269	221,677

Net funds arise when cash and liquid resources exceed debt.

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Notes forming part of the Financial Information (Continued)

29 Post balance sheet events (unaudited)

There were no significant post balance sheet events.

30 Subsidiary undertakings and acquisitions during the period

The following are the principal subsidiary undertakings of Ryanair Holdings plc:

Name	Effective date of acquisition/incorporation	Registered Office	Nat B
Ryanair Limited.....	August 23, 1996 (acquisition)	Corporate Headquarters Dublin Airport Co Dublin	Airlin
Darley Investments Limited*...	August 23, 1996 (acquisition)	Corporate Headquarters Dublin Airport Co Dublin	Invest compan
Ryanair.com Limited*.....	August 23, 1996 (acquisition)	Corporate Headquarters Dublin Airport Co Dublin	Intern proces reserv servic
Buzz Stansted Limited*.....	April 10, 2003 (acquisition)	Satellite 3 London Stansted Airport Essex CM 24-1QW	Aircra and leasin

\* These subsidiaries are wholly owned by Ryanair Limited, which in turn is wholly owned by Ryanair Holdings plc.

All of the above subsidiaries are 100% owned by the Group. The shares owned by the Group comprise one class (ordinary shares) in respect of each subsidiary.

Information regarding all other subsidiaries will be filed with the

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Company's next Annual Return as provided for by S.16 (3)(a) of Companies (Amendment) Act, 1986.

In accordance with the basis of consolidation policy described in Note 1b, the subsidiary undertakings referred to above have been consolidated in the respective financial statements of Ryanair Holdings plc from the date of acquisition.

31 Summary of differences between Irish and United States generally accepted accounting principles

(a) Significant differences

The financial statements of Ryanair Holdings plc are prepared in accordance with generally accepted accounting principles ("GAAP") applicable in Ireland which differ significantly in certain respects from those generally accepted in the United States (US GAAP). These significant differences are described below:

(i) Deferred tax

Under Irish GAAP, Ryanair Holdings plc provides for deferred taxation using the full liability method on all material timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are recognized to the extent that they are regarded as recoverable. Under US GAAP, as set out in Statement of Financial Accounting Standards (SFAS) No. 109 "Accounting for Income Taxes," deferred taxation is provided on all temporary differences between the financial statement carrying value of assets and liabilities and the tax value of such assets and liabilities on a full provision basis. Deferred tax assets are recognized if their realization is considered to be more likely than not. The differences in these accounting treatments have not resulted in any material reconciling items for US GAAP purposes.

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Notes forming part of the Financial Information (Continued)

(ii) Accounting for derivatives

Under Irish and UK GAAP, unrealized gains and losses on derivative financial instruments utilized for hedging purposes are deferred and recognized in the profit and loss account when realised, as an offset to the related income or expense being hedged.

Ryanair accounts for derivatives under US GAAP according to SFAS No. 133, "Accounting for Derivatives Instruments and Hedging Activities," as amended by SFAS No. 137 and 138. SFAS No. 133 requires that all derivative instruments are recognized as assets or liabilities on the balance sheet and measured at fair value, regardless of the purpose or intent for holding them. Changes in the fair value of derivative instruments are recognized periodically either in earnings or stockholders' equity (as a component of other comprehensive income), depending on whether the derivative is designated as a hedge of changes in fair value or cash flows. For derivatives designated as fair value hedges, changes in the fair value of the hedged item and the derivative are recognized as offsetting amounts in the profit and loss account. For derivatives designated as cash flow hedges, fair value changes of the effective portion of the hedging instrument are recognized in accumulated other comprehensive income (US GAAP

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equivalent to the statement of total recognized gains and losses) on the balance sheet until the hedged item is recognized in the profit and loss account. The ineffective portion of the fair value changes are recognized in the profit and loss account immediately. SFAS No. 133 also requires that certain derivative instruments embedded in host contracts be accounted for separately as derivatives.

Ryanair qualifies for hedge accounting under SFAS No. 133 for all of its derivative financial instruments. Ryanair's US dollar currency forward contracts for aircraft purchases are accounted for as fair value hedges. All other derivative financial instruments are accounted for as cash flow hedges. There was no material ineffectiveness recorded for either cash flow or fair value hedges during the current or preceding years. The maximum length of time over which the group is hedging its exposure to the variability in future cash flows for forecasted transactions is 13 years. Of the EUR 43.3m loss (net of EUR 6.2m of tax) recorded at March 31, 2004 in other comprehensive income, EUR 17.0m is expected to be reclassified into earnings within the next 12 months.

### (iii) Darley Investments Limited

Under Irish GAAP, the acquisition of Darley Investments Limited ("Darley") at March 31, 1996 has been treated as an acquisition and the acquired assets and liabilities have been recorded in the consolidated financial statements of Ryanair Limited at their fair values.

Under Irish GAAP, the assets acquired were recorded at their fair values and a fair value adjustment on the headquarters building of EUR 844,915 arose. Under U.S. GAAP, the assets are presented at historical cost and consequently, additional depreciation on the fair value adjustment on the headquarters building is not recorded.

### (iv) Acquisition of certain aircraft

Under Irish GAAP, the aggregate consideration of U.S.\$25 million paid by Ryanair Limited to Northhill Limited in August 1994 in respect of the acquisition of four aircraft is included in fixed assets as aircraft cost.

Under U.S. GAAP, as Northhill Limited was controlled by T.A. Ryan, a connected person with the controlling shareholders of Ryanair Limited, the cost of the aircraft is recorded based on their cost to Northhill Limited of U.S.\$22 million and the difference between that cost and the amount paid by Ryanair Limited to Northhill Limited is treated as a reduction of shareholders' equity.

### (v) Pensions

Under Irish GAAP, plan assets are valued on the basis of discounted present value of expected future income. US GAAP requires that plan assets are valued by reference to their market value. Under Irish GAAP, pension costs for defined benefit plans are assessed in accordance with the advice of independent actuaries using assumptions and methods which produce the actuaries' best estimates of the cost of providing the relevant pension benefits. US GAAP requires the use of the projected unit credit method and the matching of the projected benefit obligation against the fair value of the plan's assets, as adjusted to reflect any unrecognized obligations or assets. Under Irish GAAP, the measurement of plan assets and obligations may be based on the most recent actuarial valuation. Under US GAAP, calculations must be made as of the date of the financial statements or a date not more than three months prior to that date. Under US GAAP, where the accumulated benefit obligation (being the actuarial present value of benefits attributed by the pension to employee service rendered, based on current and past compensation levels) exceeds the fair value of plan assets, a liability must be recognized in the statement of financial position. Under Irish GAAP, such deficiencies are usually recognized

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over the remaining average service lives of the employees by way of increased contribution rates except where a major event or transaction has occurred which has not been allowed for in the actuarial assumptions, giving rise to a material deficit necessitating significant additional contributions to the scheme. In such circumstances, a material deficit so arising may be recognized over a shorter period.

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Notes forming part of the Financial Information (Continued)

Under Irish GAAP, pension credits are not recognized in the financial statements unless a refund of, or reduction in, contributions is likely. Under US GAAP, a negative pension cost may arise where a significant unrecognized net asset or gain exists at the time of implementation. This is required to be amortized on a straight line basis over the average remaining service period of employees. Note 25 to the financial statements gives the Group pension disclosure under Irish GAAP.

For the purposes of disclosure requirements under US GAAP, the pension cost of the Group's retirement plan has been restated in the following tables, which are presented in accordance with the requirements of SFAS 132(R).

	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Projected benefit obligation at beginning of year.....	8,782	10,819
Service Cost.....	951	797
Interest Cost.....	443	655
Employee contributions.....	485	558
Actuarial loss.....	826	1,576
Benefits paid.....	(668)	(138)
Projected benefit obligation at end of year.....	10,819	14,267
	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Change in plan assets		
Fair value of scheme assets at beginning of year.....	10,273	9,927
Actual return on assets.....	(758)	(2,853)
Employer contributions paid.....	595	672
Employee contributions paid.....	485	558
Benefits paid.....	(668)	(138)
Fair value of scheme assets at end of year.....	9,927	8,166

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Notes forming part of the Financial Information (Continued)

The funded status of the Group's retirement plan under SFAS No. 132 is as

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follows:

	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Actuarial present value of vested benefit obligations.....	8,777	12,390
Accumulated benefit obligations.....	8,777	12,390
Projected benefit obligations.....	(10,819)	(14,267)
Plan assets at fair value.....	9,927	8,166
Plan assets in excess of benefit obligations.....	(892)	(6,101)
Unrecognized net gain.....	2,261	7,436
Unrecognized net obligation on implementation.....	238	208
Additional pension liability recognized	-	-
Prepaid pension asset/(liability).....	1,607	1,543

Plan assets consist primarily of investments in Irish and overseas equity and fixed interest securities.

The principal assumptions used in the plan for SFAS No. 132(R) purposes were as follows:

	Year ended March 31, 2002 %	Year ended March 31, 2003 %
Discount rate.....	6.25	5.25
Rate of increase in remuneration.....	4.25	3.50
Expected long term rate of return on assets.....	9.00	7.75

The net periodic pension cost in accordance with SFAS No. 132(R) for the fiscal years ended March 31, 2002, 2003 and 2004 comprised:

	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Service cost - present value of benefits earned during the year...	951	797
Interest cost on projected benefit obligations.....	443	655
Return/(loss) on assets.....	737	2,853
Deferrals and amortization.....	(1,655)	(3,608)
Net periodic pension cost.....	476	697



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The expected return on plan assets of 7.75% was based on the assumptions of the following returns from each asset class:

Equities.....	.....
Bonds.....	.....
Property/Other.....	.....
Cash.....	.....

Assumptions used to determine projected benefit obligation

	Year ended March 31, 2003 %	Year ended March 31, 2004 %
Discount rate.....	5.25	5.00
Rate of compensation increase.....	3.50	3.50

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Notes forming part of the Financial Information (Continued)

Benefit payments from the plan are expected to be less than 3% of the liabilities in each of the next ten years.

Ryanair expects to pay EUR 900,000 to the plan during the year ended March 31, 2005.

The plan assets are invested in a passively managed unit trust that is invested primarily in a range of eurozone and international equities, bonds, property and cash. The asset allocation is normally within the following ranges:

	Asset all %
Equities.....	50-
Bonds.....	10-
Property/Other.....	5-1
Cash.....	0-1

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(vi) Employment grants

Under Irish GAAP, employment grants paid by an Irish government agency are recognized in the profit and loss account on receipt and a contingent liability is disclosed for amounts which may become repayable in certain predefined circumstances.

Under US GAAP, these revenues are recognized in the profit and loss account over the period for which minimum employment levels apply under the terms of the agreement and the unamortized balance is treated as deferred income.

(vii) Share option compensation expense

Under US GAAP, any excess of the fair market value over the exercise price under a share option plan on the date of the grant is recognized as compensation expense over the period the services are provided. Under Irish and UK GAAP, in effect in May 1997, when we first granted share options, compensation was not recognized for stock issued at a price less than market price.

Under US GAAP, the Group applies Accounting Principles Board Opinion No. 25 (APB 25) in accounting for its stock option plans and, accordingly, except for the grant in May 1997, no compensation cost has been recognized for its stock option grants. Had Ryanair Holdings plc determined compensation cost based on the fair value of the options at the grant date for its stock options under Statement of Financial Accounting Standards No. 123 (SFAS 123), its U.S. GAAP net income would have been reduced by EUR 6,124,448, EUR 13,085,399 and EUR 2,222,730 for the years ended March 31, 2004, March 31, 2003 and March 31, 2002, respectively, and the corresponding earnings per share and diluted earnings per share would have been reduced by EUR nil, EUR 0.02 euro cent and EUR 0.01 euro cent per share, respectively, in the years ended March 31, 2004, 2003 and 2002, as presented below.

	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Net income in accordance with US GAAP (as reported).....	155,549	241,810
Deduct: total stock based employee compensation expense as determined under fair-value method.....	(2,223)	(13,085)
Pro-forma net income.....	153,326	228,725
Basic earnings per ordinary share (as reported).....	EUR 0.21	EUR 0.32
Pro-forma basic earnings per ordinary share.....	EUR 0.21	EUR 0.30
Diluted earnings per ordinary share (as reported).....	EUR 0.20	EUR 0.31
Pro-forma diluted earning per ordinary share.....	EUR 0.20	EUR 0.30

The weighted average fair value of the individual options granted during the years ended March 31, 2002, 2003, and 2004 is estimated based on the following assumptions.

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Options Granted

Date Granted.....	Jul 5, 2001	Jul 3, 2002	Jul
Date of earliest exercise.....	Jun 23, 2003	Jun 23, 2003	Jul
Fair Value.....	EUR 2.18	EUR 2.61	EUR
Assumptions:			
Risk-free interest rate.....	4.48%	4.11%	4
Volatility.....	40%	40%	
Dividend Yield.....	Nil	Nil	
Maximum life (years).....	7.0	7.0	

(viii) Capitalized interest

Under US GAAP interest costs associated with the cost of acquiring and making ready for their intended use certain 'qualifying' assets must be capitalized as part of the acquisition cost of the asset. Ryanair makes deposits in respect of its aircraft acquisition program and in accordance with US GAAP capitalizes interest costs which could have been avoided if the expenditure had not been made.

Under Irish GAAP there is no mandatory requirement to capitalize interest costs in such circumstances.

(ix) Business combinations

In accordance with acquisition accounting rules, Irish and US GAAP require the fair value of purchase consideration to be allocated to the net assets acquired based on their fair values at the acquisition date.

On April 10, 2003 Ryanair acquired assets comprising operating leases and certain landing and takeoff slots at Stansted Airport from KLM UK Limited for EUR 20.795m. The difference between the purchase consideration and the fair value of the net liabilities amounting to EUR 46.841m has been treated as goodwill under Irish GAAP as there is no regular market for landing and takeoff slots at Stansted airport. Goodwill is amortized to the profit and loss account over its estimated useful life which is 20 years.

The definition of intangible assets set out in SFAS No. 141 "Business Combinations" includes assets arising from contractual or legal rights regardless of whether these rights are transferable or separable. For US GAAP purposes Ryanair has determined that the fair value of the acquired landing rights and takeoff slots at Stansted Airport is EUR 46.841m. This intangible asset is not amortized as Ryanair has a right to use the landing and takeoff slots in perpetuity and the intangible asset has an indefinite life. Ryanair will test this intangible asset for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. There was no impairment to these rights in the current year.

(b) Net income under U.S. GAAP

	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Profit for the financial year as reported in the consolidated		

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profit and loss accounts and in accordance with Irish GAAP	150,375	239,398
Adjustments:		
Pensions.....	751	697
Derivative financial instruments (net of tax).....	-	(4,189)
Amortization of goodwill.....	-	-
Employment grants.....	464	469
Capitalized interest re aircraft acquisition program.....	5,027	5,262
Darley Investments Limited.....	88	88
Taxation-effect of above adjustments.....	(1,156)	85
Net income in accordance with U.S. GAAP.....	155,549	241,810

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Notes forming part of the Financial Information (Continued)

(c) Shareholders' equity

		Year ended March 31, 2003 EUR 000
Shareholders' equity as reported in the consolidated balance sheets (Irish GAAP).....		1,241,728
Adjustments:		
Pension.....		3,111
Amortization of goodwill.....		-
Employment grants.....		-
Capitalized interest re aircraft acquisition program.....		10,289
Darley Investments Limited.....		(239)
Minimum pension liability (net of tax) (i).....		(2,656)
Unrealized (losses) on derivative financial instruments (net of tax) (ii).....		(73,371)
Tax effect of above adjustments.....		(1,675)
Shareholders' equity as adjusted to accord with U.S. GAAP.....		1,177,187
Opening shareholders' equity under U.S. GAAP.....		1,019,607
Comprehensive Income		
Investments.....		-
Minimum pension liability (net of tax).....		(2,656)
Unrealized (losses) on derivative financial instruments.....		(81,630)
Net income in accordance with U.S. GAAP.....		241,810
Total comprehensive income.....		157,524
Stock issued for cash.....		56
Closing shareholders' equity under U.S. GAAP.....		1,177,187

(i) Minimum pension liability net of tax of EUR 375,800 (2003: EUR 379,428).

(ii) Unrealized losses on derivative financial instruments are net of tax of EUR 16,668,752 in March 2004 (2003: EUR 10,481,571).

(d) Total assets

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	Year ended March 31, 2003 EUR 000
Total assets as reported in the consolidated balance sheets (Irish GAAP).....	2,466,707
Adjustments:	
Pension.....	3,111
Unrealized gains on derivative financial instruments.....	2,893
Amortization of goodwill.....	-
Darley Investments Limited.....	(239)
Capitalized interest re aircraft acquisition program .....	10,289
Total assets as adjusted to accord with U.S. GAAP.....	2,482,761

(e) Cash flows

In accordance with Irish GAAP, the Group complies with Financial Reporting Standard No. 1-"Cash flow statements" (FRS 1). Its objective and principles are similar to those set out in SFAS No. 95 "Statement of Cash Flows." The principal difference between the standards is in respect of classification. Under FRS 1, the Group presents its cash flows for: (a) operating activities; (b) returns on investments and servicing of finance; (c) taxation; (d) capital expenditure; (e) acquisitions and disposals; and (f) financing activities. SFAS No. 95 requires only three categories of cash flow activity: (a) operating; (b) investing; and (c) financing. Additionally, restricted cash is excluded from cash and cash equivalents for US GAAP purposes, but not under Irish GAAP.

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Cash flows arising from taxation and returns on investments and servicing of finance under FRS 1 are included as operating activities under SFAS No. 95. In addition, under FRS 1, cash and liquid resources include short term borrowings repayable on demand. SFAS No. 95 requires movements in such borrowings to be included in financing activities.

Disclosure of accounting policy

For the purposes of cash flows under US GAAP, the Group considers all highly liquid deposits with a maturity of three months or less to be cash equivalents. Under Irish GAAP, cash represents cash held at bank available on demand, offset by bank overdrafts, and liquid resources comprise bank fixed deposits with maturities of greater than one day.

Under Irish and US GAAP, transactions that are undertaken to hedge another transaction are reported under the same classification as the underlying transaction that is the subject of the hedge.

A summarized consolidated cash flow under US GAAP is as follows:

Year ended March 31,	Year ended March 31,
-------------------------	-------------------------

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	2002 EUR 000	2003 EUR 000
Cash inflow from operating activities.....	314,398	348,200
Cash (outflow) from investing activities.....	(551,146)	(575,806)
Cash inflow from financing activities.....	330,181	282,590
Increase in cash and cash equivalents.....	93,433	54,984
Cash and cash equivalents at beginning of year.....	389,059	482,492
Cash and cash equivalents at end of year*.....	482,492	537,476

\* The group's cash outflow from investing activities includes an increase in restricted cash balances at March 31, 2002, March 31, 2003 and March 31, 2004 of EUR nil, EUR 120.9 million and EUR 79.1 million to hedge its exposure to adverse movements in currency and interest rates in relation to its current and planned debt financing.

The following table reconciles cash and cash equivalents as presented under U.S. GAAP with cash and liquid resources as presented under Irish GAAP:

	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Cash and cash equivalents under U.S. GAAP.....	482,492	537,476
Restricted cash.....	-	120,890
Deposits with a maturity between three and six months.....	416,783	401,852
Cash and liquid resources under Irish GAAP.....	899,275	1,060,218

Supplemental schedule of Non-Cash Investing and Financing Activities.

The Group did not enter into capital leases for new fixtures and fittings, plant and equipment and motor vehicles during the current or preceding two fiscal years. Principal payments under lease obligations entered into prior to March 31, 2004 totaled EUR nil (March 31, 2003: EUR 1,000; March 31, 2002: EUR 107,000) for the year.

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Notes forming part of the Financial Information (Continued)

(f) Profit and loss account as presented under US GAAP

	Year ended March 31, 2002 EUR 000	Year ended March 31, 2003 EUR 000
Operating revenues		
Scheduled revenues.....	550,991	731,951
Ancillary revenues.....	73,059	110,557

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Total operating revenues-continuing operations.....	624,050	842,508
Operating expenses		
Staff costs	(77,025)	(91,907)
Depreciation and amortization.....	(59,010)	(76,865)
Other operating expenses.....	(323,779)	(409,008)
Total operating expenses.....	(459,814)	(577,780)
Operating income-continuing operations.....	164,236	264,728
Other income/(expenses)		
Interest receivable and similar income.....	27,548	31,363
Interest payable and similar charges.....	(14,582)	(25,624)
Foreign exchange gains/(losses).....	975	(3,561)
Gain/(losses) on disposal of fixed assets.....	527	(29)
Total other income/(expenses).....	14,468	2,149
Income before taxation.....	178,704	266,877
Taxation.....	(23,155)	(25,067)
Net income.....	155,549	241,810
Basic earnings per ordinary share (euro cent).....	21	32
Diluted earnings per share (euro cent).....	21	31
No. of ordinary shares (in '000's)*.....	728,726	755,055
Diluted no of ordinary shares (in '000's).....	739,961	766,279

\*Five ordinary shares equal to one ADS

Total comprehensive income amounted to EUR 172.1 million, EUR 157.5 million and EUR 163.2 million in the year ending March 31, 2004, 2003 and 2002 respectively.

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Notes forming part of the Financial Information (Continued)

(g) New US accounting pronouncements

In December 2003, the FASB issued Interpretation No. 46, revised-Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51 ("FIN 46R"). FIN 46R addresses the consolidation of variable interest entities ("VIEs"), which includes entities that have one or more of the following characteristics: (1) The equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support; (2) The equity investors lack essential characteristics of a controlling financial interest (as defined by FIN46R); and (3) The equity investors have voting rights that are not proportionate to their economic interests, and the activities of the entity involve or are conducted on behalf of an investor with a disproportionately small voting interest. In addition, FIN 46R provides for certain scope exceptions to its application. Adoption of this interpretation is required in financial statements that have interests in VIEs or potential VIEs, commonly referred to as special-purpose entities, for periods ending after December 15, 2003. Application for all other types of entities is required in financial statements for periods ending after March 15, 2004. The adoption of FIN 46R has not had a material impact on the group's financial statements.

In December 2003, the FASB issued SFAS Statement No. 132 (revised) "Employers' Disclosures about Pensions and Other Postretirement Benefits" ("SFAS No. 132 (revised)"). SFAS No. 132 (revised) revises employers' disclosures about pension plans and other postretirement benefit plans. It does not change the measurement or recognition of those plans. SFAS No. 132 retains and revises the

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disclosure requirements contained in the original SFAS No. 132. It also requires additional disclosures about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other postretirement benefit plans. The Statement generally is effective for fiscal years ending after December 15, 2003. The additional disclosures required by SFAS No. 132 have been included within the US GAAP pensions disclosures provided within this section of the financial statements.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003, except for certain mandatory redeemable financial instruments or non-public utilities. The adoption of SFAS No. 150 did not impact on the group's financial statements.

In April 2003, the FASB issued SFAS Statement No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" ("SFAS No. 149"), which amends SFAS Statements No. 133, to address (1) decisions reached by the Derivatives Implementation Group, (2) developments in other FASB projects that address financial instruments, and (3) implementation issues related to the definition of a derivative. SFAS No. 149 has multiple effective date provisions depending on the nature of the amendments to SFAS No. 133. SFAS No. 149 did not have a material impact on the group's results for the year.

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### GLOSSARY

Certain of the terms included in the section on Selected Operating and Other Data and this Report have the meanings indicated below and refer only to Ryanair's scheduled passenger service.

Available Seat Miles (ASMs)	Represents the number of seats available for sale multiplied by the number of miles those seats were flown.
Average Booked Passenger Fare	Represents the average fare paid by a scheduled passenger who has booked a ticket.
Average Daily Flight Hour Utilization	Represents the average number of flight hours of scheduled service per day per aircraft for the total fleet of aircraft.



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Average Flown Passenger Fare	Represents the average fare paid by a scheduled passenger who has flown.
Average Fuel Cost Per U.S. Gallon	Represents the average cost per U.S. gallon of fuel for the fleet (including fueling charges) after giving effect to fuel hedging arrangements.
Average Length of Passenger Haul	Represents the average number of miles traveled per fare paying passenger.
Average Passenger Spend per Flight	Represents the average revenue generated per scheduled passenger flown including in-flight purchases and car rental.
Average Yield per ASM	Represents the average scheduled flown passenger revenue per each available seat mile ("ASM").
Average Yield per RPM	Represents the average scheduled passenger fare revenue per revenue passenger mile ("RPM"), or each mile flown by a passenger is flown.
Booked Passenger Load Factor	Represents the total number of seats sold as a percentage of seat capacity on all sectors flown.
Break-even Load Factor	Represents the number of RPMs at which scheduled passenger revenues would have been equal to operating expenses (excluding Non-Charter Ancillary Costs) divided by Average Yield per RPM. For the purposes of this calculation, the number of RPMs at which scheduled passenger revenues would equal to operating expenses (excluding Non-Charter Ancillary Costs) is calculated by dividing operating expenses (excluding Non-Charter Ancillary Costs) by Average Yield per RPM.
Cost Per ASM (CASM)	Represents operating expenses (excluding Non-Charter Ancillary Costs) divided by ASMs.
Flown Passenger Load Factor	Represents RPMs divided by ASMs.
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Net Margin	Represents profit after taxation as a percentage of revenue.
Non-Charter Ancillary Costs	Represents the direct cost of Ryanair's non-charter services excluding costs in relation to Ryanair's charter services.
Number of Airports Served	Represents the number of airports to/from which Ryanair offered scheduled service at the end of the period.
Number of Owned Aircraft Operated	Represents the number of aircraft owned and operated by Ryanair during the period.
Operating Margin	Represents operating profit as a percentage of total revenue.
Revenue Passenger Miles (RPMs)	Represents the number of miles flown by scheduled passengers.
Revenue Passengers Booked	Represents the number of scheduled fare paying passengers booked.
Revenue Passengers Flown	Represents the number of scheduled fare paying passengers flown.

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Sectors Flown

Represents the number of scheduled passenger fli

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

RYANAIR HOLDINGS PLC

/s/ Michael O'Leary

Name: Michael O'Leary

Title: Chief Executive Officer and Director

Date: September 29, 2004

Exhibit 8.1 Principal Subsidiaries of the Registrant

Name	Jurisdiction of Incorporation
Ryanair Limited	Ireland
Darley Investments Limited*	Ireland
Ryanair.com Limited	Ireland
Buzz Stansted Ltd.*	United Kingdom

\* These subsidiaries are wholly owned by Ryanair Limited, which in turn is wholly owned by Ryanair Holdings plc.

Exhibit 12.1 Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

I, Michael O'Leary, certify that:

1. I have reviewed this Annual Report on Form 20-F of Ryanair Holdings plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of

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operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: September 29, 2004

/s/ Michael O'Leary  
Michael O'Leary  
Chief Executive Officer

I, Howard Millar, certify that:

1. I have reviewed this Annual Report on Form 20-F of Ryanair Holdings plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other

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financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
  
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: September 29, 2004

/s/ Howard Millar  
Howard Millar  
Chief Financial Officer

Exhibit 13.1 Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of Ryanair Holdings plc (the "Company"), does hereby certify, to such officer's knowledge, that:

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The Annual Report on Form 20-F for the fiscal year ended March 31, 2004 (the "Form 20-F") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 29, 2004

/s/ Michael O'Leary  
Name: Michael O'Leary  
Title: Chief Executive Officer

Dated: September 29, 2004

/s/ Howard Millar  
Name: Howard Millar  
Title: Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Ryanair Holdings plc and will be retained by Ryanair Holdings plc. and furnished to the Securities and Exchange Commission or its staff upon request