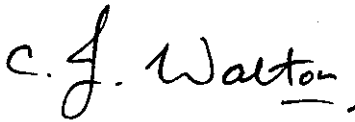


## Balance sheet

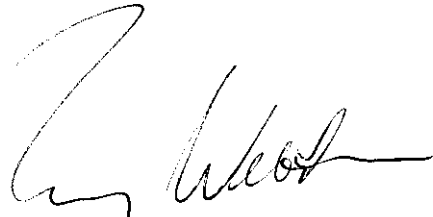
at 30 September 2000

	Notes	30 September 2000 £000
<b>Fixed assets</b>		
Investments	2	32,501
<b>Current assets</b>		
Debtors	3	27,466
Creditors: amounts falling due within one year	4	(10,619)
<b>Net current assets</b>		<u>16,847</u>
<b>Net assets</b>		<u>49,348</u>
<b>Capital and reserves</b>		
Called up share capital	5	46,647
Profit and loss account	6	2,701
<b>Shareholders' funds - equity</b>		<u>49,348</u>

The Company's balance sheet and the accompanying notes were approved by the board of directors on 12 October 2000 and signed on its behalf by:



C Walton  
Director



R Webster  
Director



## Notes

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the balance sheet of easyJet Limited (the 'Company').

#### *Basis of preparation*

The balance sheet has been prepared under the historical cost convention and in accordance with currently applicable accounting standards in the United Kingdom, for the purpose of re-registering the Company as a public limited company in accordance with the provisions of section 43 of the Companies Act 1985.

#### *Investments*

Fixed asset investments. To the extent that the carrying value exceeds the recoverable amount, an impairment loss is recognised in the profit and loss account.

#### *Employee share schemes*

The cost of performance related awards to employees that take the form of rights to acquire or receive shares is recognised over the period of the employees' related performance. The cost represents the difference between the option exercise price (if any) and the market value of the shares at the date of gift or grant. Where there are no performance criteria, the cost is recognised over the period from gift or grant to when the employee becomes entitled to the shares. These costs are included in administrative expenses.

#### *Deferred taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Foreign currencies*

Where foreign borrowings have been used to finance foreign equity investments or where those borrowings provide a hedge against the exchange risk associated with the existing foreign equity investments, the foreign equity investments are translated at the rate of exchange ruling at the balance sheet date. The resulting exchange difference on the foreign equity investments is taken to profit and loss account reserve and, to the extent thereof, the resulting exchange difference on the foreign borrowings is offset against these exchange differences.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, other than as referred to above, are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the consolidated profit and loss account.

As at 30 September 2000

**Notes (continued)****2 Fixed asset investments**

	<b>Shares in subsidiary undertakings £000</b>
Acquired during the period	<b>32,501</b>
At 30 September 2000	<b>32,501</b>

The principal companies in which the Group has interests at 30 September 2000 are as follows:

<b>Subsidiary undertakings</b>	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Class and percentage of shares held</b>
easyJet Airline Company Limited	England and Wales	Airline operator	100% of ordinary shares
easyJet Ramp Limited	England and Wales	Airline-related services	100% of ordinary shares
easyJet Services Limited	England and Wales	Airline-related services	100% of ordinary shares
easyJet Switzerland SA	Switzerland	Airline operator	49% of ordinary shares
easyJet Aircraft Company Limited	Cayman Islands	Aircraft trading and leasing	100% of ordinary shares
easyJet Hamburg Limited	Cayman Islands	Aircraft trading and leasing	100% of ordinary shares
Yankee Bravo Aviation Limited	Cayman Islands	Aircraft trading and leasing	100% of ordinary shares
Yankee Charlie Aviation Limited	Cayman Islands	Aircraft trading and leasing	100% of ordinary shares

The Company has a 49% interest in easyJet Switzerland SA with an option to acquire up to 100%. Included within Fixed asset investments above is a loan of approximately £840,000 to the holders of the 51% interest in easyJet Switzerland SA and the option agreement provides for the Company to acquire that 51% for approximately £840,000.

EasyJet Switzerland SA has been treated as a subsidiary undertaking of the Company on the basis that the Company exercises a dominant influence over the undertaking and the Company's operations, together with those of easyJet Switzerland SA and all the other subsidiary undertakings, are managed on a unified basis.

As at 30 September 2000

**Notes (continued)****3 Debtors: Amounts due within one year**

	2000 £000
Amounts owed by subsidiaries	2,441
Other debtors	25,025
	<hr/>
	27,466
	<hr/> <hr/>

Other debtors includes £23,644,000 of deposits paid to Boeing to secure the future delivery of aircraft. The aircraft deposits are all US dollar denominated and will be recovered from subsidiaries or third parties upon the delivery of the aircraft. Certain of the aircraft whose delivery has been secured with deposits will be delivered after more than one year from the balance sheet date and the total amount of deposits that will be recovered after that period as at 30 September 2000 is £4,989,000.

**4 Creditors: amounts falling due within one year**

	2000 £000
Amounts owed to subsidiaries	7,590
Other creditors	3,029
	<hr/>
	10,619
	<hr/> <hr/>

**5 Called up share capital**

	2000 £000
<i>Authorised</i>	
400 million Ordinary shares of 25 pence each	100,000
	<hr/> <hr/>
<i>Allotted, called up, fully paid and issued during the period</i>	£000
186.6 million Ordinary shares of 25 pence each	46,647
	<hr/> <hr/>

As at 30 September 2000

**Notes (continued)****6 Reconciliation of movements in equity shareholders' funds**

	2000 £000
Profit for the period	2,701
Issue of share capital during the period	46,647
	<hr/>
<b>At 30 September 2000</b>	<b>49,348</b>
	<hr/> <hr/>

**7 Share options and grants**

The company was incorporated on 24 March 2000 and, following a group reorganisation effected on 30 April 2000, it acquired from the former parent undertaking, easyJet Holdings Limited, its interests in the group subsidiaries and substantially all its assets and liabilities in consideration for the issue of shares. The Company has established various share and share option schemes of which beneficiaries of equivalent schemes, previously established by easyJet Holdings Limited and its subsidiary undertakings, would become beneficiaries. The structure of all these schemes requires the relevant employing subsidiary undertaking to contribute sufficient funds to an ESOT to enable it to subscribe for the shares from the Company at their market value on the date of subscription.

(a) The Company issued 28,481,073 share options to employees of the subsidiary undertakings in September 2000. These share options were committed to be issued by the Company at various dates during the period with varying exercise prices dependant upon the dates of employment of the relevant employees, as follows:

Date easyJet Limited became committed to issue share options	Exercise price £	Number of options
May 2000	1.82	25,518,487
June 2000	2.05	2,049,986
September 2000	2.28	912,600
		<hr/>
		28,481,073
		<hr/> <hr/>

The options committed to be issued in May 2000 replaced equivalent share options previously issued by easyJet Holdings Limited in February 2000

Except for the 3,286,305 share options issued to A Eilon, a non-executive director of the Company, which vest wholly upon the flotation of the Company, 25% of the share options vest at each of the dates below:

- date of flotation of the Company;
- first anniversary of flotation;
- second anniversary of flotation; and
- third anniversary of flotation.

As at 30 September 2000

**Notes (continued)****7 Share options and grants (continued)**

An employee may not dispose of any shares that have resulted from the exercise of options within two years of the date of flotation, except to the extent of settling their liabilities to personal tax, National Insurance contributions and the exercise price per option exercised. Substantially all the employees have accepted liability for the employer's secondary National Insurance contributions due on the exercise of the options.

Once vested, the options remain in place should the employee leave the subsidiary companies and may be exercised within a period ending ten years from the date of grant.

In the absence of a float, the share options shall vest after a period of seven years from the date of grant.

An analysis of the movements in the number of share options outstanding is as follows:

	Number
Number of share options granted during the period	28,481,073
Exercised during the period	-
Cancelled during the period	-
	<hr/>
As at 30 September 2000	28,481,073
	<hr/> <hr/>

(b) In May 2000 the Company also undertook to grant to employees for no consideration 478,712 shares on a public offering of the Company's equity to replace an equivalent scheme previously established by easyJet Holdings Limited in February 2000. A further 325,912 and 33,983 shares were allocated under this share bonus scheme in June and August 2000, respectively. As at 30 September 2000, the number of share grants which remained allocated under this bonus scheme were 838,607. No shares are issuable under this particular scheme if a public offering does not proceed. The shares allocated under this scheme in May 2000 vest upon flotation and those allocated in June and August 2000 vest upon the first anniversary of the flotation.

(c) In May 2000, the Company also allocated a value of bonus shares to certain employees to replace an equivalent scheme previously established by easyJet Holdings Limited in April 1999. The award is to occur at the date of a public offering or private placement of more than 15% of the Company's equity, should this occur by 1 March 2002. If the public offering or private placement of more than 15% of the Company's equity has not occurred by 1 March 2002, then those employees will retain 50% of the allocated bonus shares' value and be entitled to that cash on 1 April 2002. Once, and if, awarded, the employees have an obligation to retain the bonus shares for at least 2 years after the date of award. As at 30 September 2000 shares to the value of £1,460,625 were allocated to employees.

As at 30 September 2000

**Notes (continued)****7 Share options and grants (continued)**

Details of share options under the scheme described in (a) granted to the directors of the Company during the year ended 30 September 2000 are as follows:

			Granted during the period and outstanding at 30 September 2000
	Date of grant	Exercise price	Number
<b>Non-executive</b>			
S Haji-Ioannou	-	-	-
A Eilon	26 September 2000	1.82	3,286,305
N Hartley	26 September 2000	1.82	105,336
T Illsley	26 September 2000	2.28	12,992
C Day	26 September 2000	2.28	12,992
<b>Executive</b>			
R Webster	26 September 2000	1.82	4,381,741
C Walton	26 September 2000	1.82	531,947
M Cooper	26 September 2000	1.82	531,947
V Hahn-Petersen	26 September 2000	1.82	1,063,894
K McMann	26 September 2000	2.05	306,402

In addition, N Hartley and V Hahn-Petersen were allocated shares to the value of £20,000 and £70,000, respectively, under the bonus share scheme (c) above and these were outstanding as at 30 September 2000.

**8 Guarantees and contingent liabilities**

The Company has given a formal undertaking to the Civil Aviation Authority ('CAA') to guarantee the payment and discharge of all liabilities of easyJet Airline Company Limited, a subsidiary of the Company. The guarantee is required by the CAA for that company to maintain its Operating licence under Regulation 3 of the Licensing of Air Carriers Regulations 1992.

The Company has guaranteed the repayment of borrowings that financed the acquisition of aircraft of certain subsidiary undertakings. The Company has also guaranteed the lease payment obligations for aircraft by certain subsidiaries.

As at 30 September 2000

**Notes (continued)****9 Related party transactions**

The Chairman of the Company, Stelios Haji-Ioannou, together with certain of his family members, who are together indirectly the majority shareholders of easyJet Holdings Limited, the parent undertaking of the Company, advanced loans via easyJet Holdings Limited to the Company to enable it to place aircraft deposits for the purchase of aircraft from Boeing ('Shareholder loans'). The Shareholder loans were on an arms length basis and bore interest at rates of LIBOR + 0.8% and LIBID and were repaid by the Company during the period ended 30 September 2000. The following information is relevant in relation to the loans:

	2000 £000
Balance outstanding at year end	-
Interest payable for the period on the loans	<u>460</u>

It is proposed that the Group will assign any ownership of intellectual property in the trade marks and branding to easyGroup (UK) Limited, in exchange for a perpetual licence to use such intellectual property for a nominal rent. EasyGroup (UK) Limited is a company of which, via the company trusts in which his family has the majority interest, Stelios Haji-Ioannou is the majority shareholder.

In August 1999, the Group advanced a £25,000 loan N Manoudakis, a former executive director, bearing interest at LIBOR + 2%. During the year ended 30 September 2000, the loan, together with accrued interest of £1,888, was repaid.

In addition to their services as non-executive directors, N Hartley and A Eilon, via their individual companies, charge other consulting services to the Company. The total amount paid by the Company for consulting services to those non-executive directors' companies totalled £25,408 for the period.

EasyJet Holdings Limited, the parent undertaking of the Company, of which Stelios Haji-Ioannou is the ultimate controlling party as set out in note 10 below, has guaranteed to financially support the Company if its proposed flotation does not proceed.

**10 Ultimate controlling party**

The ultimate parent undertaking of the Company is easyJet Holdings Limited, incorporated in the Channel Islands.

By virtue of the shareholding of the company trusts in which his family has the majority interest, Stelios Haji-Ioannou is the ultimate controlling party of easyJet Holdings Limited.

**11 Post balance sheet events**

As at the date of approval of the financial statements, the Company is at an advanced stage of negotiations with its bankers and professional advisors in seeking a full listing on the London Stock Exchange.