## RISK FACTORS

### *Risks Related to the Company*

*Changes in Fuel Costs and Fuel Availability Affect the Company's Results and Increase the Likelihood that the Company May Incur Losses*. Jet fuel costs are subject to wide fluctuations as a result of many economic and political factors and events occurring throughout the world that Ryanair can neither control nor accurately predict, including increases in demand, sudden disruptions in and other concerns about global supply, as well as market speculation. Fuel prices increased substantially in fiscal years 2008 and 2007 and are currently at or near historical highs, which will have a significant impact on Ryanair's costs, and in turn, on its operating results. 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, additional increases in fuel prices or a curtailment of scheduled services could result.

While Ryanair historically 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, Ryanair (like many other airlines) has, in recent periods, entered into such hedging arrangements on a much more selective basis. Nonetheless, in light of the oil price spike of 2008, Ryanair has significantly increased its hedging for the period from September to December 2008. At July 25, 2008, Ryanair had entered into forward jet fuel (jet kerosene) contracts covering approximately 90% of its estimated requirements for September 2008, at prices equivalent to approximately $129 per barrel of Brent crude oil, and 80% of its estimated requirements for the period from October 2008 through December 2008 at prices equivalent to approximately $124 per barrel. Ryanair has not otherwise entered into material agreements to seek to fix the price of a material quantity of fuel, including for periods beyond December 2008, and the Company may be significantly exposed to risks arising from fluctuations in the price of fuel, especially in light of the recent significant increases. Depending on oil price movements over the coming weeks, the Company expects to hedge its fuel requirements for the fourth quarter of its 2009 fiscal year. The Company's outlook for the current fiscal year, to March 2009, remains entirely dependent on fuel prices. If average fuel prices in the 2009 fiscal year remain at or near current levels, the Company will incur losses, which may be significant, unless it is able to offset the negative impact of fuel prices by increasing fares above their current levels. Given the generally deteriorating economic environment in Ireland, the United Kingdom, and elsewhere in Europe, as well as the Company's significant expansion plans, which will tend to have a negative impact on yields, the Company does not expect to be able to implement such fare increases in the near term and, in fact, the Company currently intends to respond to high fuel costs and the threat of recession by reducing fares. The combination of declining fares and increased fuel costs is likely to have a material adverse effect on the Company's financial condition and results of operations. Even if the average oil price (for Brent crude oil) is $130 per barrel in the 2009 fiscal year, the Company's management currently estimates that, if the euro-U.S. dollar exchange rate remains at or near the July 30, 2008 level of €1.00=$1.5589, the Company will, at best, break even, and is likely to incur significant losses. See "—The Company May Not Be Successful in Raising Fares to Offset Increased Business Costs" below.

No assurances whatsoever can be given about trends in fuel prices and average fuel prices for the year, or for future years, may be significantly higher than current prices. Every $1 movement in the price of a barrel of Brent crude oil will impact Ryanair's net income by approximately €4 million, taking into account Ryanair's hedging program for the fiscal year ended March 31, 2009. There can be no assurance, however in this regard, and the impact of fuel prices may be even more pronounced. There cannot be any assurance that Ryanair's current or any future arrangements will be adequate to protect Ryanair from further increases in the price of fuel, that Ryanair will not incur losses due to high fuel prices, alone or in combination with other factors, or that fuel prices will ever decline from their current high levels. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Fuel Price Exposure and Hedging." Because of Ryanair's low fares and its no-fuel-surcharges policy, as well as the Company's significant expansion plans, which will tend to have a negative impact on yields, its ability to pass on increased fuel costs to passengers through increased fares or otherwise is limited. Moreover, the anticipated expansion of Ryanair's fleet will result in an increase, in absolute terms, in Ryanair's aggregate fuel costs.

Based upon Ryanair's fuel consumption for the 2008 fiscal year, a change of one U.S. cent in the average annual price per gallon of aviation fuel would have caused a change of approximately €3.6 million in the Company's annual fuel costs (or a change of approximately €10 million for each $1.00 change in the price of one barrel of Brent crude oil). Ryanair's fuel costs in the 2008 fiscal year, after giving effect to the Company's fuel hedging activities, increased by 14.1% over the comparable period ended March 31, 2007, to €791.3 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 the positive impact on fuel costs of the strengthening of the euro against the dollar and a decrease in the average hedged price of fuel. Ryanair estimates that its fuel cost would have been approximately €915.8 million in the 2008 fiscal year, compared to €688.7 million in the 2007 fiscal year had Ryanair not had any hedging arrangements in place in the 2008 fiscal year.

*The Company May Not Be Successful in Raising Fares to Offset Increased Business Costs.* Ryanair operates a low-fares airline. The success of its business model depends on its ability to control costs so as to deliver low fares while at the same time earning a profit. However, the company currently faces an environment of weakening economic demand and high jet fuel costs. In this environment, Ryanair will be able to generate profits only if it is able to increase its fares. However, the Company's significant expansion plans may have a negative impact on yields, and, moreover, (i) it faces price competition from other airlines; and (ii) its passengers expect to pay low fares for its no-frills service. See "—The Company Faces Significant Price and Other Pressures in a Highly Competitive Environment" below. As a result, Ryanair does not currently intend to increase fares, but will instead meet the threat of falling consumer demand by reducing fares to gain market share. This strategy is extremely likely to lead to losses, which may be significant, in the short term. Since late 2007, economic conditions have deteriorated in Ireland, in the United Kingdom and elsewhere in Europe. See "—The Company is Dependent on the Ireland-U.K. Market" below. Even taking into account the Company's plans to reduce fares, the Company is likely to face pressure on its fares and yields as a result of the changed economic circumstances of its passengers. If the Company is not able to increase its fares and yields to temper the significant inflation in its input costs, particularly fuel costs, the Company's results of operations are likely to be materially adversely affected and it is likely that the Company will incur losses even greater than those that it might otherwise incur. Every 1% movement in average fares tends to impact Ryanair's net income by approximately €26 million.

*Terrorism in the United Kingdom or Elsewhere in Europe Could Have a Material Detrimental Effect on the Company.* On August 10, 2006, U.K. security authorities arrested and subsequently charged eight individuals in connection with an alleged plot to attack aircraft operating on transatlantic routes. As a result of these arrests, U.K. authorities introduced increased security measures, which resulted in all passengers being body-searched, and a ban on the transportation in carry-on baggage of certain liquids and gels. The introduction of these measures led to passengers suffering severe delays while passing through these airport security checks. As a result, Ryanair cancelled 279 flights in the days following the incident and refunded a total of €2.7 million in fares to approximately 40,000 passengers. In the days following the arrests, Ryanair also suffered reductions in bookings estimated to have resulted in the loss of approximately €1.9 million of additional revenue. As in the past, the Company reacted to these adverse events by initiating system-wide fare sales to stimulate demand for air travel.

On September 1, 2006, Ryanair filed a claim for €4.6 million in compensation against the U.K. Department of Transport under section 93 of the U.K. Transport Act 2000. Section 93 of the act provides for compensation for airlines in cases in which the department has issued directions under the act that have led to financial damages to the airlines. The case, which is to be heard in the London High Court, is currently adjourned pending the outcome of consultation by the Department of Transport on membership of the UK National Aviation Security Council.

In addition, reservations on Ryanair's flights to London dropped materially for a number of days in the immediate aftermath of the terrorist attacks in London on July 7, 2005. Although the terrorist attack in Glasgow on June 30, 2007 (in which a car filled with explosives was driven into the Glasgow airport) and the failed terrorist attacks in London on July 21, 2005 and June 29, 2007 had no material impact on bookings, there can be no assurance that future such attacks will not affect our passenger traffic. In the 2008 fiscal year, flights into and out of London accounted for €18.6 million, or approximately 37%, of passengers traveling on the Company's network. In the 2007 and 2006 fiscal years, flights into and out of London accounted for 18.9 million passengers and 17.5 million passengers, respectively, or approximately 44% and 50%, respectively, of passengers traveling on the Company's network.

Future acts of terrorism or significant terrorist threats, particularly in London or other markets that are significant to Ryanair, could have a material adverse effect on the Company's profitability or financial condition should the public's willingness to travel to and from those markets be reduced as a result. See also "Risks Related to the Airline Industry—The 2001 Terrorist Attacks on the United States Had a Severe Negative Impact on the International Airline Industry."

*The Company is Subject to Legal Proceedings Alleging State Aid at Certain 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. The agreement 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 arrangements between Ryanair, the airport and the region constituted 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 (“CFI”), requesting that the decision be annulled. The CFI heard Ryanair’s appeal in March 2008 and Ryanair is awaiting the decision of the court. In addition, in April 2004, the Walloon Region wrote to Ryanair requesting repayment of all amounts that had been deemed illegal, 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 European Commission’s decision. In September 2004, the Walloon Region issued a formal demand that Ryanair repay a total of approximately €4 million, excluding any interest that may be due. Ryanair believes that no repayment is due when such offsets are taken into account, although it has placed this amount in escrow pending the outcome of its appeal.

In May 2005, the Walloon Region initiated a new proceeding currently pending before the Irish High Court to recover a further €2.3 million in start-up costs that had been reimbursed to Ryanair in connection with its establishment of the base. Ryanair does not believe any such payment is due and is currently defending the action. For additional details on this matter, please see “Item 8. Financial Information—Other Financial Information—Legal Proceedings.”

On September 6, 2005, the European Commission announced new guidelines on the financing of airports and provision of start-up aid to airlines by certain publicly-owned airports based on the European Commission’s finding in the Charleroi case. See “Item 8. Financial Information—Consolidated Financial Information—Legal Proceedings.”

In an unrelated, though similar, matter, in July 2003, a Strasbourg court ruled (on the basis of a complaint by the 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 state aid. The judgment took effect on September 24, 2003 and was upheld on appeal. As a result of the initial decision of the Strasbourg court to annul Ryanair’s contract with Strasbourg Airport, Ryanair decided to close the Strasbourg route and instead opened a route from Baden-Karlsruhe in Germany to London (Stansted) (Baden airport is located some 40 kilometers from Strasbourg).

Ryanair is facing similar legal challenges by third parties (mainly competing airlines) with respect to agreements with certain other airports. In 2007 and 2008, the European Commission announced that it had started investigations of airport agreements at the Hamburg (Lubeck), Tampere, Berlin (Schonefeld), Alghero, Pau, Bratislava and Dortmund airports; however, Ryanair has only limited operations to and from the first six of these airports and does not operate flights to or from Dortmund. On June 17, 2008, the European Commission launched a further investigation into Ryanair’s agreements at Frankfurt (Hahn) airport, which is a significant base for Ryanair. The European Commission announced in a public statement that its initial investigation had found that the airport might have acted like a private market investor but that it had insufficient evidence to reach a conclusion and therefore had elected to open a formal investigation. The formal investigation is ongoing and is expected to last between a year and 18 months. However, complaints by Lufthansa about Ryanair’s cost base have been rejected by German courts.

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 Ryanair’s growth strategy due to the smaller number of privately-owned airports available for development. No assurance can be given as to the outcome of these proceedings, nor as to whether any unfavorable outcomes may, individually or in the aggregate, have a material adverse effect on the results of operation or financial condition of the Company.

*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. Unlike Ryanair, certain of Ryanair’s competitors are state-owned or state-controlled flag carriers and in some cases 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, the EU-US Open Skies Agreement, which was signed in April 2007 and entered into effect in March 2008, allows U.S. carriers to offer services in the intra-EU market, which will result in increased competition. See “Item 4. Information on the Company—Government Regulation—Liberalization of the EU Air Transportation Market.”

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 model. Increasing price competition and the resulting lower fares, combined with the continuing increases in the Company's capacity in recent years (including an increase of approximately 21% during the 2008 fiscal year) have combined to put downward pressure on the Company's yields. Ryanair's yield per available seat mile ("ASM") increased by 1.7% in the 2007 fiscal year and decreased by 7.8% in the 2008 fiscal year.

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 profitability may not be achieved.

In addition to traditional competition among airline companies and charter operators who have entered the "low fares" market, the industry also faces some limited competition from ground (including high speed rail systems such as the "TGV" in France) and sea transportation alternatives, as businesses and recreational travelers seek lower-cost or more comfortable or convenient substitutes for air travel.

*The Company Will Incur Significant Costs Acquiring New Aircraft.* Ryanair's continued growth is dependent upon its ability to acquire additional aircraft to meet additional capacity needs and to replace aging aircraft.

Ryanair expects to have at least 195 aircraft (assuming that the planned disposal of 17 such aircraft is completed on schedule) in its fleet by March 31, 2009. With the Company's current orders for aircraft it is obligated to buy (i.e., "firm" orders) under its contracts with The Boeing Company ("Boeing"), the Company expects to increase the size of its fleet to consist of 265 Boeing 737-800 "next generation" aircraft by December 2012 (assuming that the planned disposal or return of operating lease aircraft at the end of the contracting lease period is completed on schedule), and may elect to enlarge its fleet further by exercising any of the 107 options to purchase new aircraft it currently has for periods through fiscal 2014 under its agreements with Boeing. For additional information on the Company's aircraft fleet and expansion plans, 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 its existing firm-order aircraft through a combination of new bank loan facilities supported by a guarantee from the Export-Import Bank of the United States ("ExIm Bank") 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. However, due to the significant general deterioration in the availability of bank credit facilities over the last year, 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 Boeing 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 such 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 ExIm Bank to provide a loan guarantee covering 37 of the 135 firm-order aircraft. The Company has financing mandates in place covering the next 71 firm-order aircraft deliveries through a combination of committed bank loan facilities, operating leases and Japanese Operating Leases with Call Options ("JOLCOs"). For additional details on Ryanair's financings, see "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources."

*The Company's Rapid Growth May Expose it to Risks.* Ryanair's operations have grown rapidly since it pioneered the low-fares operating model in Europe in the early 1990s. See "Item 5. Operating and Financial Review and Prospects—History." During the 2008 fiscal year, Ryanair announced 201 new routes and added destinations in two new countries, Switzerland and Romania, which are serviced by routes originating in the

U.K., Ireland, Spain, Sweden and Italy. Ryanair intends to continue to expand its fleet and add new destinations and additional flights, which are expected to increase Ryanair's booked passenger volumes in the 2009 fiscal year to approximately 58 million passengers, an increase of approximately 14% over the 2008 fiscal year level of approximately 51 million passengers, although no assurance can be given that these targets will in fact be met. 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 its current aircraft acquisition-related debt obligations. These derivative transactions expose Ryanair to certain risks and could have adverse effects 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 Ryanair's 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 that compete with Ryanair's and the Company expects Ryanair to face further intense competition. See "Item 4. Information on the Company—Industry Overview—European Market."

When Ryanair commences new routes, its load factors initially 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. In addition, there can be no assurance that Ryanair's low-fares service will be accepted on new routes. 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 periods 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 as regards the cash required to fund aircraft purchases or aircraft deposits related to the acquisition of additional Boeing 737-800s. There can be no assurance that the Company will have sufficient cash to make such expenditures and investments, and to the extent Ryanair is unable to expand its route system successfully, its future revenue and earnings growth will in turn be limited.

*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 grandfathered "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 currently have no slot allocations, traffic at a minority of the airports Ryanair serves, including its primary bases are currently regulated through slot allocations. Applicable EU regulations would appear to prohibit the buying or selling of slots for cash, although media reports indicate that the buying and selling of slots may be happening at certain airports in Europe, including London Heathrow. Regardless of any such sales, there can be 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 non-slot 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 the 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. 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. For example, in March 2007 the discount arrangement formerly in place at

London (Stansted) airport terminated, subjecting Ryanair to an average increase in charges of approximately 100%. This increase in charges had, as expected, a negative impact on yields and passenger volumes. In addition, in September 2006, the Dublin Airport Authority ("DAA") announced that it was planning to build a new terminal (Terminal 2) at Dublin Airport at a cost of approximately €800 million. This capital expenditure will mean that charges at Dublin Airport will increase significantly, possibly doubling from their current level, leading to increased fares and consequently having an adverse impact on yields and passenger volumes at Dublin Airport. Ryanair has responded to these charge increases by reducing capacity in winter periods in which the charge increases make operating at previous capacity more difficult.

The company has recently announced capacity reductions, primarily at Dublin and London (Stansted) airports, the two most expensive airports in terms of airport charges that Ryanair serves. As a result of these airports' high charges, certain routes are not economically viable to operate during the winter when the company typically experiences lower load factors and fares. Accordingly, the company has announced its intention to ground 15 aircraft at London (Stansted) from November 1, 2008 through March 31, 2009 (last year Ryanair grounded 7 aircraft during the winter) and a further four aircraft at Dublin airport during the same period.

In addition the company has also announced that from November 1, 2008 to December 19th, 2008, it will close its base at Valencia. Furthermore, Ryanair has announced that it will temporarily suspend services to Budapest, Basel, Palma, Salzburg, Krakow and Rzeszow this winter. As a result of these capacity reductions, Ryanair expects that total passengers booked this year will rise by approximately 14%, bringing the total number of passengers booked to approximately 58 million, lower than the 16% growth, or 59 million booked passengers, previously forecast.

See "Item 4. Information on the Company—Airport Operations—Airport Charges." See also "—The Company Is Subject to Legal Proceedings Alleging State Aid at Certain Airports."

*The Company's Acquisition of 29.8% of Aer Lingus and Subsequent Failure to Conclude a Complete Acquisition of Aer Lingus Could Expose the Company to Risk.* During the year ended March 31, 2007, the Company acquired 25.2% of Aer Lingus. The Company increased its holding to 29.3% during the year ended March 31, 2008, and, subsequent to the year-end, it increased its stake to 29.8%, at a total aggregate cost of €403.0 million. Following the acquisition of its initial stake, and upon the approval of the Company's shareholders, management proposed to effect a tender offer to acquire the entire share capital of Aer Lingus. This acquisition proposal was, however, blocked by the European Commission on alleged competition grounds. The EU Commissioner for Competition, Neelie Kroes, said on June 27, 2007 that, "Since Ryanair is not in a position to exert de jure or de facto control over Aer Lingus, the European Commission is not in a position to require Ryanair to divest its minority shareholding, which is, by the way, not a controlling stake". In October 2007, the European Commission also reached a formal decision that it would not force Ryanair to sell its shares in Aer Lingus. However, Aer Lingus has appealed this decision before the CFI and the CFI may overturn the decision. Moreover, the policy of the European Commission may change in the future so as to require such a forced disposition. In January 2008, the CFI heard an application by Aer Lingus for interim measures limiting Ryanair's voting rights, pending a decision of the CFI on Aer Lingus' appeal of the European Commission's decision not to force Ryanair to sell the Aer Lingus shares. In March 2008, the court dismissed Aer Lingus' application for interim measures. If eventually forced to dispose of its stake in Aer Lingus, Ryanair could suffer significant losses due to the negative impact on attainable prices of the forced sale of such a significant portion of Aer Lingus' shares. Ryanair's own appeal to the European Commission decision blocking the tender offer remains pending. During the 2008 fiscal year, Ryanair recognized an impairment charge of €91.6 million on its Aer Lingus shareholding, reflecting the fall in Aer Lingus' share price from the dates of purchase to March 31, 2008. Subsequently, in the first quarter of the 2009 fiscal year, the Company recognized a further impairment charge of $93.6 million. Generally deteriorating conditions in the airline industry affect the Company not only directly, but also indirectly, because the value of its stake in Aer Lingus can rise and fall as the share price fluctuates.

*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 for Ryanair 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. However, given deterioration in the economic prospects of the Company, the Company has sought to freeze certain employees' pay and eliminate redundant positions. These steps may lead to deteriorations in labor relations in the Company and could impact the Company's business or results of operations.

The Company completed the retirement of its entire fleet of Boeing 737-200A aircraft based in Dublin in December 2005 and replaced them with Boeing 737-800 aircraft. As a result of the retirement of the Boeing 737-200A aircraft, Ryanair required its pilots who lacked the necessary training to undergo a conversion training process to enable them to fly the new Boeing 737-800 aircraft. Starting in the fall of 2004, Ryanair made a number of written offers to its Dublin-based pilots to enable them to participate in a re-training process in order to obtain the correct type-rating for flying the Boeing 737-800 aircraft. All of these pilots have now been trained on the Boeing 737-800 aircraft, either by paying in advance the €15,000 cost of the conversion training, or by executing a five-year bond, under which the training is provided free of charge unless the pilots do not maintain their employment with Ryanair for a period of at least five years, in which case they are obligated to reimburse Ryanair for the training costs.

In the Irish High Court, 64 pilots (only 13 of whom remain in the Company's employment) have initiated proceedings claiming that the terms of the bond referred to above infringed their freedom of association rights and their right to allow trade unions to negotiate on their behalf.

Ryanair currently negotiates with groups of employees, including its pilots, through "Employee Representation Committees," regarding pay, work practices and conditions of employment, including conducting formal binding negotiations with these internally elected collective bargaining units. Ryanair considers its relationships with its employees to be good, although it has once in the past experienced work stoppages by a group of baggage handlers. In addition, in the United Kingdom, the British Airline Pilots Association ("BALPA") in 2001 unsuccessfully sought to represent Ryanair's U.K.-based pilots in their negotiations with the Company. BALPA may request that a new ballot on representation be undertaken among Ryanair's U.K. pilot body, which, if successful, would allow the U.K. pilots to be represented by BALPA in negotiations over pilot salaries and working conditions. For additional details, see "Item 6. Directors, Senior Management and Employees—Employees and Labor Relations."

If any future occurrence were to limit Ryanair's flexibility in dealing with its employees or alter the public's perception of Ryanair generally, this 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, 2008 and 2007, passengers on Ryanair's routes between Ireland and the U.K. accounted for 15.2% and 15.4%, respectively, of total passenger revenues, with routes between Dublin and London accounting for 4.9% of total passenger revenues in the 2008 and 2007 fiscal years, and the Dublin-London (Stansted) route alone accounting for 2.4% of such totals. Ryanair's business is likely to be adversely affected by any circumstance causing a reduction in general demand for air transportation services between Ireland and the U.K., including, but not limited to, adverse changes in local economic conditions. In recent quarters, Ireland and the U.K. have experienced declining (or in Ireland's case, negative) growth and increasing inflation. These factors are likely to impact demand for air travel and the Company cannot offer any assurances in regards to the performance of its business model under changed economic conditions.

Political disruptions or violence (including terrorism) in Ireland or the U.K. or significant price increases linked to increases in airport access costs or taxes imposed on air passengers in Ireland or the U.K. could also have a material adverse effect on the Company's business. See "—Terrorism in the United Kingdom or Elsewhere in Europe Could have a Material Detrimental Effect on the Company" above. In addition, so long as the Company's operations remain dependent on routes between Ireland and the U.K., the Company's future operations will be adversely affected if there is increased competition in this market. See "Item 4. Information on the Company—Industry Overview—Ireland-U.K. and Continental European Market."

*The Company is Dependent on Third-Party Service Providers.* Ryanair currently assigns its heavy airframe maintenance overhauls, engine overhauls and "rotable" repairs to outside contractors approved under the terms of Part 145, the European regulatory standard for aircraft maintenance established by the European Aviation Safety Agency ("Part 145"). The Company also assigns its 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."

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.* 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 agreements with Mr. O'Leary and some of 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 either 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.

*The Company Faces Risks Related to its Internet Reservations Operations.* As of July 31, 2008, approximately 99% 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 three separate locations, each of these locations accesses the same booking engine, located at a single center, in order to make reservations.

A back-up booking engine is available to Ryanair to support its existing platform in the event of a breakdown in this facility. However, there can be no assurance that Ryanair would not suffer a significant loss of reservations in the event of a major breakdown of these systems, which, in turn, could have a material adverse affect on the Company's operating results or financial condition.

In addition, in March 2006, Ryanair also commenced its Check'N'Go Internet check-in service. Check'N'Go is part of a package of measures intended to improve service by reducing airfares as well as reducing check-in and boarding gate lines. See "Item 4. Information on the Company—Reservations/Ryanair.com." The Company has rolled this system out across its network, although passengers departing from Malta or Romania, or to or from Morocco, cannot make use of the system. Any disruptions to the Internet check-in service as a result of a breakdown in the relevant computer systems or otherwise could have a material adverse impact on these service improvement efforts and make passengers less likely to use these services, and, as a result, negatively affect the Company's operating results.

*Risks Related to the Airline Industry*

*EU Regulation on Passenger Compensation Could Significantly Increase Related Costs*. The EU 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). This legislation, which came into force on February 17, 2005, imposes fixed levels of compensation to be paid to passengers in the event of cancelled flights, except when the airline can prove that such a cancellation is caused by extraordinary circumstances, such as weather, air-traffic control delays or safety issues. The regulation calls for compensation of €250, €400 or €600 per passenger, depending on the length of the flight. As Ryanair's average flight length is less than 1,500 km—the upper limit for short-haul flights—the amount payable is generally €250 per passenger, per occurrence. Passengers subject to long delays (in excess of two hours for short-haul flights) are also entitled to "assistance" including meals, drinks and telephone calls, as well as hotel accommodations if the delay extends overnight. For delays of over five hours, the airline is also required to offer the option of a refund of the cost of the unused ticket. This legislation has had no material financial impact on the Company to date; however, there can be no assurance that the Company will not incur a significant increase in costs in the future due to the impact of this legislation, if Ryanair experiences an increase in cancelled flights, which could occur as a result of factors beyond its control.

*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 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 in all EU countries on June 28, 2004. Passengers can now claim up to 1,000 Special Drawing Rights ("SDRs") (currently approximately €1,037) 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 €18) per kilogram of checked hold baggage.

Although Ryanair has a record of losing fewer bags than many other major European carriers, and the Convention's coming into force has had no material impact on the Company to date, 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.

*Proposed Regulation of Emissions Trading Could Increase Costs*. On July 8, 2008, the European Parliament voted in favor of proposed legislation to add aviation to the European Emissions Trading Scheme. This scheme, which has thus far applied mainly to energy producers, is a cap-and-trade system for carbon emissions to encourage industries to reduce their CO2 emissions. Under the proposed legislation, airlines would be granted initial credits based on historical emissions and their shares of the total aviation market. Any shortage of credits will have to be purchased in the open market. The cost and amount of such credits that Ryanair would have to buy in 2012 have yet to be determined. The proposed legislation still needs to be approved by the European Council of Ministers, which is not likely to happen before October 2008. Should this legislation be passed in its current form, it is likely to have a seriously negative impact on the European airline industry, including Ryanair, despite the fact that Ryanair is the most environmentally efficient producer. The European aviation industry is currently lobbying the Council of Ministers to amend or scrap the legislation as much higher oil prices will result in capacity being removed from the market, thus lowering CO2 emissions. Ryanair and other European airlines also argue that the legislation will have little or no impact on the environment but will simply increase the cost of travelling and reduce passenger volumes. If the legislation is approved, there can be no assurance that Ryanair will be able to obtain sufficient carbon credits, or that the cost of the credits will not have an material adverse effect on the Company's business, operating results and financial condition.

*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 such 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, low-fares 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 the September 11 attacks. See "Item 4. Information on the Company—Insurance." In addition, Ryanair's insurers have indicated that the scope of the Company's current act-of-war-related insurance may exclude certain types of catastrophic incidents, such as biological, chemical or "dirty bomb" attacks. This could result in the Company's seeking alternative coverage, including government insurance or self-insurance, which could lead to further increases in costs. Although Ryanair, to date, has passed on the 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. 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. Ryanair does not fly to the United States, and although it experienced a decline of approximately 10% in reservations in the week following the September 11, 2001 terrorist attacks, the number of flight bookings had returned to normal levels by the end of September 2001.

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 in Europe, particularly in London or other markets that are significant to Ryanair, any significant military actions by the United States or EU nations (such as the current 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. See also "—Risks Related to the Company—Further Terrorist Attacks in London and Other Destinations Could Have a Detrimental Effect on the Company."

*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 costs related to the repair or replacement of a damaged aircraft and its consequent temporary or permanent loss from service. In addition, an accident or incident could result in significant legal claims against the Company from injured passengers and others who experienced injury as a result of the accident or incident, including ground victims. Ryanair currently maintains passenger liability insurance, employer liability insurance, aircraft insurance for aircraft loss or damage and other business insurance in amounts per occurrence that are consistent with industry standards. Ryanair currently believes its insurance coverage is adequate (although not comprehensive). However, there can be no assurance that the amount of insurance 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 not covered by its insurance. 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" above. 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 lead to the public perception that Ryanair's aircraft were 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 No. 889/2002, governs air carrier liability. See "Item 4. Information on the Company—Insurance" for details of this regulation. This regulation increased the potential exposure of air carriers, such as Ryanair, and although Ryanair has extended its liability insurance to meet the requirements of the regulation, 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 Ryanair's business, operating results and financial condition.

*Airline Industry Margins are Subject to Significant Uncertainty.* The airline industry is characterized by high fixed costs and by revenues that generally exhibit substantially greater elasticity than costs. Although fuel accounted for 36.4% of total costs in the 2008 fiscal year, management anticipates that this percentage will significantly increase. See "—Changes in Fuel Costs and Fuel Availability Affect the Company's Results and Increase the Likelihood that the Company May Incur Losses" above. 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" above.

*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 operating results or financial condition.

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 or other costs 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.

*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 significant operating revenues and operating expenses, as well as assets and liabilities, denominated in U.K. pounds sterling. In addition, fuel, aircraft, insurance and some maintenance obligations are denominated in U.S. dollars. The Company's results of operations and financial condition can therefore be significantly affected by fluctuations in the respective values of the U.K. pound sterling and the U.S. dollar. Ryanair is particularly subject to direct exchange rate risks between the euro and the U.S. dollar because a significant portion of its operating costs are incurred in U.S. dollars and 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 the U.K. pound sterling, and between the U.K. pound 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 the Company’s Ordinary Shares or ADRs*

*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.* EU Regulation No. 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. The regulation does not specify what level of share ownership will confer effective control on a holder or holders of shares. The board of directors of Ryanair Holdings is given certain powers under Ryanair Holdings’ articles of association (the “Articles”) to take action to ensure that the number of shares held in Ryanair Holdings by non-EU nationals (“Affected Shares”) does not reach a level that 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. The directors will, from time to time, set a “Permitted Maximum” on the number of the Company’s Ordinary Shares that may be owned by non-EU nationals at such level as they believe will comply with EU law. The Permitted Maximum is currently set at 49.9%. In addition, under certain circumstances, the directors can take action to safeguard the Company’s ability to operate by identifying those shares, American Depositary Shares (“ADSs”) or Affected Shares which give rise to the need to take action and treat such shares, the American Depositary Receipts (“ADRs”) evidencing such ADSs, or Affected Shares as “Restricted Shares.” The Board of Directors may, under certain circumstances, deprive holders of Restricted Shares of their rights to attend, vote and speak at general meetings, and/or require such holders to dispose of their Restricted Shares to an EU national within as little as 21 days. The directors are also given the power to transfer such shares themselves if a holder fails to comply. In 2002, the Company implemented measures to restrict the ability of non-EU nationals to purchase Ordinary Shares, and non-EU nationals are currently effectively barred from purchasing Ordinary Shares, and will remain so for as long as these restrictions remain in place. There can be no assurance that these restrictions will ever be lifted. See “Item 10. Additional Information—Limitations on Share Ownership by Non-EU Nationals” for a detailed discussion of the restrictions on share ownership and the current ban on share purchases by non-EU nationals.

As of June 30, 2008, EU nationals owned at least 56.0% of Ryanair Holdings’ Ordinary Shares (assuming conversion of all outstanding ADRs into Ordinary Shares).

*Holders of Ordinary Shares are Currently Unable to Convert those Shares into American Depositary Receipts.* 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 ADR program, to suspend the issuance of new ADRs in exchange for the deposit of Ordinary Shares until further notice to its shareholders. Holders of Ordinary Shares cannot convert their Ordinary Shares into ADRs during this 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 May Fluctuate Significantly.* The Company’s results of operations have varied significantly from quarter to quarter, and management expects these variations to continue. See “Item 5. Operating and Financial Review and Prospects—Quarterly Fluctuations.” Among the factors causing these variations are the airline industry’s sensitivity to general economic conditions and the seasonal nature of air travel, as well as trends in airlines’ costs, and especially fuel costs. 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. The Company is substantially dependent on discretionary air travel.

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

*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, and does not