

Annual Report for the year ended
31 March 2015

Aer Lingus Defined Contribution Pension Scheme

Pensions Authority Number: 241988

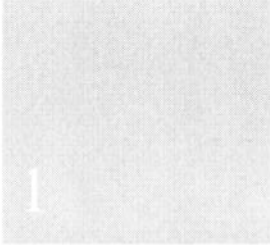


Mercer (Ireland) Limited



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Trustee's Report

Introduction

The Trustee presents the annual report on the operation of the Aer Lingus Defined Contribution Pension Scheme (the "Scheme") for the year ended 31 March 2015. The content of this report conforms to the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended) prescribed by the Minister for Social Protection under the Pensions Act 1990. The report outlines the constitution and structure of the Scheme together with details of financial developments for the year, investment matters and membership movements.

Queries in relation to Scheme benefits or related matters should be addressed, in the first instance to Janet Dignam, Mercer (Ireland) Limited, Charlotte House, Charlemont Street, Dublin 2.

The Scheme

The Scheme, which operates on a defined contribution basis, was established to provide retirement benefits for its members and is a distinct legal entity, separate in every respect from the principal employer, Aer Lingus (Ireland) Limited, Head Office Building, Dublin Airport, Ireland. Membership is open to eligible employees of the principal employer and the participating employer Aer Lingus Limited.

The Scheme is governed by the Trust Deed & Rules; members are entitled to inspect these documents or, on payment of a small charge, receive a copy of them. Details of members' benefits are also provided in the explanatory booklet which has been distributed to all members and individual details appear on each member's benefit statement. With the exception of a Trust Deed and Rules dated 7 January 2015, whereby certain provisions and rules of the scheme were amended in respect of new and existing members, there have been no other changes during the year to the Scheme information specified in Schedule C of the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended).

The Scheme has been approved by the Revenue Commissioners as an "exempt approved scheme" under Section 774 of the Taxes Consolidation Act 1997 and as such its assets are generally allowed to accumulate free of income and capital gains taxes. In addition, tax relief is given on employer and member contributions to the Scheme and certain lump sum payments to members can be paid free of tax. An annual levy introduced by section 4 of The Finance (No. 2) Act, 2011 under section 125B of the Stamp Duties Consolidations Act 1999 was signed into law on 22 June 2011. This introduced an annual levy of 0.6% on the aggregate market value of private pension funds on a fixed valuation date of 30 June. A new additional pensions levy of 0.15% was introduced in 2014. While the existing levy was abolished after 2014, this new levy resulted in an increase in the overall pension levy for 2014 from 0.6% to 0.75%. The new levy will be continued into 2015 at a rate of 0.15%.

The Scheme has also been registered with The Pensions Authority and its registration number is 241988.

The Scheme is financed by contributions from the employers and members. Details of contributions and other financial developments during the year are set out herein.

The Trustee

Stewardship of Scheme assets is in the hands of its Trustee. The right of members to select, or approve the selection of, trustee's is set out in the Occupational Pension Schemes (Member Participation in the selection of Persons for Appointment as Trustees) (No. 3) Regulations 1996. The Trustee and the Scheme administrator have access at all times to:

- (1) the Trustees' Handbook produced by The Pensions Authority; and
- (2) Guidance Notes issued by The Pensions Authority from time to time.

Section 59AA of the Pensions Act 1990, which requires trustees of pension schemes to undergo training, was brought into force on 1 February 2010 by virtue of the Social Welfare and Pensions Act 2008 (Section 28) (Commencement) Order 2009. All Trustee and Trustee Directors are aware of their training obligations as required by the Pensions Act and are in the process of completing relevant training or have completed the required training.

No costs or expenses were incurred by the Scheme in respect of trustee training during the year. The cost of trustee training was borne by the employer.

Management of the Scheme

The Trustee and Trustee Directors of the Scheme as at the date of signing is detailed on page 7.

Unless otherwise indicated the Trustee served for the entire year and is still serving at the date of approval of the Annual Report.

Condition of the Scheme

The financial condition of the Scheme is dealt with in the Financial Developments and Investment Management sections of this report.

Statement of Risks

Under the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended), the Trustee is required to describe the risks associated with the Scheme and disclose these to members.

A Statement of Risks adopted by the Trustee is included as an Appendix to this report.

Internal Dispute Resolution (IDR)

In compliance with Article 5 of the Pensions Ombudsman Regulations 2003, a procedure has been put in place to facilitate IDR. Details of the IDR process are set out below.

- The complainant discusses their potential complaint with Brian Bowden, Aer Lingus (Ireland) Limited, Head Office Building, Dublin Airport, Ireland (referred to below as the nominated contact). The nominated contact helps the complainant to understand whether the complaint qualifies for IDR. The nominated contact may be able to resolve the issue to the satisfaction of the complainant.
- If it does not qualify for IDR and IDR is not recommended as an appropriate means of resolving the complaint, the nominated contact will report the complaint and details of any resolution that was reached, at the next Trustee's meeting.
- If the complaint qualifies for IDR (or if it does not qualify for IDR but the nominated contact recommends IDR be used to resolve the complaint), the nominated contact will assist the complainant with gathering supporting evidence and putting their case to the Trustee.
- The Trustee considers the complaint. The Trustee consults with an employer representative, expert advisors if appropriate and any other relevant parties and considers the recommendations of these parties before making a decision.
- If the case is reasonably clear, whether for or against the complainant, the Trustee issues their conclusions to the complainant by a 'notice of determination'. The complainant either accepts the finding or reverts to the Pensions Ombudsman.
- If the facts of the case are unusually complex, the case can be put to an independent person. The Trustee considers whether using an independent person is appropriate or will bring additional value to the process.
- If the Trustee decides that reference to an independent person is unlikely to be useful, the Trustee issues its conclusions to the complainant by a 'notice of determination'. The complainant either accepts the finding or reverts to the Pensions Ombudsman.
- If the Trustee decides that reference to an independent person is likely to be useful, the Trustee considers who an appropriate independent person might be and the case is referred to the independent person with supporting documents.
- The independent person makes a recommendation to the Trustee. The Trustee considers the recommendation of the independent person and issues its conclusions to the complainant by a 'notice of determination'. The complainant either accepts the finding or reverts to the Pensions Ombudsman.

Financial Developments

The value of the Scheme's net assets increased from €5,820,903 at the start of the year to €81,560,397 at the year end. This increase was accounted for primarily by the net additions from dealings with members of €74,973,014. The net additions from dealing with members included €69,747,534 employer contributions in respect of members transferring from the Irish Airlines (General Employees) Superannuation Scheme (the "IASS") plus the net returns on the Schemes investments of €814,746. There was an annual pension levy charge of € 48,266.

Benefits and payments to leavers amounted to €258,919.

Contributions

Contributions for the year amounted to €74,925,954. Contributions were paid in accordance with the rules of the Scheme and were received in full within 30 days of the Scheme year end.

The Trustee is satisfied that appropriate procedures have been put in place to ensure that contributions payable are received in accordance with the Trust Deed and Rules and legislative requirements as set out under Section 58A of the Pensions Act 1990. This legislation sets out the following requirements:

- Member contributions must be received within 21 days from the end of the month in which they were deducted from pay.
- Employer contributions must be received within 21 days from the end of the month to which they relate.

All contributions were received and invested in accordance with the legislative requirements. Appropriate procedures have been put in place by the Administrator to ensure that contributions payable are received in accordance with the legislative requirements.

The above details have been extracted from the accounts of the Scheme which form part of this report.

Pensions

Annuities are bought from insurance companies at the time pensions come into payment. The member can choose the type of annuity to purchase from an appropriate selection made available to them. As a defined contribution Scheme, retiring members have the option to secure whatever level of pension increases they require when purchasing an annuity on retirement with the realised value of their retirement account. The levels of increases are subject to the limits imposed by the Revenue Commissioners and the approval of the Trustee.

No discretionary increases have been granted by the Trustee, either to benefits in the course of payment or to benefits payable following termination of a member's service in relevant employment. The Trustee does not have resources at its disposal for the purpose of granting discretionary increases. Increases can only be made where additional funding is made available to the Trustee by the employers.

Membership Movements

	Active Members	Deferred Pensioners
At 1 April 2014	239	23
New members during the year *	2,776	110
Leavers during the year	(112)	(5)
At 31 March 2015	2,903	128

*New members includes 2,746 members who transferred during the year from the Irish Airlines (General Employees) Superannuation Scheme (the "IASS") into Active membership.

Investment Management

It is the policy of the Trustee to delegate the management of the Scheme's assets to professional investment managers, currently Zurich Life Assurance plc, State Street Global Advisors (Ireland) Limited, Legal and General Assurance (Pensions Management) Limited, Standard Life Investments Limited, State Street Bank (Luxembourg) S.A and Schroder Investment Management.

A Statement of Investment Policy Principles adopted by the Trustee is included as one of the Appendices to this report.

The managers have, within specified mandates, total discretion in the investment of Scheme assets and provides detailed reports to the Trustee on the strategy adopted and on the performance of the monies invested. A commentary by each of the managers on the performance achieved during the year is included as one of the Appendices to this report.

The managers are remunerated on a fee basis calculated as a percentage of the assets under management and these fees are reflected in unit prices and borne by the Scheme.

Employer Related Investments

There were no employer related investments at any time during the year.

Subsequent Events

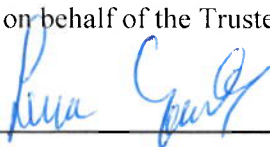
Subsequent to the year end, Aer Lingus Limited continued to pay augmentation contributions into the Scheme in respect of former Irish Airlines Superannuation Scheme (IASS) members, as recommended by the Expert Panel established in March 2014 to resolve the IASS benefit payment process. Payments in relation to this project are ongoing and from the Scheme year end up to the end of November 2015 these payments totalled €39,883,684.

In Conclusion

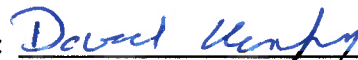
We trust that members find this report informative and we are pleased to acknowledge the assistance received from the principal employer and its staff during the year as well as from our various professional advisers.

Signed for and on behalf of the Trustee:

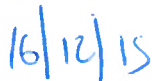
Director: _____



Director: _____



Date: _____



Trustees & Advisers

Trustee	<p>Aer Lingus 2009 DCS Trustee Limited (app. 25 July 2014)</p> <p>Directors:</p> <p>Brian Walsh David Manifold Derek Hayes Dominic Harris Lawrence Gourley Paul Kelly</p> <p>Laurence Gourley (resigned 11 November 2014) Michael Grealy (resigned 25 July 2014) Andrew Macfarlane (resigned 25 July 2014) Noel O'Brien (appointed 27 April 2014, Resigned 11 November 2014) Fred Healy (appointed 27 April 2014, resigned 11 November 2014)</p>
Registered Administrator	<p>Mercer (Ireland) Limited Charlotte House Charlemont Street Dublin 2</p>
Investment Managers	<p>Zurich Life Assurance plc (*Aspire) Zurich House Frascati Road Blackrock Co. Dublin *The underlying investment managers for all Mercer Aspire portfolios and funds are selected and monitored by Mercer Global Investments Europe Limited.</p> <p>State Street Global Advisors (Ireland) Limited 2 Park Place Upper Hatch Street Dublin 2</p> <p>Legal and General Assurance (Pensions Management) Limited One Coleman Street London EC2R 5AA</p> <p>Standard Life Investments Limited 1 George Street Edinburgh EH2 2LL</p>

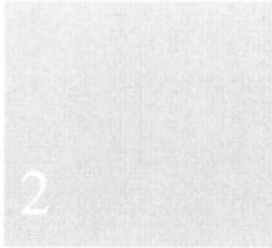
Trustees & Advisers

State Street Bank (Luxembourg) S.A
49, Avenue JF Kennedy
L 1855
Luxembourg

Schroder Investment Management
31 Graham Street
London
EC2V 2QA

Independent Auditor

KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1



Accounts

Statement of Trustee's Responsibilities

The accounts are the responsibility of the Trustee. Irish pension legislation requires the Trustee to make available for each Scheme year the annual report of the Scheme, including audited accounts and the report of the auditor. The accounts are required to show a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the financial transactions for the Scheme year and the amount and disposition of the assets and liabilities (other than liabilities to pay benefits in the future) at the end of the Scheme year and include a statement as to whether the accounts have been prepared in accordance with the Statement of Recommended Practice - Financial Reports of Pension Schemes (Revised May 2007) ("the SORP"), subject to any material departures disclosed and explained in the accounts.

Accounting standards generally accepted in Ireland in preparing accounts showing a true and fair view are those issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

Accordingly, the Trustee must ensure that it has supervised the preparation of the Scheme accounts and ensure that:

- suitable accounting policies are selected and then applied consistently;
- reasonable and prudent judgements and estimates are made; and
- the SORP is followed, or particulars of any material departures are disclosed and explained.

The Trustee is required by law to have appropriate procedures in place throughout the year under review, to ensure that:

- contributions payable during the Scheme year are received by the Trustee in accordance with the timetable set out in section 58A of the Act where applicable to the contributions and otherwise within 30 days of the end of the Scheme year; and
- contributions payable are paid in accordance with the rules of the Scheme.

The Trustee is responsible for ensuring that proper membership and financial records are kept on a timely basis sufficient to enable an Annual Report to be prepared for the Scheme containing the information specified in Regulation 7 of the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended), including accounts which show a true and fair view of the financial transactions of the Scheme in the year under review and of the assets and liabilities at the year end, other than liabilities for pensions and other benefits payable after the year end. It is also responsible for safeguarding the assets of the Scheme and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Signed for and on behalf of the Trustee:

Trustee: 

Trustee: 

Date:

16/12/15



KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

Independent auditor's report to the Trustee of the Aer Lingus Defined Contribution Pension Scheme

We have audited the financial statements of the Aer Lingus Defined Contribution Pension Scheme for the year ended 31 March 2015, which comprises the fund account, the net assets statement and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated in Ireland by Chartered Accountants Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the Scheme Trustee as a body, in accordance with the Pensions Act, 1990 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme Trustee as a body, for our audit work, our work on contributions, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustee and independent auditor

As explained more fully in the Statement of Trustee's responsibilities set out on page 10, the Scheme Trustee is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Ethical Standards for Auditors issued by the Financial Reporting Council.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Independent auditor's report to the Trustee of the Aer Lingus Defined Contribution Pension Scheme *(continued)*

Opinion on financial statements

In our opinion, the financial statements

- show a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the financial transactions of the Scheme during the year ended 31 March 2015 and of the amount and disposition at that date of its assets and liabilities other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- contain the information specified in the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006 to 2013.

Additional matters on which we are required to report by the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006 to 2013

In our opinion, the contributions payable to the Scheme during the year ended 31 March 2015 have been received by the Trustee within 30 days of the end of the Scheme year, and have been paid in accordance with the Scheme rules.

Garrett O'Neill

KPMG

Chartered Accountants, Statutory Audit Firm

18 December 2015

1 Harbourmaster Place

IFSC

Dublin 1

Fund Account for the Year Ended 31 March 2015

	Notes	2015 €	2014 €
Contributions and Benefits			
Contributions	6	74,925,954	1,554,654
Transfers in	7	305,239	326,915
Other income	8	740	-
		<hr/>	<hr/>
		75,231,933	1,881,569
		<hr/>	<hr/>
Benefits	9	192,972	54,129
Leavers	10	65,947	-
		<hr/>	<hr/>
		258,919	54,129
		<hr/>	<hr/>
<i>Net additions from dealings with members</i>		74,973,014	1,827,440
		<hr/>	<hr/>
Returns on investments			
Change in market value of investments	12	814,746	309,121
		<hr/>	<hr/>
<i>Net returns on investments</i>		814,746	309,121
		<hr/>	<hr/>
<i>Pension levy</i>	11	(48,266)	(24,708)
		<hr/>	<hr/>
<i>Net increase in the Scheme during the period</i>		75,739,494	2,111,853
		<hr/>	<hr/>
Net assets of the Scheme			
At 1 April 2014		5,820,903	3,709,050
		<hr/>	<hr/>
Net assets of the Scheme			
At 31 March 2015		81,560,397	5,820,903
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 15 to 21 form part of these Accounts.

Signed for and on behalf of the Trustee:

Trustee: 

Trustee: 

Date:

16/12/15

Statement of Net Assets as at 31 March 2015

	Notes	2015 €	2014 €
Designated to Members			
Investment assets	12	77,952,427	5,556,997
Current assets	13	3,564,451	256,701
Current liabilities	14	-	(15,442)
		<hr/>	<hr/>
<i>Total designated to members</i>		81,516,878	5,798,256
		<hr/>	<hr/>
Not Designated to Members			
Investment assets	12	43,519	22,647
		<hr/>	<hr/>
<i>Total not designated to members</i>		43,519	22,647
		<hr/>	<hr/>
Net Assets		81,560,397	5,820,903
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 15 to 21 form part of the Accounts.

The Accounts summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year.

Signed for and on behalf of the Trustee:

Trustee: 

Trustee: 

Date:

16/12/15

Notes to the Accounts

Basis of preparation

The Accounts have been prepared under the historical cost convention with the exception of investments which are accounted for at market value, in accordance with The Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended) and in line with the guidelines set out in the Statement of Recommended Practice, Financial Reports of Pension Schemes (Revised May 2007), published by the Pensions Research Accountants Group.

The Accounts have been prepared in accordance with applicable accounting standards generally accepted in Ireland. Accounting standards generally accepted in Ireland in preparing accounts showing a true and fair view are those published by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

1. Accounting policies

The significant accounting policies adopted by the Trustee which have been applied consistently in dealing with items which are considered material in relation to the Scheme's accounts are as follows:

A. Investments:

Investments are included at market value. The market value of unitised investments is taken as the bid prices quoted by the investment manager as at the date of the net assets statement.

B. Investment Income:

Investment income and interest on bank deposits is accounted for on the accruals basis. Income earned on investments in unit linked funds is not distributed but is accumulated within the capital of the funds.

C. Investment Management Fees:

Investment management fees are calculated as a percentage of the assets under management and these fees are borne by the Scheme. Fees relating to unit funds are not levied directly but are reflected in unit prices and borne by the Scheme.

D. Contributions:

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis in the month member contributions are deducted from the payroll. Additional voluntary contributions from the members are accounted for, on an accruals basis, in the month deducted from the payroll.

Employer augmentation contributions are accounted for on a receipts basis.

E. Benefits/ Payments to Leavers:

Benefits/payments to leavers are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken or if there is no member choice, on the date of retirement or leaving.

Notes to the Accounts

1. Accounting policies (continued)

F. Additional Voluntary Contributions:

In addition to their normal contributions under the Scheme, members may make additional voluntary contributions to acquire further benefits on a money purchase basis. Members also have the option to access and withdraw up to 30% of their additional voluntary contributions from 27 March 2013 for a period of three years.

G. Transfers to and from other Schemes:

Transfer values represent the amounts receivable and payable during the year for members who have either joined or left the Scheme. The values are accounted for on a cash basis upon liability being accepted by the receiving Scheme.

H. Expenses:

Expenses are accounted for on an accruals basis.

I. Pension Levy:

The pension levy is accounted for as it falls due.

2. Taxation

The Scheme has been approved as an “exempt approved scheme” for the purposes of Section 774 of the Taxes Consolidation Act 1997 and thus Scheme income and gains are generally exempt from taxation. A levy was introduced by section 4 of the Finance (No. 2) Act, 2011 which introduced a new section 125B to the Stamp Duties Consolidation Act 1999.

3. Constitution of the Scheme

The Scheme was established as a Defined Contribution Scheme with effect from 1 August 2009 under a Trust deed dated 21 September 2009.

4. Benefits

Pension benefits under the Scheme are provided for by direct investment and benefits will be based on the accrued value of the members' account, on withdrawal from the Scheme.

5. Fees and expenses

With the exception of the pension levy and investment management fees which are borne by the Scheme, all fees and expenses are borne by the principal employer.

Notes to the Accounts

6. Contributions

	2015 €	2014 €
Employers		
Normal	2,713,036	565,206
Augmentation contributions	69,747,534	-
Members		
Normal	1,995,081	544,953
Additional voluntary contributions	470,303	444,495
	<u>74,925,954</u>	<u>1,554,654</u>

During the year, the employer paid augmentation contributions into the scheme in respect of the members transferring from the Irish Airlines (General Employees) Superannuation Scheme (the "IASS").

7. Transfers in from other schemes

	2015 €	2014 €
Individual Transfers in	<u>305,239</u>	<u>326,915</u>

8. Other income

	2015 €	2014 €
Other Inflow	<u>740</u>	<u>-</u>

9. Benefits

	2015 €	2014 €
Lump sums on retirement	172,277	46,950
Lump sum death benefit	-	7,179
Purchase of annuities	20,695	-
	<u>192,972</u>	<u>54,129</u>

Notes to the Accounts

10. Leavers

	2015 €	2014 €
Transfers out - individual	52,347	-
Refunds to members leaving service	3,942	-
AVC Drawdown	9,658	-
	<u>65,947</u>	<u>-</u>

11. Pension levy

	2015 €	2014 €
Pension levy charge	<u>48,266</u>	<u>24,708</u>

12. Investments

Reconciliation of investments held at beginning and end of year

	2015 €	2014 €
Market value at 1 April 2014	5,579,645	3,592,519
Purchases at cost	73,921,194	2,214,012
Disposals	(2,295,326)	(521,113)
Pension Levy	(24,313)	(14,895)
Change in market value of investments	814,746	309,121
Market value at 31 March 2015	<u>77,995,946</u>	<u>5,579,644</u>

Note: The Trustee's unallocated account (Not Designated to members) is made up of units which arise as follows; members on leaving service can opt (if they are within the time limits prescribed by legislation) to take a refund of the value of their own contributions less tax at 20% and they therefore waive the right to the value of the employer contributions paid on their behalf. These employer units therefore no longer belong to the member who has taken a refund and become part of the Trustees' unallocated account.

	2015 €	2014 €
Designated to members	77,952,427	5,556,997
Not Designated to members	43,519	22,647
Total	<u>77,995,946</u>	<u>5,579,644</u>

Notes to the Accounts

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amounts of indirect transaction costs are not separately provided to the Scheme.

Investments exceeding 5% of the value of net assets as at 31 March 2015 are detailed below:

	€	% of net assets 31/03/2015	€	% of net assets 31/03/2014
Zurich Secure Fund	67,795,225	83	1,837,846	32
SSgA Eut Hedged World Equity Fund	5,130,091	6	2,313,578	40
Standard Life Global Absolute Return Strategies Fund	-	-	1,045,995	18

Details of investments held at year end

	2015 €	2014 €
Pooled Investment Vehicles		
Unit Linked Funds:	77,995,946	5,579,644

13. Current assets

Designated to members	2015 €	2014 €
Trustee bank account	278,395	108,215
Cash in Transit	3,283,327	89,617
Contributions due from employer in respect of		
Employer - normal	1,063	58,869
Member - normal	1,666	-
	<u>3,564,451</u>	<u>256,701</u>

Notes to the Accounts

14. Current liabilities

Designated to members

	2015 €	2014 €
Retirement benefits payable	-	8,263
Death Benefit Payable	-	7,179
	<u>-</u>	<u>15,442</u>

15. Contingent liabilities

As stated on page 14 of these accounts, liabilities to pay pensions and other benefits in the future have not been taken into account. On that basis, in the opinion of the Trustee, the Scheme had no contingent liabilities at the year end.

16. Related party transactions

- A The Trustee: The Trustee of the Scheme is detailed on page 7 of the report. During the year, none of the Trustees, or Trustee Directors were members of the Scheme.
- B Remuneration of the Trustee: None of the Trustee or Trustee Directors received or are due any remuneration from the Scheme in connection with the management of the Scheme during the year.
- C Principal employer: Aer Lingus (Ireland) Limited is the principal employer. The employer contributions to the Scheme are made in accordance with the Trust Deed.
- D The Registered Administrator: Mercer (Ireland) Limited is the registered administrator. The registered administrator did not receive any and is not due any remuneration from the Scheme, in connection with the administration of the Plan. Fees payable to the registered administrator in respect of administration, consultancy and accounting work for the year were borne the principal employer. The cash held by the registered administrator at the year end on behalf of the Scheme was €278,395 (2014: €108,215).
- E The investment managers: Zurich Life Assurance plc, Legal and General Assurance (Pensions Management) Limited, State Street Global Advisors (Ireland) Limited, Standard Life Investments Limited, State Street Bank (Luxembourg) S.A and Schroder Investment Management were appointed by the Trustee to manage the Scheme's assets. The investment managers are remunerated on a fee basis calculated as a percentage of the assets under management. These fees are reflected in unit prices and borne by the Scheme.

17. Employer Related Investments

There were no employer related investments at any time during the year.

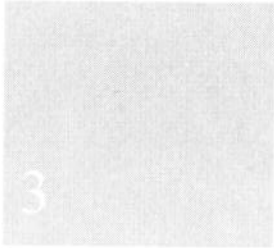
Notes to the Accounts

18. Subsequent events

Subsequent to the year end, Aer Lingus Limited continued to pay augmentation contributions into the Scheme in respect of former Irish Airlines Superannuation Scheme (IASS) members, as recommended by the Expert Panel established in March 2014 to resolve the IASS benefit payment process. Payments in relation to this project are ongoing and from the Scheme year end up to the end of November 2015 these payments totalled €39,883,684.

19. Approval of the accounts

The accounts were approved by the Trustee on 16/12/15



Appendices

Report on Valuation of Liabilities

As a defined contribution Scheme, all assets are held in respect of the liabilities for members' benefits expected to arise in the future with the exception of those assets that are not designated to members and are ultimately due back to the employers.

The liabilities have been valued using the applicable market value of the corresponding assets at the year end date. The current and future liabilities of the Scheme as at 31 March 2015 can be summarised as follows:

	Designated to Members €	Not Designated to Members €	Total 2015 €
Current Liabilities	-	-	-
Future Liabilities	81,516,878	43,519	81,560,397

Note 1: Current Liabilities are liabilities that have been identified as payable at the year end date.

Note 2: Future Liabilities are all liabilities.

Signed for and on behalf of the Trustee:

Trustee:

Kevin Gully

Trustee:

Daveon Mearns

Date:

16/12/15

Statement of Risks

Statement concerning the condition of the Scheme, in particular concerning the financial, technical and other risks associated with the Scheme and their distribution.

Under law, the Trustee is required to describe the condition of the Scheme and the risks associated with the Scheme and disclose these to members.

As it is a "defined contribution" Scheme, where contribution levels are set down but the ultimate proceeds of those contributions cannot be forecast with certainty, it is not possible to provide a guarantee in relation to the level of benefits that will be received on retirement. The value of members' pensions is dependent on the amount of contributions paid, investment returns earned, charges deducted and the cost of buying annuities. The very nature of the Scheme means that there are financial and operational risks borne by the member.

In brief, the following risks have been identified, amongst others:

- Investment returns may be poorer than expected, or the cost of purchasing an annuity when members retire may be higher than expected. In such circumstances, the benefits payable from members' retirement accounts may be less than they were expecting. It is particularly important for members to monitor this risk in the period close to retirement.
- The administration of the Scheme may fail to meet acceptable standards. The Scheme could fall out of statutory compliance, the Scheme could fall victim to fraud or negligence or the projected benefits communicated to members could differ from what will actually be payable.
- The fund managers made available for your retirement account may underperform relative to other fund managers, or the funds in which your contributions are invested may underperform relative to other funds available.
- There may be regulatory or legislative changes that will restrict the level or type of benefits you may receive and how they are taxed.

Apart from the last item, which is outside the control of the Trustee, the Trustee is satisfied that it is taking all reasonable steps to protect the members from the effects of the risks. For example, a range of funds is made available so that members can take control of their own investment risk. Experienced professional advisers, administrators and accountants are employed to minimise compliance and administrative risks. However, it is not possible to guard against every eventuality and, in particular, it may be appropriate for you to take some investment risk with your retirement account with the aim of maximising your benefits.

Aer Lingus Defined Contribution Pension Scheme

Statement of Investment Policy Principles

Introduction

The purpose of this Statement of Investment Policy Principles (the "Statement") is to document the policies and guidelines that govern the management of the Plan's assets. It has been reviewed and adopted by the Trustees and outlines their objectives, how they measure risk, their processes for managing risk and their current investment policy.

The Trustees fulfil the requirements of the Occupational Pension Schemes (Investment) Regulations 2006 (as amended) which stipulate that such a Statement is put in place.

This Statement will be reviewed at least every three years, and also following any change in investment policy which affects the content of the Statement.

Investment Objectives

The investment objectives of the Trustees are:

- To provide a range of efficiently managed funds that meets the broad needs of the members of the Plan;
- To provide appropriate information about those funds so that members can make an informed choice.

Notwithstanding the above, members must understand that the Trustees do not accept responsibility for the success or otherwise of the funds made available to them. Members have responsibility to read and understand the documentation available to them so that the choices made by them adequately reflect their objectives and their own attitude to risk.

Risk Measurement Methods

Given the defined contribution nature of the Plan, the Trustees will determine the range of funds to be offered to members taking into account the circumstances of broad categories of members within the Plan. Individual funds are chosen to address the key investment risks faced by members, as identified by the Trustees.

The main risks considered by the Trustees are categorised as investment risks and member decision-making risks. Details of both are provided below (although this is not an exhaustive list of all risks):

Investment Risks

- That longer term investment returns do not keep up with inflation (inflation risk);
- That the value of a member's account moves significantly out of line with movements in annuity prices so that the member cannot afford to buy the same level of retirement income as previously (annuity risk);
- That members' accounts drop sharply in value because of investment market volatility (volatility risk).

The fund range chosen by the Trustees has been selected to help members address the above risks (should members wish to do so). The table in the Current Investment Policy section below identifies the risk which each fund aims to address. In monitoring the funds, the Trustees consider whether each fund continues to address the risk it was chosen to address.

Member Decision-making Risks

- That the member is overwhelmed by the number or complexity of investment choices (complexity risk);
- That the member does not get enough clear information to make an informed choice (inadequate information risk).

The Trustees take these risks into account when selecting the fund range and in member communications. The Communications section below summarises the way in which information is available to members in order to look to address these risks.

Risk Management Processes

The Trustees will ensure that within the fund choices that are available to each member:

- The risks outlined in the previous section can (if the member so chooses) be kept to a level that is appropriate for that individual member;
- Investments are, for the most part, limited to marketable securities that are traded on recognised / regulated markets;
- Investment in derivative instruments is made only in so far as it either contributes to a reduction of investment risks or facilitates efficient portfolio management. Any such derivative investment must avoid excessive risk exposure to a single counterparty and to other derivative operations; and
- The funds are properly diversified in such a way as to avoid accumulations of risk. Investments in assets issued by the same issuer or by issuers belonging to the same group should not expose the member to excessive risk concentration.

Furthermore, the Trustees recognise the importance of providing appropriate information to members on the range of funds offered to them, so that each member is in a position to make an informed decision on their choice of fund(s).

All investment providers are appointed by the Trustees and are subject to termination at any time.

Current Investment Policy

Taking into account the considerations above, the funds selected by the Trustees to offer to members are outlined overleaf. The funds are managed by Schroder investment managers, State Street Global Advisors, Standard Life Investments, Legal & General investment managers and Zurich investment managers.

The performance objectives of the selected funds are also outlined. Performance is evaluated against these objectives on at least an annual basis, with a critical review every three years.

Category/ Asset Class	Type of Management	Manager	Investment Fund Name	Benchmark	Objective
Funds aimed at long term growth (to help address inflation risk)					
Equity (regional)	Active	Schroder	Emerging Markets Equity Fund (SISF Emerging Markets EUR C Acc)	MSCI Emerging Markets Index Net TR	Benchmark plus 3.5% p.a. (gross of fees) over 3 year rolling periods,
Equity	Passive	SSgA	Indexed Hedged World Equity Fund	FTSE All-World Developed Index with 75% of the non Euro exposure hedged	Track the benchmark index
Diversified Assets	Active	Standard Life Investments	Global Absolute Return Strategies (GARS)	6 month Euribor	Benchmark plus 5% p.a. (gross of fees)
Balanced	Passive	SSgA	Balanced Fund	Composite (75% MSCI World, 15% BofA Merrill Lynch (EMU Direct Governments 5+ Yrs), 5% Citigroup 1 Mth & 5% Citigroup 1 Mth + 4%)	Track the benchmark
Conservative Growth	Passive	LGIM	Cautious Blend Fund	Composite (15% FTSE AW – Eurobloc Equities, 15% FTSE AW - World (ex Eurobloc Net) Equities, 70% Citigroup EMU Govt - Over 5 Yr Bonds)	Track the benchmark
Funds aimed at addressing annuity risk					
Bond	Passive	LGIM	Eurozone Government Bond Over 10 Year Index Fund	Citigroup EMU Government Bond Over 10 Year Index	Track the benchmark
Funds aimed at addressing market volatility					
Cash	Active	Zurich	Secure Fund	Sector average cash fund	Cash returns, with unit prices guaranteed not to fall.

In addition, a lifestyle strategy is available as an additional choice for members.

Lifestyle Strategy

The lifestyle strategy is designed to address the most important investment risks for members over time. Specifically, the lifestyle strategy aims to manage the risk of achieving insufficient growth over earlier time periods, while automatically reducing investment risk as a member approaches retirement.

This is achieved by automatically moving from long-term growth orientated assets (such as equities) to less volatile assets (bonds, cash) in the approach to retirement. Assets are

gradually switched to lower risk portfolios over the last c. seven years before retirement. At retirement, 70% of assets will be invested in bonds and 30% in cash.

Default Option

The Trustees have identified the lifestyle strategy as the default option to apply for new members joining the Plan who do not explicitly select a fund for the investment of their contributions.

Communication

Information is available to members in a number of ways including:

- Member booklet
- Fund factsheets
- Quarterly investment reports
- Member helpline
- Member presentations
- Online information

Regular opportunities to switch between funds are also offered.

Effective Date of this Statement: August 2015



Aer Lingus Defined Contribution Pension Scheme

Investment Managers' Report
31st March 2014 to 31st March 2015

The accumulated assets of the scheme amounted to a bid value of €67,795,225.47 at the end of the period under review. The money-weighted rate-of-return for the year was 0.0%.

Global Overview

A casual glance at the euro returns from most global equity markets over the past twelve months would suggest very strong returns, with stand-out contributions from the US, Japan and Hong Kong. Closer scrutiny would reveal that currency effects have played a big part in returns from many parts of the world, significantly boosting euro returns due to euro weakness against sterling and dollar-related currencies. Strong earnings and, relatively speaking, a robust economic background propelled the US market to a series of new highs while, more generally, interest rates stayed low globally and liquidity remained strong. Eurozone bonds produced excellent returns, with the greatest strength to be found in the Belgian and Italian markets, though core bonds also rose strongly, the German market returning a fraction under 20%.

Equities

- Equity markets produced varying, though positive, returns in local currency terms over the period, ranging from 2.7% in the UK to 28% in Japan. Liquidity has remained plentiful and interest rates continued to be rock-bottom but economic growth has been sluggish in many areas.
- Euro returns from the UK, the US, Japan, Hong Kong and Australia were boosted by the weakness of the euro against their currencies.

- In the US healthcare was the stand-out performer, adding 24%, while telecoms and energy (in particular) significantly underperformed the index. In Europe telecoms, food & beverages and real estate led the way, with banks, energy and basic resources bringing up the rear.

Bonds & Interest Rates

- Eurozone bonds, as measured by the Merrill Lynch EMU >5 Year Index, rose 21.7%, rising in eleven of the twelve months under review. The spectre of quantitative easing (QE) has been hanging over the market, keeping yields at or near record lows.
- The downward grind of interest rates in Europe continued with further cuts in June and early September, bringing them to a record low of 0.05%. UK and US rates have also been maintained at historic lows.
- Meanwhile, in the US the Federal Reserve scaled back its QE policy throughout 2014, reflecting the relatively greater strength of the US economy, and ceased the operation altogether in the latter part of the year.

Commodities & Currencies

- The Brent crude price rose sharply in June 2014 as tensions escalated in Iraq but has been in freefall since then, closing the period at \$55 per barrel. At present, global supply is exceeding demand with new sources of oil developing rapidly in recent years.
- The gold price peaked in March 2014 at \$1,385 per ounce but has fallen 13.5% since then, finishing the period at \$1,197. A combination of factors, including a much stronger dollar, has driven the price down.
- On currency markets, the euro ended the period at 1.07 versus the dollar, a substantial fall of 22% over the past year. The euro has also been weak against sterling lately, the €/£ rate finishing at 0.724, 12.5% weaker than a year ago.

Corporate News

- The Obama administration announced in September that new measures would be introduced to thwart tax-driven acquisitions of foreign companies, the so-called 'tax inversion' transaction. This has either put a stop to or called into question a list of previously mooted deals including the \$54bn takeover of Shire by AbbVie and the long-running saga of Pfizer's pursuit of AstraZeneca.
- British insurer Aviva announced the purchase of rival Friends Life in November, in a £5.6bn deal. The merger creates the UK's biggest insurance and savings firm. Meanwhile, Medtronic, the world's second-largest manufacturer of medical devices after Johnson & Johnson, agreed a deal in June to acquire Covidien for \$42.9 billion.

Zurich Life

April 2015

Annual Investment Commentary -
46501371

For the fiscal year ended 31 Mar 2015

Aer Lingus (DC) Relationship**Aer Lingus Defined Contribution Pension Scheme**

Mandate Official Market Value (expressed in EUR)	5,729,928	Asset Distribution for the Mandate	Alternative Investments	0.47%
			Cash	-0.74%
			Equity	98.28%
Mandate Bid Market Value (expressed in EUR)	5,723,901		Financial Futures	0.41%
			Fixed Interest	1.59%
Weighted Return for the Period	18.58%		Total Portfolio	100%

Investment Market Review**Commentary for the 12 months ended 31st March 2015****Equities**

Many of the world's major stock markets posted strong gains in the 12 months under review, as the ultra-low interest rate environment, signs of economic progress and robust corporate earnings combined to offset some of the more negative headwinds. The review period did begin under a shadow as weaker US economic data releases and rapidly escalating tensions in Ukraine unsettled markets.

However, the US data subsequently improved at a better than expected pace, underpinning sentiment towards the US stock market and currency through the remainder of 2014 and acting as a dominant engine for global growth. And the equity gains were not confined to the US, with a significant proportion of the world's major market indices hovering close to record highs at the end of March 2015. At the same time though, there were significant performance differentials by stock, sector and country in the 12 months.

The MSCI World Index was up 14%, but such was euro weakness in the period that this translated to a 36.1% return in euro terms. European stock markets typically posted healthy gains, although there was a wide divergence of returns between some countries; Germany's Dax rose 25.2% while Greece's Athex slumped 42%. Emerging markets (EM) recovered from a ropery start to 2014; the MSCI Emerging Markets Index rose 10.9% in local currency terms (+28.9% in euro terms). A slide of more than 40% in the oil price since July weighed on the energy sector and some of those economies that rely heavily on oil income.

Even as US economic growth accelerated after a negative first quarter, the eurozone recovery appeared to have ground to a halt by Q3 and Japan's economy went into reverse following a sales tax hike. However, a tumbling oil price created a new narrative through the second half of the review period while the European Central Bank (ECB) cut interest rates from 0.25% to 0.05%, pushed its deposit rate into negative territory, and then announced a bigger than expected quantitative easing (QE) programme in the opening quarter of 2015. Eurozone economic data showed clear signs of perking up in the last couple of months, with the weak euro providing a tailwind to growth prospects.

Bonds

Eurozone sovereign bonds posted some of the strongest returns in the review period, reflecting evolving economic and monetary policies set against the backdrop of threatening deflation. By the end of March 2015, 10-year German sovereign bonds were trading on yields of 0.18%, sharply lower than the start-of-2014 position of 1.93%, with Germany's yield curve negative out to seven years.

Annual Investment Commentary - 46501371

For the fiscal year ended 31 Mar 2015

Aer Lingus (DC) Relationship: Aer Lingus Defined Contribution Pension Scheme

In the aftermath of the ECB launch of QE, Irish 10-year yields dropped to end the review period at 0.75%, a long way from the peaks of 14% a couple of years previously. Similar-dated Spanish and Italian yields fell to 1.21% and 1.24%, almost 300 basis points lower than the levels at the beginning of 2014. Greek bond yields decoupled to climb higher in early 2015 amid concerns about the potential for a Greek default. US and UK bonds also enjoyed impressive gains. Despite underlying economies in better shape than their Eurozone counterparts, the downtrend in inflation, ongoing monetary easing elsewhere and a volatile geopolitical landscape served to temper expectations on when the Fed and Bank of England might actually raise interest rates. Longer-dated bonds were particularly strong performers in most markets.

The sustained improvement in eurozone bond fortunes helped the BofA Merrill Lynch 5+ year Euro Sovereign Index record a total return of 21.7% for the 12 months.

Cash

Central banks maintained accommodative positions, with the ECB accelerating its easing stance as the year progressed. After a brief period of upward pressure on rates in the first months of 2014, this began to reverse as the ECB made it clear that it would loosen monetary policy to help stimulate faltering growth.

The benchmark interest rate was lowered to 0.15% in May, though perhaps the announcement of most contention on that occasion was the lowering of the deposit facility rate to -0.10%. Money market rates quickly fell in line, with levels reflecting the central bank's pledge to keep monetary policy loose for as long as is necessary to guard against negative surprises in inflation. Having risen to 0.24% by the end of May, one-week EURIBOR rates turned negative in September as the ECB cut lending and deposit interest rates by a further 10 basis points, moving lower again in early 2015 as the bank announced a long-awaited sovereign bond purchase programme. One week rates ended March at -0.05%, while one-month and three-month EURIBOR also dropped to finish the review period at -0.02% and 0.02% respectively.

Property

The opening quarter of 2015 maintained the momentum seen in the Irish commercial property market through 2014. Investment transactions were reported to have reached almost €1 billion, although more than half of that value was made up of two portfolio sales in the period. This follows a year in which transactions totalled a record €4.5 billion. The capital gains tax exemption incentive for property bought before the end of 2014 may have been a tailwind last year, but the outcome in Q1 did not betray much evidence of buyer fatigue. Activity was very much focused within the Dublin market where more than 90% of transactions were completed. The office sector continued to lead the market in terms of demand from investors and tenants. Rental growth has been robust, contributing to the healthy rise in capital values. Average lease duration has also risen as landlords' negotiating position improves. Yields in all prime sectors of the market trended lower in response to unsatisfied demand.

The UK commercial property market enjoyed another strong year. Some of the fizz may have gone from central London locations, but not by much as demand from both investors and occupiers remains strong. Property yields fell through the year, helped by investors seeking out income. Rental growth has been less consistent outside the capital, but there has been a clear upswing in some regional markets. As in Ireland, the retail sector continues to have a mixed experience.

Alternatives

Commodities had a largely negative experience over the 12 months. Priced in US dollars, copper fell 9%, while gold and silver dropped by 8% and 16% respectively. Most commodities remain substantially below their highs, with industrial metals losing some recovery momentum as the geopolitical landscape shifted during 2014 and growth in Europe and China tended to disappoint. The price of crude oil was the headline-grabber; initially prices stayed high, underpinned by economic progress and destabilisation in the Middle East and Ukraine. However, excess supply saw prices tumble in the second half of the review period, with Brent crude losing more than 40% in the 12 months. Agricultural commodities also tended to finish the year down, with wheat and corn prices off by about a quarter in US dollar terms.

Corporate bonds performed well, benefiting from the positive sentiment buoying the equity markets. Investment-grade credit spreads fell steadily in both the US and Europe, with spreads initially declining to multi-year lows, generating healthy absolute returns in the process. However, credit spreads did experience a widening, particularly though not exclusively in the high-yield sector, as weaker data and geopolitical worries diverted some funds away from assets considered to be 'riskier'. Returns typically trailed the strong performances seen in the sovereign bond market.

Important Information

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- The 'Mandate Official Market Value' is consistent with the 'Official Portfolio Valuation' quoted on your Investment Reports. Please refer to your Investment Report for details of SSgA Ireland's official pricing basis.
- The performance basis of the mandate represents the official performance basis applied to the underlying asset classes. 'Weighted Return for the Period' represents returns from the first day of the mandate's fiscal year or the inception date if it falls after the first day of the mandate's fiscal year. Historic performance is not necessarily indicative of future performance, which could vary substantially. The performance figures contained herein are provided on a gross or net basis, depending on the pricing basis of the underlying Unit Trust Fund. An end-of-day calculation methodology is applied to our performance calculations. Please refer to your Investment Report for details of SSgA Ireland's performance calculation methodology.
- Our pricing basis for valuations and performance is driven by asset class: Active Unit Trust Funds - mid; Passive Unit Trust funds - last dealt; Equities - last dealt; Fixed Income - determined by pricing basis of benchmark.
- The Bid Price for the SSGA Property Fund is a synthetically calculated Redemption Price that would apply to a redemption order received for the relevant Redemption Day if no other unit dealing was received on that Redemption Day. It is computed by subtracting a provision of estimated costs for selling underlying investments such as solicitor fees, agent fees and any other applicable charges to the NAV per unit as at the relevant Valuation Point. Depending on the net amount of subscriptions or redemptions on the relevant Redemption Day, the actual Redemption Price applicable to redemption orders on the relevant Redemption Day may differ from the Bid Price. Performance for the SSGA Property Fund is calculated based on the Offer Price. The Offer Price is the Subscription Price that would apply to a subscription order received for the relevant Subscription Day if no other unit dealing was received on that Subscription Day. It is computed by adding a provision of estimated costs for purchasing underlying investments such as solicitor fees, agent fees, stamp duty and any other applicable charges to the NAV per unit as at the relevant Valuation Point. Depending on the net amount of subscriptions or redemptions on the relevant Subscription Day, the actual Subscription Price applicable to subscription orders on the relevant Subscription Day may differ from the Offer Price, and the performance calculated using actual Subscription Prices may therefore differ from that displayed on this report.
- Unquoted securities are included at the 'fair value' as determined by the Manager having regard to information from brokerages, company accounts and financial publications.
- An allocation to 'Unit Trusts' on the Asset Distribution refers to investments in SSGA MPF funds, Exchange Traded Funds and/or venture capital stocks. Rounding may occur on values and percentage weightings on the Asset Distribution.

AER LINGUS DEFINED CONTRIBUTION PENSION SCHEME (Policy No: IRLI103991)

Investment Managers

Your investment holds units in the following Standard Life Funds in accordance with the provisions of a Standard Life Trustee Investment Plan policy. Standard Life Assurance Limited has delegated its investment management function to Standard Life Investments Limited.

Statement of Assets

Fund Name	No. of Units	Value (€)	Holding (%)
Global Absolute Return Strategies Fund	1,913,665	3,174,450	100.0
Total		3,174,450	

Performance

Fund Name Fund Benchmark	12 Months to 31/03/2015 %	3 Years to 31/03/2015 % p.a.	5 Years to 31/03/2015 % p.a.
Global Absolute Return Strategies Fund	10.0	6.2	6.8
6 Month EURIBOR	0.2	0.4	0.8

Figures are calculated, net of fees, on an offer to offer basis over the stated periods, with net income reinvested.

Please note that any holdings in the Institutional Pooled Property Fund are calculated, net of fees, on a net Asset Value (NAV) per unit basis, over the stated periods, with net income reinvested. Fund and Benchmark figures are updated quarterly (31 March, 30 June, 30 September and 31 December).

Until 1 October, month end unit prices for dealing and valuation purposes were calculated on a close of business basis, in order to facilitate comparison with the official daily index movements. From 1 October, month end unit prices will be calculated using the same methodology as at any other point in the month. However, in order to facilitate month end comparisons with indices, figures for performance reporting purposes will continue to be calculated at close of business in the relevant underlying markets.

Global Overview

Global equities delivered a positive return over the 12 months to end-March, outperforming most government and corporate bond markets. Driving sentiment was ongoing accommodative monetary policy from the world's central banks, improving US economic data and positive corporate activity. There were headwinds, however, notably evolving geopolitical tensions (Russia/Ukraine and the Middle East), worries about a US Federal Reserve (Fed) rate-hike and concerns over China's economy. The plunge in the oil price and rising US dollar also created winners and losers over the period.

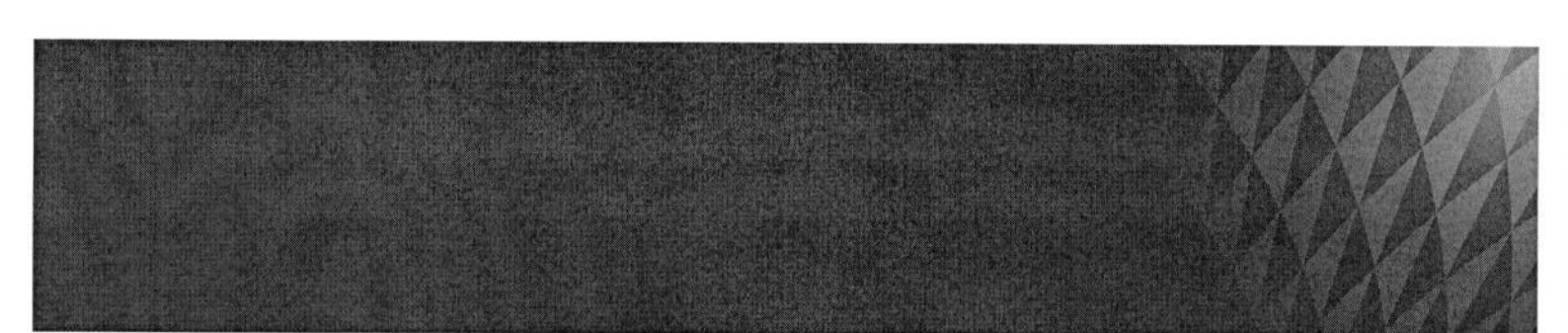
A divergence in monetary policy was a key theme during the review period. The Fed concluded its bond-buying operations, with attention now turning to the prospect of interest rate rises. Both these factors created pockets of turbulence in emerging markets. Meanwhile, the Bank of Japan continued to expand its balance sheet, while the

People's Bank of China has cut interest rates twice since November. Lastly, the European Central Bank launched its own version of quantitative easing, pledging to buy over €60 billion-a-month in government bonds and other debt in an attempt to stave off deflation. This gave a lift to equities around the world.

The 50% drop in oil also played on sentiment (the price has since rebounded a fraction), and hit exporters such as Russia particularly hard. Meanwhile, the potential break-up of the Eurozone reared its head again after anti-austerity left-wing party Syriza took the Greek election in January 2015. Negotiations between politicians in Athens and the country's creditors are ongoing and the situation remains precarious.

UK

UK equities made solid gains over the 12 months as domestic economic data improved further. However, a



number of geopolitical and macroeconomic events distracted investors from the underlying domestic recovery. Considerable volatility resulted, as markets reacted aggressively to each development.

The period began in choppy fashion. Positivity related to the improving economic outlook was short-lived due to fears about the impact of quantitative easing tapering in the US. Geopolitics also became an issue, as tensions between Russia and Ukraine affected sentiment. Subsequent conflict in Gaza and Iraq, and the rise of ISIS in Iraq and Syria, ensured further volatility. Economic data continued to underline the UK's ongoing recovery, but merely stoked speculation about possible interest rate policy changes. Concerned investors fuelled further volatility, selling down prior outperformers in favour of more defensive sectors in a bid to de-risk portfolios.

News flow remained variable in the second half of the period. Strong third-quarter GDP demonstrated the UK economy's resilience. However, soft Eurozone data prompted fears of deflation – a view given credence by a sharp decline in the oil price. A disappointing start to the US earnings season compounded matters. However, UK economic data improved further – in 2014, the economy grew at the fastest pace since 2007. Towards the end of the period, UK stocks also felt the benefit of the European Central Bank's decision to launch a large quantitative easing programme. However, softer data from various world regions subsequently tempered gains.

US

US equities made strong gains over the year, helped by ongoing evidence that economic recovery was becoming increasingly sustainable. Reassurances over the pace of withdrawal of monetary stimulus by the Federal Reserve (Fed) partially alleviated concerns that this would have a negative economic impact.

In the US, GDP growth for the first quarter of 2014 missed expectations. However, the numbers did not prove indicative of the coming year, with dips in sales figures ultimately attributed to the unusually harsh winter. US equities subsequently hovered at or near record highs; with strong second quarter data duly arriving. Consumer confidence rose strongly and the rate of unemployment continued on its downward trajectory. US equities continued to gain ground as the review period progressed, supported by encouraging dataflow.

Later in the year, there were periods of volatility, as concerns increased that interest rates could rise sooner than expected. However, optimism returned to markets, with investors buoyed by strong macroeconomic data and encouraging third quarter corporate earnings. The Fed ended its quantitative easing programme towards the end of 2014 and despite concerns over interest rate rises,

equities were buoyed by the lower oil price and falling inflation. Disappointing fourth quarter earnings resulted in a subdued start to 2015 for US equities and consumer confidence was dented after reaching a seven-year-high in January. The strength of the dollar also created headwinds for a number of companies but concerns over interest rate rises were dulled as the period came to a close.

Europe

European equities delivered positive returns over the year. While macroeconomic data from the Eurozone was generally poor, the European Central Bank's (ECB) policy measures to stimulate growth and avoid deflation supported markets at times. Rising geopolitical risk in Ukraine and the introduction of sanctions against Russia also caused concern.

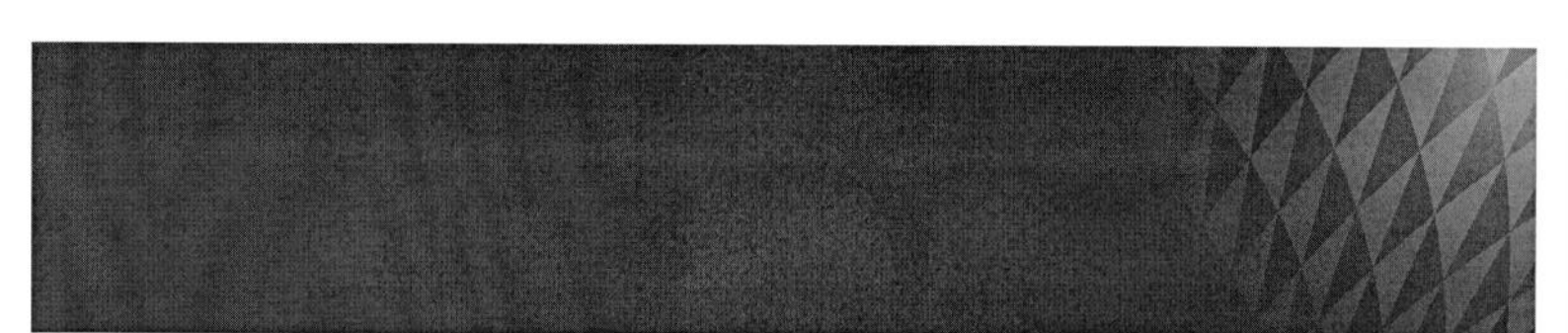
At the start of the period, economic data showed improvement but not enough to prevent ongoing market jitters. Continued weak inflation data resulted in fears over the threat of deflation. This prompted speculation that the ECB would act to stimulate activity and prices. Equities rallied hard on this speculation and eventually the ECB announced a further round of policies aimed at tackling the region's general economic malaise. However, European markets then fell back as the fragile recovery faltered. The banking sector was a cause for some uncertainty as accounting irregularities at a Portuguese bank emerged. Further concerns over Ukraine and sanctions against Russia also did little to ease investors' nerves.

Poor macroeconomic data continued to haunt the region, with GDP growth negligible and inflation failing to make any real headway. This forced the ECB to eventually announce a massive stimulus package aimed at kick-starting economic activity; the scale of this programme was sufficient to give European stocks a boost. The Greek election and bailout discussion occupied centre-stage early in 2015 with a bailout extension eventually being agreed. Economic data also showed signs of improvement and equity markets continued an upward trend.

Ireland

Irish equities made solid gains over the last 12 months in local currency terms. Positive global economic data, continued central bank intervention and strong domestic corporate earnings boosted investor sentiment. This was despite continued weakness in the Eurozone economy and rising geopolitical risks.

Irish equities prospered at the start of 2014, as investors received news of the country's exit from the EU bailout programme very positively. As the period progressed, conditions became much more challenging. Equities lost some ground despite positive economic data, with retail sales increasing and unemployment falling. There was support for equities from the European Central Bank (ECB),



which reduced interest rates to 0.05%. Better-than-expected exchequer returns also allowed the Irish government to announce an expansionary budget rather than the €2 billion adjustment planned earlier in the year.

Towards the end of 2014, Irish equities became more volatile, rebounding strongly from a blip in October before ending the year with a modest gain in December. Uncertainty over the outlook for the Eurozone re-emerged with political turmoil in Greece, which unnerved investors. However, the New Year started positively with the ECB's announcement of a further stimulus programme buoying Irish equities. The upward trend continued with generally positive economic releases in Ireland. Retail sales and consumer confidence increased in February, although industrial production remained volatile and house prices fell. As the period closed, economic data was mixed but unemployment continued to improve and is better than in the Eurozone generally.

Asia Pacific

Asian equities delivered a positive performance over the year to end-February 2015, although the period was characterised by bouts of upheaval. Dictating sentiment was the apparent slowdown in China, sizeable central bank policy interventions and speculation over when the Fed would hike interest rates. The latter factor, combined with the Fed winding-up its bond-buying scheme, made for a bumpy 12 months for a number of emerging markets.

The slowdown in China was a major talking point and influenced markets throughout the region. The country is attempting to rebalance its economy, a consequence of which may be a lower growth trajectory than investors have become accustomed to over the last decade. While acknowledging this, the People's Bank of China has also been willing to support growth when necessary through a variety of targeted measures. This included two interest rate cuts since November.

Meanwhile, Indian markets have performed well, with the main Sensex index hitting an all-time high in January. Investors have responded favourably to Prime Minister Narendra Modi's bold pro-growth reform agenda. A similarly reformist programme by Indonesia's president was also well received by investors. However, falling commodity prices (oil has halved in price since the summer), the strength of the US dollar and the prospect of higher global interest rates, particularly in the US, sporadically hit a number of regional currencies hard. This helped limit market gains.

Japan

The Japanese equity market experienced a turbulent, but positive, 12 months. Signs that inflation was finally beginning to pick up cheered investors, as did central bank policy that engineered some weakness in the yen. However,

concerns over a new consumption tax and mixed economic data adversely affected investor sentiment.

Japanese equities experienced sharp falls in early 2014, largely driven by global macro concerns and poor fourth-quarter Japanese GDP figures. The consumption tax hike in early April also lent some uncertainty to economic readings as it inspired consumer caution after its implementation. Shoppers had rushed to make purchases before the increase took effect, leading to strong first-quarter sales figures and a sharp drop-off in the following period. Equities recovered over the summer months but were not immune to volatility as investors used the yen as a safe haven on rising geopolitical risks. Despite some pullback as the Japanese economy contracted at the fastest pace since the 2011, equities maintained their upward trend.

As the period progressed, the Bank of Japan's massive expansion of its monetary easing programme and a sharp depreciation of the yen were positive factors. The re-election of Prime Minister Abe and an 18-month delay in the second increase of the consumption tax further boosted markets. As the period closed, equities continued to make headway despite mixed economic data, largely driven by the expectation that further easing would take place later in the year. A slight increase in the unemployment rate and disappointing retail sales all gave further credence to this theory.

Government bonds

The commitment of central banks to maintain accommodative monetary policy and increased geopolitical risks provided support for government bond markets over the year. Contrary to market expectations, and in spite of generally favourable domestic growth indicators, US Treasury, German bund and UK gilt yields all declined.

Within all economies, persistently low inflation was a factor, defusing any immediate pressure on policymakers to tighten monetary policy and consequently supporting bond yields. However, as the period progressed, expectations of a turn in the interest rate cycle began to increase as economic growth signals remained strong in both the US and UK. Geopolitical risks continued, compounded by gloomy economic news from Europe. The European Central Bank (ECB) moved to negative deposit rates in June and implemented a further programme of targeted long-term refinancing (TLTRO). A strong performance from UK gilts in September was fuelled partly by market nerves over the Scottish Referendum vote.

The more pro-active liquidity stance of the ECB was another dominant bond market influence, leading to further falls in European bond yields. Government bonds delivered positive returns towards the end of 2014, a consequence of both reduced inflation expectations and investors' preference for lower-risk assets. Disinflationary trends were



given a strong impetus by an accelerating plunge in oil prices. Central bank policies remained persistently accommodative, and weak European economic data forced the ECB to finally announce a massive programme of sovereign bond buying. The last few weeks of the period did see a sharp reversal for Treasury and gilt yields, however, as some strong US data and a stabilisation in the oil price boosted investors' appetite for risk.

Corporate bonds

The review period was ultimately positive for corporate bond returns. The conditions that have been so supportive for bond markets recently remained broadly in place. These include ultra-low government bond yields, central bank stimulus (such as quantitative easing) and healthy company balance sheets.

As economic data in the Eurozone continued to weaken, the European Central Bank (ECB) announced a range of new stimulus measures, which were well received by investors. A number of geopolitical concerns and the precipitous decline in the price of oil brought a surge of volatility to corporate bond markets in the last few months of 2014. This prompted a strong rally in core government debt, which was positive for absolute returns on corporate bonds. Furthermore, continuing economic weakness and disinflationary pressures in the Eurozone eventually led to the announcement of quantitative easing (QE) by the ECB in January 2015. The package has so far provided support to risk assets, including corporate credit.

Continued strong economic data in the US prompted investors to question whether the Federal Reserve (Fed) might raise interest rates earlier than previously expected. However, the Fed's language, as well as the disinflationary impact of low oil prices, has pushed out market expectation to later this year. In the Eurozone, the effects of a weaker currency (helped by ECB QE) and lower oil prices are helping the Eurozone economy to recover, albeit at a gradual pace. Concerns remain over political event risk, as investors were unsettled by uncertainty over the ability of the newly elected government in Greece to repay its debts to creditors.

Global Absolute Return Strategies

The Global Absolute Return Strategies Fund delivered positive returns over the year, comfortably outperforming its cash benchmark. Divergent central bank policy remained a central market force throughout the year, with Europe and Japan maintaining a supportive monetary stance, while the US appeared poised to raise rates.

Early in the review period, geopolitical unrest in Iraq and Ukraine prompted fears of oil supply disruption, benefiting our exposure to global equity oil majors. Markets nevertheless made gains, reassured by upbeat US economic data and continued central bank support. US dollar strength was a dominant feature through much of the review period and our currency pairs preferring the US dollar versus the yen, euro and Canadian dollar all made gains. While speculation surrounded the exact timing of the first US interest rate hike, the US economy was felt to be far closer to monetary tightening than other regions, given the improving US economic landscape. By contrast, in frailer economies like Europe and Japan, the bias remained firmly towards monetary easing.

The precipitous decline in the price of oil and other commodities was a focal point in the latter half of the year, fuelling doubts about global growth and eventually prompting an aggressive risk sell-off in December. Resource-related assets were hardest hit, hurting our global miners versus Swiss equity and global equity oil majors positions. Countering this, our long US dollar versus Canadian dollar strategy was profitable, as Canada's heavy reliance on commodities undermined the currency. In early 2015, the European Central Bank finally announced bold, if belated, stimulus action to boost Eurozone growth. This restored an upbeat tone to markets for the remainder of the year and generated solid performance from our European and global equities exposures.

Custodianship

As this is an insured policy, Standard Life Investments is responsible for making satisfactory custodian arrangements.

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Aer Lingus Defined Contribution Pension Scheme - Cautious Blended Fund

Managed Fund Policy Number MF 35873/002

Investment Report for the year ended 31 March 2015

The assets of the Scheme are invested in an insurance policy with Legal & General Assurance (Pensions Management) Limited, part of the Legal & General Group, which is one of the largest financial institutions in the United Kingdom.

The policy is designed for corporate and public sector Pension Schemes and takes full advantage of the tax exemptions available to an insurance policy of this type. It is a unitised policy and the value of the units fluctuates directly in relation to the value of the underlying assets. All units are redeemable at bid prices that are calculated from independent, external pricing sources. The assets underlying the units are held by independent corporate custodians which are regularly reviewed by external auditors.

Members of the Scheme invest in the following range of sections within the policy that aim to produce a return (before charges) which is close to a specified index.

The value of the units held under the policy at the beginning and end of the reporting period, on a bid price basis were:

Investment Funds	Value at 31 March 2014	Value at 31 March 2015
	EUR	EUR
WldEurzn5050EqInd NetWHTinChgs	3,051	16,318
EurGvt Bond >5Yr Index ChgsInc	7,096	37,970
Total Assets	10,147	54,288

The unit prices for these valuations were based on market closing prices. The values shown include any activity that took place on the valuation days.

The time-weighted investment returns on the Scheme's assets were as follows:

TIME-WEIGHTED RETURNS TO 31 MARCH 2015					
		Last Twelve Months		Since 14 Feb 2014	
Investment Funds		Fund %	Benchmar %	Fund %pa	Benchmar %pa
WldEurzn5050EqInd	NetWHTinChgs	+28.9	+28.8	+26.7	+26.7
EurGvt Bond >5Yr	Index ChgsInc	+21.7	+21.7	+21.5	+21.5

Legal & General Assurance (Pensions Management) Limited

2 December 2015

