

BRITISH AIRWAYS



The logo consists of a stylized red and white ribbon that curves upwards and to the right, resembling a wing or a tail fin.

BRITISH AIRWAYS

Certain information included in these statements is forward-looking and involves risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward looking statements.

Forward-looking statements include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, expected future revenues, financing plans and expected expenditures and divestments. All forward-looking statements in this report are based upon information known to the Company on the date of this report. The Company undertakes no obligation to publicly update or revised any forward-looking statement, whether as a result of new information, future events or otherwise.

It is not reasonably possible to itemise all of the many factors and specific events that could cause the Company's forward looking statements to be incorrect or that could otherwise have material adverse effect on the future operations or results of an airline operating in the global economy. Information on some factors which could result in material difference to the results is available in the Company's SEC filings, including, without limitation the Company's Report on Form 20-F for the year ended March 2006.

The estimated cost of the new security measures reflects the direct and indirect estimated revenue impacts and costs. The estimate of some £100 million in Quarter 2 2006/07 is based on assumptions the company considers reasonable, but are judgemental.

BRITISH AIRWAYS

Q2 & Interim Results

2006/2007

3rd November 2006

Martin Broughton

Chairman

BRITISH AIRWAYS



Keith Williams

Chief Financial Officer

Headline numbers

	3 Months £m	vly	6 Months £m	vly
Turnover	2,313	4.9%	4,630	8.6%
Operating profit before BA Connect impairment	240	(8.0)%	451	3.2%
Operating profit	134	(48.7)%	345	(21.1)%
Operating margin before BA Connect impairment	10.4%	(1.4)pts	9.7%	(0.5)pts
Operating margin	5.8%	(6.0)pts	7.5%	(2.7)pts
EBITDAR	490	(2.4)%	941	2.5%
Pre-tax profit	176	(27.0)%	371	1.6%

Period ended September 30, 2006

Q2 statistics

Key statistics

VLV
B/(W)

ASK

3.4%

RPK

3.6%

Seat factor

0.1pts

ATK

1.5%

Key performance indicators

Yield per RPK

2.2%

Yield per ASK

2.4%

Unit costs per ATK

(10.5)%

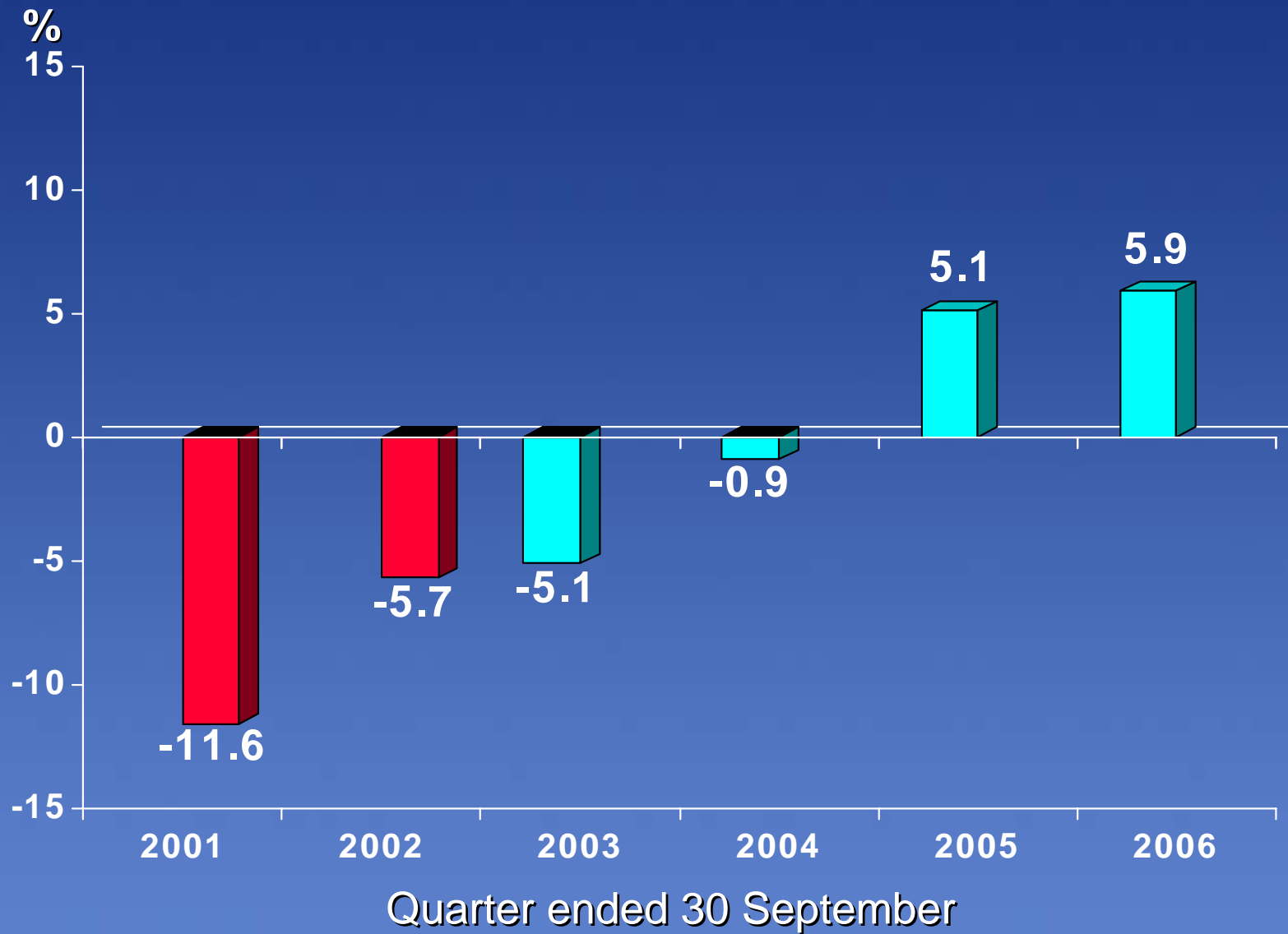
Unit costs excl fuel and
BA Connect impairment

1.1%

One-off impacts

	£m
Disruption impact	100
BA Connect impairment under IAS 36	106
	<hr/>
	206
	<hr/> <hr/>

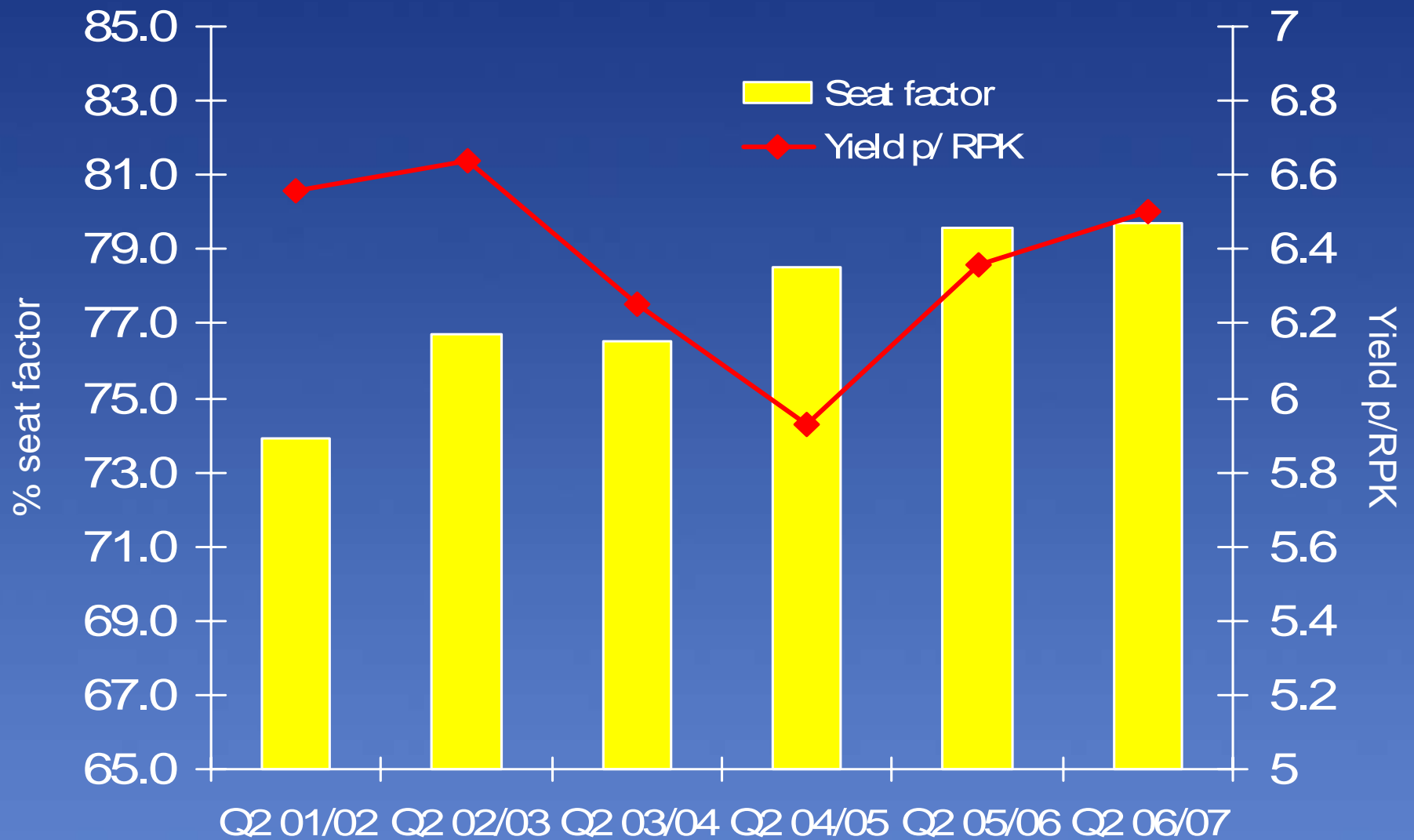
Passenger revenue vly



Turnover split

	£m	VLV
Passenger	2,008	5.9%
Cargo	160	3.2%
Other	145	(5.2)%
	<hr/> 2,313 <hr/> <hr/>	<hr/> +4.9% <hr/> <hr/>

Q2 seat factor and yield – both up



Q2 Yield split

Pence /RPK vly	%
Price	1.8
Exchange	(0.3)
Mix	0.7
Total reported yield	<u>2.2</u>

Q2 costs

- Capacity up 1.5%
- Total costs up 12.1%
- Unit costs up 10.5%

Excluding fuel and BA Connect impairment:

- Total costs up 0.3%
- Unit costs down 1.1%

Q2 costs flat excluding fuel

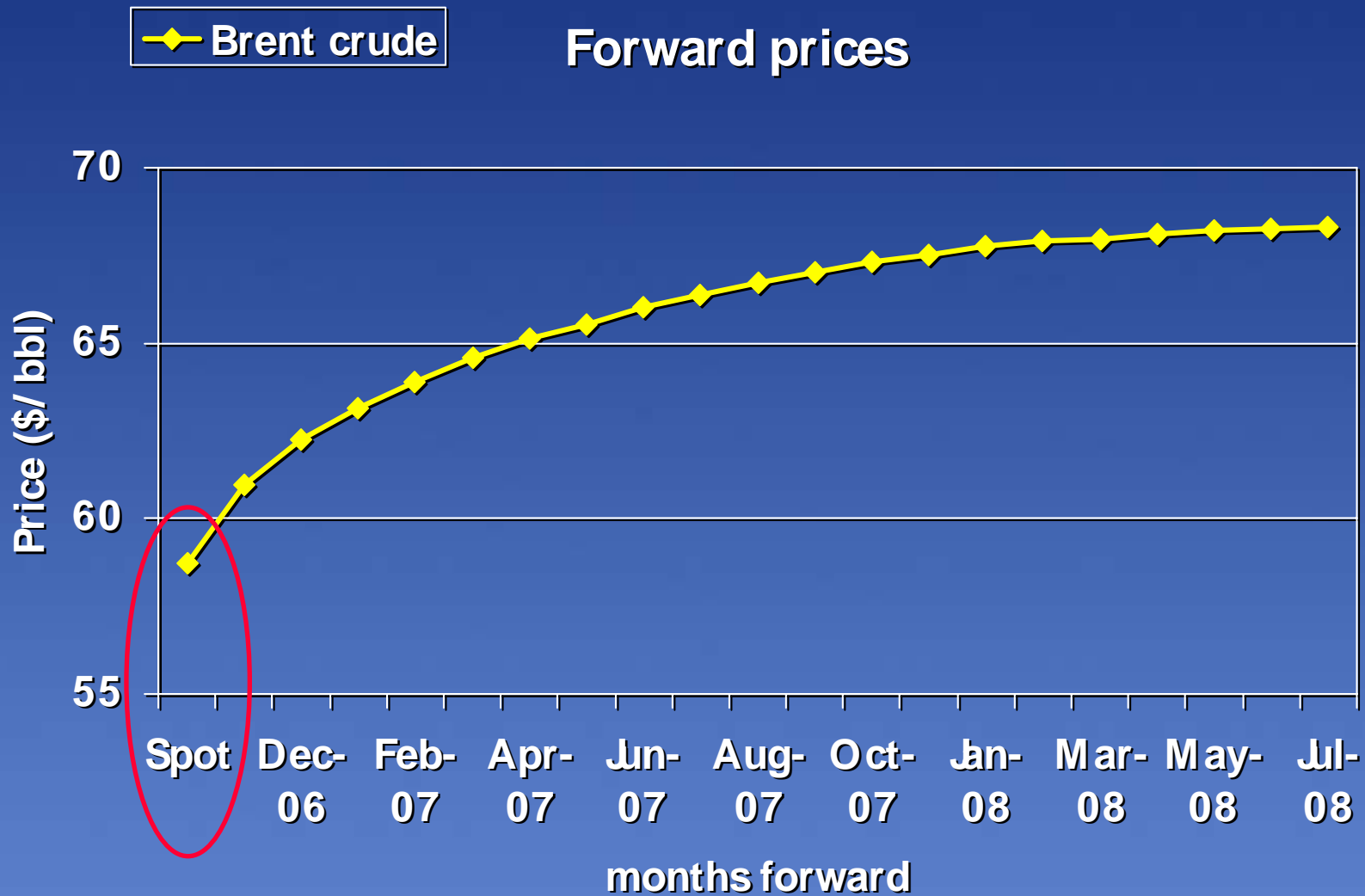
	£m	VLV	
Employee costs	576	1.4%	up
Engineering & other aircraft	110	6.8%	down
Landing & en route charges	145	-	flat
Handling, catering etc	250	0.8%	up
Selling costs	98	7.5%	down
Other costs	360	3.2%	up
TOTAL COSTS (excl. fuel & impair)	1,539	0.3%	up
Fuel & oil	534	30.2%	up
BA Connect impairment	106	n/a	up
REPORTED TOTAL COSTS	2,179	12.1%	up

Fuel hedging cover

(Brent equivalent prices)

	FY06/07 (Q3 and Q4)	FY07/08
Cover	83%	40%
Swaps	31 % @ \$62	6% @ \$46
Collars	52% average collar \$66 / \$53	34 % average collar \$74 / \$58

Forward fuel prices at a premium



Cash

- Operating cashflow of £439m for six months
- EBITDAR up 2.5% at £941m for six months
- Cash balances up £193m vs March at £2.6bn

Capex and debt repayment profiles

	Annual Capex forecast	Annual repayment forecast
	£m	£m
2007	450	490
2008	500	465
2009	600	415
2010	600	340

October traffic statistics

Capacity (ASK's)	Up 0.8%
Traffic (RPK's)	Up 1.1%
Seat factor	Up 0.2 pts @ 74.9
Premium traffic	Up 2.1%

Financial year 2006/07 outlook

Revenue growth		4.5 – 5 per cent
Fuel cost		up £400 million
Non-fuel costs		Flat
Capex		£450 million

In summary

- Good underlying results
- Operational challenges remain
- Cost performance focus will continue
- Outlook for 2006/07 – revenue guidance down 0.5%

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Willie Walsh

Chief Executive Officer

Agenda

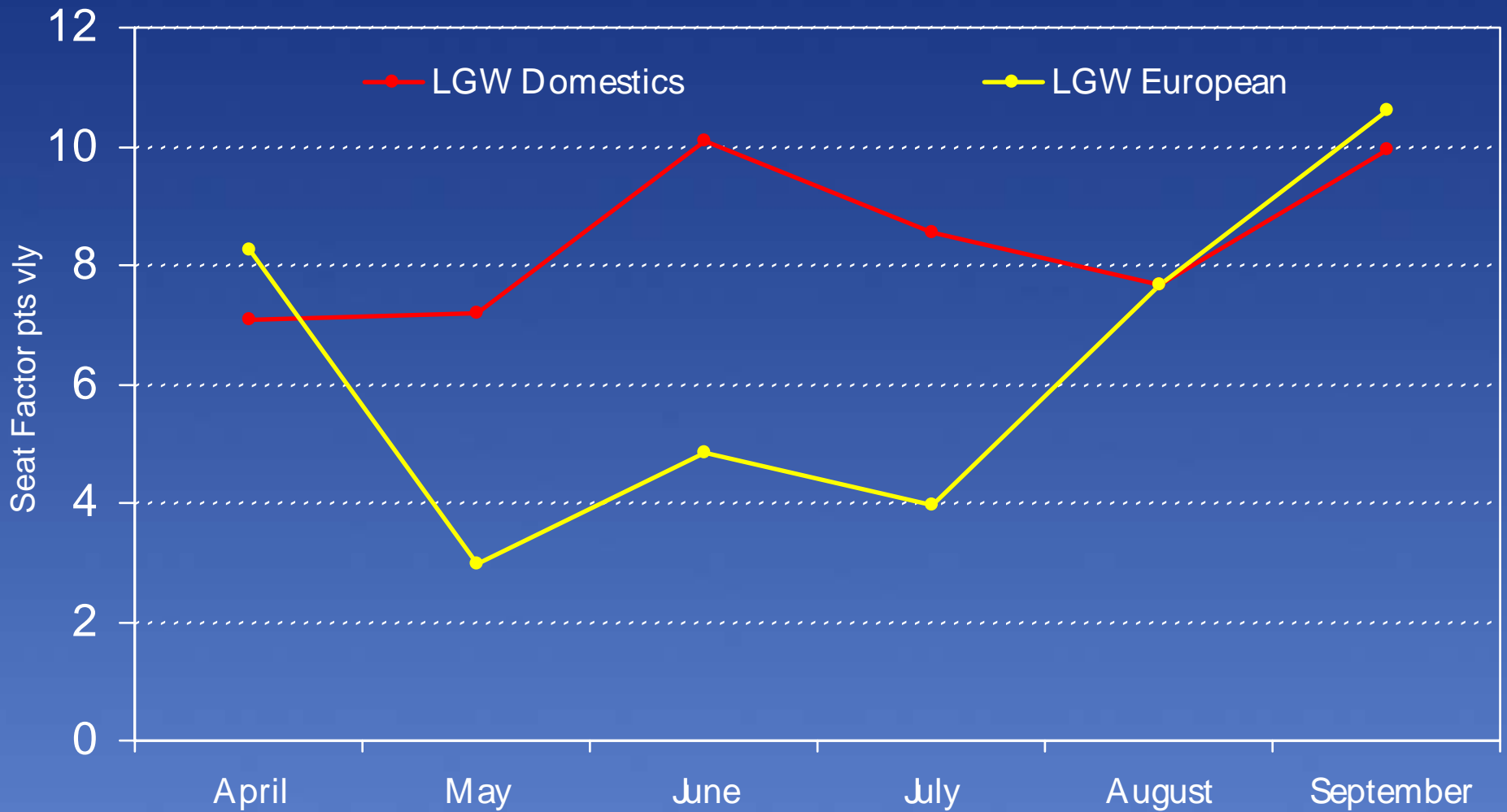
- Shorthaul update and BA Connect
- ba.com update
- Current trading
- Fleet expansion and renewal process

Shorthaul

Gatwick strategy

- Broad network
- Premium leisure
- New advertising and pricing approach
- Overhead/productivity improvements
- £40m profit improvement target

LGW Seat Factors



BA Mainline flights

Gatwick profit plan update

- Cabin crew single fleet agreement
- Working practice change
- Staff reductions
- Property and facilities rationalisation

Heathrow

- Profitable business
- Club Europe
- Working practice change
- Space saver seat roll out

BA Connect strategy

- Complete re-launch in March 2006
- New fare structure
- Buy on board catering
- New routes from Birmingham
- Profitability required within 2 years

BA Connect – the progress

 Not satisfactory

Immediate action:

- Agreement in principle to sell regional business of BA Connect subject to due diligence
- Not Strategic
- Retain and focus on London City routes

ba.com update

ba.com usage statistics

- 691 million hits on ba.com in first six months 2006/07
- 25% of total flown segments booked on ba.com
- 63% of our SH leisure fares* booked on ba.com

* Shorthaul Point to Point UK sold low fares

Selling on ba.com

Next Gen website and selling
functionality to be launched

Book a flight

> Holidays & more

Country of departure

United Kingdom

From

London (All)

To > Where we fly

Depart

DD/MM/YY

One way only

Return

DD/MM/YY

My dates are fixed

Class > What's this?

Economy

Ticket type > What's this?

Lowest

Flexible

Adults

(12+)

1

Children

(2-11)

0

Infants

(<2)

0

> Under 12, travelling without someone 16 or over?

> Special assistance

Holidays & more...



For holidays, hotels, sightseeing and transfers, click on the 'Holidays & more' tab on the booking panel above.

Welcome to British Airways

Login or Register to access your BA bookings



Montego Bay
from £780

Special offers

- > New York £199
- > Paris from £59
- > Hong Kong £329
- > Barcelona £89
- > Melbourne £399
- > Nice £79

> See all our special offers



Club World's
softest ever beds

Log in

Login ID

PIN/Password

Remember me

- > Need help logging in?
- > Forgotten your PIN?

Your booking

- Check in online
- Manage a booking

Last name

Booking Reference

> What's this?

Latest news

- > Latest British Airways news
- > New routes this winter!
- > Terminal 5 latest
- > Security updates

Flight status

- Depart
- Arrive

Choose your journey dates

Change your search
Calendar

From
London (Heathrow) ▾

To > Where we fly to
Geneva

Departing
18/MM/YY

Returning
21/MM/YY

Class
Economy ▾

> What's this?

Ticket type

Lowest
 Flexible

Adults (12+) **Child** (2-11) **Infants** (<2)

> Under 12, travelling without someone 16 or over ?
> Special assistance

→ **Outbound**
London - Geneva

◀ Previous week Next week ▶

Wed 15 Mar	Thu 16 Mar	Fri 17 Mar	Sat 18 Mar	Sun 19 Mar	Mon 20 Mar	Tue 21 Mar
From £81	From £63	From £55	From £ 43	From £81	From £63	From £55
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

! Lowest available adult price including taxes, fees, charges and surcharges

- The price is quoted in UK Pounds (GBP,£), for a currency calculator [click here](#)
- If you change your outbound date the inbound prices may change.

← **Inbound**
Geneva - London

◀ Previous week Next week ▶

Sat 18 Mar	Sun 19 Mar	Mon 20 Mar	Tue 21 Mar	Wed 22 Mar	Thu 23 Mar	Fri 24 Mar
From £53	From £81	From £43	From £43	From £81	From £55	From £55
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

! Lowest available adult price including taxes, fees, charges and surcharges

- The price is quoted in UK Pounds (GBP,£), for a currency calculator [click here](#)

About your fare

• Taxes, fees, charges and surcharges are for the entire journey are approximately £50

For every new booking on ba.com...

Another customer will use
Online Check-In

and someone else will check
live flight information....

Online Check-in

Available 24 hours before your flight departure time

Before you check in...



Do you need to:

- Provide passport information?
- Add a frequent flyer number?
- Supply mobile and contact details?
- Review your baggage allowances?

[> Manage My Booking](#)

How does Online Check-in work?

<p>1 </p> <p>Flights and passengers</p> <p>Tell us who is checking in and for which flights</p>	<p>2 </p> <p>Confirm seats</p> <p>View the seat map and change your seat if you wish.</p>	<p>3 </p> <p>Boarding pass options</p> <p>If you have access to a printer, you can print your boarding pass.</p>	<p>4 </p> <p>Check-in summary</p> <p>A summary of your check-in status and informs you about what to do next.</p>
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When you get to the airport

If you are travelling with baggage



You can still use Online Check-in. We have designated Fast Bag Drop desks for your baggage at the airport. We'll give you the location of these once you've checked in.

[> About the Fast Bag Drop](#)

Security checks



These will still take place at the airport as normal.

[> About the security check](#)

Check-in now

Booking reference

[> What's this?](#)

Passenger's last name

You need permission to check in other passengers in your group.

If you have permission to do so, check the box

[> Our privacy policy](#)

[Start check-in ▶](#)

Need help?



[> View our Online Check-in demo](#)

[> Online Check-in Frequently Asked Questions](#)

[> Other check-in options](#)

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BOARDING PASS

MR ADAM MARKS you're ready to fly

Seq. No. 000
e-ticket - no coupon

Flight

BA1325

Date

29 July

From

Edinburgh

Gate closes at

06:25

To

Heathrow (London)

Seat

30G

Departure time

06:35

Please fold - do not tear

YOUR FLIGHT DETAILS

Booking Reference

ABC123

Hand baggage allowance

1 bag+laptop/briefcase

Passenger baggage must not contain



Oxidising
Substances



Radioactive
Material



Explosives



Toxic or
Infectious
Substances

Operating Airline

British Airways

Checked baggage allowance

2 bags (No bag to exceed 32kg/71lbs)



Gases



Corrosives



Flammable
Substances

or other
articles or
substances
which
present a
danger
during air
transport

Class of travel

UK Domestic

Frequent Flyer

BA/BLUE 12345678

For every new booking on ba.com

- Three people will use the Manage My Booking facility
- Three people will receive a service email from BA
- Four people will log onto their executive club account

ba.com during disruption

On a normal day the “latest flight news” page on ba.com is visited 3000 times.

During Aug 10 – Aug 14 “latest flight news” was visited 470,000 times per day.

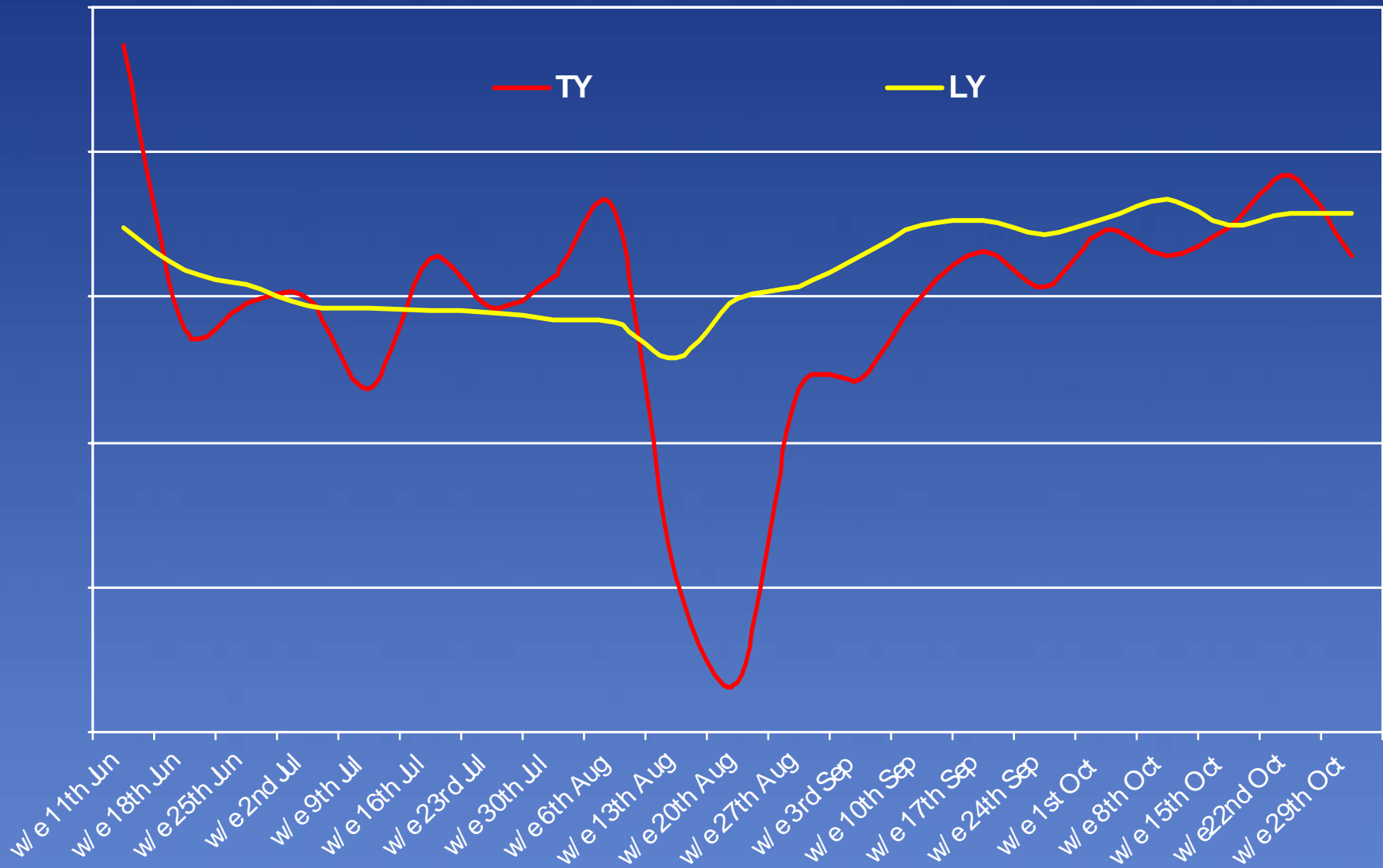
Current trading

Weekly average new bookings

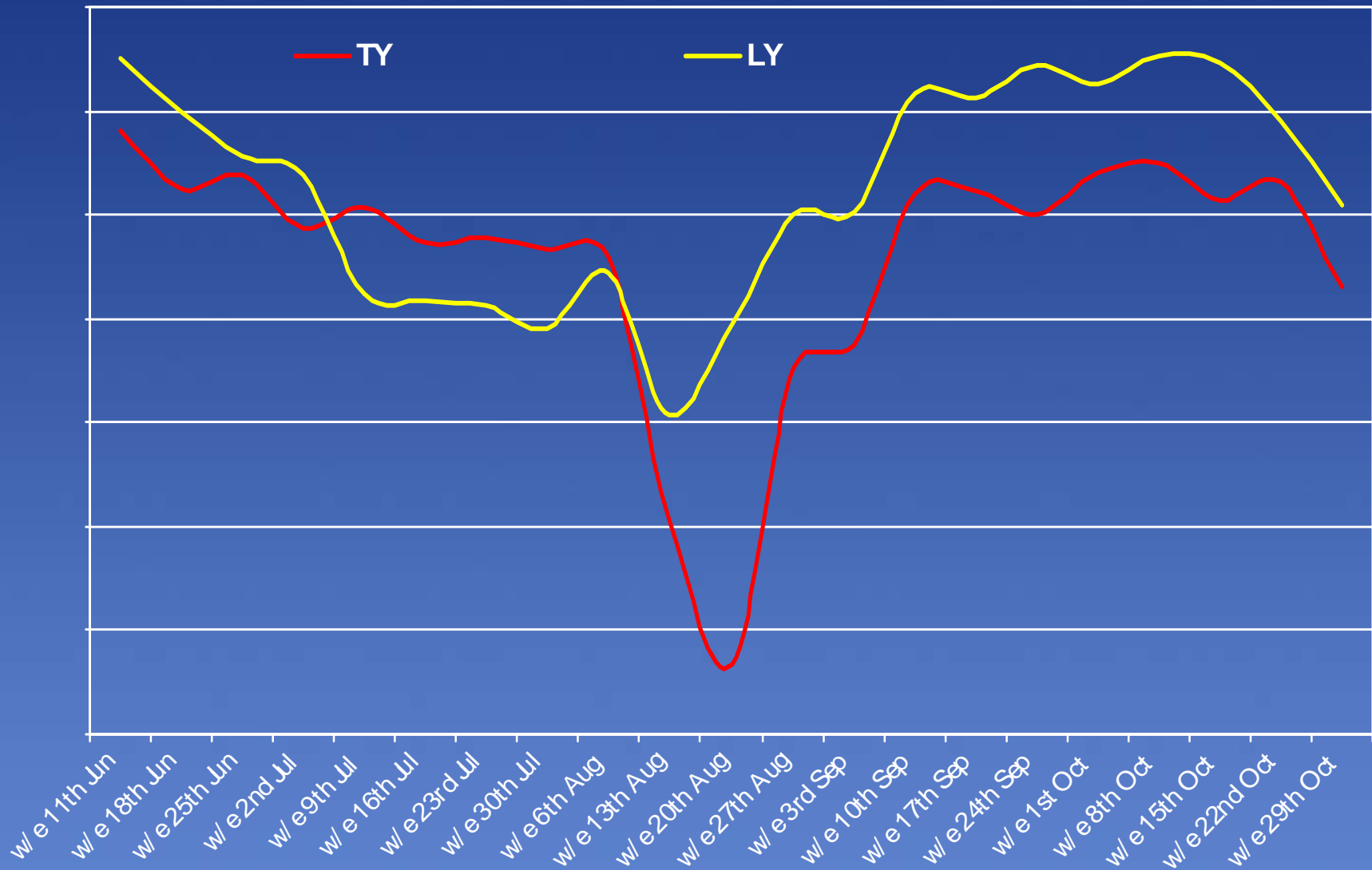


Last updated 30th Oct

Weekly bookings LH Premium Transfer



Weekly bookings SH Premium



Fleet expansion and renewal process

Request for proposal

- Replacement of 14 LH 767s, 20 oldest 747s and future growth
- Competition between the aircraft and engine manufacturers
- First step in lengthy process
- Timetable determined by aircraft delivery lead times
- Pension solution required

BA's timescales

- No new LH aircraft pre T5
- Pre 2010:
 - 3-4% LH growth assumption
 - growth will be filled by new aircraft in 2009/10
- Post 2010:
 - 3-4% LH growth assumption dependant on market conditions
 - Mid decade replacement requirements start
 - Early replacement possible depending on RFP results

Summary

- Shorthaul must be profitable
- All options on BA Connect have been explored
- Operational difficulties continue – principally affecting LH premium transfer and SH premium traffic
- Fleet renewal process is a long one – early stages
- No new LH aircraft before T5 and pension solution

The new Club World bed

Launch event 13th November



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Questions

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