BRITISH AIRWAYS

Preliminary full year results
2007/08

May 16, 2008

Disclaimer

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, discussions of the Company's Business Plan programs, 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 revise 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 a material adverse effect on the future operations or results of an airline operating in the global economy.

Martin Broughton

Chairman

BRITISH AIRWAYS

Keith Williams

Chief Financial Officer

Profits up on good results

- A difficult time for the industry
- Results in line with Investor Day forecasts
- Another record quarter
- A record year
- Margin at 10.4% before staff bonuses £35 million
- 10% margin is culmination of several years' work

Results in line with forecast

Revenue growth	3.0-3.5%	→	3.1%
Fuel cost	up £130m	→	up £124m
Non-fuel costs	down £170m	→	down £182m

Resulting 10% operating margin

Headline numbers for the year

	12 Months £m	Better/(worse) VLY
Turnover	8,753	3.1%
Total costs	(7,878)	0.7%
Operating profit	875	45.3%
Operating margin	10.0%	2.9pts
EBITDAR	1,777	15.1%
Pre-tax profit	883	44.5%

Year ended 31 March, 2008

Headline numbers for the quarter

	3 Months £m	Better/(worse) VLY
Turnover	2,131	10.3%
Total costs	(1,990)	(2.2%)
Operating profit	141	nm
Operating margin	6.6%	nm
EBITDAR	349	31.0%
Pre-tax profit	95	nm

Period ended 31 March, 2008

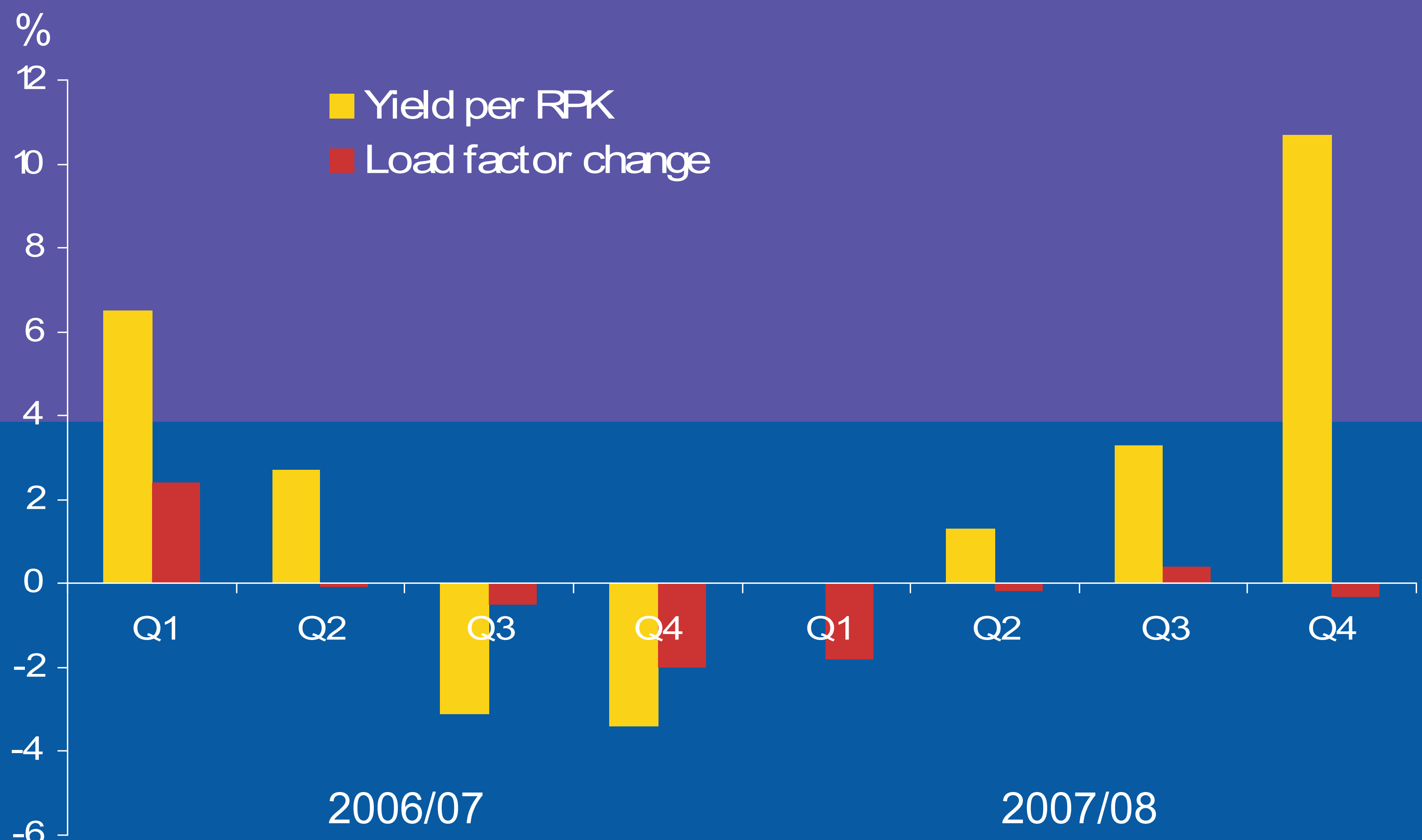
Statistics

Key statistics	12 months VLY
ASK	up 0.8%
RPK	up 0.1%
Seat factor	down 0.5 pts
ATK	down 0.2%

Key performance indicators	
Yield per RPK	up 3.6%
Unit costs per ATK	down 0.5%
Unit costs per ATK excl fuel	down 2.8%

Year ended 31 March, 2008

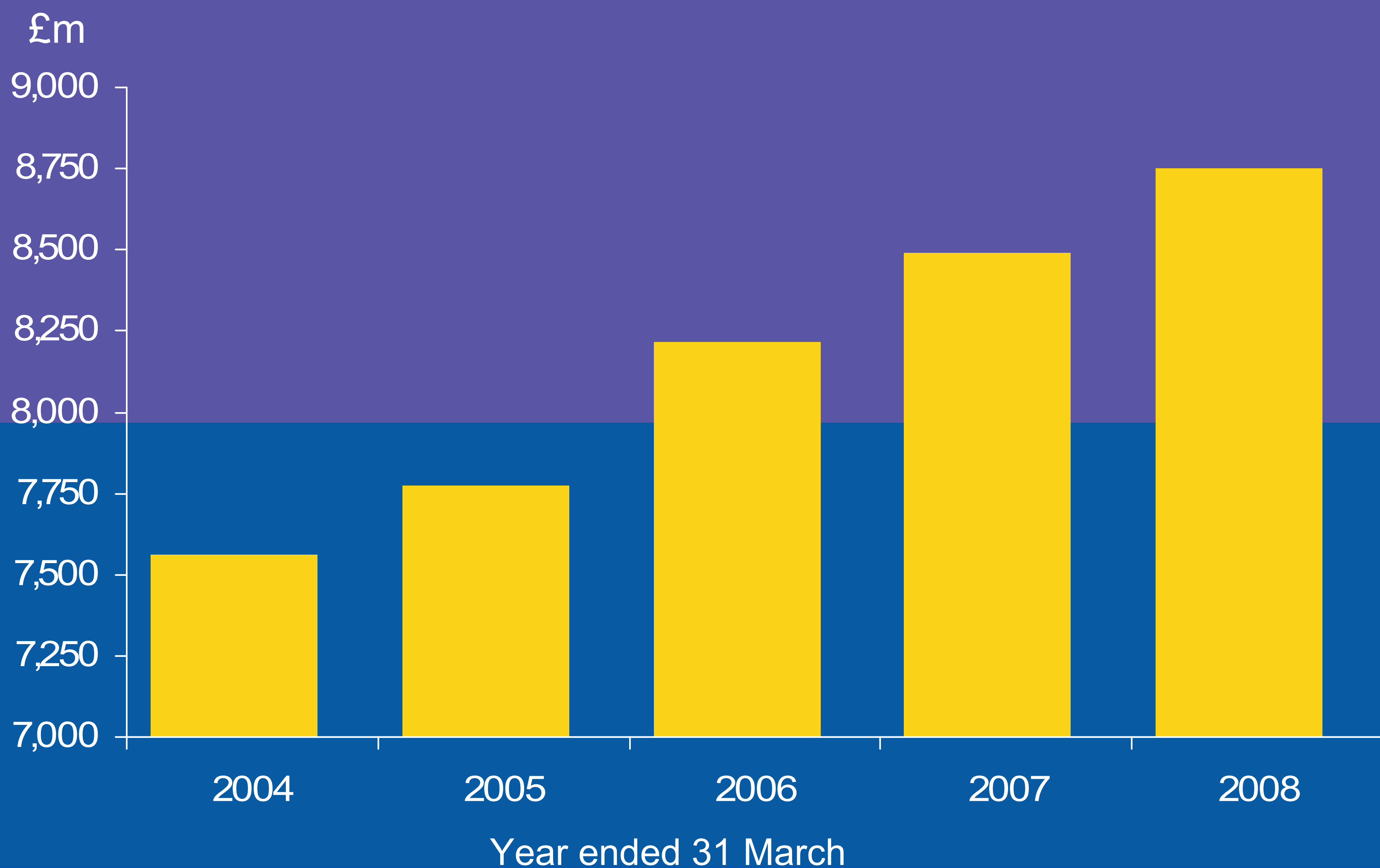
Yield drives revenue improvement



Price and mix both driving yield

%	9m	Q4	12m
Price	2.4	7.8	3.7
Mix	1.9	1.4	1.6
Exchange	(2.8)	1.5	(1.7)
Reported	1.5	10.7	3.6

Solid revenue growth



Turnover split full year

	£m	VLY
Passenger	7,541	3.8%
Cargo	616	3.0%
Other	596	(5.5)%
	8,753	3.1%*

* Excluding exchange 4.6%

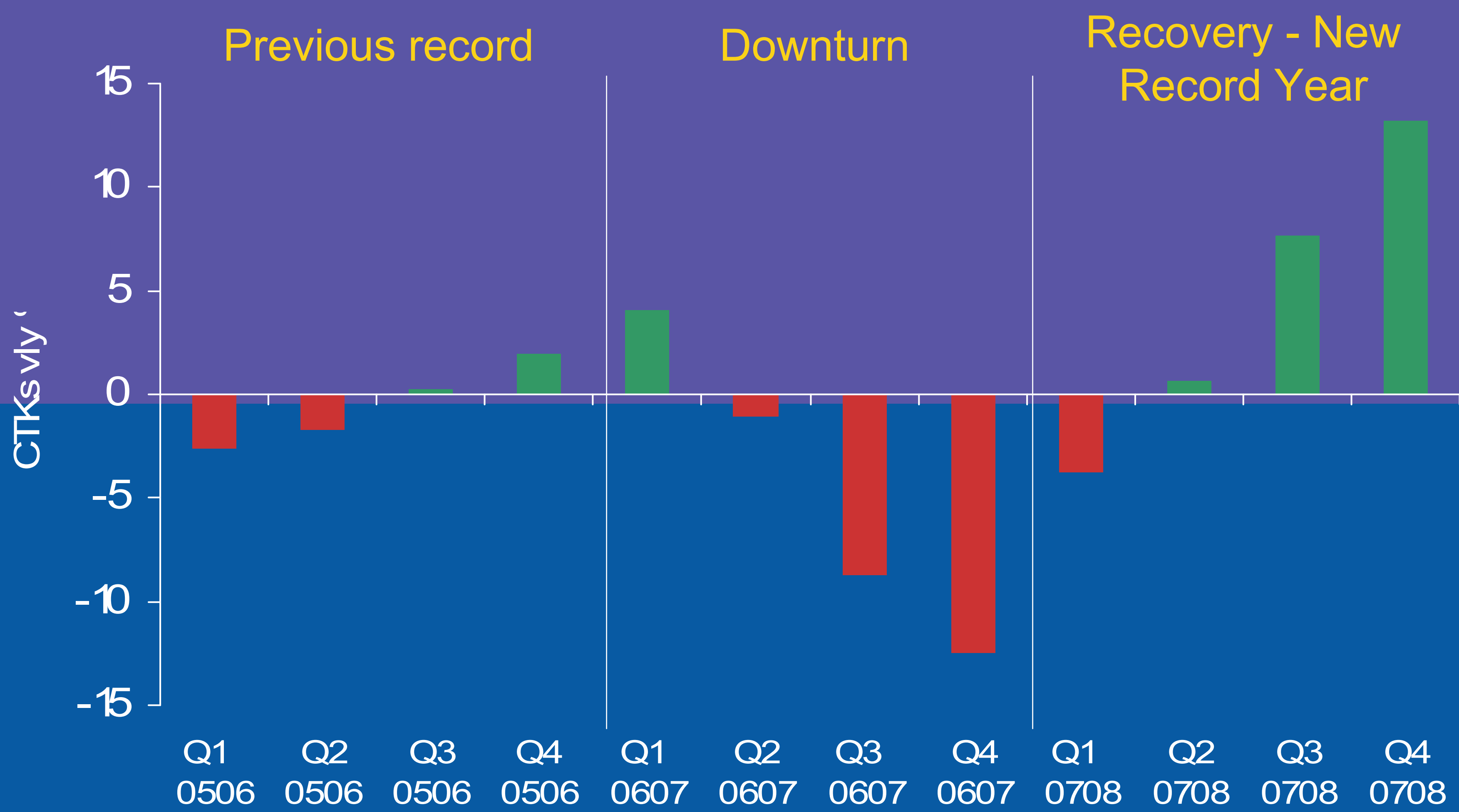
Period ended 31 March, 2008

Turnover split quarter four

	£m	VLY
Passenger	1,809	11.0%
Cargo	163	30.4%
Other	159	(10.7)%
	2,131	10.3%

Period ended 31 March, 2008

Cargo volumes – strong recovery



Cargo – highlights

- Business recovering
- Quarter 4 revenue up 30%
- Quarter 4 yield up 15.5%
- Record annual volumes – 805,000 tonnes carried
- Record punctuality performance
- Premium volumes up 13% VLY

Year ended 31 March, 2008

Strong cost performance

12 months

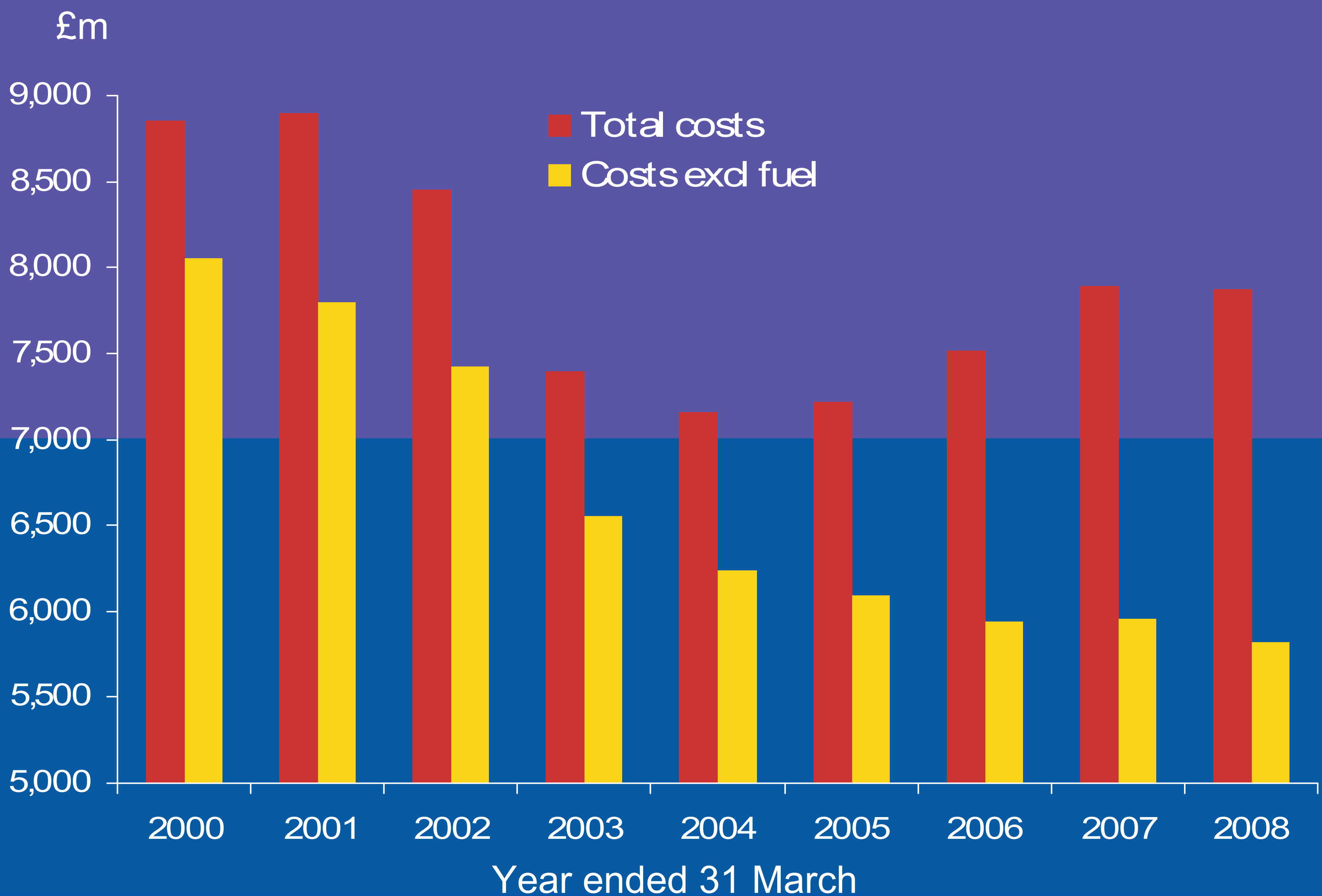
• Capacity in ATKs	down 0.2%
• Total costs	down 0.7%
• Unit costs	down 0.5%

Excluding fuel:

• Total costs	down 3.0%
• Unit costs	down 2.8%

Year ended 31 March, 2008

Good progress made on non-fuel costs



Strong underlying cost performance

12 months	£m	VLY	
Employee costs	2,166	4.9	down
Engineering & other aircraft	451	8.9	up
Landing & en route charges	528	2.1	up
Handling, catering etc	977	5.1	up
Selling costs	359	17.7	down
Other costs	1,342	6.2	down
TOTAL COSTS (excl. fuel)	5,823	3.0	down
Fuel & oil	2,055	6.4	up
REPORTED TOTAL COSTS	7,878	0.7%	down

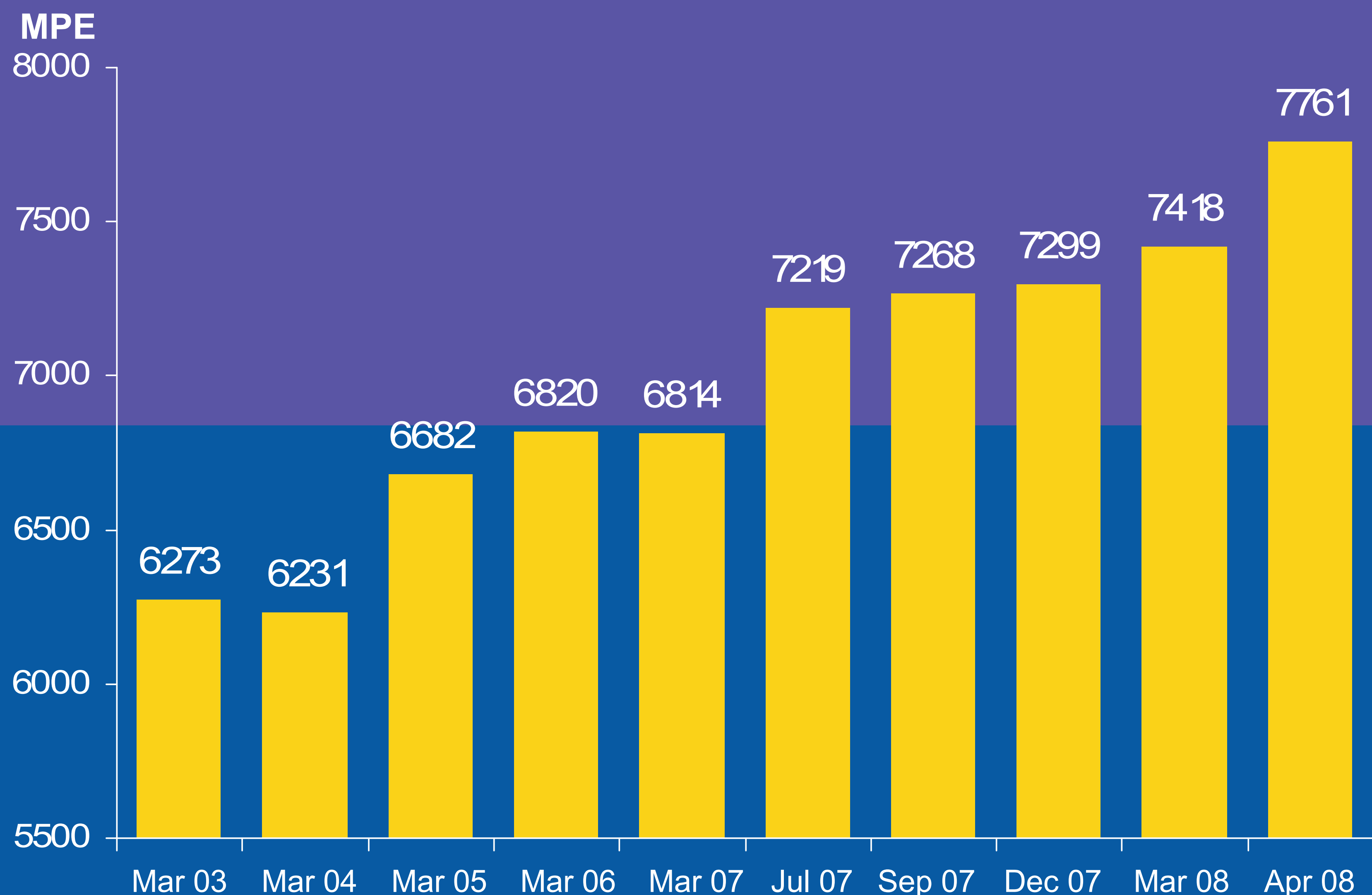
Year ended 31 March, 2008

Fuel cost starting to impact

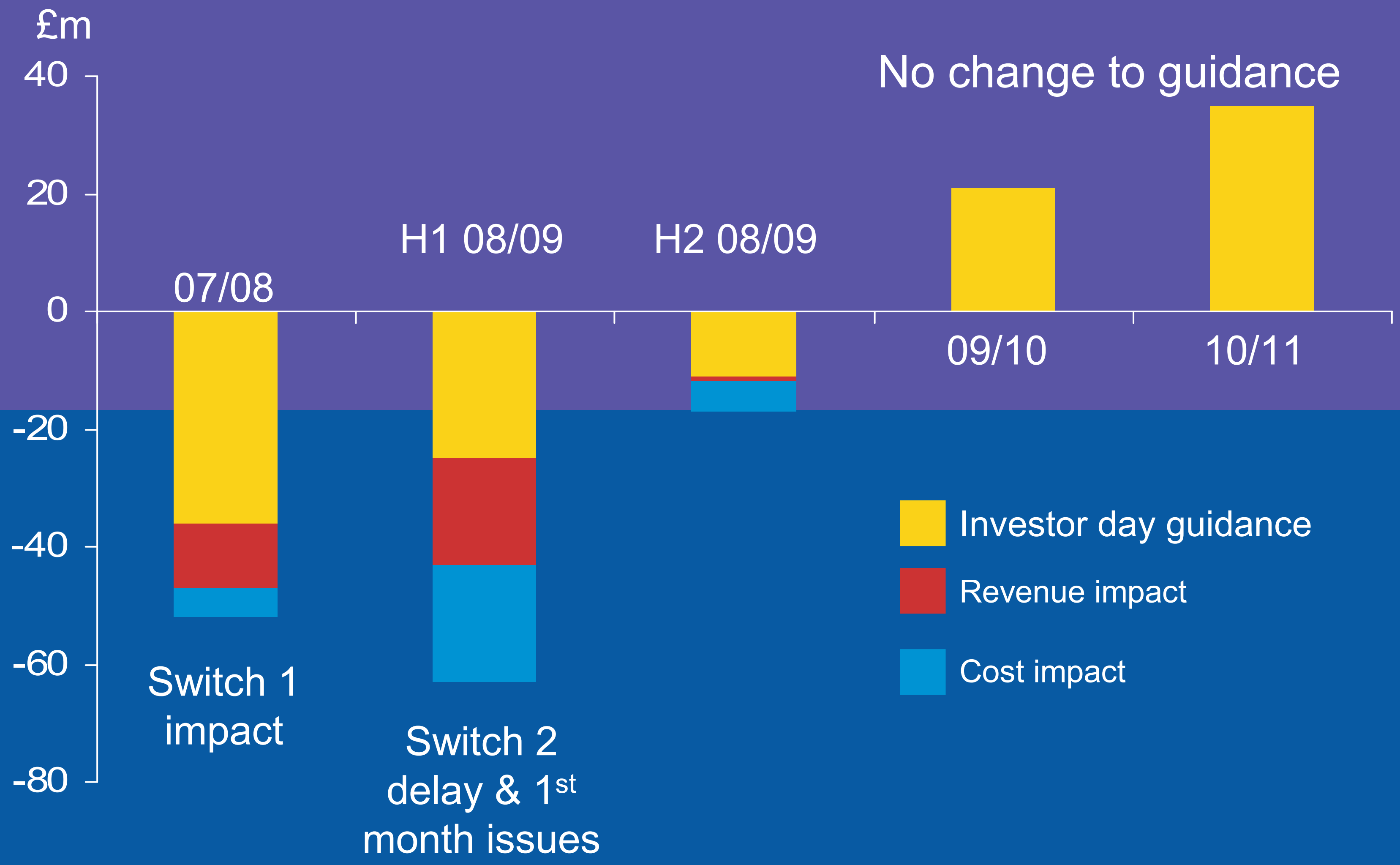
3 months	£m	VLY	
Employee costs	567	1.3	up
Engineering & other aircraft	108	2.9	up
Landing & en route charges	125	4.2	up
Handling, catering etc	245	10.4	up
Selling costs	83	36.6	down
Other costs	319	10.9	down
TOTAL COSTS (excl. fuel)	1,447	1.6	down
Fuel & oil	543	19.3	up
REPORTED TOTAL COSTS	1,990	2.2%	up

Period ended 31 March, 2008

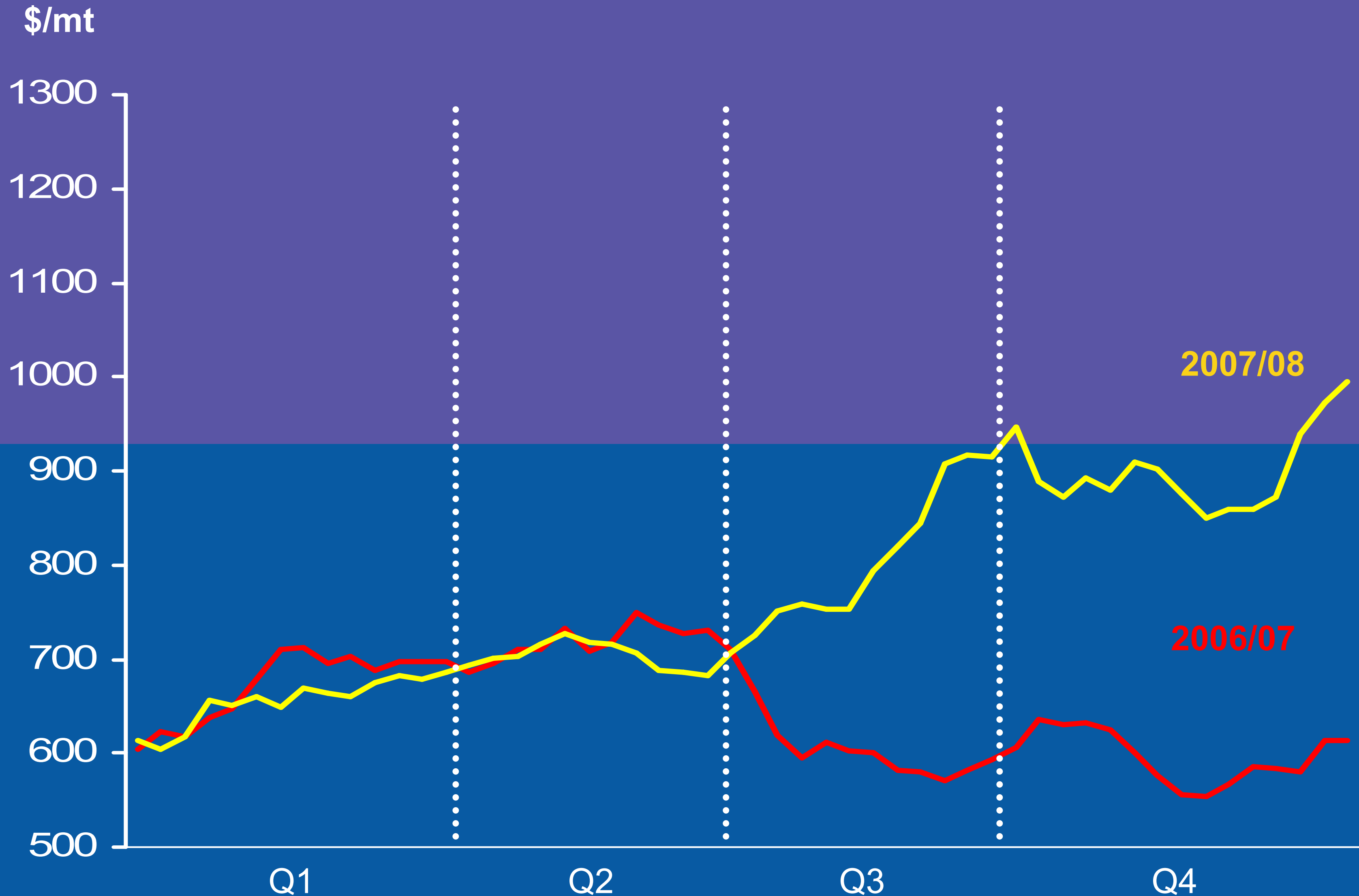
Heathrow manpower increased



T5 revised impact



Jet fuel prices



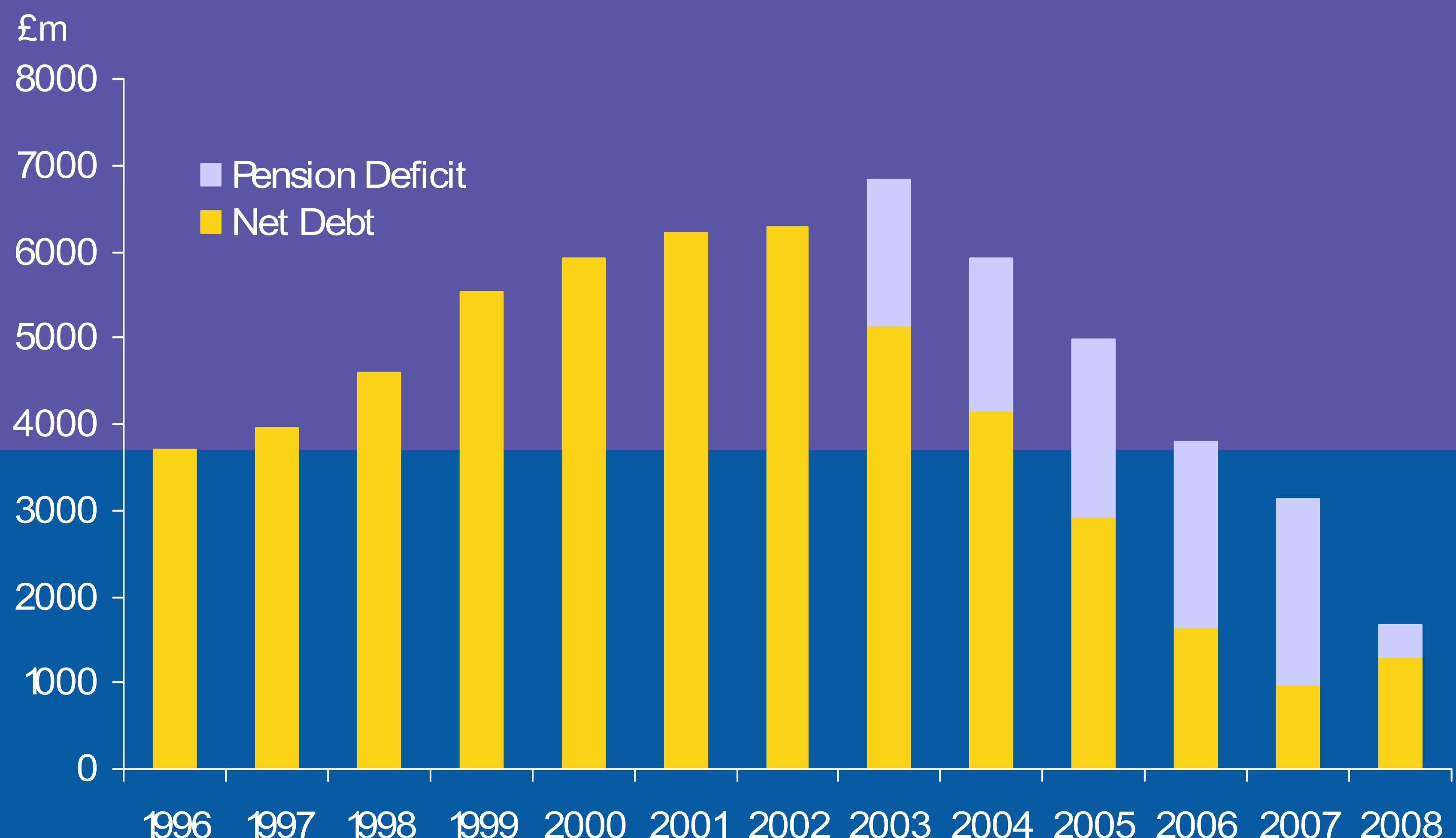
£194m hedging profit offsets fuel price rise

Strong balance sheet

- Cash of £1.86 billion

- Robust cashflow profile over next three years:
  - No debt repayment peaks
  - Depreciation exceeds capex and interest

Net debt in good shape

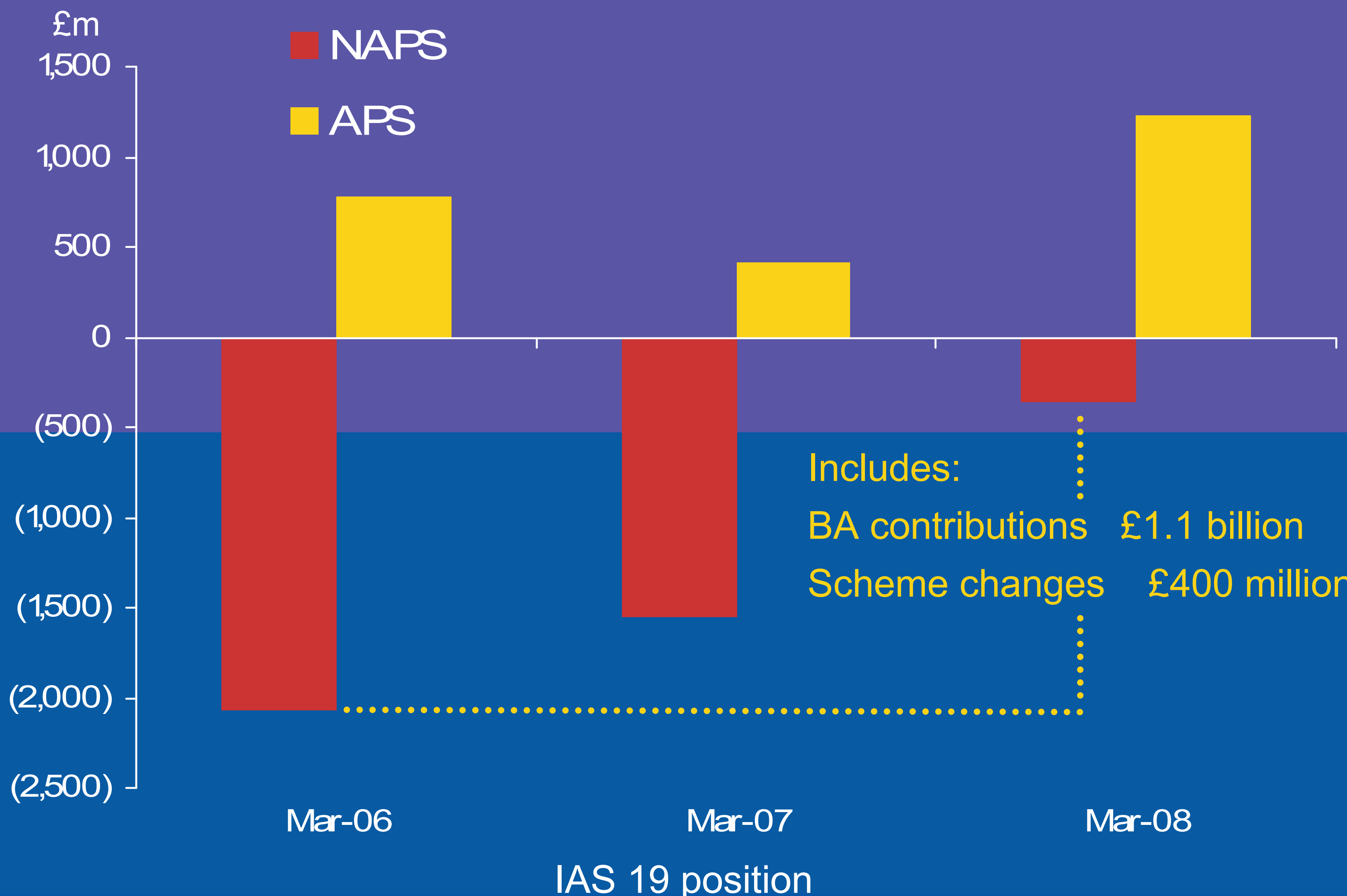


Gross pension deficit included from first FRS17 numbers in 2003

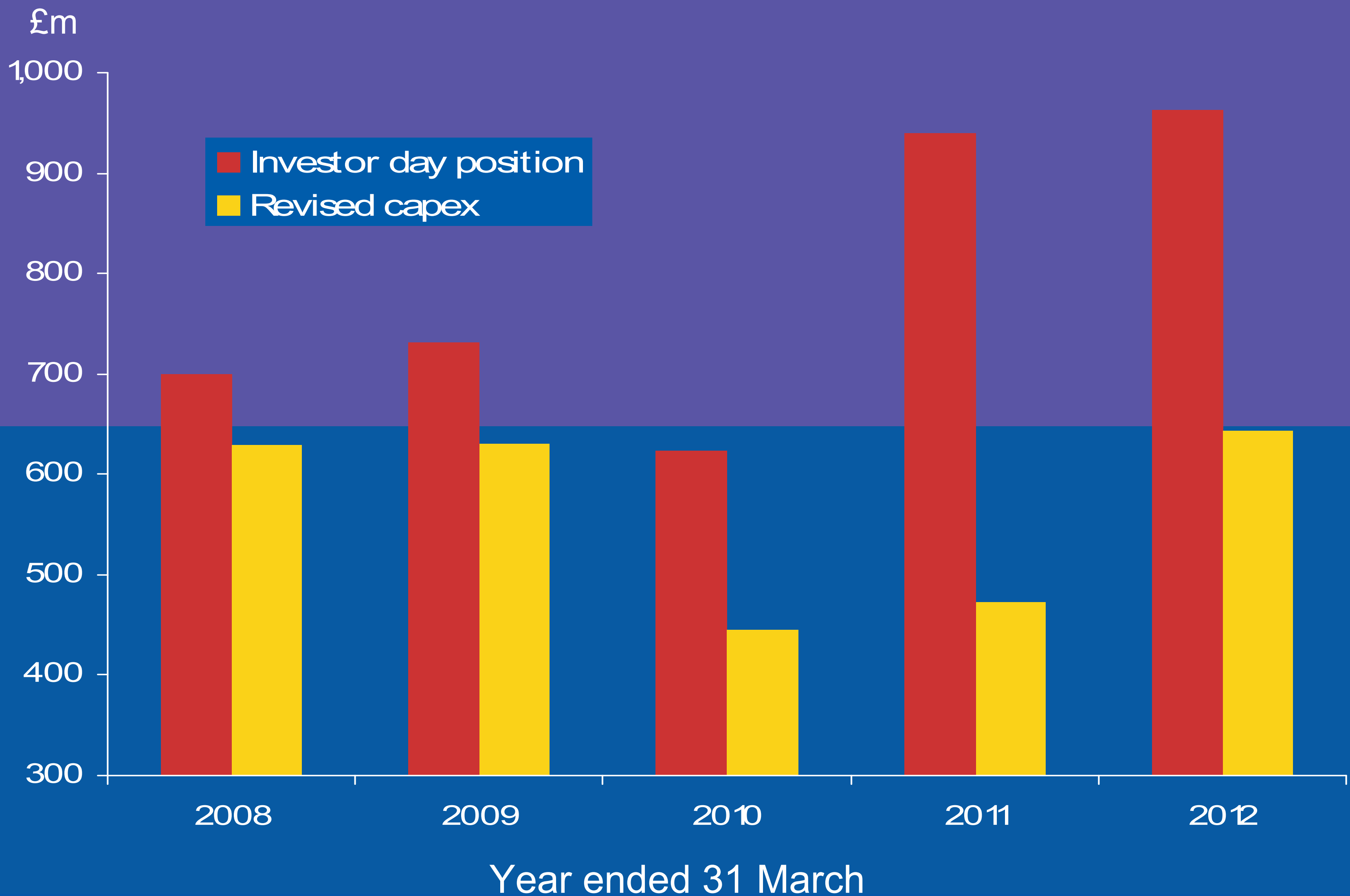
Year ended 31 March

Gearing remains low

Pension funds in better shape



New capital expenditure profile



Committed facilities of £2.1 billion

Facility	Amount	Available To
Multi Option Facility	$1,615m	June 2013
Airbus A380 Backstop	$940m	December 2015
Boeing 787 Backstop	$508m	December 2015
Airbus A320 Backstop	$266m	June 2010
General Purpose	$115m	June 2012
Yen Facility	$725m	January 2011

Dividend

- 5p dividend proposed

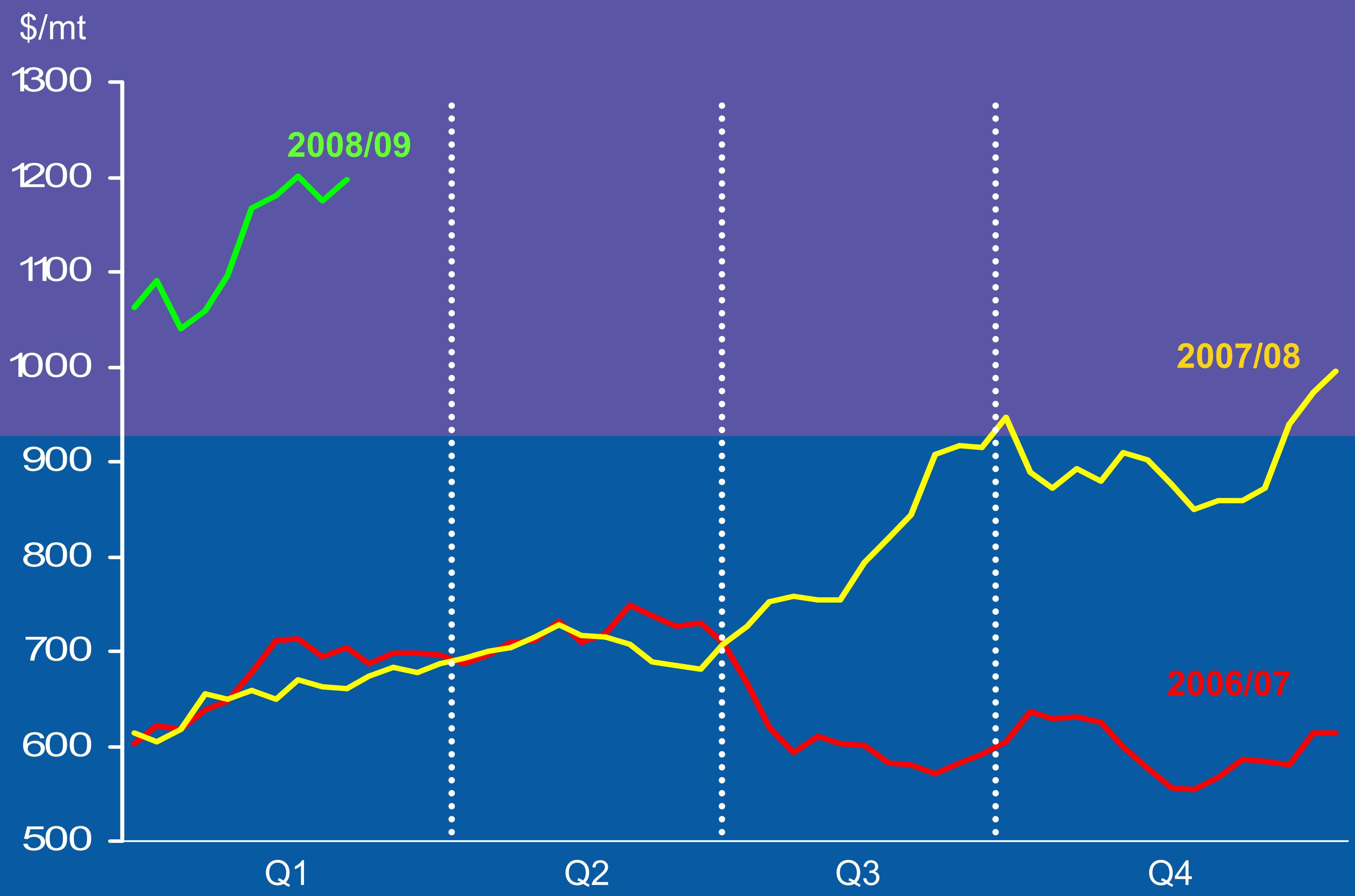
- Dividend decision based on :
  - 2007/08 financial result
  - Underlying strength of the business
  - Strong cash position
  - Shareholder reasonable expectations

Looking forward

2008/09 revenue guidance

- Revenue growth of around 4%
  - Yields driven by fuel surcharges
  - Volume
  - T5 effect

Jet fuel prices

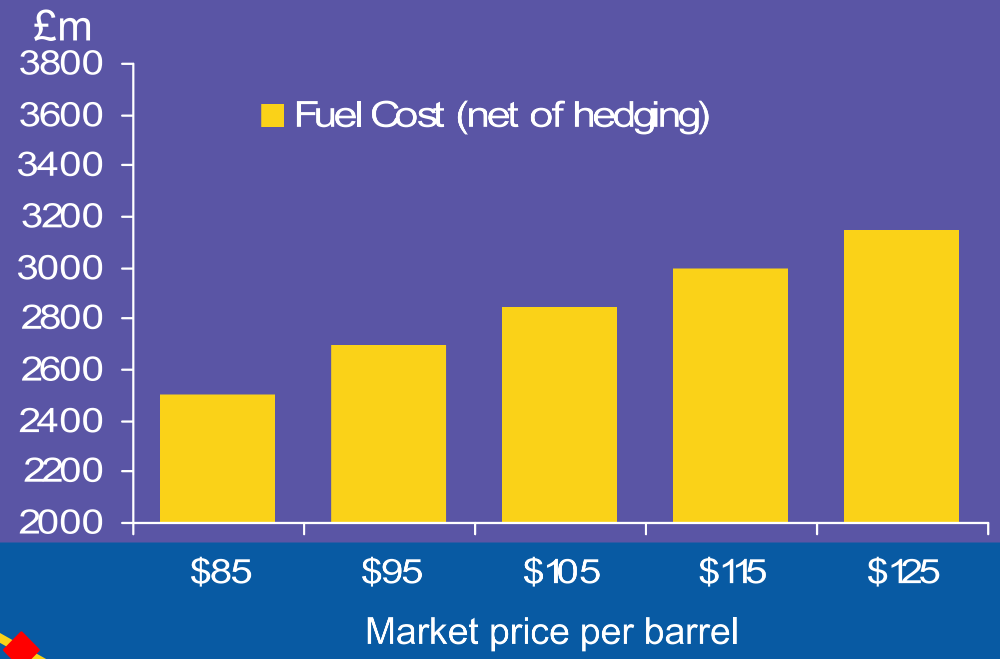


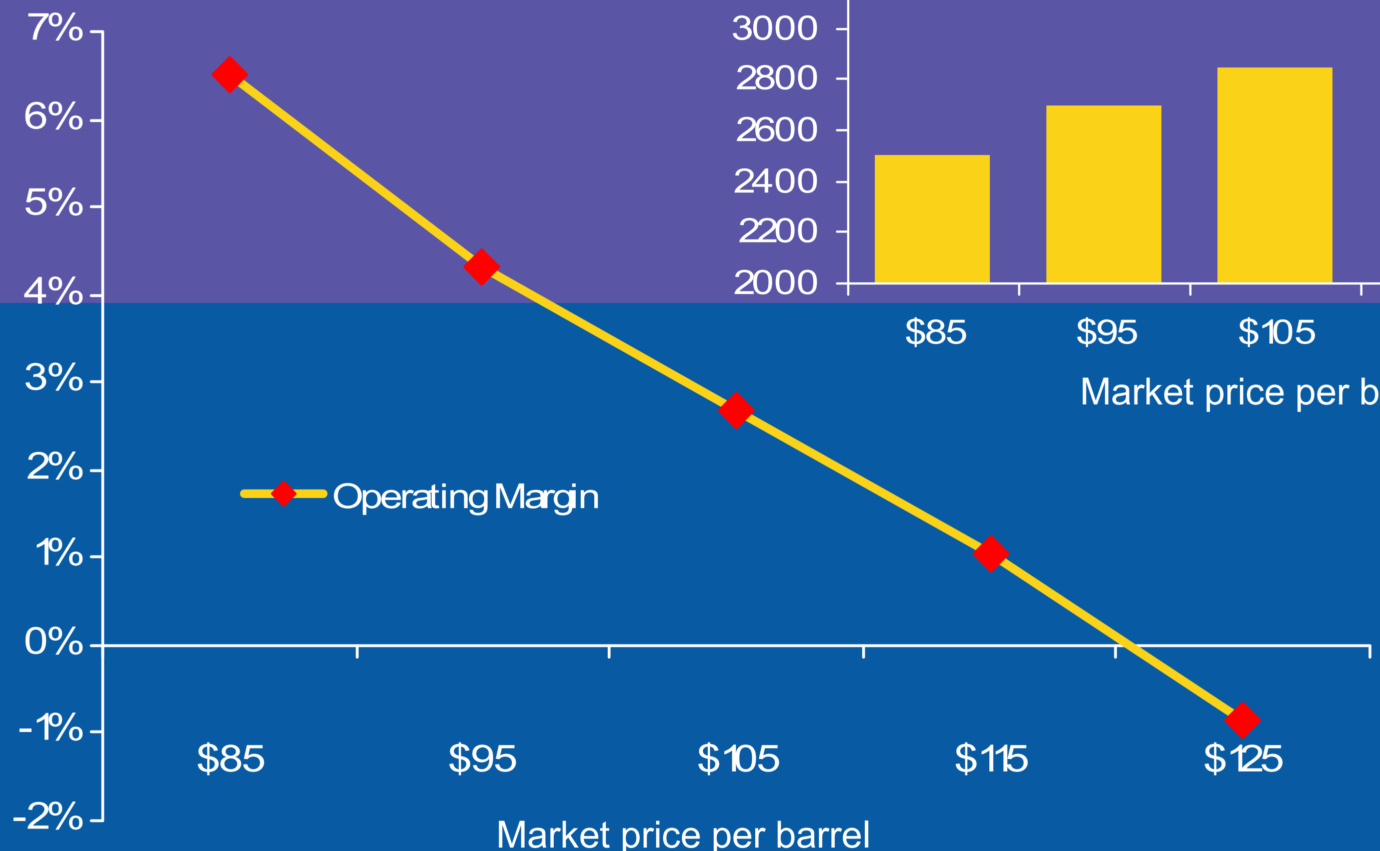
A significant step up in price paid net of hedging

Hedging cover

	FY08/09			
	Q1	Q2	Q3	Q4
Cover	70 %	75%	60%	55%
Average price cap Crude equivalent ($/bbl)	$82	$86	$86	$90

Fuel spend for 2008/09





Q1 Outlook

- Longhaul premium traffic still strong
- Longhaul non-premium weak
- Shorthaul premium weak
- Shorthaul non-premium steady
- Fuel prices will impact heavily
- T5 related costs

Summary

- A record year
- Operating margin target exceeded…
- …against significant 2nd half headwinds
- Dividend restored and staff bonus paid
- Strong financial position
- A challenging year ahead

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Willie Walsh

Chief Executive Officer

Terminal 5

What went wrong:

- We should not have allowed construction delays to eat into time we had set aside for familiarisation and testing
- Four key issues on March 27:
  - Parts of T5 were unfinished
  - Lack of access to staff car parks and airside security points insufficiently manned
  - Key tasks took longer than planned
  - There were unexpected faults in the baggage system

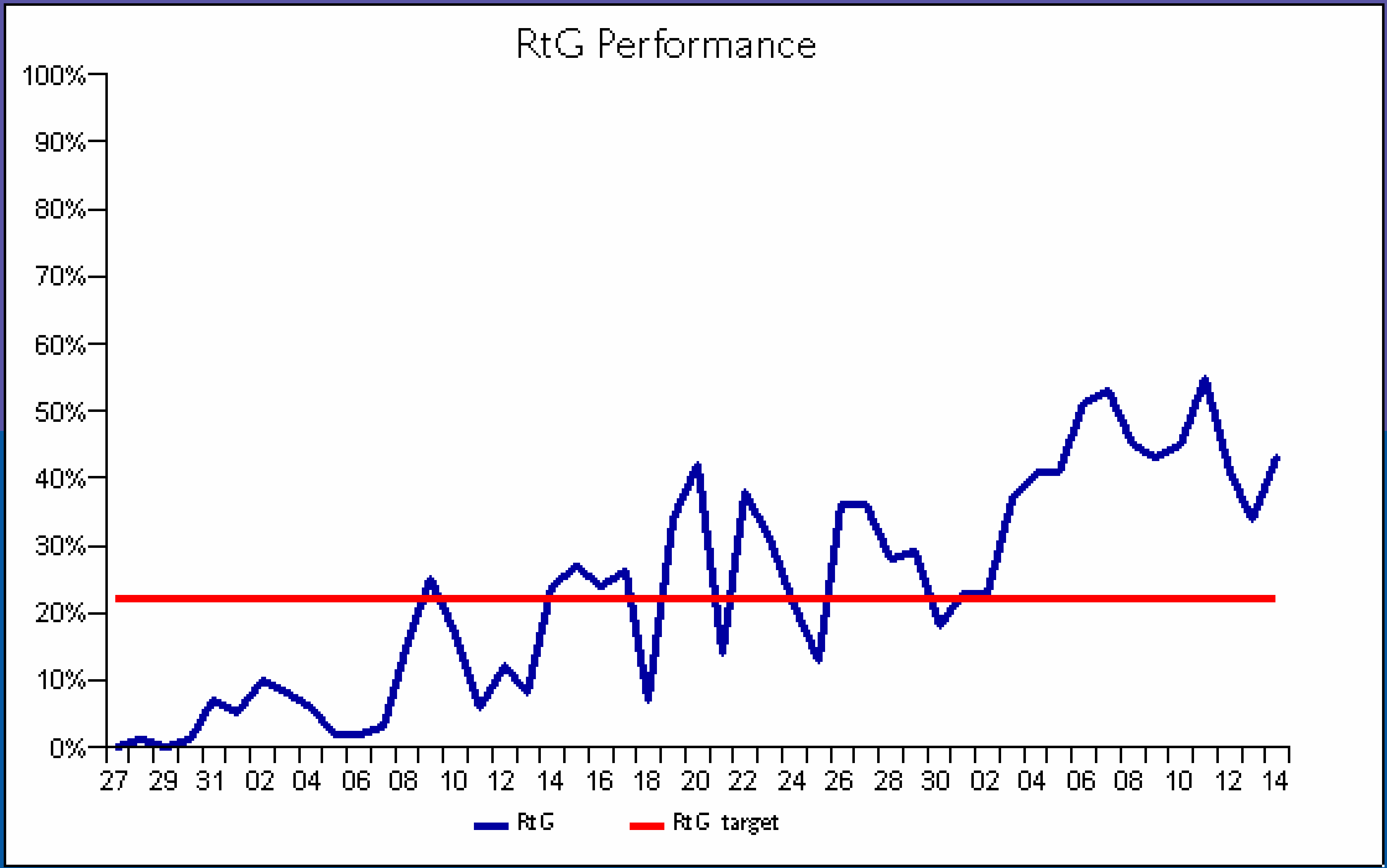
T5 working well

- Terminal 5 is now working well with the current schedule
- No major issues as a result of non-move on April 30
- Successful shorthaul crew move on May 1
- T1 and T4 continue to work well
- Enormous company-wide effort to support T5

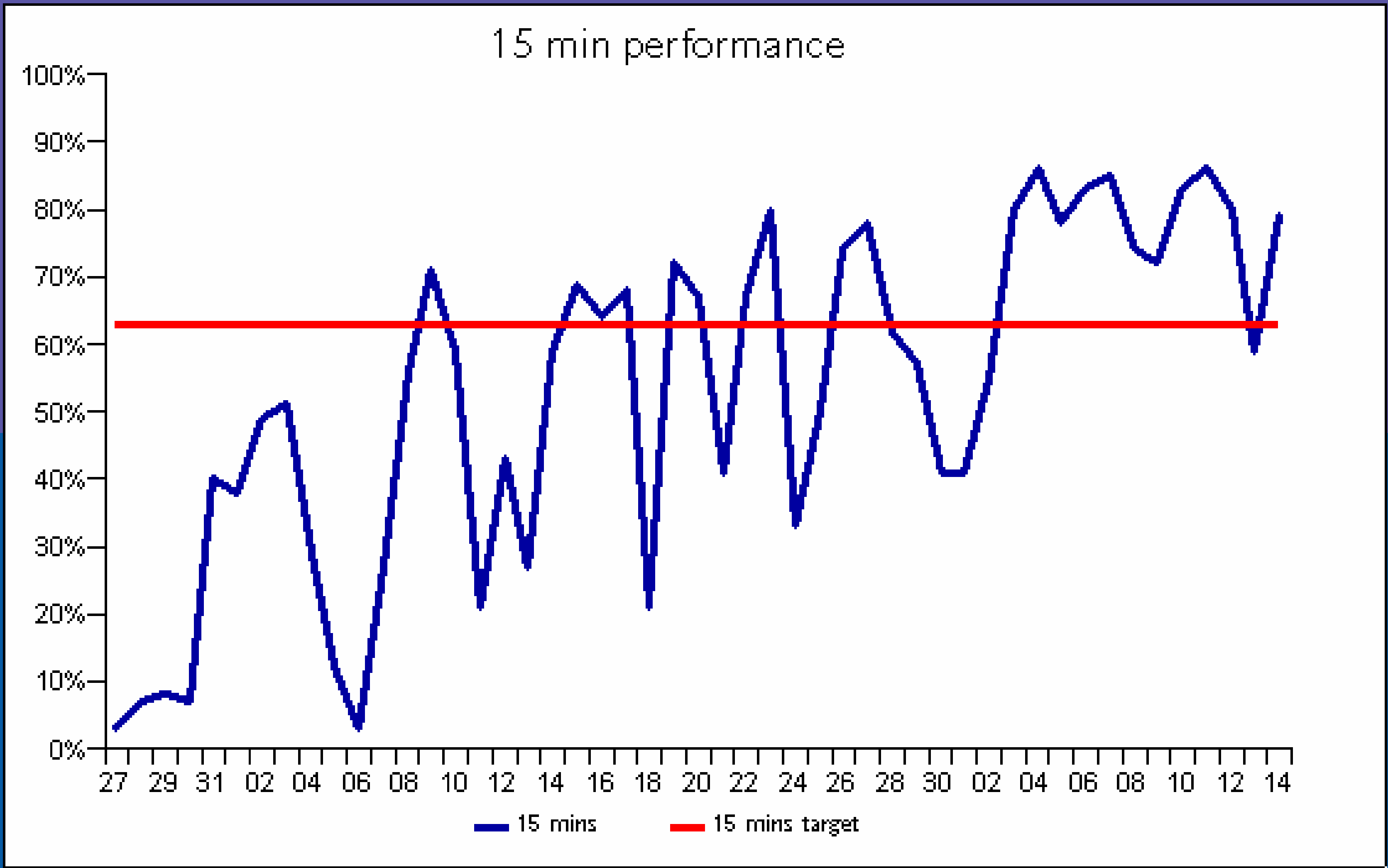
Impact of change to MCT

- Delayed longhaul move impacted transfer journeys with less than 2hr Minimum Connection Time
- 1st tranche of MCT-affected bookings for 30 April to 5 June:
  - Around 28,000 shorthaul sectors affected
  - 80% of cancelled sectors re-booked on BA services
  - Estimated impact £2-4 million
- 2nd tranche post first longhaul moves just announced:
  - Further 14,500 sectors affected
  - Almost 50% re-booked with BA already
  - Estimated impact £1.5-2 million

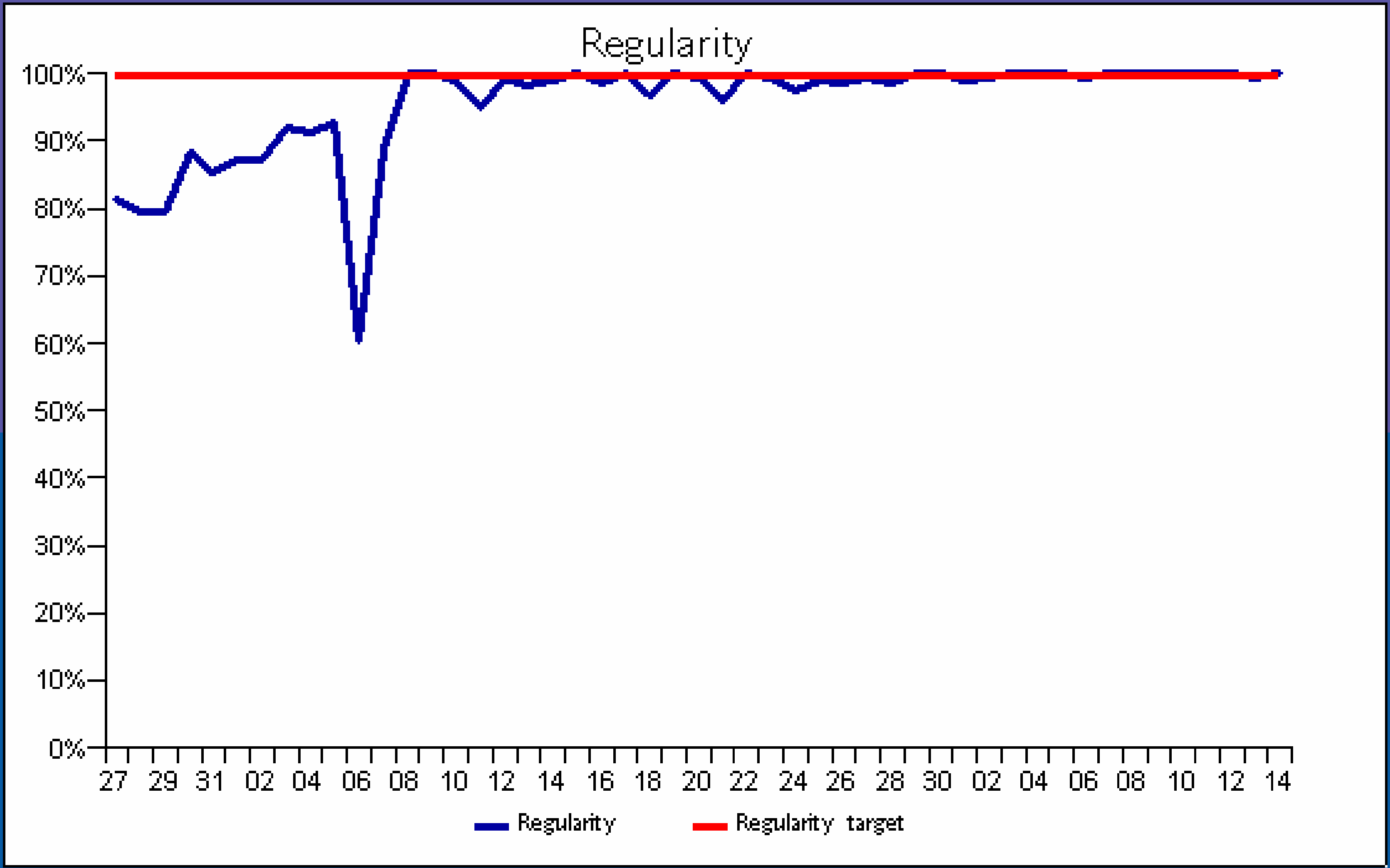
Ready to go performance



Punctuality significantly improved

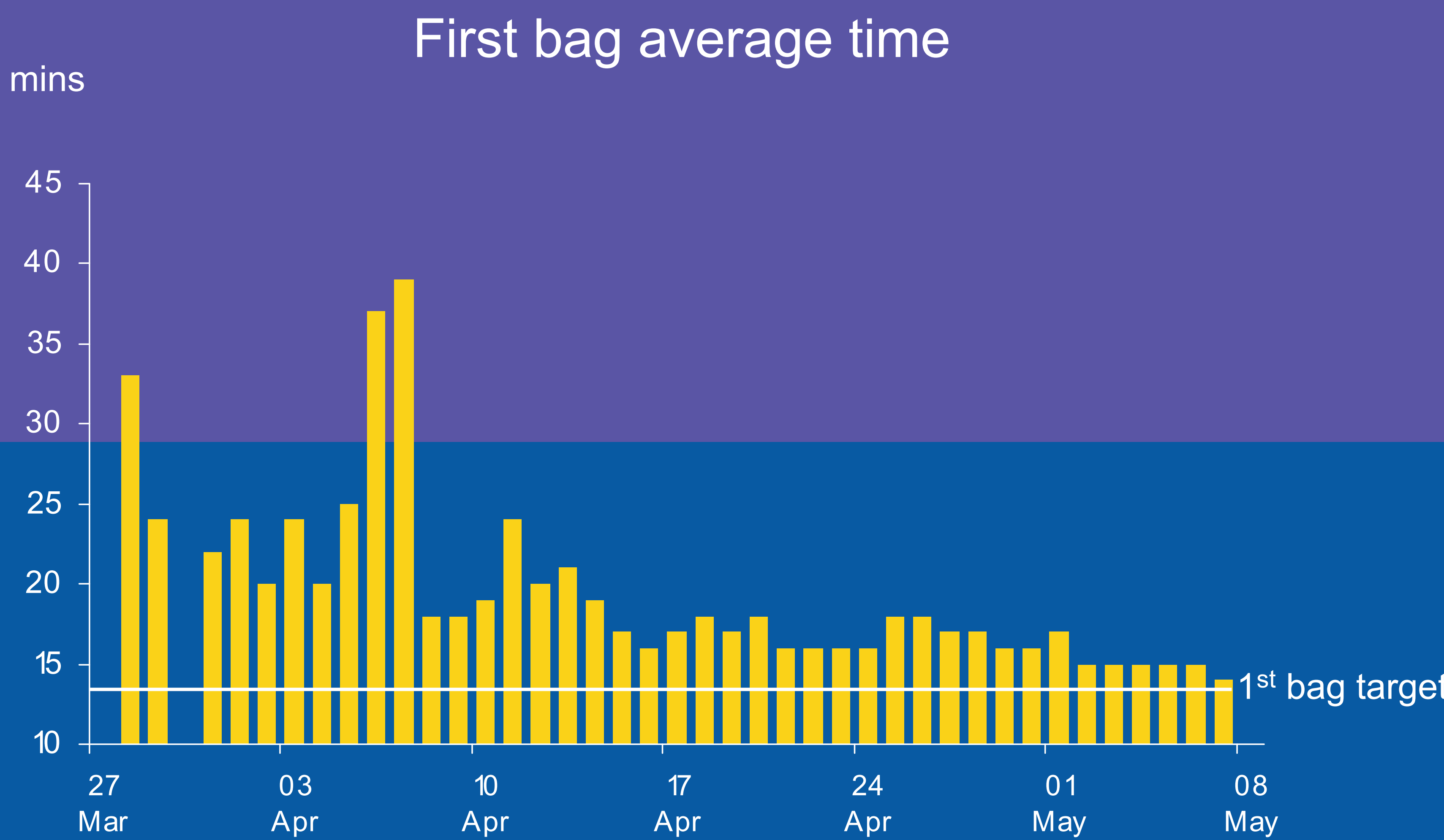


Cancellation profile



Baggage performance improving

Baggage arrivals performance



Next steps

Switch 2.1

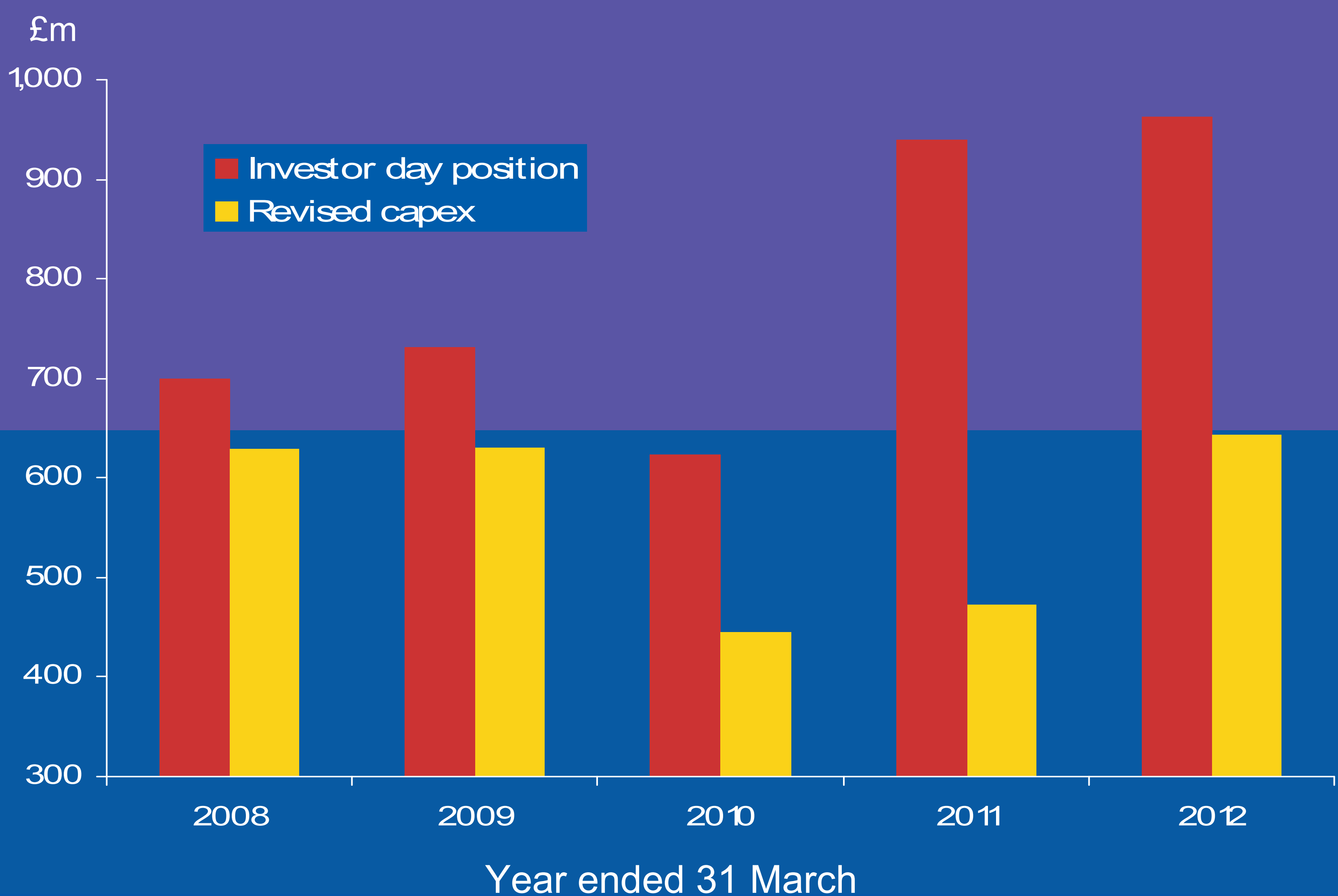
- Confirmed for June 5
- Additional 8 long haul destinations to move:
  - Abuja
  - Bangalore
  - Beijing
  - Cape Town
  - Cairo
  - Lagos
  - New York JFK
  - Phoenix
- Working closely with BAA to ensure our requirements are met

Further moves

- Further longhaul flights to move in phases as confidence grows
- Longhaul crew move date being considered – announcement to follow in next few weeks
- Working with BAA on Heathrow move plan
- Possible impact on our T3 moves

$125 oil

New capital expenditure profile



Capacity

- Review of Summer and Winter ’08 programmes ongoing

- Fleet order flexibility

- Aircraft retirement flexibility

Consolidation

- Several catalysts to industry consolidation in place
- Events and momentum beginning to build
- Talks ongoing with American & Continental
- Ongoing relationship with Iberia

Cost reduction

A challenging year ahead

- $125 oil and economic slowdown
- Capital expenditure already reduced
- Capacity changes to respond to economic environment
- Real prospects for meaningful consolidation
- Costs remain under constant review
- A challenging but potentially interesting year ahead

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Questions

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