



BRITISH AIRWAYS

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Agenda

- Consolidation in the airline industry
- Update of events in BA:
 - Anti-trust immunity application
 - Terminal 5



Industry consolidation

- Is meaningful consolidation under way?
- \$100 oil
- Where next?



Joint Business Agreement with American Airlines and Iberia

- Customer benefits
- Progress with anti-trust immunity application
- Impact on fares and competition



Heathrow would remain more competitive than other European hubs

Alliance	Hub	Seat share to US (%)	Seat share to NYC (%)
SkyTeam	AMS	85	100
Star	FRA	80	80
SkyTeam	CDG	73	76
oneworld	LHR	51	57

Open access exists at Heathrow

- More than 50 airlines have acquired slots since 2000
- 13 daily flights from LHR to US launched by Star and SkyTeam since March 2008
- Slots can be re-allocated across alliance partners
- Star's immunized alliance includes BMI, with 11% of Heathrow slots



Impact of Open Skies on Heathrow - US

	Summer 2007 (pre Open Skies)	Summer 2008 (post Open Skies)
Services to US per day	76	94
Operators*	4 (BA, VS, AA, UA)	9 (BA, VS, AA, UA, DL, CO, AF, NW, US)
Airlines with anti-trust immunity	1 (UA)	6 (UA, DL, CO, AF, NW, US)

* Includes only UK and US operators; Air India, Air New Zealand and Kuwait Airways also operate service between LHR and US

Market shares on overlapping city pairs

Route	BA/AA/IB share	N° 2 carrier	Market share
LON-NYC	52%	Virgin Atlantic	27%
LON-LAX	40%	Virgin Atlantic	27%
LON-BOS	69%	Virgin Atlantic	23%
LON-ORD	51%	United	26%
LON-MIA	66%	Virgin Atlantic	27%
LON-DFW	85%	Connections	15%

London-Boston shares vs other hubs

LON-BOS

PAR-BOS

AMS-BOS

FRA-BOS

1.	oneworld: 69%	SkyTeam : 57%	SkyTeam: 79%	Star: 79%
2.	Virgin Atl: 23%	oneworld : 23 %	Star: 10%	SkyTeam: 9%



London-LA shares vs other hubs

LON-LAX

FRA-LAX

AMS-LAX

PAR-LAX

1.	oneworld: 40%	Star: 69%	SkyTeam: 68%	SkyTeam: 50%
2.	Star: 28%	SkyTeam: 13%	Star: 26%	Star: 21%
3.	Virgin Atl: 27%	Air India: 10%	oneworld: 7%	oneworld: 16%



Terminal 5 update

- 8.8 million customers through T5
- Next flight switch: 17 September
 - 29 more longhaul destinations
- Flight switch: 22 October
 - 12 more routes
 - 90% of Heathrow operation at T5



T5 – building a great customer experience

- Overall satisfaction with check-in is high
 - 77% of customers very or extremely satisfied
- Dedicated Club check-in area open
 - For Club World, Club Europe and Silver cardholders
- T5B lounge opens 17 September



Terminal 5 lounges still have the ‘wow’ factor



Customers Highly Satisfied 82%

+2% v June 08

“New First Class lounge at T5 is awesome.”

Club Europe, Heathrow-Munich

“Quality and service and amenities at BA lounge at Heathrow T5. Nicest I have ever seen.”

World Traveller, Heathrow-Miami

“The T5 Exec Club lounge is great. A fantastic place to spend time.”

World Traveller Plus, Heathrow-Los Angeles

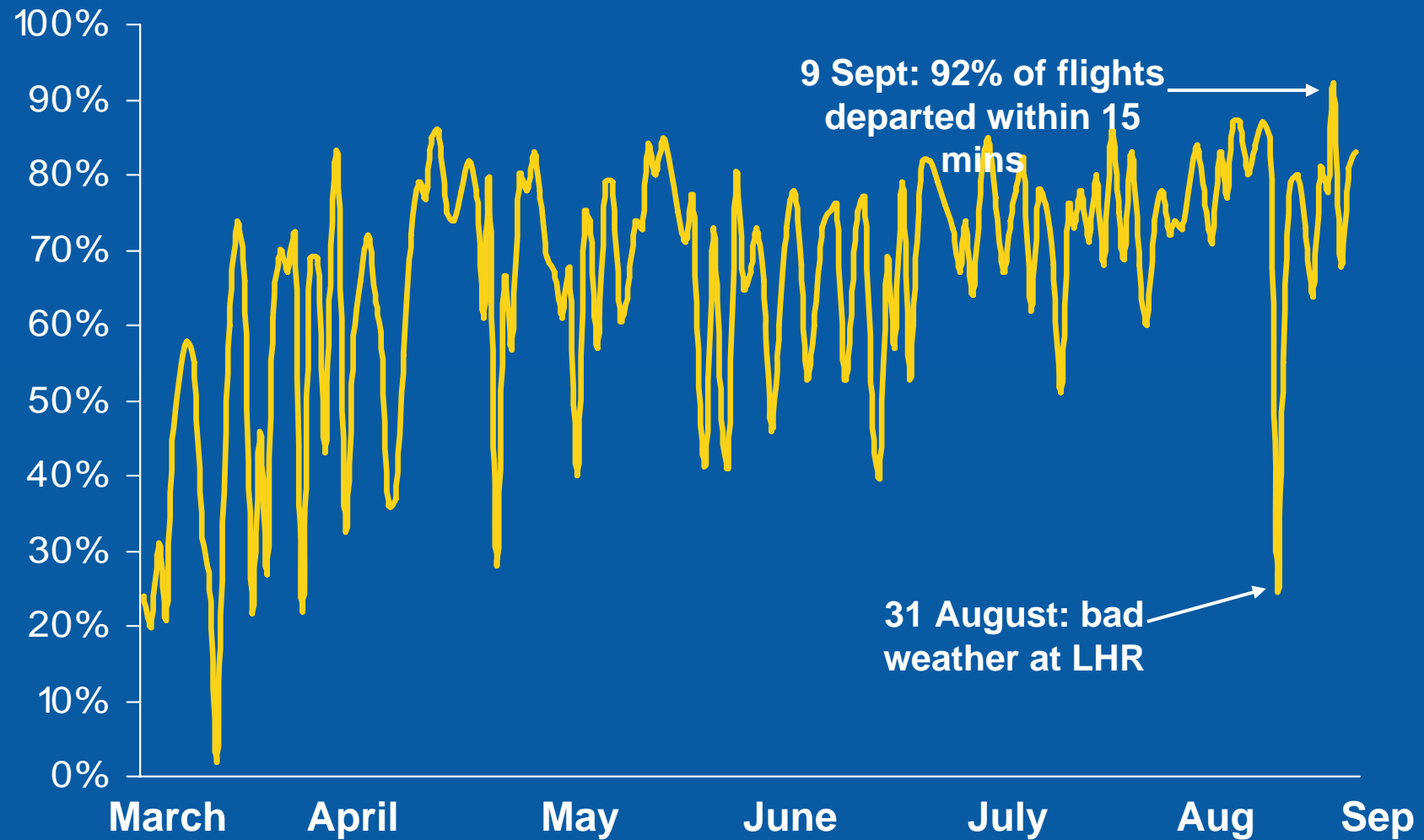
“The new Executive Lounge at Terminal 5 is very spacious and not cramped. Good facilities and catering.”

Club Europe, Heathrow-Vienna

Source: GPM - Customers “extremely” or “very” satisfied.

Best LHR punctuality since 2001/02

%age of flights departing within 15 mins

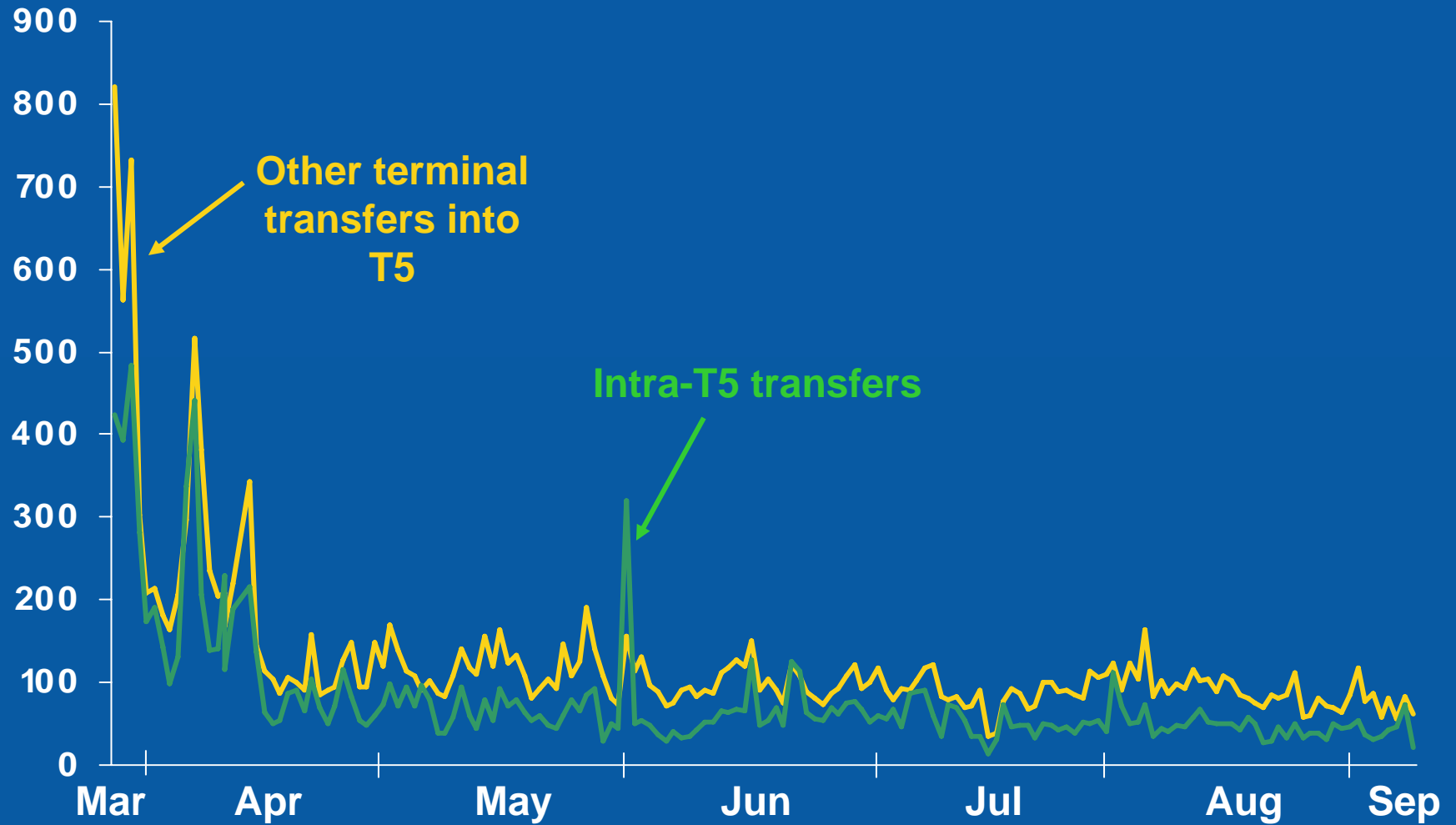


Baggage performance improving...

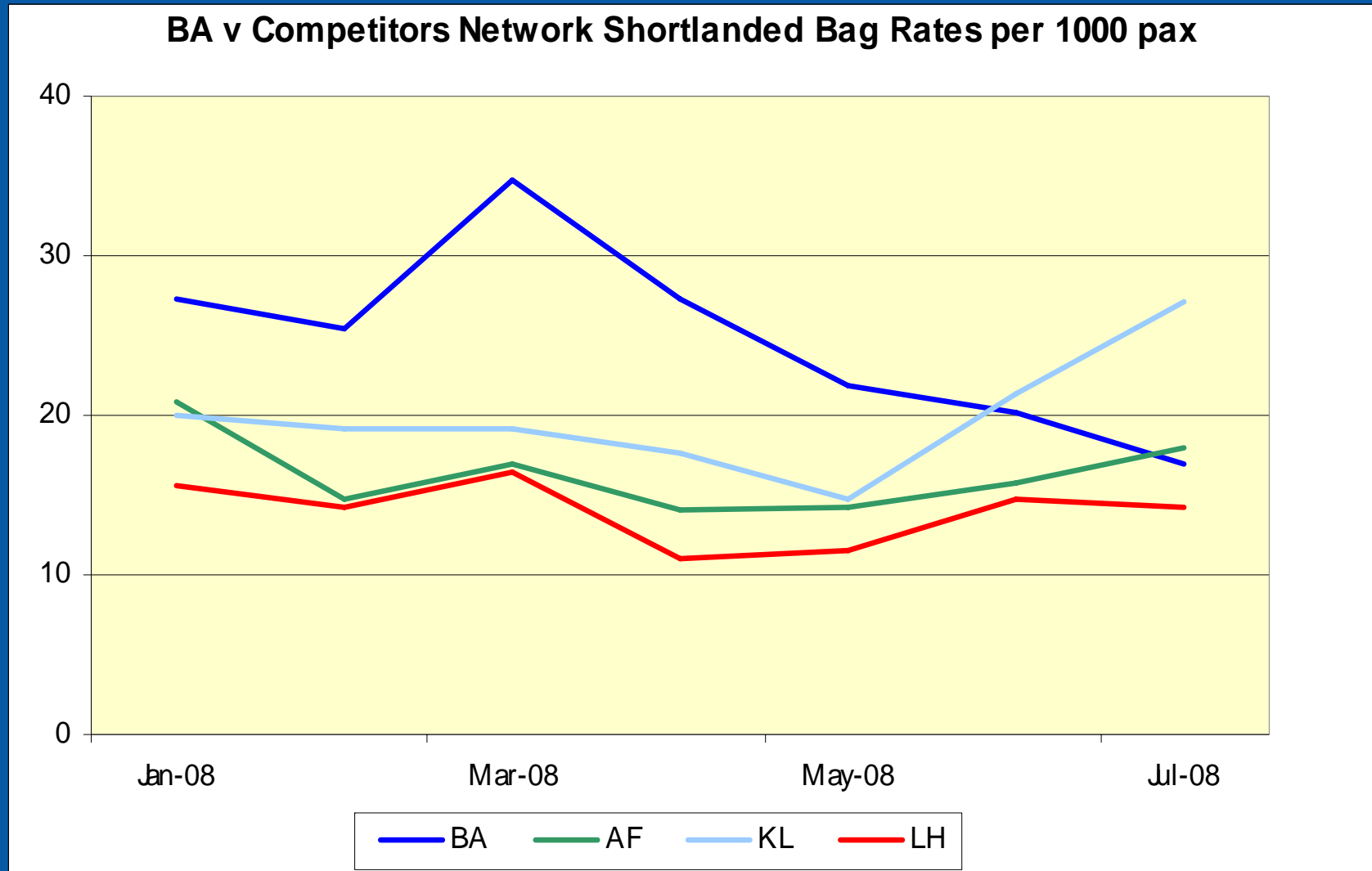


... and will improve further

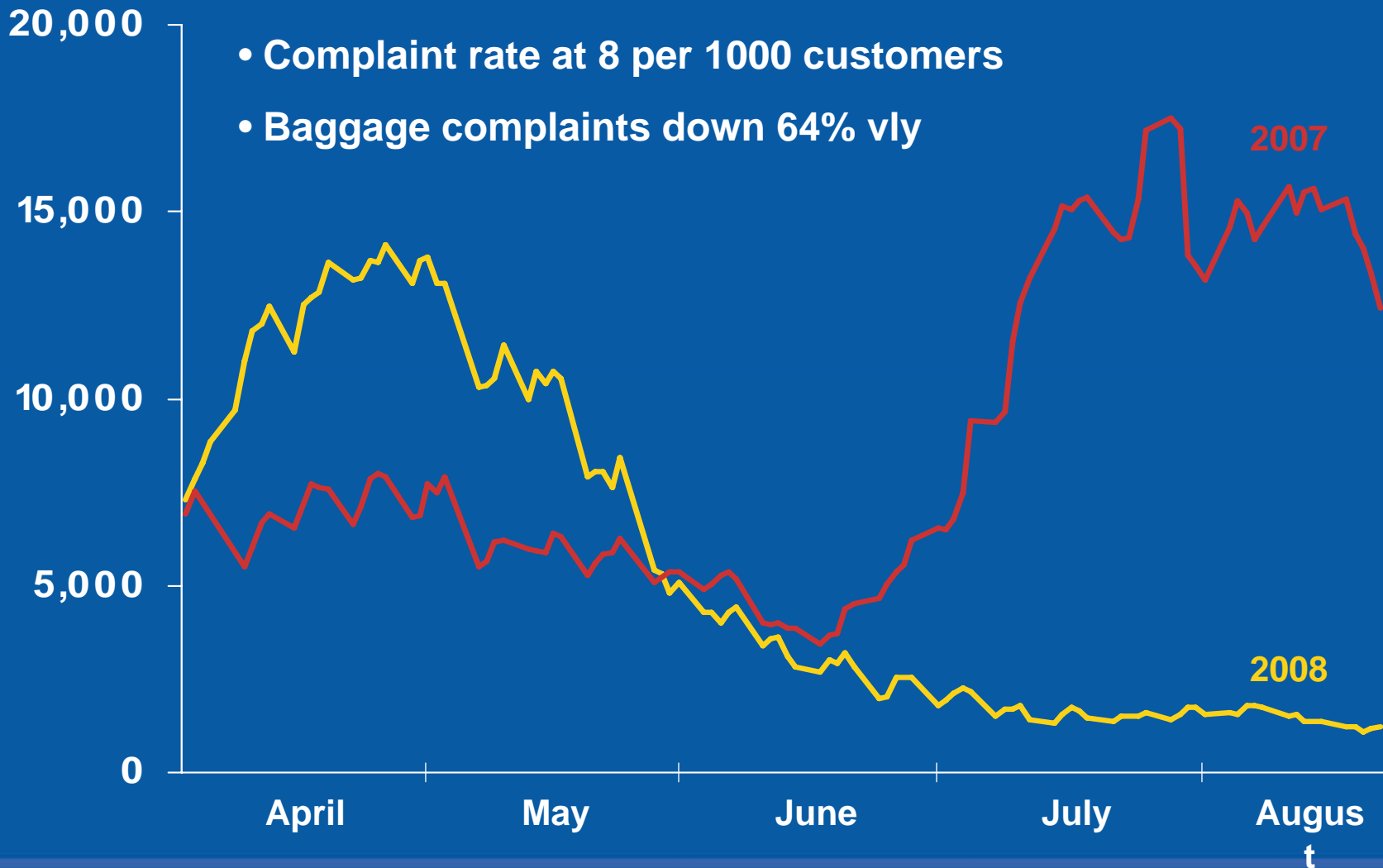
Shortlanded transfer bags per 1000 customers



Baggage performance vs competitors



Complaints at record low



- Complaint rate at 8 per 1000 customers
- Baggage complaints down 64% vly



Conclusions

- T5 is working
- Consolidation is a reality



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