

TRAFFIC AND CAPACITY STATISTICS – July 2006*Summary of the headline figures*

In July 2006, passenger capacity, measured in Available Seat Kilometres, was 2.8 per cent above July 2005. Traffic, measured in Revenue Passenger Kilometres, was higher by 4.4 per cent. This resulted in a passenger load factor up 1.2 points versus last year, to 82.3 per cent. The increase in traffic comprised a 11.0 per cent increase in premium traffic and a 3.3 per cent increase in non-premium traffic. Cargo, measured in Cargo Tonne Kilometres, fell by 0.9 per cent. Overall load factor increased by 1.2 points to 73.7 per cent.

Market conditions

Strong revenue is expected to continue, supported by significant promotional activity driving seat factors in all cabins. For the year to March 2007, total revenue is expected to improve by 6 – 7 per cent, up from previous guidance of 5 – 6 per cent due to the impact of record seat factors and better cabin mix. Capacity growth in the first half of the year is expected to be about 4 per cent slowing in the second half of the year to achieve a full year increase of 2.5 – 3 per cent.

Costs

Fuel costs for the year are now expected to be £550 - £600 million up on last year. Costs excluding fuel which were previously forecast flat, are now expected to be slightly higher this year as pension costs are driving employee costs up.

Strategic Developments

British Airways reached agreement with its trade unions to merge its Gatwick based longhaul and shorthaul cabin crew into a single fleet from October this year. The deal provides for significant gains in productivity and staff flexibility and reductions in employee costs estimated at £13.2 million a year.

At BA's annual general meeting, BA's chairman Martin Broughton said the trustees of the New Airways Pension Scheme (NAPS) had written to the company to say they accept that on-going contributions much in excess of current levels may not be sustainable and that a reduction in future benefits is likely to be required. NAPS has an accounting deficit of £2.1 billion.

As part of an initial public offering by WNS (HOLDINGS) Ltd on the New York Stock Exchange, British Airways sold its 14.6 per cent shareholding in the India based business services company, for net US\$ 96 million (approximately £52 million). The airline will report a gain on disposal of approximately £48 million in Q2 and the proceeds will be used to repay existing gross debt which at March 31, 2006 amounted to £4.1 billion.

A new five times a week service is to be launched from Heathrow to Calgary in Canada on December 1, 2006. British Airways will also increase flights from Heathrow to JFK from seven to eight per day and increase flights from Heathrow to Sao Paulo in Brazil from seven to 10 each week.

British Airways announced an increase in the number of seats available at its record low one-way fare of £29 by five hundred per cent from July 27. Almost two million additional seats are now annually available from Gatwick to Europe at low fares. More than 900,000 are priced from £29 one-way (including taxes and charges) and a further 700,000 from £34.

The airline held a summer sale with up to £585 off popular holiday destinations. Flights from London to Bermuda and Antigua began at just £299, New York from £249 return and Mumbai from £299.

The airline extended its on-line check-in facility to families and groups of six or less to further minimize waiting time at the airport.

August 4, 2006

BRITISH AIRWAYS MONTHLY TRAFFIC AND CAPACITY STATISTICS

BRITISH AIRWAYS SCHEDULED SERVICES	Month of July			Financial year April through to July		
	2006	2005	Change (%)	2006	2005	Change (%)
Passengers carried (000)						
UK/Europe	2303	2280	+1.0	8500	8367	+1.6
Americas	719	693	+3.7	2782	2630	+5.8
Asia Pacific	172	176	-2.2	635	606	+4.7
Africa and Middle East	302	259	+16.7	1124	959	+17.3
Total	3495	3408	+2.6	13041	12562	+3.8
Revenue passenger km (m)						
UK/Europe	2199	2157	+1.9	8044	7817	+2.9
Americas	4851	4671	+3.9	18739	17635	+6.3
Asia Pacific	1769	1806	-2.0	6439	6233	+3.3
Africa and Middle East	2001	1735	+15.3	7479	6428	+16.4
Total	10820	10369	+4.4	40701	38113	+6.8
Available seat km (m)						
UK/Europe	2758	2826	-2.4	10746	11033	-2.6
Americas	5814	5552	+4.7	22593	21569	+4.8
Asia Pacific	2092	2234	-6.3	8211	8318	-1.3
Africa and Middle East	2477	2174	+13.9	9780	8539	+14.5
Total	13141	12786	+2.8	51330	49458	+3.8
Passenger load factor (%)						
UK/Europe	79.7	76.3	+3.4pts	74.9	70.8	+4.1pts
Americas	83.4	84.1	-0.7pts	82.9	81.8	+1.1pts
Asia Pacific	84.6	80.8	+3.8pts	78.4	74.9	+3.5pts
Africa and Middle East	80.8	79.8	+1.0pts	76.5	75.3	+1.2pts
Total	82.3	81.1	+1.2pts	79.3	77.1	+2.2pts
Revenue tonne km (RTK) (m)						
Cargo tonne km (CTK)	402	406	-0.9	1631	1591	+2.5
Total RTK	1481	1440	+2.8	5685	5386	+5.5
Available tonne km (m)	2011	1985	+1.3	7942	7710	+3.0
Overall load factor (%)	73.7	72.5	+1.2pts	71.6	69.9	+1.7pts

Certain statements included in this statement may be forward-looking and may involve 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 and financing plans, expected future revenues and 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.

Investor Relations

Waterside (HCB3)
PO Box 365
Harmondsworth
UB7 OGB
Tel: +44 (0) 20 8738 6947
Fax: +44 (0) 20 8738 9602