



## TRAFFIC AND CAPACITY STATISTICS – August 2005

### *Summary of the headline figures*

In August 2005, passenger capacity, measured in Available Seat Kilometres, was 1.1 per cent below August 2004. Traffic, measured in Revenue Passenger Kilometres, was lower by 0.7 per cent. This resulted in a passenger load factor up 0.2 points versus last year, to 77.9 per cent. The reduction in traffic comprised a 4.7 per cent decrease in premium traffic and a 0.2 per cent decrease in non-premium traffic. Cargo, measured in Cargo Tonne Kilometres, fell by 10.2 per cent. Overall load factor fell by 2 points at 69.5 per cent. In August 2004 operational disruption reduced ASKs by some 1 percent. Industrial action in August 2005 reduced ASKs by some 4 percent.

### *Market conditions*

The uncertain economic outlook and volatility in both fuel prices and the US Dollar exchange rate, together with the impact of industrial disruption, make accurate forecasting even more of a challenge than usual.

Market conditions, however, remain broadly unchanged.

We continue to expect total revenue for the year to March 2006 to grow in the range of 5.5 to 6.5 per cent. Capacity and volume are still expected to increase by about 3 per cent with total yield flat.

### *Costs*

The company now has 81% fuel hedging cover in place at an average cost of \$45 per barrel for the remainder of the financial year and 40% cover for financial year 2006/07 at an average cost of \$50 per barrel.

### *Strategic Developments*

British Airways departed no flights from 2pm and suspended all flights into and out of London Heathrow from 6pm on August 11 to 8pm on August 12 as a result of unofficial industrial action by some of its ground support services staff. The cargo operations were disrupted for one day longer as the airline focused on restoring its passenger operations. The unlawful action was taken in support of employees dismissed from the airline's Heathrow catering supplier, Gate Gourmet.

British Airways agreed the terms of a new deal that improves and extends its commercial arrangement with Gate Gourmet, which is currently in financial difficulty. The airline is prepared to sign the deal when Gate Gourmet and the Transport and General Workers Union reach a satisfactory agreement on their outstanding labour issues. The airline is not funding the redundancy package currently on offer to Gate Gourmet employees.

Although the dispute at Gate Gourmet is not fully resolved the airline is operating a full schedule and onboard catering has significantly improved with a choice of hot meals now being served on all longhaul departures.

British Airways announced the reorganisation of its customer service and operations department following the retirement of director Mike Street OBE at the end of September.

Geoff Want, currently director of safety and security, becomes director of all ground operations in the UK and overseas including the airline's move in 2008 to a single terminal operation in Heathrow's Terminal 5.

In a move that aligns product development and delivery, in-flight services will report to, commercial director Martin George. Robert Boyle, currently director of commercial planning, will become director planning of a new department that includes the airline's operations control and operations planning departments.

British Airways launched its biggest ever 'World Offers' winter seat sale with over three million discounted flights available to over 150 destinations for travel on selected dates between September 2005 and September 2006. For the first time many European destinations are being offered with more than 20 per cent off some flights.

August 5, 2005

**BRITISH AIRWAYS MONTHLY TRAFFIC AND CAPACITY STATISTICS**

| <b>BRITISH AIRWAYS<br/>SCHEDULED SERVICES</b> | <b>Month of August</b> |             |                       | <b>Financial year<br/>April through to Aug.</b> |             |                       |
|---|------------------------|-------------|-----------------------|---|-------------|-----------------------|
|   | <b>2005</b>            | <b>2004</b> | <b>Change<br/>(%)</b> | <b>2005</b>                                     | <b>2004</b> | <b>Change<br/>(%)</b> |
| <b>Passengers carried (000)</b>               |                        |             |                       |   |             |                       |
| UK/Europe                                     | <b>2063</b>            | 2170        | -4.9                  | <b>10432</b>                                    | 10712       | -2.6                  |
| Americas                                      | <b>629</b>             | 646         | -2.6                  | <b>3261</b>                                     | 3250        | +0.3                  |
| Asia Pacific                                  | <b>159</b>             | 144         | +10.0                 | <b>765</b>                                      | 677         | +12.9                 |
| Africa and Middle East                        | <b>249</b>             | 267         | -6.6                  | <b>1209</b>                                     | 1238        | -2.3                  |
| Total   | <b>3101</b>            | 3228        | -3.9                  | <b>15667</b>                                    | 15877       | -1.3                  |
| <b>Revenue passenger km (m)</b>               |                        |             |                       |   |             |                       |
| UK/Europe                                     | <b>1972</b>            | 2028        | -2.7                  | <b>9791</b>                                     | 9689        | +1.0                  |
| Americas                                      | <b>4243</b>            | 4318        | -1.7                  | <b>21885</b>                                    | 21704       | +0.8                  |
| Asia Pacific                                  | <b>1631</b>            | 1476        | +10.5                 | <b>7864</b>                                     | 6964        | +12.9                 |
| Africa and Middle East                        | <b>1656</b>            | 1751        | -5.4                  | <b>8088</b>                                     | 8196        | -1.3                  |
| Total   | <b>9502</b>            | 9573        | -0.7                  | <b>47628</b>                                    | 46553       | +2.3                  |
| <b>Available seat km (m)</b>                  |                        |             |                       |   |             |                       |
| UK/Europe                                     | <b>2742</b>            | 2706        | +1.4                  | <b>13777</b>                                    | 13304       | +3.6                  |
| Americas                                      | <b>5268</b>            | 5420        | -2.8                  | <b>26838</b>                                    | 26808       | +0.1                  |
| Asia Pacific                                  | <b>2121</b>            | 2004        | +5.8                  | <b>10439</b>                                    | 9695        | +7.7                  |
| Africa and Middle East                        | <b>2062</b>            | 2197        | -6.1                  | <b>10603</b>                                    | 11069       | -4.2                  |
| Total   | <b>12194</b>           | 12327       | -1.1                  | <b>61657</b>                                    | 60877       | +1.3                  |
| <b>Passenger load factor (%)</b>              |                        |             |                       |   |             |                       |
| UK/Europe                                     | <b>71.9</b>            | 74.9        | -3.0pts               | <b>71.1</b>                                     | 72.8        | -1.7pts               |
| Americas                                      | <b>80.5</b>            | 79.7        | +0.8pts               | <b>81.5</b>                                     | 81.0        | +0.5pts               |
| Asia Pacific                                  | <b>76.9</b>            | 73.6        | +3.3pts               | <b>75.3</b>                                     | 71.8        | +3.5pts               |
| Africa and Middle East                        | <b>80.3</b>            | 79.7        | +0.6pts               | <b>76.3</b>                                     | 74.0        | +2.3pts               |
| Total   | <b>77.9</b>            | 77.7        | +0.2pts               | <b>77.2</b>                                     | 76.5        | +0.7pts               |
| <b>Revenue tonne km (RTK) (m)</b>             |                        |             |                       |   |             |                       |
| Cargo tonne km (CTK)                          | <b>365</b>             | 406         | -10.2                 | <b>1956</b>                                     | 2029        | -3.6                  |
| Total RTK                                     | <b>1319</b>            | 1368        | -3.6                  | <b>6707</b>                                     | 6672        | +0.5                  |
| Available tonne km (m)                        | <b>1897</b>            | 1912        | -0.8                  | <b>9615</b>                                     | 9502        | +1.2                  |
| Overall load factor (%)                       | <b>69.5</b>            | 71.5        | -2.0pts               | <b>69.7</b>                                     | 70.2        | -0.5pts               |

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