

**TRAFFIC AND CAPACITY STATISTICS – July 2005***Summary of the headline figures*

In July 2005, passenger capacity, measured in Available Seat Kilometres, was 2.4 per cent above July 2004. Traffic, measured in Revenue Passenger Kilometres, was higher by 4.2 per cent. This resulted in a passenger load factor up 1.4 points versus last year, to 81.1 per cent, a record for July. The increase in traffic comprised a 6.8 per cent increase in premium traffic and a 3.8 per cent increase in non-premium traffic. Cargo, measured in Cargo Tonne Kilometres, fell by 3 per cent. Overall load factor fell by 0.1 points at 72.5 per cent.

*Market conditions*

Record passenger loads in July indicate that the short term impact of the London bombings was not material although it is too early to say what the long term impact will be. When taken together with the uncertain economic outlook and volatility in both fuel prices and the US Dollar exchange rate, accurate forecasting is even more of a challenge than usual.

Market conditions, however, remain broadly unchanged.

The continuing strength of the US Dollar and increased surcharges have improved the revenue outlook. We now expect total revenue for the year to March 2006 to grow by 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*

We now expect fuel costs, net of hedging, to be about £525 million higher than last year. The company now has 75% hedging cover in place at an average cost of \$43 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 released financial information prepared under International Financial Reporting Standards (IFRS) for the year ended March 31, 2005. Under IFRS, the airline's operating profit for the year ended March 31, 2005 increased from £540 million under UK GAAP to £556 million and profit before tax increased from £415 million to £513 million. The adoption of IFRS represented an accounting change only and did not affect the underlying operation of the business or the airline's cash flows for 2004/5.

At the airline's 2005 annual general meeting chief executive designate Willie Walsh, commercial director Martin George, Ken Smart, Denise Kingsmill and Baroness Symons were elected onto the British Airways Board. Stepping down were former flight operations director Captain Mike Jeffery, Dr Ashok Ganguly and Lord Renwick of Clifton, in line with corporate governance guidelines on independence. The meeting included a farewell to Lord King of Wartnaby, British Airways president emeritus and former chairman, who died on Tuesday July 12.

British Airways' Corporate Responsibility Report for 2004 – 2005 was published and included details of the airline's double Gold Standard for its diversity programme, a first time award from Race for Opportunity for its work on racial equality across the company and a renewed award from Opportunity Now for gender equality.

The company launched a new online shopping basket facility on ba.com that enables customers to pay for hotels, car-hire, resort transfers and sightseeing tours as well as flights in a single transaction.

British Airways launched a seat sale offering thousands of discounted flights on over 80 routes for travel until November. Longhaul prices start from £299 for a return flight to New York and shorthaul from £65 for return tickets to Bologna, Turin, Seville and Amsterdam.

August 5, 2005

**BRITISH AIRWAYS MONTHLY TRAFFIC AND CAPACITY STATISTICS**

<b>BRITISH AIRWAYS SCHEDULED SERVICES</b>	<b>Month of July</b>			<b>Financial year April through to July</b>		
	<b>2005</b>	<i>2004</i>	<b>Change (%)</b>	<b>2005</b>	<i>2004</i>	<b>Change (%)</b>
<b>Passengers carried (000)</b>						
UK/Europe	<b>2280</b>	2311	-1.3	<b>8367</b>	8541	-2.0
Americas	<b>693</b>	683	+1.4	<b>2630</b>	2603	+1.0
Asia Pacific	<b>176</b>	148	+18.4	<b>606</b>	533	+13.7
Africa and Middle East	<b>259</b>	263	-1.7	<b>959</b>	971	-1.2
<b>Total</b>	<b>3408</b>	3406	+0.1	<b>12562</b>	12648	-0.7
<b>Revenue passenger km (m)</b>						
UK/Europe	<b>2157</b>	2112	+2.1	<b>7817</b>	7661	+2.0
Americas	<b>4671</b>	4577	+2.0	<b>17635</b>	17384	+1.4
Asia Pacific	<b>1806</b>	1521	+18.7	<b>6233</b>	5489	+13.6
Africa and Middle East	<b>1735</b>	1742	-0.4	<b>6428</b>	6444	-0.2
<b>Total</b>	<b>10369</b>	9952	+4.2	<b>38113</b>	36978	+3.1
<b>Available seat km (m)</b>						
UK/Europe	<b>2826</b>	2757	+2.5	<b>11033</b>	10599	+4.1
Americas	<b>5552</b>	5471	+1.5	<b>21569</b>	21387	+0.8
Asia Pacific	<b>2234</b>	2004	+11.5	<b>8318</b>	7691	+8.1
Africa and Middle East	<b>2174</b>	2248	-3.3	<b>8539</b>	8872	-3.8
<b>Total</b>	<b>12786</b>	12481	+2.4	<b>49458</b>	48549	+1.9
<b>Passenger load factor (%)</b>						
UK/Europe	<b>76.3</b>	76.6	-0.3pts	<b>70.8</b>	72.3	-1.5s pt
Americas	<b>84.1</b>	83.7	+0.4pts	<b>81.8</b>	81.3	+0.5s pt
Asia Pacific	<b>80.8</b>	75.9	+4.9pts	<b>74.9</b>	71.4	+3.5s pt
Africa and Middle East	<b>79.8</b>	77.5	+2.3pts	<b>75.3</b>	72.6	+2.7s pt
<b>Total</b>	<b>81.1</b>	79.7	+1.4pts	<b>77.1</b>	76.2	+0.9s pt
<b>Revenue tonne km (RTK) (m)</b>						
Cargo tonne km (CTK)	<b>406</b>	419	-3.0	<b>1591</b>	1630	-2.4
Total RTK	<b>1440</b>	1413	+1.9	<b>5386</b>	5312	+1.4
Available tonne km (m)	<b>1985</b>	1946	+2.0	<b>7710</b>	7588	+1.6
<b>Overall load factor (%)</b>	<b>72.5</b>	72.6	-0.1pts	<b>69.9</b>	70.0	-0.1s pt

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 investments. 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.



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