BRITISH AIRWAYS

INTERIM RESULTS 2002-2003 (unaudited)

		Three months ended September 30		Better/ (Worse)	Six months ended September 30		Better/ (Worse)
		2002	*2001*		**2002**	*2001*	
Turnover	£m	**2,104**	*2,251*	(6.5)%	**4,156**	*4,548*	(8.6)%
Operating profit	£m	**248**	*72*	244.4%	**406**	*122*	232.8%
Operating margin	%	**11.8**	*3.2*	8.6pts	**9.8**	*2.7*	7.1pts
Profit before tax	£m	**245**	*5*	nm	**310**	*45*	588.9%
Retained profit for the period	£m	**152**	*19*	nm	**192**	*45*	326.7%
Capital and reserves at period end	£m	**2,383**	*2,356*	1.1%	**2,383**	*2,356*	1.1%
Earnings per share							
Basic	p	**14.1**	*1.8*	683.3%	**17.8**	*4.2*	323.8%
Diluted	p	**13.7**	*1.8*	661.1%	**17.4**	*4.2*	314.3%

nm: Not meaningful

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GROUP PROFIT AND LOSS ACCOUNT (unaudited)

	Three months ended September 30		Better/	Six months September 30	
	2002 £m	*2001 £m*	(Worse)	**2002 £m**	*2001 £m*
Traffic Revenue					
Scheduled Passenger	**1,794**	*1,903*	(5.7)%	**3,556**	*3,850*
Scheduled Cargo	**119**	*112*	6.3%	**245**	*242*
Non-scheduled services	**18**	*20*	(10.0)%	**31**	*35*
	1,931	*2,035*	(5.1)%	**3,832**	*4,127*
Other revenue	**173**	*216*	(19.9)%	**324**	*421*
TOTAL TURNOVER	**2,104**	*2,251*	(6.5)%	**4,156**	*4,548*
Employee costs	**516**	*608*	15.1%	**1,043**	*1,220*
Depreciation and amortisation	**164**	*192*	14.6%	**330**	*378*
Aircraft operating lease costs	**41**	*45*	8.9%	**83**	*101*
Fuel and oil costs	**199**	*294*	32.3%	**413**	*577*
Engineering and other aircraft costs	**142**	*154*	7.8%	**282**	*315*
Landing fees and en route charges	**153**	*160*	4.4%	**309**	*328*
Handling charges, catering and other operating costs	**259**	*299*	13.4%	**502**	*602*
Selling costs	**197**	*216*	8.8%	**412**	*469*
Accommodation, ground equipment costs and currency differences	**185**	*211*	12.3%	**376**	*436*
TOTAL OPERATING EXPENDITURE	**1,856**	*2,179*	14.8%	**3,750**	*4,426*
OPERATING PROFIT	**248**	*72*	244.4%	**406**	*122*
Share of operating profits in associates	**9**	*7*	28.6%	**6**	*8*
TOTAL OPERATING PROFIT INCLUDING ASSOCIATES	**257**	*79*	225.3%	**412**	*130*
Other charges		*(1)*	nm		
Profit on sale of fixed assets and investments	**9**	*9*	nm	**28**	*101*
Interest					
Net payable	**(64)**	*(82)*	22.0%	**(137)**	*(163)*
Retranslation credits/ (charges) on currency borrowings	**43**		nm	**7**	*(23)*
PROFIT BEFORE TAX	**245**	*5*	nm	**310**	*45*
Tax	**(90)**	*18*	nm	**(112)**	*7*
PROFIT AFTER TAX	**155**	*23*	nm	**198**	*52*
Non equity minority interest*	**(3)**	*(4)*	25.0%	**(6)**	*(7)*
PROFIT FOR THE PERIOD	**152**	*19*	nm	**192**	*45*
Dividends paid and proposed					
RETAINED PROFIT FOR THE PERIOD	**152**	*19*	nm	**192**	*45*

nm: Not meaningful

* Cumulative Preferred Securities

OPERATING AND FINANCIAL STATISTICS (unaudited)

	Three months ended September 30		Increase/ (Decrease)	Six months ended September 30		Increase/ (Decrease)
	2002	*2001*		**2002**	*2001*	
TOTAL AIRLINE OPERATIONS (Note 1)						
TRAFFIC AND CAPACITY						
RPK (m)	**27,301**	*29,297*	(6.8)%	**51,980**	*57,943*	(10.3)%
ASK (m)	**35,608**	*39,629*	(10.1)%	**70,628**	*80,609*	(12.4)%
Passenger load factor(%)	**76.7**	*73.9*	2.8pts	**73.6**	*71.9*	1.7pts
CTK (m)	**1,058**	*937*	12.9%	**2,105**	*2,030*	3.7%
RTK (m)	**3,788**	*3,868*	(2.1)%	**7,293**	*7,783*	(6.3)%
ATK (m)	**5,449**	*5,969*	(8.7)%	**10,815**	*12,093*	(10.6)%
Overall load factor (%)	**69.5**	*64.8*	4.7pts	**67.4**	*64.4*	3.0pts
Passengers carried (000)	**10,607**	*11,306*	(6.2)%	**20,272**	*22,599*	(10.3)%
Tonnes of cargo carried (000)	**189**	*178*	6.2%	**381**	*387*	(1.6)%
FINANCIAL						
Passenger revenue per RPK (p)	**6.64**	*6.56*	1.2%	**6.90**	*6.70*	3.0%
Passenger revenue per ASK (p)	**5.09**	*4.85*	4.9%	**5.08**	*4.82*	5.4%
Cargo revenue per CTK(p)	**11.25**	*11.95*	(5.9)%	**11.64**	*11.92*	(2.3)%
Total traffic revenue per RTK (p)	**50.98**	*52.61*	(3.1)%	**52.54**	*53.03*	(0.9)%
Total traffic revenue per ATK (p)	**35.44**	*34.09*	4.0%	**35.43**	*34.13*	3.8%
Average fuel price before hedging (US cents/US gallon)	**80.16**	*87.43*	(8.3)%	**78.50**	*88.33*	(11.1)%
OPERATIONS						
Average Manpower Equivalent (MPE)	**52,116**	*59,902*	(13.0)%	**52,521**	*59,871*	(12.3)%
ATKs per MPE (000)	**104.6**	*99.6*	5.0%	**205.9**	*202.0*	1.9%
Aircraft in service at period end	**349**	*373*	(24)	**349**	*373*	(24)
TOTAL GROUP OPERATIONS						
FINANCIAL						
Net operating expenditure per RTK (p)	**44.43**	*50.75*	(12.5)%	**46.98**	*51.46*	(8.7)%
Net operating expenditure per ATK (p)	**30.89**	*32.89*	(6.1)%	**31.68**	*33.12*	(4.3)%

Note 1 Excludes non airline activity companies, principally, Airmiles Travel Promotions Ltd, BA Holidays Ltd, BA Travel Shops Ltd, Speedbird Insurance Company Ltd and The London Eye Company Ltd.

CHAIRMAN'S STATEMENT

Group Performance

Group profit before tax for the three months to September 30 was £245 million; this compares with a profit of £5 million last year. Operating profit - - at £248 million - - was £176m better than last year. The operating margin was 11.8%, 8.6 points better than last year.

The Board has again decided that no interim dividend will be paid.

The improvement in operating profit reflects significant cost reductions due to the actions taken before and after the September 11th attacks, improved contribution from the cargo business and the increasing impact of the Future Size and Shape programme, which continues on track. Whilst revenue fell, due to the weak global economy and the effects of exchange, unprofitable capacity was reduced and efficiency actions continued in all areas.

Group profit before tax for the six months to September 30 was £310 million, £265 million better than last year; operating profit - - at £406 million - - was £284 million better than last year.

Cash inflow before financing was £738 million for the six months, with the closing cash balance of £1,538 million representing a £319 million increase versus March 31. Net debt fell by £770 million to £5,524 million - - its lowest level since September 30, 1999 - - and is down £1 billion from the December 2001 peak.

Turnover

For the three month period, group turnover - - at £2,104 million - - was down 6.5% on a flying programme 8.7% smaller in ATKs. Passenger yields were up 1.2% per RPK; seat factor was up 2.8 points at 76.7% on capacity 10.1% lower in ASKs.

For the six month period, turnover declined by 8.6% to £4,156 million on a flying programme 10.6% smaller in ATKs. Passenger yields were up 3.0% per RPK with seat factor up 1.7 points at 73.6% on capacity 12.4% lower in ASKs.

Cargo volumes for the quarter (CTKs) were up 12.9% compared with last year, with yields (revenue/CTK) down 5.9%. For the six month period, cargo volumes were up 3.7%, with yields down 2.3%.

Overall load factor for the quarter was up 4.7 points at 69.5%, and for the half year up 3.0 points at 67.4%.

Costs

For the quarter, unit costs (pence/ATK) improved by 6.1% on the same period last year. This reflects a net cost reduction of 14.3% on capacity 8.7% lower in ATKs.

Significant reductions were achieved in all categories of operating cost, including manpower costs down 15.1%, fuel costs down 32.3% (primarily due to improvements in fuel price net of hedging together with reduced flying levels), accommodation and other costs down 12.3% (mainly due to contractor and IM cost savings) and other operating costs down 13.4%.

For the half year, unit costs (pence/ATK) improved by 4.3% on the same period last year. This reflects a net cost reduction of 14.5% on capacity 10.6% lower in ATKs.

Non Operating Items

Net interest expense for the quarter was £21 million, down £61 million on last year and net of a credit due to the revaluation of yen debts (used to fund aircraft acquisitions) of £43 million.

Profits on disposals of fixed assets and investments for the quarter were £9 million.

For the six month period interest expense was £130 million, down £56 million on last year. Profits on disposal were £28 million, down £73 million from last year when **go** was sold at a profit of £98 million.

Earnings Per Share

The profit attributable to shareholders for the three months was equivalent to 14.1 pence per share, compared with last year's profit per share of 1.8 pence.

For the six month period, the profit attributable to shareholders was £192 million, equivalent to 17.8 pence per share, compared with earnings of 4.2 pence per share last year.

Net Debt / Total Capital Ratio

Borrowings, net of cash and short term loans and deposits, were £5,524 million at September 30 - - down £1 billion from the December 2001 peak and down £770 million since the start of the year (primarily £299 million of debt repayment, £326 million increase in cash and exchange gains of £145 million). The net debt/total capital ratio reduced by 4.9 points from March 2002 to 61.1%.

During the six months we generated a positive cashflow from operations of £756 million. After disposal proceeds, capital expenditure and interest payments on our existing debt, cash inflow was £738 million. This represents a £684 million improvement on last year, primarily due to the improvement in operating cashflow (£145 million), disposal proceeds net of capital expenditure (£387 million) and no dividend payment (£137 million).

Aircraft Fleet

During the quarter the Group fleet in service reduced by 2 to 349 aircraft. Reductions included 1 Boeing 757-200 and 1 Boeing 737-300 stood down pending disposal, together with 1 Turboprop and 2 Embraer 145s returned to lessor. The reductions were partially offset by the deliveries of 1 Embraer 145 and 2 Airbus A320 aircraft.

Future Size and Shape

The implementation of the shorthaul pricing initiatives announced as part of the Future Size and Shape programme is nearing completion. Lower fares are available without the previous restrictions on a total of 176 routes.

Forecast capital spend for the year remains on target at £450 million. FSAS disposal proceeds at September 30 were £426 million (including £218 million in 2001/02) and the remaining £74 million to achieve the £500 million target will be delivered before year end.

The group manpower reduction since August 2001 totals 9,786 including 1,397 relating to the disposal of World Network Services.

Associates

Qantas announced full year profits before tax of A$631 million. In addition they have completed a rights issue raising A$718 million of new capital. Our non-participation in their rights issue and dividend reinvestment plan resulted in the reduction of our holding from 21.4% to 19.0%.

Alliance development

We continue to develop our relationship with Iberia following the signing of a commercial agreement to work more closely across our complementary global networks. The extension of codesharing services to include Heathrow - Madrid and Heathrow - Barcelona is on track, as is codesharing with SN Brussels Airlines. We have also reached agreement with Swiss to continue the block space codeshare agreement on their Heathrow - Basle service for a further year.

Outlook

While the travel market continues to be subject to global economic and political uncertainty the revenue outlook has stabilised. The implementation of the Future Size and Shape programme continues on track and is delivering the cost savings that, in the absence of war or terrorist action, are expected to return our business to profitability for the full year.

Note:
Copies of the summary Interim Statement will be issued to all shareholders through the medium of the British Airways Investor newspaper. Copies of the full Interim report are available from the Company's registered office and on the Internet at www.ba.com/investor.

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 'Future Size and Shape' programme, 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. Information on some factors which could result in material difference to the results is available in the Company's SEC filings, including, without limitation the Company's Report on Form 20-F for the year ended March 2002.

GROUP BALANCE SHEET (unaudited)

	September 30		March 31
	2002 £m	*2001 £m*	2002 £m
FIXED ASSETS			
Intangible assets	**150**	*134*	140
Tangible assets	**9,940**	*10,802*	10,474
Investments	**500**	*451*	489
	10,590	*11,387*	11,103
CURRENT ASSETS			
Stocks	**95**	*202*	109
Debtors	**1,171**	*1,205*	1,231
Cash, short-term loans and deposits	**1,538**	*1,060*	1,219
	2,804	*2,467*	2,559
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	**(2,947)**	*(3,080)*	(3,201)
NET CURRENT LIABILITIES	**(143)**	*(613)*	(642)
TOTAL ASSETS LESS CURRENT LIABILITIES	**10,447**	*10,774*	10,461
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Borrowings and other creditors	**(6,719)**	*(7,142)*	(6,985)
Convertible Capital Bonds 2005	**(112)**	*(112)*	(112)
	(6,831)	*(7,254)*	(7,097)
PROVISIONS FOR DEFERRED TAX	**(1,128)**	*(1,101)*	(1,031)
PROVISIONS FOR LIABILITIES AND CHARGES	**(105)**	*(63)*	(126)
	2,383	*2,356*	2,207
CAPITAL AND RESERVES			
Called up share capital	**271**	*271*	271
Reserves	**1,915**	*1,891*	1,745
	2,186	*2,162*	2,016
Minority interest	**9**	*8*	9
Non equity minority interest	**188**	*186*	182
	2,383	*2,356*	2,207

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (unaudited)

	Six months ended September 30		Year ended March 31
	2002 £m	*2001 £m*	2002 £m
Profit/(loss) for the period	**192**	*45*	(142)
Other recognised gains and losses relating to the period			
Exchange and other movements	**(22)**	*(4)*	17
Total recognised gains and losses	**170**	*41*	(125)

These summary financial statements were approved by the Directors on November 5, 2002.

GROUP CASH FLOW STATEMENT (unaudited)

	Six months ended September 30		Year ended March 31
	2002 £m	*2001 £m*	2002 £m
CASH INFLOW FROM OPERATING ACTIVITIES	**756**	*611*	866
DIVIDENDS RECEIVED FROM ASSOCIATES	**10**	*10*	16
GOVERNMENT COMPENSATION RECEIVED			22
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	**(152)**	*(173)*	(327)
TAX	**(6)**		(1)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	**104**	*(238)*	94
ACQUISITIONS AND DISPOSALS	**26**	*(19)*	(19)
EQUITY DIVIDENDS PAID		*(137)*	(137)
Cash inflow before management of liquid resources and financing	**738**	*54*	514
MANAGEMENT OF LIQUID RESOURCES	**(334)**	*(118)*	(301)
FINANCING	**(412)**	*68*	(217)
(Decrease)/increase in cash in the period	**(8)**	*4*	(4)

NOTES TO THE ACCOUNTS
For the period ended September 30, 2002

1 ACCOUNTING CONVENTION

The accounts have been prepared on the basis of the accounting policies set out in the Report and Accounts for the year ended March 31, 2002 in accordance with all applicable United Kingdom accounting standards and the Companies Act 1985 and are consistent with those applied in the previous year. Due to the increasing incidence of the purchase of airport landing rights, these have been reclassified from tangible fixed assets to intangible fixed assets and the comparative figures restated accordingly.

	Six months ended September 30	
	2002 £m	*2001 £m*
2 RECONCILIATION OF OPERATING PROFIT TO CASH INFLOW FROM OPERATING ACTIVITIES		
Group operating profit/(loss)	**406**	*122*
Depreciation and amortisation	**330**	*378*
Decrease in stocks and debtors	**49**	*156*
Decrease in creditors	**(8)**	*(34)*
(Decrease)/increase in provisions for liabilities and charges	**(21)**	*(11)*
Cash inflow from operating activities	**756**	*611*
3 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT		
(Decrease)/increase in cash during the period	**(8)**	*4*
Net cash outflow/(inflow) from decrease in debt and lease financing	**412**	*(68)*
Cash outflow from liquid resources	**334**	*118*
Change in net debt resulting from cash flows	**738**	*54*
New finance leases taken out and hire purchase arrangements made	**(113)**	*(263)*
Assumed from subsidiary undertakings acquired during the period		*(117)*
Conversion of Convertible Capital Bonds		*1*
Exchange movements	**145**	*20*
Movement in net debt during the period	**770**	*(305)*
Net debt at April 1	**(6,294)**	*(6,223)*
Net debt at period end	**(5,524)**	*(6,528)*

	Three months ended September 30		
	2002 £m	*2001 £m*	**2002**
4 OTHER INCOME AND CHARGES			
Charges from trade investments		*(1)*	
		(1)	
Other income and charges represented by:			
Group		*(1)*	
		(1)	

NOTES TO THE ACCOUNTS (continued)
For the period ended September 30, 2002

	Three months ended September 30		Six months ended September 30	
	2002 £m	*2001 £m*	**2002 £m**	*2001 £m*
5 PROFIT/(LOSS) ON SALE OF FIXED ASSETS AND INVESTMENTS				
Net profit on disposal of **go** (Note 1 below)	**10**	*(2)*	**10**	*98*
Net (loss)/profit on disposal of other fixed assets and investments	**(1)**	*11*	**18**	*3*
	9	*9*	**28**	*101*
Represented by:				
Group	**9**	*9*	**28**	*101*
	9	*9*	**28**	*101*

Note 1 - The profit on disposal of **go** relates to the additional contracted proceeds resulting from the onward sale by 3i Plc to EasyJet.

	Three months ended September 30		Six months ended September 30	
	2002 £m	*2001 £m*	**2002 £m**	*2001 £m*
6 INTEREST				
Net payable:				
Interest payable less amount capitalised	**81**	*98*	**168**	*192*
Interest receivable	**(17)**	*(16)*	**(31)**	*(29)*
	64	*82*	**137**	*163*
Retranslation (credits)/charges on currency borrowings	**(43)**		**(7)**	*23*
	21	*82*	**130**	*186*
Net interest payable represented by:				
Group	**19**	*78*	**128**	*182*
Associates	**2**	*4*	**2**	*4*
	21	*82*	**130**	*186*

7 TAX

The tax charge for the quarter is £90 million. This represents current tax of £10 million payable overseas on the Group’s share of income from associates in the quarter and £80 million by the way of deferred taxes in the UK.
The deferred tax provision is included on balance sheet and amounts to £1,128 million at September 30, 2002 (September 30, 2001: £1,101 million ; March 31, 2002: £1,031 million).
None of the deferred tax is expected to become payable in the foreseeable future.

8 EARNINGS PER SHARE

Basic earning per share for the quarter ended September 30, 2002 are calculated on a weighted average of 1,076,134,000 ordinary shares (September 2001: 1,076,054,000) and for the six months ended September 30, 2002, on a weighted average of 1,076,124,000 ordinary shares (September 2001: 1,076,002,000) as adjusted for shares held for the purposes of employee share ownership plans including the Long Term Incentive Plan. Diluted earnings per share for the quarter ended September 30, 2002 are calculated on a weighted average of 1,124,260,000 ordinary shares (September 2001: 1,080,692,000) and for the six months ended September 30, 2002 on a weighted average of 1,124,224,000 ordinary shares (September 2001: 1,082,450,000).

The number of shares in issue at September 30, 2002 was 1,082,784,000 (September 30, 2001: 1,082,741,000; March 31, 2002: 1,082,757,000) ordinary shares of 25 pence each.

		September 30 **2002 £m**	*2001 £m*	March 31 2002 £m
9	INTANGIBLE ASSETS			
	Goodwill	**99**	*109*	105
	Landing rights	**51**	*25*	35
		150	*134*	140
10	TANGIBLE ASSETS			
	Fleet	**8,250**	*8,937*	8,672
	Property	**1,224**	*1,342*	1,300
	Equipment	**466**	*523*	502
		9,940	*10,802*	10,474
11	INVESTMENTS			
	Associated undertakings	**431**	*386*	425
	Trade investments	**44**	*40*	39
	Investment in own shares	**25**	*25*	25
		500	*451*	489
12	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	Loans	**64**	*56*	62
	Finance leases	**133**	*104*	208
	Hire purchase arrangements	**330**	*406*	409
		527	*566*	679
	Corporate tax	**39**	*27*	29
	Other creditors and accruals	**2,381**	*2,487*	2,493
		2,947	*3,080*	3,201
13	BORROWINGS AND OTHER CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR			
	Loans	**1,323**	*1,289*	1,483
	Finance leases	**2,454**	*2,380*	2,404
	Hire purchase arrangements	**2,646**	*3,241*	2,835
		6,423	*6,910*	6,722
	Corporate tax		*9*	
	Other creditors and accruals	**296**	*223*	263
		6,719	*7,142*	6,985
14	RESERVES			
	Balance at April 1	**1,745**	*2,944*	2,944
	Prior year adjustment relating to Deferred Tax		*(1,094)*	(1,094)
	Balance at April 1 as restated	**1,745**	*1,850*	1,850
	Retained profit/(loss) for the period	**192**	*45*	(142)
	Exchange and other adjustments	**(22)**	*(4)*	17
	Goodwill written back on disposals			20
		1,915	*1,891*	1,745

15 The figures for the three months and six months ended September 30, 2002 are unaudited and do not constitute full accounts within the meaning of Section 240 of the Companies Act 1985. The figures for the year ended March 31, 2002 have been extracted from the full accounts with certain minor presentational changes for that year, which have been delivered to the Registrar of Companies and on which the auditors have issued an unqualified audit report.

INDEPENDENT REVIEW REPORT TO BRITISH AIRWAYS Plc

Introduction

We have been instructed by the Company to review the financial information set out within the Group Profit and Loss Account, Group Balance Sheet, Group Cash Flow Statement and Notes to the Accounts and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit.
Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for both the three months and six months ended September 30, 2002.

Ernst & Young LLP
London

November 5, 2002

UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (US GAAP) INFORMATION

The accounts have been prepared in accordance with accounting principles accepted in the United Kingdom which differ in certain respects from those generally accepted in the United States. The significant differences are the same as those set out in the Report and Accounts for the year ended March 31, 2002, with the exception of the implementation of SFAS 142 'Goodwill and Other Intangible Assets' from April 1, 2002.

SFAS 142 includes the requirements to test goodwill and indefinite-lived intangible assets for impairment rather than amortise them. Intangible assets that are not deemed to have an indefinite life continue to be amortised over their estimated useful lives. Amortisation of goodwill charged under UK GAAP has been reversed for US GAAP. During the quarter the Group completed a goodwill impairment review using the two-step process prescribed in SFAS 142. No impairment charge resulted from this review.

The adjusted net income and shareholders' equity applying US GAAP are set out below:

	Three months ended September 30		Six months ended September 30	
	2002 £m	*2001 £m*	**2002 £m**	*2001 £m*
Profit for the period as reported in the Group profit and loss account	**152**	*19*	**192**	*45*
US GAAP adjustments	**79**	*54*	**175**	*70*
Net income as so adjusted to accord with US GAAP	**231**	*73*	**367**	*115*
Net income per Ordinary Share as so adjusted				
Basic	**21.5p**	*6.8p*	**34.1p**	*10.7p*
Diluted	**20.7p**	*6.6p*	**33.0p**	*10.5p*
Net income per American Depositary Share as so adjusted				
Basic	**215p**	*68p*	**341p**	*107p*
Diluted	**207p**	*66p*	**330p**	*105p*

	September 30		March 31
	2002 £m	*2001 £m*	2002 £m
Shareholders' equity as reported in the Group balance sheet	**2,186**	*2,162*	2,016
US GAAP adjustments	**246**	*87*	55
Shareholders' equity as so adjusted to accord with US GAAP	**2,432**	*2,249*	2,071

AIRCRAFT FLEET

Number in service with Group companies at September 30,2002

	On balance sheet Aircraft	Operating Leases off balance sheet Extendible	Operating Leases off balance sheet Other	Total Sept 2002	Changes since June 2002	Future Deliveries	Options
AIRLINE OPERATIONS (Notes 1 & 2)							
Concorde (Note 3)	7			**7**			
Boeing 747-400	56			**56**			
Boeing 777	43			**43**			
Boeing 767-300 (Note 4)	21			**21**			
Boeing 757-200	15	2	1	**18**	**(1)**		
Airbus A318						6	
Airbus A319 (Note 5)	21	10	2	**33**		6	112
Airbus A320	12	2	3	**17**	2	12	
Airbus A321						4	
Boeing 737-300			23	**23**	**(1)**		
Boeing 737-400	20	5	6	**31**			
Boeing 737-500			10	**10**			
Turbo Props (Note 6)			41	**41**	**(1)**		
Embraer RJ145	16	3	9	**28**	**(1)**		17
Avro RJ100		16		**16**			
British Aerospace 146	5			**5**			
GROUP TOTAL	**216**	**38**	**95**	**349**	**(2)**	**28**	**129**

Notes:

1 Includes those operated by British Airways Plc, CityFlyer Express, Deutsche BA and BA CitiExpress.
2 Excludes 3 Boeing 747 - 200s, 1 Boeing 757 - 200 and 1 Boeing 737-300, stood down pending disposal or return to lessor, 1 Boeing 747 - 400 sub-leased to Qantas.
3 Includes 2 Concordes currently stood down pending safety modifications.
4 Includes 3 Boeing 767-300s temporarily out of service.
5 Certain future deliveries and options included reserved delivery positions, and may be taken as any A320 family of aircraft.
6 Includes 12 Jetsteam 41 aircraft, 13 British Aerospace ATP aircraft, 5 ATR72 aircraft and 11 de Havilland Canada DHC-8 aircraft.