BRITISH AIRWAYS

THIRD QUARTER RESULTS 2000-2001 (unaudited)

		Three months ended December 31		Increase/ (Decrease)	Nine months ended December 31		Increase/ (Decrease)
		2000	*1999*		**2000**	*1999*	
Turnover	£m	**2,295**	*2,198*	4.4%	**7,157**	*6,833*	4.7%
Operating profit/(loss)	£m	**80**	*(2)*	nm	**441**	*209*	111.0%
Operating margin	%	**3.5**	*(0.1)*	3.6pts	**6.2**	*3.1*	3.1pts
Profit/(loss) before tax	£m	**65**	*(60)*	nm	**215**	*180*	19.4%
Retained profit/(loss) for the period	£m	**58**	*(71)*	nm	**136**	*90*	51.1%
Capital and reserves at period end	£m	**3,652**	*3,652*		**3,652**	*3,652*	
Earnings per share							
Basic	p	**5.4**	*(6.6)*	nm	**17.8**	*13.7*	29.9%
Diluted	p	**5.3**	*(6.6)*	nm	**17.5**	*13.6*	28.7%

nm: Not meaningful

Shareholder Value
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GROUP PROFIT AND LOSS ACCOUNT (unaudited)

	Three months ended December 31		Increase/	Nine months ended December 31		Increase/
	2000 £m	*1999 £m*	(Decrease)	**2000 £m**	*1999 £m*	(Decrease)
Traffic Revenue						
Scheduled passenger	**1,921**	*1,826*	5.2%	**6,016**	*5,705*	5.5%
Scheduled cargo	**154**	*153*	0.7%	**446**	*422*	5.7%
Non-scheduled services	**9**	*14*	(35.7)%	**43**	*63*	(31.7)%
	2,084	*1,993*	4.6%	**6,505**	*6,190*	5.1%
Other revenue	**211**	*205*	2.9%	**652**	*643*	1.4%
TOTAL TURNOVER	**2,295**	*2,198*	4.4%	**7,157**	*6,833*	4.7%
Employee costs	**593**	*605*	(2.0)%	**1,765**	*1,874*	(5.8)%
Depreciation	**181**	*162*	11.7%	**532**	*476*	11.8%
Aircraft operating lease costs	**58**	*50*	16.0%	**163**	*138*	18.1%
Fuel and oil costs	**319**	*219*	45.7%	**822**	*585*	40.5%
Engineering and other aircraft costs	**161**	*166*	(3.0)%	**499**	*520*	(4.0)%
Landing fees and en route charges	**149**	*162*	(8.0)%	**488**	*525*	(7.0)%
Handling charges, catering and other operating costs	**326**	*332*	(1.8)%	**1,014**	*995*	1.9%
Selling costs	**254**	*284*	(10.6)%	**850**	*869*	(2.2)%
Accommodation, ground equipment costs and currency differences	**174**	*220*	(20.9)%	**583**	*642*	(9.2)%
TOTAL OPERATING EXPENDITURE	**2,215**	*2,200*	0.7%	**6,716**	*6,624*	1.4%
OPERATING PROFIT/(LOSS)	**80**	*(2)*	nm	**441**	*209*	111.0%
Share of operating profits in associates		*1*	(100.0)%	**28**	*31*	(9.7)%
TOTAL OPERATING PROFIT/(LOSS)INCLUDING ASSOCIATES	**80**	*(1)*	nm	**469**	*240*	95.4%
Other income and charges		*(2)*	(100.0)%	**2**	*1*	100.0%
(Loss)/profit on sale of fixed assets and investments	**(6)**	*60*	(110.0)%	**(73)**	*251*	(129.1)%
Interest						
Net payable	**(74)**	*(66)*	12.1%	**(221)**	*(194)*	13.9%
Retranslation credits/(charges) on currency borrowings	**65**	*(51)*	nm	**38**	*(118)*	nm
PROFIT/(LOSS) BEFORE TAX	**65**	*(60)*	nm	**215**	*180*	19.4%
Taxation	**(5)**	*(8)*	(37.5)%	**(15)**	*(25)*	(40.0)%
PROFIT/(LOSS) AFTER TAX	**60**	*(68)*	nm	**200**	*155*	29.0%
Non equity minority interest*	**(2)**	*(3)*	nm	**(9)**	*(8)*	nm
PROFIT/(LOSS) FOR THE PERIOD	**58**	*(71)*	nm	**191**	*147*	29.9%
Dividends paid and proposed				**(55)**	*(57)*	(3.5)%
RETAINED PROFIT/(LOSS) FOR THE PERIOD	**58**	*(71)*	nm	**136**	*90*	51.1%

nm: Not meaningful

* Cumulative Preferred Securities

OPERATING AND FINANCIAL STATISTICS (unaudited)

MAINLINE SCHEDULED SERVICES	Three months ended December 31		Increase/	Nine months ended December 31		Increase/
	2000	*1999*	(Decrease)	**2000**	*1999*	(Decrease)
TRAFFIC AND CAPACITY						
RPK (m)	**27,531**	*27,841*	(1.1)%	**91,208**	*90,666*	0.6%
ASK (m)	**40,088**	*41,708*	(3.9)%	**124,981**	*127,644*	(2.1)%
Passenger load factor(%)	**68.7**	*66.8*	1.9pts	**73.0**	*71.0*	2.0pts
CTK (m)	**1,243**	*1,267*	(1.9)%	**3,675**	*3,418*	7.5%
RTK (m)	**4,000**	*4,043*	(1.1)%	**12,807**	*12,454*	2.8%
ATK (m)	**6,010**	*6,106*	(1.6)%	**18,554**	*18,518*	0.2%
Overall load factor (%)	**66.6**	*66.2*	0.4pts	**69.0**	*67.3*	1.7pts
Passengers carried (000)	**8,512**	*8,535*	(0.3)%	**28,347**	*28,265*	0.3%
Tonnes of cargo carried (000)	**238**	*248*	(4.0)%	**705**	*673*	4.8%
FINANCIAL						
Passenger revenue per ASK (p)	**4.51**	*4.04*	11.6%	**4.53**	*4.13*	9.7%
Passenger revenue per RPK (p)	**6.56**	*6.06*	8.3%	**6.20**	*5.82*	6.5%
Cargo revenue per CTK(p)	**12.23**	*11.76*	4.0%	**12.03**	*12.05*	(0.2)%
Average fuel price before hedging (US cents/US gallon)	**113.63**	*78.67*	44.4%	**100.70**	*64.86*	55.3%

TOTAL GROUP OPERATIONS
(including Deutsche BA, 'go', CityFlyer Express and in 1999 only Air Liberte)

	2000	*1999*	Increase/ (Decrease)	**2000**	*1999*	Increase/ (Decrease)
TRAFFIC AND CAPACITY						
RPK (m)	**29,008**	*30,192*	(3.9)%	**96,397**	*98,097*	(1.7)%
ASK (m)	**42,347**	*45,347*	(6.6)%	**132,506**	*138,625*	(4.4)%
RTK (m)	**4,128**	*4,270*	(3.3)%	**13,276**	*13,174*	0.8%
ATK (m)	**6,230**	*6,460*	(3.6)%	**19,313**	*19,587*	(1.4)%
Passengers carried (000)	**10,493**	*11,084*	(5.3)%	**34,741**	*35,800*	(3.0)%
FINANCIAL						
Total traffic revenue per RTK (p)	**50.48**	*46.67*	8.2%	**49.00**	*46.99*	4.3%
Total traffic revenue per ATK (p)	**33.45**	*30.85*	8.4%	**33.68**	*31.60*	6.6%
Net operating expenditure per RTK (p)	**48.54**	*46.72*	3.9%	**45.68**	*45.40*	0.6%
Net operating expenditure per ATK (p)	**32.17**	*30.88*	4.2%	**31.40**	*30.54*	2.8%
OPERATIONS						
Average Manpower Equivalent (MPE)	**62,831**	*65,800*	(4.5)%	**63,601**	*65,529*	(2.9)%
ATKs per MPE (000)	**99.1**	*98.2*	0.9%	**303.7**	*298.9*	1.6%
Aircraft in service at period end	**340**	*356*	(16)	**340**	*356*	(16)

CHAIRMAN'S STATEMENT

Group Performance

Group profit before tax for the three months ended December 31, 2000 was £65 million. This compares with a loss of £60 million in the same period last year.

The year-over-year improvement of £125 million reflected the elimination of unprofitable capacity and continued cost efficiencies. Smaller aircraft, higher frequencies and a higher mix of premium passengers all characterise the current strategy and contributed to the improvement. Yields were up on a year ago for the fifth successive quarter; excluding the impact of higher fuel prices, unit costs were unchanged. Productivity improved just under 1%, despite capacity reductions. Operating profit was £80 million; operating margin 3.5%.

Group profit before tax for the nine months to December 31 was £215 million; operating profit more than doubled to £441 million.

Turnover

Group turnover for the three months was up 4.4% -- at £2,295 million -- on flying capacity 6.6% lower in available seat kilometres (ASK). Mainline passenger yields were up 8.3%. In line with our strategy, we continued to grow point-to-point business faster than transfer, premium faster than non-premium, and longhaul faster than shorthaul. Premium traffic grew 2.4%; non premium declined 1.8%.

For the nine month period, turnover grew 4.7% to £7,157 million on flying capacity 4.4% lower.

In the quarter, Cargo yields increased 4% compared with last year, although lower volumes were a partial offset.

Unit Costs

Unit costs for the three months were 4.2% higher than the same quarter last year. But for the substantial increase in fuel prices (net of hedging) they would have been unchanged, despite the upward pressure caused by the reduction in capacity. Cost efficiencies more than offset cost increases in respect of wage awards, supplier price increases and adverse exchange rate changes.

Non Operating Items

Net interest expense for the quarter was £9 million. This included a book credit for the revaluation of yen debts (used to fund aircraft acquisitions) of £65 million, compared to a charge the previous year of £51 million. The revaluation -- a non cash item required by standard accounting practice -- results from the weakening of the yen against sterling.

Losses on disposals of fixed assets and investments for the three months were £6 million. Last year profits of £60 million were made, primarily from disposal of part of our investment in Equant.

For the nine month period, losses on disposals were £73 million, including a £56 million book loss on the disposal of Air Liberte.

Earnings Per Share

For the three month period, the profit attributable to shareholders was £58 million, equivalent to 5.4 pence per share, an improvement of 12 pence per share over last year.

For the nine month period, the profit attributable to shareholders was £191 million, equivalent to 17.8 pence per share, compared with 13.7 pence last year.

Net Debt / Total Capital Ratio

Borrowings, net of cash and short term loans and deposits, were £5,782 million at December 31; down £134 million since the start of the year, due primarily to improved operating profit. This reduction improved the net debt/total capital ratio by 2.6 points to 61.3%.

Shareholders' funds have increased since the start of the year because of retained profit and the write back of goodwill on the Air Liberte disposal.

Aircraft Fleet

In the quarter ending December 31, 2000 the fleet in service increased by 6 aircraft to 340.

Additions included 3 Boeing 777, 4 Airbus A319, 2 Boeing 737-500, 1 Embraer RJ145 and 2 Avro RJ100. Disposals included 1 Boeing 767-300, 1 Boeing 757-200, 2 Boeing 737-200 and 1 ATR 42 operated by CityFlyer Express. One Boeing 747-400 is also on lease to Qantas.

Concorde services remain suspended following the Air France accident in July. Modifications to the fuel tank have begun and we remain confident that the Civil Aviation Authority in the UK will re-issue the certificate of airworthiness. While the safety modifications are made, a £14 million package of product improvements, including a new cabin interior and new seats, will be installed. Services are expected to resume later this year.

Strategic Developments

Following a review of Gatwick operations, we announced a change from previous attempts to build Gatwick as a transfer hub. The key elements of the new plan, which will be implemented over two years, include reducing longhaul destinations from 43 to around 25; some routes will be eliminated and others relocated to Heathrow. Gatwick's shorthaul business will be refocused on serving local point-to-point business and the operations and management of our two subsidiaries (CityFlyer and BA's European Operations at Gatwick) will be simplified and integrated at the North Terminal.

Subsidiaries and Associates

In December, Thomas Cook and British Airways announced that they plan to merge their UK holiday businesses, to create a joint venture company. The company will be owned on a 50/50 basis by the parents and is expected to commence around the end of March 2001.

British Airways announced its intention to sell its no-frills airline **go** in November. Expressions of interest were received from a large number of parties; discussions are progressing with some half a dozen shortlisted potential purchasers. We expect to conclude the sale during the next few months and achieve a substantial profit on our £25 million investment. Meanwhile, **go** continues to prosper; it has added seven new routes this winter, and is financially ahead of target.

The British Airways London Eye, now successfully established as a major tourist attraction, carried its three millionth passenger.

Alliance Development

British Airways has reaffirmed its commitment to the **one**world global alliance. In November, the chief executives of the eight full member airlines agreed unanimously a vision for its development, with a key focus on the services we offer customers, and new developments in Sales, Marketing, Purchasing and Information Technology.

Top level discussions have also been held with American Airlines on how to build the relationship between the two carriers, both on a one-on-one basis and as part of **one**world. We continue to strengthen links with other partners too; this winter code-share agreements have been extended with Qantas, Aer Lingus and Iberia. Rod Eddington succeeded Lord Marshall as one of British Airways' three designated directors on the board of Qantas on February 1, 2001.

Zambian Air Services became British Airways' 12th franchise partner when it launched flights in January 2001.

Outlook

Implementation of the fleet and network strategy is progressing well and will continue to raise margins over the next few years. The strategy, including the restructuring of Gatwick, will further reduce capacity (by 9% next year); the business will be less volume dependent and better able to withstand any slowdown in world economic growth.

Product upgrades also continue on track. Our new Club World cabin is winning market share from competitors. Embodiment of the new First cabin continues. Such product initiatives give our employees new opportunities to demonstrate their outstanding customer service skills.

Current strategy is to increase shareholder value; it concentrates growth on profitable segments where customer service is at its best. A leaner more valuable airline will result.

GROUP BALANCE SHEET (unaudited)

		December 31 (unaudited)	March 31 (audited)
	2000 £m	*1999 £m*	2000 £m
FIXED ASSETS			
Intangible Assets	**60**	*58*	62
Tangible Assets	**10,494**	*10,117*	10,294
Investments	**516**	*385*	567
	11,070	*10,560*	10,923
CURRENT ASSETS			
Stocks	**70**	*85*	78
Debtors	**1,252**	*1,436*	1,368
Cash, short-term loans and deposits	**1,365**	*1,546*	1,146
	2,687	*3,067*	2,592
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	**(3,199)**	*(3,168)*	(3,366)
NET CURRENT LIABILITIES	**(512)**	*(101)*	(774)
TOTAL ASSETS LESS CURRENT LIABILITIES	**10,558**	*10,459*	10,149
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Borrowings and other creditors	**(6,730)**	*(6,600)*	(6,615)
Convertible Capital Bonds 2005	**(113)**	*(113)*	(113)
	(6,843)	*(6,713)*	(6,728)
PROVISIONS FOR LIABILITIES AND CHARGES	**(63)**	*(94)*	(81)
	3,652	*3,652*	3,340
CAPITAL AND RESERVES			
Called up share capital	**271**	*270*	270
Reserves	**3,180**	*3,198*	2,877
	3,451	*3,468*	3,147
Minority interest	**17**		16
Non equity minority interest	**184**	*184*	177
	3,652	*3,652*	3,340

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (unaudited)		Nine months ended December 31 (unaudited)	Year ended March 31 (audited)
	2000 £m	*1999 £m*	2000 £m
Profit/(loss) for the period	**191**	*147*	(21)
Other recognised gains and losses relating to the period			
Exchange and other movements	**(8)**	*(5)*	(20)
Total recognised gains and losses	**183**	*142*	(41)

These summary financial statements were approved by the Directors on February 5, 2001.

GROUP CASH FLOW STATEMENT (unaudited)

	Nine months ended December 31 (unaudited)		Year ended March 31 (audited)
	2000 £m	*1999 £m*	2000 £m
CASH INFLOW FROM OPERATING ACTIVITIES	**1,102**	*837*	1,186
DIVIDENDS RECEIVED FROM ASSOCIATES	**33**	*29*	44
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	**(223)**	*(193)*	(315)
TAXATION	**2**	*6*	(2)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	**(243)**	*(33)*	(146)
ACQUISITIONS AND DISPOSALS	**26**	*(70)*	(218)
EQUITY DIVIDENDS PAID	**(137)**	*(188)*	(242)
Cash inflow before management of liquid resources and financing	**560**	*388*	307
MANAGEMENT OF LIQUID RESOURCES	**(240)**	*(303)*	9
FINANCING	**(336)**	*(3)*	(319)
(Decrease)/increase in cash in the period	**(16)**	*82*	(3)

GROUP FINANCING SURPLUS /(REQUIREMENT)			
Cash inflow before management of liquid resources and financing	**560**	*388*	307
Acquisitions under loans, finance leases and hire purchase arrangements	**(464)**	*(394)*	(659)
Total financing surplus /(requirement)for the period	**96**	*(6)*	(352)

Total tangible fixed asset expenditure, net of progress payment refunds	**1,014**	*895*	1,291

NOTES TO THE ACCOUNTS

For the period ended December 31, 2000

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, 2000 in accordance with all applicable United Kingdom accounting standards and the Companies Act 1985 and are consistent with those applied in the previous year.

	Nine months ended December 31		Year ended March 31
	2000 £m	*1999 £m*	2000 £m
2 RECONCILIATION OF OPERATING PROFIT TO CASH INFLOW FROM OPERATING ACTIVITIES			
Group operating profit	**441**	*209*	84
Depreciation charges	**532**	*476*	648
Other items not involving the movement of cash	**(1)**	*34*	39
Decrease/(increase)in stocks and debtors	**43**	*(62)*	4
Increase in creditors	**87**	*180*	411
Cash inflow from operating activities	**1,102**	*837*	1,186
3 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
(Decrease)/increase in cash during the period	**(16)**	*82*	(3)
Net cash outflow from decrease in debt and lease financing	**339**	*200*	516
Cash outflow/(inflow) from liquid resources	**240**	*303*	(9)
Change in net debt resulting from cash flows	**563**	*585*	504
New loans and finance leases taken out and hire purchase arrangements made	**(464)**	*(394)*	(659)
Divested from subsidiary undertakings sold during the period	**69**		
Assumed from subsidiary undertakings acquired during the period		*(42)*	(42)
Conversion of Convertible Capital Bonds		*13*	13
Exchange movements	**(34)**	*(176)*	(206)
Movement in net debt during the period	**134**	*(14)*	(390)
Net debt at April 1	**(5,916)**	*(5,526)*	(5,526)
Net debt at period end	**(5,782)**	*(5,540)*	(5,916)

	Three months ended December 31		Nine months ended December 31	
	2000 £m	*1999 £m*	**2000 £m**	*1999 £m*
4 OTHER INCOME AND CHARGES				
Income from trade investments			**1**	*2*
Other		*(2)*	**1**	*(1)*
		(2)	**2**	*1*
Other income and charges represented by:				
Group		*(2)*	**2**	*1*
Associates				
		(2)	**2**	*1*

NOTES TO THE ACCOUNTS (continued)
For the period ended December 31, 2000

	Three months ended December 31		Nine months ended December 31	
	2000 £m	*1999 £m*	**2000 £m**	*1999 £m*
5 PROFIT ON SALE OF FIXED ASSETS AND INVESTMENTS				
Net profit on sale of investment in Galileo International Inc.				*149*
Net profit on part disposal of investment in Equant		*58*		*58*
Net loss on disposal of Air Liberte			**(56)**	
Net (loss)/profit on disposal of other fixed assets and investments	**(6)**	*2*	**(17)**	*44*
	(6)	*60*	**(73)**	*251*
Represented by:				
Group	**(6)**	*60*	**(74)**	*247*
Associates			**1**	*4*
	(6)	*60*	**(73)**	*251*
6 INTEREST				
Net payable:				
Interest payable less amount capitalised	**96**	*90*	**287**	*261*
Interest receivable	**(22)**	*(24)*	**(66)**	*(67)*
	74	*66*	**221**	*194*
Retranslation (credits)/charges on currency borrowings	**(65)**	*51*	**(38)**	*118*
	9	*117*	**183**	*312*
Net interest payable represented by:				
Group	**9**	*116*	**178**	*307*
Associates		*1*	**5**	*5*
	9	*117*	**183**	*312*

7 TAXATION

Tax on the profit on ordinary activities has been provided for on the basis of the estimated rate of charge for the year ending March 31, 2001.

8 DIVIDENDS PAID AND PROPOSED

There was no charge to the profit and loss account in relation to 1999-00 final dividends paid to Convertible Capital Bond holders (1998-99: £1 million), who converted their bonds in June 2000, in accordance with the terms of the bonds.

9 EARNINGS PER SHARE

Basic earnings per share are calculated on a weighted average of 1,075,341,000 ordinary shares (December 1999: 1,072,572,000) as adjusted for shares held for the purposes of employee share ownership plans including the Long Term Incentive Plan. Diluted earnings per share are calculated on a weighted average of 1,123,517,000 ordinary shares (December 1999: 1,122,661,000) after allowing for the conversion rights attaching to the Convertible Capital Bonds and for adjustments to income to eliminate interest payable on the Convertible Capital Bonds.

The number of shares in issue at December 31, 2000 was 1,082,234,000 (December 31, 1999: 1,081,247,000; March 31, 2000: 1,081,515,000) ordinary shares of 25 pence each.

NOTES TO THE ACCOUNTS (continued)
For the period ended December 31, 2000

		December 31		March 31
		2000 £m	*1999 £m*	2000 £m
10	TANGIBLE ASSETS			
	Fleet	**8,583**	*8,325*	8,437
	Property	**1,441**	*1,428*	1,488
	Equipment	**470**	*364*	369
		10,494	*10,117*	10,294
11	INVESTMENTS			
	Associated undertakings	**483**	*325*	507
	Trade investments	**8**	*35*	35
	Investment in own shares	**25**	*25*	25
		516	*385*	567
12	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	Loans	**75**	*222*	140
	Finance leases	**89**	*91*	120
	Hire purchase arrangements	**339**	*278*	288
		503	*591*	548
	Overdrafts - unsecured		*8*	5
	Corporate taxation	**35**	*44*	18
	Other creditors and accruals	**2,661**	*2,525*	2,795
		3,199	*3,168*	3,366
13	BORROWINGS AND OTHER CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR			
	Loans	**988**	*995*	903
	Finance leases	**1,929**	*1,573*	1,768
	Hire purchase arrangements	**3,614**	*3,806*	3,725
		6,531	*6,374*	6,396
	Other creditors and accruals	**199**	*226*	219
		6,730	*6,600*	6,615
14	RESERVES			
	Balance at April 1	**2,877**	*3,087*	3,087
	Retained profit/(loss) for the period	**136**	*90*	(216)
	Exchange and other adjustments	**(8)**	*(5)*	(20)
	Reduction in reserves resulting from shares issued to a Qualifying Employee Share Ownership Trust in relation to the 1993 Share Save Scheme		*(2)*	(2)
	Net movement on goodwill	**173**	*7*	7
	Premium arising from issue of ordinary share capital	**2**	*21*	21
		3,180	*3,198*	2,877

15 The figures for the three months and nine months ended December 31, 2000 and 1999 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, 2000 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 on page 2 and pages 7 to 11 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. 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 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 nine months ended December 31, 2000.

Ernst & Young
London

February 5, 2001

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, 2000.

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

	Three months ended December 31		Nine months ended December 31	
	2000 £m	*1999 £m*	**2000 £m**	*1999 £m*
Profit/(loss) for the period as reported in the Group profit and loss account	**58**	*(71)*	**191**	*147*
US GAAP adjustments	**16**	*(28)*	**17**	*(95)*
Net income/(loss) as so adjusted to accord with US GAAP	**74**	*(99)*	**208**	*52*
Net income/(loss) per Ordinary Share as so adjusted				
Basic	**6.9p**	*(9.3)p*	**19.3p**	*4.8p*
Diluted	**6.8p**	*(9.3)p*	**19.0p**	*4.8p*
Net income/(loss) per American Depositary Share as so adjusted				
Basic	**69p**	*(93)p*	**193p**	*48p*
Diluted	**68p**	*(93)p*	**190p**	*48p*

	December 31		March 31
	2000 £m	*1999 £m*	2000 £m
Shareholders' equity as reported in the Group balance sheet	**3,451**	*3,468*	3,147
US GAAP adjustments	**(1,116)**	*(529)*	(758)
Shareholders' equity as so adjusted to accord with US GAAP	**2,335**	*2,939*	2,389

AIRCRAFT FLEET

MAINLINE (Notes 1 & 2)	Number in service with Group companies at December 31, 2000					
		Operating leases off balance sheet				
	On balance sheet Aircraft	Extendible	Other	Total	Future Deliveries	Options
Concorde (Note 3)	7			**7**		
Boeing 747-200	12	3		**15**		
Boeing 747-400	56			**56**		
Boeing 777	38			**38**	5	16
Boeing 767-300	21			**21**		
Boeing 757-200	44	2	2	**48**		
Airbus A318					12	12
Airbus A319 (Note 4)	5	10	4	**19**	20	122
Airbus A320	10			**10**	20	
Boeing 737-200			4	**4**		
Boeing 737-300			7	**7**		
Boeing 737-400	22	5	7	**34**		
Boeing 737-500			7	**7**		
Embraer RJ145			6	**6**	1	14
Turbo Props (Note 5)			16	**16**		
Sub total	215	20	53	**288**	58	164
DEUTSCHE BA, 'go' and CITYFLYER EXPRESS (Note 6)						
Boeing 737-300			31	**31**		
Avro RJ100		12		**12**	4	6
Turbo Props (Note 7)		9		**9**		
Sub total		21	31	**52**	4	6
GROUP TOTAL	**215**	**41**	**84**	**340**	**62**	**170**

Notes:

1. Includes those operated by British Airways Plc, British Airways (European Operations at Gatwick) Ltd and Brymon Airways Ltd.
2. Excludes 1 McDonnell Douglas DC-10-30, 5 Boeing 737-200s and 3 Boeing 757-200s stood down pending disposal or return to lessor, 1 Boeing 747-400 sub-leased to Qantas, 2 Boeing 737-500s and 2 Boeing 777 - 200ER delivered but not yet in service.
3. 7 Concordes are currently stood down as a result of the investigation into the Air France accident of July 25. Modification work has commenced and we are confident that Concorde will resume service in the not too distant future, pending the reissuing of a certificate of airworthiness by the Civil Aviation Authority.
4. Options include reserved delivery positions and, if taken, may be A319, A320 or A321.
5. de Havilland Canada DHC-8s.
6. Net reductions since March 31, 2000 include 14 McDonnell Douglas aircraft, 15 Fokker aircraft and 3 ATR aircraft, totalling 32 aircraft disposed of with Air Liberte.
7. 7 ATR 72s and 2 ATR 42s for CityFlyer Express.