THIRD QUARTER RESULTS 2003-2004 (unaudited)

		Three months ended December 31		Better/	Nine months ended December 31		Better/
		2003	*2002*	(Worse)	**2003**	*2002*	(Worse)
Turnover	£m	**1,891**	*1,857*	1.8%	**5,706**	*6,013*	(5.1)%
Operating profit	£m	**138**	*53*	nm	**373**	*459*	(18.7)%
Operating margin	%	**7.3**	*2.9*	4.4pts	**6.5**	*7.6*	(1.1)pts
Profit before tax	£m	**125**	*25*	nm	**185**	*335*	(44.8)%
Retained profit for the period	£m	**83**	*13*	nm	**118**	*205*	(42.4)%
Net assets at period end	£m	**2,429**	*2,385*	1.8%	**2,429**	*2,385*	1.8%
Earnings per share							
Basic	p	**7.8**	*1.2*	nm	**11.0**	*19.1*	(42.4)%
Diluted	p	**7.6**	*1.2*	nm	**11.0**	*18.8*	(41.5)%

nm: Not meaningful

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GROUP PROFIT AND LOSS ACCOUNT (unaudited)

	Three months ended December 31		Better/	Nine months ended December 31		Better/
	2003 £m	*2002 £m*	(Worse)	**2003 £m**	*2002 £m*	(Worse)
Traffic Revenue						
Passenger	**1,614**	*1,574*	2.5%	**4,910**	*5,161*	(4.9)%
Cargo	**126**	*128*	(1.6)%	**350**	*373*	(6.2)%
	1,740	*1,702*	2.2%	**5,260**	*5,534*	(5.0)%
Other revenue	**151**	*155*	(2.6)%	**446**	*479*	(6.9)%
TOTAL TURNOVER	**1,891**	*1,857*	1.8%	**5,706**	*6,013*	(5.1)%
Employee costs	**536**	*533*	(0.6)%	**1,585**	*1,576*	(0.6)%
Depreciation and amortisation	**171**	*166*	(3.0)%	**508**	*496*	(2.4)%
Aircraft operating lease costs	**28**	*43*	34.9%	**92**	*126*	27.0%
Fuel and oil costs	**224**	*223*	(0.4)%	**694**	*636*	(9.1)%
Engineering and other aircraft costs	**119**	*136*	12.5%	**377**	*418*	9.8%
Landing fees and en route charges	**132**	*142*	7.0%	**420**	*451*	6.9%
Handling charges, catering and other operating costs	**226**	*235*	3.8%	**719**	*737*	2.4%
Selling costs	**128**	*167*	23.4%	**436**	*579*	24.7%
Accommodation, ground equipment costs and currency differences	**189**	*159*	(18.9)%	**502**	*535*	6.2%
TOTAL OPERATING EXPENDITURE	**1,753**	*1,804*	2.8%	**5,333**	*5,554*	4.0%
OPERATING PROFIT	**138**	*53*	nm	**373**	*459*	(18.7)%
Share of operating (losses)/profits in associates	**(1)**		nm		*6*	(100.0)%
TOTAL OPERATING PROFIT INCLUDING ASSOCIATES	**137**	*53*	nm	**373**	*465*	(19.8)%
Other income and charges	**9**	*7*	28.6%	**13**	*7*	85.7%
Profit/(loss) on sale of fixed assets and investments	**5**	*20*	(75.0)%	**(52)**	*48*	nm
Interest						
Net payable	**(53)**	*(58)*	8.6%	**(164)**	*(195)*	15.9%
Retranslation credits on currency borrowings	**27**	*3*	nm	**15**	*10*	50.0%
PROFIT BEFORE TAX	**125**	*25*	nm	**185**	*335*	(44.8)%
Tax	**(38)**	*(8)*	nm	**(56)**	*(120)*	53.3%
PROFIT AFTER TAX	**87**	*17*	nm	**129**	*215*	(40.0)%
Non equity minority interest*	**(4)**	*(4)*		**(11)**	*(10)*	(10.0)%
PROFIT FOR THE PERIOD	**83**	*13*	nm	**118**	*205*	(42.4)%
RETAINED PROFIT FOR THE PERIOD	**83**	*13*	nm	**118**	*205*	(42.4)%

nm: Not meaningful

* Cumulative Preferred Securities

OPERATING AND FINANCIAL STATISTICS
(unaudited)

	Three months ended December 31		Increase/	Nine months ended December 31		Increase/
	2003	*2002*	(Decrease)	**2003**	*2002*	(Decrease)
TOTAL AIRLINE OPERATIONS (Note 1)						
TRAFFIC AND CAPACITY						
RPK (m)	**25,518**	*24,693*	3.3%	**78,160**	*76,673*	1.9%
ASK (m)	**35,098**	*34,815*	0.8%	**106,041**	*105,443*	0.6%
Passenger load factor (%)	**72.7**	*70.9*	1.8pts	**73.7**	*72.7*	1.0pts
CTK (m)	**1,222**	*1,112*	9.9%	**3,313**	*3,217*	3.0%
RTK (m)	**3,775**	*3,582*	5.4%	**11,127**	*10,875*	2.3%
ATK (m)	**5,493**	*5,348*	2.7%	**16,349**	*16,163*	1.2%
Overall load factor (%)	**68.7**	*67.0*	1.7pts	**68.1**	*67.3*	0.8pts
Passengers carried (000)	**8,453**	*9,200*	(8.1)%	**27,961**	*29,473*	(5.1)%
Tonnes of cargo carried (000)	**214**	*202*	5.9%	**587**	*583*	0.7%
FINANCIAL						
Passenger revenue per RPK (p)	**6.32**	*6.37*	(0.8)%	**6.28**	*6.73*	(6.7)%
Passenger revenue per ASK (p)	**4.60**	*4.52*	1.8%	**4.63**	*4.89*	(5.3)%
Cargo revenue per CTK (p)	**10.31**	*11.51*	(10.4)%	**10.56**	*11.59*	(8.9)%
Total traffic revenue per RTK (p)	**46.09**	*47.52*	(3.0)%	**47.27**	*50.89*	(7.1)%
Total traffic revenue per ATK (p)	**31.68**	*31.82*	(0.4)%	**32.17**	*34.24*	(6.0)%
Average fuel price before hedging (US cents/US gallon)	**93.18**	*87.63*	6.3%	**91.06**	*81.50*	11.7%
OPERATIONS						
Average Manpower Equivalent (MPE)	**46,952**	*51,171*	(8.2)%	**47,956**	*52,071*	(7.9)%
ATKs per MPE (000)	**117.0**	*104.5*	12.0%	**340.9**	*310.4*	9.8%
Aircraft in service at period end	**300**	*348*	(48)	**300**	*348*	(48)
TOTAL GROUP OPERATIONS						
FINANCIAL						
Net operating expenditure per RTK (p)	**42.44**	*46.04*	(7.8)%	**43.92**	*46.67*	(5.9)%
Net operating expenditure per ATK (p)	**29.16**	*30.83*	(5.4)%	**29.89**	*31.40*	(4.8)%

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 December 31 was £125 million; this compares with a profit of £25 million last year.

Operating profit - - at £138 million - - was £85 million better than last year. The operating margin of 7.3% was 4.4 points better than last year. The improvement in operating profit reflects improvements in revenue and cost. Capacity and traffic volumes improved against a prior-year base depressed by the run-up to the Iraq War, but this was partially offset by deterioration in passenger and cargo yield. Cost savings were delivered by the continuing implementation of the Future Size and Shape programme and other initiatives.

Group profit before tax for the nine months to December 31 was £185 million, £150 million worse than last year; operating profit - - at £373 million - - was down £86 million on the same period a year ago, primarily due to the impact on revenue of the Iraq War and SARS.

Cash inflow before financing was £582 million for the nine months, with the record closing cash balance of £1,801 million representing a £149 million increase versus March 31. Net debt fell by £638 million from March 31 to £4,511 million - - its lowest level since December 31, 1997 - - and is down £2.1 billion from the December 2001 peak.

Turnover

For the three month period, Group turnover - - at £1,891 million - - was up 1.8% on a flying programme 2.7% larger in ATKs. Passenger yields were down 0.8% per RPK; seat factor was up 1.8 points at 72.7% on capacity 0.8% higher in ASKs.

For the nine month period, turnover declined by 5.1% to £5,706 million on a flying programme 1.2% larger in ATKs. Passenger yields were down 6.7% per RPK with seat factor up 1.0 point at 73.7% on capacity 0.6% higher in ASKs.

Cargo volumes for the quarter (CTKs) were up 9.9% compared with last year, with yields (revenue/CTK) down 10.4%. For the nine month period, cargo volumes were up 3.0%, with yields down 8.9%.

Overall load factor for the quarter was up 1.7 points at 68.7%, and for the nine months up 0.8 points at 68.1%.

Costs

For the quarter, unit costs (pence/ATK) improved by 5.4% on the same period last year. This reflects a net cost reduction of 2.9% on capacity 2.7% higher in ATKs.

Significant reductions were achieved in most categories of operating cost, with selling costs down 23.4%, aircraft operating lease costs down 34.9%, engineering and other aircraft costs down 12.5%, landing fees and en route charges down 7.0% and other operating costs down 3.8%. Fuel and oil costs were flat as price increases of 6.3% were offset by hedging benefits and the impact of exchange. Depreciation and amortisation costs increased by 3.0% due to product modifications to Boeing 777 aircraft. Employee costs increased by 0.6% as manpower reductions and other efficiencies only partially offset wage, pension and National Insurance increases. Accommodation and other costs increased by 18.9% as the weakening dollar generated a charge of £27 million from the retranslation of our working capital.

For the nine months, unit costs (pence/ATK) improved by 4.8% on the same period last year. This reflects a net cost reduction of 3.7% on capacity 1.2% higher in ATKs.

Non Operating Items

Net interest expense for the quarter reduced by £5 million from last year to £53 million reflecting the impact of lower interest rates, higher cash balances and reduced debt.

Retranslation of currency borrowings generated a credit of £27 million, primarily due to yen debt, compared to a credit the previous year of £3 million. The retranslation - a non-cash item required by standard accounting practice – results from the weakening of the yen against sterling.

Profit on disposals of fixed assets and investments was £5 million, down £15 million from last year, which included the disposal of our investment in Concorde International Travel, the Australian travel company.

For the nine month period net interest expense, including the impact of yen debt retranslation, was £149 million, down £36 million on last year. Loss on disposal of fixed assets and investments was £52 million, reflecting the sale of dba at a loss in the period of £83 million, (subject to final completion accounts). This compares with a profit on disposal last year of £48 million.

Earnings Per Share

The profit attributable to shareholders for the three months was £83 million, equivalent to 7.8 pence per share, compared with last year's profit per share of 1.2 pence.

For the nine month period, the profit attributable to shareholders was £118 million, equivalent to 11.0 pence per share, compared with last year's profit per share of 19.1 pence.

Net Debt / Total Capital Ratio

Borrowings, net of cash and short-term loans and deposits, were £4,511 million at December 31 - - down £2.1 billion from the December 2001 peak and down £638 million since the start of the year. This reflects cash inflow more than offsetting movements in gross debt, together with exchange gains of £147 million. The net debt/total capital ratio reduced by 4.7 points from March 31 to 56.0%. The net debt/total capital ratio including operating leases was down 4.6 points from March 31 to 59.6%.

During the nine months we generated a positive cashflow from operations of £791 million. After disposal proceeds, capital expenditure, dividends received, interest payments on our existing debt, and tax, cash inflow was £582 million. This represents a £517 million deterioration against last year, primarily due to the reduction in operating cashflow (£262 million), and disposal proceeds (£304 million), partially offset by reductions in interest payments (£26 million) and capital expenditure (£14 million).

Aircraft Fleet

During the quarter the Group fleet in service reduced by 12 to 300 aircraft. This reduction comprised the 5 Concordes that retired from service on October 24, 2003, 3 British Aerospace ATPs returned to lessor, and 1 British Aerospace ATP and 3 Boeing 737-400s stood down pending return to lessor.

Future Size and Shape

The implementation of our Future Size and Shape programme including the 2003 Business Plan initiatives of Customer Enabled BA and the £300 million reduction targeted in external spend, remains on track.

Forecast capital spend for the year remains on target. FSAS disposal proceeds at December 31 were £723 million (including £611 million to March 31, 2003); the remaining £177 million to achieve the £900 million target will be delivered before year end.

The Group manpower reduction since August 2001 totals 15,229 including 1,397 relating to the disposal of World Network Services and 750 relating to the disposal of dba. Against the FSAS target of 13,000, this is a reduction of 12,652.

The planned early exit from service of the British Airways CitiExpress ATP turboprop fleet moved closer with the signing of a non-binding Heads of Terms agreement with Loganair to take over the intra-Scotland flying from March 2004. At the same time, it was announced that British Airways CitiExpress would no longer operate four Isle of Man routes with the ATPs, but would retain London Gatwick and Manchester routes with different aircraft types.

Alliance Development

The roll out of the behind and beyond codeshare with American Airlines (AA) continues with further routes added in November, December and January. The number of AA operated routes that now carry the BA code has risen to 58, with the ultimate target of more than 100 expected by the end of March. The number of BA operated routes now carrying the AA code has reached 48, with a final expectation of reaching 80.

British Airways, Iberia Airlines and our franchise partner GB Airways were given exemption from competition legislation by the European Commission. The exemption allows them to share airport facilities, extend code-sharing services, coordinate sales and marketing programmes, undertake joint network planning, and coordinate capacity, pricing and cargo operations.

The implementation of closer operational and marketing links with SWISS continues, following the signing of the Memorandum of Understanding in September.

Strategic Developments

The 2004/06 Business Plan was announced on January 28, and includes a target of £300 million saving in employee costs by 2005/06, together with the continuing delivery of last year's Business Plan programmes.

Outlook

Security issues are having some impact on forward bookings. Long-haul premium volumes, however, remain above last year's levels but short-haul premium demand remains weak. Non-premium traffic volumes remain very sensitive to yield.

The continued delivery of our Future Size and Shape strategy and the recently announced Business Plan cost improvement programme remains central to sustained profitability.

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 itemize 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 2003.

GROUP BALANCE SHEET
(unaudited)

	December 31		March 31
	2003 £m	*2002 £m*	2003 £m
FIXED ASSETS			
Intangible assets	**170**	*166*	164
Tangible assets	**8,918**	*9,685*	9,487
Investments	**540**	*506*	524
	9,628	*10,357*	10,175
CURRENT ASSETS			
Stocks	**72**	*102*	87
Debtors	**945**	*986*	986
Cash, short-term loans and deposits	**1,801**	*1,756*	1,652
	2,818	*2,844*	2,725
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	**(2,839)**	*(2,892)*	(2,904)
NET CURRENT LIABILITIES	**(21)**	*(48)*	(179)
TOTAL ASSETS LESS CURRENT LIABILITIES	**9,607**	*10,309*	9,996
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Borrowings and other creditors	**(5,875)**	*(6,589)*	(6,441)
Convertible Capital Bonds 2005	**(112)**	*(112)*	(112)
	(5,987)	*(6,701)*	(6,553)
PROVISION FOR DEFERRED TAX	**(1,115)**	*(1,135)*	(1,062)
PROVISIONS FOR LIABILITIES AND CHARGES	**(76)**	*(88)*	(107)
	2,429	*2,385*	2,274
CAPITAL AND RESERVES			
Called up share capital	**271**	*271*	271
Reserves	**1,936**	*1,911*	1,787
	2,207	*2,182*	2,058
MINORITY INTEREST			
Equity minority interest	**10**	*9*	10
Non equity minority interest	**212**	*194*	206
	222	*203*	216
	2,429	*2,385*	2,274

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (unaudited)

	Nine months ended December 31		Year Ended March 31
	2003 £m	*2002 £m*	2003 £m
Profit for the period	**118**	*205*	72
Other recognised gains and losses relating to the period:			
Exchange and other movements	**19**	*(39)*	(38)
Total recognised gains and losses	**137**	*166*	34

These summary financial statements were approved by the Directors on February 6, 2004.

GROUP CASH FLOW STATEMENT (unaudited)

	Nine months ended December 31		Year Ended March 31
	2003 £m	*2002 £m*	2003 £m
CASH INFLOW FROM OPERATING ACTIVITIES	**791**	*1,053*	1,185
DIVIDENDS RECEIVED FROM ASSOCIATES	**25**	*22*	23
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	**(152)**	*(178)*	(249)
TAX	**(2)**	*(8)*	(7)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	**(23)**	*178*	250
ACQUISITIONS AND DISPOSALS	**(57)**	*32*	29
Cash inflow before management of liquid resources and financing	**582**	*1,099*	1,231
MANAGEMENT OF LIQUID RESOURCES	**(239)**	*(556)*	(289)
FINANCING	**(408)**	*(539)*	(784)
(Decrease)/increase in cash in the period	**(65)**	*4*	158

NOTES TO THE ACCOUNTS

For the period ended December 31, 2003

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, 2003 in accordance with all applicable United Kingdom accounting standards and the Companies Act 1985.

	Nine months ended December 31		Year Ended March 31
	2003 £m	*2002 £m*	2003 £m
2 RECONCILIATION OF OPERATING PROFIT TO CASH INFLOW FROM OPERATING ACTIVITIES			
Group operating profit	**373**	*459*	295
Depreciation and amortisation	**508**	*496*	734
Other items not involving the movement of cash	**9**		
Decrease in stocks and debtors	**41**	*233*	238
Decrease in creditors	**(109)**	*(97)*	(62)
Decrease in provisions for liabilities and charges	**(31)**	(38)	(20)
Cash inflow from operating activities	**791**	*1,053*	1,185
3 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
(Decrease)/increase in cash during the period	**(65)**	*4*	158
Net cash outflow from decrease in debt and lease financing	**408**	*539*	784
Cash outflow from liquid resources	**239**	*556*	289
Change in net debt resulting from cash flows	**582**	*1,099*	1,231
New finance leases taken out and hire purchase arrangements made	**(91)**	*(163)*	(221)
Exchange movements	**147**	*172*	135
Movement in net debt during the period	**638**	*1,108*	1,145
Net debt at April 1	**(5,149)**	*(6,294)*	(6,294)
Net debt at period end	**(4,511)**	*(5,186)*	(5,149)

	Three months ended December 31		Nine months ended December 31	
	2003 £m	*2002 £m*	**2003 £m**	*2002 £m*
4 OTHER INCOME				
Other	**9**	7	**13**	7
	9	7	**13**	7
Other income and charges represented by:				
Group	**9**	7	**13**	7
	9	7	**13**	7

NOTES TO THE ACCOUNTS (Continued)
For the period ended December 31, 2003

	Three months ended December 31		Nine months ended December 31	
	2003 £m	2002 £m	**2003 £m**	2002 £m
5 PROFIT/(LOSS) ON SALE OF FIXED ASSETS AND INVESTMENTS				
Net loss on disposal of dba (note 1)			**(83)**	
Net additional profit from onward disposal of **go**				*10*
Net profit on disposal of other fixed assets and investments	**5**	*20*	**31**	*38*
	5	*20*	**(52)**	*48*
Represented by:				
Group	**5**	*20*	**(53)**	*48*
Associates			**1**	
	5	*20*	**(52)**	*48*

Note 1:
On June 30, 2003 British Airways completed the sale of 100% of its interest in Deutsche BA Luftfahrtgesellschaft GmbH (dba) to Intro GmbH. The loss on disposal under the terms of the sale agreement will be finalised after the completion accounts have been agreed.

	2003 £m	2002 £m	**2003 £m**	2002 £m
6 INTEREST				
Net payable:				
Interest payable less amount capitalised	**71**	*73*	**210**	*241*
Interest receivable	**(18)**	*(15)*	**(46)**	*(46)*
	53	*58*	**164**	*195*
Retranslation credits on currency borrowings	**(27)**	*(3)*	**(15)**	*(10)*
	26	*55*	**149**	*185*
Net interest payable represented by:				
Group	**26**	*55*	**146**	*183*
Associates			**3**	*2*
	26	*55*	**149**	*185*

7 TAX
The tax charge for the quarter is £38 million. This represents deferred taxes in the UK. The deferred tax provision on the balance sheet of £1,115 million at December 31, 2003 (December 31, 2002: £1,135 million, March 31, 2003: £1,062 million) is not expected to become payable in the foreseeable future.

8 EARNINGS PER SHARE
Basic earnings per share for the quarter ended December 31, 2003 are calculated on a weighted average of 1,069,898,000 ordinary shares (December 31, 2002: 1,069,918,000) and for the nine months ended December 31, 2003, on a weighted average of 1,069,893,000 ordinary shares (December 31, 2002: 1,074,054,000) 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 December 31, 2003 are calculated on a weighted average of 1,117,946,000 ordinary shares (December 31, 2002: 1,069,918,000) and for the nine months ended December 31, 2003 on a weighted average of 1,069,893,000 ordinary shares (December 31, 2002: 1,122,145,000).

The number of shares in issue at December 31, 2003 was 1,082,802,000 (December 31, 2002: 1,082,784,000; March 31, 2003: 1,082,784,000) ordinary shares of 25 pence each.

NOTES TO THE ACCOUNTS (Continued)

For the period ended December 31, 2003

	December 31		March 31
	2003 £m	*2002 £m*	2003 £m
9 INTANGIBLE ASSETS			
Goodwill	**95**	*101*	99
Landing rights	**75**	*65*	65
	170	*166*	164
10 TANGIBLE ASSETS			
Fleet	**7,338**	*8,013*	7,828
Property	**1,173**	*1,218*	1,219
Equipment	**407**	*454*	440
	8,918	*9,685*	9,487
11 INVESTMENTS			
Associated undertakings	**479**	*432*	461
Trade investments	**30**	*43*	32
Investment in own shares	**31**	*31*	31
	540	*506*	524
12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Loans	**180**	*76*	57
Finance Leases	**121**	*181*	124
Hire Purchase Arrangements	**349**	*310*	362
	650	*567*	543
Corporate tax	**17**	*37*	19
Other creditors and accruals	**2,172**	*2,288*	2,342
	2,839	*2,892*	2,904
13 BORROWINGS AND OTHER CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR			
Loans	**1,096**	*1,284*	1,275
Finance Leases	**2,255**	*2,408*	2,430
Hire Purchase Arrangements	**2,199**	*2,571*	2,441
	5,550	*6,263*	6,146
Other creditors and accruals	**325**	*326*	295
	5,875	*6,589*	6,441
14 RESERVES			
Balance at April 1	**1,787**	*1,745*	1,745
Retained profit for the period	**118**	*205*	72
Exchange and other adjustments	**19**	*(39)*	(38)
Goodwill written back on disposals	**12**		8
	1,936	*1,911*	1,787

15 The figures for the three months and nine months ended December 31, 2003 and 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, 2003 have been extracted from the full accounts 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 for the three months and nine months ended December 31, 2003, which comprises the Group Profit and Loss Account, Group Balance Sheet, Group Cash Flow Statement, Group Statement of Recognised Gains and Losses and Notes to the Accounts and we have read the other information contained in the third quarter results and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with guidance contained in Bulletin 1999/4 'Review of Interim Financial Information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The third quarter results, 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 the three months and nine months ended December 31, 2003.

Ernst & Young LLP
London

February 6, 2004

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, 2003, except for the implementation of FASB Interpretation No. 46 - Consolidation of Variable Interest Entities (Fin 46). British Airways is not the primary beneficiary of any Special Purpose Entities requiring consolidation as required by Fin 46. There are variable interest entities which are not yet required to be consolidated but will be consolidated within the financial statements prepared under US GAAP as at March 31, 2004.

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

	Three months ended December 31		Nine months ended December 31	
	2003 £m	*2002 £m*	**2003 £m**	*2002 £m*
Profit for the period as reported in the Group profit and loss account	**83**	*13*	**118**	*205*
US GAAP adjustments	**87**	*16*	**195**	*191*
Net income as so adjusted to accord with US GAAP	**170**	*29*	**313**	*396*
Net income per Ordinary Share as so adjusted				
Basic	**15.9p**	*2.7p*	**29.3p**	*36.9p*
Diluted	**15.4p**	*2.7p*	**28.5p**	*35.8p*
Net income per American Depositary Share as so adjusted				
Basic	**159p**	*27p*	**293p**	*369p*
Diluted	**154p**	*27p*	**285p**	*358p*

	December 31		March 31
	2003 £m	*2002 £m*	2003 £m
Shareholders' equity as reported in the Group balance sheet	**2,207**	*2,182*	2,058
US GAAP adjustments	**43**	*260*	(126)
Shareholders' equity as so adjusted to accord with US GAAP	**2,250**	*2,442*	1,932

AIRCRAFT FLEET

Number in service with Group companies at December 31, 2003

	On balance sheet Aircraft	Operating leases off balance sheet	Total Dec 2003	Changes Since Sept 2003	Future deliveries	Options
AIRLINE OPERATIONS (Notes 1 & 2)						
Concorde (Note 3)				**(5)**		
Boeing 747-400	57		**57**			
Boeing 777	43		**43**			
Boeing 767-300 (Note 4)	21		**21**			
Boeing 757-200	13		**13**			
Airbus A319 (Note 5)	21	12	**33**		3	51
Airbus A320	9	18	**27**		3	
Airbus A321					10	
Boeing 737-300		5	**5**			
Boeing 737-400	19	5	**24**	**(3)**		
Boeing 737-500		10	**10**			
Turbo Props (Note 6)		18	**18**	**(4)**		
Embraer RJ145	16	12	**28**			17
Avro RJ100		16	**16**			
British Aerospace 146	5		**5**			
GROUP TOTAL	**204**	**96**	**300**	**(12)**	**16**	**68**

Notes:
1. Includes those operated by British Airways Plc and British Airways CitiExpress.
2. Excludes 1 British Aerospace ATP and 3 Boeing 737-400s stood down pending return to lessor and 12 Jetstream 41s sub-leased to Eastern Airways.
3. The Concorde fleet retired from service on October 24, 2003.
4. Includes 2 Boeing 767-300s temporarily out of service.
5. Certain future deliveries and options include reserved delivery positions, and may be taken as any A320 family aircraft.
6. Includes 8 British Aerospace ATPs and 10 de Havilland Canada DHC-8s.