Report of the Remuneration Committee

Information not subject to audit

Members: Dr Martin Read (Chairman), Maarten van den Bergh, Alison Reed, Jim Lawrence (from January 1, 2008).

Committee and advisers

The Company's Remuneration Committee determines on behalf of the Board, within the agreed terms of reference, the overall remuneration packages for the executive directors, the members of the Leadership team (listed on page 53), the Chairman and the Company Secretary. Its members are all independent non-executive directors of the Company, none of whom has any personal financial interest, other than as a shareholder, in the matters to be decided.

The Company currently participates in four main salary survey sources – run by Hay, Monks (PwC), New Bridge Street Consultants and Towers Perrin. Data is extracted from each of these in determining the Company's approach to base-pay market rates, and identifying competitive market practice in respect of the other remuneration elements. The Remuneration Committee is aware of the risk of an upward ratcheting of remuneration that can result from the use of pay surveys.

New Bridge Street Consultants LLP (which became Hewitt New Bridge Street on March 18, 2008 (Hewitt)) are advisers to the Remuneration Committee and gave advice to the Committee that materially assisted it. Their terms of reference are available for inspection on the Company's investor relations website. The Chairman, Chief Executive, Chief Financial Officer, Company Secretary, Acting Director for People, Director People and Organisational Effectiveness and Reward Manager, all assisted the Committee in its deliberations but none of them participated in any decisions relating to their own remuneration. None of those who materially assisted the Committee in its deliberations was appointed by the Remuneration Committee other than Hewitt. Towers Perrin and Hay provided no other services to the Company other than advice on remuneration matters during 2007/08. In addition to its advice on remuneration, Hewitt also provided some advice to the Company on general employee reward and on pensions. PwC also provided other services relating to the Internal Control function of the Company.

Where appropriate, the Committee consults with investors about its proposals. The terms of reference of the Committee are available on the Company's website.

Executive directors

Policy

The Company's remuneration policy was first approved by shareholders at the annual general meeting in 2001 and remains unchanged both in relation to the year under review and 2008/09 as well as for the foreseeable future.

The Company's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate managers. The remuneration packages offered by the Company are comparable with other UK-based international businesses of similar size and nature to the Company.

In fixing packages, the Committee has regard to the compensation commitments which would result in the event of early termination.

Remuneration package

The Committee reviewed the remuneration package for executive directors during the year to ensure that it remains consistent with this policy. It concluded that the structure of the existing package remains generally appropriate, but that the executive directors' total target remuneration was significantly below market median, primarily due to below-market levels of incentive opportunity. The Committee considers that the Chief Executive and Chief Financial Officer are high calibre, talented individuals and that the Company needs to offer its senior executives competitive remuneration packages with a sufficient level of incentive pay to retain them and to reward them appropriately if the Company performs well. Therefore, as noted on page 66, following consultation with the Company's major shareholders and the main shareholder bodies, the Committee decided to increase the bonus maximum for the executive directors for 2008/09. The proposed changes are intended to bring the executive directors' total target remuneration closer to the market median.

The package for the executive directors for 2007/08 and 2008/09 consists of a basic salary, benefits-in-kind (including private healthcare, a car and fuel and non-contractual travel concessions), pension, an annual bonus scheme (including a deferred element payable in shares) and participation in the Performance Share Plan. The proportion of performance-related variable remuneration, through the bonus scheme and awards under the Performance Share Plan, is approximately 60 per cent of total target remuneration (excluding pension arrangements).

Report of the Remuneration Committee continued

The policy in relation to base salaries aims to target base salaries at around the market median. The strategy for incentive pay is intended to increase the expected value to make the package more market-competitive for executive directors, but to retain as its aim the achievement of a market median value, subject to the achievement of stretching targets. Between them, the elements of the remuneration package provide a good balance between the achievement of short- and longer-term goals linked to the creation of shareholder value.

Basic salary

The basic salary reflects the level of responsibility of the executive director, his or her market value and individual performance. The Committee's objective is to offer basic salaries around the market median level. In reviewing basic salary, independent external advice is taken on salaries for comparable jobs in similar companies from the survey sources referred to previously. The Committee has regard to the performance of the individuals and the pay and employment conditions elsewhere in the Company when determining annual salary increases.

The Committee has recently reviewed base salaries and from July 1, 2008, Willie Walsh's base salary will be £735,000 and Keith Williams' will be £440,000.

Annual bonus

The amount of annual bonus available for distribution to senior executives for 2007/08 was subject to a maximum limit of 100 per cent of salary.

An executive director was potentially able to earn up to 10 per cent of salary based on his personal contribution against objectives. In addition, whatever was earned for personal performance was then subject to a multiplier based on the Company's performance against the following measures:

Performance measure	Potential multiplier
Operating margin	Up to 4.5 x
Customer recommendation	Up to 1.5 x
Punctuality	Up to 1.5 x
Employee involvement	Up to 1.5 x

No multiplier was to be applied unless the minimum operating margin target was achieved. The Committee retained discretion to prevent any bonus payments if the Company's performance was judged by it to be inadequate.

The Company achieved its operating margin target of 10 per cent, but did not achieve its targets in respect of customer recommendation, punctuality and employee involvement, and no bonus multiplier was awarded in respect of these measures.

Half of the bonus is payable in the form of deferred shares (under the British Airways Deferred Share Plan) which vest after three years (as detailed on page 68), normally subject to continued employment over that period. On vesting, executives will receive the benefit of any dividends paid over the deferral period.

For 2008/09, an executive director's bonus will be based one third on operating margin, one third on customer recommendation and one third on punctuality. The Committee will continue to set demanding targets on each of these measures. Unlike previous years, these three measures will operate independently. However, no bonus will be payable on the customer recommendation or punctuality measures unless the Company reports a pre-tax profit. The Committee was not satisfied that the employee involvement measure used in 2007/08 was appropriate for use in 2008/09 and has asked that this should be reviewed over the next year with a view to reintroducing it in 2009/2010.

As was mentioned on page 65, the Committee decided to increase the bonus maximum for the Chief Executive and Chief Financial Officer for 2008/09. Accordingly, a total maximum of 150 per cent and 125 per cent of salary respectively would be available if the Company achieved the maximum performance on all of the three measures. The amount of bonus awarded is then determined according to personal performance. If nothing is earned on the Company measures, up to 15 per cent of salary and 12.5 per cent of salary is payable as a cash-only bonus for personal performance. Otherwise half of any bonus will be payable in the form of deferred shares as was the case for 2007/08. The Committee also retains discretion to prevent any bonus payments if the Company's performance is judged by it to be inadequate.

Long-Term Incentive Arrangements

British Airways Performance Share Plan 2005

The British Airways Performance Share Plan (PSP) is the long-term incentive plan awarded to key senior executives of the Company, those most directly involved in shaping and delivering the medium- to long-term business goals of the Company. The plan was approved by shareholders at the annual general meeting in 2005. The PSP consists of an award of the Company's shares which vests subject to the achievement of predefined performance conditions (see below) in full or in part at the third anniversary of award. No payment is required from individuals when the shares are awarded or when they vest. The Remuneration Committee supervises the operation of the PSP. Awards worth up to 150 per cent of an executive's base salary can be granted under the PSP. For the 2008 award, both the Chief Executive and the Chief Financial Officer will receive this level of award. Other members of the Leadership team will receive awards equivalent to 100 per cent of their respective base salaries.

There are two performance conditions and these operate independently of each other. This means that meeting either of the conditions would trigger a payment without the need to meet the other performance condition. 50 per cent of each award will be subject to a Total Shareholder Return (TSR) performance condition, measured against a group of other airline companies, and the other 50 per cent will be subject to an average operating margin performance condition. The use of two separate but complementary performance conditions creates an alignment to both the airline industry (via the TSR measure) and also the Company's internal financial performance measure (via the operating margin measure).

Both of these performance conditions will be measured over a single three-year performance period which begins on April 1 prior to the award date. The awards will not vest until the third anniversary of the date of award as mentioned on page 72. The Remuneration Committee selected these performance conditions because they are challenging and aligned to shareholders' interests.

TSR measures the financial benefits of holding a company's shares and is determined by share price performance along with any dividends which are paid. None of the shares that are subject to the TSR performance condition will vest unless the Company's TSR performance is at the median (50th percentile) of the airline comparator group. If median performance is achieved, 25 per cent of the shares (i.e. 12.5 per cent of the total award) vest. There is then a sliding scale at the top of which all of the shares vest in full (i.e. the full 50 per cent of shares which are subject to the TSR performance condition) if the Company's TSR performance is at or above the upper quintile (top 20 per cent) of the comparator group. The comparator groups of airlines used in the 2005, 2006 and 2007 awards are shown in the table below:

Air Canada	Lufthansa
Air France	Northwest Airlines
Air New Zealand	(2005 award only)
Alitalia	Qantas Airways
All Nippon Airlines	Ryanair
American Airlines	SAS
Cathay Pacific Airways	Singapore Airlines
Continental Airlines	Southwest Airlines
Delta Airlines	United Airlines
(2005 award only)	(2006 and 2007 awards only)
easyJet	US Airways
Iberia	(2006 and 2007 awards only)

It is currently intended that the comparator group for awards that are made in 2008 will be the above companies, except that Air Berlin will replace Southwest Airlines. Southwest Airlines is not deemed to be a suitable comparator as its operation is confined to the US domestic market.

For the 50 per cent of the shares that are subject to the operating margin performance condition, vesting will be as follows:

		Average annual operating margin over performance period		
Award	Performance period	0% vests	25% of shares (ie. 12.5% of total award) vest	100% of shares (ie. 50% of total award) vest
2005 award	2005/06 – 2007/08	Less than 7%	7%	10%+
2006 award	2006/07 – 2008/09	Less than 8%	8%	10%+
2007 award	2007/08 – 2009/10	Less than 8%	8%	11%+
2008 award	2008/09 – 2010/11	Less than 5%	5%	10%+

A sliding scale of vesting operates for performance between the minimum and maximum vesting points.

As with previous awards under the PSP, the Remuneration Committee has set an operating margin target which takes into account anticipated market and economic conditions and is considered to be stretching.

Report of the Remuneration Committee continued

Shareholding guideline

A shareholding guideline has been adopted, linked to the two share-based incentive schemes introduced in 2005, the Deferred Share Plan and the Performance Share Plan. Executives will be expected to retain no fewer than 50 per cent of the shares (net of tax) which vest from these two schemes until they have built up a shareholding equivalent to 100 per cent of basic salary. This policy aims to further align the interests of executives and shareholders.

British Airways Deferred Share Plan 2005

The British Airways Deferred Share Plan (DSP) was adopted by the Board in September 2005 and is the mechanism for delivering the deferred element of the annual bonus. The only award under the DSP to date was made in November 2006. An award of deferred shares to the value of 50 per cent of the bonus earned was made to qualifying executives. Other than on retirement or redundancy the shares will be subject to forfeiture if the executive leaves during the three-year deferral period. On vesting, executives will receive the benefit of any dividends paid over the deferred period.

For further information regarding these schemes, see pages 71 to 73 which contains details of awards to executive directors granted this year and in prior years under current and historic share incentive schemes and also see note 33 to the financial statements.

British Airways All-Employee Share Ownership Plans

In July 2000, the Company obtained shareholders' approval to implement any aspect of the new all-employee share plans now known as share incentive plans. The approval permits the Company to operate a partnership share plan which would allow employees in the UK to buy shares from their pre-tax salary and would allow the Company to give matching or free shares to those participants in the share plan. Financial limitations would apply to any new plan. No plans are currently in operation.

Service contracts

Each of the two executive directors serving at the year end has a rolling contract with a one-year notice period. As a matter of policy, in the event of new external appointments, the length of service contracts would be determined by the Remuneration Committee in the light of the then prevailing market practice. However, the Remuneration Committee recognises that, in some cases, it may be necessary to offer a contract with a notice period in excess of one year in order to attract a new executive director. In these circumstances, the Remuneration Committee acknowledges that the notice period should reduce to one year after the initial period in accordance with paragraph B.1.6 of the Combined Code.

The service contracts for the serving directors include the following terms:

Executive director	Date of contract	Unexpired term/notice period
Willie Walsh	March 8, 2005	terminable on 12 months' notice
Keith Williams	January 1, 2006	terminable on 12 months' notice

There are no express provisions for compensation payable upon early termination of the executive directors' contracts other than normal payments due during the notice period. In the event of early termination, the Company's policy is to act fairly in all circumstances and the duty to mitigate would be taken into account. The Remuneration Committee has noted the ABI/NAPF joint statement on Executive Contracts and Severance. The executives' contracts include a pay in lieu of notice provision and are subject to mitigation provisions during the second six months of the notice period. Neither of the contracts provides for compensation to be paid in the event of a change of control of the Company. Copies of the two service contracts can be viewed on the Company's website.

External non-executive directorships

The Board encourages executive directors to broaden their experience outside the Company by taking up non-executive appointments from which they may retain any fee. The Company's consent is required before an executive can accept such an appointment and permission will only be given in appropriate circumstances. During the year in question, Willie Walsh earned fees of €31,000 as a non-executive director of Fyffes Plc. He retired from the Board of Fyffes Plc on October 31, 2007.

Pension schemes

The Company has three main pension schemes. Two of these, APS and NAPS, are defined benefit schemes and are closed to new members. The third scheme, the British Airways Retirement Plan (BARP), has been available to new joiners since April 1, 2003 and is a defined contribution scheme. Willie Walsh is a member of BARP and receives a contribution of 12 per cent of salary. Keith Williams is a member of both NAPS and an unfunded unapproved retirement scheme. Provision for payment of a surviving dependant's pension on death and lump sum payments for death in service is also made. Only basic salary is pensionable. Further details of pension provision are set out on page 70.

Non-executive directors

Policy

In relation to the Chairman, the Company's policy is that the Chairman should be remunerated in line with the market rate reflecting his time commitment to the Group. In relation to non-executive directors, the Company's policy is that their remuneration should be sufficient to attract and retain world-class non-executive directors. The Chairman and the non-executive directors do not receive performance-related pay.

Chairman's and non-executive directors' fees

The Chairman's fee is determined by the Remuneration Committee. Following a review by the Committee, it was set at £350,000 in July 2007, taking into account the level of fees payable in similar companies and recognising his above average time commitment. Fees for the non-executive directors are determined by the executive directors on the recommendation of the Chairman. For the year in question, the fees (which were last reviewed in October 2006) were £40,000 per annum, with the chairmen of the Audit, Remuneration and Safety Review Committees and the senior independent non-executive director each receiving £10,000 per annum in addition to these fees. No other fees are paid for attendance at Board committees. The Chairman and the non-executive directors' fees are not pensionable. They are, however, eligible for non-contractual travel concessions.

Service agreements

The dates of the Chairman's and current non-executive directors' appointments are as follows:

Non-executive	Date of appointment	Date of election/ last re-election	Expiry date
Martin Broughton	May 12, 2000	July 18, 2006	2009
Maarten van den Bergh	July 1, 2002	July 19, 2005	2008
Baroness Kingsmill	November 1, 2004	July 19, 2005	2008
Jim Lawrence	November 1, 2006	July 18, 2007	2010
Chumpol NaLamlieng	November 1, 2005	July 18, 2006	2009
Dr Martin Read	May 12, 2000	July 18, 2006	2009
Alison Reed	December 1, 2003	July 18, 2007	2010
Ken Smart	July 19, 2005	July 19, 2005	2008
Baroness Symons	July 19, 2005	July 19, 2005	2008

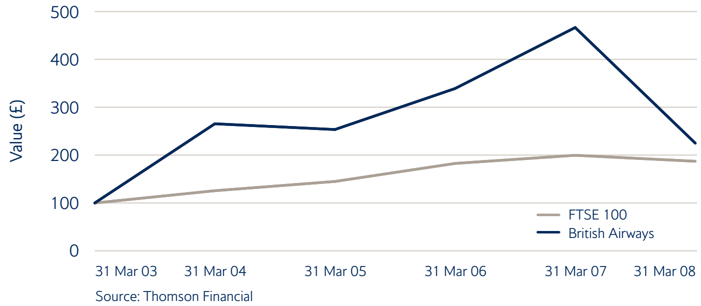
Except where appointed at a general meeting, directors stand for election by shareholders at the first annual general meeting following appointment, and stand for re-election every three years thereafter, under Article 94. Either party can terminate on one month's written notice. Neither the Chairman nor any of the non-executive directors has any right to compensation on the early termination of their appointment. Copies of the letters of engagement for the Chairman and the non-executive directors are available for inspection on the Company's website.

Performance graph

The graph shows the total shareholder return (with dividends reinvested where applicable) for each of the last five financial years of a holding of the Company's shares against a hypothetical holding of shares in the FTSE 100.

The FTSE 100 was selected because it is a broad equity index of which the Company is a constituent.

Total shareholder return



This graph shows the value, by March 31, 2008, of £100 invested in British Airways Plc on March 31, 2003 compared with the same value invested in the FTSE 100 Index. The other points plotted are the values at intervening financial year ends.

Report of the Remuneration Committee continued

Information subject to audit

Directors' remuneration

	Basic salary and fees £'000	Taxable benefits* £'000	Payments relating to termination of employment £'000	Performance-related bonuses** Cash £'000	Performance-related bonuses** Value of deferred shares £'000	Total 2007/08 £'000	Total 2006/07 £'000
Executive directors							
Willie Walsh	679	22		0	0	701	625
Keith Williams	407	15		67	67	556	396
Non-executive directors							
Martin Broughton	338	30				368	330
Maarten van den Bergh	50					50	46
Baroness Kingsmill	40	1				41	39
Jim Lawrence	40	1				41	17***
Chumpol NaLamlieng	40	1				41	39
Dr Martin Read	50					50	46
Alison Reed	50					50	46
Ken Smart	50					50	46
Baroness Symons	40	1				41	39
Aggregate emoluments	1,784	71		67	67	1,989	1,669

* Taxable benefits include a company car, fuel, private health insurance and personal travel.

** Given his overall responsibility for the Company's affairs, Willie Walsh and the Remuneration Committee mutually agreed that it would be inappropriate for him to receive any annual bonus for 2007/08.

*** Figures shown from date of appointment.

Martin George, a former director: Martin George's defence costs in relation to the competition law investigations are covered by the Company's Directors' and Officers' Liability Policy. However, the policy is subject to an excess which is payable by the Company. In the year to March 31, 2008, the Company paid £273,000 in relation to his defence costs, and further amounts are likely to be payable. He also received £213,000 in relation to his termination of employment in accordance with the payment in lieu of notice clause in his contract, as he had been unable to find alternative employment.

The base salaries for the executive directors are currently £700,000 for Willie Walsh and £415,000 for Keith Williams.

The pension entitlements of the executive directors were:

	Accumulated accrued benefits March 31, 2008 £	Increase in accrued benefits during the year £	Increase, before inflation, in accrued benefits during the year £	Transfer value* of increase before inflation, less director's contributions £
Keith Williams	85,076	11,390	8,516	55,700

The transfer value* of each director's accrued benefits at the end of the financial year is as follows:

	March 31, 2008 £	March 31, 2007 £	Director's contributions during the year £	Movement, less director's* contributions £
Keith Williams	872,178	857,064	33,810	(18,696)

* Transfer value represents a liability of the Company, not a sum paid or due to the individual. It is calculated in accordance with 'Retirement Benefit Schemes – Transfer Value (GN11)'.

Keith Williams is a member of both the NAPS and an unfunded unapproved retirement scheme, which, under the terms of his service contract, will provide a total retirement benefit at age 60 equivalent to 1/56th of pensionable pay for each year of service up to March 31, 2007. For service after April 1, 2007, he is entitled to 1/60th of pensionable pay for each year of service, payable at age 65. In line with other NAPS members, Mr Williams is entitled to buy-back to 1/56th payable at age 60 should he so elect.

Willie Walsh is a member of BARP, a defined contribution scheme and the Company paid contributions during the year of £81,046 (2007: £73,296).

Directors' beneficial interests in shares

	British Airways Plc Ordinary Shares March 31, 2008	British Airways Plc Ordinary Shares April 1, 2007
Current Board members		
Martin Broughton	**69,090**	49,090
Willie Walsh	**22,000**	0
Keith Williams	**5,000**	0
Maarten van den Bergh	**2,000**	2,000
Baroness Kingsmill	**2,000**	2,000
Chumpol NaLamlieng	**20,000**	10,000
Dr Martin Read	**8,000**	8,000
Alison Reed	**10,000**	10,000
Ken Smart	**2,000**	0
Baroness Symons	**0**	0
Total	**140,090**	81,090

	British Airways Plc American Depositary Shares* March 31, 2008	British Airways Plc American Depositary Shares* April 1, 2007
Jim Lawrence	**1,000**	1,000

*Each American Depositary Share is equivalent to 10 ordinary shares.

There have been no changes to the shareholdings set out above between March 31, 2008 and the date of this report.

No director has any beneficial interest in any subsidiary undertaking of the Company.

Directors' share options

The following directors held options to purchase ordinary shares in the Company granted under the British Airways Share Option Plan 1999. The Plan was closed after the final grant in 2005/2006. The Plan provided for the grant of options to acquire ordinary shares in the Company or the Company's American Depositary Shares at an option price not less than the market value of the shares on the date of grant. No payment was due upon the initial grant of options. Options granted under the plan are subject to a performance condition as detailed below:

British Airways Share Option Plan 1999

	Date of grant	Number of options as at April 1, 2007	Exercise price	Options exercised during the year	Options lapsed during the year	Market price at date of exercise £	Gain made on exercise £	Options granted during the year	Exercisable from	Expiry date	Number of options as at March 31 2008
Keith Williams	Aug 26, 1999	30,456	394p						Aug 26, 2002	Aug 26, 2009	30,456
	June 28, 2000	26,315	380p						June 28, 2003	June 28, 2010	26,315
	June 26, 2001	38,940	321p						June 26, 2004	June 26, 2011	38,940
	July 1, 2002	91,160	181p						July 1, 2005	July 1, 2012	91,160
	June 25, 2003	114,649	157p						June 25, 2006	June 25, 2013	114,649
	June 25, 2004	72,480	262p						June 25, 2007	June 25, 2014	72,480
	June 23, 2005	69,927	276p						June 23, 2008	June 23, 2015	69,927
Total		**443,927**									**443,927**

The performance condition applicable to share options granted in June 2005 listed above requires the Remuneration Committee to be satisfied that there has been an increase in the EPS of the Company which is at least 4 per cent per annum more than the increase in the Retail Price Index during three consecutive financial years ending on March 31, 2008. EPS is calculated as set out in the Statement of Investment Practice No. 1 of the Institute of Investment Management and Research (IIMR).

Report of the Remuneration Committee continued

The options granted in 2005 were tested at the end of 2007/08. In 2004/05, the Company's EPS under the IIMR definition was 29.3 pence. Taking this base figure and adding RPI plus 4 per cent per annum gives a target EPS level of 36.1 pence. EPS for 2007/08 using the IIMR definition was 49.1 pence. The Remuneration Committee therefore determined that the performance condition had been satisfied in relation to the grants made in 2005. These options will become exercisable on the third anniversary of the original grant, June 23, 2008.

The performance conditions in relation to options granted in prior years have been satisfied and those options vested accordingly.

Directors' conditional awards

The following directors held conditional awards over ordinary shares of the Company granted under the British Airways Long Term Incentive Plan (LTIP) and the British Airways Performance Share Plan (PSP). The LTIP operated from 1996 to 2004 and was replaced by the PSP in 2005.

	Plan	Date of award	Number of awards as at April 1, 2007	Awards vesting during the year	Options exercised during the year	Market price at date of exercise £	Gain made on exercise £	Awards lapsing during the year	Awards made during the year	Number of awards as at March 31, 2008
Willie Walsh	PSP	August 30, 2005	319,148							319,148
	PSP	November 24, 2006	185,950							185,950
	PSP	August 9, 2007							254,854	254,854
Total			**505,098**						**254,854**	**759,952**
Keith Williams	LTIP	June 9, 2003	46,631							46,631
	LTIP	June 16, 2004	29,788	22,141				7,647		22,141
	PSP	August 30, 2005	34,219							34,219
	PSP	Nov 24, 2006	77,479							77,479
	PSP	August 9, 2007							125,910	125,910
Total			**188,117**	**22,141**				**7,647**	**125,910**	**306,380**

LTIP awards were subject to the Company's TSR performance relative to the constituents of the FTSE 100. No awards would have vested for below median performance. For awards granted in 2003 and 2004, 30 per cent vest for median performance, 65 per cent would have vested for upper quartile performance and 100 per cent would have vested for upper decile performance.

- In respect of awards granted in 2003, the Company was the 13th highest performing company out of the 93 remaining FTSE 100 companies over the performance period April 1, 2003 to March 31, 2006. This placed the Company on the 86th percentile meaning that 90.67 per cent of the shares originally awarded vested and the remainder of the award lapsed; and
- In respect of awards granted in 2004, the Company was the 20th highest performing company out of the 92 remaining FTSE 100 companies over the performance period April 1, 2004 to March 31, 2007. This placed the Company on the 79th percentile meaning that 74.33 per cent of the shares originally awarded vested and the remainder of the award lapsed.

Upon vesting of the LTIP awards, the Remuneration Committee having considered in both cases that underlying financial performance was satisfactory, participants were granted nil-cost options in accordance with the rules of the scheme. Options are exercisable for seven years from the date of vesting of the relevant LTIP award. No payment is due upon the exercise of these options.

PSP awards granted in 2005, 2006 and 2007 are subject to the performance conditions outlined earlier in this report on page 67. In each case, the performance conditions will be measured over a single three-year performance period, which begins on April 1 prior to the award date. 50 per cent of the award is subject to TSR performance measures against a group of airlines, and 50 per cent is subject to average operating margin performance.

The award granted in 2005 was tested at the end of 2007/08. As a result, none of the shares subject to the TSR performance condition will vest, and 31.25 per cent of the award will vest based on the operating margin performance condition. Taking the TSR performance condition and operating margin performance together, 31.25 per cent of the total original award will vest on the third anniversary of the award, August 30, 2008.

The value attributed to the Company's ordinary shares in accordance with the plan rules on the date of the 2007 PSP award, (August 9, 2007), was 412 pence.

Deferred Share Plan

The following directors held conditional awards over ordinary shares of the Company granted under the British Airways Deferred Share Plan:

	Relates to bonus earned in respect of performance in	Date of award	Number of awards as at April 1, 2007	Awards released during the year	Awards lapsing during the year	Awards made during the year	Number of awards as at March 31, 2008
Willie Walsh	2005/06	Nov 24, 2006	27,800				27,800
Keith Williams	2005/06	Nov 24, 2006	16,991				16,991

The value of the deferred share awards outlined above was previously included in the Directors' Remuneration table for the financial year to which the bonus relates.

Share scheme dilution limits

The Company follows the guidelines laid down by the Association of British Insurers (ABI). These restrict the issue of new shares under all the Company's share schemes in any 10-year period to 10 per cent of the issued ordinary share capital and restricts the issues under the Company's discretionary schemes to 5 per cent in any 10-year period. As at March 31, 2008, the headroom available for the all employee share schemes was 5.10 per cent and 0.15 per cent for the discretionary schemes.

The highest and lowest prices of the Company's shares during 2007/08 and the share price at March 31, 2008 were:

	2008	2007*
At March 31	**234.25**	486.00
Highest in the year	**519.00**	577.50
Lowest in the year	**218.00**	320.00

*Closing price of the ordinary shares as at March 30, 2007.

Approved by the Board and signed on its behalf by

Dr Martin Read
Non-executive director and Chairman of the Remuneration Committee
May 15, 2008