



## Our strategy and objectives

In an incredibly tough trading environment we have to focus hard on pulling ourselves through the immediate crisis, while preparing the business for better economic times. This year we have mapped out a long-term vision for our business. It is to be the world's leading global premium airline.



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## Progress against our Business Plan

### BP11

The rolling three-year business plan, BP11, set out our agenda for 2008/09. Our main aims were to build on Terminal 5's strengths to upgrade the customer experience, continue to make the business more cost effective, grow our operations and make corporate responsibility a prominent part of our business. Record fuel prices and the global downturn meant we needed to revise our plans and reset priorities. Nevertheless, we have still made significant progress against our original goals, laying the foundations for future success.

### An upgraded customer experience

Terminal 5 has transformed our operational performance and customer service. We have exceeded punctuality and baggage targets across the network, achieving record customer satisfaction scores. Service for premium customers has been upgraded with the new Club World product, now fitted to all Boeing 747 aircraft and over half of our Boeing 777 aircraft, and this year we will launch our new First cabin. The Galleries lounges at Terminal 5 and Terminal 3 have had a fantastic reception and we are using the same concept at other key airports such as Milan, Johannesburg and Vancouver.

### Competitive cost base

With record fuel prices to contend with during the year we redoubled efforts to control costs. Terminal 5 has allowed us to cut the cost of our Heathrow operations by more than expected. By the end of March 2009, our overall Heathrow manpower levels had reduced by 1,074 MPE, 14 per cent lower than

the peak resource level during the first month of Terminal 5 operations. A significant management voluntary severance programme also reduced the number of managers by a third. Capacity was realigned to meet weaker demand and, where possible, exploit our most fuel efficient aircraft.

### A plan for growth

Despite the downturn, we have continued to grow where it makes economic sense and meets the needs of our customers. We launched new routes from London to Hyderabad and St Kitts; we launched OpenSkies, our subsidiary flying from continental Europe to North America in June 2008, and subsequently purchased L'Avion in July 2008; and we have announced the launch of the first London City to New York JFK service to start later this year.

Investing in efficient and flexible new aircraft makes sense, even in these tough times. With the arrival of our new Boeing 787s delayed, we contracted six Boeing 777-300ER aircraft (two acquired, four leased), with options for a further four.

### Corporate responsibility

Our vision is to become the world's most responsible airline, and we have brought all our corporate responsibility activities together under the banner 'One Destination'. We have set challenging goals for further reductions in our carbon emissions, reducing and recycling waste and minimising air and noise pollution. We have continued to invest significantly in our community relations programme and are proud of our record of raising money for charities, both as a business and through the incredible energy and commitment of our people.

**"We have exceeded punctuality and baggage targets across the network, achieving record customer satisfaction scores."**

As discussed in the Chief Executive's review on page 10, we have set our sights on being the world's leading global premium airline.

The decisions we are taking now will determine how strongly we emerge from the downturn. The airline industry is in a period of unprecedented change and we have developed a clear vision for our business.

This vision is guiding us in how we deal with current market conditions and in how we go about building a sustainable future for our business.

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|--|---|---|
| <h2>Global</h2> <p>What we offer will appeal to customers across the globe. Wherever we operate, individuals and business travellers alike will want to fly with us whenever they can.</p> | <h2>Premium</h2> <p>We will make sure all our customers enjoy a unique premium service whenever and wherever they come into contact with us. Our customers will recognise that the service we offer is worth paying that little bit more for.</p> | <h2>Airline</h2> <p>We will remain focused on aviation, moving people and cargo is our core business. We will develop new products and services to complement this.</p> |
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Five Key Goals – the steps we will take to achieve our vision:

Be the airline of choice for longhaul premium customers...

...so that people will want to fly with us whenever they can. We will continue to introduce great products such as the new business class seat on longhaul and a restyled First cabin. To complement our Heathrow home – Terminal 5 – we will redevelop premium facilities in New York JFK and continue to invest in lounges in other key cities.

Deliver an outstanding service for customers at every touch point...

...by training our colleagues, on the ground and in the air, in world-class hospitality and customer service. Customers can already check-in from their mobile or PDA, and we will continue to enhance ba.com. A new in-flight entertainment system will be launched later this year.

Grow our presence in key global cities...

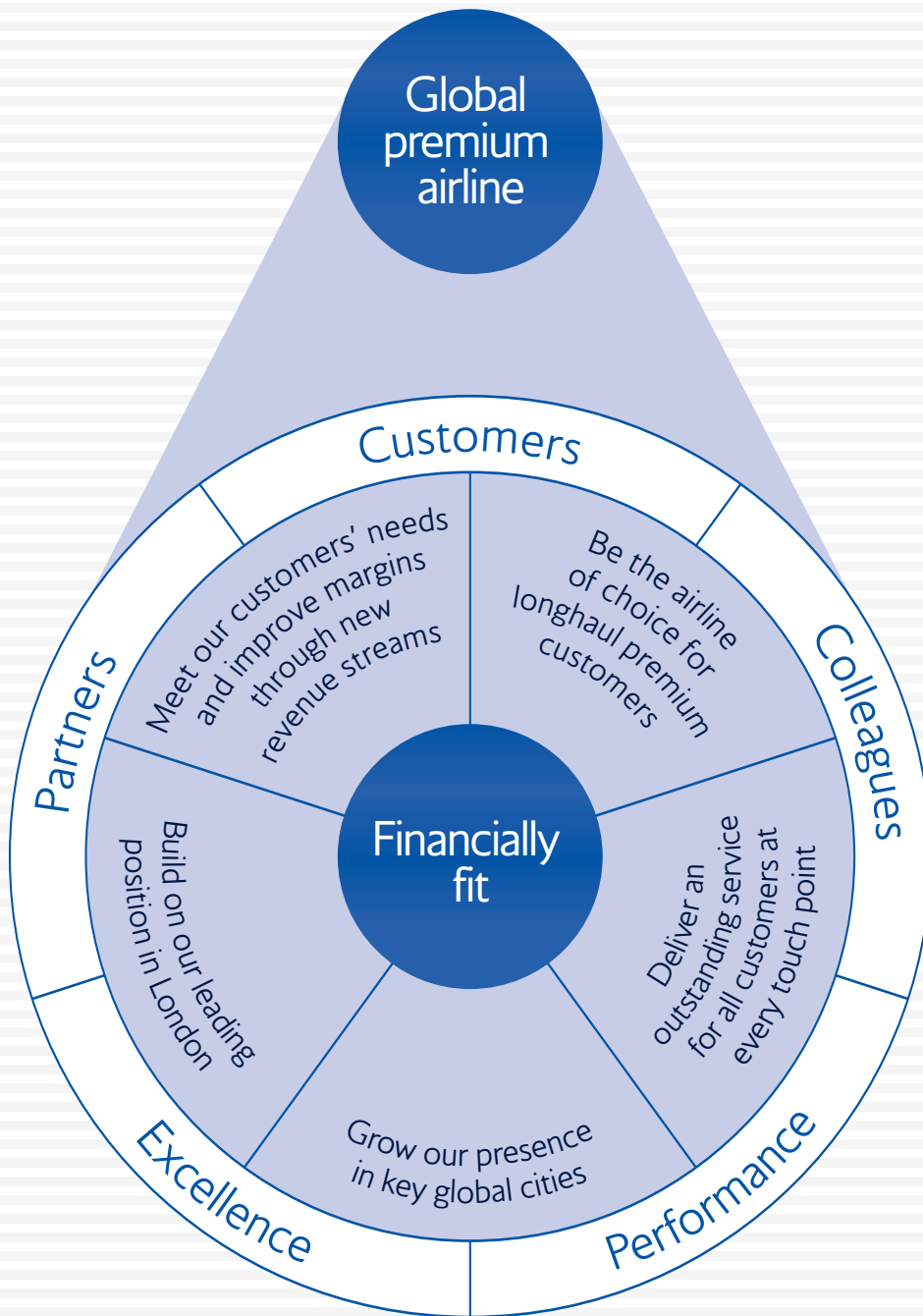
...to provide the best global connectivity for our customers. In addition to our new longhaul service from London City to New York JFK, our network depth will be strengthened with more flights to Dubai and Johannesburg and a return to Saudi Arabia.

Build on our leading position in London...

...the world's biggest aviation market. Ensuring Heathrow remains a world-class hub is vital to give us a strong London base to serve the largest international longhaul markets. We will acquire new slots, support plans for a third runway and work with BAA to improve baggage and terminal facilities at Heathrow.

Meet our customers' needs and improve margins through new revenue streams...

...by building profitable ancillary services that offer customers great value and re-enforce our brand. Our aim is to grow our mileage business and boost revenues from third-party engineering, in-flight sales and a new online retail website. On ba.com we have now launched a range of great value hotel and car hire options packaged with our flights.



In order to become the leading global premium airline, we need to look at the way we work as well as what we are doing as a business.

For that reason, along with our five key goals, we have launched a three-year change programme – Compete 2012 – linked to our sponsorship of the London 2012 Olympics. This programme is being progressively rolled out across our business to refresh our culture and will revolutionise the way we work.

# Our strategy and objectives continued



Our employees are central to our ambitions to be the world's leading global premium airline.

## Compete 2012

Our Compete 2012 programme aims to instil the drive and competition of the Olympic spirit into the way we work and perform as a team, and it puts our customers at the heart of our culture.

## Customer

### We think customer

Our people will set the standard and through them we will deliver world-leading customer service.

To continue our success, we need to be clear about what sets us apart.

- **We keep promises** – always doing what we say we will do;
- **We look the part** – our style is contemporary and understated;
- **We do things properly** – doing the right things for the right reasons and to a high standard;
- **We find solutions** – solving any problems inventively and working flexibly within a framework; and
- **We treat everyone as an individual** – respecting differences and adding a personal touch to make everyone feel valued.

We are using a comprehensive communications and training programme to help put these principles into practice in everything we do.

## Colleagues

### I am proud to give more

We expect great things of everyone who works for British Airways. Our colleagues are central to our ambitions to be the world's leading global premium airline. In return, they have the right to expect us to provide them with a great place to work – one which they can really feel proud of.

To achieve this we are:

- Investing in new leadership training;
- Implementing clear communication programmes;

- Improving the way we manage performance in all areas of our business through training and systems solutions;
- Re-enforcing the new organisation structure with clear accountabilities linked to our overall Company goals; and
- Innovating and improving our ways of working, using e-tools.

## Performance

### We make it happen

To be the world's leading global premium airline, we need to sustain our improving operational performance and be financially fit. That way we can both invest in our future and deliver a healthy return to our shareholders.

To achieve these goals we need to be able to measure our performance across the business and to make our managers accountable for delivery of our targets.

## Excellence

### We set standards that others aspire to

We developed a number of key operational processes ahead of our move into Terminal 5 which have helped us to become more efficient. Building on these we are now rolling out what we call the 'Lean' Continuous Improvement approach across our business.

## Partners

### We win together

The modern airline business is highly interconnected. We rely on a network of both airline and non-airline partnerships to deliver a complete service to our customers.

So to be the world's leading global premium airline, we also need our partners to see us as a great company to do business with. We are working hard to develop better and more sustainable relationships with our partners, particularly some 500 key businesses to whom we have given formal preferred supplier status.