

New Airways Pension Scheme

Recovery Plan

Status

This recovery plan has been prepared by the Trustees of the Scheme on 29 March 2007 after obtaining the advice of G R Alexander FFA, the Actuary to the Scheme.

The actuarial valuation of the Scheme as at 31 March 2006 revealed a funding shortfall (technical provisions minus value of assets) of £2,095 million.

Steps to be taken to ensure that the statutory funding objective is met

To eliminate this funding shortfall, the Trustees have agreed the following steps with BA:

- 1 Future increases in pensionable pay will be capped in line with the Index of Retail Prices.
- 2 BA will pay additional contributions of:
 - £240 million on 9 February 2007 and £560 million by 2 April 2007, and
 - £10.547 million per month from April 2007 for 9 years increasing in line with Pensions Increase (Review) Orders every April thereafter.
- 3 BA will pay further sums up to £50 million in respect of each of its financial years ending 31 March 2007, 2008 and 2009. These sums will be paid if the Free Cash reported in BA's consolidated preliminary results exceeds specified levels (Free Cash is defined as cash and cash equivalents and other current interest bearing deposits as reported in BA's consolidated financial statements, excluding any cash or deposits which are, or are to be, hypothecated or pledged or are otherwise subject to a security charge or lien).
- 4 BA has arranged a guarantee of £150 million to be paid to the Scheme, in full or in part, in certain circumstances including BA's insolvency. The guarantee expires on 31 March 2010, but there are provisions for renewal depending on the financial position of the Scheme as at 31 March 2009. The amount of the guarantee will be reduced by any amounts paid under 3 above.

Period in which the statutory funding objective should be met

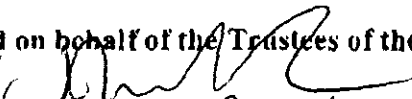
The funding shortfall is expected to be eliminated by 31 March 2016. This expectation is based on the method and assumptions set out in the Statement of Funding Principles dated 7 February 2007, but takes no account of any amounts payable under 3 or 4 above.

Progress towards meeting the Statutory Funding Objective

It is expected that 50% of the above additional contributions will be made by 28 February 2009.

Signed on behalf of the Trustees of the Scheme

Name:

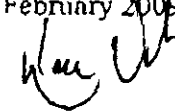

JOHN BIRELL

Position:

SECRETARY

Signed on behalf of BA

Name:


KEITH WILLIAMS

Position:

CFO