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Mr Huw Merriman MP
Chair, Transport Select Committee
House of Commons
London, SW1A 0AA

by email

Dear Huw,

Thank you for invitation to give evidence to the Transport Committee on 16 September 2020.

I am still unsure, as I set out in my letter of 25 June, what the Committee hopes to achieve by a further appearance for British Airways given the extensive and detailed evidence that IAG's Chief Executive Willie Walsh has already provided.

You will understand that we were very disappointed by your comments in advance of Willie's evidence session that suggested the committee had already reached its conclusions, and we reject the findings and recommendations of the committee's report of 13th June as they relate to IAG and British Airways. That report ignored the reality of British Airways' financial position and the facts about our consultation with elected staff representatives, which is entirely in accordance with the law, and is being conducted with the aim of mitigating the impact on colleagues of the crisis caused by the coronavirus pandemic.

However, as you are insistent on a further session and since we entirely respect the Committee's standing, I will of course attend on September 16.

In my previous letter you will recall that I also expressed my willingness to meet the Committee after the consultation on the restructuring process is complete. While we have made some progress, that will not be the case by 16 September, and I hope the Committee will understand if there are some details I am not able to provide fully on that date.

Our half year financial results, published last Friday, demonstrate very clearly the devastating effects of the crisis on the company. In the second quarter of 2020, British Airways carried just 180,000 passengers, that is down 98.6% compared with the previous year's 12.6 million. As a result, and despite all our proactive mitigating actions, in the second quarter, British Airways lost £711m. This figure compares terribly with BA's losses in Q4

2001, after 9/11, of £187m, and with losses in Q1 2009, after the financial crisis, of £309m. At a group level we declared an operating loss for the first half of this year of £1.7 billion (£1.9bn). No company can sustain such a position for very long and the restructuring on which the entire group is consulting is essential to prepare the business for a different future.

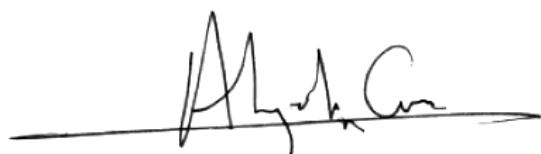
I am pleased to tell you that we are making some progress in our consultations with our Trade Unions:

- after three months of intensive negotiations between BA management and our pilots' representatives, BALPA, we were able to agree a package of measures that will help prepare the company for the future challenges we will face but also to save as many jobs as possible. This weekend BALPA members voted to accept the deal the negotiators had agreed and recommended.
- after more than 76 days of non-engagement, Unite/GMB are holding meetings with us, finally providing us with feedback to our proposals and with more mitigation ideas. As it stands more than 4,000 staff have requested to leave BA on voluntary terms.

Huw, this is an incredibly difficult period for our customers, our shareholders, and – absolutely – our staff. The erratic evolution of the UK quarantine country list coupled with the situation in India, South Africa and most importantly, the USA markets is affecting passenger demand beyond what the industry originally anticipated. With shareholders now needing to make a decision if they should invest further, or not, and with business and leisure passengers having to decide on whether to travel at all over the coming months, we know that our staff are also having to make extremely difficult decisions at this time. We are supporting them as much as we can during this process and I sincerely hope that further engagement with the unions will deliver more options.

I am sure you will want to explore all of this further when we meet in September but I hope that you will recognise that British Airways is acting now to save its future.

Yours sincerely,



Alex Cruz
Chairman and CEO
British Airways

