

= History of British Airways =

British Airways (BA) is the flag carrier airline of the United Kingdom . It is the largest airline in the UK based on fleet size , international flights and international destinations . British Airways was considered the largest UK airline by passenger numbers from its creation in 1974 until 2008 , when it was displaced by low @-@ cost rival EasyJet . Since its inception , British Airways has been centred at its main hub at London Heathrow Airport , with a second major hub at London Gatwick Airport .

The British Airways Board was formed in 1971 to control the policy and finances of the two large London @-@ based airline corporations , British Overseas Airways Corporation (BOAC) and British European Airways Corporation (BEA) with two much smaller regional airlines , Cambrian Airways and Northeast Airlines . British Airways acquired the supersonic Concorde in 1976 , operating it on transatlantic services . The same year it assumed sole operation of international flights to North America and Southeast Asia from rival British Caledonian . The formation of Virgin Atlantic Airways in 1984 began a tense rivalry , which led to " one of the most bitter and protracted libel actions in aviation history " . Under the leadership of Chairman Sir John King and CEO Colin Marshall , British Airways was privatised in February 1987 , almost thirteen years after its formation , and effected the controversial takeover of British Caledonian in July 1987 .

Following privatisation , British Airways entered a period of rapid and unprecedented growth , leading to the use of the slogan " The World 's Favourite Airline " , and dominated its domestic rivals during the early 1990s . Faced with increased competition and higher costs in the mid @-@ 1990s , CEO Bob Ayling led a restructuring effort , leading to trade union clashes ; the carrier also invested in regional European airlines , courted international airline partnerships , and attempted a controversial ethnic livery rebranding campaign . In the early 2000s (decade) , CEO Rod Eddington implemented further cost cuts , the retirement of Concorde , and the removal of ethnic liveries . Under Willie Walsh , who became CEO in 2005 , British Airways faced a price @-@ fixing scandal , moved its primary hub to Heathrow Terminal 5 , and experienced threats of industrial action , leading to a strike in March 2010 . On 8 April 2010 , it was confirmed that British Airways and Iberia Airlines had agreed to a merger , forming the International Airlines Group , although BA would continue to operate under its current brand . The combined airline will become the world 's third @-@ largest carrier (after Delta Air Lines and American Airlines) in terms of annual revenue .

= = Origins and formation = =

On 31 March 1924 , Britain 's four pioneer airlines that started up in the immediate post war period ? Handley Page Transport , British Marine Air Navigation Co Ltd , Daimler Airways and Instone Air Line Ltd ? joined together to form Imperial Airways Limited , developing routes throughout the British Empire to India , some parts of Africa and later to Canberra , Australia . Meanwhile , a number of smaller UK air transport companies had begun operating , and by 1935 many of these had merged to form the original privately owned British Airways Ltd . Following a government review , Imperial Airways and British Airways were nationalised in November 1939 to form the British Overseas Airways Corporation (BOAC) .

Post @-@ war , BOAC continued to operate the majority of long @-@ haul services in Britain , other than routes to South America ; these were flown by British South American Airways , which was merged back into BOAC in 1949 . Continental European and domestic flights were flown by a new nationalised airline , British European Airways Corporation (BEA) , which compulsorily took over the scheduled services of existing UK independent airlines . On 2 May 1952 , BOAC became the world 's first airline to operate jet airliners ; the inaugural flight with the de Havilland Comet 1 was from London to Johannesburg . However , the Comet 's service introduction was plagued by structural problems and accidents , leading to its withdrawal in 1954 and replacement with the upgraded Comet 4 models in 1958 .

In 1967 the government established a committee of inquiry into Civil Aviation under Sir Ronald Edwards , the Edwards Committee reported in 1969 and one of the recommendations of the

Edwards committee was the formation of a National Air Holding Board to control finances and policies of the two corporations . The recommendation was enacted in 1971 with the passing of the Civil Aviation Act 1971 which formed a British Airways Board to control all the activities of BOAC and BEA ; including the newly formed BEA Airtours subsidiary , targeting the emerging package holiday business .

In 1972 the BOAC and BEA managements were combined under the newly formed British Airways Board , with the physical operations of the separate airlines coming together as British Airways on 1 April 1974 , under the guidance of David Nicolson as Chairman of the Board . At the time it was the biggest merger in the aviation industry , creating the world 's largest network of routes for the new unified company to harness . In 1975 , British Airways was headquartered in the Victoria Terminal in London . Its international division was headquartered at the Speedbird House by Heathrow Airport , while its European division was headquartered at Bealine House , Ruislip , Middlesex . The regional division was headquartered in Ruford House , Hounslow .

= = 1970s : Consolidation and Concorde = =

The newly formed British Airways had inherited a mix of aircraft from its predecessors . It quickly retired the Standard VC10s that had come from BOAC and the last Vickers Vanguard from BEA . It also ordered the Hawker Siddeley 748 for use on Scottish routes to enable the Vickers Viscount to be retired . The first Lockheed L @-@ 1011 TriStar was delivered in October 1974 , and introduced in January 1975 ; more TriStars were ordered in following years . The management of British Airways resisted political pressure to purchase the new Airbus A300 , stating that it had no requirement for the aircraft ; this rejection complicated Britain 's integration into the European Union . Instead , the company planned to acquire American @-@ made planes such as the Boeing 757 ; in 1976 the British government approved the purchase of multiple Boeing 737 aircraft . An innovation on 12 January 1975 was the British Airways Shuttle service from Heathrow to Glasgow (and later Edinburgh , Manchester , and Belfast) , which allowed a walk @-@ on no reservation service with a " guaranteed seat " ? this latter feature facilitated by backup aircraft or sometimes transfers to British Midland flights . From its formation in 1974 , British Airways aeroplanes carried a Union Flag scheme painted on their tail fins .

The Secretary of State for Trade , Peter Shore , reviewed the Government 's aviation policy and in 1976 announced a " spheres of influence " policy that ended dual designation for British airlines on all long @-@ haul routes . British Airways and British Caledonian , the second @-@ biggest airline in Britain , were no longer permitted to run competing scheduled flights on long @-@ haul routes . British Caledonian had to withdraw from East Africa and from the London @-@ New York and London @-@ Los Angeles routes in favour of BA . In return , British Caledonian became the sole British flag carrier to the entire South American mainland , taking over routes formerly served by British Airways to Colombia , Peru and Venezuela .

In 1976 British Airways commenced flying Concorde , making it one of two airlines to own and operate the supersonic Aerospatiale @-@ BAC jetliner . Simultaneously with Air France , BA inaugurated the world 's first supersonic passenger service on 12 January , a daily service between Heathrow and New York becoming one of the airline 's hallmarks . Initially , Concorde was a financial burden , required of the national carrier by the government , and it attracted criticism from the press as a white elephant . Several significant destinations suggested for Concorde , such as Tokyo , Japan , and Sydney , Australia never emerged as viable in reality .

In 1981 , Sir John King , later Lord King , was appointed Chairman of British Airways with the mission of preparing the airline for privatisation . King recognised the prestige that Concorde brought to the airline , purchased them outright from the government , and was turning a profit within a year . According to British Airways ' management the aircraft broke even on flights holding around 40 ? 45 % of passenger capacity ; in 1985 the average passenger capacity in use per flight was at 65 % . BA used Concorde to win business customers , guaranteeing a certain number of Concorde upgrades in return for corporate accounts with the airline ? a key factor in winning business from transatlantic competitors . Although the carrier did not disclose specific numbers , media reports

estimated that the Heathrow to New York service made an annual £ 20 million operating profit by the early 2000s (decade) .

= = 1980s : Privatisation and dirty tricks = =

As British Airways headed towards privatisation , Sir John King hired Colin Marshall as CEO in 1983 . King was credited with transforming the loss @-@ making giant into one of the most profitable air carriers in the world , boldly claiming to be " The World 's Favourite Airline " , while many other large airlines struggled . The airline 's fleet and route map were overhauled in the early years of King 's tenure , with brand and advertising experts being recruited to change the airline 's image . Over 23 @,@ 000 jobs were shed in the early 1980s , though King managed the considerable trick of boosting staff morale and modernising operations at the same time . Offering generous inducements for staff to leave led to record losses of £ 545 million , to the cost of taxpayers but to the benefit of the future privatised company .

At Marshall 's direction , the airline consolidated most of its long @-@ haul operations in 1986 , including Concorde services , at the newly constructed Heathrow Terminal 4 . Terminal 4 would remain as BA 's hub at Heathrow Airport for the next 22 years . Due in part to a recession and rising fuel prices , aircraft such as the Hawker Siddeley Trident , Vickers Super VC10 and Boeing 707 were quickly phased out of service , and planes such as the Boeing 737 were acquired in their place . In an effort to increase the use of the operational Concorde fleet , King allowed the planes to be chartered for special services . Concorde services to Singapore in cooperation with Singapore Airlines begun , in addition to a service to Miami by 1984 . In the 1980s , British Airways regarded Concorde as its flagship , both prestigious and profitable .

The flag carrier was privatised and floated on the London Stock Exchange in February 1987 by the Conservative government , the initial share offering was nine times oversubscribed . The privatisation of British Airways was regarded as very successful by industry observers , perhaps the most successful of a series of companies divested by the state in this era . Four months later , in July 1987 , BA announced the controversial takeover of Britain 's " second " airline , British Caledonian . The acquisition led to concerns regarding competition ; within the industry it was widely acknowledged as a mutually agreed rescue deal to avoid the latter 's collapse . The Caledonian name was kept alive , the charter subsidiary British Airtours being rebranded as Caledonian Airways . In 1992 , BA absorbed Gatwick @-@ based British carrier Dan @-@ Air .

Soon after British Airways ' privatisation , Richard Branson 's Virgin Atlantic Airways began to emerge as a competitor on some of BA 's most lucrative routes . Following Virgin 's highly publicised mercy mission to Iraq to fly home hostages of Saddam Hussein in 1991 , King is reported to have told Marshall and his PA Director David Burnside to " do something about Branson " . This began the campaign of " dirty tricks " that ended in Branson suing King and British Airways for libel in 1992 . King countersued Branson and the case went to trial in 1993 . British Airways , faced with likely defeat , settled the case , giving £ 500 @,@ 000 to Branson and a further £ 110 @,@ 000 to his airline ; furthermore , BA was to pay the legal fees of up to £ 3 million . Branson divided the compensation among his staff , the so @-@ called " BA bonus . " British Airways and Virgin Atlantic continued to be noticeably bitter and active rivals for many years afterwards .

= = 1990s : Changes , subsidiaries and growth = =

During the 1990s , British Airways became the world 's most profitable airline under the slogan " The World 's Favourite Airline " . In 1992 , it bought the small German domestic airline Delta Air Transport and renamed it Deutsche BA . By the time it was sold in June 2003 , Deutsche BA was operating 16 Boeing 737s and had 800 staff . British Airways also entered the French market in 1994 by purchasing a 49 @.@ 9 % stake in TAT European Airlines , and 70 % of Air Liberté in 1997 , seeking to challenge the dominance of Air France .

1993 was a highly significant year of expansion and change for British Airways , as it purchased a 25 % stake in Australian airline Qantas , a 24 % stake in American airline USAir , and wholly

acquired Brymon Airways to form BA Connect . BA had planned to acquire as much as a 44 % share in USAir , but backed down following a lack of approval from the US government ; developing a significantly larger presence in the North American market remained a major priority of British Airways throughout the 1990s . Another crucial event in 1993 occurred as BA formed British Asia Airways , a subsidiary based in the Republic of China (Taiwan) , to operate between London and Taipei . Owing to political sensitivities , British Asia Airways had not only a different name but also a different livery , the Union Flag tailfin being replaced by the Chinese characters 英航 (English Asia) .

Perhaps the most symbolic change to British Airways in the turbulent year of 1993 came when Lord King stepped down as chairman of the company and was replaced by former deputy Colin Marshall . Bob Ayling , who later took on the role of CEO , was appointed Managing Director by Marshall . Lord King was appointed as President of British Airways , a role created specifically for him and which he retained until his death in July 2005 . In 1995 , British Airways began planning for its future corporate headquarters at Harmondsworth Moor , to supplant its then @-@ headquarters at Speedbird House at Heathrow Airport .

British Airways also used some of its prosperity to upgrade and replace much of its fleet . Aircraft acquisitions included the Boeing 747 @-@ 400 and the Boeing 777 , aimed to phase out the remaining Lockheed L @-@ 1011 TriStars and McDonnell Douglas DC @-@ 10s . Six of the disposed TriStars ended up seeing service as aerial refuelling tankers in the Royal Air Force . Another acquisition was BA 's first purchase from Airbus of A320 aircraft .

In 1995 British Airways signed a franchise agreement with GB Airways , the airline at the time had been operating flights to holiday destinations for a number of years from Gatwick . The agreement was set to last until 2010 and the airline would operate all aircraft under the British Airways brand . By the time that GB Airways was sold to Easyjet in 2007 GB Airways had grown to operations out of Gatwick , London Heathrow , Manchester , Bristol and East Midlands Airport , the deal was worth £ 103 @. @ 5 million . The franchise agreement ended on the 29th of March 2008 .

A new source of competition emerged during the 1990s in the form of the budget airline ; new companies such as Ryanair and EasyJet emerged , rising to prominence using a no @-@ frills and low @-@ price approach to gain marketshare from the traditional carriers . In the wake of deregulation , these airline companies would prove to be an increasing source of competition domestically to British Airways . A small handful of short routes also came under pressure from modern high @-@ speed rail systems , such as the Eurostar service between London , Paris , and Brussels .

= = 1996 : Bob Ayling era = =

In 1996 , British Airways , with its newly appointed CEO Bob Ayling , entered a period of financial turbulence due to increased competition , high oil prices , and a strong pound . The airline 's management clashed with trade unions over planned changes , Ayling taking a hardline stance ; the resulting disruption from the confrontations cost the company hundreds of millions of pounds . With several strikes and BA 's restructuring plans stalling , investors became frustrated . Over time , the company was seen as being less active and successful than its peak in 1993 , causing its share value to suffer .

In 1996 , relations between British Airways and USAir , in which BA held a stake then valued at \$ 500 million , soured , despite Ayling 's preference to " ... remain a major investor in USAir " , and BA later sold its share in the company . Ayling had also pursued partnership and antitrust immunity with American Airlines , however this was unsuccessful due to the conditions placed on the deal by regulatory authorities , the most painful of which would have been the sacrifice of landing slots at Heathrow , and in part caused the breakdown of the partnership with USAir as well .

In 1997 , Ayling dropped BA 's traditional Union Flag tailfin livery in favour of world design tailfins , in an effort to change the airline 's image to be more cosmopolitan ; several members of the senior management had expressed negative opinions of nationalism within the company . This move quickly came under fire by the media for making hundreds of employees redundant while squandering money on expensive rebranding . Several influential figures , such as former Prime

Minister Margaret Thatcher , spoke out against abandoning the Union Flag scheme and BA turning its back on the nation . British Airways ' long @-@ time rival , Virgin Atlantic , took advantage of BA 's public relations blunder and adopted the British flag along with the slogan " Britain 's national flagcarrier " , recognising the value and prestige of bearing the flag . Ayling eventually declaring the fleet would sport a dual livery ; half Union Flag , half the world design tailfins . On 6 June 1999 , he announced that all newly delivered and overhauled BA planes would bear the Union Flag , based on a design first used on Concorde ; the cosmopolitan scheme was abandoned .

Benefits during Ayling 's leadership included cost savings of £ 750 million and the establishment of the successful , but highly subsidised , Go in 1998 . Go was a low @-@ cost carrier intended to compete in the rapidly emerging " no @-@ frills " segment . After four years of successful operations British Airways searched for a buyer for Go , eventually the airline was sold off to venture capitalists 3i and later merged with EasyJet . Ayling also sought a reduction of capacity , cancelling Boeing 747 @-@ 400 orders in favour of the Boeing 777 @-@ 200ER and rationalising BA 's short @-@ haul fleet with new Airbus A320 aircraft . However , BA began discussions with Airbus for the eventual procurement of the Airbus A380 , a very large passenger jet . In September 1998 , British Airways became a founding member of the Oneworld global airline alliance , along with American Airlines , Canadian Airlines , Cathay Pacific , and Qantas . As part of the marketing alliance , member airlines combined frequent @-@ flyer program benefits and streamlined inter @-@ airline connections . Waterside , the current British Airways head office , officially opened in 1998 .

In late 1999 British Airways agreed to another franchise agreement with the small Dutch regional airline Base Regional Airlines . The airline operated out of Eindhoven Airport to six destinations across Europe including Hamburg , Zurich and London Heathrow . The franchise agreement was the third to be made with an international airline since Comair Limited and Sun Air of Scandinavia .

= = 2000 : Rod Eddington era = =

In 1999 , British Airways reported a 50 % drop in profits , its worst since privatisation . This was compounded by the majority of BA subsidiary companies running at heavy losses as well ; the company reacted by selling several . In March 2000 , Bob Ayling was removed from his position and , in May , British Airways announced Rod Eddington as his successor . Eddington set about the termination of several investment programs , such as in Olympic Airways , and cutting the workforce , the process being taken still further in response to the slump caused by the 9 / 11 attacks in 2001 . BA 's share price dropped from 760p in May 1997 to only 150p in September 2001 , showing how heavily the company had been hit .

With the crash of Air France Flight 4590 in 2000 , 9 / 11 , and escalating maintenance costs , the future of Concorde was limited , despite expensive safety modifications made after the Air France accident . It was announced on 10 April 2003 that in October that year BA would cease scheduled services with Concorde , due to depressed passenger numbers . The last commercial Concorde flight from New York to London was on 24 October 2003 . The airline retained ownership of eight Concorde , which were placed on long @-@ term loan to museums in the UK , U.S. and Barbados .

During Eddington 's leadership , there were several other fleet changes . A publicly well @-@ received decision of Eddington 's was to completely end the use of ethnic liveries on aircraft , announcing in May 2001 that all of BA 's fleet would be repainted in a variant of the Union Flag design used on Concorde . Boeing 747 @-@ 200 and several Boeing 767 aircraft were retired in an effort to cut costs , and interest was expressed in the upcoming Boeing 7E7 and the since @-@ cancelled Boeing Sonic Cruiser . In late 2001 the franchise agreement with Base Regional Airlines was ended after just over 2 years of operations , the airline had filed for bankruptcy and ceased operations .

From 2002 , BA strongly marketed the full @-@ service nature of its remaining domestic flights by the use of principal airports , and provision of complimentary food and drink . This came as a response to low @-@ cost operators ' aggressive pricing , even though its main full @-@ service UK rival bmi later also abandoned some " frills " on its domestic network . In June 2003 , the

German subsidiary , Deutsche BA , was sold to investment group Intro Verwaltungsgesellschaft . On 8 September 2004 , British Airways announced that it was to sell its 18 % stake in Qantas , but would continue the alliance (such as sharing revenue) , particularly on the Kangaroo Routes . The £ 425 million raised was used to reduce the airline 's debt .

Lord Marshall , who had been appointed a life peer in 1998 , retired as Chairman in July 2004 and was replaced by Martin Broughton , former Chairman of British American Tobacco . On 8 March 2005 , Broughton announced that former Aer Lingus CEO Willie Walsh would take over from Rod Eddington upon his retirement in September 2005 . Walsh pledged to retain the full hub-and-spoke service model on its much reduced UK network as a means of distinguishing BA from the competition , and that customers were willing to pay extra for higher service levels .

= = 2005 : Willie Walsh era = =

In September 2005 , new CEO Willie Walsh announced dramatic changes to the management of British Airways , with the aim of saving £ 300 million by 2008 , the cost of the airline 's move to its new hub at Heathrow 's Terminal 5 . Walsh presided over the sale of BA Connect to Flybe , stating " Despite the best efforts of the entire team at BA Connect , we do not see any prospect of profitability in its current form . " BA retained a 15 % stake in Flybe following the sale .

In June 2006 , the Office of Fair Trading (OFT) and the United States Department of Justice (DOJ) began investigating allegations that BA was price fixing fuel surcharges on long haul flights . The allegations first came to light when Virgin Atlantic reported the events to the authorities after it found staff members from BA and Virgin Atlantic were colluding . Virgin Atlantic was later granted immunity by both the OFT and DOJ . The price fixing probe led to the resignation of commercial director Martin George and communications chief Iain Burns .

On 1 August 2007 , British Airways was fined £ 121 million for price fixing by the OFT , and the US DOJ subsequently announced that it would also fine British Airways US \$ 300 million (£ 148 million) for price fixing . Although BA said fuel surcharges were " a legitimate way of recovering costs " , in May 2007 it had put aside £ 350 million for legal fees and fines . In July 2009 Steve Ridgway , the CEO of Virgin Atlantic , admitted he knew about the illegal price fixing at his airline and did nothing to stop it .

In January 2008 , BA unveiled its new subsidiary OpenSkies which took advantage of the liberalisation of transatlantic traffic rights , flying non stop between major European cities and the United States . Operations between Paris and New York began with a single Boeing 757 in June 2008 . On 2 July 2008 British Airways announced that it had agreed to buy French airline L 'Avion for £ 54 million . L 'Avion was fully integrated with OpenSkies in 2009 .

On 14 March 2008 Heathrow Terminal 5 , built exclusively for the use of British Airways at a cost of £ 4 billion , was officially opened by Queen Elizabeth II . Upon opening to passengers on 27 March 2008 serious problems immediately arose , many from staff confusion . The baggage handling system failed completely , resulting in seven flights departing with no baggage loaded . In the first five days , a backlog of 28 ,000 bags built up and over 300 flights were cancelled . Walsh commented that it " was not our finest hour ... the buck stops with me " . Two directors left BA in April 2008 over the troubled transition to Terminal 5 . Walsh also declined his annual bonus over Terminal 5 , despite record profits overall . By October 2008 Terminal 5 operations has settled and further long haul flights were transferred over .

= = 2009 : Financial difficulties , disruptions and merger = =

On 30 July 2008 , British Airways and Iberia Airlines announced a merger plan that would result in the two airlines joining forces in an all stock transaction . The two airlines would retain their separate brands similar to KLM and Air France in their merger agreement . In the beginning of August 2008 , American Airlines announced an alliance with BA and Iberia , allowing the two carriers to fix fares , routes , and schedules together . In addition to merger talks with Iberia , it was announced on 2 December 2008 that British Airways was discussing a merger with Qantas . If

British Airways , Iberia and Qantas were to combine as one company it would be the largest airline in the world . However , on 18 December 2008 , the talks with Qantas ended due to issues over ownership . In November 2010 , BA was fined ? 104 million by the European Commission following an investigation into price @-@ fixing .

In June 2009 , British Airways contacted some 30 @,@ 000 employees in the United Kingdom , including Walsh , asking them to work without pay over a period of between one week and one month to save money . On 6 November 2009 the worst ever half @-@ year loss in British Airways ' history was reported to the public . A High Court decision sided with BA against union opposition to restructuring plans , including a reduction in cabin crew in November 2009 . On 14 December 2009 cabin crew at British Airways voted in favour of strike action over the Christmas period over job cuts and contract changes . On 17 December the ballot was ruled invalid by the High Court due to voting irregularities , thus the strike did not take place . On 6 March 2010 Unite announced further strike action . More than 80 planes were grounded at Heathrow Airport on the first day ; however , British Airways officials stated that 65 % of flights were undisturbed .

On 8 April 2010 , it was confirmed British Airways and Iberia Airlines had agreed to merge , making the combined commercial airline the third largest in the world by revenue . The newly merged company is known as International Airlines Group , both airlines continue to operate under their current brands . The merger is believed to be worth approximately £ 5 billion , the new group has over 400 aircraft and flies to over 200 destinations across the world . As part of the deal , British Airways shareholders took a 55 % stake in the company , headquartered in London , with the remainder owned by Iberia . Industry analysts have speculated that the merger makes a three @-@ way tie @-@ in with American Airlines more likely .

Across April and May 2010 , much of Western and Northern Europe had their airspace closed due to huge density ash clouds from the erupting Eyjafjallajökull volcano in Iceland . It was feared that aircraft could be damaged or could even crash due to engine ingestion of volcanic ash , as had famously troubled British Airways Flight 9 in 1982 . This affected all airlines operating within British airspace , leading to strong objections from companies such as Ryanair . Flights progressively restarted as the ash levels declined .

On 4 October 2010 , to celebrate the Boeing 757 fleet 's retirement after 27 years , British Airways unveiled one of the 757s (G @-@ CPET) in a " retro " Negus & Negus livery . This aircraft conducted its last passenger flight on 6 November 2010 , the proceeds of which went to the charity Flying Start the charity partnership between British Airways and Comic Relief .