

RELEVANT FACT

IAG AND QANTAS TO TERMINATE JOINT BUSINESS

International Airlines Group's wholly owned subsidiary British Airways and Qantas have agreed to terminate their joint business from March 31, 2013. This follows Qantas' announcement that it is entering a new global partnership with Emirates.

The joint business was established in 1995 to enable close commercial cooperation on British Airways and Qantas' services between the UK and Australia. The airlines will continue to work together as part of the **oneworld** alliance and through bilateral codeshares.

IAG chief executive Willie Walsh said: "We're ending the joint business on amicable terms and support Qantas' decision to work with Emirates. The world has changed since 1995 when the joint business started. This is a small part of our overall network and this move fits in with changes in our global strategy. Asia has become a key market focus for IAG and we're talking to a number of airlines about alternative options for us.

"Qantas has made it clear that its international performance has been weak and the termination of the joint business won't have any negative impact on IAG's financial targets. The good relationship that we have with Qantas CEO Alan Joyce and his team will continue through our joint membership of **oneworld**".

Qantas chief executive Alan Joyce said: "Over the past 17 years the joint business with British Airways has been central to the Qantas network.

"However, global operating conditions have changed and partnership with Emirates is the right strategy for Qantas.

"I'd like to thank IAG CEO Willie Walsh and British Airways CEO Keith Williams for their support of the joint business and I look forward to a continued strong relationship in future."

British Airways will contact any customers due to travel after March 31, 2013, whose bookings may be affected by changes to the joint business, to discuss alternative travel options.

6 September 2012

Enrique Dupuy de Lome
Chief Financial Officer

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Forward-looking statements include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of the Company's Business Plan, expected future revenues, financing plans and expected expenditures and divestments. All forward-looking statements in this report are based upon information known to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. It is not reasonably possible to itemise all of the many factors and specific events that could cause the Company's forward-looking statements to be incorrect or that could otherwise have a material adverse effect on the future operations or results of an airline operating in the global economy. Further information on the primary risks of the business and the risk management process of the group is given in the Annual Report and Accounts 2011; this document is available on www.iagshares.com.