

## **RELEVANT FACT**

### **BRITISH AIRWAYS TO LAUNCH NEW UK PENSION SCHEME AND CLOSE ITS MAIN DEFINED BENEFIT SCHEME TO FUTURE ACCRUAL**

International Airlines Group's subsidiary British Airways has decided, following consultation with its trade unions and employees, to launch a flexible benefits scheme incorporating a new defined contribution pension scheme.

The scheme will open on April 1, 2018 replacing the main UK defined benefit scheme, the New Airways Pension Scheme (NAPS), and the main UK defined contribution scheme, the British Airways Retirement Plan (BARP).

The changes are subject to NAPS trustees agreeing to amend the scheme's rules to enable closure to future accrual.

The new scheme will offer market-competitive arrangements with a choice of contribution rates and the ability to opt for cash instead of a pension. Active NAPS members will also be offered a choice of transition arrangements including a cash lump sum, additional company pension contributions or additional pension benefits in NAPS prior to its closure.

The overall financial impact on British Airways will depend, in part, on the transition arrangements members select.

*December 8, 2017*

*Enrique Dupuy de Lôme  
Chief Financial Officer*

## NOTES TO EDITORS

NAPS opened on April 01, 1984 and closed to new joiners on March 31, 2003. It represents around 47 per cent of BA's active employees currently with 52 per cent in BARP.

These changes are aimed at addressing the rising cost of future pension provision and the volatility in the NAPS scheme which had a deficit of £2.8 billion at its last valuation, as at March 2015.

The next valuation will be as at March 31, 2018, but will now reflect the closure of the scheme to future accrual.

The NAPS pension liabilities will be reduced by the closure of the scheme to future accrual. The valuation of pension liabilities currently assumes growth in the pensionable salaries of active members up until retirement age. Following closure, members' deferred pensions will be increased annually by inflation (measured by CPI), which is generally lower. The value of the reduction will only be known once members have selected their transition options, as some of the options allow members to select additional pension benefits in NAPS prior to its closure, which will partly offset the reduction.

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*This announcement contains inside information and is disclosed in accordance with the company's obligations under the Market Abuse Regulation (EU) No 596/2014.*

### Forward-looking statements:

Certain statements included in this report are forward-looking and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such forward-looking statements.

Forward-looking statements can typically be identified by the use of forward-looking terminology, such as "expects", "may", "will", "could", "should", "intends", "plans", "predicts", "envisages" or "anticipates" and include, without limitation, any projections relating to results of operations and financial conditions of International Consolidated Airlines Group S.A. and its subsidiary undertakings from time to time (the 'Group'), as well as plans and objectives for future operations, expected future revenues, financing plans, expected expenditures and divestments relating to the Group and discussions of the Group's Business plan. All forward-looking statements in this report are based upon information known to the Group on the date of this report. The Group 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 forward-looking statements in this report 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 2016; these documents are available on [www.iagshares.com](http://www.iagshares.com).