

RELEVANT FACT

BRITISH AIRWAYS PENSION SCHEMES' TRIENNIAL VALUATION

International Airlines Group's subsidiary British Airways has reached agreement in principle with the trustees of its two main pension schemes on the schemes' regular triennial valuations.

The agreement confirms that the existing contribution plans for the Airways Pension Scheme (APS) and New Airways Pension Scheme (NAPS) remain on track to repay the pension liabilities. The valuations are based on the schemes' funding position as at March 31, 2012.

The main terms of the agreement are:

- A combined technical deficit of £3.3 billion (compared to £3.2 billion at March 31, 2010, which was the basis for the last deficit recovery plan)
- No change to the existing contribution arrangements which were agreed in 2010
- The ability for British Airways to move to normal dividend payments over time.
- British Airways will continue to make additional deficit contributions if its cash balance at March 31 in any year exceeds £2 billion (2010 threshold: £1.8 billion).

The slight increase in deficits between March 2012 and March 2010 is due to a reduction in the interest rates used to discount the schemes' liabilities, partly offset by other changes including lower pension increases.

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Enrique Dupuy de Lome
Chief Financial Officer

NOTES TO EDITORS

The combined technical deficit is split between a £680 million deficit for APS (£550 million deficit at March 31, 2010) and a £2.66 billion deficit for NAPS (£2.7 billion deficit at March 31, 2010).

British Airways estimates that the rise in asset values and other movements between March 2012 and March 2013 would show an improvement of £0.8bn, reducing the deficit to £2.5bn. If the further reductions in interest rates between March 2012 and March 2013 were reflected the improvement reduces to £0.5bn with a deficit of £2.8 billion.

The deficit is highly sensitive to interest rates, which are an important factor in setting the discount rate used to value the schemes' liabilities, and are currently at historically low levels. The deficit reduces by around £350m for every 0.1 per cent increase in the discount rate.

Under the existing contribution plans, which were agreed in 2010, British Airways pays approximately £360 million per annum in contributions to APS and NAPS including deficit contributions of £242 million. The recovery plans end in 2023 for APS and 2026 for NAPS.

Any additional deficit contributions made if British Airways' cash balance at March 31 exceeds £2 billion would be 25 per cent of the cash balance above £2 billion and an equivalent amount would be available for British Airways to pay dividends to IAG as appropriate. If British Airways' cash balance is between £1.6 billion - £2 billion and it makes a dividend payment, then an equivalent amount will be made in additional pension deficit contributions.

Forward-looking statements:

Certain information included in these statements is forward-looking and involves risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements include, without limitation, projections relating to results of operations and financial conditions and International Consolidated Airlines Group S.A. (the 'Group') 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 2012; these documents are available on www.iagshares.com.