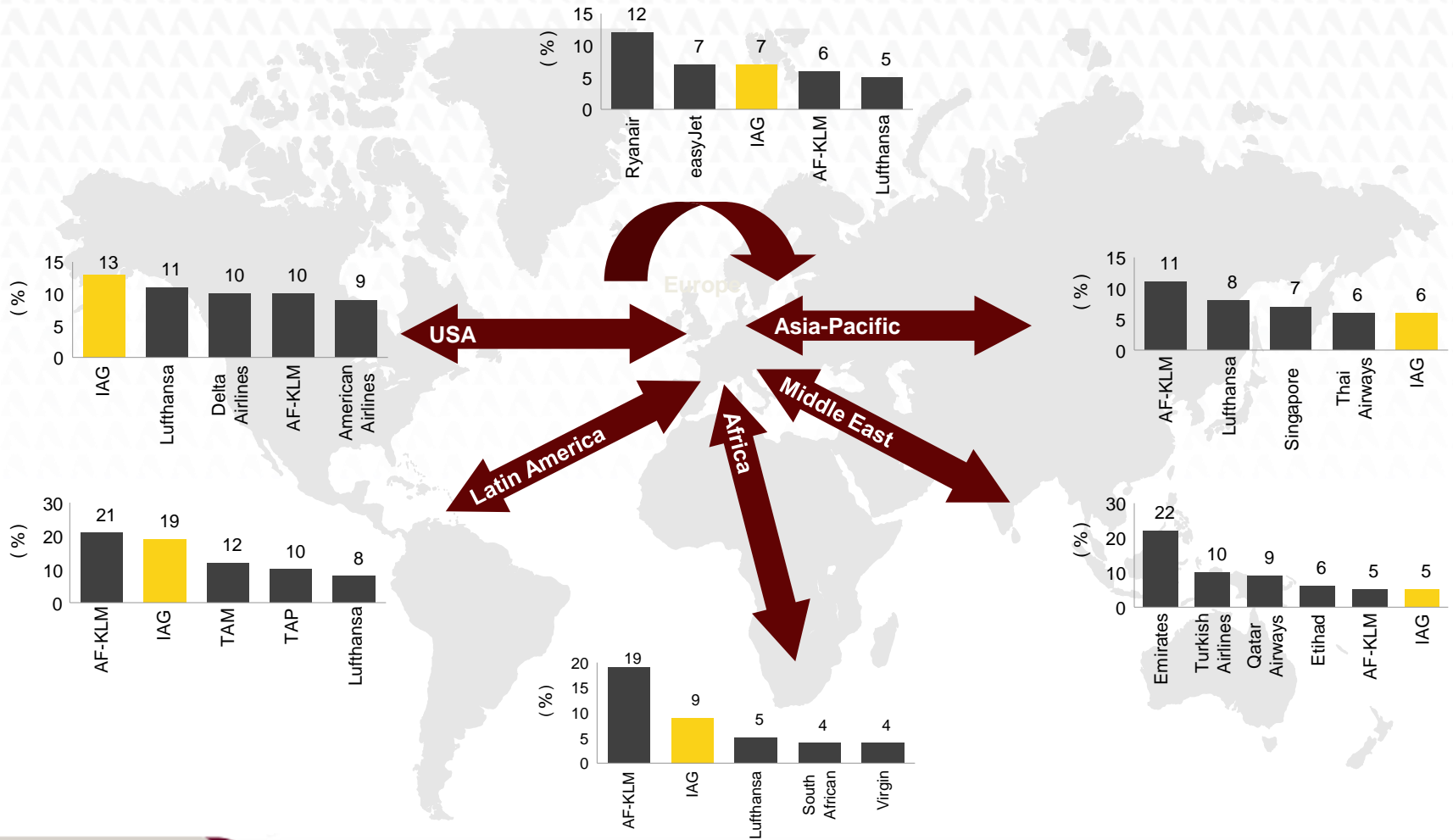


Introduction to IAG

6th May 2011

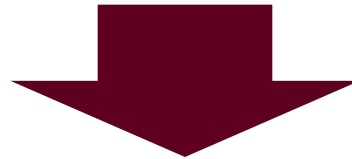
Rationale for BA / IB merger - recap

Share of capacity by region, % of total ASK between Europe and region



IAG's strategic objectives

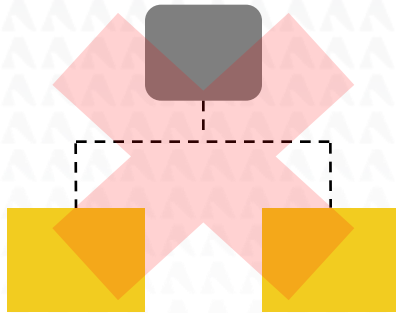
- Leadership **in our main hubs**
- Leadership **across the Atlantic**
- Strengthen Europe-Asia position in critical markets
- Grow share of Europe-Africa
- Support intra-Europe network
- Competitive cost positions across our business



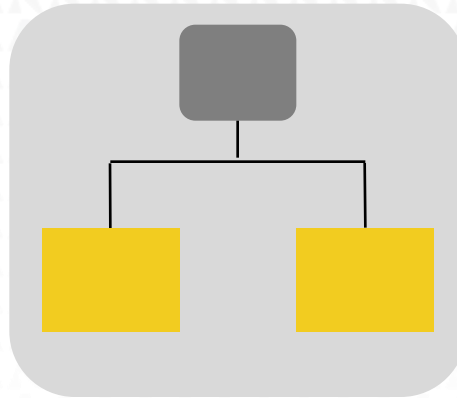
Through organic investment, OpCo action and more airlines joining IAG platform

What is IAG?

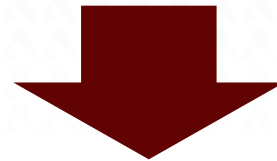
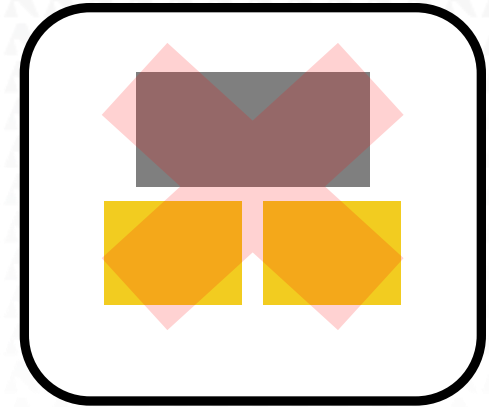
Holding company



Single Group, multiple OpCos

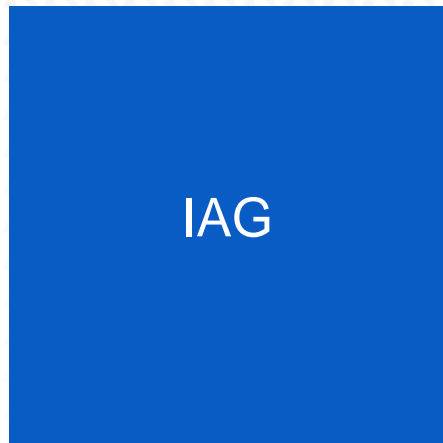


Single airline, multiple brand



- Efficiency gains from centralisation where practical
- Makes the most of each OpCo's commercial / operational expertise
- Scalable – structure designed to facilitate M&A, IAG Centre provides a pool of senior management with direct integration expertise

Division of responsibilities



Group management

Joint business plan delivery

Synergy delivery—Revenue with Strategy Director, Cost with Shared Services Director

Centralised corporate functions



Day-to-day responsibility

Accountability for implementation of Joint business plan and synergy plan

IAG executive management structure – the “MC”

CEO IB



CEO



CFO



CEO BA



Strategy



Chief of Staff



General
Counsel



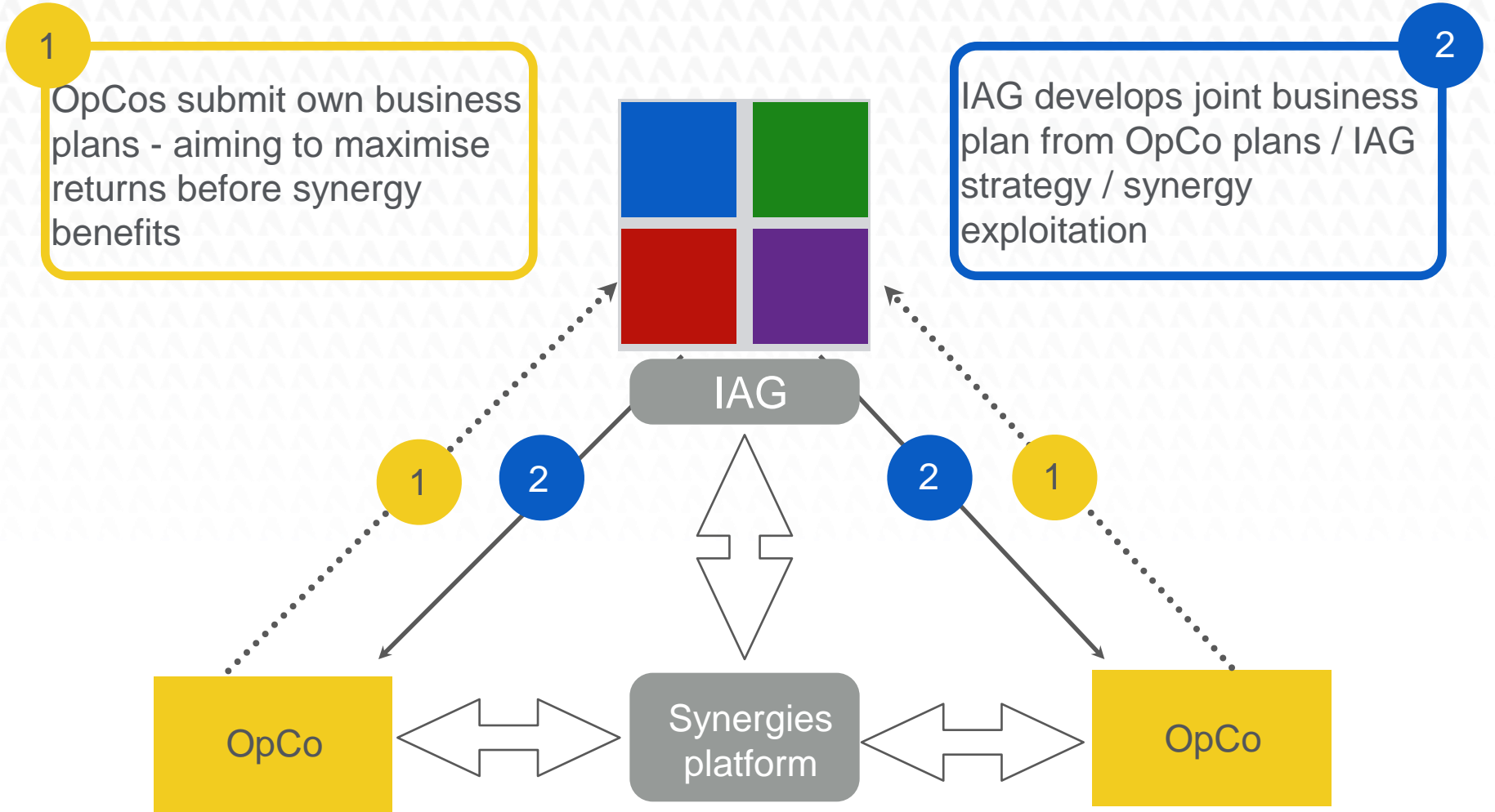
Global Services



IAG corporate structure



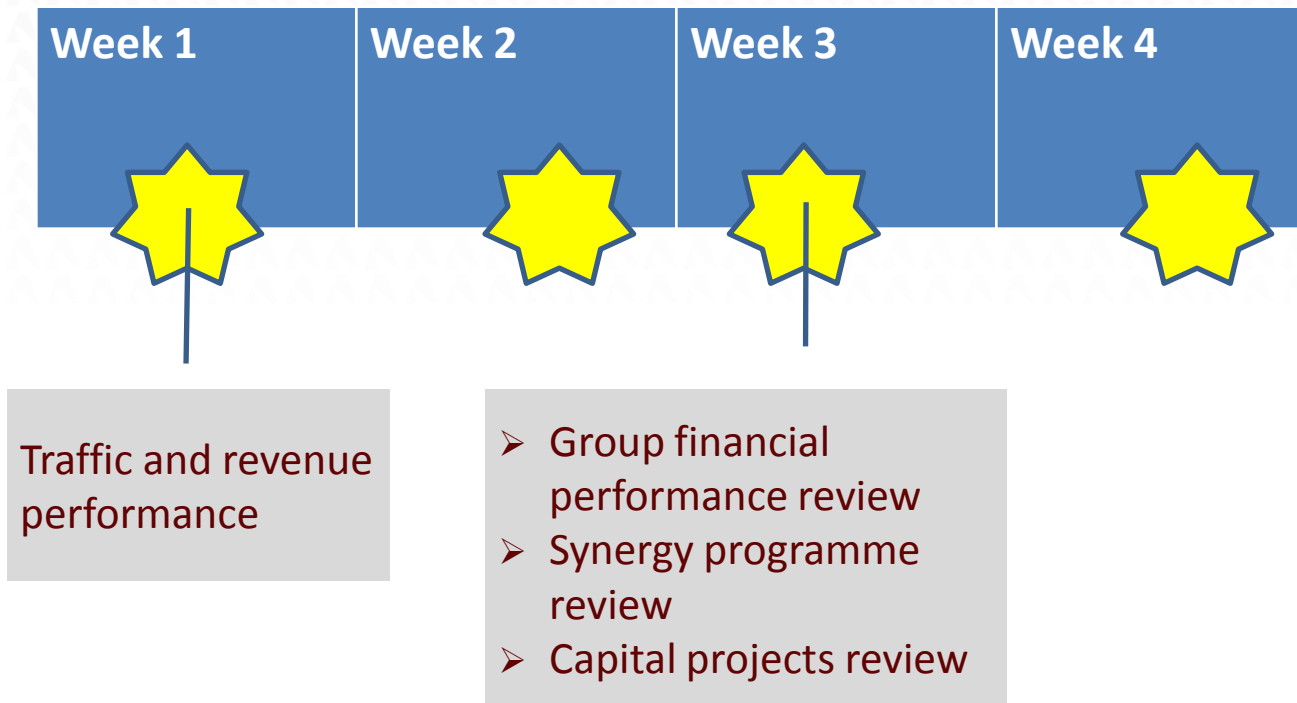
IAG business planning process



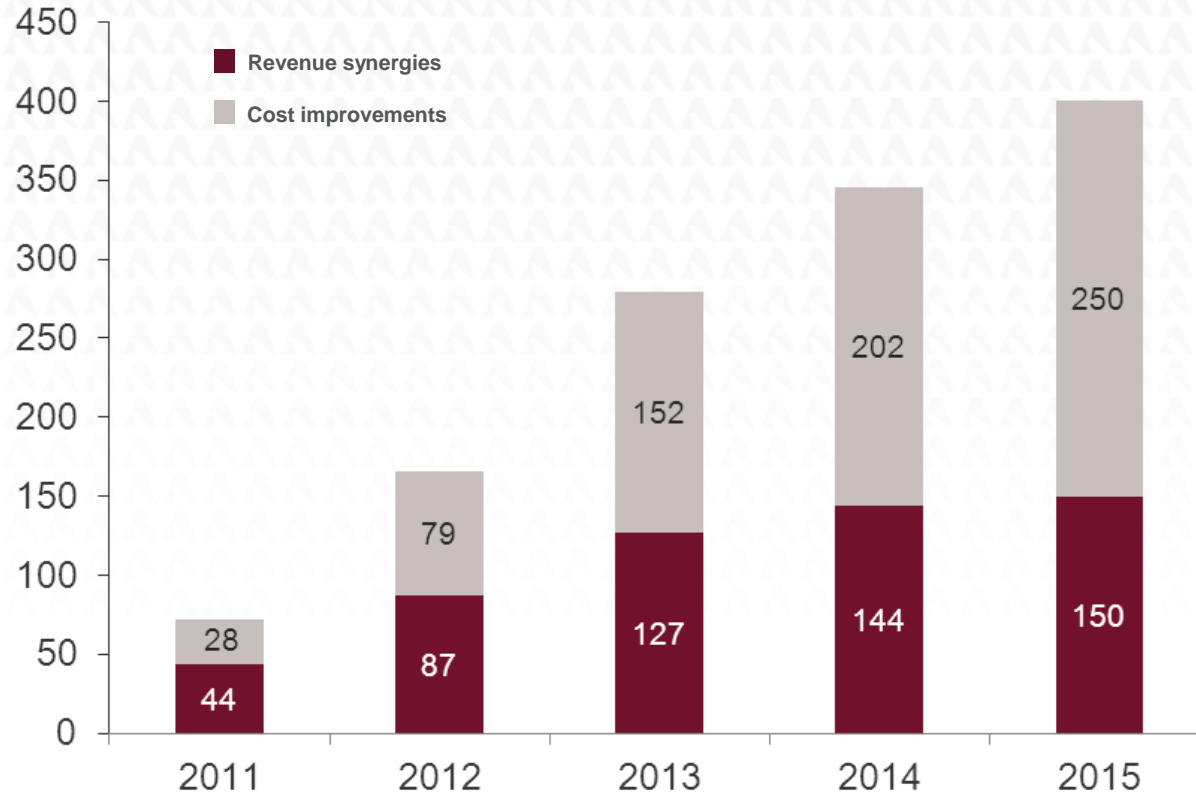
IAG OpCo strategy can be adjusted quickly if necessary

A typical month for the IAG Management Committee:

- Meetings once per week
- One full day on strategy
- 4 standing agenda items, usually week 1 and week 3
- Management info shared in real time throughout the Group



Synergy targets – a recap

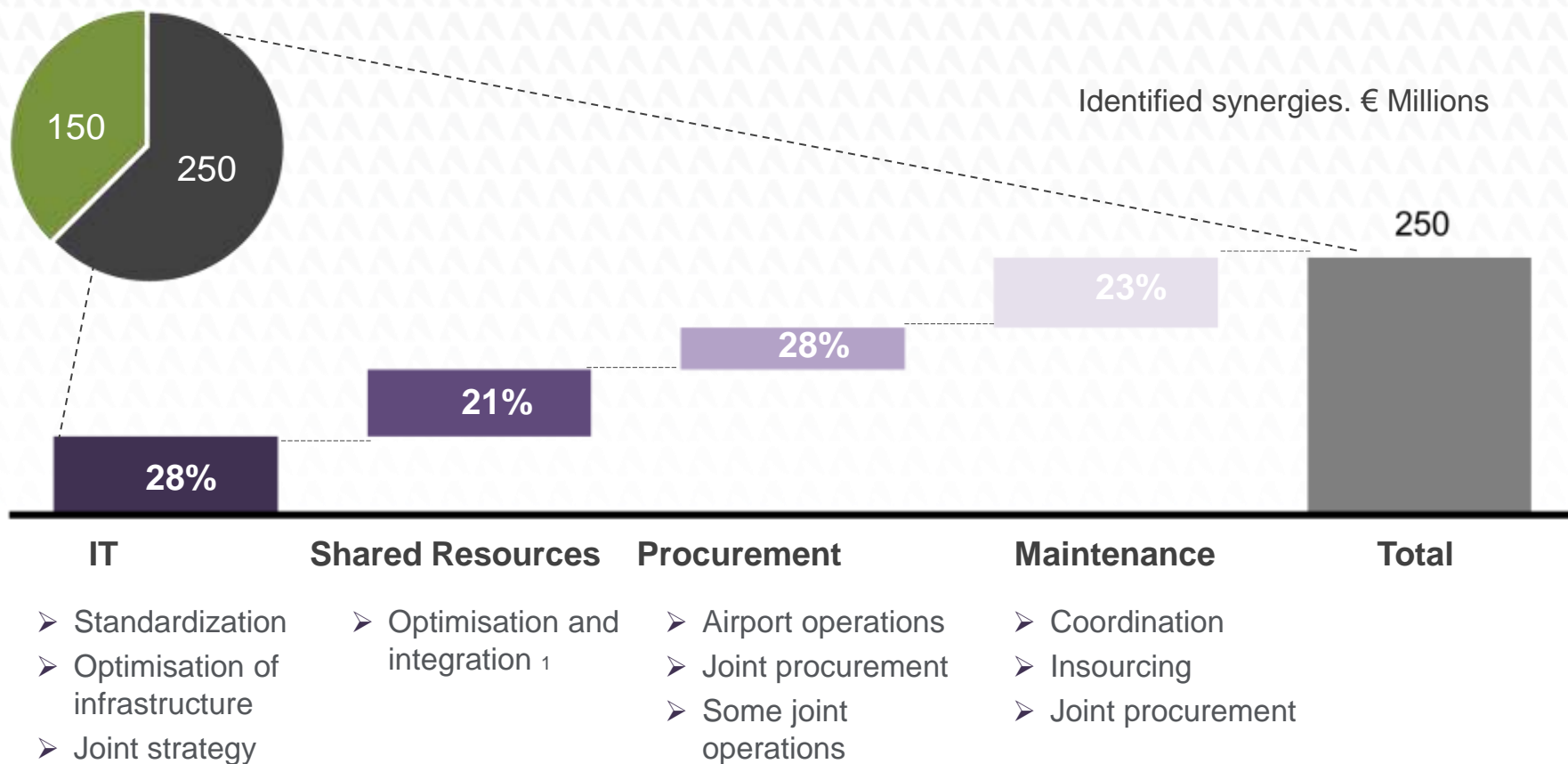


Implementation costs €m	2011	2012	2013	2014	2015
	65	59	37	72	36

Cost synergies - building a global services platform

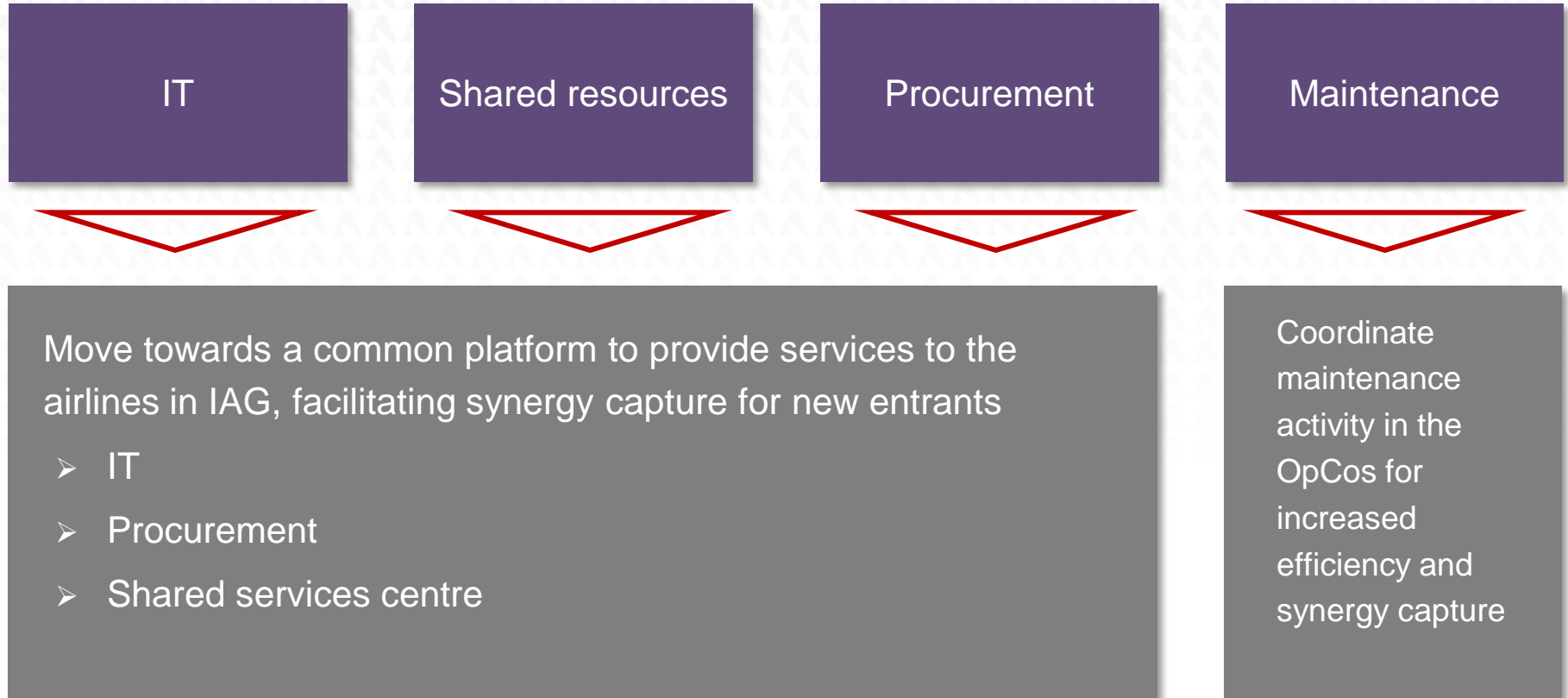
Ignacio de Torres

Cost synergies recap



¹ Corporate Centre & Back Office, Sales Forces & Call Centre, Airport Operations, Cargo cost synergies

Building a platform of services for the airlines in IAG



Maintenance

➤ Early successes:

- Insourcing
- Commercial co-operation
- Procurement / joint inventory

➤ Key next steps:

- Potential competitive insourcing of major engine maintenance contracts
- New and innovative ideas for line maintenance
- Further procurement / joint inventory gains
- Strategic decisions on IT systems / deeper co-ordination

Maintenance



www.apmexpo.com

IAG

Purchasing platform

➤ Early successes:

- Insurance / fuel – targets achieved and exceeded
- Hotels and crew transport, catering, on-board products, security and others: on track
- Airports – Orly and Los Angeles achieved, 16 other airports (including major hubs) on track

➤ Key next steps:

- Aligning BA / IB specifications
- Common strategy for GDS
- Design of future procurement model / single IAG function

Shared resources

➤ Early successes:

- Sales force integration already announced for UK, Spain, South Africa, Nigeria - more major markets to follow shortly; sales office co-location achieved in Paris, Moscow, Amsterdam, Zurich, Santiago and Brussels
- Airport co-location or single ops team in Brussels, Amsterdam, Frankfurt, Los Angeles, Orly – more locations to follow shortly
- Ongoing downsizing in BA / IB back office functions

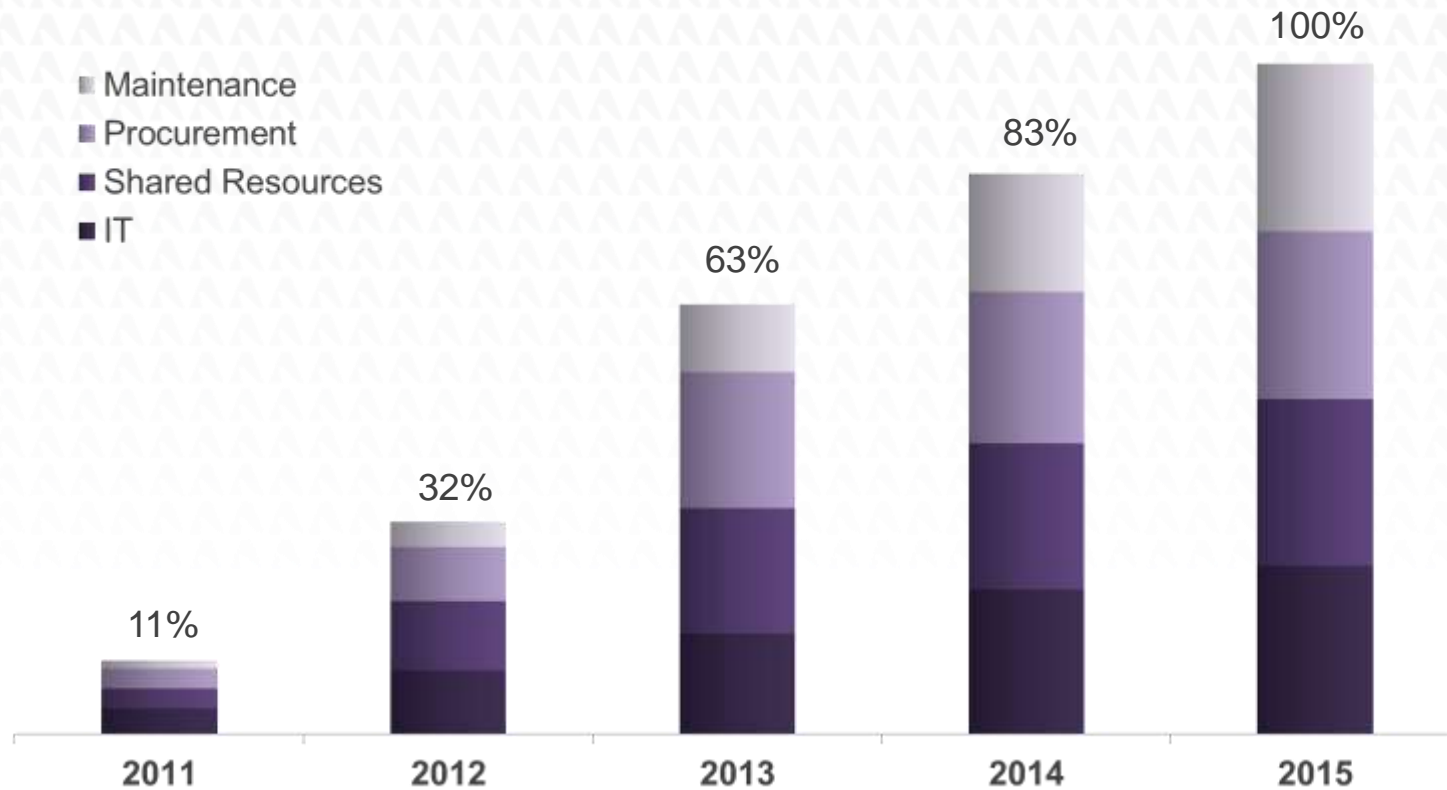
➤ Key next steps:

- Progressively working with more airports to develop integration plans
- Working with BA / IB on development of future Business Services Model / IAG platform

IT – building an IAG platform

- Central IAG function
- Key enabler for synergies / strategic developments in years 2-5 in all other areas
- Early focus on leveraging relationships with large telecoms providers
- Group CIO, Nigel Underwood, just recruited:
 - 10 years as global CIO with leading transport / leisure groups (Deutsche Post World Net, DHL Logistics, Exel, Hilton Inc)
 - Previous senior IT roles in leading FMCG companies (Coca-Cola & Schweppes Beverages, Mars Inc)
 - Expert in managing large international IT teams across different OpCos, business process optimisation, complex global M&A integration (integration of DHL/Exel and over 15 other international acquisitions - Fujitsu Logistics, Tibbett and Britten, Power Packaging et al)

Cost synergies phasing

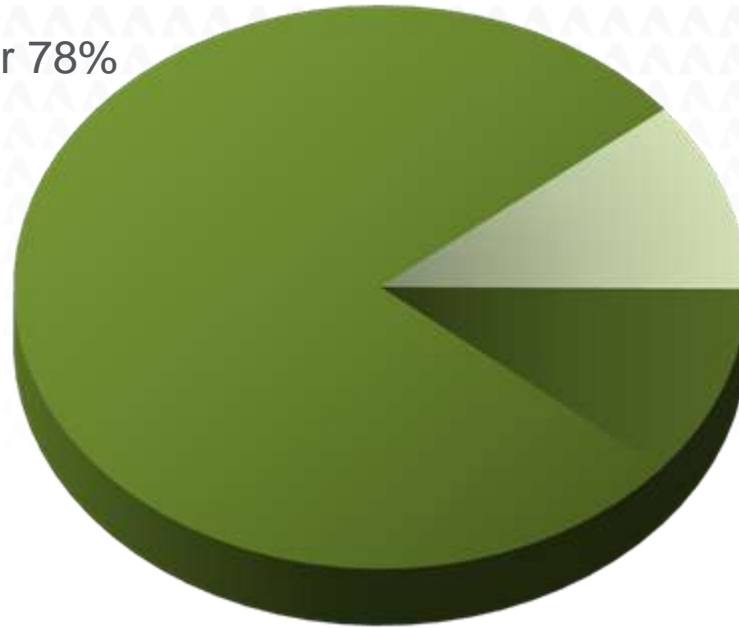


Revenue synergies

Robert Boyle

Revenue synergies – a recap

Passenger 78%



FFP 11%

Other 11%

Revenue synergies €150 million

Revenue synergies – achievements so far

- Prime combinability on overlap long haul routes launched and delivering results ahead of expectation
- New codeshares live on South Africa, Qatar, Abu Dhabi, Oman, Bahrain, Kuwait, Panama
- Cross-selling live (on-line channels)
- Approach for sales force integration in major markets finalised (see also Cost Synergies: Shared Resources)
- Revenue management best practice project under way

How “prime combinability” works

BRITISH AIRWAYS   Buy travel

> Home

1 Dates 2 Flights 3 Price 4 Passengers 5 Payment 6 Confirmation

✈ Flight: Departing Heathrow (London), 6 May 2011

Total price (GB Pounds, GBP, £) **£ 3,770.00**

> Got a promotion code?

Check your flight itinerary details

→ Outbound - Friday 6 May, 2011

✈	06:20 6 May	09:40 6 May	Heathrow (London)	Madrid	IB3169 Iberia	Business
	12:15 6 May	18:00 6 May	Madrid	Sao Paulo (Guarulhos)	IB6021 Iberia	Business

← Inbound - Saturday 21 May, 2011

✈	16:15 21 May	07:20 22 May	Sao Paulo (Guarulhos)	Heathrow (London)	BA0246 British Airways	Club World
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£ 3,770.00

Email price quote

> Currency calculator
> Change flights

Price breakdown

Passenger	Price	Taxes, fees, charges and surcharges per person	Inclusive total*
1 Adult	£ 3,275.00	£ 495.00 	£ 3,770.00

- We promise that if you find exactly the same BA flight cheaper on another UK website we'll refund the difference.
 - > BA Price Promise
- The price quoted excludes a surcharge of £4.50 per passenger that will be levied if you pay by credit card or with PayPal.

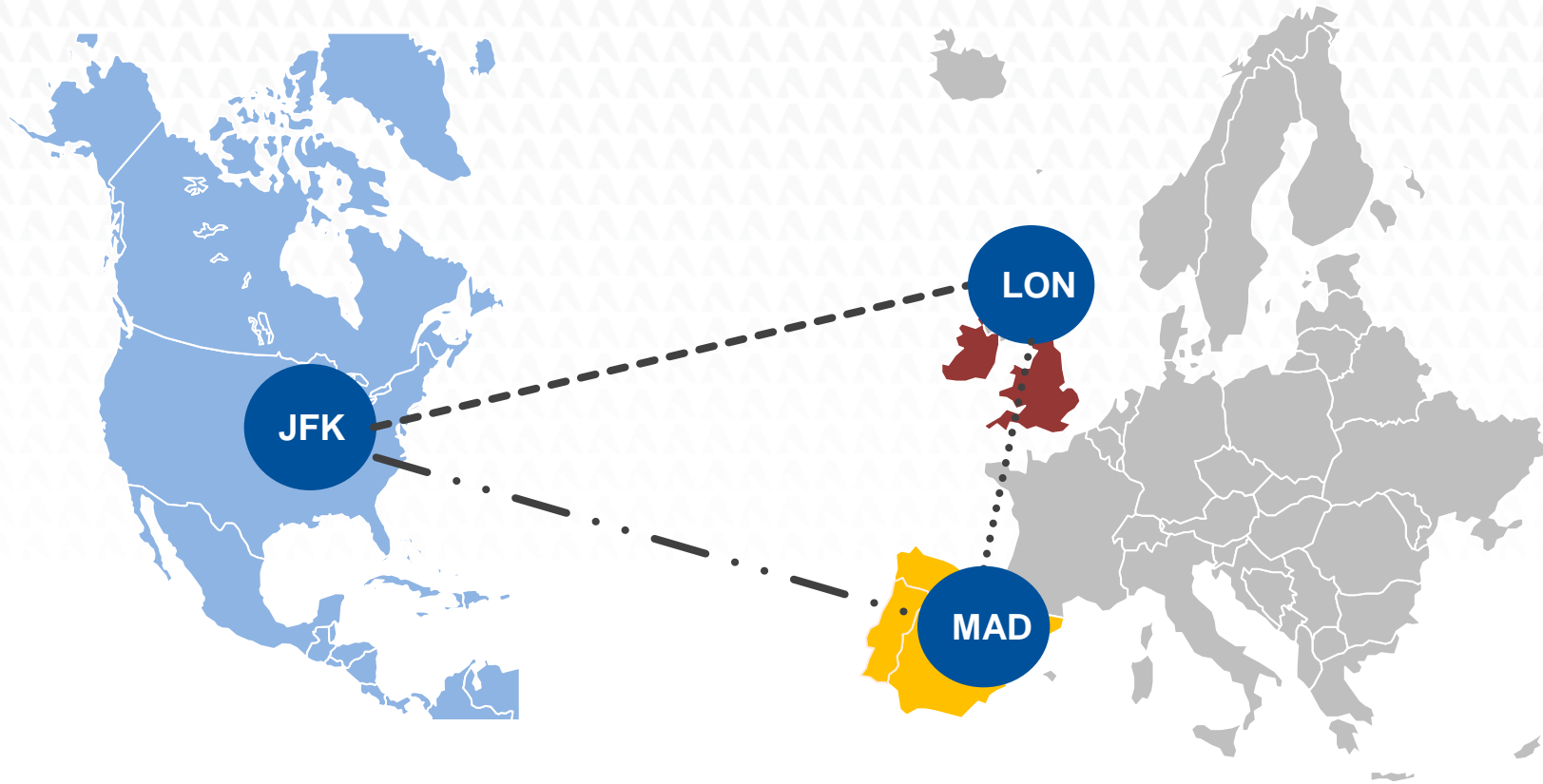
* The inclusive total of your ticket includes a security, insurance and fuel surcharge per flight levied by the carrier
> More details



Revenue synergies – next steps

- Big expansion of codeshares in Q2 / Q3, subject to regulatory approval
 - LatAm / Asia major markets
- Implement revenue management best practice
- Groundwork for further synergies in yrs 2-5, subject to IT development / Group strategic direction:
 - Global dealing / single systems platform / approach to GDS / more salesforce integration
 - Further network optimisation

Commercial and operational synergies at cornerstone hubs



Cornerstone hubs – London Heathrow



- Terminal 5c opening June 2011
- T5 co-location, improving connections and service
- T5 / T3 infrastructure (baggage tunnel / train) to improve connections with oneworld partners



Cornerstone hubs – Madrid Barajas



- Great infrastructure
- Further network possibilities
- New cargo terminal
- Rail terminal and link to high speed network



Cornerstone hubs – New York JFK T8 co-location opportunity



T8-AA

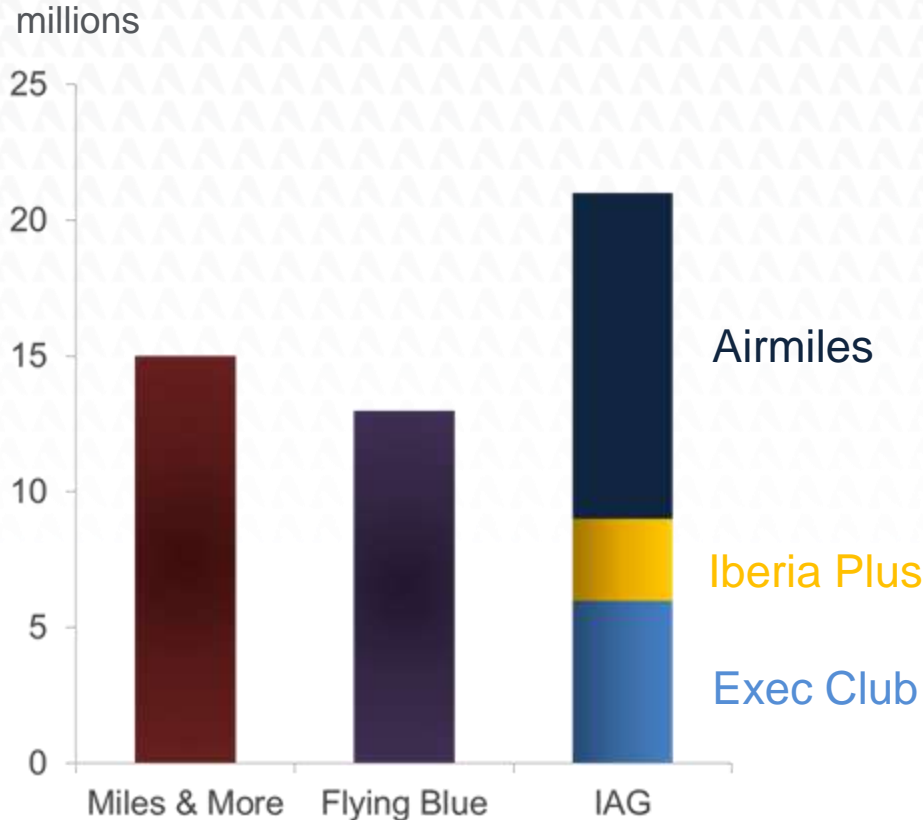
T7-BA (current)

- Potential to create a single oneworld terminal operation
- Seamless transfer proposition
- Adopt very best of T5 at JFK
- Leading edge lounge and premium services
- Operational and facility synergies
- Subject to negotiation and financial targets

IAG cargo

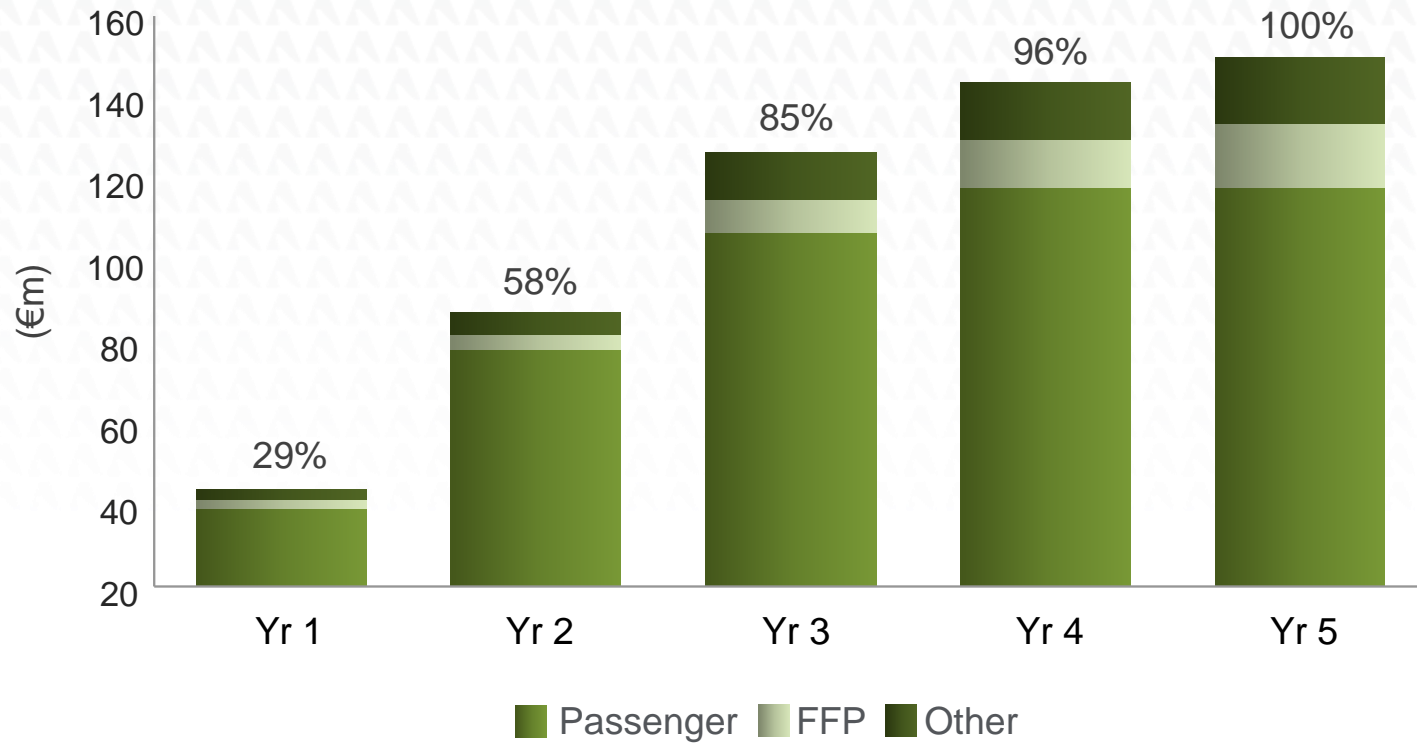


IAG frequent flyer programmes



- Executive Club and Iberia Plus brands will be retained
- Programmes will be harmonised
- Systems and processes will be integrated
- Single team charged with maximising the commercial potential
- Enhanced third party revenues
- European leader with combined membership of 21m

Revenue synergy phasing



Transatlantic JBA update

- Joint selling
- Policy alignment
- Schedule alignment
- Co-locations



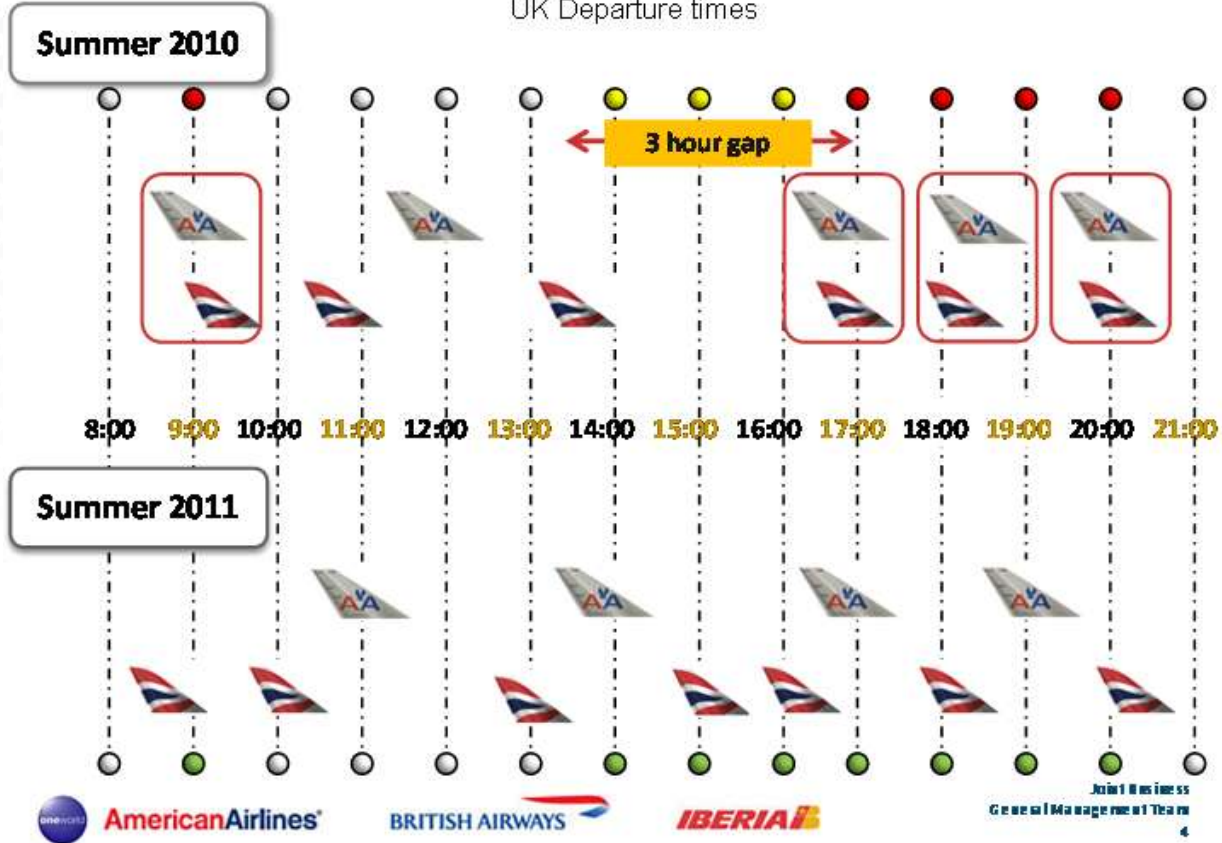
Joint lounge
Miami
Airport



JBA - further network integration

London Heathrow - New York "Shuttle"

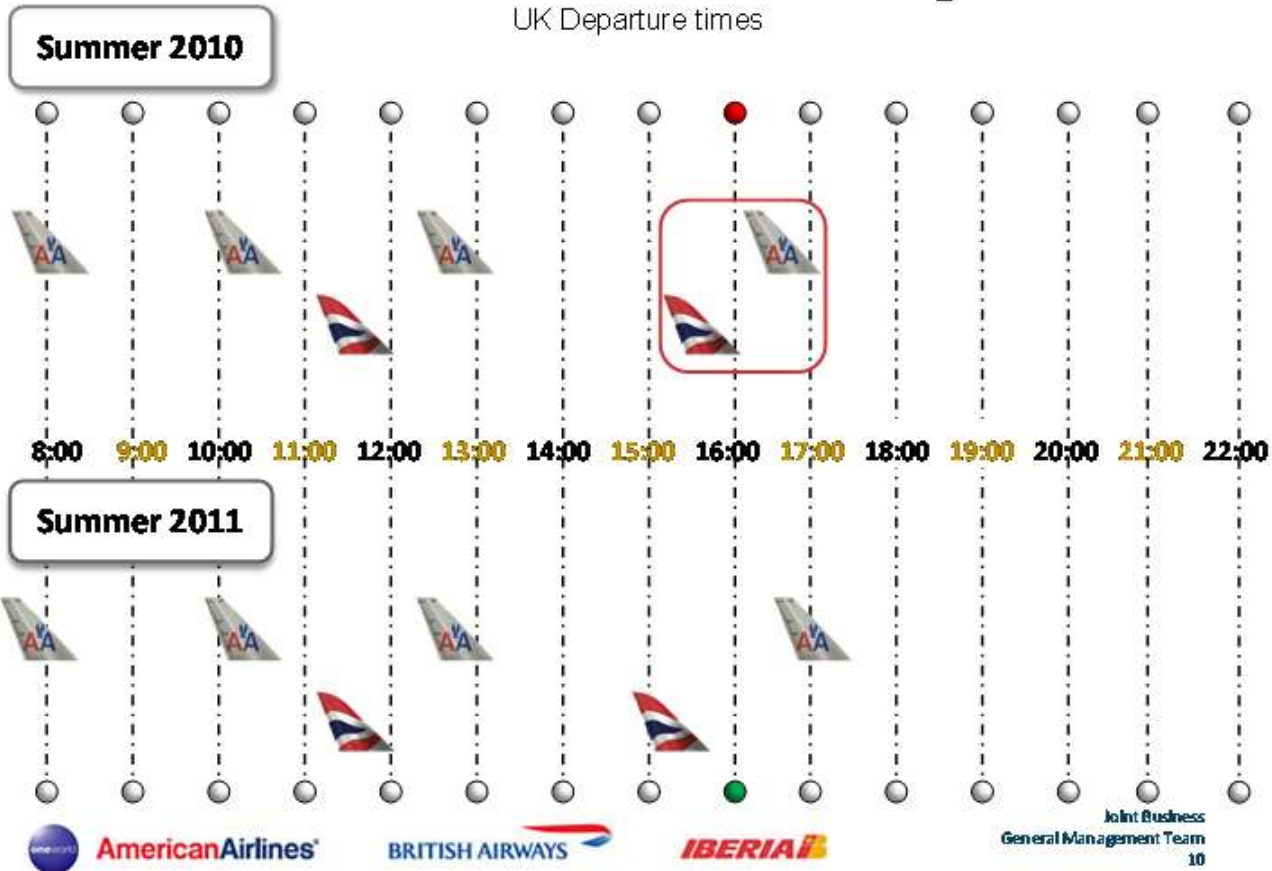
UK Departure times



JBA - further network integration

London Heathrow - Chicago

UK Departure times



IAG Finance

Enrique Dupuy

Finance overview

- Central financial control system
- Central capital allocation function
- Building a central treasury function
- Managing the Group business planning process
- Setting financial targets / capital structure

IAG – key finance value levers

- Scale and bargaining power – bringing greater revenue opportunities at reduced cost
 - *...in investing and financing*
- Risk diversification through combined basket of networks and brands
 - *...combined operating cash flow*
- Ability to grow through the addition of new focused and complementary airlines
 - *...improves both scale / bargaining power and risk diversification*

Fleet

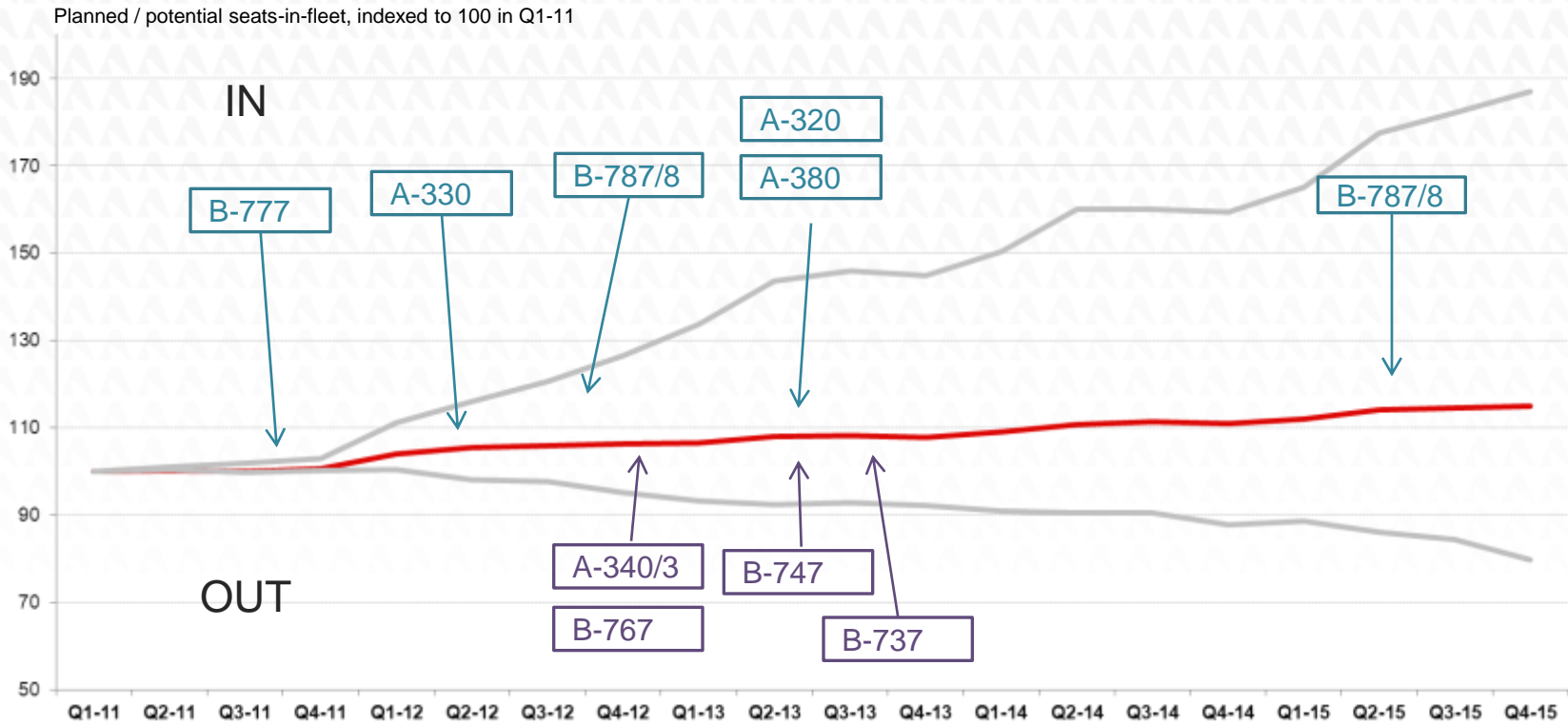
A330 order – result of detailed scenario planning involving both BA and IB current and future fleets



Portfolio diversity = stronger Group

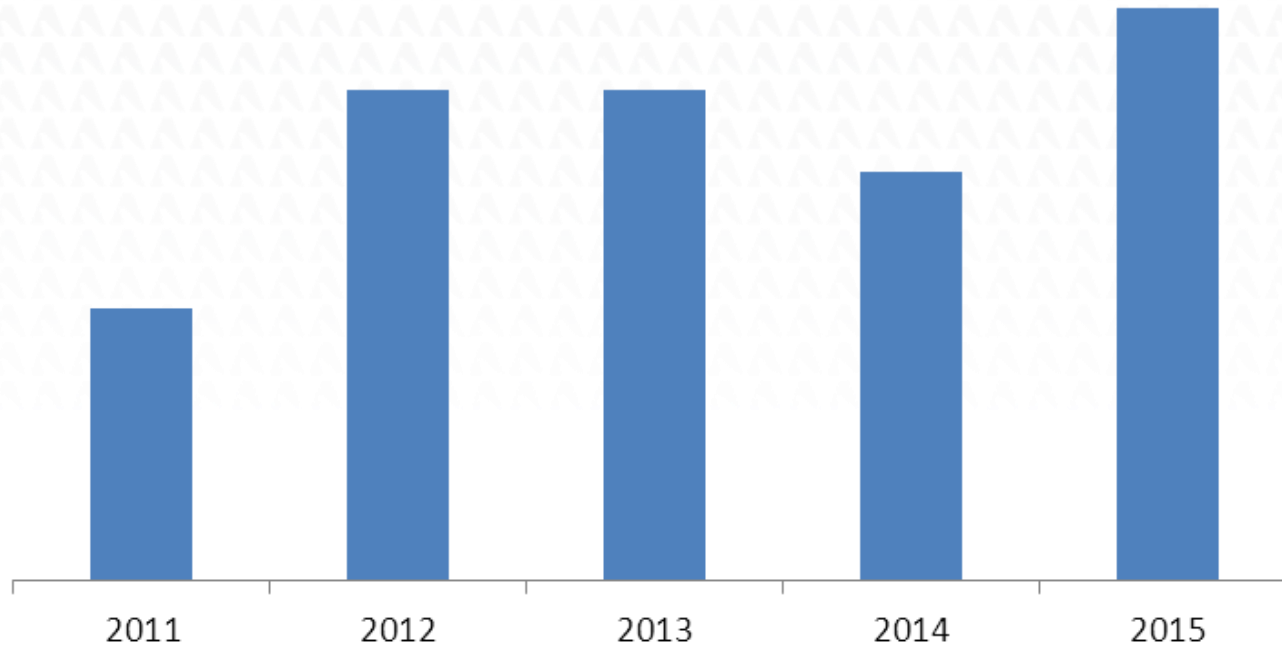


Joint fleet plan – growth with flexibility



Capex trend

Current plans mean higher level of capex for next four years as older aircraft are replaced by newer, more fuel-efficient ones



Approach to capital structure / financial targets

- We will fund fleet expenditure through a mixture of operating leases and regular aircraft financing
- Liquidity and overall gearing levels will be set with reference to an overall Group target for Return on Equity
- We intend to deliver profitable growth, cover our extensive fleet replacement programme, meet our pension obligations, and return cash regularly to shareholders

Current plans produce after-capex net cash generation in aggregate, next five years

SUMMARY

What we **have told you:**

- IAG structure is unique and working well – responding rapidly to challenges and creating big new strategic opportunities
- The synergy programme is well on track, performing in line with initial targets announced last year, and delivering early wins for customers and shareholders

What we have **not yet told you:**

- Financial targets – to come later in the year
- Further structural developments to underpin our delivery of synergy targets – look out for newsflow over the next 6 months
- Next M&A deals?

Q&A

Disclaimer

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 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. All subsequent oral or written forward-looking statements attributable to IAG or any of its members, directors, officers, employees or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. 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 some of the most important risks in this regard is given in the shareholder documentation in respect of the merger issued on October 26, 2010 and in the Securities Note and Summary issued on January 10, 2011; these documents are available on www.iagshares.com.