

DECEMBER 2011 - GROUP TRAFFIC AND CAPACITY STATISTICS

- In December 2011, Group traffic measured in Revenue Passenger Kilometres rose by 12.2 per cent versus December 2010; capacity measured in Available Seat Kilometres was up 11.5 per cent.
- Group premium traffic for the month of December grew by 13.6 per cent compared to the previous year, with 12.0 per cent growth in non-premium traffic.
- Overall figures were positively impacted by the non-recurrence of poor weather in December last year, which particularly affected British Airways.
- In December, Iberia pilots' union went on strike for two days: Iberia operated 68 and 64 per cent of its flights on December 18th and 29th, respectively.
- Underlying market conditions appear unchanged, but there was a significant reduction in Iberia's short haul premium traffic compared to last year, influenced by the strikes during the month and the weakening economic environment.

January 5th, 2012

STRATEGIC DEVELOPMENTS

On December 22nd, IAG and Lufthansa reached a binding agreement for IAG to acquire bmi for £172.5 million in cash, though the price is subject to significant reductions. The deal requires competition clearance.

Rising UK Air Passenger Duty has led British Airways to reduce its recruitment levels in 2012. It will now only create 400 extra jobs rather than the 800 previously planned. The airline will also postpone plans to bring an extra Boeing 747 into service in summer 2012, and review the use of two others.

Iberia has begun to recruit pilots for its new subsidiary Iberia Express with more than 1,600 applying so far.

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. 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.

| <u>Group Performance</u> | Month of December | | | Year to Date | | |
|--------------------------------------------|-------------------|---------------|-----------------|----------------|----------------|-----------------|
| | 2011 | 2010 | Change | 2011 | 2010 | Change |
| Passengers Carried ('000s) | 3,880 | 3,526 | 10.0% | 51,687 | 50,600 | 2.1% |
| Domestic (UK & Spain) | 758 | 797 | -4.9% | 10,845 | 12,388 | -12.5% |
| Europe | 1,585 | 1,362 | 16.4% | 22,349 | 21,098 | 5.9% |
| North America | 630 | 518 | 21.6% | 8,026 | 7,146 | 12.3% |
| Latin America & Caribbean | 399 | 375 | 6.4% | 4,774 | 4,314 | 10.7% |
| Africa, Middle East & S.Asia | 388 | 359 | 8.1% | 4,176 | 4,263 | -2.0% |
| Asia Pacific | 120 | 115 | 4.3% | 1,517 | 1,391 | 9.1% |
| Revenue Passenger Km (millions) | 13,549 | 12,077 | 12.2% | 168,617 | 157,323 | 7.2% |
| Domestic (UK & Spain) | 484 | 511 | -5.3% | 6,747 | 7,642 | -11.7% |
| Europe | 1,874 | 1,670 | 12.2% | 27,584 | 26,660 | 3.5% |
| North America | 4,235 | 3,434 | 23.3% | 53,950 | 47,736 | 13.0% |
| Latin America & Caribbean | 3,326 | 3,078 | 8.1% | 39,372 | 35,532 | 10.8% |
| Africa, Middle East & S.Asia | 2,395 | 2,193 | 9.2% | 25,427 | 25,336 | 0.4% |
| Asia Pacific | 1,235 | 1,191 | 3.7% | 15,537 | 14,417 | 7.8% |
| Available Seat Km (millions) | 17,471 | 15,676 | 11.5% | 213,193 | 199,032 | 7.1% |
| Domestic (UK & Spain) | 664 | 753 | -11.8% | 9,157 | 10,510 | -12.9% |
| Europe | 2,707 | 2,486 | 8.9% | 36,956 | 35,954 | 2.8% |
| North America | 5,316 | 4,407 | 20.6% | 66,163 | 58,921 | 12.3% |
| Latin America & Caribbean | 4,113 | 3,764 | 9.3% | 47,605 | 42,294 | 12.6% |
| Africa, Middle East & S.Asia | 3,091 | 2,827 | 9.3% | 33,791 | 33,857 | -0.2% |
| Asia Pacific | 1,580 | 1,439 | 9.8% | 19,521 | 17,496 | 11.6% |
| Passenger Load Factor (%) | 77.6 | 77.0 | +0.6 pts | 79.1 | 79.0 | +0.1 pts |
| Domestic (UK & Spain) | 72.9 | 67.9 | +5.0 pts | 73.7 | 72.7 | +1.0 pts |
| Europe | 69.2 | 67.2 | +2.0 pts | 74.6 | 74.2 | +0.4 pts |
| North America | 79.7 | 77.9 | +1.8 pts | 81.5 | 81.0 | +0.5 pts |
| Latin America & Caribbean | 80.9 | 81.8 | -0.9 pts | 82.7 | 84.0 | -1.3 pts |
| Africa, Middle East & S.Asia | 77.5 | 77.6 | -0.1 pts | 75.2 | 74.8 | +0.4 pts |
| Asia Pacific | 78.2 | 82.8 | -4.6 pts | 79.6 | 82.4 | -2.8 pts |
| Cargo and Total Capacity (millions) | | | | | | |
| Cargo Tonne Km | 527 | 483 | 9.1% | 6,156 | 5,907 | 4.2% |
| Total Revenue Tonne Km | 1,828 | 1,640 | 11.5% | 22,193 | 20,862 | 6.4% |
| Available Tonne Km | 2,464 | 2,214 | 11.3% | 30,050 | 27,996 | 7.3% |
| Overall Load Factor | 74.2 | 74.1 | +0.1 pts | 73.9 | 74.5 | -0.6 pts |

| <u>Performance by Airline</u> | Month of December | | | Year to Date | | |
|-------------------------------|-------------------|------|--------|--------------|------|--------|
| | 2011 | 2010 | Change | 2011 | 2010 | Change |



| | | | | | | |
|---------------------------------|-------|-------|--------|--------|--------|------|
| Revenue Passenger Km (millions) | 3,919 | 3,992 | -1.8% | 51,268 | 51,242 | 0.1% |
| Available Seat Km (millions) | 4,997 | 5,093 | -1.9% | 63,042 | 62,312 | 1.2% |
| Cargo Tonne Km (millions) | 123 | 137 | -10.2% | 1,363 | 1,314 | 3.7% |



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|---------------------------------|--------|--------|-------|---------|---------|-------|
| Revenue Passenger Km (millions) | 9,630 | 8,084 | 19.1% | 117,348 | 106,082 | 10.6% |
| Available Seat Km (millions) | 12,475 | 10,582 | 17.9% | 150,152 | 136,721 | 9.8% |
| Cargo Tonne Km (millions) | 404 | 346 | 16.8% | 4,793 | 4,593 | 4.4% |