ANNUAL REPORT ON THE REMUNERATION OF THE DIRECTORS OF

INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A.

2011 – 2012

March 29, 2012

Dear Shareholder

I am pleased to set out the first Remuneration Report of IAG. The year in question has been a successful one for the Company, building on the robust governance already in place within British Airways and Iberia with the ultimate aim to create an executive remuneration framework which supports our business objectives and achieves our financial targets. In this context, our remuneration policy is to provide total remuneration which is market competitive with increased emphasis placed on pay for performance.

During the year, the Committee reviewed the remuneration arrangements that had been put in place when IAG was formed and which were set out in the merger documentation. The Committee considered that the remuneration framework continued to be appropriate for IAG, however certain refinements have been made, following consultation with key investors.

In summary, performance share awards granted in 2012 will now be subject to Total Shareholder Return (TSR) and EPS performance conditions (awards granted in 2011 were subject to TSR and synergy targets). The Committee considers that the achievement of synergy targets continues to be of key importance and will be incorporated in the annual incentive award targets. Further details of these changes are set out in this report.

Although there has been strong full year performance, we have not met our stretching financial targets which were set at the beginning of the year and as such the two-thirds portion of IAG's annual incentive plan linked to financial performance will not pay out for 2011. However, the Group has achieved significant successes throughout the year, including outperforming our first year cost and revenue synergies. These successes will be rewarded through the personal one-third portion of the annual incentive award. The Committee will continue to ensure that executive remuneration supports the business strategy and is confident that the changes for 2012 are in the best interests of shareholders.

Approved by the Board and signed on its behalf by

César Alierta Izuel
Chairman of the Remuneration Committee

Introduction
This report covers the reporting period from January 1, 2011 to December 31, 2011 and provides details of the Remuneration Committee (the Committee) and remuneration policy for the Company. This report has been prepared in accordance with the UK Listing Rules and although there is no requirement as a Spanish company, therefore on a voluntary basis, the requirements of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The Report has been prepared in accordance with the provisions of article 61 'ter' of the Spanish Securities Market Law (Law 24/1998, of 28 July). In accordance with said article this report will be submitted to the consultative vote of the annual shareholders' meeting of the Company.

The Remuneration Committee takes responsibility for the preparation of the report, which is approved by the Board.

Information not subject to audit.

Members during the reporting period
During the reporting period, the members of the Committee have been César Alierta Izuel (Chairman), Baroness Kingsmill, José Manuel Fernández Norniella and John Snow.

According to article 25 of the Board regulations the Remuneration Committee shall be made up of no less than three and no more than five Non-Executive Directors appointed by the Board, with the dedication, capacity and experience necessary to carry out their function. At least two of the members of the Remuneration Committee shall be Independent Directors. For the reporting period three of the members were considered Independent Non-Executive Directors of the Company and none of the members has any personal financial interest, other than as a shareholder, in the matters to be decided. There were four meetings held in the year.

Committee and advisers
During the year under review, the Committee's main duties were:

- to propose to the Board the system and amount of the annual remuneration for Board members, as well as the individual remuneration of the Executive Board members and the other terms of their contracts, pursuant in all cases to the provisions of the Company's Bylaws;
- to report to the Board on the potential indemnification that may be established in the event of the dismissal of senior executives;
- to report to the Board on the senior executive remuneration policy and the basic terms of their contracts;
- to report on incentive plans and pension supplements;
- to periodically review the remuneration programmes, taking into account their suitability and performance;
- to give due regard to the provisions of applicable good governance codes, applicable law or regulation and requirements imposed by any stock exchange on which the Company's securities are listed when determining any compensation packages and arrangements; to ensure that the disclosure requirements of the UK Listing Rules, any other applicable listing rules, applicable law or regulation and relevant stock exchanges are fulfilled;
- to exercise any other powers attributed to it by the Company's Bylaws, the Board of Directors regulations or the Board itself.

Remuneration policy

The Company's remuneration policy is to provide total remuneration packages which are broadly competitive with the market median, linked to the business strategy and take into account each individual's role, skills and contribution. The Company's primary comparator group is the FTSE 26 to 100 (excluding financial services), with a secondary reference to global airline companies where appropriate. The Committee is updated on pay and conditions of the employees within the Group, and takes this into account when determining the Executive Directors remuneration.

The table below summarises the main elements of remuneration packages for the Executive Directors.

Element of remuneration	How this supports strategy	Opportunity	
		2011	2012
Base salary	Takes account of role, skills and contribution	Group Chief Executive – £825,000 Chief Executive Officer of British Airways – £630,000 Chief Executive Officer of Iberia – €632,000	Group Chief Executive – £825,000 Chief Executive Officer of British Airways – £650,000 Chief Executive Officer of Iberia – €632,000
Annual incentive award	Incentivises annual corporate financial performance and role specific objectives	Group Chief Executive – 200% of salary (100% of salary for on-target performance) Other Executive Directors – 150% of salary (75% of salary for on-target performance)	Unchanged
Incentive Award Deferral Plan (IADP)	Aligns the interest of executives and shareholders and provides a retention tool	Half of any annual incentive award is deferred into shares	Unchanged
Performance Share Plan (PSP)	Incentivises long-term shareholder value creation. Drives and rewards delivery of sustained TSR and financial performance	Group Chief Executive – 200% of salary Other Executive Directors – 150% of salary	Unchanged
Pension	Provides post-retirement remuneration and ensures total remuneration package is competitive	A defined contribution scheme providing 25% of basic salary per annum	Unchanged
Shareholding guidelines	Provides further alignment between the interests of executives and shareholders	Executives are expected to build up and maintain a shareholding of 100% of salary	Unchanged

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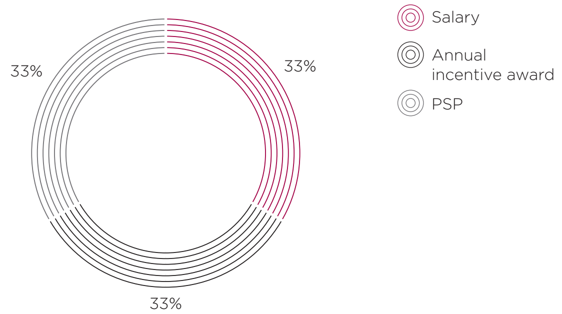
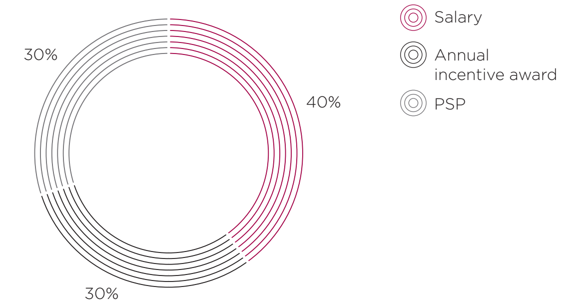
Performance measures and vesting schedule	Changes for 2012
Benchmarked against companies in the FTSE 26 to 100 and other global airline companies Reviewed annually	The salaries for the Group Chief Executive and the Chief Executive of Iberia have been frozen. The salary for the Chief Executive Officer of British Airways increased by 3%
Two-thirds based on corporate financial performance (for 2011, Group profit before tax excluding exceptional items), one-third based on role specific objectives	Incorporate relevant synergy targets in role specific portion of the annual incentive award Two-thirds measured by operating profit (rather than profit before tax excluding exceptional items), one-third based on role specific objectives
Vest after three years subject to continued employment A clawback provision applies	Unchanged
For 2011, 70% based on IAG TSR performance relative to a ranked comparator group of international airlines and 30% based on achievement of synergy targets	No change in the maximum award. For 2012, the performance conditions will be: 50% based on IAG TSR performance relative to the MSCI European Transportation Index and 50% based on EPS
Not applicable	Unchanged
Executives are expected to retain no fewer than 50% of shares (net of tax) which vest from share plans until shareholding requirement is attained	Unchanged

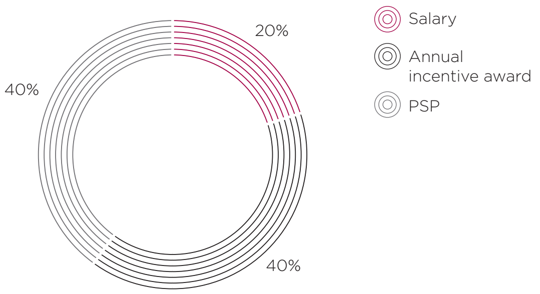
Group CEO – Target performance



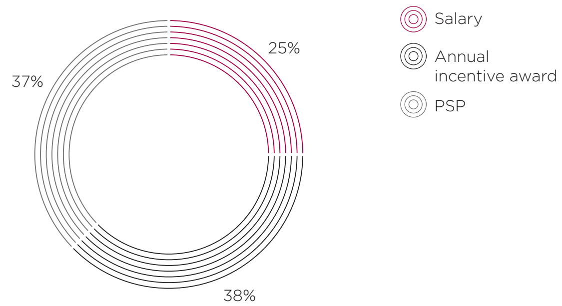
Other Executive Directors – Target performance



Group CEO – Maximum performance



Other Executive Directors – Maximum performance



During the year, the Committee performed an evaluation of its performance and concluded it is operating effectively. In early 2012 the Committee reviewed its terms of reference, and the revised terms were approved by the Board and are available on the Company's website.

The Committee has not appointed external advisers. The Company obtained remuneration survey data from Towers Watson. During the year, the Group Chief Executive Officer provided regular briefings to the Committee apart from when his own remuneration was being discussed.

Balance between fixed and variable remuneration

A significant portion of the Company's total remuneration package is variable, with emphasis placed on longer-term reward to align closely Executive Directors' interests with shareholder interests. The charts above show the composition of total remuneration at target and maximum performance for the Executive Directors.

The Remuneration Committee is aware of the challenging economic environment and its severe impact on the Company's finances, but it also recognises that it is very important to incentivise and retain management to drive the business forward.

The Committee is satisfied that the compensation packages, which were set by reference to market based salary and incentive pay levels and took account of the Company's Key Performance Indicators, did not raise any environmental, social or governance risks by inadvertently motivating irresponsible behaviour or undue risk taking.

Individual elements of remuneration

Fixed elements of reward

Base salary

The Committee proposes an Executive Director's base salary at the beginning of each year and any change is applied with effect from January 1. The positioning of base salaries is set with reference to similar roles in the benchmarking comparator group (primarily the FTSE 26 to 100 (excluding financial services)) as well as the individual's skills and contribution. The Committee also considers levels of base salary increases in the rest of the Group.

Chief Executive Officer IAG:

The Chief Executive Officer of IAG proposed to the committee that his salary be frozen and kept at its 2011 level. After careful consideration, the Committee accepted this proposal, though it is mindful of the need to continue to maintain base salaries at a competitive level, and will keep this matter under ongoing review.

Chief Executive Officer of British Airways:

A three per cent increase was awarded to the Chief Executive Officer of British Airways. This is in line with overall pay increases made to the wider UK-based employee population and the revised salary continues to be within the market competitive range for the role.

Chief Executive Officer of Iberia:

In light of economic conditions in Iberia's home market, managers' salaries at Iberia have been frozen and kept at 2011 levels. The Chief Executive Officer of Iberia requested that his salary be frozen and kept at its 2011 level, in line with the company-wide objective of no general increases for Iberia management. After careful consideration, the Committee accepted this proposal, though it is mindful of the need to continue to maintain base salaries at a competitive level, and will keep this matter under ongoing review.

Pension

The Company operates a defined contribution scheme. The Executive Directors are entitled to receive a contribution of 25 per cent of base salary. Executives who are not part of the scheme receive a salary supplement in lieu of a pension.

Variable elements of reward

Annual incentive award

The targets that apply to the annual incentive award are set by the Committee at the beginning of each year. These are set by reference to a number of factors including the business plan (as approved by the Board) and (for role specific objectives) the key targets for the individual and their specific areas of responsibility.

The Committee retains the discretion to prevent any incentive award payments if, in its opinion, the financial performance of the Company had not been satisfactory in the circumstances.

For 2011 and 2012, two-thirds of the potential maximum incentive award is based on corporate financial performance.

For 2011, the financial measure used was profit before tax. Based on performance against stretching targets set at the beginning of 2011, the minimum level of performance required for a threshold payout was not met. Therefore, there will be no incentive award payout in respect of this performance measure.

One third of the potential maximum incentive award is based on role-specific objectives. As a result, the award relating to 2011 to the Group Chief Executive was £302,000, to the Chief Executive Officer of British Airways was £189,000, and to the Chief Executive Officer of Iberia was €79,000. Half of this amount is payable in deferred shares in the Company vesting after three years, as outlined in this report.

Although there was no payout under the two-thirds portion of the annual incentive based on purely financial targets, the Group has achieved significant successes throughout the year, and full year performance has been strong.

In particular, IAG's net cost and revenue synergies considerably exceeded targeted levels, reflecting efforts across the Group. In addition, British Airways' performance was strong, with increased levels of operating profit compared to 2010, and outperformance against customer service and punctuality targets.

This strong full year performance will be rewarded for each Executive Director through the one-third portion of the annual incentive which is based on role specific objectives. The actual incentive payouts for the Chief Executive Officer of British Airways and the Chief Executive Officer of Iberia reflect the respective performances of their businesses.

For 2012, the financial measure used will be Operating profit. Operating profit is viewed as an appropriate measure for rewarding management performance, as it is more within management's control than Profit before tax.

Incentive Award Deferral Plan

The IAG IADP was approved by the Board pursuant to shareholders authorisation granted prior to the merger. The IADP is the mechanism for delivering the deferred element of the annual incentive award. Other than on retirement or redundancy, the shares will be subject to forfeiture if the Executive leaves during the three year deferral period. On vesting, Executives will receive the benefit of any dividends paid over the deferred period.

Long term incentive arrangements

The IAG Performance Share Plan (PSP) was approved by the Board pursuant to shareholders' authorisation granted prior to the merger. The PSP is a discretionary plan and is targeted at key senior executives and managers of the Group.

The Company made its first award under the PSP in March 2011. The PSP consists of an award of the Company's shares which vests subject to the achievement of pre-defined performance conditions in full or in part at the third anniversary of the date of the award. No payment is required from individuals when the shares are awarded or when they vest.

For the 2011 award, 30 per cent will be subject to achievement of the Company's synergy targets and 70 per cent subject to a TSR performance condition measured against a group of comparator airlines. The vesting of any award is subject to the Committee being satisfied that the Group's underlying financial performance was satisfactory in the circumstances prevailing over the three year period.

The maximum individual award in any financial year is 300 per cent of base salary, unless the Committee considers that exceptional circumstances merit a larger award. The maximum individual award made in 2011 was equal to 200 per cent of base salary (for the Group Chief Executive Officer) and 150 per cent of base salary (for the other Executive Directors).

IAG Synergy € targets (30 per cent) for 2011 awards

Achievement of year 1 synergy target of €72 million will trigger 5 per cent.

Achievement of year 2 synergy target of €166 million will trigger 5 per cent.

Achievement of year 3 synergy target of €279 million will trigger 5 per cent.

The 15 per cent balance will trigger if the year 3 synergy target is exceeded by more than 20 per cent (> €335 million).

This portion of the PSP incentivises participants to achieve synergies from the British Airways and Iberia merger, over the three year period. The full award only vests if synergies achieved in 2013 are at least 20 per cent higher than target levels and are therefore set at a stretch level.

TSR (70 per cent) for 2011 awards

TSR measures the financial benefits of holding a company's shares and is determined by share price performance along with any dividends that are paid.

The comparator group of airlines used for the 2011 award is:

Air Berlin	LAN
Air Canada	Lufthansa
Air France/KLM	Qantas Airways
Air New Zealand	Ryanair
All Nippon Airlines	SAS
American Airlines	Singapore Airlines
Cathay Pacific Airways	United Airlines
Delta Airlines	US Airways
Easyjet	

Originally, Japan Airlines was included in this group but it has been removed as the company delisted before the beginning of the performance period.

This performance condition will be measured over a single three year performance period. Performance will normally be measured from the financial year end prior to the award date to the third financial year end following the award date. For the 2011 awards a ten trading-day period from February 4 to 17, will be used for the Company and all the comparator companies. The Board considers that this approach removes the effect of the post-merger unusual trading from the calculation.

Vesting is determined in accordance with the following schedule:

IAG TSR performance	% of this portion of the award vesting
Upper quartile	100
Between median and upper quartile	Pro-rata (straight line basis)
Median	25
Below median	0

Changes for 2012 awards

As outlined in this report, following consultation with key investors, the Committee has made certain refinements to the performance conditions used. Awards granted in 2012 will be subject to a relative TSR and EPS performance condition. No changes are being made to award levels for Executive Directors.

TSR (50 per cent) for 2012 awards

50 per cent of the award will be subject to the Company's TSR performance when compared to the TSR performance of the MSCI European Transportation (large and mid cap) index. The Committee is of the view that comparing the Company's TSR to European transportation companies which includes a number of airline companies, ensures that comparison is made to other companies subject to similar external influences impacting share price performance. This therefore provides a better reference point for management outperformance and value creation.

The Committee proposes a change to an Index TSR approach, as it acknowledges a key drawback of the current ranked group approach is that relatively small changes in TSR performance can lead to dramatic changes in vesting. The Committee considers that measuring TSR performance relative to an index can help avoid this step effect.

Furthermore, the Committee considers that using the index approach with a recognised market index can make some elements of TSR decision-making more objective. The selection of individual peer companies is carried out independently by the MSCI European Transportation Index, and automatic adjustments are made when constituent companies are delisted or are subject to a corporate transaction, using a consistently applied and externally verified methodology.

For the 2012 awards, the vesting schedule will be as follows:

Relative performance over the three year performance period	% payout of this portion of the award
IAG's TSR performance exceeds index by 8% p.a.	100
IAG's TSR performance is between index return and 8% p.a. outperformance	Pro-rata
IAG's TSR performance is equal to the index	25
IAG's TSR performance is less than the index	0

Earnings per share (50 per cent) for 2012 awards

EPS represents the earnings attributable to one ordinary share. For 2012, 50 per cent of the award will be subject to IAG EPS performance targets. The Committee considers that EPS performance provides a strong measure of the underlying financial performance of the business.

Targets will be set at the beginning of the three year performance period, taking into consideration internal growth projections, market consensus figures and general external conditions. The Committee believes that the targets set for 2012 awards are sufficiently stretching. These are set out in the table below:

2014 EPS achieved	% payout of this portion of the award
50 €cents	100
Between 20 €cents and 50 €cents	Pro-rata
20 €cents	10
Below 20 €cents	0

The target is set at the Company's 2015 business plan level of 50 €cents per fully diluted EPS. This recognises the stretching goal the Company has set in its business plan. The Committee notes that by 2014 the Company does not currently project to reach this goal. However, it establishes a benchmark for EPS targeting.

The Committee retains the discretion to review and, if appropriate, adjust the EPS targets and or definition in the context of any corporate transactions, provided that, in the view of the Committee, any revised targets are no more or less challenging than the original targets. To the extent that any such adjustments are made, the Committee will disclose the basis for any adjustments and the rationale in subsequent reports.

Change of control

In the event of a change of control of the Company, awards will vest to the extent that any performance condition is satisfied to the date of the event and on a time pro-rated basis. The Committee may allow or require awards to be exchanged for equivalent awards over shares in the company which obtains control.

Outstanding awards under legacy share plans

Prior to the merger a number of share plans were in operation in British Airways, with outstanding awards for Executive Directors. Following the merger, all options and awards held by participants in these were automatically exchanged for options and awards of an equivalent value and on the same terms to acquire IAG shares in accordance with the relevant British Airways Share Plan rules with the exception of the long-term incentive plan (LTIP). All options under the LTIP were already exercisable and remained exercisable for a period of three months following the merger. Optionholders had the opportunity to exchange their options for equivalent rights in IAG shares. Details of the outstanding awards are set out in the share awards tables in the audited section. Further detail of the performance condition which applies to the British Airways Performance Share Plan (PSP) 2005 is set out below.

British Airways Performance Share Plan 2005

There are two awards outstanding under this plan which relate to the performance period commencing April 1, 2009 and April 1, 2010, awarded in March 2010 and September 2010 respectively. These awards were made to Executive Directors as part of their role within British Airways at that time. Both are subject to a three year TSR performance relative to a ranked comparator group. The comparator group of airlines used for those awards is shown in the table below:

Air Berlin	Iberia
Air Canada	JAL (2009 only)
Air France/KLM	LAN
Air New Zealand	Lufthansa
All Nippon Airlines	Qantas Airways
American Airlines	Ryanair
Cathay Pacific Airways	SAS
Continental Airlines	Singapore Airlines
Delta Airlines	United Airlines
Easyjet	US Airways

Service contracts for Executive Directors

The following is a description of the key terms of the service contracts of Executive Directors.

Executive Director	Date of contract	Notice period
Willie Walsh	January 21, 2011	12 months
Keith Williams	January 21, 2011	12 months
Rafael Sánchez-Lozano Turmo	January 21, 2011	12 months

There are no express provisions in Executives' service contracts with the Company for compensation payable upon termination of those contracts, other than for payments in lieu of notice. The period of notice required from the Executive is 26 weeks; the period of notice required from the Company is 52 weeks. Where the Company makes a payment in lieu of notice, a lump sum in lieu of the first 26 weeks base salary is payable within 28 days of the date of termination of employment. A payment in respect of base salary for the second 26 week period only becomes payable if, in the Company's reasonable opinion, the Executive has taken reasonable steps to find alternative paid work and then only in six monthly instalments. The Company may reduce the sum payable in respect of any month by any amount earned by the Executive (including salary and benefits) referable to work done in that month.

In the event of an Executive's redundancy, compensation, whether in respect of a statutory redundancy payment or a payment in lieu of notice or damages for loss of office is capped at an amount equal to 52 weeks base salary.

The Company may terminate an Executive's service contract with immediate effect and without compensation on a number of grounds including where the Executive is incapacitated for 130 days in any 12 month period, becomes bankrupt, fails to perform his duties to a reasonable standard, acts dishonestly, is guilty of misconduct or persistent breach of his duties, brings the Company into disrepute, is convicted of a criminal offence, is disqualified as a Director, refuses to agree to the transfer of his service contract where there is a transfer of the business in which he is working or ceases to be eligible to work in the UK (as applicable).

As set out in the merger documentation, the Chief Executive of Iberia will also continue to be entitled to a lump-sum retirement benefit in an amount of €1,168,000. The fund balance under the policy (including accrued interest) will be paid upon exit from the Company for any reason.

External Non-Executive Directorship
The Company's consent is required before an Executive can accept an external non-executive appointment and permission is only given in appropriate circumstances. During the reporting period in question the following Director held a directorship from which he retained a fee:

Director	Company	Fee £
Keith Williams	Transport for London	22,000

Non-Executive Directors
The fee levels for the Non-Executive Chairman, Non-Executive Deputy Chairman and Non-Executive Directors were set at the time of the merger. The table below sets out the fees.

	2011 and 2012
Base fees	
Non-Executive Chairman[1]	€645,000
Non-Executive Deputy Chairman[1]	€350,000
Other Non-Executive Directors	€120,000
Additional fees	
Committee chairmanship fee	€20,000

[1] As set out in the merger documentation, in 2011 the Non-Executive Chairman and the Non-Executive Deputy Chairman received an additional fee (€235,000 and €175,000 respectively) to recognise the additional responsibilities and time commitment of each position following the merger. These additional fees will not be payable for 2012.

Non-Executive Directors (including the Chairman and Deputy Chairman) shall be entitled to use air-tickets of the airlines of the Company or related to the Company for a total annual gross amount of €500,000 in aggregate.

In relation to the Non-Executive Chairman, as set out in the merger documentation, the conditions of the service contract with Iberia were taken into account at the time of the merger. This means that he will therefore continue to be entitled to a lump-sum retirement benefit in an amount of €2,800,000. The fund balance under the policy (including accrued interest) will be paid upon exit from the Company for any reason.

Non-Executive Director appointments
Non-Executive Directors (including the Chairman and Deputy Chairman) do not have service contracts. Their appointment is subject to the Board regulations and the dates they joined the Board are shown in the table below.

The dates of the Chairman's and Non-Executive Directors' appointments, who served during the reporting period are as follows:

Non-Executive Director	Date of appointment	Date of election[1]	Date of re-election – Shareholders meeting to be held in:
Antonio Vázquez Romero	May 25, 2010	November 29, 2010	2015
Sir Martin Broughton	May 25, 2010	November 29, 2010	2013
Baroness Kingsmill	September 27, 2010	November 29, 2010	2014
James Lawrence	September 27, 2010	November 29, 2010	2015
César Alierta Izuel	September 27, 2010	November 29, 2010	2014
Patrick Cescau	September 27, 2010	November 29, 2010	2013
José Manuel Fernández Norniella	September 27, 2010	November 29, 2010	2013
José Pedro Pérez-Llorca	September 27, 2010	November 29, 2010	2014
Kieran Poynter	September 27, 2010	November 29, 2010	2014
Rodrigo de Rato y Figaredo	September 27, 2010	November 29, 2010	2015
John Snow	September 27, 2010	November 29, 2010	2013

1 With effect from the merger effective date (January 21, 2011)

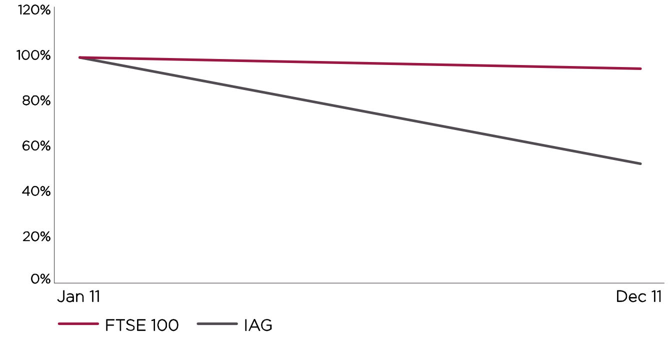
After the expiration of their initial period, each Director will, if re-elected, be appointed for further periods of three years provided that they are re-elected at the end of each three year period. In this way, all of the Directors will (after the initial period) come up for re-election in any rolling three year period.

Life insurance
The Company provides life insurance for all Directors. For the year to December 31, 2011 the Company paid contributions of €7,779.

Performance graph
The chart shows the value by December 31, 2011 of a hypothetical £100 invested on listing compared with the value of £100 invested in the FTSE 100 index over the same period. A spot share price has been taken on the date of listing, and a three month average has been taken prior to the year end.

The FTSE 100 was selected because it is a broad equity index of which the Company is a constituent, and the index is widely recognised.

IAG's total shareholder return (TSR) performance compared to the FTSE 100



Source: Datastream

The following information is subject to audit:

Directors' remuneration

	Base salary and fees[2,4] (€'000[1])	Taxable benefits[3,4] (€'000[1])	Pension supplement[5] (€'000[1])	Performance related incentive award: Cash[7] (€'000[1])	Performance related incentive award: Value of deferred shares (€'000[1])	Total for year to December 31, 2011 (€'000[1])
Executive Directors						
Willie Walsh	943	21	182	174	174	1,494
Keith Williams	713	17	172	109	109	1,120
Rafael Sánchez-Lozano Turmo	625	31	136	39	39	870
Non-Executive Directors						
Antonio Vázquez Romero	871	50	–	–	–	921
Sir Martin Broughton[6]	518	58	–	–	–	576
Baroness Kingsmill	113	16	–	–	–	129
James Lawrence	113	8	–	–	–	121
César Alierta Izuel	140	–	–	–	–	140
Patrick Cescau	120	16	–	–	–	136
José Manuel Fernández Norniella	113	2	–	–	–	115
José Pedro Pérez-Llorca	113	7	–	–	–	120
Kieran Poynter	140	4	–	–	–	144
Rodrigo de Rato y Figaredo[8]	113	26	–	–	–	139
John Snow	140	2	–	–	–	142
Aggregate emoluments	**4,775**	**258**	**490**	**322**	**322**	**6,167**

1 €:£ exchange rate applied is 1.1514

2 Base salary: Executive Directors; fees: Non-Executive Directors

3 Taxable benefits include personal travel and where applicable, a company car, fuel and private health insurance

4 Salary, fee and taxable benefits also include amounts relating to the first 20 days of January, 2011 paid by British Airways and Iberia

5 Cash in lieu of pension (Willie Walsh is also a member of the Company's defined contribution scheme, details of which can be found in this report)

6 Represents the use of a company car during the year to December 31, 2011, which is a continuation of the benefit he was entitled to as Chairman of British Airways

7 Annual incentive award payments for the period ended December 31, 2011

8 From December 2011 fees corresponding to Rodrigo de Rato y Figaredo are paid to Bankia, S.A.

Pension benefits

Willie Walsh and Keith Williams were active members of British Airways' pension schemes until the merger effective date and their pension entitlements are:

€	Accumulated accrued benefits January 20, 2011	Increase in accrued benefits during the period	Increase, before inflation, in accrued benefits during the period	Transfer value[1] of increase before inflation, less Directors' contributions
Keith Williams	2,476,730	360	30	578

The transfer value[1] of accrued benefits at the end of the financial year is as follows:

€	January 20, 2011[2]	December 31, 2010	Movement, less Director's contributions
Keith Williams	2,476,730	2,307,547	169,183

1 Transfer value represents a liability of the Company, not a sum paid or due to the individual. It is calculated in accordance with `The Occupational Pension Schemes Transfer Value Regulations (1996)' as subsequently amended

2 Calculated by reference to market conditions at December 31, 2011

Keith Williams was a member of both the NAPS and an unfunded unapproved retirement scheme, which, under the terms of his service contract, will provide a total retirement benefit at age 60 equivalent to 1/56th of pensionable pay for each year of service up to March 31, 2007. For service between April 1, 2007 and September 30, 2010, he is entitled to 1/60th of pensionable pay for each year of service payable at age 65. In line with other NAPS members, Keith was entitled to buy his pension to remain payable at age 60 which he elected to do. For service from October 1, 2010, Keith is entitled to 1/75th of pensionable pay payable at age 65. Again, in line with other NAPS members, for service from October 1, 2010, Keith Williams is entitled to his pension to be payable from age 60 should he so elect.

Willie Walsh was a member of the British Airways Retirement Plan, a defined contribution scheme, and British Airways paid contributions of €5,924 during the reporting period (2010: €81,801).

From the merger effective date Willie Walsh is a member of the Company's pension scheme, a defined contribution scheme and the Company paid contributions during the reporting period of €43,174. Keith Williams and Rafael Sánchez-Lozano Turmo both take cash in lieu of a pension.

Directors' beneficial interests in shares

	Total shares	Voting rights	Percentage of capital
Antonio Vázquez Romero	512,291	512,291	0.028
Sir Martin Broughton	69,090	69,090	0.004
Willie Walsh	298,915	298,915	0.016
César Alierta Izuel	1,000,000	1,000,000	0.054
Patrick Cescau	–	–	–
José Manuel Fernández Norniella	816	816	0.000
Baroness Kingsmill	2,000	2,000	0.000
James Lawrence[1]	50,000	50,000	0.003
José Pedro Pérez-Llorca	408	408	0.000
Kieran Poynter	–	–	–
Rodrigo de Rato y Figaredo	408	408	0.000
Rafael Sánchez-Lozano Turmo	103,070	103,070	0.006
John Snow	–	–	–
Keith Williams	135,615	135,615	0.007
Total	**2,172,613**	**2,172,613**	**0.118**

[1] Held as IAG ADS (one IAG ADS equals five IAG shares).

Sir Martin Broughton held 2 convertible bonds in British Airways Plc at December 31, 2011.

There have been no changes to the shareholdings set out above between December 31, 2011 and the date of this report.

Directors' share options

The following Directors held options to purchase ordinary shares in the Company granted under the British Airways Share Option Plan 1999 (SOP 1999). The SOP 1999 was closed after the final grant in 2005/06. The SOP 1999 provided for the grant of options to acquire ordinary shares in the Company or the Company's American Depositary Shares at an option price not less than the market value of the shares on the date of grant. No payment was due upon the initial grant of options.

Keith Williams	Date of grant	Number of options at January 1, 2011	Exercise price	Options exercised during the year	Options lapsed during the year	Options granted during the year	Exercisable from	Expiry date	Number of options at December 31, 2011
	June 26, 2001	38,940	321p	–	38,940	–	June 26, 2004	June 26, 2011	–
	July 1, 2002	91,160	181p	–	–	–	July 1, 2005	July 1, 2012	91,160
	June 25, 2003	114,649	157p	–	–	–	June 25, 2006	June 25, 2013	114,649
	June 25, 2004	72,480	262p	–	–	–	June 25, 2007	June 25, 2014	72,480
	June 23, 2005	69,927	276p	–	–	–	June 23, 2008	June 23, 2015	69,927
Total		**387,156**		**–**	**38,940**	**–**			**348,216**

The performance conditions in relation to all the options listed in the table have been satisfied; therefore all options have vested accordingly.

Directors' conditional awards

The following Directors held conditional awards over ordinary shares of the Company granted under the IAG PSP, the British Airways Long Term Incentive Plan 1996 (LTIP) and the British Airways PSP. The LTIP operated from 1996 to 2004 and was replaced by the BA PSP in 2005.

	Plan	Date of award	Number of awards at January 1, 2011	Awards vesting during the year	Options exercised during the year	Awards lapsing during the year	Awards made during the year	Number of awards at December 31, 2011
Willie Walsh								
	BA PSP	August 19, 2008	430,664	148,837	–	281,827	–	–
	BA PSP	September 17, 2010	469,148	–	–	–	–	469,148
	IAG PSP	March 31, 2011	–	–	–	–	714,285	714,285
Total			**899,812**	**148,837**	**–**	**281,827**	**714,285**	**1,183,433**
Keith Williams								
	LTIP	June 9, 2003	46,631	–	–	–	–	46,631
	LTIP	June 16, 2004	22,141	–	–	–	–	22,141
	BA PSP	August 19, 2008	257,813	89,100	–	168,713	–	–
	BA PSP	March 19, 2010	325,123	–	–	–	–	325,123
	BA PSP	September 17, 2010	280,851	–	–	–	–	280,851
	IAG PSP	March 31, 2011	–	–	–	–	409,090	409,090
Total			**932,559**	**89,100**	**–**	**168,713**	**409,090**	**1,083,836**
Rafael Sánchez-Lozano Turmo								
	IAG PSP	March 31, 2011	–	–	–	–	359,990	359,990
Total			**–**	**–**	**–**	**–**	**359,990**	**359,990**

The vested LTIP awards disclosed above were subject to a performance condition that British Airways TSR performance relative to the constituents of the FTSE 100 was median or above. Upon vesting of the LTIP awards and the Remuneration Committee having considered in both cases that underlying financial performance was satisfactory, participants were granted nil-cost options in accordance with the rules of the scheme. Options are exercisable for seven years from the date of vesting of the relevant LTIP award. No payment is due upon the exercise of these options.

PSP awards are subject to the performance conditions outlined earlier in this report. In each case, the performance conditions will be measured over a single three year performance period, which began for the awards made under the British Airways Plans on April 1 prior to the award date and for the IAG award the merger effective date.

The award granted in 2008 was tested at the end of the performance period. The award was subject to two performance conditions: 50 per cent was subject to TSR performance measured against a group of airlines, and 50 per cent was subject to average operating margin performance. As a result none of the shares subject to the operating margin performance condition vested and 34.56 per cent of the original award based on TSR vested on August 19, 2011, the remaining shares lapsed. The value attributed to the Company's ordinary shares in accordance with the plan rules on the date of the 2008 PSP award (August 19, 2008) was 256 pence. The share price on the date of vesting of this award (August 19, 2011) was 169.04 pence. The money value of the shares received was the share price on the date of vesting multiplied by the number of shares in respect of which the award vested as shown in the table above.

The value attributed to the ordinary shares in accordance with the plan rules on the date of the 2011 PSP award was 231 pence (2010: 235 pence; 2009: 203 pence; 2008: 256 pence).

Incentive Award Deferral Plan

The following Directors held conditional awards over ordinary shares of the Company granted under the IAG IADP (awarded as a result of British Airways performance for the period ended December 31, 2011) and the British Airways DSP.

	Relates to incentive award earned in respect of performance	Date of award	Number of awards at January 1, 2011	Awards released during the year	Date of vesting	Awards lapsing during the year	Awards made during the year	Number of awards at December 31, 2011
Willie Walsh								
IAG IADP	2010	March 31, 2011	–	–	March 31, 2014	–	90,984	90,984
Total			–	–		–	90,984	90,984
Keith Williams								
BA DSP	2007/08	August 19, 2008	26,100	26,100	June 30, 2011	–	–	–
BA DSP	2009/10	September 17, 2010	70,999	–	September 17, 2013	–	–	70,999
IAG IADP	2010	March 31, 2011	–	–	March 31, 2014	–	44,904	44,904
Total			**97,099**	**26,100**		**–**	**44,904**	**115,903**

The value attributed to the Company's ordinary shares in accordance with the plan rules on the date of the 2011 IADP award was 231 pence (2010: 235 pence).

The value attributed to the ordinary shares on the date of the 2008 DSP award (August 19, 2008) was 256 pence. The share price on the date of vesting of this award (June 30, 2011) was 252.3 pence. The money value of the shares received was the share price on the date of vesting multiplied by the number of shares in respect of the award vested, as shown in the table above.

Share scheme dilution limits

The Association of British Insurers (ABI) sets guidelines that restrict the issue of new shares under all the Company's share schemes in any ten year period to 10 per cent of the issued ordinary share capital and restrict the issues under the Company's discretionary schemes to 5 per cent in any ten year period. At the General meeting in 2010 the Company was given authority to allocate up to 45,000,000 shares (2.43 per cent of the share capital) in 2011 and 2012. Of this a maximum of 5,100,000 shares could be allocated to Executive Directors under all IAG share plans for awards made during 2011 and 2012. At December 31, 2011, 0.66 per cent of the share capital had been allocated under the IAG share plans.

The Company's shares began trading on January 24, 2011. The highest and lowest close prices of the Company's shares during the period and the share price at December 31, 2011 were:

At December 31, 2011	147p
Highest in the period	285p
Lowest in the period	132p