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COMP/M.5747 – IBERIA / BRITISH AIRWAYS

SECTION 1.2

Description of the concentration

Iberia Líneas Aéreas de España, S.A. ("Iberia" or "IB") and British Airways Plc ("British Airways" or "BA") entered into a merger agreement on 8 April 2010 whereby they intend to merge within the meaning of Article 3(1)(a) of Council Regulation (EC) No. 139/2004.

IB is a public listed company incorporated in Spain. Worldwide, Iberia flies to more than 106 cities in over 43 countries with an additional 110 cities served under various codesharing relationships. Its main hubs are in Madrid (as regards Iberia) and Barcelona (as regards its subsidiary Vueling). Iberia is primarily focused on the

following activities: (i) air transport of passengers and cargo; (ii) aircraft maintenance; and (iii) airport handling services.

BA is a public listed company organised under the laws of England and Wales. BA's principal activities are the operation of international and domestic scheduled and charter air services for the carriage of passengers and cargo. BA serves some 150 cities in about 75 countries. BA also provides ancillary services to its air transport business, such as ground handling services and aircraft maintenance and engineering. Its main hub is London Heathrow; BA also operates bases at London Gatwick and London City.

The Proposed Transaction has a Community dimension and, therefore, a notification pursuant to the EU Merger Regulation is required as the consolidated revenue of the Parties satisfies the criteria set out in Article 1(2) of the EU Merger Regulation. The Parties' combined aggregate worldwide turnover is more than EUR 5,000 million and the individual aggregate EU-wide turnover of each exceeds EUR 250 million. Finally, the Parties do not achieve more than two-thirds of their EU-wide turnover within one and the same Member State.

The relevant markets for the purpose of this Notification are: (i) air transport of passengers; (ii) air transport of cargo; (iii) airport handling services; and (iv) maintenance, repair and overhaul services ("MRO").