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## DEFINITIONS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Add-on</td>
<td>Add-ons are amounts combined with international published fares to create international constructed fares</td>
</tr>
<tr>
<td>ADM</td>
<td>Agent Debit Memo</td>
</tr>
<tr>
<td>BA</td>
<td>British Airways</td>
</tr>
<tr>
<td>Fare Component</td>
<td>A portion of an itinerary between two consecutive fare construction points</td>
</tr>
<tr>
<td>GDS</td>
<td>Global Distribution System</td>
</tr>
<tr>
<td>Groups</td>
<td>Bookings of parties of nine or more on one PNR, booked through a group booking channel and designated as Groups</td>
</tr>
<tr>
<td>IB</td>
<td>Iberia</td>
</tr>
<tr>
<td>NDC</td>
<td>New Distribution Capability</td>
</tr>
<tr>
<td>PNR</td>
<td>Passenger Name Record</td>
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1. INTRODUCTION

With effect on 1 November 2017, IAG operating companies British Airways Plc (BA) and Iberia (IB) applied a Distribution Technology Charge on BA and IB marketed fares (including BA and IB fares valid on codeshare partners) which are not booked through an NDC based connection, or other low cost channels, such as ba.com and iberia.com and the airlines call centres.

The charge will be applied per fare component on all bookings ticketed from the effective date. The charge is applicable in all markets, subject to Government approval, with a small number of markets where it is not intended to apply the charge¹. The charge will be collected through a Q charge on ticketing and is calculated automatically on quoting the fare.

2. THE CHARGE

CHARGE LEVEL
The charge applied from 31 May 2019, was €12.50, £10.50, $14.00, JPY 1,500, CHF 14.00.

From 1 January 2020, the charge applied is €13.00, £11.00, $14.00, JPY 1,500, CHF 14.00. The revised charge amounts will apply to all bookings ticketed on or after 1 January 2020.

Where the fare sold uses a currency other than those listed, the USD amount will be used (other than in Europe when Euro will be used), and then converted into local selling currency. The charge may also be filed in other local currencies where required by local regulations.

COLLECTION OF THE CHARGE
The charge is collected through a Q charge applied to all applicable fare components on fares which are not booked using an NDC based connection, or other low cost channels, such as our websites and call-centres.

The Q charge is displayed on the ticket in the fare calculation line.

Accounting, invoicing and BSP processes are identical to all other fares, taxes, fees and charges shown on the ticket.

CHANGES IN THE DISTRIBUTION TECHNOLOGY CHARGE
From time to time the Distribution Technology Charge will be reviewed, and this may result in changes to the charge level. Changes will be filed on the effective date. Where required, these changes will be subject to Government approval.

3. CHARGE APPLICATION POLICY

The Distribution Technology Charge will be applied for each BA or IB marketed fare component on bookings which are not booked using an NDC enabled connection, or booked through other low cost channels, such as our websites and call-centres, regardless of how they are subsequently ticketed.

¹ Exceptions are set out in section 4
WHAT IS A FARE COMPONENT?
A simplified definition of Fare Component is ‘A portion of an itinerary between two consecutive fare construction points.’

The Fare construction below shows two fare components, one for LONNYC (in red and bold) and the second for NYCLON (in green and bold). In both, the Q charge is shown immediately after the O&D of the segment it relates to, but before the actual fare itself. The Q charge in the below example is GBP8 per fare component, converted to NUC10.46 based the prevailing rate of exchange:

<table>
<thead>
<tr>
<th>AL FLGT</th>
<th>BK</th>
<th>T</th>
<th>DATE</th>
<th>TIME</th>
<th>FARE BASIS</th>
<th>NVB</th>
<th>NVA</th>
<th>BG</th>
</tr>
</thead>
<tbody>
<tr>
<td>LON</td>
<td>NYC BA</td>
<td>117 S S 01NOV 0820 SLX7S4C1</td>
<td>01NOV01NOV 1P</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GBP 445.00</td>
<td>01NOV17</td>
<td>LON BA NYC Q10.46 264.11</td>
<td>BA LON Q10.46 296.80</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GBP 203.00YQ</td>
<td>XT GBP 41.47UB GBP 4.20YC GBP 13.90US GBP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GBP 75.00GB</td>
<td>13.90US GBP 3.10XA GBP 5.40XY GBP 4.30AY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GBP 89.77XT</td>
<td>GBP 3.50XF JFK4.50</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GBP 812.77</td>
<td></td>
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</table>

More detail on Fare Components can be found in Appendix 1.

CHARGE TO BE APPLIED ON TICKETING DATE
When bookings are created and quoted, the GDS will autoquote using the charge level in force on the date of quote. On ticketing, as per best practice, the fare should be requoted and the charge level in force on date of ticketing should be applied.

The charge can be added when tickets are built manually, but care should be taken to ensure the charge is applied correctly.

CLASS/CABIN APPLICATION RULES
The Distribution Technology Charge applies to all cabins and classes.

EMD/MCOS
The Charge does not apply to EMDs/MCOs.

FARE TYPE
The Distribution Technology Charge applies to all BA and IB marketed fare types, however there are a small number of exceptions. See Section 4 on the next page.

REISSUES
In the event of reissue, the charge will be reassessed based on the new itinerary/ticket and the Distribution Technology Charge level in effect on the day of reissue.
REDUCTIONS/DISCOUNTS/SPECIAL/PROMOTIONAL LEVEL DISTRIBUTION TECHNOLOGY CHARGE AMOUNTS
There is only one Distribution Technology Charge level per currency, with no discount or reduction for any category of fare.

The exceptions set out in Section 4 list the scenarios where the charge does not apply. Unless the product or fare category is listed in that section the charge shall apply.

REFUNDS
The refund rules for the Distribution Technology Charge will align with the fare rules of the fare. Where the fare is eligible for refund on either a voluntary or involuntary basis, the Distribution Technology Charge will be refunded along with the fare refund.

In markets where full refunds are permitted within 24 hours of ticket purchase, the Distribution Technology Charge should be refunded along with the base fare.

Where applicable, refunds will be to the original form of payment.

BOOKINGS MADE IN THE GDS AND SUBSEQUENTLY MANAGED/TICKETED BY BA/IB OR IN BA/IB BOOKING SYSTEMS
If a booking is originated in the GDS using existing connection methods, then the Distribution Technology Charge will apply, regardless of whether subsequent servicing and ticketing is done by BA or IB, its GSA's, or by the agent in BA/IB NDC based systems.

one world® ROUND-THE-WORLD FARES
The Distribution Technology Charge will apply to one world round-the-world fares where a BA or IB fare is used.

ISLAND RESIDENT/LARGE FAMILY SUBSIDIES
In line with guidance from the Spanish Authorities, subsidies will not apply to the Distribution Technology Charge for island residents and large families. Island resident and large family subsidised fares without the Distribution Technology Charge can be accessed by using the airline website, an NDC enabled connection or via the IAG booking portals. Guidance from the Spanish Authorities is subject to possible change in future.

4. EXCEPTIONS
The Distribution Technology Charge will apply to all BA and IB fare components except:
• Those products booked through an NDC based connection, other low cost channels, such as the airlines websites, or bookings originated in BA and IB office IDs
• BA Groups and IB Groups. Note that the Distribution Technology Charge will apply to BA allocation/allotment products. Timing for the application of the Distribution Technology Charge to IB allocation/allotment products will be communicated in due course
• IATA FLEX Fares (fully flexible fares) – Y1F, W1F
• Infants without seats
• BA or IB marketed fares used wholly for Vueling operated sectors (BA*/IB* on VY)
N.B. Vueling operated sectors as part of a BA or IB through fare comprising one fare component are subject to the charge. In addition, IB*VY between Madrid and Barcelona (and vice-versa) will also be subject to the charge.

- BA Domestic UK fares that require end on end construction with an international fare, denoted by – ADD in the Fare Basic Code, which cannot be sold independently
- IB marketed routes subject to OSP (Obligated Public Service regulation)
  - October to May only: MAD-MAH
  - Full Year: PMI-IBZ, PMI-MAH, IBZ-MAH, LEI-SVQ
- Point of Sale China for journeys originating in China and Hong Kong; Point of Sale Hong Kong for journeys originating in Hong Kong and China
  (for example, a journey originating from HKG sold in Beijing would not incur the charge. However, a journey originating from HKG sold in London would be subject to the charge, as would (for example) a journey MAD-CDG sold in Hong Kong)
- In Point of Sale Colombia, the Distribution Technology Charge will apply via a separate fare ladder, rather than as a Q charge

5. ALLIANCES, FRANCHISES AND CODESHARES

The Distribution Technology Charge will apply whenever a BA or IB marketed fare component is used, regardless of operating or ticketing carrier (or ticket stock used), when the booking is not made using an NDC based connection, or other low cost booking channel, such as through our websites and call-centres.

The Distribution Technology Charge will not apply with other airline marketed fares booked on BA or IB metal, e.g. AA or AY code booked on BA or IB metal, will not be subject to the Distribution Technology Charge.

Similarly, other airline marketed fares booked on BA (125-) or IB (075-) ticket stock will not incur the charge.

Both Aer Lingus and Vueling will continue to apply their existing indirect pricing structure and therefore the charge will not apply to Aer Lingus and Vueling marketed fares.

The treatment of BA marketed fares used wholly on Comair or Sunair operated flights, and IB marketed fares used wholly on Air Nostrum operated flights, are subject to each franchise carrier’s respective commercial policies.

6. FARE QUOTES, TICKETING AND AUDIT

FARE QUOTING

The price impact of the Q charge is seen when the agent/customer does an itinerary quote. When this is done, the GDS will take into account all relevant taxes, fees and carrier charges, both inside and outside the fare, so the Q charge will be added into the base price.

When agents view a list of Fares (Fares Display function), only filed fares are displayed, without the Q charge.
TICKETING
The Distribution Technology Charge is applied per BA or IB fare component, not per ticket. Therefore where multiple airlines appear on a ticket, the Distribution Technology Charge applies to the BA or IB fare components only.

The Q charge will appear on the ticket at the end of each of the applicable fare component/s. For the avoidance of doubt, the Distribution Technology Charge is applicable on any ticket stock where a BA marketed fare component exists, regardless of airline ticket stock.

The Distribution Technology Charge is filed into the fare and will quote automatically when automatic fare quote is used.

Accounting, invoicing and BSP processes are identical to all other fares, taxes, fees and charges shown on the ticket.

AUDIT
All tickets issued by the trade will be subject to audit in the usual way to ensure the Distribution Technology Charge has been paid.

APPLICABLE DISTRIBUTION TECHNOLOGY CHARGE AMOUNT
The applicable Distribution Technology Charge amount is based on the charge effective at the time of ticketing, regardless of when the original booking was made (with the exception of ‘fare at time of booking products’ shown below).

Where a revised Distribution Technology Charge amount comes into effect, all bookings ticketed on or after the effective date of the revision will be subject to the revised charge. Any bookings ticketed prior to the effective date of the revision will be subject to the existing Distribution Technology Charge amount.

For changes made to ticketed bookings, the Distribution Technology Charge amount applied is based on the charge amount in effect at the time of ticket reissue, regardless of the Distribution Technology Charge amount applied at the original time of ticketing.

APPLICABLE DISTRIBUTION TECHNOLOGY CHARGE AMOUNT – IT AND OTHER ‘FARE AT TIME OF BOOKING PRODUCTS’
If the fare in question is a ‘Fare at time of booking’ product, the applicable Distribution Technology Charge amount is based on the charge effective at the original date of booking. If the booking is ticketed after the effective date of a revision to the Distribution Technology Charge amount, and the booking is subject to ‘Fare at time of booking’ rules, then the original fare quote from the time of booking will apply, including the original Distribution Technology Charge amount. An automatic historic fare quote, for the original date of booking, will produce the correct fare quote.

Where a change is made to an existing booking for a ‘fare at time of booking’ product that results in a change in fare, the applicable Distribution Technology Charge amount is based on the charge effective at the time of the change.

COMMISSION
In countries where BA or IB pay an IATA commission on a fare, the commission amount will be calculated based on the Fare plus Q charge.
APPENDIX 1

WHAT IS A FARE COMPONENT?

A PRICING RESULT IS MADE OF

- JOURNEY
  - THE ENTIRE ITINERARY

- PRICING UNIT(S) (PU)
  - PART(S) OF A JOURNEY CAN BE PRICED INDEPENDENTLY (ON A SEPARATE TICKET)

- FARE COMPONENT(S) (FC)
  - CONSTITUENT PART(S) OF A PRICING UNIT
  - SMALLEST CONSTITUENT PART OF A PRICE
    - Can be one-way or half round-trip
    - If one-way, can be priced independently
    - If half round-trip, can only be priced in combination with another fare component