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RELEVANT FACT

IAG SUBMITS SAFEGUARDS ON AER LINGUS CONNECTIVITY TO IRISH GOVERNMENT

International Consolidated Airlines Group S.A.'s (IAG) proposal to make an offer for Aer Lingus Group plc, announced on 27 January, 2015, highlighted the importance of direct air services and connectivity for investment and tourism in Ireland.

IAG believes its proposal would secure and strengthen Aer Lingus' long term future and brand as a member of a successful and profitable European airline group, offering significant benefits to both Aer Lingus and its customers.

To secure the support of the Irish Government, IAG is proposing to offer legally binding commitments that go well beyond the protections currently available to the Government and would give it an important role in securing the future of Aer Lingus.

The proposed commitments would ensure that, unless there is explicit Irish Government agreement:

- Aer Lingus' 23 slot pairs at London Heathrow ("Heathrow Slots"), cannot be sold, including to other IAG airlines;
- Aer Lingus' name, head office location or place of incorporation in the Republic of Ireland, cannot be changed.
- In addition, IAG is prepared to offer a further commitment to operate the slots on Irish routes for five years. This is protection that the Government does not have today.

Willie Walsh, IAG chief executive, said: "We are committed to maintaining and strengthening Aer Lingus. We want to develop air services that ensure Ireland's connectivity is enhanced. In seeking the support of the Irish Government, we propose to offer it legally binding commitments that go well beyond the protections currently available to it. These commitments would give the Irish Government an important role that they do not have today in securing the future of Aer Lingus."

The commitments and giving greater powers to the Irish Government will be subject to Irish Takeover Rules and EU competition review, following consultation with IAG.

IAG has spelled out other key benefits from its proposal:

- Aer Lingus would operate as a separate business with its own brand, management and operations, continuing to provide connectivity to Ireland, while benefitting from the scale of being part of the larger group;
- Aer Lingus would join the **oneworld** alliance, of which British Airways and Iberia are key members; and
- Aer Lingus would join the joint business that IAG operates over the North Atlantic with American Airlines, leveraging the natural traffic flows between Ireland and the US and the advantageous geographical position of Dublin for serving connecting flows. This is significantly enhanced by US immigration pre-clearance.

Enrique Dupuy de Lôme
Chief Financial Officer

2 February 2015

Notes to Editors

IAG has submitted a proposal to make an offer for Aer Lingus. The proposal consists of an offer of €2.55 per share, structured as a cash payment of €2.50 per share, payable upon completion, in addition to an ordinary dividend of €0.05 per share. The proposal is subject to certain pre-conditions.

The Board of Aer Lingus has indicated to IAG that the financial terms of the proposal are at a level at which it would be willing to recommend to Aer Lingus shareholders, subject to being satisfied with the manner in which IAG proposes to address the interests of relevant parties.

The Directors of IAG accept responsibility for the information contained in this announcement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information. This announcement does not constitute an announcement of a firm intention to make an offer under Rule 2.5 of the Irish Takeover Panel Act, 1997, Takeover Rules 2013 (Irish Takeover Rules). A person interested in (as defined in the Irish Takeover Rules) 1% or more of any class of relevant securities of Aer Lingus may have disclosure obligations under Rule 8.3 of the Irish Takeover Rules, effective from the date of this announcement. A copy of this announcement will be available on the IAG website at www.iagshares.com.