

RELEVANT FACT

NEW IBERIA SHORT AND MEDIUM HAUL SUBSIDIARY

IAG's board has approved the launch of Iberia's new subsidiary airline Iberia Express which will operate part of Iberia's short and medium haul network.

The subsidiary is being established to compete effectively in the Spanish domestic and European market. Over time it will look to develop new markets and destinations and strengthen the Madrid hub, creating new jobs for the Spanish economy.

Iberia Express will start operations in summer 2012 offering business and economy seats at competitive fares from Madrid Barajas. In addition to direct traffic, it will also provide transfer feed onto Iberia's longhaul network.

The subsidiary will have a single A320 fleet with four aircraft initially and 13 aircraft by the end of 2012. All the aircraft will be sourced from Iberia's existing fleet.

Iberia Express will have lower operating costs than Iberia's loss-making short and medium haul business. The subsidiary will recruit new staff at market rates and have improved aircraft utilisation.

Initially, maintenance and ground handling has been awarded to Iberia.

The creation of Iberia Express will not change the terms and conditions of existing Iberia employees or Iberia's existing relationships with Vueling and Air Nostrum.

October 6th, 2011

Enrique Dupuy de Lome
Chief Financial Officer

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.