

RELEVANT FACT

IAG AND LATAM AIRLINES GROUP SIGN JOINT BUSINESS AGREEMENT

International Airlines Group (IAG) has signed a joint business agreement between British Airways, Iberia and LATAM Airlines Group on flights between Europe and South America.

The joint business would benefit customers by providing better links between Europe and South America, greater choice of flights and enhanced frequent flyer benefits.

The airlines plan to seek approval from the appropriate competition authorities in South America and will inform the regulatory authorities in the European Union.

Under the joint business, British Airways, Iberia and LATAM Airlines Group would cooperate commercially on flights between the European Union and South America. They would expand their codeshare arrangements on flights between and within Europe and South America, significantly increasing the number of destinations that the airlines can offer customers.

Today's announcement is a significant step towards strengthening customer choice. The agreement would also strengthen the **oneworld** alliance in which all the airlines are members.

Customers would be able to travel more easily on the airlines' combined route network which would serve more than 100 destinations in South America and 87 destinations in Europe. By working together to provide enhanced links for connecting passengers the airlines would expand customer choice via integrated networks, new non-stop routes, additional frequencies on existing routes and combined fares.

In addition, customers would have more opportunities to earn and redeem frequent flyer miles (Avios, LANPASS and TAM Fidelidade) on flights worldwide as well as continued reciprocal airport lounge access.

Willie Walsh, IAG's chief executive, said: "We already have a close commercial relationship with LATAM Airlines Group as part of **oneworld** and we look forward to enhancing the relationship further. This joint business would benefit customers by providing them with easier journeys to more destinations with better aligned schedules

and increased frequencies. This would boost both tourism and business travel between South America and Europe.”

Enrique Cueto, LATAM Airlines Group’s chief executive, said: “This is excellent news for Latin America. This agreement would significantly improve connectivity bringing Europe closer to our region by providing a wider choice of flights and great benefits to our customers. This step is key to ensuring we offer the best network to our customers and increase the options to add new destinations to LATAM and its affiliates’ networks.”

It is anticipated that regulatory approval could take between 12 and 18 months.

14 January 2016

Enrique Dupuy de Lôme
Chief Financial Officer

About LATAM Airlines Group S.A.

LATAM Airlines Group S.A. is the new name given to LAN Airlines S.A. as a result of its association with TAM S.A. LATAM Airlines Group S.A. now includes LAN Airlines and its affiliates in Peru, Argentina, Colombia and Ecuador, and LAN Cargo and its affiliates, as well as TAM S.A. and its subsidiaries TAM Linhas Aereas S.A., including its business units TAM Transportes Aereos del Mercosur S.A., (TAM Airlines (Paraguay) and Multiplus S.A. This association creates one of the largest airline groups in the world in terms of network connections, providing passenger transport services to about 135 destinations in 24 countries and cargo services to about 144 destinations in 26 countries, with a fleet of 323 aircraft. In total, LATAM Airlines Group S.A. has approximately 52,000 employees and its shares are traded in Santiago, as well as on the New York Stock Exchange, in the form of ADRs, and Sao Paulo Stock Exchange, in the form of BDRs.

LATAM Airlines Group announced that LATAM is the new brand for LAN Airlines, TAM Airlines and Affiliates. LATAM Airlines Group is currently working on the gradual roll-out of the new corporate brand image. The first changes will be visible starting in the first half of 2016.

Each airline will continue to operate under their current brands and identities. For any inquiry of LAN or TAM, please visit www.lan.com or www.tam.com.br, respectively. Further information at www.latamairlinesgroup.net

About IAG:

International Airlines Group is one of the world’s largest airline groups with 525 aircraft flying to 255 destinations and carrying almost 95 million passengers each year. It is the third largest group in Europe and the sixth largest in the world, based on revenue.

Formed in January 2011, IAG is the parent company of Aer Lingus, British Airways, Iberia and Vueling. It is a Spanish registered company with shares traded on the London Stock Exchange and Spanish Stock Exchanges. The corporate head office for IAG is in London, UK.

IAG combines leading airlines in Ireland, the UK and Spain, enabling them to enhance their presence in the aviation market while retaining their individual brands and current operations. The airlines' customers benefit from a larger combined network for both passengers and cargo and a greater ability to invest in new products and services through improved financial robustness.

The airline industry is moving gradually towards consolidation though some regulatory restrictions still prevail. IAG's mission is to play its full role in future industry consolidation both on a regional and global scale.

British Airways and Iberia are members of the **oneworld** alliance.

Forward-looking statements:

Certain statements included in this report are forward-looking and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such forward-looking statements.

Forward-looking statements can typically be identified by the use of forward-looking terminology, such as "expects", "may", "will", "could", "should", "intends", "plans", "predicts", "envisages" or "anticipates" and include, without limitation, any projections relating to results of operations and financial conditions of International Consolidated Airlines Group S.A. and its subsidiary undertakings from time to time (the 'Group'), as well as plans and objectives for future operations, expected future revenues, financing plans, expected expenditures and divestments relating to the Group and discussions of the Group's Business plan. All forward-looking statements in this report are based upon information known to the Group on the date of this report. The Group 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 forward-looking statements in this report 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 the primary risks of the business and the risk management process of the Group is given in the Annual Report and Accounts 2014; these documents are available on www.iagshares.com.