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In compliance with article 82 of the Spanish Securities Market Act (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) and its development regulation, International Consolidated Airlines Group, S.A. (“**IAG**” or the “**Issuer**”) hereby reports and releases the following

RELEVANT FACT

CONVERTIBLE BOND LAUNCH

IAG announces today it is launching an offer of two tranches of senior unsecured bonds convertible into ordinary shares of IAG (the “**Shares**”) (the “**Offering**”).

- The first tranche has a proposed initial principal amount of approximately EUR 500 million due 2020 (the “**2020 Bonds**”).
- The second tranche has a proposed initial principal amount of approximately EUR 500 million due 2022 (the “**2022 Bonds**” and, together with the 2020 Bonds, the “**Bonds**”).

In any event, the aggregate principal amount of the Bonds shall not exceed EUR 1 billion.

The final terms of the Bonds are expected to be determined and announced later today and settlement is expected to take place on or about November 17, 2015.

The Offering does not require approval by IAG shareholders and is being issued by IAG under the powers delegated to its board at its Annual General Meeting held on 18 June 2015.

The Bonds are expected to carry a fixed rate of interest of between 0.25 - 0.75 per cent and 0.625 - 1.125 per cent per annum payable semi-annually in arrear for the 2020 Bonds and 2022 Bonds, respectively. The conversion price of the Bonds is expected to be set at a premium of 52.5 - 62.5 per cent to the volume weighted average price of the Shares on the London Stock Exchange in the period from launch to pricing. The Bonds will be issued at 100 per cent of their principal amount and, unless previously redeemed, converted or purchased and cancelled, will be redeemed at 100 per cent of their principal amount on the respective maturity dates of the Bonds.

IAG will have the option to redeem all of the Bonds approximately 3 years and 5 years after the issue date for the 2020 Bonds and 2022 Bonds, respectively, at their principal amount, together with any accrued interest. This option will be available if the volume weighted average price of the Shares has been at least 130 per cent of the conversion price over a specified period or if, at any time, 15 per cent or less of the principal amount of the respective tranche of Bonds remains outstanding.

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The net proceeds from the Offering will be used by IAG for general corporate purposes, including (without limitation) the repayment of a bridge facility entered into by IAG's subsidiary, AERL Holding Limited, to finance its acquisition of Aer Lingus Group Plc.

These Bonds contain dividend protection, consistent with IAG's intention to pay a sustainable dividend. In this respect, they differ from the terms and conditions of IAG's 2013 convertible bond, which was issued before the formulation of IAG's dividend policy.

An application will be made for the Bonds to be admitted to trading on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange.

Under the terms of the Offering, IAG will agree not to issue or sell any Shares for a lock-up period ending 90 days after the settlement of the Bonds, subject to customary exceptions.

BofA Merrill Lynch, BNP PARIBAS and Deutsche Bank AG, London Branch are acting as Joint Global Coordinators and Joint Bookrunners. Barclays Bank PLC, J.P. Morgan Securities plc and UBS Limited are acting as Co-Bookrunners. Banco Bilbao Vizcaya Argentaria, Banco Santander, Bankia, Bankinter, CaixaBank, Crédit Agricole Corporate and Investment Bank and UniCredit Bank are acting as Co-Lead Managers.

Enrique Dupuy de Lôme
Chief Financial Officer

November 12, 2015

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This announcement is directed exclusively at market professionals and institutional investors, is for information purposes only and is not to be relied upon in substitution for the exercise of independent judgement. It is not intended as investment advice and under no circumstances is it to be used or considered as an offer to sell, or a solicitation of an offer to buy, any security nor is it a recommendation to buy or sell any security. Any decision to purchase any of the securities should only be made on the basis of an independent review by you of the Issuer's publicly available information and based upon the final terms and conditions in respect of the Bonds. None of the Joint Bookrunners, the Co-Bookrunners, the Co-Lead Managers (together, the "**Managers**") nor any of their respective affiliates accepts any liability arising from the use of, or makes any representation as to the accuracy or completeness of, this announcement, the final terms and conditions or the Issuer's publicly available information.

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This announcement and any offer when made are only addressed to and directed, in member states of the European Economic Area, at persons who are “qualified investors” within the meaning of Article 2(1)(e) of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”) (“**qualified investors**”). Each person who initially acquires any securities or to whom any offer of securities may be made will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive.

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, sophisticated investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) and qualified investors falling within Article 49(2)(a) to (d) of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as “**relevant persons**”). This announcement must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any Member State of the European Economic Area other than the United Kingdom, by persons who are not qualified investors. Any investment or investment activity to which this communication relates is available only to qualified investors in the EEA (other than the United Kingdom) and relevant persons in the United Kingdom and will be engaged in only with relevant persons.

No prospectus is required to be published pursuant to the Prospectus Directive in connection with the offering of the Bonds.

This announcement or electronic transmission hereof does not constitute or form part of an offer to sell securities or the solicitation of any offer to subscribe for or otherwise buy any securities to any person in the United States, Australia, Canada or Japan or in any jurisdiction to whom or in which such offer or solicitation is unlawful.

Each of the Managers is acting on behalf of the Issuer and no one else in connection with the offering of the Bonds and will not be responsible to any other person for providing the protections afforded to clients of such Managers or for providing advice in relation to the Bonds or any transaction, matter or arrangement referred to in this announcement.

The information contained in this announcement is subject to change without notice. Each of the Issuer and the Managers expressly disclaims any obligation or undertaking to update, review or revise any statement contained in this announcement whether as a result of new information, future developments or otherwise.

In connection with the offering of the Bonds, the Managers and any of their affiliates, acting as investors for their own accounts or for the accounts of others, may subscribe for or purchase bonds and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts or for the accounts of others in such bonds and any other securities of the Issuer or related investments in connection with the Bonds, the Issuer or otherwise. Accordingly, references to the Bonds being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Managers and any of their respective affiliates acting as investors for their own accounts. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.