

RELEVANT FACT

Further to the conclusion of the buy-back programme (the “**Buy-back Programme**”), which was announced by International Consolidated Airlines Group, S.A. (the “**Company**”) on 5 December 2017 by means of a relevant fact (n.259204), on the date hereof, the share capital reduction approved by the Annual Shareholders’ Meeting of the Company held on 15 June 2017, has been executed by virtue of the corresponding public deed on capital reduction and by-laws amendment granted before a notary.

The share capital of the Company has been reduced in the amount of 37,499,724.50 euros, through the cancellation of 74,999,449 treasury shares acquired through the Buy-back Programme.

Consequently, article 5 of the Company’s by-laws has been amended and the share capital of the Company, following the capital reduction, amounts to 1,028,994,647 euros divided into 2,057,989,294 ordinary shares of the same class and series and with a nominal value of 0.50 euros each, fully subscribed and paid.

The required announcement of the reduction of the share capital has been published today in the corporate web page of the Company (www.iairgroup.com) and in the Official Gazette of the Commercial Register (*Boletín Oficial del Registro Mercantil*).

The public deed regarding the capital reduction and the by-laws amendment will be registered with the Madrid Commercial Register in the forthcoming days and the Company will request the exclusion of the 74,999,449 shares cancelled from the corresponding Stock Exchanges.

Following the capital reduction, the Company holds 9,940,991 treasury shares (acquired prior to and outside the Buy-back Programme) and the Company's issued share capital (excluding shares held as treasury shares) consists of 2,048,048,303 shares.

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Enrique Dupuy de Lôme
Chief Financial Officer

18 December 2017