

RELEVANT FACT

Exercise of IAG Convertible bond and total cancellation of the issuance

International Consolidated Airlines Group, S.A. (the “**Issuer**”) announces that, following delivery of the optional early redemption notice pursuant to the terms and conditions of the issuance of the €390,000,000 1.75 per cent. convertible bonds due 2018 (the “**Bonds**”), during the conversion period provided it has received conversion requests in respect of a principal amount of €386,100,000.

In this regard, the Issuer has completed a share capital increase through the issuance of 91,981,118 ordinary shares by means of the corresponding public deed recording the issuance of such shares.

As a consequence of the above referred capital increase, the share capital of the Issuer will be increased by €45,990,559, amounting to a total of €1,066,494,371.50, divided into 2,132,988,743 ordinary shares of the same class and series and with a nominal value of €0.50 each, fully subscribed and paid.

Pursuant to the terms and conditions of the Bonds, the new shares are issued at the applicable conversion price, which is €4.1976 per share, of which €0.50 per share corresponds to the nominal value and €3.6976 per share corresponds to share premium.

In addition, the Issuer announces that as a result of the above-referred conversion all of the 3,900 Bonds initially issued have been converted. Therefore, the issuance of the Bonds and, therefore, the Bonds, are completely cancelled and the latter will be excluded from trading.

20 June 2016

Enrique Dupuy de Lôme
Chief Financial Officer