

**THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. When considering what action you should take, you are recommended to seek your own personal advice immediately from your solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000, as amended.**

Unless the context otherwise requires, the definitions in the terms and conditions of the Bonds (defined below) shall also apply to this notice.

6 May 2016

To the holders of the outstanding €390,000,000 1.75 per cent. Convertible Bonds due 2018 (ISIN XS0933556952) (the “**Bonds**”) issued by International Consolidated Airlines Group, S.A. (the “**Company**”).

### **OPTIONAL REDEMPTION NOTICE**

Notice is hereby given that, in accordance with Condition 7(b)(i) of the terms and conditions of the Bonds, the Company has exercised its option to redeem on 21 June 2016 (the “**Optional Redemption Date**”) all outstanding Bonds at their principal amount (being, as at 5 May 2016, €386,100,000 in aggregate) plus accrued but unpaid interest in respect of such Bonds from, and including, 31 May 2016 and up to, but excluding, the Optional Redemption Date (being €100.41 per denomination of €100,000). The Company is entitled to exercise this option under Condition 7(b)(i) as a result of the Volume Weighted Average Price of an ordinary share in the Company having been at least 130 per cent. of the Conversion Price on at least 20 dealing days in a period of 30 consecutive dealing days up to and including 5 May 2016.

As an alternative to the redemption of the Bonds, holders of the Bonds (the “**Bondholders**”) have the option under Condition 6 to convert their Bonds for ordinary shares in the Company by delivering a duly completed Conversion Notice and Nationality Declaration<sup>1</sup> to Deutsche Bank AG, London Branch (acting as fiscal, principal paying, transfer and conversion agent) by no later than the close of business on 14 June 2016 (the “**Conversion Deadline**”) <sup>2</sup>. Conversion Notices duly completed by or on behalf of a Bondholder, in accordance with the standard procedures for Euroclear and/or Clearstream, Luxembourg and/or any Alternative Clearing System (which may

---

<sup>1</sup> The Conversion Notice and Nationality Declaration can be downloaded from the Debtholders section of the IAG website at <http://www.iairgroup.com> or are available upon request from Deutsche Bank AG, London Branch. Please contact Deutsche Bank AG, London Branch, Early Redemptions Team (email: [earlyredemptions.desk@db.com](mailto:earlyredemptions.desk@db.com); telephone: + 44 207 541 1316 or + 44 207 541 1329).

<sup>2</sup> The Conversion Notice and Nationality Declaration may be delivered by email to [earlyredemptions.desk@db.com](mailto:earlyredemptions.desk@db.com) or by fax to + 44 207 547 6624, or by post to Deutsche Bank, London Branch, Early Redemptions Team, 1 Great Winchester Street, London EC2N 2DB. Such documents are deemed to have been delivered on the day they are received by Deutsche Bank AG, London Branch during normal business hours, in accordance with Condition 6(g).

include notice being given on such accountholder's instructions by Euroclear and/or Clearstream, Luxembourg and/or any Alternative Clearing System or any common depository for them to Deutsche Bank AG, London Branch (acting as fiscal agent) by electronic means) and in a form acceptable to Euroclear and/or Clearstream, Luxembourg and/or any Alternative Clearing System.

In accordance with Condition 6(g), Bondholders must pay any taxes or duties arising on the conversion, other than those payable in the United Kingdom or Spain in respect of the issuing of ordinary shares in the Company. In accordance with Condition 5(b), each Bond will cease to bear interest from the Interest Payment Date immediately preceding the relevant Conversion Date (either the Interest Payment Date falling on 30 November 2015 for Bonds with a Conversion Date falling before 31 May 2016, or the Interest Payment Date falling on 31 May 2016 for Bonds with a Conversion Date falling on or after 31 May 2016).

As at the date of this Optional Redemption Notice, the Conversion Price is €4.1976. The closing price of an ordinary share in the Company was €6.4671 on 5 May 2016. The Conversion Deadline now represents the final opportunity for Bondholders to convert Bonds into ordinary shares in the Company before the redemption of all outstanding Bonds on the Optional Redemption Date.

This is an Optional Redemption Notice. Words and expressions defined in the terms and conditions of the Bonds have the same meanings herein.

Enrique Dupuy de Lôme  
Chief Financial Officer  
For and on behalf of International Consolidated Airlines Group, S.A.