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In accordance with Article 82 of the Spanish Security Market Law, **INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A.** (the “**Company**”) hereby discloses the following

MATERIAL INFORMATION

Further to the disclosure of material information published on the date hereof under the number 187201 in relation to the issue by the Company of notes convertible into and exchangeable for newly created or outstanding ordinary shares in the Company (the “**Bonds**” and the “**Issue**”) without any preemptive subscription rights for existing shareholders of the Company, the Company, following completion of the bookbuilding process performed on the date hereof by Banco Santander, S.A., Barclays Bank PLC, Deutsche Bank AG, London Branch, Morgan Stanley & Co. International plc and UBS Limited, (the “**Joint Lead Managers**”), has approved the following terms and conditions of the Bonds:

- (a) The nominal amount of the Issue of the Bonds has been set at € 390,000,000, maturing on the fifth anniversary of the Closing Date (as defined below) date on 31 May, 2018;
- (b) The Bonds will accrue a fixed rate of interest of 1.75% per annum, payable semiannually in arrear in equal installments on 30 November and 31 May in each year, commencing on 30 November 2013;
- (c) The initial conversion price for the Bonds is € 4.2503 per ordinary share, which includes a premium equal to 35% of the volume weighted average market price for those ordinary shares on the London Stock Exchange between the launch of the issue of the Bonds this morning and completion of the bookbuilding process and subsequent pricing;
- (d) The Company will assume a 90 day lock-up agreement from the date of the signing of the Subscription Agreement (as defined below), according to which it will undertake not to carry out any issues, offers of shares and other securities convertible and / or exchangeable into ordinary shares of the Company, subject to certain exceptions; and
- (e) It is anticipated that the Bonds will be admitted to the Official List maintained by the UKLA and admitted to trading on the secondary non-regulated *Professional Securities Market* (PSM) of the London Stock Exchange.

The Company and the Joint Lead Managers have signed on the date hereof a subscription agreement (the “**Subscription Agreement**”) for the Bonds, which will be governed by English law.

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Subscription and payment for the Bonds will take place on the closing date, which is anticipated to take place not later than 31 May, 2013 (the “**Closing Date**”), provided that certain conditions precedent set out in Subscription Agreement have been fulfilled.

London, on 14 May, 2013.

Enrique Dupuy de Lôme
Chief Financial Officer

THE INFORMATION CONTAINED HEREIN DOES NOT COMPRISE A PROSPECTUS FOR THE PURPOSES OF EU DIRECTIVE 2003/71/EC AND/OR CHAPTER I OF TITLE III OF THE SPANISH SECURITIES MARKET LAW (LAW 24/1988, OF JULY 28) OR OTHERWISE. THE DEFINITIVE TERMS OF THE TRANSACTION DESCRIBED HEREIN WILL BE INCLUDED IN THE FINAL OFFERING CIRCULAR TO BE PRODUCED IN RESPECT OF THE BONDS, WHICH WILL BE MADE AVAILABLE TO INVESTORS PRIOR TO THE CLOSING DATE. INVESTORS SHOULD NOT SUBSCRIBE FOR ANY BONDS REFERRED TO HEREIN EXCEPT ON THE BASIS OF INFORMATION CONTAINED IN THE FINAL OFFERING CIRCULAR.

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THE BONDS ARE ONLY DIRECTED AT PERSONS WHO ARE “QUALIFIED INVESTORS” WITHIN THE MEANING OF ARTICLE 39 OF THE SPANISH ROYAL DECREE 1310/2005 OF NOVEMBER 4, 2005 OR THE LEGISLATION ENACTED BY OTHER EUROPEAN UNION MEMBER STATES IN COMPLIANCE WITH ARTICLE 2(1)(E) OF THE EUROPEAN UNION PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC) (“QUALIFIED INVESTORS”). EACH PERSON WHO INITIALLY ACQUIRES ANY BONDS WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A “QUALIFIED INVESTOR” WITHIN THE MEANING OF THE MENTIONED LEGISLATION.

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