



NOTIFICATION OF RELEVANT FACT

Further to the notices of relevant fact served on 12 November 2009, 8 April 2010, 29 June and 22 September 2010 in connection with the merger between IBERIA, LÍNEAS AÉREAS DE ESPAÑA, S.A. and BRITISH AIRWAYS PLC pursuant to the Merger Agreement dated 8 April 2010, notice is hereby served that on the date hereof, the Spanish National Securities Market Commission (CNMV) has approved the registration document of INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A. (“**IAG**”), the holding company resulting from said merger, which shall be available on the CNMV website (www.cnmv.es) and on the website of IBERIA, LÍNEAS AÉREAS DE ESPAÑA, S.A. (www.iberia.es).

Furthermore, also on the date hereof, the UK Listing Authority has approved the Class 1 Circular of BRITISH AIRWAYS PLC relating to the scheme of arrangement and the High Court of England and Wales (the “**Court**”) has approved the convening of the court meeting of BRITISH AIRWAYS PLC to approve the scheme of arrangement, thus fulfilling all of the prior conditions established in the merger project for the call of the shareholders’ meetings of both companies in order to adopt the corresponding resolutions in relation to the merger.

In this connection, the extraordinary shareholders’ meeting of IBERIA, LÍNEAS AÉREAS DE ESPAÑA, S.A. has been called for these purposes to be held at 12 noon on November 28 or November 29 on first or second call, respectively (foreseeably to be held on second call), pursuant to the notice attached to this relevant fact which will be published tomorrow on the terms provided for in the Law and in the Company bylaws. The documentation relating to the extraordinary shareholders’ meeting shall be available to shareholders on the Company website (www.iberia.es), without prejudice to the right of shareholders to examine at the registered office or to ask to be sent, immediately and free of charge, the documents to be made available to them in accordance with the Law as from the date of publication of the call.

The general meeting of BRITISH AIRWAYS PLC shall also be held on 29 November 2010.

Subject to approval of the transaction by the respective shareholders’ meetings of both companies and the Court, the merger is expected to be completed in January 2011.

In Madrid, on 26 October 2010

IBERIA, LÍNEAS AÉREAS DE ESPAÑA, S.A.

Enrique Dupuy de Lôme
Chief Financial Officer

IBERIA, LÍNEAS AÉREAS DE ESPAÑA, S.A.

(i) extraordinary SHAREHOLDERS' MEETING

Notice is hereby given of the Extraordinary Shareholders' Meeting of "Iberia, Líneas Aéreas de España, Sociedad Anónima", called pursuant to a resolution adopted by the Board in accordance with prevailing laws and bylaws, as follows:

FIRST CALL

Date: 28 November 2010

Time: 12:00

Venue: Madrid, Auditorium B, Palacio Municipal de Congresos, Avenida de la Capital de España Madrid, s/n, Campo de las Naciones

SECOND CALL

Date: 29 November 2010

Time: 12:00

Venue: Madrid, Auditorium B, Palacio Municipal de Congresos, Avenida de la Capital de España Madrid, s/n, Campo de las Naciones

The Extraordinary Shareholders' Meeting is called to submit the items on the agenda to discussion and adopt the corresponding resolutions, if appropriate:

2. AGENDA

1. *Capital reduction through redemption of treasury shares, not subject to any right of opposition by creditors, and subsequent amendment of Articles 5 and 6 of the Bylaws. Delegation of powers.*

2. *Consideration and approval of the joint project for the hive down from IBERIA, LÍNEAS AÉREAS DE ESPAÑA, S.A. (as Transferor) to IBERIA, LÍNEAS AÉREAS DE ESPAÑA, SOCIEDAD ANÓNIMA OPERADORA (Sole Shareholder Company) (as Transferee). Approval, as the hive down balance sheet, of the balance sheet of IBERIA, LÍNEAS AÉREAS DE ESPAÑA, S.A. at 31 December 2009. Approval of the hive down from IBERIA, LÍNEAS AÉREAS DE ESPAÑA, S.A. (as Transferor) to IBERIA, LÍNEAS AÉREAS DE ESPAÑA, SOCIEDAD ANÓNIMA OPERADORA (Sole Shareholder Company) (as Transferee) through the universal, en bloc transfer of the assets and liabilities of the former to the latter, in accordance with the hive down project. Elective reliance of the hive down on the special tax regime provided in Title VII, Chapter VIII of the restated Corporate Income Tax Law. Delegation of powers*

3. *Creation of a new class B of shares by reclassifying the 125,321,425 shares owned by BRITISH AIRWAYS PLC (through its subsidiaries BRITAIR HOLDINGS LIMITED and BRITISH AIRWAYS HOLDINGS, B.V.), and of which BA HOLDCO, S.A. (Sole-Shareholder Company) will be the sole*

holder, into 25,064,285 Class B shares and, consequently, amending articles 6 and 40 of the Company Bylaws. Delegation of powers.

4. *Consideration and approval of the joint project for the merger by absorption of IBERIA, LÍNEAS AÉREAS DE ESPAÑA, S.A. and BA HOLDCO, S.A. (Sole Shareholder Company) (Non-Surviving Companies) into INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A. (Sole Shareholder Company) (Surviving Company). Approval, as the merger balance sheet, of the balance sheet of IBERIA, LÍNEAS AÉREAS DE ESPAÑA, S.A. at 31 December 2009. Approval of the merger of IBERIA, LÍNEAS AÉREAS DE ESPAÑA, S.A., BA HOLDCO, S.A. (Sole Shareholder Company) and INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A. (Sole Shareholder Company) through the absorption of the first two companies into the latter, causing the dissolution of IBERIA, LÍNEAS AÉREAS DE ESPAÑA, S.A. and BA HOLDCO, S.A. (Sole Shareholder Company) and the universal en bloc transfer of their respective assets and liabilities to INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A. (Sole Shareholder Company), in accordance with the Merger Project. Elective reliance of the merger on the special tax regime provided in Title VII, Chapter VIII of the restated Corporate Income Tax Law.*

Elective reliance of the merger on the special tax regime provided in Title VII, Chapter VIII of the restated Corporate Income Tax Law. Delegation of powers.

5. Delegation of powers to the Board of Directors, with powers of substitution of the attorney-in-fact, for the formalization, rectification, registration, interpretation, implementation and execution of the resolutions adopted.

In pursuance of the provisions of Article 293 of the Corporate Enterprises Law (*Ley de Sociedades de Capital*), it is placed on record that item three on the agenda shall be voted separately by the shares affected by the reclassification on the one hand, and the shares not affected by the reclassification on the other.

SUPPLEMENTAL CALL

Shareholders representing at least five per cent of the capital may request publication of a supplemental call to the Shareholders' Meeting, including one or more items on the Agenda. This right shall be exercised in an attested notification, to be received at the registered office of IBERIA, L.A.E., S.A., calle Velázquez no. 130, 28006 Madrid - Shareholders' Office - within five days after publication of the notice of call. The supplemental call shall be published at least fifteen days prior to the date of the Shareholders' Meeting.

RIGHT TO INFORMATION

As from publication of the corresponding notices of call to this Extraordinary Shareholders' Meeting, shareholders are entitled to examine at the registered office of IBERIA, L.A.E., S.A., calle Velázquez no. 130, 28006 Madrid - Shareholders' Office -, 09:00-14:00 and 16:00-19:00, Monday to Friday, or to ask to be sent, immediately and free of charge, copies of the following documents: (a) the Directors' report on the proposed capital reduction at the Company through the redemption of treasury shares, not subject to any right of opposition of creditors, and subsequent amendment of Articles 5 and 6 of the Bylaws, which is submitted to the Shareholders' Meeting for approval under item one on the agenda, such report containing the full text of the proposed bylaw amendment; (b) the Directors' report on the joint project for the hive down from Iberia, L.A.E., S.A. to Iberia, L.A.E., Sociedad Anónima Operadora (Sole-Shareholder Company), which is submitted to the Shareholders' Meeting for approval under item two on the agenda; (c) the Directors' report on the proposed creation of a new class B of shares by reclassifying the 125,321,425 shares of Iberia, L.A.E., S.A.

currently indirectly owned by British Airways Plc into 25,064,285 Class B shares and, consequent amendment of Articles 6 and 40 of the Company Bylaws, such report containing the full text of the proposed bylaw amendment; (d) the Directors' report on joint project for the merger by absorption of Iberia, L.A.E., S.A. and BA Holdco, S.A. (Sole-Shareholder Company) (as non-surviving companies) into International Consolidated Airlines Group, S.A. (Sole-Shareholder Company) (as surviving company), which is submitted to the Shareholders' Meeting for approval under item four on the agenda; and (e) the proposed resolutions submitted for approval to the Shareholders' Meeting by the Board.

Also placed on record is the right of the shareholders and the workers' representatives to examine at the registered office or ask to be provided with or sent, free of charge, a copy of the documents listed in Article 39.1 of Law 3/2009, of 3 April 2009, on structural modifications to commercial companies, in relation to:

(i) the hive down transaction which is submitted to the Shareholders' Meeting for approval under item two on the agenda: (a) the hive down project; (b) the Directors' report on the hive down project; (c) the independent expert's report on the hive down project; (d) the financial statements and directors' reports of Iberia, L.A.E., S.A. for the last three years, with the corresponding auditors' reports; in the case of Iberia, L.A.E., S.A. Operadora, a company formed in December 2009, the 2009 financial statements with the corresponding auditors' report; (e) the hive down balance sheet of Iberia, L.A.E., S.A. and Iberia, L.A.E., S.A. Operadora, corresponding to the last annual balance sheet closed at 31 December 2009, with the corresponding auditors' reports; (f) the current bylaws of the companies involved; (g) the full text of the bylaws of the transferee, which will be applicable following execution of the hive down; and (h) identification of the directors of the companies involved and the date they were appointed to office, and of the directors of the transferee following execution of the hive down.

(ii) the merger by absorption which is submitted to the Shareholders' Meeting for approval under item four on the agenda: (a) the merger project; (b) Directors' reports on the merger project; (c) the independent expert's report on the merger project; (d) the financial statements and directors' reports of Iberia, L.A.E., S.A. for the last three years, with the corresponding auditors' reports; in the case of IAG and BA Holdco, S.A., companies formed in December 2009, the financial statements for year ended 31 December 2009, with the corresponding auditors' report; (e) the merger balance sheets of the companies involved, corresponding to the latest annual balance sheet audited and closed for each company at 31 December 2009, with the corresponding auditors' report; (f) the current bylaws of the companies involved; (g) the full text of the bylaws of the surviving company, which will be applicable following completion of the merger; and (h) identification of the directors of the companies involved and the date they were appointed to office, and of the directors of the surviving company following completion of the merger.

These documents can also be examined and obtained on the company's web site (www.iberia.com).

In pursuance of Article 528.2 of the Corporate Enterprises Law, the Company makes available to shareholders, on the company's web site, an Electronic Forum, the

use of which shall be in keeping with its legal purpose.

In application of the provisions of Article 40.2 of the aforementioned Law 3/2009, the minimum legal information required in relation to the **hive down project**, which is submitted to the Shareholders' Meeting for approval under item two on the agenda, is placed on record below:

1.- *Transferor: Iberia, Líneas Aéreas de España, S.A. ("Iberia"), with registered offices at calle Velázquez no. 130, 28006 Madrid, entered in the Madrid Mercantile Registry in volume 228, sheet 138, page M-4621 and with tax identification number A-28017648. Transferee: Iberia, Líneas Aéreas de España, Sociedad Anónima Operadora (Sole-Shareholder Company) ("Iberia Operadora"), with registered offices at calle Velázquez no. 130, 28006 Madrid, entered in the Madrid Mercantile Registry in volume 27,301, sheet 79, page M-491912 and with tax identification number A-85850394.*

2.- *Given that Iberia Operadora is directly and wholly owned by Iberia, pursuant to Article 49.1 of Law 3/2009 in connection with Article 73 thereof, the hive down project does not contain the mentions provided for in Article 31 of Law 3/2009 in relation to the share exchange procedure or ratio, or of the date from which the Transferor is entitled to participate in the profits of the Transferee.*

3.- *Assets and liabilities transferred: the entire business of Iberia, which includes but is not limited to the businesses of (i) air transport of passengers, cargo of any type, and mail; (ii) technical, operational and commercial handling services for aircraft, passengers, cargo and mail; (iii) technological assistance and consultancy services relating to aeronautics, airports and air transport; (iv) development of computerized booking systems and other services related to air transport; (v) aircraft airframe, engine, instrument and ancillary equipment maintenance services; and (vi) commercial aviation training and instruction services, making up an economic unit within the meaning of article 71 of Law 3/2009. Notwithstanding the above, (i) the treasury shares held by Iberia will not be transferred to Iberia Operadora, given that these shares will be redeemed prior to the execution of the hive down; and (ii) Iberia will retain all of its rights and obligations as set out in the merger agreement with British Airways Plc.*

4.- *The assets and liabilities held by Iberia that fall within the scope of the hive down are set out in Schedule 1 to the hive down project.*

5.- *Combined value of the assets and liabilities included in the business to be transferred: total assets: 5,020 million euros; total liabilities: 3,516 million euros. As a result, the value of the net assets transferred from Iberia to Iberia Operadora is 1,504 million euros, in accordance with the book value at which the assets and liabilities being transferred are carried at 31 December 2009.*

6.- *The hive down balance sheets will be those closed by the respective Companies at 31 December 2009, which form part of their respective financial statements at that date.*

7.- *The operations of Iberia relating to the hived down business shall be considered to be carried out for accounting purposes by Iberia Operadora as of the date on which*

the public hive down deed is filed with the Madrid Mercantile Registry. The foregoing is to be understood as not precluding whatever the applicable legislation provides from time to time.

8.- There are no additional benefits at Iberia. There are also no special shares or special non-share rights at Iberia.

9.- No benefits of any kind will be granted to the directors of either of the companies participating in the hive down or to the independent expert.

10.- Possible consequences of the hive down on employment: In accordance with the provisions of Article 44 of the Workers' Statute, the Transferee will assume the same labour rights and obligations with respect to the employees of the Transferor. Notice of the intended hive down will be provided to the legal representatives of the employees, in accordance with applicable legislation, and to the relevant public bodies, in particular the Treasury Department of the Social Security System. Following completion of the hive down referred to in the hive down project been executed, the existing labour rights of current Iberia employees will be respected, in accordance with the law. Impact on gender representation in governing bodies: The hive down is not expected to give rise to any significant changes in the composition of the governing bodies of the Transferee, in terms of the distribution of posts between men and women. The merger will not alter the gender representation policies adopted by Iberia or Iberia Operadora. Effects of the hive down on the corporate social responsibility of the company. Iberia Operadora will continue the activity of Iberia in the same conditions as it is currently conducted. Consequently, the hive down will not have a significant effect on the corporate social responsibility of the company.

11.- Following the hive down, the bylaws of the Transferee shall be those set out in Schedule 2 to the Hive Down Project.

*Also in application of the provisions of Article 40.2 of the aforementioned Law 3/2009, the minimum legal information required in relation to the **merger project**, which is submitted to the Shareholders' Meeting for approval under item four on the agenda, is placed on record below:*

1.- Surviving company: International Consolidated Airlines Group, S.A. (Sole-Shareholder Company) ("IAG"), with registered offices at calle Velázquez no. 130, 28006 Madrid, entered in the Madrid Mercantile Registry in volume 27312, sheet 11, page M-492.129 and with tax identification number A-85845535. Non-surviving company: Iberia Líneas Aéreas de España, S.A. ("Iberia"), with registered offices at calle Velázquez no. 130, 28006 Madrid, entered in the Madrid Mercantile Registry in volume 228, sheet 138, page M-4621 and with tax identification number A-28017648. Non-surviving company: BA Holdco, S.A. (Sole-Shareholder Company) ("BA Holdco"), with registered offices at Pradillo, 5, bajo exterior, derecha, 28002 Madrid, entered in the Madrid Mercantile Registry in volume 27312, sheet 1, page M-492.128 and with tax identification number A-85842797.

2.- Merger ratio: The shareholders of Iberia will receive 1.0205 ordinary shares of IAG (nominal value of 0.50 euros each) for every ordinary share held in Iberia (nominal

value of 0.78 euros each). In turn, The shareholders of BA Holdco will receive one ordinary share of IAG (nominal value of 0.50 euros each) for every ordinary share held in BA HOLDCO (nominal value of 0.50 euros each). No cash consideration is to be paid to the shareholders of the Non-Surviving Companies as a result of the merger.

3.- Exchange procedure:

3.1. Iberia share exchange procedure: (i) after the merger has been approved and the public deed of merger and consequent capital increase in IAG has been registered at the Madrid Mercantile Registry, the shares of Iberia will be exchanged for newly-issued shares of IAG in accordance with the merger ratio, through the entities of the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. ("IBERCLEAR"), custodians of the shares of Iberia, subject to the procedures established for the book entry system, pursuant to Royal Decree 116/1992, of 14 February, and the pertinent sections of the Corporate Enterprises Law; (ii) Shareholders holding shares of Iberia that represent fractional entitlements to shares in accordance with the agreed merger ratio may group or transfer their shares in order to exchange them in accordance with such merger ratio. Iberia will appoint a share fractions broker (agente de picos) that will acquire and group fractional entitlements of shareholders in Iberia in order to receive a whole number of shares of IAG; (iii) as a result of the merger, the shares of Iberia will be cancelled; (iv) the Corporate Enterprises Law will apply to those shares of Iberia that are not presented for exchange within the established term.

3.2. BA Holdco share exchange procedure: (i) pursuant to the execution of the scheme of arrangement described in section 1.3.2 of the Merger Project, all the newly-issued shares of BA Holdco will be fully subscribed by a custodian to be designated by British Airways Plc by mutual agreement with IAG (the "Custodian"), as nominee for the shareholders of British Airways Plc participating in said scheme of arrangement; (ii) after the merger has been approved and the public deed of merger and consequent capital increase in IAG has been registered at the Madrid Mercantile Registry, the shares of BA Holdco with a nominal value of 0.50 euros (issued under the scheme of arrangement) will be exchanged for newly-issued shares of IAG in accordance with the merger ratio; (iii) the exchange of shares will be carried out by submitting the public deed setting out the share capital increase of BA Holdco whereby that company will issue the number of new shares required to secure performance of the scheme of arrangement described in section 1.3.2 of the Merger Project, duly registered by the Madrid Mercantile Registry (the "BA Holdco Capital Increase Public Deed"), to the entity participating in IBERCLEAR designated by IAG for these purposes. That participating entity, acting as agent, will receive the BA Holdco capital increase public deed and will carry out all the share exchange transactions relating to the allotment of the newly-issued shares of IAG due to the Custodian, who shall be the holder of said shares as nominee of an entity that will act as custodian which, in turn, will act on trust for the relevant shareholders. All the above shall be performed in accordance with Royal Decree 116/1992, of 14 February, and the pertinent sections of the Corporate Enterprises Law; (iv) by legal imperative, pursuant to article 26 of Law 3/2009 and legislation governing treasury shares, the share in IBERIA held by BA HOLDCO at the date of conversion will not be exchanged for shares of IAG; (v) as a result of the merger, the shares of BA HOLDCO will be cancelled; (vi) the Corporate Enterprises Law will apply to those shares of BA HOLDCO that are not presented for exchange within the established term.

4.- *None of the shareholders of the merging companies is an industrial shareholder and thus, no industry contribution is to be made in the intended merger. No ancillary contributions are inherent in the shares of the merging companies.*

5.- *No special shares or holders of special non-share rights exist in the merging companies and (ii) no shares or special rights will be granted in IAG as a result of the merger, except with respect to (i) the holders of British Airways convertible bonds, in relation to whom a structure will be put in place to ensure that the convertible bonds will be exchangeable for IAG shares; and (ii) the beneficiaries of British Airways' share-based remuneration plans, in relation to whom British Airways and Iberia will ensure that the options and rights held by them are automatically exchanged or exchanged upon request (as appropriate) for options and rights, of equivalent value and in the same terms, to acquire shares representing the share capital of IAG.*

6.- *No benefits of any kind in IAG will be granted to the independent experts consulted in the Merger Project, to the directors of the Non-Surviving Companies or to the directors of IAG as a result of the merger.*

7.- *The new shares to be issued by IAG as a result of the merger will carry the right to share in its corporate profits as from the date on which the public merger deed is filed with the Madrid Mercantile Registry.*

8.- *The transactions of Iberia and of BA Holdco will be considered to have been made for accounting purposes for the accounts of IAG as from the date on which the public merger deed is filed with the Madrid Mercantile Registry. This filing is expected to take place on the date the deed is executed. The foregoing is to be understood as not precluding whatever the applicable legislation provides from time to time.*

9.- *The bylaws of the surviving company, IAG, will be those attached as Schedule 1 to the merger project.*

10.- *The main elements of the assets and liabilities of Iberia are as follows: total value of assets: 5,020 million euros; total value of liabilities: 3,516 million euros; and value of net assets: 1,504 million euros. The above figures correspond to the book value at which the assets and liabilities of Iberia are carried at 31 December 2009. In turn, the main elements of the assets and liabilities of British Airways are as follows: total value of assets: 10,677 million pounds sterling; total value of liabilities: 8,564 million pounds sterling; and value of net assets: 2,113 million pounds sterling. The above figures correspond to the book value at which the assets and liabilities of British Airways are carried at 31 March 2010.*

11.- *The merger balance sheets will be those closed by the merging companies at 31 December 2009, which form part of their respective financial statements at that date.*

12.- *Possible consequences of the merger on employment and its possible impact on gender representation in the governing bodies and the effect that it may have on the corporate social responsibility of the merging companies: The merger will be performed between two holding companies, as Non-Surviving Companies (Iberia, as the holder at*

that time of 100% of the share capital of Iberia Operadora, which will be the successor of its business, and BA Holdco, to become the holding company of British Airways under the scheme of arrangement) and a recently-incorporated and currently dormant company, IAG, as the Surviving Company. Consequently, the intended merger will not have a significant impact on the employees of Iberia and BA Holdco. After the merger is implemented, the existing labour rights of the current employees of Iberia (whose employment contracts will be transferred to Iberia Operadora as part of the hive down referred to above) and of British Airways will be respected in accordance with the law. The merger is not expected to have any relevant impact in the gender representation on the governing body of the Surviving Company, with respect to the composition of the Boards of Directors of the Non-Surviving Companies. Lastly, the merger is not expected to have any impact on the corporate social responsibility of the merging companies.

Pursuant to the provisions of Article 197 of the Corporate Enterprises Law and Article 12 of the Regulations of the Shareholders' Meeting, shareholders may ask the Board, up to seven days prior to the date of the meeting, for such information or explanations as they may consider necessary or submit such written questions as they may deem fit on the business included on the agenda, or the significant information notified by the company to the National Securities Market Commission (CNMV) since the last Shareholders' Meeting. Requests for information shall be sent in writing to the Shareholders' Office, delivered by hand at the registered office or sent by post or e-mail (invesrel@iberia.es). Requests may also be made by telephone, calling the Shareholders' Office on telephone nos. 915877108 and 915877574. The Shareholders' Office will provide whatever information and explanations may be required in respect of these issues.

INTERVENTION OF NOTARY

The Board has resolved to request the presence of a Notary to issue a Certificate of the Proceedings of the Shareholders' Meeting, in pursuance of Article 114 of the Corporate Enterprises Law, in relation to Articles 101 and 103 of the Mercantile Registry Regulations.

RIGHT TO ATTEND

The Shareholders' Meeting may be attended by any shareholders who, individually or by pooling with other shareholders, hold at least FOUR HUNDRED (400) shares, provided that they are entered in the corresponding register five days prior to the date on which the Shareholders' Meeting is scheduled and this is evidenced with the appropriate attendance card. Attendance cards will be issued and sent by Iberia, L.A.E., S.A. to shareholders' addresses. They may also be obtained on the company's web site (www.iberia.com) and, if necessary, on the date of the meeting.

Holders of fewer than 400 shares may pool their shares to reach that number, appointing one of the pooled shareholders to represent them all. The shareholder who is to represent the pool must go to the Shareholders' Office, calle Velázquez 130, 28006 Madrid to obtain the corresponding attendance/ representation card, for which he must present the duly signed cards of the pooled shareholders. Shareholders may also pool with others using the Electronic Service that the company has put at their disposal on its web site (www.iberia.com), following the instructions given on such site.

Accreditation of shareholders attending the meeting will begin at 10:00 to enable orderly access to the hall in which the meeting is to be held.

PROXIES

A) General rules

All shareholders holding at least four hundred (400) shares may be represented at the Shareholders' Meeting by any director or another shareholder, subject to the requirements and formalities stipulated in law. If no proxy is named, the shareholder will be deemed represented by the Chairman of the Shareholders' Meeting, without prejudice to the legal provisions established for representation of relatives, minors and disabled, public proxy requests, general powers of attorney and the representation of legal persons, which should be sufficiently evidenced by the representative.

The shareholder granting the proxy should issue voting instructions. Otherwise he shall be deemed to delegate his vote in favour of the proposals submitted by the Board and stated on the Agenda. Shareholders may also expressly extend the delegation to any other business which, although not included on the Agenda, could be put to the vote at the Shareholders' Meeting, being so permitted by law. In this case, the proxy shall vote as he considers most favours the interests of his principal. The delegating shareholder may also authorise the proxy to appoint a substitute to exercise his voting right in any situation in which the proxy may be affected by a conflict of interests.

Proxy forms will be issued and remitted by Iberia, L.A.E., S.A. to the

shareholders' addresses and will also be made available on the company's web site (www.iberia.com). In order for a proxy granted to another shareholder to be valid, the delegation must be accepted by the proxy. Save as provided in respect of distance proxies, the acceptance by the proxy must be stated on the proxy form, which will be duly signed by the named proxy. All the Board members have expressed their personal decision to accept and fulfil all proxies that may be vested in them in their capacity as shareholders, so they need not sign to indicate individual acceptance on the proxy forms indicating delegations in their favour.

In order to avoid delay in the procedure of the Shareholders' Meeting, proxies are requested to identify themselves as such at the Shareholders' Office and hand in the proxy form prior to the date for which the Shareholders' Meeting is scheduled, or otherwise present it to the Presiding Board Assistance Services two hours before the time scheduled for the Shareholders' Meeting.

B) Distance proxies

➤ ***By post***

Shareholders may delegate their representation to another person by completing the proxy form sent to them or downloaded from the company's web site. This form, duly signed by the shareholder, must be sent or delivered, by post or an equivalent courier service, to the registered office of Iberia, L.A.E., S.A., calle Velázquez no. 130, 28006 Madrid - Shareholders' Office. Legal persons delegating their representation to another shareholder in this way must enclose a

notary's transcript of the powers of attorney of the individual signing the voting card or evidence his powers by any other means acceptable by law.

➤ ***By electronic means***

Individuals may grant proxies in the manner established on the company's web site – [www.iberia.com/Investors and Shareholders/EGM 2010/Electronic Service](http://www.iberia.com/Investors_and_Shareholders/EGM_2010/Electronic_Service)–, following the instructions given and using an electronic signature based on an Electronic User Certificate issued by the National Mint (*Fábrica Nacional de Moneda y Timbre*) or using their electronic National Identity Card.

➤ ***Common rules for distance proxies***

All proxies granted by post or electronic means must be received at the Shareholders' Office no later than 12:00 noon on 27 November 2010. Otherwise, the proxy will be deemed not granted.

Any shareholder granting a distance proxy must notify the shareholder named proxy of the delegation made in his favour. When the proxy is granted to the Chairman or a Director of Iberia, L.A.E., S.A., this notification will be deemed made upon receipt of the proxy form by the company.

In order for the proxy to be valid, the named proxy must accept the delegation and attend the Shareholders' Meeting in person, unless he expressly indicates his refusal.

Proxies made by post or electronic means may be rendered null and void by express

revocation by the shareholder, by the same means as was used for granting the proxy, which revocation must be received at the Shareholders' Office by the deadline indicated above. If, after granting a proxy, the shareholder attends the Shareholders' Meeting or votes by any valid means of distance communication, or sells the shares in respect of which the voting rights are represented, that proxy will be deemed revoked.

If the shareholder grants a proxy after having voted by any valid means of distance communication, the proxy will be considered not granted.

DISTANCE VOTING

Voting at the EGM will be governed by the provisions of Article 23 of the Regulations of the Shareholders' Meeting. All shareholders holding at least four hundred (400) shares may also vote by distance communication, as indicated in Article 24 of the Regulations of the Shareholders' Meeting and on the company's web site - [www.iberia.com/Investors and Shareholders/EGM 2010/Electronic Service](http://www.iberia.com/Investors_and_Shareholders/EGM_2010/Electronic_Service) -, following the instructions given.

➤ **Postal vote**

Shareholders may cast their vote by completing the voting form sent to their address or downloaded from the company's web site. This form, duly signed by the shareholder, must be delivered or sent, by post or an equivalent courier service, to the registered office of Iberia, L.A.E., S.A., calle Velázquez no. 130, 28006 Madrid - Shareholders' Office. Legal persons voting in this way must enclose a notary's transcript of the powers of attorney of the individual signing the voting card or evidence his powers by any other means acceptable by law.

➤ **Electronic vote**

Individuals may vote in the manner established on the company's web site – [www.iberia.com/Investors and Shareholders/EGM 2010/Electronic Service](http://www.iberia.com/Investors_and_Shareholders/EGM_2010/Electronic_Service)–, following the instructions given and using an electronic signature based on an Electronic User Certificate issued by the National Mint (Fábrica Nacional de Moneda y Timbre) or using their electronic National Identity Card.

➤ **Common rules for distance voting**

All postal and electronic votes must be received at the Shareholders' Office no later than 12:00 noon on 27 November 2010. Otherwise, the vote will be deemed not cast.

Shareholders voting by distance communication, whether by post or electronic means, will be considered present for quorum purposes.

Postal and electronic votes may only be cancelled by subsequent, express revocation sent by the same means as that used for voting and by the deadline set for voting in this way, by attendance at the EGM by the shareholder who cast the vote, or by sale of the shares entitling that shareholder to vote.

OTHER PROVISIONS

The company will not be liable for any damages that may be caused to shareholders by faults, overloading, fallen lines, connection failures or any other similar incidents beyond the company's control, which prevent use of the electronic voting and proxy mechanisms. The company reserves the right to modify, suspend, cancel or restrict electronic voting and proxy mechanisms whenever this is considered necessary for technical or security reasons. Shareholders are exclusively responsible for due care of their Electronic User Certificate or electronic National Identity Card. Similarly, the company will not be liable for any damages to shareholders as a result of faults or delays caused by shortcomings in the postal service beyond the company's control.

DATA PROTECTION

The personal data sent by shareholders to the company to exercise their attendance, proxy and voting rights at the EGM or supplied by the banks and stockbrokers or dealers with which they have deposited their shares will be processed for the purpose of handling the development, fulfilment and control of relations with shareholders.

Shareholders are informed that their particulars will be included in an electronic data file owned by the company and that they may exercise their rights to access, rectification, cancellation and objection as stipulated in law by writing to Iberia, L.A.E., S.A. at its registered office, calle Velázquez no. 130, 28006 Madrid - Shareholders' Office.

FORESEEABLE DATE OF SHAREHOLDERS' MEETING

Since the quorum required by law and the bylaws for holding the Shareholders' Meeting will foreseeably not be met on first call, shareholders are informed that unless otherwise expressly announced in the daily press, **THE SHAREHOLDERS' MEETING WILL BE HELD ON SECOND CALL**, at the place and date indicated above.

Madrid, 26 October 2010

Lourdes Máiz Carro

Secretary of the Board

CAUTIONARY LEGEND

This announcement is for information purposes only and does not constitute an offer to purchase, sell or exchange or the solicitation of an offer to purchase, sell or exchange any securities or the solicitation of any vote or approval with respect to the merger of British Airways Plc ("BA") and Iberia Líneas Aéreas de España, S.A. ("Iberia") into International Consolidated Airlines Group, S.A. (the "Company") (the "Transaction"), nor shall there be any purchase, sale or exchange of securities or such solicitation in any jurisdiction in which such offer, solicitation or sale or exchange would be unlawful prior to the registration or qualification under the laws of such jurisdiction.

This announcement is not to be distributed (directly or indirectly) in or to Canada, Australia, Japan, New Zealand or the Republic of South Africa or any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. This announcement is not an offer of securities for sale in or into Canada, Australia, Japan, New Zealand or the Republic of South Africa or any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

No money, securities or other consideration is being solicited and, if sent in response to the information contained herein, will not be accepted.

The distribution of this document may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. To the fullest extent permitted by applicable law, the Company, BA and Iberia disclaim any responsibility or liability for the violation of such restrictions by any person.

UBS is acting as financial adviser to BA and no one else in connection with the Transaction and will not be responsible to anyone other than British Airways for providing the protections afforded to the clients of UBS nor for providing advice in relation to the Transaction or any other matter referred to herein.

Morgan Stanley is acting as financial adviser to Iberia and no one else in connection with the Transaction and will not be responsible to anyone other than Iberia for providing the protections afforded to the clients of Morgan Stanley nor for providing advice in relation to the Transaction or any other matter referred to herein.

This announcement may contain forward-looking information and statements about BA and Iberia and the Company's businesses after completion of the proposed Transaction. Forward-looking statements are statements that are not historical facts nor guarantees of future performance, and have not been reviewed by BA or Iberia's auditors. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words "expects," "anticipates," "believes," "intends," "estimates" and similar expressions. Although the managements of BA and Iberia believe that the expectations reflected in such forward-looking statements are reasonable, investors and holders of BA and Iberia shares are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of BA and Iberia, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the public documents filed by BA with the UKLA and by Iberia with the Comisión Nacional del Mercado de Valores, including BA's 2009/2010 Annual Report and Accounts and Iberia's 2009 Annual Report and Accounts. Investors are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date they were made. Except as required by applicable law, neither BA nor Iberia undertake any obligation to update any forward-looking information or statements.

If and when filed, investors may obtain free copies of the public documents sent by BA and Iberia with their respective securities regulators and will receive information at an appropriate time on how to obtain these Transaction related documents for free from the parties involved or a duly appointed agent.

ADDITIONAL NOTICE TO IBERIA SHAREHOLDERS IN THE UNITED STATES OF AMERICA

This business combination involves the securities of a foreign company. The Transaction is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in the document, if any, have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the federal securities laws, since the issuer is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court's judgment.

You should be aware that the issuer may purchase securities otherwise than under the exchange offer, such as in open market or privately negotiated purchases.