## RELEVANT FACT

## IBERIA REACHES LANDMARK AGREEMENT WITH PILOTS' UNION

International Airlines Group (IAG) announces today that Iberia has reached agreement in principle with its pilots' union, SEPLA, to introduce permanent structural change and improve the airline's viability. It also heralds a new positive working relationship between Iberia and SEPLA after years of conflict.

This landmark agreement provides a strong foundation to put Iberia on the path towards sustainable profitable growth – the more positive of the two scenarios outlined at IAG's Capital Markets Day in November 2013. It will also enable Iberia to become more competitive and reduce its cost base.

The main impacts of the agreement are:

- Fundamental productivity improvements within Iberia.
- Salaries to remain frozen until 2015 as outlined in the Mediation Agreement. After that date, increases will be subject to the airline's profitability.
- The Mediation Agreement provided a 14 per cent salary reduction for pilots and an additional 4 per cent cut linked to the productivity agreement. With these productivity improvements, the 4 per cent will be returned.
- Facilitates the growth of Iberia and Iberia Express.

Luis Gallego, Iberia's executive chairman, said: "I would like to thank the efforts made by SEPLA, the pilots and Iberia's management team who worked together to reach this agreement. This groundbreaking deal reduces the cost structure and provides the foundation for the airline to grow profitably. A strong and profitable Iberia can protect jobs in the long term and boost tourism which is a key driver in Barajas and Spain's economic recovery.

"Iberia is the natural airline choice for Latin America and this agreement will enable it to be a formidable competitor and build on its new brand, providing customers with great service and an extensive network.

"This agreement also enables the growth of Iberia Express with a competitive cost base and provides promotion opportunities for current Iberia and Iberia Express first officers. Iberia Express will help make Iberia profitable and stronger, by providing short haul feed, and will provide Spanish competition to low cost carriers".

Willie Walsh, IAG's chief executive said: "'Luis Gallego, his team and SEPLA deserve congratulations for striking a bold deal that will mark the turning point in Iberia's future. Luis has deservedly won the respect of the industry, his colleagues and the trade unions. Permanent structural change was the only way to save Iberia from slow decline. This agreement marks the beginning of its future".

This agreement in principle is subject to the approval of SEPLA's general assembly.

Enrique Dupuy de Lome
Chief Financial Officer

13 February 2014

*Forward-looking statements: Certain information included in these statements is forward-looking and involves risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking statements. Forward-looking statements include, without limitation, projections relating to results of operations and financial conditions and International Consolidated Airlines Group S.A. (the 'Group') plans and objectives for future operations, including, without limitation, discussions of the Company's Business Plan, expected future revenues, financing plans and expected expenditures and divestments. All forward-looking statements in this report are based upon information known to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. It is not reasonably possible to itemise all of the many factors and specific events that could cause the Company's forward-looking statements to be incorrect or that could otherwise have a material adverse effect on the future operations or results of an airline operating in the global economy. Further information on the primary risks of the business and the risk management process of the Group is given in the Annual Report and Accounts 2012; these documents are available on www.iagshares.com.*