

16 August 2013

Notice of redemption of British Airways Plc £350,000,000 5.80 per cent. convertible bonds due 2014

British Airways Plc (the “**Company**”) announces that, under the terms and conditions of its £350,000,000 5.80 per cent. convertible bonds due 2014 (the “**Bonds**”) which are guaranteed by International Consolidated Airlines Group, S.A. (“**IAG**”), the Company has exercised its option to redeem all outstanding Bonds on 30 September 2013.

As such, Citibank N.A., London Branch (the “**Paying and Conversion Agent**”) will today despatch an optional redemption notice to all the holders of the Bonds.

As an alternative to the redemption of the Bonds, bondholders have the option under the terms and conditions of the Bonds to exchange Bonds for ordinary shares in IAG by delivering a conversion notice and nationality declaration to the Paying and Conversion Agent by no later than the close of business on 23 September 2013.

As at today’s date, the conversion price for holders of the Bonds is £1.89 per ordinary share in IAG. The closing price of an ordinary share in IAG was £3.08 on 15 August 2013.

The following document has been submitted to the National Storage Mechanism and will be available for inspection at <http://www.morningstar.co.uk/uk/NSM> in due course:

- Optional redemption notice dated 16 August 2013

This document will also be available in the Debtholders section of the IAG Investor Relations website at <http://www.iagshares.com/> shortly.

This notification is made in accordance with Listing Rule 9.6.1R and Disclosure and Transparency Rule 2.2.1R.

K Dosanjh
Company Secretary