

Form of Conversion Notice and Nationality Declaration

British Airways Plc
£350,000,000 5.80 per cent. Bonds due 2014
convertible into ordinary shares of
International Consolidated Airlines Group, S.A. (the “Guarantor”)

(Please read the terms on page 3 before completing this Conversion Notice)

Name of Bondholder:

Address:

Contact Name:

Contact Email:

Contact Telephone:

Signature†:

Date:

†Where the Bonds in respect of which this Conversion Notice is given are evidenced by the Global Bond, the Conversion Notice need not be signed. In such a case, delivery of the Conversion Notice will constitute confirmation by the beneficial owner of interests in the Bonds to be converted that the information and the representations in the Conversion Notice are true and accurate on the date of delivery. **For the avoidance of doubt, the Nationality Declaration must be signed in all cases.**

Failure to duly complete and properly deliver (at the determination of the Paying and Conversion Agent, and in accordance with Condition 5(g)) this Conversion Notice and the annexed Nationality Declaration may result in this Conversion Notice being treated as null and void. Once duly completed and properly delivered, this Conversion Notice is irrevocable.

To: **British Airways Plc** (the “**Issuer**”)

I/We, [the undersigned] being the holders of the [Bond(s)/interests in the Global Bond] (please delete as applicable) specified below, hereby elect to convert the principal amount of such Bonds as specified below of which I/we are the holders(s) or in which I/we have an interest (as specified below) into ordinary shares of the Guarantor (“**Ordinary Shares**”) in accordance with the terms and conditions of the Bonds.

1 Total principal amount of Bonds and, where applicable, the serial numbers of Bonds or the clearing system details of Bonds to which this Conversion Notice applies.

Number of Bonds:

Total principal amount (must be a minimum of £100,000, or an integral multiple of £1,000 thereafter):

[Serial numbers of Bonds:]¹

[Clearing system in which Bonds are currently held:

Clearing system account number in respect of Bonds:]²

2 [I/We request that the Ordinary Shares to be issued and delivered pursuant to this Conversion Notice be credited to [my/our] [Iberclear proprietary account/securities account with the participant entity in Iberclear]³ set out below.

Iberclear participant entity:

Account number (cuenta corriente de valores):

Full address:

Country:]⁴

OR

[I/We request that the Ordinary Shares to be issued and delivered pursuant to this Conversion Notice be credited to the Iberclear account of a depository (or its nominated custodian), appointed by the Guarantor, who will (a) hold the Ordinary Shares for my/our benefit and (b) issue and deliver dematerialised depository interests representing the Ordinary Shares (“**CREST Depository Interests**”) into CREST and such CREST Depository Interests shall be credited to the CREST account, details of which are specified below:

CREST Participant ID:

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CREST Member Account ID:

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Participant Name:

Participant Address:]⁵

If valid settlement instructions are not provided above, in accordance with Condition 5(g), the Conversion Notice will be deemed to have not been duly completed and will therefore be treated as null and void.

¹ Not required for Bonds evidenced by the Global Bond.

² Required for Bonds evidenced by the Global Bond.

³ A Bondholder who is a participant entity in Iberclear must specify its own proprietary account in Iberclear.

⁴ To be completed where Ordinary Shares are to be held directly and settled in Iberclear.

⁵ To be completed where Ordinary Shares are to be held through a depository who shall issue depository interests in such Ordinary Shares which may be settled in CREST.

Terms

- (i) This Conversion Notice will be void unless the introductory details and Sections 1 and 2 are duly completed.
- (ii) Your attention is drawn to Condition 5 of the Bonds with respect to the conditions relating to conversion.
- (iii) Dispatch of statements of holding of Ordinary Shares will be made at the risk and (if sent at the request of such person otherwise than by ordinary mail) expense of the Bondholder, and the Bondholder will be required to prepay the expenses of, and submit any necessary documents required in order to effect, dispatch in any other manner specified hereon.
- (iv) If a retroactive adjustment of the Conversion Price contemplated by the Conditions is required in respect of a conversion of the Bonds, statements of holding of Ordinary Shares for the additional Ordinary Shares deliverable pursuant to such retroactive adjustment will be dispatched in the same manner as the statements of holding of Ordinary Shares previously issued pursuant to this Conversion Notice or, as the case may be, payments of cash will be made in the manner requested above.
- (v) This Conversion Notice may be completed by or on behalf of an accountholder of Euroclear or Clearstream, Luxembourg or any clearing system in which the relevant Bond is held at such time which has an interest in such Bond.
- (vi) The holding of an interest in a Bond by an accountholder of Euroclear or Clearstream, Luxembourg or any clearing system in which the relevant Bond is held in respect of which Conversion Rights are exercised will be confirmed by the Principal Paying and Conversion Agent against a SWIFT message received from the relevant clearing system.
- (vii) Terms used in this Conversion Notice and not otherwise defined have the meanings set forth in the trust deed, dated 13 August 2009, between the Issuer and The Law Debenture Trust Corporation p.l.c., as amended and supplemented by the supplemental trust deed dated 26 October 2010 between the Issuer, the Guarantor, BA Holdco S.A. and the Trustee, and as further amended and supplemented from time to time.
- (viii) In order for the Ordinary Shares to be capable of trading on the Spanish Stock Exchanges, the relevant Bondholder must indicate a securities account with a participant entity in Iberclear and must instruct the relevant participant entity to accept the Ordinary Shares for the account of the relevant Bondholder.

For Paying and Conversion Agent's use only:

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- (A) Bond conversion identification reference: []
- (B) Date of delivery of Conversion Notice to Paying and Conversion Agent:
- (C) Conversion Date (to be filled in by Paying and Conversion Agent):

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- (A) Aggregate principal amount [of Bonds deposited for conversion/represented by the Global Bonds]* being converted:
- (B) Conversion Price on Conversion Date:
- (C) Number of Ordinary Shares to be issued (if any): (disregard fractions)

N.B. The Paying and Conversion Agent must complete items 3 and 4.

* Delete as appropriate.



Please affix this Form to the reverse of the Conversion Notice

To: Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A.

DECLARATION REGARDING NATIONALITY TO BE MADE BY OR ON BEHALF OF ALL BONDHOLDERS EXERCISING THEIR CONVERSION RIGHT

THE rights of International Consolidated Airlines Group, S.A. (“**IAG**”) and its subsidiaries to operate services, in particular on international routes, could be withdrawn if IAG ceased to be substantially owned and effectively controlled by EU nationals. Accordingly, the Corporate Bylaws of IAG contain powers which may be used to limit the number or voting rights of ordinary shares in IAG (“**Shares**”) which non-EU nationals own interests or, if necessary, to require their compulsory acquisition, or to restrict the transferability of Shares.

The Directors are not able to issue Shares to a Bondholder unless one of the declarations set out overleaf has been completed and signed where indicated by or on behalf of every Bondholder who is exercising their Conversion Right (or, in the case of a corporation, sealed by the corporation or signed on its behalf by an attorney or duly authorised officer or agent of the corporation). The Directors reserve the right to be supplied with such evidence as they may require of the authority of any signatory on behalf of such Bondholder, and to require such evidence or information as to any matters contained in the declaration, as they may think fit. The Directors will decline to issue Shares to a Bondholder if such further evidence or information is not provided or given.

Terms used but not defined herein have the meaning given to them in the trust deed dated 13 August 2009 constituting the British Airways Plc £350,000,000 5.80 per cent. convertible bonds due 2014, as amended by the supplemental trust deed dated 26 October 2010.

NATIONALITY DECLARATION FORM

PLEASE TYPE OR USE BLOCK CAPITALS

A. *I/We declare that none of the shares or CREST depository interests representing an entitlement to a share to be registered in my/our name(s) pursuant to the attached Conversion Notice are Foreign Interest Shares (as defined below).

OR

B. *I/We declare that the shares or CREST depository interests representing an entitlement to a share to be registered in my/our name(s) pursuant to the attached Conversion Notice are Foreign Interest Shares and that the following is/are the name(s), nationality(ies) and address(es) of the person(s) whose interests make them Foreign Interest Shares:

Forename(s) (in full)			
Surname(s)			
Nationality(ies)			
Address(es)			

*Complete EITHER Declaration A OR Declaration B as appropriate and delete the other Declaration.

All joint applicant(s) must sign

Signature(s)
of
applicant(s) named
in the
attached Conversion
Notice

A corporation must affix its seal

Dated _____, 20_____

For the purposes of the Declaration, a "Foreign Interest Share" means a share in IAG ("share") or CREST depository interest representing an entitlement to a share ("CDI") in which a "Relevant Person" has an "Interest".

A person is deemed to have an "Interest" in relation to shares or CDIs if (i) he enters into a contract to acquire them or, not being the registered holder, (i) he is entitled to exercise any right corresponding to the shares or CDIs or to control the exercise of any such right, or (ii) assumes the economic risk of the relevant shares or CDIs.

By way of example, but without in any way limiting the generality of the definition, a person will have an Interest in shares or CDIs if:

- (a) a company is Interested in them and (i) that company or its directors are accustomed to act in accordance with his instructions or (ii) that company is directly or indirectly controlled by that person; or
- (b) he has entered into a contract to purchase the shares or CDIs or is entitled to exercise or control the exercise of any rights attaching to the shares or CDIs.

"Relevant Person" means:

- (a) any individual who is not a national of a member state of the European Union;
- (b) any legal person who is incorporated or established under the laws of any part of, and which has its principal place of business and central management and control in, or is otherwise resident in, a country other than a member state of the European Union;
- (c) a government or governmental department, agency or body, otherwise than of a member state of the European Union or any part thereof; and/or
- (d) any municipal, local, statutory or other authority or any undertaking or body formed or established in any country other than a member state of the European Union.

If you are in doubt as to how to complete the Declaration, or as to the definition of Foreign Interest Shares (referred to as Relevant Non-EU Shares in the Corporate Bylaws of IAG), you should consult your solicitor or other professional adviser.

Notes: (i) This Declaration should normally be made by the person(s) named in the accompanying Conversion Notice as the Bondholder(s). In the case of joint Bondholders, ALL must sign. A corporation should either affix its seal or complete this form under the hand of a duly authorised official or agent, who should state his capacity.

- (ii) If the completion of the Declaration by the Bondholder(s) would lead to undue delay, the Company will accept a declaration made by a stockbroker, bank manager or solicitor, or by any other person duly authorised by Power of Attorney, in every case acting as the agent of the Bondholder(s). In such cases, however, the following declaration must also be made:

DECLARATION BY BONDHOLDER'S AGENT

I/We, being the person(s) making the Declaration set out above as agent(s) for the person(s) named as Bondholder(s) in the accompanying Conversion Notice and whose name(s) is/are set out herein, represent and warrant that the person(s) on whose behalf the Declaration is made is/are known to me/us and that I/we am/are duly authorised to make the said Declaration on behalf of such person(s) and that, having made all such enquiries as I/we consider appropriate regarding the statements contained in such Declaration, such statements are correct to the best of my/our knowledge and belief.

Signature(s) _____ Dated _____ 20_____

If signed pursuant to authority granted by Power of Attorney, the Power of Attorney must be submitted with the form for noting.

If signed by a stockbroker, bank manager or solicitor, give the name and address of the person signing this form:

Full Name(s) _____ Mr./Mrs./Miss
(BLOCK CAPITALS PLEASE)

Address _____

STAMP OF AGENT SUBMITTING THIS FORM