

**THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. When considering what action you should take, you are recommended to seek your own personal advice immediately from your solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000, as amended.**

Unless the context otherwise requires, the definitions in the terms and conditions of the Bonds (defined below) shall also apply to this notice.

16 August 2013

To the holders of the outstanding £350,000,000 5.80 per cent. convertible bonds due 2014 (the “**Bonds**”) issued by British Airways Plc (the “**Company**”) and guaranteed by International Consolidated Airlines Group S.A. (“**IAG**”)

### **OPTIONAL REDEMPTION NOTICE**

Notice is hereby given that, in accordance with Condition 6(b) of the terms and conditions of the Bonds, the Company has exercised its option to redeem on 30 September 2013 (the “**Optional Redemption Date**”) all outstanding Bonds at their principal amount (being, as at 16 August 2013, £349,100,000 in aggregate) plus accrued but unpaid interest in respect of such Bonds up to, but excluding, the Optional Redemption Date (being £7.57 per denomination of £1,000).

As an alternative to the redemption of the Bonds, Bondholders have the option under Condition 5 to exchange Bonds for ordinary shares in IAG by delivering a duly completed Conversion Notice and Nationality Declaration<sup>1</sup> to Citibank N.A., London Branch (acting as Paying and Conversion Agent) by no later than the close of business on 23 September 2013 (the “**Conversion Deadline**”)<sup>2</sup>. In accordance with Condition 5(g), Bondholders must pay any taxes or duties arising on the conversion, other than those payable in the United Kingdom or Spain in respect of the issuing of ordinary shares in IAG.

As at the date of this Optional Redemption Notice, the Conversion Price is £1.89. The closing price of an ordinary share in IAG was £3.08 on 15 August 2013. The Conversion Deadline now represents the final opportunity for Bondholders to convert Bonds into ordinary shares in IAG before the redemption of all outstanding Bonds on the Optional Redemption Date.

K Dosanjh (Company Secretary)  
For and on behalf of British Airways Plc

---

<sup>1</sup> The Conversion Notice and Nationality Declaration can be downloaded from the Debtholders section of the IAG Investor Relations website at <http://www.iagshares.com/> or are available upon request from Citibank N.A., London Branch. Please contact Citibank N.A., London Branch, c/o Dublin Agency & Trust Corporate Actions Team (email: [corporateaction.instruction@citi.com](mailto:corporateaction.instruction@citi.com); telephone: +353 1 622 2211).

<sup>2</sup> The Conversion Notice and Nationality Declaration may be delivered by email to [corporateaction.instruction@citi.com](mailto:corporateaction.instruction@citi.com) or by fax to +353 1 506 0339, or by post to Citibank N.A., London Branch, c/o Dublin Agency & Trust Corporate Actions Team, 1 North Wall Quay, IFSC, Dublin 1. Such documents are deemed to have been delivered on the day they are received by Citibank N.A., London Branch during normal business hours, in accordance with Condition 5(g).