INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A.
(*a company incorporated in the Kingdom of Spain whose registered office is at El Caserio, Iberia Zona Industrial No 2 (La Muñoza), Camino de La Muñoza, s/n, 28042 Madrid, Spain, with Spanish tax identification number A-85845535 and registered in the Madrid Mercantile Registry in volume 27,312, book 0, sheet 11, section 8, page number M-492,129*)
Legal entity identifier (LEI): 959800TZHQRUSH1ESL13

€500,000,000 3.875 per cent. Senior Unsecured Bonds due 2031

€500,000,000 4.500 per cent. Senior Unsecured Bonds due 2034

The issue price of the €500,000,000 3.875 per cent. Senior Unsecured Bonds due 2031 (the "**Series A Bonds**") of International Consolidated Airlines Group, S.A. (the "**Issuer**") is 99.752 per cent. of their principal amount. The issue price of the €500,000,000 4.500 per cent. Senior Unsecured Bonds due 2034 (the "**Series B Bonds**" and, together with Series A Bonds, the "**Bonds**") of the Issuer is 99.723 per cent. of their principal amount. The Bonds will be issued by the Issuer on or about 28 May 2026 (the "**Issue Date**").

The Series A Bonds will bear interest at their principal amount from (and including) the Issue Date at the rate of 3.875 per cent. per annum payable annually in arrear on 28 January in each year up to (and including) 28 January 2031 (the "**Series A Bonds Final Maturity Date**"). With respect to the Series A Bonds, there will be a short first coupon payable on the first interest payment date in respect of the period from (and including) the Issue Date to (but excluding) the first interest payment date. The Series B Bonds will bear interest at their principal amount from (and including) the Issue Date at the rate of 4.500 per cent. per annum payable annually in arrear on 28 May in each year up to (and including) 28 May 2034 (the "**Series B Bonds Final Maturity Date**"). Payments on the Bonds of each tranche will be made without deduction or withholding for taxes imposed by the Kingdom of Spain to the extent and subject as described in "*Terms and Conditions of the Series A Bonds*" or "*Terms and Conditions of the Series B Bonds*" herein.

Each reference in this prospectus (the "**Prospectus**") to: (i) "**the Bonds of each tranche**" or "**each tranche of Bonds**" shall be construed as a reference to the Series A Bonds or the Series B Bonds, as appropriate, (ii) "**Bondholders**" shall, as the context requires, be construed as a reference to the holders of the Series A Bonds and/or the holders of the Series B Bonds, (iii) "**relevant Final Maturity Date**" shall be construed as a reference to the Series A Bonds Final Maturity Date or the Series B Bonds Final Maturity Date, as appropriate, (iv) "**relevant Conditions**" shall be construed as a reference to "*Terms and Conditions of the Series A Bonds*" or "*Terms and Conditions of the Series B Bonds*", as appropriate and (v) a numbered Condition shall be construed as a reference to the relevant condition in the relevant Conditions.

Unless previously redeemed or cancelled, the Bonds of each tranche will be redeemed at their principal amount together with accrued interest (if any) on the relevant Final Maturity Date.

The Bonds of each tranche are subject to redemption in whole at the relevant Make-Whole Redemption Amount (as described in Condition 6(b) (*Make-Whole Redemption by the Issuer*)) together with accrued interest (if any) at the option of the Issuer at any time. During the period

commencing on (and including) 28 October 2030 (the "**Series A Bonds First Maturity Call Date**") and ending on (but excluding) the Series A Bonds Final Maturity Date, the Series A Bonds are subject to redemption in whole at their principal amount together with accrued interest (if any) at the option of the Issuer. During the period commencing on (and including) 28 February 2034 (the "**Series B Bonds First Maturity Call Date**") and ending on (but excluding) the Series B Bonds Final Maturity Date, the Series B Bonds are subject to redemption in whole at their principal amount together with accrued interest (if any) at the option of the Issuer.

With respect to each tranche of Bonds, if, at any time, the outstanding aggregate principal amount of such Bonds is 25 per cent. or less than the aggregate principal amount of such Bonds when issued, such Bonds are subject to redemption in whole at their principal amount together with accrued interest (if any) at the option of the Issuer.

The Bonds of each tranche are also subject to redemption in whole at their principal amount together with accrued interest (if any) at the option of the Issuer at any time in the event of certain tax changes. In addition, with respect to each tranche of Bonds, a relevant Bondholder may require the Issuer to redeem its Bonds at their principal amount, together with accrued interest (if any), following the occurrence of a Triggering Event as defined in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*) below. See the relevant Conditions.

The Bonds of each tranche will (subject as provided in Condition 1(c) (*Status*) and Condition 2 (*Negative Pledge*)) constitute direct, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without any preference among themselves.

This Prospectus has been approved as a prospectus by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**"). The Central Bank only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus nor as an endorsement of the quality of the Bonds that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Bonds. Applications have been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the Bonds of each tranche to be admitted to the Official List (the "**Official List**") and to trading on the regulated market of Euronext Dublin (the "**Regulated Market**"). References in this Prospectus to Bonds being listed (and all date references) shall mean that such Bonds have been admitted to trading on the Regulated Market. The Regulated Market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments ("**MiFID II**").

The Bonds have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or under the securities laws of any state or other jurisdiction of the United States. The Bonds are being offered outside the United States by the Managers (as defined below) in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold, pledged, taken up, resold, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States or other jurisdiction.

For a description of these and certain further restrictions on offers, sales and transfer of the Bonds and the distribution of the Prospectus, see "*Subscription and Sale*".

The Bonds of each tranche will be issued in registered form and represented on issue by a registered certificate in global form (each a "**Global Bond**") which will be registered in the name of a nominee for a common safekeeper ("**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") on or about the Issue Date. Bonds in definitive form ("**Definitive Registered Bonds**") will be issued only in limited circumstances - see "*Overview of Provisions Relating to the Bonds While Represented by a Global Bond*". The Bonds of each tranche will be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof.

The Bonds of each tranche have been rated Baa2 by Moody's Investors Service Ltd ("**Moody's**") and BBB by S&P Global Ratings Europe Limited ("**S&P**").

Moody's is established in the United Kingdom ("**UK**") and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK CRA Regulation**"). Moody's is not established in the European Economic Area ("**EEA**") and has not applied for registration under Regulation (EC) No. 1060/2009, as amended (the "**EU CRA Regulation**"). Accordingly, the Issuer understands that the rating issued by Moody's has been endorsed by Moody's Deutschland GmbH in accordance with the EU CRA Regulation. Moody's Deutschland GmbH is established in the EEA and is registered under the EU CRA Regulation.

S&P is established in the EEA and is registered under the EU CRA Regulation. As such, S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) as of the date of this Prospectus. The ESMA website is not incorporated by reference into, nor does it form part of, this Prospectus. S&P is not established in the UK and has not applied for registration under the UK CRA Regulation. Accordingly, the Issuer understands that the rating issued by S&P has been endorsed by S&P Global Ratings UK Limited. S&P Global Ratings UK Limited is established in the UK and is registered under the UK CRA Regulation.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

MiFID II PRODUCT GOVERNANCE – PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market of the Bonds is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for the distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

This Prospectus will be valid until the admission of the Bonds of each tranche to trading on the Regulated Market. The Issuer shall, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of the Bonds, prepare a supplement to this Prospectus. The obligation to prepare a supplement to this Prospectus in the event of any significant new factor, material mistake or material inaccuracy does not apply when the Bonds have been admitted to trading on the Regulated Market.

Joint Global Coordinators and Joint Lead Bookrunners

J.P. Morgan **Morgan Stanley**

MUFG **SMBC**

Passive Bookrunners

Barclays **Standard Chartered Bank**

Co-Managers

CaixaBank **Commerzbank**

Lloyds Bank Corporate Markets Wertpapierhandelsbank **NatWest**

The date of this Prospectus is 26 May 2026.

IMPORTANT INFORMATION

This Prospectus comprises a prospectus for the purposes of the Prospectus Regulation and contains the necessary information which is material to an investor for making an informed assessment of: (i) the assets and liabilities, profits and losses, financial position, and prospects of the Issuer; (ii) the rights attaching to the Bonds; and (iii) the reasons for the issuance and its impact on the Issuer.

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in the prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import. The Issuer confirms that where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and that so far as the Issuer is aware, and is able to ascertain from information published by such source, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where it is used.

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*"). The Prospectus should be read and construed on the basis that such documents are incorporated in, and form part of, the Prospectus. Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the Central Bank.

The Issuer has confirmed to the Joint Global Co-ordinators, Joint Lead Bookrunners, Passive Bookrunners and Co-Managers (the "**Managers**") that this Prospectus contains all information regarding the Issuer, the Group (as defined below) and the Bonds which is (in the context of the issue and offering of the Bonds) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held and reasonably made and are not misleading in any material respect; this Prospectus does not contain any untrue statement of a material fact or omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all reasonable enquiries have been made to ascertain and to verify the foregoing.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Bonds other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Managers.

Neither the Managers nor Deutsche Bank AG, London Branch (the "**Fiscal Agent**") nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Each Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Prospectus or any such statement. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bond shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus. The Managers and the Fiscal Agent expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Bonds or to advise any investor in the Bonds of any information coming to their attention.

This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Bonds. Neither this Prospectus nor any other information supplied in connection with the offering of the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer and/or any of the Managers or the Fiscal Agent that any recipient of this Prospectus or any other information supplied in connection with the offering of the Bonds should purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

The distribution of this Prospectus and the offering, sale and delivery of Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Bonds and on distribution of this Prospectus and other offering material relating to the Bonds, see "*Subscription and Sale*".

Prospective investors should also consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of the Bonds.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its own legal advisers to determine whether and to what extent: (1) the Bonds are legal investments for it; (2) the Bonds can be used as collateral for various types of borrowing; and (3) other restrictions apply to its purchase or pledge of any of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

Neither this Prospectus nor any other information supplied in connection with the offering of the Bonds constitutes an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. The Issuer, the Managers and the Fiscal Agent do not represent that this Prospectus may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Managers or the Fiscal Agent which is intended to permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Bonds. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Bonds in the United States, the EEA and the UK. See "*Subscription and Sale*".

The Bonds have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities reviewed or passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In

particular, each potential investor should consider, either on its own or with the help of financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal and interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant financial markets;

(v) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and

(vi) understands the accounting, legal, regulatory and tax implications of an investment in the Bonds.

The Bonds are complex financial instruments and such instruments may be purchased by potential investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Prospectus or incorporated by reference herein. Potential investors should not construe anything in this Prospectus as legal, tax, business or financial advice. Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of a purchase of the Bonds.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or both) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by the EU PRIIPs Regulation for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Bonds are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold,

distributed or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"). Consequently, no disclosure document required by the DISC for offering, selling or distributing the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.

NOTICE TO PROSPECTIVE INVESTORS IN CANADA – The Bonds may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Bonds must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

RESTRICTIONS OF SALES TO U.S. PERSONS (AS DEFINED IN REGULATION S) – The Bonds have not been, nor will they be, registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States. The Bonds are being offered and sold outside the United States by the Managers in accordance with Regulation S, and may not be offered, sold, pledged, taken up, resold, transferred or delivered, directly or indirectly in or to the United States, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States or other jurisdiction.

PRESENTATION OF INFORMATION

In this Prospectus, all references to "**euro**", "**EUR**" and "**€**" are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union ("**EU**"), as amended and all references to "**sterling**", "**GBP**" and "**£**" are to the lawful currency of the UK.

ROUNDINGS

Percentages and certain amounts in this Prospectus, including financial, statistical and operating information, have been rounded. As a result, the figures shown as totals may not be the precise sum of figures that precede them.

PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Issuer as at and for the financial years ended 31 December 2025 and 31 December 2024, in each case as incorporated by reference

into this Prospectus, have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS**").

The unaudited interim management statement of the Issuer as at and for the three-month period ended 31 March 2026, as incorporated by reference into this Prospectus, has been prepared following the same accounting principles as the audited consolidated financial statements of the Issuer as at and for the financial years ended 31 December 2025 and 31 December 2024.

FORWARD LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements which are based on the Issuer's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These statements include forward-looking statements both with respect to the Issuer and its Subsidiaries (the "**Group**") and the markets in which the Group operates. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable and no assurance can be given that such results and estimates will occur, continue or be achieved. These forward-looking statements are identified by the use of terms and phrases such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "seeks", "target", "will", "would" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding the business and management, growth and profitability of, and general economic and regulatory conditions and other factors that affect, the Group.

By their nature, forward-looking statements involve unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward- looking statements are not guarantees of future performance. The Group's actual results of operation, financial condition, prospects, growth, synergies, strategies and dividend policy and the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in this Prospectus. In addition, even if the results of operations, financial condition, prospects, growth, synergies, strategies and the dividend policy of the Issuer, and the development of the industry in which it operates, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. These forward-looking statements are further qualified by the risk factors set out in this Prospectus. The Group's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Prospectus to become inaccurate.

Furthermore, the outlook and objectives presented in this Prospectus do not constitute forecast data or estimates of consolidated profit but instead are based on the Group's strategic goals and action plans. These objectives are based on data, assumptions and estimates that the Group considers to be reasonable. These data, assumptions and estimates may change over time or be modified due to uncertainties related to the economic, financial, competitive and regulatory environment as well as other factors. Moreover, the achievement by the Group of the targets and forecasts presented in this Prospectus implies the success of the Group's strategy. In addition, if any of the risks described under section of this Prospectus entitled "*Risk Factors*" were to actually occur, they could have an impact on its businesses, prospects, results of operations, financial condition and/or outlook, and could therefore jeopardise its

ability to achieve the objectives presented in this Prospectus. The Group cannot give any assurance or guarantee that it will achieve the objectives described in this Prospectus.

Accordingly, investors are cautioned not to rely on the forward-looking statements, outlook and objectives presented in this Prospectus when evaluating an investment decision relating to the Bonds and are urged to read the following sections of this Prospectus: "*Overview*", "*Risk Factors*" and "*Description of the Issuer and the Group*". These sections include more detailed descriptions of factors that might have an impact on the Group's business and the markets in which it operates. In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur.

Each forward-looking statement speaks only as of the date of this Prospectus. Except as required by the rules of Euronext Dublin or by law, the Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this Prospectus to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. All subsequent written and oral forward-looking statements attributable to any person involved in the preparation of this Prospectus or to persons acting on the Issuer's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

Any forward-looking statement contained in this Prospectus based on past or current trends and/or activities of the Group should not be taken as a representation that such trends or activities will continue in the future. No statement in this Prospectus is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Group.

STABILISATION

In connection with the issue of the Bonds, J.P. Morgan SE (the "**Stabilisation Manager**") (or persons acting on behalf of the Stabilisation Manager) may over allot Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail. However, stabilisation action may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilisation action or overallotment must be conducted by the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

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OVERVIEW

This overview must be read as an overview of certain of the principal features of the Bonds and any decision to invest in the Bonds should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference herein. Capitalised terms which are defined in the relevant Conditions have the same meaning when used in this overview.

The Issuer:	International Consolidated Airlines Group, S.A., a company incorporated in the Kingdom of Spain whose registered office is at El Caserio, Iberia Zona Industrial No 2 (La Muñoza), Camino de La Muñoza, s/n, 28042 Madrid, Spain, with Spanish tax identification number A-85845535 and registered in the Madrid Mercantile Registry in volume 27,312, book 0, sheet 11, section 8, page number M-492,129. The Issuer is the parent company of Aer Lingus Limited ("**Aer Lingus**"), British Airways Plc ("**British Airways**"), Iberia Líneas Aéreas de España, S.A. Operadora, Unipersonal ("**Iberia**"), Vueling Airlines, S.A. ("**Vueling**") and Fly Level Barcelona LH, S.L.U. ("**LEVEL**") and the indirect owner of Aer Lingus (U.K.) Limited ("**Aer Lingus (U.K.)**"), BA Cityflyer Limited ("**British Airways Cityflyer**"), BA Euroflyer Limited ("**British Airways Euroflyer**") and Compañía Operadora de Corto y Medio Radio Iberia Express, S.A. ("**Iberia Express**") (each being an "**IAG Airline**" and, together, the "**IAG Airlines**"). In addition, the Issuer is the parent company of IAG Cargo Limited ("**IAG Cargo**"), Avios Group (AGL) Limited ("**IAG Loyalty**"), and IAG Transform Limited ("**IAG Transform**") (each being an "**IAG Platform Business**" and, together, "**IAG Platform Businesses**", and the IAG Platform Businesses together with IAG Airlines being the "**IAG Businesses**").
The Group:	The Issuer and its Subsidiaries taken as a whole.
Bonds:	€500,000,000 3.875 per cent. Senior Unsecured Bonds due 2031 (the "**Series A Bonds**"). €500,000,000 4.500 per cent. Senior Unsecured Bonds due 2034 (the "**Series B Bonds**").
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Bonds. These are set out under "*Risk Factors*" below, and include risks relating to the markets in which the Group operates generally, risks relating to the Group's business, strategic risks, financial risks, legal risks, regulatory and compliance risks and tax risks. In addition, there are certain factors set out under "*Risk Factors*" below which are material for the purpose of assessing the market risks associated with the Bonds, including there being no assurance that a trading market for

	the Bonds will develop or be maintained, that the Bonds may be redeemed prior to their maturity, the fact that the Bonds are subject to certain transfer restrictions and that the Issuer may rely on paying agents and clearing systems.
Joint Global Co-ordinators and Joint Lead Bookrunners:	J.P. Morgan SE, Morgan Stanley Europe SE, MUFG Securities (Europe) N.V. and SMBC Bank EU AG
Passive Bookrunners:	Barclays Bank Ireland PLC and Standard Chartered Bank
Co-Managers:	CaixaBank, S.A., Commerzbank Aktiengesellschaft, Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH and NatWest Markets N.V.
Managers:	The Joint Global Co-ordinators, the Joint Lead Bookrunners, the Passive Bookrunners and the Co-Managers.
Fiscal Agent:	Deutsche Bank AG, London Branch
Paying Agent:	Deutsche Bank AG, London Branch
Listing Agent:	Deutsche Bank Luxembourg S.A.
Transfer Agent:	Deutsche Bank AG, London Branch
Registrar:	Deutsche Bank Luxembourg S.A.
Issue Date:	28 May 2026.
Issue Price:	Series A Bonds: 99.752 per cent. Series B Bonds: 99.723 per cent.
Use of Proceeds and Estimated Net Proceeds:	The net proceeds from the issue of the Series A Bonds are expected to be approximately €497,760,000. The net proceeds from the issue of the Series B Bonds are expected to be approximately €497,615,000. The net proceeds of the Bonds of each tranche will be used by the Issuer for its general corporate purposes.
Interest:	The Series A Bonds will bear interest on their principal amount from (and including) the Issue Date at a rate of 3.875 per cent. per annum payable annually in arrear on 28 January in each year up to (but excluding) the Series A Bonds Final Maturity Date. With respect to the Series A Bonds, there will be a short first coupon payable on the first interest payment date in respect of the period from (and including) the Issue Date to (but excluding) the first interest payment date. The Series B Bonds will bear interest on their principal amount from (and including) the Issue Date at a rate of 4.500

per cent. per annum payable annually in arrear on 28 May in each year up to (but excluding) the Series B Bonds Final Maturity Date.

Status: The Bonds of each tranche will (subject as provided in Condition 1(c) (*Status*) and Condition 2 (*Negative Pledge*)) constitute direct, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without any preference among themselves.

Form and Denomination: The Bonds of each tranche will be in registered form and represented on issue by the relevant Global Bond which will be registered in the name of a nominee for the Common Safekeeper on or about the Issue Date. Save in limited circumstances, relevant Bonds in definitive form will not be issued in exchange for interests in the relevant Global Bond.

The Bonds of each tranche are intended to be held in a manner which will allow for Eurosystem eligibility.

With respect to each tranche of Bonds, depositing the relevant Global Bond with the Common Safekeeper does not necessarily mean that the relevant Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

The Bonds of each tranche will be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof.

Fiscal Agency Agreements: The fiscal agency agreement to be dated on or about 28 May 2026 and entered into in relation to the Series A Bonds between the Issuer, the Fiscal Agent, the Paying and Transfer Agent and the Registrar (the "**Series A Bonds Fiscal Agency Agreement**").

The fiscal agency agreement to be dated on or about 28 May 2026 and entered into in relation to the Series B Bonds between the Issuer, the Fiscal Agent, the Paying and Transfer Agent and the Registrar (the "**Series B Bonds Fiscal Agency Agreement**" and, together with the Series A Bonds Fiscal Agency Agreement, the "**Fiscal Agency Agreements**").

Each reference in this Prospectus to "**relevant Fiscal Agency Agreement**" shall be construed as a reference to the Series A Bonds Fiscal Agency Agreement or the Series B Bonds Fiscal Agency Agreement, as appropriate.

Final Maturity Date:	The Series A Bonds will be redeemed in full at their principal amount together with accrued interest (if any) on 28 January 2031 ("**Series A Bonds Final Maturity Date**"). The Series B Bonds will be redeemed in full at their principal amount together with accrued interest (if any) on 28 May 2034 ("**Series B Bonds Final Maturity Date**").
Optional Redemption:	The Bonds of each tranche are subject to redemption at the option of the Issuer at any time in whole at the relevant Make-Whole Redemption Amount together with accrued interest (if any), as further described in Condition 6(b) (*Make-Whole Redemption by the Issuer*). During the period commencing on (and including) the Series A Bonds First Maturity Call Date and ending on (but excluding) the Series A Bonds Final Maturity Date, the Series A Bonds are also subject to redemption at the option of the Issuer at their principal amount together with accrued interest (if any), as further described in Condition 6(c) (*Issuer Maturity Call Option*). During the period commencing on (and including) the Series B Bonds First Maturity Call Date and ending on (but excluding) the Series B Bonds Final Maturity Date, the Series B Bonds are also subject to redemption at the option of the Issuer at their principal amount together with accrued interest (if any), as further described in Condition 6(c) (*Issuer Maturity Call Option*). With respect to each tranche of Bonds, if, at any time, the outstanding aggregate principal amount of such Bonds is 25 per cent. or less than the aggregate principal amount of such Bonds when issued, such Bonds are subject to redemption at the option of the Issuer in whole at their principal amount together with accrued interest (if any), as further described in Condition 6(d) (*Issuer Residual Call Option*). In addition, with respect to each tranche of Bonds, a holder of such Bonds may require the Issuer to redeem its Bonds at their principal amount, together with accrued interest (if any), following the occurrence of a Triggering Event, as further described in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).
Tax Redemption:	The Bonds of each tranche are subject to redemption in whole at their principal amount together with accrued interest (if any) at the option of the Issuer at any time in the event of certain tax changes, as further described in Condition 6(e) (*Redemption for Tax Reasons*).

Cross Default:	The Bonds of each tranche will have the benefit of a cross-default provision as described in Condition 9 (*Events of Default*).
Rating:	The Bonds of each tranche have been assigned ratings of Baa2 by Moody's and BBB by S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Withholding Tax:	With respect to each tranche of Bonds, all payments in respect of such Bonds will be made free and clear of withholding taxes imposed by the Kingdom of Spain as provided in Condition 8 (*Taxation*) unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 8 (*Taxation*)) pay such additional amounts as will result in the relevant Bondholder receiving such amounts as they would have received in respect of such Bonds had no such withholding been required.
Meetings of Bondholders:	With respect to each tranche of Bonds, the relevant Conditions and the relevant Fiscal Agency Agreement contain provisions for calling meetings of relevant Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all relevant Bondholders, including relevant Bondholders who did not attend and vote at the relevant meeting and relevant Bondholders who voted in a manner contrary to the majority.
Substitution of the Issuer:	With respect to each tranche of Bonds, the relevant Conditions provide that, without any requirement for any further consent or approval of the relevant Bondholders (whether pursuant to Condition 12 (*Bondholder Meetings, Modification and Waiver*) or otherwise), the Issuer may substitute for itself (i) any Subsidiary of the Issuer, (ii) any Holding Company of the Issuer or (iii) any Successor in Business of the Issuer, as the principal debtor in respect of such Bonds, subject to the conditions described in Condition 13 (*Substitution of the Issuer*).
Purchase:	Subject to certain conditions, the Issuer or any other member of the Group may at any time purchase Bonds in the open market or otherwise at any price. All Bonds purchased on behalf of the Issuer or any other member of the Group may be held, re-sold or reissued or, at the option of the relevant purchaser, surrendered for cancellation.
Governing Law:	Subject as provided below, the Bonds of each tranche and the Fiscal Agency Agreements, and any non-contractual obligations arising out of or in connection therewith, will be governed by English law.

	The status of the Bonds of each tranche as described in Condition 1(c) (*Status*) is governed by, and shall be construed in accordance with, Spanish law.
Listing and Trading:	Applications have been made to Euronext Dublin for the Bonds of each tranche to be admitted to the Official List and to trading on the Regulated Market. The Regulated Market is a regulated market for the purposes of MiFID II.
Clearing Systems:	Euroclear and Clearstream, Luxembourg.
Selling Restrictions:	The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. The Bonds may be sold in other jurisdictions only in compliance with applicable laws and regulations. See "*Subscription and Sale*" below.
ISIN:	Series A Bonds: XS3364672256. Series B Bonds: XS3364672413.
Common Code:	Series A Bonds: 336467225. Series B Bonds: 336467241.

RISK FACTORS

Any investment in the Bonds is subject to a number of risks. Prior to investing in the Bonds, prospective investors should carefully consider risk factors associated with any investment in the Bonds, the Group's business and the industry in which the Group operates together with all other information contained in this Prospectus, including, in particular the risk factors described below. Unless the context requires otherwise, words and expressions defined in the relevant Conditions or elsewhere in this Prospectus have the same meanings in this section.

The following is not an exhaustive list or explanation of all risks which prospective investors may face when making an investment in the Bonds and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Issuer currently deems immaterial based on information currently available to it or which it may not currently be able to anticipate, may individually or cumulatively also have a material adverse effect on the businesses, prospects, results of operations and/or financial condition of the Group and affect the ability of the Issuer to fulfil its obligations under the Bonds and, if any such risk should occur, the price of the Bonds may decline and investors could lose all or part of their investment. Other generic risks may affect the Issuer, but have not been included below in accordance with the Prospectus Regulation. Prospective investors should consider carefully whether an investment in the Bonds is suitable for them in light of the information in this Prospectus (including documents incorporated by reference herein) and their personal circumstances and investment objectives.

1. RISKS RELATING TO THE GROUP'S STRATEGY

1.1 *Impacts from global macroeconomic and geopolitical conditions*

The Issuer's and the IAG Businesses' respective businesses may be affected by macroeconomic conditions outside of their control, including weakening consumer and business confidence, inflationary pressures, or economic instability. The Group's ticket sales (for both business and leisure air travel) and resulting profitability are strongly correlated with gross domestic product, business confidence, and consumer discretionary spending. Business and consumer discretionary spending on air travel is impacted by general economic conditions and the political climate, including economic performance and market volatility, interest rates, currency exchange rates, energy prices, political uncertainty, wars or conflicts that disrupt operations and/or change customer preference for travel destinations, inflation, unemployment levels, availability of customer credit, taxation rates, stock market performance, and consumer confidence.

Geopolitical risk and uncertainty remain high. Wider macroeconomic events, conflict and/or wars may continue to drive market volatility, impacting demand. The outbreak and continuation of armed conflict in the Middle East, including the war in Iran from February 2026, has also contributed to, and may continue to contribute to, heightened fuel costs, fuel supply shortages, airspace restrictions, increased security precautions and the re-routing of flights, and any escalation could adversely affect the Group's business, financial condition, results of operations, or prospects.

Additionally, changes in governments or government policy may result in a change in sentiment towards aviation and access to markets. Any imposition of, threat of, or speculation about, extensive tariff regimes may disrupt the markets or economic confidence, disrupt supply and drive cost inflation. Increased regulation and political intervention that drive higher levels of cost and restrict the ability of airlines to set capacity and pricing may impact the Group's competitive position, revenue streams and business model. Globally, government policy sees increased protectionism which could result in market or competitive distortion and a trend

towards increased scrutiny from regulators and tax authorities, potentially leading to changes that increase costs for airlines or restrict airlines' capacity into certain markets.

Given the Group's business consists substantially of the carriage of passengers and freight globally, it will be affected if there is a widespread reduction in the demand for air travel arising from global economic events or geopolitical events that cause customers to reduce or avoid air travel, or that prevent the Group from delivering its services. Uncertain or unfavourable economic conditions and, in particular, political and economic events, conflict, war or security threats, or changes in laws or regulations which have the effect of reducing consumer confidence and/or expenditure on air travel and freight services, may materially and adversely affect the Group's business, financial condition, results of operations, or prospects.

Neither the Issuer nor the IAG Businesses have control over the impact of macroeconomic or geopolitical conditions, and there can be no assurance that any such issue will not have a material adverse effect on the Issuer's and/or the IAG Businesses' respective businesses, prospects, results of operations, and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

1.2 ***Dependency on key third-party service providers and suppliers***

The Group has several critical supplier relationships for services covering a significant proportion of the IAG Airlines' operations and cost base (including airframe, engine and component part suppliers, airport operators, ground handlers, aircraft maintenance providers, IT call centres, catering providers and fuel suppliers). The Group is reliant on these suppliers performing their obligations in accordance with the terms and conditions agreed between the Group and such suppliers and is exposed to any increases in the prices these suppliers charge for their services. Furthermore, the loss of such third-party contracts, or the inability to renew or negotiate favourable replacement contracts, could have a material adverse effect on the IAG Businesses and/or the Issuer's businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

Failure to adequately monitor and manage the performance of such service providers, or the failure by such service providers to perform their obligations under the agreements entered into with the Group, could adversely affect the Group's and the IAG Airlines' reputation, as well as their operational and financial performance.

The aviation sector continues to be affected by global supply chain disruption, which has impacted new aircraft production and deliveries; engine and component availability; engine performance and reliability; resource availability and/or threat of industrial action in critical third parties and airport services; the performance or resilience of airports, particularly London airports and their ability to adapt to a high demand environment with increasing airport congestion; and air traffic control ("**ATC**") capability and restrictions, particularly given skillset shortages and weather events. The industry's reliance on the global supply chain also has the additional stresses of inflationary pressures and friction in global trade driven by protectionist policies, tariff regimes or policy proposals that increase taxes or charges applied to airlines. The Group is exposed to any increases in the prices these suppliers charge for goods and services, especially if alternative suppliers are not available, including airframe and engine manufacturers, sustainable aviation fuel ("**SAF**") to meet mandates, airport, transit and landing fees, along with changes in air security policies and air traffic security costs. There can be no assurance that such costs will not increase or that the IAG Airlines will not incur new costs in Spain, the UK, Ireland or elsewhere in the jurisdictions in which they operate. If an IAG Airline is not able to pass any increases in charges, fees or other costs on to its customers, these

increases could have a material adverse effect on the Group's businesses, prospects, results of operations, and financial condition.

Any of the foregoing could cause reputational damage and disruption, and result in significant costs associated with sourcing alternative arrangements (if they are available at all), among other things, which could have a material adverse effect on the Group's businesses, prospects, results of operations and financial condition.

1.3 ***Dependency on new aircraft and engine performance***

Each IAG Airline is dependent on the timely entry and availability of new aircraft and on achieving expected airframe and engine performance standards in order to improve its operational efficiency, customer proposition and environmental impact and to maintain its market position. Each IAG Airline is exposed to delays or complete failure of delivery by engine and aircraft manufacturers, whether as a result of delays to the certification process or otherwise, which could impact its fleet plans. This has led to, and could in the future result in, significant disruption to IAG Airlines' operations as well as passengers forming a negative perception of any affected IAG Airline, thereby reducing demand. Such disruption to operations and/or reduction in demand could have a material adverse effect on the businesses, prospects, results of operations and financial condition of the IAG Businesses and, by extension, the Issuer, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

Weaknesses in aircraft and engine production have caused industry-wide delays in deliveries of new fleet and a lack of spare engines. Prolonged recovery timelines continue to impact the IAG Airlines' ability to deliver flight schedules as planned. Lack of component parts (also combined with delays in new aircraft and spare engines, and technical performance issues requiring additional maintenance) continue to impact operations and customers, as well as delaying aircraft maintenance and turnaround times for aircraft.

In addition, aircraft and/or engine manufacturers and/or regulatory authorities may require mandatory or recommended modifications to be made across a particular fleet, which may mean having to ground a particular type of aircraft. This may cause operational disruption to, and impose significant costs on, the IAG Airlines, as highlighted by the ongoing issues that British Airways has experienced with the Rolls-Royce Trent 1000 engines on its Boeing B787 aircraft since 2018. These issues resulted in British Airways having to ground several aircraft while Rolls-Royce redesigned and replaced some of the engine components. The Group continues to be impacted by reliability and performance issues with Rolls-Royce Trent 1000 and Pratt and Whitney GTF engines. Similarly, regulatory authorities may from time to time issue directives and other regulations related to the maintenance and operation of aircraft that require significant expenditures or operational restrictions and can be issued with little or no notice, which could impact an IAG Airline's ability to efficiently or fully utilise its aircraft. Furthermore, safety incidents involving an IAG Airline or another airline resulting from faulty aircraft or equipment, as well as potentially leading to loss of life, could impact passenger confidence, reduce demand and result in significant costs to the Group, including as a result of any legal proceedings against the Group. They could also have an adverse effect on the airline industry in general and, to the extent any IAG Airline was involved, such IAG Airline's reputation in particular, leading to reduced demand for that IAG Airline's (and potentially other IAG Airlines') services.

Any material defect in any of the IAG Airlines' aircraft, or the maintenance or grounding of aircraft for any reason (including as a result of regulatory requirements), could result in low reliability, flight delays for technical reasons and unscheduled stops, catastrophic failure and/or damage to the reputation of the IAG Airlines, costs associated with disruption to

passengers through both refunds, rebooking, accommodation and sustenance expenses and statutory compensation, which, in each case, could have a material adverse effect on the Group's businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

1.4 ***Risks in the execution of its business strategy***

The Issuer and the IAG Businesses are undertaking a number of transformational projects and programmes to deliver key elements of their respective strategies. The Group continued to focus on its cost base to offset inflation or price increases in the supply chain, particularly costs from airframe and engine manufacturers and the additional costs of resilience, to ensure that the Group is well prepared for any further external headwinds that may impact the aviation industry. Opportunities for artificial intelligence ("**AI**") adoption to drive efficiencies and better insights have been identified across the Group's businesses with business cases and implementation subject to guard-rails to help protect against unexpected outcomes or liability. If one or more of these projects or programmes is delayed or fails to deliver the anticipated business benefits and costs savings planned, this could have a material adverse effect on the Issuer's and/or relevant IAG Business's respective businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

1.5 ***The Group operates in a highly competitive industry and the success of the Group depends on its ability to compete effectively with its competitors, who may pursue consolidation strategies, benefit from state support or subsidies and/or may be subject to insolvency protection***

The Group operates in a highly competitive industry and must compete with a wide variety of other airlines and other modes of transport. The Group's businesses compete with various airline operators on the routes operated by the IAG Airlines, as well as with indirect flights, charter services and other modes of transport with respect to fare levels, on-board products, frequency and reliability of service, brand recognition, passenger amenities and the availability and convenience of other passenger services. Existing or new competitors may have, among other things, newer aircraft, enhanced premium offerings and customer service, lower operating costs, better airport facilities and on-board products, more effective branding or marketing, more attractive catering propositions and more efficient operations and disruption recovery capabilities. The Group may fail to respond to its competitors in a timely fashion, and such failure could have an impact on each IAG Airline's market share and brand strength and could result in a material adverse effect on the Group's businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

Competitor capacity growth in excess of demand could cause an oversupply in the marketplace, a shift in the competitive landscape and materially impact margins of the IAG Airlines, as could significant price discounting by competitors. A number of the Group's competitor airlines also benefit from state support and/or subsidies. This state support could enable these competitors to become more competitive as compared to the Group and distort the competitive landscape in the markets in which the Group operates.

Some of the Group's competitors may be able to benefit from state support or subsidies, and/or from protection under insolvency laws in their jurisdictions, helping them to substantially reduce their cost structures and become more competitive, both while they are under creditor protection and thereafter.

Likewise, industry consolidation could affect the competitive environment of the IAG Airlines in a number of different markets. Each IAG Airline's ability to retain its competitive advantage is dependent upon it remaining a key player in the relevant markets in which it operates. Consolidation by other competitors in the airline industry could cause a loss of market position, drive a shift in traffic to other hubs impacting feeder traffic and network, and cause an erosion of revenue, which could have a material adverse effect on the IAG Businesses' and, by extension, the Issuer's businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds. In addition, the airline industry competes with other modes of transport, including train travel. The short-haul operations of the IAG Airlines are concentrated across Europe where there is a significant and reliable rail network. If alternative modes of transport provide a more cost-effective means of travel or there is a change in preference amongst airline travellers against using air travel this could have a material adverse effect on the IAG Airlines' and, by extension, the Issuer's businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

Furthermore, technology disruptors may use tools such as AI to position themselves between the Group's brands and its customers. Such digital disruption may lead to competitors and new entrants to the aviation market that may use technology more effectively and disrupt the Group's business model. While the Group continues to look for new ways to innovate its airline proposition and its digital and technology platforms, if the Group fails to maintain attractive airline brands and consumer offerings to compete successfully against this wide range of competitors, the Group may fail to retain existing customers or attract new customers, which may have a material adverse effect on its businesses, prospects, results of operations, and financial condition.

1.6 ***The strength of its brands, strategic alliances and bilateral cooperation agreements and the reputations of its counterparties and partners***

The Group's ability to attract and secure bookings and generate revenue depends on customers' perception of and affinity with the IAG Airlines' brands and their associated reputation for customer service and value. Operational resilience and customer satisfaction underpin customer trust. The IAG Airlines' brands are, and will continue to be, vulnerable to adverse events impacting service and operations, many of which remain outside the airlines' control. Reliability and consistency of service and product delivery, including on-time performance ("**OTP**"), and customer support through disruption, are key elements of brand value and of each customer's experience.

If the IAG Airlines are unable to provide, on a consistent basis, valued and quality services, in terms of booking flights for travellers, travellers' in-flight experiences and supporting travellers through any disruption, this could result in an adverse impact on the reputation of the Group's brands. If the expectations of customers are not met and the brands are eroded, this could result in a loss of market share, loyalty and future revenue generation. In addition, the reputation of the IAG Airlines' brands could be adversely impacted if customers negatively perceive the Group's strategy or approach to environmental, social and governance issues (including climate change and emissions, employee and union relations and general corporate responsibility), or due to external factors outside the Group's control (including changes in applicable regulations related to the aviation industry or changes in consumers' perceptions of the Group and its brands). The Group needs to continually invest in its businesses, operational excellence, customer experience, safety procedures and brands in order to attract and retain customers. If these levels of investment are reduced, this could have a detrimental effect on the Group's brands and their attractiveness to customers.

The benefit to British Airways and Iberia of the **one**world global airline alliance and its bilateral cooperation agreements flows from the public recognition and associated reputation of the relevant membership and counterparty airlines. No assurance can be given that **one**world will not lose member airlines, whether as a result of one or more member airline terminating their membership, having their membership suspended, or becoming insolvent. Furthermore, no assurance can be given that **one**world will be able to attract the new members it might need to be successful in the future.

Certain IAG Airlines are party to joint business arrangements with other airlines, including the Atlantic Joint Business between American Airlines, British Airways, Finnair, Iberia and Aer Lingus (the "**Atlantic Joint Business**"), the Qatar Joint Business between British Airways, Iberia and Qatar Airways (the "**Qatar Joint Business**"), the Siberian Joint Business between British Airways, Iberia, Finnair and Japan Airlines (the "**Siberian Joint Business**"), the China Southern Joint Business between British Airways and China Southern (the "**China Joint Business**"), and the Peru and Ecuador Joint Business between Iberia and LATAM (the "**Peru and Ecuador Joint Business**"). These arrangements enable the IAG Airlines to work more closely with other airlines to, for example, share revenue and co-ordinate on pricing, capacity and networks to improve customer choice. The joint business arrangements are subject to both inherent delivery risks, such as realising planned synergies and agreeing the deployment of additional capacity within the joint business, and/or structural changes within the industry or by one partner that may disrupt the nature and purpose of the joint business arrangements. There can be no assurance that the IAG Airlines and partner airlines will perform in line with one another or that partner airlines will not change their strategy, either of which could result in significant variation in the amount of transfer payments or receipts between the airlines in the joint business arrangement. Certain IAG Airlines also have a number of franchise partners that feed traffic into hubs or major outstations. See also "*Description of the Issuer and the Group – Business Overview – Atlantic Joint Business*".

To the extent a joint business partner or franchise partner airline's recognition or reputation is negatively affected, or a joint business partner withdraws from, or is required to materially alter its participation in, a joint business arrangement as a result of regulatory action, consolidation or a change of control, there could be a material adverse effect on the IAG Businesses and, by extension, the Issuer's businesses, prospects, results of operations and financial condition, which could affect the ability of the Issuer to fulfil its obligations under the Bonds.

1.7 *The Issuer is a parent company*

The Issuer is the parent company of the IAG Businesses. The Issuer is therefore dependent on the earnings and cash flows of, and the distribution of funds from, the IAG Businesses to meet its debt obligations, including its obligations with respect to the Bonds. Generally, creditors of an IAG Business, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by an IAG Business, and preferred shareholders (if any) of an IAG Business, will be entitled to the assets of that IAG Business before any of those assets can be distributed to shareholders upon liquidation or winding up. As a result, the Issuer's obligations in respect of the Bonds will, to the extent described above, effectively be subordinated to the prior payment of all debts and other liabilities of the IAG Businesses, including the rights of trade creditors and preferred shareholders (if any), as well as contingent liabilities, all of which could be substantial.

Furthermore, the ability of the IAG Businesses to make distributions, loans or advances to their respective parent companies may be limited by the laws of the relevant jurisdictions in which such Subsidiaries are organised or located. In addition, as of the Issue Date of the Bonds, none of IAG Businesses will guarantee the Bonds and, as a result, they will have no obligation to make payments with respect to the Bonds.

Each of the IAG Businesses is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit the Issuer's ability to obtain cash from its Subsidiaries. Applicable tax laws may also subject such payments to further taxation. While the Terms and Conditions of the Series A Bonds and the Terms and Conditions of the Series B Bonds limit the ability of IAG Businesses to incur contractual restrictions on their ability to pay dividends or make other intercompany payments to the Issuer, these limitations are subject to certain significant qualifications and exceptions and do not cover the contractual restrictions existing on the issue date of the Bonds. There can be no assurance that arrangements with IAG Businesses, the funding permitted by the agreements governing existing and future indebtedness of the Group, and the Group's results of operations and cash flow, generally will provide the Issuer with sufficient dividends, distributions or loans to fund payments on the Bonds. In the event that the Issuer does not receive distributions or other payments from the IAG Businesses, the Issuer may be unable to make required payments, including, with respect to principal, interest and additional amounts, if any, on the Bonds.

1.8 *Acquisitions and other consolidation opportunities that the Group may pursue in the future could expose the business to new risks*

As part of its strategy, the Issuer regularly identifies and evaluates acquisition opportunities and may acquire additional businesses that it expects will complement or augment its existing operations. The Issuer may be limited in its ability to acquire companies depending on the concentration of ownership in specific markets, local ownership and other consolidation restrictions, as well as the Issuer's relative market position and financial position. There is a risk that suitable acquisition candidates may not be identified in the future or that the Issuer may not be able to finance such acquisitions on favourable terms. Further, there is a risk that future acquisitions may not be fully integrated successfully into the Group's operations and may not achieve the desired financial objectives.

In the context of its acquisitions, the Issuer generally makes certain assessments and assumptions regarding, among other things, future revenues and earnings, and potential cost and revenue synergies, based on the Issuer's investigation of the respective business and other information available. The Issuer's assessment of, or assumptions regarding, opportunities and risks associated with acquisitions may prove to be incorrect, and liabilities, contingencies or other risks (including those previously unknown to the Issuer) may arise or have a greater negative impact than expected. In addition, such unanticipated risks, liabilities, contingencies, losses or issues, if realised, could have a material adverse effect on the Issuer's businesses, prospects, results of operations and financial condition, and therefore may affect the Issuer's ability to fulfil its obligations under the Bonds.

While the Group will continue to prioritise its assessment of consolidation opportunities to further enhance its existing portfolio, and shape industry consolidation where strategically attractive targets are identified, this strategy could expose the business to new risks that it may not have the capability or systems to manage. These risks include changes in talent and skills mix, as well as inherent difficulties in new markets or geographies, the legal and regulatory environment, and delays in contract enforcement, or a failure of internal controls and risk management.

If the Group's strategy leads to the Group entering new geographic markets, this could involve significant entry costs and would require local market experience and understanding, and may present proximity, cultural or language challenges, including the need to compete against competitors who have greater experience in the local market than the Group. Even if these risks do not materialise, there can be no guarantee that any future opportunities identified by the Group will deliver the anticipated levels of profitability and cash flows.

Any of the foregoing may have a material adverse effect on the Group's business, financial condition, results of operations and prospects, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

2. RISKS RELATING TO THE GROUP'S BUSINESS AND OPERATIONS

2.1 *The aviation industry is exposed to the risk of events that adversely impact domestic and/or international travel, including conflicts or wars, aircraft crashes, epidemics, pandemics, natural or other disasters, security-related threats and terrorism*

IAG Airlines may be disrupted by a number of different events which combine to stress operational resilience. A single prolonged event, a series of events in close succession, or a combination of events over a period, can impact on operational capability, financial status and brand strength. The Group's business and operations have been, and in the future could be, adversely affected by events such as conflicts or wars (including the outbreak of the war in Iran in late February 2026 and the ongoing Russia-Ukraine conflict), aircraft crashes, security-related threats or attacks (including actual or threatened acts of terrorism), geopolitical events, epidemics, future pandemics or other public health concerns that impact populations or movement at scale, political upheaval, travel or airspace restrictions, travel-related industrial action, increased transportation and fuel costs, climate change policy and environmental lobbying, increased transport related taxes, natural disasters and acts of God resulting in reduced domestic and/or international travel, or other local factors impacting individual flight routes.

Furthermore, the complete or partial closure or temporary unavailability of any of the hubs, gateways or other airports from which the IAG Airlines operate, for instance due to weather conditions and other forces of nature (including fire, flooding, earthquake, volcanic activity, excessive wind or snow, and acts of God), airspace restrictions or airport closures due to war or security threats, a major air crash at the site, union activity and strike action, a terrorist or similar security incident, non-performance or strike action by third-party service providers (such as ATC, electric utility or telecommunications providers), failure of computer systems, lack of fuel supplies, or any other network disruption, could result in the disruption of any relevant IAG Airline's operations.

Aircraft crashes or other safety incidents involving an IAG Airline or another airline, as well as potentially leading to loss of life, could impact passenger confidence and have an adverse effect on the airline industry in general and (to the extent any IAG Airline was involved) such IAG Airline's reputation in particular, leading to reduced demand for that IAG Airline's (and potentially other IAG Businesses') services. Such events could have a material adverse effect on the IAG Businesses' and, by extension, the Issuer's respective businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds. Additionally, there can be no assurance that the amount of the Group's insurance coverage available in the event of such losses would be applicable or adequate to cover such losses (including any arising from claims, disputes or litigation), or that the Group would not be forced to bear substantial losses from such events regardless of its insurance cover. In particular, the Group's insurance policies generally do not cover consequential losses from being unable to operate (see also "*Description of the Issuer and the Group – Business Overview – Insurance*"). Such losses could have a severe material adverse effect on the Group, both in terms of reputational and financial cost. Moreover, costs associated with the repair or replacement of damaged or lost aircraft, resulting in temporary or permanent loss from service of such damaged or lost aircraft, and claims by affected passengers, owners and third parties may occur.

In addition, any outbreak of another contagious disease with human-to-human airborne or contact propagation effects that escalates into a regional or global epidemic or pandemic may have an adverse impact on all airlines, including the IAG Airlines that operate to or from such affected areas or regions. The demand for air travel may be severely reduced as international and national response plans, which may include tightening of border controls and closure or restriction of access to airspace or airports around the world, are put in place to address such contagion. Furthermore, natural disasters such as earthquakes, floods, volcanic eruptions or tsunamis may devastate destinations and significantly reduce travel to the affected areas for a period of time. Terrorism, conflict and war (and threats of terrorism, conflict and war) and civil or political strife may also contribute to a fear of travelling by air, or visiting particular destinations, resulting in a sharp fall in demand for air travel. These events may also result in the closure or restriction of access to airspace or airports, impacting customers and operations. The IAG Airlines depend on the availability of these facilities and the general accessibility of destinations. The business and operations of the Group and, by extension, the Issuer's ability to fulfil its obligations under the Bonds as a whole could therefore be adversely affected by the occurrence of any such events.

A major event of the kind noted above, or failure to react immediately and effectively to such an event, could impact passenger confidence and, to the extent an IAG Airline is involved, have an adverse effect on such IAG Airline's reputation, leading to reduced demand for such IAG Airline's services (and potentially other IAG Airlines), which could in turn lead to a loss of revenues and a decline in profitability for such IAG Airline and, by extension, the Group. Additional adverse consequences of such events, and the threat of such events, could include a complete or partial closure of airspace for certain periods, reduced demand for air travel, limitations on the applicability or availability of insurance coverage (as highlighted by the fact that the Group's insurance policies generally did not cover losses resulting from the COVID-19 pandemic), increased costs associated with security precautions, other flight restrictions and, to the extent an IAG Airline is involved, significant liability and litigation costs. Major security-related threats or attacks have the potential to adversely affect each IAG Airline's business regardless of the location or target of such threat or attack, or whether an IAG Airline was involved.

The occurrence of the foregoing risks, or any failure to prevent or respond promptly and effectively to such an incident, could have a material adverse effect on the IAG Businesses and, by extension, the Issuer, its businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

2.2 *Reliance on the uninterrupted operation and security of information technology systems*

The Group depends on automated information systems and technology, including its computerised airline reservation systems, its flight operations systems, its website, its telecommunication systems and other automated systems. Thus, the performance and reliability of its information technology systems and of its third parties are critical to each of the IAG Airlines' ability to attract and retain customers, to deliver services, and more widely to the Group's ability to compete effectively and implement its commercial strategy. The Group is progressing with its digitalisation agenda, migration to the cloud from on-premises data centres, cloud optimisation, remediation and transformation of its networks, and addressing obsolescence, but it remains reliant upon the resilience of its and third-party systems and networks for key customer and business processes, and it is exposed to risks that relate to poor performance, vulnerability or failure of these systems. Relevant initiatives will continue to have a direct impact on information technology and data security costs and, in addition, the

development and maintenance of the information system solutions and the information technology environment will require continuous investment. In addition, any internal error, failure or external interruption in the information technology infrastructure the Group depends on, such as power, telecommunications or the internet, may also disrupt its information technology network. Any individual, sustained or repeated failure of information technology systems could impact on the Group's customer service and result in increased costs and damage to the brand of the Issuer, or to one or more of the IAG Airlines. See also "*Risks Relating to Regulatory Compliance and Litigation – Reliance upon the Group's reservation and technology systems*" below.

In addition, the Group's cybersecurity measures may not detect or prevent all attempts to compromise its IT systems or the third-party IT systems that the Group is dependent on, including distributed denial-of-service attacks, ransomware, state-sponsored attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardise the security of information stored in and transmitted by its IT systems or that the Group otherwise maintains. Breaches of the Group's cybersecurity measures could result in unauthorised access to its IT and other systems, misappropriation of information or data (including personal data), deletion or modification of client information, or a denial-of-service or other interruption to its business operations. While the Group has disaster recovery and business continuity plans in place for certain activities, a lack of resilience and operational availability of these systems could lead to prolonged service disruption or outage, resulting in the loss of important data, disrupted operations, financial loss, lost ticket sales, increased costs, regulatory scrutiny and fines, and may materially and adversely affect its reputation and business through an adverse impact on customer experience, negative publicity or loss of customer data, any of which could subsequently adversely impact Group revenues and/or reputation.

Any interruption or failure of information technology systems, or failure to adequately process and safeguard personal information, may result in service disruptions and expose the Group to claims for damages and reputational harm. If the Group does not adequately protect customer and employee data, it could breach regulations and face penalties and loss of customer trust. It may also result in the need to make additional investments to improve the resilience and functioning of systems, which may result in additional costs and reduced profitability. Furthermore, inaccuracy or insufficient human oversight of AI could increase the risk of data misuse. Transformation or changes in environments for the Group's operating companies and third-party suppliers could result in new weaknesses in the cyber and data security control environment. The emergence and usage of AI to bypass cybersecurity controls, produce sophisticated phishing campaigns or allow accelerated deployment of malware could increase the scale, severity and impact of cyberattacks and cyber-related fraud. Increased digitalisation and integration with suppliers could also increase the risk of being impacted by third-party breaches or a cyberattack, including unauthorised access to Group systems, data loss or data corruption. Any of these factors may have a material adverse effect on the Group, its businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

2.3 ***Reliance upon, and exposure to, national and international infrastructure development, and disruptions and vulnerability from loss of key airports or landing slots***

The Group is dependent on, and may be affected by, infrastructure decisions or changes in infrastructure policy by governments, regulators or other entities, which are often outside the Group's control, including, for example, a decision to allow additional runway capacity at an airport or the construction of a new airport. There is a risk that the costs of inefficient

infrastructure projects, particularly at key airports, such as the third runway expansion proposal at London Heathrow, could be passed on to the IAG Airlines and there can be no guarantee that such projects will be completed on time or at all, and development at a hub airport could impact the Group's operations, slots and market share. Increased landing charges resulting from high-cost development could also make London Heathrow less competitive compared to other European hubs and also impact traffic, the network, growth and fleet decisions.

Airports which operate at or near their maximum runway capacity, including Heathrow Airport and Gatwick Airport, require airlines to hold a slot to land and depart from such airports at a specific time. Airlines can lose their slots if they do not operate enough flights that use them; for example, airlines may need to reduce capacity to address operational constraints (such as a lack of engines or aircraft) or where geopolitical events significantly change demand and/or increase costs, impacting the profitability of routes. IAG Airlines manage this risk to their slot rights through effective, established procedures conducted in accordance with the globally agreed and nationally applied systems, including slot waiver alleviation. There is a risk that jurisdictions around the world may change their approach to slot allocation and management such that ongoing rights to slots could be removed meaning that schedules and services to certain destinations may not be possible at the optimum time, or at all.

In several European countries, there have been challenges to the total number of air traffic movements or passengers allowed at individual airports on the grounds of reducing the nuisance caused by aircraft noise or surface access traffic volumes. This includes Amsterdam Schiphol (where policy proposals put forward in 2024 have been paused by legal challenges), Dublin (where confirmation that there will be no cap on traffic volumes is expected but yet to be confirmed), Brussels, Lisbon and Paris (in respect of Orly Airport). If individual governments continue to pursue such policies, there is a risk that IAG Airlines' services at certain airports may have to be reduced.

IAG Airlines rely on access to airspace around the world to, for example, fly over countries en route to a destination in a different country. Geopolitical events have resulted in reduced access to airspace from time to time for IAG Airlines, including the closure of airspace above Israel and other countries in the Middle East due to war and conflict, such as the war in Iran from February 2026 significantly restricting airspace and resulting in the temporary closure of airports in the Middle East region, and the closure of airspace over Russia after its invasion of Ukraine in 2022 (following which EU and UK airlines have been prohibited from entering the Russian airspace). Such closures present an ongoing risk through disrupted schedules and increased operating costs due to longer routes, and in the case of closures caused by military action, a greater and separate risk is presented to IAG Airlines' operations and aircraft.

The Group is dependent on resilience within the operations of ATC services to ensure that its flight operations are delivered as scheduled. The Group has been impacted by ATC issues in the past, including strikes by French air traffic controllers in July 2025, which impacted the Group's short-haul operations, and the loss of ATC contact with aircraft at Newark Liberty Airport in 2025 or the National Air Traffic Services ("**NATS**") ATC outage in July 2025. If such ATC and management issues occur and persist for a sustained period in the future, this may cause significant and widespread disruption to the IAG Airlines' network, as they are dependent on air navigation service providers ("**ANSPs**") delivering sufficient capacity and resilience to ensure that airlines' flight operations can be delivered as scheduled. An overall lack of capacity in the European, UK, or other air traffic control systems has made it harder for ANSPs to deliver a resilient service during strikes or extreme weather events in recent years. The occurrence and timing of such events, together with the reaction of aviation authorities, cannot be predicted or controlled by the Issuer or the IAG Airlines, and could weaken the

demand for air travel and materially affect airline operations. Additionally, such events could require significant compensation to be paid, which could result in the disruption of the IAG Airlines' respective operations and, subsequently, have a material adverse effect on the IAG Businesses' and, by extension, the Group's businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

2.4 *Physical impact of Climate Change*

The Group monitors acute (short-term) and chronic (long-term) physical risks arising from climate change. Vulnerability to the effects of global warming and climate change has the potential to affect the IAG Airlines' operations and broader business. In particular, if climate change results in more volatile weather, such as storms with greater frequency, this could disrupt the IAG Airlines' operations by reducing handling capacity at airports, passenger and cargo uplift and ground transport access, and could also cause increased higher aircraft maintenance. Any increase in delayed or cancelled flights could increase disruption-related costs, including compensation, and reduce revenue, as well as have an adverse effect on the relevant IAG Airline's reputation, which may have an adverse effect on the relevant IAG Airline's and, by extension, certain other IAG Businesses' and the Issuer's respective businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

Changes in wind patterns and jet stream disruption as a result of climate change are also recognised as having the potential to increase en route turbulence which could cause operational disruption and increased costs which could negatively affect the IAG Airlines' customer satisfaction and retention. Longer-term climatic changes may result in either consumer route demands changing or current destinations becoming unviable to operate from (resulting from issues such as sea level change or extreme temperature), and create additional pressure for new infrastructure (such as airports) in alternative locations to maintain demand. See also "*Description of the Issuer and the Group – Business Overview – Environment*".

2.5 *Failure to perform contractual obligations*

A failure by the Issuer or an IAG Business to comply with its contractual obligations, or to pay its indebtedness and fixed costs, could result in a variety of material adverse consequences, including the acceleration of indebtedness, the exercise of remedies by its creditors, lessors, or other co-contracting parties, or the termination of the relevant contract, and such defaults could trigger additional cross defaults under other indebtedness or agreements. In such situations, the Issuer or any relevant IAG Business may not be able to repay the accelerated indebtedness or fulfil its obligations under certain contracts, make required aircraft lease payments or otherwise cover its fixed costs. Once default has occurred, the lenders under such financing arrangements could enforce upon all or substantially all of the assets of the Issuer or the relevant IAG Business, which secure its obligations in accordance with the terms of the agreement. Such failure to pay or resulting enforcement action could have a material adverse effect on the Issuer's or relevant IAG Businesses' respective businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

2.6 *Size of certain IAG Businesses' pension obligations and association commitments are substantial and subject to variation*

Certain IAG Businesses, most notably British Airways, have in place defined benefit pension schemes for their staff, for which the IAG Business is the ultimate sponsor for funding. Contribution requirements are generally assessed every three years as part of a full actuarial

valuation. The next actuarial valuations for these defined benefit pension schemes are expected to be conducted as at 31 March 2027. Significant negative movements in pension assets values and financial returns from these assets, major changes in actuarial assumptions used to assess the pension scheme funding position, and changes in the rate of inflation and interest rates may lead to deficits in these defined benefit pension schemes. This, in turn, could require cash contributions from the relevant IAG Business and could have a material adverse effect on the relevant IAG Businesses' respective business and, by extension, the Issuer's business, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds. See "*Description of the Issuer and the Group – Business Overview – Pensions*".

2.7 ***Exposure to legal action and disputes with trade unions***

The Group has a large, unionised workforce, with a significant number of employees represented by various trade unions under collective bargaining agreements ("**CBAs**"). The Group relies on the successful negotiation of CBAs across IAG Businesses to operate the IAG Airlines. The Group's suppliers also employ a significant number of employees who are members of trade unions. The IAG Businesses and their suppliers regularly negotiate with a number of unionised groups, including airport operators, pilots, cabin crew, ramp staff, and engineering staff. Although CBAs and other agreements with these unions take place regularly, a breakdown in the bargaining process could lead to strikes or other industrial action being taken by the IAG Businesses' respective employees, or by the employees of key third-party service providers, which could impact the relevant IAG Business's ability to maintain its operations and/or flight schedules. There can be no assurance that the IAG Businesses will not experience strikes or other industrial action in the future. Any prolonged dispute, including the prospect of strikes or other industrial action, even if it does not ultimately result in strikes or other industrial action taking place, could have a material adverse effect on such IAG Business's reputation and cause consumers to book flights with such IAG Airline's competitors. Any such strike or other industrial action, or any threat of a strike or other industrial action, could have a material adverse effect on such IAG Businesses' respective business and, by extension, the Issuer's business, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds. See also "*Description of the Issuer and the Group – Business Overview – Employees and Labour Relations*".

2.8 ***Challenges in recruiting and retaining talent***

The Group's current and future success depend upon the efforts, abilities, and knowledge of its staff, including the management team and other key financial, commercial, and operating staff. Competition for highly qualified staff with diverse skillsets in the aviation industry is intense and the Issuer and each IAG Business is subject to the risk that talented employees may seek employment with the Group's competitors or in other industries. The Group's staff engagement, cultural appetite, and mindset for change are critical to the Group's current performance and future success. With the increasing use of AI, there is a risk that the lack of AI expertise or insufficient human oversight of AI tools and outputs could result in errors or suboptimal business decisions or that the necessary critical skillsets are not in place to execute on the required transformation plan or to exploit innovation and AI opportunities and drive the Group's business forward. Without the required skillsets, employees may not understand the scope or depth of the use of AI across its businesses and third parties as its prevalence accelerates. Additionally, shortages in technical licensed staff across the aviation sector and in the Group airlines may impact maintenance delivery timelines unless resource levels can be secured with pilot entry into the IAG Airlines critical to keep the operations resilient and meet future growth plans. Failure to attract and/or retain key talent and qualified

staff to meet operational and safety needs, and management personnel of the Issuer or of any IAG Business, could adversely affect the ability of the Issuer and the IAG Businesses to deliver their respective strategic objectives, and could have a material adverse effect on the Issuer's and the IAG Businesses' respective businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

2.9 *Insufficient insurance cover*

The Issuer and each IAG Business believes that it has insurance in place consistent with its requirements. However, insurance policies are typically subject to a number of conditions and exclusions and must be renewed from time to time. In addition, similar insurance may be difficult to obtain subsequent to the occurrence of a safety incident. Any disaster or major disruption involving an IAG Airline or its aircraft could result in potential claims from injured passengers, third parties, crew or others. There may also be temporary or permanent loss of the aircraft from service, as well as repair and replacement costs. There can be no assurance that the amount or type of insurance cover currently held by the Issuer or the IAG Businesses will be sufficient or adequate to cover all potential losses. If the Issuer's or an IAG Business's insurance policies exclude certain events or specific claims or if the amounts insured under such policies are insufficient, the Issuer or, as the case may be, the relevant IAG Business may suffer significant costs. In addition, if the cost of insurance increases substantially, for example due to a terrorist incident, there may be a negative impact on the Issuer's or any relevant IAG Business's profits.

Any insurance claim, or the inability of the Issuer or any relevant IAG Business to renew or obtain adequate insurance, could have a material adverse effect on the Issuer's or any relevant IAG Business's results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

3. RISKS RELATING TO THE GROUP'S FINANCES

3.1 *The Group is exposed to price volatility of, and availability of supply of, and regulatory changes to, jet fuel*

Fuel costs and emissions charges constitute a substantial proportion of each IAG Airline's total operating expenses and can be subject to significant price volatility, as highlighted by the impact of the elevated prices following the outbreak of the war in Iran in February 2026 and the Russia-Ukraine war in 2022. Furthermore, jet fuel prices can be influenced by a number of political and economic factors such as heightened tensions in key oil-producing regions, war or the threat of war, refining capacity and output, attacks on critical infrastructure or global downturns and sudden disruptions or constraints in supply, particularly the closure of key supply routes such as the Strait of Hormuz. In addition, IAG Airlines may face vulnerabilities in jet fuel security at hubs or other key airports, with tightening supply risk (following disruption to supply routes, closure of supply routes, damage to production and refining infrastructure) impacting jet fuel availability, which could require capacity reductions or near-term flight cancellations.

Substantial increases in jet fuel prices could, if they are not hedged, significantly impact the Group's jet fuel costs. If the Group is exposed to sustained significant price volatility and/or increases in jet fuel prices, including as a result of any prolonged closure of, or restrictions on the Strait of Hormuz or other key supply routes and global transit areas as a result of the conflict in Iran or broader hostilities in the Middle East region, there can be no assurance that it will be able to offset such volatility and/or increases by passing these costs on to customers

without impacting customer propensity to travel and/or through fuel hedging arrangements (which it carries out through the purchase of oil derivatives in forward markets).

The Group employs a conservative approach to hedging but must ensure that it carefully monitors its hedging positions compared to competitors to ensure that it is not commercially disadvantaged by being over-hedged in favourable markets.

The Group has committed to a target of net zero carbon emissions across its operations and supply chain by 2050. The Group has also committed to 10% SAF usage on average across its IAG Airlines' fleet by 2030, subject to the production and availability of SAF and available policy support to enable its use and market conditions. Plans implemented by the EU, UK and US governments to decarbonise aviation have resulted in fragmentation of policy measures and support offered by governments for green initiatives across the different regions in which the IAG Airlines operate. SAF infrastructure and availability still lags demand, impacting the ability to achieve the aviation industry's carbon reduction commitments. Mandates and other tax-based measures may disproportionately impact the IAG Airlines versus their competitors. All of the IAG Airlines have agreed deals for the production of SAF in furtherance of the Group's decarbonisation targets. Overall, aviation industry requirements will require infrastructure investments across markets to support the production of SAF to meet demand expectations. Industry-wide new fleet entry delays may also impact fuel efficiency. The EU and the UK SAF mandates came into force in 2025, mandating a proportion of SAF and incentivising production. However, such regulatory intervention could compel airlines to purchase SAF at a price premium compared to conventional jet fuel or pay mandated penalties for non-compliance, resulting in competitive distortion. Due to the global asymmetry of such regulations, the Group may be significantly disadvantaged relative to its competitors operating outside of the EU and UK. This disadvantage may persist without further policy support offered to the Group in the carbon markets it participates in (the EU Emissions Trading System and UK Emissions Trading Scheme) or international measures to remove competitive distortion.

The Group cannot predict the movement of either short-term or long-term jet fuel prices. If the IAG Airlines are exposed to sustained significant price volatility and/or increases in jet fuel prices, there can be no assurance that they will be able to offset or absorb such volatility and/or increases by passing these costs on to customers without impacting customer propensity to travel and/or through fuel hedging arrangements. Any such price volatility and/or increases in prices for jet fuel or capacity reductions driven by a lack of availability of jet fuel, particularly at hub airports, could have a material adverse effect on the IAG Businesses' and, by extension, the Issuer's respective businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

3.2 ***Liquidity risk***

Liquidity risk is the possibility of being unable to meet all present and future financial obligations as they become due and to cover material capital expenditures requirements, and could be driven by the inability to obtain finance for ongoing operations, committed aircraft orders, future fleet growth plans, business acquisitions and third-party financial guarantees. While the Issuer and the IAG Businesses believe they have processes in place designed to deliver sufficient cash resources and the availability of funding as needed, there can be no assurance that such processes will be effective. Any business disruption as a result of not being able to meet all present and future financial obligations and capital expenditure requirements as they become due could have a material adverse effect on the Issuer and/or any relevant IAG Business's respective businesses, prospects, results of operations and financial conditions, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

3.3 ***Foreign exchange risk***

The Issuer and the IAG Businesses (other than British Airways, IAG Loyalty and IAG Cargo) report their financial results in euro. British Airways, IAG Loyalty and IAG Cargo report their financial results in pounds sterling. The Group also has substantial transaction exposure to the US dollar for revenue, purchases, cash and borrowings. Therefore, the Issuer and each IAG Business have significant exposure to currency exchange rates arising from fluctuations of the euro, pounds sterling or US dollar, which impact their operating, financing and investing activities. The Issuer's and/or the IAG Businesses' financial results for each period may be affected by fluctuations in exchange rates. Sustained adverse changes in exchange rates against the reporting currency, and failure to manage currency risk on revenue, purchases, cash and borrowings in foreign currencies other than the IAG Businesses reporting currencies, could have a material adverse effect on the Issuer's and the IAG Businesses' respective businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

Although the Issuer and the IAG Businesses manage foreign currency risk through hedging activity which aims to reduce the impact of exchange rate volatility on the results and cash flows of the Issuer and the IAG Businesses, there can be no assurance that such foreign currency risk management will be completely effective in minimising or eliminating the effects of exchange rate volatility, particularly exchange rate volatility which is driven by market correction or shock events, geopolitical events or macroeconomic events. If such foreign currency risk management is not effective, this could have a material adverse effect on the Issuer's and/or the IAG Businesses' respective businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

Local laws and/or regulations in the jurisdictions in which the IAG Airlines operate may have in place local currency selling requirements. Some jurisdictions in which the IAG Airlines operate may also implement foreign exchange controls, which may cause delays in the repatriation of cash and/or the risk of material local currency devaluation. Law and/or regulations on local currency selling requirements and/or foreign exchange controls could have a material adverse effect on the Issuer's and/or the IAG Businesses' respective businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

3.4 ***Interest rate risk***

The Issuer and the IAG Businesses are exposed to fluctuations in interest rates on interest-bearing monetary items. The IAG Businesses' ability to finance their respective operations and satisfy their financing commitments, as well as to fund future capital expenditure and financing requirements, depends on a number of factors, some of which are beyond their control. In some cases, an IAG Business may need to refinance, and such refinancing may be more costly than current rates or may not be available at all, depending on the prevailing credit profile of the Issuer or, as the case may be, the relevant IAG Business, the financial markets conditions at the time (particularly during periods of extreme market volatility or external shock events), and other factors outside the control of the Issuer or any IAG Business. Should the Issuer or an IAG Business be unable to obtain satisfactory financing in respect of its current commitments or future financing needs, this could have a material adverse effect on the Issuer and/or the relevant IAG Businesses' respective businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

3.5 ***Exposure to non-performance of counterparties***

The Issuer and the IAG Businesses are exposed to the credit risk of non-performance by their counterparties in respect of receivable financial assets, which include cash and money market deposits, derivative financial instruments, and trade and other receivables. The Issuer and the IAG Businesses are also exposed to the credit risk of non-performance by, amongst others, their financial counterparties and insurance counterparties. The failure of any such counterparty could have a material adverse effect on the Issuer's and/or the IAG Businesses' respective businesses, prospects, results of operations and financial conditions, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

4. RISKS RELATING TO REGULATORY COMPLIANCE AND LITIGATION

4.1 *Requirement to maintain majority share ownership and control by qualifying nationals*

It is a requirement of EU law that an EU Member State may only license an air carrier to operate airline services if the majority of its share capital is owned, and the carrier is effectively controlled by, Member States of the EEA and/or their nationals (including ownership by Switzerland and/or Swiss nationals) (the "**EU's Ownership and Control Requirement**").

Following the UK's withdrawal from the EU on 31 January 2020, and the end of the transition period on 31 December 2020 ("**Brexit**"), access to UK–EU air traffic rights under the EU–UK Trade and Cooperation Agreement remains subject to ownership and control conditions: UK carriers with an operating licence granted on or before 31 December 2020 may be owned and effectively controlled by UK and/or EEA/Swiss nationals, while UK carriers licensed on or after 1 January 2021 must be owned and effectively controlled by UK nationals to benefit from those rights. Prior to Brexit, as a Member State of the EU, the UK applied the EU's Ownership and Control Requirement. Airlines holding an operating licence granted by the UK which met the EU's Ownership and Control Requirement as at 31 December 2020 are permitted to retain their ownership and control structure, because the EU–UK Trade and Cooperation Agreement "grandfathers" such ownership and control structures for the purpose of UK–EU traffic rights.

Each IAG Airline is incorporated in the EU or the UK and holds an operating licence and an Air Operator Certificate ("**AOC**") from its respective regulator in its country of incorporation. Each IAG Airline currently complies with the ownership and/or control requirements applied by its regulator. If an IAG Airline fails to comply with the applicable ownership and/or control requirements, or there is a challenge to an IAG Airline's ownership and/or control structure, the relevant IAG Airline may, among other things, temporarily or permanently lose the ability to operate airline services or routes which could have a material adverse effect on such IAG Airline and, by extension, certain other IAG Businesses' and the Issuer's business, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

4.2 *Exposure to risks associated with the limitation of greenhouse gas emissions and related trading schemes or allowances and any changes to environmental legislation*

The Group operates in a highly regulated industry where there are risks associated with the limitation of greenhouse gas emissions and related environmental regulation and legislation, such as the United Nations Framework Convention on Climate Change and the Kyoto Protocol.

The EU introduced the Emissions Trading System (the "**EU ETS**") in 2003 to limit greenhouse gas emissions and the trading allowances which apply to certain industrial installations. The airline industry was incorporated into the EU ETS in 2009, and the first carbon credit surrender

took place in 2012. The EU ETS linked to Switzerland's ETS in 2019 and extended EU ETS obligations to flights to and from Switzerland. In October 2016, the International Civil Aviation Organisation agreed a Carbon Offsetting and Reduction Scheme for International Aviation ("**CORSIA**") to target carbon neutral growth for the airline sector. CORSIA came into effect in January 2021 on a voluntary basis for states, and it will become mandatory for states in 2027. CORSIA requires airlines to purchase carbon offsets from other industries to compensate for emission growth in the airline sector above the baseline, consequently increasing costs for airlines. Moreover, in 2021, the UK Government launched the UK Emissions Trading Scheme ("**UK ETS**"), which applies to the aviation sector. Under a bilateral agreement between the UK and the EU (and Switzerland), flights departing from the UK to the EEA are covered by the UK ETS obligations, while flights from the EEA to the UK are covered by EU ETS obligations. In 2023, both the UK and the EU separately announced that free allocation of emission allowances to aviation operators under the UK ETS and EU ETS would be phased out to zero by the start of 2026. The number of carbon allowances/offsets required to be purchased under these schemes, and any increase in the price of these assets, could have an adverse impact on the demand for air travel and/or reduce the profit margin per ticket for the Group.

Regulations governing the supply of SAF have increased significantly in recent years. In Europe, Regulation (EU) 2023/2405 of the European Parliament and of the Council of 18 October 2023 ("**ReFuelEU Aviation**") sets an obligation for aviation fuel suppliers to ensure that all fuel made available to aircraft operators at EU airports contains a minimum share of SAF from 2025 and, from 2030, a minimum share of synthetic fuels, with both shares increasing progressively until 2050. Fuel suppliers in Europe had to incorporate 2% SAF in 2025, and will have to incorporate 6% SAF in 2030 and 70% SAF in 2050. From 2030, 1.2% of fuels must also be synthetic fuels, rising to 35% in 2050. Under ReFuelEU Aviation, aircraft operators falling within scope of the ReFuelEU Aviation are required, with effect from 1 January 2025, to ensure that the yearly quantity of aviation fuel uplifted at applicable EU airports is at least 90% of the yearly aviation fuel required. This obligation is intended to limit tankering practices which would bring additional emissions from extra weight on flights and to minimise the risk of carbon leakage. In April 2024, the UK Government similarly announced a UK SAF mandate requiring 10% of jet fuel used in flights departing from the UK to be sourced using certified, sustainable pathways by 2030, rising to 22% by 2040. In 2024, the EU developed an incentive for airlines to use SAF, launching the Fuels Eligible for ETS ("**FEETS**") allowances scheme. This competitively rewards SAF use by airlines in the EU by enabling operators to claim EU ETS allowances equivalent to part of the cost differential between SAF and traditional jet kerosene. The reward is adjusted by SAF type and uplift location to provide a greater reward for use of second and third generation fuels and on routes where the interconnectivity of jurisdictions is key to maintaining mobility (for example, mainland Spain and the Balearic Islands).

Despite these efforts, current SAF production technology and infrastructure is lagging behind demand requirements, which could result in the Group missing mandated requirements and being exposed to further reputational scrutiny, as well as related fines and penalties. Additionally, due to the geographical diversity of operations within the Group, there are added complexities arising from SAF policy fragmentation across different operating environments. This results in varying in-scope allowances across the market, distorting both the competitive environment and the levels of carbon costs.

Furthermore, due to the substantial increase in the cost of SAF versus traditional jet fuel, the Group could face increased costs compared to its business plan. There is also concern that the pass-through of costs from SAF policies could result in reduced demand from passengers, with some airlines already introducing surcharges to their ticket costs to reflect the impact of SAF mandates. While incentives have been developed in some markets (such as the FEETS

in the EU), there remains a risk of European-based operators being at a competitive disadvantage, who will face higher exposure to the mandate requirements (as a percentage share of their route network) and only small levels of cost compensation relative to jurisdictions where no mandates are imposed. For the Group, the UK may become less competitive than the EU as it does not offer incentives for SAF use.

If the cost of carbon emission permits significantly increase in the future, and there is unequal or cumulative application of carbon regulation across regions, or if the cost of more efficient technologies rises substantially, the IAG Airlines may face a material financial risk, subject to the position of the Group's hedging strategy to the market, as well as competitive disadvantage. These factors could limit the IAG Airlines' operational flexibility and increase costs, and therefore could have a material adverse effect on their and, by extension, certain other IAG Businesses' and the Issuer's, respective businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds. See "*Description of the Issuer and the Group – Strengths and Long-Term of the Group – Strengths – Leading sustainability commitment*".

4.3 ***Exposure to extensive and changing legislation and regulations at regional, national and international level and regulatory divergence between countries***

The Issuer, the IAG Businesses, and the airline industry generally, are subject not only to English, Spanish and Irish laws and regulations, but also to those of the EU, non-EU states in which they operate, international organisations, and international, bilateral and multilateral treaties. The scope of these laws and regulations includes, among other things, infrastructure issues relating to slot capacity, route flying rights, environmental and security requirements, safety, licensing, competition, customer protection, tax, data protection and cyber security requirements, capacity controls, and market entry restrictions. From time to time, additional laws, regulations, taxes and airport rates and charges and/or any relaxation or tightening of laws to which the Issuer and/or any IAG Business is subject whether at regional, national and/or internal level, may be proposed. Such changes could significantly increase the cost of the IAG Businesses' respective airline operations, reduce their revenues, and/or adversely affect their ability to compete with other airlines. Existing, new and evolving laws and regulations present a risk of class action litigation in the event of non-compliance by the Issuer and/or the IAG Businesses. Class action litigation could have a material adverse effect on the Issuer, the IAG Businesses and, by extension, the Issuer's respective businesses, prospects, results of operations, and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

Changes to legislative and regulatory requirements occur frequently, and the Group is exposed to systemic tax risks arising from either changes to tax legislation and accounting standards, or challenges by tax authorities on the interpretation or application of tax legislation. In addition, both businesses and consumers may be subject to higher levels of taxation as governments seek to increase environmental taxes, redesign the global tax framework and rebuild public finances.

Each IAG Business is also subject to legislative and regulatory oversight in all countries where it sells its product via local language websites. As the IAG Businesses expand geographically and increase the number of local language websites, this oversight will increase. New regulations could have a negative impact on the IAG Businesses' respective costs and business models. For example, additional safety and/or security requirements could impact on each IAG Airline's ability to manage quick turnarounds and therefore may compromise aircraft utilisation and/or may impose additional costs. Any such new legislation or regulations, and the ability of the Issuer and each IAG Business to comply with such legislation or regulations, could have a material adverse effect on the IAG Businesses', including as a result

of class action litigation following non-compliance, and, by extension, the Issuer's respective businesses, prospects, results of operations and financial condition and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

The risk of changing governments and government policy globally with increased protectionism could result in market or competitive distortion and a trend for increased scrutiny from regulators and tax authorities which could increase costs to airlines. The change in policies between the US, the EU and the UK could influence markets and result in imposition of misaligned policies or tariffs, impacting the burden of regulation and cost to passengers.

Neither the Issuer nor any of the IAG Businesses can anticipate all future changes, including government asymmetry of policy impacting a domestic market, or the possible adverse impact of such changes, including on the IAG Businesses' respective business, prospects, results of operations and financial condition.

4.4 *Exposure to changes in tax regulations and increases in taxation*

The Issuer and the IAG Businesses are exposed to systemic tax risks arising from either changes to tax legislation and accounting standards and challenges by tax authorities on the interpretation or application of tax legislation across the jurisdictions in which the businesses are both domiciled and operate. There is the potential for further new taxes and the removal of existing exemptions, such as zero-rated VAT/exemption on flights (as set forth under section 22.13 of Law 37/1992, 28 December, of Value Added Tax), to be introduced in the future.

Any of the foregoing could have a material adverse effect on the Group's reputation, businesses, prospects, results of operations and financial condition and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

4.5 *Data protection, critical infrastructure and AI regulation*

Ongoing focus on data protection and privacy worldwide has also increased the financial and reputational implications for the Group following any significant breach of its IT systems or those of its third-party suppliers, with regulators imposing potentially significant fines or demanding remedial steps to be taken. The Group's operations involve the processing, transfer between jurisdictions and storage of large quantities of personal data relating to its customers, employees and other parties and, as such, the Group is subject to significant obligations in respect of data protection, AI, and privacy laws.

In the event that the Group is unable to meet its obligations in respect of personal data, it may be subject to regulatory action, civil claims, fines, and reputational and financial costs. The EU General Data Protection Regulation ("**GDPR**") and UK GDPR, together with national legislation, permit national supervisory authorities to levy significant fines for non-compliance of up to 4% of the Group's annual worldwide turnover in cases of significant non-compliance.

In addition to data protection legislation, some of the IAG Airlines are subject to regulatory requirements applicable to them as part of critical national infrastructure, such as the EU's 2022 Network and Information Systems Directive (NIS2) and the UK Network and Information Systems Regulations 2018. Additional oversight requirements are imposed on IAG Airlines by their aviation regulators. Failure to comply with these requirements could expose the IAG Airlines to fines or to the requirement to remediate any such failure.

New and currently unforeseeable regulatory, reputational and operational issues may also arise from the increased use of emerging technologies such as AI with customer, employee

or supplier data. Some use of AI by the Group will be subject to Regulation (EU) 2024/1689 (the "**EU AI Act**") (as well as other legislation), which defines AI systems and sets out a risk-based classification for AI applications. Use of AI systems entails a number of risks similar to those described for other IT systems, but also introduces specific risks related to the accuracy of content and the potential for bias. As AI is an emerging technology, new risks may arise over time. Any inaccuracy or insufficient human oversight of AI tools and agentic AI development and outputs within technical teams and by employees in the IAG Businesses could result in errors, suboptimal business decisions or reputational or brand impacts. Furthermore, there is a risk that the Group does not understand the scope or depth of the use of AI and agentic AI across its businesses and third parties as its prevalence accelerates. Breaches of the EU AI Act can incur fines of up to €35m or 7% of global annual revenue, whichever is higher.

The Group has also been exposed to litigation, including class action lawsuits, as a result of the theft of personal data. The Group is currently engaged in a number of initiatives to modernise its IT systems, whilst also delivering an ongoing efficiency programme and upgrading its digital capability, customer propositions and core IT infrastructure and network where required. There is a risk that such initiatives will not deliver what is required either on time or on budget, result in unexpected costs or not provide the performance levels required to support the current and future needs of the Group and its customers, especially given the scale and pace of the change required. Such initiatives may also expose the Group to additional risks, for example due to poor implementation or due to unexpected outcomes of new functionalities. The Group's systems are interdependent and a failure of any of its core systems may result in the failure of other systems or any failure of a critical third-party system may in turn impact the Group's systems. Any updates to the Group's systems and infrastructure, including the development and implementation of AI tools to support its operations and growth and/or respond to changes in regulations and markets create implementation, liability and integration risks. See also "*Description of the Issuer and the Group – Business Overview – Data Protection*".

Any of the foregoing could have a material adverse effect on the Group's reputation, businesses, prospects, results of operations and financial condition and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

4.6 ***Impact from regulation relating to consumer rights***

Under European legislation (EU Regulation (EC) No. 261/2004 ("**EU 261**"), which is also incorporated into the domestic law of the UK under the European Union (Withdrawal) Act 2018 and the Air Passenger Rights and Air Travel Organisers' Licencing (Amendment) (EU Exit) Regulations 2019), airlines including the IAG Airlines are required to compensate passengers for certain flight delays, cancellations and denied boarding. EU 261 currently provides for compensation in a cash amount equal to €250 (£220), €400 (£350) or €600 (£520) per passenger, depending on the distance of the flight, with short-haul flights typically subject to compensation in an amount equal to €250 (£220) per passenger where this is due. Since the EU is currently reviewing the relevant regulation there is a risk that the scope of regulation and liabilities may increase. In addition, passengers may also be entitled to assistance, including meals, drinks and telephone calls, as well as hotel accommodation, depending on the length of the delay. In certain circumstances, the IAG Airlines must offer the option of a refund of the cost of the unused ticket. There can be no assurance that they will be able to manage all circumstances which may give rise to such delays and/or cancellations. In such circumstances, the IAG Airlines may be required to make compensatory payments to affected passengers and may also suffer reputational damage. Increased regulation and political intervention drive increased levels of cost and impact the ability of airlines to set capacity

and pricing, which may impact the Group's revenue streams and business model. Although the IAG Airlines maintain and regularly assess their respective provisions for EU 261 compensation payable in respect of flight delays, cancellations and denied boarding, and are monitoring the potential development of new legislation in the EU that may limit airlines' ability to charge passengers for trolley cases that are transported in the cabin and which may have an adverse effect on IAG Airlines' commercial policies, any such claims or future legislation could have a material adverse effect on the relevant IAG Airline's and, by extension, certain other IAG Businesses' and the Issuer's respective businesses, prospects, results of operations and financial condition, and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

4.7 *Non-compliance with competition, bribery, and with other regulations*

A failure to meet legal or regulatory standards may result in a breach with the potential to hurt or impact the Group's customers, employees, or third parties, or impact operations, and lead to reputational damage, fines or losses to the Group. The Group has clear frameworks in place, including comprehensive Group-wide policies designed to ensure compliance with legal and regulatory standards. Compliance, human resources and legal professionals specialising in competition law, anti-bribery and corruption and other legislation and regulations that apply to the Group's businesses support and advise the Group's businesses. There can be no assurance that violations of the Issuer's and/or the IAG Businesses' respective corporate governance requirements will not occur. In the event violations do occur, they could have material adverse effects on the Issuer's and the IAG Businesses' respective reputations and result in fines, which could in turn have a material adverse effect on the Issuer's and the IAG Businesses' respective businesses, prospects, financial condition and results of operations and therefore could affect the ability of the Issuer to fulfil its obligations under the Bonds.

5. RISKS RELATED TO INVESTING IN THE BONDS

5.1 *The Issuer may redeem the Bonds of each tranche prior to the relevant Final Maturity Date*

In the event that, with respect to each tranche of Bonds, the Issuer has or will become obliged to pay additional amounts in respect of such Bonds pursuant to Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or authority therein or thereon having the power to tax, or any change in the general application or official interpretation of such laws or regulations, which becomes effective on or after the Issue Date and such obligations cannot be avoided by the Issuer taking reasonable measures available to it. The Issuer may redeem all outstanding relevant Bonds in accordance with the relevant Conditions, as described under Condition 6 (*Redemption and Purchase*). In addition, the Issuer may redeem all but not some only of the Bonds of each tranche at the relevant Make-Whole Redemption Amount (together with accrued but unpaid interest) at any time, as described in Condition 6(b) (*Make-Whole Redemption by the Issuer*). The Issuer may also redeem all but not some only of (i) the Series A Bonds then outstanding on any London Business Day which falls during the period commencing on (and including) the Series A Bonds First Maturity Call Date and ending on (but excluding) the Series A Bonds Final Maturity Date, at their principal amount, as described in Condition 6(c) (*Issuer Maturity Call Option*) and (ii) the Series B Bonds then outstanding on any London Business Day which falls during the period commencing on (and including) the Series B First Maturity Call Date and ending on (but excluding) the Series B Bonds Final Maturity Date, at their principal amount, as described in Condition 6(c) (*Issuer Maturity Call Option*).

With respect to each tranche of Bonds, if, at any time, the outstanding aggregate principal amount of such Bonds is 25 per cent. or less of the aggregate principal amount of such Bonds when issued, the Issuer may redeem all but not some only of such Bonds then outstanding at their principal amount, as described in Condition 6(d) (*Issuer Residual Call Option*).

If the Issuer calls and redeems the Bonds in the circumstances mentioned above, an investor may not be able to reinvest the redemption proceeds in securities offering a comparable yield.

5.2 *A Bondholder may require the Issuer to redeem its Bonds prior to the relevant Final Maturity Date, including in the event of a change of control*

With respect to each tranche of Bonds, each relevant Bondholder may, upon the occurrence of a Triggering Event (as defined in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*)) require the Issuer to redeem its Bonds at their principal amount outstanding together with accrued interest (if any), in accordance with Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*). This includes upon the occurrence of certain events constituting a Change of Control (as defined in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*)). There can be no assurance that, at the time a Bondholder requires the Issuer to redeem its Bonds in accordance with Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*), the Issuer will have sufficient funds available to redeem the relevant Bonds specified in the relevant Put Exercise Notice.

More generally, a change of control may also result in a mandatory prepayment under any of the Issuer's and/or the IAG Businesses' existing borrowing facilities and agreements governing any future indebtedness and may result in the acceleration of such indebtedness (even if such change of control under any such borrowing facility may be deemed not to be a Change of Control for the purposes of the Bonds). Sufficient funds may not be available when necessary to make any required repurchases.

5.3 *Certain significant corporate events may not constitute a Change of Control*

Certain events will not constitute a Change of Control. The Change of Control provision contained in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*) may not necessarily afford investors protection in the event of certain significant corporate events, including a reorganisation, restructuring, merger, recapitalisation or other similar transaction that may adversely affect investors, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a Change of Control as defined in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*). With respect to each tranche of Bonds, except as described under Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*), the relevant Conditions do not contain provisions that would require the Issuer, or that would enable the holders of such Bonds to require the Issuer, to offer to repurchase or redeem such Bonds in the event of a reorganisation, restructuring, merger, recapitalisation or similar transaction

5.4 *The relevant Conditions contain provisions which permit the substitution of the Issuer for certain entities and certain amendments to the relevant Conditions in the circumstances set out therein*

With respect to each tranche of Bonds, the relevant Conditions provide that, without any requirement for any further consent or approval of the relevant Bondholders, the Issuer may substitute for itself (i) any Subsidiary of the Issuer, (ii) any Holding Company of the Issuer or (iii) any Successor in Business of the Issuer, as the principal debtor in respect of such Bonds

(the "**Substitute Issuer**"), subject to the conditions described in Condition 13 (*Substitution of the Issuer*).

Following such a substitution, where the Substitute Issuer is incorporated, domiciled or resident for taxation purposes in a territory other than the Kingdom of Spain, the Documents may (at the option of the Issuer) contain such amendments to the relevant Conditions as the Issuer deems necessary to reflect that the Substitute Issuer is incorporated, domiciled or resident for taxation purposes in a territory other than the Kingdom of Spain.

No assurance can be given as to the impact of any substitution of the Issuer as described above (including, without limitation, the individual taxation circumstances of individual investors), and any such substitution could materially adversely impact the value of the Bonds.

5.5 ***The Bonds do not restrict the amount of debt which the Issuer may incur***

With respect to each tranche of Bonds, the relevant Conditions do not contain any restriction on the amount of indebtedness which the Issuer may from time to time incur. In the event of any insolvency or winding up of the Issuer, the Bonds of each tranche will rank equally with the Issuer's other unsecured senior indebtedness and, accordingly, any increase in the amount of the Issuer's unsecured senior indebtedness in the future may reduce the amount recoverable by Bondholders. In addition, the Bonds of each tranche are unsecured and, save as provided in Condition 2 (*Negative Pledge*), do not contain any restriction on the giving of security by the Issuer over present and future indebtedness. Where security has been granted over assets of the Issuer to secure indebtedness, in the event of any insolvency or winding-up of the Issuer, such indebtedness will rank in priority over the Bonds of each tranche and other unsecured indebtedness of the Issuer in respect of such assets.

In relation to the assets and indebtedness of the Issuer's Subsidiaries, see also *"Risks Relating to the Group's Strategy – The Issuer is a parent company*" above.

5.6 ***The insolvency and administrative laws of the Issuer's jurisdiction of incorporation may not be as favourable to creditors (including investors in the Bonds), as the insolvency laws of the jurisdictions with which investors are familiar, and may limit investors' abilities to enforce their rights under the Bonds***

The Issuer is incorporated under the laws of the Kingdom of Spain. There is a rebuttable presumption that the "centre of main interest" as defined in Regulation (EU) No. 2015/848 of the European Parliament and of the Council of 20 May 2015 on Insolvency Proceedings, as well as in the Royal Legislative Decree 1/2020 (*Texto Refundido de la Ley Concursal*) dated 5 May 2020 (the "**Spanish Insolvency Law**"), is the jurisdiction where the registered office of the Issuer is situated.

In the event that the Issuer experiences financial difficulties leading to a formal insolvency procedure, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. With respect to each tranche of Bonds, any enforcement of the relevant Conditions against the Issuer after bankruptcy or an insolvency event will be subject to the insolvency laws of the Issuer's jurisdiction of incorporation, and possibly other jurisdictions. The insolvency and other laws of Spain and other applicable jurisdictions may be materially different from, or in conflict with, the laws of the jurisdictions with which investors are familiar, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect investors'

ability to enforce their rights under the Bonds in these jurisdictions and limit any amounts that they may receive.

5.7 *Payments in respect of the Bonds may in certain circumstances be made subject to withholding or deduction of tax*

Under the regulations established by Royal Decree 1065/2007, as amended by Royal Decree 1145/2011, income paid in respect of the Bonds will not be subject to withholding tax in Spain provided certain reporting obligations are met, being, at the date hereof, the provision to the Issuer by the Fiscal Agent, in a timely manner, of a duly executed and completed Payment Statement. See "*Taxation - Taxation in Spain*".

The Fiscal Agent is expected to follow certain procedures to facilitate the timely provision by the Fiscal Agent to the Issuer of a duly executed and completed Payment Statement in connection with each payment of income under each tranche of Bonds. A description of those procedures is set out in a schedule to the Fiscal Agency Agreements and should be read together with the section of this Prospectus entitled "*Taxation - Taxation in Spain*". If the procedures are not followed, the Issuer will withhold at the then applicable rate (being 19% at the date of this Prospectus) from any interest payment in respect of the relevant Bonds, as well as from any income derived from the redemption of the relevant Bonds. Such procedures may be revised from time to time in accordance with changes in the applicable Spanish laws and regulations or administrative interpretations thereof. In this case, the Issuer shall pay such additional amounts as will result in the receipt by the holders of the relevant Bonds, after any withholding or deduction for or on account of such taxes, duties, assessments or charges, of such amounts as would have been received by them if no such withholding or deduction had been required. No such additional amounts, however, shall be payable if any of the exceptions referred to in Condition 8 (*Taxation*) applies. Bondholders entitled to receive income payments in respect of the relevant Bonds free from Spanish withholding tax, but whose income payments have been made net of Spanish withholding tax, may apply directly to the Spanish tax authorities for any refund to which they may be entitled.

5.8 *Risks in relation to Bonds held by Spanish corporate entities*

Despite the Issuer's opinion that, due to the Bonds not being placed in Spain (on the basis that there will be no public offer into Spain, as contemplated in "*Subscription and Sale - Spain*") there is a possible exemption from withholding tax on payments to Spanish corporate Bondholders, the Spanish tax authorities may determine that the Bonds have been placed, totally or partially, in Spain and that such exemption does not apply to any of the Bonds (see "*Taxation - Taxation in Spain*"). If such determination were made, income derived from the transfer of the Bonds of any tranche by Bondholders could be subject to withholding tax at the applicable rate which, as at the date of this Prospectus, is 19%. No additional amounts will be payable by the Issuer in such circumstances.

5.9 *Change of law*

The Bonds of each tranche are governed by English law, save for Condition 1(c) (*Status*) which is governed by Spanish law, in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English or Spanish law or administrative practice after the date of this Prospectus.

5.10 *Credit ratings assigned to the Issuer and/or any Bonds may not reflect all the risks associated with an investment in those Bonds.*

The Bonds of each tranche have been rated Baa2 by Moody's and BBB by S&P. The assigned ratings to the Bonds may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Bonds. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating or the assignment of an unfavourable rating by another ratings agency could adversely affect the trading price for the Bonds.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third-country non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third-country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third-country non-UK credit rating agencies, third-country credit ratings can either be: (i) endorsed by a UK registered credit rating agency; or (ii) issued by a third-country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Bonds changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Bonds may have a different regulatory treatment, which may impact the value of the Bonds and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

5.11 *Each Global Bond is held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer*

The Bonds of each tranche will be represented by the relevant Global Bond, except in certain limited circumstances described in the relevant Global Bond. Each Global Bond will be deposited with, and registered in the name of a nominee for, the Common Safekeeper. Except in certain limited circumstances described in the relevant Global Bond, investors will not be entitled to receive relevant Definitive Registered Bonds. With respect to each tranche of Bonds, Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the relevant Global Bond and, while such Bonds are represented by the relevant Global Bond, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under each tranche of the Bonds by making payments to the Common Safekeeper for distribution to the account holders of Euroclear and Clearstream, Luxembourg. A holder of a beneficial interest in the relevant Global Bond must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the relevant Global Bond.

5.12 ***There may not be an active trading market for the Bonds***

The Bonds are new securities which may not be widely distributed and for which there is currently no active trading market. If the Bonds of any tranche are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been made for the Bonds of each tranche to be admitted to listing on the Official List and to trading on the Regulated Market, there is no assurance that that such applications will be accepted, that the Bonds of each tranche will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Bonds, which may affect a bondholder's ability to sell or transfer its holdings.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents which shall be incorporated by reference in, and form part of, this Prospectus:

(a) the audited consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2025, together with the audit report thereon (the "**Issuer's 2025 Annual Financial Statements**"), as included in the Issuer's Annual Report and Accounts 2025.

The Issuer's 2025 Annual Financial Statements appear on the following pages of the Issuer's Annual Report and Accounts 2025:

Issuer's 2025 Annual Financial Statements

Consolidated Income Statement	Page 152
Consolidated Statement of other Comprehensive Income	Page 153
Consolidated Balance Sheet	Page 154
Consolidated Cash Flow Statement	Page 155
Consolidated Statement of Changes in Equity	Pages 156 to 157
Notes to the Consolidated Financial Statements	Pages 158 to 226
Alternative Performance Measures	Pages 227 to 233
Audit Report	Pages 239 to 247

(b) the audited consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2024, together with the audit report thereon (the "**Issuer's 2024 Annual Financial Statements**"), as included in the Issuer's Annual Report and Accounts 2024.

The Issuer's 2024 Annual Financial Statements appear on the following pages of the English version of the Issuer's Annual Report and Accounts 2024:

Issuer's 2024 Annual Financial Statements

Consolidated Income Statement	Page 154
Consolidated Statement of other Comprehensive Income	Page 155
Consolidated Balance Sheet	Page 156
Consolidated Cash Flow Statement	Page 157
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(c) the unaudited interim management statement of the Issuer as at and for the three-month period ended 31 March 2026 (the "**Issuer's 1Q 2026 Interim Management Statement**"), other than the following pages: 1-3.

The above documents have been previously published or are published simultaneously with this Prospectus. Such documents shall be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Those parts of the documents incorporated by reference in this Prospectus which are not specifically incorporated by reference in this Prospectus are either not relevant for prospective investors in the Bonds or the relevant information is included elsewhere in this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Save for the information that has been expressly incorporated by reference into this Prospectus above, the information on any website mentioned in this Prospectus or any website directly or indirectly linked to these websites has not been verified and is not incorporated by reference into this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the following websites:

https://www.iairgroup.com/investors-and-shareholders/financial-reporting/annual-reports/

https://www.iairgroup.com/investors-and-shareholders/financial-reporting/quarterly-reporting/

and from the specified office of the Fiscal Agent for the time being in London.

TERMS AND CONDITIONS OF THE SERIES A BONDS

The issue of the €500,000,000 3.875 per cent. Bonds due 2031 (the "**Bonds**" which expression shall, unless otherwise indicated, include any relevant Further Bonds) was (save in respect of any such Further Bonds) authorised by a resolution of the Board of Directors of International Consolidated Airlines Group, S.A. (the "**Issuer**") passed on 7 May 2026.

A fiscal agency agreement dated on or about 28 May 2026 (the "**Fiscal Agency Agreement**") has been entered into in relation to the Bonds between the Issuer, Deutsche Bank AG, London Branch as fiscal agent (the "**Fiscal Agent**", which expression shall include any successor as fiscal agent under the Fiscal Agency Agreement) and the paying and transfer agents named therein (together with the Fiscal Agent and any other paying and transfer agents appointed pursuant to the Fiscal Agency Agreement for the time being, the "**Paying and Transfer Agents**", which expression shall include their successors as paying and transfer agents under the Fiscal Agency Agreement) and Deutsche Bank Luxembourg S.A. as registrar (the "**Registrar**", which expression shall include any successor as registrar under the Fiscal Agency Agreement).

Copies of the Fiscal Agency Agreement (which contain these terms and conditions of the Bonds (the "**Conditions**")) are available for inspection during normal business hours at the specified office of the Fiscal Agent. The statements in these Conditions are summaries of, and are subject to, the detailed provisions of the Fiscal Agency Agreement, which includes the forms of the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of those provisions applicable to them which are contained in the Fiscal Agency Agreement.

The Issuer, as required by Spanish law, has executed an *escritura pública* (the "**Public Deed**") before a Spanish notary public in relation to the issue of the Bonds and will register the Public Deed with Madrid's Mercantile Registry. The Public Deed contains, among other information, these Conditions.

Capitalised terms used but not defined in these Conditions shall have the meanings given to them in the Fiscal Agency Agreement unless, in any case, the context otherwise requires or unless otherwise stated.

1. Form, Denomination, Title and Status of the Bonds

(a) *Form and Denomination*

The Bonds are in registered form, serially numbered, in principal amounts of €100,000 and integral multiples of €1,000 in excess thereof.

(b) *Title*

Title to the Bonds will pass by transfer and registration as provided in Condition 4 (*Registration and Transfer of Bonds*). The holder (as defined below) of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

(c) *Status*

The Bonds constitute direct, unconditional, senior, unsubordinated and, subject to Condition 2 (*Negative Pledge*), unsecured obligations of the Issuer and in the event of insolvency of the Issuer (unless they qualify as subordinated debts under article 281 of the Spanish Insolvency Law or equivalent legal provision which replaces it in the future and save for such exceptions as may be provided by applicable legislation and by provisions of law that are mandatory and of general application) will rank, according to the Spanish Insolvency Law, *pari passu*, without any preference among themselves, and equally with all other existing and future senior, unsecured and unsubordinated obligations of the Issuer.

Interest on the Bonds accrued but unpaid as at the commencement of any insolvency proceedings relating to the Issuer under Spanish law shall thereupon constitute subordinated obligations of the Issuer ranking below its unsecured and unsubordinated obligations. Under Spanish law, no further interest on the Bonds shall be deemed to accrue from the date of the declaration of any insolvency proceeding relating to the Issuer.

2. Negative Pledge

So long as any of the Bonds remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not and will ensure that British Airways plc will not create or have outstanding any mortgage, charge, pledge, lien (other than arising by operation of law) or other security interest or form of encumbrance ("**Relevant Security**"), in each case, other than Permitted Security, on the whole or any part of its assets, revenues or uncalled capital, present or future, to secure any present or future Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, unless, simultaneously with, or prior to, the creation of such Relevant Security, there shall be taken any and all action necessary to procure that (i) all amounts payable by the Issuer under the Bonds are secured equally and rateably with such Relevant Indebtedness or guarantee or indemnity; or (ii) that such other security, guarantee or arrangement is provided as the Bondholders may consider not materially less beneficial to their interests, as shall be approved by an Extraordinary Resolution of the Bondholders.

For the purposes of this Condition 2 (*Negative Pledge*):

(i) "**Permitted Security**" means (a) any Relevant Security which directly or indirectly secures any aircraft, aircraft equipment, airport slot (including any route, holdroom, boarding and deplaning space) or loyalty or rewards programme or, in each case, any related right, title, property, interest, agreement, permission, authority or infrastructure; or (b) any Relevant Security existing on property at the time of the acquisition thereof by the Issuer or British Airways plc, provided that such Relevant Security was not created in connection with or in contemplation of such acquisition and that the amount secured by such Relevant Security is not increased subsequently to the acquisition of the relevant property; and

(ii) "**Relevant Indebtedness**" means any present or future indebtedness for borrowed money which is in the form of or represented by any bonds, notes, debentures, loan stock or other securities which with the

consent of the issuer of the indebtedness are for the time being (or are intended to be) quoted, listed or ordinarily dealt in or on any recognised stock exchange, over the counter or other centrally organised or regulated securities market.

3. Definitions

In these Conditions, unless otherwise provided:

"**Bondholder**" and "**holder**" mean the person in whose name a Bond is registered in the Register.

"**Brussels Ia Regulation**" means Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, as amended.

"**Business Day**" means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in that place.

"**Calculation Agent**" has the meaning provided in Condition 6(b) (*Make-Whole Redemption by the Issuer*).

"**Change of Control**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Change of Control Period**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Change of Control Put Event**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Code**" means the US Internal Revenue Code of 1986, as amended.

"**Control**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Disposal Event**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Euronext Dublin**" means the Irish Stock Exchange plc trading as Euronext Dublin.

"**Extraordinary Resolution**" has the meaning provided in the Fiscal Agency Agreement.

"**FATCA**" means sections 1471 to 1474 of the Code (including any regulations or official interpretations issued, agreements (including, without limitation, intergovernmental agreements) entered into or non-US laws enacted with respect thereto).

"**First Interest Payment Date"** has the meaning provided in Condition 5(a) (*Interest Rate*).

"**First Maturity Call Date**" means 28 October 2030.

"**Final Maturity Date**" means 28 January 2031.

"**Further Bonds**" means any further Bonds issued pursuant to Condition 16 (*Further Issues*) and consolidated and forming a single series with the then outstanding Bonds.

"**Group**" means the Issuer and its Subsidiaries taken as a whole.

"**Holding Company**" means (in relation to another body corporate ("**Company B**")) a body corporate which:

(a) holds or controls a majority of the voting rights in Company B; or

(b) is a member of Company B and has the right to appoint or remove a majority of its board of directors; or

(c) is a member of Company B and controls alone, under an agreement with other shareholders and members, a majority of the voting rights in Company B.

"**Interest Payment Date**" has the meaning provided in Condition 5(a) (*Interest Rate*).

"**Issue Date**" means 28 May 2026.

"**Lugano II Convention**" means the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, signed on 30 October 2007, as amended.

"**Make-Whole Redemption Amount**" has the meaning provided in Condition 6(b) (*Make-Whole Redemption by the Issuer*).

"**Make-Whole Redemption Date**" has the meaning provided in Condition 6(b) (*Make-Whole Redemption by the Issuer*).

"**Make-Whole Redemption Notice**" has the meaning provided in Condition 6(b) (*Make-Whole Redemption by the Issuer*).

"**Maturity Call Redemption Date**" has the meaning provided in Condition 6(c) (*Issuer Maturity Call Option*).

"**Maturity Call Redemption Notice**" has the meaning provided in Condition 6(c) (*Issuer Maturity Call Option*).

"**Negative Rating Event**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

a "**person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, unincorporated association, limited liability company, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

"**Put Date**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Put Exercise Notice**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Put Period**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Put Price**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Rating Agency**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Record Date**" has the meaning given to it in Condition 7(c) (*Record Date*).

"**Reference Bond**" has the meaning provided in Condition 6(b) (*Make-Whole Redemption by the Issuer*).

"**Reference Bond Price**" has the meaning provided in Condition 6(b) (*Make-Whole Redemption by the Issuer*).

"**Reference Market Maker Quotations**" has the meaning provided in Condition 6(b) (*Make-Whole Redemption by the Issuer*).

"**Reference Market Makers**" has the meaning provided in Condition 6(b) (*Make-Whole Redemption by the Issuer*).

"**Reference Rate**" has the meaning provided in Condition 6(b) (*Make-Whole Redemption by the Issuer*).

"**Register**" has the meaning provided in Condition 4(a) (*Registration*).

"**Relevant Announcement Date**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Relevant Date**" means, in respect of any Bond, whichever is the later of:

(a) the date on which payment in respect of it first becomes due; and

(b) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect is given to the Bondholders.

"**Relevant Indebtedness**" has the meaning provided in Condition 2 (*Negative Pledge*).

"**Relevant Potential Change of Control Announcement**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Relevant Security**" has the meaning provided in Condition 2 (*Negative Pledge*).

"**Residual Call Redemption Date**" has the meaning provided in Condition 6(d) (*Issuer Residual Call Option*).

"**Residual Call Redemption Notice**" has the meaning provided in Condition 6(d) (*Issuer Residual Call Option*).

"**Spanish Capital Companies Act**" means the Royal Decree 1/2010, of July 2, approving the reinstated text of the Spanish Companies Act (*Real Decreto Legislativo*

1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital) of the Kingdom of Spain.

"**Subsidiary**" means a company in respect of which another company:

(a) holds or controls a majority of the voting rights;

(b) is a member and has the right to appoint or remove a majority of its board of directors; or

(c) is a member and controls alone, pursuant to an agreement with other members, a majority of the voting rights in it,

or which is a Subsidiary of a company that is itself a Subsidiary of that other company.

"**Subsidiaries**" means, in relation to a company, each Subsidiary of such company.

"**Successor in Business**" means any company which:

(a) owns beneficially the whole or substantially the whole of the undertaking, property and assets owned by the Issuer immediately prior to a substitution of the Issuer pursuant to Condition 13 (*Substitution of the Issuer*); and

(b) carries on, as successor to the Issuer, the whole or substantially the whole of the business carried on by the Issuer immediately prior to such substitution of the Issuer.

"**T2 Business Day**" means a day on which T2 is operating.

"**T2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer System or any successor or replacement for that system.

"**Tax Redemption Date**" has the meaning provided in Condition 6(e) (*Redemption for Tax Reasons*).

"**Tax Redemption Notice**" has the meaning provided in Condition 6(e) (*Redemption for Tax Reasons*).

"**Triggering Event**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Trust UK**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**€**" and "**euro**" means the single currency which was introduced at the start of the third stage of the European Economic and Monetary Union, pursuant to the Treaty establishing the European Community (as amended from time to time).

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

4. Registration and Transfer of Bonds

(a) *Registration*

The Issuer will cause a register (the "**Register**") to be kept at the specified office of the Registrar outside the UK, on which will be entered, among other things, the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers and redemptions of Bonds.

(b) *Transfer*

Bonds may, subject to the terms of the Fiscal Agency Agreement and to Conditions 4(c) (*Formalities Free of Charge*) and 4(d) (*Closed Periods*) be transferred by lodging the certificate representing the relevant Bond (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or any Paying and Transfer Agent.

No transfer of a Bond will be valid unless and until it has been entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will within seven London Business Days (or such longer period as may be required for the Registrar to comply with any fiscal or other requirements, in the place of the specified office of the Registrar) of any duly made application for the transfer of a Bond enter the details of such transfer on the Register and deliver a new certificate representing the Bond to the transferee (and, in the case of a transfer of less than all the Bonds represented by any certificate, deliver a certificate for the untransferred balance of such Bonds to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Bond by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(c) *Formalities Free of Charge*

Such transfer will be effected without charge subject to: (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith; (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application; and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar.

(d) *Closed Periods*

Neither the Issuer nor the Registrar will be required to register the transfer of any Bond (or part thereof): (i) during the period of 15 days immediately prior to the Final Maturity Date or any earlier date fixed for redemption of the Bonds pursuant to Condition 6(b) (*Make-Whole Redemption by the Issuer*), 6(c) (*Issuer Maturity Call Option*), 6(d) (*Issuer Residual Call Option*) or 6(e) (*Redemption for Tax Reasons*); (ii) in respect of which a holder has exercised its right to require redemption pursuant to Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*); or (iii) during the period of

15 days ending on (and including) any Record Date in respect of any payment of interest on the Bonds.

5. Interest

(a) *Interest Rate*

The Bonds bear interest from (and including) the Issue Date at the rate of 3.875 per cent. per annum, calculated by reference to the outstanding principal amount thereof and payable annually in arrear on 28 January in each year (each an "**Interest Payment Date**"), commencing with the Interest Payment Date falling on 28 January 2027 (the "**First Interest Payment Date**") and ending on the Final Maturity Date.

The amount of interest payable in respect of the Bonds in respect of any period which is shorter than an Interest Period shall be calculated on the basis of the number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period divided by:

(i) in the case of any such period falling in the short first Interest Period, the number of days from (and including) 28 January 2026 to (and including) the First Interest Payment Date; or

(ii) in the case of any such period falling in any subsequent Interest Period, the number of days from (and including) the immediately preceding Interest Payment Date to (but excluding) the next Interest Payment Date.

With respect to the payment of interest in relation to the short first Interest Period, the amount of interest payable on the First Interest Payment Date shall be €26.01 per €1,000 in principal amount of the Bonds. With respect to each payment of interest in relation to any subsequent Interest Period, the amount of interest payable on the related Interest Payment Date shall be €38.75 per €1,000 in principal amount of the Bonds.

"**Interest Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the First Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(b) *Accrual of Interest*

Each Bond will cease to bear interest where such Bond is redeemed or repaid pursuant to Condition 6 (*Redemption and Purchase*) or Condition 9 (*Events of Default*), from the due date for redemption or repayment thereof unless, upon due presentation of the certificate representing the relevant Bond, payment of the principal in respect of the relevant Bond is improperly withheld or refused, in which event interest will continue to accrue at the rate specified in Condition 5(a) (*Interest Rate*) (both before and after judgment) until whichever is the earlier of: (A) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder; and (B) the seventh day after the Fiscal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the

extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

6. Redemption and Purchase

(a) *Final Redemption*

Unless previously purchased and cancelled, or redeemed as herein provided, the Bonds will be redeemed at their principal amount on the Final Maturity Date. The Bonds may only be redeemed at the option of the Issuer prior to the Final Maturity Date in accordance with Conditions 6(b) (*Make-Whole Redemption by the Issuer*), 6(c) (*Issuer Maturity Call Option*), 6(d) (*Issuer Residual Call Option*) or 6(e) (*Redemption for Tax Reasons*).

(b) *Make-Whole Redemption by the Issuer*

Subject to Conditions 6(c) (*Issuer Maturity Call Option*) and 6(d) (*Issuer Residual Call Option*) below, on giving not less than 10 or more than 60 days' notice (an "**Make-Whole Redemption Notice**") to the Bondholders in accordance with Condition 14 (Notices), the Issuer may redeem all but not some only of the Bonds then outstanding on the date (the "**Make-Whole Redemption Date**") specified in the Make-Whole Redemption Notice at the Make-Whole Redemption Amount together with accrued but unpaid interest to such date.

In this Condition 6(b) (*Make-Whole Redemption by the Issuer*), "**Make-Whole Redemption Amount**" means: (i) the aggregate outstanding principal amount of the Bonds; or (ii) if higher, the sum, as determined by the Calculation Agent, of the present values of the remaining scheduled payments of principal and interest on the Bonds (not including any portion of such payments of interest accrued to the date of redemption and assuming, for such purpose, that the Bonds would be redeemed on the First Maturity Call Date) discounted to the Make-Whole Redemption Date on an annual basis at the Reference Rate plus the Redemption Margin, where:

(i) "**Calculation Agent**" means a leading and independent investment, merchant or commercial bank appointed by the Issuer in good faith for the purposes of calculating the Make-Whole Redemption Amount, and notified to the Bondholders in accordance with Condition 14 (Notices);

(ii) "**Redemption Margin**" means 0.20 per cent.;

(iii) "**Reference Bond**" means (i) OBL 2.200% due 10 Oct 2030 (ISIN: DE000BU25059) or (ii) if the Reference Bond is no longer outstanding at the relevant time, a German government bond selected by the Calculation Agent as having a maturity comparable to the remaining term of the Bonds to be redeemed (assuming, for such purpose, that the remaining term of the Bonds were to the First Maturity Call Date) and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Bonds, provided that if the Calculation Agent advises the Issuer that, at the time at which the Make-Whole Redemption Amount is to be determined, for reasons of illiquidity or otherwise, the relevant security

specified is not appropriate for such purpose, such other central bank or government security as the Calculation Agent may, after consultation with the Issuer and with the advice of Reference Market Makers, determine to be appropriate;

(iv) "**Reference Bond Price**" means (i) the average of five Reference Market Maker Quotations for the Make-Whole Redemption Date, after excluding the highest and lowest of such five Reference Market Maker Quotations (or, if there are two highest and/or two lowest quotations, excluding just one of such highest quotations and/or one of such lowest quotations, as the case may be), (ii) if the Calculation Agent obtains fewer than five, but more than one, such Reference Market Maker Quotations, the average of all such quotations, or (iii) if only one such Reference Market Maker Quotation is obtained, the amount of the Reference Market Maker Quotation so obtained;

(v) "**Reference Market Maker Quotations**" means, with respect to each Reference Market Maker and the Make-Whole Redemption Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) quoted in writing to the Calculation Agent at 11.00 am London time on the third London Business Day preceding the Make-Whole Redemption Date;

(vi) "**Reference Market Makers**" means five brokers or market makers of securities such as the Reference Bond selected by the Calculation Agent or such other five persons operating in the market for securities such as the Reference Bond as are selected by the Calculation Agent in consultation with the Issuer; and

(vii) "**Reference Rate**" means, with respect to any Make-Whole Redemption Date, the rate per annum equal to the equivalent yield to maturity of the Reference Bond, calculated using a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such Make-Whole Redemption Date.

(c) *Issuer Maturity Call Option*

On giving not less than 10 nor more than 60 days' notice (a "**Maturity Call Redemption Notice**") to the Bondholders in accordance with Condition 14 (Notices), the Issuer may redeem all but not some only of the Bonds then outstanding on the day (the "**Maturity Call Redemption Date**") specified in the Maturity Call Redemption Notice which falls during the period commencing on (and including) the First Maturity Call Date and ending on (but excluding) the Final Maturity Date, at their principal amount together with accrued but unpaid interest to such date.

(d) *Issuer Residual Call Option*

If, at any time, the outstanding aggregate principal amount of the Bonds is 25 per cent. or less than the aggregate principal amount of the Bonds when issued, on giving not less than 10 or more than 60 days' notice (a "**Residual Call Redemption Notice**") to the Bondholders in accordance with Condition 14 (Notices), the Issuer may redeem all but not some only of the Bonds then

outstanding on the date (the "**Residual Call Redemption Date**") specified in the Residual Call Redemption Notice at their principal amount together with accrued but unpaid interest to such date.

Prior to the publication of any Residual Call Redemption Notice pursuant to this Condition 6(d) (*Issuer Residual Call Option*), the Issuer shall deliver to the Fiscal Agent, to make available at its specified office to the Bondholders, a certificate signed by a director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the outstanding aggregate principal amount of the Bonds is 25 per cent. or less than the aggregate principal amount of the Bonds originally issued. The Fiscal Agent shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out above, in which event it shall be conclusive and binding on the Bondholders.

(e) *Redemption for Tax Reasons*

The Issuer may, at any time, having given not less than 10 or more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 14 (Notices), redeem all but not some only of the Bonds for the time being outstanding on the date (the "**Tax Redemption Date**") specified in the Tax Redemption Notice at their principal amount, together with accrued but unpaid interest up to (but excluding) the Tax Redemption Date, if:

(i) the Issuer has or will become obliged to pay additional amounts pursuant to Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or authority therein or thereof having the power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due.

On the Tax Redemption Date, the Issuer shall (subject to the next following paragraph) redeem the Bonds at their principal amount, together with accrued but unpaid interest up to (but excluding) such Tax Redemption Date.

Prior to the publication of any Tax Redemption Notice pursuant to this Condition 6(e) (*Redemption for Tax Reasons*), the Issuer shall deliver to the Fiscal Agent (x) a certificate signed by a director of the Issuer stating that the Issuer is entitled to effect such redemption and stating that the obligation referred to in (i) above will apply and cannot be avoided by the Issuer taking reasonable measures available to it, and (y) an opinion of independent legal or tax advisers of recognised standing to the effect that such change or amendment has occurred and that the Issuer has or will become obliged to pay such additional amounts as a result thereof.

(f) *Redemption Notices*

Other than in the circumstance set out in the paragraph below, any Make-Whole Redemption Notice, Maturity Call Redemption Notice, Residual Call Redemption Notice or Tax Redemption Notice shall be irrevocable and shall specify: (i) the Make-Whole Redemption Date, Maturity Call Redemption Date, Residual Call Redemption Date or, as the case may be, the Tax Redemption Date, which shall be a London and Madrid Business Day, (ii) where applicable, the Make-Whole Redemption Amount and (iii) the amount of accrued interest payable in respect of each Bond on the Make-Whole Redemption Date, Maturity Call Redemption Date, Residual Call Redemption Date or, as the case may be, the Tax Redemption Date.

Any Make-Whole Redemption Notice, Maturity Call Redemption Notice or Residual Call Redemption Notice may, at the Issuer's discretion, be made subject to one or more conditions precedent, in which case such Make-Whole Redemption Notice, Maturity Call Redemption Notice or Residual Call Redemption Notice (as applicable) shall state that, in the Issuer's discretion, the Make-Whole Redemption Date, Maturity Call Redemption Date or Residual Call Redemption Date (as applicable) may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), and/or that such redemption may not occur and such Make-Whole Redemption Notice, Maturity Call Redemption Notice or Residual Call Redemption Notice (as applicable) may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the Make-Whole Redemption Date, Maturity Call Redemption Date or Residual Call Redemption Date (as applicable) or by the Make-Whole Redemption Date, Maturity Call Redemption Date or Residual Call Redemption Date (as applicable) so delayed.

(g) *Redemption at the option of Bondholders following a Triggering Event*

If a Triggering Event occurs, the holder of each Bond will have the right (unless prior to the giving of the Put Exercise Notice the Issuer has given notice of redemption under Conditions 6(b) (*Make-Whole Redemption by the Issuer*), 6(c) (*Issuer Maturity Call Option*), 6(d) (*Issuer Residual Call Option*) or 6(e) (*Redemption for Tax Reasons*) above) to require the Issuer to redeem that Bond on the Put Date at the Put Price, together with accrued interest to (but excluding) the Put Date.

To exercise such right, the holder of the relevant Bond must present the certificate representing such Bond at the specified office of any Paying and Transfer Agent during normal business hours, together with a duly completed and signed notice of exercise, in the form for the time being current and obtainable from the specified office of any Paying and Transfer Agent (a "**Put Exercise Notice**") at any time in the period (the "**Put Period**") commencing on the date upon which notice as required by Condition 6(f) (*Redemption Notices*) is given to Bondholders by the Issuer in connection with the Triggering Event and ending 30 days thereafter. The "**Put Date**" shall be the 14th calendar day after the expiry of the Put Period.

Payment in respect of any such Bond shall be made by transfer to a bank in a city in which banks have access to T2 specified by the relevant Bondholder in the applicable Put Exercise Notice.

In these Conditions:

a "**Change of Control**" shall occur if, by any means, any person or persons acting together, other than a Holding Company whose controlling parties are or are to be substantially similar to the pre-existing controlling parties of the Issuer, acquire Control of the Issuer.

"**Change of Control Period**" means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which any Bonds are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration).

a "**Change of Control Put Event**" will be deemed to occur if a Change of Control occurs and either on the Relevant Announcement Date the Bonds have:

(i) been assigned at the invitation of the Issuer:

(a) an investment grade rating by any Rating Agency and, within the Change of Control Period, that credit rating is either downgraded to a non-investment grade rating or such Rating Agency ceases to assign a credit rating to the Bonds and, in each case, does not subsequently upgrade its credit rating assigned to the Bonds to an investment grade rating or re-assign an investment grade rating to the Bonds by the end of the Change of Control Period provided that a Change of Control Put Event shall not occur if the Bonds are assigned, at the invitation of the Issuer, an investment grade credit rating by at least one Rating Agency by the end of the Change of Control Period; or

(b) a non-investment grade rating by any Rating Agency and, within the Change of Control Period, that credit rating is either downgraded by one or more categories (by way of example, BB+ to BB being one rating category) or such Rating Agency ceases to assign a credit rating to the Bonds and, in each case, does not subsequently upgrade its credit rating assigned to the Bonds to, or re-assign a credit rating to the Bonds of, the category assigned to the Bonds on the Relevant Announcement Date or better by the end of the Change of Control Period,

provided that if on the Relevant Announcement Date the Bonds have been assigned at the invitation of the Issuer a credit rating from more than one Rating Agency, at least one of which is an investment grade rating, then paragraph (i) only will apply; or

(ii) not been assigned a credit rating by any Rating Agency at the invitation of the Issuer and a Negative Rating Event also occurs within the Change of Control Period,

and, in making any decision to downgrade or cease to assign a credit rating pursuant to paragraphs (i)(a) and (b) above or not to award a credit rating of at least investment grade as described in paragraph (ii) of the definition of Negative Rating Event, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement.

"**Control**" means:

(i) the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer or, as the case may be, British Airways plc; or

(ii) the right to appoint and/or remove all or the majority of the members of the Issuer's or, as the case may be, British Airways plc's board of directors or other governing body, whether obtained directly or indirectly and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; and

"**controlling party**" shall be construed accordingly as any person who has "Control" over any other person.

a "**Disposal Event**" shall occur if:

(i) the Issuer shall cease to Control, either alone or together with the Trust UK, British Airways plc; or

(ii) British Airways plc and its Subsidiaries as a whole (the "**BA Group**") shall cease to carry on or shall transfer or dispose of all or substantially all the business and assets of the BA Group as at the Issue Date.

an **"investment grade rating**" shall mean, in relation to S&P, a rating of BBB- or above, in relation to Moody's, a rating of Baa3 or above, in relation to Fitch, a rating of BBB- or above (provided that, if the rating designations employed by a Rating Agency are changed from those referred to above, the Issuer shall determine, and promptly notify the Bondholders of the same in accordance with these Conditions, the rating designations of such Rating Agency as are most equivalent to the prior rating designations of such Rating Agency and these Conditions shall, on and from the date of such notice to the Bondholders, be read accordingly) and, in the case of any other Rating Agency, a comparable rating from that Rating Agency.

a "**Negative Rating Event**" shall be deemed to have occurred at any time if at such time there is no credit rating assigned to the Bonds by any Rating Agency at the invitation of the Issuer and (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a credit rating of the Bonds or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain a credit rating that is an investment grade rating by the end of the Change of Control Period;

a "**non-investment grade rating**" shall mean, in relation to S&P, a rating of BB+ or below, in relation to Moody's, a rating of Ba1 or below, in relation to Fitch, a rating of BB+ or below (provided that, if the rating designations employed by a Rating Agency are changed from those referred to above, the Issuer shall determine, and promptly notify the Bondholders of the same in accordance with these Conditions, the rating designations of such Rating Agency as are most equivalent to the prior rating designations of such Rating Agency and these Conditions shall, on and from the date of such notice to the Bondholders, be read accordingly) and, in the case of any other Rating Agency, a comparable rating from that Rating Agency.

"**Put Price**" means, in respect of a Bond, the principal amount of such Bond then outstanding.

"**Rating Agency**" means S&P Global Ratings Europe Limited ("**S&P**"), Fitch Ratings Ltd ("**Fitch**") or Moody's Investors Service Ltd ("**Moody's**"), or any of their respective successors, or any other rating agency of international standing notified by the Issuer to the Bondholders from time to time in accordance with these Conditions.

"**Relevant Announcement Da**te" means the date that is the earlier of (i) the date of the first public announcement of the relevant Change of Control, and (ii) the date of the earliest Relevant Potential Change of Control Announcement (if any).

"**Relevant Potential Change of Control Announcement**" means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

"**Triggering Event**" means the occurrence of a Change of Control Put Event or a Disposal Event.

"**Trust UK**" means the trust established for the purpose of implementing the Group's nationality structure for British Airways plc and in respect of which LDC (NCS) Limited, a wholly-owned subsidiary of The Law Debenture Corporation p.l.c., acts as trustee (as may be replaced from time to time).

(h) *Notice of Triggering Event*

Within 14 calendar days following the occurrence of a Triggering Event, the Issuer shall give notice thereof to the Bondholders in accordance with Condition 14 (Notices). Such notice shall contain a statement informing Bondholders of their entitlement to exercise their rights to require redemption of their Bonds pursuant to Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

Such notice shall also specify:

(a) all information material to Bondholders concerning the Triggering Event;

(b) the last day of the Put Period;

(c) the Put Date; and

(d) the Put Price.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of Put Exercise Notices delivered as aforesaid on the relevant Put Date.

(i) *Purchase*

Subject to the requirements (if any) of any stock exchange on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any other member of the Group may at any time purchase any Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such member of the Group, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 12(a) (*Bondholder Meetings*). Such Bonds may be held, re-sold or reissued or, at the option of the relevant purchaser, surrendered to any Paying and Transfer Agent for cancellation.

(j) *Cancellation*

All Bonds which are redeemed will be cancelled and may not be reissued or resold. Certificates representing Bonds purchased by the Issuer or any other member of the Group may be surrendered to the Principal Paying and Transfer Agent for cancellation and, if so surrendered, the relevant Bonds shall be cancelled.

(k) *Multiple Notices*

If more than one notice of redemption is given pursuant to this Condition 6 (*Redemption and Purchase*), the first of such notices to be given shall prevail.

7. Payments

(a) *Principal and Interest*

Payment of principal in respect of the Bonds and accrued interest payable on a redemption of the Bonds will be made to the persons shown in the Register at the close of business on the Record Date and subject to the surrender (or, in the case of partial payment only, endorsement) of the certificates representing relevant Bonds at the specified offices of the Registrar or of any of the Paying and Transfer Agents.

(b) *Other Amounts*

(i) Subject to Condition 7(a) (*Principal and Interest*), payments of interest due on an Interest Payment Date will be made to the persons shown in the Register at close of business on the Record Date.

(ii) Payments of all amounts other than as provided in Condition 7(a) (*Principal and Interest*) will be made as provided in these Conditions.

(c) *Record Date*

"**Record Date**" means the fifth London Business Day, in the place of the specified office of the Registrar, before the due date for the relevant payment.

(d) *Payments*

Each payment in respect of the Bonds pursuant to Condition 7(a) (*Principal and Interest*) and (b) (*Other Amounts*) will be made by transfer to a euro account maintained by the relevant payee with a bank in a city in which banks have access to T2.

(e) *Payments subject to fiscal laws*

Without prejudice to the provisions of Condition 8 (*Taxation*), all payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether by operation of law or agreement of the Issuer or its agents). For the purposes of the preceding sentence, the phrase "fiscal or other laws, regulations and directives" shall include, without limitation, any withholding or deduction imposed or required by FATCA. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(f) *Delay in payment*

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due as a result of the due date not being a T2 Business Day or if the relevant Bondholder is late in surrendering the certificate representing the relevant Bond (where such surrender is required pursuant to these Conditions as a precondition to any payment).

(g) *Paying and Transfer Agents, etc.*

In acting under the Fiscal Agency Agreement and in connection with the Bonds, the Paying and Transfer Agents and the Registrar act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Bondholders.

The initial Paying and Transfer Agents and the Registrar and their initial specified offices are listed below. The Issuer reserves the right under the Fiscal Agency Agreement at any time to vary or terminate the appointment of any Paying and Transfer Agent and/or the Registrar and appoint additional or other paying and transfer agents and/or appoint another registrar, provided that it will: (i) at all times maintain a fiscal agent and a registrar and (ii) if and for so long as the Bonds are, at the request of the Issuer, admitted to trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a paying and transfer agent in any particular place, maintain a paying and transfer agent having its specified office in the place required by such competent authority, stock exchange and/or quotation system. Notice of any change in the Paying and Transfer Agents and/or the Registrar or their specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 14 (Notices).

(h) *No charges*

None of the Paying and Transfer Agents shall make or impose on a Bondholder any charge or commission in relation to any payment in respect of the Bonds.

(i) *Fractions*

When making payments to Bondholders, if the relevant payment is not of an amount that is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any authority therein or thereof having the power to tax, unless such withholding or deduction is required by law.

In the event a withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature is finally imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any authority therein or thereof having the power to tax being made by the Issuer in respect of a payment made by it, the Issuer shall pay such additional amounts as will result in the receipt by the holders of the Bonds, after any withholding or deduction for or on account of such taxes, duties, assessments or charges, of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Bond:

(a) held by (or by a third party on behalf of) a holder of such Bond where such withholding or deduction is required by reason of the holder having some connection (whether past or present) with the Kingdom of Spain other than: (i) the mere holding of such Bond; or (ii) the receipt of principal, interest or any other amount in respect of such Bond; or

(b) held by (or by a third party on behalf of) a holder of such Bond who could lawfully avoid (but has not so avoided) such withholding or deduction by making any statutory declaration concerning the nationality, residence or identity of the holder (or providing information, documentation or other evidence of the same) or other similar claim for exemption to the relevant tax authority or to (or on behalf of) the Issuer, where such declaration, provision or claim is required or imposed by Spanish tax regulations; or

(c) for or on account of any withholding or deduction arising under or in connection with FATCA.

9. Events of Default

If any of the events listed in paragraphs (a) to (j) of this Condition 9 (*Events of Default*) (each, an "**Event of Default**") occurs, the holder of any Bond may give written notice to the Issuer and the Fiscal Agent at its specified office that such Bond is immediately repayable, whereupon such Bond shall become immediately due and repayable at its

principal amount together with accrued interest as provided in these Conditions, without further formality.

The said events are that:

(a) there is default for more than 15 days in the payment of any interest due in respect of the Bonds or if there is default for more than seven days in the payment of any principal due in respect of the Bonds;

(b) there is default in the performance or observance by the Issuer of any obligation or provision under the Bonds (other than any obligation for the payment of any principal or interest in respect of the Bonds) which continues for more than 45 days after written notice thereof shall have been given to the Issuer by any Bondholder;

(c) as a result of default by the Issuer or British Airways plc (other than a default arising due to compliance by the Issuer or, as the case may be, British Airways plc with any applicable law or directive or with any requirement, whether having the force of law or not, of any government or regulatory authority to which the Issuer or, as the case may be, British Airways plc is subject, unless such default results in the Issuer or, as the case may be, British Airways plc becoming bound to repay prematurely any of its indebtedness for borrowed moneys as described in (i) below (not being that in respect of which the default has occurred) and steps are taken to obtain repayment thereof):

(i) the Issuer or, as the case may be, British Airways plc becomes bound to repay prematurely any of its indebtedness for borrowed moneys and steps are taken to obtain repayment thereof; and/or

(ii) any such indebtedness for borrowed moneys or any guarantee or indemnity of the Issuer or, as the case may be, British Airways plc of any indebtedness for borrowed moneys of any person is not, when due, called or demanded, repaid or paid by the latest of its due date, the expiry of any applicable grace period and (if payment is prevented by any applicable law) 15 days after the first date on which payment is permitted and steps are taken to obtain repayment or payment thereof,

provided that any such acceleration of maturity, default or failure to pay under this Condition 9(c), as the case may be, shall not constitute an event upon the happening of which the outstanding Bonds may (subject as mentioned above) become immediately due and repayable so long as such indebtedness, guarantee or indemnity to which (i) and/or (ii) above applies, either alone or in aggregate, shall amount to an outstanding aggregate principal amount of not more than €150,000,000 or its equivalent in any other currency or currencies;

(d) a resolution is passed, or a final order of a court in the Kingdom of Spain (in the case of the Issuer) or England and Wales (in the case of British Airways plc) is made, or an order of a court of competent jurisdiction outside the Kingdom of Spain or England and Wales (as the case may be) is made and, where possible, not discharged or stayed within a period of 120 days, that the Issuer or British Airways plc be wound up or dissolved, otherwise than for the purposes of a restructuring, amalgamation or merger the terms of which have previously been approved by an Extraordinary Resolution of the Bondholders;

(e) an encumbrancer or secured party takes possession or a receiver, administrative receiver, administrator manager, judicial manager or other similar person is appointed over the whole or a substantial part of the assets or undertaking of the Issuer or British Airways plc or an administration order is made in relation to the Issuer or British Airways plc and such taking of possession, appointment or order is not released, discharged or cancelled within 120 days;

(f) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a substantial part of the assets or undertaking of the Issuer or British Airways plc and is not discharged, dismissed or stayed within 120 days thereof;

(g) the Issuer (otherwise than for the purposes of a restructuring, amalgamation or merger the terms of which have previously been approved by an Extraordinary Resolution of the Bondholders) ceases or threatens to cease to carry on all or substantially all of its business;

(h) the Issuer or British Airways plc makes an assignment for the benefit of creditors generally or is unable or admits in writing its inability to pay its debts generally as they become due or takes corporate action in furtherance of any such action or stops payment to creditors generally;

(i) one or more judgment(s) or order(s) (which is not being disputed in good faith by appropriate proceedings) for the payment of any amount is rendered against the Issuer or British Airways plc and continue(s) unsatisfied and unstayed for a period of 120 days after the date(s) thereof, or, if later, the date therein specified for payment; or

(j) if any event occurs in respect of the Issuer or British Airways plc which, under the laws of the Kingdom of Spain, has or may have an analogous effect to any of the events referred to in paragraphs (d) to (i) above.

10. Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 7 (*Payments*) within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

Claims in respect of any other amounts payable in respect of the Bonds shall be prescribed and become void unless made within 10 years following the due date for payment thereof.

11. Replacement of Bonds

If any Bond is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any Paying and Transfer Agent subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Bonds must be surrendered before replacements will be issued.

12. Bondholder Meetings, Modification and Waiver

(a) *Bondholder Meetings*

The Fiscal Agency Agreement contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or any of the provisions of the Fiscal Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Bonds (including modifying the date of maturity of the Bonds or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Bonds or altering the currency of payment of the Bonds), the quorum shall be one or more persons holding or representing not less than two-thirds in principal amount of the Bonds for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in principal amount of the Bonds for the time being outstanding.

The Fiscal Agency Agreement provides that: (i) a resolution passed at a meeting duly convened and held in accordance with the Fiscal Agency Agreement by a majority consisting of not less than 75 per cent. of the votes cast on such resolution; (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Bonds for the time being outstanding; or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of the holders of not less than 75 per cent. in principal amount of the Bonds for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Bondholders. Any resolution passed by the Bondholders will be binding on all the Bondholders, whether or not they are present at any meeting and whether or not they voted on the resolution.

(b) *Modification of Fiscal Agency Agreement*

The Issuer shall only permit any modification, waiver or authorisation of any breach or proposed breach or any failure to comply with the Fiscal Agency Agreement if to do so could not reasonably be expected to be prejudicial to the interests of the Bondholders.

(c) *Notification to the Bondholders*

Any modification, waiver or authorisation in accordance with this Condition 12 (*Bondholder Meetings, Modification and Waiver*) shall be binding on the Bondholders and shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 14 (Notices).

13. Substitution of the Issuer

(a) By its acquisition of the Bonds each Bondholder (which for these purposes includes each holder of a beneficial interest in the Bonds) will be deemed to have expressly consented to any substitution of the Issuer pursuant to and in accordance with this Condition 13. Without any requirement for any further consent or approval of the Bondholders (whether pursuant to Condition 12 (*Bondholder Meetings, Modification and Waiver*) or otherwise), upon notice by the Issuer to be given in accordance with Condition 14 (*Notices*), the Issuer may substitute for itself:

(i) any Subsidiary of the Issuer;

(ii) any Holding Company of the Issuer; or

(iii) any Successor in Business of the Issuer,

as the principal debtor in respect of the Bonds (the "**Substitute Issuer**") *provided that:*

(A) a deed poll (the "**Deed Poll**") substantially in the form scheduled to the Fiscal Agency Agreement at Schedule 9 and, for so long as the Issuer is incorporated in Spain, a substitution public deed (*escritura pública*) (the "**Substitution Public Deed**") substantially in the form scheduled to the Fiscal Agency Agreement at Schedule 10 executed before a Spanish public notary, and/or such other applicable documents (if any) shall be executed by the Issuer and the Substitute Issuer as may be necessary to give full effect to the substitution (together with the Deed Poll and, if applicable, the Substitution Public Deed, the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substitute Issuer shall undertake, by means of the Documents, in favour of each Bondholder, to be bound by these Conditions and the provisions of the Fiscal Agency Agreement as fully as if the Substitute Issuer had been named in the Bonds and the Fiscal Agency Agreement as the principal debtor in respect of the Bonds in place of the Issuer;

(B) without prejudice to the generality of Condition 13(a)(A), where the Substitute Issuer is incorporated, domiciled or resident for taxation purposes in a territory other than the Kingdom of Spain, the Documents shall contain:

a. a covenant by the Substitute Issuer and/or such other provisions as may be necessary to ensure that each Bondholder has the benefit of a covenant in terms corresponding to the provisions of Condition 8 (*Taxation*), with the substitution for the references to Kingdom of Spain with references to the territory in which the Substitute Issuer is incorporated, domiciled and/or resident for taxation purposes;

b. a covenant by the Substitute Issuer and/or such other provisions as may be necessary to ensure that each Bondholder has the benefit of a covenant in terms corresponding to the provisions of Condition 1(c) (*Status*), with the substitution for the references to Spanish laws relating to insolvency law with references to any equivalent laws in the territory in which the Substitute Issuer is incorporated (the "**Substitute Issuer Jurisdiction**");

c. a provision which amends the reference to the Issue Date in subparagraph (i) of Condition 6(e) (*Redemption for Tax Reasons*) to the date of substitution;

d. a provision which amends the references to the Kingdom of Spain in Condition 9 (*Events of Default*) to the Substitute Issuer Jurisdiction;

e. a provision which deletes Condition 15 (*Spanish Capital Companies Act*);

f. a provision which amends the reference to Spanish law in Condition 19(a) (*Governing Law*) to the law of the Substitute Issuer Jurisdiction; and

g. such other amendments to these Conditions as the Issuer deems necessary to reflect that the Substitute Issuer is incorporated, domiciled or resident for taxation purposes in a territory other than the Kingdom of Spain;

(C) the Documents shall contain a warranty and representation by the Substitute Issuer that the Substitute Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution, that the Substitute Issuer has obtained all necessary governmental and regulatory approvals and consents for the performance by it of its obligations under the Documents and that all such approvals and consents are in full force and effect;

(D) each stock exchange or other relevant authority on which the Bonds are listed shall have confirmed that, following the proposed substitution of the Substitute Issuer, the Bonds will continue to be listed on such stock exchange or other relevant authority;

(E) the Issuer shall have delivered or procured the delivery to the Fiscal Agent and the Registrar a copy of a legal opinion addressed to the Issuer and the Substitute Issuer from a leading firm of lawyers in the Substitute Issuer Jurisdiction, to the effect that the Documents constitute legal, valid and binding obligations of the Substitute Issuer, such opinion to be dated not more than seven days prior to the date of substitution of the Substitute Issuer for the Issuer and to be available for inspection by Bondholders at the specified offices of the Fiscal Agent and the Registrar;

(F) the Issuer shall have delivered or procured the delivery to the Fiscal Agent and the Registrar a copy of a legal opinion addressed to the Issuer and the Substitute Issuer from a leading firm of English lawyers to the effect that the Documents constitute legal, valid and binding obligations of the parties thereto under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substitute Issuer for the Issuer and to be available for inspection by Bondholders at the specified offices of the Fiscal Agent and the Registrar;

(G) if the Substitute Issuer is not incorporated in England and Wales, the Substitute Issuer shall have appointed a process agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Bonds or the Documents;

(H) there is no outstanding Event of Default in respect of the Bonds;

(I) any solicited credit rating assigned to the Bonds will remain the same or be improved when the Issuer is substituted by the Substitute Issuer in respect of the Bonds; and

(J) the substitution complies with all applicable requirements established under the law of the country of incorporation of the Issuer.

(b) Upon any substitution of the Issuer pursuant to Condition 13(a), the Substitute Issuer shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Bonds and the Fiscal Agency Agreement with the same effect as if the Substitute Issuer had been named as the Issuer herein, and the Issuer shall be released from its obligations under the Bonds and the Fiscal Agency Agreement.

(c) The Documents shall be deposited with and held by the Fiscal Agent and the Registrar for so long as any Bond remains outstanding and for so long as any claim made against the Substitute Issuer by any Bondholder in relation to the Bonds or the Documents shall not have been finally adjudicated, settled or discharged. The Substitute Issuer shall acknowledge in the Documents the right of every Bondholder to the production of the Documents for the enforcement of any of the Bonds or the Documents.

(d) For so long as the Issuer is incorporated in Spain, each Bondholder (which for these purposes includes each holder of a beneficial interest in the Bonds), by its acquisition of the Bonds will be deemed to have expressly:

(i) consented to the substitution of the Issuer with the Substitute Issuer prior thereto and acknowledged and accepted that such prior consent is fully effective for all purposes; and

(ii) acknowledged and accepted that the substitution requirements set forth under this Condition 13 have been met to complete such a substitution which include the rating condition set forth under Condition 13(a)(I)

above and, therefore, that the Bondholders have accepted the substitution in accordance with the applicable requirements of law.

(e) After any substitution pursuant to Condition 13(a), the Substitute Issuer may, without the consent of any Bondholder, effect a further substitution pursuant to Condition 13(a). All the applicable provisions specified in this Condition 13 shall apply *mutatis mutandis*, and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substitute Issuer.

(f) For the avoidance of doubt, a substitution of the Issuer may alternatively be effected by the operation of the applicable provisions described in Condition 12 (*Bondholder Meetings, Modification and Waiver*).

14. Notices

Notices to Bondholders shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses in the Register or, if such publication is not practicable, in a leading English language newspaper having general circulation in Europe, or (for so long as the Bonds are listed and admitted to trading on Euronext Dublin) via the Companies Announcement Office of Euronext Dublin. The Issuer shall also ensure that all notices are duly published in a manner which complies with the applicable rules and regulations of any stock exchange, multilateral trading facility or other relevant authority on which the Bonds are for the time being listed at the request of the Issuer. Any such notice shall be deemed to have been given on the second London Business Day after the date of mailing or, if such notices are published in a newspaper or via the Companies Announcement Office (as contemplated above), on the date of such publication (provided that if the Issuer is required to publish notices to Bondholders in more than one newspaper or in more than one manner, any such notice shall be deemed to have been given on the date of the first such publication in each required manner).

Notices to be given by any Bondholder shall be in writing and given by lodging the same, together (in the case of any Bond in definitive form) with the relevant Bond, with any Paying and Transfer Agent.

15. Spanish Capital Companies Act

In compliance with Condition 19(a) (*Governing Law*) a holder of Bonds:

(a) will not benefit from any right as a holder of Bonds arising from Article 411 of the Spanish Capital Companies Act; and

(b) will be deemed to have irrevocably instructed the Fiscal Agent to take any action and/or to sign or execute and deliver any documents or notices that may be necessary or desirable to comply with, and give effect to, paragraph (a) hereof.

16. Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities, either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Bonds

or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 16 (*Further Issues*) and forming a single series with the Bonds.

17. Currency Indemnity

Euro is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Bonds, including damages. Any amount received or recovered in a currency other than euro (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Bondholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that euro amount is less than the euro amount expressed to be due to the recipient under any Bond, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 17 (*Currency Indemnity*), it will be sufficient for the Bondholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Bondholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Bond or any other judgment or order.

18. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

19. Governing Law and Jurisdiction

(a) *Governing Law*

The Fiscal Agency Agreement and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law. The status of the Bonds as described in Condition 1(c) (*Status*) is governed by, and shall be construed in accordance with, Spanish law.

(b) *Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of EU Member States or States that are parties

to the Lugano II Convention and which have jurisdiction pursuant to the Brussels Ia Regulation and/or Lugano II Convention. To the extent allowed by law, the Bondholders may take concurrent proceedings in any number of competent jurisdictions in accordance with this Condition.

(c) *Agent for Service of Process*

The Issuer has appointed International Consolidated Airlines Group, S.A. at its branch office for the time being, currently at Waterside (HAA2), PO Box 365, Harmondsworth, Middlesex, UB7 0GB, as its agent in England to receive service of process of any Proceedings in England. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Bondholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

TERMS AND CONDITIONS OF THE SERIES B BONDS

The issue of the €500,000,000 4.500 per cent. Bonds due 2034 (the "**Bonds**" which expression shall, unless otherwise indicated, include any relevant Further Bonds) was (save in respect of any such Further Bonds) authorised by a resolution of the Board of Directors of International Consolidated Airlines Group, S.A. (the "**Issuer**") passed on 7 May 2026.

A fiscal agency agreement dated on or about 28 May 2026 (the "**Fiscal Agency Agreement**") has been entered into in relation to the Bonds between the Issuer, Deutsche Bank AG, London Branch as fiscal agent (the "**Fiscal Agent**", which expression shall include any successor as fiscal agent under the Fiscal Agency Agreement) and the paying and transfer agents named therein (together with the Fiscal Agent and any other paying and transfer agents appointed pursuant to the Fiscal Agency Agreement for the time being, the "**Paying and Transfer Agents**", which expression shall include their successors as paying and transfer agents under the Fiscal Agency Agreement) and Deutsche Bank Luxembourg S.A. as registrar (the "**Registrar**", which expression shall include any successor as registrar under the Fiscal Agency Agreement).

Copies of the Fiscal Agency Agreement (which contain these terms and conditions of the Bonds (the "**Conditions**")) are available for inspection during normal business hours at the specified office of the Fiscal Agent. The statements in these Conditions are summaries of, and are subject to, the detailed provisions of the Fiscal Agency Agreement, which includes the forms of the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of those provisions applicable to them which are contained in the Fiscal Agency Agreement.

The Issuer, as required by Spanish law, has executed an *escritura pública* (the "**Public Deed**") before a Spanish notary public in relation to the issue of the Bonds and will register the Public Deed with Madrid's Mercantile Registry. The Public Deed contains, among other information, these Conditions.

Capitalised terms used but not defined in these Conditions shall have the meanings given to them in the Fiscal Agency Agreement unless, in any case, the context otherwise requires or unless otherwise stated.

1. Form, Denomination, Title and Status of the Bonds

(a) *Form and Denomination*

The Bonds are in registered form, serially numbered, in principal amounts of €100,000 and integral multiples of €1,000 in excess thereof.

(b) *Title*

Title to the Bonds will pass by transfer and registration as provided in Condition 4 (*Registration and Transfer of Bonds*). The holder (as defined below) of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

(c) *Status*

The Bonds constitute direct, unconditional, senior, unsubordinated and, subject to Condition 2 (*Negative Pledge*), unsecured obligations of the Issuer and in the event of insolvency of the Issuer (unless they qualify as subordinated debts under article 281 of the Spanish Insolvency Law or equivalent legal provision which replaces it in the future and save for such exceptions as may be provided by applicable legislation and by provisions of law that are mandatory and of general application) will rank, according to the Spanish Insolvency Law, *pari passu*, without any preference among themselves, and equally with all other existing and future senior, unsecured and unsubordinated obligations of the Issuer.

Interest on the Bonds accrued but unpaid as at the commencement of any insolvency proceedings relating to the Issuer under Spanish law shall thereupon constitute subordinated obligations of the Issuer ranking below its unsecured and unsubordinated obligations. Under Spanish law, no further interest on the Bonds shall be deemed to accrue from the date of the declaration of any insolvency proceeding relating to the Issuer.

2. Negative Pledge

So long as any of the Bonds remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not and will ensure that British Airways plc will not create or have outstanding any mortgage, charge, pledge, lien (other than arising by operation of law) or other security interest or form of encumbrance ("**Relevant Security**"), in each case, other than Permitted Security, on the whole or any part of its assets, revenues or uncalled capital, present or future, to secure any present or future Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, unless, simultaneously with, or prior to, the creation of such Relevant Security, there shall be taken any and all action necessary to procure that (i) all amounts payable by the Issuer under the Bonds are secured equally and rateably with such Relevant Indebtedness or guarantee or indemnity; or (ii) that such other security, guarantee or arrangement is provided as the Bondholders may consider not materially less beneficial to their interests, as shall be approved by an Extraordinary Resolution of the Bondholders.

For the purposes of this Condition 2 (*Negative Pledge*):

(i) "**Permitted Security**" means (a) any Relevant Security which directly or indirectly secures any aircraft, aircraft equipment, airport slot (including any route, holdroom, boarding and deplaning space) or loyalty or rewards programme or, in each case, any related right, title, property, interest, agreement, permission, authority or infrastructure; or (b) any Relevant Security existing on property at the time of the acquisition thereof by the Issuer or British Airways plc, provided that such Relevant Security was not created in connection with or in contemplation of such acquisition and that the amount secured by such Relevant Security is not increased subsequently to the acquisition of the relevant property; and

(ii) "**Relevant Indebtedness**" means any present or future indebtedness for borrowed money which is in the form of or represented by any bonds, notes, debentures, loan stock or other securities which with the

consent of the issuer of the indebtedness are for the time being (or are intended to be) quoted, listed or ordinarily dealt in or on any recognised stock exchange, over the counter or other centrally organised or regulated securities market.

3. Definitions

In these Conditions, unless otherwise provided:

"**Bondholder**" and "**holder**" mean the person in whose name a Bond is registered in the Register.

"**Brussels Ia Regulation**" means Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, as amended.

"**Business Day**" means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in that place.

"**Calculation Agent**" has the meaning provided in Condition 6(b) (*Make-Whole Redemption by the Issuer*).

"**Change of Control**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Change of Control Period**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Change of Control Put Event**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Code**" means the US Internal Revenue Code of 1986, as amended.

"**Control**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Disposal Event**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Euronext Dublin**" means the Irish Stock Exchange plc trading as Euronext Dublin.

"**Extraordinary Resolution**" has the meaning provided in the Fiscal Agency Agreement.

"**FATCA**" means sections 1471 to 1474 of the Code (including any regulations or official interpretations issued, agreements (including, without limitation, intergovernmental agreements) entered into or non-US laws enacted with respect thereto).

"**First Maturity Call Date**" means 28 February 2034.

"**Final Maturity Date**" means 28 May 2034.

"**Further Bonds**" means any further Bonds issued pursuant to Condition 16 (*Further Issues*) and consolidated and forming a single series with the then outstanding Bonds.

"**Group**" means the Issuer and its Subsidiaries taken as a whole.

"**Holding Company**" means (in relation to another body corporate ("**Company B**")) a body corporate which:

(a) holds or controls a majority of the voting rights in Company B; or

(b) is a member of Company B and has the right to appoint or remove a majority of its board of directors; or

(c) is a member of Company B and controls alone, under an agreement with other shareholders and members, a majority of the voting rights in Company B.

"**Interest Payment Date**" has the meaning provided in Condition 5(a) (*Interest Rate*).

"**Issue Date**" means 28 May 2026.

"**Lugano II Convention**" means the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, signed on 30 October 2007, as amended.

"**Make-Whole Redemption Amount**" has the meaning provided in Condition 6(b) (*Make-Whole Redemption by the Issuer*).

"**Make-Whole Redemption Date**" has the meaning provided in Condition 6(b) (*Make-Whole Redemption by the Issuer*).

"**Make-Whole Redemption Notice**" has the meaning provided in Condition 6(b) (*Make-Whole Redemption by the Issuer*).

"**Maturity Call Redemption Date**" has the meaning provided in Condition 6(c) (*Issuer Maturity Call Option*).

"**Maturity Call Redemption Notice**" has the meaning provided in Condition 6(c) (*Issuer Maturity Call Option*).

"**Negative Rating Event**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

a "**person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, unincorporated association, limited liability company, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

"**Put Date**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Put Exercise Notice**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Put Period**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Put Price**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Rating Agency**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Record Date**" has the meaning given to it in Condition 7(c) (*Record Date*).

"**Reference Bond**" has the meaning provided in Condition 6(b) (*Make-Whole Redemption by the Issuer*).

"**Reference Bond Price**" has the meaning provided in Condition 6(b) (*Make-Whole Redemption by the Issuer*).

"**Reference Market Maker Quotations**" has the meaning provided in Condition 6(b) (*Make-Whole Redemption by the Issuer*).

"**Reference Market Makers**" has the meaning provided in Condition 6(b) (*Make-Whole Redemption by the Issuer*).

"**Reference Rate**" has the meaning provided in Condition 6(b) (*Make-Whole Redemption by the Issuer*).

"**Register**" has the meaning provided in Condition 4(a) (*Registration*).

"**Relevant Announcement Date**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Relevant Date**" means, in respect of any Bond, whichever is the later of:

(a) the date on which payment in respect of it first becomes due; and

(b) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect is given to the Bondholders.

"**Relevant Indebtedness**" has the meaning provided in Condition 2 (*Negative Pledge*).

"**Relevant Potential Change of Control Announcement**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Relevant Security**" has the meaning provided in Condition 2 (*Negative Pledge*).

"**Residual Call Redemption Date**" has the meaning provided in Condition 6(d) (*Issuer Residual Call Option*).

"**Residual Call Redemption Notice**" has the meaning provided in Condition 6(d) (*Issuer Residual Call Option*).

"**Spanish Capital Companies Act**" means the Royal Decree 1/2010, of July 2, approving the reinstated text of the Spanish Companies Act (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*) of the Kingdom of Spain.

"**Subsidiary**" means a company in respect of which another company:

(a) holds or controls a majority of the voting rights;

(b) is a member and has the right to appoint or remove a majority of its board of directors; or

(c) is a member and controls alone, pursuant to an agreement with other members, a majority of the voting rights in it,

or which is a Subsidiary of a company that is itself a Subsidiary of that other company.

"**Subsidiaries**" means, in relation to a company, each Subsidiary of such company.

"**Successor in Business**" means any company which:

(a) owns beneficially the whole or substantially the whole of the undertaking, property and assets owned by the Issuer immediately prior to a substitution of the Issuer pursuant to Condition 13 (*Substitution of the Issuer*); and

(b) carries on, as successor to the Issuer, the whole or substantially the whole of the business carried on by the Issuer immediately prior to such substitution of the Issuer.

"**T2 Business Day**" means a day on which T2 is operating.

"**T2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer System or any successor or replacement for that system.

"**Tax Redemption Date**" has the meaning provided in Condition 6(e) (*Redemption for Tax Reasons*).

"**Tax Redemption Notice**" has the meaning provided in Condition 6(e) (*Redemption for Tax Reasons*).

"**Triggering Event**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**Trust UK**" has the meaning provided in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

"**€**" and "**euro**" means the single currency which was introduced at the start of the third stage of the European Economic and Monetary Union, pursuant to the Treaty establishing the European Community (as amended from time to time).

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

4. Registration and Transfer of Bonds

(a) *Registration*

The Issuer will cause a register (the "**Register**") to be kept at the specified office of the Registrar outside the UK, on which will be entered, among other things, the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers and redemptions of Bonds.

(b) *Transfer*

Bonds may, subject to the terms of the Fiscal Agency Agreement and to Conditions 4(c) (*Formalities Free of Charge*) and 4(d) (*Closed Periods*) be transferred by lodging the certificate representing the relevant Bond (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or any Paying and Transfer Agent.

No transfer of a Bond will be valid unless and until it has been entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will within seven London Business Days (or such longer period as may be required for the Registrar to comply with any fiscal or other requirements, in the place of the specified office of the Registrar) of any duly made application for the transfer of a Bond enter the details of such transfer on the Register and deliver a new certificate representing the Bond to the transferee (and, in the case of a transfer of less than all the Bonds represented by any certificate, deliver a certificate for the untransferred balance of such Bonds to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Bond by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(c) *Formalities Free of Charge*

Such transfer will be effected without charge subject to: (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith; (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application; and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar.

(d) *Closed Periods*

Neither the Issuer nor the Registrar will be required to register the transfer of any Bond (or part thereof): (i) during the period of 15 days immediately prior to the Final Maturity Date or any earlier date fixed for redemption of the Bonds pursuant to Condition 6(b) (*Make-Whole Redemption by the Issuer*), 6(c) (*Issuer Maturity Call Option*), 6(d) (*Issuer Residual Call Option*) or 6(e) (*Redemption for Tax Reasons*); (ii) in respect of which a holder has exercised its right to require redemption pursuant to Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*); or (iii) during the period of 15 days ending on (and including) any Record Date in respect of any payment of interest on the Bonds.

5. Interest

(a) *Interest Rate*

The Bonds bear interest from (and including) the Issue Date at the rate of 4.500 per cent. per annum, calculated by reference to the outstanding principal amount thereof and payable annually in arrear on 28 May in each year (each an "**Interest Payment Date**"), commencing with the Interest Payment Date falling on 28 May 2027 and ending on the Final Maturity Date. With respect to each payment of interest in relation to an Interest Period, the amount of interest payable on the related Interest Payment Date shall be €45.00 per €1,000 in principal amount of the Bonds. The amount of interest payable in respect of the Bonds in respect of any period which is shorter than an Interest Period shall be calculated on the basis of the number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period divided by the number of days from (and including) the immediately preceding Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next Interest Payment Date.

"**Interest Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(b) *Accrual of Interest*

Each Bond will cease to bear interest where such Bond is redeemed or repaid pursuant to Condition 6 (*Redemption and Purchase*) or Condition 9 (*Events of Default*), from the due date for redemption or repayment thereof unless, upon due presentation of the certificate representing the relevant Bond, payment of the principal in respect of the relevant Bond is improperly withheld or refused, in which event interest will continue to accrue at the rate specified in Condition 5(a) (*Interest Rate*) (both before and after judgment) until whichever is the earlier of: (A) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder; and (B) the seventh day after the Fiscal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

6. Redemption and Purchase

(a) *Final Redemption*

Unless previously purchased and cancelled, or redeemed as herein provided, the Bonds will be redeemed at their principal amount on the Final Maturity Date. The Bonds may only be redeemed at the option of the Issuer prior to the Final Maturity Date in accordance with Conditions 6(b) (*Make-Whole Redemption by the Issuer*), 6(c) (*Issuer Maturity Call Option*), 6(d) (*Issuer Residual Call Option*) or 6(e) (*Redemption for Tax Reasons*).

(b) *Make-Whole Redemption by the Issuer*

Subject to Conditions 6(c) (*Issuer Maturity Call Option*) and 6(d) (*Issuer Residual Call Option*) below, on giving not less than 10 or more than 60 days' notice (an "**Make-Whole Redemption Notice**") to the Bondholders in accordance with Condition 14 (Notices), the Issuer may redeem all but not some only of the Bonds then outstanding on the date (the "**Make-Whole Redemption Date**") specified in the Make-Whole Redemption Notice at the Make-Whole Redemption Amount together with accrued but unpaid interest to such date.

In this Condition 6(b) (*Make-Whole Redemption by the Issuer*), "**Make-Whole Redemption Amount**" means: (i) the aggregate outstanding principal amount of the Bonds; or (ii) if higher, the sum, as determined by the Calculation Agent, of the present values of the remaining scheduled payments of principal and interest on the Bonds (not including any portion of such payments of interest accrued to the date of redemption and assuming, for such purpose, that the Bonds would be redeemed on the First Maturity Call Date) discounted to the Make-Whole Redemption Date on an annual basis at the Reference Rate plus the Redemption Margin, where:

(i) "**Calculation Agent**" means a leading and independent investment, merchant or commercial bank appointed by the Issuer in good faith for the purposes of calculating the Make-Whole Redemption Amount, and notified to the Bondholders in accordance with Condition 14 (Notices);

(ii) "**Redemption Margin**" means 0.25 per cent.;

(iii) "**Reference Bond**" means (i) DBR 2.200% due 15 Feb 2034 (ISIN: DE000BU2Z023) or (ii) if the Reference Bond is no longer outstanding at the relevant time, a German government bond selected by the Calculation Agent as having a maturity comparable to the remaining term of the Bonds to be redeemed (assuming, for such purpose, that the remaining term of the Bonds were to the First Maturity Call Date) and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Bonds, provided that if the Calculation Agent advises the Issuer that, at the time at which the Make-Whole Redemption Amount is to be determined, for reasons of illiquidity or otherwise, the relevant security specified is not appropriate for such purpose, such other central bank or government security as the Calculation Agent may, after consultation with the Issuer and with the advice of Reference Market Makers, determine to be appropriate;

(iv) "**Reference Bond Price**" means (i) the average of five Reference Market Maker Quotations for the Make-Whole Redemption Date, after excluding the highest and lowest of such five Reference Market Maker Quotations (or, if there are two highest and/or two lowest quotations, excluding just one of such highest quotations and/or one of such lowest quotations, as the case may be), (ii) if the Calculation Agent obtains fewer than five, but more than one, such Reference Market Maker Quotations, the average of all such quotations, or (iii) if only one such Reference Market Maker Quotation is obtained, the amount of the Reference Market Maker Quotation so obtained;

(v) "**Reference Market Maker Quotations**" means, with respect to each Reference Market Maker and the Make-Whole Redemption Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) quoted in writing to the Calculation Agent at 11.00 am London time on the third London Business Day preceding the Make-Whole Redemption Date;

(vi) "**Reference Market Makers**" means five brokers or market makers of securities such as the Reference Bond selected by the Calculation Agent or such other five persons operating in the market for securities such as the Reference Bond as are selected by the Calculation Agent in consultation with the Issuer; and

(vii) "**Reference Rate**" means, with respect to any Make-Whole Redemption Date, the rate per annum equal to the equivalent yield to maturity of the Reference Bond, calculated using a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such Make-Whole Redemption Date.

(c) *Issuer Maturity Call Option*

On giving not less than 10 nor more than 60 days' notice (a "**Maturity Call Redemption Notice**") to the Bondholders in accordance with Condition 14 (Notices), the Issuer may redeem all but not some only of the Bonds then outstanding on the day (the "**Maturity Call Redemption Date**") specified in the Maturity Call Redemption Notice which falls during the period commencing on (and including) the First Maturity Call Date and ending on (but excluding) the Final Maturity Date, at their principal amount together with accrued but unpaid interest to such date.

(d) *Issuer Residual Call Option*

If, at any time, the outstanding aggregate principal amount of the Bonds is 25 per cent. or less than the aggregate principal amount of the Bonds when issued, on giving not less than 10 or more than 60 days' notice (a "**Residual Call Redemption Notice**") to the Bondholders in accordance with Condition 14 (Notices), the Issuer may redeem all but not some only of the Bonds then outstanding on the date (the "**Residual Call Redemption Date**") specified in the Residual Call Redemption Notice at their principal amount together with accrued but unpaid interest to such date.

Prior to the publication of any Residual Call Redemption Notice pursuant to this Condition 6(d) (*Issuer Residual Call Option*), the Issuer shall deliver to the Fiscal Agent, to make available at its specified office to the Bondholders, a certificate signed by a director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the outstanding aggregate principal amount of the Bonds is 25 per cent. or less than the aggregate principal amount of the Bonds originally issued. The Fiscal Agent shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out above, in which event it shall be conclusive and binding on the Bondholders.

(e) *Redemption for Tax Reasons*

The Issuer may, at any time, having given not less than 10 or more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 14 (Notices), redeem all but not some only of the Bonds for the time being outstanding on the date (the "**Tax Redemption Date**") specified in the Tax Redemption Notice at their principal amount, together with accrued but unpaid interest up to (but excluding) the Tax Redemption Date, if:

(i) the Issuer has or will become obliged to pay additional amounts pursuant to Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or authority therein or thereof having the power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due.

On the Tax Redemption Date, the Issuer shall (subject to the next following paragraph) redeem the Bonds at their principal amount, together with accrued but unpaid interest up to (but excluding) such Tax Redemption Date.

Prior to the publication of any Tax Redemption Notice pursuant to this Condition 6(e) (*Redemption for Tax Reasons*), the Issuer shall deliver to the Fiscal Agent (x) a certificate signed by a director of the Issuer stating that the Issuer is entitled to effect such redemption and stating that the obligation referred to in (i) above will apply and cannot be avoided by the Issuer taking reasonable measures available to it, and (y) an opinion of independent legal or tax advisers of recognised standing to the effect that such change or amendment has occurred and that the Issuer has or will become obliged to pay such additional amounts as a result thereof.

(f) *Redemption Notices*

Other than in the circumstance set out in the paragraph below, any Make-Whole Redemption Notice, Maturity Call Redemption Notice, Residual Call Redemption Notice or Tax Redemption Notice shall be irrevocable and shall specify: (i) the Make-Whole Redemption Date, Maturity Call Redemption Date, Residual Call Redemption Date or, as the case may be, the Tax Redemption Date, which shall be a London and Madrid Business Day, (ii) where applicable, the Make-Whole Redemption Amount and (iii) the amount of accrued interest payable in respect of each Bond on the Make-Whole Redemption Date, Maturity Call Redemption Date, Residual Call Redemption Date or, as the case may be, the Tax Redemption Date.

Any Make-Whole Redemption Notice, Maturity Call Redemption Notice or Residual Call Redemption Notice may, at the Issuer's discretion, be made subject to one or more conditions precedent, in which case such Make-Whole Redemption Notice, Maturity Call Redemption Notice or Residual Call Redemption Notice (as applicable) shall state that, in the Issuer's discretion,

the Make-Whole Redemption Date, Maturity Call Redemption Date or Residual Call Redemption Date (as applicable) may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), and/or that such redemption may not occur and such Make-Whole Redemption Notice, Maturity Call Redemption Notice or Residual Call Redemption Notice (as applicable) may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the Make-Whole Redemption Date, Maturity Call Redemption Date or Residual Call Redemption Date (as applicable) or by the Make-Whole Redemption Date, Maturity Call Redemption Date or Residual Call Redemption Date (as applicable) so delayed.

(g) *Redemption at the option of Bondholders following a Triggering Event*

If a Triggering Event occurs, the holder of each Bond will have the right (unless prior to the giving of the Put Exercise Notice the Issuer has given notice of redemption under Conditions 6(b) (*Make-Whole Redemption by the Issuer*), 6(c) (*Issuer Maturity Call Option*), 6(d) (*Issuer Residual Call Option*) or 6(e) (*Redemption for Tax Reasons*) above) to require the Issuer to redeem that Bond on the Put Date at the Put Price, together with accrued interest to (but excluding) the Put Date.

To exercise such right, the holder of the relevant Bond must present the certificate representing such Bond at the specified office of any Paying and Transfer Agent during normal business hours, together with a duly completed and signed notice of exercise, in the form for the time being current and obtainable from the specified office of any Paying and Transfer Agent (a "**Put Exercise Notice**") at any time in the period (the "**Put Period**") commencing on the date upon which notice as required by Condition 6(f) (*Redemption Notices*) is given to Bondholders by the Issuer in connection with the Triggering Event and ending 30 days thereafter. The "**Put Date**" shall be the 14th calendar day after the expiry of the Put Period.

Payment in respect of any such Bond shall be made by transfer to a bank in a city in which banks have access to T2 specified by the relevant Bondholder in the applicable Put Exercise Notice.

In these Conditions:

a "**Change of Control**" shall occur if, by any means, any person or persons acting together, other than a holding company whose controlling parties are or are to be substantially similar to the pre-existing controlling parties of the Issuer, acquire Control of the Issuer.

"**Change of Control Period**" means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which any Bonds are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration).

a "**Change of Control Put Event**" will be deemed to occur if a Change of Control occurs and either on the Relevant Announcement Date the Bonds have:

(i) been assigned at the invitation of the Issuer:

(a) an investment grade rating by any Rating Agency and, within the Change of Control Period, that credit rating is either downgraded to a non-investment grade rating or such Rating Agency ceases to assign a credit rating to the Bonds and, in each case, does not subsequently upgrade its credit rating assigned to the Bonds to an investment grade rating or re-assign an investment grade rating to the Bonds by the end of the Change of Control Period provided that a Change of Control Put Event shall not occur if the Bonds are assigned, at the invitation of the Issuer, an investment grade credit rating by at least one Rating Agency by the end of the Change of Control Period; or

(b) a non-investment grade rating by any Rating Agency and, within the Change of Control Period, that credit rating is either downgraded by one or more categories (by way of example, BB+ to BB being one rating category) or such Rating Agency ceases to assign a credit rating to the Bonds and, in each case, does not subsequently upgrade its credit rating assigned to the Bonds to, or re-assign a credit rating to the Bonds of, the category assigned to the Bonds on the Relevant Announcement Date or better by the end of the Change of Control Period,

provided that if on the Relevant Announcement Date the Bonds have been assigned at the invitation of the Issuer a credit rating from more than one Rating Agency, at least one of which is an investment grade rating, then paragraph (i) only will apply; or

(ii) not been assigned a credit rating by any Rating Agency at the invitation of the Issuer and a Negative Rating Event also occurs within the Change of Control Period,

and, in making any decision to downgrade or cease to assign a credit rating pursuant to paragraphs (i)(a) and (b) above or not to award a credit rating of at least investment grade as described in paragraph (ii) of the definition of Negative Rating Event, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement.

"**Control**" means:

(i) the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer or, as the case may be, British Airways plc; or

(ii) the right to appoint and/or remove all or the majority of the members of the Issuer's or, as the case may be, British Airways plc's board of directors or other governing body, whether obtained directly or indirectly and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; and

"**controlling party**" shall be construed accordingly as any person who has "Control" over any other person.

a "**Disposal Event**" shall occur if:

(i) the Issuer shall cease to Control, either alone or together with the Trust UK, British Airways plc; or

(ii) British Airways plc and its Subsidiaries as a whole (the "**BA Group**") shall cease to carry on or shall transfer or dispose of all or substantially all the business and assets of the BA Group as at the Issue Date.

an **"investment grade rating**" shall mean, in relation to S&P, a rating of BBB- or above, in relation to Moody's, a rating of Baa3 or above, in relation to Fitch, a rating of BBB- or above (provided that, if the rating designations employed by a Rating Agency are changed from those referred to above, the Issuer shall determine, and promptly notify the Bondholders of the same in accordance with these Conditions, the rating designations of such Rating Agency as are most equivalent to the prior rating designations of such Rating Agency and these Conditions shall, on and from the date of such notice to the Bondholders, be read accordingly) and, in the case of any other Rating Agency, a comparable rating from that Rating Agency.

a "**Negative Rating Event**" shall be deemed to have occurred at any time if at such time there is no credit rating assigned to the Bonds by any Rating Agency at the invitation of the Issuer and (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a credit rating of the Bonds or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain a credit rating that is an investment grade rating by the end of the Change of Control Period;

a "**non-investment grade rating**" shall mean, in relation to S&P, a rating of BB+ or below, in relation to Moody's, a rating of Ba1 or below, in relation to Fitch, a rating of BB+ or below (provided that, if the rating designations employed by a Rating Agency are changed from those referred to above, the Issuer shall determine, and promptly notify the Bondholders of the same in accordance with these Conditions, the rating designations of such Rating Agency as are most equivalent to the prior rating designations of such Rating Agency and these Conditions shall, on and from the date of such notice to the Bondholders, be read accordingly) and, in the case of any other Rating Agency, a comparable rating from that Rating Agency.

"**Put Price**" means, in respect of a Bond, the principal amount of such Bond then outstanding.

"**Rating Agency**" means S&P Global Ratings Europe Limited ("**S&P**"), Fitch Ratings Ltd ("**Fitch**") or Moody's Investors Service Ltd ("**Moody's**"), or any of

their respective successors, or any other rating agency of international standing notified by the Issuer to the Bondholders from time to time in accordance with these Conditions.

"**Relevant Announcement Da**te" means the date that is the earlier of (i) the date of the first public announcement of the relevant Change of Control, and (ii) the date of the earliest Relevant Potential Change of Control Announcement (if any).

"**Relevant Potential Change of Control Announcement**" means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

"**Triggering Event**" means the occurrence of a Change of Control Put Event or a Disposal Event.

"**Trust UK**" means the trust established for the purpose of implementing the Group's nationality structure for British Airways plc and in respect of which LDC (NCS) Limited, a wholly-owned subsidiary of The Law Debenture Corporation p.l.c., acts as trustee (as may be replaced from time to time).

(h) *Notice of Triggering Event*

Within 14 calendar days following the occurrence of a Triggering Event, the Issuer shall give notice thereof to the Bondholders in accordance with Condition 14 (Notices). Such notice shall contain a statement informing Bondholders of their entitlement to exercise their rights to require redemption of their Bonds pursuant to Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*).

Such notice shall also specify:

(a) all information material to Bondholders concerning the Triggering Event;

(b) the last day of the Put Period;

(c) the Put Date; and

(d) the Put Price.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of Put Exercise Notices delivered as aforesaid on the relevant Put Date.

(i) *Purchase*

Subject to the requirements (if any) of any stock exchange on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any other member of the Group may at any time purchase any Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf

of the Issuer or any such member of the Group, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 12(a) (Bondholder Meetings). Such Bonds may be held, re-sold or reissued or, at the option of the relevant purchaser, surrendered to any Paying and Transfer Agent for cancellation.

(j) *Cancellation*

All Bonds which are redeemed will be cancelled and may not be reissued or resold. Certificates representing Bonds purchased by the Issuer or any other member of the Group may be surrendered to the Principal Paying and Transfer Agent for cancellation and, if so surrendered, the relevant Bonds shall be cancelled.

(k) *Multiple Notices*

If more than one notice of redemption is given pursuant to this Condition 6 (*Redemption and Purchase*), the first of such notices to be given shall prevail.

7. Payments

(a) *Principal and Interest*

Payment of principal in respect of the Bonds and accrued interest payable on a redemption of the Bonds will be made to the persons shown in the Register at the close of business on the Record Date and subject to the surrender (or, in the case of partial payment only, endorsement) of the certificates representing relevant Bonds at the specified offices of the Registrar or of any of the Paying and Transfer Agents.

(b) *Other Amounts*

(i) Subject to Condition 7(a) (*Principal and Interest*), payments of interest due on an Interest Payment Date will be made to the persons shown in the Register at close of business on the Record Date.

(ii) Payments of all amounts other than as provided in Condition 7(a) (*Principal and Interest*) will be made as provided in these Conditions.

(c) *Record Date*

"**Record Date**" means the fifth London Business Day, in the place of the specified office of the Registrar, before the due date for the relevant payment.

(d) *Payments*

Each payment in respect of the Bonds pursuant to Condition 7(a) (*Principal and Interest*) and (b) (*Other Amounts*) will be made by transfer to a euro account maintained by the relevant payee with a bank in a city in which banks have access to T2.

(e) *Payments subject to fiscal laws*

Without prejudice to the provisions of Condition 8 (*Taxation*), all payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether by operation of law or agreement of the Issuer or its agents). For the purposes of the preceding sentence, the phrase "fiscal or other laws, regulations and directives" shall include, without limitation, any withholding or deduction imposed or required by FATCA. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(f) *Delay in payment*

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due as a result of the due date not being a T2 Business Day or if the relevant Bondholder is late in surrendering the certificate representing the relevant Bond (where such surrender is required pursuant to these Conditions as a precondition to any payment).

(g) *Paying and Transfer Agents, etc.*

In acting under the Fiscal Agency Agreement and in connection with the Bonds, the Paying and Transfer Agents and the Registrar act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Bondholders.

The initial Paying and Transfer Agents and the Registrar and their initial specified offices are listed below. The Issuer reserves the right under the Fiscal Agency Agreement at any time to vary or terminate the appointment of any Paying and Transfer Agent and/or the Registrar and appoint additional or other paying and transfer agents and/or appoint another registrar, provided that it will: (i) at all times maintain a fiscal agent and a registrar and (ii) if and for so long as the Bonds are, at the request of the Issuer, admitted to trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a paying and transfer agent in any particular place, maintain a paying and transfer agent having its specified office in the place required by such competent authority, stock exchange and/or quotation system. Notice of any change in the Paying and Transfer Agents and/or the Registrar or their specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 14 (Notices).

(h) *No charges*

None of the Paying and Transfer Agents shall make or impose on a Bondholder any charge or commission in relation to any payment in respect of the Bonds.

(i) *Fractions*

When making payments to Bondholders, if the relevant payment is not of an amount that is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on

account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any authority therein or thereof having the power to tax, unless such withholding or deduction is required by law.

In the event a withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature is finally imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any authority therein or thereof having the power to tax being made by the Issuer in respect of a payment made by it, the Issuer shall pay such additional amounts as will result in the receipt by the holders of the Bonds, after any withholding or deduction for or on account of such taxes, duties, assessments or charges, of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Bond:

(a) held by (or by a third party on behalf of) a holder of such Bond where such withholding or deduction is required by reason of the holder having some connection (whether past or present) with the Kingdom of Spain other than: (i) the mere holding of such Bond; or (ii) the receipt of principal, interest or any other amount in respect of such Bond; or

(b) held by (or by a third party on behalf of) a holder of such Bond who could lawfully avoid (but has not so avoided) such withholding or deduction by making any statutory declaration concerning the nationality, residence or identity of the holder (or providing information, documentation or other evidence of the same) or other similar claim for exemption to the relevant tax authority or to (or on behalf of) the Issuer, where such declaration, provision or claim is required or imposed by Spanish tax regulations; or

(c) for or on account of any withholding or deduction arising under or in connection with FATCA.

9. Events of Default

If any of the events listed in paragraphs (a) to (j) of this Condition 9 (*Events of Default*) (each, an "**Event of Default**") occurs, the holder of any Bond may give written notice to the Issuer and the Fiscal Agent at its specified office that such Bond is immediately repayable, whereupon such Bond shall become immediately due and repayable at its principal amount together with accrued interest as provided in these Conditions, without further formality.

The said events are that:

(a) there is default for more than 15 days in the payment of any interest due in respect of the Bonds or if there is default for more than seven days in the payment of any principal due in respect of the Bonds;

(b) there is default in the performance or observance by the Issuer of any obligation or provision under the Bonds (other than any obligation for the payment of any principal or interest in respect of the Bonds) which continues for more than 45 days after written notice thereof shall have been given to the Issuer by any Bondholder;

(c) as a result of default by the Issuer or British Airways plc (other than a default arising due to compliance by the Issuer or, as the case may be, British Airways plc with any applicable law or directive or with any requirement, whether having the force of law or not, of any government or regulatory authority to which the Issuer or, as the case may be, British Airways plc is subject, unless such default results in the Issuer or, as the case may be, British Airways plc becoming bound to repay prematurely any of its indebtedness for borrowed moneys as described in (i) above (not being that in respect of which the default has occurred) and steps are taken to obtain repayment thereof):

(i) the Issuer or, as the case may be, British Airways plc becomes bound to repay prematurely any of its indebtedness for borrowed moneys and steps are taken to obtain repayment thereof; and/or

(ii) any such indebtedness for borrowed moneys or any guarantee or indemnity of the Issuer or, as the case may be, British Airways plc of any indebtedness for borrowed moneys of any person is not, when due, called or demanded, repaid or paid by the latest of its due date, the expiry of any applicable grace period and (if payment is prevented by any applicable law) 15 days after the first date on which payment is permitted and steps are taken to obtain repayment or payment thereof,

provided that any such acceleration of maturity, default or failure to pay under this Condition 9(c), as the case may be, shall not constitute an event upon the happening of which the outstanding Bonds may (subject as mentioned above) become immediately due and repayable so long as such indebtedness, guarantee or indemnity to which (i) and/or (ii) above applies, either alone or in aggregate, shall amount to an outstanding aggregate principal amount of not more than €150,000,000 or its equivalent in any other currency or currencies;

(d) a resolution is passed, or a final order of a court in the Kingdom of Spain (in the case of the Issuer) or England and Wales (in the case of British Airways plc) is made, or an order of a court of competent jurisdiction outside the Kingdom of Spain or England and Wales (as the case may be) is made and, where possible, not discharged or stayed within a period of 120 days, that the Issuer or British Airways plc be wound up or dissolved, otherwise than for the purposes of a restructuring, amalgamation or merger the terms of which have previously been approved by an Extraordinary Resolution of the Bondholders;

(e) an encumbrancer or secured party takes possession or a receiver, administrative receiver, administrator manager, judicial manager or other similar person is appointed over the whole or a substantial part of the assets or undertaking of the Issuer or British Airways plc or an administration order is made in relation to the Issuer or British Airways plc and such taking of possession, appointment or order is not released, discharged or cancelled within 120 days;

(f) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a substantial part of the assets or undertaking of the Issuer or British Airways plc and is not discharged, dismissed or stayed within 120 days thereof;

(g) the Issuer (otherwise than for the purposes of a restructuring, amalgamation or merger the terms of which have previously been approved by an Extraordinary

Resolution of the Bondholders) ceases or threatens to cease to carry on all or substantially all of its business;

(h) the Issuer or British Airways plc makes an assignment for the benefit of creditors generally or is unable or admits in writing its inability to pay its debts generally as they become due or takes corporate action in furtherance of any such action or stops payment to creditors generally;

(i) one or more judgment(s) or order(s) (which is not being disputed in good faith by appropriate proceedings) for the payment of any amount is rendered against the Issuer or British Airways plc and continue(s) unsatisfied and unstayed for a period of 120 days after the date(s) thereof, or, if later, the date therein specified for payment; or

(j) if any event occurs in respect of the Issuer or British Airways plc which, under the laws of the Kingdom of Spain, has or may have an analogous effect to any of the events referred to in paragraphs (d) to (i) above.

10. Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 7 (*Payments*) within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

Claims in respect of any other amounts payable in respect of the Bonds shall be prescribed and become void unless made within 10 years following the due date for payment thereof.

11. Replacement of Bonds

If any Bond is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any Paying and Transfer Agent subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Bonds must be surrendered before replacements will be issued.

12. Bondholder Meetings, Modification and Waiver

(a) *Bondholder Meetings*

The Fiscal Agency Agreement contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or any of the provisions of the Fiscal Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented, except that at any meeting the business of

which includes the modification of certain provisions of the Bonds (including modifying the date of maturity of the Bonds or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Bonds or altering the currency of payment of the Bonds), the quorum shall be one or more persons holding or representing not less than two-thirds in principal amount of the Bonds for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in principal amount of the Bonds for the time being outstanding.

The Fiscal Agency Agreement provides that: (i) a resolution passed at a meeting duly convened and held in accordance with the Fiscal Agency Agreement by a majority consisting of not less than 75 per cent. of the votes cast on such resolution; (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Bonds for the time being outstanding; or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of the holders of not less than 75 per cent. in principal amount of the Bonds for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Bondholders. Any resolution passed by the Bondholders will be binding on all the Bondholders, whether or not they are present at any meeting and whether or not they voted on the resolution.

(b) *Modification of Fiscal Agency Agreement*

The Issuer shall only permit any modification, waiver or authorisation of any breach or proposed breach or any failure to comply with the Fiscal Agency Agreement if to do so could not reasonably be expected to be prejudicial to the interests of the Bondholders.

(c) *Notification to the Bondholders*

Any modification, waiver or authorisation in accordance with this Condition 12 (*Bondholder Meetings, Modification and Waiver*) shall be binding on the Bondholders and shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 14 (Notices).

13. Substitution of the Issuer

(a) By its acquisition of the Bonds each Bondholder (which for these purposes includes each holder of a beneficial interest in the Bonds) will be deemed to have expressly consented to any substitution of the Issuer pursuant to and in accordance with this Condition 13. Without any requirement for any further consent or approval of the Bondholders (whether pursuant to Condition 12 (*Bondholder Meetings, Modification and Waiver*) or otherwise), upon notice by the Issuer to be given in accordance with Condition 14 (*Notices*), the Issuer may substitute for itself:

(i) any Subsidiary of the Issuer;

(ii) any Holding Company of the Issuer; or

(iii) any Successor in Business of the Issuer,

as the principal debtor in respect of the Bonds (the "**Substitute Issuer**") *provided that:*

(A) a deed poll (the "**Deed Poll**") substantially in the form scheduled to the Fiscal Agency Agreement at Schedule 9 and, for so long as the Issuer is incorporated in Spain, a substitution public deed (*escritura pública*) (the "**Substitution Public Deed**") substantially in the form scheduled to the Fiscal Agency Agreement at Schedule 10 executed before a Spanish public notary, and/or such other applicable documents (if any) shall be executed by the Issuer and the Substitute Issuer as may be necessary to give full effect to the substitution (together with the Deed Poll and, if applicable, the Substitution Public Deed, the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substitute Issuer shall undertake, by means of the Documents, in favour of each Bondholder, to be bound by these Conditions and the provisions of the Fiscal Agency Agreement as fully as if the Substitute Issuer had been named in the Bonds and the Fiscal Agency Agreement as the principal debtor in respect of the Bonds in place of the Issuer;

(B) without prejudice to the generality of Condition 13(a)(A), where the Substitute Issuer is incorporated, domiciled or resident for taxation purposes in a territory other than the Kingdom of Spain, the Documents shall contain:

a. a covenant by the Substitute Issuer and/or such other provisions as may be necessary to ensure that each Bondholder has the benefit of a covenant in terms corresponding to the provisions of Condition 8 (*Taxation*), with the substitution for the references to Kingdom of Spain with references to the territory in which the Substitute Issuer is incorporated, domiciled and/or resident for taxation purposes;

b. a covenant by the Substitute Issuer and/or such other provisions as may be necessary to ensure that each Bondholder has the benefit of a covenant in terms corresponding to the provisions of Condition 1(c) (*Status*), with the substitution for the references to Spanish laws relating to insolvency law with references to any equivalent laws in the territory in which the Substitute Issuer is incorporated (the "**Substitute Issuer Jurisdiction**");

c. a provision which amends the reference to the Issue Date in subparagraph (i) of Condition 6(e) (*Redemption for Tax Reasons*) to the date of substitution;

d. a provision which amends the references to the Kingdom of Spain in Condition 9 (*Events of Default*) to the Substitute Issuer Jurisdiction;

e. a provision which deletes Condition 15 (*Spanish Capital Companies Act*);

f. a provision which amends the reference to Spanish law in Condition 19(a) (*Governing Law*) to the law of the Substitute Issuer Jurisdiction; and

g. such other amendments to these Conditions as the Issuer deems necessary to reflect that the Substitute Issuer is incorporated, domiciled or resident for taxation purposes in a territory other than the Kingdom of Spain;

(C) the Documents shall contain a warranty and representation by the Substitute Issuer that the Substitute Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution, that the Substitute Issuer has obtained all necessary governmental and regulatory approvals and consents for the performance by it of its obligations under the Documents and that all such approvals and consents are in full force and effect;

(D) each stock exchange or other relevant authority on which the Bonds are listed shall have confirmed that, following the proposed substitution of the Substitute Issuer, the Bonds will continue to be listed on such stock exchange or other relevant authority;

(E) the Issuer shall have delivered or procured the delivery to the Fiscal Agent and the Registrar a copy of a legal opinion addressed to the Issuer and the Substitute Issuer from a leading firm of lawyers in the Substitute Issuer Jurisdiction, to the effect that the Documents constitute legal, valid and binding obligations of the Substitute Issuer, such opinion to be dated not more than seven days prior to the date of substitution of the Substitute Issuer for the Issuer and to be available for inspection by Bondholders at the specified offices of the Fiscal Agent and the Registrar;

(F) the Issuer shall have delivered or procured the delivery to the Fiscal Agent and the Registrar a copy of a legal opinion addressed to the Issuer and the Substitute Issuer from a leading firm of English lawyers to the effect that the Documents constitute legal, valid and binding obligations of the parties thereto under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substitute Issuer for the Issuer and to be available for inspection by Bondholders at the specified offices of the Fiscal Agent and the Registrar;

(G) if the Substitute Issuer is not incorporated in England and Wales, the Substitute Issuer shall have appointed a process agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Bonds or the Documents;

(H) there is no outstanding Event of Default in respect of the Bonds;

(I) any solicited credit rating assigned to the Bonds will remain the same or be improved when the Issuer is substituted by the Substitute Issuer in respect of the Bonds; and

(J) the substitution complies with all applicable requirements established under the law of the country of incorporation of the Issuer.

(b) Upon any substitution of the Issuer pursuant to Condition 13(a), the Substitute Issuer shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Bonds and the Fiscal Agency Agreement with the same effect as if the Substitute Issuer had been named as the Issuer herein, and the Issuer shall be released from its obligations under the Bonds and the Fiscal Agency Agreement.

(c) The Documents shall be deposited with and held by the Fiscal Agent and the Registrar for so long as any Bond remains outstanding and for so long as any claim made against the Substitute Issuer by any Bondholder in relation to the Bonds or the Documents shall not have been finally adjudicated, settled or discharged. The Substitute Issuer shall acknowledge in the Documents the right of every Bondholder to the production of the Documents for the enforcement of any of the Bonds or the Documents.

(d) For so long as the Issuer is incorporated in Spain, each Bondholder (which for these purposes includes each holder of a beneficial interest in the Bonds), by its acquisition of the Bonds will be deemed to have expressly:

(i) consented to the substitution of the Issuer with the Substitute Issuer prior thereto and acknowledged and accepted that such prior consent is fully effective for all purposes; and

(ii) acknowledged and accepted that the substitution requirements set forth under this Condition 13 have been met to complete such a substitution which include the rating condition set forth under Condition 13(a)(I) above and, therefore, that the Bondholders have accepted the substitution in accordance with the applicable requirements of law.

(e) After any substitution pursuant to Condition 13(a), the Substitute Issuer may, without the consent of any Bondholder, effect a further substitution pursuant to Condition 13(a). All the applicable provisions specified in this Condition 13 shall apply *mutatis mutandis*, and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substitute Issuer.

(f) For the avoidance of doubt, a substitution of the Issuer may alternatively be effected by the operation of the applicable provisions described in Condition 12 (*Bondholder Meetings, Modification and Waiver*).

14. Notices

Notices to Bondholders shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses in the Register

or, if such publication is not practicable, in a leading English language newspaper having general circulation in Europe, or (for so long as the Bonds are listed and admitted to trading on Euronext Dublin) via the Companies Announcement Office of Euronext Dublin. The Issuer shall also ensure that all notices are duly published in a manner which complies with the applicable rules and regulations of any stock exchange, multilateral trading facility or other relevant authority on which the Bonds are for the time being listed at the request of the Issuer. Any such notice shall be deemed to have been given on the second London Business Day after the date of mailing or, if such notices are published in a newspaper or via the Companies Announcement Office (as contemplated above), on the date of such publication (provided that if the Issuer is required to publish notices to Bondholders in more than one newspaper or in more than one manner, any such notice shall be deemed to have been given on the date of the first such publication in each required manner).

Notices to be given by any Bondholder shall be in writing and given by lodging the same, together (in the case of any Bond in definitive form) with the relevant Bond, with any Paying and Transfer Agent.

15. Spanish Capital Companies Act

In compliance with Condition 19(a) (*Governing Law*) a holder of Bonds:

(a) will not benefit from any right as a holder of Bonds arising from Article 411 of the Spanish Capital Companies Act; and

(b) will be deemed to have irrevocably instructed the Fiscal Agent to take any action and/or to sign or execute and deliver any documents or notices that may be necessary or desirable to comply with, and give effect to, paragraph (a) hereof.

16. Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities, either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Bonds or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 16 (*Further Issues*) and forming a single series with the Bonds.

17. Currency Indemnity

Euro is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Bonds, including damages. Any amount received or recovered in a currency other than euro (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Bondholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that euro amount is less than the euro amount expressed to be due to the recipient under any Bond, the Issuer shall indemnify it against any loss

sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 17 (*Currency Indemnity*), it will be sufficient for the Bondholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Bondholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Bond or any other judgment or order.

18. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

19. Governing Law and Jurisdiction

(a) *Governing Law*

The Fiscal Agency Agreement and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law. The status of the Bonds as described in Condition 1(c) (*Status*) is governed by, and shall be construed in accordance with, Spanish law.

(b) *Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of EU Member States or States that are parties to the Lugano II Convention and which have jurisdiction pursuant to the Brussels Ia Regulation and/or Lugano II Convention. To the extent allowed by law, the Bondholders may take concurrent proceedings in any number of competent jurisdictions in accordance with this Condition.

(c) *Agent for Service of Process*

The Issuer has appointed International Consolidated Airlines Group, S.A. at its branch office for the time being, currently at Waterside (HAA2), PO Box 365, Harmondsworth, Middlesex, UB7 0GB, as its agent in England to receive service of process of any Proceedings in England. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Bondholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

OVERVIEW OF PROVISIONS RELATING TO THE BONDS WHILE REPRESENTED BY A GLOBAL BOND

With respect to each tranche of Bonds, the following is an overview of the provisions to be contained in the relevant Fiscal Agency Agreement and in the relevant Global Bond which will apply to, and in some cases modify the effect of, the relevant Conditions while such Bonds are represented by the relevant Global Bond.

Initial Issue of Global Bonds

Each Global Bond will be registered in the name of a nominee for the Common Safekeeper and may be delivered on or prior to the Issue Date.

With respect to each tranche of Bonds, upon the registration of the relevant Global Bond in the name of a nominee for the Common Safekeeper and delivery of the relevant Global Bond to the Common Safekeeper, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of such Bonds equal to the principal amount thereof for which it has subscribed and paid.

The Bonds of each tranche are intended to be held in a manner which will allow for Eurosystem eligibility.

With respect to each tranche of Bonds, depositing the relevant Global Bond with the Common Safekeeper does not necessarily mean that the relevant Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra- day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

Relationship of account holders with Clearing Systems

With respect to each tranche of Bonds, each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") as the holder of a Bond represented by the relevant Global Bond (an "**account holder**") must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his or her share of each payment made by the Issuer to the holder of the relevant Global Bond and in relation to all other rights arising under the relevant Global Bond, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Subject as provided below, with respect to each tranche of Bonds, such persons shall have no claim directly against the Issuer in respect of payments due on such Bonds for so long as such Bonds are represented by the relevant Global Bond and such obligations of the Issuer will be discharged by payment to the holder of the relevant Global Bond in respect of each amount so paid.

Exchange of a Global Bond for relevant Definitive Registered Bonds

Each Global Bond will become exchangeable in whole but not in part (free of charge to the relevant Bondholder) for relevant Definitive Registered Bonds if the relevant Global Bond is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system:

(i) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise); or

(ii) announces an intention permanently to cease business or does in fact do so,

by the relevant Bondholder giving notice to the Issuer of its intention to exchange the relevant Global Bond for relevant Definitive Registered Bonds on or after the Exchange Date specified in the notice. On or after the Exchange Date, the holder of the relevant Global Bond will surrender the relevant Global Bond to or to the order of the Registrar. In exchange for the relevant Global Bond, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated relevant Definitive Registered Bonds printed in accordance with any applicable legal and stock exchange requirements to such persons or entities as the holder of the relevant Global Bond shall direct. For such purpose, "**Exchange Date**" means a day falling not less than 60 days after that on which the notice requiring exchange of the relevant Global Bond for relevant Definitive Registered Bonds is given in accordance with the terms of the relevant Global Bond and on which banks are open for business in the city in which the specified office of the Registrar is located and in the cities in which Euroclear and Clearstream, Luxembourg or, if relevant, the Alternative Clearing System are located.

Conditions applicable to the Global Bonds

With respect to each tranche of Bonds, the relevant Global Bond will contain provisions which modify the relevant Conditions as they apply to the relevant Global Bond. The following is a summary of certain of those provisions:

Payments: all payments in respect of Bonds represented by the relevant Global Bond will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which (notwithstanding Condition 7 (*Payments*)) shall be on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

Notices: for so long as the relevant Bonds are represented by the relevant Global Bond and the relevant Global Bond is held on behalf of Euroclear, Clearstream, Luxembourg or an Alternative Clearing System, notices may be given to the relevant Bondholders by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or such Alternative Clearing System (as applicable) for communication to their respective account holders in substitution for publication as required by the relevant Conditions provided that, for so long as the relevant Bonds are listed on the Regulated Market or on any other stock exchange, notices will also be given in accordance with any applicable requirements of such stock exchange. Any notice shall be deemed to have been given on the date of delivery or publication which, in the case of communication through Euroclear, Clearstream, Luxembourg or an Alternative Clearing System, shall mean the date on which the notice is delivered to Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be).

For so long as all of the relevant Bonds are represented by the relevant Global Bond and the relevant Global Bond is held on behalf of Euroclear, Clearstream, Luxembourg and/or an Alternative Clearing System, an account holder may give notice to the Issuer in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and/or the Alternative Clearing System (which may include notice being given on his or her instructions by Euroclear, Clearstream, Luxembourg, the Alternative Clearing System or any common safekeeper for them to the Issuer or the Fiscal Agent (on behalf of the Issuer) by electronic means).

Prescription: claims in respect of principal, interest and other amounts payable in respect of the relevant Global Bond will become void unless it is presented for payment within a period

of 10 years (in the case of principal) and five years (in the case of interest or any other amounts) from the appropriate Relevant Date (as defined in Condition 3 (*Definitions*)).

Meetings: the holder of the relevant Global Bond shall be treated as one person for the purposes of any quorum requirements of a meeting of relevant Bondholders and, at any such meeting, as having one vote in respect of each €1,000 principal amount of relevant Bonds for which the relevant Global Bond may be exchanged.

Events of Default: from time to time, the relevant Bonds represented by the relevant Global Bond may be declared due and payable following an Event of Default in accordance with the relevant Conditions by stating in a notice from the relevant Bondholder given to the Issuer the principal amount of relevant Bonds to which any such notice relates.

With respect to each tranche of Bonds, if either (i) principal in respect of any such Bonds is not paid when due and payable and, as a result thereof, an Event of Default occurs, as defined in Condition 9 (*Events of Default*) or (ii) the Issuer fails to deliver, or procure the delivery of, an aggregate principal amount of duly executed and authenticated relevant Definitive Registered Bonds in exchange for the relevant Global Bond surrendered in accordance with the terms of the relevant Global Bond, each account holder shall acquire against the Issuer, upon reduction of the relevant Bonds represented by the relevant Global Bond by endorsement of an amount represented by such account holder's interest in the relevant Global Bond and entry in the Register of the relevant account holder's name and the principal amount represented by such account holder's interest in the relevant Global Bond, all rights which the relevant account holder would have had if, immediately before such non-payment of principal or such failure to deliver relevant Definitive Registered Bonds (as applicable), it had been the holder of relevant Definitive Registered Bonds in registered form issued on the Issue Date in an aggregate principal amount equal to such account holders interest in the relevant Global Bond.

Redemption at the Option of Bondholders: with respect to each tranche of Bonds, the option of the relevant Bondholders provided for in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*) may be exercised by any account holder giving notice to the Issuer within the time limits set out in Condition 6(g) (*Redemption at the option of Bondholders following a Triggering Event*), in accordance with the standard procedures for Euroclear and/or Clearstream, Luxembourg and/or any Alternative Clearing System (which may include notice being given on such account holder's instructions by Euroclear and/or Clearstream, Luxembourg and/or any Alternative Clearing System or any common safekeeper for them to the Issuer or the Fiscal Agent (on behalf of the Issuer) by electronic means) and in a form acceptable to Euroclear and/or Clearstream, Luxembourg and/or any Alternative Clearing System, stating the principal amount of the relevant Bonds in respect of which the option is exercised.

USE OF PROCEEDS

The net proceeds from the issue of the Series A Bonds are expected to be approximately €497,760,000.

The net proceeds from the issue of the Series B Bonds are expected to be approximately €497,615,000.

The net proceeds of the Bonds of each tranche will be used by the Issuer for its general corporate purposes.

DESCRIPTION OF THE ISSUER AND THE GROUP

1. OVERVIEW

The Issuer is the parent company of Aer Lingus, British Airways, Iberia, LEVEL, Vueling, IAG Loyalty and the remaining IAG Platform Businesses. In the year ended 31 December 2025, the Group was one of the world's largest airline groups by revenue, with 627 (2024: 601) aircraft flying to 285 destinations around the world, and the leading airline group from Europe to North and Latin America, with extensive connectivity intra-Europe and the rest of the world[1].

Each IAG Airline targets different customer segments and geographies, providing choice across a broad spectrum of customer needs and travel occasions. As at 31 December 2025, the Group had 75,786 employees, primarily in the UK, Spain and Ireland. For the year ended 31 December 2025, the Group carried 122 million passengers (a decrease of 0.4% compared to the same period in 2024), with available seat kilometres ("**ASKs**") of 351,435 million as at 31 December 2025 (an increase of 2.4% compared to the same period in 2024).

The Group's operations are supported by its platform businesses, including IAG Cargo, IAG Loyalty and IAG Transform, which provide mainly common services and allow the Group's operations to benefit from cost reductions and synergies by leveraging the Group's scale. They also promote transformation and innovation by fostering collaboration and benefiting from economies of scale.

In the year ended 31 December 2025, the Group generated total revenues of €33,213 million (an increase of 3.5% compared to the same period in 2024), with an operating profit before exceptional items of €5,024 million (against an operating profit before exceptional items of €4,443 million for the same period in 2024), as the Group continues to execute its transformation programme. As at 31 December 2025, the Group had cash, cash equivalents and interest-bearing deposits of €8,319 million (a decrease of €1,509 million compared to 31 December 2024), with committed and undrawn general and overdraft facilities of €2,629 million, bringing total liquidity to €10,948 million (2024: €13,362 million).

Net and gross leverage (net debt to EBITDA before exceptional items and gross debt to EBITDA before exceptional items) fell to 0.8x and 1.9x, respectively, at 31 December 2025, compared to 1.1x and 2.5x, respectively, as at 31 December 2024, providing flexibility for capital allocation.

In March and November 2025, S&P and Moody's upgraded the Issuer to BBB and Baa2, respectively, with a stable outlook, citing effective cost management, strong profitability and continued commitment to maintaining a strong balance sheet as contributing factors.

The Issuer is a public limited company (*sociedad anónima cotizada*) registered with the Madrid Commercial Registry (*Registro Mercantil*). The Issuer's shares are traded on the Spanish Stock Exchanges (Bolsas de Valores de Madrid, Barcelona, Valencia y Bilbao) through the Spanish Stock Exchange Interconnection System or Continuous Market (*Sistema de Interconexión Bursátil Español (SIBE) or Mercado Continuo*) and in the form of CDIs on the London Stock Exchange's Main Market.

[1] Source: IATA DDS

2. DEVELOPMENT OF THE GROUP

The Issuer was incorporated on 17 December 2009. On 21 January 2011, British Airways and Iberia merged (the "**Merger**"). As a result of the Merger, the Issuer became the parent company of British Airways and Iberia, with British Airways and Iberia remaining as separate legal and operating subsidiaries. British Airways can trace its roots back to the creation of Handley Page Transport and Instone Air Line in 1919. The present-day British Airways was created following the merger of British Overseas Airways Corporation, British European Airways, Cambrian Airways and Northeast Airlines in 1974. The privatisation of British Airways was completed in 1987, and it announced the formation of a new global alliance – '**one**world' – which initially included Iberia, Qantas, Cathay Pacific and American Airlines in 1999.

Iberia was founded in June 1927. In the 1950s, Iberia surpassed the half-million passenger mark and began operating flights between Spain and New York. In 2001, Iberia's privatisation process was completed and its shares were listed for the first time on the Spanish Stock Exchanges.

In 2012, Iberia launched Iberia Express to provide a short-haul operation from Spain that could effectively compete with low-cost competitors, and the Group made its first acquisition by acquiring British Midlands Airways Limited ("**bmi**"), which was fully integrated into British Airways. In 2013, the Group acquired further shares in Vueling, a Spanish low-cost carrier based in Barcelona, to take its ownership of the airline to 99.5% (it previously owned 45.9% through Iberia) and, in 2015, the Group acquired the Dublin-based airline, Aer Lingus. To continue its growth ambitions and to exploit under-served demand, in 2017, the Group launched LEVEL, a low-cost airline brand which provides services across the Atlantic. Having previously been operated by Iberia, LEVEL received its Air Operator Certificate ("**AOC**") in December 2024. In 2022, British Airways launched British Airways Euroflyer, operating short-haul flights from Gatwick Airport to destinations across Europe and North Africa. In 2022, the Group provided a loan to Globalia, the owner of Air Europa Holdings ("**Air Europa**"), which was then converted into the non-controlling interest of 20% of the share capital of Air Europa later in 2022.

The Group's operating model

The Issuer owns a portfolio of world-class brands and operations as well as platform businesses to complement its operations. The Group's operating model is based on an active parent company that invests in its airlines, with a culture of being stronger together. As the parent company, the Issuer is responsible for managing and allocating capital, driving the Group's overall performance and setting the agenda for sustainability and innovation. The Group's operating model drives synergies between businesses in its portfolio.

The Issuer allocates capital where it can generate the most sustainable returns for shareholders. As a result, the Group has a track record of delivering market-leading financial results through driving corporate strategy, allocating capital and managing the balance sheet and shareholder returns, managing financial stakeholders, driving value through M&A, partnerships and joint businesses, and managing funding of the business.

Each of the IAG Airlines is a standalone profit centre, with an independent credit identity and its own management team and board of directors. As a result, each of the IAG Airlines retains its own brand and individual cultural identity as it focuses on meeting the needs of its target customers and differentiating itself from its competitors. The Issuer actively engages and works collaboratively to performance-manage each of its businesses, which are, in each case, fully accountable for their operational and commercial performance and their customer value proposition.

The operating model brings different companies together to share ideas and expertise and to track progress. The Issuer sets the ambition for the Group, drives the talent and sustainability agendas, drives innovation and the capture of synergies, and provides centres of excellence to facilitate best-practice collaboration.

The composition of the Group is continually reviewed by the Issuer (including as part of its acquisition and divestment strategy) to ensure that it has the right balance of brands, businesses, and provision of services through the platform businesses. The Board of Directors believes that this operating model remains appropriate for the Group at present.

None of the IAG Airlines or any of the IAG Platform Business's shares are listed on any public stock exchange.

3. STRENGTHS AND LONG-TERM STRATEGY OF THE GROUP

3.1 Strengths

The Group has a track record of delivering value through an agile and resilient business model, leveraging its strengths to advance its strategic priorities.

(A) Unique operating model that drives growth and innovation

The Group has a portfolio of highly-recognised, well-regarded, and complementary brands, each focused on meeting a specific set of customer needs within their target demand spaces and geographies. The Group utilises customer data across its brands to ensure the delivery of a targeted and differentiated customer experience, with an increasing focus on personalisation. The Group's brands include full-service network carriers and value and low-cost carriers. This approach contrasts with that of many other carriers which attempt to serve all customer demand spaces with a single brand. The Issuer believes that having different brands focused on specific demand segments - rather than diluting a brand by attempting to serve all market segments and customer needs - enables the Group to better address the needs of its customers.

Customers travel for different reasons and have varying needs depending on the travel occasion. The Group operates across different demand spaces and maintains a diversified mix of premium versus non-premium, as well as leisure (non-corporate) and corporate.

The Group's portfolio of brands, together with its network proposition and pricing levers, enables customers to choose between the brands within the Group according to their travel occasion and destination. IAG Loyalty's Avios currency allows the IAG Airlines to deliver tailored frequent flyer programmes focused on the needs of their target demand spaces. The common loyalty currency, Avios, also encourages customers to choose to travel with brands in the Group, regardless of their travel occasion and allows them to redeem Avios with non-air partners and on other airlines. For further details on the IAG Airlines, see "*Business Overview - Airline operations*" below.

The Group continues to invest in its product offering, focusing on delivering customer satisfaction and differentiating the IAG Airlines' product and service offering from that of their competitors, including through the introduction of new aircraft and cabin retrofits. This has contributed to improved customer satisfaction, with the Group's Net Promoter Score ("**NPS**") increasing by 6.9 points to reach a score of 29.5 in 2025, having already previously increased by 4.0 points in 2024.

Across its portfolio, the Group's employees also play a pivotal role in shaping the unique cultural identity of each of the brands, while simultaneously providing safe and reliable operations. For further details see "*Business Overview - Employees and Labour Relations*" below.

(B) Global leadership positions

The Group has leading networks and schedules in three of the world's most attractive aviation markets: North Atlantic, Latin America and intra-Europe[2]. In 2025, the IAG Airlines and their partners served North America 136 times each day to 34 destinations. To and from Latin America, IAG Airlines alone operated 54 flights per day.

The size and position of the IAG Airlines' respective hubs – Barcelona, Dublin, London and Madrid – on the western side of Europe, give the Group a major competitive advantage and the IAG Airlines' positions in these respective markets means the Group benefits from, and can maximise its offering to, passenger traffic and air cargo at airports in those cities. The Issuer believes that leadership at a city, market, or route level is a key driver of overall and relative performance, and it is continually looking to strengthen and protect its leadership positions.

North Atlantic

The North Atlantic, in particular between the UK and the US, is one of the world's largest and most valuable aviation markets and the leading long-haul market from Europe by revenue in 2025. The IAG Airlines have a competitive advantage in this market due to the geographical location of the Group's hubs, the language and cultural links, the strong premium offering in a market with high premium demand, and being a part of the Atlantic Joint Business, the largest US-Europe joint business network for coordinating operations on transatlantic routes between Europe and North America. London is the leading aviation market globally for long-haul premium air travel, for which British Airways has a leading position, allowing it to be well-positioned to capture premium traffic to and from the US. The delivery of Airbus A321XLRs to Aer Lingus and Iberia will continue to increase flight frequencies to secondary cities in North America, allowing cost-efficient long-haul flights. The North Atlantic accounted for 30.4% of the Group's ASKs in 2025.

Latin America

The Latin American market continues to grow as economic investment, migration, and leisure travel to and from Europe continues to increase. From 2019 to 2025, there was a 43% increase in the number of Latin Americans arriving in Spain, accompanied by associated investment. The geographical location of the Group's hubs, along with the cultural connection between Spain and Spanish-speaking countries in Latin America, has enabled the Group to increase capacity to the region. Iberia's structural improvements have provided a strong foundation for its growth in Latin America, including its previous transformation and fleet modernisation, a more efficient cost-base, and an enhanced network to the region. As a result, in 2025, Iberia was the leading airline connecting Europe to Latin America[3]. In the same year, Latin America accounted for 16.3% of the Group's ASKs.

Europe

[2] Source: IATA DDS
[3] Source: IATA DDS

The Issuer operates both short-haul feeder traffic and point-to-point operations intra-Europe. Spain is the largest European domestic market and UK-Spain is the largest intra-Europe market, with IAG Airlines well-positioned to capture this traffic with leadership in London, Madrid and Barcelona. The Group has a competitive low-cost offering with Vueling and Iberia Express, as well as BA Euroflyer, to capture low-cost traffic. In 2025, intra-Europe accounted for 33.7% of the Group's ASKs.

Joint Businesses

The Group's leadership positions are further strengthened by a number of antitrust immunised joint businesses (the Atlantic Joint Business, the Siberian Joint Business, the Qatar Airways Joint Business, the China Southern Joint Business, and the Peru and Ecuador Joint Business), that enable commercial cooperation in areas such as network, code sharing and reciprocal frequent flyer benefits, as well as strategic alliances which allow it to expand its network coverage in an asset-light manner and better align customer propositions. These partnerships have enhanced the IAG Airlines' position in their home markets, helped create positions in new markets, and generated meaningful cost and revenue synergies across the Group.

The Group has a strong track record of successful consolidation and integration, which has grown and enhanced its leadership positions.

For further detail on the Group's investment in strengthening and maintaining leadership positions, its leverage of market leadership positions, and its network of joint businesses and strategic alliances, see "*Strengths and Long-Term Strategy of the Group - Long-Term Strategy - Growing a portfolio of global leadership positions*" below).

(C) A modern, fuel-efficient fleet

The Group invests in new, modern aircraft to drive operational efficiency (including reducing CO_2 emissions), update the onboard products to the latest style and technology and to support growth opportunities. This investment supports its strategy to strengthen its core markets and provides the platform for brand differentiation, thereby increasing customer NPS, as well as driving more efficient, sustainable operations. Acquiring the aircraft on a group basis means that the IAG Airlines can achieve benefits of scale in the procurement process.

(D) Experienced management teams with proven growth and transformation capabilities across the Group

Management teams across the Group have extensive experience in the aviation industry, with strong track records of driving value. The management teams have implemented significant structural changes since the Group was formed in 2011 and overseen transformation programmes to improve the efficiency of the Group's operations. Luis Gallego assumed the role of Group Chief Executive Officer of the Issuer on 8 September 2020. In his previous role as Chairman and Chief Executive Officer of Iberia, Mr Gallego led the turnaround of that airline, overseeing its Plan de Futuro transformation programme since 2014. The Board of Directors consider that the management team has the appropriate expertise to continue to execute the Group's transformation and innovation agenda in order to allow the Group to fulfil its potential.

(E) Track record of strong financial performance

The strengths of the Group outlined above have resulted in robust financial performance, which in turn has driven strong returns since the Group started returning capital in 2015. The Group has also delivered industry-leading operating margins and return on invested capital

("**ROIC**") since its inception in 2011, with operating margins before exceptional items of 15.1% in 2025 and 13.8% in 2024, compared to an industry average operating profit margin (measured by the International Air Transport Association) of 6.6% (expected) in 2025 and 6.4% in 2024. In 2025, the Group delivered ROIC of 18.5% (17.3% for 2024), above its target of 13-16%.

The Group allocates capital where it can achieve the most sustainable returns for shareholders. In addition, the platform businesses provide the Group's operating companies with opportunities to benefit from cost reductions and synergies by leveraging the Group's scale and removing duplicated functions (see "*Strengths and Long-Term Strategy of the Group - Long-Term Strategy - Enhancing the Group's platform businesses*" below).

As a result of the strong free cash flow generation historically and the disciplined liquidity management, the Group has achieved healthy cash and liquidity. As at 31 December 2025, the Group had a total liquidity position of €10,948 million, comprised of €8,319 million cash, cash equivalents and interest-bearing deposits, and €2,629 million of committed and undrawn general and aircraft finance facilities. The total liquidity and total cash, cash equivalents and interest-bearing deposits were equivalent to 33% and 25%, respectively, of the Group's 2025 revenue (€33,213 million), exceeding the Group's treasury policy liquidity target of 20%, compared to 31 December 2024 ratios of 42% and 31%, respectively.

The Group's first priority in its capital allocation framework is to maintain a strong balance sheet, using a target of net leverage below 1.8x through the cycle as a proxy for investment grade and with the objective to ensure gross leverage remains between 1.5x and 2.0x. At 31 December 2025, net leverage and gross leverage were 0.8x and 1.9x respectively, down from 1.1x and 2.5x respectively, at 31 December 2024. This financial strength is reflected in the Group's investment grade status with both Moody's and S&P. During the first six months of 2025, Fitch upgraded British Airways' standalone rating to BBB (stable), the highest rating it has achieved.

3.2 Long-term strategy

The Group leverages its strengths (as outlined in "*Strengths and Long-Term Strategy of the Group - Strengths*" above) to advance its strategic priorities and enable sustainable value creation. The Group's model, with its portfolio of brands and operations, will continue to drive commercial and operational synergies, benefitting from economies of scale, shared infrastructure, common IT investment and centralisation of corporate functions, facilitating transformation and innovation.

Strategic imperatives and priorities of the Group

In order to achieve the objectives of delivering sustainable long-term growth, generating market-leading returns and maximising total shareholder return while balancing the interests of all of the Group's stakeholders, the Group's long-term strategy is built around three key strategic imperatives, underpinned by its transformation and innovation programme:

A strong core

(i) Strengthening a portfolio of world-class brands

The Group is focused on strengthening the customer centricity of its world-class brands and operations, aiming to ensure its businesses deliver an unrivalled customer proposition that can adapt and meet changing customer expectations to drive improved levels of customer satisfaction. The Group will continue to deepen its understanding of changes in the needs and

expectations of different customer types over time. The brands will adapt their products, services, and differentiation against their competitors in order to win greater share of the relevant demand spaces.

The portfolio model enables, over the longer term, the balance of the brands to be adjusted to respond to more structural changes in demand. The Group regularly reviews its mix of brands and operations to ensure that it has the right brands focused on the right sections of the market. As part of this, the Group has the potential to deploy multi-brand strategies to target multiple demand segments in a given market. In parallel, the Group also assesses whether it has the right number of brands operating in its key geographies.

Beyond its airlines, the Group has other strong businesses in its diverse portfolio, including IAG Loyalty, IAG Cargo, and IAG Transform. Across its businesses, the Group will continue to focus on investing in products and services that will improve customer experience and increase levels of customer satisfaction, both standalone and relative to key competitors, and enable it to be a leader in terms of brand fit in its target demand spaces. The Group has demonstrated its commitment to its brands through the maintenance of its programme of cyber-related investments.

(ii) Growing a portfolio of global leadership positions

The Group allocates investment firstly to prioritise and strengthen its position in its core profit pools, which are the markets where the IAG Airlines have a leadership position, principally North and Latin America and intra-Europe.

Investing in the North Atlantic

The Group grew its capacity across the North Atlantic by 1.4% in 2025 and expects further growth to be driven by increasing network breadth and depth, aircraft deliveries, investment in the customer experience, and developing the Atlantic Joint Business. British Airways continued to consolidate its position in 2025, and expanded to serve Pittsburgh on a daily basis, increasing the frequency of flights to destinations such as Austin, Vancouver and Washington. British Airways retained its position as the leading European airline to the US[4], operating direct flights to around 30 cities in the US and Canada. From November 2024 and through 2025, Iberia and Aer Lingus deployed their new Airbus A321XLRs to the region where Iberia increased flights to Boston and Washington and launched flights to Orlando. Aer Lingus launched services to US secondary cities, such as Nashville and Indianapolis. LEVEL benefited from a full year of flying to Miami, a new route in 2024 and going forward its AOC will allow it to develop its transatlantic network.

Investing in the structurally-growing Latin American market

Latin America is a market which is growing strongly and Iberia's long-term strategy is to focus its long-haul growth on Latin America.

During 2025, Iberia continued its strategy to increase the frequency of flights to its primary destinations, with capacity growth of 4.4% in the year, increasing the frequency of flights on core routes such as Buenos Aires and Sao Paulo and launching flights to Recife. The purchase of additional Airbus A350-900 and Airbus A321XLR aircraft will continue to allow Iberia to increase flight frequencies to Latin America and to secondary cities, increasing its footprint and network breadth. The anticipated long-haul growth in Latin America will also benefit from leveraging partnerships in the region. LEVEL's transition to its own AOC during

2024 also positions it well to grow its presence in Latin America and in 2025 it increased flights to Buenos Aires and Santiago de Chile. Iberia's competitive cost base, investment in its customers and operational efficiency continues to deliver exceptional performance.

Intra-Europe

The IAG Airlines' portfolio of cost-efficient short-haul carriers is well-positioned to capture future growth opportunities and has a unique combination of point-to-point and connecting traffic. The Group continues to focus on transformation, with the aim of increasing the efficiency of its cost-base and maintaining operational excellence, including leading punctuality.

In Europe, the Group considers that the aviation market would benefit from further consolidation and believes there are likely to be opportunities to achieve this. Beyond Europe, to the extent ownership and control rules are relaxed and new opportunities arise, the Group will seek to participate where consolidation opportunities are value accretive and align with its portfolio model. In addition, the Group will continue to leverage its existing joint businesses, alliances, and partnerships, and, where appropriate, form new joint businesses (see "*Strengths and Long-term Strategy of the Group – Strengths – Global leadership positions*" above).

Capital-light earnings growth

(iii) Developing the Loyalty and Holidays businesses

Alongside the IAG Airlines, the Group is committed to growing its asset-light, complementary businesses, principally IAG Loyalty, which includes British Airways Holidays. IAG Loyalty generates higher growth and operating margins than the IAG Airlines, including non-seasonal, sustainable cash generation. In 2025, IAG Loyalty increased the number of Avios currency partners, with seven airlines now subscribed to the use of Avios as a global currency. Within IAG Loyalty, British Airways Holidays has the potential to develop, leveraging loyal airline customers and adding to the overall profitability of the business.

(iv) Leveraging the Group's strategic airline partnerships

The strategic airline partnerships are key to the Group, providing access to a larger global customer base and reward customers with a great choice of destinations covered by the loyalty schemes. The Group values, and continues to strengthen, its joint businesses and the **one**world alliance.

A sustainable value-creation framework

(v) Performing disciplined capital allocation and balance sheet management

The Group maintains a disciplined approach to capital allocation, which is designed to maximise long-term shareholder value. This ensures that the Group balances the needs of its stakeholders, including its customers, employees and investors.

The capital allocation framework sets out the order of priorities as follows:

- to maintain a strong balance sheet;
- to invest in rebuilding the Group's fleet;

- to invest in the customer experience, resilience, digital and sustainability;
- a commitment to sustainable dividend levels; and
- excess cash returned to shareholders if no organic or inorganic opportunities exist.

The Group's medium-term targets are as follows:

- an operating margin of 12-15%;
- ROIC of 13-16%;
- 2-4% organic ASK growth; and
- net leverage of below 1.8x through the cycle to support inorganic growth.

In 2025, all of the financial targets were achieved, due to the strong performance:

- an operating margin of 15.1% (2024: 13.8%);
- ROIC of 18.5% (2024: 17.3%);
- organic ASK growth of 2.4% (2024: 6.2%); and
- net leverage of 0.8x (2024: 1.1x).

(vi) Committed to sustainability

As an airline group, climate change is the Group's most material sustainability issue. The Group is committed to reducing its impact on both CO_2 and other (non-CO_2) emissions. In pursuit of aligning financial, environmental and customer sustainability, the Group has integrated sustainability considerations into its core business planning processes, extending to decisions regarding fleet acquisition, network planning, customer offerings and the structure of management incentives.

The Group led the industry by announcing its commitment to achieve net zero carbon emissions by 2050. This commitment, made in October 2019, was accompanied by a transition plan ("**Flightpath net zero**") which set ambitious, yet realistic, targets. The Group reviews and monitors its aircraft fleet, retiring older, less efficient aircraft where possible, to cut both its carbon and other greenhouse gas emissions. The Group's approach to sustainability is set out in more detail in "*Business Overview – Environment*" below).

(vii) Enhancing the Group's platform businesses

The Group believes there is potential to create more value and deliver further synergies by further centralising the operations and functions of the IAG Airlines and the Group's businesses onto the IAG platform. Such areas include fleet planning, procurement, talent and some commercial areas such as pricing and revenue management.

IAG Transform has continued the focus on enhancing new technology capabilities across the Group, such as changes to the .com platforms to support bookings, improvements to contact centres, and enhancements to disruption management solutions. Furthermore, IAG Transform continues to deliver initiatives to reduce operating costs and improve efficiency through process automation and workflow, negotiating agreements to extend supplier payables,

deferring deliveries, securing temporary discounts and amending payment terms, thereby improving the Group's cash position.

4. BUSINESS OVERVIEW

The Group consists of its five airlines brands, based in Ireland, Spain and the UK: Aer Lingus, British Airways, Iberia, LEVEL and Vueling. The Group's operations are supported by its platform and asset-light businesses, which include IAG Loyalty, IAG Transform and IAG Cargo and the Group's maintenance, repair and overhaul ("**MRO**") activities, allowing the Group's operations to benefit from cost reductions and synergies by leveraging the Group's scale. The following section details the Group's main businesses, brands and services as at the date of this Prospectus.

4.1 Airline operations

A significant portion of the Group's revenue is generated from full-service network carriers and low-cost carriers.

(A) British Airways

British Airways is a full-service airline with a resilient customer base, with London as its principal place of business, having a significant presence at Heathrow Airport, as well as operations at other London airports. London is the world's largest air passenger market by passenger volume and is the world's largest international premium passenger market by volume.

British Airways and its joint business and codeshare partners operate an extensive international scheduled airline route network. British Airways is a founding member of the **one**world alliance, whose member airlines serve more than 900 destinations in more than 170 countries worldwide.

During 2025, British Airways carried approximately 46.3 million passengers and generated revenues of £14,679 million (€17,186 million) (up 1.9% from 31 December 2024) and an operating profit before exceptional items of £2,230 million (€2,597 million) from continuing operations (up 8.9% from 31 December 2024).

British Airways continued its ambitious business-wide transformation plan in 2025, delivering best-in-class operating margins and covering investments across the fleet, customer proposition, IT estate, engineering, operations, and Net Zero ambitions. Investments continue to drive cost efficiencies, a step change in NPS and customer satisfaction, and high employee engagement across the business. The AI transformation initiatives British Airways has introduced have improved operational performance, accelerated departure times and improved responses to disruption, which has contributed to record punctuality performance of 80% in 2025 compared to 73% in 2024.

The transformation plan is transforming every area of the business. A personalised and seamless customer experience, delivered through a new BA mobile app, a re-platformed BA.com, a new payments platform, and enhanced distribution capabilities, is expected to transform the customer experience and drive revenue benefits. In 2024, as part of the transformation plan, British Airways announced its target to reach an operating margin before exceptional items of 15% by 2027. With an operating margin before exceptional items of 15.2% for the year ended 31 December 2025, the target was exceeded. The increase in operating profit reflects higher capacity flown, benefits associated with British Airways' transformation programme, lower fuel costs and strong unit cost discipline, as well as the

strength of British Airways' customer proposition and network strength, particularly in premium leisure.

British Airways took delivery of 13 new fuel-efficient aircraft in 2025. These new aircraft are expected to help British Airways transition to the Flightpath Net Zero carbon reduction commitment, the Group's long-term goal to reach net zero CO_2 emissions by 2050.

British Airways launched a new Subsidiary (as defined in the relevant Conditions), BA Engineering Gatwick ("**BAEG**"), which built additional resilience for the operation and shows a continued commitment to driving the future growth and transformation of British Airways Engineering. BAEG will benefit BA's customers by bringing additional skills, expertise and facilities into the business which will help to support a more reliable BA operation.

Some of British Airways' key performance measures from the last two financial years are shown below.

	2025	**2024**
Operating profit before exceptional items (£m)	2,230	2,048
(€m)	2,597	2,422
Operating margin before exceptional items	15.2%	14.2%
ASK growth per annum	1.7%	4.4%

(B) Iberia

Iberia is a full-service airline founded in 1927. Its hub is at Madrid Barajas Adolfo Suárez Airport and, together with its wholly-owned Subsidiary Iberia Express, Iberia flew to around 50 countries worldwide from Madrid Airport in the year ended 31 December 2025. Its core markets are Latin America, North America, the Spanish Islands, and intra-Europe. The addition of further Airbus A321XLR, A350-900 and A330-900 aircraft to its fleet are allowing Iberia to increase frequencies in core markets and grow capacity. From 2014 to 2025, due to its growth in profitability, Iberia's share of the Group's operating profit before exceptional items increased from 4% to 26%, demonstrating its increasing importance to the Group's financial performance and diversification.

In 2014, Iberia launched its *Plan de Futuro* (restructuring plan) which focused on implementing structural change across its business and restraining growth until structural cost savings and productivity improvements were achieved. The restructuring plan included projects and initiatives to strengthen its brand, digitalisation, and customer and operational offering, while maintaining focus on cost-efficiency. The transformation resulting therefrom has driven Iberia's profitability to industry-leading levels and created the most punctual airline in Europe.

Following the completion of *Plan de Futuro*, in 2025 the Iberia Group proposed a new strategic plan, Flight Plan 2030, which outlines a roadmap with a €6 billion investment to enable Iberia to achieve ambitious objectives in the coming years around three key strategic pillars; consolidating financial robustness and maintaining operational excellence, developing the leadership of the Madrid hub, and ensuring the long-term future of the Handling and Maintenance businesses. The medium-term ambition is for Iberia to achieve an operating profit in excess of €1,400 million and an operating margin between 13.5-15.0%. For the year

ended 31 December 2025, Iberia reached an operating margin before exceptional items of 16.2%, up from 13.6% in 2024, already exceeding its target, and an operating profit before exceptional items of €1,313 million (an increase of 27.8% compared to 31 December 2024 (€1,027 million)). In the year ended 31 December 2025, Iberia generated revenues of €8,085 million (an increase of 7.2% compared to 31 December 2024).

Iberia manages several complementary businesses in addition to its passenger and cargo operations, including maintenance, repair and general overhauls for engines, aircraft and components for the Iberia fleet, other IAG Airlines and third-party airlines. Iberia also manages Spain's largest airport handling operator providing passenger, baggage, and aircraft services across 38 airports in Spain.

	2025	2024
Operating profit before exceptional items (€m)	1,313	1,027
Operating margin before exceptional items	16.2%	13.6%
ASK growth per annum	0.9%	13.3%

(C) Vueling

Vueling is a European low-cost airline, carrying 38 million passengers over 227,112 flights (an increase of 0.1% compared to passengers carried in 2024), with a 90.5% load factor in the year ended 31 December 2025 and was ranked among the most punctual European airlines in 2025. For the year ended 31 December 2025, Vueling had an operating margin of 12.0%, generating revenues of €3,264 million (an increase of 0.1% from 31 December 2024) and an operating profit before exceptional items of €393 million (a decrease of 1.8% from 31 December 2024).

Vueling has a leadership position from its main base in Barcelona, however, as Vueling continues to expand across Europe, it has also developed bases across Spain, Italy, France, the Netherlands, and the UK.

As a low-cost carrier, Vueling focuses on efficiency and ongoing transformation of its cost base. In 2016, Vueling launched the NEXT Transformation Program to build operational resilience and improve financial performance. The programme concentrated on continuing investment in customer experience, improving operational resilience, and also included projects relating to cost reduction and digital innovation. Vueling's low-cost business model has an inherent digital and self-service capability, and the airline continues to introduce initiatives such as adding functionality to the virtual assistant, rolling out WhatsApp channels, and providing WiFi-onboard. At the same time, Vueling is enhancing its customer offering with, for example, a new summer menu, a dedicated disruption support team, improved wheelchair accessibility, and assistance for customers with UK Electronic Travel Authorisation information. Vueling is also developing software to automate and speed up decision-making in its schedule planning and Operations Control Centre.

In 2026, Vueling announced Rumbo 2035, its vision for the next decade, with a committed investment of €5 billion by 2030 to consolidate its leadership in Barcelona and Spain through strengthening its network, undertaking the transformation of its fleet and rolling out key initiatives in innovation and customer experience. Vueling aims to reach 60 million passengers a year within 10 years.

The order for 50 Boeing aircraft announced by the group in August 2025 marks the start of this transition towards a more uniform, next-generation fleet, which will improve operational efficiency, reduce fuel consumption and CO_2 emissions whilst enhancing the in-flight experience with a new value proposition.

Some of Vueling's key performance measures from the last two financial years are shown below.

	2025	2024
Operating profit before exceptional items (€m)	393	400
Operating margin before exceptional items	12.0%	12.3%
ASK growth per annum	3.5%	0.9%

(D) Aer Lingus

Aer Lingus was founded in 1936. In addition to its base in Dublin and other airports in Ireland, Aer Lingus operates from Continental Europe and North America with a fleet of 63 aircraft in service as at 31 December 2025.

For the year ended 31 December 2025, Aer Lingus had an operating margin of 11.1% and carried approximately 11.3 million passengers, generating revenues of €2,529 million (an increase of 6.4% from 2024) and an operating profit before exceptional items of €282 million (an increase of 37.6% from 2024). In 2025 Aer Lingus continued its business transformation by investing in data, digital and processes to improve the customer experience while striving for operational excellence. As a result, it achieved its highest-ever net promoter score, the strongest OTP since 2017, and improvements in aircraft technical reliability.

Aer Lingus has improved its OTP with a particular focus on its ground handling operations at Dublin Airport. This includes improvements in slot planning, standardisation of ramp teams, better communication to and between staff, and the introduction of a previous-night bag drop.

Aer Lingus continues to strengthen its North Atlantic position with the introduction of Airbus A321XLRs, new routes and investment in the customer proposition. Aer Lingus' ongoing transformation programme is expected to deliver significant improvements. In summer 2025, Aer Lingus began operating its biggest ever North American network, including starting its new services from Dublin to Nashville and Indianapolis, together with an expanded European leisure network. Aer Lingus also announced its first direct flight to Cancún, Mexico, starting in January 2026.

An overview of Aer Lingus' key performance measures from the last two financial years are shown below.

	2025	2024
Operating profit before exceptional items (€m)	282	205
Operating margin before exceptional items	11.1%	8.6%

ASK growth per annum	6.6%	3.5%

4.2 Non-airline businesses and operations

(A) IAG Cargo

IAG Cargo was created in 2011 through the integration of British Airways World Cargo and Iberia Cargo following the Merger. Since then, with the integration of additional airlines into the business, IAG Cargo now covers a global network spanning six continents. IAG Cargo operates from hubs located in London, Madrid and Dublin, utilising the IAG Airlines' and partner airlines' 'belly-hold' capacity and cargo assets to transport goods worldwide. By managing the airlines' cargo capacity as a unified network, IAG Cargo enables the Group to leverage its scale when transacting with freight forwarders.

In 2025, IAG Cargo delivered revenue of €1,238 million, representing a 0.3% increase year-on-year, supported by stable yields and modest volume growth. Cargo tonne kilometres similarly rose 0.4% compared with 2024, while overall yield was maintained at prior-year levels. Performance was underpinned by strong demand for premium products, with critical volumes increasing by 41% year-on-year as customers continued to rely on trusted partners for time-sensitive shipments. Perishable volumes also grew strongly, rising 12% year-on-year, with particularly notable strength on Latin America–Europe trade lanes (for example, Madrid volumes increased by 22%). During the year, IAG Cargo also announced plans to form a Global Cargo Joint Business with Qatar Airways Cargo and MASkargo, aimed at creating one of the world's most extensive air cargo networks and expanding its global reach.

(B) IAG Loyalty

Avios Group Limited (AGL), trading as IAG Loyalty, manages and develops the Avios reward currency for the IAG Airlines' loyalty programmes, supporting British Airways, Iberia, Aer Lingus and Vueling. The IAG Airlines' loyalty programmes allow members to collect Avios from participating partner companies for future redemption primarily against flights and other travel products. Members have the ability to collect Avios from their spend with non-air partner companies through credit cards (for example, American Express), supermarkets and many other retail outlets alongside the traditional collection through air partners.

IAG Loyalty is also expanding its reach by partnering with other airlines to adopt Avios as a loyalty currency, namely, Qatar Airways, Finnair and Loganair, which have adopted the Avios currency in 2022, 2024 and 2025, respectively. This provides a broader range of redemption opportunities for members of the IAG Airlines' loyalty programmes and enhances the overall customer proposition.

Furthermore, customer experience has been simplified across the Group's operating companies by transitioning to a spend-based earn model to support further member engagement, and by harmonising the loyalty programmes across the IAG Airlines. In 2025, the Group also saw significant growth in the business in terms of customers' engagement, whereby the IAG Airlines loyalty programmes' members earned 13% more Avios and redeemed 9% more Avios than in 2024.

IAG Loyalty's financial performance was strong in 2025, with the business in a net cash position with revenues up year-on-year to £2,600 million (€3,041 million) in 2025 (2024: £2,430 million (€2,862 million)), while operating profit rose to £469 million (€548 million) for 2025, compared to £420 million (€495 million) in 2024, resulting in an operating profit margin of 18.0% (2024: 17.3%).

During 2024, IAG Loyalty acquired British Airways Holidays from British Airways due to the synergies and benefits to IAG Loyalty with British Airways Holidays' strong potential for growth, enabling further penetration of British Airways' substantial customer base and expansive passenger network. British Airways Holidays is the IAG Airlines' tour operator with a profitable and growing business. British Airways Holidays enhances British Airways' distribution capabilities and product offering by selling package holidays and add-ons, such as hotel accommodation and other travel-related products, to support the sale of British Airways flights.

Strong financial results were further underpinned by a growing active member base for the IAG Airlines' loyalty programmes, which had more than 11 million active members for 2025 compared to 10 million in 2024.

(C) IAG Transform

IAG Transform drives digital transformation across the business with a particular focus on customer and commercial, operations, MRO, back office, data and AI, integration and automation, and core infrastructure, whilst safeguarding the Group's business through enhanced cyber security. Throughout 2025, significant progress was made on the transformation journey, with efforts concentrated on the planning and execution of many initiatives across the Group. This enabled the Group to become more efficient in developing skills and technologies, as well as more resilient in a rapidly-evolving global landscape. The transformation programme is therefore what distinguishes the Group from its competitors and underpins the delivery of best-in-class operating margins.

IAG Transform drives innovation, fosters a digital and agile culture across the Group, and seeks to deliver commercial value from IAG's core businesses through six main focus areas:

1. enhanced airport operations;

2. safe and efficient operations, underpinned by technical expertise;

3. sustainable operations both on the ground and in the air;

4. personalised in-flight experiences and on-board services;

5. seamless end-to-end journeys;

6. experiential and personalised loyalty programmes.

The IAG Transform start-up accelerator, IAGi, (formerly known as Hangar 51) is an incubation and investment programme looking to attract leading talent globally, including strategic partnerships with major technology suppliers. Through the IAGi accelerator programme, the Group is helping start-ups to scale and grow, and in 2025, the Group welcomed 30 startups to the IAGi accelerator to develop ideas that improve operations, make travel easier, and help aviation become more sustainable.

IAG Transform also provides certain centralised core finance and procurement functions for the Group, leveraging the Group's scale to deliver synergies. It aims to identify and implement process improvements by streamlining, standardising, and automating processes across the IAG Airlines wherever possible.

The Group procurement team is dedicated to simplifying the end-to-end supply chain, from sourcing through to payments. This includes a standardised workflow for all operating

companies and enhancing supplier spend analytics across the Group to identify potential savings.

4.3 Fleet

As at 31 December 2025, the Group had an in-service fleet of 627 aircraft with a weighted average age of 12.0 years (11.6 years as at 31 December 2024). The Group operates a fleet comprising of Airbus, Boeing and Embraer aircraft and includes both owned aircraft and leased.

The table below contains further detail about the Group's fleet as at 31 December 2025.

	Owned	Finance Lease	Operating Lease	Total 31 Dec 2025	Changes since 31 Dec 2024	Future Deliveries	Options
Airbus A319ceo	11	-	21	**32**	(4)	-	-
Airbus A320ceo	53	3	143	**199**	6	-	-
Airbus A320neo	6	49	28	**83**	9	38	30
Airbus A321ceo	14	-	28	**42**	-	-	-
Airbus A321neo	5	12	19	**36**	5	30	-
Airbus A321LR	-	-	8	**8**	-	-	-
Airbus A321XLR	7	4	-	**11**	8	2	14
Airbus A330-200	4	1	17	**22**	-	-	-
Airbus A330-300	4	4	12	**20**	-	-	-
Airbus A330-900	-	-	-	-	-	21	13
Airbus A350-900	1	6	16	**23**	1	8	7
Airbus A350-1000	2	14	2	**18**	-	6	12
Airbus A380	8	4	-	**12**	-	-	-
Boeing 737-8200	-	-	-	-	-	25	100
Boeing 737-10	-	-	-	-	-	25	-
Boeing 777-200	41	-	2	**43**	-	-	-
Boeing 777-300	9	-	7	**16**	-	-	-
Boeing 777-9	-	-	-	-	-	24	9
Boeing 787-8	8	2	2	**12**	-	-	-
Boeing 787-9	1	8	9	**18**	-	-	-
Boeing 787-10	3	7	2	**12**	1	38	10
Embraer E190	9	-	11	**20**	-	-	-
Group Total	**186**	**114**	**327**	**627**	**26**	**217**	**195**

- In the North Atlantic, the Group is driving returns and margins principally through the rebuilding of British Airways' premium capacity to pre-COVID-19 levels and through Iberia and Aer Lingus's new A321XLR aircraft, which are already exceeding expectations from both a customer and financial standpoint;

- In the Latin American market, Iberia's earnings growth is being accelerated by its fleet of A350 and now A321XLR aircraft;

- In the short-haul market, the Group's objective is broadly to maintain the overall fleet size, delivering some growth through upgauging as well as cost savings through new

efficient aircraft. In particular this is planned through the introduction of the Boeing 737 fleet at Vueling which will deliver lower ownership and operating costs at the airline;

- In 2025, the Group took delivery of 25 new aircraft from Airbus and Boeing: 13 for British Airways, seven for Iberia, and five for Aer Lingus. The IAG Airlines continue to invest in larger aircraft that support lower unit costs. British Airways continues to replace its Airbus A319 fleet with Airbus A320neo and A321neo aircraft, as well as changing the overall mix of the fleet as large long-haul aircraft (Airbus A350-1000 and Boeing 787-10) are delivered;

- The Group announced in 2025 that it has allocated 50 Boeing 737s to Vueling, which are scheduled to be delivered from late 2026. The Group also took delivery of nine used Airbus A320ceo aircraft directly from aircraft lessors for Vueling, partly to backfill additional aircraft maintenance requirements linked to the Pratt & Whitney 'GTF' engines issue.

- The Group continually reviews its fleet requirements and during 2025, it exercised options for six Airbus A350-900 aircraft for Iberia, together with six Airbus A350-1000 aircraft and six Boeing 777-9 aircraft for British Airways. In May 2025, the Group placed new orders for a further 53 wide-bodied aircraft, consisting of 21 Airbus A330-900neo aircraft, which can be deployed within Aer Lingus, Iberia or LEVEL; and 32 Boeing 787-10 aircraft for British Airways, 15 of which represented exercises of options;

- These orders will be used for a combination of fleet replacement and growth and form part of the Group's ongoing investment in new, modern aircraft to drive operational efficiency, reduce emissions, and enhance on-board products for customers. The aircraft subject to these orders will be delivered between 2028 and 2033 and will be deployed in alignment with the Group's long-term profit pool framework, forming a core component of the Issuer's long-term capital allocation strategy;

- British Airways now has 76% of Heathrow-based aircraft flying with the new award-winning business class product. British Airways has also begun fitting the Club Suite onto its fleet of Boeing 787-8 aircraft. Iberia continues to improve the customer experience through retrofitting its business suites to an updated version that includes privacy doors, and Aer Lingus is also updating its onboard product including a new business and new Premium Economy seat from Winter 2026.

The Group continues to focus on the modernisation and harmonisation of each IAG Airline's fleet. Increased commonality across the fleet allows the IAG Airlines to realise cost efficiencies in areas such as maintenance, cabin configuration and flight and cabin crew. The Group has a centralised fleet management function, Fleet Investments, which places orders directly from manufacturers and liaises with lessors. This team works closely with the IAG Airlines to understand their fleet requirements, while ensuring that capital is deployed across the Group in the most effective way. It also ensures that common aircraft types across the Group are harmonised to the greatest extent possible, allowing for a smooth transition of aircraft between the Group airlines if required.

Each of the IAG Airlines has been transitioning to new generation aircraft, which have improved fuel efficiency and environmental credentials compared to the previous generation of aircraft. The new generation of narrowbody aircraft introduced to the IAG Airlines are the Airbus A320neo family, and the order for the Boeing 737-8200 and Boeing 737-10. The widebody aircraft include the Boeing 787, Airbus A350, Airbus A330-900, and orders for the Boeing 777-9.

(A) British Airways

British Airways' in-service fleet comprised 298 aircraft as at 31 December 2025. The airline continues to take delivery of Airbus A320neo and Airbus A321neo short-haul aircraft, modernising its short-haul fleet. British Airways has taken delivery of 18 Airbus A350-1000 and 42 Boeing 787 long-haul aircraft and has on order four Airbus A320neo aircraft, two Airbus A321neo aircraft, six A350-1000 aircraft, 38 Boeing 787-10 aircraft and 24 Boeing 777-9 aircraft for delivery. The acquisition of these aircraft will allow British Airways to achieve operational savings from the utilisation of more fuel-efficient aircraft.

(B) Iberia

Iberia's in-service fleet comprised 120 aircraft as at 31 December 2025, seven of which were operating for LEVEL. The airline currently operates an all-Airbus fleet, consisting of both narrow and wide-body aircraft. During 2025, Iberia received six A321XLRs and one A350-900 to support future long-haul growth. At 31 December 2025, Iberia had on order eight A320neo aircraft, five A321neo aircraft, the last of its eight A321XLRs and eight A350-900 aircraft.

(C) Vueling

Vueling's in-service fleet comprised 139 aircraft as at 31 December 2025. The airline currently operates an all-Airbus fleet. The Group has allocated its order for 50 Boeing 737s to Vueling, which are scheduled to be delivered from late 2026. The deliveries will support Vueling's future network growth and replace older aircraft that will leave the fleet.

(D) Aer Lingus

Aer Lingus' in-service fleet comprised 63 aircraft as at 31 December 2025. The airline currently also operates an all-Airbus fleet and took delivery of five A321XLRs in 2024 and 2025, with the final A321XLR delivering in 2026. The Group has on order 21 A330-900neo aircraft which can be deployed within Aer Lingus, Iberia or LEVEL.

4.4 Regulatory environment

The international and strategic importance of the airline industry, along with its safety and security critical requirements, means that it will always be subject to a wide range of regulatory controls. The Issuer and each IAG Airline actively monitors and, where possible, participates in the development of global, regional and national regulations that may impact their respective businesses.

The regulatory environment plays a significant role in shaping the Group's activities, in particular through the legislative frameworks established by the EU, UK, Ireland and Spain. As at the date of this Prospectus, all IAG Airlines hold the necessary operating licences and AOCs to operate their respective networks.

Given the longstanding nature of aviation regulations, regulators in both the EU and the UK periodically assess whether these frameworks remain fit for purpose - often prompted by industry evolution, technological change, or political developments.

(A) International regulation

The International Civil Aviation Organisation is an agency of the United Nations and was established by the 1944 Chicago Convention on International Civil Aviation (the "**Convention**"). The Convention established the process of coordinating and regulating

international air services through bilateral air services agreements ("**ASAs**") between sovereign states. ASAs are international bilateral treaties between states, with government-negotiated terms and conditions covering all aspects of commercial scheduled air services between the two countries. An exception to this is the single aviation market arrangement which applies within the EU and the multilateral agreements between the EU and third countries. ICAO also agrees Standards Recommended Practices on a wide range of industry regulation which are then translated into national, or in the case of the EU, multinational regulations.

(B) EU regulation

The Group is and will continue to be affected by a wide range of EU laws and regulations. These include safety, security, aircraft operations, airline licensing, airport slot allocations, ground handling, competition, airport charges, consumer protection, insurance, environmental protection, air traffic control, corporation reporting and general data protection.

Since April 1997, EU air carriers have been able to provide passenger services on routes between and within EU Member States (and outside their 'home' country of operations) without restrictions on capacity, frequency, and fares. The European Free Trade Association states and a number of other neighbouring countries are also parties to a multilateral agreement known as the European Common Aviation Area.

Regulation (EC) No 1008/2008 sets the framework of air services regulation in the EU and includes nationality requirements for the holding of operating licences issued by EU Member States. Regulation (EC) No 1008/2008 requires that: (i) an air carrier must be owned and continue to be owned directly or through majority ownership by EEA states and/or nationals of EEA states (for the purposes of Regulation (EC) No 1008/2008, this includes also ownership by Switzerland and/or Swiss nationals), or a person qualifying as such for the purpose of Article 4 of Regulation (EC) No 1008/2008 pursuant to an agreement with a third country to which the EU is a party; and (ii) the air carrier must at all times be effectively controlled by such state(s) or person(s). All IAG Airlines, save for British Airways and Aer Lingus UK, which do not rely on operating licences issued by EU Member States, hold the necessary licences in line with this Regulation.

(C) Spanish regulation

Spanish aviation regulation is implemented primarily by the Spanish Aviation Safety Agency ("**AESA**") and the Civil Aviation General Direction ("**DGAC**"), both of which are organised as separate and independent entities within the Ministry for Transport, Mobility and Urban Agenda but organised as separate and independent entities among them, whose role is complementary.

AESA is the technical and operational and regulatory function and authority, focused on aviation safety, security and various technical aspects of civil aviation in Spain. AESA is in charge of the enforcement of EU legislation requiring compensation of airline passengers who have been denied boarding on a flight for which they hold a valid ticket or have had a flight delayed or cancelled (Regulation (EC) No. 261/2004).

AESA also has responsibility for licensing Spanish airlines, subject to the requirements of EU law. It issues operating licences under the provisions of Regulation (EC) No 1008/2008. To operate in the EU, a Spanish air carrier is also required to hold an AOC granted by AESA attesting to the air carrier's operational and technical competence to conduct airline services with specified types of aircraft. In addition to the AOC the air carrier needs to hold an operating

licence, also granted by AESA, which certifies that it meets the necessary financial, insurance and ownership requirements.

AESA has broad authority to amend or revoke these authorisations. Their continued validity depends on the air carrier's ongoing compliance with applicable laws and regulations. To ensure this, AESA conducts regular oversight through audits – covering areas such as flight operations, training, documentation or quality management, among others – to verify continued adherence to safety and operational standards.

In addition to issuing AOCs and licenses, AESA is responsible for overseeing and regulating the operations of Spanish air carriers. Its regulatory scope includes: air safety; aviation security; aircraft certification; personnel licensing and training; aircraft maintenance and airworthiness; aircraft operation and noise; and ground services. Spanish air carriers' aircrafts are required to have a Certificate of Airworthiness, which is issued by AESA. The validity of Certificates of Airworthiness issued and reviewed by AESA. AESA also holds extensive enforcement powers, including the authority to request reports, inspect records, facilities, procedures or aircraft, and initiate investigations and enforcement proceedings. Failure to comply with AESA regulations can result in revocation of the AOC.

The DGAC is responsible for designing aeronautical strategy and policy and regulatory coordination in the aviation sector in Spain. Its key functions include airport planning and infrastructure development as well as deciding maximum airport charges at all of AENA´s Spanish airports. The DGAC is also responsible for proposing national aviation regulation and implementing relevant EU legislation and international standards relating to air transport. It also manages public service obligations and administers subsidies for air travel, such as those benefiting residents in non-mainland territories and large families.

(D) UK regulation

The UK Department for Transport is responsible for overall air transport policy, and, in particular, relations with third countries including the negotiation of bilateral ASAs, which govern airline market access.

The Civil Aviation Authority (the "**CAA**") is responsible for overseeing and regulating air carriers in the UK. The CAA is responsible for licensing UK airlines through the issue of operating licences, route licenses and AOCs, subject to the requirements of UK and retained EU law. An operating licence is an authorisation permitting the holder to commercially transport passengers, mail, or cargo, by air. The criteria for granting an operating licence include, *inter alia*, an air carrier's financial fitness, the adequacy of its insurance and the fitness of the persons who will manage the air carrier and possession of an appropriate AOC.

The CAA also issues the relevant "route licences" to operate aircraft on flights involving the commercial carriage of passengers or cargo.

The CAA is also the designated UK enforcement body for a range of passenger legislation, including EU 261, which was incorporated into UK domestic law following the UK's departure from the EU on 31 December 2020, along with all other related aviation legislation. Furthermore, the CAA is responsible for the economic regulation of airports where necessary, and accordingly sets the maximum airport charges at Heathrow Airport.

The Air Passenger Duty Regulations 1994, along with its more recent amendments, impose a duty on the carriage of passengers from a UK airport, subject to limited exceptions. This duty is payable by operating carriers, whether based in the UK or abroad, and the amount payable is calculated by reference to the passenger's final destination and the class of travel.

(E) Irish regulation

Irish aviation regulation is implemented primarily by the Irish Aviation Authority ("**IAA**") and the Department of Transport. The IAA is responsible for licensing Irish airlines, subject to the requirements of EU law. It issues operating licences under the provisions of Regulation (EC) No 1008/2008.

The IAA is also responsible for deciding maximum airport charges at Dublin Airport, and for the enforcement of EU legislation requiring compensation of airline passengers in the event of cancellations and delays (under Regulation (EC) No. 261/2004).

The IAA is primarily responsible for the operational and regulatory function and services relating to the safety, security and technical aspects of aviation in Ireland. To operate in the EU, an Irish air carrier is required to hold an operating licence and an AOC granted by the IAA, attesting to the air carrier's operational and technical competence to conduct airline services with specified types of aircraft.

The IAA is also responsible for overseeing and regulating the operations of Irish air carriers. Matters within the scope of the IAA's regulatory authority include: air safety; aircraft certification; personnel licensing and training; maintenance, manufacture, repair, airworthiness, and operation of aircraft; implementation of EU legislation; aircraft noise; aviation security and ground services.

The DTTAS is responsible for implementation of certain EU and Irish legislation and international standards relating to air transport.

(F) Other National Regulation

The Group and the IAG Airlines are subject to an array of health, safety and environmental regulations (including regulations promulgated and enforced by local, national, the EU and international authorities). These regulations include passenger and employee safety, security, ground handling, airport charges, consumer protection, passenger taxes, environmental protection and air traffic control. The Group is also subject to regulations in the jurisdictions in which it operates regarding the use of personal data, particularly the GDPR in the UK and the EU (see "*Business Overview – Data Protection*" below).

4.5 Safety and security

The safety and security of the Group's customers and employees are of fundamental importance to the Group. The Group is committed to operating in a healthy, safe, and secure manner, in compliance with all applicable laws, regulations, company policies and industry standards. Each IAG Airline has robust governance in place, led by the relevant safety regulated positions in each IAG Airline and with each reporting from a governance perspective to its respective board of directors.

Responsibility for safety and security lies with each IAG Airline, which is assessed and monitored in accordance with its own applicable standards. Each IAG Airline holds the relevant and required operating licences and AOCs and appoints its own required post holders at the IAG Airline level.

In addition to this, the IAG Audit and Compliance Committee is responsible for regularly reviewing the internal control and risk management frameworks in its role as a board advisory committee, to ensure that a robust assessment has been undertaken to adequately identify,

manage and disclose principal and emerging financial and non-financial risks, including safety risks.

4.6 Environment

(A) Sustainability

The Group is committed to reducing its environmental impact and driving global improvements in the aviation industry's sustainability performance. The delivery of emission-reduction initiatives is performed in collaboration with key stakeholders. The Group reviews its targets in relation to available government policy support and market conditions to ensure it remains competitive with peers. The Group proactively advocates for government policies that support the industry's transition and technology development required towards meeting its climate goals.

The Group has aligned its sustainability programmes with the Group's strategic priorities, looking to pursue the nine KPIs agreed by the Group's Board of Directors in 2021:

- clear targets relating to the Group's most material issues;
- low-carbon transition pathway embedded in business strategy;
- accelerating progress in low-carbon technologies, including aircraft technology, SAF, carbon offsets and carbon removals;
- management incentives aligned to delivering a low-carbon transition plan;
- industry leadership in stakeholder engagement and advocacy;
- industry leadership in the innovation and deployment of SAF including power-to-liquids;
- stepping up its social commitments as a core value;
- high quality carbon disclosures; and
- investing in innovation in low-carbon technology.

(B) Climate change and global agreements

The Group supports the 1.5°C ambition of the Paris Agreement, and its net zero by 2050 target has been independently assessed by the Transition Pathway Initiative ("**TPI**") as aligned with this ambition. Additionally, the Group's near-term 20% net emissions reduction target by 2030 has been assessed as consistent with a pathway well below 2°C. The Group continues to review the evidence on aviation pathways that support this ambition and is engaging with relevant stakeholders, including the Science Based targets initiative ("**SBTi**") and International Organization for Standardization ("**ISO**"), to build an understanding of aviation industry pathways to net zero, how these contribute to national and global goals, and how companies and policymakers can drive investment into the low-carbon transition.

The aviation industry's contribution to greenhouse gas emissions is expected to rise relative to other transport providers, as decarbonisation presents a bigger challenge for the industry

than for some other sectors with alternatives to fossil-fuels. However, the aviation industry has responded to these challenges and has set up ambitious targets to mitigate greenhouse gas emissions from air transport. The aviation industry was the first industry to agree a global commitment to reduce its emissions and is the only sector to have agreed a global carbon pricing mechanism to help meet this commitment.

(C) The Group's climate change plan and targets

The Group's FlightPath Net Zero Strategy was launched in 2021 and includes the Group's transition plan to net zero emissions by 2050, with a focus on the implementation of the following decarbonisation levers.

- fleet modernisation;
- SAF usage;
- market-based measures (through participation in the EU, UK, CH ETS and CORSIA); and
- purchase of carbon removals to cover residual emissions.

The Group is working to deliver its climate targets: to reduce Scope 1 net emissions from direct operations by 20% by 2030, achieve a 20% reduction in Scope 3 emissions from the value chain by 2030, and deliver net zero emissions by 2050.

In 2025, the Group achieved a carbon intensity of 77.5gCO_2 per passenger kilometre (pkm), surpassing the 2025 target of 80.0gCO_2/pkm) and representing a 13% reduction against 2019 levels of 89.8gCO_2pkm. The main contributors to this achievement include an increase in the use of SAF to more than 291,000 tonnes (an increase of nearly 80% on 2024 volumes and one of the largest volumes used by any airline globally), operational efficiency initiatives, and the introduction of 25 new aircraft to the fleet, which reduce emissions compared to the aircraft they replace.

(D) Other environmental impacts of the business

While the Group's focus remains on its material issues identified in its double materiality assessment reviewed in 2025, it is also working across a range of other sustainability issues. Environmental issues include climate change (CO_2 and non-CO_2 emission effects of flying), waste recycling and reduction, biodiversity impacts (such as illegal wildlife trafficking), and mitigating the effects of aircraft noise and air pollution on local communities. The Group also works on social impacts, including modern slavery and human trafficking, and upholding human rights, both within the organisation and throughout its supply chain.

The Group remains committed to reducing the impact of aircraft noise and air pollution on local communities near airports. Noise and air quality performance are monitored using national databases and global aircraft noise standards.

In terms of supply chain management, the Group aims to do business and build relationships with suppliers who share the Group's values: acting with honesty and integrity in all business dealings, reducing the environmental footprint of the supply chain, improving safety, and strengthening contributions to building better societies, locally and globally.

4.7 Data protection

The Group is subject to significant obligations under applicable data protection legislation.

The Group has leveraged the expertise of strategic global partners to help ensure early detection of future threats through an enhanced 24/7 Security Operations Centre. Relevant testing and scans have been deployed across all IAG Airlines to support Payment Card Industry compliance and to fulfil the Group's requirements for the implementation of the GDPR, which came into effect in May 2018. The Group has been negatively impacted by cyber security breaches, and the cyber security threat remains a reality for all businesses today, requiring constant vigilance. Cyber security is a key risk priority for the Group. The Group works closely with leading experts to take steps to ensure the Group's systems and processes are robust.

In addition to data protection legislation, such as GDPR, some of the Group's airlines are also subject to the requirements of the National Information Security Directive with varied approaches taken by the different member states as they apply those requirements.

4.8 Insurance

The Group has insurance coverage which it believes is consistent with industry standards. Broadly, the Group's insurance coverage includes:

- hull (all risks) and liabilities insurance (including spares) in respect of its aircraft and engines;
- property damage insurance;
- employer's liability insurance;
- directors and officers insurance; and
- public and product liability insurance.

However, there can be no assurance that the amount of the Group's insurance coverage available in the event of a catastrophic loss, major safety or operational incident would be applicable or adequate to cover such losses (including any arising from claims, disputes or litigation) (see "*Risk Factors – Risks Relating to the Group's Business and Operations – Insufficient Insurance Cover*").

In the EU, air carrier liability is governed by Council Regulation (EC) No. 2027/97, as amended by Council Regulation (EC) No. 889/2002, which incorporates the provisions of the Montreal Convention. This legislation provides for unlimited liability of an air carrier in the event of death or bodily injuries suffered by passengers. Council Regulation (EC) No. 785/2024 as amended by Regulation (EC) No. 285/2010 on insurance requirements for air carriers and aircraft operators, establishes minimum insurance requirements for air carriers and aircraft operators in respect of passengers, baggage, cargo and third parties. Following the UK's withdrawal from the EU, this regulatory framework has been retained in UK law, ensuring continued alignment with the Montreal Convention and the EU's minimum insurance requirements. The IAG Airlines' liability insurance has been designed to meet the appropriate requirements of this legislation.

4.9 Employees and labour relations

(A) The workforce

Across its portfolio, the Group's employees play a pivotal role in the unique cultural identity of each of the Group's brands, while at the same time providing safe and reliable operations. Having a talented and productive workforce is key to the Group's strategy and the Group has a good track record of retaining and promoting talent. The Group focuses on leveraging employee expertise and ensuring the development of talent, with succession planning in place to ensure that the best people are moved across its various businesses. Each operating company in the Group is responsible for ensuring its employees complete mandatory training, with the majority of the training being provided to cabin crew and pilots.

As at 31 December 2025, the Group employed 75,786 employees (a 1.89% increase from the 74,378 employed as at 31 December 2024).

The Group has a significant proportion of employees who are members of their respective trade unions. The Group has well-established mechanisms for negotiation and dialogue with the unions representing their employees, in order to secure balanced agreements and ensure fair and competitive remuneration. Each operating company within the Group has its own human resources department and is responsible for the management of its employees. Consequently, collective bargaining takes place on a regular basis with the IAG Businesses' human resources departments, rather than as a single group unit. The Group also has a European Works Council ("**EWC**"), which brings together representatives from the different EEA countries in which the Group has operations. EWC representatives are informed and consulted about matters which may impact the Group's employees in two or more EEA countries.

The Group has continued to develop a model aimed at fostering a more long-term, partnership-based approach, aligning some elements of reward with the interests of all its stakeholders, including customer NPS, operational performance and profitability. There are currently multi-year agreements in place with all pilot and non-pilot groups, and the Group continues to work towards sustainable agreements with its other employee groups.

4.10 Pensions

The Group provides retirement benefits to certain of its current and former employees through a number of pension arrangements.

(A) Defined contribution schemes

The Group operates a number of defined contribution schemes for its employees, which includes the British Airways Pension Plan ("**BAPP**"). Costs recognised in respect of defined contribution pension plans in Spain, UK and Ireland for the year ended 31 December 2025 were €297 million (2024: €292 million).

(B) Defined benefit schemes

The Group operates two principal funded defined benefit pension schemes: Airways Pension Scheme ("**APS**") and New Airways Pensions Scheme ("**NAPS**"). Both schemes are domiciled in the UK and are closed to new members. Pension contributions for APS and NAPS were determined by actuarial valuations made at 31 March 2024, using assumptions and methodologies agreed between the Group and trustee of each scheme. At the date of the actuarial valuation, the actuarial surplus of NAPS amounted to €2,023 million and the surplus

of APS amounted to €179 million. Given the surpluses in APS and NAPS arising from the triennial valuations, as at 31 March 2024, neither scheme has a deficit contribution plan.

Total payments for the year ending 31 December 2025 net of service costs made by the Group were €33 million (2024: €37 million).

The next actuarial valuations for APS and NAPS are expected to be conducted as at 31 March 2027.

(C) International schemes

British Airways provides certain additional post-retirement healthcare benefits to eligible employees in the US such as through the US Post-Retirement Medical Benefit plan which is considered to be a defined benefit scheme. In addition, British Airways Holidays and Aer Lingus operate certain defined benefit plans, both funded and unfunded.

4.11 Atlantic Joint Business

In October 2010, British Airways commenced the Atlantic Joint Business with Iberia and American Airlines covering routes between North America and Europe. In July 2013, Finnair joined the Atlantic Joint Business. In December 2020, Aer Lingus was granted antitrust immunity by US Department of Transportation to join the Atlantic Joint Business.

In 2010, following an investigation under EU competition law, the European Commission accepted commitments from the parties to the Atlantic Joint Business Agreement in relation to six routes to address potential competition concerns. These commitments were binding for ten years. As the parties' commitments expired in 2020, the European Commission could re-assess the Atlantic Joint Business Agreement, however, as five of the six routes subject to commitments are from the UK, to prepare for the time when the European Commission may no longer have responsibility for competition law in the UK, the UK Competition and Markets Authority ("**CMA**") decided to review afresh the competitive impact of the Joint Atlantic Business Agreement. The CMA closed its investigation into the Atlantic Joint Business in August 2025, following Atlantic Joint Business accepting commitments from the relevant parties that resolved the CMA's competition concerns. The commitments have been agreed for a period of 10 years.

5. DIRECTORS AND MAJOR SHAREHOLDERS

5.1 Board of Directors of the Issuer

The Issuer's Board of Directors consists of eight independent directors, two proprietary non-executive directors and one executive director. Directors are elected at the annual general meeting for a period of one year.

Details of the Issuer's Board of Directors as at 19 May 2026 are as follows:

Name	***Position***	***External roles***	***Shareholdings in the Issuer (No. of shares)***
Javier Ferran	Non-Executive Director Chairman	Chairman, Casa Optima SPA Managing Partner, Terlos LLP and director of investee companies	774,750

Luis Gallego	Chief Executive Officer	Member of the Board of Governors and Member of the Chair Committee, IATA	2,919,410
Eva Castillo Sanz	Non-Executive Director	Trustee of the Council for Economy of the Holy See (Vatican) Trustee of the Board of the Comillas ICAI Foundation Member of Entreculturas Foundation Member of Advantere School of Management Member of the advisory board of NTT Data Spain S.L.U.	5,000
Margaret Ewing	Non-Executive Director	Senior independent non-executive director and Chair of the Audit and Risk Committee of ConvaTec Group Plc Non-executive Director and member of the Audit and Risk and Nominations Committees, ITV Plc	18,750
Maurice Lam	Non-Executive Director	Independent Director, Chairman of the Audit Committee and Member of the Board Risk Committee, Bank of China (Europe) S.A. Independent director and Chairman of the Audit & Compliance Committee of Banque Internationale à Luxembourg S.A.	0
Heather Ann McSharry	Non-Executive Director Senior Independent Director	Non-executive director, Chair of Nominations and Governance Committee of Jazz Pharmaceuticals Plc	55,000
Simone Menne	Non-Executive Director	Non-executive director, Siemens Energy Non-executive director and Audit Committee Chair, Henkel Non-executive director, Russel Reynolds Associates	0
Päivi Rekonen	Non-Executive Director	Non-executive director, WIPRO Limited	0

		Chair of the Board of Directors, Amina Bank AG Non-executive director, Konecranes Plc Member of the Supervisory Board and member of the Foundation, IMD Business School	
Nicola Shaw	Non-Executive Director	Chief Executive, Yorkshire Water	4,285
Bruno Matheu	Proprietary Non-Executive Director	Founder and President, BLM Consulting Senior Advisor Boston Consulting Group Board member, Transat A.T. Inc	0
Robin Phillips	Proprietary Non-Executive Director	Chairman of Development Funding Board for Pancreatic Cancer UK Senior Advisor for Circadence Corporation (US) Board member of IR-Scientific (Canada)	0

The business address for all members of the Board of Directors in the UK is Waterside (HAA2), PO Box 365, Speedbird Way, Harmondsworth, UB7 0GB and in Spain is El Caserío, Iberia Zona Industrial nº 2 (La Muñoza), Camino de La Muñoza, s/n, 28042, Madrid.

Interests of the Board of Directors

There are no actual or potential conflicts of interest between the duties of each member of the Board of Directors listed above to the Issuer and their private interests or other duties.

5.2 Management Committee of the Issuer

In addition to the Chief Executive Officer (as disclosed above), the Issuer's management committee includes the heads of the Issuer's business areas and its General Counsel.

Details of the Issuer's management committee as at 19 May 2026 are as follows:

Name	***Position***	***Management roles***
Luis Gallego	IAG Management Committee Member	Chief Executive Officer
Nicholas Cadbury	IAG Management Committee Member	Chief Financial and Sustainability Officer

Sarah Clements	IAG Management Committee Member	General Counsel
Sean Doyle	IAG Management Committee Member	Chair and Chief Executive Officer of British Airways
Adam Daniels	IAG Management Committee Member	Chair and Chief Executive Officer of IAG Loyalty
Julio Rodriguez	IAG Management Committee Member	Chief Commercial Strategy Officer
Carolina Martinoli	IAG Management Committee Member	Chair and Chief Executive Officer of Vueling
Lynne Embleton	IAG Management Committee Member	Chair and Chief Executive Officer of Aer Lingus
Jorge Saco	IAG Management Committee Member	Chief Transformation and Procurement Officer
Marco Sansavini	IAG Management Committee Member	Chair and Chief Executive Officer of Iberia
Jonathan Sullivan	IAG Management Committee Member	Chief Corporate Development Officer

In January 2026, it was announced that Nicholas Cadbury would be stepping down from his role in June 2026. José Antonio Barrionuevo has been appointed as his successor and he brings a strong track record in financial leadership and transformation in the aviation sector. He currently serves as Chief Financial and Transformation Officer at British Airways.

The business address for all members of the management committee in the UK is Waterside (HAA2), PO Box 365, Speedbird Way, Harmondsworth, UB7 0GB and in Spain is El Caserío, Iberia Zona Industrial nº 2 (La Muñoza), Camino de La Muñoza, s/n, 28042, Madrid.

Interests of the Management Committee

There are no actual or potential conflicts of interest between the duties of each member of the management committee listed above to the Issuer and their private interests or other duties.

5.3 Major Shareholders of the Issuer

As at 19 May 2026, the Issuer's issued share capital was made up of 4,611,669,527 shares with a nominal value of €0.10 each and belonging to a single class and series. As at the same date, the Issuer held 151,961,584 treasury shares and therefore the issued share capital excluding treasury shares was 4,459,707,943 shares. The Issuer's share capital is fully paid-up. No individual or legal entity controls the Issuer for the purposes of Article 42 of the Spanish Commercial Code (Real Decreto de 22 de agosto de 1885, por el que se publica el Código de Comercio). The most recent disclosures by the major shareholders of the Issuer in accordance with Royal Decree 1362/2007 of 19 October 2017 are as follows:

On 12 December 2024, Qatar Airways Group (Q.C.S.C) notified the Spanish CNMV of a 24.995% interest in the Issuer.

On 14 February 2025, Europacific Growth Fund notified the Spanish CNMV of a 3.036% interest in the Issuer.

On 11 February 2026, Capital Research and Management Company notified the Spanish CNMV of a 5.041% interest in the Issuer.

On 2 April 2026, Blackrock Inc notified the Spanish CNMV of a 3.538% interest in the Issuer.

5.4 Statutory Auditors

The Issuer has appointed KPMG Auditores, S.L., with its registered office at Paseo de la Castellana, 259 C, 28046, Madrid, Spain, as its approved statutory auditor for the financial years commencing 1 January 2023, 2024 and 2025.

KPMG Auditores, S.L. is registered in the Official Registry of Auditors (Registro Oficial de Auditores de Cuentas) under number S0702 and in the Madrid Commercial Registry under book 11,961, Section 8, Sheet 90, Page M-188,007.

5.5 Financial Year

The Issuer's financial year is from 1 January to 31 December of each year. The Issuer has prepared consolidated financial statements as at and for the years ended 31 December 2024 and 2025, as well as an unaudited interim management statement as at and for the three-month period ended 31 March 2026, copies of which have been filed with Euronext Dublin and the Central Bank.

6. RECENT DEVELOPMENTS

On 11 May 2026, the Issuer announced an invitation to the holders of its outstanding EUR 825,000,000 1.125% Senior Unsecured Convertible Bonds due 2028 with ISIN: XS2343113101 (the "**Convertible Bonds**") to offer to sell up to the outstanding principal amount of their Convertible Bonds to the Issuer for cash (the "**Invitation**").

On 12 May 2026, the Issuer announced that it had accepted for purchase a total of EUR 821,700,000 in aggregate principal amount of the Convertible Bonds, representing 99.6% of the aggregate principal amount of the Convertible Bonds then outstanding.

The settlement of the repurchase of the Convertible Bonds pursuant to the Invitation commenced on 19 May 2026, during which the Issuer is surrendering the relevant Convertible Bonds for cancellation in accordance with their terms and conditions. Following settlement of the Invitation, EUR 3,300,000 in aggregate principal amount of the Convertible Bonds is expected to remain outstanding.

TAXATION

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Bonds, and does not purport to deal with the tax consequences applicable to all categories of investors, some of whom may be subject to special rules. Prospective investors who are in any doubt as to their position should consult with their own professional advisers.

Taxation in Spain

The following summary describes the main Spanish tax implications arising in connection with the acquisition, holding and disposal of the Bonds by individuals or entities who are the beneficial owners of the Bonds (the "**Bondholders**" and each a "**Bondholder**").

This taxation summary solely addresses the principal Spanish tax consequences of the acquisition, the ownership and disposal of Bonds issued by the Issuer after the date hereof held by a holder of Bonds. It does not consider every aspect of taxation that may be relevant to a particular holder of Bonds under special circumstances or who is subject to special treatment under applicable law or to the special tax regimes applicable in the Basque Country and Navarra (*Territorios Forales*). Where in this summary English terms and expressions are used to refer to Spanish concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Spanish concepts under Spanish tax laws. This summary assumes that each transaction with respect to the Bonds is at arm's length.

All the tax consequences described in this section are based on the general assumption that the Bonds are initially registered for clearance and settlement in Euroclear and Clearstream, Luxembourg. Prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences, including those under the tax laws of the country of which they are resident, of purchasing, owning and disposing of Bonds.

The information provided below does not purport to be a complete summary of tax law and practice currently applicable in the Kingdom of Spain and is subject to any changes in law and the interpretation and application thereof, which could be made with retroactive effect.

1. Introduction

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Prospectus:

a) of general application, (i) First Additional Provision of Law 10/2014, of 26 June, on regulation, supervision and solvency of credit entities ("**Law 10/2014**"), as well as (ii) Royal Decree 1065/2007, of 27 July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes, as amended by Royal Decree 1145/2011 of 29 July ("**Royal Decree 1065/2007**");

b) for individuals resident for tax purposes in Spain who are Personal Income Tax ("**PIT**") tax-payers, (i) Law 35/2006, of 28 November, on the PIT and on the partial amendment of the Corporate Income Tax Law, Non-Resident Income Tax Law and Wealth Tax Law (the "**PIT Law**"), and (ii) Royal Decree 439/2007, of 30 March, approving the PIT Regulations which develop the PIT Law, along with (iii) Law 19/1991, of 6 June, on Wealth Tax (the "**Wealth Tax Law**"), (iv)

Law 38/2022, of 27 December, introducing temporary taxation of energy and of credit institutions and financial credit establishments which also creates a temporary solidarity tax on large fortunes (the "**Tax on Large Fortunes Law**") and (v) Law 29/1987, of 18 December, on Inheritance and Gift Tax ("**Inheritance and Gift Tax Law**"), as amended;

c) for legal entities resident for tax purposes in Spain which are Corporate Income Tax ("**CIT**") taxpayers, (i) Law 27/2014, of 27 November, on Corporate Income Tax (the "**CIT Law**"), and (ii) Royal Decree 634/2015, of 10 July, promulgating the CIT Regulations, as amended (the "**CIT Regulations**"); and

d) for individuals and entities who are not resident for tax purposes in Spain which are Non- Resident Income Tax ("**NRIT**") taxpayers, (i) Royal Legislative Decree 5/2004, of 5 March, promulgating the Consolidated Text of the NRIT Law, as amended (the "**NRIT Law**"), and (ii) Royal Decree 1776/2004, of 30 July, promulgating the NRIT Regulations, as amended, along with Wealth Tax Law, Tax on Large Fortunes Law and Inheritance and Gift Tax Law, as amended.

Whatever the nature and residence of the Bondholder, the acquisition and transfer of the Bonds will be exempt from indirect taxes in Spain, for example, exempt from Transfer Tax and Stamp Duty, in accordance with the consolidated text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September, and exempt from Value Added Tax, in accordance with Law 37/1992, of 28 December, regulating such tax.

2. Spanish tax resident individuals

2.1 Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*)

Both interest periodically received and income deriving from the transfer of the Bonds constitute a return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of Section 25.2 of the PIT Law, and must be included in the PIT savings taxable base of each investor and taxed at the relevant tax rate. For illustrative purposes, tax rates, for the tax year 2026, are 19% for taxable income up to €6,000; 21% for taxable income between €6,000.01 and €50,000; 23% for taxable income between €50,000.01 and €200,000, 27% for taxable income between €200,000.01 and €300,000; and 30% for taxable income exceeding €300,000.

As a general rule, both types of income may be subject to the corresponding withholding tax on account of PIT, at the applicable tax rate (currently 19%).

However, article 44 of Royal Decree 1065/2007 establishes simplified information procedures applicable to debt instruments issued under Law 10/2014 under which interest payments will be paid by the Issuer to the Fiscal Agent free of withholding tax, provided that such information procedures are complied with, as described in "*Disclosure Obligations in connection with payments on the Bonds*".

Nevertheless, withholding tax at the applicable rate (currently 19%) on interest payments may be deducted by other entities (such as depositaries or financial entities), provided that such entities are resident for tax purposes in Spain or have a permanent establishment in Spanish territory. Furthermore, in these cases, PIT taxpayers would be subject to withholding tax upon transferring the Bonds on the positive difference between the transfer price and the acquisition cost of those securities.

Amounts withheld, if any, may be credited by the relevant investors against their final PIT liability.

2.2 Wealth Tax (*Impuesto sobre el Patrimonio*) and Tax on Large Fortunes (*Impuesto temporal de Solidaridad de las Grandes Fortunas*)

According to Wealth Tax Law (subject to any exceptions provided under relevant legislation in each autonomous region (*Comunidad Autónoma*)), the net worth of any Spanish tax resident individuals in excess of €700,000 is subject to Wealth Tax in year 2026.

Therefore, investors who are Spanish tax resident individuals should take into account the value of the Bonds which they hold as at 31 December for the purposes of Spanish Wealth Tax, the applicable rates ranging between 0.2% and 3.5% (subject to any exceptions provided under relevant legislation in each autonomous region (*Comunidad Autónoma*)).

The Tax on Large Fortunes applies at the State level (Autonomous Communities do not have competences) as a complementary tax to Wealth Tax charged on net assets in excess of €3,000,000 at rates up to 3.5%. Any Wealth Tax paid will be deductible on the Tax on Large Fortunes.

Therefore, Spanish tax resident individuals holding Bonds should consult with their tax advisors when it comes to their specific situation.

2.3 Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any Bonds by inheritance, gift or legacy will be subject to the Inheritance and Gift Tax in accordance with the applicable Spanish regional or State rules (subject to any regional tax exemptions being available to them).

The applicable effective State's tax rates currently range between 0% (full exemption) and 81.6% (subject to any specific regional rules), depending on relevant factors.

3. Spanish tax resident legal entities

3.1 Corporate Income Tax (*Impuesto sobre Sociedades*)

Both interest periodically received and income deriving from the transfer of the Bonds must be included as taxable income of Spanish tax resident legal entities for CIT purposes in accordance with the rules for this tax, being typically subject to the standard rate of 25%.

According to article 44 of Royal Decree 1065/2007 the Issuer is not obliged to withhold any tax amount on interest payments made under the Bonds provided that the simplified information procedures (which do not require identification of the Bondholders) are complied with by the Fiscal Agent, as described in section "*Disclosure Obligations in connection with Payments on the Bonds*".

Income derived from the transfer of the Bonds shall not be subject to withholding tax (currently 19%) as provided by Section 61(s) of the Corporate Income Tax Regulations, to the extent that the Bonds are traded on organised markets in OECD countries. However, the Directorate General for Taxation's (*Dirección General de Tributos*) in consultation dated 27 July 2004, stated that in the case of issuances made by entities with tax residency in Spain (as in the case of the Issuer), application of this exemption requires that the Bonds be also placed outside Spain in another OECD country.

Amounts withheld, if any, may be credited by the relevant investors against their final CIT liability.

3.2 Wealth Tax (*Impuesto sobre el Patrimonio*) and Tax on Large Fortunes (*Impuesto temporal de Solidaridad de las Grandes Fortunas*)

Legal entities resident in Spain for tax purposes are not subject to Wealth Tax and Tax on Large Fortunes.

3.3 Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)

Legal entities resident in Spain for tax purposes which acquire ownership or other rights over the Bonds by inheritance, gift or legacy are not subject to the Inheritance and Gift Tax but must include the market value of the Bonds in their taxable income for Spanish CIT purposes.

4. Individuals and legal entities tax resident outside Spain

4.1 Non-Resident Income Tax (*Impuesto sobre la Renta de No Residentes*)

(a) Acting through a permanent establishment in Spain

Ownership of the Bonds by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

If the Bonds form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Bonds shall be, generally, the same as those previously set out for Spanish CIT taxpayers.

(b) Not acting through a permanent establishment in Spain

Both interest payments periodically received and income deriving from the transfer, redemption or repayment of the Bonds, obtained by individuals or entities who are not resident in Spain for tax purposes, and who are NRIT taxpayers with no permanent establishment in Spain, are exempt from NRIT.

In order for the exemption to apply to interest payments, it is necessary to comply with certain information obligations relating to the Bonds, in the manner detailed under "*Disclosure obligations in connection with payments on the Bonds*" as laid down in Article 44 of Royal Decree 1065/2007. If these information obligations are not complied with in the manner indicated, the Issuer will withhold 19%.

4.2 Wealth Tax (*Impuesto sobre el Patrimonio*)

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to the Wealth Tax will not be generally subject to such tax on the Bonds. Otherwise, under current Wealth Tax (and Tax on Large Fortunes) regulations, non-Spanish resident individuals whose properties and rights located in Spain (or that can be exercised within the Spanish territory) exceed € 700,000 in respect of each year would be subject to Wealth Tax (or Tax on Large Fortunes), the applicable rates ranging between 0.2% and 3.5%, without prejudice to any other exemption that may be applicable.

Individuals that are not tax resident in Spain may be entitled to apply the specific regulation of the autonomous community where their most valuable assets are located and which trigger

this Spanish Wealth Tax due to the fact that they are located or are to be exercised within the Spanish territory.

To the extent that income derived from the Bonds is exempt from NRIT, individual Bondholders not resident in Spain for tax purposes who hold Bonds on the last day of any calendar year will be exempt from Wealth Tax.

Legal entities tax resident outside Spain are not subject to Spanish Wealth Tax and Tax on Large Fortunes.

4.3 Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)

Individuals who are not tax resident in Spain and who acquire ownership or other rights over the Bonds by inheritance, gift or legacy, and who are tax resident in a country with which Spain has entered into a double tax treaty in relation to Inheritance and Gift Tax will be subject to the relevant double tax treaty.

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to Inheritance and Gift Tax in accordance with the applicable Spanish regional and State legislation described above.

However, if the deceased or the donee are resident in an EU or EEA Member State, the applicable rules will be those corresponding to the relevant autonomous regions according to the law.

Also, as a consequence of the Judgements of 19 February 2018 and 21 and 22 March 2018, the Spanish Supreme Court has declared that the application of state regulations when the deceased, heir or donee is resident outside of a Member State of the EU or the EEA violated EU law to the free movement of capital, so even in that case it would be appropriate to defend the application of regional regulations in the same cases as if the deceased, heir or donee was resident in a Member State of the EU. The General Directorate for Taxation has also ruled in accordance with those judgments (V3151-18 and V3193-18).

Legal entities that are not tax resident in Spain which acquire ownership or other rights over the Bonds by inheritance, gift or legacy are not subject to the Inheritance and Gift Tax. They will be subject to NRIT (as described above). If the entity is resident in a country with which Spain has entered into a double tax treaty, the provisions of such treaty will apply. In general, double tax treaties provide for the taxation of this type of income in the country of residence of the beneficiary.

5. Disclosure obligations in connection with payments on the Bonds

The Issuer is currently required by Spanish law to gather certain information relating to the Bonds. In accordance with Article 44 of Royal Decree 1065/2007 certain information with respect to the Bonds must be submitted by the Fiscal Agent to the Issuer at the time of each payment (or, alternatively, before the tenth calendar day of the month following the month in which the relevant payment is made).

Such information includes the following:

a) Identification of the Bonds (as applicable) in respect of which the relevant payment is made;

b) the date on which the relevant payment is made;

c) total amount of income from the Bonds; and

d) total amount of income (either from interest payments or redemption) corresponding to each clearing house located outside Spain.

In particular, the Fiscal Agent must certify the information above about the Bonds by means of a certificate (such certificate, the "**Payment Statement**"). In light of the above, the Issuer and the Fiscal Agent have arranged certain procedures to facilitate the collection of information concerning the Bonds by the close of business on the Business Day immediately preceding each relevant payment date. If, despite these procedures, the relevant information is not received by the Issuer on each payment date, the Issuer will withhold tax at the then-applicable rate (currently 19%) on the total amount of interest payable in respect of the relevant Bonds.

If, on or before the 10th calendar day of the month following the month in which the income is payable, the Fiscal Agent submits such statement to the Issuer, the Bondholders will be entitled to receive a payment of the amount so withheld.

If such statement is not submitted to the Issuer by that date, the Issuer will be obliged to pay to the Bondholders such additional amounts as will result in the receipt by the Bondholders, after the withholding, of such amounts as would have been received by the Bondholders if the withholding had not been required, except that no such additional amounts shall be payable if any of the exceptions referred to in Condition 8 (*Taxation*) of the relevant Conditions applies. If any of those exceptions does apply, the relevant Bondholder will not be entitled to receive any additional amount to compensate them for such withholding having been made.

In the case of Spanish-resident Bondholders, any amounts withheld may be credited in such Bondholders' Spanish income tax return filed in the year immediately following the year in which the relevant income is derived.

Non-Spanish-resident Bondholders may be entitled to claim refunds from the Spanish Treasury in respect of amounts withheld within four years following the last day on which the Issuer is obliged to pay any amounts withheld to the Spanish Treasury (which is generally the 20th calendar day of the month immediately following the relevant payment date) by filing with the Spanish tax authorities by February of the year following that in which the amount was withheld (i) the relevant Spanish tax form; (ii) proof of beneficial ownership; and (iii) a certificate of residency issued by the tax authorities of the country of tax residence of the relevant Bondholder, among other documents.

In the event that the currently applicable procedures were modified, amended or supplemented by, amongst others, a Spanish law, regulation, interpretation or ruling of the Spanish tax authorities, the Issuer will inform the Bondholders of such information procedures and of their implications, as the Issuer may be required to apply withholding tax on interest payments under the Bonds if the Bondholders would not comply with such information procedures. In such case, the Issuer will not pay additional amounts with respect to the Bonds as a result of the imposition of such withholding tax.

6. Other reporting obligations

Under the Eighteenth Additional Provision of the General Tax Law and Article 42 of Royal Decree 1065/2007, investors with tax residency in Spain (and who are therefore liable to pay Spanish taxes), holding securities deposited or located outside of Spain, will have to report them to the Spanish tax authorities provided that their value on 31 December exceeds €50,000.

Reporting is earned out through Tax Form 720 (approved by Order 72/2013 dated 30 January 2013). The Form will have to be filed before 31 March of the year following the acquisition (even where the securities were transferred prior to year-end). A new filing is required if the value of the total assets held abroad by the investor increases by €20,000 with respect to the last filing.

This reporting obligation does not apply to Spanish resident legal entities or permanent establishments as long as the securities are duly booked in their accounting records on an individualised basis.

Following the judgment of the Court of Justice of the European Union of 27 January 2022 (Case C-788/19), which held that certain aspects of the penalty regime associated with Form 720 were incompatible with EU law, Spain amended the Eighteenth Additional Provision of the General Tax Law by means of Law 5/2022, of 9 March, removing the disproportionate sanctions previously included therein. Hence, whilst failure to comply with this obligation may give rise to tax penalties and other adverse tax consequences, the penalty regime currently in force is more limited in scope than that originally applicable. Bondholders should consult their own tax adviser for further details.

7. The proposed financial transaction tax (the "FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since ceased to participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of the Bonds should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, in its work programme for 2026, the European Commission indicated that it intends to withdraw the FTT proposal. Prospective holders of Bonds are advised to seek their own professional advice in relation to the FTT.

With regard to the Spanish FTT, Law 5/2020, of 15th October, approving the Financial Transaction Tax (*Ley 5/2020, de 15 de octubre, del Impuesto sobre Transacciones Financieras*) (**Spanish FTT Law**) was published on the Spanish Official State Gazette on 16 October 2020. According to the terms of the Spanish FTT Law, this indirect tax will not apply to the acquisition of the Bonds.

SUBSCRIPTION AND SALE

The Managers have, pursuant to a Subscription Agreement dated 26 May 2026 (the "**Subscription Agreement**"), agreed to subscribe or procure subscribers for the Bonds, upon the terms and subject to the conditions contained therein. The Issuer will pay a commission to the Managers and will reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Bonds. The Subscription Agreement may be terminated in certain circumstances prior to payment being made to the Issuer.

United States

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act.

With respect to each tranche of Bonds, each Manager represents that it has offered and sold such Bonds, and agrees that it will offer and sell such Bonds (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date only in accordance with Rule 903 of Regulation S. Accordingly, with respect to each tranche of Bonds, neither it, nor its affiliates, nor any persons acting on its or their behalf have engaged in any directed selling efforts with respect to such Bonds, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. With respect to each tranche of Bonds, each Manager agrees that, at or prior to the confirmation of sale of such Bonds, and that it will have sent to each distributor, dealer or person receiving a selling concession fee or other remuneration that purchases from it during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

United Kingdom

Prohibition of sales to UK Retail Investors

Each Manager has represented and warranted that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any Bonds which are the subject of this Prospectus in relation thereto to any "retail investor" in the UK.

For the purposes of this section, the expression "**retail investor**" means a person who is not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Manager has represented and warranted that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the United Kingdom Financial Services and Markets Act 2000 (as amended "**FSMA**") received by it in connection with the issue

or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the UK.

Spain

Each Manager has acknowledged that the Bonds must not be offered, sold or distributed in Spain, except in circumstances which do not require the registration and publication of a prospectus in Spain or without complying with all legal and regulatory requirements under Spanish securities laws. Neither the Bonds nor the Prospectus have been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*, the "**CNMV**") and, therefore, the Prospectus is not intended for any public offer of Bonds in Spain that would require the registration and publication of a prospectus with the CNMV. The Bonds shall only be directed specifically at, or made to, professional clients (*clientes profesionales*), as defined in Article 194 of the Securities Market and Investment Services Law (*Ley 6/2023, de 17 de marzo, de los Mercados de Valores y de los Servicios de Inversión*) (the "**Spanish Securities Market and Investment Services Law**") and eligible counterparties (*contrapartes elegibles*), as defined in Article 196 of the Spanish Securities Market and Investment Services Law.

EEA Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any "retail investor" in the EEA.

For the purposes of this provision, the expression "**retail investor**" means a person who is one (or both) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFiD II; or

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Singapore

Each Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than:

(i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA; or

(ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

General

No action has been or will be taken in any jurisdiction by the Managers or the Issuer that would to the best of their knowledge permit a public offering of the Bonds, or possession or distribution of this Prospectus, or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, each Manager has represented, warranted and agreed that the Bonds have not been and will not be offered, sold or publicly promoted or advertised by it in any jurisdiction in which offers or sales would (to the best of its knowledge and belief) be prohibited by applicable law.

GENERAL INFORMATION

1. The Issuer has obtained all necessary consents, approvals and authorisations in Spain in connection with the issue and performance of the Bonds. The issue of the Bonds was authorised by resolutions of the Board of Directors of the Issuer, passed on 7 May 2026.

2. Subject to the disclosure included in Note 10 and Note 28 to the Issuer's 2025 Annual Financial Statements and the disclosures on the impact of the conflict in the Middle East on pages 7, 8 and 12 of the Issuer's 1Q 2026 Interim Management Statement, there has been no significant change in the financial performance or financial trading position of the Issuer or the Group since 31 March 2026, and there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2025.

3. Subject to the disclosure included in Note 10 and Note 28 to the Issuer's 2025 Annual Financial Statements and the disclosure in the "IAG Loyalty VAT" section on page 10 of the 1Q 2026 Interim Management Statement, neither the Issuer nor any other member of the Group is involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.

4. The Series A Bonds have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records) with a Common Code of 336467225. The International Securities Identification Number ("**ISIN**") for the Series A Bonds is XS3364672256.

   The Series B Bonds have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records) with a Common Code of 336467241. The ISIN for the Series B Bonds is XS3364672413.

   The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg, Grand Duchy of Luxembourg.

5. For so long as the Bonds of any tranche are outstanding (as defined in the Fiscal Agency Agreements), digital copies of the following documents will be available to view online at https://www.iairgroup.com/investors-and-shareholders/debtholders/ and, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), physical copies will be available for inspection at the registered offices of each of the Issuer and the Fiscal Agent (21 Moorfields, London EC2Y 9DB, United Kingdom):

   (a) the Fiscal Agency Agreements;

   (b) the articles of association of the Issuer;

   (c) a copy of this Prospectus together with any supplement to this Prospectus;

   (d) the Issuer's 2025 Annual Financial Statements;

(e) the Issuer's 2024 Annual Financial Statements; and

(f) the Issuer's 1Q 2026 Interim Management Statement.

6. This Prospectus will be published on the website of the Issuer https://www.iairgroup.com/investors-and-shareholders/debtholders/ and the website of Euronext Dublin (https://live.euronext.com).

7. The Issuer's 2025 Annual Financial Statements and the Issuer's 2024 Annual Financial Statements have been audited by KPMG Auditores, S.L. with its registered office at Paseo de la Castellana, 259C, 28046 Madrid, Spain, which are, incorporated by reference in, and which forms part of, this Prospectus (see "*Documents Incorporated by Reference*").

8. Applications have been made to Euronext Dublin to admit the Bonds of each tranche to listing on the Official List and to have the Bonds of each tranche admitted to trading on the Regulated Market; however, no assurance can be given that such application will be accepted. It is expected that admission of the Bonds of each tranche to the Official List and to trading on the Regulated Market will be granted on or before the Issue Date, subject only to the issue of the relevant Bonds. The expenses in connection with the admission of the Bonds to the Official List and to trading on the Regulated Market are expected to amount to approximately €2,240.

9. On the basis of the issue price of the Series A Bonds of 99.752 per cent. of their principal amount, the gross yield of the Series A Bonds is 3.938 per cent. on an annual basis.

On the basis of the issue price of the Series B Bonds of 99.723 per cent. of their principal amount, the gross yield of the Series B Bonds is 4.542 per cent. on an annual basis.

With respect to each tranche of Bonds, the relevant yield to maturity is calculated as at the pricing date on the basis of the issue price of such Bonds, the interest rate of such Bonds, the redemption amount of such Bonds and the tenor of such Bonds. It is not an indication of future yield.

10. Deutsche Bank Luxembourg S.A. is acting solely in its capacity as listing agent for the Issuer in relation to the Bonds and is not itself seeking admission of the Bonds to the Official List or to trading on the Regulated Market.

11. The language of the Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

12. The Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. The Managers and their affiliates may have positions, deal or make markets in the Bonds, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as

principal in order to manage their exposure, their general market risk, or other trading activities.

In the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and their affiliates. Where the Managers or their affiliates have a lending relationship with the Issuer and/or its affiliates they may routinely hedge their credit exposure to those entities consistent with their customary risk management policies. Typically, the Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Bonds. Any such positions could adversely affect future trading prices of the Bonds. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. The Managers will also receive fees for their role in the issuance.

THE ISSUER

International Consolidated Airlines Group, S.A.

El Caserío

Iberia Zona Industrial nº 2 (La Muñoza)

Camino de La Muñoza

s/n 28042 Madrid

Spain

FISCAL AGENT, TRANSFER AGENT AND PAYING AGENT

Deutsche Bank AG, London Branch

21 Moorfields

London EC2Y 9DB

United Kingdom

LEGAL ADVISERS

To the Issuer as to English law

Allen Overy Shearman Sterling LLP

One Bishops Square

London E1 6AD

United Kingdom

To the Issuer as to Spanish law

J&A Garrigues, S.L.P.

Plaza de Colón 2

28046 Madrid

Spain

To the Managers as to English and Spanish law

Linklaters, S.L.P.

Calle de Almagro, 40

28010 Madrid

Spain

AUDITOR TO THE ISSUER

KPMG Auditores, S.L.

Paseo de la Castellana, 259C

28046 Madrid

Spain

JOINT GLOBAL COORDINATORS AND JOINT LEAD BOOKRUNNERS

J.P. Morgan SE

Taunustor 1 (TaunusTurm)

60310 Frankfurt am Main

Germany

Morgan Stanley Europe SE

Grosse Gallusstrasse 18

60312 Frankfurt-am-Main

Germany

MUFG Securities (Europe) N.V.

World Trade Center, Tower Two, 5th Floor

Strawinskylaan 1887

1077 XX Amsterdam

The Netherlands

SMBC Bank EU AG

Neue Mainzer Straße 52-58

60311 Frankfurt am Main

Germany

PASSIVE BOOKRUNNERS

Barclays Bank Ireland PLC

One Molesworth Street

Dublin 2 DO2RF29

Ireland

Standard Chartered Bank

1 Basinghall Avenue

London EC2V 5DD

United Kingdom

CO-MANAGERS

CaixaBank, S.A.

Calle Pintor Sorolla 2-4

46002 Valencia

Spain

Commerzbank Aktiengesellschaft

Kaiserstraße 16 (Kaiserplatz)

60311 Frankfurt am Main

Federal Republic of Germany

Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH

Thurn und Taxis Platz 6

60313, Frankfurt am Main

Germany

NatWest Markets N.V.

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