

**RESOLUTIONS PROPOSED BY THE BOARD OF DIRECTORS OF  
INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A. TO THE 2013  
ANNUAL SHAREHOLDERS' MEETING**

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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the action you should take, you should immediately consult your independent professional adviser.

If you have sold or otherwise transferred all your shares in International Consolidated Airlines Group, S.A. (the “**Company**”), forward this document and any accompanying documents you receive in relation to such shares to the purchaser or transferee, or to the stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

**1. APPROVAL OF THE INDIVIDUAL ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT REPORT OF THE COMPANY AND THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT REPORT OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2012.**

**EXPLANATION:**

The directors present to the Shareholders' Meeting of the Company the individual annual financial statements and management report of the Company and the consolidated annual financial statements and management report of the Company and its subsidiaries for the financial year ended on December 31, 2012, together with the reports of the auditors.

**PROPOSED RESOLUTION:**

**RESOLUTION 1**

*“To approve the individual annual financial statements and management report of International Consolidated Airlines Group, S.A. and the consolidated annual financial statements and management report of International Consolidated Airlines Group, S.A. and its subsidiaries for the financial year ended on December 31, 2012, which were approved by the Board of Directors at its meeting held on February 27, 2013.”*

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**2. APPROVAL OF THE PROPOSAL FOR THE ALLOCATION OF RESULTS CORRESPONDING TO THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2012.**

**EXPLANATION:**

This resolution authorises the allocation of results of the Company corresponding to the financial year 2012, consisting of losses of 870,915,000 euros, to loss/profit for the year.

**PROPOSED RESOLUTION:**

**RESOLUTION 2**

*“To approve the proposed allocation of International Consolidated Airlines Group, S.A. 2012 losses, for the sum of €870,915,000 to loss/profit for the year.”*

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**3. APPROVAL OF THE MANAGEMENT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2012.**

**EXPLANATION:**

In this resolution, the Board of Directors requests the approval of its management during the financial year ended on December 31, 2012 in accordance with article 164 of the Companies Law (*Ley de Sociedades de Capital*).

**PROPOSED RESOLUTION:**

**RESOLUTION 3**

*“To approve the management of the Board of Directors during the financial year ended on December 31, 2012.”*

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**4. RE-ELECTION OF AUDITORS: A) RE-ELECTION OF ERNST & YOUNG, S.L. AS AUDITOR FOR THE FINANCIAL STATEMENTS OF THE COMPANY AND OF ITS CONSOLIDATED GROUP FOR FINANCIAL YEAR 2013 AND B) DELEGATION TO THE BOARD OF DIRECTORS TO DETERMINE THE TERMS AND CONDITIONS OF RE-ELECTION AND REMUNERATION OF ERNST & YOUNG, S.L. AS AUDITOR.**

The resolution for the appointment of Ernst & Young, S.L. as auditor and the resolution for the delegation to the Board of Directors to determine the terms and conditions of re-election and remuneration of Ernst & Young, S.L. will be separate votes.

**a) RE-ELECTION OF ERNST & YOUNG, S.L. AS AUDITOR FOR THE FINANCIAL STATEMENTS OF THE COMPANY AND OF ITS CONSOLIDATED GROUP FOR FINANCIAL YEAR 2013.**

**EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders' Meeting the re-election of Ernst & Young, S.L. as auditor of the Company and of its consolidated group for financial year 2013, upon prior proposal of the Audit and Compliance Committee.

**PROPOSED RESOLUTION:**

**RESOLUTION 4.a)**

*“To re-elect Ernst & Young, S.L. as auditor of International Consolidated Airlines Group, S.A. and of its consolidated group to conduct the audit for financial year 2013.”*

**b) DELEGATION TO THE BOARD OF DIRECTORS TO DETERMINE THE TERMS AND CONDITIONS OF RE-ELECTION AND REMUNERATION OF ERNST & YOUNG, S.L. AS AUDITOR.**

**EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders' Meeting that the Board of Directors will be delegated with the power to enter into a services agreement with Ernst & Young, S.L. to act as auditor to the Company and to its consolidated group on the terms and conditions and for the remunerate that the Board of Directors deems appropriate.

**PROPOSED RESOLUTION:**

**RESOLUTION 4.b)**

*“To delegate to the Board of Directors, with the express power of substitution, to enter into the corresponding services agreement with Ernst & Young, S.L. as auditor, on the terms and conditions and for the remuneration it deems appropriate, and to make such amendments as may be required in accordance with the law applicable at any time.”*

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## **5. RATIFICATION OF THE APPOINTMENT OF DIRECTORS BY CO-OPTION AND RE-ELECTION AND APPOINTMENT OF DIRECTORS:**

### **GENERAL EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders' Meeting the ratification of the appointment of directors by co-option and the re-election and appointment of the directors indicated below, upon proposal of the Nominations Committee.

When the Nominations Committee proposed the re-election of Sir Martin Broughton, Mr Patrick Cescau and Mr John Snow following a formal performance evaluation, such committee considered that such directors continue to contribute effectively to the running of the Company and have demonstrated commitment to the role.

The Nominations Committee reached the same conclusion regarding the director Mr José Manuel Fernández Norriella. Nevertheless, said director notified the Board of Directors of his intention, on personal grounds, not to stand for re-election at the next Annual General Shareholders' Meeting and to stand down as a director and a member of the Nominations and the Remuneration Committees with effect from the date of that Shareholders' Meeting. In his place, the Board of Directors proposes the appointment of Mr Alberto Terol Esteban as an independent director of the Company, upon proposal of the Nominations Committee.

The Board of Directors recommends that it is in the interests of the Company the ratification of the appointment by co-option of Mr Manuel Lagares Gómez-Abascal and Mr Luis Gallego Martín and the re-election of Sir Martin Broughton, Mr Patrick Cescau and Mr John Snow, so that they may continue in their roles as directors.

Each resolution of ratification, re-election or appointment of directors will be separate votes.

#### **a) TO RATIFY THE APPOINTMENT BY CO-OPTION OF MR MANUEL LAGARES GÓMEZ-ABASCAL AS A DIRECTOR, CLASSIFIED AS EXTERNAL PROPRIETARY DIRECTOR.**

### **EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders' Meeting the ratification of the appointment by co-option of Mr Manuel Lagares Gómez-Abascal as a director, classified as external proprietary director, upon proposal of the Nominations Committee.

- Professional profile and biographical data of Mr Manuel Gómez-Abascal:

Mr Manuel Lagares Gómez-Abascal has a degree in economic science and business studies from Universidad Pontificia de Comillas (ICADE) and a Master's degree in Public Finance and Tax from Universidad de Alcalá de Henares. He has worked as a tax inspector, and government comptroller and auditor. He was the chief executive officer of the Neinver Group, joining in 2004

as general manager. He was the manager of affiliated companies of Bankia; from October 2011 he was the general manager of Banco Financiero y de Ahorros. He was also the executive chairman of European Retail Property Fund (IRUS). Currently, he is also the vice-president of Indra, and a director of Iberdrola and Mapfre.

- Date of first and subsequent appointments as a director of the Company: Mr Manuel Lagares Gómez-Abascal was appointed as external proprietary director by co-optation by the Board of Directors of the Company on August 2, 2012.
- Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company held by the director: Mr Manuel Lagares Gómez-Abascal owns 100 Company shares.

#### **PROPOSED RESOLUTION:**

##### **RESOLUTION 5.a)**

*“To ratify the appointment of Mr Manuel Lagares Gómez-Abascal as a director with the status of external proprietary director designated by co-option by resolution adopted by the Board of Directors at the meeting held on August 2, 2012, upon proposal of the Nominations Committee, for a term ending on January 21, 2015 as it is the expiry date for the office term of the previous director he replaces, Mr Rodrigo de Rato y Figaredo.”*

- b) TO RATIFY THE APPOINTMENT BY CO-OPTION OF MR LUIS GALLEGO MARTÍN AS A DIRECTOR, CLASSIFIED AS EXECUTIVE DIRECTOR.**

#### **EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders' Meeting the ratification of the appointment by co-option of Mr Luis Gallego Martín as a director, classified as executive director, upon proposal of the Nominations Committee.

- Professional profile and biographical data of Mr Luis Gallego Martín:

Mr Luis Gallego Martín was appointed chief executive officer of Iberia in March 2013. He was previously chief executive of Iberia Express from January 2012. Before that, Luis was chief operating officer at Vueling from 2009, when the airline merged with Clickair. At Vueling, he was responsible for flight operations, training, quality and safety, maintenance and ground handling operations with a fleet of 47 aircraft and more than 1,600 employees. Under his leadership, Vueling achieved one of the best standards in punctuality in Spanish commercial aviation. Prior to joining Vueling, he was one of the founders of Clickair, the low cost airline in which Iberia had a stake. Until its merger with Vueling, Clickair was the fastest growing European airline. Between 1997 and 2006, he held various positions at the regional Spanish carrier Air Nostrum. He started his career at

BDE, an engineering and services company.

- Date of first and subsequent appointments as a director of the Company: Mr Luis Gallego Martín was appointed as executive director by co-optation by the Board of Directors of the Company on March 27, 2013.
- Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company held by the director: Mr Luis Gallego Martín owns 100 Company shares.

**PROPOSED RESOLUTION:**

**RESOLUTION 5.b)**

*“To ratify the appointment of Mr Luis Gallego Martin as a director with the status of executive director designated by co-option by resolution adopted by the Board of Directors at the meeting held on March 27, 2013, upon proposal of the Nominations Committee, for a term ending January, 21, 2015 as it is the expiry date for the office term of the previous director he replaces, Mr Rafael Sánchez-Lozano Turmo.”*

- c) **TO RE-ELECT SIR MARTIN BROUGHTON AS A DIRECTOR, CLASSIFIED AS EXTERNAL INDEPENDENT DIRECTOR.**

**EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders' Meeting the re-election of Sir Martin Broughton as a director, classified as external independent director, upon proposal from the Nominations Committee.

- Professional profile and biographical data of Sir Martin Broughton:

Sir Martin Broughton became chairman of British Airways in 2004, having been a board member since 2000. He served as president of the CBI from 2007 until 2009, and chaired the British Horseracing board from 2004 to 2007. Prior to that he was chairman of British American Tobacco, a role he took on in 1998, having previously been group chief executive and deputy chairman. He is chairman of Sports Investment Partners.

- Date of first and subsequent appointments as a director of the Company: Sir Martin Broughton was appointed as external independent director for the first time on May 25, 2010 and was last re-elected on November 29, 2010 (effective, January 24, 2011).
- Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company held by the director: Sir Martin Broughton owns (directly and indirectly) 69,090 Company shares. In addition, Sir Martin Broughton holds two convertible bonds in British Airways Plc.

**PROPOSED RESOLUTION:**

**RESOLUTION 5.c)**

*“To re-elect Sir Martin Faulkner Broughton as a director for the by-law mandated three-year term, upon proposal from the Nominations Committee, with the status of external independent director.”*

- d) TO RE-ELECT MR PATRICK CESCAU AS A DIRECTOR, CLASSIFIED AS EXTERNAL INDEPENDENT DIRECTOR.**

**EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders' Meeting the re-election of Mr Patrick Cescau as a director, classified as external independent director, upon proposal from the Nominations Committee.

- Professional profile and biographical data of Mr Patrick Cescau:

Mr Patrick Cescau joined the board of InterContinental Hotels Group PLC as chairman on January 1, 2013. He has been a non-executive director of Tesco PLC since February 2009, and was appointed the company's senior independent director in July 2010. He was group chief executive officer of Unilever from 2005 to 2009, having previously been chairman of Unilever PLC and deputy chairman of Unilever NV. He is a trustee of the Leverhulme Trust and chairman of the St Jude Children's Charity. He was appointed a Chevalier de la Légion d'Honneur in 2005.

- Date of first and subsequent appointments as a director of the Company: Mr Patrick Cescau was appointed as external independent director for the first time on September 27, 2010 and was last re-elected on November 29, 2010 (effective, January 24, 2011).
- Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company held by the director: Mr Patrick Cescau has no shares in the Company.

**PROPOSED RESOLUTION:**

**RESOLUTION 5.d)**

*“To re-elect Mr Patrick Jean Pierre Cescau as a director for the by-law mandated three-year term, upon proposal from the Nominations Committee, with the status of external independent director.”*

- e) **TO RE-ELECT MR JOHN SNOW AS A DIRECTOR, CLASSIFIED AS EXTERNAL INDEPENDENT DIRECTOR.**

**EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders' Meeting the re-election of Mr John Snow as a director, classified as external independent director, upon proposal from the Nominations Committee.

- Professional profile and biographical data of Mr John Snow:

Mr John Snow is president of JWS Associates LLC. He served as the 73rd United States (US) Secretary of the Treasury under President George W. Bush from February 2003 to June 2006. Prior to this he served as chairman, president and chief executive officer of CSX Corporation. He served in several senior roles at the US Department of Transportation under President Ford. His public service also includes his appointment by President Clinton as board chairman of the organisation established by Congress to oversee the air traffic control system in the US. He currently serves on the boards of Marathon Petroleum Corporation and Cerberus Capital Management LP where he is non-executive chair.

- Date of first and subsequent appointments as a director of the Company: Mr John Snow was appointed as external independent director for the first time on September 27, 2010 and was last re-elected on November 29, 2010 (effective, January 24, 2011).
- Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company held by the director: Mr John Snow has no shares in the Company.

**PROPOSED RESOLUTION:**

**RESOLUTION 5.e)**

*“To re-elect Mr John William Snow as a director for the by-law mandated three-year term, upon proposal from the Nominations Committee, with the status of external independent director.”*

- f) **TO APPOINT MR ALBERTO TEROL ESTEBAN AS A DIRECTOR, CLASSIFIED AS OTHER EXTERNAL DIRECTOR.**

**EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders' Meeting the appointment of Mr Alberto Terol Esteban as a director, classified as other external director, upon proposal of the Nominations Committee.

- Professional profile and biographical data of Mr Alberto Terol Esteban:

Mr Alberto Terol Esteban (57) is international senior advisor of BNP Paribas, S.A., independent director and chairman of the audit committee of Indra Sistemas, S.A., independent director and chairman of the audit committee of Obrascón Huarte Lain, S.A. (OHL), non executive director of Aktua, S.A. (participated by Centerbridge) and executive chairman of different family business of his own. He is also member of the Círculo de Empresarios (entrepreneurial association in Spain), where he has hold different responsibilities including board membership and chairing the Strategy Group.

He joined Arthur Andersen in 1997, where he became a partner in 1989 and held different senior responsibilities until 2001, such as managing partner of EMEA Tax & Legal managing partner, Global Tax & Legal managing partner, Europe managing partner, global managing partner of Andersen Legal, member of the Global Board of Partners and member of the Global Executive Committee. From 1998 to 2000 he was managing partner of Garrigues Andersen. In 2001 he joined Deloitte Touche Tohmatsu, where he served in several senior roles until 2009, such as managing partner of Global Tax & Legal, managing partner for Latin America, EMEA managing partner, member of the Worldwide Management Committee and member of the Global Executive Committee.

He holds a degree in Economics from the Universidad Complutense de Madrid, a master in Tax Management from the Universidad Pontificia Comillas (ICADE) and a master in Management (EDG) from the Instituto de Estudios Superiores de la Empresa (IESE).

- Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company held by the director: Mr Alberto Terol Esteban has no shares in the Company.

#### **PROPOSED RESOLUTION:**

##### **RESOLUTION 5.f)**

*“To appoint Mr Alberto Terol Esteban as a director for the by-law mandated three-year term, upon proposal of the Nominations Committee, with the status of external independent director.”*

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- 6. AUTHORISATION, FOR A TERM ENDING AT THE END OF NEXT YEAR'S ANNUAL SHAREHOLDERS' MEETING (OR, IF EARLIER, FIFTEEN MONTHS FROM THE DATE OF PASSING OF THIS RESOLUTION), FOR THE DERIVATIVE ACQUISITION OF THE COMPANY'S OWN SHARES BY THE COMPANY ITSELF AND/OR BY ITS SUBSIDIARIES, UPON THE TERMS PROVIDED BY APPLICABLE LAW AND SUBJECT TO THE FOLLOWING CONDITIONS: (A) THE MAXIMUM AGGREGATE NUMBER OF ORDINARY SHARES WHICH ARE AUTHORISED TO BE PURCHASED SHALL BE THE LOWER OF THE MAXIMUM AMOUNT PERMITTED BY THE LAW AND SUCH NUMBER AS REPRESENTS TEN PER CENT. OF THE AGGREGATE NOMINAL AMOUNT OF THE COMPANY'S ISSUED ORDINARY SHARE CAPITAL AS AT THE DATE OF PASSING THIS RESOLUTION; (B) THE MINIMUM PRICE WHICH MAY BE PAID FOR AN ORDINARY SHARE IS ZERO; (C) THE MAXIMUM PRICE WHICH MAY BE PAID FOR AN ORDINARY SHARE IS THE HIGHEST OF: (I) AN AMOUNT EQUAL TO FIVE PER CENT. ABOVE THE AVERAGE OF THE MIDDLE MARKET QUOTATIONS FOR THE ORDINARY SHARES AS TAKEN FROM THE RELEVANT STOCK EXCHANGE FOR THE FIVE BUSINESS DAYS IMMEDIATELY PRECEDING THE DAY ON WHICH THAT ORDINARY SHARE IS CONTRACTED TO BE PURCHASED; AND (II) THE HIGHER OF THE PRICE OF THE LAST INDEPENDENT TRADE AND THE HIGHEST CURRENT INDEPENDENT BID ON THE TRADING VENUES WHERE THE PURCHASE IS CARRIED OUT AT THE RELEVANT TIME; IN EACH CASE, EXCLUSIVE OF EXPENSES.**

**EXPLANATION:**

Under the Companies Law, shareholders' approval is required for the Company to purchase its own shares. This resolution grants authority for the Company to make market purchases of its own ordinary shares up to a maximum of ordinary shares representing 10 per cent. of the issued ordinary share capital of the Company. Once purchased by the Company, ordinary shares will either be held in treasury or cancelled as issued shares. The minimum price, exclusive of expenses, which may be paid for an ordinary share is zero. The maximum price, exclusive of expenses, which may be paid for an ordinary share is the highest of: (i) an amount equal to five per cent. above the average of the middle market quotations for the ordinary shares as taken from the relevant stock exchange for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out at the relevant time.

The directors have no present intention of exercising the authority to make market purchases under this Resolution 6 and the seeking of this authority should not be taken to imply that shares will be purchased. The directors will exercise this authority only when they consider such purchase to be in the best interests of the Company, and of its shareholders generally, and could be expected to result in an increase in the earnings per share of the Company.

The directors believe that it is in the best interests of shareholders that the Company should have the flexibility to make market purchases of its own shares.

The shares acquired pursuant to this authorisation may be delivered directly to the employees or directors of the Company or its subsidiaries or as a result of the exercise of

option rights held thereby.

Options to subscribe for 49,450,917 equity shares in the Company are outstanding on May 9, 2013, representing 2.67 per cent. of the issued share capital at the time. If the authority now being sought by Resolution 6 were to be fully used, these would represent 2.96 per cent. of the Company's ordinary issued share capital.

The authority will expire at the earlier of fifteen months from the date of the passing of this resolution and the conclusion of the annual Shareholders' Meeting of the Company held in 2014.

#### **PROPOSED RESOLUTION:**

##### **RESOLUTION 6**

*“Authorise the derivative acquisition of shares of International Consolidated Airlines Group, S.A. within the scope of article 146 of the Companies Law (Ley de Sociedades de Capital), complying with the applicable legislation and subject to the following conditions:*

- a) The acquisitions may be made directly by International Consolidated Airlines Group, S.A. or indirectly through its subsidiaries, on the same terms resulting from this resolution.*
- b) The acquisitions shall be made through purchase and sale, exchange or any other transaction permitted by the law.*
- c) The maximum aggregate number of ordinary shares which are authorised to be purchased is the lower of the maximum amount permitted by the law and the number as represents 10 per cent. of the aggregate nominal amount of the Company's issued ordinary share capital as at the date of passing this resolution.*
- d) The minimum price which may be paid for an ordinary share is zero;*
- e) The maximum price which may be paid for an ordinary share is the highest of:
  - (i) an amount equal to five per cent. above the average of the middle market quotations for the ordinary shares as taken from the relevant stock exchange for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and*
  - (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out at the relevant time; in each case;**in each case, exclusive of expenses.**
- f) The authorisation is granted for a term ending at the end of next year's annual Shareholders' Meeting (or if earlier, fifteen months from the date of passing of this resolution).*

*For the purposes of Article 146 of the Companies Law, it is expressly stated that the shares acquired pursuant to this authorisation may be delivered directly to the employees or directors of the Company or its subsidiaries or as a result of the exercise of option rights held thereby.”*

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- 7. AUTHORISATION TO THE BOARD OF DIRECTORS, WITH THE EXPRESS POWER OF SUBSTITUTION, FOR A TERM ENDING AT THE END OF NEXT YEAR'S ANNUAL SHAREHOLDERS' MEETING (OR, IF EARLIER, FIFTEEN MONTHS FROM THE DATE OF PASSING OF THIS RESOLUTION), TO INCREASE THE SHARE CAPITAL PURSUANT TO THE PROVISIONS OF ARTICLE 297.1.B) OF THE COMPANIES LAW, BY: (A) UP TO ONE-THIRD OF THE AGGREGATE NOMINAL AMOUNT OF THE COMPANY'S ISSUED ORDINARY SHARE CAPITAL AS AT THE DATE OF PASSING THIS RESOLUTION (SUCH AMOUNT TO BE REDUCED BY THE AMOUNT THAT THE SHARE CAPITAL HAS BEEN INCREASED BY AND THE MAXIMUM AMOUNT THAT THE SHARE CAPITAL MAY NEED TO BE INCREASED ON THE CONVERSION OR EXCHANGE OF ANY SECURITIES ISSUED UNDER PARAGRAPH (A) OF RESOLUTION 8); AND (B) UP TO A FURTHER ONE-SIXTH OF THE AGGREGATE NOMINAL AMOUNT OF THE COMPANY'S ISSUED ORDINARY SHARE CAPITAL AS AT THE DATE OF PASSING THIS RESOLUTION IN CONNECTION WITH AN OFFER BY WAY OF RIGHTS ISSUE (SUCH AMOUNT TO BE REDUCED BY THE AMOUNT THAT THE SHARE CAPITAL HAS BEEN INCREASED BY AND THE MAXIMUM AMOUNT THAT THE SHARE CAPITAL MAY NEED TO BE INCREASED ON THE CONVERSION OR EXCHANGE OF ANY SECURITIES ISSUED UNDER PARAGRAPH (B) OF RESOLUTION 8).**

**EXPLANATION:**

Under the Companies Law, shareholders' approval is required to grant the directors the authority to increase the share capital of the Company by issuing new shares against cash contributions.

The authority in this resolution will allow the directors to allot new ordinary shares up to one-third of the aggregate nominal amount of the Company's issued ordinary share capital as at the date of the passing of this resolution (that, at the date of approval of this proposal by the Board of Directors, would represent a total of 618,456,519 ordinary shares with a nominal value of 0.50 euro each) and in the case of a rights issue a further one sixth of the aggregate nominal amount of the Company's issued ordinary share capital as at the date of the passing of this resolution (that, at the date of approval of this proposal by the Board of Directors, would represent a total of 309,228,259 ordinary shares with a nominal value of 0.50 euro each). The amount of shares which may be issued under this resolution will be reduced by the number of ordinary shares which are issued and the maximum number of new ordinary shares which may be required to be issued for the purposes of the conversion or exchange of any securities issued under Resolution 8 (if passed).

There are no present plans to undertake a rights issue or to allot new ordinary shares under this Resolution 7. The directors consider it is desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place, should they determine it appropriate to do so without the need to incur the cost and delay of a shareholders' meeting of the Company to seek specific authority for an allotment. The Company currently has no treasury shares.

The authority will expire at the earlier of fifteen months from the date of the passing of this resolution and the conclusion of the annual Shareholders' Meeting of the Company held in 2014.

The directors of the Company have issued a report in order to justify the proposed resolution in accordance with the provisions of articles 285, 296.1, 297.1.b) and 506 of the Companies Law.

**PROPOSED RESOLUTION:**

**RESOLUTION 7**

*“Authorise the Board of Directors, to the fullest extent required under applicable law, with express power of substitution, and in accordance with article 297.1.b) of the Companies Law (Ley de Sociedades de Capital), to increase the share capital of the Company on one or more occasions and when required, through the issuance and placement into circulation of new ordinary shares (with or without a premium) the consideration for which shall be cash contributions, under the following terms:*

*1. Term of the authorisation.- The capital increases subject to this authorisation may be done within a term ending at the end of next year’s annual Shareholders’ Meeting (or, if earlier, fifteen months from the date of passing of this resolution).*

*2. Maximum amount authorised.- The aggregate maximum amount of the issuance or issuances of ordinary shares shall be: (a) one-third of the aggregate nominal amount of the Company’s issued ordinary share capital as at the date of passing this resolution (such amount to be reduced by the amount that the share capital has been increased by and the maximum amount that the share capital may need to be increased on the conversion or exchange of any securities issued under paragraph (a) of number 3 of Resolution 8); and (b) a further one-sixth of the aggregate nominal amount of the Company’s issued ordinary share capital as at the date of passing this resolution in connection with an offer by way of rights issue (such amount to be reduced by the amount that the share capital has been increased by and the maximum amount that the share capital may need to be increased on the conversion or exchange of any securities issued under paragraph (b) of number 3 of Resolution 8).*

*The Board of Directors may establish, as to all matters not otherwise contemplated, the terms and conditions of the share capital increase and may also freely offer the new shares that are not subscribed for within the period or periods for the exercise of pre-emptive rights. The Board of Directors may also resolve that, in the event of incomplete subscription, the share capital shall be increased only by the amount of the subscriptions made and amend the article of the by-laws relating to share capital and number of shares.*

*The Company shall, when appropriate, make application for listing of the shares issued under this authorisation on Spanish or foreign, official or unofficial, organised or other secondary markets, and the Board of Directors shall be authorised to carry out all acts and formalities that may be required for admission to listing with the appropriate authorities of the various Spanish or foreign securities markets.*

*The Board of Directors is expressly authorised to delegate the powers delegated thereto under this resolution, as permitted by Article 249.2 of the Companies Law.*

*For the purposes of this resolution, “rights issue” means an offer to existing ordinary shareholders to subscribe or purchase further securities in proportion to their ordinary*

*shareholdings (as near as may be practicable, but subject to such exclusions or other arrangements as the Board of Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter) made by means of the issue of pre-emption rights represented by securities decoupled from the ordinary shares to which they relate and which may be separately traded for a period before payment for the subscription or purchase is due.”*

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**8. AUTHORISATION TO THE BOARD OF DIRECTORS, WITH THE EXPRESS POWER OF SUBSTITUTION, FOR A TERM ENDING AT THE END OF NEXT YEAR'S ANNUAL SHAREHOLDERS' MEETING (OR, IF EARLIER, FIFTEEN MONTHS FROM THE DATE OF PASSING OF THIS RESOLUTION), TO ISSUE SECURITIES (INCLUDING WARRANTS) CONVERTIBLE INTO AND/OR EXCHANGEABLE FOR SHARES OF THE COMPANY, UP TO A MAXIMUM LIMIT OF 1,000,000,000 EUROS OR THE EQUIVALENT THEREOF IN ANOTHER CURRENCY, PROVIDED THAT THE AGGREGATE SHARE CAPITAL THAT MAY NEED TO BE INCREASED ON THE CONVERSION OR EXCHANGE OF ALL SUCH SECURITIES MAY NOT BE HIGHER THAN: (A) ONE-THIRD OF THE AGGREGATE NOMINAL AMOUNT OF THE COMPANY'S ISSUED ORDINARY SHARE CAPITAL AS AT THE DATE OF PASSING THIS RESOLUTION (SUCH AMOUNT TO BE REDUCED BY THE AMOUNT THAT THE SHARE CAPITAL HAS BEEN INCREASED UNDER PARAGRAPH (A) OF RESOLUTION 7); AND (B) A FURTHER ONE-SIXTH OF THE AGGREGATE NOMINAL AMOUNT OF THE COMPANY'S ISSUED ORDINARY SHARE CAPITAL AS AT THE DATE OF PASSING THIS RESOLUTION IN CONNECTION WITH AN OFFER BY WAY OF RIGHTS ISSUE (SUCH AMOUNT TO BE REDUCED BY THE AMOUNT THAT THE SHARE CAPITAL HAS BEEN INCREASED UNDER PARAGRAPH (B) OF RESOLUTION 7). ESTABLISHMENT OF THE CRITERIA FOR DETERMINING THE BASIS FOR AND TERMS AND CONDITIONS APPLICABLE TO THE CONVERSION OR EXCHANGE. DELEGATION TO THE BOARD OF DIRECTORS, WITH THE EXPRESS POWER OF SUBSTITUTION, OF THE POWERS REQUIRED TO ESTABLISH THE BASIS FOR AND TERMS AND CONDITIONS APPLICABLE TO THE CONVERSION OR EXCHANGE, AS WELL AS OF THE POWER TO INCREASE THE SHARE CAPITAL BY THE REQUIRED AMOUNT ON THE CONVERSION.**

**EXPLANATION:**

The authority in this resolution will allow the directors to issue securities (including warrants) convertible into and/or exchangeable for shares of the Company, up to a maximum limit of 1,000,000,000 euros or the equivalent thereof in another currency, and the nominal value of the shares which may be issued on the conversion or exchange of all such securities may not be higher than one-third of the aggregate nominal amount of the Company's issued ordinary share capital as at the date of the passing of this resolution (that, at the date of approval of this proposal by the Board of Directors, would represent a total of 618,456,519 ordinary shares with a nominal value of 0.50 euro each) and in the case of a rights issue a further one sixth of the aggregate nominal amount of the Company's issued ordinary share capital, in each case as at the date of the passing of this resolution (that, at the date of approval of this proposal by the Board of Directors, would represent a total of 309,228,259 ordinary shares with a nominal value of 0.50 euro each). The amount of shares which may be issued in accordance with the conversion or exchange of such securities will be reduced by the number of new ordinary shares issued under Resolution 7 (if passed).

There are no present plans to exercise the authority under this Resolution 8. The directors consider that it is in the best interests of the Company and its shareholders that the directors should retain the ability to respond to market developments and to enable the directors to issue securities (including warrants) convertible into and/or exchangeable for shares of the Company, without the need to incur the cost and delay of a shareholders' meeting of the Company to seek specific authority to do so.

The authority will expire at the earlier of fifteen months from the date of the passing of this resolution and the conclusion of the annual Shareholders' Meeting of the Company held in 2014.

The directors of the Company have issued a report in order to justify the proposed resolution in accordance with the provisions of articles 286, 297 and 511 of the Companies Law.

It is communicated to the Shareholders' Meeting that on May 9, 2013, the Board of Directors adopted a resolution to issue bonds convertible into and exchangeable for newly created or outstanding ordinary shares in the Company, with exclusion of the pre-emption right of the shareholders. Following completion of the bookbuilding process performed on May 14, 2013, the issue size was fixed at €390 million. The bonds will mature on May 31, 2018 and will accrue a fixed rate of interest of 1.75 % per annum, payable semi-annually in arrears, on November 30 and May 31 each year, starting on November 30, 2013. The initial conversion price for the bonds is €4.2503 per ordinary share. Subscription and payment for the bonds will take place on the closing date, which is anticipated to be not later than May 31, 2013.

It is expressly placed on record that this convertible and exchangeable bonds issue was approved by the Board of Directors under the authorisations granted by the Shareholders' Meeting held on June 21, 2012. To this effect, the report issued by the Board of Directors and the report issued by an auditor, other than the Company's auditor, appointed for that purpose by the Commercial Registry, required by Articles 414, 417 and 511 of the Companies Law regarding the above mentioned resolution are made available to the shareholders at the registered office (calle Velázquez, 130, Madrid - Shareholder Office (IAG), Monday to Friday, from 0900 to 1400 and from 1500 to 1800 (CET)) and on the Company's website ([www.iairgroup.com](http://www.iairgroup.com)).

## **PROPOSED RESOLUTION:**

### **RESOLUTION 8**

*“To authorise the Board of Directors, with the express power of substitution, pursuant to the general provisions governing the issuance of debentures and the provisions of Articles 286, 297 and 511 of the Companies Law (Ley de Sociedades de Capital) and Article 319 of the Regulations of the Mercantile Registry (Reglamento del Registro Mercantil), to issue securities under the following terms:*

- 1. Securities to be issued.- The securities contemplated in this authorisation may be debentures and bonds that are exchangeable for shares of the Company and/or convertible into shares of the Company, as well as warrants (options to subscribe for new shares of the Company or to acquire existing shares of the Company).*
- 2. Term of the authorisation.- The securities subject to this authorisation may be issued on one or more occasions and when required, within the term ending at the end of next year's annual Shareholders' Meeting (or, if earlier, fifteen months from the date of passing of this resolution).*

3. Maximum amount authorised.- The aggregate maximum amount of the issuance or issuances of securities approved under this delegation shall be 1,000,000,000 euros or the equivalent thereof in another currency, provided that the aggregate share capital that may need to be increased on the conversion or exchange of all such securities may not be higher than: (a) one-third of the aggregate nominal amount of the Company's issued ordinary share capital as at the date of passing this resolution (such amount to be reduced by the amount that the share capital has been increased under paragraph (a) of number 2 of Resolution 7); and (b) a further one-sixth of the aggregate nominal amount of the Company's issued ordinary share capital as at the date of passing this resolution in connection with an offer by way of rights issue (such amount to be reduced by the amount that the share capital has been increased under paragraph (b) of number 2 of Resolution 7).

For the purposes of this resolution, "rights issue" means an offer to existing ordinary shareholders to subscribe or purchase further securities in proportion to their ordinary shareholdings (as near as may be practicable, but subject to such exclusions or other arrangements as the Board of Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter) made by means of the issue of pre-emption rights represented by securities decoupled from the ordinary shares to which they relate and which may be separately traded for a period before payment for the subscription or purchase is due.

4. Scope of authorisation.- This authorisation extends as broadly as is required under law, to the establishment of the various terms and conditions of each issuance. By way of example and not of limitation, the Board of Directors shall be authorised to do the following with respect to each issuance: determine the amount thereof, always within the aforementioned overall quantitative limit; the place of issuance (in Spain or abroad); the domestic or foreign currency, and in the case of a foreign currency, its equivalence in euros; the name or form of the securities, whether they be bonds or debentures, including subordinated debentures, warrants (which may in turn be settled by means of the physical delivery of the shares or, if applicable, through the payment of differences in price), or any other name or form permitted by law; the date or dates of issuance; the number of securities and the par value thereof, which, in the case of convertible and/or exchangeable bonds or debentures, shall not be less than the par value of the shares; in the case of warrants and similar securities, the issue price and/or premium, the exercise price (which may be fixed or variable) and the procedure, period and other terms and conditions applicable to the exercise of the right to subscribe for the underlying shares or, if applicable, the exclusion of such right; the interest rate (whether fixed or variable), and the dates and procedures for payment of the coupon; whether the issuance is perpetual or subject to repayment and, in the latter case, the repayment period and the maturity date or dates; guarantees, reimbursement rate, premiums and lots; the form of representation, as securities or book entries; anti-dilution provisions; the rules applicable to subscription; the rank of the securities and the subordination clauses, if any; the law applicable to the issuance; the power to make application, where appropriate, for the listing of the securities to be issued on Spanish or foreign, official or unofficial, organised or other secondary markets, subject to the requirements established by applicable regulations in each case; and, in general, any other terms of the issuance as well as, if applicable, the

*appointment of the security-holders' syndicate representative (comisario) and the approval of the basic rules that are to govern the legal relationships between the Company and the syndicate of holders of the securities to be issued, in the event that such syndicate must or is decided to be created.*

*5. Basis for and terms and conditions applicable to the conversion and/or exchange.- In the case of issuance of convertible and/or exchangeable debentures or bonds, and for purposes of determining the basis for and terms and conditions applicable to the conversion and/or exchange, it is resolved to establish the following criteria:*

- a) The securities issued pursuant to this resolution shall be convertible into shares of the Company and/or exchangeable into shares of the Company, in accordance with a fixed or variable conversion and/or exchange ratio determined or to be determined, with the Board of Directors being authorised to decide whether they are convertible and/or exchangeable, as well as to determine whether they are mandatorily or voluntarily convertible and/or exchangeable, and if voluntarily, at the option of the holder thereof or of the Company, at the intervals and during the period established in the resolution providing for the issuance.*
- b) In the event that the issuance is convertible and exchangeable, the Board may also provide that the issuer reserves the right at any time to elect between conversion into new shares or the exchange thereof for outstanding shares of the Company, with the nature of the shares to be delivered being determined at the time of conversion or exchange, and may also elect to deliver a combination of newly-issued shares and existing shares of the Company and even to settle the difference in cash.*
- c) For purposes of the conversion and/or exchange, the securities shall be valued at the nominal amount thereof, and the shares at the fixed exchange ratio established in the resolution of the Board of Directors whereby this authorisation is exercised, or at a variable ratio to be determined on the date or dates specified in such resolution of the Board, based on the listing price of the Company's shares on the date(s) or during the period(s) used as a reference in such resolution, at a premium or at a discount, provided, however, that if a discount is established on the price per share, it shall not be greater than 25 per cent. of the value of the shares used as a reference value as set forth above.*
- d) In no event may the value of the share for purposes of the ratio for conversion of debentures into shares be less than the par value thereof. In addition, pursuant to the provisions of Section 415 of the Companies Law, debentures may not be converted into shares when the nominal value of the former is less than the par value of the latter.*

*6. Basis for and terms and conditions for the exercise of warrants.-*

*In the case of issuances of warrants, to which the provisions of the Companies Law on convertible debentures shall apply by analogy, the Board of Directors is authorised to determine, in the broadest terms, in connection with the basis for and terms and conditions applicable to the exercise of such warrants, the criteria applicable to the*

*exercise of rights to subscribe for or of rights to acquire shares of the Company arising from the securities of this kind issued under the delegation granted hereby. The criteria set forth in section 5 above shall apply to such issuances, with such adjustments as may be necessary in order to bring them into compliance with the legal and financial rules governing these kinds of securities.*

*7. Other powers delegated.- This authorisation to the Board of Directors also includes, without limitation, the delegation thereto of the following powers:*

- a) The power to increase the share capital to the extent required to attend requests for conversion and/or for exercise of the right to subscribe for new shares. These power may only be exercised so long as the capital increase the Board of Directors approves for the issue of convertible securities or warrants does not exceed the unused limit authorised in each moment by the General Shareholders' Meeting in accordance with article 297.1.b) of the Companies Law. This authorisation to increase the share capital includes the authorisation to issue and float, on one or more occasions, the shares representing such capital that are necessary to carry out the conversion and/or to exercise the right to subscribe for new shares, as well as the power to amend the article of the By-Laws relating to the amount of the share capital and the number of shares and, if appropriate, to cancel the portion of such capital increase that was not required for the conversion of shares and/or the exercise of the right to subscribe for new shares.*
- b) The power to elaborate on and specify the basis for and terms and conditions applicable to the conversion, exchange and/or exercise of the rights to subscribe for and/or acquire shares arising from the securities to be issued, taking into account the criteria set out in sections 5 and 6 above.*
- c) The delegation to the Board of Directors includes the broadest powers that may be required by law in order to interpret, apply, implement and develop the resolutions providing for the issuance of securities that are convertible into or exchangeable for shares of the Company, on one or more occasions, and to carry out the corresponding capital increase, as well as the power to correct and supplement such resolutions as to all matters that may be necessary and to comply with all legal requirements for the successful implementation thereof. To such end, the Board of Directors may correct any omissions or defects in the aforementioned resolutions that may be identified by any Spanish or foreign authorities, officers or bodies, and may also adopt all such resolutions and execute all such public or private documents as it may deem necessary or appropriate in order to adjust the preceding resolutions for the issuance of convertible or exchangeable securities and the corresponding capital increase to the oral or written assessment of the commercial registrar or, in general, of any other Spanish or foreign competent authorities, officers or entities.*

*8. Admission to trading.- Whenever appropriate, the Company shall make application for listing on Spanish or foreign, official or unofficial, organised or other secondary markets of the convertible and/or exchangeable debentures and/or bonds or of the warrants issued by the Company exercising the powers delegated hereby, and the Board of Directors is*

*authorised, as fully as is required by law, to conduct all acts and formalities that may be necessary for admission to listing before the appropriate authorities of the various Spanish or foreign securities markets.*

*It is expressly stated for the record that if application is subsequently made for delisting of the securities, it shall be made in compliance with the same formalities as the application for listing, to the extent applicable, and, in such case, the interests of the shareholders or debenture holders opposing or not voting on the resolution shall be safeguarded in compliance with the requirements established by applicable law. In addition, it is expressly stated that the Company undertakes to abide by Stock Market regulations, whether now existing or as may hereafter be issued, particularly as regards trading, continued listing and delisting of securities.*

*9. Guarantee of issues of convertible and/or exchangeable securities or warrants by subsidiaries.- The Board of Directors is also authorised to guarantee on behalf of the Company, within the limits set forth above, new issuances of convertible and/or exchangeable securities or warrants by subsidiaries during the effective period of this resolution.*

*10. Power to delegate.- The Board of Directors is expressly authorised to delegate the powers delegated thereto under this resolution, as permitted by Article 249.2 of the Companies Law.”*

\* \* \*

**9. AUTHORISATION TO THE BOARD OF DIRECTORS, WITH THE EXPRESS POWER OF SUBSTITUTION, TO EXCLUDE PRE-EMPTIVE RIGHTS IN CONNECTION WITH THE CAPITAL INCREASES AND THE ISSUANCES OF CONVERTIBLE OR EXCHANGEABLE SECURITIES THAT THE BOARD OF DIRECTORS MAY APPROVE UNDER THE AUTHORITY GIVEN UNDER RESOLUTION 7 OR RESOLUTION 8 FOR THE PURPOSES OF ALLOTING ORDINARY SHARES OR CONVERTIBLE OR EXCHANGEABLE SECURITIES IN CONNECTION WITH A RIGHTS ISSUE OR IN ANY OTHER CIRCUMSTANCES FOR THE PURPOSES OF ALLOTING ORDINARY SHARES OR CONVERTIBLE OR EXCHANGEABLE SECURITIES SUBJECT TO AN AGGREGATE MAXIMUM NOMINAL AMOUNT OF THE ORDINARY SHARES SO ALLOTTED AND THAT MAY BE ALLOTTED ON CONVERSION OR EXCHANGE OF SUCH SECURITIES OF FIVE PER CENT. OF THE AGGREGATE NOMINAL AMOUNT OF THE COMPANY'S ISSUED ORDINARY SHARE CAPITAL AS AT THE DATE OF PASSING THIS RESOLUTION.**

**EXPLANATION:**

If the directors wish to allot new ordinary shares the Companies Law requires that these shares are offered first to existing shareholders in proportion to their existing holdings.

This resolution delegates power to the Board of Directors to allot new ordinary shares or securities which may be converted or exchanged into new ordinary shares either in accordance with a rights issue or where the value of the ordinary shares so allotted and that may be allotted on the conversion or exchange of such securities is up to a nominal amount of five per cent. of the aggregate nominal amount of the Company's issued ordinary share capital as at the date of the passing of this resolution, without the shares or convertible or exchangeable securities first being offered to existing shareholders in proportion to their existing holdings, in connection with the capital increases and the issuances of convertible or exchangeable securities that the Board of Directors may approve under the authority given under Resolution 7 or Resolution 8 (if passed).

The Board of Directors intends to adhere to the provisions in the UK Pre-emption Group's Statement of Principles as if they applied to a Spanish incorporated company not to allot shares for cash on a non pre-emptive basis (other than pursuant to a rights issue or pre-emptive offer) in excess of an amount equal to 7.5 per cent. of the total issued ordinary share capital of the Company within a rolling three year period without prior consultation with shareholders.

The directors of the Company have issued a report in order to justify the proposed resolution in accordance with the provisions of articles 506 and 511 of the Companies Law.

**PROPOSED RESOLUTION:**

**RESOLUTION 9**

*"To authorise the Board of Directors, with the express power of substitution, to totally or partially exclude legal pre-emptive rights as permitted by Article 506 and Article 511 of the Companies Law (Ley de Sociedades de Capital) in connection with the capital increases and the issuances of convertible or exchangeable securities that the Board of*

*Directors may approve under the authority given under Resolution 7 or Resolution 8 provided that the such capital increases and issuances of convertible or exchangeable securities are (a) for the purposes of allotting ordinary shares or convertible or exchangeable securities in connection with a rights issue; or (b) in any other circumstances, for the purposes of allotting ordinary shares or convertible or exchangeable securities subject to an aggregate maximum nominal amount of the ordinary shares so allotted and that may be allotted on conversion or exchange of such securities of five per cent. of the aggregate nominal amount of the Company's issued ordinary share capital as at the date of passing this Resolution.*

*The Board of Directors is expressly authorised to delegate the powers delegated thereto under this resolution, as permitted by Article 249.2 of the Companies Law.*

*For the purposes of this resolution, "rights issue" means an offer to existing ordinary shareholders to subscribe or purchase further securities in proportion to their ordinary shareholdings (as near as may be practicable, but subject to such exclusions or other arrangements as the Board of Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter) made by means of the issue of pre-emption rights represented by securities decoupled from the ordinary shares to which they relate and which may be separately traded for a period before payment for the subscription or purchase is due."*

\* \* \*

**10. AUTHORISATION TO THE BOARD OF DIRECTORS, WITH THE EXPRESS POWER OF SUBSTITUTION, FOR A TERM ENDING AT THE END OF NEXT YEAR'S ANNUAL SHAREHOLDERS' MEETING (OR, IF EARLIER, FIFTEEN MONTHS FROM THE DATE OF PASSING OF THIS RESOLUTION), TO ISSUE: (A) BONDS OR SIMPLE DEBENTURES AND OTHER DEBT SECURITIES OF A LIKE NATURE (OTHER THAN NOTES), UP TO A MAXIMUM AMOUNT OF 1,000,000,000 EUROS OR THE EQUIVALENT THEREOF IN ANOTHER CURRENCY; AND (B) NOTES (*PAGARÉS*) UP TO A MAXIMUM AMOUNT AT ANY GIVEN TIME, INDEPENDENTLY OF THE FOREGOING, OF 500,000,000 EUROS OR THE EQUIVALENT THEREOF IN ANOTHER CURRENCY. AUTHORISATION FOR THE COMPANY TO GUARANTEE, WITHIN THE LIMITS SET FORTH ABOVE, NEW ISSUANCES OF SECURITIES BY SUBSIDIARIES.**

**EXPLANATION:**

The authority in this resolution pursuant to the general provisions governing the issuance of debentures and the provisions of articles 401 et seq. and 510 of the Companies Law, article 319 of the Mercantile Registry Regulations (*Reglamento del Registro Mercantil*) and other applicable legislation will grant the directors authority to allow the Company to issue: (a) bonds or simple debentures and other debt securities of a like nature (other than notes), up to a maximum amount of 1,000,000,000 euros or the equivalent thereof in another currency, and (b) notes (*pagarés*) up to a maximum amount, at any given time, independently of the foregoing, of 500,000,000 euros or the equivalent thereof in another currency.

There are no present plans to exercise the authority under this Resolution 10. The directors consider that it is in the best interests of the Company and its shareholders that the directors should retain the ability to respond to market developments, to be in a position at all times to raise the necessary funds on primary securities markets to adequately manage the corporate interests and to enable the directors to issue bonds, notes and other similar loan instruments, without the need to incur the cost and delay of a shareholders' meeting of the Company to seek specific authority for an allotment.

The Board of Directors deems it appropriate that the limit of the authorisation is sufficiently broad to enable the raising of the necessary funds in the capital markets to implement the finance policy of the Company and of the Group.

The authority will expire at the earlier of fifteen months from the date of the passing of this resolution and the conclusion of the annual Shareholders' Meeting of the Company held in 2014.

**PROPOSED RESOLUTION:**

**RESOLUTION 10**

*“To authorise the Board of Directors, pursuant to the general provisions governing the issuance of debentures and the provisions of Article 319 of the Regulations of the Mercantile Registry (Reglamento del Registro Mercantil), to issue securities under the following terms:*

1. Securities to be issued.- The securities contemplated in this authorisation may be bonds or simple debentures, notes and other debts securities of a like nature.

2. Period of the authorisation.- The issuance of the securities covered by this authorisation may be effected on one or more occasions within a term ending at the end of next year's annual Shareholders' Meeting or, if earlier, fifteen months from the date of passing of this resolution.

3. Maximum amount under this delegation.-

a) The aggregate maximum amount of the issuance or issuances of bonds or simple debentures and other debt securities of a like nature (other than notes (pagarés)), approved under this authorisation shall be 1,000,000,000 euros, or the equivalent thereof in another currency.

b) For its part, the outstanding balance of the notes (pagarés) that are issued under this authorisation shall at no time exceed the sum of 500,000,000 euros or the equivalent thereof in another currency. This limit is independent of the limit established in sub-section a) above.

4. Scope of the authorisation.- The authorisation to issue the securities contemplated in this resolution shall extend, as broadly as is required by law, to the establishment of the different terms and conditions applicable to each issuance (par value, issue price, reimbursement price, domestic or foreign currency of the issuance, form of representation, interest rate, amortization, subordination clauses, guarantees supporting the issuance, place of issuance, law applicable thereto, if appropriate, establishment of the internal regulations of the bondholders' syndicate and appointment of the bondholders' syndicate representative (comisario) in the case of the issuance of simple bonds and debentures, if required, admission to listing, etc.) and to the conduct of any and all formalities that may be necessary, including those provided for in the applicable securities market regulations, for the execution of the specific issuances that may be resolved to be effected under this delegation.

5. Listing.- The Company shall, where appropriate, make application for listing on Spanish or foreign, official or unofficial, organised or other secondary markets of the securities issued by the Company pursuant to this delegation, and the Board of Directors is authorised, as broadly as is required by law, to carry out all formalities and acts required for admission to listing with the appropriate authorities of the various Spanish or foreign securities markets.

It is expressly stated for the record that if application is subsequently made for delisting of the securities, it shall be made in compliance with the same formalities as the application for listing, to the extent applicable, and, in such case, the interests of the shareholders or bondholders opposing or not voting on the resolution shall be safeguarded in compliance with the requirements established by applicable law. In addition, it is expressly stated that the Company undertakes to abide by Stock Market regulations, whether now existing or as may hereafter be issued, particularly as regards trading, continued listing and delisting of securities.

6. Guarantee of issues of securities by subsidiaries.- The Board of Directors is also authorised to guarantee, on behalf of the Company and within the limits set forth above, new issuances of securities by subsidiaries during the effective period of this resolution.

7. Power of substitution.- The Board of Directors is expressly authorised to delegate the powers delegated thereto under this resolution, as permitted by Article 249.2 of the Companies Law (Ley de Sociedades de Capital).”

\* \* \*

**11. APPROVAL OF THE ALLOTMENT OF A MAXIMUM NUMBER OF SHARES OF THE COMPANY FOR SHARE AWARDS (INCLUDING THE AWARDS TO EXECUTIVE DIRECTORS) FROM JANUARY 1, 2013 UP TO DECEMBER 31, 2015 UNDER THE IAG PERFORMANCE SHARE PLAN (PSP) AND THE IAG INCENTIVE AWARD DEFERRAL PLAN (IADP).**

**EXPLANATION:**

At present, the Company operates two main share incentive plans: the Performance Share Plan (PSP) and the Incentive Award Deferral Plan (IADP) (the ‘**Share Plans**’) both of which were adopted before listing. Further details of the Share Plans are set out in the annual directors’ remuneration report. It is not intended to make any changes to the Share Plans or to introduce any new plans.

Before listing, the sole shareholder of the Company authorised the allotment up to 45,000,000 ordinary shares (of which up to a maximum of 5,100,000 ordinary shares could be allocated to executive directors) under the Share Plans. That authorisation expired on December 31, 2012 and so a fresh authorisation is now sought from the Shareholders’ Meeting in accordance with Spanish law.

The authorisation will allow for a maximum of 67,500,000 ordinary shares to be allotted for the purposes of the Share Plans, of which a maximum of 7,650,000 ordinary shares may be allotted to executive directors. The authorisation will run from January 1, 2013 up to the date of the annual Shareholders’ Meeting in 2015.

The rules of the Share Plans also limit the number of shares which can be issued pursuant to the plans. Broadly speaking, not more than five per cent. of share capital can be allotted under the Share Plans (and any other discretionary plans) in any 10 year period. These limits will continue to apply in addition to the limits imposed by the authorisation sought.

**PROPOSED RESOLUTION:**

**RESOLUTION 11**

*“1. To authorise the allotment of ordinary shares of the Company, each with a par value of 0.50 euros, to the share plans already established (the IAG Performance Share Plan (PSP) and the IAG Incentive Award Deferral Plan (IADP) – together the “**Share Plans**”) up to the maximum amount of 67,500,000 IAG ordinary shares, of which up to a maximum of 7,650,000 IAG ordinary shares may be allocated to executive directors. Should some or all of these last-mentioned shares not be allocated to the executive directors, they may be allocated to the other beneficiaries of the Share Plans.*

*The authorisation granted pursuant to this resolution shall allow the grant of share awards under the Share Plans from January 1, 2013 up to the date of the annual Shareholders’ Meeting in 2015, in relation to the remuneration for the 2013, 2014 and 2015 financial years.*

*2. In order to satisfy awards under the Share Plans, the Company may allocate its treasury shares from time to time or issue new shares when the legal requirements*

*established for such purpose are met or use any other appropriate financial instrument determined by the Company.*

*4. Subject to the requirements in the rules of the Share Plans for certain amendments to be approved by the Shareholders' Meeting of the Company, it is agreed to delegate to the Board of Directors, with express powers of further delegation, so that it may implement, at such time and in the manner it deems appropriate, formalise, modify and execute the Share Plans, adopting all such resolutions and signing all such documents, public or private, as may be necessary or advisable to ensure the full effectiveness thereof, with the power to correct, rectify, amend or supplement, and in general, so that it may adopt all such resolutions and perform all such steps as may be necessary or merely appropriate for the successful implementation and operation of the Share Plans, including, without limitation, the following powers:*

- a) to establish the specific conditions of the Share Plans and of the grant and exercise of the share awards, including the approval or modification of the rules of the Share Plans, the determination of the beneficiaries of each Share Plan, the conditions for grant or exercise of the share awards (including the exercise price, as the case may be, of the share awards, the vesting periods of the share awards and the reference value of the shares) and the verification of their fulfilment, the rights linked to the status of beneficiary, the consequences of loss of the status of employee, executive or executive director of the Company or its group or of a change in control, to establish the cases of early settlement, etc.;*
- b) to draft, sign and submit all such supplementary documentation and communications as may be necessary or appropriate to any public or private body or to the beneficiaries or any other party for the purposes of the implementation and execution of the Share Plans, for the grant of the share awards and delivery of the IAG shares, including, where necessary, the corresponding prior communications and prospectuses;*
- c) to perform any step or formality or make any declaration before anybody, entity or registry, public or private, in order to obtain any authorisation or verification required for the grant of the share awards and the delivery of the shares;*
- d) to negotiate, agree on and execute counterparty and liquidity contracts with the financial institutions it freely determines, on the terms and conditions it sees fit, for the purposes of covering the Share Plans;*
- e) to adapt the content of the Share plans to the corporate transactions or circumstances that may arise during their validity, on the terms it deems appropriate and, to the extent that the legal regime applicable to some of the beneficiaries so requires or advises, or it is necessary for legal, regulatory, operating or analogous reasons, to adapt the generally established conditions;*
- f) to draft and publish all such notices as may be necessary or appropriate;*
- g) to draft, sign, execute and, as the case may be, certify any type of document relating to the Share Plans;*

*h) and, in general, to perform all such steps and execute all such documents as may be necessary or appropriate to ensure the full validity and effectiveness of the establishment, implementation, operation, execution, settlement and successful outcome of the Share Plans and of the resolutions previously adopted.”*

\* \* \*

**12. CONSULTATIVE VOTE ON THE ANNUAL REPORT ON THE REMUNERATION OF THE DIRECTORS OF THE COMPANY.**

**EXPLANATION:**

A summary of the remuneration of the directors is set out in the annual directors' remuneration report.

In accordance with article 61 *ter* of the Securities Market Law (*Ley del Mercado de Valores*), the Board of Directors presents the annual directors' remuneration report to shareholders for a consultative vote.

**PROPOSED RESOLUTION:**

**RESOLUTION 12**

*“To approve, on a consultative basis, the annual report on the remuneration of the directors of International Consolidated Airlines Group, S.A.”*

\* \* \*

**13. DELEGATION OF POWERS TO FORMALISE AND EXECUTE ALL RESOLUTIONS ADOPTED BY THE SHAREHOLDERS AT THIS SHAREHOLDERS' MEETING, FOR CONVERSION THEREOF INTO A PUBLIC INSTRUMENT, AND FOR THE INTERPRETATION, CORRECTION AND SUPPLEMENTATION THEREOF OR FURTHER ELABORATION THEREON UNTIL THE REQUIRED REGISTRATIONS ARE MADE, IF APPLICABLE**

**EXPLANATION:**

In this resolution, the Board of Directors requests the delegation of the relevant authorities and powers to execute all the foregoing resolutions according to applicable law.

**PROPOSED RESOLUTION:**

**RESOLUTION 13**

*“Without prejudice to the powers delegated in the preceding resolutions, to confer authority on the Board of Directors, with the express power of substitution, to the Chairman of the Board of Directors, to the Deputy Chairman of the Board of Directors, to the Chief Executive Officer, to the Secretary of the Board of Directors and to the Deputy Secretary of the Board of Directors, to the fullest extent permitted by law, so that any of them may execute the foregoing resolutions, for which purpose they may: (i) establish, interpret, clarify, complete, develop, amend, remedy errors or omissions and adapt the aforementioned resolutions according to the verbal or written qualifications of the Mercantile Registry and any competent authorities, civil servants or institutions; (ii) draw up and publish the announcements required by law; (iii) place the aforementioned resolutions on public record and grant any public and/or private documents they deem necessary or advisable for their implementation; (iv) deposit the annual accounts and other mandatory documentation at the Mercantile Registry or in other applicable registries, and (v) engage in any acts that may be necessary or advisable to successfully implement them and, in particular, to have them filed at the Mercantile Registry or in other applicable registries.”*

\* \* \*

May 9, 2013