

**RESOLUTIONS PROPOSED BY THE BOARD OF DIRECTORS OF  
INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A. TO THE 2015  
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**” or “**IAG**”), please 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, 2014.**

**EXPLANATION:**

The directors present to the Shareholders' Meeting 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, 2014, 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, 2014, which were formulated by the Board of Directors at its meeting held on February 26, 2015.”*

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**2.- APPROVAL OF THE PROPOSAL FOR THE ALLOCATION OF RESULTS  
CORRESPONDING TO THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2014.**

**EXPLANATION:**

This resolution approves the allocation of results of the Company corresponding to the financial year 2014, consisting of a profit of 431,941 thousand euros, to the legal reserve and to compensate prior years' losses.

**PROPOSED RESOLUTION:**

**RESOLUTION 2**

*“To approve the proposed allocation of the 2014 results of International Consolidated Airlines Group, S.A., consisting of a profit of 431,941 thousand euros, to the legal reserve, in the amount of 82,061 thousand euros, and to compensate prior years' losses, in the amount of 349,880 thousand euros.”*

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**3.- APPROVAL OF THE MANAGEMENT OF THE BOARD OF DIRECTORS DURING THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2014.**

**EXPLANATION:**

In this resolution, the Board of Directors requests the approval of its management during the financial year ended on December 31, 2014 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, 2014.”*

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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 2015 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 of the power to establish the terms and conditions for re-election and remuneration of Ernst & Young, S.L. will be voted on separately.

**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 2015.**

**EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders' Meeting the re-election of Ernst & Young, S.L. as auditor for the financial statements of the Company and of its consolidated group for financial year 2015, upon prior proposal from 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 2015."*

**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 be delegated the power to enter into the relevant services agreement with Ernst & Young, S.L. to act as auditor of the Company and of its consolidated group on the terms and conditions and for the remuneration 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 applicable law at any time.”*

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**5.- RE-ELECTION OF DIRECTORS FOR THE CORPORATE BYLAWS MANDATED ONE-YEAR TERM.**

This resolution places on record the expiration of the term of office of all the members of the Board of Directors as a result of the ending, on the date hereof, of the one-year term for which they were re-elected by resolution of the Shareholders' Meeting held on 18 June 2014, and it proposes to the Shareholders' Meeting to fix at twelve the number of members of the Board of Directors.

In view of the above, the Board of Directors proposes to the Shareholders' Meeting the re-election of the following Company directors: Mr. Antonio Vázquez Romero, Sir Martin Broughton, Mr. William Walsh, Mr. César Alierta Izuel, Mr. Patrick Cescau, Mr. Enrique Dupuy de Lôme, Baroness Kingsmill, Mr. James Lawrence, Ms. María Fernanda Mejía Campuzano, Mr. Kieran Poynter, Dame Marjorie Scardino and Mr. Alberto Terol Esteban, for the corporate bylaws mandated one-year term, upon proposal from the Nominations Committee.

In this regard, the Nominations Committee considered that such directors continue to contribute effectively to the running of the Company and have demonstrated commitment to the role.

The proposal to place on record the expiration of the term of office of the directors and the fixing at twelve of the number of members of the Board of Directors as well as each resolution for the re-election of each directors proposals will be voted on separately.

**a) RECORD THE EXPIRATION OF THE DIRECTORS' TERMS OF OFFICE AND TO FIX AT 12 THE NUMBER OF BOARD MEMBERS.**

**EXPLANATION:**

This resolution places on record the expiration of the term of office of all the members of the Board of Directors as a result of the ending, on the date hereof, of the one-year term for which they were re-elected by resolution of the Shareholders' Meeting held on 18 June 2014.

In this connection, the Board of Directors has proposed to the Shareholders' Meeting to fix at twelve the number of members of the Board of Directors.

**PROPOSED RESOLUTION:**

**RESOLUTION 5.a)**

*“Place on record the expiration of the term of office of all the members of the Board of Directors as a result of the ending, on the date hereof, of the one-year term for which they were re-elected by resolution of the Shareholders' Meeting held on June 18, 2014; therefore all directors step down from office, without prejudice to any*

*re-elections that may be approved hereafter, and to fix at 12 the number of members of the Board of Directors.”*

**b) TO RE-ELECT MR. ANTONIO VÁZQUEZ ROMERO AS A DIRECTOR, CLASSIFIED AS OTHER EXTERNAL DIRECTOR.**

**EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders’ Meeting the re-election of Mr. Antonio Vázquez Romero as a director, classified as other external director, upon proposal from the Nominations Committee.

- Professional profile and biographical data of Mr. Antonio Vázquez Romero:

*Key areas of prior experience:* consumer, sales/marketing, finance, corporate governance.

*Current external appointments:* Member of the Advisory Board of Telefónica Latam. Member of the Advisory Board of the Franklin Institute. Member of the Advisory Board of Loyola University.

*Previous relevant experience:* Executive Chairman, Iberia 2009-2011. Chairman and CEO, Altadis Group 2005-2008. Chairman, Board of Directors of Logista 2005-2008. Non-Executive Director, Iberia 2005-2007. Chief Operating Officer and other various positions, Cigar Division of Altadis Group 1993- 2005. Various positions at Osborne 1978-1983 and Domecq 1983-1993.

- Date of first and of most recent appointment as a director of the Company:

Mr. Antonio Vázquez Romero was appointed as other external director for the first time on May 25, 2010 and was last re-elected on June 18, 2014.

- Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company held by the director:

Mr. Antonio Vázquez Romero owns 512,291 Company shares.

**PROPOSED RESOLUTION:**

**RESOLUTION 5.b)**

*“To re-elect Mr. Antonio Vázquez Romero as a director for the bylaw mandated one-year term, upon proposal from the Nominations Committee, with the status of other external director.”*

**c) TO RE-ELECT SIR MARTIN BROUGHTON AS A DIRECTOR, CLASSIFIED AS NON-**



**EXECUTIVE 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 non-executive independent director, upon proposal from the Nominations Committee.

- Professional profile and biographical data of Sir Martin Broughton:

*Key areas of prior experience:* consumer, finance, corporate governance.

*Current external appointments:* Chairman of Sports Investment Partners.

*Previous relevant experience:* Chairman, British Airways 2004-2013. Director, British Airways since 2000. President, Confederation of British Industry 2007-2009. Chairman, Liverpool FC 2010. Chairman, British Horseracing Board 2004-2007. Chairman, British American Tobacco 1997-2004 following its demerger from BAT Industries, previously Chief Executive Officer, BAT Industries 1993-1997 and member of the Board since 1988. Other executive positions at British American Tobacco 1971-1993.

- Date of first and of most recent appointment as a director of the Company:

Sir Martin Broughton was appointed as non-executive independent director for the first time on May 25, 2010 and was last re-elected on June 18, 2014.

- 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) 174,910 Company shares.

**PROPOSED RESOLUTION:**

**RESOLUTION 5.c)**

*“To re-elect Sir Martin Faulkner Broughton as a director for the bylaw mandated one-year term, upon proposal from the Nominations Committee, with the status of non-executive independent director.”*

- d) TO RE-ELECT MR. WILLIAM WALSH AS A DIRECTOR, CLASSIFIED AS EXECUTIVE**

**DIRECTOR.**

**EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders' Meeting the re-election of Mr. William Walsh as a director, classified as executive director, upon proposal from the Nominations Committee.

- Professional profile and biographical data of Mr. William Walsh:

*Key areas of prior experience:* airline industry.

*Current external appointments:* Chairman of the Ireland State Debt Agency.

*Previous relevant experience:* Chief Executive Officer, British Airways 2005-2011. Chief Executive Officer, Aer Lingus 2001-2005. Chief Operating Officer, Aer Lingus 2000-2001. Chief Executive Officer, Futura (Aer Lingus' Spanish Charter airline) 1998-2000. Joined Aer Lingus as cadet pilot in 1979.

- Date of first and of most recent appointment as a director of the Company:

Mr. William Walsh was appointed as executive director for the first time on May 25, 2010 and was last re-elected on June 18, 2014.

- Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company held by the director:

Mr. William Walsh owns 730,198 Company shares. In addition, he has interests in shares as a result of share awards (conditional awards) made pursuant to the Company share schemes as detailed below:

<i>Plan</i>	<i>Date of award</i>	<i>Vesting date</i>	<i>Shares within award</i>
IADP 2012	August 3, 2012	August 3, 2015 No performance conditions	93,773
PSP 2012	August 3, 2012	August 3, 2015 The performance condition was tested at the end of the 3-year performance period and 85.3% of the award will vest as shown in the next column	874,191
PSP 2013	March 6, 2013	Subject to satisfaction of performance conditions tested over a 3-year period	684,647

IADP 2014	March 6, 2014	March 6, 2017 No performance conditions	149,353
PSP 2014	March 6, 2014	Subject to satisfaction of performance conditions tested over a 3-year period	379,310

**PROPOSED RESOLUTION:**

**RESOLUTION 5.d)**

*“To re-elect Mr. William Matthew Walsh as a director for the bylaw mandated one-year term, upon proposal from the Nominations Committee, with the status of executive director.”*

- e) **TO RE-ELECT MR. CÉSAR ALIERTA IZUEL AS A DIRECTOR, CLASSIFIED AS NON-EXECUTIVE INDEPENDENT DIRECTOR.**

**EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders’ Meeting the re-election of Mr. César Alierta Izuel as a director, classified as non-executive independent director upon proposal from the Nominations Committee.

- Professional profile and biographical data of Mr. César Alierta Izuel:

*Key areas of prior experience:* finance, telecommunications, consumer.

*Current external appointments:* Executive Chairman, Telefónica Group. Non-Executive Director, China Unicom. Member, Columbia Business School Board of Overseers. Chairman, Social Board of the Spanish UNED.

*Previous relevant experience:* Non-Executive Director, Telefónica 1997- 2000. Executive Chairman, Altadis Group 1996-2000. Member of the Board, Telecom Italia 2007-2013. Member of the Board, Madrid Stock Exchange 1991-1996. Chairman, Spanish Financial Analysts’ Association 1991-1996. Chairman and founder, Beta Capital 1985-1996.

- Date of first and of most recent appointment as a director of the Company:

Mr. César Alierta Izuel was appointed as non-executive independent director for the first time on September 27, 2010 and was last re-elected on June 18, 2014.

- Shares of the Company and derivative financial instruments whose underlying

assets are shares of the Company held by the director:

Mr. César Alierta Izuel owns 1,000,000 Company shares.

**PROPOSED RESOLUTION:**

**RESOLUTION 5.e)**

*“To re-elect Mr. César Alierta Izuel as a director for the bylaw mandated one-year term, upon proposal from the Nominations Committee, with the status of non-executive independent director.”*

- f) **TO RE-ELECT MR. PATRICK CESCAU AS A DIRECTOR, CLASSIFIED AS NON-EXECUTIVE 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 non-executive independent director, upon proposal from the Nominations Committee.

- Professional profile and biographical data of Mr. Patrick Cescau:

*Key areas of prior experience:* consumer, finance, sales/marketing, corporate governance.

*Current external appointments:* Non-Executive Chairman, InterContinental Hotel Group. Trustee, LeverHulme Trust.

*Previous relevant experience:* Group Chief Executive, Unilever 2005-2008. Chairman, Unilever PLC. Deputy Chairman, Unilever NV. Finance Director and other executive positions (including a number of Unilever major operating companies and divisions in the USA, Indonesia and Portugal), having joined the Unilever Group in 1973. Senior Independent Director and Non-Executive Director, Pearson PLC 2002-2012. Director, INSEAD 2009-2013.

- Date of first and of most recent appointment as a director of the Company:

Mr. Patrick Cescau was appointed as non-executive independent director for the first time on September 27, 2010 and was last re-elected on June 18, 2014.

- 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.f)**

*“To re-elect Mr. Patrick Jean Pierre Cescau as a director for the bylaw mandated one-year term, upon proposal from the Nominations Committee, with the status of non-executive independent director.”*

- g) TO RE-ELECT MR. ENRIQUE DUPUY DE LÔME AS A DIRECTOR, CLASSIFIED AS EXECUTIVE DIRECTOR.**

**EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders’ Meeting the re-election of Mr. Enrique Dupuy de Lôme as a director, classified as executive director, upon proposal from the Nominations Committee.

- Professional profile and biographical data of Mr. Enrique Dupuy de Lôme:

*Key areas of prior experience:* finance, airline industry.

*Current external appointments:* Chairman, Iberia Cards.

*Previous relevant experience:* Chief Financial Officer, Iberia 1990-2011. Head of finance and deputy director of financial resources, Instituto Nacional de Industria (INI) and Teneo financial group, 1985-1989. Head of subsidiaries at Enadimsa (INI Group), 1982-1985, Chairman IATA finance committee.

- Date of first and of most recent appointment as a director of the Company:

Mr. Enrique Dupuy de Lôme was appointed as executive director for the first time on September 26, 2013 and was last re-elected on June 18, 2014.

- Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company held by the director:

Mr. Enrique Dupuy de Lôme owns 113,637 Company shares. In addition, he has interests in shares as a result of share awards (conditional awards) made pursuant to the Company share schemes as detailed below:

<i>Plan</i>	<i>Date of award</i>	<i>Vesting date</i>	<i>Shares within award</i>
IADP 2012	August 3, 2012	August 3, 2015 No performance conditions	37,267
PSP 2012	August 3, 2012	August 3, 2015	317,887

The performance condition was tested at the end of the 3-year performance period and 85.3% of the award will vest as shown in the next column			
IADP 2013	March 6, 2012	March 6, 2016	62,241
No performance conditions			
PSP 2013	March 6, 2013	Subject to satisfaction of performance conditions tested over a 3-year period	248,963
IADP 2014	March 6, 2014	March 6, 2017	50,862
No performance conditions			
PSP 2014	March 6, 2014	Subject to satisfaction of performance conditions tested over a 3-year period	137,931

## PROPOSED RESOLUTION:

### RESOLUTION 5.g)

*“To re-elect Mr. Enrique Dupuy de Lôme Chávarri as a director for the bylaw mandated one-year term, upon proposal from the Nominations Committee, with the status of executive director.”*

- h) TO RE-ELECT BARONESS KINGSMILL AS A DIRECTOR, CLASSIFIED AS NON-EXECUTIVE INDEPENDENT DIRECTOR.**

#### EXPLANATION:

In this resolution the Board of Directors proposes to the Shareholders’ Meeting the re-election of Baroness Kingsmill as a director, classified as non-executive independent director, upon proposal from the Nominations Committee.

- Professional profile and biographical data of Baroness Kingsmill:

*Key areas of prior experience:* government, legal and regulatory affairs.

*Current external appointments:* Non-Executive Director, EON Supervisory Board. Vice Chair and Senior Independent Director, and Chairman of Nominations and Ethics Committees, APR Energy. Non-Executive Director, Telecom Italia. Member of the International Advisory Board, IESE Business School. Member of the UK House of Lords since 2006.

*Previous relevant experience:* Non-Executive Director, British Airways 2004-2010. Deputy Chairman, Competition Commission 1997-2003. Chairman, Department of Trade and Industry’s Accounting for People task force 2003.

- Date of first and of most recent appointment as a director of the Company:

Baroness Kingsmill was appointed as non-executive independent director for the first time on September 27, 2010 and was last re-elected on June 18, 2014.

- Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company held by the director:

Baroness Kingsmill owns 2,000 Company shares.

#### **PROPOSED RESOLUTION:**

##### **RESOLUTION 5.h)**

*“To re-elect Baroness Denise Patricia Kingsmill as a director for the bylaw mandated one-year term, upon proposal from the Nominations Committee, with the status of non-executive independent director.”*

- i) TO RE-ELECT MR. JAMES LAWRENCE AS A DIRECTOR, CLASSIFIED AS NON-EXECUTIVE INDEPENDENT DIRECTOR.**

#### **EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders’ Meeting the re-election of Mr. James Lawrence as a director, classified as non-executive independent director, upon proposal from the Nominations Committee.

- Professional profile and biographical data of Mr. James Lawrence:

*Key areas of prior experience:* finance, consumer, corporate governance.

*Current external appointments:* Chairman, Rothschild North America.

*Previous relevant experience:* Non-Executive Director, British Airways 2006-2010. CEO, Rothschild North America and Co-Head of Global Investment Banking 2010-2012. Executive Director and Chief Financial Officer, Unilever 2007-2010. Vice Chairman, Chief Financial Officer and Head of International, General Mills 1998-2007. Executive Vice President and Chief Financial Officer, Northwest Airlines 1996-1998. Executive Vice President and other executive positions, Pepsi-Cola 1992-1996. Chairman and Co-Founder, LEK Consulting 1983-1992. Partner, Bain & Company 1977-1983.

- Date of first and of most recent appointment as a director of the Company:

Mr. James Lawrence was appointed as non-executive independent director for the first time on September 27, 2010 and was last re-elected on June 18, 2014.

- Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company held by the director:

Mr. James Lawrence owns 216,500 Company shares.

#### **PROPOSED RESOLUTION:**

##### **RESOLUTION 5.i)**

*“To re-elect Mr. James Arthur Lawrence as a director for the bylaw mandated one-year term, upon proposal from the Nominations Committee, with the status of non-executive independent director.”*

- j) TO RE-ELECT MS. MARÍA FERNANDA MEJÍA CAMPUZANO AS A DIRECTOR, CLASSIFIED AS NON-EXECUTIVE INDEPENDENT DIRECTOR.**

#### **EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders’ Meeting the re-election of Ms. María Fernanda Mejía Campuzano as director, classified as non-executive independent director, upon proposal from the Nominations Committee.

- Professional profile and biographical data of Ms. María Fernanda Mejía Campuzano:

*Key areas of prior experience:* consumer, customer development, strategic planning, supply chain, innovation and marketing communications.

*Current external appointments:* Senior Vice President and President of Kellogg Latin America, Corporate Officer and member of Kellogg’s Global Leadership Team. Board Member of the Council of the Americas.

*Previous relevant experience:* Colgate-Palmolive Co., Vice-President and General Manager Global Personal Care and Corporate Fragrance Development 2010-2011, Vice-President Marketing and Innovation Europe/South Pacific Division 2005-2010, President and CEO Spain and Spain Holding Company 2003-2005, General Manager Hong Kong and Director Greater China Management team 2002-2003, Marketing Director Venezuela 2000-2002, Marketing Director Ecuador 1998-2000.



- Date of first and of most recent appointment as a director of the Company:

Ms. María Fernanda Mejía Campuzano was appointed as non-executive independent director for the first time on February 27, 2014, by co-option, and was last re-elected on June 18, 2014.

- Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company held by the director:

Ms. María Fernanda Mejía Campuzano owns 100 Company shares.

#### **PROPOSED RESOLUTION:**

##### **RESOLUTION 5.j)**

*“To re-elect Ms. María Fernanda Mejía Campuzano as a director for the bylaw mandated one-year term, upon proposal from the Nominations Committee, with the status of non-executive independent director.”*

- k) TO RE-ELECT MR. KIERAN POYNTER AS A DIRECTOR, CLASSIFIED AS NON-EXECUTIVE INDEPENDENT DIRECTOR.**

#### **EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders’ Meeting the re-election of Mr. Kieran Poynter as a director, classified as non-executive independent director, upon proposal from the Nominations Committee.

- Professional profile and biographical data of Mr. Kieran Poynter:

*Key areas of prior experience:* professional services, finance services.

*Current external appointments:* Chairman, F&C Asset Management PLC. Chairman, Nomura International PLC. Non-Executive Director and Chairman of the Audit Committee, British American Tobacco.

*Previous relevant experience:* Member, Advisory Committee for the Chancellor of the Exchequer on the competitiveness of the UK financial services sector 2009-2010. Member, President’s committee of the CBI 2000-2008. Chairman and Senior Partner, PricewaterhouseCoopers 2000-2008. Managing Partner, PricewaterhouseCoopers 1998-2000 and other executive positions at PricewaterhouseCoopers 1982-1998.

- Date of first and of most recent appointment as a director of the Company:

Mr. Kieran Poynter was appointed as non-executive independent director for the first time on September 27, 2010 and was last re-elected on June 18, 2014.

- Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company held by the director:

Mr. Kieran Poynter has no shares in the Company.

#### **PROPOSED RESOLUTION:**

##### **RESOLUTION 5.k)**

*“To re-elect Mr. Kieran Charles Poynter as a director for the bylaw mandated one-year term, upon proposal from the Nominations Committee, with the status of non-executive independent director.”*

#### **D) TO RE-ELECT DAME MARJORIE SCARDINO AS A DIRECTOR, CLASSIFIED AS NON-EXECUTIVE INDEPENDENT DIRECTOR.**

##### **EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders’ Meeting the re-election of Dame Marjorie Scardino as director, classified as non-executive independent director, upon proposal from the Nominations Committee.

- Professional profile and biographical data of Dame Marjorie Scardino:

*Key areas of prior experience:* communications, digital and media, legal services.

*Current external appointments:* Non-Executive Director, Twitter, Inc. Member, charitable boards including The MacArthur Foundation, Oxfam Great Britain (Chairman), and The Carter Center. Member, Board of the Royal College of Art. Member, Advisory Council of the Massachusetts Institute of Technology Media Lab. Member, Board of Bridge Schools (Kenya).

*Previous relevant experience:* Chief Executive Officer, Pearson PLC 1997-2012. Chief Executive Officer, The Economist Group from 1993-1996. President, The Economist Group US 1985-1993. Lawyer practising in the US 1975-1985.

- Date of first and of most recent appointment as a director of the Company:

Dame Marjorie Scardino was appointed as non-executive independent director for the first time on December 12, 2013, by co-option, and was last re-elected on June 18, 2014.

- Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company held by the director:

Dame Marjorie Scardino owns 100 Company shares.

#### **PROPOSED RESOLUTION:**

##### **RESOLUTION 5.1)**

*“To re-elect Dame Marjorie Morris Scardino as a director for the bylaw mandated one-year term, upon proposal from the Nominations Committee, with the status of non-executive independent director.”*

- m) TO RE-ELECT MR. ALBERTO TEROL ESTEBAN AS A DIRECTOR, CLASSIFIED AS NON-EXECUTIVE INDEPENDENT DIRECTOR.**

#### **EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders’ Meeting the re-election of Mr. Alberto Terol Esteban as a director, classified as non-executive independent director, upon proposal from the Nominations Committee.

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

*Key areas of prior experience:* finance, professional services, information technology, hospitality industry.

*Current external appointments:* Non-Executive Director and Chairman of the Audit Committee, Indra. Non-Executive Director and Chairman of the Audit Committee, OHL. Non-Executive Director and Chairman of the Audit Committee, AKTUA. Non-Executive Director and Chairman of the Audit Committee, N+1.

*Previous relevant experience:* Member, Global Executive Committee Deloitte 2007-2009. Managing Partner, EMEA Deloitte 2007-2009. Managing Partner, Global Tax & Legal Deloitte 2007-2009. Member, Global Management Committee Deloitte 2003-2007. Managing Partner, Latin America Deloitte 2003-2007. Managing Partner, Integration Andersen Deloitte 2002–2003, Managing Partner, Europe Arthur Andersen 2001-2002. Managing Partner,

Global Tax & Legal Arthur Andersen 1997-2001. Managing Partner, Garrigues 1997-2000. International Senior Advisor BNP Paribas 2011-2014.

- Date of first and of most recent appointment as a director of the Company:

Mr. Alberto Terol Esteban was appointed as non-executive independent director on June 20, 2013 and was last re-elected on June 18, 2014.

- 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 9,200 Company shares.

**PROPOSED RESOLUTION:**

**RESOLUTION 5.m)**

*“To re-elect Mr. Alberto Terol Esteban as a director for the bylaw mandated one-year term, upon proposal from the Nominations Committee, with the status of non-executive independent director.”*

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**6.- RESOLUTIONS ON DIRECTORS' REMUNERATION.**

**a) CONSULTATIVE VOTE ON THE 2014 ANNUAL REPORT ON DIRECTORS' REMUNERATION.**

**EXPLANATION:**

Detailed information regarding directors' remuneration is set out in the 2014 annual directors' remuneration report prepared in accordance with the form approved by Circular 4/2013 of the Spanish National Securities Market Commission.

In accordance with Article 541 of the Companies Law, the Board of Directors must submit the 2014 annual directors' remuneration report to shareholders for a consultative vote.

**PROPOSED RESOLUTION:**

**RESOLUTION 6.a)**

*“To approve, on a consultative basis, the 2014 annual report on the remuneration of the directors of International Consolidated Airlines Group, S.A.”*

**b) APPROVAL OF THE DIRECTORS' REMUNERATION POLICY.**

**EXPLANATION:**

The Board of Directors submits to the binding vote of the Shareholders' Meeting the remuneration policy of the Company's directors, including the objectives and operation of each element of pay and how they are linked to the business strategy, the context in which decisions for this policy were made, and service contract details.

***Criteria used to establish the company's remuneration policy***

IAG's executive remuneration framework aims to underpin the business objectives and financial targets, and the remuneration policy is designed to deliver total remuneration which is market competitive with increased emphasis placed on pay for performance.

The Remuneration Committee is aware of the challenging economic environment and its potential impact on the Company's finances, but it also recognises that it is very important to incentivise and retain management to drive business performance.

During the year, the Remuneration Committee kept fully abreast of remuneration developments in the external marketplace. The Committee considered that the overall remuneration framework continued to be appropriate for IAG. In deciding the remuneration policy, the pay and employment conditions in both the Spanish

and UK markets were taken into account. Other key metrics considered when deciding pay and remuneration policy include company affordability, market movements and retention considerations.

The Remuneration Committee is satisfied that the compensation packages, which are set by reference to market based salary and incentive pay levels and take account of the Company's Key Performance Indicators, do not raise any social, governance or environmental risks by inadvertently motivating irresponsible behaviour or undue risk taking.

The Company's remuneration policy is to provide total remuneration packages which are market competitive, linked to the business strategy and take into account each individual's role, skills and contribution. The IAG's primary comparator group is the FTSE 26 to 100 (excluding financial services), with a secondary reference to IBEX 35 and to global airline companies where appropriate. The Remuneration Committee is updated on pay and conditions of the employees within the Group, and takes this into account when determining the executive directors' remuneration.

Fees for non-executive IAG directors are set with reference to market positioning (primarily the IBEX 35 and the FTSE 26 to 100, excluding financial services). To acknowledge certain key roles at Board level, fees are set separately for the non-executive Chairman and the non-executive Deputy Chairman. There is also an additional fee paid to any non-executive director for holding a Committee Chairmanship.

Non-executive director fees will take into account external market conditions to ensure it is possible to attract and retain the necessary talent.

#### ***Process for determining the remuneration policy***

The Remuneration Committee's composition, competencies and operating rules are regulated by article 25 of the Board of Directors' Regulations. A copy of these Regulations is available on the Company's website.

The Remuneration Committee has the following powers to report, advise and propose:

- a) To propose to the Board of Directors the system and amount of the annual remuneration for Board members, as well as the individual remuneration of the executive directors and the other terms of their contracts, pursuant in all cases to the provisions of the Company's Bylaws.
- b) To report to the Board of Directors on the contractual terms on termination for the senior executives, including executive directors, and to ensure that any payments made are fair to the individual and the Company, that failure is not

rewarded and the duty to mitigate loss is fully recognised.

- c) To report to the Board of Directors on the senior executive remuneration policy and the basic terms of their contracts.
- d) To report on incentive plans and pension arrangements.
- e) To periodically review the remuneration programs, taking into account their suitability and performance and how they reflect and support the Company strategy.
- f) To give due regard to the provisions of applicable good governance codes, applicable law or regulation and requirements imposed by any stock exchange on which the Company's securities are listed when determining any compensation packages and arrangements.
- g) To ensure that the disclosure requirements of the United Kingdom Listing Rules, any other applicable listing rules, applicable law or regulation and relevant stock exchanges are fulfilled, including the report on directors' remuneration required to be included in the Company's annual report and accounts.

Beyond executive directors, the Committee oversees the general application of the remuneration policy to the IAG Management Committee, and also remuneration matters of senior managers generally across the IAG Group.

According to article 25 of the Board Regulations, the Remuneration Committee shall be made up of no less than three and no more than five non-executive directors appointed by the Board, with the dedication, capacity and experience necessary to carry out their function. At least three of the members of the Remuneration Committee shall be independent directors.

During the reporting period, the members of the Committee were Baroness Kingsmill (Chair), Dame Marjorie Scardino, Alberto Terol and, since October 30, 2014, María Fernanda Mejía. For the reporting period all members were considered independent non-executive directors of the Company and none of the members has any personal financial interest, other than as a shareholder, in the matters to be decided.

In February 2014, the Remuneration Committee appointed Towers Watson as its external advisers. The decision to appoint Towers Watson was made by the Committee following a tender process. Towers Watson reports directly to the Committee. The fees paid to Towers Watson for advice provided to the Committee were €65,487 for 2014.

Additionally, the Company obtained high-level headline remuneration survey data

from a variety of sources. During the year, the Chief Executive Officer of IAG provided regular briefings to the Remuneration Committee apart from when his own remuneration was being discussed.

**PROPOSED RESOLUTION:**

**RESOLUTION 6.b)**

*“To approve, on a binding basis, the remuneration policy for the directors of International Consolidated Airlines Group, S.A.”*

- c) **APPROVAL FOR THE PURPOSES OF ARTICLE 37.8 OF THE CORPORATE BYLAWS, OF THE RULES ON RIGHTS TO PLANE TICKETS OF NON-EXECUTIVE DIRECTORS WHO CEASE TO HOLD OFFICE.**

**EXPLANATION:**

In accordance with the provisions of article 37.2 of the Corporate Bylaws of the Company, directors’ remuneration for the office of director consists of a fixed allowance and variable remuneration in kind, the maximum overall annual amount of which, for the entire Board of Directors, is determined by the Shareholders’ Meeting (and remains in force until such time as the Shareholders’ Meeting resolves to modify it).

For the purposes of said article, on October 19, 2010, the annual remuneration (annual fixed allowance and variable remuneration in kind) to be paid overall by the Company to the directors for the office of director was set (by means of a resolution of the sole shareholder) at the gross maximum amount of €3,500,000.00 (or its equivalent in any other currency), excluding the remuneration of executive directors for the office of executive director (the Board of Directors being responsible for setting the exact amount to be paid within that limit and its distribution among the different directors), specifying that the variable remuneration will include the payment of plane tickets of airlines in the IAG Group or related to the IAG Group up to a gross annual amount of €500,000.00 (or its equivalent in any other currency) at maximum for all directors as a whole.

Article 37.8 of the Corporate Bylaws establishes that the rules on rights established by the Shareholders’ Meeting in relation to plane tickets of airlines that are subsidiaries or investees of the Company and with which the Company (or its subsidiary or investee airlines) has agreements in this connection will apply to the directors after they have vacated office.

By virtue thereof, in this resolution the Board of Directors proposes to the Shareholders’ Meeting the approval of the rules on rights to plane tickets for non-executive directors who vacate office, meaning that they can continue to enjoy the right to use plane tickets of airlines of the IAG Group or related to the IAG Group,



for an additional period following their vacation of office.

In all cases, as mentioned in the directors' remuneration policy submitted to this Shareholders' Meeting for approval under the preceding item on the agenda, a proposal is made to maintain the maximum gross annual amount payable by the Company to the non-executive directors as a whole (including current non-executive directors and former directors who have vacated office) in the form of plane tickets at the (aggregate) amount of €500,000.00 per year. Thus, the proposal submitted to the Shareholders' Meeting for approval does not entail any increased cost for the Company since it remains within the existing limits.

This proposed resolution has received a favourable report from the Company's Remuneration Committee.

**PROPOSED RESOLUTION:**

**RESOLUTION 6.c)**

*“For the purposes of the provisions of sub articles 2 and 8 of article 37 of the Corporate Bylaws, to approve the application to non-executive directors of the Company who vacate office of the same rules on rights to plane tickets of airlines of the IAG Group or related to the IAG Group established for current directors, maintaining the same maximum limit established for such purposes, meaning that the maximum gross annual amount payable by the Company to all of its non-executive directors as a whole (including current directors and former directors who have vacated office) in the form of plane tickets is maintained in the (aggregate) amount of €500,000.00 a year.*

*This right to use plane tickets of airlines of the IAG Group or linked to the IAG Group shall be enjoyed in accordance with the travel policy agreed by the Company (without prejudice to the rights acquired in other companies of the Group), with the following particular features:*

- a) It shall only apply to Company directors who have held office for at least two consecutive years.*
- b) After vacating office, directors may enjoy this benefit for a period of time equal to the time spent in office as a director of the Company.”*

\* \* \*

**7.- AMENDMENT OF THE CORPORATE BYLAWS TO ADAPT THEM TO THE REFORM OF THE COMPANIES LAW BY LAW 31/2014, OF DECEMBER 3, IN ORDER TO ENHANCE CORPORATE GOVERNANCE, AND IN ORDER TO INTRODUCE TECHNICAL AND SYSTEMATIC IMPROVEMENTS.**

**EXPLANATION:**

In order to facilitate the exercise of the right to vote by Company shareholders, the proposed amendments have been grouped, for voting purposes, into two different and independent sections:

- (i) Amendment of the following articles of Title III, Section 1<sup>st</sup> (*Shareholders' Meetings*) of the Corporate Bylaws: 21 (*Call of the Shareholders' Meeting*), 22 (*Power and obligation to call meetings*), 23 (*Right to information*) and 31 (*Adoption of resolutions. Consultative vote*).
- (ii) Amendment of the following articles of Title III, Section 2<sup>nd</sup> (*The Managing Body*) of the Corporate Bylaws: 37 (*Remuneration*), 38 (*General obligations of Board members*), 39 (*Board Meetings*), 40 (*Constitution*), 44 (*Board Advisory Committees*) and 45 (*Audit and Compliance Committee*).

The main aim of these bylaw amendments is to introduce the legislative developments reinforcing the position of shareholders approved since the last Shareholders' Meeting and, in particular, the changes deriving from Law 31/2014, of December 3, amending the Companies Law in order to enhance corporate governance ("**Law 31/2014**").

In addition, while bringing the Corporate Bylaws into line with the legal changes deriving from Law 31/2014, the opportunity has been taken to make certain technical and systematic improvements.

The Board of Directors of the Company has issued a report in order to explain the proposed Corporate Bylaws amendment, pursuant to the provisions of article 286 of the Companies Law.

- a) AMENDMENT OF THE FOLLOWING ARTICLES OF TITLE III, SECTION 1<sup>ST</sup> (SHAREHOLDERS' MEETINGS) OF THE CORPORATE BYLAWS: 21 (CALL OF THE SHAREHOLDERS' MEETING), 22 (POWER AND OBLIGATION TO CALL MEETINGS), 23 (RIGHT TO INFORMATION) AND 31 (ADOPTION OF RESOLUTIONS. CONSULTATIVE VOTE).**

**EXPLANATION:**

In this section, a proposal is made to amend articles 21, 22, 23 and 31 of the Corporate Bylaws.

In particular, in articles 21 and 22 of the Corporate Bylaws, the minimum percentage required to exercise the right to add items to the agenda, to submit

proposals for resolutions and to request the call of the Shareholders' Meeting is reduced from five per cent to three per cent, in line with the legal amendment introduced by Law 31/2014.

Regarding article 23 of the Corporate Bylaws, the period during which shareholders may exercise their right to information before the date scheduled for the Shareholders' Meeting is extended until the fifth day prior to the date scheduled for the meeting, in line with the changes resulting from Law 31/2014, and the new provision introduced by Law 31/2014 in relation to the list of scenarios in which the Board of Directors is not obliged to provide the information is included.

Sub-article 31.2 of the Corporate Bylaws is eliminated, so that resolutions of the Shareholders' Meeting are adopted with the majority established in Article 201 of the Companies Law, as amended by Law 31/2014.

#### **PROPOSED RESOLUTION:**

##### **RESOLUTION 7.a)**

*“To amend articles 21, 22, 23 and 31 of the Corporate Bylaws so that they shall hereafter read as follows:*

##### **“Article 21. Call of the Shareholders' Meeting**

- 1. The Shareholders' Meeting must be formally called by the Board of Directors by way of a notice published with the advance notice required by law.*

*The call notice shall be distributed using at least the following means:*

- a) In the Official Gazette or in one of the largest circulation newspapers in Spain.*
  - b) On the website of the Spanish National Securities Market Commission.*
  - c) On the corporate Company's website.*
- 2. The call notice must contain all information required by applicable law in each case and stipulate the date, venue and time of the Shareholders' Meeting on first call and all items to be discussed. The call notice may also state the date of the Shareholders' Meeting on second call, if appropriate. At least 24 hours shall be allowed to elapse between the Shareholders' Meetings on first and second call.*

*The call notice of the Shareholders' Meeting shall indicate how to obtain the necessary information to prepare for the Shareholders' Meeting, specifying the*

*website of the Company, where and how to obtain the full text of the documents and the proposed resolutions to be voted on at the Shareholders' Meeting.*

- 3. Shareholders representing at least three percent (3%) of the aggregate nominal value of the capital stock may (a) request that a supplementary call notice for an ordinary Shareholders' Meeting be published, adding one or more further items to the agenda contained in the call notice, provided that the new items are accompanied by a justification or, as appropriate, a justified proposed resolution; and (b) submit reasoned proposals for resolutions on items already included or to be included on the agenda contained in the call notice for the Shareholders' Meeting called.*

*This right must be exercised by serving a duly authenticated notice (notificación fehaciente) at the registered office within five (5) days of the publication of the call notice.*

- 4. The Shareholders' Meeting may not debate or decide upon matters not included on the agenda, unless otherwise provided by applicable law.*

#### **Article 22. Power and obligation to call meetings**

- 1. The Board of Directors may call an extraordinary Shareholders' Meeting whenever they deem it to be in the interests of the Company.*
- 2. The Board of Directors must also call a Shareholders' Meeting when so requested by a number of shareholders holding at least three percent (3%) of the aggregate nominal value of the capital stock of the Company, stating in the request the items to be addressed at the Shareholders' Meeting. In this case, the Shareholders' Meeting must be called to be held within the time period prescribed by applicable law. The directors shall draw up the agenda and must include any items requested.*

#### **Article 23. Right to information**

- 1. Up to and including the fifth (5th) day before the date scheduled for the Shareholders' Meeting, shareholders may request in writing any information or clarification that they consider necessary and may formulate in writing the questions that they deem pertinent, about: (i) the items on the agenda contained in the call notice; (ii) to the information available to the public supplied by the Company to the Spanish National Securities Market Commission since the date of the last Shareholders' Meeting; (iii) the auditors' report.*
- 2. During the Shareholders' Meeting, shareholders may orally request any information or clarification that they deem appropriate in relation to items on the agenda, to the information available to the public supplied by the Company*

*to the Spanish National Securities Market Commission since the date of the last Shareholders' Meeting and in relation to the auditors' report and, where the shareholder's request cannot be satisfied at that time, the directors shall be obliged to provide the information in writing within seven (7) days of the day after the date on which the Shareholders' Meeting ended.*

3. *The Board of Directors shall be obliged to provide the information requested in accordance with the two preceding sub-articles in the form and within the time periods envisaged by these Corporate Bylaws, the Shareholders' Meeting Regulations and applicable law, unless this information is not necessary to protect shareholders' rights or there are objective reasons to consider that it could be used for non-corporate purposes or that its disclosure could harm the Company or its related companies. However, the requested information may not be refused when the request is supported by shareholders representing at least twenty-five percent (25%) of the aggregate nominal value of the capital stock.*

**Article 31. Adoption of resolutions. Consultative vote**

1. *Ordinary or extraordinary Shareholders' Meetings shall adopt resolutions with the majorities of the votes present in person or by proxy required by these Corporate Bylaws or by the Spanish Companies Law. Each voting share present in person or by proxy at the Shareholders' Meeting shall entitle its holder to one vote.*
2. *The Board of Directors may also submit resolutions to the Shareholders' Meeting for consideration on a consultative basis in the manner set out in the Shareholders' Meeting Regulations."*

- b) AMENDMENT OF THE FOLLOWING ARTICLES OF TITLE III, SECTION 2<sup>ND</sup> (THE MANAGING BODY) OF THE CORPORATE BYLAWS: 37 (REMUNERATION), 38 (GENERAL OBLIGATIONS OF BOARD MEMBERS), 39 (BOARD MEETINGS), 40 (CONSTITUTION), 44 (BOARD ADVISORY COMMITTEES) AND 45 (AUDIT AND COMPLIANCE COMMITTEE).**

**EXPLANATION:**

A proposal is made to amend articles 37, 38, 39, 40, 44 and 45 of the Corporate Bylaws.

In particular, a proposal is made to amend articles 37 and 38 of the Corporate Bylaws in order to bring their content into line with the changes introduced by Law 31/2014 regarding the remuneration and duties of directors, and to include certain technical improvements.

Regarding article 39 of the Corporate Bylaws, the provision contained in article 245 of the Companies Law relating to the obligation to hold at least one meeting of the Board of Directors each quarter is included and a proposal is made to amend article 40 in order to include the provisions of article 529 quater of the Companies Law in relation to the grant of proxies by non-executive directors at meetings of the Board of Directors.

Lastly, a proposal is made to amend articles 44 and 45 of the Corporate Bylaws in order to refer the Board committees' regulation to the Board of Directors Regulations and to the applicable law, and to include certain technical improvements.

**PROPOSED RESOLUTION:**

**RESOLUTION 7.b)**

*“To amend articles 37, 38, 39, 40, 44 and 45 of the Corporate Bylaws so that they shall hereafter read as follows:*

**“Article 37. Remuneration**

1. *The office of Board member is remunerated.*
2. *The remuneration of Board members in their capacity as Board members shall consist of a fixed fee, annual or periodic, and a variable remuneration in kind.*
3. *The remuneration, global and annual, for the entire Board of Directors and for the above items shall be the amount determined for such purpose by the Shareholders' Meeting (applicable and in force unless the Shareholders' Meeting approves its modification), although the Board of Directors may reduce this amount in the financial years as it sees fit. The Board of Directors shall be responsible for the distribution of the above amount among the directors in the manner, at the time and in the proportion freely determined by it, and the remuneration may differ according to (i) the characteristics of each Board member or category of Board member, (ii) the functions and responsibilities allocated to the Board and its Committees and (iii) the restrictions provided for in these Corporate Bylaws or in the Board of Directors Regulations in relation to the remuneration received as member of the Board of Directors of other companies that belong to the Group, with the Board also being responsible for determining the frequency and manner of payment of the fee.*

*Board members may not be paid twice as directors if they belong to the board of other companies of the Group.*

4. *Without prejudice to the above-mentioned remuneration, remuneration for*

*executive Board members may also consist of the delivery of shares or stock options or amounts linked to the share value. The application of this kind of remuneration shall require a resolution by the Shareholders' Meeting, expressing, as the case may be, the maximum number of shares that may be allocated to this remuneration system in each financial year, the strike price or system for calculating the strike price of the stock options, the value of any shares used as a reference and the duration of the plan.*

5. *Additionally, directors shall be entitled to the payment or reimbursement of any reasonable expenses that they may properly incur as a result of attending meetings and any other tasks directly relating to the discharge of their office as directors, such as travel, accommodation, meal and any other expenses that they may incur.*
6. *Independently of the remuneration provided for in the preceding sub-articles deriving from membership of the Board of Directors, any Board members that discharge executive functions, regardless of the nature of their relationship with the Company, shall be entitled to receive the remuneration, labour-related or professional, fixed or variable, in cash or in kind, which, pursuant to a resolution by the Board of Directors, corresponds to such functions, including participation in any incentive systems which may be established in general for the senior management of the Company and which may involve the delivery of shares or stock options or remuneration linked to the share value, subject at all times to the requirements established in the legislation in force from time to time, and participation in the appropriate welfare and insurance systems. In the event that they cease to discharge such functions, they may be entitled, on the terms and conditions approved by the Board of Directors, to appropriate economic compensation. Any remuneration payable for the above items and the other terms and conditions of the relationship shall be incorporated into the relevant contract, which must be approved by the Board of Directors with the affirmative vote of two-thirds of its members. The Board member affected must abstain from attending the deliberation and from participating in the vote.*
7. *The Company may also arrange liability insurance for any director or former director of the Company or of any associated company on customary and reasonable terms in light of the circumstances of the Company.*

*The Company will reimburse the expenses borne by directors and will indemnify any director or former director of the Company or of any associated company against any loss, liability or damage in which they may incur as a consequence of their actions carried out in their capacity as directors, including the losses and damages derived from criminal, administrative or civil proceedings filed against them, except for those cost, losses and damages in which they may incur as a consequence of a breach of their legal and fiduciary duties vis-à-vis the Company. No director or former director of the Company or director or former director of any associated company shall be accountable to*

*the Company or the members for any benefit provided pursuant to this Article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the Company.*

- 8. Once they have vacated office, the regime of rights approved by the Shareholders' Meeting (as the case may be, as part of Directors' remuneration policy) in relation to plane tickets of airlines investees or subsidiaries of the Company and with which the Company (or its investees or subsidiaries) has agreements in this connection shall apply to Board members.*

#### **Article 38. General obligations of Board members**

- 1. In discharging their duties, Board members must comply with the duties imposed by these Corporate Bylaws, the Board of Directors Regulations and the applicable law, acting in good faith and in the best interests of the Company.*
- 2. The Board of Directors Regulations shall implement the specific obligations of the Board members deriving from the duties of diligence and loyalty, paying particular attention to situations of conflict of interest.*

#### **Article 39. Board Meetings**

- 1. The Board of Directors shall meet as often as is deemed appropriate but at least, eight (8) times per year, unless the Chairman, freely and in his opinion, sees fit to suspend any of the sessions and, in all cases, at least once every quarter. The Board shall also meet in the cases determined by the Board of Directors Regulations.*
- 2. Calls to Board meetings shall be made by letter, fax, e-mail or any other means and shall be authorised with the signature of the Chairman, or of the Company Secretary or Company Deputy Secretary, on the orders of the Chairman. Call notices shall be sent sufficiently in advance of the meeting to ensure that Board members receive them no later than seven (7) days before the date of the meeting, except in the case of meetings deemed urgent by the Chairman (or by the Deputy Chairman, in the event of absence, illness or inability of the Chairman). This shall not apply to cases in which the Board of Directors Regulations requires a specific call period. The call notice shall always include, save for justified cause, the meeting agenda and shall be accompanied, as the case may be, by the information deemed necessary.*

*Additionally, the Board of Directors Regulations may regulate the possibility, requirements and formalities to call extraordinary meetings of the Board of Directors when the Chairman (or, in the event of absence, illness or inability of the Chairman, the Deputy Chairman) deems it justified.*

- 3. The Chairman must also call a Board meeting when so requested by at least*



*four (4) Board members.*

- 4. Notwithstanding the foregoing, the Board of Directors shall be deemed validly convened without the need for a call if all of the Board members are present, in person or in proxy, and unanimously agree to hold a meeting on consent and accept the items on the agenda.*
- 5. Directors may attend Board meetings via telephone multi-conference, videoconference or any other analogous system provided that such systems permit the recognition and identification of the attendees, permanent communication between the attendees regardless of their location, and real-time participation and voting.*
- 6. If no Board member objects, votes may be cast in writing without holding a meeting. In this case, Board members may send their votes and comments that they wish to have recorded in the minutes to the Chairman (or to the Company Secretary or Company Deputy Secretary acting on his/her behalf) using the same means mentioned in Article 39.2 above. A record will be kept of resolutions adopted following this procedure in the minutes drawn up in accordance with applicable law.*

#### **Article 40. Constitution**

- 1. The Board of Directors' meeting shall be validly convened where more than half (1/2) of Board members are present, in person or by proxy.*
- 2. All Board members may cast their vote through and grant a proxy to another Board member, although non-executive Directors may only cast their vote through and grant a proxy to another non-executive Director. Proxies must be granted in writing, addressed to the Chairman or to the Company Secretary and must be granted specifically for each meeting. No Board member may hold more than three (3) proxies, with the exception of the Chairman, who shall not be subject to such limit but may not represent the majority of the Board. The Board member granting the proxy shall endeavour, where possible, to include voting instructions in the proxy letter.*
- 3. By way of a decision by the Chairman or the Board of Directors, the general managers and managers of the Company as well as any other persons that the Chairman or the Board of Directors determine may attend Board meetings.*

#### **Article 44. Board of Directors' advisory committees**

- 1. In order to better perform its functions, the Board of Directors may create such advisory committees as it deems necessary to assist it in issues relating to the matters falling within its competencies, with the composition and functions, according to the provisions of the law, determined in each case.*

2. *Notwithstanding the foregoing, the Board of Directors shall necessarily have the following advisory committees:*
  - a) *Audit and Compliance Committee.*
  - b) *Nominations Committee.*
  - c) *Remuneration Committee.*
  - d) *Safety Committee.*

**Article 45. Regulation of the Board committees**

1. *Board of Directors' committees shall be governed by the provisions of the law, these Corporate Bylaws and the Board of Directors Regulations.*
2. *Specifically, composition and functions of the Board of Directors' committees shall be established in the Board of Directors Regulations, respecting in any case, the provisions of the law.*
3. *Where no specific provision is made, the Board committees shall be governed, by analogy and where applicable, by the provisions applicable to the Board of Directors of the Company."*

\* \* \*

- 8.- AMENDMENT OF THE SHAREHOLDERS' MEETING REGULATIONS TO ADAPT THEM TO THE REFORM OF THE COMPANIES LAW BY LAW 31/2014, OF DECEMBER 3, IN ORDER TO ENHANCE CORPORATE GOVERNANCE, AND IN ORDER TO INTRODUCE TECHNICAL AND SYSTEMATIC IMPROVEMENTS: AMENDMENT OF ARTICLES 7 (POWERS OF THE SHAREHOLDERS ACTING AT A SHAREHOLDERS' MEETING), 10 (CALL OF THE SHAREHOLDERS' MEETING), 11 (ANNOUNCEMENT OF THE CALL), 12 (INFORMATION AVAILABLE FROM THE DATE OF NOTICE), 13 (RIGHT OF INFORMATION PRIOR TO THE HOLDING OF A SHAREHOLDERS' MEETING), 19 (PRESIDING COMMITTEE AT GENERAL MEETINGS), 23 (LIST OF ATTENDEES), 24 (COMMENCEMENT OF THE MEETING), 25 (REQUESTS FOR STATEMENTS), 26 (REPORTS), 28 (RIGHT TO BE INFORMED DURING THE COURSE OF A SHAREHOLDERS' MEETING), 29 (ESTABLISHMENT OF A FINAL QUORUM FOR THE SHAREHOLDERS' MEETING), 32 (ADOPTION OF RESOLUTIONS AND DECLARATION OF THE RESULTS OF VOTES) AND 36 (PUBLICATION OF RESOLUTIONS).

**EXPLANATION:**

A proposal is made by the Board of Directors to amend the Shareholders' Meeting Regulations (the "**Regulations**") with a view to bringing them into line with the latest legislative developments regarding capital companies and listed companies and, specifically, with Law 31/2014. They are also intended to introduce and implement in the Regulations the new provisions introduced into the Corporate Bylaws as a result of the amendment of the articles approved by the Shareholders' Meeting, as the case may be, under item seven on the agenda.

The proposed amendments seek to reflect legislative developments reinforcing the position of shareholders and to introduce other technical and systematic improvements. These changes to the Regulations also complement the changes to the Corporate Bylaws proposed under item seven on the agenda.

The Board of Directors of the Company has issued a report in order to explain the proposed amendment of the Shareholders' Meeting Regulations.

**PROPOSED RESOLUTION:**

**RESOLUTION 8**

*"To amend articles 7, 10, 11, 12, 13, 19, 23, 24, 25, 26, 28, 29, 32 and 36 of the Shareholders' Meeting Regulations so that they shall hereafter read as follows:*

**"Article 7. Powers of the shareholders acting at a Shareholders' Meeting**

1. *The shareholders at a Shareholders' Meeting shall decide on the matters assigned to it by the Corporate Bylaws, these Shareholders' Meeting Regulations or the applicable law, and particularly regarding the following:*

- a) *The approval of the annual accounts, the allocation of profits and approval of corporate management.*
  - b) *The approval of the Shareholders' Meeting Regulations and any subsequent amendments thereto.*
  - c) *The appointment and removal of the directors, liquidators and auditors, as well as exercise of company action for liability against any of them.*
  - d) *The amendment of the Corporate Bylaws.*
  - e) *The increase and reduction of the share capital.*
  - f) *The elimination or restriction of the pre-emptive subscription right.*
  - g) *The acquisition, disposal or contribution to another company of essential assets.*
  - h) *The transfer to subsidiaries of essential activities previously pursued by the Company itself, even where the Company maintains full control thereof.*
  - i) *The change in legal form, merger, spin-off or global transfer of assets and liabilities and transfer of the registered office abroad.*
  - j) *The directors' remuneration policy on the terms established in the law.*
  - k) *The dissolution of the Company.*
  - l) *Transactions the effect of which is equivalent to the liquidation of the Company.*
  - m) *The approval of the final liquidation balance sheet.*
  - n) *Any other matter reserved to the Shareholders' Meeting pursuant to the law or the Corporate Bylaws.*
2. *The Shareholders' Meeting shall also decide on any other matter submitted for its consideration by the Board of Directors.*

**Article 10. Call of the Shareholders' Meeting**

1. *Pursuant to the provisions of the Corporate Bylaws, the Shareholders' Meeting must be formally called by the Board of Directors by way of a notice published with the advance notice required by law.*

*The call notice shall be distributed using at least the following means:*

- a) *In the Mercantile Registry Official Gazette and in one of the largest circulation newspapers in Spain.*

- b) *On the website of the Spanish National Securities Market Commission.*
  - c) *On the corporate Company's website.*
2. *The Board of Directors must call a Shareholders' Meeting in the following events:*
- a) *In the event set forth in article 8.1 above.*
  - b) *If the meeting is requested by a number of shareholders holding at least three percent (3%) of the capital stock, stating in the request the items to be addressed at the Shareholders' Meeting. In this case, the Shareholders' Meeting must be called to be held within the time period prescribed by applicable law. The directors shall draw up the agenda and must include any items requested.*
- The shareholders' rights mentioned in this sub-article 2 (b) must be exercised by duly authenticated notice sent to the Company's registered office.*
- c) *In the event that a tender offer is made for the securities of the Company, in order to report to the shareholders regarding the tender offer and to deliberate and decide upon the matters submitted for their consideration.*

**Article 11. Announcement of the call**

1. *The call notice must contain all information required by applicable law in each case and shall stipulate the date, venue and time of the Shareholders' Meeting on first call and all items to be discussed. The call notice may also state the date of the Shareholders' Meeting on second call, if appropriate. At least 24 hours must elapse between the Shareholders' Meetings on first and second call.*

*The call notice shall also state the date on which the shareholder must have registered shares in his name in order to be able to participate in, and vote at, the Shareholders' Meeting, the place and manner in which the full text of the documents and proposed resolutions can be obtained, and the address of the Company website on which the information shall be made available.*

*The notice shall contain, in accordance with the law, clear and accurate information on the procedures that shareholders must follow in order to participate in and cast their vote at the Shareholders' Meeting, including, in particular, the following aspects: (i) the right to request information, to include items on the agenda and to submit proposals for resolutions, as well as the period for exercise of such right; (ii) the system for casting votes by proxy, with special indication of the forms to be used to grant the proxy and of the means to be used to enable the Company to accept notification by electronic means of the proxies granted; and (iii) the procedures established for the casting of votes using distance means, whether by post or by electronic means.*

2. *Shareholders representing at least three percent (3%) of the aggregate nominal value of the capital stock of the Company may request that a supplementary call notice for an ordinary Shareholders' Meeting be published, adding one or more further items to the agenda contained in the call notice, provided that the new items are accompanied by a justification or, as appropriate, a justified proposed resolution. This right must be exercised by serving a duly authenticated notice (notificación fehaciente) at the registered office of the Company within five (5) days of the publication of the call notice. The supplementary call notice must be published at least fifteen (15) days in advance of the date scheduled for the ordinary Shareholders' Meeting. The written notice exercising such right shall specify the name or corporate name of the requesting shareholder or shareholders, and there shall be attached thereto such documentation as evidences his status as shareholder, as well as the contents of the item or items proposed.*

*Furthermore, shareholders representing at least three percent (3%) of the capital stock may, in the same time period and with the same requirements stipulated in the preceding paragraph, submit reasoned proposals for resolutions on items already included or to be included on the agenda for the Shareholders' Meeting called.*

*In both cases, the Board of Directors may require that the shareholder also attach the report or reports providing a rationale for such proposal in the instances required by applicable law.*

3. *The Shareholders' Meeting may not debate or decide upon matters not included on the agenda, unless otherwise provided by applicable law.*
4. *The Board of Directors may require that a notary public attend the Shareholders' Meeting and prepare the minutes thereof. In any event, the Board must require the presence of a notary public under the circumstances provided by applicable law, including where so requested by shareholders representing at least one percent (1%) of the aggregate nominal value of the capital stock of the Company five (5) days in advance of the date scheduled for the Shareholders' Meeting. The notary public's fees shall be borne by the Company. The minutes drawn up by the notary public shall be deemed the minutes of the Shareholders' Meeting.*

#### **Article 12. Information available from the date of notice**

1. *Beginning on the date of publication of the announcement of the call, such information as is deemed appropriate to facilitate the attendance of the shareholders at the Shareholders' Meeting and their participation therein shall be contained on the Company's website, including at least the following:*
  - a) *Documents relating to the Shareholders' Meeting that are required by applicable law, with information regarding the agenda, the proposed resolutions on each and every one of the items on the agenda, or in relation to any informative items on the agenda, a report from the relevant body explaining each*

*of the items, and any other relevant information that the shareholders might need in order to cast their vote.*

*In the event that the shareholders acting at the Shareholders' Meeting must deliberate on the appointment, re-election or ratification of directors, the corresponding proposed resolution shall be accompanied by the following information: (i) the professional profile and biographical data of the director; (ii) the other boards of directors on which he holds office, at listed companies or otherwise; (iii) an indication of the type of director he is in each case, with mention, in the case of proprietary directors, of the shareholder that proposes or proposed his appointment or with which he has ties; (iv) the date of his first and subsequent appointments as director of the Company, (v) the shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which such director is the holder; and (vi) the proposal and reports required by law.*

- b) The existing channels of communication between the Company and the shareholders and, in particular, explanations pertinent to the exercise of a shareholder's right to information, indicating the postal and e-mail addresses to which the shareholders may direct their requests.*
  - c) The means and procedures for granting a proxy to attend the Shareholders' Meeting.*
  - d) The means and procedures for distance voting, including, where applicable, the forms required to evidence attendance and the casting of votes by means of data transmission at the Shareholders' Meeting.*
- 2. The Company shall include on its website, starting on the date of the announcement of the call to Shareholders' Meeting, Spanish and English versions of the information and the principal documents related to the Shareholders' Meeting in order to facilitate shareholders' attendance and participation therein.*

**Article 13. Right of information prior to the holding of a Shareholders' Meeting**

- 1. The Company shall comply with the statutorily prescribed obligations to provide information to the shareholders through its website, without prejudice to its right to use any other means for such purpose or to the shareholders' right to request the information in written form pursuant to applicable law.*
- 2. Up to and including the fifth (5th) day before the date scheduled for the Shareholders' Meeting, shareholders may request in writing any information or clarification that they consider necessary or formulate in writing the questions that they deem pertinent in relation to: (i) the items on the agenda contained in the call notice; (ii) the information available to the public and supplied by the Company to*

*the Spanish National Securities Market Commission since the date of the last Shareholders' Meeting; and (iii) the auditors' report.*

3. *The requests for information may be made by delivery of the request to the Company's registered office, or by delivery to the Company via mail or other means of electronic or long-distance data communication sent to the address specified in the announcement of the meeting. Such requests will also be allowed in such cases where the electronic document by virtue of which the information is requested includes a recognized electronic signature used by the requesting party or other mechanisms which, pursuant to a resolution previously adopted for such purpose, the Board of Directors deems sufficient to ensure the authenticity and identity of the shareholder exercising such right to receive information.*

*Whatever the means used to issue the requests for information, the request of the shareholder must include the shareholder's first and last names, with evidence of the shares owned. The shareholder shall be responsible for maintaining proof of delivery of the request to the Company as and when due.*

4. *The Board of Directors shall be required to provide the information requested pursuant to the preceding paragraphs in the form and within the periods provided for in the law, in the Corporate Bylaws and in these Shareholders' Meeting Regulations, unless that information is not necessary to protect shareholders' rights, there are objective reasons to consider that it could be used for non-corporate purposes or that its disclosure could harm the Company or its related companies. The requested information may not be refused when the request is supported by shareholders representing at least twenty-five percent (25%) of the aggregate nominal value of the share capital.*
5. *Valid requests for information, clarification or questions submitted in writing, and the replies provided in writing by the Board of Directors, shall be included on the Company website.*
6. *Where, prior to the submission of a specific question, the requested information is clearly, expressly and directly available to all shareholders on the Company's website in question and answer format, the Board of Directors may limit its response to a reference to the information provided in such format.*
7. *The Board of Directors may authorise any of its members, its secretary (the "**Company Secretary**"), its deputy secretary (the "**Company Deputy Secretary**") or any other person it deems appropriate, in order for any of them to respond on behalf of the Board of Directors to shareholder requests for information.*
8. *When the shareholders are to deal with an amendment to the Corporate Bylaws, besides the statements required in each case by applicable law, the notice of the call must make clear the right of all shareholders to examine at the Company's registered*



*office the complete text of the proposed amendment and the report thereon and to request that such documents be delivered or sent to them without charge.*

9. *In all cases in which the applicable law so requires, such information and supplemental documentation as is mandatory shall be made available to the shareholders.*
10. *The Board of Directors shall consider the advisability of making available to the shareholders, at the time of the call to the Shareholders' Meeting, any additional information that contributes to a better understanding by shareholders of the manner of exercising their rights in connection with the Shareholders' Meeting and of the matters to be dealt with thereat, such as shareholder guides, etc.*

#### **Article 19. Presiding Committee at General Meetings**

1. *The Presiding Committee shall be made up of the Chairman and Secretary of the Shareholders' Meeting and of the remaining members of the Board of Directors present at the meeting. Without prejudice to the powers assigned to it in these Shareholders' Meeting Regulations, the Presiding Committee shall assist the Chairman of the Shareholders' Meeting in the performance of his duties.*
2. *The Shareholders' Meeting shall be chaired by the Chairman of the Board of Directors and, in his absence, by the Deputy Chairman of the Board and, in the absence of all of the foregoing, by the shareholder designated by the Shareholders' Meeting itself.*
3. *The Chairman of the Shareholders' Meeting shall be assisted by a secretary (the "Secretary of the Shareholders' Meeting"). The Company Secretary shall act as Secretary of the Shareholders' Meeting and, in his absence, the Deputy Company Secretary. In the absence of both of them, the Secretary of the Shareholders' Meeting shall be the shortest-serving director or if there are two such directors who were appointed on the same day, by the youngest director and, in the absence of all of the above, the shareholder designated by the Shareholders' Meeting itself.*

*The Chairman of the Shareholders' Meeting may also, if so desired, obtain the assistance of any person that he deems appropriate.*

#### **Article 23. List of attendees**

1. *Once the Presiding Committee has been formed, and prior to commencing with the items on the agenda, a list of all attendees shall be drawn up, stating the nature or representative authority of each of them and the number of shares, held or represented, with which they attend. The list of attendees shall include as present those shareholders who have cast votes from a distance pursuant to the provisions of the Corporate Bylaws and these Shareholders' Meeting Regulations.*

2. *The list of attendees may also be prepared by means of a card file or incorporated into a computer medium. In these cases, the means used in preparing the list shall be stated in the minutes of the Shareholders' Meeting and the appropriate identification notice, signed by the Secretary of the Shareholders' Meeting with the Chairman of the Shareholders' Meeting's approval, shall be attached to the sealed file cover or the medium used.*
3. *If the meeting takes place in different places pursuant to the provisions of these Shareholders' Meeting Regulations, the list of attendees shall also include the capital represented in person or by proxy in each room. In such case, distance votes shall be included in the room where the Presiding Committee is located.*
4. *At the end of the list, the number of shareholders present (including a separate list of those who cast their vote using distance media) in person or by proxy shall be stated, as well as their holdings in the capital stock of the Company, specifying the capital stock corresponding to shareholders with the right to vote.*

#### **Article 24. Commencement of the Shareholders' Meeting**

1. *Prior to the commencement of the Shareholders' Meeting, the Chairman of the Shareholders' Meeting or, by his delegation, the Secretary of the Shareholders' Meeting shall verify whether the necessary quorum for the valid constitution of the Shareholders' Meeting exists and shall state whether the requirements for the valid constitution of the Shareholders' Meeting have been met, and may also communicate at this time, if deemed appropriate, the provisional or final data on the quorum. Any queries or claims arising in this connection shall be resolved by the Chairman of the Shareholders' Meeting.*
2. *If appropriate, the Chairman of the Shareholders' Meeting shall announce the presence of a Notary Public at the meeting, shall identify such Notary Public, and shall disclose the request he has made of the Notary Public to prepare the minutes of the Shareholders' Meeting.*

#### **Article 25. Requests for statements**

1. *Shareholders wishing to make statements at the Shareholders' Meeting must submit a request prior to the start of the meeting to the Shareholder Office set up at the meeting venue, placing on record their name and surname(s) and, as appropriate, the corporate name of the legal entity shareholder they represent, as well as the number of shares they hold and/or represent.*
2. *Shareholders wishing to make statements may be asked at the time of registration to provide the text of their statement or, failing that, to give a summary of their statement in order to expedite the process. In any event, if they wish their statement to be reflected verbatim in the minutes of the Shareholders' Meeting, they must deliver it at such time, for delivery to the Notary Public, so that the Notary Public*

*can incorporate it into the minutes and compare it with the statement made by the shareholder.*

**Article 26. Reports**

- 1. The Secretary of the Shareholders' Meeting, at the direction of the Chairman of the Shareholders' Meeting, shall inform the shareholders of the publication of the call notice, the items on the agenda and any other matters that may be appropriate.*
- 2. The Shareholders' Meeting shall then continue with the presentation of reports by the Chairman of the Shareholders' Meeting, if any, and the reports, if any, of the members of the Board of Directors and/or the persons designated for such purpose by the Chairman of the Shareholders' Meeting.*
- 3. Thereafter, and in any event prior to voting on the business included in the agenda, the Chairman of the Shareholders' Meeting shall commence the period for statements by the shareholders.*

**Article 28. Right to be informed during the course of a Shareholders' Meeting**

- 1. During the statements period, shareholders or their proxies may verbally request any information or clarification that they deem necessary regarding (i) the items on the agenda contained in the call notice; (ii) the information available to the public and supplied by the Company to the Spanish National Securities Market Commission since the date of the last Shareholders' Meeting; and (iii) the auditors' report. To do so, they must previously have identified themselves in accordance with the provisions of article 25 above.*
- 2. The requested information or clarification shall be provided by the Chairman of the Shareholders' Meeting or, if applicable and if directed by such Chairman, by the Chairman of any of the Board Committees, the Secretary of the Shareholders' Meeting, a director or, if appropriate, any employee of the Company or person designated by the Chairman of the Shareholders' Meeting. In the event that for any reason it is not possible to satisfy the shareholder's right to receive information during the proceedings of the Shareholders' Meeting, the directors shall provide the requested information in writing to the interested shareholder within seven (7) days of the close of the Shareholders' Meeting.*
- 3. However, there is no obligation to provide the requested information if this information is not necessary to protect shareholders' rights, there are objective reasons to consider that it could be used for non-corporate purposes or that its disclosure could harm the Company or its related companies. However, the requested information may not be refused when the request is supported by shareholders representing at least twenty-five percent (25%) of the aggregate nominal value of the share capital.*

**Article 29. Establishment of a final quorum for the Shareholders' Meeting**

- 1. The list of attendees shall be finalised no later than at the end of the shareholder statements and the Chairman of the Shareholders' Meeting or, by his delegation, the Secretary of the Shareholders' Meeting, shall read the final information contained in the list of attendees, detailing the number of shareholders with the right to vote who are present in person or by proxy at the meeting (including those who have exercised their right to vote from a distance pursuant to the provisions of these Shareholders' Meeting Regulations), the number of shares corresponding thereto and the total number of shares present at the Shareholders' Meeting, stating in each case the percentage of share capital they represent.*
- 2. Once this information has been announced by the Chairman of the Shareholders' Meeting or the Secretary of the Shareholders' Meeting, the Chairman of the Shareholders' Meeting shall, if appropriate, declare the existence of a proper and sufficient quorum at the Shareholders' Meeting on first or second call, as the case may be, and shall decide if the shareholders can debate and adopt resolutions regarding all matters contained in the agenda or if, on the contrary, debate must be limited to only some of them, based on attendance at the Shareholders' Meeting in accordance with the list of attendees.*
- 3. If a Notary Public has been required to prepare the minutes of the meeting, the Notary Public shall ask and make clear in the minutes whether there are reservations or objections regarding the statements of the Chairman of the Shareholders' Meeting, or of the Secretary of the Shareholders' Meeting acting by delegation from the Chairman of the Shareholders' Meeting, regarding the number of shareholders in attendance and the capital which is present.*
- 4. Once the establishment of a quorum for the Shareholders' Meeting has been declared, and if the minutes are being prepared by a Notary Public, the attending shareholders may state to the Notary Public any reservation or objection they may have regarding the existence of a valid quorum for the Shareholders' Meeting or regarding the overall information from the list of attendees which was previously read aloud, in order to duly record such reservation or objection in the minutes of the Shareholders' Meeting.*

**Article 32. Adoption of resolutions and declaration of the results of votes**

- 1. Ordinary or extraordinary Shareholders' Meetings shall adopt resolutions with the majorities of the votes present in person or by proxy required by the Corporate Bylaws or by Spanish Companies Law. Each voting share present in person or by proxy at the Shareholders' Meeting shall entitle its holder to one (1) vote.*
- 2. Once the Chairman of the Shareholders' Meeting has evidence of sufficient favourable votes, the Chairman of the Shareholders' Meeting shall declare the resolutions to be adopted, without prejudice to the statements that the attending*

*shareholders (or their representatives) may make to the Notary Public (or, in the absence thereof, to the Secretary of the Shareholders' Meeting) or assistants thereto, regarding the direction of their vote.*

**Article 36. Publication of resolutions**

*Without prejudice to registration with the Spanish Commercial Registry of recordable resolutions and applicable legal provisions regarding the publication of corporate resolutions, the Company shall publish the approved resolutions and the voting results according to the law.”*

\* \* \*

**9.- AUTHORISATION, FOR A TERM ENDING AT 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 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 SHARE CAPITAL AS AT THE DATE OF PASSING THIS RESOLUTION; (B) THE MINIMUM PRICE WHICH MAY BE PAID FOR A SHARE IS ZERO; (C) THE MAXIMUM PRICE WHICH MAY BE PAID FOR A SHARE IS THE HIGHEST OF: (I) AN AMOUNT EQUAL TO FIVE PER CENT. ABOVE THE AVERAGE OF THE MIDDLE MARKET QUOTATIONS FOR THE SHARES AS TAKEN FROM THE RELEVANT STOCK EXCHANGE FOR THE FIVE BUSINESS DAYS IMMEDIATELY PRECEDING THE DAY ON WHICH THE TRANSACTION IS PERFORMED; AND (II) THE HIGHER OF THE PRICE OF THE LAST INDEPENDENT TRADE AND THE HIGHEST CURRENT INDEPENDENT BID ON THE TRADING VENUES WHERE THE TRANSACTION 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, directly or indirectly through its subsidiaries. This resolution grants authority for the Company to make market purchases of its own shares up to a maximum of shares representing 10 per cent. of the share capital of the Company. Once purchased by the Company, ordinary shares may be held in treasury or cancelled. The minimum price, exclusive of expenses, for a share is zero and the maximum price, also exclusive of expenses, is the highest of: (i) an amount equal to five per cent. above the average of the middle market quotations for the shares as taken from the relevant stock exchange for the five business days immediately preceding the day on which the transaction is performed; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the transaction is carried out at the relevant time.

The Company has no present intention of using the authority under this Resolution 9 to make market purchases (except purchases to cover share plans) and the seeking of this authority should not be taken to imply that shares will be purchased. The Company will use this authority only when it is considered 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 Board of Directors considers that it is in the best corporate interest for the Company to 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.

As at April 28, 2015, the Company has issued options outstanding over 31,403,659 shares, representing 1.54 per cent. of the Company's share capital (excluding current treasury shares). If the existing authority now being sought by Resolution 9 were to be fully used, the shares would represent 1.71 per cent. of the Company's share capital (excluding treasury shares).

The authority will expire once fifteen months have elapsed from the date of the passing of this resolution or of the conclusion of the annual Shareholders' Meeting of the Company held in 2016, whichever is earlier.

#### **PROPOSED RESOLUTION:**

#### **RESOLUTION 9**

*“To 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:*

- (i) 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.*
- (ii) The acquisitions shall be made through purchase and sale, exchange or any other transaction permitted by the law.*
- (iii) The maximum aggregate number of 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 share capital as at the date of passing this resolution.*
- (iv) The minimum price which may be paid for a share is zero;*
- (v) The maximum price which may be paid for a share is the highest of:*
  - a) an amount equal to five per cent. above the average of the middle market quotations for the shares as taken from the relevant stock exchange for the five business days immediately preceding the day on which the transaction is performed; and*
  - b) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the transaction is carried out at the relevant time;*

*in each case, exclusive of expenses.*

- (vi) *The authorisation is granted for a term ending at 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."*

\* \* \*



**10.- AUTHORISATION TO THE BOARD OF DIRECTORS, WITH THE EXPRESS POWER OF SUBSTITUTION, FOR A TERM ENDING AT 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 UP TO (A) ONE-THIRD OF THE 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 11); AND (B) UP TO A FURTHER ONE-SIXTH OF THE SHARE CAPITAL AS AT THE DATE OF PASSING THIS RESOLUTION IN CONNECTION WITH AN OFFER BY WAY OF A RIGHTS ISSUE IN ACCORDANCE WITH THE LISTING RULES MADE UNDER PART IV OF THE UNITED KINGDOM FINANCIAL SERVICES AND MARKETS ACT 2000 (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 11).**

**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 shares up to one-third of the share capital of the Company 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 680,026,174 shares with a nominal value of 0.50 euro each) and in the case of a rights issue in accordance with the Listing Rules made under Part IV of the United Kingdom Financial Services and Markets Act 2000 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 340,013,087 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 shares which are issued and the maximum number of new shares which may be required to be issued for the purposes of the conversion or exchange of any securities issued under Resolution 11 (if passed).

Pursuant to the provisions of the Companies Law, the shareholders shall have a pre-emptive right to subscribe to any new shares issued under this authorisation, unless such pre-emptive right is excluded on the terms and subject to the limits established in Resolution 12 (if passed).

There are no present plans to use this authority to issue new shares under this Resolution 10. However, the Board of Directors considers it appropriate to have the maximum

flexibility permitted by the applicable corporate governance legislation and practices in order 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 744,245 treasury shares.

The authority will expire once fifteen months have elapsed from the date of the passing of this resolution or of the conclusion of the annual Shareholders' Meeting of the Company held in 2016, whichever is earlier.

The Board of Directors has issued a report in order to justify this proposed resolution in accordance with the provisions of Articles 285, 296.1, 297.1.b) and 506 of the Companies Law.

#### **PROPOSED RESOLUTION:**

#### **RESOLUTION 10**

*“To 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 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 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 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 section 3 of Resolution 11); and*
- b) a further one-sixth of the share capital as at the date of passing this resolution in connection with an offer by way of a 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 section 3 of Resolution 11).*

*For the purposes of this resolution, a “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 (i) 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, and (ii) in accordance with the Listing Rules made under Part IV of the United Kingdom Financial Services and Markets Act 2000.*

*3.- Scope of the authorisation.- 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 bylaws relating to share capital and number of shares.*

*4.- Admission to listing.- The Company shall, when appropriate, apply for listing on regulated markets, multilateral trading systems or other secondary markets, organised or otherwise, official or unofficial, Spanish or foreign, of the shares issued under this authorisation 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.*

*5.- Power of delegation.- 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.”*

\* \* \*

**11.- AUTHORISATION TO THE BOARD OF DIRECTORS, WITH THE EXPRESS POWER OF SUBSTITUTION, FOR A TERM ENDING AT 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 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 10); AND (B) A FURTHER ONE-SIXTH OF THE SHARE CAPITAL AS AT THE DATE OF PASSING THIS RESOLUTION IN CONNECTION WITH AN OFFER BY WAY OF A RIGHTS ISSUE IN ACCORDANCE WITH THE LISTING RULES MADE UNDER PART IV OF THE UNITED KINGDOM FINANCIAL SERVICES AND MARKETS ACT 2000 (SUCH AMOUNT TO BE REDUCED BY THE AMOUNT THAT THE SHARE CAPITAL HAS BEEN INCREASED UNDER PARAGRAPH (B) OF RESOLUTION 10). ESTABLISHMENT OF THE CRITERIA FOR DETERMINING THE BASIS FOR AND TERMS AND CONDITIONS APPLICABLE TO THE CONVERSION OR EXCHANGE. AUTHORISATION TO THE BOARD OF DIRECTORS, WITH THE EXPRESS POWER OF SUBSTITUTION, TO DEVELOP THE BASIS FOR AND TERMS AND CONDITIONS APPLICABLE TO THE CONVERSION OR EXCHANGE OF SUCH SECURITIES, AS WELL AS 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 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 680,026,174 shares with a nominal value of 0.50 euro each) and in the case of a rights issue in accordance with the Listing Rules made under Part IV of the United Kingdom Financial Services and Markets Act 2000 a further one sixth of the 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 340,013,087 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 shares issued under Resolution 10 (if passed).

Pursuant to the provisions of the Companies Law, the shareholders shall have a pre-emptive right to subscribe any new convertible securities issued under this authorisation,

unless such pre-emptive right is excluded on the terms and subject to the limits established in Resolution 12 below (if passed).

There are no present plans to use this authority to issue securities convertible into and/or exchangeable for shares under this Resolution 11. However, the Board of Directors considers it appropriate to retain the ability to respond to market developments and to be able 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 once fifteen months have elapsed from the date of the passing of this resolution or of the conclusion of the annual Shareholders' Meeting of the Company held in 2016, whichever is earlier.

The Board of Directors has issued a report in order to justify this proposed resolution in accordance with the provisions of Articles 286, 297 and 511 of the Companies Law.

#### **PROPOSED RESOLUTION:**

#### **RESOLUTION 11**

*“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, bonds and other debt securities 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 next year's annual Shareholders' Meeting (or, if earlier, fifteen months from the date of passing of this resolution).*

*3.- Maximum amount authorised.- The maximum aggregate nominal 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 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 section 2 of Resolution 10); and*

- b) *a further one-sixth of the share capital as at the date of passing this resolution in connection with an offer by way of a rights issue (such amount to be reduced by the amount that the share capital has been increased under paragraph b) of section 2 of Resolution 10).*

*For the purposes of this resolution, a “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 (i) 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, and (ii) in accordance with the Listing Rules made under Part IV of the United Kingdom Financial Services and Markets Act 2000.*

*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 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 and/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 (including, should it be the case, accrued and not paid interests), 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 Article 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 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 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 bylaws 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.- The Company shall, where appropriate, apply for listing on regulated markets, multilateral trading systems or other secondary markets, organised or otherwise, official or unofficial, Spanish or foreign of the securities issued by the Company under this delegation, 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.

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.”

\* \* \*

**12.- 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 RESOLUTIONS 10 AND 11 FOR THE PURPOSES OF ALLOTING SHARES OR CONVERTIBLE OR EXCHANGEABLE SECURITIES IN CONNECTION WITH A RIGHTS ISSUE IN ACCORDANCE WITH THE LISTING RULES MADE UNDER PART IV OF THE UNITED KINGDOM FINANCIAL SERVICES AND MARKETS ACT 2000 OR IN ANY OTHER CIRCUMSTANCES SUBJECT TO AN AGGREGATE MAXIMUM NOMINAL AMOUNT OF THE SHARES SO ALLOTTED AND THAT MAY BE ALLOTTED ON CONVERSION OR EXCHANGE OF SUCH SECURITIES OF FIVE PER CENT. OF THE SHARE CAPITAL AS AT THE DATE OF PASSING THIS RESOLUTION.**

**EXPLANATION:**

As indicated above, if the Board of Directors decides to issue new shares or convertible securities, the Companies Law recognises a pre-emptive subscription right to the shareholders, meaning that these shares or securities must be offered first to existing shareholders in proportion to their existing holdings.

This resolution delegates power to the Board of Directors to allot new shares or securities which may be converted or exchanged into new ordinary shares either in accordance with a rights issue in accordance with the Listing Rules made under Part IV of the United Kingdom Financial Services and Markets Act 2000 or where the value of the 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 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 10 or Resolution 11 (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 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 explanation to and consultation with shareholders.

The Board of Directors has 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 12**

*“To authorise the Board of Directors, with the express power of substitution, to totally or partially exclude the pre-emptive right, as permitted by Article 506 and Article 511 of the Companies Law (Ley de Sociedades de Capital) in connection with issuances of shares or convertible or exchangeable securities that the Board of Directors may approve under the authority given under Resolutions 10 and 11 above provided that the such capital increases and issuances of convertible or exchangeable securities are:*

- a) for the purposes of allotting shares or convertible or exchangeable securities in connection with a rights issue; or*
- b) in any other circumstances, subject to an aggregate maximum nominal amount of the shares so allotted and that may be allotted on conversion or exchange of such securities of five per cent. of the share capital as at the date of passing this Resolution.*

*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 (i) 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, and (ii) in accordance with the Listing Rules made under Part IV of the United Kingdom Financial Services and Markets Act 2000.*

*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.”*

\* \* \*

**13.- APPROVAL OF THE ALLOTMENT OF A MAXIMUM NUMBER OF SHARES OF THE COMPANY FOR SHARE AWARDS (INCLUDING THE AWARDS TO EXECUTIVE DIRECTORS) UNDER THE IAG PERFORMANCE SHARE PLAN (PSP) AND THE IAG INCENTIVE AWARD DEFERRAL PLAN (IADP), IN RELATION TO THE REMUNERATION FOR THE 2015, 2016, 2017 AND 2018 FINANCIAL YEARS.**

**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 at this time.

At the Shareholder Meeting in 2013 approval was sought to allotment up to 67,500,000 ordinary shares (of which up to a maximum of 7,650,000 ordinary shares could be allocated to executive directors) under the Share Plans. That authorisation will expire at the upcoming Shareholders Meeting, therefore 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 for the 2015, 2016, 2017 and 2018 financial years.

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 13**

*“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 in relation to the remuneration for the 2015, 2016, 2017 and 2018 financial years.*

*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.*

*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 any body, 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.”*

\* \* \*

**14.- 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 14**

*“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.”*

\* \* \*

April 29, 2015