

**RESOLUTIONS PROPOSED BY THE BOARD OF DIRECTORS OF  
INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A. TO THE 2016  
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, 2015.**

**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, 2015, 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, 2015, which were formulated by the Board of Directors at its meeting held on February 25, 2016."*

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**2.- PROPOSAL FOR THE ALLOCATION OF RESULTS AND REMUNERATION TO SHAREHOLDERS:  
A) APPROVAL OF THE PROPOSAL FOR THE ALLOCATION OF RESULTS CORRESPONDING  
TO THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2015 AND B) REMUNERATION TO  
SHAREHOLDERS: FINAL DIVIDEND APPROVAL.**

The resolution for the approval of the proposal for the allocation of results corresponding to the financial year ended on December 31, 2015 and the resolution for the approval of a final dividend will be voted on separately.

**a) APPROVAL OF THE PROPOSAL FOR THE ALLOCATION OF RESULTS CORRESPONDING TO  
THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2015.**

**EXPLANATION:**

This resolution approves the allocation of results of the Company corresponding to the financial year 2015, consisting of a profit of 412,003 thousand euros, to the legal reserve, to compensate prior years' losses, to the distribution of dividends (interim dividend and final dividend), and to voluntary reserves.

**PROPOSED RESOLUTION:**

**RESOLUTION 2.a)**

*"To approve the proposed allocation of the 2015 results of International Consolidated Airlines Group, S.A., consisting of a profit of 412,003 thousand euros, in the following terms:*

- (i) the amount of 41,200 thousand euros to the legal reserve;*
- (ii) the amount of 50,345 thousand euros to compensate prior years' losses;*
- (iii) the amount of 202,539 thousand euros to the payment of a dividend that was paid in full prior to this Shareholders' Meeting as an interim dividend by virtue of the resolution adopted by the Board of Directors at its meeting on October 29, 2015, which it is resolved to ratify to the extent necessary;*
- (iv) the amount of 102,050 thousand euros to the payment of a final dividend (corresponding to a fixed dividend of 5 euro cents gross per share to all of the 2,041,007,625 shares outstanding on the date of the call of the Shareholders' Meeting) in accordance with Resolution 2.b) below; and*
- (v) the amount of 15,869 thousand euros (the remainder of the profit for the year following the above distributions) to voluntary reserves.*

*It is placed on record that the amounts allocated to payment of a final dividend and to voluntary reserves have been adapted taking into consideration the number of shares issued at the date of the call of the Shareholders' Meeting.*

*In the event that the number of shares entitled to receive the final dividend is further increased, the total amount allocated to payment of the final dividend shall be increased as a result, and the amount allocated to voluntary reserves shall be reduced accordingly.*

**b) REMUNERATION TO SHAREHOLDERS: FINAL DIVIDEND APPROVAL**

**EXPLANATION:**

This resolution approves the distribution of a final dividend in cash of 10 euro cents gross per share from 2015 profit (5 euro cents per share) and from the share premium reserve (5 euro cents per share).

**PROPOSED RESOLUTION:**

**RESOLUTION 2.b)**

*“To distribute a final dividend in cash of 10 euro cents gross per share as follows:*

- a) The amount of 5 euro cents gross for every outstanding share of the Company entitled to receive it on the date on which payment is made out of 2015 net profit.*
- b) The amount of 5 euro cents for every outstanding share of the Company entitled to receive it on the date on which payment is made out of the share premium reserve.*

*Payment shall be made as from July 4, 2016.*

*The withholdings required by the applicable legislation from time to time shall be deducted from the gross amounts paid.*

*For such purposes, to authorize the Board of Directors, on the broadest terms, with the express power of substitution, to adopt all decisions and perform all steps necessary or appropriate for the payment of the final dividend approved above, including, in particular and without limitation, to establish the terms and conditions of the distribution in all matters not provided for above, to designate the entity or entities that is/are to act as payment agent and sign the relevant contract(s) on the terms and conditions it sees fit, to draw from current accounts for such purpose, to make the appropriate communications and notifications and, in general, to take any other steps that may be necessary or appropriate for the successful completion of the approved distribution.”*

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**3.- APPROVAL OF THE MANAGEMENT OF THE BOARD OF DIRECTORS DURING THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2015.**

**EXPLANATION:**

In this resolution, the Board of Directors requests the approval of its management during the financial year ended on December 31, 2015 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, 2015.”*

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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 2016 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 2016.**

**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 2016, 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 2016."*

**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."*

\* \* \*

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

The Board of Directors proposes to the Shareholders' Meeting the re-election of the following Company directors: Mr. Antonio Vázquez Romero, Mr. William Walsh, 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.

In addition, the Board of Directors, to fill the vacancies left by Sir Martin Broughton and Mr. César Alierta Izuel, who have notified the Board of their decision, for personal reasons, not to submit their appointment for re-election and to cease as directors at the Shareholders' Meeting, proposes to the Shareholders' Meeting the appointment as non-executive independent directors Mr. Marc Bolland and Mr. Emilio Saracho Rodríguez de Torres, for the statutory period of one year, under the proposal submitted by the Nomination Committee.

Each resolution for the re-election or appointment of each director's proposals will be voted on separately.

- a) **TO RE-ELECT MR. ANTONIO VÁZQUEZ ROMERO 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. Antonio Vázquez Romero as a director, classified as other non-executive independent 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:* Chairman, Iberia 2009-2013. Chairman and CEO, Altadis Group 2005-2008. Chairman, 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, 2015.

- 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.a)**

*“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 non-executive independent director.”*

- b) **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 National Treasury Management Agency of Ireland.

*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, 2015.



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

Mr. William Walsh owns 1,656,082 Company shares. In addition, he has interests in shares as a result of share awards (conditional awards and options) made pursuant to the Company share schemes as detailed below:

<b>Plan</b>	<b>Date of award</b>	<b>Vesting date</b>	<b>Shares within award</b>
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
IADP 2015	May 28, 2015	March 8, 2018 No performance conditions	151,111
PSP 2015	May 28, 2015	Subject to satisfaction of performance conditions tested over a 3-year period and a further 2-year holding period	309,091
IADP 2016	March 7, 2016	March 7, 2019 No performance conditions	125,693
PSP 2016	March 7, 2016	Subject to satisfaction of performance conditions tested over a 3-year period and a further 2-year holding period	314,233

**PROPOSED RESOLUTION:**

**RESOLUTION 5.b)**

*“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.”*

- c) **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. Temasek European Advisory Panel. Patron, St Jude India Children's Charity.

*Previous relevant experience:* Senior Independent and Non-Executive Director, Tesco 2009-2015. Director, INSEAD 2009-2013. Senior Independent Director and Non-Executive Director, Pearson PLC 2002-2012. 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.

- 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, 2015.

- 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.c)**

*"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."*

d) **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, 2015.

- 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 466,807 Company shares. In addition, he has interests in shares as a result of share awards (conditional awards and options) 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 2014	March 6, 2014	March 6, 2017 No performance conditions	50,862
PSP 2014	March 6, 2014	Subject to satisfaction of performance conditions tested over a 3-year period	137,931
IADP 2015	May 28, 2015	March 8, 2018 No performance conditions	50,252

PSP 2015	May 28, 2015	Subject to satisfaction of performance conditions tested over a 3-year period and a further 2-year holding period	112,364
IADP 2016	March 7, 2016	March 7, 2019 No performance conditions	44,665
PSP 2016	March 7, 2016	Subject to satisfaction of performance conditions tested over a 3-year period and a further 2-year holding period	145,647

**PROPOSED RESOLUTION:**

**RESOLUTION 5.d)**

*“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.”*

- e) **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. 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:* Vice Chair and Senior Independent Director, APR Energy 2010-2015. Non-Executive Director, British Airways 2004-2011. Deputy Chairman, Competition Commission 1997-2003. Chairman, UK 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, 2015.

- 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.e)**

*“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.”*

- f) **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, Great North Star LLC. Non-Executive Director, Smurfit Kappa Group. Non-Executive Director and Chairman of the Audit Committee, Avnet Inc.

*Previous relevant experience:* Chairman, Rothschild North America 2012-2015. CEO, Rothschild North America and Co-Head of Global Investment Banking 2010-2012. Non-Executive Director, British Airways 2006-2011. 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, 2015.

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

Mr. James Lawrence owns 326,500 Company shares.

**PROPOSED RESOLUTION:**

**RESOLUTION 5.f)**

*“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.”*

- g) **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:* Vice-President and General Manager Global Personal Care and Corporate Fragrance Development 2010-2011, Colgate-Palmolive Co.. Vice-President Marketing and Innovation

Europe/South Pacific Division 2005-2010, Colgate- Palmolive Co. 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, 2015.

- 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.g)**

*“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.”*

- h) **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. Non-Executive Director and Chairman of the Remuneration Committee, British American Tobacco PLC.

*Previous relevant experience:* Chairman, Nomura International PLC 2009-2015. 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 Confederation of British Industry 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, 2015.

- 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.h)**

*"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."*

- i) **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:* commercial management, government affairs, communications, digital and media, legal services.

*Current external appointments:* Non-Executive Director, Twitter, Inc. Member, Board of Pure Tech Health Inc. Member, charitable boards including The MacArthur Foundation (Chairman), London School of Hygiene and Tropical Medicine (Chairman); and The Carter Center. Member, Board of the Royal College of Art. Member, of the Visiting



Committee for the Massachusetts Institute of Technology Media Lab;  
Board member of Bridge International Academies (HQ-Kenya).

*Previous relevant experience:* Chief Executive Officer, Pearson PLC 1997- 2012. Chief Executive Officer, The Economist Group 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, 2015.

- 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.i)**

*“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.”*

- j) **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, Indra. Non-Executive Director, OHL. Non-Executive Director and Chairman of the Audit Committee, Aktua. Non-Executive Director, Broseta Abogados.

International Senior Advisor Centerbridge. Executive Chairman of various family owned companies.

*Previous relevant experience:* Non-Executive Director N+1 2014-2015. International Senior Advisor BNP Paribas 2011-2014. 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.

- 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, 2015.

- 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.j)**

*“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.”*

- k) **TO APPOINT MR. MARC BOLLAND AS A DIRECTOR, CLASSIFIED AS NON-EXECUTIVE INDEPENDENT DIRECTOR.**

#### **EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders' Meeting the appointment of Mr. Marc Bolland as a director, classified as non-executive independent director, upon proposal from the Nominations Committee.

- Professional profile and biographical data of Mr. Marc Bolland:

*Key areas of prior experience:* commercial management/marketing, business management, consumption, hostelry.

*Current external appointments:* Non-Executive Director, Coca-Cola Co; Ambassador, UK Trade & Investment (UKTI).

*Previous relevant experience:* Executive Director, Marks & Spencer 2010-2016. Executive Director, WM Morrison Supermarkets PLC 2006-2010. Chief Operating Officer, Heineken 2005-2006. Executive Director, Heineken, 2001-2005. Other executive and non-executive positions in Heineken, 1986-2001.

**PROPOSED RESOLUTION:**

**RESOLUTION 5.k)**

*“To appoint Mr. Marc Bolland 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 APPOINT MR. EMILIO SARACHO RODRÍGUEZ DE TORRES AS A DIRECTOR, CLASSIFIED AS NON-EXECUTIVE INDEPENDENT DIRECTOR.**

**EXPLANATION:**

In this resolution the Board of Directors proposes to the Shareholders' Meeting the appointment of Mr. Emilio Saracho Rodríguez de Torres as a director, classified as non-executive independent director, upon proposal from the Nominations Committee.

- Professional profile and biographical data of Mr. Emilio Saracho Rodríguez de Torres:

*Key areas of prior experience:* finance, investment banking.

*Current external appointments:* Deputy CEO, EMEA. Member of the Executive Committee, Investment Banking, and member of the Executive Committee, JP Morgan Chase since 2012.

*Previous relevant experience:* CEO, JP Morgan Private Banking for EMEA 2006-2012. Chairman, JP Morgan Spain and Portugal 1998-2006. Investment banking area manager, Santander Investment (UK) 1995-1998. Spanish Market Manager, Goldman Sachs International 1990-1995. Investment Banking division manager, Banco Santander de Negocios 1985-1990. Analyst, Chase Manhattan Bank 1980-1985.

**PROPOSED RESOLUTION:**

**RESOLUTION 5.l)**

*“To appoint Mr. Emilio Saracho Rodríguez de Torres 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.- CONSULTATIVE VOTE ON THE 2015 ANNUAL REPORT ON DIRECTORS' REMUNERATION.**

**EXPLANATION:**

Detailed information regarding directors' remuneration is set out in the 2015 annual directors' remuneration report prepared in accordance with the form approved by Circular 7/2015 of the Spanish National Securities Market Commission.

In accordance with Article 541 of the Companies Law, the Board of Directors must submit the 2015 annual directors' remuneration report to shareholders for a consultative vote.

**PROPOSED RESOLUTION:**

**RESOLUTION 6**

*"To approve, on a consultative basis, the 2015 annual report on the remuneration of the directors of International Consolidated Airlines Group, S.A."*

\* \* \*

**7.- 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 ten 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 7 to make market purchases 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 27, 2016, the Company has issued options outstanding over 26,615,544 shares, representing 1.31 per cent. of the Company's share capital (excluding current treasury shares). If the existing authority now being sought by Resolution 7 were to be fully used, the shares would represent 1.45 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 2017, whichever is earlier.

**PROPOSED RESOLUTION:**

**RESOLUTION 7**

*"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 ten 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."*

\* \* \*

**8.- 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 9); 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 9).**

**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 680,335,875 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 340,167,937 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 9 (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 10 (if passed).

There are no present plans to use this authority to issue new shares under this Resolution 8. However, the Board of Directors considers it appropriate to have the maximum flexibility permitted by the applicable legislation and corporate governance 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, at the date of approval of this proposal by the Board of Directors, has 15,558,832 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 2017, 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 8**

*"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 9); 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 9).*

*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.”

\* \* \*

**9.- 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 8); 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 8). 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 680,335,875 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 340,167,937 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 8 (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 10 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 9. 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 2017, 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 9**

*"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 8); 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 8).*

*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 other secondary markets, subject to the requirements established by applicable regulations in each case; and, in general, any other terms of the issuance as well as, if applicable, the appointment of the security-holders' syndicate representative (comisario) and the approval of the basic rules that are to govern the legal relationships between the Company and the syndicate of holders of the securities to be issued, in the event that such syndicate must or is decided to be created.

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

- a) The securities issued pursuant to this resolution shall be convertible into shares of the Company and/or exchangeable into shares of the Company, in accordance with a fixed or variable conversion and/or exchange ratio determined or to be determined, with the Board of Directors being authorised to decide whether they are convertible and/or exchangeable, as well as to determine whether they are mandatorily or voluntarily convertible and/or

exchangeable, and if voluntarily, at the option of the holder thereof 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 twenty five 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.”*

\* \* \*

**10.- 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 8 AND 9 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.

In connection with the capital increases and the issuances of convertible or exchangeable securities that the Board may approve under the authority given under Resolution 8 or Resolution 9 (if passed), 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, (that, at the date of approval of this proposal by the Board of Directors, would represent a total of 102,050,381 shares with a nominal value of 0.50 euro each), without the shares or convertible or exchangeable securities first being offered to existing shareholders in proportion to their existing holdings in this moment.

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 10**

*"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 8 and 9 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."*

\* \* \*

**11.- 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 11**

*“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.”*

\* \* \*

Madrid, April 28, 2016