

**REPORT BY THE BOARD OF DIRECTORS OF INTERNATIONAL
CONSOLIDATED AIRLINES GROUP, S.A. IN RELATION TO THE PROPOSED RE-
ELECTION AND APPOINTMENT OF DIRECTORS REFERRED TO UNDER ITEM 5
ON THE AGENDA FOR THE 2017 ANNUAL SHAREHOLDERS' MEETING**

The Board of Directors of International Consolidated Airlines Group, S.A. (the “**Company**” or “**IAG**”), with the support of the Nominations Committee, has issued this report with a view to justifying the proposed re-election and appointment of directors of the Company which is submitted to the Shareholders’ Meeting for approval under item five on the agenda.

In accordance with the provisions of Article 529 decies of the Spanish Companies Law (*Ley de Sociedades de Capital*), all proposals for the appointment or re-election of directors must be accompanied by an explanatory report by the board of directors assessing the competence, experience and merits of the proposed candidate, which will be attached to the minutes of the shareholders’ meeting or of the Board meeting. Pursuant to sub-article 6 thereof, in the event of the appointment or re-election of any director that is not an independent director, the proposal must also be preceded by a report by the Nominations Committee.

The proposal that is presented to the Shareholders’ Meeting to re-elect and appoint the directors of IAG, both independent directors and otherwise, has come from the Nominations Committee, which has actively participated in the preparation of this report, which is presented jointly to the shareholders for evaluation (accordingly, this report, which has also been approved by the Nominations Committee, includes the proposals and reports by said Committee, in accordance with subarticles 4 and 6 of article 529 decies of the Companies Law).

In accordance with article 36 of the Corporate Bylaws, the term of office for directors of the Company is one year. Although the Spanish Good Governance Code for Listed Companies does not include a recommendation in this regard, the UK Corporate Governance Code applicable in the United Kingdom recommends that directors of companies belonging to the FTSE 350 index (which is the case of IAG, which belongs to the FTSE 100 index) should be subject to re-election on an annual basis.

Accordingly, 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. Marc Bolland, Mr. Patrick Cescau, Mr. Enrique Dupuy de Lôme, Mr. James Lawrence, Ms. María Fernanda Mejía Campuzano, Mr. Kieran Poynter, Mr. Emilio Saracho Rodríguez de Torres, Dame Marjorie Scardino and Mr. Alberto Terol Esteban; for the corporate bylaws mandated one-year term, all of them, as indicated above, at the proposal from the Nominations Committee.

In addition, the Board of Directors proposes to the Shareholders’ Meeting the appointment as non-executive independent director of Ms. Nicola Shaw, for the bylaw period of one year and following the proposal submitted by the Nomination Committee, with effect from January 1, 2018, to fill the vacancy left by Baroness Kingsmill, who will not stand for re-election as part of the Board of Director’s succession and renewal plan and who will consequently cease to be a

director of the Company at the next Shareholders' Meeting. The Board of Directors expressed its appreciation to Baroness Kingsmill for the services rendered.

Each of the proposals for re-election or appointment of directors shall be voted on separately and independently, pursuant to the provisions of Article 197 bis of the Companies Law.

The first section of this report contains a joint evaluation of the proposal for the re-election and appointment of the Company directors submitted to the Shareholders' Meeting, and the second section contains an individual report on each nominee with the information necessary for shareholders to be able to cast their vote on the proposal.

1.- JOINT REPORT

1.1. The Board of Directors

The Board of Directors provides business leadership to the Group pursuant to prudent and effective controls that allow for the assessment and management of risk. The Board sets the strategic targets of the Group, ensures that the group has the financial and human resources necessary to achieve its targets and reviews the performance of the management team. It also establishes the values and standards of the Group and ensures that the Group's obligations to its shareholders and other stakeholders are understood and fulfilled. The functions of the Board of Directors are set out in the Board Regulations, which are available on the Company's website.

The Board of Directors is currently made up of ten non-executive directors (all of them independent directors) and two executive directors, the CEO and the CFO of IAG.

1.2. Committees of the Board of Directors

The Board of Directors has created four specific committees to assist it in effectively fulfilling its responsibilities: the Audit and Compliance Committee, the Nominations Committee, the Remuneration Committee and the Safety Committee. The functions and responsibilities of each of these committees are established in the Board Regulations, which are available on the IAG's website.

As regards the composition of the Committees, following the vacation of office by Sir Martin Broughton and Mr. César Alierta Izuel and the appointment of Mr. Marc Bolland and Mr. Emilio Saracho Rodríguez de Torres at the Shareholders' Meeting held on June 16, 2016, the Nominations Committee recommended several changes in 2016 which were approved by the Board of Directors. Regarding the Audit Committee, Mr. Kieran Poynter replaced Mr. James Lawrence as Chairman, who remained a committee member, and Ms. María Fernanda Mejía was appointed member of the Committee. On the Nominations Committee, Sir Martin Broughton was replaced as Chairman by Mr. Antonio Vázquez, and following the vacation of office by Mr. César Alierta, Mr. Emilio Saracho

Rodríguez de Torres, Dame Marjorie Scardino and Mr. Patrick Cescau were appointed as Committee members. As to the Remuneration and Safety Committees, Mr. Marc Bolland was appointed committee member of the Remuneration Committee and replaced Sir Martin Broughton as a member of the Safety Committee.

In addition, on June 16, 2016 the Board of Directors appointed Patrick Cescau as a new *Senior* Independent Director.

1.3. Evaluation of the Board of Directors, its committees and members

In 2016, the Board and Committees' performance evaluation was conducted externally by Dr. Tracy Long of Boardroom Review Limited. Dr. Long conducted the external evaluation for 2013 and was engaged again to add a degree of continuity to this exercise.

The evaluation included in-depth individual interviews with the directors, the Company's General Counsel and the Board Secretary, observation of some Board and Committee meetings, and a review of certain Board and Committee documentation, as well as other company information.

The main matters covered by the evaluation were: strategy and execution; risk and control; directors' remuneration and succession; shareholders; culture, composition and distribution of the Board; as well as the use of time and quality of information.

The Senior Independent Director met with the other non-executive directors to discuss the Chairman's performance. In addition, the Chairman met with each one of the directors separately to discuss their contribution to the Board, the functioning of the Board in general, and to evaluate their performance based on the objectives agreed for 2016.

The overall conclusion of the evaluation was positive. It found that the Board has made significant progress over the past three years and has developed its strengths. The outcome of the evaluation shows that the Board continues to adequately fulfil its duties and that all of its Committees continue to be efficient and effective. Page 64 of the 2016 Annual Report shows the main actions agreed on by the Board of Directors following the evaluation.

1.4. Diversity on the Board of Directors

Following the Spanish Good Governance Code for Listed Companies recommendation, in January 2016 the Board approved a Director Selection and Diversity Policy which supersedes the former Board Diversity Policy. The objective of this Policy is to ensure that the appointments of directors are based on a prior analysis of the Board's needs and favour a diversity of knowledge, experience and gender. This Policy incorporates the former diversity principles while regulating the process for appointing directors. Under this Policy, director appointments are evaluated against the existing balance of skills, knowledge and experience on the Board, with directors asked to be mindful of diversity, inclusiveness and meritocracy considerations when examining nominations to the Board.

The Board recognises the value of diversity as a tool to enrich its discussions and decision-making process. Consequently, it is the Board's objective to create a board whose composition ensures a healthy diversity of opinions, perspectives, skills, experiences, backgrounds and orientations. Specifically, this will include an appropriate gender ratio, as well as including diversity in other senses, subject to the overriding principle of merit and suitability mentioned above.

This will be achieved over time, taking account of the valuable knowledge and experience of the present board members and the value of a more diverse Board.

Accordingly, the Director Selection and Diversity Policy establishes a new female representation objective of 33 per cent for 2020 following the recommendation included in the final Davies report published in the UK.

The Board, through its Nominations Committee, regularly reviews the percentage of women that sit on the Board and on the Company's Management Committee, as well as the number of women in the Group's workforce worldwide. The IAG Board and Management Committee continue to focus on this important area.

The Nominations Committee leads the process for Board appointments. It evaluates the balance of skills, experience, independence, diversity and knowledge on the Board and, in the consideration of this evaluation, considers the role and capabilities required for a particular appointment. This evaluation will be made alongside succession plans for directors and takes into consideration any conclusions from the annual review of Board performance.

The Director Selection and Diversity Policy states the Company's intention only to engage, so far as practicable, search firms which have signed up to the latest UK Voluntary Code of Conduct for Executive Search Firms (or its international equivalent). This is a voluntary code of conduct to address gender diversity on corporate boards and best practice for the related search processes. The code lays out steps for search firms to follow across the search process, from accepting a brief through to final induction.

When reviewing board appointments, the Board's Policy is to consider candidates from a wide variety of backgrounds, without discrimination based on gender, race, colour, age, social class, beliefs, religion, sexual orientation, disability or other factors.

It is the Nominations Committee's intention to reconcile the fulfilment of this objective while preserving the general principle established in IAG's policy that all appointments must be based on the merits and suitability of the candidate.

Following the recommendations of the Spanish Good Governance Code for Listed Companies, in 2016 the Nominations Committee carried out an annual assessment of the degree of compliance with the Director Selection and Diversity Policy, concluding that it was satisfactory, as described in greater detail on page 73 of the 2016 Annual Report.

1.5. Expected changes in the Board of Directors and proposed new appointments

In accordance with the Board of Director's succession and renewal plan, Baroness Kingsmill's re-election will not be submitted to the 2017 Shareholders' Meeting and, accordingly, she will cease to be a director on that date. The Board of Directors has expressed its appreciation for services rendered.

In this regard, the Nominations Committee, under the Board of Director's succession plan, has carried out a detailed and rigorous selection process to choose the nominees to fill the positions of independent director of the Company, with the collaboration of the firm Spencer Stuart (a search company that has subscribed to the UK Voluntary Code of Conduct for Executive Search Firms), and in compliance with the Director Selection and Diversity Policy, approved by the Board of Directors on January 28, 2016.

In this respect, the Nominations Committee has assessed the balance in capabilities, experience, independence and knowledge among the Board of Directors, and on the basis of this evaluation, has determined the functions and capabilities required to cover the expected vacancy, integrating this task with director succession planning, and taking into account the conclusions of the annual performance evaluation of the Board of Directors and its members.

For this purpose, the Nominations Committee, with the collaboration of Spencer Stuart, considered candidates from a wide variety of backgrounds, without discrimination based on gender, race, colour, age, social class, beliefs, religion, sexual orientation, disability or other factors, basing its decision solely on the suitability and merits of the candidates, and taking into consideration the needs of the Board of Directors.

After an exhaustive analysis, the Nominations Committee selected Ms. Nicola Shaw, a candidate who fully satisfies the required legal and bylaw conditions, has a good reputation, and has the knowledge, experience, capabilities and availability necessary for the exercise of the functions and tasks inherent in the position of independent non-executive director.

However, Ms. Shaw will not have the required availability to discharge the office of Company director until January 2018 and her appointment is therefore proposed to the Shareholders' Meeting with effect from January 1, 2018.

1.6. Overall evaluation

In preparing the proposal for re-election and appointment of directors, the Nominations Committee and the Board of Directors itself have taken into account all of the above aspects, as well as the suitability of the professional profiles of the directors and candidates to the area of activity of the Company and to its international nature and the requirements of the Board in order to effectively fulfil its supervisory and control functions.

In this connection, the experience, training and professional profile of the directors and candidates whose re-election or appointment is submitted to the Shareholders' Meeting for approval evidence their merits and competence to hold office as directors of IAG and their experience and knowledge in diverse sectors and matters that are relevant to the Company, thus guaranteeing the quality of debates within the Board of Directors.

With the proposal made to the Shareholders' Meeting, the Board of Directors will be composed of 12 directors, 9 of whom will be independent directors (75 per cent of all directors), one of whom will be an other external director (Mr. James Lawrence, as explained below) (8.33 per cent of the total) and two of whom will be executive directors (16.67 per cent of the total). Three directors will be women (25 per cent of the total).

In consideration of the above, the Nominations Committee and the Board of Directors itself particularly value the contribution of the directors whose re-election is proposed to the sound functioning of the Board and to the effective performance of its supervisory and control functions, and the suitability, qualifications and merits of the new director whose appointment has been proposed, having concluded that they all meet the requirements of good standing, suitability, reliability, competence, qualifications, training, availability and commitment to office and are not subject to any grounds for incompatibility, prohibition or conflict of interest.

2.- INDIVIDUAL REPORT

a) TO RE-ELECT MR. ANTONIO VÁZQUEZ ROMERO AS A DIRECTOR, CLASSIFIED AS NON-EXECUTIVE INDEPENDENT DIRECTOR.

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

Key areas of experience: retail, sales/marketing, finance, governance.

Current external appointments: Member, Advisory Board of the Franklin Institute. Member, Advisory Board of Loyola University.

Previous relevant experience: Advisory Board of Telefónica América Latina. Member, 2007-2016. Chairman, Iberia 2012-2013. Chairman and CEO, Iberia 2009-2012. Chairman and CEO, Altadis Group 2005-2008. Chairman, Logista 2005-2008. Non-Executive Director, Iberia 2005-2007. CEO of Altadis Cigars and other various positions in 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 an other non-executive director for the first time on May 25, 2010 and was last re-

elected on June 16, 2016.

- 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.

- Category of director:

Until January 21, 2016, Mr. Antonio Vázquez Romero was considered an other external director, as he was executive director of Iberia up to the effective merger of British Airways and Iberia (January 21, 2011) and therefore, pursuant to the provisions of article 529 duodecies of the Companies Law, he could not have the status of independent director.

Once the five year period required by article 529 duodecies of the Companies Law elapsed he is considered as independent director, the Board of Directors considers that Mr. Antonio Vázquez Romero can discharge his office without being conditioned by relations with the Company or its Group, its significant shareholders or its executives, for which reason he should have the category of non-executive independent director.

- Proposed re-election:

In consideration of the above, the Board of Directors considers that Mr. Antonio Vázquez Romero has the competence, experience and merits necessary to discharge the office of director of the Company, with the category of non-executive independent director, and that it is in the best interests of the Company that he be re-elected to such office for a further period of one year.

By virtue thereof, at the proposal of the Nominations Committee, the Board of Directors makes the following proposal to the Shareholders' Meeting for the re-election of Mr. Antonio Vázquez Romero as a director of IAG, classified as non-executive independent director:

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.

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

Key areas of experience: airline industry.

Current external appointments: Chairman, Board of Governors of IATA. Chairman, 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 16, 2016.

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

Mr. William Walsh owns 1,844,540 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 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
IADP 2017	March 7, 2017	March 6, 2020 No performance conditions	51,893
PSP 2017	March 7, 2017	Subject to satisfaction of performance conditions tested over a 3-year period and a further 2-year holding period	311,355

- Category of director:

In accordance with the provisions of Article 529 duodecies 1 of the Companies Law, Mr. William Walsh shall have the category of executive director.

- Proposed re-election:

In consideration of the above, the Board of Directors considers that Mr. William Walsh has the competence, experience and merits necessary to discharge the office of director of the Company, with the category of executive director, and that it is in the best interests of the Company that he be re-elected to such office for a further period of one year.

By virtue thereof, at the proposal of the Nominations Committee, the Board of Directors makes the following proposal to the Shareholders' Meeting for the re-election of Mr. William Walsh as a director of IAG, classified as executive director:

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. MARC BOLLAND AS A DIRECTOR, CLASSIFIED AS NON-EXECUTIVE INDEPENDENT DIRECTOR.

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

Key areas of experience: general management, commercial management/marketing, retail, hospitality industry.

Current external appointments: Head of European Portfolio Operations, The Blackstone Group, L.P. Non-Executive Director, Coca-Cola Company. Non-Executive Director, Exor S.p.A. Vice President, UNICEF UK.

Previous relevant experience: Chief Executive, Marks & Spencer 2010-2016. Chief Executive, WM Morrison Supermarkets PLC 2006-2010. Non-Executive Director, Manpower Inc USA 2005-2015. Chief Operating Officer 2005-2006, Executive Director 2001-2005 and other executive and non-executive positions, Heineken 1986-2001.

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

Mr. Marc Bolland was appointed as non-executive independent director for the first time on June 16, 2016.

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

Mr. Marc Bolland has no shares in the Company.

- Category of director:

Mr. Marc Bolland has been proposed in consideration of his personal and professional traits, with the Nominations Committee and the Board of Directors itself having deemed that he can discharge his office without being conditioned by relations with the Company or its group, its significant shareholders or its executives, for which reason he should have the category of non-executive independent director.

- Proposed re-election:

In consideration of the above, the Board of Directors considers that Mr. Marc Bolland has the competence, experience and merits necessary to discharge the office of director of the Company, with the category of independent director, and that it is in the best interests of the Company that he be re-elected to such office for a further period of one year.

By virtue thereof, at the proposal of the Nominations Committee, the Board of Directors makes the following proposal to the Shareholders' Meeting for the re-election of Mr. Marc Bolland as a director of IAG, classified as non-executive independent director:

RESOLUTION 5.c)

“To re-elect 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.”

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

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

Key areas of experience: retail, finance, sales/marketing, governance.

Current external appointments: Non-Executive Chairman, InterContinental Hotel Group. Trustee, LeverHulme Trust. Member, 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 and Non-Executive Director, Pearson PLC 2002-2012. Group Chief Executive, Unilever 2005-2008. Chairman, Unilever PLC. Deputy Chairman, Unilever NV, Food Director. Prior to being appointed to the Board of Unilever in 1999 as Group Finance Director, he was Chairman of a number of the company's major operating companies and divisions including the USA, Indonesia and Portugal.

- 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 16, 2016.

- 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.

- Category of director:

Mr. Patrick Cescau has been proposed in consideration of his personal and professional traits, with the Nominations Committee and the Board of Directors itself having deemed that he can discharge his office without being conditioned by relations with the Company or its group, its significant shareholders or its executives, for which reason he should have the category of non-executive independent director.

- Proposed re-election:

In consideration of the above, the Board of Directors considers that Mr. Patrick Cescau has the competence, experience and merits necessary to discharge the office of director of the Company, with the category of independent director, and that it is in the best interests of the Company that he be re-elected to such office for a further period of one year.

By virtue thereof, at the proposal of the Nominations Committee, the Board of Directors makes the following proposal to the Shareholders' Meeting for the re-election of Mr. Patrick Cescau as a director of IAG, classified as non-executive independent director:

RESOLUTION 5.d)

"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."

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

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

Key areas of 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 16, 2016.

- 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 533,418 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 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
IADP 2017	March 7, 2017	March 6, 2020 No performance conditions	22,080
PSP 2017	March 7, 2017	Subject to satisfaction of performance conditions tested over a 3-year period and a further 2-year holding period	147,198

- Category of director:

In accordance with the provisions of Article 529 duodecies 1 of the Companies Law, Mr. Enrique Dupuy de Lôme shall have the category of executive director.

- Proposed re-election:

In consideration of the above, the Board of Directors considers that Mr.

Enrique Dupuy de Lôme has the competence, experience and merits necessary to discharge the office of director of the Company, with the category of executive director, and that it is in the best interests of the Company that he be re-elected to such office for a further period of one year.

By virtue thereof, at the proposal of the Nominations Committee, the Board of Directors makes the following proposal to the Shareholders' Meeting for the re-election of Mr. Enrique Dupuy de Lôme as a director of IAG, classified as executive director:

RESOLUTION 5.e)

“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.”

f) TO RE-ELECT MR. JAMES LAWRENCE AS A DIRECTOR, CLASSIFIED AS A NON-EXECUTIVE OTHER EXTERNAL DIRECTOR.

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

Key areas of experience: finance, consumer, airline sector.

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. Non-Executive Director of AerCap Holdings N.V.

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 a director for the first time on September 27, 2010 and was last re-elected on June 16, 2016.

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

Mr. James Lawrence owns, direct and indirectly, 752,300 Company shares.

- Category of director:

Mr. James Lawrence has been discharging the office of independent director of the Company, in consideration of his personal and professional traits, with the Nominations Committee and the Board of Directors itself having deemed that he was able to discharge his office without being conditioned by relations with the Company or its group, its significant shareholders or its executives.

However, while the Nominations Committee and the Board of Directors consider that Mr. James Lawrence continues to hold these traits and that he will be able to continue to discharge his office with absolute independence of judgement, since May 5, 2017, Mr. Lawrence also holds the office of non-executive director of AerCap Holdings N.V., a listed company that is a global operator in the aircraft lease market and a significant supplier of IAG, meaning that, in accordance with article 529 duodecies.4.e) of the Companies Law, he cannot be classified as an independent director and will therefore be reclassified as other external director.

In this connection, it is placed on record that both the Nominations Committee and the Board of Directors have also evaluated the new situation of Mr. Lawrence as non-executive director of AerCap Holdings N.V. from the standpoint of the potential conflict of interest, concluding after the pertinent analyses and advice, both from the General Counsel of the Company and the Board Secretary, that said situation does not imply any structural or permanent conflict and that, on the contrary, any potential specific conflict in the case of transactions between the Group and AerCap Holdings may be resolved with no threat to the corporate interest in accordance with the mechanisms established in the legislation in force and the Company's corporate governance system (basically by means of the non-participation of Mr. Lawrence in the decision-making process and vote on the matter to which the specific conflict refers).

- Proposed re-election:

In consideration of the above, the Board of Directors considers that Mr. James Lawrence has the competence, experience and merits necessary to discharge the office of director of the Company, with the category of other external director for the reasons set out above, and that it is in the best interests of the Company that he be re-elected to such office for a new period of one year.

By virtue thereof, at the proposal of the Nominations Committee, the Board of Directors makes the following proposal to the Shareholders' Meeting for the re-election of Mr. James Lawrence as a director of IAG, classified as other external director:

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 other external director."

g) To RE-ELECT Ms. MARÍA FERNANDA MEJÍA CAMPUZANO AS A DIRECTOR, CLASSIFIED AS NON-EXECUTIVE INDEPENDENT DIRECTOR.

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

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

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 Colgate-Palmolive Co. 2010-2011, Vice-President Marketing and Innovation Europe/South Pacific Division Colgate-Palmolive Co. 2005-2010. President and CEO Spain and Spain Holding Company 2003-2005. General Manager Hong Kong and 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 16, 2016.

- 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.

- Category of director:

Ms. María Fernanda Mejía Campuzano has been proposed in consideration of her personal and professional traits, with the Nominations Committee and the Board of Directors itself having deemed that she can discharge her office without being conditioned by relations with the Company or its group, its significant shareholders or its executives, for which reason she should have the category of non-executive independent director.

- Proposed re-election:

In consideration of the above, the Board of Directors considers that Ms. María Fernanda Mejía Campuzano has the competence, experience and merits necessary to discharge the office of director of the Company, with the category of independent director, and that it is in the best interests of the Company that she be re-elected to such office for a further period of one year.

By virtue thereof, at the proposal of the Nominations Committee, the Board of Directors makes the following proposal to the Shareholders' Meeting for the re-election of Ms. María Fernanda Mejía Campuzano as a director of IAG, classified as non-executive independent director:

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.

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

Key areas of experience: professional services, finance services, corporate governance.

Current external appointments: Chairman, F&C Asset Management PLC. Senior Independent Director and Chairman of the Audit 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 16, 2016.

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

Mr. Kieran Poynter owns 15,000 Company shares.

- Category of director:

Mr. Kieran Poynter has been proposed in consideration of his personal and professional traits, with the Nominations Committee and the Board of Directors itself having deemed that he can discharge his office without being conditioned by relations with the Company or its group, its significant shareholders or its executives, for which reason he should have the category of non-executive independent director.

- Proposed re-election:

In consideration of the above, the Board of Directors considers that Mr. Kieran Poynter has the competence, experience and merits necessary to discharge the office of director of the Company, with the category of independent director, and that it is in the best interests of the Company that he be re-elected to such office for a further period of one year.

By virtue thereof, at the proposal of the Nominations Committee, the Board of Directors makes the following proposal to the Shareholders' Meeting for the re-election of Mr. Kieran Poynter as a director of IAG, classified as non-executive independent director:

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 MR. EMILIO SARACHO RODRÍGUEZ DE TORRES AS A DIRECTOR, CLASSIFIED AS NON-EXECUTIVE INDEPENDENT DIRECTOR.

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

Key areas of experience: corporate governance, investment banking.

Current external appointments: Executive Chairman of Banco Popular Español, S.A. Non-Executive Director, Industria de Diseño Textil, S.A. (Inditex).

Previous relevant experience: Vice Chairman and Member of the Investment Banking Management Committee, JPMorgan Chase & Co. 2015-2017. Deputy CEO for EMEA 2012-2015, JP Morgan Chase & Co. CEO Investment Banking for EMEA 2012-2014 and member of the Executive Committee 2009-2013, JP Morgan Chase & Co. CEO, JP Morgan Private Banking for EMEA 2006-2012. Member of the Board, Cintra 2008. Member of the Board, ONO 2008. Chairman, JP Morgan Spain and Portugal 1998-2006. Global Investment Banking Head, 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. Member of the Board, Fiseat 1988.

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

Mr. Emilio Saracho Rodríguez de Torres was appointed as non-executive independent director for the first time on June 16, 2016.

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

Mr. Emilio Saracho Rodríguez de Torres has no shares in the Company.

- Category of director:

Mr. Emilio Saracho Rodríguez de Torres has been proposed in consideration of his personal and professional traits, with the Nominations Committee and the Board of Directors itself having deemed that he can discharge his office without being conditioned by relations with the Company or its group, its significant shareholders or its executives, for which reason he should have the category of non-executive independent director.

- Proposed re-election:

In consideration of the above, the Board of Directors considers that Mr. Emilio Saracho Rodríguez de Torres has the competence, experience and merits necessary to discharge the office of director of the Company, with the category of independent director, and that it is in the best interests of the Company that he be re-elected to such office for a further period of one year.

By virtue thereof, at the proposal of the Nominations Committee, the Board of Directors makes the following proposal to the Shareholders' Meeting for the re-election of Mr. Emilio Saracho Rodríguez de Torres as a director of IAG, classified as non-executive independent director:

RESOLUTION 5.i)

“To re-elect 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.”

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

- Professional profile and biographical data of Dame Marjorie Scardino:

Key areas of experience: commercial management, government affairs, communications, digital and media, legal services.

Current external appointments: Senior Independent Director, Twitter, Inc. Senior Independent Director, 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 MIT Media Lab, Member, Board 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 19, 2013, by co-option, and was last re-elected on June 16, 2016.

- 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.

- Category of director:

Dame Marjorie Scardino has been proposed in consideration of her personal and professional traits, with the Nominations Committee and the Board of Directors itself having deemed that she can discharge her office without being conditioned by relations with the Company or its group, its significant shareholders or its executives, for which reason she should have the category of non-executive independent director.

- Proposed re-election:

In consideration of the above, the Board of Directors considers that Dame Marjorie Scardino has the competence, experience and merits necessary to discharge the office of director of the Company, with the category of independent director, and that it is in the best interests of the Company that she be re-elected to such office for a further period of one year.

By virtue thereof, at the proposal of the Nominations Committee, the Board of Directors makes the following proposal to the Shareholders' Meeting for the re-election of Dame Marjorie Scardino as a director of IAG, classified as non-executive independent director:

RESOLUTION 5.j)

"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."

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

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

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

Current external appointments: Non-Executive Director, Indra Sistemas, S.A. Non-Executive Director, Broseta Abogados. International Senior Advisor Centerbridge. Executive Chairman of various family owned companies.

Previous relevant experience: Non-Executive Director, OHL 2010-2016. Non-Executive Director, Aktua 2013-2016. 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 16, 2016.

- 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 26,537 Company shares.

- Category of director:

Mr. Alberto Terol Esteban has been proposed in consideration of his personal and professional traits, with the Nominations Committee and the Board of Directors itself having deemed that he can discharge his office without being conditioned by relations with the Company or its group, its significant shareholders or its executives, for which reason he should have the category of non-executive independent director.

- Proposed re-election:

In consideration of the above, the Board of Directors considers that Mr. Alberto Terol Esteban has the competence, experience and merits necessary to discharge the office of director of the Company, with the category of independent director, and that it is in the best interests of the Company that he be re-elected to such office for a further period of one year.

By virtue thereof, at the proposal of the Nominations Committee, the Board of Directors makes the following proposal to the Shareholders' Meeting for the re-election of Mr. Alberto Terol as a director of IAG, classified as non-executive independent director:

RESOLUTION 5.k)

“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.”

I) TO APPOINT Ms. NICOLA SHAW AS A DIRECTOR, CLASSIFIED AS NON-EXECUTIVE INDEPENDENT DIRECTOR, WITH EFFECT FROM JANUARY 1, 2018.

- Professional profile and biographical data of Ms. Nicola Shaw.

Key areas of experience: transport sector, public policy and regulatory affairs, consumer, general management.

Current external appointments: Executive Director, National Grid plc. Non-Executive Director and Chairwoman of the Audit Committee, Ellevio AB. Member of the Audit and Risk Committee, English Heritage.

Previous relevant experience: CEO, HS1 Ltd 2011-2016. Member of the Department for Transport's Rail Franchising Advisory Panel 2013-2016. Non-Executive Director, Aer Lingus Plc 2010-2015. Charity Trustee, Transaid 2011-2013. Director and previously Managing Director, Bus Division at FirstGroup plc 2005-2010. Director of Operations and other management positions at the Strategic Rail Authority 2002-2005. Deputy Director and Deputy Chief Economist, Office of the Rail Regulator (ORR) 1999-2002. Associate, Halcrow Fox 1997-1999. Transport specialist, The World Bank 1995-1997. Corporate planner, London Transport 1990-1993.

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

Ms. Nicola Shaw has no shares in the Company.

- Category of director:

Ms. Nicola Shaw has been proposed, following a rigorous selection process in accordance with the Director Selection and Diversity Policy, in consideration of her personal and professional traits, with the Nominations Committee and the Board of Directors itself having deemed that she can discharge her office without being conditioned by relations with the Company or its group, its significant shareholders or its executives, for which reason she should have the category of non-executive independent director.

- Proposed appointment:

In consideration of the above, the Board of Directors considers that Ms. Nicola Shaw has the competence, experience and merits necessary to discharge the office of director of the Company, with the category of

independent director, and that it is in the best interests of the Company that she be appointed to such office for the bylaw period of one year, albeit with effect from January 1, 2018, having regard to the fact that Ms. Shaw will not have the required availability to discharge her office until then.

By virtue thereof, at the proposal of the Nominations Committee, the Board of Directors makes the following proposal to the Shareholders' Meeting for the appointment of Ms. Nicola Shaw as a director of IAG, classified as non-executive independent director:

RESOLUTION 5.I)

“To appoint Ms. Lucy Nicola Shaw as a director for the bylaw mandated one-year term, upon proposal from the Nominations Committee, with the status of non-executive independent director, with effect from January 1, 2018.”

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Madrid, May 4, 2017