

**INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A.****2018 ANNUAL SHAREHOLDERS' MEETING**

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At the Annual Shareholders' Meeting held on June 14, 2018, the following resolutions were duly passed:

**1.- APPROVAL OF THE 2017 FINANCIAL STATEMENTS AND MANAGEMENT REPORTS OF THE COMPANY AND OF ITS CONSOLIDATED GROUP.****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 December 31, 2017, which were formulated by the Board of Directors at its meeting held on February 22, 2018."*

**2.- PROPOSAL FOR THE ALLOCATION OF RESULTS AND REMUNERATION TO SHAREHOLDERS: A) APPROVAL OF THE PROPOSAL FOR THE ALLOCATION OF 2017 RESULTS; AND B) REMUNERATION TO SHAREHOLDERS: FINAL DIVIDEND APPROVAL.****a) APPROVAL OF THE PROPOSAL FOR THE ALLOCATION OF 2017 RESULTS.****RESOLUTION 2.a)**

*"To approve the proposed allocation of the 2017 results of International Consolidated Airlines Group, S.A., consisting of a profit of 596,469 thousand euros, in the following terms:*

- (i) the amount of 26,603 thousand euros to the legal reserve;*
- (ii) the amount of 256,178 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 26, 2017, which it is resolved to ratify to the extent necessary;*
- (iii) the amount of 297,124 thousand euros to the payment of a final dividend (corresponding to a fixed dividend of 14.5 euro cents gross per share to all of the 2,049,127,922 shares outstanding on the date of the call of the*

*Shareholders' Meeting's approval) in accordance with Resolution 2.b) below; and*

*(iv) the amount of 16,564 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, consequently, to voluntary reserves have been calculated taking into consideration the number of outstanding shares at the date of approval 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, and vice versa if the number of shares entitled to receive the final dividend is reduced (for example, by an increase in the treasury stock shares)."*

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

**RESOLUTION 2.b)**

*"To distribute a final dividend in cash, out of profit for 2017, of 14.5 euro cents gross per outstanding share of the Company entitled to receive it on the date on which payment is made.*

*Payment shall be made from July 2, 2018.*

*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 paying 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."*

**3.- APPROVAL OF THE MANAGEMENT OF THE BOARD OF DIRECTORS DURING THE 2017 FINANCIAL YEAR.**

**RESOLUTION 3**

*“To approve the management of the Board of Directors during the financial year ended December 31, 2017.”*

**4.- RE-ELECTION OF AUDITORS: A) RE-ELECTION OF ERNST & YOUNG, S.L. AS AUDITOR FOR THE 2018 FINANCIAL STATEMENTS OF THE COMPANY AND OF ITS CONSOLIDATED GROUP 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.**

**a) RE-ELECTION OF ERNST & YOUNG, S.L. AS AUDITOR FOR THE 2018 FINANCIAL STATEMENTS OF THE COMPANY AND OF ITS CONSOLIDATED GROUP.**

**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 2018.”*

**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.**

**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.**

**a) TO RE-ELECT MR. ANTONIO VÁZQUEZ ROMERO AS A DIRECTOR, 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.**

**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.**

**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.**

**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.**

**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 MS. MARÍA FERNANDA MEJÍA CAMPUZANO AS A DIRECTOR, CLASSIFIED AS NON-EXECUTIVE INDEPENDENT DIRECTOR.**

**RESOLUTION 5.f)**

*“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.”*

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

**RESOLUTION 5.g)**

*“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.”*

- h) TO RE-ELECT MR. EMILIO SARACHO RODRÍGUEZ DE TORRES AS A DIRECTOR, CLASSIFIED AS NON-EXECUTIVE INDEPENDENT DIRECTOR.**

**RESOLUTION 5.h)**

*“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.”*

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

**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 MS NICOLA SHAW AS A DIRECTOR, CLASSIFIED AS NON-EXECUTIVE INDEPENDENT DIRECTOR.**

**RESOLUTION 5.j)**

*“To re-elect 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.”*

- k) **TO RE-ELECT MR. ALBERTO TEROL ESTEBAN AS A DIRECTOR, 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.”*

- l) **TO APPOINT MS DEBORAH KERR AS A DIRECTOR, CLASSIFIED AS NON-EXECUTIVE INDEPENDENT DIRECTOR.**

**RESOLUTION 5.l)**

*“To appoint Ms. Deborah Kerr as a director for the bylaw mandated one-year term, upon proposal from the Nominations Committee, with the status of non-executive independent director.”*

**6.- RESOLUTIONS ON DIRECTORS' REMUNERATION. A) CONSULTATIVE VOTE ON THE 2017 ANNUAL REPORT ON DIRECTORS' REMUNERATION; AND B) APPROVAL OF THE DIRECTORS' REMUNERATION POLICY.**

**a) CONSULTATIVE VOTE ON THE 2017 ANNUAL REPORT ON DIRECTORS' REMUNERATION.**

**RESOLUTION 6.a)**

*“To approve, on a consultative basis, the 2017 annual report on the remuneration of the directors of International Consolidated Airlines Group, S.A.”*

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

**RESOLUTION 6.b)**

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

**7.- APPROVAL OF THE ALLOTMENT OF A MAXIMUM NUMBER OF SHARES OF THE COMPANY FOR SHARE AWARDS (INCLUDING THE AWARDS TO EXECUTIVE DIRECTORS) UNDER THE IAG PERFORMANCE SHARE PLAN (PSP) AND THE IAG INCENTIVE AWARD DEFERRAL PLAN (IADP), IN RELATION TO THE 2019, 2020 AND 2021 FINANCIAL YEARS.**

**RESOLUTION 7**

*“To authorise the allotment of ordinary shares of the Company, each with a par value of 0.50 euros, to the share plans already established (the IAG Performance Share Plan (PSP) and the IAG Incentive Award Deferral Plan (IADP) – together the “**Share Plans**”) up to the maximum amount of 45,000,000 IAG ordinary shares, of which up to a maximum of 5,100,000 IAG ordinary shares may be allocated to executive directors. Should some or all of these last-mentioned shares not be allocated to the executive directors, they may be allocated to the beneficiaries of the Share Plans.*

*The authorisation granted pursuant to this resolution shall allow the grant of share awards/options under the Share Plans in relation to 2019, 2020 and 2021 financial years.*

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

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

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

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

*appropriate and, to the extent that the legal regime applicable to some of the beneficiaries so requires or advises, or it is necessary for legal, regulatory, operating or analogous reasons, to adapt the generally established conditions;*

- f) to draft and publish all such notices as may be necessary or appropriate;*
- g) to draft, sign, execute and, as required, certify any type of document relating to the Share Plans;*
- h) and, in general, to perform all such steps and execute all such documents as may be necessary or appropriate to ensure the full validity and effectiveness of the establishment, implementation, operation, execution, settlement and successful outcome of the Share Plans and of the resolutions previously adopted.”*

**8.- 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.**

## **RESOLUTION 8**

*“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.”*

**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 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 10); 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 10).**

## **RESOLUTION 9**

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

*For the purposes of this resolution, a “rights issue” means an offer to existing ordinary shareholders to subscribe or purchase further securities in proportion to their ordinary shareholdings (as near as may be practicable, but subject to such exclusions or other arrangements as the Board of Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter) made (i) by means of the issue of pre-emption rights represented*

by securities decoupled from the ordinary shares to which they relate and which may be separately traded for a period before payment for the subscription or purchase is due, and (ii) in accordance with the Listing Rules made under Part IV of the United Kingdom Financial Services and Markets Act 2000.

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 bis 1) of the Companies Law.”

**10.- AUTHORISATION TO THE BOARD OF DIRECTORS, WITH THE EXPRESS POWER OF SUBSTITUTION, FOR A TERM ENDING AT NEXT YEAR'S ANNUAL SHAREHOLDERS' MEETING (OR, IF EARLIER, FIFTEEN MONTHS FROM THE DATE OF PASSING OF THIS RESOLUTION), TO ISSUE SECURITIES (INCLUDING WARRANTS) CONVERTIBLE INTO AND/OR EXCHANGEABLE FOR SHARES OF THE COMPANY, UP TO A MAXIMUM LIMIT OF 1,500,000,000 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 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 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 9). 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.**

## **RESOLUTION 10**

*“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 1,500,000,000 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 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 under paragraph b) of section 2 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.*

**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 bis 1) of the Companies Law.”*

**11.- 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 9 AND 10 FOR THE PURPOSES OF ALLOTTING 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.**

## **RESOLUTION 11**

*“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 9 and 10 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 bis 1) of the Companies Law.”*

**12.- APPROVAL OF A REDUCTION IN SHARE CAPITAL BY MEANS OF THE CANCELLATION OF UP TO 185,000,000 SHARES (9 PER CENT. OF THE SHARE CAPITAL). DELEGATION OF POWERS FOR THE IMPLEMENTATION THEREOF.**

**RESOLUTION 12**

*“To reduce the share capital by way of the cancellation of shares of the Company acquired through the €500 million buy-back programme for the cancellation thereof as authorised by the Board of Directors (the “**Buy-back Programme**”) in the following terms:*

*1.- Amount and form of the capital reduction.- The nominal amount of the capital reduction of the Company will be equal to the number of shares acquired under the Buy-back Programme multiplied by 0.5 euro per share, through the cancellation of such shares, up to a maximum of 92,500,000 euros, corresponding to the nominal value of the maximum number of own shares to be acquired under the Buy-back Programme (185,000,000 ordinary shares each with a nominal value of 0.50 euro).*

*In accordance with the provisions below, the final amount of the capital reduction will be set by the Board of Directors according to the final number of shares acquired within the framework of the Buy-back Programme.*

*2.- Procedure for acquisition of the shares that will be cancelled under the Buy-back Programme.- The shares to be cancelled will be acquired by the Company under the Buy-back Programme, which will terminate no later than the date authorised by the Board of Directors and which will be carried out subject to such terms as to price and volume as are established in article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and in Commission*

*Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.*

*In accordance with the foregoing, pursuant to article 340.3 of the Companies Law, if the Company fails to acquire the maximum number of 185,000,000 shares, each with a nominal value of 0.5 euro, under the Buy-back Programme, it will be understood that the share capital is reduced by the sum of the amount corresponding to the shares effectively acquired within the framework of the Buy-back Programme.*

*3.- Procedure for the reduction and reserves with a charge to which it is carried out.- Pursuant to the provisions of article 342 of the Companies Law, the capital reduction must be implemented within one month following the expiration of the Buy-back Programme.*

*The capital reduction does not entail a return of contributions to shareholders because the Company itself is the holder of the shares being cancelled, and it will be carried out with a charge to unrestricted reserves by funding a retired capital reserve in an amount equal to the nominal value of the cancelled shares; such reserve may only be used by complying with the same requirements as those applicable to a reduction in share capital, as provided by article 335 c) of the Companies Law.*

*Therefore, in accordance with the provisions of such article, creditors of the Company will not be entitled to assert the right of objection contemplated by article 334 of the Companies Law in connection with the capital reduction.*

*4.- Delegation of powers.- To delegate to the Board of Directors, with express powers of substitution, the powers necessary to implement this resolution, with authority to establish any terms that are not expressly set forth in this resolution or that are a consequence hereof. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with express powers of substitution:*

- a) To modify the maximum number of shares that may be bought back by the Company, within the limits set in this resolution and by law, as well as any other terms and conditions of the Buy-back Programme, all in accordance with the applicable legislation.*
- b) To perform any acts, make any statements, or take any steps that may be required in connection with the public communication of the Buy-back Programme and with the formalities, if any, that must be carried out at Spanish and foreign regulatory agencies and Stock Exchanges; negotiate, agree to, and sign all contracts, agreements, commitments, or instructions that may be necessary or appropriate for the successful completion of the Buy-back Programme and the*

*capital reduction.*

- c) *To cause all announcements required by law to be published, acquire the shares under the Buy-back Programme, and, within one month following the expiration of the Buy-back Programme, cancel the shares in accordance with the terms approved herein.*
- d) *To declare the approved capital reduction to be completed and implemented, establishing, for such purpose, the final number of shares that must be cancelled and, as a result, the amount by which the share capital of the Company must be reduced in accordance with the rules specified in this resolution.*
- e) *To set the final amount of the capital reduction based on the provisions of this resolution and establish any other terms that may be required to implement it, all in accordance with the terms and conditions set forth above.*
- f) *To amend the article of the By-Laws setting the share capital such that it reflects the amount of share capital and the number of outstanding shares resulting from the implementation of the capital reduction.*
- g) *To take such steps and carry out such formalities as may be required or appropriate and submit such documents as may be necessary to the competent bodies such that, once the shares of the Company have been cancelled and the notarial instrument for the capital reduction has been executed and registered with the Commercial Registry, the cancelled shares are delisted from the relevant stock exchanges and are removed from the corresponding book-entry registers.*
- h) *To perform all acts that may be necessary or appropriate to implement and formalise the capital reduction before any Spanish or foreign public or private entities and agencies, including acts for purposes of representation, supplementation, or correction of defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.*

*Pursuant to the provisions of article 249 bid 1) of the Companies Law, the Board of Directors is expressly authorised to further delegate the powers referred to in this resolution.”*

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

### **RESOLUTION 13**

*“Without prejudice to the powers delegated in the preceding resolutions, to confer authority on the Board of Directors, with the express power of substitution, to the Chairman of the Board of Directors, to the Senior Independent Director, 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, June 14, 2018