

**CORPORATE BYLAWS OF INTERNATIONAL CONSOLIDATED AIRLINES  
GROUP, S.A.**

**TITLE I  
NAME, CORPORATE PURPOSE, TERM, REGISTERED OFFICE**

**Article 1. Name**

1. The Company is called **INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A.**
2. The Company shall be governed by these bylaws (the “**Corporate Bylaws**”), by the provisions of the legal regime governing corporations and by any other applicable legislation.
3. For the purpose of these Corporate Bylaws, terms used but not defined herein shall have the meanings ascribed to them in the sole additional provision to these Corporate Bylaws.

**Article 2. Corporate purpose**

The Company’s corporate purpose comprises the following activities:

1. The management and administration of the securities representing the equity of resident and non-resident entities in the territory of Spain by the relevant organisation of material and human resources.
2. The operation of services for the transportation by air of passengers, cargo of any kind whatsoever and mail.
3. The operation of aircraft, passenger, cargo and mail technical, operational and commercial handling services.
4. The operation of technological assistance and consultancy services relating to aeronautics, airports and air transportation.
5. The operation and development of computerised booking systems and other services relating to air transportation.
6. The operation of aircraft airframe, engine, instrument and ancillary equipment maintenance services.
7. The operation of commercial aviation training and instruction services.
8. The operation of any frequent flyer and other customer loyalty or membership

programme, including the establishment of any affiliate arrangements with third party service or product providers in connection with any such frequent flyer and other customer loyalty or membership programme.

9. The operation of any travel or communications business or services, or any other business or services involving, connected with, or ancillary thereto, including but not limited to hotels, vehicle hire services, parking services and retail services.

All activities comprising the corporate purpose described above may be pursued in Spain, the United Kingdom and elsewhere in the world, and may be pursued directly, in whole or in part, by the Company or indirectly through the holding of shares or interests in companies or other legal entities, whether incorporated in Spain or in any other jurisdiction, with an identical or similar purpose. In particular, the Company shall pursue its activities through the holding, directly or indirectly, of shares in the airlines Iberia, Líneas Aéreas de España, Sociedad Anónima Operadora and British Airways plc.

Under no circumstances may the Company pursue any activities typical of collective investment undertakings and institutions, banks or other financial institutions, or the mediation and other activities exclusively entrusted by the Securities Market Law to various operators in the market.

If any professional qualification, administrative authority or registration at public registries is required by applicable law for the pursuit of any of the activities comprising the corporate purpose set out in this Article, such activities must be performed by a duly qualified person and, as the case may be, such activities may not be commenced until the relevant administrative requirements are met.

### **Article 3. Term**

The Company is formed for an indefinite term, having commenced operations on the date of formalisation of the incorporation public deed.

### **Article 4. Registered office and branches**

1. The registered office is at El Caserío, Iberia Zona Industrial nº 2 (La Muñoza), Camino de La Muñoza, s/n, 28042 Madrid and the Board of Directors may resolve, in accordance with the legal provisions in force, upon its relocation within the municipality of Madrid.
2. The Board of Directors may also resolve upon the creation, closure or relocation of branches, agencies, offices, representative offices or establishments as it sees fit, including outside Spain.

## TITLE II SHARE CAPITAL AND SHARES

### **Article 5. Share capital**

The share capital of the Company amounts to ONE THOUSAND TWENTY MILLION THIRTY NINE THOUSAND TWO HUNDRED SIXTY ONE EUROS AND FIFTY CENTS (1.020.039.261,50 euros), divided into 2.040.078.523 ordinary shares of the same class and series and with a nominal value of 0.50 euros each, fully subscribed and paid.

### **Article 6. Representation of the shares**

1. The shares shall be represented by book entries and shall be regulated by the provisions of Securities Market Law and other applicable legal provisions.
2. The Company shall acknowledge the authorized party appearing on the entries of the corresponding register of book entries as a shareholder of the Company, with the rights attributed to such status in these Corporate Bylaws and in accordance with applicable legislation.
3. Since the corporate purpose of the Company includes the operation of services for the transportation by air of passengers, cargo of any kind whatsoever and mail, directly or indirectly through the holding of shares or interests in companies or other legal entities, Spanish or foreign, with an identical or similar purpose, including through the holding of shares in the airline operating companies Iberia, Líneas Aéreas de España, Sociedad Anónima Operadora and British Airways plc, which each hold or will hold air operating licenses and rights granted pursuant to applicable law, the capital stock of the Company shall be represented by registered shares (*acciones nominativas*) in which the nationality of the shareholder shall be expressly stated as established in Article 86 of Law 14/2000.
4. No person will be registered as a holder of any share in the Company unless the relevant information relating to nationality of the holder and any person who is the beneficial owner of, or who has an interest in, such share has been received. The Board of Directors may determine from time to time the nature of such information which is required and the method by which such information shall be notified to the Company.
5. If the Board of Directors refuses to register a transfer of a share it shall, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee. Any instrument of transfer which the Board of Directors refuses to register shall (except in the case of suspected or actual fraud) be returned to the person depositing it.

### **Article 7. Rights and obligations of shareholders**

1. Each share in the Company confers on its legitimate holder the status of shareholder and the rights recognized by applicable law and these Corporate Bylaws.
2. All Company shareholders, in their capacity as shareholders, shall have the following obligations:
  - a) To be subject to these Corporate Bylaws and the resolutions of the Shareholders' Meeting, the Board of Directors and other governing and managing bodies of the Company, without prejudice to the shareholder's right to contest as established by applicable law.
  - b) To notify the Company of any acquisition or disposal of shares or of any interest in the shares of the Company that directly or indirectly entails the acquisition or disposal of a stake of over 0.25 percent of the Company's capital stock, or of the voting rights corresponding thereto, expressly indicating the nationality of the transferor and/or the transferee obliged to notify, as well as the creation of any charges on shares (or interests in shares) or other encumbrances whatsoever, for the purposes of the exercise of the rights conferred by them.
  - c) In the event that a person or entity who appears to be owner on the entries of the accounting register of book entries holds such authority in a fiduciary or other capacity, the Company may require such person or entity to disclose both the identity of the actual or beneficial owners of the shares involved or the persons having an interest in the shares involved and any transfers of, and the creation of any charges on, such shares (or interests in shares).
  - d) To comply in a timely manner with the disclosure obligations on share ownership set forth in Articles 10 and 11 of these Corporate Bylaws.
  - e) And, in general, to comply with any other obligation imposed by applicable law or these Corporate Bylaws.
3. Ownership of the shares implies compliance with these Corporate Bylaws and submission to the decisions of the governing and managing bodies of the Company adopted within the scope of their powers and in due form.

### **Article 8. Share co-ownership and rights *in rem***

1. The shares are indivisible. Co-owners of shares must designate a single person for the exercise of the shareholder rights and shall be jointly and severally liable to the Company for all obligations deriving from their status as shareholders. The same rule shall apply to other cases of joint title to the rights in any shares.

2. In the event of a usufruct on shares, the status of shareholder lies with the bare owner but the usufructuary shall be entitled, in all cases, to the dividends resolved on by the Company during the usufruct.
3. In the event of a pledge on shares, the shareholder rights shall correspond to the owner of the shares, with the pledgee being obliged to facilitate the exercise of such rights.

#### **Article 9. Transfer of shares**

1. Shares may be transferred in accordance with the provisions of the legislation in force and these Corporate Bylaws.
2. In particular, all shareholders must comply with the obligation imposed in Article 7.2 (b) of these Corporate Bylaws in respect of share transfers.

#### **Article 10. Disclosure obligations on share ownership**

Since the corporate purpose of the Company includes the operation of services for the transportation by air of passengers, cargo of any kind whatsoever and mail, directly or indirectly through the holding of shares or interests in Operating Affiliates, the following disclosure regime applies:

- 10.1. The Company may by notice in writing (in this Article, a “**Disclosure Notice**”) require any shareholder or any other person with a confirmed or apparent, interest in shares of the Company to disclose to the Company in writing such information as the Company shall require relating to the beneficial ownership of or any interest in the shares in question as lies within the knowledge of such shareholder or other person (supported if the Company so requires by a statutory or notarial declaration and/or by independent evidence) including (without prejudice to the generality of the foregoing) any information which the Company shall deem necessary or desirable in order to determine whether any shares are Relevant Non-EU Shares or are capable of being Affected Shares or whether it is necessary to take steps in order to protect an Operating Right of the Company or any Operating Affiliate or otherwise in relation to the application or potential application of Article 11.
- 10.2. The Company may give a Disclosure Notice pursuant to Article 10.1 above at any time and the Company may give one or more than one such notice to the same shareholder or other person in respect of the same shares or interest in shares.
- 10.3. Where the shareholder on which a Disclosure Notice is served is a Depositary acting in its capacity as such, the obligations of the Depositary, as a shareholder pursuant to Article 10.1, shall be limited to disclosing to the Company in accordance with Article 10.1 such information relating to the ownership of, or any interests in, the shares in question as has been recorded by it pursuant to the terms

entered into between the Depository and the Company; provided that nothing in this Article 10.3 shall in any other way restrict the powers of the Company under this Article 10.

- 10.4. The provisions of Article 11.16 shall apply, mutatis mutandis, to the service of notices pursuant to this Article.
- 10.5. If any shareholder or any other person with a confirmed or apparent interest in shares of the Company held by such shareholder, has been duly served with a Disclosure Notice under this Article and is in default for the Prescribed Period in supplying to the Company the information thereby required or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the Board of Directors may agree at any time thereafter to issue a notice (a “**Direction Notice**”) to such shareholder directing that in respect of the shares in relation to which the default has occurred (the “**Default Shares**”) the relevant shareholder will not be entitled to exercise any voting rights at any Shareholders’ Meeting (whether in person or by proxy) or any other political rights, including but not limited to the right to attend and speak at Shareholders’ Meetings.
- 10.6. Where the Default Shares represent at least 0.25 percent of the Company's capital stock in nominal value, then the Direction Notice may additionally direct that subject to Article 10.7, no transfer of any Default Share held by such member shall be registered unless:
- (i) the shareholder is not himself in default as regards supplying the information required; and
  - (ii) the transfer is of part only of the shareholder’s holding and when presented for registration is accompanied by a certificate by the shareholder in a form satisfactory to the Board of Directors to the effect that after due and careful enquiry, the member is satisfied that none of the shares the subject of the transfer is a Default Share.
- 10.7. Any Direction Notice shall have effect in accordance with its terms for so long as the default in respect of which the Direction Notice was issued continues but shall cease to have effect thereafter upon the Company so determining (such determination to be made within a period of one week of the default being duly remedied with written notice thereof being given forthwith to the shareholder). Any Direction Notice shall cease to have effect in relation to any Default Shares which are transferred by such shareholder by means of transfer effected in accordance with the terms of these Corporate Bylaws, provided that the transfer results from a sale made through a stock exchange on which the Company’s shares or interests in shares are traded or the directors are satisfied that the transfer involves the sale of the whole of the beneficial ownership of the shares and interest in shares to a party unconnected either with the shareholder or with

other persons interested or appearing to be interested in such shares.

**Article 11. Limitations on share ownership**

11.1. The purpose of this Article is to ensure that so long as and to the extent that the holding or enjoyment by the Company or any Operating Affiliate of any Operating Right is conditional on the Company being to any degree owned or controlled by EU Nationals pursuant to applicable law or by applicable bilateral air transport agreements, the Company is so owned and controlled.

In addition, the purpose of this Article is to assist in preserving the exercise of the traffic rights by certain Operating Affiliates derived from the bilateral air treaties signed by the United Kingdom and Spain, as applicable.

11.2. The Company shall maintain, in addition to the registered shares book (*libro registro de acciones nominativas*):

11.2.1 a Separate Non-EU Register, in which shall be entered particulars of any share which:

- (a) has been acknowledged by the holder, whether pursuant to the information provided in accordance with Article 6.4 or Article 11.4 or otherwise, to be a Relevant Non-EU Share; or
- (b) has been declared to be a Relevant Non-EU Share pursuant to Article 11.5; or
- (c) the Board of Directors otherwise determines to be included in the Separate Non-EU Register in accordance with the provisions of these Articles,

and, in either case, has not ceased to be a Relevant Non-EU Share.

11.2.2 a Separate UK Register, in which shall be entered particulars of any share which:

- (a) has been acknowledged by the holder, whether pursuant to the information provided in accordance with Article 6.4 or otherwise, to be a Relevant UK Share;
- (b) has been declared to be a Relevant UK Share pursuant to Article 11.5,

and, in either case, has not ceased to be a Relevant UK Share.

11.2.3 a Separate Spanish Register, in which shall be entered particulars of any share which:

- (a) has been acknowledged by the holder, whether pursuant to the information provided in accordance with Article 6.4 or otherwise, to be a Relevant Spanish Share; or
- (b) has been declared to be a Relevant Spanish Share pursuant to Article 11.5,

and, in either case, has not ceased to be a Relevant Spanish Share.

For the avoidance of doubt, each of the Separate Non-EU Register, Separate UK Register, Separate Spanish Register and registered share book shall be kept and maintained in Spain.

- 11.3. The particulars entered on the Separate Non-EU Register in respect of any share shall comprise, in addition to the identity of the holder or joint holders or the person for the benefit of whom the Depositary holds the shares, such information as has been requested by and supplied to the Company (including, where applicable, the name and nationality of any person having an interest in such share and the nature and extent of such interest) pursuant to Article 6.4 or Article 11.4 or otherwise or, if no such information has been supplied, such information as the Board of Directors considers appropriate. The Board of Directors may from time to time (if it so determines) cause to be entered in the Separate Non-EU Register particulars of any share in respect of which (i) the holder or any joint holder has not made a declaration as to whether the share is a Relevant Non-EU Share and (ii) all or some specified number of Depositary Shares in respect of which Depositary Receipts have been issued by a Depositary (and any number so specified may from time to time be varied by the Board of Directors) and the Depositary has not made a declaration as to whether such shares are Relevant Non-EU Shares.
- 11.4. Each registered holder of a share which has not been acknowledged to be a Relevant Non-EU Share, a Relevant UK Share or a Relevant Spanish Share who becomes aware that such share is or has become a Relevant Non-EU Share, a Relevant UK Share or, as the case may be, a Relevant Spanish Share shall forthwith notify the Company accordingly, specifying whether such share is or has become a Relevant Non-EU Share, a Relevant UK Share or a Relevant Spanish Share.
- 11.5. Whether or not a Disclosure Notice pursuant to Article 10 has been given, the Company may, and if at any time it appears to the Board of Directors that a share, particulars of which have not been entered in the Separate Non-EU Register, is likely to be a Relevant Non-EU Share shall, give notice in writing to the registered holder thereof or to any other person with a confirmed or apparent interest in that share requiring such person to show to their satisfaction that such a share is not a Relevant Non-EU Share. Any person on whom such notice has been served and any other person with an interest in such share may within



twenty-one days thereafter (or such longer period as the Company may consider reasonable) make representations to the Company including any relevant supporting evidence as to why such a share should not be treated as a Relevant Non-EU Share but if, after considering such representations and such other information as seems to it to be relevant, the Company is not so satisfied, the Company shall declare such share to be a Relevant Non-EU Share and such share shall be treated as such.

The Board of Directors will be entitled to follow the same process described in this Article 11.5 to determine if a share is considered, or not, to be a Relevant Spanish Share or a Relevant UK Share.

- 11.6. The Company shall remove from the Separate Non-EU Register particulars of any Relevant Non-EU Share if there has been furnished to the Board of Directors a declaration (in such form as the Board of Directors may from time to time prescribe) by the holder of such Relevant Non-EU Share, together with such other evidence as the Board of Directors may require, which satisfies the Board of Directors that such share is no longer a Relevant Non-EU Share.

The Board of Directors shall be entitled to follow the same process described in this Article 11.6 in connection with the removal of a Relevant UK Share from the Separate UK Register or, as the case may be, the removal of a Relevant Spanish Share from the Separate Spanish Register.

- 11.7. The provisions of Article 11.8 below shall apply where the Board of Directors determines that it is necessary or desirable to take steps in order to protect any Operating Right of the Company or any Operating Affiliate by reason of the fact that:
- a) an Intervening Act has taken place;
  - b) an Intervening Act is contemplated, threatened or intended;
  - c) the aggregate number of Relevant Non-EU Shares particulars of which are entered in the Separate Non-EU Register is such that an Intervening Act may occur or be contemplated, threatened or intended; or
  - d) the ownership or control of the Company is otherwise such that an Intervening Act may occur or be contemplated, threatened or intended.
- 11.8. Where a determination has been made under Article 11.7, the Board of Directors shall take such of the following steps, either immediately upon such determination having being made or at any time or times thereafter, as necessary or desirable to overcome, prevent or avoid an Intervening Act or the risk of an Intervening Act:

- a) the Board of Directors may seek to identify, in accordance with Article 11.13 below, those shares or Relevant Non-EU Shares the holding or interests in which gave rise or contributed to the determination, or would, if details thereof had been entered on the relevant Separate Non-EU Register at the relevant time, have given rise to a determination, and to deal with such shares as Affected Shares; and/or
- b) the Board of Directors may specify a Permitted Maximum of Relevant Non-EU Shares or vary any Permitted Maximum previously specified, provided that at no time shall any Permitted Maximum be less than 40% of the Company's capital stock and, at any time when the aggregate number of Relevant Non-EU Shares of which particulars are entered in the relevant Separate Non-EU Register exceeds any Permitted Maximum applying for the time being, the Board of Directors may deal with such of the Relevant Non-EU Shares as it decides are in excess of such Permitted Maximum as Affected Shares. Nevertheless, the Board of Directors may not specify a Permitted Maximum that is below the aggregate number of Relevant Non-EU Shares of which particulars are entered in the relevant Separate Non-EU Register at the time of specifying or varying such Permitted Maximum.

Where a determination has been made under Article 11.7, the Board of Directors must notify such circumstance to the stock exchange governing companies, the Spanish National Securities Market Commission and the regulatory bodies of the other securities markets in which the shares are listed, where appropriate, for the purposes of due disclosure and so that such institutions may notify such circumstance to the investment services firms and credit institutions authorized to provide investment services. In turn, such circumstance shall also be notified to the Spanish Ministry of Development through the Directorate-General of Civil Aviation, the United Kingdom Civil Aviation Authority and the other competent authorities regarding the Operating Rights held or enjoyed by the Operating Affiliates, as applicable. Once such circumstance has been duly notified, no acquisitions or transfers of shares with or between Relevant Non-EU Persons may take place unless accompanied by a certificate issued by the Board of Directors evidencing that the acquisition or transfer does not exceed the Permitted Maximum.

Additionally, at any time when the Board of Directors has resolved to specify a Permitted Maximum or to deal with any shares as Affected Shares, they shall publish a notice of such resolution under Article 11.7 and of any Permitted Maximum which has been specified, together with a statement of the provisions of this Article 11 which apply to the Affected Shares and the name of the person or persons who will answer enquiries relating to the Affected Shares on behalf of the Company, within two Business Days of the making of any such resolution, in such manner as is prescribed for the making of announcements

under the rules and regulations of each stock exchange on which shares or securities evidencing the right to receive shares are, at the instigation of the Company, listed, quoted or dealt in as at the date of making of such resolution. At other times, the Board of Directors shall from time to time so publish information as to the number of shares, particulars of which have been entered in the Separate Non-EU Register.

- 11.9. The Board of Directors shall give an Affected Share Notice to the registered holder of any share which they determine to deal with as an Affected Share and/or to any other person with a confirmed or apparent interest in that share and shall state which (if not all) of the provisions of Articles 11.9 to 11.11 (all of which shall be set out in the relevant notice) are to be applied forthwith in respect of such Affected Share. The Board of Directors shall be entitled from time to time to serve further Affected Share Notices in respect of any Affected Share applying further provisions of Articles 11.9 to 11.11. The registered holder of a share in respect of which an Affected Share Notice has been served may make representations to the Board of Directors as to why such share should not be treated as an Affected Share and if, after considering such representations and such other information as seems to them relevant, the Board of Directors considers that the share should not be treated as an Affected Share, they shall forthwith withdraw the Affected Share Notice served in respect of such share and the provisions of Articles 11.9 to 11.11 shall no longer apply to it. For the avoidance of doubt, any share which the Board of Directors determines to deal with as an Affected Share shall continue to be an Affected Share unless and until the Board of Directors withdraws the Affected Share Notice relating thereto.
- 11.10. If the Board of Directors decides to serve an Affected Share Notice and to deal with certain shares as Affected Shares pursuant to the provisions of Article 11, the Board of Directors may agree on the suspension of the voting rights and the other political rights (including, but not limited to, the right to attend and speak at Shareholders' Meetings) corresponding to such Affected Shares in respect of which an Affected Share Notice has been served.
- 11.11. Additionally, if the Board of Directors decides to serve an Affected Share Notice and to deal with certain shares as Affected Shares pursuant to the provisions of Article 11, the persons on whom an Affected Share Notice has been served shall, within ten (10) Business Days of receiving such Affected Share Notice (or such longer period as may in such notice be prescribed by the Board of Directors), make an Affected Share Disposal so that no Relevant Non-EU Person holds, directly or indirectly, or has an interest in that share and, upon such Affected Share Disposal being made to the satisfaction of the Board of Directors, such Affected Share shall cease to be a Relevant Non-EU Share.
- 11.12. If, after ten (10) Business Days from the date of service on the registered holder of an Affected Share of an Affected Share Notice (or such longer period as the Board of Directors may have prescribed), the Board Directors are not satisfied

that an Affected Share Disposal has been made of the Affected Share the subject thereof, the Board of Directors may cause the Company to acquire the Affected Share (for its subsequent redemption, if applicable), in accordance with applicable law, acquiring the Affected Share at the lower price between: (a) the book value of the Affected Share according to the latest published audited balance sheet of the Company and (b) the middle market quotation for an ordinary share of the Company as derived from the London Stock Exchange's Daily Official List for the Business Day on which the acquisition of such Affected Share by the Relevant Non-EU Person took place.

- 11.13. In deciding which shares are to be dealt with as Affected Shares, the Board of Directors shall, where applicable, be entitled to have regard to the Relevant Non-EU Shares which have directly or indirectly caused or contributed to the determination under Article 11.7 but subject thereto shall, so far as practicable, have regard to the chronological order in which particulars of Relevant Non-EU Shares have been, or are to be, entered in the relevant Separate Non-EU Register (and accordingly treat as Affected Shares those Relevant Non-EU Shares which have been acquired, or details of which have been entered in the relevant Separate Non-EU Register, most recently) save in circumstances where the application of such criterion would be inequitable or would be likely to result for any reason in the exercise of the Board of Directors' powers under this Article 11 being illegal or unenforceable, in which event the Board of Directors shall apply such other criterion or criteria as they may, in their absolute discretion, consider appropriate.
- 11.14. The transfer of any share shall be subject to the approval of the Board of Directors if, in the opinion of the Board of Directors, such share would upon transfer become, or would be capable of being treated as, or would continue or be capable of continuing to be capable of being treated as, an Affected Share and the Board of Directors may refuse to register the transfer of any such share.
- 11.15. Subject to the provisions of this Article:
  - a) the Board of Directors shall be entitled to assume without enquiry that all shares are neither Relevant Non-EU Shares (other than those shares particulars of which are entered in the Separate Non-EU Register) nor shares which would be or be capable of being treated as Affected Shares if a determination under Article 11.7 were to be made; and
  - b) the Board of Directors shall be entitled to assume that all or some specified number of the shares (as they may determine) are Relevant Non-EU Shares if they are (or any interest in them is) held by a Depositary unless and for so long as, in respect of any such shares, it is established to their satisfaction that such shares are not Relevant Non-EU Shares.

- 11.16. The Board of Directors shall not be obliged to serve any notice required under this Article upon any person if they do not know either his identity or address. The absence of service in such circumstances as aforesaid and any accidental error in or failure to give any notice to any person upon whom notice is required to be served under this Article 11 shall not prevent the implementation of or invalidate any procedure under this Article 11.
- 11.17. Any powers, rights or duties conferred by this Article on the Board of Directors can be exercised by a duly authorized committee established by the Board of Directors.
- 11.18. Without prejudice to the applicable legal obligations of the Company that must be duly complied with, none of the Separate Non-EU Register, the Separate UK Register or the Separate Spanish Register will be available for inspection by any person, but the Company shall provide persons who make enquiries which the Board of Directors determine to be bona fide with information as to the aggregate number of shares of which particulars are from time to time entered in the Separate Non-EU Register.
- 11.19. If, at any time when a determination under Article 11.7 has been made and not withdrawn, any person enquires of the Board of Directors whether the aggregate number of Relevant Non-EU Shares exceeds any Permitted Maximum applying for the time being, or whether any shares in the Company which such person proposes to purchase or in which such person proposes to acquire a share or an interest in a share would in the opinion of the Board of Directors upon such purchase or acquisition become or be capable of becoming or being treated as Affected Shares, whether by reason of any Permitted Maximum being exceeded or otherwise, the Board of Directors shall, on sufficient information being given to them to enable them to answer the enquiry, notify the enquirer whether in their opinion the shares would become or be capable of becoming Affected Shares if he were to acquire them or an interest in them. Notwithstanding the foregoing, any such notification shall not be binding on the Board of Directors or the Company and shall not prevent such shares being subsequently identified as Affected Shares, and the Board of Directors and the Company shall not (in the absence of fraud) be liable in any way if such shares subsequently become Affected Shares.
- 11.20. The provisions of Article 11.8 shall apply until such time as the Board of Directors have resolved that grounds for the making of a determination under Article 11.7 have ceased to exist and the Board of Directors shall thereupon withdraw such determination.

On withdrawal of the determination, the Board of Directors shall cease to act pursuant to such determination and shall remove any Permitted Maximum that they may have specified and shall inform every person on whom an Affected Share Notice has been served in respect of an Affected Share which has not yet

been transferred or sold by the Company in accordance with Articles 11.11 and 11.12 that the provisions of Articles 11.10 to 11.12 no longer apply in respect of such share (which on such withdrawal shall cease to be an Affected Share). However, the withdrawal of such a determination shall not affect the validity of any action taken by the Company or the Board of Directors, as the case may be, under this Article whilst that determination remained in effect. The Board of Directors shall publicise the withdrawal of any determination the existence of which has been publicised under the last paragraph of Article 11.8 in the same manner as they are required to publicise its existence under such provision.

### **Article 12. Capital increase**

Capital may be increased by either issuing new shares or increasing the nominal value of existing shares. In either case, the exchange value of any capital increase may in turn consist in either new money or non-money contributions to the Company's net worth including the offsetting of the Company's credits or the conversion of reserves or profits included in such net worth.

### **Article 13. Delegation of powers to the Board of Directors in respect of capital increases**

The Shareholders' Meeting may in compliance with applicable requirements for the amendment of these Corporate Bylaws, delegate the following powers to the Board of Directors:

1. After a resolution has been passed to increase the Company's share capital in a certain amount, the following powers:
  - a) To execute such a resolution within a maximum of one year, except for a conversion of bonds into shares.
  - b) To fix the date for the increase to be carried out in an amount as agreed upon.
  - c) To fix the starting and closing dates for the period to subscribe for shares.
  - d) To issue the shares into which the capital increase will be divided.
  - e) To declare the amount of shares subscribed for in respect of such a capital increase.
  - f) To demand payment of calls on shares.
  - g) To amend Article 5 of these Corporate Bylaws relating to share capital so that the new amount deriving from the increase may be stated as a result of the shares actually subscribed for.

- h) In general terms, to establish the terms of any capital increase in any respects not provided for by the Shareholders' Meeting's appropriate resolution.
2. The power to decide to increase the Company's share capital one or more times up to a certain sum at such a time or times and in such an amount or amounts as the Board of Directors may deem fit without previously consulting with the Shareholders' Meeting. Where the Shareholders' Meeting delegates such power, it may also delegate the power to exclude any pre-emptive subscription right in relation to delegated share capital increases, in accordance with applicable law.

In no case shall any such increase exceed fifty percent of the Company's share capital existing at the time of the authorisation. Any such increase shall be carried out by means of money contributions within a maximum of five years from the adoption of the applicable resolution by the Shareholders' Meeting.

In such an event, the Board of Directors shall also be empowered to redraft the Articles of these Corporate Bylaws relating to share capital, after an increase will have been decided and carried out.

#### **Article 14. Preferential right over new issues and the sale of treasury shares**

In the event of capital increases involving the issuance of new ordinary or preference shares against cash contributions, existing shareholders may, within the time limit allowed by the Board of Directors for such a purpose which shall not be less than the applicable minimum time limit provided for by the Spanish Companies Law, exercise their right to subscribe for a number of such new shares in proportion to the nominal value of the shares held by them.

The Board of Directors may replace the publication of the notice offering new shares with a written notice sent to each shareholder and usufructuary entered in the registered shares book. In such a case, the period allowed to subscribe for new shares shall count from the date of dispatch of such a notice. Preferential rights over new issues may be transferred on the same terms as the shares such rights derive from. In the event of a capital increase against reserves, the same rules shall apply to the allotment of new share rights on a free basis.

In the event that the Company intends to sell shares of the Company held in treasury for cash (other than to or for the purposes of the employee share schemes of the Company or the Group), such shares shall be first offered to existing shareholders of the Company in proportion to the nominal value of shares held by them, and the other provisions of this Article 14 shall apply (to the extent applicable) *mutatis mutandi*.

#### **Article 15. Exclusion from preferential right over new issues**

When deciding upon a capital increase, the Shareholders' Meeting may upon compliance with the legal requirements laid down by the Spanish Companies Law,

withdraw the preferential right over new issues in whole or in part if the Company's interests so demand.

#### **Article 16. Capital reduction**

A resolution to reduce the Company's share capital may be passed by the Shareholders' Meeting provided that any requirements imposed by the Spanish Companies Law shall be met. The purpose of any such reduction may be to return capital investments, write off calls on shares, make or increase legal or voluntary reserves or redress the balance between the Company's share capital and net worth diminished as a result of losses.

The Company's share capital shall be mandatorily reduced where losses shall diminish the Company's corporate assets (*patrimonio neto*) below two thirds of the amount of the Company's share capital and one economic year shall have elapsed without such losses having been recouped.

### **TITLE III CORPORATE BODIES**

#### **Section 1 Shareholders' Meeting**

#### **Article 17. Shareholders' Meeting**

1. The shareholders, at a duly convened Shareholders' Meeting, shall decide by the majorities required in each case on the matters falling within the competencies of the Shareholders' Meeting.
2. Duly adopted Shareholders' Meeting resolutions shall be binding on all shareholders, including absent shareholders, dissenting shareholders, shareholders that abstain from voting and those with no right to vote, without prejudice to any right to contest the relevant resolution to which a shareholder may be entitled.
3. The Shareholders' Meeting shall be governed by the provisions of these Corporate Bylaws, the Shareholders' Meeting Regulations and the provisions of applicable law.

#### **Article 18. Competencies of the Shareholders' Meeting**

1. The Shareholders' Meeting shall decide on the matters attributed to it by these Corporate Bylaws, the Shareholders' Meeting Regulations and applicable law.
2. The Shareholders' Meeting shall also decide on any other matter submitted for its consideration by the Board of Directors.



### **Article 19. Ordinary Shareholders' Meeting**

1. The ordinary Shareholders' Meeting, previously called for such purpose, must meet within the first six months of each year in order to appraise corporate management, approve, as the case may be, the previous year's annual accounts and decide on the allocation of income. It may also adopt resolutions on any other matter falling within the competencies of the Shareholders' Meeting, provided that the matter is included on the agenda and that the capital attendance requirements established by these Corporate Bylaws and applicable law are met.
2. The ordinary Shareholders' Meeting shall be valid even where it is called or held outside the stipulated time period.

### **Article 20. Extraordinary Shareholders' Meeting**

Any Shareholders' Meeting other than that provided for in the preceding Article shall be deemed to be an extraordinary Shareholders' Meeting and shall be held at any time of the year when the Board of Directors deems appropriate.

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

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

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

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

The call notice of the Shareholders' Meeting shall indicate how to obtain the necessary information to prepare for the Shareholders' Meeting, specifying the website of the Company, where and how to obtain the full text of the documents and the proposed resolutions to be voted on at the Shareholders' Meeting.

3. Shareholders representing at least five percent (5%) of the aggregate nominal value of the capital stock may (a) request that a supplementary call notice for an ordinary Shareholders' Meeting be published, adding one or more further items to the agenda contained in the call notice, provided that the new items are accompanied

by a justification or, as appropriate, a justified proposed resolution; and (b) submit reasoned proposals for resolutions on items already included or to be included on the agenda contained in the call notice for the Shareholders' Meeting called.

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

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

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

1. The Board of Directors may call an extraordinary Shareholders' Meeting whenever they deem it to be in the interests of the Company.
2. The Board of Directors must also call a Shareholders' Meeting when so requested by a number of shareholders holding at least five (5) percent of the aggregate nominal value of the capital stock of the Company, stating in the request the items to be addressed at the Shareholders' Meeting. In this case, the Shareholders' Meeting must be called to be held within the time period prescribed by applicable law. The directors shall draw up the agenda and must include any items requested.

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

1. Up to and including the seventh (7<sup>th</sup>) day before the date scheduled for the Shareholders' Meeting on first call, shareholders may request in writing any information or clarification that they consider necessary and may formulate in writing the questions that they deem pertinent in relation to those items on the agenda contained in the call notice. Furthermore, in the same manner and within the same time period, shareholders may request any information or clarification or formulate questions in writing in relation to the information available to the public supplied by the Company to the Spanish National Securities Market Commission since the date of the last Shareholders' Meeting and in relation to the auditors' report.
2. During the Shareholders' Meeting, shareholders may orally request any information or clarification that they deem appropriate in relation to items on the agenda, to the information available to the public supplied by the Company to the Spanish National Securities Market Commission since the date of the last Shareholders' Meeting and in relation to the auditors' report and, where the shareholder's request cannot be satisfied at that time, the directors shall be obliged to provide the information in writing within seven (7) days of the day after the date on which the Shareholders' Meeting ended.

3. The Board of Directors shall be obliged to provide the information requested in accordance with the two preceding sub-articles in the form and within the time periods envisaged by these Corporate Bylaws, the Shareholders' Meeting Regulations and applicable law, except where this is not permitted by applicable law, including, in particular, cases in which, in the Chairman's opinion, the disclosure of the relevant information would harm the Company's interests. This last exception shall not apply when the request is supported by shareholders representing at least one quarter (1/4) of the aggregate nominal value of the capital stock.

#### **Article 24. Constitution, venue and time of the Shareholders' Meeting**

1. Both ordinary and extraordinary Shareholders' Meetings shall be validly convened with the minimum quorum required by the legislation in force from time to time, taking into account the items on the agenda.
2. The Shareholders' Meeting shall be held at the venue indicated in the call notice within the municipality in which the registered office of the Company is located, on the dates and at the times stipulated in the notice.
3. The Shareholders' Meeting may agree on its extension, for a period of one or more consecutive days, at the proposal of the directors or of shareholders representing at least one quarter (1/4) of the aggregate nominal value of the capital stock of the Company in attendance. Irrespective of the number of sessions over which the Shareholders' Meeting is held, such sessions shall collectively be considered to be a single meeting, with a single set of minutes being drawn up to reflect all sessions.

#### **Article 25. Right to attend**

1. Any shareholder may attend Shareholders' Meetings, whether in person or by proxy, provided that their shares are registered in their name on the corresponding register of book entries five (5) days in advance of the date scheduled for the Shareholders' Meeting and this is evidenced by the pertinent attendance card or certificate issued by one of the participating entities of the agency which manages the accounting register or in any other manner permitted by legislation in force.
2. The members of the Board of Directors must attend the Shareholders' Meeting. Nonattendance by any Board member shall not affect the valid constitution of the Shareholders' Meeting.
3. Any managers, experts or other persons who, in the opinion of the Chairman of the Board of Directors, have an interest in the smooth running of corporate affairs and whose participation at the Shareholders' Meeting may be useful to the Company may also attend the Shareholders' Meeting. The Chairman of the Shareholders' Meeting may authorize the attendance of any person he deems appropriate although the Shareholders' Meeting may revoke such authorization.

4. Shareholders may attend a Shareholders' Meeting by electronic, telematic or any other distance communication means, provided that this is agreed to by the Board of Directors and carried out using a procedure determined by it. Any such procedure adopted by the Board of Directors within the scope of this sub-Article shall be posted on the Company's website.
5. Shareholders who attend a Shareholders' Meeting and who are able to exercise their right to vote at such meeting via the distance communication media provided for in sub-Article 4 above, shall be deemed to be present for the purposes of the constitution of the Shareholders' Meeting.

#### **Article 26. Representation by proxy**

1. All shareholders entitled to attend a Shareholders' Meeting may be represented at the Shareholders' Meeting by any person (whether or not such person is a shareholder of the Company), using the means of delegation provided for by the Company for each Shareholders' Meeting, which shall be recorded on the attendance card, in accordance with what is permitted by the Spanish Companies Law. The proxy must be in the possession of the Company before the date scheduled for the Shareholders' Meeting within the time period stipulated in the call notice.
2. The proxy must be conferred in writing or via postal or electronic correspondence, with the provisions of Article 30 of these Corporate Bylaws being applicable in this case for the casting of votes by such means, where it is not incompatible with the nature of the representation.
3. Any person who is appointed as a proxy by a shareholder may vote in relation to items which, while not envisaged in the agenda contained in the call notice, are permitted by applicable law to be addressed by the Shareholders' Meeting.
4. The Chairman and Secretary of the Shareholders' Meeting shall have the broadest powers as permitted by applicable law to accept the validity of the document evidencing the proxy.
5. Proxies may always be revoked. Attendance by the represented shareholder at the Shareholders' Meeting, whether physically or by way of a vote cast using distance media, shall revoke the proxy granted, regardless of the date of the proxy.
6. The Shareholders' Meeting Regulations sets out the requirements for the exercise of the right by a shareholder to representation by proxy at a Shareholders' Meeting.

#### **Article 27. Chairman, Secretary and presiding panel of the Shareholders' Meeting**

1. The Shareholders' Meeting shall be chaired by the Chairman of the Board of Directors and, in his/her absence, by the Deputy Chairman of the Board and, in the

absence of all of the foregoing, by the shareholder designated by the Shareholders' Meeting itself.

2. The Secretary of the Board of Directors (the "**Company Secretary**") shall act as Secretary of the Shareholders' Meeting and, in his/her absence, the deputy secretary of the Board of Directors (the "**Company Deputy Secretary**"). In the absence of both of them, the Secretary of the Shareholders' Meeting shall be the shortest-serving director or if there are two such directors who were appointed on the same day, by the youngest director and, in the absence of all of the above, the shareholder designated by the Shareholders' Meeting itself.
3. Together with the Chairman and the Secretary of the Shareholders' Meeting, the presiding panel of the Shareholders' Meeting shall be composed by the remaining members of the Board of Directors in attendance.

#### **Article 28. List of attendees**

1. Prior to commencing the items on the agenda, a list shall be drawn up of all attendees, stating the nature or representative authority of each of them and the number of shares, held or represented, with which they attend.
2. The list of attendees may also be prepared by means of a card file or incorporated into a computer medium. In these cases, the means used in preparing the list shall be stated in the minutes of the Meeting and the appropriate identification notice, signed by the Secretary of the Shareholders' Meeting with the Chairman's approval, shall be attached to the sealed file cover or the medium used.
3. At the end of the list, the number of shareholders present (including a separate list of those who cast their vote using distance media) in person or by proxy shall be stated, as well as their holdings in the capital stock, specifying the capital stock corresponding to shareholders with the right to vote.
4. Once the list has been drawn up, the Chairman shall state whether the requirements for the valid constitution of the Shareholders' Meeting have been met. Any queries or claims arising in this connection shall be resolved by the Chairman. The Chairman shall then declare the Shareholders' Meeting to be validly convened, as the case may be.

#### **Article 29. Deliberations**

1. Once the Shareholders' Meeting has been called to order, the Secretary of the Shareholders' Meeting shall read out the items on the agenda or a summary of such items and the Shareholders' Meeting shall then deliberate on each item, with the Chairman making the first contribution, followed by the persons designated by the Chairman for such purpose.

2. Following these contributions, the Chairman shall give the floor to any shareholder that so requests it, chairing and directing the debate within the confines of the agenda and bringing the debate to a close when the item has been sufficiently debated in his opinion. Lastly, the various proposed resolutions shall be put to vote.
3. The Chairman shall be responsible for chairing the Shareholders' Meeting so that deliberations are made in line with the agenda; accepting or rejecting new proposals in relation to the items on the agenda; directing deliberations by granting the floor to the shareholders that so request it, retaking or not granting the floor where he considers an item to have been sufficiently debated, where the item is not on the agenda or where it hinders the progress of the meeting; signalling the time for votes to be cast; counting the votes with the assistance of the Secretary of the Shareholders' Meeting; announcing the result of the vote; temporarily adjourning the Shareholders' Meeting and bringing it to a close and, in general, shall have all necessary powers, including the powers of order and discipline, for the appropriate conduct of the Shareholders' Meeting.
4. The Chairman, where present at the session, may delegate the chairing of the debate to the director he deems appropriate or to the Secretary of the Shareholders' Meeting, which persons shall perform such functions on behalf of the Chairman, who may take over from them at any time. In the event of temporary absence or supervening inability, the corresponding person pursuant to Article 27.1 of these Corporate Bylaws shall assume the functions of the Chairman.
5. Voting on resolutions by the Shareholders' Meeting shall be carried out in accordance with the provisions of the following Articles and the Shareholders' Meeting Regulations.

### **Article 30. Casting of votes by distance means**

1. Shareholders may cast their vote on the proposals relating to the items on the agenda by mail or electronic communication. In both cases, shareholders shall be considered present for the purposes of the constitution of the Shareholders' Meeting.
2. In order to cast a vote by mail, shareholders must send to the Company, duly completed and signed, the attendance, proxy and vote card issued to them by the entity or entities entrusted with keeping the register of book entries.
3. Votes via electronic communication shall be cast under a recognized electronic signature or other form deemed suitable by the Board of Directors to ensure the authenticity and identity of the shareholder exercising his right to vote.
4. Votes cast by any of the means provided for in the preceding sub-Articles must be received by the Company before twelve o'clock midnight (24:00 h.) of the day immediately preceding the date scheduled for the Shareholders' Meeting on first or

second call, as appropriate. If not received by this deadline, votes shall be deemed not to have been cast for the call in relation to which the above deadline was not met.

5. The Board of Directors is authorized to implement the above provisions, establishing the rules, means and procedures appropriate in order to implement the casting of votes and the grant of proxies by electronic means, adapting them, as the case may be, to the rules established for such purpose. In particular, the Board of Directors may (i) regulate the use of alternative safeguards to the electronic signature for the casting of electronic votes, pursuant to the provisions of Article 30.3 above; and (ii) reduce the time in advance established in Article 30.4 above by which the Company must receive votes cast by postal or electronic correspondence.

In all cases, the Board of Directors shall take the measures necessary to avoid possible duplication and to ensure that the person casting the vote or granting a proxy by postal or electronic correspondence is duly authorized to do so in accordance with the provisions of these Corporate Bylaws and the Shareholders' Meeting Regulations.

Any implementing rules adopted by the Board of Directors within the scope of this sub-Article shall be posted on the Company's website.

6. Votes cast by postal or electronic correspondence shall be revoked by the physical presence of the shareholder at the Shareholders' Meeting or by its express revocation using the same means employed to cast the vote.

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

1. Ordinary or extraordinary Shareholders' Meetings shall adopt resolutions with the majorities of the votes present in person or by proxy required by these Corporate Bylaws or by the Spanish Companies Law. Each voting share present in person or by proxy at the Shareholders' Meeting shall entitle its holder to one vote.
2. The approval of resolutions shall require the affirmative vote of more than half of the voting shares present in person or by proxy at the Shareholders' Meeting, without prejudice to cases in which these Corporate Bylaws or the applicable law requires a greater majority.
3. The Board of Directors may also submit resolutions to the Shareholders' Meeting for consideration on a consultative basis in the manner set out in the Shareholders' Meeting Regulations.

#### **Article 32. Documentation of resolutions**

1. Documentation of Shareholders' Meeting resolutions, their notarization and registration at the Spanish Mercantile Registry shall be carried out in accordance

with the provisions of applicable law and the Mercantile Registry Regulations.

2. Any full or partial certificates required to evidence the resolutions of the Shareholders' Meeting shall be issued and signed by the Company Secretary or by the Company Deputy Secretary and countersigned by the Chairman or, as the case may be, the Deputy Chairman.
3. The Board of Directors may request the presence of a notary public to take the minutes of the Shareholder' Meeting and shall be obliged to do so where so requested by shareholders representing at least one percent (1%) of the aggregate nominal value of the capital stock five (5) days in advance of the date scheduled for the Shareholders' Meeting. The notary's fees shall be borne by the Company. The minutes drawn up by the notary public shall be deemed the minutes of the Shareholders' Meeting.
4. Within a period of time which shall not exceed five (5) days after the Shareholders' Meeting, the Company shall publish on its website the voting results, indicating the number of shares for which votes have been validly cast, the proportion of the share capital represented by those votes, the total number of votes validly cast as well as the number of votes cast in favour of and against each resolution and, where applicable, the number of abstentions.

### **Article 33. Fractional Vote**

Entities that appear as registered shareholders of the Company but which act on behalf of different persons (the "**Underlying Holders**") and hold such authority in a fiduciary or similar capacity and evidence such circumstances by the means established by the Board of Directors, may:

1. Divide their vote when required to carry out the voting instructions received from those Underlying Holders, and
2. Request as many attendance cards as Underlying Holders for which they act, where necessary in order to comply with the voting instructions received from the different Underlying Holders, meaning that votes may be cast in differing directions and such entities may be represented for such purposes at the Shareholders' Meeting by one or more representatives with full discretion to decide on the direction of their vote.



## **Section 2 – The Managing Body**

### **Subsection 1.- General Provisions**

#### **Article 34. Board of Directors**

1. Management of the Company shall be entrusted to a Board of Directors, which shall be governed by the provisions of these Corporate Bylaws, the Board of Directors Regulations and applicable law.
2. The Board of Directors Regulations, to be approved by the Board itself, shall establish the regime of rights, obligations, incompatibilities, restrictions and disciplinary regime applicable to the members of the Board of Directors, as well as the principles of its organisation and operation.
3. The Board of Directors is competent to adopt resolutions concerning all types of matters not attributed by these Corporate Bylaws or applicable law to the Shareholders' Meeting.
4. As a general rule, the Board of Directors, which shall have the broadest powers and authority to manage, run, administer and represent the Company, shall entrust the day-to-day management of the Company to the delegate governing bodies and shall focus its activities on the general function of supervision and on the consideration of matters of particular significance to the Company. The Board of Directors Regulations may determine those matters that must be approved by a resolution of the Board and that cannot therefore be delegated.
5. In particular, and without limitation to the generality of the foregoing, the Board of Directors shall deal, at its own initiative or at the proposal of the relevant internal body and/or with the preliminary report of the relevant internal body, with the issues listed in the Board of Directors Regulations as being matters which are to be determined by the Board of Directors.
6. The Board of Directors has the power to represent the Company, in and out of court. This representative authority shall extend to all acts falling within the corporate purpose established in these Corporate Bylaws.

#### **Article 35. Composition and appointment of the Board of Directors**

1. The Board of Directors shall be composed of a minimum of nine (9) and a maximum of fourteen (14) members.
2. Board members shall be appointed or ratified by the Shareholders' Meeting subject to the legal provisions in force. The Shareholders' Meeting shall be responsible for determining the number of Board members, for which purpose it may establish such number by way of an express resolution or indirectly by way of the provision or otherwise of vacancies or the appointment or otherwise of new Board members

within the minimum and maximum numbers stipulated.

### **Article 36. Term of office**

1. Board members shall hold office for a period of one (1) year, unless the Shareholders' Meeting resolves on their removal from office or dismissal or they stand down from office. In particular, Board members must tender their resignation from office and formalise their resignation from the Company when they are subject, on a supervening basis, to any of the grounds for incompatibility, unsuitability or disqualification from holding office as a Board member provided for under applicable law, the Corporate Bylaws, or the Board of Directors Regulations.
2. Once a director's term of office has expired, his appointment as a director shall end when, following such expiry, the next Shareholders' Meeting following such expiry has been held or the legal term to hold the Shareholders' Meeting to approve the accounts of the Company for the previous year has expired.
3. Board members may be re-elected one or more times for periods of equal duration to that indicated in sub-Article 36.1 above.
4. Any vacancies may be covered by the Board of Directors by means of cooption, pursuant to the applicable law, on an interim basis until the next Shareholders' Meeting is held, which shall confirm the appointments, appoint the persons that are to replace any Board members not ratified, or eliminate any vacant positions.

### **Article 37. Remuneration**

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

payment of the fee.

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

4. Without prejudice to the above-mentioned remuneration, remuneration for executive Board members may also consist of the delivery of shares or stock options or amounts linked to the share value. The application of this kind of remuneration shall require a resolution by the Shareholders' Meeting, expressing, as the case may be, the number of shares to be delivered, the stock option strike price, the value of the shares used as a reference and the duration of this remuneration system.
5. Additionally, directors shall be entitled to the payment or reimbursement of any reasonable expenses that they may properly incur as a result of attending meetings and any other tasks directly relating to the discharge of their office as directors, such as travel, accommodation, meal and any other expenses that they may incur.
6. Independently of the remuneration provided for in the preceding sub-Articles deriving from membership of the Board of Directors, any Board members that discharge executive or advisory functions other than those of oversight and collective decision inherent in their role as Board members, regardless of the nature of their relationship with the Company, shall be entitled to receive the remuneration, labour-related or professional, fixed or variable, in cash or in kind, which, pursuant to a resolution by the Board of Directors, corresponds to such functions, including participation in any incentive systems which may be established in general for the senior management of the Company and which may involve the delivery of shares or stock options or remuneration linked to the share value, subject at all times to the requirements established in the legislation in force from time to time, and participation in the appropriate welfare and insurance systems. In the event that they cease to discharge such functions, they may be entitled, on the terms and conditions approved by the Board of Directors, to appropriate economic compensation. Any remuneration payable for the above items and the other terms and conditions of the relationship must be approved by the Board of Directors and shall be incorporated into the relevant contract.
7. The Company may also arrange liability insurance for any director or former director of the Company or of any associated company on customary and reasonable terms in light of the circumstances of the Company.

The Company will reimburse the expenses borne by directors and will indemnify any director or former director of the Company or of any associated company against any loss, liability or damage in which they may incur as a consequence of their actions carried out in their capacity as directors, including the losses and damages derived from criminal, administrative or civil proceedings filed against them, except for those cost, losses and damages in which they may incur as a consequence of a

breach of their legal and fiduciary duties vis-à-vis the Company. No director or former director of the Company or director or former director of any associated company shall be accountable to the Company or the members for any benefit provided pursuant to this Article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the Company.

8. Once they have vacated office, any regime of rights established by the Shareholders' Meeting in relation to plane tickets of airlines investees or subsidiaries of the Company and with which the Company (or its investees or subsidiaries) has agreements in this connection shall apply to Board members.

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

1. In discharging their duties, Board members shall act in good faith and must comply with the duties imposed by these Corporate Bylaws, the Board of Directors Regulations and applicable law, remaining faithful to the corporate interest of the Company.
2. The Board of Directors Regulations shall implement the specific obligations of the Board members deriving from the duties of confidentiality, non-competition and loyalty, paying particular attention to situations of conflict of interest.

### **Subsection 2.- Functioning of the Board**

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

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

Additionally, the Board of Directors Regulations may regulate the possibility, requirements and formalities to call extraordinary meetings of the Board of Directors when the Chairman (or, in the event of absence, illness or inability of the

Chairman, the Deputy Chairman) deems it justified.

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

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

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

#### **Article 41. Deliberations and adoption of resolutions**

1. The Chairman shall organize the debate, encouraging the participation of all Board members in the deliberations.

2. Resolutions shall be adopted by an absolute majority (i.e., more than half) of the votes present, in person or by proxy, except where they refer to the permanent delegation of powers and the designation of the Board members that are to exercise such powers, in which case the affirmative vote of at least two-thirds (2/3) of the total number of Board members shall be required. Cases in which the Corporate Bylaws, the Board of Directors Regulations or applicable law provide for a greater majority are excluded from the provisions of this sub-Article.

#### **Article 42. Formalization of resolutions**

1. The resolutions of the Board of Directors shall be recorded in minutes, which shall be drawn up in, or transcribed into, the relevant minutes book, stating the circumstances provided for by legislation in force.
2. The minutes shall be approved by the Board of Directors itself, at the end of the meeting or at the next meeting. Resolutions shall also be deemed approved where no Board member raises any objections within five (5) days of receipt of the draft minutes. The Board may empower the Chairman and a Board member, acting jointly, to approve the minutes of the meeting.
3. Once approved, the minutes shall be signed by the secretary of the Board meeting and countersigned by the party acting as meeting Chairman.
4. Any certificates, in whole or in part, necessary to substantiate the Board of Directors resolutions shall be issued and signed by the Company Secretary or Company Deputy Secretary, with the countersignature of the Chairman or, as the case may be, the Deputy Chairman.

#### **Subsection 3.- Offices on the Board, delegation of powers and Committees**

#### **Article 43. Offices on the Board**

1. The Board of Directors shall elect a Chairman from among its members and, if it so decides, a Deputy Chairman.
2. The Board of Directors shall also elect a Chief Executive from among its members.
3. The Board of Directors, at the proposal of the Chairman, shall designate a Company Secretary and, as the case may be, a Company Deputy Secretary, neither of whom needs necessarily to be a Board member. In the absence of the Company Secretary and Company Deputy Secretary, the Board member designated by the Board from among those attending the meeting in question shall act as secretary.
4. The Chairman, Deputy Chairman and, as the case may be, Company Secretary and Company Deputy Secretary that are re-elected as members of the Board of Directors by way of a Shareholders' Meeting resolution shall continue to hold the offices they previously held on the Board of Directors, without the need for re-

appointment and without prejudice to the power of the Board of Directors to revoke such offices.

#### **Article 44. Board Advisory Committees**

1. In order to better perform its functions, the Board of Directors may create such advisory committees as it deems necessary to assist it in issues relating to the matters falling within its competencies, with the composition and functions designated by the Board in each case.
2. Notwithstanding the foregoing, the Board of Directors shall necessarily have the following committees:
  - a) Audit and Compliance Committee.
  - b) Nominations Committee.
  - c) Remuneration Committee.
  - d) Safety Committee.(together, the “**Board Committees**”).
3. The Board Committees shall be governed by the provisions of these Corporate Bylaws and the Board of Directors Regulations. Where no specific provision is made, the Board Committees shall be governed, by analogy and where applicable, by the provisions applicable to the Board of Directors of the Company.

#### **Article 45. Audit and Compliance Committee**

1. The Audit and Compliance Committee shall be made up of no less than three (3) and no more than five (5) non-executive directors appointed by the Board of Directors, with the dedication, capacity and experience necessary to carry out its function. At least two (2) of the members of the Audit and Compliance Committee shall be independent directors. At least one (1) member shall have recent and relevant financial experience. The Board shall designate a Committee Chairman from among the independent Board members of the Committee, who must be replaced at least every four (4) years and may stand for re-election one (1) year after vacating office. The Company Secretary or his nominee shall act as secretary to the Audit and Compliance Committee.
2. Without prejudice to the other tasks assigned to it by applicable law or the Board of Directors Regulations, the Audit and Compliance Committee shall have the following powers to report, advise and propose:
  - a) To inform the Shareholders’ Meeting on questions raised by shareholders regarding matters under its competence.

- b) To supervise the effectiveness of the internal control of the Company, the internal auditing, as the case may be, and the risk management systems, and to discuss with the auditors or audit firms any significant weaknesses in the internal control systems detected in the course of the audit.
  - c) To supervise the process for the preparation and presentation of regulated financial information.
  - d) To make proposals to the Board of Directors, for submission to the Shareholders' Meeting, regarding the appointment of auditors or audit firms, as envisaged by applicable law.
  - e) To establish the appropriate relationships with the auditors or audit firms in order to receive information on matters which may jeopardize the independence of the auditors, for its examination by the Audit and Compliance Committee, and on any other matters relating to the audit process, as well as any other communications provided for in the audit legislation and audit regulations. In all cases, written confirmation of their independence vis-à-vis the entity or entities directly or indirectly related thereto must be received annually from the auditors or audit firms, as well as information on the additional services of any kind provided to these entities by the aforementioned auditors or audit firms, or by persons or entities related to them pursuant to the provisions of Spanish Audit Law 19/1988, of July 12, 1988.
  - f) To issue on annual basis, prior to the issue of the auditor's report, a report expressing an opinion on the independence of the auditors or audit firms. This report must also give an opinion regarding the provision of the additional services referred to in the preceding paragraph.
3. The Audit and Compliance Committee shall meet whenever convened by its Chairman, at his own initiative, or at the request of two or more of its members and at least once every three (3) months and, in all cases, where the Board requests the issue of reports, the presentation of proposals or the adoption of resolutions within the scope of its functions.
4. The Committee Chairman shall have the power to call Committee meetings and establish the agenda. The Audit and Compliance Committee shall be validly convened without prior call when all of its members are present and unanimously agree to hold an Audit and Compliance Committee meeting. The call notice for ordinary meetings of the Audit and Compliance Committee shall include the agenda, shall be served in writing at least seventy-two (72) hours in advance of the meeting and shall be authorised by the signature of the Chairman of the Audit and Compliance Committee or the Company Secretary or whomsoever acts as such. Extraordinary meetings of the Audit and Compliance Committee may be called by telephone and the above requirements shall not apply where the Chairman of the Audit and Compliance Committee deems that the circumstances justify it.



5. The Audit and Compliance Committee shall be validly convened where more than half of its members are present, in person or by proxy, and decisions shall be adopted by an absolute majority of the members present, in person or by proxy.

#### **TITLE IV ANNUAL ACCOUNTS**

##### **Article 46. Financial year and presentation of annual accounts**

1. The financial year shall run from January 1 though to December 31 each year.
2. Within three (3) months of year-end, the Board of Directors shall prepare the annual accounts, management report and proposed appropriation of profit/loss in the manner provided for in the legislation in force.
3. The annual accounts and, where appropriate, the management report, shall be subject to the legally established audits and subsequently submitted for approval to the Shareholders' Meeting, which shall decide on the allocation of profit/loss for the year in accordance with the approved balance sheet.
4. The provisions of this Article shall apply as appropriate to the consolidated annual accounts and management report.

##### **Article 47. Allocation of profit/loss**

1. The Shareholders' Meeting shall decide on the allocation of profit/loss for the year in accordance with the approved balance sheet.
2. Once the provisions established by applicable law or these Corporate Bylaws have been made, dividends may only be distributed with a charge to the profit for the year or unrestricted reserves if the net worth of the Company is above or does not fall below, as a result of the distribution, the share capital of the Company.
3. The distribution of dividends to shareholders shall be in proportion to the capital they have paid in.
4. The Shareholders' Meeting may resolve on the distribution of dividends or additional paid-in capital, in kind, provided that the assets or securities being distributed are homogenous and are admitted to trading on recognized stock exchange at the time the resolution concerning the distribution comes into effect. This last requirement shall also be deemed to have been met where the Company provides sufficient liquidity guarantees.

**TITLE V**  
**DISSOLUTION AND LIQUIDATION**

**Article 48. Dissolution of the Company**

The Company shall be dissolved by way of a resolution of the Shareholders' Meeting, adopted in accordance with the majorities of the votes required by the Spanish Companies Law.

**Article 49. Liquidation of the Company**

Once the Company has been dissolved, the liquidation period shall commence, except in the case of merger, spin-off or any other transfer *en bloc* of assets and liabilities.

The Board of Directors shall cease to represent the Company from such time as the Company is declared to be in liquidation and the Shareholders' Meeting adopting the resolution to dissolve the Company shall appoint an odd number of persons who must proceed with the liquidation and shall resolve on the rules applicable to the liquidation in accordance with the provisions of the legislation in force.

For the duration of the liquidation period, the Shareholders' Meeting shall continue to hold its ordinary meetings and all such extraordinary meetings as it may be advisable to call, pursuant to the legal provisions in force.

Once liquidation has been completed, the liquidators shall prepare the final balance sheet, which shall be ratified by the court-appointed liquidators, if any. The liquidators shall also determine the share in the Company's assets to be distributed per share.

Said balance sheet shall be submitted for its approval to the Shareholders' Meeting and shall be published in the Official Gazette and in one of the largest circulation newspapers in the area of the registered office.

## ADDITIONAL PROVISION

### **Sole Additional Provision. Definitions**

“**Affected Share**” means any share which shall be treated as such pursuant Article 11.8.

“**Affected Share Disposal**” means a disposal or disposals of an Affected Share (including the disposal of an interest in such share) such that such share ceases to be an Affected Share.

“**Affected Share Notice**” means a notice in writing served in accordance with the provisions of Article 11.9.

“**Board of Directors Regulation**” means the regulations which lay down the principles that are to govern all action taken by the Board of Directors of the Company, the basic rules for the organisation and operation thereof, and the rules of behaviour to be observed by its members.

“**Business Day**” means a day upon which dealings in domestic securities may take place on and with the authority of the London Stock Exchange and the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges.

“**Company**” means International Consolidated Airlines Group, S.A.

“**Default Share**” means any share in relation to which a default has occurred in accordance with Article 10.5.

“**Depository**” means a custodian or other person approved by the Company appointed under contractual arrangements with the Company (or a nominee for such custodian or other person) whereby such custodian or other person holds or has an interest in shares and issues securities evidencing the right to receive such shares.

“**Depository Receipts**” means receipts or similar documents of title issued by or on behalf of a Depository.

“**Depository Shares**” means the shares held by a Depository or in which such Depository is interested in its capacity as a Depository.

“**Disclosure Notice**” means the notice issued by the Company in accordance with Article 10.1.

“**EU National**” means any national of a Member State.

“**Group**” means the Company, IB Opco Holding, S.L., Iberia, Líneas Aéreas de España, Sociedad Anónima Operadora, British Airways plc and their respective subsidiaries and subsidiary undertakings.

**“Intervening Act”** means the refusal, withholding, suspension or revocation of any Operating Right applied for, granted to or enjoyed by the Company or any of the Operating Affiliates, or the imposition of any conditions or limitations upon any such Operating Right which materially inhibit the exercise thereof, in either case by any state, authority or person in reliance upon any provision or by reason of any matter or circumstance relating to the nationality of persons owning or controlling (however described) the Company and, indirectly through the Company, the Operating Affiliates.

**“interest in shares”** a person will be considered as having an interest in shares if he enters into a contract to acquire them or, not being the registered holder, (i) he is entitled to exercise any right corresponding to the shares or to control the exercise of any such right, or (ii) assumes the economic risk of the relevant shares.

**“Law 14/2000”** means the Spanish *Ley 14/2000, de 29 de diciembre, de Medidas fiscales, administrativas y del orden social*, as amended from time to time.

**“Member State”** means any state that from time to time is, or is deemed to be, a Member State for the purposes of Regulation (EC) No 1008/2008 of the European Parliament and of the Council of 24 September 2008, on common rules for the operation of air services in the Community (as amended or readopted), including (for the avoidance of doubt) any state that is from time to time a member state of the European Community and/or the European Economic Area.

**“Mercantile Registry Regulations”** means the *Reglamento del Registro Mercantil* approved by the Spanish *Real Decreto 1784/1996, de 19 de julio*, as amended from time to time.

**“Official Gazette”** means the Spanish *Boletín Oficial del Registro Mercantil*.

**“Operating Affiliates”** means Iberia, Líneas Aéreas de España, Sociedad Anónima Operadora, IB Opco Holding S.L., British Airways plc and any operating company which is a subsidiary or a subsidiary undertaking of the Company and which is engaged in the operation of services for the transportation by air of passengers, cargo of any kind whatsoever and mail and holding or enjoying any Operating Right.

**“Operating Right”** means all or any part of any authority, permission, licence or privilege, whether granted or enjoyed pursuant to an air services agreement or otherwise, which enables an air service to be operated.

**“Permitted Maximum”** means, if at any time the Board of Directors have specified a maximum under Section (b) of Article 11.8, that aggregate number of shares which they have so specified as the maximum aggregate permitted number of Relevant Non-EU Shares.

**“Prescribed Period”** means twenty-eight (28) days from the date of service of the Disclosure Notice except that, if the shares in respect of which a Disclosure Notice has

been duly served represent at least 0.25 per cent. of the aggregate nominal value of the issued shares (calculated exclusive of any shares held as treasury shares), the Prescribed Period is fourteen (14) days from such date.

**“Relevant Non-EU Person”** means:

- (i) any individual who is not an EU National;
- (ii) any legal person who is incorporated or established under the laws of any part of, and which has its principal place of business and central management and control in, or is otherwise resident in, a country other than a Member State;
- (iii) a government or governmental department, agency or body, otherwise than of a Member State or any part thereof; and/or
- (iv) any municipal, local, statutory or other authority or any undertaking or body formed or established in any country other than a Member State.

**“Relevant Non-EU Share”** means any share (other than a share particulars of which are removed by the Company from the Separate Non-EU Register pursuant to Article 11.6), held by a Relevant Non-EU Person or by a Depositary for the benefit of a Relevant Non-EU Person or in which a Relevant Non-EU Person has an interest or which is declared by the Company to be a Relevant Non-EU Share pursuant to Article 11.5.

**“Relevant Spanish Person”** means:

- (i) any individual who is a Spanish national;
- (ii) any legal person who is incorporated or established under the laws of any part of, and which has its principal place of business and central management and control in, or is otherwise resident in, Spain;
- (iii) a government or governmental department, agency or body of Spain; and/or
- (iv) any municipal, local, statutory or other authority or any undertaking or body formed or established in Spain.

**“Relevant Spanish Share”** means any share (other than a share particulars of which are removed by the Company from the Separate Spanish Register pursuant to Article 11.6) held by a Relevant Spanish Person or by a Depositary for the benefit of a Relevant Spanish Person or in which a Relevant Spanish Person has an interest or which is declared by the Company to be a Relevant Spanish Share pursuant to Article 11.5.

**“Relevant UK Person”** means:

- (i) any individual who is a United Kingdom National;

- (ii) any legal person who is incorporated or established under the laws of any part of, and which has its principal place of business and central management and control in, or is otherwise resident in, the United Kingdom;
- (iii) a government or governmental department, agency or body of the United Kingdom; and/or
- (iv) any municipal, local, statutory or other authority or any undertaking or body formed or established in the United Kingdom.

**“Relevant UK Share”** means any share (other than a share particulars of which are removed by the Company from the Separate UK Register pursuant to Article 11.6) held by a Relevant UK Person or by a Depository for the benefit of a Relevant UK Person or in which a Relevant UK Person has an interest or which is declared by the Company to be a Relevant UK Share pursuant to Article 11.5.

**“Securities Market Law”** means the Spanish *Ley 24/1988, de 28 de julio, del Mercado de Valores*, as amended from time to time.

**“Separate Non-EU Register”** means the register to be maintained in accordance with Article 11.2.1.

**“Separate Spanish Register”** means the register to be maintained in accordance with Article 11.2.3

**“Separate UK Register”** means the register to be maintained in accordance with Article 11.2.2.

**“Shareholders’ Meeting”** means the shareholders’ meeting of the Company.

**“Shareholders’ Meeting Regulations”** means the regulations which develop the basic rules for the call, organisation and holding of the Shareholders’ Meeting.

**“Spanish Companies Law”** means the *texto refundido de la Ley de Sociedades de Capital* approved by the Spanish *Real Decreto Legislativo 1/2010, de 2 de julio*, as amended from time to time.

**“Spanish National Securities Market Commission”** means the Spanish *Comisión Nacional del Mercado de Valores*.

**“United Kingdom National”** has the meaning ascribed thereto in section 105(1) of the United Kingdom Civil Aviation Act 1982 (as amended).