

This announcement relates to the public tender offer for the shares of Vueling Airlines, S.A. authorised by the Spanish National Securities Market Commission ("CNMV") on 27 February 2013, and to the amendments thereto detailed in the tender offer prospectus supplement authorised by said Commission on 4 April 2013. The terms and conditions of the Offer are included in the prospectus and its supplement that were published once the relevant authorisations were obtained, and are available on the web pages of International Consolidated Airlines Group, S.A. (IAG) ([www.iagroup.com](http://www.iagroup.com)) and of the CNMV ([www.cnmv.es](http://www.cnmv.es)).

This document does not constitute an offer to purchase, sell or exchange or the solicitation of an offer to purchase, sell or exchange any securities, nor shall there be any purchase, sale or exchange of securities or such solicitation in any jurisdiction in which such offer, solicitation or sale or exchange would be unlawful prior to the registration or qualification under the laws of such jurisdiction.

This document is not for distribution (directly or indirectly) in any jurisdiction where such distribution would be unlawful.

No money, securities or other consideration is being solicited and, if sent in response to the information contained herein, will not be accepted.

The distribution of this document may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. To the fullest extent permitted by applicable law, Veloz Holdco S.L. (Sole Shareholder Company) and International Consolidated Airlines Group, S.A. disclaim any responsibility or liability for the violation of such restrictions by any person.

## **RELEVANT FACT NOTICE**

### **TENDER OFFER FOR VUELING AIRLINES, S.A.'s SHARES**

International Consolidated Airlines Group, S.A. ("**IAG**"), in compliance with article 82 of Law 24/1988, of 28 July, on the Securities Market, hereby announces that the Spanish National Securities Market Commission has authorised today the amendments to the tender offer for 100 % of the shares of Vueling Airlines, S.A. ("**Vueling**") (the "**Offer**") launched by IAG's wholly-owned subsidiary, Veloz Holdco, S.L. (Sociedad Unipersonal) ("**Veloz Holdco**") disclosed in the relevant fact notice dated March 27, 2013.

A copy of the announcement of the amended Offer that will be published in the same media where the tender offer announcement was originally published is attached to this relevant fact notice as annex.

4 April 2013

Enrique Dupuy de Lôme  
Chief Financial Officer

#### **Forward-looking statements:**

Certain information included in these statements is forward-looking and involves risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements include, without limitation, projections relating to results of operations and financial conditions and International Consolidated Airlines Group S.A. (the 'Group') plans and objectives for future operations, including, without limitation, discussions of the Company's Business Plan, expected future revenues, financing plans and expected expenditures and divestments. All forward-looking statements in this report are based upon information known to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

It is not reasonably possible to itemise all of the many factors and specific events that could cause the Company's forward-looking statements to be incorrect or that could otherwise have a material adverse effect on the future operations or results of an airline operating in the global economy. Further information on the primary risks of the business and the risk management process of the Group is given in the Annual Report and Accounts 2012; these documents are available on [www.iagshares.com](http://www.iagshares.com).

**ANNOUNCEMENT OF THE AMENDMENT OF THE TENDER OFFER LAUNCHED BY VELOZ HOLDCO, S.L. (SOCIEDAD UNIPERSONAL) FOR THE ACQUISITION OF 100 % OF THE SHARES REPRESENTING THE SHARE CAPITAL OF VUELING AIRLINES, S.A.**

The National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (“**CNMV**”) has authorized on 4 April 2013 the amendment of the conditions of the public tender offer launched by Veloz Holdco, S.L. (Sociedad Unipersonal) (“**Veloz Holdco**” or the “**Offering Company**”) for all shares representing the capital stock of Vueling Airlines, S.A. (“**Vueling**”) (the “**Offer**”). The Offer was in turn authorised by the CNMV on 27 February 2013.

The initial terms of the Offer are provided in the tender offer prospectus (the “**Prospectus**”) made available to the public from 1 March 2013, in accordance with the provisions of Royal Decree 1066/2007 of 27 July on tender offers for securities (“**Royal Decree 1066/2007**”).

The amendments to the terms of the Offer described in this announcement will be governed by Law 24/1988, of 28 July, on the Securities Markets, by Royal Decree 1066/2007 and other applicable regulation. The terms of such amendments to the Offer are provided in the supplement to the Prospectus (the “**Supplement**”) that has been authorised and has been filed with the official registers of the CNMV on 4 April 2013.

This announcement provides a summary of the main amendments to the Offer, which are described in more detail in the Supplement.

The amendments of the Offer consist of:

- (i) the increase of the consideration offered for each share of Vueling, which becomes 9.25 euros per share; and
- (ii) the reduction of the condition to which the Offer was subject, which is now conditioned to the acceptance of holders of, at least, 1,244,029 shares of Vueling representing 4.16% of its capital stock.

Consequently with these changes, adjustments to the initial financing structure are included and the guarantees initially entered into by Veloz Holdco for the settlement of the Offer are increased, and, in addition, it is consequently adapted the wording of the remaining sections of the Prospectus that are affected.

In addition, the acceptance period of the Offer is extended by 9 calendar days, therefore, the number of days during which the shareholders of Vueling may accept the Offer is 48 calendar days, excluding the days when such period was suspended due to the proceedings held before the CNMV for the authorization of this Supplement, in accordance with section 31.4 of Royal Decree 1066/2007. Thus, the acceptance period of the Offer will end on 19 April 2013 inclusive.

The extension of the acceptance period and the amendments related to the increase of the Offer consideration and the reduction of the Minimum Acceptance Level Condition are

justified due to IAG's and Veloz Holdco's desire to offer to Vueling's shareholders a higher consideration for its shares as well as a longer period to enable them to properly evaluate the new conditions of the Offer and to make more flexible the sole condition to which the Offer is subject, with the purposes of ensuring the success of the Offer and enabling the strengthening of the participation of the IAG group in Vueling's capital stock and therefore complying with the purpose of the Offer stated in the Prospectus.

In particular, the essential information of the amendment of the Offer that is provided in the Supplement is the following:

## **1. EXTENSION OF THE ACCEPTANCE PERIOD**

Veloz Holdco has resolved to extend the acceptance period of the Offer, and determined it to be of 48 calendar days. It is hereby stated for clarification purposes that the days of the acceptance period of 48 days corresponding to the period of time on which the acceptance period was suspended due to the proceedings held before the CNMV for the authorization of the Supplement are not included. Thus, the acceptance period of the Offer will end on 19 April 2013 inclusive.

## **2. AMENDMENT OF THE CHARACTERISTICS OF THE OFFER**

Below are included the main amendments to the sections of the Prospectus that are affected by the increase of the consideration and by the reduction of the Minimum Acceptance Level Condition to which the Offer is subject and that were provided in the announcement of the Offer:

### **2.1. Substitution of the "Introduction" section**

The "Introduction" section of the Prospectus now has the following wording:

«This prospectus, jointly with its supplement (jointly, hereinafter, the "**Prospectus**") sets forth the terms and conditions of the voluntary public tender offer launched by Veloz Holdco, S.L. (Sociedad Unipersonal) ("**Veloz Holdco**" or the "**Offering Company**") for all shares representing the capital stock of Vueling Airlines, S.A. ("**Vueling**" or the "**Target Company**"), in which the Offering Company offers consideration of 9.25 euros per ordinary share of Vueling (the "**Offer**").

The Offering Company is a wholly-owned subsidiary of International Consolidated Airlines Group, S.A. ("**IAG**"). IAG is, in turn, the indirect holder of 13,711,221 shares of Vueling, (45.85% of its capital stock) through Iberia Líneas Aéreas de España, S.A. Operadora ("**Iberia**"). Iberia has declared to the Offering Company in writing its unconditional and irrevocable commitment to not to accept the Offer in respect of any of the 13,711,221 shares of Vueling representing 45.85 % of its capital stock it currently owns, having blocked them as guarantee of that commitment.

In accordance with Section 13 of Royal Decree 1066/2007 of July 27 on tender offers for securities (“**Royal Decree 1066/2007**”), voluntary tender offers do not need to be launched at an equitable price.

The price of the Offer is not considered as equitable price as it does not fulfill the requirements of Section 9 of Royal Decree 1066/2007, which requires for these effects that the price offered would not be lower than the highest of the price paid or agreed by the offeror or persons acting in concert with the offeror for the same securities during the 12 months prior to the announcement of the offer (which is not the case in the present Offer as no acquisitions or agreements have taken place), and also not lower than the price calculated in accordance with the valuation provisions contained in Section 10 of the referred Royal Decree 1066/2007.

The effectiveness of the Offer is subject to the condition that it is accepted by holders of, at least, 1,244,029 shares of Vueling, representing 4.16% of its capital stock, which equals the number of shares of Vueling that, added to the ones already held by Iberia, will enable the IAG group to reach a 50.01% participation in Vueling’s capital stock after the Offer. In case the Offer does not receive the minimum number of acceptances necessary to fulfill such condition and the Offering Company does not waive such condition, the Offer will become void. In this case, the Offering Company does not expect to adopt any stock exchange related measure.

In the event that the circumstances described in Section 60 *quater* of the Law 24/1988 of July 28 on the Securities Market (the “**Securities Market Act**”) regarding squeeze outs (*compraventas forzosas*) occur, Veloz Holdco will exercise its squeeze out right (*derecho de venta forzosa*) at the same price as the consideration offered in this Offer, in which case the de-listing of Vueling’s shares from the Stock Exchanges will take effect upon settlement of the squeeze out transaction, pursuant to the provisions of Section 48 of Royal Decree 1066/2007 and related provisions.

In case such requirements are not fulfilled, the Offering Company considers that it will not be obliged to take any stock exchange related measure. In any case, the promotion of the de-listing of Vueling’s shares in such scenario is not contemplated if such de-listing, in accordance with Section 34 of the Securities Market Act and Section 10 of Royal Decree 1066/2007, would involve a price per share higher than the consideration resulting from its tender offer for the acquisition of Vueling.»

## **2.2. Substitution of section 2.2. “Consideration offered for the securities”**

Section 2.2. of the Prospectus now has the following wording:

### **« 2.2. Consideration offered for the securities**

#### **2.2.1. Consideration offered for each security and manner in which it will be paid**

This Offer is formulated as a purchase/sale and the consideration for the Offer is 9.25 euros per share.

The consideration shall be paid entirely in cash and shall be paid as provided in Chapter III.

In the event that Vueling pays any dividend or delivers by any other mean any remuneration to the shareholders from the date of the prior announcement (*anuncio previo*) to the date of the publication of the results of the Offer (both dates inclusive) Veloz Holdco may adjust the consideration of the Offer, with prior authorization of the CNMV, when required.

### **2.2.2. Rationale of the Offering Company for the price offered**

In the 12 months prior to the announcement (*anuncio previo*) of the Offer (from 7 November 2011 to 7 November 2012) or from such date through the date of this Prospectus, none of the Offering Company, IAG, the companies of the group of which IAG is the controlling company or the persons acting in concert therewith have made any transactions over Vueling's securities.

The price of the Offer is not considered as an equitable price as it does not fulfill the requirements of Section 9 of Royal Decree 1066/2007, which requires for these effects that the price offered would not be lower than the highest of the price paid or agreed by the offeror or persons acting in concert with the offeror for the same securities during the 12 months prior to the announcement of the offer (which is not the case in the present Offer as no acquisitions or agreements have taken place), and also not lower than the price calculated in accordance with the valuation provisions contained in Section 10 of the referred Royal Decree 1066/2007.

In any event, since this is a voluntary offer, in accordance with Section 13.5 of Royal Decree 1066/2007, the Offer does not need to be launched at an equitable price.»

## **2.3. Substitution of section 2.3.1 “Description of the condition to which the Offer is subject”**

Section 2.3.1 of the Prospectus now has the following wording:

«The effectiveness of the Offer is subject to acceptance thereof by the holders of at least 1,244,029 of the Shares of Vueling representative of 4.16% of its capital stock (the “**Minimum Acceptance Level Condition**”), which equals the number of shares of Vueling that, added to the ones already held by Iberia, will enable the IAG group to reach a 50.01% participation in Vueling's capital stock after the Offer.

If the Offer becomes void because the Minimum Acceptance Level Condition is not fulfilled and Veloz Holdco would have waived it, the Offering Company, IAG, the companies belonging to the group of which IAG is the controlling

company, their majority or controlling shareholders and the persons exercising the control thereof, the members of their boards of directors, their senior managers, and those who promoted the Offer in their own name but on behalf of the Offering Company or acting in concert therewith may not promote another tender offer in respect of the same securities or acquire securities or cause any of the instances that trigger an obligation to launch a tender offer until six months after the date of publication of the results rendering the Offer void, unless the competing offer system established in Chapter IX of Royal Decree 1066/2007 applies.»

#### **2.4. Substitution of section 2.3.3. “Forecasts of the Offering Company regarding a possible waiver of the condition and impact of such waiver on the Offer, on the purpose thereof and on the other forecasts contained in the Prospectus”**

Section 2.3.3. of the Prospectus now has the following wording:

«The effectiveness of the Offer is conditioned to the acceptance of a minimum of 1,244,029 of the shares of Vueling, representative of 4.16% of its capital stock.

Veloz Holdco does not intend to make any decision to waive the Minimum Acceptance Level Condition. Therefore, if the Offer is accepted by a lesser number of shares than the minimum specified above, the Offer will become void.

However, Veloz Holdco, by virtue of the provisions of Section 33 of Royal Decree 1066/2007, with prior authorisation by the competent bodies of IAG, could waive such condition, and acquire all the securities offered. Veloz Holdco only considers to waive such condition to the extent that the acceptances of this Offer enable the strengthening of the participation of the IAG group in Vueling and the IAG group could determine the financial and operating policies of the Target Company appointing the majority of the members of the administration, management and control bodies of Vueling.

If such condition is not met, the Offering Company undertakes to announce its decision as to whether or not it will waive such condition no later than the close of business on the business day following the day on which the CNMV advances it the number of shares included in the declarations of acceptance made in relation to the Offer.»

#### **2.5. Complement to section 2.4 “Guarantees and financing of the Offer”**

Among others, the following paragraph is added at the end of section 2.4.1 of the Prospectus:

«[...]

In addition, with the purpose of guaranteeing the payment of the increase of the price offered as a consequence of the improvement of the conditions of the Offer, the Offering Company has submitted to the CNMV a bank guarantee,

issued by Banco Santander, S.A., for a total amount of 36,434,918.25 euros, which is complementary to the guarantee already submitted by the Offering Company upon the filing of the request for the authorisation of the Offer for an amount of 113,353,079 euros.»

Among others, the following paragraphs are added at the end of section 2.4.2 of the Prospectus:

«[...]

IAG has expressed its commitment to the Offering Company to provide it, pursuant to intercompany loans, with the necessary funds, so that the Offering Company has available on the Offer settlement date the amounts necessary to meet its obligations pursuant to the increase of the price offered in the Offer.

In this regard IAG, as borrower, has entered into a loan agreement with Banco Santander, S.A., as lender, on 1 April 2013 (the “**Complementary Loan Agreement**”) for an amount of 35,000,000 euros, to obtain the funds to be delivered to the Offering Company that will be necessary to face its new obligations as consequence of the increase of the price offered in the Offer, as well as to service debt obligations arising from financing the Offer.

[...]

IAG has provided Veloz Holdco with cash available at IAG the 1,434,918.25 euros of the increase offer price not covered by the Complementary Loan Agreement.»

## **2.6. Partial amendment of section 3.6 “Formalities with which the holders of the securities must comply in order to request a squeeze out of the securities covered by the Offer. Squeeze out procedure”**

The second-last paragraph of section “*Squeeze out proceedings*” of section 3.6 the Prospectus is amended:

«[...]

The consideration to be paid for the squeeze out shall be paid in cash and shall be the same as the price per share paid in the Offer, i.e. 9.25 euros per share.

[...]»

The first paragraph of section “*Formalities that Vueling’s shareholders must fulfill to request the sell out of the shares covered by the Offer*” of section 3.6 of the Prospectus is amended:

«The price that the Offering Company must pay to all shareholders of Vueling that exercise the sell out right shall be 9.25 euros per share.

[...]»

## **2.7. Partial amendment of section 4.1 “Purpose of the acquisition”**

The last paragraph of section 4.1. of the Prospectus is amended:

«[...]

On the other hand, as noted in paragraph 1.3.4, in case that the Minimum Acceptance Level Condition is fulfilled, or otherwise the Offering Company waives such condition and the IAG group would be, after the Offer, directly or indirectly capable of determining the financial and operating policies of the Target Company control will be attributed to IAG for the purposes of the provisions of the International Financial Reporting Standards adopted by the European Union, consolidating its indirect investment on Vueling through the global integration method.»

## **2.8. Substitution of section 4.8. “Plans in connection with the structure, composition and operation of the administration, management and control bodies of the Target Company and its group. Appointment of members to such bodies contemplated by the Offering Company”**

Section 4.8. of the Prospectus now has the following wording:

«In the event that the squeeze out thresholds are met, IAG and Veloz Holdco intend, following the settlement of the Offer, to make such amendments as may be necessary or convenient to the structure, composition, number of members or operation of the administration, management or control bodies of Vueling to bring them into line with the new circumstances of the company as an unlisted company; however, no estimation exists on the changes to be made. In this regard it is hereby stated that IAG does not have a defined internal policy regarding the government and administration structure that its subsidiaries must have.

In case the thresholds for the exercise of the squeeze out are not reached but the Minimum Acceptance Level Condition is fulfilled (or, not being fulfilled, the Offering Company waives it), Veloz Holdco’s and IAG’s intention is to perform all the necessary or desirable changes to appoint the majority of members of the administration, management and control bodies of Vueling, without being adopted any decision regarding the possible change of the composition of the management body or reduction of the number of members of the board, although in any case and while Vueling continues being a listed company, (i) at least one third of the directors will be independent; (ii) the consultative committees of the board of directors that currently exist will be maintained; and (iii) it will be adopted a continuing policy on corporate governance matters.»

## **2.9. Substitution of section 4.9. “Provisions in connection with maintaining or amending the bylaws of the Target Company or of the entities within its group”**

The second paragraph of section 4.9. of the Prospectus is amended as follows:



«In the event that the squeeze out thresholds are met, IAG and Veloz Holdco intend to make such amendments as may be necessary or desirable to the bylaws of Vueling, the Regulations of the board of directors (and its delegated committees), the Regulations for the General Shareholders' Meeting and other corporate documentation if required to bring them into line with the new circumstances of the company as an unlisted company; however, no estimation exists on the changes to be made.

In case the squeeze out thresholds are not reached but the Minimum Acceptance Level Condition is fulfilled (or, not being fulfilled, the Offering Company waives it), following the settlement of the Offer Veloz Holdco does not have the intention to change in the following 12 months the current wording of Vueling's bylaws, the Regulations of the Vueling board of directors, the Vueling Regulations for the General Shareholders' Meeting and other Vueling corporate documentation.»

## **2.10. Substitution of section 4.10. "Intentions regarding the listing of the Target Company's shares"**

Section 4.10. of the Prospectus now has the following wording:

«In the event that the circumstances described in Section 60 *quater* of the Securities Market Act occur, Veloz Holdco will exercise the squeeze out right, in which case, and as provided in Sections 47 and 48 of Royal Decree 1066/2007 and related provisions, it will entail the de-listing of the shares of Vueling from the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. Such de-listing will occur automatically and will become effective on the date on which the squeeze out transaction is settled.

In case the Offer does not receive the minimum number of acceptances required to meet the referred threshold, the Offering Company does not expect to adopt any stock exchange related measure. In any case, the promotion of the de-listing of Vueling's shares in such scenario is not contemplated if such de-listing, in accordance with Section 34 of the Securities Market Act and Section 10 of Royal Decree 1066/2007, would involve a price per share higher than the consideration resulting from its tender offer for the acquisition of Vueling.»

## **2.11. Substitution of section 4.13 "Information contained in this chapter relating to the Offering Company itself and to its group"**

Section 4.13. of the Prospectus now has the following wording:

«It is estimated that neither Veloz Holdco nor IAG will be materially affected by the Offer other than the effect on assets and financial position described in Section 4.14 below.

Apart from the aforementioned, neither Veloz Holdco nor IAG anticipate that the Offer would mean: (i) any relevant change in their strategy, activity and in

their places of business in the next 12 months; (ii) any relevant change in the employees and managers policy and of the policy of the companies belonging to their group in the next 12 months; (iii) any change in the use or disposal of their assets; (iv) the issue of securities by companies belonging to its group except those that could be issued, if this is the case, to refinance the Facility and/or the Complementary Loan; (v) any significant change in the dividend policy; (vi) any relevant change in the structure, composition and functioning of the administration, management and control bodies, or its bylaws or in the companies belonging to its group (without having been considered to perform a corporate restructuring deriving from the Offer); or (vii) alteration of IAG's listing condition.»

### **3. AVAILABILITY OF THE SUPPLEMENT OF THE PROSPECTUS AND OF THE COMPLEMENTARY DOCUMENTATION**

The Supplement, jointly with the accompanying documentation will be made available to all interested parties from the day following the publication of the announcement of the amendment of the Offer in accordance with the provisions of Royal Decree 1066/2007, at the Stock Exchange Governing Bodies of the Stock Markets of Madrid (Plaza de la Lealtad número 1, Madrid), Barcelona (Paseo de Gracia número 19, Barcelona), Bilbao (calle José María Olabarri número 1, Bilbao) and Valencia (calle Libreros número 2–4, Valencia) as well as at the registered office of Veloz Holdco (calle Velázquez número 130, Madrid) and at the CNMV (calle Edison número 4, Madrid and Paseo de Gracia no. 19, Barcelona).

Furthermore, the Supplement alone without annexes will be available on both the website of the CNMV ([www.cnmv.es](http://www.cnmv.es)), on the website of Vueling ([www.vueling.com](http://www.vueling.com)) and on the website of IAG ([www.iairgroup.com](http://www.iairgroup.com)).

In London, on 4 April 2013.