



In compliance with article 82 of the Law 24/1988, of July 28, on the Securities Markets, article 16.1 of the Royal Decree 1066/2007, July 27, on the rules for public tender offers for securities and the Circular 8/2008, December 10, of the National Securities Market Commission, International Consolidated Airlines Group, S.A. ("**IAG**") hereby announces the following

RELEVANT FACT

Further to the relevant fact published on 7 November 2012 (official registry number 176409), it is disclosed the prior announcement of the tender offer for the acquisition of Vueling Airlines, S.A.'s shares promoted on the date hereof by Veloz Holdco, S.L. (Sociedad Unipersonal), an IAG's wholly subsidiary.

A copy of such prior announcement is attached to this relevant fact as Annex.

8 November 2012

PRIOR ANNOUNCEMENT 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.

This prior announcement is released in compliance with Royal Decree 1066/2007, July 27, on the rules for public tender offers for securities (the “**Royal Decree 1066/2007**”) and includes the main terms of the voluntary tender offer that Veloz Holdco, S.L. (Sociedad Unipersonal) (the “**Offering Company**”) will launch for 100 % of the shares representing the share capital of Vueling Airlines, S.A. (the “**Target Company**” or “**Vueling**”), which is subject to the mandatory authorization of the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the “**Offer**”).

The terms and conditions of the Offer described below will be included in the prospectus (the “**Prospectus**”) that will be published once the referred authorisation is obtained.

1. Offering Company details

The offering company is Veloz Holdco, S.L. (Sociedad Unipersonal), a Spanish limited liability company (*sociedad de responsabilidad limitada*) with its registered office in Madrid, at calle Velázquez 130 and bearing Tax Identification Number (NIF) B-86535846.

The Offering Company is a limited liability company (*sociedad de responsabilidad limitada*) and, therefore, its shares (*participaciones sociales*) cannot be listed.

The Offering Company is a wholly-owned subsidiary of International Consolidated Airlines Group, S.A. (“**IAG**”), which in turn is currently the indirect holder of 13,711,221 shares of Vueling, representing 45.85% of its capital stock. IAG holds its indirect interest in Vueling through Iberia Líneas Aéreas de España, Sociedad Anónima Operadora (“**Iberia**”). Iberia, in turn, is a wholly-owned subsidiary of IB Opco Holding, S.L., a company in which IAG directly or indirectly holds 49.90% of the voting rights and practically all economic rights.

IAG, in turn, is not controlled by any individual or legal entity for purposes of Section 42 of the Commercial Code. The shares of IAG are admitted to listing on the London Stock Exchange and on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia (*Bolsas de Valores de Madrid, Barcelona, Bilbao y Valencia*) for trading through the Stock Automated Quotation System (*Sistema de Interconexión Bursátil*) (Continuous Market).

2. Decision of launching the tender offer

On 8 November 2012, the Offering Company has approved to launch an offer to acquire shares addressed to all the shareholders of the Target Company.

For this purpose, the Offering Company has further resolved to grant a power of attorney in favor of, among others, the signatory of this prior announcement authorising such person, among other powers, to apply for the authorisation of the Offer and to draft, sign and file the Prospectus and any amendments thereto as well as all other supporting documents required pursuant to the provisions of Royal Decree 1066/2007, including all relevant actions, statements or proceedings before the National Securities Market Commission and any other appropriate agency for purposes of the Offer.

3. Filing of the Offer

The Offering Company expects to file with the National Securities Market Commission the application for the authorisation of the Offer, the Prospectus and the rest of documentation provided in Section 17 of Royal Decree 1066/2007 within the month following the publication of this prior announcement, the later.

4. Type of Offer

The Offer will be launched voluntarily by the Offering Company, in accordance with Section 13 of Royal Decree 1066/2007.

5. Interest held by the Offering Company in the Target Company

As of the day of today, the Offering Company does not hold, direct or indirectly any share of the Target Company. However, its parent company, IAG, holds indirectly through Iberia a total of 13,711,221 shares of the Target Company, representing 45.850% of its total capital stock.

Pursuant to the provisions of Section 5 of Royal Decree 1066/2007, the Target Company's shares held by Iberia (since Iberia is a wholly-owned subsidiary of IB Opco Holding, S.L., a company in which IAG directly or indirectly holds 49.90% of the voting rights and practically all economic rights), as well as the 13,483 additional shares of the Target Company, representing 0.045 % of its share capital, held by the members of the board of directors of IAG and of the companies belonging its group and by the proprietary directors of the IAG group in Vueling's board of directors, are attributable to the Offering Company resulting in an aggregate holding for these purposes of 45.895 % of Target Company's shares and voting rights (not excluding the treasury shares of Vueling that, according to its 2012 interim financial statements as of 30 June 2012, amount to 216,083 shares, representing 0.723% of the capital stock of Vueling).

It must be noted that, neither the Offering Company nor IAG nor the companies belonging to the group of which IAG is the controlling company nor the directors of such companies, have made or agreed any transactions over the Target Company shares or securities that entail the right to subscribe or acquire them, directly or indirectly, individually or acting in concert with others, during the twelve-month period preceding the prior announcement of the transaction, which runs from 8 November 2011 to 8 November 2012.

Finally, as of the date of this prior announcement, the following four of the twelve members of the board of directors of the Target Company have been appointed at the request of the group of which IAG is the controlling company and consequently have the condition of proprietary directors of IAG in the board of directors of the Target Company: Mr. Enrique Donaire Rodríguez, Mr. José María Fariza Batanero, Mr. Manuel López Colmenarejo and Mr. Jorge Pont Sánchez.

6. Information regarding the Target Company

The Target Company is Vueling Airlines, S.A., a Spanish corporation (*sociedad anónima*), with a registered office at El Prat de Llobregat (Barcelona), Parque de Negocios Mas Blau II, Plaça de l'Estany, número 5, registered with the Commercial Registry of the Province of Barcelona in volume 43032, folio 122, page number B-279224, and holder of Tax Identification Number (N.I.F.) A-63422141.

The capital stock of Vueling is currently 29,904,518 euros, represented by 29,904,518 book-entry shares, each with a par value of one euro, belonging to a single class and series.

According to publicly available information, as of the date hereof, Vueling has not issued any subscription rights, bonds convertible into or exchangeable for shares, warrants or any similar instruments that might entitle the holder to directly or indirectly subscribe or acquire its shares. Vueling has not issued non-voting shares or special classes of shares either.

The Target Company's shares are admitted to listing on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges for trading through the Automated Quotation System (Continuous Market).

7. Securities and exchange markets affected by the Offer

This Offer targets all of the shares of Vueling, i.e., the 29,904,518 shares of Vueling representing 100 % of its capital stock. Consequently, it is addressed to all shareholders of Vueling.

However, 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 the capital stock it currently owns, and in order to guarantee this commitment, to block its shares of Vueling until the acceptance period for the Offer has lapsed. For these purposes, it is hereby stated that Iberia will provide the Offering Company with the certificate evidencing the blocking of its shares in Vueling before the filing date to apply for the authorization of the Offer.

Therefore, the Offer will effectively target 16,193,297 shares of Vueling representing 54.15 % of its capital stock and an equal percentage of voting rights.

The Offer will be launched exclusively on the Spanish market, the only market on which the Target Company shares to which the Offer is directed are listed.

This announcement and its content shall not constitute an offer, if and when it is authorised by the National Securities Market Commission, in jurisdictions or territories other than the Kingdom of Spain. Therefore, this announcement will not be published or addressed to jurisdictions or territories in which the Offer would be deemed illegal or in which additional documentation is required to be registered. The persons who receive this announcement shall not distribute or address it to the aforementioned jurisdictions or territories.

8. Offer price

The consideration of the Offer is seven euros per ordinary share of Vueling. The gross amount of any dividend or other distribution, if any, paid by Vueling to its shareholders prior to the publication of the outcome of the Offer will be deducted from the Offer price, once the authorisation of the National Securities Market Commission, if applicable, is obtained. This is therefore an Offer to sell shares of Vueling rather than a share exchange offer, that will be paid in cash.

The price of the Offer implies a premium of 27.97 % to the closing market price of the Target Company on 7 November 2012.

The Offering Company has appointed an independent expert to prepare a report on the valuation of the shares of Vueling using the valuation standards and methods provided for in Section 10 of Royal Decree 1066/2007 for the purposes of delisting tender offers, and which will be attached to the Prospectus. Since no transactions have been carried out in the last 12 months by the Offering Company, IAG, the companies belonging to the group of which IAG is the controlling company, their directors or any other parties acting on behalf of or in concert with any of the foregoing, the Offering Company considers that the price of the Offer, insofar as it is not lower than that determined by the independent expert (taking into account collectively and based on a rationale for the respective relevance thereof the methods set forth in such Section), will be an equitable price.

9. Condition to which the Offer is subject

In accordance with the provisions of Section 13.2 of Royal Decree 1066/2007, the effectiveness of the Offer is subject to acceptance thereof by the holders of at least 90% of the voting rights to which the Offer is addressed.

10. Antitrust filings and authorizations required by other supervisor organisms

The Offer is not subject to filing with the European Commission or the Spanish National Competition Commission in accordance with Council Regulation (EC) 139/2004 of 20 January 2004 on the control of concentrations between undertakings and the Spanish Competition Law 15/2007, of July 3, respectively.

The Offering Company considers that there is no obligation to obtain any authorization from any Spanish or foreign administrative authority other than the National Securities Market Commission in order to carry out this transaction. The transaction will however be notified to the Spanish Air Security Agency (AESA) in accordance with Council Regulation (EC) 1008/2008 of 24 September 2008 on common rules for the operation of air services in the Community.

11. Agreements related to the Offer

Save for the agreement between the Offering Company and Iberia referred in section 7 above, there is no agreement relating to the Offer amongst, the Offering Company, IAG or the companies of the IAG group, on the one hand, and Target Company's shareholders or the members of the Target Company boards of directors, management or control, on the other hand, and no specific advantages have been reserved for the members of the board of directors, management or control of the Target Company.

12. Measures regarding listing

The Offering Company intends to exercise the squeeze-out right in the event that the requirements provided under Section 60 *quater* of the Securities Market Act are fulfilled.

If, upon completion of the acceptance period of the Offer, acceptances received are insufficient to satisfy the mandatory requirements stated under Section 60 *quater* of the Securities Market Act, the Offering Company would not be able to exercise the squeeze-out right. In this case, if the Offering Company waives the minimum acceptance condition referred in section 9 above and, therefore, the Offer has a positive outcome, it will promote Vueling's de-listing following the procedure described in Section 11 d) of Royal Decree 1066/2007 provided that the requirements provided therein are fulfilled.

13. Other information

(i) Financing

The Offer consideration will be financed by the Offering Company via IAG intra-group sources.

(ii) Management of Vueling

It is IAG's group intention to maintain the management of Vueling as an independent operating company with a different business model from the rest of the operating companies of the group.

(iii) Impact on IAG

It is expected that the integration of Vueling in IAG's group will :

- reinforce the geographic diversification of IAG's group, reaching a leading position in Barcelona and a growing position in the rest of Europe;

- establish a low-cost platform within IAG's group;
- generate potential synergies in procurement and financing, which are nevertheless not expected to be material; and
- enhance IAG's group net earnings from year one.

(iv) *Timeline*

The Offer is expected to be completed during the spring of 2013.

In addition to the above, it is the view of the Offering Company that as of the date of this prior announcement there is not any other information that may be necessary for an adequate comprehension of the Offer.

In accordance with Section 30.6 of Royal Decree 1362/2007 of October 19, from the date of this announcement, those shareholders of Vueling that acquire securities carrying voting rights must notify that acquisition to the National Securities Market Commission if the percentage of voting rights held by them reach or exceed 1%. Likewise, shareholders already holding 3% of the voting rights will be required to notify any transaction that involves a change in its holding.

It is hereby stated that the Target Company has not entered into a market making agreement, so the statement referred to the potential suspension, in accordance with paragraph 2.b) of the fifth rule of Circular 3/2007 of December 19 of the National Securities Market Commission, does not apply.

Madrid, 8 November 2012

Mr. Christopher M. Haynes
Joint and Several