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## **RELEVANT FACT**

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

International Consolidated Airlines Group, S.A. (“**IAG**”), for the purposes of complying with Article 82 of Law 24/1988, of 28 July, on the Securities Market (*Ley del Mercado de Valores*), further to its relevant fact dated 24 May 2013 (number 188,213), hereby discloses that on the date hereof Veloz Holdco, S.L., Sociedad Unipersonal (“**Veloz Holdco**”), a company fully and directly controlled by IAG, in accordance with the provisions of Article 17 of Royal Decree 1066/2007 of 27 July on tender offers for the acquisition of securities, has filed with the National Securities Market Commission an application for authorisation for the launch of a public tender offer for the shares of Vueling Airlines, S.A. (“**Vueling**”) for its delisting from the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges (the “**Offer**”).

Such application is filed after yesterday’s approval, by Vueling’s general shareholders meeting, of the delisting of Vueling’s shares from the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges and the launch of the Offer by Veloz Holdco.

Copy of the abovementioned application for authorization is attached to this Relevant Fact.

28 June 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).

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*This application is made public by virtue of Section 17 of Royal Decree 1066/2007 of July 27 on the rules for public tender offers for securities (**Royal Decree 1066/2007**) and relates to an offer that is subject to the mandatory authorization of the National Securities Market Commission (Comisión Nacional del Mercado de Valores)*

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

*It is hereby stated that this application has the consideration of a prior announcement for all effects in accordance with the provisions of Circular 8/2008, of December 10, of the National Securities Market Commission.*

**TO THE NATIONAL SECURITIES MARKET COMMISSION**

Veloz Holdco, S.L. (Sociedad Unipersonal) is a limited liability company (*sociedad limitada*) of Spanish nationality, with registered office in Madrid, at calle Velázquez 130, bearing tax identification number (NIF) B-86535846 (the "**Offering Company**" or "**Veloz Holdco**"), duly represented by Mr. Christopher Mark Haynes, of legal age, of British nationality, with domicile for these purposes at calle Velázquez 130, and British passport number 8017000026, currently in force, duly empowered by virtue of the resolutions adopted by Veloz Holdco's board of directors on 24 May 2013, which certificate is attached to this application,

**DECLARES**

**I. Decision to launch a tender offer**

That on 27 June 2013, the general shareholders meeting of Vueling Airlines, S.A. ("**Vueling**" or the "**Target Company**"), at the proposal of its board of directors, resolved to request the delisting Vueling's shares from the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges and of their contracting through the Automated Quotation System (SIBE), as well as the launch by Veloz Holdco of a public tender offer for the shares of Vueling in the terms and conditions hereof and in the attached Prospectus (the "**Offer**").

In addition, in accordance with the provisions of Section 34 of Law 24/1988, of July 28, on the Securities Markets (the "**Securities Market Act**") and of Section 10 of Royal Decree 1066/2007, it is hereby stated that Veloz's board of directors, by virtue of the authorisation for this effect granted by IAG's board of directors on 9 May 2013, resolved on 24 May 2013 to launch the Offer, as long as the delisting request, the launch by Veloz Holdco of the Offer and its price were authorised by the general shareholders meeting of Vueling.

**II. Guarantees of the Offer**

That in order to guarantee the settlement of the consideration offered, in accordance with Section 15 of Royal Decree 1066/2007, Banco Santander, S.A. has issued a bank guarantee for the total amount of 26,248,003.50 euros guaranteeing full payment of all Veloz Holdco's payment obligations by virtue of the Offer. The bank guarantee issued by Banco Santander, S.A. is attached to this request as annex to the tender offer prospectus of the Offer, which is also attached.

### **III. Characteristics of the Offer**

#### **1. Identification of the Offering Company**

The Offering Company is Veloz Holdco, which identifying information is stated at the beginning of this application.

Veloz Holdco is an entity wholly-owned directly by IAG, which, therefore, controls the Offering Company in the terms of Section 4 of the Securities Market Act. IAG, in turn, is not controlled by any individual or entity for the purposes of Section 4 of the Securities Market Act.

#### **2. Decision to launch the Offer**

As indicated above, Veloz Holdco's board of directors, by virtue of the authorisation for this effect granted by IAG's board of directors on 9 May 2013, resolved on 24 May 2013 to launch the Offer, as long as the delisting request, the launch by Veloz Holdco of the Offer and its price were authorised by the general shareholders meeting of Vueling.

#### **3. Type of Offer**

The Offer is a mandatory offer and is launched by the Offering Company for the delisting of the shares of Vueling in accordance with the provisions of Section 10 of Royal Decree 1066/2007.

#### **4. Participation of the Offering Company in the Target Company**

The Offering Company holds 13,355,675 shares of Vueling representing 44.66% of its total capital stock. Iberia Líneas Aéreas de España, S.A. Operadora ("Iberia") (entity directly 100% participated by IB Opco Holding, S.L. which, in turn, is directly and indirectly controlled by IAG, holder of 49.90% of the voting rights and practically 100% of the economic rights of this company) in turn, holds 13,711,221 shares of Vueling representing 45.85% of its total capital stock.

Consequently, for the purposes of Section 5 of Royal Decree 1066/2007, Vueling's shares owned by the Offering Company and by Iberia (as the Offering Company is a company directly participated 100% by IAG, and as Iberia, in turn, is controlled by IAG) as well as the 10 shares of Vueling owned by Niamh McCarthy, proprietary director of IAG in Vueling, are attributed to IAG, resulting a total participation for these effects of 90.51% of Vueling's capital stock and voting rights.

The only transactions made by the Offering Company or by other companies of the IAG group and their respective directors over shares of Vueling or instruments that grant the right for its subscription or acquisition in the 12 months prior to the announcement by Vueling of the call of the general shareholders meeting and the delisting proposal (i.e., the period between 24 May 2012 and 24 May 2013), and from that moment until today, are the following:

- (i) The purchase by the Offering Company of 13,355,675 shares of Vueling representing 44.66% of its total capital stock and voting rights of Vueling, at a price of 9.25 euros per share (i.e., the price offered in the Offer), in the context of its prior voluntary public tender offer for the shares of Vueling.

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- (ii) The acquisition by Ms. Niamh McCarthy of 10 shares of Vueling on 20 May 2013 at a price of 8.85 euros per share of Vueling, exclusively with the purposes of enabling her appointment as Vueling's director by the co-optation procedure in the board of directors meeting of Vueling held on 24 May 2013, appointment which was ratified in the general shareholders meeting of Vueling held on 27 June 2013.

It is hereby stated that, with the exception of the operations mentioned above, during the referred period, Vueling, Iberia or IAG, or the remaining companies of the group which IAG is the parent company, the directors of them have not directly or indirectly, individually or in concert with others or by any other means made any operation with shares issued by Vueling or securities that grant the right for its subscription or acquisition, or that directly or indirectly grant voting rights in this company.

Finally, in accordance with Section 6 of Royal Decree 1066/2007, the following four of the twelve members of the board of directors of Vueling is understood to have been appointed at the request of the group of which IAG is the controlling company: Mr. Enrique Donaire Rodríguez, Ms. Niamh McCarthy, Mr. Manuel López Colmenarejo and Mr. Jorge Pont Sánchez.

5. Information regarding Vueling

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, and are admitted to listing on the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges for trading through the Automated Quotation System (SIBE).

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.

6. Securities and markets to which the Offer is directed

This Offer will target all of the holders of shares of Vueling, except, in accordance with the provisions of Section 10.2 of Royal Decree 1066/2007, those shareholders that voted in favor of the delisting in the aforementioned general shareholders meeting of Vueling and that have also blocked their shares of the Target Company until the acceptance period of the Offer has lapsed.

It is hereby stated that the Offering Company and Iberia, jointly holders of 27,066,896 shares of Vueling, representing 90.511% of its capital stock and equal percentage of voting rights, have voted in favor of the delisting agreement in the referred general shareholders meeting of Vueling held on 27 June 2013, and that, in addition, have blocked their shares of Vueling until the acceptance period of the Offer has lapsed.

In light of the above, the Offer will effectively target 2,837,622 shares of Vueling representing 9.49 % of its capital stock and an equal percentage of voting rights.

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

**7. Consideration**

The consideration of the Offer will be of 9.25 euros per share and will be paid in cash. In case Vueling pays the gross amount of any dividend or other kind of remuneration to its shareholders prior to the publication of the outcome of the Offer, the price could be adjusted, once the authorization of the National Securities Market Commission, if applicable, is obtained.

It is hereby stated that, in the Offering Company's opinion, the consideration of the Offer mentioned above has the consideration of equitable price for the purposes of Section 9 of Royal Decree 1066/2007, as it is not lower than the greater of (i) the equitable price referred to under Section 9 of Royal Decree 1066/2007, and (ii) the price that results from collectively taking into account the methods laid down in Section 10.5 of Royal Decree 1066/2007, based on the respective relevance thereof.

The Offer will be launched as an offer to sell shares.

It is hereby stated that Vueling appointed PricewaterhouseCoopers Asesores de Negocios, S.L. ("**PwC**") to prepare a valuation report of the shares of the Target Company, following the criteria and valuation methods provided in Section 10.5 of Royal Decree 1066/2007. On 22 May 2013, PwC issued the corresponding valuation report of the shares of Vueling.

Based on the content and on the conclusions of PwC's report, the board of directors of Vueling, in its meeting of 24 May 2013 approved a report justifying in detail the delisting proposal and the price and the other terms and conditions of the Offer.

The report of the board of directors of Vueling was made available to the shareholders on 24 May 2013, in accordance with the provisions of Section 34.5 of the Securities market Act, upon the call of the general shareholders meeting of Vueling of 27 June 2013 that resolved the delisting proposal as well as the valuation report of the shares of Vueling prepared by PwC.

**8. Conditions for the effectiveness of the Offer**

The effectiveness of the Offer is not subject to any condition.

**9. Antitrust and authorizations required by other supervisor organisms**

The Offer does not constitute an economic concentration and therefore its notification to the European Commission or the Spanish National Competition Commission is not necessary 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 notify any Spanish or foreign authority, nor obtain any authorization from any Spanish or foreign administrative authority other than the National Securities Market Commission in order to carry out this transaction.

**10. Agreements related to the Offer**

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It is hereby stated that (i) there is no agreement of any nature 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 Vueling boards of directors, management or control, and (ii) and no specific advantages have been reserved for the members of the board of directors, management or control of Vueling.

**11. Measures regarding listing**

The Offer will be launched with the purposes of delisting the shares of Vueling from the stock markets, in the terms and in accordance with the provisions of Section 34 of the Securities Market Act and of Section 10 of Royal Decree 1066/2007.

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.

**IV. Information related to the obligations to communicate significant shareholdings and transactions with shares applicable to Vueling's shareholders and to Vueling itself**

In accordance with the provisions of Section 30.6 of Royal Decree 1362/2007, of October 19, those shareholders of Vueling that acquire securities that grant voting rights from the date of this application, shall notify the CNMV this acquisition when the proportion of voting rights held by them reaches or exceeds 1%. In addition, the shareholders that already held 3% of the voting rights will notify any transaction that implies a further variation of this percentage.

**V. Documents attached to the application**

That pursuant to the provisions of Section 17.1 of Royal Decree 1066/2007, this application has attached (i) a duly executed copy of the Prospectus of the Offer; (ii) the supporting documentation of the resolutions adopted, respectively, by Veloz Holdco's board of directors and IAG for the purposes of launching and authorising, respectively, the Offer; (iii) the supporting documentation of the delisting approval of the Offer resolutions adopted by Vueling's general shareholders meeting; (iv) the valuation report issued by PwC on 22 May 2013; (v) the legitimating certificate proving the blocking of Vueling's shares referred to in paragraph II above; (vi) the certificate issued by the Madrid Stock Exchange Managing Corporation showing the average listing price of the shares of Vueling during the period between 23 November 2012 and 23 May 2013, both inclusive, issued by the Madrid Stock Exchange Managing Corporation; (vii) the announcement form to be published on the Listing Bulletins of the Barcelona, Bilbao, Madrid and Valencia stock exchanges and in a national newspaper in the terms of Section 22 of Royal Decree 1066/2007; (viii) the certification of the Commercial Registry of Madrid evidencing the incorporation of the Offering Company and its current bylaws; (ix) a draft of the Offering Company's abbreviated annual accounts corresponding to the fiscal year ended on 31 December 2012; (x) the letter of the Offering Company regarding the publicity of the Offer; (xi) the bank guarantee issued by Banco Santander, S.A. to guarantee the settlement of the consideration offered in the Offer; and (xii) the letters of acceptance from Santander Investment Bolsa, S.V., S.A. and Santander Investment, S.A., as the institutions responsible for participation in and settlement of the Offer, as well as in the event of the mandatory purchase and sale of the shares covered by the Offer.

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In light of the above,

**REQUESTS**

The National Securities Market Commission (Comisión Nacional del Mercado de Valores) to deem this document as submitted, together with the Prospectus and other documents attached, and to consider the statements herein as duly made, declare them admissible, and upon the submission of the remaining mandatory documentation and the completion of the appropriate legal procedures, to authorise the launching of the Offer.

We hereby designate the following address for communication purposes in relation to this matter:

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Madrid, 28 June 2013

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Mr. Christopher Mark Haynes