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## **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 July 28, on the Securities Markets, hereby announces that the Spanish National Securities Market Commission has authorised today (16 July) the tender offer for the shares of Vueling Airlines, S.A. for its delisting from the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges that was filed by Veloz Holdco, S.L. (Sociedad Unipersonal), IAG's wholly-owned subsidiary, on 28 June 2013 and declared admissible on 5 July 2013.

A copy of the announcement form of the offer that will be published in the Listing Bulletin (*Boletín de Cotización*) of the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges and in, at least, a Spanish national newspaper, is attached to this relevant fact notice as annex.

16 July 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 TENDER OFFER LAUNCHED BY VELOZ HOLDCO, S.L. (SOCIEDAD UNIPERSONAL) FOR THE ACQUISITION OF 100 % OF THE SHARES REPRESENTING THE CAPITAL STOCK OF VUELING AIRLINES, S.A. WITH THE PURPOSE OF ITS DELISTING FROM THE BARCELONA, BILBAO, MADRID AND VALENCIA STOCK EXCHANGES**

The National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the “**CNMV**”) has authorized, on 16 July 2013 the public tender offer launched by Veloz Holdco, S.L. (Sociedad Unipersonal) (“**Veloz Holdco**” or the “**Offering Company**”) for all the shares representing the capital stock of Vueling Airlines, S.A. (“**Vueling**” or the “**Target Company**”) for its delisting from the Barcelona, Bilbao, Madrid and Valencia stock exchanges in accordance with the provisions of Section 34.5 of Law 24/1988 of July 28 on the Securities Market (the “**Securities Market Act**”) and of Section 10 of Royal Decree 1066/2007 of July 27 on tender offers for securities (“**Royal Decree 1066/2007**”) (the “**Offer**”).

The referred Offer shall be governed by the Securities Market Act, by Royal Decree 1066/2007, and by other applicable legislation

The relevant information of the Offer that is stated in the tender offer prospectus (the “**Prospectus**”) is included below, according to Section 22 of Royal Decree 1066/2007.

## **DESCRIPTION OF THE OFFER**

### **INTRODUCTION**

The Prospectus sets forth the terms of the Offer launched by Veloz Holdco for all shares representing the capital stock of Vueling. Veloz Holdco is directly holder of 13.355.675 shares of Vueling representing 44.66% of its capital stock.

The Offering Company is a company directly 100% participated by International Consolidated Airlines Group, S.A. (“**IAG**”), holder of all of the Offering Company’s voting rights and, thus, entity that controls the Offering Company in the terms of Section 4 of the Securities Market Act. IAG, in turn, is not controlled, for the purposes of Section 4 of the Securities Market Act, by any individual or entity.

The Offer is launched by Veloz Holdco due to and by virtue of the resolution for the delisting from the stock exchanges adopted by the general shareholders meeting of Vueling held on 27 June 2013, in accordance with the provisions of Section 34 of the Securities Market Act and Section 10 of Royal Decree 1066/2007.

The price offered by the Offering Company, which was also approved by the referred general shareholders meeting of Vueling is 9.25 euros per share of Vueling. This price has been determined in accordance with Section 10.6 of Royal Decree 1066/2007 and 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.

In the event that Vueling pays any dividend or delivers by any other mean any remuneration to its shareholders during the period between the date of the Prospectus and 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.

in accordance with Section 10.2 of Royal Decree 1066/2007, the Offer is effectively addressed to 2,837,622 shares, representing 9.489% of Vueling's capital stock, excluding the shares of Vueling held by Iberia Líneas Aéreas de España, S.A. Operadora ("Iberia") and the Offering Company.

In addition, in accordance with the provisions of Section 10.7 of Royal Decree 1066/2007, Vueling's shares will be excluded from listing upon the settlement of the Offer. In case the circumstances described in Section 60 *quater* of 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 the Offer, in which case the de-listing will take effect from the settlement of the squeeze out transaction, pursuant to the provisions of Section 48 of Royal Decree 1066/2007.

## **I. TARGET COMPANY AND OFFERING COMPANY DETAILS**

### **1.1. Information regarding Vueling**

The Target Company in the Offer is Vueling Airlines, S.A., a Spanish corporation (*sociedad anónima*), with a registered office at Plaça de l'Estany, número 5, Parque de Negocios Mas Blau II, El Prat de Llobregat (Barcelona), registered with the Commercial Registry of Barcelona in volume 36403 of the companies book, folio 184, page number B-279,224, first entry, and holder of Tax Identification Number (NIF) 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, are represented by book entries, and are listed on the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges and included in the Spanish Automated Quotation System (SIBE).

Vueling has not issued subscription rights, convertible bonds or bonds exchangeable into shares, warrants or any similar instrument that may directly or indirectly confer the right to subscribe or acquire its shares. Each one of the shares of Vueling grants a right to one vote.

The Offering Company is a wholly-owned subsidiary of IAG. The latter indirectly controls 27,066,896 shares of Vueling representing of 90.511 % of its capital stock through (i) Iberia Líneas Aéreas de España, S.A. Operadora ("Iberia"), currently holder of 13,711,221 shares of Vueling, representing 45.85% of its capital stock, and (ii) the Offering Company, currently holder of 13,355,675 shares of Vueling representing 44.66% of its capital stock.

Consequently, for the purposes of Section 5 of Royal Decree 1066/2007, a participation of 90.51% of the capital stock and voting rights of Vueling is attributed to IAG.

None of the companies of the group in which IAG is the parent company is part of any private shareholder agreement that affects Vueling and does know of any private shareholder agreement affecting Vueling.

Vueling does not directly or indirectly hold treasury stock. According to the decision declared by Vueling in the report of its board of directors of 9 April 2013 regarding the Preceding Offer (as this concept is defined in section 2.2.2 below), once its consideration was improved to 9.25 euros per share, Vueling accepted the Preceding Offer launched by Veloz Holdco with the 216,083 shares that it held in treasury stock in such moment.

On the date of the Prospectus, Vueling's board of directors is composed of 12 directors, from which, in accordance with Section 6 of Royal Decree 1066/2007, the following four are understood to be appointed by the group in which IAG is the parent company: Mr. Enrique Donaire Rodríguez, Ms. Niamh McCarthy, Mr. Manuel López Colmenarejo and Mr. Jorge Pont Sánchez.

According to the information provided by Vueling, the shareholding structure of Vueling is as follows:

Name	Number of shares			Total percentage of voting rights
	Held directly	Held indirectly	Total	
International Consolidated Airlines Group, S.A. <sup>(1)</sup>	–	27,066,896	27,066,896	90.511
Ms. Niamh McCarthy	10	–	–	0.000
Other shareholders	–	–	2,837,612	9.489
<b>Total</b>		–	<b>29,904,518</b>	<b>100</b>

(1) International Consolidated Airlines Group, S.A. directly and indirectly holds 49.9% of the voting rights and practically 100% of the economic rights of IB Opco Holding, S.L., the owner of 100% of Iberia, which in turn directly holds a 45.85% interest in Vueling. In addition, International Consolidated Airlines Group, S.A. is holder of 100% of the shares of Veloz Holdco, which, in turn, is direct holder of 44.66% of Vueling.

## **1.2. Information regarding Veloz Holdco and its group**

The Offering Company is Veloz Holdco, S.L. (Sociedad Unipersonal), a limited liability company (*sociedad limitada unipersonal*), with Spanish nationality, with a registered office in Madrid, at Velázquez 130, bearing Tax Identification Number (N.I.F.) B-86535846.

Since the Offering Company a limited liability company (*sociedad de responsabilidad limitada*), the shares (*participaciones sociales*) is which its share capital is divided cannot be listed.

As stated above, the Offering Company is wholly-owned by IAG, which, as aforementioned, is not controlled by any individual or legal entity for the purposes of Section 4 of the Securities Market Act.

Veloz Holdco is managed by a board of directors composed of five members: Mr. Ignacio de Torres Zabala, Mr. Christopher Mark Haynes, Mr. Stephen William Lawrence Gunning, Ms. Silvia Cairo Jordan and Ms. Irene de José Zalve. Mr. Juan Francisco Falcón Ravelo is the non-director secretary of the board of directors.

## **1.3. Commitments related to the Offer**

In the general shareholders meeting of Vueling held on 27 June 2013 both Veloz Holdco and Iberia voted in favour of the delisting of the shares of Vueling from the Stock Markets and have blocked their shares until the settlement of the Offer, all in accordance with the provisions of Section 10.2 of Royal Decree 1066/2007. Veloz Holdco and Vueling do not know if other shareholders have the intention to accept the Offer. No pact exist between them related to the Offer.

## **II. SECURITIES TO WHICH THE OFFER IS DIRECTED**

### **1. Number and description of the securities to which the Offer is directed**

This Offer is for all of the shares of Vueling, except the 27,066,896 shares (representing 90.51% of the capital stock of Vueling) which are the shares that are held by the Offering Company and by Iberia.

In accordance with section 1.3 above, both Veloz Holdco and Iberia (i) voted in favor of the resolution for the delisting of the shares of Vueling in Vueling's general shareholders meeting held on 27 June 2013 and, additionally, (ii) have blocked their respective shares of Vueling until the settlement of this Offer, all in accordance with the provisions of Section 10.2 of Royal Decree 1066/2007.

Therefore, the Offer will effectively target 2,837,622 shares of Vueling representing 9.49% of its capital stock and the same percentage of voting rights. The effectively targeted shares of the Offer, added to the ones that have been blocked, as mentioned above, represent 100% of the capital stock and of the voting rights of Vueling.

Vueling has not issued subscription rights, convertible bonds or bonds exchangeable into shares, warrants or any similar instrument that may directly or indirectly confer the right to subscribe or acquire its shares. Consequently, there are no Vueling securities others than the target shares of the Offer to which, in accordance with applicable regulations, the Offer shall be directed.

It is hereby stated for the record that the terms of the Offer are identical for all the shares of Vueling to which the Offer is addressed and that the effectiveness of the Offer is not conditioned to the acquisition of a minimum number of shares, and, therefore, will be valid independently from the final number of acceptances.

## **2. Consideration offered for the securities**

### **2.1.1. Consideration offered for each security and way in which it will be executed**

This Offer is formulated as a purchase/sale and the consideration for the Offer is 9.25 euros per share. In the event that Vueling pays any dividend or delivers by any other mean any remuneration to the shareholders from the date of this announcement until the date of the publication of the result of the Offer, Veloz Holdco may adjust the price of the Offer, with prior authorization of the CNMV, when required.

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

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

Vueling's board of directors resolved in its meeting of 24 May 2013, among other issues, to submit for the consideration and approval, where appropriate, by the general shareholders meeting of Vueling held on 27 June 2013, the delisting of Vueling's shares from the stock markets, as well as the launch for that effect of the Offer. For these effects, in accordance with the provisions of Section 34.5 of the Securities Market Act and of Section 10.5 of Royal Decree 1066/2007, Vueling's board of directors approved in this meeting a report justifying in detail the proposal for the delisting and the price and further conditions of the Offer that was made available to the shareholders on 24 May 2013 upon the call of the meeting, and which was announced by Vueling through the corresponding relevant fact notice of 24 May 2013.

The price of the Offer, which amounts to 9.25 euros per share, has been determined in accordance with Section 10.6 of Royal Decree 1066/2007. This price is not lower than the greater of the equitable price referred to in Section 9 of Royal Decree 1066/2007, and 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.

In particular, and as provided in section 2.2.2 of the Prospectus, the price of the Offer is the same or above the highest price that the Offering Company and the companies of the group in which IAG is the parent company, or the persons acting in concert with them have acquired or have agreed to acquire, directly or indirectly, individually or in concert with others, shares of

Vueling during the period of 12 months prior to the date of the publication of the relevant fact related to the Offering Company's decision to launch the Offer, which is from 24 May 2012 until 23 May 2013, and from this date until the date of the Prospectus.

In addition, the price of 9.25 euros per share is the same price as the offered by the Offering Company in the recent voluntary public tender offer launched by Veloz Holdco for 100% of Vueling's shares, which was accepted by 82.48% of the shares to which it was effectively addressed and 44.66% of Vueling's capital stock and which result was announced by the CNMV on 23 April 2013 (the "**Preceding Offer**").

It is also hereby stated that Veloz Holdco appointed PricewaterhouseCoopers Asesores de Negocios, S.L. ("**PwC**") to prepare a valuation report of the shares of Vueling addressed to Vueling and to the Offering 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 which was made available to the shareholders on 24 May 2013 at the time of the call of the general shareholders meeting. As stated below, in the determination of the conclusion of the value of Vueling's shares, PwC has mainly considered the results obtained in the discounted cash flow methodology, the result of the Precedent Offer and, to a lesser extent, the methodology of multiples of comparable listed companies.

In accordance with the provisions of Section 10.5 of the Royal Decree 1066/2007, PwC's report includes a detailed justification of the relevance of each one of the methods used, in the terms set forth below:

a) Underlying book value of Vueling:

In accordance with this method of valuation, the underlying book value of the shares of Vueling would be 7.95 euros per share, based on the most recent unaudited financial statements of Vueling of 31 May 2013, and 7.99 euros per share on 31 December 2012, in accordance with the audited annual accounts of Vueling of such date.

PwC has considered that this valuation methodology is not a reference as such, since it does not consider Vueling to be a business in operation, but rather applies a static focus considering the assets (mainly tangible) and the liabilities invested in the business at the time of valuation at their book value, without taking into account the profits that they may generate in the future or the unrealized gains or losses that Vueling may have.

b) Net asset value of Vueling:

The procedure for calculation of this method of valuation is mainly based on an estimate of the shareholders funds resulting from the sale of all the assets of Vueling, and from liquidating all of its liabilities, taking into account the unrealized gains and losses associated with a liquidation process, as well as potential contingencies.

PwC believes that this method does not apply to Vueling as it is a company in operation, and believes that the application of this method gives values significantly lower than those obtained by means of application of the other methodologies described in article 10.5 of Royal Decree 1066/2007. Therefore the calculation of the net asset value for the determination of the market value of Vueling has not been considered necessary.

c) Average listing price during the immediately preceding six month period:

The average weighted listing price of the shares of Vueling corresponding to the period between 21 November 2012 and 21 May 2013 (i.e., the period considered in the

report issued by PwC on 22 May 2013), gives a result of 8.0084 euros per share of Vueling.

The weighted average listing price of Vueling's shares for the six month period immediately preceding the date of the announcement of the proposal for delisting of the shares of Vueling (i.e., from 23 November 2012 and 23 May 2013) amounts to 8.0380 euros per share of Vueling.

Given Vueling's performance over the past 12 months, and the influence that the recent tender offer launched over the shares of Vueling by the Offering Company, PwC has considered that this methodology is not appropriate for a determination of the value of Vueling's shares.

d) Value of the consideration offered in a tender offer made the preceding year:

A voluntary tender offer was made last year over Vueling: the voluntary public tender offer launched by Veloz Holdco for 100% of Vueling's shares, which was accepted by 82.48% of the shares to which it was effectively addressed and 44.66% of Vueling's capital stock. After this transaction, the results of which were announced by the National Securities Market Commission on 23 April 2013, IAG indirectly controls (through Veloz Holdco and Iberia), 90.511% of the shares of Vueling. The value of the consideration offered in the aforementioned public tender offer was 9.25 euros per share of Vueling.

e) Other valuation methods applicable to the case:

In addition to the standards mentioned above, and pursuant to Section 10.5 e) of Royal Decree 1066/2007, PwC has made a valuation of Vueling applying other valuation methods commonly accepted by the international financial community, such as the discounted cash flow, market multiples of comparable listed companies and prior transactions methods.

The results of the application of these methods and their respective relevance are discussed below:

e.1) Discounted cash flow for the shareholder:

This method indicates the market value of a business based on the present value of the cash flow for the shareholder that the business is expected to generate in the future.

PwC has applied this methodology for the valuation of Vueling shares since it is a generally accepted methodology for various types of businesses and because it captures better than other methods the current expectation of the capacity of a company to generate returns for its shareholders in the future. For the preparation of its analysis, PwC has had access to information provided by Vueling.

Above is a detail of the estimation of the cost of equity prepared by PwC:

$$\begin{array}{ccccccc}
 4.17\% & & 6\% & & 1.25\% & & 11.7\% \\
 \boxed{\text{Risk Free Rate (Rf)}} & + ( & \boxed{\text{Market Risk Premium}} & \times & \boxed{\text{Beta coefficient}} & ) = & \boxed{\text{Cost of Equity (Ke)}}
 \end{array}$$

In which,

- The Risk free rate (Rf) is aligned with the risk free rate related to the expected return on 30<sup>th</sup> April 2013 from the 10-year bonds issued by the Spanish government, for being (i) the risks caused by its operations, (ii) the risks perceived by the market and (iii) the risks incurred in its ability to access the credit facilities inherent for a Spanish company.
- The Market Risk Premium (Rm-Rf) has been defined under the analysis made based on empirical study in long series which analyses the difference between historical average return of the stock market and the long-term government debt. This Market Risk Premium is 6.0%, comprised of (i) a 5% rate related to PwC's practice and historical and long term view of the equity market risk premium (EMRP) and (ii) a 1% rate related to a timely premium to adjust the market risk, based on PwC's current analysis of the historical evolution of the risk free rate and the basic macroeconomics in Spain.
- The beta coefficient represents the risk spread of Vueling related to the market average risk (Rm). The beta coefficient has been calculated using, as a reference, the beta coefficient of certain listed companies whose business are similar and related with the activity developed by Vueling, as this sample reflects the activity risk obtained from listed comparable companies with similar risks to Vueling. The beta coefficient of 1.25 is also used by Vueling in its impairment test exercise of its intangible and material assets.

In accordance with this method of valuation and after applying a sensitivity analysis, the result provided is within a range between 8.58 and 9.28 Euros per share of Vueling, with an average result of 8.94 Euros per share.

e.2) Market multiples of comparable listed companies:

This method consists of estimating the value of Vueling's based on multiplicative factors obtained from comparable listed companies.

To apply this method, six airline industry entities were identified that are currently listed on European stock markets and that are located in the low-cost or hybrid operator segments like Vueling. PwC has considered that the results of this method should only be used for contrast, because the companies identified in the survey are significantly different than Vueling. (e.g., different levels of country risk, different growth expectations and liquidity levels, etc.).

The relevant multiple for purposes of valuing Vueling was the PER (Price Earnings Ratio or multiple of earnings to the company's capitalisation), which is also the most frequently used in the aeronautical industry. The application of the PER multiple gives a result, after the necessary adjustments due to the aforementioned differences, that places the value of Vueling shares in a range between 7.48 and 8.84 euros per share.

e.3) Market multiples of comparable transactions:

This method consists of estimating the value of Vueling based on multiplying factors obtained from the prices paid in transactions of comparable companies.

No transaction that is sufficiently comparable has been found for the purposes of valuing Vueling, unlike the Precedent Offer recently made for 100% of Vueling referred to in the above paragraph, which, as indicated above, had an acceptance level of 82.48% among the shareholders to whom it was addressed and that was carried out a price of 9.25 per share.



The board of directors has considered this Preceding Offer over the shares of Vueling to value Vueling for the purposes provided in Section 10.5 of Royal Decree 1066/2007.

In summary, the valuations resulting from the different valuation methods set out in Section 10.5 of Royal Decree 1066/2007, according to the PwC report, are those set forth in the following table:

Valuation method	Valuation (€/share)	
Underlying book value	7.95 euros (according to the non-audited financial statements at 31 March 2013) or 7.99 euros (according to the audited financial statements at 31 December 2012).	
Net asset value of Vueling	Not calculated.	
Average price	8.0084 euros for the period covering from 21 November 2012 until 21 May 2013 (8.0380 for the period covering from 23 November 2012 until 23 May 2013).	
Value of the consideration offered in a tender offer made the preceding year	9.25 euros	
Discounted cash flow	<i>Valuation range (€/share)</i>	<i>Average price (€/share)</i>
	8.58 – 9.28 euros	8.94 euros
Multiples of comparable listed companies	7.48 – 8.84 euros	
Multiples of prior transactions	9.25 euros	

Of the foregoing methods, for the purposes of determining the value of Vueling, the methodologies which have been considered as relevant by PwC are the value of the consideration offered in a tender offer made the preceding year and the discounted cash flow, and, to a lesser extent, for contrast, the method of multiples of comparable listed companies, using as relevant multiple the PER. In light of the above, PwC concludes a valuation range of Vueling between 8.58 and 9.28 euros per share.

The price of the Offer, of 9.25 euros per shares, is included within the referred valuation range.

In light of the above, and as stated above the board of directors has considered that the price proposed for the Offer of 9.25 Euros per share (from which the gross amount of any dividend or distribution that Vueling may distribute, where appropriate, to its shareholders from the date of this announcement until the publication of the result of the offer will be deducted, with prior obtaining, where appropriate, of the CNMV's authorization) fulfils the provisions of Section 10.6 of Royal Decree 1066/2007, as it is not lower than the greater of (i) the equitable price referred to in 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.

### **3. Conditions to which the Offer is subject**

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

#### **4. Guarantees and financing of the Offer**

In order to guarantee payment and execution of the consideration offered, Veloz Holdco has filed with CNMV a guarantee issued by Banco Santander, S.A., for the total amount of 26,248,003.50 Euros.

This amount covers full payment of the consideration that Veloz Holdco will have to pay in case the total number of securities included in the acceptances reaches all the shares to which the Offer is directed.

The Offering Company will meet its payment obligation under the Offer with its cash position (i.e., that currently amounts to, approximately, 30 million euros, in accordance to what is informed in table 4.14 (a) below), which exceeds the maximum consideration payable by Veloz Holdco to the remaining shareholders of Vueling (excluding Iberia) under the Offer. This cash position and the Vueling's shares acquired in the preceding offer launched over Vueling form Veloz Holdco's asset, and are supported by the structure of liabilities of the Offering Company which is composed by the equity contributions made by its sole shareholder, IAG, to the Offering Company to date (amounting to Euros 6.6 million) and the medium / long term financing also received from IAG (amounting to Euros 149.7 million).

### **III. ACCEPTANCE AND SETTLEMENT PROCEDURE**

#### **3.1. Offer acceptance period**

The acceptance period of this Offer is of 15 calendar days counted from the trading day after the publication of the notices referred to in Section 22 of Royal Decree 1066/2007 in the Listing Bulletin (Boletín de Cotización) of the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges and in a national newspaper. The acceptance period will in all events end at midnight (24:00) on the last day of this period.

The date of publication of the notices in the Official Gazettes shall be deemed to be the date of the Stock Exchange session to which the former refer.

For the purposes of calculating the abovementioned period of 15 calendar days, both the first and last days of the period shall be included. If the first day of the period is not a Spanish Automated Quotation System business day, such period will begin on the next Spanish Automated Quotation System business day. If the last day of the period is not a Spanish Automated Quotation System business day, the acceptance deadline shall be extended until the end of the next Spanish Automated Quotation System business day.

Pursuant to the provisions of Section 23 of Royal Decree 1066/2007, Veloz Holdco may extend the period for accepting the Offer by up to 70 calendar days, subject to the provision of prior notice to the CNMV. Any such extension shall be announced in the same media in which the Offer was published at least three calendar days before the end of the initial period, with a statement of the reasons for such extension.

#### **3.2. Formalities with which the addressees of the Offer must comply to express their acceptance, as well as the manner and period in which they will receive the consideration**

##### *Declarations of acceptance*

The declarations of acceptance of the Offer by the shareholders of Vueling shall be made according to the provisions of the Prospectus, shall be accepted from the first day of the acceptance period, shall be revocable at any time before the last day of the acceptance period and shall not be valid if they are conditional, all pursuant to the provisions of Section 34.5 of Royal Decree 1066/2007.

### *Offer acceptance procedure and payment of the consideration*

The holders of shares in Vueling who wish to accept the Offer must contact their depository entity with which they have deposited their shares. The declarations of acceptance of the Offer shall be sent to the Governing Bodies (*Sociedades Rectoras*) of the Madrid, Barcelona, Bilbao or Valencia Stock Exchanges through the depositaries that are Iberclear participants with which they have deposited the shares in question, which shall be in charge of collecting such acceptances in writing and which shall be responsible for the ownership and holding of the securities to which such acceptances refer, as well as the absence of charges and encumbrances or third party rights that limit the voting or economic rights of such shares or the unrestricted transferability thereof.

The declarations of acceptance by the holders of Vueling shares shall be accompanied by sufficient documentation to enable the transfer of shares to proceed and shall include all identifying data required by the legislation applicable to these types of transactions.

During the Offer acceptance period, Iberclear participants that receive declarations of acceptance shall, on a daily basis, send the data regarding the number of shares included in the declarations of acceptance filed by Vueling shareholders to Veloz Holdco through the representative designated for such purposes and to the Governing Bodies of the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges.

Veloz Holdco and the Stock Exchange Governing Bodies shall provide to the CNMV, when requested thereby, information of which they are aware regarding the number of acceptances submitted and not revoked.

Market members participating in the transaction on behalf of the accepting shareholders and the Offering Company itself and depositaries of the securities are reminded of the obligation contained in Section 34.2 of Royal Decree 1066/2007 regarding the daily delivery to the respective Governing Bodies and to the Offering Company of the acceptances received.

The representative of the Offering Company for purposes of such communication is the following:

Santander Investment, S.A.

Avda. de Cantabria s/n

Ciudad Grupo Santander

Edif. Encinar Planta 1

28660 Boadilla del Monte (Madrid)

Att: Ignacio Algora Weber / Joaquín González-Tarrío

The shares to which this Offer is addressed shall be transferred: (i) free of charges, encumbrances and third party rights that limit the voting or economic rights or the unrestricted transferability thereof; (ii) by a person entitled to transfer them according to the book entries, such that Veloz Holdco acquires irrevocable ownership in accordance with Section 9 of the Securities Market Act; and (iii) with all of the economic and voting rights corresponding thereto.

Under no circumstances shall Veloz Holdco accept securities with registry entries made after the last day of the Offer acceptance period. In other words, those shares offered for sale must have been purchased no later than the last day of the Offer acceptance period.

The shareholders of Vueling may accept the Offer for all or part of their shareholdings. Any declaration that they make must include at least one share of Vueling.

#### *Publication of the results of the Offer*

After the acceptance period set forth in section 3.1 above or such period as results from the extension or modification thereof, and within a period not exceeding five business days from the end of such period, the Stock Exchange Governing Bodies of the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges shall notify the CNMV of the total number of shares included in the declarations of acceptance that have been sent. Once the CNMV is aware of the total number of acceptances, the CNMV shall communicate the results of the Offer within two business days to the Governing Bodies of the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges, the Stock Exchange Management Body, Veloz Holdco and Vueling.

The Governing Bodies of the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges shall publish such results in the Listing Bulletins corresponding to the trading session during which they receive the notification. The date of publication of the results of the Offer shall mean the date of the trading session to which such Listing Bulletins refer.

#### *Intermediation and settlement of the Offer*

The acquisition of the shares covered by the Offer will be intermediated by Santander Investment Bolsa, S.V., S.A., which acts as a Stock Exchange member intermediating the operation on behalf of the Offering Company and will be settled by Santander Investment, S.A., which acts as an Iberclear participant entity in charge of the settlement on behalf of the Offering Company.

The settlement and payment of the share price shall take place in accordance with the procedure laid down for this purpose by Iberclear, taking the date of the trading session referred to in the Listing Bulletins of the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges that publish the results of the Offer as the trade date for the corresponding stock exchange transaction.

### **3.3. Expenses of acceptance and settlement of the Offer that must be borne by the addressees, or distribution thereof between the Offering Company and the addressees**

The holders of Vueling shares who accept that the intermediation of the Offer is made through SANTANDER INVESTMENT BOLSA, S.V., S.A. shall not bear the brokerage fees arising from the participation of a market member in the transaction or Iberclear's settlement fees or Stock Exchange transaction fees, which shall be paid by Veloz Holdco.

If market members other than SANTANDER INVESTMENT BOLSA, S.V., S.A. intermediate the Offer on behalf of the accepting party, the accepting party shall bear the brokerage fees and other expenses of the selling party of the transaction, including Iberclear's settlement fees and Stock Exchange transaction fees.

Under no circumstances shall Veloz Holdco be responsible for the possible fees and expenses that the depositaries and administrators of the shares charge their customers for processing orders arising from the acceptance of the Offer.

Any costs other than those referred to above shall be borne by the party that incurs them.

### **3.4. Deadlines within which to waive the conditions, if any, to which the effectiveness of the Offer is subject**

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

**3.5. Appointment of the financial institutions or intermediaries acting on behalf of the Offering Company in the acceptance and settlement procedure**

Veloz Holdco has appointed SANTANDER INVESTMENT BOLSA, S.V., S.A., with registered office at Avda. de Cantabria, s/n, Ciudad Grupo Santander, Edf. Encinar, Planta 1, 28660 Boadilla del Monte (Madrid), bearing Tax Identification Number (N.I.F.) A-79204319, registered with the Commercial Registry of Madrid, in volume 14,471, folio 43, section 8, sheet M-84,468 as the entity responsible for the intermediation of the transactions involved in the acquisition of the shares of Vueling to which the Offer is extended on behalf of the Offering Company, and, if applicable, the transactions involved in the squeeze out in accordance with the provisions of the Prospectus.

In addition, Veloz Holdco has appointed SANTANDER INVESTMENT, S.A., with registered office at Avda. de Cantabria, s/n, Ciudad Grupo Santander, Edf. Encinar, Planta 1, 28660 Boadilla del Monte (Madrid), bearing Tax Identification Number (N.I.F.) A-08161507, registered with the Commercial Registry of Madrid, in volume 4,078, folio 172, section 8, sheet M-67,840 as settlement agent for the purchase by the Offering Company of the shares of Vueling to which the Offer is extended, and, if applicable, the transactions involved in the squeeze out, on the terms set forth in the Prospectus.

**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**

*Squeeze out conditions*

Pursuant to the provisions of Section 60 *quater* of the Securities Market Act and of Section 47 of Royal Decree 1066/2007, if the IAG group holds securities representing at least 90% of the capital stock with voting rights of Vueling as a result of the Offer, and the Offer has been accepted by holders of securities in the Target Company representing at least 90% of the voting rights of Vueling, other than those currently allotted to the Offering company and to the IAG group, the Offering Company will require the remaining holders of securities different from those that voted in favour of the delisting in Vueling's general shareholders meeting and have blocked their shares, the squeeze-out of all of their shares at an equitable price, and being payable by the Offering Company all the expenses arising from the squeeze-out transaction as well as the ones corresponding to the settlement of such transaction.

For the purposes hereof, in accordance with Section 47.2 of Royal Decree 1066/2007, equitable price shall be deemed to be the price corresponding to the consideration for Offer.

In the same way, in case the referred circumstances are fulfilled, the shareholders that so request could require Veloz Holdco the sell-out of all of their shares for the same consideration of the Offer, although, in this case, all the expenses arising from the sell-out transactions and their corresponding settlement will be borne by the selling shareholders.

In accordance with the aforementioned, and taking into account the formalities related to the sell-out that are mentioned in this Section, the holders of Vueling's shares not accepting the Offer for all their shares, should bear in mind the following issues before taking the decision to force Veloz Holdco to purchase its shares:

- (i) The conditions to which Veloz Holdco's right to require the squeeze-out of the shares not accepting the Offer are subject are the same as the ones required to recognise the sell-out right of the shareholders that do not attend the Offer.

- (ii) The consideration to be obtained by the shareholders not attending the Offer will be the same whether Veloz Holdco requires the squeeze-out or such shareholders require the sell-out (i.e., the consideration of the Offer).
- (iii) The squeeze-out proceedings protects the shareholders' rights as in relation to the sell-out proceedings, and all the expenses arising from the transaction, and its settlement, will be borne by Veloz Holdco while in the case of sell-out such expenses will be payable by the selling shareholders.

Veloz Holdco is currently the holder of 13,355,675 shares of Vueling representing 44.66% of its capital stock. Iberia, in turn, is currently the holder of 13,711,221 shares of Vueling, representing 45.85 % of its capital stock, which, for these purposes, are attributed to the Offering Company. In addition, as noted in Section 1.6 above, 10 shares of Vueling, representing a participation lower than 0.000033% of its capital stock and voting rights, are attributed to Ms. Niamh McCarthy, proprietary director of the IAG group in Vueling. Therefore, in accordance with Section 5 of Royal Decree 1066/2007, 27.066.906 shares of Vueling representing 90.511% of Vueling's capital stock and voting rights are attributed to the IAG group, and thus to Veloz Holdco.

Given the above, the Offering Company already holds 90.511% of the capital stock of Vueling for purposes of Section 60 *quater* of the Securities Market Act, for which reason the conditions allowing for the exercise of the squeeze out right shall be deemed fulfilled provided that the declarations of acceptance of the Offer cover at least 2,553,860 shares, representing 8.54% of Vueling's capital stock, equal to 90.00 % of Vueling's voting rights other than those referred to in the preceding paragraph.

If Vueling's shares owned by Ms. Niamh McCarthy, proprietary director of the IAG group in Vueling, attended the Offer, these shall not be taken into account and shall be deducted from the total number of acceptances for purposes of verifying compliance with this requirement. In this case the conditions of Section 60 *quater* of the Securities Market Act which allow for the exercise of the squeeze out right shall be deemed fulfilled provided that the declarations of acceptance of the Offer cover at least 2,553,870 shares, representing 8.54% of Vueling's capital stock, and equal to 90.00 % of the voting rights to which the Offer is directed.

#### *Squeeze out proceedings*

As early as possible, and no later than the third business-day following the publication of the results of the Offer, Veloz Holdco will give notice to the CNMV and to the market through a relevant fact if the aforementioned conditions for the exercise of the squeeze out are met.

Veloz Holdco will obtain the necessary information as to confirm if any of the shares corresponding to the acceptances of the Offer is attributable to the IAG group, and thus to Veloz Holdco, in accordance with Section 5 of Royal Decree 1066/2007. In the publication of the relevant fact referred to in the preceding paragraph the information of the attributable shares will be included, or it will be stated that none of them accepted the Offer if this is the case.

In the event that the aforementioned conditions were fulfilled, as soon as the decision is made, and in a maximum period of three months from the date of completion of the acceptance period of the Offer, Veloz Holdco shall notify the CNMV its decision to require the squeeze out of the shares, setting as the date of the transaction at between 15 and 20 business days from such notification, which will be made public. As soon as possible, and always within five business days following the referred publication, Veloz Holdco shall publicly disseminate the details of the squeeze out by means similar to those used for this Offer, provided in Section 22 of Royal Decree 1066/2007.

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, in accordance with Section 47.2 of Royal Decree 1066/2007.

In the event of a squeeze out, all expenses arising from the purchase/sale transaction and the settlement of the securities shall be borne by the Offering Company. The settlement of the squeeze out shall take place within the same time period as the settlement of the Offer, to be calculated from the trade date.

*Formalities that Vueling's shareholders must fulfill to request the sell out of the shares covered by the Offer*

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.

The shareholders of Vueling will have a maximum of three months from the end of the Offer acceptance period to request the sell out if they desire to do so.

Shareholders desiring to exercise their sell out right must contact the Iberclear participant in which they have deposited their shares. Sell out requests shall be sent by such participants to the Offering Company through Santander Investment Bolsa, S.A. The Iberclear participants at whom the shares are deposited shall be responsible in accordance with their records for the details of the ownership and holding of the securities to which the sell out requests refer.

All of the shareholders that request, if applicable, the sell out, must include in their requests all of the shares of Vueling owned by them.

Pursuant to the provisions of Section 60 *quater* 2 of the Securities Market Act, if the shares covered by the squeeze out/sell out are attached as a result of government acts or court decisions, or if there is lien thereon, including encumbrances, limited *in rem* rights or financial guarantees, the shares shall be transferred free of such liens, which shall attach to the amount paid by Veloz Holdco for the purchase.

The depositary of the shares shall be required to maintain the purchase price on deposit, informing the judicial or governmental authority that ordered the attachment or the holder of any other liens of the application of this procedure.

Once the provisions contained in the aforementioned Section 60 *quater* 2 of the Securities Market Act have been applied, if a portion of the purchase price is not needed to pay the obligations secured by the attachment(s), or by the liens on the shares, it shall be immediately made available to the holder thereof.

The depositary entities that are Iberclear participants that receive sell out requests shall send to Santander Investment Bolsa, S.A., on a daily basis, the data regarding the number of shares included in the sell out requests submitted by the shareholders of Vueling.

The settlement and the payment of the price of the Offer will be made following the procedure established for this purpose by Iberclear considering as the date of the corresponding stock exchange operation the one of the date of the reception of each sell out request by Santander Investment Bolsa, S.A. on behalf of Veloz Holdco, in accordance with the common procedures of Iberclear.

Sell out requests by shareholders of Vueling shall be accompanied by sufficient documentation to enable the transfer of the shares to take place and must include all of the identifying details required by applicable legislation for these types of transactions.

Without prejudice to Veloz Holdco's intention to exercise the squeeze out right and that it pretends to exercise it as soon as possible once the Offer is settled, in no event shall the Offering Company accept sell out requests that are dated after the day on which three months

has run from the date of completion of the Offer acceptance period or with respect to shares that have registry references after such day. In other words, those shares for which the sell out is requested must have been acquired no later than three months from the end the Offer acceptance period, and the request must be made within such three-month period.

The purchase by the Offering Company of shares covered by the sell out shall be handled by Santander Investment Bolsa, S.A., S.V. and settled by Santander Investment, S.A., which acts as a Stock Exchange member intermediating the transaction and as an Iberclear participant entrusted with carrying out such settlement on behalf of the Offering Company, respectively.

The requests for sell outs received by the Offering Company shall be settled within the same periods established for the settlement of the Offer in the Prospectus, to be counted from receipt of each request.

The entities entrusted with the settlement shall transfer such securities and cash as may be required to consummate the sell out on the settlement date.

If a sell out occurs, all of the costs arising from the purchase and sale transaction and the settlement of the securities shall be borne by the selling shareholders. The shareholders of Vueling are advised to appropriately inform themselves of the costs associated with the execution of such sell out transactions.

It should be recalled that, in the event that the conditions for the exercise of the squeeze out are met, as noted in Section 4.11 below, Veloz Holdco shall exercise its squeeze out right at no cost to the selling party.

If according to the date of reception of any request to exercise the sell out right, its settlement pursuant to the foregoing were to take place after the settlement of the squeeze out proceedings, such request will render ineffective and the relevant shares will be included in the squeeze out transaction.

#### **IV. PURPOSE OF THE OPERATION**

##### **4.1. Purpose of the acquisition**

The Offer is launched for the purposes of proceeding with the delisting of Vueling's shares, agreed by its general shareholders meeting held on 27 June 2013, in accordance and for the effects of Section 34 of the Securities Market Act and of Section 10 of Royal Decree 1066/2007.

Regarding Vueling's shareholder structure that is referred to in paragraph 1.1 above, the "free float" percentage that is currently distributed among the public is 9.489%.

This reduced "free float" percentage, together with the incorporation of Vueling into the IAG group, makes it unlikely that Vueling will need to raise new capital from the stock exchanges. Furthermore, it should be taken into account that, as a consequence of the condition of the Target Company as a listed company, Vueling is incurring a series of significant direct and indirect costs in its corporate areas. The delisting would enable the Vueling to save the costs related to the listing of its shares and would simplify its operation. Also, it would release the Target Company from the administrative load which entails the fulfilment of the periodical obligations imposed by the law for listed companies and would allow its management team to focus even more on the management of Vueling.

The board of directors of Vueling, as it declared in its report regarding the delisting proposal disclosed to the general shareholders meeting of Vueling held on 27 June 2013, believes that the current conditions are not adequate for Vueling to continue to be listed in the Stock



Exchanges, so it believes the delisting is justified and reasonable for reasons of economy and efficiency in the activities and structure of Vueling.

#### **4.2. Strategic plans and intentions regarding future activities and location of the places of business of Vueling and its group**

Neither Veloz Holdco, nor IAG, nor, as it has confirmed the Offering Company, Vueling itself, intend to amend the activities or the current business strategy of Vueling in the following 12 months.

In particular, it is the IAG's group intention to maintain the management of Vueling as an independent operating company with a different business model to the rest of the current operating companies of the group. In addition, in accordance with the plans announced by Vueling and verified by Veloz Holdco with the Target Company, it is expected to keep, and Veloz Holdco, IAG and Vueling do not have the intention of amending, the location of the current places of business of Vueling in the next 12 months.

In this regard, the main lines of Vueling's strategy for said timeframe can be summarized as follows:

- a) Strengthening its position in the air distribution center (hub) of Barcelona.
- b) Improvement of its strategic position in national and international airports.
- c) Exploring other market opportunities.
- d) Subscription of new trade agreements with other airlines.

It is hereby stated that the forecasts for the business of Vueling are the same ones that have been considered by PwC for the preparation of its valuation report of the shares of Vueling.

#### **4.3. Strategic plans and intentions regarding the preservation of jobs of employees and officers of Vueling and its group**

Neither Veloz Holdco, nor IAG, nor Vueling have the intention to introduce changes different from the ones that are deemed necessary or appropriate in the scope of the usual operations of Vueling in connection with the Vueling management team policy and such management team, whose Managing Director depends, and directly reports to, the Managing Director of IAG, is expected to continue in place. Similarly, no changes are expected to be made in the working conditions of Vueling employees, and existing jobs are expected to be maintained for the next 12 months. Hiring of new staff to meet the expansion plans of Vueling is also expected.

Neither the Offering Company nor any other company belonging to the group of which IAG is the controlling company has made any agreement with or commitment to the current officers of Vueling regarding their continued service at such company.

In accordance with the provisions of Section 25 of Royal Decree 1066/2007, a copy of the Prospectus will be provided by the Target Company to Vueling's employees representatives, or in the absence of them, to the employees.

#### **4.4. Plans in connection with the use or disposition of assets of Vueling; changes contemplated in its net financial debt**

Vueling has been working for the last 20 months in a project for the partial renewal of its fleet through the potential acquisition of around 60 aircrafts owned by Airbus, Boeing and/or Bombardier. This project is at an advanced stage of negotiation, although a final agreement has not been reached yet, and would be subject to the prior approval of the competent corporate bodies of Vueling and IAG.

With the exception of the operation referred to in the preceding paragraph, there are no plans, expectations or intention concerning the use or disposition of the assets of Vueling other than in the ordinary course of its business.

Any changes in the adjusted net financial debt of Vueling (considering the capitalization of operating leases for its fleet of aircraft) will be consistent with and for the purpose of implementing Vueling's current business plan, without being expected by the Offering Company that Vueling incurs in leverage apart from the ordinary course of its activity, save for the indebtedness that may result from what is provided above.

#### **4.5. Plans regarding the issuance of securities of any kind by Vueling and its group**

There are no plans or intentions to make issuances of securities of Vueling.

#### **4.6. Contemplated corporate restructurings of any kind**

Neither Veloz Holdco, nor IAG, nor Vueling itself have plans concerning restructurings of any kind or plans to sell that materially affect Vueling or its business lines, or any plans to enter into corporate transactions such as mergers or spin-offs or other structural changes that involve Vueling or Veloz Holdco.

#### **4.7. Dividend policy and shareholder remuneration**

Since its incorporation, Vueling has not distributed dividends to its shareholders, either because no net income have been obtained for a given fiscal year, or because, even where the company actually obtained net income, Vueling was not ready to make such a distribution since it had to apply the net income to absorb losses brought forward from previous years and to finance Vueling's ordinary activity.

In this regard, neither Vueling (according to the information verified with the Target Company), nor Veloz Holdco nor IAG expect to change such dividend policy and shareholder remuneration after the Offer within the next 12 months, without having adopted any decision and no plans regarding the dividend policy after such period exist.

In this sense, the PwC's valuation report shows the non-distributable character of the non-operating cash available to Vueling on 31 March 2013 due to the high financial leverage of Vueling, of around 80% if the operating leases of the aircraft fleet operated by Vueling are capitalised, to which the net provisions of the guarantees for future maintenance of the fleet for an amount of 116 million euros on this date are added.

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

IAG and Veloz Holdco intend, as well as Vueling itself, 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 (without currently existing any specific plan on the amendments and specific appointments that are pretended to be made apart from the general intentions expressed in the paragraph below). In this regard it is hereby stated that the IAG group does not have a defined internal policy regarding the government and administration structure that its subsidiaries must have.

In any case, it is Veloz Holdco's and IAG's intention to reduce the number of members of the board of directors of Vueling, as well as to suppress all of the committees of the board of directors of this company. In addition, the structure of the board of directors is intended to be modified so that it would not have any independent directors, opting for a more operative and executive board.

#### **4.9. Provisions in connection with maintaining or amending the bylaws of Vueling or of the entities within its group**

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, 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, apart from the ones resulting from what is referred to under paragraph 4.8 above, no estimation exists on the changes to be made.

#### **4.10. Delisting**

Once the Offer is settled, the shares of Vueling will be delisted from the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges.

In any case, the Offering Company will announce prior to the settlement of the Offer if the conditions for the exercise of the squeeze outs are met, and therefore, the moment on which the delisting will take place.

#### **4.11. Squeeze out**

As long as the identical circumstances to the ones referred to in paragraph 3.6 are met, Veloz Holdco will require the remaining holders of Vueling's shares the squeeze out at the same price as the consideration offered in the Offer.

#### **4.12. Intentions regarding the transfer of securities of Vueling, indicating whether any agreement with other persons exists in this regard and the securities, if any, of Vueling held by such persons**

It is hereby stated for the record that neither the Offering Company, IAG, the companies of the group which IAG is the parent company, nor the persons acting in concert with them, have the intention of or provision for transferring securities of Vueling following settlement of the Offer, neither between them nor in favour of third parties, nor is there any agreement or negotiation in that regard.

#### **4.13. Information contained in this section IV chapter relating to the Offering Company itself and its group**

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 of the Prospectus.

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

different from the issue of bonds convertible into shares of IAG for an amount of 390 million euros made by IAG in May 2013 to which section 2.4.2 of the Prospectus refers to; (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.

**V. PLACES WHERE THE PROSPECTUS AND ACCOMPANYING DOCUMENTS MAY BE EXAMINED**

Pursuant to the provisions of Section 22.3 of Royal Decree 1066/2007, the Prospectus and the accompanying documentation will be made available to all interested parties from at least the day following the publication of the first of the announcements provided for by Section 22.1 of Royal Decree 1066/2007: at the Stock Exchange Governing Bodies of Barcelona (Paseo de Gracia número 19, Barcelona), Bilbao (Calle José María Olabarri número 1, Bilbao), Madrid (Plaza de la Lealtad número 1, Madrid), 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 4, Madrid and Paseo de Gracia no. 19, Barcelona).

Furthermore, the Prospectus 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)) on the website of IAG ([www.iairgroup.com](http://www.iairgroup.com)) as from the day after publication of the first of the announcements provided for in Section 22.1 of Royal Decree 1066/2007.

Madrid, 16 July 2013