

**SUPPLEMENT TO THE PROSPECTUS  
REGARDING THE TENDER OFFER FOR  
SHARES OF  
VUELING AIRLINES, S.A**

**launched by**

**VELOZ HOLDCO, S.L. (SOCIEDAD UNIPERSONAL)**

London, 3 April 2013

Pursuant to the provisions of Law 24/1988, of 28 July, on the Securities Markets, Royal Decree 1066/2007, of 27 July, on the rules for public tender offers for securities, and other applicable legislation

The English translation of the Supplemental Prospectus is for convenience purposes only. To the extent that there are any inconsistencies between the Spanish and English versions of the Supplemental Prospectus, the Spanish version will prevail

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Annex 2        Complementary bank guarantee issued by Banco Santander, S.A. in connection with the consideration of the Offer.

Annex 3        Announcement form of amendment of the Offer.

## 1.- INTRODUCTION

This supplement (the “**Supplement**”) to the tender offer prospectus relative to the voluntary public tender offer launched by Veloz Holdco, S.L. (Sociedad Unipersonal) (“**Veloz Holdco**” or the “**Offering Company**”) for all shares representing the capital stock of Vueling Airlines, S.A. (“**Vueling**”) (filed with the official registers of the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) – “**CNMV**”– on 27 February 2013, –the “**Prospectus**”–) has been elaborated in accordance with the provisions of Section 31.3 of Royal Decree 1066/2007 of 27 July on tender offers for securities (“**Royal Decree 1066/2007**”).

The Supplement must be read jointly with the Prospectus.

Those sections of the Prospectus that are not mentioned in this Supplement do not suffer any variation, and are consequently applicable to the Offer. Unless otherwise mentioned, any terms defined in the present Supplement will have the meaning attributed to them in the Prospectus.

The amendments of the Offer consist of:

- (i) the increase of the consideration offered for each share of Vueling, which becomes 9.25 euros per share; and
- (ii) the reduction of the Minimum Acceptance Level Condition to which the Offer is subject.

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

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

Such amendments are made in accordance with the resolutions adopted by the Board of Directors of the Offering Company in its meeting held on 27 March 2013 on the basis of the authorisation approved by the Board of Directors of its sole shareholder, IAG, on the same date. Attached as Annex 1 to this Supplement is the documentation of the referred resolutions.

The extension of the acceptance period and the amendments related to the increase of the Offer consideration and the reduction of the Minimum Acceptance Level Condition are justified due to IAG’s and Veloz Holdco’s desire to offer to Vueling’s shareholders a higher consideration for its shares as well as a longer period to enable them to properly evaluate the new conditions of the Offer and to make more flexible the sole condition to which the Offer is subject, with the purposes of ensuring the success of the Offer and enabling the strengthening of the participation of the IAG group in Vueling’s

capital stock and therefore complying with the purpose of the Offer stated in the Prospectus.

## **2.- PERSONS RESPONSIBLE FOR THE SUPPLEMENT**

Mr. Ignacio de Torres Zabala, of legal age, a Spanish citizen, bearing Spanish national identity card number 05354164-V, in the name and on behalf of Veloz Holdco, in its position as director, and acting by virtue of the powers of attorney granted by the resolutions dated on 27 March 2013, assumes responsibility for the information set forth in this Supplement.

Mr. Ignacio de Torres Zabala states that the data and information set forth in this Supplement are true, that such Prospectus contains no misleading data or information, and that there are no omissions that might alter the contents hereof.

Pursuant to the provisions of Section 92 of the Securities Market Act, it is hereby stated for the record that the filing of this Supplement and of the documentation attached hereto with the CNMV will only entail an acknowledgment that such documents contain all the information required by the laws and regulations establishing the contents hereof and that the CNMV shall under no circumstances be responsible for the veracity of the information that may be contained in such documents.

## **3.- AMENDMENTS AND COMPLEMENTARY INFORMATION TO THE TENDER OFFER PROSPECTUS**

### **3.1.- Extension of the acceptance period**

On 27 March 2013, the Board of Directors of Veloz Holdco, by virtue of the authorisation approved by the Board of Directors of IAG on such date, resolved in accordance with the provisions of section 23.2 of Royal Decree 1066/2007 to extend the acceptance period of the Offer, and determine it to be of 48 calendar days.

Consequently, the references to 39 calendar days included in section 3.1 of the Prospectus shall be substituted by 48 calendar days. It is hereby stated for clarification purposes that the days of the acceptance period of 48 calendar days corresponding to the period of time on which the acceptance period was suspended due to the proceedings held before the CNMV for the authorization of this Supplement are not included, in accordance with section 31.4 of Royal Decree 1066/2007.

### **3.2.- Amendment of the characteristics of the Offer**

Below is included a new wording of the sections of the Prospectus that are affected by the increase of the consideration and by the reduction of the Minimum Acceptance Level Condition to which the Offer is subject.

Except for the cases in which it is stated otherwise, the new wording provided in the following paragraphs fully substitutes the one contained in the corresponding section of the Prospectus:

### 3.2.1.- Substitution of the “Introduction” section

The “Introduction” section of the Prospectus now has the following wording:

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

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

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

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

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

In the event that the circumstances described in Section 60 *quater* of the Law 24/1988 of 28 July on the Securities Market (the “**Securities Market Act**”) regarding squeeze outs (*compraventas forzosas*) occur, Veloz Holdco will exercise its squeeze out right (*derecho de venta forzosa*) at the same price as the consideration offered in this Offer, in which case the de–

listing of Vueling's shares from the Stock Exchanges will take effect upon settlement of the squeeze out transaction, pursuant to the provisions of Section 48 of Royal Decree 1066/2007 and related provisions.

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

*3.2.2.- Partial amendment of section 1.3.4. "Shareholding structure of Vueling and private shareholder agreements"*

The last paragraph of section 1.3.4. of the Prospectus is amended as follows:

«[...]

If the condition to which the Offer is subject is fulfilled, or, if it were not fulfilled, the Offering Company waives such condition becoming the IAG group capable to determine (either directly or indirectly) the financial and operating policies of the Target Company after the Offer, IAG will take control of Vueling for the purposes of Section 42 of the Commercial Code and of the International Financial Reporting Standards adopted by the European Union thus consolidating its indirect investment in Vueling through the global integration method, and would hold a controlling stake as provided in Section 4 of Royal Decree 1066/2007.»

*3.2.3.- Partial amendment of section 1.4.2.8. "IAG Group: group to which Veloz Holdco belongs"*

The last paragraph of section 1.4.2.8. of the Prospectus is amended as follows:

«[...]

In case the condition to which the Offer is subject is fulfilled, or, if it were not fulfilled, the Offering Company waives such condition becoming the IAG group capable to determine (either directly or indirectly) the financial and operating policies of the Target Company after the Offer, the latter would no longer be considered an associate company, and it will be integrated within the consolidated group of which IAG is the parent company.»

*3.2.4.- Partial amendment of section 1.8. "Activities and economic/financial condition of the Offering Company"*

Although it does not constitute an amendment of the Offer, taking into account the publishment by IAG of its annual financial report for fiscal year 2012 on 28 February 2013, the two tables providing the main financial indicators that result from the individual and consolidated annual accounts of IAG corresponding to fiscal year 2011



and to the consolidated financial statements of IAG corresponding to the period of time until the third quarter of 2012 are substituted by the information of IAG's consolidated accounts corresponding to fiscal year 2012 (audited) included below, adjusting in addition the introductory paragraph and the paragraphs following these tables:

«Set forth below are the main financial indicators resulting from the (audited) consolidated financial statements of IAG for fiscal year 2012:

Data in millions of euros

	<b>IAG Consolidated 31/12/12</b>
Turnover	18,117
Shareholders' Equity	5,055
Total Assets	19,837
Net income	(923)
Net financial funds/(debt) (–)	(1,889)

The consolidated financial statements of IAG mentioned above together with the related auditors' report are available in the registries of the CNMV. It is also stated that IAG has not published financial statements or financial indicators more recent than those described above.

It is hereby stated for the record that the auditors' reports on the consolidated financial statements of IAG for fiscal year 2012 no qualifications or significant recommendations are contained.»

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

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

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

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

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

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

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

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

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

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

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

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

Section 2.3.1 of the Prospectus now has the following wording:

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

If the Offer becomes void because the Minimum Acceptance Level Condition is not fulfilled and Veloz Holdco would have waived it, the Offering Company, IAG, the companies belonging to the group of which IAG is the controlling company, their majority or controlling shareholders and the persons exercising the control thereof, the members of their boards of directors, their senior managers, and those who promoted the Offer in their own name but on behalf of the Offering Company or acting in concert therewith may not promote another tender offer in respect of the same securities or acquire securities or cause any of the instances that trigger an obligation to launch a tender offer until six months after the date of publication of the results rendering the Offer void, unless the competing offer system established in Chapter IX of Royal Decree 1066/2007 applies.»

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

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

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

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

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

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

*3.2.8.- Supplement to section 2.4.1 “Nature of the guarantees established by the Offering Company in order to settle the Offer, details of the financial institutions with which they have been established and amount thereof”*

The following paragraphs are added at the end of section 2.4.1 of the Prospectus:

«[...]

In addition, with the purpose of guaranteeing the payment of the increase of the price offered as a consequence of the improvement of the conditions of the Offer, the Offering Company has submitted to the CNMV a bank guarantee, issued by Banco Santander, S.A., for a total amount of 36,434,918.25 euros, which is complementary to the guarantee already submitted by the Offering Company upon the filing of the request for the authorisation of the Offer for an amount of 113,353,079 euros.

The amount of the complementary bank guarantee guarantees full payment of the additional payment obligations that may derive for the Offering Company as a consequence of the improvement of the consideration of the

Offer to market members or members of the settlement system and to the parties accepting the Offer.

Therefore, the sum of the amounts covered by the initial bank guarantee and the complementary bank guarantee (which amounts to 149,787,997.25 euros) is sufficient to fully guarantee payment obligations that may derive for the Offering Company for all the securities to which the Offer effectively targets.»

The complementary bank guarantee is attached as Annex 2 hereto.

*3.2.9.- Partial amendment to section 2.4.2 “Sources of financing of the Offer and main features of such financing”*

The second paragraph of section 2.4.2 of the Prospectus is amended as follows:

«[...]

Therefore, if this Offer is accepted by all the shares to which it is directed, the Offering Company would be required to make a maximum payment of 149,787,997.25 euros (a figure obtained by multiplying 9.25 euros by the number of shares to which the Offer is effectively directed, i.e., 16,193,297 shares).

[...]»

*3.2.10.- Complement to section 2.4.2 “Sources of financing of the Offer and main features of such financing”*

The following paragraphs are added at the end of section 2.4.2 of the Prospectus:

«[...]

Set forth below is a description of the main terms and conditions of the financing of the increase of the price of the Offer by the Offering Company. It is stated for the record that, in the opinion of the Offering Company, this summary includes the most important issues in connection with the financing of the increase of the price of the Offer and allows for an informed opinion thereon.

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

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

Offer, as well as to service debt obligations arising from financing the Offer.

The Complementary Loan Agreement is governed by and construed in accordance with Spanish Law. This term loan facility (the “**Complementary Loan**”) has been granted on an arm’s length basis, establishing payment of interest on a 3/6-month basis, at IAG’s discretion on the utilization date. Its maturity date (when the loan will need to be refinanced and therefore repaid), will take place no later than the date falling six months after the date of its utilization by IAG (utilization that has not been made yet and that will take place once the level of acceptances of the Offer is known, and it is possible to determine if it is necessary to use this loan to acquire the shares that have attended the Offer).

In this regard, for the purposes of the refinancing of the Complementary Loan, IAG will in turn assess the different fundraising alternatives at its disposal, taking into account the situation of the credit markets, to choose the best option for its interests, not considering the sale of Vueling’s or other IAG Group’s assets, to refinance the Complementary Loan at or before its termination date. In no case the refinancing of the Complementary Loan would be structured in a way that it is incurred in financial assistance.

It is hereby stated that after the settlement of the Offer, IAG will be the only entity obliged to pay the Complementary Loan, not having been provided that any other company of the IAG group assumes obligations of this nature, and in no case will Vueling bear any payment obligations deriving from the Offer.

No commitment or obligation in relation with the execution of the Offer or with Vueling has been assumed by virtue of the Complementary Loan Agreement, in particular, regarding possible amendments in the business of Vueling after the Offer.

IAG must apply all amounts borrowed under the Complementary Loan towards the financing of the increase of the consideration offered under the Offer including, if appropriate, the squeeze out under Article 47 of Royal Decree 1066/2007 or, as the case may be, the consideration offered in case of a delisting offer (including the financing or refinancing of any counterguarantee provided to any guarantee provided under the Offer).

The Complementary Loan Agreement could be totally or partially early redeemed, at the discretion of IAG, and of Banco Santander, S.A. in certain cases such as the breaching by the borrower of its payment obligations, when the fulfillment of the Complementary Loan by the Bank would in turn imply a breach by the Bank of legal obligations, the loss of the condition as Sole Shareholder of Veloz Holdco, or the refinancing by IAG of the Complementary Loan).

The Complementary Loan does not contain any restrictions or limitations on the payments of dividends by Vueling to its shareholders.

In connection with the Complementary Loan, IAG has undertaken to grant prior to the utilization date a guarantee of its payment obligations under the Complementary Loan with a second rank pledge over the 100 % shares of the Offering Company owned by IAG in favour of Banco Santander, S.A. IAG has also agreed to grant a guarantee in favour of Banco Santander, S.A. in the form of a first rank pledge over its collection rights under the intercompany loan to be granted to the Offering Company to inject the funds received under the Complementary Loan Agreement. The Offering Company has undertaken in favour of Banco Santander a promise to grant a second rank pledge, at Banco Santander, S.A.'s request, over the shares of Vueling acquired under the Offer, as a guarantee of the Complementary Loan.

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

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

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

«[...]

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

[...]»

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

«[...]

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

[...]»

*3.2.12.- Partial amendment of section 4.1. “Purpose of the acquisition”*

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

«[...]

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

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

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

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

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

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

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

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

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

3.2.15.- *Substitution of section 4.10. “Intentions regarding the listing of the Target Company's shares”*

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

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

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



*3.2.16.- Substitution of section 4.13 “Information contained in this chapter relating to the Offering Company itself and to its group”*

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

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

Apart from the aforementioned, neither Veloz Holdco nor IAG anticipate that the Offer would mean: (i) any relevant change in their strategy, activity and in their places of business in the next 12 months; (ii) any relevant change in the employees and managers policy and of the policy of the companies belonging to their group in the next 12 months; (iii) any change in the use or disposal of their assets; (iv) the issue of securities by companies belonging to its group except those that could be issued, if this is the case, to refinance the Facility and/or the Complementary Loan; (v) any significant change in the dividend policy; (vi) any relevant change in the structure, composition and functioning of the administration, management and control bodies, or its bylaws or in the companies belonging to its group (without having been considered to perform a corporate restructuring deriving from the Offer); or (vii) alteration of IAG's listing condition.»

*3.2.17.- Substitution of section 4.14 “Impact of the Offer and the financing thereof on the principal financial indicators”*

Section 4.14. of the Prospectus now has the following wording:

«The impact that the Offer will have over the main financial statement line items of Veloz Holdco and IAG will be provided in 2013's annual accounts.

**(a) Veloz Holdco**

The following table shows the impact of the Offer on the main financial statement line items of the Offering Company, assuming that the Offer is accepted by all of the target shares (i.e., 16,193,297 shares) and that the increase of the price offered as a consequence of the improvement of the conditions of the Offer is paid with the funds raised via intercompany loans with its sole shareholder, IAG:

Data in millions of euros

Concept	December 31, 2012	Impact of Offer	December 31, 2012 Proforma
Investment	-	154 <sup>(1)</sup>	154
Cash	118 <sup>(2)</sup>	(114) <sup>(3)</sup>	4
Total liabilities	(116) <sup>(4)</sup>	(40)	(156)
Total equity	(2) <sup>(5)</sup>	-	(2)

Concept	December 31, 2012	Impact of Offer	December 31, 2012 Proforma
Net funds/(debt)	2	(150) <sup>(6)</sup>	(148)
Net loss after tax	(1) <sup>(7)</sup>	–	(1)

(1) Investments of €149.8 million euros plus transaction fees of €3.8 million euros

(2) Intragroup loan to fund the initial Offer and share premium

(3) Cash offer for Vueling of €149.8 million net of €36 million funding

(4) Intragroup loan to fund the Offer (principal balance plus accrued interest) and accrued transaction expenses

(5) Share capital plus premium: €3 million (net of €1 million of losses on account of interest accrued under the intragroup loan and other transaction expenses)

(6) Cash offer for Vueling

(7) Interest and fees payable on intragroup loan

## (b) IAG

If IAG acquires a majority of Vueling's capital stock after the Offer, or otherwise is directly or indirectly capable of determining the financial and operating policies of Vueling, IAG will take control of Vueling for the purposes of the International Financial Reporting Standards adopted by the European Union, thus consolidating its indirect investment in Vueling through the global integration method.

The following table shows the impact of the Offer on the main financial statement line items of IAG, assuming that the number of shares ultimately accepting the Offer actually reaches all of the shares to which it is actually directed (i.e., 16,193,297 shares):

Data in millions of euros

Concept	IAG consolidated data at 31 December 2012	Impact of Offer	IAG consolidated data proforma at 31 December 2012
Total assets	19,837	453 <sup>(1)</sup>	20,290
Total liabilities	(14,782)	(481)	(15,263) <sup>(2)</sup>
Total equity	5,055	(28) <sup>(3)</sup>	5,027
Net funds/(debt)	(1,889) <sup>(4)</sup>	333 <sup>(5)</sup>	(1,556)
Net loss after tax	(923)	(28) <sup>(3)</sup>	(951)

(1) Elimination of Iberia's investment in Vueling (155 million euros); plus Vueling's total assets (683 million euros) as per their 31 December 2012 financial statements; plus 39 million euros for the excess of purchase price over book value; purchase price cash outflow of 150 million euros and Veloz Holdco cash of 36 million euros.

(2) Adds the total liabilities (current and non-current) (446 million euros) as per Vueling's 31 December 2012 financial statements, and 35 million euros of liabilities corresponding to the Complementary Loan.

(3) Step acquisition loss in IAG's indirect holding in Vueling, currently held at 155 million euros.

(4) Result of the deduction of “Long-term interest bearing financial Debt” (-4,128) and “Long-term debt component” (-670) from Cash, equivalent liquid assets and other short-term interest bearing deposits (2,909).

(5) Effect of Vueling's net debt per 31 December 2012 financial statements.»

#### **4.- PLACES WHERE THE SUPPLEMENT AND ITS ATTACHED DOCUMENTS MAY BE REVIEWED**

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

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

It is attached to this Supplement an announcement form referred to the amendments of the Offer contained in this document.

This Supplement is signed in London, on 3 April 2013.

Veloz Holdco, S.L. (Sociedad Unipersonal)  
By

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Mr. Ignacio de Torres Zabala

**Annex 1.-**

**Resolutions of the Board of Directors of the Offering Company of 27 March 2013 of amendment of the Offer, as well as certificate of the resolutions of the Board of Directors of International Consolidated Airlines Group, S.A. of such date.**

**Annex 2.-**

**Complementary bank guarantee issued by Banco Santander, S.A. in connection with the consideration of the Offer.**

**Annex 3.-**

**Announcement form of amendment of the Offer.**