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FOR IMMEDIATE RELEASE

MADRID, LONDON AND DUBLIN – 26 May 2015

RECOMMENDED CASH OFFER

FOR

AER LINGUS GROUP PLC

BY

**AERL HOLDING LIMITED,
A WHOLLY-OWNED SUBSIDIARY OF
INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A.**

Summary

- The board of International Consolidated Airlines Group, S.A. (“**IAG**”) and the independent directors of Aer Lingus Group plc (“**Aer Lingus**”) are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by AERL Holding Limited (“**AERL Holding**”), a wholly-owned subsidiary of IAG, for the entire issued and to be issued ordinary share capital of Aer Lingus.
- Aer Lingus Shareholders will receive €2.55 in cash for each Aer Lingus Share, comprising:
 - a cash payment of €2.50 per Aer Lingus Share; and
 - the payment of a cash dividend of €0.05 per Aer Lingus Share (payable on 29 May 2015 to Aer Lingus Shareholders on the register of members on 1 May 2015).
- The transaction values Aer Lingus’ entire issued and to be issued ordinary share capital at approximately €1.4 billion and the terms of the transaction represent a premium of approximately:
 - 40.1 per cent. to the closing price of €1.82 per Aer Lingus Share on 17 December 2014 (being the last dealing day prior to the commencement of the offer period); and
 - 76.5 per cent. to the volume weighted average price of €1.44 per Aer Lingus Share for the six month period ended 17 December 2014.
- The IAG Board believes that the acquisition of Aer Lingus has a compelling strategic and financial rationale for the IAG Group at an attractive price for Aer Lingus Shareholders. The Acquisition is expected to provide substantial benefits to both IAG and Aer Lingus customers through an enhanced network, particularly to North America, using Dublin as a natural gateway hub for transatlantic routes. Furthermore, the IAG Board expects the transaction to deliver compelling financial benefits and value creation for IAG shareholders.
- Recognising the importance of the Aer Lingus brand and of direct air services and connectivity for investment and tourism in Ireland, IAG has agreed the basis for legally binding commitments with the Government of Ireland which ensure that:
 - Aer Lingus will continue to hold its existing slots at London Heathrow;
 - Aer Lingus will operate (i) its current daily winter and summer scheduled frequencies between London Heathrow and Dublin, Cork and Shannon for at least seven years post-acquisition, and (ii) in the first five years post-acquisition, its other London Heathrow slots on routes to/from airports on the island of Ireland; and
 - Aer Lingus will operate all of its scheduled international air transport passenger services under the Aer Lingus brand, and maintain Aer Lingus as its registered name and its head office and place of incorporation in the Republic of Ireland,

in each case unless otherwise agreed by the Minister for Finance of Ireland. The coming into effect of these commitments is subject (amongst other things) to (i) the approval by Dáil Éireann of the general principles of the disposal of shares in Aer Lingus held by the Minister for Finance of Ireland as required by the Aer Lingus Act 2004 and the sale of those shares into the Offer, (ii) the approval of the arrangements

with the Minister for Finance of Ireland by the Independent Aer Lingus Shareholders for the purposes of Rule 16 of the Irish Takeover Rules, (iii) the approval of the Connectivity Resolutions, and (iv) the Offer becoming (or being declared) wholly unconditional.

- An EGM of Aer Lingus will be convened for the purposes of seeking the approval of the Connectivity Resolutions and the granting of the Rule 16 Approval.
- The IAG Board believes that an acquisition of Aer Lingus by AERL Holding would provide substantial benefits to customers through an enhanced network, particularly to North America, aided by using Dublin as a natural gateway hub for transatlantic routes, and would provide significant job creation opportunities in Aer Lingus' business.
- The Independent Aer Lingus Directors, who have been so advised by Goldman Sachs International as to the financial terms of the Offer, consider the Offer to be fair and reasonable. In providing its advice to the Independent Aer Lingus Directors, Goldman Sachs International has taken into account the commercial assessments of the Independent Aer Lingus Directors. Accordingly, the Independent Aer Lingus Directors intend unanimously to recommend that Aer Lingus Shareholders accept the Offer and vote in favour of the Rule 16 Approval and the Connectivity Resolutions, as the Independent Aer Lingus Directors have irrevocably undertaken to do in respect of their own beneficial holdings of 606,693 Aer Lingus Shares representing, in aggregate, approximately 0.11 per cent. of the issued share capital of Aer Lingus on 25 May 2015 (being the last practicable date prior to the publication of this announcement).
- The Government of Ireland has stated that it supports the Offer and the Minister for Finance of Ireland has confirmed that the general principles of the disposal of his shares in Aer Lingus will be laid before Dáil Éireann for approval prior to such disposal, in accordance with the requirements of the Aer Lingus Act 2004.
- The Offer is conditional, amongst other things, on (i) AERL Holding receiving acceptances (which have not been withdrawn) in respect of Aer Lingus Shares which represent not less than 90 per cent. (or such lower percentage as AERL Holding may decide) in nominal value of the Aer Lingus Shares to which the Offer relates and of the voting rights attaching to those shares, (ii) satisfaction of the EUMR Condition, (iii) the Connectivity Resolutions being passed and the Rule 16 Approval being granted, (iv) on or before the 50th day following the date on which the Offer Document is despatched, Dáil Éireann approving the general principles of the disposal by the Minister for Finance of Ireland of his Aer Lingus Shares (other than the one share which is to be re-designated as a B Share), (v) the Minister for Finance of Ireland accepting the Offer in respect of those Aer Lingus Shares, and (vi) acceptance of the Offer having been received in respect of the Aer Lingus Shares held by Ryanair and each other member of the Ryanair Group that holds Aer Lingus Shares.
- The Offer Document, containing the full terms and conditions of the Offer, will be posted within 28 days to Aer Lingus Shareholders and, for information only, to Aer Lingus LTIP Awardholders and the holder of the Aer Lingus Share Option. The EGM circular (including the notice of the EGM) will be posted to Aer Lingus Shareholders when, or shortly after, the Offer Document is posted. The Offer Document will be made available by IAG on its website at www.iagshares.com and by Aer Lingus on its website at www.aerlingus.com.

Commenting on the Offer, Willie Walsh, CEO of IAG said:

“Aer Lingus, Ireland and IAG would all benefit from this deal. Aer Lingus would maintain control of its brand and operation while gaining strength as part of a profitable and sustainable airline group in an industry that’s consolidating. Ireland’s vital air links to Europe and North America would be enhanced, creating new jobs, with cast-iron guarantees on ownership of Aer Lingus’ Heathrow slots and their use on flights to Dublin, Cork and Shannon. Acquiring Aer Lingus would add a fourth competitive, cost effective airline to IAG, enabling us to develop our network using Dublin as a hub between the UK, continental Europe and North America, generating additional financial value for our shareholders.”

Commenting on the Offer, Colm Barrington, Chairman of Aer Lingus said:

*“This is a compelling transaction for Aer Lingus, its shareholders, its employees, its customers and for Ireland. Shareholders will realise an attractive return through the premium that the IAG offer provides over the level of our share price immediately prior to the announcement of IAG’s offer. The company will reap the commercial and strategic benefits of being part of the much larger and globally diverse IAG Group and as a member of the **oneworld** alliance of 17 airlines that together carry over 500 million passengers. This access to greater global scale will accelerate growth across our network, enhance Ireland’s position as a natural gateway connecting Europe and North America, give Irish tourism access to major traffic flows and customer loyalty programmes and provide better access for business interests and to cargo flows. This in turn will lead to an increase in jobs*

at Aer Lingus, in support activities and the tourism sector and, importantly, will strengthen connectivity to and from Ireland.”

About IAG and AERL Holding

IAG is one of the world's largest airline groups, with a combined fleet size of 459 aircraft, transporting over 77 million passengers and 897,000 tonnes of cargo in 2014. IAG was incorporated as a Spanish sociedad anónima in December 2009 and became the parent company of the IAG Group as from the merger of BA HoldCo, S.A. and Iberia, Líneas Aéreas de España, S.A. in January 2011. It is a Spanish registered company with shares traded on the London Stock Exchange and Spanish Stock Exchanges.

AERL Holding is a private limited company incorporated in England and Wales for the purpose of effecting the Offer. To date, AERL Holding has not conducted any activities other than those incidental to its formation and arrangements relating to the financing and progression of the Offer. The directors of AERL Holding are Willie Walsh, Enrique Dupuy and Chris Haynes. AERL Holding is a wholly-owned subsidiary of IAG.

For press release and other company information, visit IAG's website at www.iagshares.com.

About Aer Lingus

Aer Lingus is headquartered at Dublin Airport, Ireland. Aer Lingus operates a modern fleet of 48 Airbus aircraft and three Boeing 757s. It carried over 11.1 million passengers on mainline and regional franchise services in 2014.

Aer Lingus' primary mission is to connect Ireland with the world and the world to Ireland by offering its customers the best product in the Irish airline market at a competitive price. Aer Lingus also provides cargo transportation services to the UK, Continental Europe and the US. Aer Lingus is committed to serving airports located at convenient, central locations which enhance connectivity for customers.

For the financial year ended 31 December 2014, Aer Lingus generated revenue of €1,557 million and operating profit (before net exceptional items) of €72 million and had a total assets position of €1,804 million.

For press release and other company information, visit Aer Lingus' website at www.aerlingus.com.

Investor briefing

A conference call will be held for IAG's investors at 0900 on Wednesday 27 May 2015. Details of the call and the presentation will be made available by IAG on its website at www.iagshares.com.

This summary should be read in conjunction with the full text of the attached announcement and appendices. The Offer is subject to the Conditions set out in Appendix I to this announcement and the further terms to be set out in the Offer Document and the Form of Acceptance. The sources and bases of information contained in this announcement are set out in Appendix II. Certain expressions used in this announcement are defined in Appendix III.

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No Offer or Solicitation

This announcement is not intended to and does not constitute an offer to purchase, sell, subscribe for or exchange, or the solicitation of an offer to purchase, sell, subscribe for or exchange or an invitation to purchase, sell, subscribe for or exchange any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the offer or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements included in this announcement are forward-looking and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such forward-looking statements.

Forward-looking statements can typically be identified by the use of forward-looking terminology, such as “expects”, “believes”, “may”, “will”, “could”, “should”, “intends”, “plans”, “predicts”, “envisages”, “potential” or “anticipates” and include, without limitation, any projections relating to results of operations and financial conditions of either IAG or Aer Lingus and their respective subsidiary undertakings from time to time, as well as plans and objectives for future operations, expected future revenues, financing plans, expected expenditures, expected synergies and divestments relating to the IAG Group or the Aer Lingus Group and discussions of the IAG Group’s business plan or the Aer Lingus Group’s business plan. All forward-looking statements in this announcement made by the IAG Group are based upon information known to the IAG Group on the date of this announcement and all forward-looking statements in this announcement made by the Aer Lingus Group are based upon information known to the Aer Lingus Group on the date of this announcement. In particular, statements are made in this announcement as to IAG’s approach and plans for growth of Aer Lingus’ business, the addition of new destinations to Aer Lingus’ route network and to related implications for employment. These statements are based on certain assumptions as to economic, business and operational conditions prevailing at the time Aer Lingus will decide to make the associated investment in new aircraft and additional employees. In the event that these conditions are significantly different from the ones envisaged at the date hereof, IAG may need to make changes in its approach and plans. Neither the IAG Group nor the Aer Lingus Group undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, save as may be required by law.

It is not reasonably possible to itemise all of the many factors and specific events that could cause the forward-looking statements in this announcement 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 IAG Group is given in the Annual Report and Accounts 2014; these documents are available on www.iagshares.com. Further information on the primary risks of the business and the risk management process of the Aer Lingus Group is given in the Annual Report and Accounts 2014; these documents are available on www.aerlingus.com.

Statements Required by the Irish Takeover Rules

The directors of IAG and AERL Holding accept responsibility for the information contained in this announcement other than the information relating to Aer Lingus, the Aer Lingus Group, and the Aer Lingus Directors and members of their immediate families, related trusts and persons connected with them for which the Aer Lingus Directors or the Independent Aer Lingus Directors accept responsibility. To the best of the knowledge and belief of the directors of IAG and AERL Holding (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Aer Lingus Directors accept responsibility for the information contained in this announcement relating to Aer Lingus, the Aer Lingus Group and the Aer Lingus Directors and members of their immediate families, related trusts and persons connected with them except for the statements made by IAG in respect of Aer Lingus and the recommendation and related opinions of the Independent Aer Lingus Directors. The Independent Aer Lingus Directors accept responsibility for the recommendation and the related opinions of the Independent Aer Lingus Directors contained in this announcement. To the best of the knowledge and belief of the Aer Lingus Directors and the Independent Aer Lingus Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they respectively accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFIN - Federal Financial Supervisory Authority). Deutsche Bank AG, London Branch, is further authorised by the Prudential Regulation Authority and is subject to limited regulation by the Financial Conduct Authority and the Prudential Regulation Authority. Details about the extent of its authorisation and regulation by the Prudential Regulation Authority and regulation by the Financial Conduct Authority are available on request. Deutsche Bank is acting as financial adviser to IAG and AERL Holding and no one else in connection with the Offer or the contents of this announcement and will not be responsible to anyone other than IAG and AERL Holding for providing the protections afforded to clients of Deutsche Bank or for providing advice in relation to the Offer or any other matters referred to herein.

Goodbody Stockbrokers trading as Goodbody, which is authorised and regulated by the Central Bank of Ireland, is acting as financial adviser to IAG and AERL Holding and no one else in connection with the Offer and will not be responsible to anyone other than IAG and AERL Holding for providing the protections afforded to clients of Goodbody or for providing advice in relation to the Offer or any other matters referred to herein.

Goldman Sachs International, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, is acting for Aer Lingus and for no one else in connection with the Offer and will not be responsible to anyone other than Aer Lingus for providing the protections afforded to clients of Goldman Sachs International or for providing advice in relation to the Offer or any other matters referred to herein.

Investec, which is authorised by the Prudential Regulation Authority in the United Kingdom and is regulated by the Central Bank of Ireland for conduct of business rules, is acting exclusively for Aer Lingus as its corporate broker and sponsor in connection with the requirements of the Irish Stock Exchange and for no one else in relation to the matters outlined in this announcement and will not be responsible to anyone other than Aer Lingus for providing the protections afforded to clients of Investec or for providing corporate broking services in relation to the Offer or any other matters referred to herein.

Rule 8 Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the Irish Takeover Rules, if any person is, or becomes, 'interested' (directly or indirectly) in 1% or more of any class of 'relevant securities' of Aer Lingus, all 'dealings' in any 'relevant securities' of Aer Lingus (including by means of an option in respect of, or a derivative referenced to, any such 'relevant securities') must be publicly disclosed by not later than 3:30 pm (Irish time) on the 'business day' following the date of the relevant transaction. This requirement will continue until the date on which the Offer

becomes effective or on which the 'offer period' otherwise ends. If two or more persons co-operate on the basis of any agreement, either express or tacit, either oral or written, to acquire an 'interest' in 'relevant securities' of Aer Lingus, they will be deemed to be a single person for the purpose of Rule 8.3 of the Irish Takeover Rules.

Under the provisions of Rule 8.1 of the Irish Takeover Rules, all 'dealings' in 'relevant securities' of Aer Lingus by IAG or AERL Holding, or by any party acting in concert with either of them, must also be disclosed by no later than 12 noon (Irish time) on the 'business day' following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose 'relevant securities' 'dealings' should be disclosed, can be found on the Panel's website at www.irishtakeoverpanel.ie.

'Interests in securities' arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an 'interest' by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Irish Takeover Rules, which can be found on the Panel's website. If you are in any doubt as to whether you are required to disclose a dealing under Rule 8, please consult the Panel's website at www.irishtakeoverpanel.ie or contact the Panel on telephone number +353 1 678 9020 or fax number +353 1 678 9289.

No Profit Forecast / Asset Valuations

No statement in this announcement is intended to constitute a profit forecast for any period, nor should any statements be interpreted to mean that earnings or earnings per share will necessarily be greater or less than those for the relevant preceding financial periods for Aer Lingus or IAG or AERL Holding as appropriate. No statement in this announcement constitutes an asset valuation.

General

The Offer will not be made, directly or indirectly, in or into any jurisdiction where it would be unlawful to do so, or by use of mail, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce, or by any facility of a national securities exchange of any jurisdiction where it would be unlawful to do so, and the Offer will not be capable of acceptance by any such mail, means, instrumentality or facility from or within any jurisdiction where it would be unlawful to do so. The release, publication or distribution of this announcement in or into certain jurisdictions may be restricted by the laws of those jurisdictions. Accordingly, copies of this announcement and all other documents relating to the Offer are not being, and must not be, released, published, mailed or otherwise forwarded, distributed or sent in, into or from any such jurisdiction. Persons receiving such documents (including, without limitation, nominees, trustees and custodians) should observe these restrictions. Failure to do so may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies involved in the Offer disclaim any responsibility or liability for the violations of any such restrictions by any person.

Notwithstanding the foregoing restrictions, AERL Holding reserves the right to permit the Offer to be accepted if, in its sole discretion, it is satisfied that the transaction in question is exempt from or not subject to the legislation or regulation giving rise to the restrictions in question.

This announcement does not constitute a prospectus or an equivalent document and it is not intended to and does not constitute or form any part of an offer or invitation to sell or purchase or subscribe for any securities or a solicitation of an offer to buy any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Offer or otherwise. The Offer will be made solely by means of the Offer Document which will contain the full terms and conditions of the Offer. Any response in relation to the Offer should be made only on the basis of the information contained in the Offer Document or any other document by which the Offer is made. Aer Lingus Shareholders are advised to read carefully the formal documentation in relation to the Offer once the Offer Document has been despatched.

Pursuant to Rule 2.6(c) of the Irish Takeover Rules, this announcement will be available to Aer Lingus employees on Aer Lingus' website (www.aerlingus.com) and IAG employees on IAG's website (www.iagshares.com).

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RECOMMENDED CASH OFFER

FOR

AER LINGUS GROUP PLC

BY

AERL HOLDING LIMITED, A WHOLLY-OWNED SUBSIDIARY OF INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A.

1. Introduction

The IAG Board and the Independent Aer Lingus Directors are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by AERL Holding, a wholly-owned subsidiary of IAG, for the entire issued and to be issued ordinary share capital of Aer Lingus.

2. The Offer

The Offer is subject to the Conditions set out in Appendix I to this announcement and the further terms to be set out in the Offer Document and the Form of Acceptance. Aer Lingus Shareholders will receive €2.55 in cash for each Aer Lingus Share, comprising:

- a cash payment of €2.50 per Aer Lingus Share; and
- the payment of a cash dividend of €0.05 per Aer Lingus Share (payable on 29 May 2015 to Aer Lingus Shareholders on the register of members on 1 May 2015) (the “**Agreed Dividend**”).

The transaction values Aer Lingus’ entire issued and to be issued ordinary share capital at approximately €1.4 billion and the terms of the transaction represent a premium of approximately:

- 40.1 per cent. to the closing price of €1.82 per Aer Lingus Share on 17 December 2014 (being the last dealing day prior to the commencement of the offer period); and
- 76.5 per cent. to the volume weighted average price of €1.44 per Aer Lingus Share for the six month period ended 17 December 2014.

The Offer will extend to all Aer Lingus Shares unconditionally allotted or issued on the date of the Offer, together with any further such shares which are allotted or issued (including pursuant to the exercise of options, or the vesting of share awards, over Aer Lingus Shares) while the Offer remains open for acceptance or until such earlier date as, subject to the Irish Takeover Rules, AERL Holding may decide.

The Aer Lingus Shares are to be acquired fully paid and free from all liens, charges and encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights now and hereafter attaching thereto (other than the right to receive the Agreed Dividend) including voting rights and the right to receive all dividends and other distributions (if any) declared, made or paid thereafter.

3. IAG background to and reasons for the Offer

The IAG Board believes that the acquisition of Aer Lingus has a compelling strategic rationale for the IAG Group at an attractive price for Aer Lingus Shareholders. The Acquisition is expected to provide substantial benefits to both IAG and Aer Lingus customers through an enhanced network, particularly to North America, using Dublin as a natural gateway hub for transatlantic routes. Furthermore, the IAG Board expects the transaction to deliver compelling financial benefits and create value for IAG shareholders.

Addition of a fourth competitive cost-effective airline to enhance IAG's strategy

IAG believes that its acquisition of Aer Lingus will further enhance its customer offering, by the integration of a value-focused carrier into IAG's European and transatlantic business. It is expected that the inclusion of Aer Lingus in a successful, profitable and sustainable European airline group will secure and strengthen Aer Lingus' brand and long term future, offering significant benefits to both Aer Lingus and its customers.

Consistent with the IAG business model, it is IAG's intention to operate Aer Lingus as a separate business with its own brand, management and operations, allowing Aer Lingus to continue to serve its local market and customer base, but with the benefits brought by leveraging its position as a member of the larger IAG Group. Specifically, as part of the IAG Group, Aer Lingus is expected to be better positioned to compete or partner with other airlines, negotiate with key suppliers and offer an improved customer proposition with respect to connectivity, product range, customer service and frequent flier benefits.

Compelling financial effects and value creation for IAG shareholders

The transaction is expected to generate significant integration benefits, consisting of natural network revenue synergies and cost efficiencies achieved through economies of scale and sharing of best practice. With these integration benefits, IAG expects Aer Lingus to meet or exceed IAG's own financial targets over the life of the current business plan as to operating margin and return on invested capital as outlined at the annual IAG Capital Markets Day, November 2014.

The Acquisition is expected to deliver earnings accretion in the first financial year post-Acquisition.

Increased connectivity for Ireland

Ireland's location in western Europe makes it a natural gateway to connect Europe and North America and it is anticipated that the Acquisition will bring benefits to both Aer Lingus' long haul and short haul networks within the IAG Group.

In addition to improving network options for IAG's customers and those of its **oneworld** partner airlines, IAG also expects to gain new feed from the Irish market to support the development of its London and Madrid hubs and help underpin its long haul routes into Asia-Pacific, Africa and Latin America.

The Acquisition is expected to bring enhanced access to IAG's global cargo network for Irish customers, with Aer Lingus' cargo business benefitting from its global reach and sales channels. By 2020, it is expected that Aer Lingus' cargo capacity will have increased by 50 per cent.

It is anticipated that connectivity through Aer Lingus' short haul services, including on the Dublin, Cork and Shannon to London Heathrow routes, will benefit directly from sales and marketing activities conducted on Aer Lingus' behalf by the British Airways, Iberia, Vueling and **oneworld** partner sales forces.

It is expected that not only will the proposed network improvements result in better connectivity to and from Ireland, but also lead to a better use of the infrastructural investment that has taken place at Irish airports.

Transatlantic growth

Aer Lingus' well established base at Dublin Airport will allow IAG to use Dublin's advantageous geographical position for serving connecting flows between Europe and North America, particularly the US. This strategy will be supported by access to the US pre-clearance facilities at both Dublin and Shannon airports (the only two US immigration pre-clearance facilities in Europe), representing a unique selling point for international business and leisure travellers alike.

IAG's ambition to develop Aer Lingus' long haul capacity will be supported through an enhanced connectivity with other IAG carriers, the inclusion of Aer Lingus within the **oneworld** alliance, of which British Airways and Iberia are key participants, and through Aer Lingus joining the joint business agreement that IAG operates over the North Atlantic with American Airlines and Finnair (the "**North Atlantic Joint Business**").

IAG believes that the support of the IAG Group's resources will help to underpin the delivery of Aer Lingus' existing long haul growth plans and provide opportunities to accelerate and extend them, including through the addition of new US destinations to Aer Lingus' route network.

- For the 2016 summer season, it is the opinion of Aer Lingus and IAG that two new transatlantic destinations can be added.

- By 2020, IAG believes that IAG and Aer Lingus could deliver up to 2.4 million more passengers, four additional destinations in North America (including the two new transatlantic destinations to be added in 2016) and eight additional aircraft.

Growth from Cork Airport

IAG's plan for Aer Lingus is to sustain and grow its business at Cork airport. Specifically:

- Aer Lingus' service to Paris will be continued and promoted together with more than 30 destinations which IAG offers from Paris;
- Aer Lingus' Amsterdam route will be continued; and
- growth opportunities with tourism and business interests in the Munster region will be pursued to exploit the potential that exists in all of the short haul routes currently operated by Aer Lingus from Cork.

Growth from Shannon Airport

IAG's plan for Aer Lingus is to sustain and grow its business at Shannon airport. Specifically:

- the Shannon flights operated by Aer Lingus to Boston and New York are expected to be strengthened as a result of Aer Lingus becoming part of the North Atlantic Joint Business;
- IAG will consider options to sustain and enhance the existing all-business British Airways twice-daily service via Shannon airport, including by Aer Lingus codeshare and by accepting customers originating from Shannon;
- Aer Lingus' future support for existing American Airlines flights to Philadelphia will provide opportunities for additional capacity and increased connectivity to the US; and
- growth opportunities with tourism and business interests in the Mid-Western Ireland region will be pursued together with IAG's US partner, American Airlines.

Growth from Knock Airport

IAG's plan for Aer Lingus is to sustain and grow its business at Knock airport. Specifically:

- Aer Lingus' service to London Gatwick will be maintained and made more sustainable when connected to over 60 IAG destinations served from London Gatwick; and
- Aer Lingus will actively work with Knock airport to explore the new growth opportunities that will be available as part of the IAG Group.

Growth from other Irish airports

IAG believes that under its ownership, Aer Lingus would have a significantly improved ability to grow its presence at other key Irish airports by being part of IAG's customer loyalty programme, leveraging IAG's sales and marketing presence outside Ireland, IAG's know-how and scale, and the additional traffic potential from connections to and from the broader IAG network.

4. Employment at Aer Lingus and benefits for the wider economy

IAG anticipates that under its ownership, there will be a significant job creation opportunity in Aer Lingus' business, predominantly located in Ireland. Specifically, relative to current employment levels:

- By 31 December 2016, it is the joint assessment of Aer Lingus and IAG that there would be net employment growth at Aer Lingus of approximately 150 employees; and
- By 2020, growth at Aer Lingus could lead to the creation of up to 635 new jobs.

IAG also believes that new indirect jobs are likely to be created in airport and airline support activities and in the broader Irish economy, in particular the Irish tourism sector.

5. Connectivity Commitments

Following discussions with the Government of Ireland, IAG has agreed with the Government of Ireland the basis for legally binding commitments on direct air services and connectivity to Ireland (the "**Connectivity Commitments**") to be put in place by the adoption of the Connectivity Resolutions.

Under the terms of the Connectivity Commitments:

- Disposals of Aer Lingus' slots at London Heathrow ("**LHR Slots**") will be restricted, on a similar basis to that provided for currently under Article 10 of the Aer Lingus Articles;
- Aer Lingus will during the first seven years following the Acquisition operate its LHR Slots so as to replicate in all material respects Aer Lingus' current winter and summer daily scheduled frequencies on routes between London Heathrow and each of Dublin, Cork and Shannon. In the first five years of this period, all of Aer Lingus' other LHR Slots will be operated on routes to/from airports on the island of Ireland. In the last two years of this period, this commitment to operate to/from Dublin, Shannon or Cork will be subject to a condition that, in respect of the operation of any LHR Slot on a route to/from Dublin, Cork or Shannon, the airport charges payable by Aer Lingus at the relevant airport remain at or below 2014 levels (increased annually in line with the Consumer Price Index), with no material erosion of service standards/scope;
- Aer Lingus Group plc will not change its name to a name other than "Aer Lingus Group Ltd/DAC";
- Aer Lingus will operate all its scheduled international air transport passenger services under the "Aer Lingus" name; and
- Aer Lingus will maintain its head office and place of incorporation in the Republic of Ireland.

Subject to the approval of Aer Lingus Shareholders, the Connectivity Commitments will be enshrined in the Aer Lingus Articles, as rights attached to a new class of share (the "**B Share**"), which will be held by the Minister for Finance of Ireland (as the "**B Shareholder**"). The Aer Lingus Articles will provide that the number of B Shares in issue from time to time cannot exceed one. Aer Lingus would require the prior consent of the B Shareholder before taking any action inconsistent with the Connectivity Commitments.

In order to implement the Connectivity Commitments it will be necessary for Aer Lingus Shareholders to pass resolutions to create the new B Share by re-designating one of the ordinary shares currently held by the Minister for Finance of Ireland as a B Share, and to amend the Aer Lingus Articles to incorporate the terms of the Connectivity Commitments as rights attached to that B Share. An EGM will be convened for this purpose, and a notice convening the EGM is expected to be posted to Aer Lingus Shareholders when, or shortly after, the Offer Document is posted. The Connectivity Resolutions will include the text of the proposed amendments to the Aer Lingus Articles, which will set out in detail the terms of the Connectivity Commitments.

The coming into effect of the Connectivity Resolutions will be conditional upon (i) the Minister for Finance of Ireland having validly accepted the Offer in respect of all of the Aer Lingus Shares held by him (other than the one share which is to be re-designated as a B Share) in a manner compliant with the requirements of the Irish Takeover Rules and not having withdrawn that acceptance; and (ii) the Offer becoming or being declared unconditional in all respects. If the Offer does not complete the Connectivity Resolutions will not become effective.

The Panel has confirmed its consent under Rule 16.1 of the Irish Takeover Rules to the implementation of the Connectivity Commitments, subject to (i) the arrangements being approved at the EGM on a poll vote by a majority of Independent Aer Lingus Shareholders, and (ii) Aer Lingus' financial adviser publicly confirming that in its opinion the Connectivity Commitments are fair and reasonable as far as the Independent Aer Lingus Shareholders are concerned. The Rule 16 Approval will be one of the resolutions

set out in the EGM notice. The Minister for Finance of Ireland is not regarded by the Panel as independent for these purposes, on the basis that it is proposed that he will hold the B Share. Accordingly, the Minister for Finance of Ireland and the two Aer Lingus Directors appointed upon the nomination of the Minister for Transport, Tourism and Sport of Ireland under Article 92 of the Aer Lingus Articles, Mr. Frank O'Connor and Mr. William Slattery, will not be permitted to vote upon the Rule 16 Approval. The Minister for Finance of Ireland and Mr. Slattery (Mr. O'Connor does not hold any Aer Lingus Shares) will be permitted to vote on the Connectivity Resolutions at the EGM.

The Offer will also be conditional upon, amongst other things, (i) the general principles of the disposal by the Minister for Finance of Ireland of all the Aer Lingus Shares held by him (other than the one share that is to be re-designated as a B Share pursuant to the Connectivity Resolutions) being approved by Dáil Éireann under the Aer Lingus Act 2004 on or before the 50th day following the date on which the Offer Document is despatched, (ii) the Rule 16 Approval having been obtained in the manner required by the Panel and each of the Connectivity Resolutions having been passed by the requisite majority of Aer Lingus Shareholders at the EGM, (iii) the Minister for Finance of Ireland accepting the Offer in respect of all the Aer Lingus Shares held by him (other than the one share which is to be re-designated as a B Share), and (iv) acceptance of the Offer having been received in respect of the Aer Lingus Shares held by Ryanair and each other member of the Ryanair Group that holds Aer Lingus Shares. If those conditions are not satisfied or (where permitted) waived by AERL Holding, the Offer will lapse.

Accordingly, if the Connectivity Resolutions are not passed and/or the Rule 16 Approval is not given this could result in the Minister for Finance of Ireland not accepting the Offer and the Offer lapsing. Similarly the Offer could lapse if Ryanair does not accept the Offer.

6. Board, management and employees of Aer Lingus

AERL Holding confirms that the existing employment rights of the employees of Aer Lingus will be fully safeguarded upon completion of the Offer. Further details in this regard will be included in the Offer Document.

Within 15 days of the Offer being declared or becoming unconditional in all respects, the non-executive directors of Aer Lingus intend to resign from the Aer Lingus Board.

7. Aer Lingus background to and reasons for recommending the Offer

Background to the Offer

In recent years, Aer Lingus has made substantial progress in growing revenues, significantly increasing profitability and successfully addressing a number of important and long running issues faced by the company. In 2014, Aer Lingus delivered its strongest performance since the financial crisis with operating profit (before net exceptional items) of €72 million.

On 14 December 2014, the Aer Lingus Board received a preliminary, highly conditional and non-binding proposal from IAG. This proposal was rejected on the basis that it fundamentally undervalued Aer Lingus. On 27 January 2015, the Aer Lingus Board confirmed that it had received a revised proposal from IAG which valued each Aer Lingus Share at €2.55, comprising a cash payment of €2.50 per Aer Lingus Share and a cash dividend payment of €0.05 per Aer Lingus Share. The Aer Lingus Board confirmed that it had indicated to IAG that the financial terms of this proposal were at a level at which it would be willing to recommend, subject to being satisfied with the manner in which IAG proposed to address the interests of relevant parties.

On 13 February 2015, the Aer Lingus Board announced that it had engaged in further detailed discussions with IAG on the implications of the transaction for Aer Lingus, its employees and customers, and for Ireland in terms of connectivity. Following these discussions, the Aer Lingus Board had a greater understanding of IAG's intentions regarding the future of Aer Lingus and the proposed commitments that IAG would be prepared to make in relation to connectivity. These discussions further confirmed that it is in IAG's interests to continue to grow Aer Lingus within the IAG Group. The Aer Lingus Board's view is therefore that a combination of Aer Lingus with IAG has a compelling strategic rationale and will deliver significant benefits for Aer Lingus, its employees, its customers and for Ireland.

Reasons for the Recommendation

The Aer Lingus Board maintains an ongoing review of the group's strategy, competitive position and future prospects, in particular the growth potential within its short haul and long haul businesses. The Aer Lingus Board believes that, as a standalone airline, there are a number of growth opportunities for Aer Lingus to develop its business and generate value for shareholders. Through this ongoing review process, the Aer

Lingus Board has also identified that there are a range of possible arrangements or partnerships with other airlines that could provide access to enhanced growth opportunities and scale that would accelerate the development of Aer Lingus and drive value for shareholders.

In evaluating the Offer and reaching its decision to recommend the Offer to Aer Lingus Shareholders, the Independent Aer Lingus Directors considered, amongst other things, the following factors:

Cash consideration and premium to undisturbed trading price: Aer Lingus Shareholders will receive an immediate cash payment at a significant premium to the Aer Lingus Share price prior to the announcement of IAG's possible offer for Aer Lingus on 18 December 2014. The value of the transaction to Aer Lingus Shareholders represents a premium of 40.1 per cent. to the Aer Lingus Share price of €1.82 on 17 December 2014 (being the last dealing day prior to the commencement of the offer period).

Terms are fair and reasonable: The Independent Aer Lingus Directors consider the Offer to be fair and reasonable. In reaching this conclusion, the Independent Aer Lingus Directors considered Aer Lingus' business, operations, business strategy, properties, asset quality, financial condition and future prospects.

Consideration of potential alternatives: In its review the Independent Aer Lingus Directors have considered the benefits of participating in consolidation within the airline sector and the feasibility of a range of strategic alternatives available to Aer Lingus.

Deliverable Offer: While there are certain risks (including regulatory approvals) associated with delivering the successful completion of the Offer, the Independent Aer Lingus Directors believe that the support of certain Aer Lingus Shareholders and the full terms of the Offer as set out in this announcement provide the right basis to proceed with the Offer.

Benefits to Aer Lingus' transatlantic and short haul growth plans: The Independent Aer Lingus Directors believe that a combination with IAG will provide Aer Lingus with the potential to accelerate its planned growth in transatlantic traffic and for new US destinations to be added to its network. In addition, the Independent Aer Lingus Directors believe that Aer Lingus' growth in short haul services will be enhanced with services, including between Dublin, Cork, Shannon and London Heathrow, directly benefiting from sales and marketing activity conducted on its behalf by the British Airways, Iberia, Vueling and **oneworld** partner sales forces.

Growth of Dublin hub: Ireland's location in the west of Europe makes it a natural gateway to connect Europe and North America, and the Independent Aer Lingus Directors believe that the Offer can enable Ireland to become a hub for traffic across the Atlantic resulting in a better utilisation of the infrastructural investment that has taken place in Irish airports.

Strengthening of Ireland's connectivity: The anticipated benefits to Aer Lingus' long haul and short haul networks are expected by the Independent Aer Lingus Directors to enhance connectivity to and from Ireland. Increased traffic on Aer Lingus' services between Ireland and London Heathrow will enhance the viability of all services.

Growth of employment: Additional transatlantic traffic, increased European flows and an increase in the number of destinations are expected by the Independent Aer Lingus Directors to lead to an overall increase in employment in Ireland through the creation of both new direct and highly skilled jobs within Aer Lingus and new indirect jobs in support activities and the tourism sector.

Access to global cargo network: The Independent Aer Lingus Directors believe that Aer Lingus' cargo business will benefit from the global network reach and sales channels of the IAG cargo business. This enhancement of the cargo network is expected to deliver benefits and additional options to Irish businesses, in particular the pharmaceutical and semi-conductor industries.

In order to achieve these benefits IAG has confirmed that its intention is to preserve Aer Lingus as a separate operating business within the IAG group with its own brand, management, head office and operations, consistent with the IAG business model.

The Independent Aer Lingus Directors note that alongside the Offer, IAG has agreed the basis for legally binding commitments with the Government of Ireland regarding the connectivity of Ireland. If adopted, these commitments will replace existing requirements in the Aer Lingus Articles and extend the nature and scope of the obligations on Aer Lingus to ensure such connectivity. Given these commitments are an important aspect of the Offer, the Independent Aer Lingus Directors support the implementation of such commitments through the Connectivity Resolutions and Rule 16 Approval.

8. Aer Lingus recommendation

The Independent Aer Lingus Directors, who have been so advised by Goldman Sachs International as to the financial terms of the Offer, consider the Offer to be fair and reasonable. In providing its advice to the Independent Aer Lingus Directors, Goldman Sachs International has taken into account the commercial assessments of the Independent Aer Lingus Directors.

Accordingly and following careful consideration of all the factors set out above in Section 7, the Independent Aer Lingus Directors intend unanimously to recommend that Aer Lingus Shareholders accept the Offer, as the Independent Aer Lingus Directors have irrevocably undertaken to do in respect of their own beneficial holdings of 606,693 Aer Lingus Shares representing, in aggregate, approximately 0.11 per cent. of the issued share capital of Aer Lingus on 25 May 2015 (being the last practicable date prior to the publication of this announcement).

The Independent Aer Lingus Directors also intend to recommend that Aer Lingus Shareholders vote in favour of the Connectivity Resolutions and that the Independent Aer Lingus Shareholders vote in favour of the Rule 16 Approval, as those Independent Aer Lingus Directors interested in Aer Lingus Shares have each irrevocably undertaken to do in respect of their own beneficial holdings of 606,693 Aer Lingus Shares representing, in aggregate, approximately 0.11 per cent. of the issued share capital of Aer Lingus on 25 May 2015 (being the last practicable date prior to the publication of this announcement).

Goldman Sachs International has reviewed the Connectivity Commitments and considers them to be fair and reasonable so far as the Independent Aer Lingus Shareholders are concerned. In providing its advice, Goldman Sachs International has taken into account the commercial assessments of the Independent Aer Lingus Directors.

Mr. O'Connor and Mr. Slattery are not participating in the Aer Lingus Board's recommendation of the Offer and related matters because the Independent Aer Lingus Directors have concluded that it would be in the best interests of Aer Lingus and the Aer Lingus Shareholders as a whole if Mr. O'Connor and Mr. Slattery, being the Aer Lingus Directors appointed pursuant to a nomination by the Minister for Transport, Tourism and Sport of Ireland, did not so participate. Mr. Slattery (Mr. O'Connor does not hold any Aer Lingus Shares) has irrevocably undertaken to accept the Offer and vote in favour of the Connectivity Resolutions in respect of his own beneficial holding of 26,295 Aer Lingus Shares representing approximately 0.005 per cent. of the issued share capital of Aer Lingus on 25 May 2015 (being the last practicable date prior to the publication of this announcement).

9. Irrevocable undertakings

AERL Holding has received irrevocable undertakings to (i) accept (or procure the acceptance of) the Offer; (ii) vote in favour of the Connectivity Resolutions at the EGM, and (iii) vote in favour of the Rule 16 Approval at the EGM, from each of the Independent Aer Lingus Directors interested in Aer Lingus Shares in respect of, in aggregate, 606,693 Aer Lingus Shares, representing approximately 0.11 per cent. of the issued share capital of Aer Lingus on 25 May 2015 (being the last practicable date prior to the publication of this announcement). The undertakings from such Independent Aer Lingus Directors remain binding if a competing offer is made for Aer Lingus.

AERL Holding has received an irrevocable undertaking from Mr. Slattery to (i) accept the Offer; and (ii) vote in favour of the Connectivity Resolutions at the EGM in respect of his own beneficial holding of 26,295 Aer Lingus Shares representing approximately 0.005 per cent. of the issued share capital of Aer Lingus on 25 May 2015 (being the last practicable date prior to the publication of this announcement). The undertaking from Mr. Slattery remains binding if a competing offer is made for Aer Lingus.

On 25 May 2015 (being the latest practicable date prior to the publication of this announcement), in aggregate, AERL Holding has received irrevocable undertakings to:

- accept the Offer in respect of a total of 632,988 Aer Lingus Shares, representing approximately 0.12 per cent. of the existing issued share capital of Aer Lingus;
- vote in favour of the Connectivity Resolutions at the EGM in respect of a total of 632,988 Aer Lingus Shares, representing approximately 0.12 per cent. of the existing issued share capital of Aer Lingus eligible to vote on the Connectivity Resolutions at the EGM; and
- vote in favour of the Rule 16 Approval at the EGM in respect of a total of 606,693 Aer Lingus Shares, representing approximately 0.15 per cent. of the existing issued share capital of Aer Lingus held by Aer Lingus Shareholders eligible to vote on the Rule 16 Approval at the EGM (this does not take into account the Aer Lingus Shares held by the Minister for Finance of Ireland and William Slattery, as they are not so eligible to vote).

10. About IAG and AERL Holding

IAG is one of the world's largest airline groups, with a combined fleet size of 459 aircraft, transporting over 77 million passengers and 897,000 tonnes of cargo in 2014. IAG was incorporated as a Spanish sociedad anónima in December 2009 and became the parent company of the IAG Group as from the merger of BA HoldCo, S.A. and Iberia, Líneas Aéreas de España, S.A. in January 2011. It is a Spanish registered company with shares traded on the London Stock Exchange and Spanish Stock Exchanges.

AERL Holding is a private limited company incorporated in England and Wales for the purpose of effecting the Offer. To date, AERL Holding has not conducted any activities other than those incidental to its formation and arrangements relating to the financing and progression of the Offer. The directors of AERL Holding are Willie Walsh, Enrique Dupuy and Chris Haynes. AERL Holding is a wholly-owned subsidiary of IAG.

For press release and other company information, visit IAG's website at www.iagshares.com.

11. About Aer Lingus

Aer Lingus is headquartered at Dublin Airport, Ireland. Aer Lingus operates a modern fleet of 48 Airbus aircraft and three Boeing 757s and carried over 11.1 million passengers on mainline and regional franchise services in 2014.

Aer Lingus' primary mission is to connect Ireland with the world and the world to Ireland by offering its customers the best product in the Irish airline market at a competitive price. Aer Lingus also provides cargo transportation services to the UK, Continental Europe and the US. Aer Lingus is committed to serving airports located at convenient, central locations which enhance connectivity for customers.

For the financial year ended 31 December 2014, Aer Lingus generated revenue of €1,557 million and operating profit (before net exceptional items) of €72 million and had a total assets position of €1,804 million.

For press release and other company information, visit Aer Lingus' website at www.aerlingus.com.

12. Effect of Offer on Aer Lingus Share Plans

The Offer will extend to any Aer Lingus Shares unconditionally allotted or issued pursuant to the Aer Lingus Share Plans while the Offer remains open for acceptance. Appropriate proposals will be made to the holders of the Aer Lingus LTIP Awards and the Aer Lingus Share Option which will be conditional on the Offer becoming or being declared unconditional in all respects.

13. Financing

The Offer and fees and expenses incurred by IAG and AERL Holding relating to the Offer will be financed by loan facilities available to AERL Holding and arranged by the Lending Institutions, further details of which will be set out in the Offer Document.

Deutsche Bank, financial adviser to IAG and AERL Holding, is satisfied that sufficient resources are available to AERL Holding to satisfy in full the consideration payable to Aer Lingus Shareholders under the terms of the Offer.

14. Transaction Agreement

Aer Lingus and IAG have entered into the Transaction Agreement which contains certain assurances in relation to the implementation of the Offer. A summary of the principal terms of the Transaction Agreement will be set out in the Offer Document.

15. Conditions

The Offer will be made subject to the Conditions and further terms set out in Appendix I to this announcement and to be set out in the Offer Document and Form of Acceptance. The conditions in Appendix I to this announcement provide that the Offer will be subject to (amongst other things):

- the receipt of valid acceptances by not later than 3.00 p.m. (Irish time) on the initial closing date as specified in the Offer Document (or such later time(s) and/or date(s) as AERL Holding may, with the consent of the Panel or in accordance with the Irish Takeover Rules, decide) in respect of not less than 90 per cent. (or such lower percentage as AERL Holding may decide) in nominal value of the Aer Lingus Shares Affected and not less than 90 per cent. (or such

lower percentage as AERL Holding may decide) of the voting rights carried by those Aer Lingus Shares Affected, provided that this condition shall not be satisfied unless AERL Holding shall have acquired or agreed to acquire (whether pursuant to the Offer or otherwise) Aer Lingus Shares conferring in aggregate more than 50 per cent. of the voting rights then exercisable at a general meeting of Aer Lingus; and

- satisfaction or due completion or waiver by AERL Holding of the following Conditions:
 - the general principles of the disposal by the Minister for Finance of Ireland of all of the Aer Lingus Shares held by him (other than the one share that is to be re-designated as a B Share pursuant to the Connectivity Resolutions) being approved by Dáil Éireann under the Aer Lingus Act 2004 on or before the 50th day following the date on which the Offer Document is despatched;
 - all filings having been made and all applicable waiting periods having terminated, lapsed or expired (as appropriate) under the HSR Act;
 - the Rule 16 Approval having been obtained in the manner required by the Panel and each of the Connectivity Resolutions having been passed by the requisite majority of Aer Lingus Shareholders at the EGM.
- satisfaction or due completion of the following Conditions, which AERL Holding cannot waive (subject to the conditions provided in Appendix I):
 - the EUMR Condition, and the terms or conditions to which the decision in relation to this condition is or may be subject, being acceptable to AERL Holding in its sole discretion;
 - the Minister for Finance of Ireland accepting the Offer in respect of all the Aer Lingus Shares held by him (other than the one share which is to be re-designated as a B Share pursuant to the Connectivity Resolutions);
 - acceptance of the Offer having been received in respect of the Aer Lingus Shares held by Ryanair and each other member of the Ryanair Group that holds Aer Lingus Shares.

16. Compulsory acquisition, de-listing and cancellation of trading

If the Offer becomes or is declared unconditional in all respects and acceptances have been received in respect of not less than 90 per cent. in nominal value of the Aer Lingus Shares Affected, AERL Holding intends to apply the provisions of Part 5 of the Takeover Regulations to acquire compulsorily any remaining Aer Lingus Shares not acquired or agreed to be acquired by AERL Holding pursuant to the Offer or otherwise.

As soon as it is appropriate and possible to do so and subject to the Offer becoming or being declared unconditional in all respects and acceptances having been received in respect of not less than 75 per cent. in nominal value of the Aer Lingus Shares Affected, AERL Holding intends to procure that Aer Lingus applies for cancellation of the listing of Aer Lingus Shares by the Irish Stock Exchange and the UK Listing Authority and the cancellation of the admission to trading of Aer Lingus Shares on the Irish Stock Exchange and London Stock Exchange and to propose a resolution to re-register Aer Lingus as a private company under the relevant provisions of the Act (or the Companies Act 2014 if applicable). Subject to any applicable requirements of the Irish Stock Exchange, the UK Listing Authority and the London Stock Exchange, it is anticipated that the cancellation of the listing and admission to trading will take effect no earlier than 20 Business Days after either (i) the date on which AERL Holding has, by virtue of acceptances of the Offer, acquired or agreed to acquire issued share capital carrying not less than 75 per cent. of the voting rights of Aer Lingus; or (ii) the first date of issue of compulsory acquisition notices under the relevant provisions of Part 5 of the Takeover Regulations.

The cancellation of the listing and admission to trading of Aer Lingus Shares would significantly reduce the liquidity and marketability of any Aer Lingus Shares not transferred to or otherwise acquired by AERL Holding pursuant to the Offer.

17. Disclosure of interests in Aer Lingus securities

As at 25 May 2015, being the last practicable date prior to the publication of this announcement, other than Goodbody Stockbrokers and persons controlling, controlled by or under the same control as Goodbody Stockbrokers (excluding exempt principal traders) who hold 760,090 Aer Lingus Shares and Willie Walsh who holds 10,616 Aer Lingus Shares, none of IAG nor AERL Holding or (so far as IAG or

AERL Holding is aware) any other person Acting in Concert with IAG or AERL Holding had any interest, or held any short position, in any relevant securities of Aer Lingus and none of IAG nor AERL Holding or (so far as IAG or AERL Holding is aware) any person Acting in Concert with IAG or AERL Holding has any arrangement to which Rule 8.7 applies relating to relevant securities of Aer Lingus.

For these purposes, the expression “arrangement to which Rule 8.7 applies” has the meaning given to that term in the Irish Takeover Rules. An “arrangement to which Rule 8.7 applies” includes any indemnity or option arrangement, and any agreement or understanding, formal or informal, of whatever nature, between two or more persons relating to relevant securities which is, or may be, an inducement to one or more of such persons to deal or refrain from dealing in such securities.

18. General

The Offer will be made subject to the Conditions and the further terms and conditions set out in Appendix I and to be set out in the Offer Document. The Offer Document will include full details of the Offer and will be accompanied by the appropriate Form of Acceptance.

The Offer Document and the Form of Acceptance will be despatched to Aer Lingus Shareholders and, for information only, to the holders of options and awards granted under the Aer Lingus Share Plans, as soon as practicable. The Offer Document will include full details of the Offer, together with the expected timetable, and will specify the necessary action to be taken by Aer Lingus Shareholders in order to accept the Offer.

AERL Holding reserves the right to elect to implement the Acquisition by way of a scheme of arrangement under Section 201 of the Act (or by Chapter 1 of Part 9 of the Companies Act 2014 (if applicable)) as an alternative to the Offer, subject to the consent of Aer Lingus (such consent not to be unreasonably withheld or delayed) and the consent of the Panel. In such event, the Acquisition will be implemented on substantially the same terms, so far as applicable, as those which would apply to the Offer, subject to appropriate amendments.

The Offer will be governed by the laws of Ireland and will be subject to the requirements of the Irish Takeover Rules and applicable laws.

This announcement is being made pursuant to Rule 2.5 of the Irish Takeover Rules.

Investor briefing

A conference call will be held for IAG’s investors at 0900 on Wednesday 27 May 2015. Details of the call and the presentation will be made available by IAG on its website at www.iagshares.com.

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No Offer or Solicitation

This announcement is not intended to and does not constitute an offer to purchase, sell, subscribe for or exchange, or the solicitation of an offer to purchase, sell, subscribe for or exchange or an invitation to purchase, sell, subscribe for or exchange any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the offer or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements included in this announcement are forward-looking and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such forward-looking statements.

Forward-looking statements can typically be identified by the use of forward-looking terminology, such as “expects”, “believes”, “may”, “will”, “could”, “should”, “intends”, “plans”, “predicts”, “envisages”, “potential” or “anticipates” and include, without limitation, any projections relating to results of operations and financial conditions of either IAG or Aer Lingus and their respective subsidiary undertakings from time to time, as well as plans and objectives for future operations, expected future revenues, financing plans, expected expenditures, expected synergies and divestments relating to the IAG Group or the Aer Lingus Group and discussions of the IAG Group’s business plan or the Aer Lingus Group’s business plan. All forward-looking statements in this announcement made by the IAG Group are based upon information known to the IAG Group on the date of this announcement and all forward-looking statements in this announcement made by the Aer Lingus Group are based upon information known to the Aer Lingus Group on the date of this announcement. In particular, statements are made in this announcement as to IAG’s approach and plans for growth of Aer Lingus’ business, the addition of new destinations to Aer Lingus’ route network and to related implications for employment. These statements are based on certain assumptions as to economic, business and operational conditions prevailing at the time Aer Lingus will decide to make the associated investment in new aircraft and additional employees. In the event that these conditions are significantly different from the ones envisaged at the date hereof, IAG may need to make changes in its approach and plans. Neither the IAG Group nor the Aer Lingus Group undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, save as may be required by law.

It is not reasonably possible to itemise all of the many factors and specific events that could cause the forward-looking statements in this announcement 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 IAG Group is given in the Annual Report and Accounts 2014; these documents are available on www.iagshares.com. Further information on the primary risks of the business and the risk management process of the Aer Lingus Group is given in the Annual Report and Accounts 2014; these documents are available on www.aerlingus.com.

Statements Required by the Irish Takeover Rules

The directors of IAG and AERL Holding accept responsibility for the information contained in this announcement other than the information relating to Aer Lingus, the Aer Lingus Group, and the Aer Lingus Directors and members of their immediate families, related trusts and persons connected with them for which the Aer Lingus Directors or the Independent Aer Lingus Directors accept responsibility. To the best of the knowledge and belief of the directors of IAG and AERL Holding (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Aer Lingus Directors accept responsibility for the information contained in this announcement relating to Aer Lingus, the Aer Lingus Group and the Aer Lingus Directors and members of their immediate families, related trusts and persons connected with them except for the statements made by IAG in respect of Aer Lingus and the recommendation and related opinions of the Independent Aer Lingus Directors. The Independent Aer Lingus Directors accept responsibility for the recommendation and the related opinions of the Independent Aer Lingus Directors contained in this announcement. To the best of the knowledge and belief of the Aer Lingus Directors

and the Independent Aer Lingus Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they respectively accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFIN - Federal Financial Supervisory Authority). Deutsche Bank AG, London Branch, is further authorised by the Prudential Regulation Authority and is subject to limited regulation by the Financial Conduct Authority and the Prudential Regulation Authority. Details about the extent of its authorisation and regulation by the Prudential Regulation Authority and regulation by the Financial Conduct Authority are available on request. Deutsche Bank is acting as financial adviser to IAG and AERL Holding and no one else in connection with the Offer or the contents of this announcement and will not be responsible to anyone other than IAG and AERL Holding for providing the protections afforded to clients of Deutsche Bank or for providing advice in relation to the Offer or any other matters referred to herein.

Goodbody Stockbrokers trading as Goodbody, which is authorised and regulated by the Central Bank of Ireland, is acting as financial adviser to IAG and AERL Holding and no one else in connection with the Offer and will not be responsible to anyone other than IAG and AERL Holding for providing the protections afforded to clients of Goodbody or for providing advice in relation to the Offer or any other matters referred to herein.

Goldman Sachs International, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, is acting for Aer Lingus and for no one else in connection with the Offer and will not be responsible to anyone other than Aer Lingus for providing the protections afforded to clients of Goldman Sachs International or for providing advice in relation to the Offer or any other matters referred to herein.

Investec, which is authorised by the Prudential Regulation Authority in the United Kingdom and is regulated by the Central Bank of Ireland for conduct of business rules, is acting exclusively for Aer Lingus as its corporate broker and sponsor in connection with the requirements of the Irish Stock Exchange and for no one else in relation to the matters outlined in this announcement and will not be responsible to anyone other than Aer Lingus for providing the protections afforded to clients of Investec or for providing corporate broking services in relation to the Offer or any other matters referred to herein.

Rule 8 Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the Irish Takeover Rules, if any person is, or becomes, 'interested' (directly or indirectly) in 1% or more of any class of 'relevant securities' of Aer Lingus, all 'dealings' in any 'relevant securities' of Aer Lingus (including by means of an option in respect of, or a derivative referenced to, any such 'relevant securities') must be publicly disclosed by not later than 3:30 pm (Irish time) on the 'business day' following the date of the relevant transaction. This requirement will continue until the date on which the Offer becomes effective or on which the 'offer period' otherwise ends. If two or more persons co-operate on the basis of any agreement, either express or tacit, either oral or written, to acquire an 'interest' in 'relevant securities' of Aer Lingus, they will be deemed to be a single person for the purpose of Rule 8.3 of the Irish Takeover Rules.

Under the provisions of Rule 8.1 of the Irish Takeover Rules, all 'dealings' in 'relevant securities' of Aer Lingus by IAG or AERL Holding, or by any party acting in concert with either of them, must also be disclosed by no later than 12 noon (Irish time) on the 'business day' following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose 'relevant securities' 'dealings' should be disclosed, can be found on the Panel's website at www.irishtakeoverpanel.ie.

'Interests in securities' arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an 'interest' by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Irish Takeover Rules, which can be found on the Panel's website. If you are in any doubt as to whether you are required to disclose a dealing under Rule 8, please consult the Panel's website at www.irishtakeoverpanel.ie or contact the Panel on telephone number +353 1 678 9020 or fax number +353 1 678 9289.

No Profit Forecast / Asset Valuations

No statement in this announcement is intended to constitute a profit forecast for any period, nor should any statements be interpreted to mean that earnings or earnings per share will necessarily be greater or less than those for the relevant preceding financial periods for Aer Lingus or IAG or AERL Holding as appropriate. No statement in this announcement constitutes an asset valuation.

General

The Offer will not be made, directly or indirectly, in or into any jurisdiction where it would be unlawful to do so, or by use of mail, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce, or by any facility of a national securities exchange of any jurisdiction where it would be unlawful to do so, and the Offer will not be capable of acceptance by any such mail, means, instrumentality or facility from or within any jurisdiction where it would be unlawful to do so. The release, publication or distribution of this announcement in or into certain jurisdictions may be restricted by the laws of those jurisdictions. Accordingly, copies of this announcement and all other documents relating to the Offer are not being, and must not be, released, published, mailed or otherwise forwarded, distributed or sent in, into or from any such jurisdiction. Persons receiving such documents (including, without limitation, nominees, trustees and custodians) should observe these restrictions. Failure to do so may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies involved in the Offer disclaim any responsibility or liability for the violations of any such restrictions by any person.

Notwithstanding the foregoing restrictions, AERL Holding reserves the right to permit the Offer to be accepted if, in its sole discretion, it is satisfied that the transaction in question is exempt from or not subject to the legislation or regulation giving rise to the restrictions in question.

This announcement does not constitute a prospectus or an equivalent document and it is not intended to and does not constitute or form any part of an offer or invitation to sell or purchase or subscribe for any securities or a solicitation of an offer to buy any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Offer or otherwise. The Offer will be made solely by means of the Offer Document which will contain the full terms and conditions of the Offer. Any response in relation to the Offer should be made only on the basis of the information contained in the Offer Document or any other document by which the Offer is made. Aer Lingus Shareholders are advised to read carefully the formal documentation in relation to the Offer once the Offer Document has been despatched.

Pursuant to Rule 2.6(c) of the Irish Takeover Rules, this announcement will be available to Aer Lingus employees on Aer Lingus' website (www.aerlingus.com) and IAG employees on IAG's website (www.iagshares.com).

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION.

APPENDIX I

CONDITIONS OF THE OFFER

The Offer will be made by AERL Holding, a wholly-owned subsidiary of IAG, and will comply with the Irish Takeover Rules and, where relevant, the respective rules and regulations of the Irish Stock Exchange, the London Stock Exchange and the UK Listing Authority, and will be subject to the terms and conditions set out in this announcement and to be set out in the Offer Document. The Offer will be governed by the laws of Ireland and subject to the exclusive jurisdiction of the courts of Ireland, which exclusivity shall not limit the right to seek provisional or protective relief in the courts of another state after any substantive proceedings have been instituted in Ireland, nor shall it limit the right to bring enforcement proceedings in another state pursuant to an Irish judgment.

1. The Offer will be subject to valid acceptances being received (and not, where permitted, withdrawn) by not later than 3.00 p.m. (Irish time) on the initial closing date as specified in the Offer Document (or such later time(s) and/or date(s) as AERL Holding may, with the consent of the Panel or in accordance with the Irish Takeover Rules, decide) in respect of not less than 90 per cent. (or such lower percentage as AERL Holding may decide) in nominal value of the Aer Lingus Shares Affected and not less than 90 per cent. (or such lower percentage as AERL Holding may decide) of the voting rights carried by those Aer Lingus Shares Affected, provided that this condition shall not be satisfied unless AERL Holding shall have acquired or agreed to acquire (whether pursuant to the Offer or otherwise) Aer Lingus Shares conferring in aggregate more than 50 per cent. of the voting rights then exercisable at a general meeting of Aer Lingus. For the purposes of this condition:
 - (a) any Aer Lingus Shares which have been unconditionally allotted shall be deemed to carry the voting rights they will carry upon their being entered in the register of members of Aer Lingus; and
 - (b) the expression “**Aer Lingus Shares Affected**” shall mean:
 - (i) Aer Lingus Shares which have been issued or allotted on or before the date the Offer is made; and
 - (ii) Aer Lingus Shares which have been issued or allotted after that date but before the time at which the Offer closes, or such earlier date as AERL Holding may, subject to the Irish Takeover Rules, decide (not being earlier than the date on which the Offer becomes unconditional as to acceptances or, if later, the initial closing date as specified in the Offer Document).
2. Subject to paragraph 4 of this Appendix I, the Offer will also be conditional upon the general principles of the proposed disposal by the Minister for Finance of Ireland pursuant to the Offer of all of the Aer Lingus Shares held by him (other than the share that is to be re-designated as a B Share pursuant to the Connectivity Resolutions) having been laid before, and approved by, Dáil Éireann in accordance with the Aer Lingus Act 2004, on or before the 50th day following the date on which the Offer Document is despatched.
3. Subject to paragraph 4 of this Appendix I, the Offer will also be conditional upon the following matters having been satisfied or waived on or before the initial closing date as specified in the Offer Document or the date when the Offer becomes or is declared unconditional as to acceptances (whichever is the later) (or such later time(s) and/or date(s) as AERL Holding may, with the consent of the Panel or in accordance with the Irish Takeover Rules, decide):
 - (a)
 - (i) to the extent that the Offer or its implementation constitutes a concentration within the scope of Council Regulation (EC) No. 139/2004 (the “**EU Merger Regulation**”) or is otherwise a concentration that is subject to the EU Merger Regulation, the European Commission deciding that it does not intend to initiate proceedings under Article 6(1)(c) of the EU Merger Regulation in respect of the Offer or to refer the Offer (or any aspect of the Offer) to a competent authority of an EEA member state under Article 9(1) of the EU Merger Regulation or otherwise deciding that the Offer is compatible with the internal market pursuant to Article 6(1)(b) of the EU Merger Regulation and the terms or conditions to which any such decision is or may be subject being acceptable to AERL Holding in its sole discretion;
 - (ii) all filings having been made and all applicable waiting periods (including any extensions thereof) under the HSR Act having terminated or expired, as appropriate, in each case in connection with the Offer (it being understood that neither Aer Lingus nor AERL Holding shall be required to make any material payments, other than filing fees payable to a Governmental Authority in connection with the HSR Act);

- (iii) except for the issue of shares required to satisfy the exercise of the Aer Lingus Share Option or the vesting of the Aer Lingus LTIP Awards and then only in accordance with the terms of the Aer Lingus Share Plans, there not having been issued, granted, conferred or awarded by Aer Lingus or any other member of the Aer Lingus Group other than to any other member of the Aer Lingus Group (it being understood that Aer Lingus shall not issue, grant, confer or award any shares or any rights or convertible securities to any other member of the Aer Lingus Group or agree to do any of the foregoing), or agreed to be issued, granted, conferred or awarded, any shares, or any rights or securities convertible or exchangeable into, or granted a right, option, warrant, deferred stock unit, conversion right or other right to call for the issue of, any shares, or effected any share split, share combination, reverse share split, share dividend, recapitalisation, or altered the rights attaching to any shares, or effected any reduction, repayment or cancellation of share capital or share premium or capitalisation any reserves or redeemed or repurchased any shares or other similar transaction (and in any of the foregoing cases, whether or not pursuant to the Aer Lingus Share Plans);
 - (iv) save as disclosed and/or save as publicly disclosed by Aer Lingus by the delivery of an announcement to a RIS or a CAO at any time up to 26 May 2015 (being the date of this announcement) which is publicly available, no litigation, arbitration proceedings, prosecution, legal proceedings or, so far as Aer Lingus is actually aware at the date of this announcement, no investigation by any Governmental Authority or agency to which any member of the Wider Aer Lingus Group is a party (whether as plaintiff or defendant or otherwise) having been instituted at any time up to 26 May 2015 (being the date of this announcement) that was not disclosed (save where the consequences of such litigation, arbitration proceedings, prosecution, legal proceedings or investigation would not have a material adverse effect (in value terms or otherwise) in the context of the Wider Aer Lingus Group taken as a whole);
 - (v) the Rule 16 Approval having been obtained in the manner required by the Panel;
 - (vi) each of the Connectivity Resolutions having been passed by the requisite majority of Aer Lingus Shareholders at the EGM;
 - (vii) the Minister for Finance of Ireland having validly accepted the Offer in respect of all of the Aer Lingus Shares held by him (other than the share that is to be re-designated as a B Share pursuant to the Connectivity Resolutions), in a manner compliant with the requirements of the Irish Takeover Rules, and not having withdrawn that acceptance;
 - (viii) valid acceptances of the Offer having been received in respect of all of the Aer Lingus Shares held by Ryanair, and each other member of the Ryanair Group that may have acquired Aer Lingus Shares, in a manner compliant with the requirements of the Irish Takeover Rules, and those acceptances not having been withdrawn;
- (b) no Irish, United Kingdom, United States or any other central bank, government or governmental, quasi-governmental, statutory or other regulatory or investigative authority or agency, including courts and other judicial bodies, any competition, anti-trust or supervisory body or other governmental, trade or regulatory agency or body, securities exchange or any self-regulatory body or authority, including any instrumentality or entity designed to act for or on behalf of any of the foregoing, in each case, in any jurisdiction in which a member of the Aer Lingus Group currently carries on a material part of the business of the Wider Aer Lingus Group (each a “**Governmental Authority**”) having instituted or implemented any action, proceeding, investigation, enquiry or suit or having made, enforced, enacted, issued or deemed applicable to the Offer any statute, regulation or order or having withheld any consent which would or might reasonably be expected to:
- (i) make the Offer or its implementation, or the proposed acquisition by AERL Holding of any shares in, or control of, Aer Lingus, or any material assets of Aer Lingus, void, illegal or unenforceable or otherwise, directly or indirectly, materially restrain, revoke, prohibit, materially restrict or delay the same or impose materially additional or different conditions or obligations with respect thereto;
 - (ii) result in a delay in the ability of AERL Holding, or render AERL Holding unable, to acquire some or all of the Aer Lingus Shares or result in or effect any divestiture of, or requirement to hold separate (including by establishing a trust or otherwise), or agree to restrict in any material respect its ownership or operation of, any material portion of the business or assets of Aer Lingus, or to enter into any material adverse settlement or consent decree, or agree to any material adverse undertaking, with respect to any material portion of the business or assets of Aer Lingus;

- (iii) impose any material limitation or result in a delay in the ability of AERL Holding to acquire, or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership of shares, (or the equivalent) in, or to exercise voting or management control over Aer Lingus or any material subsidiary or subsidiary undertaking of Aer Lingus or on the ability of any member of the Wider Aer Lingus Group to hold or exercise effectively, directly or indirectly, rights of ownership of shares (or the equivalent) in, or to exercise rights of voting or management control over, any material member of the Wider Aer Lingus Group;
- (iv) require any member of the IAG Group or any member of the Wider Aer Lingus Group to acquire or offer to acquire any shares or other securities (or the equivalent) in, or any interest in any asset owned by, any member of the Wider Aer Lingus Group owned by any third party where the cost of doing so would be material in value terms in the context of the Wider Aer Lingus Group taken as a whole;
- (v) except where the consequences thereof would not be material in value terms or otherwise in the context of the Wider Aer Lingus Group taken as a whole, impose any limitation on the ability of any member of the Aer Lingus Group to integrate or co-ordinate its business, or any part of it, with the businesses of any member of the Wider Aer Lingus Group;
- (vi) except where the consequences thereof would not be material in value terms or otherwise in the context of the Wider Aer Lingus Group taken as a whole, result in any member of the Wider Aer Lingus Group ceasing to be able to carry on business in any jurisdiction;
- (vii) except where the consequences thereof would not be material in value terms or otherwise in the context of the Wider Aer Lingus Group taken as a whole, cause any member of the Wider Aer Lingus Group to cease to be entitled to any authorisation, order, recognition, grant, consent, clearance, confirmation, licence, permission or approval used by it in the carrying on of its business in any jurisdiction; or
- (viii) except where the consequences thereof would not be material in value terms or otherwise in the context of the Wider Aer Lingus Group taken as a whole, otherwise adversely affect the business, operations, profits, assets, liabilities, financial or trading position of any member of the Wider Aer Lingus Group;

for the purposes of this Appendix I, the effects referred to in the foregoing paragraphs (i) through (viii) are referred to as a “**Restraint**”;

- (c) save as disclosed and/or as publicly disclosed by Aer Lingus by the delivery of an announcement to a RIS or a CAO at any time up to 26 May 2015 (being the date of this announcement) which is publicly available, there being no provision of any arrangement, agreement, licence, permit, authorisation, franchise, facility, lease or other instrument to which any member of the Aer Lingus Group is a party or by or to which any such member or any of its respective assets may be bound, entitled or subject and which, in consequence of the Offer or the acquisition or proposed acquisition by AERL Holding of any shares or other securities (or the equivalent) in or control of Aer Lingus or any member of the Aer Lingus Group or because of a change of control or management of Aer Lingus or otherwise, would or would be reasonably expected to result (except where, in any of the following cases, the consequences thereof would not be material (in value terms or otherwise) in the context of the Wider Aer Lingus Group taken as whole) in:
 - (i) any monies borrowed by, or any indebtedness or liability (actual or contingent) of, or any grant available to any member of the Wider Aer Lingus Group becoming, or becoming capable of being declared, repayable immediately or prior to their or its stated maturity or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or materially inhibited;
 - (ii) the creation or enforcement of any mortgage, charge or other security interest wherever existing or having arisen over the whole or any part of the business, property or assets of any member of the Wider Aer Lingus Group or any such mortgage, charge or other security interest becoming enforceable;
 - (iii) any such arrangement, agreement, licence, permit, authorisation, franchise, facility, lease or other instrument or the rights, liabilities, obligations or interests of any member of the Wider Aer Lingus Group thereunder, or the business of any such member with, any person, firm or body (or any arrangement or arrangements relating to any such interest or business) being terminated or adversely modified or any adverse action being taken or any obligation or liability arising thereunder;
 - (iv) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider Aer Lingus Group being or failing to be disposed of or charged, or ceasing to be

available to any member of the Wider Aer Lingus Group or any right arising under which any such asset or interest would be required to be disposed of or charged or would cease to be available to any member of the Wider Aer Lingus Group otherwise than in the ordinary course of business;

- (v) any member of the Wider Aer Lingus Group ceasing to be able to carry on business, being prohibited from carrying on business or being subject to a restriction imposing a non-compete, exclusivity or similar restrictive covenant on the Wider Aer Lingus Group, in each case, in any jurisdiction in which it currently carries on business;
- (vi) the value of, or financial or trading position of any member of the Wider Aer Lingus Group being prejudiced or adversely affected; or
- (vii) the creation of any liability or liabilities (actual or contingent) by any member of the Wider Aer Lingus Group;

unless, if any such provision exists, such provision shall have been waived, modified or amended on terms reasonably satisfactory to AERL Holding and no event having occurred which, under any provision of any agreement, arrangement, licence, permit, authorisation or other instrument to which any member of the Wider Aer Lingus Group is a party or by or to which any such member or any of its assets is bound, entitled or subject, is reasonably likely to result (except where, in any of the following cases, the consequences thereof would not be material (in value terms or otherwise) in the context of the Wider Aer Lingus Group taken as a whole) in any of the events or circumstances as are referred to in sub-paragraphs (i) to (vii) of this paragraph 3(c);

- (d) save as disclosed and/or save as publicly disclosed by Aer Lingus by the delivery of an announcement to a RIS or CAO at any time up to 26 May 2015 (being the date of this announcement) which is publicly available and except as expressly permitted by the Transaction Agreement or where the consequences thereof would not be material (in value terms or otherwise) in the context of the Wider Aer Lingus Group taken as a whole, (A) the Wider Aer Lingus Group conducting its business in the ordinary course consistent with past practice in all respects and in compliance in all respects with all applicable laws and regulations, and (B) no member of the Aer Lingus Group taking or agreeing to take, at any time after 26 May 2015 (being the date of this announcement), any of the following actions (except as expressly required by applicable law or regulation, or expressly required or permitted by the Transaction Agreement or by the Offer, or to the extent AERL Holding shall consent in writing:
 - (i) issuing or agreeing to issue additional shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible or exchangeable securities (except for (A) issues to Aer Lingus or wholly-owned subsidiaries of Aer Lingus; or (B) upon any exercise of the Aer Lingus Share Option) or the vesting of any Aer Lingus LTIP Awards;
 - (ii) save for transactions between two or more members of the Aer Lingus Group (“**intra-Aer Lingus Group transactions**”), making or authorising, proposing or announcing any change in its loan capital (save in respect of loan capital which is not convertible into share capital and is not material (in value terms or otherwise) in the context of the Aer Lingus Group taken as a whole);
 - (iii) save for intra-Aer Lingus Group transactions, implementing, authorising, proposing or announcing its intention to propose any merger, demerger, reconstruction, amalgamation, scheme or (except in the ordinary and usual course of trading) acquisition or disposal of (or of any interest in) assets or shares (or the equivalent thereof) in any undertaking or undertakings (except in any such case where the consequences of any such merger, demerger, reconstruction, amalgamation, scheme, acquisition or disposal would not be material (in value terms or otherwise) in the context of the Aer Lingus Group taken as a whole);
 - (iv) except in the ordinary and usual course of business entering into or materially improving, or making any offer (which remains open for acceptance) to enter into or materially improve, the terms of engagement or appointment of any non-executive director (save as disclosed) or the terms of the employment contract with any Aer Lingus Director or any person occupying one of the senior executive positions in the Aer Lingus Group or permitting a variation in the terms or rules governing the Aer Lingus Share Plans (save as disclosed);
 - (v) issuing any loan capital or debentures or (save in the ordinary course of business and save for intra-Aer Lingus Group transactions and except where the consequences thereof would

not be material (in value terms or otherwise) in the context of the Aer Lingus Group taken as a whole) incurring any indebtedness or contingent liability;

- (vi) (except where the consequences thereof would not be material (in value terms or otherwise in the context of the Aer Lingus Group taken as a whole)) entering into, modifying, amending or terminating any commodity hedging agreement, or any other agreement, involving credit exposure for Aer Lingus or any member of the Aer Lingus Group;
- (vii) purchasing, redeeming or repaying or announcing any offer to purchase, redeem or repay any of its own shares or other securities (or the equivalent) or reducing or making any other change to any part of its share capital;
- (viii) merging with any body corporate, partnership or business, or (except where the consequences thereof would not be material (in value terms or otherwise) in the context of the Aer Lingus Group, taken as a whole) acquiring, disposing of or transferring any material asset or mortgaging or encumbering any material asset or any material right, title or interest in any asset (including shares and trade investments);
- (ix) (except where the consequences thereof would not be material (in value terms or otherwise) in the context of the Wider Aer Lingus Group taken as a whole or save as disclosed) entering into or varying any contract, transaction, arrangement or commitment or announcing its intention to enter into or vary any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which is or would be materially restrictive on the business of any member of the Wider Aer Lingus Group;
- (x) (save as disclosed) entering into or varying any material contract, transaction or arrangement or announcing its intention to enter into or vary any material contract, transaction or arrangement otherwise than in the ordinary and usual course of business, except where the consequences thereof would not be material (in value terms or otherwise) in the context of the Wider Aer Lingus Group taken as a whole;
- (xi) save as disclosed, waiving or compromising any claim which would be material (in value terms or otherwise) in the context of the Wider Aer Lingus Group taken as a whole;
- (xii) (except where the consequences thereof would not be material (in value terms or otherwise) in the context of the Wider Aer Lingus Group taken as a whole) being unable, or admitting in writing that it is unable, to pay its debts or stopping or suspending (or threatening to stop or suspend) payment of its debts generally or ceasing to carry on all or a substantial part of any business;
- (xiii) (except as disclosed or where the consequences thereof would not be material (in value terms or otherwise) in the context of the Wider Aer Lingus Group taken as a whole) making or agreeing to any significant change to the terms of the trust deeds (including the termination or partial termination of the trusts) constituting the pension schemes established for its directors and/or employees and/or their dependants or to the benefits which accrue, or to the pensions which are payable thereunder, or to the basis on which qualification for or accrual or entitlement to such benefits or pensions is calculated or determined, or to the basis upon which the liabilities (including pensions) of such pension schemes are funded or made, or agreeing or consenting to any change to the trustees involving the appointment of a trust corporation or causing any employee of the Wider Aer Lingus Group to cease to be a member of any pension scheme by withdrawing as a participating employer in such pension scheme, or unlawfully terminating the employment of any active member of a pension scheme, or making any employee member of the Wider Aer Lingus Group redundant, or exercising any discretion under the provisions governing such pension scheme;
- (xiv) save in respect of a voluntary solvent liquidation of a member of the Wider Aer Lingus Group which was solvent and dormant at the relevant time, taking any corporate action or (except where the consequences thereof would not be material (in value terms or otherwise) in the context of the Wider Aer Lingus Group taken as a whole) having any legal proceedings instituted against it in respect of its winding-up, dissolution, examination or reorganisation or for the appointment of a receiver, examiner, administrator, administrative receiver, trustee or similar officer of all or any part of its assets or revenues, or (A) being the subject of any analogous proceedings in any jurisdiction, or (B) appointing any analogous person in any jurisdiction in which any member of the Wider Aer Lingus Group is incorporated or carries on any business;

- (xv) except in the case of amendments to the memoranda or articles of association of subsidiaries which are either proposed for the forthcoming annual general meeting of Aer Lingus or are not material, amending its memorandum or articles of association (save as set out herein or agreed with AERL Holding);
- (e) save as disclosed and/or save as publicly disclosed by Aer Lingus by the delivery of an announcement to a RIS or a CAO at any time up to 26 May 2015 (being the date of this announcement) which is publicly available:
- (i) there not having arisen any adverse change or adverse deterioration in the business, financial condition or results of operations or profits of Aer Lingus or any member of the Wider Aer Lingus Group (save to an extent which would not have a material adverse effect (in value terms or otherwise) in the context of the Wider Aer Lingus Group taken as a whole);
 - (ii) AERL Holding not having discovered that any financial, business or other information concerning the Aer Lingus Group which has been disclosed is misleading, contains a misrepresentation of fact or omits to state a fact necessary, in light of the circumstances in which it was made, to make the information contained therein not misleading (save to an extent which would not have a material adverse effect (in value terms or otherwise) in the context of the Wider Aer Lingus Group taken as a whole); and
 - (iii) no contingent or other liability existing at any time up to 26 May 2015 (being the date of this announcement) of which Aer Lingus is actually aware at the date of this announcement that was not disclosed which would reasonably be expected to affect adversely any member of the Wider Aer Lingus Group (save to an extent which would not have a material adverse effect (in value terms or otherwise) in the context of the Wider Aer Lingus Group taken as a whole);
- (f) save as disclosed and/or save as publicly disclosed by Aer Lingus by the delivery of an announcement to a RIS or a CAO at any time up to 26 May 2015 (being the date of this announcement) which is publicly available, AERL Holding not having discovered:
- (i) in relation to any release, emission, discharge, disposal or other fact or circumstance which has caused or reasonably might impair or harm human health, that any past or present member of the Wider Aer Lingus Group has acted in material violation of any laws, statutes, regulations, notices or other legal or regulatory requirements of any Governmental Authority (except where the consequences thereof would not be material (in value terms or otherwise) in the context of the Wider Aer Lingus Group taken as a whole);
 - (ii) that there is any liability, whether actual or contingent, to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the Aer Lingus Group or any other property or any controlled waters under any environmental legislation, regulation, notice, circular, order or other lawful requirement of any Relevant Authority (whether by formal notice or order or not) or Governmental Authority or otherwise (except where such liability is not or would not be material (in value terms or otherwise) in the context of the Wider Aer Lingus Group taken as a whole); or
 - (iii) that circumstances exist which are likely to result in any actual or contingent liability to any member of the Wider Aer Lingus Group under any applicable legislation referred to in subparagraph (ii) above to improve or modify existing or install new plant, machinery or equipment or to carry out any changes in the processes currently carried out (save where such liability is not or would not be material (in value terms or otherwise) in the context of the Wider Aer Lingus Group taken as a whole);
- (g) save as disclosed and/or save as publicly disclosed by Aer Lingus by the delivery of an announcement to a RIS or a CAO at any time up to 26 May 2015 (being the date of this announcement) which is publicly available:
- (i) no member of the Aer Lingus Group being in default under the terms or conditions of any facility or agreement or arrangement for the provision of loans, credit or drawdown facilities, or of any security, surety or guarantee in respect of any facility or agreement or arrangement for the provision of loans, credit or drawdown facilities to any member of the Aer Lingus Group (save where such default is not or would not be material (in value terms or otherwise) in the context of the Wider Aer Lingus Group taken as a whole); and
 - (ii) no member of the Aer Lingus Group having recommended, announced, declared, set aside, paid or made or proposed the recommendation, announcement, declaration, setting aside of any payment or making of any dividend, any bonus issue or made any other distribution or payment (whether in cash, securities or other property) other than the Agreed Dividend or any

dividends from a wholly-owned subsidiary of Aer Lingus to another wholly-owned subsidiary of Aer Lingus or to Aer Lingus; and

- (h) for the purposes of this Appendix I:
- (i) “**Aer Lingus Group**” means Aer Lingus and its subsidiaries and subsidiary undertakings;
 - (ii) “**Aer Lingus Share**” or “**Aer Lingus Shares**” means the ordinary shares of €0.05 each in the capital of Aer Lingus;
 - (iii) “**Aer Lingus Shareholders**” means the holders of, and/or (as the context may require) persons beneficially interested in Aer Lingus Shares;
 - (iv) “**B Share**” has the meaning given to that term in paragraph 5 of this announcement;
 - (v) “**Connectivity Resolutions**” means resolutions of Aer Lingus to:
 - a. re-designate one of the issued Aer Lingus Shares held by the Minister for Finance of Ireland as a B Share;
 - b. amend the share capital clause of Aer Lingus’ memorandum of association to reflect the re-designation referred to in sub-paragraph (a) above; and
 - c. amend the Aer Lingus Articles;in the form agreed between AERL Holding and the Minister for Finance of Ireland and to be more particularly described in the EGM circular.
 - (vi) “**disclosed**” means fairly disclosed in writing by or on behalf of Aer Lingus to the IAG Group or its representatives at any time up to 5 p.m. (Irish time) on 22 May 2015;
 - (vii) “**EGM**” means the extraordinary general meeting (or any adjournment thereof) of the Aer Lingus Shareholders to be convened for the purposes of considering and, if thought fit, passing the Connectivity Resolutions and the resolution to grant the Rule 16 Approval;
 - (viii) “**EUMR Condition**” means the Condition set forth in paragraph 3(a)(i) of this Appendix I;
 - (ix) “**Governmental Authority**” has the meaning given to such expression in paragraph 3 (b) of this Appendix I;
 - (x) “**Panel**” means the Irish Takeover Panel established under the Takeover Panel Act;
 - (xi) “**Rule 16 Approval**” means the approval by the Independent Aer Lingus Shareholders of the Connectivity Commitments for the purposes of Rule 16.1 of the Irish Takeover Rules;
 - (xii) “**Ryanair**” means Ryanair Limited;
 - (xiii) “**Ryanair Group**”, means Ryanair Holdings plc and its subsidiary undertakings and associated undertakings;
 - (xiv) “**subsidiary undertaking**”, “**associated undertaking**” and “**undertaking**” have the meanings given by the European Communities (Companies: Group Accounts) Regulations 1992;
 - (xv) “**substantial interest**” means an interest in 20 per cent. or more of the voting equity capital of an undertaking;
 - (xvi) “**Takeover Panel Act**” means the Irish Takeover Panel Act 1997 (as amended); and
 - (xvii) “**Wider Aer Lingus Group**” means the Aer Lingus Group, its associated undertakings and any entities in which any member of the Aer Lingus Group holds a substantial interest.
4. Subject to the requirements of the Panel, AERL Holding reserves the right (but shall be under no obligation) to waive, in whole or in part, all or any of the conditions except for:
- (a) the conditions set out in paragraphs 1, 3(a)(i) and 3(a)(vii); and
 - (b) the condition set out in paragraph 3(a)(viii), except that this condition may be waived if either: (x) the aggregate number of Aer Lingus Shares held by members of the Ryanair Group or (y) the aggregate number of Aer Lingus Shares held by members of the Ryanair Group in respect of which valid acceptances have not been received constitutes 5 per cent. or less in nominal value of the issued ordinary share capital of Aer Lingus.
5. The Offer will lapse unless all of the conditions set out above have been fulfilled or (if capable of waiver) waived or, where appropriate, have been determined by AERL Holding in its discretion to have been or remain satisfied by midnight on the day which is 21 days after the later of the initial closing date as specified

in the Offer Document and the date on which the Offer becomes or is declared unconditional as to acceptances (or such later date as AERL Holding may, with the consent of the Panel or in accordance with the Irish Takeover Rules, decide).

6. As required by Rule 12 (b)(i) of the Irish Takeover Rules, to the extent that the Acquisition would give rise to a concentration with an EU dimension within the scope of the EU Merger Regulation, the Offer shall lapse if the European Commission initiates proceedings in respect of that concentration under Article 6(1)(c) of the EU Merger Regulation or refers the concentration to a competent authority of a Member State under Article 9(1) of the EU Merger Regulation before the initial closing date as specified in the Offer Document or the date when the Offer becomes or is declared unconditional as to acceptances, whichever is later.
7. AERL Holding reserves the right, subject to the consent of Aer Lingus (such consent not to be unreasonably withheld or delayed) and the consent of the Panel, to elect to implement the acquisition of the Aer Lingus Shares by way of a scheme of arrangement under Section 201 of the Act (or by Chapter 1 of Part 9 of the Companies Act 2014 (if applicable)). In such event, the scheme of arrangement will be implemented on the same terms (subject to appropriate amendments), as far as applicable, as those which would apply to the Offer. In particular, the condition at paragraph 1 of this Appendix I will not apply, and the scheme of arrangement will become effective and binding on the following:
 - (a) approval at a court meeting or any separate class meeting, if applicable, which may be required by the court (or any adjournment thereof), by a majority in number of the Aer Lingus Shareholders present and voting, either in person or by proxy, representing 75 per cent. or more in value of the Aer Lingus Shares held by such holders;
 - (b) the resolutions required to approve and implement the scheme of arrangement and to be set out in a notice of extraordinary general meeting of the holders of the Aer Lingus Shares being passed by the requisite majority at such extraordinary general meeting;
 - (c) the sanction of the scheme of arrangement and confirmation of any reduction of capital involved therein by the court (in both cases with or without modifications, on terms reasonably acceptable to AERL Holding and Aer Lingus); and
 - (d) office copies of the orders of the court sanctioning the scheme of arrangement and confirming the reduction of capital involved therein and the minute required by Section 75 of the Act (or Section 86 of the Companies Act 2014 (if applicable)) in respect of the reduction of capital being delivered for registration to the Registrar of Companies and the orders and minute confirming the reduction of capital involved in the scheme of arrangement being registered by the Registrar of Companies.

APPENDIX II

BASES AND SOURCES

1. In this announcement, unless otherwise stated or the context otherwise requires, the following bases and sources have been used:
 - (a) The historical share prices for Aer Lingus are sourced from Datastream;
 - (b) Where applicable volume weighted average price is defined as total value traded in a given period divided by total volume traded in that period. In this regard, total value traded is calculated on the basis of multiplying the daily volume weighted average price by the daily volume traded and aggregating for the relevant period. All figures are sourced from Datastream;
 - (c) The value of the existing entire issued and to be issued ordinary share capital of Aer Lingus is based upon the entire issued and to be issued ordinary share capital of 540,855,960 Aer Lingus Shares as at 25 May 2015 (being the last practicable date before the publication of this announcement), assuming a change of control on 31 August 2015;
 - (d) Save where otherwise stated, financial and other information concerning Aer Lingus and IAG has been extracted from published sources or from audited financial results of Aer Lingus and IAG; and
 - (e) References to the arrangements in place between Aer Lingus and IAG regarding a transaction agreement are sourced from the Transaction Agreement.
2. The statement that the Offer is earnings accretive should not be interpreted to mean that the earnings per share in the current or any future period financial period will necessarily match or be greater than those for the relevant preceding financial period.

APPENDIX III

Definitions

1. In this announcement, save where the context clearly requires otherwise, the following expressions shall have the following meanings:

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| “Acquisition” | The proposed acquisition by AERL Holding of Aer Lingus by means of the Offer, as described in this announcement |
| “Act” | The Companies Act 1963, as amended |
| “Acting in Concert” | The meaning given to that term in the Takeover Panel Act |
| “Aer Lingus Articles” | The articles of association of Aer Lingus |
| “Aer Lingus Board” | The board of Aer Lingus Directors |
| “Aer Lingus Director” | A director of Aer Lingus |
| “Aer Lingus Group” | Aer Lingus, together with every company or body corporate which is a subsidiary or subsidiary undertaking of Aer Lingus from time to time |
| “Aer Lingus LTIP” | The Aer Lingus Group plc 2007 Long Term Incentive Plan in effect as of the date of this announcement and as provided to IAG prior to the date of this announcement |
| “Aer Lingus LTIP Awardholders” | The holders of Aer Lingus LTIP Awards |
| “Aer Lingus LTIP Awards” | The outstanding awards in respect of Aer Lingus Shares pursuant to the Aer Lingus LTIP, and the contractual entitlement of Aer Lingus’ Chief Financial Officer to an award under the Aer Lingus LTIP for 2015, details of which have been provided by Aer Lingus to IAG in the agreed form prior to the execution of the Transaction Agreement |
| “Aer Lingus Share” or “Aer Lingus Shares” | The existing issued fully paid ordinary shares of €0.05 each in the capital of Aer Lingus and any further such shares which are allotted or issued after the date hereof and before the Offer closes (or before such other time as AERL Holding may, subject to the Irish Takeover Rules, decide in accordance with the terms and conditions of the Offer) |
| “Aer Lingus Share Option” | The option to subscribe for Aer Lingus Shares granted pursuant to the Aer Lingus Share Option Deed |
| “Aer Lingus Share Option Deed” | The share option deed dated 9 December 2009 between Aer Lingus and Christoph Mueller, as amended by a supplemental deed dated 31 March 2013 and an agreement dated 17 July 2014 between Christoph Mueller, Aer Lingus and Aer Lingus Limited |
| “Aer Lingus Share Plans” | The Aer Lingus Share Option Deed and the Aer Lingus LTIP |
| “Aer Lingus Shareholders” | The holders of, and/or (as the context may require) persons beneficially interested in, Aer Lingus Shares |

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| “Aer Lingus Shares Affected” | The meaning given to that term in paragraph 1(b) of Appendix I to this announcement |
| “AERL Holding” | AERL Holding Limited, a company incorporated in England and Wales with company number 09481224 |
| “Agreed Dividend” | €0.05 per Aer Lingus Share (payable on 29 May 2015 to Aer Lingus Shareholders on the register of members on 1 May 2015) |
| “B Share” | The meaning given to that term in paragraph 5 of this announcement |
| “British Airways” | British Airways plc |
| “Business Day” | Any day on which banks are open for normal banking business in Dublin and London, excluding Saturdays and Sundays |
| “CAO” | The meaning given to that term in the Market Abuse Rules of the Central Bank of Ireland |
| “closing price” | The closing middle market quotation of an Aer Lingus Share as derived from the Daily Official List |
| “Conditions” | The conditions to the Offer set forth in Appendix I to this announcement, and “Condition” means any one of the Conditions |
| “Connectivity Commitments” | Those commitments and arrangements described as the Connectivity Commitments in paragraph 5 of this announcement and as may be more particularly described in the Offer Document |
| “Connectivity Resolutions” | <p>The resolutions of Aer Lingus to:</p> <ol style="list-style-type: none"> a. re-designate one of the issued Aer Lingus Shares held by the Minister for Finance of Ireland as a B Share; b. amend the share capital clause of Aer Lingus’ memorandum of association to reflect the re-designation referred to in sub-paragraph (a) above; and c. amend the Aer Lingus Articles; <p>in the form agreed between AERL Holding and the Minister for Finance of Ireland and to be more particularly described in the EGM circular</p> |
| “Dáil Approval” | The approval by Dáil Éireann of the general principles of the disposal of all Aer Lingus Shares held by the Minister for Finance of Ireland pursuant to the Offer (other than the one share to be re-designated as a B Share), as required by the Aer Lingus Act 2004 |
| “Daily Official List” | The Daily Official List of the Irish Stock Exchange |
| “Deutsche Bank” | Deutsche Bank AG or, as applicable, any of its subsidiary undertakings or branches |
| “EGM” | The extraordinary general meeting (or any adjournment thereof) of Aer Lingus Shareholders to be convened for the purposes of considering and, if thought fit, passing the |

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| "EU Merger Regulation" | Connectivity Resolutions and the resolution to grant the Rule 16 Approval |
| "EUMR Condition" | Council Regulation (EC) No. 139/2004 |
| "Form of Acceptance" | The condition set forth in paragraph 3(a)(i) of Appendix I to this announcement |
| "Goodbody" | The form of acceptance relating to the Offer which will accompany the Offer Document |
| "HSR Act" | Goodbody Stockbrokers trading as Goodbody |
| "IAG Board" | The Hart-Scott-Rodino Antitrust Improvements Act of 1976 of the United States, as amended, and the rules and regulations promulgated thereunder |
| "IAG Director" | The board of IAG Directors |
| "IAG Group" | A director of IAG |
| "Iberia" | IAG, together with every company or body corporate which is a subsidiary or subsidiary undertaking of IAG from time to time (including, without limitation but for the avoidance of doubt, AERL Holding) |
| "Independent Aer Lingus Director" | Iberia, Líneas Aéreas de España, Sociedad Anónima Operadora |
| "Independent Aer Lingus Shareholders" | An Aer Lingus Director other than Mr. Frank O'Connor and Mr. William Slattery |
| "Investec" | Aer Lingus Shareholders other than the Minister for Finance of Ireland, Mr. William Slattery and persons connected with either |
| "Ireland" | Investec Bank plc (Irish Branch) |
| "Irish Stock Exchange" or "ISE" | The island of Ireland, exclusive of Northern Ireland, and the word "Irish" shall be construed accordingly |
| "Irish Takeover Rules" | The Irish Stock Exchange plc |
| "island of Ireland" | The Irish Takeover Panel Act 1997, Takeover Rules, 2013 |
| "Lending Institutions" | Ireland and Northern Ireland |
| "LHR Slots" | Deutsche Bank AG, London Branch and Bank of America Merrill Lynch International Limited |
| "London Stock Exchange" | The meaning given to that term in paragraph 5 of this announcement |
| "Offer" | London Stock Exchange plc |
| "Offer Document" | The recommended cash offer to be made by AERL Holding for the entire issued and to be issued ordinary share capital of Aer Lingus on the terms and subject to the conditions set out in this announcement and to be set out in the Offer Document and the Form of Acceptance and, where the context so requires, any subsequent revision, variation, extension or renewal of such offer |
| "Offer Document" | The offer document to be sent to Aer Lingus Shareholders in connection with the Offer, setting out the terms and conditions of the Offer and such other information as is required by the Irish Takeover Rules |

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| “Panel” | The Irish Takeover Panel established under the Takeover Panel Act |
| “Registrar of Companies” | The Registrar of Companies in Dublin, Ireland as defined in Section 2 of the Act |
| “Relevant Authority” | Any national, federal, local or governmental commission, board, body, bureau, or other regulatory authority or agency, including courts and other judicial bodies, any competition, anti-trust or supervisory body (including without limitation the European Commission, the UK Competition and Markets Authority and the US Department of Justice) or other governmental, regulatory agency or body or securities exchange, including any instrumentality or entity designated to act for or on behalf of any of the foregoing and including, without limitation, the Panel and the Irish Aviation Authority |
| “RIS” | The meaning given to that term in the Market Abuse Rules of the Central Bank of Ireland |
| “Rule 16” | Rule 16 of the Irish Takeover Rules |
| “Rule 16 Approval” | The approval by the Independent Aer Lingus Shareholders of the Connectivity Commitments for the purposes of Rule 16.1 of the Irish Takeover Rules |
| “Ryanair” | Ryanair Limited |
| “Ryanair Group” | Ryanair Holdings plc and its subsidiary undertakings and associated undertakings |
| “Spanish Stock Exchanges” | The Madrid, Barcelona, Bilbao and Valencia stock exchanges |
| “subsidiary” and “subsidiary undertaking” | The meanings given to those terms by Section 155 of the Act and Regulation 4 of the European Communities (Companies: Group Accounts) Regulations 1992 (S.I. No. 201 of 1992) respectively |
| “Takeover Panel Act” | The Irish Takeover Panel Act 1997 (as amended) |
| “Takeover Regulations” | The European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 (as amended) |
| “Transaction Agreement” | The transaction agreement dated 26 May 2015 between IAG and Aer Lingus relating to the Offer |
| “United Kingdom” or “UK” | The United Kingdom of Great Britain and Northern Ireland |
| “United States” or “US” | The United States of America, its territories and possessions, any State of the United States of America and the District of Columbia and any other area subject to its jurisdiction |
| “Vueling” | Vueling Airlines, S.A. |

2. All amounts contained within this announcement referred to by “€” and “c” refer to the euro and cent.
3. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof. Any reference to any legislation is to Irish legislation unless specified otherwise.
4. Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine or neutral gender.

5. All times referred to are Irish time unless otherwise stated.