

ICELANDAIR GROUP HF. – MINUTES FROM THE ANNUAL GENERAL MEETING

Date Thursday 8 March 2018 at 4:00 PM

Location Hilton Reykjavík Nordica Hotel
Sudurlandsbraut 2
108 Reykjavík

Agenda

1. The Board of Director's report on the Company's operations during the preceding year.
2. Confirmation of annual accounts and decision on the handling of profit or loss of the financial year
3. Decision on payments to board members
4. Proposals of the Board of Directors regarding the Remuneration Policy
5. Election of the Board of Directors
6. Election of auditor
7. Proposed changes to the Articles of Association
8. Authorization to purchase treasury shares
9. Any other lawfully submitted matters

The following took place

The Chairman of the Board of Directors, Mr. Úlfar Steindórsson, announced the Annual General Meeting open and proposed that Ms. Helga Melkorka Óttarsdóttir would be elected to Chair the Meeting. The proposal was agreed to unanimously.

The Chair proposed that Mr. Ari Guðjónsson would be elected the Secretary of the Meeting. The proposal was agreed to unanimously.

The Chair announced that the Meeting had been in accordance with the Company's Articles of Association and the Icelandic Company Act no. 2/1995, and declared the meeting lawfully convened.

The meeting was attended by shareholders holding 4,097,134,639 shares of 4,855,499,768 outstanding shares in the Company, which equals to 84.4% of the Company's voting share.

The Chair announced that pages 20-22 of the Company's Annual Report contained detailed information regarding the Company's shareholders and changes of the share registry from the last Annual General Meeting in accordance with Article 84 (4) of the Icelandic Company Act no 2/1995.

The Chair proposed that item 5 of the Agenda would instead become item 3 on the Agenda, whereas the original item 3 would become item 4, and item 4 would become item 5. The proposal was agreed to unanimously.

1. The Board of Director's report on the Company's operations during the preceding year

The Chairman of the Board of Directors, Mr. Úlfar Steindórsson, made a speech about the Company's operations during the preceding year.

2. Confirmation of annual accounts and decision on the handling of profit or loss of the financial year

The Company's President & CEO, Mr. Bjorgolfur Johannsson, presented the Company's audited Consolidated Financial Statements for 2017, after having held a presentation on the Company's prospects and position. The Statements had been published in the NASDAQ OMX Iceland stock exchange on 9 February 2018. He drew the attendants' attention to that by approving the Consolidated Financial Statements the meeting is also approving the Parent Company's Financial Statements for 2017.

The Board submitted the audited Consolidated Financial Statements of 2017 for the approval of the meeting.

The Chair opened the floor for comments or questions on the Board of Director's Report and the Annual Accounts.

Mr. Albert Jónsson took the floor and had questions on the Company's situation, which were answered by the Company's CEO and the Chairman of the Board of Directors.

The Financial Statements were approved with all casted votes.

The Board of Directors proposed to the Annual General Meeting that dividend payments in the amount of ISK 750 million would be made in ISK to the shareholders, which is ISK 0.15 per share. The record date will be 12 March 2018. Only shareholders registered in the shareholders' registry at closing on the record date are entitled to receive dividend payments. The ex-date, i.e. when trading exclusive of dividends begins, will be 9 March 2018, which is the trading day following the AGM. Payment date of the dividend will be 9 April 2018.

The Chair opened the floor for comments or questions. Nobody took the floor and the shareholders voted on the proposal, which was approved unanimously.

3. Election of the Board of Directors

The following individuals declared their candidacy for the Board of Directors of the Company before the deadline for declaring candidacy expired on 3 March 2018:

- Ásthildur Margrét Otharsdóttir
- Guðmundur Hafsteinsson
- Heiðrún Jónsdóttir
- Helga Viðarsdóttir
- Katrín Olga Jóhannesdóttir
- Ómar Benediktsson
- Úlfar Steindórsson

According to the Company's Articles of Association, the board shall consist of five individuals. The Chair declared that the election of board members should be based on Multiplication Election between the candidates in accordance with Article 6.3 of the Company's Articles of Association.

The Chair opened the floor for comments and questions regarding the election.

Ms. Helga Viðarsdóttir took the floor, introduced her declaration for the candidacy and made a speech.

Ms. Heiðrún Jónsdóttir took the floor, introduced her declaration for the candidacy and made a speech.

Mr. Tómas Tómasson took the floor and made comments on the elections for the board.

Mr. Guðmundur Hafsteinsson took the floor, introduced his declaration for the candidacy and made a speech.

Ms. Katrín Olga Jóhannesdóttir took the floor, introduced her declaration for the candidacy and made a speech

Ms. Ásthildur Margrét Otharsdóttir took the floor, introduced her declaration for the candidacy and made a speech.

Mr. Ómar Benediktsson took the floor, introduced his declaration for the candidacy and made a speech.

No further comments or questions were made regarding the election.

The Chair informed the meeting on the voting procedures.

The Chair declared the following board members rightfully elected:

- Ásthildur Margrét Otharsdóttir
- Guðmundur Hafsteinsson
- Heiðrún Jónsdóttir
- Ómar Benediktsson
- Úlfar Steindórsson

4. Decision on payments to board members

The following proposal on payments to Board Members was brought before the meeting:

“The Board of Directors proposes to the Annual General Meeting that remuneration to Board Members and Sub-Committee Members shall be unchanged from the last AGM: Each Board Member will receive ISK 330,000 per month, the Chairman will receive ISK 660,000 per month, the Deputy Chairman will receive 495,000 per month, Sub-Committee Members will receive ISK 120,000, the Chairman of the Audit Committee will receive ISK 275,000 per month and the Chairman of the Compensation Committee will receive 150,000 per month.”

Mr. Ólafur Sigurðsson from Birta lífeyrissjóður had questions whether there were any other benefits for the board members. The question was answered by the Company’s CEO.

The Chair opened the floor for comments and questions but none were made. The proposal was approved unanimously.

5. *Proposals of the Board of Directors regarding the Remuneration Policy*

The board proposed that the Remuneration Policy, which was published in advance of the AGM on the Company’s website, would be agreed unchanged. A printed version of the Policy was distributed at the meeting.

The Chair opened the floor for comments and questions.

No comments or questions were made.

The proposal was approved unanimously.

6. *Election of auditor*

The Board proposed to the Meeting that KPMG ehf. would be the company’s auditors.

The Chair opened the floor for comments, questions or other proposals but none were made. The proposal was approved unanimously.

7. *Proposed changes to the Articles of Association*

The Board of Directors proposes to the Annual General Meeting that the following changes will be made immediately to the Articles of Association of the Company:

The number “5” in Article 5.2 shall be changed to the number “7”.

The proposed amendment entails that those who intend to run for the Board of Directors shall notify the Board of their candidacy at least 7 days before a shareholder’s meeting instead of 5 days.

The Chair opened the floor for comments and questions but none were made.

The Chairman of the Board took the floor and introduced the board’s reasoning behind the proposal.

The proposal was agreed unanimously.

8. *Authorization to purchase treasury shares*

The following proposal was brought before the meeting regarding purchase of treasury shares:

“The Board of Directors of Icelandair Group proposes to the Annual General Meeting that the Company will be authorized to purchase in the next 18 months up to 10% of its own shares in accordance with Article 55 of the Icelandic Companies Act No 2/1995 in order to establish a market making agreement for issued shares in the Company or to set up a formal buy-back programme. It is not allowed to purchase such shares at a higher rate than the last spot market rate or the highest bid in the trading system of a regulated market where the shares are traded. Such purchases are however authorized if they are executed by a market maker in accordance with Article 116 of the Act on Securities Trading or in accordance with Item 1, Paragraph 3, Article 115, and Paragraph 2, Article 119 of the Act on Securities Transactions and regulations implemented on the basis of Articles 118 and 131 of the same Act.”

The Chair opened the floor for comments and questions but none were made. The proposal was agreed to unanimously

9. *Any other lawfully submitted matters*

The Chair informed that no other matters had been rightfully proposed to the Company’s Board of Directors before the meeting but invited attendants to speak about the Company’s matters.

Mr. Tómas Tómasson took the floor and discussed the company’s matters.

The Chair noted that these minutes would be read out loud by the Secretary at the end of the meeting for any shareholder who so wished.

The meeting was closed at 6.20 pm.

Helga Melkorka Óttarsdóttir
Chair

Ari Guðjónsson
Secretary