

ICELANDAIR GROUP HF. – MINUTES FROM THE ANNUAL GENERAL MEETING

Date Thursday 8 March 2019 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 auditors
7. Proposed changes to the Articles of Association
 - A. Proposal to reduce share capital- cancellation of own shares which causes changes in Art. 2 in the Company's Articles of Association.
 - B. Proposal to establish a nomination committee where the Shareholders Meeting elects two members and the Board of Directors nominates one member.
8. Election of two members of the Nomination Committee
9. Authorization to purchase treasury shares
10. 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 Mr. Ólafur Arinbjörn Sigurðsson 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 3,939,608,399 shares of 4,812,660,653 outstanding shares in the Company, which equals to 81.9% of the Company's voting share.

The Chair announced that pages 26-28 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. Bogi Nils Bogason, presented the Company's audited Consolidated Financial Statements for 2018, 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 7 February 2018.

The Board submitted the audited Consolidated Financial Statements of 2018 and Icelandair Group's Financial Statements 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.

Nobody took the floor and the shareholders voted on the proposal, which was approved unanimously. The Financial Statements were approved with all casted votes.

The Board of Directors proposed to the Annual General Meeting that no dividend would be paid for the financial year 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 1 March 2018:

- Guðmundur Hafsteinsson
- Guðný Hansdóttir
- Heiðrún Jónsdóttir
- Ómar Benediktsson
- Svafa Grönfeldt

- Úlfar Steindórsson
- Þórunn Reynisdóttir

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 majority vote between the candidates in accordance with Article 6.1 of the Company's Articles of Association.

The Chair informed the meeting on the voting procedures.

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

Mr. Tómas Tómasson took the floor and discussed the election.

No further comments or questions were made regarding the election.

The Chair declared the following board members rightfully elected:

- Guðmundur Hafsteinsson
- Heiðrún Jónsdóttir
- Ómar Benediktsson
- Svafa Grönfeldt
- Úlfar Steindórsson

4. Decision on payments to board members

The following proposal on remuneration 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. The Board of Directors will decide on compensation for the members nominated by shareholders in the nomination committee. Compensation will be paid on hourly basis”

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. 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 auditors*

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*

- a. The Board of Directors proposed to the Annual General Meeting that the Company's share capital would be reduced by ISK 187,339,347 of nominal value and that own shares in the same amount will be cancelled. The proposal would lead to changes to the Art.2 of the Company's Articles of Association and the total number of shares in the Company would be reduced from ISK 5,000,000,000 of nominal value to ISK 4,812,660,653.

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

- b. The Board of Directors proposed that the two following articles will be added to the Articles of Association:

“4.28 Nomination Committee

The Company shall operate a nomination committee which has the role to be advisory in the selection of members of the Board of Directors and it will bring its proposals for the AGM or other Shareholders' meetings where election to the Board of Directors is on the agenda.

The nomination committee shall put forward its rationalised opinion concurrently to the notification of the AGM or as soon as possible in conjunction with other shareholder meetings. The committee's opinion shall be made available to shareholders in the same way as other proposals to be submitted to the meeting. The committee operates according to rules of procedures which are set by the committee itself and approved by the Board of Directors. The nomination committee shall make changes to its rules of procedures accordingly or put them forward unaltered and have approved by the Board of Directors annually.

4.29 Appointment of the Nomination Committee

The nomination committee shall consist of three members. The Shareholders' meeting shall elect two members, one man and one woman, which are

nominated by shareholders. When the Shareholders' Meeting has elected members, the Board of Directors will nominate one member to the committee.

All members shall be independent of the Company and its executives. The member nominated by the Board of Directors shall be independent of the Company's largest shareholders. The same criteria shall apply to the assessment of independence of Committee members as to the assessment of the independence of Board Members according to The Guidelines on Corporate Governance issued by the Iceland Chamber of Commerce, SA Business Iceland and Nasdaq Iceland."

The Chair opened the floor for comments and questions but none were made. The proposal was agreed with all casted votes.

8. *Election of two members of the Nomination Committee*

The following individuals declared their candidacy for the Board of Directors of the Company before the deadline for declaring candidacy expired on 1 March 2018:

-Helga Árnadóttir
-Hjörleifur Pálsson

Since no others declared their candidacy the Chair announced that they should be deemed as rightfully elected Nomination Committee members.

9. *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.

10. 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. Úlfar Steindórsson took the Chair and expressed his gratitude to Ms. Ásthildur Otharsdóttir for a good cooperation within the Company's board.

These minutes were read out loud at the end of the meeting and no comments were made.

The meeting was closed at 5.05 pm.

Ólafur Arinbjörn Sigurðsson
Chair

Ari Guðjónsson
Secretary