

ICELANDAIR GROUP HF. – MINUTES FROM THE SHAREHOLDERS MEETING

Date Friday 30 November 2018 at 8:30 AM

Location Hilton Reykjavík Nordica Hotel
Suðurlandsbraut 2
108 Reykjavík

Agenda

1. A proposal for the Shareholders Meeting to approve the Company's acquisition of WOW air hf.
2. A proposal to grant the board authorisation to increase the Company's share capital in relation to the purchase price payment of all issued shares in WOW air hf. according to the sales and purchase agreement.
3. A proposal to grant the board of directors authorisation to increase the Company's share capital

The following took place

The Chairman of the Board of Directors, Mr. Úlfar Steindórsson, announced the Shareholders 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 convened 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 4,001,197,846 shares of 4,812,660,653 outstanding shares in the Company, which equals to 83.1% of the Company's voting share.

The Chair announced that the Board of Directors had cancelled items 1 and 2 of the Agenda since Icelandair Group and WOW air's shareholders had reached a mutual decision to abandon the sale and purchase agreement regarding all shares in WOW air.

A proposal to grant the board of directors authorisation to increase the Company's share capital

The Company's Interim President & CEO, Mr. Bogi Nils Bogason, took the floor and explained the rationale for the proposal and why the Company had abandoned the sales and purchase agreement. .

It was proposed that the following provision would be adopted as Article 15.1 of the Company's Articles of Association:

“The Company's Board of Directors is authorised to increase the Company's share capital by up to ISK 625,000,000 nominal value (ISK six hundred twenty-five million) to strengthen the financial position of the company for future growth. The Board of Directors shall decide on the share price and the subscription terms of the new shares. The intention is that the share offering, in part or wholly, be made towards Company shareholders registered at the end of trading on the date on which the price is set for the offering. The shares shall be offered under the following terms:

Shareholders, and as the case may be, others, shall be offered to subscribe for new shares of up to ISK 499,000,000 (four hundred and ninety-nine million) nominal value through a private placement. The minimum subscription amount of each individual subscriber shall be at least the equivalent of EUR 100,000. The new shares shall be sold at a fixed rate to be determined by the Board of Directors no later than three days prior to commencement of the offering and the purchase price shall be paid in cash. The Board of Directors shall decide the commencement date of the subscription period, which shall expire no later than 14 December 2018 and the subscription price shall be paid no later than 31 December 2018. Participation in the share offer precludes shareholders from participating in the public offering provided for in point (b) of this Article except to the extent there will be insufficient subscriptions in the public offering. The priority rights of shareholders to this part of the share capital increase pursuant to the Act on Public Limited Companies and the Company's Articles of Association shall not apply, as per Article 34 of Act No. 2/1995 on Public Limited Companies.

The Company's Board of Directors shall be authorised to decide further terms and conditions, the allocation of the new shares and the implementation of the private placement. Subscriptions that lead to the payment of a purchase price that is an amount less than the equivalent of EUR 100,000 in ISK shall be void. The costs incurred by the Company as a result of the share capital increase and its registration is estimated at ISK 100.000.000. The cost of the private placement shall be paid in accordance with invoice.

Shareholders shall be offered to subscribe to new shares of nominal value up to ISK 126,000,000 (one hundred and twenty-six million) in a public offering, taking into account the results of the private placement pursuant to point (a), so that if insufficient subscriptions have been received in the private placement, the authorisation of the Board of Directors according to point (b) shall increase accordingly. Shareholders shall have a priority right to subscribe to new shares in this part of the share capital increase, in accordance with Act No. 2/1995 on Public Limited Companies and the Company's Articles of Association, except that those shareholders who participated in the private placement pursuant to point (a) shall be considered to have waived their priority rights to subscribe to shares in the public offering. The new shares shall be sold at a price that

does not exceed the price set in the private placement pursuant to point (a) of this Article. Prior to the public offering, a prospectus will be issued. The costs incurred by the Company as a result of the share capital increase and its registration is estimated at ISK 50.000.000. The cost of the public offering shall be paid in accordance with invoice.

The shares will belong to the same share class as other share capital in the Company. The new shares shall remain subject to any restrictions and redemption obligations set out in the Company's Articles of Association and Icelandic law. The new shares provide rights in the Company from the date of registration of the share capital increase. The Board of Directors may establish further rules on the sale of the shares. The authorisation of the Board of Directors pursuant to this Article shall be valid until 1 December 2019, to the extent that it has not been utilised.”

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

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 9.00 am.

Ólafur Arinbjörn Sigurðsson
Chair

Ari Guðjónsson
Secretary