

ICELANDAIR GROUP HF. – MINUTES FROM THE ANNUAL GENERAL MEETING

Date Wednesday 10. March 2016 at 4:30 pm

Location Hilton Reykjavík Nordica
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. Sigurdur Helgason, announced the Annual General Meeting open and proposed that Mr. Petur Gudmundarson would be elected to Chair the Meeting. The proposal was agreed to unanimously.

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

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

The meeting was attended by shareholders holding 3.325.025.513 shares of 4.974.540.000 outstanding shares in the Company, which equals to 66,8% of the Company's voting share.

The Chair announced that pages 24-26 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 Paragraph 4 of Article 84 of the Icelandic Company Act no 2/1995.

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

The Chairman of the Board of Directors, Mr. Sigurdur Helgason, held 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 2015. The Statements had been published in the NASDAQ OMX Iceland stock exchange on 9 February 2016 and were also distributed at the meeting in a printed version.

The Board submitted the audited Consolidated Financial Statements of 2015 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 but none were made. The Financial Statements were agreed to with all casted votes.

The Board of Directors proposed to the Annual General Meeting that dividend payments in the amount of ISK 3,500 million would be made in ISK to the shareholders, which is ISK 0.70 per share. The record date will be 14 March 2016. 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 11 March 2016, which is the trading day following the AGM. Payment date of the dividend will be 7 April 2016.

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

3. *Decision on payments to board members*

The following proposal on remuneration to board member 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: Each Board Member will receive ISK 300,000 per month, the Chairman will receive ISK 600,000 per month, the Deputy Chairman will receive 450,000 per month, Sub-Committee Members will receive ISK 110,000, the Chairman of the Audit Committee will receive ISK 250,000 per month and the Chairman of the Compensation Committee will receive 140,000 per month.”

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

4. Proposals of the Board of Directors regarding the Remuneration Policy

The board proposed that the Remuneration Policy, approved by the Annual General Meeting in 2015, would be agreed unchanged. A printed version of the Policy was distributed at the meeting.

The Chair opened the floor for comments and questions.

Mr. Arni Hrafn Gunnarsson took the chair on behalf of Gildi - Lífeyrissjóður and asked two questions regarding the Policy, which were answered by the Chairman of the Board of Directors. No further comments or questions were made.

The proposal was agreed to with all casted votes. Gildi – Lífeyrissjóður did not cast its vote regarding the proposal.

5. 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 5 March 2016:

- Ásthildur Margrét Otharsdóttir
- Katrín Olga Jóhannesdóttir
- Magnús Magnússon
- Sigurður Helgason
- Svanhildur Nanna Vigfúsdóttir
- 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 majority vote between the candidates in accordance with Article 6.1 of the Company's Articles of Association.

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

Mrs. Svanhildur Nanna Vigfusdottir took the floor and introduced her declaration for the candidacy. No further comments or questions were made regarding the election.

The Chair declared the following board members rightfully elected:

- Ásthildur Margrét Otharsdóttir
- Katrín Olga Jóhannesdóttir
- Magnús Magnússon
- Sigurður Helgason
- Úlfar Steindórsson

6. Election of auditor

The Board proposed to the Meeting that KPMG hf. would be the company's auditors and that Alexander Edvardsson and Audur Osk Thorisdottir will audit the company on behalf of KPMG.

The Chair opened the floor for comments, questions or other proposals but none were made. The proposal was agreed to with all casted votes.

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 to the Articles of Association of the Company effective immediately:

“The words “only in order to establish a market making agreement regarding shares in the Company or to establish a buy-back programme” will be added to sentence 3, Article 11.1. It is also proposed that Article 15 (Special Provisions on Increase of Share Capital) shall be removed.”

The Chair opened the floor for comments and questions but none were made. The shareholders voted on the resolutions which were approved by all shareholders present at the meeting (100%).

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 with all casted votes.

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. Tomas Tomasson took the chair and discussed the operations of the Company.

The Chair announced that today had 72 years passed since the establishment of Lotfleidir hf., Icelandair Group's predecessor.

Those minutes were read out loud at the end of the meeting but no comments were made.

The Chair proposed that he and the Secretary would finalize the Minutes of the Meeting. The proposal was approved by all casted votes.

The meeting was closed at 6.00 pm.

Pétur Guðmundarson
Chair

Ari Guðjónsson
Secretary