

**ICELANDAIR GROUP HF. HEREBY GIVE NOTICE OF PARTIAL REDEMPTION OF THEIR
USD SENIOR UNSECURED CALLABLE BONDS 2016/2021
("NOTICE OF PARTIAL REDEMPTION")**

To: The Bondholders and the Agent under the Terms and Conditions (each as defined below)

Date: 8 May 2019

We refer to the up to USD 300,000,000 senior secured floating rate Bonds 2016/2021 with ISIN NO0010776982 (the "**Bonds**") issued by Icelandair Group HF. (the "**Issuer**") and to the terms and conditions of the Bonds (the "**Terms and Conditions**"). The current outstanding amount of the Bonds is USD 126,666,667.

Notice is hereby given in accordance with Clause 10.7(b)(ii) of the Terms and Conditions that the Issuer will redeem USD 50,666,667 of its outstanding Bonds on 27 May 2019 (the "**Redemption Date**"), at a redemption price of 102.00 per cent. of the Outstanding Nominal Amount (as defined in the Terms and Conditions), together with accrued but unpaid interest (the "**Redemption Price**"). Subsequent to the redemption, 40% of the issued bond amount will remain outstanding, amounting to USD 76,000,000.

The record date on which any holder must hold any Bond to be entitled to the Redemption Price is 23 May 2019 (the "**Record Date**").

ICELANDAIR GROUP HF.

For more information please contact:

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