

**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: 27 December 2018

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**").

Notice is hereby given in accordance with the Terms and Conditions that the Issuer will redeem 1/3 of its outstanding Bonds on 15 January 2019 (the "**Redemption Date**"), at a redemption price of 101.00 per cent. of the Outstanding Nominal Amount (as defined in the Terms and Conditions), together with accrued but unpaid interest (the "**Redemption Price**").

The record date on which any holder must hold any Bond to be entitled to the Redemption Price is 8 January 2019 (the "**Record Date**").

ICELANDAIR GROUP HF.

For more information please contact:

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