

*Icelandair Group hf. – Company Announcement*

## **The Pension Fund of Commerce invests ISK 1 billion in Icelandair Group**

The Pension Fund of Commerce (PCF) today entered into a binding agreement with Icelandair Group hf. on investing ISK 1 billion in the Group in return for a 12% share in the Company. PCF will subscribe to new shares in the nominal amount of ISK 400 million at a price of 2.5, for a total of ISK 1 billion.

The agreement follows in the wake of an agreement with FSI announced yesterday on the acquisition by FSI of ISK 3 billion in shares in Icelandair Group. Both transactions will take place at the same price. The agreement with PCF was concluded with the normal reservations regarding the results of due diligence.

With the new agreement Icelandair has obtained a total of ISK 4 billion in cash through the sale of new shares in the space of two days. In addition, the Group's largest creditors have undertaken to convert debts in the amount of ISK 3.6 billion into shares based on a share price of ISK 5, which corresponds to a subscription to 720 million new shares.

The financial restructuring of the Company will reduce its debt by over ISK 10 billion through the transfer and sale of certain assets which formerly formed a part of the company's core business, as announced in a notice to the Stock Exchange last 25 March.

There are plans to invite investors and the public to inject new share capital into the Company in share offers to be held later this year.

### **Björgólfur Jóhannsson, CEO of Icelandair Group**

"I am extremely pleased with PCF's investment in Icelandair Group. In two days we have managed to broaden the Company's investor base significantly, as the vast majority of Icelandic wage-earners have a stake in PFC and FSI through their pension savings. PCF's investment will increase the Company's strength still further and enhance its ability to boost still further the position of the Icelandic tourist industry, one of the country's most important economic sectors."

*For further information, please contact:*

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