

8. VIÐAUKAR (vefútgáfa)

Viðauki 5 Drög að baksamningum (söluréttar- og veð- og tryggingasamningi) milli Hauck & Aufhäuser og Welling & Partners frá tímabilinu 10. til 15. janúar 2003, ásamt tölvupóstsamskiptum og öðrum fylgiskjölum

- 1 Tölvupóstur Guðmundar Hjaltasonar 10. janúar 2003 til Bjarka Diego, ásamt fylgiskjölum í tveimur viðhengjum. Viðhengin eru (1) „EGLAPut and Call Option9-1-03.doc“ og (2) „EGLAPledgeSecurityAgreement09-01-03.doc“.
- 2 Tölvupóstur Guðmundar Hjaltasonar 11. janúar 2003 til Ralf Darpe, Hreiðars Más Sigurðssonar, Kristjáns Þorbergssonar, Michael Sautter, Ólafs Ólafssonar, Bjarka Diego, Steingríms Kárasonar og Martin Zeil, ásamt fylgiskjölum í tveimur viðhengjum. Viðhengin eru (1) „EGLAPledgeSecurityAgreement10-01-03.doc“ og (2) EGLAPut and Call Option10-1-03.doc“.
- 3 Tölvupóstsamskipti Martin Zeil og Guðmundar Hjaltasonar 13. janúar 2003, með afritum (í tölvupósti Martin Zeil kl. 17:17) til Bjarka Diego, Martin Zeil, Kristjáns Þorbergssonar, Hreiðars Más Sigurðssonar, Steingríms Kárasonar, Peter Gatti, Christine Schmidhuber og Michael Sautter og (í svari Guðmundar Hjaltasonar kl. 23:46) til sömu einstaklinga að viðbættum Ólafi Ólafssyni. Tölvupósti Martin Zeil fylgdu fylgiskjöl í þremur viðhengjum (einnig birt). Viðhengin eru (1) „EGLAPledgeSecurityAgreement13-01-03II.doc“, (2) „EGLAPut and Call Option13-1-03II.doc“ og (3) EGLAShare purchase agreement HA130103.doc“. Tölvupósti Guðmundar Hjaltasonar fylgdu sömu viðhengi að viðbættu (4) „8 1 2003 Drög 6 Kaupsamningur um hlutafé ENS.doc“ (einnig birt).
- 4 Tveir tölvupóstar Bjarka Diego 15. janúar 2003, sá fyrri sendur kl. 22:01 til Guðmundar Hjaltasonar og Martin Zeil og sá síðari (áframsending á fyrri póstinum) kl. 23:32 til Eggerts J. Hilmarssonar, með afritum til Steingríms Kárasonar og Hreiðars Más Sigurðssonar. Báðum tölvupóstunum fylgdu sömu fylgiskjöl í tveimur viðhengjum (einnig birt). Viðhengin eru (1) „Final Copy Pledge.doc“ og (2) „Final Copy Put.doc“.

1

gh@samskip.is

From: gh@samskip.is
Sent: Friday, January 10, 2003 12:06 AM
To: Bjarki H. Diego Kaupthing Reykjavik
Attachments: EGLAPut and Call Option9-1-03.doc; EGLAPledgeSecurityAgreement09-01-03.doc

(See attached file: EGLAPut and Call Option9-1-03.doc)(See attached file:
EGLAPledgeSecurityAgreement09-01-03.doc)
Guðmundur Hjaltason

Put ~~and Call~~ Option Agreement

PUT ~~AND CALL~~ OPTION AGREEMENT, dated as of _____, 2003 (this "Agreement"), between ~~K-BVBVIBVI~~, a ~~Dutch-British Virgin Island (BVI)~~ limited liability company ("~~K-BVBVIBVI~~"), and Hauck & Aufhäuser Privatbankiers KGaA, a German bank, incorporated as a partnership limited by shares under the laws of Germany (the "Bank").

WITNESSETH:

WHEREAS, the Bank has – under the condition precedent that a Share Purchase Agreement between the RepublicState of Iceland and the investor group, including EGLA, a corporation with shares, incorporated under Icelandic law – hereinafter called "EGLA" - has been signed, by the Closing of which the investor group will acquire 45.8 % of the share capital of BUNADARBANKI (the "Target"), a bank under the laws of the Republic of Iceland - committed itself to acquireshares (= 49%35,4) of the nominal share capital) of EGLA - hereinafter called "the Shares" - , on the basis of an Shareholder agreement, dated as of January2003 (the "Shareholder Agreement"), entered into with..... members of the Bidder Group (as defined in the Shareholder Agreement);

WHEREAS, after the date of the Closing of the aforementioned Share Purchase Agreement with the State-Republic of Iceland - hereinafter called "the Purchase Agreement - , EGLA will own 45.8 % of the share capital ~~and other equity interests~~ in the Target.

~~WHEREAS, K-BVBVIBVI wishes to have the right and option to purchase the Shares from the Bank under certain circumstances as hereinafter described; and~~

WHEREAS, the Bank wishes to have the right to require that ~~K-BVBVIBVI~~ purchases the Shares under certain circumstances as hereinafter described.

WHEREAS, the Shareholders of EGLA and EGLA have consented to the Transfer of the Shares by way of this Agreement. [To be resolved in the Shareholders' Agreement]

WHEREAS, the Parties hereto are aware of the restrictions and provisions with respect to the transfer of the Shares and the shares in the Target by the stipulations of the Purchase Agreement.

NOW, THEREFORE, in consideration of the promises and the mutual agreements set forth herein and under the condition precedent that the Bank has acquired the Shares in EGLA, the parties hereto hereby agree as follows:

1. Put

- (a) Grant of Put. ~~The Bank hereby grants to K-BVBVI hereby grants to the Bank~~ the irrevocable right and option (the "Put"), subject to the satisfaction of the condition set forth in Section 3, to require ~~K-BVBVI~~ to purchase all (but not less than all) of the Shares at any time during the thirty calendar days following the satisfaction of the condition set forth in Section 3, for a purchase price determined as provided in paragraph (b) below and upon notice as provided in paragraph (c) below.
- (b) Put Price. The aggregate purchase price to be paid by ~~K-BVBVI~~ for the Shares upon exercise of the Put shall be an amount equal to EUR ~~3250~~.000.000,-- (the "Purchase Price").
- (c) Notice and Exercise of Put. The Put shall be exercisable by delivery in accordance with the provisions of Section 10 of a Notice of Put, duly executed by the Bank, specifying that the Bank is exercising its rights under this Agreement and specifying the date of the Put Closing (the "Notice of Put"). The closing of the purchase of the Shares upon exercise of the Put (the "Put Closing") shall occur at the headquarters of the Bank at 10:00 a.m. local time on a date selected by the Bank that is five Business Days after the Notice of Put is given. At the Put Closing (i) Bank shall Transfer all of the Shares to ~~K-BVBVI~~ and/or its designee and deliver to ~~K-BVBVI~~ a certificate of the duly authorized officers of the Bank stating that the representations and warranties of the Bank contained in Section 4 are true and correct on the date of the Put Closing, as though made on such date, and (ii) ~~K-BVBVI~~ and/or its designee shall deliver to the Bank the Purchase Price by wire transfer of immediately available funds (without any deduction for bank charges imposed upon the payor by the originating bank, all of which shall be the sole responsibility of the payor) to the account set forth in Exhibit 1 hereto, and a certificate of the duly authorized officers of ~~K-BVBVI~~ stating that the representations and warranties of ~~K-BVBVI~~ contained in Section 5 are true and correct on the date of the Put Closing as though made on such date.

For purposes of this Agreement: "Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in Frankfurt, Germany are authorized or required to be closed; and "Transfer" shall mean the valid transfer of title of the Shares under the applicable laws in the respective jurisdiction.

2. CallPre – emptive Right

- (a) Grant of Pre – emptive RightCall. ~~The Bank hereby grants to K-BVBVI the irrevocable right and option (the "Call")~~ Pre – emptive right, to acquire require the Bank to sell to K-BV and/or its designee all (but not less than all) of the Shares for an amount equal to EUR 32.000.000,- in case the Bank has received a valid offer for the Shares, irrespective of the value of the offer in question,- at any time during the thirty calendar days following the Notice of Call for a purchase price determined as provided in paragraph (b) below and upon notice as provided in paragraph (c) below.

- b) ~~Call Price. The purchase price to be paid by the Purchaser for the Shares upon exercise of the Call shall be an amount equal to the Purchase Price according to Clause 1 b).~~
- c) ~~Notice and Exercise of Call Notification. [...] The Call shall be exercisable by delivery in accordance with the provisions of Section 10 of a Notice of Call, duly executed by K-BV, specifying that K-BV is exercising its rights under this Agreement and specifying the date of the Call Closing (the "Notice of Call"). The closing of the purchase of the Shares upon exercise of the Call (the "Call Closing") shall occur at the headquarters of the Bank at 10:00 a.m. local time on a date selected by the Bank that is five Business Days after the Notice of Call is given. At the Call Closing (i) the Bank shall Transfer all of the Shares to K-BV and/or its designee and deliver to the Bank a certificate of the duly authorized officers of the Bank stating that the representations and warranties of the Bank contained in Section 4 are true and correct on the date of the Call Closing, as though made on such date, and (ii) K-BV and/or its designee shall deliver to the Bank the Purchase Price by wire transfer of immediately available funds (without any deduction for bank charges imposed upon the payor by the originating bank, all of which shall be the sole responsibility of the payor) to the account set forth in Exhibit 1 hereto, and a certificate of the duly authorized officers of K-BV stating that the representations and warranties of K-BV contained in Section 5 are true and correct on the date of the Call Closing as though made on such date.~~
3. Condition to Exercise of Put. Notwithstanding any other provision of this Agreement, the Put shall not be exercisable by the Bank ~~not~~ before the second anniversary [end of the twenty first month after the signing] of the Closing under the Purchase Agreement subject to Clause 15 of this Agreement.
4. Representations of the Bank: The Bank hereby represents and warrants to ~~the Bank BVI~~ as follows:
- (a) Due Organisation, Authorization. The Bank is a bank incorporated as a partnership limited by shares, duly organized, validly existing and in good standing under the laws of Germany. The execution, delivery and performance by the Bank of this Agreement, and the consummation by the Bank of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on its part.
- (b) Enforceability, etc. This Agreement has been duly executed and delivered by the Bank. This Agreement constitutes a legal, valid and binding obligation of the Bank, enforceable against the Bank in accordance with its terms, provided, however, that the Bank assumes no liability whatsoever as to the enforceability of the Agreement under the laws of the Republic of Iceland

- c) No Conflicts. The execution, delivery and performance of this Agreement by the Bank and the consummation by Bank of the transactions contemplated hereby will not (i) result in a violation of, be in conflict with or constitute a default (with or without notice or lapse of time or both) under (A) any German law applicable to the Bank, (B) any provision of its organizational documents, (C) any order or judgement of any court or other agency of government applicable to it or any of its assets,
- d) Governmental Approvals. Except as those mentioned in the Shareholders' Agreement thereto no consent, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency or commission or other governmental authority or instrumentality, including German federal or state laws required to be obtained or made by or with respect to the Bank in connection with its execution and delivery of this Agreement or the consummation of the transactions contemplated hereby. The Bank assumes no liability, whatsoever, as to any requirements of the laws of the Republic of Iceland.
- (e) Title to the Shares. The Bank owns the Shares free and clean of any Liens. The Transfer of the Shares following the exercise of the Put ~~or the Call~~ as contemplated by this Agreement will transfer good and valid title in the Shares to ~~K-BVBVI~~ and/or its designees, free and clean of all Liens-, provided, however, that the Bank assumes no liability for the validity of such transfer under the laws of the Republic of Iceland and for the legal implications and restrictions that may arise in case of insolvency of EGLA and/or BUNADARBANKI and/or the nullification or redemption of the shares or from the Shareholders' Agreement between the Investor Group and between the EGLA shareholders or from the Articles of Association of EGLA.
5. Representations of ~~K-BVBVI~~. ~~K-BVBVI~~ hereby represents and warrants to the Bank as follows:
- (a) Due Organization. Authorization. ~~K-BVBVI~~ is a limited liability company duly organized and validly existing under the laws of the ~~Netherlands~~ British Virgin Islands. The execution, delivery and performance by ~~K-BVBVI~~ of this Agreement, and the consummation by the ~~K-BVBVI~~ of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on its part.
- (b) Enforceability, etc. This Agreement has been duly executed and delivered by ~~K-BVBVI~~. This Agreement constitutes a legal, valid and binding obligation of ~~K-BVBVI~~, enforceable against ~~K-BVBVI~~ in accordance with its terms.
- c) No Conflicts. The execution, delivery and performance of this Agreement by ~~K-BVBVI~~ and the consummation by ~~K-BVBVI~~ of the transactions contemplated hereby will not (i) result in a violation of, be in conflict with or constitute a default (with or without notice or lapse of time or both) under (A) any law applicable to ~~K-BVBVI~~ and the laws of the Republic of Iceland, (B) any provision of its organizational documents, (C) any order or judgment of

any court or other agency of government applicable to it or any of its assets, or (D) any contractual restriction binding on or effecting it or any of its assets, or (ii) result in the creation or imposition of any Lien upon any of its assets.

- (d) Governmental Approvals. No consent, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency or commission or other governmental authority or instrumentality, including Dutch-British Virgin Island law and the laws of the Republic of Iceland, or otherwise, is required to be obtained or made by or with respect to K-BVBVI in connection with its execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.
- (e) Litigation. No lawsuit, claim, proceeding or investigation is pending or threatened by or against K-BVBVI or any of its properties, assets, operations, businesses or prospects, which relates to the transfers contemplated by this Agreement.
6. Indemnification. Subject to the other provisions of this Section 6 from and after the Put Closing ~~or Call Closing, as the case may be~~, K-BVBVI shall indemnify, defend and hold harmless the Bank against any and all Losses resulting from, arising out of or attributable to (i) any breach or inaccuracy of a representation or warranty of K-BVBVI contained in this Agreement (but only if such indemnity is sought during a limitations period of three (3) years after the day of the Put Closing ~~or the Call Closing~~ (hereinafter the "Limitations Period")), (ii) any failure by K-BVBVI to materially perform or comply with any agreement or obligation contained in this Agreement.

The representations and warranties within the meaning of this Agreement and the indemnification in relation thereto constitute special agreements and guarantees negotiated and agreed upon between the Parties specifically for the purpose of this transaction (§ 311 (1) German Civil Code); accordingly indemnification under the terms of this Agreement does not require intent (*Vorsatz*) or negligence (*Fahrlässigkeit*) of the Party which is in breach of the respective representation and warranty and § 280 (1) (2) of the German Civil Code shall not apply. K-BVBVI acknowledges that its representations and warranties contained in this Agreement constitute a guaranty within the meaning of §§ 276 (1), 443, 444 German Civil Code. The parties further agree that the provisions of §§ 434 through 453 of the German Civil Code relating to defects in quality or in title shall not apply to any representation or warranty contained in this Agreement, except (i) in the event of intent or fraudulent intent (*Vorsatz oder Arglist*) or (ii) where a claim arises because the title to any Share has not been transferred free of Liens and rights of a third party, provided, however, that the Bank assumes no liability for any obstacles or objections against the transfer arising from the laws of the Republic of Iceland.

7. Further Actions. Each party hereto shall take any and all such actions, including but not limited to signing proxies or powers of attorney with respect to voting the Shares, and execute and deliver such further agreements, consents, instruments and other documents,

as may be necessary from time to time to give effect to the provisions and purposes of this Agreement and, following the Put Closing ~~or the Call Closing~~, as the case may be, to effect and evidence the transfer of ownership of the Shares to K-BVBVI and/or its designee.

8. No Assignment of Shares. The Bank will not sell, pledge, hypothecate or otherwise dispose of the Shares, other than to K-BVBVI and/or its designee upon the exercise of the ~~Call or the~~ Put as contemplated by this Agreement subject to Clause 15 of this Agreement.

9. Termination. This Agreement shall terminate automatically upon the final transfer of the Shares to K-BVBVI or its designee.

10. Notices.

(a) Addresses. Any notices and other communications of the parties to this Agreement shall be delivered by hand or sent by registered mail, air mail or telefax to the following addresses:

(i) If to the Bank, to:

(ii) ~~(ii)~~ If to K-BVBVI, to:

(b) Notices. All notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given (i) in the case of personal delivery, upon delivery, (ii) in the Case of registered mail or air mail, on the fifth Business Day after deposit in the mail system (following the day on which the notice was posted), (iii) in the case of deposit with an internationally recognized courier service, on the third Business Day following such deposit, and (iv) in the case of transmission by telefax, on the day on which it was transmitted, if receipt is confirmed by telephone; provided, however, that if the delivery by hand or by telefax takes place after 6:00 p.m., the notice shall be deemed to have been delivered at 9:00 a.m. on the following Business Day. The times stated in this Section refer to local time in the recipient's country.

11. Entire Agreement. This Agreement embodies all of the understandings and obligations of the parties hereto with respect to the subject matter hereof, and supersedes and replaces all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

12. Amendments. No amendment or modification of this Agreement shall be valid or effective unless evidenced by an instrument in writing signed by the parties hereto.

13. Assignment; Successors. Neither the rights nor the obligations of any of the parties hereto shall be assigned or delegated without the prior written consent of the other party, except that the Purchaser may assign and delegate any and all of its rights or obligations hereunder to any affiliate thereof. This Agreement shall inure to the benefit of, and be binding

an and enforceable against, the parties hereto and their respective successors and permitted assigns.

14. Insolvency of the Bank. In case insolvency or supervisory proceedings pursuant to Art. 45, 46, 46 a, 46b or 47 of the German Bank Act should be launched against the Bank, ~~K~~, the Put Option will be triggered automatically, i.e. transfer ownership on the shares of EGLA to BVI, in return for Purchase Price. BV shall be entitled to exercise the Call Option according to Clause 2 of this Agreement without further notice.

15. Insolvency of EGLA and/or BUNADARBANKI /Nullification or Redemption of Shares.
Should EGLA and/or BUNADARBANKI become insolvent or bankrupt and/or should the shares be nullified or redeemed by legal proceedings under Icelandic law, the Bank-, at its sole discretion-, is entitled either to exercise the Put Option according to Clause 1 of this Agreement without further notice or to terminate this Agreement without further notice and to sell the shares to ~~the parent company of K-BVBVI~~ pursuant to their mutual agreements. In the case of the exercise of the Put Option ~~K-BVBVI~~ will waive any objection, right or defence that may arise from the fact that BUNADARBANKI is in insolvency and the shares might have lost their value completely.

16. Governing Law; Arbitration. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE FEDERAL REPUBLIC OF GERMANY, REGARDLESS OF THE LAW THAT MIGHT OTHERWISE GOVERN UNDER APPLICABLE CONFLICTS OF LAW PRINCIPLES. ALL DISPUTES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT SHALL BE FINALLY SETTLED BY ARBITRATION UNDER THE TERMS OF A SPECIAL ARBITRATION AGREEMENT TO BE SIGNED AND EXECUTED BY EACH OF THE PARTIES HERETO. IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their authorized representatives as of the date first above written.

Hauck & Aufhäuser Privatbankiers KGaA

~~K-BVBVI~~

Pledge and Security Agreement

between

- hereinafter referred to as the "Bank" –

and

- hereinafter referred to as "PUFFINBVI" –

I.

The Parties to the Agreement refer to the Put/CallPut Option Agreement dated..... between the Bank and ~~K-BVBVI, a 100% subsidiary of PUFFINBVI~~, regarding (number) of shares – hereinafter called "the shares" - ofEGLA, a corporation with shares, incorporated under Icelandic law. The Put/CallPut Option Agreement is attached to this Agreement and forms an integral part of it.

The Parties hereto are furthermore aware of the Shareholders' Agreement (~~Draft No.....~~) to be signed between the investor group and the Share Purchase Agreement (Final Draft No.....) to be signed between the investor group and the RepublicState of Iceland, in particular of the restrictions and provisions with respect to the transfer of the Shares in EGLA as well as in BUNADARBANKI. Both Agreements in their actual drafts are attached to this Agreement. The Parties hereto accept and agree that their mutual agreements are subject to the restrictions and provisions under the aforementioned Agreements.

In accordance with Section 1 b.) and Section 2 b.) of the aforementioned Put/CallPut Option Agreement, ~~K-BVBVI~~ is obliged, in the case that the above-mentioned put/callPut option is exercised, to pay the Bank a purchase price amounting to

€ [32.50.000.000,-]

(in words: [thirtytwo million ...]fifty thousand euros)

successively in exchangereturn for the transfer of the above-mentioned shares to BVI or some other party or parties designated by BVI.

The subject of this Agreement is the provision of security for the Bank's claim to the purchase price against ~~K-BVBVI~~ in the case that the put/callPut option is exercised and the Bank's claim for compensation of the difference between the purchase price paid by the Bank pursuant to the Share Purchase Agreement and the actual market value of the shares during the lifetime of this Agreement and in case of insolvency of EGLA and/or BUNADARBANKI and/or -nullification or redemption of the shares.

II.

This having been established, the Parties to the Agreement agree the following:

1. PUFFINBVI undertakes to the Bank to transfer the amount of €[3250.000.000], - before the signing of the Share Purchase Agreement withinbank working days of the conclusion of this Agreement to its Account No..... with the Bank, and not to dispose of this credit balance during the term of this Agreement. The

credit balance will be invested in accordance with the provisions of a separate agreement between the Parties to ~~this~~ Agreement.

2. Regardless of the exercise of the aforementioned ~~put/call~~Put-option ~~PUFFINBVI~~ undertakes and guarantees to the Bank that ~~PUFFINBVI~~ will compensate, indemnify and hold harmless the Bank for any price fluctuations and price losses of the shares during the lifetime of this Agreement and for any loss and damage the Bank might suffer in case of insolvency of EGLA and/or BUNADARBANKI and/or nullification or redemption of the shares.
3. Subject to the condition precedent that the Bank purchases the shares mentioned in Section I, ~~PUFFINBVI~~ hereby pledges the credit balance mentioned in Section II (1), including interest, to the Bank as collateral for all claims, and in particular the purchase price claim that the Bank has against ~~K-BVBVI~~ under the ~~Put/Call~~Put Agreement mentioned in Section I, or that it will have in the case that the put or call option is exercised and equally as collateral for all claims that the Bank has or will have against ~~PUFFINBVI~~ under this Agreement, particularly claims pursuant to Section II (2), (5) and (7) of this Agreement.

The Parties to the Agreement agree to the creation of the pledge.

4. The Bank is entitled to realise the pledged credit balance if and to the extent that ~~K-BVBVI and/or PUFFIN~~ defaults on payments due under the ~~Put/Call~~Put Option Agreement and/or this Agreement. The Bank is obliged to give ~~PUFFINBVI~~ notice of its intended realisation of at least one week. No such notice of the intended realisation of the pledge is needed if ~~PUFFINBVI and/or K-BV~~ has/sve discontinued payments or if application has been made to open insolvency or other debt settlement proceedings on their assets.
5. ~~PUFFINBVI~~ warrants and guarantees to the Bank,
 - a.) that it is entitled under the law of the ~~British Virgin Islands~~~~Republic of Iceland~~ to conclude this Agreement and that no statutory or other legal provisions, and in particular no supervisory law or exchange control provisions of the Republic of Iceland stand in the way of the implementation of this Agreement and of the ~~Put/Call~~Put Option Agreement mentioned in Section I;
 - b.) that neither this Agreement nor the ~~Put/Call~~Put Option Agreement mentioned in Section I infringe against contractual or other civil law obligations on the part of ~~PUFFINBVI or K-BV~~;
 - c.) that in the case of the preconditions for realisation of the pledge being fulfilled, it waives all objections, defences and rights of rescission, regardless of the legal reason for these.

~~PUFFINBVI~~ shall indemnify the Bank against all costs and obligations arising under this Agreement and in particular against such damages and claims brought against the Bank by third parties or arising at the Bank as a result of the failure to comply with or infringement of the above-mentioned warranties and guarantees. In particular, ~~PUFFINBVI~~ will reimburse the Bank for all legal costs arising in this context and will make corresponding advance payments on request.

6. The Bank warrants and guarantees to ~~PUFFINBVI~~,

a.) that it will inform PUFFIN immediately that the put/call option has been exercised;

~~b.) a.)~~ that, in the case that the Bank is unable to transfer the shares to K-BVBVI when the put/call Put Option is exercised or if the Put Option is not exercised within the exercise period, as stipulated in Clause 1 (a). cf. Clause 3 of The Put Option Agreement - because of reasons which rest with the Bank's responsibility -, the pledge over the credit balance with the Bank will be treated as having expired;

~~c.) b.)~~ that, in the case that the Bundesanstalt für Finanzdienstleistungen (BAFin - Federal Securities Supervisory Office) institutes or takes measures in accordance with Sections 45, 46, 46 a, 46 b or 47 *Kreditwesengesetz* (KWG – German Banking Act) against the Bank with the result that the Bank is unable to repay the pledged credit balance, it will agree with K-BV the immediate exercise without notice of the put/call option, and hereby grants PUFFIN in this purpose a separate trigger the Put Option, i.e. transfer ownership on the shares of EGLABUNADARBANKI to BVI or some other party or parties designated by BVI, in return for the pledged credit balance; payment of the purchase price.

The Bank shall indemnify PUFFINBVI against such damages and claims incurred by or brought against PUFFINBVI as a result of the failure to comply with or infringement of the above-mentioned warranties and guarantees.

In all other cases, the Bank will only be liable in fulfilling its duties under this Agreement in cases of wilful intent and gross negligence.

7. The Bank shall receive payment in the total amount of € 1.000.000,- for implementing this Agreement; this payment is due as follows:

- € 500.000,- within one week of the conclusion of this Agreement
- € 500.000,- on the exercise of the option under the above-mentioned Put/CallPut Option Agreement.

With regard to the relevant provisions of the *Umsatzsteuergesetz* (UStG – Value Added Tax Act), i.e. Section 3 a (3) and (4), and Section 4 no. 8 d.), e.) and f.) UStG, the Parties to the Agreement assume that PUFFINBVI is not eligible to pay VAT on the remuneration to be paid to the Bank, or that it is tax-exempt. If, as a result of a change in the law or in the course of an external tax audit at the Bank, VAT becomes due or is assessed in a legally binding form on the remuneration, PUFFINBVI undertakes to reimburse the Bank for this tax.

PUFFINBVI undertakes to transfer the remuneration when due to the Bank's account, account no. 502 209 00, at Landeszentralbank Hessen (Bank Code: 500 000 00).

8. This agreement has been firmly concluded for the duration of the Put/CallPut Option Agreement between K-BVBVI and the Bank. Regular termination is ruled out. However, the Bank is entitled to terminate the Agreement exceptionally for good cause if PUFFINBVI infringes against a warranty or guarantee as laid down in Section 4 of this Agreement, or if such a warranty or guarantee proves to be incorrect. In this case the Bank is entitled to terminate the Put/CallPut Option Agreement with K-BVBVI and to transfer the shares to PUFFINBVI against reimbursement of the purchase price.

9. Changes and additions to this Agreement must be in writing; this also applies to any change to this requirement of written form.

If a provision of this Agreement is unenforceable or unperformable, this does not affect the validity of the remaining provisions. The Parties to the Agreement will replace the unenforceable or unperformable provision with a regulation that most closely approximates to the economic intent of the unenforceable or unperformable provision in a legally permissible manner.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE FEDERAL REPUBLIC OF GERMANY, REGARDLESS OF THE LAW THAT MIGHT OTHERWISE GOVERN UNDER APPLICABLE CONFLICTS OF LAW PRINCIPLES. ALL DISPUTES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT SHALL BE FINALLY SETTLED BY ARBITRATION UNDER THE TERMS OF A SPECIAL ARBITRATION AGREEMENT TO BE SIGNED AND EXECUTED BY EACH OF THE PARTIES HERETO.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their authorized representatives as of the date first above written.

~~This Agreement is governed by German law. The Parties to the Agreement agree that the place of performance and place of jurisdiction is Frankfurt/Main.~~

....., (place)..... (date)

Signatures

2

gh@samskip.is

From: gh@samskip.is
Sent: Saturday, January 11, 2003 2:52 PM
To: ralf.darpe@socgen.com; Hreiðar Már Sigurðsson Kaupthing Reykjavik;
krth@lm.is; michael.sautter@epost.de; olafur@samskip.is; Recht.M@Hauck-
Aufhaeuser.de; Bjarki H. Diego Kaupthing Reykjavik; Steingrímur Kárasón,
Kaupthing, Reykjavik; martinzeil@veb.de
Subject: Icicle
Attachments: EGLAPledgeSecurityAgreement10-01-03.doc; EGLAPut and Call Option10-1-03.doc

Kindly, find attached the two documents.

Regards

Guðmundur Hjaltason

(See attached file: EGLAPledgeSecurityAgreement10-01-03.doc)(See attached file: EGLAPut and Call
Option10-1-03.doc)

Pledge and Security Agreement

between

Hauck & Aufhäuser Privatbankiers KGaA, Kaiserstrasse 24, D-60311, Frankfurt am Main,
Germany

hereinafter referred to as the "Bank"–

and

Welling & Partners Limited, Akara Bldg., 24 De Castro Street, Wickhams Cay I, Road
Town, Tortola, British Virgin Islands

hereinafter referred to as "WELLING & PARTNERS LIMITED" –

I.

The Parties to the Agreement refer to the Put Option Agreement dated [January 16th 2003] between the Bank and WELLING & PARTNERS LIMITED,, regarding 50% of the nominal share capital of EGLA hf. after a capital increase by the board of directors as authorized in the Articles of Association pursuant to clause 41 of act respecting public limited companies nr. 2/1995– hereinafter called "the shares". The Put Option Agreement is attached to this Agreement and forms an integral part of it.

The Parties hereto are furthermore aware of the Shareholders' Agreement signed between the investor group and the Share Purchase Agreement (Final Draft No [X]) to be signed between the investor group and the Republic of Iceland, in particular of the restrictions and provisions with respect to the transfer of the Shares in EGLA hf. as well as in BUNADARBANKI. Both Agreements in their actual drafts are attached to this Agreement. The Parties hereto accept and agree that their mutual agreements are subject to the restrictions and provisions under the aforementioned Agreements.

In accordance with Section 1 b.) and Section 2 b.) of the aforementioned Put Option Agreement, WELLING & PARTNERS LIMITED is obliged, in the case that the above-mentioned Put option is exercised, to pay the Bank a purchase price amounting to

\$ [32 .000.000,-]

(in words: [thirtytwo million ...] US dollars)

in exchange for the transfer of the above-mentioned shares to WELLING & PARTNERS LIMITED or some other party or parties designated by WELLING & PARTNERS LIMITED.

The subject of this Agreement is the provision of security for the Bank's claim to the purchase price against WELLING & PARTNERS LIMITED in the case that the Put option is exercised and the Bank's claim for compensation of the difference between the purchase price paid by the Bank pursuant to the Share Purchase Agreement and the actual market value of the shares during the lifetime of this Agreement and in case of insolvency of EGLA and/or BUNADARBANKI and/or nullification or redemption of the shares.

II.

This having been established, the Parties to the Agreement agree the following:

1. WELLING & PARTNERS LIMITED undertakes to the Bank to transfer the amount of \$[34.000.000],- before the signing of the Share Purchase Agreement to its Account No206-71601-07 with the Bank, and not to dispose of this credit balance during the

term of this Agreement. The credit balance will be invested in accordance with the provisions of a separate agreement between the Parties to this Agreement.

2. Regardless of the exercise of the aforementioned Put-option WELLING & PARTNERS LIMITED undertakes and guarantees to the Bank that WELLING & PARTNERS LIMITED will compensate, indemnify and hold harmless the Bank for any price fluctuations and price losses of the shares during the lifetime of this Agreement and for any loss and damage the Bank might suffer in case of insolvency of EGLA and/or BUNADARBANKI and/or nullification or redemption of the shares.
3. Subject to the condition precedent that the Bank purchases the shares mentioned in Section I, WELLING & PARTNERS LIMITED hereby pledges the credit balance mentioned in Section II (1), including interest, to the Bank as collateral for all claims, and in particular the purchase price claim that the Bank has against WELLING & PARTNERS LIMITED under the Put Agreement mentioned in Section I, or that it will have in the case that the put or call option is exercised and equally as collateral for all claims that the Bank has or will have against WELLING & PARTNERS LIMITED under this Agreement, particularly claims pursuant to Section II (2), (5) and (7) of this Agreement.

The Parties to the Agreement agree to the creation of the pledge.

4. The Bank is entitled to realise the pledged credit balance if and to the extent that WELLING & PARTNERS LIMITED defaults on payments due under the Put Option Agreement and/or this Agreement. The Bank is obliged to give WELLING & PARTNERS LIMITED notice of its intended realisation of at least one week. No such notice of the intended realisation of the pledge is needed if WELLING & PARTNERS LIMITED has discontinued payments or if application has been made to open insolvency or other debt settlement proceedings on their assets.
5. WELLING & PARTNERS LIMITED warrants and guarantees to the Bank,
 - a.) that it is entitled under the law of the British Virgin Islands to conclude this Agreement and that no statutory or other legal provisions, and in particular no supervisory law or exchange control provisions of the Republic of Iceland stand in the way of the implementation of this Agreement and of the Put Option Agreement mentioned in Section I;
 - b.) that neither this Agreement nor the Put Option Agreement mentioned in Section I infringe against contractual or other civil law obligations on the part of WELLING & PARTNERS LIMITED;
 - c.) that in the case of the preconditions for realisation of the pledge being fulfilled, it waives all objections, defences and rights of rescission, regardless of the legal reason for these.

WELLING & PARTNERS LIMITED shall indemnify the Bank against all costs and obligations arising under this Agreement and in particular against such damages and claims brought against the Bank by third parties or arising at the Bank as a result of the failure to comply with or infringement of the above-mentioned warranties and guarantees. In particular, WELLING & PARTNERS LIMITED will reimburse the Bank for all legal costs arising in this context and will make corresponding advance payments on request.

6. The Bank warrants and guarantees to WELLING & PARTNERS LIMITED,

- a.) that, in the case that the Bank is unable to transfer the shares to WELLING & PARTNERS LIMITED when the Put Option is exercised or if the Put Option is not exercised within the exercise period, as stipulated in Clause 1 (a), cf. Clause 3 of The Put Option Agreement - because of reasons which rest with the Bank's responsibility -, the pledge over the credit balance with the Bank will be treated as having expired;
- b.) that, in the case that the Bundesanstalt für Finanzdienstleistungen (BAFin - Federal Securities Supervisory Office) institutes or takes measures in accordance with Sections 45, 46, 46 a, 46 b or 47 *Kreditwesengesetz* (KWG – German Banking Act) against the Bank with the result that the Bank is unable to repay the pledged credit balance, it will trigger the Put Option, i.e. transfer ownership on the shares of EGLA to WELLING & PARTNERS LIMITED or some other party or parties designated by WELLING & PARTNERS LIMITED, in return for the pledged credit balance;

In case EGLA does not acquire the shares in BUNADARBANKI the pledge over the credit balance with the Bank will be treated as having expired, except for those obligations the Bank has already undertaken towards EGLA. In this case the Parties will negotiate a reasonable fee for the Bank to cover its efforts and expenses until then.

The Bank shall indemnify WELLING & PARTNERS LIMITED against such damages and claims incurred by or brought against WELLING & PARTNERS LIMITED as a result of the failure to comply with or infringement of the above-mentioned warranties and guarantees.

In all other cases, the Bank will only be liable in fulfilling its duties under this Agreement in cases of wilful intent and gross negligence.

7. The Bank shall receive payment in the total amount of € 1.000.000,- for implementing this Agreement; this payment is due as follows:
 - € 500.000,- within one week of the conclusion of this Agreement
 - € 500.000,- on the exercise of the option under the above-mentioned Put Option Agreement.

With regard to the relevant provisions of the *Umsatzsteuergesetz* (UStG – Value Added Tax Act), i.e. Section 3 a (3) and (4), and Section 4 no. 8 d.), e.) and f.) UStG, the Parties to the Agreement assume that WELLING & PARTNERS LIMITED is not eligible to pay VAT on the remuneration to be paid to the Bank, or that it is tax-exempt. If, as a result of a change in the law or in the course of an external tax audit at the Bank, VAT becomes due or is assessed in a legally binding form on the remuneration, WELLING & PARTNERS LIMITED undertakes to reimburse the Bank for this tax.

WELLING & PARTNERS LIMITED undertakes to transfer the remuneration when due to the Bank's account, account no. 502 209 00, at Landeszentralbank Hessen (Bank Code: 500 000 00).

8. This agreement has been firmly concluded for the duration of the Put Option Agreement between WELLING & PARTNERS LIMITED and the Bank. Regular termination is ruled out. However, the Bank is entitled to terminate the Agreement

exceptionally for good cause if WELLING & PARTNERS LIMITED infringes against a warranty or guarantee as laid down in Section 4 of this Agreement, or if such a warranty or guarantee proves to be incorrect. In this case the Bank is entitled to terminate the Put Option Agreement with WELLING & PARTNERS LIMITED and to transfer the shares to WELLING & PARTNERS LIMITED against reimbursement of the purchase price.

9. Changes and additions to this Agreement must be in writing; this also applies to any change to this requirement of written form.

If a provision of this Agreement is unenforceable or unperformable, this does not affect the validity of the remaining provisions. The Parties to the Agreement will replace the unenforceable or unperformable provision with a regulation that most closely approximates to the economic intent of the unenforceable or unperformable provision in a legally permissible manner.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE FEDERAL REPUBLIC OF GERMANY, REGARDLESS OF THE LAW THAT MIGHT OTHERWISE GOVERN UNDER APPLICABLE CONFLICTS OF LAW PRINCIPLES. ALL DISPUTES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT SHALL BE FINALLY SETTLED BY ARBITRATION UNDER THE TERMS OF A SPECIAL ARBITRATION AGREEMENT TO BE SIGNED AND EXECUTED BY EACH OF THE PARTIES HERETO.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their authorized representatives as of the date first above written.

Luxembourg, (place) January 16th 2003 (date)

Signatures

Put Option Agreement

PUT OPTION AGREEMENT, dated as of 16th of January, 2003 (this "Agreement"), between Welling & Partners Limited, Akara Bldg., 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands, a British Virgin Island limited liability company ("WELLING & PARTNERS LIMITED"), and Hauck & Aufhäuser Privatbankiers KGaA, Kaiserstrasse 24, D-60311, Frankfurt am Main, Germany, a German bank, incorporated as a partnership limited by shares under the laws of Germany (the "Bank").

WITNESSETH:

WHEREAS, the Bank has – under the condition precedent that a Share Purchase Agreement between the Republic of Iceland and the investor group, including EGLA, a corporation with shares, incorporated under Icelandic law – hereinafter called "EGLA" - has been signed, by the Closing of which the investor group will acquire 45.8 % of the share capital of BUNADARBANKI, a bank under the laws of the Republic of Iceland - committed itself to acquire 50% of the nominal share capital of EGLA - hereinafter called "the Shares" - , on the basis of an Shareholder agreement, dated as of January 16th of January 2003 (the "Shareholder Agreement"), entered into with Ker hf. and VÍS hf. (as defined in the Shareholder Agreement);

WHEREAS, after the date of the Closing of the aforementioned Share Purchase Agreement with the Republic of Iceland - hereinafter called "the Purchase Agreement" -, the investor group will own 45.8 % of the share capital in BUNADARBANKI.

WHEREAS, the Bank wishes to have the right to require that WELLING & PARTNERS LIMITED purchases the Shares under certain circumstances as hereinafter described.

WHEREAS, after the expiry of the lock-up period of 21 months the Bank is free to dispose of its shares in EGLA.

WHEREAS, the Parties hereto are aware of the restrictions and provisions with respect to the transfer of the Shares and the shares in BUNADARBANKI by the stipulations of the Purchase Agreement.

NOW, THEREFORE, in consideration of the promises and the mutual agreements set forth herein and under the condition precedent that the Bank has acquired the Shares in EGLA, the parties hereto hereby agree as follows:

1. Put

- (a) Grant of Put. WELLING & PARTNERS LIMITED hereby grants to the Bank the irrevocable right and option (the "Put"), subject to the satisfaction of the condition set forth in Section 3, to require WELLING & PARTNERS LIMITED to purchase all (but not less than all) of the Shares at any time during the thirty calendar days following the satisfaction of the condition set forth in Section 3, for a purchase price determined as provided in paragraph (b) below and upon notice as provided in paragraph (c) below.
- (b) Put Price. The aggregate purchase price to be paid by WELLING & PARTNERS LIMITED for the Shares upon exercise of the Put shall be an amount equal to USD [32.000.000],-- (the "Purchase Price").
- (c) Notice and Exercise of Put. The Put shall be exercisable by delivery in accordance with the provisions of Section 10 of a Notice of Put, duly executed by the Bank, specifying that the Bank is exercising its rights under this Agreement and specifying the date of the Put Closing (the "Notice of Put"). The closing of the purchase of the Shares upon exercise of the Put (the "Put Closing") shall occur at the headquarters of the Bank at 10:00 a.m. local time on a date selected by the Bank that is five Business Days after the Notice of Put is given. At the Put Closing (i) Bank shall Transfer all of the Shares to WELLING & PARTNERS LIMITED and/or its designee and deliver to WELLING & PARTNERS LIMITED a certificate of the duly authorized officers of the Bank stating that the representations and warranties of the Bank contained in Section 4 are true and correct on the date of the Put Closing, as though made on such date, and (ii) WELLING & PARTNERS LIMITED and/or its designee shall deliver to the Bank the Purchase Price by wire transfer of immediately available funds (without any deduction for bank charges imposed upon the payor by the originating bank, all of which shall be the sole responsibility of the payor) to the account set forth in Exhibit 1 hereto, and a certificate of the duly authorized officers of WELLING & PARTNERS LIMITED stating that the representations and warranties of WELLING & PARTNERS LIMITED contained in Section 5 are true and correct on the date of the Put Closing as though made on such date.

For purposes of this Agreement: "Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in Frankfurt, Germany are authorized or required to be closed; and "Transfer" shall mean the valid transfer of title of the Shares under the applicable laws in the respective jurisdiction.

2. Pre – emptive Right

- a) Grant of Pre – emptive Right. The Bank hereby grants to WELLING & PARTNERS LIMITED the Pre – emptive right, without prejudice to Clause 8 of this Agreement, to acquire the Shares for an amount equal to USD [32.000.000],- in case the Bank has received a valid offer for the Shares, irrespective of the value of the offer in question.

- b) Notification. The Bank shall give WELLING & PARTNERS a written notice if it receives an Offer for the Shares, within 5 Business Days , it receives such an offer, without prejudice to Clause 8 of this Agreement, granting WELLING & PARTNERS the right to exercise its pre-emptive right, pursuant to Clause 2 a). WELLING & PARTNERS shall within ten Business Days of receiving such notice, notify to the Bank if it wishes to exercise the Pre-emptive Right. The closing of the purchase of the Shares upon exercise of the Pre-emptive Right (the "Closing") shall occur at the headquarters of the Bank at 10:00 a.m. local time on a date selected by the Bank that is five Business Days after the notice of the exercise of the Pre-emptive Right is given. At the Closing (i) Bank shall Transfer all of the Shares to WELLING & PARTNERS LIMITED and/or its designee and deliver to WELLING & PARTNERS LIMITED a certificate of the duly authorized officers of the Bank stating that the representations and warranties of the Bank contained in Section 4 are true and correct on the date of the Closing, as though made on such date, and (ii) WELLING & PARTNERS LIMITED and/or its designee shall deliver to the Bank the Purchase Price by wire transfer of immediately available funds (without any deduction for bank charges imposed upon the payor by the originating bank, all of which shall be the sole responsibility of the payor) to the account set forth in Exhibit 1 hereto, and a certificate of the duly authorized officers of WELLING & PARTNERS LIMITED stating that the representations and warranties of WELLING & PARTNERS LIMITED contained in Section 5 are true and correct an the date of the Closing as though made on such date.
3. Condition to Exercise of Put. Notwithstanding any other provision of this Agreement, the Put shall not be exercisable by the Bank before the [end of the twenty first month after the signing] of the Purchase Agreement subject to Clause 15 of this Agreement.
4. Representations of the Bank: The Bank hereby represents and warrants to WELLING & PARTNERS LIMITED as follows:
- (a) Due Organisation, Authorization. The Bank is a bank incorporated as a partnership limited by shares, duly organized, validly existing and in good standing under the laws of Germany. The execution, delivery and performance by the Bank of this Agreement, and the consummation by the Bank of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on its part.
- (b) Enforceability,etc. This Agreement has been duly executed and delivered by the Bank. This Agreement constitutes a legal, valid and binding obligation of the Bank, enforceable against the Bank in accordance with its terms, provided, however, that the Bank assumes no liability whatsoever as to the enforceability of the Agreement under the laws of the Republic of Iceland
- c) No Conflicts. The execution, delivery and performance of this Agreement by the Bank and the consummation by Bank of the transactions contemplated hereby will not (i)

result in a violation of, be in conflict with or constitute a default (with or without notice or lapse of time or both) under (A) any German law applicable to the Bank, (B) any provision of its organizational documents, (C) any order or judgement of any court or other agency of government applicable to it or any of its assets,

- d) Governmental Approvals. Except as those mentioned in the Shareholders' Agreement thereto no consent, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency or commission or other governmental authority or instrumentality, including German federal or state laws required to be obtained or made by or with respect to the Bank in connection with its execution and delivery of this Agreement or the consummation of the transactions contemplated hereby. The Bank assumes no liability, whatsoever, as to any requirements of the laws of the Republic of Iceland.
- (e) Title to the Shares. The Bank owns the Shares free and clean of any Liens. The Transfer of the Shares following the exercise of the Put as contemplated by this Agreement will transfer good and valid title in the Shares to WELLING & PARTNERS LIMITED and/or its designees, free and clean of all Liens, provided, however, that the Bank assumes no liability for the validity of such transfer under the laws of the Republic of Iceland and for the legal implications and restrictions that may arise in case of insolvency of EGLA and/or BUNADARBANKI and/or the nullification or redemption of the shares or from the Shareholders' Agreement between the Investor Group and between the EGLA shareholders or from the Articles of Association of EGLA.
5. Representations of WELLING & PARTNERS LIMITED. WELLING & PARTNERS LIMITED hereby represents and warrants to the Bank as follows:
- (a) Due Organization, Authorization. WELLING & PARTNERS LIMITED is a limited liability company duly organized and validly existing under the laws of the British Virgin Islands. The execution, delivery and performance by WELLING & PARTNERS LIMITED of this Agreement, and the consummation by the WELLING & PARTNERS LIMITED of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on its part.
- (b) Enforceability, etc. This Agreement has been duly executed and delivered by WELLING & PARTNERS LIMITED. This Agreement constitutes a legal, valid and binding obligation of WELLING & PARTNERS LIMITED, enforceable against WELLING & PARTNERS LIMITED in accordance with its terms.
- c) No Conflicts. The execution, delivery and performance of this Agreement by WELLING & PARTNERS LIMITED and the consummation by WELLING & PARTNERS LIMITED of the transactions contemplated hereby will not (i) result in a violation of, be in conflict with or constitute a default (with or without notice or lapse of time or both) under (A) any law applicable to WELLING & PARTNERS LIMITED and the laws of the Republic of

Iceland, (B) any provision of its organizational documents, (C) any order or judgment of any court or other agency of government applicable to it or any of its assets, or (D) any contractual restriction binding on or effecting it or any of its assets, or (ii) result in the creation or imposition of any Lien upon any of its assets.

(d) Governmental Approvals. No consent, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency or commission or other governmental authority or instrumentality, including British Virgin Island law and the laws of the Republic of Iceland, or otherwise, is required to be obtained or made by or with respect to WELLING & PARTNERS LIMITED in connection with its execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

(e) Litigation. No lawsuit, claim, proceeding or investigation is pending or threatened by or against WELLING & PARTNERS LIMITED or any of its properties, assets, operations, businesses or prospects, which relates to the transfers contemplated by this Agreement.

6. Indemnification. Subject to the other provisions of this Section 6 from and after the Put Closing, WELLING & PARTNERS LIMITED shall indemnify, defend and hold harmless the Bank against any and all Losses resulting from, arising out of or attributable to (i) any breach or inaccuracy of a representation or warranty of WELLING & PARTNERS LIMITED contained in this Agreement (but only if such indemnity is sought during a limitations period of three (3) years after the day of the Put Closing (hereinafter the "Limitations Period")), (ii) any failure by WELLING & PARTNERS LIMITED to materially perform or comply with any agreement or obligation contained in this Agreement.

The representations and warranties within the meaning of this Agreement and the indemnification in relation thereto constitute special agreements and guarantees negotiated and agreed upon between the Parties specifically for the purpose of this transaction (§ 311 (1) German Civil Code); accordingly indemnification under the terms of this Agreement does not require intent (*Vorsatz*) or negligence (*Fahrlässigkeit*) of the Party which is in breach of the respective representation and warranty and § 280 (1) (2) of the German Civil Code shall not apply. WELLING & PARTNERS LIMITED acknowledges that its representations and warranties contained in this Agreement constitute a guaranty within the meaning of §§ 276 (1), 443, 444 German Civil Code. The parties further agree that the provisions of §§ 434 through 453 of the German Civil Code relating to defects in quality or in title shall not apply to any representation or warranty contained in this Agreement, except (i) in the event of intent or fraudulent intent (*Vorsatz oder Arglist*) or (ii) where a claim arises because the title to any Share has not been transferred free of Liens and rights of a third party, provided, however, that the Bank assumes no liability for any obstacles or objections against the transfer arising from the laws of the Republic of Iceland.

7. Further Actions. Each party hereto shall take any and all such actions, including but not limited to signing proxies or powers of attorney with respect to voting the Shares, and

execute and deliver such further agreements, consents, instruments and other documents, as may be necessary from time to time to give effect to the provisions and purposes of this Agreement and, following the Put Closing, as the case may be, to effect and evidence the transfer of ownership of the Shares to WELLING & PARTNERS LIMITED and/or its designee.

8. No Assignment of Shares. The Bank will not sell, pledge, hypothecate or otherwise dispose of the Shares, other than to WELLING & PARTNERS LIMITED and/or its designee upon the exercise of the Put as contemplated by this Agreement subject to Clause 15 of this Agreement.
9. Termination. This Agreement shall terminate automatically upon the final transfer of the Shares to WELLING & PARTNERS LIMITED or its designee.
10. Notices.
 - (a) Addresses. Any notices and other communications of the parties to this Agreement shall be delivered by hand or sent by registered mail, air mail or telefax to the following addresses:
 - (i) If to the Bank, to:
 - (ii) If to WELLING & PARTNERS LIMITED, to:
 - (b) Notices. All notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given (i) in the case of personal delivery, upon delivery, (ii) in the Case of registered mail or air mail, on the fifth Business Day after deposit in the mail system (following the day on which the notice was posted), (iii) in the case of deposit with an internationally recognized courier service, on the third Business Day following such deposit, and (iv) in the case of transmission by telefax, on the day on which it was transmitted, if receipt is confirmed by telephone; provided, however, that if the delivery by hand or by telefax takes place after 6:00 p.m., the notice shall be deemed to have been delivered at 9:00 a.m. on the following Business Day. The times stated in this Section refer to local time in the recipient's country.
11. Entire Agreement. This Agreement embodies all of the understandings and obligations of the parties hereto with respect to the subject matter hereof, and supersedes and replaces all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.
12. Amendments. No amendment or modification of this Agreement shall be valid or effective unless evidenced by an instrument in writing signed by the parties hereto.

13. Assignment; Successors. Neither the rights nor the obligations of any of the parties hereto shall be assigned or delegated without the prior written consent of the other party, except that the Purchaser may assign and delegate any and all of its rights or obligations hereunder to any affiliate thereof. This Agreement shall inure to the benefit of, and be binding an and enforceable against, the parties hereto and their respective successors and permitted assigns.
14. Insolvency of the Bank. In case insolvency or supervisory proceedings pursuant to Art. 45, 46,46 a, 46b or 47 of the German Bank Act should be launched against the Bank, the Put Option will be triggered automatically, i.e. transfer ownership on the shares of EGLA to WELLING & PARTNERS LIMITED, in return for Purchase Price.
15. Insolvency of EGLA and/or BUNADARBANKI /Nullification or Redemption of Shares.
Should EGLA and/or BUNADARBANKI become insolvent or bankrupt and/or should the shares be nullified or redeemed by legal proceedings under Icelandic law, the Bank, at its sole discretion, is entitledto exercise the Put Option according to Clause 1 of this Agreement without further notice thereby transferring ownership of the shares to WELLING & PARTNERS LIMITED. In the case of the exercise of the Put Option WELLING & PARTNERS LIMITED will waive any objection, right or defence that may arise from the fact that BUNADARBANKI is in insolvency and the shares might have lost their value completely.
16. Governing Law: Arbitration. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE FEDERAL REPUBLIC OF GERMANY, REGARDLESS OF THE LAW THAT MIGHT OTHERWISE GOVERN UNDER APPLICABLE CONFLICTS OF LAW PRINCIPLES. ALL DISPUTES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT SHALL BE FINALLY SETTLED BY ARBITRATION UNDER THE TERMS OF A SPECIAL ARBITRATION AGREEMENT TO BE SIGNED AND EXECUTED BY EACH OF THE PARTIES HERETO. IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their authorized representatives as of the date first above written.

Hauck & Aufhäuser Privatbankiers KGaA
LIMITED

WELLING & PARTNERS

3

Recht.M

From: Recht.M
Sent: Monday, January 13, 2003 5:17 PM
To: Bjarki H. Diego Kaupthing Reykjavik; Recht.M
Cc: krth@lm.is; Hreiðar Már Sigurðsson Kaupthing Reykjavik; Steingrímur Kárasón, Kaupthing, Reykjavik; gh@samsklp.is; Gatti, Peter; Schmidhuber, Christine; 'michael.sautter@socgen.com'
Subject: AW: Put and Pledge and Security Agreements
Attachments: EGLAPledgeSecurityAgreement13-01-03II.doc; EGLAPut and Call Option13-1-03II.doc; EGLAShare purchase agreement HA130103.doc; ATT452293.txt

Dear all,

please find enclosed the following agreements with my final comments and amendments. The AoA of ECLA and both shareholders' agreements are o.k. from our point of view.

There are still following points to be resolved or outstanding:

1. Final Draft of the Share Purchase Agreement with the State of Iceland with the warranty in English to be signed by the shareholders. Please provide me under Mr. Gatti's email adress (peter.gatti@hauck-aufhaeuser.de) with the final draft.
2. Can it be ensured that both the purchase price for the ECLA shares as well as for the shares issued by the capital increase can be paid in US-Dollars, as planned by now ? Can currency fluctuations excluded by this ?
3. When and how and to whom is the purchase price for the ECLA shares due and payable ?
4. As you will remember we still need a legal opinion on the following questions:
 - a.) Does the put option agreement interfere with or infringe to the restriction "not to dispose of the shares in ECLA in any other manner" in the Bank Act and the Purchase Agreement ?
 - b.) Can it be ruled out that H & A will have to seek approval by the Icelandic Authorities when it wants to exercise the Put Option ?
 - c.) Will or can H & A be forced by Icelandic law to declare if it acts on its own behalf or as trustee or agent of a third party ?
 - d.) Are the statements and warranties and guarantees by Welling & Partners Ltd. both in the Pledge and Security Agreement and in the Put Option Agreement, particularly concerning Icelandic law true and complete ?

Please ensure as soon as possible that such legal opinion will be delivered by an independent attorney.

With kind regards

Martin Zeil
Law Department

13.1.2003

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-----Ursprüngliche Nachricht-----

Von: bjarkid@kaupthing.net [mailto:bjarkid@kaupthing.net]

Gesendet: Montag, 13. Januar 2003 11:48

An: Recht.M

Cc: krth@lm.is; hms@kaupthing.net; spk@kaupthing.net; gh@samskip.is

Betreff: Put and Pledge and Security Agreements

Dear Mr. Zell,

I refer to our conversation a minute ago. Please find attached the latest draft version of a Put Agreement as well as a Pledge and Security Agreement, between Hauck & Aufhäuser and Welling & Partners, with a very few minor amendments from the version we were working on Friday night. All suggestions on amendments are marked - up.

I look forward to hear from you.

<<EGLAPledgeSecurityAgreement12-01-03.doc>> <<EGLAPut and Call Option12-1-03.doc>>

Kveðja / Kind regards

Bjarki H. Diego, Attorney at Law
Kaupthing Bank
Ármúli 13 IS - 108 Reykjavík - Iceland

Tel.: +354 515-1623

Mobile: + 354 860-1623

Fax: + 354 515-1630

<http://www.kaupthing.net>

<mailto:bjarkid@kaupthing.net>

Efni þessa tölvupósts, sem og skjala og gagna sem send eru sem viðhengi, kann að vera trúnaðarmál og er eingöngu ætlað þeim sem tölvupósturinn er stílaður á. Misnotkun getur varðað bótaábyrgð og refsingu, auk þess sem viðtakanda ber samkvæmt gildandi fjarskiptalögum að tilkynna sendanda hafi tölvupósturinn eða viðhengi hans ranglega borist honum. Vinsamlegast eyðið póstinum og viðhengjunum í slíkum tilvikum. Efni tölvupóstsins og skjala og gagna sem send eru sem viðhengi er á ábyrgð sendanda ef það tengist ekki starfsemi Kaupþings banka hf. eða tengdra félaga.

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gh@samskip.is

From: gh@samskip.is
Sent: Monday, January 13, 2003 11:46 PM
To: Recht.M
Cc: Bjarki H. Diego Kaupthing Reykjavik; Schmidhuber, Christine; gh@samskip.is; Hreiðar Már Sigurðsson Kaupthing Reykjavik; krth@lm.is; Zeil, Martin; 'michael.sautter@socgen.com'; Gatti, Peter; Recht.M; Steingrímur Kárason, Kaupthing, Reykjavik; Ólafur Ólafsson
Subject: Re: AW: Put and Pledge and Security Agreements
Attachments: EGLAPledgeSecurityAgreement13-01-03II.doc; EGLAPut and Call Option13-1-03II.doc; EGLAShare purchase agreement HA130103.doc; 8 1 2003 Drög 6 Kaupsamningur um hlutafé ENS.doc

Dear Martin,

I have inserted below (underlined) my comments to your points. Please, do not hesitate to contact me if you have any questions.

Best regards

Guðmundur Hjaltason

"Recht.M" <Recht.M@Hauck-Aufhaeuser.de>
Sent by: "Zeil, Martin" <Martin.Zeil@Hauck-Aufhaeuser.de>

13.01.2003 17:17

To: "bjarkid@kaupthing.net" <bjarkid@kaupthing.net>, "Recht.M" <Recht.M@Hauck-Aufhaeuser.de>
cc: krth@lm.is, hms@kaupthing.net, apk@kaupthing.net, gh@samskip.is, "Gatti, Peter" <Peter.Gatti@Hauck-Aufhaeuser.de>, "Schmidhuber, Christine" <Christine.Schmidhuber@Hauck-Aufhaeuser.de>, "michael.sautter@socgen.com" <michael.sautter@socgen.com>
Subject: AW: Put and Pledge and Security Agreements

Dear all,

please find enclosed the following agreements with my final comments and amendments. The AoA of EGLA and both shareholders' agreements are o.k. from our point of view.

There are still following points to be resolved or outstanding:

1. Final Draft of the Share Purchase Agreement with the State of Iceland with the warranty in English to be signed by the shareholders. Please provide me under Mr. Gatti's email address (peter.gatti@hauck-aufhaeuser.de) with the final draft.

Please, find the latest English draft of the contract. There should not be any material changes from this draft, but some wording and amendments leading from our meeting last Friday. The price of the deal is still being negotiated, as we want the Government to reduce it. We met with them this evening, and will meet again tomorrow. Will revert to you as soon as I have the final draft ready. The warranty in English is attached as a part of the contract. I spoke with the Government, if

H&A could sign its statement in English and they thought it should be in order.

2. Can it be ensured that both the purchase price for the EGLA shares as well as for the shares issued by the capital increase can be paid in US-Dollars, as planned by now ? Can currency fluctuations excluded by this ?

As we have not concluded the contract prices yet (we want to pay the full amount in USD, while the Government has made lower offers) the first tranche payment is not know. When it is know, we can hedge against the currency risk. Firstly, assuming that you will pay the first tranche in ISK (we are still discussing this with the Government) you might would want to convert the first portion of the payment into ISK as soon as the contract is signed (the Puffin can do that at a fixed rate). The second tranche is in USD so you should not have any currency risk on that payment.

3. When and how and to whom is the purchase price for the EGLA shares due and payable ?

When: 30 days after the signing or from the approval by the Icelandic Financial Authorities.

How: Payment into an account which the Government will nominate five days before payment date

Whom: To the Government.

I will arrange for payment order and confirmation for clearance when due.

4. As you will remember we still need a legal opinion on the following questions:

- a.) Does the put option agreement interfere with or infringe to the restriction "not to dispose of the shares in EGLA in any other manner" in the Bank Act and the Purchase Agreement ?
- b.) Can it be ruled out that H & A will have to seek approval by the Icelandic Authorities when it wants to exercise the Put Option ?
- c.) Will or can H & A be forced by Icelandic law to declare if it acts on its own behalf or as trustee or agent of a third party ?
- d.) Are the statements and warranties and guarantees by Welling & Partners Ltd. both in the Pledge and Security Agreement and in the Put Option Agreement, particularly concerning Icelandic law true and complete ?

Please ensure as soon as possible that such legal opinion will be delivered by an independent attorney.

I contacted an independent attorney tonight and he will have an opinion ready by tomorrow. I will send you a draft for a review and if you are satisfied, I will ask him to send it to you by courier.

With kind regards

Martin Zeil
Law Department
13.1.2003

Hauck & Aufhaeuser Privatbankiers KGaA
Loewengrube 18
D-80333 Muenchen
Phone +49 / 89 / 2393 - 2032

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recht.m@hauck-aufhaeuser.de
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-----Ursprüngliche Nachricht-----

Von: bjarkid@kaupthing.net [mailto:bjarkid@kaupthing.net]

Gesendet: Montag, 13. Januar 2003 11:48

An: Recht.M

Cc: krth@lm.is; hms@kaupthing.net; spk@kaupthing.net; gh@samskip.is

Betreff: Put and Pledge and Security Agreements

Dear Mr. Zeil.

I refer to our conversation a minute ago. Please find attached the latest draft version of a Put Agreement as well as a Pledge and Security Agreement, between Hauck & Aufhäuser and Welling & Partners, with a very few minor amendments from the version we were working on Friday night. All suggestions on amendments are marked - up.

I look forward to hear from you.

<<EGLAPledgeSecurityAgreement12-01-03.doc>> <<EGLAPut and Call Option12-1-03.doc>>

Kveðja / Kind regards

Bjarki H. Diego, Attorney at Law
Kaupthing Bank
Ármúli 13 IS - 108 Reykjavík - Iceland

Tel.: + 354 515-1623
Mobile: + 354 860-1623
Fax: + 354 515-1630
<http://www.kaupthing.net>
<mailto:bjarkid@kaupthing.net>

Efni þessa tölvupósts, sem og skjala og gagna sem send eru sem viðhengi, kann að vera trúnaðarmál og er eingöngu ætlað þeim sem tölvupósturinn er stílaður á. Misnotkun getur varðað bótaábyrgð og refsingu, auk þess sem viðtakanda ber samkvæmt gildandi fjarskiptalögum að tilkynna sendanda hafi tölvupósturinn eða viðhengi hans ranglega borist honum. Vinsamlegast eyðið

póstinum og viðhengjunum í slíkum tilvikum. Efni tölvupóstsins og skjala og gagna sem send eru sem viðhengi er á ábyrgð sendanda ef það tengist ekki starfsemi Kaupþings banka hf. eða tengdra félaga.

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Pledge and Security Agreement

between

Hauck & Aufhäuser Privatbankiers KGaA, Kaiserstrasse 24, D-60311, Frankfurt am Main,
Germany

- hereinafter referred to as the "Bank" –

and

Welling & Partners Limited, Akara Bldg., 24 De Castro Street, Wickhams Cay I, Road
Town, Tortola, British Virgin Islands

- hereinafter referred to as "WELLING & PARTNERS LIMITED" –

I.

The Parties to the Agreement refer to the Put Option Agreement dated [January 16th 2003] between the Bank and WELLING & PARTNERS LIMITED, regarding 50% of the nominal share capital of EGLA hf. after a capital increase by the board of directors as authorized in the Articles of Association pursuant to Clause 41 of Act respecting Public limited companies nr. 2/1995 – hereinafter called "the shares". The Put Option Agreement is attached to this Agreement and forms an integral part of it.

The Parties hereto are furthermore aware of the Shareholders' Agreement signed between the investor group and the Share Purchase Agreement (Final Draft No [X]) to be signed between the investor group and the Republic of Iceland, in particular of the restrictions and provisions with respect to the transfer of the Shares in EGLA hf. as well as in BUNADARBANKI.

The Parties hereto are also aware of the Share Purchase Agreement between the present shareholder of EGLA and the Bank concerning 50% of EGLA's total share capital in the nominal value of ISK 10.000.000,--, the acquisition price for 50% of the share capital amounting to ISK 5.000.000,--, and of the Shareholders' Agreement signed between the shareholders of EGLA.

All Agreements in their actual drafts or execution copies are attached to this Agreement.

The Parties hereto accept and agree that their mutual agreements are subject to the restrictions and provisions under the aforementioned Agreements.

In accordance with Section 1 b.) and Section 2 b.) of the aforementioned Put Option Agreement, WELLING & PARTNERS LIMITED is obliged, in the case that the above-mentioned Put Option is exercised, to pay the Bank a purchase price amounting to

\$ [32 .000.000,-]

(in words: [thirtytwo million ...] US dollars)

in exchange for the transfer of the above-mentioned shares to WELLING & PARTNERS LIMITED or some other party or parties designated by WELLING & PARTNERS LIMITED.

The subject of this Agreement is the provision of security for the Bank's claim to the purchase price against WELLING & PARTNERS LIMITED in the case that the Put Option is exercised and the Bank's claim for compensation of the difference between the purchase price paid by the Bank pursuant to the Share Purchase Agreement and the actual market

value of the shares during the lifetime of this Agreement and in case of insolvency of EGLA and/or BUNADARBANKI and/or nullification or redemption of the shares.

II.

This having been established, the Parties to the Agreement agree the following:

1. WELLING & PARTNERS LIMITED undertakes to the Bank to transfer the amount of \$[34.000.000], - before the signing of the Share Purchase Agreement to its Account No. 206-71601-07 with the Bank, and not to dispose of this credit balance during the term of this Agreement, apart from payment of fees to the Bank pursuant to Clause 8 of this Agreement. The credit balance will be invested in accordance with the provisions of a separate agreement between the Parties to this Agreement.
2. Regardless of the exercise of the aforementioned Put Option WELLING & PARTNERS LIMITED undertakes and guarantees to the Bank that WELLING & PARTNERS LIMITED will compensate, indemnify and hold harmless the Bank for any price fluctuations and price losses of the shares during the lifetime of this Agreement and for any loss and damage the Bank might suffer in case of insolvency of EGLA and/or BUNADARBANKI and/or nullification or redemption of the shares as well as for the obligations the Bank has entered into by signing the Share Purchase Agreement with the present shareholder of EGLA and by signing the warranties in the Share Purchase Agreement with the Republic of Iceland.
3. Notwithstanding the provisions in Clause 7 (a) of this Agreement, which relates to the Bank's unwillingness or inability to exercise the Put Option because of reasons with rest with its own responsibility the Parties hereto are aware of the fact that the performance of the Put Option could be subject to restrictions by or future legislation of the Republic of Iceland or its Authorities or other objective obstacles the Bank is not responsible and liable for. Should the performance of the Put Option fail or be impossible within the exercise period by virtue of a cause or reason as pointed out above, WELLING & PARTNERS LIMITED will indemnify the Bank from the purchase price for the Shares. In this case the Bank is entitled to realise the pledged credit balance without further notice. Upon realisation of the pledged credit balance the Bank will henceforth hold the Shares in trust for WELLING & PARTNERS LIMITED, in its own name but for the account and the entire risk of WELLING & PARTNERS LIMITED until the transfer of the Shares and the performance of the Put Option will become possible. The Bank will be entitled to the fee pursuant to Clause (8 b) of this Agreement and WELLING & PARTNERS LIMITED will indemnify the Bank from any further costs that will be incurred by the holding of the Shares in trust for WELLING & PARTNERS LIMITED.
4. Subject to the condition precedent that the Bank purchases the shares mentioned in Section I, WELLING & PARTNERS LIMITED hereby pledges the credit balance mentioned in Section II (1), including interest, to the Bank as collateral for all claims, and in particular the purchase price claim that the Bank has against WELLING & PARTNERS LIMITED under the Put Agreement mentioned in Section I, or that it will have in the case that the Put Option is exercised and equally as collateral for all claims that the Bank has or will have against WELLING & PARTNERS LIMITED under this Agreement, particularly claims pursuant to Section II (2),(3) (6) and (8) of this Agreement.

The Parties to the Agreement agree to the creation of the pledge.

5. The Bank is entitled to realise the pledged credit balance if and to the extent that WELLING & PARTNERS LIMITED defaults on payments due under the Put Option

Agreement and/or this Agreement. The Bank is obliged to give WELLING & PARTNERS LIMITED notice of its intended realisation of at least one week. No such notice of the intended realisation of the pledge is needed if WELLING & PARTNERS LIMITED has discontinued payments or if application has been made to open insolvency or other debt settlement proceedings on their assets.

6. WELLING & PARTNERS LIMITED warrants and guarantees to the Bank,

- a.) that it is entitled under the law of the British Virgin Islands to conclude this Agreement and that no statutory or other legal provisions, and in particular no supervisory law or exchange control provisions of the Republic of Iceland stand in the way of the implementation of this Agreement and of the Put Option Agreement mentioned in Section I;
- b.) that neither this Agreement nor the Put Option Agreement mentioned in Section I infringe against contractual or other civil law obligations on the part of WELLING & PARTNERS LIMITED;
- c.) that in the case of the preconditions for realisation of the pledge being fulfilled, it waives all objections, defences and rights of rescission, regardless of the legal reason for these.

WELLING & PARTNERS LIMITED shall indemnify the Bank against all costs and obligations arising under this Agreement and in particular against such damages and claims brought against the Bank by third parties or arising at the Bank as a result of the failure to comply with or infringement of the above-mentioned warranties and guarantees. In particular, WELLING & PARTNERS LIMITED will reimburse the Bank for all legal costs arising in this context and will make corresponding advance payments on request.

7. The Bank warrants and guarantees to WELLING & PARTNERS LIMITED,

- a.) that, in the case that the Bank is unable to transfer the shares to WELLING & PARTNERS LIMITED when the Put Option is exercised or if the Put Option is not exercised within the exercise period, as stipulated in Clause 1 (a), cf. Clause 3 of The Put Option Agreement - because of reasons which rest with the Bank's responsibility -, the pledge over the credit balance with the Bank will be treated as having expired;
- b.) that, in the case that the Bundesanstalt für Finanzdienstleistungen (BAFin - Federal Securities Supervisory Office) institutes or takes measures in accordance with Sections 45, 46, 46 a, 46 b or 47 *Kreditwesengesetz* (KWG - German Banking Act) against the Bank with the result that the Bank is unable to repay the pledged credit balance, it will trigger the Put Option, i.e. transfer ownership on the shares of EGLA to WELLING & PARTNERS LIMITED or some other party or parties designated by WELLING & PARTNERS LIMITED, in return for the pledged credit balance.

In case EGLA does not acquire the shares in BUNADARBANKI the pledge over the credit balance with the Bank will be treated as having expired, except for those obligations the Bank has already undertaken towards EGLA. In this case the Parties will negotiate a reasonable fee for the Bank to cover its efforts and expenses until then.

The Bank shall indemnify WELLING & PARTNERS LIMITED against such damages and claims incurred by or brought against WELLING & PARTNERS LIMITED as a result of the failure to comply with or infringement of the above-mentioned warranties and guarantees.

In all other cases, the Bank will only be liable in fulfilling its duties under this Agreement in cases of wilful intent and gross negligence.

8. The Bank shall receive payment in the total amount of € 1.000.000,- for implementing this Agreement; this payment is due as follows:

- a.) € 500.000,- within one week of the conclusion of this Agreement
- b.) € 500.000,- on the exercise of the Put Option under the above-mentioned Put Option Agreement.

The payments shall be withdrawn from Account No. 206-71601-07 with the Bank, as instructed from WELLING & PARTNERS LIMITED.

With regard to the relevant provisions of the *Umsatzsteuergesetz* (UStG – Value Added Tax Act), i.e. Section 3 a (3) and (4), and Section 4 no. 8 d.), e.) and f.) UStG, the Parties to the Agreement assume that WELLING & PARTNERS LIMITED is not eligible to pay VAT on the remuneration to be paid to the Bank, or that it is tax-exempt. If, as a result of a change in the law or in the course of an external tax audit at the Bank, VAT becomes due or is assessed in a legally binding form on the remuneration, WELLING & PARTNERS LIMITED undertakes to reimburse the Bank for this tax.

WELLING & PARTNERS LIMITED undertakes to transfer the remuneration when due to the Bank's account, account no. 502 209 00, at Landeszentralbank Hessen (Bank Code: 500 000 00).

- 9. This agreement has been firmly concluded for the duration of the Put Option Agreement between WELLING & PARTNERS LIMITED and the Bank. Regular termination is ruled out. However, the Bank is entitled to terminate the Agreement exceptionally for good cause if WELLING & PARTNERS LIMITED infringes against a warranty or guarantee as laid down in Section 4 of this Agreement, or if such a warranty or guarantee proves to be incorrect. In this case the Bank is entitled to terminate the Put Option Agreement with WELLING & PARTNERS LIMITED and to transfer the shares to WELLING & PARTNERS LIMITED against reimbursement of the purchase price.

- 10. Changes and additions to this Agreement must be in writing; this also applies to any change to this requirement of written form.

If a provision of this Agreement is unenforceable or unperformable, this does not affect the validity of the remaining provisions. The Parties to the Agreement will replace the unenforceable or unperformable provision with a regulation that most closely approximates to the economic intent of the unenforceable or unperformable provision in a legally permissible manner.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE FEDERAL REPUBLIC OF GERMANY, REGARDLESS OF THE LAW THAT MIGHT OTHERWISE GOVERN UNDER APPLICABLE CONFLICTS OF LAW PRINCIPLES. ALL DISPUTES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT SHALL BE FINALLY

SETTLED BY ARBITRATION UNDER THE TERMS OF A SPECIAL ARBITRATION AGREEMENT TO BE SIGNED AND EXECUTED BY EACH OF THE PARTIES HERETO.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their authorized representatives as of the date first above written.

Frankfurt am Main , January 16th 2003

For and on behalf of Hauck & Aufhäuser Privatbankiers KGaA:

For and on behalf of Welling & Partners Limited:

Put Option Agreement

PUT OPTION AGREEMENT, dated as of 16th of January, 2003 (this "Agreement"), between Welling & Partners Limited, Akara Bldg., 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands, a British Virgin Island limited liability company ("WELLING & PARTNERS LIMITED"), and Hauck & Aufhäuser Privatbankiers KGaA, Kaiserstrasse 24, D-60311, Frankfurt am Main, Germany, a German bank, incorporated as a partnership limited by shares under the laws of Germany (the "Bank").

WITNESSETH:

WHEREAS, the Bank has – under the condition precedent that a Share Purchase Agreement between the Republic of Iceland and the investor group, including EGLA, a corporation with shares, incorporated under Icelandic law – hereinafter called "EGLA" - has been signed, by the Closing of which the investor group will acquire 45.8 % of the share capital of BUNADARBANKI, a bank under the laws of the Republic of Iceland - committed itself to acquire 50% of the nominal share capital of EGLA after a capital increase of its nominal share capital from ISK 10.000.000,-- up to ISK 6.000.000.000,--has taken place- hereinafter called "the Shares" - , on the basis of an Shareholder agreement, dated as of January 16th of January 2003 (the "Shareholders' Agreement"), entered into with Ker hf. and VÍS hf. (as defined in the Shareholders' Agreement);

WHEREAS, after the date of the Closing of the aforementioned Share Purchase Agreement with the Republic of Iceland - hereinafter called "the Purchase Agreement" -, the investor group will own 45.8 % of the share capital in BUNADARBANKI.

WHEREAS, the Bank wishes to have the right to require that WELLING & PARTNERS LIMITED purchases the Shares under certain circumstances as hereinafter described.

WHEREAS, after the expiry of the lock-up period of 21 months the Bank is free to dispose of its shares in EGLA.

WHEREAS, the Parties hereto are aware of the restrictions and provisions with respect to the transfer of the Shares and the shares in BUNADARBANKI by the stipulations of the Purchase Agreement.

NOW, THEREFORE, in consideration of the promises and the mutual agreements set forth herein and under the condition precedent that the Bank has acquired the Shares in EGLA, the parties hereto hereby agree as follows:

1. Put

- (a) Grant of Put. WELLING & PARTNERS LIMITED hereby grants to the Bank the irrevocable right and option (the "Put"), subject to the satisfaction of the condition set forth in Section 3, to require WELLING & PARTNERS LIMITED to purchase all (but not less than all) of the Shares at any time during the thirty calendar days following the satisfaction of the condition set forth in Section 3, for a purchase price determined as provided in paragraph (b) below and upon notice as provided in paragraph (c) below.
- (b) Put Price. The aggregate purchase price to be paid by WELLING & PARTNERS LIMITED for the Shares upon exercise of the Put shall be an amount equal to USD [32.000.000],-- (the "Purchase Price").
- (c) Notice and Exercise of Put. The Put shall be exercisable by delivery in accordance with the provisions of Section 10 of a Notice of Put, duly executed by the Bank, specifying that the Bank is exercising its rights under this Agreement and specifying the date of the Put Closing (the "Notice of Put"). The closing of the purchase of the Shares upon exercise of the Put (the "Put Closing") shall occur at the headquarters of the Bank at 10:00 a.m. local time on a date selected by the Bank that is five Business Days after the Notice of Put is given. At the Put Closing (i) the Bank shall Transfer all of the Shares to WELLING & PARTNERS LIMITED and/or its designee and deliver to WELLING & PARTNERS LIMITED a certificate of the duly authorized officers of the Bank stating that the representations and warranties of the Bank contained in Section 4 are true and correct on the date of the Put Closing, as though made on such date, and (ii) WELLING & PARTNERS LIMITED and/or its designee shall deliver to the Bank the Purchase Price by wire transfer of immediately available funds (without any deduction for bank charges imposed upon the payor by the originating bank, all of which shall be the sole responsibility of the payor) to the account set forth in Exhibit 1 hereto, and a certificate of the duly authorized officers of WELLING & PARTNERS LIMITED stating that the representations and warranties of WELLING & PARTNERS LIMITED contained in Section 5 are true and correct on the date of the Put Closing as though made on such date.

For purposes of this Agreement: "Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in Frankfurt, Germany are authorized or required to be closed; and "Transfer" shall mean the valid transfer of title of the Shares under the applicable laws in the respective jurisdiction.

2. Pre – emptive Right

- a) Grant of Pre – emptive Right. The Bank hereby grants to WELLING & PARTNERS LIMITED the Pre – emptive Right, without prejudice to Clause 8 of this

Agreement, to acquire the Shares for an amount equal to USD [32.000.000],- in case the Bank has received a valid offer for the Shares, irrespective of the value of the offer in question.

- b) Notification. The Bank shall give WELLING & PARTNERS a written notice if it receives an Offer for the Shares, within 5 Business Days it receives such an offer, without prejudice to Clause 8 of this Agreement, granting WELLING & PARTNERS the right to exercise its pre-emptive right, pursuant to Clause 2 a). WELLING & PARTNERS shall within ten Business Days of receiving such notice, notify to the Bank if it wishes to exercise the Pre-emptive Right. The closing of the purchase of the Shares upon exercise of the Pre-emptive Right (the "Closing") shall occur at the headquarters of the Bank at 10:00 a.m. local time on a date selected by the Bank that is five Business Days after the notice of the exercise of the Pre-emptive Right is given. At the Closing (i) the Bank shall Transfer all of the Shares to WELLING & PARTNERS LIMITED and/or its designee and deliver to WELLING & PARTNERS LIMITED a certificate of the duly authorized officers of the Bank stating that the representations and warranties of the Bank contained in Section 4 are true and correct on the date of the Closing, as though made on such date, and (ii) WELLING & PARTNERS LIMITED and/or its designee shall deliver to the Bank the Purchase Price by wire transfer of immediately available funds (without any deduction for bank charges imposed upon the payor by the originating bank, all of which shall be the sole responsibility of the payor) to the account set forth in Exhibit 1 hereto, and a certificate of the duly authorized officers of WELLING & PARTNERS LIMITED stating that the representations and warranties of WELLING & PARTNERS LIMITED contained in Section 5 are true and correct on the date of the Closing as though made on such date.

3. Condition to Exercise of Put. Notwithstanding any other provision of this Agreement, the Put shall not be exercisable by the Bank before the end of the twenty first month after the signing of the Purchase Agreement subject to Clause 15 of this Agreement.

4. Representations of the Bank: The Bank hereby represents and warrants to WELLING & PARTNERS LIMITED as follows:

- (a) Due Organisation, Authorization. The Bank is a bank incorporated as a partnership limited by shares, duly organized, validly existing and in good standing under the laws of Germany. The execution, delivery and performance by the Bank of this Agreement, and the consummation by the Bank of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on its part.
- (b) Enforceability, etc. This Agreement has been duly executed and delivered by the Bank. This Agreement constitutes a legal, valid and binding obligation of the Bank, enforceable

against the Bank in accordance with its terms, provided, however, that the Bank assumes no liability whatsoever as to the enforceability of the Agreement under the laws of the Republic of Iceland.

- c) No Conflicts. The execution, delivery and performance of this Agreement by the Bank and the consummation by Bank of the transactions contemplated hereby will not (i) result in a violation of, be in conflict with or constitute a default (with or without notice or lapse of time or both) under (A) any German law applicable to the Bank, (B) any provision of its organizational documents, (C) any order or judgement of any court or other agency of government applicable to it or any of its assets.
 - d) Governmental Approvals. Except as those mentioned in the Shareholders' Agreement thereto no consent, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency or commission or other governmental authority or instrumentality, including German federal or state laws required to be obtained or made by or with respect to the Bank in connection with its execution and delivery of this Agreement or the consummation of the transactions contemplated hereby. The Bank assumes no liability , whatsoever, as to any requirements of the laws of the Republic of Iceland.
 - (e) Title to the Shares. The Bank owns the Shares free and clean of any Liens. The Transfer of the Shares following the exercise of the Put as contemplated by this Agreement will transfer good and valid title in the Shares to WELLING & PARTNERS LIMITED and/or its designees, free and clean of all Liens, provided, however, that the Bank assumes no liability for the validity of such transfer under the laws of the Republic of Iceland and for the legal implications and restrictions that may arise in case of insolvency of EGLA and/or BUNADARBANKI and/or the nullification or redemption of the shares or from the Shareholders' Agreement between the Investor Group and between the EGLA shareholders or from the Articles of Association of EGLA.
5. Representations of WELLING & PARTNERS LIMITED. WELLING & PARTNERS LIMITED hereby represents and warrants to the Bank as follows:
- (a) Due Organization, Authorization. WELLING & PARTNERS LIMITED is a limited liability company duly organized and validly existing under the laws of the British Virgin Islands. The execution, delivery and performance by WELLING & PARTNERS LIMITED of this Agreement, and the consummation by the WELLING & PARTNERS LIMITED of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on its part.
 - (b) Enforceability, etc. This Agreement has been duly executed and delivered by WELLING & PARTNERS LIMITED. This Agreement constitutes a legal, valid and binding obligation of WELLING & PARTNERS LIMITED, enforceable against WELLING & PARTNERS LIMITED in accordance with its terms.

- c) No Conflicts. The execution, delivery and performance of this Agreement by WELLING & PARTNERS LIMITED and the consummation by WELLING & PARTNERS LIMITED of the transactions contemplated hereby will not (i) result in a violation of, be in conflict with or constitute a default (with or without notice or lapse of time or both) under (A) any law applicable to WELLING & PARTNERS LIMITED and the laws of the Republic of Iceland, (B) any provision of its organizational documents, (C) any order or judgment of any court or other agency of government applicable to it or any of its assets, or (D) any contractual restriction binding on or effecting it or any of its assets, or (ii) result in the creation or imposition of any Lien upon any of its assets.
- (d) Governmental Approvals. No consent, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency or commission or other governmental authority or instrumentality, including British Virgin Island law and the laws of the Republic of Iceland, or otherwise, is required to be obtained or made by or with respect to WELLING & PARTNERS LIMITED in connection with its execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.
- (e) Litigation. No lawsuit, claim, proceeding or investigation is pending or threatened by or against WELLING & PARTNERS LIMITED or any of its properties, assets, operations, businesses or prospects, which relates to the transfers contemplated by this Agreement.
6. Indemnification. Subject to the other provisions of this Section 6 from and after the Put Closing, WELLING & PARTNERS LIMITED shall indemnify, defend and hold harmless the Bank against any and all Losses resulting from, arising out of or attributable to (i) any breach or inaccuracy of a representation or warranty of WELLING & PARTNERS LIMITED contained in this Agreement (but only if such indemnity is sought during a limitations period of three (3) years after the day of the Put Closing (hereinafter the "Limitations Period")), (ii) any failure by WELLING & PARTNERS LIMITED to materially perform or comply with any agreement or obligation contained in this Agreement.

The representations and warranties within the meaning of this Agreement and the indemnification in relation thereto constitute special agreements and guarantees negotiated and agreed upon between the Parties specifically for the purpose of this transaction (§ 311 (1) German Civil Code); accordingly indemnification under the terms of this Agreement does not require intent (*Vorsatz*) or negligence (*Fahrlässigkeit*) of the Party which is in breach of the respective representation and warranty and § 280 (1) (2) of the German Civil Code shall not apply. WELLING & PARTNERS LIMITED acknowledges that its representations and warranties contained in this Agreement constitute a guaranty within the meaning of §§ 276 (1), 443, 444 German Civil Code. The parties further agree that the provisions of §§ 434 through 453 of the German Civil Code relating to defects in quality or in title shall not apply to any representation or warranty contained in this Agreement, except (i) in the event of intent or fraudulent intent (*Vorsatz oder Arglist*) or (ii) where a claim arises because the title to any

Share has not been transferred free of Liens and rights of a third party, provided, however, that the Bank assumes no liability for any obstacles or objections against the transfer arising from the laws of the Republic of Iceland.

7. Further Actions. Each party hereto shall take any and all such actions, including but not limited to signing proxies or powers of attorney with respect to voting the Shares, and execute and deliver such further agreements, consents, instruments and other documents, as may be necessary from time to time to give effect to the provisions and purposes of this Agreement and, following the Put Closing, as the case may be, to effect and evidence the transfer of ownership of the Shares to WELLING & PARTNERS LIMITED and/or its designee.
8. No Assignment of Shares. The Bank will not sell, pledge, hypothecate or otherwise dispose of the Shares, other than to WELLING & PARTNERS LIMITED and/or its designee upon the exercise of the Put as contemplated by this Agreement subject to Clause 15 of this Agreement.
9. Termination. This Agreement shall terminate automatically upon the final transfer of the Shares to WELLING & PARTNERS LIMITED or its designee.
10. Notices.
 - (a) Addresses. Any notices and other communications of the parties to this Agreement shall be delivered by hand or sent by registered mail, air mail or telefax to the following addresses:
 - (i) If to the Bank, to:

Hauck & Aufhäuser Privatbankiers KGaA
Partners' Office/Financial Investments
Att.: Martin Zell and/or Robert Sprogies
Löwengrube 18, D-80333 München
Fax.: 0049-89-2393-2039
Tel: 0049-89-23932032
email: recht.m@hauck-aufhaeuser.de
 - (ii) If to WELLING & PARTNERS LIMITED, to:

Welling & Partners Limited,
c/o Karim Van den Ende,
Akara Bldg.,
24 De Castro Street,
Wickhams Cay I, Road Town,
Tortola,

British Virgin Islands

Fax:

Tel:

email:

- (b) Notices. All notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given (i) in the case of personal delivery, upon delivery, (ii) in the Case of registered mail or air mail, on the fifth Business Day after deposit in the mail system (following the day on which the notice was posted), (iii) in the case of deposit with an internationally recognized courier service, on the third Business Day following such deposit, and (iv) in the case of transmission by telefax, on the day on which it was transmitted, if receipt is confirmed by telephone; provided, however, that if the delivery by hand or by telefax takes place after 6:00 p.m., the notice shall be deemed to have been delivered at 9:00 a.m. on the following Business Day. The times stated in this Section refer to local time in the recipient's country.
11. Entire Agreement. This Agreement embodies all of the understandings and obligations of the parties hereto with respect to the subject matter hereof, and supersedes and replaces all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.
12. Amendments. No amendment or modification of this Agreement shall be valid or effective unless evidenced by an instrument in writing signed by the parties hereto.
13. Assignment; Successors. Neither the rights nor the obligations of any of the parties hereto shall be assigned or delegated without the prior written consent of the other party, except that the Purchaser may assign and delegate any and all of its rights or obligations hereunder to any affiliate thereof. This Agreement shall inure to the benefit of, and be binding on and enforceable against, the parties hereto and their respective successors and permitted assigns.
14. Insolvency of the Bank. In case insolvency or supervisory proceedings pursuant to Art. 45, 46, 46 a, 46b or 47 of the German Bank Act should be launched against the Bank, the Put Option will be triggered automatically, i.e. transfer ownership on the shares of EGLA to WELLING & PARTNERS LIMITED, in return for the Purchase Price.
15. Insolvency of EGLA and/or BUNADARBANKI /Nullification or Redemption of Shares.
Should EGLA and/or BUNADARBANKI become insolvent or bankrupt and/or should the shares be nullified or redeemed by legal proceedings under Icelandic law, the Bank, at its sole discretion, is entitled to exercise the Put Option according to Clause 1 of this Agreement without further notice, thereby transferring ownership of the shares to WELLING & PARTNERS LIMITED. In the case of the exercise of the Put Option, WELLING &

PARTNERS LIMITED will waive any objection, right or defence that may arise from the fact that BUNADARBANKI is in insolvency and the shares might have lost their value completely.

16. Governing Law; Arbitration. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE FEDERAL REPUBLIC OF GERMANY, REGARDLESS OF THE LAW THAT MIGHT OTHERWISE GOVERN UNDER APPLICABLE CONFLICTS OF LAW PRINCIPLES. ALL DISPUTES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT SHALL BE FINALLY SETTLED BY ARBITRATION UNDER THE TERMS OF A SPECIAL ARBITRATION AGREEMENT TO BE SIGNED AND EXECUTED BY EACH OF THE PARTIES HERETO. IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their authorized representatives as of the date first above written.

Hauck & Aufhäuser Privatbankiers KGaA

Welling & Partners Limited

SHARE PURCHASE AGREEMENT

Kristinn Hallgrímsson, idno. 160957-4929, Sudurlandsbraut 18, Reykjavík, hereinafter referred to as the Seller and Hauck & Aufhäuser Privatbankiers KGAA, in Frankfurt, Germany, represented by Mr. Peter Gatti hereinafter referred to as the Buyer hereby enter into the following agreement for the purchase of the Seller's 50% share in Egla hf., idno. 551102-2030, Sudurlandsbraut 18, Reykjavík ("the Company"):

Article 1.

The Seller is obligated to sell and the Buyer is obligated to buy the Seller's Shares in Egla hf. at the nominal value of ISK 5.000.000,00, subject to the following terms and conditions. This amounts to 50% of Egla's total share capital.

Article 2.

The acquisition price of the Shares delivered is ISK 5.000.000,00 – Icelandic Kronur five million 00/100, which is subject to the Buyer's payment in the form of assuming the responsibility to render payment of the said amount to the Company.

Article 3.

Payment for the said Shares has not been rendered by the Seller at present and thus the Shares have not been issued. The Seller will notify Egla hf.'s Board of Directors of this Agreement.

Article 4.

Dividends on the shares, unpaid at the date of signature of this Agreement, are included in the purchase. Furthermore the right to subscribe to new shares and receive bonus shares not yet issued and/or delivered at the said date, is included. This applies also to subsequent rights related to the sold Shares.

Article 5.

The Buyer will take over all rights and obligations attached to the acquired Shares including voting rights, as of the delivery of the Shares.

The Seller signs a Share Purchase Agreement with Ker hf., for the purchase 49% of shares in Egla hf. and a similar agreement with the Iceland Insurance Company (VIS) for the purchase of a 1% of the Company's total share capital. These agreements shall all signed simultaneously.

Article 6

The Seller warrants and represents to the Buyer the following:

1. EGLA hf is correctly and validly existing as a company by shares under Icelandic Law.
2. The nominal capital in the amount of ISK 10.000.000,-- has been fully paid in and there are no defaults in payment by any shareholder.
3. The shares transferred by this Agreement to the Buyer are free of any liens and encumbrances and of any rights of a third party.
4. EGLA hf has no payment obligations neither to its shareholders nor to a third party, and there are no lawsuits pending or launched against the Company.

Article 7

In other aspects than according to the said, the sold shares are without restrictions.

Any disputes arising in relation to this Agreement are subject to the sole and exclusive jurisdiction of the Reykjavik District Court.

Reykjavik, 15. January 2003.

For and on behalf of the Seller,

For and on behalf of the Buyer,
by authorisation of a Power of Attorney

Kristinn Hallgrímsson hrl.

Hauck & Aufhäuser Privatbankiers KGAA
Mr. Peter Gatti

Witnesses

Draft No. 6
9. January 2003
Time: 19:00

Share Purchase Agreement
between
The State of Iceland
and
Egla hf., ,
The Co-operative Pension Fund,
The Iceland Insurance Company hf., ,
Samvinnutryggingar Mutual Holdings

We, the undersigned, the Minister for Commerce, representing the State of Iceland, hereinafter referred to as the "Seller", and, as buyers: Egla hf., State Reg. No. 551102-2030, Suðurlandsbraut 18, 108 Reykjavík, with the owners of all the shares in Egla hf. being Ker hf., State Reg. No. 500269-4649, Suðurlandsbraut 18, 108 Reykjavík, [Financial Institution] and Samvinnutryggingar Mutual Holdings, State Reg. No. 550269-0589, Ármúli 3, Reykjavík, the Co-operative Pension Fund, State Reg. No. 430269-0389, Kringlan 7, Reykjavík, and the Iceland Insurance Company, State Reg. No. 690689-2009, Ármúli 3, 108 Reykjavík, hereinafter jointly referred to as the "Buyers", hereby enter into the following:

SHARE PURCHASE AGREEMENT:

Background:

- a) The Government of the Republic of Iceland, by an official letter of appointment dated 14 February 1996, has entrusted the Executive Committee on Privatisation with the sale of State assets, including the interest of the Icelandic State in Búnaðarbanki Íslands hf., with the objective of reducing the scope of state enterprises, improving the efficiency of the public sector and thereby making more effective use of State funds, encouraging the growth of the Icelandic stock market and improving the financial position of the State Treasury, and
- b) The Buyers intend to acquire a qualifying interest in Búnaðarbanki Íslands hf. and take an active part in the future development of the Bank through active equity participation of indeterminate duration, and
- c) The Parties have signed a "Heads of Agreement", dated 15 November 2002, included in Annex 1, where the groundwork was laid for the Agreement that the Parties have now decided to enter into, and.
- d) The parties agree that the following Agreement involves a single acquisition by the Buyers of a specified share of the Seller in Búnaðarbanki Íslands hf., even though the delivery of and payment for the sold property take place at separate times.

1. Definitions:

In this Agreement, the following terms shall have the meanings assigned to them below:

Buyers: Egla hf. State Reg. No. 551102-2030, Suðurlandsbraut 18, 108 Reykjavík, Samvinnutryggingar Mutual Holdings, State Reg. No. 550269-0589, Ármúli 3, Reykjavík, the Co-operative Pension Fund, State Reg. No. 430269-0389, Kringlan 7, Reykjavík, and the Iceland Insurance Company hf, State Reg. No. 690689-2009, Ármúli 3, 108 Reykjavík.

Seller: The State of Iceland is the Seller according to this Agreement and represented by the Minister of Commerce.

Shareholders of Egla hf.: Ker hf., State Reg. No. 500269-4649, Suðurlandsbraut 18, 108 Reykjavík, and [Financial Institution], [...], and Samvinnutryggingar Mutual Holdings, owners of all the shares in Egla hf.

The Shares: The shares of the Seller in Búnaðarbanki Ísland hf. State Reg. No. 490169-1219, Austurstræti 5, 155 Reykjavík, in the total nominal amount of ISK 2,481,542,021-

two billion four hundred and eighty-one million five hundred and forty-two thousand 21/1000.

The Acquisition The Agreement of the Seller and the Buyer concerning the sale of the Shares in the first and second stage.

The First stage: The delivery of the shares to be delivered within 30 days of the signature of this Purchase Agreement, subject to fulfilment of the conditions of the Agreement, i.e. 1,488,925,123 – one billion four hundred and eighty-eight million nine hundred and twenty-five thousand 123/1000 shares, i.e. approximately 27.48% of the issued shares in Búnaðarbanki Íslands hf.

The Second Stage: The delivery of the shares to be delivered at the request of the Buyers, but no later than 20 December 2003, subject to the fulfilment of the conditions of this Agreement, i.e. the Seller shall deliver to the Buyers 992,616,808– nine hundred ninety-two million six hundred and sixteen thousand 808/1000 shares, corresponding to approximately 18.32% of the issued shares in Búnaðarbanki Íslands hf.

Initial Financial Close: The acquisition price of the shares to be delivered in the first stage is ISK 7,072,394,762 – seven billion seventy-two million three hundred and ninety-four thousand 762/1000 Icelandic krónur.

Deferred Financial Close: The acquisition price of the shares to be delivered in the second stage amounts to US\$ 57,107,230.19 – USD fifty-seven million one hundred and seven thousand two hundred and thirty 19/100. However, the acquisition price in the second stage shall increase by 1.55313% per year, calculated as of the signature date hereof to the date of payment.

Initial Closing Date: The Initial Closing Date is the date of payment of the acquisition price of the shares to be delivered in the first stage and of the delivery of the said shares.

Deferred Closing Date: The Deferred Closing Date is the date of payment of the acquisition price of the shares to be delivered in the second stage and of the delivery of the said shares.

Shareholders' Agreement: The Shareholders' Agreement attached in Annex 4 hereto.

Heads of Agreement: An agreement between the Buyer and the Seller, dated 15 November 2002, attached hereto in Annex 1.

Banking days: Days on which banks in Reykjavík and London are open for business.

2. Quantum of Acquired Shares

- 2.1 The Seller undertakes to sell and the Buyers undertake to buy, on the terms laid down herein, most of the shares of the Seller in Búnaðarbanki Íslands hf., State Reg. No. 490169-1219, Austurstræti 5, 155 Reykjavík, in the nominal value of ISK 2,481,542,021 – two billion four hundred and eighty-one million five hundred and forty-two thousand and 021/1000.
- 2.2 The issued shares in Búnaðarbanki Íslands hf. amount to ISK 5,418,214,020 five billion four hundred and eighteen thousand two hundred and fourteen thousand 020/1000 in nominal value. The acquired shares thus correspond to approximately 45.8% of the issued shares of Búnaðarbanki Íslands hf.
- 2.3. The Buyers will acquire the said Shares in the following proportions among themselves:

A. Egla hf.	[71,68%]
B. Eignarhaldsfélagið Samvinnutryggingar	[7,50%]
C. Co-operative Pension Fund	8.33%
D. The Iceland Insurance Company hf.	12.49%

Ker hf. is the owner of 49% of the shares in Egla hf., [Financial Institution] is the owner of 49% in Egla hf., Samvinnutryggingar Mutual Holdings is the owner of 2% of the shares in Egla hf.

3. Delivery

- 3.1 The Shares sold shall be delivered to the Buyers in two stages, hereinafter referred to as the first and second stage (i.e. the "Initial Purchase" and "Deferred Purchase" pursuant to the Heads of Agreement), on the receipt of payment pursuant to Chapter 4, subject to the approval of the Financial Supervisory Authority in Iceland and the delivery of a notice to the corresponding regulatory body in Luxembourg, Commission de Surveillance du Secteur Financier, and subject also to the fulfilment of the further conditions of the Seller, in accordance with the following:
 - 3.1.1 In the first stage, or within 30 days of the signing of this Share Purchase Agreement, subject to the fulfilment of the conditions of the Agreement, the Seller shall deliver to the Buyers 1,488,925,123 – one billion four hundred eighty-eight million nine hundred and twenty-five thousand, 123/1000 shares, corresponding to approximately 27.48% of the issued shares in Búnaðarbanki Íslands hf.
 - 3.1.2 In the second stage, at the request of the Buyers, but no later than 20 December 2003, subject to the fulfilment of the conditions of this Agreement, the Seller shall deliver to the Buyers 992,616,808 – nine hundred ninety-two million six hundred and sixteen thousand 808/1000 shares, corresponding to approximately 18.32% of the issued shares in Búnaðarbanki Íslands hf.
- 3.2 The Buyers will take over all rights and obligations attached to the acquired Shares, including voting rights, as of the delivery of the Shares.
- 3.3 The Seller shall be responsible for the notification of the transfer of title to the above Shares to Búnaðarbanki Íslands hf.

4. Acquisition Price

- 4.1 The acquisition price of the shares to be delivered in the first stage is determined in Icelandic krónur (ISK), while the acquisition price of the shares to be delivered in the second stage is determined in US dollars (USD). The price of the Shares varies depending on time of payment and delivery, as further detailed below.
- 4.2 The agreed price of the shares in Búnaðarbanki Íslands hf. to be delivered in the first stage, amounting to a nominal value of ISK 1,488,925,213, is ISK 4.75 per share. The acquisition price of the shares to be delivered in the first stage thus amounts to ISK 7,072,394,762, seven billion seventy-two million three hundred and ninety-four thousand 762/1000.
- 4.3 The agreed price of the shares in Búnaðarbanki Íslands hf. to be delivered in the second stage, amounting to a nominal value of ISK 992,616,808, is USD 57.532 per 1,000 shares. The acquisition price of the shares to be delivered in the second stage thus amounts to USD 57,107,230.19 – USD fifty-seven million one hundred and

seven thousand two hundred and thirty 19/100. However, the acquisition price in the second stage shall increase by 1.55313% per year, calculated as of the signature date hereof to the date of payment.

- 4.4 The acquisition price is accepted by the Buyers based on the general information on Búnaðarbanki Íslands hf. available in the market, together with a presentation given to Buyers by the management of Búnaðarbanki Íslands, which information does not include insider information, and in addition the Buyers were, several days before the signature of this Purchase Agreement, presented with the conclusions of due diligence conducted in the course of recent weeks by the auditing firm PricewaterhouseCoopers for Búnaðarbanki Íslands hf. in connection with the proposed sale under this Purchase Agreement. The Seller accepts no responsibility for any of the information on which the Buyers base their assessment, irrespective of the origin of such information.

5. Payment of the Acquisition Price

- 5.1 The acquisition price shall be paid as follows:

- 5.1.1 The acquisition price of the shares to be delivered in the first stage, USD 7,072,394,762, shall be paid in full within 30 days of one of the following, whichever comes last:

- i) The signature of this Agreement;
- ii) The approval of the Icelandic Financial Supervisory Authority and the corresponding regulatory body in Luxembourg, Commission de Surveillance du Secteur Financier, and
- iii) The fulfilment of other conditions hereof, as laid down in Article 9.

- 5.1.2 The acquisition price of the shares to be delivered in the second stage, USD 57,107,230.19, adjusted on the basis of the interest rate pursuant to Section 4.3, shall be paid in full on 20 December 2003, at the latest, subject to the approval of the Financial Supervisory Authority in Iceland and the corresponding regulatory body in Luxembourg, Commission de Surveillance du Secteur Financier, and subject to fulfilment of other conditions hereof.

- 5.2 The Buyer shall pay the acquisition price into a bank account designated by the Seller at the latest five Banking Days before the due date.

6. Dividends on the Shares to be Delivered in the Second Stage

- 6.1 The Seller shall be entitled to dividends and all other payments on the acquired Shares to be delivered in the second stage while he holds the title to them.
- 6.2 Dividends paid out to the Seller from Búnaðarbanki Íslands hf. on the shares in question here, shall be deducted and the acquisition price reduced accordingly.
- 6.3 Calculation of the deduction from the acquisition price pursuant to the above shall be based on the exchange rate of the USD/ISK as posted on the date of payment of the dividends.

7. Financing by the Buyer

7.1 The Buyers undertake to finance the acquisition as follows:

1. The Co-operative Pension Fund and the Icelandic Insurance Company will pay their proportion of the acquisition price using their own free equity.
 2. Samvinnutryggingar Mutual Holdings will finance its share of the acquisition price by loan financing up to a maximum of 35% of its share of the acquisition price, with the balance financed by the sale of assets and/or mortgaging of its own other assets, and
 3. Egla hf. will finance 65% of its share by means of its own equity, and a maximum of 35% by means of loan capital in accordance with Section 7.3.
- 7.2 The Buyers shall not finance the acquisition by means involving the participation of Búnaðarbanki Íslands hf., whether by direct financing on the part of Búnaðarbanki Íslands hf. or indirect financing in the form of guarantees, or by any undertakings on the part of Búnaðarbanki Íslands hf., in part or in full. Notwithstanding the above, Samvinnutryggingar Mutual Holdings may obtain financing for part of the acquisition of the shares purchased by Samvinnutryggingar Mutual Holdings if the current board of directors of the Bank wishes to provide such a loan in competition with other lending institution in the Icelandic financial market, provided that such financing does not exceed 35% of the total acquisition price of the share of Samvinnutryggingar Mutual Holdings.
- 7.3 As revealed in Section 7.1, Egla hf. will finance at least 65% of its share by means of its own equity and up to 35% by means of loan capital. The owners of shares in Egla hf. will be Ker hf., 49%, [Financial Institution], 49% and Samvinnutryggingar Mutual Holdings, 2%. The shareholders of Egla hf. severally guarantee their contribution to the equity of Egla hf. which is necessary to finance [32.5%] of the first and second stage. Loan capital to Egla hf. will be provided by [an Icelandic Bank] on the terms of a loan undertaking as further detailed in a letter contained in Annex 6 to this Agreement. The terms of this loan undertaking cannot be changed by Egla hf. nor [the Icelandic Bank] without the written consent of the Seller until the acquisition price according to the deferred financial close has been paid. The loan undertaking involves, *inter alia*, an unconditional undertaking on the part of [the Icelandic Bank] to Egla hf. and enablement of Egla hf. to utilise the borrowed funds to pay 35% of its obligation pursuant to the initial and deferred financial close without further conditions. Egla hf. undertakes to utilise the proceeds pursuant to the loan undertaking, or loan agreement pursuant to such undertaking, to pay a 35% share of the initial and deferred financial close, but 65% of the acquisition price will be paid by Egla hf. using its own equity, as laid down in Sub-section 3 of Section 7.1.

8. Warrants of the Seller

- 8.1 The seller declares and warrants that the acquired Shares are the property of the Seller and sold without encumbrances or restrictions other than those provided for in the Articles of Association of the Company and in this Agreement. This Section 8.1 represents the exhaustive warrants of the Seller.

9. Conditions of the Seller

- 9.1 This Purchase Agreement is subject to the following conditions of the Seller:
- 9.2 That the shares to be delivered in the first stage, and, additionally, 5.82% of the issued shares in Búnaðarbanki Íslands to be delivered in the second stage, amounting to an aggregate total of 33.3% of the issued shares in Búnaðarbanki Íslands hf., will carry a legend to the effect that the Buyer shall not transfer, pledge with the effect that enforcement can take place within 21 months of the signature hereof, or otherwise dispose of the shares or the rights attached to the shares for twenty-one

months following signature hereof, as further provided in Section 11.1 and as shown in Annex 3. In the event of any mortgaging by the Buyers of the sold shares, it shall be ensured that any mortgage contract takes full account of the above encumbrance so that no enforcement proceedings can be initiated against the above shares, notwithstanding any default by the Buyers, until the assignment encumbrance is removed. The shares of the Buyers shall carry a legend consistent with the above in proportion to the Buyers' shares pursuant to Section 2.3.

- 9.3 That the Articles of Association of Egla hf. shall reflect the restrictions on the disposal of shares in the Company pursuant to Sections 11.3, 11.7 and 11.4, as shown in Annex 2.
- 9.4 That the Buyer shall seek approval by the Financial Supervisory Authority of the Buyers' acquisition of a qualifying share in Búnaðarbanki Íslands hf. and approval, without significant conditions, by the Financial Supervisory Authority of the disposal of the Shares and corresponding approval from the Financial Supervisory Authority in Luxembourg, Commission de Surveillance du Secteur Financier, as applicable. The Buyers shall notify the Seller in writing of the response of the above authorities as soon such information is received by the Buyers and deliver to the Seller copies of all notices and communications with the above authorities.
- 9.5 That the Buyers have entered into a shareholders' agreement pursuant to Article 12, which the Seller has expressly approved.
- 9.6 In the event that the Buyers sell to a third party a maximum of 5.82% of the issued shares in Búnaðarbanki Íslands hf. out of the 33.3% share referred to in Section 9.2 above, the condition is made by the Seller that the said third party shall be bound by all the undertakings of the Buyers pursuant to this Agreement in the same manner as the Buyers.
- 9.7 [That the Buyers have prior to [...] secured financing pursuant to Section [...], which is acceptable to the Seller].
- 9.8 The Buyers hereby warrant that they are companies established and operated under Icelandic law.

10. Exercise of Voting Rights Prior to Second Stage

- 10.1 In light of the fact that pursuant to this Agreement, the Buyers will, no later than 20 December 2003, become the owners of a 45.8% interest in Búnaðarbanki Íslands, the Seller shall, in his exercise of voting rights carried by the shares to be delivered in the second stage, consult with the Buyers with the objective of reaching a consensus between the parties regarding elections to the Board of Directors of Búnaðarbanki Íslands hf. and any other major decisions that may be taken at shareholders' meetings, until performance under the second stage has been effected.
- 10.2 The above does not constitute assignment of the voting rights attached to the shares to be delivered in the second stage.

11. Restrictions on the Disposal of the Shares

- 11.1 The Buyers, jointly or separately, shall not sell or dispose in any other manner of the shares to be delivered in the first stage and 5.82% of the issued shares in Búnaðarbanki Íslands hf., as part of the shares to be delivered in the second stage, i.e. a total of 33.3% of the total issued shares in Búnaðarbanki Íslands hf., or pledge

the shares with the effect that enforcement can take place within twenty-one months of the signature hereof, or sell dispose of or pledge any rights attached thereto, for twenty-one months from the signing of this Agreement, except with the written consent of the Seller. However, the Buyers are free to dispose of the 12.5% of the issued shares in Búnaðarbanki Íslands hf. which are delivered in stage two.

- 11.2 Notwithstanding the above, the Buyers may transfer a total of up to 5.82% of the issued shares in Búnaðarbanki Íslands to a third party who undertakes all the obligations undertaken by the Buyers under this Agreement, annexes and other agreements relating to the transaction forming the subject hereof, so as to occupy an equal position with the Buyers vis-à-vis the Seller on the acquisition of the said shares. Prior to any transfer of the above shares taking effect, the Seller shall be notified in writing in a verifiable manner of the proposed transfer and the Seller shall be delivered a signed, unreserved and unconditional consent of the buyer in question to be bound by the above obligations vis-à-vis the Seller, as shown in Annex 5.
- 11.3 Furthermore, shareholders of Egla hf. shall not sell, pledge or dispose in any other manner of their shares in Egla hf., nor any rights carried by such shares, for twenty-one months following the date of signature hereof, except with the written consent of the Seller. The above restrictions shall apply to all new shares in Egla hf., whether through new issues or the issue of bonus shares. Furthermore, Egla hf. and the Shareholders of Egla hf. shall not be permitted to sell new shares in Egla hf. to parties who are not shareholders of Egla hf. for twenty-one months from the signature hereof, except with the written consent of the Seller.
- 11.4 The shareholders of Egla hf. shall not dissolve the Company without the written consent of the Seller until twenty-one months following signature of this Agreement, unless the assignment restrictions on the sold shares have first been removed. Such consent shall not be unreasonably withheld if the proposed dissolution takes place in connection with the transfer of the rights and obligations of the Buyer to another company owned by the shareholders. The Articles of Association of Egla hf. shall contain provisions in confirmation of the above, as shown in Annex No. 2.
- 11.5 Notwithstanding the above, the provisions of Section 11.1 shall not preclude any potential merger of Búnaðarbanki Íslands with other financial institutions or the take-over by other financial institutions of Búnaðarbanki Íslands, provided that shares of the Buyers in the merged company or take-over company are subject to the restrictions above. In the event that the Buyers seek a waiver of the provisions of Section 11.1 regarding the sale or disposal of the Shares in the context of a merger of Búnaðarbanki Íslands hf. with another financial enterprise within twenty one months of the signature hereof, the Seller shall, among other objective criteria, take account, in his assessment of the request for the waiver, of whether the objectives of this Agreement have been attained and whether the Buyers will, through their holdings, have an active influence on the merged company.
- 11.6 The shares in question shall carry a legend indicating the above restrictions on trading, recorded in the records system of the Icelandic Securities Depository hf. The same shall apply to the shares of the Buyers in the merged company or take-over company as provided in Section 11.5, as applicable. Annex No. 3 contains the text of the legend to be inscribed on the shares in question. The Share Register of Búnaðarbanki Íslands shall be notified of the above restrictions and a note to this effect shall be entered in the Company Share Register.
- 11.7 The articles of association of Egla hf. shall reflect the restriction on the disposal of shares in the Company. Annex 2 contains the provisions to be inserted in the Articles of Association of Egla hf.

- 11.8 In circumstances where the consent of the Seller needs to be obtained for the purposes of this Agreement, the Seller shall be represented by the Minister of Commerce.

12. Shareholders' Agreement between the Buyers

- 12.1 The Buyers have entered into the shareholders' agreement contained in Annex No. 4. The purpose of the shareholders' agreement is to ensure that the Buyers function as a single entity, a core investor, in respect of their ownership of the shares forming the subject of this agreement.
- 12.2 According to the shareholders' agreement, the Buyers shall function as a single shareholder in Búnaðarbanki Íslands hf. and shall at all times exercise their combined and undivided votes jointly at shareholders' meetings, and the same shall apply to their influence in the board of directors of the company.
- 12.3 As revealed in Section 9.2, the Buyers may sell a maximum of 5.82% of the issued shares in Búnaðarbanki Íslands to a third party, notwithstanding the restrictions of Section 9.2 regarding the disposal of the 33.3% interest of the Buyers in Búnaðarbanki Íslands hf. The buyer of the above interest shall be bound by the shareholders' agreement provided for hereunder in the same manner as the Buyers. The Buyers shall, prior to the effect of such transfer, deliver to the Seller a written undertaking of such a buyer, as shown in Annex 5.
- 12.4 This shareholders' agreement shall not be amended, invalidated or withdrawn, in full or in part, except with the written consent of the Seller, until twenty-one months have passed from the signature hereof, unless other provisions of this Agreement apply which serve to remove the above encumbrance from the Shares.

13. Default by Buyers, etc.

- 13.1 In the event of default by the Buyers on any payments hereunder, in part or in full, or non-performance of any other provisions hereof, whether on the part of a single Buyer, some of the Buyers or all of the Buyers, the Seller may rescind the sale with regard to the party in default following a written warning where the buyer in question is granted 14 days to remedy the default. Such written warning shall be sent to the buyer in question by verifiable means with a copy to other Buyers.
- 13.2 Buyers are not liable for the default of other Buyers. In the event of a lawful rescission of part of the Purchase, other Buyers shall be invited to remedy the default of the Buyer in question proportionally to their part in the purchase of shares in Búnaðarbanki Íslands hf. pursuant to this Purchase Agreement. The above invitation shall be extended by formal and verifiable means and a notice period of 14 days granted to decide on the acceptance of the invitation and another 14 days to pay the Acquisition Price. In the event that all the Buyers who are not in default of this Agreement do not accept the above invitation, the entitlement of the other Buyers shall increase proportionally.
- 13.3 Default by the shareholders of Egla hf. is equivalent to default by Egla hf. pro rata to the share of each shareholder. In the event that one or all of the shareholders of Egla hf. violate the obligations incumbent upon them or Egla pursuant to this Agreement prior to 10 October 2004, the Seller may rescind the sale to Egla hf. without notice. In such an event, the provisions of Section 13.2 shall apply, regarding the rights of other Buyers to provide remedy.

- 13.4 In the event of unsuccessful attachment measures against one or more Buyers, if the Buyers apply for cessation of payment or seek composition with creditors, a claim is submitted for bankruptcy proceedings against them, if the shareholders of Egla hf. decide to dissolve their company without the prior approval of the Seller, the Seller may terminate this Agreement without notice vis-à-vis the Buyer in question.
- 13.5 In the event of entitlement by the Seller to rescind this Agreement owing to default by the Buyers, the obligation of the Seller to deliver to the Buyer in question any undelivered shares in Búnaðarbanki Íslands hf shall lapse and the consequences of the rescissions shall then be subject to the rules of Icelandic claims law.

14. Communications between the Parties

- 14.1 All communications relating to this Agreement shall be in writing and all notices shall be sent in a verifiable manner to the following addresses:

The Icelandic State

The Ministry of Finance and
the Ministry of Commerce
Arnarhvoll
150 Reykjavík

Ker hf.
Suðurlandsbraut 18
108 Reykjavík

- 14.2 Notices sent to Ker hf. pursuant to the above shall be regarded as adequately delivered to all the Buyers and shareholders in Egla hf.

15. Disclosure of Information

- 15.1 The substance of this Agreement is confidential and the parties shall not disclose to any third party the substance hereof except as provided by law, as laid down in the Information Act, No. 50/1996.
- 15.2 The parties undertake to co-ordinate all notices to the media and other parties relating to this agreement.

16. Amendments to this Agreement

- 16.1 Any amendments to this Agreement shall be made in writing and signed by the parties to the Agreement.

17. Assignment of rights

- 17.1 The Buyers shall not assign any rights or obligations under this Agreement in contravention of its provisions, or dispose of such rights or obligations in any other manner without the written consent of the Seller.

18. Legal Venue and Governing Law

- 18.1 This Agreement is concluded between Icelandic entities and is written in the Icelandic language. The Agreement is subject to Icelandic law.
- 18.2 Any disputes arising in relation to this Agreement are subject to the sole and exclusive jurisdiction of Icelandic courts.

19. Representation

- 19.1 The persons signing this Agreement on behalf of the Buyers and shareholders in Eglá hf. personally warrant that they have been duly authorised to enter the parties in question into the undertakings provided for herein by their signature and shall present a written power of attorney pursuant to the above at the request of the Seller.

20. Signature and Copies of the Agreement

- 20.1 In witness of the above, the representative of the Seller and the representatives of the Buyers have signed this Agreement in the presence of witnesses.
- 20.2 Concurrently, all the shareholders of Eglá hf. have attached their signatures hereto in confirmation of the undertakings laid down in Articles 5, 7, 9, 11, 12 and 13.
- 20.3 This Agreement is made in two identical copies, one copy to be retained by the Buyers and another by the Seller.

Reykjavík 10 January 2003

Valgerður Sverrisdóttir,
Minister of Commerce
Representing the Republic of Iceland,

Confirmed

[...]
For Eglá hf.

Davíð Oddsson,
Minister for Finance
Representing the Republic of Iceland

[...]
For the Co-operative Pension Fund

[...]
For the Iceland Insurance Company hf.

[...]
for Samvinnutryggingar Mutual
Holdings

The undersigned owners of all issued shares in Eglá hf. hereby attach their initials to this Agreement in acceptance of the restrictions imposed in Articles 9, 11, 12 and 13 above relating to the disposal of our shares in Eglá hf. and in confirmation that the amendments to be made to the Articles of Association of Eglá hf. as further described in Annex 2 will be

made at a lawful shareholders' meeting and that the amendments will be registered at the Register of Companies prior to the delivery of the shares to be delivered in the first stage, and no later than 31 January 2003. Furthermore, we guarantee the full performance of all the above provision of the Agreement on the part of Egla hf. proportionally to the share of each shareholder.

Furthermore, we, as the owners of all the issued shares in Egla hf., undertake to contribute equity to the Company pursuant to Chapter 7, so that the equity ratio stands at 65% in proportion to the share of each shareholder.

For [Financial Institution]

For Ker hf.

For Samvinnutryggingar Mutual Holdings

Witnesses to the correct
date and signatures of the Parties:

Name and Id. No.

Name and Id. No.

Provisions to be Inserted in the Articles of Association of Egla hf.

The amendments below shall be made to the Articles of Association of Egla hf. and the new Articles of Association registered with the Register of Company no later than 31 January 2001.

New Section 2.11

"As a result of an Agreement between the Company and the State of Iceland on the acquisition by the Company of an interest in Búnaðarbanki Íslands hf. dated [10 January 2003], the shareholders are not permitted to sell, pledge with the effect that enforcement can take place within 21 months of the signature of the Agreement, or otherwise dispose of their shares in the Company or the rights attached to the shares until twenty-one months have passed from the signature of the above Agreement, unless the encumbrance has been removed earlier, except with the written approval of the State of Iceland." Furthermore, new shares in the Company shall not be sold to parties who are not shareholders in the Company on the signature of the said Agreement for twenty-one months from the date of signature of the Agreement except with the written consent of the State of Iceland. The above provision shall not be deleted from the Articles of Association of the Company before the time specified above except with the written consent of the State of Iceland."

New Paragraph to be Inserted in Section 6.2

"Notwithstanding the above, Section 2.11 cannot be amended or deleted from the Articles of Association of the Company prior to 10. October 2004 without the written consent of the State of Iceland."

New Paragraph to be Inserted in Section 6.3

"Notwithstanding the above, the obligations of the Company under the Agreement between the Company and the Icelandic State on the acquisition of an active interest in Búnaðarbanki Íslands hf. entail that the Company cannot be dissolved without the written consent of the Icelandic State Prior to 10 October 2004.

The above provision of Section 2.11 shall be inscribed on all shares in Egla hf.

Legend to be carried by Shares of the Buyers
in Búnaðarbanki Ísland hf.

The legend below shall be inscribed on shares of the Buyers in Búnaðarbanki Íslands hf. delivered in the first stage, i.e. ISK 1,488,925,123 one billion four hundred and eighty-eight million nine hundred and twenty-five thousand 123/1000, nominal value, and in addition on shares delivered in the second stage in the nominal value of ISK 315,340,056, three hundred and fifteen million three hundred and forty thousand 056/1000, or a total of 33.3% of the issued shares in Búnaðarbanki Íslands hf. Concurrently, the Share Register of Búnaðarbanki Íslands shall be notified of the restrictions below and a note to this effect shall be entered in the Company Share Register. The shares of the Buyers shall carry a legend as follows in the proportions laid down in Section 2.3 of the Agreement.

"With reference to a Share Purchase Agreement between Egla hf., the Co-operative Pension Fund and the Iceland Insurance Company hf. and the State of Iceland, dated [10 January 2003], this share, and any rights attached to it, shall not be sold, pledged with the effect that enforcement can take place within 21 months of the signature of the Agreement, or otherwise disposed of until twenty-one months have passed from the signature of the above Agreement, except with the written approval of the State of Iceland. The above restrictions shall also apply to, and be inscribed on, any new shares of the above parties in Búnaðarbanki Íslands deriving from this share through the issue of bonus shares."

Shareholders' Agreement

Date [...],

between

Egla hf.,

**The Co-operative Pension Fund,
The Iceland Insurance Company hf.**

and

Samvinnutryggingar Mutual Holdings

**Declaration in respect of the Acquisition of Shares in
Búnaðarbanki Íslands hf.
Issued by the Core Investors**

With reference to a Share Purchase Agreement, dated [10 January 2003], between the State of Iceland, on the one hand, and Egla hf., Samvinnutryggingar Mutual Holdings, the Co-operative Pension Fund and the Iceland Insurance Company hf., on the other hand, the undersigned, [...], buyer of [...] shares, corresponding to [...] of the issued shares of Búnaðarbanki Íslands hf., from [...], that the undersigned undertakes, unconditionally, without reservation and irrevocably, all the obligations incumbent upon the Buyers pursuant to the said Purchase Agreement, so that with regard to the State of Iceland the undersigned shall be regarded as one of the parties to the above Purchase agreement, the Shareholders' Agreement dated [10 January 2003] and other parts of the said Purchase Agreement.

The original of this Declaration is delivered to the State of Iceland in witness of the obligation of the undersigned.

[Place/Date]

Witnesses to the correct signature
and date:

4

Bjarki H. Diego Kaupthing Reykjavik

From: Bjarki H. Diego Kaupthing Reykjavik
Sent: Wednesday, January 15, 2003 10:01 PM
To: gh@samskip.is; Bjarki H. Diego Kaupthing Reykjavik; martinzell@web.de
Subject: Puffin - Pledge and Put
Attachments: Final Copy Pledge.doc; Final Copy Put.doc

Please find attached the final versions of the Pledge and Security Agreement and the Put Option Agreement.

I will make arrangements to make sure that the director of Welling & Partners will be at H&A's offices in Luxembourg tomorrow morning to sign all necessary documents, i.e. the Agreements and the Opening Account Forms.

Please don't hesitate to contact undersigned if you have comments to the attached Agreements.

Kind Regards,

Bjarki H. Diego,
Mobile + 354 860 1623

Bjarki H. Diego Kaupthing Reykjavik

From: Bjarki H. Diego Kaupthing Reykjavik
Sent: Wednesday, January 15, 2003 11:32 PM
To: Eggert J. Hilmarsson KB Lux
Cc: Steingrímur Kárason, Kaupthing, Reykjavik; Hreiðar Már Sigurðsson Kaupthing Reykjavik
Subject: FW: Puffin - Pledge and Put
Attachments: Final Copy Pledge.doc; Final Copy Put.doc

Meðf. er endanleg útgáfa af Put og Pledge, að því gefnu að Martin Zell hjá H&A geri ekki athugasemdir. Hef fengið eintak undirritað af fyrirsvarsmanni H&A. Ákveðum þó í fyrramálið hvernig fer með undirritun af þeirra hálfu þar sem Zell hafði áður óskað eftir því að undirritað yrði af þeirra hálfu í Frankfurt.

Hef samband snemma í fyrramálið þegar ég hef rætt við Zell - þar sem gert er ráð fyrir að W&P hafið samband við skrifstofu H&A við fyrsta mögulega tækifæri í fyrramálið til að ganga sem fyrst frá undirritun af þeirra hálfu.

Kv.,
Bjarki

-----Original Message-----

From: Bjarki H. Diego Kaupthing Reykjavik
Sent: mið. 15.1.2003 22:00
To: gh@samskip.is; Bjarki H. Diego Kaupthing Reykjavik; martinzell@web.de
Cc:
Subject: Puffin - Pledge and Put

Please find attached the final versions of the Pledge and Security Agreement and the Put Option Agreement.

I will make arrangements to make sure that the director of Welling & Partners will be at H&A's offices in Luxembourg tomorrow morning to sign all necessary documents, i.e. the Agreements and the Opening Account Forms.

Please don't hesitate to contact undersigned if you have comments to the attached Agreements.

Kind Regards,

Bjarki H. Diego,
Mobile + 354 860 1623

Pledge and Security Agreement

between

Hauck & Aufhäuser Privatbankiers KGaA, Kaiserstrasse 24, D-60311, Frankfurt am Main,
Germany

- hereinafter referred to as the "Bank" –

and

Welling & Partners Limited, Akara Bldg., 24 De Castro Street, Wickhams Cay I, Road
Town, Tortola, British Virgin Islands

- hereinafter referred to as "WELLING & PARTNERS LIMITED" –

I.

The Parties to the Agreement refer to the Put Option Agreement dated January 16th 2003 between the Bank and WELLING & PARTNERS LIMITED, regarding 50% of the nominal share capital of EGLA hf. after a share capital increase by the board of directors as authorized in the Articles of Association pursuant to Clause 41 of Act respecting Public limited companies nr. 2/1995 or proportional number (50%) of shares in BUNADARBANKI and other assets held by EGLA should EGLA be dissolved – hereinafter called "the shares". The Put Option Agreement is attached to this Agreement and forms an integral part of it.

The Parties hereto are furthermore aware of the Shareholders' Agreement signed by the shareholders of EGLA and the Shareholders' Agreement between the investor group and the Share Purchase Agreement (Final Draft No 10) to be signed between the investor group and the Republic of Iceland, in particular of the restrictions and provisions with respect to the transfer of the Shares in EGLA hf. as well as in BUNADARBANKI.

The Parties hereto are also aware of the Share Purchase Agreement between the present shareholder of EGLA and the Bank concerning 50% of EGLA's total share capital in the nominal value of ISK 10.000.000,--, the acquisition price for 50% of the share capital amounting to ISK 5.000.000,--, and of the Shareholders' Agreement signed between the shareholders of EGLA.

All Agreements in their actual drafts or execution copies are attached to this Agreement.

The Parties hereto are also aware of the fact that upon exercise of the Put Option WELLING & PARTNERS LIMITED or the transferee designated by WELLING & PARTNERS LIMITED to the Bank is obliged to notify its intention to acquire a stake in BUNADARBANKI through EGLA to the Financial Supervisory Authority of Iceland and that the acquisition of the Shares by WELLING & PARTNERS LIMITED or the transferee designated by WELLING & PARTNERS LIMITED will be subject to approval by the Financial Supervisory Authority of Iceland.

The Parties hereto accept and agree that their mutual agreements are subject to the restrictions and provisions under the aforementioned Agreements and legal Regulations.

In accordance with Section 1 b.) and Section 2 b.) of the aforementioned Put Option Agreement, WELLING & PARTNERS LIMITED is obliged, in the case that the above-mentioned Put Option is exercised, to pay the Bank a purchase price up to a maximum amount of

\$ 35,454,372 (in words: thirty five million four hundred fifty four thousand three hundred seventy two US dollars)

equal to the Bank's capital contribution to EGLA by means of subscription for share capital in EGLA plus the costs defined therein, in exchange for the transfer of the above-mentioned shares to WELLING & PARTNERS LIMITED or some other party or parties designated by WELLING & PARTNERS LIMITED.

The subject of this Agreement is the provision of security for the Bank's claim to the purchase price against WELLING & PARTNERS LIMITED in the case that the Put Option is exercised and the Bank's claim for compensation of the difference between the purchase price paid by the Bank pursuant to the Share Purchase Agreement and the actual market value of the shares during the lifetime of this Agreement and in case of insolvency of EGLA and/or BUNADARBANKI and/or nullification or redemption of the shares and for any obligation arising from the Share Purchase Agreement with the State of Iceland.

II.

This having been established, the Parties to the Agreement agree the following:

1. WELLING & PARTNERS LIMITED undertakes to the Bank to transfer the amount of \$35,454,372,- before the signing of the Share Purchase Agreement to its Account No. 206-71601-07 with the Bank, and not to dispose of this credit balance during the term of this Agreement, apart from payment of fees to the Bank pursuant to Clause 8 of this Agreement. The credit balance will be invested in accordance with the provisions of a separate agreement between the Parties to this Agreement.
2. Regardless of the exercise of the aforementioned Put Option WELLING & PARTNERS LIMITED undertakes and guarantees to the Bank that WELLING & PARTNERS LIMITED will compensate, indemnify and hold harmless the Bank for any price fluctuations and price losses of the shares during the lifetime of this Agreement and for any loss and damage the Bank might suffer in case of insolvency of EGLA and/or BUNADARBANKI and/or nullification or redemption of the shares as well as for the obligations the Bank has entered into by signing the Share Purchase Agreement with the present shareholder of EGLA and by signing the warranties in the Share Purchase Agreement with the Republic of Iceland.
3. Notwithstanding the provisions in Clause 7 (a) of this Agreement, which relates to the Bank's unwillingness or inability to exercise the Put Option because of reasons which rest with its own responsibility the Parties hereto are aware of the fact that the performance of the Put Option could be subject to restrictions by or future legislation of the Republic of Iceland or its Authorities, such as if the Financial Supervisory Authority would not approve the transfer of shares under the Put Option Agreement, the Bank is not responsible and liable for. Should the performance of the Put Option fail or be impossible within the exercise period by virtue of a cause or reason as pointed out above, WELLING & PARTNERS LIMITED will indemnify the Bank from the purchase price for the Shares. In this case the Bank is entitled to realise the pledged credit balance without further notice. Upon realisation of the pledged credit balance the Bank will henceforth hold the Shares in trust for WELLING & PARTNERS LIMITED, in its own name but for the account and the entire risk of WELLING & PARTNERS LIMITED until the transfer of the Shares and the performance of the Put Option will become possible. The Bank will be entitled to the fee pursuant to Clause (8 b) of this Agreement and WELLING & PARTNERS LIMITED will indemnify the

Bank from any further costs that will be incurred by the holding of the Shares in trust for WELLING & PARTNERS LIMITED.

4. Subject to the condition precedent that the Bank purchases the shares mentioned in Section I, WELLING & PARTNERS LIMITED hereby pledges the credit balance mentioned in Section II (1), including interest, to the Bank as collateral for all claims, and in particular the purchase price claim that the Bank has against WELLING & PARTNERS LIMITED under the Put Agreement mentioned in Section I, or that it will have in the case that the Put Option is exercised. Subject to the following sentence of this section the pledged credit balance shall though not exceed the Bank's exposure under the Share Purchase Agreement between the investor group and the Republic of Iceland and/or towards EGLA. The credit balance is also pledged – in equal rank - as collateral for all claims that the Bank has or will have against WELLING & PARTNERS LIMITED under this Agreement, particularly claims pursuant to Section II (2),(3) (6) and (8) of this Agreement.

The Parties to the Agreement agree to the creation of the pledge.

5. The Bank is entitled to realise the pledged credit balance if and to the extent that WELLING & PARTNERS LIMITED defaults on payments due under the Put Option Agreement and/or this Agreement. The Bank is obliged to give WELLING & PARTNERS LIMITED notice of its intended realisation of at least one week. No such notice of the intended realisation of the pledge is needed if WELLING & PARTNERS LIMITED has discontinued payments or if application has been made to open insolvency or other debt settlement proceedings on their assets.
6. WELLING & PARTNERS LIMITED warrants and guarantees to the Bank,
 - a.) that it is entitled under the law of the British Virgin Islands to conclude this Agreement and that no statutory or other legal provisions, and in particular no supervisory law or exchange control provisions of the Republic of Iceland stand in the way of the implementation of this Agreement and of the Put Option Agreement mentioned in Section I;
 - b.) that neither this Agreement nor the Put Option Agreement mentioned in Section I infringe against contractual or other civil law obligations on the part of WELLING & PARTNERS LIMITED;
 - c.) that in the case of the preconditions for realisation of the pledge being fulfilled, it waives all objections, defences and rights of rescission, regardless of the legal reason for these.

WELLING & PARTNERS LIMITED shall indemnify the Bank against all costs and obligations arising under this Agreement and in particular against such damages and claims brought against the Bank by third parties or arising at the Bank as a result of the failure to comply with or infringement of the above-mentioned warranties and guarantees. In particular, WELLING & PARTNERS LIMITED will reimburse the Bank for all legal costs arising in this context and will make corresponding advance payments on request.

7. The Bank warrants and guarantees to WELLING & PARTNERS LIMITED,

- a.) that, in the case that the Bank is unable to transfer the shares to WELLING & PARTNERS LIMITED when the Put Option is exercised or if the Put Option is not exercised within the exercise period, as stipulated in Clause 1 (a), cf. Clause 3 of The Put Option Agreement - because of reasons which rest with the Bank's responsibility -, the pledge over the credit balance with the Bank will be treated as having expired;
- b.) that, in the case that the Bundesanstalt für Finanzdienstleistungen (BAFin - Federal Securities Supervisory Office) institutes or takes measures in accordance with Sections 45, 46, 46 a, 46 b or 47 *Kreditwesengesetz* (KWG – German Banking Act) against the Bank with the result that the Bank is unable to repay the pledged credit balance, it will trigger the Put Option, i.e. transfer ownership on the shares of EGLA to WELLING & PARTNERS LIMITED or some other party or parties designated by WELLING & PARTNERS LIMITED, in return for the pledged credit balance equal to the Bank's contribution to EGLA and further obligations the Bank has entered into within the scope of this transaction at the time such measures are taken. The remains of the pledged credit balance shall be at WELLING & PARTNERS disposal (free of pledge).

In case EGLA does not acquire the shares in BUNADARBANKI the pledge over the credit balance with the Bank will be treated as having expired, except for those obligations the Bank has already undertaken towards EGLA or is liable for under the Share Purchase Agreement with the State of Iceland. In this case the Parties will negotiate a reasonable fee for the Bank to cover its efforts and expenses until then.

The Bank shall indemnify WELLING & PARTNERS LIMITED against such damages and claims incurred by or brought against WELLING & PARTNERS LIMITED as a result of the failure to comply with or infringement of the above-mentioned warranties and guarantees.

In all other cases, the Bank will only be liable in fulfilling its duties under this Agreement in cases of wilful intent and gross negligence.

8. The Bank shall receive payment in the total amount of € 1.000.000,- for implementing this Agreement; this payment is due as follows:
 - a.) € 500.000,- within one week of the conclusion of this Agreement
 - b.) € 500.000,- on the exercise of the Put Option under the above-mentioned Put Option Agreement.

With regard to the relevant provisions of the *Umsatzsteuergesetz* (UStG – Value Added Tax Act), i.e. Section 3 a (3) and (4), and Section 4 no. 8 d.), e.) and f.) UStG, the Parties to the Agreement assume that WELLING & PARTNERS LIMITED is not eligible to pay VAT on the remuneration to be paid to the Bank, or that it is tax-exempt. If, as a result of a change in the law or in the course of an external tax audit at the Bank, VAT becomes due or is assessed in a legally binding form on the remuneration, WELLING & PARTNERS LIMITED undertakes to reimburse the Bank for this tax.

WELLING & PARTNERS LIMITED undertakes to transfer the remuneration when due to the Bank's account, account no. 502 209 00, at Landeszentralbank Hessen (Bank Code: 500 000 00).

The payments shall be withdrawn from Account No. 206-71601-07 with the Bank, as instructed from WELLING & PARTNERS LIMITED.

It is the responsibility of WELLING & PARTNERS LIMITED to arrange for the currency forward agreements which might be necessary to ensure the payment in EURO without currency risks.

9. This agreement has been firmly concluded for the duration of the Put Option Agreement between WELLING & PARTNERS LIMITED and the Bank. Regular termination is ruled out. However, the Bank is entitled to terminate the Agreement exceptionally for good cause if WELLING & PARTNERS LIMITED infringes against a warranty or guarantee as laid down in Section 4 of this Agreement, or if such a warranty or guarantee proves to be incorrect. In this case the Bank is entitled to terminate the Put Option Agreement with WELLING & PARTNERS LIMITED and to transfer the shares to WELLING & PARTNERS LIMITED against reimbursement of the purchase price.
10. Changes and additions to this Agreement must be in writing; this also applies to any change to this requirement of written form.

If a provision of this Agreement is unenforceable or unperformable, this does not affect the validity of the remaining provisions. The Parties to the Agreement will replace the unenforceable or unperformable provision with a regulation that most closely approximates to the economic intent of the unenforceable or unperformable provision in a legally permissible manner.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE FEDERAL REPUBLIC OF GERMANY, REGARDLESS OF THE LAW THAT MIGHT OTHERWISE GOVERN UNDER APPLICABLE CONFLICTS OF LAW PRINCIPLES. ALL DISPUTES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT SHALL BE FINALLY SETTLED BY ARBITRATION UNDER THE TERMS OF A SPECIAL ARBITRATION AGREEMENT TO BE SIGNED AND EXECUTED BY EACH OF THE PARTIES HERETO.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their authorized representatives as of the date first above written.

Frankfurt am Main, January 16th 2003

For and on behalf of Hauck & Aufhäuser Privatbankiers KGaA:

For and on behalf of Welling & Partners Limited:

Put Option Agreement

PUT OPTION AGREEMENT, dated as of 16th of January, 2003 (this "Agreement"), between Welling & Partners Limited, Akara Bldg., 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands, a British Virgin Island limited liability company ("WELLING & PARTNERS LIMITED"), and Hauck & Aufhäuser Privatbankiers KGaA, Kaiserstrasse 24, D-60311, Frankfurt am Main, Germany, a German bank, incorporated as a partnership limited by shares under the laws of Germany (the "Bank").

WITNESSETH:

WHEREAS, the Bank has – under the condition precedent that a Share Purchase Agreement between the Republic of Iceland and the investor group, including EGLA, a corporation with shares, incorporated under Icelandic law – hereinafter called "EGLA" - has been signed, by the Closing of which the investor group will acquire 45.8 % of the share capital of BUNADARBANKI, a bank under the laws of the Republic of Iceland - committed itself to acquire 50% of the nominal share capital of EGLA after a capital increase of its nominal share capital from ISK 10,000,000,---- has taken place- , on the basis of an Shareholder agreement, dated as of January 16th of January 2003 (the "Shareholders' Agreement"), entered into with Ker hf. and VÍS hf. (as defined in the Shareholders' Agreement);

WHEREAS, the share capital increase will be in two steps, the First Stage whereby the delivery of the shares shall take place within 30 days of the signature of the Purchase Agreement, subject to a payment of USD 15,313,434 and ISK 1,969,488,580 by EGLA and fulfilment of other conditions stipulated in the Purchase Agreement, leading to the capital contribution of USD 20,050,184 (USD 7,656,717 plus ISK 981,744,290) on the Bank's behalf, and the Second Stage, whereby the delivery of shares shall take place no later than 20 December 2003, subject to the fulfilment of conditions under the Purchase Agreement, one of the conditions being a payment of up to USD 26,808,375 by EGLA, leading to the capital contribution of up to USD 13,404,187.50 on the Bank's behalf;

WHEREAS, the shares in EGLA, or proportional number (50%) of shares in BUNADARBANKI and other assets held by EGLA should EGLA be dissolved, will hereinafter be called the "Shares";

WHEREAS, after the date of the Deferred Closing of the aforementioned Share Purchase Agreement with the Republic of Iceland - hereinafter called "the Purchase Agreement" -, the investor group will own 45.8 % of the share capital in BUNADARBANKI.

WHEREAS, the Bank wishes to have the right to require that WELLING & PARTNERS LIMITED purchases the Shares under certain circumstances as hereinafter described.

WHEREAS, after the expiry of the lock-up period of 21 months the Bank is free to dispose of its shares in EGLA.

WHEREAS the Parties hereto are aware of the fact that upon exercise of the Put Option WELLING & PARTNERS LIMITED or the transferee designated by WELLING & PARTNERS LIMITED to the Bank is obliged to notify its intention to acquire a stake in BUNADARBANKI through EGLA to the Financial Supervisory Authority of Iceland and that the acquisition of the Shares by WELLING & PARTNERS LIMITED or the transferee designated by WELLING & PARTNERS LIMITED will be subject to approval by the Financial Supervisory Authority of Iceland.

WHEREAS, the Parties hereto are aware of the restrictions and provisions with respect to the transfer of the Shares and the shares in BUNADARBANKI by the stipulations of the Purchase Agreement.

NOW, THEREFORE, in consideration of the promises and the mutual agreements set forth herein and under the condition precedent that the Bank has acquired the Shares in EGLA, the parties hereto hereby agree as follows:

1. Put

(a) Grant of Put. WELLING & PARTNERS LIMITED hereby grants to the Bank the irrevocable right and option (the "Put"), subject to the satisfaction of the condition set forth in Section 3, to require WELLING & PARTNERS LIMITED to purchase all (but not less than all) of the Shares at any time during the thirty calendar days following the satisfaction of the condition set forth in Section 3, for a purchase price determined as provided in paragraph (b) below and upon notice as provided in paragraph (c) below.

(b) Put Price. The aggregate purchase price to be paid by WELLING & PARTNERS LIMITED for the Shares upon exercise of the Put shall be an amount equal to the Bank's contribution to EGLA, by means of subscription for share capital, not exceeding, in any event, a maximum amount of USD 33,454,372,- however, plus any further costs and interest expenditure, including cost of carry that might have incurred for the Bank in the course of the financing of its contributions to EGLA provided that the calculation of such costs shall be itemized and fully disclosed by the Bank to WELLING & PARTNERS LIMITED - (the "Put Price").

(c) Notice and Exercise of Put. The Put shall be exercisable by delivery in accordance with the provisions of Section 10 of a Notice of Put, duly executed by the Bank, specifying that the Bank is exercising its rights under this Agreement and specifying the date of the Put Closing (the "Notice of Put"). The closing of the purchase of the Shares upon exercise of the Put (the "Put Closing") shall occur at the headquarters of the Bank at 10:00 a.m. local time on a date selected by the Bank that is five Business Days after the Notice of Put is given. At the Put Closing (i) the Bank shall Transfer all of the Shares to WELLING & PARTNERS LIMITED and/or its designee and deliver to WELLING & PARTNERS LIMITED a certificate of the duly authorized officers of the Bank stating that the representations and warranties of the Bank contained in Section 4 are true and correct on the date of the Put Closing, as though made on such date, and (ii) WELLING & PARTNERS LIMITED and/or its designee shall deliver to the Bank the Put Price by wire transfer of immediately

available funds (without any deduction for bank charges imposed upon the payor by the originating bank, all of which shall be the sole responsibility of the payor) to the account set forth in Exhibit 1 hereto, and a certificate of the duly authorized officers of WELLING & PARTNERS LIMITED stating that the representations and warranties of WELLING & PARTNERS LIMITED contained in Section 5 are true and correct on the date of the Put Closing as though made on such date.

For purposes of this Agreement: "Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in Frankfurt, Germany are authorized or required to be closed; and "Transfer" shall mean the valid transfer of title of the Shares under the applicable laws in the respective jurisdiction.

2. Pre – emptive Right

(a) Grant of Pre – emptive Right. The Bank hereby grants to WELLING & PARTNERS LIMITED the Pre – emptive Right, without prejudice to Clause 8 of this Agreement, to acquire the Shares for an amount equal to the Put Price,- in case the Bank has received a valid offer for the Shares, irrespective of the value of the offer in question.

(b) Notification. The Bank shall give WELLING & PARTNERS a written notice if it receives an Offer for the Shares, within 5 Business Days it receives such an offer, without prejudice to Clause 8 of this Agreement, granting WELLING & PARTNERS the right to exercise its pre-emptive right, pursuant to Clause 2 a). WELLING & PARTNERS shall within ten Business Days of receiving such notice, notify to the Bank if it wishes to exercise the Pre-emptive Right. The closing of the purchase of the Shares upon exercise of the Pre-emptive Right (the "Closing") shall occur at the headquarters of the Bank at 10:00 a.m. local time on a date selected by the Bank that is five Business Days after the notice of the exercise of the Pre-emptive Right is given. At the Closing (i) the Bank shall Transfer all of the Shares to WELLING & PARTNERS LIMITED and/or its designee and deliver to WELLING & PARTNERS LIMITED a certificate of the duly authorized officers of the Bank stating that the representations and warranties of the Bank contained in Section 4 are true and correct on the date of the Closing, as though made on such date, and (ii) WELLING & PARTNERS LIMITED and/or its designee shall deliver to the Bank the Put Price by wire transfer of immediately available funds (without any deduction for bank charges imposed upon the payor by the originating bank, all of which shall be the sole responsibility of the payor) to the account set forth in Exhibit 1 hereto, and a certificate of the duly authorized officers of WELLING & PARTNERS LIMITED stating that the representations and warranties of WELLING & PARTNERS LIMITED contained in Section 5 are true and correct on the date of the Closing as though made on such date.

3. Condition to Exercise of Put. Notwithstanding any other provision of this Agreement, the Put shall not be exercisable by the Bank before the end of the twenty first month after the signing of the Purchase Agreement subject to Clause 15 of this Agreement.

4. Representations of the Bank: The Bank hereby represents and warrants to WELLING & PARTNERS LIMITED as follows:

(a) Due Organisation, Authorization. The Bank is a bank incorporated as a partnership limited by shares, duly organized, validly existing and in good standing under the laws of Germany. The execution, delivery and performance by the Bank of this Agreement, and the consummation by the Bank of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on its part.

(b) Enforceability, etc. This Agreement has been duly executed and delivered by the Bank. This Agreement constitutes a legal, valid and binding obligation of the Bank, enforceable against the Bank in accordance with its terms, provided, however, that the Bank assumes no liability whatsoever as to the enforceability of the Agreement under the laws of the Republic of Iceland.

(c) No Conflicts. The execution, delivery and performance of this Agreement by the Bank and the consummation by Bank of the transactions contemplated hereby will not (i) result in a violation of, be in conflict with or constitute a default (with or without notice or lapse of time or both) under (A) any German law applicable to the Bank, (B) any provision of its organizational documents, (C) any order or judgement of any court or other agency of government applicable to it or any of its assets.

(d) Governmental Approvals. Except as those mentioned in the Shareholders' Agreement thereto no consent, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency or commission or other governmental authority or instrumentality, including German federal or state laws required to be obtained or made by or with respect to the Bank in connection with its execution and delivery of this Agreement or the consummation of the transactions contemplated hereby. The Bank assumes no liability, whatsoever, as to any requirements of the laws of the Republic of Iceland.

(e) Title to the Shares. The Bank owns the Shares free and clean of any Liens. The Transfer of the Shares following the exercise of the Put as contemplated by this Agreement will transfer good and valid title in the Shares to WELLING & PARTNERS LIMITED and/or its designees, free and clean of all Liens, provided, however, that the Bank assumes no liability for the validity of such transfer under the laws of the Republic of Iceland, particularly not for the approval by the Financial Supervisory Authority of Iceland for the acquisition by WELLING & PARTNERS LIMITED or the transferee designated by WELLING & PARTNERS LIMITED and for any legal implications and restrictions that may arise in case of insolvency of EGLA and/or BUNADARBANKI and/or the nullification or redemption of the shares or from the Shareholders' Agreement between the Investor Group and between the EGLA shareholders or from the Articles of Association of EGLA.

5. Representations of WELLING & PARTNERS LIMITED. WELLING & PARTNERS LIMITED hereby represents and warrants to the Bank as follows:

(a) Due Organization, Authorization. WELLING & PARTNERS LIMITED is a limited liability company duly organized and validly existing under the laws of the British Virgin Islands. The execution, delivery and performance by WELLING & PARTNERS LIMITED of this Agreement, and the consummation by the WELLING

& PARTNERS LIMITED of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on its part.

(b) Enforceability, etc. This Agreement has been duly executed and delivered by WELLING & PARTNERS LIMITED. This Agreement constitutes a legal, valid and binding obligation of WELLING & PARTNERS LIMITED, enforceable against WELLING & PARTNERS LIMITED in accordance with its terms.

(c) No Conflicts. The execution, delivery and performance of this Agreement by WELLING & PARTNERS LIMITED and the consummation by WELLING & PARTNERS LIMITED of the transactions contemplated hereby will not (i) result in a violation of, be in conflict with or constitute a default (with or without notice or lapse of time or both) under (A) any law applicable to WELLING & PARTNERS LIMITED and the laws of the Republic of Iceland, (B) any provision of its organizational documents, (C) any order or judgment of any court or other agency of government applicable to it or any of its assets, or (D) any contractual restriction binding on or effecting it or any of its assets, or (ii) result in the creation or imposition of any Lien upon any of its assets.

(d) Governmental Approvals. No consent, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency or commission or other governmental authority or instrumentality, including British Virgin Island law and the laws of the Republic of Iceland, or otherwise, is required to be obtained or made by or with respect to WELLING & PARTNERS LIMITED in connection with its execution and delivery of this Agreement or the consummation of the transactions contemplated hereby except that the acquisition of the Shares by WELLING & PARTNERS LIMITED or by the transferee designated by WELLING & PARTNERS LIMITED will be subject to approval by the Financial Supervisory Authority of Iceland and that the full and entire responsibility to obtain such approval rests exclusively with WELLING & PARTNERS LIMITED.

(e) Litigation. No lawsuit, claim, proceeding or investigation is pending or threatened by or against WELLING & PARTNERS LIMITED or any of its properties, assets, operations, businesses or prospects, which relates to the transfers contemplated by this Agreement.

6. Indemnification. Subject to the other provisions of this Section 6 from and after the Put Closing, WELLING & PARTNERS LIMITED shall indemnify, defend and hold harmless the Bank against any and all Losses resulting from, arising out of or attributable to (i) any breach or inaccuracy of a representation or warranty of WELLING & PARTNERS LIMITED contained in this Agreement (but only if such indemnity is sought during a limitations period of three (3) years after the day of the Put Closing (hereinafter the "Limitations Period")), (ii) any failure by WELLING & PARTNERS LIMITED to materially perform or comply with any agreement or obligation contained in this Agreement.

The representations and warranties within the meaning of this Agreement and the indemnification in relation thereto constitute special agreements and guarantees negotiated and agreed upon between the Parties specifically for the purpose of this transaction (§ 311 (1) German Civil Code); accordingly indemnification under the

terms of this Agreement does not require intent (*Vorsatz*) or negligence (*Fahrlässigkeit*) of the Party which is in breach of the respective representation and warranty and § 280 (1) (2) of the German Civil Code shall not apply. WELLING & PARTNERS LIMITED acknowledges that its representations and warranties contained in this Agreement constitute a guaranty within the meaning of §§ 276 (1), 443, 444 German Civil Code. The parties further agree that the provisions of §§ 434 through 453 of the German Civil Code relating to defects in quality or in title shall not apply to any representation or warranty contained in this Agreement, except (i) in the event of intent or fraudulent intent (*Vorsatz oder Arglist*) or (ii) where a claim arises because the title to any Share has not been transferred free of Liens and rights of a third party, provided, however, that the Bank assumes no liability for any obstacles or objections against the transfer arising from the laws of the Republic of Iceland.

7. Further Actions. Each party hereto shall take any and all such actions, including but not limited to signing proxies or powers of attorney with respect to voting the Shares, and execute and deliver such further agreements, consents, instruments and other documents, as may be necessary from time to time to give effect to the provisions and purposes of this Agreement and, following the Put Closing, as the case may be, to effect and evidence the transfer of ownership of the Shares to WELLING & PARTNERS LIMITED and/or its designee.

8. No Assignment of Shares. The Bank will not sell, pledge, hypothecate or otherwise dispose of the Shares, other than to WELLING & PARTNERS LIMITED and/or its designee upon the exercise of the Put as contemplated by this Agreement subject to Clause 15 of this Agreement.

9. Termination. This Agreement shall terminate automatically upon the final transfer of the Shares to WELLING & PARTNERS LIMITED or its designee.

10. Notices.

(a) Addresses. Any notices and other communications of the parties to this Agreement shall be delivered by hand or sent by registered mail, air mail or telefax to the following addresses:

If to the Bank, to:

Hauck & Aufhäuser Privatbankiers KGaA
Partners' Office/Financial Investments
Att.: Martin Zeil and/or Robert Sprogies
Löwengrube 18, D-80333 München
Fax: 0049-89-2393-2039
Tel: 0049-89-23932032
e-mail: recht.m@hauck-aufhaeuser.de

If to WELLING & PARTNERS LIMITED, to:

Welling & Partners Limited,
c/o Karim Van den Ende,
P.O. Box 109,

L – 2011 Luxembourg,
Luxembourg
Fax: + 352 25 48 34
Tel: + 352 821 266 143
email: kva@pt.lu

(b) Notices. All notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given (i) in the case of personal delivery, upon delivery, (ii) in the Case of registered mail or air mail, on the fifth Business Day after deposit in the mail system (following the day on which the notice was posted), (iii) in the case of deposit with an internationally recognized courier service, on the third Business Day following such deposit, and (iv) in the case of transmission by telefax, on the day on which it was transmitted, if receipt is confirmed by telephone; provided, however, that if the delivery by hand or by telefax takes place after 6:00 p.m., the notice shall be deemed to have been delivered at 9:00 a.m. on the following Business Day. The times stated in this Section refer to local time in the recipient's country.

11. Entire Agreement. This Agreement embodies all of the understandings and obligations of the parties hereto with respect to the subject matter hereof, and supersedes and replaces all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

12. Amendments. No amendment or modification of this Agreement shall be valid or effective unless evidenced by an instrument in writing signed by the parties hereto.

13. Assignment; Successors. Neither the rights nor the obligations of any of the parties hereto shall be assigned or delegated without the prior written consent of the other party, except that the Purchaser may assign and delegate any and all of its rights or obligations hereunder to any affiliate thereof. This Agreement shall inure to the benefit of, and be binding on and enforceable against, the parties hereto and their respective successors and permitted assigns.

14. Insolvency of the Bank. In case insolvency or supervisory proceedings pursuant to Art. 45, 46, 46 a, 46b or 47 of the German Bank Act should be launched against the Bank, the Put Option will be triggered automatically, i.e. transfer ownership on the shares of EGLA to WELLING & PARTNERS LIMITED, in return for the Put Price.

15. Insolvency of EGLA and/or BUNADARBANKI /Nullification or Redemption of Shares.

Should EGLA and/or BUNADARBANKI become insolvent or bankrupt and/or should the shares be nullified or redeemed by legal proceedings under Icelandic law, the Bank, at its sole discretion, is entitled to exercise the Put Option according to Clause 1 of this Agreement without further notice, thereby transferring ownership of the shares to WELLING & PARTNERS LIMITED. In the case of the exercise of the Put Option, WELLING & PARTNERS LIMITED will waive any objection, right or defence that may arise from the fact that BUNADARBANKI is in insolvency and the shares might have lost their value completely.

16. Governing Law: Arbitration. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE FEDERAL REPUBLIC OF GERMANY, REGARDLESS OF THE LAW THAT MIGHT OTHERWISE GOVERN UNDER APPLICABLE CONFLICTS OF LAW PRINCIPLES. ALL DISPUTES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT SHALL BE FINALLY SETTLED BY ARBITRATION UNDER THE TERMS OF A SPECIAL ARBITRATION AGREEMENT TO BE SIGNED AND EXECUTED BY EACH OF THE PARTIES HERETO. IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their authorized representatives as of the date first above written.

Hauck & Aufhäuser Privatbankiers KGaA

Welling & Partners Limited
