

NOTICE OF MEETING

LBI EHF.

(Incorporated in Iceland as a private limited company with registered number 540291-2259)
(the "**Issuer**")

in respect of the outstanding
EUR 2,041,382,201 Convertible Bonds due 2035 (the "**Bonds**")

Notice is hereby given by the Issuer that, pursuant to the provisions of Annex 1 of the terms and conditions of the Bonds (the "**Conditions**"), a meeting (the "**Meeting**") of the Bondholders will be held on 28 November 2016 at 10.00a.m. (Icelandic time) at Hotel Hilton Nordica, Suðurlandsbraut 2, 108 Reykjavik, Iceland, for the purposes of considering and if thought fit, passing the resolution set out below, which will be proposed as an Extraordinary Resolution (the "**Extraordinary Resolution**") in accordance with the provisions of the Trust Deed (as defined below).

Capitalised terms used and not otherwise defined in this notice (the "**Notice**") shall have the meanings given to them in the Conditions of the Bonds set out in Schedule 1 to the trust deed dated 23 March 2016 (the "**Trust Deed**") between the Issuer, Wilmington Trust (London) Limited (the "**Trustee**") and Wilmington Trust, National Association (the "**U.S. Trustee**").

Background to the convening of the Meeting: Proposed Amendments to the Terms and Conditions of the Bonds to Facilitate Certain Payments to Bondholders

The Issuer proposes certain amendments (the "**Proposed Amendments**") be made to the Conditions by way of a deed supplemental to the Trust Deed (the "**First Supplemental Trust Deed**"), to be entered into between the Issuer, the Trustee and the U.S. Trustee in or substantially in the form set out in Annex 1 (*Form of First Supplemental Trust Deed*) to this Notice, forthwith upon the passing of the Extraordinary Resolution by the requisite majority of Bondholders. The Proposed Amendments would:

- (a) permit the Issuer to make payments of principal on the Bonds to the Bondholders on 15 June and 15 December of each year until the Final Maturity Date. Currently, the Issuer is required to make payments on 30 June and 31 December of each year pursuant to the definition of "Payment Date" in Condition 2.1 of the Bonds;
- (b) amend the "Currency Conversion Date" in relation to the date on which the Issuer makes an unscheduled payment in respect of the Bonds pursuant to Condition 9.2 (*Unscheduled Payments*) (an Unscheduled Payment Date) to six Business Days prior to that Unscheduled Payment Date. Currently, the Currency Conversion Date for any Unscheduled Payment Date is four Business Days prior to that Unscheduled Payment Date; and
- (c) amend the "First Notification Date", which is the date on which the Issuer is to notify the Bondholders of its estimate of Euro Equivalent Available Cash (if any) which will be applied in partial redemption of the Bonds on a Payment Date, in relation to an Unscheduled Payment Date to nine Business Days before that Unscheduled Payment Date. Currently, the First Notification Date for any Unscheduled Payment Date is seven Business Days prior to that Unscheduled Payment Date.

The nature of the Proposed Amendments requires that they be approved by an Extraordinary Resolution of the Bondholders, in accordance with paragraph 8 of Annex 1 to the Conditions.

The Board of Directors of the Issuer believes that the proposed amendments to the defined terms "Payment Date", "Currency Conversion Date" and "First Notification Date" would facilitate repayments of principal on the Bonds and better align the Payment Dates and Unscheduled Payment Dates with the related cash flows and administrative procedures necessary for the Issuer to undertake in order to calculate the amounts payable on the Bonds on each Payment Date or Unscheduled Payment Date, and that the Proposed Amendments are in the best interests of both the Issuer and the Bondholders. The proposed amendment to the defined term "Payment Date" will mean that the First Notification Date in relation to the 15 December 2016 Payment Date will occur earlier than would have been the case prior to that amendment.

Extraordinary Resolution

The Bondholders are asked to approve the Extraordinary Resolution set out below.

*"That this meeting of the Bondholders of the Bonds issued by LBI ehf. pursuant to a trust deed dated 23 March 2016 (the "**Trust Deed**"), by Extraordinary Resolution (as defined in the Trust Deed) hereby:*

- 1. resolve to assent to and approve, unconditionally and irrevocably, the Proposed Amendments (as defined in the notice convening the meeting of Bondholders) and the entry by the Issuer into a deed supplemental to the Trust Deed (the "**First Supplemental Trust Deed**") substantially in the form set out in Annex 1 (Form of First Supplemental Trust Deed) to the notice convening the meeting of Bondholders (the "Notice");*
- 2. resolve to authorise, indemnify, direct, request and empower each of the Trustee and the U.S. Trustee (i) to concur with, assent to and approve the Proposed Amendments (as defined in the Notice), and (ii) to execute and deliver (where applicable) all such deeds, instruments, agreements, documents, letters, notices and certificates and do all such acts and things as may be necessary, desirable or appropriate to carry out and give effect to this Extraordinary Resolution and the implementation of the Proposed Amendments, including without limitation, the execution of the First Supplemental Trust Deed, with such amendments (if any) as the Trustee and the U.S. Trustee may agree; and*
- 3. resolve to discharge and exonerate each of the Trustee and the U.S. Trustee from all liability for which it may have become or may become liable or responsible under the Trust Deed, the Conditions, the Bonds, any other Transaction Document or otherwise, in respect of any act or omission in connection with the Proposed Amendments, its implementation or this Extraordinary Resolution.*

Unless the context otherwise requires, capitalised terms used in this Extraordinary Resolution shall bear the meanings given to them in the Trust Deed."

In accordance with normal practice, each of the Trustee and the U.S. Trustee expresses no opinion as to the merits of the proposed Extraordinary Resolution and has not been involved in the formulation of the proposed Extraordinary Resolution but has authorised it to be stated that, on the basis of the information set out in this Notice, it has no objection to the proposed Extraordinary Resolution being submitted to the Bondholders for their consideration. Bondholders should take their own independent financial, legal and tax advice on the merits and on the consequences of voting in favour of the Extraordinary Resolution, including any tax consequences. Accordingly, Bondholders who are unsure of the impact of the Extraordinary Resolution should seek their own independent financial, legal and tax advice.

Voting and Quorum

To approve the above Extraordinary Resolution, the Extraordinary Resolution must be approved by a majority consisting of not less than sixty six and two thirds (66 2/3) per cent. of the Eligible Persons voting on the Extraordinary Resolution, in accordance with paragraph C11 of Annex 1 to the Conditions.

"Eligible Persons" means (i) any person registered as a holder of a Bond Interest in the Register and (ii) a proxy or representative of a Bondholder appointed in accordance with the Conditions and as set out below.

In order to have a quorum for the Meeting one or more Eligible Persons holding or representing in aggregate a clear majority in principal amount of the Bonds outstanding at the time of the Meeting must be present at the Meeting.

If passed, the Extraordinary Resolution will be binding upon all Bondholders, whether or not they were present or represented at the Meeting and whether or not they voted at the Meeting, pursuant to paragraph C10 of Annex 1 of the Conditions.

Any Bondholder is permitted, pursuant to paragraph A2 of Annex 1 of the Conditions, to appoint a proxy to represent him or it at the Meeting. If a Bondholder wishes to appoint a proxy, he or it must deliver to the specified office of the Issuer a notice in writing signed by the Bondholder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, stating that the Bondholder desires to appoint a proxy to represent him or it at the Meeting. The notice must state the name of the proxy and be delivered to the Issuer prior to the Meeting.

A holder of a Bond which is a corporation may, pursuant to paragraph A3 of Annex 1 of the Conditions, authorise any person to act as its representative at the Meeting by delivering to the Issuer a resolution in English of its directors or other governing body authorising such person to act as its representative prior to the Meeting.

FOR PRACTICAL PURPOSES, WE REQUEST THOSE WHO INTEND TO ATTEND THE BONDHOLDERS' MEETING, EITHER IN PERSON OR BY PROXY, TO NOTIFY THE ISSUER BY TELEPHONE OR BY E-MAIL BEFORE 1.00 P.M. (UK TIME) THE BUSINESS DAY BEFORE THE MEETING TAKES PLACE.

Documents Available for Inspection

The draft First Supplemental Trust Deed, the Trust Deed (including the Conditions and the Annex thereto) and this Notice are available for inspection on the Bondholder Website. Copies of the afore-mentioned documents may also be inspected by Bondholders at the specified offices of the Trustee and U.S. Bank National Association (the "**Principal Paying, Transfer and Conversion Agent**").

Documents are available for inspection at the aforesaid offices at any time during normal business hours on any weekday (Saturdays, Sundays and bank and other public holidays excepted) from the date of this Notice.

This Notice and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, English law.

The Principal Paying, Transfer and Conversion Agent is:

U.S. Bank National Association
C/o U.S. Bank National Association
214 N. Tryon Street
27th Floor
Charlotte, NC 28202
Email:
Attention: CDO Agency Services

The Trustee is:

WILMINGTON TRUST (LONDON) LIMITED
Third Floor, 1 King's Arms Yard
London
EC2R 7AF
United Kingdom
Fax: +44 (0) 207 397 3601
Email: adminlondon@wilmingtontrust.com
Attention: The Director

The U.S. Trustee is:

WILMINGTON TRUST, NATIONAL ASSOCIATION
Global Capital Markets
Suite 2 R, 166 Mercer Street
New York, NY 10012
Fax: 212 343 1079
Tel: 212 941 4415
Email: aberman@wilmingtontrust.com
Attention: Adam Berman

This Notice is given by
LBI ehf.
as **Issuer**

Dated 4 November 2016

Annex 1

Form of First Supplemental Trust Deed

Dated [●]

First Supplemental Trust Deed

relating to a Trust Deed dated 23 March 2016

between

LBI ehf.
as Issuer

and

Wilmington Trust (London) Limited
as Trustee

and

Wilmington Trust, National Association
as U.S. Trustee

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THIS FIRST SUPPLEMENTAL TRUST DEED is made on [●] 2016 between:

- (1) **LBI ehf.**, a private limited company (Registered Number: 540291-2259) incorporated in the Republic of Iceland having its registered office at Alfheimar 74, 104 Reykjavik (the "**Issuer**");
- (2) **Wilmington Trust (London) Limited**, to be referred to henceforth as "**Trustee**", which expression includes all Persons for the time being the trustee or trustees of the Trust Deed and this Supplemental Trust Deed, other than the U.S. Trustee; and
- (3) **Wilmington Trust, National Association**, a national banking association formed under the laws of the United States of America, as "**U.S. Trustee**".

WHEREAS:

- (A) This First Supplemental Trust Deed is supplemental to, and should be read in conjunction with, a trust deed dated 23 March 2016 (the "**Trust Deed**") made between the parties hereto constituting the Issuer's EUR-denominated convertible Bonds due 2035 (the "**Bonds**").
- (B) The Bondholders have, by way of an extraordinary resolution dated [●] 2016 (the "**Extraordinary Resolution**"), (i) authorised certain amendments to the terms and conditions of the Bonds set out in Schedule 1 to the Trust Deed (the "**Conditions**") and the execution of this First Supplemental Trust Deed, and (ii) assented to the entry into, and, where applicable, the execution and delivery of certain documents by the parties hereto for the purposes of giving effect to the matters contemplated by that Extraordinary Resolution (including, without limitation, the execution and delivery of this First Supplemental Trust Deed).

This First Supplemental Trust Deed Witnesses and it is Declared as follows:

1. **Definitions and Interpretation**

1.1 **Definitions**

In this First Supplemental Trust Deed:

"**Amended Trust Deed**" means the Trust Deed as amended by this First Supplemental Trust Deed.

Except as provided herein, all words and expressions defined in the Trust Deed and the Conditions shall have the same meanings when used in this First Supplemental Trust Deed.

1.2 **Statutory Provisions**

References to any statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof or to any statutory instrument, order or regulation made thereunder or under any such re-enactment.

1.3 **Amendments**

Unless the context otherwise requires, all references in this First Supplemental Trust Deed to an agreement, instrument or other document (including this First Supplemental Trust Deed and any other Transaction Document) shall be construed as a reference to that agreement, instrument or document as the same may be amended, modified, varied, supplemented or novated from time to time.

1.4 **Headings**

Headings are for ease of reference only.

1.5 Acknowledgement

Each of the parties to this First Supplemental Trust Deed acknowledges and agrees that this First Supplemental Trust Deed shall be a "**Transaction Document**" for the purposes of the Amended Trust Deed and in acting under this First Supplemental Trust Deed, each of the Trustee and the U.S. Trustee is entitled to the benefit of all protections and other provisions expressed to be in its favour as Trustee and U.S. Trustee, as applicable, as set out in the Trust Deed.

2. Amendments

With effect from the date of this First Supplemental Trust Deed, the Conditions shall be amended as follows:

- (a) by the deletion of the definition "Currency Conversion Date" in Condition 2.1 (*Interpretation*) and the insertion of the following in substitution therefor:

""**Currency Conversion Date**" means (i) in relation to a Payment Date, the date which is two (2) Business Days after the First Notification Date, and (ii) in relation to an Unscheduled Payment Date, the date which is six (6) Business Days before that Unscheduled Payment Date.";

- (b) by the deletion of the definition "First Notification Date" in Condition 2.1 (*Interpretation*) and the insertion of the following in substitution therefor:

""**First Notification Date**" means, in relation to a Payment Date, the date which is twenty (20) calendar days after the relevant Determination Date, or if that day is not a Business Day, the preceding Business Day, and (ii) in relation to an Unscheduled Payment Date, the date which is nine (9) Business Days before that Unscheduled Payment Date, or if that is not a Business Day, the preceding Business Day."; and

- (c) by the deletion of the definition "Payment Date" in Condition 2.1 (*Interpretation*) and the insertion of the following in substitution therefor:

""**Payment Date**" means 15 June and 15 December of each year commencing in 2016 and the Final Maturity Date, or if that day is not a Business Day, the preceding Business Day.".

3. Endorsement

A memorandum of this First Supplemental Trust Deed shall be endorsed by the Issuer on the executed copy of the Trust Deed held by the Issuer at its specified office.

4. Replacement of Global Notes

- 4.1 The Issuer shall procure that the Bond Custodian returns, as soon as reasonably practicable, the Registered Global Certificates held by it to the Issuer.

- 4.2 The Issuer shall, when it receives the Registered Global Certificates pursuant to Clause 4.1 from the Bond Custodian, deliver to the Bond Custodian replacement Registered Global Certificates reflecting the amendments to the Conditions set out in Clause 2.

5. Status of the Trust Deed

- 5.1 Save as expressly modified by this First Supplemental Trust Deed, the Trust Deed shall continue in full force and effect and shall with effect from the date hereof, be read and

construed as one instrument with this First Supplemental Trust Deed.

- 5.2 To the extent this First Supplemental Trust Deed is inconsistent with the Trust Deed, this First Supplemental Trust Deed shall supersede the Trust Deed.

6. Copies of this First Supplemental Trust Deed

- 6.1 The Trustee shall hold copies of this executed First Supplemental Deed at the specified office of the Trustee, being at the date hereof at 1 King's Arms Yard, London, EC2R 7AF, available for inspections by the Bondholders.
- 6.2 The Issuer shall post a copy of this executed First Supplemental Trust Deed to the Bondholders' Website.

7. Stamp Duties and Taxes

The Issuer shall pay all stamp duty and other issue, registration and documentary fees, duties and similar taxes (together with any interest or penalties arising in respect thereof) payable in respect of the amendments to the Conditions pursuant to the terms of this First Supplemental Trust Deed.

8. Severability

In case any provision in or obligation under this First Supplemental Trust Deed shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

9. Contracts (Rights of Third Parties) Act 1999

Other than the Bondholders, no Person shall have any right to enforce any provisions of this First Supplemental Trust Deed under the Contracts (Rights of Third Parties) Act 1999. The Bondholders shall be entitled to enforce any terms of this First Supplemental Trust Deed pursuant to which they receive any benefit.

10. Counterparts

This First Supplemental Trust Deed may be executed in any number of counterparts, each of which shall be deemed to be an original.

11. Governing Law and Jurisdiction

- 11.1 This First Supplemental Trust Deed, including any non-contractual obligations arising out of or in connection with this First Supplemental Trust Deed, is governed by, and shall be construed in accordance with, English law.
- 11.2 The provisions of Clauses 14.2 (*Jurisdiction*) and 14.3 (*Appropriate Forum*) of the Trust Deed shall apply to this First Supplemental Trust Deed as if the same were repeated in full herein, *mutatis mutandis*.
- 11.3 The Issuer agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to MoFo Notices Limited, at its registered office in England for the time being, currently CityPoint, One Ropemaker Street, London EC2Y 9AW, or at any other address for the time being at which process may be served on such Person in accordance with Part 37 of the Companies Act 2006 (as modified or re-enacted from time to time). The

Issuer agrees that the process by which any Proceedings in the United States are begun may be served on it by being delivered to Corporation Service Company, 1180 Avenue of the Americas, Suite 2101, New York, New York, 10036-8401. Nothing herein shall affect the right of the Trustee or the U.S. Trustee, as the case may be, to serve process in any other manner permitted by law.

IN WITNESS WHEREOF this First Supplemental Trust Deed has been executed as a deed and delivered on the day and year first above written.

The Issuer
LBI ehf.

By:
Title:

By:
Title:

Wilmington Trust (London) Limited, as Trustee

By:
Title:

In the presence of:

By:
Witness signature:
Witness Name:
Address:

Wilmington Trust, National Association, as U.S. Trustee

By:
Title:
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