

**MINUTES OF LBI EHF.'S
EXTRAORDINARY GENERAL MEETING**

On Friday, 16 September 2016, 10 am, an extraordinary general meeting was held for LBI ehf., reg. no. 540291-2259. The meeting was held at Hilton Reykjavík Nordica Hótel, Sudurlandsbraut 2, Reykjavík.

Richard Katz, Chairman of the Board of Directors, opened the meeting and welcomed the present representatives. Þórólfur Jónsson, attorney at law, was elected chairman of the meeting and Jón Kristinn Sverrisson secretary of the meeting.

The chairman of the meeting examined the legitimacy of the meeting and declared that the invitation to the meeting was lawful and that present at the meeting were shareholders or shareholders' representatives that held 80.38% of the company's share capital. The chairman of the meeting declared the meeting legitimate to decide on the matters on its agenda.

The meeting's agenda was as follows:

Amendments to LBI ehf.'s Articles of Association

1. Shortening of summoning notice for extraordinary general meetings.
2. Conversion of the share capital to EUR.
3. Other matters.

The formal agenda of the meeting commenced:

1. Shortening of summoning notice for extraordinary general meetings.

The Board of Directors of LBI ehf. proposed that Article 19.2 of the Articles of Association would be amended to read as follows:

„Til aukafunda skal boða með auglýsingu sem birt er á heimasíðu félagsins og með skriflegri tilkynningu til hluthafa sem senda skal með pósti eða raðpósti í samræmi við hlutaskrá samkvæmt 5. gr. samþykktá þessara með skemmst eins viku og lengst fjögurra vikna fyrirvara. Séu allir hluthafar mættir, eða umboðsmenn þeirra, geta þeir gefið undanþágu frá þessari grein.“

English translation:

"Extraordinary general meetings shall be convened with an advertisement published on the Company's Website and written notices to shareholders sent by mail or e-mail in accordance with the shareholder registry referred to in Article 5 of these Articles of Association with at least one week's and no more than four weeks' notice. If all shareholders, or their proxies, attend they may grant an exemption from this provision."

The chairman of the meeting discussed the proposal and invited shareholders to address the meeting.

No one addressed the meeting.

The chairman of the meeting brought the proposal to the vote of shareholders who unanimously resolved to approve the proposal.

2. Conversion of the share capital to EUR.

The Board of Directors proposed to change the denomination of LBI ehf.'s share capital, so that it would be denominated in EUR instead of ISK. In that respect, the Board of Directors submitted the following proposals before the extraordinary general meeting:

a. Clause 4.1 shall be amended to read as follows:

„Hlutfé félagsins er 11.338.671,96 evrur (ellefu milljónir þrjú hundruð þrjátíu og átta þúsund sex hundruð sjötíu og ein komma níutíu og sex evrur). Í samræmi við nauðasamning félagsins, sem varð bindandi þann 25. desember 2015 („**nauðasamningurinn**“), er greitt fyrir hlutina með skuldajöfnun á móti kröfum sem hluthafar eiga á hendur félaginu. Hlutféð skiptist í hluti að fjárhæð 0,01 evra hver og margfeldi þar af.“

English translation:

"The Company's share capital is EUR 11,338,671.96 (eleven million three hundred and thirty-eight thousand, six hundred seventy-one point ninety-six euros). Pursuant to the Company's composition, which became effective on 25 December 2015 (the "**Composition**"), the shares are paid for by means of set-off against claims that shareholders hold against the Company. The share capital is divided into shares with a value of EUR 0.01 each or a multiple of this amount."

b. Clause 4.2 shall be deleted.

c. Clause 4.3 shall be amended to read as follows:

„Hlutfé félagsins skiptist í tvo hlutflokka, 1.133.867.196 hluti í A-flokk og, til að byrja með, 0 hluti í B-flokk. Réttindi hluthafa samkvæmt hvorum flokki um sig eru hin sömu að öðru leyti en því að hluthafar sem eiga hlutfé í B-flokk njóta ekki atkvæðisréttar nema um þau atriði er greinir í greinum 21.5 og 21.6 samþykka þessara.“

English translation:

"The share capital of the Company is divided into two classes of shares, being 1,133,867,196 "Class A Shares" and, initially, 0 "Class B Shares". The rights of shareholders in each class are the same apart from the fact that shareholders holding Class B Shares do not enjoy voting rights except as set out in Articles 21.5 and 21.6 of these Articles of Association."

d. Clause 6.1 shall be amended to read as follows:

„Stjórn félagsins er heimilt að hækka hlutfé félagsins um allt að 37.860.812 hluti með áskrift nýrra hluta í A-flokk til efnda ágreiningskrafna og skilyrtra krafna, eins og nánar er kveðið á um í 7. gr. samþykka þessara.“

English translation:

"The Company's Board of Directors may increase its share capital by up to 37,860,812 shares by issuing new Class A Shares to fulfil Disputed Claims and Contingent Claims, as provided for in Article 7 of these Articles of Association."

e. Clause 7.2 shall be amended to read as follows:

„Þegar ágreiningskrafa og/eða skilyrt krafa verður viðurkennd samningskrafa, eins og getið er um í gr. 7.1, er stjórninni heimilt og skylt að gefa út og úthluta nýju hlutafé í A-flokki, að samanlögðu hámarksnafnvirði 378.608,12 evrur, til þess að efna skuldbindingar félagsins vegna slíkrar samningskröfu. Hver kröfuhafi sem á slíka samningskröfu telst hafa skrifað sig fyrir (og á rétt á að vera skráður eigandi að) þeim hlutum í A-flokki sem honum er úthlutað sem greiðslu fyrir slíka samningskröfu. Áskriftarverðið skal vera 0,01 evra á hvern hlut í A-flokki og skal greitt með skuldajöfnun á móti samningskröfunni.“

English translation:

"Upon any Disputed Claim and/or a Contingent Claim becoming a recognised Composition Claim, as specified in Article 7.1, the Board of Directors is authorised and obliged to issue and allot new Class A Shares up to a maximum aggregate nominal value of EUR 378,608.12 in order to comply with the Company's obligations in respect of such Composition Claim. Each creditor holding such Composition Claim is deemed to have subscribed for (and has the right to be registered as holder of) any Class A Shares allotted to it as payment for that Composition Claim. The subscription price shall be EUR 0.01 per Class A Share and shall be paid by means of set-off against the Composition Claim."

f. Clause 29.1 shall be amended to read as follows:

„Stjórn félagsins er heimilt að gefa út og úthluta nýjum hlutum í A-flokki sem samtals nema allt að 378.608,12 evrum, til þess að efna skuldbindingar sínar samkvæmt áskriftarréttindum (eins og þau eru skilgreind í grein 29.5), þar á meðal þeim sem gefnir eru út samkvæmt greinum 29.5 og 29.6, í kjölfar þess að hinum breytanlegu skuldabréfum er breytt í samræmi við skuldabréfaskilmálana. Greiða skal fyrir hina nýju hluti í A-flokki með skuldajöfnun á móti virði breytanlegu skuldabréfanna, eins og það ákvarðast af viðeigandi áskriftarréttindum.“

English translation:

"The Board of Directors is authorised to issue and allot new Class A Shares up to a maximum aggregate nominal value of EUR 378,608.12, in order to meet its obligations in respect of Subscription Rights (as defined in Article 29.5), including those issued in accordance with Articles 29.5 and 29.6, following a conversion of Bonds in accordance with the Bond Terms and Conditions. The new Class A Shares shall be paid up by set-off against the value of the Bonds, as represented by the relevant Subscription Rights."

The chairman of the meeting discussed the proposals and invited shareholders to address the meeting.

No one addressed the meeting.

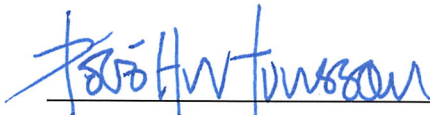
The chairman of the meeting brought the proposals to the vote of shareholders who unanimously resolved to approve the proposals.

3. Other matters.

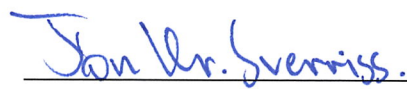
Other matters were not taken for consideration.

The chairman of the meeting offered the minutes to be recited which no one present required. Consequently, the chairman of the meeting informed those present that the secretary of the meeting, together with him, would finalise the meeting minutes and publish on the LBI's website without delay.

Nothing more was done and the meeting was closed at 10:11 am.



Þórólfur Jónsson, chairman of the meeting



Jón Kristinn Sverrisson, secretary of the meeting