

## Annual General Meeting of Klakki ehf.

Held on 26 August 2016

**Proposals of the Board of Directors of Klakki ehf. to the Company's Annual General Meeting on 26 August 2016.****Agenda item 2: Confirmation of the accounts of the Company for 2015, and proposal for allocation of profit for the year 2015**

The Annual General Meeting of Klakki ehf., held on 26 August 2016, agrees that profits for the 2015 financial year, amounting to ISK 3,356,749,424, be transferred to company equity.

**Agenda item 3: Proposal for amendment of the Company's Articles of Association**

- a) The Board proposes that the Company's purpose in Article 3 amended to reflect the Company's current operations. It is proposed that Article 3 shall hereafter be as follows:

*„Tilgangur félagsins er eignarhald á hlutum í félögum á sviði fjármála-, lána- og fjárfestingarstarfsemi, þ.m.t. eignaleigu og annar skyldur rekstur. Enn fremur eignarhald og rekstur fasteigna og hafa með höndum þjónustu við dótturfélög.“*

English version:

*„The purpose of the Company is to hold shares in companies involved in finance, loan and investment activities, such as leasing. Furthermore to own and manage real estate and servicing subsidiaries.“*

- b) It is proposed that Article 13 amended to allow for partial conversion of the convertible loans into shares in the Company prior to the Conversion Date in accordance with recent amendments made to the convertible loans. Accordingly, it is proposed that Article 13 shall hereafter be as follows:

*„Í samræmi við ákvæði nauðasamningsins og með vísan til VI. kafla laga nr. 138/1994 um einkahlutafélög, breytast 90% af samningskröfum á hendur félaginu í lán sem breytanleg eru í hluti í félaginu ("breytanlegu lánin") með eftirfarandi skilmálum:*

- (a) *Breytanlegu lánin eru mynduð með skilmálabreytingu krafna á hendur félaginu (ekki um frekari lántöku að ræða heldur eingöngu breytingu eldri lána) að samanlagðri fjárhæð sem jafngildir 90% af samningskröfum á hendur félaginu, sbr. 29. gr. gþl. Frekari útgáfur breytanlegra lána geta komið til komi fram frekari samningskröfur (allt í samræmi við ákvæði nauðasamningsins). Heildarfjárhæð höfuðstóls breytanlegu lánanna skal að hámarki vera kr. 210.000.000.000.*
- (b) *Afborganir breytanlegu lánanna skulu ekki vera fyrirfram ákvarðaðar heldur skulu vera háðar greiðslugetu félagsins hverju sinni.*
- (c) *Breytanlegu lánin skulu ekki bera vexti.*
- (d) *Þann 31. desember 2020 ("gjald dagi"), eða síðari dag ákvarðaðan í samræmi við ákvæði nauðasamningsins, þó eigi síðar en 31. desember 2030, skal eftirstöðvum breytanlegu lánanna breytt í hluti í félaginu á genginu kr. 1 á hlut. Þó skal vera heimilt að breyta hluta breytanlegu*

*lánanna í hluti í félaginu fyrir gjalddagann á sama gengi í samræmi við ákvæði breytanlegu lánanna.*

- (e) Hlutfjárhækkun, hlutfjárlækkun, útgáfa frekari breytanlegra skuldaskjala eða slit félagsins, þ.á m. vegna samruna eða skiptingar félagsins, skal ekki hafa áhrif á breytanlegu lánin og réttindi kröfuhafa samkvæmt þeim.*
- (f) Nema að því marki sem greinir að ofan skal lagaleg staða kröfuhafa samkvæmt breytanlegu lánunum ekki breytast fyrir breytingu lánanna í hlutfé.*

*Á gjalddaga, eins og honum kann að verða breytt, og á þeim degi sem hluta breytanlegu lánanna skal breytt í hluti í félaginu, skal stjórn félagsins heimilt að hækka hlutfé félagsins um kr. 210.000.000.000 að nafnverði með útgáfu nýrra hluta að nafnverði kr. 1 hver. Forgangsréttur hluthafa til áskriftar skal ekki gilda um hina nýju hluti, sem skulu gefnir út til eigenda krafna samkvæmt breytanlegu lánunum til að fullnægja skuldbindingum félagsins samkvæmt þeim, í samræmi við ákvæði nauðasamningsins.*

*Eftir að breytanlegu lánunum hefur verið breytt í hlutfé í félaginu telst fullnaðaruppgjör hafa farið fram fyrir þann hluta breytanlegu lánanna sem breytt hefur verið í hlutfé í félaginu þegar hinir nýju hlutir hafa verið gefnir út og skráðir á nafn viðkomandi kröfuhafa í hlutaskrá félagsins.“*

English version:

*“In accordance with the Composition Agreement and with reference to Section VI of the Act on Private Limited Companies No. 138/1994, the Company is amending 90% of the Composition Claims to a debt convertible into shares in the Company (the "Convertible Loan(s)"), subject to the following terms and conditions:*

- (a) The Convertible Loans are constituted by an amendment of the loans and liabilities owed to the creditors of the Company (with no new debt issued but existing debt being amended) in an aggregate principal amount equal to 90% of Composition Claims. Further tranches of the Convertible Loan may be issued in the event of further actual Composition Claims arising or being demonstrated (all in accordance with the provisions of the Composition Agreement). The maximum aggregate principal amount of the Convertible Loans shall be ISK 210,000,000,000.*
- (b) There shall be no scheduled repayment instalments. Repayments shall be subject to funds available to be disbursed by the Company.*
- (c) The Convertible Loans shall bear no interest.*
- (d) On 31 December 2020 (the "Conversion Date"), or such later date as determined pursuant to the Composition Agreement, but no later than 31 December 2030, any amounts then outstanding under the Convertible Loans shall be converted into shares in the Company at a conversion price equal to ISK 1 per share. However, part of the Convertible Loans can be converted into shares in the Company prior to the Conversion Date at the same price in accordance with the terms of the Convertible Loans.*
- (e) Any capital increase, capital reduction, issuance of new convertible instruments or the dissolution of the Company, including as a result of a merger or division, shall have no affect in relation to the Convertible Loans and the rights of creditors thereunder.*

- (f) *Except as specifically provided above, the legal status of each holder of Convertible Loan(s) shall not be affected prior to his claim being converted into share capital.*

*On the Conversion Date, as adjusted, and on the date when part of the Convertible Loans shall be converted into shares in the Company, the Board of Directors shall be authorised to increase the share capital of the Company by up to ISK 210,000,000,000 nominal value by issuing new shares of nominal value ISK 1 per share. Priority rights of shareholders with respect to subscription to the new shares shall not apply and the new shares shall be issued to creditors under the Convertible Loans to fulfil the Company's obligations thereunder, in accordance with the Composition Agreement.*

*Following conversion of the Convertible Loans into shares in the Company, a full settlement shall be deemed to have taken place with respect to the part of the Convertible Loans that is converted into shares in the Company when new shares in the Company have been issued and duly registered in the name of the respective lender in the Company's share register."*

- c) It is proposed that Article 22 be amended in a way that the term "Material Subsidiaries" is removed as it is no longer applied in the convertible loans. Further, references to former subsidiaries of Klakki have been removed as they are no longer relevant. Accordingly, it is proposed that Article 22 shall hereafter be as follows:

*„Þrátt fyrir ákvæði 21. gr. skal ákvörðun er varðar mikilvægt málefni, að því marki sem mögulegt er lögum samkvæmt, krefjast samþykkis a.m.k.:*

- (a) *fimm stjórnarmanna sé stjórnin skipuð sex mönnum og enginn stjórnarmaður telst vanhæfur til þátttöku í meðferð málsins;*
- (b) *fjögurra stjórnarmanna sé stjórnin skipuð sex mönnum og einn þeirra telst vanhæfur til þátttöku í meðferð málsins;*
- (c) *þriggja stjórnarmanna sé stjórnin skipuð sex mönnum og tveir þeirra teljast vanhæfir til þátttöku í meðferð málsins;*
- (d) *tveggja stjórnarmanna sé stjórnin skipuð sex mönnum og þrír þeirra teljast vanhæfir til þátttöku í meðferð málsins;*
- (e) *fjögurra stjórnarmanna sé stjórnin skipuð fimm mönnum og enginn stjórnarmaður telst vanhæfur til þátttöku í meðferð málsins;*
- (f) *þriggja stjórnarmanna sé stjórnin skipuð fimm mönnum og einn þeirra telst vanhæfur til þátttöku í meðferð málsins; og*
- (g) *tveggja stjórnarmanna sé stjórnin skipuð fimm mönnum og tveir þeirra teljast vanhæfir til þátttöku í meðferð málsins.*

*Ef stjórn félagsins er skipuð sex mönnum og fleiri en þrír þeirra teljast vanhæfir til þátttöku í meðferð mikilvægs málefns skal stjórnin ekki greiða atkvæði um málið. Sama gildir ef stjórnin er skipuð fimm mönnum og fleiri en tveir þeirra teljast vanhæfir til þátttöku í meðferð mikilvægs málefns.*

*Í samþykktum þessum teljast eftirfarandi málefni mikilvæg málefni:*

- (a) *sala eða annað framsal einhvers hluta starfsemi eða eigna félagsins eða dótturfélags sem á einu fjárhagsári fer umfram samtals kr. 300.000.000, nema um sé að ræða sölu í tengslum*

við fjárfestingu eða endurfjárfestingu af hálfu Lýsingar hf. sem fellur innan hefðbundins reksturs félagsins;

- (b) kaup, samruni, samstarfsverkefni eða fjárfestingar (eða stofnun sérstaks félags eða nýting annars félags innan samstæðunnar til að framkvæma slíkar ráðstafanir) af hálfu félagsins eða dótturfélags sem á einu fjárhagsári fara umfram samtals kr. 300.000.000;
- (c) veiting ábyrgða, skaðleysis, veðtrygginga eða annars konar fjárhagsaðstoðar af hálfu félagsins eða dótturfélags sem á einu fjárhagsári fara umfram alls kr. 300.000.000;
- (d) veiting lána af hálfu félagsins eða dótturfélags, nema að því marki sem um er að ræða:
  - (1) viðskiptalán til viðskiptavina með hefðbundnum viðskiptaskilmálum og sem falla innan hefðbundins reksturs lánveitanda;
  - (2) lán veitt af Lýsingu hf. sem falla innan hefðbundins reksturs þess félags; eða
  - (3) lán veitt af dótturfélagi til móður- eða dótturfélags síns;
- (e) stofnun fjárhagsskuldbindinga af hálfu félagsins eða dótturfélags sem á einu fjárhagsári fer umfram alls kr. 300.000.000;
- (f) allar verulegar breytingar (þ. á m. stöðvun) á núverandi starfsemi félagsins eða dótturfélags eða ákvörðun um að félagið reki annars konar starfsemi;
- (g) tillögur um breytingar á samþykktum þessum og tillögur eða ákvarðanir um breytingar á sambærilegum stjórnskipunarlegum gögnum dótturfélags (þ.á m. varðandi útgáfu nýrra hluta í félaginu, nema um sé að ræða útgáfu hluta samkvæmt 12. og 13. gr.);
- (h) ákvörðun um að gefa bú félagsins eða dótturfélags upp til gjaldþrotaskipta, slíta félaginu eða dótturfélagi eða grípa til annars konar sambærilegs uppgjors á félaginu eða dótturfélagi (nema stjórninni sé skylt að grípa til slíkra ráðstafana);
- (i) koma á eða breyta skilmálum hvatakerfis fyrir stjórnendur félagsins, ráðning og brottrekstur framkvæmdastjóra félagsins og ákvarða helstu skilmála ráðningarsamnings hans (þ.á m. varðandi launakjör);
- (j) leggja til eða hefja endurskipulagningu, innlausn hlutafjár eða lækkun hlutafjár félagsins eða dótturfélags;
- (k) kosning eða brottvikning stjórnarmanna dótturfélaga og/eða breytingar á fjölda eða samsetningu stjórnar félagsins eða dótturfélaga, nema að því marki sem heimilað er í samþykktum þessum eða samþykktum viðkomandi dótturfélags;
- (l) gerð sáttar um samningskröfur á hendur félaginu sem ágreiningur hefur ríkt um og nema fjárhæð a.m.k. kr. 500.000.000; og
- (m) tillaga stjórnar um greiðslu arðs til hluthafa.“

English version:

*“Notwithstanding Article 21 above, any resolution in respect of a Reserved Matter shall, to the extent permissible by law, require the positive vote of at least:*

- (a) five of the directors of the Company if there are six directors appointed to the Board and none are disqualified from voting;*
- (b) four of the directors of the Company if there are six directors appointed to the Board and one of those appointed is disqualified from voting;*
- (c) three of the directors of the Company if there are six directors appointed and two of those appointed are disqualified from voting;*
- (d) two of the directors of the Company if there are six directors appointed and three of those appointed are disqualified from voting;*
- (e) four of the directors of the Company if there are five directors appointed to the Board and none are disqualified from voting;*
- (f) three of the directors if there are five directors appointed to the Board and one of those appointed is disqualified from voting; and*
- (g) two of the directors if there are five directors appointed to the Board and two of those appointed are disqualified from voting.*

*If there are six directors appointed and more than three of them are disqualified from voting, the Board shall not pass a resolution in respect of a Reserved Matter. The same applies if there are five directors appointed and more than two of them are disqualified from voting.*

*The following matters shall be considered as Reserved Matters:*

- (a) the sale or disposal of any part of the undertaking or any assets of the Company or any subsidiary, which in any financial year exceed an aggregate of ISK 300,000,000, other than a sale or disposal in connection with investment or reinvestment in assets by Lýsing hf. in the ordinary course of trading;*
- (b) acquisitions, mergers, joint ventures or investments (or the incorporation of a special purpose vehicle or use of any other member of the group to effect any such corporate actions) by the Company or any subsidiary, which in any financial year exceed an aggregate of ISK 300,000,000;*
- (c) the giving by the Company or any subsidiary of any guarantee, indemnity, security or other form of credit support which in any financial year exceeds an aggregate of ISK 300,000,000;*
- (d) the advances by the Company or any subsidiary of any loans or other credit, excluding:
  - (1) trade credit extended to customers on normal commercial terms in the ordinary course of trading;*
  - (2) advance made by Lýsing hf. in the ordinary course of trading; or*
  - (3) advance made by a subsidiary to a holding company or subsidiary of that subsidiary;**

- (e) *the incurrence of any financial indebtedness by the Company or any subsidiary which in any financial year exceeds an aggregate of ISK 300,000,000;*
- (f) *any material alteration (including cessation) of the present nature of the business of the Company or any subsidiary or the commencement by the Company of any new type of business;*
- (g) *any proposal to alter these Articles and any proposal or resolution to alter the constitutional documents of any subsidiary of the Company (for the avoidance of doubt, including the issue of new shares by the Company, save in respect of any issue of shares pursuant to Articles 12 and 13 above);*
- (h) *the institution of any voluntary bankruptcy proceeding, liquidation, dissolution or other insolvency proceeding in respect of the Company or any subsidiary (except where the directors are obliged or have a duty to institute such proceedings);*
- (i) *adopting or amending the terms of any management incentivisation plan and appointing or removing the chief executive officer of the Company and agreeing the material terms of employment (including remuneration) of such person;*
- (j) *proposing or instituting any corporate restructuring, share buy-back or reduction of capital of the Company or any subsidiary;*
- (k) *the appointment or removal of any member of the board of any of the subsidiaries and/or any change to the number or composition of the Board or the board of any subsidiary other than as expressly permitted by these Articles or the articles of association of any subsidiary;*
- (l) *the settlement by the Company of any disputed Composition Claim in excess of ISK 500,000,000; and*
- (m) *the proposal by the Board to the shareholders of the allocation of a dividend by the Company.”*

#### **Agenda item 5: Proposal for election of auditing firm.**

It is proposed that Deloitte hf., Smáratorgi 3, Kópavogi, be re-elected as the Company's auditing firm for 2016.

#### **Agenda item 6: Decision on remuneration to the Members of the Board of the Company.**

The Annual General Meeting of Klakki ehf., held on 26 August 2016, agrees that the remuneration of the Board of Directors will be as follows: Chairman of the Board ISK 400,000 per month, other directors ISK 300,000 per month. Vice Board members ISK 100,000 kr. for each meeting they attend. Board members shall in addition receive a set fee of ISK 100,000 for each meeting they attend in excess of one regular Board Meeting per month and for each meeting they attend in the Board's subcommittees, to be capped at three additional meetings per month.

## **Agenda item 7: Proposal for a Remuneration Policy.**

### **„Remuneration Policy for Klakki ehf.**

#### **Article 1 - Objective**

The object of Klakki's Remuneration Policy is to offer employees and board members competitive wages for their services. Regard shall be had of position, workload, responsibilities and future prospects when deciding employee remuneration.

#### **Article 2 - Board of Directors – terms of employment**

Board members shall receive a fixed monthly payment in accordance with the decision of the Annual General Meeting of the Company, as stipulated in Article 54 of Act no. 138/1994 on Private Limited Companies. The Board of Directors shall submit a proposal on the fee for the upcoming operating year.

#### **Article 3 – Chief Executive officer – terms of employment**

A written employment contract shall be made between the Company and the Chief Executive Officer (CEO). The objectives stated in Article 1 of this Remuneration Policy shall form the basis of the determination of the CEO's terms of employment as well as of the determination of rewards in the sense of Art. 54 (a) (1) points 1-6 of Act no. 138/1994 on Private Limited Companies.

The negotiation of the CEO's employment contract shall be based on the aim that upon termination, no retirement or termination payments in addition to those stipulated in the employment contract shall be agreed upon.

#### **Article 4 - Acknowledgements to the management**

The Company's CEO makes proposals to the Board of Directors concerning the terms of employment and management of Klakki ehf. The objectives stated in Article 1 of this Remuneration Policy shall form the basis of the determination of the management's terms of employment as well as of the determination of rewards in the sense of Art. 54 (a) (1) points 1-6 of Act no. 138/1994 on Private Limited Companies.

#### **Article 5 - Approval of the Remuneration Policy and other matters**

The Remuneration Policy shall be presented to the shareholders in the Annual General Meeting for their approval. The Remuneration Policy shall be subject to annual review.

The Remuneration Policy shall be viewed as guidelines for the Company. The Board of Directors shall note in the minutes of its meeting any major deviation from the Remuneration Policy and such deviation shall be well justified. The Board of Directors shall inform the Annual General Meeting of such a deviation.“