

From: Jonathan Rowland
Sent: 03 October 2011 17:31
To: 'Jean-Francois Willems'
Cc: 'Francois Xavier Cabay'
Subject: RE: KS Assets and October Portfolio

They are full of shit. Lets do nothing and sit on the KS portfolio. They wont settle with us.

From: Jean-Francois Willems [<mailto:JF.Willems@banquehavilland.com>]
Sent: 03 October 2011 18:11
To: Jonathan Rowland
Cc: Francois Xavier Cabay
Subject: FW: KS Assets and October Portfolio

From: Simon Knight [<mailto:simon.knight@kaupthing.com>]
Sent: 03 October 2011 18:00
To: Francois Xavier Cabay
Cc: Jean-Francois Willems; Arnar Scheving Thorsteinsson; Jóhannes Rúnar Jóhannsson; Sigurgeir Valsson
Subject: RE: KS Assets and October Portfolio

Dear Francois

Further to our phone call on Monday last week and your email below, I have now discussed your proposal with the Resolution Committee. The Resolution Committee is willing to discuss possibilities for settlement of the October Bonds portfolio however the Resolution Committee requires that such discussions must be dealt with as a separate issue from the Listed Assets, and that transfer of the Listed Assets must not be dependant upon or delayed by discussions regarding the October Bonds.

As acknowledged in your email below, Banque Havilland accepts that the EUR 25m threshold has been exceeded and that it is able to transfer the remaining Listed Assets and surplus cash amount to Kaupthing. Accordingly, we require that Banque Havilland transfers the remaining Listed Assets and cash received in excess of the EUR 25m threshold to Kaupthing immediately in accordance with clause 5 of the Conditional Settlement Agreement dated 3 March 2009. Please can you put me in contact with the relevant member of your staff to discuss transfer details and custody account information. We hereby reserve all Kaupthing's rights in the event that the remaining Listed Assets and surplus cash amount are not transferred to Kaupthing with immediate effect.

In respect of the October Bonds, the Resolution Committee is considering your proposal as well as other possible options for achieving a settlement. I trust that we will be able to find a mutually acceptable settlement to the October Bonds portfolio in the near future.

Kind regards

Simon

Simon Knight

Kaupthing hf
E-mail Disclaimer

From: Francois Xavier Cabay [<mailto:fx.cabay@banquehavilland.com>]
Sent: 28. september 2011 15:28
To: Simon Knight
Cc: Jean-Francois Willems
Subject: KS Assets and October Portfolio

Dear Simon,

Following our phone conversation of last Friday, please find hereunder a

summary of the current situation.

Listed Kevin Stanford Assets

Banque Havilland S.A. has received on 19th of August 2011 a dividend in Mulberry Group plc (GB0006094303) of GBp 4.00 per share or a total of GBP 583'428.80. This payment has been converted, using the European Central Bank reference rate fixed on the pay date at 3 p.m. C.E.T. or 0.86965. The dividend payment in EUR amounts therefore to EUR 670'877.71.

The total proceeds of the KS portfolio stand now at EUR 25'636'614.62.

October Portfolio

We would like to take the opportunity of the settlement of the KS assets to settle the October Portfolio as well as it makes no economic sense not to reach an agreement on this one. All remaining assets are defaulted. Waiting for the interests and proceeds of the remaining assets to amount to the threshold could (and will take) many years. Instead of this we would propose you a solution that would enable you to receive the current upside.

The current proceeds of the October portfolio amount to EUR 59'583'820.27 while the threshold stands as stated in the Conditional Settlement Agreement dated 3 March 2009 at EUR 68'000'000.

The remaining assets of value are:

Kaupthing FRN 08.12 (XS0226781242) for a nominal of EUR 20'000'000

Washington Mutual 2.11 (US93933VAY48) for a nominal of USD 25'000'000

Washington Mutual 02.12 (XS0284968426) for a nominal of GBP 13'000'000

The market value of the above assets can be summarised as below:

EUR 4'400'000 for the XS0226781242 considering a sale price of 22%

EUR 5'740'740 for the US93933VAY48 considering a sale price of 31% and an exchange rate of 1.35

EUR 4'632'184 for the XS0284968426 considering a sale price of 31% and an exchange rate of 0.87

Our proposal would be defined as follow: we would sell the Kaupthing FRN 08.12 as well as the Washington Mutual 02.12 in order to collect EUR

9'032'184 or an excess of EUR 616'004.27 above the threshold.

Upon acceptance of this agreement, Banque Havilland will send you EUR 636'614.62 (related to the KS assets), the Remaining KS Assets, EUR 616'004.27 (related to the October bonds) and a nominal of USD 25'000'000 in the Washington mutual 2.11.

We could also consider selling all the October Portfolio Assets and pay you the excess proceeds.

Our intention is to close the two deals simultaneously and as soon as possible.

I wait for your response.

Best regards, **François-Xavier Cabay** Executive

Director Treasury **Banque Havilland S.A.**

35a, avenue J.F. Kennedy L-1855 Luxembourg t. +352 463 131 423 f.

+352 463 131 224 m. +352 621 361 409 e.

fx.cabay@banquehavilland.com w. banquehavilland.com

The information transmitted is intended only for the person or entity to which it is addressed and may contain confidential, privileged and/or proprietary material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and delete the material from any computer. The Internet cannot guarantee the integrity of this message.

Banque Havilland S.A. will not therefore be liable for the message if modified. Any use not in accord with its purpose, any dissemination or disclosure, either whole or partial, is prohibited except formal approval. Unless otherwise stated, any pricing information given in this message is indicative only, is subject to change and does not constitute an offer to deal at any price quoted. Any reference to the terms of executed transactions should be treated as preliminary only and subject to our formal written confirmation.

Please consider the impact on the environment before printing this e-mail and/or the attachment(s).

