

Exista hf's Shareholders Meeting

Held on 30 October 2008

Proposals of the Board of Directors of Exista hf. to the company's Shareholder Meeting on 30 October 2008.

1. Authorisation to the Board of Directors to increase the share capital of the company:

The Board of Directors proposes that the Shareholders meeting held on 30 October 2008 approve an authorisation to the Board of Directors to increase the share capital of the company up to the amount of 50.000.000.000 Icelandic krona or its equivalent in euros. The share increase shall be done through the subscription of up to 50.000.000.000 new shares. The current shareholders shall waive their pre-emptive rights to such shares. The Board of Directors may authorise individual shareholders in each instance to subscribe for the new shares partly or in whole. No restrictions shall be on the trading of the new shares, and they shall belong to the same class and carry the same rights as existing shares in the company. The Board of Directors shall determine how the increase is executed with reference to price and terms of payment and is authorised to decide that the subscription is paid in part or whole with other valuables than cash. The authorisation shall be effective until 30 October 2013, to the extent it has not been exercised before that date.

It is therefore proposed that the Article 4, Paragraph 2 of the Articles of Association of the company is amended thus:

"The Board of Directors of the Company is authorised to increase the share capital of the Company up to 50.000.000.000 Icelandic krona, or its equivalent in Euros, nominal value through the subscription of up to 50.000.000.000 new shares. The current shareholders waive their pre-emptive rights to the new shares pursuant to Article 34 of Act no. 2/1995 on Public Limited Companies and pursuant to these Articles of Association. The Board of Directors may, however, authorise individual shareholders in each instance to subscribe for the new shares in part or in whole. There will be no restrictions on trading in the new shares. The new shares shall belong to the same class and carry the same rights as other shares in the Company. The new shares shall grant rights within the Company as of the date of registration of the increase of share capital. The Board of Directors of the Company shall determine more specifically how this increase will be executed, with reference to price and terms of payment. The Board of Directors of the Company is authorised to decide that subscribers pay for the new shares in part or in whole with other valuables than cash. This authorisation shall be effective until 30 October 2013, to the extent that it has not been exercised before that date."

2. Proposal on the Board of Director's authorisation to issue or undertake financial obligations that may be converted into shares in the Company and the increase of shares:

The Board of Directors proposes, with reference to Article 48 of the Act on Public Limited Companies, no. 2/1995, to authorise the company's Board of Directors to take a loan, on behalf of the Company, or to undertake other kinds of financial obligations with an aggregate nominal amount of up to

7.087.383.816 Icelandic krona or the equivalent there of in other currencies, that may be converted into shares in the Company, but provided that the total number of shares of the company capable of being issued upon the exercise of the conversion right in full will not exceed 50% of the number of issued shares in the Company on the date of the issue of the relevant loan or financial obligation. Such loan or financial obligation may be paid for in part or in whole by other valuables than cash. The Board of Directors shall be authorised to raise the Company's share capital up to the amount equal to the conversion value, notwithstanding the authorisation under Article 4, Paragraph 2, and will further decide how this authorisation will be executed in accordance with Article 48, Paragraphs 3, 4, and 5, and Article 41 of the Act on Public Limited Companies no. 2/1995. The shareholders waive their priority rights to subscribe for shares issued under this authorisation. The authorisation shall be effective until 30 October 2013, to the extent that it has not been exercised before that date.

It is therefore proposed that a new Article 4 Paragraph 3 will be inserted in to the Articles of Association of the company:

"The Board of Directors of the Company is authorised to take a loan, on behalf of the Company, or to undertake other kinds of financial obligations aggregate nominal amount of up to 7.087.383.816 Icelandic krona or the equivalent there of in other currencies, which shall be convertible into shares in the Company, but provided that the total number of shares of the Company capable of being issued upon the exercise of the conversion right in full will not exceed 50% of the number of issued shares of the Company on the date of the undertaking of the financial obligation. The Board of Directors shall be authorised to raise the Company's share capital up to the amount equal to the conversion value, notwithstanding the authorisation under Article 4, Paragraph 2, and will further decide how this authorisation will be executed in accordance with Article 48, Paragraphs 3, 4, and 5, and Article 41 of the Act on Public Limited Companies no. 2/1995. The shareholders waive their pre-emptive rights to subscribe for shares issued under this authorisation. The Board of Directors of the Company is authorised to decide that such financial obligations may be paid for in part or in whole with other valuables than cash. This authorisation shall be effective until 30 October 2013, to the extent that it has not been exercised before that date."

3. Renewal of authorisation to the Board of Directors to purchase own shares:

The Board of Directors proposes, with reference to Article 55 of the Act respecting Public Limited Companies, no. 2/1995, that it will be authorised to purchase, over the next 18 months, up to 10% of the company's own shares. The purchase price shall be no less than 0.01 Icelandic Krona per share and no more than 40 Icelandic krona per share. No limit is set on the size of the share purchased each time. With the approval of this proposal, the same kind of authorisation approved at the last Annual General Meeting is cancelled.

It is therefore proposed that Article 7, paragraph 1, be amended as follows:

"The Company is not permitted to grant credit against share certificates in the Company unless permitted by law. The Board of Directors may, over the next 18 months as of 30 October 2008, purchase up to 10% of the Company's own shares. The purchase price shall be no less than 0.01 Icelandic krona per

share and no more than 40 Icelandic Krona per share. No limit is set on this authorisation regarding the size of the share purchased each time.”

4. Delisting of the Company’s shares from the NASDAQ OMX-Nordic Exchange in Iceland:

The Shareholders Meeting of Exista hf., held on 30 October 2008, resolves that the shares of the Company will be immediately delisted from the NASDAQ OMX Nordic Exchange in Iceland. The Shareholders meeting empowers and instructs the Board of Directors to execute such delisting.

5. Unlimited Authorisation on the Board of Directors to sell all assets holdings and possessions of Company:

The Shareholders Meeting of Exista hf., held on 30 October 2008 resolves, due to the vast economic difficulties in the economy, to grant the Board of Directors of the Company unlimited authorisation to sell or dispose of, in one transaction or several transactions up to all assets of the Company whether tangible or intangible, including but not limited to, real estates, shares, stocks, and holdings, without the prior consent of the meetings of the shareholders, provided though that such transaction/s are beneficial for the Company and in the Company’s best interests after due consideration. This authorisation shall be effective until October 30 2009.