

## REDEMPTION OF SHARES IN MOSAIC FASHIONS HF.

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**Tessera Holding ehf.**, ID number 410607-1310, a shareholder in Mosaic Fashions hf., ID number 550405-0320, and the **board of Mosaic Fashions hf.** have decided, pursuant to Article 47, Paragraph 1 of Act no. 33/2003 on securities transactions, that shareholders of Mosaic Fashions hf. other than members of the bid consortium shall be required to sell their shares to Tessera Holding ehf.

Tessera Holding ehf. and other members of the bid consortium own more than 90% of the share capital in Mosaic Fashions hf. and control a corresponding proportion of votes. The redemption of shares applies to shareholders other than Tessera Holding ehf. and members of the bid consortium who are listed in the shareholders' register of Mosaic Fashions hf. at the end of the day on 17 August 2007. This announcement has been sent to those shareholders and it is also being published in daily newspapers in accordance with Article 47 of Act no. 33/2003. Shareholders in Mosaic Fashions hf. who are required to sell their shares are encouraged to transfer their shares in the company to Tessera Holding ehf. within four weeks of the date of this announcement.

The redemption price is ISK 17.5 per share. This is the same price that Tessera Holding ehf. offered in the takeover bid made on 9 July 2007 and is the highest price that Tessera Holding ehf. and other members of the bid consortium have paid for shares in Mosaic Fashions hf. during the six months prior to the takeover bid.

In order to transfer their shares to Tessera Holding ehf. shareholders must fill in a share transfer form which has been sent to shareholders along with this announcement. The completed form must then be sent to the Investment Banking division of Kaupthing Bank hf., Borgartún 19, 105 Reykjavík, along with information on the bank account in which the proceeds from the shares shall be deposited, before 16:00 (Icelandic time) Monday 17 September 2007. The proceeds from the shares in Mosaic Fashions hf. which are to be redeemed will be paid to shareholders after the aforementioned period expires. For further information please contact the Bank's financial advisers on +354 444-7000.

The proceeds from the shares transferred in accordance with the above procedure will be deposited into the bank account specified by the shareholder in the share transfer form, unless it is indicated that the proceeds be allocated otherwise.

The proceeds from any shares that are not transferred to Tessera Holding ehf. within four weeks of the date of this announcement will be paid into an escrow account in the name of the owner, pursuant to Article 47, Paragraph 2 of Act no. 33/2003. From that time Tessera Holding ehf. will be considered the rightful owner of those shares.

Reykjavik, 20 August 2007

On behalf of Tessera Holding ehf. and the board of Mosaic Fashions hf.

Investment Banking, Kaupthing Bank hf.