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FOR IMMEDIATE RELEASE

17 May 2007

**RECOMMENDED CASH AND SHARE OFFER
FOR
BRIDGEWELL GROUP PLC
BY
LANDSBANKI ISLANDS hf.**

Summary

- The Boards of Landsbanki Islands hf. (**Landsbanki**) and Bridgewell Group plc (**Bridgewell**) are pleased to announce that they have reached agreement on the terms of a recommended cash and share offer to be made by Landsbanki for Bridgewell.
- The Offer values each Bridgewell Ordinary Share at 125 pence and the fully diluted ordinary share capital of Bridgewell at approximately £60.3 million.
- Under the Offer, Bridgewell Ordinary Shareholders will receive 12.5 pence in cash and such number of New Landsbanki Shares as have an aggregate value of 112.5 pence for every Bridgewell Ordinary Share. Landsbanki's issued shares are listed on the OMX Nordic Exchange Iceland with the ticker LAIS. The number of New Landsbanki Shares to be issued in consideration for each Bridgewell Ordinary Share will be determined shortly before the Effective Date by reference to the Closing Price of a Landsbanki Share and the prevailing GBP/ISK exchange rate. Application will be made for the New Landsbanki Shares to be listed on the OMX Nordic Exchange Iceland.
- It is intended that the Offer will be made by Landsbanki and will be implemented by way of scheme of arrangement under section 425 of the Companies Act 1985.
- The Bridgewell Board, which has been so advised by Rothschild, consider the terms of the Offer to be fair and reasonable. In providing advice to the Bridgewell Board, Rothschild has taken into account the commercial assessments of the Bridgewell Board.
- The Bridgewell Board intends to unanimously recommend that Bridgewell Ordinary Shareholders vote in favour of the Scheme at a Court Meeting and a Bridgewell EGM as they have irrevocably undertaken to do (or procure to be done) in respect of their own beneficial holdings of Bridgewell Ordinary Shares.
- Landsbanki has received irrevocable voting undertakings to vote in favour of the Scheme at the Court Meeting and the Bridgewell EGM in respect of an aggregate of 9,990,066 Bridgewell Ordinary Shares, representing approximately 24.2 per cent. of all Bridgewell Ordinary Shares now in issue.

- The Scheme will be put to Bridgewell Ordinary Shareholders at the Court Meeting and at the Bridgewell EGM, which will be convened in due course. It is expected that the Scheme Document will be posted to Bridgewell Shareholders later next month and that, subject to the satisfaction of the Conditions, the Scheme will become effective during July 2007.
- International expansion is an important objective for Landsbanki, with a focus on developing a broadly based business providing high quality banking and investment banking services to the small and mid-cap corporate market on a pan-European basis. In the UK, Landsbanki already owns Teather & Greenwood Limited (**Teather & Greenwood | Landsbanki**) which operates in this sector.
- The businesses of Teather & Greenwood | Landsbanki and Bridgewell are highly complementary and the combination of the two businesses is expected to strengthen Landsbanki's existing position in the UK small and mid-cap sector, accelerate growth and allow certain cost synergies to be realised. Following the acquisition, Landsbanki will be well-positioned to benefit from the further consolidation expected in this sector.

Commenting on today's announcement, Sigurjon Th. Arnason, Co-Chief Executive Officer of Landsbanki, said:

"The acquisition of Bridgewell is an obvious strategic fit for our current operations in the UK and further solidifies our base for organic growth in our investment and corporate banking activities. There is great value in the access Landsbanki will gain to Bridgewell's clients. We can offer them a wider variety of services. Many of these clients are capable of robust international growth and can benefit significantly from Landsbanki's experience, expertise and financial strength."

Paul Manduca, Chairman of Bridgewell, said:

"As we announced to the market in March, the Board has been in discussions with a number of parties regarding a possible acquisition of Bridgewell. Those discussions have culminated in the Offer from Landsbanki.

The Board believes that the combination of Bridgewell with Landsbanki's investment banking operations will create a market-leading business with the necessary scale to take full advantage of the opportunities presented to it. Whilst the Board believes that Bridgewell has good long-term prospects as an independent company, we recognise that the sector in which Bridgewell operates is highly competitive and that there are benefits in being part of a larger organisation. In addition, the AIM market, which forms a substantial part of Bridgewell's business, has suffered a difficult period and we continue to operate in a challenging environment.

The Board believes this Offer represents best value for shareholders in the current market climate and an exciting opportunity for Bridgewell's staff and clients to benefit from becoming part of a larger, more powerful financial group."

This summary should be read in conjunction with the full text of the following announcement and the Appendices to it.

Appendix I sets out the Conditions and certain further terms of the Scheme. Appendix II sets out the bases and sources of certain of the information contained in this announcement. Appendix III contains the definitions of certain terms used in this announcement.

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Teather & Greenwood | Landsbanki, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Landsbanki and no one else in connection with the Offer and will not be responsible to anyone other than Landsbanki for providing the protections afforded to the clients of Teather & Greenwood | Landsbanki nor for providing advice in relation to the Offer or any matters or arrangement referred to in this announcement.

NM Rothschild & Sons Limited is acting exclusively for Bridgewell and no one else in connection with the Offer and will not be responsible to anyone other than Bridgewell for providing the

protections afforded to its clients nor for providing advice in relation to the Offer or any matter or arrangement referred to in this announcement.

Further Information on the Offer

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe any applicable restrictions.

Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies involved in the proposed Offer disclaim any responsibility or liability for the violation of such restrictions by any person.

This announcement has been prepared for the purposes of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of the United Kingdom.

This announcement does not constitute an offer to purchase, sell or exchange or the solicitation of an offer to purchase, sell or exchange any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the acquisition or otherwise, nor shall there be any purchase, sale or exchange of securities or such solicitation in any jurisdiction in which such offer, solicitation or sale or exchange would be unlawful prior to the registration or qualification under the laws of such jurisdiction.

This announcement does not constitute a prospectus or prospectus equivalent document. Bridgewell Shareholders should read carefully the formal documentation in relation to the Offer once the Scheme Document has been despatched.

The availability of the New Landsbanki Shares under the terms of the Offer to persons who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements. Further details in relation to Overseas Persons who are Bridgewell Shareholders will be contained in the Scheme Document.

The New Landsbanki Shares to be issued in connection with the proposed Offer may not be offered or sold in the United States except pursuant to an effective registration statement under the US Securities Act or pursuant to a valid exemption from registration.

To the extent that the Offer is effected by way of the Scheme, the New Landsbanki Shares to be issued to Bridgewell Ordinary Shareholders under the Scheme have not been, and will not be, registered under the US Securities Act, or under the securities laws of any state, district or other jurisdiction of the United States, or of Canada, Australia or Japan and no regulatory clearances in respect of the New Landsbanki Shares have been, or will be, applied for in any jurisdiction. It is

expected that the New Landsbanki Shares will be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. Under applicable US securities laws, Bridgewell Shareholders who are or will be deemed to be 'affiliates' of Bridgewell or Landsbanki prior to, or of Landsbanki after, the Effective Date will be subject to certain transfer restrictions relating to the New Landsbanki Shares received in connection with the Scheme.

Whether or not a Bridgewell Shareholder votes at any Court Meeting or at the Bridgewell EGM, if the Scheme becomes Effective, the Bridgewell Ordinary Shares held by all Bridgewell Shareholders will be acquired pursuant to the Scheme.

Bridgewell will prepare the Scheme Document to be distributed to Bridgewell Ordinary Shareholders. Landsbanki and Bridgewell strongly urge Bridgewell Ordinary Shareholders to read the Scheme Document when it becomes available because it will contain important information relating to the Offer.

Any response in relation to the Offer should be made only on the basis of the information contained in the Scheme Document or any document by which the Takeover Offer is made.

Landsbanki reserves the right to elect to implement the Offer by way of a Takeover Offer. If the Offer is carried out by way of Takeover Offer, the Takeover Offer may not be made, directly or indirectly, in or into the US, Canada, Australia or Japan, or possibly certain other jurisdictions, and will not be capable of acceptance from or within the US, Canada, Australia or Japan or any such other jurisdictions. Accordingly, copies of this announcement and all other documents relating to any Takeover Offer will not be, and must not be, mailed or otherwise forwarded, distributed or sent in, into or from the US, Canada, Australia or Japan or any such other jurisdictions.

Persons receiving copies of this announcement and all other documents relating to the Offer (including, without limitation, nominees, trustees and custodians) should observe these restrictions and must not mail or otherwise forward, distribute or send such documents in, into or from the US, Canada, Australia, Japan or any such other jurisdictions in violation of these restrictions and applicable laws. Doing so could, among other things, invalidate any related purported acceptance of the Takeover Offer. The Takeover Offer would be made in accordance with the requirements of the City Code.

Forward Looking Statements

This announcement contains statements about Landsbanki and Bridgewell that are or may be forward looking statements, including for the purposes of the US Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included in this announcement may be forward looking statements. Without limitation, any statements preceded or followed by, or that include, the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "should", "may", "anticipates", "estimates", "projects", "strategy" or, words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) the expected timetable for completing this transaction, future capital expenditures, expenses, revenues, earnings, synergies, economic

performance, indebtedness, financial condition, dividend policy, losses and future prospects of Landsbanki, Bridgewater or the Enlarged Group; (ii) business and management strategies and the expansion and growth of Landsbanki's, Bridgewater's or the Enlarged Group's operations and potential synergies resulting from the Offer; and (iii) the effects of government regulation on Landsbanki's, Bridgewater's or the Enlarged Group's business.

These forward looking statements are not guarantees of future performance. They have not been reviewed by the auditors of Landsbanki or Bridgewater. These forward looking statements involve known and unknown risks, uncertainties and other factors which may cause them to differ from the actual results, performance or achievements expressed or implied by such forward looking statements. These forward looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors are cautioned not to place undue reliance on the forward looking statements, which speak only as of the date they were made. All subsequent oral or written forward looking statements attributable to Landsbanki or Bridgewater or any of their respective directors, officers or employees or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. All forward looking statements included in this announcement are based on information available to us on the date hereof. Investors should not place undue reliance on such forward looking statements, and we undertake no obligation to publicly update or revise any forward looking statements.

Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the City Code, if any person is, or becomes, "interested" (directly or indirectly) in one per cent. or more of any class of "relevant securities" of Landsbanki or Bridgewater, all "dealings" in any "relevant securities" of that company (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the Offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the "offer period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of Landsbanki or Bridgewater, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the City Code, all "dealings" in "relevant securities" of Landsbanki or of Bridgewater by Landsbanki or Bridgewater, or by any of their respective "associates", must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Panel's website at www.thetakeoverpanel.org.uk.

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated

as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the City Code, which can also be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, you should consult the Panel.

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LANDSBANKI ISLANDS hf.**

1. Introduction

The Boards of Landsbanki Islands hf. (**Landsbanki**) and Bridgewell Group plc (**Bridgewell**) are pleased to announce that they have reached agreement on the terms of a recommended cash and share offer for all of the issued and to be issued Bridgewell Ordinary Shares by Landsbanki (the **Offer**).

Landsbanki is a universal bank, which was established in 1886 and which offers a wide range of financial services including corporate investment banking, wholesale, commercial and retail banking, private banking and asset management. Landsbanki has a leading position in Iceland in banking, a well-established corporate client base and a strong domestic position in investment banking and capital markets. Since 2000 Landsbanki has expanded its operations outside Iceland such that over 52 per cent. of its 2006 operating income was generated by international operations. A core element of this expansion strategy is the development of Landsbanki's corporate and investment banking business serving mid-cap corporates in the UK, Continental Europe and Ireland.

Further information on Landsbanki is set out in paragraph 7 of this announcement.

2. The Offer

It is intended that the Offer will be implemented by means of a scheme of arrangement under section 425 of the Companies Act 1985 (the **Scheme**). Under the terms of the Scheme, which will be subject to the conditions and terms set out in Appendix I to this announcement and to the further terms to be contained in the Scheme Document, the Bridgewell Ordinary Shares will be valued at 125 pence each.

Bridgewell Ordinary Shareholders will receive for each Bridgewell Ordinary Share:

12.5 pence in cash; and

such number of New Landsbanki Shares as have an aggregate value, by applying the relevant closing price and the exchange rate referred to immediately below, of 112.5 pence.

For this purpose:

- the value of each New Landsbanki Share shall be equal to the Closing Price of a Landsbanki Share on the Share Valuation Record Date (however, if the Closing Price of a Landsbanki Share on the Share Valuation Record Date differs from the average Closing Price during the immediately preceding five trading days by more than five per cent. then the value of each New Landsbanki Share will be equal to such average Closing Price); and
- the sterling value of such Closing Price (and the Closing Price of a Landsbanki Share on each of the immediately preceding five trading days for the purpose of determining the above-mentioned average Closing Price) shall be determined by applying the ISK Exchange Rate on the Share Valuation Record Date.

These terms:

- represent a premium of 3.7 per cent. to the Closing Price of 120.5 pence for each Bridgewell Ordinary Share on 28 March 2007 (the last business day before Bridgewell announced that it was in preliminary discussions which may or may not lead to an offer for Bridgewell); and
- value the fully diluted ordinary share capital of Bridgewell at approximately £60.3 million.

Fractions of New Landsbanki Shares will not be allotted to Bridgewell Ordinary Shareholders. Entitlements to New Landsbanki Shares will be rounded down to the nearest whole New Landsbanki Share.

The Bridgewell B Shares will not be subject to the Offer. It is intended that all of the issued Bridgewell B Shares will be converted into Bridgewell Ordinary Shares upon the sanction of the Scheme by the Court and that such newly issued Bridgewell Ordinary Shares will be subject to the Offer. Further details regarding the treatment of the Bridgewell B Shares in connection with the Offer will be set out in the Scheme Document.

The New Landsbanki Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the existing issued Landsbanki Shares and will be entitled to all dividends and other distributions declared, made or paid by Landsbanki by reference to a record date on or after the Effective Date but not otherwise.

The Offer will be made in accordance with the requirements of the City Code and will be subject to the conditions and further terms set out or referred to in Appendix I.

3. Recommendation

The Bridgewell Directors, who have been so advised by Rothschild, consider the terms of the Offer to be fair and reasonable. In providing advice to the Bridgewell Board, Rothschild has taken into account the commercial assessments of the Bridgewell Board.

Accordingly, the Bridgewell Directors intend to unanimously recommend that Bridgewell Ordinary Shareholders vote in favour of the Scheme at the Court Meeting and the Bridgewell EGM as they have irrevocably undertaken to do (or procure to be done) in respect of their own beneficial holdings of, in aggregate, 3,295,478 Bridgewell Ordinary Shares, representing approximately 8.00 per cent. of the existing issued Bridgewell Ordinary Shares.

4. Irrevocable undertakings

Landsbanki has received irrevocable undertakings to vote in favour of the Offer and the resolutions to be proposed at the Court Meeting and the Bridgewell EGM in respect of, in aggregate, 9,990,066 Bridgewell Ordinary Shares, as follows:

Person giving the undertaking	Issued Bridgewell Ordinary Shares	
	Number	%
Westpool Investment Trust	3,331,902	8.1
Graphite Enterprise Trust	2,210,753	5.4
Directors	3,295,478	8.0
Bridgewell employees (excluding Directors)	1,151,933	2.8
TOTAL	9,990,066	24.2

The irrevocable undertakings from Westpool Investment Trust and Graphite Enterprise Trust will cease to be binding in the event that the Scheme lapses or is withdrawn or in the event that a third party announces a competing offer with a value representing a 10 per cent. improvement on the value of the Offer and Bidder has not announced a revised offer within ten business days of the announcement of the competing offer, which is equal to or exceeds the value to be offered under the competing offer. The irrevocable undertakings given by the directors and employees of Bridgewell will continue to be binding in the event of a higher offer being made for Bridgewell.

5. Background to and reasons for the Offer

International expansion is an important objective for Landsbanki, with a focus on developing a broadly based business providing high quality banking and investment banking services to the small and mid-cap corporate market on a pan-European basis. In the UK, Landsbanki already owns Teather & Greenwood | Landsbanki which operates in this sector.

The businesses of Teather & Greenwood | Landsbanki and Bridgewell are highly complementary. Both provide investment banking and research-driven institutional broking services to the UK small and mid-cap market with limited overlap among their corporate client base. Sector coverage is also complementary and the combined business will cover a wider range of clients and potential clients with stronger positions in several key sectors and an enhanced ability to leverage the broader Landsbanki franchise. The combination of the two businesses is expected to strengthen Landsbanki's existing position in the UK small and mid-cap sector, accelerate growth and allow

certain cost synergies to be realised. Following the acquisition Landsbanki will be well-positioned to benefit from the further consolidation expected in this sector.

6. Employee Share Incentive Arrangements

The Offer will affect share options and awards granted under the Bridgewell Share Schemes. A summary of the effect of the Offer on options and awards granted under the Bridgewell Share Schemes will be set out in the Scheme Document. Participants in the Bridgewell Share Schemes will be contacted regarding the effect of the Offer on their rights and appropriate proposals will be made in due course to participants in the Bridgewell Share Schemes.

It is proposed that Bridgewell's articles of association will be amended so that (i) any Bridgewell Ordinary Shares issued on the exercise of options or vesting of awards or (ii) any Bridgewell Ordinary Shares arising on the conversion of any of the Bridgewell B Shares, in each case after the Scheme becomes effective will be transferred to Landsbanki on the same terms as under the Offer.

7. Information on Landsbanki

Landsbanki is a universal bank, which was established in 1886 and which offers a wide range of financial services including corporate, investment, wholesale, commercial and retail banking, private banking and asset management. Landsbanki has a leading position in Iceland in banking, a well-established corporate client base and a strong domestic position in investment banking and capital markets. Since 2000 Landsbanki has expanded its operations outside Iceland such that over 52 per cent. of its 2006 operating income was generated by international operations. A core element of this expansion strategy is the development of Landsbanki's corporate and investment banking business serving mid-cap corporates in the UK, Continental Europe and Ireland.

Landsbanki is one of the three main Icelandic banks. As at 31 March 2007 it had total assets of €26.4 billion and equity of €1.7 billion. It has a Aa3/P-1/C rating by Moody's.

Outside Iceland, Landsbanki owns and/or operates in the following geographies:

- In the UK:
 - Landsbanki's London branch offers corporate lending products including structured and asset backed finance;
 - Teather & Greenwood | Landsbanki offers stockbroking and corporate finance services;
 - Heritable Bank, a UK bank, authorised by the FSA, offers residential property development financing, mortgage lending and wholesale and retail deposits; and
 - Icesave, a market leading instant retail internet savings account.
- In France, Netherlands, Switzerland, Landsbanki operates Kepler | Landsbanki which offers stockbroking services and corporate finance.
- In Germany, Italy and Spain, Landsbanki operates Kepler | Landsbanki which offers stockbroking services.
- In Ireland, Landsbanki operates the Irish securities house, Merrion Capital Group, with offices in Dublin and Cork.

- In the US, Landsbanki operates a broker/dealer in New York through Kepler Equities and is in the process of establishing a lending branch.
- In Canada, Landsbanki has a representative office which operates in Halifax, where it focuses on corporate lending, and in Winnipeg, where it promotes private banking services.
- In Luxembourg, Landsbanki offers private banking services and corporate lending.
- Additionally, Landsbanki operates lending branches in Amsterdam, Frankfurt, Oslo and a representative office in Thorshavn in the Faroe Islands.

Landsbanki has been listed on the Iceland Stock Exchange - now part of the OMX Nordic Exchange - since 1998. Landsbanki's market capitalisation is €4.7 billion, based on the closing price on 16 May 2007 of ISK 36.4. The bank's P/E ratio based on the 2006 profits, is 10.0. The price-to-book ratio based on the equity at 31 March 2007 is 2.7.

Landsbanki was fully privatised in early 2003. It has approximately 28,000 shareholders, including a strategic investor Samson eignarhaldsfélag ehf. with a c.41% stake. Samson eignarhaldsfélag ehf. is a private Icelandic investment company.

Expansion and acquisition strategy

The expansion of Landsbanki's operations outside Iceland is a widely publicised strategic priority. The focus of its strategy is to achieve diversification of income, sector and geographic risks and the generation of recurring revenues. Typically this will be achieved by the acquisition of high quality European financial institutions that have a demonstrable stand alone track record. Landsbanki is looking for opportunities where it can deliver additional growth in revenues through cross border sharing of expertise with additional products and services while providing an opportunity to become part of a larger international business with all the benefits that can bring. In corporate and investment banking, Landsbanki's strategy is to provide a broad range of high quality products and market leading services for mid-cap corporates on a pan-European basis.

8. Information on Bridgewell

Bridgewell is a UK investment bank and institutional stockbroking business, with particular focus on the UK mid and small cap markets. Bridgewell offers Corporate Advisory, Broking, ECM and Investor Relations services, combined with Research led Equity Sales, Trading and Market Making businesses. Bridgewell was floated on the AIM market in 2006. Bridgewell's operating subsidiary, Bridgewell Limited, is authorised and regulated by the FSA and is a member of the London Stock Exchange.

Bridgewell was formed in September 2000 and, in 2001, raised £10 million in a private placement to fund the development of an institutional stockbroking business, incorporating corporate broking, equity research, sales and trading activities alongside its existing corporate finance advisory business.

From this platform, Bridgewell built a team of experienced professional staff across all areas of its business. In November 2005, Bridgewell acquired the UK equity capital markets business of Robert W Baird Incorporated. The acquisition expanded Bridgewell's retained corporate client list

and brought in equity research and corporate finance expertise in several industry sectors complementary to Bridgewell's existing coverage.

In June 2006 Bridgewell raised an additional £8.2 million (after expenses) at the time of its AIM flotation on the London Stock Exchange through a placing of new Bridgewell Ordinary Shares.

Bridgewell currently acts for around 75 retained corporate clients of which approximately half are quoted on AIM and half are quoted on the UK Official List. It also publishes research on approximately 225 companies across 10 sectors, and was ranked 4th overall in the Thomson Extel 2006 UK Small Caps Report.

The Bridgewell Group now employs approximately 130 people.

9. Dealing facility

Landsbanki will provide a dealing facility for former Bridgewell Ordinary Shareholders for a limited period following the Effective Date. Under such facility, the New Landsbanki Shares to which such shareholders become entitled may be sold for their benefit at no cost provided that they sell their entire holding. Further details of such facility will be included in the Scheme Document.

10. Financing

The consideration payable to Bridgewell Ordinary Shareholders under the terms of the Offer will be in cash and New Landsbanki Shares. The cash element of the consideration will be provided out of Landsbanki's existing cash resources.

Teather & Greenwood | Landsbanki, which is acting as financial adviser to Landsbanki and is a subsidiary of Landsbanki, is satisfied that Landsbanki has sufficient resources available to satisfy in full the cash consideration payable to Bridgewell Ordinary Shareholders under the terms of the Offer.

11. Structure of the Offer

It is intended that the Offer be effected by means of a scheme of arrangement. The procedure will involve an application by Bridgewell to the Court to sanction the Scheme. Bridgewell Ordinary Shareholders will receive cash and New Landsbanki Shares as described in paragraph 2 above. The implementation of the Scheme will be subject to the further terms and Conditions which will be set out in the Scheme Document. The Scheme will only become Effective if, among other things, the following events occur:

- a resolution to approve the Scheme is passed by a majority in number representing not less than three-fourths in value of the holders of Bridgewell Ordinary Shares present and voting, whether in person or by proxy, at the Court Meeting;
- the Bridgewell EGM Resolution is passed by the requisite majority at the Bridgewell EGM; and

- the Scheme is sanctioned (with or without modification (but subject to such modification being acceptable to Landsbanki and Bridgewell)), and the associated Capital Reduction is confirmed by the Court and the Scheme becomes effective in accordance with its terms (involving the registration of the Court Order(s) with the Registrar of Companies and the issue by the Registrar of Companies of a certificate under section 138 of the Companies Act 1985 in relation to the Capital Reduction associated with the Scheme).

Bridgewell B Shares will not be subject to the Scheme. Details regarding the treatment of the Bridgewell B Shares in connection with the Scheme will be set out in the Scheme Document.

Landsbanki reserves the right to elect to implement the Offer for the Bridgewell Ordinary Shares by way of a Takeover Offer. In such event, the Offer will be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme except that any such Offer may exclude Bridgewell Ordinary Shareholders resident in Australia, Japan, Canada or the United States or in any other jurisdiction into which the making of a Takeover Offer would contravene applicable securities laws.

Further details of the Scheme, including an indicative timetable for its implementation, will be contained in the Scheme Document, together with details of how Bridgewell Ordinary Shareholders may participate in the Offer.

12. Cancellation of trading on AIM

Landsbanki intends to procure that Bridgewell applies to the London Stock Exchange for the cancellation of the admission to trading of the Bridgewell Ordinary Shares on AIM with effect from the Effective Date. The last day of dealings in Bridgewell Ordinary Shares is expected to be the Business Day immediately before the Effective Date.

13. Framework Agreement and Inducement Fee

Landsbanki and Bridgewell have entered into a framework agreement which contains certain assurances in relation to the implementation of the Scheme and certain further assurances and confirmations between the parties, including to implement the Scheme as soon as reasonably practicable. Further information regarding this framework agreement will be set out in the Scheme Document.

As part of the framework agreement, Bridgewell has agreed to pay an inducement fee of £0.5 million (the **Inducement Fee**) to Landsbanki if, amongst other things, after the date of this announcement and in circumstances where the Offer does not become Effective:

- (a) the Bridgewell Directors fail to recommend the Offer without qualification or withdraw or adversely modify or qualify such recommendation; or
- (b) the Bridgewell Directors determine not to implement the Offer by refusing to put forward the Scheme (in circumstances where Landsbanki has not confirmed its intention to proceed with the Takeover Offer); or

- (c) where the Offer is being made by way of a Scheme, following the resolutions proposed at the Court Meeting and the Bridgewell EGM having been passed by the requisite majorities, the Bridgewell Directors do not seek the Court Orders at the Court Hearings; or
- (d) a Competing Proposal is made and becomes wholly unconditional and is completed or otherwise becomes effective,

provided that the Inducement Fee is not payable if Landsbanki is in material breach of its obligations under the framework agreement.

14. Settlement and dealings in New Landsbanki Shares

Landsbanki's issued shares are listed on the OMX Nordic Exchange Iceland with the ticker LAIS. Application will be made for the New Landsbanki Shares to be listed on the OMX Nordic Exchange Iceland.

Individuals who wish to receive New Landsbanki Shares directly will be required to have an Icelandic identification number. Therefore, in order to facilitate trading of the New Landsbanki Shares, Landsbanki intends that the New Landsbanki Shares will be issued to a nominee on behalf of the Bridgewell Ordinary Shareholders on terms that will enable the Bridgewell Ordinary Shareholders to: (a) sell their New Landsbanki Shares through the nominee at, for a limited period, no cost to the Bridgewell Ordinary Shareholders; (b) hold their New Landsbanki Shares through the nominee; or (c) transfer their New Landsbanki Shares to persons able to receive them. Further details on the proposed dealing facility are set out in paragraph 9.

Further details on settlement, listing and dealing will be included in the Scheme Document.

15. Disclosure of interests in Bridgewell

As at 16 May 2007, the last practicable day before this announcement neither Landsbanki, nor any of the directors of Landsbanki, nor their close relatives and related trusts nor, so far as Landsbanki is aware, any person acting in concert with Landsbanki, (i) has any interest in or right to subscribe for any relevant Bridgewell securities, nor (ii) has any short positions in respect of relevant Bridgewell securities (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery, nor (iii) has borrowed or lent any relevant Bridgewell securities (save for any borrowed shares which have been on-lent or sold).

16. General

Neither Landsbanki nor, so far as Landsbanki is aware, any party acting in concert with Landsbanki has any arrangement in relation to Bridgewell securities. For these purposes, **arrangement** means any indemnity or option arrangement, any agreement or understanding, formal or informal, of whatever nature, relating to relevant Bridgewell securities which may be an inducement to deal or refrain from dealing in such securities.

In accordance with Rule 2.10 of the City Code, as at 16 May 2007 (the latest practicable day prior to the publication of this announcement) 41,218,277 Bridgewell Ordinary Shares and 18,707,060 Bridgewell B Shares were in issue. The International Securities Identification Number for Bridgewell Ordinary Shares is GB00B1661Y95. In addition, as at 16 May 2007 (the latest practicable day prior to the publication of this announcement) 11,020,677,803 Landsbanki Shares were in issue. The International Securities Identification Number for Landsbanki Shares is IS0000000156.

Appendix I sets out the Conditions and certain further terms of the Scheme. Appendix II sets out the bases and sources of certain of the information contained in this announcement. Appendix III contains the definitions of certain terms used in this announcement.

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Teather & Greenwood | Landsbanki, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Landsbanki and no one else in connection with the Offer and will not be responsible to anyone other than Landsbanki for providing the protections afforded to the clients of Teather & Greenwood | Landsbanki or for providing advice in relation to the Offer or any matters or arrangement referred to in this announcement.

NM Rothschild & Sons Limited is acting exclusively for Bridgewell and no one else in connection with the Offer and will not be responsible to anyone other than Bridgewell for providing the

protections afforded to its clients nor for providing advice in relation to the Offer or any matter or arrangement referred to in this announcement.

Further Information on the Offer

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe any applicable restrictions.

Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies involved in the proposed Offer disclaim any responsibility or liability for the violation of such restrictions by any person.

This announcement has been prepared for the purposes of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of the United Kingdom.

This announcement does not constitute an offer to purchase, sell or exchange or the solicitation of an offer to purchase, sell or exchange any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the acquisition or otherwise, nor shall there be any purchase, sale or exchange of securities or such solicitation in any jurisdiction in which such offer, solicitation or sale or exchange would be unlawful prior to the registration or qualification under the laws of such jurisdiction.

This announcement does not constitute a prospectus or prospectus equivalent document. Bridgewell Shareholders should read carefully the formal documentation in relation to the Offer once the Scheme Document has been despatched.

The availability of the New Landsbanki Shares under the terms of the Offer to persons who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements. Further details in relation to Overseas Persons who are Bridgewell Shareholders will be contained in the Scheme Document.

The New Landsbanki Shares to be issued in connection with the proposed Offer may not be offered or sold in the United States except pursuant to an effective registration statement under the US Securities Act or pursuant to a valid exemption from registration.

To the extent that the Offer is effected by way of the Scheme, the New Landsbanki Shares to be issued to Bridgewell Shareholders under the Scheme have not been, and will not be, registered under the US Securities Act, or under the securities laws of any state, district or other jurisdiction of the United States, or of Canada, Australia or Japan and no regulatory clearances in respect of the New Landsbanki Shares have been, or will be, applied for in any jurisdiction. It is expected that the

New Landsbanki Shares will be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. Under applicable US securities laws, Bridgewell Shareholders who are or will be deemed to be 'affiliates' of Bridgewell or Landsbanki prior to, or of Landsbanki after, the Effective Date will be subject to certain transfer restrictions relating to the New Landsbanki Shares received in connection with the Scheme.

Whether or not a Bridgewell Shareholder votes at any Court Meeting or at the Bridgewell EGM, if the Scheme becomes Effective, the Bridgewell Ordinary Shares held by all Bridgewell Shareholders will be acquired pursuant to the Scheme.

Bridgewell will prepare the Scheme Document to be distributed to Bridgewell Ordinary Shareholders. Landsbanki and Bridgewell strongly urge Bridgewell Ordinary Shareholders to read the Scheme Document when it becomes available because it will contain important information relating to the Offer.

Any response in relation to the Offer should be made only on the basis of the information contained in the Scheme Document or any document by which the Takeover Offer is made.

Landsbanki reserves the right to elect to implement the Offer by way of a Takeover Offer. If the Offer is carried out by way of Takeover Offer, the Takeover Offer may not be made, directly or indirectly, in or into the US, Canada, Australia or Japan, or possibly certain other jurisdictions, and will not be capable of acceptance from or within the US, Canada, Australia or Japan or any such other jurisdictions. Accordingly, copies of this announcement and all other documents relating to any Takeover Offer will not be, and must not be, mailed or otherwise forwarded, distributed or sent in, into or from the US, Canada, Australia or Japan or any such other jurisdictions.

Persons receiving copies of this announcement and all other documents relating to the Offer (including, without limitation, nominees, trustees and custodians) should observe these restrictions and must not mail or otherwise forward, distribute or send such documents in, into or from the US, Canada, Australia, Japan or any such other jurisdictions in violation of these restrictions and applicable laws. Doing so could, among other things, invalidate any related purported acceptance of the Takeover Offer. The Takeover Offer would be made in accordance with the requirements of the City Code.

Forward Looking Statements

This announcement contains statements about Landsbanki and Bridgewell that are or may be forward looking statements, including for the purposes of the US Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included in this announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "should", "may", "anticipates", "estimates", "projects", "strategy" or, words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) the expected timetable for completing this transaction, future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects of

Landsbanki, Bridgewell or the Enlarged Group; (ii) business and management strategies and the expansion and growth of Landsbanki's, Bridgewell's or the Enlarged Group's operations and potential synergies resulting from the Offer; and (iii) the effects of government regulation on Landsbanki's, Bridgewell's or the Enlarged Group's business.

These forward looking statements are not guarantees of future performance. They have not been reviewed by the auditors of Landsbanki or Bridgewell. These forward looking statements involve known and unknown risks, uncertainties and other factors which may cause them to differ from the actual results, performance or achievements expressed or implied by such forward looking statements. These forward looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors are cautioned not to place undue reliance on the forward looking statements, which speak only as of the date they were made. All subsequent oral or written forward looking statements attributable to Landsbanki or Bridgewell or any of their respective directors, officers or employees or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. All forward looking statements included in this announcement are based on information available to us on the date hereof. Investors should not place undue reliance on such forward looking statements, and we undertake no obligation to publicly update or revise any forward looking statements.

Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the City Code, if any person is, or becomes, "interested" (directly or indirectly) in one per cent. or more of any class of "relevant securities" of Landsbanki or Bridgewell, all "dealings" in any "relevant securities" of that company (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the Offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the "offer period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of Landsbanki or Bridgewell, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the City Code, all "dealings" in "relevant securities" of Landsbanki or of Bridgewell by Landsbanki or Bridgewell, or by any of their respective "associates", must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Panel's website at www.thetakeoverpanel.org.uk.

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the City Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Panel.

APPENDIX I

CONDITIONS TO THE IMPLEMENTATION OF THE SCHEME AND THE OFFER AND CERTAIN FURTHER TERMS OF THE OFFER

The Offer will, if it is implemented by way of the Scheme, be conditional upon the Scheme becoming effective by 30 September 2007 or such later date as Landsbanki and Bridgewell may, with the consent of the Panel, agree and (if required) the Court may allow.

The Scheme will be subject to the following conditions:

- (a) the approval by a majority in number representing not less than three-fourths in value of the holders of the Bridgewell Ordinary Shares present and voting, whether in person or by proxy, at the Court Meeting(s) (or any adjournment thereof);
- (b) the Bridgewell EGM Resolution being duly passed by the requisite majority at the Bridgewell EGM (or any adjournment thereof);
- (c) the sanction of the Scheme (with or without modification (but subject to such modification being acceptable to Landsbanki and Bridgewell)) and the confirmation of the associated Capital Reduction by the Court, an office copy of the Court Order and the minute of such reduction attached thereto being delivered for registration to the Registrar of Companies and, in relation to the Capital Reduction, being registered by him;
- (d) the FSA having granted consent to the acquisition by Landsbanki (and all other persons who, as a result of the Offer becoming or being declared unconditional in all respects, will acquire direct or indirect control of Bridgewell) of control (as defined in Part XII of the Financial Services and Markets Act 2000) of Bridgewell and, where relevant, any other member of the Bridgewell Group either:
 - (i) unconditionally in writing; or
 - (ii) subject to conditions which are reasonably satisfactory to Landsbanki,in each case in accordance with section 184 of the Financial Services and Markets Act 2000;
- (e) Fjármálaeftirlitid (the Icelandic financial services regulator) not prohibiting or otherwise imposing a material limitation on the ability of Landsbanki to acquire Bridgewell;
- (f) it being established, in terms satisfactory to Landsbanki, that:
 - (i) neither the Office of Fair Trading nor the Secretary of State intends to refer the proposed acquisition of Bridgewell by Landsbanki or any matter arising from or relating to that proposed acquisition to the Competition Commission for investigation;
 - (ii) the relevant four week period within which an application for review of any decision not to refer the proposed acquisition of Bridgewell by Landsbanki or any matter arising from or relating to that proposed acquisition to the Competition Commission may be

made to the Competition Appeal Tribunal (the **CAT**) having expired without such an application having been made or, where any application(s) has/have been made, all such application(s) having been dismissed by the CAT and it being established in terms satisfactory to Landsbanki that no further appeal has been or will be made against any such ruling(s) of the CAT; and

- (iii) it being established, in terms satisfactory to Landsbanki, that no request has been made to the European Commission by the competent authorities of one or more Member States under Article 22(1) of Council Regulation (EC) No. 139/2004 (the **Regulation**) for the European Commission to examine the proposed acquisition of Bridgewell by Landsbanki or any matter arising from or relating to that proposed acquisition;
- (g) no government or governmental, quasi-governmental, supranational, statutory or regulatory body or association, institution or agency (including any trade agency) or any court or other body (including any professional body) or person in any jurisdiction (each a **Relevant Authority**) having decided to take, instituted or threatened any action, proceeding, suit, investigation, enquiry or reference or enacted, made or proposed and there not continuing to be outstanding any statute, regulation, order or decision that would or might be reasonably expected to:
- (i) make the Offer or the acquisition or the proposed acquisition of any shares in, or control of, Bridgewell by Landsbanki or any other member of the Landsbanki Group void, unenforceable or illegal or directly or indirectly prohibit or otherwise materially restrict, delay or interfere with the implementation of, or impose material additional conditions or obligations with respect to, or otherwise challenge, the Offer or the acquisition of any shares in, or control of, Bridgewell by Landsbanki or any other member of the Landsbanki Group;
 - (ii) require, prevent or materially delay the divestiture (or materially alter the terms of any proposed divestiture) by any member of the Landsbanki Group or any member of the Bridgewell Group of all or any part of their respective businesses, assets or properties or impose any material limitation on their ability to conduct all or any part of their respective businesses and to own any of their respective assets or properties in each case to an extent which is material in the context of the Landsbanki Group taken as a whole or, as the case may be, the Bridgewell Group taken as a whole;
 - (iii) impose any limitation on, or result in any material delay in, the ability of any member of the Landsbanki Group to acquire or hold or to exercise effectively, directly or indirectly, all or any rights of ownership of shares or other securities (or the equivalent) in, or to exercise management control over, any member of the Bridgewell Group or on the ability of any member of the Bridgewell Group to hold or exercise effectively, directly or indirectly, all or any rights of ownership of shares or other securities (or the equivalent) in, or to exercise management control over, any other member of the Bridgewell Group

in each case to an extent which is material in the context of the Landsbanki Group taken as a whole or, as the case may be, the Bridgewell Group taken as a whole;

- (iv) require any member of the Landsbanki Group or of the Bridgewell Group to acquire or offer to acquire any shares or other securities (or the equivalent) in any member of the Bridgewell Group or any member of the Landsbanki Group owned by any third party (other than in the implementation of the Offer);
- (v) impose any limitation on the ability of any member of the Landsbanki Group or the Bridgewell Group to integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Landsbanki Group and/or the Bridgewell Group in each case in a manner which would be material in the context of the Landsbanki Group taken as a whole or, as the case may be, the Bridgewell Group taken as a whole; or
- (vi) otherwise adversely affect the business, assets, financial or trading position or profits or prospects of any member of the Landsbanki Group or of the Bridgewell Group to an extent which is material in the context of the Bridgewell Group taken as a whole or, as the case may be, the Landsbanki Group taken as a whole;

and all applicable waiting and other time periods during which any such Relevant Authority could decide to take, institute or threaten any such action, proceeding, suit, investigation, enquiry or reference having expired, lapsed or been terminated;

- (h) all necessary filings having been made and all appropriate waiting periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated in each case in respect of the Offer and the acquisition of any shares in, or control of, Bridgewell by Landsbanki and all authorisations, orders, grants, recognitions, confirmations, licences, consents, clearances, permissions and approvals (**authorisations**) reasonably deemed necessary by Landsbanki in any jurisdiction for or in respect of the Offer and the proposed acquisition of any shares in, or control of, Bridgewell by Landsbanki being obtained in terms and in a form reasonably satisfactory to Landsbanki from appropriate Relevant Authorities or from any appropriate persons or bodies with whom any member of the Landsbanki Group or the Bridgewell Group has entered into contractual arrangements and such authorisations together with all authorisations reasonably deemed necessary by Landsbanki for any member of the Bridgewell Group to carry on its business remaining in full force and effect and no intimation of any intention to revoke, suspend, restrict or modify or not to renew any of the same having been made and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;
- (i) there being no provision of any agreement, arrangement, licence or other instrument to which any member of the Bridgewell Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or subject which, as a result of the making or implementation of the Offer or the acquisition or proposed acquisition by any member of the Landsbanki Group of any shares in, or change in the control or management of, Bridgewell

or otherwise, would or might result in any of the following, in each case to an extent which is material in the context of the Bridgewell Group taken as a whole:

- (i) any moneys borrowed by or any other indebtedness (actual or contingent) of any such member of the Bridgewell Group becoming repayable or capable of being declared repayable immediately or earlier than the stated repayment date or the ability of such member to borrow monies or incur any indebtedness being withdrawn or inhibited;
- (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any such member of the Bridgewell Group or any such security interest (whenever arising or having arisen) becoming enforceable;
- (iii) any assets or interest of any such member of the Bridgewell Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged;
- (iv) the interest or business of any such member of the Bridgewell Group in or with any other person, firm or company (or any agreements or arrangements relating to such interest or business) being terminated or adversely affected;
- (v) any such member of the Bridgewell Group ceasing to be able to carry on business under any name under which it presently does so;
- (vi) the financial or trading position or prospects of any such member of the Bridgewell Group being prejudiced or adversely affected;
- (vii) any such agreement, arrangement, licence or other instrument being terminated or adversely modified or any onerous obligation arising or any adverse action being taken or arising thereunder; or
- (viii) the creation of any liabilities (actual or contingent) by any such member;

and no event having occurred which, under any provision of any agreement, arrangement, licence or other instrument to which any member of the Bridgewell Group is a party or by or to which any such member or any of its assets may be bound or be subject, would or could reasonably be expected to result in any events or circumstances as are referred to in subparagraphs (i) to (viii) of this paragraph (i);

- (j) since 31 December 2006, except as disclosed in the Annual Report and Accounts of Bridgewell for the year then ended or as publicly announced to a Regulatory Information Service by or on behalf of Bridgewell prior to the date of this announcement or as fairly disclosed in writing to Landsbanki by or on behalf of Bridgewell prior to the date of this announcement, no member of the Bridgewell Group having (save as solely between Bridgewell and any of its wholly-owned subsidiaries or as solely between any such subsidiaries):

- (i) issued or agreed to issue or authorised the issue of additional shares of any class, or securities convertible into, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities (other than by the grant of options under, or on the exercise of options pursuant to any of the Bridgewell Share Schemes);
- (ii) recommended, declared, paid or made any bonus, dividend or other distribution, whether payable in cash or otherwise;
- (iii) acquired or disposed of or transferred, mortgaged or charged, or created any other security interest over, any asset or any right, title or interest in any asset (other than in the ordinary course of business) which is material in the context of the Bridgewell Group taken as a whole;
- (iv) implemented or authorised any merger, demerger, reconstruction, amalgamation, scheme or other transaction or arrangement;
- (v) purchased, redeemed or repaid any of its own shares or other securities or reduced or made or authorised any other change in its share capital;
- (vi) made or authorised any change in its loan capital or issued or authorised the issue of any debentures or incurred or increased any indebtedness or contingent liability (other than in the ordinary course of business) to an extent which is material in the context of the Bridgewell Group taken as a whole;
- (vii) entered into, varied or terminated, or authorised the entry into, variation or termination of, any contract, commitment or arrangement (whether in respect of capital expenditure or otherwise) which is outside the ordinary course of business or which is of a long term, onerous or unusual nature or magnitude or which involves or could involve an obligation of a nature or magnitude which is material in the context of the Bridgewell Group taken as a whole;
- (viii) entered into any contract, commitment or arrangement which would be restrictive on the business of any member of the Bridgewell Group or the Landsbanki Group to an extent material in the context of the Landsbanki Group taken as a whole or, as the case may be, the Bridgewell Group taken as a whole;
- (ix) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business to an extent which is material in the context of the Bridgewell Group taken as a whole;
- (x) (other than in respect of a member of the Bridgewell Group which is dormant and was solvent at the relevant time) taken any corporate action or had any material legal proceedings started or threatened against it for its winding-up (voluntary or otherwise), dissolution or reorganisation (or for any analogous proceedings or steps in any jurisdiction) or for the appointment of a receiver, administrator, administrative receiver,

trustee or similar officer (or for the appointment of any analogous person in any jurisdiction) of all or any of its assets and revenues which would be material in the context of the Bridgewell Group taken as a whole;

- (xi) waived, compromised or settled any claim where such waiver, compromise or settlement would be material in the context of the Bridgewell Group taken as a whole;
 - (xii) entered into or materially varied the terms of any service agreement or arrangement with any director or senior executive of Bridgewell;
 - (xiii) made or consented to any change to the terms of the trust deeds constituting the pension schemes established for its directors and/or employees and/or their dependants or to the benefits which accrue, or to the pensions which are payable thereunder, or to the basis on which qualification for or accrual or entitlement to such benefits or pensions are calculated or determined, or to the basis upon which the liabilities (including pensions) of such pension schemes are funded or made, or agreed or consented to, any change to the trustees, in each case to an extent which is material in the context of the Bridgewell Group taken as a whole; or
 - (xiv) entered into any contract, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) with respect to, or proposed or announced any intention to effect or propose, any of the transactions, matters or events referred to in this condition;
- (k) since 31 December 2006, except as disclosed in the Annual Report and Accounts of Bridgewell for the year then ended or as publicly announced to a Regulatory Information Service by or on behalf of Bridgewell prior to the date of this announcement or fairly disclosed in writing to Landsbanki by or on behalf of Bridgewell prior to the date of this announcement:
- (i) no adverse change having occurred in the business, assets, financial or trading position or profits or prospects of any member of the Bridgewell Group which is material in the context of the Bridgewell Group taken as a whole;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced, instituted or remaining outstanding by, against or in respect of any member of the Bridgewell Group or to which any member of the Bridgewell Group is a party (whether as plaintiff or defendant or otherwise) and no investigation by any Relevant Authority or other investigative body against or in respect of any member of the Bridgewell Group having been threatened, announced, instituted or remaining outstanding by, against or in respect of any member of the Bridgewell Group, in each case which would or might reasonably be expected materially and adversely to affect the Bridgewell Group taken as a whole; and

- (iii) no contingent or other liability having arisen which would or might reasonably be expected materially and adversely to affect any member of the Bridgewell Group taken as a whole;
- (l) Landsbanki not having discovered that:
- (i) any financial, business or other information publicly disclosed at any time by any member of the Bridgewell Group is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make the information contained therein not misleading which in any case is material and adverse to the financial or trading position of the Bridgewell Group taken as a whole (save in respect of any matter which has been corrected by a public announcement released by the Bridgewell through a Regulatory Information Service prior to the date of this announcement);
 - (ii) any member of the Bridgewell Group is subject to any liability, contingent or otherwise, which is not disclosed or adequately provided for in the Annual Report and Accounts of Bridgewell for the year ended 31 December 2006 and which is material in the context of the Bridgewell Group taken as a whole; or
 - (iii) there is or is reasonably likely to be any obligation or liability (whether actual or contingent) to make good, repair, re-instate or clean up any property now or previously owned, occupied, operated or made use of or controlled by any past or present member of the Bridgewell Group under any environmental legislation, regulation, notice, circular or order of any Relevant Authority in any jurisdiction and which is material in the context of the Bridgewell Group taken as a whole.

Landsbanki reserves the right to waive all or any of conditions (d) to (l) inclusive, in whole or in part.

If Landsbanki is required by the Panel to make an offer for any Bridgewell Ordinary Shares under Rule 9 of the City Code, Landsbanki may make such alterations to the above conditions as are necessary to comply with that rule.

The Offer will not proceed if, before the date of the Court Meeting and the Bridgewell EGM, the European Commission initiates proceedings under Article 6(1)(c) of the Regulation in respect of the Offer or any matter arising from or relating to the Offer or, following a referral by the European Commission to a competent authority in the United Kingdom under Article 9(1) of the Regulation, the Offer or any matter arising from or relating to the Offer is referred to the Competition Commission.

Landsbanki reserves the right to elect to effect the Offer by way of a Takeover Offer. In such event, such offer will be implemented on and subject to the same terms and conditions (subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 per cent. of the Bridgewell Ordinary Shares to which such offer relates (but capable of waiver in accordance with Rule 10 of the City Code) in substitution for conditions (a), (b) and (c)), so far as applicable, to those that would apply to the Scheme.

APPENDIX II
BASES AND SOURCES

In this announcement:

- a) the value placed by the Offer on the fully diluted Bridgewell Ordinary Shares is based on 48,215,808 Bridgewell Ordinary Shares being issued on a fully diluted basis;
- b) the Closing Prices of Bridgewell Ordinary Shares referred to in this announcement are the closing middle-market price derived from the AIM appendix to the Daily Official List of the London Stock Exchange;
- c) the Closing Prices of Landsbanki Shares referred to in this announcement are the average price derived from the website of OMX Nordic Exchange Iceland; and
- d) unless otherwise stated, the financial information relating to Landsbanki and Bridgewell is extracted from the consolidated financial statements of Landsbanki and Bridgewell for the relevant period.

APPENDIX III

DEFINITIONS

The following definitions apply throughout this announcement unless the context otherwise requires:

AIM	the London Stock Exchange's AIM market
Australia	the Commonwealth of Australia, its states, territories and possessions
Board	the board of directors of Landsbanki or Bridgewell (as the case may be)
Bridgewell	Bridgewell Group plc
Bridgewell B Shares	the convertible shares of 0.001 pence each in the capital of Bridgewell, designated as "B" Shares
Bridgewell Directors or Board of Bridgewell or Bridgewell Board	the board of directors of Bridgewell
Bridgewell EGM or Bridgewell Extraordinary General Meeting	the extraordinary general meeting of Bridgewell (or any adjournment thereof) to be convened in connection with the Scheme
Bridgewell EGM Resolution	the special resolution to approve, amongst other things, the cancellation of the Bridgewell Ordinary Shares, the alteration of the Bridgewell articles of association and such other matters as may be necessary to, connected with, or desirable, for the implementation of the Offer
Bridgewell Group	Bridgewell and its subsidiary undertakings and, where the context permits, each of them
Bridgewell Share Schemes	the Bridgewell Group plc Company Share Option Plan, the Bridgewell Group plc Share Plan and the Bridgewell Group Limited Enterprise Management Incentive Scheme;
Bridgewell Ordinary Shareholders	the holders of Bridgewell Ordinary Shares
Bridgewell Ordinary Shares	the ordinary shares of 0.001 pence each in the capital of

Bridgewell

Business Day	a day (other than Saturday or Sunday) on which banks are generally open for business in the City of London and Reykjavik
Canada	Canada, its provinces and territories and all areas subject to its jurisdiction
Capital Reduction	the proposed reduction of share capital of Bridgewell pursuant to the Scheme
City Code	the UK City Code on Takeovers and Mergers
Closing Price	in the case of Bridgewell Ordinary Shares, the closing middle-market price as derived from the AIM appendix to the Daily Official List of the London Stock Exchange and, in the case of Landsbanki Shares, the average price as derived from the website of OMX Nordic Exchange Iceland
Competing Proposal	a proposed offer, merger, acquisition, scheme of arrangement, recapitalisation or other business combination relating to any direct or indirect acquisition of 50 per cent. or more of the Bridgewell Ordinary Shares or all or any material part (representing at least 10 per cent. of the Bridgewell Group's gross assets or turnover, based on the Bridgewell Group's 2006 statutory accounts) of the business or assets of the Bridgewell Group as proposed by any third party which is not a concert party (as defined in the City Code) of Landsbanki and which is recommended or otherwise proposed by the Bridgewell Directors or entered into by any third party with any relevant Bridgewell Group member(s)
Conditions	the conditions to the Offer set out in Appendix I
Court	the High Court of Justice of England and Wales
Court Hearings	the hearings by the Court of the petition to sanction the Scheme and to confirm the cancellation and extinguishment of the Bridgewell Ordinary Shares provided for by the Scheme under section 137 of the Companies Act 1985
Court Meeting	the meeting or meetings of Bridgewell Ordinary Shareholders (or any adjournment thereof) to be convened pursuant to the order of the Court under section 425 of the Companies Act 1985 for the purpose of considering, and if thought fit, approving the Scheme (with or without amendment)

Court Order(s)	the order(s) of the Court sanctioning the Scheme under section 425 of the Companies Act 1985 and confirming the reduction of share capital provided for by the Scheme under section 137 of the Companies Act 1985
Effective	(a) if the Offer is implemented by way of Scheme, the Scheme having become effective pursuant to its terms; or (b) if the Offer is implemented by way of Takeover Offer, the Takeover Offer having been declared or become unconditional in all respects in accordance with the City Code
Effective Date	the date on which the Offer becomes Effective
Enlarged Group	the Landsbanki Group (including the Bridgewell Group) following the Effective Date
Exchange Act	US Securities Exchange Act of 1934, as amended
FSA	the Financial Services Authority
ISK	Icelandic Krona, the lawful currency of Iceland
ISK New Landsbanki Share Price	the Closing Price of Landsbanki Shares on the Share Valuation Record Date
ISK Exchange Rate	the ISK/Sterling Mid-Rate as published on the website of the Central Bank of Iceland
Japan	Japan, its cities and prefectures, territories and possessions
Landsbanki Directors or Board of Landsbanki or Landsbanki Board	the board of directors of Landsbanki
Landsbanki Group	Landsbanki and its subsidiary undertakings and, where the context permits, each of them
Landsbanki Shares	the shares of 1 ISK each in the capital of Landsbanki
London Stock Exchange	London Stock Exchange plc
New Landsbanki Shares	the Landsbanki Shares proposed to be issued to Bridgewell Ordinary Shareholders, credited as fully paid, under the Offer
Offer	the proposed acquisition of the Bridgewell Ordinary Shares by Landsbanki or Landsbanki and a member of the Landsbanki Group to be implemented by means of the Scheme (or, if

Landsbanki so elects a Takeover Offer) on the terms and subject to the conditions to be set out in the Scheme Document or the Offer Document (as the case may be) and where the context admits, any subsequent revision, variation, extension or renewal thereof

OMX Nordic Exchange Iceland	OMX Nordic Exchange Iceland hf.
Overseas Persons	persons who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
Panel	the Panel on Takeovers and Mergers
Registrar of Companies	the Registrar of Companies for England and Wales
Regulatory Information Service	any of the services approved by the London Stock Exchange as a Regulatory Information Service for the purposes of the AIM Rules
Regulation	Council Regulation (EC) No. 139/2004
Relevant Authority	the European Commission and any other court or competition, antitrust or supervisory body or other government, governmental, trade or regulatory agency or body in each case in any jurisdiction whose consent or clearance is required or desirable in connection with the Offer and Relevant Authorities shall mean all of them
Rothschild	N M Rothschild & Sons Limited
Scheme	the proposed scheme of arrangement under section 425 of the Companies Act 1985 pursuant to which the Offer will be implemented
Scheme Document	the document to be sent to the Bridgewell Shareholders which will, among other things, contain the terms and conditions of the Scheme
Share Valuation Record Date	the Business Day immediately prior to the date of the hearing by the Court of the petition to sanction the Scheme under section 425 of the Companies Act 1985
Sterling or £ or GBP	pounds sterling, the lawful currency of the United Kingdom
Takeover Offer	a takeover offer as such term is defined in section 974 of the Companies Act 2006

**Teather & Greenwood |
Landsbanki**

Teather & Greenwood Limited

United Kingdom

the United Kingdom of Great Britain and Northern Ireland

United States or US

the United States of America, its possessions and territories, all areas subject to its jurisdiction or any subdivision thereof, any state of the United States and the District of Columbia

US Securities Act

the United States Securities Act of 1933, as amended