

Press release 3 April 2009:

Stodir seeks composition with creditors

Stodir has requested for license from the District Court of Reykjavik to seek composition with its creditors. Stodir's creditors, holding 86% of the company's debt, support the composition and financial restructure of Stodir. The restructuring plan is based on the key factors that current shareholder's equity is written off completely, and creditors will take Stodir over by swapping debt for all shares in the company.

Stodir has been in a moratorium (suspension of payments) for the past six months, since Stodir's largest asset, a 32% share in Glitnir bank valued at ISK 75 billions, became worthless. Stodir's assets are now valued at ISK 70-80 billion and have decreased over ISK 160 billions since the fall of Glitnir. Stodir's liabilities are now estimated ISK 287 billion, up ISK 55 billion compared to six months ago, due to accrued interest and currency changes. Stodir's assets are now worth 25-30% of liabilities.

Early this year, Stodir's Creditors' Committee was established, which has worked in collaboration with the Stodir's Board of Directors and Management to protect the assets of the company and the interest of creditors. The creditors' committee consists of the representatives of the firms' largest creditors, from Kaupthing, Glitnir, Landsbanki NBI, foreign creditors for syndicated loan facilities and a representative for smaller unsecured creditors.

Stodir Management and Creditor's Committee are of the opinion that bankruptcy would not serve the interests of the creditors. The bankruptcy of Stodir would cause an upset in the operations of companies owned by Stodir and the selling price that could be obtained for the firm's assets at present would be much lower than what could be obtained for these assets in the following months and year. Stodir Management, in cooperation with Stodir's Creditors Committee and Stodir's Board of Directors, has drafted plan for the financial restructure of Stodir. The restructuring plan is based on the key factors that current shareholder's equity is written off completely, and creditors take Stodir over by swapping debt for all shares in the company.

The proposed composition is part of a larger process with the participation of secured creditors. The total process entails that secured creditors with pledge in Stodir's assets will convert part of their claims to senior debt and swap a part of their claims for shares in a preferred class of shares. The composition proposal assumes that all creditors will be paid up to ISK 1 million and those creditors whose claims are not satisfied by that payment will receive payment for 5% of the remainder of their claim in the form of common shares in the firm.

The composition proposal and the restructuring of Stodir's finances aim at establishing a strong equity base for the company and to secure stable operations in the proximate years. That way the company can attend to its assets and work towards increasing the value of the assets for the benefit of the creditors. Stodir's main assets are a 99% share in Tryggingamidstodin (TM) and a 49% share in Refresco, in addition to interests in companies like Landic Property, Bayrock and Iceland Foods.

Further information:

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