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VP

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From: [Edda Runa Kristjansdottir@for.is](mailto:Edda.Runa.Kristjansdottir@for.is)To: [Viglundur](#)

Sent: Monday, January 13, 2014 3:39 PM

Subject: Re: Re: Re: Fw: Fundargerðir

Tilvísun í mál: FOR13120072

Sæll

Hér kemur hún.

Með kveðju,

Edda Rúna

Frjálst form

Minutes - 1 July 2009 Meeting of the Gov. Steering Group and Hawkpoint

Málsnúmer: FOR09030068

Númer skjals:

Skráð: 4. ágúst 2009

Eigandi skjals: CN=Tómas Brynjólfsson/OU=FOR/O=NotesSTJR

Auðkenni

Dagsetning: 4. ágúst 2009

Fyrirtæki:

Nafn:

Vinnsla

Staða: Í vinnslu

Geymslustaður skjals: GoPro

Present

Þorsteinn Þorsteinsson, Helga Valfél, Þórhallur Arason and Indriði Þorláksson on behalf of the government. Charles Williams and Andrew Speirs led the reporting from Hawkpoint. Viðar Lúðvíksson from Landslög. Tómas Brynjólfsson drafted the minutes.

1. Meetings with RCs and creditor representatives

Meetings with the Kaupthing and Morgan Stanley were positive with a willingness to find a way through on valuation and structure. UBS has suggested that there is no need to have a meeting on Glitnir. Their proposal is not unlike government approach. They are working on a valuation route. There are, however, difficulties regarding Landsbanki. Creditors are giving the RC the message that the October FME valuation route should be followed. Creditors not willing to engage in negotiations until FME formally changes view. ÞÞ said that the government would likely suggest assets being moved back to solve impasse. The RC will likely respond positively. New Landsbanki has been positive on this and perhaps done through a Texas auction. CW said that bond holders wanted to conduct due diligence on behalf of creditors. This would, however, be difficult within the timeframe. HP had earlier suggested that creditor due diligence be carried out in June.

CW said that both Kaupthing and Íslandsbanki were looking at a bond collateralised with assets. The upside would go to creditors. The banks would need to write back loans to match future funding costs and ringfencing of assets carried out. This idea had a number of problems, e.g. through structural unfairness in going through asset-by-asset and the creditors not paying for the effects of the government's capitalisation that makes value creation possible.

2. Íslandsbanki proposal

The Glitnir proposal includes bond and equity.

The bond would be in two parts. The first part would rank with depositors in the winding up and would carry a rather short maturity. The second bond would be a CD that would be adjustable to any upside in the loan portfolio. This would include ringfencing of the entire portfolio but upside from 80% of assets. This suggestion also includes an option over all of the government's shares in the bank as suggested in HP's proposal but with a lower hurdle rate. A fourth part would include Glitnir being granted 49% of the equity. The positive aspect is that they are working alongside the government's lines. These suggestions should perhaps be looked at as a menu for discussion. ÞÞ said that the RC is aiming for ISK 50-60 bn with around ISK 30 bn in bond A.

3. Kaupthing Proposal

A formal response to government's initial route awaited. A two track negotiation of government capitalisation and take-over by Old Kaupthing. IP said that he thought many questions unanswered about the government proposal. AS said that the negotiations would continue on current timetable but would give Old Kaupthing the option to buy it back in shortish time following proper due diligence. The Old Bank appears to be happy to focus on options but want to start the process earlier, have them last longer and only risk free rate for government's 80% of total equity. There is a need to focus more on longer- rather than short-term returns. ÞÞ said that a meeting would be held with FME on timing. There was a concern that it might be necessary to impose arbitration on 17 July but concentrate on bond instrument until then. Other parts of the negotiations might be pushed back. HV expressed concern about management of the bank and its impact on Iceland while the process was being concluded. Concerns about possible worries by the IMF over delays were expressed. IP was to take this issue up with Franek. HP and ÞÞ to hold a video conference with IMF later that day. AS said that there was a concern that a legal attack would be more likely without a due FME process. IP said that he was weary of opening up the valuation process.

Landslög to write a draft for FME board to counter problems with Deloitte process. There appears sufficient arguments to split the process in two as RCs argue that they will not know the final set of creditors until November. The main reason for the two steps

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