8.2.2:
The Buyer shall have arranged for the release (subject to Closing) of the Seller from its obligations and liabilities towards Kaupthing Bank Luxembourg S.A., including arranged for the release of the pledge of the Seller's shares in Talden Holding S.A., cf. Schedule 8.2.2.a, [and the Guarantee and Restrictions undertaking of 13 September 2005, cf. Schedule 8.2.2.b,] made by the Seller in favour of Kaupthing Bank, Luxembourg S.A., relating to the bank guarantee in the amount of DKK 100,000,000 (as regards the MA-leases) issued by Kaupthing Bank Luxembourg S.A. in favour of A.P. Møller - Maersk A/S, cf. Schedule 8.2.2.c, such release to be provided for by way of a counter guarantee issued by a bank reasonably satisfactory to Kaupthing Bank Luxembourg SA or by a security cash deposit of DKK 100,000,000 or, to the extent that such release cannot be obtained, have provided a counter guarantee to the benefit of the Seller in the amount of DKK 100,000,000 (relating to the MA-leases) from a reputable bank reasonably satisfactory to the Seller or by way of a security cash deposit in the amount of DKK 100,000,000.

Den sidste garanti vedlagt. Det er blot en personlig hæftelse for 100m garantien i tillæg til pantsætningen af Talden aktierne.

/rune

> -----Original Message-----
> From: Rune Kirkeby
> Sent: 20. oktober 2005 11:32
> To: Rune Kirkeby
> Subject: Guarantee and Restrictions re. Distribution Guarantee
>
> > <<Talden Pledge.pdf>> > > <<Guarantee and Restrictions re.
> > Distribution Guarantee.pdf>>
>
> Med venlig hilsen / Yours sincerely
>
>
> Rune Kirkeby
> Advokat/Attorney, MBA
> Kromann Reumert
> Sundkrogsgade 5
> DK-2100 Copenhagen OE
> Tel. (+45) 70 12 12 11
> Dir. (+45) 38 77 43 49
> Fax (+45) 70 12 13 11
> Mob.(+45) 24 86 00 09
>

- - - - - - - - - END OF ORIGINAL MESSAGE- - - - - - - - - - - This is an email from the law firm of Kromann Reumert (www.kromannreumert.com). Pursuant to common commercial practice our emails and attached documents are not encrypted.

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Thank you.
<<Talden Pledge.pdf>> <<Guarantee and Restrictions re. Distribution Guarantee.pdf>>

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KROMANN
REUMERT

SHARE SALE AND PURCHASE AGREEMENT

re. Sterling Airlines A/S

BETWEEN Fons Eignarhaldsfelag hf.

AND FL Group hf

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SHARE SALE AND PURCHASE AGREEMENT

BETWEEN Fons Eignarhaldsfelag hf.
Company reg. no. 700 394 3799
Sudurgata 22
101 Reykjavik
Iceland

AND FL Group hf
Company reg. no. 601273-0129
Reykjavik City Airport
101 Reykjavik
Iceland

1. RECITALS

WHEREAS,

- On 25 April 2005 the Seller directly and indirectly (via Sterling Icelandic ApS) acquired 100% of the shares in Sterling Airlines A/S (defined below as the "Company" and formerly named Sterling European Kommanditaktieselskab) and Sterling Icelandic ApS (defined below as "Sterling Icelandic" and formerly named Sterling Airlines ApS).

- On 13 September 2005 the Seller acquired 100% of the shares in Flyselskabet af 15. juli 2005 A/S (defined below as "Flyselskabet") from A.P. Møller Mærsk A/S by way of a Share Purchase Agreement dated 30 June 2005 (defined below as the "Maersk Agreement"). Flyselskabet was established on 13 September 2005 through a statutory demerger of Maersk Air A/S.

- On 13 September 2005 the activities of Flyselskabet were transferred to the Company by a business transfer agreement (defined below as the "Business Transfer Agreement"), and the combined activities of the Company and Flyselskabet consisting primarily of scheduled and charter passenger airline activities were from the said date owned and operated by the Company.

- On 13 September 2005 the Seller also transferred certain rights and obligations under the Maersk Agreement to the Company pursuant to the Business Transfer Agreement.

- The Buyer wishes to acquire the Group, and the Seller wishes to sell the Group.

NOW, THEREFORE, the Parties have entered into this Share Sale and Purchase Agreement.

2. CERTAIN DEFINITIONS

In this Share Sale and Purchase Agreement the following words and expressions have the following meanings, unless the context otherwise requires:

Accounting Policies means the accounting policies stated in Schedule 0.1.

Accounts 2006 means the audited proforma ("proforma" refers to different statements in this Agreement prepared solely for the purpose of establishing a basis for determining and adjusting the Purchase Price) consolidated financial reports for the 12 (twelve) months period ending on 31 December 2006 of the Group Companies prepared in accordance with the Accounting Policies and comprising an income statement, a balance sheet, a cash flow statement, a detailed specification of EBITDA 2006 and of any Inter Company Transactions together with documentation that such transactions were carried out on arms length terms. The Accounts 2006 shall also include any companies established by the Group (as per agreement by the Parties) prior to 31 December 2006.

Adjustment Amount has the meaning ascribed to it in Clause 5.3.1.

Adjustment Principles means that a shortfall/an excess in EBITDA 2006 of DKK 1.00 leads to a reduction/increase of the Purchase Price by DKK 3.50; meaning that a shortfall/an excess in EBITDA 2006 of DKK 100 million would lead to a reduction/increase of the Purchase Price by DKK 350 million and a shortfall/an excess in EBITDA 2006 of DKK 125 million would lead to a reduction/increase of the Purchase Price by DKK 437.5 million. The Purchase Price can, however, not be reduced or increased by more than DKK 500,000,000 regardless the shortfall/excess in EBITDA 2006.

Adjusted Cash Purchase Price has the meaning stated in Clause 5.2.

Agreement means this Share Sale and Purchase Agreement, including the Schedules.

Business Transfer Agreement means the business transfer agreement of 13 September 2005 entered into between Flyselskabet as seller and the Company as buyer, Schedule 13.1.1.b.

Buyer means FL Group hf, a limited liability company incorporated and validly existing under the laws of Iceland with company reg. no 601273-0129, listed on the Icelandic Stock Exchange and having its principal address at Reykjavik City Airport, 101 Reykjavik.

Buyer's Warranties has the meaning ascribed to it in Clause 11.1.

Capital Increase means the proposed issuance of ordinary shares in the Buyer in connection with an issue to the market prior to Closing.

Cash Consideration has the meaning stated in 5.2.

Cash Purchase Price shall mean the cash part of the Purchase Price (DKK 1,100,000,000), as adjusted pursuant to Clause 5.2.

Claim has the meaning ascribed to in Clause 12.1.1.

Closing means the completion of the sale and purchase of the Shares in accordance with Clause 9.

Closing Balance Date means 31 December 2005.

Closing Date has the meaning ascribed to it in Clause 9.1.

Company means Sterling Airlines A/S, a limited liability company incorporated under the laws of Denmark with company reg. no (CVR) 18235404 and having its principal address at Københavns Lufthavn Syd, 2791 Dragør, Denmark.

Consolidated Net Cash means the Group Companies' proforma consolidated net cash amount as per the Closing Balance Date calculated on basis of the principles as set forth in Schedule 0.2. The Consolidated Net Cash shall be calculated in accordance with the Accounting Policies except to the extent set out in Schedule 0.2.

DKK means Danish Kroner, the currency of Denmark.

Due Diligence Documentation means the written due diligence material documented by the data room indexes, cf. Schedule 10.2.1.

EBITDA 2006 means the Group Companies' proforma consolidated earnings for the 12 (twelve) months period ending on 31 December 2006 before any gain on sale of assets, interest, tax, depreciations, amortisations and restructuring costs pursuant to the Restructuring Plan or otherwise in connection with the combination of the Company's and Flyselskabet's activities, and with appropriate adjustments for any Inter Company Transactions not being carried out at arms length terms and other non-compliance with Clause 13.3. Restructuring costs for 2006 pursuant to the Restructuring Plan shall be provided for in the Company's accounts for 2005 and shall not impact the Consolidated Net Cash. EBITDA 2006 shall also include any companies established by the Group (as per agreement by the Parties) prior to 31 December 2006. EBITDA 2006 shall, except as set out in this definition, be calculated in accordance with the Accounting Policies.

Exchange Rate means the ISK/DKK exchange rate made public by the Icelandic Nationalbank (in Icelandic: "*Sedlabanki Islands*") for the relevant date.

Final Closing Statement has the meaning ascribed to it in Clause 6.2.

FL-shares means newly issued ordinary shares in the Buyer corresponding to a total value of DKK 400,000,000 (DKK four hundred million) in accordance with the Exchange Rate at the Closing Balance Date. The shares shall be issued at a price corresponding to the price at which shares are issued in the Capital Increase. If the Capital Increase has not taken place at Closing the shares shall be issued at a price of ISK 14 per share of ISK 1.00. For the avoidance of doubt if the price at which the shares are issued in the Capital Increase is ISK 14 per share of ISK 1.00 and the Exchange Rate is 10/1 then the number of shares of ISK 1.00 to be issued to the Seller shall be 285,714,286.

Flyselskabet means Flyselskabet af 15. juli 2005 A/S a limited liability company incorporated under the laws of Denmark with company reg. no (CVR) 28988362 and having its principal address at Maerskvej 1, 2791 Dragør, Denmark.

Group and **Group Companies** means the Company, Sterling Icelandic, Flyselskabet and the Subsidiary.

Independent Accountant means Ernst & Young, Denmark, or if Ernst & Young, does not accept such task, another well-reputed international accounting firm with offices in Denmark either agreed upon by the Parties, or failing such an agreement within 3 Working Days of notification of the said non-acceptance, to be appointed by the Danish Organisation of State Authorised Accountants (in Danish: *"Foreningen af Statsautoriserede Revisorer"*).

Inter Company Transactions means transactions between the Group on the one side and the Buyer and its affiliates (other than the Group) on the other side. For the purpose hereof the definition of Group shall also include any companies established by the Group (as per agreement by the Parties) prior to 31 December 2006.

Interest means an annual interest calculated as 3 months' CIBOR (Copenhagen Inter Bank Offered Rate) at the Closing Date plus 1 percentage points.

ISK means Icelandic Kroner, the currency of Iceland.

Key Employees means Almar Örn Hilmarsson, Brian Jørgensen, Michael T. Hansen, Stefan Vilner, Knud K. Pedersen and Niels Brix.

Knowledge means with respect to the Seller the actual knowledge at the Signing Date of the Key Employees, Pálmi Haraldsson and Ríkharð Ottó Ríkharðsson, and with respect to the Buyer the actual knowledge at the Signing Date of Hannes Smárason, Sveinbjörn Indridason, Thorsteinn Örn Gudmundsson, Jon Sigurdsson and Jon Karl Olafsson.

Loss/Losses has the meaning ascribed to it in Clause 12.1.1.

MA-leases means the leases of the aircraft listed in Schedule 13.1.2.

Maersk Agreement means the share purchase agreement of 30 June 2005 between A.P. Møller – Mærsk A/S and the Seller regarding the sale of 100% of the shares in Flyselskabet, Schedule 13.1.1.a.

Party means the Seller or the Buyer, as the case may be.

Parties mean the Seller and the Buyer.

Preliminary Closing Statement has the meaning ascribed to it in Clause 6.1.

Purchase Price has the meaning ascribed to it in Clause 4.1.

Restructuring Plan means the actions outlined in Schedule 0.3.

Schedule(s) means the schedules to this Agreement.

Seller means Fons Eignarhaldsfelag hf., a limited liability company incorporated and validly existing under the laws of Iceland with company reg. no 700 394 3799 and having its principal address at Sudurgata 22, 101 Reykjavik, Iceland.

Seller's Warranties has the meaning ascribed to it in Clause 10.3.

Shares means

(i) 5,880 shares of nominal value DKK 1,000 per share of the share capital of the Company, having an aggregate nominal value of DKK 5,880,000 and representing 98% of the issued share capital of the Company, and

(ii) 125 shares of nominal value DKK 1,000 per share of the share capital of Sterling Icelandic, having an aggregate nominal value of DKK 125,000 and representing 100% per cent of the issued share capital of the Sterling Icelandic, and

(iii) 100,000 shares of nominal value DKK 100 per share of the share capital of Flyselskabet, having an aggregate nominal value of DKK 10,000,000 and representing 100% per cent of the issued share capital of Flyselskabet.

Signature Date means the date hereof.

Sterling Icelandic means Sterling Icelandic ApS (formerly Sterling Airlines ApS and previously the general partner in the Company), a private limited liability company incorporated under the laws of Denmark with company reg. no (CVR) 18647370 and having its principal address at Københavns Lufthavn Syd, 2791 Dragør, Denmark.

Subsidiary means AS Maersk Air Services Estonia, a private limited liability company incorporated under the laws of Estonia with company reg. no 10866060 and having its principal address at Pärnu Road 160D, 11317 Tallin, Estonia, being a wholly owned subsidiary of the Company at the Closing Balance Date.

Third Party Rights mean mortgages, charges, liens, security interests, pre-emption rights and rights of first refusal, both actual and potential.

TP-leases means the leases of the aircraft listed in Schedule 13.1.2.

VS Account means an account in a company or institution authorised to be an intermediary for the electronic registration of securities (account operator) under article 2 of the Icelandic Act 131/1997 on electronic registration of title to securities.

VS Account Agreement means the VS Account Agreement in the form attached in Schedule 9.2.5.

Working Day means any day other than a Saturday or a Sunday and any day other than a day, which is a public holiday or a day on which businesses are not generally open for business in Denmark and Iceland.

3. SALE AND PURCHASE OF SHARES

3.1 Obligations to sell and purchase the Shares

Subject to the terms and conditions of this Agreement, on the Closing Date, the Seller shall sell, transfer, assign and deliver to the Buyer, and the Buyer shall purchase from the Seller, the Shares, together with all rights of any nature which are now or which may at any time become attached to the Shares or accrue in respect of them, including all dividends and distributions declared or paid in respect of the Shares on or after the Closing Date, free from any Third Party Rights.

4. PURCHASE PRICE

4.1 Purchase Price

4.1.1 The purchase price (the "Purchase Price") payable by the Buyer to the Seller for the Shares shall amount to DKK 1,500,000,000 (DKK one billion five hundred million) and be paid as follows:

1. a cash amount of DKK 1,100,000,000 (DKK one billion one hundred million); with addition of

2. FL-shares with a total value of DKK 400,000,000 (DKK four hundred million) issued and delivered to the Seller at Closing.

4.1.2 A draft resolution of the board of directors of the Buyer authorising the Capital Increase and a subscription list applicable to the FL-shares are set out in Schedule 4.1.2.

4.2 **Payment of the Purchase Price**

4.2.1 At Closing, the Buyer shall pay in cash the Cash Consideration to be paid in immediately available DKK funds with value date at the Closing Date by way of transfer of such funds to Seller's bank account Svenska Handelsbanken, Amaliegade 3, 1007 Copenhagen, account no. DK32 0880 0003 9007 45, and the Buyer shall deliver and offer the Seller to subscribe for the FL-shares, deliver the shares to Seller's VS Account and update the Buyer's share register accordingly.

5. BASIS FOR DETERMINING AND ADJUSTING THE PURCHASE PRICE

5.1 The Purchase Price has been agreed on the basis

1. that the Consolidated Net Cash will amount to at least DKK 300,000,000 (DKK three hundred million), and

2. that the EBITDA 2006 will amount to DKK 345,000,000 (DKK three hundred and forty five million), and

3. that the Seller makes no representations or warranties (express or implied) to the Buyer other than the Seller's Warranties.

5.2 **Closing adjustments based on the Preliminary and Final Closing Statement**

5.2.1 The cash amount of the Purchase Price (DKK 1,100,000,000), referred to as the "Cash Purchase Price", shall on a DKK 1.00 to DKK 1.00 basis be adjusted for any negative deviation in the Consolidated Net Cash from DKK 300,000,000 (DKK three hundred million). For the avoidance of doubt, if e.g. the Consolidated Net Cash is DKK 200,000,000, the Cash Purchase Price shall be reduced by DKK 100,000,000.

5.2.2 The adjustment of the Cash Purchase Price shall be calculated on basis of a calculation of the Consolidated Net Cash which shall be calculated on basis of the Final Closing Statement, cf. Clause 6.2, and the adjusted Cash Purchase Price shall be referred to as the "Adjusted Cash Purchase Price". However, the Seller shall prior to Closing prepare an estimated calculation of the Adjusted Cash Purchase Price on basis of a preliminary calculation of the Consolidated Net Cash on basis of a preliminary closing statement (the "Preliminary Closing Statement"), cf. Clause 6.1, and the estimated Adjusted Cash Purchase Price shall be referred to as the "Cash Consideration". The Cash Consideration shall be paid by the Buyer in cash to the Seller at Closing, cf. Clause 4.2.1. Proceeds from the sale of components, spare parts and inventories or proceeds from sale and lease back of such assets shall be included as cash in the calculation of the Consolidated Net Cash.

5.2.3 The Final Closing Statement and the calculation of the Adjusted Cash Purchase Price based on the Final Closing Statement shall be delivered within 90 calendar days of the Closing Date, cf. Clause 6.2.1. The deviation between the Cash Consideration and the Adjusted Cash Purchase Price together with Interest from the Closing Date shall be paid by the Buyer or the Seller as the case may be no later than 10 (ten) Working Days after the Final Closing Statement and the calculation of the Adjusted Cash Purchase Price based on the Final Closing Statement has become binding upon the Parties by way of a wire transfer to an account designated by the Buyer or the Seller, as the case may be, of same or next Working Day funds. For the avoidance of doubt, if the Cash Consideration exceeds the Adjusted Cash Purchase Price, such deviation shall be paid by the Seller to the Buyer, and if the Adjusted Cash Purchase Price exceeds the Cash Consideration, such deviation shall be paid by the Buyer to the Seller. An example of the adjustments pursuant to this Clause 5.2 has been set out in Schedule 5.2.3.

5.2.4 In the event that there is a dispute concerning the Final Closing Statement and the Adjusted Cash Purchase Price based on the Final Closing Statement, any amount not subject to dispute shall nevertheless be paid promptly as set forth above.

5.3 Adjustment on basis of Accounts 2006

5.3.1 In case it appears from the Accounts 2006;

1. that the EBITDA 2006 is less than DKK 345,000,000, the Purchase Price shall be reduced by an amount to be calculated in accordance with the Adjustment Principles. The amount of any such reduction of the Purchase Price is referred to as the "Adjustment Amount".

2. that the EBITDA 2006 is higher than DKK 345,000,000, the Purchase Price shall be increased by an amount to be calculated in accordance with the Adjustment Principles. The amount of any such increase of the Purchase Price is referred to as the "Adjustment Amount".

The Adjustment Amount may not exceed DKK 500,000,000 (DKK five hundred million). Thus the Purchase Price may never be less than DKK 1,000,000,000 and never exceed DKK 2,000,000,000.

5.3.2 By giving notice to the Seller no later than on 31 March 2006, the Buyer may waive its rights and obligations pursuant to this Clause 5.3, with the effect that no Adjustment Amount shall be payable. In that case the Buyer shall promptly release the pledged FL-shares.

5.3.3 If the Company is sold by the Buyer or merged with another company outside the Buyer's group or anything similar to that prior to or on 31 December 2006, the Seller may, but shall not be obliged to, waive its rights and obligations pursuant to this Clause 5.3 by giving notice thereof to the Buyer with the effect that no Adjustment Amount shall be payable. In that case the Buyer shall promptly release the pledged FL-shares.

5.3.4 Payment of the Adjustment Amount together with Interest from the Closing Date shall be made in cash DKK no later than 10 Working Days after the Accounts 2006 has become final as set forth in Clause 7.

5.3.5 As security for the Seller's payment of any adjustment of the Cash Consideration based on the Adjusted Cash Purchase Price in the favor of the Buyer, and/or the Adjustment Amount in the favor of the Buyer, if any, the Seller shall at Closing pledge 100% of the FL-shares pursuant to the Share Pledge Agreement set out in Schedule 5.3.5.

6. CLOSING STATEMENTS

6.1 Preliminary Closing Statement

6.1.1 No later than 15 (fifteen) Working Days before Closing the Seller shall prepare and deliver to the Buyer an un-audited preliminary closing statement as of the Closing Balance Date (the "Preliminary Closing Statement"), such Preliminary Closing Statement to be derived from and in accordance with the books and records of the Group and prepared in conformity with the Accounting Policies, and in conformity with the form and princi-

ples for preparing the Final Closing Statement cf. Clause 6.2.1, and which fairly presents the financial condition of the Group as of the date thereof.

6.1.2 Together with and on the basis of the Preliminary Closing Statement, the Seller shall prepare and deliver to the Buyer a calculation of the Consolidated Net Cash and a calculation of the Cash Consideration as defined in Clause 5.2 above.

6.2 **Final Closing Statement**

6.2.1 Within 90 calendar days of the Closing Date, the Seller shall have caused the preparation of and delivery to the Buyer of the Final Closing Statement in the form set out in Schedule 6.2.1. The Final Closing Statement shall consist of (A) the proforma consolidated financial report for the year ending on the Closing Balance Date of the Group Companies (with respect to Flyselskabet for the period 1 July 2005 until the Closing Balance Date) prepared in accordance with the Accounting Policies and comprising an income statement, a balance sheet and a cash flow statement; and on basis of the Final Closing Statement (B) a calculation of (i) the Consolidated Net Cash and (ii) the Adjusted Cash Purchase Price. The Final Closing Statement shall be audited by Deloitte State Authorised Accounting Company and shall also include an auditor's report.

6.2.2 During normal business hours and with due notice, the Seller and Deloitte State Authorised Accounting Company shall to a reasonable extent have unrestricted access to the management and other relevant key employees of the Group as well as access to all relevant books, records and other relevant information of the Group which is necessary for preparing and auditing the Final Closing Statement, and the Seller and Deloitte State Authorised Accounting Company shall be entitled to receive copies of such books and records. The Buyer undertakes to procure such access and to procure that the management and other relevant key employees of the Group render the assistance and take such other actions as may reasonably be requested by the Seller to prepare the Final Closing Statement. The Parties shall provide information and documentation used in the preparation of the Closing Statement upon a Party's reasonable request.

6.2.3 No later than 30 calendar days after its receipt of the Final Closing Statement, the Buyer shall notify the Seller of any item(s), which the Buyer wishes to dispute specifying such item(s) in reasonable detail and the reason for the dispute, failing which the Final Closing Statement such as prepared by the Seller and Deloitte shall be deemed final and binding upon the Parties subject only to any changes agreed by the Parties in writing. If the Parties are unable to reach agreement before 30 calendar days after such notification to the Seller, either Party may within a subsequent period of 30 days refer

the disputed item(s) to the Independent Accountant for decision, provided that the subject matter of the dispute relates to the accounting aspects of the Closing Statement, including the application of the Accounting Policies. If the disputed item(s) relate to a legal or contractual issue, including the legal interpretation of this Agreement, the dispute shall be referred to arbitration in accordance with Clause 16.2 prior to the expiry of the 30 days' period. If the dispute is not referred to the Independent Accountant and/or to arbitration, as applicable, within the period stipulated, the Closing Statement delivered to the Buyer shall be final and binding upon the Parties subject only to any changes agreed by the Parties in writing.

6.2.4 Unless otherwise agreed by the Parties, the Independent Accountant shall establish the procedural rules in connection with its hearing of the Parties' respective position on the disputed item(s) and any related issues to be followed in connection with settling the dispute. The decision of the Independent Accountant shall be final and binding upon the Parties and shall not be subject to judicial or arbitrational review.

6.2.5 During normal business hours and with due notice, the Independent Accountant shall have unrestricted access to the management and other relevant key employees of the Group as well as to all relevant books, records and other information of the Group which in the reasonable opinion of the Independent Accountant is necessary for preparing and rendering his/her decision in accordance with Clause 6.2.3, and the Independent Accountant shall be entitled to receive copies of such books and records. The Buyer undertakes to procure such access.

6.2.6 The fees and expenses charged by the Independent Accountant shall be borne by the Party whom the Independent Accountant determines is least correct in the aggregate with respect to the disputed item(s) referred to the Independent Accountant for decision. In the event both Parties are equally incorrect, the fees and expenses shall be split equally between the Parties.

7. ACCOUNTS 2006

7.1 No later than on 31 March 2007, the Buyer shall have caused the preparation of and delivery to the Seller of the Accounts 2006. This shall, however, not apply if the Buyer or the Seller has waived the payment of the Adjustment Amount pursuant to Clauses 5.3.2 or 5.3.3.

7.2 Upon delivery of the Accounts 2006, the Buyer shall promptly release the pledged FL-shares, however such number of FL-shares having a market value, calculated as of the

day of delivery of the Accounts 2006, equal to the Adjustment Amount, if any, in the Buyers favour, plus 10%, may be withheld.

7.3 During normal business hours and with due notice, the Seller and Deloitte State Authorised Accounting Company shall to a reasonable extent have unrestricted access to the management and other relevant key employees of the Group and the Buyer as well as to all relevant books, records and other information of the Group which are necessary for reviewing the Accounts 2006, and the Seller and its accountants shall be entitled to receive copies of such books and records. The Buyer undertakes to procure such access and to procure that the management and other relevant key employees of the Group render the assistance and take such other actions as may reasonably be requested by the Seller to review the Accounts 2006. The Buyer shall provide information and documentation used in the preparation of the Accounts 2006 to the Seller upon its reasonable request.

7.4 No later than 30 calendar days after its receipt of the Accounts 2006, the Seller shall notify the Buyer of any item(s), which the Seller wishes to dispute specifying such item(s) in reasonable detail and the reason for the dispute, failing which the Accounts 2006 such as prepared by the Buyer shall be deemed final and binding upon the Parties subject only to any changes agreed by the Parties in writing. If the Parties are unable to reach agreement before 30 calendar days after such notification to the Buyer, either Party may within a subsequent period of 30 days refer the disputed item(s) to the Independent Accountant for decision, provided, that the subject matter of the dispute relates to the accounting aspects of the Accounts 2006, including the application of the Accounting Policies. If the disputed item(s) relate to a legal or contractual issue or are based on a claim by the Seller that the Buyer and the Group have not complied with Clause 13.3 or otherwise acted in contradiction with Clause 13.3, including the legal interpretation of this Agreement, the dispute shall be referred to arbitration in accordance with Clause 16.2 prior to the expiry of the 30 days' period. If the dispute is not referred to the Independent Accountant and/or to arbitration, as applicable, within the period stipulated, the Accounts 2006 delivered to the Seller shall be final and binding upon the Parties subject only to any changes agreed by the Parties in writing.

7.5 Unless otherwise agreed by the Parties, the Independent Accountant shall establish the procedural rules in connection with its hearing of the Parties' respective position on the disputed item(s) and any related issues to be followed in connection with settling the dispute. The decision of the Independent Accountant shall be final and binding upon the Parties and shall not be subject to judicial or arbitrational review.

8.1.6 The Seller shall have confirmed that is has used its best endeavours to arrange that the parts of the Restructuring Plan, as amended with the Buyer's consent, to be implemented in 2005 have in all material respects been implemented as planned. The Parties agree that the Restructuring Plan may be subject to change. Material changes shall, however, be approved by the Buyer, such approval not to be unreasonably withheld.

8.1.7 The board of directors of the Company shall have approved the transfer of the Shares to the extent required.

8.1.8 All lenders, owners and insurers of the aircraft, and all lessors of properties have been notified of this Agreement and, where required by the respective agreements, given their written consent to the change of ownership of the Group Companies.

8.1.9 The Company's material insurances shall not be effected by the change of control for a period of up to 3 months following the Closing Date.

8.2 **The Seller's conditions precedent**

The Seller shall not be obligated to carry out Closing unless and until:

8.2.1 All necessary clearances from competition authorities in relevant countries (countries where such clearances are legally required to perfect Closing) have been obtained or applicable waiting periods have elapsed.

8.2.2 The Buyer shall have arranged for the release (subject to Closing) of the Seller from its obligations and liabilities towards Kaupthing Bank Luxembourg S.A., including arranged for the release of the pledge of the Seller's shares in Talden Holding S.A., cf. Schedule 8.2.2.a, and the Guarantee and Restrictions undertaking of 13 September 2005, cf. Schedule 8.2.2.b, made by the Seller in favour of Kaupthing Bank, Luxembourg S.A., relating to the bank guarantee in the amount of DKK 100,000,000 (as regards the MA-leases) issued by Kaupthing Bank Luxembourg S.A. in favour of A.P. Møller - Maersk A/S, cf. Schedule 8.2.2.c, such release to be provided for by way of a counter guarantee issued by a bank reasonably satisfactory to Kaupthing Bank Luxembourg S.A. or by a security cash deposit of DKK 100,000,000 or, to the extent that such release cannot be obtained, have provided a counter guarantee to the benefit of the Seller in the amount of DKK 100,000,000 (relating to the MA-leases) from a reputable bank reasonably satisfactory to the Seller or by way of a security cash deposit in the amount of DKK 100,000,000.

8.2.3 The Buyer shall have arranged for the release (subject to Closing) of the Seller from its Guarantee and Restrictions undertaking, cf. Schedule 8.2.3.a, to Kaupthing Bank in respect of the guarantee issued by Kaupting Bank Luxembourg S.A. in the amount of USD 4,250,000 (relating to a guarantee in the amount of USD 8,350,000 issued by FIH Erhvervsbank A/S as regards Orix and Sumisho), cf. Schedule 8.2.3.b or, by providing a bank guarantee in the amount of USD 4,250,000 to Kaupthing Luxembourg Bank S.A. from a reputable bank reasonably satisfactory to Kaupthing Bank Luxembourg S.A. or a cash deposit in the amount of USD 4,250,000, or to the extent that such release cannot be obtained, have provided a counter guarantee to the benefit of the Seller in the amount of USD 4,250,000 from a reputable bank reasonably satisfactory to the Seller.

8.2.4 The Buyer shall have arranged for the release (subject to Closing) of the Seller from its obligations and liabilities in respect of the guarantee issued by the Seller for the benefit of A/S Global Risk Management Ltd. such as attached hereto as Schedule 8.2.4. To the extent that such release cannot be obtained, the Buyer shall provide a counter guarantee for the benefit of the Seller from a reputable bank reasonably satisfactory to the Seller.

8.2.5 No litigation, proceeding or action shall have been instituted against any Party, which litigation, proceeding or action is reasonably likely to restrain in any material way or prohibit the consummation of the transactions contemplated by this Agreement.

8.3 **Best efforts**

8.3.1 The Parties shall use their best efforts to ensure that the conditions precedent set out in Clause 8 are satisfied on or prior to 31 December 2005, or, failing to meet this date, as soon as possible thereafter.

8.3.2 The Buyer shall promptly expedite the filing of notifications to the competition authorities, to the Danish Civil Aviation Administration and to other third parties necessary to satisfy the conditions precedent in Clauses 8.1 and 8.2 and expedite all submissions and rendering of information requested or required by such authorities and third parties in furtherance thereof. The Seller shall assist the Buyer in its efforts to obtain the necessary competition clearances, approvals and releases. Furthermore, the Buyer shall promptly do and perform all such acts as are required in order to prepare, approve and authorise the issue and delivery of the FL-shares to the Seller.

8.3.3 The Seller shall ensure that the Company promptly expedites notifications to the relevant co-ordinating authorities regarding slots in order to obtain confirmed receipt of no-

tice of the change of ownership of the Company from the relevant co-ordinating authorities.

8.3.4 The Parties and their legal advisors shall work together and shall provide each other access to all information reasonably necessary to satisfy or monitor the efforts to satisfy the conditions precedent as well as access to participate in any meetings with any authorities or other third parties in connection with the efforts to satisfy the conditions precedent. Pending Closing, the Seller shall cause the Group Companies to render the assistance to execute such documents and to take such other actions as may reasonably be requested by the Buyer to implement the provisions of this Agreement.

8.3.5 Each Party undertakes to disclose in writing to the other Party any circumstances that will or are reasonably likely to prevent any of the conditions precedent from being satisfied as soon as the Party becomes aware of such circumstance(s). Moreover, each Party undertakes to inform the other Party in writing as soon as reasonably practicable when a Party has become aware that a condition precedent has been satisfied.

8.4 **Termination**

This Agreement shall automatically terminate and, except as indicated below, shall cease to have any further effect and the Parties shall have no further obligation or liability one to the other if the conditions precedent set out in Clauses 8.1 and 8.2 have not been satisfied on or before 28 February 2006, unless the Parties agree otherwise in writing or a Party has waived its conditions precedents in writing. Automatic termination of this Agreement in accordance with this Clause 8.4 shall not prejudice the accrued rights of the Parties in respect of any breach of this Agreement occurring prior to such termination. The Parties' obligations under Clauses 15 and 16 shall survive any automatic termination of this Agreement in accordance with this Clause 8.4. Non-fulfilment of Clause 8.1.6 (implementation of the Restructuring Plan) shall not constitute a breach of this Agreement.

9. CLOSING

9.1 Closing shall be held at the offices of Kromann Reumert, Sundkrogsgade 5, DK-2100 Copenhagen OE, Denmark on 5 January 2006 at 9.00 a.m. Danish time or, if at such date all the conditions precedent have not been satisfied (or waived), by a date within 5 Working Days after all the conditions precedent have been satisfied (or waived) (the "Closing Date"), unless this Agreement has been terminated as set forth herein, pro-

vided always that a period of at least 3 Working Days shall pass between the Closing Date and the date when all the conditions precedent have been satisfied (or waived).

9.2 **The Seller's obligations at Closing**

At Closing, subject to the Buyer's fulfilment of its obligations provided for in Clause 9.3, the Seller shall:

9.2.1 Deliver the Group Companies' registers of shareholders with the Buyer duly registered as the owner of the Shares, free and clear of all Third Party Rights.

9.2.2 Deliver the Group Companies' minute books including minutes of general meetings, minutes of meetings of the boards of directors and audit minutes to the extent such documents are not in the possession of the Group Companies.

9.2.3 Deliver signed letters of resignation from the directors then in office and elected by a general meetings of the Group Companies (except for Palmi Haraldsson who continues as chairman of the board of directors of the Group Companies), confirming their respective resignations and confirming that they do not have any claims against the Group Companies, and relinquish any rights which they may have under any contract of employment, consultancy, etc. with the Group Companies and under any statutory provisions or otherwise including any rights to damages for wrongful dismissal, redundancy or compensation for loss of office or unfair dismissal.

9.2.4 Deliver documentation evidencing that the board of directors of each of the Group Companies, if required, have approved the sale and purchase of the shares in the company as contemplated in this Agreement.

9.2.5 Subscribe the FL-shares, cf. Schedule 4.1.2, and deliver the VS Account Agreement in the form attached hereto as Schedule 9.2.5 and the Share Pledge Agreement in the form attached hereto as Schedule 5.3.5, duly executed by authorised representatives.

9.2.6 Deliver evidence reasonably satisfactory to the Buyer that the relevant corporate bodies of the Seller have authorised the signing and consummation of this Agreement.

9.2.7 Deliver a statement confirming that the Seller's conditions precedent specified in Clause 8.2 are fulfilled or waived.

9.2.8 Deliver a statement confirming that the Buyer's conditions precedent specified in Clause 8.1 are fulfilled to the extent that such conditions are under the Seller's control.

9.2.9 Take such additional action and/or deliver such additional documents as, in the Buyer's reasonable opinion, are necessary in order to effect Closing and evidence the satisfaction of the conditions precedent.

9.3 **The Buyer's obligations at Closing**

At Closing, subject to the Seller's fulfilment of its obligations provided for in Clause 9.2, the Buyer shall:

9.3.1 Deliver evidence reasonably satisfactory to the Seller that the relevant corporate bodies of the Buyer have authorised the signing and consummation of this Agreement.

9.3.2 Deliver documentation that the payment of the Cash Consideration into the Seller's account in accordance with Clause 4.2 has been made.

9.3.3 Offer the Seller to subscribe for the FL-shares, deliver the FL-shares to the Seller's VS Account and update the Buyer's share register accordingly.

9.3.4 Cause extraordinary general meetings of the Group Companies to be held for the purposes of accepting the resignations of the directors of the Group Companies, except for Palmi Haraldsson, then in office and appointing new directors of the Group Companies.

9.3.5 Deliver evidence reasonably satisfactory to the Seller that the Seller has been released from any and all obligations, liabilities and pledges in respect of such obligations etc. referred to in Clauses 8.2.2, 8.2.3 and 8.2.4 or that the Buyer has provided such guarantees and security deposits in favour of the Seller or Kaupthing Bank Luxembourg S.A. as set out in the said clauses.

9.3.6 Deliver a statement confirming that the Buyer's conditions precedent specified in Clause 8.2 are fulfilled or waived.

9.3.7 Deliver a statement confirming that the Seller's conditions precedent specified in Clause 8.1 are fulfilled to the extent that such conditions are under the Buyer's control.

9.3.8 At Closing the Buyer shall have settled, by payment to the Seller, any outstanding debts owed by the Group to the Seller.

9.3.9 Take such additional action and/or deliver such additional documents as, in the Seller's reasonable opinion, are necessary in order to effect Closing and otherwise evidence the satisfaction of the conditions precedent.

9.4 **Waiving of conditions precedent**

Each Party shall be entitled to waive fulfilment by the other Party of any of such other Party's obligations at Closing, in whole or in part, for the purpose of carrying out Closing.

9.5 **Simultaneous occurrence of actions taken at Closing**

Each of the actions required to be performed at Closing pursuant to Clauses 9.2 and 9.3 shall be deemed to have occurred at the same time and none of such actions shall be considered performed until and unless all such actions have been performed.

10. **SELLER'S WARRANTIES**

10.1 Subject to the limitations of this Agreement, the Seller represents and warrants to the Buyer that each of the statements made by the Seller in Clause 10.3 (the "Seller's Warranties") are true and accurate as at the Signature Date and that each of the Seller's Warranties except for the warranty contained in Clause **Error! Reference source not found.** shall be true and accurate as at the Closing Date as well.

10.2 **Disclosures and Buyer's Knowledge**

10.2.1 Prior to the execution of this Agreement, a review of the Due Diligence Documentation, as documented by the data room indexes attached hereto as Schedule 10.2.1, has been conducted on behalf of the Buyer. The review of the Due Diligence Documentation was conducted in a data room set up in the offices of Kromann Reumert on 19 - 23 September 2005. Additional access to the data room was given to the financial advisors of the Buyer on 24 September 2005 and the legal advisors of the Buyer on 28 September 2005. Furthermore, the Buyer has received various Due Diligence Documentation by e-mail.

10.2.2 The Buyer shall not be entitled to make any Claims against the Seller with respect to any breach of the Seller's Warranties if, and to the extent that the basis for such Claims has been fairly disclosed in the Due Diligence Documentation or in any other way by the

Seller or any of the Group Companies, or if the basis for such Claims was otherwise within the Buyer's Knowledge as of its signing of this Agreement.

10.3 **The Seller's Warranties**

10.3.1 **The Seller**

10.3.1.1 The execution of this Agreement and the consummation of the transactions contemplated hereby have, to the extent legally required or required by corporate governance, been duly authorised by the Seller's board of directors and except for fulfilment of the conditions precedent no other corporate proceedings on the part of the Seller are necessary to authorise this Agreement or to consummate the transactions contemplated hereby.

10.3.1.2 This Agreement constitutes valid and binding obligations of the Seller enforceable against the Seller in accordance with its terms and conditions, except as such enforceability may be limited by applicable bankruptcy, insolvency or other similar laws which affect the enforcement of creditors' rights in general.

10.3.1.3 There are no actions, claims or other proceedings or investigations pending or threatened against or involving the Seller, which, individually or in the aggregate, will prevent the Seller from consummating the transactions contemplated by this Agreement or affect the validity or enforceability of this Agreement.

10.3.1.4 The Seller is a limited liability company duly organised, validly existing under the laws of Iceland.

10.3.2 **Corporate Matters**

10.3.2.1 The Group Companies are registered with the Danish Commerce and Companies Agency (in Danish: *"Erhvervs- og Selskabsstyrelsen"*).

10.3.2.2 The Shares represent 98% of the Company's, 100% of Sterling Icelandic's and 100% of Flyselskabet's share capital, and Sterling Icelandic owns 2% of the Company's share capital and no third party, including, without limitation, employees, have any rights to subscribe for or to be awarded or granted any shares in the Group Companies.

10.3.2.3 The Seller is the owner of the Shares and is capable of transferring the Shares to the Buyer at Closing.

10.3.2.4 The Shares will at Closing be free and clear of any and all Third Party Rights.

10.3.3 **Conduct of Business**

10.3.3.1 Since the date of the Seller's acquisition of the Company and Sterling Icelandic on 25 April 2005, these companies' business have to the Seller's Knowledge been conducted in accordance with good business practice and ordinary course of business, except for (i) such reorganisations made in connection with the acquisition and merger of the businesses in order to implement the Maersk Agreement and the Business Transfer Agreement, as amended and supplemented as disclosed in the Due Diligence Documentation, and (ii) such actions which in the reasonable opinion of the Seller or the Group Companies are necessary or appropriate to implement the Restructuring Plan (as amended according to agreement by the Parties) and the Business Plan, cf. Schedule 10.3.3.1; or otherwise to give effect to the provisions of this Agreement, including Clause 13.2.

10.3.3.2 Since the date of the Seller's acquisition of Flyselskabet on 13 September 2005, Flyselskabet's business have to the Seller's Knowledge been conducted in accordance with good business practice and ordinary course of business, except for (i) such reorganisations made in connection with the acquisition and merger of the businesses in order to implement the Maersk Agreement and the Business Transfer Agreement, as amended and supplemented as disclosed in the Due Diligence Documentation, including the sale of the cargo activities, and (ii) such actions which in the reasonable opinion of the Seller or the Group Companies are necessary or appropriate to implement the Restructuring Plan (as amended according to agreement by the Parties) and the Business Plan, cf. Schedule 10.3.3.1, or otherwise to give effect to the provisions of this Agreement, including Clause 13.2.

10.3.3.3 Since the Seller's acquisition of the Shares, no dividends have been declared or paid by any of the Group Companies.

10.3.4 **Other Warranties**

10.3.4.1 The Seller has provided the Buyer access to the due diligence material set out in the Due Diligence Documentation such as provided to the Seller in connection with its acquisitions of the Group Companies.

10.3.4.2 In the manner disclosed in the Due Diligence Documentation the warranties granted to the Seller in connection with the Seller's acquisition of Flyselskabet have been assigned

to the Company pursuant to the Business Transfer Agreement and as at the date of this Agreement no claims have been raised under such warranties, and other than as disclosed in the Due Diligence Documentation, to the best of Pálmi Haraldssons and Jóhannes Kristinssons knowledge, without having made any inquiries, as at the date of signing of this Agreement, they do not have actual knowledge of any material adverse change to the overall business of the Company, nor of any material matters that would have the consequence that the Business Plan does not (subject to the assumptions therein) contain their best estimate for 2006. This warranty is not to be repeated as at the date of Closing.

10.4 **No other representations or warranties**

10.4.1 Subject to what is stated elsewhere in this Agreement and the Seller's Warranties made in accordance with Clause 10.3, the Seller makes no representations or warranties (express or implied) to the Buyer in connection with the sale and purchase of the Shares.

11. BUYER'S WARRANTIES

11.1 The Buyer represents and warrants to the Seller that each of the following statements (the "Buyer's Warranties") is true and accurate as at the Signature Date and that each of the Buyer's Warranties shall be true and accurate as at the Closing Date as well:

i. The execution of this Agreement and the consummation of the transactions contemplated hereby have, to the extent legally required or required by corporate governance, been duly authorised by the Buyer's board of directors and except for fulfilment of the conditions precedent no other corporate proceedings on the part of the Buyer are necessary to authorise this Agreement or to consummate the transactions contemplated hereby.

ii. This Agreement constitutes valid and binding obligations of the Buyer enforceable against the Buyer in accordance with its terms and conditions, except as such enforceability may be limited by applicable bankruptcy, insolvency or other similar laws which affect the enforcement of creditors' rights in general.

iii. There are no actions, claims or other proceedings or investigations pending or threatened against or involving the Buyer, which, individually or in the aggregate, will prevent the Buyer from consummating the transactions contemplated by this Agreement or affect the validity or enforceability of this Agreement.

iv. The Buyer is a limited liability company duly organised and validly existing under the laws of Iceland.

v. The FL-shares will when delivered to the Seller be free and clear of any Third Party Rights.

12. INDEMNIFICATION

12.1 Indemnifiable Losses

12.1.1 From and after the Signature Date, each Party (the "Indemnifying Party") covenants and agrees to reimburse, indemnify and hold harmless the other Party (the "Indemnified Party") subject to the restrictions set out below, from, against and in respect of any and all losses ("Losses") incurred by the Indemnified Party (whether, in case of the Buyer, directly or through the Buyer's ownership of the Group) resulting from or arising out of any breach of the Seller's Warranties or the Buyer's Warranties, as applicable, or non-fulfilment of any covenant or agreement of the Indemnifying Party under this Agreement (a "Claim").

12.1.2 Losses shall be calculated in accordance with the following principles and otherwise in accordance with applicable Danish law:

i. The effect of any tax benefit to or saving by the Indemnified Party and, in case of the Buyer, the Group Companies as well shall be deducted when calculating the Loss.

ii. The amount of any compensation or other recovery (including, without limitation, insurance proceeds) actually paid to the Indemnified Party or, in case of the Buyer, the Group Companies shall be deducted when calculating the Loss. If the Indemnifying Party has settled a Loss, and the Indemnified Party, or in case of the Buyer the Group Companies, subsequently recovers any payment or compensation with respect to such Loss, the Indemnified Party shall pay or cause to be paid to the Indemnifying Party the amount so recovered, inclusive of Interest from the date on which the Buyer or the Group Companies received such payment or compensation.

iii. The occurrence or increase of a Loss, which is the direct consequence of any change in law or accounting principles adopted subsequent to the Signing Date, shall be disregarded.

iv. The occurrence or increase of a Loss, which is the result of any act or omission taken after the Closing Date by the Indemnified Party, or in case of the Buyer by the Group Companies, or any third party for whom the Indemnified Party is responsible, shall be disregarded.

v. The Seller shall be entitled to set-off against any Loss any provision made in the Group Companies' annual reports, interim accounts or other relevant financial statements or reports disclosed to the Buyer and covering the subject matter of the Claim.

vi. Indirect and consequential Losses shall not qualify for indemnification.

vii. The amount of a Loss shall be calculated on a DKK for DKK basis without taking into consideration any multiple based on price earnings or similar ratios. Reoccurring losses shall be discounted to net present value.

viii. When calculating whether or not a Loss exceeds the thresholds in Clause 12.2.1, Losses sustained in foreign currencies shall be converted into DKK at the time when the Claim was made.

ix. To the extent that a Loss that would otherwise have been claimable against the Seller has been accounted for in favour of the Buyer when calculating the Adjustment Amount, such Loss shall be disregarded.

x. Only Losses as finally determined pursuant to Clause 16.2 or agreed between the Parties and exceeding the thresholds set out in Clause 12.2.1 shall qualify for indemnification.

12.1.3 The Indemnifying Party shall be entitled to remedy a breach and its effects within 15 Working Days after having been notified of the breach or a Claim.

12.1.4 Any payment from the Seller to the Buyer made pursuant to this Clause 12 shall be considered a reduction of the Purchase Price as reduced/increased pursuant to Clause 5.

12.1.5 The amount of any Loss shall accrue Interest from the date the claim for payment thereof was first notified in writing to the Indemnifying Party to the date on which the amount thereof is actually paid to the Indemnified Party. Such payment shall be in lieu

of any interest pursuant to the Danish Act on interest in case of overdue payment etc. (in Danish: *"Lov om rente ved forsinket betaling m.v."*).

12.1.6 Each Party is obliged to use all reasonable efforts to mitigate its Losses.

12.2 **Limitations on indemnification obligations**

12.2.1 The Buyer shall not be entitled to indemnification as a result of any single breach of the Seller's Warranties or other obligations pursuant to this Agreement (however excluding Clause 13.5), unless the Loss, as finally determined pursuant to Clause 16.2 or agreed between the Parties, arising from the Claim exceeds DKK 500,000 (DKK five hundred thousand) and then only if the aggregate amount of Losses suffered by the Buyer for all such Claims (each exceeding DKK 500,000) exceeds DKK 10,000,000 (DKK ten million), whereupon the Buyer shall be entitled to claim indemnity for the full amount of such Losses (each exceeding DKK 500,000).

12.2.2 The aggregate amount that the Seller shall be obliged to indemnify to the Buyer in respect of any and all breaches of the Seller's Warranties shall not exceed 20% of the Purchase Price as reduced/increased pursuant to Clause 5 and the Seller shall not have any liability towards the Buyer under this Agreement in excess of such amount.

12.3 **Time limitations**

12.3.1 With regard to the Seller's Warranties and the Buyer's Warranties, neither of the Parties shall be entitled to indemnification from the other Party unless the Indemnified Party has notified the Indemnifying Party of the Claim in accordance with Clause 12.3.2 prior to the date which is 16 (sixteen) months after the Closing Date.

12.3.2 The Indemnified Party shall notify the Indemnifying Party as soon as reasonable possible of any events or circumstances which it discovers or of which it receives notice after the Closing Date and which have given or may give rise to a Claim, stating the nature of such events or circumstances and (to the extent known) the amount of the Loss or possible Loss.

12.4 **Exclusion of limitations**

12.4.1 The limitations of liability of the Seller set out in Clauses 12.2 and 12.3 shall not apply to claims for breach of the Seller's Warranties arising out of or as a result of fraud or

wilful misrepresentation on the part of the Seller, nor to claims for breach of the Seller's Warranties in Clauses 10.3.1 and 10.3.2 (authority, title, etc.).

12.5 **Third party claims**

12.5.1 In case of any claim or suit by a third party or by any governmental body, or any legal, administrative or arbitration proceedings, in each case which may give rise to a Claim by the Buyer against the Seller, the Seller shall be entitled, at its own risk and expense, to participate in good faith in the defence or negotiation thereof, and, to the extent that the Seller accepts its liability to indemnify the Buyer subject to the limitations set out in this Agreement, to assume and control the defence and/or negotiation thereof with legal counsel reasonably satisfactory to the Buyer.

12.5.2 The Buyer shall – and shall cause the Group Companies – to take all actions reasonably necessary to ensure the proper and adequate defence of any such claim, suit or proceeding and the Buyer, the Group Companies and the Seller shall cooperate in such defence.

12.5.3 The Buyer shall not – and shall cause the Group Companies not to – enter into any settlement of any claim which might give rise to liability of the Seller under its indemnification obligations contained in this Clause 12 without the prior written consent of the Seller, such consent not to be unreasonably withheld.

12.5.4 In case the Seller has not been given the opportunity to participate in the settlement of a third party claim, then the Seller shall be entitled to object against such claim from the Buyer only if, and to the extent that the Buyer demonstrates that the Seller's position has not been prejudiced by the way the Buyer and/or the Group has handled and/or settled the third party claim in question.

12.6 **Remedies**

The remedies provided for in Clause 12 shall be the exclusive remedies of the Indemnified Party with respect to any and all breaches of any representation or warranty or covenant made or undertaken by the Indemnifying Party in this Agreement. In particular, the Buyer hereby renounces any right that the Buyer may have, or subsequently acquire following Closing to terminate or otherwise rescind this Agreement or to claim a proportional reduction of the Purchase Price reduced, if relevant, by the Adjustment Amount (in Danish: "*forholdsmæssigt afslag*").

13. ADDITIONAL COVENANTS

13.1 The Buyer's obligation to indemnify and hold harmless the Seller

13.1.1 Certain of the Seller's rights and obligations pursuant to the Maersk Agreement, Schedule 13.1.1.a, have been transferred to the Company by way of the Business Transfer Agreement, Schedule 13.1.1.b. The Buyer hereby accepts to indemnify and hold the Seller harmless from and against any and all liabilities, obligations, claims and costs relating to the Company's non-fulfilment after Closing of the transferred obligations regardless of the reason therefore, including, but not limited to any and all liabilities, obligations, claims and costs relating to the guarantee in the amount of DKK 50,000,000 and the obligation to indemnify Maersk Air A/S in respect of the statutory de-merger liability as it relates to Flyselskabet, cf. Clauses 14.3 and 14.1 of the Maersk agreement, respectively. The Seller undertakes to procure that the Seller's obligations under the Maersk Agreement will not be breached before Closing.

13.1.2 For the purpose of the covenant set forth in Clause 13.1.1 the Seller hereby declares that the following obligations under the Maersk Agreement have either been waived, amended or fulfilled as set out below:

(i) The purchase price for the shares in Flyselskabet has been paid, and no agreed adjustments are due, cf. the Maersk Agreement's Clause 3.

(ii) All the Seller's conditions precedent, cf. the Maersk Agreement's Clause 6.1, have been waived or fulfilled to the Seller's satisfaction, however,

1. the TP-leases, cf. Schedule 13.1.2, have been entered into with the Company as sub-lessee, except for the lease of MRC (28006) where the Company has become lessee, cf. the Maersk Agreement's Clause 6.1(e) and 6.2(g).
2. The MA-leases, cf. Schedule 13.1.2, except for the DBA-lease (the DBA-lease as defined in the Maersk Agreement) have been entered into with the Company as lessee, cf. the Maersk Agreement's Clause 6.1(f) and 6.2(f).
3. The share purchase agreement for AS Maersk Air Services Estonia, cf. Clause 6.1 (i) of the Maersk Agreement will be entered into with the Company instead of Flyselskabet post closing of the Maersk Agreement.
4. Transitional service agreements and other service agreements, cf. the Maersk Agreement's Clauses 6.1(j) and 6.2(d), have been entered into with the Company as party instead of Flyselskabet (i.e. Newco as defined in the Maersk Agreement), cf. the Maersk Agreement's Clause 6.1(j).

5. The guarantees, letters of credit, indemnities etc., cf. the Maersk Agreement's Clause 6.2(b), have been replaced by guarantees issued by Danske Bank A/S on behalf of the Company against a security deposit of DKK 9,775,000.

(iii) The pro-rate adjustment of rent etc., cf. the Maersk Agreement's Clause 7.3(j), such as amended to include a pro-rate adjustment relating to the TP-leases and certain other pro-rate adjustments, shall be paid by or to the Company. The pro-rate statements have not yet been finalized.

(iv) The DBA-lease (as defined in the Maersk Agreement) has been prolonged and the aircraft shall consequently not be taken over by the Company, cf. the Maersk Agreement's Clause 11.4.

13.1.3 In addition to the aircraft leased in Schedule 13.1.2, the Company is also lessee/owner of the aircraft listed in Schedule 13.1.3.

13.2 **Operations pending Closing**

13.2.1 Pending Closing, except as may be expressly provided for in this Agreement, the Seller shall procure that the business of the Group is conducted in the ordinary course so as to maintain the said companies as a going concern. The Seller and the Group Companies shall, however, be entitled to do and perform all such acts as in the reasonable opinion of the Seller are required to implement (i) the Maersk Agreement as amended and supplemented as disclosed in the Due Diligence Documentation, (ii) the Business Transfer Agreement, (iii) this Agreement, (iv) the sale of belly capacity, and (v) prolongation or replacement of the Pembroke leases. Furthermore, the Company shall be entitled to sell or sell and lease back components, spare parts and inventories.

Pending Closing, the Seller shall cause the Company to use commercially reasonable efforts to implement in all material respects the parts of the Restructuring Plan that pursuant to the Restructuring Plan are planned to be implemented in 2005, including, but not limited to reducing the number of employees employed by the Group, and the Business Plan. To the extent legally permissible, the Seller shall cause the Company to consult the Parties as regards the implementation of the material elements of the Restructuring Plan and in case of any material deviation from the Restructuring Plan.

13.2.2 Pending Closing, the Seller undertakes to use reasonable endeavours to obtain letters of quiet enjoyment from the relevant lessors of the aircraft and from the lenders which have financed the aircraft and which have a mortgage registered against the aircraft leased by the Company in the Danish Register of Rights over Aircraft. The Buyer ac-

knowledges that the Group Companies do not have any contractual rights to obtain such letters and therefore the Seller has no obligation to ensure letters of quiet enjoyment.

13.2.3 The Seller undertakes to use reasonable endeavours to ensure that the terms of the letter agreement dated 13 September 2005 between the Company, the Seller and various Maersk companies are carried through, including the inspections of the MA and TP aircraft and the aircraft documents.

13.3 **Operations until 31 December 2006**

13.3.1 During the period from 1 January 2006 up to and including 31 December 2006, the Buyer undertakes to procure that the Group Companies carry on their businesses as a going concern and in accordance with good business practice. Generally the Buyer shall procure that the Group Companies conduct their business with a view to optimise the business, including but not limited to the EBITDA 2006. The Group Companies may not sell or otherwise dispose of any material business or material assets or establish any subsidiaries. If the Group Companies directly or indirectly initiate new activities or dispose of assets material to the Company or make decisions materially jeopardising the business, including EBITDA 2006, the negative effect on EBITDA 2006 shall be adjusted in respect of Clause 5.3. The Group Companies may not be merged, de-merged or liquidated or anything similar prior to 1 January 2007 unless otherwise agreed by the Parties.

13.3.2 The Buyer undertakes to procure that during the period up to and including 31 December 2006 all Inter Company Transactions are carried out at arms length terms and that no payments are made to the shareholders of the Group other than for services/goods rendered/delivered in the ordinary course of business and on arms length terms or to any third party other than for full value, however never less than book value, and on arms length terms.

13.3.3 This Clause 13.3 shall not apply if the Buyer or the Seller has waived the payment of the Adjustment Amount pursuant to Clause 5.3.2.

13.4 **Chairman, CEO and auditor of the Group Companies**

For the period up to and including at least 31 March 2007, the Buyer and the Seller mutually undertake to procure that (i) Palmi Haraldsson will continue as chairman of the board of directors of the Group Companies, and (ii) Almar Örn Hilmarsson will continue

as CEO of the Group Companies. If Palmi Haraldsson is not elected chairman or removed as chairman in the period until 31 March 2007, or if Almar Örn Hilmarsson's employment is terminated or Almar Örn Hilmarsson is otherwise relieved of his responsibilities as CEO, the Buyer shall not be entitled to any Adjustment Amount pursuant to Clause 5.3.1. Palmi Haraldsson may however be removed as chairman without any consequences for the Buyer's right to any Adjustment Amount, if the Company does not perform substantially in accordance with the Restructuring Plan and the Business Plan or in case of material breach of his obligations as chairman or if he has acted illegally or disloyally in respect of the Group. Likewise, Almar Örn Hilmarsson's employment as CEO may be terminated without any consequences for the Buyer's right to any Adjustment Amount, if the Company does not perform substantially in accordance with the Restructuring Plan and the Business Plan or in case of material breach of his obligations or in case of illegally or disloyally behaviour in respect of the Group.

The Buyer further undertakes to procure that Deloitte State Authorised Accounting Company will continue as the Group's auditor until the Final Closing Statement has been prepared and delivered to the Buyer as set out in Clause 6.2.1. The Buyer shall be entitled to appoint two auditors in the period from Closing and until the Final Closing Statement has been prepared and delivered to the Buyer.

13.5 **Restrictive covenant**

13.5.1 After the Closing Date, the Seller's group, and Pálmi Haraldsson and Jóhannes Kristinsson who adhere to this Agreement, undertake not directly or indirectly to do any of the following:

For a period of three (3) years from the Closing Date to be engaged or economically interested in any capacity whatsoever in any business which competes with the business of the Group Companies as conducted at the Closing Date within the EEA-area. For the avoidance of doubt, investments in Iceland Express, FlyMe AB, Sweden, and GSSF Ltd., UK, as well as financial investments of less than 10% of the share capital in any company shall not be considered a breach of this obligation, provided however, that the investments in Iceland Express must be disposed of before 30 June 2006 or earlier if required by the Icelandic Competition Authority.

For a period of two (2) years from the Closing Date to solicit or engage any employee of the Company as at the Closing Date (excluding Almar Örn Hilmarsson), except for those employees who respond to a public advertisement for employment; such exemption not to apply with respect to the Key Employees.

13.5.2 The Seller agrees that in the event of breach of the non-competition clause/non-solicitation clause, the Seller shall be obliged to pay to the Buyer liquidated damages of DKK 15 million for each breach of the non-competition clause and DKK 2 million for each breach of the non-solicitation clause. In case of sustained breaches, each month a breach persists shall be considered a separate breach. In addition, the Buyer shall be entitled to injunctive relief.

13.5.3 If the Buyer finds that the Seller does not comply with this Clause 13.5, the Buyer shall promptly send a written notice thereof to the Seller. The notice must set forth the facts that have caused the alleged non-compliance with Clause 15.4. Only if the Seller has not complied with Clause 13.5 and rectified any breach of Clause 13.5 within twenty (20) Business Days after the receipt of the notice, shall the Buyer be entitled to liquidated damages and such other relief as set out in Clause 13.5.

14. LOCK-UP

14.1 The Seller undertakes not to transfer, without the written consent of the Buyer, any of the FL-shares prior to 31 March 2007, without prejudice to the pledge for the benefit of the Buyer in accordance with the Share Pledge Agreement set out in Schedule 5.3.5. The Seller may, however, subject to the Buyer's pledge over the FL-shares and the lock-up period, pledge, mortgage or hypothecate the FL-shares. In order to ensure that the Seller's undertaking under this Clause 14.1 is observed, the FL-shares shall be (i) held on a VS Account subject to the terms of a VS Account Agreement in the form set out in Schedule 9.2.5 to be executed between the Seller and an account operator and (ii) marked to this effect for the benefit of the Buyer until 31 March 2007.

15. MISCELLANEOUS

15.1 Expenses

15.1.1 The fees and expenses to Deloitte State Authorised Accounting Company, PricewaterhouseCoopers, FIH Erhvervsbank A/S, Bech-Bruun, Logos and Kromann Reumert incurred by the Parties in connection with the negotiation, delivery and performance of this Agreement shall be divided equally (50/50) between the Parties. An estimate of such fees and expenses is attached as Schedule 15.1.1. For the avoidance of doubt, the said principle shall not apply to any fees and expenses relating to the Independent Accountant or to fees and expenses relating to the procedure before the Independent Ac-

13.5.2 The Seller agrees that in the event of breach of the non-competition clause/non-solicitation clause, the Seller shall be obliged to pay to the Buyer liquidated damages of DKK 15 million for each breach of the non-competition clause and DKK 2 million for each breach of the non-solicitation clause. In case of sustained breaches, each month a breach persists shall be considered a separate breach. In addition, the Buyer shall be entitled to injunctive relief.

13.5.3 If the Buyer finds that the Seller does not comply with this Clause 13.5, the Buyer shall promptly send a written notice thereof to the Seller. The notice must set forth the facts that have caused the alleged non-compliance with Clause 15.4. Only if the Seller has not complied with Clause 13.5 and rectified any breach of Clause 13.5 within twenty (20) Business Days after the receipt of the notice, shall the Buyer be entitled to liquidated damages and such other relief as set out in Clause 13.5.

14. LOCK-UP

14.1 The Seller undertakes not to transfer, without the written consent of the Buyer, any of the FL-shares prior to 31 March 2007, without prejudice to the pledge for the benefit of the Buyer in accordance with the Share Pledge Agreement set out in Schedule 5.3.5. The Seller may, however, subject to the Buyer's pledge over the FL-shares and the lock-up period, pledge, mortgage or hypothecate the FL-shares. In order to ensure that the Seller's undertaking under this Clause 14.1 is observed, the FL-shares shall be (i) held on a VS Account subject to the terms of a VS Account Agreement in the form set out in Schedule 9.2.5 to be executed between the Seller and an account operator and (ii) marked to this effect for the benefit of the Buyer until 31 March 2007.

15. MISCELLANEOUS

15.1 Expenses

15.1.1 The fees and expenses to Deloitte State Authorised Accounting Company, PricewaterhouseCoopers, FIH Erhvervsbank A/S, Bech-Bruun, Logos and Kromann Reumert incurred by the Parties in connection with the negotiation, delivery and performance of this Agreement shall be divided equally (50/50) between the Parties. An estimate of such fees and expenses is attached as Schedule 15.1.1. For the avoidance of doubt, the said principle shall not apply to any fees and expenses relating to the Independent Accountant or to fees and expenses relating to the procedure before the Independent Ac-

countant in case the Closing Statement is disputed, nor to any arbitration procedure pursuant to Clause 16.2.

15.1.2 Within 45 days of the Closing Date each Party shall prepare and deliver to the other Party an overview of the fees and expenses charged by its own advisors and, at the request of the other Party, copies of the underlying invoices. The amount payable by the relevant Party shall be settled no later than 5 (five) Working Days after said overviews have been exchanged between the Parties. To the extent relevant, the said procedure shall be repeated at the beginning of each calendar quarter, for the first time on 1 April 2006.

15.2 Publicity

15.2.1 The Parties have jointly prepared a press release and information to the employees of the Group and AS Maersk Air Services Estonia, and the Buyer has made a disclosure statement to Icelandic Stock Exchange, all as attached hereto as Schedule 15.2.1. No other public announcement concerning this Agreement or its contents shall be made by either of the Parties unless with the prior written consent of the other Party or as may be required by law or stock exchange regulations.

15.2.2 The Parties shall keep the contents of this Agreement confidential from unrelated third parties, except as disclosure thereof may be required by law or by applicable stock exchange rules; in which case the Parties agree to consult with each other prior to making any disclosure to the extent legally permissible. This Clause 15.2.2 shall survive any termination of this Agreement regardless of the reason for such termination.

15.3 Amendments and waivers

This Agreement may be amended and the terms hereof may be waived only by written instrument signed by the Parties or in the case of a waiver, by the Party waiving its rights under this Agreement.

15.4 Notices

All notices and other communications between the Parties concerning this Agreement and/or matters contemplated hereby shall be sent by registered letter with return receipt or by fax to be confirmed by ordinary letter within 24 hours after transmission to the following addresses and fax numbers or such other address or fax number as may be notified by one Party to the other in accordance with this Clause 15.4:

To the Seller:

Fons Eignarhaldsfelag hf.
Attn.: Palmi Haraldsson
Sudurgata 22
101 Reykjavik
Iceland
Fax: +354-5942409

With a copy to:

Kromann Reumert
Attn.: Marianne Philip
Sundkrogsgade 5
DK-2100 Copenhagen OE
Fax: +45 70 12 13 11

To the Buyer:

FL Group hf
Attn.: Hannes Smárason
Reykjavik City Airport
101 Reykjavik
Iceland
Fax: +354 50 50 389

With a copy to:

Bech-Bruun
Attn.: 033085-0001/sme/mre
Langelinie Allé 35
DK-2100 Copenhagen OE
Fax: +72 27 00 27

And

Logos
Attn. Gunnar Sturluson
Efstaleiti 5
IS-103 Reykjavik
Iceland
Fax: +354 5 400 301

Notices shall be deemed to have been made on the date of the receipt thereof by the recipient as indicated on the return receipt or the transmission report, as applicable.

15.5 **Assignment**

This Agreement or any rights and obligations under this Agreement or any part thereof are not assignable by either of the Parties. However, the Buyer shall be entitled to assign any rights and obligations under this Agreement or any part thereof to a company within the Buyer's group, provided the Buyer guarantees the fulfilment of all the Buyer's obligations pursuant to this Agreement.

15.6 **Confidentiality**

15.6.1 Information acquired by each Party regarding the other or regarding the Group Companies in connection with the negotiation, entering into, and performance of this Agreement shall be considered to be confidential information, which each Party, without limit of time, shall not disclose to any third parties except:

ii. With the prior written consent of the other Party.

iii. As may be required by law, applicable accounting or stock exchange regulations or order of a court of competent jurisdiction.

iv. To its auditors, legal counsel and other advisors who are required by law or written agreement to maintain the confidentiality of such information.

15.6.2 Disclosures being made pursuant to ii) above shall not be made without – as far as possible and legally permissible – prior notice to and consultation with the other Party.

15.6.3 The above confidentiality obligations shall not apply to information which (1) was available to the general public at the time of its first disclosure by one Party to the other, (2) becomes available to the general public other than as a result of any non-compliance with this Clause 15.6, (3) is provided to the receiving Party by a third party who is lawfully in possession of such information and who has a lawful right to disclose it free of confidentiality obligations, (4) was in the possession of the receiving Party free of any confidentiality obligation prior to its disclosure to such Part by the other Party, or (5) was independently developed by the receiving Party.

15.6.4 This Clause 15.6 shall apply in addition to the obligations of the Parties contained in the confidentiality agreement between them dated 5 September 2005 attached hereto as Schedule 15.6.4.

15.6.5 Each Party shall cause its respective employees, agents and representatives not to disclose to any third party or to use or exploit for any purpose whatsoever any such information, which the Party itself is prohibited from disclosing or using pursuant to this Clause 15.6.

15.6.6 This Clause 15.6 shall survive any termination of this Agreement, regardless of the reason therefore.

15.7 **Severability of provisions**

15.7.1 The provisions of this Agreement are independent and separable from each other and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other provision may be invalid or unenforceable in whole or in part.

15.7.2 If one or more of the provisions of this Agreement are held to be contrary to the laws of the Kingdom of Denmark or the laws of any other competent jurisdiction, the Parties agree that the offending provision(s) shall be amended in such a way as may be necessary in order that they should not be contrary to such laws and in a manner which maintains the contents of such clauses as closely as possible to the contents thereof originally intended by the Parties.

15.8 **Interpretation**

The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event of any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favouring or disfavouring any Party by virtue of the authorship of any of the provisions of this Agreement.

16. **GOVERNING LAW AND ARBITRATION**

16.1 **Governing Law**

All matters arising out of or relating to this Agreement shall be governed by and construed in accordance with the laws of the Kingdom of Denmark.

16.2 **Arbitration**

16.2.1 With the exception of any dispute to be finally resolved by the Independent Accountant, any dispute arising out of or relating to this Agreement or the transactions contemplated hereby shall be finally settled by the Danish Court of Arbitration in accordance with the Rules of Procedure of the Danish Institute of Arbitration (Danish Arbitration).

16.2.2 The Court of Arbitration shall allocate liability for the full costs incurred by both Parties in respect of reasonable attorney's fee and the Court of Arbitration in the proportions the Court shall deem to be fair and reasonable.

16.2.3 The language of the proceedings shall be English.

16.2.4 Clause 16 shall not preclude either Party from initiating legal proceedings concerning injunctions before the ordinary courts with a view to enforcing Clause 15.6 hereof.

17. **COUNTERPARTS**

This Agreement has been executed simultaneously in 2 counterparts, each of which shall be deemed an original.

---oo0oo---

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly signed and executed, on 23 October 2005.

FL Group hf.:

By:

Fons Eignarhaldsfelag hf.:

By:

With respect to Clause 13.5.1:

Pálmi Haraldsson:

Jóhannes Kristinsson:

By:

By:

170767-4119

KB BANKI

FL GROUP HF
REYKJAVÍKURFLUGVELLI
101 REYKJAVÍK

Reykjavík, 09.01.2006

Tilvísun okkar: CT0000002706
Tilvísun viðskiptamanns:

SKULDFÆRSLA / AFRIT VIÐSKIPTAMANNS

Viðtakandi greiðslu: KAUPTHING BANK LUXEMBOURG SA
LUXEMBOURG
LUXEMBOURG

Reikningsnúmer: DK3208800003900745
Banki viðtakanda: HANDELSBANKEN
COPENHAGEN
DENMARK

Samkvæmt fyrirmælum höfum við sent SWIFT greiðslu:

Upphæð: DKK 1,100,000,000.00

Kostnaður:
Símgreiðsla DKK 76.26
Erlendur bankakostnaður DKK 81.34
Kostnaður samtals: DKK 157.60

Meðhöndlun greiðslu:
Fært samkvæmt fyrirmælum

Ú/I	Dags.	Reikningsnr.	Upphæð		Gengi	Jafnvirði		Kostnað	Samtals
Út	09.01	035838480012	DKK	1,100,000,000.00	1	DKK	1,100,000,000.00	157.60	1,100,000,157.60

Virðingarfyllst,
Kaupþing banki hf.

Kaupþing banki hf.
Höfuðstöðvar
Borgartúni 19, 105 Reykjavík
Sími 444 6000
Kt. 560882-0419

63

KAUPHÖLL ÍSLANDS
Iceland Stock Exchange

[redacted]

Markaðsfréttir
Útgefendur
Fréttaflokkar
Leit
Vefur Kauphallar
English version

Fyrirtækjalisti | Nýjustu fréttir | Fréttir á ákveðnum degi | Fréttir frá tímabili

FL

FL GROUP - Stjórn nýtir heimild til að hækka hlutafé

Flokkur: Fyrirtækjafréttir

Samþykktir FL GROUP 26 jan 2006.doc

FL GROUP - Articles of Association.doc

20.1.

Stjórn FL Group hf. nýtti hinn 26. janúar 2006 heimild samkvæmt 4. gr. samþykkta c lið til að h
295.735.295 að nafnverði. Nafnverð hlutafjár í FL Group hf. eftir hækkunina verður kr. 6.141.0
samþykktum félagsins verið breytt í samræmi við ákvörðunina.

29.413

Til baka

K - 8110

aengid 13,6 ??

O - Sterling. ← 4.022.000.012.- (10,055)

K - 8120 → 3.726.264.717.-

Fax no. +45 70 12 13 11
Kromann Reumert Law Firm
Attn.: Mr Rune Kirkeby
Sundkrogsgade 5
DK-2100 Copenhagen

Fax no. +45 72 27 00 27
Bech-Bruun Law Firm
Attn.: Ms Monica Reib
Langelinie Allé 35
DK-2100 Copenhagen

CONFIRMATION

Kaupthing Bank Luxembourg S.A. hereby confirms that an amount of DKK 1,100,000,000.00 has been irrevocably and unconditionally received on its account with Svenska Handelsbanken, account IBAN number: DK32 0880 0003 9007 45, SWIFT: KAUP LU LL.

The amount will be held in escrow pursuant to the Escrow Agreement of 5 January 2006 between the Seller and the Buyer as defined in the Amendment dated 5 January 2006 to the Share Sale and Purchase Agreement between Fons Eignarhaldsfélag hf., ID. No. 700394-3799, Suðurgata 22, 101 Reykjavík, Iceland and FL Group hf., ID. No. 601273-0129, Reykjavik City Airport, Iceland, signed on 23 October 2005 relating to the shares of Sterling Airways A/S, Flyselskabet af 15. juli 2005 A/S and Sterling Icelandic ApS..

*****

Luxembourg, 9 January 2006

On behalf of Kaupthing Bank Luxembourg S.A.:

KAUPTHING BANK LUXEMBOURG S.A.
as Escrow Agent

_____
Signature:
Name:
Title:

_____
Signature:
Name:
Title:

G 760

Dated January 30 2006

SHARE PLEDGE AGREEMENT

Between

Fons eignarhaldsfélag hf.

(hereinafter referred to as the "**Pledgor**")

and

FL Group hf.

(hereinafter referred to as the "**Pledgee**")

This Agreement is made on the 30 day of January 2006

between:

(1) FL Group hf. a public limited company organised and existing under the laws of Iceland (the "**Pledgee**")

and

(2) **Fons eignarhaldsfélag hf.**, a public limited company organised and existing under the laws of Iceland ("**Pledgor**")

WHEREAS, the Pledgee and Pledgor entered into a Sales and Purchase Agreement on October 23 2005 (the "**Sales and Purchase Agreement**") where the Pledgee, as Buyer, purchases the Shares, and the Pledgor, as Seller, sells the same;

WHEREAS, the Pledgor as a part of the payment of the Purchase Price, receives 295.735.295 shares (the "**FL-shares**") of the capital stock in Pledgee, the shares of which are listed on the Icelandic Stock Exchange and publicly traded; and

WHEREAS, the Pledgor has agreed to establish, perfect, and protect in favour of the Pledgee, a pledge over the FL-shares (the "**Share Pledge**"), as security for the Pledgor's payment of the Adjustment Amount;

It is agreed as follows:

Article 1 - Definitions

Defined terms used but not defined herein shall have the same meaning as in the Sales and Purchase Agreement.

Article 2 - Secured Liabilities

The Share Pledge under this Agreement shall secure payment of the Adjustment Amount and any adjustment of the Cash Consideration due, if any, to the Pledgee under the Sales and Purchase Agreement, cf. the Sales and Purchase Agreement's Clause 5.

The Share Pledge under this Agreement may only be enforced following a default in payment of the Adjustment Amount or any adjustment of the Cash Consideration under the Sales and Purchase Agreement by the Pledgor (i.e. such default only to occur upon non-payment of an Adjustment Amount due to the Pledgee or non-payment of the adjustment of the Cash Consideration due to the Pledgee after the Parties' have agreed on such amounts or after non-payment of such amounts to the Pledgee after such amounts have been decided by the Independent Accountant or arbitration tribunal in favour of the Pledgee as set out in the Sales and Purchase Agreement's Clauses 6, 7 and 16).

Article 3 - Establishment of Share Pledge

The Pledgor hereby irrevocably and unconditionally establishes and creates, in favour of the Pledgee a Share Pledge over the FL-shares.

Article 4 - Filing

The Share Pledge is hereby notified to the Pledgee and the Pledgee hereby acknowledges the receipt of such notification and the recording of the Share Pledge in the Pledgee's Share Register.

The FL-shares are held on a VS Account subject to the terms of a VS Account Agreement in the form set out in Schedule 9.2.5 to the Sales and Purchase Agreement. The Share Pledge shall be marked on the VS Account.

Article 5 - First Ranking Share Pledge

1. The Pledgor represents and warrants that all shares being pledged under this Agreement have not been pledged or otherwise encumbered prior to establishment of the Share Pledge under this Agreement.

2. Should any share have been pledged or otherwise encumbered prior to the date of this Agreement, the Pledgor shall promptly satisfy the creditors whose claims are secured by such pledge or encumbrance and immediately have such pledge or encumbrance cancelled.

3. The Pledgor shall be entitled to, subject to the Pledgee's first priority pledge, to grant secondary pledges, mortgages or similar in the FL-shares or any proceeds from the sale thereof, cf. Article 6. These secondary pledges, mortgages or similar must be subject to the same lock up period as applies to Pledgor pursuant to the Sales and Purchase Agreement's Clause 14.1 and can not be enforced before 31 March 2007.

Article 6 - Dividends and Distributions and Sale of the FL-shares

Provided that no default of payment of the Adjustment Amount or any adjustment of the Cash Consideration, cf. Article 2, has occurred and is continuing, the Pledgor shall have the right to receive cash dividends or other cash distribution on the pledged shares and to exercise its rights to vote in respect thereof. Such dividends and distributions shall be paid to the Pledgor and not be pledged pursuant to this Agreement.

After 31 March 2007 the Pledgor shall be entitled to sell the FL-shares or part thereof and, if the Share Pledge has not been released prior thereto, any proceeds shall be deposited into a bank account pledged in favour of the Pledgee subject to the terms of this pledge.

Article 7 - Enforcement

Upon a default of the Pledgor, cf. Article 2, the Pledgor shall execute such documents as may be reasonably required by the Pledgee upon the Pledgee's exercise of this Share Pledge, including delivering of a signed Share Transfer Certificate in respect of the FL-shares.

When the Share Pledge becomes enforceable upon a default in accordance with Article 2, the Pledgor shall cease to be authorised to exercise and enforce any rights as a shareholder of the Pledgee pursuant to the FL-shares and the Pledgee shall alone be entitled to exercise and enforce the FL-shares, including voting rights and the right to receive dividends or other cash distributions. Thus the Pledgor expressly consents and authorises the Pledgee upon the occurrence of a default, cf. Article 2, to do any of the following:

- Execute the Share Transfer Certificate, the form of which is set forth in Annex 1 hereto and notify the Pledgee's Share Register of such transfer of ownership to the FL-shares; or

- have the FL-shares sold directly at a distress sale for the recovery of the outstanding facilities or any portion thereof in accordance with the provisions of

the Distress Sales Act, No. 90/1991, without a prior court judgment, settlement or enforcement measure; or

- have the FL-shares sold at a private sale on market terms.

Article 8 - Release of Share Pledge

Upon delivery of the Accounts 2006, the Pledgee shall promptly undertake any actions and execute any documents in order to release the pledged shares, except as regards FL-shares at a market value, calculated as of the day of delivery of the Accounts 2006, equal to the Adjustment Amount in the Pledgee's favour, if any, and any unpaid and due adjustment of the Cash Consideration in the Pledgee's favour, plus 10%.

Upon the occurrence of either of the following events, the Pledgee shall promptly undertake any actions and execute any documents in order to release the remaining pledged shares and cancel the Share Pledge:

- Full payment of the Adjustment Amount and any adjustment of the Cash Consideration, or

- the Pledgee has waived its rights and obligations in respect of the Adjustment Amount, cf. the Sales and Purchase Agreement's Clause 5.3.2, provided the Pledgor is not in default of payment of any adjustment of the Cash Consideration, or

- the Pledgor has waived it right and obligations in respect of the Adjustment Amount, cf. the Sales and Purchase Agreement's Clause 5.3.3, provided the Pledgor is not in default of payment of any adjustment of the Cash Consideration, or

- the Pledgee has lost its right to any Adjustment Amount pursuant to the Sales and Purchase Agreement's Clause 13.4, provided the Pledgor is not in default of payment of any adjustment of the Cash Consideration.

Article 9 - Severability

If any provision of this Agreement is or becomes invalid or unenforceable under the applicable law, such provision shall not affect the validity or enforceability of any other provision of this Agreement. The parties acting in good faith shall agree upon the amendment of such invalid or unenforceable provision in order to achieve similar economic effect of such provision, acceptable to the Pledgee.

Article 10 - Expenses

All costs connected with the creation, perfection or release of the Share Pledge shall be divided equally (50/50) between the Parties.

Article 11 - Further Assurances

The Pledgor, and if necessary according to Iceland law the Pledgee, shall execute, deliver, and perform all such assurances, acts, and things as the Pledgee may reasonably require for perfecting or protecting the Share Pledge created hereby over the shares or any part thereof or for facilitating the execution of the Share Pledge or any part thereof and exercise of all powers, authorities and discretion vested in the Pledgee and/or of the Share Pledge or any part thereof or in any delegate or sub-delegate to that intent, the Pledgor shall in particular execute all transfers, conveyances, assignments, and assurances of such property whether to the Pledgee or to their nominees and give all notices, orders, and directions and make all registrations which the Pledgee may think expedient.

Article 13 - Assignment

The Pledgor may not assign and transfer its respective rights and obligations under this Agreement to a third party except with the prior written consent of the Pledgee.

Article 14 - Notices

All notices hereunder shall be in writing and shall be deemed to have been duly given to either party upon delivery by hand or by airmail, fax or e-mail to such party and if mailed shall be deemed to have been served 7 days after its date of posting. A notice served by fax or e-mail shall be confirmed by letter as soon as practicable. Addresses for service shall be as set out below or as otherwise specified by a party from time to time in writing to the other:

For the Pledgor:	Fons Eignarhaldsfélag hf. Attn.: Palmi Haraldsson Sudurgötu 22 IS-101 Reykjavik Iceland Fax: +354-5942409
For the Pledgee	FL Group hf. Attn: Sveinbjörn Indriðason CFO Reykjavik Airport IS-105 Reykjavik Iceland Fax: +354-5050389

Article 15 - Governing Law and Jurisdiction

This Agreement shall be governed by and construed in accordance with Icelandic law.

The parties agree that the District Court of Reykjavik, Iceland (*Héraðsdómur Reykjavíkur*) shall have exclusive jurisdiction to hear any suit, action or proceeding which may arise solely in connection with this Agreement and, for such purposes, irrevocably submit to the jurisdiction of such court, provided however, that disputes arising out of the Sales and Purchase Agreement, hereunder whether the Pledgor is in default of any obligations under the Sales and Purchase Agreement, including payment of any Adjustment Amount or payment of any adjustment of the Cash Consideration, shall be subject to the dispute resolution, governing law and jurisdiction provisions of the Sales and Purchase Agreement.

*****

Signature page follows:

The Pledgee and the Pledgor have signed this Agreement in two copies, one for each party, and each copy shall be deemed an original as of the first day written below.

Date:	Date:
The Pledgor	the Pledgee
Fons eignarhaldsfélag hf.	**FL Group hf.**
	Svein Þ. Hr. CFO
Witness:	Witness:
240456-3039	Ólafur Ari Jónsson hdl.
120661-4489	

GT 768

VS Account Agreement

This agreement is entered into by and between:

1. **Fons Eignarhaldsfelag hf.**, a public limited company incorporated under Icelandic law, registered under number 700394-3799 and having its registered office at Suðurgata 22, 101 Reykjavik, Iceland;

   represented by Pálmi Haraldsson
   E-mail: palmi@fons.is
   Mobile: 6922222;

   and

   Einar Þór Sverrisson
   E-mail: einar@law.is
   Mobile: 6934100;

   hereinafter referred to as the "**Fons**";

and

2. Kaupthing Bank hf., a public limited company incorporated under Icelandic law, registered under number 560882-0419 and having its registered office at Borgartún 19, 105 Reykjavik, Iceland a company or institution authorised to be an intermediary for the electronic registration of securities under article 2 of the Icelandic Act 131/1997 on electronic registration of title to securities;

   represented by Hrefna Hrólfsdóttir,
   E-mail: hrefnah@kbbanki.is
   Mobile: 856-6807;

   hereinafter referred to as the "**Account Operator**".

WHEREAS

A. This Agreement is entered into in the framework of the issuance of 295.735.295 shares in the capital of FL Group hf., a public limited company registered under number 601273-0129, having its registered office at Reykjavik Airport, 101 Reykjavik, Iceland, ("**FL Group**") (the "**FL-shares**") to be fully subscribed by Fons as a part of the purchase price for shares in Sterling Airlines A/S under a Share Sale and Purchase Agreement of 23 October 2005 between Fons as Seller and FL Group as Buyer.

B. The Share Sale and Purchase Agreement:

   - Prohibits Fons to transfer, without the written consent of FL Group, any of the FL-shares prior to 31 March 2007.

- Grants FL Group a first priority pledge in the FL-shares. Fons may, however, (I) subject to FL Group's pledge over the FL-shares and the lock-up period pertaining thereto, grant a second priority pledge, mortgage or hypothecate in the FL-shares, cf. also the Share Pledge Agreement of 30 January 2006 between Fons and FL Group (the "**Share Pledge Agreement**"); and (II) after 31 March 2007 sell the FL-shares or part thereof provided that, if FL Group's pledge over the FL-shares has not been released prior thereto, any proceeds shall be deposited into a bank account pledged in favour of FL Group as security under the Share Pledge Agreement; and

- Provides, in order to insure that the prohibition above is observed, that the FL-shares shall be (i) held on a VS Account subject to the terms of this VS Account Agreement executed between the Seller and an account operator and (ii) marked to this effect for the benefit of FL Group until 31 March 2007.

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS

1. The FL-shares issued pursuant to the Share Sale and Purchase Agreement for the benefit of Fons will be in the custody of the Account Operator which obliges itself towards Fons and FL Group to register the FL-shares in VS Account number 465111 in the name of Fons with Kaupthing Bank hf., on terms as set out in the Share Pledge Agreement.

2. By signing this Agreement the Account Operator irrevocably undertakes to Fons and FL Group;

   a. not to register prior to 31 March 2007 without the written consent of FL Group any transfer over the FL-shares;
   b. not to register without the written consent of FL Group any mortgage, pledge, hypothecation or similar over the FL-shares which is not fully subjected to FL Group's first priority pledge and the lock-up period ending 31 March 2007;
   c. to mark the FL-shares to this effect for the benefit of FL Group until 31 March 2007;
   d. to register the pledge on the FL-shares for the benefit of FL Group in accordance with the Share Pledge Agreement and to mark the FL-shares to this effect.

3. The Account Operator also undertakes to promptly send to FL Group a notice if a request is received for any registration referred to under section 2.a above to the following:

   FL Group hf.
   Attn.: Sveinbjörn Indriðason, CFO
   E-mail: svi@flgroup.is
   Mobile: 8639017
   Suðurlandsbraut 12
   108 Reykjavik

Facsimile number: + 354 5050389

4. This agreement shall be governed and construed in accordance with Icelandic law. Any dispute arising out of or relating to this agreement shall be subject to the exclusive jurisdiction of the District Court of Reykjavik.

5. FL Group as issuer of the FL-shares has agreed to the content of this agreement and is granted the right under this agreement to seek acknowledgment of the District Court of Reykjavik that a requested registration of proprietary rights shall not be allowed, if it contravenes any provision in the Share Sale and Purchase Agreement or this agreement.

Done in Reykjavík on 30 January 2006.

For Fons Eignarhaldsfélag hf.:

For the Account Operator:

fh. KAUPPINGS BANKA hf.
31.01.2006

Acceptance of FL Group hf.:

KAUPTHING BANK

Asset change

Security: FL GROUP hf
Nominal value: 295.735.295,00

Former owner and properties

Cust. no.	Id. number	Name	Address
4061	601273-0129	FL Group hf	Suðurlandsbraut 12

Trade date: 31.01.2006

Present owner and properties

Cust. no.	Id. number	Name	Address
252527	700394-3799	Fons Eignarhaldsfélag hf	Suðurgötu 22

Trade date: 31.01.2006

Proc. by: Haraldur Ársælsson

Confirmed:
F.H. KAUPPINGS BANKA hf.

Kaupthing Bank hf.
Head Office
Borgartuni 19
IS-105 Reykjavik, Iceland
Tel. +(354) 444 6000

www.kaupthing.net

KAUPTHING BANK

Fons Eignarhaldsfélag hf
Suðurgötu 22
101 Reykjavík

Dagsetning 31.01.2006

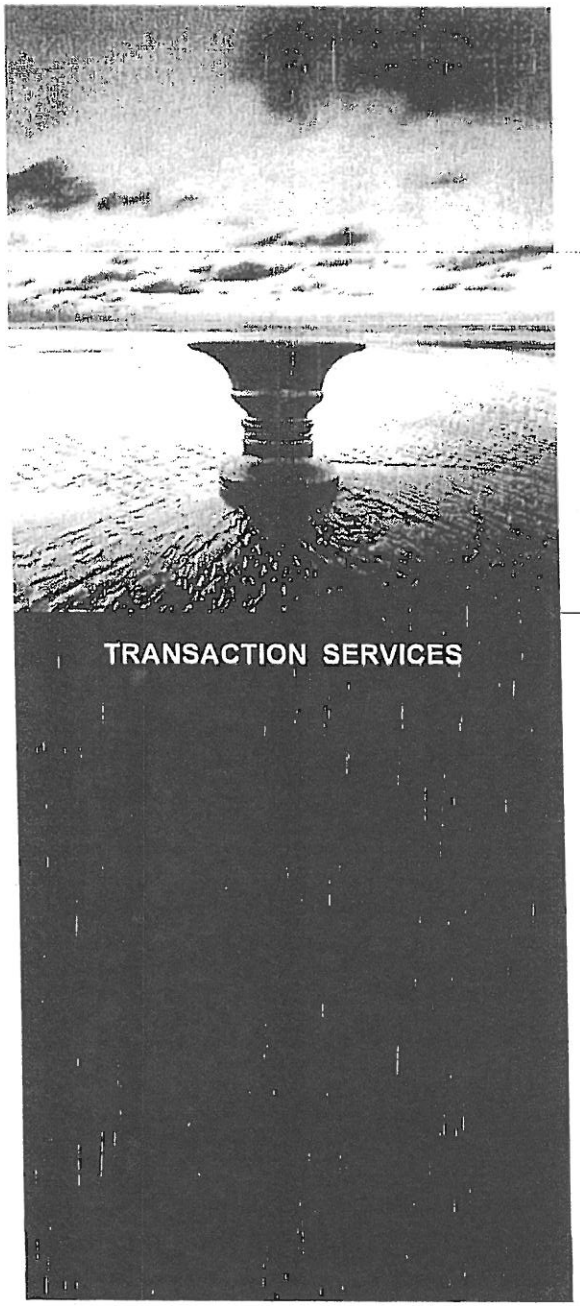
Veðsetning
Millifært af Sölulager -KÞ
Inn á Handveð VS

Númer verðbréfs	Flokkur	Kennitala	Krafa/Gengi	Nafnverð	Mynt
	FL	7003943799	22,100	295.735.295	ISK
Fjöldi bréfa	1			**295.735.295**	

Pledged in favour of FL-Group and lock up until 31.3.07.
Responsible Hrefna or Þorólfur give information.

f.h. KAUPTHINGS BANKA hf.

Staðfest



Strictly Private & Confidential

Thorshammar

Limited high level review

Supplement to Draft Report

Draft Report

25 september 2005

PRICEWATERHOUSECOOPERS

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