

This Settlement Agreement (the “Agreement”) is entered into on ____June 2010 by and between:

- (A) Glitnir banki hf.**, reg. no. 550500-3530, Sóltúni 26, 105 Reykjavík (“Glitnir”, the “Bank”);
- (B) Fjárfestingarfélagið Gaumur ehf.**, reg.no. 560389-1409, Engjateigur 5, 105 Reykjavík (“Gaumur”);
- (C) 101 Chalet ehf.**, reg.no. 430708-1040, Sóleyjargötu 11, 101 Reykjavík (“101 Chalet”);
- (D) Piano Holding**, Compass Centre Shedden Road, Box 448GT, George Town, Grand Cayman, Cayman Island (“Piano Holding”);
- (E) Moon Capital S.A.** 585210 Doc 1215549 Mossfon Building, 2nd floor, East 54th Street, Panama (“Moon”)

Collectively, the Parties, the Parties referred to in (B) – (D) collectively the “Obligors”

Whereas:

- (A)** 101 Chalet ehf. owes the Bank ISK 2.562.505.033 based on a over-draft issued in July and August 2008 (the “Overdraft”);
- (B)** The Overdraft was due on 22 November 2008 but has not been paid;
- (C)** Piano Holding and Gaumur are guarantors (IS: sjálfskuldarábyrgðaraðilar) to the Overdraft;
- (D)** Glitnir notified 101 Chalet with a letter dated 23 February 2010 that Glitnir would seek enforcement of the Overdraft if not paid within 10 days;
- (E)** Glitnir notified the Chalet Guarantors with a letter dated 16 March 2010 that Glitnir would seek enforcement of the guaranty for the Overdraft if not paid within 10 days;
- (F)** Gaumur owes the Bank the equivalent of ISK 723.070.031 based on a credit facility dated 22 February 2002 as later amended (the “Gaumur Facility”);
- (G)** The Gaumur Facility was cancelled and declared due and payable with a letter from Glitnir dated 15 March 2010;
- (H)** The Obligors wish to honor their obligations under the Gaumur Facility and the Overdraft;
- (I)** Moon wishes to honor the obligations under the Overdraft;

The Parties have agreed as follows:

1. Subject to the conditions set forth in clause 2 hereof, Glitnir agrees that an irrevocable transfer of Housebonds no. HFF 150224 for market value ISK 2.200.000.000 (“Housebonds”) and cash payment for the amount ISK 200.000.000 (“Cash”) (Housebonds and Cash collectively the “Payment”) to Glitnir shall be considered full payment of the Overdraft and the Gaumur Facility.
2. Conditions:
 - a. The Payment shall be made into the following accounts of Glitnir no later than 30 June 2010:
 - i. Housebonds for market value of ISK 2.200.000.000 into: Securities account: 477707/70/0, BGL BNP Paribas Société Anonyme 50 ac., J.F. Kennedy L-2951, Luxembourg, R.C.S. Luxembourg: B 6481 BIC (swift): BGLLLULL. HFH will be transferred from Arena Wealth Management account;
 - ii. ISK 200.000.000 in cash into account no. 597-22-958007;
 - b. All KYC requirements of the Bank having been met and unconditionally fulfilled on the date of Payment;
 - c. Glitnir has received on or before 30 July 2010 a written statement from the board of directors and auditors of 101 Chalet that after payment of the Overdraft as per this Agreement, 101 Chalet is debt free, such statement to be to the reasonable satisfaction of Glitnir;

- d. Moon having delivered to Glitnir a legal opinion on or before 30 July 2010 from a respectable law firm in the jurisdiction of Moon confirming among other things its right, and authority to make payment on the Overdraft and the irrevocability of such payment, such legal opinion to be to the reasonable satisfaction of Glitnir.
3. Upon receiving the Payment and the Conditions being met the obligations of the Obligors under the Gaumur Facility and the Overdraft shall be considered honored in full. Glitnir can at any time decide to relinquish any of the Conditions at its discretion.
4. If Payment has not been made and the Conditions have not been satisfied within the time frame given for each Condition, Glitnir can at its discretion decide to cancel the Agreement and re-transfer the Payment to the account it was received from.
5. For the avoidance of doubt, if the Payment is at any time partly or wholly reversed, rescinded or otherwise cancelled by a competent judgment this Agreement shall to the same extent be cancelled and the respective original obligations of the Parties revived. In such circumstances, Glitnir shall re-transfer the respective part of the Payment to the account it was received from.
6. In so far as the payments to be made to Glitnir under this agreement constitute a disposal, dealing or diminution of Jon Asgeir Johannesson's assets within the meaning of paragraph 6(2) of the Order made by the English High Court on 11 May 2010, in proceedings commenced by Glitnir against Jon Asgeir Johannesson, Glitnir hereby confirms and agrees that:
 - a. it consents to any such disposal, dealing, or diminution;
 - b. it has notified its English legal advisers, Slaughter and May, about this agreement; and
 - c. the Order should be varied accordingly pursuant to paragraph 11(3) of the same.
7. This Agreement may be executed in separate counterparts, and such counterparts when executed and delivered shall be an original.

So agreed in Reykjavík ____ June 2010

Glitnir banki hf

Fjárfestingarfélagið Gaumur ehf

Moon Capital S.A.

101 Chalet ehf

Piano Holding
