

Summary of Government Interventions in Financial Markets

Iceland

Overview

The Icelandic economy collapsed in the wake of the global financial meltdown. All 4 of its largest banks have now been nationalised and a USD 10bn relief package has been put together by the International Monetary Fund (“**IMF**”) in conjunction with several European countries in an effort to rescue the State’s economy.

In July 2009, Iceland was put on the fast track to join the European Union (“**EU**”), as the EU’s foreign ministers agreed to refer Iceland’s application to the European Commission (“**EC**”) for review. The EC’s review can take up to 18 months to complete but given Iceland’s advanced economy and well-established democracy, it is likely that the review will require less time. EU membership, amongst other things, could allow Iceland to swap its hard-hit currency for the Euro.

State guarantees

On 7 October 2008, Iceland’s 3 main commercial banks, Kaupthing, Glitnir and Landsbanki, were nationalised. This was followed by the nationalisation of the investment bank Straumur-Burdaras on 9 March 2009. The Icelandic Financial Supervisory Authority (“**FME**”) took control of all 4 banks, guaranteeing all domestic deposits, pursuant to the Act on Depositors’ and Investors’ Guarantee Fund. Since then, a receivership committee has been appointed by the FME to all 4 banks, which has assumed the role of the board of directors to ensure continued operations.

On 21 October 2008, the Central Bank of Iceland, Sedlabanki, announced that it would guarantee all payments which were routed through the Central Bank of Iceland would reach the account of the ultimate beneficiary.

Government loans

On 20 November 2008, the Executive Board of the IMF approved a 2-year USD 2.1bn loan (“**Stand-By Arrangement**”) for Iceland to support the country’s programme to restore confidence and stabilise the economy.

The approval makes SDR 560m immediately available and the remainder available in 8 equal instalments of SDR 105m, subject to quarterly reviews. The Stand-By Arrangement entails exceptional access to IMF resources, amounting to 1,190 per cent. of Iceland’s quota, and was approved under the IMF’s fast-track Emergency Financing Mechanism procedures. An interim review of this arrangement was published on 12 February 2009. Following discussions about their review of the USD 2.1bn Stand-By Arrangement, the IMF published a further statement at the end of its mission to Iceland on 13 March 2009.

On 7 November 2008, the USD 2.1bn IMF deal was complemented by loans of more than USD 3bn from Nordic countries, Russia and Poland and of USD 5bn or more by Britain, the Netherlands and Germany, making the whole package worth about USD 10bn.

On 16 November 2008, Iceland agreed to repay Icesave retail depositors, which were Landsbanki online savings accounts under its “Icesave” brand available only to personal savers from the UK and the Netherlands. The Icelandic Prime Minister undertook to guarantee the deposits in accordance with EU directive 94/19/EC on deposit guarantees.

On 6 June 2009, the UK and Iceland agreed on the financing package for compensating depositors in Icesave. Pursuant to the agreement, on 15 June 2009 the UK revoked its freezing order on Landsbanki’s UK assets, and the GBP 2.3bn already paid out by the UK will be treated as a loan to Iceland’s compensation scheme. Iceland will be given a grace period of 7 years

to sell Landsbanki's UK assets to repay the debts and then a further 8 years to repay the loans with an annual interest rate of 5.5 per cent. The Netherlands will lend EUR 1.2bn (GBP 1bn) at the same interest rate. On 28 August 2009, Iceland's parliament passed a bill ratifying an amended version of the agreement between the UK and the Netherlands. The amendments include: the state guarantee for the loans will be subject to certain criteria and preconditions; Iceland will not be liable for more than EUR 20,887 per depositor; and Iceland will be freed of all liability after 2024. The parliament's approval is dependent on the UK and the Netherlands accepting the amendments.

Nordic credits to Iceland

On 1 July 2009 the Ministry of Finance announced that loan agreements were signed between Iceland and Denmark, Finland and Sweden respectively. Under the agreements the Nordic lenders stand ready to provide Iceland with total credits of EUR 1.775bn. The loans will be provided as a support of Iceland's economic stabilisation and reform programme with the International Monetary Fund and are intended to strengthen Iceland's foreign exchange reserves. Disbursement of the loans will be in four equal tranches tied to the first four reviews of Iceland's International Monetary Fund programme with the payment of each tranche conditional on the approval of the relevant review.

Swap facilities

On 20 November 2008, the central banks of Sweden, Norway and Denmark announced an extension of their swap agreements until year-end 2009. Each agreement provides the Central Bank of Iceland with access to a maximum of EUR 500m, or a combined total of EUR 1500m in exchange for Icelandic króna.

Notable developments with commercial banks (and other key financial players)

After Iceland passed its Emergency Act 125/2008 on 6 October 2008, resolution committees ("**Resolution Committees**"), Icelandic forms of receivership, were appointed over Glitnir, Landsbanki and Kaupthing banks on 7 October 2008 and over Straumur-Burdaras

on 9 March 2009. The government started formal talks with the creditors of the failed banks at the beginning of June 2009 and aims to agree compensation arrangements as soon as possible.

On 20 July 2009, the Icelandic government announced that it had determined the basis for the capitalisation of Íslandsbanki hf., New Kaupthing and Landsbankinn. Agreements were reached on 14 August 2009 for the capitalisation of Íslandsbanki hf. and New Kaupthing and an extension was granted for an agreement to be reached with Landsbankinn.

Landsbanki and Landsbankinn

On 7 October 2008, following continued deterioration in financial markets, Iceland's Financial Services Authority ("**FME**") took control of Landsbanki under Article 100 of Act No. 161/2002, as amended, to ensure continued commercial bank operations in Iceland. Domestic deposits were fully guaranteed by the government of Iceland. Landsbanki was subsequently split into two entities. Landsbankinn, wholly owned by the Icelandic government, was established around the domestic deposits and assets relating to Icelandic operations. Landsbanki Íslands hf. ("**Old Landsbanki**") retained all liabilities and assets not transferred to Landsbankinn including all rights and obligations under derivative contracts.

The first informal creditors' committee meeting was held on Friday 14th November 2008, in Reykjavík, Iceland. The committee was made up of creditors and representatives of creditors of Old Landsbanki.

To help distinguish the bank's equity holdings from its main commercial banking operations in Iceland, Landsbankinn established on 13 February 2009 an investment company to manage its equity holdings, Horn Fjárfestingarfélag ehf. Horn Fjárfestingarfélag ehf. will thereby take over the listed and unlisted equity holdings of Landsbankinn which it acquired from Old Landsbanki.

As of 14 August 2009, the capitalisation and compensation arrangements for Landsbankinn had not been agreed between the government and the Resolution Committee of Old Landsbanki. Following an extension request from the government, the FME gave a decision stating that the issuance of the financial

instrument (likely to be a bond) and the financing of Landsbankinn shall be completed no later than 18 September 2009 and the final settlement in respect of the assets and liabilities of Old Landsbanki to Landsbankinn shall be completed no later than 30 September 2009.

Glitnir and Íslandsbanki hf.

On 7 October 2008, the FME used powers granted to it by the Icelandic parliament (with reference to Article 100 of Act. No. 161/2002, as amended) to take control of Glitnir banki hf. (“**Old Glitnir**”).

On 15 October 2008, New Glitnir banki hf. was created and Old Glitnir’s deposits in Iceland, as well as the assets relating to Old Glitnir’s Icelandic operations, were transferred to it. New Glitnir banki hf. is now wholly owned by the Icelandic government and in February 2009 was renamed Íslandsbanki hf.

On 24 October 2008, the Resolution Committee of Old Glitnir hired Deloitte & Touche LLP to assist with communication and consultation with all remaining creditors of Old Glitnir including its international branches.

The Resolution Committee of Old Glitnir held its first informal creditors’ meeting on 13 November 2008 with the Informal Creditors’ Committee (the “**ICC**”), made up of representatives of key creditors of Old Glitnir.

On 6 January 2009, Old Glitnir won US Chapter 15 bankruptcy protection, shielding it from lawsuits during its reorganisation. On 19 February 2009, the District Court of Reykjavik ruled in favour of Old Glitnir’s request for an extension to the moratorium order originally granted on 24 November 2008. The extension period is to end on 13 November 2009. Íslandsbanki hf is unaffected by this moratorium.

On 30 January 2009, the Resolution Committee of Old Glitnir announced the appointment of UBS Securities LLC to act as financial and capital markets advisor to the Resolution Committee in connection with the restructuring of Old Glitnir.

Old Glitnir’s Resolution Committee and the Central Bank of Luxembourg signed an agreement on 6 March 2009 providing for settlement of debts for Old Glitnir’s subsidiary, Glitnir Bank Luxembourg S.A. This

agreement should facilitate Old Glitnir’s Luxembourg subsidiary to be placed into voluntary and solvent liquidation.

Old Glitnir’s Resolution Committee on 16 March 2009 enforced its charge on the share capital of Moderna Fince AB, a subsidiary of the Swedish parent company Milestone ehf.

On 20 July 2009, the government and the Resolution Committee of Old Glitnir reached an agreement on the initial capitalisation of Íslandsbanki hf. and the basis of compensation payable to the creditors of Old Glitnir. Under the agreement, Old Glitnir will have the right to subscribe for a majority shareholding in Íslandsbanki hf. following an initial capitalisation of Íslandsbanki hf. by the government. On 14 August 2009, the government announced that it will transfer ISK 65bn worth of bonds to Íslandsbanki hf. in exchange for shares in Íslandsbanki hf. On completion of the subscription for shares, Old Glitnir will own 100 per cent. of Íslandsbanki hf. and the government will reduce its capital commitment substantially. The government will continue to support the capital of Íslandsbanki hf. with ISK 25bn in the form of high quality tier 1 and/or tier 2 capital instruments. The government will also have the right to nominate a board member to Íslandsbanki hf.’s board of directors.

If the share subscription is not completed, the government capitalisation will remain in place and the government will continue to own Íslandsbanki hf. In this case, the compensation will take the form of bond instruments to be issued by Íslandsbanki hf. to the Resolution Committee of Old Glitnir (on behalf of Old Glitnir creditors) and an option granted to the Resolution Committee of Old Glitnir (on behalf of Old Glitnir creditors) over 90 per cent. of the government’s shareholding in Íslandsbanki hf. subject to the government earning a reasonable return on its investment. The option over government equity will be exercisable between 2011 and 2015. The agreement remains subject to due diligence, creditor consultation and FME approval.

Kaupthing

New Kaupthing Bank (“**New Kaupthing**”) took over domestic operations of Kaupthing banki hf. (“**Old Kaupthing**”) on 22 October 2008. Old Kaupthing’s

operations were transferred to New Kaupthing while the bank itself is now fully owned by the FME. The FME appointed a Resolution Committee of Old Kaupthing on 9 October 2008. This was then followed by a moratorium on the bank's payments to creditors on 24 November 2008.

Following a creditors' meeting on 5 February 2009, the District Court of Reykjavik agreed to extend the moratorium until 13 November 2009.

In the UK on 23 March 2009, New Kaupthing scored a victory in the courts towards forcing the UK Government to revisit its decision to put its UK arm into administration when the UK High Court agreed to a request for a judicial review on claims that the decision contributed to the bank's downfall. New Kaupthing also contends that the actions of the UK authorities were unjust and illegal. The UK arm, Kaupthing Singer & Friedlander (KSF), was seized by the UK government in October 2008 following a recommendation by the UK Financial Services Authority that argued that KSF was unable to honour its obligations to customers. The UK Treasury invoked new banking powers to transfer KSF's GBP 2.5bn of retail deposits for 160,000 customers to Dutch bank ING Direct.

On 10 July 2009, the suspension of payments period and administration of Kaupthing Bank Luxembourg ("**Kaupthing Luxembourg**") ended. Under the restructuring which was completed on 10 July 2009: Kaupthing Luxembourg's Luxembourg banking activities were transferred to a new bank named Banque Havilland S.A.; Kaupthing Luxembourg's lending activities as well as certain securities and EUR 260m in cash were transferred to a special purpose vehicle called Pillar Securitisation; and Kaupthing Luxembourg's Belgian banking activities were transferred to Landbouwkrediet and its subsidiary Keytrade Bank.

On 20 July 2009, the government and the Resolution Committee of Old Kaupthing reached an agreement on the initial capitalisation of New Kaupthing and the basis of compensation payable between the two parties following the creation of New Kaupthing in October 2008. Under the agreement, Old Kaupthing will have the right to subscribe for a majority shareholding in

New Kaupthing following an initial capitalisation of New Kaupthing by the government. On 14 August 2009, the government announced that it will transfer ISK 72bn worth of bonds to New Kaupthing in exchange for shares in New Kaupthing. On completion of the subscription for shares (the last date for completion is 31 October 2009), the Resolution Committee of Old Kaupthing has agreed to contribute 65 per cent. of the capital required by New Kaupthing (in ordinary equity) and the government will contribute 35 per cent. of the total capital (in the form of ordinary equity and tier 2 capital). Overall this is expected to reduce the government's capital contribution substantially. As a result, New Kaupthing will be owned 87 per cent. by Old Kaupthing and 13 per cent. by the government. The government will also have the right to nominate a board member.

If the share subscription is not completed, the government capitalisation will remain in place and the government will continue to own New Kaupthing. In this case, other arrangements will be put in place to settle compensation between Old and New Kaupthing. It is envisaged that these arrangements will include a lien over certain assets of Old Kaupthing which will be held in escrow to compensate New Kaupthing in case it is determined at the end of the escrow period that a negative net asset value was transferred at the time New Kaupthing was created in October 2008. In conjunction with this, a portfolio of loans within New Kaupthing will be monitored during the escrow period to determine the value of the asset transfer to New Kaupthing. The Resolution Committee of Old Kaupthing (on behalf of Old Kaupthing's creditors) would also be granted an option over 90 per cent. of the government's shareholding in New Kaupthing subject to the government earning a reasonable return on its investment. The option over government equity will be exercisable between 2011 and 2015. The agreement remains subject to due diligence, creditor consultation and FME approval.

On 18 August 2009, Kaupthing's winding-up committee engaged Pricewaterhouse Coopers to investigate measures taken before the bank was granted a moratorium, focusing particularly on the possible rescission of measures taken by the bank.

In terms of asset valuations, Deloitte & Touche LLP have provisionally concluded reports for the FME on the net valuations of the assets transferred from the old banks to Landsbankinn, Íslandsbanki hf., New Landsbanki and New Kaupthing. The FME directed Deloitte & Touche LLP to prepare the valuation based on a concept of “fair value”, which assumes that the New Banks continue to operate as fully capitalised domestic Icelandic banks with no requirement to divest their assets (or settle their liabilities) in the short term or on a distressed basis. The understanding of the FME is that as a consequence of this assumption, the resulting value will be substantially higher than not only the distressed market price but also the value of the same assets in the hands of a party either unwilling or unable to recapitalise and restructure the New Banks as going concerns. The FME also consulted management consultancy firm Oliver Wyman on this process for each individual bank.

Straumur-Burdaras Investment Bank hf.

On 9 March 2009, Straumur - Burdarás Investment Bank hf. (“**Straumur**”) was taken over by the FME after it had less than half the funds required to meet a EUR 33m (USD 42m) obligation that fell due. Straumur was subsequently granted a moratorium on 19 March 2009 until 11 June 2009. The moratorium has been extended until 11 December 2009.

On 17 March 2009, the FME decided to dispose of nationalised Straumur’s deposits to Íslandsbanki hf., which will be allocated according to the balance and interest earned at the date of nationalisation (with some exceptions). All the terms for these deposits, such as duration, interest terms and currency, are the same as for Íslandsbanki hf. Furthermore, Straumur - Burdarás Investment Bank hf. was made to issue a bond as repayment for the deposit obligations that are taken over and all assets of Straumur will be put up as collateral for this bond. The Resolution Committee of Straumur has been authorised to execute these FME decisions. The events prompted a change to the bank’s management committee on 24 March 2009 and redundancies in its Iceland, UK and Denmark offices on 19 March 2009.

On 30 March 2009, the Depositors’ and Investors’ Guarantee Fund (the “**Depositors’ Fund**”) became

obligated by the FME to render payments in accordance with Article 9 of Act No. 98/1999 on the Deposit Guarantees and Investor Compensation Scheme to Straumur’s customers who did not receive the amounts of their deposits when the bank was nationalized. The Depositors’ Fund is a private foundation operating pursuant to Act No. 98/1999 and guaranteeing a minimum level of protection to depositors in commercial banks and savings banks, and to customers of companies engaging in securities trading.

On 6 April 2009, Straumur disposed of its Icelandic deposit obligations to Íslandsbanki hf. Deposits created in relation to settlement of prior debts before maturity are however excluded. Straumur has successfully secured access to funds to meet obligations towards depositors in its Danish branch, to be paid as and when due.

On 11 May 2009 a winding-up committee was appointed to Straumur. The committee will have a formal role in the restructuring and will oversee the composition process. The committee has notified creditors of the 18 July 2009 deadline to submit claims.

Furthermore on 15 May 2009 Straumur agreed to sell all of its shares in eQ Bank (eQ) in Finland for just over EUR 37m. The buyer, Nordnet AB, is a Stockholm exchange-listed asset management firm. The transaction is conditional upon the permission of the Swedish and the Finnish Financial Supervisory Authorities.

Straumur held creditors’ meetings in June, July and August 2009 to provide creditors with an update on the restructuring of Straumur and its future restructuring plans. Straumur intends to effect a de-merger to create a separate investment bank (with an asset management company as a subsidiary) and an asset and liability company (that will retain the assets and liabilities not transferred to the investment bank or the asset management company). Both the investment bank and the asset and liability company will be owned by creditors. The de-merger has to be approved by Straumur’s shareholders.

SPRON

On 21 March 2009 the FME assumed the powers of a meeting of the shareholders of Sparisjóður Reykjavíkur og nágrennis hf. (“**SPRON**”), another of Iceland’s banks, and made a decision on the disposal of certain assets and liabilities of this bank.

Since the outbreak of the banking crisis in Iceland in October 2008, the bank has been operating on an exemption from FME’s capital adequacy requirements (4 week grace periods that have been extended several times since the end of October 2008), and liquidity support has been provided by the Central Bank of Iceland. This liquidity support was provided on the basis of 2 conditions, namely (1) an agreement be reached with its creditors, which would address the capital deficiency situation when combined with capital injections from the government; and (2) that the bank provide eligible collateral. However, the FME deemed the discussions with the bank’s creditors were unsuccessful and that the bank’s liquidity positions had continued to deteriorate.

Hence, the FME decided that SPRON was unable to render payment of certain deposits in accordance with applicable terms. Therefore, the FME appointed a Resolution Committee to take over all authority of the Board of Directors of SPRON and oversight of the institution’s assets. New Kaupthing Bank will take over the bank’s obligations according to the decision.

On 23 June 2009, the District Court of Reykjavik appointed a winding-up committee for SPRON. Creditors have been invited to lodge a claim and those that do will be entitled to attend the creditors’ meeting on 17 March 2010.

Sparisjóðabanki Íslands hf.

Just like SPRON and for the same reasons, the FME assumed the powers of a meeting of the shareholders of Sparisjóðabanki Íslands hf. (formerly known as ‘Icebank hf.’) on 21 March 2009 and made a decision on the disposal of certain assets and liabilities of the bank. Just like SPRON, it too had been operating on an exemption from the FME since October 2008.

However, the FME decided that Sparisjóðabanki Íslands hf. was unable to render payment of certain deposits in accordance with applicable terms.

Therefore, the FME appointed a Resolution Committee to take over all authority of the Board of Directors of Sparisjóðabanki Íslands hf. and oversight of the institution’s assets.

On 27 March 2009 the FME required the Depositors’ and Investors’ Guarantee Fund to render payments to the customers of Sparisjóðabanki Íslands hf, in accordance with Article 9 of Act No. 98/1999 and pursuant to the Deposit Guarantees and Investor Compensation Scheme, who did not receive the amount of their deposits.

The District Court of Reykjavik appointed a winding-up committee for the bank on 20 May 2009. On 18 June 2009, a moratorium granted on 23 March 2009 was extended to 15 December 2009.

Baugur

On 11 March 2009, Baugur Group, the retail company which owns many famous UK high-street chains, including House of Fraser, and a number of its wholly-owned subsidiaries filed for bankruptcy after a judge denied the company more time in the moratorium process in Iceland. The moratorium petition was filed on 4 February 2009 following Landsbanki’s decision to discontinue discussions regarding a potential restructuring of the company.

Other developments

Interest rates

In minutes released on 21 May 2009 by the Monetary Policy Committee (“**MPC**”), from meetings held on 5 and 6 May, 2009, the Committee reiterated that the current interim objective of monetary policy is to stabilise the króna whilst private sector balance sheets were being rebuilt. The Committee agreed that economic developments since the last MPC announcement on 8 April 2009 had been consistent with its earlier assessment that the conditions for continued monetary easing were in place. The year-on-year inflation rate dropped from 18.6 per cent. in January 2009 to 11.9 per cent. in April 2009. The Committee also discussed at length the recent developments in the domestic financial system including the FX-position of the banks.

Due to the financial instability, base interest rates had jumped from 12 per cent. in early October 2008 to a high of 22 per cent. in December 2008 before dropping slightly to 18 per cent. in January 2009. The MPC had reduced this rate to 17 per cent. on 19 March 2009 and then to 15.5 per cent. on 8 April 2009. In meetings on 5 and 6 May 2009, the MPC lowered the rate by 2.5 percentage points to 13.0 per cent. The policy rate was lowered by a further percentage point to 12.0 per cent. at the beginning of June despite warnings from the IMF that further rate cuts would be risky for the króna. The MPC said it expects that cautious yet significant easing of monetary policy will gradually contribute to economic recovery.

Foreign exchange

On 16 December 2008, the Central Bank of Iceland issued new rules on foreign exchange. The new rules provide certain exemptions to specified groups who have been deemed to have “critical interests at stake”. In its statement, the Central Bank of Iceland said that it considers it unlikely that these groups’ transactions will cause serious and significant volatility in exchange rate and monetary affairs. Exemptions are granted to the State and municipalities; certain companies affiliated with the State; companies with over 80 per cent. of their revenues and expenses abroad; and commercial banks, savings banks and credit institutions.

The government have imposed restrictions on foreign exchange transactions for movement of capital and foreign currency to financial institutions. The legislation on which these rules are based is temporary and will expire at the end of November 2010. The rules were reviewed by 1 March 2009 and the Central Bank decided the preconditions for lifting the restrictions had not been met. The rules are to be reviewed again no later than 1 September 2009.

Short selling

On 7 October 2008, the FME banned short selling of shares of certain banks (Glitnir banki hf., Kaupþing banki hf., Landsbanki Íslands hf., Straumur-Burðarás fjárfestingarbanki hf., Spron hf. and Exista hf., which have been admitted to trading on a regulated market in Iceland), and reclassified the action as market abuse in

accordance with Article 117 of the Act on Securities Transactions No. 108/2007, unless the seller already holds the shares in custody and has notified the FSA. This prohibition also includes any instrument with the same purpose and the same economic exposure as the short selling of these bank shares. The ban was extended for a further period of time in January 2009.

Ratings

On 24 November 2008, Standard & Poors Ratings Services (“**S&P**”) lowered its long term foreign currency rating on the Republic of Iceland to BBB- from BBB due to the sovereign’s mounting public sector debt. S&P’s Transfer & Convertibility assessment was also lowered to BBB- from A- in response to controls on the capital account and some current account transactions.

On 4 December 2008, Moody’s Investors Service downgraded the foreign and local currency ratings of the Republic of Iceland to Baa1 with a negative outlook, from A1. The short term rating of the government was changed to P-2 from P-1. It also lowered the issuer rating and local currency bond ratings of Iceland’s Housing Financing Fund (“**HFF**”) to Baa1 from A1.

On 23 January 2009, Moody’s maintained that Iceland remained an investment-grade country, despite maintaining its negative outlook on its earlier Baa1 rating. This negative outlook is due to the continued economic uncertainty Iceland still faces.

Bad debt bank

On 10 February 2009, new Prime Minister Johanna Sigurdardottir, who won power in January after public protests of the last regime, announced government plans to create a separate company to take over debts owed by 15-20 of the biggest companies which have run into financial difficulties due to the crisis and announced plans for a parliamentary bill to allow Icelanders access to funds in private pension plans which they normally would not be able to use until retirement.

EU membership

On 28 May 2009, Iceland started the first of 2 parliamentary debates on whether to allow the government to commence entry talks with the EU. Support for joining the 27-nation bloc, and ultimately adopting the Euro currency, has risen sharply since the country's economic meltdown in October 2008. The government submitted an application for EU membership and on 28 July 2009, the EU foreign ministers agreed to ask the EC for its opinion on Iceland's bid to join the EU. The EC will have to review in detail Iceland's suitability for membership which can take up to 18 months. Once the EC has completed its assessment, accession talks can begin. If accession talks commence, the króna will be pegged to the Euro. Joining the EU would require a change to Iceland's constitution, which would probably be submitted to voters during a general election.

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