



## **Public Summary of Takeover Bid**

by Burdarás hf.  
to Shareholders in Kaldbakur hf.  
11 November 2004



Reykjavík, 11 November 2004

Dear Kaldbakur Shareholder

On 23 September 2004, Burðarás hf. secured for itself a 76.77% stake in the share capital of Kaldbakur hf. This transaction was made subject to the approval of a Shareholders' Meeting of Burðarás for an increase in the share capital of Burðarás in order to meet the cost of the purchase. A Shareholders' Meeting of Burðarás was held on 18 October 2004, at which the above share capital increase was approved.

As Burðarás controls more than 40% of the share capital of Kaldbakur, Burðarás is required under Act No. 33/2003 on Securities Transactions to make a takeover bid to other shareholders in Kaldbakur for their shares. The bid price is 0.637841438 shares in Burðarás for each single share in Kaldbakur. These are the same terms as those of trading by Burðarás in Kaldbakur shares on 23 September, and also the highest price that Burðarás has paid for shares in Kaldbakur during the past six months.

Plans are afoot to merge Burðarás and Kaldbakur under the name of Burðarás, and the Articles of Association of Burðarás will apply to the merged company. The merger will be submitted to a Shareholders' Meeting of Kaldbakur on 18 November 2004. A merger of the companies ensures that capital gains tax is not levied on the exchange of shares in the companies, which may be levied if shares are exchanged pursuant to this Takeover Bid.

In light of the taxation advantages for Kaldbakur's shareholders of effecting a merger in place of a takeover, the attention of shareholders is drawn to the fact that, if the Shareholders' Meeting of Kaldbakur approves the merger, then this Takeover Bid will be cancelled, and all shareholders in Kaldbakur will receive shares in Burðarás on the strength of the approval of the Shareholders' Meeting. **Shareholders are encouraged not to reply to the Takeover Bid until after the Shareholders' Meeting of Kaldbakur, because if the merger of Burðarás and Kaldbakur is approved at the Shareholders' Meeting, shareholders need not submit their approval of the bid.**

On the other hand, if the merger is rejected at the Shareholders' Meeting of Kaldbakur, the Takeover Bid will expire at 16:00 pm on Monday 13 December 2004. Shareholders who wish to accept the bid will be able to submit their acceptance until that time.

Further details regarding the Takeover Bid can be obtained from the Corporate Advisory division of Landsbanki Íslands hf. (The National Bank of Iceland), tel. +354 410-4000.

If the merger of Burðarás and Kaldbakur is not accepted, payment in the form of shares in Burðarás will be made to those shareholders who accept the bid not later than five working days immediately following the expiry of the bid acceptance period.

On behalf of Burðarás hf.

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Fridrik Jóhannsson, CEO

## General information regarding the Bid

This Bid and Bid Summary have been prepared in accordance with Chapters VI and VII of Act No. 33/2003 on Securities Transactions. Under Article 32 of the Act, parties that acquire 40% of the voting rights in a limited liability company listed on a regulated securities market shall make a takeover bid to the other shareholders. On 9 November 2004, Burdarás hf. held 76.77% of the total share capital of Kaldbakur hf., for which reason Burdarás now submits this Bid to shareholders in Kaldbakur hf. for their shares.

### Bidder

Burdarás hf., State Reg. No. 510169-1829, domiciled at Sigtún 42, 105 Reykjavík, is the Bidder. The shares of the company are listed on the Main List of the Iceland Stock Exchange hf., and their ticker symbol is BURD.

### Company and shares subject to the Bid

Kaldbakur hf., State Reg. No. 670169-3679, domiciled at Hafnarstræti 91-95, 600 Akureyri. The shares of the company are listed on the Main List of the Iceland Stock Exchange hf., and their ticker symbol is KALD. The Bid is made for all shares in Kaldbakur hf. that are not already held by Burdarás hf.

### Supervisor

The Corporate Advisory division of Landsbanki Íslands hf., Hafnarstræti 5, 155 Reykjavík, supervises this Bid on behalf of Burdarás hf.

### Holdings of the Bidder

The total share capital of Kaldbakur hf. amounts to a nominal value of ISK 1,754,429,649. Burdarás hf.'s stake was 76.77% on 9 November 2004. Kaldbakur hf.'s own shares amount to a nominal value of ISK 359,882. Accordingly, Burdarás hf.'s qualifying holding in Kaldbakur hf. is 76.79%.

### Bid price and terms of payment

The bid price is 0.637841438 shares in Burdarás hf. for each single share in Kaldbakur hf. This is the highest price paid by Burdarás hf. for shares in Kaldbakur hf. in the past six months. Burdarás hf. will issue new shares in the company in order to pay for the shares in Kaldbakur hf.

### Bid acceptance period

This Bid shall be valid from 9:00 am Monday 15 November 2004 until 16:00 pm Monday 13 December 2004. Acceptance of the bid must have been received before the expiry time on the enclosed form by Landsbanki Íslands hf., Corporate Advisory, attn: Berglind Hilmarsdóttir, Hafnarstræti 5, 155 Reykjavík, Iceland.

The objective is to merge Burdarás hf. and Kaldbakur hf. The attention of shareholders is drawn to the fact that if the Shareholders' Meeting of Kaldbakur hf., scheduled on 18 November 2004, approves the merger with Burdarás hf., this Takeover Bid will be cancelled and all shareholders of Kaldbakur hf. will receive shares in Burdarás hf. on the strength of the approval by the Shareholders' Meeting. *Therefore, shareholders are encouraged not to reply to this Bid until after the Shareholders' Meeting of Kaldbakur hf. If the merger between Burdarás hf. and Kaldbakur hf. is approved by the Shareholders' Meeting, shareholders need not submit their acceptance of the Bid.*

### Delivery of shares in Burdarás hf.

In the event that the merger between Burdarás hf. and Kaldbakur hf. is rejected by the Shareholders' Meeting of Kaldbakur on 18 November 2004, the delivery of shares in Burdarás hf. will be to those shareholders that accept the Takeover Bid no later than five working days immediately following the expiry of the bid acceptance deadline.

From the time that the transfer of ownership of the shares takes place in the system of the Icelandic Securities Depository (ISD), shareholders that have validly delivered their shares in Kaldbakur hf. are granted voting rights in Burdarás hf. and full control of their shares in Burdarás hf. The transfer of ownership of the shares will be at no cost for shareholders. Rights over shares in Burdarás hf. will be registered on the ISD account of the shareholder in question.

### Electronic registration of securities and exchange of shares

The shares of both companies, Burdarás hf. and Kaldbakur hf., are electronically registered in the system of the Icelandic Securities Depository. The ISIN code of shares in Burdarás hf. is IS0000000214, and the ISIN code of shares in Kaldbakur hf. is IS0000007391.

## Share capital of Burdarás hf.

The nominal value of the share capital of Burdarás hf. is ISK 5,299,120,017. Under Article 4 of the Articles of Association of the company, the Board of Directors may increase its share capital by a nominal value of up to ISK 718,238,525, as follows:

a) A share capital increase by a nominal value of up to ISK 300,000,000 through the sale of new shares to shareholders, or others if subscription for the entire increase is not obtained from the shareholders. This authorisation is valid until 14 March 2007. The company's Board of Directors decides the offering price of the shares and the rules of sale each time. The Board of Directors shall decide the nominal value of the new shares and their share exchange ratios as well as deadlines for subscription and their payment, in full compliance with the provisions of the Articles of Association of the company and Section V of the Public Limited Liability Companies Act No. 2/1995.

b) A share capital increase of up to ISK 150 million through the sale of new shares in relation to call option agreements that the Board may make with employees of the company. This authorisation is valid until 14 March 2007. The pre-emptive right of shareholders to the share capital increase pursuant to the Public Limited Companies Act and the Articles of Association shall not apply, cf. the authorisation in Article 34 of the Public Limited Companies Act No. 2/1995.

c) A share capital increase by up to a nominal value of ISK 8,310,611 through the issue of new shares. The Board of the company may use the shares in relation to purchase agreements that the company may have made or sell them on the market. Shareholders do not have pre-emptive rights to the increase. This authorisation is valid until 5 November 2007.

d) A share capital increase by up to a nominal value of ISK 259,927,914 through the issue of new shares. The Board may, inter alia, use the shares in relation to purchase agreements that the company may have made or sell them on the market. No restrictions shall be imposed on trading in the new shares, and they shall confer rights within the company as of the date of registration of the share capital increase. The Board of Directors may exercise its authority to increase the share capital within five years of approval thereof all at once or in stages.

Burdarás hf.'s own shares amounted to a nominal value of ISK 225,248,261 on 9 November 2004. All shares in the company confer equal rights and are all in one class. No restrictions apply to the disposal of shares in the company.

Some key statistics for Burdarás hf.	30.9.2004	2003	2002	2001
Total profit (ISK million)	11,731	2,204	4,456	(3,243)
Equity ratio	60%	36%	43%	31%
Profit per each krona nominal value	2.79	0.55	1.17	(0.29)
Dividend	-	15%	9%	5%

### Future vision

The mission of Burdarás hf. is, in addition to transport operations, to increase shareholder value by investing in companies in Iceland and overseas. Its focus is on activities where Burdarás is a leading investor with active management responsibility. Burdarás invests in listed as well as unlisted companies, particularly in selected industry sectors. Also, the company invests short- and long-term to make use of opportunities in the securities market.

Burdarás hf. aims to achieve a healthy return on equity, while at the same time spreading risk and ensuring stability in its operations. The company strives to be among Iceland's foremost investment companies. Burdarás hf.'s key financial objectives are to maintain return on equity at an average of approximately 15% per year, and a 35-45% equity ratio based on the estimated market value of the company's assets, depending on its portfolio's liquidity and risk profile.

Plans are afoot to merge Burdarás and Kaldbakur under the name of Burdarás. The Articles of Association of Burdarás will apply to the merged company. A powerful company will be formed, with increased capacity for larger-scale activities in Iceland and overseas. The combined shareholders' equity of the two companies is approximately ISK 43.2 billion, based on their interim financial statements from 30 September 2004. The combined market value of the companies based on trading at the Iceland Stock Exchange at end of trading on 9 November 2004 amounts to ISK 81.6 billion. Their performance has

been favourable so far this year. Burdarás hf.'s return on equity was 69% on an annualised basis during the first half of 2004, and Kaldbakur hf.'s return on equity during the same period was 49%.

#### **Bid Summary and Acceptance Form**

The Bid Summary and Acceptance Form can be obtained from the Corporate Advisory division of Landsbanki Íslands hf., Hafnarstræti 5, 155 Reykjavík, and the bank's website, [www.landsbanki.is](http://www.landsbanki.is).

#### **Redemption of shares**

Under Articles 24 and 25 of the Public Limited Companies Act No. 2/1995, a shareholder holding more than 9/10 of the shares in a company and its Board of Directors may jointly decide that other

shareholders of the company shall be subject to redemption of their shares by the shareholder.

#### **Disclosure requirement**

Shares in Burdarás hf. are listed on the Main List of the Iceland Stock Exchange hf. The company meets continual disclosure requirements, cf. Article 24 of Act No. 34/1998 on the Activities of Stock Exchanges and Regulated OTC Markets, through the publication of regular notices and press releases in the news system of the Iceland Stock Exchange hf. about any aspects of importance that could be regarded as having an effect on the price of shares in Burdarás hf.