

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
In re : Chapter 15
: :
Kaupthing hf., : Case No. 08-14789 (MG)
: :
Debtor in a Foreign Proceeding. :
: :
-----X

**ORDER GRANTING PERMANENT RELIEF
IN SUPPORT OF COMPOSITION**

Upon consideration of the Motion¹ (the “Motion”) [ECF No. 88] of the Winding-Up Committee of Kaupthing hf. (“Kaupthing” or the “Debtor”), in its capacity as the duly recognized foreign representative (the “Foreign Representative”) in respect of the duly recognized foreign main proceeding (the “Icelandic Proceeding”) in Iceland concerning the Debtor, pursuant to sections 105(a), 1507(a), 1509(b)(2)-(3), 1521(a) and 1525(a) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”), for the permanent injunctive and related relief described below in support of a creditor approved and court confirmed composition (the “Composition”) in respect of the Debtor, the Johannsson Declaration, the Second Declaration of Johannes Runar Johannsson pursuant to 28 U.S.C. § 1746 in Support of Foreign Representative’s Motion Pursuant to Sections 105(a), 1507(a), 1509(b)(2)-(3), 1521(a) and 1525 of the Bankruptcy Code for an Order Granting Relief Giving Full Force and Effect to Composition, and the Rikhardsson Declaration; and it appearing that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334 and 157 and the Amended Standing Order of Reference M-431, dated January 31, 2012, Reference M-431, In re Standing Order of Reference Re: Title 11, 12 Misc. 00032 (S.D.N.Y. Feb. 2, 2012) (Preska, C.J.); and it appearing that venue is proper before this Court

¹ Capitalized terms not otherwise defined herein shall carry the meanings assigned them in the Motion.

pursuant to 28 U.S.C. § 1410; and the Court having considered and reviewed the Motion and having held a hearing to consider the relief requested in the Motion on January 4, 2016 (the “Hearing”); and it appearing that timely notice of the filing of the Motion and the Hearing has been given to the Debtor, the Office of the United States Trustee for the Southern District of New York, Unsecured Creditors, parties who have requested notice in this Case, and FINMA, and it appearing the notice of the Motion and the Hearing was published in the National Edition of The Wall Street Journal and otherwise, and it appearing that no other or further notice need be provided; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is hereby

FOUND, that:

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference M-431, dated January 31, 2012, Reference M-431, In re Standing Order of Reference Re: Title 11, 12 Misc. 00032 (S.D.N.Y. Feb. 2, 2012) (Preska, C.J.).
2. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(1) and (2)(P).
3. Venue is proper in this district pursuant to 28 U.S.C. § 1410.
4. The Foreign Representative has standing to bring the Motion pursuant to the Recognition Order and section 1509(b) of the Bankruptcy Code.
5. The relief requested in the Motion is necessary to effectuate the purpose of chapter 15 and to protect the assets of the Debtor and the interests of its creditors and other parties in interest.
6. The Debtor and the Foreign Representative are entitled to all of the relief requested in the Motion.
7. Appropriate notice of the filing of the Motion and Hearing was given, which notice is deemed adequate for all purposes, and no other or further notice need be given.

8. The relief granted hereby is necessary and appropriate, in the interests of the public and of international comity, not inconsistent with the public policy of the United States, warranted pursuant to sections 105(a), 1507(a), 1509(b)(2)-(3), 1521(a) and 1525(a) of the Bankruptcy Code and will not cause hardship to creditors of the Debtor or other parties-in-interests that is not outweighed by the benefits of granting that relief.

9. Absent the requested relief, the Debtor may be subject to the prosecution of judicial, quasi-judicial, arbitration, administrative or regulatory actions or proceedings in connection with a claim against or interest in the Debtor or its property in the United States, thereby interfering with and causing harm to, the Debtor, its creditors, and other parties in interest in the Icelandic Proceeding and, as a result, the Debtor, its creditors, and such other parties in interest would suffer irreparable injury for which there is no adequate remedy at law.

10. Absent the requested relief, the efforts of the Debtor, the Icelandic District Court and the Foreign Representative in conducting the Icelandic Proceeding and effecting restructuring under the Composition and Icelandic law may be thwarted by the actions of certain creditors or other parties in interest, a result inimical to the purposes of chapter 15 as reflected in section 1501(a) of the Bankruptcy Code.

11. Each of the injunctions contained in this Order (i) is within the Court's jurisdiction, (ii) is essential to the success of the Composition and the Debtor's restructuring, (iii) is an integral element of the Composition Documents and/or to their effectuation, and (iv) confers material benefits on, and is in the best interests of, the Debtor and its creditors.

12. The Relief Requested in the Motion is necessary to effectuate the purposes of chapter 15 and to protect the assets of the Debtor and the interests of its creditors and other parties in interest, all of which are sufficiently protected.

For all of the foregoing reasons, and for the reasons stated by the Court on the record of the Hearing, and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED AND DECREED, that:

- a. the Motion and Relief Requested are granted, and any objections thereto are overruled with prejudice;
- b. the Composition Documents are recognized, granted comity, entitled to full force and effect in the United States, and are enforceable against all entities (herein throughout as defined in section 101(15) of the Bankruptcy Code), including, without limitation, Claimants and Related Parties, and each in accordance with its terms;
- c. all Claims (or defenses based on Claims) of any Claimant or any Related Party, whether or not they participated in the Icelandic Proceeding, shall, if brought before a court in the United States, be adjudicated pursuant to the terms of the Composition Documents;
- d. any judgment, wherever and whenever obtained, to the extent such judgment is a determination of the personal liability or of any interest in the Debtor or a Released Person with respect to any debt or interest cancelled, relinquished, released, discharged or restructured under the Composition Documents and/or as a result of Icelandic law relating to the restructuring of the Debtor is unenforceable in the United States;
- e. all Claimants and Related Parties are permanently enjoined from commencing or continuing in any manner, directly or indirectly, including, without limitation, by way of counterclaim, any action, suit or other proceeding (including, without limitation, any arbitration, mediation or any judicial, quasi-judicial, or administrative action, proceeding or process whatever in any judicial, arbitral, administrative or other forum), employing any process, or performing any act, in each case within the territorial jurisdiction of the United States, to collect, recover or offset, or exercise rights in respect of (except as provided in the Composition Documents) any debt or interest cancelled, relinquished, released, discharged or restructured under the Composition

- Documents and/or as a result of Icelandic law relating to the restructuring of the Debtor, or seeking any discovery related thereto;
- f. all Claimants and Related Parties are permanently enjoined from commencing or continuing any action (including, without limitation, arbitration, mediation or any judicial, quasi-judicial, or administrative action or proceeding or process whatever in any judicial, arbitral, administrative or other forum), including, without limitation, by way of counterclaim, employing any process, or performing any act, to collect, recover or offset or exercise any rights in respect of (except as provided in the Composition Documents) any debt or interest cancelled, relinquished, discharged or restructured under the Composition Documents, the Confirmation Order and/or as a result of Icelandic law relating to the restructuring of the Debtor, against property of the Debtor within the territorial jurisdiction of the United States, including (i) enforcing, levying, attaching (including any prejudgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judicial, quasi-judicial or administrative judgment, award, decree, determination, assessment, garnishment or order against the Debtor or such property, or any direct or indirect transferee of or successor to any property of the Debtor, or any property of such transferee or successor, or (ii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any lien or encumbrance of any kind against such property;
- g. all Claimants and Related Parties are permanently enjoined from (i) transferring, relinquishing or disposing of any property of the Debtor located within the territorial jurisdiction of the United States, or (ii) taking or continuing any act to obtain possession of, comingle, or exercise control over, such property of the Debtor located within the territorial jurisdiction of the United States, to the extent any such act is inconsistent

- with the Composition Documents, the Confirmation Order and Icelandic law relating to the restructuring of the Debtor;
- h. all persons are permanently enjoined from the commencement of any suit, action or proceeding in the territorial jurisdiction of the United States to settle any dispute which arises out of any provision of the Composition Documents;
 - i. all entities are permanently enjoined from the commencement of any suit, action or proceeding in the territorial jurisdiction of the United States to settle any dispute which arises out of any provision of the Composition Documents, the Confirmation Order or Icelandic law relating thereto;
 - j. all entities subject to this Court's jurisdiction are permanently enjoined from taking any action inconsistent with the Composition Documents or Confirmation Order, or Icelandic law relating thereto, including, without limitation, against the Debtor, the Released Persons or against any property of the Debtor or the Released Persons within the territorial jurisdiction of the United States, or that would interfere with or impede the administration, implementation and/or consummation of the Composition Documents;
 - k. all Claimants and Related Parties are permanently enjoined from commencing or continuing in any manner, directly or indirectly, including by way of counterclaim, any action, suit or other proceeding (including, without limitation, arbitration, mediation or any judicial, quasi-judicial, or administrative action, proceeding or process whatever in any judicial, arbitral, administrative or other forum), or employing any process, against the Foreign Representative (or any individual members of the Winding-Up Committee, personally or in such capacity, whether serving now or in the past) or the Debtor, or any of their respective successors, assigns, agents, representatives, advisors or attorneys (collectively, the "Debtor Parties") or any of them in respect of any claim or

- cause of action, in law or in equity, arising out of or relating to any action taken or omitted to be taken by any of the Debtor Parties in connection with this chapter 15 case or in preparing, disseminating, applying for or implementing the Composition or the Confirmation Order;
- l. for the avoidance of doubt, nothing in this Order shall impair the rights of any entity granted under the Composition Documents or by Icelandic insolvency law in respect thereof;
 - m. the Foreign Representative, the Debtor and any other entities are authorized to take such actions as are necessary or desirable to consummate, implement and execute the Composition Documents and the transactions contemplated thereby;
 - n. this Court shall retain jurisdiction with respect to the enforcement, amendment or modification of this Order or requests for any additional relief in connection with, or from orders granted in, this case and all adversary proceedings in connection therewith properly commenced within the jurisdiction of this Court;
 - o. no action taken by the Debtor or the Foreign Representative, or their respective successors, agents, representatives or counsel, in preparing, disseminating, applying for, implementing or otherwise acting in furtherance of the Composition Documents, the orders of the Icelandic Courts, this Order, any further order for additional relief in connection with this case or in any adversary proceedings in connection therewith, will be deemed to constitute a waiver of the immunity afforded the Debtor, the Foreign Representative, the Winding-Up Committee, its members or any of their respective successors, agents, representatives or counsel pursuant to section 1510 of the Bankruptcy Code;
 - p. this Order shall be effective and enforceable immediately upon entry and shall constitute a final order within the meaning of 28 U.S.C. § 158(a); and

- q. the notice (including the form and content of such notice attached to the Motion as Exhibit B) of the Motion and the Hearing provided as set forth in the Motion is deemed just and adequate for all purposes, and no other or further notice need be given.

IT IS SO ORDERED.

Dated: January 4, 2016

New York, New York

/s/Martin Glenn

MARTIN GLENN

United States Bankruptcy Judge