

CHARTER

The Watanabe Trust Fund at the University of Iceland

Section 1

The name of the Trust is The Watanabe Trust Fund at the University of Iceland. The Watanabe International Scholarships are granted from the Watanabe Trust Fund, which was established by Mr. Toshizo “Tom” Watanabe.

Mr. Watanabe is a former Japanese foreign-exchange student of a prestigious and renowned international scholarship program, the Wien International Scholarship Program at Brandeis University in Massachusetts, U.S.A. where he earned his BS in Political Science in 1973. He later earned his MBA at Pepperdine University in California, U.S.A. in 1992, then became chairman, CEO & sole owner of Nikken, a successful international wellness-products company headquartered in the United States. Mr. Watanabe, inspired by gratitude for his valuable education, wishes to afford foreign students a like opportunity through the dual goal of promoting goodwill between Japan and Iceland.

The Fund is administered and held in trust by the University of Iceland Trust Funds, Sæmundargata 2. The home and venue of the Fund is in Reykjavík.

Section 2

The purpose of The Watanabe Trust Fund is to grant scholarships in order to stimulate student exchanges, both undergraduates and postgraduates, between Iceland and Japan as well as exchange of academic staff.

Scholarships granted by the fund can include living allowance, transportation between the countries and tuition.

Section 3

The original contribution to the Fund is as follows:

- Mr. Watanabe’s founding contribution of US\$ 3 MILLION (IKR 278.040.000, exchange rate IKR/US\$ 92,68 on 16 September 2008)

The indexed original contribution cannot be distributed.

The Fund's revenues are as follows:

- Interest and returns on the Fund's assets/interest revenues from contributed capital
- Capital, donations and other valuables that the Fund may receive or that are collected in the name of the Fund.

The University of Iceland Trust Funds is responsible for the Fund's returns, which shall be as profitable as possible at any given time and in line with the investment policy of the University of Iceland Trust Funds.

The Fund is authorized to allocate scholarships that amount to up to three-fourths of the rate of return for each financial period, taking into account price-level changes. One-fourth of the rate of return is added to the indexed original contribution and becomes a part of the original contribution, which may not be distributed. The Fund's financial year shall be the calendar year. First financial period dates from the confirmation of the charter to the end of that year. The Fund's accounts should be audited by the auditor of the University of Iceland Endowment Funds and published in the same manner as other accounts held in trust by the University of Iceland Endowment Funds.

Section 4

The Board of the Fund consists of three individuals, each of whom is appointed for a three-year term. The Rector of the University of Iceland appoints one board member, who acts as the Fund's chairman. Mr. Toshizo "Tom" Watanabe, or a representative of his descendents, and Mr. Geir H. Haarde, or a representative of his descendents appoint one board member each.

The purpose of the Board is to set regulations for allocations of scholarships as well as detailed working regulations regarding those allocations, concerning individual grant amounts, application deadlines and the processing of applications, all within the provisions of this charter. The Board supervises grant allocations and makes recommendations to the Rector concerning these. The Board of the Fund keeps a formal minute book and copies of minutes of meetings shall be submitted to the University of Iceland Endowment Funds.

Section 5

The first allocation shall be made within at least one financial year after the establishment of the Fund, provided that audited financial statements and information concerning liquid assets are available. As a rule, the Rector of the University of Iceland announces grant allocations at a special event. Taking into consideration returns or other circumstances, the Board may decide to save up the permitted allocation from one financial year to the next and to allocate a single available share, in accordance with the financial statements.

Scholarships from the Fund shall be granted annually. No more than three-fourths of the real yield of the Fund as outlined in its audited annual accounts may be allocated. Grant recipients should deliver a report to the Board concerning the progress of their studies. Such reports form the basis for further grant allocations.

Section 6

The Fund may not be disbanded and its purpose and role may not be changed for reasons other than those stipulated by law, and not unless the Board of the Fund and the Rector of the University of Iceland are unanimous in such a decision.

Should the Fund be disbanded, its capital shall be donated to matters related to the purpose of the Fund.

Section 7

The District Commissioner of Sauðárkrókur should confirm this charter and all changes that may be made to this charter.

Reykjavík, 17 September 2008

Toshizo “Tom” Watanabe

Kristín Ingólfssdóttir

Vottar

This charter is hereby confirmed by the District Commissioner of Sauðárkrókur in accordance with funds and institutions operating under a confirmed charter No. 19/1998.

Date, _____

The District Commissioner of Sauðárkrókur