

REPUBLIC OF ICELAND ANNOUNCES TENDER OFFER

The Republic of Iceland (the “Issuer”) announced today that it is inviting eligible holders of its outstanding U.S.\$1,000,000,000 4.875 per cent. Notes due 2016 of which U.S.\$902,535,000 is currently outstanding (Reg S ISIN USX3446PDH48 and 144A ISIN US451029AD49; Reg S CUSIP X3446PDH4 and 144A CUSIP 451029AD4) (the “Notes”), to offer to sell their Notes to the Issuer for cash (the “Invitation”).

To the extent the Issuer accepts any Notes for purchase it intends to purchase up to U.S.\$400,000,000 in nominal amount of Notes (the “Maximum Acceptance Amount”) validly offered for sale at or prior to 5:00 p.m. New York time on 4 August 2014 (the “Expiration Date”), subject to the Issuer’s right, in its sole discretion, to purchase more or less than the Maximum Acceptance Amount. Proration may apply.

The purchase price for the Notes has been set at U.S.\$1,037.50 per U.S.\$1,000 in principal amount of Notes offered for sale and accepted for purchase pursuant to the Invitation.

Description of the Notes	ISIN (Reg S/144A)	Outstanding Nominal Amount	Maximum Acceptance Amount
U.S.\$1,000,000,000 4.875% Notes due 2016	144A: US451029AD49 Reg S: USX3446PDH48	U.S.\$ 902,535,000	U.S.\$400,000,000

The Invitation expires at the Expiration Date, unless extended or terminated. Settlement is expected to occur on 6 August 2015. The Issuer will also pay accrued interest on the Notes accepted by it for purchase.

The Invitation is made subject to the terms and conditions set forth in an invitation for offers dated 27 July 2015 (the “Invitation for Offers”). Offers to sell Notes pursuant to the Invitation will be irrevocable except in the limited circumstances described in the Invitation for Offers.

Expected Timetable of Events:

Launch.....	27 July 2015
Expiration Date.....	5:00 p.m. New York time, 4 August 2015
Acceptance Announcement Date.....	5 August 2015
Settlement Date.....	6 August 2015

Capitalized terms used in this announcement and not otherwise defined have the meanings given to them in the Invitation for Offers. A copy of the Invitation for Offers is available to eligible persons upon request from the Information and Tender Agent.

Sole Dealer Manager: Citigroup Global Markets Limited (Liability Management Group: +44 20 7986 8969 (Europe); +1 (800) 558-3745 (U.S. toll free); +1 (212) 723-6106 (U.S. collect)).

Information and Tender Agent: Global Bondholder Services Corporation (+1 (212) 430-3774 (Brokers and banks); +1 (866) 470-4300 (All others)).

This announcement must be read in conjunction with the Invitation for Offers. No offer or invitation to acquire or exchange any notes is being made pursuant to this announcement. This announcement and the Invitation for Offers contain important information, which must be read carefully before any decision is made with respect to the tender offer referred to herein. Further conditions and restrictions apply.