

This announcement contains important information which should be read carefully before any decision is made with respect to the Invitation (as defined below) and must be read in conjunction with the Invitation for Offers (as defined below). Any holder who is in doubt as to what action to take should contact an independent professional adviser for advice on the merits of the Invitation including, without limitation, the tax consequences thereof.

## THE REPUBLIC OF ICELAND ANNOUNCES FINAL TENDER RESULTS

5 August 2015. On 27 July 2015, the Republic of Iceland (the “**Issuer**” or “**Iceland**”) launched an invitation to holders (“**holders**”) of its U.S.\$1,000,000,000 4.875 per cent. Notes due 2016 (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**”), in accordance with the procedures described in an invitation for offers dated 27 July 2015 (the “**Invitation for Offers**”). The Invitation expired at 5:00 p.m. New York time on 4 August 2015 (the “**Expiration Date**”).

The Invitation was made on the terms and subject to the conditions contained in the Invitation for Offers. Capitalised terms used but not otherwise defined in this announcement shall have the meanings given to them in the Invitation for Offers.

As of the Expiration Date, holders validly offered to sell Notes in an aggregate nominal amount of U.S.\$595,287,000. The Issuer hereby announces that it has accepted for purchase the Maximum Acceptance Amount of U.S.\$400,000,000 in nominal amount of Notes; valid offers to sell Notes will be subject to proration at the Proration Factor in the table below.

ISIN (Reg S/144A):	USX3446PDH48 / US451029AD49
Outstanding Nominal Amount:	U.S.\$902,535,000
Acceptance Amount:	U.S.\$400,000,000
Proration Factor:	0.678028
Purchase Price:	U.S.\$1,037.50 per U.S.\$1,000
Outstanding Nominal Amount After the Settlement Date:	U.S.\$502,535,000

The Purchase Price, together with accrued and unpaid interest on the Notes during the period from and including the most recent interest payment date for the Notes to but excluding the Settlement Date, will be paid to holders whose Notes have been accepted for purchase by the Issuer. The Settlement Date is expected to be 6 August 2015.

### For Further Information

For any questions regarding the Invitation or the Invitation for Offers, please contact:

### The Dealer Manager

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### **The Information and Tender Agent**

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### **DISCLAIMER**

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 Invitation. If any holder is in any doubt as to the action it should take, it is recommended to seek its own legal, tax and financial advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent financial adviser. Any individual or company whose Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to participate in the Invitation. None of Iceland, the Dealer Manager, the Information and Tender Agent, or any person who controls, or is a director, officer, employee or agent of such persons, or any affiliate of such persons, makes any recommendation as to whether holders should participate in the Invitation.