

**THE REPUBLIC OF ICELAND ANNOUNCES PRICING AND RESULTS IN RELATION TO
THE INVITATION FOR OFFERS TO SELL SECURITIES FOR CASH**

**NOT FOR DISTRIBUTION TO ANY ITALIAN PERSON OR TO ANY PERSON RESIDENT
AND/OR LOCATED IN ITALY**

22 June 2010

On 16 June 2010, The Republic of Iceland ("**Iceland**") invited holders of the €1,000,000,000 3.750 per cent. Fixed Rate Notes due December 2011 (of which €823,303,000 principal amount is currently outstanding, the "**2011 Notes**"), and the €250,000,000 5.375 per cent. Notes due 2012 (of which €240,000,000 principal amount is currently outstanding, the "**2012 Notes**" and together with the 2011 Notes, the "**Securities**") to submit offers to sell their Securities to Iceland for cash (the "**Invitation**").

The Invitation by Iceland to holders of Securities constituted a separate Invitation with respect to each Series of Securities. The Invitation was made on the terms and subject to the conditions contained in the invitation for offers dated 16 June 2010 (the "**Invitation for Offers**"). Capitalised terms used in this announcement have the meanings ascribed to them in the Invitation for Offers. The Invitation expired today at 2:00 p.m. London time on Tuesday, 22 June 2010.

Iceland is pleased to announce that it has accepted for purchase an aggregate principal amount of Securities equal to €160,104,000 of the 2011 Notes and €32,091,000 of the 2012 Notes. The total aggregate principal amount of Securities accepted for purchase is €192,195,000. The Purchase Price per €1,000 principal amount has been set at €970 for the 2011 Notes and €967.50 for the 2012 Notes. All Securities tendered at or below the applicable Purchase Price for the relevant Series have been accepted in full and will be cancelled. The Invitation is expected to settle on 29 June 2010.

Description of the Securities	ISIN/Common Code	Maturity Date	Purchase Price	Principal Amount Accepted for Purchase	Principal Amount Outstanding following completion of the Invitation
€1,000,000,000 3.750 per cent. Fixed Rate Notes due December 2011	XS0276687984/027668798	1 December 2011	€970 per €1,000 principal amount	€160,104,000	€663,199,000
€250,000,000 5.375 per cent. Notes due 2012	XS0145825179/014582517	10 April 2012	€967.50 per €1,000 principal amount	€32,091,000	€207,909,000

**THIS ANNOUNCEMENT DOES NOT CONSTITUTE AN OFFER TO PURCHASE ANY
SECURITIES OR A SOLICITATION OF AN OFFER TO SELL ANY SECURITIES.**

For further information:

A complete description of the terms and conditions of the Invitation is set out in the Invitation for Offers. Further details about the transaction can be obtained from:

The Dealer Manager:

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