

FISCAL AGENCY AGREEMENT

Between
REPUBLIC OF ICELAND,

and
CITIBANK, N.A.,
Fiscal Agent

Dated as of May 11, 2012

DEBT SECURITIES

Table of Contents

	<u>Page</u>
1. Securities Issuable in Series.....	1
(a) General.....	1
(b) Authorization.....	1
(c) Form and Denomination of Securities.....	1
(d) Global Securities.....	2
(e) Rule 144A Securities and Regulation S Securities.....	4
(f) Securities Act Legends.....	5
(g) Authentication.....	6
(h) Dating.....	6
2. Fiscal Agent; Other Agents.....	6
3. Authentication and Delivery.....	7
4. Payment, Additional Amounts and Cancellation.....	8
(a) Payment.....	8
(b) Withholding; Additional Amounts.....	8
(c) Cancellation.....	9
5. Registration; Registration of Transfer and Exchange of Securities.....	9
(a) Register.....	9
(b) Transfers and Exchanges.....	10
(c) Restrictions Applicable to Transfers and Exchanges.....	11
6. Sinking Fund and Optional Redemption.....	13
7. Conditions of Fiscal Agent’s Obligations.....	14
(a) Compensation and Indemnity.....	14
(b) Agency.....	15
(c) Advice of Counsel.....	15
(d) Reliance.....	15
(e) Interest in Securities, etc.....	15
(f) Non-Liability for Interest.....	16
(g) Certifications.....	16
(h) No Implied Obligations.....	16
(i) Notices to the Republic.....	16
(j) No Risk of Funds.....	16
(k) No Consequential Damages.....	16
(l) Limitation of Liability Extended to Other Roles.....	16
8. Resignation of Fiscal Agent and Appointment of Successor.....	17
(a) Agreement to Maintain a Fiscal Agent and Paying Agent.....	17

(b)	Resignation	17
(c)	Successors	17
(d)	Acknowledgement	18
(e)	Merger, Consolidation, etc.....	18
(f)	Separate Fiscal Agents	18
9.	Amendments	19
(a)	Amendment Without Consent.....	19
(b)	Amendment With Consent.....	20
(c)	Notice; Notations	21
(d)	Acts of Holders of Securities; Record Dates	21
(e)	“Outstanding” Defined.....	24
10.	Consent to Service	25
11.	Judgment Currency	25
12.	Governing Law	26
13.	Notices	26
(a)	Notices to the Republic or the Fiscal Agent	26
(b)	Notice to Holders of Securities	27
14.	Headings	27
15.	Counterparts	27
EXHIBIT A.	FORM OF SECURITY	
EXHIBIT B-1.	FORM OF RESTRICTED SECURITIES CERTIFICATE	
EXHIBIT B-2.	FORM OF UNRESTRICTED SECURITIES CERTIFICATE	

FISCAL AGENCY AGREEMENT, dated as of May 11, 2012, between the Republic of Iceland (the “**Republic**”), and Citibank, N.A., a national banking association duly organized and existing under the laws of the United States of America, as Fiscal Agent.

1. Securities Issuable in Series.

(a) General. The Republic may issue its notes, bonds, debentures and/or other unsecured evidences of indebtedness (the “**Securities**”) in separate series from time to time (each such series of Securities being hereinafter referred to as a “**Series**” or the “**Securities of a Series**”). All Securities will constitute direct, general, unconditional, unsecured and unsubordinated obligations of the Republic and will be backed by the full faith and credit of the Republic, and the Securities of each Series will rank *pari passu* among themselves and with all other present and future unsecured and unsubordinated [external]indebtedness for borrowed money of the Republic having a maturity of more than one year. The aggregate principal amount of the Securities of all Series which may be authenticated and delivered under this Agreement and which may be Outstanding (as defined below) at any time is not limited by this Agreement.

(b) Authorization. The Securities of a Series delivered to the Fiscal Agent (as defined in Section 2 hereof) for authentication on original issuance pursuant to Section 3 hereof shall be authorized by the Republic in accordance with the laws of the Republic of Iceland (the documents or instruments evidencing the authorizing action or actions with respect to each series is herein referred to as an “**Authorization**”). A copy of the Authorization shall be delivered to the Fiscal Agent and copies thereof shall be held on file and available for inspection upon reasonable notice and during business hours at the corporate trust office of the Fiscal Agent in the The City of New York, and in the offices of any Paying Agents (as referred to below) for the Securities of the Series to which the Authorization relates.

Securities may be issuable pursuant to warrants (if so provided in the text of such Securities), and the Fiscal Agent may act as warrant agent or in any similar capacity in connection therewith.

(c) Form and Denomination of Securities. The Securities of each Series will be issued in registered form without coupons (unless otherwise provided in the Authorization) in substantially the form of Exhibit A hereto or such other form as shall be established pursuant to the Authorization and in the denominations specified in the Authorization. In the absence of any such specified denomination with respect to the Securities of any Series, the Securities of such Series shall be issuable in the denominations of U.S.\$100,000 and integral multiples of U.S.\$1,000 in excess thereof.

Securities shall be executed manually or in facsimile on behalf of the Republic by such official or officials of the Republic as shall have been authorized by the Republic (the “**Authorized Officials**”), notwithstanding that such officials, or any of them, shall have ceased, for any reason, to hold such offices prior to the authentication

and delivery of such Securities or did not hold such offices at the date of any such Security.

The Securities of a Series may also have such additional provisions, omissions, variations or substitutions as are not inconsistent with the provisions of this Agreement or of the Authorization, and may have such letters, numbers or other marks of identification and such legends or endorsements not referred to in the Authorization placed thereon as may be required to comply with any law or with any rules made pursuant thereto or with the rules of any securities exchange or governmental agency or as may, consistently herewith, be determined by the Authorized Officials executing such Securities, as conclusively evidenced by their execution of such Securities. All Securities of a particular Series shall be otherwise substantially identical except as to denomination and as provided herein or in the Authorization.

(d) Global Securities. Unless otherwise specified in or pursuant to the Authorization, this Section 1(d) shall apply only to Global Securities representing all or a part of a Series of Securities. The term “**Global Security**” means a Security that evidences all or part of the Securities and bears the legend specified in this clause (ii) of this Section 1(d) or such legend as may be specified in or pursuant to the Authorization.

(i) Each Global Security authenticated under this Fiscal Agency Agreement shall be registered in the name of the depositary designated by the Republic for that Global Security (the “**Depositary**”) or a nominee of that Depositary, and delivered to that Depositary or a nominee thereof or custodian therefor, and each such Global Security shall constitute a single Security for all purposes of this Agreement.

(ii) Unless otherwise specified in or pursuant to the Authorization, each Global Security authenticated and delivered hereunder shall bear a legend substantially in the following form:

THIS [*SECURITY*] IS A GLOBAL SECURITY WITHIN THE MEANING OF THE FISCAL AGENCY AGREEMENT HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS [*SECURITY*] IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE FISCAL AGENCY AGREEMENT AND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY.

[If applicable insert -- UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (“**DTC**”), A NEW YORK

CORPORATION, TO THE REPUBLIC OF ICELAND OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CEDE & CO. (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

(iii) Notwithstanding any other provision in this Agreement, no Global Security may be exchanged in whole or in part for Securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any person other than the Depository for such Global Security or a nominee thereof, except as provided in clause (vi) of this Section 1(d).

(iv) Subject to clause (vi) below and Section 5(c) hereof, any exchange of a Global Security for other Securities may be made in whole or in part, and all Securities issued in exchange for a Global Security or any portion thereof shall be registered in such names as the Depository for such Global Security shall direct.

(v) Every Security authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Security or any portion thereof, whether pursuant to this Section 1(d), Section 5(b), or 9(c) or otherwise, shall be authenticated and delivered in the form of, and shall be, a Global Security, unless such Security is registered in the name of a person other than the Depository for such Global Security or a nominee thereof.

(vi) A Global Security shall be exchangeable for Securities certificates registered in the respective names of the beneficial owners of interests in the Global Security only if (A) the Depository designated by the Republic with respect to such Global Security notifies the Republic that it is unwilling or unable to continue as Depository for such Global Security or if at any time such Depository ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and, in each case, the Republic does not appoint another institution to act as Depository within 90 days after receiving such notification, (B) the Republic in its discretion determines to make a Global Security so exchangeable and delivers to the Fiscal Agent a written notice executed by Authorized Officials that such Global Security shall be so exchangeable, (C) an event of default has occurred and is continuing with respect to the Securities of the Series, or (D) there shall exist such circumstances, if any, in addition to or in lieu of the foregoing as have been specified for this purpose as contemplated by the Authorization.

(vii) If the beneficial owners of interests in a Global Security are entitled to exchange interests for individual certificates evidencing Securities of such Series of another authorized form, as provided in clause (vi) of this Section 1(d) and subject to the provisions of Section 5(c), then without unnecessary delay but in any event not later than the earliest date on which such interests may be so exchanged the Republic shall deliver to the Fiscal Agent definitive registered Securities certificates in aggregate principal or face amount equal to the principal or face amount of such Global Security executed by the Republic. On or after the earliest date on which such interests may be so exchanged, such Global Security shall be surrendered by the Depository to the Fiscal Agent, as the Republic's agent for such purpose, to be exchanged, in whole or from time to time in part, for definitive registered certificates evidencing Securities without charge, and the Fiscal Agent shall authenticate and deliver, in exchange for each portion of such Global Security, an equal aggregate principal amount of definitive registered certificates evidencing Securities of the same Series of authorized denominations and of like tenor as the portion of such Global Security to be exchanged.

(e) Rule 144A Securities and Regulation S Securities. Upon their original issuance, the Rule 144A Securities and the Regulation S Securities shall be issued in the form of separate Global Securities registered in the name of the Depository or its nominee and deposited with a custodian for the Depository, for credit by the Depository to the respective accounts of beneficial owners of the Securities represented thereby (or such other accounts as they may direct). Each such Global Security will constitute a single Security for all purposes of this Agreement. The Global Securities representing Rule 144A Securities, together with their Successor Securities which are Global Securities other than Regulation S Global Securities or Unrestricted Global Securities, are collectively herein called the “**Restricted Global Securities**”. The Global Securities representing Regulation S Securities, together with their Successor Securities which are Global Securities other than Restricted Global Securities or Unrestricted Global Securities, are collectively herein called the “**Regulation S Global Securities**”. The Restricted Global Securities, the Regulation S Global Securities and the Unrestricted Global Securities representing the Securities shall each be a Global Security.

For purposes of this Agreement, the following terms shall have the following meanings:

“**Regulation S**” means Regulation S under the Securities Act (or any successor provision), as it may be amended from time to time.

“**Regulation S Global Security**” has the meaning specified in this Section 1(e).

“**Regulation S Securities**” means all Securities required to bear a Regulation S Legend (as defined in Section 1(f)). Such term includes the Regulation S Global Security.

“**Restricted Global Securities**” has the meaning specified in this Section 1(e).

“**Rule 144A**” means Rule 144A under the Securities Act (or any successor rule), as the same may be amended from time to time.

“**Rule 144A Securities**” means all Securities initially resold by the initial purchasers of the Securities from the Republic in reliance on Rule 144A.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended.

“**Securities Act Legend**” means the Restricted Securities Legend and/or the Regulation S Legend.

“**Successor Security**” of any particular Security means every Security issued after, and evidencing all or a portion of the same debt as that evidenced by, such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 1(d)(v), 5(b) or 9(c) hereof in exchange for or in lieu of a Security shall be deemed to evidence the same debt as the particular Security.

“**Unrestricted Global Security**” means a Global Security that does not contain a Securities Act Legend. On its date of issuance, each Unrestricted Global Security shall have an initial principal amount of zero.

(f) Securities Act Legends. Rule 144A Securities and their Successor Securities (other than Unrestricted Global Securities) shall bear the Restricted Securities Legend, and Regulation S Securities and their Successor Securities (other than Unrestricted Global Securities) shall bear the Regulation S Legend.

For purposes of this Agreement, the following terms shall have the following meanings:

“**Restricted Securities Legend**” means a legend substantially in form of the legend required to be placed on each Restricted Security as set forth in Exhibit A.

“**Restricted Security**” means any Security required to bear any Restricted Securities Legend. Such term includes the Restricted Global Security.

“**Regulation S Legend**” means a legend substantially in the form of the legend required to be placed upon each Regulation S Security, as set forth in Exhibit A.

(g) Authentication. No Security shall be entitled to any benefit under this Agreement or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication executed by the Fiscal Agent or any authenticating agent by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Agreement.

(h) Dating. Securities shall be dated the date of their authentication by the Fiscal Agent.

2. Fiscal Agent; Other Agents.

The Republic hereby appoints Citibank, N.A., acting through its corporate trust office at 388 Greenwich Street, 14th Floor, New York, NY 10013 in the Borough of Manhattan, The City of New York, as fiscal agent of the Republic in respect of the Securities upon the terms and subject to the conditions herein set forth, and Citibank, N.A. hereby accepts such appointment. Citibank, N.A., and any successor or successors as such fiscal agent qualified and appointed in accordance with Section 8 hereof, are herein called the “**Fiscal Agent**”. The Fiscal Agent shall have the powers and authority granted to and conferred upon it in the Securities and hereby and such further powers and authority to act on behalf of the Republic as may be mutually agreed upon by the Republic and the Fiscal Agent. All of the terms and provisions with respect to such powers and authority contained in the Securities are subject to and governed by the terms and provisions hereof.

The Republic may, at its discretion, appoint one or more agents (a “**Paying Agent**” or “**Paying Agents**”) for the payment (subject to applicable laws and regulations) of the principal of or any premium or interest on the Securities of a Series, and one or more agents (a “**Transfer Agent**” or “**Transfer Agents**”) for the transfer and exchange of Securities of a Series, and one or more agents (a “**Calculation Agent**” or “**Calculation Agents**”) to make any calculations or determinations as may be required pursuant to the terms of any Securities of a Series, at such place or places as the Republic may determine; *provided, however*, that the Republic shall at all times maintain a Paying Agent and a Transfer Agent in the Borough of Manhattan, The City of New York (which Paying Agent may be the Fiscal Agent); *provided further*, that for so long as any Securities of a Series are listed on a securities exchange, the Republic shall at all times maintain a Paying Agent in such location as such exchange may require. The Republic shall promptly notify the Fiscal Agent of the name and address of each Paying Agent,

Transfer Agent or Calculation Agent appointed by it, and will notify the Fiscal Agent of the resignation or termination of any Paying Agent, Transfer Agent or Calculation Agent. Subject to the provisions of Section 8(c) hereof, the Republic may vary or terminate the appointment of any such Paying Agent, Transfer Agent or Calculation Agent at any time and from time to time upon giving not less than 90 days' notice to such Paying Agent, Transfer Agent or Calculation Agent, as the case may be, and to the Fiscal Agent.

In respect of the Securities of a Series, the Republic shall cause notice of any resignation, termination or appointment of any Paying Agent, Transfer Agent or Calculation Agent or of the Fiscal Agent and of any change in the office through which any such Agent will act to be given as provided in Section 13 of this Agreement.

3. Authentication and Delivery.

The Fiscal Agent is authorized, upon receipt of Securities of a Series duly executed on behalf of the Republic for the purposes of the original issuance of Securities of such Series, together with an Authorization from the Republic for the authentication of such Securities, (i) to authenticate the said Securities in an aggregate principal amount not in excess of the aggregate principal amount specified in the text of the Securities of such Series in accordance with the Authorization and to deliver the said Securities in accordance with the written order or orders of the Republic signed on its behalf by any person authorized by or pursuant to the Authorization and (ii) thereafter to authenticate and deliver Securities of such Series in accordance with the provisions therein or hereinafter set forth.

Notwithstanding that such form or terms have been so established, the Fiscal Agent shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Fiscal Agency Agreement would adversely affect the Fiscal Agent's own rights, duties or immunities under the Securities and this Fiscal Agency Agreement in a manner not reasonably acceptable to the Fiscal Agent.

Notwithstanding the provisions of Section 1(b) and of the preceding paragraph, if all Securities of a Series are not to be originally issued at one time, it shall not be necessary to deliver the order or orders otherwise required pursuant to such preceding paragraph at or prior to the time of authentication of each Security of such Series if such documents are delivered at or prior to the time of authentication upon original issuance of the first Security of such Series to be issued.

The Fiscal Agent may, with the consent of the Republic, appoint by an instrument or instruments in writing one or more agents (which may include itself) for the authentication of Securities of a Series and, with such consent, vary or terminate any such appointment upon written notice and approve any change in the office through which any authenticating agent acts. The Republic (by written notice to the Fiscal Agent and the authenticating agent whose appointment is to be terminated) may also terminate any such appointment at any time. The Fiscal Agent hereby agrees to solicit written acceptances from the entities concerned (in form and substance satisfactory to the Republic) of such

appointments. In its acceptance of such appointment, each such authenticating agent shall agree to act as an authenticating agent pursuant to the terms and conditions of this Agreement.

4. Payment, Additional Amounts and Cancellation.

(a) Payment. Subject to the following provisions, the Republic shall provide to the Fiscal Agent in funds available in the place of payment on or prior to each date on which a payment of principal of, and any premium or interest on, the Securities of a Series shall become due, as set forth in the text of the Securities of such Series, such amount, in such coin or currency, as is necessary to make such payment, and the Republic hereby authorizes and directs the Fiscal Agent from funds so provided to it to make or cause to be made payment of the principal of, and any premium or interest on, as the case may be, the Securities of such Series as set forth herein and in the text of said Securities. The Fiscal Agent shall arrange directly with any Paying Agent who may have been appointed by the Republic pursuant to the provisions of Section 2 hereof for the payment from funds so paid by the Republic of the principal of, and any premium or interest on, the Securities of such Series as set forth herein and in the text of said Securities. Notwithstanding the foregoing, where the Authorization expressly so provides, the Republic may provide directly to a Paying Agent funds for the payment of the principal thereof and any premium and interest thereon under an agreement with respect to such funds containing substantially the same terms and conditions set forth in this Section 4(a) and in Section 7(b) hereof; and the Fiscal Agent shall have no responsibility with respect to any funds so provided by the Republic to any such Paying Agent.

Any interest on Securities of a Series shall be paid, unless otherwise provided in the text of the Securities of such Series, to the persons (“**holders**”) in whose names such Securities are registered on the register maintained pursuant to Section 5(a) hereof at the close of business on the record dates designated in the text of the Securities of such Series. Payment of principal of and any premium and interest on Securities of a Series shall be made at the corporate trust office of the Fiscal Agent and at the offices of such other Paying Agents as the Republic shall have appointed pursuant to Section 2 hereof in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts and in such other manner or at such other place as may be set forth or provided for in the Securities of such Series; *provided, however*, that, if so provided in the Authorization relating to the Securities of such Series, at the option of the Republic payment of interest may be made by check mailed to the address of the person entitled thereto as such address shall appear in the Securities register maintained pursuant to Section 5(a).

(b) Withholding; Additional Amounts. In respect of the Securities of each Series issued hereunder, at least 10 days prior to the first date of payment of interest (which, for purposes of this subsection (b), shall include accrued original issue discount) on the Securities of such Series and at least 10 days prior to each date, if any, of payment

of principal (and premium, if any) or interest thereafter if there has been any change with respect to the matters set forth in the below-mentioned certificate, the Republic will furnish the Fiscal Agent and each other Paying Agent with a certificate of Authorized Officials instructing the Fiscal Agent and each other Paying Agent whether such payment of principal of (and premium, if any) or any interest on such Securities shall be made without deduction or withholding for or on account of any tax, assessment or other governmental charge. If any such deduction or withholding shall be required, then such certificate shall specify, by country, the amount, if any, required to be withheld on such payment to holders of such Securities or coupons, and the Republic will pay or cause to be paid to the Fiscal Agent (or, if applicable, directly to a Paying Agent or Agents) additional amounts, if any, required by the terms of such Securities to be paid. The Republic agrees to indemnify the Fiscal Agent and each other Paying Agent for, and to hold them harmless against, any loss, liability or expense reasonably incurred without gross negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in reliance on any certificate furnished pursuant hereto.-

All references in this Agreement to principal, premium and interest in respect of Securities of a Series shall, unless the context otherwise requires, be deemed to mean and include all additional amounts, if any, payable in respect thereof as set forth in the text of the Securities of such Series.

(c) Cancellation. All Securities delivered to the Fiscal Agent (or any other Agent appointed by the Republic pursuant to Section 2 hereof) for payment, redemption, registration of transfer or exchange or for credit against any sinking fund payment as herein or in the Securities provided shall be forwarded to the Fiscal Agent by the Agent to which they are delivered. All such Securities shall be cancelled and destroyed by the Fiscal Agent or such other person as may be jointly designated by the Republic and the Fiscal Agent, which shall thereupon furnish certificates of such destruction to the Republic.

5. Registration; Registration of Transfer and Exchange of Securities.

(a) Register. The Fiscal Agent, as agent of the Republic for such purpose, shall maintain at its corporate trust office in the Borough of Manhattan, The City of New York, a register for each Series of Securities for the registration of Securities and of transfers of Securities of such Series (the “**Security Register**”). The Fiscal Agent, at its corporate trust office, is hereby appointed “**Securities Registrar**” for the purpose of registering the Securities and transfers of the Securities on such Security Register as herein provided. Upon presentation for the purpose at the said office of the Fiscal Agent of any Security of such Series, accompanied by a written instrument of transfer in the form approved by the Republic and the Fiscal Agent (it being understood that, until notice to the contrary is given to holders of Securities of a Series, the Republic and the Fiscal Agent shall each be deemed to have approved the form of instrument of transfer, if any, printed on any definitive Security of such Series), executed by the holder, in person or by such holder’s attorney thereunto duly authorized in writing, such Security shall be

transferred upon the register for the Securities of such Series, and a new Security of such Series and of like tenor shall be authenticated and issued in the name of the transferee.

(b) Transfers and Exchanges. The Fiscal Agent, or any Transfer Agent appointed pursuant to Section 2 of this Agreement, is hereby authorized from time to time in accordance with the provisions of the Securities and of this Section to authenticate and deliver:

(i) A like principal amount of Securities of such Series of like tenor in authorized denominations in exchange for Securities of such Series which become mutilated, or, in the absence of notice to the Republic or the Fiscal Agent that such Security has been acquired by a bona fide purchaser, in lieu of Securities of such Series which become destroyed, stolen or lost, *provided* that neither the Republic nor the Fiscal Agent shall be obligated to replace a destroyed, stolen or lost Security unless there shall be delivered to the Republic and the Fiscal Agent (i) evidence to their satisfaction of the destruction, loss or theft of any such Security, and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless.

(ii) Securities of a Series of authorized denominations in exchange for a like aggregate principal amount of Securities of such Series of like tenor in different authorized denominations;

(iii) if Securities of a Series are subject to partial redemption or repayment, Securities of a Series of authorized denominations in exchange for the unredeemed or unpaid portion of any Securities of such Series redeemed or repaid in part only; and

(iv) if specifically so provided by the provisions of the Securities of a Series, Securities of such Series in exchange for Securities of another Series.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Republic, evidencing the same debt, and carrying all the rights if any, to interest accrued and unpaid and to accrue which were carried by the whole or such part of such Security. Notwithstanding anything to the contrary herein contained, such new Security shall be so dated that neither gain nor loss in interest shall result from such transfer or exchange.

Transfers and exchanges of Securities of a Series shall be subject to such restrictions as shall be set forth in the text of the Securities of such Series and such reasonable regulations as may be prescribed by the Republic.

Successive registrations and registrations of transfers as aforesaid may be made from time to time as desired, and each such registration shall be noted on the Securities register.

No service charge shall be made for any registration, registration of transfer or exchange of the Securities of a Series unless otherwise provided by the provisions of the Securities of such Series, but the Fiscal Agent (and any Transfer Agent or authenticating agent appointed pursuant to Section 2 or 3 hereof, respectively) may require payment of a sum sufficient to cover any stamp or other tax or governmental charge in connection therewith and any other amounts required to be paid by the provisions of the Securities of such Series.

Neither the Fiscal Agent nor any Transfer Agent shall be required to make registrations of transfer or exchange of Securities of a Series during any restricted periods set forth in the text of the Securities of such Series.

Any Transfer Agent appointed pursuant to Section 2 hereof shall provide to the Fiscal Agent such information as the Fiscal Agent may reasonably require in connection with the delivery by such Transfer Agent of Securities in exchange for other Securities.

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Republic or the Fiscal Agent) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Republic and the Fiscal Agent, as Securities Registrar, duly executed, by the holder thereof or his attorney duly authorized in writing.

(c) Restrictions Applicable to Transfers and Exchanges.

Notwithstanding any other provision in this Agreement, transfers and exchanges of Securities and beneficial interests in a Global Security shall be made only in accordance with this Section 5(c).

(i) ***Restricted Global Security to Regulation S Global Security or Unrestricted Global Security.*** If the owner of a beneficial interest in the Restricted Global Security wishes to transfer such interest to a person who wishes to acquire the same in the form of a beneficial interest in the Regulation S Global Security or the Unrestricted Global Security, such transfer may be effected only in accordance with the provisions of this Section 5(c)(i) and subject to applicable procedures of any Depository holding such Global Securities. Upon receipt by the Fiscal Agent, as Securities Registrar pursuant to Section 5(a) of this Agreement, of (i) an order given by the Depository or its authorized representative directing that a beneficial interest in the Regulation S Global Security or Unrestricted Global Security in a specified principal amount be credited to a specified account of a member of, or participant in, the Depository (“**Agent Member**”) and that a beneficial interest in the Restricted Global Security in an equal amount be debited from the same or another specified Agent Member’s account and (ii) an Unrestricted Securities Certificate, satisfactory to the Republic and duly executed by the holder of such Restricted Global Security or his attorney duly authorized in writing, then the Fiscal Agent, as Securities Registrar, shall

reduce the principal amount of such Restricted Global Security and increase the principal amount of the Regulation S Global Security or the Unrestricted Global Security by such specified principal amount on the Security Register, *provided* that if the transfer is to occur during the Restricted Period, then such person will take delivery in the form of a Regulation S Global Security.

(ii) ***Regulation S Global Security to Restricted Global Security.*** If during the Restricted Period, the owner of a beneficial interest in the Regulation S Global Security wishes to transfer such interest to a person who wishes to acquire the same in the form of a beneficial interest in the Restricted Global Security, such transfer may be effected only in accordance with this Section 5(c)(ii) and subject to applicable procedures of any Depository holding such Global Securities. Upon receipt by the Fiscal Agent, as Security registrar, of (i) an order given by the Depository or its authorized representative directing that a beneficial interest in the Restricted Global Security in a specified principal amount be credited to a specified Agent Member's account and that a beneficial interest in the Regulation S Global Security in an equal principal amount be debited from the same or another specified Agent Member's account and (ii) a Restricted Securities Certificate, satisfactory to the Republic and duly executed by the holder of such Regulation S Global Security or his attorney duly authorized in writing, then the Fiscal Agent, as Securities Registrar, shall reduce the principal amount of such Regulation S Global Security and increase the principal amount of the Restricted Global Security by such specified principal amount on the Security Register.

For purposes of this Agreement, the following terms shall have the following meanings:

“Restricted Securities Certificate” means a certificate substantially in the form set forth in Exhibit B-1.

“Restricted Period” means the period of 41 consecutive days beginning on the later of (i) the day on which Securities are first offered to persons other than distributors (as defined in Regulation S) in reliance on Regulation S and (ii) the date of closing of the offering, except that any offer or sale by a distributor (as defined in Regulation S) of an unsold allotment shall be deemed to be made during the Restricted Period.

“Unrestricted Securities Certificate” means a certificate substantially in the form set forth in Exhibit B-2.

(iii) ***Exchanges of Global Security for Non-Global Securities.*** In the event that a Global Security or any portion thereof is exchanged for Securities other than Global Securities pursuant to Section 1(d)(vi), such other Securities may in turn be exchanged (on transfer or otherwise) for Securities that are not

Global Securities or for beneficial interests in a Global Security (if any is then Outstanding) only in accordance with Fiscal Agent's normal procedures, *provided* that such procedures shall include procedures substantially consistent with the provisions of clauses (i) and (ii) of this Section 5(c) and Section 1(f) (including (x) the certification requirements intended to insure that transfers and exchanges of beneficial interests in a Global Security comply with Rule 144A, Rule 144 or Regulation S, as the case may be, and (y) the requirements regarding legends set forth in Section 1(f)).

(iv) The Fiscal Agent shall have no responsibility, obligation or duty to:

(A) any beneficial owner of a Global Security with respect to (x) the accuracy of the records of the Depository or any Agent Member, with respect to any ownership interest in the Securities, or (y) the delivery to any Agent Member (other than the Depository) of any notice (including any notice of redemption) or the payment of any amount or delivery of any Securities (or other security or property) under or with respect to such Securities; or

(B) monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Fiscal Agency Agreement or under applicable law with respect to any transfer of any interest in any Security (including any transfers between or among the Depository, any Agent Member or beneficial owners in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Fiscal Agency Agreement with respect to transfers between holders, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

6. Sinking Fund and Optional Redemption.

The Republic hereby authorizes and directs the Fiscal Agent to administer the sinking fund with respect to any Securities of any Series having a mandatory sinking fund or similar provision in accordance with the provisions set forth in the text of such Securities. In the event that the provisions of any Securities of a Series permit the Republic to redeem such Securities at its option, the Republic shall, unless otherwise provided in the text of such Securities, give written notice to the Fiscal Agent of the principal amount of Securities to be so redeemed not less than 60 days prior to the optional redemption date. All notices of redemption of Securities of a Series shall be made in the name and at the expense of the Republic and shall be given in accordance with the provisions applicable thereto set forth in the Authorization relating to or the text of such Securities. In the event that the provisions set forth in the Authorization or in the text of any Securities of a Series permit the Republic to redeem such Securities only upon the occurrence or satisfaction of a condition or conditions precedent thereto, prior to the giving of notice of redemption of such Securities, the Republic shall deliver to the Fiscal

Agent a certificate of Authorized Officials stating that the Republic is entitled to effect such redemption and setting forth in reasonable detail a statement of facts showing that such condition or conditions precedent have occurred or been satisfied. In the event that the provisions of any Securities of a Series permit the holders thereof, at their option, to cause the Republic to redeem such Securities, the Republic shall, as contemplated by Section 4 hereof, arrange with the Fiscal Agent (and each Paying Agent for the purpose, if applicable) for the provision of funds sufficient to make payments to such holders in respect of such redemptions, and the Fiscal Agent shall provide to the Republic from time to time reasonably detailed information as to such redemptions.

Whenever less than all the Securities of a Series at any time Outstanding are to be redeemed at the option of the Republic, the particular Securities of such Series to be redeemed shall be selected not less than 30 days nor more than 60 days prior to the redemption date by the Fiscal Agent from the Outstanding Securities of such Series not previously called for redemption by lot or any other such method as the Fiscal Agent shall deem fair and appropriate and in accordance with the requirements of any securities exchange on which such Securities are listed and of the Depository therefor, which method may provide for the selection for redemption of portions of the principal amount of Securities of such Series the minimum denominations of which, if any, will be specified in the text of the Securities of such Series. Upon any partial redemption of a Security of a Series, the Fiscal Agent shall authenticate and deliver in exchange therefor one or more Securities of such Series, of any authorized denomination and like tenor as requested by the holder thereof, in aggregate principal amount equal to the unredeemed portion of the principal of such Security.

The Republic may at any time purchase the Securities at any price in the open market or otherwise, including through tenders, exchange offers and public or private transactions. Securities so purchased or acquired by the Republic may, at the Republic's discretion, be held, resold or surrendered to the Fiscal Agent for cancellation.

7. Conditions of Fiscal Agent's Obligations.

The Fiscal Agent accepts its obligations herein set forth upon the terms and conditions hereof, including the following, to all of which the Republic agrees and to all of which the rights of holders from time to time of Securities are subject:

(a) Compensation and Indemnity. The Fiscal Agent shall be entitled to reasonable compensation as agreed with the Republic for all services rendered by it, and the Republic agrees promptly to pay such compensation and to reimburse the Fiscal Agent for the reasonable out-of-pocket expenses (including counsel fees) incurred by it in connection with its services hereunder. The Republic also agrees to indemnify the Fiscal Agent for, and to hold it harmless against, any loss, liability, damages, claims or expense (including reasonable counsel fees and expenses), incurred without gross negligence or bad faith, arising out of or in connection with its acting as Fiscal Agent hereunder, including the reasonable costs and expenses of defending against any claim of liability.

The obligations of the Republic under this Section 7(a) shall survive payment of all the Securities or the resignation or removal of the Fiscal Agent.

(b) Agency. In acting under this Agreement and in connection with the Securities, the Fiscal Agent is acting solely as agent of the Republic and does not assume any responsibility for the correctness of the recitals in the Securities (except for the correctness of the statement in its certificate of authentication thereon) or any obligation or relationship of agency or trust, for or with any of the owners or holders of the Securities, except that all funds held by the Fiscal Agent or any paying agent for the payment of principal of and any premium and interest on the Securities shall be held in trust for such owners or holders, as the case may be, as set forth herein and in the Securities; *provided, however*, that monies deposited with the Fiscal Agent or a Paying Agent for payment of the principal of or any premium or interest on the Securities of a Series and remaining unclaimed at the end of two years after such principal, premium or interest shall have become due and payable (whether at maturity or otherwise) shall be repaid to the Republic, as provided and in the manner set forth in the Securities of such Series. Upon such repayment, the aforesaid trust with respect to the Securities of such Series shall terminate and all liability of the Fiscal Agent and Paying Agents with respect to such funds shall thereupon cease.

(c) Advice of Counsel. The Fiscal Agent and any Paying Agent or Transfer Agent appointed by the Republic pursuant to Section 2 hereof may consult with their respective counsel or other counsel satisfactory to them, and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by them hereunder in good faith and in accordance with such advice or opinion.

(d) Reliance. The Fiscal Agent and any Paying Agent or Transfer Agent appointed by the Republic pursuant to Section 2 hereof each shall be protected and shall incur no liability for or in respect of any action taken or thing suffered by it in reliance upon any Security, notice, direction, consent, certificate, affidavit, statement, or other paper or document believed by it, in good faith, to be genuine and to have been passed or signed by the proper parties.

(e) Interest in Securities, etc. The Fiscal Agent and any Paying Agent or Transfer Agent appointed by the Republic pursuant to Section 2 hereof and their respective officers, directors and employees may become the owners of, or acquire any interest in, any Securities, with the same rights that they would have if they were not the Fiscal Agent, such other Paying Agent or Transfer Agent or such person, and may engage or be interested in any financial or other transaction with the Republic, and may act on, or as depository, trustee or agent for, any committee or body of holders of Securities or other obligations of the Republic, as freely as if they were not the Fiscal Agent, such other Paying Agent or Transfer Agent or such person.

(f) Non-Liability for Interest. Subject to any agreement between the Republic and the Fiscal Agent to the contrary, the Fiscal Agent shall not be under any liability for interest on monies at any time received by it pursuant to any of the provisions of this Agreement or of the Securities.

(g) Certifications. Whenever in the administration of this Agreement the Fiscal Agent shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Fiscal Agent (unless other evidence be herein specifically prescribed) may, in good faith, rely upon a certificate signed by any person authorized by or pursuant to the Authorization and delivered to the Fiscal Agent.

(h) No Implied Obligations. The duties and obligations of the Fiscal Agent shall be determined solely by the express provisions of this Agreement, and the Fiscal Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Fiscal Agent.

(i) Notices to the Republic. If any Agent shall receive any notice or demand addressed to the Republic by the holder of a Security pursuant to the provisions of the Securities of any Series, such Agent shall promptly forward such notice or demand to the Republic.

(j) No Risk of Funds. No provision of this Fiscal Agency Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(k) No Consequential Damages. The Fiscal Agent shall not be liable for any damage, loss or injury resulting from any action taken or omitted in the absence of gross negligence or bad faith. In no event shall the Fiscal Agent be liable for any indirect, incidental, consequential, punitive or special losses or damages, regardless of the form of action and whether or not any such losses or damages were foreseeable or contemplated.

(l) Limitation of Liability Extended to Other Roles. The rights, privileges, protections, immunities and benefits given to the Fiscal Agent, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Fiscal Agent in each of its capacities hereunder (including Securities Registrar and Paying Agent).

(m) Cooperation. The Republic shall cooperate and use commercially reasonable efforts to provide any additional documentation or information reasonably requested by the Fiscal Agent in performing its duties and obligations hereunder.

8. Resignation of Fiscal Agent and Appointment of Successor.

(a) Agreement to Maintain a Fiscal Agent and Paying Agent. The Republic agrees, for the benefit of the holders from time to time of the Securities of a Series, that there shall at all times be a Fiscal Agent hereunder which shall be a bank or trust company organized and doing business under the laws of the United States of America or the State of New York, in good standing and having an established place of business in the Borough of Manhattan, The City of New York, and authorized under such laws to exercise corporate trust powers until all the Securities of such Series authenticated and delivered hereunder (i) shall have been delivered to the Fiscal Agent for cancellation or (ii) become due and payable and monies sufficient to pay the principal of and any premium and interest on the Securities of such Series shall have been made available for payment and either paid or returned to the Republic as provided herein and in such Securities.

(b) Resignation. The Fiscal Agent may at any time resign by giving written notice to the Republic of such intention on its part, specifying the date on which its desired resignation shall become effective, provided that such date shall not be less than three months from the date on which such notice is given, unless the Republic agrees to accept shorter notice. The Fiscal Agent hereunder may be removed at any time by the filing with it of an instrument in writing signed on behalf of the Republic and specifying such removal and the date when it shall become effective. Notwithstanding the dates of effectiveness of resignation or removal, as the case may be, to be specified in accordance with the preceding sentences, such resignation or removal shall take effect only upon the appointment by the Republic, as hereinafter provided, of a successor Fiscal Agent (which, to qualify as such, shall be a bank or trust company organized and doing business under the laws of the United States of America or of the State of New York, in good standing and having and acting through an established place of business in the Borough of Manhattan, The City of New York, authorized under such laws to exercise corporate trust powers and having a combined capital and surplus in excess of U.S.\$50,000,000) and the acceptance of such appointment by such successor Fiscal Agent. Upon its resignation or removal, the Fiscal Agent shall be entitled to payment by the Republic pursuant to Section 7 hereof of compensation for services rendered and to reimbursement of out-of-pocket expenses incurred hereunder.

(c) Successors. In case at any time the Fiscal Agent or any Paying Agent in respect of the Securities of a Series (if such Paying Agent is the only Paying Agent located in a place where, by the terms of the Securities of such Series or this Agreement, the Republic is required to maintain a Paying Agent) shall resign, or shall be removed, or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or shall file a voluntary petition in bankruptcy or make an assignment for the benefit of its creditors or consent to the appointment of a receiver of all or any substantial part of its property, or shall admit in writing its inability to pay or meet its debts as they severally mature, or if a receiver of it or of all or any substantial part of its property shall be appointed, or if an order of any court shall be entered approving any petition filed by or

against it under the provisions of the Federal Bankruptcy Act or under the provisions of any similar legislation, or if a receiver of it or its property shall be appointed, or if any public officer shall take charge or control of it or of its property or affairs, for the purpose of rehabilitation, conservation or liquidation, a successor Fiscal Agent or Paying Agent, as the case may be, qualified as aforesaid, shall be appointed by the Republic by an instrument in writing, filed with the successor Fiscal Agent or Paying Agent, as the case may be, and the predecessor Fiscal Agent or Paying Agent, as the case may be. Upon the appointment as aforesaid of a successor Fiscal Agent or Paying Agent, as the case may be, and acceptance by such successor of such appointment, the Fiscal Agent or Paying Agent, as the case may be, so succeeded shall cease to be Fiscal Agent or Paying Agent, as the case may be, hereunder. If no successor Fiscal Agent or other Paying Agent, as the case may be, shall have been so appointed by the Republic and shall have accepted appointment as hereinafter provided, and, in the case of such other Paying Agent, if such other Paying Agent is the only Paying Agent located in a place where, by the terms of the Securities of a Series or this Agreement, the Republic is required to maintain a Paying Agent, then any holder of a Security who has been a bona fide holder of a Security for at least six months (which Security, in the case of such other Paying Agent, is of the Series referred to in this sentence), on behalf of himself and all others similarly situated, or the Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor agent. The Republic shall give prompt written notice to each other Paying Agent of the appointment of a successor Fiscal Agent.

(d) Acknowledgement. Any successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Republic an instrument accepting such appointment hereunder, and thereupon such successor Fiscal Agent, without any further act, deed or conveyance, shall become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of such predecessor with like effect as if originally named as Fiscal Agent hereunder, and such predecessor, upon payment of its compensation and reimbursement of its disbursements then unpaid, shall thereupon become obligated to transfer, deliver and pay over, and such successor Fiscal Agent shall be entitled to receive, all monies, securities, books, records or other property on deposit with or held by such predecessor as Fiscal Agent hereunder.

(e) Merger, Consolidation, etc. Any corporation or entity into which the Fiscal Agent hereunder may be merged, or any corporation or entity resulting from any merger or consolidation to which the Fiscal Agent shall be a party, or any corporation or entity to which the Fiscal Agent shall sell or otherwise transfer all or substantially all the assets and business of the Fiscal Agent, provided that it shall be qualified as aforesaid, shall be the successor Fiscal Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto.

(f) Separate Fiscal Agents. The Republic may appoint a separate fiscal agent for the Securities of any Series in addition to or in lieu of the Fiscal Agent or any other fiscal agent which is acting as such agent for the Securities of any other Series. Any such separate fiscal agent shall be a bank or trust company organized and doing

business under the laws of the United States of America or of the State of New York, in good standing and having and acting through an established place of business in the Borough of Manhattan, The City of New York, authorized under such laws to exercise corporate trust powers and having a combined capital and surplus in excess of U.S.\$50,000,000. Any separate fiscal agent shall enter into an agreement with the Republic under which such fiscal agent shall agree to act on substantially the terms applicable to the Fiscal Agent hereunder.

9. Amendments.

(a) Amendment Without Consent. Without the consent of any holders of the Securities of a Series, the Republic and the Fiscal Agent, at any time and from time to time, may modify, amend, change or waive any terms of the Securities of such Series or, insofar as concerns the Securities of such Series, this Agreement, for any of the following purposes:

(i) to add to the covenants of the Republic for the benefit of the holders of all or any Series of Securities (and if such covenants are to be for the benefit of less than all Series of Securities, stating that such covenants are expressly being included solely for the benefit of such Series) or to surrender any right or power conferred upon the Republic herein or in the Securities of any such Series; or

(ii) to add to or change any of the provisions of the Securities and this Agreement to such extent as shall be necessary to permit or facilitate the issuance of Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons, or to permit or facilitate the issuance of Securities in uncertificated form; or

(iii) to secure the Securities pursuant to the terms of the Securities or otherwise; or

(iv) to establish the form or terms of Securities of any Series as permitted by Sections 1(b) and (c); or

(v) to evidence and provide for the acceptance of appointment hereunder by a successor Fiscal Agent with respect to the Securities of one or more Series and to add to or change any of the provisions of this Agreement as shall be necessary to provide for or facilitate the performance of the duties hereunder by more than one Fiscal Agent, pursuant to the requirements of Section 8(c); or

(vi) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provisions herein, or to make any other provisions with respect to matters or questions arising under the Securities or this Agreement, provided that such action pursuant to this clause

(vi) shall not adversely affect the interests of the holders of Securities of any Series in any material respect.

(b) Amendment With Consent.

(i) Non-Reserved Matters. With the consent of the holders of not less than a majority in principal amount of the Outstanding Securities of each Series affected by such modification, amendment, change or waiver, by Act (as defined below) of said holders delivered to the Republic and the Fiscal Agent, the Republic and the Fiscal Agent may modify, amend, change or waive the terms of the Securities of such Series or, insofar as concerns the Securities of such Series, this Agreement, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or of modifying in any manner the rights of the holders of Securities of such Series; *provided, however,* that no such modification, amendment, change or waiver shall modify, amend, change or waive a Reserved Matter (as defined below).

(ii) Reserved Matters. With the written consent of the owners of not less than 75% of the aggregate principal amount of the Securities of such Series then Outstanding, the Republic and the Fiscal Agent may make any modification, amendment, change or waiver of this Agreement or the terms and conditions of the Securities of such Series that would (A) change the due date for the payment of the principal of (or premium, if any) or any interest on the Securities of such Series, (B) reduce the principal amount of the Securities of such Series, the portion of such principal amount which is payable upon acceleration of the maturity of such Securities, the interest rate thereon or the premium payable upon redemption thereof, (C) change the coin or currency in which or the required places at which payment with respect to interest, premium or principal in respect of the Securities of such Series is payable, (D) if applicable, shorten the period during which the Republic is not permitted to redeem the Securities of such Series, or permit the Republic to redeem the Securities of such Series if, prior to such action, the Republic is not permitted to do so, (E) reduce the proportion of the principal amount of the Securities of such Series the vote or consent of the holders of which is necessary to modify, amend, change or waive any provision of this Agreement or any of the terms and conditions of the Securities of such Series, (F) change the obligation of the Republic to pay additional amounts with respect to the Securities of such Series, (G) change the governing law provision of the Securities of such Series, (H) change the Republic's submission to jurisdiction, including the specified courts, the Republic's obligation to appoint and maintain an Authorized Agent in The City of New York, as set forth in Section 10 hereof, or the Republic's waiver of immunity, in respect of actions or proceedings brought by any holder based upon the Securities of such Series, as set forth in Section 10 hereof, or (I) amend any Event of Default (as defined in the terms of the Securities of such Series). Each of the actions set forth in clauses (A) through (I) of the preceding sentence is referred to herein as a "**Reserved Matter**".

(iii) Effect of Amendment. It shall not be necessary for Act of the holders of Securities of a Series to approve the particular form of any proposed modification, amendment, request, demand, authorization, direction, notice, consent, waiver or other action, but it shall be sufficient if such Act shall approve the substance thereof. Any such modification, amendment, request, demand, authorization, direction, notice, consent, waiver or other action will be conclusive and binding on all holders of Securities of a Series, whether or not they have given such consent or cast such vote, and whether or not notation of such modification, amendment, request, demand, authorization, direction, notice, consent, waiver or other action is made upon the Securities of such Series.

(c) Notice; Notations. Notice of any modification, change or amendment of, supplement to, or Act of holders with respect to, the Securities of a Series or this Agreement (other than for purposes of curing any ambiguity or of curing, correcting or supplementing any defective provision hereof or thereof) shall be given to each holder of Securities affected thereby, in all cases as provided in Securities of such Series.

Securities of a Series authenticated and delivered after the effectiveness of any such modification, amendment, supplement or any such Act of holders may bear a notation in the form approved by the Fiscal Agent and the Republic as to any matter provided for in such modification, amendment, supplement or Act. New Securities of such Series modified to conform, in the opinion of the Fiscal Agent and the Republic, to any such modification, amendment, supplement or any Act of holders action may be prepared by the Republic, authenticated by the Fiscal Agent (or any authenticating agent appointed pursuant to Section 3 hereof) and delivered in exchange for Outstanding Securities of such Series.

A modification, amendment or supplement which changes or eliminates any covenant or other provision of this Agreement or the Securities of a Series which has expressly been included solely for the benefit of one or more particular Series of Securities, or which modifies the rights of the holders of Securities of such Series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Agreement or any other Series of Securities of the holders of Securities of any such other Series.

(d) Acts of Holders of Securities; Record Dates. Any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Agreement or the Securities to be given, made or taken by holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such holders in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Fiscal Agent and the Republic. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the “**Act**” of the holders signing such instrument or

instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Agreement and conclusive in favor of the Fiscal Agent and the Republic, if made in the manner provided in this Section.

The fact and date of the execution by any person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may also be proved in any other manner which the Fiscal Agent deems sufficient.

The ownership of Securities shall be proved by the Securities register maintained pursuant to Section 5(a) of this Agreement.

Any request, demand, authorization, direction, notice, consent, waiver or other Act of the holder of any Security shall bind every future holder of the same Security and the holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Fiscal Agent or the Republic in reliance thereon, whether or not notation of such action is made upon such Security.

The Republic may set any day as a record date for the purpose of determining the holders of Outstanding Securities of any Series entitled to give, make or take any request, demand, authorization, direction, notice, consent, waiver or other Act *provided* or permitted by this Agreement to be given, made or taken by holders of Securities of such Series, provided that the Republic may not set a record date for, and the provisions of this paragraph shall not apply with respect to, the giving or making of (i) any Notice of Default (as defined in the terms of the Securities), or (ii) any declaration of acceleration referred to in the terms of the Securities, any notice, declaration, request or direction referred to in the next paragraph. If any record date is set pursuant to this paragraph, the holders of Outstanding Securities of the relevant Series on such record date, and no other holders, shall be entitled to take the relevant action, whether or not such holders remain holders after such record date; *provided* that no such action shall be effective hereunder unless taken on or prior to the applicable Expiration Date by holders of the requisite principal amount of Outstanding Securities of such Series on such record date. Nothing in this paragraph shall be construed to prevent the Republic from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any person be cancelled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by holders of the requisite principal amount of Outstanding Securities of the relevant Series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Republic, at its own

expense, shall cause notice of such record date, the proposed action by holders and the applicable Expiration Date to be given to the Fiscal Agent in writing and to each holder of Securities of the relevant series in the manner set forth in Section 13(b) of this Agreement.

The Fiscal Agent may set any day as a record date for the purpose of determining the holders of Outstanding Securities of any Series entitled to join in the giving or making of (i) any Notice of Default, or (ii) any declaration of acceleration referred to in the terms of the Securities, in each case with respect to Securities of such Series. If any record date is set pursuant to this paragraph, the holders of Outstanding Securities of such Series on such record date, and no other holders, shall be entitled to join in such notice, declaration, request or direction, whether or not such holders remain holders after such record date; *provided* that no such action shall be effective hereunder unless taken on or prior to the applicable Expiration Date by holders of the requisite principal amount of Outstanding Securities of such Series on such record date. Nothing in this paragraph shall be construed to prevent the Fiscal Agent from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any person be cancelled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by holders of the requisite principal amount of Outstanding Securities of the relevant Series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Fiscal Agent, at the Republic's expense, shall cause notice of such record date, the proposed action by holders and the applicable Expiration Date to be given to the Republic in writing and to each holder of Securities of the relevant Series in the manner set forth in Section 13(b) of this Agreement.

With respect to any record date set pursuant to this Section, the Republic may designate any day as the “**Expiration Date**” and from time to time may change the Expiration Date to any earlier or later day; *provided* that no such change shall be effective unless notice of the proposed new Expiration Date is given to the Fiscal Agent in writing, and to each holder of Securities of the relevant Series in the manner set forth in Section 13(b) of this Agreement, on or prior to the existing Expiration Date. If an Expiration Date is not designated with respect to any record date set pursuant to this Section, the Republic shall be deemed to have initially designated the 180th day after such record date as the Expiration Date with respect thereto, subject to its right to change the Expiration Date as provided in this paragraph. Notwithstanding the foregoing, no Expiration Date shall be later than the 180th day after the applicable record date.

Without limiting the foregoing, a holder entitled hereunder to take any action hereunder with regard to any particular Security may do so with regard to all or any part of the principal amount of such Security or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount.

(e) “Outstanding” Defined. For purposes of this Agreement and the Securities, all Securities authenticated and delivered pursuant to this Agreement shall, as of any date of determination, be deemed to be **“Outstanding”**, except:

(i) Securities theretofore cancelled by the Fiscal Agent or delivered to the Fiscal Agent for cancellation or held by the Fiscal Agent for reissuance but not reissued by the Fiscal Agent; and

(ii) Securities for whose payment or redemption money in the necessary amount has been theretofore deposited with the Fiscal Agent or any other Paying Agent (other than the Republic) in trust or set aside and segregated in trust by the Republic (if the Republic shall act as its own Paying Agent) for the holders of such Securities; *provided* that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Agreement and the Securities; and

(iii) Securities in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Agreement, other than any such Securities in respect of which there shall have been presented to the Fiscal Agent proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Republic;

provided, however, that in determining whether the holders of the requisite principal amount of Outstanding Securities of a Series have given, made or taken any request, demand, authorization, direction, notice, consent, waiver, amendment, modification or supplement or other action hereunder as of any date, (A) in the case of an original issue discount security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof, the principal amount of such Security which shall be deemed to be Outstanding shall be the amount of the principal thereof which would be due and payable as of such date upon acceleration of the maturity thereof to such date pursuant to the terms of such Security, (B) if, as of such date, the principal amount payable at the maturity stated in the text of a Security is not determinable, the principal amount of such Security which shall be deemed to be Outstanding shall be the amount as specified by or determined pursuant to the Authorization, (C) the principal amount of a Security denominated in one or more foreign currencies or currency units which shall be deemed to be Outstanding shall be the U.S. dollar equivalent, determined as of such date in the manner provided as contemplated by the Authorization, of the principal amount of such Security (or, in the case of a Security described in Clause (A) or (B) above, of the amount determined as provided in such Clause), and (D) Securities owned by the Republic or any other obligor upon the Securities or any affiliate (as defined in Rule 144 under the Securities Act) of the Republic or of such other obligor shall be disregarded and deemed not to be Outstanding. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Fiscal Agent the pledgee’s right so to act with respect to such Securities and that the pledgee is not the

Republic or any other obligor upon the Securities or any affiliate of the Republic or of such other obligor.

10. Consent to Service. The Republic hereby irrevocably submits to the jurisdiction of any State or Federal court sitting in the Borough of Manhattan, The City of New York and of the courts of the Republic sitting in Reykjavik, Iceland in respect of any action arising out of or based on this Agreement or the Securities which may be instituted by the Fiscal Agent or the holder of a Security, as the case may be. The Republic hereby waives irrevocably any objection which it might have to the venue of any such court in respect of any such action and, to the extent permitted by law, irrevocably waives and agrees not to plead any immunity to which it might otherwise be entitled (including sovereign immunity and immunity from prejudgment attachment, postjudgment attachment and execution) in any such action based upon the Securities, except for any action related to real property and buildings and the contents thereof owned by the Ministry of Foreign Affairs and situated outside the Republic or Iceland and assets, including the assets of the Central Bank of Iceland, necessary for the proper functioning of the Republic or Iceland as a sovereign power. However, the Republic does not consent to service or waive sovereign immunity with respect to actions brought against it under United States Federal securities laws or any State securities laws. The Republic hereby appoints the consul general of the Republic in The City of New York at his or her office currently located at 800 Third Avenue, 36th Floor, New York, New York 10022, as its authorized agent (the “**Authorized Agent**”) upon which process may be served in any such action which may be instituted in any State or Federal court in the Borough of Manhattan, The City of New York. If the consul general of the Republic ceases to be able to act as Authorized Agent or no longer has an address in the Borough of Manhattan, The City of New York, the Republic shall appoint another person (which may be the Fiscal Agent) in the Borough of Manhattan, The City of New York, selected in the Republic’s discretion, as such Authorized Agent. The Republic will take any and all action, including the filing of any and all documents and instruments, that may be necessary to continue such appointment or appointments in full force and effect as aforesaid. Service of process upon the Authorized Agent and written notice of such service to the Republic (mailed or delivered to the Republic at its address specified in Section 13 of this Agreement) shall be deemed, in every respect, effective service of process upon the Republic. The foregoing submission to jurisdiction, waivers and appointment shall not apply to any action based upon the United States Federal Securities laws or any state securities laws.

The Republic agrees that the Fiscal Agent shall only be subject to the jurisdiction of the federal and state courts located in the Borough of Manhattan, City, County and State of New York, for any proceeding involving the Fiscal Agent, and the Republic irrevocably waives any objection to venue or inconvenient forum for any proceeding brought in any such court.

11. Judgment Currency. If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder in U.S. dollars into another

currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the payee could purchase U.S. dollars with such other currency in The City of New York on the business day preceding the day on which final judgment is given. The obligation of either party in respect of a sum due from it to the other party hereunder shall, notwithstanding any judgment in a currency (the “**judgment currency**”) other than U.S. dollars, be discharged only to the extent that on the business day following receipt by such other party of any sum adjudged to be so due in the judgment currency such other party may in accordance with normal banking procedures purchase U.S. dollars with the judgment currency; if the amount of U.S. dollars so purchased is less than the sum originally due to such other party in U.S. dollars, such first party agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such other party against such loss, and if the amount of U.S. dollars so purchased exceeds the sum originally due to such other party, such other party agrees to remit to such first party such excess.

12. Governing Law.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York except with respect to its authorization and execution by and on behalf of the Republic, which shall be governed by the laws of the Republic of Iceland.

13. Notices.

(a) Notices to the Republic or the Fiscal Agent. All notices or communications to the Republic or the Fiscal Agent hereunder or under the Securities, except as herein otherwise specifically provided, shall be in writing and if sent to the Fiscal Agent shall be delivered or mailed, first-class postage pre-paid or, transmitted by facsimile or electronic mail and confirmed by mail to it at its corporate trust office, for note transfer/surrender purposes, (i) to Citibank, N.A. 111 Wall Street, 15th Floor, New York, New York 10005, Attention: Agency & Trust/15th Floor Window/Republic of Iceland, and for all other purposes (ii) Citibank, N.A., 388 Greenwich Street, 14th Floor, New York, New York 10013, Attention: Agency & Trust/Republic of Iceland Debt Securities, facsimile – (212) 816-5527, or if sent to the Republic shall be delivered to the Republic, transmitted by facsimile or electronic mail and confirmed by mail to it at The Central Bank of Iceland, Kalkofnsvegi 1, 150 Reykjavik, Iceland, on behalf of the Republic of Iceland, Attention of: Sturla Pálsson, Fax Number: +354 569 9604, Tel: +354 569 9600, Email:sp@cb.is. The foregoing addresses for notices or communications may be changed by written notice given by the addressee to each party hereto, and the addressee’s address shall be deemed changed for all purposes from and after the giving of such notice.

If the Fiscal Agent shall receive any notice or demand addressed to the Republic by the holder of a Security, the Fiscal Agent shall promptly forward such notice or demand to the Republic.

(b) Notice to Holders of Securities. Where this Agreement or the Securities provide for notice of any event to holders of Securities, such notice shall be sufficiently given (unless otherwise herein or therein expressly provided) if in writing and mailed, first-class postage prepaid, to the addresses of such holders as they appear in the security register maintained by the Fiscal Agent. So long as any Securities of a Series are listed on a stock exchange and the rules of that stock exchange so require, notices will be published (at the direction of the Republic) in a daily newspaper of general circulation in the place or places required by those rules. In any case where notice to holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular holder shall affect the sufficiency of such notice with respect to other holders. Where this Agreement or the Securities provide for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Fiscal Agent shall constitute a sufficient notification for every purpose hereunder.

14. Headings.

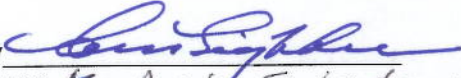
The Section headings herein are for convenience only and shall not affect the construction hereof.

15. Counterparts.

This Agreement may be executed in one or more counterparts, and by each party separately on a separate counterpart, and each such counterpart when executed and delivered shall be deemed to be an original. Such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Fiscal Agency Agreement as of the date first above written.

REPUBLIC OF ICELAND

By 
Name: *Mr. Arnór Sigurðsson*
Title: *Deputy Governor*
Central Bank of Iceland

CITIBANK, N.A., as Fiscal Agent

By _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have executed this Fiscal Agency Agreement as of the date first above written.

REPUBLIC OF ICELAND

By _____
Name:
Title:

CITIBANK, N.A., as Fiscal Agent

By  _____
Name: **Cirino Emanuele**
Title: **Vice President**

EXHIBIT A – FORM OF SECURITY

[Form of Face of Security]

[INCLUDE IF THIS IS A GLOBAL SECURITY -- THIS SECURITY¹ IS A GLOBAL SECURITY WITHIN THE MEANING OF THE FISCAL AGENCY AGREEMENT HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE FISCAL AGENCY AGREEMENT AND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (“DTC”), A NEW YORK CORPORATION, TO THE REPUBLIC OF ICELAND OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CEDE & CO. (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

[INCLUDE IF THIS IS A RESTRICTED SECURITY -- THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (1) TO A PERSON WHO THE TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ACQUIRING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER OR (3) OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS, PURSUANT TO THE TERMS AND CONDITIONS OF

¹ The word “Security” may be changed to Note, Bond, etc.

REGULATION S UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS.]

[INCLUDE IF THIS IS A REGULATION S SECURITY -- THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, PRIOR TO THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (1) THE DATE ON WHICH THESE SECURITIES WERE FIRST OFFERED AND (2) THE LAST DATE OF ISSUANCE OF THESE SECURITIES, MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON EXCEPT (A) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF ONE OR MORE OTHER QUALIFIED INSTITUTIONAL BUYERS IN ACCORDANCE WITH RULE 144A, OR (B) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR 904 OF REGULATION S. THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, REPRESENTS AND AGREES FOR THE BENEFIT OF ICELAND THAT IT WILL NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.]

THIS SECURITY AND THE FISCAL AGENCY AGREEMENT AND ANY OTHER RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED BY THE ACCEPTANCE OF THIS SECURITY TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

[CUSIP No. _____]
[ISIN No. _____]

REPUBLIC OF ICELAND

[Title of Securities]

No. ___-_____

[\$Denomination]

The Republic of Iceland (herein called "Iceland"), for value received, hereby promises to pay to _____, or registered assigns, the principal sum of U.S. \$ _____ on _____

[If the Security is to bear interest prior to maturity, insert--, and to pay interest thereon from _____ or from the most recent Interest Payment Date to which interest has been paid or duly provided for, [annually] [semi-annually] in arrears on _____ [and _____] in each year, commencing _____ (each an “Interest Payment Date”), at the rate [of ___% per annum] [to be determined in accordance with the provisions hereinafter set forth], until the principal hereof is paid or made available for payment [If applicable, insert--, and (to the extent that the payment of such interest shall be legally enforceable) at the rate of ___% per annum on any overdue principal [and premium] and on any overdue installment of interest]. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Fiscal Agency Agreement hereinafter referred to, be paid to the person (the “registered holder”) in whose name this Security (or one or more predecessor Securities) is registered at the close of business on _____ [or _____] (whether or not a business day) [, as the case may be] (each a “Regular Record Date”)[,] next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the registered holder on such Regular Record Date and may either be paid to the person in whose name this Security (or one or more predecessor Securities) is registered at the close of business on a special record date for the payment of such interest to be fixed by Iceland, notice whereof shall be given to registered holders of Securities of this series not less than 10 days prior to such special record date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange.]

[Insert floating interest rate provisions, if applicable.]

[If the Security is not to bear interest prior to maturity, insert--(the “Stated Maturity”). The principal of this Security shall not bear interest except in the case of a default in payment of principal upon acceleration, upon redemption or at Stated Maturity and in such case the overdue principal of this Security shall bear interest at the rate of ___% per annum (to the extent that the payment of such interest shall be legally enforceable), which shall accrue from the date of such default in payment to the date payment of such principal has been made or duly provided for. Interest on any overdue principal shall be payable on demand. Any such interest on any overdue principal that is not so paid on demand shall bear interest at the rate of ___% per annum (to the extent that the payment of such interest shall be legally enforceable), which shall accrue from the date of such demand for payment to the date payment of such interest has been made or duly provided for, and such interest shall also be payable on demand.]

[Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months.]

Principal of [(and premium, if any,)] and [any such] interest on this Security shall be made at the corporate trust office of the Fiscal Agent hereinafter referred to [or at such other office or agency in the Borough of Manhattan, The City of New York as Iceland may designate and notify the holders as provided in Paragraph

3[(d)] hereof] (each, a “paying agent”), in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts [if applicable, insert -- ; *provided, however*, that at the option of Iceland payment of interest on this Security may be made by check mailed on or before the due date for such payment to the address of the person entitled thereto as such address shall appear on the security register referred to in Paragraph [8]]. Iceland covenants that until this Security has been delivered to the Fiscal Agent for cancellation, or monies sufficient to pay the principal of [(and premium, if any)] [and interest] [on] this Security have been made available for payment and either paid or returned to Iceland as provided herein, it will at all times maintain an office or agency in the Borough of Manhattan, The City of New York [and in [Europe] [Asia] (which, so long as the Securities are listed on [the London Stock Exchange] [the Luxembourg Stock Exchange] [the Stock Exchange of Hong Kong Limited] and such Exchange shall so require, shall include an office or agency in [London][Luxembourg] [Hong Kong])] for the payment of the principal of [(and premium, if any)] [and interest] [on] the Securities as herein provided.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Fiscal Agent by manual signature, this Security shall not be valid or obligatory for any purpose.

IN WITNESS WHEREOF, Iceland has caused this instrument to be duly executed.

²Dated:

REPUBLIC OF ICELAND

By: _____
Name:
Title:

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Fiscal Agency Agreement.

[FISCAL AGENT],

as Fiscal Agent

By: _____
Authorized Officer

² _____
To be dated the date of authentication.

[Form of reverse of Security]

1. This Security is one of a duly authorized issue of Securities of Iceland, designated as its [series designation] (herein called the “Securities”), issued and to be issued in one or more series under a Fiscal Agency Agreement, dated as of _____, 2012 (such instrument, as it may be duly amended from time to time, is herein called the “Fiscal Agency Agreement”), between Iceland and _____, as Fiscal Agent (herein called the “Fiscal Agent”, which term includes any successor fiscal agent under the Fiscal Agency Agreement), copies of which Fiscal Agency Agreement are on file and available for inspection at the corporate trust office of the Fiscal Agent in the Borough of Manhattan, The City of New York [and, so long as the Securities are listed on [the London Stock Exchange][the Luxembourg Stock Exchange] [the Stock Exchange of Hong Kong Limited] and such Exchange shall so require, at the office of the Paying Agent hereinafter named in [London][Luxembourg] [Hong Kong]]. This Security is limited in aggregate principal amount to U.S. \$_____ [or its equivalent in another currency or composite currency] [(which amount may be increased at the option of Iceland if in the future it determines that it may wish to sell additional Securities of this series)]. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Fiscal Agency Agreement.

The Securities are direct, general, unconditional, unsecured and unsubordinated obligations of Iceland, and rank *pari passu* among themselves and with all other present and future unsecured and unsubordinated external indebtedness for borrowed money of Iceland having a maturity of more than one year. [Add exceptions, if any.] Iceland hereby pledges its full faith and credit for the due and punctual payment of all amounts due in respect of the Securities.

Iceland undertakes that so long as any of the Securities remain outstanding, if it secures any external indebtedness for money borrowed having a maturity of more than one year, now or hereafter existing, by any mortgage, pledge, lien or other charge upon any of its present or future revenues, properties or assets, the Securities will be secured by such mortgage, pledge, lien or other charge equally and ratably with such other external indebtedness for money borrowed having a maturity of more than one year; *provided, however*, that the Securities will not be required to be so secured if the mortgage, pledge, lien or other charge (a) is on properties or assets to secure an amount not exceeding the purchase [or construction] price of such properties or assets, or (b) arises in the ordinary course of banking transactions and secures a debt maturing by its terms not more than one year after the date of its creation.

2. The Securities are issuable in fully registered form in denominations of U.S. \$[100,000] and integral multiples of U.S. \$[1,000] in excess thereof.

3. [Insert applicable redemption provision and if make-whole redemption applies, insert --(a) The Securities of this series are subject to redemption at any time or from time to time at Iceland’s option, on not less than [30] nor more than 60 days’ notice, at a redemption price equal to the greater of (1) 100% of the principal amount of the

Securities being redeemed and (2) the Make-Whole Amount (as defined below) for the Securities being redeemed, plus, in either case, accrued and unpaid interest to the redemption date. Notwithstanding the foregoing, interest on Securities that is due and payable on an Interest Payment Date falling on or prior to a redemption date will be payable on the Interest Payment Date to each registered holder of Securities as of the close of business on the relevant record date.

“Make-Whole Amount” means the sum, as determined by the Quotation Agent, of (1) the present value of the principal amount of the Securities to be redeemed and (2) the present value of the remaining scheduled payments of interest (exclusive of any portions of such payments of interest accrued as of the redemption date), from the redemption date to the maturity date of the Securities being redeemed, in each case discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate.

“Adjusted Treasury Rate” means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication, which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the Securities being redeemed, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third business day preceding the redemption date plus %.

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the redemption date to the maturity date of the Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities.

“Comparable Treasury Price” means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Fiscal Agent, Reference Treasury Dealer Quotations for such redemption date.

“Quotation Agent” means the Reference Treasury Dealer selected by Iceland.

“Reference Treasury Dealer” means any of [*Insert names*] and their successors and assigns; provided, however, that if any of the foregoing ceases to be a primary U.S. Government securities dealer, Iceland will substitute another primary U.S. Government securities dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Fiscal Agent, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Fiscal Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.]

(b) [As and for a sinking fund for the retirement of the Securities, Iceland will, until all Securities are paid or payment thereof provided for, deposit with the Fiscal Agent, prior to _____ in each year, commencing in _____ and ending in _____, an amount in cash sufficient to redeem on such _____ [not less than \$_____ and not more than] \$_____ principal amount of Securities at the redemption price specified above for redemption through operation of the sinking fund. [The minimum amount of any sinking fund payment as specified in this Paragraph is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount is herein referred to as an “optional sinking fund payment”.] The cash amount of any [mandatory] sinking fund payment is subject to reduction as provided below. Each sinking fund payment shall be applied to the redemption of Securities on such _____ as herein provided. [The right to redeem Securities through optional sinking fund payments shall not be cumulative and to the extent not availed of on any sinking fund redemption date will terminate. Iceland (i) may deliver Outstanding Securities (other than any previously called for redemption) and (ii) may apply as a credit Securities which have been redeemed otherwise than through the application of [mandatory] sinking fund payments, in each case in satisfaction of all or any part of any [mandatory] sinking fund payment and the amount of such [mandatory] sinking fund payment shall be reduced accordingly.]

[The Securities of this series do not have the benefit of any sinking fund.]

[(c) In the case of any partial redemption of Securities, the Securities to be redeemed shall be selected by the Fiscal Agent, not less than 30 days nor more than 60 days prior to the redemption date from the Outstanding Securities of such series not previously called for redemption, by lot or any other such method as the Fiscal Agent shall deem fair and appropriate, which method may provide for the selection for redemption of portions (equal to \$[1,000] or any integral multiple thereof) of the principal amount of Securities of a denomination larger than \$[100,000].

In the case of any partial redemption of Securities, [neither] the Fiscal Agent [nor any Transfer Agent] shall [not] be required (i) to register the transfer of or

exchange any Security during a period beginning at the opening of business 15 days before, and continuing until, the date notice is given identifying the Securities to be redeemed, or (ii) to register the transfer of or exchange any Security, or portion thereof, called for redemption.]

(d) Notices to redeem Securities shall be given to holders of Securities in writing mailed, first-class postage prepaid, to each registered holder of Securities, or portions thereof, so to be redeemed, at the address of such holder as it appears in the register referred to in Paragraph [8]. So long as any Securities are listed on a stock exchange and the rules of that stock exchange so require, notices will be published (at the direction of Iceland) in a daily newspaper of general circulation in the place or places required by those rules. Such notice will be given once not more than 60 days nor less than 30 days prior to the date fixed for redemption. Neither the failure to give notice nor any defect in any notice given to any particular holder of a Security shall affect the sufficiency of any notice with respect to other Securities. Such notices will be deemed to have been given on the date of mailing. Notices to redeem Securities shall specify the date fixed for redemption, the applicable redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the Securities to be redeemed [(or portion thereof in the case of a partial redemption of a Security)], that interest accrued to the date fixed for redemption (unless such date is an Interest Payment Date) will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue [and that such redemption is for the sinking fund if such is the case].

(e) If notice of redemption has been given in the manner set forth in clause [(d)] of this Paragraph 3, the Securities so to be redeemed shall become due and payable on the redemption date specified in such notice and upon presentation and surrender of the Securities at the place or places specified in such notice, the Securities shall be paid and redeemed by Iceland at the places and in the manner herein specified and at the redemption price herein specified [together with accrued interest (unless the redemption date is an Interest Payment Date) to the redemption date]. From and after the redemption date, if monies for the redemption of Securities called for redemption shall have been made available at the corporate trust office of the Fiscal Agent for redemption on the redemption date, the Securities called for redemption shall cease to bear interest, and the only right of the holders of such Securities shall be to receive payment of the redemption price [together with accrued interest (unless the redemption date is an Interest Payment Date) to the redemption date] as aforesaid. If monies for the redemption of the Securities are not made available for payment until after the redemption date, the Securities called for redemption shall not cease to bear interest until such monies have been so made available.

[(f) Any Security which is to be redeemed only in part shall be surrendered with, if Iceland or the Fiscal Agent so requires, due endorsement by, or a written instrument of transfer in form satisfactory to Iceland and the Fiscal Agent duly executed by, the holder thereof or his attorney duly authorized in writing, and Iceland shall execute, and the Fiscal Agent shall authenticate and deliver to the registered holder

of such Security without service charge, a new Security or Securities of this series of [like tenor and of] any authorized denomination as requested by such holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.]

[The Securities of this series are not subject to optional redemption by Iceland prior to maturity.]

(g) [Iceland may at any time purchase all or part of the Securities at any price in the open market or otherwise, including through tenders, exchange offers and public or private transactions. Securities so purchased or acquired by Iceland may, at Iceland's discretion, be held, resold or surrendered to the Fiscal Agent for cancellation.]

4. Section [9] of the Fiscal Agency Agreement, which Section is hereby incorporated mutatis mutandis by reference herein, provides that:

(a) Without the consent of any holders of the Securities, Iceland and the Fiscal Agent, at any time and from time to time, may modify, amend, change or waive the terms of the Securities or, insofar as concerns the Securities, the Fiscal Agency Agreement, for any of the following purposes:

(i) to add to the covenants of Iceland for the benefit of the holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power conferred upon Iceland in the Fiscal Agency Agreement or in the Securities; or

(ii) to add to or change any of the provisions of the Securities and the Fiscal Agency Agreement to such extent as shall be necessary to permit or facilitate the issuance of Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons, or to permit or facilitate the issuance of Securities in uncertificated form; or

(iii) to secure the Securities pursuant to the terms of the Securities or otherwise; or

(iv) to establish the form or terms of Securities of any other series as permitted by Sections 1(b) and (c) of the Fiscal Agency Agreement; or

(v) to evidence and provide for the acceptance of appointment hereunder by a successor Fiscal Agent with respect to the Securities of one or more series and to add to or change any of the provisions of the Fiscal Agency Agreement as shall be necessary to provide for or facilitate the performance of the duties hereunder by more than one Fiscal Agent, pursuant to the requirements of Section 8(c) of the Fiscal Agency Agreement; or

(vi) to cure any ambiguity, to correct or supplement any provision of the Fiscal Agency Agreement which may be defective or inconsistent with any other provisions therein, or to make any other provisions with respect to matters or questions arising under the Securities or the Fiscal Agency Agreement, *provided* that such action pursuant to this Clause (vi) shall not adversely affect the interests of the holders of Securities of any series in any material respect.

(b) Non-Reserved Matters. With the consent of the holders of not less than a majority in principal amount of the Outstanding Securities affected by such modification, amendment, change or waiver, by Act of said holders delivered to Iceland and the Fiscal Agent, Iceland and the Fiscal Agent may modify, amend, change or waive the terms of the Securities or, insofar as concerns the Securities, the Fiscal Agency Agreement, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Fiscal Agency Agreement or of modifying in any manner the rights of the holders of Securities; provided, however, that no such modification, amendment, change or waiver shall modify, amend, change or waive a Reserved Matter.

(c) Reserved Matters. With the written consent of the owners of not less than 75% of the aggregate principal amount of the Securities then Outstanding, Iceland and the Fiscal Agent may make any modification, amendment, change or waiver of the Fiscal Agency Agreement or the terms and conditions of the Securities that would (A) change the due date for the payment of the principal of (or premium, if any) or any interest on the Securities, (B) reduce the principal amount of the Securities, the portion of such principal amount which is payable upon acceleration of the maturity of the Securities, the interest rate thereon or the premium payable upon redemption thereof, (C) change the coin or currency in which or the required places at which payment with respect to interest, premium or principal in respect of the Securities is payable, (D) if applicable, shorten the period during which Iceland is not permitted to redeem the Securities, or permit Iceland to redeem the Securities if, prior to such action, Iceland is not permitted to do so, (E) reduce the proportion of the principal amount of the Securities the consent of the holders of which is necessary to modify, amend, change or waive any provision of the Fiscal Agency Agreement or any of the terms and conditions of the Securities, (F) change the obligation of Iceland to pay additional amounts with respect to the Securities, (G) change the governing law provision of the Securities, (H) change Iceland's submission to jurisdiction, including the specified courts, Iceland's obligation to appoint and maintain an Authorized Agent in The City of New York, as set forth in Section 10 of the Fiscal Agency Agreement, or Iceland's waiver of immunity, in each case, in respect of actions or proceedings brought by any holder based upon the Securities, as set forth in Section 10 of the Fiscal Agency Agreement, or (I) amend any Event of Default. Each of the actions set forth in clauses (A) through (I) of the preceding sentence is referred to herein as a "Reserved Matter".

5. If an Event of Default occurs and is continuing, the holders of at least 25% of the aggregate principal amount of the Outstanding Securities may, by notice to Iceland (with a copy to the Fiscal Agent), declare all the Securities to be due and payable immediately. Holders of less than 25% of the aggregate principal amount of the

Outstanding Securities may not, on their own, declare the Securities to be due and payable. Holders of Securities may exercise these rights only by providing a written demand to Iceland and the Fiscal Agent at a time when the Event of Default is continuing.

Upon any declaration of acceleration, the principal, interest and all other amounts payable on the Securities will be immediately due and payable on the date Iceland receives written notice of the declaration, unless Iceland has remedied the Event or Events of Default prior to receiving the notice. The holders of 66 2/3% or more of the aggregate principal amount of the Outstanding Securities may rescind a declaration of acceleration if the Event or Events of Default giving rise to the declaration have been cured or waived.

As used herein:

“Event of Default” means any one of the following events:

- Iceland does not pay the principal or any premium on any Security within 5 business days of its due date, unless its failure to pay within 5 business days of its due date is caused by administrative or technical errors and payment is made within 5 business days after such errors have been rectified;
- Iceland does not pay interest on any Security within 14 days of its due date, unless its failure to pay within 14 days of its due date is caused by administrative or technical errors and payment is made within 5 business days after such errors have been rectified;
- Iceland remains in breach of any covenant or warranty provided in this Security for 30 days after it receives a notice of default stating Iceland is in breach. The notice must be sent by either the Fiscal Agent or holders of 25% of the principal amount of the Securities;
- [Declaration by Iceland of a moratorium with respect to the payment of principal of, or premium or interest on, external indebtedness for borrowed money of Iceland which does not expressly exclude the Securities; or]
- [Denial or repudiation by Iceland of its obligations under the Securities.]

[[_]. Add any covenants relating specifically to the Securities of this series.]

6. (a) Iceland shall pay to the Fiscal Agent at its principal office in the Borough of Manhattan, The City of New York, on or prior to [each Interest Payment Date,][any redemption date] [and] the maturity date of the Securities, such amounts sufficient (with any amounts then held by the Fiscal Agent and available for the purpose) to pay [the interest on,] [the redemption price of and accrued interest (if the redemption

date is not an Interest Payment Date) on,] [and] the principal of, the Securities due and payable on such [Interest Payment Date,] [redemption date] [or] maturity date[, as the case may be]. The Fiscal Agent shall [apply the amounts so paid to it to the payment of such [interest,] [redemption price] [and] principal in accordance with the terms of the Securities][shall arrange directly with the Paying Agent for the payment of such [interest,] [redemption price] [and] principal in accordance with the terms of the Securities]. Any monies paid by Iceland to the Fiscal Agent for the payment of the principal of [(or premium, if any)] [or interest] [on] any Securities and remaining unclaimed at the end of two years after such principal [(or premium)] [or interest] shall have become due and payable (whether at maturity, upon call for redemption or otherwise) shall then be repaid to Iceland, and upon such repayment all liability of the Fiscal Agent with respect thereto shall cease, without, however, limiting in any way any obligation Iceland may have to pay the principal of [(and premium, if any)] [and interest] [on] this Security as the same shall become due.

(b) In any case where the due date for the payment of the principal of [(and premium, if any)] [or interest] [on] any Security [or the date fixed for redemption of any Security] shall be at any place of payment a day on which banking institutions are authorized or obligated by law or executive order to close, then payment of principal [(and premium)] [or interest] need not be made on such date at such place but may be made on the next succeeding day at such place which is not a day on which banking institutions are authorized or obligated by law or executive order to close, with the same force and effect as if made on the date for such payment [or the date fixed for redemption], and no additional interest will accrue in respect of the payment made on that next succeeding business day.

7. (a) [All payments of principal and interest in respect of the Securities by Iceland will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, Iceland will pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Securities after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Securities in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Security presented for payment:

- by or on behalf of a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such Security by reason of such holder (or a beneficial owner of the Security) having some connection with Iceland other than the mere holding of such Security; or
- more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on the expiry of such period of 30 days; or

- where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any European Union Directive or agreement implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to confirm to, such Directive; or
- by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Security to another Paying Agent in a Member State of the EU.
- [to a holder who is liable for taxes by reason of such holder's failure to comply with any reasonable certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with Iceland, or any political subdivision or taxing authority of or in Iceland, of such holder or the holder of any interest in the Securities or rights in respect thereof, if compliance is required by Iceland, or any political subdivision or taxing authority of or in Iceland, as a precondition to exemption from such deduction or withholding.]³

Additional amounts will also not be paid with respect to any payment to a holder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of the payment, to the extent that payment would be required by the laws of Iceland (or any political subdivision thereof) to be included in the income, for Icelandic tax purposes, of a beneficiary or settlor with respect to the fiduciary, a partner of that partnership, an interest holder in that limited liability company or a beneficial owner who would not have been entitled to the additional amounts had it been the holder.

As used herein:

The “**Relevant Date**” means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount of the money payable has not been received by the Fiscal Agent or registrar, as the case may be, on or prior to such due date, the date on which the full amount of such money having been so received, notice to that effect shall have been duly published or given in accordance with Paragraph [10]; and

“**Tax Jurisdiction**” means Iceland or any political subdivision or any authority thereof of therein having power to tax.

Whenever in this Security there is a reference, in any context, to the payment of the principal of (or premium, if any) or interest on, or in respect of, any

³ To be reviewed by Icelandic counsel.

Security, such mention shall be deemed to include mention of the payment of additional amounts provided for in this Paragraph [7(a)] to the extent that, in such context, additional amounts are, were or would be payable in respect thereof pursuant to the provisions of this Paragraph [7(a)] and express mention of the payment of additional amounts (if applicable) in any provisions hereof shall not be construed as excluding additional amounts in those provisions hereof where such express mention is not made.

(b) Except as specifically provided in this Security, Iceland shall not be required to make any payment with respect to any tax, assessment or other governmental charge imposed by any government or any political subdivision or taxing authority thereof or therein.

8. [(a) Iceland shall maintain in the Borough of Manhattan, The City of New York, an office or agency where Securities may be surrendered for registration of transfer or exchange. Iceland has initially appointed the corporate trust office of the Fiscal Agent as its agent in the Borough of Manhattan, The City of New York, for such purpose and has agreed to cause to be kept at such office a register in which, subject to such reasonable regulations as it may prescribe, Iceland will provide for the registration of Securities and registration of transfers of Securities. [In addition, Iceland has appointed the main offices of _____ in _____ and _____ in _____ as additional agencies (each, a “Transfer Agent”) where Securities may be surrendered for registration of transfer or exchange.] Iceland reserves the right to vary or terminate the appointment of the Fiscal Agent as security registrar or of any Transfer Agent or to appoint additional or other registrars or Transfer Agents or to approve any change in the office through which any security registrar or any Transfer Agent acts, *provided* that there will at all times be a security registrar in the Borough of Manhattan, The City of New York [, and a Transfer Agent in a European city].]

The transfer of a Security is registrable on the aforementioned register upon surrender of such Security at the corporate trust office of the Fiscal Agent [or any Transfer Agent] duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to Iceland and the Fiscal Agent duly executed by, the registered holder thereof or his attorney duly authorized in writing. Upon such surrender of this Security for registration of transfer, Iceland shall execute, and the Fiscal Agent shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities, dated the date of authentication thereof, of any authorized denominations and of a like aggregate principal amount.

At the option of the registered holder, subject to certain limitations set forth in the Fiscal Agency Agreement, upon request confirmed in writing, Securities may be exchanged for Securities of any authorized denominations and of a like tenor and aggregate principal amount upon surrender of the Securities to be exchanged at the [office of any Transfer Agent or at the] corporate trust office of the Fiscal Agent. Whenever any Securities are so surrendered for exchange, Iceland shall execute, and the Fiscal Agent shall authenticate and deliver, the Securities which the registered holder making the exchange is entitled to receive. Any registration of transfer or exchange will

be effected upon [the Transfer Agent or] the Fiscal Agent, as the case may be, being satisfied with the documents of title and identity of the person making the request and subject to such reasonable regulations as Iceland may from time to time agree with [the Transfer Agents and] the Fiscal Agent.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of Iceland, evidencing the same debt, and entitled to the same benefits, as the Securities surrendered upon such registration of transfer or exchange. No service charge shall be made for any registration of transfer or exchange, but Iceland may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith [other than an exchange in connection with a partial redemption of a Security not involving any transfer].

Prior to due presentment of this Security for registration of transfer, Iceland, the Fiscal Agent and any agent of Iceland or the Fiscal Agent may treat the person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither Iceland nor the Fiscal Agent nor any such agent shall be affected by notice to the contrary.

(b) Sections [5][(b) and (c)] of the Fiscal Agency Agreement, which Sections are hereby incorporated mutatis mutandis by reference herein, provide for the registration, registration of transfer and exchange of the Securities.

9. If any mutilated Security is surrendered to the Fiscal Agent, Iceland shall execute, and the Fiscal Agent shall authenticate and deliver in exchange therefor, a new Security of like tenor and principal amount, bearing a number not contemporaneously outstanding.

If there be delivered to Iceland and the Fiscal Agent (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them and any agent of each of them harmless, then, in the absence of notice to Iceland or the Fiscal Agent that such Security has been acquired by a bona fide purchaser, Iceland shall execute, and upon its request the Fiscal Agent shall authenticate and deliver in lieu of any such destroyed, lost or stolen Security a new Security of like tenor and principal amount and bearing a number not contemporaneously outstanding; *provided* that neither Iceland nor the Fiscal Agent shall be obligated to replace a destroyed, stolen or lost Security unless there shall be delivered to Iceland and the Fiscal Agent (i) evidence to their satisfaction of the destruction, loss or theft of any such Security, and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless.

Upon the issuance of any new Security pursuant to this Paragraph [9], Iceland may require the payment of a sum sufficient to cover any stamp or other tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and the expenses of the Fiscal Agent) connected therewith.

Every new Security issued pursuant to this Paragraph [9] in lieu of any destroyed, lost or stolen Security, shall constitute an original additional contractual obligation of Iceland, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone.

The provisions of this Paragraph [9] are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

10. Where the Fiscal Agency Agreement or the terms of the Securities provide for notice of any event to holders of Securities, such notice shall be sufficiently given (unless otherwise herein or therein expressly provided) if in writing and mailed, first-class postage prepaid, to the addresses of such holders as they appear in the security register maintained by the Fiscal Agent. So long as any Securities are listed on a stock exchange and the rules of that stock exchange so require, notices will be published (at the direction of Iceland) in a daily newspaper of general circulation in the place or places required by those rules. In any case where notice to holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular holder shall affect the sufficiency of such notice with respect to other holders. Where the Fiscal Agency Agreement or the terms of the Securities provide for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Fiscal Agent shall constitute a sufficient notification for every purpose hereunder.

11. From time to time, without the consent of holders of the Securities, and subject to the required approvals under Icelandic law, Iceland may create and issue additional debt securities with the same terms and conditions as those of the Securities (or the same except for the amount of the first interest payment and the issue price), *provided* that such additional debt securities are fungible for U.S. federal income tax purposes with the Securities. Iceland may also consolidate the additional debt securities to form a single series with the Outstanding Securities.

12. No reference herein to the Fiscal Agency Agreement and no provision of this Security or of the Fiscal Agency Agreement shall alter or impair the obligation of Iceland, which is absolute and unconditional, to pay the principal of [(and premium, if any)] [and interest] [on] this Security at the times, place and rate, and in the coin or currency, herein prescribed.

13. To the extent permitted by law, the Securities will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the date on which the Securities shall have become due and

monies sufficient for the payment in full thereof shall have been made available to a paying agent.

14. Iceland hereby certifies and declares that all acts, conditions and things required to be done and performed and to have happened precedent to the creation and issuance of this Security, and to make this Security the valid obligation of Iceland in accordance with its terms, have been done and performed and have happened in due and strict compliance with the applicable laws of the Republic of Iceland.

15. THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, EXCEPT WITH RESPECT TO ITS AUTHORIZATION AND EXECUTION BY AND ON BEHALF OF ICELAND, WHICH SHALL BE GOVERNED BY THE LAWS OF THE REPUBLIC OF ICELAND.

16. Iceland hereby irrevocably submits to the jurisdiction of any State or Federal court sitting in the Borough of Manhattan, The City of New York and of the courts of Iceland sitting in Reykjavik, Iceland in respect of any action arising out of or based on the Securities which may be instituted by the holder of a Security. Iceland hereby waives irrevocably any objection which it might have to the venue of any such court in respect of any such action and, to the extent permitted by law, irrevocably waives and agrees not to plead any immunity to which it might otherwise be entitled (including sovereign immunity and immunity from prejudgment attachment, postjudgment attachment and execution) in any such action arising out of or based upon the Securities except for real property and buildings and the contents thereof owned by the Ministry of Foreign Affairs and situated outside the Republic or Iceland and assets, including the assets of the Central Bank of Iceland, necessary for the proper functioning of the Republic or Iceland as a sovereign power. To the extent that Iceland has or may acquire any immunity from jurisdiction of the courts or from any legal process in the courts under the Foreign Sovereign Immunities Act of 1976 of the United States, Iceland will irrevocably agree not to claim and will irrevocably waive any immunity to the fullest scope permitted, except for real property and buildings and the contents thereof owned by the Ministry of Foreign Affairs and situated outside the Republic or Iceland and assets, including the assets of the Central Bank of Iceland, necessary for the proper functioning of Iceland as a sovereign power. Iceland hereby appoints the consul general of Iceland in The City of New York at his or her office currently located at 800 Third Avenue, 36th Floor, New York, New York 10022, as its authorized agent (the "Authorized Agent") upon which process may be served in any such action which may be instituted in any State or Federal court in the Borough of Manhattan, The City of New York. If the consul general of Iceland ceases to be able to act as Authorized Agent or no longer has an address in the Borough of Manhattan, The City of New York, Iceland shall appoint another person (which may be the Fiscal Agent) in the Borough of Manhattan, The City of New York, selected in Iceland's discretion, as such Authorized Agent. Iceland will take any and all action, including the filing of any and all documents and instruments, that may be necessary to continue such appointment or appointments in full force and effect as aforesaid. Service of process upon the Authorized Agent and written notice of

such service to Iceland (mailed or delivered to Iceland at its address specified in the Fiscal Agency Agreement) shall be deemed, in every respect, effective service of process upon Iceland. The foregoing submission to jurisdiction, waivers and appointment shall not apply to any action based upon the United States Federal Securities laws or any State securities laws.

17. If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder in U.S. dollars into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the payee could purchase U.S. dollars with such other currency in The City of New York on the business day preceding the day on which final judgment is given. The obligation of either party in respect of a sum due from it to the other party hereunder shall, notwithstanding any judgment in a currency (the "judgment currency") other than U.S. dollars, be discharged only to the extent that on the business day following receipt by such other party of any sum adjudged to be so due in the judgment currency such other party may in accordance with normal banking procedures purchase U.S. dollars with the judgment currency; if the amount of U.S. dollars so purchased is less than the sum originally due to such other party in U.S. dollars, such first party agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such other party against such loss, and if the amount of U.S. dollars so purchased exceeds the sum originally due to such other party, such other party agrees to remit to such first party such excess.

EXHIBIT B-1 – FORM OF RESTRICTED SECURITIES CERTIFICATE

RESTRICTED SECURITIES CERTIFICATE

[Address of the Fiscal Agent]

Re: [Title of Debt Security]

Reference is made to the Fiscal Agency Agreement, dated as of [●], 2012, between the Republic of Iceland (the “**Republic**”) and [●], as Fiscal Agent (the “**Agreement**”). Terms used herein and defined in the Agreement or in Rule 144A under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), are used herein as so defined.

This certificate relates to U.S.\$_____ principal amount of Securities, which are evidenced by the following certificate(s) (the “**Specified Securities**”):

CUSIP No(s). [● (Reg. S)]

ISIN [●(Reg. S)]

COMMON CODE

CERTIFICATE No(s). _____

The person in whose name this certificate is executed below (the “**Undersigned**”) hereby certifies that (i) it is the sole beneficial owner of the Specified Securities, (ii) it is acting on behalf of all the beneficial owners of the Specified Securities and is duly authorized by them to do so or (iii) it is the holder of a Global Security and has received a certification to the effect set forth below. Such beneficial owner or owners are referred to herein collectively as the “**Owner**.” If the Specified Securities are represented by a Global Security, they are held through the Depository or an Agent Member in the name of the Undersigned, as or on behalf of the Owner. If the Specified Securities are not represented by a Global Security, they are registered in the name of the Undersigned, as or on behalf of the Owner.

The Owner has requested that the Specified Securities be transferred to a person (the “**Transferee**”) who will take delivery in the form of a Restricted Global Security. In connection with such transfer, the Owner hereby certifies that, it is being effected in accordance with Rule 144A under the Securities Act and all applicable securities laws of the states of the United States and other jurisdictions. Accordingly, the Owner hereby further certifies as follows:

- A. the Specified Securities are being transferred to a person that the Owner and any person acting on its behalf reasonably believe is a “qualified institutional buyer” within the meaning of Rule 144A, acquiring for its own account or for the account of a qualified institutional buyer; and

- B. the Owner and any person acting on its behalf have taken reasonable steps to ensure that the Transferee is aware that the Owner may be relying on Rule 144A in connection with the transfer.

This certificate and the statements contained herein are made for your benefit and the benefit of the Republic.

Dated:

(Print the name of the Undersigned, as such term is defined in the third paragraph of this certificate.)

By: _____
Name:
Title:

(If the Undersigned is a corporation, partnership or fiduciary, the title of the person signing on behalf of the Undersigned must be stated.)

EXHIBIT B-2 – FORM OF UNRESTRICTED SECURITIES CERTIFICATE

UNRESTRICTED SECURITIES CERTIFICATE

[Address of the Fiscal Agent]

Re: [Title of Debt Security]

Reference is made to the Fiscal Agency Agreement, dated as of [●], 2012, between the Republic of Iceland (the “**Republic**”) and [●], as Fiscal Agent (the “**Agreement**”). Terms used herein and defined in the Agreement or in Regulation S, Rule 144 or Rule 144A under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), are used herein as so defined.

This certificate relates to U.S.\$_____ principal amount of Securities, which are evidenced by the following certificate(s) (the “**Specified Securities**”):

CUSIP No(s). [● (144A)/ ● (Reg. S)]

ISIN [● (144A)/ ● (Reg. S)]

COMMON CODE

CERTIFICATE No(s). _____

The person in whose name this certificate is executed below (the “**Undersigned**”) hereby certifies that (i) it is the sole beneficial owner of the Specified Securities, (ii) it is acting on behalf of all the beneficial owners of the Specified Securities and is duly authorized by them to do so or (iii) it is the holder of a Global Security and has received a certification to the effect set forth below. Such beneficial owner or owners are referred to herein collectively as the “**Owner**.” If the Specified Securities are represented by a Global Security, they are held through the Depository or an Agent Member in the name of the Undersigned, as or on behalf of the Owner. If the Specified Securities are not represented by a Global Security, they are registered in the name of the Undersigned, as or on behalf of the Owner.

The Owner has requested that the Specified Securities be transferred to a person (the “**Transferee**”) who will take delivery in the form of a Regulation S Global Security (if certification is given during the Restricted Period pursuant to paragraph 1 below) or an Unrestricted Global Security (if certification is given (a) after the Restricted Period pursuant to paragraph 1 or (b) at any time pursuant to paragraph 2). In connection with such transfer, the Owner hereby certifies or has certified that, unless such transfer is being effected pursuant to an effective registration statement under the Securities Act, it is being effected in accordance with Rule 904 of Regulation S or Rule 144 under the Securities Act and all applicable securities laws of the states of the United States and other jurisdictions. Accordingly, the Owner hereby further certifies or has certified as follows:

- 1 Rule 904 Transfers. If the transfer is being effected in accordance with Rule 904 of Regulation S:
 - A. the Owner is not a Distributor of the Securities, an affiliate of the Republic or any such Distributor or a person acting on behalf of any of the foregoing;
 - B. the offer of the Specified Securities was not made to a person in the United States or for the account or benefit of a U.S. Person;
 - C. either:
 - i. at the time the buy order was originated, the Transferee was outside the United States or the Owner and any person acting on its behalf reasonably believed that the Transferee was outside the United States, or
 - ii. the transaction is being executed in, on or through the facilities of the Eurobond market, as regulated by the International Securities Market Association or another designated offshore securities market and neither the Owner nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States;
 - D. no directed selling efforts have been made in the United States by or on behalf of the Owner or any affiliate thereof;
 - E. if the Owner is a dealer in securities or has received a selling concession, fee or other remuneration in respect of the Specified Securities, and the transfer is to occur during the Restricted Period, then the requirements of Rule 904(b)(1) have been satisfied; and
 - F. the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act;

provided that if the transfer is to occur during the Restricted Period, then the Transferee will take delivery in the form of a Regulation S Global Security.

- 2 Rule 144 Transfers. If the transfer is being effected pursuant to Rule 144, the Specified Securities have been transferred in a transaction permitted by Rule 144.

This certificate and the statements contained herein are made for your benefit and the benefit of the Republic.

Dated:

(Print the name of the Undersigned, as such term is defined in the third paragraph of this certificate.)

By: _____
Name:
Title:

(If the Undersigned is a corporation, partnership or fiduciary, the title of the person signing on behalf of the Undersigned must be stated.)