

Supplement to a Prospectus, dated 22 October 2012 (the “Prospectus”) issued in relation to the Offering of shares in Eimskipafélag Íslands hf. (the “Company”) and the application of the Board of Directors of the “Company” for admission to trading of all of the Company’s shares on the Main Market at NASDAQ OMX Iceland hf. (the “Main Market NASDAQ OMX Iceland”)

This supplement is prepared in accordance to article 46 of act no. 108/2007 on securities transactions where it is stated that if significant new information, material mistakes or inaccuracy relating to the information included in the Prospectus, which could affect the assessment of the securities, is discovered between the time the Prospectus was approved, cf. article 52, and the final closing of the offering or, if applicable, the time when trading on a regulated market begins, a supplement to the Prospectus shall be prepared mentioning the details in question. This supplement shall be read in conjunction with the Prospectus and unless otherwise defined herein terms in this supplement shall have the same meaning as defined in the Prospectus. With the issue of this supplement it becomes a part of the Prospectus.

The supplement contains information on the Executive Management waiver regarding the Options granted by the Company under the Option Agreements, but the information relates to chapter 12.3 *Remuneration and Benefits* in the Registration Document dated 22 October 2012 which is a part of the Prospectus.

The supplement further includes information on the Book Building, taking into account the conclusion of the Book Building, and shall be reviewed as an update of chapter 6 *Terms and Conditions of the Offering* which may be found in the Securities Note dated 22 October 2012 and is a part of the Prospectus.

1. The Executive Management waives the Options granted by the Company

Due to strong objections towards the Options, publicly represented during the Book Building, the Executive Management, with the Company’s interest as priority, decided to waive all of the Options granted to them by the Company under the Option Agreements. That decision was made after the closing of the subscription period of the Book Building.

2. Conclusion of the Book Building

The Book Building part of the Offering concluded at 14:00 on 25 October 2012. In the Book Building 40,000,000 Shares, or 20% of the issued share capital in Eimskip, was offered for sale. Substantial excess demand was in the Book Building, but subscriptions for over ISK 12,000 million were received from investors. Subscriptions for ISK 8,340 million, at the price per share ISK 208, were accepted. The Public Offering will start at 10:00 on Tuesday 30 October and close at 16:00 on Friday 2 November 2012. In the Public Offering, 10,000,000 Shares or 5% of the issued share capital will be offered for sale, with the Company additionally offering for sale up to 6,000,000 Treasury Shares, or 3% of the issued share capital, to accommodate for potential excess demand.

The results of the Book Building were made public by an announcement published 25 October 2012. The announcement included the Final Price as well as information on the aggregate number of Shares sold.

Other information regarding the Offering described in chapter 6 *Terms and Conditions of the Offering* which can be found in the Securities Note dated 22 October 2012, which is a part of the Prospectus, remains unaltered.

3. Notice to investors

This supplement is prepared in accordance with Icelandic laws and regulations in effect on the date of this supplement, including act no. 108/2007 on securities transactions and directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, which has been implemented into Icelandic law. The supplement has been scrutinized and approved by the Financial Supervisory Authority, Iceland. This supplement or other documents which form a part of the Prospectus should by no means be viewed or construed as a promise by the Company of positive future operational results or an acceptable return on investment. Investors are reminded that equity shares are risky investments that are based on expectations, not promises. Investors must first and foremost trust their own judgment when it comes to investing in the Company's shares and are advised to seek assistance from experts, such as licensed financial institutions, in their assessment of the Company's shares as an investment option. Investors are furthermore advised to consider their legal status, including taxation issues that may concern the purchase or sale of the Company's securities and seek external and independent advice in that respect.

This supplement, as well as any other documents which are a part of the Prospectus, must not be sent or otherwise distributed, whether electronically or by other means, to countries where distribution would require additional registration measures or other measures to be taken other than as applicable under Icelandic law and regulations, or would be in conflict with law and regulations in the relevant country. This supplement, as well as any other documents in the Prospectus, should not be distributed or sent to the USA, the UK, Australia, Canada or Japan.

The Corporate Finance Division of Straumur fjárfestingabanki hf., ID No. 640210-0440, Borgartún 25, 105 Reykjavík, Iceland, and the Corporate Finance Department of Íslandsbanki hf., ID No. 491008-0160, Kirkjusandur 2, 155 Reykjavík, Iceland, are joint listing advisors of the Company in relation to the Offering and Eimskip's shares being admitted to trading on the Main Market NASDAQ OMX Iceland. Straumur fjárfestingabanki hf. prepared this supplement in close co-operation with the Company's management and Board of Directors and it has been prepared based on information provided by the Company.

Company's statement

The CEO and the Board of Directors of Eimskipafélag Íslands hf., ID No. 690409-0460, registered office at Korngarðar 2, 104 Reykjavík, Iceland, hereby declare that having taken all reasonable care to ensure that such is the case that the information contained in this supplement is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Reykjavík, 29 October 2012

On behalf of the Board of Directors of Eimskipafélag Íslands hf.

Bragi Ragnarsson
Chairman of the Board of Directors

and

Gylfi Sigfússon
Chief Executive Officer