

This is an English translation.

The original Icelandic text, as published in the Law Gazette (Stjórnartíðindi), is the authoritative text. Should there be discrepancy between this translation and the authoritative text, the latter prevails.

Article 1

The Minister for Industry shall undertake the electricity and system management pursuant to the provisions of Chapter III of the Electricity Act establishment of a limited liability company which shall be responsible for the transmission of No. 65/2003.

The Minister for Industry shall be responsible for the preparations for the establishment of Landsnet hf. and for the implementation of this Act.

Article 2

The role of Landsnet hf. is to undertake the transmission of electricity and system management pursuant to the

provisions of Chapter III of the Electricity Act No. 65/2003, and the Company is not permitted to engage in any activities other than those which are necessary for the Company to be able to discharge its duties pursuant to the Electricity Act. However, the Company is permitted to operate an electricity market. The board of directors of Landsnet hf. shall be independent of other companies engaging in the generation, distribution or sale of electricity, as further provided in the articles of association of the Company.

Article 3

The State Treasury of Iceland is the owner of all the share capital in Landsnet hf. upon its establishment. The Minister for Industry represents the State's interest in Landsnet hf. The Board of Directors of Landsnet hf. shall be composed of three directors appointed by the Minister for Industry without nomination.

Article 4

As of 1 January 2005, Landsnet hf. shall take over the operation of the transmission facilities falling within the