

October 23, 2001

Landsvirkjun FC Outlook Revised to Negative After Iceland Revision; Ratings Affirmed

Credit Analyst:

Andreas Zsiga, Stockholm (46) 8-440-5936

STOCKHOLM (Standard & Poor's) Oct. 23, 2001--Following yesterday's outlook revision on the Republic of Iceland (local currency AA+/Negative/A-1+; foreign currency A+/Negative/A-1+), Standard & Poor's today revised its foreign currency outlook on Iceland-based electricity generation and transmission company Landsvirkjun to negative from stable. At the same time, Standard & Poor's affirmed all ratings on Landsvirkjun. The local currency outlook is also negative. (See list below for all rating actions.)

OUTLOOK: LOCAL CURRENCY; NEGATIVE

Landsvirkjun's local currency outlook reflects the potential negative implications of the government's plans to restructure the electricity industry and introduce liberalization. This could increase the utility's business risk and reduce its total dominance in electricity transmission, generation, and wholesale supply. Furthermore, additional expansion projects could put further pressure on the company's financial profile and could create some construction risk.

OUTLOOK: FOREIGN CURRENCY; NEGATIVE

Landsvirkjun's foreign currency outlook mirrors that of the Republic of Iceland.

RATING AFFIRMED; OUTLOOK REVISED TO NEGATIVE

Rating		
To		From

Landsvirkjun FC Outlook Revised to Negative After Iceland Revision; Ratings Affirmed

Landsvirkjun

Foreign currency issuer credit rating

A+/Negative/A-1+ A+/Stable/A-1+

RATINGS AFFIRMED

Landsvirkjun

Local currency issuer credit rating AA+/Negative/A-1+

Local currency senior unsecured AA+

Foreign currency senior unsecured A+

Copyright © 2011 by Standard & Poor's Financial Services LLC (S&P), a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved.

No content (including ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P. The Content shall not be used for any unlawful or unauthorized purposes. S&P, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.