



ICELAND

The Ultimate Location for Data Centers



Invest in Iceland Agency
 Borgartún 35
 105 Reykjavík

Postal address:
 Invest in Iceland
 P.O. Box 1000
 IS-121 Reykjavík

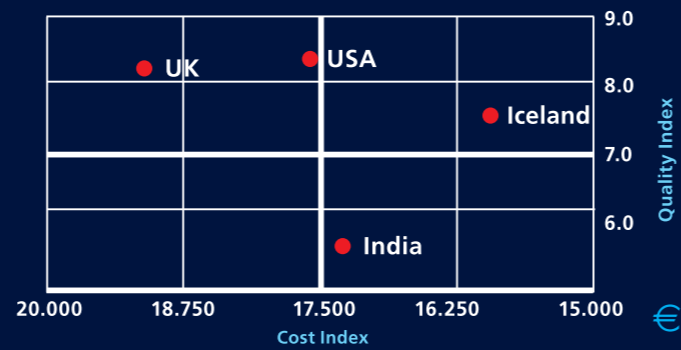
Tel.: +354 561 5200
 Fax: +354 511 4040
 E-mail: info@invest.is
 www.invest.is



Invest in Iceland Agency

PricewaterhouseCoopers benchmarking study

Cost - Quality Position



Source: PricewaterhouseCoopers, Belgium - Benchmarking Study on Iceland as a Location for Data Centre Activity.

"By almost any international comparative assessment focusing on IT competitiveness of the society and the IT use of the population, Iceland scores best in class." "Iceland provides a clear and attractive offer to the question where the power and cooling issue can be managed at attractive cost and without operational impacts in terms of growth and stability. With Iceland having plentiful supplies of low cost green power, cold air/water as well as hot water, the benefits to large data center operators would soon pay back."

In May 2007*, international team of experts at PricewaterhouseCoopers, Belgium, delivered its report to Invest in Iceland Agency, in which Iceland was benchmarked against the United States, the United Kingdom, and India as a location for Data Center activity. Iceland scored extremely well in the report and was found to be "Best in Class".

"Existing telecommunications services throughout Iceland are plentiful and reliable. These are in the process of constant improvement and of the highest modern standards." "Regarding energy all three interested companies have the ability to deliver supplies to any part of the island, services including hot and cold water are also abundantly available as part of the required utility supply."

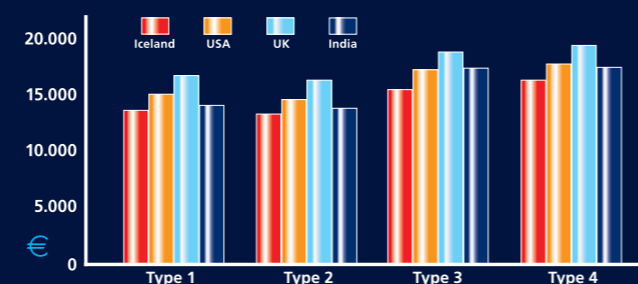
PricewaterhouseCoopers, Belgium

*The €/ISK exchange rate was 87 in May 2007

"In the search for cost attractive locations catering to the power intensive industries, Iceland is the single country in the world that provides best in class environment conditions in combination with attractively priced green power supply." PricewaterhouseCoopers, Belgium

Cost components for the benchmark

The combination of the 4 detailed cost components results in a favourable position for Iceland, especially thanks to the power and rental cost.



Source: PricewaterhouseCoopers, Belgium - Benchmarking Study on Iceland as a Location for Data Centre Activity.

The cost calculations omit that fact that the need for cooling is substantially less in Iceland, due to a cooler climate, and that the price for cooling is considerably lower because of its abundant cold water. Studies have shown that half of the energy cost of a Data Center is for cooling, making Iceland an even more ideal location.

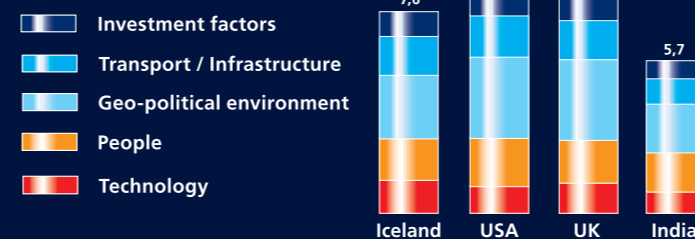
Average high and low temperature



"The ability to reduce the power cost on cooling ... is a clear add-on to the attractively priced and plentiful availability of power as it lowers the total consumption, takes away the risk of meeting the maximum capacity later in time and allows for even further green image building". PricewaterhouseCoopers, Belgium

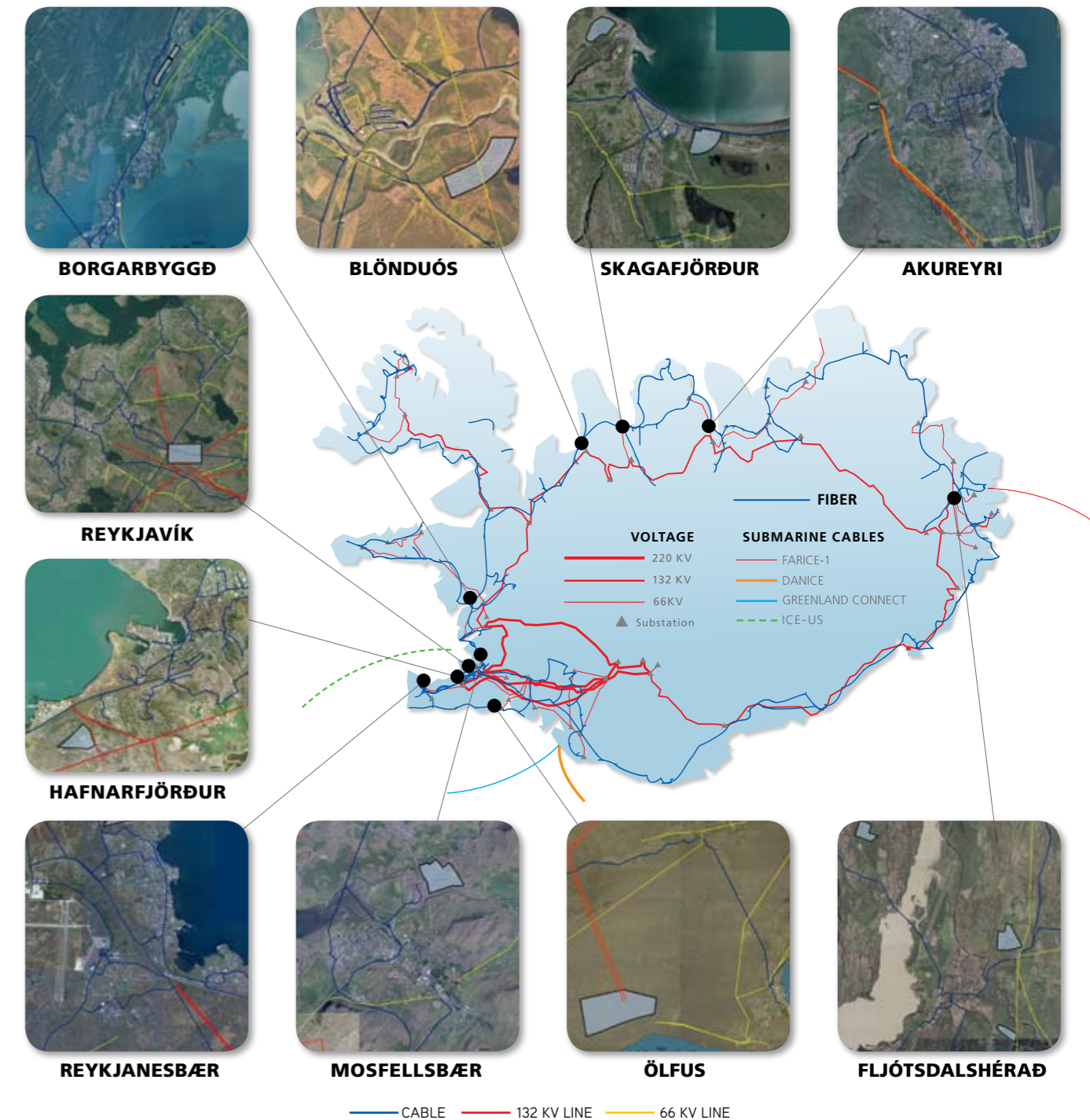
While Iceland received a lower score than the U.S.A. and the U.K. due to a need for additional secure connections to Europe and the U.S.A.. this issue is already being addressed and remedies are being developed. Danice, a new telecommunications cable, connecting Iceland to Europe via Denmark and The Netherlands, will be operational mid-year 2009.

Overall Quality Score



Source: PricewaterhouseCoopers, Belgium - Benchmarking Study on Iceland as a Location for Data Centre Activity.

LOCATIONS



In today's technological landscape the driving forces for identifying locations for Data Centers are space and power restrictions, according to PricewaterhouseCoopers, Belgium.

Iceland has an abundance of available space, three capable power suppliers with the ability to deliver electricity to any part of the country, and reliable telecommunications services of the highest modern standards. Brownfield development sites are ample and greenfield development poses no problems to power or telecommunications companies. If needed, infrastructure can be in place within months.

The south-west corner of Iceland has vast areas suitable for Data Centers. There one can get the unique feeling of being secluded and isolated, but still within easy access to the state-of-the-art power grid and reliable fiber-optic services, and all within an hour's ride from the first class infrastructure and labor market of Reykjavik.

There are numerous other possible locations for Data Centers throughout Iceland. The power and fiber grid follows the entire coast line, and it can be beneficial for companies to locate Data Centers outside the capital area where local municipalities are likely to give special incentives to new businesses.

COMPETITIVENESS

- INTERNET
- INFORMATION TECHNOLOGY
- RENEWABLE ENERGY
- EDUCATION
- SECURITY

Internet Users



INTERNET

The availability of broadband access creates possibilities for developing novel services. The development of broadband access to the internet has been quicker in Iceland than in most countries and Iceland currently leads the world in both broadband subscribers and internet users. More than 80% of Icelanders use the Internet on a regular bases.

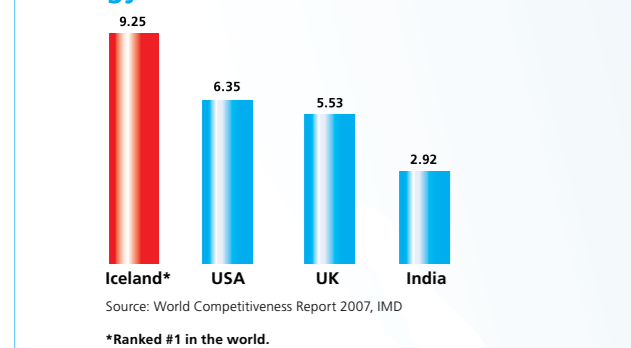
Information Technology Skills



INFORMATION TECHNOLOGY

In the past few years there has been a great emphasis on technological development in Iceland, leading to the creation of an advanced technology infrastructure. University education is highly rated, R&D spending is 2,83% of GDP, there are numerous qualified engineers, and communications technology is world class. This helps Iceland top the IMD rating for Information Technology Skills.

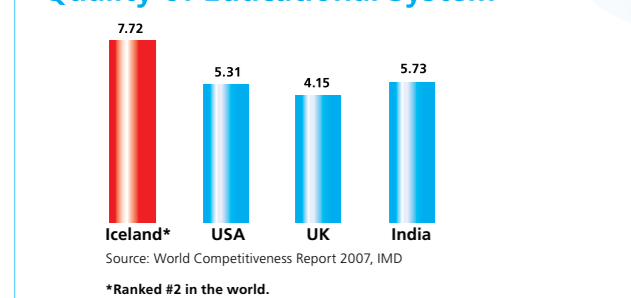
Energy infrastructure



RENEWABLE ENERGY

Iceland is the only country in Western Europe that still has large quantities of competitively priced, renewable energy remaining to be harnessed. It is estimated that by 2010 only a third of the country's energy potential (50TWh/yr) will be tapped. Setting Iceland apart from most, if not all other countries, is that its electricity is produced using exclusively hydropower- and geothermal energy. These are sustainable, environmentally-friendly "green" resources, without the atmospheric emissions of fossil fuel. The energy infrastructure is state-of-the-art, using the latest technology, with great reliability and efficiency, and is ranked #1 in the world according to IMD.

Quality of Educational System

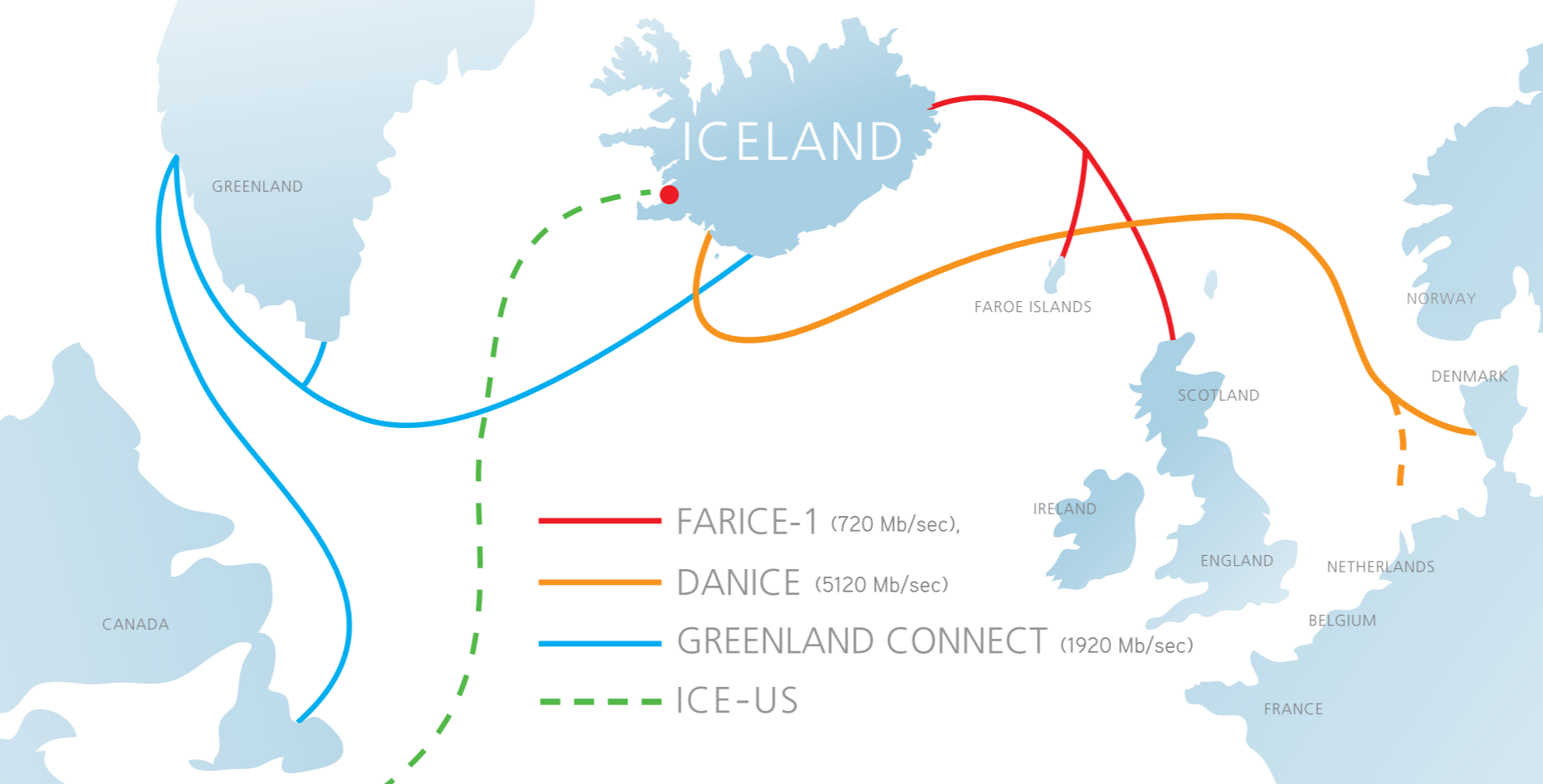


EDUCATION

Iceland is an educated society. The total public expenditure on education is the second highest in the world, literacy is near 100%, language skills are good, financial education is top class, and economic literacy tops the IMD world ranking. University education meets the needs of a competitive economy, knowledge transfer between universities and companies is excellent, and the education system is the second best in the world, according to IMD, exceeding that of the U.S.A., the U.K., and India - *PricewaterhouseCoopers, Belgium.*



CONNECTED TO THE WORLD



DATA SECURITY ON FOUR LEVELS

1) SOCIAL SAFETY

Iceland is a safe country and its inhabitants are proud of the virtually crimeless society. The crime rate in Iceland is among the lowest in the world, and the governmental framework is transparent with minimal bureaucracy. Iceland scores far better than the benchmarking countries regarding both corruption and political stability.

2) PHYSICAL SAFETY

Iceland is a non-military island with one major point of entry. Both the main energy and fiber grids are circular and all major connections are via loops to ensure maximum reliability and efficiency. The Post and Telecom Administration in Iceland, oversees security, efficiency and safety standards in operating the communications nets, with strict safety demands on all Internet Service Providers in Iceland.

3) SKILLS AND KNOW-HOW

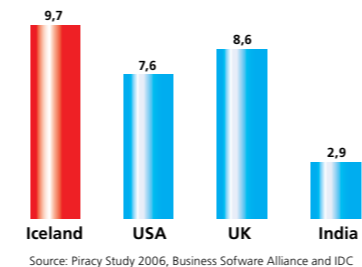
Computer literacy in Iceland is very high and it has the most internet users in the world (per capita). Icelandic communications technology is the second-best the world in meeting business requirements, development and application of technology is world class, and cyber security is adequately being addressed by corporations. An ample supply of skilled IT people and qualified engineers help Iceland lead the IMD rating for IT skills (as mentioned here on the left).

4) "WEAKEST LINKS"

STANDARDS APPLIED AND GENERAL AWARENESS OF POSSIBLE CYBER CRIMES AND CORPORATE GUIDELINES REGARDING DATA SECURITY
This level is supported by the third, i.e. skills and know-how. The Post and Telecom Administration has a special website dedicated to data security with educational material, info and advice; all service providers are forced by law to adhere to best practices in save IP communications; special procedures in cases of emergency or successful cyber crimes are in place; and financial institutions were among the first to use the internet for B2B and business-client, making data security a determining factor from the onset.

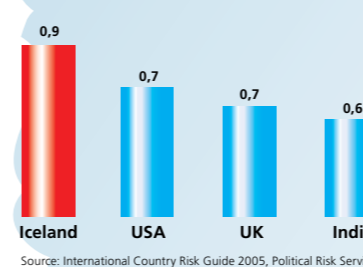
Corruption perception index

The index indicates the degree to which corruption is perceived to exist among public officials and politicians (10 = best score)



Political stability index

The political stability index measures a country's political risk (0 = high political risk, 1 = no risk)



EXAMPLES OF POSSIBLE LOCATIONS



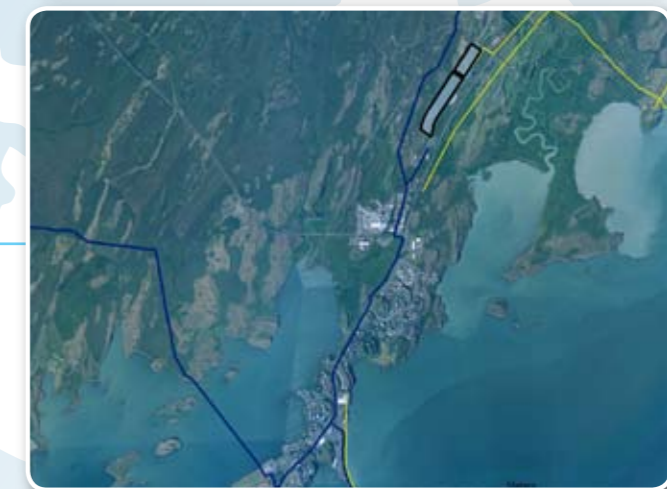
Hafnarfjörður

- Catchment area 230,000
- Distance from Reykjavik City Center 10 km 15 min



Mosfellsbær

- Catchment area 214,000
- Distance from Reykjavik City Center 15 km 20 min



Borgarbyggð

- Catchment area 23,000
- Distance from Reykjavik City Center 70 km 55 min

Above are 3 of the numerous locations available all around Iceland

Iceland - Low Risk of Natural Disasters

Iceland is perhaps perceived by some to have high natural disaster risk and is still regarded by many as the land of ice and fire. Fact remains that the risk of natural disaster is considerably lower in Iceland than in the USA, UK or India, and the risk is isolated to specific unpopulated areas far away from all major infrastructure.

- Potential disasters
- Earthquake and volcano activity
 - Tsunamis, volcanoes, earthquakes, hurricanes, tornadoes, mud slides, forest fires, flooding and permafrost
 - Winter windstorms and floods
 - Drought, flash floods and earthquakes

