



CARIBBEAN UTILITIES COMPANY, LTD.

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FOR IMMEDIATE RELEASE

GRAND CAYMAN, CAYMAN ISLANDS

LISTED FOR TRADING IN UNITED STATES FUNDS ON THE TORONTO STOCK EXCHANGE/TRADING SYMBOLS: CUP.U AND CUP.PR.U

CUC ANNOUNCES UNAUDITED FINANCIAL RESULTS FOR THE THIRD QUARTER ENDED JANUARY 31, 2002

Grand Cayman, Cayman Islands- Caribbean Utilities Company, Ltd. (“CUC” or the “Company”) announced today its unaudited financial results for the third quarter ended January 31, 2002.

Financial and Operational Highlights for the Nine Months Ended January 31, 2002

(all figures in US dollars)

	2002	2001	Change	%
Operating Revenues	69,880,710	68,865,621	1,015,089	1.47%
Electricity Sales	58,319,757	55,135,579	3,184,178	5.78%
Fuel Factor	11,560,953	13,730,042	(2,169,089)	(15.80%)
Fuel And Lube Oil Expenses	29,906,587	31,063,333	(1,156,746)	(3.72%)
Earnings For The Nine Months	15,545,965	14,826,686	719,279	4.85%
Earnings Per Class A Ordinary Share (US Cents)	0.62	0.60	0.02	3.33%
Dividends Paid Per Class A Ordinary Share (US Cents)	0.455	0.410	0.045	10.98%
Peak Load Gross (MW)	75.990	70.180	5.810	8.28%
KiloWatt-Hour Sales (KWH)	317,540,012	300,644,139	16,895,873	5.62%
Total Customers	19,562	19,039	523	2.75%

Earnings for the nine months were US\$15,545,965 compared with US\$14,826,686 for the same period last year, representing a 4.9% increase. Earnings per Class A Ordinary Share were US\$0.62 versus US\$0.60 for the corresponding period last year.

Net generation growth for the nine months averaged 6.03% more than the corresponding period

last year. A new record peak load of 75.99 megaWatts (MW) was recorded in August 2001, an 8.3% increase over the previous year's peak. KiloWatt-hour sales (KWH) for the period were 5.62% above the corresponding period last year.

Operating Revenues

Basic electricity revenue in the third quarter increased 7% over the same period last year, while revenue for the nine months increased 5.8% year-over-year. This strong growth is indicative of the relative strength of the Cayman Islands economy. Conversely, fuel factor revenue for the nine months decreased 15.8% year-over-year, which is reflective of significantly lower fuel prices compared to the same period last year. The per-gallon fuel price charged to the Company by its fuel suppliers decreased 16% since May 1, 2001, the beginning of CUC's current fiscal year. Lower fuel prices have resulted in lower fuel factor revenues and lower fuel cost.

The Company's Licence with the Cayman Islands Government provides for adjustments to be made to the charges billed to customers to reflect variations in the cost of diesel fuel used in the generation of electricity. Such adjustments are made on a monthly basis such that variations in the cost of fuel are passed on directly to consumers.

Operating Expenses

Operating expenses for the nine months decreased 1% compared with the same period last year. The Company initiated an austerity program to save approximately \$600,000 in discretionary expenditures in anticipation of the economic slowdown following the September 11 terrorist attacks on the United States. This program has been very successful and significantly accounts for the year-over-year decrease in operating expenses, particularly in general and administration expense, which fell 3.4% from last year.

Distribution and maintenance expenses decreased 23% and 6.5%, respectively, for the nine months year-over-year. The decline in distribution expense is primarily the result of focusing on capital projects versus maintenance activities. For example, CUC's transmission and distribution (T&D) activities have focused on completing the looped transmission network, resulting in a concentration on capital projects. The T&D Division also realised significant payroll and emolument-related savings by effecting a hiring freeze as part of the Company's austerity program. The decrease in maintenance expense is the result of the review and extension of the economic useful lives of generating Units 14 and 15.

Depreciation and amortization expenses over the nine months increased by 13% for the period compared with the same period last year, primarily as a result of increased depreciation arising from the completion and commissioning of the 2000 24.5 MW generation expansion project and Integrated Control System (ICS) projects.

Interest Expense and Preference Dividends

Interest expense and preference share dividends over the nine months increased 62.3% due to increased interest expense associated with ceasing the capitalization of interest during construction (CIDC) on major capital projects completed during 2001, primarily the MAN B&W and the ICS projects.

Foreign Exchange Earnings

Year-to-date foreign exchange earnings increased slightly more than 100% over the same period last year. Most of this increase, or approximately \$300,000, relates to the retirement of long and short-term debt and is non-recurring in nature.

Capital Expenditures

CUC spent a total of \$22,548,881 on capital projects for the nine-month period. Seventy-six percent of this total focused on T&D projects, including the completion of laying of 14 miles of 69KV submarine cable in the North Sound. Work continues on the over-land phase of this project, which is intended to loop the Seven Mile Beach and the eastern districts to meet load growth and improve system reliability.

2001 Debt Offering

CUC closed the second tranche of \$15 million of the \$30 million 6.67% Senior Unsecured Notes due June 1, 2016 in October 2001. The first tranche of \$15 million was closed in June 2001. The proceeds of these Senior Notes, a private placement debt offering placed with two institutional investors in the United States, will be used to finance capital projects and repay short-term indebtedness of \$10 million. CUC repaid \$5 million of the aforementioned short-term indebtedness on August 1, 2001 and repaid the remaining \$5 million on November 1, 2001.

Electricity Rate Structure

CUC previously announced that following discussions with Government, it had decided to forgo the 2% rate increase planned for November 1, 2001. This action is without prejudice to the Company's right to a rate increase in any subsequent year to the extent that any such increase is justified in accordance with the terms of its Licence.

CUC has commenced a full and proper allocated cost of service study as planned with the view of completing it no later than May 2003. The objectives of the study are to ensure fair, cost-based electricity pricing, eliminate subsidized consumption and develop a demand rate for large consumers.

Alternative Energy

CUC conducted an alternative energy study that concluded that while diesel power is the most efficient, cost-effective and reliable means of providing power to Grand Cayman, wind and Ocean Thermal Energy Conservation (OTEC) sources merit further consideration and investigation. CUC is currently installing wind-monitoring equipment to determine the feasibility of wind power and is pursuing a long-term OTEC opportunity.

Government Audit of 2001 Year-End Audited Financial Results

The public accounting firm of Ernst & Young (E&Y) was appointed by the Cayman Islands Government to conduct an independent audit of CUC's financial affairs. The Company's Licence includes a provision for an independent audit of the Company's financial affairs to be conducted at Government's expense. CUC views this provision as consistent with its own policy of openness and transparency.

E&Y completed the audit in October 2001 and submitted its findings to Government. Although the Company is not yet privy to the contents of the report, it does not expect the audit to result in any material change in its operations. CUC's financial affairs were last audited by Government in 1994, following which it was concluded that the audited results were correct in all material respects.

Class A Ordinary Dividends Payable March 1, 2002

The board of directors has declared a regular quarterly dividend of US\$0.155 on the issued and outstanding Class A Ordinary Shares payable March 1, 2002 to shareholders of record February 8, 2002. This dividend represents an annualized dividend of US\$0.62 per share.

CUC Share Plans

CUC issued an aggregate of 162,715 Class A Ordinary Shares during the nine months pursuant to the Company's Customer Share Purchase Plan, Executive Stock Option Plan, Dividend Reinvestment Plan and Employee Share Purchase Plan.

Third Quarter Report

The 2001/02 Third Quarter Report and a complete set of the unaudited statements will be available on CUC's website (www.cuc-cayman.com) when they are mailed to shareholders next week.

Company Overview

CUC is the sole provider of electricity to Grand Cayman, Cayman Islands and operates under a 25-year exclusive Licence renewable in 2011 with the Government of the Cayman Islands. Its

system is comprised of 18 generating units and five major transformer substations. The Company has an installed capacity of 115 MW and is one of the most reliable and efficient power companies in the Caribbean.

CUC's Class A Ordinary Shares and 8% Class C, Series 2 Preference Shares are listed for trading in United States funds on The Toronto Stock Exchange (trading symbols: CUP.U and CUP.PR.U).

Caribbean Utilities Company, Ltd., on occasion, may include forward-looking statements in its media releases, Canadian securities regulatory authorities filings, shareholder reports and other communications. Forward-looking statements are based on certain assumptions by their very nature and are subject to certain risks and uncertainties that may cause actual results to vary from plans, objectives and estimates. Such risks and uncertainties include but are not limited to general economic, market and business conditions, regulatory developments and weather. Caribbean Utilities Company, Ltd. cautions readers that actual results may vary significantly from those expected should certain risks or uncertainties materialize or should underlying assumptions prove incorrect.

Caribbean Utilities Company, Ltd.
Statement of Earnings (unaudited)
for the Nine Months Ended January 31, 2002
(expressed in United States dollars)

	Three Months Ended January 31		Nine Months Ended January 31	
	2002	2001	2002	2001
	US\$	US\$	US\$	US\$
OPERATING REVENUES				
Electricity Sales	17,637,045	17,212,005	58,319,757	55,135,579
Fuel Factor	<u>2,908,259</u>	<u>5,099,318</u>	<u>11,560,953</u>	<u>13,730,042</u>
	20,545,304	22,311,323	69,880,710	68,865,621
OPERATING EXPENSES				
Power Generation	9,704,037	11,825,142	32,953,334	33,782,782
General and Administration	2,095,361	2,195,658	6,294,497	6,514,704
Consumer Service and Promotion	321,749	317,227	996,292	913,107
Distribution	399,420	487,903	1,231,789	1,604,930
Depreciation and Amortisation	2,767,625	2,060,421	7,541,122	6,649,042
Maintenance	<u>848,637</u>	<u>1,202,905</u>	<u>3,120,867</u>	<u>3,339,129</u>
	<u>16,136,829</u>	<u>18,089,256</u>	<u>52,137,901</u>	<u>52,803,694</u>
OPERATING INCOME	4,408,475	4,222,067	17,742,809	16,061,927
OTHER INCOME/(EXPENSES)				
Interest Expense and Preference Dividends	(1,483,394)	(1,078,025)	(4,398,572)	(2,710,302)
Foreign Exchange Gain	357,245	143,479	1,030,057	502,750
Other Income	<u>352,786</u>	<u>320,007</u>	<u>1,171,670</u>	<u>972,311</u>
	(773,363)	(614,539)	(2,196,844)	(1,235,241)
Earnings for the Period	3,635,112	3,607,528	15,545,965	14,826,686
Class B Preference Dividends Paid	<u>(112,500)</u>	<u>(112,500)</u>	<u>(712,500)</u>	<u>(622,500)</u>
Earnings on Class A Ordinary Shares	3,522,612	3,495,028	14,833,465	14,204,186
Weighted-Average Number of Issued and Fully-Paid Class A Ordinary Shares	24,104,592	23,851,276	24,083,938	23,783,468
Earnings per Class A Ordinary Share	0.15	0.15	0.62	0.60
Fully-Diluted Earnings per Class A Ordinary Share	0.13	0.15	0.60	0.60
Dividends Declared per Class A Ordinary Share	0.155	0.145	0.455	0.4100

Caribbean Utilities Company, Ltd.
Statement of Retained Earnings (unaudited)
for the Nine Months Ended January 31, 2002
(expressed in United States dollars)

	2002	2001	2002	2001
	US\$	US\$	US\$	US\$
Balance at Beginning of Period	38,987,236	18,636,696	26,899,911	7,241,064
Earnings for the Period	3,635,112	3,607,528	15,545,965	14,826,686
Transfer from Redetermination Surplus (Note 5)	<u>88,238</u>	-	<u>264,710</u>	<u>176,474</u>
Balance at End of Period	42,710,586	22,244,224	42,710,586	24,244,224

Caribbean Utilities Company, Ltd.
Balance Sheet (unaudited) as of January 31, 2002
(expressed in United States dollars)

	As of January 31, 2002	As of January 31, 2001	As of April 30, 2001
	US\$	US\$	US\$
ASSETS			
Current Assets			
Cash and Due from Banks	1,732,666	2,646,973	2,738,475
Short-Term Investments (Note 6)	3,503,933	-	-
Accounts Receivable (Note 7)	9,237,035	7,633,074	8,594,582
Inventories	3,128,272	3,261,020	3,148,057
Prepayments	<u>1,147,255</u>	<u>965,189</u>	<u>672,354</u>
	18,749,161	14,506,256	15,153,468
Long-Term Investments (Note 6)	-	3,467,972	3,391,535
Property, Plant and Equipment	220,589,937	195,829,829	204,161,088
Other Assets	<u>3,810,443</u>	<u>4,437,335</u>	<u>3,922,125</u>
TOTAL ASSETS	243,149,541	218,241,392	226,628,216
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Current Portion of Long-Term Debt	2,769,472	537,361	12,773,668
Accounts Payable and Accrued Expenses	9,072,692	8,892,861	16,214,048
Consumers' Deposits	2,784,544	2,812,708	2,799,219
Consumers' Construction Advances	14,314	40,718	25,554
Dividends Declared	<u>3,714,032</u>	<u>3,333,969</u>	<u>3,470,137</u>
	18,355,054	15,617,617	35,282,626
Long-Term Debt	100,857,297	85,292,879	72,957,956
Redeemable Preference Shares	<u>12,015,000</u>	<u>12,015,000</u>	<u>12,015,000</u>
	131,227,351	112,925,496	120,255,582
SHAREHOLDERS' EQUITY			
Share Capital	1,687,277	1,676,583	1,677,592
Share Premium (Note 8)	66,792,923	80,222,503	76,799,018
Redetermination Surplus (Note 5)	731,404	1,172,586	996,113
Retained Earnings	<u>42,710,586</u>	<u>22,244,224</u>	<u>26,899,911</u>
	111,922,190	105,315,896	106,372,634
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	243,149,541	218,241,392	226,628,216

Caribbean Utilities Company, Ltd.
Cash Flow Statement (unaudited)
for the Nine Months Ended January 31, 2002
(expressed in United States dollars)

	Three Months Ended January 31		Nine Months Ended January 31	
	2002	2001	2002	2001
	US\$	US\$	US\$	US\$
CASH FLOW FROM OPERATING ACTIVITIES				
Earnings Before Interest	4,832,752	4,293,586	19,087,368	16,664,512
Interest Expensed	<u>(1,197,640)</u>	<u>(686,058)</u>	<u>(3,541,403)</u>	<u>(1,837,826)</u>
Net Earnings	3,635,112	3,607,528	15,545,965	14,826,686
Depreciation and Amortisation	2,767,625	2,060,421	7,541,122	6,649,042
Profit on Disposal of Fixed Assets	<u>(68,893)</u>	-	<u>(62,525)</u>	-
(Increase)/Decrease in Deferred Expenses	<u>1,051,782</u>	<u>816,277</u>	<u>86,570</u>	<u>(502,112)</u>
	7,385,626	6,484,226	23,111,132	20,973,616
Net (Decrease) in Non-Cash Working Capital Balances Related to Operations	<u>(1,782,524)</u>	<u>(2,859,555)</u>	<u>(7,852,906)</u>	<u>(7,592,579)</u>
	5,603,102	3,624,671	15,258,226	13,381,037
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Investments	<u>(14,999)</u>	<u>(113,339)</u>	<u>(230,886)</u>	<u>(263,032)</u>
Proceeds on Sale of Fixed Assets	139,163	-	139,163	-
Purchase of Property, Plant and Equipment	<u>(6,065,975)</u>	<u>(8,034,897)</u>	<u>(22,548,881)</u>	<u>(20,862,495)</u>
Interest Capitalized During Construction	<u>(413,484)</u>	-	<u>(1,522,168)</u>	<u>(2,160,964)</u>
	<u>(6,355,295)</u>	<u>(8,148,236)</u>	<u>(24,162,772)</u>	<u>(23,286,491)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from the Issue of Debt	-	5,065,875	30,000,000	10,000,000
Proceeds of Share Issues	545,590	1,024,215	1,591,829	1,906,707
Repayment of Debt	<u>(5,215,807)</u>	<u>(204,475)</u>	<u>(12,104,854)</u>	<u>(611,881)</u>
Dividends Paid	<u>(3,825,560)</u>	<u>(3,653,670)</u>	<u>(11,588,238)</u>	<u>(9,820,408)</u>
	<u>(8,495,777)</u>	2,231,945	7,898,737	1,474,418
(DECREASE) IN NET CASH	<u>(9,247,970)</u>	<u>(2,291,620)</u>	<u>(1,005,809)</u>	<u>(8,431,036)</u>
NET CASH- BEGINNING OF PERIOD	<u>10,980,636</u>	<u>4,938,593</u>	<u>2,738,475</u>	<u>11,078,009</u>
NET CASH- END OF PERIOD	1,732,666	2,646,973	1,732,666	2,646,973

Notes to the Financial Statements

1. Financial Statement Presentation

These unaudited financial statements include all of the adjustments that, in management's opinion, are necessary for a fair presentation. These interim financial statements have been prepared using the same accounting policies as those used in preparing the most recent annual financial statements. These interim financial statements do not include all of the disclosures normally found in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended April 30, 2001.

2. Share Capital

Authorized:

- a. 60,000,000 (2001: 60,000,000) Class A Ordinary Shares of CI\$0.05 each
- b. 250,000 (2001: 250,000) 9% Cumulative, Participating Class B Preference Shares of \$1.00 each (non-voting)
- c. 1 Cumulative, Participating, Class D Preference Share of CI\$0.56 (non-voting)

Common shares were issued during the period for cash as follows:

	Quarter Ended January 31, 2002	
	Number of Shares	Amount (US\$)
Balance beginning of period	24,091,620	1,434,025
Customer Share Purchase and Dividend Reinvestment Plans	23,862	1,420
Employee Share Purchase Plan	2,775	165
Executive Stock Option Plan	<u>28,000</u>	<u>1,667</u>
	24,146,257	1,437,277

	Year to Date Ended January 31, 2002	
	Number of Shares	Amount (US\$)
Balance beginning of period	23,983,542	1,427,592
Customer Share Purchase and Dividend Reinvestment Plans	65,265	3,885
Employee Share Purchase Plan	16,450	979
Executive Stock Option Plan	<u>81,000</u>	<u>4,821</u>
	24,146,257	1,437,277

3. Share Options

The shareholders of the Company approved an Executive Stock Option Plan on October 24, 1991 under which certain employees, officers and directors may be granted options to purchase Class A Ordinary Shares of the Company.

The exercise price per share in respect of options is equal to the fair market value of the Class A Ordinary Shares on the date of grant. Each option is for a term not exceeding 10 years and will become exercisable on a cumulative basis at the end of each year following the date of grant. The maximum number of Class A Ordinary Shares under option shall be fixed and approved by the shareholders of the Company from time to time.

	Quarter Ended January 31, 2002	Year to Date Ended January 31, 2002
	Number of Options	Number of Options
Outstanding at Beginning of Period	1,274,000	812,000
Granted	0	515,000
Exercised	(28,000)	(81,000)
Forfeited	0	0
Outstanding and Exercisable at End of Period	1,246,000	1,246,000
Range of Exercise Prices:	US\$	US\$
Granted	N/A	11.46
Exercised	10.05-11.00	6.02-11.00
Outstanding as of January 31, 2002	10.05-11.46	10.05-11.46

The position with respect to outstanding unexercised options as of January 31, 2002 was as follows:

Date of Grant	Number of Class A Ordinary Shares Under Option	Exercise Price \$	Term of Option
May 2, 1998	223,000	11.00	5 years
June 8, 2000	508,000	10.05	5 years
July 18, 2001	515,000	11.46	10 years

4. Foreign Exchange

The closing rate of exchange on January 31, 2002 as reported by the Bank of Canada for the conversion of U.S. dollars into Canadian dollars was Cdn. \$1.5873 per US\$1.00. The official exchange rate for the conversion of Cayman Islands dollars into U.S. dollars as determined by the Cayman Islands Monetary Authority is fixed at CI\$1.00 per US\$1.20. Thus, the rate of exchange on January 31, 2002 for conversion of Cayman Islands dollars into Canadian dollars was Cdn. \$1.90476 per CI\$1.00.

5. Redetermination Surplus

The redetermination surplus that arose primarily from a revaluation of property, plant and equipment in November 1984 is being amortized to retained earnings over 20 years commencing with the year ended April 30, 1985.

6. Hurricane Fund Investment

The investment strategy for the Hurricane Fund was changed to a more actively traded fund. The investment must now be classified as a short-term investment and recorded at the lower of cost or market on a monthly basis in accordance with GAAP.

7. Accounts Receivable

Accounts Receivable includes an insurance claim of approximately US\$1.7 million under the Company's machinery breakdown insurance coverage for the Unit 14 generator breakdown.

8. Payment of Dividends

The Board of Directors has passed resolutions to pay future Class A Ordinary and Class B Preference Share dividends from Share Premium for the purpose of increasing Retained Earnings following the Fortis transaction in 2000.

9. Comparative Figures

Certain comparative figures have been reclassified to conform with current year disclosure.

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