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**CUC ANNOUNCES UNAUDITED FINANCIAL RESULTS
FOR THIRD QUARTER ENDED JANUARY 31, 2003**

Caribbean Utilities Company, Ltd. ("CUC" or the "Company") announced today its unaudited financial results for the third quarter ended January 31, 2003.

Financial and Operational Highlights for the Nine Months Ended January 31, 2003

(all figures in US dollars)

	2003	2002	Change	%
Operating Revenues	73,042,847	69,880,710	3,192,137	4.53%
Earnings for the Nine Months	15,302,683	15,545,965	(243,282)	(1.56%)
Earnings per Class A Ordinary Share (US Cents)	0.60	0.62	(0.02)	(3.23%)
Dividends Paid per Class A Ordinary Share (US Cents)	0.475	0.455	0.020	4.40%
Peak Load Gross (MW)	77.06	75.99	1.07	1.41%
KiloWatt-Hour Sales (KWH)	327,534,113	317,540,012	9,994,101	3.15%
Total Customers	20,103	19,562	541	2.77%

Earnings for the third quarter were US\$4.8 million, a 31.8% increase over the same period last year (US\$3.6 million). Earnings per share for the third quarter were US\$0.19 compared to US\$0.15 for the same period last year, a 26.7% improvement.



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Earnings for the nine months fell 1.6% (US\$15.3 million versus US\$15.5 million for 2002). Earnings per Class A Ordinary Share for the nine months decreased 3.2% from the same period last year (US\$0.60 versus US\$0.62).

CUC's earnings were adversely affected by poor weather for the second consecutive quarter. Cooler than average temperatures and unusually high rainfall in January depressed electricity demand as a result of lower air conditioning usage systemwide. Therefore, net generation, which grew 14.6% and 4.5% in November and December, respectively, declined 0.8% in January. Kilowatt-hour sales growth in January decreased 3.0%. This had a direct effect on earnings and is the significant contributing factor in CUC's year-to-date earnings decline.

Net generation for the nine months increased 2.4% over the same period last year. A new record peak load of 77.06 MegaWatts (MW) was achieved in July 2002, a 1.4% increase over last year's peak. KiloWatt-hour sales for the nine months grew 3.1% over the same period last year.

"2003 is proving to be every bit of a challenge as we expected," said Peter A. Thomson, CUC President & Chief Executive Officer. "Mother Nature has certainly worked against us this year, as evidenced by the high rainfall and cool temperatures in January, as well as the three tropical systems that impacted Cayman last fall. The inclement weather is in direct correlation to our decline in year-to-date earnings."

"Nevertheless, we expect to deliver year-end earnings growth to our shareholders," Mr. Thomson continued. "The effects of the recent poor weather are temporary, and we are already seeing a rebound in generation growth in February. We are confident that this improved growth, combined with our continuing focus on cost control, will result in our year-end earnings approaching our target."



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Operating Revenues

Operating revenues for the nine months were US\$73 million, an increase of US\$3.2 million over the same period last year. This represents an increase in total operating revenues of 4.6% over the same period last year. Electricity sales revenues, excluding fuel factor revenues, grew 5.0% for the nine-month period. Higher electricity revenues were driven by a strengthening economy and the 3% rate increase implemented last August.

Operating Expenses

Operating expenses for the nine months were US\$54.7 million, 5.0% over the same period last year. Year-to-date depreciation and maintenance expenses are comparable to budget but increased 17.6% and 34.7%, respectively, over the same period last year. Depreciation expense increased as a result of continued investment in capital projects. Maintenance expense increased in line with planned engine overhauls and transmission & distribution (T&D) maintenance.

World events have pushed oil prices to new highs, thus increasing the cost of diesel fuel to the Company. CUC's Licence provides for monthly adjustments to be made to the rates billed to customers to reflect variations in the cost to the Company of diesel fuel used in the generation of electricity. The longer-term effect of higher fuel costs on the Cayman Islands economy and thus on electricity demand is difficult to predict given the elasticity of demand for electricity in the Cayman Islands.

Interest Expense

Interest expense is comparable to budget but rose 8.5% over the same period last year. This increase is due to additional debt financing to fund capital expenditures and a reduction in interest capitalized during construction.



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Cash Flow from Operations and Capital Expenditures

Cash flow from operations, before working capital adjustments, for the period was US\$24 million compared to US\$23.1 million last year. Capital expenditures for the period were US\$16.1 million, including capitalized interest of US\$1.4 million. Approximately US\$9.7 million was spent on various T&D projects for the nine-month period. A total of US\$4.1 million has been spent year-to-date on the new MAN B&W Diesel AG engine, which will be online in time for the summer peak.

Licence Extension Proposal

CUC submitted a proactive proposal to Government in July 2002 to extend its current Licence and replace the 15% return on rate base mechanism for adjusting consumer rates with a price cap mechanism. Electricity rates will be tied to and move with published inflation indices under the proposal. CUC anticipates that it will have the potential to achieve returns equal to current levels under the new regulatory framework.

The Company would continue to recover fuel costs, regulatory costs and Government levies under the proposal. Recommendations of the allocated cost of service study will also be considered for setting tariffs to ensure an equitable rate structure.

CUC is in negotiations with Government regarding the proposal, the final terms of which will be subject to the Board of Directors' approval. The current Licence is due to expire in 2011 and will remain in full force until a definite extension is agreed with Government.



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"CUC believes that its provision of world-class service is a cornerstone of the success of the Cayman Islands economy," Mr. Thomson commented. "The challenge in the Cayman Islands is to achieve and maintain comprehensive service availability and reliability at reasonable prices. It is worth noting that it would be a mistake to assume that competition would work in small islands such as Grand Cayman. A large number of firms could hardly be encouraged to participate and build infrastructure to create a truly competitive market in a small isolated system. We would like to reaffirm that our Licence extension proposal will continue to preserve the financial integrity of the Company, and that we expect to continue as the sole provider of electricity to Grand Cayman's consumers."

Allocated Cost of Service Study

CUC's allocated cost of service study will be completed no later than May 2003. The objectives of the study are to ensure fair, cost-based electricity pricing, to eliminate subsidized consumption and to develop a demand rate for large consumers. The study, which is being conducted by R. W. Beck consulting engineers of the United States, may contain certain recommendations to the Government to adjust the electricity rates between the customer categories to align the rates with the relative cost of service.

Government Financial Audit and Special Review of CUC

Government notified CUC last spring of its intention to instruct the Cayman Islands Auditor General to conduct a special review of the Company's operations. CUC agreed to this special review as it is viewed as a positive step in the Company's ongoing Licence extension discussions with Government. The Auditor General is expected to issue a final report of the special review before the end of the current fiscal year. CUC does not expect the special review, when completed, to result in any material change to its operations.



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Prior to this special review, the public accounting firm of Ernst & Young (E&Y) was appointed by Government to conduct an independent audit of CUC's financial affairs in 2001. 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 these audits as consistent with its own policy of openness and transparency. E&Y completed the financial audit in October 2001 and submitted its findings to Government. The Company received a preliminary financial audit report, which concluded that the 2001 audited results were correct in all material respects.

Outlook

CUC has revised its year-over-year generation growth projection for year-end fiscal 2003 to 3%, down from its original projection of 4.75%. This revision is partially due to the inclement weather experienced in the second and third quarters. Management forecasts conservative electricity demand growth of 4% to 5% over the next five years. This forecast is based in part on the Island's development plans as approved by the Cayman Islands Central Planning Authority (CPA) and historical growth trends. CUC plans to invest more than US\$120 million on capital projects over the next five years, based on these projections.

The Cayman Islands economy grew 1.7% for the year ending December 31, 2002. CUC remains reasonably optimistic of stronger growth this year as key sectors of the economy are poised to perform well. The already healthy construction sector, for example, is set to experience even stronger growth with a number of projects in the various stages of CPA approval. Cruise ship tourism, which has a significant multiplier effect in the economy and on Government revenues, is booming and set a record of 1.6 million visitors for the twelve months ending December 31, 2002, a 33% increase over calendar 2001. Stay over tourism, which is having a reasonably good winter season, will benefit from the opening of the Ritz-Carlton hotel and resort later this year. Other residential and commercial projects under construction include the Meridian condominium resort; the Cayman Shores development; the 50,000-square foot UBW Building in downtown George Town; and the 67,000-square foot Kirk Harbour Centre retail shopping and office complex. The financial services industry, the other major pillar of the Cayman Islands economy, continues to grow as well.



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2003 Generation Expansion- 12.25 MW V48/60 Diesel Generating Unit

CUC signed an agreement with MAN B&W Diesel AG, its generation strategic alliance partner, in August 2002 for the purchase and installation of a third 12.25 MW V48/60 diesel generating unit and auxiliary equipment. This project is on schedule with the delivery of the main engine components to CUC in early February. The unit will be online by summer 2003 to meet growing electricity demand. The total cost of this project is US\$11.5 million, inclusive of duty but exclusive of interest.

Alternative Energy

CUC conducted an alternative energy study and 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 conversion (OTEC) sources merit further consideration and investigation. CUC has installed two wind-monitoring towers on the Island to determine the feasibility of wind power and is pursuing a long-term OTEC opportunity.

CUC will finalize the wind energy study this year, and if the wind energy is sufficient to make wind turbines feasible, the Company will most likely look to outside parties with a proven track record that are interested in installing and operating turbines under a power purchase agreement.

Royal Bank of Canada Short-Term Bridging Financing

The Company drew down a total of US\$15 million in short-term bridging loan financing with Royal Bank of Canada in June and December 2002. These funds were used to redeem 50% (US\$6,007,500) of the 8% Cumulative, Redeemable Class C, Series 2 Preference Shares, and to partially fund capital projects.



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2003 Debt Offering- US\$40 Million in Senior Unsecured Notes Due 2018

The company intends to issue US\$40 million in Senior Unsecured Notes Due 2018 in the private debt market. The funds will be drawn down in two tranches of US\$20 million each in April and June. The proceeds from this new financing will be used to repay an existing US\$15 million Royal Bank bridging loan, to redeem the remaining 50% (US\$6,007,500) of the 8% Cumulative, Redeemable Class C, Series 2 Preference Shares in June 2003, and to partially fund capital expenditures.

Class A Ordinary Dividend, CUC Share Plans and Standard & Poor's/DBRS Ratings

Class A Ordinary Dividend

The Board of Directors has declared a regular quarterly dividend of US\$0.16 per issued and outstanding Class A Ordinary Share payable March 3, 2003 to shareholders of record February 14, 2003. This dividend reflects an annualized dividend of US\$0.64 per share.

CUC Share Plans

CUC issued an aggregate of 166,354 Class A Ordinary Shares in the first nine months pursuant to the Company's Customer Share Purchase Plan, Executive Stock Option Plan, Dividend Reinvestment Plan and Employee Share Purchase Plan.

Standard & Poor's Rating

CUC is covered by Standard & Poor's (S&P) and received a renewal of its 'A' rating in January 2003.



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DBRS Rating

CUC is covered by Dominion Bond Rating Service and received an 'A' (low) rating for its long-term debt and a 'Pfd-2' (low) rating for its preferred shares in January 2002.

8% Class C, Series 2 Preference Share Redemption

The Company redeemed 60,075 of its 8% Class C, Series 2 Preference Shares, representing 50% of the issued and outstanding shares, from shareholders at the issue price of US\$100.00 per share on June 20, 2002. CUC will redeem the remaining 60,075 shares on June 20, 2003.

Third Quarter Report

The 2002/03 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 in early March.

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.



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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.

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