

CARIBBEAN UTILITIES COMPANY, LTD. DIVIDEND REINVESTMENT PLAN - TERMS & CONDITIONS (CONTINUED)

must be supplied. If notice of termination is not received by the Plan Trustee at least five business days before a Ordinary Share (or 9% Preference Share, as applicable) dividend record date, settlement of the participant's account will not commence until after the next investment has been completed.

Generally, a termination will be processed within three weeks of receipt by the Plan Trustee of a written request for termination or within three weeks after a payment date. The Company does not sell shares or provide cash for any whole Ordinary Shares held for participants.

When a participant terminates participation in the DRIP Plan or in the event that the DRIP Plan is terminated by the Company, the participant will receive a certificate for the whole Ordinary Shares held in the participant's account together with a cash payment for any fraction of an Ordinary Share. The cash payment for any fraction of an Ordinary Share will be based on the average market price in respect of the immediately preceding Ordinary Share dividend payment date.

After termination of enrolment in the DRIP Plan, all dividends will be paid to the shareholder in cash. Unless otherwise specified in writing, cash payments shall be made in United States dollars.

DISPOSITION OF SHARES HELD IN CERTIFICATE FORM

If a participant sells or transfers all of his or her shares of the Company held in certificate form that are enrolled in the DRIP Plan, the Company will continue to reinvest the dividends on the Ordinary Shares being held for the participant in the DRIP Plan until a notice of termination is received by the Company.

RIGHTS OFFERING

If the Company makes available to its registered holders of Ordinary Shares any rights to subscribe for additional shares or other securities, rights certificates will be forwarded to participants in the DRIP Plan in proportion to the number of whole Ordinary Shares being held for them. Such rights will not be made available for any fraction of a share held for a participant.

STOCK DIVIDENDS AND STOCK SPLITS

In the event that the Company issues any stock dividends, any Ordinary Shares resulting from a stock split will be credited to the participant's account based on the whole and fractional shares being held for the participant in the DRIP Plan. Certificates for Ordinary Shares resulting from such a stock dividend or stock split on Ordinary Shares held in certificate form by a DRIP Plan participant will be mailed directly to the participant in the same manner as to shareholders who are not participating in the DRIP Plan.

SHARE VOTING

Whole Ordinary Shares held for a participant's account under the DRIP Plan are voted in the same manner as Ordinary Shares held in certificate form, either by proxy or by the participant in person. Shares for which instructions are not received will not be voted. The Ordinary Shares held by the Plan Trustee representing any fraction of an Ordinary Share will not be voted.

RESPONSIBILITIES OF THE COMPANY AND THE PLAN TRUSTEE

Neither the Company nor the Plan Trustee shall be liable for any act undertaken or admitted in good faith, or have any duties, responsibilities or liabilities except as are expressly set forth in the DRIP Plan or are required by law. In particular, the Company and the Plan Trustee must comply with all applicable law now or hereafter in force which may impose a duty to permit any properly authorized party to have access to and examine and make copies of any records relating to the DRIP Plan.

Participants should recognize that neither the Company nor the Plan Trustee can assure a profit or protect against a loss on Ordinary Shares obtained under the DRIP Plan.

The Company reserves the right to amend, suspend or terminate the DRIP Plan at any time, but such action shall have no retroactive effect which would prejudice the interests of participants. Participants will be sent written notice of any such amendment, modification, suspension or termination. If the DRIP Plan is terminated by the Company, participants will receive a certificate for whole Ordinary Shares being held for them, together with a

cash payment for any fraction of an Ordinary Share.

TAX CONSIDERATIONS

Shareholders should consult tax advisors in their country of residence about the tax consequences which will result from their participation in the DRIP Plan.

Shareholders outside of the Cayman Islands may participate in the DRIP Plan only if permitted by law in the jurisdiction where they reside.

USE OF PROCEEDS

As noted above, proceeds received by the Company from the issue of additional Ordinary Shares from treasury under the DRIP Plan will be used for working capital purposes.

EFFECTIVE DATE

The effective date of the DRIP Plan is May 24, 1990.

NOTICES

All notices required to be given to a participant in the DRIP Plan will be mailed to the participant at the most recent address shown on the records of the Company.

All communications to the Company or the Plan Trustee, including requests for enrolment forms or information regarding the DRIP Plan should be directed as follows:

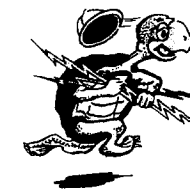
Caribbean Utilities Company, Ltd.
Dividend Reinvestment Plan
Attention: Assistant to the Company Secretary
P.O. Box 38 GT
Grand Cayman, Cayman Islands
Telephone: (345) 949-5200
Website: www.cuc-cayman.com

or

CIBC Mellon Trust Company
P.O. Box 7010
Adelaide Street Postal Station
Toronto, Ontario
Canada M5C 2W9
Telephone: (416) 643-5500
Website: www.cibcmellon.ca

Caribbean Utilities Company, Ltd.**Dividend Reinvestment Plan**

The purpose of this brochure is to provide shareholders of Caribbean Utilities Company, Ltd. ("CUC" or the "Company") with information and an enrolment form in respect of CUC's dividend reinvestment plan (the "DRIP Plan"). If you are already enrolled in the plan, you need not take any further action to maintain such enrolment. If you are not enrolled in the DRIP Plan and wish to do so, please read this brochure and complete and return the attached enrolment form. Please note that the enrolment form also allows shareholders receiving cash dividends to specify receipt in either Cayman Islands or United States dollars. Shareholders currently receiving cash dividends and who do not wish to change the form of currency need not take any further action to continue to receive cash dividends in their chosen currency.



FEATURES OF THE DRIP PLAN

Shareholders may elect to reinvest their cash dividends payable in respect of CUC's Class A Ordinary Shares (the "Ordinary Shares") or 9% Cumulative Participating Preference Shares (the "9% Preference Shares") in additional Ordinary Shares in the capital of the Company. Holders of CUC's 8.5% Cumulative Redeemable Class C, Series 1 Preference Shares are not entitled to participate in the DRIP Plan.

Ordinary Shares purchased with these cash dividends are issued from treasury or acquired through the facilities of The Toronto Stock Exchange (the "TSE") at a price which is not greater than the average market price (see "Price of Additional Ordinary Shares") and credited to the participant's account. Participants do not pay brokerage commissions or any other transaction costs associated with the DRIP Plan.

Full investment of all funds is possible since fractional shares are also credited to the participant's account. Statements of account are mailed to participants each quarter detailing the investment in additional Ordinary Shares made on their behalf.

PURPOSE OF THE DRIP PLAN

The DRIP Plan allows eligible holders of Ordinary or 9% Preference Shares of CUC to conveniently purchase additional Ordinary Shares in the capital of the Company by reinvesting their cash dividends. Funds derived from the issuance from treasury of additional Ordinary Shares will be utilized for working capital purposes.

ENROLMENT

Except as described below, a registered holder of Ordinary or 9% Preference Shares in the capital of the Company is eligible to enrol in the DRIP Plan at any time by completing an enrolment form and sending it to CIBC Mellon Trust Company (the "Plan Trustee"). Beneficial owners of Ordinary or 9% Preference Shares of the Company whose shares are not registered in their own names may only participate in the DRIP Plan after having their shares transferred into their own names. An owner whose shares are held in a specific segregated registered account, such as a nominee account with a bank, trust company or broker may direct the nominee to enrol that

account in the DRIP Plan with respect to those shares. Once a shareholder has enrolled in the DRIP plan, participation continues automatically unless terminated in accordance with the terms of the DRIP Plan.

Under the terms of the DRIP Plan, shareholders may:

- (a) direct the Company to reinvest cash dividends in respect of the Ordinary and/or 9x% Preference Shares of the Company registered in a particular name or manner in additional Ordinary Shares of the Company; and/or
- (b) direct the Company to invest a portion of the dividends in additional Ordinary Shares of the Company, subject to a minimum annual participation of US\$36.00 (CIS\$30.00).

A registered holder will become effectively enrolled in the DRIP Plan with regard to the reinvestment dividends as of the first dividend record date following receipt by the Plan Trustee of a properly completed enrolment form.

If an enrolment form is received by the Plan Trustee after the record date for a particular dividend, that dividend may be paid to the shareholder in the usual manner and effective enrolment in the DRIP Plan will commence on the next dividend record date.

Quarterly dividends in respect of Ordinary Shares are customarily paid during the first week of March, June, September and December. The record date is normally three weeks prior to the payable date. Quarterly dividends in respect of the 9% Preference Shares are paid on the last day of January, April, July and October. The record date is normally three weeks prior to the payable date.

METHOD OF PURCHASE

Cash dividends payable in respect of the Ordinary and/or 9% Preference Shares registered in the DRIP Plan will be applied automatically on each dividend payment date for those shares to the purchase of additional Ordinary Shares of the Company. Additional Ordinary Shares will be acquired with the cash dividends from Ordinary Shares (or 9% Preference Shares, as applicable) of the Company, including fractions computed to three decimal places, which is equal to the amounts to be invested for such participant divided by the applicable purchase price. Full investment of funds under the DRIP Plan is possible because fractions of Ordinary Shares as well as whole

Ordinary Shares are credited to participant's accounts. The rounding of any fractional interest is determined by the Company using such methods as it deems appropriate in the circumstances.

Ordinary Shares obtained pursuant to the DRIP Plan will initially be registered in the name of "CIBC Mellon Trust Company" as trustee for the participants.

PRICE OF ADDITIONAL ORDINARY SHARES

At the discretion of the Company, the Ordinary Shares required to satisfy the requirements of the DRIP Plan can be obtained from treasury at the average market price or from the open market. In the event that the trading price of the Ordinary Shares is at or below the 20-day average market price, the DRIP Plan requirements may be fulfilled (to the extent possible) through market purchases (and any remaining balance will be issued from treasury). Provided there has been trading of the Ordinary Shares (Trading Symbol: "CUP.U") on the TSE for at least ten days of the twenty days preceding the date as of which the average market price is being determined, the average market price is determined as an amount equal to the simple average of the closing price of the Ordinary Shares for each of the business days on which there was a closing price falling not more than twenty days before that date. Where there has been trading of Ordinary Shares on the TSE for fewer than ten days of the twenty days preceding the date as of which the average market price is being determined, the market price shall be the weighted average of all Ordinary Shares traded on each of the business days on which there was a closing price falling not more than twenty days preceding the date as of which the average market price is being determined.

COST

There are no brokerage commissions payable by participants in the DRIP Plan. All administrative costs of the DRIP Plan are paid by CUC.

STATEMENTS OF ACCOUNT

The Plan Trustee will maintain an account for each participant in the DRIP Plan. A statement of account will be mailed by the Plan Trustee to each participant as soon as practicable after each quarterly Ordinary Share divi-

dend payment date. This statement will set out the amount of cash dividends paid on the participant's Ordinary or 9% Preference Shares for the quarter, the number of additional Ordinary Shares purchased through the DRIP Plan for the quarter, the date(s) of these purchases, the applicable price(s) per share and the updated total number of Ordinary Shares being held for the participant in the DRIP Plan.

SHARE CERTIFICATES

Generally, certificates for additional Ordinary Shares obtained each quarter through the DRIP Plan will be held by the Plan Trustee for the participants and reported on the quarterly statement of account. This service protects against loss, theft or destruction of share certificates. However, participants who require a share certificate but who do not wish to terminate participation in the DRIP Plan may obtain a certificate for any number of Ordinary Shares held in their account by written request to the Plan Trustee. There will be an administrative fee of US\$18.00 (CIS\$15.00) for the issuance of a share certificate and such certificates will be issued less any fraction of a share. A cheque will be issued to the participant for the value of any fraction of a share (see "Termination of Enrolment"). DRIP Plan accounts are maintained in the names in which certificates were registered with the Plan Trustee at the time the participant enrolled in the DRIP Plan.

Shares being held for a participant in the DRIP Plan may not be pledged, sold or otherwise disposed of by a participant. A participant who wishes to do so must request that a certificate for the required number of shares be issued before such action may be taken. Certificates will generally be issued to participants within three weeks of receipt by the Plan Trustee of a participant's written request. Both the new certificated shares and the shares remaining in a participant's account will continue to receive dividend reinvestment.

TERMINATION OF ENROLMENT

Enrolment in the DRIP Plan may be terminated by written notice to the Plan Trustee and signed by the registered holder or his or her agent, executor or administrator. If such notice is not signed by the registered holder, evidence satisfactory to the Company of another's authority to act on behalf of the registered holder

CARIBBEAN UTILITIES COMPANY, LTD.

**DIVIDEND REINVESTMENT PLAN
ENROLLMENT FORM**

Please complete (a) or (b)

(a) Dividend Reinvestment Payments

- I wish to participate in the DRIP Plan of Caribbean Utilities Company, Ltd. by having dividends on the:
- Ordinary Shares or 9% Preference Shares
as applicable, reinvested in additional Ordinary Shares in accordance with the terms of the DRIP Plan.

(b) Cash Dividend Payments

- I wish to have my dividends paid by cheque in
 C.I. Dollars or U.S. Dollars

Name(s): _____

Address: _____

Signature(s): _____

Telephone: _____

Date: _____

Instructions:

1. Indicate your participation in the DRIP Plan by checking (a). Specify the class of shares being unrolled by checking the applicable box.
2. If you wish to receive cash dividends check (b) and select the currency in which you wish to receive such dividends.
3. This form must be signed by the registered holder(s) exactly as the share certificates are registered.
4. When this form is executed by a person acting in a representative capacity the signature must be accompanied by satisfactory evidence of authority to sign.
5. When this form is completed on behalf of a corporation the signature(s) must be accompanied by a corporate seal or other satisfactory evidence of authority to sign.

For shareholders resident in the Cayman Islands,

please mail to:

Caribbean Utilities Company, Ltd.
Dividend Reinvestment Plan
Attention: Assistant to the Company Secretary
P.O. Box 38 GT
Grand Cayman, Cayman Islands
Telephone: (345) 949-5200, Fax: (345) 949-4621

For shareholders not resident in the Cayman Islands,

please mail to:

CIBC Mellon Trust Company Ltd.
P.O. Box 7010
Adelaide Street Postal Station
Toronto, Ontario
Canada M5C 2W9
Telephone: (416) 643-5500, Fax: (416) 643-5501