February 14, 2011 **FOR IMMEDIATE RELEASE**

Grand Cayman, Cayman Islands

CUC Announces Fourth Quarter and Twelve Month Results for the Period Ended December 31, 2010

Grand Cayman, Cayman Islands- Caribbean Utilities Company, Ltd. ("CUC" or the "Company") announced today its unaudited results for the fourth quarter and twelve months ended December 31, 2010 (all figures in United States dollars).

Net earnings for the three months ended December 31, 2010 were $4.7 million, representing a decrease of 20% or $1.2 million from net earnings of $5.9 million for the three months ended December 31, 2009. This decrease in earnings is principally attributable to 10% lower sales during the period compared to the fourth quarter of 2009 due to significantly cooler temperatures during the fourth quarter of 2010 and particularly during the month of December.

Net earnings for the twelve months ended December 31, 2010 were $19.9 million, representing a 1% or $0.1 million decrease from net earnings of $20.0 million for the twelve months ended December 31, 2009. The decrease in earnings is due to 1% lower sales during the one year period compared with 2009, increased depreciation expense and an increase in finance charges. These increases were partially offset by lower maintenance, general and administration and transmission and distribution costs in 2010.

Operating income declined 13%, or $0.9 million, to $6.1 million for the three months ended December 31, 2010 from $7.0 million for the three months ended December 31, 2009. Despite lower kWh sales, operating income increased 8%, or $1.9 million, to $25.9 million for the twelve months ended December 31, 2010 from $24.0 million for the twelve months ended December 31, 2009, reflecting overall improved efficiencies.

After adjustment for dividends on Class B Preference Shares, earnings on Class A Ordinary Shares for the fourth quarter of 2010 were $4.0 million, or $0.15 per Class A Ordinary Share, compared to $5.5 million, or $0.20 per Class A Ordinary Share for the fourth quarter of 2009. After adjustment for dividends on Class B Preference Shares, earnings on Class A Ordinary Shares for 2010 were $18.9 million, or $0.67 per Class A Ordinary Share, as compared to $18.8 million or $0.67 per Class A Ordinary Share in 2009.

Richard Hew, President and Chief Executive Officer of the Company stated, "Apart from the unusually cool weather in December, which caused significantly lower than expected sales, year-end results were as expected. The Company continued its response to the recessionary economic environment by trimming capital and operating expenditures to maintain financial stability while meeting the obligation of safe and reliable service to our customers."

Higher fuel prices drove operating revenues up 8%, or $3.5 million, to $47.4 million for the fourth quarter 2010 from $43.9 million for the fourth quarter 2009. Operating revenues increased 13%, or $21.3 million, to $180.1 million for the twelve months ended December 31, 2010 from $158.8 million for the twelve months ended December 31, 2009. The higher fuel factor revenues in 2010 as a result of the fuel price increases were partially offset by a 10%, or $1.7 million, decrease in electricity sales revenue in fourth quarter 2010 which was driven by cooler weather. Average fuel costs, which are passed on to customers without markup, rose from $2.77 per Imperial Gallon ("IG") in 2009 to $3.45 per IG in 2010 with the fourth quarter 2010 average rising to $3.85 per IG.

The Company continued to invest in infrastructure and equipment during 2010 although at a lower level than in 2009 when capital expenditures of over $19.0 million were made on generation expansion. Capital expenditures for 2010 were focused on transmission and distribution upgrades and generation plant replacements and upgrades. For the fourth quarter of 2010, capital expenditures were $5.5 million, down $1.0 million or 15% from $6.5 million for the fourth quarter of 2009. For the one year period, capital expenditures were $21.5 million, down $21.2 million or 50% from $42.7 million in 2009.

Mr. Hew added that, "Reliability, measured by the Average System Availability Index, was 99.966% and exceeded 2009 results. Despite economic challenges on the island, we see safe and reliable electricity supply as critical in supporting the established financial services and tourism industries as well as in attracting new development."

CUC's Fourth Quarter Report for the period ended December 31, 2010 is attached to this release. This report contains a detailed discussion of CUC's unaudited fourth quarter financial results, the Cayman Islands economy, liquidity and capital resources, capital expenditures and the business risks facing the Company. The release and Fourth Quarter Report can be accessed at www.cuc-cayman.com (Investor Relations/Press Releases) and at www.sedar.com.

CUC provides electricity to Grand Cayman, Cayman Islands, under an Electricity Generation Licence expiring in 2029 and an exclusive Electricity Transmission and Distribution Licence expiring in 2028. Further information is available at www.cuc-cayman.com.

Caribbean Utilities Company, Ltd. is listed for trading in United States dollars on the Toronto Stock Exchange under the trading symbol "CUP.U".

CUC includes forward-looking statements in this material. Forward looking statements include statements that are predictive in nature, depend upon future events or conditions, or include words such as "expects", "anticipates", "plan", "believes", "estimates", "intends", "targets", "projects", "forecasts", "schedule", or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could". Forward looking statements are based on underlying assumptions and management's beliefs, estimates and opinions, and are subject to inherent risks and uncertainties surrounding future expectations generally that may cause actual results to vary from plans, targets and estimates. Some of the important risks and uncertainties that could affect forward looking statements are described in the MD&A for the twelve month period ended December 31, 2009, in the section labeled "Business Risks" and include but are not limited to general economic, market and business conditions, regulatory developments and weather. CUC cautions readers that actual results may vary significantly from those expected should certain risks or uncertainties materialize, or should underlying assumptions prove incorrect. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.

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Financial and Operational Highlights

The following fourth quarter 2010 press release should be read in conjunction with the Caribbean Utilities Company Ltd. ("CUC" or the "Company") Management Discussion and Analysis ("MD&A") and audited financial statements for the year ended December 31, 2009 included in the Company's 2009 Annual Report. Financial information in this fourth quarter 2010 press release has been prepared following the same accounting policies and methods as those used in preparing the most recent interim unaudited financial statements. The financial statements and analysis in this press release were approved by the Audit Committee.

($ thousands, except basic earnings per ordinary share, dividends paid per ordinary share and where otherwise indicated)	Three Months Ended December 31, 2010	Three Months Ended December 31, 2009	Twelve Months Ended December 31, 2010	Twelve Months Ended December 31, 2009	Change	% Change
Electricity Sales	**16,117**	17,864	**69,517**	69,433	**84**	0%
Fuel Factor Revenues	**31,325**	25,987	**110,579**	89,376	**21,203**	24%
Operating Revenues	**47,442**	43,851	**180,096**	158,809	**21,287**	13%
Total Operating Expenses	**41,355**	36,835	**154,182**	134,834	**19,348**	14%
Operating Income	**6,087**	7,016	**25,914**	**23,975**	**1,939**	8%
Earnings for the Period	**4,666**	5,893	**19,879**	20,013	**(134)**	-1%
Basic Earnings per Class A Ordinary Share	**0.15**	0.20	**0.67**	0.67	**(0.0)**	0%
Dividends paid per Class A Ordinary Share	**0.165**	0.165	**0.660**	0.660	**-**	0%
Peak Load Gross (MW)	**92.6**	96.9	**102.1**	97.5	**4.6**	5%
Net Generation (millions of kWh)	**136.9**	152.3	**593.5**	597.4	**(3.9)**	-1%
Kilowatt-Hour Sales (millions of kWh)	**127.8**	142.4	**553.8**	558.1	**(4.3)**	-1%
System Availability (%)	**99.96**	99.98	**99.97**	99.96	**0.01**	0%
Total Customers	**26,151**	25,461	**26,151**	25,461	**690**	3%
Customers per Employee (#)	**136**	129	**136**	129	**7**	5%
Sales per employee (millions of kWh)	**0.67**	0.72	**2.88**	2.83	**0.05**	2%

Earnings

Net earnings for the three months ended December 31, 2010 ("fourth quarter 2010") were $4.7 million, representing a decrease of 20% or $1.2 million from net earnings of $5.9 million for the three months ended December 31, 2009 ("fourth quarter 2009"). This decrease in earnings was primarily due to a 10% kiloWatt-hour ("kWh") sales decline quarter over quarter. Fourth quarter 2010 was negatively impacted by cooler than average temperatures.

Net earnings for the twelve months ended December 31, 2010 were $19.9 million, representing a 1% or $0.1 million decrease from net earnings of $20.0 million for the twelve months ended December 31, 2009. This decrease in earnings was due to a 1% decline in kWh sales as a result of cooler than average temperatures in fourth quarter 2010, increased depreciation expense and an increase in finance charges. These increases were partially offset by lower Maintenance, General and Administration ("G&A") and Transmission and Distribution ("T&D") costs in 2010.

Earnings per share

After the adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for the fourth quarter 2010 were $4.0 million, or $0.15 per Class A Ordinary Share, as compared to $5.5 million, or $0.20 per Class A Ordinary Share for the fourth quarter 2009. The preference share participating dividend was recorded in the three month period ended September 30, 2009. As a result of the year-end change and in keeping with the payout date for previous financial years, in 2010 the timing of this accrual was adjusted and the participating dividend was accrued in its entirety in the fourth quarter.

After the adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for the twelve months ended December 31, 2010 were $18.9 million, or $0.67 per Class A Ordinary Share, comparable to $18.8 million, or $0.67 per Class A Ordinary Share for the twelve months ended December 31, 2009.

Sales

KiloWatt-hour sales for the fourth quarter 2010 decreased 10% to 127.8 million in comparison to 142.4 million for the fourth quarter 2009. Sales were negatively impacted by cool weather conditions that affected customer air conditioning load and usage. The average temperature for the fourth quarter 2010 was 2.5 degrees Fahrenheit lower than the average temperature experienced for the fourth quarter 2009. Data provided by the Cayman Islands National Weather Service indicates that the average temperature for December 2010 of 75.7 degrees Fahrenheit was the lowest average monthly temperature seen in Grand Cayman in the last 18 years and the second lowest average temperature for December in over 30 years, the lowest having occurred in 1979.

KiloWatt-hour sales for the twelve months ended December 31, 2010 decreased 1% to 553.8 million in comparison to 558.1 million for the twelve months ended December 31, 2009. The average temperature for 2010 was 81.9 degrees Fahrenheit compared to 82.2 degrees for 2009.

Total customers as at December 31, 2010 were 26,151, an increase of 3% compared to 25,461 customers as at December 31, 2009. The Company connected 183 customers for the three month period ended December 31, 2010 comprised of 136 residential customers and 47 commercial customers. The Company continued to see an increase in customer numbers but also continued to see a decline in the average customer kWh consumption in 2010.

According to reports from the Cayman Islands Government the number of work permit holders on island has declined substantially. This has caused some rental properties to remain empty with an active connection. Added to this is continuing economic uncertainty which has led to increased conservation efforts, most significantly in the residential customer class.

The following tables present sales and customer highlights:

Customers (#)	December 2010	December 2009	Change %
Residential	22,311	21,701	3%
Commercial	3,840	3,760	2%
Total Customers	**26,151**	**25,461**	**3%**

Sales (thousands kWh)	Twelve Months Ended December 2010	Twelve Months Ended December 2009	Change %
Residential	262,545	265,212	-1%
Commercial	284,966	286,865	-1%
Other (street lighting, etc.)	6,240	5,985	4%
Total Sales	**553,751**	**558,062**	**-1%**

Operating Revenues

Higher fuel prices drove operating revenues up 8%, or $3.5 million, to $47.4 million for the fourth quarter 2010 from $43.9 million for the fourth quarter 2009. Operating revenues increased 13%, or $21.3 million, to $180.1 million for the twelve months ended December 31, 2010 from $158.8 million for the twelve months ended December 31, 2009. The higher fuel factor revenues in 2010 as a result of the fuel price increases were partially offset by a 10%, or $1.7 million, decrease in electricity sales revenue in fourth quarter 2010 which was driven by cooler weather.

Total operating revenues were as follows:

Revenues (thousands $)	Three Months Ended December 31, 2010	Three Months Ended December 31, 2009	Twelve Months Ended December 31, 2010	Twelve Months Ended December 31, 2009	Change	% Change
Residential	**7,824**	8,886	**34,086**	34,143	**(57)**	0%
Commercial	**8,201**	8,901	**35,077**	34,986	**91**	0%
Other (street lighting, etc.)	**92**	77	**354**	304	**50**	16%
Electricity Sales Revenues	**16,117**	17,864	**69,517**	69,433	**84**	0%
Fuel Factor Revenues	**31,325**	25,987	**110,579**	89,376	**21,203**	24%
Total Operating Revenues	**47,442**	43,851	**180,096**	158,809	**21,287**	13%

Electricity sales revenue decreased $1.7 million, or 10%, in the fourth quarter 2010 to $16.1 million when compared to electricity sales revenues of $17.9 million for the fourth quarter 2009 due to cooler weather conditions.

Electricity sales revenue increased $0.1 million, in the twelve months ended December 31, 2010 to $69.5 million when compared to electricity sales revenues of $69.4 million for the twelve months ended December 31, 2009. Electricity sales revenues for the twelve months ended December 31, 2010 were higher mainly due to an increase in kWh sales in the Other category, increased customer numbers and the 2.4% base rate increase implemented in June 2009.

Fuel factor revenues for the fourth quarter 2010 totaled $31.3 million, a 21% increase from the $26.0 million in fuel factor revenues for the fourth quarter 2009. Fuel factor revenues for the twelve months ended December 31, 2010 totaled $110.6 million, a 24% increase from the $89.4 million in fuel factor revenues for the twelve months ended December 31, 2009. Fuel factor revenues increased due to an increase in the cost of fuel (see "Power Generation" section for further details). The average Fuel Cost Charge rate per kWh charged to consumers for the twelve months ended December 31, 2010 was $0.20, an 18% increase from $0.17 per kWh for the twelve months ended December 31, 2009. CUC passes through 100% of fuel costs to consumers on a two-month lag basis.

Operating Expenses

Total operating expenses for the fourth quarter 2010 increased 13% to $41.4 million from $36.8 million for the fourth quarter 2009. Total operating expenses for the twelve months ended December 31, 2010 increased 14% to $154.2 million from $134.8 million for the twelve months ended December 31, 2009. The major contributing factor to the increase in operating expenses was higher power generation expenses which were comprised predominantly of fuel costs.

Operating expenses were as follows:

($ thousands)	**Three Months Ended December 31, 2010**	**Three Months Ended December 31, 2009**	**Twelve Months Ended December 31, 2010**	**Twelve Months Ended December 31, 2009**	**Change**	**% Change**
Power generation expenses	**31,711**	26,789	**113,214**	92,691	**20,523**	22%
General and administration	**2,128**	1,908	**8,418**	9,606	**(1,188)**	-12%
Consumer Services	**294**	389	**1,718**	1,525	**193**	13%
Transmission and distribution	**611**	664	**2,178**	2,660	**(482)**	-18%
Depreciation	**4,757**	5,002	**20,034**	18,786	**1,248**	7%
Maintenance	**1,785**	2,059	**8,284**	9,142	**(858)**	-9%
Amortization of Intangible Assets	**69**	24	**336**	424	**(88)**	-21%
Total operating expenses	**41,355**	36,835	**154,182**	134,834	**19,348**	14%

Power Generation

Power generation costs for the fourth quarter 2010 increased $4.9 million, or 18%, to $31.7 million when compared to $26.8 million for the fourth quarter 2009. Power generation costs for the twelve months ended December 31, 2010 increased $20.5 million, or 22%, to $113.2 million when compared to $92.7 million for the twelve months ended December 31, 2009. The increase was due to higher fuel costs partially offset by a decrease in kWh generated.

Power generation expenses were as follows:

($ thousands)	**Three Months Ended December 31, 2010**	**Three Months Ended December 31, 2009**	**Twelve Months Ended December 31, 2010**	**Twelve Months Ended December 31, 2009**	**Change**	**% Change**
Fuel costs (net of deferred fuel charges)	**30,756**	25,422	**108,301**	86,171	**22,130**	26%
Lube costs (net of deferred lube charges)	**569**	565	**2,278**	3,205	**(927)**	-29%
Other generation expenses	**386**	802	**2,635**	3,315	**(680)**	-21%
Total power generation expenses	**31,711**	26,789	**113,214**	92,691	**20,523**	22%

The Company’s average price per imperial gallon (“IG”) of fuel for the fourth quarter 2010 increased to $3.85 from $3.10 for the fourth quarter 2009. The Company’s average price per IG of fuel for the twelve months ended December 31, 2010 increased to $3.45 from $2.77 for the twelve months ended December 31, 2009.

The Company’s average price per IG of lube for the fourth quarter 2010 increased to $12.71 from $10.98 for the fourth quarter 2009. The Company’s average price per IG of lube for the twelve months ended December 31, 2010 decreased to $11.01 from $12.96 for the twelve months ended December 31, 2009.

Diesel fuel and lube oil costs are recovered completely from consumers within the fuel factor revenues line item. The Fuel Tracker Account is comprised of total diesel fuel and lube oil costs to be recovered from consumers.

Other generation expenses for the fourth quarter 2010 totaled $0.4 million, a $0.4 million decrease when compared to $0.8 million for the fourth quarter 2009. Other generation expenses for the twelve months ended December 31, 2010 totaled $2.6 million, a $0.7 million decrease when compared to $3.3 million for the twelve months ended December 31, 2009. This difference was primarily due to efforts to control discretionary costs.

General and Administration ("G&A")

G&A expenses for the fourth quarter 2010 totaled $2.1 million, an increase of $0.2 million, or 11%, from $1.9 million for the fourth quarter 2009 due mainly to a decrease in General Expenses Capitalised ("GEC").

G&A expenses for the twelve months ended December 31, 2010 totaled $8.4 million, a decrease of $1.2 million, or 12%, from $9.6 million for the twelve months ended December 31, 2009 due mainly to an increase in GEC.

The Company capitalizes certain overhead costs not directly attributable to specific capital assets but which do relate to the overall capital expenditure program.

Consumer Services ("CS")

CS expenses for the fourth quarter 2010 totaled $0.3 million, a decrease of $0.1 million, or 25%, from $0.4 million for the fourth quarter 2009.

CS expenses for the twelve months ended December 31, 2010 totaled $1.7 million an increase of $0.3 million, or 20%, when compared to CS expenses of $1.5 million for the twelve months ended December 31, 2009.

Transmission and Distribution ("T&D")

T&D expenses for the fourth quarter 2010 totaled $0.6 million, a decrease of $0.1 million, or 14%, from $0.7 million for the fourth quarter 2009.

T&D expenses for the twelve months ended December 31, 2010 totaled $2.2 million a decrease of $0.5 million, or 19%, when compared to T&D expenses of $2.7 million for the twelve months ended December 31, 2009. This decrease was partially due to increased capitalized labour as the T&D Division focused on capital projects and partially due to efforts to control discretionary costs.

Depreciation

Depreciation expenses for the fourth quarter 2010 totalled $4.8 million, a decrease of $0.2 million, or 4%, from $5.0 million for the fourth quarter 2009. This decrease is the result of temporarily ceasing depreciation on a 16 MW unit in October 2010, partially offset by depreciation on growth-related additions to fixed assets in prior periods. The 16 MW unit, commissioned in 2007, was taken out of service in October 2010 due to an overspeed failure. It is estimated that repairs will be completed in April 2011 and at this time, depreciation will recommence on the unit. The costs of the repairs are covered by the Company's insurance policy subject to the deductible (see 'Insurance – Terms & Coverage' in the Business Risks section of this press release for greater detail).

Depreciation expenses for the twelve months ended December 31, 2010 totalled $20.0 million, an increase of $1.2 million, or 6%, from $18.8 million for the twelve months ended December 31, 2009. Depreciation expenses increased due to completion of various capital projects including the new 16 MW generating unit commissioned in September 2009.

In accordance with the licences when an asset is impaired or disposed of, before the original estimated useful life, the cost of the asset is reduced and the net book value is charged to accumulated depreciation. This treatment is in accordance with rate regulated accounting and differs from the GAAP treatment of a loss being recognized on the statement of earnings. The amount charged to accumulated depreciation is net of any proceeds received in conjunction with the disposal of the asset. This amount within accumulated depreciation is to be depreciated as per the remaining life of the asset when the unit is placed into service. In the case of the 16 MW unit which was taken out of service in October 2010, insurance proceeds will be applied to accumulated depreciation and as the asset is repaired the costs incurred will be capitalized.

Maintenance

Maintenance expenses for the fourth quarter 2010 totaled $1.8 million a decrease of $0.3 million from $2.1 million for the fourth quarter 2009. Maintenance expenses for the twelve months ended December 31, 2010 totaled $8.3 million, a decrease of $0.8 million from $9.1 million for the twelve months ended December 31, 2009. This decrease was partially due to the Maintenance Division's focus on capital upgrade and asset replacement projects in 2010.

Amortization

Amortization of intangible assets for the fourth quarter 2010 totaled $0.07 million, an increase of $0.05 million from $0.02 for the fourth quarter 2009. Amortization of intangible assets for the twelve months ended December 31, 2010 totalled $0.3 million, a decrease of $0.1 million from $0.4 million for the twelve months ended December 31, 2009.

Amortization represents the monthly recognition of the expense associated with software purchases as well as other intangible assets such as the costs associated with the license negotiations. The licence negotiations ceased in 2008 and the costs associated with the negotiations are being amortized over 20 years on a straight-line basis.

Finance Charges

Finance charges for the fourth quarter 2010 totaled $2.3 million, an increase of $0.3 million from $2.0 million for the fourth quarter 2009. This increase was attributable to a decrease in Allowance for Funds Used during Construction ("AFUDC") in the fourth quarter of 2010. Finance charges for the twelve months ended December 31, 2010 totaled $9.1 million, an increase of $2.0 million from $7.1 million for the twelve months ended December 31, 2009 due to a decrease in the amount of finance costs capitalised as AFUDC.

The T&D Licence provides for AFUDC. This capitalisation of the 'Financing Cost' is calculated by multiplying the Company's Cost of Capital rate by the average work in progress for each month. The cost of capital rate for 2010 is 8.75% as agreed with the ERA in accordance with the T&D Licence and will be reviewed annually. The AFUDC amount for the fourth quarter 2010 totaled $0.7 million, a $0.4 million decrease when compared to $1.1 million for the fourth quarter 2009.

The AFUDC amount for the twelve months ended December 31, 2010 totaled $3.0 million, a $1.7 million decrease when compared to $4.7 million for the twelve months ended December 31, 2009. This decrease was attributable to the lower cost of capital rate and reduced capital expenditure.

Foreign exchange gains and losses are the result of monetary assets and liabilities denominated in foreign currencies that are translated into United States dollars at the exchange rate prevailing on the Balance Sheet date. Revenue and expense items denominated in foreign currencies are translated into United States dollars at the exchange rate prevailing on the transaction date. Foreign exchange gains for the fourth quarter 2010 totaled $0.5 million, comparable to foreign exchange gains of $0.5 million for the fourth quarter 2009.

Foreign exchange gains totaled $1.8 million for the twelve months ended December 31, 2010 a $0.1 million or 4% decrease when compared to $1.9 million for the twelve months ended December 31, 2009.

Other Income

Other income is comprised of pole rental fees, income from pipeline operations, sales of meter sockets, sale of recyclable metals and other miscellaneous income. Other income totaled $0.3 million comparable to $0.3 million for the fourth quarter 2009.

Other income totaled $1.3 million for the twelve months ended December 31, 2010 comparable to $1.3 million for the twelve months ended December 31, 2009.

The Economy

The Cayman Islands have two main industries; the tourism sector and financial services. These sectors were not immune to the effect of the recessions being experienced worldwide and in 2010 saw a continuation of the recession that began to impact the islands in 2009. A fall in Gross Domestic Product ("GDP") was reported for 2009 (System of National Accounts Report 2009; released November 2010) at negative 4.7% as compared to 1.2% in 2008.

The Government's 2010 projection for GDP growth is presented in the 2010 Semi Annual Economic Report as a range of negative 3.5% to negative 4.5%. This projection was attributed to the fact that 'lackluster economic recovery persists in major source markets which continue to impact the domestic economy'. The report showed that for the first six months of 2010, construction (based on the value of building permits) declined by 28.0% from the same period in 2009. It was also noted that project approvals, a measure of future construction intentions, fell by 33.7% (based on the estimated value of the projects) when compared to the same period in 2009. Average inflation for the first half of 2010 was recorded at 0.9%.

	As at December 2010	As at December 2009	As at December 2008	As at December 2007	As at December 2006
Bank Licences	245	266	278	281	291
Registered Companies	91,206	92,867	93,693	87,109	83,532
Mutual Funds	9,438	9,523	9,870	9,413	8,134
Mutual Fund Administrators	134	141	155	152	153
Captive Insurance Companies	738	780	777	765	740

The tourist demographic is largely comprised of visitors from the US. In 2010, 79.3% of air arrivals to the country were citizens of the US. As such the US economy largely impacts that of the Cayman Islands. There was an 8% increase in air arrivals in the fourth quarter of 2010 when compared to the same period last year, overall 2010 air arrivals were up 6% from 2009 air arrivals and cruise arrivals were up 5% from 2009.

In an effort to ensure growth and continuity in the tourism industry the Government has increased its focus on Canadian visitors. Beginning in fall 2010 WestJet, a Calgary based airline, began offering non-stop service to Grand Cayman. Air arrivals from Canada increased 13% in 2010 when compared to 2009. Air arrivals have a direct impact on the Company's sales growth as these visitors are stay-over visitors who occupy the hotels. Cruise arrivals have an indirect impact as they affect the opening hours of the establishments operating for that market.

The following table presents statistics for tourist arrivals in the Cayman Islands for the twelve months ending December 31:

Arrivals	2010	2009	2008	2007	2006
By Air	288,272	271,958	302,879	291,503	267,258
By Sea	1,597,838	1,520,372	1,553,053	1,715,666	1,923,597
Total	1,886,110	1,792,330	1,855,932	2,007,169	2,190,855

The 2009 Labour Force Survey Report estimated the population of the Cayman Islands at 52,830 as compared to 57,009 in 2008 due to declines in the non-Caymanian workforce. The Cayman islands have a high proportion of foreign nationals that provide labour in various sectors of the economy. At the close of 2009 there were 23,531 work permits in effect in the Cayman Islands, as at the end of June 2010 that number has dropped to 21,529. The 2010 Semi Annual report attributes this decrease to "the sharp slowdown in construction, the largest employer of foreign labour".

All data is sourced from the Cayman Islands Government, Cayman Islands Economics & Statistics Office, Cayman Islands Monetary Authority, Cayman Financial Review and Cayman Islands Department of Tourism websites; www.gov.ky www.ESO.ky www.cimoney.com.ky www.caymanfinancialreview.com and www.caymanislands.ky.

Liquidity and Capital Resources

The following table outlines the summary of cash flow:

($ thousands)	Three Months Ended December 31, 2010	Three Months Ended December 31, 2009	Twelve Months Ended December 31, 2010	Twelve Months Ended December 31, 2009	Change
Beginning cash	**3,994**	4,354	**4,927**	1,431	**3,496**
Cash provided by/(used in):					
Operating activities	**8,791**	11,622	**41,896**	42,845	**(949)**
Investing activities	**(5,517)**	(6,467)	**(21,433)**	(42,665)	**21,232**
Financing activities	**(4,905)**	(4,582)	**(23,027)**	3,316	**(26,343)**
Ending cash	**2,363**	4,927	**2,363**	4,927	**(2,564)**

Operating Activities:

Cash flow provided by operations, after working capital adjustments, for the fourth quarter 2010, was $8.8 million, a decrease of $2.8 million from $11.6 million for the fourth quarter 2009. Cash flow provided by operations, after working capital adjustments, for the twelve months ended December 31, 2010, was $41.9 million, a decrease of $0.9 million from $42.8 million for the twelve months ended December 31, 2009. This decrease was primarily due to higher 2009 earnings and a decrease in non-cash working capital balances.

Investing Activities:

Cash used in investing activities totaled $5.5 million for the fourth quarter 2010, a decrease of $1.0 million from $6.5 million for the fourth quarter 2009. This decrease was due to a reduction in capital related expenditures. Cash used in investing activities for the twelve months ended December 31, 2010 totaled $21.4 million a decrease of $21.3 million from $42.7 for the twelve months ended December 31, 2009. This decrease was due to a reduction in capital related expenditures.

Financing Activities:

Cash used in financing activities totaled $4.9 million for the fourth quarter 2010 an increase of $0.3 million from $4.6 million used for the fourth quarter 2009. Cash used in financing activities totaled $23.0 million for the twelve months ended December 31, 2010 as compared to $3.3 million received from financing activities for the twelve months ended December 31, 2009.

The Company received no proceeds from long term debt in 2010 as compared to long term debt proceeds of $40.0 million net of principal and bank overdraft repayments in 2009.

Financial Position

The following table is a summary of significant changes to the Company's balance sheet from December 31, 2009 to December 31, 2010:

Significant changes in Balance Sheets between December 31, 2009 and December 31, 2010 *($ millions)*	Increase (Decrease)	Explanation
Cash	(2.5)	Decrease due to cash used in investing activities of $21.4 million and cash utilised in financing activities of $23.0 million, partially offset by cash provided by operating activities of $41.9 million.
Other Receivable - Insurance	2.2	Increase due to insurance receivable of $2.1 million in relation to overspeed failure on a 16 MW unit.
Property, Plant and Equipment	(1.1)	Net decrease is comprised of PPE purchases of (1) $21.2 million (2) depreciation expense of $20.0 million and impairment of $2.1 million in relation to overspeed failure on a 16 MW unit*.
Accounts Payable & Accrued Expenses	2.5	Change mainly attributable to increase in fuel costs.
Short-Term Debt	9.0	Increase is the result of an additional drawdown against the RBC Capital Expenditure line of credit.
Current Portion of Long Term Debt	1.5	Increase due to portions of long-term debt classified as current in December 2010 net of the repayment on the 8.47% unsecured note.
Long-Term Debt	(15.4)	Decrease due to principal repayments made in June and portions allocated to current debt.
Share premium	1.6	The Company issued 187,714 shares through its share purchase plans.

* See "Depreciation" section for greater detail.

Capital Resources

The Company's principal activity of generation, transmission and distribution of electricity in Grand Cayman, requires CUC to have ongoing access to capital to build and maintain the electrical system for the community it serves.

To help ensure access to capital, the Company targets a long-term capital structure containing approximately 45% equity, including preference shares, and 55% debt. The Company's objective is to maintain investment-grade credit ratings.

The Company sets the amount of capital in proportion to risk. The debt to equity ratio is managed through various methods such as the Class A Ordinary Share rights offering that occurred in 2008.

Certain of the Company's long-term debt obligations have covenants restricting the issuance of additional debt such that consolidated debt cannot exceed 65 per cent of the Company's consolidated capital structure, as defined by the long-term debt agreements. As at December 31, 2010, the Company was in compliance with all debt covenants.

The Company's capital structure is presented in the following table:

Capital structure	December 31, 2010 *($ millions)*	%	December 31, 2009 *($ millions)*	%
Total debt	195.3	53	200.2	54
Shareholder's equity	173.8	47	171.9	46
Total	**369.1**	**100**	**372.1**	**100**

The change in the Company's capital structure at December 31, 2010 is due to a net reduction in total debt. In June 2010 the Company repaid $14 million on various senior unsecured notes and borrowed an additional $9 million against the RBC capital expenditure line of credit. The rate on the RBC credit line is Libor+1.5% per annum.

The Company's credit ratings under Standard & Poors ("S&P") and the Dominion Bond Rating System ("DBRS") are as follows:

S&P A/Negative
DBRS A (low)

The S&P rating is in relation to long-term corporate credit and unsecured debt while the DBRS rating relates to senior unsecured debt.

In November 2010 S&P affirmed the Company's 'A' credit rating but maintained its negative outlook based on a weak Cayman Islands economy and S&P's concern that it could create a more difficult operating environment for CUC in the next few years. S&P stated that if the Cayman economy continues to demonstrate subdued or negative growth the rating could be lowered. Conversely, the outlook could be revised to stable if the economy quickly improves.

Credit Facilities

The Company has $32.9 million of unsecured credit facilities with the Royal Bank of Canada ("RBC") comprised of:

Credit Facilities	($ millions)
Corporate Credit Card Line	$0.3
Letters of Credit	$0.6
Operating, Revolving Line of Credit	$7.5
Catastrophe Standby Loan	$7.5
Demand Loan Facility- Interim Funding of Capital Expenditures	$17.0
Total	**$32.9**

Of the total above, $15.0 million was available at December 31, 2010.

Capital Expenditures

Capital expenditures for the fourth quarter 2010 were $5.5 million, a $1.0 million, or 15% decrease from $6.5 million in capital expenditures for the fourth quarter 2009. Capital expenditures for the twelve months ended December 31, 2010 were $21.4 million, a $21.3 million, or 50% decrease from $42.7 million in capital expenditures for 2009 which included $19.0 million for the 2009 generation expansion project. 2010 capital expenditures included $10.9 million for Distribution system extension and upgrades and $8.4 for generation plant upgrades and replacement assets. Included within the various projects is AFUDC totaling to $3.0.

Off Balance-Sheet Arrangements

Disclosure is required of all off-balance sheet arrangements such as transactions, agreements or contractual arrangements with unconsolidated entities, structured finance entities, special purpose entities or variable interest entities that are reasonably likely to materially affect liquidity of or the availability of, or requirements for, capital resources. The Company has no such off-balance sheet arrangements as at December 31, 2010.

Business Risks

The following is a summary of the Company's significant business risks:

Economic Conditions

The general economic condition of CUC's service area, Grand Cayman, influences electricity sales, as with most utility companies. Changes in consumer income, employment and housing are all factors in the amount of sales generated. As the Company supplies electricity to all hotels and large properties, its sales are therefore partially based on tourism and related industry fluctuations.

Regulation

The Company operates within a regulated environment. As such the operations of the Company are subject to the normal uncertainties faced by regulated companies. Such uncertainties include approval by the ERA of billing rates that allow a reasonable opportunity to recover on a timely basis the estimated costs of providing services, including a fair return on rate base assets. The Company's capital expenditure plan requires regulatory approval. There is no assurance that capital projects perceived as required by the management of the Company will be approved.

Insurance – Terms and Coverage

The Company renewed its insurance policy as at July 1, 2010 for one year under similar terms and coverage as in prior years. Insurance terms and coverage include $100 million in property and machinery breakdown insurance and business interruption insurance per annum with a 24-month indemnity period and a 45-day deductible. All T&D assets outside of 1,000 feet from the boundaries of the main plant and substations are excluded, as the cost of such coverage is not considered economical. There is a single event cap of $100 million. Each "loss occurrence" is subject to a deductible of $0.5 million, except for windstorm (including hurricane) and earth movement for which the deductible is 2% of the value of each location that suffers loss, but subject to a minimum deductible of $1 million and maximum deductible of $4 million for all interests combined.

In addition to this coverage, the Company has also purchased an excess layer of an additional $100.0 million limit on property and business interruption (excluding windstorm, earth movement and flood).

The Company's insurance policy includes business interruption which covers losses resulting from the necessary interruption of business caused by direct physical loss or damage to CUC's covered property and loss of revenues resulting from damage to customers' property.

Critical Accounting Estimates

The preparation of the Company's financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Estimates are based on historical experience, current conditions and various other assumptions believed to be reasonable under the circumstances. Due to changes in facts and circumstances and the inherent uncertainty involved in making estimates, actual results may differ significantly from the current estimates. Estimates are reviewed periodically and, as adjustments become necessary, are reported in earnings in the period in which they become known.

Changes in Accounting Policies - Adopted in 2010

In accordance with the T&D Licence, effective January 1, 2010, the Company included fuel revenues derived from dusk to dawn electricity sales as fuel factor revenue. Dusk to dawn fuel factor revenues were previously recognized under Electricity Sales.

The adoption of this practice resulted in a reclassification to Fuel Factor of $1.1 million for the year ended December 31, 2009 with a corresponding reduction in Electricity Sales.

Quarterly Results

The table "Quarterly Results" summarises unaudited quarterly information for each of the eight quarters ended March 31, 2009 through December 31, 2010. This information has been obtained from CUC's unaudited interim Financial Statements, which in the opinion of Management, have been prepared in accordance with Canadian GAAP. These operating results are not necessarily indicative of results for any future period and should not be relied upon to predict future performance.

Quarterly results ***($ thousands, except basic and diluted earnings per ordinary share)***	**Operating Revenue**	**Net earnings**	**Income applicable to ordinary shares**	**Earnings per ordinary share**	**Diluted earnings per ordinary share**
December 31, 2010	47,442	4,666	4,048	0.15	0.15
September 30, 2010	49,095	6,568	6,455	0.23	0.23
June 30, 2010	43,182	6,188	6,075	0.21	0.21
March 31, 2010	40,377	2,456	2,346	0.08	0.08
December 31, 2009	43,851	6,005	5,638	0.20	0.20
September 30, 2009	44,166	6,644	6,051	0.21	0.21
June 30, 2009	35,703	5,042	4,929	0.18	0.18
March 31, 2009	35,090	2,435	2,322	0.08	0.08

Outlook

In November 2010, the Company filed its 2011-2015 Capital Investment Plan ("CIP") totaling approximately US$219 million. The 2011-2015 CIP has been prepared upon the basis of the Company's application to the Electricity Regulatory Authority for a delay in any new generation installation until there is more certainty in growth forecasts. In January 2011 the ERA provided general approval of the US$134 million of proposed non-generation installation expenditures in the CIP. The remaining $85 million of the CIP relates to new generation installation which would be subject to a competitive solicitation process. The general approval of non-generation expenditures is subject to Caribbean Utilities providing additional information related to certain planned projects. Final approval of the CIP is expected during the first quarter of 2011.

Subsequent Events

On Friday, January 28, 2011, equipment associated with an MAK 9 MW generator was damaged due to an explosion during a start process. That incident resulted in injuries to two employees, one of whom remains in critical condition. Damage to the unit was contained to peripheral equipment. The investigation into this incident is ongoing.

On Saturday, February 5, Caribbean Utilities Company, Ltd. experienced a major mechanical failure of a Mirrlees 7.59 megawatt ("MW") generator. There were no personnel injuries and damage was contained to the single diesel engine. This engine was installed in 1991 and was scheduled for retirement in 2012.

While the Company believes that losses excluding deductibles from both incidents, including the cost of temporary generation and business interruption are covered by the Company's comprehensive insurance policies, delays in realizing insurance payouts could result in significant receivables to the Company.

The Company received initial payments of $0.8 million on its 16 MW overspeed failure insurance claim in January 2011.

Balance Sheets
(expressed in thousands of United States Dollars)

Unaudited	As at December 31, 2010	As At December 31 2009
Assets		
Current Assets		
Cash and Cash Equivalents	2,363	4,927
Accounts Receivable	11,917	11,571
Other Receivable - Insurance	2,188	-
Regulatory Assets	21,683	21,996
Inventories	3,074	2,702
Prepayments	2,462	2,112
	43,687	43,308
Property, Plant and Equipment	352,305	353,359
Other Assets	173	36
Intangible Assets	2,799	2,843
Total Assets	398,964	399,546
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts Payable and Accrued Expenses	24,985	22,510
Regulatory Liabilities	670	972
Short-Term Debt	17,000	8,000
Current Portion of Long-Term Debt	15,500	14,000
Consumer's Deposits and Advances for Construction	4,178	3,963
	62,333	49,445
Long-Term Debt	162,790	178,159
	225,123	227,604
Shareholders' Equity		
Share Capital	1,944	1,933
Share Premium	75,355	73,729
Contributed Surplus	372	325
Retained Earnings	96,170	95,955
Total Shareholders' Equity	173,841	171,942
Total Liabilities and Shareholders' Equity	398,964	399,546

Statements of Earnings and Comprehensive Income

(expressed in thousands of United States Dollars, except basic and diluted earnings per ordinary share)

Unaudited	**Three Months Ended December 31, 2010**	**Three Months Ended December 31, 2009 *(Restated)***	**Twelve Months Ended December 31, 2010**	**Twelve Months Ended December 31, 2009 *(Restated)***
Operating Revenues				
Electricity Sales	16,117	17,864	69,517	69,433
Fuel Factor	31,325	25,987	110,579	89,376
Total Operating Revenues	**47,442**	**43,851**	**180,096**	**158,809**
Operating Expenses				
Power Generation	31,711	26,789	113,214	92,691
General and Administration	2,128	1,908	8,418	9,606
Consumer Services	294	389	1,718	1,525
Transmission and Distribution	611	664	2,178	2,660
Depreciation	4,757	5,002	20,034	18,786
Maintenance	1,785	2,059	8,284	9,142
Amortization of Intangible Assets	69	24	336	424
Total Operating Expenses	**41,355**	**36,835**	**154,182**	**134,834**
Operating Income	**6,087**	**7,016**	**25,914**	**23,975**
Other (Expenses)/Income:				
Finance Charges	(2,250)	(2,005)	(9,143)	(7,071)
Foreign Exchange Gain	488	540	1,785	1,852
Other Income	341	342	1,323	1,257
Total Net Other (Expenses)/Income	(1,421)	(1,123)	(6,035)	(3,962)
Earnings and Comprehensive Income for the Period	**4,666**	**5,893**	**19,879**	**20,013**
Preference Dividends Paid- Class B	(618)	(365)	(953)	(1,182)
Earnings on Class A Ordinary Shares	**4,048**	**5,528**	**18,926**	**18,831**
Weighted-Average Number of Class A Ordinary Shares Issued and Fully Paid (in thousands)	28,420	28,231	28,352	28,160
Earnings per Class A Ordinary Share	0.15	0.20	0.67	0.67
Diluted Earnings per Class A Ordinary Share	0.15	0.20	0.67	0.67
Dividends Declared per Class A Ordinary Share	0.165	0.165	0.660	0.660

Statements of Retained Earnings
(expressed in thousands of United States Dollars)

Unaudited	Three Months Ended December 31, 2010	Three Months Ended December 31, 2009	Twelve Months Ended December 31, 2010	Twelve Months Ended December 31, 2009
Balance at beginning of period	96,810	95,075	95,955	95,701
Earnings for the period	4,666	5,893	19,879	20,013
Dividends	(5,306)	(5,013)	(19,664)	(19,759)
Balance at end of period	96,170	95,955	96,170	95,955

Statements of Cash Flows

(expressed in thousands of United States Dollars)

Unaudited	Three Months Ended December 31, 2010	Three Months Ended December 31, 2009	Twelve Months Ended December 31, 2010	Twelve Months Ended December 31, 2009
Operating Activities				
Earnings for the period	4,666	5,893	19,879	20,013
Items not affecting cash:				
Depreciation	4,757	5,002	20,034	18,786
Other receivable - Insurance	2,161	-	2,188	-
Amortisation of Intangible Assets	69	24	336	424
Non-cash Pension Expenses	120	-	120	30
Amortisation of Deferred Financing Costs	43	48	182	149
Stock-based compensation	12	12	48	46
	11,828	**10,979**	**42,787**	**39,448**
Net change in non-cash working capital balances related to operations	(3,813)	(771)	(901)	6,286
Net Change in Regulatory Deferrals	776	1,414	10	(2,889)
Cash flow related to operating activities	**8,791**	**11,622**	**41,896**	**42,845**
Investing Activities				
Purchase of property, plant and equipment	(5,497)	(6,174)	(21,167)	(42,214)
Costs related to intangible assets	(33)	(293)	(292)	(451)
Proceeds on sale of property, plant and equipment	13	-	26	-
Cash flow related to investing activities	**(5,517)**	**(6,467)**	**(21,433)**	**(42,665)**
Financing Activities				
Proceeds from debt financing	-	-	9,000	41,500
Repayment of debt	-	-	(14,000)	(15,915)
Decrease in bank overdraft	-	-	-	(4,158)
Dividends paid	(5,306)	(5,013)	(19,664)	(19,759)
Net proceeds from share issues	401	431	1,637	1,648
Cash flow related to financing activities	**(4,905)**	**(4,582)**	**(23,027)**	**3,316**
(Decrease)/Increase in net cash	(1,631)	573	(2,564)	3,496
Cash and cash equivalent - Beginning of period	3,994	4,354	4,927	1,431
Cash and cash equivalent - End of period	**2,363**	**4,927**	**2,363**	**4,927**
Supplemental disclosure of cash flow information:				
Interest paid during the period	5,720	5,608	11,995	11,260