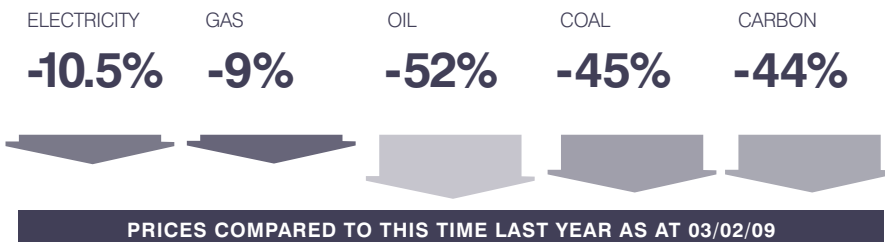


Welcome to CUC's Energy Newsletter

MARKET IN BRIEF

In our last newsletter we explained that the markets had continued to soften throughout the November / December period.

Broadly the situation is still the same and the market has continued to be soft, and as you can see from the figures below the year on year prices show Coal, Oil and Carbon all between 40% and 50% lower than they were this time last year. However, electricity and gas contracts are holding only at 10.5% and 9% respectively, below the prices where they were 12 months ago. These markets have not fallen as substantially and they are the principal markets in which we are all involved. Coal, Oil and Carbon are priced in US Dollars and in Euros respectively, and the fall in the Pound since the middle of 2008 means that the real fall in these prices is substantially less when converted back into Sterling. Nevertheless the market continues to show weakness.



ELECTRICITY FUTURES MARKETS

The continuing story of weakness in the Oil, Coal and Carbon Markets has already been mentioned, however when translated into the electricity market, all that we have seen during the last month is a further fall of between 2% and 3% across the board for all contract periods from April 2009 to October 2011.

Certainly the rates of decline in the price has lessened considerably, coming to almost a standstill. In our last report in early January 2009, we had shown falls over the two proceeding months of between 15% and 20% of the electricity price.

We mentioned in our previous email that nothing can be ruled out in view of the recession, which is beginning to bite. However our view remains that the time is right for the negotiation of the next round of contracts, or extension to existing contracts, is being borne out by the price at the moment in the market place and we hope very much to secure as good a deal as possible for all our Clients going forward.

Should you still be considering participating in the next round of contract extensions then I would urge you to do so and would urge you to contact your Client Manager as soon as possible.

UK ENERGY RATES

	09/01/09	03/02/09
Electricity / MWh	£52	£48.50
Annual Gas / therm	54p	54p
Annual Brent Oil / barrel	\$45	\$44
Coal / tonne	\$83	\$74.5
Carbon Emissions / tonne	€14.8	€11.25

Annual Electricity Wholesale Prices 2009–2012

Period	Price as at 09/01/09	Price as at 04/02/09	% Change
April 2009	£48.65	£47.25	-2.8%
Oct 2009	£49.40	£48.17	-2.5%
April 2010	£50.52	£49.05	-2.9%
Oct 2010	£51.67	£50.20	-2.8%
April 2011	£53.10	£51.80	-2.4%
Oct 2011	£53.72	£53.10	-1.2%

QUESTIONS? CONTACT US TODAY

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