

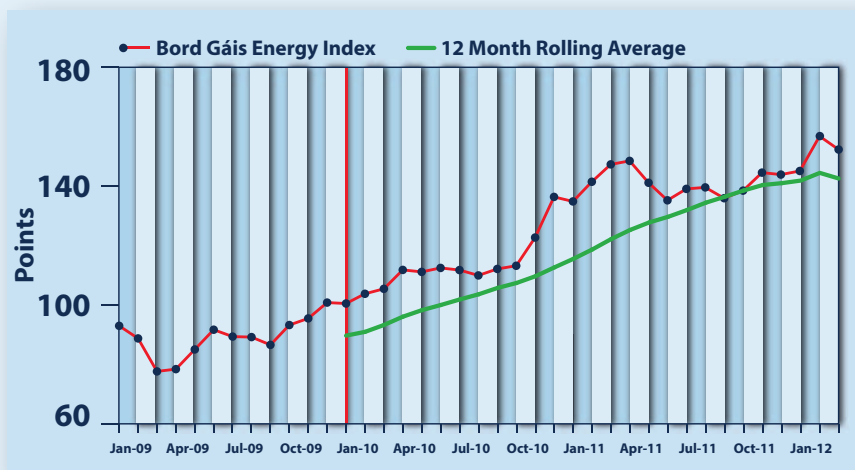


Bord Gáis Energy Index

MARCH 2012

INDEX DOWN 3% AS WHOLESALE GAS AND ELECTRICITY PRICES FALL AND GLOBAL OIL PRICES STABILISE

Bord Gáis Energy Index (Dec 31st 2009 = 100)



1 Mth **-3%** 3 Mth **7%** 12 Mth **4%**

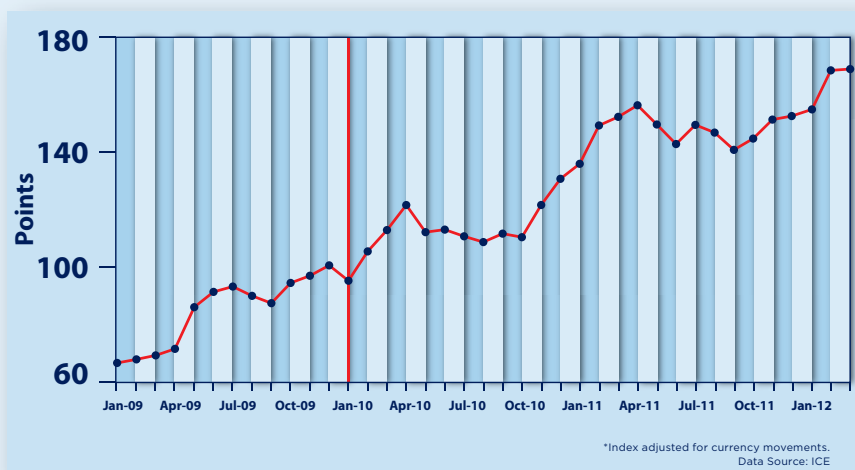
OVERALL SUMMARY:

The Bord Gáis Energy Index fell 3% in March as a return to milder weather following the severe conditions experienced in Continental Europe in February put downward pressure on wholesale gas and electricity prices.

Falls in the average UK Day-ahead gas and Irish wholesale electricity were recorded in March despite the dramatic news of an uncontrolled gas leak at Total's Elgin platform in the North Sea towards the end of the month.

After two months of rising prices, the price of a barrel of oil finally stabilised in March at the relatively high monthly average price of \$125 per barrel, as the markets focused less on the threat and potential impact of a military engagement between the West and Iran. During the month, the narrative subtly moved from one of imminent war and supply disruption, to the West's ability to withstand a supply shock as attempts were made to reassure the markets that the world had adequate oil supplies to withstand the loss of Iranian crude. Concern continues to be voiced about the potential impact higher oil prices are having on consumer spending and inflation. A series of mixed economic releases and question marks about the strength of China's economy also weighed on oil markets as traders consider the viability of the price of a barrel of Brent crude.

Oil Index



1 Mth **0%** 3 Mth **11%** 12 Mth **11%**

OIL

After two months of rising prices, oil prices stabilised in March and traded consistently around \$125 a barrel. With fewer reports and statements to stoke fears that a military engagement between the West and Iran was imminent, oil prices remained calm during the month.

In previous months, oil prices had been pushed higher on fears that the world would have insufficient oil to meet its daily demand. These concerns had a weaker influence on prices in March as markets digested claims that Saudi Arabia could increase oil production immediately if required and rumours that strategic reserves of oil were to be released onto the world market. This general confidence in future oil supplies was reflected in the decision by the US to allow oil-related sanctions to go ahead on the belief that there is sufficient oil to fill the petroleum gap left by Iran.

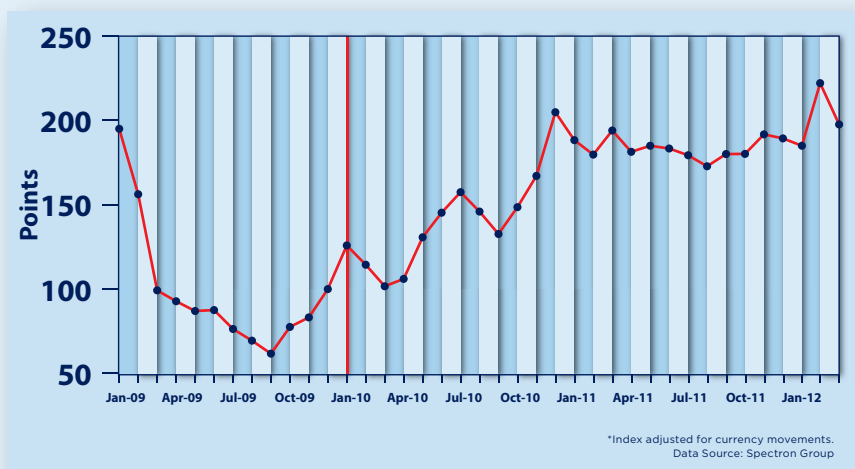
The markets also seem to have paused to consider the potentially negative impact of rising oil prices on future economic growth and the underlying strength of China's economy following some negative economic releases and forecasts.

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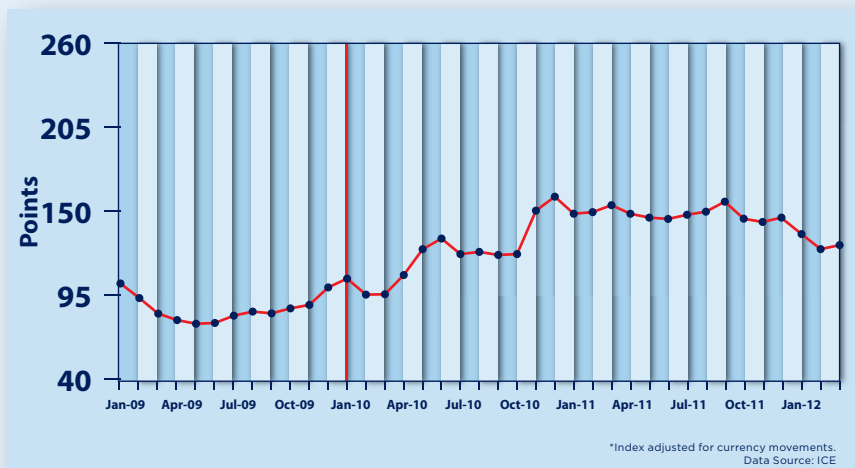


Natural Gas Index



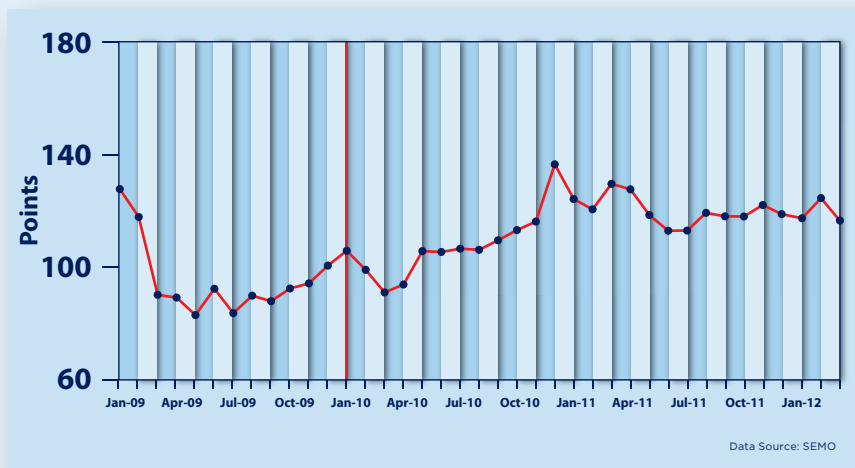
1 Mth **-11%** 3 Mth **4%** 12 Mth **2%**

Coal Index



1 Mth **1%** 3 Mth **-13%** 12 Mth **-18%**

Electricity Index



1 Mth **-8%** 3 Mth **-3%** 12 Mth **-10%**

NATURAL GAS

In February, following the severe weather experienced in Europe and concerns over Russian gas supplies, the average Day-ahead gas price rose 20%. These dramatic increases proved temporary in nature and were reversed somewhat in March as the average March Day-ahead price fell 11% when compared to February.

A combination of weakening demand due to more seasonably mild weather (thus reducing the need to burn gas to heat homes), healthy supplies of gas from LNG terminals and imports from Norway, and relatively high stock levels, all conspired to put downward pressure on prices.

Despite the dramatic news of an uncontrolled gas leak at Total's Elgin platform in the North Sea toward the end of the month, prices failed to react. Total are considering various options to tackle the leak which could include taking six months to drill a relief well. A prolonged loss of gas throughout the summer should not be a problem as supplies overall are sufficient to meet the reduced summer demand.

COAL

European coal prices recovered slightly at the end of March following months of subdued activity and falling European prices.

Despite a late rally in prices toward the end of the month (which resulted in a \$2 increase in the price of coal in the last week of March), a bearish tone prevailed throughout the European/Atlantic market due to ample supplies, high stockpiles, low demand for electricity and the beginning of spring and warmer weather.

With Europe lacking an appetite for coal, supplies from the US and Colombia are now increasingly finding their way to the Asian-Pacific region. As this region too is well supplied, regional prices of coal around the world continue to be soft. Given that the world's number one consumer of coal revised its GDP target to 7.5% (from 9-10% in the previous five years), the market will be assessing any potential reduced Chinese demand will have on coal prices in the months ahead.

ELECTRICITY

Irish wholesale electricity prices were 8% lower in March compared to February.

A combination of lower gas (with the average monthly Day-ahead price falling 11% in euro terms) and carbon (with the average monthly price down approx 7% in the month) prices, put downward pressure on wholesale electricity prices.

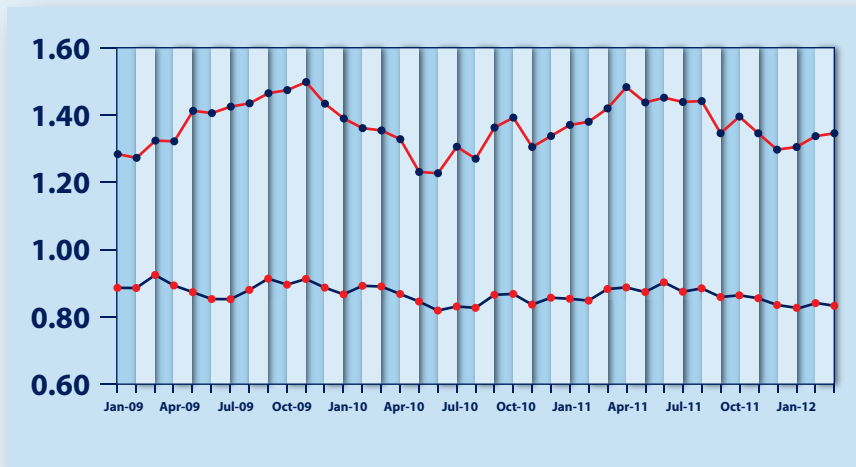
As the majority of electricity used in Ireland is produced by burning gas, internationally traded gas prices heavily influence Irish wholesale electricity prices.

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FX Rates



1 Mth	0%	3 Mth	3%	12 Mth	-6%	EURUSD
1 Mth	-1%	3 Mth	0%	12 Mth	-6%	EURGBP

FX RATES

Despite the euro hitting a 16 month low of 1.27 versus the US Dollar on the 16th of January, the currency rebounded to close at 1.33 versus the US Dollar at the end of February. These gains were maintained in March and the exchange rate finished the month at 1.33.

Confidence in the euro was supported by positive comments from the Italian Prime Minister who believes that the euro area's woes are 'almost over' and that a solution to Greece's challenges is almost accomplished. This tone contrasted sharply with a warning from the Federal Reserve Chairman Ben Bernanke who warned that 'it's far too early to declare victory'.

The cautionary tone struck in the US was echoed in the UK where the Bank of England's Governor said that while the ECB's long-year loans created a window of opportunity, it remains to be seen whether euro zone area officials will use the time to tackle the problems.

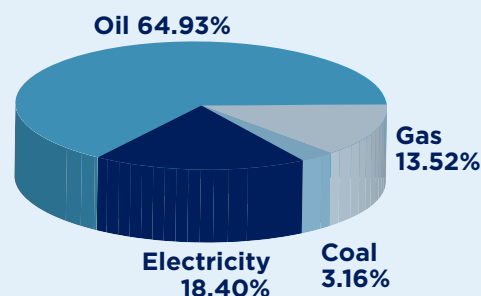
MARKET OUTLOOK:

Oil prices, having stabilised in March, will continue to be driven by events as they unfold between the West and Iran. Iran's reaction to ongoing sanctions could set the tone for the markets in April. Should reported meetings occur between the leaders that defuse the situation, we should see prices ease back. A continued risk premium in the price of a barrel of oil will mean that institutions and politicians will be concerned about the impact higher energy costs is having on inflation, especially given the fragile state of the global economy. Economic releases from the world's top two economies will be watched closely for evidence of growth in the US and a soft landing in China.

In terms of gas prices, the weather, deliveries of gas, particularly of LNG cargos to the UK, and the markets assessment of the impact of the loss of gas due to the closure of the Elgin platform, will drive prices.

RE-WEIGHTING OF BORD GÁIS ENERGY INDEX:

Following the SEAI's 2009 review of energy consumption in Ireland, released in Q4 2010, there was a 9.3% drop in overall energy consumption. The most notable drop of 1.39% was in oil consumption in the form of gasoline and diesel. This reflects the economic downturn experienced at the time. The share of natural gas and electricity increased by 0.63% and 0.57% respectively. An increase in the use of renewables and peat, at the expense of coal in electricity generation was also observed. As a result the Bord Gáis Energy Index has been reweighted to reflect the latest consumption data. This has had a minimal effect on the overall shape of the Index, but may indicate future trends.



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