

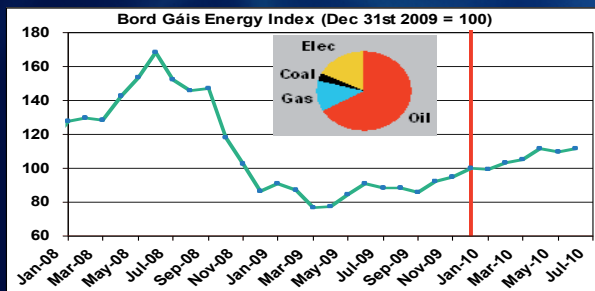
Bord Gáis Energy Index

JUNE 2010



THE BORD GÁIS ENERGY INDEX ROSE 1% IN JUNE REVERSING THE SMALL DROP SEEN IN MAY.

1 Mth **1%** 3 Mth **6%** 12 Mth **23%**



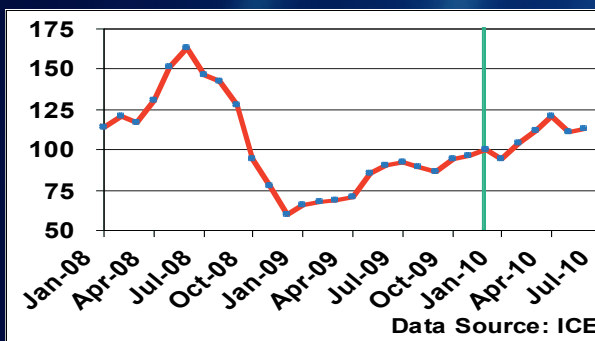
KEY POINTS:

The Energy Index rose 1% in June 2010 and now stands at 111 even.

Oil, gas and coal prices rose during May and these price rises were compounded again this month by a weakening of the Euro versus the US Dollar and Sterling, pushing the Bord Gáis Energy Index higher.

The Energy Index would appear to be consolidating at current levels after a relatively steady rise from the recession driven lows of March 2009. However, market sentiment currently outweighs fundamentals as the markets struggle with whether the global economy is emerging from recession or not.

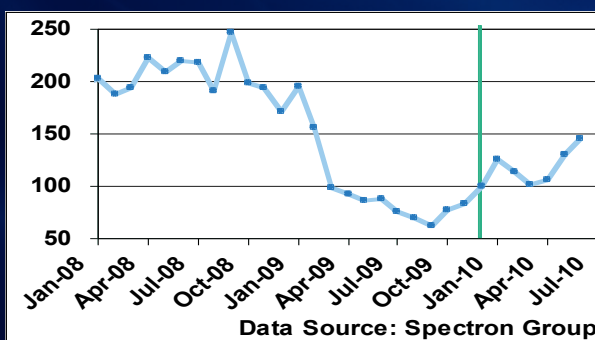
1 Mth **1%** 3 Mth **0%** 12 Mth **24%**



OIL

Oil prices rose by 1% in Euro terms during the month of June from €60.66 (\$74.65) to €61.29 (\$75.01) per barrel. Prices had threatened to break back over the \$80 per barrel level during the middle of the month but weakened in the final few days due to dominance of macroeconomic pessimism over sound market supply-demand fundamentals.

1 Mth **11%** 3 Mth **43%** 12 Mth **66%**

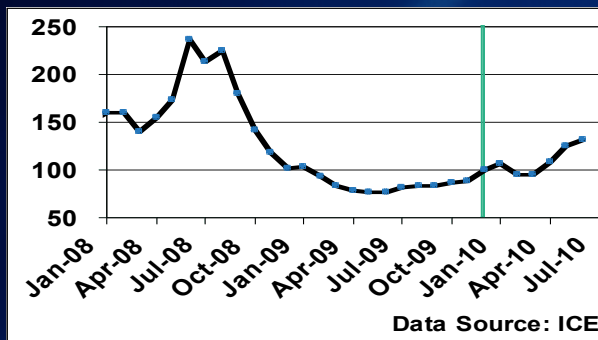


NATURAL GAS

Natural Gas prices rose 11% in June on the back of a multitude of fundamental issues including:

- Erratic flows from the Norwegian Langede pipeline.
- Qatari LNG infrastructural maintenance causing a reduction in the number of LNG cargo deliveries to the UK.
- Higher than expected exports to the continent as market participants attempt to fill depleted storage facilities with cheaper spot gas from the UK.

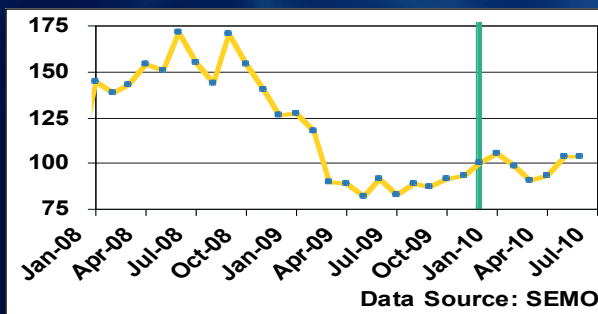
1 Mth 6% 3 Mth 38% 12 Mth 72%



COAL

Coal prices rose 6% overall in June with the front month contract closing out at \$94.40 per tonne. This represented a pullback from the intra-month high of \$98.90 seen on June 9th. Surplus cargoes from Columbia helped to ease the bullish trend. The run up in prices since mid March had been driven by increased demand from UK utilities after a period of destocking and the closure of a number of mines in Germany.

1 Mth 1% 3 Mth 15% 12 Mth 13%

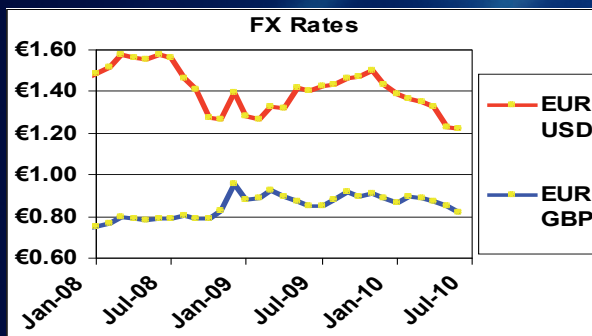


ELECTRICITY

The average SMP in June remained at a similar level to May with an average of approx €54/MWh. Average demand levels also showed little difference during daytime hours and only a small drop in overnight levels. This time of year demand is lower than during the winter months which lessens the need to bring on line more extensive plant. Wind output was on average approx 20MW lower in June.

1 Mth -1% 3 Mth -9% 12 Mth -13% EURUSD

1 Mth -3% 3 Mth -8% 12 Mth -4% EURGBP



EURO

The EURO-US Dollar FX rate traded down to 1.1923 on June 7th, its first time trading below 1.2000 since March 2006. It then rallied to close the month down only 1% at 1.2238. The continued weakness of the EURO is being driven by worries surrounding the sovereign debts of some European countries undermining the stability of the single currency. The EURO also weakened versus the £STG in a positive response to the new government's stern budget.

MARKET OUTLOOK

Forward markets over the past number of weeks have increasingly reflected the lack of a clear vision on where the global economy is going. Threats to the single currency in Europe, doubt as to whether the US is actually fully out of recession and even a reduction in the expected growth rate of the Chinese economy are all contributing to the confusion. The front month oil contract is higher than the following couple of months which serves to highlight the lack of confidence in the global economic recovery. Commodity forward curves would usually expect to be in contango (front month contracts lower than further dated contracts). The forward markets show a small rise in energy prices but with the volatility evident in these markets this view may not persist for long.

**For more information please contact: Fleishman-Hillard - Carl Gibney - 086 045 9555
Bord Gáis Energy - Stiofain MacDhaibhead - 087 799 1206**

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