

25 April 2006

SALE OF POWER STATION BY THE RUTLAND FUND

- £125m sale of Uskmouth Power Station to a new company funded by Deutsche Bank AG, Strategic Value Partners and Trafalgar Asset Managers
- Rutland Fund realises 4.1 times the original investment

Rutland Partners ("Rutland"), the UK private equity partnership, announces that The Rutland Fund has agreed the sale of its entire interest in Carron Energy Limited ("Carron"), the owner of Uskmouth Power Station ("Uskmouth") to a specially formed company backed by Deutsche Bank AG and funds under the management of Strategic Value Partners and Trafalgar Asset Managers for a cash consideration valuing Uskmouth at £125 million. In addition, the new owner has acquired the working capital of the business.

Uskmouth is a 363 MW coal-fired power station near Newport in South Wales with three independent coal-fired units, 240 acres of land and a 1,250 MW connection to the National Grid. Uskmouth underwent significant refurbishment in 2000 by its former owners ensuring compliance with the latest emission standards. Re-commissioning problems and delays coupled with general turmoil in the electricity industry at that time led to the asset being left in the hands of bank lenders for more than two years.

Rutland acquired Carron Energy in July 2004 backing an experienced management team from the power generation industry to acquire Uskmouth out of Administrative Receivership. It represented an opportunity to buy a distressed asset against a background of early signs of a recovery in UK electricity prices and the inadequate state of UK power generation capacity coming into focus.

The acquisition of the facility, the necessary re-commissioning projects and the working capital base for the business were initially funded by way of a £23.2 million all-equity investment from Rutland. In addition to the extensive work in re-commissioning the power station, Rutland and the new management created a comprehensive operational, financial and commercial infrastructure for the business. Power generation re-commenced in late 2004 and led to the introduction of bank financing and forward power sale agreements in October 2005.

Following repayment of outstanding bank debt, payment of transaction related costs and after allowing for the equity participation of Carron's management, distributable proceeds to investors in The Rutland Fund are approximately £95 million representing a multiple of 4.1 times the original investment and an IRR of 150%.

The new owners of Carron have made the acquisition in support of a strategy developed with the existing management team to build an extensive power generation group.

Commenting on the sale, Mike Harris of Rutland said:

"The sale of Carron is a significant achievement for The Rutland Fund and is indicative of Rutland's willingness to get involved in complex and unusual situations. Working with a talented management team, we have created

extensive value by transforming a once stranded asset into a successful commercial operation."

Commenting on the transaction, Alex Lambie, CEO of Carron said:

"Rutland showed great foresight and resolve in the circumstances of the original acquisition. With the way that they subsequently immersed themselves in the commercial development of the business, they have been an invaluable contributor in delivering the first steps of our vision for a multi-asset European energy business."

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Rutland Partners LLP is authorised and regulated by the Financial Services Authority and is a member of the British Venture Capital Association.