



**Investors and Analysts' Briefing
FY 2009 Results
GZV Hall, Bldg. 5 Ft. Bonifacio, Taguig City
March 26, 2010**



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PRESENTATION OUTLINE

MAJOR MILESTONES IN 2009

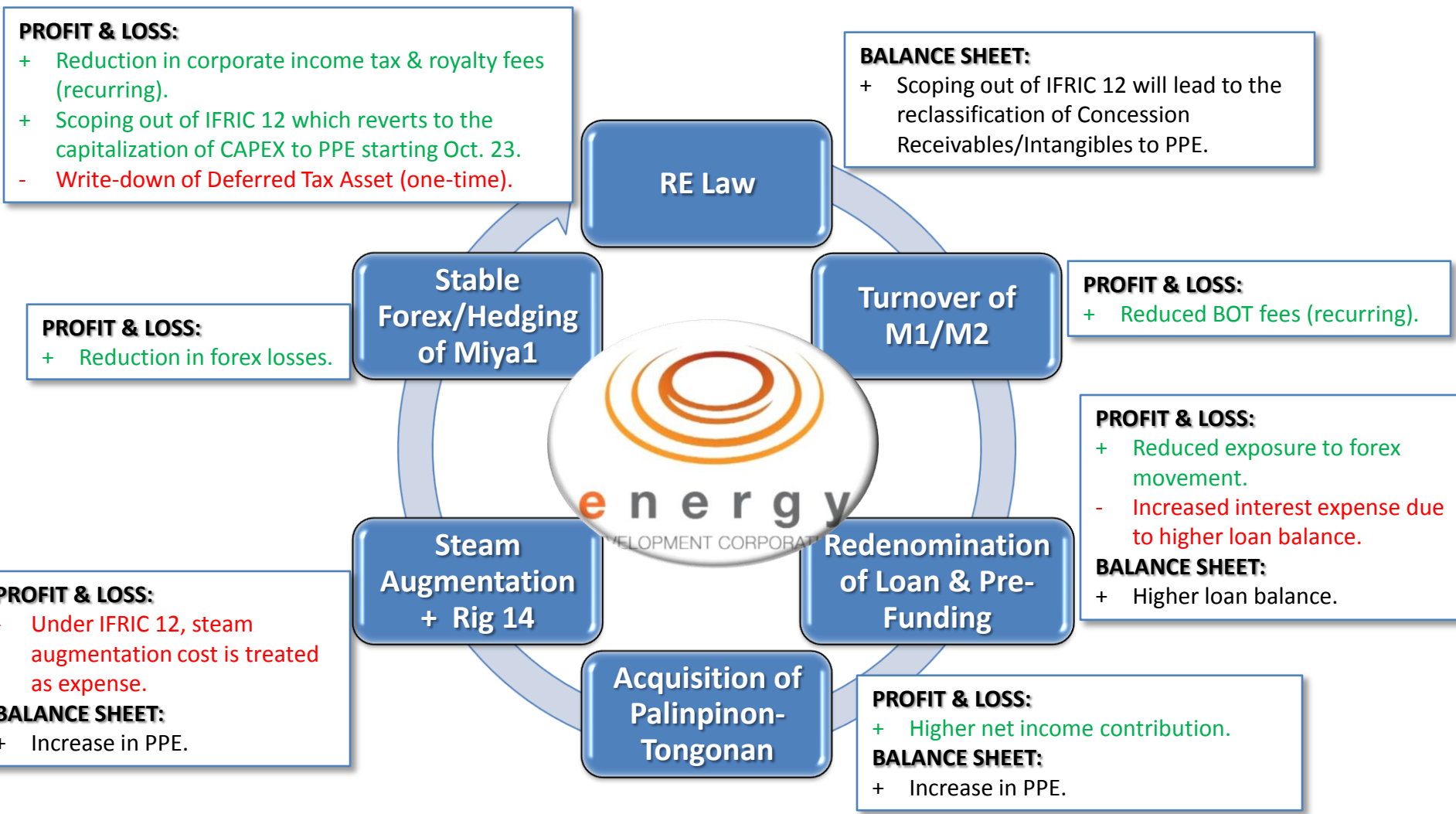
FY2009 FINANCIALS

LOOKING FORWARD TO 2010

QUESTION & ANSWER



THERE WERE CRITICAL EVENTS IN 2009 THAT INFLUENCED EDC'S FINANCIAL RESULTS






THE RENEWABLE ENERGY (“RE”) LAW IS A LANDMARK PIECE OF LEGISLATION PROVIDING FISCAL INCENTIVES TO RE COMPANIES LIKE EDC




Reduction in corporate income tax rate from 30% to 10%




Government share from 60% of net proceeds of sale of steam to 1.5% of gross income from sale of steam and electricity



7 year income tax holiday



Real property tax capped at 1.5%; integrated generation facility taxed only on the power plant component



Green energy option, feed-in-tariff for emerging RE developments, and renewable portfolio standard

EDC realized the benefits of the fiscal incentives starting end-January 2009



STARTING OCT. 23, EDC HAS ALSO BEEN SCOPED OUT OF IFRIC 12

- The International Financial Reporting Interpretations Committee (“IFRIC”) issued IFRIC 12, Service Concession Arrangements, to address the accounting of provision of public sector infrastructure assets and services which should be adopted starting Jan. 1, 2008.
 - EDC early adopted IFRIC 12 on Jan. 1, 2007.
- However, on Oct. 23, 2009, EDC’s existing Geothermal Service Contracts (“GSCs”) were replaced by Geothermal Renewable Energy Service Contracts (“GRES Cs”).
 - Under the GRES Cs, control of residual interest on the concession assets now rests with EDC and not with the government.
 - A reassessment performed concludes that EDC is no longer within the purview of IFRIC 12.

Item	Before Oct. 23	From Oct. 23
Steam / Electricity Revenue Billings	Partly revenues and partly repayment of Financial Receivables and Interest on Service Concession	100% as revenues.
Capital Expenditures on Power Plant / Steamfield	Expensed if it doesn’t increase the revenue potential (even if it prolongs the life of the asset).	Capitalized
Construction Revenue / Expense	Recognized on a percentage of completion basis.	Not Applicable
Depreciation and Amortization	No PPE, no depreciation. Intangible asset amortized.	PPE depreciated.

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CONSOLIDATED NET INCOME AND RECURRING NET INCOME INCREASED BY 150% AND 26%, RESPECTIVELY

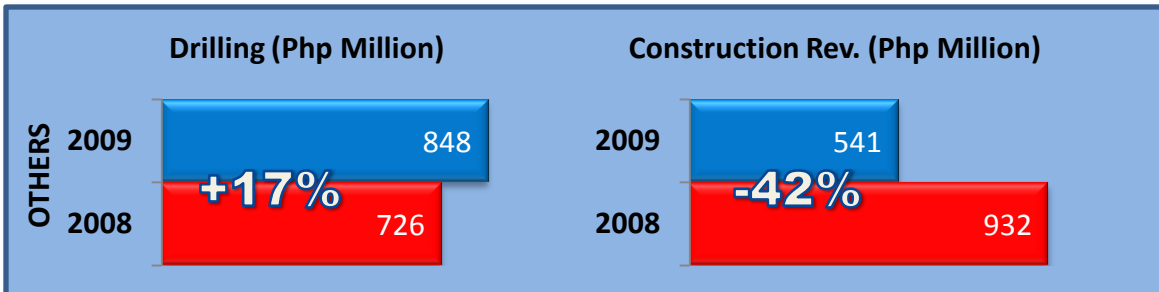
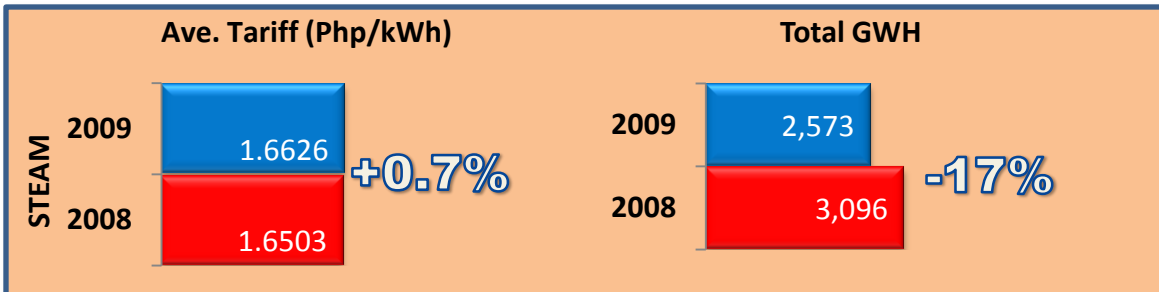
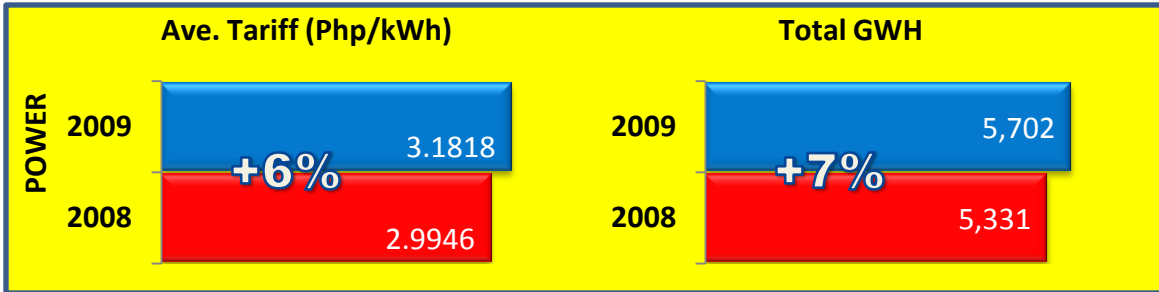
INCOME STATEMENT (Amounts in PHP Million except for the ratios)	DEC 2009	DEC 2008	DIFFERENCE	
			Amount	%
Revenues	22,067	20,527	1,540	+8%
Operating Expenses	12,682	9,343	3,339	+36%
Net Interest Expense	2,484	1,820	664	+36%
Foreign Exchange Gains (Losses)	1,291	(9,357)	10,648	+114%
Other Income (Charges)	(912)	2,646	(3,558)	-134%
Provision for Current and Deferred Income Taxes	953	1,308	(355)	-27%
One-time Write-off of Deferred Tax Asset ("DTA") , an effect of RE Law	(2,959)	0	(2,959)	-100%
Net Income	3,368	1,345	2,023	+150%
Net Income Attributable to Equity Holders of the Parent	3,323	1,308	2,015	+154%
Recurring Net Income (RNI)	7,381	5,835	1,546	+26%
EBITDA	10,584	11,860	(1,276)	-11%
Financial Ratios:				
Current Ratio*	1.78x	1.45x		
Debt-to-Equity Ratio	1.56x	1.20x		
Net Debt-to-EBITDA Ratio	3.42x	2.82x		

* Exclusive of Miyazawa I and II loans.

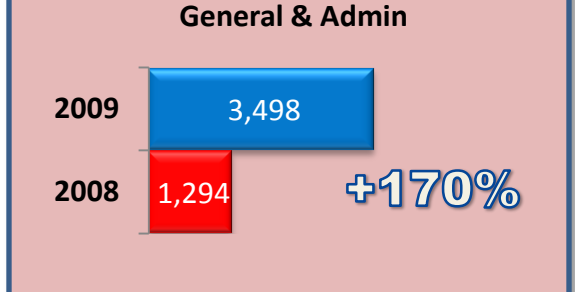
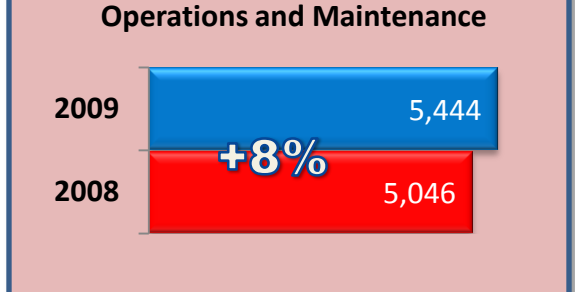
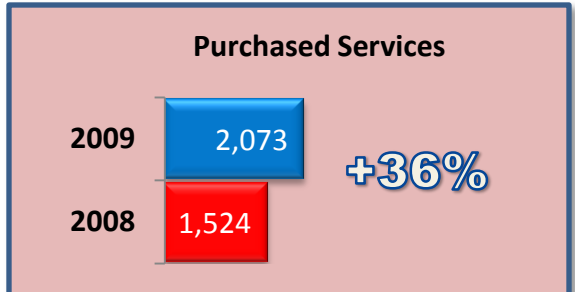


RISE IN ELECTRICITY TARIFF AND VOLUME DROVE GROWTH IN COMPANY REVENUES

REVENUES



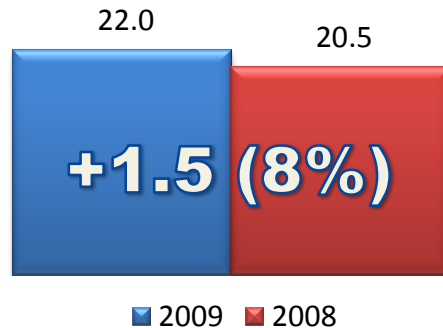
MAJOR EXPENSES (Php Million)



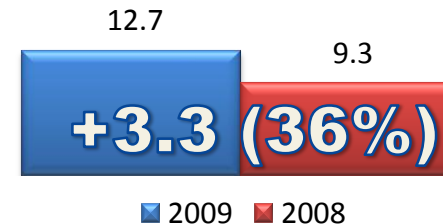


THE 8% INCREASE IN REVENUES WAS NEGATED BY THE 36% INCREASE IN OPERATING EXPENSES AS THE COMPANY CONTINUES TO INVEST IN IMPROVING STEAM CAPACITY

Revenues



Operating expenses



Increase is due to:

- Higher revenue from electricity due to electricity revenues from GCGI, higher inflation and scoping out of IFRIC 12	2.7
- Higher revenue from drilling	0.1
- Lower revenue from steam mainly due to shifting to electricity revenue of the steam sales of Tongonan & Palinpinon	(0.5)
- Lower interest income on concession receivables due to the scoping out of IFRIC 12	(0.4)
- Lower construction revenue largely on account of the scoping out of IFRIC 12	(0.4)
Total	1.5

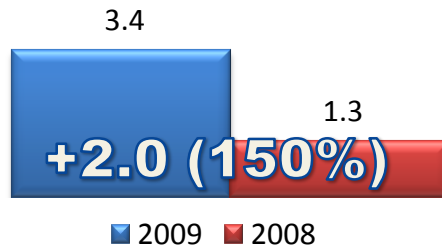
Increase is mainly due to:

- Higher G & A mainly on account of reduction on allowance for doubtful accounts in 2008 coupled with the tax assessment on arbitration income (3rd and 4th tranches)	2.2
- Higher purchased services & utilities mainly due to the Steam Augmentation Program & reduced by lower BOT fees	0.5
- Higher depreciation and amortization brought about by the scoping out of IFRIC 12	0.5
- Higher O & M primarily from the Steam Augmentation Program	0.4
- Lower construction costs from buffer zone in NNGP and Tanawon Project due to the scoping out of IFRIC 12	(0.3)
Total	3.3

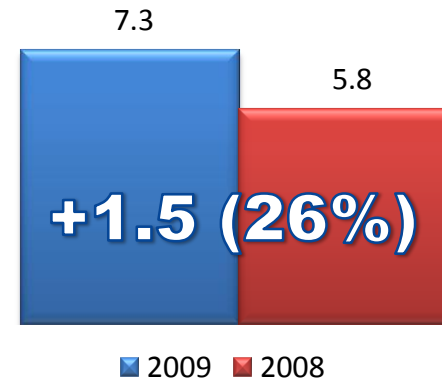


CONSOLIDATED NET INCOME INCREASED BY 150% DUE TO FOREIGN EXCHANGE GAINS, WHILE RECURRING NET INCOME INCREASED BY 26% DUE MAINLY TO LOWER PROVISION FOR INCOME TAX UNDER RE LAW

Net Income



Recurring Net Income



Increase is mainly due to:

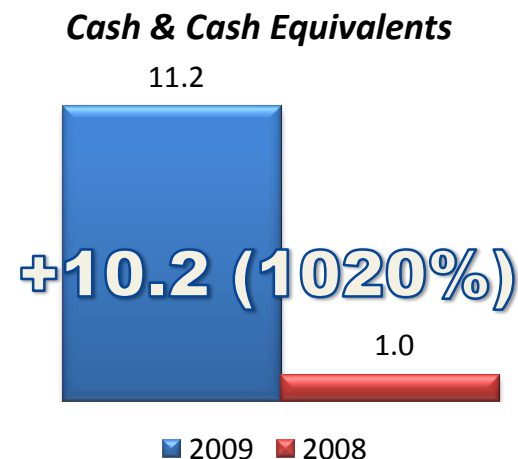
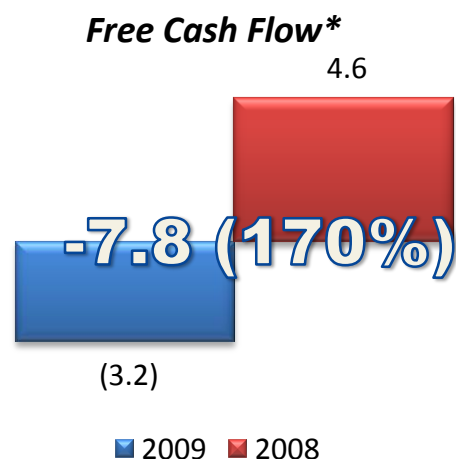
- Foreign exchange gain in 2009 (Php1.3) vs. loss in 2008 (Php9.3)	10.6
- Lower provision for income tax	0.3
- Higher depreciation and amortization	(0.5)
- Higher interest expense	(0.7)
- Lower EBITDA	(1.3)
- Writedown of DTA due to change in tax rate to 10% from 30%	(2.9)
- Net other charges in 2009 (Php0.9) vs. other income in 2008 (Php2.6)	(3.5)
Total	2.0

Increase in RNI accounted by:

- Lower provision for income tax due to change in accounting under RE Law	2.4
- Higher revenues	1.5
- Realized foreign exchange gain in 2009 (Php0.6) vs. loss in 2008 (Php0.7)	1.3
- Higher interest expenses (net)	(0.7)
- Higher operating expenses	(3.0)
Total	1.5



CASH AND CASH EQUIVALENTS INCREASED WITH THE SALE OF THE FORT BONIFACIO LAND AND NET AVAILMENT OF LONG-TERM LOANS



Drop in Free Cash Flow due to:

- Acquisition of Pal-Tong Power Plants	(10.2)
- Acquisition of Rig 14 & other PPE	(2.2)
- Higher interest and financing charges	(0.9)
- Proceeds from sale of FB properties	1.4
- Acquisition of 60% interest in FG Hydro in 2008	4.1
Total	(7.8)

Movements in Cash & Cash Equivalents:

- IFC, FRCN, Peso public bonds availed	25.1
- Increase in amounts due to FG Hydro	1.0
- Payment of cash dividends	(1.9)
- Free cash flow in 2009	(3.2)
- Settlement of Miya 1 loan and regular principal payments	(10.8)
Total	10.2

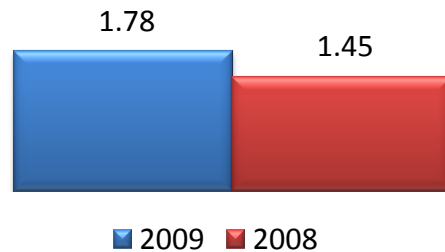
Amounts in PHP Billion

* Operating cash flow minus investing cash flow

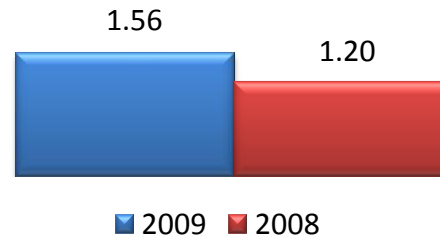


CURRENT RATIO IMPROVED WITH THE NET PROCEEDS OF LOANS AVAILED IN 2009; OTHER RATIOS SLIGHTLY WEAKENED ON ACCOUNT OF PREFUNDING MIYAZAWA II

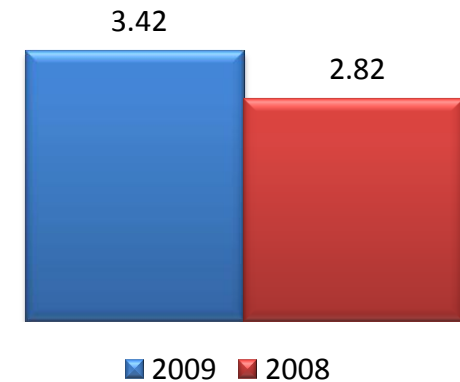
Current Ratio*



Debt-to-Equity



Net Debt-to-EBITDA



Increase is mainly due to higher cash balance due to the proceeds from the Php12 billion Peso public bond and Php9 billion FRCN.

Partly offset by reclassification of the current portion of the concession receivable to PPE due to scoping out from IFRIC 12.

Increase is mainly due to higher debt with the availment of IFC loan, Fixed Rate Corporate Note and issuance of Peso public bond.

Partly offset by repayment of Miyazawa I and regular amortization of other loans.

Increase is mainly due to higher debt for the pre-funding of Miyazawa II and lower EBITDA brought about by higher operating expenses due to capital cost expensed under IFRIC 12.

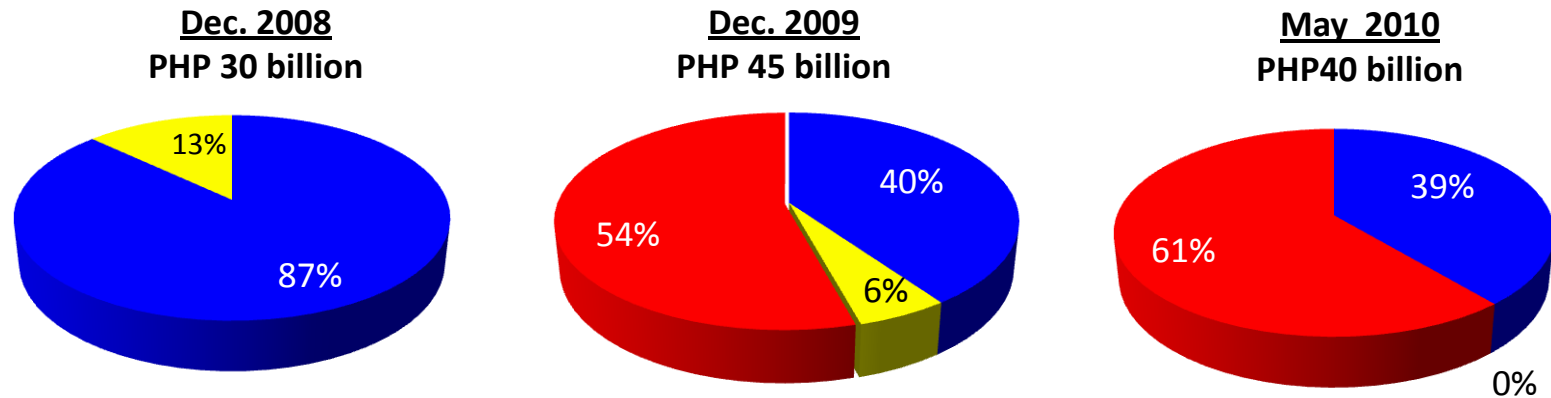
Partly offset by higher cash balance.

* Excluding Miyazawa I & II.

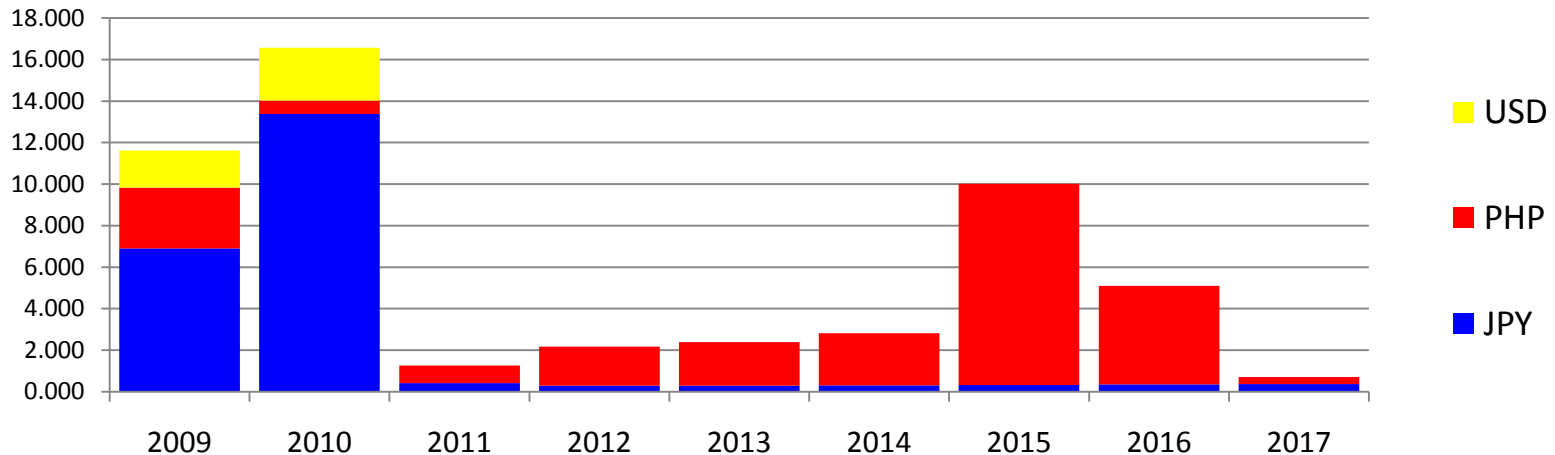


WE HARE REDONOMINATED OUR EXPOSURE TO FOREIGN CURRENCIES AND HAVE SMOOTHENED OUT LUMPY MATURITIES AFTER 2010

LOAN MIX



Debt Service (Principal Repayment)Profile in PHP Billion



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WE ARE LOOKING AT VARIOUS OPTIONS TO HEDGE THE FOREX EXPOSURE ON MIYAZAWA II

- EDC's foreign exchange exposure on its JPY loans:

	Total Amount in US\$ as of 2009 (at JPY91.634/US\$)	Gain/loss for +/- JPY1.00
Total JPY Loan	US\$386.8MM	+/- US\$4.2MM
Miyazawa II Loan	US\$240.1MM	+/- US\$2.6MM

- EDC ended 2009 at JPY91.634:US\$1 and PHP46.20:US\$1 – these set the minimum level to hedge the exposure.
- We are closely looking at the market:
 - We have successfully hedged an initial JPY2 billion at net-JPY92:US\$1 and have accumulated about US\$65 million.
 - We are in close discussions with banks to lock in a plain-vanilla forward or other favorable structures for the remaining exposure.
 - We may also decide to refinance a portion of the Miyazawa II loan to extend its maturity given the depreciating outlook of various banks in the coming months.



EDC IS WORKING TO ACHIEVE THE SEAMLESS INTEGRATION OF TONGONAN I AND PALINPINON PLANTS INTO ITS PORTFOLIO

- As of October 24, Green Core Geothermal, Inc. (“GCGI”) commenced commercial operations. It has to date ...
 - sold 520 GWH to its 15 customers;
 - fully contracted its net dependable capacity (~ 253MW); and,
 - booked revenues of Php1.1 billion (net of the 3 % prompt payment discount availed by the customers).
- EDC’s marketing efforts are geared at raising GCGI’s revenues and capacity factors to 90 % - 95 %.
- To attain plant’s rated capacity, a Php700 million capital expenditure is being programmed in 2010.





PSALM RELEASED THE INVITATION TO BID FOR BACMAN LAST MAR. 17 WITH A BID SUBMISSION DATE OF MAY 5



BACON – MANITO GEOTHERMAL POWER PLANT	
Location	Albay
Installed Capacity	150 MW
Dependable Capacity	0 MW
Units	Bacman I: 2 x 55MW, (1993); Bacman II (Cawayan): 20MW, (1994); Bacman II (Botong): 20MW, (1998)
Steam Supply Agreement	Bacman I: Term up to 2018 Bacman II: Term up to 2019





THE 86 MW BURGOS WIND PROJECT WAS AWARDED BY DOE OF AN RE CONTRACT ON SEP. 14, 2009 AND IS TARGETING TO ISSUE NOTICE TO PROCEED WITHIN 2010



- The project has a total term of 25 years and will expire on Sep. 14, 2034.
- The Project is underpinned by a regulatory framework that grants fiscal incentives to renewable energy developers.
- The Project will benefit from the establishment of a Feed-In Tariff System.
- The Project will help mitigate the effects of climate change and will be registered as a CDM project.



PANTABANGAN IS SET TO COMPLETE ITS UPGRADE AND REHAB IN 2010

- Pantabangan Power Plant capacity is now 110MW after completion of Unit 1 rehab on Dec 23.
 - Target is to increase its capacity by another 10MW in 2010 resulting to a total installed capacity of 132MW (including Masiway).
- FG Hydro is looking at closing a Php5 billion, 10-year loan to refinance the PSALM staple loan by 2Q 2010.





WE ARE DISCHARGING THE FIRST WELL DRILLED IN THE BUFFER ZONE IN NORTHERN NEGROS TO INCREASE ITS STEAM CAPACITY

- Northern Negros has a gross and net steam capacity of 9MW and 6MW, respectively.
- Based on current estimates, the buffer zone is expected to bring an additional 18MW.
 - One well has been drilled to date and is being discharged to test for commerciality.
- While the plant capacity is rated at 49MW, we estimate that total steam supply will settle at around 28MW (gross) or 25MW (net).
- Because of this, EDC provisioned Php350 million for asset impairment in 2009.

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END OF PRESENTATION

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