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July 30, 2010

JANET A. ENCARNACION
HEAD, Disclosures Department
Philippine Stock Exchange
Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

Dear Ms. Encarnacion:

We write in compliance with the PSE's request for clarification as regard the news article entitled "EDC lines up P67 billion worth of projects" posted in the *philstar.com* on July 30, 2010.

The article reported, in part, that:

MANILA, Philippines – Lopez-owned Energy Development Corp. (EDC), the leading renewable energy developer in the country, is lining up P67 billion worth of new and expansion projects in the next six years, the company's top executive said. EDC president and COO Richard Tantoco told a press conference after the company's stockholders' meeting yesterday, that they would be spending about \$1.037 billion (P45.98 billion) for investments in greenfield or new geothermal projects and P20.6 billion for the rehabilitation of existing power plants.... Tantoco said they may need to raise about \$100 million through borrowings this year to finance its equity in the Burgos wind project in Ilocos Norte.... These, he said, are in line with the company's goal to jack up its capacity over time. EDC plans to increase its capacity to 1,542 MW from 1,116 MW over a five-year period starting 2011. Based on the capacity enhancement program, EDC would be putting up..... 40-MW Rangas geothermal project in 2015; and 40-MW Kayabon geothermal project in 2015.... Tantoco said they no longer need to raise funds this year as their capex would be fully covered by their healthy cash position. "There is no need for fund raising this year. If the Burgos project moves, we might raise probably \$100 million to finance that," he said. Their healthy financial position, he said, may also allow them to keep track of their net income target for 2010. The company expects to earn P8.7 billion to P9.1 billion this year, in line with market forecasts. "The company targets its net income to reach close to P8.7 billion for the year due to higher electricity sales and definitely from our acquisitions. We are headed towards that," Tantoco said.....

We confirm that the abovementioned investment and financing programs are the Company's plans based on current expectations. EDC's expansion of existing production capacity has always been an integral part of its growth platforms since becoming publicly listed last December 2006. The expansion program without CAPEX estimates has been indicated not only in EDC's Offering Memorandum for both the IPO and Follow-on Offering but also the subject of previous PSE disclosures and various investors'/analysts' briefing materials which are posted in the EDC web site.

We also clarify that the quoted net income forecast for this year of P8.7 billion to P9.1 billion is, as we understand it, based on research analysts' forecasts which we believe is achievable barring other unforeseen circumstances.

Rest assured that the Company will duly apprise the Exchange and its trading participants of any material development as regard the expansion projects as they become available.

Very truly yours,



Rowena C. Clemente
OIC, Corporate Information Officer

cc: MA. CONCEPCION M. MAGDARAOG
Market Regulatory Services Group
Philippine Dealing & Exchange Corp.