



Investors and Analysts' Briefing
Q3 '10 Financial and Operating Results
GZV Hall, Bldg. 5 Ft. Bonifacio, Taguig City

November 17, 2010



This presentation contains certain “forward looking statements.” These forward looking statements that include words or phrases such as EDC or its management “believes”, “expects”, “anticipates”, “intends”, “plans”, “foresees”, or other words or phrases of similar import. Similarly, statements that describe EDC’s objectives, plans or goals also are forward-looking statements. All such forward looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Such forward looking statements are made based on management’s current expectations or beliefs as well as assumptions made by, and information currently available to, management. EDC does not make expressed or implied representations or warranties as to the accuracy and completeness of the information contained herein and neither of them shall accept any responsibility or liability (including any third party liability) for any loss or damage, whether or not arising from any error or omission in compiling such information or as a result of any party’s reliance or use of such information. The information and opinions in this presentation are subject to change without notice.

This presentation does not constitute a prospectus or other offering memorandum in whole or in part. Information contained in this presentation is a summary only and is prepared for discussion purposes and is not a complete record of the discussions. This presentation shall not constitute an offer to sell or the solicitation of an offer to buy any security. There shall be no sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to qualification under securities laws of such state or jurisdiction. By receiving this presentation each investor is deemed to represent that it is a sophisticated investor and possesses sufficient investment expertise to understand the risks involved. Prospective investors should undertake their own assessment with regard to their investment and they should obtain independent advice on any such investment’s suitability, inherent risks and merits and any tax, legal and accounting implications which it may have for them.

PRESENTATION OUTLINE

RECENT MAJOR DEVELOPMENTS

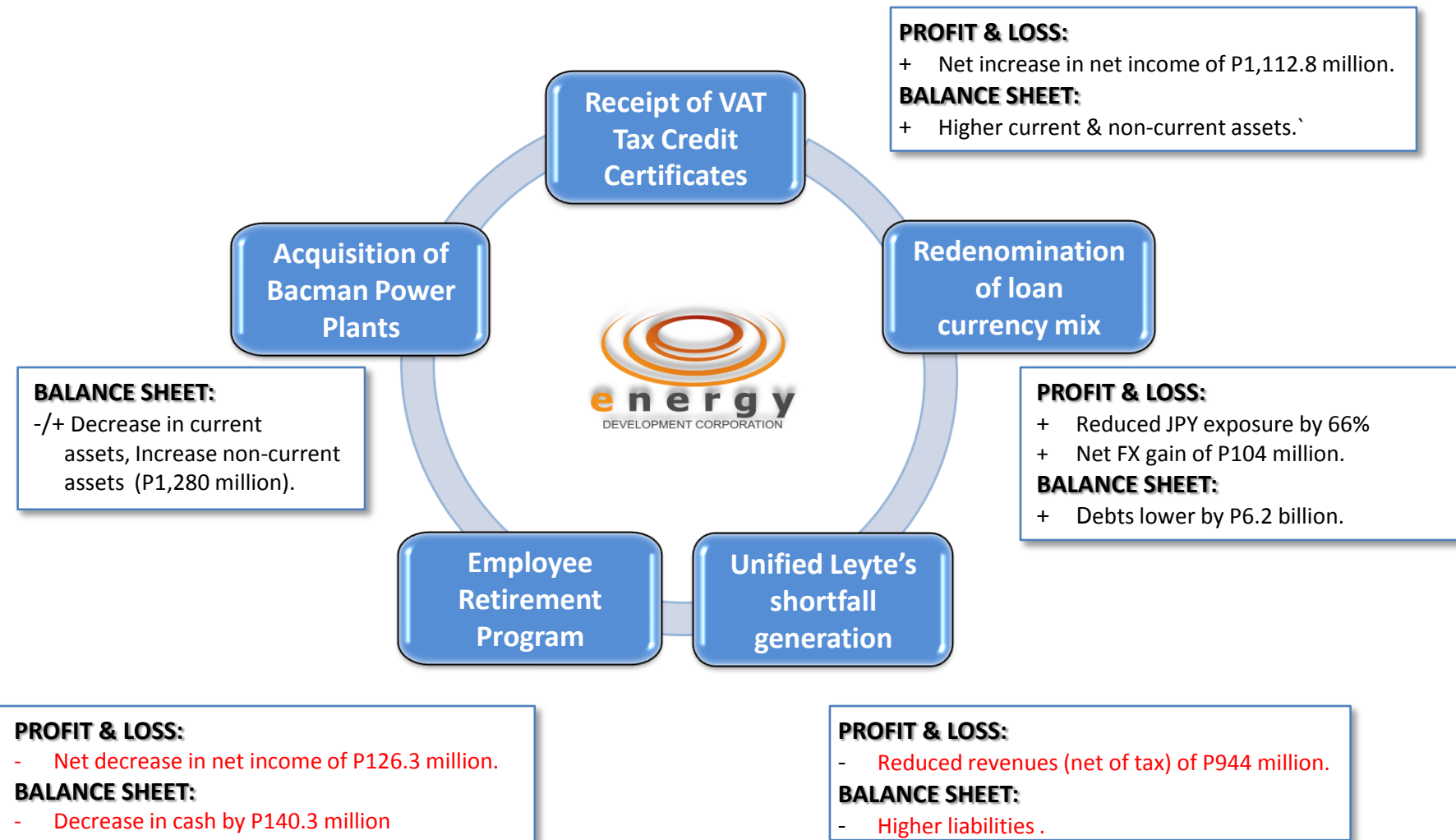
Q3 2010 FINANCIALS

BEYOND 2010

QUESTION & ANSWER



MAJOR DEVELOPMENTS DURING THE NINE-MONTH PERIOD ENDING SEPTEMBER 30, 2010



PRESENTATION OUTLINE

RECENT MAJOR DEVELOPMENTS

Q3 2010 FINANCIALS

BEYOND 2010

QUESTION & ANSWER



CONSOLIDATED NET INCOME AND RECURRING NET INCOME INCREASED BY 446% AND 27%, RESPECTIVELY

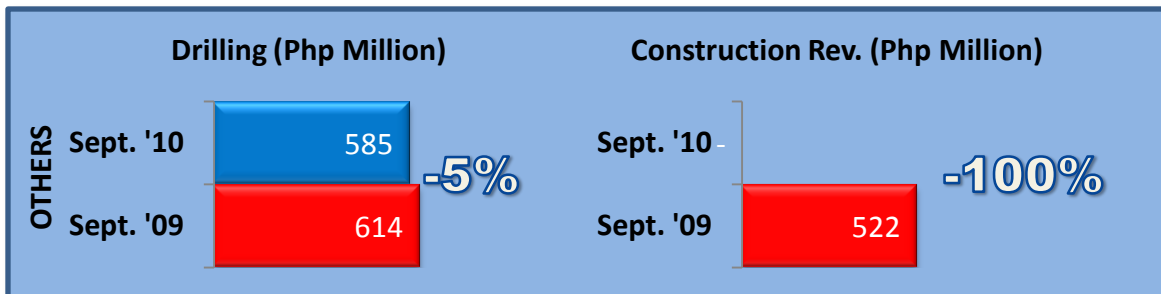
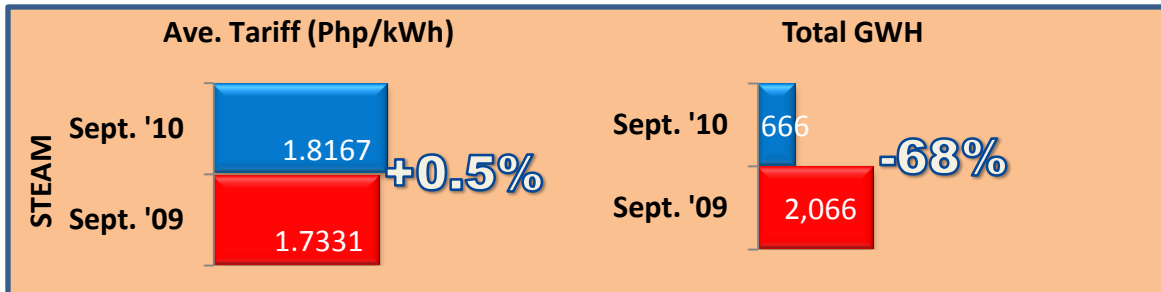
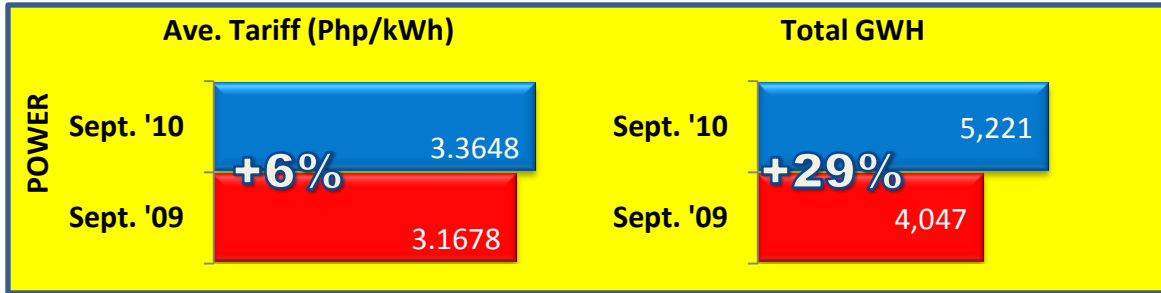
INCOME STATEMENT (Amounts in PHP Million except for the ratios)	SEPT . 2010	SEPT. 2009	DIFFERENCE	
			Amount	%
Revenues	19,322	15,986	3,336	+21%
Operating Expenses	10,192	9,467	725	+8%
Net Interest Expense	2,619	1,758	861	+49%
Foreign Exchange Gains	105	197	(92)	-47%
Other Income (Charges)	2,079	(213)	2,292	+1,076%
Provision for Current and Deferred Income Taxes	1,112	635	477	+75%
One-time Write-down of Deferred Tax Asset ("DTA"), an effect of RE Law	0	2,721	(2,721)	-100%
Net Income	7,583	1,389	6,194	+446%
Net Income Attributable to Equity Holders of the Parent	7,127	1,273	5,854	+460%
Recurring Net Income (RNI)	6,440	5,077	1,363	+27%
RNI Attributable to Equity Holders of the Parent	6,023	4,957	1,066	+22%
EBITDA	11,673	7,092	4,581	65%
Financial Ratios:				
Current Ratio*	2.50x	2.43x		
Debt-to-Equity Ratio	1.17x	1.39x		
Net Debt-to-EBITDA* Ratio (*Annualized)	2.20x	2.92x		

* Exclusive of Miyazawa I and II loans.

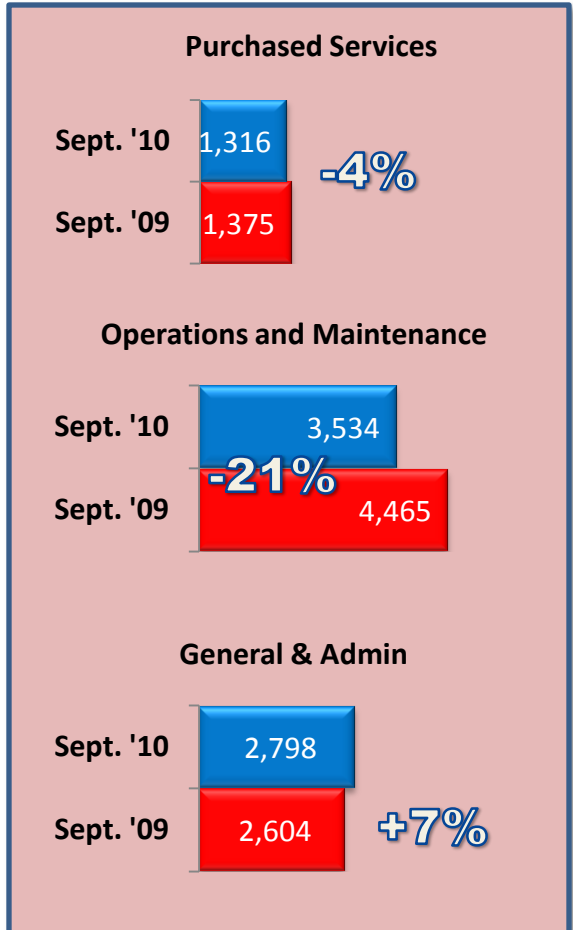


RISE IN ELECTRICITY TARIFF AND VOLUME DROVE GROWTH IN COMPANY REVENUES

REVENUES



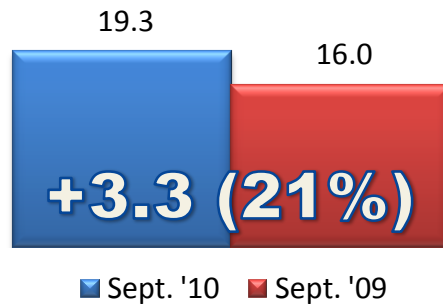
MAJOR EXPENSES (Php Million)





THE 21% INCREASE IN REVENUES WAS DUE TO GCGI AND FG HYDRO'S ELECTRICITY SALES

Revenues



Operating expenses



Increase is due to:

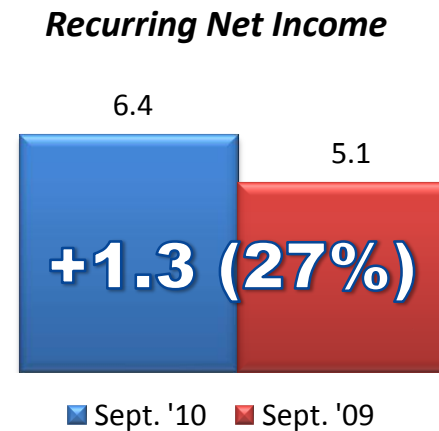
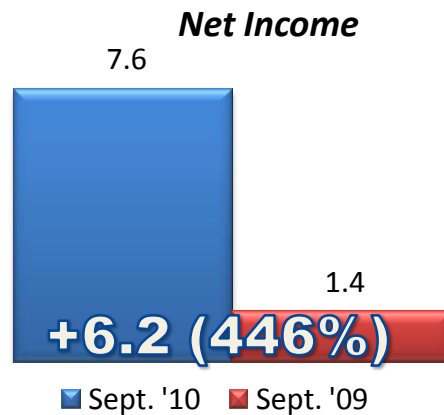
- Increase in revenues from GCGI and FG Hydro's electricity sales	5.9
- Decrease in steam revenues due mainly to shift from steam to electricity of the Tongonan and Palinpinon revenues	(2.4)
- Decrease in electricity revenues due to Unified Leyte's shortfall generation and lower average electricity price	(1.2)
- Absence in 2010 of adjustments in revenues due to the scoping out of IFRIC 12	1.0
Total	3.3

Increase is mainly due to:

- Company's scoping out from IFRIC 12 resulting in:	
> Higher depreciation and amortization expenses	2.0
> Lower operations & maintenance/purchased services & utilities	(1.0)
> Absence of constructions costs	(0.4)
- GCGI's general and administrative expenses	0.1
Total	0.7



CONSOLIDATED NET INCOME INCREASED BY 446% DUE TO HIGHER REVENUES, LOWER INCOME TAX AND RECOVERY OF IMPAIRMENT PROVISION ON INPUT VAT CLAIMS, WHILE RECURRING NET INCOME INCREASED BY 27% DUE MAINLY TO HIGHER ELECTRICITY REVENUES



Increase is mainly due to:

- Increase in revenues mainly from GCGI and FG Hydro's electricity sales	3.3
- Lower income tax due mainly to write down of deferred tax assets in 2009	2.2
- Higher other income mainly due to the recovery of impairment provision on Input VAT claims	1.7
- Derivative gain in 2010 versus loss in 2009	0.6
- Higher operating expenses mainly attributed to the depreciation of assets recognized after the scope-out of IFRIC 12	(0.7)
- Increase in financing charges	(0.9)
Total	6.2

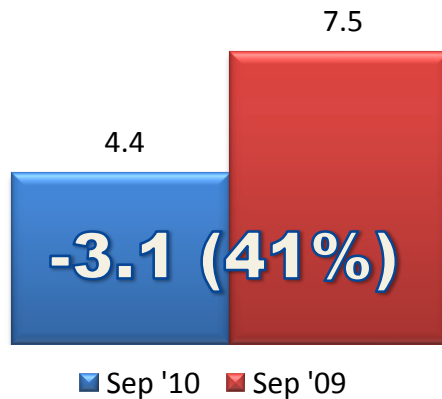
Increase in RNI accounted by :

- Increase in revenues mainly from GCGI and FG Hydro's electricity sales	3.3
- Lower other income mainly from the realized foreign exchange gain on repayment of loans	(0.4)
- Higher operating expenses mainly attributed to the depreciation of assets recognized after the scope-out of IFRIC 12	(0.7)
- Increase in financing charges	(0.9)
Total	1.3

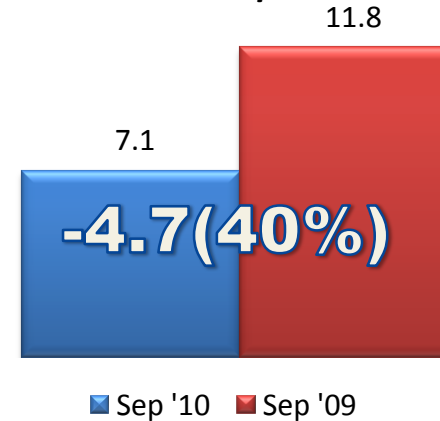


CASH AND CASH EQUIVALENTS DECREASED WITH THE SETTLEMENT OF MIYAZAWA II, PNOC ON-LENT AND OTHER LOANS AND ACQUISITION OF POWER PLANTS NET OF AVAILMENT OF LONG-TERM LOANS

Free Cash Flow*



Cash & Cash Equivalents



Amounts in PHP Billion

* Operating cash flow minus investing cash flow

Drop in Free Cash Flow due to:

- Higher addition to PPE in 2010 with the acquisition of Bacman Power Plants and other capital expenditures	(3.6)
- Proceeds from sale of FB properties in 2009	(1.1)
- Decrease in exploration and evaluation assets and due from related parties	0.3
- Realized derivative gain in 2010 on forward currency contract for Miyazawa II	0.5
- Increase in internal cash generation	0.8
Total	(3.1)

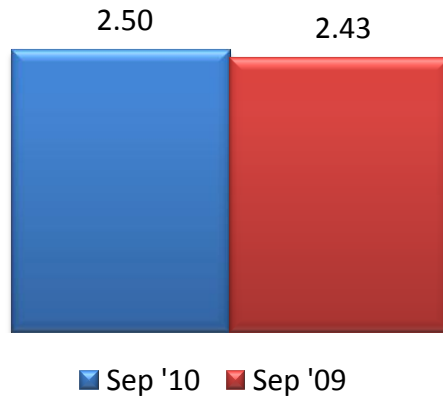
Movements in Cash & Cash Equivalents:

- Settlement of Miya II and PNOC on-lent loans, PSALM's staple financing on FG Hydro's acquisition of PAHEP-MAHEP and regular amortization	(19.3)
-Acquisition of Palinpinon and Tongonan I power plants	(10.2)
- Acquisition of PPE and other assets	(5.4)
- Settlement of short-term loans	(4.5)
- Cash dividends paid by the parent company	(2.5)
-Acquisition of Bac-man power plants	(1.3)
- Proceeds from sale of FB properties to PNOC	0.3
- Internal cash generation	10.6
- Proceeds from issuance of public bonds, club loan facility , long-term peso loans and short-term loans	27.6
Total	(4.7)

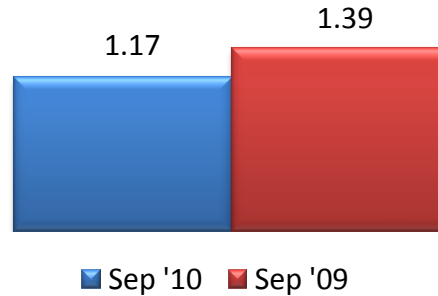


DEBT RATIOS IMPROVE ON ACCOUNT OF HIGHER EBITDA AND SETTLEMENT OF MIYAZAWA II

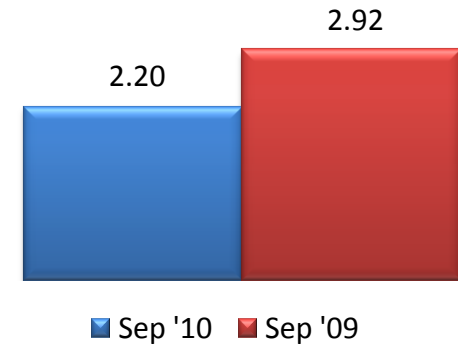
Current Ratio*



Debt-to-Equity



Net Debt-to-EBITDA*



Increase is mainly due to the absence of short-term loan and refinancing with long-term loan of the PNOC on-lent loans paid in 2010.

** Excluding Miyazawa II.*

Decrease mainly due to higher equity on account of higher net income. Partially offset by increase in debts with FG Hydro's availment of long-term Peso loans and the Company's issuance of Peso public bond and availment of club loan facility.

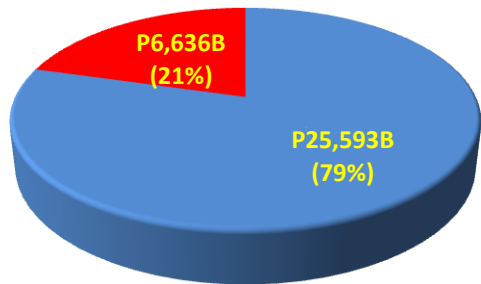
Decrease is mainly due to higher EBITDA brought about by higher electricity revenues

** Annualized*

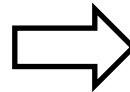


OVER THE PAST 18 MONTHS, WE HAVE SMOOTHENED OUT LUMPY MATURITIES AND REPLACED THE BULK OF OUR YEN DEBTS WITH PESO THUS REDUCING 3RD CURRENCY RISK

Pre-Miyazawa I Payment

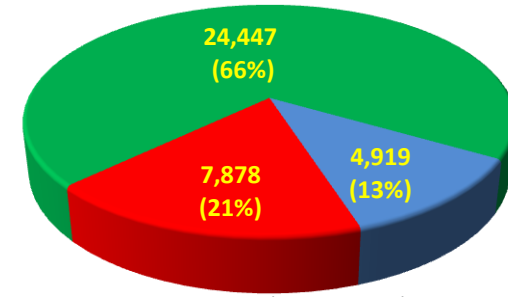


Dec. 2008



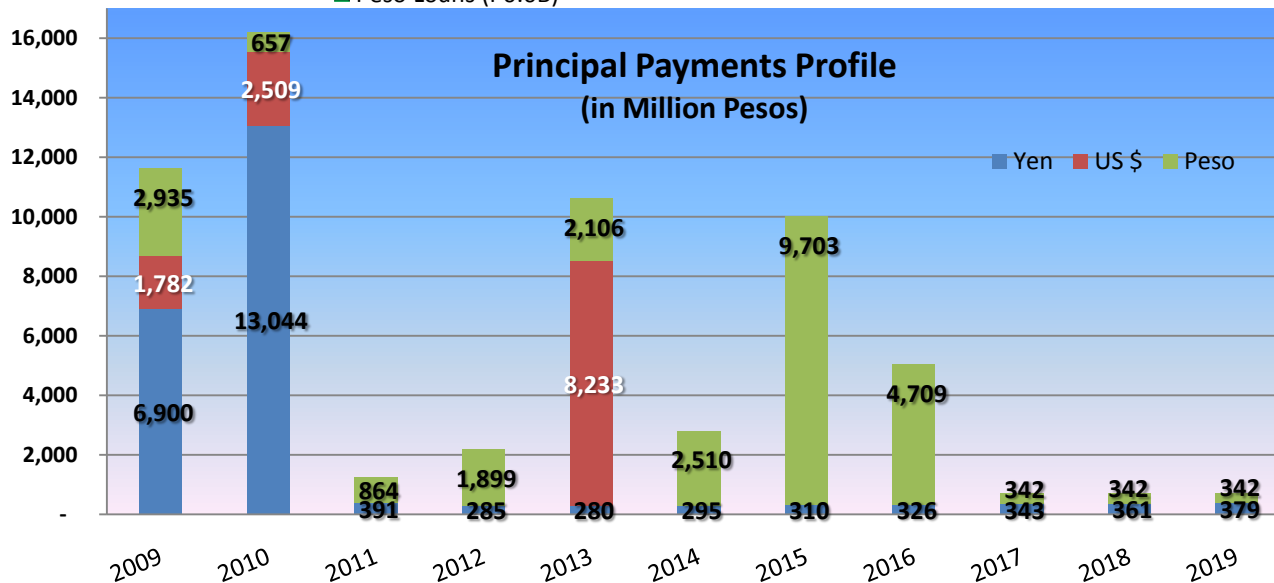
Sep. 2010

Post-Miyazawa II Payment



- Yen Loans (JPY 48,980M)
- Dollar Loans (US\$78.4M)
- Peso Loans (P0.0B)

- Yen Loans (JPY 9,188M)
- Dollar Loans (US\$169M)
- Peso Loans (P29,066M)



➤ Average life of loans

As of Dec. 31, 2008 - 3.37 years

As of Sep. 30, 2010 - 6.12 years

PRESENTATION OUTLINE

RECENT MAJOR DEVELOPMENTS

Q3 2010 FINANCIALS

BEYOND 2010

QUESTION & ANSWER



EDC REMAINS FOCUSED AND HAS ADVANCED ON ITS 4 GROWTH PLATFORMS

ACQUISITION OF NPC-OWNED ASSETS (455 MW)

- ✓ EDC won the bidding for 112.5 MW Tongonan and 192.5 MW Palinpinon plants last September 2, 2009
- ✓ EDC won the bidding for 150 MW BacMan plants last May 5, 2010
- ✓ EDC to participate in the appointment of IPP Administrator for the Contracted Energy of Unified Leyte

GREENFIELD (230 MW)

- ✓ 6 expansion projects from EDC's existing steamfields
- ✓ Won 2 sites from DOE's geothermal contracting rounds (Mainit and Mt. Labo)
- ✓ Obtained frontier status for 5 sites

DIVERSIFICATION INTO OTHER RENEWABLES (86 MW)

- Greenfield wind project with the capacity of 86 MW
- ✓ Granted by DOE frontier status for 5 wind sites

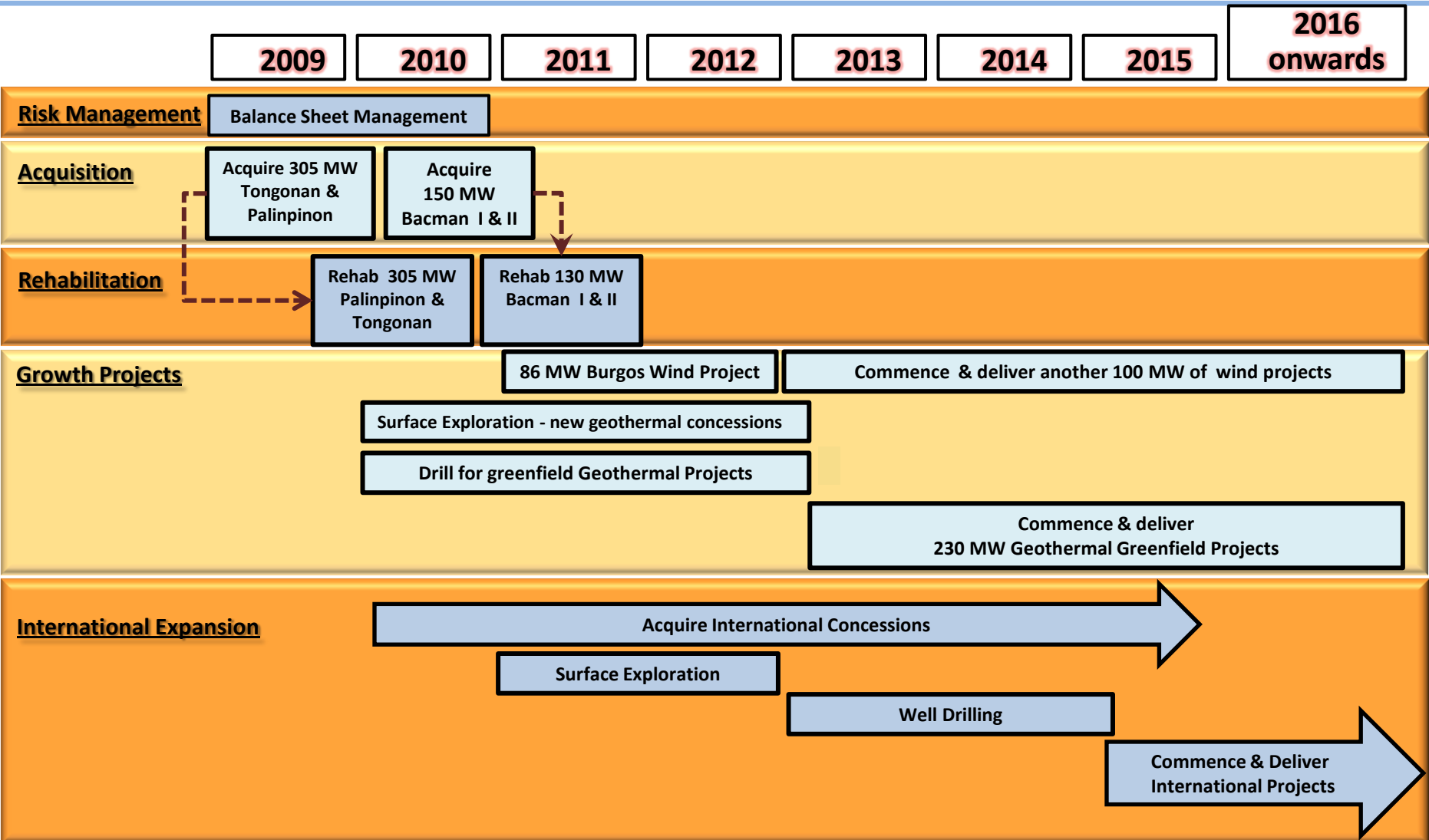
OVERSEAS EXPANSION

- ✓ Asia - in Joint Venture Negotiations in Indonesia
- ✓ Latin America – 13 concessions filed in Chile
- Africa





WE ARE A COMPANY IN TRANSITION – OUR FOCUS IS ON EXECUTION



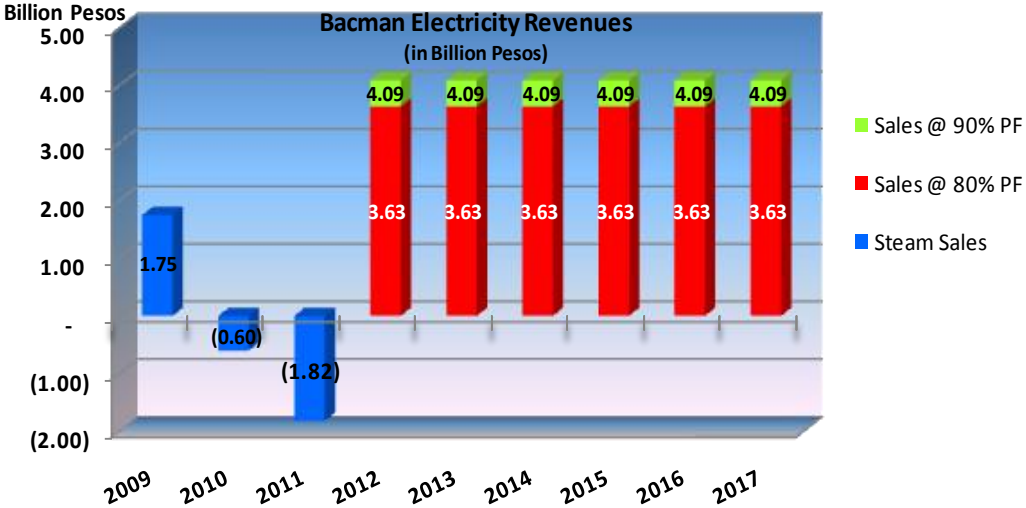


FOR OUR ACQUISITIONS, WE ARE FOCUSING ON 3 KEY DELIVERABLES

	<u>Palinpinon</u>	<u>Tongonan</u>	<u>Bacman</u>	<u>Total</u>	
A. <u>Re-Rate Capacity</u>					
Pre-Rehab	130.0 MW	60.0 MW	0.0 MW	190.0 MW	
Post-Rehab	192.5 MW	112.5 MW	130.0 MW	435.0 MW	✓ 128.9 % increase
B. <u>Increase Dispatch</u>					
NPC 2008/2009 (ave.)	76.1%	54.5%	5.4%	45.3%	
Target 2012	85.0%	85.0%	85.0%	85.0%	✓ 87.6 % increase
C. <u>Re-Price Output</u>					
Steam Sales	1.65 per kWh	1.87 per kWh	1.81 per kWh	1.77 per kWh	
Electricity Price	4.70 per kWh	4.70 per kWh	4.70 per kWh	4.70 per kWh	
Accretion	3.05 per kWh	2.83 per kWh	2.89 per kWh	2.93 per kWh	✓ 165.5 % increase

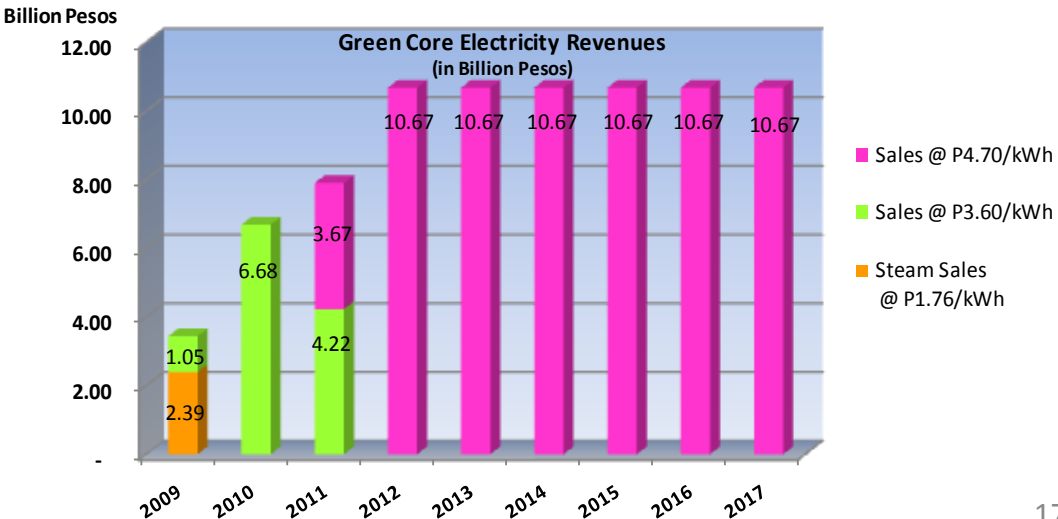


THE BACMAN, PALINPINON I & II AND TONGONAN I ACQUISITIONS ARE VALUE ACCRETIVE



- Inclusive of steam revenue losses and rehab capex estimates, the adjusted valuation for Bacman is approximately US\$ 1.02 million per MW -- 42 % lower than the US\$ 1.75 million per MW for a new plant.
- With the re-rated capacity, increased dispatch and re-priced output of the Bacman Plants, they are expected to contribute revenues in excess of P4.0 billion annually.

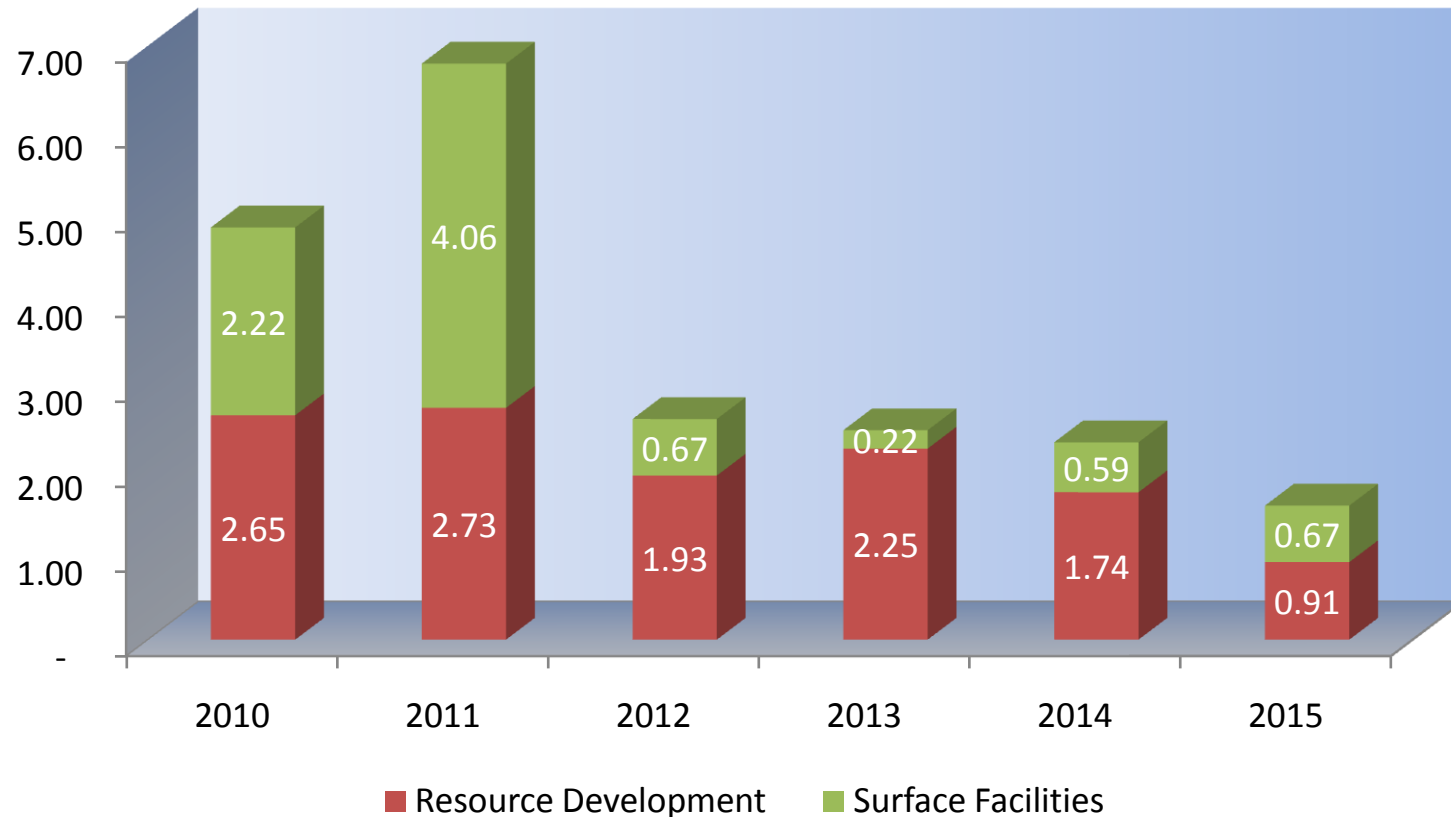
- The Palinpinon and Tongonan Geothermal Plants are operated by EDC through its wholly owned subsidiary, Green Core Geothermal, Inc.
- With the re-rated capacity, increased dispatch and re-priced output of the Palinpinon and Tongonan Plants, they are expected to contribute revenues in excess of P 10.0 billion annually.





WE WILL EMBARK ON A CAPEX PROGRAM TO INCREASE THE AVAILABILITY AND RELIABILITY PERFORMANCE ACROSS ALL OPERATING ASSETS

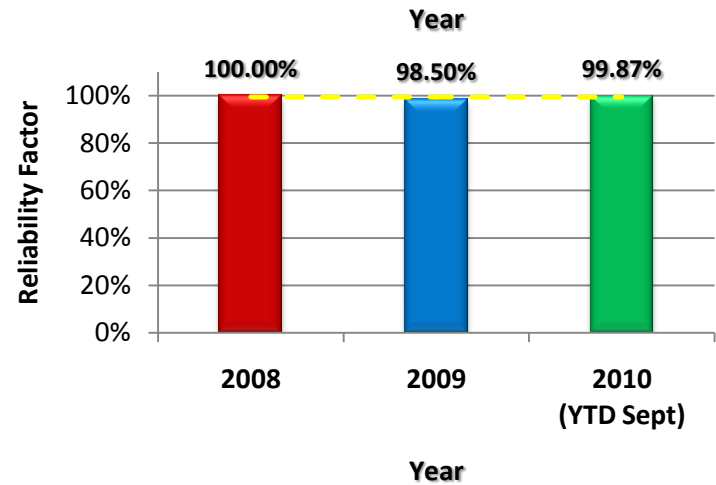
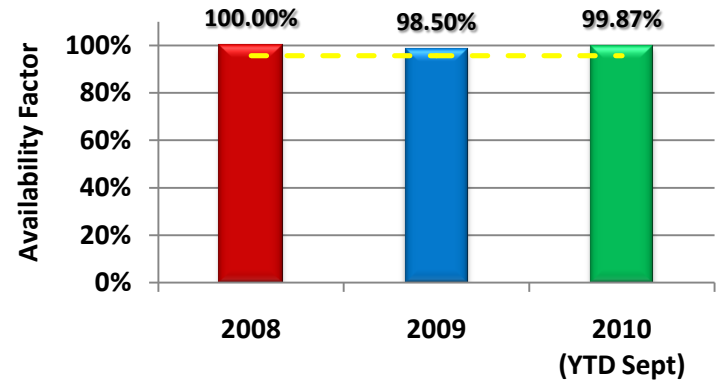
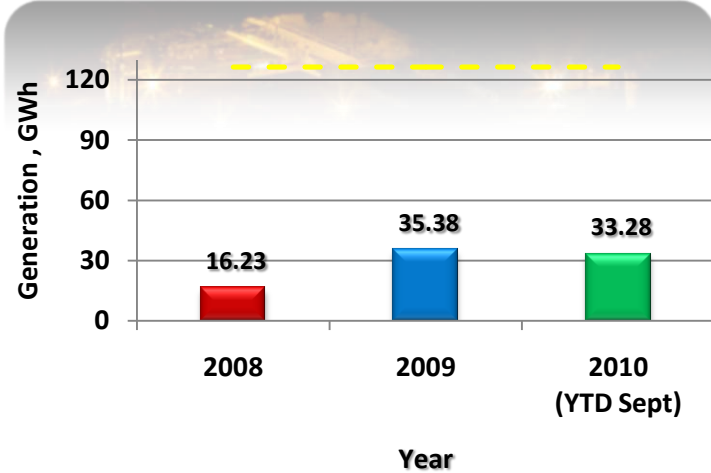
REHABILITATION CAPEX (In Billion Pesos)





WE COMMISSIONED 3RD PARTY EXPERTS TO CONDUCT A PEER REVIEW OF OUR LONG -TERM DEVELOPMENT PLAN FOR NORTHERN NEGROS

Northern Negros

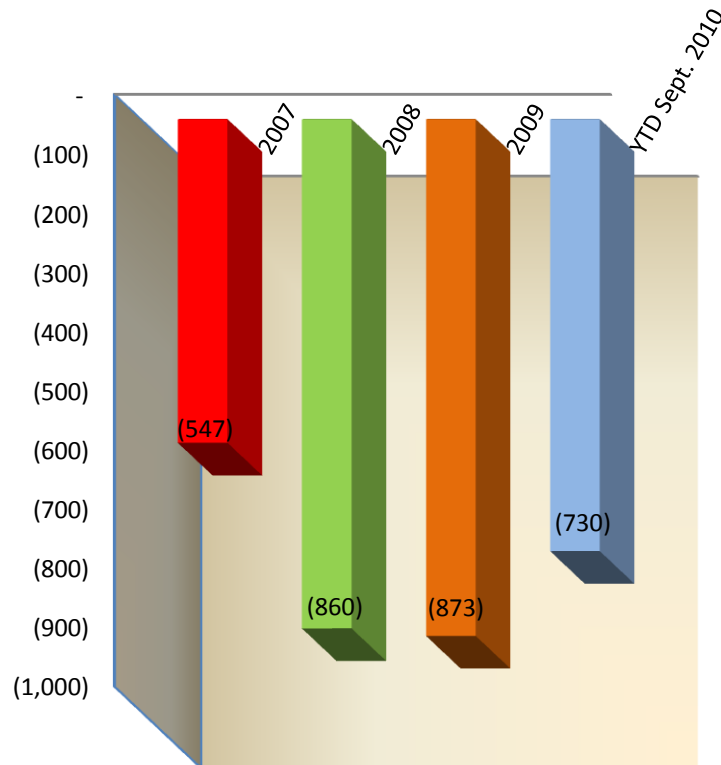


--- target



NGNP HAS BEEN A CASH DRAIN – FINAL RECOMMENDATIONS FROM TWO INDEPENDENT CONSULTANTS EXPECTED BY 4Q 2010

NGNP Recurring Net Loss
(in million pesos)

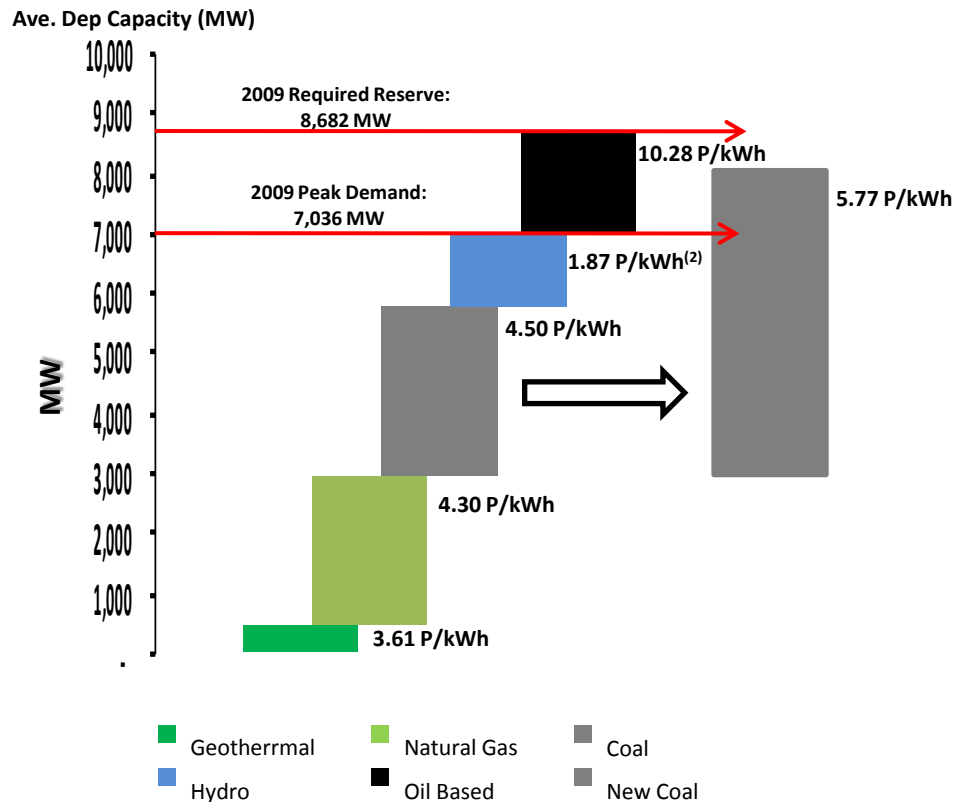


- The 49 MW Northern Negros project has a current gross and net steam capacity of only 9 MW and 6 MW, respectively.
- Since it commenced operations in 2007, the project has accumulated net recurring losses reaching P 3.0 billion to date.
- The Company had already engaged two third-party experts to perform a parallel independent assessment of the Northern Negros' steam resource development plan, long-term viability and sustainability. The studies are expected to be finalized with the corresponding recommendations by 4th quarter of 2010.



GEOTHERMAL ENERGY REMAINS TO BE A COMPETITIVE, RELIABLE AND STRATEGIC ENERGY RESOURCE FOR THE PHILIPPINES

LUZON DISPATCH AT FULL COST ⁽¹⁾

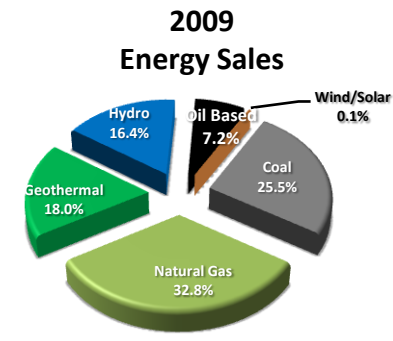
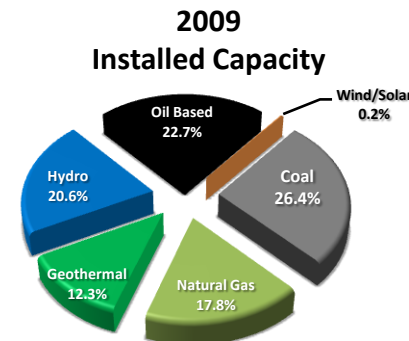


ENERGY SOURCES IN THE PHILIPPINES, FY 2009

Energy Source	Installed Capacity		Power Generation	
	MW	%	GWh	%
Coal	4,213	26.4	15,191	25.5
Oil Based	3,617	22.7	4,265	7.2
Geothermal	1,958	12.3	10,723	18.0
EDC	1,199	7.5	6,534	11.0
Chevron	759	4.8	4,189	7.0
Hydro	3,289	20.6	9,802	16.4
Natural Gas	2,834	17.8	19,576	32.8
Renewable/Others	26	0.2	59	0.1
TOTAL	15,937	100.0	59,616	100.0

high level of dispatch

• EDC represents 60% of Philippines geothermal power industry.



NOTE: 1) Quoted production costs were derived from estimated weekly cost of Luzon grid power plants at 83% capacity factor as of February 26, 2010, VAT inclusive

2) Despite P 1.87/kWh production cost, hydro capacity is still used for peaking because these are not run-of-river types used for base load. Only Casecanan is run-of-river

GEOHERMAL IS A VIABLE ENERGY RESOURCE AVAILABLE IN COUNTRIES SITUATED IN THE “PACIFIC RING OF FIRE”



- Business development efforts are targeted at countries where we can achieve scale.

Country	Potential (MWe)	Number of Sites	Developed (MWe)
Latin America			
Chile	3,350	120	None
Nicaragua	2,270	13	87
Costa Rica	1,990	15	183
Peru	1,410	12	None
El Salvador	1,450	7	214
Asia			
Indonesia	27,000	256	1,050
New Zealand	3,600	22	584
Africa			
Kenya	4,000	20	163
Sub-total	45,070	465	2,281

Platforms for international expansion:

- Apply for concession areas
- Enter into JV with established players
- Acquire operating geothermal assets

PRESENTATION OUTLINE

RECENT MAJOR DEVELOPMENTS

Q3 2010 FINANCIALS

BEYOND 2010

QUESTION & ANSWER

END OF PRESENTATION

www.energy.com.ph