energy
DEVELOPMENT CORPORATION

Investors and Analysts' Briefing
Q3 '10 Financial and Operating Results
GZV Hall, Bldg. 5 Ft. Bonifacio, Taguig City
November17, 2010

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PRESENTATION OUTLINE

RECENT MAJOR DEVELOPMENTS

Q3 2010 FINANCIALS

BEYOND 2010

QUESTION & ANSWER

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

Receipt of VAT Tax Credit Certificates

PROFIT & LOSS:
+ Net increase in net income of P1,112.8 million.

BALANCE SHEET:
+ Higher current & non-current assets.`

Redenomination of loan currency mix

PROFIT & LOSS:
+ Reduced JPY exposure by 66%
+ Net FX gain of P104 million.

BALANCE SHEET:
+ Debts lower by P6.2 billion.

Unified Leyte's shortfall generation

PROFIT & LOSS:
- Reduced revenues (net of tax) of P944 million.

BALANCE SHEET:
- Higher liabilities .

Employee Retirement Program

PROFIT & LOSS:
- Net decrease in net income of P126.3 million.

BALANCE SHEET:
- Decrease in cash by P140.3 million

Acquisition of Bacman Power Plants

BALANCE SHEET:

-/+ Decrease in current assets, Increase non-current assets (P1,280 million).

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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.*

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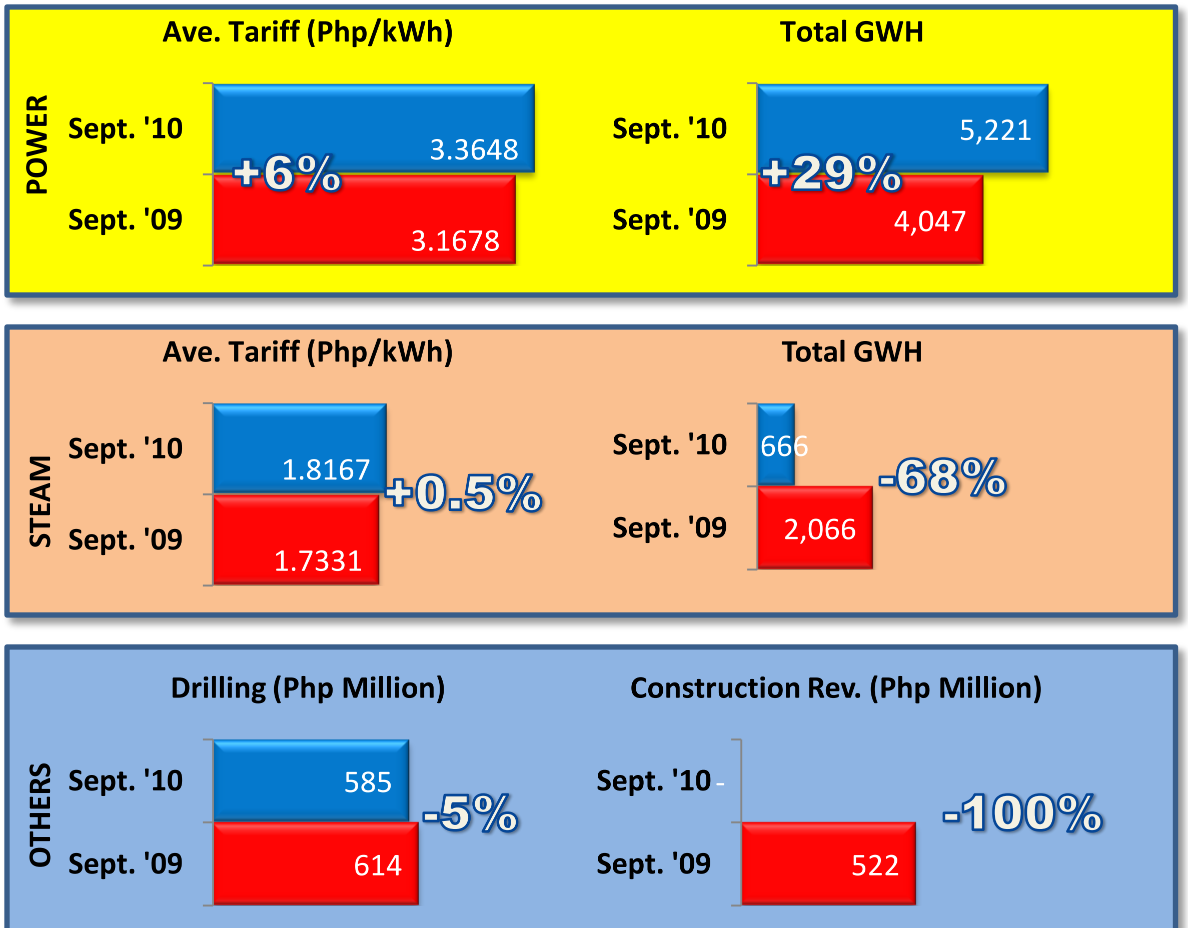
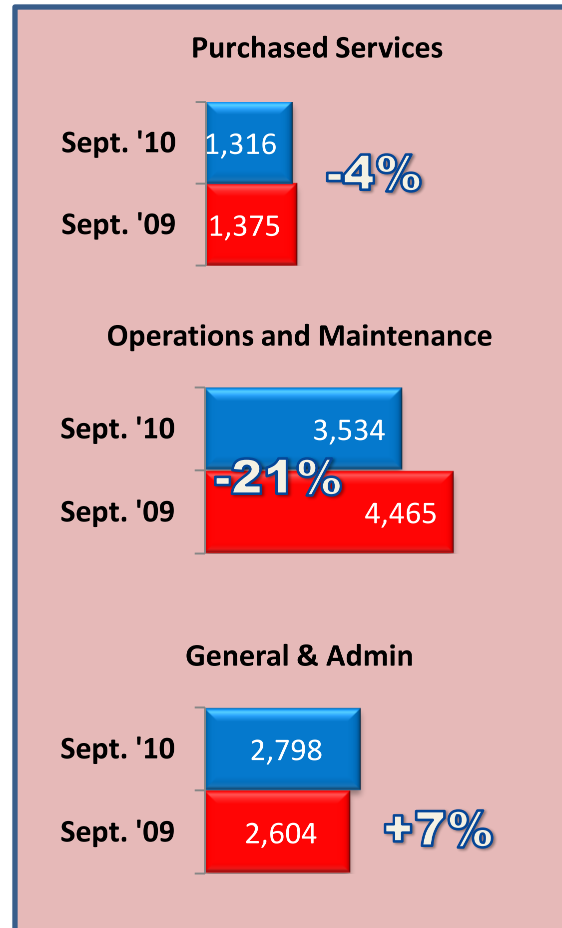
RISE IN ELECTRICITY TARIFF AND VOLUME DROVE GROWTH IN COMPANY REVENUES

REVENUES

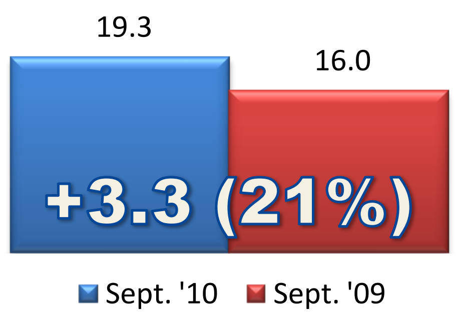


MAJOR EXPENSES (Php Million)

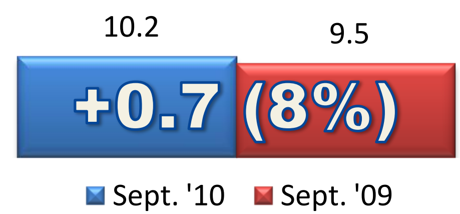


THE 21% INCREASE IN REVENUES WAS DUE TO GCGI AND FG HYDRO'S ELECTRICITY SALES

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

Amounts in PHP Billion

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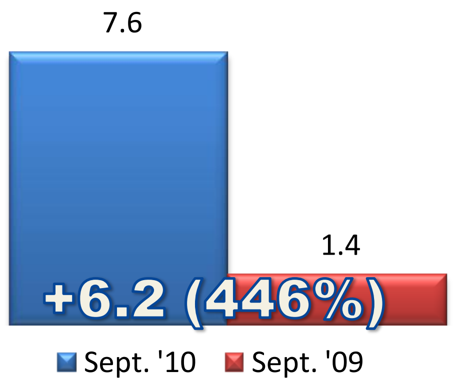
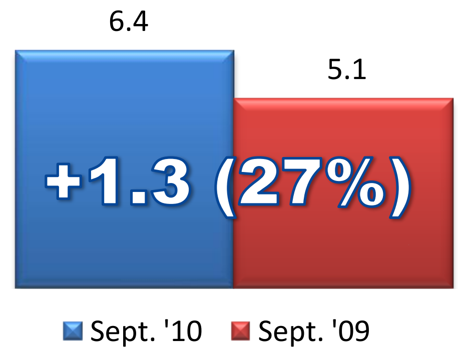
CONSOLIDATED NET INCOME INCREASED BY 446% DUE TO HIGHER REVENUES, LOWER INCOME TAX AND RECOVERY OF IMPAIRMENT PROVISION ON INPUT VAT CLAIMS, WHILE RECURRING NET INCOME INCREASED BY 27% DUE MAINLY TO HIGHER ELECTRICITY REVENUES

Net Income



Recurring Net Income



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

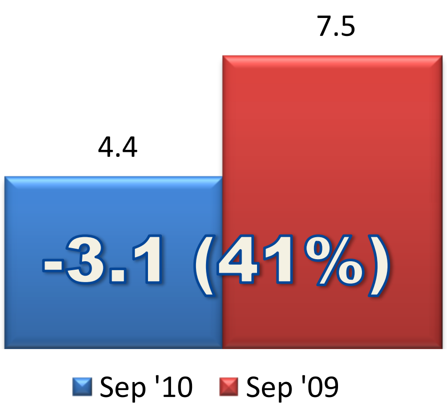
Increase in RNI accounted by :

- 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

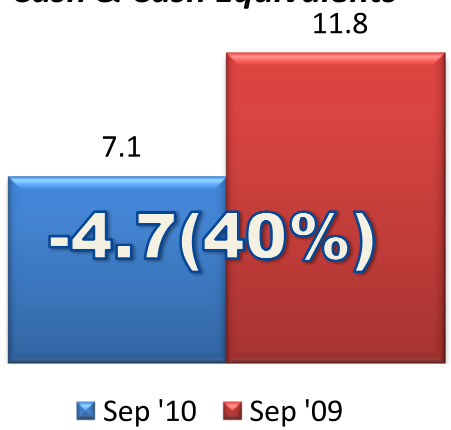
Amounts in PHP Billion

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*

<u>Drop in Free Cash Flow due to:</u>

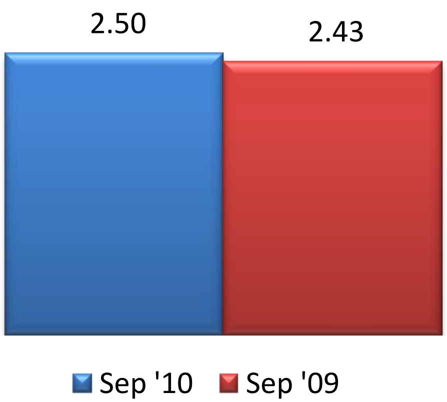
- Higher addition to PPE in 2010 with the acquisition of Bacman Power Plants and other capital expenditures	(3.6)
- Proceeds from sale of FB properties in 2009	(1.1)
- Decrease in exploration and evaluation assets and due from related parties	0.3
- Realized derivative gain in 2010 on forward currency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

<u>Movements in Cash & Cash Equivalents:</u>

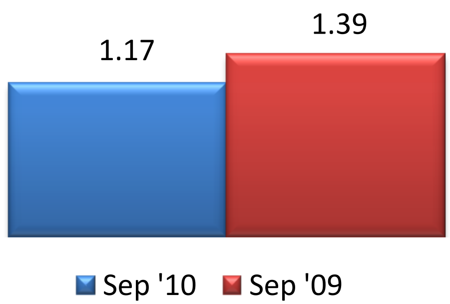
- Settlement of Miya II and PNOC on-lent loans, PSALM's staple financing on FG Hydro's acquisition of PAHEP-MAHEP and regular amortization	(19.3)
-Acquisition of Palinpinon and Tongonan I power plants	(10.2)
- Acquisition of PPE and other assets	(5.4)
- Settlement of short-term loans	(4.5)
- Cash dividends 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

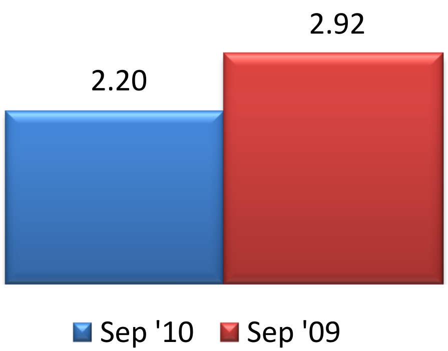
Current Ratio*



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*

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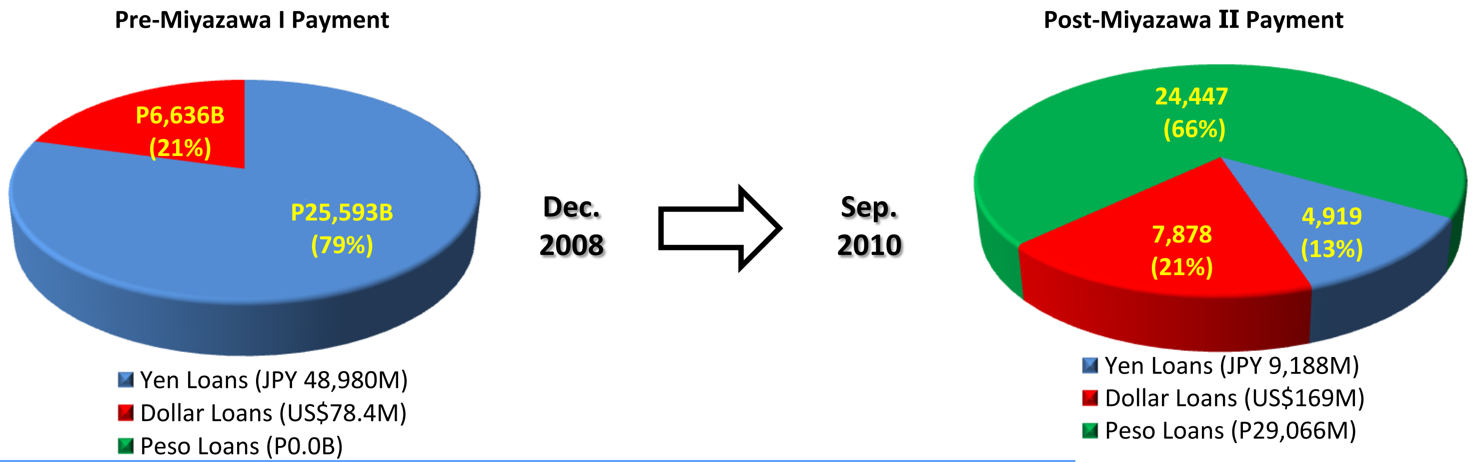
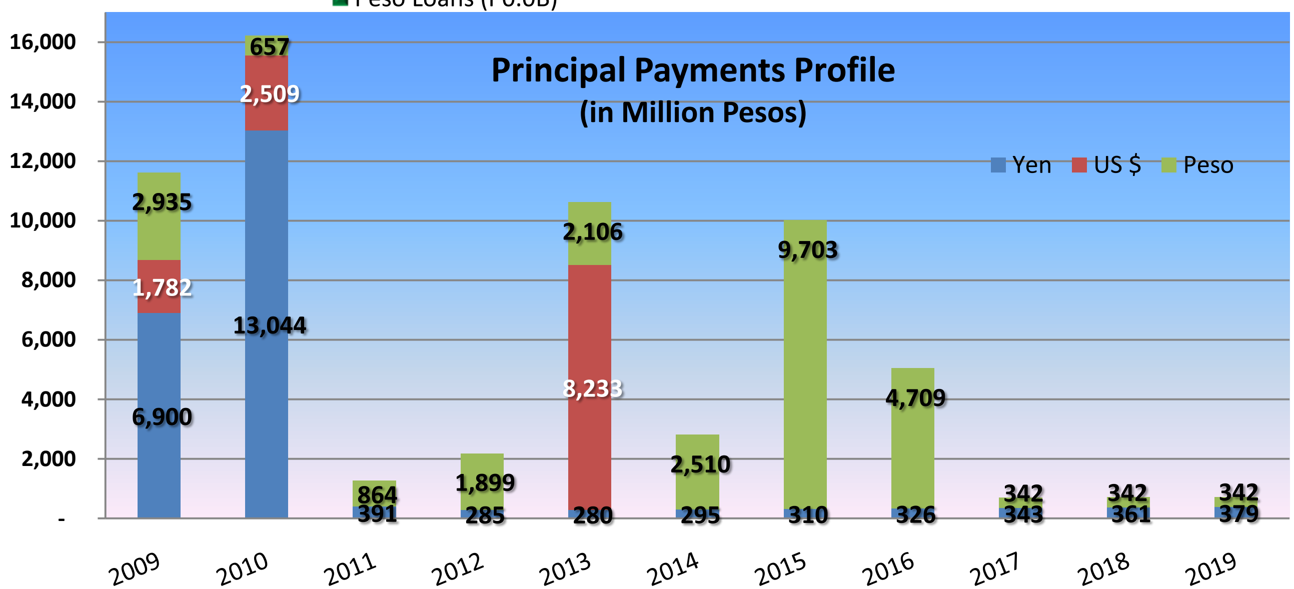
OVER THE PAST 18 MONTHS, WE HAVE SMOOTHENED OUT LUMPY MATURITIES AND REPLACED THE BULK OF OUR YEN DEBTS WITH PESO THUS REDUCING 3RD CURRENCY RISK





- *Average life of loans*

As of Dec. 31, 2008 - 3.37 years

As of Sep. 30, 2010 - 6.12 years

PRESENTATION OUTLINE

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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

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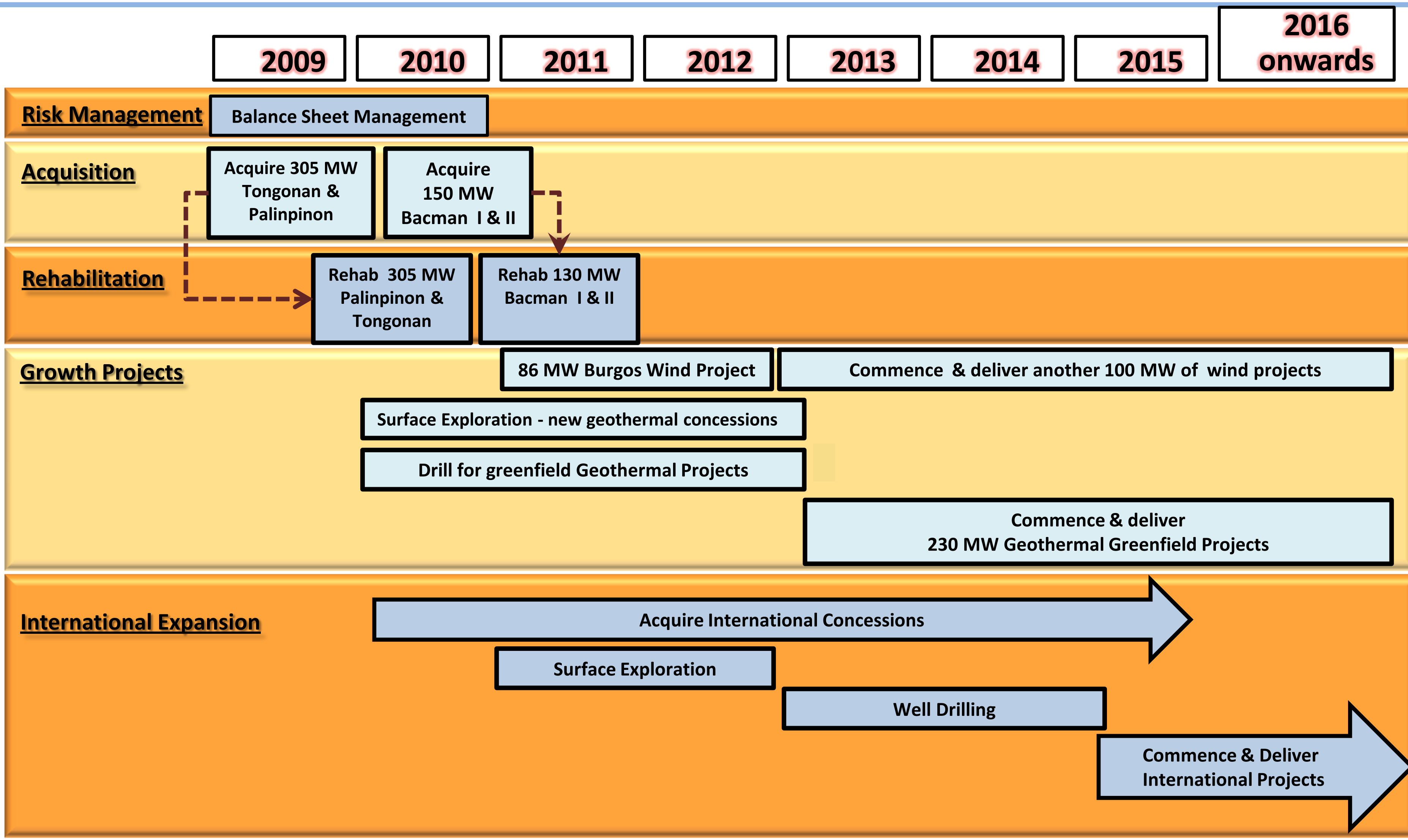
WE ARE A COMPANY IN TRANSITION – OUR FOCUS IS ON EXECUTION



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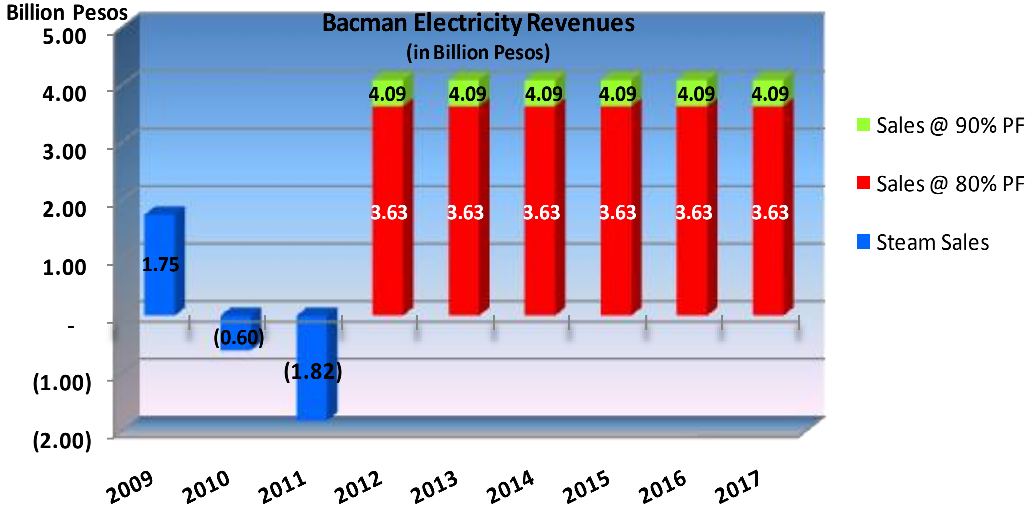
FOR OUR ACQUISITIONS, WE ARE FOCUSING ON 3 KEY DELIVERABLES

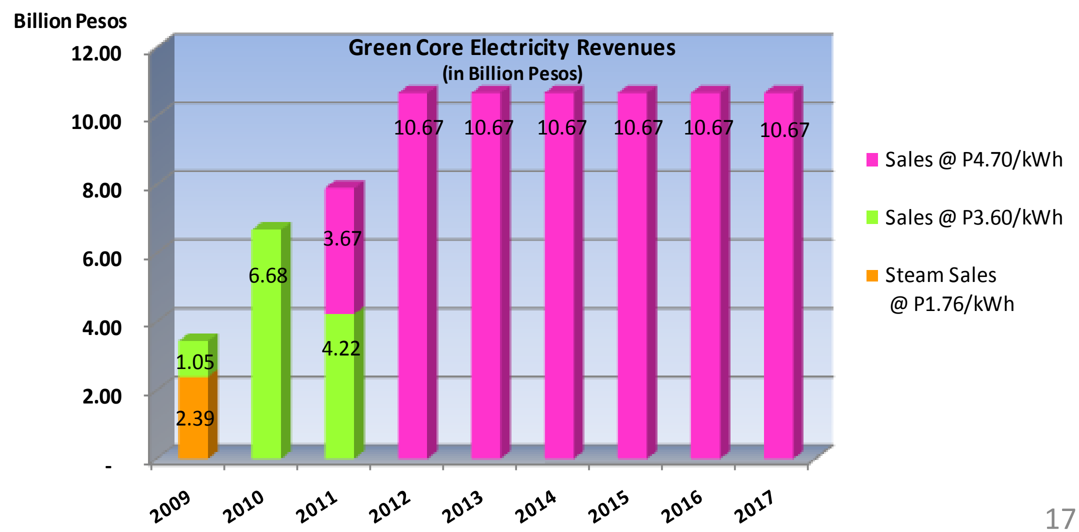
	Palinpinon	Tongonan	Bacman	Total	
A. Re-Rate Capacity					
Pre-Rehab	130.0 MW	60.0 MW	0.0 MW	190.0 MW	
Post-Rehab	192.5 MW	112.5 MW	130.0 MW	435.0 MW	✓ 128.9 % increase
B. Increase Dispatch					
NPC 2008/2009 (ave.)	76.1%	54.5%	5.4%	45.3%	
Target 2012	85.0%	85.0%	85.0%	85.0%	✓ 87.6 % increase
C. Re-Price Output					
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



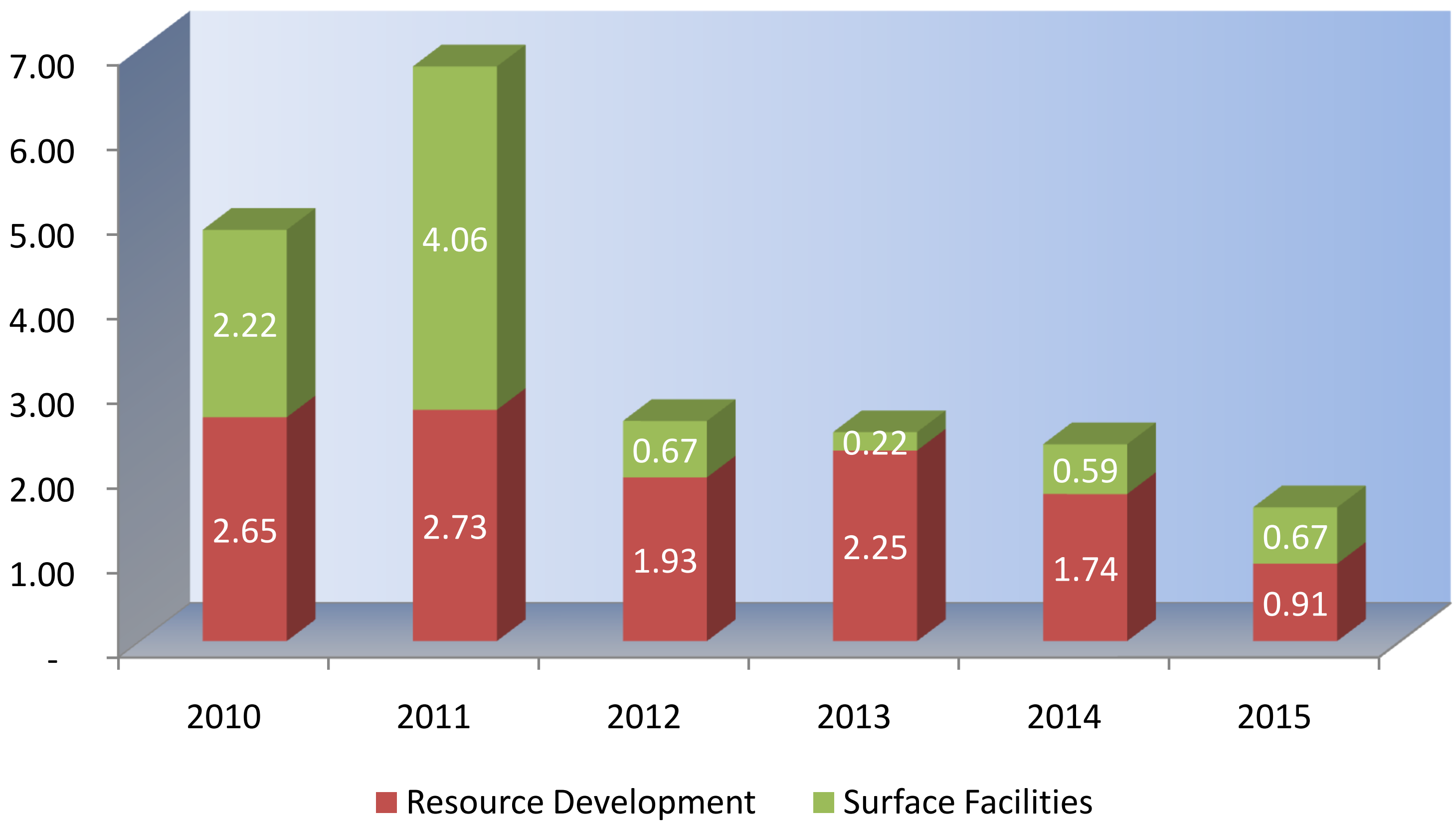
- Inclusive of steam revenue losses and rehab capex estimates, the adjusted valuation for Bacman is approximately US$ 1.02 million per MW -- 42 % lower than the US$ 1.75 million per MW for a new plant.
- With the re-rated capacity, increased dispatch and re-priced output of the Bacman Plants, they are 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)



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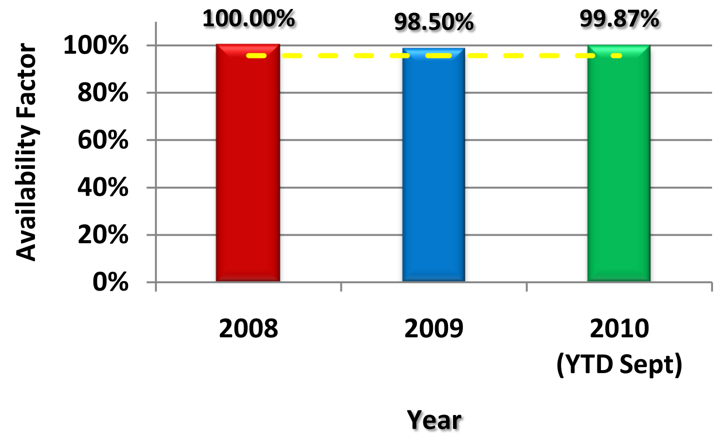
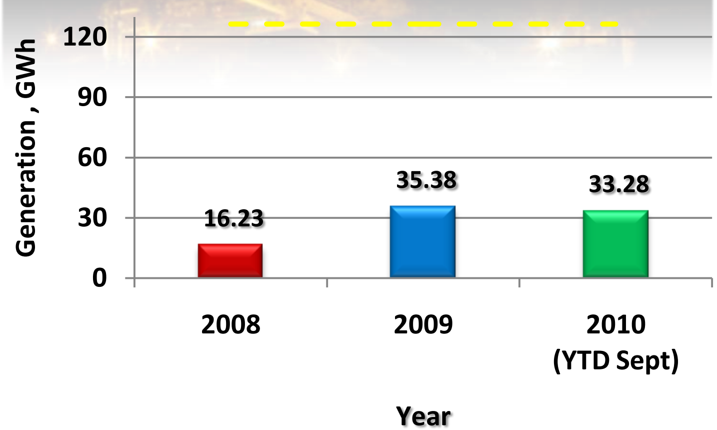
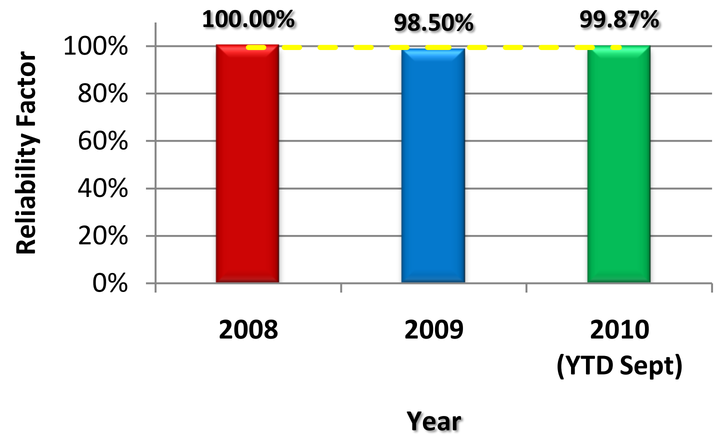
WE COMMISSIONED 3RD PARTY EXPERTS TO CONDUCT A PEER REVIEW OF OUR LONG -TERM DEVELOPMENT PLAN FOR NORTHERN NEGROS

Northern Negros







target

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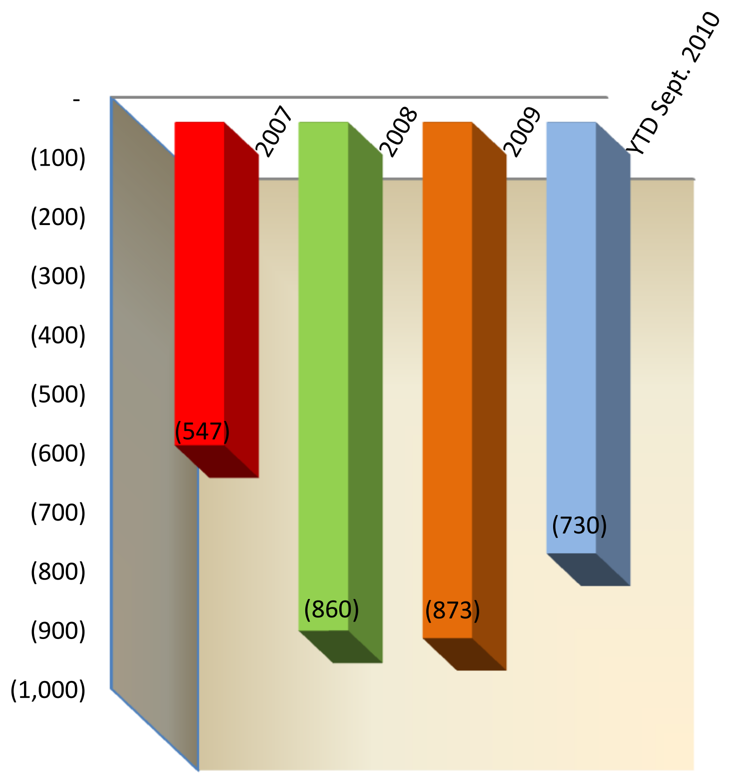
NNGP HAS BEEN A CASH DRAIN – FINAL RECOMMENDATIONS FROM TWO INDEPENDENT CONSULTANTS EXPECTED BY 4Q 2010

NNGP 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 todate.
- 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.

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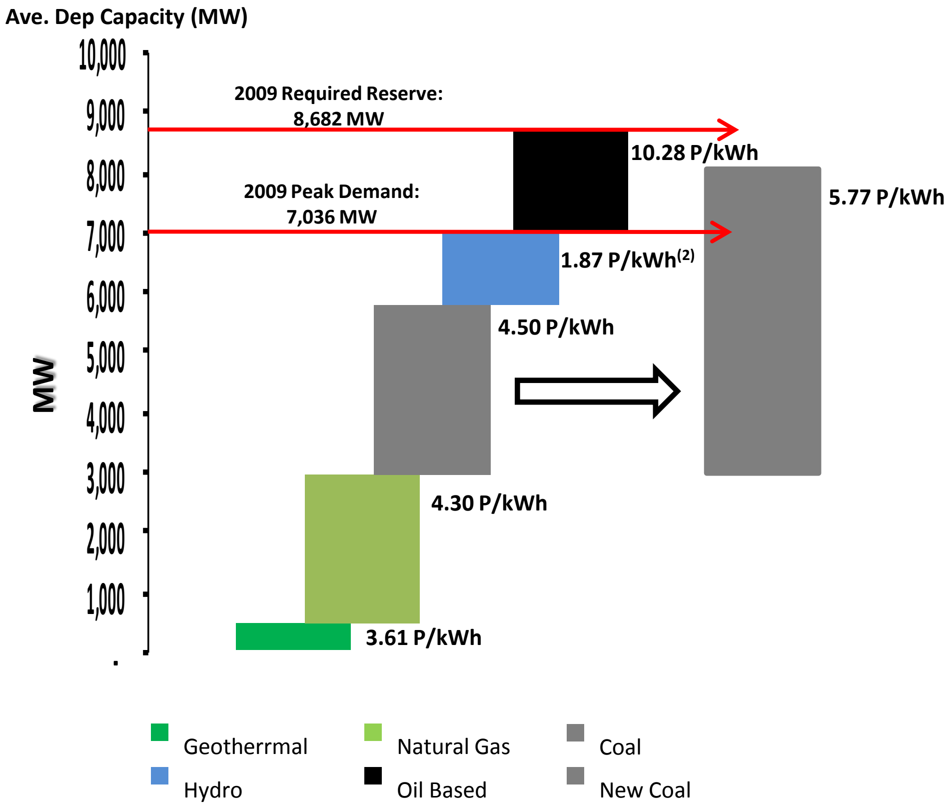
GEOTHERMAL ENERGY REMAINS TO BE A COMPETITIVE, RELIABLE AND STRATEGIC ENERGY RESOURCE FOR THE PHILIPPINES

LUZON DISPATCH AT FULL COST [1]



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 Casecnan is run-of-river

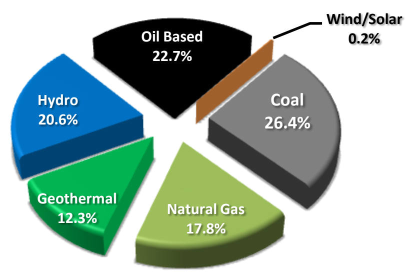
ENERGY SOURCES IN THE PHILIPPINES , FY 2009

	Installed Capacity		Power Generation	
Energy Source	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

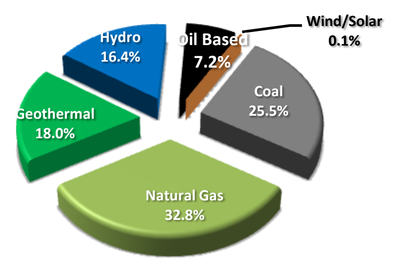
high level of dispatch

- EDC represents 60 % of Philippines geothermal power industry.

2009 Installed Capacity



2009 Energy Sales



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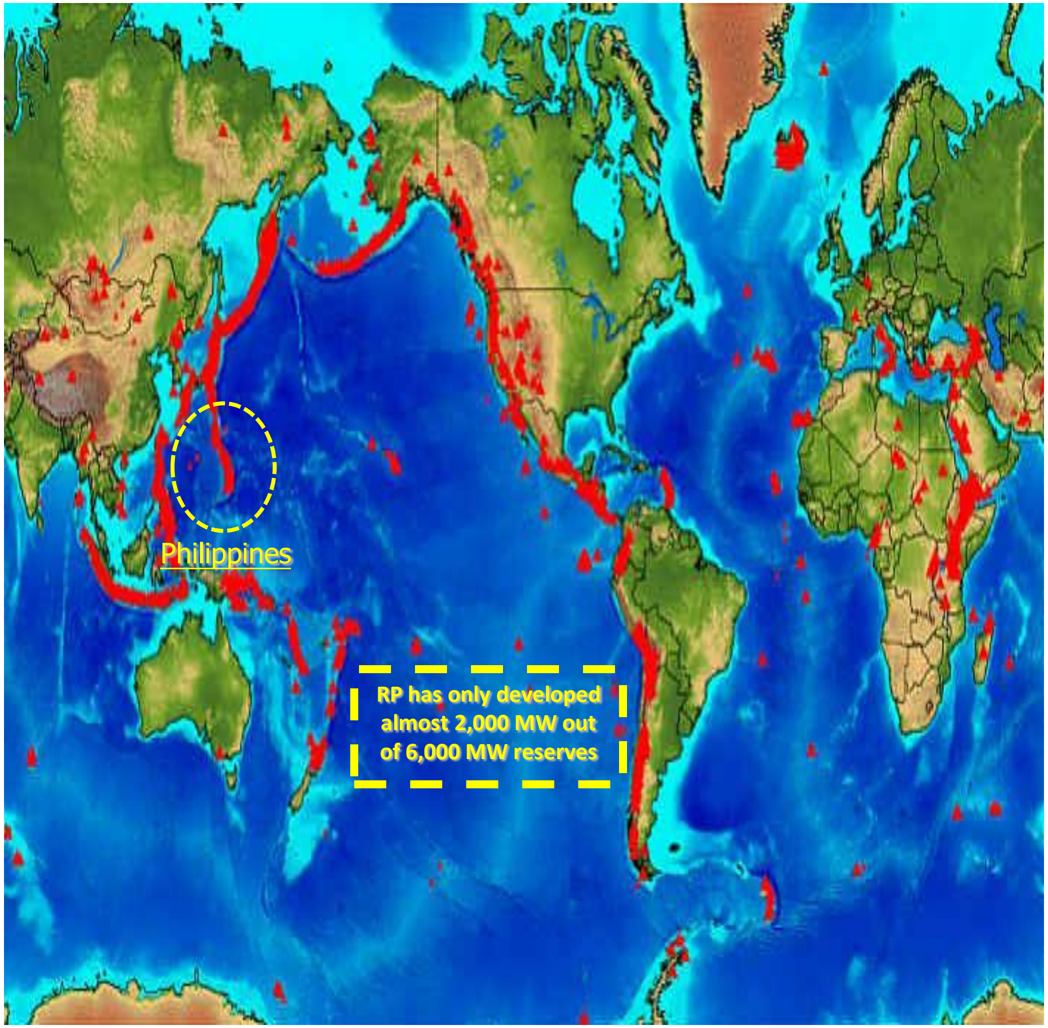
GEOTHERMAL IS A VIABLE ENERGY RESOURCE AVAILABLE IN COUNTRIES SITUATED IN THE "PACIFIC RING OF FIRE"



- 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

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END OF PRESENTATION

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