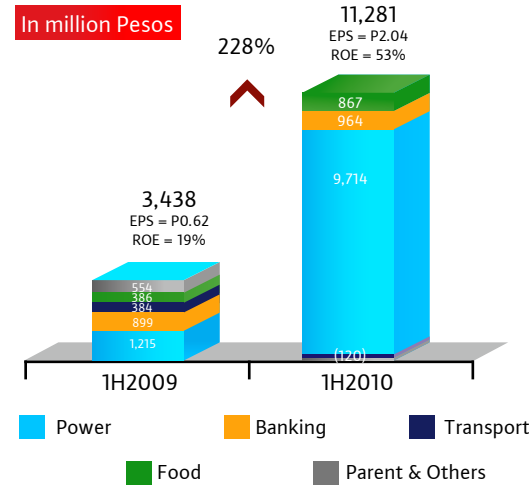


First half 2010 net income



Up by 228% YoY

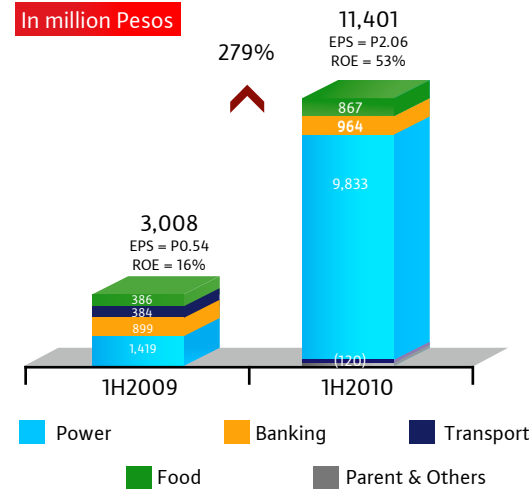


- Bottomline growth was driven by the expansion in the business segments' earnings performance, sans transport group
- Leading the pack was the power group, accounting for 85% of total income contributions by business segments in 1H2010, recording a 700% YoY growth
- Followed by the food (+125% YoY) and financial services (+7% YoY) groups with contributions of roughly 8% each, offsetting the negative income share of the transport group

First half 2010 core net income



Up 279% YoY when netting out one-off's

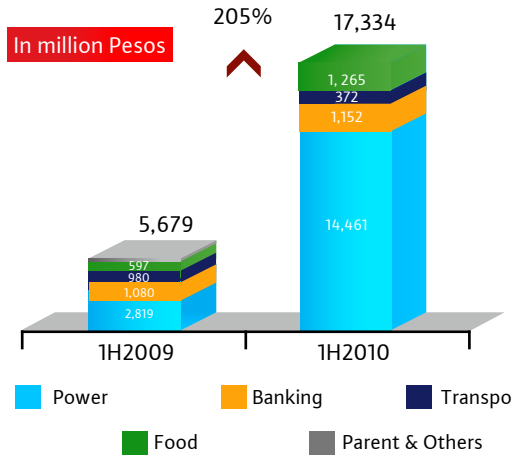


- Non-recurring items are as follows:

Non-Recurring Items (in Pm)	1H2009	1H2010
AEV Parent – FX gain (loss)	0.3	(1)
AEV Parent – Impairment of ATS	575	-
AEV Parent – Forfeited Option Money	58	-
Power – FX gain (loss)	(62)	(119)
Power – Acqui related costs	(141)	-
	<u>430</u>	<u>120</u>

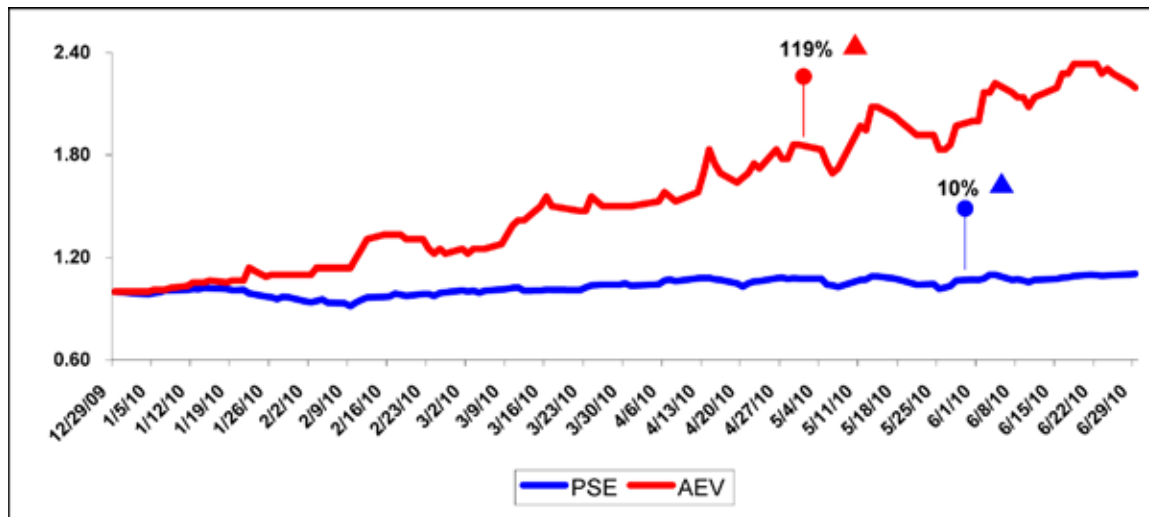
- 1H2010 one-off FX losses were due to the revaluation of consolidated dollar loans and placements
- 1H2009 non-recurring items comprised
 - Net FX losses resulting from revaluation of consolidated debt and placements;
 - Reversal of an impairment provision and booked revenue representing the option money paid to AEV, which resulted from the termination of the sale of the transport business; and
 - Acquisition-related expenses at the power group level.

First half 2010 beneficial EBITDA  Grew threefold



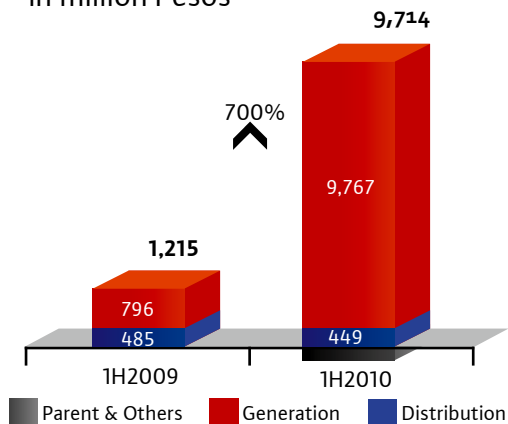
- Expansion was mainly due to the strong showing of the power and food groups recording YoY increases of 413% and 112%, respectively
- Beneficial Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) is the summation of the proportionate share of AEV in the EBITDA of its subsidiaries and associate companies

Price Chart



Results of Operations – Power Group

Income Contribution
in million Pesos



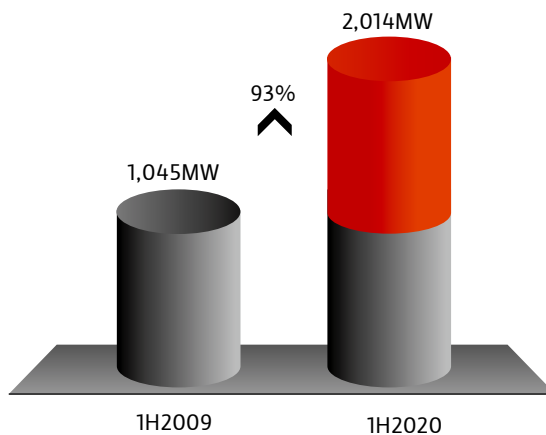
Income contribution was higher at 700% YoY, mainly due to the expanded generation business

- Increase in attributable energy sales and improved prices resulted to the 1127% YoY income contribution of the generation business
- 8% YoY decline in the distribution group's income share was due to increase in operating expenses incurred during the period



Results of Operations – Power Group Generation

Attributable Capacity



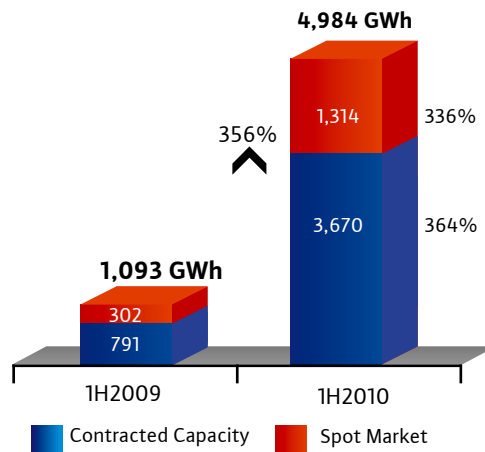
Attributable capacity as of end-1H2010 was over 2,000 MW, up 93% YoY

- Took over dispatch control over the 700 MW Pagbilao coal-fired power plant in October 2010
- 200 MW power barges were turned over to AP in 1Q2010
- Hedcor Sibulan's Plant B, 26 MW, started operations in March 2010
- Two units of the 26%-owned Cebu coal-fired power plant were fired up in March and May 2010



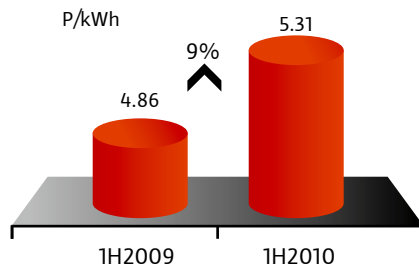
Results of Operations – Power Group Generation

Attributable Power Sales

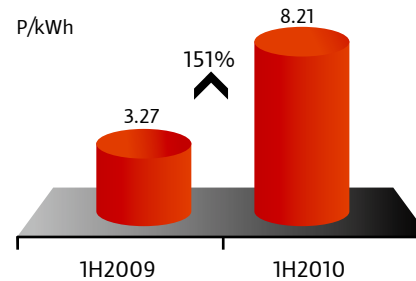


- 76% of AP's total attributable power sales were sold through bilateral contracts, which expanded by 364% YoY as the geothermal power plants had a full 6-months operation in 2010, coupled with fresh contributions from the Pagbilao coal-fired power plant, the power barges, one unit of the Sibulan hydro and two units of the Cebu coal-fired greenfield power projects.
- Spot market sales, which was 26% of total, increased by 336% YoY with power sales augmented by the uncontracted capacities of the geothermal power plants and the Pagbilao coal-fired power plant

Average selling price for contracted capacity



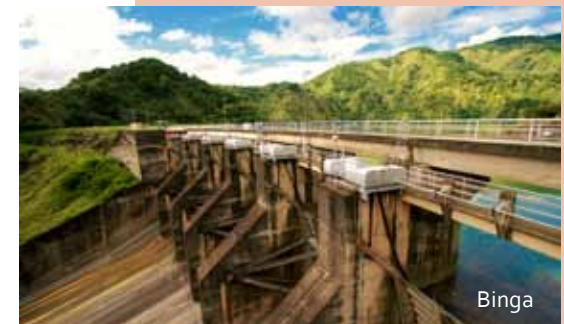
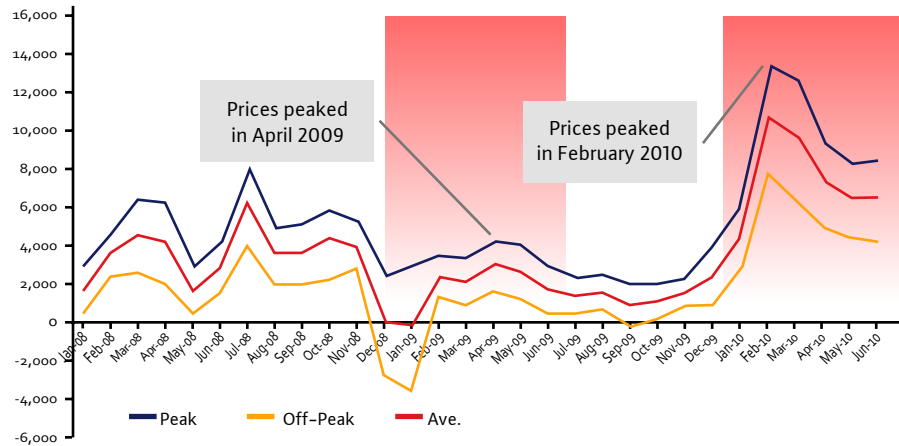
Average selling price for spot market sales



- Majority of the contracts are pegged to the NPC Time-of-Use rates. NPC effected several rate increases during the 1H2010, as a result of the implementation of the automatic cost recovery mechanism of NPC, which covers movements in its fuel, purchased power costs and foreign exchange related costs
- Spot market prices in 1H2010 were higher versus last year's levels
 - El Nino resulted to less rainfall, resulting to low generation of hydro assets and dispatch of more expensive generation plants (i.e. coal and diesel)
 - Higher plant outages resulted to curtailment of supply
 - El Nino brought on increased power demand given hotter climate
 - Overall demand growth increased with resurgence in economic activity



WESM PRICES (P/MWh)
Monthly Average Prices



Other Developments – Power Group Generation

Completion of Greenfield developments in 2010

- Hedcor Sibulan's Plant A, 16 MW, was commissioned in July 2010
- Completion of the 3rd 82 MW unit of 26%-owned Cebu coal plant is scheduled in 4Q2010

Brown/Greenfield Developments Moving Forward

- **Ambuklao rehabilitation project**
 - 75% completed
 - However, the project requires the construction of a new headrace tunnel, which sets back completion to last quarter of 2011 when all three units are operating, instead of end-2010 as earlier reported.
 - After rehab, Ambuklao plant will have a capacity of 105 MW of renewable energy that will significantly augment power supply in the Luzon Grid
- **Rehabilitation of Binga hydro**
 - To commence in 2011, performing works on one unit per year. Completion of all four units is expected by 2014, which should enhance generating capacity by 20%, to 120 MW.
- **150 MW Coal-fired Power Plant in Misamis Oriental**
 - On June 28, 2010, AP and its partners in STEAG State Power, Inc., owner of the 232 MW coal plant located at Misamis Oriental, firmed up their collective intention to develop a third unit of approximately 150 MW capacity adjacent to the existing facility.
 - Shareholdings in the new corporation to be established for the planned additional capacity will be of the same proportion
 - Certain essential facilities, such as the jetty, coal handling facilities and stockyards and the 138-kV interconnection with the Mindanao Grid are to be shared with the existing facilities.

Other Developments – Power Group Generation

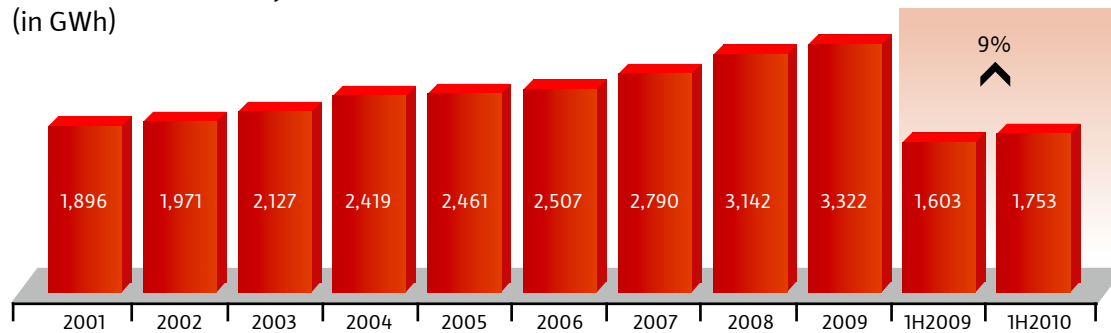
Brown/Greenfield Developments Moving Forward

- **300 MW Coal-fired Power Plant in Subic**
 - After revisiting the power demand and supply situation in the Luzon Grid, Redondo Peninsula Energy, Inc. (“RP Energy”), the joint venture company between AP and Taiwan Cogeneration International Corporation, has decided to pursue the 300 MW coal-fired power plant project in Subic Bay Freeport Zone (the “Subic Coal Project”). Management believes that the current economic environment makes the Subic Coal Project more feasible. RP Energy is in talks with prospective turnkey contractors for the Engineering, Procurement and Construction contract for the project. The Board of Directors of AP had previously approved its investment in RP Energy but agreed with its joint venture partner on the deferral of the Subic Coal Project timetable. The AP Board has recently approved the implementation of the project for this year.
- **15 MW Hedcor Tamugan Hydro Power Plant Project**
 - Awaiting the resolution of the Tamugan water rights dispute with the Davao City Water District (DCWD) before it will pursue the construction of the Tamugan hydropower project
 - Further discussion with the DCWD led to the revision of the project’s design and plant size, from 27.5 MW to 15 MW.
 - Given the new project scheme, Hedcor Tamugan will have to conduct studies for engineering design (one year). Once approved and permits are secured, the two-year construction period will commence.
- **Other Hydro Power Plant Developments**
 - 100%-owned subsidiary Hedcor, Inc. (Hedcor) is conducting feasibility studies for potential hydropower projects located in both Luzon and Mindanao. Based on current findings, Hedcor sees the potential of building 5 to 50 MW plants in the identified areas. The feasibility studies are expected to be completed in two years. Once permits are secured, another two years will be needed for the actual construction of the hydro facilities.

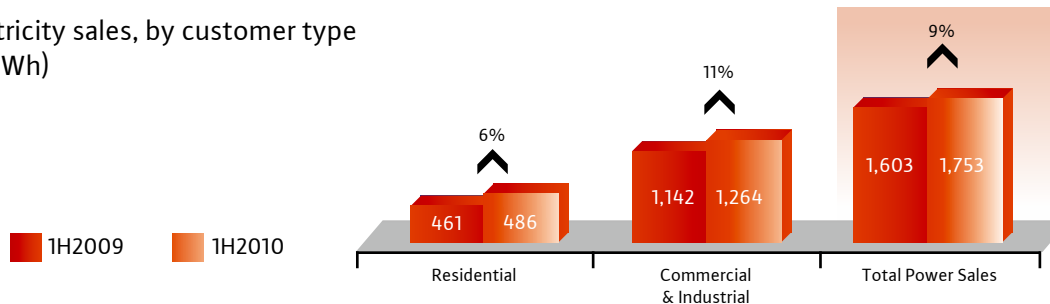


Results of Operations – Power Group Distribution

Attributable electricity sales
(in GWh)



Electricity sales, by customer type
(in GWh)

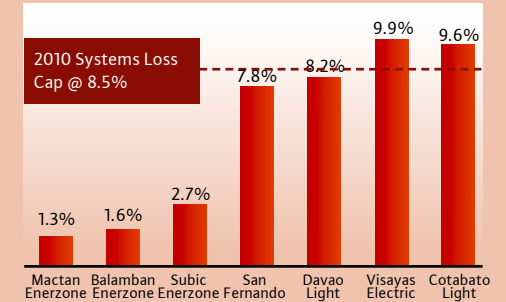


Other Development – Power Group Distribution

Performance-Based Regulation		
Cotabato Light entered its second regulatory year on April 1, 2010	Davao Light and Visayan Electric obtained ERC approvals on their respective annual revenue requirement and performance incentive scheme in March 2010. Set to implement their approved rate structures starting August 2011.	SFELAPCO and Subic Enerzone Expected to enter their 4-year regulatory period by October 1, 2011.

- Implementation of the reduced allowable systems loss cap in January 2010 resulted to higher costs absorbed by Visayan Electric and Cotabato Light in 1H2010
 - Pilferage is the main cause of the utilities high systems loss

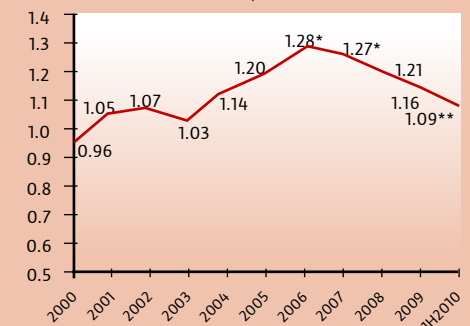
SYSTEMS LOSS



Decline in gross margin was mainly due to:

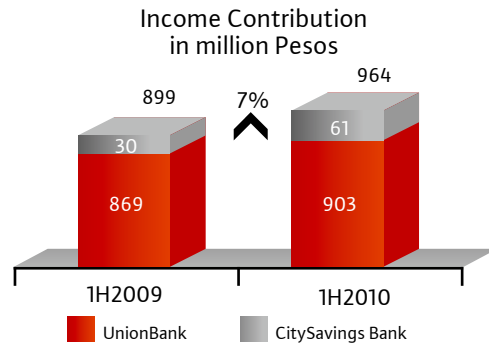
- the additional costs incurred with the forced running of Davao Light & Power's back-up power plant to mitigate power shortages in the Mindanao island
- increased costs absorbed resulting from the reduction in the systems loss cap and the increased systems loss of VECO due to pilferage

GROSS MARGIN P/kWh



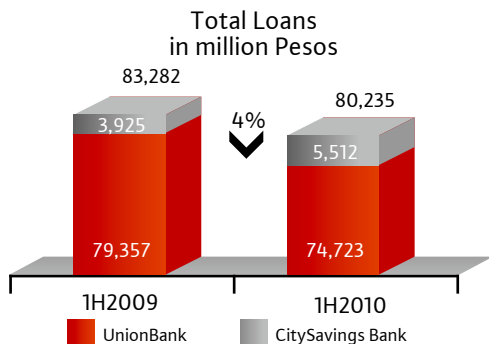
* Adjusted for timing of transmission charge recovery
** 12 month average

Result of Operations – Banking



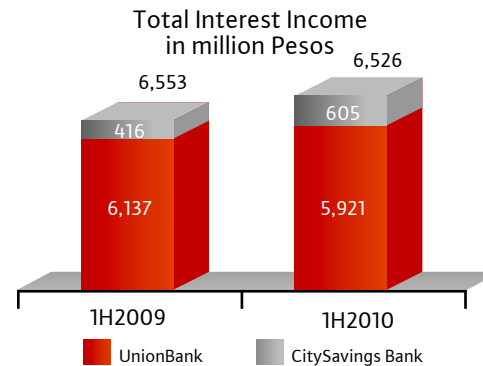
Income contribution was higher at 7% YoY

- UnionBank's income share showed a modest growth of 4% YoY
- CSB's earnings contribution increased by 105% YoY due to the increase in AEV's ownership (from 34% to 39%), coupled with sustained growth in the bank's profitability



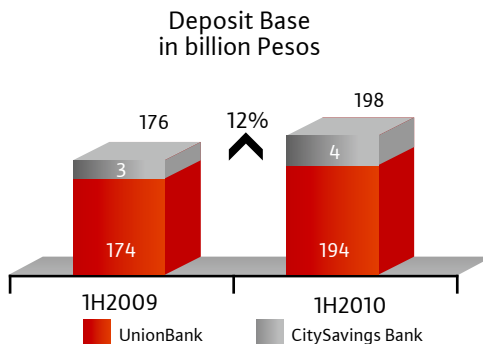
Total loan book slightly declined by 4% YoY

- UnionBank's loan portfolio recorded a 6% YoY drop given the decline in the bank's bills purchased and unquoted securities, albeit home and auto loans gained ground
- 40% YoY expansion in CSB's total loan portfolio was on the back of a 14% YoY increase in the bank's borrower base
 - Average loan per borrower has increased by 23% YoY



Total interest income was flat at P6.5 billion

- UnionBank registered a 4% YoY decline as lower average loan yields were realized during the period, coupled with the 6% YoY drop in the bank's total loan portfolio
- Expansion in CSB's total interest income was propelled by the 49% YoY growth in interest income on loans and service fees



12% YoY expansion in the Banking Group's deposit base

- 12% YoY expansion in UnionBank's deposit resulted from successful account acquisition and opening of new branches during the 1H2010
- CSB's deposit base grew by 53% YoY despite a 27% YoY decline in number of depositors



Other Developments – Banking

- On March 10, 2010, the Board of Directors of AEV approved the proposal to acquire up to 60% of affiliate CSB. Pilmico, a wholly owned subsidiary of AEV, will also acquire the remaining 40% of the CSB equity. The combined purchase by AEV and Pilmico is valued at approximately P1.36 billion. The planned acquisition is conditional upon AEV's obtaining the necessary Monetary Board approval for the transaction. As of June 30, 2010, AEV owns approximately 39% of CSB.

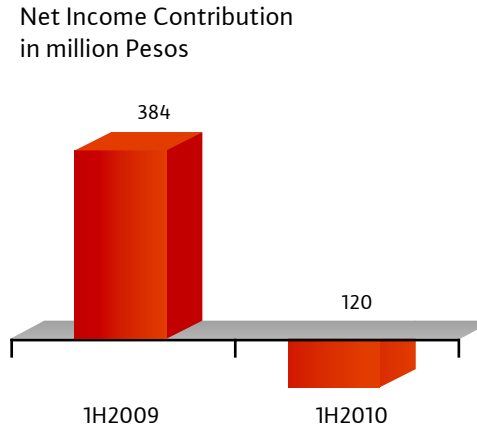
NPL Ratio

	CSB	UnionBank
1H2009	1.7%	3.7%
1H2010	1.0%	2.4%

Results of Operations – Transport

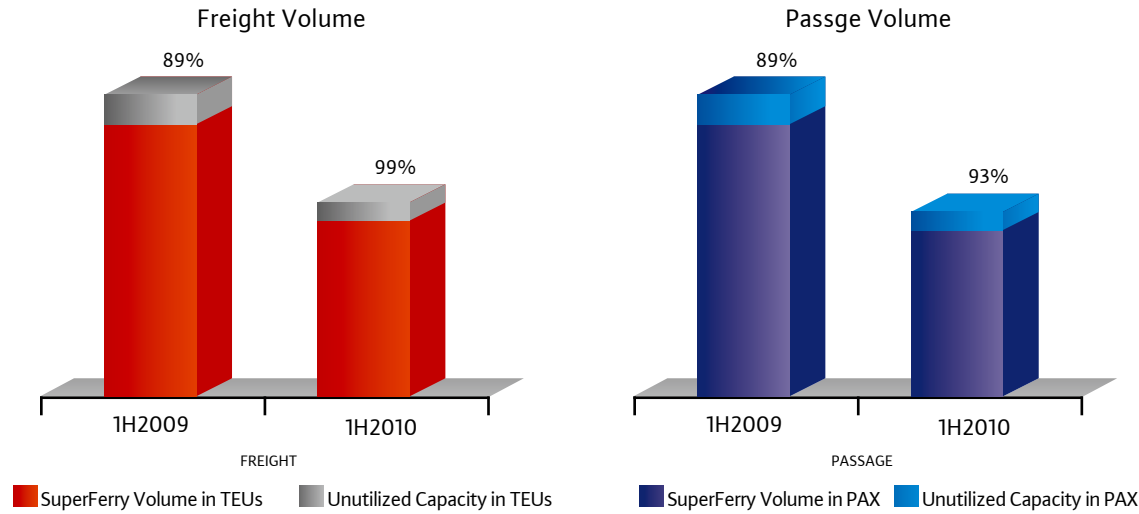
Transport Group had a net loss contribution of P120 million, a reversal from previous year's P384 million income contribution

- ATS operated with very limited capacity in 1H2010 due to regular maintenance and drydocking of vessels adversely affecting local freight and passage businesses
- Higher average fuel costs slashed the group's profitability



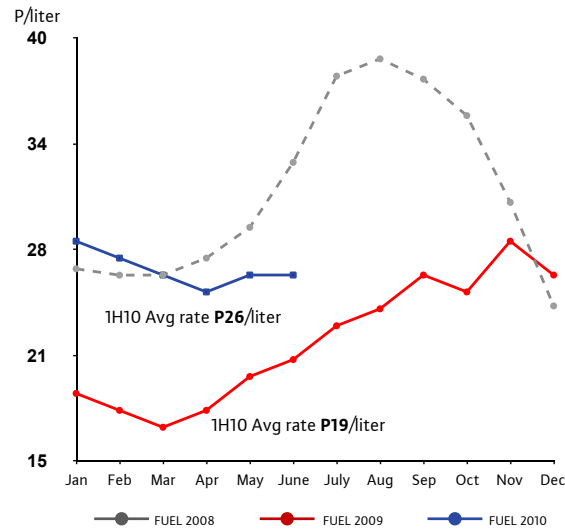
SuperFerry Operating Capacity

- Lower freight and passenger capacity in 1H2010 because of lesser number of vessels



Results of Operations – Transport

- Total vessel fuel cost is P1.2B, 29% higher vs 1H09
- 40% higher average fuel price per litre



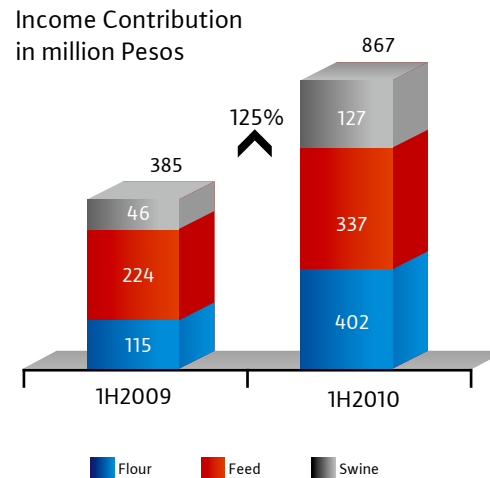
Other Developments – Transport

- Full fleet operational by 4Q2010. For the next 30 months from thereon until its next scheduled maintenance, ATS expects to maximize the earnings potential of its fleet
- Acquired two roro-passenger vessels to be added to its SuperFerry fleet (maiden voyage in July 2010) and one to add to its Cebu Ferries fleet.

Results of Operations – Food

Bottomline performance was driven by an across the board earnings expansion

- Flour earnings grew by 249% YoY as volume expansion offset the adverse impact of lower average selling prices
- Growth in volumes, coupled with improved margins that resulted from softening raw material prices led to a 51% YoY increase in the feeds business' income contribution
- Sales volume and selling prices improvements led to a 175% YoY expansion in the swine business' income performance



Other Developments – Food

Iligan: Feedmill 2

- Construction completed in July 2010
- Commissioning and start of commercial operation by August 2010
- This additional production line has an estimated annual capacity of 115,000 metric tons, increasing total production capacity by 94%

3rd Grower-Finisher Farm in Tarlac

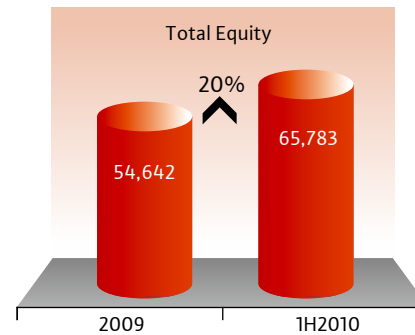
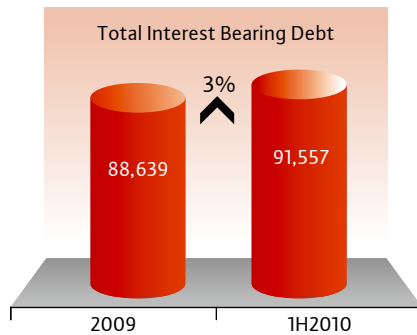
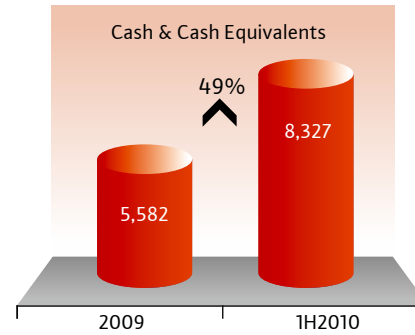
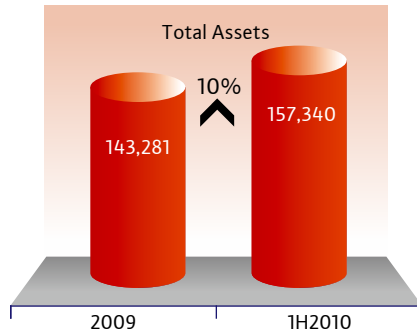
- Completed in January 2010
- Increased capacity of company-owned farms by 60%
- Evaluating the construction of a 4th grower-finisher farm, which is expected to further increase capacity by 38%

Bio-digester:

- Biogas system for Farms 1 and 3 and the Nucleus Multiplier Facility in Tarlac has been completed and is currently undergoing test runs.
- Once operational, farms' operations are expected to be almost power self-sufficient
- Application under the Renewable Energy Act is underway. Once approved, the biogas operation will be eligible to avail of fiscal incentives.

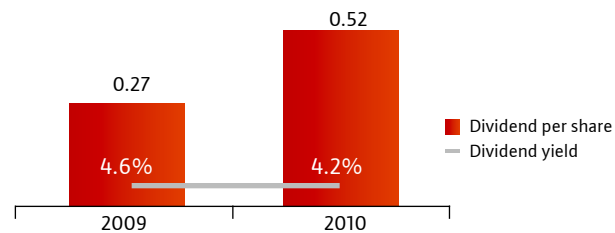
Financial Condition

Consolidated Figures, in million Pesos



Dividends

- Internal dividend policy is to payout 1/3 of previous year's net earnings (adjusted for Pagbilao accounting effects)
- On March 10, 2010, AEV declared a dividend of P0.52 per share
 - Up 93% YOY



Note: Dividend yields are based on closing prices as of date of dividend declaration.