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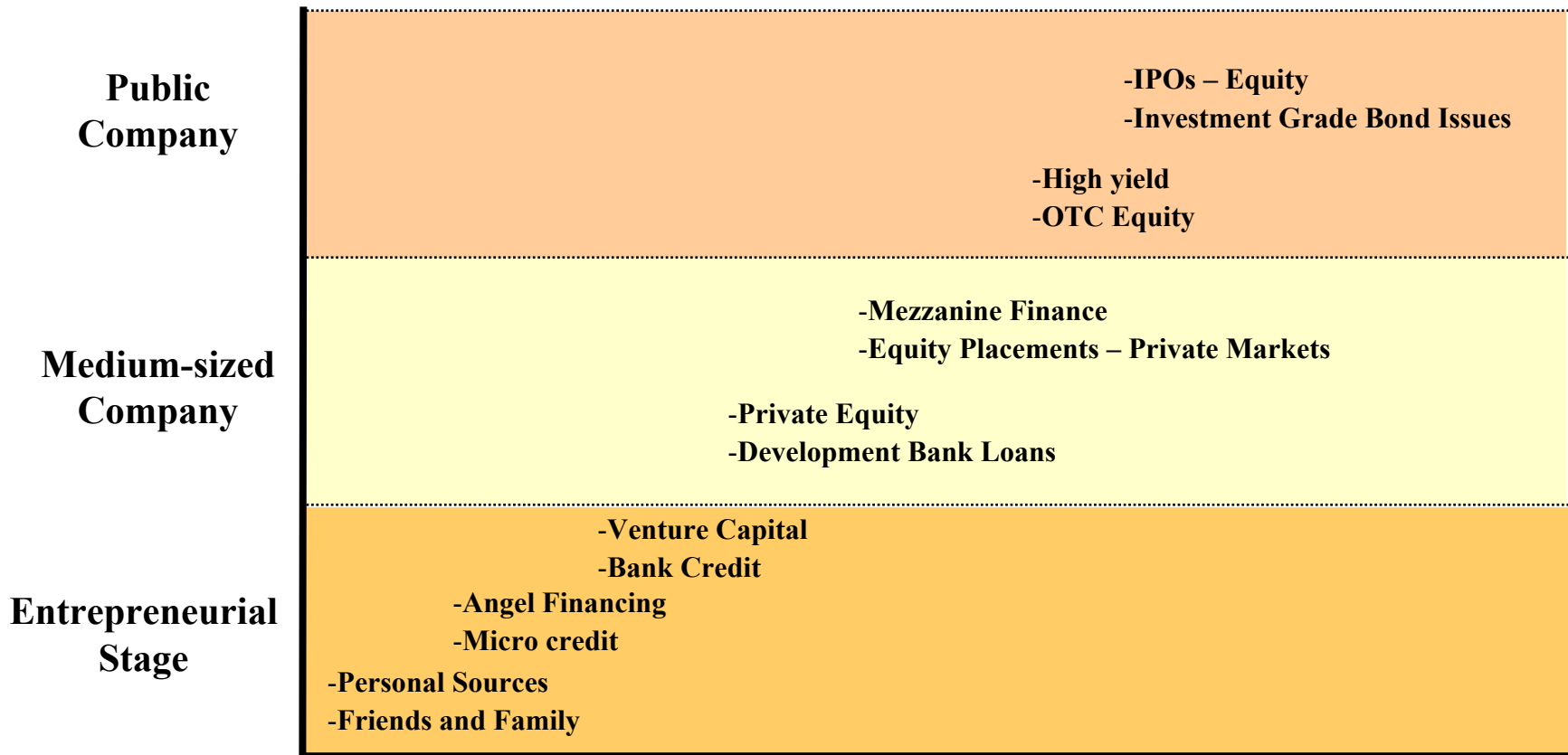
***Roundtable Meeting of Institutional Investors
at the 37th Annual Meeting of the
Asian Development Bank,
Jeju Island, Republic of Korea***

***Richard H. Frank
CEO, Darby Overseas Investments, Ltd.***

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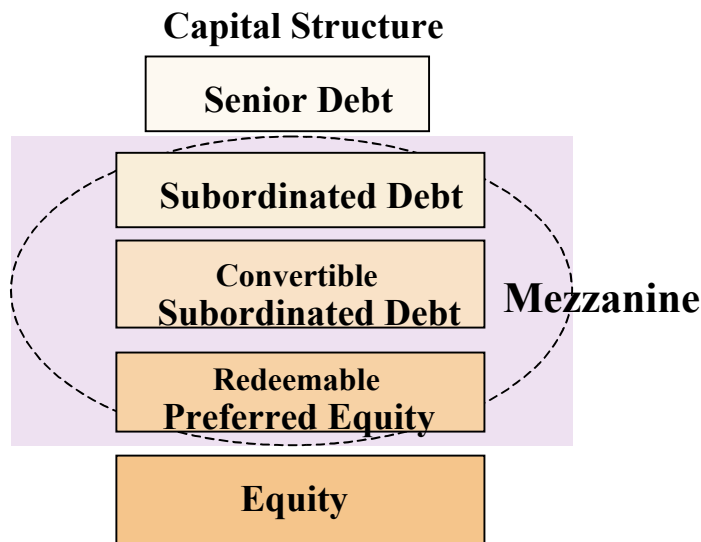


Supplying Risk Capital for Corporation Creation and Expansion



Mezzanine from the Borrower's Perspective

A flexible form of risk capital that can be tailored to meet specific financing needs and cash flow profiles



- A financing layer that sits between senior debt and equity in a company's capital structure
- Long-term source of largely unsecured risk capital with debt repayment characteristics
- Flexible amortization and interest payment options
- If well structured, mezzanine will lower the average cost of capital and improve the returns of existing shareholders
- Cost of mezzanine between that of senior debt and equity
- As provider of risk capital, the lender shares in a company's financial success but without significant dilution of existing equity interests

Structuring a Mezzanine Investment

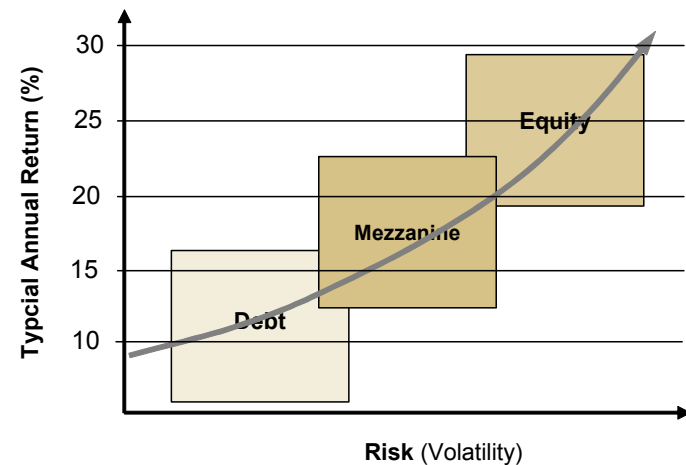
- Mezzanine capital is largely unsecured risk capital which normally has to be repaid and serviced on an annual basis similar to a loan
- Mezzanine fills the financing gap between equity and debt and can be structured with features of either debt or equity to achieve an optimal combination that matches the specific situation and requirements of the company
- In a company's capital structure it can be a substitute for both debt and equity
- Negotiable and interrelated are: amortization schedule; equity and/or profit participation rights; current interest rate; collateral; value of the company; and puts and calls; etc.

Mezzanine	
Debt Component	Equity Component
<ul style="list-style-type: none"> • Long-Term (Subordinated) Debt 	<ul style="list-style-type: none"> • Convertible Feature • Equity Options • Warrants • Profit participation tied into: <ul style="list-style-type: none"> - EBITDA - Net Income - Equity Value - Other variable

- **Equity features:**
 - ◆ *Risk bearing through subordination*
 - ◆ *Profit sharing and equity return participation through an "equity kicker"*
 - ◆ *Security interest not always required*
 - ◆ *Equity optionality through conversion rights or warrants*
- **Debt features:**
 - ◆ *Interest payments and principal repayment*
 - ◆ *Financial performance ratios*
 - ◆ *Other covenants*

Mezzanine Finance from Investors Prospective

- Balances risk and return between equity and senior debt
- Has fixed income style performance characteristics
- Has equity type upside features and options
- Provides limited return volatility (graph)
- Has structured exits, a declining exposure profile and relatively low default risk
- Gives investment protection through covenants, security & restructuring options

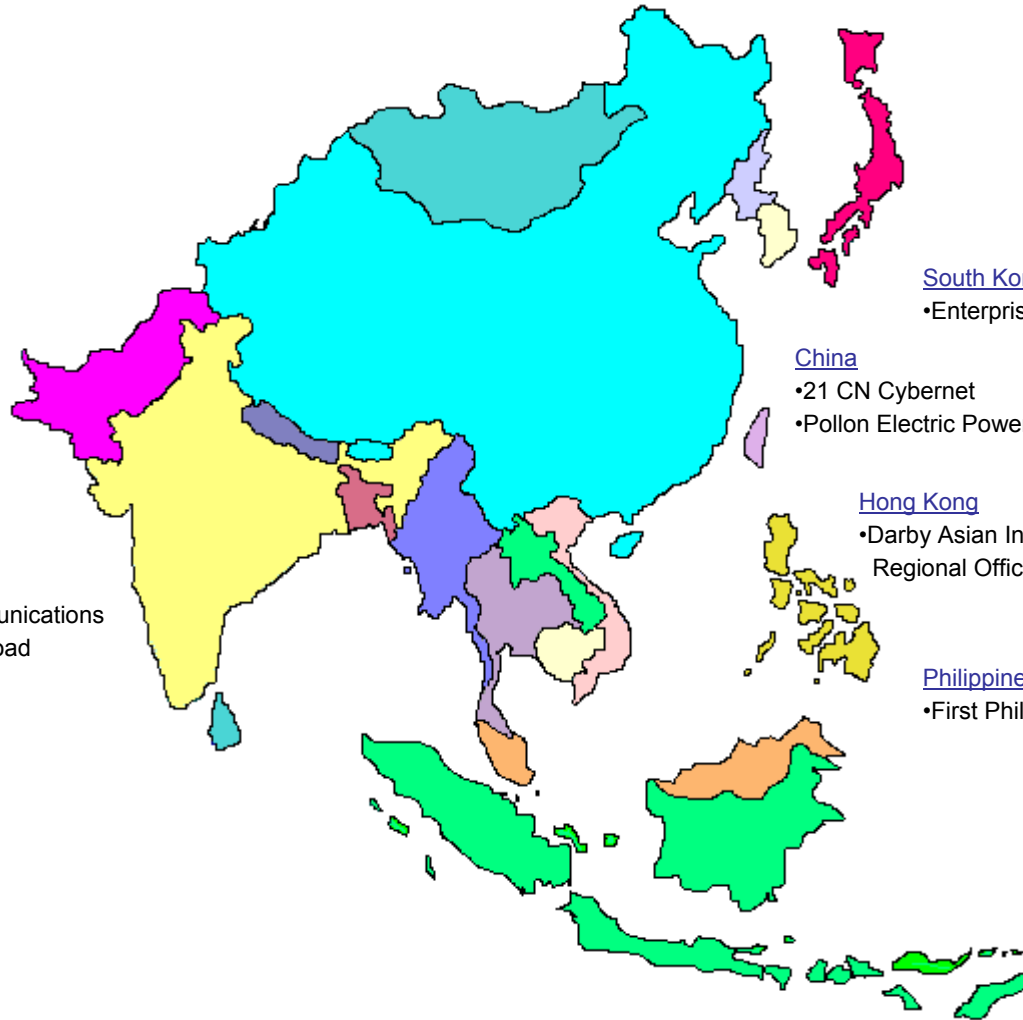


Darby Overseas Investments

Mezzanine – Asian Presence & Portfolio

Regional

- PSNL/ACeS
- Pacific Energy



South Korea

- Enterprise Networks

China

- 21 CN Cybernet
- Pollon Electric Power

Hong Kong

- Darby Asian Investors (HK) Limited
Regional Office

Philippines

- First Philippine Holding Corp

India

- Spice Communications
- Noida Toll Road

Asia Infrastructure Mezzanine Capital Fund (AIMCF)

- Asia Infrastructure Mezzanine Capital Fund was launched in 1998 by Prudential Financial (US) as the first dedicated mezzanine fund in Asia and has played an important pioneering role in introducing this attractive form of long term risk capital into this Region
 - AIMCF's capitalization of \$246 million was provided by: Prudential Financial (US and Japan), The Asian Development Bank, Nippon Life Insurance Company, Malaysia Employee Provident Fund, Asahi Mutual Life Insurance Company, The Chuo Mitsui Trust & Banking Company, Ltd., Meiji-Yasuda Life Insurance Company and the Hawaiian Electric Industries, Inc.
 - In March 2002, Prudential Financial sold to Darby its 100% in the Management of AIMCF while maintaining its capital commitment. The Fund is managed by Darby Asia Investors (DAI). DAI has a team of five professionals based in Hong Kong. DAI assumed full responsibility for investing the Fund's uninvested capital (approximately \$135 million) and managing the existing portfolio. The investment ended in January 2004 and the Fund has committed \$275 million for nine portfolio companies.
- **Exits**
 - Full exit via prepayment in 2001 from \$ 45 million investment in Pollon Electric (China) with realized IRR of 18%.
 - Full exit, via sale in public markets, from small \$ 1.2 million investment in Pacific Energy (Regional) with small loss.
 - **Expected Returns**
 - Despite default experience on two companies, Darby's current base case is that AIMCF can achieve at least the hurdle rate of return of 10%. This view is primarily due to: (I) improved market opportunities for the Indian Cellular Company and restructuring of the SE Asia telco (ii) recent attractive power sector investments in Philippines (FPHC) and China.

AIMCF – Investment Case

First Philippine Holdings Corporation (“FPHC”)

- FPHC is one of the leading infrastructure companies in the Philippines with a power sector focus. Its principal investments include ownership interests in Meralco, the largest power distribution utility in the Philippines, and approximately 1,725MW of power generation assets through its equity interests in First Generation Holdings Corporation (“FirstGen”). The shares of FPHC are listed on the Philippine Stock Exchange.
- FPHC was seeking long-term debt to improve its capital structure. On July 11, 2003, AIMCF invested in FPHC through the purchase of US\$35 MM, 8-year unsecured senior term notes with call options on a certain portion of FPHC’s shares of FirstGen. The notes carry an interest rate of 9% p.a. in U.S. dollar terms for the first four years, stepping up to 10.5% p.a. thereafter.
- The share price of FPHC has experienced substantial increase - from a low of Peso 7.2/share in May 2003 to as high as Peso 19.5/share following the closing of the AIMCF investment (Peso 28/share as of April 26, 2004). The run up in share price is primarily a reflection of the improving business prospects of Meralco and FirstGen.
- Company is performing in line with expectations with FirstGen producing very good results and a strong dividend flow to FPHC. The problems affecting Meralco have abated and the situation of the parent – Benpres – has improved. The AIMCF loan is current.

AIMCF – Pipeline Investment Case

Project “Gemini”

- “Gemini” is an investment holding company engaged in the development, operation and ownership of power and steam generation projects with focus principally in Greater China. Since its inception in 1995, it has developed into one of the largest and most successful foreign IPPs operating in China and the rest of Asia. As of March 2004, “Gemini” has 17 investments in power and steam projects in Asia including 15 investments in China, one investment in Taiwan and one investment in South Korea. Approximately 1,000 MW of its total attributable generation capacity of 2,116MW is operational; the remaining 1,116MW attributable capacity is expected to commence operation in 2004 and 2005.
- In 2003, “Gemini” achieved consolidated revenues and net income of US\$81MM and US\$19MM, respectively., Based on management projections, the earnings of “Gemini” are expected to increase to US\$37MM in 2004 and US\$66MM in 2005, as projects currently under construction commence operations. Several investment banks have expressed strong interests to underwrite an IPO for “Gemini” in view of its proven development track record, balanced portfolio in terms of geographical diversity and fuel mix, unique North Asian focus and competent management team.
- Two of the company’s three existing shareholders are interested in selling down their positions prior to a possible IPO of “Gemini”. AIMCF is forming a consortium of co-investors and commercial bank lenders to acquire 20% equity interests in “Gemini” from one of the shareholders. Proposed equity investment amount to be provided by AIMCF is US\$45MM, with the balance to be sourced from the other consortium members. Confirmatory due diligence is currently underway.
- Target closing date of the proposed investment is June 2004.