

MEDCOENERGI

9M09 Investors' Update

PT Medco Energi Internasional Tbk.

December, 2009

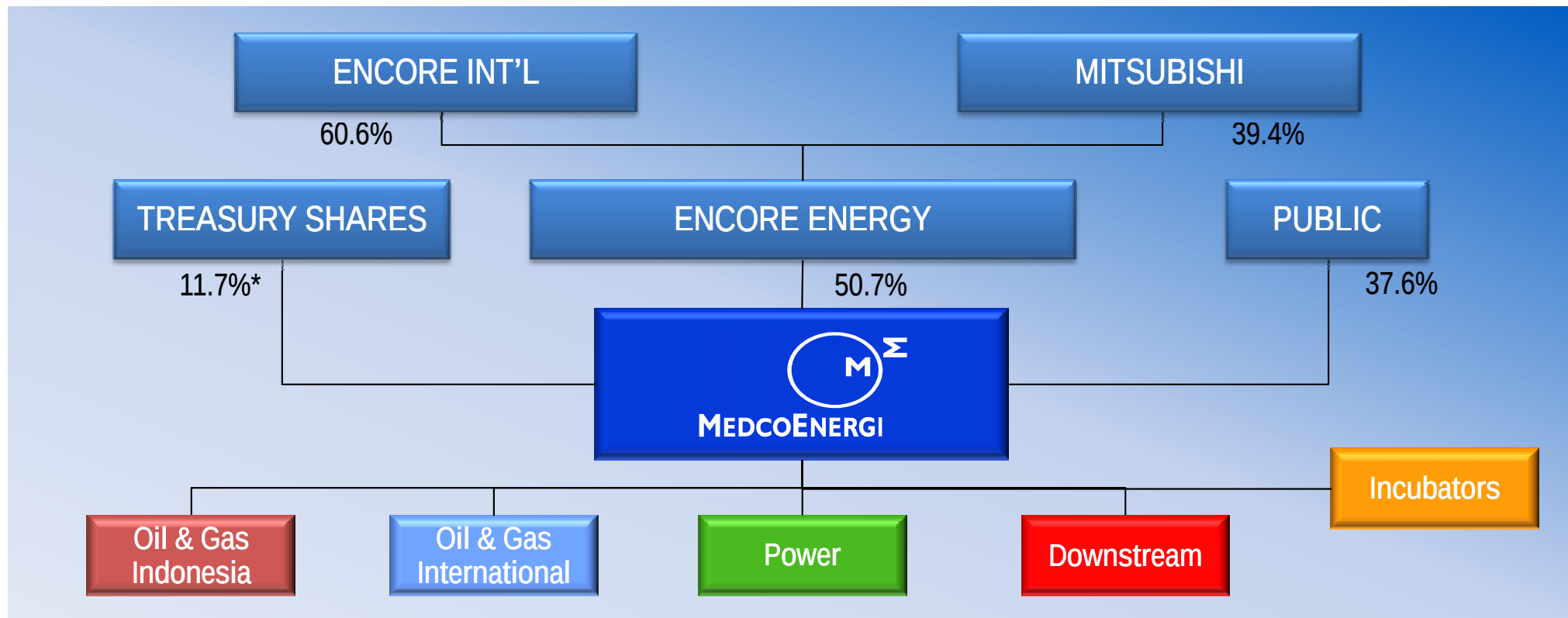
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Energy Company of Choice

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Overview

"A leading, domestic E&P focused company with international oil and gas assets, supported by diversified business portfolio."



*All treasury shares including the 6.7% tied to the CB are now free and unencumbered after the CB has been put back to us on 12 May 2009

- ❖ An integrated energy company, operating in:
 - Oil and gas E&P sector (domestic and international assets)
 - Power sector (power generation plants, EPC and O&M services)
 - Downstream sector (renewables, fuel distribution and other utilization of upstream resources)

- ❖ With a long-term view, Medco allocates a portion of its capital to its incubator unit to supervise the development for nurturing new energy-related business opportunities, e.g.:
 - Coal Bed Methane
 - Mining (coal)
 - Natural gas distribution

“Medco will book its technically proven discovery as proved reserves upon achievement of certain milestones.”

Indonesia	International	1P (Proved)
- Rimau - Kampar - Lematang - Tarakan - Sembakung - Senoro Toili - Langsa - Bawean	- East Cameron - Main Pass - Mustang Island - Brazos - West Delta - MIRE - Martin	89.14 MMBOE 72% oil, 28% gas

❖ **1P or Proved reserves:**

Reserves claimed to have a reasonable certainty (normally at least 90% confidence) of being produced.

❖ **2P or Proved and Probable reserves:**

Reserves claimed to have a lower certainty (at least 50% confidence) of being produced due to operational, contractual, or regulatory uncertainties.

❖ **Contingent Resources:**

Discoveries not yet considered fully ready for commercial development due to certain contingencies.

→ Most of 2P reserves and Contingent Resources are **technically proven** – conversion to proved reserves is pending certain milestones of commerciality factors e.g. government approvals, final POD etc.

Indonesia	International	2P (Proved and Probable)
- Rimau - Kampar - Lematang - Tarakan - Sembakung - Senoro Toili - Langsa - Bawean	- East Cameron - Main Pass - Mustang Island - Brazos - West Delta - MIRE - Martin	172.77 MMBOE 67% oil, 33% gas

- Libya-47 - Senoro Toili - Block A - Bangkalanai - Simenggaris	Contingent Resources 379.75 MMBOE 45% oil, 55% gas
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Based on 9M09 data

Reserves Profile: Potential Additional Reserves

“Major projects provide significant upside potentials -- by converting technical reserves to commercial reserves from either one of Libya or Senoro alone, Medco’s proved reserves will be more than doubled”

Major Projects Assets	Est. Contingent Resources	Key Milestones
Libya-47	175,850 MBOE	❖ Acquired 50% working interest in 2005 ❖ Obtained reserves estimation from D&M in 2008 ❖ Submitted POD to Libyan National Oil Corporation (NOC) late 2008 ❖ FID pending: POD approval by the NOC (incl. closure of Verenex divestment)
Senoro Toili	167,662 MBOE	❖ Established operating company in 2007 ❖ Obtained AMDAL, conducted land clearance and reserve certification I 2008 ❖ Signed GSA early 2009 ❖ FID pending: conditions on GSA
Block A	22,067 MBOE	❖ Acquired 41.67% working interest in 2006 ❖ Signed GSA with two off-takers in Q4 2007 and Q1 2008 ❖ FID pending: PSC extension (current contract expires in 2011)
Subtotal	365,579 MBOE	
Total 2P + contingent reserves	538,344 MBOE	

Assets Portfolio (1)

"Large portfolio, domestic and international, offers diversification of opportunities and risks across broader geological formation."



Medco E&P Indonesia

- In Indonesia, Medco operates 10 blocks, maintains working interests in 5 blocks operated by strategic partners, and holds economic participating interest in an exploration field.

Indonesia

■ Producing blocks	7	■ Exploration blocks	6
■ Development blocks	1	■ Economic interest	1

“Global presence enhanced Company’s credibility when negotiating for hydrocarbon assets in under-exploited countries.”



Medco Energi Global

- Medco’s international operations spread across 20 assets in Asia, Africa, and the US

US (incl. Gulf of Mexico)		Yemen		Tunisia	
▪ Producing blocks	8	▪ Exploration blocks	2	▪ Development blocks	1
▪ Exploration blocks	5				
Oman		Libya		Cambodia	
▪ E&P service contract	1	▪ Exploration Block	1	▪ Exploration blocks	2

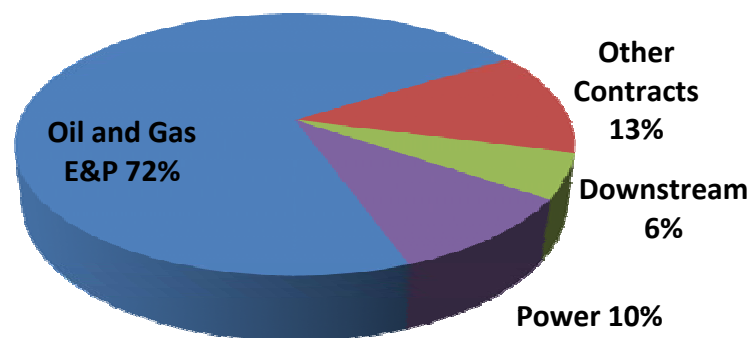
“Other revenue streams not only further diversify risks but also monetize upstream assets by midstream and downstream integration.”

Medco Power Indonesia

- 4 power generation plants with total capacity of 274 MW
- 1 Operation & Maintenance project
- EPC



Segmental breakdown, 9M09 Revenues



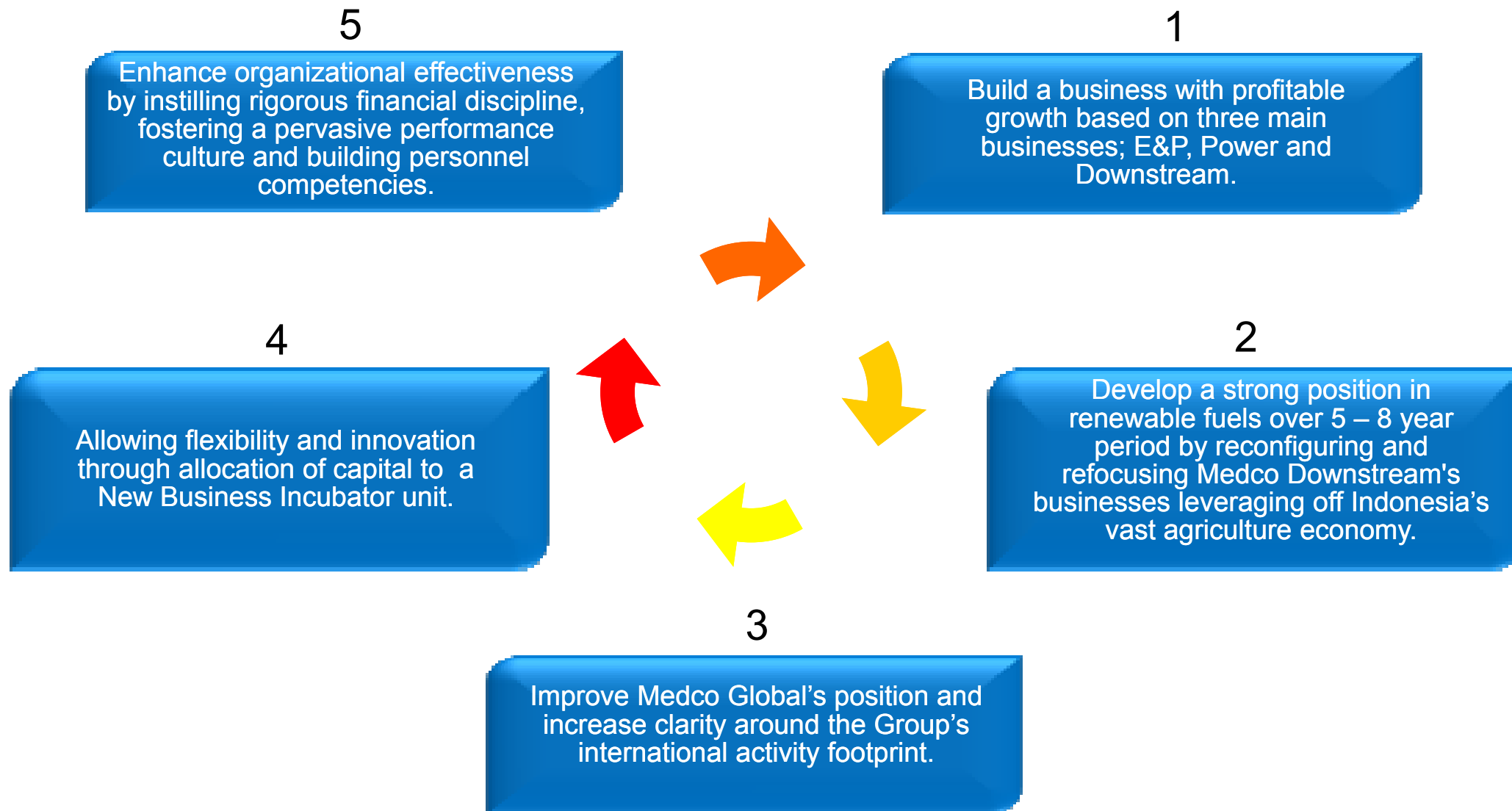
Medco Downstream Indonesia

- LPG plant in Rimau, South Sumatra, with capacity of 73,000 ton/year -- processing associated gas from Rimau block
- Ethanol plant in Lampung, with capacity of 180 KL/day
- HSD storage and distribution, with storage capacity of 22,700 KL.



Incubator Projects

- Coal Bed Methane project, South Sumatra
- Coal Mining project, South Sumatra
- Gas Pipeline project in Singa - Lematang



Key Investment Points



MEDCOENERGI

Key Investment Positives

Diversified Upstream Asset Portfolio

Geographically Medco has diversified upstream asset portfolio both in domestic and international markets, in term of fuel type Medco has 67% oil and 33% gas proved and probable reserves (2P) as of September 30, 2009.

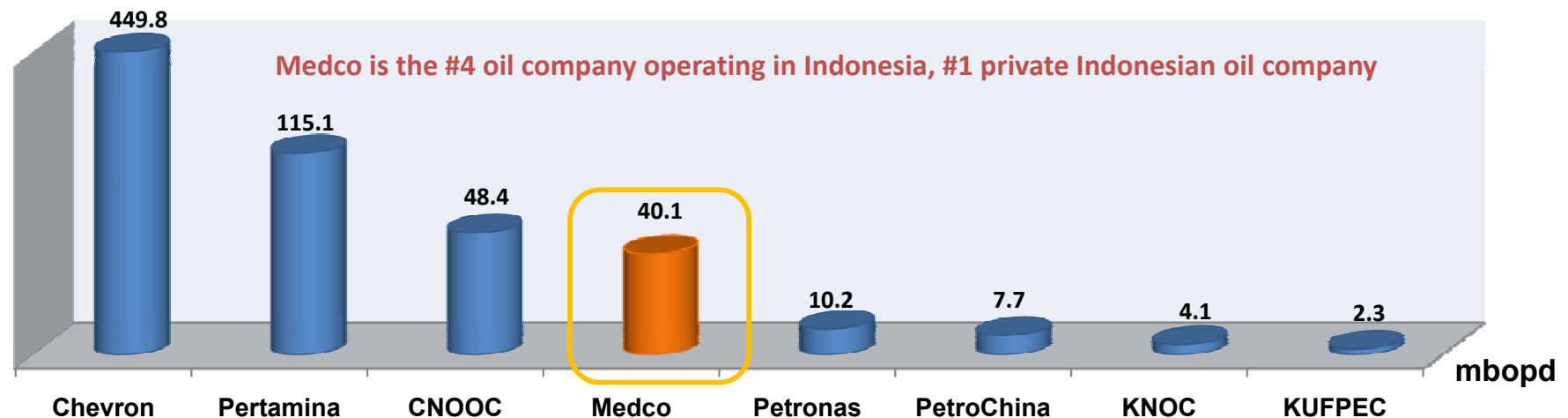
Industry Fundamentals still attractive

Energy sector remains attractive with favorable demand-supply dynamics supporting future oil prices. Solid long-term gas market fundamentals, and LNG market is growing rapidly as energy markets are becoming increasingly globalized.

Strong reserves and production Upside

Current reserves are 89.14 mmboe (1P reserves); 172.77 mmboe (2P reserves); 379.75 mmboe (contingent resources) as of September 30, 2009. Main projects that could provide significant reserves upside particularly from Senoro Toili and Libya Block 47. When the two projects start producing, it will add up an additional production of 46 mboepd from the current 53 mboepd or almost doubling it.

2008 gross oil/condensate production of oil upstream operators in Indonesia



Source: WoodMackenzie

Key Investment Positives

Focused Business Strategy

Medco's asset optimization-divestment strategy is set to reshape its asset portfolio to mainly focus on exploration and production in oil and gas with an increasing midstream and downstream integration to support its upstream activities.

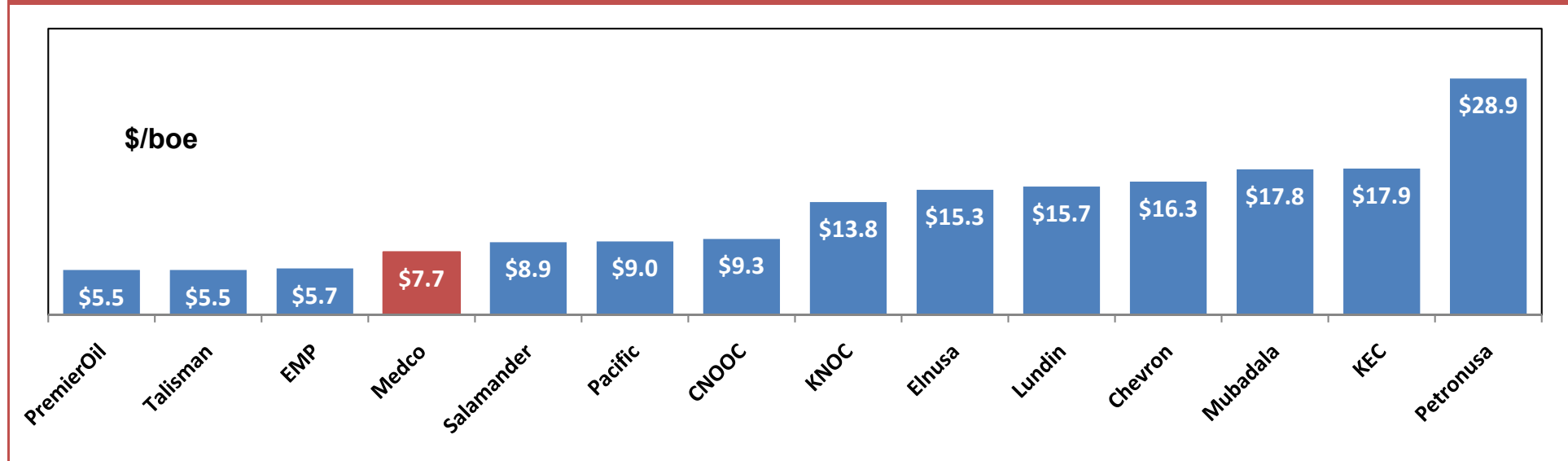
Strong Management Track Record

Managed by seasoned professionals with at least 25 years of industry experience and clear business strategy. The Company has demonstrated its ability to acquire exploration acreage, increase assets and expand business internationally.

Low Cost Producer

The company remains a low cost producer by implementing cost efficiency measures and applying latest proven technology while also committing to continue cost containment and reduction program.

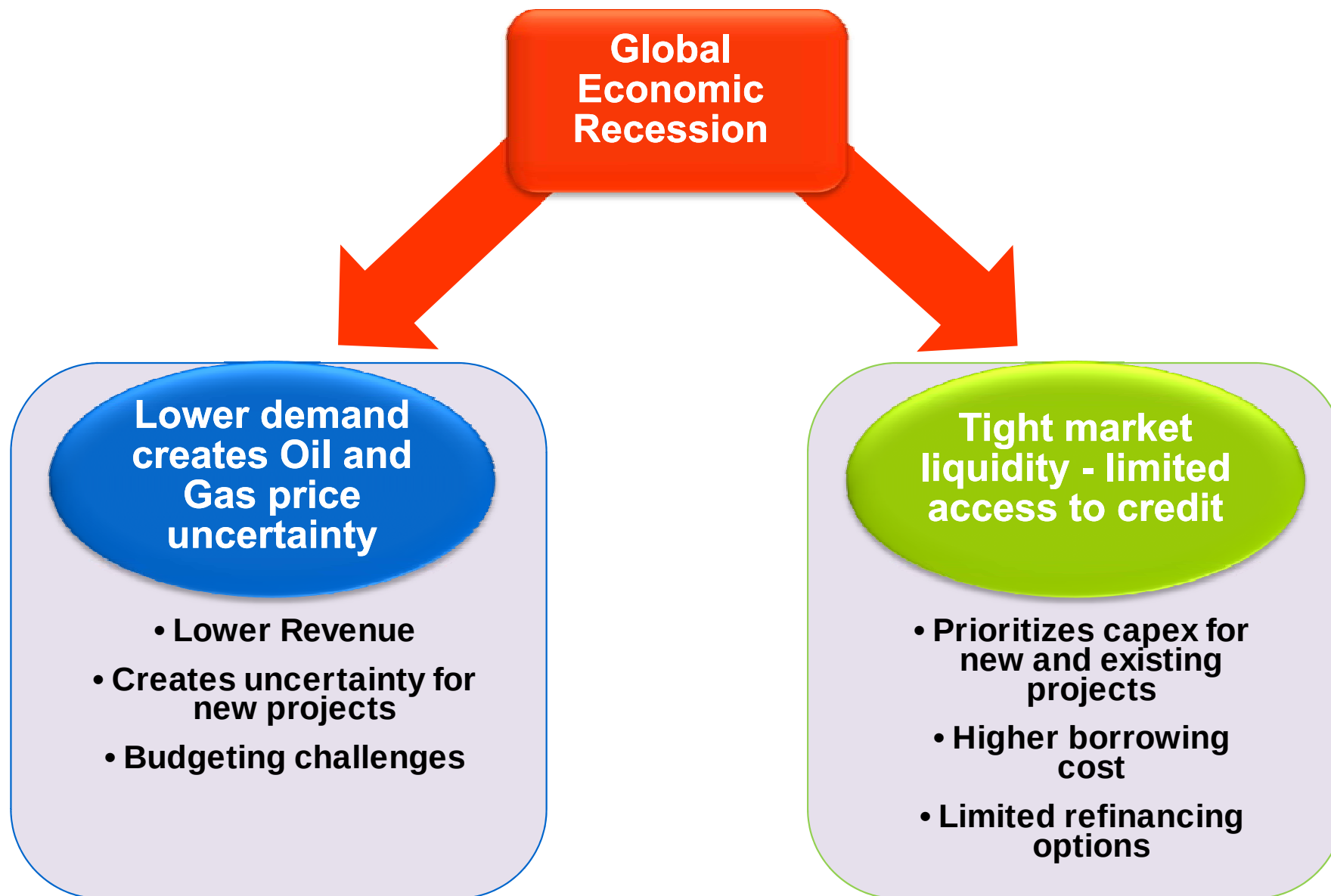
2008 lifting costs for major operators in Indonesia



Source: WoodMackenzie

Challenges Ahead

Impact of Global Economic Recession



Oil Price Volatility	Near Term oil price trend is primarily driven by the inventory and demand concerns, however the long term fundamental remains strong. Medco's Major production increases will be effective in 3-4 years, by which time it is widely expected that oil price would rebound.
Decline in Reserves and Production	Medco will have low recovery rate in the recent 3-4 years with declining productivity of mature oil fields, but with significant investment in capex, production will increase going forward as the major projects move to the production stage. 2P reserves will triple from 183 mmboe as of FY08 to 549 mmboe by end of FY10, contributed by the addition of Libya, Senoro and Block A Projects
Execution Risks on Projects	Given its strong track record and experience, the risk related to our domestic operation is limited. In terms of International operations, majors such as Repsol, ExxonMobil, BP and Chevron also operate in Libya, Yemen, Oman and Cambodia. Strong prospective value in Libya Project is reflected by recent US\$400mn offer by CNPC for Verenex' shares who owns 50% interest in Libya Blok 47 (but recently been pre-empted by Libya's NOC and offered at \$350mn through Libya Investment Agency)
High Capex Requirements	The significant capex outlay is used for improving assets profile and developing reserves fields, which will help grow the business. The increase in production after 2012 will position the Company strongly.
Higher Expected Leverage	As of FY08 Debt to Equity ratio is 0.95x and Net debt to EBITDA ratio is 0.36x. The current weak oil price environment will reduce EBITDA for the next two years. However the Company is expected to deleverage rather quickly, and with the production increase in 2012 and 2013, EBITDA will increase accordingly, moderating the leverage.
Tight Liquidity and Refinancing Risk	Short term liquidity is adequate, with cash position of \$400mn the Company will able to refinance the US and IDR Bonds, furthermore proceeds from the forthcoming Asset sale will reduce some debts and improve liquidity position.
Exposure to Exchange Rate Risk	Substantially all of Medco's Oil and Gas contracts are denominated in US dollars, providing the Company with protection against any significant depreciation in value of the Rupiah against the US dollar

ASSETS MANAGEMENT PLANS

Program

- Continue assets optimizations
- Prioritize Capex allocation to major projects and operations
- Maintain limited funding for selected exploration activities and new incubator business unit for future growth
- Cost containment and reduction program
- Explore other projects which immediately generates value (opportunity based)

Implementation

- Strategic minority divestment in Medco Power Indonesia. Also continuing divestments in Bawean, and Lematang. Sold Kakap PSC and Langsa TAC.
- - Investing in and optimizing cash flow from the Rimau and South Central Sumatra Blocks
 - Continuing to development stage for Senoro, Lematang, Block A and Block 47, Libya
 - Capex allocation, 84% for E&P units, 9% for Power unit and 7% for Downstream and other emerging business
- Develop Coal Bed Methane (CBM) with Arrow Energy. Develop Coal Mining and Gas Pipeline activities.
- Currently in discussions with EPC contractors involved in the Senoro and Sarulla projects to reduce costs.
- Acquired 100% participating interest in Block 316, East Cameron Area, South Addition OCS-G 23803, Gulf of Mexico, USA.

LIABILITY/FINANCING PLANS

Program

- Continue discussions with ECA (i.e. JBIC) and multilateral (i.e. ADB) for financing in certain key projects
- Continue project financing at the assets level
- Utilize reserves based lending for selective E&P assets
- Discipline over project execution and capital stewardship
- Explore Rupiah and other forms of financing at reasonable prices

Implementation

- Ongoing negotiations with JBIC and ADB for Sarulla project, and with JBIC in Senoro project
- Continue searching for project financing opportunities, i.e. Block A, Aceh
- Obtained a reserve based lending facility of up to USD 50 million subject to certain conditions for US operations. Issued a Request For Proposal to banks for reserve based lending related to Block 47, Libya.
- Prioritized projects and executing those projects that meet certain economics, and closely monitoring progress of each project. No major capex on Senoro and Sarulla until Final Investment Decision.
- Renew USD 125 million banking facilities with Bank Mandiri. Drawn on remaining BNI facility of USD 77 million in IDR. Completed IDR 1,5 Trillion bonds issuance.

9M09 Financial Highlights



Financial Highlights

FINANCIAL HIGHLIGHTS (in million USD)	9M09	9M08	Δ%
Revenue	482.2	1,052.8	(54.2)
Gross Profit	143.9	436.6	(67.0)
Income from Operations	35.8	308.7	(88.4)
EBITDA	117.4	394.7	(70.3)
Earnings Before Tax	34.9	500.3	(93.0)
Net Income	15.2	292.6	(94.8)
EPS (USD/share)	0.005	0.0944	(94.7)
Equity	704.6	767.8	(8.2)
Total Assets	1,890.7	2,137.6	(11.5)

Net Income Breakdown by Business Segments

Business Segment (in million USD)	9M09 Net Income
Medco Energi Internasional, Tbk. (stand-alone)	(9.9)
Exploration & Production – Domestic	36.5
Exploration & Production – Foreign	8.7
Downstream	(18.7)
Power	(1.5)
Consolidated Net Income after Eliminations	15.2



Operational Highlights

OPERATIONAL HIGHLIGHTS	9M09	9M08	Δ%
Oil Lifting / MBOPD	35.1	47.1	(25.5)
Gas Sales / MMCFD	104.3	107.4	(2.9)
TOTAL Oil and Gas (MBOEPD)	52.9	65.5	(19.2)
Crude Price, USD/barrel	59.6	113.5	(47.5)
Gas Price, USD/mmbtu	3.1	4.5	(31.6)
Power Production / GWH	634.5	684.2	(7.3)
Fuel Distribution / '000 KL	60.7	73.0	(16.8)
Methanol Sales / '000 MT	10.4	98.8	(89.5)
Methanol Price, USD / MT	108	342	(68.4)
LPG Sales / MT per day	46.1	45.2	1.9
LPG Price, USD / MT	399.3	793.6	(49.7)



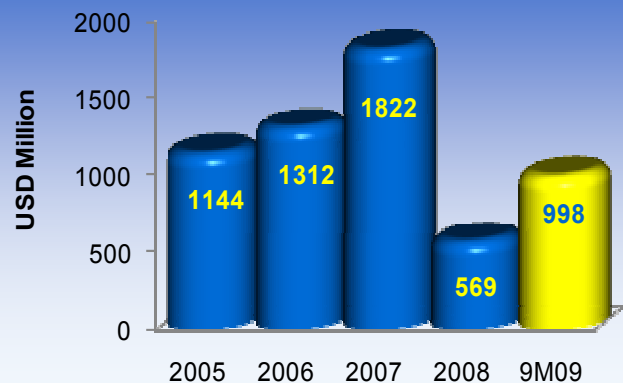
Current Financial Status

CONSOLIDATED DEBTS (in million USD)	9M09	9M08	Δ%
A. Total Bank Loans	472.8	362.7	30.4
Current Portion	75.8	68.1	11.3
Non Current Portion	397.0	294.6	34.8
B. Other Obligations	242.1	421.2	(42.5)
Rupiah Bonds	154.1	125.9	22.4
USD Convertible Bonds (Put Back 2009)	0.0	206.8	n.m.
USD Notes (Maturity 2010)	88.0	88.6	(0.7)
Total	714.9	783.9	(8.8)
STOCKHOLDER COMPOSITION	9M09	9M08	Δ%
Encore Energy Pte. Ltd.	1,689,393,006	1,689,393,006	50.70
Public	1,252,603,944	1,419,461,444	37.59
Treasury Shares	390,454,500	223,597,000	11.72
Total	3,332,451,450	3,332,451,450	100.00

Charts and Ratios

Financial Charts - Consolidated

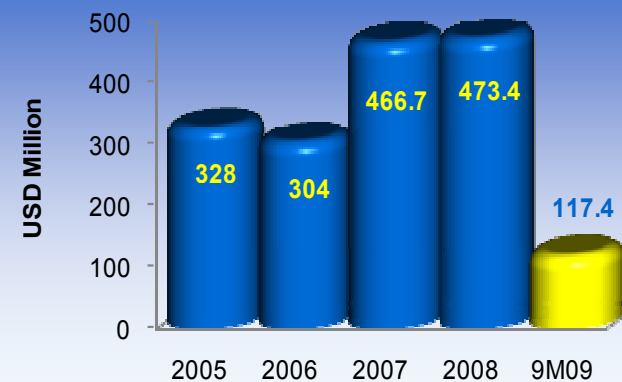
Market Capitalization At end of period



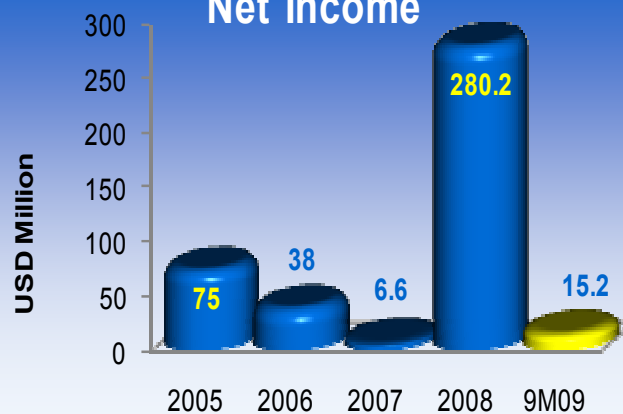
Revenues



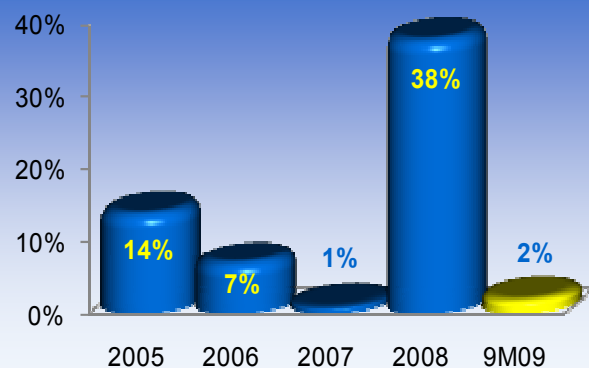
EBITDA



Net Income



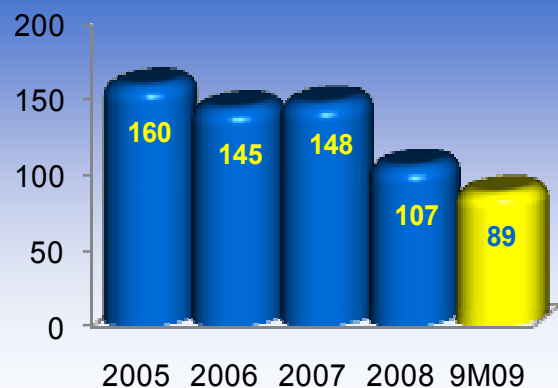
Return on Equity



Debt to Equity Ratio



1P Reserves in MMBOE



2P Reserves in MMBOE

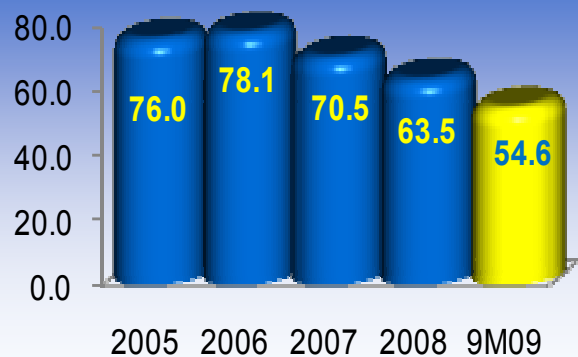


Operating Margin

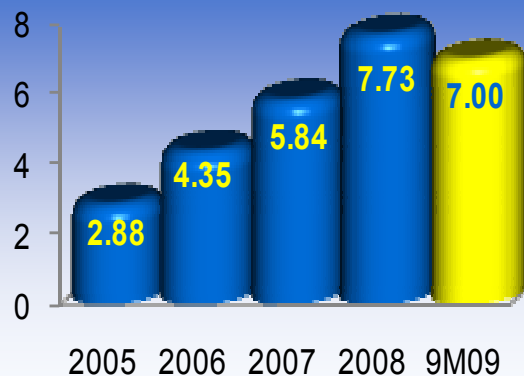


Note : Reserves quoted exclude Rimau (EOR) and Libya

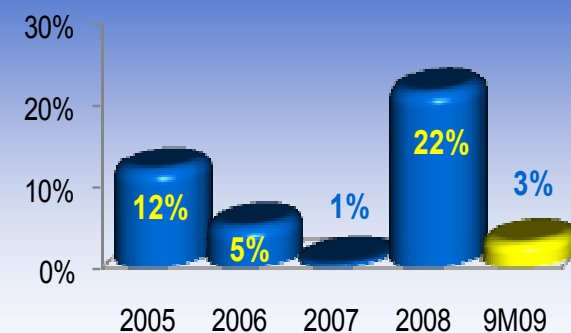
Production in MBOEPD



Lifting Cost per BOE



Net Margin





RATIOS	9M09	9M08	Δ%
Liquidity & Solvability (x)			
Cash Ratio	0.57	0.98	(42.19)
Quick Ratio	1.92	2.11	(8.81)
Current Ratio	2.23	2.26	(1.27)
Debt to Equity Ratio	1.01	1.02	(0.62)
Net Debt to Equity Ratio	0.74	0.43	70.61
Total Liabilities / Total Equity	1.66	1.76	(5.80)
Profitability (%)			
Gross Margin	30%	41%	(28.0)
EBITDA Margin	24%	37%	(35.1)
Operating Margin	7%	29%	(74.7)
Net Margin	3%	28%	(88.7)
Return on Equity	2%	38%	(94.3)

RATIOS	9M09	9M08	Δ%
Coverage Ratios (x)			
Interest Coverage Ratio	3.01	8.77	(65.7)
Net debt/ EBITDA - annualized	3.32	0.63	426.4
Efficiency Ratios (x)			
Revenue/ fixed assets	0.51	1.13	(54.8)
Revenue/ net working capital	1.14	1.82	(37.3)
Investment Ratios (x)			
CapEx/ Revenue	0.38	0.16	137.5
CapEx/ Depreciation	2.22	1.94	14.6
Capital Structure (x)			
Net debt/ total equity	0.74	0.43	70.6
Net debt/ (net debt + equity)	0.42	0.30	40.7

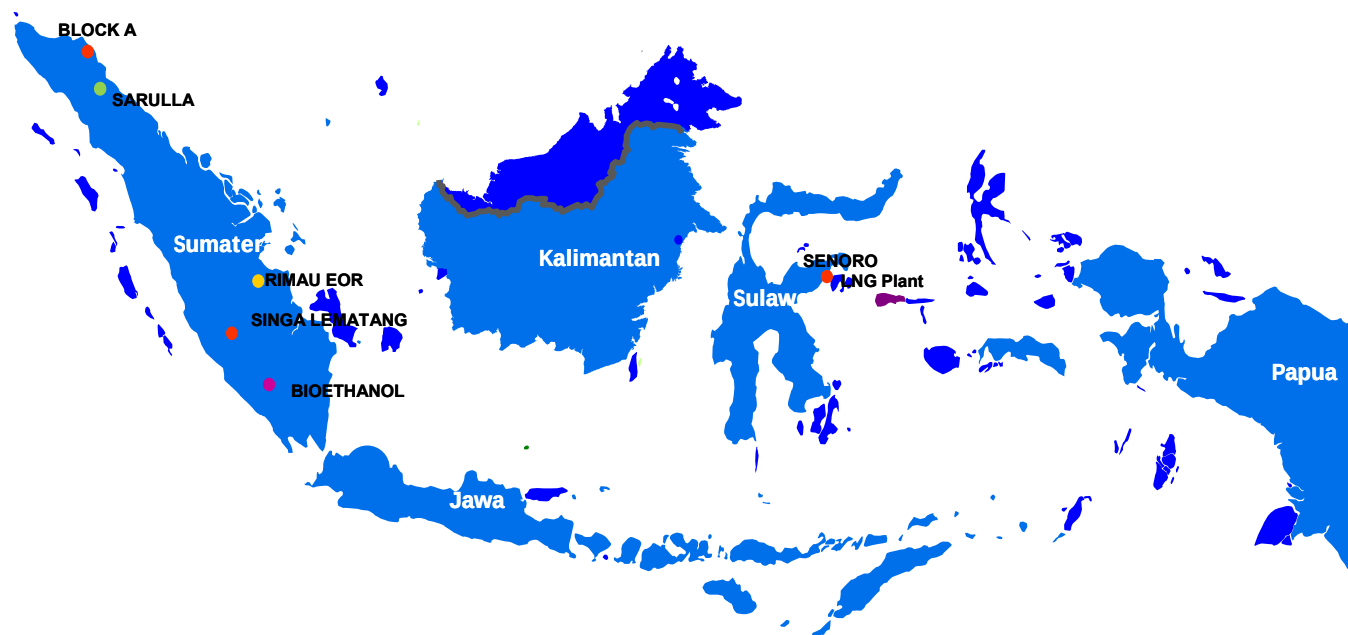
Corporate Updates 2009

1. On January 22nd, 2009 **Senoro-Toili Gas Sales Agreement (GSA)** has been signed by PT Medco E&P Tomori Sulawesi as holder of 50% working interest as well as the operator of Senoro-Toili PSC block (JOB Tomori) and PT Donggi Senoro-LNG as the buyer. Pursuant to the GSA, JOB Tomori will supply approximately 1,417 TBTU of natural gas to the LNG plant for a 15 years period.
2. MedcoEnergi terminated its **Methanol Plant operation in Bunyu, East Kalimantan** which was operated by a wholly owned subsidiary PT Medco Methanol Bunyu (MMB) since February 1st 2009, due to the lack of gas supply from Tarakan PSC block. Bunyu Methanol Plant which was established in 1983, is owned by PT Pertamina and operated by MMB based on Methanol Plant Joint Operation Management since 1997.
3. Signed a Head of Agreement with Arrow Energy Holdings Pte Ltd. Australia on 17 February 2009 for a cooperation to explore and develop **Coal Bed Methane (CBM) in South Sumatra**.
4. MedcoEnergi **acquired 100% participating interest in Block 316, East Cameron Area**, South Addition OCS-G 23803, Gulf of Mexico, USA on 25 February 2009. The acquisition will increase MedcoEnergi Proved and Probable (2P) reserves and production by approximately 13.9 billion cubic feet (BCF) and 10 million cubic feet per day (MMCFD).
5. On 12 March 2009 MedcoEnergi **renew USD 125 million banking facilities with Bank Mandiri** consisting of a USD 50 million Working Capital Credit Facility, a USD 50 million Non Cash-Loan Facility and a USD 25 million FOREX Line Facility.

6. MedcoEnergi has **paid the remaining balance of the USD 177.9 million Convertible Bonds** which were put to the Company on May 12th, 2009. The Company has made a USD 76.3 million or around 43.13% buyback of the principal amount in 2008 and 2009, leaving the total outstanding balance at USD 100.6 million.
7. Finalized **IDR bond issuance of 1.5 trillion rupiah** in two tranches, Series A which will have a 3-year tenor with an interest rate of 13.375% and Series B which will have a 5-year tenor with an interest rate of 14.250%. Proceeds from this offering after cost of issuance will be used for working capital (30%), and capex (70%). IDX listing on June 18th, 2009.
8. MedcoEnergi **acquired PT Duta Tambang Sumber Alam and PT Duta Tambang Rekayasa** on June 26th, 2009 through PT Medco Energi Mining Indonesia a wholly-owned subsidiary operating in the coal and other mineral mining activities.
9. On July 13th, 2009 MedcoEnergi **made full repayment of the principal and the 20th interest payment of The Medco Energi Internasional 2004 IDR Bond** with an interest rate of 13.125%. Total amount paid was 1.35 trillion rupiah.
10. MedcoEnergi entered into two conditional Share Sales Purchase Agreements with Star Energy Holdings Pte Ltd to **sell 25% participating interest in the Kakap PSC** in North Sumatra. As a result, effective on July 15th, 2009 the Company's proved reserves decreased by 4,635 MBOE. Initially the Company only held a 16% participating interest in the Kakap PSC, but after exercising its pre-emptive right to purchase a 9% participating interest held by Santos International Holding Pty Ltd the total participating interest increased to 25%.

Major Projects Update

Major Projects Portfolio

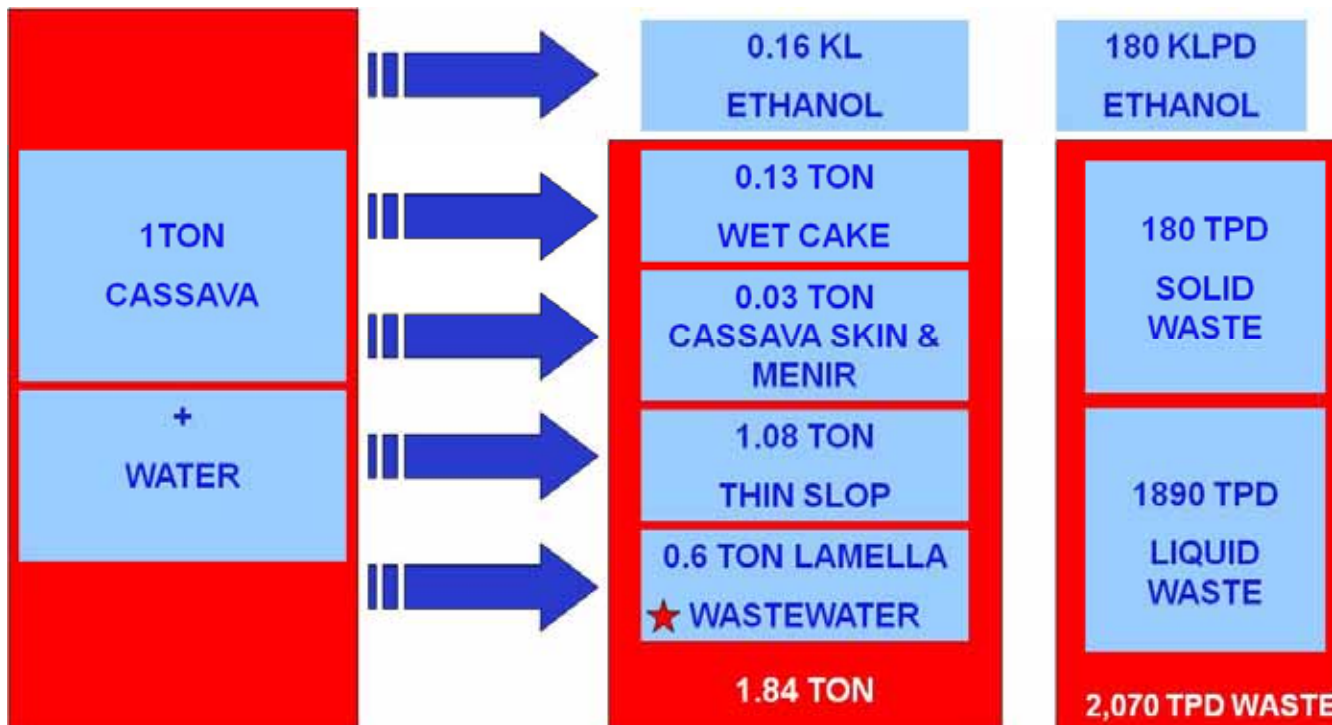


- Gas Development
- Power Plant
- Oil Development
- Renewables

PROJECTS	TARGET Start-Up	Project Descriptions	% ownership	Partners
Bioethanol	On Prod.	Bio-ethanol plant of 60,000 KL per year from cassava	100%	-
Singa	2010	Gas field development of 50 MMscfd	74.12%	Lundin Lematang
Block A	2012	Gas field development up to 110 MMscfd	41.67%	Premier, Japex
Rimau	2012	Oil field - Enhanced Oil Recovery – 46 MMBO	95%	PD-PDE
Senoro	2013	Gas field development up to 250 MMscfd	50%	Pertamina
DS- LNG	2013	LNG plant , single train of 2.1 mtpa capacity	20%	Pertamina, Mitsubishi
Libya 47	2014	Oil field development of 50,000 - 100,000 bopd	50%	Verenex
Sarulla	2012 - 2014	Geothermal power plant, 3x110 MW	37.25%	Kyushu, Ormat, Itochu

Bio-Ethanol, Lampung

- Production capacity at 70% by end of Aug '09 and 85% in Sep '09 from maximum capacity of 180KL/day;
- Securing cassava feedstock reserve by implementing *Kemitraan* and *Kebun Inti* with group of farmers through UTS (Usaha Tani Sejahtera).



Singa - Lematang

- Gas Production Facilities Status; Engineering 100% complete, Procurement 93 % complete, and construction 68% complete;
- Construction of 12" 42-km Gas Shipping Line from Singa to Pagar Dewa completed;
- Production start-up of 50 mmscfd from Singa-3 and Singa-4 wells will begin in 1Q10;
- Propose GSA amendment with PLN for new gas price & and new GSA proposal with PGN for the first 3 years of gas sales allocation in progress. Tie-in agreement with PGN has been signed and proceed with execution.

Block A

- PSC Extension waiting for Government approval;
- No major capex before Final Investment Decision;
- GSA with Pupuk Iskandar Muda and PLN have been signed in 2007 and 2008, respectively. Gas prices for both buyers have been approved by MESDM in 2009.



Rimau (EOR)

- Review the economic of the program due to the declining of oil price;
- Capex will be internally funded from operation;
- Continue contract for 2 years pilot project monitoring;
- This pilot project is a step to full expansion, contains 6 pattern drilling, additional incremental of this pilot is 1.2 MMBO.

Senoro Gas Development

Upstream:

- GSA signed on January 22, 2009
- Awaiting for Sales Appointed Agreement from BPMIGAS, Gas Price approval from Minister of Energy & Mineral Resources and Plan Of Development Revision from BPMIGAS
- No major capex before Final Investment Decision
- Complete drilling on Senoro-6;
- Prepare drilling of Cendanapura-1 well;
- Financing – negotiations with commercial banks

Downstream:

- Land acquisition progress is 97.2%
- Financing – continuing negotiations with JBIC and commercial banks



Libya – Block 47

- Successful exploration results with aggregate flow of 109,936 bopd based on 12 exploration and 2 appraisal wells;
- Gross Contingent Resources of 351.7 mmboe as of September 2008;
- Verenex announced CNPC as their shareholder's preferred bidder, but NOC haven't given their approval yet causing a standoff on Block 47 commerciality;
- Contacted NOC for clarification;
- Continue exploring financing in the form of reserve based lending.



Sarulla Geothermal

- Electricity Tariff – renegotiate underway with PLN
- Engineering, Procurement & Construction (EPC) contract – preparing for negotiations with EPC supplier
- Financing – positive response from JBIC/ADB and other commercial banks to provide funding





This document contains certain results of operation, and may also contain certain projections, plans, strategies, policies and objectives of the Company, which could be treated as forward looking statements within the meaning of applicable law. Forwards looking statements, by their nature, involve risks and uncertainties that could cause actual results and development to differ materially from those expressed or implied in these statements. PT MEDCO ENERGI INTERNASIONAL TBK. does not guarantee that any action, which should have been taken in reliance on this document will bring specific results as expected.

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