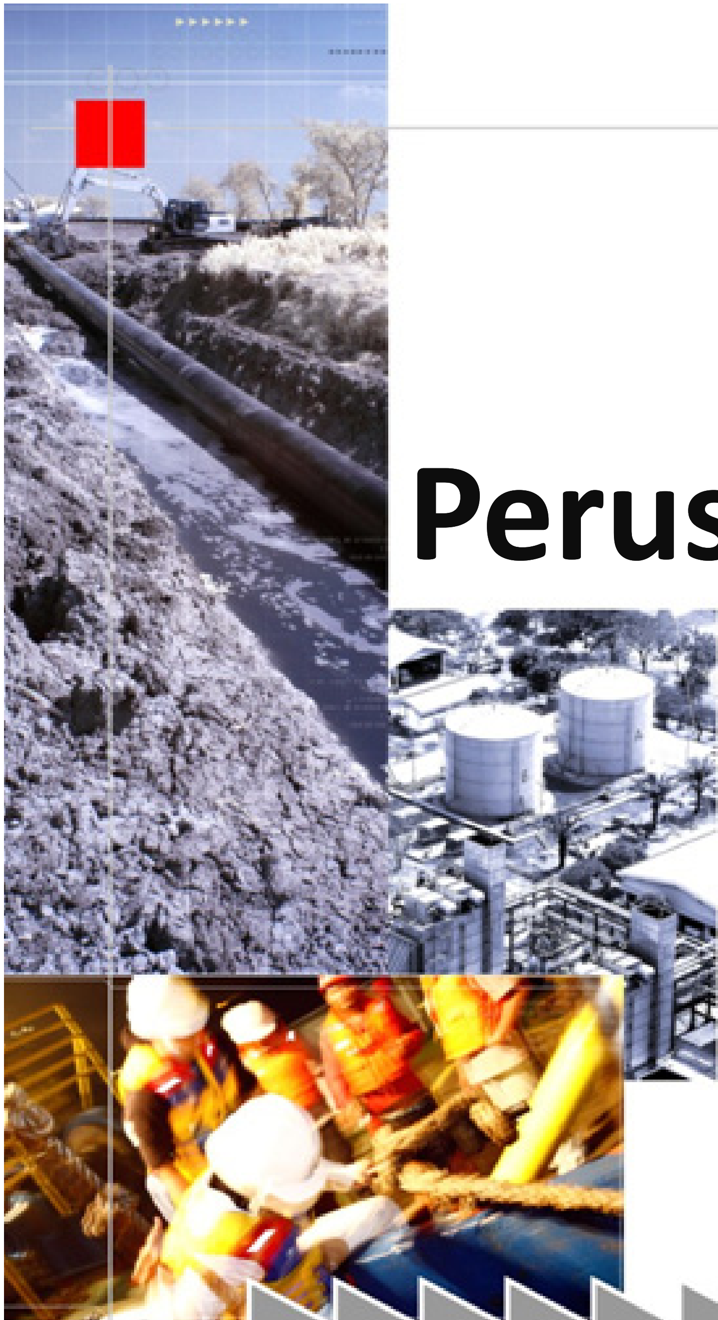


Perusahaan Gas Negara

April 2008

Gas Negara

AGENDA

Gas Negara

I. PGN's Overview & Recent Update

PGN's OVERVIEW

- A national leading gas transmission and distribution company.
- Engaged in domestic downstream natural gas business to provide natural gas for industrial, commercial and household customers
- Control 87% market share of transmission business and 93% of distribution
- As of 2007, 735.94 MMScfd of natural gas were transported through transmission pipeline and 422.52 MMScfd gas sold to domestic customers using distribution network
- Listing on JSX and SSX (now Indonesia Stock Exchange), known as PGAS, on December 15, 2003 with IPO price of IDR 1,500 per share. As of March 26 2008 PGAS closing price was IDR 13,200 per share
- The Republic of Indonesia owns 55% of shares while Public holds 45% of shares
- On March 26, 2008, PGN's market capitalization was IDR 60.6 trillion (USD 6.6 billion), ranked no. 8 among top ten listed companies, and rank no. 4 among top ten listed SOE, in Indonesian Stock Exchange

Gas Negara

THE YEAR IN REVIEW

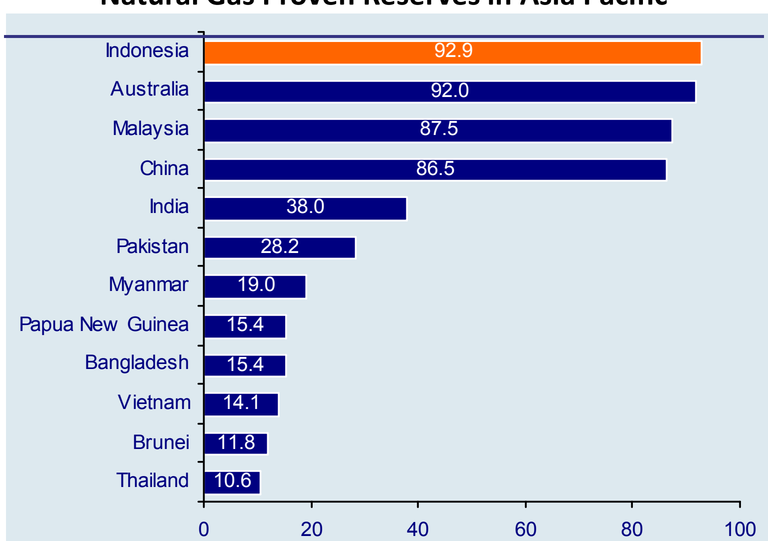
- South Sumatra West Java (“SSWJ”) Gas Pipeline Project
  - ✓ Pagardewa – Labuhan Maringgai – Bojonegara and Labuhan Maringgai – Muara Bekasi gas pipeline sections have been in operation since March and July 2007.
  - ✓ Grissik – Pagardewa gas pipeline section has been in operation since October 2007
  - ✓ Currently, the South Sumatra West Java (the system) gas pipeline is capable to transport gas up to 230 MMScfd.
- The 463 km of West Java Main Gas Distribution Pipeline is scheduled to complete in 2009. Going forward, the gas distribution expansion will be adjusted in line with the market demand.
- New gas supply agreements.
  - ✓ A 40 MMScfd Interruptible Gas Sales Purchase Agreement with ConocoPhillips has been signed for two years contract period. The gas will be transported through Grissik-Duri and Grissik-Singapore pipelines when excess capacity is available starting October 2007
  - ✓ A 20-30 MMScfd Gas Sales and Purchase Agreement with Husky Oil from Block Madura BD field of Husky Oil (Madura Ltd) has been signed for 20 years to supply East Java area. The gas is scheduled to deliver through PGN distribution pipeline starting 2011
- PGN’s household sales price has increased by 60% against previous average selling price USD 4.48/MMbtu to USD 7.53/MMbtu starting from December 1, 2007.
- PGN’s industrial sales price has increased by 9.73% against previous average selling price USD 5/MMBTU to USD 5.49/MMBTU starting from August 1, 2007.
- Standard & Poor and Fitch have recently upgraded PGN’s bond rating from B+ to BB-, or equivalent to Indonesia Sovereign Rating

II. Indonesia Gas Industry

INDONESIAN GAS MARKET OVERVIEW

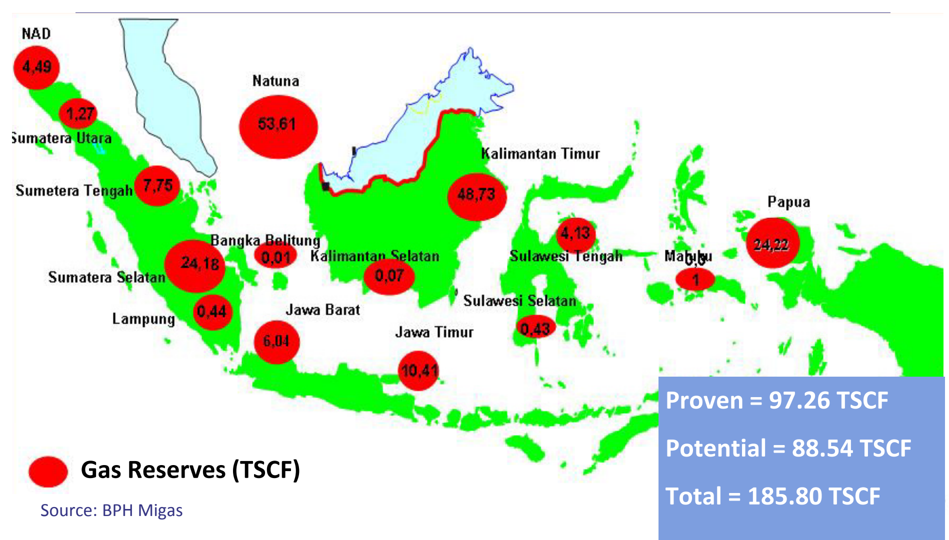
- Indonesia has the largest proven natural gas reserves in Asia Pacific
  - As of Dec 2006, proven gas reserves in Indonesia were 92.9 trillion cubic feet, representing 8.2% of the world's total proven reserves
- The transmission and distribution infrastructure has a significant role in the domestic gas industry
  - Majority of the gas reserves are located in Sumatra and Kalimantan, far away from the fuel-consuming, industrial areas like Java
  - Domestic gas consumption has reached 1.35 TSCF in 2006 and is expected to reach 1.53 TSCF by 2008. This rising trend would require a further expansion of the nation's pipeline network

Natural Gas Proven Reserves in Asia Pacific



Source: BP Statistical Review of World Energy 2007

Indonesian Gas Reserves as of 1 Jan 2005

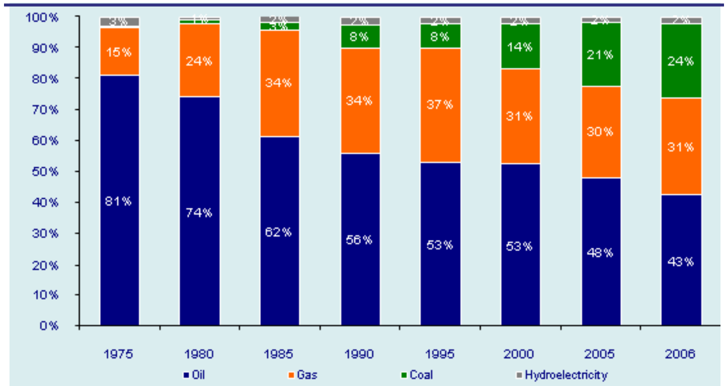


Source: BPH Migas

POTENTIAL SHIFT FROM OIL TO GAS CONSUMPTION

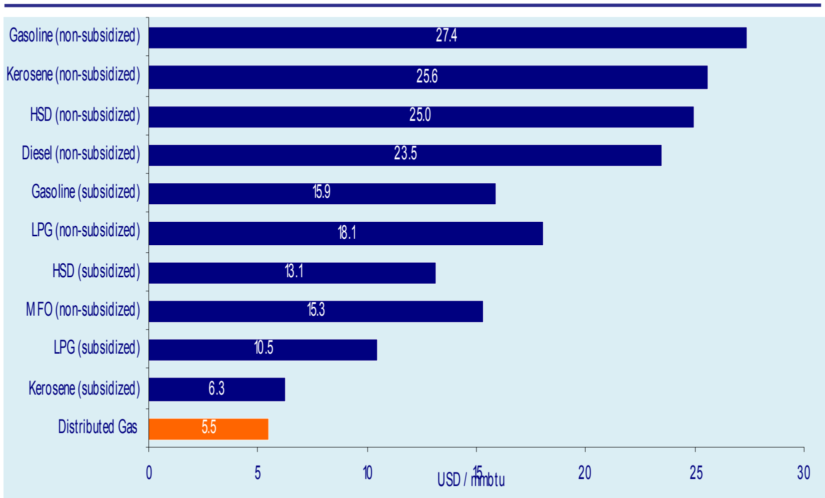
- Primary energy consumption in Indonesia has reached 11.8 BScfd in 2006
- Oil contribution in total energy consumption continue to decline due to the surging oil price and the reduction of oil subsidies in Indonesia
  - Indonesian government reduced the oil subsidies in Oct 2005. As a result, the subsidized HSD price has jumped from USD 5.84 /MMBtu to USD 11.95 /MMBtu in Oct 2005, representing a price increase of more than 100%
  - Gas has a strong price advantage against oil and the oil-related subsidy reduction resulted in a major industry shift from oil to gas consumption
  - The new gas transmission pipeline is predicted to accelerate the shift from oil to gas consumption

Indonesia's Primary Energy Consumption by Energy Type



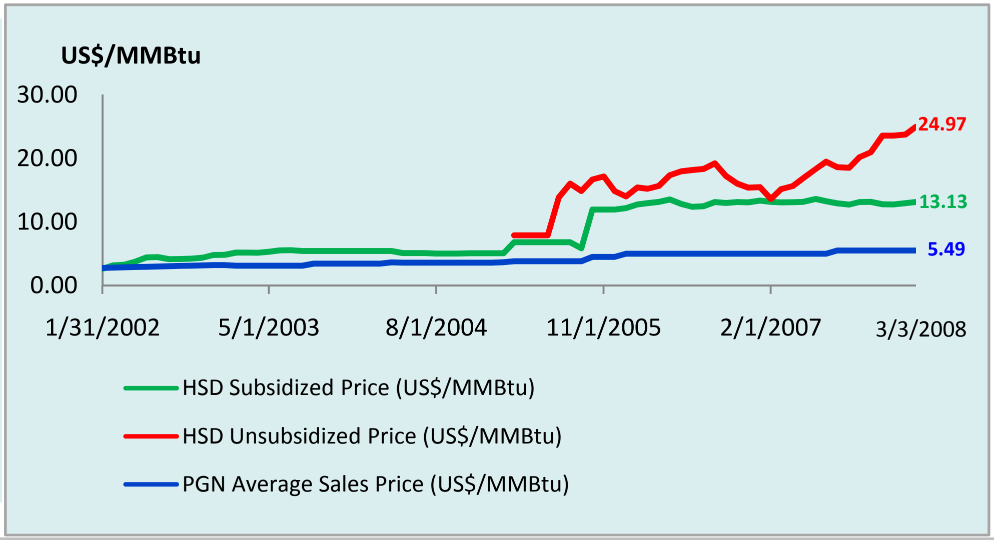
Source: BP Statistical Review of World Energy 2007

Relative Energy Price (Mar 1, 2008)



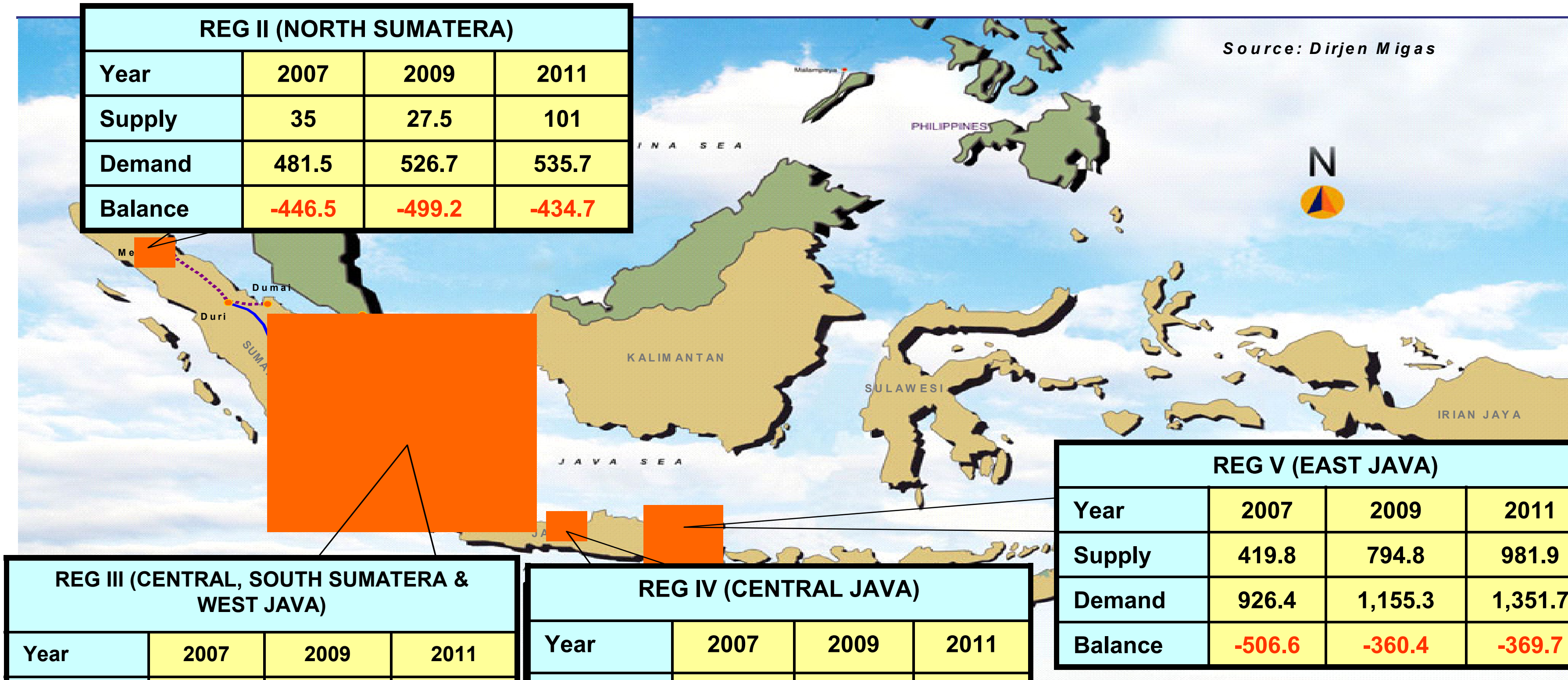
Source: Pertamina

PGN Gas Price Vs HSD Price



INDONESIAN GAS MARKET OUTLOOK

Contracted, Committed and Potential Gas Supply & Demand for Major Regions in Indonesia



REG II (NORTH SUMATERA)			
Year	2007	2009	2011
Supply	35	27.5	101
Demand	481.5	526.7	535.7
Balance	-446.5	-499.2	-434.7

REG III (CENTRAL, SOUTH SUMATERA & WEST JAVA)			
Year	2007	2009	2011
Supply	2,413.8	2,761.9	3,100.5
Demand	3,557.6	4,408.6	4,467.3
Balance	-1,143.8	-1,646.7	-1,366.8

REG IV (CENTRAL JAVA)			
Year	2007	2009	2011
Supply	0.7	167.9	195.0
Demand	198	256.3	259.9
Balance	-197.3	-86.6	-64.9

REG V (EAST JAVA)			
Year	2007	2009	2011
Supply	419.8	794.8	981.9
Demand	926.4	1,155.3	1,351.7
Balance	-506.6	-360.4	-369.7

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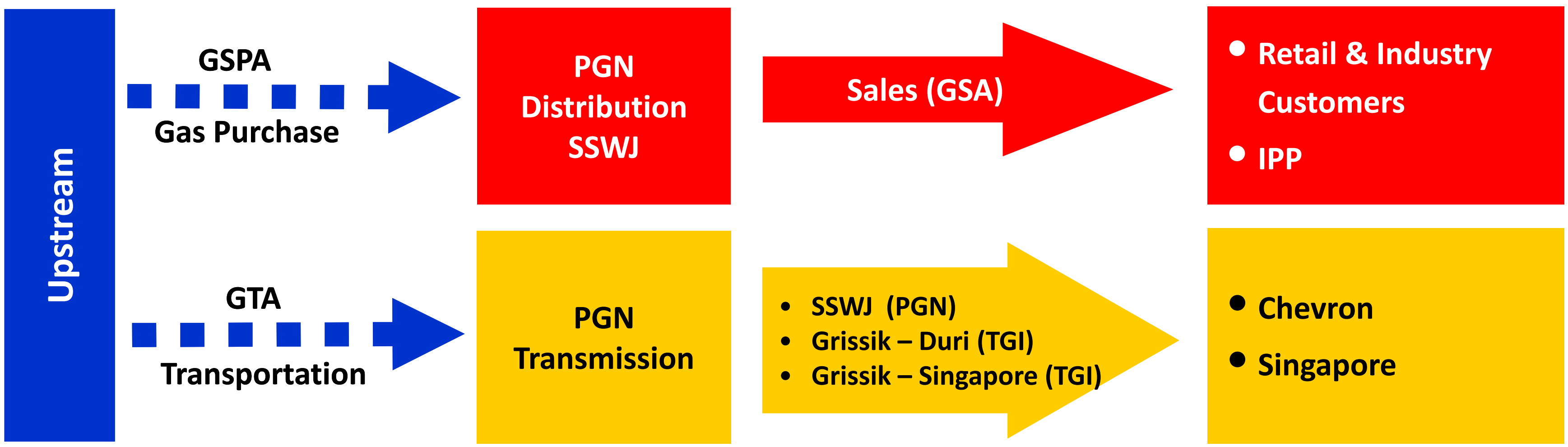
III. Business Review

PGN's EXISTING BUSINESS

- PGN has a dominant market position in gas distribution and transmission in Indonesia
- The SSWJ Project will provide greater control over volumes delivered to the distribution business and generate stable earnings from the transmission volume



Gas Supply for Distribution Business

- **Gas Sales & Purchase Agreement (GSPA)**
  - Long-term contract
  - Take-or-pay volumes
  - Fix price in US$

Distribution – Sale of Gas to End User

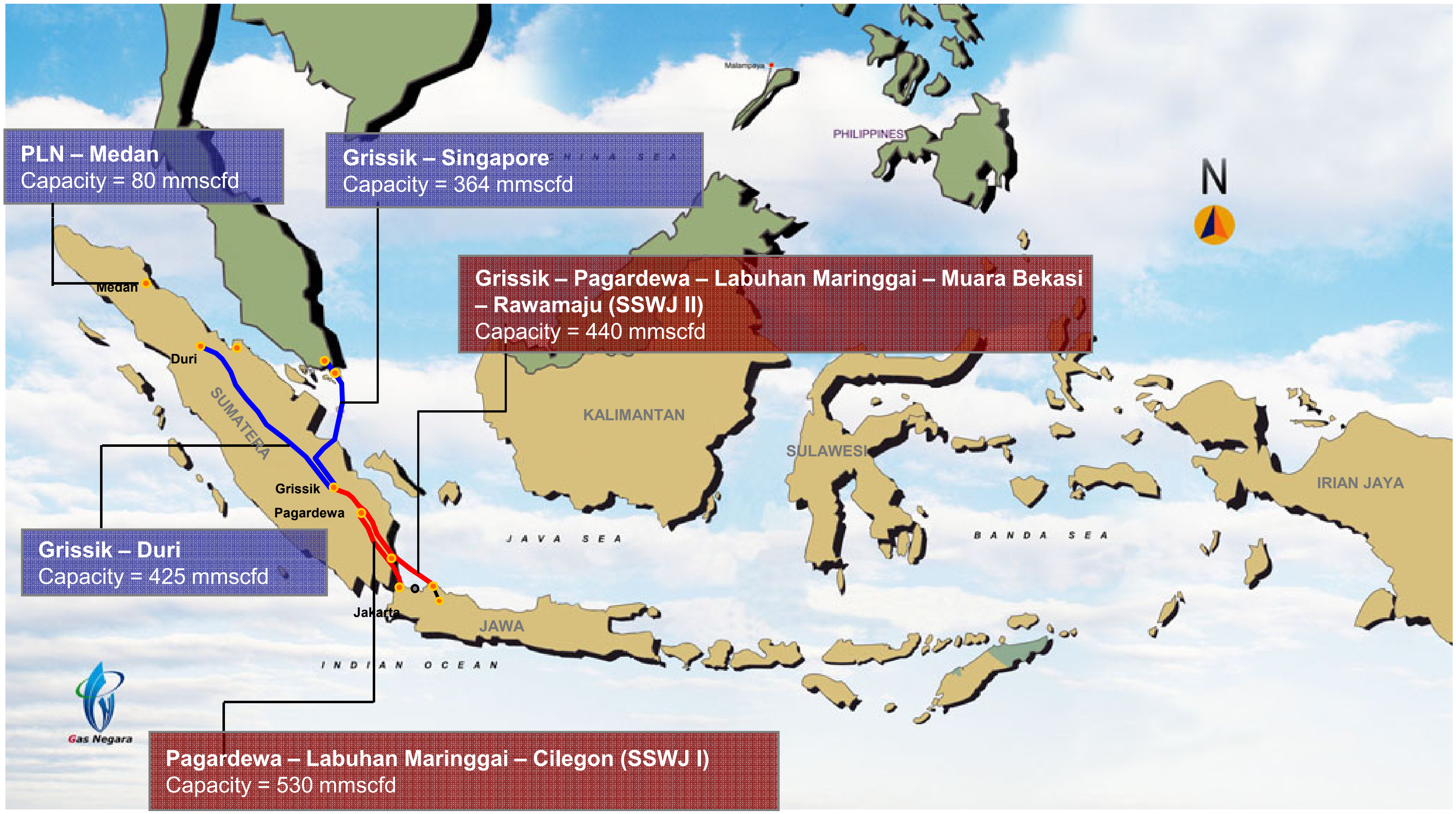
- **Gas Sales Agreements (GSA)**
  - Minimum pay volumes
  - Price in US$ & IDR

Transmission – Transport Third Party's Gas

- **Gas Transmission Contract (GTA)**
  - Long-term contract
  - Minimum ship-or-pay volumes
  - Tariffs in US$

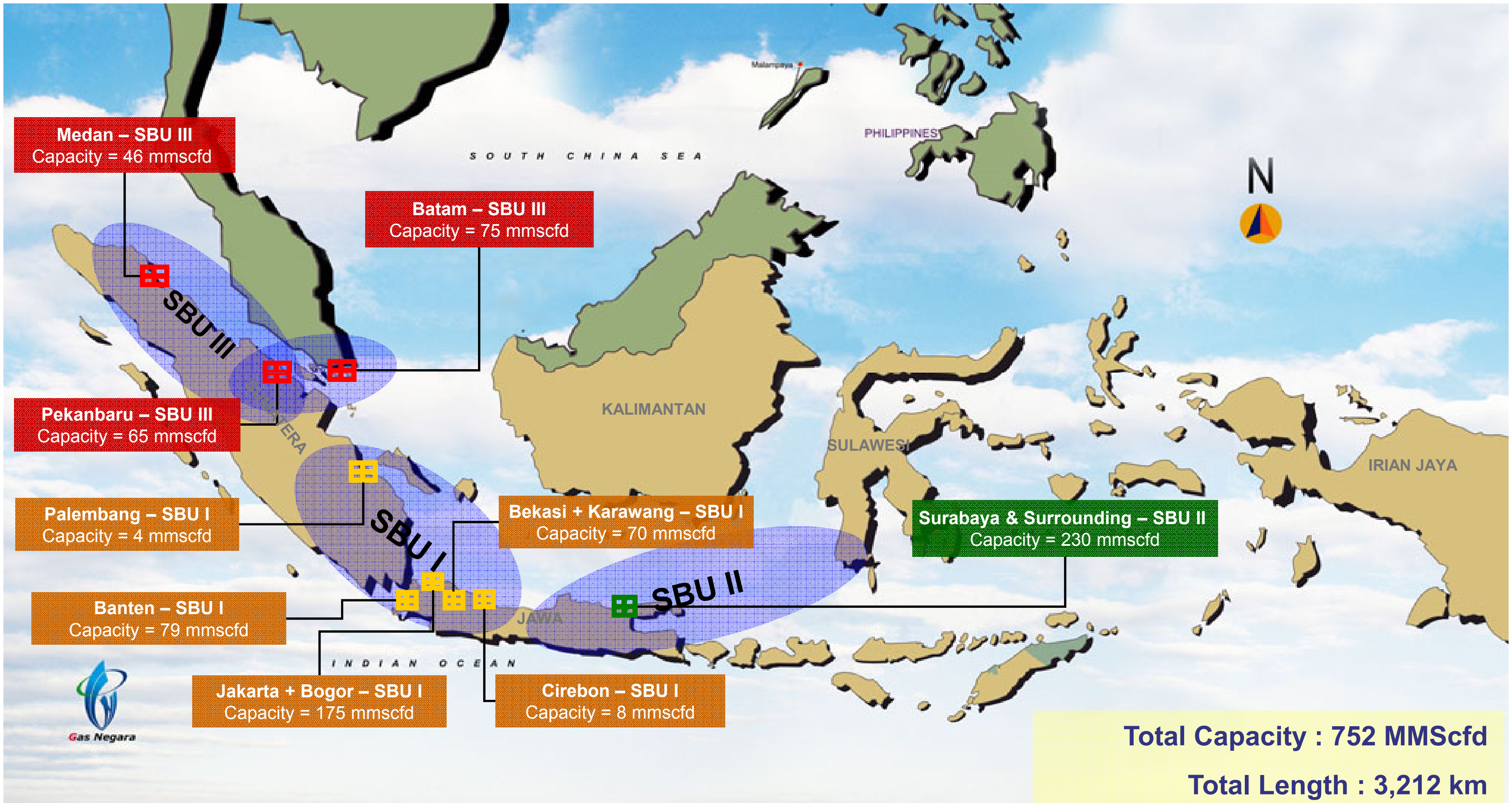
EXISTING TRANSMISSION NETWORK

- PGN and its 60%-owned subsidiary TGI operate transmission pipelines with a total length of 1,074km and a combined capacity of 869 mmscfd. After completion of the SSWJ Project, the capacity will increase to 1,839 mmscfd, representing an increase of more than 100%



EXISTING DISTRIBUTION NETWORK

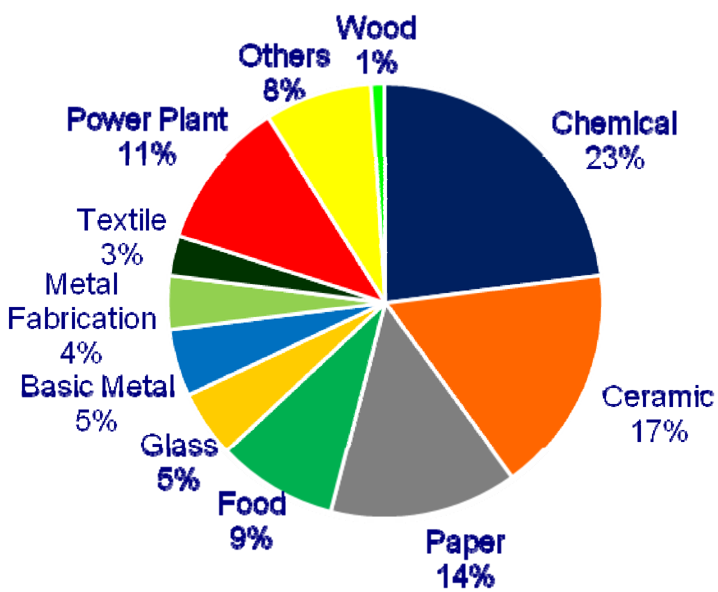
- PGN has developed an extensive distribution network covering 9 major cities in Indonesia
- The network and facilities are managed by three SBUs – West Java (SBU I), East Java (SBU II) and Sumatra (SBU III)



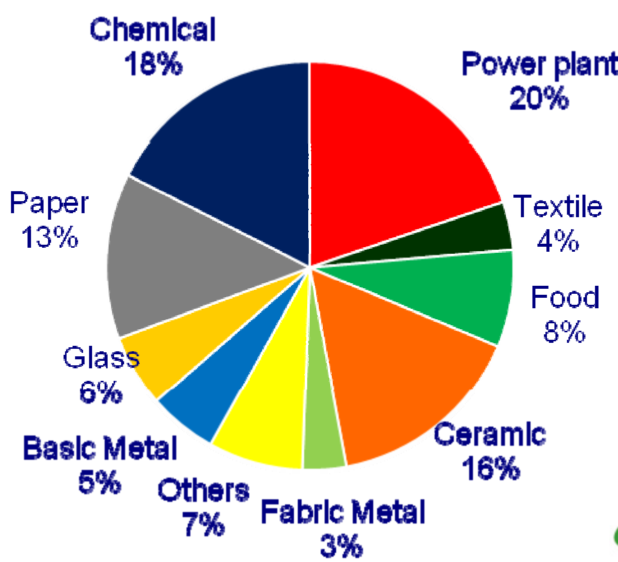
STRONG DISTRIBUTION CUSTOMER BASE

- Industrial customers continue to dominate PGN's customer base and drive PGN's distribution business growth. As of September 30, 2007, sales volume of industrial customers was 396 MMScfd or equal to 98% of PGN's sales.
- Customer composition

2006 Industrial Customer Consumption



2007 Industrial Customer Consumption



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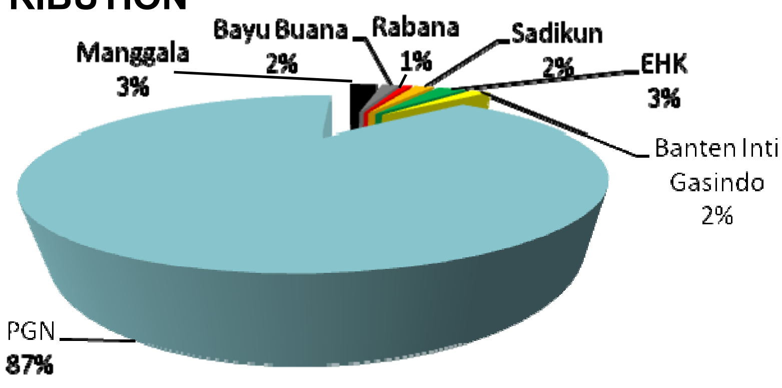
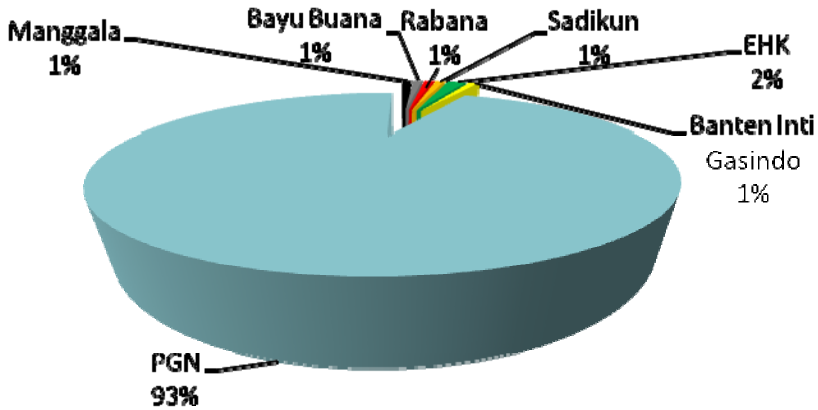
PGN's MARKET SHARE

DISTRIBUTION

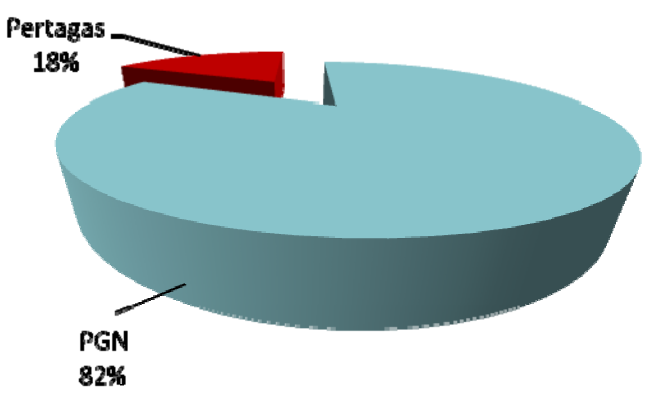


2006

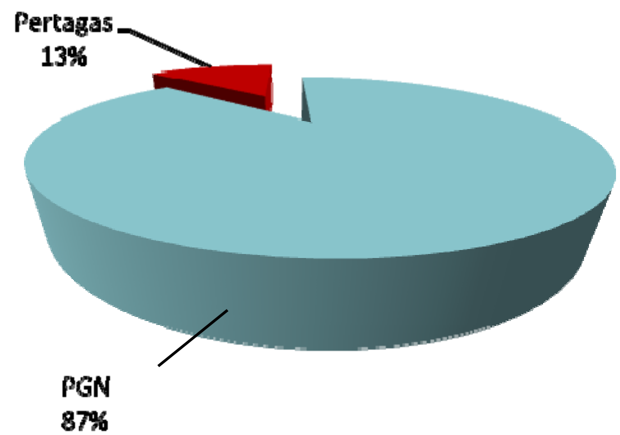


2007

TRANSMISSION



2006



2007

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VOLUME PROJECTION

(MMScfd)

Distribution	2008E
SBU I	500
SBU II	130
SBU III	86
Total	716

Transmission	765

Note : 2008 average Distribution volume includes potential new contracts of 100 MMScfd with PLN

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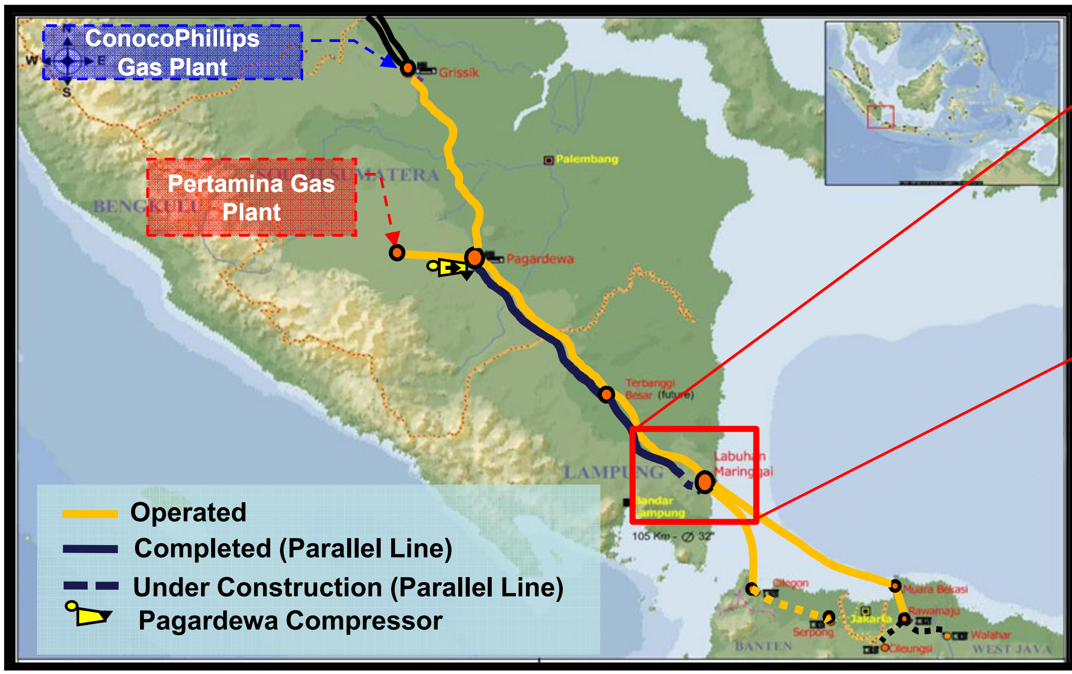
IV. Project Progress

SSWJ PROGRESS & KEY MILESTONES

- The overall SSWJ Project is expected to be completed by Oct 2008 with the completion of the Pagardewa-Labuhan Maringgai parallel line. The total capacity of SSWJ is expected to be 970 mmscfd

March 2007	July 2007	October 2007 –	March 2008	October 2008 –
Pagardewa – Labuhan Maringgai – Bojonegara sections were completed and commenced operation	Labuhan Maringgai – Muara Bekasi section was completed and gas flow from Pertamina began. The gas pipelines can transport 230 mmscfd of gas from South Sumatra to West Java	Completion of SSWJ II Grissik-Pagardewa section was completed and gas flow from Conoco Phillips began	Pagardewa Gas Compressor has completed and will maximize the flow rate of gas from Conoco Phillips and Pertamina. The compressor will increase the total capacity from 230 mmscfd to approximately 470 mmscfd	Completion of SSWJ I Pagardewa-Labuhan Maringgai Parallel Line section is expected to be completed
Transmission Capacity:	230 mmscfd	230 mmscfd	470 mmscfd	970 mmscfd



Latest status (as of March 25 2008):
Stringing and mainline welding completed
Construction progress : 90.1 %
Overall progress (including material) : 96.3%
Target for completion : October 2008

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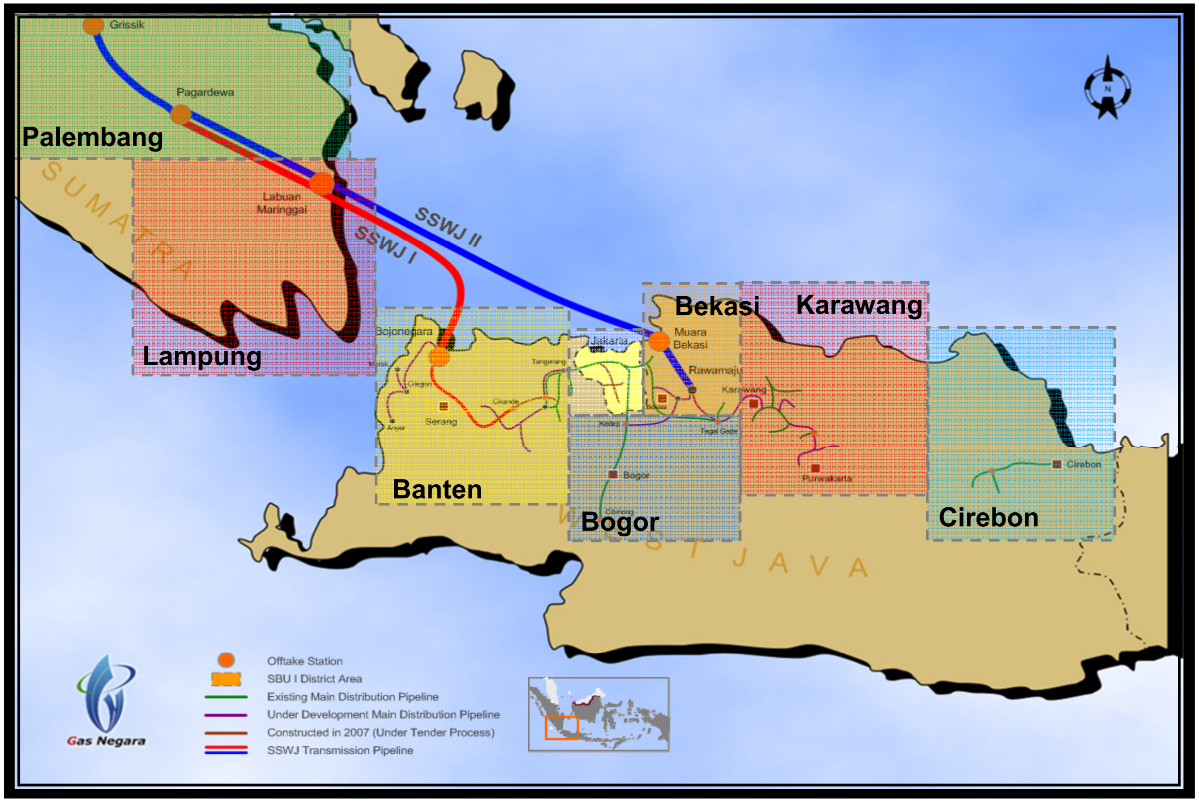
WEST JAVA DISTRIBUTION EXPANSION

The West Java Distribution Expansion Project with 463km main pipelines commenced in 2005. The project aims to distribute the gas from SSWJ and is expected to be fully completed in 2009



PGN is expanding its distribution network in Jakarta, Bekasi, Cikampek, Bogor, Banten and the surrounding areas

The expansion started in 2005 and is scheduled to reach completion in 2009. The Project will expand the distribution network in West Java by 463 km in line with increasing gas volume transported from South Sumatra.

After completion PGN total distribution capacity will reach $\pm$1,500 MMScfd.

The project is funded by World Bank via IBRD (USD 80 million) and PGN's internal cash flow

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WEST JAVA DISTRIBUTION PROGRESS & KEY MILESTONES

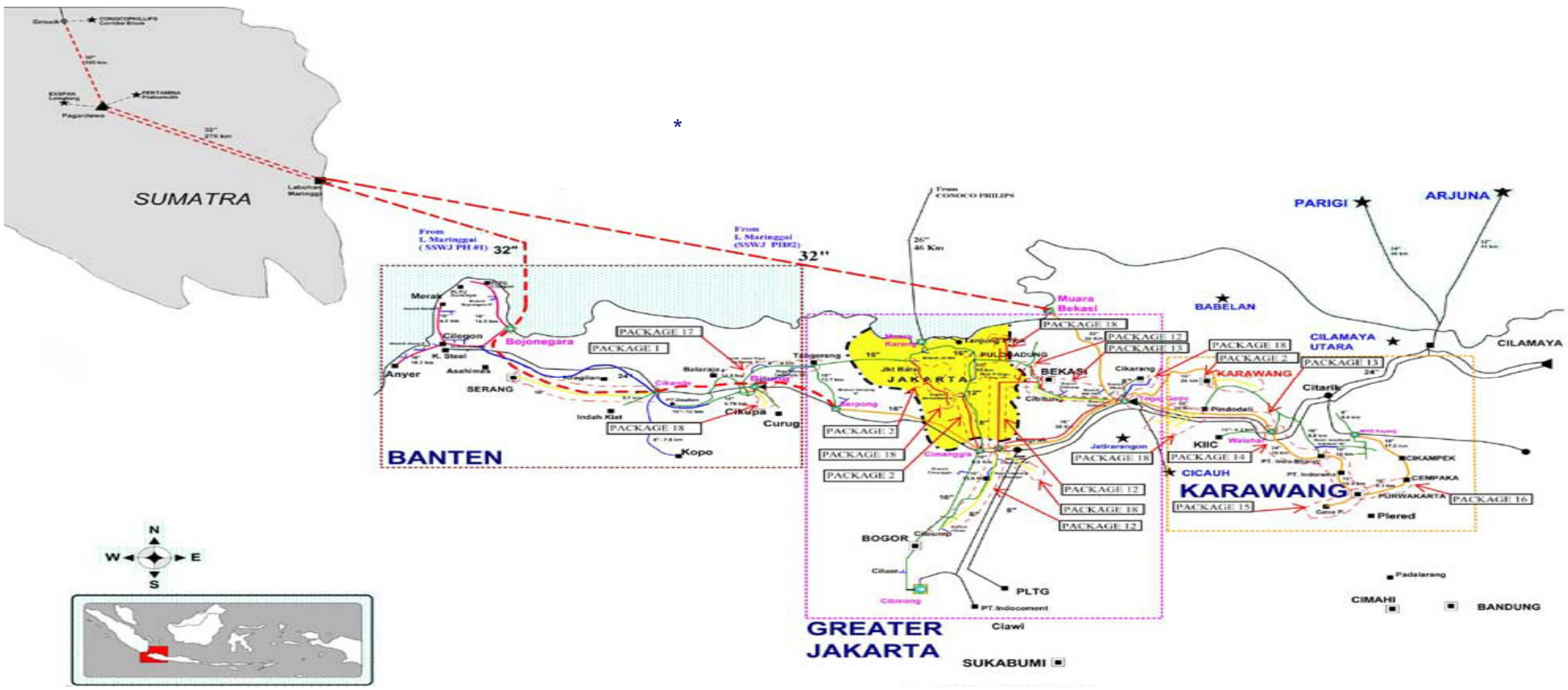
Aug 2007
Distribution mainlines for Rawamaju-Kalimalang-Kedep-Pondok Ungu and Rawamaju-Walahar were partially completed and commenced operations. The pipelines received gas from SSWJ to PGN's existing and new customers

Sept 2007
Distribution mainline for Bitung-Batu Ceper was partially completed and commenced operations to strengthen the existing network

Dec 2007
Distribution mainline for Bitung-Batuceper and distribution branchlines for Banten, Bogor, Jakarta, Bekasi and Karawang are expected to complete by Dec 2007

Mar & Jun 2008
Distribution mainlines for Banten and Greater Jakarta are expected to complete

Oct 2008 – Pipeline Completion of World Bank Packages
Feb 2009 – Pipeline Completion of PGN Packages
Dec 2009 – Completion of Bojonegoro-Serpong transmission mainline



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PROJECTED CAPEX

(Million USD)

Project	2008E
Transmission	163.7
Distribution	103.0
LNG	0.9
Total	**267.6**

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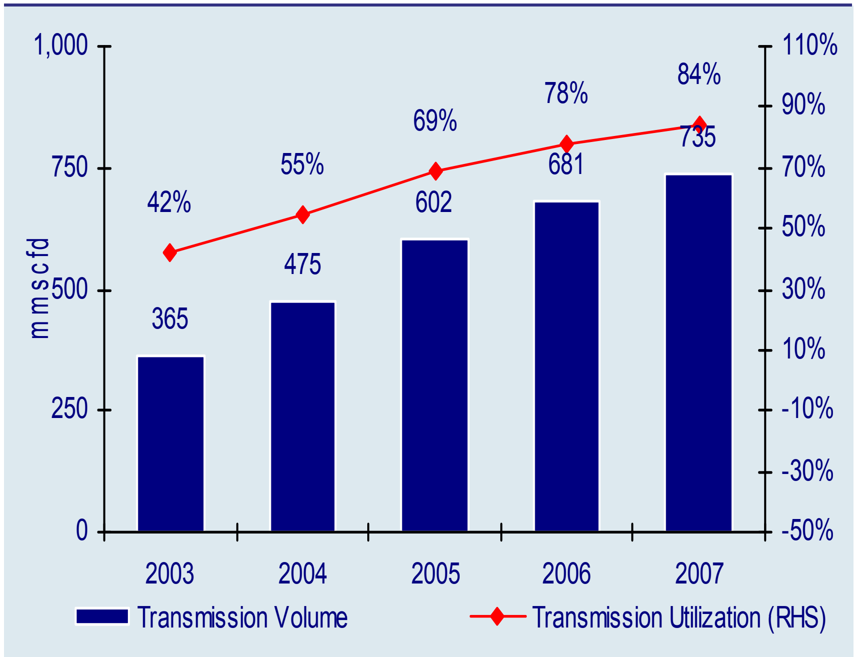
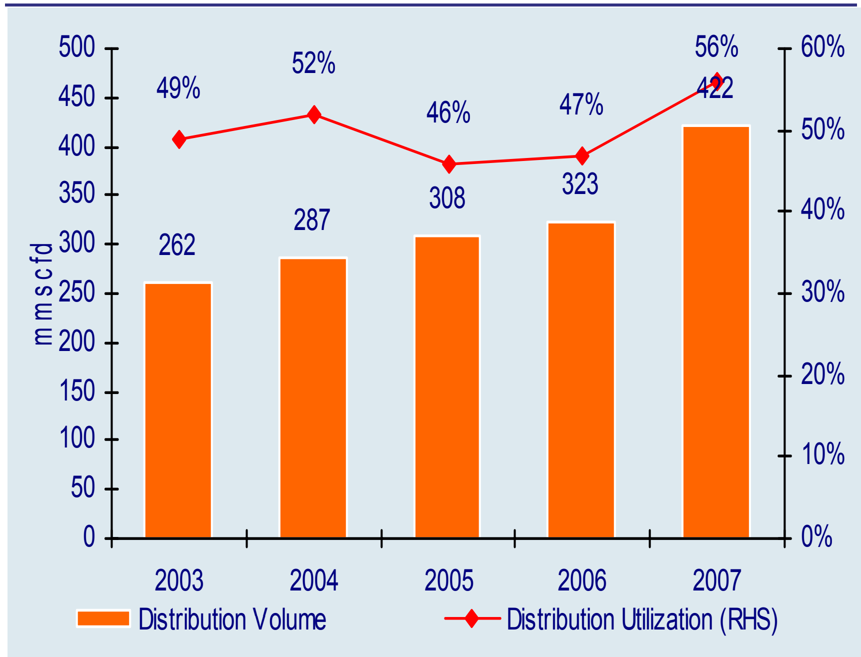
V. Operational & Financial Results

OPERATING PERFORMANCE HIGHLIGHTS

Transmission Volume



Distribution Volume



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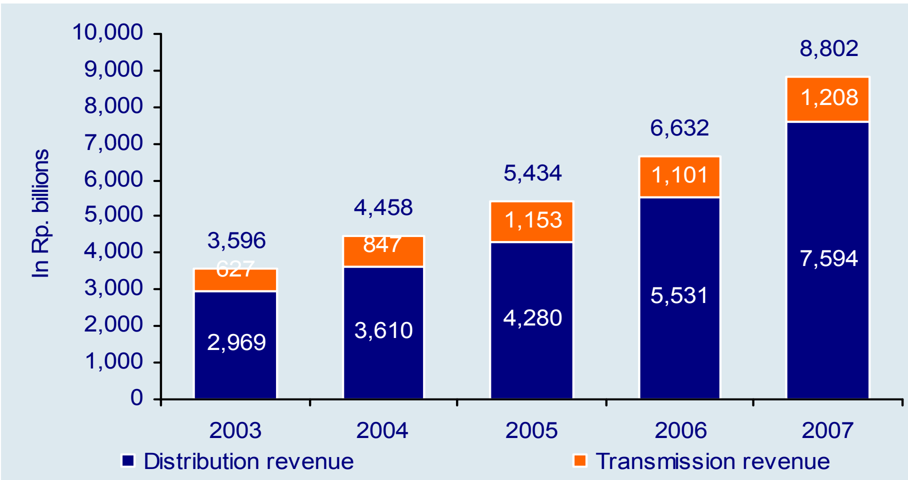
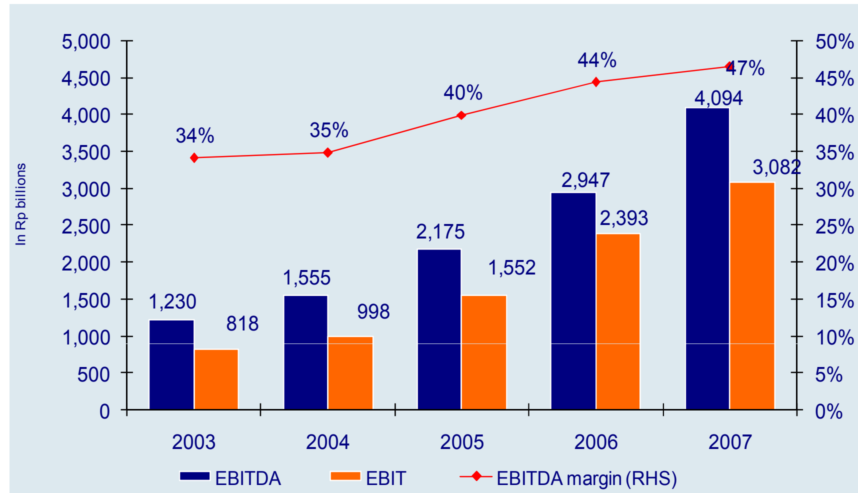
FINANCIAL HIGHLIGHTS

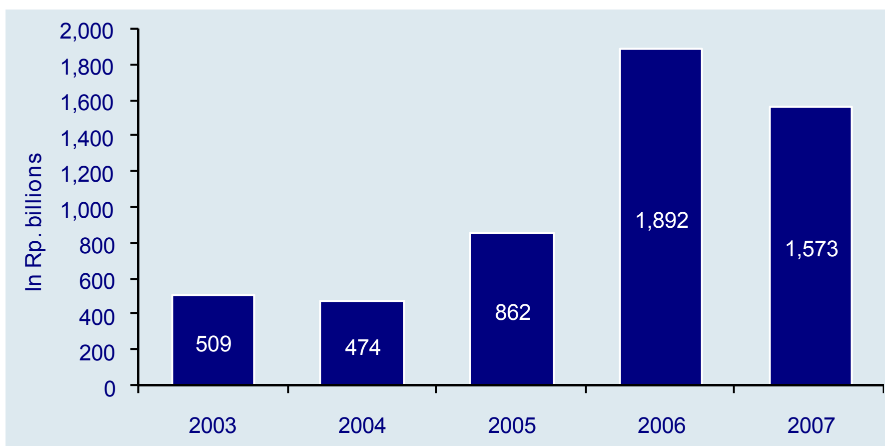
Revenue Trend



EBITDA and EBIT Trend



Net Income



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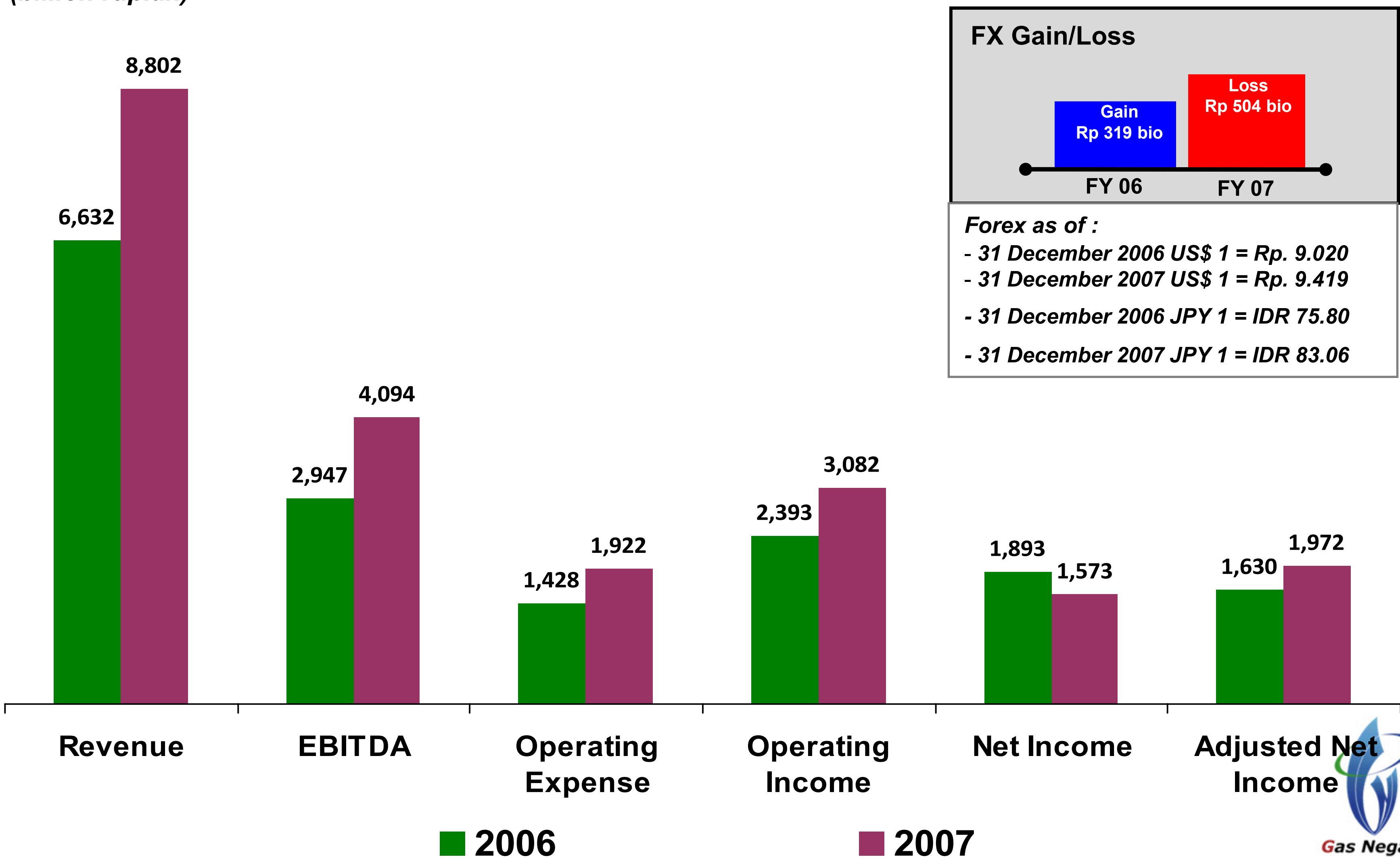
INCOME STATEMENT 2006 vs 2007

(billion rupiah)

Forex as of :
- 31 December 2006 US$ 1 = Rp. 9.020
- 31 December 2007 US$ 1 = Rp. 9.419
- 31 December 2006 JPY 1 = IDR 75.80
- 31 December 2007 JPY 1 = IDR 83.06



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CONSOLIDATED BALANCE SHEET

(in billion Rupiah)	**2006**	**2007**	**%**
Current Assets	1.973	3.715	88
Non Current Assets	13.141	16.633	27
Total Assets	**15.114**	**20.348**	**35**
Current Liabilities	1.360	3.169	233
Non Current Liabilities	7.493	10.015	34
Minority Interest In Net Assets of a Subsidiary	558	729	31
Government Project Funds	127	127	-
Total Shareholders Equity	5.576	6.308	13
Total Liabilities And Shareholders Equity	**15.114**	**20.348**	**35**

Forex as of :
- ***31 December 2006 US$ 1 = Rp. 9.020***
- ***31 December 2007 US$ 1 = Rp. 9.419***

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IV. Future Plan

LNG RECEIVING TERMINAL

Gas Source : Domestic / Overseas

LNG Receiving Terminal
Capacity : 2 – 3 MTPA

Regasification

Distributed through existing pipeline

Customers :
- Household
- Commercial
- Industrial

- **Based on feasibility study in 2003, to fulfill increasing demand and to secure gas supply in Java, PGN plan to build LNG Receiving Terminal that will start to operate in 2014.**
- **Implementation program :**
  - **Deepening Feasibility Study**
  - **Proceed of FEED and EIA**
  - **Socio-cultural study for preparation of land acquisition.**
  - **Secure of gas supply from domestic (Bontang-Kalimantan or Tangguh-Papua) or overseas**

Gas Negara

DURI – MEDAN TRANSMISSION PIPELINE

Project Scope

- Duri - Medan transmission pipeline (28” - 509km)
- Additional:
  - Compressor : Simpang Dumai (9,000 HP)
  - Kondur spurline : BY - Simpang Dumai (20” - 155km)

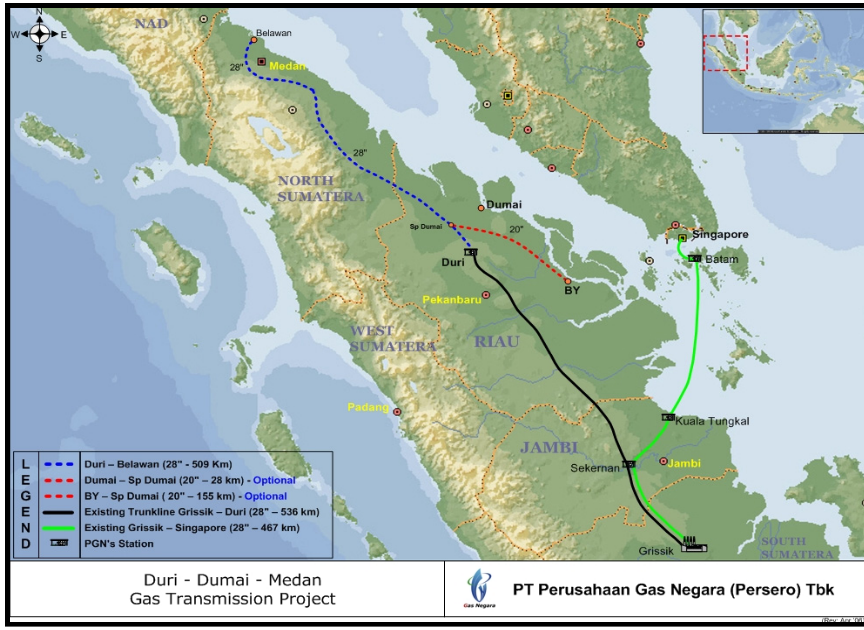
Justification

- A critical step in sustaining and expanding the North-Sumatra gas distribution market
- Strategic opportunity to establish PGN’s Sumatra gas dominance by locking-up gas supply
- Complete the integration of the Sumatra island-wide transmission network

Status

- Feasibility study and FEED have been completed
- EIA Methodology has been approved by GOI
- Principal permits from the MEMR has been received
- Financing arrangements underway
- Gas supply status from South Sumatera is being negotiated with potential sources like ConocoPhillips and Kondur Dumai

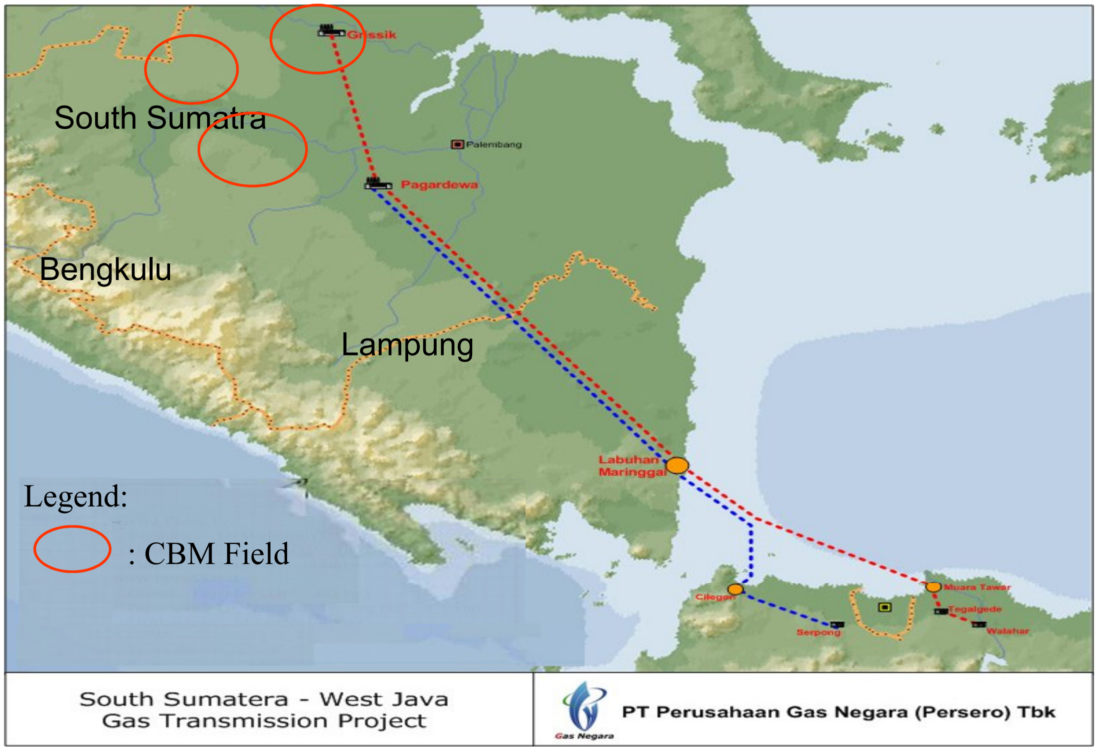
Location



Key Statistics

- Date of Completion: Target 2012
- Total Length: 664 km (incl. spurline)
- Capacity: 250 mmscfd

Integrated CBM Development with Pipeline Transmission



CBM supply for existing SSWJ P/L

- **CBM reserves in South Sumatra of 183 TCF**
- **the CBM fileds in South Sumatra are located near the South Sumatra West Java (SSWJ) transmission pipelines which can be utilized as off taker of gas from CBM development, and therefore support CBM upstream activities.**

Implementation Program:

- **MoU with Local Regencies in South Sumatra Province: Musi Rawas and Banyuasin signed in 2006 and with Muara Enim signed in January 2007**
- **MoU with coal mining company, PT Bukit Asam, South Sumatra signed in March 2007**
- **MoU with CBM operator, Santos, signed in 2006**
- **Conducted geological study in Muara Enim, South Sumatra until mid 2007 to identify potential drilling location (partially supported by Japanese institution)**
- **Conduct CBM study in South Sumatra and Kalimantan to identify potential CBM location, inventory CBM drilling, preliminary drilling design, establish environmental consideration, identify regulatory for CBM development, and recommend CBM model contract**

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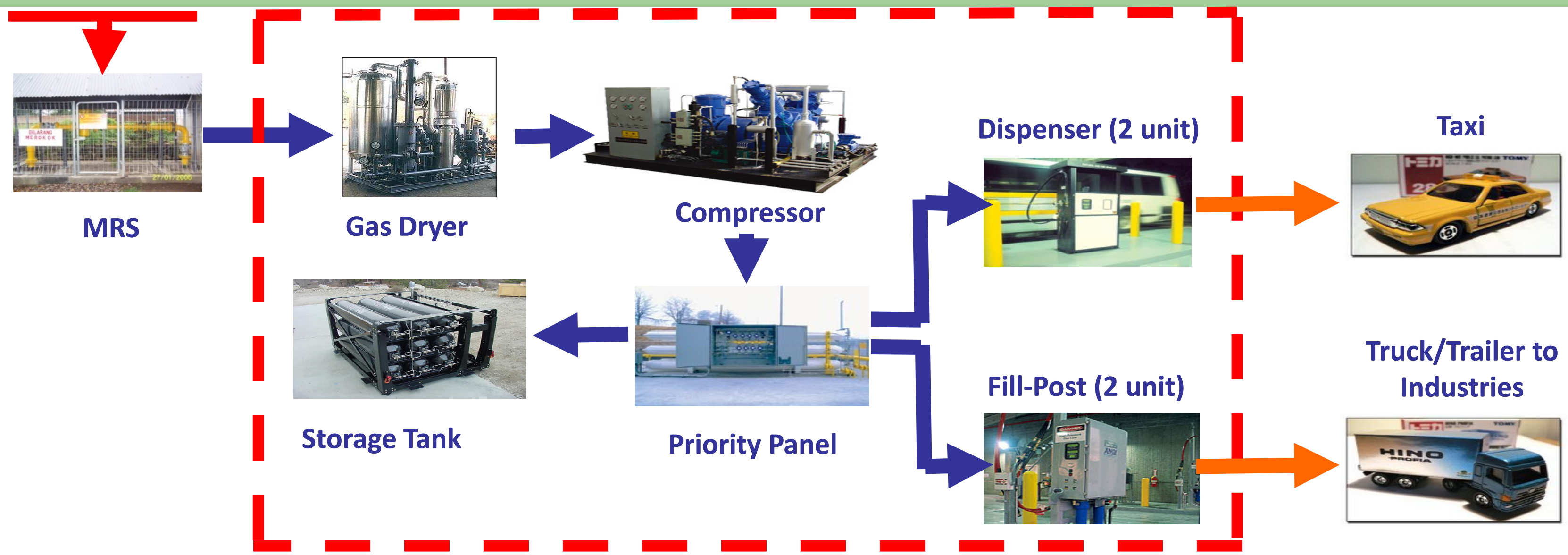
PILOT PROJECT CNG PONDOK UNGU



1. CNG system is developed as a market expansion strategy to meet gas demand outside the PGN's gas pipeline network
2. Site Location at Pondok Ungu – Bekasi, West Java
3. CNG Station is owned and will be operated by PGN to sell the CNG to private distributor company.
4. Station Capacity is 3 MMSCFD to fulfill demand industries and NGV
5. Start construction in 2008
6. Start operation in 2009
7. Status: process of EPC Contractor Bidding

Gas Negara

Thank You

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