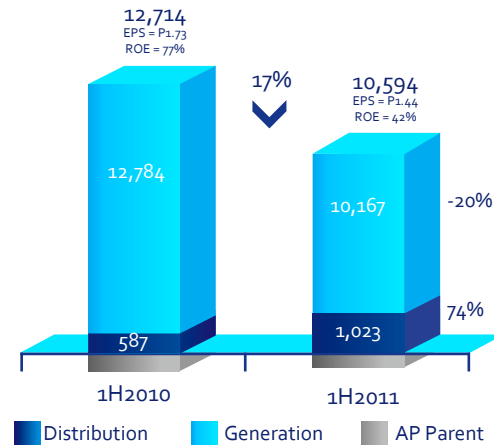


Net Income

In mn Pesos



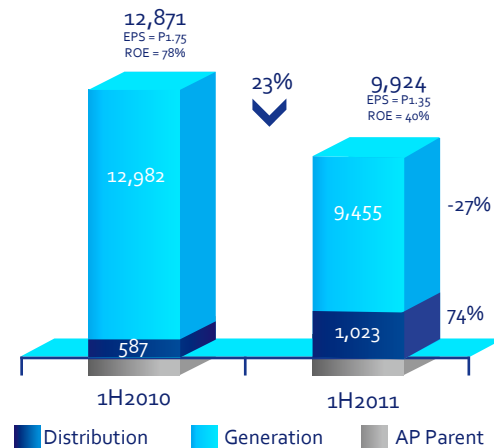
- Weaker results of the generation group mainly accounted for the decline in AboitizPower's 1H2011 earnings**

- Lower average selling price, the decline in net generation for the period and a margin squeeze in one of AboitizPower's subsidiaries due to increase in fuel cost accounted for the 20% YoY reduction in the group's income contribution
- Income share at 91% of total earnings contributions from the business segments

- Robust bottomline performance of the distribution business was due to margin enhancements and increased electricity sales for the period**

Core Net Income

In mn Pesos



- Non-recurring gain for the period amounted to P670 mn, vis-à-vis last year's P156 mn loss**

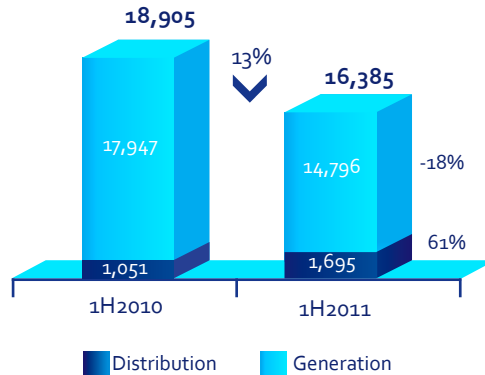
- 1H2011 one-off's include net FX gains resulting from the revaluation of consolidated dollar loans and placements, a subsidiary's topline adjustment involving 2010 revenues due to a favorable ruling by the industry regulator involving its tariff structure for its ancillary services contract, and an associate company's recovered costs relating to its fuel importation.
- Net FX gains in 1H2010 was due to the revaluation of consolidated dollar loans and placements

Non-Recurring Items (in mn Pesos)

	1H2010	1H2011
FX gain (loss) - Parent	42	(41)
FX gain (loss) - Generation	(198)	184
Therma Marine Revenue Adjustment	-	348
STEAG Cost Reimbursement	-	179
	<u>(156)</u>	<u>670</u>

Beneficial EBITDA

In mn Pesos

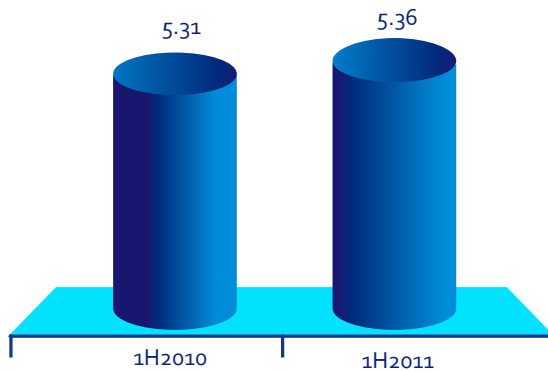


- Decline was mainly accounted for by the weaker results of the generation group
- Beneficial Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) is the summation of the proportionate share of AboitizPower in the EBITDA of its subsidiaries and associate companies

Result of Operations – Generation

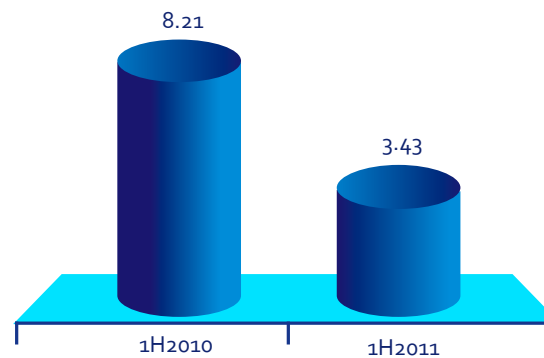
Average Selling Price for Contracted Capacity

P/kWh



Average Selling Price for Spot Market Transaction

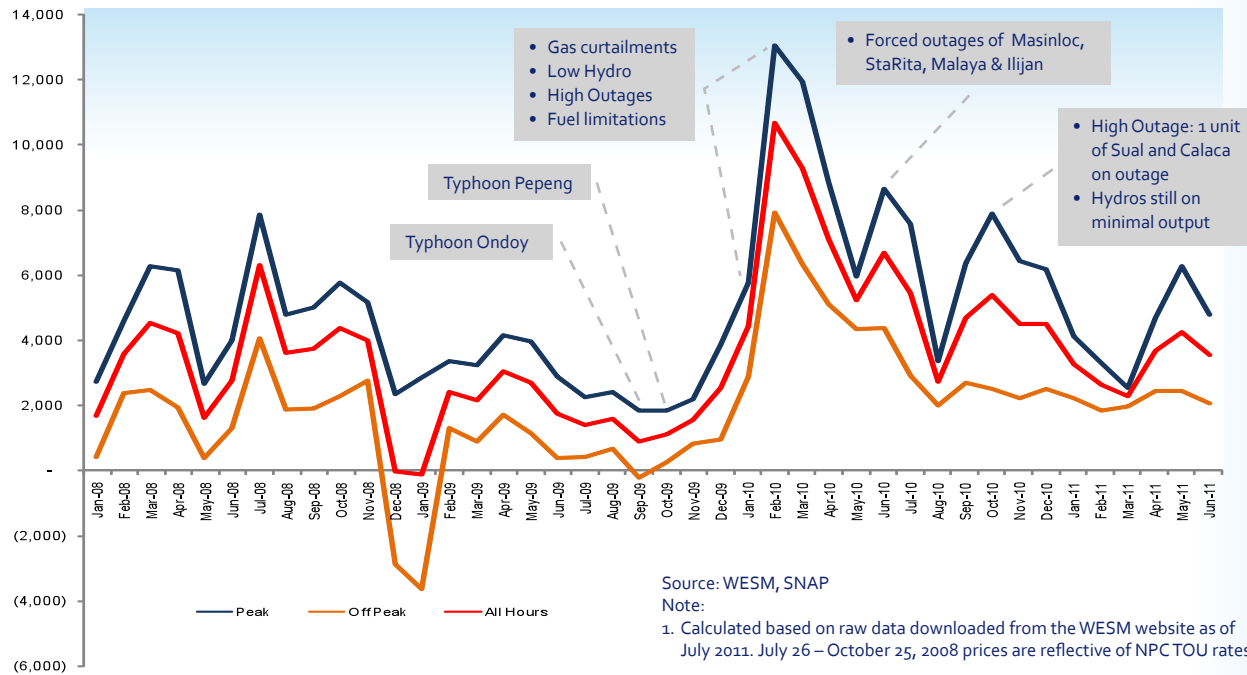
P/kWh



- Average selling price was down by 16% YoY, from P6.07/kWh to P5.08/kWh, largely due to the softening of the spot market prices
- AboitizPower recorded a 58% YoY decline in its average selling price for its transactions in the Wholesale Electricity Spot Market. This was on the back of a flat growth in demand for the semester in review, coupled with the improved supply with YoY improvements in outage levels for Luzon-based plants.

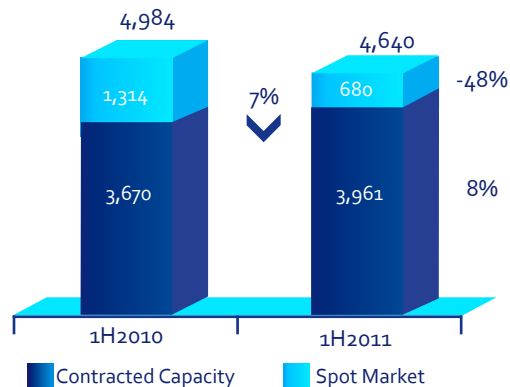
Result of Operations – Generation

WESM Prices - Luzon Grid (P/MWh)
Monthly Time Weighted Average Prices



Attributable Power Sales

in GWh

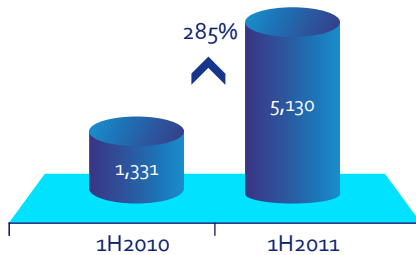


- Reduced transactions in the spot market brought about by low prices resulted to a 7% contraction in total power sales for the period
- Increased contracted capacity tempered adverse impact to bottomline performance

Result of Operations – Generation

Ancillary Revenues

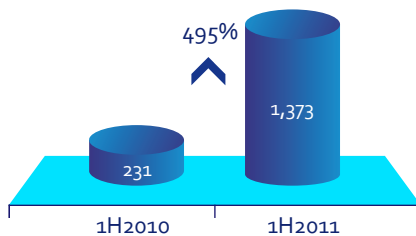
At 100%, in mn Pesos



Boost from revenues generated by merchant hydro assets providing ancillary services

Accepted/Billed Capacity

At 100%, in GW/h

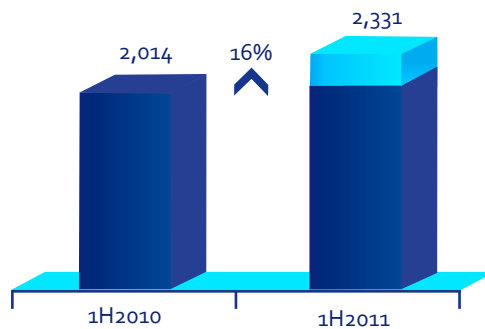


- Volume expansion of 495% YoY due to higher acceptance of Magat's nominated capacity and the fresh contribution of Binga, as implementation of its contract with NGCP only took effect in 3Q2010
- Improved water levels of both Magat and Binga, versus 2010, enhanced capability of providing ancillary services



Attributable Capacity

in MW



Attributable capacity as of end-1H2011 was up 16% YoY to 2,331 MW

- Completion of the 16.5 MW Plant A of Hedcor Sibulan's 42.5 MW hydropower plant in Davao
- Completion of the third unit of 26%-owned Cebu Energy Development Corporation's 246 MW coal-fired power plant in Cebu
- Assumption of full ownership and control of Luzon Hydro (plus attributable capacity of 35 MW)
- Acquisition of the 242 MW Navotas power barges
- Partial completion of the rehabilitation of the Ambuklao hydropower facility (plus attributable capacity of 2.5 MW)



Other Developments - Generation

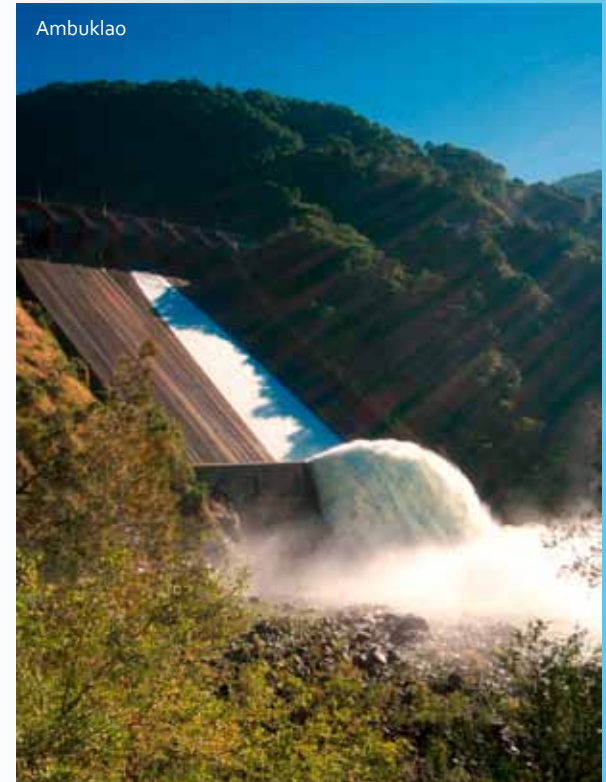
Brownfield Developments

- **Ambuklao rehabilitation project**
 - Rehab works on one unit done. Commenced operations in June 2011. Last two units are expected to be completed by third quarter of 2011
 - After rehab, Ambuklao plant will have a total capacity of 105 MW of renewable energy that will significantly augment the 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.
- **Tiwi-Makban rehabilitation project**
 - Several units are undergoing rehabilitation/refurbishment. Once completed, generation capacity and plant availability are expected to improve. At present, the Tiwi-Makban geothermal power plants have a combined estimated generation capacity of 467 MW. After rehab, AboitizPower reckons that generation capacity could increase to ~484 MW, which takes into account current steam supply and decline rates.
 - Completion estimated within first semester of 2012
- **Rehabilitation of the Navotas power barges**
 - In May 2011, Therma Mobile, Inc., a wholly owned subsidiary of AboitizPower, acquired 242 MW four (4) barge-mounted floating power plants including their respective operating facilities
 - Upon turnover, rehabilitation works on existing facilities

will commence with completion estimated by the fourth quarter of 2011 for 123 MW and the first semester of 2012 for 119 MW.

Greenfield Developments Moving Forward

- **600 MW Coal-fired Power Plant in Subic**
 - Project by Redondo Peninsula Energy, Inc. (RP Energy), currently a JV between AboitizPower and Taiwan Cogeneration International Corporation (TCIC)
 - Involves 2x300 MW coal-fired power plant in the Subic Bay Freeport Zone (the Subic Coal Project)
 - In June 2011, Meralco PowerGen Corporation (MPGC) announced its intention of participating in the Subic Coal Project. MPGC to take a controlling interest, while AboitizPower and TCIC to own remaining stake equally
 - Commercial operation of the first unit of the Subic Coal Project is estimated to commence in end-2014, with the second unit to follow 6-9 months after
- **300 MW Coal-fired Power Plant in Davao**
 - A 2x150 MW coal-fired power plant in Davao, which is the biggest load center in the island of Mindanao.
 - AboitizPower is in the process of obtaining the necessary permits and government clearances. Successfully negotiated a lease for the location, with an option to purchase.
 - Engaged engineering and environmental consultants that have initiated physical and environmental data collection. Once completed, together with all the necessary permits and approvals, construction is expected to be completed in 36 months.



Ambuklao



Tiwi

Other Developments - Generation

Greenfield Developments Moving Forward

- **150 MW Coal-fired Power Plant Misamis Oriental**
 - On June 28, 2010, AboitizPower 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-kilovolt (kV) interconnection with the Mindanao Grid are to be shared with the existing facilities
- **11.5 MW Hedcor Tamugan Hydro Power Plant Project**
 - In 2010, wholly owned subsidiary Hedcor Tamugan, Inc., has reached an agreement with the Davao City Water District (DCWD) on the use of the Tamugan river
 - Originally planned as a 27.5 MW run-of-river facility, Hedcor Tamugan submitted a new proposal, which involves the construction of an 11.5-MW hydropower facility. Hedcor Tamugan is waiting for the City council to approve the project. Once approval and permits are secured, the two-year construction period will commence.
- **13.6 MW Tudaya 1 and 2 Hydro Power Plant Project**
 - Involves construction of run-of-river power plants to be located in the upper and downstream sections of the exiting Sibulan hydropower plant, tapping the same water resource, which are the Sibulan and Baroring rivers.
 - Combined capacity at 13.6 MW
 - Currently working on obtaining the water permits and environmental clearances
 - Target groundbreaking is by third quarter of 2011, with construction estimated to be completed in 20 months.
- **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.
 - The SN Aboitiz Power Group ("SNAP Group") is in the process of evaluating several hydropower plant projects. A Brownfield project is being evaluated for its Magat hydropower plant, which involves the construction of a pumped storage that could potentially increase its capacity by at least 90 MW. The SNAP Group is likewise evaluating several Greenfield hydropower plant projects that have at least 70 MW of potential capacity each.

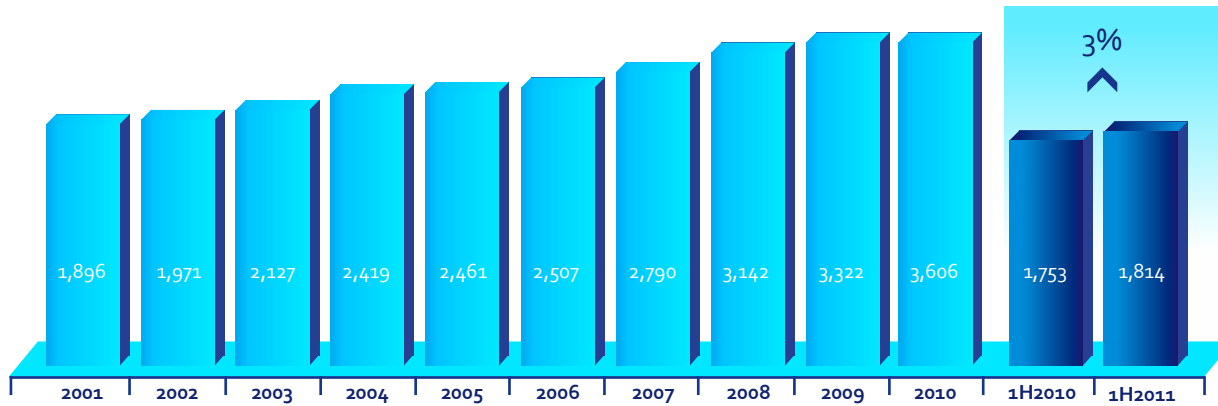
Participation in the Government's Privatization Program for its Power Assets

- The Company continues to closely evaluate the investment viability of the remaining power generation assets that PSALM intends to auction off. To date, more than 70% of the identified generation assets of NPC in the islands of Luzon and Visayas have been privatized.
- AboitizPower is also keen on participating in PSALM's public auction for the Independent Power Producer (IPP) Administrator contracts, which involves the transfer of the management and control of total energy output of power plants under contract with NPC to the IPP administrators.



Result of Operations – Distribution

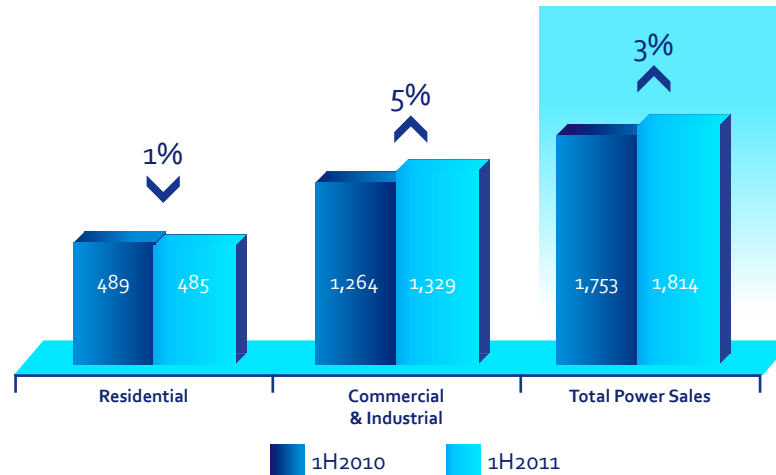
Attributable electricity sales
In GWh



Shift to Performance Based Regulation scheme by Davao Light and Visayan Electric in August 2010, coupled with reduced operating expenses of Davao Light, resulted to margin improvement for the semester

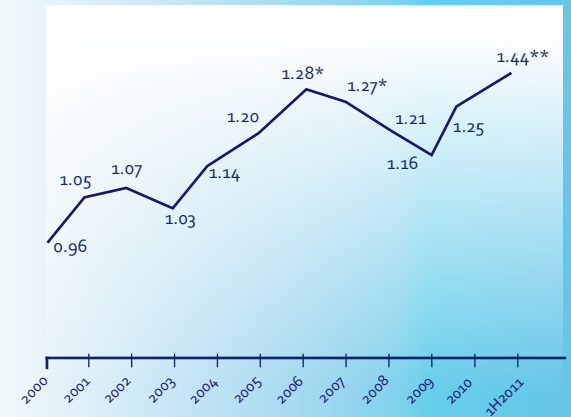
- Davao Light's operating expenses declined YoY as operation of its back-up power plant was not required during the period given the improved power supply situation in Mindanao

Electricity Sales, by Customer Type
In GWh



Growth led by the non-residential sector, particularly the industrials with YoY growth of 7%

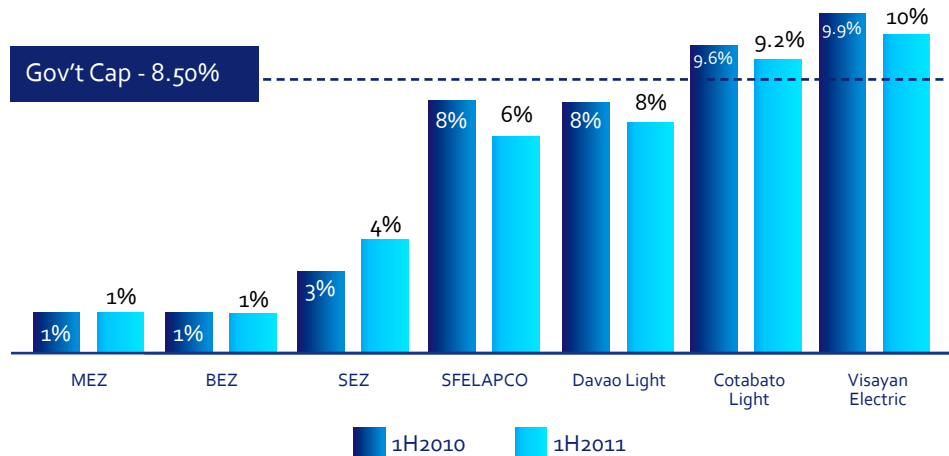
GROSS MARGIN
P/kWh



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

Result of Operations – Distribution

SYSTEMS LOSS



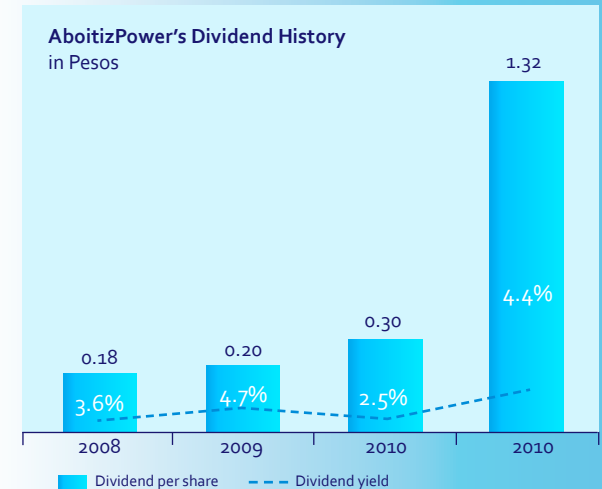
- Pilferage remains as the main cause of Cotabato Light's and Visayan Electric's high systems losses

Performance-Based Regulation

Cotabato Light	Davao Light and VECO	SFELAPCO and Subic EnerZone
Entered its third regulatory year on April 1, 2011.	Implemented PBR approved rate structures in August 2010. Currently preparing to file with the ERC for the rate translation adjustments for the second year of their 4-year regulatory period, which commences in July 2011.	Expected to enter their 4-year regulatory period by October 1, 2011.

Dividends

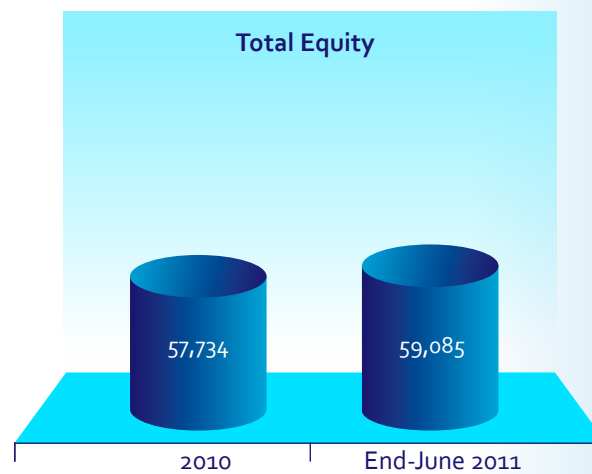
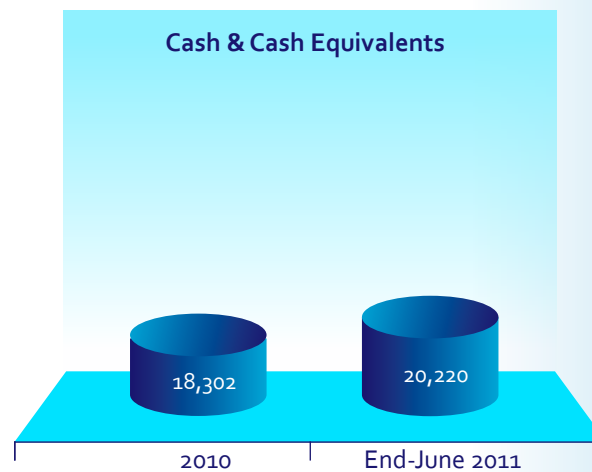
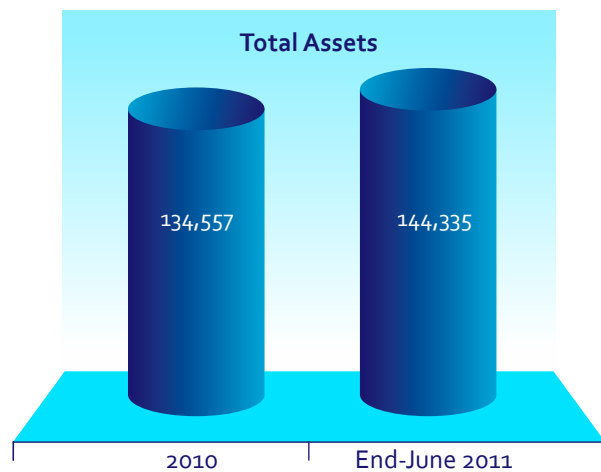
- Internal dividend policy is to payout 1/3 of previous year's net earnings
- On March 3, 2011, AboitizPower declared a dividend of P1.32 per share
 - Up 340% YoY
 - 2008-2011 CAGR of 94%



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

Financial Condition

Consolidated Figures, In mn Pesos



Stock Price Performance

YTD June 30, 2011

