

July 21, 2014

**MS. JANET ENCARNACION**

Head, Disclosure Department  
Philippine Stock Exchange, Inc.  
3<sup>rd</sup> Floor, Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

Re: Clarification to the July 21, 2014 philSTAR.com News Article

Dear Ms. Encarnacion:

This refers to your letter requesting Aboitiz Power Corporation (AboitizPower) to confirm the veracity of the information contained in the philSTAR.com article dated July 21, 2014 entitled, “AboitizPower investing P90 B to expand output” a portion of which is quoted hereunder:

*“MANILA, Philippines - Aboitiz Power Corp. (AboitizPower), the power generation arm of the Aboitiz conglomerate, is venturing into roughly P90 billion worth of power generation projects that will require P21.3 billion in capital infusion by 2017.*

*The expansion program, which would be partially supported by proceeds from a P10-billion bond issuance, would double the company’s attributable generating capacity to more than 4,000 megawatts (MW) by 2017, AboitizPower said.*

*In a filing with the Securities and Exchange Commission (SEC), AboitizPower said it is investing P89 billion for three new power plants: P44 billion for the 400-MW pulverized coal-fired expansion unit 3 in Pagbilao, Quezon; P13 billion for the 68-MW Manolo Fortich hydropower project; and P32 billion for the 300-MW Cebu coal project.*

*AboitizPower said capital infusion for the Pagbilao power plant is P5.5 billion and P4 billion and P10 billion for the hydropower project and the Cebu coal plant, respectively. The three power plants would start operations late in 2016 or 2017.*

*‘The difference between the total project requirements and the net proceeds of the offer will be sourced from internally generated cash and existing credit lines,’ AboitizPower said.*

....

*AboitizPower is also completing two new power plants for 2015: the 14-MW Sabangan hydro plant in Luzon and the 300-MW Therma South baseload plant in Davao that will require P1.3 billion and P500 million in capital infusion, respectively.*

....

*‘The net proceeds from the offer is estimated to be P9.89 billion after deducting expenses related to the offer and will be used by the company to replenish working*

*capital, for other general corporate purposes, and to partially fund any or all of the company's projects,' AboitizPower said.*

*...."*

We would like to clarify that:

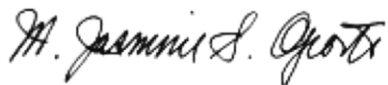
- (a) We have previously disclosed that AboitizPower intends to double its capacity from 2,300 MW to around 4,000 MW within the next five years. The projects enumerated in the news article - the 400-MW Pagbilao Plant in Quezon Province, the 14-MW Sabangan Hydro Plant in Luzon and the 300-MW Therma South Plant in Davao - are part of the Company's plan.
- (b) AboitizPower, by itself, or together with its partners, intends to invest around Php89 billion to finance these projects. This projected amount includes the net proceeds of the Company's up to Php10 billion retail bond offering.

We trust you find the foregoing clarification to your satisfaction.

Very truly yours,

**ABOITIZ POWER CORPORATION**

By



**M. JASMINE S. OPORTO**

Corporate Secretary