Shelf Registration of PhP30,000,000,000 Debt Securities Program

to be Offered in One or Several Tranches within a period of three (3) years

First Tranche:
PhP2,000,000,000
with an over-subscription option of up to PhP1,000,000,000
[•] % p.a. Fixed Rate Bonds Due 2027
Offer Price: 100% of Face Value

Issue Manager and Underwriter for the First Tranche:

BPI Capital Corporation

The date of this Prospectus is [•].

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, BUT HAS NOT YET BECOME EFFECTIVE. THESE SECURITIES MAY NOT BE SOLD NOR OFFERS TO BUY THEM BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT IS RENDERED EFFECTIVE. THIS COMMUNICATION SHALL NOT CONSTITUTE AN OFFER TO SELL OR BE CONSIDERED A SOLICITATION TO BUY.

Preliminary Prospectus

(A corporation duly organized and existing under Philippine laws)

ABOITIZ POWER CORPORATION
32nd STREET, BONIFACIO GLOBAL CITY
1634 TAGUIG CITY, METRO MANILA, PHILIPPINES
TELEPHONE NUMBER: (632) 886-2800

This Preliminary Prospectus relates to the shelf-registration and continuous offer of Aboitiz Power Corporation ("AboitizPower", the "Issuer", or the "Company") through a sale in the Philippines of Fixed Rate Bonds in the aggregate principal amount of Php30,000,000,000 (the "Bonds").

For the first tranche of the Bonds to be issued out of the shelf-registration, AboitizPower is offering Fixed Rate Bonds in the aggregate principal amount of up to Php2,000,000,000, with an over-subscription option of up to Php1,000,000,000 on the Issue Date, which shall have a term ending [ten (10)] years from the Issue Date, or on [• 2027], with a fixed interest rate of [•] per annum and an optional redemption on the seventh, eighth, and ninth anniversary of the Series A Bonds, and in each case, the immediately succeeding Banking Day if such date is not a Banking Day. Interest on the Series A Bonds shall be payable quarterly in arrears on [•], [•],[•], and [•] of each year while the Series A Bonds are outstanding, or the subsequent Banking Day without adjustment if such Interest Payment Date is not a Banking Day (the "Series A Bonds"). The last Interest Payment Date shall fall on the relevant Maturity Date while the Series A Bonds are outstanding (see "Description of the Offer" – *"Interest"* in the accompanying Offer Supplement).

The Series A Bonds shall be repaid at maturity at par (or 100% of face value) on the Maturity Date, unless the Company exercises its early redemption option according to the conditions therefore (see "Description of the Offer" – *"Redemption and Purchase"* in the accompanying Offer Supplement).

Upon issuance, the Series A Bonds shall when issued shall constitute direct, unconditional, unsecured and unsubordinated Peso denominated obligations of the Issuer and shall rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* in priority of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by the law, (ii) any obligation incurred by the Issuer pursuant to [Section 5.01 (a)] of the Trust Agreement or as may be allowed by the Trust Agreement, and (iii) other Indebtedness or obligations disclosed by the Issuer to the Trustee as of Issue Date. The Series A Bonds shall effectively be subordinated in right of payment to, among others, all of AboitizPower's secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines (see "Description of the Offer" – *"Ranking"* in the accompanying Offer Supplement).

The Series A Bonds have been rated PRS Aaa, with a Stable Outlook by PhilRatings on 16 May 2017. Obligations rates PRS Aaa are of the highest quality with minimal credit risk. The Company's capacity to meet its financial commitment on the Series A Bonds is extremely strong. PRS Aaa is the highest rating assigned by PhilRatings. The rating and outlook were assigned given the following key considerations: (1) significant levels of cash and cash flows in relation to debt service requirements; (2) adequate capital structure supported by healthy growth in retained earnings; (3) diversified portfolio with good growth prospects; and (4) experienced management team.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.

The Series A Bonds are offered to the public at face value through the Underwriter named below with the Philippine Depository & Trust Corp. (PDTC) as the Registrar of the Series A Bonds. The Series A Bonds shall be issued in minimum denominations of Php50,000 each, and in integral multiples of Php10,000 thereafter. The Series A Bonds shall be traded in denominations of Php10,000 in the secondary market.

AboitizPower intends to cause the listing of the Series A Bonds on a securities exchange licensed with the SEC and has initiated discussions with the Philippine Dealing & Exchange Corporation (PDEx) for this purpose. However, there can be no assurance that such a listing will actually be achieved either before or after the Issue Date or whether such a listing will materially affect the liquidity of the Series A Bonds on the secondary market. Such listing would be subject to the Company's execution of a listing agreement with PDEx that may require the Company to make certain disclosures, undertakings and payments on an ongoing basis.

AboitizPower expects to raise gross proceeds of Php3,000,000,000. The net proceeds from the issue is estimated to be PhP1,982,016,875, for a PhP2,000,000,000 Issue Size, or PhP2,970,768,125 for a PhP3,000,000,000 Issue Size, after fees, commissions, and expenses. Proceeds of the Offer shall be used to finance equity infusions into GNPower Dinginin Ltd. Co. (GNPD), which are discussed further in the section entitled *"Use of Proceeds"* on page 48 of this Preliminary Prospectus. The Underwriter shall receive a fee of 0.30% on the final aggregate nominal principal amount of the Series A Bonds issued, which is inclusive of underwriting fees and selling commissions.

On 19 April 2017, AboitizPower filed a Registration Statement with the Securities and Exchange Commission (SEC), in connection with the offer and sale to the public of debt securities with an aggregate principal amount of Thirty Billion Pesos (Php30,000,000,000), under shelf registration, inclusive of the Offer and any amount remaining if the Over-Subscription Option is not or is not fully exercised. The SEC is expected to issue an order rendering the Registration Statement effective, and a corresponding permit to offer securities for sale covering the offer.

However, there can be no assurance in respect of: (i) whether AboitizPower would issue the remaining amount of the Bonds at all; (ii) the size or timing of any individual issuance or the total issuance of such Bonds; or (iii) the specific terms and conditions of any such issuance. Any decision by AboitizPower to offer such Bonds will depend on a number of factors at the relevant time, many of which are not within AboitizPower's control, including but not limited to: prevailing interest rates, the financing requirements of AboitizPower's business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general.

AboitizPower confirms that this Preliminary Prospectus contains all material information relating to the Company, its affiliates and subsidiaries, as well as all material information on the issue and offering of and the Series A Bonds as may be required by the applicable laws of the Republic of the Philippines. No facts have been omitted that would make any statement in this Preliminary Prospectus misleading in any material respect. AboitizPower confirms that it has made all reasonable inquiries with respect to any information, data and analysis provided to it by its advisors and consultants or which is otherwise publicly available for inclusion into this Preliminary Prospectus. AboitizPower, however, has not independently verified any or all such publicly available information, data or analysis.

The prices of securities can and do fluctuate. Any individual security may experience upward or downward movements, and may lose all or part of its value over time. The future performance of a security may defy the trends of its past performance, and there may be a significant difference between the buying price and the selling price of any security. As such, there is an inherent risk that losses may be incurred, rather than profit made, as a result of buying and selling securities. Thus, an investment in the Series A Bonds described in this Preliminary Prospectus involves a certain degree of risk.

In deciding whether to invest in the Series A Bonds, a prospective purchaser of the Series A Bonds ("Prospective Bondholder") should, therefore, carefully consider all the information contained in this Preliminary Prospectus, including but not limited to, several factors inherent to the Company, which includes significant competition, exposure to risks relating to the performance of the economies of other countries, and other risks relating to customer default (detailed in *"Risk Factors and Other Considerations"* section on page 41 of this Preliminary Prospectus), and those risks relevant to the Philippines vis-à-vis risks inherent to the Series A Bonds.

Neither the delivery of this Preliminary Prospectus nor any sale made pursuant to the Offering shall, under any circumstances, constitute a representation or create any implication that the information contained or referred to in this Preliminary Prospectus is accurate, complete or correct as of any time subsequent to the date hereof or that there has been no change in the affairs of AboitizPower since the date of this Prospectus.

The contents of this Preliminary Prospectus are not to be considered as definitive legal, business or tax advice. Each Prospective Bondholder receiving a copy of this Prospectus acknowledges that he has not relied on the Issue Manager and the Underwriter or any person affiliated with the Issue Manager and the Underwriter, in his investigation of the accuracy of any information found in this Preliminary Prospectus or in his investment decision. Prospective Bondholders should consult their own counsel, accountants, or other advisors as to legal, tax, business, financial, and related aspects of the purchase of the Series A Bonds, among others. It bears emphasis that investing in the Series A Bonds involves certain risks. It is best to refer again to the section on *"Risk Factors and Other Considerations"* on page 41 of this Preliminary Prospectus for a discussion of certain considerations with respect to an investment in the Series A Bonds.

No person nor group of persons has been authorized by AboitizPower, the Issue Manager, and the Underwriter to give any information or to make any representation concerning AboitizPower or the Series A Bonds other than as contained in this Preliminary Prospectus and, if given or made, any such other information or representation should not be relied upon as having been authorized by AboitizPower or the Issue Manager or the Underwriter.

AboitizPower is organized under the laws of the Philippines. Its principal office is at 32nd Street, Bonifacio Global City, 1634 Taguig City, Metro Manila, Philippines with telephone number (632) 886-2800.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PRELIMINARY PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

ABOITIZ POWER CORPORATION
By:

ANTONIO R. MORAZA
President & Chief Operating Officer

SUBSCRIBED AND SWORN to before me this __________________ affiant exhibiting to me ________________________ issued on _____________________ , by _______________________.

Doc. No. ________;
Page No. ________;
Book No. ________;
Series of 2017.

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FORWARD LOOKING STATEMENTS

This Preliminary Prospectus contains certain “forward-looking statements”. These forward-looking statements can generally be identified by use of statements that include words or phrases such as AboitizPower or its management “believes”, “expects”, “anticipates”, “intends”, “plans”, “foresees”, or other words or phrases of similar import. Similarly, statements that describe AboitizPower’s objectives, plans or goals are also forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations of AboitizPower include, among others:

- General economic and business conditions in the Philippines;
- The Company’s management’s expectations and estimates concerning its future financial performance;
- The Company’s capital expenditure program and other liquidity and capital resources requirements;
- The Company’s level of indebtedness;
- Increasing competition in the industry in which the Company, its Subsidiaries and its affiliates operate;
- Industry risk in the areas in which the Company, its Subsidiaries, and its affiliates operate;
- Changes in laws and regulations that apply to the segments or industry in which the Company, its Subsidiaries, and its affiliates operate;
- Changes in political conditions in the Philippines;
- Inflation in the Philippines and any devaluation of the Philippine Peso;
- The risk factors discussed in this Preliminary Prospectus as well as other factors beyond the Company’s control.

For further discussion of such risks, uncertainties and assumptions, see “*Risk Factors and Other Considerations*” on page 41 of this Preliminary Prospectus. Prospective purchasers of the Series A Bonds are urged to consider these factors carefully in evaluating the forward-looking statements. The forward-looking statements included herein are made only as of the date of this Preliminary Prospectus, and AboitizPower undertakes no obligation to update such forward-looking statements publicly to reflect subsequent events or circumstances.

No Underwriter takes any responsibility for, or gives any representation, warranty or undertaking in relation to, any such forward-looking statement.

DEFINITION OF TERMS

Aboitiz Group	ACO and the companies or entities in which ACO has a beneficial interest and, directly or indirectly, exercises management control, including, without limitation, Aboitiz Equity Ventures, Aboitiz Power Corporation, Union Bank of the Philippines and their respective Subsidiaries and Affiliates
AboitizLand	Aboitiz Land, Inc.
Aboitiz InfraCapital	Aboitiz InfraCapital, Inc.
AboitizPower	Aboitiz Power Corporation also referred to as "AP", the "Company", the "Parent Company" or the "Issuer"
AboitizPower Group or the Group	AboitizPower and its Subsidiaries
ABOVANT	Abovant Holdings, Inc.
ACEHI	AC Energy Holdings, Inc.
ACI	Aboitiz Construction, Inc. (Formerly: Aboitiz Construction Group, Inc.)
ACO	Aboitiz & Company, Inc.
ADB	Asian Development Bank
AdventEnergy	Adventenergy, Inc.
AESI	Aboitiz Energy Solutions, Inc.
AEV	Aboitiz Equity Ventures, Inc.
AEV Group	AEV and its Subsidiaries
AboitzPower Group	AP and its Subsidiaries
Affiliate	With respect to any Person, any other Person directly or indirectly Controlled, or is under common Control by such Person
Aggregator	Refers to a person or entity, engaged in consolidating electric power demand of end-users in the contestable market, for the purpose of purchasing and reselling electricity on a group basis.
AFS	Available-for-Sale
Ambuklao-Binga Hydroelectric Power Plant Complex or the	Refers to SN Aboitiz Power-Benguet's 105- MW Ambuklao Hydroelectric Power Plant located in Bokod, Benguet and 125-MW Binga Hydroelectric Power Plant in Itogon, Benguet.

Ambuklao Plant	
AMLA	R.A. 9160 “Anti-Money Laundering Act”
AP	AboitizPower
APA	Asset Purchase Agreement
APX	Aboitiz Power Distributed Energy, Inc.
APRI	AP Renewables, Inc.
ARI	Aboitiz Renewables, Inc.
ARR	Annual Revenue Requirement
Articles of Incorporation and By-Laws	Document filed with the Securities and Exchange Commission by all corporations organized under the laws of the Philippines which contains the name of the Corporation, it specific purpose, its principal place of business, its corporate term, details of incorporators and directors and the amounts of its authorized capital stock, amount of subscribed capital and paid-up capital stock.
AS	Ancillary Services
Aseagas	Aseagas Corporation
ASEAN	Association of Southeast Asian Nations
ASPA	Ancillary Services Purchase Agreement
Associate	Refers to an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but does not have control or joint control over those policies.
ATSC	Aboitiz Transport System Corporation (Currently: 2GO, Inc.)
ATS Distribution	ATS Distribution, Inc. (Formerly: Aboitiz One Distribution, Inc.)
ATS Express	Formerly Abiotiz One, Inc.
Bakun Plant	The 70 MW Bakun run-of-river Hydroelectric Plant of LHC located in Ilocos Sur
Banking Day	Any day other than Saturday, Sunday and public holidays, on which commercial banks and the Philippine Clearing House Corporation are generally open for the transaction of business in Makati City and the City of Manila; *provided,* that all other days otherwise specified herein shall

	mean calendar days which shall be construed as successive periods of twenty-four (24) hours each
BCQ	Bilateral Contract Quantity
BDO	BDO Unibank, Inc.
BENECO	Benguet Electric Cooperative
BEZ	Balamban Enerzone Corporation
Binga Plant	The Binga Hydroelectric Power Plant of SNAP-Benguet located in Itogon, Benguet
BIR	Bureau of Internal Revenue
BIR COR	Bureau of Internal Revenue Certificate of Registration
Board	The Board of Directors of AboitizPower, unless context clearly provides otherwise
BOI	The Philippine Board of Investments
Bondholder	A Person whose name appears, at any time, as a holder of the Series A Bonds in the Register of Bondholders
Bonds	The unsecured fixed-rate peso retail bonds in the aggregate principal amount of up to Thirty Billion Pesos (Php30,000,000,000) in several tranches, with the first tranche in the aggregate principal amount of Two Billion Pesos (Php2,000,000,000), plus the Over-Subscription Option in the aggregate principal amount of One Billion Pesos (Php1,000,000,000), or the Series A Bonds. Should there be any remaining balance of the aggregate amount left, including any amount of Oversubscription Option not exercised, it shall be lodged under a shelf registration and will be raised in future tranches.
BOT	Build-Operate-Transfer
BPI	Bank of the Philippine Islands
BPI Capital	BPI Capital Corporation
BPI-AMTC	Bank of the Philippine Islands - Asset Management and Trust Corporation
BREOC	Biomass Renewable Energy Operating Contract
Brownfield	Power generation projects undertaken to expand, rehabilitate, and/or maintain existing assets
BSP	Bangko Sentral ng Pilipinas

Bunker C	A term used to designate the thickest of the residual fuels that is produced by blending ny oil remaining at the end of the oil-refining process with lighter oil
Business Continuity Plans	Refers to plans formulated in order to address newly identified scenarios triggered by changing risks and issues that the Company faces
Business Unit	A Subsidiary or an Affiliate of AboitizPower
CA	Court of Appeals
CBA	Collective Bargaining Agreement
CBAA	Central Board of Assessment Appeals
Cebu Coal Project	Refers to the MOA with Global Business Power Corporation (Global Power) of the Metrobank group for the construction and operation of a 3x82-MW coal-fired power plant in Toledo City, Cebu
CDM	Clean Development Mechanism
CEDC or Cebu Energy	Cebu Energy Development Corporation
CFB	Circulating-Fluidized-Bed
CG Report	Refers to the Company's Corporate Governance Report
Chevron	Chevron Geothermal Philippines Holdings, Inc.
Chinabank	China Banking Corporation
CIPDI	Cebu Industrial Park Developers, Inc.
CitySavings	City Savings Bank, Inc.
CMMS Maximo/Maximo	Refers to an enterprise asset management (EAM) software solution product produced by IBM
COC	Certificate of Compliance
Consolidated Equity	The total equity of the Issuer as recognized and measured in its audited consolidated financial statements in conformity with the Philippine Financial Reporting Standards
Contestable Customer	An electricity end-user who has a choice of a supplier of electricity, as may be determined by the ERC in accordance with Republic Act No. 9136 or the EPIRA

Control	The possession, directly, or indirectly, by a Person of the power to direct or cause the direction of the management and policies of another Person whether through the ownership of voting securities or otherwise; provided, however, that the direct or indirect ownership of over fifty percent (50.0%) of the voting capital stock, registered capital or other equity interest of a Person is deemed to constitute control of that Person, and "Controlling" and "Controlled" have corresponding meanings
Corporation Code	Batas Pambansa Blg. 68, otherwise known as the Corporation Code of the Philippines, as may be amended from time to time, and including the rules and regulations issued thereunder
Cotabato Light	Cotabato Light and Power Company
CPCN	Certificate of Public Convenience and Necessity
CPDC	Cebu Praedia Development Corporation
CPPC	Cebu Private Power Corporation
CREM	Refers to an electricity market wherein contestable customers exercise ability to choose suppliers of electricity by virtue of open access in the distribution system
CSEE	Contract for the Supply of Electric Energy
CSP	Competitive Selection Process
CSR	Corporate Social Responsibility
Current Ratio	The ratio of total current assets over total current liabilities of the Issuer
CTA	Court of Tax Appeals
CVC	Constraint Violation Coefficients
DAP	Day-Ahead Projection
Davao Light or DLPC	Davao Light and Power Company, Inc.
DAU	Declaration of Actual
DBP	Development Bank of the Philippines
DECORP	Dagupan Electric Corp.
DENR	Department of Environment and Natural Resources

Distribution Companies or Distribution Utilities	BEZ, Cotabato Light, Davao Light, MEZ, SEZ, SFELAPCO, and VECO
DOE	Department of Energy
DOF	Department of Finance
DOLE	Department of Labor and Employment
DSOAR	Distribution Services and Open Access Rules
DST	Documentary Stamp Tax
DTA/DIA	Deferred Income Tax
DTI	Department of Trade and Industry
DTL	Deferred Income Tax Liabilities
DvP	Delivery versus Payment
EAUC	East Asia Utilities Corporation
EBITDA	Represents net income after adding provisions for income tax, depreciation, amortization, and net financial expense, and netting out extra-ordinary items such as foreign exchange differential and one-off gains or losses on disposal of major assets
ECA	Energy Conversion Agreement
ECC	Environmental Compliance Certificate
El Paso Philippines	El Paso Philippines Energy Company, Inc.
EMB	Environmental Management Bureau
Enerzone Companies	A term collectively referring to BEZ, MEZ and SEZ – AboitizPower's distribution utilities operating within special economic zones.
EPC	Engineering, Procurement, and Construction
EPIRA	Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001, as may be amended from time to time, and including the rules and regulations issued thereunder
EPPA	Energy Power Purchase Agreement
ERB	Energy Resolution Board

ERC	Energy Regulatory Commission
ERC-IU or IU	Refers to the Investigation Unit of the Energy Regulatory Commission
ERP	Enterprise Resource Planning
ESA	Energy Supply Agreement
Events of Default	Those events defined as such under the Trust Agreement
Evonik Steag	Evonik Steag GmbH
FAQ	Frequently Asked Questions
FIT	Feed-in-Tariff
FIT-All	FIT-Allowance
Formosa Heavy Industries	Formosa Heavy Industries Corporation
FOSA	Fuel Oil Sales Agreements
FPIC	Free and Prior Informed Consent
Garcia Group	Refers to Vivant Energy Corporation (VEC) and Vivant Integrated Generation Corporation (VIGC)
GCGI	Green Core Geothermal Incorporated
GDP	Gross Domestic Product
Generation Companies or Generation Group	APRI, CEDC, CPPC, EAUC, Hedcor, Hedcor Sibulan, Hedcor Tamugan, LHC, RP Energy, SNAP-Benguet, SNAP-Magat, SPPC, STEAG Power, and WMPC.
Global Formosa	Global Formosa Power Holdings, Inc.
Global Power	Global Business Power Corporation of the Metrobank Group
GNPD or GN Power Diningin	GNPower Dinginin Ltd. Co.
GNI	Gross National Income
GOMP	Grid Operating and Maintenance Program
Government	The Government of the Republic of the Philippines

Government Authority	The Republic of the Philippines, or any political subdivision or agency thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to the said government, and any national agency or body vested with jurisdiction or authority over any Person
GRAM	Generation Rate Adjustment Mechanism
Greenfield	Power generation projects that are developed from inception on previously undeveloped sites
GRSC	Geothermal Resources Sales Contract
GSED	Government Securities Eligible Dealer
GWh	Gigawatt-hour, or one mn kilowatt-hours
HEDC	Hydro Electric Development Corporation
HAD	Hour-Ahead Dispatch
HEC	Hyundai Engineering Co. Ltd.
Hedcor	Hedcor, Inc.
Hedcor Benguet	Hedcor Benguet, Inc.
Hedcor Bukidnon or H-Bukidnon or HBI	Hedcor Bukidnon, Inc.
Hedcor Consortium	The consortium comprised of PHC, Hedcor, Hedcor Sibulan and Hedcor Tamugan
Hedcor Sabangan or H-Sabangan	Hedcor Sabangan, Inc.
Hedcor Sibulan or H-Sibulan	Hedcor Sibulan, Inc.
Hedcor Tamugan	Hedcor Tamugan, Inc.
Hedcor Tudaya or H-Tudaya	Hedcor Tudaya, Inc.
HEPP	Hydroelectric Power Plant
ICERA	Incremental Currency Exchange Rate Adjustment
ILP	Interruptible Load Program

Hijos	Hijos De F. Escaño, Inc.
HVDC	High Voltage Direct Current link
IAR	Industrial All Risks insurance
ICD	Institute of Corporate Directors
ICTSI	International Container Terminal Services, Inc.
IFC	International Finance Corporation
IFELCO	Ifugao Electric Cooperative
IMEM	Interim Mindanao Electricity Market
Indebtedness	(1) All indebtedness or other obligations of the Issuer for borrowed money or for the deferred purchase price of property or services and similar arrangements; (2) All indebtedness or other obligations of any other Person, the payment or collection of which is guaranteed by the Issuer (except by reason of endorsement for collection in the ordinary course of business) or in respect of which the Issuer is liable, contingently or otherwise, including without limitation, any agreement to purchase, to provide funds for payment, to supply funds to or otherwise invest in such Person; and (3) Capitalized lease obligations of the Issuer
IO	Investigating Officers
IP Office	Philippine Intellectual Property Office
IPO	Initial Public Offering
IPP	Independent Power Producer
IPAA	Independent Power Producer Administrator
IPRA	Indigenous Peoples' Rights Act of 1997
IRR	Implementing Rules and Regulations
ISELCO II	Isabela II Electric Cooperative
Issue Manager	BPI Capital
Issue Price	At par, which is equal to the face value of the Series A Bonds
ITH	Income tax holiday

Joint Venture	Refers to a type of joint agreement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exist only when decisions about the relevant activities require unanimous consent of the parties sharing control.
kV	Kilovolt, or one thousand volts
kW	Kilowatt, or one thousand watts
kWh	Kilowatt-hour, the standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
LASA	Load Allocation and Settlement Agreement
LBAA	Local Board of Assessment Appeals
LBM	Liquid Bio Methane
LEZ	Lima Enerzone Corporation
LGC	Republic Act No. 7160, otherwise known as the Local Government Code, as may be amended from time to time, and including the rules and regulations issued thereunder
LGU	Local Government Unit
LHC	Luzon Hydro Corporation
LTC	Lima Technology Center
Lien	With respect to any Person, any lien, pledge, mortgage, charge, hypothecation, encumbrance or other security or preferential arrangement on or with respect to any asset or revenue of such Person
Lima Land	Lima Land, Inc.
LMP	Locational Marginal Price
LTC	Lima Technology Center
LMP	Locational Marginal Price
Maaraw San Carlos	Maaraw Holdings San Carlos, Inc.
Magat Plant	The Magat Hydroelectric Power Plant of SNAP-Magat located at the border of Isabela and Ifugao provinces

Majority Bondholders	At any time, the Bondholders who hold, represent or account for at least fifty percent (50%) plus one peso (Php1.00) of the aggregate outstanding principal amount of the Series A Bonds.
Material Adverse Effect	A material adverse effect on the ability of the Issuer to perform or comply with any of its material obligations, or to exercise any of its material rights, under the Trust Agreement or the Series A Bonds
MAP	Maximum Average Price
Master Certificates of Indebtedness	Refers to the certificates representing the Series A Bonds sold in the Offer issued to and registered in the name of the Trustee, on behalf of the Bondholders
MEPZ I	Mactan Export Processing Zone I
MEPZ II	Mactan Export Processing Zone II
MEZ	Mactan Enerzone Corporation
MCIAA	Mactan Cebu International Airport Authority
MDOM	Market Dispatch Optimization Model
MERALCO	Manila Electric Company
MNM	Market Network Model
MOA	Memorandum of Agreement
MOPS	Mean of Platts Singapore
MORE	Manila-Oslo Renewable Enterprise, Inc.
MPGC	Meralco PowerGen Corporation
MPI	Market Participant Interface
MRU	Must-Run Unit
MSK	Matuwid na Singil sa Kuryente Consumer Alliance, Inc.
MW	Megawatt, or one mn watts
MWh or MW-h	Megawatt-hour
MWp	Megawatt-peak
MVA	Megavolt Ampere

NEA	National Electrification Administration
Net Debt to Consolidated Equity Ratio	With respect to the Series A Bonds, the ratio of interest bearing debtless cash, cash Equivalents, and short term investments over Consolidated Equity of the Issuer.
NGCP	National Grid Corporation of the Philippines
NIA	National Irrigation Administration
NIB	Nordic Investment Bank
NLRC	National Labor Relations Commission
NOLCO	Net Operating Loss Carry-Over
NORMIN or Cleanergy	Northern Mini Hydro Corporation, now known as Cleanergy, Inc.
NPC	National Power Corporation
NPPC	Naga Power Plant Complex
NREB	National Renewable Energy Board
NREP	National Renewable Energy Program
NWRB	National Water Resources Board
NYSE	New York Stock Exchange
O&M	Operations and Maintenance
OECD	Organization for Economic Cooperation and Development
Offer Period	[9 – 16] June 2017
Offer Supplement	The document where detailed terms and conditions of a particular tranche of the Bonds shall be set out.
Okeelanta	Okeelanta Corporation
Open Access or RCOA	Retail Competition and Open Access and as defined in EPIRA, refers to the provision of allowing any qualified user the use of transmission, and/or distribution system and associated facilities subject to the payment of transmission and/or distribution retail wheeling rates duly approved by the ERC;

Over-Subscription Option	Means the over-subscription option exercisable by the Joint Lead Underwriters, with prior consent by the Issuer of up to PHILIPPINE PESOS: ONE BILLION (PhP1,000,000,000.00)
PA	Provisional Authority
Pacific Hydro	Pacific Hydro Pty. Ltd.
Pagbilao Plant or Pag1 and Pag2	Refers to the 700-MW (2x350 MW) coal-fired thermal power plant located in Pagbilao, Quezon.
Pag 3	Refers to a third generating unit with a net capacity of 400 MW within the Pagbilao Plant facilities.
PANC	Pilmico Animal Nutrition Corporation
PASUDECO	Pampanga Sugar Development Corporation
PB 117	Power Barge Mobile 2 owned and operated by Therma Marine, Inc., which have a total generating capacity of 200 MW.
PB 118	Power Barge Mobile 1 owned and operated by Therma Marine, Inc., which have a total generating capacity of 200 MW.
PBR	Performance-based rate-setting regulation
PBS	Philippine Banking System
PBSP	Philippine Business for Social Progress
PCAPI	Pollution Control Association of the Philippines, Inc.
PCB	Power Circuit Breakers
PCC or PHCC	Philippine Competition Commission
PCRM	Pricing and Cost Recovery Mechanism
PDEx	Philippine Dealing and Exchange Corp.
PDS	Power Distribution System
PDIC	Philippine Deposit Insurance Corporation
PDTC	Phillipine Depository & Trust Corporation
PEC	Pagbilao Energy Corporation
PEMC	Philippine Electricity Market Corporation

PEMC Board	PEMC Board of Directors
PEMC-ECO or ECO	Enforcement and Compliance Office of the Philippines Electricity Market Corporation
PEPOA	Private Electric Power Operators Association
PERA	Personal Equity and Retirement Account
Person	Individual corporation, partnership, joint venture, unincorporated association, trust or other juridical entity, or any Government Authority
PETNET	PETNET, Inc.
PEZA	Philippine Economic Zone Authority
PFRS	Philippine Financial Reporting Standards
PGPC	Philippine Geothermal Production Company
PHC	Philippine Hydropower Corporation
Philippine Environmental Impact Statement System	Presidential Decree No. 1586 which establishes and institutionalizes a system whereby the exigencies of socio-economic undertakings can be reconciled with the requirements of environmental quality.
Philippine Grid Code or The Grid Code	Promulgated by the ERC under the EPIRA, it establishes basic rules, requirements, procedures and standards that govern the operation, maintenance and development of the high-voltage backbone Transmission System in the Philippines.
Philippine Pesos or Php	The lawful currency of the Philippines
PhilRatings	Philippine Ratings Services Corporation
PHPL	Pacific Hydro Power Ltd.
Pilmico or PFC	Pilmico Foods Corporation
PIPPA	Philippine Independent Power Producers Association, Inc.
PIS	Performance Incentive Scheme
PJS Law	Puyat Jacinto & Santos Law Firm
PNB	Philippine National Bank
Power Partners	Power Partners Ltd. Co.

PPA	Power Purchase Agreement
PPE	Property, Plant, Equipment
PRISM	Prism Energy, Inc.
PSA	Power Supply Agreement
PSALM	Power Sector Assets and Liabilities Management Corporation
PSC	Power Supply Contract
PSE	Philippine Stock Exchange
PSPC	Pilipinas Shell Petroleum Corporation
QUIRELCO	Quirino Electric Cooperative, Inc.
RA	Republic Act
RAB	Regulatory Asset Base
RAFI	Ramon Aboitiz Foundation, Inc.
RCBM	Republic Cement and Building Materials, Inc.
RDWR	Rules for Setting Distribution Wheeling Rates
Record Date	The cut-off date in determining Bondholders entitled to receive interest or principal amount due.
Register of Bondholders	The electronic register which shows the legal title to the Series A Bonds, maintained by the Registrar, pursuant to and under the terms of the Registry and Paying Agency Agreement
Registrar and Paying Agent	Phillipine Depository & Trust Corporation
Registration Statement	The application for the registration of securities filed with the SEC as required under the Securities Regulation Code.
Registry and Paying Agency Agreement	Agreement dated [•] entered into between the Company and the Registrar and Paying Agent in relation to the Series A Bonds
Registry Book	The electronic record of the issuances, sales and transfers of the Series A Bonds to be maintained by the Registrar, pursuant to and under the terms of the Registry and Paying Agency Agreement
RE	Renewable Energy

Renewable Energy Act or RE Law	Republic Act No. 9513, otherwise known as the Renewable Energy Act of 2008
REM	Renewable Energy Market
REPA	Renewable Energy Payment Agreement
RES	Retail Electricity Supplier
RESA	Retail Electricity Suppliers Association of the Philippines, Inc.
RESC	Renewable Energy Service Contract
RORB	Rate on Return Base
RP Energy	Redondo Peninsula Energy, Inc.
RPS	Renewable Portfolio Standard
RPT	Real Property Tax
RSC	Retail Supply Contract
RTC	Regional Trial Court
RTT	Right-to-Top
Run-of-river hydroelectric plant	Hydroelectric power plant that generates electricity from the natural flow and elevation drop of a river
Sacasun	San Carlos Power, Inc.
SBFZ	Subic Bay Freeport Zone
SBMA	Subic Bay Metropolitan Authority
SC	Supreme Court
SCADA	Supervisory Control Data Acquisition
SEC	The Securities and Exchange Commission of the Philippines
Security Bank	Security Bank Corporation
Series A Bonds	Unsecured Fixed-Rate Peso Retail Bonds having a term ending ten (10) years from the Issue Date. For purposes of the Registry and listing with the PDEx, these Bonds shall likewise be referred to as [AboitizPower Fixed Rate Bonds Due 2027].
SEZ	Subic Enerzone Corporation

SFELAPCO	San Fernando Electric Light and Power Co., Inc.
SGC	Successor Generating Company
SHAPES	Safety and Health Association of the Philippines Energy Sector Inc.
Sibulan Project	Two run-of-river hydropower generating facilities tapping the Sibulan and Baroring rivers in Sibulan, Santa Cruz, Davao del Sur
Significant Subsidiary	A subsidiary which qualifies under SRC Rule 68, as amended, Part I, Section 1.B (x)
SLA	Service Level Agreements
SLPGC	South Luzon Power Generation Company
SMU-SID	Singapore Management University-Singapore Institute of Directors
SN Power	Statkraft Norfund Power Invest AS of Norway
SNAP - Benguet	SN Aboitiz Power – Benguet, Inc. (formerly, SN Aboitiz Power Hydro, Inc.,)
SNAP - Magat	SN Aboitiz Power – Magat, Inc.
SN Aboitiz Power Group	Refers to the group of companies formed out of the strategic partnership between AboitizPower and SN Power, and refers to MORE and its Subsidiaries, including, SN Aboitiz Power-Benguet, Inc. SN Aboitiz Power-Gen, Inc., SN Aboitiz Power-RES, Inc., and SN Aboitiz Power-Magat, Inc.
SO	System Operator
SOLR	Supplier of Last Resort
SPC	SPC Power Corporation (formerly Salcon Power Corporation)
Spot Market Price	Price of electricity in the WESM, determined per hourly trading interval
SPPC	Southern Philippine Power Corporation
SPPC Plant	A 55- MW Bunker C-fired power plant owned and operated by Southern Philippines Power Corporation (SPPC)
SRC	Republic Act No. 8799, otherwise known as the Securities Regulation Code of the Philippines, as amended and may be amended from time to time, including the rules and regulations issued thereunder
SRC IRR	2015 Implementing Rules and Rgulations of the SRC
SSS	Social Security System

STEAG Power	STEAG State Power, Inc.
Stranded Costs	As defined in the EPIRA, the excess of the contracted costs of electricity under eligible contracts over the actual selling price of the contracted energy output under such contracts. Eligible contracts are those approved by the ERB from December 31, 2000 onwards.
Stranded Debt	As defined in the EPIRA, refers to any unpaid financial obligations of the National Power Corporation that have not been liquidated by the proceeds from the sale and privatization of its assets.
Subsidiary	In respect of any Person, any entity (i) over fifty percent (50.0%) of whose capital is owned directly by that Person; or (ii) for which that Person may nominate or appoint a majority of the members of the board of directors or such other body performing similar functions
Tax Code	Presidential Decree No. 1158, otherwise known as the National Internal Revenue Code, as amended and may be further amended from time to time, including the rules and regulations issued thereunder
TCIC	Taiwan Cogeneration International Corporation
TeaM Energy	TeaM Energy Corporation
TeaM Philippines	TeaM Philippines Industrial Power II Corporation (formerly Mirant (Phils.) Industrial Power II Corp.)
THC	Tsuneishi Holdings (Cebu), Inc.
Tiwi-MakBan	Tiwi-MakBan Geothermal Complex, composed of eight (8) geothermal plants and one (1) binary plant, located in the provinces of Batangas, Laguna and Albay.
TLI	Therma Luzon, Inc.
TMI	Therma Marine, Inc.
TMO	Therma Mobile, Inc.
Total Liabilities	The total economic obligations of the Issuer that are recognized and measured in its audited parent financial statements, in accordance with the Philippine Financial Reporting Standards
TOP	Trial Operations Program
Toshiba	Toshiba Corporation
Total Cost of Insurable Risk	This is the full cost incurred by a business, including the obvious insurance premium costs, to deliver a risk management strategy.

TOU	Time of Use
Toxic Chemical Substances and Hazardous Waste Act	Republic Act No. 6969 which regulates the importation, manufacture, processing, sale, distribution, use and disposal of chemical substances and mixtures that present unreasonable risk and/or injury to health or the environment.
TPC	Toledo Power Company
TPI	Therma Power, Inc.
TPVI	Therma Power Visayas, Inc.
Transco	National Transmission Corporation and, as applicable, NGCP, which is the Transco concessionaire
Trust Agreement	Trust Agreement dated August 27, 2014 entered into between the Company and the Trustee in relation to the Series A Bonds
Trustee	BPI Asset Management and Trust Group
TRO	Temporary Restraining Order
TSA	Transmission Service Agreement
TSC	Transition Supply Contract
TSI	Therma South, Inc.
TVI	Therma Visayas, Inc.
TWh	Terawatt-hour
ULGEI	Unified Leyte Geothermal Energy, Inc.
ULGPP	Unified Leyte Geothermal Power Plant
Underwriter	BPI Capital
Underwriting Agreement	Underwriting Agreement dated [•] entered into between the Company and the Underwriter in relation to the Series A Bonds
UNFCCC	United Nations Framework Convention on Climate Change
UnionBank	Union Bank of the Philippines
US$ or USD or U.S. dollar	The lawful currency of the United States of America

Variable O&M	Operation and maintenance costs linked to the maintenance of the capacity that has been used during a specific period of time, as opposed to those which are incurred irrespective of use of the Plant or long-run maintenance costs.
VAT	Value Added Tax
VEC	Vivant Energy Corporation
VECO	Visayan Electric Company, Inc.
VIGC	Vivant Integrated Generation Corporation
Vivant	Vivant Energy Corporation
WAM	Work and Asset Management
WCIP - SEZ	West Cebu Industrial Park – Special Economic Zone
WESM	Philippine Wholesale Electricity Spot Market
WESM Rules	The WESM Rules are the basic rules, requirements, and procedures that govern the operation of the Philippine electricity market. Promulgated by the DOE.
WMPC	Western Mindanao Power Corporation
WMPC Plant	a 100-MW Bunker C-fired power station in Zamboanga City owned and operated by the Western Mindanao Power Corporation
Writ of Kalikasan	A legal remedy provided for under A.M. No. 09-6-8-SC issued by the Philippine Supreme Court issued when persons whose constitutional right to a balanced and healthful ecology is violated, or threatened with violation by an unlawful act or omission of a public official or employee, or private individual or entity, involving environmental damage of such magnitude as to prejudice the life, health or property of inhabitants in two or more cities or provinces.
YoY	Year-on-Year
Public Offering	Refers to the random or indiscriminate offering of securities in general to anyone who will buy, whether solicited or unsolicited as per the SRC IRR.

EXECUTIVE SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial statements and notes thereto appearing elsewhere in this Preliminary Prospectus. Because it is a summary, it does not contain all of the information that a prospective purchaser should consider before investing. Prospective investors should read the entire Prospectus carefully, including the section entitled "Risk Factors and Other Considerations" and the financial statements and the related notes to those statements included in this Prospectus.

The Offering

AboitizPower is offering for subscription and issue to Eligible Bondholders fixed rate Retail Bonds of up to the aggregate principal amount of Php30,000,000,000.00, to be issued in one or several tranches, with the first tranche, to be issued up to an aggregate principal amount of Php2,000,000,000.00, with an Over-Subscription Option of up to an aggregate principal amount of Php1,000,000,000.00.

Investment Thesis

AboitizPower is a vertically-integrated and diversified industry leader. It has a strong financial position that allows it to pursue its robust growth initiatives to meet the country's energy needs. Its mission is to provide reliable power, at a reasonable price, with the least possible adverse effects on its environment and host communities.

The Company

AboitizPower is a publicly listed holding company. Its controlling shareholder, AEV, is a diversified conglomerate that is listed on the PSE and has interests in power, banking and financial services, food, infrastructure, and land. This relationship allows the Company to draw on the extensive business networks, local business knowledge, relationships and expertise of AEV's and the Aboitiz Group's senior managers to identify growth opportunities at an early stage and to capitalize on such opportunities more decisively.

The Company has accumulated interests in a diversified and balanced mix portfolio of forty-six (46) generating plants with a renewable capacity of 32% and a thermal capacity of 68%. This portfolio uses five technologies: 50% coal, 19% oil, 16% hydro, 14% geothermal, and 1% solar; giving the Company the agility to meet the power needs of the country, from baseload, to intermediate, to peaking demand, including ancillary services to stabilize the grids.

The Company also owns interests in several distribution utilities in Luzon, Visayas, and Mindanao, including Visayan Electric Company, Inc. (VECO) and Davao Light & Power Company, Inc. (Davao Light), which are, respectively, the second and third largest privately owned distribution utilities in the Philippines, in terms of both customers and annual GWh sales.

For a full discussion, please refer to the section on *"The Company"* on page 58 of this Preliminary Prospectus.

History

Incorporated in 1998, AboitizPower has grown to become a leader in the Philippine power industry with interests in a number of privately-owned generation companies and distribution utilities. AEV owns 76.88% of the outstanding capital stock of AboitizPower, as of 31 March 2017.

Ownership in AboitizPower was opened to the public through an IPO of its common shares in July 2007. Its common shares were officially listed in The Philippine Stock Exchange, Inc. (PSE) on 16 July 2007.

For a full discussion, please refer to the section on "*The Company*" on page 58 of this Preliminary Prospectus.

Summary of Financial Information

The following tables set forth the summary of financial and operating information of Aboitiz Power Corporation and Subsidiaries (hereinafter, collectively referred to as AboitizPower). Prospective purchasers of the Series A Bonds should read the summary financial information below together with the AboitizPower's consolidated financial statements, including the Notes thereto, presented as an Annex and the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on 164 of this Preliminary Prospectus. AboitizPower's consolidated financial statements as of 31 December 2016 and 2015 for each of the three years ended December 31, 2016 are prepared in accordance with the Philippine Financial Reporting Standards ("PFRS") and are audited by SGV in accordance with Philippine Standards on Auditing. The consolidated balance sheet amounts as of 31 December 2015 are equivalent to the amounts as of 1 January 2016 as presented in the consolidated financial statements, included in this Preliminary Prospectus. Summary financial data as of December 31, 2016 are derived from the AboitizPower audited consolidated financial statements. The information is not necessarily indicative of the results of the future operations. The information set out below should be read in conjunction with, and is qualified in its entirety by reference to the relevant financial statements of Aboitiz Power Corporation and Subsidiaries, including the notes thereto, included in this Prospectus.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

	December 31	
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	**₱47,094,741**	₱51,098,269
Trade and other receivables	**15,465,121**	13,692,393
Derivative assets	**188,417**	185,283
Inventories	**4,452,812**	2,040,603
Other current assets	**6,448,096**	3,392,473
Total Current Assets	**73,649,187**	70,409,021
Noncurrent Assets		
Property, plant and equipment	**192,633,546**	134,810,627
Investments and advances	**30,595,989**	22,551,845
Intangible assets	**43,642,533**	7,592,720
Investment properties	**3,300**	3,300
Derivative assets - net of current portion	**977,770**	378,083
Available-for-sale (AFS) investments - net of allowance for impairment of ₱5,254	**100,309**	3,620
Net pension assets	**45,667**	34,777
Deferred income tax assets	**2,115,951**	584,879
Other noncurrent assets	**11,011,983**	6,120,374
Total Noncurrent Assets	**281,127,048**	172,080,225
TOTAL ASSETS	**₱354,776,235**	₱242,489,246

LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans	**₱4,155,600**	₱2,568,000
Current portions of:		
Long-term debts	**7,458,363**	2,368,161
Finance lease obligation	**2,968,491**	2,583,754
Long-term obligation on power distribution system	**40,000**	40,000
Derivative liabilities	**127,442**	–
Trade and other payables	**17,398,218**	14,140,576
Income tax payable	**654,392**	852,709
Total Current Liabilities	**32,802,506**	22,553,200

(Forward)

	December 31	
	2016	2015
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debts	**₱150,263,301**	₱56,006,863
Finance lease obligation	**49,371,713**	51,085,100
Long-term obligation on power distribution system	**197,248**	207,184
Customers' deposits	**6,831,242**	6,383,278
Derivative liabilities - net of current portion	**233,435**	–
Asset retirement obligation	**1,821,577**	3,016,528
Net pension liabilities	**247,387**	492,848
Deferred income tax liabilities	**1,043,996**	1,130,678
Other noncurrent liabilities	**334,398**	–
Total Noncurrent Liabilities	**210,344,297**	118,322,479
Total Liabilities	**243,146,803**	140,875,679
Equity Attributable to Equity Holders of the Parent		
Paid-in capital	**19,947,498**	19,947,498
Other equity reserves:		
Excess of cost over net assets of investments	**(526,883)**	(421,260)
Acquisition of non-controlling interests	**(259,147)**	(259,147)
Accumulated other comprehensive income:		
Net unrealized loss on AFS investments	**(3,311)**	–
Share in net unrealized valuation gains on AFS investments of an associate	**114,920**	114,920
Cumulative translation adjustments	**(78,232)**	185,431
Share in cumulative translation adjustments of associates and joint ventures	**(128,203)**	(256,376)
Actuarial losses on defined benefit plans	**(607,913)**	(609,066)
Share in actuarial losses on defined benefit plans of associates and joint ventures	**(1,878)**	(3,748)
Retained earnings		
Appropriated	**34,060,000**	20,900,000
Unappropriated	**52,597,568**	57,970,269
	105,114,419	97,568,521
Non-controlling Interests	**6,515,013**	4,045,046
Total Equity	**111,629,432**	101,613,567
TOTAL LIABILITIES AND EQUITY	**₱354,776,235**	₱242,489,246

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share)

	Years Ended December 31		
	2016	2015	2014
OPERATING REVENUES			
Sale of power:			
Distribution	**₱44,585,832**	₱41,379,270	₱39,975,961
Generation	**35,692,441**	33,368,797	36,877,070
Retail electricity supply	**8,478,789**	10,227,771	9,702,714
Technical, management and other fees	**406,207**	198,114	203,641
	89,163,269	85,173,952	86,759,386
OPERATING EXPENSES			
Cost of purchased power	**28,909,987**	27,902,180	29,834,149
Cost of generated power	**17,316,272**	18,524,059	21,037,658
General and administrative	**6,613,876**	5,818,090	5,500,130
Depreciation and amortization	**6,043,527**	4,322,000	4,643,302
Operations and maintenance	**3,969,307**	3,921,046	3,393,388
	62,852,969	60,487,375	64,408,627
FINANCIAL INCOME (EXPENSES)			
Interest income	**1,083,535**	846,293	471,915
Interest expense and other financing costs	**(7,704,011)**	(6,633,858)	(5,994,097)
	(6,620,476)	(5,787,565)	(5,522,182)
OTHER INCOME (EXPENSES)			
Share in net earnings of associates and joint ventures	**3,641,210**	3,979,947	4,009,488
Other income (expenses) - net	**1,669,212**	(336,639)	591,925
	5,310,422	3,643,308	4,601,413
INCOME BEFORE INCOME TAX	**25,000,246**	22,542,320	21,429,990
PROVISION FOR INCOME TAX	**3,496,140**	3,589,669	3,424,089
NET INCOME	**₱21,504,106**	₱18,952,651	₱18,005,901
ATTRIBUTABLE TO:			
Equity holders of the parent	**₱20,002,582**	₱17,603,797	₱16,705,184
Non-controlling interests	**1,501,524**	1,348,854	1,300,717
	₱21,504,106	₱18,952,651	₱18,005,901
EARNINGS PER COMMON SHARE			
Basic and diluted, for income for the year attributable to ordinary equity holders of the parent	**₱2.72**	₱2.39	₱2.27

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ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱25,000,246**	₱22,542,320	₱21,429,990
Adjustments for:			
Interest expense and other financing costs	**7,704,011**	6,633,858	5,994,097
Depreciation and amortization	**6,043,527**	4,322,000	4,643,302
Net unrealized foreign exchange losses	**1,505,671**	1,390,459	188,018
Write-off of project costs and other assets	**249,176**	69,137	26,000
Impairment loss on goodwill	**169,469**	–	–
Unrealized fair valuation losses (gains) on derivatives	**3,316**	(317,645)	897
Impairment losses on AFS and investment in an associate	**–**	–	2,834
Fair valuation gain on investment property	**–**	–	(15,000)
Gain on redemption of shares	**(16,051)**	–	(4,904)
Gain on disposal of property, plant and equipment	**(70,252)**	(5,656)	(13,195)
Gain on remeasurement in step acquisition	**(350,939)**	–	–
Interest income	**(1,083,535)**	(846,293)	(471,915)
Share in net earnings of associates and joint ventures	**(3,641,210)**	(3,979,947)	(4,009,488)
Operating income before working capital changes	**35,513,429**	29,808,233	27,770,636
Decrease (increase) in:			
Trade and other receivables	**401,465**	(249,822)	200,799
Inventories	**(996,007)**	128,229	477,019
Other current assets	**(1,831,918)**	(1,453,104)	(202,403)
Increase (decrease) in:			
Trade and other payables	**464,167**	(421,548)	(2,834,127)
Long-term obligation on power distribution system	**(40,000)**	(40,000)	(40,000)
Customers' deposits	**447,964**	696,788	548,335
Net cash generated from operations	**33,959,100**	28,468,776	25,920,259
Income and final taxes paid	**(4,071,120)**	(3,269,179)	(2,482,280)
Net cash flows from operating activities	**29,887,980**	25,199,597	23,437,979
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash dividends received	**7,847,263**	4,071,041	4,618,730
Interest received	**1,132,366**	837,978	390,638
Proceeds from sale of property, plant and equipment	**162,190**	35,714	17,406
Proceeds from redemption of shares	**57,076**	2,677,204	31,599
Net collection of advances	**–**	285,520	101,835

(Forward)

	Years Ended December 31		
	2016	2015	2014
Proceeds from sale of AFS	**₱–**	₱–	₱200
Increase in other noncurrent assets	**(6,055,228)**	(636,988)	(1,915,107)
Additions to:			
Intangible assets - service concession rights	**(45,875)**	(20,046)	(36,286)
AFS investments	**(100,000)**	–	–
Equity investments	**(11,821,307)**	(451,655)	(2,500)
Property, plant and equipment	**(28,203,291)**	(15,701,414)	(15,003,744)
Acquisitions through business combinations, net of cash acquired	**(44,353,542)**	**–**	(1,182,366)
Net cash flows used in investing activities	**(81,380,348)**	(8,902,646)	(12,979,595)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of long-term debt - net of transaction costs	**73,474,514**	16,350,925	20,634,755
Net availments of short-term loans	**1,587,600**	2,465,000	103,000
Changes in non-controlling interests	**(1,614,684)**	(1,430,153)	(949,131)
Payments of:			
Long-term debt	**(3,085,581)**	(908,611)	(854,220)
Finance lease obligation	**(7,517,917)**	(7,482,447)	(6,970,625)
Interest paid	**(3,145,421)**	(2,228,186)	(1,367,428)
Cash dividends paid	**(12,215,283)**	(12,215,283)	(12,215,283)
Net cash flows from (used in) financing activities	**47,483,228**	(5,448,755)	(1,618,932)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(4,009,140)**	10,848,196	8,839,452
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**5,612**	18,198	8,924
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**51,098,269**	40,231,875	31,383,499
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱47,094,741**	₱51,098,269	₱40,231,875

For a full discussion, please refer to the section on "*Financial Information*" on page 263 of this Preliminary Prospectus.

Competitive Strengths

The Company believes that its principal strengths are the following:

- Strong track record in both power generation and distribution
- Ability to take advantage of expected strong power market fundamentals
- Vertically-integrated power generation and distribution company
- Power generation contracts that provide steady and predictable cash flow
- Benefits and low operating costs from renewable energy and renewable energy sources
- Dependable and growing sources of income from its power distribution businesses
- Strong financial position and the ability to obtain limited recourse and corporate level financing
- Established relationships with strategic partners
- Strong and experienced management team

For a full discussion, please refer to the section on "*Competitive Strengths*" on page 34 of this Preliminary Prospectus.

Business Strategy

The Company's business strategy is to increase shareholder value by developing new generation projects, selectively acquiring existing generating facilities, expanding its electricity-related services and continuing to improve the operational efficiency of its existing generation and distribution facilities. More specifically, the Company's strategy includes the following:

- Expand the Company's generation portfolio
- Shift the bulk of the company's power supply agreements to capacity-based contracts
- Maximize contestable market share through Retail Energy Supply Subsidiaries
- Maintain a high level of social responsibility in the communities in which the Company operates

For a full discussion, please refer to the section on "*Business Strategy*" on page 35 of this Preliminary Prospectus.

Risks of Investing

An investment in the Series A Bonds involves a certain degree of risk. A prospective purchaser of the Series A Bonds should carefully consider the following factors, in addition to the other information contained in thisProspectus, in deciding whether or not to invest in the Series A Bonds.

Risks related to the Company's business:

- Reputation Risk
- Competition Risk
- Electricity Trading Risk
- Regulatory Risk
- Litigation Risk
- Business Interruption Due to Force Majeure, Natural Calamities, and Critical Equipment Breakdown
- Financial Risk
- Fuel Supply and Price Risk
- Project Risk

Risks Related to the Philippines:

- A slowdown in the Philippines' economic growth could adversely affect the Company
- Any political instability in the Philippines may adversely affect the Company

Risks Related to the Offer:

- Liquidity Risk
- Reinvestment Risk
- Pricing Risk
- Retention of Ratings Risk
- Bonds have no preference under Article 2244(14) of the Civil Code

For a full discussion, please refer to the section on "*Risk Factors and Other Considerations*" on page 41 of this Preliminary Prospectus.

This Prospectus contains forward-looking statements that involve risks and uncertainties. AboitizPower adopts what it considers conservative financial and operational controls and policies to manage its business risks. AboitizPower's actual results may differ significantly from the results discussed in the forward-looking statements. See section *"Forward-Looking Statements"* on page 7 of this Preliminary Prospectus. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of AboitizPower, in particular, and those that pertain to the over-all political, economic, and business environment, in general.

CAPITALIZATION

The following presents a summary of the short-term debts, long-term debts, and capitalization of the Group as of December 31, 2016, and as adjusted to reflect the issue of the Series A Bonds:

	As of December 31, 2016	As adjusted for Php2 bn issue	As adjusted for Php3 bn issue
Short-term debt			
Short-term loans	4,156	4,156	4,156
Current portions of:			
Long-term debt	7,458	7,458	7,458
Finance lease obligation	781	781	781
Total short-term debts	12,395	12,395	12,395
Long-term debts – net of current portion			
Non-current portions of:			
Long-term debt	150,263	150,263	150,263
Finance lease obligation	49,372	49,372	49,372
The issue of Bonds	–	1,982	2,971
Total long-term debts	199,635	201,617	202,606
Equity			
Equity attributable to equity holders of the parent	105,114	105,114	105,114
Non-controlling interests	6,515	6,515	6,515
Total Equity	111,629	111,629	111,629
Total Capitalization	326,659	327,828	328,817

SUMMARY OF THE OFFERING

The following summary is qualified in its entirety by, and should be read in conjunction with the more detailed information appearing elsewhere in the Preliminary Prospectus to which it relates.

Issuer	:	Aboitiz Power Corporation
Issue Manager and Underwriter	:	BPI Capital Corporation
Trustee	:	BPI Asset Management and Trust Corporation
Registrar and Paying Agent	:	Philippine Depository & Trust Corporation
Issue / Issue Amount	:	SEC–registered fixed rate, Peso-denominated bonds constituting the direct, unconditional, unsecured and general obligations of the Issuer (the “Series A Bonds”) in the aggregate amount of fixed rate bonds of up to Php3,000,000,000.00
Use of Proceeds	:	Proceeds of the Offer will be used by AboitizPower to finance equity infusions into GNPower Dinginin Ltd. Co., as more described in the section entitled *“Use of Proceeds”* on page 48 of this Preliminary Prospectus
Issue Price	:	100% face value
Manner of Distribution	:	Public Offering
Offer Period	:	The Offer shall commence on [9 June 2017] and end on [16 June 2017].
Issue Date	:	[21 June 2017]
Maturity Date or Redemption Date	:	[Ten (10)] years from Issue Date Except when an Early Redemption Option is exercised, the Series A Bonds will be redeemed at par (or 100%) on Maturity Date.
Interest Rate	:	[•] The interest rates are determined subject to the results of book building and final pricing upon release of the SEC pre-effective approval.
Interest Payment Date	:	The Interest shall be paid quarterly in arrears on [•], [•], [•], and [•], or the next Banking Day if such dates fall on a non-Banking Day, of each year commencing on [•], until and including the Maturity Date (each, a “Interest Payment Date”). Interest on the Series A Bonds shall be calculated on a 30/360-day basis.
Form and Denomination	:	The Series A Bonds shall be issued in scripless form in minimum denominations of Php50,000.00 each, and in multiples of Php10,000.00 thereafter.

Early Redemption	:	The Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), the outstanding Bonds on any Interest Payment Date, or the immediately succeeding Banking Day if such date is not a Banking Day, on the seventh, eighth, and ninth year from the Issue Date (any such date, the "Optional Redemption Date"). The amount payable to the Bondholders upon the exercise of the Early Redemption Option by the Issuer shall be calculated based on the principal amount of the Series A Bonds being redeemed as the aggregate of the: (i) accrued interest computed up to the relevant Optional Redemption Date; and (ii) the product of the principal amount and the applicable Optional Redemption Price in accordance with the following schedule:

Optional Redemption Dates	Optional Redemption Price
7.00 years from Issue Date	102.00%
8.00 years from Issue Date	101.00%
9.00 years from Issue Date	100.25%

Effectively, the Prepayment Penalty is as follows:

Optional Redemption Dates	Prepayment Penalty
7.00 years from Issue Date	2.00%
8.00 years from Issue Date	1.00%
9.00 years from Issue Date	0.25%

The Issuer shall give not less than thirty (30) nor more than sixty (60) days prior written notice of its intention to redeem the Series A Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Series A Bonds on the Optional Redemption Date stated in such notice.

Redemption for Taxation Reasons	:	The Issuer may redeem the Series A Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) nor less than thirty (30) days' notice to the Trustee) at par plus accrued interest, subject to the requirements of Applicable Law, if payments under the Series A Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on Issue Date as a result of certain changes in Applicable Law, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer. For avoidance of doubt, the Issuer shall not be liable for the payment of the additional or increased taxes on the income of the Bondholders, which shall be for the account of the Bondholders.
Negative Pledge	:	The Series A Bonds shall have the benefit of a negative pledge on all existing and future assets of the Issuer, subject to certain permitted liens, as provided under Section 5.01 (a) of the Trust Agreement.
Purchase and Cancellation	:	The Issuer may at any time purchase any of the Series A Bonds at any price in the open market or by tender or by contract, in accordance with PDEx Rules, without any obligation to purchase (and the Bondholders shall not be obliged to sell) Bonds pro-rata from all Bondholders. Bonds so purchased will be redeemed and cancelled, and may no longer be reissued.

		Upon listing of the Series A Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.
Status of the Series A Bonds	:	The Series A Bonds constitute direct, unconditional, unsecured and unsubordinated Peso denominated obligations of the Issuer and shall rank *pari passu* and rateably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by the law, (ii) any obligation incurred by the Issuer pursuant to Section 5.01 (a) of the Trust Agreement or as may be allowed by the Trust Agreement, and (iii) other Indebtedness or obligations disclosed by the Issuer to the Trustee as of Issue Date. The Series A Bonds shall effectively be subordinated in right of payment to, among others, all of AboitizPower's secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines.
Rating	:	The Series A Bonds are rated PRS Aaa by PhilRatings.
Listing	:	The Issuer intends to list the Series A Bonds in the PDEx on Issue Date.
Non-Reliance		Each Bondholder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that it has subscribed to the Issue on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations hereunder, except for its gross negligence or wilful misconduct.
Own Risk		Bondholders understood and acknowledge that investment in the Series A Bonds is not covered by the Philippie Deposit Insurance Corporation ("PDIC") and that any loss or depreceiation in the value of the assets of the Bondholders, resulting from theinvestments or reinvestment in the Series A Bonds and the regular conduct of the Trustee's trust business shall be for the account of the Bondholder.

Contact Details of the Trustee	BPI Asset Management and Trust Corporation	
	Attention:	Jericho J. Lagustan, Senior Account Officer
	Subject:	Aboitiz Power Corporation Retail Bonds due 2027
	Address:	2nd Floor, BPI Building, 6768 Ayala Avenue corner Paseo de Roxas, Makati City
	Facsimile:	(632) 845-5089
	E-mail:	jdlagustan@bankcom.com.ph rgdecastro@bankcom.com.ph

RISK FACTORS AND OTHER CONSIDERATIONS

An investment in the Series A Bonds described in this Preliminary Prospectus involves a number of risks. The price of the securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. There is an extra risk of losing money when securities are bought from smaller companies. Past performance is not a guide to future performance and there may be a large difference between the buying price and the selling price of these securities. Investors deal with a range of investments, each of which may carry a different level of risk. Investors should carefully consider all the information contained in this Prospectus, including the risk factors described below before deciding to invest in the Series A Bonds.

This section entitled "Risk Factors and Other Considerations" does not purport to disclose all the risks and other significant aspects of investing in these securities. Investors should undertake independent research and study the trading of these securities before commencing any trading activity. Investors should seek professional advice regarding any aspect of the securities such as the nature of risks involved in trading of securities, and specifically those high-risk securities. Investors may request publicly available information on the Series A Bonds and the Company from the Philippine SEC.

The risks factors discussed in this section are of equal importance and are only separated into categories for easy reference.

RISKS RELATED TO THE COMPANY'S BUSINESS

An integral part of AboitizPower's Enterprise Risk Management efforts is to anticipate, understand, and address the risks that the Company may encounter in the businesses it is involved in. The Company has identified the following risks as among the top risks to the Company's business oeprations.

Reputation Risk

AboitizPower recognizes that its reputation is its single most valuable asset, a competitive advantage that enables the company to earn the trust of its stakeholders. The Company also knows that the reputation it has today took generations to strengthen and is therefore something it wants to protect, build, and enhance continuously.

Today's world of higher corporate governance standards, coupled with heightened public consciousness because of social media and greater scrutiny from key stakeholders, has created a new environment where corporate reputation has become a differentiating asset as well as the number one risk.

Managing AboitizPower's reputation requires an understanding of its reputational terrain, which includes all its stakeholders: team members, customers, shareholders, lenders, regulators, host communities, and local government units.

AboitizPower manages reputational risk, which could be the effect of an occurrence of another risk, through the following:

- building organization capability through a formalized governance structure and intelligence process;
- assessing and mitigating risks;
- identifying and engaging all stakeholders;
- anticipating, resolving and proactively managing issues;
- developing and implementing a proactive communication campaign, maximize all relevant channels including social media;
- actively engaging team leaders and team members through its 1AP culture program;
- measuring brand relevance and integrity through reputation metrics; and

- integrating sustainable practices across the value chain to promote inclusive growth.

A Group-wide stakeholder management strategy that includes policy, framework, guidelines, and metrics has been established to further enhance the company's ability to identify, understand, and manage the needs and requirements of its different stakeholders.

Competition Risk

In the next few years, AboitizPower will be facing pivotal changes in the power industry. Its investments, as well as those of its competitors in greenfield and brownfield projects are starting to pour in, with new players coming into the game. The industry is now moving into a situation where there will be an oversupply of electricity in two of the country's grids in the next couple of years.

To mitigate such risks, projected capacities from these investments as well as expiring contracts of our existing capacities are marketed and contracted well ahead of actual production and delivery to ensure that plant operations are optimized, and to protect revenue and cash flow streams.

The duration of these contracts are also spread to minimize large capacity expirations in any given year. AboitizPower has also embarked on developing a system to support our customer relationship and selling activities.

Open Access has opened the door to a more competitive retail environment. Eligible Contestable Customers - end-users with a monthly average demand of at least 1000kW - will have the option to source their electricity from eligible suppliers that have secured a RES license from the ERC. Next in line are the customers in the following bands – customers with average demand from 750kW to less than 1000kW, then from 500kW to less than 750kW.

This negatively affects the distribution franchises of the AboitizPower Group when their supply contracts have to be reduced, as customers switch from being captive customers to Open Access-eligible customers. As such, AboitizPower's generation assets that have uncontracted capacities will be able to have indirect access to open access eligible customers through the Company's licensed RES.

There is also competition in the selection process to secure Power Supply Agreements (PSA) for distribution utilities. The DOE issued a circular mandating all distribution utilities to undergo a Competitive Selection Process (CSP) in securing PSAs. Among other provisions, a CSP is considered successful if the DU received at least two qualified bids from entities which the DU is not prohibited from entering into a contract for power supply. AboitizPower distribution utilities welcome CSP because it increases transparency and competition. CSP is prospective, too, so it will not affect AboitizPower's existing contracts.

Electricity Trading Risk

Due to the projected increase in supply, electricity market prices are expected to decrease substantially both long-term and short-term.

Furthermore, shorter trading and dispatch interval of five minutes is expected to be implemented by midyear of 2017. This enhancement could result to additional operational workload due to increased trading transactions. A Wholesale Electricity Spot Market is targeted to take off on in Mindanao in June 2017.

With these significant changes in our trading environment, AboitizPower plans to enhance its trading capabilities, which covers upgrading their trading software, infrastructure, processes, and manpower.

Regulatory Risk

AboitizPower's generation and distribution businesses are subject to constantly evolving regulations. Regulators are tightening their scrutiny, and the public has become more vigilant and involved in the power debate.

To respond proactively to potential fundamental changes that can impact its businesses, AboitizPower has a regulatory team that works very closely with its Generation Companies and Distribution companies, and maintains open lines of communication with regulatory agencies.

The Company's regulatory team has developed a strategy anchored on long-term views of expected or anticipated changes in the regulatory field. The team's approach integrates understanding how regulations will affect AboitizPower's businesses, and planning and preparing for possible or expected changes in regulation, rather than waiting for regulations to be imposed. Regular dialogues are conducted by AboitizPower's regulatory team with media, NGOs, the academe, and organized industry groups such as Philippine Independent Power Producers Association, Inc. (PIPPA) and Private Electric Power Operators Association (PEPOA) to educate various groups about the power industry.

The Company's regulatory team will continue to actively participate in consultative processes conducted by regulators, such as public discussions over the necessity or propriety of specific regulation, or their relevance to current business practices and technology changes that could lead to the development of new rules and policies that will be beneficial not just to AboitizPower but to the power industry as a whole.

Litigation Risk

AboitizPower is party to certain proceedings and legal cases with other parties in the normal course of business. The ultimate outcome of these proceedings and legal cases cannot be determined. Management, in consultation with its legal counsels, believes that it has substantial legal and factual bases for its positions and is currently of the opinion that the likely outcome of these proceedings and legal cases will not have a material adverse effect on AboitizPower's financial position and operating results. It is possible, however, that the future results of operations could be materially affected by changes in estimates or in the effectiveness of the strategies relating to these proceedings and legal cases.

Business Interruption due to Force Majeure, Natural Calamities, and Critical Equipment Breakdown

The loss of critical functions and equipment caused by natural calamities such as earthquakes, windstorms, typhoons, and floods could result in a significant interruption of the businesses within the Aboitiz Group.

Interruption may also be caused by other factors such as a breakdown of major equipment, failures in software, network and applications, fires and explosions, hazardous waste spills, workplace fatalities, product tampering, terrorism, and other similarly serious risks.

Regular preventive maintenance of AboitizPower's facilities, and technological infrastructure and systems is being strictly done, and loss prevention controls are continually being evaluated and strengthened. In 2016, as part of the Asset Management Program for the Generation Companies, maintenance, inspection data, and loss and repair histories were being collected within the CMMS Maximo. Maximo utilization went "live" in 2016 and was executed in waves at the geothermal, coal, small run-of-river hydro, oil, and biomass Business Units which will continue until 2017. The large HEPPs of the SN AboitizPower Group continue to utilize the CMMS JobTech system. The application of these systems and alignment of data are continuously being monitored and expanded as necessary.

Group insurance facilities that leverage on the Company's portfolio of assets, supported by risk modelling and quantification, are in place. Business interruption insurance has also been procured to cover the potential loss in gross profits in the event of a major damage to AboitizPower's critical facilities and assets. This has resulted in AboitizPower and its Business Units having the right insurance solutions as they continue efforts to achieving the optimal balance between retaining and transferring risks and lower the Total Cost of Insurable Risk.

Considering that the Philippines is prone to various Natural Catastrophe events, the loss of critical functions and equipment caused by various, natural calamities such as earthquakes, windstorms, typhoons, and floods could result in a significant interruption of businesses within the AboitizPower Group.

Group insurance facilities that leverage on the company's portfolio of assets, supported by risk modelling and quantification, are in place. Business interruption insurance has also been procured to cover the potential loss in gross profits in the event of a major damage to the Aboitiz Group's critical facilities and assets. This has resulted in AP and its business units having the right insurance solutions that will respond to these Natural Catastrophes.

To ensure the continuity of operations in the event of a business interruption, AboitizPower and its Subsidiaries are continuously reviewing, testing, and enhancing their Business Continuity Plans. Part of these enhancements are:

- Utilization of information disseminated by Weather Philippines Foundation, Inc. to ensure that typhoon preparations of each Business Unit are in place prior to landfall, and tapping of Business Units outside the typhoon path to provide support to the affected Business Units;
- Inclusion of emergency exercises related to natural calamities as part of the annual drill roster from flooding to earthquake, as well as the evaluation of existing measures in a simulated secenario to ensure that facilities are able to respond effectively and safely; and
- Development of new Business Continuity Plans to address newly identified scenarios triggered by changing risks and issues the Company faces.

Financial Risk

In the course of its operations, AboitizPower is exposed to financial risks. These are:

- Interest rate risks resulting from movements in interest rates that may have an impact on outstanding long-term debt;
- Credit risks involving possible exposure to counter-party default on its cash and cash equivalents, available-for-sale investments, and trade and other receivables;
- Refinancing and liquidity risks in terms of the proper matching of the type of financing required for specific investments as well as maturity of these loans; and
- Foreign exchange (forex) risks in terms of forex fluctuations that may significantly affect its foreign currency-denominated placements, transactions and borrowings. To manage this risk, AboitizPower enters into foreign currency forward contracts aimed at reducing and / or managing the adverse impact of changes in foreign exchange rates on financial performance and cash flows.

Fuel Supply and Price Risk

AboitizPower's thermal plants - Therma Luzon, Therma South, and Therma Visayas which is currently under construction, utilize coal; while CPPC, EAUC, TMI, and TMO utilize Bunker-C fuel. These fuel types are exposed to global market price movement and supply challenges.

In 2016, coal prices in the global market temporarily spiked due to policy changes that were made by China that affected supply.

For its coal-fired power plants, AboitizPower pursues the strategy on the coal supply side of diversifying to other sources of coal to ensure security of energy supply at competitive prices. In addition, the Company is not currently contracting long-term coal supply agreements mainly due to high price volatility of coal, freight prices, and counterparty risk.

For its diesel-fired generation plants, CPPC, EAUC, TMI, and TMO, AboitizPower pursues the strategy on the fuel supply side is to enter into or renew their medium-term supply contracts with the biggest oil companies in the country.

In addition, AboitizPower's exposure is limited as a result of the utilization capacity-based contracts for about half of its PSAs. Such contracts come with a provision for the pass-through of fuel costs, where fuel prices are indexed versus the commodity markets for oil and coal for the energy generated by the Company's Business Units.

Project Risk

AboitizPower has ongoing greenfield and acquisition projects in various technologies such as solar, coal, hydro, and geothermal. In addition, the Company continues to pursue other new opportunities and initiatives both locally and internationally. To support this, AboitizPower has reorganized its development focus into an Investment Group and a Project Development and Execution Group.

The Investment Group handles identifying new investment opportunities both in the local and international market; while the Project Development and Execution Group is responsible for the development of identified projects, as well as the development of greenfield and brownfield projects. It will ensure the effective management of projects through construction, commissioning and handover to commercial operations. This reorganization allows the groups to focus on their own deliverables, which require different resources and approaches, and ultimately better manage project risk.

In 2016, Unit 2 (150-MW) of the Therma South plant in Davao and the 59-MW solar power project of Sacansun in San Carlos City, Negros went into commercial operations, while TPI was able to secure approval from the Philippine Competition Commission (PCC) and Board of Investments (BOI) for its successful acquisition of 82.8% beneficial ownership interest in GNPower Mariveles Coal Plant Ltd. Co. and 50% beneficial ownership interest in GNPower Dinginin Ltd. Co. AboitizPower's ownership interest in GNPower –Mariveles will ultimately be reduced to 66.1% and in GNPower-Dinginin to 40%, post return of capital.

AboitizPower also made significant construction progress in its power plant projects in Therma Visayas (Coal), Pagbilao 3 (Coal), Aseagas (Biomass), and Hedcor's Manolo Fortich (run-of-river hydro), all of which are expected to begin commercial operations between 2017 and 2018.

The Company undertakes full efforts to select the right partners, engage reputable contractors and third party suppliers, obtain appropriate insurance, and implement a project risk management framework, which includes identifying, assessing and managing project risks. A regular review of all project risk management plans is performed throughout the project life cycle—pre-development, development, and during execution—to monitor the implementation of risk control measures.

RISKS RELATED TO THE PHILIPPINES

A slowdown in the Philippines' economic growth could adversely affect the Company

Historically, results of operations have been influenced, and will continue to be influenced, to a significant degree by the general state of the Philippine economy, with demand for power historically being tied to the level of economic activity in the Philippines. As a result, the Company's income and results of operations depend, to a significant extent, on the performance of the Philippine economy. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the peso, and the imposition of exchange controls.

From mid-1997 to 1999, the economic crisis in Asia adversely affected the Philippine economy, causing a significant depreciation of the Philippine Peso, increases in interest rates, increased volatility and the downgrading of the Philippine local currency rating and the ratings outlook for the Philippine banking sector. These factors had a material adverse impact on the ability of many Philippine companies to meet their debt-servicing obligations. Over the last several years, the government instituted several reforms in the fiscal and banking sectors, among others, that strengthened the country's economic fundamentals.

The Philippines enjoys investment grade credit ratings from the following major agencies:

- Fitch Ratings - BBB- (positive), granted September 2015
- Standard & Poors - BBB (stable) which was granted May 2013
- Moody's Investors Service - Baa2 (stable), granted December 2015

The Philippine gross domestic product (GDP) grew by 6.8 percent in 2016, its fastest growth in the last three years. As identified in the Philippine Development Plan 2017-2022, Philippine GDP growth is expected to strengthen at 7% to 8% in the medium term, making the Philippines one of the faster growing economies of the ASEAN region.

Nonetheless, any deterioration in the Philippine economy may adversely affect consumer sentiment and lead to a reduction in demand for the Company's products. There is no assurance that current or future Government administrations will adopt economic policies conducive to sustaining economic growth.

Historically, the demand for power for the past 10 years, has shown an increasing trend. This has been the case despite the volatility in the economic, financial, and political conditions of the country. It may be attributable to the inelasticity of electricity at certain levels wherein essential appliances and industries need to operate. The rising population and remittances from overseas workers will likewise provide a minimum growth in the demand for power.

Any political instability in the Philippines may adversely affect the Company

The Philippines has from time to time experienced political, social, and military instability. In the past decade, there has been political instability in the Philippines, including extrajudicial killings, alleged electoral fraud, impeachment proceedings against two (2) former presidents, the chief justice of the Supreme Court of the Philippines, and public and military protests arising from alleged misconduct by previous administrations. In addition, a number of current and past officials of the Philippine government are currently under investigation on corruption charges stemming from allegations of misuse of public funds, extortion, and bribery. An unstable political environment may also arise from the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting.
There can be no assurance that acts of political violence will not occur in the future and any such events could negatively impact the Philippine economy. Likewise, no assurance can be given that the future political or social environment in the Philippines will be stable or that current and future governments will adopt economic policies conducive for sustaining economic growth.

Further, in May 2016, the Philippines elected Rodrigo M. Duterte as its new president, winning 38.5% of the votes cast. The 2016 elections had a record voter turnout of 81%, the highest in the country's three automated elections. The Duterte administration has unveiled a "10-point plan" which has committed, among others, to "continue and maintain current macroeconomic policies, including fiscal, monetary, and trade policies." As of the last quarter of 2016, President Duterte's approval and trust ratings remained high. The new leadership is currently focused on executing its reform agenda. There is no assurance that current or future Government administrations will adopt economic policies conducive to sustaining economic growth.

In general, political or social instability in the Philippines could negatively affect the general economic conditions and business environment in the Philippines, which could have a material adverse effect on the business, operations, and financial position of the Company.

Territorial disputes involving the Philippines and its neighboring countries may adversely affect its economy and business environment

Competing and overlapping territorial claims by the Philippines, China and several Southeast Asian nations (such as Vietnam, Brunei, Malaysia) over certain islands and features in the West Philippine Sea (South China Sea) have for decades been a source of tension and conflicts. The South China Sea covers more than three million square kilometers in terms of area and is home to some of the biggest coral reefs of the world. It is also believed that under the seabed lies vast unexploited oil and natural gas deposits. China claims historic rights to nearly all of the West Philippine Sea based on its so-called "nine-dash line" and in recent years dramatically expanded its military presence in the sea which has raised tensions in the region among the claimant countries. In 2013, the Philippines became the first claimant country to file a case before the Permanent Court of Arbitration, the international arbitration tribunal based at The Hague, Netherlands to legally challenge claims of China in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea (UNCLOS). In July 2016, the tribunal rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea (in the South China Sea) and that the "nine-dash line" claim of China is invalid. The Philippine government, under the Duterte administration, and China have taken meaningful action to de-escalate tensions concerning their territorial disputes.

There is no guarantee that the territorial dispute between the Philippines and other countries, including China, would end or that any existing tension will not escalate further, as China has repeatedly announced that it will not honor said ruling. In such event, the Philippine economy may be disrupted and its business and financial standing may be adversely affected.

RISKS RELATED TO THE OFFER

Liquidity Risk

The Philippine securities markets are substantially smaller, less liquid, and more concentrated than major global securities markets. As such, the Company cannot guarantee that the market for the Series A Bonds will always be active or liquid. Even if the Series A Bonds are listed on the PDEx, trading in securities such as the Series A Bonds, may sometimes be subject to extreme volatility in response to interest rates, developments in local and international capital markets and the overall market for debt securities and other factors. There is no assurance the Series A Bonds may be disposed at prices, volumes or at times deemed appropriate by the Bondholders.

Reinvestment Risk

Prior to the relevant Maturity Dates, the Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), any series of the outstanding Bonds on the relevant Optional Redemption Dates (see "*Description and Terms and Conditions of the Series A Bonds – Optional Redemption*" on page **Error! Bookmark not defined.** of this Preliminary Prospectus). In the event that the Company exercises this early redemption option, all Bonds will be redeemed and the Company would pay the amounts to which Bondholders would be entitled. Following such redemption and payment, there can be no assurance that investors in the redeemed Bonds will be able to re-invest such amounts in securities that would offer a comparative or better yield or terms, at such time.

Pricing Risk

The Bond's market value moves (either up or down) depending on the change in interest rates. The Series A Bonds when sold in the secondary market are worth more if interest rates decrease since the Series A Bonds have a higher interest rate relative to the market. Conversely, if the prevailing interest rate increases the Series A Bonds are worth less when sold in the secondary market. Therefore, an investor faces possible loss if he decides to sell.

Retention of Ratings Risk

There is no assurance that the rating of the Series A Bonds will be retained throughout the life of the Series A Bonds. The rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization. There is no assurance that the rating will be maintained throughout the life of the Series A Bonds.

Bonds have no preference under Article 2244(14) of the Civil Code.

The Master Certificate of Indebtedness, which represent the Series A Bonds subject of the Offer, shall not be notarized and, thus, will not be deemed a public instrument under Article 2244 (14) of the Civil Code. As such, Series A Bonds shall not enjoy preference under under Article 2244 (14) of the Civil Code. This is consistent with the status of the Series A Bonds as direct, unconditional, unsecured, and unsubordinated Peso denominated obligations of the Issuer.

USE OF PROCEEDS

The Issue Price shall be at par, which is equal to the face value of the Series A Bonds. AboitizPower expects that the net proceeds of the Offer shall amount to approximately PhP1,982,114,375, for a PhP2,000,000,000 Issue Size, or PhP2,970,768,125 for a PhP3,000,000,000 Issue Size, after fees, commissions and expenses.

Based on an Issue Size of PhP2,000,00,000

Estimated proceeds from the sale of Bonds	**PhP 2,000,000,000**
Less: Estimated expenses	
Documentary Stamp Tax	**10,000,000**
SEC Registration Fee and Legal Research	**618,125**
Publication Fee	**100,000**
Underwriting and Other Professional Fees	**6,000,000**
Listing Application Fee	**100,000**
Printing Cost	**200,000**
Trustee Fees	**170,000**
Registry and Paying Agency Fees	**75,000**
Ratings Agency Fee	**720,000**
Estimated net proceeds the Issue	**PhP1,982,016,875**

Based on an Issue Size of PhP3,000,000,000 (including the full exercise of the Over-Subscription Option)

Estimated proceeds from the sale of Bonds	**PhP 3,000,000,000**
Less: Estimated expenses	
Documentary Stamp Tax	**15,000,000**
SEC Registration Fee and Legal Research	**886,875**
Publication Fee	**100,000**
Underwriting and Other Professional Fees	**11,980,000**
Listing Application Fee	**100,000**
Printing Cost	**200,000**
Trustee Fees	**170,000**
Registry and Paying Agency Fees	**75,000**
Ratings Agency Fee	**720,000**
Estimated net proceeds the Issue	**PhP2,970,768,125**

The above expenses exclude Gross Receipts Tax and Value Added Tax, which are for the Company's account.

Aside from the foregoing one time costs, AboitizPower expects the following annual expenses related to the Series A Bonds:

1. Aside from the Listing Application Fee, the Issuer will be charged an annual maintenance fee of PhP150,000.00 in advance upon the approval of the Listing;

2. The Issuer will pay a yearly retainer fee to the Trustee amounting to PhP150,000 per annum;

3. After the Issue, a Paying Agency fee amounting to PhP100,000 is payable every Interest Payment Date. The Registrar will charge a monthly maintenance fee based on the face value of the Series A Bonds and the number of Bondholders; and

4. The Issuer will pay an annual monitoring fee to Philratings amounting to PhP560,000 (VAT inclusive). However, Philratings charges the annual monitoring fee to the Company in relation to all of its bonds outstanding.

The net proceeds from the Offer is estimated to be PhP1,982,016,875, for a PhP2,000,000,000 Issue Size, or PhP2,970,768,125 for a PhP3,000,000,000 Issue Size, after deducting expenses related to the Offer and will be used by the Company to finance equity infusions into GNPD. The Company will infuse equity to GNPD, through Therma Dinginin B.V., a wholly-owned subsidiary of TPI (a wholly-owned subsidiary of the Company). In return, GNPD will issue partnership certificates to Therma Dinginin B.V., evidencing such additional equity.

Aboitiz Power, through its subsidiary TPI, acquired GNPD on 27 December 2016, for a total consideration of USD1.197 billion. The Company purchased the partnership interests held by affiliated investment funds of The Blackstone Group, L.P in World Power Holdings, L.P. (currently registered as Therma Mariveles Holdings L.P.) and Sithe Global Power, L.P. (currently registered as Therma Dinginin L.P.), namely: Blackstone Capital Partners (Cayman) VI L.P., Blackstone Family Investment Partnership (Cayman) VI-ESC L.P., Blackstone Family Investment Partners (Cayman) L.P., Blackstone Energy Partners (Cayman) VI L.P., Blackstone Energy Family Investment Partnership (Cayman) L.P., Blackstone Energy Family Investment Partnership (Cayman) ESC L.P., Blackstone Energy Family Investment Partnership (Cayman) SMD L.P., Blackstone Management Associates (Cayman) VI L.P., Blackstone Energy Management Associates (Cayman) L.P., Blackstone Management Associates (Cayman) VI L.P., Blackstone Energy Management Associates (Cayman) L.P., Sumar Investments LLC, and Katsura Capital LLC. This resulted to TPI's acquisition of 50% beneficial ownership interest in GNPD. For avoidance of doubt, the net proceeds from the Offer shall nto be used to acquire GNPD as the acquisition has been completed on 27 December 2016.

GNPower Dinginin is a limited partnership organized and established in 2014. The equity infusion of the Company will be used by GNPD to develop, construct, operate, and own an approximately 2x668 MW (net) supercritical coal-fired power plant to be located at Mariveles, Province of Bataan. Once completed, GNPD shall operate and maintain the power plant, and sell and trade the electric power produced to various customers. Other than the power plant located at Mariveles, GNPD will not operate any other power plant.

GNPD will be constructed in two phases. The first phase will be for one 668 MW (net) unit (Unit 1) and associated ancillary facilities supporting the full operations of Unit 1 (Dinginin Project). The second phase will be for an additional 668 MW (net) unit (Unit 2) and associated ancillary facilities required to support the full operations of Unit 2, (Dinginin Expansion Project).

GNPD is co-developed by: (i) Power Partners, (ii) AC Energy Holdings, Inc. (ACEHI), a wholly owned subsidiary of Ayala Corporation, and (iii) The Company, through its wholly-owned subsidiary, TPI.

GNPD successfully achieved its financial closing and started the construction of Unit 1 in September 2016 with target delivery in 2018. To date, GNPD has already signed Power Purchase and Sale Agreements with 27 highly-rated distribution utilities and it also intends to register with the ERC as a RES in order to enable GNPD to enter into forward contract with prospective Contestable Customers.

AbotizPower anticipates that it will be able to disburse the bond proceeds via equity infusion to GNPD in accordance with the following schedule:

Quarter	**Issue Size of PhP2 billion**	**Issue Size of PhP3 billion**
Q2 2017	PhP 947 million	PhP 947 million
Q3 2017	PhP 515 million	PhP 515 million
Q4 2917	PhP 520 million	PhP 745 million
Q1 2018	-	PhP 764 milliom

In case the Company is not able to raise the full amount of the Offer, the Company shall use internally generated funds for its equity infusion in GNPD.

The foregoing discussion represents an estimate of the Company's net proceeds from the Issue based on current plans and anticipated expenditures. Any or all of the foregoing purposes, without preference, will be financed by the proceeds from the Offer as well as the internally generated cash and/or any new or existing credit facilities of the Company. No part of the proceeds will be used to reimburse any officer, director, employee or shareholder for service rendered, assets previously transferred, money loaned or advanced, or otherwise. Actual allocation of net proceeds by the Company may vary from the foregoing discussion as management may find it necessary or advisable to reallocate the net proceeds within the categories described above. Other than the gross underwriting fees and professional fees, no part of the proceeds shall be used to pay or reimburse the Underwriter or its parent companies, subsidiaries, or affiliates.

Pending disbursements for the planned use of proceeds, the Company shall invest the proceeds into short term marketable securities or short term bank deposits, in order for the Company to have the flexibility to immediately deploy the funds once the planned use commences. Accordingly, the Company shall adjust the disbursement schedule indicated above. In the event of any substantial deviation or adjustments in the planned use of proceeds, as discussed in this section, the Company shall inform the SEC and the Bondholders within a reasonable period of time, file an amended Registration Statement or Prospectus, and seek approval of the SEC.

DETERMINATION OF THE OFFERING PRICE

The Series A Bonds shall be issued on a fully-paid basis and at an issue price that is at par.

PLAN OF DISTRIBUTION

THE OFFER

On 19 April 2017, AboitizPower filed a Registration Statement with the SEC, in connection with the offer and sale to the public of debt securities with an aggregate principal amount of Thirty Billion Pesos (Php30,000,000,000), under shelf registration, inclusive of the Offer. The SEC is expected to issue an order rendering the Registration Statement effective, and a corresponding permit to offer securities for sale covering the Offer.

SHELF REGISTRATION OF SECURITIES NOT COVERED BY THE OFFER

After the close of the Offer and within three years following the date of the effectivity of the Registration Statement, AboitizPower may, at its sole discretion, offer any or all of the remaining balance of the aggregate principal amount debt securities covered by such registration statement, including any amount remaining if the over-subscription option is not or is not fully exercised, in subsequent tranches under Rule 8.1.2 of the Securities Regulation Code's 2015 Implementing Rules and Regulations. Such a shelf registration provides AboitizPower with the ability to conduct such an offering within a comparatively short period of time. AboitizPower believes that such shelf registration provides the Company with the increased ability to take advantage of opportunities in a volatile debt capital market, as these occur. Under the SRC, subsequent tranches of the Bonds, if these will be issued, must be issued within three (3) years from the effective date of the Registration Statement of the Bonds. Further, any such subsequent offering requires the submission by AboitizPower of the relevant updates and amendments to the registration statement and the issuance of the corresponding Permit to Sell by the SEC. As a listed company, AboitizPower regularly disseminates such updates and information in its disclosures to the SEC, PDEx, and PSE.

However, there can be no assurance in respect of: (i) whether AboitizPower would issue such debt securities at all; (ii) the size or timing of any individual issuance or the total issuance of such debt securities; or (iii) the specific terms and conditions of such issuance. Any decision by AboitizPower to offer such debt securities will depend on a number of factors at the relevant time, many of which are not within AboitizPower's control, including but not limited to: prevailing interest rates, the financing requirements of AboitizPower's business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general.

UNDERWRITING OBLIGATIONS OF THE UNDERWRITER

BPI Capital, pursuant to the Underwriting Agreement with AboitizPower, has agreed to act as the Underwriter for the Offer and as such, distribute and sell the Series A Bonds at the Issue Price, and have also committed to underwrite up to Three Billion Pesos (Php3,000,000,000) on a firm basis, for the first tranche of the Series A Bonds, subject to the satisfaction of certain conditions and in consideration for certain fees and expenses. The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to AboitizPower of the net proceeds of the Offer. In case the Underwriting Agreement is terminated, the Company shall notify SEC of the termination and its subsequent course of action.

BPI Capital is the sole Issue Manager for this transaction.

The Underwriter will receive a fee of thirty basis points (0.30%) (which shall be grossed-up for GRT of 7%) on the underwritten principal amount of the Series A Bonds issued. Such fee shall be inclusive of underwriting and participation commissions.

The Underwriter has no direct relations with AboitizPower in terms of ownership by either of their respective major shareholder/s, and have no right to designate or nominate any member of the Board of Directors of the Company. However, Mr. Romeo L. Bernardo is an independent director of the Company, the Underwriter, and the Trustee.

The Underwriter is a sister company of the Trustee, which are both wholly-owned subsidiaries of the Bank of the Philippine Islands.

The Underwriter has no contract or other arrangement with the Company by which it may return to the Company any unsold Series A Bonds.

BPI Capital is the wholly-owned investment banking subsidiary of the Bank of the Philippine Islands and is duly licensed by the SEC to engage in the underwriting and distribution of securities. BPI Capital offers investment banking services in the areas of financial advisory, mergers and acquisitions, debt and equity underwriting, private placement, project finance and loan syndication. It began operations as an investment house in December 1994. As of September 30, 2016, BPI Capital had total assets of PhP5.8 billion and total capital funds of PhP5.7 billion.

SALE AND DISTRIBUTION

The distribution and sale of the Series A Bonds shall be undertaken by the Underwriter who shall sell and distribute the Series A Bonds to third party buyers/investors. The Underwriter is authorized to organize a syndicate of sub-underwriters, soliciting dealers and/or selling agents for the purpose of the Offer; provided, however, that the Underwriter shall remain solely responsible to the Issuer in respect of its obligations under the Underwriting Agreement entered into by them with the Issuer and the Issuer shall not be bound by any of the terms and conditions of any agreement entered into by the Underwriter with such other parties. Nothing herein shall limit the rights of the Underwriter from purchasing the Series A Bonds for its respective accounts.

TERM OF APPOINTMENT

The engagement of the Underwriter shall subsist so long as the SEC Permit to Sell remains valid, unless otherwise terminated pursuant to the Underwriting Agreement.

MANNER OF DISTRIBUTION

The Underwriter shall, at its discretion but with written notice to AboitizPower, determine the manner by which proposals for applications for purchase and issuances of the Series A Bonds shall be solicited, with the primary sale of Series A Bonds to be effected only through the Underwriter.

The Underwriter, in consultation with the Issuer, shall agree on the process for allocating the Bonds and the manner of accepting the Applications to Purchase (the “Allocation Plan”). Consistent with bank procedures (if applicable) and the Allocation Plan, the Underwriter shall be responsible for determining who are Eligible Bondholders from the Applicants and for establishing the *bona fide* identity of each in accordance with AMLA, as well as its own internal policies and arrangements under acceptable standards and policies regarding “know-your-customer” and anti-money laundering.

OFFER PERIOD

The Offer Period shall commence on [9 June 2017] and end on [16 June 2017].

All applications to purchase the Series A Bonds shall be evidenced by a duly completed and signed Application to Purchase, together with two (2) fully executed signature cards authenticated by the Corporate Secretary with respect to corporate and institutional investors, and shall be accompanied by the payment in full of the corresponding purchase price of the Series A Bonds applied for, by check or by appropriate payment instruction, and the required documents which must be submitted to the Underwriter.

Corporate and institutional purchasers must also submit a certified true copy of its SEC Certificate of Registration, its latest Articles of Incorporation and By-laws, BIR Certificate of Registration, or such other relevant organizational or charter documents, and the duly notarized certificate of the Corporate Secretary attesting to the resolution of the board of directors and/or committees or bodies authorizing the purchase of the Series A Bonds and designating the authorized signatory/ies therefore, including his or her specimen signature. Individual Applicants must also submit a photocopy of any one of the following identification cards (ID): passport, driver's license, postal ID, company ID, SSS/GSIS ID and/or Senior Citizen's ID or such other ID and documents as may be required by or acceptable to the selling bank, which must be valid as of the date of the Application. Individual Applicants shall also submit proof of his or her Taxpayer's Identification Number (TIN).

An Applicant who is exempt from or is not subject to withholding tax, or who claims preferential tax treaty rates shall, in addition, be required to submit the following requirements to the Underwriter (together with their applications) who shall then forward the same to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance:

a. Proof of Tax Exemption or Entitlement to Preferential Tax Rates

   i. For (a) tax-exempt corporations under Section 30 of the Tax Code (except non-stock, non-profit educational institutions under Section 30(H) of the Tax Code); (b) cooperatives duly registered with the Cooperative Development Authority; and (c) BIR-approved pension fund and retirement plan – certified true copy of valid, current and subsisting tax exemption certificate, ruling or opinion issued by the BIR. For this purpose, a tax exemption certificate or ruling shall be deemed "valid, current and subsisting" if it has not been more than 3 years since the date of issuance thereof;

   ii. For Tax-Exempt Personal Equity Retirement Account established pursuant to PERA Act of 2008 – certified true copy of the Bondholder's current, valid and subsisting Certificate of Accreditation as PERA Administrator;

   iii.

   iv. For all other tax-exempt entities (including, but not limited to, (a) non-stock, non-profit educational institutions; (b) government-owned or -controlled corporations; and (c) foreign governments, financing institutions owned, controlled or enjoying refinancing from foreign governments, and international or regional financial institutions established by foreign governments) – certified true copy of tax exemption certificate, ruling or opinion issued by the BIR expressly stating that their income is exempt from income tax and, consequently, withholding tax; and

   v. For entities claiming tax treaty relief – (i) certificate of tax residence issued for the current year (whether using the form prescribed in their country of residence, or using Part I (D) of the Certificate of Tax Residence for Tax Treaty Relief ("CORTT") Form prescribed under Revenue Memorandum Order No. 8-2017), and (ii) duly accomplished CORTT Form (particularly Part I (A), (B) and (C), and Part II (A), (B), (C) and (D)).

      In addition, before each Interest Payment Date, upon the request of the Underwriter, the Bondholder shall submit an updated Part II (A), (B), (C) and (D) of the CORTT Form.

      Any and all of these documents should be consularized, if executed abroad, and only the originals should be submitted to the Underwriter.

b. A duly notarized declaration (in the prescribed form) warranting that the Bondholder's tax-exemption certificate or ruling has not been revoked or cancelled and that there are no material changes in character, purpose or method of operation of the Bondholder which are inconsistent with the basis of its income tax exemption, or warranting the Bondholder's entitlement to preferential treaty rates, and undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of its tax exemption or treaty privileges and agreeing to indemnify and hold the Issuer and Registrar and Paying Agent free and harmless against any claims, actions, suits and liabilities arising from the non-withholding or reduced withholding of the required tax; and

c. Such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under applicable regulations of the relevant taxing or other authorities.

Failure to submit any of the documents provided under (a), (b) and (c) above, as may be applicable, will result in the application of the normal income tax rate provided under the Tax Code.

Completed Applications to Purchase and corresponding payments must reach the Underwriter prior to the end of the Offer Period, or such earlier date as may be specified by the Underwriter. Acceptance by the Underwriter of the completed Application to Purchase shall be subject to the availability of the Series A Bonds and the acceptance by AboitizPower and the Underwriter. In the event that any check payment is returned by the drawee bank for any reason whatsoever, the Application to Purchase shall be automatically cancelled and any prior acceptance of the Application to Purchase is deemed revoked.

MINIMUM PURCHASE

A minimum purchase of Php50,000.00 shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of Php10,000.00.

ALLOTMENT OF THE BONDS

If the Series A Bonds are insufficient to satisfy all Applications to Purchase, the available Bonds shall be allotted in accordance with the chronological order of submission of properly completed and appropriately accomplished Applications to Purchase on a first-come, first-served basis, without prejudice subject to AboitizPower's exercise of its right of rejection.

ACCEPTANCE OF APPLICATIONS

AboitizPower and the Underwriter reserve the right to accept or reject applications to subscribe in the Series A Bonds, and in case of oversubscription, allocate the Series A Bonds available to the applicants in a manner they deem appropriate. If any application is rejected or accepted in part only, the application money or the appropriate portion thereof will be returned without interest by the Underwriter.

REFUNDS

In the event an Application is rejected or the amount of Bonds applied for is scaled down, the Underwriter, upon receipt of such rejected and/or scaled down applications, shall notify the Applicant concerned that his application has been rejected or the amount of Bonds applied for is scaled down, and refund the amount paid by the Applicant with no interest thereon. With respect to an Applicant whose application was rejected, refund shall be made by the Underwriter by making the check payment of the Applicant concerned available for his retrieval. With respect to an Applicant whose application has been scaled down, refund shall be made by the issuance by the Underwriter of its own check payable to the order of the Applicant and crossed ''Payees' Account Only'' corresponding to the amount in excess of the accepted Application. All checks shall be made available for pick up by the Applicant concerned at the office of the Underwriter to whom the rejected or scaled down Application was submitted within ten (10) Banking Days after the last day of the Offer Period. The Issuer shall not be liable in any manner to the Applicant for any check payment corresponding to any rejected or scaled-down application which is not returned by the Underwriter; in which case, the Underwriter shall be responsible directly to the Applicant for the return of the check or otherwise the refund of the payment.

SECONDARY MARKET

AboitizPower intends to list the Series A Bonds at the PDEx. AboitizPower may purchase the Series A Bonds at any time, in the open market or by tender or by contract, in accordance with PDEx Rules, without any obligation to make pro rata purchases of Bonds from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Series A Bonds on the PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.

REGISTRY OF BONDHOLDERS

The Series A Bonds shall be issued in scripless form and will be eligible for trading under the scripless book-entry system of PDTC. Master Certificates of Indebtedness representing the Series A Bonds sold in the Offer shall be issued to and registered in the name of the Trustee, on behalf of the Bondholders.

Legal title to the Series A Bonds shall be shown in the Registry Book (the "Registry Book") to be maintained by the Registrar. Initial placement of the Series A Bonds and subsequent transfers of interests in the Series A Bonds shall be subject to applicable Philippine selling restrictions prevailing from time to time. AboitizPower will cause the Registry Book to be kept at the specified office of the Registrar. The names and addresses of the Bondholders and the particulars of the Series A Bonds held by them and of all transfers of Bonds shall be entered into the Registry Book.

DESCRIPTION OF THE BONDS

The detailed terms and conditions of a particular tranche of the Bonds shall be set out in the relevant Offer Supplement under “Description of the Offer.” However, any such discussion under “Description of the Offer” does not purport to be a complete listing of all the rights, obligations, or privileges of the Bonds. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective investors are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors and Shareholders of the Company, the information contained in this Preliminary Prospectus, the Trust Agreement, the Underwriting Agreement, the Registry and Paying Agency Agreement and other agreements relevant to the Offer. Prospective Bondholders must make their own appraisal of the Issuer and the offer, and must make their own independent verification of the information contained herein and the other aforementioned documents and any other investigation they may deem appropriate for the purpose of determining whether to participate in the offer of the Bonds. They must not rely solely on any statement or on the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective investor’s independent evaluation and analysis. Prospective Bondholders are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the Bonds being offered.

THE COMPANY

BUSINESS DEVELOPMENT

AboitizPower is a publicly-listed holding company incorporated on and has been in business since 13 February 1998. Through its Subsidiaries and Affiliates, AboitizPower is a well-positioned leader in the Philippine power industry being the second largest generation, distribution, and retail electricity supply company. The Company's controlling shareholder, AEV, is a diversified conglomerate that is listed in the PSE, and has interests in power, banking and financial services, food, infrastructure, and land. This relationship allows the Company to draw on AEV's strong foundation for sustained growth by being the Philippines' second oldest family-led business group, with an experienced management team, right partners and robust talent management, strong financial position, proactive risk and insurance management, and GRI-certified sustainability reporting system to support the Company's robust growth initiatives.

The Company has accumulated interests in a portfolio of power generating plants, using renewable and non-renewable sources. As of the first quarter of 2017, its generation companies have an attributable net sellable capacity of 2,975 MW. Following the ERC's control test to determine market share of the Company, and supplemented with DOE's information (based on Luzon-Visayas-Mindanao Power Outlook released July 2016) for capacity coming online, the Company's projected market share of the national grid's installed generating capacity by end of 2017 is 17.9%. .

The table below summarizes the Company's power generation companies and key information as of 31 March 2017:

Plant Name	Net Sellable Capacity (MW)	Attributable Net Sellable Capacity (MW)	Management Company	Offtaker
Ambuklao	105	53	SNAP-Benguet	WESM
Bakun	70	70	LHC	WESM / Coops / NGCP
Benguet 1-11	38	38	Hedcor	NPC (2018) / BOO / Bilaterals
Binga	140	70	SNAP-Benguet	WESM / NGCP
Davao 1-5	5	5	Hedcor	Davao Light
Magat	360	180	SNAP-Magat	WESM / Coops / NGCP
Sibulan (A, B and Tudaya A)	49	49	Hedcor Sibulan	Davao Light
Sabangan	14	14	Hedcor Sabangan	FIT
Tudaya (B)	7	7	Hedcor Tudaya	FIT
Tiwi - Makban	390	390	APRI	WESM / Bilaterals
Unified Leyte	40	40	AESI	IPPA (2022) / VECO
Sacasun	46	23	SacaSun	WESM
Mindanao	210	71	STEAG Power	NPC (2031) / BOT
Mariveles	604	399	GN Power Mariveles	Bilaterals/WESM
Davao	260	260	TSI	Bilaterals
Pagbilao	700	700	TLI	IPPA (2025) / Bilaterals / WESM
Toledo	216	57	CEDC	Bilaterals
Cebu	66	40	CPPC	VECO
Cotabato	7	7	Cotabato Light	
Bajada	38	38	Davao Light	Davao Light
General Santos	55	11	SPPC	Bilaterals
Mactan	44	44	EAUC	MEPZ I

Mobile 1	96	96	TMI	Bilaterals
Mobile 2	96	96	TMI	BIlaterals
Mobile 3-6	200	200	TMO	Meralco
Zamboanga	100	20	WMPC	Bilaterals
Total	**3,954**	**2,976**		

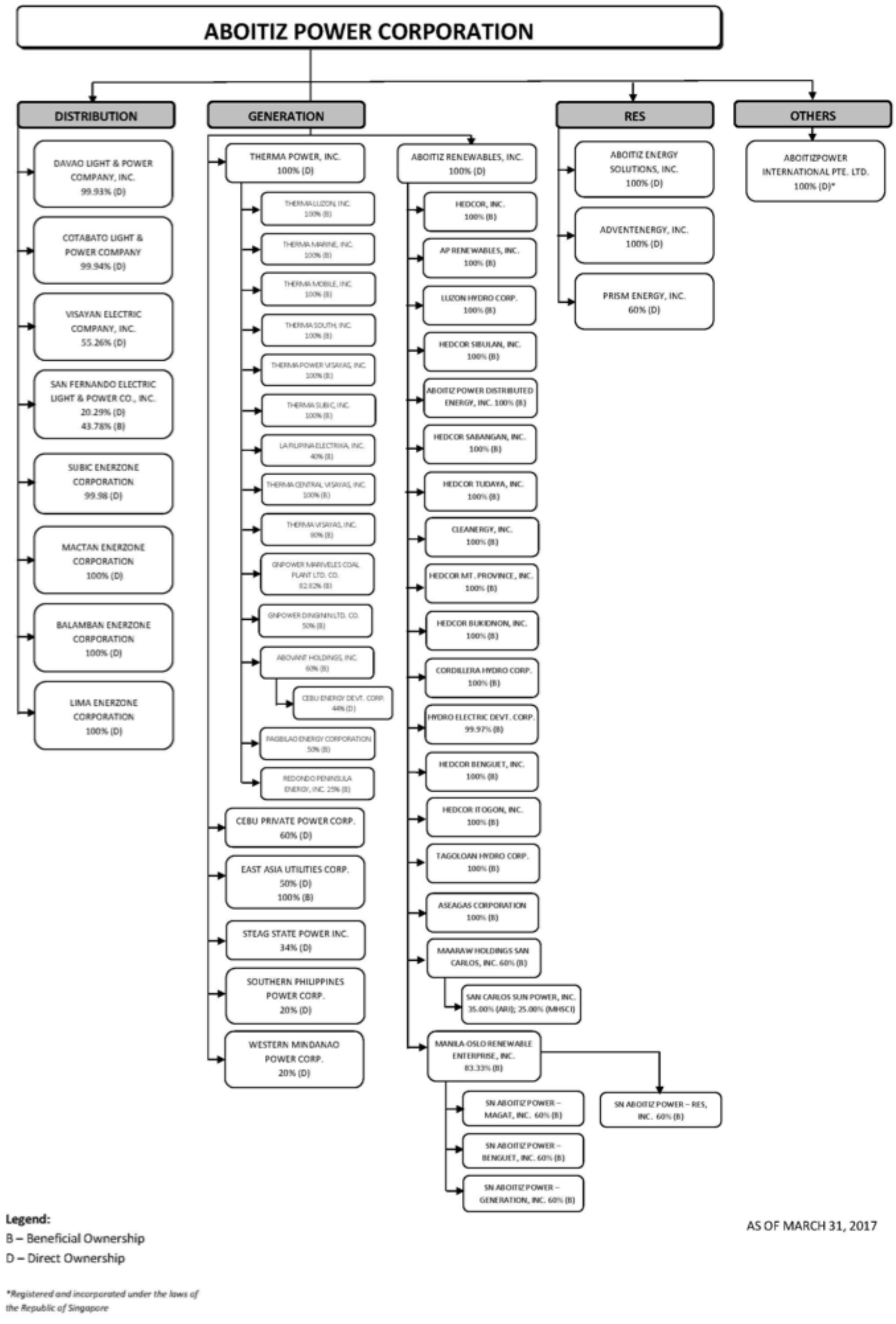
The Company owns interests in several distribution utilities in Luzon, Visayas and Mindanao, including VECO and Davao Light, which are respectively the second and third largest privately-owned distribution utilities in the Philippines in terms of both customers and annual GWh sales. The Company also owns interests in Cotabato Light, SFELAPCO, SEZ, MEZ, BEZ, and LEZ. For 2016, the Distribution Companies sold a total attributable energy of 5,105 GWh. As of year-end 2016, the Distribution Companies are serving approximately 916,876 customers.

AboitizPower's interests, direct and indirect, in the Group's Distribution Utilities, as well as their franchise periods, are shown in the table below:

Distribution Utility	**AboitizPower % Ownership**	**Franchise Expiry**
VECO	55.26%	2030
Davao Light	99.93%	2025
SFELAPCO	43.78%	2035
Cotabato Light	99.94%	2039
SEZ	99.98%	2028
MEZ	100%	Zone life
BEZ	100%	Zone life
LEZ	100%	Zone life

MEZ, BEZ, and LEZ, which operate the power distribution utilities in Mactan Economic Processing Zone II, West Cebu Industrial Park, and Lima Technology Center, respectively, are duly registered with the Philippine Economic Zone Authority as Ecozone Utilities Enterprises. Cotabato Light's franchise was renewed for another 25 years upon the signing of RA 10637 on 16 June 2014, by then President Benigno C. Aquino III.

BRIEF HISTORY OF ABOITIZPOWER AND ITS SIGNIFICANT SUBSIDIARIES



The Aboitiz Group's involvement in the power industry began when members of the Aboitiz family acquired 20% ownership interest in Visayan Electric Company, Inc. (VECO) in the early 1900s. The Aboitiz Group's direct and active involvement in the power distribution industry can be traced to the 1930s when Aboitiz & Company, Inc. (ACO) acquired Ormoc Electric Light Company and its accompanying ice plant, Jolo Power Company, and Cotabato Light & Power Company (Cotabato Light). In July 1946, the Aboitiz Group strengthened its position in power distribution in the Southern Philippines when it acquired Davao Light & Power Company, Inc. (Davao Light), now the third largest privately-owned electric utility in the Philippines in terms of customers and annual gigawatt hour (GWh) sales.

In December 1978, ACO divested its ownership interests in Ormoc Electric Light Company and Jolo Power Company to allow these companies to be converted into electric cooperatives, a policy being promoted by the government of former President Ferdinand Marcos. ACO sold these two companies and scaled down its participation in the power distribution business in order to focus on the more lucrative franchises held by Cotabato Light, Davao Light, and VECO.

In response to the Philippines' pressing need for adequate power supply, the Aboitiz Group became involved in power generation, becoming a pioneer and industry leader in hydroelectric energy. In 1978, the Aboitiz Group incorporated Hydro-Electric Development Corporation (HEDC). HEDC carried out feasibility studies (including hydrological and geological studies), hydroelectric power installation and maintenance, and also developed hydroelectric projects in and around Davao City. On June 26, 1990, the Aboitiz Group also incorporated Northern Mini-Hydro Corporation (now Cleanergy, Inc.), which focused on the development of mini-hydroelectric projects in Benguet province in northern Luzon. By 1990, HEDC and Cleanergy had commissioned and were operating 14 plants with combined installed capacity of 36 MW. In 1996, the Aboitiz Group led the consortium that entered into a Build-Operate-Transfer (BOT) agreement with the National Power Corporation (NPC) to develop and operate the 70-MW Bakun AC hydroelectric plant in Ilocos Sur.

AboitizPower was incorporated on 13 February 1998 as a holding company for the Aboitiz Group's investments in power generation and distribution. However, in order to prepare for growth in the power generation industry, AboitizPower was repositioned in the third quarter of 2003 as a holding company that owned power generation assets only. The divestment by AboitizPower of its power distribution assets was achieved through a property dividend declaration in the form of AboitizPower's ownership interests in the different power distribution companies. The property dividend declaration effectively transferred direct control over the Aboitiz Group's power distribution business to AEV. Further, in 2005, AboitizPower consolidated its investments in mini-hydroelectric plants in a single company by transferring all of HEDC's and Cleanergy's mini-hydroelectric assets to Hedcor, Inc. (Hedcor).

Magat Plant

In December 2006, the Company and its partner, Statkraft Norfund Power Invest AS of Norway, through SN Aboitiz Power-Magat, Inc. (SN Aboitiz Power-Magat), submitted the highest bid for the 360-MW Magat hydroelectric plant (Magat Plant) auctioned by the Power Sector Assets and Liabilities Management Corporation (PSALM). The price offered was US$530 million (mn). PSALM turned over possession and control of the Magat Plant to SN Aboitiz Power-Magat on 26 April 2007.

Ownership and Equity Interests in Distribution Companies

In a share swap agreement with AEV on 20 January 2007, AboitizPower issued a total of 2,889,320,292 of its common shares in exchange for AEV's ownership interests in the following Distribution Utilities, as follows:

1. An effective 55% equity interest in VECO, the second largest privately-owned distribution utility in the Philippines in terms of customers and annual GWh sales and the largest distribution utility in the Visayas region;
2. 100% equity interest in each of Davao Light and Cotabato Light. Davao Light is the third largest privately owned distribution utility in the Philippines in terms of customers and annual GWh sales;
3. An effective 64% ownership interest in Subic EnerZone Corporation (SEZ), which manages the Power Distribution System (PDS) of the Subic Bay Metropolitan Authority (SBMA); and
4. An effective 44% ownership interest in San Fernando Electric Light and Power Co., Inc. (SFELAPCO), which holds the franchise to distribute electricity in the city of San Fernando, Pampanga, in Central Luzon and its surrounding areas.

Subic Coal Project

In February 2007, the Company, through its wholly owned Subsidiary, Therma Power, Inc. (TPI), entered into a Memorandum of Agreement (MOA) with Taiwan Cogeneration International Corporation (TCIC) to collaborate in the building and operation of an independent coal-fired power plant in the Subic Bay Freeport Zone, called the Subic Coal Project. In May 2007, Redondo Peninsula Energy, Inc. (RP Energy) was incorporated as the project company that will undertake the Subic Coal Project. In July 2011, Meralco PowerGen Corporation (MPGC), TCIC and TPI entered into a Shareholders' Agreement to formalize their participation in RP Energy. MPGC took the controlling interest in RP Energy, while TCIC and TPI maintained the remaining stake equally.

Equity Interest in EAUC

On 20 April 2007, the Company acquired 50% of the outstanding capital stock of East Asia Utilities Corporation (EAUC) from El Paso Philippines Energy Company, Inc. (El Paso Philippines). EAUC operates a Bunker C-fired plant with a capacity of 50 MW within the Mactan Export Processing Zone I (MEPZ I) in Mactan Island, Cebu. On the same date, the Company also acquired 60% of the outstanding common shares of Cebu Private Power Corporation (CPPC) from EAUC. CPPC operates a 70-MW Bunker C-fired plant in Cebu City. On June 14, 2016, in line with its target to increase its attributable net sellable capacity to 4,000 MW by 2020, AboitizPower, through its wholly-owned Subsidiary, TPI, acquired the remaining 50% interest in EAUC from El Paso Philippines.

Ownership Interests in MEZ, BEZ, and SEZ

On 8 June 2007, as part of the reorganization of the power-related assets of the Aboitiz Group, the Company acquired 100% interest in Mactan Enerzone Corporation (MEZ) from its Affiliate, Aboitiz Land, Inc. (AboitizLand). MEZ owns and operates the PDS in MEPZ II in Mactan Island in Cebu. The Company also acquired 60% interest in Balamban Enerzone Corporation (BEZ), which owns and operates the PDS in West Cebu Industrial Park-Special Economic Zone (WCIP-SEZ) in Balamban, in the eastern part of Cebu. The Company also consolidated its ownership interests in SEZ by acquiring the combined 25% interest in SEZ held by AEV, SFELAPCO, Okeelanta Corporation (Okeelanta) and Pampanga Sugar Development Corporation (PASUDECO). These acquisitions were made through a share swap agreement, which involved the issuance of the Company's 170,940,307 common shares issued at the initial public offering (IPO) price of Php5.80 per share in exchange for the foregoing equity interests in MEZ, BEZ and SEZ.

Public Offering of Shares

Ownership in AboitizPower was opened to the public through an IPO of its common shares in July 2007. Its common shares were officially listed in the Philippine Stock Exchange, Inc. (PSE) on 16 July 2007.

Cebu Coal Project

In August 2007, the Company, together with Vivant Energy Corporation (VEC) of the Garcia Group, signed a MOA with Global Business Power Corporation (Global Power) of the Metrobank group for the construction and operation of a 3x82-MW coal-fired power plant in Toledo City, Cebu (Cebu Coal Project). The Company and the Garcia Group formed Abovant Holdings, Inc. (Abovant) as the investment vehicle of their 44% equity interest in Cebu Energy Development Corporation (Cebu Energy), the project company of the Cebu Coal Project. AboitizPower owns 60% equity interest in Abovant and effectively holds a 26.4% beneficial interest in Cebu Energy.

Equity Interest in STEAG Power

On 15 November 2007, AboitizPower closed the purchase of the 34% equity ownership in STEAG State Power Inc. (STEAG Power), owner and operator of a 232-MW coal-fired power plant located in PHIVIDEC Industrial Estate in Misamis Oriental, Northern Mindanao. The Company won the competitive bid to buy the 34% equity from Evonik Steag GmbH (formerly known as Steag GmbH) in August 2007. The total purchase price for the 34% equity in STEAG Power is US$102 mn, inclusive of interests.

Ambuklao Hydroelectric Power Plant

On 28 November 2007, SN Aboitiz Power–Benguet, Inc. (SN Aboitiz Power–Benguet), the consortium between AboitizPower and SN Power Group, submitted the highest bid for the Ambuklao-Binga Hydroelectric Power Complex consisting of the 75-MW Ambuklao hydroelectric power plant (HEPP) located in Bokod, Benguet and the 100-MW Binga hydroelectric power plant located in Itogon, Benguet. The price offered was US$325 mn.

Increased Equity Interest in SEZ

In 2007, AboitizPower entered into an agreement to buy the 20% equity of Team Philippines in SEZ for Php92 mn. Together with the 35% equity in SEZ of AboitizPower's Subsidiary, Davao Light, this acquisition brought AboitizPower's total equity in SEZ to 100%.

Increased Equity Interest in BEZ

In 2008, AboitizPower bought the 40% equity ownership of Tsuneishi Holdings (Cebu), Inc. (THC) in BEZ for approximately Php178 mn. The acquisition brought AboitizPower's total equity in BEZ to 100%.

Tiwi-MakBan Geothermal Facilities

On 26 May 2009, AP Renewables, Inc. (APRI), a wholly owned Subsidiary of AboitizPower, took over the ownership and operations of the 289-MW Tiwi geothermal power facility in Albay and the 458-MW Makiling-Banahaw geothermal power facility in Laguna (collectively referred to as the "Tiwi-MakBan Geothermal Facilities") after winning the competitive bid conducted by PSALM on 30 July 2008. Currently, the Tiwi-MakBan Geothermal Facilities have a sustainable capacity of approximately 693.2 MW.

Pagbilao Coal-Fired Power Plant

Therma Luzon, Inc. (TLI), a Subsidiary of AboitizPower, won the competitive bid for the appointment of the Independent Power Producer Administrator (IPPA) of the 700-MW (2x350 MW) contracted capacity of the Pagbilao Coal-Fired Power Plant on 28 August 2009 (Pagbilao Plant). It assumed dispatch control of the Pagbilao power plant on 1 October 2009, becoming the first IPPA in the country. As IPPA, TLI is responsible for procuring the fuel requirements of, and for selling the electricity generated by the Pagbilao Plant. The Pagbilao Plant is located in Pagbilao, Quezon.

Mobile 1 and Mobile 2 Power Barges

AboitizPower, through its subsidiary, Therma Marine, Inc. (TMI), assumed ownership over Mobile 1 and Mobile 2 on 6 February 2010 and 1 March 2010, respectively, after acquiring the two power barges from PSALM for US$30 mn through a negotiated bid concluded on 31 July 2009. Each of the barge-mounted diesel powered generation plants has a generating capacity of 100 MW. Mobile 1 and Mobile 2 are moored at Barangay San Roque, Maco, Compostela Valley and Nasipit, Agusan del Norte, respectively. Prior to AboitizPower's acquisition of the barges, Mobile 1 was referred to as Power Barge (PB) 118 while Mobile 2 was referred to as PB 117.

Navotas Fishport Floating Power Plants

On 27 May 2011, Therma Mobile, Inc. (TMO), a Subsidiary of AboitizPower, acquired four barge-mounted floating power plants located at Navotas Fishport, Manila, including their respective operating facilities, from Duracom Mobile Power Corporation and East Asia Diesel Power Corporation. The barge-mounted floating power plants have a total installed capacity of 242 MW. The barges have undergone rehabilitation starting July 2011, and on November 12, 2013, have started commercial operations at the capacity of 100 MW. The current dependable capacity of 204 MW of the barges was attained and proven in a successful capacity test in April 2015.

New Corporate Headquarters

To meet the demands of the Company's growing business, AboitizPower transferred its corporate headquarters from Cebu to Metro Manila. The transfer to its present principal office was approved by the stockholders during the 20 May 2013 Annual Stockholders' Meeting and was approved by the SEC on 16 July 2013. AboitizPower's current principal office is at 32nd Street, Bonifacio Global City, Taguig City.

Unified Leyte Geothermal Power Plant

In 2013, Aboitiz Energy Solutions, Inc. (AESI) won 40 strips of energy corresponding to 40 MW capacity of Unified Leyte Geothermal Power Plant (ULGPP). The notice of award was issued to AESI on 29 January 2014, and this allowed AESI to sell 40 MW of geothermal power from ULGPP beginning 1 January 2015.

Developments in the Past Three (3) Years

Naga Power Plant Complex

On 31 March 2014, Therma Power-Visayas, Inc. (TPVI) was declared the highest bidder for the privatization of the Naga Power Plant Complex (NPPC) located in Colon, Naga City, Province of Cebu. SPC Power Corporation (SPC), the other bidder, exercised its right-to-top (RTT) under the Naga Power Plant Land-Based Gas Turbine Land Lease Agreement (LBGT- LLA), and PSALM declared SPC as the winning bidder. Senator Sergio R. Osmeña III filed a petition for certiorari and prohibition to enjoin PSALM from implementing SPC's RTT, and to have the said RTT declared null and void. PSALM, SPC and TPVI were impleaded as respondents. In its 28 September 2015 Decision, the Supreme Court cancelled the award to SPC on the finding that SPC's RTT is void for lack of interest or right to the object over which the right to top is to be exercised. The Supreme Court has denied the motions filed by SPC with finality and issued an Entry of Judgment on 9 January 2017. On February 14, 2017, TPVI thru counsel, received a copy of the Entry of Judgment dated January 9, 2017, stating that the September 28, 2015 Decision and October 5, 2016 Resolution have become final and executory on November 28, 2016 and have been recorded in the Book of Entries of Judgment.

Pagbilao Unit III

On 15 May 2014, TPI entered into a joint venture agreement with TPEC Holdings Corporation to form Pagbilao Energy Corporation (PEC). PEC is the project company that will develop, construct, and operate the 400-MW Pagbilao Unit III, which is ongoing construction in the same location as the existing 700-MW Pagbilao Units I and II coal-fired thermal power plant in Pagbilao Quezon.

Ownership Interest in LEZ

On 19 June 2014, AboitizPower acquired 100% ownership interest in Lima Utilities Corporation, now Lima Enerzone Corporation (LEZ), from Lima Land, Inc. (Lima Land), a wholly owned Subsidiary of AboitizLand. LEZ is the electricity distribution utility serving the Lima Technology Center (LTC) located in Lipa City, Batangas. LEZ manages a 50-MVA substation with dual power supply system connected through a 69-kV transmission line of the NPC. The LEZ substation is directly connected to the grid in Batangas City with an alternate connection to the MakBan Geothermal line.

Increase of shareholdings by the Garcia Group in Therma Visayas, Inc.

The Garcia Group acquired 20% interest in TVI through subscriptions from its increase in authorized capital stock, which was approved by the SEC on December 23, 2014.

Issuance of Fixed-Rate Corporate Retail Bonds

On 29 August 2014, SEC approved AboitizPower's application for the issuance of fixed-rate corporate retail bonds (the "Bonds") with an aggregate principal amount of up to Php10 bn. The Bonds, which received the highest possible rating of "PRS Aaa" rating from the Philippine Rating Services Corporation, were issued simultaneously in two series, the 7-year bonds and the 12-year bonds. The Series A Bonds are also listed with the PDEx, the fixed-income securities market which provides an electronic trading platform of exchange for fixed-income securities.

Solar Photovoltaic Power Generation Projects

In November 2014, the Company, through its holding company for its renewable assets, Aboitiz Renewables, Inc. (ARI), entered into a joint framework agreement with Sun Edison Philippines Helios BV (SunEdison) to jointly explore, develop, construct, and operate utility scale solar photovoltaic power generation projects in the Philippines for the next three years. The projects intend to swiftly bring cost-effective solar energy to the country. On 18 August 2015, ARI and SunEdison signed shareholders' agreements to formalize the equity sharing, governance structure, and other terms and conditions of the ARI and SunEdison partnership in Maaraw Holdings San Carlos, Inc. The joint venture company, San Carlos Sun Power, Inc. (Sacasun), will undertake the acquisition, development and exploration of the 59-Megawatt peak (MWp) solar photovoltaic power generation project in San Carlos City, Negros Occidental. On 15 July 2016, ARI issued default notices to its joint venture partner, Sun Edison Philippines Helios BV, in respect of their project vehicle, Sacasun, due to a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code filed by SunEdison's parent company, Sunedison, Inc. in early 2016. On 29 December 2016, ARI signed a Memorandum of Understanding (MOU) with BDO Unibank, Inc. (BDO) and Sacasun for the acquisition by ARI of Sacasun's loan from BDO.

TSI Unit 1

On 18 September 2015, TSI declared full commercial operations of the first of its two 150-MW units of the planned 300-MW circulating fluidized bed coal-fired power plants in Davao del Sur. TSI's Unit 1 delivered contracted power to more than twenty customers consisting of electric cooperatives and distribution utilities all over Mindanao. TSI's Unit 2 started full commercial operations on 2 February 2016.

Hydropower Generation Project in Central Sulawesi, Indonesia

In pursuit of its undertaking to expand its business in Asia, AboitizPower entered into an agreement with SN Power AS (SN Power) and PT Energi Infranusantara on 25 September 2015 to participate in the feasibility studies for the exploration and development of a potential 127 MW hydropower generation project along the Lariang River in Central Sulawesi, Indonesia.

Partnership with PT Medco (Cancelled)

On 21 September 2015, AboitizPower's wholly owned Singapore-based Subsidiary, AboitizPower International Pte. Ltd. entered into an agreement with PT Medco Power Indonesia (PT Medco) to participate in the exploration and development of a potential 2x55 MW Greenfield geothermal plant in East Java Province, Indonesia. On 31 January 2017, after reviewing its overall capital commitments, AboitizPower decided to exit from the Greenfield geothermal exploration and development project and has agreed to step aside to allow PT Medco to proceed with the project.

Equity Interest in Aseagas

On 4 July 2016, ARI completed its acquisition of all equity interests of Aseagas Corporation (Aseagas) from AEV. The acquisition of the shares in line with AboitizPower's target to increase its attributable net sellable capacity to 4,000 by 2020. Aseagas will operate a biomass renewable energy plant to produce power from organic waste.

Ownership Interests in GMCP and GNPD

On 3 October 2016, TPI was selected as the preferred bidder for the competitive tender process undertaken by certain investment funds affiliated with The Blackstone Group L.P. for the indirect sale of all of their partnership interests in GNPower-Mariveles and GNPower-Dinginin. On 4 October 2016, the Purchase and Sale Agreements for the acquisition were finalized, which resulted in TPI acquiring an 82.8% beneficial ownership interest in GNPower-Mariveles and 50% beneficial ownership interest in GNPower–Dinginin. AboitizPower's effective ownership interest in GNPower-Mariveles will ultimately be reduced from 82% to 66.1% and in GNPower-Dinginin from 50% to 40%, after GNPower-Mariveles and GNPower-Dinginin respectively returns a portion of the equity contributions of AboitizPower in each partnership. The acquisition was completed on 27 December 2016, upon receipt of the approvals from the PHCC and the BOI.

COMPETITIVE STRENGTHS AND BUSINESS STRATEGY

The Company believes that its principal strengths are the following:

Strong track record in both power generation and distribution.

Power generation. The Company, through its Subsidiaries and Affiliates, has extensive experience in developing, financing, building and operating power generation facilities throughout the Philippines. The Company is one of the largest Filipino-owned private power producers in the country. The Company believes its extensive experience in all aspects of power generation places it in an excellent position to capture future market share in the Philippine power generation industry.

Power distribution. Through its affiliation with the Aboitiz Group, with more than 70 years of experience in the Philippine power distribution sector, the Company has a track record of efficiently operating and maintaining power distribution utilities in two of the largest electricity markets in the Philippines, Cebu City and its surrounding areas and Davao City. Continuous efforts are being made to improve reliability and increase efficiency by instituting standardized operating systems and processes and introduced automated systems. Aside from that, the Company is also known for finding innovative ways in improving certain aspects of the business. One outstanding example of that is the Interruptible Load Program (ILP) of VECO and Davao Light. The ILP program is considered to be a major factor in reducing the negative effects of supply deficits; a win-win approach the benefits the consumer by tapping the spirit of volunteerism among the local business community while compensating them almost entirely for running their own generators.

Ability to take advantage of expected strong power market fundamentals.

According to the DOE for the period from 2012 to 2020, growth in demand for electricity in the Luzon, Visayas, and Mindanao grids increase at an average annual growth rate of 4.13%, 4.52% and 4.57% respectively. As an established and reputable operator of IPPs, the Company believes that its portfolio of generation facilities will allow it to benefit from the continued economic development of the Philippines. The Company is well-positioned to provide a number of energy-related services, such as baseload, peaking, and reserve power requirements.

Vertically-integrated power generation and distribution company.

Being a vertically integrated power company allows AboitizPower the opportunity to compete and maximize value in the key segments of the power industry value chain by driving and capitalizing on the synergies between Generation and Distribution. The customer relationships built over the last 70 years by the distribution business allows the Company direct customer contact and a ready base market for its Greenfield and acquisition targets. Today, this synergy is already being maximized with AboitizPower expanding its capacity base in support of the increasing requirements of AboitizPower’s Distribution Companies.

Power generation contracts that provide steady and predictable cash flow.

As of December 2016, 91% of the attributable net sellable capacity of the Company are under long-term contracts, the bulk of which would be under a capacity-based structure. The Company believes that these contracts will provide steady cash flows in the medium and long-term from a variety of offtakers including distribution utilities and contestable customers under the Open Access regime. In particular, the Generation Companies have existing bilateral contracts that require offtakers to either pay for available capacity (in the case of the majority of the Company’s baseload and oil plants) or to pay for all the electricity generated by the relevant plant (in the case of the bulk of the Company’s run-of-river hydroelectric plants). A number of plants also have contracts that do not take fuel risk either because of direct pass-through mechanisms in their respective PPAs or fuel is supplied by their offtakers.

Benefits and low operating costs from renewable energy and renewable energy sources.

Operating leverage. Since the Company's run-of-river hydroelectric power generation facilities rely on natural water flow to generate electricity, they are not exposed to market fluctuations in the price of hydrocarbon fuels. Further, hydroelectric plants, such as the 360 MW Magat plant and 231 MW Ambuklao-Binga plants, have relatively quick ramp-up and ramp-down capabilities. The Company's Magat and Ambuklao-Binga plants can provide multiple ancillary services to the Luzon Grid, such as frequency regulation, acting as a spinning reserve and providing back-up power.

Other benefits from renewable energy. Electricity sales from generating facilities using renewable energy sources, such as the Company's hydroelectric facilities, are "zero-rated" for purposes of VAT. This means that the Generation Companies are not required to include the VAT as part of the rates they charge offtakers but are allowed to claim as tax credit the amount of VAT that they are required to pay to their suppliers.

Further, because the Company has a number of run-of-river hydroelectric facilities located in different regions of the Philippines, the Company believes it has a natural hedge against the risk of hydrological conditions in one area of the Philippines affecting all of the Company Run-of-river facilities.

Republic Act No. 9513, the Renewable Energy Act is intended to give additional incentives to the Generation Companies, which will in turn translate to lower operating costs. The law provides fiscal and non-fiscal incentives, including income tax holiday for a period of seven (7) years, duty-free importation, and special rates on real property taxes among others. See the section entitled "*The Renewable Energy Act of 2008*" on page 139 of this Preliminary Prospectus.

Dependable and growing sources of income from its power distribution businesses.

The Company's ownership interest in the Distribution Companies is expected to continue to provide stable sources of revenues. With VECO and Davao Light as the second and third largest privately-owned distribution utilities in the Philippines in terms of both customers and annual GWh sales forming part of the Company's distribution portfolio, the Company is well-positioned to benefit from increases in electric consumption in two of the largest electricity markets in the Philippines as economic activity in these markets increases.

Strong financial position and the ability to obtain limited recourse and corporate level financing.

The Company believes that its strong financial position enables it to implement its strategy of expanding its generation portfolio through selective acquisitions and Greenfield projects, while at the same time improving the operation performance and efficiency of the Distribution Companies. The Company's strong balance sheet supports its growth plans. The Company, through the Generation Companies and the Distribution Companies, has also consistently been able to secure bank financing from leading Philippine and multinational banks.

Established relationships with strategic partners.

The Company has established a strategic partnership to own and operate the Magat and Ambuklao-Binga hydroelectric plants with SN Power, which is a leading renewable energy company with projects and operations in Asia, Africa and Latin America. Aside from this, AboitizPower has also established partnerships with the likes of STEAG GmbH, Global Power, Meralco, and TeaM Energy, which are recognized names in their respective industries. The Company remains open to strategic partnerships in the pursuit of exploratory projects.

The Company believes that it can build on its relationships with these partners to enhance its ability to compete for, develop, finance and operate future power generation projects.

Strong and experienced management team.

The Company is led by a seasoned management team with a track record of hands-on management in the complex power generation and distribution business. The management team is not only tenured but has in depth technical and financial expertise to meet the challenges of this fast growing business. In line with this, further domain expertise has been integrated in Trading, Marketing, Energy Economics, Assets and Contracts Management, Business Development, Environment and Construction among others. As a result, AboitizPower posts sustained positive growth and an equally strong financial performance.

As a leader of this industry, the Company's management team is in constant collaboration and communication with regulatory bodies such as the DOE and ERC. Hand in hand with various energy stakeholders on a national and local level, the management team works to promote good business practices and the interests of the public. With over 100 years in business, the Company knows that the strength of the business not only rests in operational expertise but in the reputation of the Company as it meets its obligations to its various stakeholders.

AboitizPower is committed to becoming a critical enabler in the country's development.

BUSINESS STRATEGY

The Company's business strategy is to increase shareholder value by developing new generation projects, selectively acquiring existing generating facilities, expanding its electricity-related services, improving the operational efficiency of its existing generation and distribution facilities, and maximizing its contestable market share. More specifically, the Company's strategy includes the following:

Expand the Company's generation portfolio

The Company will expand its generation portfolio to support the country's growing energy needs. Its target is to reach 4,000 MW of attributable net sellable capacity by 2020. To achieve this, the Company's current plans include:

Developing Greenfield and Brownfield Projects. AboitizPower, together with its Subsidiaries and Associates, is in various stages of construction of its greenfield and brownfield projects.

400-MW Pulverized Coal-Fired Expansion Unit 3 in Pagbilao, Quezon. This project is undertaken by PEC, a partnership between AboitizPower subsidiary Therma Power, Inc. (TPI), and TeaM (Philippines) Energy Corporation (TEPEC). Last April 25, 2014, the EPC contract was awarded to a contractor consortium comprised of Mitsubishi Hitachi Power Systems Ltd, Daelim Industrial Co, Ltd, DESCO, Inc. and Daelim Philippines, Inc.. The plant construction commenced last September 2014 and the target commercial operation is planned for year-end 2017.

300-MW CFB Coal-Fired Project in Toledo City, Cebu. This project is undertaken by Therma Visayas, Inc. (TVI), a partnership between AboitizPower and Vivant. The project involves the construction of a 2 x 170-MW coal-fired power plant. The EPC contract was awarded to Hyundai Engineering Co. Ltd. (HEC). The NTP for all EPC activities was issued on March 18, 2015. Targeted commercial operation is first quarter of 2018.

68-MW Manolo Fortich Hydropower Plant in Bukidnon. This Project is composed of the 43.4-MW Manolo Fortich Hydro 1 and the 25.4-MW Manolo Fortich Hydro 2 plants which shall be located in the Province of Bukidnon. Both plants are expected to produce at least 350 GWh annually. The construction of the Manolo Fortich Project began in 2015 with a total project cost is estimated at ₱13 bn and is expected to be completed by the third quarter of 2017.

8.8MW Biomass Plant in Lian, Batangas. Aseagas is a project that involves the construction of an initial biomass plant with a capacity of 8.8 MW. The construction commenced last March 18, 2014 and expected to be completed in 2017. Aseagas has already amended the BREOC (Biomass Renewable Energy Operating Contract) with DOE (Department of Energy). The DOE endorsement, which is one of the requirements for a point to point application with NGCP (National Grid Corporation of the Philippines) to secure certificate for FIT eligibility, has since been secured. At the moment, the FIT rate is expected to be at P6.63/kWh.

8.5-MW Maris Canal Hydropower Plant Project in Ramon Isabela. This project is undertaken by SN Aboitiz Power-Magat and involves the construction of an 8.5 MW run-of-river hydropower plant. The project, which broke ground in late 2015, is targeted to be completed by late-2017. As of February 2017, the project is already 66% completed.

668-MW Supercritical Coal-Fired GN Power Dinginin Unit 1 in Bataan. This project is a joint venture of AC Energy, Aboitiz Power subsidiary Therma Power and Power Partners. The GNPower Dinginin Plant will initially consist of a 1 x 668 MW supercritical coal-fired power plant (with a one-time expansion option for an additional 1 x 668 MW supercritical unit). Unit 1 is currently under construction and estimated completion is in 2019.

600-MW CFB Coal-Fired Power Plant in Subic. This project is undertaken by Redondo Peninsula Energy, Inc. (RP Energy), a joint venture among Meralco PowerGen Corporation (MPGC), Aboitiz subsidiary Therma Power, Inc. (TPI) and Taiwan Cogeneration International Corporation (TCIC). The project involves the construction and operation of a 2 x 300 MW (net) circulating-fluidized-bed (CFB) coal-fired power plant. Full implementation of the project is ongoing with expected commercial operation of the power plant starting 2020.

390-MW Alimit Hydropower Complex in Ifugao. This project is undertaken by SN Aboitiz Power-Ifugao, Inc. and involves the construction of the 120-MW Alimit hydropower plant, 250-MW Alimit pumped storage facility, and the 20-MW Olilicon hydropower plant.SN Aboitiz Power remains committed in securing the necessary permits to develop the proposed 390-MW hydro complex project in Ifugao. Foremost here is the Free Prior and Informed Consent from the indigenous peoples. This consent is an important component of the feasibility review for the project.

Hydro in the Philippines. Hedcor continually explores hydropower potentials located in Luzon and Mindanao. Based on exploration, Hedcor sees the potential of building plants with capacities ranging from 20 MW to 70 MW. When the projects pass the evaluation stage and once permits are secured, the construction period for the hydropower plant facilities will commence.

Hydro in Indonesia. AboitizPower entered into an agreement with SN Power AS and PT Energi Infranusantara to participate in the feasibility studies for the exploration and development of a potential 127 MW hydropower generation project along the Lariang River in Central Sulawesi, Indonesia. The project company, PT Auriga Energi, was awarded the basic license to develop the project. It is and is currently conducting pre-feasibility studies.

Solar in the Philippines. AboitizPower is continuously looking for opportunities in the solar space.

Participating in the Government's Privatization Program for its Power Assets. AboitizPower continues to closely evaluate the investment viability of the remaining power generation assets that PSALM intends to auction off.

AboitizPower is also keen on participating in PSALM's public auction for the Independent Power Producer Administrator (IPPA) contracts, which involves the transfer of the management and control of total energy output of power plants under contract with National Power Corporation (NPC) to the IPP administrators.

Naga Power Plant. Senator Sergio Osmeña filed a petition for Certiorari with the Supreme Court to nullify the right to top granted by PSALM to SPC Power Corporation in respect of the 153.1 MW Naga Power Plant Complex bidding and to enjoin the award on the grounds that SPC's right to top is against public policy.

On February 14, 2017, AboitizPower was informed by TPVI that it received the Entry of Judgment dated January 9, 2017 issued by the Supreme Court. SPC Power Corporation has a pending Motion for Leave to File and Admit Motion for Reconsideration dated December 9, 2016 with the Supreme Court.

Acquiring Additional Power Generation Assets. AboitizPower will pursue opportunities to acquire existing power generation assets that are offered for sale, if they add value to its existing generation business.

Shift the bulk of the Company's power supply agreements to capacity-based contracts

In the past, AboitizPower used to generate the bulk of its sales through energy-based contracts in the form of transition supply contracts inherited by the Company when it won its bids for several assets previously owned by the Philippine government. These contracts resulted in a lot of volatility in the Company's historical financial performance. As these contracts expired, AboitizPower embarked on a deliberate shift from energy-based to capacity-based contracts. In general, the latter are essentially de-risked contracts since these provide a fixed capacity fee payment for the Company covering capital recovery and operation and maintenance costs; allows for the full pass-through of fuel costs, which make up a significant portion of the Company's operating costs; and includes provisions for inflation-related adjustments and where applicable, forex adjustments on these costs. The combination of these features allows the Company to minimize revenue to cost mismatches. As such, the shift to capacity-based contracts will allow AboitizPower to benefit from more stable and predictable cash flows and minimize volatility in the Company's cash flow generation.

Expand the scope of the Company's distribution business and continue to improve the operational efficiency of its existing distribution assets

AboitizPower currently owns eight distribution utilities, including the country's second and third largest distribution utilities in the country. Its target is to reach 12 TWh of energy sales to distribution and retail customers (see section on "*Retail Energy Supply*" on page 106 of this Preliminary Prospectus). To achieve this, the current plans for the distribution business include:

Expanding AboitizPower's distribution business. AboitizPower intends to explore opportunities to expand its portfolio of distribution companies by either acquiring additional distribution utilities or cooperatives; or by entering into agreements to manage distribution utilities or systems.

Improving the performance of the distribution utilities. AboitizPower will focus on improving the distribution utilities' level of service and lowering their operating costs by maximizing synergies with the generation units and across the distribution utilities and by investing in new systems that will allow the distribution utilities to be more efficiently managed. The Company believes that a strong distribution business of sufficient scale will continue to provide a springboard for the company's strategies in electricity generation and electricity-related services.

Maximize contestable market share through Retail Energy Supply Subsidiaries

The implementation of Open Access presents an opportunity to the Company, as it has two wholly owned subsidiaries (i.e. AESI and AdventEnergy, Inc.) that are licensed RES, which can enter into contracts with entities that qualify as eligible contestable customers. These contracts can be served from uncontracted capacities of the Company's generating assets. AP's target is to maximize its contestable market share, and contract a total capacity of 800 MW by 2020.

Maintain a high level of social responsibility in the communities in which the Company operates.

The Company aims to conduct its business operations consistent with the highest standards of social responsibility and sustainable development, particularly in terms of environmental responsibility. The Company has actively participated in the development of the communities where its projects are located, which contribute to social and political stability in the areas where the Company operates. The Company also contributes a portion of its revenues to local government units to fund community development activities in the areas of education, health care, rural electrification and environmental protection. By continuing to strengthen its relationships with the local communities where it does business and build support and goodwill among the residents, non-governmental organizations, local government units and other stakeholders, the Company believes that it increases the likelihood that it will benefit from political and social stability in the areas where it operates.

PRINCIPAL PRODUCTS

Generation of Electricity

Since its incorporation in 1998, AboitizPower has accumulated interests in both renewable and non-renewable generation plants. As of 31 December 2016, the power generation business accounted for 79% of earning contributions from AboitizPower's business segments. AboitizPower conducts its power generation activities through the Subsidiaries and Affiliates listed in the table below.

The table below summarizes the Generation Companies' operating results as of 31 December 2016, compared with the same period in 2015 and 2014:

Generation Companies	Energy Sold 2016	Energy Sold 2015	Energy Sold 2014	Revenue 2016	Revenue 2015	Revenue 2014
	(in GWh)			(in mn Pesos)		
APRI	2,688	2,643	2,772	10,334	10,714	12,397
Hedcor	140	154	156	776	800	814
LHC	263	248	263	801	712	733
Hedcor Sibulan	189	212	239	1,131	1,260	1,352
Hedcor Tudaya	30	33	32	180	187	165
Hedcor Sabangan	28	39	N/A	166	228	N/A
SN AboitizPower - Magat	923	762	754	6,308	6,223	5,769
SN AboitizPower - Benguet	867	819	844	6,307	6,549	6,431
TLI	5,091	5,124	4,706	19,661	20,455	20,093
TSI*	1,640	436	N/A	8,869	1,745	N/A
Cebu Energy	1,723	1,713	1,494	7,966	8,109	8,037
STEAG Power	1,605	1,671	1,207	4,627	4,864	4,298
WMPC	355	644	597	1,636	1,430	1,442
SPPC	155	292	334	633	709	743
CPPC	146	159	140	1,292	1,465	1,704
EAUC	90	117	123	725	936	1,205
TMI	917	1,205	845	4,268	6,437	6,555
TMO	336	308	327	2,911	3,231	3,996
Davao Light**	0	0	0	Revenue Neutral	Revenue Neutral	Revenue Neutral
Cotabato Light**	0	0	0	Revenue Neutral	Revenue Neutral	Revenue Neutral

** Operation for Unit 1 only for the year 2015.*

*** Plants are operated as stand-by plants and are revenue neutral, with costs for operating each plant recovered by Davao Light and Cotabato Light, as the case may be, as approved by the ERC.*

Renewable Energy

Aboitiz Renewables, Inc. (ARI)

Since the start of its operations in 1998, AboitizPower has been committed to developing expertise in renewable energy technologies. AboitizPower's management believes that due to the growing concerns on the environmental impact of power generation using traditional fossil fuel energy sources, greater emphasis should be placed on providing adequate, reliable and reasonably priced energy through innovative and renewable energy technologies such as hydroelectric and geothermal technologies. As such, a significant component of the AboitizPower's future projects is expected to focus on those projects that management believes will allow the Company to leverage its experience in renewable energy and help maintain the AboitizPower's position as a leader in the Philippine renewable energy industry.

As one of the leading providers of renewable energy in the country, AboitizPower holds all its investments in renewable energy through its wholly owned Subsidiary, ARI. AboitizPower, either directly and/or through ARI, owns equity interests in the following generation companies, among others:

- 100% equity interest in Luzon Hydro Corporation (LHC) which operates the 70-MW Bakun AC HEPP in Ilocos Sur in northern Luzon;
- 100% equity interest in Hedcor, which operates 16 mini-hydroelectric plants (each with less than 10 MW in installed capacity) with a total capacity of 42 MW located in Benguet province in northern Luzon and in Davao City in southeastern Mindanao;
- 100% equity interest in Hedcor Sibulan, Inc. (Hedcor Sibulan), which operates the 49-MW Sibulan and Tudaya 1 HEPP in Davao del Sur;
- 100% equity interest in Hedcor Tudaya, Inc. (Hedcor Tudaya), which operates the 7-MW Tudaya 2 HEPP in Davao del Sur;
- 100% equity interest in Hedcor Sabangan, Inc. (Hedcor Sabangan), which operates the 14-MW Sabangan run-of-river HEPP in Sabangan, Mountain Province;
- 100% equity interest in Hedcor Bukidnon, Inc. (Hedcor Bukidnon), which is currently building a 68-MW run-of-river HEPP in Manolo Fortich, Bukidnon;
- 83.33% equity interest in Manila-Oslo Renewable Enterprise, Inc. (MORE), which owns SN Aboitiz Power-Magat, the company that operates the 360-MW Magat HEPP in Isabela in northern Luzon and SN Aboitiz Power-Benguet, the company that operates the 245-MW Ambuklao-Binga HEPP complex in northern Luzon;
- 100% equity interest in APRI, which owns the 390-MW Tiwi-MakBan geothermal facilities located in Albay, Laguna and Batangas;
- 60% equity interest in Maaraw Holdings San Carlos, Inc. (Maaraw San Carlos) which owns Sacasun, the project company of the 59-MWp utility-scale solar photovoltaic solar project in San Carlos City, Negros Occidental;
- 100% equity interest in Aboitiz Power Distributed Energy, Inc. (APX), the company engaged in developing energy solutions using emerging technology; and
- 100% equity interest in Aseagas Corporation (Aseagas), the company established for the Group's biomass project located in Lian, Batangas.

Geothermal

AP Renewables, Inc.

APRI, a wholly owned Subsidiary of ARI, is effectively 100% owned by AboitizPower. It is one of the country's leading renewable power companies. It acquired the Tiwi-MakBan geothermal facilities located in Tiwi, Albay, Bay and Calauan both in Laguna, and Sto. Tomas, Batangas from PSALM in July 2008. These geothermal facilities, with a total potential capacity of 693.2 MW, were formally turned over to APRI on 25 May 2009.

As geothermal power plants, Tiwi and MakBan produce clean energy that is reasonable in cost, efficient in operation and environment-friendly. With continuous technological advancements, APRI aims to operate and maintain the Tiwi and MakBan geothermal facilities in accordance with the highest professional standards of world-class independent power producers operating in a regulated market. On 26 May 2013, APRI's steam supply contract with the Philippine Geothermal Production Company, Inc. (PGPC) shifted to a Geothermal Resources Sales Contract (GRSC). APRI assumed certain rights and obligations of the NPC and PSALM under the GRSC as a result of the acquisition of the Tiwi-MakBan geothermal facilities. Under the GRSC, the effective steam price payable to PGPC will be at a premium to coal prices.

On 13 August 2013, APRI and PGPC entered into an Interim Agreement amending the GRSC to modify the steam price formula. This agreement resulted in a more rational fuel costing during off-peak hours when electricity demand is low. APRI and PGPC continue to discuss the merit and feasibility of mutually beneficial steam off-take arrangements. The GRSC will expire on 30 September 2021.

APRI has successfully completed major refurbishment activities comprising of 14 generation units at the Tiwi and MakBan geothermal facilities. On March 2013, APRI completed the testing of Units 5 and 6 of the MakBan geothermal power plant for 72 hours at full load, in accordance with the requirements of the Asset Purchase Agreement between APRI and PSALM. On July 2016, APRI has likewise completed the rehabilitation and commissioning of the 6 MW Binary Plant 1 located in MakBan. The Binary Plant utilizes geothermal brine to run turbines prior to injection of the brine to the underground reservoir. Significant improvements in reliability and steam usage efficiency have been achieved following the completion of the aforesaid activities.

On February 2016, APRI signed an Omnibus Agreement with the Asian Development Bank (ADB), BPI and Credit Guarantee & Investment Facility (CGIF), a trust fund of ADB, to avail of the combined credit facilities of ADB and BPI up to the amount of Php12.5 bn. The issuance was certified as a Climate Bond in December 2015 by the Climate Bond Initiative and is the first issuance of its kind in Asia. Through the years, APRI's geothermal facilities have operated at an improved efficiency level through rehabilitation programs to counteract the challenges of declining steam supply.

Operations Review

The following table summarizes APRI's operating statistics for 2015 and 2016:

	FY 2016	FY 2015	% change
Net Sellable Capacity (MW)	390	390	-3%
Capacity Sold Factor	78%	75%	4%
Power Sales			
Bilateral Contracts (GWh)	2,138	2,066	4%
Spot Market / WESM (GWh)	550	577	-5%
Total Power Sales (MWh)	2,688	2,643	2%

Power Offtaker

APRI's generating capacity is sold through bilateral power supply contracts. Excess capacity is sold on a merchant basis through the WESM.

In the case of power supply contracts, revenue recognition under the contracts assumed under APA (known as Transition Supply Contracts or TSCs) is billed based on the contract price which is calculated based on the pricing structure approved by the ERC. Rates are calculated based on the time-of-use pricing schedule with corresponding adjustments using the Generation Rate Adjustment Mechanism (GRAM) and the Incremental Currency Exchange Rate Adjustment (ICERA).

Starting 2011, to replace expired power supply contracts assumed under the APA, APRI entered into power supply agreements with customers who are billed for contracted price calculated based on geothermal steam pricing under the GRSC which is linked to coal and passed-on charges for WESM line rental charges and WESM net settlement surplus.

On 26 December 2012, the DOE and the ERC declared the implementation of RCOA with commercial operations commencing on 26 June 2013.

In 2013, APRI entered into contracts with its affiliated companies, Advent Energy, Inc. and Aboitiz Energy Solutions Inc. (AESI) to supply power for Open Access customers. Price is calculated using geothermal steam pricing under the GRSC, which is linked to coal.

As approved by the Philippine Electricity Market Corporation (PEMC), effective 25 March 2009, the Company is a trading participant and direct member under the generator sector of the WESM. Under its price determination methodology as approved by the ERC, locational marginal price (LMP) method is used in computing prices for energy bought and sold in the market on a per node, per hour basis.

Fuel Supply

Pursuant to the APA, control and management of Tiwi-MakBan was turned over by PSALM to APRI. However, the management and operation of the steam fields, which supply steam to Tiwi-MakBan, shall remain with PGPC (formerly Chevron). After the turn-over of Tiwi-MakBan, but before the rehabilitation was completed, the steam supply arrangement between APRI and Chevron was governed by a transition agreement, which provided for the reimbursement of capital expenditures and operating expenses, as well as payment of service fees by APRI to Chevron.

Upon completion of the rehabilitation, the steam supply arrangement shall be governed by the GRSC, wherein APRI will no longer pay service fees and reimburse Chevron for capital expenditures and operating expenses. Instead, under the GRSC, APRI shall pay Chevron for the price of steam, which shall be linked to Barlow Jonker and Japanese Public Utilities coal price indices. The GRSC became effective 26 May 2013 and shall continue to be effective until 2021. In 14 August 2013, APRI entered into an Interim Agreement with Chevron that allows for the price of steam to be measured at 50% of the prevailing Spot market price at the given hour when Spot prices fall below the computed GRSC rate. The agreement is effective until 25 June 2017.

Large Hydros

SN Aboitiz Power – Magat, Inc.

SN Aboitiz Power-Magat is ARI's joint venture with SN Power, a leading Norwegian hydropower company with projects and operations in Asia, Africa and Latin America. SN Aboitiz Power-Magat is 60% owned by MORE. SN Power Invest Netherlands BV (SN Power Netherlands) owns the remaining 40% of SN Aboitiz Power-Magat. On 14 December 2006, SN Aboitiz Power-Magat won the bid for the 360-MW Magat HEPP (Magat Plant) conducted by PSALM.

The Magat Plant, which is located at the border of Ramon, Province of Isabela and Alfonso Lista, Ifugao in Northern Luzon, was completed in 1983. As a hydroelectric facility that can be started up in a short period of time, the Magat Plant is ideally suited to act as a peaking plant with the capability to capture the significant upside potential that can arise during periods of high demand. This flexibility allows for the generation and sale of electricity at the peak demand hours of the day. This hydroelectric asset has minimal marginal costs, granting its competitive advantage in terms of economic dispatch order versus other fossil fuel-fired power plants that have significant marginal costs.

The Magat reservoir has the ability to store water equivalent to 17 days of 24 hours of full generating capacity.

The Magat Plant's source of upside - water as a source of fuel and the ability to store it - is also its source of limited downside. SN Aboitiz Power-Magat is an accredited provider of much needed Ancillary Services (AS) to the Luzon grid. It sells a significant portion of its available capacity to the System Operator of the Luzon grid. SN Aboitiz Power-Magat's remaining capacity is sold as electric energy to the spot market through the WESM and to load customers through bilateral contracts.

In September 2007, SN Aboitiz Power-Magat obtained a US$380-mn loan from a consortium of international and domestic financial institutions which include the International Finance Corporation, Nordic Investment Bank, BDO–EPCI, Inc., Bank of the Philippine Islands (BPI), China Banking Corporation (Chinabank), Development Bank of the Philippines (DBP), The Hongkong and Shanghai Banking Corporation Limited (HSBC), Philippine National Bank (PNB) and Security Bank Corporation (Security Bank). The US$380-mn loan consists of a dollar tranche of up to US$152 mn, and a peso tranche of up to Php10.1 bn. The financing agreement was hailed as the region's first-ever project finance debt granted to a merchant power plant. It won Project Finance International's Power Deal of the Year, and Asset's Best Project Finance Award and Best Privatization Award. The loan was used to partially finance the deferred balance of the purchase price of the Magat Plant under the Asset Purchase Agreement (APA) with PSALM. Part of the loan proceeds was also used to pay SN Aboitiz Power-Magat's US$159-mn loan from AEV and advances from its shareholders that were used to acquire the Magat Plant. In 2012, SN Aboitiz Power-Magat secured top-up financing of Php5 bn for its recapitalization requirements and general corporate purposes.

As a hallmark of innovation in revenue generation, SN Aboitiz Power-Magat garnered an AS contract on October 12, 2009 with NGCP, a first for a privately-owned plant. These services are necessary to maintain power quality, reliability and stability of the grid.

SN Aboitiz Power-Magat obtained the BOI's approval of its application as new operator of the Magat Plant with a pioneer status. This entitled the company to an income tax holiday (ITH) until July 11, 2013. On November 6, 2012, the BOI approved SN Aboitiz Power-Magat's application for a one-year extension of its ITH holiday until July 11, 2014. After the lapse of the extended ITH, the company became subject to income tax.

SN Aboitiz Power-Magat completed the half-life refurbishment of the last unit of the Magat Plant (Unit 1) in June 2014. In 2009, SN Aboitiz Power-Magat began the refurbishment project of Unit 2. Work on Unit 4 followed in November 2010 and was completed in 2011, while the refurbishment of Unit 3 was completed in August 2013. These projects involved the replacement of power transformers and related equipment, as well as automation of its control systems. These aimed to overhaul the plant's electro-mechanical equipment and avert operational inefficiencies that usually occur in HEPPs after more than 25 years of operation. Half-life refurbishment is a good industry practice to ensure that the plants remain available throughout their lifespan.

On December 2015, ERC approved the renewal of SN Aboitiz Power-Magat's COC for all four 90-MW units of the Magat Plant. The COC is valid for five years or until November 28, 2020.

The RESC for the Magat Plant was signed on June 2, 2016. This made SN Aboitiz Power-Magat eligible for the incentives provided under the RE Law. Specifically, SN Aboitiz Power-Magat elected to avail the 10% corporate income tax rate incentives provided under the RE Law. A series of extensive stakeholder engagement activities was successfully conducted to mitigate the impact of the change from national wealth tax to government share on host local government units to ensure a smooth transition.

On October 7, 2016, SN Aboitiz Power-Magat signed a Notes Facility Agreement with BPI and Chinabank for the issuance of fixed-rate corporate notes in the amount of Php19 bn. SN Aboitiz Power- Magat appointed BPI-AMTG as Facility Agent, BPI Capital Corporation as Mandated Lead Arranger and Bookrunner, and China Bank Capital Corporation as Joint Lead Arranger. The proceeds of the loan will be used by the company to, among others, repay its existing loans, finance its recapitalization, and fund other general corporate purposes. The simultaneous drawdown of the new notes facility and full payment of all outstanding senior loans under the project financing was completed on October 17, 2016.

Even with the pronouncement of El Niño phenomenon in the first half of 2016, inflow to the Magat reservoir was within the normal range during that period. However, inflow in the third quarter of 2016 was abnormally low, particularly in September that set the record for historical lowest inflow for that month in the past 33 years.

This resulted to below normal reservoir elevation in the third quarter reducing the Magat Plant's generation capability. High inflow in the fourth quarter offset the plant's record low inflow and ended 2016 inflow at 86% of normal.

Despite the increase in spot generation, the Magat Plant's total sold capacity in 2016 is at 1.6 terrawatt-hour (TWh), slightly lower than the 1.7 TWh sold in 2015. This is due to the decrease in sold AS capacity in 2016 of 0.87 TWh, which is only 77% of the previous year's performance.

The Ancillary Services Procurement Agreement (ASPA) between SN Aboitiz Power-Magat and NGCP entered into on March 2013 expired on July 26, 2016 (2013 ASPA). On August 24, 2016, the company and NGCP jointly filed a new APSA with the ERC. The parties agreed to extend the 2013 ASPA, pending issuance by the ERC of a Provisional Authority or Final Approval of the new ASPA. The new ASPA has a validity of five years and has the same AS volume, price and schedule, terms and conditions as the 2013 ASPA. The Jurisdictional, Expository Presentation, Pre-trial Conference and Trial Hearings have been concluded for the new ASPA. SN Aboitiz Power-Magat and NGCP have yet to receive the Provisional Authority or Final Approval from the ERC.

SN Aboitiz Power Group's Greenfield Development Program aims to grow its renewable energy portfolio by looking at potential hydroelectric power projects in the Philippines, primarily within its current host communities in Northern Luzon.

The Maris Canal Hydropower Plant Project involves the construction of an 8.5-MW run-of-river hydropower plant in Ramon, Isabela. The project broke ground in late 2015 and is targeted for completion by late 2017.

SN Aboitiz Power-Magat is the project partner of the National Irrigation Administration (NIA) in the Maris Optimization Project in Ramon, Isabela. The project involves the installation of an additional layer of stoplogs on the Maris Re-regulating Dam, which will add some 8 mn cubic meters of storage in the Maris Reservoir. The additional storage will improve dam operational safety and irrigation water delivery for the NIA. The project broke ground on November 2014 and was completed on March 22, 2016. Turnover to NIA was done on June 1, 2016.

SN Aboitiz Power-Magat has sustained the implementation of its Integrated Management System (ISO 14001) Environmental Management System, ISO 9001 Quality Management System, and OHSAS 18001 Occupational Health & Safety Management System), as verified and audited by the certification body last August 2016. In December 2016, SN Aboitiz Power-Magat was given the Corporate Safety and Health Excellence Award during the 12th Energy Safety and Health Conference, an award given to companies with outstanding workplace safety and health performance.

Operations Review

Acceptance of the Magat Plant's AS nomination decreased in 2013 mainly due to the implementation of a new ASPA and changes in NGCP's approval protocol. This reduced the plant's sold capacity by 41% in 2013 as compared to 2012.

The following table summarizes SNAP-Magat's operating statistics for 2015 and 2016:

	FY 2016	**FY 2015**	**% change**
Net Sellable Capacity (MW)	360	360	-
Capacity Sold Factor	57%	60%	-6%
Power Sales			
Bilateral Contracts (GWh)	718	637	13%

Spot Market / WESM (GWh)	205	126	63%
Total Power Sales (GWh)	923	762	21%
Ancillary Services			
Billed Capacity (GWh)	874	1,143	-24%

Power Offtaker

SNAP Magat's generating capacity is sold either through bilateral power supply contracts, to NGCP in the form of ancillary. Excess capacity is sold in a merchant basis through WESM.

In the case of bilateral power supply contracts, the involved trading participants settle directly with their contracting parties. Revenue recognition for customers under the power supply contracts assumed under the APA was billed based on the contract price which is calculated based on the pricing structure approved by the ERC. Rates were calculated based on the time-of-use pricing schedule. On the other hand, a new power supply contract took effect last July 26, 2013, with a flat rate schedule. As of March 31, 2014, SNAP Magat has bilateral power supply contracts with cooperatives such as ISELCO II, QUIRELCO, IFELCO and MPPLC.

Under EPIRA, NGCP, the system operator, is mandated to maintain the power quality and security of the grid by securing ancillary services from generation companies. Ancillary services are support services such as frequency regulating, contingency and dispatchable reserves, reactive power support, and black start capability which are necessary to support the transmission capacity and energy that are essential in maintaining power quality and security of the grid. SNAP-Magat is certified to provide ancillary services by virtue of the ASPA signed last March 2013.

As approved by the PEMC, effective on April 26, 2007, the Company is a trading participant and direct member under the generator sector of the WESM. Under its price determination methodology as approved by the ERC, locational marginal price (LMP) method is used in computing prices for energy bought and sold in the market on a per node, per hour basis.

The Company believes that as a hydroelectric facility that can be started up in a short period of time, the Magat hydroelectric plant is ideally suited to act as a peaking plant with opportunities to capture the significant upside potential that can arise during periods of high demand. The Company and SNAP-Magat are continuously evaluating various options in order to increase the efficiency, capacity and flexibility of the Magat plant.

SN Aboitiz Power – Benguet, Inc.

SN Aboitiz Power-Benguet is also ARI's joint venture with SN Power. The company is 60% owned by MORE, while the remaining 40% is owned by SN Power Netherlands.

On November 28, 2007, SN Aboitiz Power-Benguet submitted the highest bid to PSALM for the Ambuklao-Binga Hydroelectric Power Complex, which then consisted of the 75-MW Ambuklao Plant and the 100-MW Binga Plant. The Ambuklao-Binga hydroelectric power complex was turned over to SN Aboitiz Power-Benguet on July 10, 2008.

In August 2008, SN Aboitiz Power-Benguet signed a US$375-mn loan agreement with a consortium of local and foreign banks where US$160 mn was taken up as US Dollar financing and US$215 mn as Philippine Peso financing. Proceeds from the loan were used to partially finance the purchase price, rehabilitate the power plant complex and refinance SN Aboitiz Power-Benguet's existing advances from its shareholders with respect to the acquisition of assets.

Also in 2008, SN Aboitiz Power-Benguet began a massive rehabilitation project that restored the Ambuklao Plant to operating status and increased its capacity from 75 MW to 105 MW. The Ambuklao Plant had been decommissioned since 1999 due to siltation and technical issues as a result of the massive earthquake in 1990. Rehabilitation was completed, and re-operation of the Ambuklao Plant commenced in 2011 as a 105-MW plant. On the other hand, the Binga Plant also underwent refurbishment that began in 2010 and was completed in 2013. This refurbishment increased the Binga Plant's capacity to 125 MW. It is now capable of generating up to 140 MW.

In April 2015, SN Aboitiz Power-Benguet received its amended COC from the ERC for all four units of the Binga Plant. The amended COC reflects the increase of Binga's capacity from 125.8 MW (31.45 MW for each of the four units) to 140 MW (35 MW for each unit), following uprating work that began on 2 December 2014 and was completed on 23 February 2015. The uprating was a result of commissioning tests which show that the Binga Plant could generate as high as 35 MW at "rated head" or the water depth for which a hydroelectric generator and turbines were designed. The Binga Plant was uprated to its maximum capacity without major technical changes to existing equipment.

On 21 September 2015, SN Aboitiz Power-Benguet refinanced its existing peso credit facility from BDO and BPI. The new syndicated 15-year term loan is in the amount of Php15 bn. The company also increased its previous US$375 mn credit facility signed in August 2008 to US$436.23 mn. The increased US dollar credit facility was availed by the company from its remaining lenders, Nordic Investment Bank (NIB), International Finance Corporation (IFC), BDO, and BPI at better commercial terms and lower interest rate. The incremental increase of the proceeds of the peso credit facility was used to pay existing loans and advances used for the rehabilitation and refurbishment of both the Ambuklao and Binga Plants.

The RESCs for the Ambuklao and Binga Plants were signed on June 2, 2016 and June 24, 2016, respectively. This made SN Aboitiz Power-Benguet eligible for the incentives provided under the RE Law. Specifically, SN AboitizPower-Benguet elected to avail the 10% corporate income tax rate incentives provided under the RE Law. The Binga Plant has previously obtained an ITH extension from the BOI that was effective until August 11, 2015. The Ambuklao Plant also obtained an ITH extension on February 26, 2013, which is valid until June 30, 2018. A series of extensive stakeholder engagement activities was successfully conducted to mitigate the impact of the shift from national wealth tax to government share on host local government units to ensure a smooth transition.

On October 25, 2016, SN Aboitiz Power-Benguet and the Province of Benguet amicably settled and entered into a compromise agreement on a real property tax (RPT) dispute that has reached Php157.7 mn. The amount represents three years of tax benefits to the municipalities of Bokod and Itogon and Benguet province. The Memorandum of Agreement/Compromise Agreement executed by the company with the Province of Benguet was approved by the Local Board of Assessment Appeals (LBAA) of Benguet via a Decision based on Compromise Agreement dated December 9, 2016.

The ASPA for the Ambuklao Plant entered into on March 2013 between SN Aboitiz Power - Benguet and NGCP expired on 26 July 2016 (2013 ASPA). On 24 August 2016, the company and NGCP jointly filed a new ASPA with the ERC. The parties agreed to extend the 2013 ASPA pending issuance by the ERC of a Provisional Authority or Final Approval of the new ASPA. On 5 December 2016, the ERC issued a letter granting the issuance of a Provisional Authority for the implementation of the ASPA for the Ambuklao Plant effective 26 December 2016. The new ASPA is valid for five years from effectivity date under the same terms and conditions as the 2013 ASPA, and has firm contracted capacities covering regulating and contingency reserves of 30 MW to 82 MW depending on the month of the year.

The Ambuklao Plant's total sold capacity in 2016 increased to 76% with 701 GWh as compared with the previous year's 64% performance. This is mainly due to the year-round availability of the plant for AS provision, compared to 2015 when the plant was only able to commence delivering AS in the month of April.

The Binga Plant's sold capacity in 2016 is unchanged at 93% with 1.1 TWh. Higher spot generation was offset by the reduced AS capacity sold in 2015.

Both Ambuklao and Binga Plants have sustained the implementation of its Integrated Management System (ISO

14001 Environmental Management System, ISO 9001 Quality Management System, and OHSAS 18001 Occupational Health & Safety Management System) and have retained the management system certificates. This was verified and audited by the certification body in March 2016.

For the third straight year, the Ambuklao and Binga Plants were awarded the Gawad ng Kaligtasan at Kalusugan (GKK) Award given by the Department of Labor and Employment (DOLE). Both plants also received the Corporate Safety and Health Excellence Award during the 12th Energy Safety and Health Conference for the outstanding workplace safety and health performance of the plants.

As of 31 December 2016, SN Aboitiz Power-Benguet has contributed 662 GWh and Php1.037 bn to Bilateral Contract Quantity (BCQ), which accounts for 48% of BCQ volumes and 56% of BCQ net revenue. The company also contributed a total BCQ of 1.38 terawatt hours (TWh) and total BCQ net revenue of Php1.91 bn accounting for 29% and 17% of total SN Aboitiz Power Group volume sales and net revenue, respectively.

Operations Review

The following table summarizes SNAP-Benguet's operating statistics for 2015 and 2016:

	FY 2016	**FY 2015**	**% change**
Net Sellable Capacity (MW)	245	245	0%
Capacity Sold Factor	96%	100%	-4%
Power Sales			
Bilateral Contracts (GWh)	662	745	-11%
Spot Market / WESM (GWh)	205	74	177%
Total Power Sales (GWh)	867	819	6%
Ancillary Services			
Billed Capacity (MWh)	1,202	1,299	-7%

Power Offtaker

Binga and Ambuklao's generating capacity is sold either through bilateral power supply contracts or through NGCP as ancillary. Any excess capacity is sold through the spot market.

In the case of bilateral power supply contracts, the involved trading participants settle directly with their contracting parties. As of 2013, SNAP Benguet has a power supply contract with Dagupan Electric Corp. (DECORP).

As a power plant owner and operator, the Company has both power and energy related commodities/products to sell. SNAP-Benguet's Binga and Ambuklao facilities are certified to provide ancillary services by virtue of the ASPAs signed last March 2013 and October 2013, respectively.

As approved by PEMC, effective on 3 June 2008, the Company is a trading participant and direct member under the generator sector of the WESM. Under its price determination methodology as approved by the ERC, LMPmethod is used in computing prices for energy bought and sold in the market on a per node, per hour basis.

Run-of-River Hydros

Luzon Hydro Corporation

Up until May 10, 2011, LHC was ARI's joint venture with Pacific Hydro of Australia, a privately-owned Australian company that specializes in developing and operating power projects utilizing renewable energy sources, principally water and wind power. On March 31, 2011, ARI, LHC and Pacific Hydro signed a Memorandum of Agreement (MOA) granting ARI full ownership over LHC. ARI assumed full ownership and control of LHC on May 10, 2011. At present, AboitizPower effectively owns 100% of LHC through its wholly owned Subsidiary, ARI.

LHC owns, operates and manages the 70-MW Bakun AC run-of-river hydropower plant located in Amilongan, Alilem, Ilocos Sur (Bakun Plant). The Bakun Plant was constructed and operated under the government's BOT scheme. Energy produced by the Bakun Plant, approximately 254 GWh annually, is delivered and taken up by NPC pursuant to a Power Purchase Agreement (the Bakun PPA) and dispatched to the Luzon grid through the 230-kV Bauang-Bakun transmission line of NGCP. Under the terms of the Bakun PPA, all of the electricity generated by the Bakun Plant will be purchased by NPC for a period of 25 years from February 2001. The Bakun PPA also requires LHC to transfer the Bakun Plant to NPC in February 2026, free from liens and without the payment of any compensation by NPC.

The IPPA contract for the Bakun Plant was awarded to Northern Renewables (formerly: Amlan Power Holdings Corporation) following a competitive bidding process conducted by PSALM.

LHC completed the rehabilitation of approximately 900 meters of unlined tunnel of the Bakun Plant on September 2012. The company has also replaced two 15-year old power transformers last February 2016 to improve reliability and to enable it to continuously produce clean and renewable energy to the Luzon Grid.

Operations Review

The following table summarizes LHC's operating statistics for 2015 and 2016:

	FY 2016	**FY 2015**	**% change**
Net Sellable Capacity (MW)	70	70	-
Capacity Sold Factor	43%	45%	-4%
Power Sales			
Bilateral Contracts (GWh)	263	248	6%
Spot Market / WESM (GWh)	0	0	0%
Total Power Sales (GWh)	263	248	6%

Power Offtaker

Under the terms of the Bakun PPA, NPC is obligated to purchase, all the electricity generated by the Bakun plant. The Bakun PPA provides that NPC will pay LHC "capacity fees," "energy fees," and "operating fees" all of which must be paid even if NPC is unable to receive the electricity generated due to transmission constraints. As of 31 December 2013, NPC has paid amounts due under the Bakun PPA in a timely manner.

Capacity fees consist of the "capital recovery fee" and the "service fee." The capital recovery fee is payable in U.S. dollars and payments of the capital recovery fee were "front-loaded" over the first ten contract years of the Bakun PPA in order to allow LHC to service its debts.

The capital recovery fee for the first contract year under the Bakun PPA, which began in February 2001, was USD90.00/kW per month and this amount declines by approximately USD5.70/kW per month during the first seven contract years under the Bakun PPA. The capital recovery fee for the contract year ending in February 2007 was USD61.05/kW per month. The capital recovery fee for the contract year ending in February 2008, which is the seventh contract year under the Bakun PPA, was USD55.38/kW per month and declined to USD12.01/kW per month for the contract year ending in February 2009. In the tenth contract year under the Bakun PPA, the capital recovery fee was USD9.87/kW per month and was reduced to nil for the remaining years of the Bakun PPA. NPC also pays LHC a service fee that is payable in U.S. dollars at a rate of USD25/kW per month. The energy fee is also payable in U.S. dollars at a rate of USD0.0365/kWh of electricity generated over and above the equivalent energy of the contracted capacity. NPC is not obligated to pay the energy fee during situations when the Bakun plant fails to generate electricity in excess of the equivalent energy of the contracted capacity.

Under the terms of the Bakun PPA, LHC continues to be paid by NPC at the rate specified above for periods of "allowable downtime," which are days when LHC is permitted to undertake scheduled maintenance activities on the Bakun plant and other periods during which LHC is unable to deliver electricity to NPC due to circumstances that are not attributable to the fault of LHC. The Bakun PPA allows LHC to schedule 15 maintenance days during each contract year, with any unused scheduled maintenance days being carried over to the next contract year. The Bakun PPA also permits LHC to designate two contract years where it will be able to have up to 60 scheduled maintenance days. LHC designated 2005 as one of the contract years where it could have up to 60 scheduled maintenance days, which allowed it to undertake extended repair and maintenance work on the Bakun plant and to complete the diversion of a portion of the Kayapa Creek to provide additional water flow for the Bakun plant.

LHC usually applies and utilizes its allowable downtime during the summer months, when hydrology is at its lowest. This enables LHC to undertake normal repair and maintenance on the Bakun plant and its equipment while at the same time generating more revenue than the actual hydrology would allow it to generate. Furthermore, because water flow during the summer months is low, the Bakun plant can continue operating with only one generating unit and one turbine while the other turbine units are being serviced, thereby allowing the plant to continue generating revenue.

Hedcor, Inc.

Hedcor, a wholly owned Subsidiary of ARI, is effectively 100% owned by AboitizPower. It was incorporated on 10 October 1986 by ACO as the Baguio-Benguet Power Development Corporation. ARI acquired ACO's 100% ownership interest in Hedcor in 1998.

In 2005, ARI consolidated all of its mini-hydroelectric generation assets, including those developed by HEDC and Cleanergy, in Hedcor. As a result, Hedcor owns, operates and manages run–of–river hydropower plants in northern Luzon and Davao with a combined installed capacity of 44 MW. The electricity generated from Hedcor's hydropower plants are taken up by NPC, Adventenergy and Davao Light pursuant to Power Purchase Agreements (PPAs) with the said off-takers. Irisan 1 which started commercially operating in 2012, is selling under the Feed-in-Tariff (FIT). The remaining electricity is being sold through the WESM.

Northern Luzon's climate is classified as having two pronounced season - dry from November to April and wet for the rest of the year. Due to this classification, generation levels of Hedcor's plants, particularly those located in Northern Luzon, are typically lower during the first five months of each year. During the full years 2015 and 2016, Hecor's hydropower plants generated a total of 153 GWh and 145 GWh of electricity, respectively.

Operations Review

The following table summarizes Hedcor's operating statistics for 2015 and 2016:

	FY 2016	FY 2015	% change

Net Sellable Capacity (MW)	42	42	-
Capacity Sold Factor	38%	42%	-9%
Total Power Sales (GWh)	138	136	1%
Bilateral Contracts (GWh)	2	17	-90%
Spot Market / WESM (GWh)	140	154	-9%

Power Offtaker

Hedcor's contract with its offtakers provides that all the power and energy produced by the hydroelectric plants will be sold to its customer.

Hedcor Sibulan, Inc.

Hedcor Sibulan owns, operates and manages the Sibulan hydroelectric power plants (Sibulan Project). AboitizPower, together with its wholly owned subsidiary, ARI, effectively owns 100% interest in Hedcor Sibulan.

The Sibulan HEPPs have been generating 49.2 MW of clean and renewable energy for Davao since 2010. It is composed of three cascading plants - Sibulan A Hydro which produces 16.5 MW; Tudaya 1 Hydro which produces 6.7 MW; and Sibulan Hydro B which produces another 26 MW by re-using the water from Sibulan A Hydro and Tudaya 1 Hydro. The Certificates of Compliance (COC) for Sibulan Hydro A and B plants were renewed with the ERC on May 18, 2015, and on March 10, 2014 for Tudaya Hydro 1. The energy produced by the Sibulan Project is sold to Davao Light through a Power Supply Agreement (PSA) signed in 2007.

On November 17, 2016, Hedcor Sibulan executed a notes facility agreement with a consortium of note holders for the issuance of fixed rate corporate notes in the amount of up tp Php4 bn. The proceeds of the notes issuance were used, among others, to finance the partial redemption of the company's redeemable preferred shares pursuant to its capital management program, and to fund other general corporate purposes.

The Sibulan Project is registered as a Clean Development Mechanism project with the United Nations Framework Convention on Climate Change under the Kyoto Protocol. It was issued 575,275 tons of carbon credits since its registration. 172,717 tons of said carbon credits were already sold in the carbon market.

The Sibulan HEPPs were awarded a Renewable Energy Service Contract (RESC) by the Department of Energy (DOE) and are currently enjoying the incentives under the Republic Act No. 9513 or the Renewable Energy Act of 2008 (RE Law).

Operations Review

The following table summarizes Hedcor Sibulan's operating statistics for 2015 and 2016:

	FY 2016	FY 2015	% change
Net Sellable Capacity (MW)	49	49	-
Capacity Sold Factor	44%	49%	-11%
Power Sales			

Bilateral Contracts (GWh)	189	212	-11%
Spot Market / WESM (GWh)	0	0	0%
Total Power Sales (GWh)	189	212	-11%

Power Offtaker

All of the energy generated by Hedcor Sibulan will be sold to Davao Light. The contract with Davao Light will expire in April 2022.

Hedcor Tudaya, Inc.

Hedcor Tudaya owns, operates and manages the 7-MW Tudaya Hydro 2 run-of-river hydropower plant in Astorga, Santa Cruz, Davao del Sur. AboitizPower, together with its wholly owned Subsidiary, ARI, effectively owns 100% interest in Hedcor Tudaya. The Tudaya Hydro 2 plant has been commercially operating since March 2014.

Tudaya Hydro 2 is currently selling energy under the FIT mechanism through a Renewable Energy Supply Agreement with Davao del Sur Electric Cooperative, and through a REPA with Transco.

Hedcor Sabangan, Inc.

Hedcor Sabangan owns, operates and manages the 14-MW Sabangan run-of-river hydroelectric power plant in Sabangan, Mountain Province. AboitizPower, together with its wholly owned Subsidiary, ARI, effectively owns 100% interest in Hedcor Sabangan.

The Sabangan plant has been commercially operating since June 2015, and selling under the FIT mechanism through a REPA with Transco.

Operations Review

The following table summarizes Hedcor Sibulan’s operating statistics for 2015 and 2016:

	FY 2016	FY 2015	% change
Net Sellable Capacity (MW)	0	14	-100%
Capacity Sold Factor	23%	52%	-56%
Power Sales			
Bilateral Contracts (GWh)	28	0	0%
Spot Market / WESM (GWh)	0	39	-100%
Total Power Sales (GWh)	28	39	-28%

Hedcor Bukidnon, Inc. (Hedcor Bukidnon)

Hedcor Bukidnon is the project company for the 68.8-MW Manolo Fortich Hydroelectric power project located in Manolo Fortich, Bukidnon. AboitizPower, together with its wholly owned Subsidiary, ARI, effectively owns 100% interest in Hedcor Bukidnon.

This project is composed of the 43.4-MW Manolo Fortich Hydro 1 and the 25.4-MW Manolo Fortich Hydro 2 plants which shall be located in the Province of Bukidnon. Both plants are expected to produce at least 350 GWh annually. The construction of the Manolo Fortich Project began in 2015 with an estimated total project cost of Php13 bn. The project is expected to be completed by the third quarter of 2017.

On September 2015, Hedcor Bukidnon obtained loans and credit accommodations from a consortium of lender-banks in the amount of up to Php10 bn to finance the development, construction, operation and maintenance of the project. BPI Capital Corporation acted as Mandated Lead Arranger and Bookrunner, while Bank of the Philippine Islands - Asset Management and Trust Corporation (BPI-AMTC) acted as Trustee and Facility Agent.

Solar

Maaraw Holdings San Carlos, Inc.

Maaraw San Carlos is the holding company for ARI and SunEdison Philippines Helios BV (SunEdison Philippines)'s investments in Sacasun. Maaraw San Carlos' capital stock is held by ARI and SunEdison Philippines at 60% and 40%, respectively. Maaraw San Carlos is 60% Filipino-owned.

San Carlos Sun Power Inc. (Sacasun)

Incorporated on July 25, 2014 with primary purpose of exploring, developing, and utilizing renewable energy resources, Sacasun is the joint venture company of ARI, Maaraw Holdings San Carlos and SunEdison Philippines for the development, exploration and management of the 59-MWp solar photovoltaic power generation project in San Carlos City, Negros Occidental.

In August 2015, Sacasun embarked on a Greenfield, stand-alone solar farm project located in San Carlos Ecozone, Barangay Punao, San Carlos City, Negros Occidental. The project was conceptualized with the aim to achieve sustainable development and supply electricity to the Visayas grid, where there is a short supply and increasing demand for power. The solar farm project was commissioned on March 9, 2016 and formally inaugurated on April 19, 2016.

Sacasun applied for FIT eligibility under the second installation target of the DOE in order to avail of the preferred pricing and dispatch to the grid of the energy produced from the solar power plant.

The goal of the project is to harness sustainable power from the sun, while maintaining the integrity of the surrounding environment. After successful testing and commissioning in the first quarter of 2016, it began to generate daytime baseload power to the Visayas grid in March 2016. The solar farm has an approximate installed capacity of 58.98 MWp. The energy generated from the solar farm benefits at least 13,000 homes within the Visayas grid. Sacasun believes in producing clean energy for the sustainable development and inclusive growth of its shared environment and communities.

On 10 December 2015, Sacasun signed an Omnibus Loan and Security Agreement with BDO to secure a loan up to the amount of Php3.2 bn to finance the project. In early 2016, Sun Edison, Inc., the parent company of SunEdison Philippines, filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. ARI issued default notices to SunEdison Philippines with respect to Sacasun in July 2016. In December 2016, ARI signed a MOU with BDO and Sacasun for the acquisition by ARI of Sacasun's loan from BDO.

Aboitiz Power Distributed Energy, Inc. (APX)

Incorporated last November 2016 as company owned by ARI, APX is engaged in developing energy soutions using emerging technology such as Grid-tied Rooftop PhotoVoltaic systems, more commonly known as Rooftop Solar. This venture will explore new business models in the distributed energy space, leveraging synergies with other enegy products and services within the broader AboitizPower Group to provide superior customer experience.

Biogas

Aseagas Corporation

Incorporated on 5 June 2012, Aseagas, a wholly owned Subsidiary of AboitizPower, was established as a waste-to-energy business. Its first project was the construction of a Liquid Bio Methane (LBM) fuel plant in the Philippines. To ensure availability of raw material, Aseagas entered into an agreement with Absolut Distillers, Inc., a subsidiary of LT Group Inc. (formerly: Tanduay Holdings, Inc.), for the supply of organic effluent wastewater.

Due to the slump in oil prices at the end of 2014, Aseagas shifted its business model from producing LBM fuel for vehicles to producing biogas for power generation. Aseagas, however, is open to revisiting its original plan to produce LBM fuel should the prices of oil improve. In 2016, AboitizPower acquired Aseagas to consolidate its waste to energy business with AboitizPower's renewable energy portfolio.

Aseagas has an off take agreement under the FIT program for biomass with the DOE. The company's first project, located in Lian, Batangas, is expected to be on full commercial operation by fourth quarter of 2017. Aseagas is keen to expand its existing location and build new sites using various sources of waste streams as feedstock.

Non-Renewables

Therma Power, Inc.

TPI is a wholly owned Subsidiary of AboitizPower and is the latter's holding company for its non- renewable energy projects. AboitizPower, either directly and/or through TPI, has equity interests in the following generation companies, among others:

- 100% equity interest in TMI, owner and operator of 100-MW Mobile 1 barge-mounted power plant in Maco, Compostela Valley and 100-MW Mobile 2 barge-mounted power plant in Nasipit, Agusan del Norte;
- 100% equity interest in TMO, owner and operator of Mobile 3–6 barge-mounted power plants in Navotas Fishport, Manila, with a total generating capacity of 242 MW;
- 100% equity interest in TLI, the IPPA of the 700-MW contracted capacity of the Pagbilao Plant in Quezon Province;
- 100% equity interest in TSI, owner and operator of a 300 MW CFB coal-fired plant in Toril, Davao City;
- 100% equity interest in TPVI, the project company that bid for the privatization of the Naga power plant, located in Naga City, Cebu.
- 100% equity interest in EAUC, owner and operator of a 43-MW Bunker C fired power plant in MEPZ 1, Mactan, Cebu;
- 80% equity interest in TVI, which is currently building a 300-MW coal-fired power plant in Toledo City, Cebu;
- 82.8% beneficial ownership interest as of year-end 2016 in GN Power–Mariveles, owner and operator of an approximately 2x316 MW (net) pulverized coal-fired electric power generation facility in Mariveles, Bataan. AboitizPower's ownership interest GN Power–Mariveles will ultimately be reduced to 66.1% post return of capital;
- 50% beneficial ownership interest as of year-end 2016 in GN Power–Dinginin, which proposes to build and operate a 2x668 MW (net) supercritical coal-fired power plant in Bataan. AboitizPower's ownership interest in GN Power–Dinginin will ultimately be reduced to 40% post return of capital;
- 50% equity interest in PEC, which is currently building a 400-MW (net) coal-fired power plant in Pagbilao, Quezon Province;
- 26.4% effective interest in Cebu Energy, which operates a 3x82-MW coal-fired power plant in Toledo City, Cebu; and
- 25% equity interest in RP Energy, which proposes to build and operate a 2x300 MW coal-fired power plant in Redondo Peninsula in the SBFZ.

Coal Group

Therma Luzon, Inc.

TLI, a wholly owned Subsidiary of AboitizPower, is the first IPPA in the country. On October 1, 2009, it assumed the role of the registered trader of the contracted capacity of the 700-MW (2x350 MW) Pagbilao coal-fired thermal power plant located in Pagbilao, Quezon (Pagbilao Plant or Pag1 and Pag2). As IPPA, TLI is responsible for procuring the fuel requirements of and selling the electricity generated by the Pagbilao Plant. The Pagbilao Plant is owned and operated by TeaM Energy Corporation (TeaM Energy). Under the IPPA Agreement, TLI has the right to receive the transfer of Pag1 and Pag2 at the end of the ECA.

Over the past years, TLI's capacity was contracted to various cooperatives, private distribution utilities, directly connected customers, and an Affiliate Retail Electricity Supplier (RES), AESI. AESI, in turn, sells the power to Contestable Customers under the Retail Competition and Open Access (Open Access) regime. The diversification of the customer base spreads the risk of TLI. Most of these bilateral contracts have terms ranging between two to 20 years. A significant number of TLI's Open Access customers consume most of their energy during off-peak periods. This results in a customer mix with a high load factor.

Operations Review

The following table summarizes TLI's operating statistics for 2015 and 2016:

	FY 2016	FY 2015	% change
Net Sellable Capacity (MW)	700	700	0%
Capacity Sold Factor	91%	93%	-2%
Power Sales (MWh)			
Bilateral Contracts (GWh)	4,711	4,715	0%
Spot Market / WESM (GWh)	380	409	-7%
Total Power Sales (GWh)	5,091	5,124	-1%

Power Offtaker

TLI's generating capacity is sold through bilateral power supply contracts. It also offers 30 MW of its offpeak capacity as firm ancillary and a portion of its peak capacity on a non-firm basis to NGCP. Excess capacity is sold on a merchant basis through spot.

TLI's largest bilateral customer is Meralco. Revenue recognition for sale of power to Meralco under the power supply contract assumed under the IPP Administration Agreement are billed based on the contract price which is calculated based on the pricing structure approved by the ERC. Rates are calculated based on the time-of-use pricing schedule with corresponding adjustments using GRAM and ICERA. The related TSC with Meralco was already replaced by a PSA that became effective 26 December 2012.

On February 29, 2012, PSA with Meralco for 350MW capacity of Pagbilao Power Plant was signed. The term of the agreement commenced on 26 December 2012, after the same was approved by the ERC last December 17, 2012, and shall expire on the date falling seven (7) years after the effectivity date, unless terminated earlier in accordance with the terms of the agreement. Under the agreement, TLI will sell to Meralco capacity and electrical output from Pagbilao Power Plant. Meralco, on the other hand, will purchase contract capacity and electrical output of the Pagbilao Power Plant.

The payment to be made by Meralco in each billing period during the term of the contract shall consist of a Capacity and Energy payment. The Capacity Payment consists of Monthly Capacity Payment and Monthly Fixed O&M, and the Energy Payment consists of Fuel Payment, Variable O&M and Replacement Power.

On 26 December 2012, the DOE and the ERC declared the Implementation of RCOA with commercial operation commencing on 26 June 2013.

In June 2013, the Company entered into a Power Supply Contract with AESI, a licensed RES company and began its supply contract on the same month. AESI provides retail supply requirements to contestable customers located within the Meralco franchise.

TLI has also been entering into power supply agreements with customers who are billed for contracted price based on a coal-linked pricing scheme and pass on charges for WESM line rental charges and WESM net settlement surplus.

As approved by the PEMC, effective on October 1, 2009, the Company is a trading participant and direct member under the generator sector of the WESM. The Company is allowed to access the WESM Market Management System through its Market Participant Interface (MPI). The MPI is the facility that allows the trading participants to submit and cancel bids and offers, and to view market results and reports. Under its price determination methodology as approved by the ERC, LMP method is used in computing prices for energy bought and sold in the market on a per node, per hour basis.

Fuel Supply

TLI enters into short-term coal supply agreements. Outstanding coal supply agreements as of December 31, 2016 have aggregate supply amounts of 510,000 MT (equivalent dollar value is estimated to be at $42 million) which are due for delivery from January 2017 to August 2017. Terms of payment are by letter of credit where payment is due at sight against presentation of documents, and by telegraphic transfer where payment is due within 7 days from receipt of original invoice.

Pagbilao Energy Corporation

PEC is 50% owned by TPI and 50% owned by TPEC Holdings Corporation. Consequently, AboitizPower holds 50% effective interest in PEC.

TPI and TeaM Energy entered into a Joint Development Agreement, effective May 31, 2012, to develop, own and operate a third generating unit with a net capacity of 400 MW within the Pagbilao Plant facilities which already provided for the possibility of this new unit. PEC was formed as a separate vehicle for the third unit (Pag3), and is intended to be a separate entity from TLI. PEC is not covered by either TLI's IPPA with PSALM, or TeaM Energy's BOT contract with NPC/PSALM. An Environmental Compliance Certificate (ECC) was issued by the Department of Environment and Natural Resources – Environmental Management Bureau (DENR-EMB) on June 18, 2013.

On May 2014, PEC entered into an Engineering, Procurement and Construction (EPC) contract with a consortium comprised of Mitsubishi Hitachi Power Systems Ltd., Daelim Industrial Co. Ltd., DESCO Inc. and Daelim Philippines Inc. for the project. PEC also signed an Omnibus Agreement to obtain loans and credit accommodations to finance the construction of Pag3 with a consortium of lender-banks in the amount of up to Php33.31 bn. Site construction activities are in progress in line with PEC's target commercial operations by Q4 2017.

Therma South, Inc.

Incorporated on November 18, 2008, TSI owns and operates the 300-MW (2x150MW) CFB coal-fired power plant located in Barangay Binugao, Toril District, Davao City and Barangay Inawayan, Sta. Cruz, Davao del Sur. AboitizPower, together with its wholly owned Subsidiary, TPI, effectively owns 100% of TSI.

On June 2012, the EPC contract was awarded to the consortium of Black & Veatch and Formosa Heavy Industries

Corporation. TSI declared commercial operations for Unit 1 and Unit 2 on September 2015 and February 2016, respectively. Formal inauguration of Unit 2 was held on January 8, 2016, with then President Benigno C. Aquino III as the keynote speaker.

Operations Review

The following table summarizes TSI's operating statistics for 2015 and 2016:

	FY 2016	FY 2015	% change
Net Sellable Capacity (MW)	260	130	100%
Capacity Sold Factor	86%	100%	-14%
Power Sales (MWh)			
Bilateral Contracts (GWh)	1,640	436	276%
Spot Market / WESM (GWh)	0	0	0%
Total Power Sales (GWh)	1,640	436	276%

TSI helped assuage the effects of the power supply deficit that plagued Mindanao in late 2015 up to the first half of 2016 by providing stable and cost-effective baseload power. The company contributes significantly to the upliftment of the lives of the communities hosting the plants through livelihood programs, education and enterprise development initiatives.

Therma Visayas, Inc.

TVI is the project company for the construction of the 2x150 MW CFB coal-fired power plant located in Barangay Bato, Toledo City, Cebu. AboitizPower together with its wholly owned Subsidiary, TPI, effectively owns 80% of TVI. The remaining 20% is held by Garcia Group through VIGC and VEC.

TVI was incorporated on October 15, 1997 as Vesper Industrial & Development Corporation, a joint venture company of A. Soriano Corporation (Anscor) and Tokuyama Corporation (Tokuyama).

In December 2011, AboitizPower through its Subsidiary, TPI, acquired all shares of Anscor and Tokuyama, and thereafter renamed the company to Therma Visayas, Inc. The Garcia Group acquired 20% interest in TVI through subscriptions from its increase in authorized capital stock, which was approved by the SEC on December 23, 2014.

TVI aims to address the increasing power demand of the Visayas grid with provisions for the future addition of a third generating unit. Commercial operation of the first unit is expected to start by the last quarter of 2017 with the second unit following three months thereafter.

In May 2014, TVI signed an EPC contract with Hyundai Engineering Co., Ltd. and Galing Power Energy Co., Inc. Units 1 and 2 are expected to connect to the grid by the last quarter of 2017 and first quarter of 2018, respectively.

Abovant Holdings, Inc. (Abovant) and Cebu Energy Development Corporation (CEDC)

Incorporated on 28 November 2007, Abovant is a joint venture company formed to hold investments in Cebu Energy. Abovant is 60% owned by TPI and 40% owned by VIGC of the Garcia Group.

Abovant and Global Formosa Power Holdings, Inc. (Global Formosa), a joint venture between Global Business Power Corporation and Formosa Heavy Industries, Inc., formed Cebu Energy to own, operate and maintain a 3x82 MW CFB coal-fired power plant situated within the Toledo Power Complex in Barangay Daanlungsod, Toledo City, Cebu.

Abovant has a 44% stake in Cebu Energy, while Global Formosa owns the remaining 56% stake. Consequently, Aboitiz Power holds 26.4% effective interest in Cebu Energy.

In 2012, the Cebu Energy power plant in Toledo City completed its first full year of commercial operations. The first 82 MW unit was commissioned on February 2010, while the second and third units were commissioned in the second and fourth quarter of 2010, respectively. The said power plant provides the much-needed security of the power supply of the province of Cebu and its neighboring province, Bohol.

Operations Review

The following table summarizes CEDC's operating statistics for 2015 and 2016:

	FY 2016	**FY 2015**	**% change**
Net Sellable Capacity (MW)	216	216	0%
Capacity Sold Factor	103%	102%	1%
Power Sales (MWh)			
Bilateral Contracts (GWh)	1,681	1,691	-1%
Spot Market / WESM (GWh)	42	22	91%
Total Power Sales (GWh)	1,723	1,713	1%

Power Offtaker

CEDC had signed an EPPA with VECO for the supply of 105 MW of electricity for 25 years. To date, it also has an EPPA with PEZA-MEZ I, Mactan Electric Company, Inc., BEZ, Cebu I Electric Cooperative, Inc., Cebu II Electric Cooperative, Inc., Cebu III Electric Cooperative, Inc. and Bohol Electric I Cooperative, Inc. All its EPPAs provide contracted minimum energy offtake with fuel as pass through.

Fuel Supply

In order to ensure that there is an adequate supply of coal to operate the power plants, CEDC has entered into a 10-year coal supply agreement with Semirara Mining Corporation on 31 May 2010. The Company guarantees to purchase from Semirara 300,000 metric tons per year at a base price of Php2,300.00 per metric ton, subject to adjustments provided in the agreement.

CEDC also has a contract with PT Adaro Indonesia for 10 years. The contract was effective as of 1 January 2010 at a contact price in accordance with the pricing scheme provided in the CSA, subject to adjustments provided in the agreement. The term may only be extended until 21 October 2022. The total quantity of coal to be delivered per year shall be 250,000 metric tons and the Company has the option to call 10,000 metric tons per calendar year.

In addition, CEDC has a 5-year contract with Coal Orbis AG, which began to take into effect as of 1 January 2010 at a contact price in accordance with the pricing scheme provided in the CSA, subject to adjustments provided in the agreement. The term may only be extended mutually in writing by both parties prior to the expiration date of the CSA for another period of five (5) years, but in no event beyond the expiration date of the Coal Cooperation Agreement between Coal Orbis AG and PT BBE, unless the same Coal Cooperation Agreement is extended. The total quantity of coal to be delivered per year shall be 150,000 metric tons and the Company has the option for an additional 50,000 metric tons +/-10% per calendar year under the same terms and conditions of the CSA to be elected on an annual basis at least three (3) months before the next contract year.

Redondo Peninsula Energy, Inc.

Incorporated on 30 May 2007, RP Energy was originally a joint venture between AboitizPower and TCIC. On 22 July 2011, MPGC acquired a majority interest in RP Energy by virtue of a share purchase agreement with TPI. AboitizPower, through TPI, and TCIC retained an equal ownership interest of 25% less one share each. In view of the increasing power demand in the Luzon grid and with the entry of MPGC, RP Energy expanded its original proposal to build and operate a 300-MW coal-fired power plant in Redondo Peninsula of Subic Bay within the SBFZ into a 2x300-MW (net) power plant.

RP Energy has completed the voluntary relocation of all affected residents in the site in accordance with existing Philippine rules and regulations and accepted international standards. In November 2011, RP Energy designated the suppliers of the CFB boilers, steam turbines, generators and supporting auxiliaries that ultimately will be engaged as subcontractors by the selected EPC contractor.

On 15 November 2012, RP Energy was issued an amended ECC to cover two high-efficiency 300-MW (net) units with main steam reheat systems. Site preparation was substantially completed. The EPC contract has been awarded to Hyundai Engineering and Construction Co. Ltd. (Hyundai) with Foster Wheeler Ltd. (Foster Wheeler) and Toshiba Corporation (Toshiba) as major subcontractors/suppliers of the CFB boilers and turbines, respectively. Hyundai has not been notified to proceed with the works, however, because of the filing by an ad hoc group of individuals and organizations of a Petition for Writ of Kalikasan and Environmental Protection Order with the Supreme Court. The Petition was remanded to the Court of Appeals (CA) for a hearing. The CA denied the issuance of Writ of Kalikasan for lack of merit, but nonetheless, nullified RP Energy's ECC and land lease with SBMA's on the grounds of DENR's non-compliance with procedural requirements and SBMA's failure to secure approvals and endorsements from relevant Local Government Units (LGUs). The CA decision became the subject of three Petitions for Review on Certiorari filed by RP Energy, DENR and SBMA with the Supreme Court. In view of this legal dispute, the commercial operations of the power plant became dependent on the final resolution of the Petitions filed with the Supreme Court.

On 3 February 2015, the Supreme Court dismissed the Writ of Kalikasan for insufficiency of evidence and upheld the validity of the 22 December 2008 ECC issued by the DENR in favor of RP Energy, as well as its 8 July 2010 first amendment and the 26 May 2011 second amendment. The Supreme Court also upheld the validity of the Lease and Development Agreement between SBMA and RP Energy dated 8 June 2010.

RP Energy received three major awards from Philippine Quill Awards and bagged the Anvil Awards for its corporate social responsibility and public relations initiatives for its stakeholders in 2012.

RP Energy achieved significant milestones for its planned 2x300 MW (net) coal-fired power plant in Subic, Zambales. In April 2016, the company entered into separate PSAs with Meralco and AESI for the first 300-MW capacity of the power plant. RP Energy expects approval by the ERC for the PSAs by the first or second quarter of 2017, so it could proceed with construction activities. On 13 October 2016, RP Energy executed EPC contracts with Doosan Heavy Industries & Construction Co. Ltd. and Azul Torre Construction, Inc. for the project. On December 22, 2016, the company entered into loan agreements with three local banks for the Php31.5 bn funding for the project. The ERC's PSA approval is a condition precedent to first loan drawdown.

Commercial operations of the first phase is targeted in 2020, with the second unit to follow within twelve months thereafter, contingent upon expansion of the transmission interconnection.

STEAG State Power Inc.

Incorporated on 19 December 1995, STEAG Power is the owner and operator of a 232-MW (gross) coal-fired power plant located in PHIVIDEC Industrial Estate in Misamis Oriental, Northern Mindanao. The plant was built under a BOT arrangement and started commercial operations on November 15, 2006. STEAG Power has a 25-year PPA with the NPC, which is backed by a Performance Undertaking issued by the Republic of the Philippines.

On 15 November 2007, AboitizPower closed the sale and purchase of 34% equity ownership in STEAG Power from Evonik Steag GmbH (now STEAG GmbH or STEAG), Germany's fifth largest power generator. STEAG and La Filipina Uy Gongco Corporation (LFUGC) currently hold the remaining 51% and 15% equity, respectively, in STEAG Power.

STEAG Power was registered with the BOI as a pioneer enterprise with a six-year ITH incentive. The incentive expired on 14 November 2012. STEAG Power's COC, on the other hand, was renewed by the ERC and is effective until August 2021.

Operations Review

The following table summarizes STEAG's operating statistics for 2015 and 2016:

	FY 2016	FY 2015	% change
Net Sellable Capacity (MW)	210	210	0%
Capacity Sold Factor	98%	98%	0%
Power Sales (MWh)			
Bilateral Contracts (GWh)	1,605	1,671	-4%
Spot Market / WESM (GWh)	0	0	0%
Total Power Sales (GWh)	1,605	1,671	-4%

Offtaker

The coal plant is subject to a 25-year power purchase agreement with the NPC, which agreement is backed by a Performance Undertaking issued by the Republic of the Philippines.

Fuel Supply

STEAG Power has an existing long-term coal supply agreement with PT Jorong Barutama Greston of Indonesia. The long-term supply contract with PT Jorong Barutama Greston is up to 2019. Base price is fixed with capped annual escalation.

GNPower Mariveles Coal Plant Ltd. Co.

In October 2016, TPI entered into Purchase and Sale Agreements for the acquisition of partnership interests held by affiliated investment funds of The Blackstone Group L.P. in World Power Holdings, L.P. (currently registered as Therma Mariveles Holdings L.P.) and Sithe Global Power, L.P. (currently registered as Therma Dinginin L.P.) Following the receipt of approvals from the BOI and the PCC, TPI completed the acquisition of the GN Power–Mariveles and GN Power–Dinginin on 27 December 2016. This resulted in TPI ultimately acquiring an 82.8% beneficial ownership interest in GN Power–Mariveles. AboitizPower's ownership interest in GN Power–Mariveles will ultimately be reduced to 66.1% post return of capital.

GNPower-Mariveles is a private limited partnership organized and established to undertake the development, construction, operation, and ownership of an approximately 2x316MW (net) pulverized coal-fired power plant located in Mariveles, Bataan, Philippines (Mariveles Project).

The Mariveles Project commenced construction after execution of the equity and financing documentation, approval by the relevant government authorities and the initial drawdown under the non-recourse loan on 29 January 2010. It was declared commercially available in the market in 2013 and currently helps alleviate the severe electric capacity shortage in Luzon and Visayas.

The Mariveles Project is located within an industrial zone on a 60-hectare coastal site near the port of Mariveles on the Bataan Peninsula of Luzon. The Project site lies near the northern entrance to Manila Bay, providing easy and safe shipping access from the West Philippine Sea.

The electricity produced by the Mariveles Project is exported through a newly-built high voltage transmission line owned and operated by the NGCP.

Substantially all of the capacity of the Mariveles Project is contracted under long-term power purchase agreements with highly-rated distribution utilities and Contestable Customers.

The equity owners of GNPower Mariveles are TPI, AC Energy Holdings, Inc. (AC Energy), a wholly owned subsidiary of Ayala Corporation, and Power Partners Ltd. Co. (Power Partners).

GNPower Dinginin Ltd. Co. (GNPower Dinginin or GNPD)

On 27 December 2016, TPI completed the acquisition of the partnership interests held by affiliated investment funds of The Blackstone Group, L.P in World Power Holdings, L.P. (currently registered as Therma Mariveles Holdings L.P.) and Sithe Global Power, L.P. (currently registered as Therma Dinginin L.P.) This resulted to TPI's acquisition of 50% beneficial ownership interest in GNPD.

GNPower-Dinginin is a limited partnership organized and established in 2014 with the primary purpose of: (a) developing, constructing, operating, and owning an approximately 2x668 MW (net) supercritical coal-fired power plant to be located at Mariveles, Province of Bataan; (b) generating, selling and trading of electric power, importing machines, equipment, motor vehicles, tools, appurtenant spare parts, coal for fuel, lubricants, cleansing substances and other necessary and related materials or chemicals; and (c) obtaining, entering into and performing any and all contracts and engaging in any and all transactions consistent with the foregoing purpose.

GNPower-Dinginin will be constructed in two phases. The first phase will be for one 668 MW (net) unit (Unit 1) and associated ancillary facilities supporting the full operations of Unit 1 (Dinginin Project). The second phase will be for an additional 668 MW (net) unit (Unit 2) and associated ancillary facilities required to support the full operations of Unit 2 (Dinginin Expansion Project).

GNPower-Dinginin is co-developed by: (i) Power Partners, (ii) AC Energy Holdings, Inc. (ACEHI), a wholly owned subsidiary of Ayala Corporation, and (iii) TPI.

GNPower-Dinginin successfully achieved its financial closing and started the construction of Unit 1 in September 2016 with target delivery in 2018. To date, GNPD has already signed Power Purchase and Sale Agreements with 27 highly-rated distribution utilities and it also intends to register with the ERC as a RES in order to enable GNPD to enter into forward contract with prospective Contestable Customers.

Oil Group

Therma Marine, Inc.

TMI owns and operates Power Barges Mobile 1 (previously known as PB 118) and Mobile 2 (previously known as PB 117), which have a total generating capacity of 200 MW. Mobile 1 is currently moored at Barangay San Roque, Maco, Compostela Valley, while Mobile 2 is moored at Barangay Sta. Ana, Nasipit, Agusan del Norte. AboitizPower together with its wholly owned Subsidiary, TPI, effectively owns 100% of TMI.

TMI assumed ownership of Mobile 1 and Mobile 2 from PSALM on 6 February 2010 and 1 March 2010, respectively, after the successful conclusion of the US$30 mn negotiated bid for the barges on 31 July 2009. After acquisition, TMI signed a one-year ASPA with NGCP with respect to each barge for the supply of AS consisting of contingency reserve, dispatchable reserve, reactive power support and blackstart capacity for the Mindanao grid. The ASPA involving the power barges is for the supply of 50-MW firm ancillary power to NGCP. The contracts were extended for another year and expired on February 5, 2012 and 1 March 2012 for Mobile 1 and Mobile 2, respectively. The 192.2-MW dependable capacities of TMI are currently being fully contracted and sold to various cooperatives, industrial and commercial customers in Mindanao under Energy Supply Agreements (ESAs), all of which were approved by the ERC. The ESAs were extended with different expiry dates ranging from 2016 to 2018.

TMI was registered with BOI effective May 28, 2010 with a four-year ITH. The ITH validity expired last 27 May 2014. Upon the expiration of the BOI registration, all benefits granted to TMI expired, thus making TMI subject to regular tax rates.

Operations Review

The following table summarizes TMI's operating statistics for 2015 and 2016:

	FY 2016	FY 2015	% change
Net Sellable Capacity (MW)	192	192	0%
Capacity Sold Factor	91%	96%	-6%
Power Sales (MWh)			
Bilateral Contracts (GWh)	917	1,205	-24%
Spot Market / WESM (GWh)	0	0	0%
Total Power Sales (GWh)	917	1,205	-24%

Power Offtaker

The company also entered into ESAs with Davao Light, a related company, and various electric cooperatives in 2010 but the effective date only began in 2011 after satisfying all the terms and conditions indicated in the agreement. The ESAs cover a period of one year, renewable for another one year period upon mutual agreement by the company and its customer, subject to the approval of the ERC.

In 2013 and 2012, TMI entered into ESAs with private companies and electric cooperatives for a period of three years. ERC issued provisional approvals for the ESAs in 2013 and 2012, which were made permanent, subject to certain conditions, in 2014 and 2015. In 2014 and 2015, TMI entered into various Supplemental Agreements for the extension of said ESAs for another three (3) years.

The amount to be billed to and paid by the customers is calculated based on fixed capacity and energy fees per kWh, fixed operations and maintenance fees per kWh adjusted for inflation, and fuel oil and lube oil rates based on actual cost.

In 2012, the ERC issued its Final Approval of the ESAs with some modifications on the applicable rates. TMI and its customers were thus directed to devise schemes for refund of the difference between the final and the provisionally approved rates.

On 25 November 2013, the ERC issued its order for TMI to refund the amount of Php180 mn to its customers for a period of six (6) months with equal installments per month. TMI's customers were likewise directed to refund the said amount to their own customers and to submit to ERC a report on its monthly collection from TMI and refund to its customers for monitoring and verification purposes. As of 31 December 2013, the Company recorded Php180 mn of payables to its customers for the said refunds.

Fuel Supply

Heavy Fuel Oil (HFO) Supply Agreement (SA) with Pilipinas Shell Petroleum Corporation (PSPC)

On 1 September 2015, the TMI entered into a HFO SA with PSPC. The said SA provides for the supply and delivery of HFO by PSPC to TMI, subject to terms and conditions of the SA. The actual quantities may vary from month to month and are contingent to the actual generation of TMI's power plant.

Lube Oil Supply Agreement (SA) with Pilipinas Shell Petroleum Corporation (PSPC)

On 1 December 2016, TMI entered into a Lube Oil SA with PSPC. The said SA provides for the supply and delivery of Lube Oil by PSPC to TMI with an agreed aggregate volume of 3.36 million liters, subject to the terms and conditions of the SA.

Therma Mobile, Inc.

On 27 May 2011, TMO acquired four barge-mounted power plants located at the Navotas Fish Port, Manila. The barge-mounted power plants have an installed generating capacity of 242 MW. AboitizPower together with its wholly owned Subsidiary, TPI, effectively owns 100% of TMO.

The barges have undergone rehabilitation starting July 2011, and on 12 November 2013, have started commercial operations at a capacity of 100 MW. The current dependable capacity of 204 MW of the barges was attained and proven in a successful capacity test in April 2015.

TMO has an existing PSA with the Manila Electric Company (MERALCO) for a period of 3.75 years, commencing on October 2013.

TMO has a pending case with the Philippine Electricity Market Corporation (PEMC) for alleged violation of the Must-Offer Rule of the WESM. It also has a pending case with the ERC for alleged economic and physical withholding of capacity for the months of November and December 2013.

TMO maintains that it did not withhold any capacity for the period covered, as it was physically impossible for TMO to transmit more than 100 MW to MERALCO. Although TMO's rated capacity is 234 MW (net), it could only safely and reliably deliver 100 MW during the November and December 2013 supply period because of the limitations of its engines and the 115-Kv transmission line. This temporary limitation of TMO's plant was confirmed during a dependable capacity testing conducted on November 25, 2013.

Operations Review

TMO started commercial operations on 12 November 2013 for Mobile 3, 5 ,and 6, and 28 November 2013 for Mobile 4. Energy sold from these barges in 2016 amounted to 36 GWh.

Power Offtaker

TMO signed a PSA with MERALCO wherein TMO will supply the latter with electric energy generated from the power plant barges for a period of three (3) years and nine months from 27 September 2013 until 25 June 2017. Under the PSA, the Company shall meet the peaking requirements of MERALCO and its power supply requirements during the Malampaya Gas Facility shutdown for scheduled maintenance and the company shall be responsible for the rehabilitation of the power barges plant, testing and commissioning which shall also own, operate, manage and maintain for the purpose of converting fuel to electric energy.

On 4 November 2013, the ERC provisionally approved the PSA between TMO and MERALCO subject to ERC base rates and conditions. On 6 April 2015, the Energy Regulatory Commission provisionally approved the amendment to the Power Supply Agreement pertaining to the interconnection annual fixed operation and maintenance (O&M) fee, amendment on the base rates of the annual fixed O&M fee and variable O&M fee, and pass through monthly fuel payment.

Fuel Supply

Heavy Fuel Oil (HFO) Supply Agreement with Pilipinas Shell Petroleum Corporation (PSPC)

On 1 September 2014, TMO entered into a HFO Supply Agreement with PSPC. The said agreement provides for the supply and delivery of HFO by PSPC to TMO with an agreed aggregate volume of 360.0 million liters, subject to terms and conditions of the Supply Agreement. The actual quantities may vary from month to month and are contingent of the actual generation of TMO's power plant.

Lube Oil Supply Agreement (SA) with Pilipinas Shell Petroleum Corporation (PSPC)

On 1 December 2016, TMO entered into a Lube Oil SA with PSPC. The said SA provides for the supply and delivery of Lube Oil by PSPC to TMO with an agreed aggregate volume of 2.7 million liters, subject to the terms and conditions of the SA.

East Asia Utilities Corporation

EAUC is the owner and operator of a Bunker C-fired power plant within Mactan Economic Processing Zone I (MEPZ I), Lapu-Lapu City, Cebu. It has been operating the plant since 1997. The company was formed on 18 February 1993 and began supplying power through the WESM on 26 December 2010. On 26 April 2011, EAUC entered into an Electric Power Purchase Agreement (EPPA) with the Philippine Economic Zone Authority (PEZA) to purchase 22 MW electric power from EAUC.

AboitizPower acquired its 50% ownership interest in EAUC from El Paso Philippines on 20 April 2007. On 14 June 2016, AboitizPower, through TPI, acquired the remaining 50% interest in EAUC from El Paso Philippines through a Share Purchase Agreement.

Operations Review

The following table summarizes EAUC's operating statistics for 2015 and 2016:

	FY 2016	**FY 2015**	**% change**
Net Sellable Capacity (MW)	43	43	0%
Capacity Sold Factor	97%	70%	39%
Net Power Generated (MWh)	43	92	-53%
Bilateral Contracts (MWh)	47	25	88%
Spot Market / WESM (MWh)	90	117	-23%

Power Offtaker

EAUC was registered with the Philippine Economic Zone Authority (PEZA) on April 27, 1998 as amended on 23 April 2009, as an Ecozone Utilities Enterprise providing electric power to the MEZ and WCIP-SEZ, pursuant to the provisions of Republic Act No. 7916, otherwise known as the Special Economic Zone Act of 1995.

On 29 April 2011, PEZA and EAUC signed an EPPA for 10 years effective up to 25 April 2021 with a contracted capacity of 22 MW billed on a monthly basis. PEZA allows EAUC to sell up to 50% of its capacity to other customers subject to PEZA issuance of LOA and EAUC's compliance with applicable PEZA and WESM Rules and Regulations. The LOA is effective until 25 April 2017 and subject to renewal.

The EPPAs between PEZA and EAUC, and BEC and EAUC include Capacity Fee and Energy Fee components.

On 26 December 2010, the WESM in the Visayas Grid started commercial operations and EAUC started trading as a direct participant.

Fuel Supply

<u>Heavy Fuel Oil (HFO) Supply Agreement (SA) with Pilipinas Shell Petroleum Corporation (PSPC)</u>

On 30 March 2015, EAUC entered into a HFO SA with PSPC. The said SA provides for the supply and delivery of HFO by PSPC to EAUC with an agreed aggregate volume of 43.2 million liters, subject to terms and conditions of the SA. The actual quantities may vary from month to month and are contingent to the actual generation of EAUC's power plant.

<u>Lube Oil Supply Agreement (SA) with Pilipinas Shell Petroleum Corporation (PSPC)</u>

On 1 December 2016, EAUC entered into a Lube Oil SA with PSPC. The said SA provides for the supply and delivery of Lube Oil by PSPC to EAUC with an agreed aggregate volume of 220,000 liters, subject to the terms and conditions of the SA.

Cebu Private Power Corporation

Incorporated on 13 July 1994, CPPC owns and operates a 70-MW Bunker C-fired power plant located in the Old VECO Compound, Cebu City. It is one of the largest diesel powered plants on the island of Cebu. Commissioned in 1998, the CPPC plant was constructed pursuant to a BOT contract to supply 62 MW of power to VECO.

On 20 April 2007, AboitizPower acquired 60% of the outstanding common shares of CPPC from EAUC. VEC owns the remaining 40% of the outstanding common shares. VEC and AboitizPower are the major shareholders of VECO. CPPC is imbedded inside the franchise area of VECO.

On 16 July 2013, CPPC and VECO filed an application for a new PSA with the ERC which contemplates a slightly lower electricity rate than its existing rate. It shall take effect upon approval by the ERC and shall expire ten years thereafter.

Operations Review

The following table summarizes CPPC's operating statistics for 2015 and 2016:

	FY 2016	FY 2015	% change
Net Sellable Capacity (MW)	66	66	0%
Capacity Sold Factor	97%	96%	2%
Net Power Generated (MWh)	124	146	-15%
Bilateral Contracts (MWh)	21	13	68%
Spot Market / WESM (MWh)	146	159	-8%

Power Offtaker

On 7 February 1997, CPPC signed a PPA with VECO. The PPA provides that CPPC shall at its cost, design, develop, finance, and construct power plant facilities; maintain and operate the same; and supply power to VECO who agrees to buy a pre-agreed minimum off-take from CPPC at a rate not to exceed 98.0% of the effective billing rate of NPC to VECO based on contracted demand and energy.

The term of the PPA is 15 years commencing from the date of commercial operations (25 November 1998), unless terminated in accordance with the provisions of the PPA but in no event to extend beyond the term of the present franchise of VECO. The PPA may be renewed or extended subject to the mutual agreement of the parties to the terms and conditions applicable to any such renewal. Upon expiration of the 15-year cooperation period, CPPC shall transfer, convey, and assign the power plant to VECO without cost, except for applicable taxes thereon which shall be for the account of VECO.

The company and VECO negotiated for the renewal and/or extension of the PPA which expired on 25 November 2013. The PPA renewal agreement was signed on 12 July 2013. An application for its approval was filed with the ERC, and a hearing was conducted on 4 October 2013. While the application is awaiting approval, the ERC granted permission for the continued supply of the company to VECO with the same terms and conditions prior to its expiration, until the approval of the application.

Fuel Supply

<u>Heavy Fuel Oil (HFO) Supply Agreement (SA) with Pilipinas Shell Petroleum Corporation (PSPC)</u>

On 30 March 2015, CPPC entered into a HFO SA with PSPC. The said SA provides for the supply and delivery of HFO by PSPC to CPPC with an agreed aggregate volume of 86.4 million liters, subject to terms and conditions of the SA. The actual quantities may vary from month to month and are contingent to the actual generation of the CPPC's power plant.

<u>Lubricant Supply Agreement (LSA)</u>

On 1 December 2016, CPPC entered into an LSA with PSPC. Said LSA provides for the supply and delivery of lube oil by Shell to CPPC with an agreed aggregate volume of 564,000 liters, subject to the terms and conditions of the LSA.

Southern Philippines Power Corporation

SPPC is a joint venture company between AboitizPower, Alsing Power Holdings, Inc. and Tomen Power (Singapore) Pte. Ltd. AboitizPower has 20% equity interest in SPPC, which owns and operates a 55- MW Bunker C-fired power plant (SPPC Plant) in Alabel, Sarangani, a town located outside General Santos City in Southern Mindanao.

The SPPC Plant was developed by SPPC on a build-own-operate basis under the terms found in its Energy Conversion Agreement (ECA) with NPC, which ended in 2016. SPPC currently supplies power to electric utilities and cooperatives pursuant to PSAs approved by the ERC. These utilities and cooperatives pay SPPC on a monthly basis for the fuel costs, capital recovery, energy, and fixed and variable operations and maintenance fees as specified in the PSAs.

Operations Review

The following table summarizes SPPC's operating statistics for 2015 and 2016:

	FY 2016	**FY 2015**	**% change**
Net Sellable Capacity (MW)	55	55	0%

Capacity Sold Factor	32%	100%	-68%
Net Power Generated (MWh)	155	292	-47%
Bilateral Contracts (MWh)	0	0	0%
Spot Market / WESM (MWh)	155	292	-47%

Power Offtaker

The SPPC plant was developed by SPPC on a build-own-operate basis under the terms found in its Energy Conversion Agreement (ECA) with the NPC. SPPC currently supplies power to electric utilities and cooperatives pursuant to PSAs approved by the ERC

Aside from providing the much needed capacity to southwestern Mindanao area, the SPPC Plant also performs the role of voltage regulator for General Santos City, ensuring the availability, reliability and quality of power supply in the area.

Western Mindanao Power Corporation

WMPC is a joint venture company between AboitizPower, Alsing Power Holdings, Inc. and Tomen Power (Singapore) Pte. Ltd. AboitizPower has 20% equity interest in WMPC, which owns and operates a 100- MW Bunker C-fired power station (WMPC Plant) located in Zamboanga City, Zamboanga Peninsula in Western Mindanao.

The WMPC Plant was developed by WMPC on a build-own-operate basis under the terms found in its ECA with NPC, which ended in 2015. WMPC currently supplies power electric utilities and cooperatives pursuant to PSAs approved by the ERC. These utilities and cooperatives pay WMPC on a monthly basis for the fuel costs, capital recovery, energy, and fixed and variable operations and maintenance fees as specified in the PSAs.

Operations Review

The following table summarizes WMPC’s operating statistics for 2015 and 2016:

	FY 2016	**FY 2015**	**% change**
Net Sellable Capacity (MW)	100	100	0%
Capacity Sold Factor	40%	100%	-60%
Net Power Generated (MWh)	355	644	-45%
Bilateral Contracts (MWh)	0	0	0%
Spot Market / WESM (MWh)	355	644	-45%

Power Offtaker

The WMPC plant was developed by WMPC on a build-own-operate basis under the terms found in its ECA with the NPC. Under the ECA, NPC is required to deliver and supply to WMPC the fuel necessary to operate the WMPC Plant during an 18-year cooperation period which ended in 2015. Starting 2016, WMPC started supplying power electric utilities and cooperatives pursuant to PSAs approved by the ERC.

NPC is also required to take all the electricity generated by the WMPC plant during the cooperation period and pay WMPC, on a monthly basis, capital recovery, energy, fixed O&M and infrastructure fees as provided in the ECA. During this cooperation period, WMPC is responsible, at its own cost, for the management, operation, maintenance and repair of the WMPC plant.

Aside from providing the much needed capacity to Zamboanga Peninsula, the WMPC plant also performs the role of voltage regulator for Zamboanga City, ensuring the availability, reliability and quality of power supply in the area.

Other Generation Assets

Two of AboitizPower's Distribution Utilities have their own standby power plants. Davao Light currently maintains the 58.7-MW Bunker C-fired Bajada standby power plant, which is capable of supplying approximately 8% of Davao Light's requirements. Cotabato Light maintains a stand-by 9.927-MW Bunker C-fired power plant capable of supplying approximately 22% of its requirements.

Future Projects

Before undertaking a new power generation project, the Company conducts an assessment of the proposed project. Factors taken into consideration include the proposed project's land use requirements, access to a power grid, fuel supply arrangements (if relevant), availability of water, local requirements for permits and licenses, acceptability of the project to the communities and people it will affect, ability of the project to generate electricity at a competitive cost, and the existence of potential purchasers of the electricity generated. For the development of a new power project, the Company, its partners and suppliers are required to obtain all national and local permits and approvals before the commencement of construction and commercial operations, including those related to the project site, construction, the environment, land use planning/zoning, operations licenses, and similar approvals.

Distribution of Electricity

The Aboitiz Group has more than 85 years of experience in the Philippine power distribution sector and has been known for innovation and efficient operations.

With ownership interests in eight Distribution Utilities, AboitizPower is currently one of the largest electricity distributors in the Philippines. AboitizPower's Distribution Utilities collectively supply electricity to franchise areas covering a total of 18 cities and municipalities in Luzon, Visayas and Mindanao.

As of 31 December 2016, the power distribution business' earnings contribution from AboitizPower's business segments is equivalent to 18%. The Distribution Utilities had a total customer base of 916,876 in 2016, 881,944 in 2015, and 843,802 in 2014.

The table below summarizes the key operating statistics of the Distribution Utilities for 2016 and the previous two years.

Company	Electricity Sold (MWh)			Peak Demand (MW)			No. of Customers		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Davao Light	2,173,373	2,069,127	1,981,258	380	354	344	367,782	351,079	331,998

Cotabato Light	146,678	131,975	119,571	27	25	23	38,924	37,697	36,297
VECO	2,922,950	2,585,704	2,527,846	524	475	459	408,586	395,689	380,851
SFELAPCO	588,985	548,365	537,544	117	102	99	97,847	94,227	91,504
SEZ	535,010	506,539	451,448	103	102	96	3,151	3,040	2,946
MEZ	111,486	120,491	123,207	21	22	22	82	80	82
BEZ	102,208	113,800	107,253	30	30	28	32	33	34
LEZ	165,481	149,770	126,524	28	26	22	472	99	90
Total	**6,746,172**	**6,225,771**	**5,974,651**	**1,231**	**1,136**	**1,093**	**916,876**	**881,944**	**843,802**

Visayan Electric Company, Inc.

VECO is the second largest privately-owned distribution utility in the Philippines in terms of customers and annual MWh sales. VECO supplies electricity to a region covering 674 square kilometers in the island of Cebu with a population of approximately 1.7 mn. To date, VECO has 19 power substations and one mobile substation that serve the electrical power needs of the cities of Cebu, Mandaue, Talisay, and Naga, the municipalities of Minglanilla, San Fernando, Consolacion, and Liloan, and the 238 barangays in the island and province of Cebu. As of December 2016, VECO's peak demand was recorded at 524 MW and is serving a total of 408,584 customers.

VECO, directly and through its predecessors-in-interest, has been in the business of distributing electricity in Cebu since 1905. In the early 1900s, the predecessors-in-interest of the Aboitiz Group acquired a 20% interest in VECO's predecessor-in-interest, the Visayan Electric Company, S.A. Since that time, the Aboitiz Group's ownership interest in VECO has increased from 20% to its current ownership interest of 55.25%, which is held by AboitizPower.

In 1928, Visayan Electric Company, S.A. was granted a 50-year distribution franchise by the Philippine Legislature. The term of this franchise was extended by Republic Act (RA) 6454 for an additional 25 years, starting 1978 and was conditionally renewed for another 25 years from December 2003. In September 2005, the Philippine Congress passed RA 9339, which extended VECO's franchise to September 2030. VECO's application for the extension of its Certificate of Public Convenience and Necessity (CPCN) was approved by the ERC on January 26, 2009.

In April 2004, AEV, Vivant and Hijos de F. Escaño Inc. (Hijos) entered into a Shareholders' Cooperation Agreement that sets out guidelines for VECO's day-to-day operations and the relationship among VECO's shareholders, including restrictions on share transfers (the grant of the right of first refusal in the event of a transfer to a third party and the right to transfer to Affiliates, subject to certain conditions), board composition and structure, proceedings of directors and shareholders, minority shareholder rights, dividend policy, termination and non-compete obligations. Under the terms of the agreement, day-to-day operations and management of VECO were initially assumed by AEV, and by AboitizPower after it acquired AEV's ownership interest in VECO in January 2007. AboitizPower and Vivant were each required to place in escrow 5% of the shares in VECO registered in their names to guarantee compliance with their respective obligations under the Shareholders' Cooperation Agreement. The escrow shares will be forfeited in the event that a shareholder group violates the terms of the Shareholders' Cooperation Agreement.

VECO is part of the third group (Group C) of private distribution utilities to shift to performance-based- rate-setting regulation (PBR). On May 2010, the ERC issued its final determination on VECO's application for approval of its annual revenue requirements and Performance Incentive Scheme (PIS) under the PBR for the regulatory period July 1, 2010 to June 30, 2014.

On March 2013, VECO filed an application for the approval of its proposed translation into distribution rates to the different customer classes for the fourth regulatory year with the ERC. The five-month recovery due to the delay of the implementation in the third regulatory year is included in the application for the fourth regulatory year. The application was approved by the ERC on July 10, 2013 and VECO was able to implement the new distribution rates on time. The approved distribution rates for the fourth regulatory year were to be applicable only for July 2013 up to June 2014 billings. In the first quarter of 2014, VECO was scheduled to undergo the PBR reset process to ensure that the new rates would be approved and can be applied by July 2014. The ERC, however, deferred all PBR reset processes. VECO has since continued to apply the rates approved for the fourth regulatory period even beyond June 2014.

VECO entered into a PPA for the purchase of electric energy from CPPC for a period of 15 years starting from the commercial operation date of the latter. In 2013, the PPA was extended for another ten years.

To address VECO's long-term power supply requirement, VECO entered into an EPPA with Cebu Energy on 16 October 2009 for the supply of 105 MW for 25 years. The contracted capacity with Cebu Energy was subsequently increased to 121 MW in 2014 and further increased by 20MW starting March of 2015 to cover the increase in demand within its franchise area. However, the 20MW contract was terminated in 2016 due to the inability of the transmission grid to wheel the power from the plant to VECO.

On 26 December 2010, VECO signed a five-year PSA with Green Core Geothermal, Inc. (GCGI) for the supply of 60 MW at 100% load factor. On October 23, 2014, VECO and GCGI amended the PSA, extending the term for another ten years at a reduced price. VECO entered into additional PPAs with GCGI for the supply of 15 MW starting 25 December 2011 and an additional 15 MW starting 25 December 2012. This addressed NPC's reduced power supply under its contract with VECO. The first and second 15MW contract with GCGI expired last 26 December 2016.

On 25 December 2014, the Contract for the Supply of Electric Energy (CSEE) between VECO and PSALM expired. Consequently, VECO entered into PSAs with AESI, Vivant Energy Solutions and Unified Leyte Geothermal Energy Inc. (ULGEI) for 40 MW, 17 MW, and 5 MW baseload supply, respectively. The 5MW contract with ULGEI was also terminated in 2016 due to failure to secure ERC approval after the one year cooling-off period.

To partially source its peaking requirement, VECO entered into an agreement with 1590 Energy Corporation for the supply of 30 MW for six months starting December 2014. For its long term capacity requirement, VECO entered into a 15-year PSA with TVI for the supply of 150 MW beginning in 2018. To reduce WESM exposure in 2016 until TVI's commercial operations, the company entered into a PSA with South Luzon Power Generation Company for 50 MW in 2016.

Starting 26 December 2016, the contract with SLPGC reduced to 47.79 MW as there were Contestable Customers who migrated to Open Access. VECO will continue to renegotiate the reduction of its bilateral contracts to account for the continued migration of Contestable Customers. VECO's PSAs with TVI is pending with the ERC for approval.

Davao Light & Power Company, Inc.

Incorporated on 11 October 1929, Davao Light is the third largest privately-owned electric distribution utility in the country in terms of customers and annual kWh sales. It was acquired by the Aboitiz Group in 1946 and is currently owned 99.93% by AboitizPower.

Davao Light's original 50-year franchise, covering Davao City, was granted on November 1930 by the Philippine Legislature. On September 2000, RA 8960 granted Davao Light a franchise for a period of 25 years, or until September 2025, covering Davao City, areas of Panabo City, and the municipalities of Carmen, Dujali and Santo Tomas in Davao del Norte, with a population of approximately 1.8 mn and a total area of 3,561 square kilometers. As of December 2016, Davao Light's average peak demand was recorded at 379.98 MW, and it is serving a total of 367,782 customers.

On February 2007, Davao Light awarded a 12-year supply contract of new capacity to Hedcor Consortium, the consortium composed of ARI, Hedcor, Hedcor Sibulan and Hedcor Tamugan. There was a notable price differential between Hedcor Consortium's winning bid price of Php4.09 per kWh and the next lowest bid price of Php5.10 per kWh. Over the life of the supply contract, the differential will amount to approximately Php4.9 bn at current peso value, representing significant savings for Davao Light customers. Davao Light decided to secure the new supply contract in anticipation of the full utilization of the existing contracted energy supply under the ten-year contract with NPC for 1,363,375 MWh and the 12-year contract with Hedcor Consortium.

On December 2016, Davao Light inaugurated its 33-MVA Maa Substation, adding to the 26 substations and two sub-transmission substations, to meet the increasing demand for power of its franchise area, particularly in Davao City. This growth reflected a total sales of 2,173,373,488 kWh as of December 2016.

Mindanao experienced severe power shortage until April 2016 resulting to rotating power interruptions in the Davao Light franchise area. This was largely due to reduced capabilities of major hydroelectric plants caused by the extended El Niño phenomenon, separate incidents of sabotaging of transmission lines and decrease of Davao Light's power supply contract with the NPC-PSALM from 289 MW to 140 MW in January 2016.

Davao Light utilizes contingencies such as tapping of embedded generators directly connected to the distribution facilities synchronized to the grid. In the event of a power crisis, Davao Light's Bunker C- fired standby plant, with an initial installed capacity of 63.4 MW, can provide an average of 40 MW on a sustaining basis, although its capacity has since decreased to 58.7 MW as a result of derating. The standby plant is capable of supplying 8% of Davao Light's electricity requirement.

The power supply from Hedcor Sibulan's 49-MW and Hedcor's 4-MW Talomo hydroelectric plants in the area likewise augmented the power requirements of Davao Light.

Davao Light further optimizes additional power supply from TMI's power barges. It entered into a PSA with TMI on 21 March 2011, as approved by the ERC on 30 May 2011, and subsequently into another PSA for an additional 15 MW.

Davao Light also activates the Interruptible Load Program (ILP), wherein customers run their own generating sets instead of drawing power from the distribution line during a power crisis. Available power is distributed to residential and commercial customers.

To keep pace with the rising demand for power and to support the uptrend of growing economies within its franchise, Davao Light signed a 100-MW PSA with TSI on 25 October 2012, and an additional 50-MW PSA with SPPC in 2016.

Cotabato Light and Power Company

Cotabato Light supplies electricity to Cotabato City and portions of the municipalities of Datu Odin Sinsuat and Sultan Kudarat, both in Maguindanao, with a land area of 191 square kilometers. As of December 2016, Cotabato Light's peak demand was recorded at 26.83 MW and it is serving a total of 38,924 customers.

Cotabato Light was incorporated in April 1938. Its original 25-year franchise was granted by the Philippine Legislature through RA 3341 in June 1939. Its franchise was extended until June 1989 through RA 3217 in 1961, and for another 25 years or until August 2014. Cotabato Light's current franchise was granted under RA 10637, signed into law by then President Benigno C. Aquino III on 16 June 2014, for another 25 years or until 2039.

As of 2016, Cotabato Light has three substations of 10 MVA, 12 MVA and 15 MVA, backed up by a 10 MVA power transformer. It is served by one 69-kV transmission line with a distribution voltage of 13.8 kV. These lines can be remotely controlled using the Supervisory Control and Data Acquisition (SCADA).

Cotabato Light maintains a standby Bunker C-fired plant with dependable capacity of 5.85-MW, capable of supplying approximately 22% of its franchise area requirements. The standby plant is capable of supplying electricity in case of power supply problems with PSALM or NGCP and to stabilize voltage when necessary.

To sustain a below cap systems loss, Cotabato Light is continuously innovating its systems and processes. As of December 2016, its systems loss stands at 7.75%, lower than the systems loss cap of 8.5%, as implemented by the ERC.

Cotabato Light is part of the second batch (Group B) of private utilities to enter PBR and is currently under the second regulatory period from 1 April 2013 to 1 March 2017. A reset process is underway to start the third regulatory period covering 1 April 2017 to 1 March 2022.

The company utilizes modern systems such as the Customer Care and Billing, Enterprise Resource Planning (ERP) and soon, the Work and Asset Management (WAM). Cotabato Light constantly searches for ways to provide its customers with safe and reliable power while operating as a low cost service provider. Although a relatively small distribution utility, it benefits from the technology and systems innovation and developments of its Affiliate, Davao Light. Davao Light likewise readily provides technical assistance to Cotabato Light whenever necessary.

San Fernando Electric Light & Power Co., Inc.

SFELAPCO was incorporated on May 17, 1927 and was granted a municipal franchise in 1927. In 1961, RA 3207 was passed by the Philippine Congress granting SFELAPCO a legislative franchise to distribute electricity for a period of 50 years or until June 2011. SFELAPCO's current legislative franchise is granted through RA 9967, for another 25 years commencing on March 24, 2010. As of December 2016, SFELAPCO's peak demand was recorded at 117,401 kW, and it is serving a total of 97,847 customers.

SFELAPCO's franchise in the City of San Fernando, Pampanga covers an area of 78.514 square kilometers. Its franchise spans 402.92 and 662.74 circuit-kilometers on its 13.8-kV and 240-volt distribution lines, respectively. SFELAPCO supplies 35 barangays in the City of San Fernando, Barangays San Isidro and Cabalantian in Bacolor, Pampanga, 25 barangays in the municipality of Floridablanca, and one barangay in Guagua, Pampanga. This area consists of 125.0 square kilometers with approximately 143.34 and 246.18 circuit-kilometers on its 13.8-kV and 240-volt distribution lines, respectively.

SFELAPCO is part of the fourth batch (Group D) of private utilities to enter PBR and is currently under the four-year regulatory period starting 1 October 2011 until September 2015.

AboitizPower has an effective interest of 43.78% in SFELAPCO.

Subic Enerzone Corporation

In May 2003, the consortium of AEV and Davao Light won the competitive bid to provide distribution management services to SBMA and to operate the SBFZ power distribution utility for a period of 25 years. On June 3, 2003, SEZ was incorporated as a joint venture company owned by a consortium comprised of Davao Light, AEV, SFELAPCO, Team Philippines, Okeelanta and PASUDECO to undertake the management and operation of the SBFZ power distribution utility. On October 25, 2003, SEZ was formally awarded the contract to manage SBFZ's power distribution utility, and took over operations. As of December 2016, SEZ's peak demand was recorded at 48,017 kW and it is serving a total of 3,149 customers.

SEZ's authority to operate SBFZ's power distribution utility was granted by SBMA pursuant to the terms of RA 7227 or The Bases Conversion and Development Act of 1992, as amended. As a company operating within the SBFZ, SEZ enjoys a preferential tax of 5% on its gross income in lieu of all other national and local taxes.

Following the acquisition by AboitizPower in January 2007 of AEV's 64.3% effective ownership interest in SEZ, AboitizPower entered into another agreement on June 8, 2007 to acquire the combined 25% equity stake in SEZ of AEV, SFELAPCO, Okeelanta and PASUDECO. On December 17, 2007, AboitizPower bought the 20% equity of Team Philippines in SEZ for Php92 mn. Together with Davao Light's 35% equity in SEZ, this acquisition brought AboitizPower's total equity in SEZ to 100%.

SEZ is part of the fourth batch (Group D) of private utilities to enter PBR. On July 6, 2011, the ERC released its final determination on SEZ's application for approval of its maximum average price (MAP), Annual Revenue Requirement (ARR), and PIS for the period October 2011 to September 2015. The approved MAP for the first regulatory year, as translated into new rates per customer class, was implemented in January 2012.

SEZ has seen a smooth transition in implementing new PBR power rates in 2012. In July 2012, ERC certified SEZ as a Local RES.

For SEZ's second regulatory year covering 1 October 2012 to September 30, 2013, it was able to implement the new rate schedule starting January 2013. Consequently, the resulting under-recoveries from the lag starting from 1 October 2012 were included by SEZ as under-recoveries in its rate filing in the third regulatory year.

The approved recalculated MAP and distribution rates for the third regulatory year covering October 2013 to September 2014 was implemented in the May 2014 billing.

On March 2, 2015, the ERC approved the recalculated MAP and its translation into distribution rates for the different customer classes for the fourth regulatory year from October 2014 to September 2015. The approved rates were implemented in the April 2015 billing period.

The Second Regulatory Period ended September 30, 2015. The reset process for the supposed Third Regulatory Period (the succeeding four years) has been delayed due to the issuance by the ERC in 2013 of an Issues Paper on the Implementation of PBR for Distribution Utilities under RDWR. Said paper aims to revisit various matters relating to the reset process. The ERC solicited comments from industry participants and held various public consultations on said paper.

The Revised Rules for Setting Distribution Wheeling Rates for Privately Owned Electricity Distribution Utilities Operating under Performance Based Regulation was approved in ERC Resolution No. 25 Series of 2016 dated 12 July 2016, entitled "Resolution Modifying the Rules for Setting Distribution Wheeling Rates (RDWR) for Privately Owned Distribution Utilities Entering Performance Based Regulation (PBR)". Based on said rules, the Fourth Regulatory Period shall be on 1 October 2019 to 30 September 2023.

On 21 November 2016, the ERC posted the draft Regulatory Asset Base (RAB) Roll Forward Handbook for Privately Owned Electricity Distribution Utilities for comments. Public consultations were conducted on 6 and 9 January 2017 in Cebu and Manila, respectively.

A petition was filed by Matuwid na Singil sa Kuryente Consumer Alliance, Inc. (MSK) on December 22, 2015 wherein MSK proposed a modified Return-on-Rate Base (RORB) methodology or even a modified PBR methodology, wherein the distribution utilities' capital expenditures and rate recover thereon are approved in advance but the charges to the customers will only start after the investments have actually been made and validated by ERC auditors. The first public consultation was scheduled on January 23, 2017.

Mactan Enerzone Corporation

MEZ was incorporated in January 2007 when AboitizLand spun off the power distribution system of its Mactan Export Processing Zone II (MEPZ II) project. The MEPZ II project, which was launched in 1995, was operated by AboitizLand under a BOT agreement entered into with the Mactan-Cebu International Airport Authority

(MCIAA).

On 8 June 2007, AboitizPower entered into an agreement to acquire AboitizLand's 100% equity stake in MEZ, representing 8,754,443 common shares. Pursuant to the agreement, AboitizPower acquired AboitizLand's ownership interest in MEZ valued at Php609.5 mn, in exchange for AboitizPower's common shares issued at the IPO price of Php5.80 per share.

MEZ sources its power from NPC pursuant to a CSEE. Under the said contract, NPC is required to provide power to MEZ up to the amount of contracted load, which is based on the projections provided by MEPZ II locators under their respective PSCs with MEZ. As of December 2016, MEZ's peak demand was recorded at 21,018 kW and is serving a total of 82 customers.

MEZ sources its power from SN Aboitiz Power-Magat and GCGI pursuant to a CSEE. Under the said contract, GCGI is required to provide 10 MW to MEZ base load. SN AboitizPower-Magat is required to supply at least 7 MW during peak hours, as based on projections provided by MEPZ II locators under their respective PSCs with MEZ.

Balamban Enerzone Corporation

BEZ was incorporated in January 2007 when Cebu Industrial Park Developers, Inc. (CIPDI), a joint venture between AboitizLand and Tsuneishi Holdings (Cebu), Inc. (THC), spun off the power distribution system of the West Cebu Industrial Park – Special Economic Zone (WCIP-SEZ). WCIP-SEZ is a special economic zone for light and heavy industries owned and operated by CIPDI. CIPDI, located in Balamban, Cebu, is home to the shipbuilding and ship repair facilities of THC, as well as to the modular fabrication facility of Metaphil International, Inc. and recently, to Austal Philippines Pty. Limited.

On 4 May 2007, CIPDI declared property dividends to its stockholders in the form of equity in BEZ. On 8 June 2007, AboitizPower entered into an agreement to acquire AboitizLand's 60% equity stake in BEZ, represented by 4,301,766 common shares of BEZ. Pursuant to the agreement, AboitizPower acquired AboitizLand's ownership interest in BEZ valued at Php266.9 mn, in exchange for AboitizPower's common shares issued at the IPO price of Php5.80 per share.

On 7 March 2008, AboitizPower purchased THI's 40% equity in BEZ. The acquisition brought AboitizPower's total equity in BEZ to 100%.

In January 2011, BEZ secured firm contracts from various power suppliers such as GCGI, Cebu Energy and EAUC to ensure sufficient power supply to the different industries within the WCIP-SEZ. In the same period, BEZ became a direct member of the PEMC to avail of the power available at the WESM. As of December 2016, BEZ's peak demand was recorded at 30.105 MW and is serving a total of 32 customers.

LiMA Utilities Corporation (LUC)

LEZ was incorporated as Lima Utilities Corporation on 5 June 1997 to serve and provide locators within the Lima Technology Center (LTC) with a reliable and stable power supply. It is a wholly owned Subsidiary of Lima Land. With the acquisition by AboitizLand of the interests of the Alsons and Marubeni groups in Lima Land in 2013 and 2014, respectively, the company became a wholly owned subsidiary of AboitizLand.

Subsequently, in mid 2014, AboitizLand divested its interests in Lima Utilities Corporation through the sale of its shares to AboitizPower. The acquisition was completed on July 7, 2014. Following the change of ownership of the company, the new shareholder of the company, AboitizPower, then sought approval to change its corporate name to Lima Enerzone Corporation, which was approved by the SEC on October 14, 2014.

LEZ' responsive interface ensures that customers receive power that fully meets their business requirements. As asset manager of the electrical infrastructure constructed at the LTC, LEZ has the sole responsibility of providing clean, reliable and uninterrupted power supply to enable the multinational manufacturing companies to produce quality products at international standards. As such, LEZ has an ongoing project of an additional 50-MVA power transformer to serve the increasing demand for future locators and expansions. This project will also provide power supply reliability and flexibility at the LTC.

As of December 2016, Lima Enerzone's peak demand was recorded at 28 MW. The company is currently serving 101 industrial and commercial customers, and 371 residential customers.

RETAIL ELECTRICITY AND OTHER RELATED SERVICES

One of the objectives of electricity reform in the Philippines is to ensure the competitive supply of electricity at the retail level. With the start of commercial operations of Open Access, large-scale customers will be allowed to obtain electricity from Retail Electricity Suppliers (RES) licensed by the ERC.

Aboitiz Energy Solutions, Inc.

On 9 November 2009, AESI, a wholly owned Subsidiary of AboitizPower, was granted a license to act as a RES, which license was renewed on 29 October 2012 for another five years. With the start of commercial operations of Open Access on 26 June 2013, AESI has served 72 customers. For the year 2016, AESI had a total of 67 customers, with total energy consumption of 812mn kWh.

In December 2014, PSALM formally turned-over the management and dispatch for the 40 MW strips of energy from the ULGPP which AESI won in the November 2013 IPPA bid. With the implementation of the January 2016 billing cycle, AESI was able to deliver a total of 318,271 MWh to its off-taker, VECO, for the year 2016.

Prism Energy, Inc.

Prism Energy was incorporated on 24 March 2009 as a joint venture between AboitizPower (60%) and Vivant Corporation (40%). It was granted a five-year RES license by the ERC on 22 May 2012 until 22 May 2017. Prism Energy is envisioned to serve Contestable Customers in the Visayas region. As a RES, Prism Energy will provide its customers with contract options for electricity supply to be based on their operating requirements.

As the power supply situation in the Visayas is being stabilized, Prism Energy is projected to begin formal operations upon procurement of generation supply contracts from generation companies that will operate in the region. It will provide retail electricity supply to end-users qualified by the ERC to contract for retail supply.

AdventEnergy, Inc.

Incorporated on 14 August 2008, AdventEnergy is a licensed RES, duly authorized by the ERC to sell, broker, market, or aggregate electricity to end-users including those within economic zones. AdventEnergy's RES license was renewed by the ERC on June 18, 2012 and is valid until 18 June 2017. The company was specifically formed to serve Contestable Customers who are located in economic zones.

AdventEnergy differentiates itself from competition by sourcing electricity from a 100% renewable source. With this competitive advantage, more and more companies are opting to source a part, if not the majority, of their electricity supply from AdventEnergy as an environmental initiative.

For the year 2016, AdventEnergy supplied retail electricity to 27 customers with a total consumption of 495 mn kWh.

AboitizPower owns 100% equity interest in AdventEnergy.

SN Aboitiz Power – RES, Inc.

SN Aboitiz Power-RES, Inc. (SN Aboitiz Power-RES) is the RES arm of the SN Aboitiz Power Group, the group of companies formed out of the strategic partnership between AboitizPower and SN Power. SN Aboitiz Power-RES caters to the Contestable Customer sector and electricity consumers using an average of at least 1 MW in the last 12 months across all industries under Open Access. It offers energy supply packages tailored to the customers' needs and preferences.

The company's vision is to become the leading RES in the country through profitable growth, excellence in business processes and innovative ideas. It also aims to supply the energy requirements of its customers in a fair and equitable manner and to contribute to the vibrant local power market that supports the country's development. SN Aboitiz Power-RES harnesses the synergy from the partnership of SN Power Group, an international hydropower expert, and AboitizPower.

As of 31 December 2016, SN Aboitiz Power-RES accounts for 131 GWh or 9.5% of BCQ volumes which contributed Php62 mn or 3% of BCQ net revenue.

In 2014, SN Power Holding Singapore Pte. Ltd., the 40% owner of the issued and outstanding shares of SN Aboitiz Power-RES, transferred its interest to an affiliate, SN Power Invest Netherlands B.V. pursuant to the restructuring of the SN Power group.

DISTRIBUTION METHODS OF THE PRODUCTS OR SERVICES

The Generation Companies sell their capacities and energy through bilateral PSAs with NPC, private distribution utilities, electric cooperatives, retail electricity suppliers or other large end-users, and through the WESM. There are also Subsidiaries and Affiliates selling ancillary services through ASPAs with NGCP.

Currently, SN Aboitiz Power-Magat, SN Aboitiz Power-Benguet and TLI have ASPAs with NGCP as AS providers to the Luzon grid. SN AboitizPower Group delivers regulating, contingency and dispatchable reserves, as well as blackstart service through its three power plants. TLI, on the other hand, is offering contingency reserve under its ASPA.

On 22 December 2015, the Central Scheduling and Dispatch of Energy and Contracted Reserves (Central Scheduling), as promulgated by the DOE, was put into operation. With the Central Scheduling, ERC-approved ASPA holders submit reserve offers to WESM in consonance with their ancillary schedules from NGCP because of their ASPA nominations to NGCP under the terms of their respective ASPAs. Settlement for reserves remains to be between NGCP and ancillary providers.

In addition, Hedcor Tudaya Hydro 2, Hedcor Irisan Hydro 1 and Hedcor Sabagan, all in commercial operations, have been approved for inclusion in the FIT system for run-of-river hydro power plants. They have entered into REPAs with the National Transmission Corporation, the FIT-All Administrator, for the collection and payment of the FIT. The generation of Hedcor Tudaya 2 is covered by a Renewable Energy Supply Agreement (RESA).

Majority of AboitizPower's Generation Companies have transmission service agreements with NGCP for transmission of electricity to the grid.

On the other hand, AboitizPower's Distribution Utilities have exclusive distribution franchises in the areas where they operate. Each Distribution Utility has a distribution network consisting of a widespread network of predominantly overhead lines and substations. Customers are classified according to voltage levels based on their electricity consumption and demand. Large industrial and commercial consumers receive electricity at distribution voltages of 13.8 kV, 23 kV and 69 kV, while smaller industrial, commercial and residential customers receive electricity at 240 V or 480 V.

All of AboitizPower's Distribution Utilities have entered into transmission service contracts with the NGCP for the use of the NGCP's transmission facilities to receive power from their respective Independent Power Producer (IPP), the NPC or PSALM for distribution to their respective customers. VECO owns a 138-kV tie-line that connects to Cebu Energy's power plant. All customers that connect to the Distribution Utilities' distribution lines are required to pay a tariff approved by the ERC.

AboitizPower's wholly owned RES companies, AdventEnergy and AESI, have existing electricity supply contracts to ensure continuous supply of power to their customers. AdventEnergy has 27 customers under RESCs with terms ranging from three to seven years. In 2016, AdventEnergy delivered a total of 495 mn kWhs to its customers.

In 2016, AESI had a total of 67 customers under RESCs with terms ranging from three to ten years, with a total energy consumption of 812 mn kWh.

AdventEnergy and AESI follow a pricing strategy which allows customer flexibility. The power rates are calculated using a fixed formula pricing arrangement based on customer load curves, resulting in either a peak-off-peak or capacity load- based competitive rate.

New Products and Services

Other than the ongoing Greenfield and/or rehabilitation projects undertaken by AboitizPower's Generation Companies, AboitizPower and its Subsidiaries do not have any publicly announced new product or service to date.

System Performance

The following table sets forth certain information concerning the performance of the Distribution Companies as of December 2016:

Business Unit	SAIFI (frequency)	SAIDI (minutes)
VECO	1.29	34.78
DLPC	1.94	92.35
CLPC	2.06	82.27
SEZ	1.83	76.14
MEZ	0.71	57.61
BEZ	1.80	64.55
LEZ	2.82	33.00
SFELAPCO	15.08	543.87

Electricity Losses

The Distribution Companies experience two types of electricity losses: technical losses and non-technical losses. Technical losses are those that occur in the ordinary course of distribution of electricity, such as losses that occur when electricity is converted from high voltage to medium voltage. Non-technical losses are those that result from illegal connections, fraud or billing errors.

Total electricity losses in 2016 were 6.52% for VECO, 7.15% for Davao Light, 7.75% for Cotabato Light, 2.80% for SEZ, 1.08% for MEZ, 0.77% for BEZ, 1.16% for LEZ, and 5.35% for SFELAPCO. The current system loss cap approved by the ERC is 8.5% for private distribution utilities and 13.5% for electric cooperatives.

The Distribution Companies are also actively engaged in efforts to reduce electricity losses, particularly non-technical losses. To achieve this, the Distribution Companies, particularly VECO and Davao Light, have deployed teams to conduct inspections, enhanced monitoring for irregular consumption, increased replacements for obsolete measuring equipment and developed a computer program to discover and analyze irregular invoicing.

The Distribution Companies continue to find ways to reduce systems losses in any economically viable manner.

Power Outages

The Distribution Companies seek to improve the quality and reliability of their power supply, as measured by the frequency and duration of power outages. The number of sustained outages (>5mins) per year in 2016 averaged 1.29 interruptions per customer at VECO, 1.94 interruptions per customer at Davao Light, 2.06 interruptions per customer at Cotabato Light, 1.83 interruptions per customer at SEZ, 0.71 interruptions per customer at MEZ, 1.80 interruptions per customer at BEZ , 2.82 interruptions per customer at LEZ, and 15.08 interruptions per customer at SFELAPCO. For 2016, the number of minutes of sustained outages was 34.78 hours per customer at VECO, 92.35 minutes per customer at Davao Light, 82.27 minutes per customer at Cotabato Light, 76.14 minutes per customer at SEZ, 57.61 minutes per customer at MEZ, 64.55 minutes per customer at BEZ, 33.00 minutes per customer at LEZ, and 543.87 minutes per customer at SFELAPCO.

The Distribution Companies each have "hotline" equipment that allows construction, maintenance and repairs to be conducted with only minimal interruption in electricity service. This reduces the number of service interruptions that the Distribution Companies have to schedule. Unscheduled interruptions due to accidents or natural causes, including typhoons, heavy rains and floods, represented the remainder of the Distribution Companies' total interruptions.

SOURCES OF RAW MATERIALS AND SUPPLIES

Generation Business

The Generation Companies generate energy using the following fuel types: hydropower, geothermal, solar, biomass, coal and oil. Renewable fuel sources comprised 36% of its production in 2016, while fossil fuel accounted for 64%.

The hydropower facilities of some of the Generation Companies harness the energy from the flow of water from neighboring rivers to generate electricity. Some of these facilities have impounding dams allowing the storage of water for later use. The hydroelectric companies on their own, or through the NPC as in the case of LHC, possess water permits issued by National Water Resources Board (NWRB), which allow them to utilize the energy from a certain volume of water from the applicable source of the water flow.

APRI's steam requirement for its geothermal power generation is supplied by the PGPC. The terms of the steam supply are governed by a Geothermal Resource Sales Contract (GRSC) under which price of steam is ultimately indexed to the Newcastle Coal Index and the Japanese Public Utilities coal price. The GRSC took effect on 26 May 2013. An interim agreement supplementing the GRSC was signed to make generation cost more competitive in the market.

AboitizPower's oil-fired plants use Bunker-C fuel to generate electricity. SPPC and WMPC source fuel from the NPC pursuant to the terms of their respective ECAs with the NPC. Each of EAUC, CPPC, TMI, and TMO has a fuel supply agreement with Shell. The fuel prices under these agreements are pegged to the Mean of Platts Singapore (MOPS) index.

STEAG Power has existing long-term coal supply agreements with PT Jorong Barutama Greston of Indonesia and Samtan Co. Ltd. of Korea. Cebu Energy also has long-term coal supply agreements with Semirara Mining Corporation, OT Adaro Indonesia and Coal Orbis AG to ensure adequate supply to operate its power plants. TLI has entered into long-term coal supply contracts for the Pagbilao Plant's annual coal requirements, and is continuously looking for and evaluating alternative energy sources to ensure security of supply. Likewise, TSI has long-term coal supply contracts for its coal plant in Mindanao.

Aseagas has a long-term feedstock offtake agreement with Absolute Distillery, Inc. for its biomass power plant in Lian, Batangas.

Distribution Business

The rates at which Davao Light and SFELAPCO purchase electricity from AboitizPower's Generation Companies are established pursuant to the bilateral agreements. These agreements are executed after the relevant Generation Company has successfully bid for the right to enter into a PSA with the Distribution Utility. These agreements are entered into on an arm's-length basis, on commercially reasonable terms, and are approved by the ERC. The ERC's regulations currently restrict AboitizPower's Distribution Utilities from purchasing more than 50% of their electricity requirements from Affiliated Generation Companies. Hedcor Sibulan supplies Davao Light with electricity generated from its Hedcor Sibulan plants pursuant to the Hedcor Consortium's 12-year PSA. To add to its power reserve capacity, Davao Light has entered into a three-year power supply contract with TMI for 15 MW on 21 March 2011, which was provisionally approved by the ERC on May 30, 2011. On 29 February 2012, Davao Light and TMI filed a Joint Manifestation with the ERC stating that they agreed to supplement and modify their supply contract to 30 MW. In 1 March 2012, TMI has supplied the contract energy of 30 MW to Davao Light. Davao Light and Cotabato Light entered into 25-year power supply contracts with TSI for 100 MW and 5 MW, respectively. On September 2015, Davao Light and Cotabato Light started drawing the first half of their contracted capacity, or 50 MW and 2.5 MW respectively, from TSI. Starting February 2016, the full 100 MW and 5MW contracted capacity was supplied by TSI.

On 25 December 2015, the CSEEs of Davao Light and Cotabato Light with PSALM expired. Following negotiations, on 23 December 2015, Davao Light and Cotabato Light entered into PSAs with WMPC for the supply of 18 MW and 2 MW, respectively, for a period of four months from January to April 2016. These PSAs were provisionally approved by the ERC on 1 March 2016. On April 2016, the PSALM CSEEs of Davao Light and Cotabato Light were renewed for an annual term with a lower contracted capacity. Due to significant reduction of the contracted capacity of the PSALM CSEEs, Davao Light and Cotabato Light entered into a PSA with SPPC for a supply of 50MW and 5MW, respectively, on 28 April 2016 for a period of two years. These were provisionally approved by the ERC on 11 July 2016.

VECO entered into a PPA for the purchase of electric energy from CPPC for a period of 15 years starting from the commercial operation date of the latter. In 2013, the PPA was extended for another 10 years.

To address VECO's long-term power supply requirement, VECO entered into an EPPA with Cebu Energy on 16 October 2009 for the supply of 105 MW for 25 years. The contracted capacity with Cebu Energy was subsequently increased to 121 MW in 2014, and further increased by 20MW starting March 2015 to cover the increase in demand within its franchise area. However, the 20MW contract was terminated in 2016 due to the inability of the transmission grid to wheel the power from the plant to VECO.

On 26 December 2010, VECO signed a five-year PSA with GCGI for the supply of 60 MW at 100% load factor. On October 23, 2014, VECO and GCGI amended the PSA, extending the term for another ten years at a reduced price. VECO entered into additional PPAs with GCGI for the supply of 15 MW starting 25 December 2011 and an additional 15 MW starting 25 December 2012. This addressed NPC's reduced power supply under its contract with VECO. The first and second 15MW contracts with GCGI expired last 26 December 2016. On December 25, 2014, the CSEE between VECO and PSALM expired. Consequently, VECO entered into PSAs with AESI, Vivant Energy Solutions and ULGEI for 40 MW, 17 MW, and 5 MW baseload supply, respectively. The 5MW contract with ULGEI was also terminated in 2016 upon failure to secure ERC approval after the one year cooling-off period.

To partially source its peaking requirement, VECO entered into an agreement with 1590 Energy Corporation for the supply of 30 MW for six months starting December 2014. For its long term capacity requirement, VECO entered into a 15-year PSA with TVI for the supply of 150 MW beginning in 2018. To reduce WESM exposure in 2016 until TVI's commercial operations, the company entered into a PSA with SLPGC for 50 MW in 2016. Starting 26 December 2016, the contract with SLPGC was reduced to 47.79 MW as there were Contestable Customers who migrated to Open Access. VECO will continue to renegotiate the reduction of its bilateral contract to account for the continued migration of contestable customers. VECO's PSAs with TVI is pending with the ERC for approval.

On 25 September 2015, MEZ entered into PSAs with its new suppliers, SN Aboitiz Power-Magat and GCGI for contracted energy per year of 43,920 Mwh and 87,840 Mwh, respectively.

The provisions of the Distribution Utilities' PPAs are governed by the ERC regulations. The main provisions of each contract relate to the amount of electricity purchased, the price, including adjustments for various factors such as inflation indexes, and the duration of the contract.

Transmission Charges

SFELAPCO has an existing Transmission Service Agreement (TSA) with the NGCP until 25 December 2018 for the use of the latter's transmission facilities in the distribution of electric power from the grid to its customers. All other TSAs of the Distribution Utilities with the NGCP have expired. The Distribution Utilities have negotiated agreements with the NGCP in connection with the amount and form of security deposit that they will provide to the NGCP to secure their obligations under the TSAs.

CUSTOMERS, ANALYSIS OF DEMAND AND RATES

Customers

Out of the total electricity sold by AboitizPower's Generation Companies, approximately 91% are covered by bilateral contracts with, among others, private distribution utilities, electric cooperatives, NPC, industrial and commercial companies. The remaining approximately 9% is sold by the Generation Companies through the WESM.

Most of AboitizPower's Distribution Utilities, on the other hand, have wide and diverse customer bases. As such, the loss of any one customer will have no material adverse impact on AboitizPower. The Distribution Companies' customers are categorized into four principal categories:

1. Industrial customers. Industrial customers generally consist of large-scale consumers of electricity within a franchise area, such as factories, plantations and shopping malls;
2. Residential customers. Residential customers are those who are supplied electricity for use in a structure utilized for residential purposes;
3. Commercial customers. Commercial customers include service-oriented businesses, universities and hospitals; and
4. Other customers.

Government accounts for various government offices and facilities are categorized as either commercial or industrial depending on their load. Each Distribution Utility monitors government accounts separately and further classifies them to local government accounts, national government account, special government accounts like military camps. Streetlights have a different rate category and are thus monitored independently.

Analysis of Demand

The following table sets forth certain information regarding total customers, electricity sales, and gross revenues for the periods ending December 31, 2016 and 2015.

DISTRIBUTION DEMAND						
COMPANY	**2016**			**2015**		
	Customers	**Sales Volume (GWh)**	**Revenue (Php Mns)**	**Customers**	**Sales Volume (GWh)**	**Revenue (Php Mns)**
VECO						
Industrial	1,727	1,698	11,230	1,645	1,471	10,707
Residential	365,935	781	7,140	353,485	704	6,569
Commercial	40,778	419	3,855	40,421	386	3,636
Others (Streetlights)	146	25	195	138	25	198
Total	**408,586**	**2,923**	**22,419**	**395,689**	**2,586**	**21,110**

Davao Light						
Industrial	4,150	1,198	7,691	3,850	1,165	6,844
Residential	318,033	693	5,043	304,248	639	4,305
Commercial	45,486	242	1,843	42,870	225	1,610
Others (Streetlights)	113	40	262	111	40	237
Total	**367,782**	**2,173**	**14,839**	**351,079**	**2,069**	**12,996**
SFELAPCO						
Industrial	50	240	1,260	50	233	1,274
Residential	88,024	199	1,670	84,668	177	1,618
Commercial	9,591	146	1,298	9,334	136	1,288
Others (Streetlights)	182	3	27	175	3	29
Total	**97,847**	**589**	**4,255**	**94,227**	**548**	**4,209**
Cotabato Light						
Industrial	393	52	329	376	43	263
Residential	35,473	74	479	34,266	69	430
Commercial	3,037	18	125	3,034	18	116
Others (Streetlights)	21	2	14	21	2	13
Total	**38,924**	**147**	**947**	**37,697**	**132**	**822**
SEZ						
Industrial	95	464	2,999	96	439	3,125
Residential	1,903	12	104	1,860	11	147
Commercial	1,059	57	475	992	53	442
Others (Streetlights)	94	3	21	92	2	21
Total	**3,151**	**535**	**3,600**	**3,040**	**507**	**3,735**
LEZ						
Industrial	87	162	1,176	75	147	1,048
Residential	371	1	1	0	-	0

Commercial	14	3	28	24	3	22
Others (Streetlights)	-	-	0	0	-	0
Total	**472**	**165**	**1,205**	**99**	**150**	**1,070**
MEZ						
Industrial	56	105	747	55	115	704
Residential	-	-	0	0	-	0
Commercial	26	7	50	25	6	37
Others (Streetlights)	-	-	0	0	-	0
Total	**82**	**111**	**797**	**80**	**120**	**740**
BEZ						
Industrial	20	102	746	21	113	870
Residential	-	-	0	0	-	0
Commercial	12	0	4	12	0	4
Others (Streetlights)	-	-	0	0	-	0
Total	**32**	**102**	**750**	**33**	**114**	**874**

Rates

Rates charged for sales of electricity to final customers are determined pursuant to regulations established by ERC. These ERC regulations establish a cap on rates that provide for annual, periodic, and extraordinary adjustments. Under EPIRA, the utilities such as the Distribution Companies have been required to "unbundle" the electricity rates charged to customers in order to provide transparency in disclosing to customers components of their monthly bills and to segregate (consistent with the mandate of the EPIRA) the components of the distribution business which will become competitive once the EPIRA is fully implemented (such as supply and metering services) and those which will remain monopolized (such as transmission and wheeling). As a result, the Distribution Companies are required to identify and separately disclose to customers each individual charge that forms part of the cost of providing electricity, including generation, transmission, systems loss, distribution, metering, and supply charges.

Each of the Distribution Companies classifies customers based on factors such as voltage level and demand level at which the electricity is supplied to such customers. Each customer is placed in a certain tariff level determined by the Distribution Companies within the guidelines provided by the ERC and is charged for electricity based on customer classification. Typically, industrial customers pay lower rates relative to the cost of providing services to them, while residential customers pay higher rates relative to the cost of providing services to them.

The following sets forth the material components of each Distribution Companies' monthly charges to customers:

Distribution charges. Previously, the distribution charges that the Distribution Companies collected from customers were computed with reference to the RORB rate-setting system. Under this system, distribution charges were determined based on the appraised value of a distribution utility's historical costs, with the maximum rate of return set at 12.0%. Rate-setting under this system had historically resulted in prolonged review periods by regulators before a final rate was approved, and often resulted in interested parties, such as consumer advocacy groups, contesting rates approved by Government regulators in court. In addition, the determination of the components of a utility's cost base was subject to revision by regulators, with certain material expenses, such as those for income tax, being excluded from the base.

To address the inefficiencies and legal controversies caused by the RORB rate-setting system, the ERC issued the RDWR in 2006, which sets out the manner in which PBR is to be implemented. Under PBR, the distribution-related charges that a distribution utility collects from customers will be fixed by reference to the utility's projected revenues over a four-year regulatory period, which are reviewed and approved by the ERC and thereafter used to determine the utility's efficiency factor. For each year during the regulatory period, the distribution-related charges are adjusted upwards or downwards taking into consideration the utility's efficiency factor set and changes in overall consumer prices in the Philippines. As part of the implementation of PBR, the ERC has also implemented a performance incentive scheme whereby annual rate adjustments under PBR will also take into consideration the ability of a distribution utility to meet or exceed service performance targets set by the ERC, such as the average duration of power outages, the average time to provide connections to customers and the average time to respond to customer calls, with utilities being penalized for failing to meet these performance targets. During the 18 months prior to the PBR start date for each Distribution Company, each of them will undergo a regulatory reset process through which the PBR rate control arrangement are established based on documents submitted by each Distribution Company with the ERC, ERC resolutions, and consultations with the Distribution Company and the general public.

Transmission charges. These charges are the amounts paid by the Distribution Companies to Transco for the use of Transco's facilities to transmit electricity from each Distribution Companies' electricity suppliers to the Distribution Companies' own transmission lines. Current ERC regulations allow the Distribution Companies to pass on to and recover from their customers the transmission charges paid by the Distribution Companies.

Under applicable laws and regulations, the Distribution Companies are required to allow use of their high-voltage distribution lines by others, including consumers within their franchise areas that are supplied by third parties. All users of the Distribution Companies' respective distribution lines must pay a wheeling fee for such use.

In anticipation of the full implementation of the Open Access System mandated by the EPIRA, which allows large customers to connect directly with electricity suppliers, each of the Distribution Companies has entered into agreements with the National Transmission Corporation (Transco) to acquire all of Transco's subtransmission assets within each Distribution Company's franchise area. This will allow each Distribution Company to charge a distribution wheeling fee to consumers within its franchise area that elect to purchase electricity from third parties but need to wheel electricity using these subtransmission assets. These agreements to acquire Transco's subtransmission assets have been submitted to the ERC for approval. The ERC has approved the purchase by SFELAPCO of Transco's subtransmission assets within SFELAPCO's franchise area.

Generation charges. ERC regulations allow distribution utilities to pass through to their customers the full cost of electricity purchased from power generators, such as NPC and IPPs (including the Generation Companies).

Supply and metering charges. The Distribution Companies are currently allowed to charge their customers a fixed monthly amount that is meant to cover customer service-related costs, such as customer billing and collection services, and metering-related costs, such as meter installation, monitoring and reading. Customers are also required to provide deposits on meters that are installed to monitor their electric consumption. The ERC is currently contemplating opening supply and metering services to competition.

Line loss charges. These charges relate to the electricity losses that each Distribution Company is allowed to recover from customers. Originally, ERC regulations allowed distribution companies to charge customers for electricity losses so long as electricity losses do not exceed 9.50% of the total electricity distributed by these companies. If a distribution company's electricity losses exceed 9.50%, the distribution company will be unable to pass on to its customers the loss charges relating to losses in excess of the 9.50% ceiling.

In response to the directives of the then President Gloria M. Arroyo to lower the costs of electricity, the ERC proposed new regulations for the maximum recoverable systems loss caps for all distribution utilities and electric cooperatives. Under ERC Resolution No. 17, Series of 2008, which amends the systems loss caps adopted by Republic Act No. 7832 (Anti-Pilferage of Electricity and Theft of Electric Transmission Lines/Materials Act of 1994), the actual recoverable system losses of distribution utilities was reduced from 9.5% to 8.5% while that of the electric cooperatives was reduced from 14.0% to 11.0%. The new system loss caps were implemented in January 2010.

Under ERC Resolution No. 17, Series of 2008, actual company use of electricity shall be treated as an expense of the distribution utilities in accordance with the following rules: for distribution utilities that are yet to enter PBR, the actual use shall be treated as Operation and Maintenance (O&M) in their PBR applications; for distribution utilities that are already under PBR, the actual use shall be treated as O&M in their respective subsequent reset; and for electric cooperatives, actual company use shall be treated as O&M in the benchmarking methodology.

Others. Other charges collected from customers include: the universal charge, which is meant to cover Stranded Debt and Stranded Costs in accordance with the requirements of the EPIRA; a foreign currency adjustment rate, which is designed to address fluctuations in the foreign currency component of charges to customers, principally generation charges; and the lifeline subsidy rate, which is an amount collected from end-users to cover subsidies granted to low-consumption, low-income customers.

Customer Deposits

The bill deposit serves to guarantee payment of bills by a customer which is estimated to equal one month's consumption or bill of the customer. These deposits are refundable, together with the accrued interest, upon termination of the contract. If the deposits and the related accrued interest already exceed the customer's current monthly bills, a refund of the excess can also be made.

Both the Magna Carta and Distribution Services and Open Access Rules (DSOAR) provide that residential and non-residential customers, respectively, must pay a bill deposit to guarantee payment of bills equivalent to their estimated monthly billing. The amount of deposit shall be adjusted after one year to approximate the actual average monthly bills. A customer who has paid his electric bills on or before due date for three consecutive years, may now apply for the full refund of the bill deposit, together with the accrued interests, prior to the termination of his service; otherwise, bill deposits and accrued interests shall be refunded within one month from termination of service, provided all bills have been paid.

With regard to the interest rate on customer deposits, while the Implementing Guidelines of the Magna Carta provided that the interest rate on meter deposits shall be at 6% for contracts of service entered into prior to the effectivity of the Energy Resolution Board (ERB) Resolution No. 95-21, it was silent on the corresponding interest rate for bill deposits of residential customers for the same period. ERB Resolution No. 95-21 was issued by the then ERB on August 3, 1995 adopting a 10% interest on customers' deposits. Pursuant to the Magna Carta, the rate of interest on bill deposit shall be equivalent to the interest incorporated in the Company's weighted average cost of capital, otherwise, the rate shall be "based on the prevailing interest rate on savings deposit as approved by the Bangko Sentral ng Pilipinas (BSP). In the case of non-residential customers, the DSOAR likewise provides that the Company shall pay interest on bill deposits at the rate equivalent to the prevailing interest rate for savings deposits as approved by the BSP. The DSOAR superseded ERB Resolution No. 95−21, as amended, in its entirety.

In cases where the customer has previously received the refund of his bill deposit pursuant to Article 7 of the Magna Carta, and later defaults in the payment of his monthly bills, the customer shall be required to post another bill deposit with the distribution utility and lose his right to avail of the right to refund his bill deposit in the future until termination of service. Failure to pay the required bill deposit shall be a ground for disconnection of electric service.

Transformer and lines and poles deposits are obtained from certain customers principally as cash bond for the proper maintenance and care of the said facilities while under their exclusive use and responsibility. These deposits are non-interest bearing and are refundable only after the related contract is terminated and the assets are returned to the Company in their proper condition and all obligations and every account of the customer due to the Company shall have been paid.

Billing Procedures

The procedures used for billing and payment for electricity supplied to customers is determined by customer category. The length of the collection process varies slightly among the Distribution Companies. Meter readings and invoicing take place on a monthly basis. Bills are prepared from meter readings or on the basis of estimated usage. Low voltage customers are billed within one to two days after the meter reading, with payment required within 9 days after the delivery date. In case of non-payment, a notification of non-payment accompanied by the next month's invoice, is sent to the customer and a period of two days is provided to pay the amount owed to the relevant Distribution Company. If payment is not received within two days, the customers' electricity supply is suspended.

Each of VECO, Davao Light and Cotabato Light has policies in place that require a visit to a customer that has failed to make any required payments to try to collect any unpaid amounts before service to such customer is discontinued. Third-party contractors are retained by VECO, Davao Light and Cotabato Light to conduct such customer visits. Service to a defaulting customer cannot be discontinued in the absence of such a customer visit. In order to reduce operating costs, both VECO and Davao Light have outsourced to independent contractors several billing-related functions, including meter reading, bill printing, bill delivery and disconnections.

COMPETITION

Generation Business

The Open Access regime, declining oil and coal prices, and new power plants have toughened competition in energy sales. Competition among RES companies will be further intensified by the upcoming reduction of the threshold for qualifying as a Contestable Customers in the Open Access regime. The current threshold of 1 MW will be reduced to 750 kW, and further down to 500 kW. Customers with consumption of at least 750kW are mandated to switch to Open Access by June 2017. Additional competition for Open Access customers can come from entities that may not generate power but have RES operations by acting as demand aggregators. Generation companies or affiliates thereof are also allowed to act as RES based on ERC regulations. AboitizPower now considers these as opportunities that will allow it to expand its contracting base while having the flexibility of sources.

In 2016, AboitizPower brought new capacities to Mindanao and Visayas as the second unit of TSI and Sacasun solar plant, the Company's first venture in the solar power space, came online. TSI and Sacasun brought 150 MW and 46 MW, to Mindanao and Negros Occidental, respectively.

The successful acquisition by AboitizPower, through its Subsidiary, TPI, of the beneficial ownership of 82.8% in GNPower–Mariveles and 50% beneficial ownership in GNPower–Dinginin brings a considerable increase in capacity and augments the Company's project pipeline. AboitizPower's ownership interest in GN Power–Mariveles will ultimately be reduced to 66.1% and in GN Power–Dinginin to 40%, post return of capital.

Between 2017 to 2019, AboitizPower will further add 789 MW to the country's generation capacity through its ongoing projects. This includes its 40% beneficial share in the Bataan project of GNPower–Dinginin.

AboitizPower's portfolio consisting of different types of energy sources with a mix of renewables and non-renewables, allows for flexibility in pricing and reliability of supply, thus enhancing competitiveness.

Geographic Area

AboitizPower operates all over the Philippines, with existing power plants in Luzon, Visayas, and Mindanao.

Principal Methods of Competition

The means by how AboitizPower can effectively compete with its competitors are set forth in the section entitled "Competitive Strengths and Business Strategy" on page 66 of this Prospectus. AboitizPower addresses its competition using a holistic approach and does not address it on a per company basis.

Principal Competitors

With the privatization of the NPC-owned power generation facilities, the establishment of the WESM and the implementation of retail competition and Open Access, AboitizPower's generation facilities located in Luzon, Visayas and Mindanao will face competition from other power generation plants that supply electricity to the Luzon, Visayas and Mindanao grids.

In particular, AboitizPower is expected to face competition from leading multinationals such as AES Corporation, TeaM Energy and Korea Electric Power Corporation, as well as power generation facilities owned or controlled by Filipino-owned companies such as Global Business Power Corporation, Trans-Asia Power Generation Corporation, AC Energy Holdings Corporation, First Gen Corporation, DMCI Holdings, Inc., and San Miguel Energy Corporation.

With the commencement of retail competition and Open Access, these foreign and local generation companies have already set up their own Retail Electricity Supply business.

Aggressive competition from those with existing licenses is still expected. Additional competition for Open Access customers can come from entities that may not generate power but have RES operations by acting as demand aggregators.

AboitizPower will face competition in both the development of new power generation facilities and the acquisition of existing power plants, as well as competition for financing these activities. The continued robust economic growth of the Philippine economy, the presence of a market to sell, such as the WESM, and the country's growing energy needs have attracted many competitors, including multinational development groups and equipment suppliers, to explore opportunities in electric power generation projects in the Philippines. Accordingly, competition for and from new power projects may increase in line with the expected long-term economic growth of the Philippines.

Distribution Business

Each of AboitizPower's Distribution Utilities currently has an exclusive franchise to distribute electricity in the areas covered by its franchise.

Under Philippine law, the franchises of the Distribution Utilities may be renewed by the Congress of the Philippines (Congress) provided that certain requirements related to the rendering of public services are met. Each Distribution Utility intends to apply for the extension of its franchise upon expiration. Distribution Utilities may face competition or opposition from third parties in connection with the renewal of their franchises. It should be noted that under Philippine law, a party wishing to secure a franchise to distribute electricity must first obtain a CPCN from the ERC, which requires that such party proves that it has the technical and financial competence to operate a distribution franchise, and that there is a need for such franchise. Ultimately, Congress has absolute discretion in determining whether to issue new franchises or to renew existing franchises. The acquisition by competitors of any of the Distribution Utilities' franchises could adversely affect the results of the Company's operations. However, with the commencement of Open Access in Luzon and Visayas, the supply segment of the distribution business has become a contestable market, initially for customers with at least an average of 1 MW monthly demand.

Pursuant to DOE Circular No. DC2015-06-0010 entitled Providing Policies to Facilitate the Full Implementation of Retail Competition and Open Access (RCOA) in the Philippine Electric Power Industry, all Contestable Customers which are currently being served by their franchised distribution utilities are mandated to secure their respective Retail Supply Contracts (RSCs) no later than 25 June 2016 with any of the following: (i) any licensed RES; (ii) any generating company with a COC and a RES license; or (iii) any prospective generation company whose power generation project is undergoing construction or planned and has been included in the DOE's Power Development Plan.

All Contestable Customers with an average demand ranging from 750 kW and 999 kW for the preceding 12-month period are mandated to secure their RSCs with a RES no later than 25 June 2016. Also, Aggregators shall be allowed to compete with RES, generation companies and prospective generation companies. In the case of retail aggregation, any Contestable Customer within a contiguous area may individually or collectively aggregate their electricity supply requirements to an Aggregator, duly licensed by the ERC. The aggregated demand shall in no case be lower than 750 kW.

All electricity end users with an average demand ranging from 501 kW to below 750 kW for the preceding 12 months may be allowed to choose their respective RES effective 26 June 2018, subject to the determination of the ERC on the basis of its evaluation on the performance of the retail electricity market.

Voluntary contestability for end users with average demand of 500 kW and below for the preceding twelve months shall be based on the continuing evaluation and assessment by the ERC.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

AboitizPower and its Subsidiaries, in their regular conduct of business, have entered into related party transactions consisting of professional and technical services, rental, money market placements, and power sales and purchases. These are made on an arm's length basis and at current market prices at the time of the transactions.

AEV, the parent company of AboitizPower, and certain Associates have Service Level Agreements (SLAs) with AboitizPower for corporate center services rendered, such as human resources, internal audit, legal, treasury and corporate finance, among others. These services are obtained from AEV to enable the Group to realize cost synergies and optimize expertise at the corporate center. AEV maintains a pool of highly qualified professionals with business expertise specific to the businesses of the Group. Transaction costs are priced on an arm's length basis, and covered with SLAs to ensure quality of service.

AboitizPower and its Subsidiaries enter into transactions with its parent, associates and other related parties.

Details of the significant account balances of the foregoing related party transactions, retirement fund and compensation of the Board and key management personnel of the Group can be found in the section entitled *"Financial Information"* on page 263 of this Preliminary Prospectus, particularly Note 32 of the 2016 AFS.

GOVERNMENT APPROVALS, PATENTS, COPYRIGHTS, FRANCHISES

AboitizPower and its Subsidiaries have secured all material permits required to operate its businesses. These are further discussed below. Annex D likewise lists the material permits of AboitizPower and its Subsidiaries.

Generation Business

Power generation is not considered a public utility operation under RA 9136 or the Electric Power Industry Reform Act of 2001 (EPIRA). Thus, a national franchise is not needed to engage in the business of power generation. Nonetheless, no person or entity may engage in the generation of electricity unless such person or entity has secured a Certificate of Compliance (COC) from the ERC to operate a generation facility and has complied with the standards, requirements and other terms and conditions set forth in the said COC.

Additionally, a generation company must meet the minimum financial capability standards set out in the Guidelines for the Financial Standards of Generation Companies issued by the ERC. Under the said guidelines, a generation company is required to meet a minimum annual interest cover ratio or debt service coverage ratio of 1.5x throughout the period covered by its COC. A generation company must ensure that all its facilities connected to the grid meet the technical design and operational criteria of the Philippine Grid Code and Philippine Distribution Code.

AboitizPower's Distribution Utilities, Davao Light and Cotabato Light, have their own generation facilities and are required under the EPIRA to obtain a COC from the ERC for its generation facilities.

An IPPA such as TLI is not required to obtain a COC. It is nevertheless required, along with all entities owning and operating generation facilities, to comply with technical, financial and environmental standards provided by existing laws and regulations for their operations.

AboitizPower's Generation Companies, which operate hydroelectric facilities, are also required to obtain water permits from the NWRB for the water flow used to run their respective hydroelectric facilities. These permits specify the source of the water flow that the Generation Companies can use for their hydroelectric generation facilities, as well as the allowable volume of water that can be used from the source of the water flow. Water permits have no expiration date and generally are not terminated by the Government as long as the holder of the permit complies with the terms of the permit regarding the use of the water flow and the allowable volume.

AboitizPower, together with its Subsidiaries and Affiliates, is in various stages of project development. Some of its projects have been awarded renewable energy service contracts by the DOE.

The Generation Companies and the Distribution Utilities, Davao Light and Cotabato Light, which own stand-by power plants, possess COCs for their generation businesses, details of which are as follows:

Title of Document	Issued under the name of	Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	Date of Issuance
COC No. 13-11-GN-330-20029L	Hedcor, Inc.	Irisan 3	Hydroelectric Power Plant	Tadiangan, Tuba, Benguet	1.20 MW	Hydro	25	November 11, 2013
COC No. 13-11-GN-331-20030L	Hedcor, Inc.	Bineng 1	Hydroelectric Power Plant	Bineng, La Trinidad, Benguet	3.20 MW	Hydro	25	November 11, 2013
COC No. 13-11-GN-332-20031L	Hedcor, Inc.	Bineng 2	Hydroelectric Power Plant	Bineng, La Trinidad, Benguet	2.00 MW	Hydro	25	November 11, 2013
COC No. 13-11-GN-333-20032L	Hedcor, Inc.	Bineng 2b	Hydroelectric Power Plant	Bineng, La Trinidad, Benguet	750 kW	Hydro	25	November 11, 2013
COC No. 13-11-GN-334-20033L	Hedcor, Inc.	Bineng 3	Hydroelectric Power Plant	Bineng, La Trinidad, Benguet	5.625 MW	Hydro	25	November 11, 2013
COC No. 13-11-GN-329-20028L	Hedcor, Inc.	Ampohaw	Hydroelectric Power Plant	Banengbeng, Sablan, Benguet	8.00 MW	Hydro	25	November 11, 2013
COC No. 13-11-GN-336-20035L	Hedcor, Inc.	Sal-angan	Hydroelectric Power Plant	Ampucao, Itogon, Benguet	2.40 MW	Hydro	25	November 11, 2013
COC No. 16-01-	Hedcor,	Irisan 1	Hydroelectric	Tuba,	3.8 MW	Hydro	25	January 27, 2016

Title of Document	Issued under the name of	Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	Date of Issuance
M- 00032L	Inc.		Power Plant	Benguet				
COC No. 16-05-M-00061M	Hedcor, Inc.	Talomo 1	Hydroelectric Power Plant	Calinan, Davao City	1,000 kW	Hydro	20	May 4, 2016
COC No. 16-05-M-00062M	Hedcor, Inc.	Talomo 2	Hydroelectric Power Plant	Mintal Proper, Davao City	600 kW	Hydro	20	May 4, 2016
COC No. 16-05-M-00063M	Hedcor, Inc.	Talomo 2A	Hydroelectric Power Plant	Upper Mintal, Davao City	650 kW	Hydro	20	May 4, 2016
COC No. 16-05-M-00064M	Hedcor, Inc.	Talomo 2B	Hydroelectric Power Plant	Upper Mintal, Davao City	300 kW	Hydro	20	May 4, 2016
COC No. 16-05-M-00065M	Hedcor, Inc.	Talomo 3	Hydroelectric Power Plant	Catalunan, Pequeño, Davao City	1,920 kW	Hydro	20	May 4, 2016
COC No. 16-03-M-00052L	Hedcor, Inc.	FLS Plant – 2*	Hydroelectric Power Plant	Poblacion, Bakun, Benguet	4.0 MW	Hydro	25	March 10, 2016
COC No. 13-110GN327-20026L	Hedcor, Inc.		Hydroelectric Power Plant	Poblacion, Bakun, Benguet	5.90 MW	Hydro	25	November 11, 2013
COC No. 13-11-GN 335-20034L	Hedcor, Inc.	Lower Labay	Hydroelectric Power Plant	Ampusongan, Bakun, Benguet	2.40 MW	Hydro	25	November 11, 2013
COC No. 13-11-GN 328-20027L	Hedcor, Inc.	Lon-oy	Hydroelectric Power Plant	Poblacion, Bakun, Benguet	3.60 MW	Hydro	25	November 11, 2013
COC No. 16-03-S-17273M	Hedcor Sibulan, Inc.	Darong	Diesel Engine	Brgy. Darong, Sta. Cruz, Davao del Sur	345.6 kW	Diesel	15	March 2, 2016
COC No. 16-03-S-17272M	Hedcor Sibulan, Inc.	Tibolo	Diesel Engine	Brgy. Tibolo, Sta. Cruz, Davao del Sur	306 kW	Diesel	15	March 2, 2016
COC No. 16-03-S-17269M	Hedcor, Inc.	Talomo 2	Diesel Engine	Proper Mintal, Davao City	20 kW	Diesel	15	March 2, 2016
COC No. 16-03-	Hedcor,	La	Diesel Engine	214 Beckel,	216 kW	Diesel	15	March 2, 2016

Title of Document	Issued under the name of	Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	Date of Issuance
S-17271M	Inc.	Trinidad (Beckel)		La Trinidad, Benguet				
COC No. 16-03-S-17270M	Hedcor, Inc.	Talomo 3	Diesel Engine	Brgy. Catalunan, Pequeño, Davao City	20 kW	Diesel	15	March 2, 2016
COC No. 15-04-S- 00027L	Hedcor Sabangan, Inc.	N/A	Diesel Engine	Namatec, Sabangan, Mountain Province	80 kW	Diesel	25	April 28, 2015
COC No. 14-1-GXT- 19483-20053M	Hedcor Sibulan Inc.	N/A	Diesel	Brgy. Tudaya, Sta. Cruz, Davao Del Sur	80 kW	Diesel	15	January 14, 2014
COC No. 14-02-GXT- 19525-20099M	Hedcor Tudaya, Inc.	N/A	Diesel	Brgy. Sibulan, Sta. Cruz, Davao del Sur	140.00 kW	Diesel	25	February 21, 2014
COC No. 13-02-GXT- 19345-19870L	Luzon Hydro Corporation - Alilem	N/A	Diesel Engine	Amilongan, Alilem, Ilocos Sur	572 kW	Diesel	15	February 27, 2013
COC No. 13-02-GXT- 19346-19871L	Hedcor Inc. - Beckel	N/A	Diesel Engine	214 Ambuklao Road, Beckel, La Trinidad	188 kW	Diesel	15	February 27, 2013
COC No. 13-02-GXT- 19344-19869L	Luzon Hydro Corporation - Bakun	N/A	Diesel Engine	Poblacion, Bakun	80 kW	Diesel	15	February 27, 2013
COC No. 15-05-M-56M	Hedcor Sibulan, Inc.	Sibulan A - Unit 1	Hydroelectric Power Plant	Brgy. Sibulan, Sta. Cruz, Davao del Sur	16.33 MW	Hydro	25	May 18, 2015
COC No. 15-05-M-54M	Hedcor Sibulan, Inc.	Sibulan B	Hydroelectric Power Plant	Brgy. Sibulan, Sta. Cruz, Davao del Sur	26.3 MW	Hydro	5	May 18, 2015
COC No. 14-03-GN 346-20102M	Hedcor Sibulan, Inc.	Tudaya 1	Hydroelectric Power Plant	Sitio Tudaya, Brgy. Sibulan, Sta. Cruz, Davao del Sur	6.65 MW	Hydro	25	March 10, 2014

Title of Document	Issued under the name of	Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	Date of Issuance
COC No. 13-07-GXT 17- 0017L	Luzon Hydro Corporation	Bakun AC	Hydroelectric Power Plant	Pilipil, Amilongan, Alilem, Ilocos Sur	74.80 MW	Hydro	25	July 22, 2013
COC No. 15-06-M- 00013M	Hedcor Tudaya, Inc.	Tudaya 2	Hydroelectric Power Plant	Sta. Cruz, Davao del Sur	8.13 MW	Hydro	25	June 15, 2015
COC No. 15-09-M- 00023L	Hedcor Sabangan, Inc.	Sabangan Hydroelectric Power Plant	Hydroelectric Power Plant	Brgy. Namatec, Sabangan, Mountain Province	14.96 MW	Hydro	25	September 29, 2015
COC No. 15-11-M- 13701M	Davao Light & Power, Co.	Bajada Diesel Power Plant	Diesel Power Plant	J.P. Laurel Ave., Bajada, Davao City	58.70 MW	Diesel	20	November 26, 2015
			Blackstart		483.20 kW	Diesel	20	
Provisional Authority to Operate**	Cotabato Light and Power Company, Inc.	N/A	Bunker C-Fired Diesel Engine	CLPC Compound, Sinsuat Ave., Cotabato City	9.927 MW	Diesel / Bunker C	25	November 29, 2016 - May 28, 2017
			Blackstart		10 kW	Diesel	25	
COC No. 13-06-GXT 2- 0002V	East Asia Utilities Corporation	N/A	Bunker C-Fired Power Plant	Barrio Ibo, Mactan Export Processing Zone 1 (MEPZ 1), Lapu- Lapu City, Cebu	49.60 MW	Bunker C	16	June 10, 2013
COC No. 13-05-GXT 1- 0001V	Cebu Private Power Corporation	N/A	Bunker C-Fired Power Plant	Old VECO Compound, Brgy. Ermita, Cebu City	70.65 MW	Bunker C	25	May 27, 2013
COC No. 13-08-GXT 20-0020M	Western Mindanao Power Corporati	N/A	Bunker C- Fired Power Plant	Malasugat, Sangali, Zamboanga City	112.0 MW	Bunker C	24	August 5, 2013
		N/A	Blackstart		160 kW	Diesel	24	

Title of Document	Issued under the name of	Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	Date of Issuance
	on							
COC No. 13-08-GXT 21- 0021M	Southern Philippines Power Corporation	N/A	Bunker C- Fired Diesel Power Plant	Brgy. Baluntay, Alabel, Saranggani Province	61.72 MW	Bunker C/ Diesel	18	August 5, 2013
COC No. 15-11-M-2860L	SN Aboitiz Power – Magat, Inc.	Magat – Unit 1	Hydroelectric	Ramon, Isabela and A. Lista, Ifugao	90 MW	Hydro	25	November 11, 2015
		Magat – Unit 2			90 MW			
		Magat – Unit 3			90 MW			
		Magat – Unit 4			90 MW			
		Magat Hydroelectric Power Plant	Blackstart		600 kW	Diesel	25	
COC No. 15-04-M-309L	SN Aboitiz Power – Benguet, Inc. (Binga Hydroelectric Power Plant)	Binga – Unit 1	Hydroelectric Power Plant	Brgy. Tinongdan, Itogon, Benguet	35 MW	Hydro	48	April 6, 2015
		Binga – Unit 2	Hydroelectric Power Plant		35 MW			
		Binga – Unit 3	Hydroelectric Power Plant		35 MW			
		Binga – Unit 4	Hydroelectric Power Plant		35 MW			
COC No. 16-08-M- 00087L	SN Aboitiz Power – Benguet, Inc. (Ambuklao	Ambuklao – Unit 1	Hydroelectric Power Plant	Brgy. Ambuklao, Bokod, Benguet	34.85 MW	Hydro	45	August 18, 2016
		Ambuklao – Unit 2	Hydroelectric Power Plant		34.85 MW			

Title of Document	Issued under the name of	Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	Date of Issuance
	Hydroelectric Power Plant)	Ambuklao – Unit 3	Hydroelectric Power Plant		34.85 MW			
		Ambuklao Hydroelectric Power Plant	Auxiliary Generator Set		320 KW	Diesel	20	
		Ambuklao Hydroelectric Power Plant	Blackstart Generator Set		314 KW	Diesel	20	
COC No. 16-06-M- 00016M	STEAG State Power, Inc.	N/A	Coal Fired	Phividec Industrial Estate, Balacanas, Villanueva, Misamis Oriental	232.00 MW	Coal	August 30, 2016 – August 29, 2021	June 13, 2016
			Emergency Generating Set		1.25 MW	Diesel		
COC No. 15-03-S- 00013M	STEAG State Power, Inc.	N/A	Diesel Engine	Phividec Industrial Estate, Balacanas, Villanueva, Misamis Oriental	400 kW	Diesel	25	March 25, 2015
COC No. 15-05-M- 00007L	AP Renewables, Inc.	Makban – Bay, Plant A, Unit 1	Geothermal Power Plant	Brgy. Bitin, Bay, Laguna	63.2 MW	Geo-thermal Steam	23	May 4, 2015
		Makban – Bay, Plant A, Unit 2			63.2 MW			
		Makban – Bay, Plant D, Unit 7			20.0 MW			
		Makban – Bay, Plant D, Unit 8			20.0 MW			
COC No. 15-05-M- 00008L	AP Renewables, Inc.	Makban – Calauan, Plant B, Unit 3	Geothermal Power Plant	Brgy. Limao, Calauan, Laguna	63.2 MW	Geo-thermal Steam	23	May 4, 2015
		Makban –			63.2 MW			

Title of Document	Issued under the name of	Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	Date of Issuance
		Calauan, Plant B, Unit 4						
		Makban – Calauan, Plant C, Unit 5			55.0 MW			
		Makban – Calauan, Plant C, Unit 6			55.0 MW			
COC No. 15-05-M- 00009L	AP Renewables, Inc.	Makban – Sto. Tomas, Plant E, Unit 9	Geothermal Power Plant	Brgy. Sta. Elena, Sto. Tomas, Batangas	20.0 MW	Geo-thermal Steam	23	May 4, 2015
		Makban – Sto. Tomas, Plant E, Unit 10			20.0 MW			
COC No. 15-11-M- 00028L	AP Renewables, Inc.	Plant A, Unit 1	Geothermal Power Plant	Brgy. Naga, Tiwi, Albay	60 MW	Geo-thermal Steam	25	November 26, 2015
		Plant A, Unit 2			60 MW			
COC No. 15-11-M-286rL	AP Renewables, Inc.	Plant C, Unit 5	Geothermal Power Plant	Brgy. Cale, Tiwi, Albay	57 MW	Geo-thermal Steam	25	November 26, 2015
		Plant C, Unit 6			57 MW			
Provisional Authority to Operate***	AP Renewables, Inc.	Ormat – Mak- Ban Binary GPP (Binary 1)	Geothermal Power Plant	Brgy. Sta. Elena, Sto. Tomas, Batangas	7 MW	Geo-thermal Brine	N/A	November 7, 2016- May 6, 2017
COC No. 16-03-M- 00286ggM	Therma Marine, Inc.	Mobile 1 (M1)	Diesel Power Plant	Brgy. San Roque, MACO,	100.33 MW	Diesel	25	March 30, 2016

Title of Document	Issued under the name of	Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	Date of Issuance
			Blackstart	Compostela Valley	1.68 MW	Diesel	5	
COC No. 16-03-M-00286bbM	Therma Marine, Inc.	Mobile 2 (M2)	Diesel Power Plant	Nasipit, Agusan del Norte	100.33 MW	Diesel	25	March 30, 2016
			Blackstart		1.68 MW	Diesel	5	
COC No. 13-07-GXT 305-19938L	Therma Mobile, Inc.	Barge 1/ Mobile 3	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Navotas, Metro Manila	66 MW	Bunker C/ Diesel	15	July 1, 2013
COC No. 13-07-GXT 306-19939L	Therma Mobile, Inc.	Barge 2/ Mobile 4	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Navotas, Metro Manila	67.2 MW	Bunker C/ Diesel	15	July 1, 2013
COC No. 13-07-GXT 307-19940L	Therma Mobile, Inc.	Barge 3/ Mobile 5	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Navotas, Metro Manila	57 MW	Bunker C/ Diesel	15	July 1, 2013
COC No. 13-07-GXT 308-19941L	Therma Mobile, Inc.	Barge 4/ Mobile 6	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Navotas, Metro Manila	52 MW	Bunker C/ Diesel	15	July 1, 2013
COC No. 15-09-M- 00022M	Therma South, Inc.	Unit 1	Coal Fired Power Plant	Brgy. Binugao, Toril District, Davao City	150 MW	Coal	25	January 19, 2016
		Unit 2	Coal Fired Power Plant	Brgy. Binugao, Toril District, Davao City	150 MW	Coal	25	January 19, 2016

** Two effective COCs since the plant was expanded.*
*** Cotabato Light was granted Provisional Authority to Operate until May 28, 2017.*
**** APRI was granted Provisional Authority to Operate until May 6, 2017.*

Distribution Business

Under the EPIRA, the business of electricity distribution is a regulated public utility business that requires a national franchise that can be granted only by Congress. In addition to the legislative franchise, a CPCN from the ERC is also required to operate as a public utility. Except for Distribution Utilities operating within ecozones, all Distribution Utilities possess franchises granted by Congress.

All Distribution Utilities are required to submit to the ERC a statement of their compliance with the technical specifications prescribed in the Distribution Code (which provides the rules and regulations for the operation and maintenance of distribution systems) and the performance standards set out in the implementing rules and regulations of the EPIRA.

Shown below are the respective expiration periods of the Distribution Utilities' legislative franchises:

Distribution Company	Expiration Date
VECO	2030
Davao Light	2025
Cotabato Light	2039
SFELAPCO	2035
SEZ[1]	2028

MEZ, BEZ and LEZ, which operate the power distribution utilities in MEPZ II, WCIP and LTC, respectively, are duly registered with PEZA as Ecozone Utilities Enterprises. Cotabato Light's franchise was renewed for another 25 years upon the signing of RA 10637 on 16 June 2014, by then President Benigno C. Aquino III.

Supply Business

For a time, the business of supplying electricity was being undertaken solely by franchised distribution utilities. On 26 July 2013, the implementation of Open Access commenced in Luzon and Visayas. Like power generation, the business of supplying electricity is not considered a public utility operation under the EPIRA. It is, however, considered a business affected with public interest. As such, the EPIRA requires all suppliers of electricity to end-users in the contestable market, other than distribution utilities within their franchise areas, to obtain a license from the ERC in accordance with the ERC's rules and regulations. With the implementation of Open Access, AboitizPower's Subsidiaries, AESI, AdventEnergy and Prism Energy, obtained separate licenses to act as RES and Wholesale Aggregator.

New Projects

400-MW Pulverized Coal-Fired Expansion Unit 3 in Pagbilao, Quezon. This project is undertaken by PEC, a partnership between AboitizPower subsidiary Therma Power, Inc. (TPI), and TeaM (Philippines) Energy Corporation (TEPEC). Last April 25, 2014, the EPC contract was awarded to a contractor consortium comprised of Mitsubishi Hitachi Power Systems Ltd, Daelim Industrial Co, Ltd, DESCO, Inc. and Daelim Philippines, Inc. The plant construction commenced last September 2014 and the target commercial operation is planned for year-end 2017.

ECC [number] was issued on [date].

[1] Pursuant to the Distribution Management Service Agreement (DMSA) with the Subic Bay Metropolitan Authority.

300-MW CFB Coal-Fired Project in Toledo City, Cebu. This project is undertaken by Therma Visayas, Inc. (TVI), a partnership between AboitizPower and Vivant. The project involves the construction of a 2 x 170-MW coal-fired power plant. The EPC contract was awarded to Hyundai Engineering Co. Ltd. (HEC). The NTP for all EPC activities was issued on March 18, 2015. Targeted commercial operation is first quarter of 2018.

ECC-CO-1301-0003 was issued on 20 May 2013.

68-MW Manolo Fortich Hydropower Plant in Bukidnon. This Project is composed of the 43.4-MW Manolo Fortich Hydro 1 and the 25.4-MW Manolo Fortich Hydro 2 plants which shall be located in the Province of Bukidnon. Both plants are expected to produce at least 350 GWh annually. The construction of the Manolo Fortich Project began in 2015 with a total project cost is estimated at ₱13 bn and is expected to be completed by the third quarter of 2017.

ECC [number] was issued on [date], while FPIC was secured on [date]. The Project also was also issued an NWRB Water Permit [number] on [date].

8.8MW Biomass Plant in Lian, Batangas. Aseagas is a project that involves the construction of an initial biomass plant with a capacity of 8.8 MW. The construction commenced last March 18, 2014 and expected to be completed in 2017. Aseagas has already amended the BREOC (Biomass Renewable Energy Operating Contract), with no. [number] with DOE (Department of Energy). The DOE endorsement, which is one of the requirements for a point to point application with NGCP (National Grid Corporation of the Philippines) to secure certificate for FIT eligibility, has since been secured. At the moment, the FIT rate is expected to be at P6.63/kWh.

ECC [number] was issued on [date]

8.5-MW Maris Canal Hydropower Plant Project in Ramon Isabela. This project is undertaken by SN Aboitiz Power-Magat and involves the construction of an 8.5 MW run-of-river hydropower plant. The project, which broke ground in late 2015, is targeted to be completed by late-2017. As of February 2017, the project is already 66% completed.

ECC [number] was issued on [date]. The Project also was also issued an NWRB Water Permit [number] on [date].

668-MW Supercritical Coal-Fired GN Power Dinginin Unit 1 in Bataan. This project is a joint venture of AC Energy, Aboitiz Power subsidiary Therma Power and Power Partners. The GNPower Dinginin Plant will initially consist of a 1 x 668 MW supercritical coal-fired power plant (with a one-time expansion option for an additional 1 x 668 MW supercritical unit). Unit 1 is currently under construction and estimated completion is in 2019.

ECC [number] was issued on [date]

600-MW CFB Coal-Fired Power Plant in Subic. This project is undertaken by Redondo Peninsula Energy, Inc. (RP Energy), a joint venture among Meralco PowerGen Corporation (MPGC), Aboitiz subsidiary Therma Power, Inc. (TPI) and Taiwan Cogeneration International Corporation (TCIC). The project involves the construction and operation of a 2 x 300 MW (net) circulating-fluidized-bed (CFB) coal-fired power plant. Full implementation of the project is ongoing with expected commercial operation of the power plant starting 2020.

ECC [number] was issued on [date]

390-MW Alimit Hydropower Complex in Ifugao. This project is undertaken by SN Aboitiz Power-Ifugao, Inc. and involves the construction of the 120-MW Alimit hydropower plant, 250-MW Alimit pumped storage facility, and the 20-MW Olilicon hydropower plant. SN Aboitiz Power remains committed in securing the necessary permits to develop the proposed 390-MW hydro complex project in Ifugao. Foremost here is the Free Prior and Informed Consent from the indigenous peoples. This consent is an important component of the feasibility review for the project.

Trademarks

AboitizPower and its Subsidiaries own, or have pending applications for the registration of intellectual property rights for various trademarks associated with their corporate names and logos. The following table sets out information regarding the trademark applications the Company and its Subsidiaries have filed with the Philippine Intellectual Property Office (IP Office).

Trademark	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
A Better Future (Class No. 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004383 November 11, 2010	Application for trademark "A Better Future"	Original Certificate of Registration was issued on November 11, 2010. The 3rd year Anniversary Declaration of Actual Use (DAU) was filed on April 23, 2013 with the IP Office. The 5th year Anniversary DAU was filed last October 26, 2016 with the IP Office. The 10th year Anniversary DAU and application for renewal are due for filing on or before November 11, 2020 with the IP Office.
Better Solutions (Class No. 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004384 November 11, 2010	Application for trademark "A Better Solutions"	Original Certificate of Registration was issued on November 11, 2010. The 3rd year Anniversary Declaration of Actual Use (DAU) was filed on April 23, 2013 with the IP Office. The 5th year Anniversary DAU was filed last October 26, 2016 with the IP Office. The 10th year Anniversary DAU and application for renewal are due for filing on or before November 11, 2020 with the IP Office.
Aboitiz Power word mark (Class No. 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004385 November 11, 2010	Application for "AboitizPower" word mark.	Original Certificate of Registration was issued on November 11, 2010. The 3rd year Anniversary Declaration of Actual Use (DAU) was filed on April 23, 2013 with the IP Office. The 5th year Anniversary DAU was filed last October 26, 2016 with the IP Office. The 10th year Anniversary DAU and application for renewal are due for

					filing on or before November 11, 2020 with the IP Office.
AboitizPower Spiral Device (Class No. 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004380 February 10, 2011	Application for trademark "AboitizPower Spiral and Device". The representation of a spiral rendered in blue.	Original Certificate of Registration was issued on February 10, 2011. The 3rd year Anniversary DAU was filed on April 23, 2013 with the IP Office. The 5th year Anniversary DAU was filed last February 3, 2017 with the IP Office. The 10th year Anniversary DAU and application for renewal are due for filing on or before February 10, 2021 with the IP Office.
Cleanergy (Class No. 42)	Aboitiz Power Corporation	October 19, 2001	4-2001-07900 January 13, 2006	Application for trademark "Cleanergy"	Original Certificate of Registration for the mark CLEANERGY was issued on January 13, 2006. The 5th year Anniversary DAU was filed last December 27, 2011 with the IP Office. The 10th year Anniversary DAU and renewal of registration were filed with the IP Office on January 13, 2016.
Cleanergy and Device (Class No. 42)	Aboitiz Power Corporation	July 30, 2002	4-2002-06293 July 16, 2007	Application for trademark "Cleanergy and Device" with the representation of a light with bulb with three leaves attached to it, with the words "CLEANERGY" and a small "ABOITIZ" diamond logo below it.	Original Certificate of Registration No. 4-2002- 06293 was issued on July 16, 2007. The 5th year Anniversary DAU was filed last July 15, 2013 with the IP Office. The 10th year Anniversary DAU and application for renewal of registration are due for filing on or before July 16, 2017 with the IP Office.
Cleanergy Get It and Device (Class No. 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004381 November 11, 2010	Application for trademark "Cleanergy Get it and Device". The word "Cleanergy" with the phrase "get it" below it with both words endorsed by representation of a thumbs up sign. The whole mark is rendered in two shades of green.	Original Certificate of Registration was issued on November 11, 2010. The 3rd year Anniversary DAU was filed on April 23, 2013 with the IP Office. The 5th year Anniversary DAU was filed last October 26, 2016 with the IP Office. The 10th year Anniversary DAU and application for renewal are due for

					filing on or before November 11, 2020 with the IP Office.
Cleanergy Got It and Device (Class 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004382 November 11, 2010	Application for trademark "Cleanergy got it and device". The word "Cleanergy" with the phrase "got it" below it with both words enclosed by a representation of a thumbs up sign. The whole mark is rendered in two shades of green.	Original Certificate of Registration was issued on November 11, 2010. The 3rd year Anniversary DAU was filed on April 23, 2013 with the IP Office. The 5th year Anniversary DAU was filed last October 26, 2016 with the IP Office. The 10th year Anniversary DAU and application for renewal are due for filing on November 11, 2020 with the IP Office.
AboitizPower and Device (Class 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004379 February 10, 2011	Application for trademark "AboitizPower and Device". The words "Aboitiz" and "Power" rendered in two shades of blue with the representation of a spiral above the words "A Better Future" below it.	Original Certificate of Registration was issued on February 10, 2011. The 3rd year Anniversary DAU was filed on April 23, 2013 with the IP Office. The 5th year Anniversary DAU was filed on February 3, 2017 with the IP Office. The 10th year Anniversary DAU and application for renewal are due for filing on February 10, 2021 with the IP Office.
Alterspace (Class 9, 39 and 40)	Aboitiz Power Corporation	April 6, 2011	4-2011-003968 February 24, 2012	Application for "ALTERSPACE" word mark.	Original Certificate of Registration was issued on February 24, 2012. The 3rd year Anniversary DAU was filed on May 20, 2014 with the IP Office. The 5th year Anniversary DAU is due for filing on or before February 24, 2018 with the IP Office. For abandonment due to non- use and plans to dissolve the system.
Aboitiz Energy Solutions and Device (w/ color claim) (Class No. 42)	Aboitiz Energy Solutions, Inc.	January 25, 2007	4-2007-000784 September 3, 2007	Application for trademark ABOITIZ EBERGY SOLUTIONS and Device with color claim.	Original Certificate of Registration was issued on September 3, 2007. The 3rd year Anniversary DAU was filed with the IP Office on February 4, 2010. The 5th year DAU was filed with the IP Office on August 30, 2013.

					The10th year DAU and application for renewal of registration are due for filing on or before September 3, 2017 with the IP Office.
iEngage (Class No. 39, 40 and 42)	Aboitiz Power Corporation	Februar y 7, 2014	04-2014-001638 August 28, 2014	Application for "iEngage" word mark.	Original Certificate of Registration was issued on August 28, 2014. The 3rd year Anniversary DAU is due for filing on or before February 7, 2017 with the IP Office. For abandonment due to non- use and plans to dissolve the system.
iEngage My Portal (Class No. 39, 40 and 42)	Aboitiz Power Corporation	Februar y 7, 2014	04-2014-001637 August 28, 2014	Application for "iEngage MyPortal" word mark.	Original Certificate of Registration was issued on August 28, 2014. The 3rd year Anniversary DAU is due for filing on or before February 7, 2017 with the IP Office. For abandonment due to non- use and plans to dissolve the system.
iEngage MyBill (Class No. 39, 40 and 42)	Aboitiz Power Corporation	Februar y 7, 2014	04-2014-001636 August 28, 2014	Application for "iEngage MyBill" word mark.	Original Certificate of Registration was issued on August 28, 2014. The 3rd year Anniversary DAU is due for filing on or before February 7, 2017 with the IP Office. For abandonment due to non- use and plans to dissolve the system.
iEngage MyTax (Class No. 39, 40 and 42)	Aboitiz Power Corporation	Februar y 7, 2014	04-2014-001635 August 28, 2014	Application for "iEngage MyTax" word mark.	Original Certificate of Registration was issued on August 28, 2014. The 3rd year Anniversary DAU is due for filing on or before February 7, 2017 with the IP Office. For abandonment due to non- use and plans to dissolve the system.
Subic EnerZone Corporation and Logo (with color claim) (Class No. 39)	Subic EnerZone Corporation	July 6, 2006	4-2006-007306 August 20, 2007	Trademark application for Subic EnerZone Corporation and Logo (blue and yellow). The mark consists of the words "SUBIC ENERZONE" in fujiyama extra bold font with the word "CORPORATION" below it, also in fujiyama font, rendered in cobalt medium blue color, and a representation of the letter "S" taking the	Original Certificate of Registration was issued on August 20, 2007. The 3rd year Anniversary DAU was filed with the IP Office on July 6, 2009. The 5th year Anniversary DAU was filed with the IP Office on June 5, 2013. The 10th year Anniversary DAU and application for renewal of registration are due for filing on or before August 20, 2017 with the IP Office.

				shape of a flame (the company logo) above the words. The logo is likewise rendered in the cobalt medium blue color in a yellow background.	
Subic EnerZone Corporation and Logo (plain only) (Class No. 39)	Subic EnerZone Corporation	July 6, 2006	4-2006-007305 August 20, 2007	Trademark Application for Subic EnerZone Corporation wordmark and logo (gray). The mark consists of the words "SUBIC ENERZONE" in fujiyama extra bold font with the word "CORPORATION" below it, also in fujiyama font, and a representation of the letter "S" taking the shape of a flame (the company logo) above the words.	Original Certificate of Registration was issued on August 20, 2007. The 3rd year Anniversary DAU was filed with the IP Office on January 6, 2010. The 5th year Anniversary DAU was filed with the IP Office on June 5, 2013. The 10th year Anniversary DAU and application for renewal of registration are due for filing on or before August 20, 2017 with the IP Office.
Subic EnerZone Corporation (wordmark) (Class No. 39)	Subic EnerZone Corporation	July 6, 2006	4-2006-007304 June 4, 2007	Trademark Application for Subic EnerZone Corporation (wordmark).	Original Certificate of Registration was issued on June 4, 2007. The 3rd Year Anniversary DAU was filed with the IP Office on July 6, 2009. The 5th year Anniversary DAU was filed with the IP Office on June 4, 2013. The 10th year Anniversary DAU and application for renewal of registration are due for filing on or before June 4, 2017 with the IP Office.

EFFECT OF EXISTING OR PROBABLE GOVERNMENT REGULATIONS ON THE BUSINESS

Since the enactment of the EPIRA in 2001, the Philippine power industry has undergone and continues to undergo significant restructuring. Among the provisions of the EPIRA that have had or will have considerable impact on AboitizPower's businesses relate to the following:

<u>Wholesale Electricity Spot Market (WESM)</u>

The WESM is a mechanism established by the EPIRA to facilitate competition in the production and consumption of electricity. It aims to provide the mechanism for identifying and setting the price of actual variations from the quantities transacted under contracts between sellers and purchasers of electricity by: (a) establishing the merit order dispatch instructions for specific time periods; (b) determining the market clearing price for such time periods; (c) reflecting accepted economic principles; and (d) providing a level playing field to all electric power industry participants.

The WESM provides an avenue whereby generators may sell power, and at the same time suppliers and wholesale consumers can purchase electricity where no bilateral contract exists between the two. Where there are such bilateral contracts, these contracts are nevertheless declared in the market but only to determine the appropriate merit order of generators. Settlement for bilateral contracts between the contracting parties will, however, occur outside the market. Traded electricity not covered by bilateral contracts will be settled through the market on the basis of the market clearing prices for each of the trading periods.

An amended Joint Resolution No. 2 was issued by the DOE, ERC, and PEMC on 27 December 2013, adjusting the WESM Offer Price Cap. In this resolution, the Offer Price Ceiling of Php62,000.00 per MWh as set by the WESM Tripartite Committee was reduced to Php32,000.00 per MWh. This price cap is provisional in nature and shall be subject to public consultations and review by the WESM Tripartite Committee.

In May 2014, the ERC issued an urgent resolution that established a mechanism to impose an interim secondary price cap of Php6,245.00 per MWh in the WESM. In December 2014, the ERC adopted a permanent pre-emptive mitigation measure, where the price cap of Php6,245.00 per MWh would be imposed in the event the average spot price in WESM would exceed Php9,000.00 per MWh over a rolling seven-day period.

The Philippine Independent Power Producers Association, Inc. (PIPPA) filed a petition for declaratory relief with the Regional Trial Court (RTC) of Pasig City on the ground that the resolutions establishing the interim secondary price cap and the permanent pre-emptive mitigation measure are invalid and void.

In 2015, DOE Circular2015-10-0015 entitled "Providing Policies for Further Enhancement of the Wholesale Electricity Spot Market (WESM) Design and Operations" was issued. The enhancements to the WESM Design are summarized below:

1. Removal of Pmin constraint in the Market Dispatch Optimization Model (MDOM);
2. Five minutes dispatch intervals from one hour;
3. Ex-ante pricing only;
4. Maintaining the one hour settlement interval for settlement purposes;
5. Automated pricing corrections;
6. Mandatory integration of distribution utilities' sub-transmission network (with material effect) into the Market Network Model (MNM);
7. Changing the values and priorities of some of the Constraint Violation Coefficients (CVCs);
8. Imposition of WESM offer cap and floor for energy and reserve as determined through joint study by the DOE, ERC and PEMC;
9. Implementation of hourly Day-Ahead Projection (DAP) with sensitivities and Hour-Ahead Dispatch (HAD);
10. Implementation of nodal-based short-term demand forecasting;
11. Enhanced training of WESM participants; and
12. Any other enhancements as may be deemed necessary and issued by the DOE.

Interim Mindanao Electricity Market (IMEM) and WESM Mindanao

On 9 January 2013, the DOE issued Department Circular No. 2013-01-0001 establishing the Interim Mindanao Electricity Market (IMEM). The IMEM intends to address the supply shortage in Mindanao through transparent and efficient utilization of available capacities. However, there were some deficiencies on the processes of the IMEM that led to its inability to collect from customers and to pay the generators. Though the IMEM started in December 2013, it has been suspended indefinitely after three months of operation.

Retail Competition and Open Access (Open Access)

The EPIRA provides for a system of Open Access to transmission and distribution wires, whereby Transco, its concessionaire, the NGCP, and any distribution utility may not refuse the use of their wires by qualified persons, subject to the payment of transmission and distribution retail wheeling charges. Conditions for the commencement of Open Access are as follows:

1. Establishment of the WESM;
2. Approval of unbundled transmission and distribution wheeling charges;
3. Initial implementation of the cross-subsidy removal scheme;
4. Privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and
5. Transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPPAs.

As provided in the EPIRA, Open Access shall be implemented in phases. The WESM began operations in Luzon in June 2006 and in Visayas in December 2010.

In 2011, the ERC *motu proprio* initiated proceedings to determine whether Open Access may already be declared in Luzon and Visayas. Following various public hearings, the ERC declared 26 December 2011 as the Open Access Date when full operations of the Competitive Retail Electricity Market in Luzon and Visayas should commence. All electricity end-users with an average monthly peak demand of 1MW for the 12 months preceding 26 December 2011, as certified by the ERC to be Contestable Customers, were given the right to choose their own electricity suppliers. However, on 24 October 2011, upon the request of MERALCO, Private Electric Power Operators Association and Philippine Rural Electric Cooperatives Association, Inc. for re-evaluation of the feasibility of the 26 December 2011 Open Access Date, the ERC declared the deferment of the implementation of Open Access in Luzon and Visayas by reason of the inadequacy of rules, systems, preparations and infrastructure required therefor.

In 2012, the ERC, together with the DOE and PEMC, worked on the development of the Transitory Rules to govern the initial implementation of Open Access, which rules were finalized and issued by the ERC in December 2012. Under the said rules, the ERC declared 26 December 2012 as the Open Access Date, while the period from 26 December 2012 to 25 June 2013 was declared as the Transition Period during which the required systems, processes and information technology structure relating to Open Access would be developed and finalized, and registration of retail electricity suppliers and Contestable Customers into the WESM database would be instituted. The period from 26 June 2013 to 25 December 2013 would cover the initial commercial operation of Open Access. From 26 December 2013 onwards, full retail competition was implemented, with PEMC assigned to perform the functions of the Central Registration Body tasked to undertake the development and management of the required systems, processes and information technology structure and the settlement of transactions in the WESM relating to Open Access.

In Mindanao, a truly competitive environment required by Open Access is not expected in the near future because the largest generating asset owned by NPC in Mindanao has yet to be privatized. In December 2013, however, the IMEM commenced operations to address the supply shortfall in the grid through the utilization of available resources such that all registered generating facilities are mandated to fully account for their capacities in the market.

In December 2013, ERC issued revised licensing regulations for RES operating in the retail supply segment. In the ERC revised rules, no RES licenses would be issued to generating companies, IPPA and affiliates of distribution utilities during a transition period or until the ERC deems appropriate in consideration of market conditions. Additional restrictions were provided such as: (1) including the contracted capacity of the RES in the grid limitations imposed on the total capacity controlled by its affiliate generation companies; (2) limiting the supply by a RES to its affiliate end-users up to 50% of the RES' capacity; and (3) limiting the supply by a generation company to its affiliate RES up to 50% of the generation requirements of such RES. The Retail Electricity Suppliers Association of the Philippines, Inc. has filed in the RTC of Pasig City a petition for declaratory relief with an urgent application for an injunction on the ground that the revised rules are unconstitutional and invalid.

On 22 October 2014, the ERC issued Resolution No. 17, Series of 2014 that held in abeyance the evaluation of RES license applications and suspends the issuance of RES licenses pending the ERC's promulgation of the amended RES License Rules. Currently, ERC is reviewing the RES Licensing Rules and Rules for Contestability.

On 12 May 2016, the ERC issued Resolution No. 11, Series of 2016 (ERC Resolution No. 11-16), which disallowed distribution utilities from engaging in the supply of electricity to end-users in the contestable market unless it is a Supplier of Last Resort. Local RES are also mandated to wind down business within three years from the effectivity of ERC Resolution No. 11-16. Retail Supply Contracts (RSC) executed by Local RES shall remain valid until their expiration, but no new RSCs can be signed or executed. ERC Resolution No. 11-16 further provides that no RES are allowed to supply more than 30% of the total average monthly peak demand of all Contestable Customers in the CREM. RES are also not allowed to transact more than 50% of the total energy transactions of its supply business with its affiliate Contestable Customers.

In its Resolution No. 10, Series of 2016, the ERC approved the Revised Rules of Contestability that establishes the conditions and eligibility requirements for end-users to be part of the contestable market.

On 27 May 2016, MERALCO filed a Petition for Declaratory Relief, docketed as SCA No.4149-PSG, with a prayer for the issuance of a Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction to (a) enjoin the DOE and the ERC from enforcing and implementing: (i) DOE Circular No. DC2015-06-0010 in connection with the full implementation of RCOA, (ii) Article 1, Sections 2 and 3 of ERC Resolution No. 5, Series of 2016, (iii) ERC Resolution No. 10, Series of 2016 on the revised rules for contestability, and (iv) ERC Resolution No. 11, Series of 2016 regarding restrictions imposed on the operations of DUs and RES in the CREM; and (b) declare the said DOE Circular and ERC Resolutions void.

On 13 July 2016, a Writ of Preliminary Injunction enjoining the implementation of the issuances of the ERC was granted by Branch 157, RTC of Pasig City. The ERC and the DOE, assailing the jurisdiction of the RTC, separately filed Petitions for Certiorari and Prohibition before the Supreme Court, on 5 July 2016 (G.R. No. 225141) and on 27 September 2016 (G.R. No. 226800), respectively.

On 10 October 2016, the Supreme Court, acting on the Petition filed by DOE, issued a TRO enjoining Branch 157, RTC of Pasig City from continuing with the proceedings in SCA No. 4149-PSG and from enforcing all orders, resolutions and decisions rendered in SCA No. 4149-PSG.

In December 2016, the Philippine Chamber of Commerce and Industry, San Beda College Alabang, Inc., Ateneo De Manila University, and Riverbanks Development Corporation filed a new petition before the Supreme Court to enjoin the ERC and the DOE from implementing DOE Circular No. 2015-06-0010, ERC Resolution No. 5, Series of 2016, ERC Resolution No. 10, Series of 2016, ERC Resolution No. 11, Series of 2016, and ERC Resolution No. 28, Series of 2016.

On 21 February 2017, the Supreme Court issued a TRO, effective immediately, enjoining the DOE and the ERC from implementing DOE Circular No. DC2015-06-0010, Series of 2015, ERC Resolution No. 5, Series of 2016, ERC Resolution No. 10, Series of 2016, ERC No. 11, Series of 2016, and ERC Resolution No. 28, Series of 2016.

Unbundling of Rates and Removal of Subsidies

The EPIRA mandated the unbundling of distribution and wheeling charges from retail rates, with such unbundled rates reflecting the respective costs of providing each service. It also mandated the removal of cross subsidies other than the lifeline rate for marginalized end-users which shall subsist for a period of 20 years, unless extended by law. The lifeline rate is a socialized pricing mechanism set by ERC for low- income, captive electricity consumers who cannot afford to pay the full cost of electricity.

Implementation of the Performance-based Rating-setting Regulation (PBR)

On 13 December 2006, the ERC issued the Rules for Setting Distribution Wheeling Rates (RSDWR) for privately-owned distribution utilities entering PBR for the second and later entry points, setting out the manner in which this new PBR rate-setting mechanism for distribution-related charges will be implemented. PBR replaces the Return-on-Rate Base (RORB) mechanism, which has historically determined the distribution charges paid by customers. Under PBR, the distribution-related charges that distribution utilities can collect from customers over a four-year regulatory period is set by reference to projected revenues which are reviewed and approved by ERC and used by ERC to determine the distribution utility’s efficiency factor. For each year during the regulatory period, the distribution utility’s distribution-related charges are adjusted upwards or downwards taking into consideration the utility’s efficiency factor as against changes in overall consumer prices in the Philippines.

The ERC has also implemented a PIS whereby annual rate adjustments under PBR will take into consideration the ability of a distribution utility to meet or exceed service performance targets set by ERC, such as the: (1) average duration of power outages; (2) average time of restoration to customers; and (3) average time to respond to customer calls, with utilities being rewarded or penalized depending on their ability to meet these performance targets.

The second regulatory period of Cotabato Light ended on March 31, 2013, while that of VECO and Davao Light ended on 30 June 2014. In addition, the second regulatory period of SEZ and SFELAPCO ended on 30 September 2015. A reset process should have been initiated 18 months prior to the start of the third regulatory period of 1 April 2013 to 31 March 2017 for Cotabato Light, 1 July 2014 to 30 June 2018 for VECO and Davao Light, and 1 October 2015 to 30 September 2019 for SEZ and SFELAPCO.

The reset process, however, has been delayed due to the issuance by the ERC in 2013 of an Issues Paper on the Implementation of PBR for distribution utilities under RSDWR. Said paper aims to revisit various matters relating to the reset process. The ERC has solicited comments from industry participants and has been holding public consultations on the Issues Paper.

Through ERC Resolution No. 25 Series of 2016 dated 12 July 2016, the ERC adopted the Resolution Modifying the Rules for Setting Distribution Wheeling Rates (RDWR) for Privately Owned Distribution Utilities Entering Performance Based Regulation (PBR). Based on said Resolution, the Fourth Regulatory Period shall be as follows:

1. Cotabato Light: 1 April 2017 to 31 March 2021
2. Davao Light and VECO: 1 July2018 to 30 June 2022
3. SEZ and SFELAPCO: 1 October 2019 to 30 September 2023

On 21 November 2016, the ERC posted for comments the draft Regulatory Asset Base (RAB) Roll Forward Handbook for Privately Owned Electricity Distribution Utilities. Public consultations were conducted on 6 and 9 January 2017 in Cebu and Manila, respectively.

Matuwid na Singil sa Kuryente Consumer Alliance, Inc. (MSK) filed a petition proposing a modified RORB methodology or a modified PBR methodology, wherein the distribution utilities' capital expenditures and rate recovery thereon are approved in advance but the charges to the customers will only commence after the investments have actually been made and validated by ERC auditors. The first public consultation was held on 23 January 2017.

Compliance with the Philippine Distribution Code and the Philippine Grid Code

Each of AboitizPower's Distribution Utilities has submitted to ERC a Compliance Monitoring Report based on a self-assessment of a distribution utility's compliance with the Philippine Distribution Code. These Compliance Monitoring Reports were accompanied by Compliance Plans, which outline the activities and projects to be undertaken by a distribution utility to fully comply with the prescribed technical, performance and financial standards of the Philippine Distribution Code.

Similarly, APRI, TMI and Hedcor have submitted to the ERC their respective Grid Compliance Monitoring Reports based on self-assessments of their compliance with all prescribed technical specifications and performance standards of the Philippine Grid Code. Reliable and attainable Compliance Plans accompanied these reports to outline the activities and projects that will cause compliance by a generation company with the requirements of the Philippine Grid Code. On 5 October 2016, the ERC approved the 2016 Edition of the Philippine Grid Code in Resolution No. 22, Series of 2016. Pertinent revisions are as follows:

1. Redefinition of various reserves;
2. Inclusion of Run-of-River power plants requirements;
3. Amendments to Variable Renewable Energy (VRE) requirements;
4. Changes on definition of Large Generating Plant; and
5. Inclusion of Must-Run Unit (MRU), Constrained Off and Constrained On

On 21 November 2016, the ERC posted for comments the draft Regulatory Asset Base (RAB) Roll Forward Handbook for Privately Owned Electricity Distribution Utilities. Public consultations were conducted on January 6 and 9, 2017 in Cebu and Manila, respectively.

Reduction of Taxes and Royalties on Indigenous Energy Resources

EPIRA mandates the President of the Philippines to reduce the royalties, returns and taxes collected for the exploitation of all indigenous sources of energy, including but not limited to, natural gas and geothermal steam, so as to effect parity of tax treatment with the existing rates for imported coal, crude oil, bunker fuel and other imported fuels. Following the promulgation of the implementing rules and regulations, former President Gloria Macapagal-Arroyo enacted Executive Order No. 100 to equalize the taxes among fuels used for power generation.

Proposed Amendments to the EPIRA

Since the enactment of the EPIRA, members of Congress have proposed various amendments to the law and its implementing rules and regulations. A summary of the significant proposed amendments are as follows:

1. Classification of power projects as one of national significance and imbued with public interest;
2. Exemption from Value Added Tax (VAT) of the sale of electricity by generation companies;
3. Modification of the definition of the term "Aggregator," which is proposed to refer to a person or entity engaged in consolidating electric power demands of end-users of electricity in the contestable market, for the purpose of purchasing, reselling, managing for optimum utilization of the aggregated demand, or simply pooling the tendering process in looking for a supply of electricity on a group basis;
4. Requirement for distribution utilities to conduct public and competitive selection processes or Swiss challenges for the supply of electricity and to fully or adequately contract their future and current energy and demand requirements;
5. Grant of access to electric cooperatives over the missionary electrification fund collected through universal charges;
6. Exclusion of the following items from the rate base charged by Transco and distribution utilities to the public: corporate income tax, value of the franchise, value of real or personal property held for possible future growth, costs of over-adequate assets and facilities, and amount of all deposits as a condition for rendition and continuation of service;
7. Regulation of generation, transmission, distribution and supply rates to allow RORB up to 12%;
8. Classification of power generation and supply sectors as public utilities, which would be required to secure legislative franchises;
9. Prohibition of cross-ownership between generation companies and distribution utilities or any of their subsidiaries, affiliates, stockholders, officials or directors, or the officials, directors, or other stockholders of such subsidiaries or affiliates, including the relatives of such stockholders, officials or directors within the fourth civil degree of consanguinity;
10. Prohibition against or restriction on distribution utilities from sourcing electric power supply requirements, under bilateral electric power supply contracts, from a single generation company or from a group of generating companies wholly-owned or controlled by the same interests;
11. Lowering of the allowable extent of ownership, operation and control of a company or related groups as determined from the installed generating capacity of the grid and/or nationally installed generating capacity;
12. Exemption or deferral of the privatization of some assets of NPC, such as the Unified Leyte (Tongonan) Geothermal Complexes, Agus and Polangui Complexes, and Angat Dam;
13. Expansion of the definition of host communities to include all barangays, municipalities, cities and provinces or regions where hydro generation facilities are located and where waterways or water systems that supply water to the dam or hydroelectric power generating facility are located;
14. Prohibition on distribution utilities, except rural electric cooperatives to recover systems losses and placing a 5% cap on recoverable system loss;
15. Imposition of a uniform franchise tax for distribution utilities equivalent to 3% of gross income in lieu of all taxes;
16. Grant of authority for NPC to generate and sell electricity from remaining assets;

17. Removal of the requirement of a joint congressional resolution before the President may establish additional power generating capacity in case of imminent shortage of supply of electricity; and
18. Creation of a consumer advocacy office under the organizational structure of the ERC

The Renewable Energy Act of 2008 (RE Law)

The RE Law was signed into law by former President Gloria Macapagal-Arroyo on December 16, 2008 and became effective in January 2009. Among the RE Law's declared policies is to accelerate and develop the use of the country's renewable energy (RE) resources to (a) reduce the country's dependence on fossil fuels, thereby minimizing exposure to price fluctuations in the international markets, and (b) reduce or prevent harmful emissions and promote a healthy and sustainable environment.

The RE Law imposes a government share on existing and new RE development projects at a rate of 1% of the gross income from the sale of renewable energy and other incidental income from generation, transmission and sale of electric power, except for indigenous geothermal energy which shall be at a rate of 1.50% of gross income. Proceeds from micro-scale projects for communal purposes and non- commercial operations, not exceeding 100 kW, and proceeds from the development of biomass resources will not be subject to the said government share.

The RE Law offers fiscal and non-fiscal incentives to RE developers, including developers of hybrid systems, subject to certification by the DOE in consultation with the BOI. These incentives include an ITH for the first seven years of commercial operations; duty-free importations of RE machinery, equipment and materials effective within ten years upon issuance of certification, provided, said machinery, equipment and materials are directly and actually needed and exclusively used in RE facilities; special realty tax rates on civil works, equipment, machinery and other improvements of a registered RE developer not exceeding 1.50% of the net book value; net operating loss carry-over; corporate tax rate of 10% after the seventh year; accelerated depreciation; zero-percent VAT on sale of fuel or power generated from RE sources and other emerging sources using technologies such as fuel cells and hydrogen fuels and on purchases of local supply of goods, properties and services needed for the development, construction and installation of RE facilities; cash incentives for missionary electrification; tax exemption on the sale of carbon emission credits; and tax credit on domestic purchases of capital equipment and services.

All fiscal incentives apply to all RE capacities upon the effectivity of the RE Law. RE producers from intermittent RE resources are given the option to pay transmission and wheeling charges on a per kilowatt-hour basis at a cost equivalent to the average per kilowatt-hour rate of all other electricity transmitted through the grid. Qualified and registered RE generators with intermittent RE resources shall be considered "must dispatch" based on available energy and shall enjoy the benefit of priority dispatch. Electricity generated from RE resources for the generator's own consumption and/or for free distribution to off-grid areas is exempt from the universal charge. The RE Law further provides financial assistance from government financial institutions for the development, utilization and commercialization of renewable energy projects, as may be recommended and endorsed by the DOE.

Pursuant to Department Circular No. DO2009-05-008 dated 25 May 2009 (Rules and Regulations Implementing the Renewable Energy Act of 2008), the DOE, the BIR and the Department of Finance shall, within six months from its issuance, formulate the necessary mechanism and/or guidelines to implement the entitlement to the general incentives and privileges of qualified RE developers. However, as of this date, no specific guidelines or regulations have been issued by the relevant implementing agencies. Such being the case, the RE companies of AboitizPower, such as APRI, LHC, Hedcor Sibulan, Hedcor Tamugan, SN Aboitiz Power-Magat and SN Aboitiz Power-Benguet, filed on 6 August 2010 a request before the BIR Law Division for a ruling on the application of zero-rated VAT on all its local purchases of goods and services needed for the development of RE plant facilities, exploration and development of RE sources and their conversion into power. To date, the said request is still pending with the BIR Law Division.

In Resolution No. 10, Series of 2012, the ERC adopted the following FIT and degression rates for electricity generated from biomass, run-of-river hydropower, solar and wind resources:

	Fit Rate (Php/kWh)	Degression Rate
Wind	8.53	0.5% after year 2 from effectivity of FIT
Biomass	6.63	0.5% after year 2 from effectivity of FIT
Solar	9.68	6% after year 1 from effectivity of FIT
Hydro	5.90	0.5% after year 2 from effectivity of FIT

In line with the increase in installation target for solar energy from 50 MW to 500 MW and wind energy from 200 MW to 400 MW, the ERC issued Resolution No. 6 Series of 2015 approving the Solar FIT2 rate of Php8.69/kWh for the second set of installation target. On 6 October 2015, the ERC issued Resolution No. 14, Series of 2015 adopting the Wind FIT2 rate of Php7.40/kWh. On 29 September 2016, a Petition for Rule Making was filed by Alternergy Wind One Corporation, Petrowind Energy, Inc. and Trans-Asia Renewable Energy Corporation seeking to amend Resolution No. 14, Series of 2015, and praying to increase the Wind FIT2 rate of Php7.40/kWh to Php7.93/kWh. A public consultation was held on the Petition for Rule Making on 6 January 2017.

Acting upon the application of Transco as Fund Administrator of the FIT Allowance (FIT-All), the ERC issued its final approval for the FIT-All of Php0.0406 per kWh, for calendar years 2014 and 2015. Subsequently, Transco filed an application for approval of the FIT-All for calendar year 2016. In an Order dated 16 February 2016, the ERC provisionally approved a FIT-All of Php0.1240 per kWh.

In 2013, the ERC had issued the rules enabling the net metering program for RE. The rules, among others, seek to encourage end-users to participate in RE generation by requiring distribution utilities, upon the request of a distribution end-user with an installed RE system, to enter into a net metering agreement with such end-user, subject to technical considerations and without discrimination.

In early 2014, the ERC issued the guidelines on the collection of the FIT-All and the disbursement of the FIT-All Fund by Transco. The FIT-All shall be a uniform charge to be collected for the guaranteed payment of the FIT for electricity generator from emerging renewable energy technologies and actually delivered to the transmission and/or distribution network by RE developers. The distribution utilities and RES entities started collecting the FIT-All from their respective customers in February 2015.

The National Renewable Energy Board (NREB) is presently in the process of preparing the Renewable Portfolio Standards which, under the RE Law, shall be a market-based policy requiring electricity suppliers to source an agreed portion of their energy supply from eligible RE resources.

Proposed Power Supply Agreement (PSA) Rules

In October 2013, ERC introduced the draft "Rules Governing the Execution, Review and Evaluation of Power Supply Agreements Entered into by Distribution Utilities for the Supply of Electricity to their Captive Market". In the proposed rules, a distribution utility is required to undertake a competitive selection process before contracting for supply of electricity to its captive market, and ERC shall establish a benchmark rate that shall serve as reference price to assess the price that a generation company may offer. The draft rules also provide that the ERC's decision on a power supply agreement shall be binding on the parties and any termination or "walk-away" clause shall not be allowed. AboitizPower submitted its position paper to the ERC stating that the proposed rules will violate the equal protection clause of the 1987 Philippine Constitution and the mandate and intent of the EPIRA in connection with the ERC's regulatory power. As of date, public consultations on the proposed rules were concluded and the Company is still awaiting the final rules from the ERC.

On 20 October 2015, ERC issued Resolution No. 13, Series of 2015, entitled, "A Resolution Directing All Distribution Utilities (DUs) to conduct a Competitive Selection Process (CSP) in the Procurement of their Supply to the Captive Market." This resolution provides that a PSA shall be awarded to a winning Generation Company following a competitive selection process or by direct negotiation, after at least two failed CSPs. This Resolution was restated in ERC Resolution No. 1, Series of 2016, entitled, "A Resolution Clarifying the Effectivity of ERC Resolution No. 13, Series of 2015."

ERC Resolution No. 1, Series of 2016 further clarified that automatic renewal clauses or extension of PSAs will no longer be permitted. However, PSAs approved by the ERC or filed with the ERC before the effectivity of this Resolution may have one automatic renewal or extension for a period of one year from the end of their respective terms.

Pricing and Cost Recovery Mechanism (PCRM)

Reserves are forms of ancillary services that are essential to the management of power system security. The provision of reserves facilitates the orderly trading, and ensures the quality of electricity.

As provided in the WESM Rules, when reasonably feasible, the Market Operator, in coordination with the System Operator, shall establish and administer a spot market for the purchase of certain reserve categories. The reserve categories that shall be traded in the WESM are regulating, contingency and dispatchable reserves as well as interruptible loads in lieu of reserves.

The WESM Reserve PCRM is intended to supplement the WESM Price Determination Methodology for purposes of providing the details of formula and procedures by which reserve trading amounts and reserve cost recovery charges for the categories of reserve that will be traded in the WESM are calculated. Once approved by the ERC, this Reserve PCRM will apply to all reserve categories traded in the WESM and will supersede, to this extent, the Ancillary Services Cost Recovery Mechanism of the Transco.

The Reserve PCRM covers the determination of (1) reserve trading amounts of reserve providers; (2) reserve cost recovery charges; and (3) administered reserve prices and reserve cost recovery charges. As of date, the Reserve PCRM is the subject of an application by the Market Operator, which is pending the approval of the ERC.

On 2 December 2014, DOE Circular No. 2014-12-0022, otherwise known as the Central Scheduling and Dispatch of Energy and Contracted Reserves, was issued. The Circular aims to prepare the market participants in the integration of ancillary reserves into the WESM. The ancillary service providers will be paid based on their respective ASPAs with NGCP, while the scheduling of capacity and energy will be based on market results.

Proposed Joint Resolution for the Establishment of Additional Generating Capacity

On 12 September 2014, former President Benigno C. Aquino III requested the House of Representatives and the Senate for authority to establish additional generating capacity. The President cited the DOE's report and projection of a critical electricity situation in the summer of 2015 in Luzon arising from the expected effects of the El Niño phenomenon, the 2015 Malampaya turnaround, increased and continuing outages of power plants, and anticipated delays in the commissioning of committed power projects.

After due deliberation, the Philippine House of Representatives ("House") approved House Joint Resolution No. 21, entitled “A Joint Resolution Authorizing the President of the Philippines, His Excellency Benigno S. Aquino III, to Provide for the Establishment of Additional Generating Capacity as Mandated by Republic Act No. 9136, also known as the ‘Electric Power Industry Reform Act (EPIRA)’, to Effectively Address the Projected Electricity Shortage in the Luzon Grid from March 1, 2015 to July 31, 2015.” On the other hand, the Philippine Senate ("Senate") approved Senate Joint Resolution No.12, entitled "A Joint Resolution Authorizing the President of the Philippines, His Excellency Benigno S. Aquino III, to Address the Projected Electricity Imbalance in the Luzon Grid and Providing the Terms and Conditions Therefor." A bicameral conference committee was constituted to reconcile the provisions of said House and Senate versions of the Joint Resolution. No bicameral conference committee version has been approved as of the date of submission of this Information Statement.

The Joint Resolution aims to address the projected critical power supply situation in Luzon through the expansion of the ILP, acceleration of power projects and implementation of energy efficiency programs.

On the other hand, the ERC has issued its Resolution No. 5, Series of 2015, which would enable the implementation of the ILP with respect to Contestable Customers, customers directly-connected to the grid, ecozone locators, and ecozone utility enterprises. Prior to Resolution No. 5, the ILP could only be implemented by distribution utilities which enter into an agreement with their captive customers.

<u>DOE Circular Directing All Power Generation Companies, the Transmission Service Provider, and All Distribution Utilities to Ensure Adequate and Reliable Electric Power Supply in the Country</u>

Under DOE Department Circular No. 2010-03-0003 dated 26 February 2010, generation companies are enjoined to ensure the availability of its generation facilities at all times subject only to technical constraints duly communicated to the system operator in accordance with existing rules and procedures. For this purpose, generation companies shall have, among others, the following responsibilities:

1. All generation companies shall operate in accordance with their maximum available capacity which shall be equal to the registered maximum capacity of the (aggregate) unit less: (1) forced unit outages, (2) scheduled unit outages, and (3) de-rated capacity due to technical constraints which include: (i) plant equipment related failure and ambient temperature, (ii) hydro constraints which pertain to limitation on the water elevation/ turbine discharge and megawatt output of the plant, and (iii) geothermal constraints which pertain to capacity limitation due to steam quality, steam pressure and temperature variation, well blockage and limitation on steam and brine collection and disposal system;

2. Oil-based generation companies shall maintain an adequate in-country stocks of fuel equivalent to at least 15 days of running inventory which includes shipments in transit;

3. Coal power plants shall ensure the required 30-day coal running inventory which includes shipments in transit;

4. During scheduled maintenance of the Malampaya natural gas facilities, all affected generation companies shall maintain at least 15 days of running inventory of alternative fuel and shall operate at full capacity;

5. All generation companies with natural gas-fired, geothermal and hydroelectric generating plants shall submit to the DOE a monthly report on the current status and forecast of the energy sources of its generating plants;

6. All generation companies must notify and coordinate with the system operator of any planned activity such as the shutdown of its equipment;

7. All generation companies must immediately inform the DOE of any unexpected shutdown or de-rating of the generating facility or unit thereof; and

8. Generation companies shall seek prior clearance from the DOE regarding any plans for deactivation or mothballing of existing generating units or facilities critical to the reliable operation of the grid.

ESTIMATE OF AMOUNT SPENT FOR RESEARCH AND DEVELOPMENT ACTIVITIES

AboitizPower and its Subsidiaries do not allocate specific amounts or fixed percentages for research and development. All research and developmental activities are done by AboitizPower's Subsidiaries and Affiliates on a per project basis. The allocation by said Subsidiaries and Affiliates for such activities varies according to the nature of the project.

COSTS AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS

AboitizPower's generation and distribution operations are subject to extensive, evolving and increasingly stringent safety, health and environmental laws and regulations. These laws and regulations address concerns relating to, among other things:

1. air emissions
2. wastewater discharges
3. the generation, handling, storage, transportation, treatment and disposal of toxic or hazardous chemicals, materials, and waste;

4. workplace conditions; and
5. employee's exposure to hazardous substances

Standard laws and regulations that govern AboitizPower's business operations include the Ecological Solid Waste Management Act, Clean Water Act, Toxic Chemical Substances and Hazardous Waste Act, the Philippine Environmental Impact Statement System, and the RE Law. These laws usher in new opportunities for the Company and set competitive challenges for businesses covered by these laws.

The DOE's Energy Regulation 1-94, as amended, further requires companies to allocate funds for the benefit of the host communities, both for the protection of the natural environment and for the people living within the area. Funds are set for the management of carbon sinks and watershed areas through a nationwide reforestation program.

The inherent drive of AboitizPower to align with international best practices through the pursuit and maintenance of Quality Management Systems, Environmental Management Systems, and Occupational Health & Safety Systems has yielded a 90% adherence rate as of 2016. The Company aims to achieve 100% adherence rate in 2017.

The Tiwi-Makban geothermal plants of APRI have collectively spent Php2.6 mn for their environmental management programs in 2016, Php1.4 mn less than the amount spent for the previous year due to decreased waste hauling activities and more competitive rates for third party laboratory testing.

For 2016, Hedcor and its Subsidiaries, TSI, SN Aboitiz Power–Magat and SN Aboitiz Power-Benguetallocated Php13,982,808.00, Php5,203,132.00 and Php335,480.00, respectively, for the environmental management of their renewable energy operations.

The oil-fired power plants—TMO's barges, TMI's Mobile 1 and 2, and CPPC—allocated Php4,248,828.00 for environmental management. This is a Php2 mn increase from previous year's cost due to third party certification programs that gained them ISO 14001 and OHSAS 18001 certifications.

AboitizPower's Subsidiaries received several environmental awards and recognition in 2016, including: a Plaque of Recognition for the practices of APRI Makban's Multi Partite Monitoring Team from EMB Region IV-A; a citation for APRI Makban's power plant for its exemplary practice on the implementation of different environmental mandates from EMB-Calabarzon; the Saringaya Award for outstanding environmental management for APRI Tiwi from EMB-Region V; and Best in Sustainability Practices for the Solid Waste Management Programs of Hedcor Benguet from EMB – Cordillera Administrative Region.

The Philippine Chamber of Commerce and Industry also cited SN AboitizPower-Benguet's Ambuklao and Binga power plants as finalists for the Excellence in Economy and Ecology Award.

AboitizPower's Subsidiaries received recognitions from the DOLE's 2016 National Gawad Kaligtasan at Kalusugan (GKK) Awards, namely: (1) SN AboitizPower-Benguet's Ambuklao and Binga plants (the National Silver Award for Occupational Safety and Health Programs); (2) Hollis Fernandez, SN AboitizPower- Benguet's SHESQ Manager (Gold Award for Outstanding Safety Management Professional); (3) TMI-M1 (Bronze Award for Occupational Safety and Health Programs); and (4) TSI (Finalist for Region IX).

SN AboitizPower-Benguet, SN AboitizPower-Magat, and Hedcor Benguet were accorded the 2016 Safety and Health Association of the Philippines Energy Sector Inc. (SHAPES) Excellence in Safety Management Award and its respective focal points: Hollis Fernandez, Jessie Palma, Clifford Dallay, Cesar Vicente and Rocky Marquez received individual awards for Outstanding Safety Professional.

The Safety Organization of the Philippines gave APRI's Makban and Tiwi plants the Award of Excellence in recognition for its continued no-lost-time injury for the past five years.

In 2016, AboitizPower and its Subsidiaries and Affiliates did not incur any major sanctions for violation of environmental standards and law. Moreover, AboitizPower continues to be cognizant of new opportunities to comply with regulatory requirements and improvement of systems to promote safety and prevent adverse impacts to the environment or affected ecosystems.

EMPLOYEES

On the parent company level, AboitizPower has a total of 342 employees as of 31 March 2017 composed of executive, supervisory, rank and file staff, and contractual employees. There is no existing Collective Bargaining Agreement (CBA) covering AboitizPower employees.

The following table provides a breakdown of total employee headcount on a per company basis, according to employees' function, as of 31 March 2017:

Business Unit	Number of Employees						Unionized Employee	Expiry of Collective Bargaining Agreement (CBA)
	Total	Executives	Managers	Supervisors	Rank & File	Contractual		
Aboitiz Power	342	64	54	51	173	2	N/A	N/A
AESI	7	0	1	0	6	0	N/A	N/A
BEZ	6	0	0	1	5	0	N/A	N/A
MEZ	6	1	0	1	7	0	N/A	N/A
LEZ	8	0	1	0	7	0	N/A	N/A
ARI	0	0	0	0	0	0	N/A	N/A
APRI*	290	6	19	47	218	0	44	February 28, 2017
CPPC**	118	1	2	14	34	67	N/A	N/A
EAUC	94	1	2	11	27	53	N/A	N/A
LHC	36	0	1	5	24	6	N/A	N/A
MORE	97	12	16	28	33	4	N/A	N/A
SEZ	34	2	4	3	25	0	N/A	N/A
SN Aboitiz Power-Generation	21	1	2	1	7	10	N/A	N/A
SN Aboitiz Power - Magat	48	1	3	17	17	10	N/A	N/A
SN Aboitiz Power - Benguet	62	1	3	28	26	4	N/A	N/A
STEAG Power	203	3	17	40	140	3	N/A	N/A
WMPC	60	0	6	13	41	0	N/A	N/A
SPPC	48	0	3	10	35	0	N/A	N/A

Business Unit	Number of Employees						Unionized Employee	Expiry of Collective Bargaining Agreement (CBA)
	Total	Executives	Managers	Supervisors	Rank & File	Contractual		
Cotabato Light	52	1	3	11	37	0	31	June 30, 2019
Davao Light	314	8	24	65	217	2	130	June 15, 2021
Hedcor, Inc.	466	12	14	50	356	34	145	September 18, 2018
VECO*	365	4	23	49	268	21	163	December 31, 2016
SFELAPCO	267	3	15	7	56	181	56	May 9, 2019
TOTAL NO. OF EMPLOYEES	2,944	121	213	452	1,759	397	569	

** Under negotiation*
*** Figures as of February 28, 2017.*

The Company does not anticipate any increase in manpower within the next twelve months unless new development projects and acquisitions would materially require an increase.

INSURANCE

It Is the Company's policy to obtain and maintain insurance coverage for its operating assets and employees that is in line with industry standards and good business practices. All policies are renewed annually, except for the policies on Group Insurance Program - Industrial All Risks which has a policy period of 18 months.

<u>Power Generation Companies</u>

Group Insurance Program – Industrial All Risks.

To maximize the coverage and competitiveness of insurance terms and conditions, the company had grouped the insurance coverage of the following generating companies:

- AP Renewables, Inc. (APRI)
- Hedcor Sibulan, Inc. (HIS)
- Hedcor Tudaya, Inc. (HTI)
- Hedcor Sabangan Inc. (HSI)
- Luzon Hydro Corporation (LHC)
- Therma Marine, Inc. (TMI)
- Therma Mobile, Inc. (TMO)
- SN Aboitiz Power (SNAP)
- Therma Luzon, Inc. (TLI)
- Therma South, Inc. (TSI)

The Group Policy covers Industrial All Risks (IAR) insurance that will respond to losses and/or damages to (a) declared properties including machinery breakdown and (b) business interruption, procured through Pioneer Insurance and Surety Corporation with policy period of 30 November 2016 to 31 May 2018.

Declared values per generation unit above are as follows:

Group Insurance Program – Political Violence. The company has procured Sabotage and Terrorism insurance that covers property damage and business interruption caused by any acts of sabotage and/or terrorism and/or political violence for AEV Group including power generation and distribution units. This is a group policy with shared limit of US$250 million for any acts of sabotage and/or terrorism and/or political violence. This cover is from 30 November 2016 to 30 November 2017 insured through PNB General Insurers.

Group Property and Electronic Equipment Insurance. Noting that office-based properties has lesser risk exposure compared to the generating plants, the company has procured a separate policy to cover properties which are considered as office-based. This was procured from PNB General Insurers with policy period of 31 July 2016 to 31 July 2017.

Group Comprehensive General Liability Insurance. To mitigate risks related to Third Party Liability for bodily injury and/or property damage, the company procured group cover for the following business units through Starr International Insurance Philippines with policy period of 30 November 2016 to 30 November 2017

BU	Limit per Occurrence (in US$)
Hedcor Sibulan	2,000,000
AP Renewables	2,000,000
SNAP – Benguet	10,000,000
SNAP – Magat	200,000
Therma South, Inc.	5,000,000
Luzon Hydro Corporation	5,000,000

Power Distribution Companies

Group Insurance Program. Seeing the benefits of grouping the insurance coverage, the Company has procured group cover for the following distribution companies:

- Visayan Electric Company
- Davao Light and Power Company
- Cotabato Light and Power Company
- Mactan Enerzone
- Balamban Enerzone
- Subic Enerzone
- Lima Enerzone

The Group Policy covers Industrial All Risks (IAR) insurance that will respond for losses and/or damages to declared properties through PNB General Insurers as lead insurer and Malayan Insurance Co., In., Pioneer Insurance Company Ltd., Charter Ping An Insurance Corporation and MAA General Assurance Phils., Inc., as co-insurers, with policy period of 30 November 2016 to 30 November 2017. Total declared value of the properties are as follows:

BU	Declared Values (in Php)
Visayan Electric Company	4,037,072,083

Davao Light	2,647,522,629
Cotabato Light	446,924,678
Mactan Enerzone	89,708,466
Balamban Enerzone	96,521,799
Subic Enerzone	479,564,764
Lima Enerzone	124,010,034

Group Comprehensive General Liability Insurance. The operations of Distribution Companies comes with Third Party Liability exposures. The company has procured a Comprehensive General Liability insurance from Pioneer Insurance and Surety Corporation with combined single limit for bodily injury and/or property damage of Php5 million per occurrence and in the aggregate with sub-limit of Php1 million for losses related to transmission and distribution. Policy period is from 30 November 2016 to 30 November 2017.

Group Money Insurance. To ensure that cash exposures of the distribution companies are protected, the Company has procured Money Insurance from PNB General Insurers for the following units to respond for losses/da mages in relation to cash inside and outside premises with extension to payroll robbery with policy period of 31 July 2016 to 31 July 2017. Limit of Liabilities are as follows:

BU	**Limit per Occurrence (in Php)**
Visayan Electric Company	6,000,000
Davao Light	8,900,000
Cotabato Light	3,100,000

Insurance Program for Transmission & Distribution Lines. Seeing the need to mitigate major exposure on Transmission and Distribution lines, an insurance program for Visayan Electric Company (VECO) and Davao Light & Power Company (DLPC) in relation to loss of or damage to said properties including loss of gross profit was procured through Pioneer Insurance and Surety Corporation with a limit of US$30,000,000 each occurrence and policy period of 1 March 2017 to 1 March 2018.

Applicable to Both Generation & Distribution Companies

Group Comprehensive Motor Vehicle Insurance. As motor vehicle is an integral part of operation, all registered motor vehicles of Aboitiz Power is covered under the Aboitiz Group's Motor Vehicle insurance through Mapfre Insular Insurance Corporation with policy period of 31 December 2016 to 31 December 2017.

Directors and Officers' Liability Insurance. In order to protect the balance sheet of the company as well as the personal assets of the company's directors and officers, a Directors and Officers Liability Insurance was procured. The coverage includes all subsidiaries of AEV. The policy has a total limit of US$25,000,000 issued by AIG Philippines Insurance, Inc. with policy period of 28 February 2017 and expiring on 28 February 2018.

Stand-alone Program. On a per business unit basis, stand-alone insurance programs were procured to ensure that unique risk exposures of particular business unit is mitigated.

CORPORATE SOCIAL RESPONSIBILITY

The Company strongly believes that business sustainability can be achieved by balancing the interests of people, planet and profit. To ensure a profitable enterprise that will last for generations, it is imperative for every business to operate with a strong social component amid a healthy environment, while practicing the core principles of good governance and transparency.

The Company recognizes that its operations have an impact on society and on the environment. Along with operational efficiency in its generation and distribution facilities and compliance to Government's environmental standards, the Company ensures that the communities where it operates also benefit and develop together with the Company. To this end, the Company has sponsored community development projects in partnership with local government units and other stakeholders to help address the economic, socio-cultural, health, education and environmental concerns of these communities.

The Company contributes to social development programs implemented by the Aboitiz Group. In partnership with the Aboitiz Foundation, Inc., the Group's social development arm, the Company identified three major areas of focus, namely Education, Enterprise Development, and Environment. The Company also continues to address the health care and childcare needs of its host communities, and to offer assistance to disaster-stricken areas.

In 2014, the Aboitiz Foundation launched CSR 2.0, a set of parameters that could measure the significance and impact of projects implemented by the different companies of the Aboitiz Group. These projects are measured based on sustainability, inclusiveness, and alignment to the Group's core competencies. About 50% of group wide CSR programs reached 2.0 status in 2016.

Education

The Company invests in numerous initiatives that aim to nurture and enlighten the minds of students. These are primarily done through scholarship grants for high school, college and technical-vocational students. As of 2016, the Company has a total of 1,138 scholars.

The Company also provides infrastructure projects for educational institutions such as the construction of classrooms, rewiring of electricals, and library revitalization. The Company has also put effort in providing for the basic educational needs of the host communities by donating armchairs, desks, computers and school supplies.

Enterprise Development

The Company recognizes that to empower the host communities, there is a need to widen the livelihood options of the community members. With this, the Company provides opportunities for skills training under its enterprise development program.

Capability building efforts were done in 2016 through several business units. These include Project BELT.COM of Cotabato Light and Davao Light, wherein both distribution units conducted basic electrical lineman's trainings. A similar training was conducted by Davao Light entitled, "Project Best." Project Best aimed to equip citizens of host barangays with the skills needed to become their own resident electricians. Hedcor also conducted trainings that utilized the agriculture of the communities, including community food livelihood development projects, cacao farming lectures and the Gulayan sa Barangay 2016 project.

Environment

The Aboitiz Group, driven by its passion for a better world, is committed to the highest standards of environmental management and performance. One of the notable greening initiatives of the Group is the A-Park program. As of 2016, the Group has already planted 5.4 million seedlings across the country under the program, well in advance of its goal to plant 9 million trees by 2020.

The Company is also involved in seedling nursery, waste management, adopt-a-river, and coastal or river clean-up programs. Moreover, the Company has been taking care of watershed forests that are vital to the business. For instance, Hedcor completed its pledge in 2015 to manage 1,000 hectares of watershed within the protected areas of Mt. Apo Natural Park, where more than half a million trees were planted for reforestation, roadside rehabilitation, riverbank stabilization and agro-forestry.

The Company also features the Aboitiz Cleanergy Park as one of its environmental programs. Located in Davao City, the eight-hectare Park showcases a mangrove reforestation site, nursery, and botanical garden for the propagation of 29 native tree species. Aside from helping reduce carbon emissions, the Park is also actively promoting habitat conservation and biodiversity management in an urban setting. Most importantly, the Park serves as a sanctuary and safe nesting ground for the hawksbill sea turtles, commonly called pawikan. From 2014 to 2016, the Park released more than 1,800 hawksbill hatchlings.

Other Initiatives

In 2016, the Philippines was hit with multiple calamities and disasters, affecting some of the Company's host communities. In the aftermath of typhoons Ferdie, Lawin, and Nina, a number of fire incidents, armed conflict in Mindanao, and even El Niño, the Aboitiz Group and Aboitiz Foundation immediately extended assistance to affected communities nationwide by providing relief packs to 9,887 families. The Distribution Companies also shared their time and assistance to electric cooperatives in restoring electricity in the homes and streets of 14,579 residents, specifically in Tiwi, Albay and Cagayan Province.

The Company is also working with donors from the private sector to support the Philippine Government's efforts in reducing weather-related disaster risks through WeatherPhilippines Foundation. WeatherPhilippines operates a premiere weather forecasting system through the installation of automated weather stations (AWS) across the country. The system delivers free, accurate and localized weather information to help local governments and communities prepare for severe weather conditions. As of December 2016, WeatherPhilippines has completed the deployment of 792 AWS across the country.

In 2013, the Company launched its Cleanergy Center at the MakBan Geothermal Complex in Bay, Laguna to firm up its longstanding commitment to responsible energy development and education. The Cleanergy Center–taken from the words "clean energy" and named after AboitizPower's brand for clean and renewable energy–is the country's first renewable energy learning facility. Since it opened, the Cleanergy Center has accommodated close to 30,000 visitors.

In 2016, the Aboitiz Group invested a total of Php442 mn to assist its host communities and committed Php27.56 mn for its environmental programs, consistent with its commitment to protect and enrich our planet and uplift the well-being of its communities. Through responsible operations and the implementation of various sustainability and CSR projects, the Company is constantly finding better solutions to ensure that its entire value chain continues to be environmentally friendly and remains consistent in promoting sustainable development for A Better Future.

PROPERTIES

The Company's head office is located at the 32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines. The office space occupied by the Company is leased from a third party.

As of the date of this Prospectus, there are no definite acquisitions of properties. Nonetheless, the Company plans to continually participate in future biddings and projects that become available to it and will disclose the same in accordance with the applicable disclosure rules under the SRC.

On a consolidated basis, AboitizPower's Property, Plant and Equipment were valued at around Php192.63 bn in 2016 as compared to Php134.81 bn for 2015. The breakdown of the Company's Property, Plant and Equipment as of December 31, 2016 and December 31, 2015 is as follows:

Property, Plant and Equipment as of December 31	2016	2015
Land	Php1,436,461	Php1,340,282
Buildings, Warehouses and Improvements	21,361,116	14,090,427
Powerplant, Equipment and Streamfield Assets	137,228,130	99,658,102

Transmission, Distribution and Substation Equipment	16,005,968	14,683,602
Transportation Equipment	1,359,708	1,001,932
Office Furniture, Fixtures and Equipment	826,632	505,273
Leasehold Improvements	2,735,378	2,696,862
Electrical Equipment	3,516,283	3,179,186
Meter and Laboratory Equipment	1,345,439	1,546,645
Tools and Others	1,152,427	764,908
Construction in Progress	42,900,110	22,578,043
Less: Accumulated Depreciation and Amortization	37,234,106	27,234,635
TOTAL	**Php192,633,546**	**Php134,810,627**

Note: Values for the above table are in thousand Philippine Pesos.

Locations of Principal Properties and Equipment of the Company's Subsidiaries are as follows:

Subsidiary	Description	Location/Address	Condition
Aseagas	Raw land and improvements	Lian, Batangas	Undergoing development
Cotabato Light	Industrial land, buildings/ plants, equipment and machineries	Sinsuat Avenue, Cotabato City	In use for operations
Davao Light	Industrial land, buildings/ plants, equipment and machineries	P. Reyes Street, Davao City and Bajada, Davao City	In use for operations
VECO	Industrial land, buildings/ plants, equipment and machineries	Jakosalem Street, Cebu City and J. Panis Street, Cebu City	In use for operations
Hedcor	Hydropower plants	Kivas, Banengneng, Benguet; Beckel, La Trinidad, Benguet, Bineng, La Trinidad, Benguet; Sal-angan, Ampucao, Itogon, Benguet; and Bakun, Benguet	In use for operations
Hedcor Sibulan	Hydropower plant	Santa Cruz, Davao del Sur	In use for operations
Hedcor Tudaya	Hydropower plant	Santa Cruz, Davao del Sur	In use for operations
Hedcor Sabangan	Hydropower plant	Namatec, Sabangan, Mountain Province	In use for operations
CPPC	Bunker-C thermal power plant	Cebu City, Cebu	In use for operations
EAUC	Bunker-C thermal power plant	Lapu-Lapu City, Cebu	In use for operations
APRI	Geothermal power plants	Tiwi, Albay, Caluan, Laguna; and Sto. Tomas, Batangas	In use for operations
TMI	Barge-mounted diesel power plants	Nasipit, Agusan del Norte and Barangay San Roque, Maco, Compostela Valley	In use for operations

Subsidiary	Description	Location/Address	Condition
TMO	Barge-mounted diesel power plants	Navotas Fishport, Manila	In use for operations
GNPower-Mariveles	Coal-fired thermal power plants	Mariveles, Bataan	In use for operations
TSI	Coal-fired thermal power plants	Davao City and Davao del Sur	In use for operations
TVI	Land	Bato, Toledo, Cebu	For plant site
LEZ	Industrial land, buildings/plants, equipment and machineries	Lipa City and Malvar, Batangas	In use for operations
BEZ	Buildings/plants, equipment and machineries	Balamban, Cebu	In use for operations

Locations of Principal Leased Properties of the Company's Subsidiaries are as follows:

[To be inserted]

MATERIAL CONTRACTS

<u>AboitizPower PhP 10 Billion Fixed Rate Bonds due 2021 and 2026</u>

On 10 September 2014, AboitizPower issued fixed-rate bonds (the "2014 Bonds") in two series: (a) Series A Bonds, with a term of seven (7) years from issue date and in the aggregate amount of PhP6,600,000,000.00, and (b) Series B Bonds, with a term of twelve (12) years from issue date in the aggregate amount of PhP3,400,000,000.00. The Series A 2014 Bonds had an optional redemption on the fifth (5th) year and one (1) quarter from issue date, and on the sixth (6th) year from issue date. On the other hand, the Series B 2014 Bonds had an optional redemption on the seventh (7th) year from issue date, the eighth (8th) year from issue date, the ninth (9th) year from issue date, the tenth (10th) year from issue date, and the eleventh (11th) year from issue date. BPI Capital Corporation ("BPI Capital") acted as the Issue Manager and Lead Underwriter while Bank of the Philippine Islands – Asset Management Group was appointed as Trustee.

The 2014 Bonds constitute direct, unconditional, unsecured and unsubordinated Peso denominated obligations of AboitizPower and shall rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* in priority of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by the law, (ii) any obligation incurred by AboitizPower pursuant to Section 5.02 (a) of the Trust Agreement for the 2014 Bonds or as may be allowed therein, and (iii) other Indebtedness or obligations disclosed by the Issuer to the Trustee as of the relevant issue date.

Transfers of the Bonds shall be coursed through the Philippine Depository & Trust Corporation ("PDTC") as Registrar. Transfer and/or settlement of the Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and Registrar.

AboitizPower is subject to the following negative covenants, among others:

1. Encumbrances - AboitizPower shall not permit any Indebtedness to be secured by or to benefit from any Lien, in favor of any creditor or class of creditors on, or in respect of, any present or future assets or revenues of the Issuer or the right of the Issuer to receive income; *Provided*, however that this shall not prohibit the following:

a. any Lien over any asset to secure: (i) payment of the purchase price or cost of leasehold rights of such asset; or (ii) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by the Issuer in the ordinary course of business; or (iii) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset;
b. Liens or charges for current taxes, assessments, or other governmental charges which are not delinquent or remain payable, without any penalty, or the validity of which is contested in good faith by appropriate proceedings, and adequate reserves have been provided for payment thereof;
c. any Lien constituted over the investment of the Issuer in any of its affiliates, for any obligation or credit facility incurred for the purpose of pursuing any power generation, distribution, or retailing project or investment therein, whether such power generation, distribution, or retailing project is undertaken by the Issuer itself, by its affiliates, and/or by the Issuer or its affiliates with third parties;
d. any Lien to secure, in the normal course of the business of the Issuer or its affiliates: (x) statutory or regulatory obligations; or (y) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases;
e. any Lien to secure, in relation to a pending judicial, administrative, or arbitral proceeding, the Issuer or its affiliates' (x) surety or appeal bonds; or (y) bonds for release of attachment, stay of execution or injunction;
f. any Lien constituted for the purpose of guaranteeing an affiliate's obligation in connection with any contract or agreement that has been assigned to such affiliate by the Issuer;
g. any Lien constituted for the purpose of guaranteeing an obligation in connection with any contract or agreement of sale of any asset by the Issuer, provided that the Lien is removed or discharged within twelve (12) months of the date of the sale of the asset;
h. any Lien created over (i) deposits made by the Issuer with the proceeds of any loan facility made to it by any bank or financial institution denominated in a currency other than Philippine Pesos ("foreign currency"); or (ii) financial instruments denominated in foreign currency owned by the Issuer, in each case solely for the purposes of raising an equivalent amount of Peso denominated indebtedness
i. any Lien created over or affecting any asset acquired by any affiliate after the date of the Trust Agreement, if:
j. the Lien was not created in contemplation of the acquisition of that asset by such affiliate;
k. the principal amount secured has not been increased in contemplation of, or since the acquisition of that asset by such affiliate; and
l. the Lien is removed or discharged within twelve (12) months of the date of the acquisition of such asset;
m. any Lien on the properties and assets of the Issuer: (i) imposed by Law, such as carriers' Liens, warehousemen's Liens, mechanics' Liens, unpaid vendors' Liens, and other similar Liens arising in the ordinary course of business; (ii) arising out of pledges or deposits under workmen's compensation Laws, unemployment insurance, old age pensions, or other social security or retirement benefits or similar legislation, or retirement benefit plans of the Issuer; or (iii) arising out of the set-off provision on other agreements of the Issuer relating to Indebtedness;
n. any Lien in favor of banks, insurance companies, other financial institutions, and Philippine government agencies, departments, authorities, corporations of other juridical entities which secure a preferential financing obtained by the Issuer under a governmental program and the aggregate principal amount of such preferential financing does not exceed Thirty Five percent (35%) of the Issuer's total assets;
o. any Lien over its cash deposits, short-term cash investments, and marketable investment securities in favor of banks and other financial institutions, which secure (i) any borrowed money in connection with a Treasury Transaction in the ordinary course of business of Issuer, provided that the aggregate amount of security does not at any time exceed United States Dollars: Ten Million (US$10,000,000.00) or its equivalent; and/or (ii) standby letters of credit to be used to guarantee additional equity infusions by the Issuer in its Subsidiaries or Affiliates and/or used in the ordinary course of business of Issuer, its Subsidiaries and/or Affiliates;

p. other Liens: (i) created solely by operation of law; and (ii) on such other assets, whether constituted before or after the Issue Date, as may be disclosed in writing by the Issuer to the Trustee on or before the execution of this Agreement; and
q. any Lien constituted over the investment of the Issuer in any of its affiliate, and whether such investment is in the form of shares, deposits or advances to guarantee or secure the obligations of the said affiliates;

   Provided that for purposes of "affiliate" as used in Section 5.02 (a) (c), (d), (e), (h), and (m) above, it shall refer to any Person in which the Issuer has investment, whether direct or indirect.

2. Declaration and Payment of Cash Dividends/Issuance of Share. AboitizPower shall not declare or pay any dividends to its stockholders (other than dividends payable solely in shares of its capital stock and cash dividends due on its then-outstanding preferred shares) or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders, unless all payments due under the 2014 Bonds are current and updated;

3. Maintenance of Financial Ratios. AboitizPower shall not permit its Net Debt to Consolidated Equity Ratio to exceed 3:1 calculated based on the AboitizPower's year-end audited financial statements.

<u>TPI Syndicated Bridge Loan Facility Agreement</u>

On 4 October 2016, Therma Power, Inc. as borrower, and AboitizPower as guarantor, entered into a Syndicated Bridge Loan Facility Agreement with The Bank of Tokyo-Mitsubishi, UFJ, Ltd., DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation, Ltd., Maybank Kim Eng Securities Pte. Ltd., Mizuho Bank, Ltd., and Standard Chartered Bank as Arrangers, and the The Bank of Tokyo-Mitsubishi, UFJ, Ltd. as Agent.

The Syndicated Bridge Loan was for an aggregate amount of US$650,000,000.00 that was guaranteed by the Company.

CERTAIN LEGAL PROCEEDINGS

AboitizPower and its Subsidiaries are currently involved in various legal proceedings in the ordinary conduct in their businesses. The Company believes that the results of these actions will not have a material effect on the Company's financial position and results of operations.

VECO, in particular, received several assessments of real property taxes (RPT) on its electric posts, transformers, wires, machineries, air-conditioning units, and water pumps. VECO consistently maintains that the electric posts, transformers, wires, machineries, air-conditioning units, water pumps and their appurtenances are not considered real properties under the Civil Code and therefore, are not lawful objects of RPT. To date, VECO has similar RPT cases in amounts ranging from Php14mn to Php67 mn pending before different City Assessors Offices or the LBAA. In the event that a case is decided against VECO, the company can file an appeal with the Central Board of Assessment Appeals (CBAA), without prejudice to subsequent appeals allowed under existing rules governing the appeals process.

Other cases involving the Company and its Subsidiaries are as follows:

Civil Case No. MDI-56 entitled "Mactan Electric Co. vs. Acoland, Inc.", RTC Branch 56, Mandaue City
June 16, 1996

On July 16, 1996, Mactan Electric Company (MECO) filed a quo warranto case against Acoland, Inc. (now Aboitiz Land, Inc.) questioning the latter's authority to distribute power within the MEPZ II as well as the PEZA's power to grant such authority to AboitizLand. MECO argues that AboitizLand does not possess the legal requirements to distribute power within MEPZ II, and that the amendment of AboitizLand's Articles of Incorporation to include the right to engage in the operation, installation, construction and/or maintenance of electric and other public utilities only six days after the filing of this case was an afterthought.

AboitizLand claims that the Special Economic Zone Act of 1995 (RA 7916) that created the PEZA grants the latter broad powers and functions to manage and operate special economic zones, and that these include the power to grant the right to distribute electricity within PEZA-registered economic zones.

The PEZA intervened and argued that it is authorized by its charter to undertake and regulate the establishment and maintenance of utilities including light and power within economic zones under its jurisdiction.

In 2007, with the approval of the PEZA, AboitizLand transferred all of its power assets and business to another corporation, MEZ, which is now the real party in interest in the case.

MECO asks that AboitizLand/MEZ be adjudged as unlawfully exercising the functions of a public utility and usurping the franchise rights of MECO. It further prays that AboitizLand/MEZ be excluded from exercising its purported right to distribute electricity within MECO's franchise area in MEPZ II.

This case has been unresolved for more than 20 years and remains pending before the RTC of Mandaue City. This case is now at the stage of Judicial Dispute Resolution.

Civil Case No. 08-CV-2414 entitled "Luzon Hydro Corporation vs. The Province of Benguet, The Provincial Treasurer of Benguet and Hon. Imelda I. Macanes in her Capacity as Provincial Treasurer of La Trinidad, Province of Benguet", RTC Branch 10, La Trinidad, Benguet
March 7, 2008

On October 11, 2007, the Provincial Treasurer of Benguet issued an assessment against LHC, requiring LHC to pay franchise tax for the years 2002 to 2007 in the approximate amount of Php40.40 mn, inclusive of surcharges and penalties. LHC filed a protest letter with the Provincial Treasurer on December 2007 on the ground that LHC is not a grantee of any legislative franchise on which the franchise taxes may be imposed. On February 8, 2008, the Provincial Treasurer, through the Provincial Legal Officer, denied LHC's protest. On March 7, 2008, LHC filed a petition for the annulment of the franchise tax assessment, based primarily on the fact that LHC is not liable for Franchise Tax because it does not have a franchise to operate its business.

On February 18, 2014, the RTC rendered a Decision in favor of LHC declaring the franchise tax assessment ineffective for lack of sufficient evidence that LHC is holding a special or secondary franchise to operate its plant in Benguet. The Province of Benguet filed a Motion for Reconsideration of the RTC's Decision.

The court set the Motion for Reconsideration for hearing on May 15, 2014. However, on May 15, 2014, the judge was unavailable, and the hearing was reset to August 13, 2014.

During the hearing on August 13, 2014, Benguet requested for ten (10) days to file its Reply to LHC's Opposition. LHC was given the option to file a Rejoinder within the same period from receipt of the Reply. LHC received the Reply on September 3, 2014 and filed its Rejoinder on September 15, 2014.

On March 17, 2016, LHC received a notice of hearing from the RTC that the case will be heard on April 21, 2016 at 2:00 p.m.

During the hearing on April 21, 2016, the counsel for Benguet informed the court that he did not receive the order and appeared only after receiving a phone call at 10:00 a.m. from the staff of the court. The Court acknowledged, from checking its records, that indeed there was no proof of service to the counsel for Benguet and thus the hearing was reset to May 24, 2016 at 9:00 a.m.

During the hearing on May 24, 2016, only LHC appeared. The Court stated that with no additional arguments coming from respondent, the Motion for Reconsideration is denied as the matters raised in such have been addressed in its decision being reconsidered.

To date, LHC has not received any further orders or pleadings appealing the case.

GR No. 229064 (formerly CTA En Banc Case No. 1020; CBAA Case No. L-57 and L-59)
"National Power Corporation vs. Luzon Hydro Corporation (LHC), Banggay T. Alwis, Municipal Assessor, Manuel C. Bagayao, Municipal Treasurer of Bakun, Benguet, Erlinda Estepa, Provincial Assessor and Mauricio B. Ambanloc, Provincial Treasurer of the Province of Benguet"
May 24, 2013

The Municipality of Bakun, Province of Benguet issued an assessment against LHC for deficiency RPT for the year 2002 on its machineries in the amount of approximately Php11 mn, inclusive of interests and penalties. LHC appealed the assessment to the LBAA. The NPC intervened in the proceedings before the LBAA arguing that: (i) the liability for the payment of RPT over the machineries is assumed by the NPC under Section 8.6(b) of the Bakun PPA dated November 24, 1996; and (ii) the NPC is exempted from the payment of RPT under Section 234 of the LGC, which provides that machineries which are actually, directly and exclusively used by government-owned and controlled corporations engaged in the generation and transmission of electric power are not subject to RPT. The LBAA ruled in favor of the Municipality of Bakun on the ground that the NPC could not invoke the exception under Section 234 of the LGC because the machineries covered by the assessment are not yet owned by the NPC.

NPC appealed the ruling of the LBAA to the CBAA, which appeal was docketed as CBAA Case No. L-57/59. The Province of Benguet, through the Office of the Governor, and LHC, engaged in negotiations to arrive at a possible settlement. In December 2009, NPC moved for the issuance of a decision based on a compromise agreement. The Province of Benguet opposed NPC's motion and prayed that the CBAA continue hearing the case and resolve the same on the merits. LHC filed its reply to the Province of Benguet's opposition.

On July 3, 2012, the CBAA rendered a decision dismissing the appeals of LHC and NPC for lack of merit. LHC then filed its Motion for Reconsideration. On October 4, 2012, LHC received an order from the CBAA noting its Motion for Reconsideration as well as the one filed by NPC, and giving the Province of Benguet a period of ten days from receipt of the said order within which to file its comment/opposition.

On October 11, 2013, LHC, NPC and the Province of Benguet filed a Joint Motion for Judgment based on a Compromise Agreement with the Court of Tax Appeals (CTA). On January 16, 2014, LHC received a copy of the resolution of the CTA En Banc ordering the parties to submit additional documents in support of the Joint Motion for Judgment. The CTA En Banc held in abeyance the resolution of the Joint Motion for Judgment based on Compromise pending the submission of certain documents.

On September 2, 2015, LHC received a Manifestation from the Province of Benguet stating that the: (i) Sangguniang Panlalawigan of Benguet's Resolution authorizing their Provincial Governor to enter into the January 29, 2004 Compromise Agreement; and (ii) Sangguniang Bayan of Bakun, Benguet's Resolution authorizing its Municipal Mayor Marcelo Contada to enter into the December 2007 Compromise Agreement and January 18, 2008 MOA, do not exist.

Despite close coordination with both the Province of Benguet and the Municipality of Bakun for the issuance of the necessary resolutions to ratify the actions previously taken by their respective Sanggunian, no such action has been taken by the Sangguniang Panlalawigan of Benguet and the Sangguniang Bayan of Bakun.

Given the foregoing and in the interest of substantial justice, LHC filed a Motion to Resolve the Joint Motion for Judgment based on Compromise Agreement on December 29, 2015, attesting that the Province of Benguet and the Municipality of Bakun made representations that they were authorized to execute the Compromise Agreement and that they accepted the Compromise Payments made by LHC pursuant thereto. As a consequence, the Province of Benguet and the Municipality of Bakun are estopped from assailing the Compromise Agreement.

On March 28, 2016, LHC received a notice of resolution from the CTA granting LHC's Motion to Resolve the Joint Motion for Judgment based on Compromise. The CTA though, denied such motion. The CTA further stated that without necessarily giving due course to the Petition for Review, LHC and the other respondents were ordered to file their respective comments on the Petition for Review.

On April 12, 2016, LHC filed a Motion for Partial Reconsideration asking that the CTA (1) hold in abeyance the requirement for respondent to file their comment on the Petition; and (2) partially reconsider its resolution by approving the 2007 and 2013 Compromise Agreements and the 2008 and 2012 Memorandum of Agreements, and render a Decision based on the foregoing ("Motion for Partial Reconsideration"). Respondents Municipal Treasurer of Bakun, Benguet, the Provincial Assessor of Benguet and the Provincial Treasurer of Benguet filed their comments to the motion, and a Motion for Extension to file Comment by the Office of the Solicitor General. On October 2016, the CTA denied LHC's Motion for Partial Reconsideration for lack of merit.

On December 12, 2016, LHC filed with the SC a Petition for Certiorari assailing the above resolutions of the CTA for acting with grave abuse of discretion amounting to lack or excess of jurisdiction when it denied the parties' joint motion for judgment based on compromise. To date, LHC has not received any further orders or pleadings.

Supreme Court GR No. 223403 and 223460-61 (formerly CTA En Banc Case Nos. 1024 and 1096; CBAA Case Nos. L-96 and L-99) "Luzon Hydro Corporation and the National Power Corporation vs. The Local Board of Assessment Appeals of the Province of Ilocos Sur, Fatima Tenorio, in her official capacity as the Provincial Assessor of the Province of Ilocos Sur, Antonio A. Gundran, in his capacity as the Provincial Treasurer of the Province of Ilocos Sur"
July 2, 2003

On July 2, 2003, the Municipal Assessor of Alilem sent LHC two notices of assessment for RPT. The first notice required LHC to pay RPT in the amount of Php4.3 mn for the fourth quarter of 2002, while the second notice required LHC to pay Php17.2 mn for 2003. The notices of assessment also contained an additional imposition of 40% of the acquisition cost, which allegedly represented installation costs, and a further imposition of 15%, which allegedly represented freight costs.

LHC filed a Protest before the LBAA which ruled against LHC by upholding the notices of assessment. LHC appealed directly to the CBAA.

On September 26, 2012, the CBAA rendered a decision denying LHC's appeal. On November 14, 2012, LHC filed its Motion for Reconsideration. On March 21, 2013, the CBAA issued a resolution denying LHC's Motion for Reconsideration, a copy of which was received by LHC only on November 6, 2013. LHC filed its Petition for Review with the CTA En Banc on December 6, 2013. The CTA En Banc consolidated the instant case with CTA EB Case No. 1024.

On January 26, 2015, the CTA En Banc denied the Petition, prompting LHC to file a Motion for Reconsideration on February 10, 2015.

On May 13, 2015, LHC filed a Motion to take Judicial Notice of Executive Order No. 173 and suspend proceedings.

On March 18, 2016, LHC received a copy of the CTA En Banc's resolution wherein the court took judicial notice of the EO, however, denied the motion to suspend the proceedings. LHC filed its Petition for Review on Certiorari with the SC on April 4, 2016, which the SC later on consolidated with petition filed by NPC.

On November 29, 2016, LHC received the comment of the Province of Ilocos Sur.

G.R. No. 210245 entitled "Bayan Muna Representative Neri Javier Colmenares, et al. v Energy Regulatory Commission, et al.", Supreme Court; December 19, 2013
G.R. No. 210255 entitled "National Association of Electricity Consumers for Reforms, et al. v Manila Electric Company, et al.", Supreme Court; December 20, 2013
G.R. No. 210502 entitled "Manila Electric Company, et al. v Philippine Electricity Market Corporation, et al.", Supreme Court; January 8, 2014

On December 19, 2013, Bayan Muna representatives filed a Petition for Certiorari against the ERC and the MERALCO with the Supreme Court, questioning the alleged substantial increase in MERALCO's power rates for the billing period of November 2013.

These cases raised, among others, (i) the legality of Section 6, 29 and 45 of the EPIRA, (ii) the failure of ERC to protect consumers from high prices of electricity, and (iii) the alleged market collusion by the generation companies.

These cases were consolidated by the Supreme Court, which issued a TRO preventing MERALCO from collecting the increase in power rates for the billing period of November 2013. The TRO was subsequently extended by the Supreme Court for another 60 days, or until April 22, 2014. On April 22, 2014, the Supreme Court extended the TRO indefinitely.

MERALCO filed a counter-petition impleading all generation companies supplying power to the WESM to prevent the generation companies from collecting payments on power purchased by MERALCO from the WESM. The Supreme Court also ordered all power industry participants (the DOE, ERC, PEMC, PSALM and the generation companies) to respond to MERALCO's counter-petition.

The Supreme Court set the consolidated cases for oral arguments last January 21, 2014, February 4 and 11, 2014. After oral arguments, all parties were ordered to file their comments and/or memoranda. MERALCO has been prevented from collecting the differential increase of the price hike. Because of MERALCO's counter-petition against the generation companies, the PEMC withheld settlement of the power purchases during the covered period.

The cases before the Supreme Court are still pending resolution.

SC GR No. 224341 entitled Philippine Electricity Market Corporation vs. Therma Mobile, Inc., Supreme Court
[CA G.R. SP No. 140177 entitled "PEMC v. Therma Mobile Inc.", Court of Appeals, Manila]
[SP Proc. No. 12790 entitled "Therma Mobile Inc. v. PEMC", Regional Trial Court Branch 157-Pasig City]
[PEMC ECO-2014-0009 entitled "Therma Mobile, Inc. (TMO Power Plants Units 1-4) Possible Non-Compliance with Must-Offer-Rule, Investigation Summary Report, dated August 4, 2014"]

The Enforcement and Compliance Office of the Philippines Electricity Market Corporation (PEMC-ECO) conducted an investigation on TMO for possible non-compliance with the Must-Offer-Rule for the period October 26, 2013 to December 25, 2013.

PEMC-ECO concluded that TMO was non-compliant with the Must-Offer-Rule for 3,578 intervals and recommended a penalty of Php234.9 mn.

TMO filed its letter request for reconsideration on September 5, 2014, contending that it did not violate the Must-Offer-Rule because its maximum available capacity was limited to 100 MW due to: (i) the thermal limitations of the old TMO 115-kV transmission line, and (ii) the technical and mechanical constraints of the old generating units and the component engines of the TMO power plants which were under various stages of rehabilitation.

In its letter dated January 30, 2015, the PEMC Board of Directors (PEMC Board) denied TMO's request for reconsideration and confirmed its earlier findings of breach of 3,578 counts under the Must-Offer-Rule and sustained the imposition of financial penalties amounting to Php234.9 mn on TMO. According to the PEMC Board, the penalties will be collected from TMO through the WESM settlement process.

TMO maintains that there is no basis for the PEMC decision. TMO did not withhold any capacity for the period covered, as it was physically impossible for TMO to transmit more than 100 MW to MERALCO. Although TMO's rated capacity is 234 MW (net), it could only safely and reliably deliver 100 MW during the November and December 2013 supply period because of limitations of its engines and the 115-kV transmission line. This temporary limitation of TMO's plant was confirmed during a dependable capacity testing conducted on November 21, 2013. At this period, TMO's engines and transmission lines were still undergoing rehabilitation after having been non-operational for the last five years.

On February 13, 2015, TMO filed a Notice of Dispute with the PEMC to refer the matter to dispute resolution under the WESM Rules, WESM Dispute Resolution Market Manual and the ERC-PEMC Protocol.

On February 16, 2015, TMO filed an Urgent Petition for the Issuance of Interim Measures of Protection for the Issuance of a Writ of Preliminary Injunction with prayer for Temporary Order of Protection before the Pasig City RTC . In its Order dated February 24, 2015, the RTC granted TMO a 20-day temporary order of protection and directed PEMC to a) refrain from demanding or collecting the amount of Php234.9 mn as financial penalty; b) refrain from charging interest on the financial penalty and having the same accrue; and c) refrain from transmitting PEMC-ECO's investigation report to the ERC. TMO posted a bond in the amount of Php234.9 mn to answer for any damage that PEMC may suffer as a result of the Order. On April 1, 2015, the RTC rendered a Decision in favor of TMO. PEMC filed a Petition for Review with Prayer for Temporary Restraining Order and/or Writ of Preliminary Injunction before the Court of Appeals (CA) which sought to reverse and set aside the Decision of the RTC.

On December 14, 2015, the CA rendered a Decision denying PEMC’s Petition for Review and affirming the April 1, 2015 Decision of RTC in favor of TMO.

On June 6, 2016, PEMC filed a Petition for Review on Certiorari with the Supreme Court to assail the December 14, 2015 CA Decision. This petition is still pending before the Supreme Court.

ERC Case No. 2014-001 entitled “In the Matter of the Investigation on the Alleged Anti-Competitive Behavior and Possible Abuse of Market Power Committed by Some Participants in the WESM”, ERC (Investigation Unit); ERC Case No. 2015-025 MC entitled “ERC vs MERALCO and Therma Mobile, Inc.[For Violation of Section 45 of RA 9136, otherwise known as EPIRA, Rule 11, Section 1 of IRR or the EPIRA (Commission of an Anti-Competitive Behavior, particularly Economic Withholding)]”, ERC Pasig City, June 4, 2015; and
ERC Case No. 2015-027 MC entitled “ERC vs Therma Mobile, Inc. [For Violation of Section 45 of RA 9136, otherwise known as EPIRA, Rule 11, Section 1 and 8(e) of IRR or the EPIRA (Commission of an Anti-Competitive Behavior, particularly Physical Withholding)]”, ERC, Pasig City, June 4, 2015

Pursuant to the allegations in the Bayan Muna Supreme Court case, the Investigation Unit of the Energy Regulatory Commission ("ERC-IU") conducted investigations on the alleged anti-competitive behavior and market abuse committed by some participants of the WESM including TMO.

On January 24, 2014 the ERC issued a Subpoena Ad Testificandum and Duces Tecum directing TMO's representative to give clarifications on matters pertaining to offers per trading interval involving the November to December 2013 supply months and provisions on the PSA between MERALCO and TMO. The representative was likewise directed to bring relevant documents.

On January 29, 2014, TMO filed its Compliance and Submission to the Subpoena Duces Tecum. Further, on March 11, 2014, TMO filed its Memorandum arguing that it did not commit any act constituting anti-competitive behavior and/or misuse of market power. TMO then requested the ERC IU to terminate and close the investigation.

On May 20, 2015, the ERC IU issued its report and found that in bidding the way they did for the November and December 2013 supply months, TMO and MERALCO committed Economic Withholding. In the same report, the ERC IU also found that TMO committed Physical Withholding, and thus recommended the filing of cases for Anti-Competitive Behavior against TMO and MERALCO for Economic Withholding and against TMO alone for Physical Withholding.

On June 23, 2015, the ERC issued an Order directing MERALCO and TMO to file their respective Answers to the Complaint for Economic Withholding within fifteen days from receipt of notice, and another Order directing TMO to file its Answer to the Complaint for Physical Withholding within 15 days from receipt of notice.

On August 24, 2015, TMO filed its Answers praying for the dismissal of the Complaints.

In its Manifestation dated October 7, 2016, ERC-IU manifested the resignation of Atty. Isabelo Tomas as Investigating Officer and the appointment of Director Alfredo Vergara, Jr. and Engr. Nelson Canlas as new Investigating Officers (IO). In a separate pleading, the new IOs filed their Reply to various motions filed by TMO. On November 21, 2016, TMO filed its Counter-Manifestation and Rejoinder with the ERC.

In an Order dated February 2, 2017, the ERC denied TMO's motion to dismiss for lack of jurisdication. On February 23, 2017, TMO filed its Motion for Reconsideration of the above ERC Order. The company is still waiting for further orders from the ERC.

ERC Case No. 2015-038 MC entitled "Energy Regulatory Commission vs. APRI ([Violation of Section 45 of EPIRA, Rule 11, Sec. 1 and 8 (E) of the Implementing Rules and Regulations (Commission of an Anti-Competitive Behavior, particularly, Physical Withholding)]", ERC, Pasig City
June 9, 2015

The ERC IU conducted investigations on the alleged anti-competitive behavior and market abuse committed by some participants of the WESM, including APRI.

On May 20, 2015, the ERC IU released its report holding that APRI's non-compliance with the Must-Offer Rule for four intervals is tantamount to Physical Withholding which, it alleged, is a form of anti-competitive behavior.

On June 9, 2015, Complainant Atty. Isabelo Joseph Tomas, III, Investigating Officer of the IU, filed the complaint for Anti- Competitive Behavior against APRI. On June 23, 2015, the ERC issued an Order directing APRI to file its answer within fifteen days from notice.

On July 1, 2015, APRI received the summons and complaint. Subsequently, on July 7, 2015, APRI through counsel, filed its Entry of Appearance with Omnibus Motion praying that: (a) the Complainant serve upon APRI the complete copy of the complaint and its annexes; (b) the Complainant clarify and put on record the answer to the following issues: (i) which of Makban geothermal power plants' generating units is the subject of the complaint; and (ii) the dates and times of the four intervals mentioned in the complaint during which APRI allegedly offered "less than its total registered capacity."

Meanwhile, on July 29, 2015 APRI filed its Answer *ad cautelam*.

Despite manifestations to the contrary, Complainant no longer filed a reply to APRI's Answer. APRI is now waiting for the schedule of the hearing of its Affirmative Defenses.

On its Manifestation dated October 7, 2016, ERC-IU manifested the resignation of Atty. Isabelo Tomas as Investigating Officer and the appointment of Director Alfredo Vergara, Jr. and Engr. Nelson Canlas as new Investigating Officers (IO). In a separate pleading, the new IOs filed their Reply to various motions filed by APRI.

On February 2, 2017, ERC issued an Order denying APRI's Motion to Dismiss dated July 29, 2016 based on lack of subject matter jurisdiction. On March 2, 2017, APRI filed its Motion for Reconsideration of the February 2, 2017 Order. APRI is still waiting for further orders from the ERC.

ERC Case No. 2014-021 MC entitled "In the Matter of the Prices in the WESM for the Supply Months of November and December 2013 and the Exercise by the Commission of its Regulatory Powers to Intervene and Direct the Imposition of Regulated Prices therein without Prejudice to the On-going Investigation on the Allegation of Anti-Competitive Behavior and Possible Abuse of Market Power Committed by Some WESM Participants"
March 28, 2014

The ERC conducted an investigation on the alleged collusion by the generation companies to raise the WESM prices. Subsequently, the ERC issued an Order in ERC Case No. 2014-021 MC dated March 28, 2014 (the "ERC Order"), declaring as void the Luzon WESM prices during the November and December 2013 supply months. The ERC also declared the imposition of regulated prices for such billing periods and directed the PEMC to calculate the regulated prices and implement the same in the revised November and December 2013 WESM bills of the concerned distribution utilities in Luzon, except for MERALCO whose November 2013 WESM bill was maintained in compliance with the TRO issued by the Supreme Court.

The ERC also ordered the PEMC, through its Enforcement and Compliance Office (ECO) to conduct an investigation, within a period of no less than 90 days, on the alleged violation of the Must-Offer-Rule.

Pursuant to the ERC Order, on March 18, 2014, the PEMC issued adjusted billing statements for all generators trading in the WESM, including Cebu- based EAUC and CPPC, recalculating the WESM prices.

The Company's Affiliates and Subsidiaries, APRI, TLI, TMO, AESI, AdventEnergy, SN Aboitiz Power-Magat, SN Aboitiz Power-Benguet, CPPC and EAUC filed their respective Motions for Reconsideration, questioning the validity of the ERC Order on the ground of lack of due process, among others. In its March 27, 2014 Order, the ERC ordered deferral of PEMC's implementation of the adjusted billing statements for 45 days. This was subsequently extended with no clear timeline by the ERC in its order dated June 6, 2014.

The ERC, in its Order dated October 15, 2014, denied said Motions for Reconsideration. SN Aboitiz Power-Benguet, SN Aboitiz Power-Magat, APRI, TLI and TMO filed their Petitions for Review (the "Petitions") before the Court of Appeals on November 19, 24, December 1, and 4, 2014, respectively. The Court of Appeals subsequently ordered the consolidation of the Petitions on October 9, 2015. The case is still pending with the Court of Appeals.

ERC Case No. 2013-077 MC entitled "In Re: Petition for Dispute Resolution: Manila Electric Company (MERALCO) vs. South Premier Power Corporation (SPPC), Masinloc Power Partners Company, Ltd. (MPPCL), AP Renewables, Inc. (APRI), Therma Luzon, Inc. (TLI), San Miguel Energy Corporation (SMEC) and SEM-Calaca Power Corporation (SCPC)"
August 29, 2013

On August 29, 2013, MERALCO filed a petition before the ERC against TLI and APRI, among other Successor Generating Companies (SGCs), docketed as ERC Case No. 2013-077 MC, where MERALCO prayed that it be refunded by the respondent-SGCs of the transmission line losses. The petition arose from a claim of refund on account of the alleged over-recoveries of transmission line losses.

The petition was filed by MERALCO pursuant to the ERC Order dated March 4, 2013 and July 1, 2013 in ERC Case No. 2008-083 MC where the SGCs were not parties to.

On September 20, 2013, APRI and TLI, together with the other SGCs, filed a Joint Motion to Dismiss arguing that MERALCO's petition should be dismissed for failure to state a cause of action and ERC's lack of jurisdiction over the subject matter of the case. The motion argued that (a) MERALCO cannot base its cause of action against the SGCs on a decision issued by ERC in another case where none of the SGCs were made parties to the case; and (b) MERALCO's claim is in a nature of a claim for sum of money which is properly within the jurisdiction of regular courts. The Joint Motion to Dismiss has since then been submitted for resolution with the ERC. To date, the ERC has yet to render its decision on the Joint Motion to Dismiss.

GR SP No. 212686 entitled "Sergio R. Osmeña III, vs. Power Sector Assets & Liabilities Management Corporation, et al.", Supreme Court
June 13, 2014

On March 31, 2014, PSALM declared TPVI as the highest bidder in the bidding for the sale of the 153.1-MW Naga Power Plant Complex (NPPC). A Notice of Award was issued to TPVI on April 30, 2014.

However, SPC Power Corporation (SPC), the other bidder, exercised its RTT under the Naga Power Plant/ Land-based Gas Turbine Land Lease Agreement (LBGT LLA) with PSALM to top TPVI's winning bid. PSALM's Board of Directors declared SPC as the winning bidder and issued a Notice of Award and Certificate of Effectivity in its favor. An APA and a Land Lease Agreement (LLA) for the NPPC were executed between PSALM and SPC.

Senator Sergio R. Osmeña III filed a petition for certiorari and prohibition and to enjoin PSALM from implementing SPC's RTT in connection with the NPPC bidding and to have the said RTT be declared null and void. PSALM, SPC and TPVI were impleaded as respondents.

In its September 28, 2015 Decision, the Supreme Court declared the RTT as null and void, and annulled and set aside the APA and LLA for the NPPC executed in favor of SPC. The Supreme Court held that SPC's RTT is void for lack of a valid interest or right to the object over which the right of first refusal is to be exercised. SPC filed a Motion for Reconsideration, which was denied by the Supreme Court in a Resolution dated December 29, 2015.

SPC subsequently filed with the Supreme Court a "Motion for Leave to File and Admit the Attached Urgent Motion for Second Reconsideration and/or Referral to the En Banc with attached Urgent Motion for Second Reconsideration" both dated February 1, 2016.

On March 16, 2016, TPVI filed a Manifestation and Motion before the Supreme Court praying that a resolution be issued by the Supreme Court declaring that the Notice of Award dated April 30, 2014 issued by PSALM in favor of TPVI as the highest bidder of the NPPC be reinstated and be of full force and effect. This was granted by the Supreme Court.

The Supreme Court directed the Notice of Award in favor of TPVI be reinstated, and for PSALM to execute the NPPC APA and LLA with TPVI with dispatch.

SPC filed an Urgent Motion for Reconsideration in response to the October 10, 2016 Resolution. The Supreme Court denied it with finality in a Resolution dated November 28, 2016.

On February 14, 2017, TPVI thru counsel, received a copy of the Entry of Judgment dated January 9, 2017, which states that the September 28, 2015 Decision and October 5, 2016 Resolution have become final and executory on November 28, 2016 and been recorded in the Book of Entries of Judgment.

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

AboitizPower's common shares are traded on the PSE.

The high and low stock prices of AboitizPower's common shares for each quarter of the past two years and first quarter of 2017 were as follows:

	2017		2016		2015	
	High	**Low**	**High**	**High**	**High**	**Low**
First Quarter	44.25	41.55	44.40	39.40	46.50	42.20
Second Quarter	N/A	N/A	48.90	42.80	45.50	41.50
Third Quarter	N/A	N/A	46.65	44.00	45.75	42.00
Fourth Quarter	N/A	N/A	46.40	41.50	43.90	39.10

The closing price of AboitizPower common shares as of May 15, 2017 is Php40.00 per share.

HOLDERS

As of March 31, 2017, AboitizPower has 636 stockholders of record, including PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Foreign). Common shares outstanding as of same date were 7,358,604,307 shares.

The top 20 stockholders of AboitizPower as of March 31, 2017 are as follows:

Name	Number of Shares	Percentage
1) Aboitiz Equity Ventures, Inc.	5,657,530,774	76.88%
2) PCD Nominee Corporation (Filipino)	871,204,959	11.84%
3) PCD Nominee Corporation (Foreign)	570,491,514	7.75%
4) Bauhinia Management, Inc.	18,109,100	0.25%
5) Portola Investors, Inc.	13,634,856	0.19%
6) Hawk View Capital, Inc.	13,633,657	0.19%
7) San Fernando Electric Light & Power Co., Inc.	7,931,034	0.11%
8) Parraz Development Corporation	7,827,522	0.11%
9) Dominus Capital Inc.	7,241,050	0.10%
10) FMK Capital Partners Inc.	6,538,000	0.09%
11) Sabin M. Aboitiz	6,050,985	0.08%
12) Iker M. Aboitiz	5,465,100	0.07%
13) Aboitiz & Company, Inc.	5,360,000	0.07%
14) Daniele Management & Development	5,234,949	0.07%
15) Arrayanes Corporation	4,146,243	0.06%
16) Ramon Aboitiz Foundation, Inc.	3,900,000	0.05%
17) Cal Management Corporation	2,972,829	0.04%
18) Tris Management Corporation	2,939,466	0.04%
19) Tinkerbell Management Corporation	2,869,506	0.04%
20) Gitana Management & Development Corporation	2,817,091	0.04%
SUBTOTAL	**7,215,898,635**	**98.06%**
Other Stockholders	**142,705,672**	**1.94%**
TOTAL SHARES	**7,358,604,307**	**100.00%**

NET ISSUED AND OUTSTANDING SHARES	**7,358,604,307**	**100.00%**

DIVIDENDS

The cash dividends declared by AboitizPower to common stockholders from 2015 to the first quarter of 2017 are shown in the table below:

Year	Cash Dividend Per Share	Total Declared	Declaration Date	Record Date	Payment Date
2017 (regular)	Php1.36	Php10.00 bn	3/7/2017	3/21/2017	4/10/2017
2016 (regular)	Php1.20	Php8.83 bn	3/8/2016	3/22/2016	4/19/2016
2016 (special)	Php0.46	Php3.38 bn	3/8/2016	3/22/2016	4/19/2016
2015 (regular)	Php1.14	Php8.39 bn	3/10/2015	3/24/2015	4/20/2015
2015 (special)	Php0.52	Php3.83 bn	3/10/2015	3/24/2015	4/20/2015

During the regular board meeting of the Company held on 28 November 2012, the Board approved a revised dividend policy consisting of an annual cash dividend payment ratio of 50% of its consolidated net income from the previous fiscal year based on the audited financial statements of the Company. The new policy changes the previous cash dividend payment ratio of 33% of previous year's net profits. The Company's new dividend policy was effective starting 2013.

RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES INCLUDING RECENT ISSUANCES OF SECURITIES CONSTITUTING AN EXEMPT TRANSACTION

AboitizPower does not have any recent sales of unregistered or exempt securities including recent issuances of securities constituting an exempt transaction.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the Company's consolidated financial condition and results of operations and certain trends, risks and uncertainties that may affect its business. The critical accounting policies section discloses certain accounting policies and management judgments that are material to the Company's results of operations and financial condition for the periods presented in this report. The discussion and analysis of the Company's results of operations is presented in three comparative sections: the year ended December 31, 2016 compared with the year ended December 31, 2015, the year ended December 31, 2015 compared with the year ended December 31, 2014, and the year ended December 31, 2014 compared with the year ended December 31, 2013.

Prospective investors should read this discussion and analysis of the Company's consolidated financial condition and results of operations in conjunction with the consolidated financial statements and the notes thereto set forth elsewhere in this report.

TOP FIVE KEY PERFORMANCE INDICATORS

Management uses the following indicators to evaluate the performance of registrant Aboitiz Power Corporation and its subsidiaries (the Company and its subsidiaries are hereinafter collectively referred to as the "Group"):

1. **Share in Net Earnings of Associates and Joint Ventures.** Represents the Group's share in the undistributed earnings or losses of its investees for each reporting period subsequent to acquisition of said investment, net of goodwill impairment cost, if any. Goodwill is the difference between the purchase price of an investment and the investor's share in the value of the net identifiable assets of the investee at the date of acquisition. Share in Net Earnings of Associates and Joint Ventures indicates profitability of the investment and investees' contribution to the Group's net income.

   Manner of Computation: Associate's Net Income (Loss) x Investor's % ownership - Goodwill Impairment Cost

2. **Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA).** The Company computes EBITDA as earnings before extra-ordinary items, net finance expense, income tax provision, depreciation and amortization. It provides management and investors with a tool for determining the ability of the Group to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Group's ability to service its debts**.**

3. **Cash Flow Generated.** Using the Consolidated Statement of Cash Flows, management determines the sources and usage of funds for the period and analyzes how the Group manages its profit and uses its internal and external sources of capital. This aids management in identifying the impact on cash flow when the Group's activities are in a state of growth or decline, and in evaluating management's efforts to control the impact.

4. **Current Ratio.** Current ratio is a measurement of liquidity, calculated by dividing total current assets by total current liabilities. It is an indicator of the Group's short-term debt paying ability. The higher the ratio, the more liquid the Group**.**

5. **Debt–to–Equity Ratio.** Debt-to-Equity ratio gives an indication of how leveraged the Group is. It compares **assets** provided by creditors to assets provided by shareholders. It is determined by dividing total debt by stockholders' equity.

Year Ended 31 December 2016 versus Year Ended 31 December 2015

The table below shows the comparative figures of the top five key performance indicators for 2016 and 2015.

Key Performance Indicators	2016	2015
Amounts in thousands of ₱s, except for financial ratios		
SHARE IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	**3,641,210**	**3,979,947**
EBITDA	**37,842,865**	**33,664,121**
CASH FLOW GENERATED:		
Net cash flows from operating activities	**29,887,980**	25,199,597
Net cash flows used in investing activities	**(81,380,348)**	(8,902,646)
Net cash flows from/ (used in) financing activities	**47,483,228**	(5,448,755)
Net (Decrease)/Increase in Cash & Cash Equivalents	**(4,009,140)**	**10,848,196**
Cash & Cash Equivalents, Beginning	**51,098,269**	40,231,875
Cash & Cash Equivalents, End	**47,094,741**	51,098,269
CURRENT RATIO	**2.25**	**3.12**
DEBT-TO-EQUITY RATIO	**2.18**	**1.39**

Share in net earnings in associates and joint ventures declined by 9% in 2016 as contributions from Western Mindanao Power Corporation (WMPC) and Southern Philippines Power Corporation (SPPC), STEAG State Power Inc. (STEAG) and large hydroelectric power plant, SN Aboitiz Power-Magat, Inc. (SNAP Magat) decreased this year versus 2015.

The main driver of the 12% increase in consolidated EBITDA is from the full year EBITDA contributions from Therma South Inc. (TSI) which started commercial operations for its first coal-fired on September 2015, and a second unit on February, 2016.

During the year, cash and cash equivalents decreased by P 4.01 bn as cash was used in investing activities, mainly, the acquisition of partnership interests in GNPower-Mariveles and GNPower-Dinginin. In 2016, the Company also managed to return the same levels of cash dividends to its shareholders, and continued to deploy financial resources for the construction of various greenfield projects.

Current ratio at the end of 2016 is at 2.25x from the previous year's 3.12x as the 45% increase in current liabilities outpaced the 5% increase in current assets.

Debt-to-equity ratio as of December 31, 2016 was at 2.18, higher than 1.39 at the end of 2015.

Results of Operations

Net income for the year increased, from P17.60 bn to P20.00 bn improving by 14% year on year (YOY). This translates to earnings per share of P2.72. During the year, the Company recognized non-recurring losses of P612 mn (versus last year's loss of P762 mn) mainly coming from forex losses from the revaluation of its dollar-denominated liabilities, refinancing costs and goodwill impairment. Adjusting for these one-offs, the Company's core net income for 2016 amounted to P20.6 bn, up by 12% YoY.

Power Generation

The power generation group continue to lead in terms of earnings contribution, accounting for 79% of earnings contributions from the Company's business segments. Income share for 2016 was P16.92 bn up 17% YoY. The growth was largely driven by TSI's full year contribution. Netting out one-off items, AboitizPower's generation business generated P17.16 bn for the period, which was 16% higher than last year.

Attributable net energy sold rose by 8% YoY, from 12,550 GWh to 13,495 GWh, as electricity sold through bilateral contracts, which made up 91% of total energy sold during the period, expanded by 8% to 12,279 GWh. On the other hand, spot market sales increased by 4% from 1,168 GWh to 1,216 GWh.

As of year-end 2016, AboitizPower's net sellable capacity stood at 2,975 MW after the Philippine Competition Commission (PHCC) granted its approval of the acquisition of GNPower-Mariveles (604-MW) and GNPower Dinginin (2x668-MW).

Power Distribution

The power distribution group's earnings share for 2016 decreased by 4%, from P3.81 bn to P3.67 bn. This is equivalent to 18% of earnings contributions from the Company's business segments. Total attributable electricity sales increased by 7% YoY, from 4,759 GWh to 5,105 GWh as energy sales grew across all customer segments. Meanwhile, the group's gross margin on a per kWh basis in 2016 decreased to P1.59 from P1.61 a year ago.

Material Changes in Line Items of Registrant's Statements of Income and Comprehensive Income

Consolidated Statements of Income

Consolidated net income attributable to equity holders of the parent increased by 14% from ₱17.60 bn in 2015 to ₱20.00 bn in 2016. The various movements in line items are shown below to account for the increase:

Consolidated Net Income Attributable to Equity Holders of the Parent for 2015	**₱17,603,797**
Increase in operating revenues	3,989,317
Increase in operating expenses	(2,365,594)
Increase in interest income	237,242
Increase in interest expense	(1,070,153)
Decrease in share in net earnings of associates and joint ventures	(338,737)
Increase in other income	2,005,851
Lower provision for taxes	93,529
Increase in income attributable to non-controlling interests	(152,670)
Total	2,398,785
Consolidated Net Income Attributable to Equity Holders of the Parent for 2016	**₱20,002,582**

Operating Revenues
(5% increase from ₱85.17 bn to ₱89.16 bn)

Higher revenues in the distribution segment accounting for ₽ 3.21 bn out of the ₽ 3.99 bn increase served as the primary driver of the increase in operating revenues. Robust growth in the demand for electricity across the distribution companies franchise areas notably in the areas of Visayan Electric Company, Inc. (VECO) and Davao Light & Power Company, Inc.'s. (Davao Light) led to higher operating revenues.

The generation segment likewise noted a 7% increase in operating revenues versus last year. This is mainly driven by the full year operating revenues of TSI, which was offset by lower revenues of some of the oil-fired plants due to lower dispatch during the year and of the small hydroelectric power plants due to lower water levels brought about by the El Niño.

Operating Expenses
(4% increase from ₱60.49 bn to ₱62.85 bn)

Operating expenses increased during the year, as costs of purchased power, general and administrative expenses and higher depreciation expenses (primarily from the first year deprecation of the TSI assets) were incurred. This was offset by a ₽ 1.22 bn decrease in the cost of generated power as fuel costs declined during the year.

Interest Income
(28% increase from ₱846 mn to ₱1.08 bn)

Increase in interest income is mainly due to higher average cash and cash equivalent balances carried at the Parent Company and at the intermediate holding companies, Aboitiz Renewables Inc. (ARI) and Therma Power Inc. (TPI) for most of the year.

Interest Expense and other financing costs
(16% increase from ₱6.63 bn to ₱7.70 bn)

The higher interest expense is due to the recognition of interest expense on TSI's project debt, as well as the interest expense on a notes facility which AP Renewable Inc.'s (APRI's) availed of in the first quarter of 2016.

Share in Net Earnings of Associates and Joint Ventures
(9% decrease from ₱3.98 bn to ₱3.64 bn)

Share in net earnings of associates and joint ventures declined by 9% in 2016 as lower contracted capacities at two associate oil companies operating in Mindanao, WMPC and SPPC, led to lower contributions. STEAG Power also saw a decline in net profits during the year. The effects of the El Nino led to lower water levels affecting the income contributions from SN Aboitiz-Magat.

Other Income (Expenses) – net
(Increase from ₱337 mn other expense to ₱1.67 bn other income)

The increase in the account is from other income recognized on insurance proceeds from settlement of liquidated damages during the year, gain on step-acquisition of East Asia Utilities Corp. (EAUC) as well as lower foreign exchange losses.

Provision for Taxes
(3% decrease from ₱3.59 bn to ₱3.50 bn)

The decrease is due to lower provision for taxes recognized at Davao Light and TL in 2016.

Net Income Attributable to Non-controlling Interests
(11% increase from ₱1.35 bn to ₱ 1.50 bn)

Minority shareholders of VECO took up higher attributed income during the year. The balance of the increase is due to the take up of the minority shareholder's participation in the income of Cebu Energy Development Corp. (CEDC) and Cebu Private Power Corp.'s (CPPC) net income for the year.

Consolidated Statements of Comprehensive Income

The movements in cumulative translation adjustments and recognition of slight gains on defined benefit plans (versus actuarial losses recognized in the prior year) led to lower total net other comprehensive income for 2016 at ₱ 71 mn (versus ₱ 226 mn in the previous year). Total consolidated comprehensive income was ₱21.58 bn for the year in review.

Changes in Registrant's Resources, Liabilities and Shareholders' Equity

Assets

Total assets (as of December 31, 2016 vs. December 31, 2015) increased by ₱112.29 bn or 46%. The major movements of the accounts leading to the increase are as follows:

a. Cash and cash equivalents decreased by 8% during the year. Cash generated from operations continue to provide significant liquidity for the Company, but as a result of a major acquisition and to fund on going greenfield projects, the consolidated cash position of the company decreased by P 4.00 Bn.

b. Trade and other receivables increased by 13% (from ₱13.69 bn in 2015 to ₱15.47 bn in 2016) primarily due to the take up of the trade receivables at newly consolidated Subsidiary GNPower-Mariveles.

c. Inventories increased by 118% (from ₱2.04 bn in 2015 to ₱4.45 bn in 2016) due to the consolidation of inventories held at GNPower-Marivels and higher inventory balances at TSI and TLI

d. Other current assets is higher by 90% (from ₱3.39 bn in 2015 to ₱6.45 bn in 2016) mainly driven by P 2.10 bn in restricted cash at TSI to comply with the covenants on its project debt. The balance of the increase is due to the consolidation of prepaid assets at GNPower-Mariveles.

e. Investments and advances increased mainly as a result of the acquisition of a minority interest in GNPower-Dinginin. The account increased from P 22.55 bn at the end of 2015 to P 30.60 Bn at the end of 2016.

f. After the acquisition of a majority interest in GNPower-Mariveles, the resulting consolidation of its property, plant and equipment (PPE) led to the increase of 43% (from ₱134.81 bn in 2015 to ₱ 192.63 bn in 2016) The group also continued and entered the final stages of the construction of its hydro facilities under Hedcor Sabangan and continues the construction of its various coal plants under Therma Visayas Inc. (TVI) and Pagbilao Energy Corporation (PEC).

g. Intangible assets increased by P 36.05 bn as the Company recognized 36.27 bn of provisional goodwill resulting from the acquisition of GNPower-Mariveles, net of P 169 mn of goodwill impaired on the Company's investment in MEZ.

h. The additions on derivative instruments as a result of business combinations (the acquisition of GNPower-Mariveles) led to derivative assets net of derivative liabilities (current and non-current) to increase.

i. Available for sale (AFS) investments went up by P97 mn mainly from the consolidation of AFS investments at GNPower-Mariveles.

j. Net pension assets went up by P 11mn or 31% due to the increase in the fair value of plan assets as contributions were made during the year.

k. Deferred income tax assets increased by 262% (from ₱585 mn in 2015 to ₱2.12 bn in 2016). The increase is driven by the take up of deferred tax assets at newly consolidated GNPower-Mariveles. The balance is attributable to the corresponding deferred tax benefits recognized on the unrealized foreign exchange losses recognized by the Group during the current year.

l. Other noncurrent assets increased by 80% (from ₱6.12 bn in 2015 to ₱11.01 bn in 2016) mainly due to the increase in Input VAT on the on-going construction of various greenfield projects as well as a loan receivable from Aboitiz Renewables Inc. (ARI) from SACASUN.

Liabilities

Consolidated liabilities increased by 73% from ₱140.88 bn as of December 31, 2015 to ₱243.15 bn as of December 31, 2016.

a. Short term loans are up 62% or P1.59 bn mainly from temporary advances between Davao Light and AEV Parent.

b. Trade and other payables increased by 23% (from ₱14.14 bn in 2015 to ₱17.40 bn in 2016) as the Company consolidates trade and other payables of GNPower-Mariveles. Also adding to the increase are the higher payables to suppliers and contractors as construction of various power plants continues.

c. Income tax payable decreased by 23% (from ₱853 mn in 2015 to ₱654 mn in 2016) primarily due to lower corporate and final taxes payable at the end of the year.

d. Long-term debt (current and non-current) increased by 170% (from ₱58.38 bn in 2015 to ₱157.72 bn in 2016) net of payments on long term debt made during the year.

   The increase is attributable to the following:
   1. TPI's Php31.00 bn bridge financing to fund the acquisition of GNPower-Mariveles and GNPower-Dinginin;
   2. New loans during the year for APRI (Php11.61 bn) and Hedcor Sibulan (Php4.05 bn)
   3. Increase in long-term debt relating to the drawdowns on various financing facilities for Therma Visayas Inc. (TVI) , Pagbilao Energy Corp (PEC) and Hedcor Bukidnon Inc. (HBI); and
   4. Consolidation of GNPower-Mariveles' project debt of Php26.47 bn.

e. Long term obligation on power distribution system (PDS) decreased by 4% as regular annual payments are made

f. Customers' deposits increased by 7% (₱6.38 bn in 2015 to ₱6.83 bn in 2016) due to increase in deposits at Davao Light and VECO as both companies continue to see growth in their customer base during the year, as well as additional deposits from retail supply customers in 2016.

g. As a result of the revaluation of the future obligation on APRI's asset retirement obligation the account decreased by 40% (₱3.02 bn in 2015 to ₱1.82 bn in 2016). .

h. Pension liability decreased by 50% (₱493 mn in 2015 to ₱247 mn in 2016) on account of retirement contributions made by the group during the year.

i. Deferred income tax liabilities (DTL) decreased by 8% (₱1.13 bn in 2015 to ₱1.04 bn in 2016) is mainly due to lower deferred tax provisions on unrealized forex gains and actuarial valuations recognized during the year.

j. Other noncurrent liabilities went from nil in 2015 to P 334 mn at the end of 2016 due to retention payables at PEC as provided for under their Engineering Procurement and Construction (EPC) contracts.

Equity

Equity attributable to equity shareholders of the parent increased by 8% (from ₱97.57 bn at year end 2015 to ₱105.11 bn at year end 2016) driven mainly by the recognition of income during the year of ₱ 20.00 bn, net of dividends declared and paid to the Company's shareholders.

Material Changes in Liquidity and Cash Reserves of Registrant

Cash generated from operations of P29.89 bn continued to provide a source of liquidity during the year, growing by P4.69 bn as compared to last year. Cash from operations of fully commissioned TSI augmented the cash streams from operations.

During the year the group used P 81.38 bn cash for investing activities. This is P72.48 bn more than 2015, in which the largest portion was used to acquire indirect, majority interests in GNPower's plants in Mariveles and a minority interest in GNPower-Dinginin, which is set to construct a coal plant in Dinginin, Bataan. Meanwhile, the Company continued to deploy financial resources in the construction of various greenfield projects. Funds were also invested in the step acquisition of a subsidiary. The outflows were supported by dividends received during the year.

In 2016, the group availed of long term debt through bridge financing, fresh loans availed of by certain subsidiaries and draw down on project finance facilities. In the first half of the year, the Company declared P 12.22 bn in dividends to its shareholders. These activities led to cash flow from financing activities of P47.48 bn during the year.

As of December 31, 2016, the Group's cash and cash equivalents decreased from ₱51.10 bn as of the end of 2015 to ₱47.09 bn.

Financial Ratios

Current assets increased by 5% but with the marked increase in current liabilities of 45%. The current ratio at the end of 2016 is now at 2.25x versus 3.12x at the end of 2015

Consolidated debt to equity ratio at the end of 2016 was at 2.18 versus 1.39 as of end 2015 owing to the Company’s increasing debt position as a result of consolidating a new subsidiary’s debt and as it incurs project and bridge financing as it pursues its strategy to grow the business.

Year Ended December 31, 2015 versus Year Ended December 31, 2014

The table below shows the comparative figures of the top five key performance indicators for 2015 and 2014.

Key Performance Indicators	2015	2014
Amounts in thousands of ₱s, except for financial ratios		
SHARE IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	3,979,947	4,009,488
EBITDA	33,664,121	31,765,156
Net cash flows from operating activities	25,199,597	23,437,979
Net cash flows used in investing activities	(8,902,646)	(12,979,595)
Net cash flows from used in financing activities	(5,448,755)	(1,618,932)
Net Increase in Cash & Cash Equivalents	10,848,196	8,839,452
Cash & Cash Equivalents, at beginning	40,231,875	31,383,499
Cash & Cash Equivalents, at end	51,098,269	40,231,875
CURRENT RATIO	3.12	3.36
DEBT-TO-EQUITY RATIO	1.39	1.26

Share in net earnings of associates for the year dropped slightly by a percent mainly due to lower income contributions from SN Aboitiz Power-Benguet as a result of lower selling prices on its new contract for ancillary services. The expiration of the income tax holding at SN Aboitiz Power-Magat also affected its contributions for the year

Consolidated EBITDA increased by 6% versus last year consistent t with the higher income recognized this year.

The Group generated an additional P1.76 bn in cash from operations this year versus last year and managed to return the same levels of cash dividends to its shareholders in 2015. Financial resources were also used to continue the construction of various greenfield projects.

Current ratio at the end of 2015 is at 3.12x from3.36x by year end 2014 due mainly to an increase in current liabilities.

Debt-to-equity ratio as of December 31, 2015 was at 1.39, higher than 1.26 as of December 31, 2014 as the Group's total liability increased.

Results of Operations

The Company grew its full year income by 5% from P16.71 bn in 2014 to P17.60 bn in 2015. A non-recurring loss of P762 mn was recognized this year versus last year's loss of P136 mn. This was mostly due to the revaluation of consolidated dollar-denominated assets and liabilities resulting from the movement of the peso-dollar exchange rates. Adjusting for these one-offs, the Company's Core net Income for 2015 amounted to P18.37 bn, up by 9% year-an-year (YoY).

Power Generation

The generation business continues to contribute significantly to the Company's bottom line. This year they represent 79% of earning contributions from business segments, recording an income share of P13.92 bn, up 3% YoY. Netting out the effects of non-recurring foreign exchange losses, the business generated P14.81 bn for the year in review.

For the year, attributable net generation rose by 11% YoY from 11,272 GWh to 12,550 GWh as electricity sold through bilateral contracts expanded by 18% to 11,383 GWh. Correspondingly, this shifted sales from the spot market to the contracted market. Spot sales went down by 28% from 1,612 GWh to 1,168 GWh. In 2015, sales through bilateral contracts made up 91% of total energy sold.

Capacity sales went up by 6% to 1,900 MW driven by sales through bilateral contracts and ancillary services. Available capacity to sell was augmented by new capacities from TSI and Hedcor Sabangan, Inc. (Hedcor Sabangan). Higher dispatch from the oil plants also added to the increase in capacity sales. Meanwhile, APRI continued to experience a decline in steam supply which slightly offset the growth in capacities from the other plants.

Net attributable selling capacity is now at 2,532 MW as the Company saw the completion of the construction of the 14 MW Sabangan run of river hydroelectric plant and the first unit of TSI during the year.

Power Distribution

The power distribution business registered a 19% increase in earnings contribution from P3.20 bn to P3.81 bn. This accounts for 21% of earnings contribution from business segments.

The gross margin on a per kWh basis in 2015 declined from P1.71 to P1.61. This was due to the higher operating costs at Davao Light as it ran its embedded power plant to mitigate the shortfall in power supply which was felt not only within its franchise area but in the whole Mindanao grid. The overall better performance is primarily due to higher electricity sales which grew by 6% YoY from 4,480 GWh to 4,759 GWh as energy sales grew across all customer segments. The power distribution business income contribution for the year was augmented by the full year contributions of Lima Enerzone.

Material Changes in Line Items of Registrant's Statements of Income and Comprehensive Income

Consolidated Statements of Income

Consolidated net income attributable to equity holders of the parent increased by 5% from P16.71 bn in 2014 to P17.60 bn in 2015. The movements in line items are shown below to account for the increase:

Consolidated Net Income Attributable to Equity Holders of the Parent for 2014	**P 16,705,184**
Decrease in operating revenues	(1,585,434)
Decrease in operating expenses	3,921,252
Increase in share in net earnings of associates	374,378
Increase in interest income	(639,761)
Decrease in interest expense	(29,541)
Decrease in other income	(928,564)
Higher provision for taxes	(165,580)
Increase in income attributable to non-controlling interests	(48,137)
Total	898,613
Consolidated Net Income Attributable to Equity Holders of the Parent for 2015	**P 17,603,797**

Operating Revenues
(2% decrease from P86.76 bn to P85.17 bn)

Operating revenues from the Generation segment decreased by 10% from P36.88 bn in 2014 to P33.37 bn. The lower passed on fuel costs on the selling prices from the thermal and geothermal power plants drove the decrease in selling prices and consequently revenues. Lower volumes sold from APRI also contributed to the decline. The drop in selling prices was mitigated by higher volumes sold during the year.

The distribution segment also increased its operating revenues from P39.98 bn in 2014 to P41.38 bn in 2015. The 4% increase in operating revenues from the sale of power from the distribution group, is due to an increase in electricity sales.

Higher revenues was recognized from the Group's Retail Electricity Supplier Licensed Companies - AESI and AdventEnergy which began their respective operations after the start of Open Access.

Operating Expenses
(6% decrease from P64.41 bn to P60.49 bn)

The main driver for the drop in operating expenses for the year is due to lower cost of generated power as fuel costs dropped significantly during the year.

Cost of purchased power also decreased by 6% as lesser downtime lead to lower requirements to replace internally generated power. Also, the price of purchased power this year was lower due to lower spot prices.

Interest Income
(79% increase from P472 mn to P846 mn)

Increase is mainly due to higher average cash and cash equivalent balances at the Parent Company and at the intermediate holding companies ARI and TPI.

Interest Expense and Other Financing Costs
(11% increase from P5.99 bn to P6.63 bn)

The increase, is mainly due to the full year interest burden on the bond offering of the Parent Company taken in September 2014 as well as higher interest expenses on bank loans and various project loan facilities.

Share in Net Earnings of Associates and Joint Ventures
(1% decrease from P4.01 bn to P3.98 bn)

The decline in the share in net- earnings of associates and joint ventures is due to the lower contributions from SN Aboitiz Power-Benguet due to lower revenues as a result of lower selling prices during the year on a new ancillary contract.

Other Income (Expenses) - net
(Decrease from P592 mn other income to P33 7 mn other expense)

The shift from other income to other expense is mainly due to higher unrealized foreign exchange loss in 2015 resulting from the restatement of TLI's dollar-denominated debt on its monthly obligations to the PSALM (accounted as a finance lease obligation). This is net of the unrealized gains on net fair value changes of derivatives recognized during the year.

Provision for Taxes
(5% increase from P3.42 bn to P3.59 bn)

The higher income recognized during the year lead to higher provision for taxes.

Net Income Attributable to Non-controlling Interests
(4% increase from P1.30 bn to P1.35 bn)

The increase is mainly due to higher income attributable to non-controlling interests of Abovant Holdings, Inc. and at TVI.

Consolidated Statements of Comprehensive Income

The recognition of net actuarial losses recognized during the year drove the lower total net other comprehensive income for 2015 at P226 mn (versus P260 mn in the previous year). This brought total consolidated comprehensive income to P19.18 bn for the year.

Assets

Total assets (as of December 31, 2015 vs. December 31, 2014) increased by P25.73 bn or 12%. The major movements of the accounts leading to the increase are as follows;

a. Cash and cash equivalents grew by 27% (from P40.23 bn in 2014 to P51.10 bn in 2015). Cash flows from operating activities increased over last year while cash used for investing activities was supported by proceeds from redemption of preferred shares. This was offset by higher cash used for financing activities as higher interest expenses were paid this year.

b. Trade and other receivables increased by 11% (from P12.33 in 2014 to P13.69 bn in 2015) primarily to advance payments made to contractors for project mobilization which are offset against future progress billings.

c. Derivative assets increased significantly at the end of the year as new forward contracts were entered into to hedge the foreign currency risk arising from the forecasted US$ denomination payment under the EPC contract related to the construction of a power plant.

d. Inventories decreased by 6% (from P2.17 bn in 2014 to P2.04 bn in 2015) due to lower cost of purchased fuel for the Company's thermal plants.

e. Other current assets is higher by 75% (from P1.94 bn in 2015 to P3.39 bn in 2015). VAT input is reclassified from non-current to current as it is expected that these VAT inputs can be offset against VAT output generated as a major subsidiary goes into commercial operations.

f. Investments and advances decreased mainly as a result of redemption of preferred shares made during the year by Manila-Oslo Renewable Enterprise, Inc. (MORE) amounting to P2.65 bn.

g. Property, plant and equipment (PPE) increased by 13% (from P119.65 bn in 2014 to P134.81 BN in 2015) as the group continued the construction of its coal plants in Davao under TSI, Pagbilao under PEC and its hydro facilities under Hedcor Sabangan, and starts the construction of its hydro plant under Hedcor Bukidnon and coal plant under TVI.

h. Intangible assets – service concession rights decreased by 5% mainly due to amortization expenses charged during the year.

i. Investment properties decreased by P25mn after a sale made by the Company.

j. Net pension assets decrease of P44 mn is mainly due to actuarial losses recognized by the group during the period.

k. Deferred income tax (DTA) increased by 140% (from P244 mn in 2014 to P585 mn in 2015) mainly due to the corresponding deferred tax benefits recognized on the unrealized foreign exchange losses, actuarial losses on defined benefit plans, impairment provisions and net operating loss carry-over (NOLCO) generated by the Group during the current year.

l. Other noncurrent assets decreased by 12% (from p10.66 bn in 2014 to P9.39 bn in 2015) mainly due to the reclassification of Input VAT from noncurrent to current assets.

Liabilities

Consolidated liabilities increased by 17% from P120.68 bn as of December 31, 2014 to P140.88 bn as of December 31, 2015.

a. Bank loan balance increased by P2.47 bn mainly due to new loans availed by TSI, TMO, Hedcor, Inc., Davao Light, and VECO.

b. Trade and other payables increased by 11% (from P12.78 bn in 2014 to P14.14 bn in 2015) mainly on account of higher payables to contractors for ongoing construction.

c. Income tax payable increased by 41% (from P604 mn in 2014 to P853 mn in 2015) primarily due to higher tax payables of the Group.

d. Total long-term debt increased by 36% (from P42.78 bn in 2014 to P58.38 bn in 2015). The increase is mainly attributable to new project financing availed by TVI to finance the construction of a coal plant in Toledo, Cebu and Hedcor Bukidnon to construct a hydro plant. Adding to the increase are drawdowns made during the year by TSI and PEC on their existing project debt facilities.

e. Customers' deposits increased by 12% (P5.69 bn in 2014 to P6.38 bn in 2015) mainly due to: increase in deposits for Davao Light and VECO as it continues to see growth in its customer base during the year and additional deposits from retail supply customers in 2015.

f. Asset retirement obligation increased by 28% (P2.35 bn in 2014 to P3.02 bn in 2015). Increase is due to additional provision and interest accreted during the year.

g. Pension liability increased by 21% (P406 mn in 2014 to P493 mn in 2015) on account of additional retirement costs net of retirement contributions made by certain subsidiaries during the year.

h. Deferred income tax liabilities (DTL) decreased by 10% (P1.25 bn in 2014 to P1.13 bn in 2015) mainly due to the reversal of deferred tax provisions on unrealized forex gains recognized during the year.

Equity

Equity attributable to equity shareholders of the parent increased by 6% (from P91.96 bn in 2014 to P97.57 bn in 2015) driven mainly by the recognition of income during the year net of 12.22 bn of dividends declared and paid to the Company's shareholders.

Material Changes in Liquidity and Cash Reserves of Registrant

Cash generated from operations continued to drive the overall increase in the Group's cash position. With continued robust EBITDA increasing by 6%, cash generated from the Group's operations brought in P25.20 bn for the year.

The Group utilized less cash for investing activities during the year which totaled P8.90 bn versus P12.98 bn in the prior year. This is mainly due to cash proceeds from the redemption of preferred shares. The Company continued to spend heavily for capital expenditures to fund ongoing construction of various greenfield projects during the year.

The significant net cash outflows relating to financing activities during the year of P5.45 bn is due to dividend payments to shareholders of P12.22 bn, payments made by TLI to PSALM on its finance lease obligations and interest payments net of proceeds from project financing facilities.

As of December 31, 2015, the Group's cash and cash equivalents increased from P40.23 bn as of the end of 2014 to P51.10 bn.

Financial Ratios

On a consolidated basis, current ratio moved from 3.36x to 3.12x. This is mainly due to the 34% increase in current liabilities which outpaced the 24% increase in current assets. Current liabilities in turn increased due to higher bank loans and trade and other payables.

Consolidated debt to equity ratio remains to be comfortable at 1.39x as of end 2015 versus 1.26x as of December 31, 2014 owing to the Company's increasing debt position through project financing as it pursues its strategy to grow the business.

Year Ended December 31, 2014 versus Year Ended December 31, 2013

The table below shows the comparative figures of the top five key performance indicators for 2014 and 2014.

Key Performance Indicators	2014	2013
Amounts in thousands of ₱s, except for financial ratios		
SHARE IN NET EARNINGS OF ASSOCIATES	4,009,488	6,474,370
EBITDA	31,765,156	29,899,736
CASH FLOW GENERATED:		
Net cash flows from operating activities	23,437,979	24,413,143
Net cash flows used in investing activities	(12,979,595)	(11,502,024)
Net cash flows used in financing activities	(1,618,932)	(12,245,816)
Net Increase in Cash & Cash Equivalents	**8,839,452**	**665,303**
Cash & Cash Equivalents, Beginning	31,383,499	30,678,493
Cash & Cash Equivalents, End	40,231,875	31,383,499
CURRENT RATIO	3.36	2.87
DEBT-TO-EQUITY RATIO	1.26	1.13

Share in net earnings of associates decreased by 38% or by ₱2.46 bn. The decrease came as result of the step-acquisition of the VECO as well as lower contributions from SN Aboitiz Power-Magat, SN Aboitiz Power-Benguet and STEAG Power.

Consolidated EBITDA increased due to the full year consolidation of VECO, which started to be consolidated towards the end of 2nd quarter 2013.

Cash was generated from the Group’s operations and dividends received from associates. Proceeds from the bonds offering and new borrowings also augmented cash flows for the year and was used to fund ongoing projects and working capital requirements of subsidiaries.

Current ratio improved to 3.36x at the end of 2014 from 2.87x by year end 2013 due mainly to an increase in current assets.

Debt-to-equity ratio as of December 31, 2014 was at 1.26, higher than 1.13 as of December 31, 2012. This is mainly due to the increase in the Group’s total liabilities.
Results of Operations

The Company’s net income for the year 2014 recorded a 10% YoY decrease, from ₱18.58 bn to ₱16.71 bn. This translated to earnings per share of ₱2.27. The Company registered a non-recurring loss of ₱136 mn (versus last year’s loss of ₱1.55 bn) during the year. This was mostly due to the revaluation of consolidated dollar-denominated loans and placements. Adjusting for these one-offs, the Company’s core net income for 2014 amounted to ₱16.84 bn, down by 16% YoY.

Power Generation

The generation business accounted for 81% of earnings contributions, recording an income share of ₱13.48 bn for 2014, down 11% YoY. The decline is attributed to the full-year impact of the implementation of the Geothermal Resource Supply Contract of the Tiwi-MakBan plants, limited operations of Magat plant due to low water levels, and the expiration of the Pagbilao and Magat plants' income tax holiday during the year. The large hydros were also adversely impacted by lower average prices for both its spot and ancillary sales. Netting out one-off items, the generation business generated ₱13.64 bn for the period, which was 21% lower than last year.

The attributable net generation for the year rose by 3% YoY, from 10,949 GWh to 11,272 GWh as electricity sold through bilateral contracts, which made up 86% of total energy sold during the period, expanded by 7% to 9,661 GWh. On the other hand, spot market sales decreased by 16% from 1,914 GWh to 1,612 GWh as low water levels during the dry season constrained the operations of the Magat, Ambuklao, and Binga plants.

In terms of capacity, higher sales through bilateral contracts and ancillary services resulted to a 13% YoY increase in AboitizPower's attributable sales to 1,800 MW. The growth was partly driven by TMO, which was only able to offer its full capacity of 200 MW in the second quarter of 2014. While ancillary sales were weak in the second quarter due to the dry season, the increase in water levels in the second half of 2014 as a result of the typhoons has led to a strong recovery in ancillary sales during the last six months of the year. The Group's average price for its energy sales decreased by 3% YoY in 2014. This was mainly due to the 21% YoY decrease in the average selling price of the Group's spot sales. Notwithstanding the increase in ancillary volume sales, revenues were also down as a result of a 39% decrease in average ancillary rates.

Power Distribution

The power distribution group's earnings share for 2014 remained flat from a year ago at ₱3.2 bn. This is equivalent to 19% of earnings contributions from AboitizPower's business segments. Total attributable electricity sales increased by 10% YoY, from 4,076 GWh to 4,480 GWh as energy sales to industrial customers grew by 15% YoY. The acquisition of Lima Utilities Corporation (now Lima Enerzone Corporation) last June 2014 also provided a modest contribution to the improvement in sales. On the other hand, the group's gross margin on a per kwh basis in 2014 decreased to ₱1.71 from ₱1.77 a year ago. The unfavorable variance was brought about by the higher direct costs incurred by Davao Light Cotabato Light due to the running of their embedded plants to cover for the energy shortfall in the Mindanao grid.

Material Changes in Line Items of Registrant's Statements of Income and Comprehensive Income

Consolidated Statements of Income

Consolidated net income attributable to equity holders of the parent decreased by 10% from ₱18.58 bn in 2013 to ₱16.71 bn in 2014. The various movements in line items are shown below to account for the decrease:

Consolidated Net Income Attributable to Equity Holders of the Parent for 2013	**₱18,576,845**
Increase in operating revenues	14,704,219
Increase in operating expenses	(11,830,749)
Decrease in share in net earnings of associates	(2,464,882)
Increase in interest income	58,120
Increase in interest expense	(650,369)
Increase in other income	1,675,689
Higher provision for taxes	(2,897,464)
Increase in income attributable to non-controlling interests	(466,225)
Total	(1,871,661)
Consolidated Net Income Attributable to Equity Holders of the Parent for 2014	**₱16,705,184**

Operating Revenues
(20% increase from ₱72.06 bn to ₱86.76 bn)

Consolidated operating revenues from the Generation segment decreased by 6% from ₱39.44 bn in 2013 to ₱36.88 bn in 2014. The drop mainly came from lower revenues at APRI due to lower volumes sold to the WESM as well as a drop in its average selling prices during the year. TLI also saw a decrease in its operating revenues resulting from lower selling prices during the year.

The decrease in operating revenues from the generation segment was offset by full year revenues coming from the Group's Retail Electricity Supplier Licensed Companies - AESI and AdventEnergy which began their respective operations after Open Access started in June 2013.

The distribution segment also increased its operating revenues from ₱28.07 bn in 2013 to ₱39.98 bn in 2014. The 42% increase, is mainly a result of the full year consolidation of the operating revenues of VECO.

Operating Expenses
(23% increase from ₱52.58 bn to ₱64.41 bn)

The increase in the consolidated operating expenses is accounted for as follows:

a. Cost of purchased power increased by 21% or ₱5.12 bn. The increase is mainly due to the full year consolidation of VECO's cost of purchased power.
b. Cost of generated power increased by 19% or ₱3.40 bn. The increase is mainly due to full year fuel costs incurred by TMO which started operating in November 2013 and higher steam supply costs of APRI.
c. General and administrative expenses increased by 34% or ₱1.38 bn. The increase is attributable to: a) the full year consolidation of VECO's expenses; b) TMO's full year recognition of general and administrative expenses; and c) the Group's higher provision for impairment of receivables.
d. Depreciation and amortization expenses increased by 20% due to the full year consolidation of VECO's depreciation expense and full year depreciation charges for TMO.
e. Operations and maintenance expenses increased by 51% or ₱1.16 bn. The increase is attributable to: a) full year consolidation of VECO's expenses; b) full year expenses incurred by TMO; c) higher costs of running the embedded plants of Davao Light and Cotabato Light; and d) higher expenses of APRI.

Interest Income
(14% increase from ₱414 mn to ₱472 mn)

Increase is mainly due to higher average cash and cash equivalent balances at the Parent Company in 2014.

Interest Expense and Other Financing Costs
(12% increase from ₱5.34 bn to ₱5.99 bn)

The increase is mainly due to higher long-term debt balances as a result of debt raising activities in 2013 and a bond offering of the Parent Company in 2014.

Share in Net Earnings of Associates
(38% decrease from ₱6.47 bn to ₱4.01 bn)

The decline in the share in net earnings of associates is due to the lower contributions from the following Associates:

a. SN Aboitiz Power-Magat's contribution declined due to lower revenues and higher tax provisions (expiration of income tax holiday). Revenues were limited by lower water levels and lower selling prices during the year.
b. The income contribution from SN Aboitiz Power-Benguet likewise decreased due to lower revenues as a result of lower selling prices during the year.

c. A decrease in STEAG Power's registered income due to an extended unplanned plant outage in the first half of the year leading to lower revenues and higher repairs and maintenance cost.
d. The effects of the full year consolidation of VECO in 2014.

Other Income (Expenses) - net
(Increase from ₱1.08 bn other expense to ₱592 mn other income)

The increase is mainly due to lower net unrealized foreign exchange loss in 2014 resulting from the restatement of TLI's dollar-denominated debt on its monthly obligations to the PSALM (accounted as a finance lease obligation).

Provision for Taxes
(550% increase from ₱527 mn to ₱3.42 bn)

The increase is mainly due to the expiry of TLI's income tax holiday at the end of 2013.

Net Income Attributable to Non-controlling Interests
(56% increase from ₱834 mn to ₱1.30 bn)

The increase is mainly due to the full year consolidation of VECO.

Consolidated Statements of Comprehensive Income

Consolidated comprehensive income attributable to equity holders of the parent decreased from ₱18.95 bn in 2013 to ₱16.97 bn in 2014. The increase is mainly due to the decrease in consolidated net income recognized during the period.

Changes in Registrant's Resources, Liabilities and Shareholders' Equity

Assets

Total assets (as of December 31, 2014 vs. December 31, 2013) increased by ₱22.82 bn or 12% due to the following:

a. Cash and cash equivalents grew by 28% (from ₱31.38 bn in 2013 to ₱40.23 bn in 2014). The increase is mainly attributable to an increase in cash and cash equivalent balances at the Parent Company from the proceeds of its bond offering in 2014.
b.
c. Trade and other receivables decreased by 5% (from ₱13.04 bn in 2013 to ₱12.33 bn in 2014). The lower revenues at APRI led to a corresponding decrease in trade receivables. During the year higher impairment provisions on trade receivables were recognized.
d. Inventories decreased by 24% (from ₱2.84 bn in 2013 to ₱2.17 bn in 2014). The decrease is mainly due to lower coal inventory of TLI and the decrease in transmission and distribution supplies inventory of VECO.
e. Other current assets increased by 12% (from ₱1.74 bn in 2013 to ₱1.94 bn in 2014). The increase is mainly due to higher prepaid tax of Parent Company and AESI.
f. Property, plant and equipment (PPE) increased by 12% (from ₱106.75 bn in 2013 to ₱119.65 bn in 2014) mainly attributable to ₱16.3 bn additions to PPE from: 1) ₱13.06 bn construction costs of Davao, Pagbilao 3 and Cebu coal-fired plants, and Sabangan and Tudaya hydroelectric plants; and 2) ₱3.24 bn for distribution segment projects and other capital expenditures.
g. Intangible asset – service concession rights decreased by 7% mainly due to amortization expense charged during the year.
h. Investment properties went up by ₱15 mn attributable to the fair valuation gain recognized on the Company's investment property.

i. Derivative assets (current and noncurrent portions) increased by 264% (from ₱30.9 mn in 2013 to ₱112.5 mn in 2014) primarily due to unrealized mark-to-market gains recognized on outstanding hedge instruments during the current period.
j. Available for sale investments decrease of ₱3 mn is mainly on account of the impairment of an investment held by Cotabato Light.
k. Goodwill increased by 36% (from ₱806 mn in 2013 to ₱1.09 bn in 2014) mainly due to the ₱468 mn additional goodwill from the acquisition of Lima Enerzone. This was partly offset by the ₱179 mn reduction of the provisional goodwill on VECO investment upon finalization of the fair values related to the step acquisition done in 2013.
l. Net pension assets increase of ₱69 mn is mainly due to actuarial gains recognized by the Parent Company during the period.
m. Deferred income tax assets (DTA) decreased by 53% (from ₱520 mn in 2013 to ₱244 mn in 2014). The decrease is due to the following: 1) ₱577 mn reversal in 2014 of the deferred tax benefit on NOLCO that was set up in December 2013, as the NOLCO was applied against the generated taxable income in 2014; and 2) ₱193 mn recognized deferred tax benefits on actuarial gains and other comprehensive income during the period. The decrease was partly offset by the ₱397 mn reclassification of deferred tax liability on accumulated FX gain from DTA to Deferred Income Tax Liability (DTL) to reflect the shift of the subsidiary's tax position from net DTA in December 2013 to net DTL in December 2014.
n. Other noncurrent assets increased by 37% (from ₱7.80 bn in 2013 to ₱10.66 bn in 2014) mainly due to the build-up of deferred input VAT arising from the Group's construction of power plants.

Liabilities

Consolidated liabilities increased by 18% from ₱102.69 bn as of December 31, 2013 to ₱120.68 bn as of December 31, 2014.

a. The bank loans outstanding as of December 31, 2014 represent new loans availed by Davao Light.
b. Trade and other payables decreased by 15% (from ₱15.08 bn in 2013 to ₱12.78 bn in 2014) mainly on account of net settlement of trade payables of TLI.
c. Income tax payable increased by 74% (from ₱348 mn in 2013 to ₱604 mn in 2014) primarily due to higher tax payable of TLI.
d. Long-term debts increased by 84% (from ₱23.29 bn in 2013 to ₱42.78 bn in 2014). The increase is mainly attributable to the following:
   - Parent Company's ₱10 bn retail bond issuance in 2014.
   - Additional loans from the project debt facility of TSI (₱7.56 bn) and PEC (a joint operation, ₱3.17 bn) to fund its ongoing power plant construction.
e. Customers' deposits increased by 11% (₱5.14 bn in 2013 to ₱5.69 bn in 2014) mainly due to: 1) consolidation of new subsidiary (Lima Enerzone); 2) increase in deposits for Davao Light and VECO as it continues to see growth in its customer base during the year; and 3) additional deposits from retail supply customers in 2014.
f. Asset retirement obligation increased by 17% (₱2.00 bn in 2013 to ₱2.35 bn in 2014). Increase is due to additional provision and interest accreted during the year.
g. Pension liability decreased by 10% (₱453 mn in 2013 to ₱406 mn in 2014) on account of retirement contributions made by certain subsidiaries during the year.
h. DTL increased by 37% (₱910 mn in 2013 to ₱1.25 bn in 2014) is mainly due to the ₱397 mn reclassification of deferred tax liability on accumulated FX gain from DTA to DTL.

Equity

Equity attributable to equity shareholders of the parent increased by 5% (from ₱87.63 bn in 2013 to ₱91.96 bn in 2014) due to the following:

a. Retained earnings increased by 7% or ₱4.49 bn after taking up this year's net income of ₱16.71 bn and after dividends declared and paid during the year of ₱12.22 bn. During the year, the Company also appropriated ₱20.90 bn of its unrestricted retained earnings for its various projects.
b. Cumulative translation adjustments increased by ₱63 mn from the effects of translating a subsidiary's US$ net assets and the Group's hedging transactions.

c. The combined actuarial losses on defined benefit plans for the Group and its share in the actuarial losses of the associates decreased by ₱158 mn mainly due to recognized actuarial gains during the period.
d. Share in the net unrealized valuation gains on available for sale investments of an associate increased by 35% or ₱31 mn on account of the movement in the market value of the investment held by an associate.

Material Changes in Liquidity and Cash Reserves of Registrant

Cash generated from the Group's operations continue to be the main cash generating activity as it brought in ₱23.44 bn for the year. The cash generated from operations has dropped by 4% versus last year mainly due to higher payments made to settle trade payables and income taxes.

The Group's net cash used in investing activities during the year amounted to ₱12.98 bn. A total of ₱16.22 bn was used for capital expenditures and acquisition of a subsidiary. This was partly offset by dividends received from associates amounting to ₱4.62 bn.

The significant cash flows relating to financing activities during the year were as follows: a) Cash inflows of ₱20.63 bn representing proceeds from the Group's debt raising activities during the year to finance ongoing projects; and b) Cash outflows for the following were incurred during the year:

- Dividend payments to shareholders of ₱12.22 bn.
- Payments made by TLI to PSALM on its finance lease obligations of ₱6.97 bn.
- Principal and interest payments amounting to ₱2.22 bn.

As of December 31, 2014, the Group's cash and cash equivalents increased from ₱31.38 bn in 2014 to ₱40.23 bn.

Financial Ratios

On a consolidated basis, current ratio increased to 3.36x from 2.87x at the start of the year. This improvement is mainly due to the 16% increase in current assets. The ₱7.70 bn increase in current assets is due to the higher cash and cash equivalents held by the company at the end of 2014.

Consolidated debt to equity ratio remains to be comfortable at 1.26x as of December 31, 2014 (versus year end 2013's 1.13x). The increase is mainly due to an increase in consolidated debt.

MANAGEMENT

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The overall management and supervision of the Company is undertaken by its Board. The Company's executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. The Company currently has nine directors, three of whom are Independent Directors.

The table below sets forth the members of the Company's Board and its executive officers, with their corresponding positions and offices held for the past five (5) years, from 2012 to 2017, as of the date of this Preliminary Prospectus.

ENRIQUE M. ABOITIZ Chairman of the Board of Directors Chairman – Board Risk and Reputation Management Committee	Mr. Enrique M. Aboitiz, 63 years old, Filipino, has served as a director and Chairman of the Board of Directors of AboitizPower since May 18, 2009. He was appointed Chairman of the Board Risk and Reputation Management Committee on May 16, 2011. Mr. Aboitiz is currently a director of Aboitiz Equity Ventures, Inc. (AEV), a publicly-listed company, and Aboitiz & Company, Inc. (ACO). He holds a degree in Bachelor of Science in Business Administration, Major in Economics from Gonzaga University, Spokane, Washington, U.S.A. He is not connected with any government agency or instrumentality.
JON RAMON ABOITIZ Vice Chairman of the Board of Directors Chairman – Board Corporate Governance Committee	Mr. Jon Ramon Aboitiz, 68 years old, Filipino, has been a director of AboitizPower since February 13, 1998 and served as Chairman of the Board from 1998 until 2008. He has been the Vice Chairman of the Board of Directors of AboitizPower since May 18, 2009. He was appointed Chairman of the Board Corporate Governance Committee on May 19, 2008. Mr. Aboitiz began his career with the Aboitiz Group in 1970. From being a manager of Aboitiz Shipping Corporation, Mr. Aboitiz was promoted to President in 1976. He headed the Aboitiz Group's power business in 1989 and was President of ACO from 1991 to 2008. He holds the following positions in publicly-listed companies: Chairman of the Board of Directors of AEV, Vice Chairman of the Board of Directors of Union Bank of the Philippines (UnionBank), and a director of Bloomberry Resorts Corporation and International Container Terminal Services, Inc. (ICTSI). Mr. Aboitiz is the Chairman of the Board of Directors of ACO. He is Chairman of UnionBank's Executive Committee, Risk Management Committee and Vice Chairman of the Corporate Governance Committee, including the latter's Compensation Remuneration and Nomination Sub-Committees. He is a trustee and Vice President of Ramon Aboitiz Foundation, Inc. (RAFI), a trustee of Philippine Business for Social Progress (PBSP) and the Association of Foundations, and member of the Board of Advisors of the Coca-Cola Export Corporation (Philippines) and Pilipinas Kao, Inc. Mr. Aboitiz holds a Bachelor of Science degree in Commerce, Major in Management from the Santa Clara University, California, U.S.A. He is not connected with any government agency or instrumentality.

ERRAMON I. ABOITIZ Director Chief Executive Officer Member – Board Corporate Governance Committee	Mr. Erramon I. Aboitiz, 60 years old, Filipino, has served as Chief Executive Officer and Director of AboitizPower since February 13, 1998. He is currently the President & Chief Executive Officer of AEV, a publicly-listed company. Mr. Aboitiz has been a director of AEV since 1994. He was its Executive Vice President and Chief Operating Officer from 1994 to 2008. Mr. Aboitiz is a director of UnionBank, a publicly-listed company. He is also President and Chief Executive Officer of ACO; and Chairman of the Board of Directors of Aboitiz InfraCapital, Inc. (Aboitiz InfraCapital), San Fernando Electric Light and Power Co., Inc. (SFELAPCO), Subic EnerZone Corporation (SEZ), SN Aboitiz Power–Magat, Inc. (SN Aboitiz Power-Magat), SN Aboitiz Power-Benguet, Inc. (SN Aboitiz Power-Benguet), Aboitiz Renewables, Inc. (ARI), CRH Aboitiz Holdings, Inc. (CRH Aboitiz), Therma Power, Inc. (TPI), Aboitiz Land, Inc. (AboitizLand), Abovant Holdings, Inc. (Abovant), Balamban Enerzone Corporation (BEZ), Lima Enerzone Corporation (LEZ), Manila-Oslo Renewable Enterprise, Inc. (MORE) and Aboitiz Infracapital, Inc. (Aboitiz InfraCapital). He is Vice Chairman of Republic Cement and Building Materials, Inc. (RCBM) and a director of Pilmico Foods Corporation (Pilmico), Davao Light and Power Company, Inc. (Davao Light), Cotabato Light & Power Company (Cotabato Light), AboitizPower International Pte. Ltd. (AP International), AEV International Pte. Ltd. (AEV International), Archipelago Insurance Pte. Ltd. (Archipelago Insurance), AP Renewables, Inc. (APRI), Apo Agua Infrastructura, Inc. (Apo Agua), Cebu Energy Development Corporation (Cebu Energy), PETNET, Inc. (PETNET), Pilmico Animal Nutrition Corporation (PANC) Therma South, Inc. (TSI) and Therma Luzon, Inc. (TLI). Mr. Aboitiz is also Chairman of the Board of Trustees of Aboitiz Foundation, Inc. (AFI), and a director of the Philippine Disaster Recovery Foundation. He holds a Bachelor of Science degree in Business Administration, Major in Accounting and Finance, from Gonzaga University, Spokane, Washington, U.S.A. He is not connected with any government agency or instrumentality.
ANTONIO R. MORAZA Director President and Chief Operating Officer Member – Board Audit Committee – Board Risk and Reputation Management Committee	Mr. Antonio R. Moraza, 60 years old, Filipino, has been a director of AboitizPower since February 13, 1998 and its President and Chief Operating Officer since May 19, 2014. He has been a member of the Board Audit Committee and the Board Risk and Reputation Management Committee since May 19, 2014. He has been a director of AEV, a publicly-listed company, since May 2009. Mr. Moraza is also Chairman of the Board of Directors of Pilmico, PANC, Therma Visayas, Inc. (TVI), TSI, TLI, Luzon Hydro Corporation (LHC), Hedcor, Inc. (Hedcor),), Hedcor Sabangan, Inc. (Hedcor Sabangan), Hedcor Bukidnon, Inc. (Hedcor Bukidnon), Hedcor Tudaya, Inc. (Hedcor Tudaya), Hedcor Sibulan, Inc. (Hedcor Sibulan), Cebu Private Power Corporation (CPPC), APRI, Cotabato Light, Davao Light Pagbilao Energy Corporation (PEC), Aseagas Corporation (Aseagas), and Aboitiz Power Distributed Energy, Inc. (APX). He is likewise Vice Chairman of Cebu Energy; a director and Senior Vice President of ACO; President and

	Chief Executive Officer of Abovant and ARI; and a director of SN Aboitiz Power- Benguet, SN Aboitiz Power-Magat, SN Aboitiz Power-Gen, Southern Philippines Power Corporation (SPPC), STEAG State Power, Inc. (STEAG Power), Western Mindanao Power Corporation (WMPC), Redondo Peninsula Energy, Inc. (RP Energy), Therma Marine, Inc. (TMI), Therma Mobile, Inc. (TMO), East Asia Utilities Corporation (EAUC) and Aboitiz InfraCapital. Mr. Moraza holds directorship and management positions in GNPower Mariveles Coal Plant Ltd. Co. (GNPower-Mariveles) and GNPower Dinginin Ltd. Co. (GNPower-Dinginin) and its holding companies. He is also a director and President of TPI; and a trustee of AFI. He holds a degree in Business Management from the Ateneo de Manila University. He is not connected with any government agency or instrumentality.
MIKEL A. ABOITIZ Director Member – Board Audit Committee – Board Risk and Reputation Management Committee	Mr. Mikel A. Aboitiz, 62 years old, Filipino, has been Director of AboitizPower since February 13, 1998. He has been a member of the Board Audit Committee of AboitizPower since October 26, 2007, and of the Board Risk and Reputation Management Committee since May 19, 2014. He was formerly President and Chief Executive Officer of City Savings Bank, Inc. (CitySavings) from 2001 to 2014; and Senior Vice President of AEV, a publicly-listed company, from 2004 to 2015. He is currently a director of ACO and a trustee and Treasurer of RAFI. He holds a degree in Bachelor of Science, Major in Business Administration, from Gonzaga University, Spokane, Washington, U.S.A. He is not connected with any government agency or instrumentality. He is also not a director of any other publicly-listed company.
JAIME JOSE Y. ABOITIZ Director Executive Vice President and Chief Operating Officer – Power Distribution Group	Mr. Jaime Jose Y. Aboitiz, 55 years old, Filipino, was a director of AboitizPower from 2004 to April 2007, and re-elected on May 18, 2009. He is currently AboitizPower's Executive Vice President and Chief Operating Officer - Power Distribution Group, a position he has held since August 14, 2008. He is a member of the Board of Advisers of ACO; and Chairman of the Boards of Aboitiz Construction, Inc. (Formerly: Aboitiz Construction Group, Inc.) (ACI) and Cebu Praedia Development Corporation (CPDC). He is also Vice Chairman and President of Visayan Electric Company, Inc. (VECO); Director and President and Chief Executive Officer of Cotabato Light, Davao Light and SEZ; a director and President of Mactan Enerzone Corporation (MEZ), LEZ, and BEZ; a director of ARI, CPPC, SFELAPCO, AboitizLand, Abovant, Cebu Industrial Park Developers, Inc. (CIPDI), Hedcor, Hedcor Sibulan, Hedcor Sabangan, Hedcor Sibulan, Hedcor Tudaya, Hedcor Bukidnon, Hijos de F. Escano, Inc. (Hijos) and Tsuneishi Heavy Industries Cebu, Inc. (THI). He is also a trustee of AFI. He holds a degree in Mechanical Engineering from Loyola Marymount University in California, U.S.A. and a Master's degree in Management from the Asian Institute of Management. He is not connected with any government agency or instrumentality. He is also not a director of any other publicly-listed company.

CARLOS C. EJERCITO Independent Director Chairman – Board Audit Committee Member – Board Risk and Reputation Management Committee – Board Corporate Governance Committee	Mr. Carlos C. Ejercito, 71 years old, Filipino, has been an Independent Director of AboitizPower since May 19, 2014. He has served as Chairman of the Board Audit Committee and member of the Board Corporate Governance Committee and Board Risk and Reputation Management Committee since May 19, 2014. He is currently the President and Chief Executive Officer of Mount Grace Hospitals, Inc. He is an Independent Director and a member of the Board Audit Committee of Bloomberry Resorts Corporation and Century Properties Group, Inc., both publicly-listed companies, and an Independent Director of Monte Oro Resources and Energy Corporation. Mr. Ejercito is the Chairman and President of CR Nichrome, Inc., and the Chairman and Chief Executive Officer of Forum Cebu Coal Corporation. Mr. Ejercito is a Board Member of eight hospitals including Medical Center Manila, VR Potenciano Medical Center, Tagaytay Medical Center, Pinehurst Medical Services Inc., and Silvermed Corporation. He is also the President of Pinehurst Medical Services, Inc. Mr. Ejercito was formerly the Chairman of the Board of United Coconut Planters Bank and a former Director of the National Grid Corporation of the Philippines. He served as President and Chief Executive Officer of United Laboratories, Inc., Unilab Group of Companies, Univet Agricultural Products, Inc. and Greenfield Development Corporation. He was a member of the Board of Governors of the Management Association of the Philippines. Mr. Ejercito graduated cum laude from the University of the East with a degree in Bachelor of Science in Business Administration. He completed the Management Development Program of the Harvard Business School in 1983 and the coursework for Master's in Business Administration at the Ateneo Graduate School of Business. Mr. Ejercito is a certified public accountant. He is not connected with any government agency or instrumentality.
ROMEO L. BERNARDO Independent Director Member – Board Audit Committee – Board Corporate Governance Committee – Board Risk and Reputation Management Committee	Mr. Romeo L. Bernardo, 62 years old, Filipino, has been an Independent Director of AboitizPower since May 19, 2008, and has been a member of its Board Audit Committee and Board Corporate Governance Committee for the same period. He was appointed as member of the Board Risk and Reputation Management Committee on May 18, 2015. He is the Managing Director of Lazaro Bernardo Tiu and Associates, a boutique financial advisory firm based in Manila. He is also an economist of GlobalSource in the Philippines. He is Chairman of ALFM Family of Funds and Philippine Stock Index Fund. He is an Independent Director of the following publicly-listed corporations: Globe Telecom, RFM Corporation, and Bank of the Philippine Islands (BPI). He is likewise Independent Director of several companies and organizations including BPI Capital Corporation, BPI/MS Insurance Corporation, and BPI-Philam Life Assurance Corporation. He is currently affiliated in various capacities with the Foundation for Economic Freedom, World Bank Philippine Advisory

	Group, International Centre for Settlement of Investment Disputes and the Energy Policy and Development Program. Mr. Bernardo previously served as Undersecretary for International Finance of the Department of Finance and as Alternate Executive Director of the Asian Development Bank. He held various positions in the government, including the National Power Corporation and Philippine National Bank. He was a member of the Board of Trustees of the Philippine Institute for Development Studies from October 2005 until March 2016. He was an Advisor of the World Bank and the International Monetary Fund, and served as Deputy Chief of the Philippine Delegation to the General Agreement on Tariffs and Trade (World Trade Organization) in 1979. In the same year, he was Finance Attache of the Philippine Mission to the United Nations in Geneva, Switzerland. He was formerly President of the Philippine Economics Society; Chairman of the Federation of ASEAN Economic Societies and a faculty member of the College of Business Administration of the University of the Philippines. Mr. Bernardo holds a degree in Bachelor of Science in Business Economics from the University of the Philippines (magna cum laude) and a Master's degree in Development Economics (top of the class) from Williams College in Williamstown, Massachusetts. He is not connected with any government agency or instrumentality.
ALFONSO A. UY Independent Director Member – Board Audit Committee – Board Risk and Reputation Management Committee – Board Corporate Governance Committee	Mr. Alfonso A. Uy, 77 years old, Filipino, has been an Independent Director of AboitizPower since May 20, 2013, and has been a member of its Board Audit Committee, Board Risk and Reputation Management Committee and Board Corporate Governance Committee for the same period. He currently serves as Chairman of the Boards of La Filipina Uy Gongco Corporation, Philippine Foremost Milling Corporation, Mindanao Grain Processing Corporation, Amigo Shipping Corporation, Amigo Terrace Hotel, Amigo Agro-Industrial Development Corporation, Excel Farm Corporation and Capiz Sugar Central. Mr. Uy is a Director of State Properties, Inc., State Investment Trust, Inc., STEAG Power, BDO Private Bank and Global Business Power Corporation. He acts as Chairman Emeritus of Iloilo Economic Development Foundation. In the past, Mr. Uy served in various capacities in government and non-government organizations, such as President of the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc. and Member of the City Council of Iloilo City. He was the recipient of various awards, including the Dr. Jose Rizal Award for Excellence in Business and Commerce, Outstanding Chemical Engineer Award of the Philippine Institute of Chemical Engineers and the Professional of the Year Award in the field of Chemical Engineering by the Philippine Regulatory Commission for the year 2005. He graduated magna cum laude from the Central Philippine University with a degree in Bachelor of Science in Chemical Engineering. He is a licensed Chemical Engineer.

	He is not connected with any government agency or instrumentality. He is not a director of any other publicly listed company.
LUIS MIGUEL O. ABOITIZ Executive Vice President/Chief Operating Officer – Corporate Business Group	Mr. Luis Miguel O. Aboitiz, 52 years old, Filipino, has been AboitizPower's Executive Vice President/Chief Operating Officer-Corporate Business Group since January 1, 2016. He was previously AboitizPower's Senior Vice President-Power Marketing and Trading from 2009 to 2015. He is currently Senior Vice President of AEV, a publicly-listed company, Director and First Vice President of ACO, Trustee of AFI, Director of STEAG Power, ARI, TPI, PFC, PANC, MORE, TSI, TLI, APRI, PEC and CPDC, MORE, Aseagas, APX, Aboitiz InfraCapital. Mr. Aboitiz holds directorship and management positions in GNPower-Mariveles and GNPower-Dinginin and its holding companies. He is also a director of UnionBank, a publicly listed company. He graduated from Santa Clara University, California, U.S.A. with a Bachelor of Science degree in Computer Science and Engineering and took his Masters in Business Administration at the University of California in Berkeley, U.S.A. He is not connected with any government agency or instrumentality.
EMMANUEL V. RUBIO Executive Vice President and Chief Operating Officer – Power Generation Group	Mr. Emmanuel V. Rubio, 52 years old, Filipino, was appointed as the Executive Vice President and Chief Operating Officer - Power Generation Group of AboitizPower on May 19, 2014. He is President and Chief Executive Officer of SN Aboitiz Power-Magat, SN Aboitiz Power-Gen and SN Aboitiz Power-Benguet since 2011. Mr. Rubio is currently Chairman of EAUC San Carlos Sun Power, Inc. (Sacasun), Maaraw Holdings San Carlos, Inc. (Maaraw San Carlos), TMI and TMO; Director and Chief Executive Officer of APRI; and Director of ARI, Abovant, CEDC, CPPC, Hedcor, Hedcor Sabangan, Hedcor Sibulan, Hedcor Tudaya, Hedcor Bukidnon, LHC, PEC, STEAG Power, TLI, TPI, TSI and TVI. Mr. Rubio holds directorship and management positions in GNPower-Mariveles and GNPower-Dinginin and its holding companies. He is also a member of the Board of Trustees of Philippine Independent Power Producers Association, Inc. (PIPPA). Prior to joining AboitizPower, Mr. Rubio was connected with Consolidated Industrial Gases, Inc. (CIGI) Philippines, where he worked for more than 15 years in various capacities, including Vice President for Sales and Marketing, Business Unit General Manager, and eventually, President. Mr. Rubio is a graduate of Bachelor of Science in Industrial Management Engineering, with a minor in Mechanical Engineering, from De La Salle University, where he also completed his post-graduate studies. He is also a certificate course graduate of the University of Michigan Executive Education Program, the LEAD program of Columbia University and the Strategic Management Course of the Nanyang Technological University in Singapore. He recently completed the Advanced Management Program of Columbia University. Mr. Rubio is a holder of the Executive Certificate in Directorship from the Singapore Management University-Singapore Institute of Directors (SMU-SID). He is not

	connected with any government agency or instrumentality. He is also not a director of a publicly-listed company.
JUAN ANTONIO E. BERNAD Executive Vice President – Regulatory	Mr. Juan Antonio E. Bernad, 60 years old, Filipino, has been AboitizPower's Executive Vice President for Regulatory since May 16, 2016. He previously served AboitizPower in several capacities, as Director from 1998 until May 18, 2009, as Executive Vice President/Chief Financial Officer/Treasurer from 1998 to 2003 and as Executive Vice President for Regulatory Affairs/Chief Financial Officer from 2004 to 2007. Since 1995, Mr. Bernad has been Senior Vice President of AEV, a publicly-listed company. He was AEV's Senior Vice President - Electricity Regulatory Affairs from 2004 to 2007 and Senior Vice President - Chief Financial Officer from 1995 to 2004. He is Director and the Executive Vice President - Regulatory Affairs of Davao Light; Director and Senior Vice President of VECO; and Director of Cotabato Light, AEV Aviation, Inc. (AEV Av), SFELAPCO, and UnionBank, a publicly listed company. He has an Economics degree from Ateneo de Manila University and a Master's degree in Business Administration from The Wharton School of the University of Pennsylvania, U.S.A. He is not connected with any government agency or instrumentality.
GABRIEL T. MAÑALAC Senior Vice President – Group Treasurer	Mr. Gabriel T. Mañalac, 60 years old, Filipino, has been AboitizPower's Treasurer since May 11, 2004 and its Senior Vice President - Group Treasurer since May 17, 2010. He has been Senior Vice President - Group Treasurer of AEV, a publicly-listed company, since 2009. Mr. Mañalac joined AEV as Vice President for Treasury Services in 1998 and was promoted to First Vice President for Treasury Services in 2004. He is also Vice President and Treasurer of Davao Light and Treasurer of Cotabato Light. Mr. Mañalac graduated cum laude with a Bachelor of Science degree in Finance and a Bachelor of Arts in Economics degree from De La Salle University. He obtained his Masters of Business Administration in Banking and Finance degree from the Asian Institute of Management and was awarded the Institute's Scholarship for Merit. He is not connected with any government agency or instrumentality. He is also not a director of a publicly-listed company.
SUSAN V. VALDEZ Senior Vice President and Chief Reputation and Risk Management Officer Ex-officio Member – Board Risk and Reputation Management Committee	Ms. Susan V. Valdez, 56 years old, Filipino, has been the Chief Reputation Officer and Risk Management Officer of AboitizPower since December 14, 2012. She was appointed Senior Vice President/Chief Reputation and Risk Management Officer on May 18, 2015 and has been an Ex-officio member of the Board Risk and Reputation Management Committee since May 21, 2012. She is also Chief Corporate Services Officer of AEV, a publicly-listed company, since December 18, 2015. Ms. Valdez is also Trustee, President and Member of the Executive Committee of AFI; Trustee and President of WeatherPhilippines Foundation, Inc. (WeatherPhilippines); and Director of Archipelago

	Insurance. Before joining AEV, she was the Executive Vice President and Chief Executive Officer of the 2GO Freight Division of Aboitiz Transport System (ATSC) Corporation (now 2GO Group, Inc.), a publicly-listed company, for eight years. She was also President and Chief Executive Officer of Aboitiz One, Inc. (now ATS Express, Inc.) and Aboitiz One Distribution, Inc. (now ATS Distribution, Inc.) for two years. Prior to heading the freight and supply chain business of ATSC, she was its Chief Finance Officer and Chief Information Officer for eight years. She is a Certified Public Accountant, and graduated cum laude from St. Theresa's College with a degree of Bachelor of Science in Commerce, Major in Accounting. She earned her Masters degree in Business Management from the University of the Philippines, and completed a program on Management Development at Harvard Business School. She is not connected with any government agency or instrumentality. She is also not a director of a publicly-listed company.
LIZA LUV T. MONTELIBANO Senior Vice President/Chief Financial Officer/Corporate Information Officer Ex-officio Member – Board Risk and Reputation Management Committee	Ms. Liza Luv T. Montelibano, 41 years old, Filipino, is Senior Vice President/Chief Financial Officer/Corporate Information Officer of AboitizPower since May 16, 2016. She was appointed as Chief Financial Officer - Power Generation Group of AboitizPower on January 2, 2014 until she was promoted as First Vice President/Chief Financial Officer/Corporate Information Officer on May 18, 2015. She is a Director of MORE, SEZ, TPI, VECO, ARI, Hedcor Bukidnon, Hedcor Sabangan, Hedcor Sibulan, Hedcor Tudaya, Hedcor, LHC, TPI, MORE, APRI, AP International. Ms. Montelibano holds directorship and management positions in GNPower-Mariveles and GNPower-Dinginin and its holding companies. Prior to joining AboitizPower, she was the Country Controller of NXP Semiconductors. Her background is in finance, risk assessment and internal audit arising from her previous experience with various multinational companies. She also served as Chief Financial Officer of SteelAsia Manufacturing Corporation from September 2012 to March 2013, and as General Manager for Finance and Administration at L'Oreal Philippines, Incorporated from March 2006 to August 2012. Ms. Montelibano graduated cum laude from the Ateneo de Manila University with a degree in Bachelor of Science in Management, Minor in Finance. She is also a Certified Internal Auditor under the Institute of Internal Auditors. She is not connected with any government agency or instrumentality. She is also not a director of a publicly-listed company.
MA. CHONA Y. TIU First Vice President & Chief Financial Officer – Power Distribution Group	Ms. Ma. Chona Y. Tiu, 59 years old, Filipino, is First Vice President and Chief Financial Officer – Power Distribution Group since January 2, 2014. She joined the Aboitiz Group in 1977 as a Research Assistant of the Corporate Staff Department of ACO. She rose from the ranks and held various finance positions in different companies within the Aboitiz Group, including ACI and AboitizLand. She joined the AboitizPower Group where she was appointed Vice President - Administration and Chief Finance Officer

	of AboitizPower's Affiliate, VECO, in 2007. Ms. Tiu has been Chief Financial Officer - Power Distribution Group since March 6, 2009 and was Vice President from 2009 to 2013. She is Director and Vice President/Chief Financial Officer/ Treasurer of BEZ, LEZ, MEZ and SEZ; Director and Vice President - Chief Financial Officer of Cotabato Light, Davao Light and VECO; and Director of SFELAPCO. She is not connected with any government agency or instrumentality. She is also not a director of a publicly-listed company.
BEVERLY B. TOLENTINO First Vice President/Chief Financial Officer – Power Generation Group	Ms. Beverly B. Tolentino, 46 years old, Filipino, was appointed First Vice President/Chief Financial Officer - Power Generation Group of AboitizPower on December 4, 2015. She is currently Chief Finance Officer of Abovant, EAUC, TSI and Hedcor; Chief Financial Officer and Treasurer of ARI, APRI, Hedcor Bukidnon, Hedcor Sabangan, Hedcor Sibulan, Hedcor Tudaya, PEC, TLI and CPPC; and Treasurer of LHC, Sacasun, Maaraw San Carlos, TMI, TMO, TPI, TVI, EAUC and Aseagas. She has extensive local and offshore experiences in general management, finance leadership and controllership roles. She held key positions in the SN Power Group for the past three years, most recently as the Managing Director and Group Business Controller of SN PowerInvest Netherlands BV. Ms. Tolentino is also familiar with the Aboitiz Group, having served as Assistant Vice President - Financial Controller of MORE, and as Assistant Vice President for Finance Systems of Aboitiz Transport System Corporation (now 2Go Group, Inc.), a publicly-listed company. Ms. Tolentino graduated cum laude from Ateneo de Davao University with a Bachelor of Science degree in Commerce, Major in Accounting, and is a Certified Public Accountant. She is not connected with any government agency or instrumentality. She is also not a director of a publicly-listed company.
ALVIN S. ARCO First Vice President – Regulatory	Mr. Alvin S. Arco, 56 years old, Filipino, was appointed First Vice President for Regulatory Affairs of AboitizPower on January 2, 2014. He is also Vice President - Regulatory Affairs of Davao Light and Vice President - Finance of Cotabato Light. He was Vice President - Regulatory Affairs of AboitizPower from April 2007 to December 2013. Mr. Arco was also Accounting Manager of AboitizPower from 1998 to 1999, Assistant Vice President - Finance from 2000 to 2004 and Vice President - Finance in 2005. Mr. Arco is a Certified Public Accountant. He obtained his degree in Accountancy from the University of San Jose - Recoletos, Cebu City. He is not connected with any government agency or instrumentality. He is also not a director of a publicly-listed company.
ROCHEL DONATO R. GLORIA First Vice President – Trading and Sales	Mr. Rochel Donato R. Gloria, 51 years old, Filipino, was appointed First Vice President - Trading and Sales on June 15, 2015. Prior to joining AboitizPower, he was the Senior Director/Specialist for Corporate Development and Finance of OGE Energy Corporation, a company listed with the New York Stock Exchange (NYSE). He has extensive experience in corporate development and finance,

	financial planning and analysis, strategic planning, capital budgeting, risk assessment and business analysis and financial modelling. Mr. Gloria graduated from De La Salle University with a degree in Bachelor of Science in Industrial Management, Minor in Mechanical Engineering. He completed his Masters Degree in Business Administration from the Ateneo de Manila University Graduate School of Business. He is not connected with any government agency or instrumentality. He is also not a director of a publicly-listed company.
RALPH T. CRISOLOGO First Vice President – Project Development	Mr. Ralph T. Crisologo, 57 years old, Filipino, was appointed First Vice President - Project Development of AboitizPower on December 4, 2015. He has over 20 years of experience in the different aspects of the Power Systems Engineering Industry, such as power system operations and planning, plant maintenance and operation, scheduling and dispatch, and power supply contracting, among others. Prior to joining AboitizPower, Mr. Crisologo was a freelance power and energy consultant. He was the Chief Market Officer of the SN Aboitiz Power Group and also held key positions in MORE and the SN Power Group from 2009 up to March 2015. Mr. Crisologo was also a member of the Rules Change Committee representing the generators group of the Wholesale Electricity Spot Market for three years. Mr. Crisologo graduated from the University of the Philippines-Diliman, with a Bachelor of Science degree in Electrical Engineering. He also graduated at the top of his Management Program at the Asian Institute of Management. He is not connected with any government agency or instrumentality. He is also not a director of a publicly-listed company.
JOSEPH TRILLANA T. GONZALES First Vice President – General Counsel	Mr. Joseph Trillana T. Gonzales, 50 years old, Filipino, was appointed First Vice President – General Counsel of AboitizPower on January 1, 2015. He previously served as Assistant Corporate Secretary of the Company from August 2007 to May 2016. He was Vice President for Legal and Corporate Services of AEV, a publicly-listed company, from 2008 to 2014. Mr. Gonzales was Special Counsel of SyCip Salazar Hernandez & Gatmaitan Law Offices until he joined the Aboitiz Group in 2007 as Assistant Vice President of the Corporate and Legal Services of ACO. He is a graduate of Bachelor of Arts, Major in Economics, and Bachelor of Laws from the University of the Philippines. He has a Master of Laws degree from the University of Michigan, Michigan, U.S.A. He is not connected with any government agency or instrumentality. He is also not a director of a publicly-listed company.
ROBERT MCGREGOR Executive Director – Investments	Mr. Robert McGregor, 57 years old, British, was appointed Executive Director - Investments of AboitizPower on September 24, 2015. Mr. McGregor is concurrently the Senior Vice President-Chief Strategy and Investment Officer of AEV, a publicly-listed company, since November 27, 2014 and a Director of PETNET. He was initially joined AEV as Senior Vice President Chief Strategy Officer until November 2014, when he was appointed as AEV's Chief

	Strategy and Investment Officer. Mr. McGregor brings with him a wealth of experience in management, investment banking and private equity investing with almost 37 years of experience in energy markets. He has extensive experience in corporate strategy, marketing and business planning in oil, gas and electricity industries in the United Kingdom. He moved to Hong Kong in 1997 and enjoyed an 11-year career in regional investment banking, before moving to Singapore to take up a partnership in Actis, an emerging-market private equity company. In 2012, he returned to Hong Kong with Hongkong and Shanghai Banking Corporation Limited as an investment banker. Mr. McGregor completed his honors degree in Applied Chemistry from The University of Strathclyde, United Kingdom and obtained his Masters Degree in Business Administration from the same university. He is not connected with any government agency or instrumentality. He is also not a director of a publicly-listed company.
DONALD L. LANE Executive Director – Project Development and Execution	Mr. Donald L. Lane, 58 years old, British, was appointed Executive Director for Project Development and Execution on December 4, 2015. Prior to this, he held the position of Executive Director-Business Development of AboitizPower from September 3, 2014. Mr. Lane has over 25 years of experience in the power business in the Philippines and abroad. Prior to joining AboitizPower, Mr. Lane was the General Manager for Power at WorleyParsons Resources and Energy for its Southeast Asia Power Hub based in Singapore. Mr. Lane completed his doctorate degree in Mechanical Engineering from Brunel University, Uxbridge, United Kingdom. He is not connected with any government agency or instrumentality. He is also not a director of a publicly-listed company.
THOMAS J. SLIMAN, JR. Executive Director – Projects	Mr. Thomas J. Sliman, Jr., 56 years old, American, was appointed Executive Director for Projects of AboitizPower on August 1, 2013. He was appointed as AboitizPower's Vice President - Business Development in May 17, 2010, and was its First Vice President for Business Development from 2012 to 2013. He holds directorship and management positions in GNPower-Mariveles and GNPower-Dinginin and its holding companies. Mr. Sliman has extensive experience in the power industry, both in the Philippines and in the U.S.A. After working for 20 years in the U.S.A. for the Southern Company in various operations and maintenance roles in thermal power plants, he relocated to the Philippines to work with Mirant Philippines and was initially assigned at the Pagbilao and Sual plants as plant manager. He was the Executive Vice President - Operations for Mirant Philippines until its sale in 2007. Mr. Sliman previously worked with AboitizPower in 2009 as a consultant during AboitizPower's submission of bid proposals to be the Independent Power Producer Administrator (IPPA) of the Pagbilao and Sual Coal-Fired Power Plants. He earned his degree in Bachelor of Science in Electrical Engineering from the Mississippi State University in 1983. He had completed approximately 75%

	of the required coursework for a Masters of Business Administration degree from the University of Southern Mississippi, Long Beach, Mississippi. He is not connected with any government agency or instrumentality. He is also not a director of a publicly-listed company.
JOHN EARL CRIDER, JR. Executive Director – Chief Technology Officer, Power Generation Group	Mr. John Earl Crider, Jr., 57 years old, American, was appointed as Executive Director – Chief Technology Officer, Power Generation Group on February 13, 2017. Mr. Crider first joined the Aboitiz Group in February 2014 as Executive Director for Operations and Maintenance of TLI. Prior to this, Mr. Crider served as Senior Director for Engineering & Operations of Oxbow Carbon from June 2010 to September 2013 and Executive Vice President of Foster Wheeler Inc. from 2006 through 2010. He has over 35 years of experience in power generation and has worked with a variety of power generation technologies. Mr. Crider earned his Bachelor of Science Degree in Electrical Engineering Technology from Western Kentucky University. He is not connected with any government agency or instrumentality. He is also not a director of a publicly-listed company.
M. JASMINE S. OPORTO Corporate Secretary and Compliance Officer Ex-officio Member – Board Corporate Governance Committee	Ms. M. Jasmine S. Oporto, 57 years old, Filipino, has been the Corporate Secretary of AboitizPower since January 16, 2007 and Compliance Officer since December 2012. She is concurrently Senior Vice President - Chief Compliance Officer/ Corporate Secretary of AEV, a publicly-listed company, since May 17, 2004. Ms. Oporto is the Vice President for Legal Affairs of Davao Light; Corporate Secretary of Hijos de F. Escaño, Inc. (Hijos) and Aboitiz InfraCapital; and Assistant Corporate Secretary of VECO. Prior to joining the Aboitiz Group, she worked in various capacities at the Hong Kong office of Kelley Drye & Warren, LLP, a New York-based law firm, and the Singapore-based consulting firm Albi Consulting Pte. Ltd. She graduated magna cum laude with a degree in Bachelor of Science in Landscape Architecture and obtained her Bachelor of Laws degree from the University of the Philippines - Diliman. She is a member of both the Philippine and New York State bars. Ms. Oporto is a teaching fellow of the Institute of Corporate Directors (ICD), after completing the Professional Director's Program conducted by ICD. She is a member of GRC Institute of Australia and is involved in governance and compliance work within the organization. She has completed the mandatory accreditation course of the Bangko Sentral ng Pilipinas on Corporate Governance and Risk Management for Board of Trustees/Directors, and is an accredited provider of Harrison Assessment Talent Solutions. In addition, she has attended various seminars on corporate governance and compliance, including Compliance and Regulatory Management, Scenario Planning for Strategy, Management of Legal Risk and Services, and the Corporate Secretary Training of Trainers Program conducted by the International Finance Corporation and the ICD. Ms. Oporto was awarded Corporate Secretary of the Year in 2014 and 2015 by Corporate Governance Asia, Hong Kong. She is not

	connected with any government agency or instrumentality. She is not a director of any publicly listed company.
MAILENE M. DE LA TORRE Assistant Corporate Secretary	Ms. Mailene M. de la Torre, 35 years old, Filipino, was appointed Assistant Corporate Secretary of AboitizPower on November 24, 2016. She is Senior Associate General Counsel for Governance & Compliance since November 2016, and previously an Associate General Counsel for Legal and Corporate Services of AEV from May 2010 to October 2014. She is also the Assistant Corporate Secretary of AEV. Ms. De la Torre is the Corporate Secretary of various AEV subsidiaries: ARI, APRI, EAUC, BEZ, LEZ, MEZ, SEZ, Hedcor Bukidnon, Hedcor Sabangan, Hedcor Sibulan, Hedcor Tudaya, LHC, PANC, PFC, PEC, TPI, TMI, TMO, TSI, TLI, TVI and PETNET as well as Assistant Corporate Secretary for Aboitiz InfraCapital, AboitizLand, Cotabato Light, Davao Light, MORE, SN Aboitiz Power-Benguet, SN Aboitiz Power-Magat and VECO. Ms. de la Torre has practice in the areas of compliance and corporate governance, securities and corporation law, acquisitions, joint ventures and litigation. Prior to joining the Aboitiz Group, she was an Associate at the Esguerra & Blanco Law Office from 2007 to 2010. She earned her Bachelor's Degree in Political Science (cum laude) and her Bachelor of Laws from the University of the Philippines – Diliman, Quezon City. She is a graduate member after completing the Professional Director's Program conducted by ICD. She is not connected with any government agency or instrumentality. She is also not a director of a publicly-listed company.

Period in which the Directors Should Serve

The directors shall serve for a period of one year.

Term of Office of a Director

Pursuant to the Amended By-Laws of AboitizPower, the directors are elected at each annual stockholders' meeting by stockholders entitled to vote. Each director holds office until the next annual election or for a term of one year and until his successor is duly elected, unless he resigns, dies or is removed prior to such election.

Any vacancy in the Board, other than by removal or expiration of term, may be filled by a majority vote of the remaining members thereof at a meeting called for that purpose, if they still constitute a quorum. The director so chosen shall serve for the unexpired term of his predecessor in office.

Significant Employees

AboitizPower considers the contribution of every employee important to the fulfillment of its goals.

Family Relationships

Messrs. Jaime Jose and Luis Miguel Aboitiz are first cousins. Messrs. Jon Ramon and Mikel Aboitiz are brothers. Messrs. Erramon and Enrique Aboitiz are brothers as well. Other than these, no other officers or directors are related within the fourth degree of consanguinity.

Involvement in Certain Legal Proceedings as of March 31, 2017

To the knowledge and/or information of AboitizPower, none of its nominees for election as directors, its present members of the Board, or its executive officers, is presently involved in any legal proceeding or bankruptcy petition or has been convicted by final judgment, or being subject to any order, judgment or decree or has violated the securities or commodities law in any court or government agency in the Philippines or elsewhere, for the past five (5) years and the preceding years until March 31, 2017, which would put to question his/her ability and integrity to serve AboitizPower and its stockholders.

Parent Company

AboitizPower's parent company is AEV. As of March 31, 2017, AEV owns 76.88% of the voting shares of AboitizPower. In turn, ACO owns, as of March 31, 2017, 48.56% of the voting shares of AEV.

Resignation or Refusal to Stand for Re-election by Members of the Board of Directors

No director has resigned or declined to stand for re-election to the Board since the date of AboitizPower's last Annual Stockholders' Meeting because of a disagreement with AboitizPower on matters relating to its operations, policies and practices.

CORPORATE GOVERNANCE

Guided by the Organization for Economic Co-operation and Development (OECD)'s 5 Principles of Corporate Governance, AboitizPower refreshed its efforts starting in 2014 to strengthen the roles and responsibilities of its Board; adopted new protocols and improved existing systems and policies to protect the rights of its shareholders; safeguarded shareholders' equitable treatment; continuously recognized the value and participatory role of all stakeholders; and, practiced the appropriate level of transparency and improved corporate disclosures.

SHAREHOLDER RIGHTS AND EQUITABLE TREATMENT

All shareholders, regardless of the amount of their shareholdings, are given the right to participate in the decision- making, pursuant to the Company's One Share, One Vote policy.

Moreover, to ensure that directors, officers, and even majority shareholders do not take advantage of their positions, all shareholders are apprised of all related party transactions, with amounts disclosed, within the Aboitiz Group. All related party transactions in the Group are reported in AboitizPower's Consolidated Audited Financial Statements every year.

All shareholders likewise receive notices of all shareholders' meetings, and all agenda items to be discussed and decided upon during the said meetings are set out in the notices and that no new agenda item will be taken up during the conduct of the meeting. For the guidance of shareholders, included in the notices to shareholders' meetings are the rationale of agenda items which are submitted to the shareholders for their approval.

STAKEHOLDER ENGAGEMENT

The Aboitiz Group is committed to the principles of sustainability to balance the interests of People, Planet, and Profit. By following this rule, AboitizPower has obtained and maintained a good health, safety, and environmental track record. The Group launched its Sustainability Policy in 2013, in the belief that all stakeholders must be treated with fairness and that corporate social responsibility is an integral part of doing business. In support of this policy, in 2014, the Group launched its BetterWorld campaign to encourage all stakeholders to adopt this policy for sustainability.

AboitizPower has a Manual of Corporate Governance (Manual) and Code of Ethics and Business Conduct (Code) to guide the attainment of its corporate goals and strategies. In 2016, the Board of Directors, upon the endorsement of the Board Corporate Governance Committee, approved the revised Code which now includes a more defined anti-corruption and bribery policy, sustainability policy and digital media policy, among others. To ensure compliance, copies of the Manual and the Code are made available to the Board of Directors, management and all employees through AboitizPower's website. Company-wide orientations on the Manual and the Code are conducted yearly.

The Compliance Officer, together with the Human Resources Department, regularly monitors and evaluates compliance by the Board of Directors, management and employees to the Manual, the Code, other company policies, and existing laws and regulations. The Compliance Officer also ensures the implementation of AboitizPower's rule against conflicts of interests and the misuse of confidential and proprietary information throughout the organization.

The Compliance Officer regularly reports to the Board Corporate Governance Committee the Company's compliance status with existing laws and regulations, as well as the Board's, management's and employees' compliance with internal governance policies.

There are no major deviations from the Manual as of the date of this report. The Board of Directors regularly reviews the Manual to ensure that the same remains relevant and responsive to the needs of the organization. Any amendments to the Manual are promptly submitted to the SEC for confirmation and approval.

DISCLOSURE AND TRANSPARENCY

Pursuant to its commitment to transparency and accountability, AboitizPower, in its website, www.aboitizpower.com, has its own dedicated corporate governance webpage which serves as a resource center and library for its stakeholders. The Company also maintains a comprehensive Corporate Governance report every year which will be uploaded in the Company's website before the Annual Stockholders' Meeting. As part of its commitment to sustainability, AboitizPower is maximizing the use of digital technology rather than the use of scarce paper sources.

A copy of the complete annual Corporate Governance Report (CG Report) of the Compliance Officer is available at www.aboitizpower.com under Governance Reports and Scorecards of the Corporate Governance webpage. A condensed copy of the CG Report is also included in AboitizPower's Annual Report and can be accessed at www.aboitizpower.com under Annual Report of the Investor Relations webpage (Investor's Kit).

BOARD RESPONSIBILITY

The Board's primary objectives are to improve shareholder returns, to develop responsible long-term investments, and to achieve disciplined and sustainable growth. To this end, board attendance and active participation during board and committee meetings are encouraged from directors. Attendance during board meetings are closely monitored and reported by the Compliance Officer to the SEC and PSE, as well as in the Company's 2016 SEC Annual Corporate Governance Report uploaded in the company website.

In 2016, the Board held a total of nine regular and special meetings. Below is a summary of the attendance of the Directors.

Aboitiz Power Corporation Board Meetings	**Regular and Special Board Meetings 2016**									**Total No. of Meetings Attended by Each Member**	**Percentage of Attendance**
	27-Jan Regular	8-Mar Special	31-Mar Regular	16-May Regular	27-Jul Regular	19-Aug Special	22-Sept Regular	27-Oct Special	24-Nov Regular		
ENRIQUE M. ABOITIZ	P	P	P	P	P	P	P	A	P	8	88.89%
JON RAMON ABOITIZ	P	P	P	P	P	P	P	P	P	9	100.00%
ERRAMON I. ABOITIZ	P	P	P	P	P	P	P	P	P	9	100.00%
ANTONIO R. MORAZA	P	P	P	P	P	A	P	P	P	8	88.89%
MIKEL A. ABOITIZ	P	P	P	A	P	P	P	P	A	7	77.78%
JAIME JOSE Y. ABOITIZ	P	P	P	P	A	P	P	P	P	8	88.89%
CARLOS C. EJERCITO	P	P	P	P	P	P	P	P	P	9	100.00%
ALFONSO A. UY	P	P	P	P	P	P	P	P	P	9	100.00%
ROMEO L. BERNARDO	P	P	P	P	P	P	P	P	P	9	100.00%
Total No. of Members Present in Each Meeting	9	9	9	8	8	8	9	8	8		
Percentage of No. of Members Present in Each Meeting	100.00%	100.00%	100.00%	88.89%	88.89%	88.89%	100.00%	88.89%	88.89%		

Legend: P - Present, A - Absent

Pursuant to SEC Memorandum Circular No. 1-2014, the Company reported the attendance of the Board of Directors for the year 2015 to the SEC and the PSE through its 2015 SEC Annual Corporate Governance Report. A copy of the report was uploaded in the Company's website and can be accessed at www.aboitizpower.com under Governance Reports and Scorecards of the Corporate Governance webpage.

Corporate governance is further fostered by the Board's active role in reviewing and approving corporate goals and strategies set by management, as well as in monitoring and evaluating management performance in meeting such goals. The different Board committees - Audit, Corporate Governance, and Risk and Reputation Management - report regularly to the Board and are crucial in maintaining Board oversight in key management areas.

The mandate and the composition of each Board committee are described below:

- The **Board Corporate Governance Committee** represents the Board in discharging its responsibility relating to issues around the Group's governance principles and guidelines, nomination of persons into Board and Group senior leadership roles, and the various compensation matters. Independent Directors comprise majority of the voting members of the Board Corporate Governance Committee.

  Chairman: Jon Ramon Aboitiz; Members: Erramon I. Aboitiz, Carlos C. Ejercito, Romeo L. Bernardo and Alfonso A. Uy; Ex-Officio Members: M. Jasmine S. Oporto and Xavier Jose Y. Aboitiz

- The **Board Audit Committee** represents the Board in discharging its responsibility related to audit matters for the Group. Independent Directors comprise majority of the members of the Board Audit Committee, including its Chairman.

  Chairman: Carlos C. Ejercito; Members: Romeo L. Bernardo, Alfonso A. Uy, Mikel A. Aboitiz and Antonio R. Moraza; Invited Attendees: Liza Luv T. Montelibano and Susan V. Valdez

- The **Board Risk and Reputation Management Committee** represents the Board in discharging its responsibility relating to risk management and related matters for the Group.

  Chairman: Enrique M. Aboitiz; Members: Antonio R. Moraza, Mikel A. Aboitiz, Romeo L. Bernardo, Carlos C. Ejercito and Alfonso A. Uy; Ex-Officio Members: Liza Luv T. Montelibano and Susan V. Valdez

- The **Board Related Party Transaction Committee** represents the Board in discharging its responsibility relating to transactions entered into between or among the Company or any of its subsidiaries, affiliates, directors and officers.

  The Committee shall consist of at least three directors, three of whom must be independent directors. The members of the Committee shall be elected during the Organizational meeting of the Board of May 15, 2017.

CORPORATE GOVERNANCE INITIATIVES

Going beyond mere compliance and box-ticking, the Company regularly updates its corporate governance policies to ensure that they are relevant to the needs of the organization and, at the same time, at par with global best practices.

In 2013, AboitizPower launched its corporate governance e-learning course which was made available to all newly hired employees of the Company. This e-learning course superseded the mandatory corporate governance seminar conducted for all employees during previous years and supplements the annual corporate governance training required by the SEC on all directors and key officers starting 2014, pursuant to SEC Memorandum Circular 1, Series of 2014.

The Company has in place a performance evaluation system for corporate governance. It participates in the annual Corporate Governance Scorecard Surveys of the SEC and the PSE to benchmark its corporate governance practices against best practices. AboitizPower likewise participated in the ASEAN Corporate Governance Scorecard, the successor of the Institute of Corporate Directors (ICD)'s Corporate Governance Scorecard, which was adopted by the Philippines in September 2012. The 2016 ASEAN Corporate Governance Scorecard Assessment of the Company showed a marked improvement in the Company's score, a clear proof of the Company's serious efforts in adapting the best corporate governance practices available.

For a full discussion on the Company's initiatives, a copy of the complete CG Report of the Compliance Officer is available at www.aboitizpower.com under Full Corporate Governance Report of Corporate Governance webpage.

CORPORATE GOVERNANCE AWARDS

As a testament to its commitment to adopt best practices, AboitizPower has been consistently recognized in local and international surveys, assessments, and scorecards as among the Philippines' best-managed companies and cited for its commitment to good corporate governance practices.

The numerous awards received by AboitizPower, especially in the field of corporate governance and stakeholder engagement, reflect the commitment of the Aboitiz Group to adopt and implement good corporate governance best practices. AboitizPower, along with its subsidiaries and affiliates have been consistently recognized in local and international surveys, assessments, and scorecards as among the Philippines' best-managed companies.

In 2015, AboitizPower received the following awards:

Award Giving Body	Year	Awards Received
Corporate Governance Asia	5th Asian Excellence Awards	Best Investor Relations Company
		Best Environmental Responsibility
Finance Asia	15th Finance Asia Best Companies in Asia	Most Committed To Paying Good Dividends (8th place)
		Best In Corporate Governance (10th place)

In 2016, AboitizPower has been recognized with the following awards:

Award Giving Body	Year	Awards Received
Philippine Stock Exchange, Inc.	2016 PSE Bell Awards for Excellence in Corporate Governance	Bell Awards for Corporate Governance (Top 5)
Finance Asia	16^{th} Finance Asia Best Companies in Asia	Overall Best Managed Power Company in Asia

EXECUTIVE COMPENSATION

Information as to the aggregate compensation paid or accrued to AboitizPower's Chief Executive Officer and other highly compensated executive officers, as well as other officers and directors during the last two completed fiscal years and the ensuing fiscal year, is as follows:

Name of Officer and Principal Position	Year	Salary (in Pesos)	Bonus (in Pesos)	Other Annual Compensation (in Pesos)
Chief Executive Officer and the Four Most Highly Compensated Officers: 1. **ERRAMON I. ABOITIZ** - Chief Executive Officer 2. **ANTONIO R. MORAZA** - President & Chief Operating Officer 3. **JAIME JOSE Y. ABOITIZ** - Executive Vice President & Chief Operating Officer – Power Distribution Group 4. **LUIS MIGUEL O. ABOITIZ** - Executive Vice President & Chief Operating Officer – Corporate Business Group 5. **EMMANUEL V. RUBIO** - Executive Vice President & Chief Operating Officer – Power Generation Group				
All above named officers as a group	**Actual 2016**	**Php159,950,000.00**	**Php5,350,000.00**	**Php15,490,000.00**
	Actual 2015*	Php122,780,000.00	Php4,630,000.00	Php21,760,000.00
	Projected 2017	Php175,950,000.00	Php5,880,000.00	Php17,040,000.00
All other officers and directors as a group	**Actual 2016**	**Php76,650,000.00**	**Php5,150,000.00**	**Php38,780,000.00**
	Actual 2015	Php57,460,000.00	Php2,950,000.00	Php23,410,000.00
	Projected 2017	Php84,310,000.00	Php5,660,000.00	Php42,660,000.00

**The four most highly compensated officers in 2015 are Messrs. Antonio R. Moraza, Jaime Jose Y. Aboitiz, Luis Miguel O. Aboitiz and Emmanuel V. Rubio.*

The 2014 Amended By-Laws of the Company, as approved by SEC on May 16, 2014, defined corporate officers as follows: Chairman of the Board, the Vice Chairman, the Chief Executive Officers, Chief Operating Officer(s), the Treasurer, the Corporate Secretary, the Assistant Corporate Secretary and such other officers as may be appointed by the Board of Directors. For the year 2016, the Company's Summary of Compensation covers the compensation of officers as reported under Item 5 (a) (1) of the Information Statement.

Except for the regular company retirement plan, which by its very nature will be received by the officers concerned only upon retirement from the Company, the above-mentioned officers do not receive any other compensation in the form of warrants, options, and/or profit-sharing.

There is no compensatory plan or arrangement between the Company and any executive in case of resignation or any other termination of employment or from a change-in-control of the Company.

COMPENSATION OF DIRECTORS

Standard Arrangements

Prior to the 2015 Annual Stockholders' Meeting, all of AboitizPower's directors received a monthly allowance of Php100,000.00, except for the Chairman of the Board who received a monthly allowance of Php150,000.00. On May 18, 2015, the stockholders approved an increase in the directors' monthly allowance to Php120,000.00 for the members of the Board, and Php180,000.00 for the Chairman of the Board.

In addition, each director and the Chairmen of the Board and the Board Committees received a per diem for every Board or Committee meeting attended as follows:

Type of Meeting	Directors	Chairman of the Board
Board Meeting	Php100,000.00	Php150,000.00

Type of Meeting	Directors	Chairman of the Committee
Committee Meeting	Php80,000.00	Php100,000.00

Other Arrangements

Other than payment of the directors' per diem and monthly allowance as stated, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There is no compensatory plan or arrangement between AboitizPower and any executive officer in case of resignation or any other termination of employment or from a change in the management or control of AboitizPower.

Warrants and Options Outstanding

To date, AboitizPower has not granted any stock options to its directors or officers.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Record and Beneficial Owners (of more than 5%) as of March 31, 2017

Title of Class	Name, Address of Record Owner and Relationship with AP	Name of Beneficial Owner and Relationship with AP	Citizenship	No. of Shares Held and Nature of Ownership (record and/or Beneficial)	Percentage of Class Owned
Common	1. **Aboitiz Equity Ventures, Inc.**[2] 32nd Street, Bonifacio Global City, Taguig City (Stockholder)	Aboitiz Equity Ventures, Inc.[3]	Filipino	5,657,530,774 (Record and Beneficial)	76.88%
Common	2. **PCD Nominee Corporation (Filipino)**[4] G/F MSE Bldg. Ayala Avenue, Makati City (Stockholder)	PCD participants acting for themselves or for their customers[5]	Filipino	871,204,959 (Record)	11.84%
Common	3. **PCD Nominee Corporation (Foreign)**[6] G/F MSE Bldg. Ayala Avenue, Makati City (Stockholder)	PCD participants acting for themselves or for their customers[7]	Non-Filipino	570,491,514 (Record)	7.75%

Aboitiz Equity Ventures, Inc. (AEV) is the public holding and management company of the Aboitiz Group, one of the largest conglomerates in the Philippines.

The following table sets forth security ownership of the Company's Directors, and Officers, as of March 31, 2017 (Record and Beneficial):

Title of Class	Name of Owner and Position	No. of Shares and Nature of Ownership (Direct and/or Indirect)		Citizenship	Percentage of Ownership
Common	**Enrique M. Aboitiz** Chairman of the Board	758	Direct	Filipino	0.00%
		0	Indirect		0.00%

[2] AEV is the parent company of AboitizPower.
[3] Mr. Erramon I. Aboitiz, President and Chief Executive Officer of AEV, will vote the shares of AEV in AboitizPower in accordance with the directive of the AEV Board of Directors.
[4] The PCD Nominee Corporation (Filipino and Foreign) is not related to the Company.
[5] Each beneficial owner of shares, through a PCD participant, is the beneficial owner of such number of shares he owns in his account with the PCD participant. AboitizPower has no record relating to the power to decide how the shares held by PCD are to be voted. The Company advised that none of the beneficial owners under a PCD participant owns more than 5% of the Company's common shares.
[6] *Supra* note 3.
[7] *Supra* note 4.

Title of Class	Name of Owner and Position	No. of Shares and Nature of Ownership (Direct and/or Indirect)		Citizenship	Percentage of Ownership
Common	**Jon Ramon Aboitiz** Vice Chairman of the Board	33,001	Direct	Filipino	0.00%
		17,176,320	Indirect		0.23%
Common	**Erramon I. Aboitiz** Director/Chief Executive Officer	1,300,001	Direct	Filipino	0.02%
		78,891,739	Indirect		1.07%
Common	**Antonio R. Moraza** Director/President and Chief Operating Officer	1	Direct	Filipino	0.00%
		20,432,299	Indirect		0.28%
Common	**Jaime Jose Y. Aboitiz** Director/Executive Vice President and Chief Operating Officer – Power	5,367,397	Direct	Filipino	0.07%
		3,723,873	Indirect		0.05%
Common	**Mikel A. Aboitiz** Director	1	Direct	Filipino	0.00%
		13,283,959	Indirect		0.18%
Common	**Carlos C. Ejercito** Independent Director	1,000	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Romeo L. Bernardo** Independent Director	1,000	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Alfonso A. Uy** Independent Director	1,000	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Emmanuel V. Rubio** Executive Vice President & Chief Operating Officer – Power Generation Group	59,130	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Juan Antonio E. Bernad** Executive Vice President – Regulatory	520,001	Direct	Filipino	0.01%
		488,734	Indirect		0.01%
Common	**Luis Miguel O. Aboitiz** Executive Vice President/Chief Operating Officer – Corporate Business Group	9,486,835	Direct	Filipino	0.13%
		0	Indirect		0.00%
Common	**Gabriel T. Mañalac** Senior Vice President – Group Treasurer	111,139	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Susan V. Valdez** Senior Vice President/Chief Reputation and Risk Management Officer	569,862	Direct	Filipino	0.01%
		0	Indirect		0.00%
Common	**Liza Luv T. Montelibano** SeniorVice President/Chief Financial Officer/Corporate Information Officer	0	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Beverly B. Tolentino** First Vice President/Chief Financial Officer – Power Generation Group	58,534	Direct	Filipino	0.00%
		0	Indirect		0.00%

Title of Class	Name of Owner and Position	No. of Shares and Nature of Ownership (Direct and/or Indirect)		Citizenship	Percentage of Ownership
Common	**Ma. Chona Y. Tiu** First Vice President and Chief Financial Officer – Power Distribution Group	227,250	Direct	Filipino	0.00%
		70,000	Indirect		0.00%
Common	**Alvin S. Arco** First Vice President – Regulatory	36,427	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Rochel Donato R. Gloria** First Vice President – Trading and Sales	0	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Ralph T. Crisologo** First Vice President – Project Development	0	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Joseph Trillana T. Gonzales** First Vice President – General Counsel	62,527	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Robert McGregor** Executive Director – Investments	0	Direct	British	0.00%
		0	Indirect		0.00%
Common	**Donald L. Lane** Executive Director – Project Development and Execution	0	Direct	British	0.00%
		0	Indirect		0.00%
Common	**Thomas J. Sliman, Jr.** Executive Director – Projects	47,866	Direct	American	0.00%
		0	Indirect		0.00%
Common	**John Earl Crider, Jr.** Executive Director – Chief Technology Officer, Power Generation Group	0	Direct	American	0.00%
		0	Indirect		0.00%
Common	**M. Jasmine S. Oporto** Corporate Secretary and Compliance Officer	113,534	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Mailene M. de la Torre** Assistant Corporate Secretary	0	Direct	Filipino	0.00%
		3,000	Indirect		0.00%
	TOTAL	**152,067,188**			**2.07%**

Voting Trust Holders of Five Per Centum (5%) or More of Common Equity

No person holds under a voting trust or similar agreement more than five per centum (5%) of AboitizPower's common equity.

Changes in Control

There are no arrangements that may result in a change in control of AboitizPower during the period covered by this report.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

AboitizPower and its Subsidiaries (the Group), in their regular conduct of business, have entered into related party transactions consisting of professional and technical services, power sales and purchases, aviation services and rental fees. These are made on an arm's length basis as of the time of the transactions.

AboitizPower (Parent) has provided support services to its Business Units, such as marketing, trading, billing and other technical services, necessary for the effective and efficient management and operations among and between the Subsidiaries and Associates.

The Group has existing Service Level Agreements (SLAs) with its parent company, AEV, for corporate center services, such as human resources, internal audit, legal, information technology, treasury and corporate finance, among others. These services are obtained from AEV to enable the Group to realize cost synergies and optimize expertise at the corporate center. AEV maintains a pool of highly qualified professionals with business expertise specific to the businesses of the Group. Transaction costs are always benchmarked on third party rates to ensure competitive pricing and consistency with prevailing industry standards. The SLAs are in place to ensure quality of service.

Energy fees are billed by the Group to related parties, and the Group also purchased power from associates arising from PPA/PSA or ESA (Note 222) and (ii) replacement power contracts (Note 22).

The Group is leasing office spaces from Cebu Praedia Development Corporation and Aboitiz Land, Inc. and their Subsidiaries. Rental rates are comparable with prevailing market prices.

AboitizPower and its Subsidiaries also avail of aviation services from an Associate.

The Group has cash deposits and money market placements with UnionBank and CitySavings, earning interest at market prevailing rates. Both are AEV Associates.

The Company's retirement fund is in the form of a trust being maintained and managed by AEV.

No other transactions, without proper disclosure, were undertaken by the Company in which any director or executive officer, any nominee for election as director, any beneficial owner (direct or indirect) or any member of his immediate family was involved or had a direct or indirect material interest.

AboitizPower employees are required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are brought to the attention of the management.

DESCRIPTION OF DEBT

As of the date of this Prospectus, AboitizPower has the outstanding indebtedness:

<u>AboitizPower PhP 10 Billion Fixed Rate Bonds due 2021 and 2026</u>

On 10 September 2014, AboitizPower issued fixed-rate bonds (the "2014 Bonds") in two series: (a) Series A 2013 Bonds, with a term of seven (7) years from issue date and in the aggregate amount of PhP6,600,000,000.00 bn, and (b) Series B Bonds, with a term of twelve (12) years from issue date in the aggregate amount of PhP3,400,000,000.00 bn. The Series A 2014 Bonds had an optional redemption on the fifth (5th) year and one (1) quarter from issue date, and on the sixth (6th) year from issue date. On the other hand, the Series B 2014 Bonds had an optional redemption on the seventh (7th) year from issue date, the eighth (8th) year from issue date, the ninth (9th) year from issue date, the tenth (10th) year from issue date, and the eleventh (11th) year from issue date. BPI Capital Corporation ("BPI Capital") acted as the Issue Manager and Lead Underwriter while Bank of the Philippine Islands – Asset Management Group was appointed as Trustee.

The 2014 Bonds constitute direct, unconditional, unsecured and unsubordinated Peso denominated obligations of AboitizPower and shall rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* in priority of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by the law, (ii) any obligation incurred by AboitizPower pursuant to Section 5.02 (a) of the Trust Agreement for the 2014 Bonds or as may be allowed therein, and (iii) other Indebtedness or obligations disclosed by the Issuer to the Trustee as of the relevant issue date.

Transfers of the Bonds shall be coursed through the Philippine Depository & Trust Corporation ("PDTC") as Registrar. Transfer and/or settlement of the Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and Registrar.

AboitizPower is subject to the following negative covenants, among others:

1. Encumbrances - AboitizPower shall not permit any Indebtedness to be secured by or to benefit from any Lien, in favor of any creditor or class of creditors on, or in respect of, any present or future assets or revenues of the Issuer or the right of the Issuer to receive income; *Provided*, however that this shall not prohibit the following:

    a. any Lien over any asset to secure: (i) payment of the purchase price or cost of leasehold rights of such asset; or (ii) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by the Issuer in the ordinary course of business; or (iii) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset;
    b. Liens or charges for current taxes, assessments, or other governmental charges which are not delinquent or remain payable, without any penalty, or the validity of which is contested in good faith by appropriate proceedings, and adequate reserves have been provided for payment thereof;
    c. any Lien constituted over the investment of the Issuer in any of its affiliates, for any obligation or credit facility incurred for the purpose of pursuing any power generation, distribution, or retailing project or investment therein, whether such power generation, distribution, or retailing project is undertaken by the Issuer itself, by its affiliates, and/or by the Issuer or its affiliates with third parties;
    d. any Lien to secure, in the normal course of the business of the Issuer or its affiliates: (x) statutory or regulatory obligations; or (y) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases;

e. any Lien to secure, in relation to a pending judicial, administrative, or arbitral proceeding, the Issuer or its affiliates' (x) surety or appeal bonds; or (y) bonds for release of attachment, stay of execution or injunction;
f. any Lien constituted for the purpose of guaranteeing an affiliate's obligation in connection with any contract or agreement that has been assigned to such affiliate by the Issuer;
g. any Lien constituted for the purpose of guaranteeing an obligation in connection with any contract or agreement of sale of any asset by the Issuer, provided that the Lien is removed or discharged within twelve (12) months of the date of the sale of the asset;
h. any Lien created over (i) deposits made by the Issuer with the proceeds of any loan facility made to it by any bank or financial institution denominated in a currency other than Philippine Pesos ("foreign currency"); or (ii) financial instruments denominated in foreign currency owned by the Issuer, in each case solely for the purposes of raising an equivalent amount of Peso denominated indebtedness
i. any Lien created over or affecting any asset acquired by any affiliate after the date of the Trust Agreement, if:
j. the Lien was not created in contemplation of the acquisition of that asset by such affiliate;
k. the principal amount secured has not been increased in contemplation of, or since the acquisition of that asset by such affiliate; and
l. the Lien is removed or discharged within twelve (12) months of the date of the acquisition of such asset;
m. any Lien on the properties and assets of the Issuer: (i) imposed by Law, such as carriers' Liens, warehousemen's Liens, mechanics' Liens, unpaid vendors' Liens, and other similar Liens arising in the ordinary course of business; (ii) arising out of pledges or deposits under workmen's compensation Laws, unemployment insurance, old age pensions, or other social security or retirement benefits or similar legislation, or retirement benefit plans of the Issuer; or (iii) arising out of the set-off provision on other agreements of the Issuer relating to Indebtedness;
n. any Lien in favor of banks, insurance companies, other financial institutions, and Philippine government agencies, departments, authorities, corporations of other juridical entities which secure a preferential financing obtained by the Issuer under a governmental program and the aggregate principal amount of such preferential financing does not exceed Thirty Five percent (35%) of the Issuer's total assets;
o. any Lien over its cash deposits, short-term cash investments, and marketable investment securities in favor of banks and other financial institutions, which secure (i) any borrowed money in connection with a Treasury Transaction in the ordinary course of business of Issuer, provided that the aggregate amount of security does not at any time exceed United States Dollars: Ten Million (US$10,000,000.00) or its equivalent; and/or (ii) standby letters of credit to be used to guarantee additional equity infusions by the Issuer in its Subsidiaries or Affiliates and/or used in the ordinary course of business of Issuer, its Subsidiaries and/or Affiliates;
p. other Liens: (i) created solely by operation of law; and (ii) on such other assets, whether constituted before or after the Issue Date, as may be disclosed in writing by the Issuer to the Trustee on or before the execution of this Agreement; and
q. any Lien constituted over the investment of the Issuer in any of its affiliate, and whether such investment is in the form of shares, deposits or advances to guarantee or secure the obligations of the said affiliates;

Provided that for purposes of "affiliate" as used in Section 5.02 (a) (c), (d), (e), (h), and (m) above, it shall refer to any Person in which the Issuer has investment, whether direct or indirect.

2. Declaration and Payment of Cash Dividends/Issuance of Share. AboitizPower shall not declare or pay any dividends to its stockholders (other than dividends payable solely in shares of its capital stock and cash dividends due on its then-outstanding preferred shares) or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders, unless all payments due under the 2014 Bonds are current and updated;

Maintenance of Financial Ratios. AboitizPower shall not permit its Net Debt to Consolidated Equity Ratio to exceed 3:1 calculated based on the AboitizPower's year-end audited financial statements.

INDEPENDENT AUDITORS AND COUNSEL

LEGAL MATTERS

All legal opinions/matters in connection with the issuance of the Bonds will be passed upon by Puyat Jacinto & Santos ("PJS Law") for the Company and Picazo, Buyco, Fider, Tan and Santos for the Issue Manager and the Underwriter. PJS Law, and Picazo, Buyco, Fider, Tan and Santos have no direct interest in the Company.

PJS Law and Picazo, Buyco, Fider, Tan and Santos may from time to time be engaged to advise in the transactions of the Company and perform legal services on the basis that PJS Law and Picazo, Buyco, Fider, Tan and Santos provide such services to its other clients.

INDEPENDENT AUDITORS

The consolidated financial statements of the Company as at and for the fiscal years ended December 31, 2014, 2015, and 2016 have been audited by SyCip Gorres Velayo & Co., a member firm of Ernst & Young, independent auditors, in accordance with Philippine Standards on Auditing as set forth in their report thereon appearing elsewhere in this Preliminary Prospectus.

EXTERNAL AUDIT FEES AND SERVICES

The following table sets out the aggregate fees billed for each of the last three (3) fiscal years for the professional services rendered by the Company's external auditors:

	31 December 2014	31 December 2015	31 December 2016
Audit	Php365,400	Php383,670	Php403,000
Nonaudit	Php6,642,534		
Total Fees	Php7,007,934	Php383,670	Php403,000

In 2014, the Company engaged SGV to conduct post reviews and other procedures for the purpose of issuing a comfort letter in connection with the issuance of the Php10 billion bonds in 2014.

Except for the preparation of the financial statements required for the Company's annual filing with the SEC and the submission of the required financial statements in relation to the registration of its securities, the afore-cited independent public accountants provide no other type of services.

SGV was engaged by the Company to audit its annual financial statements. Ms. Leovina Mae V. Chu is the signing partner of SGV for the Company.

As a policy, the Board Audit Committee makes recommendations to the Board of Directors concerning the choice of external auditor and pre-approves audit plans, scope and frequency before the audit is conducted.

Audit services of SGV for 2016 and 2015 were pre-approved by the Board Audit Committee. The Board Audit Committee also reviewed the extent and nature of these services to ensure that the independence of the external auditors was preserved. SGV does not have any direct or indirect interest in the Company.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company has engaged the services of SGV during the two most recent fiscal years. There are no disagreements with SGV on accounting and financial disclosure.

BOARD AUDIT COMMITTEE

In giving effect to its duly approved charter, he Board Audit Committee of the Company provides assistance to the Board of Directors in fulfilling its oversight responsibility to the Company and its stakeholders by providing guidance relating to:

1. the adequacy and efficiency of the company's system of internal controls, governance and risk management processes;
2. the quality and integrity of the company's accounting, auditing, legal, ethical and regulatory compliances;
3. the annual independent audit of the Company's financial statements and the external auditors' qualifications and independence;
4. due observance of applicable laws and regulations that may have financial and other material exposure to the Company; and
5. providing an avenue of communication among the independent auditors, the management, the internal audit and the Company.

The chairperson of the Board Audit Committee is Mr. Carlos C. Ejercito. The members ar Romeo L. Bernardo, Alfonso A. Uy, Mikel A. Aboitiz and Antonio R. Moraza.

As part of this process, SyCip Gorres Velayo & Co. reports to the Board Audit Committee. The Board Auditing Committee is required to ensure that corporate accounting and reporting practices of the Company are in accordance with all legal requirements and are of the highest quality.

TAXATION

The statements herein regarding taxation are based on the laws in force as of the date of this Preliminary Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Bonds.

As used in this section, the term "non-resident alien" means an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non- resident alien doing business in the Philippines"; however, a non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year may be considered a "non- resident alien not engaged in trade or business within the Philippines". A "non-resident foreign corporation" is a foreign corporation not engaged in trade or business within the Philippines.

TAXATION OF INTEREST

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine sourced income subject to Philippine income tax. Interest income derived by Philippine citizens and alien resident individuals from the Bonds is thus subject to income tax, which is withheld at source, at the rate of 20% based on the gross amount of interest. Generally, interest on the Bonds received by non-resident aliens engaged in trade or business in the Philippines is subject to a 20% final withholding tax while that received by non-resident aliens not engaged in trade or business is subject to a final withholding tax rate of 25%. Interest income received by domestic corporations and resident foreign corporations from the Bonds is subject to a final withholding tax rate of 20%. Interest income received by non-resident foreign corporations from the Bonds is subject to a 30% final withholding tax.

The foregoing rates are subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident owner. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 15% in cases where the interest which arises in the Philippines is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment.

TAX-EXEMPT STATUS OR ENTITEMENT TO PREFERENTIAL TAX RATE

Bondholders who are exempt from or are not subject to final withholding tax on interest income or entitled to be taxed at a preferential rate may claim such exemption or avail of such preferential rate by submitting the necessary documents. Said Bondholder shall submit the following requirements:

1. Proof of Tax Exemption or Entitlement to Preferential Tax Rates

    i. For (a) tax-exempt corporations under Section 30 of the Tax Code (except non-stock, non-profit educational institutions under Section 30(H) of the Tax Code); (b) cooperatives duly registered with the Cooperative Development Authority; and (c) BIR-approved pension fund and retirement plan – certified true copy of valid, current and subsisting tax exemption certificate, ruling or opinion issued by the BIR. For this purpose, a tax exemption certificate or ruling shall be deemed "valid, current and subsisting" if it has not been more than 3 years since the date of issuance thereof;

ii. For Tax-Exempt Personal Equity Retirement Account established pursuant to PERA Act of 2008 – certified true copy of the Bondholder's current, valid and subsisting Certificate of Accreditation as PERA Administrator;

iii. For all other tax-exempt entities (including, but not limited to, (a) non-stock, non-profit educational institutions; (b) government-owned or -controlled corporations; and (c) foreign governments, financing institutions owned, controlled or enjoying refinancing from foreign governments, and international or regional financial institutions established by foreign governments) – certified true copy of tax exemption certificate, ruling or opinion issued by the BIR expressly stating that their income is exempt from income tax and, consequently, withholding tax; and

iv. For entities claiming tax treaty relief – (i) certificate of tax residence issued for the current year (whether using the form prescribed in their country of residence, or using Part I (D) of the Certificate of Tax Residence for Tax Treaty Relief ("CORTT") Form prescribed under Revenue Memorandum Order No. 8-2017), and (ii) duly accomplished CORTT Form (particularly Part I (A), (B) and (C), and Part II (A), (B), (C) and (D)).

   In addition, before each Interest Payment Date, upon the request of the Underwriter, the Bondholder shall submit an updated Part II (A), (B), (C) and (D) of the CORTT Form.

   Any and all of these documents should be consularized, if executed abroad, and only the originals should be submitted to the Underwriter.

2. A duly notarized declaration (in the prescribed form) warranting that the Bondholder's tax-exemption certificate or ruling has not been revoked or cancelled and that there are no material changes in character, purpose or method of operation of the Bondholder which are inconsistent with the basis of its income tax exemption, or the warranting the Bondholder's entitlement to preferential treaty rates, and undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of its tax exemption or treaty privileges and agreeing to indemnify and hold the Issuer and Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities arising from the non-withholding or reduced withholding of the required tax; and

3. Such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under applicable regulations of the relevant taxing or other authorities.

Failure to submit any of the documents provided under (1), (2) and (3) above, as may be applicable, will result in the application of the normal income tax rate provided under the Tax Code.

The foregoing notwithstanding, the Issuer, the Registrar and the Paying Agent shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided further that, all sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments, or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

The foregoing requirements shall be submitted, (i) in respect of an initial issuance of Bonds, to the underwriters or selling agents who shall then forward the same with the Application to Purchase to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, to the Registrar within three days from settlement date.

VALUE-ADDED TAX

Gross receipts arising from the sale of the Bonds in the Philippines by dealers in securities shall be subject to a 12% value-added tax. The term “gross receipt” means gross selling price less acquisition cost of the Bonds sold.

GROSS RECEIPTS TAX

Bank and non-bank financial intermediaries performing quasi-banking functions are subject to gross receipts tax on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

Maturity period is five years or less: 5%
Maturity period is more than five years: 1%

Non-bank financial intermediaries not performing quasi-banking functions doing business in the Philippines are likewise subject to gross receipts tax. Gross receipts of such entities derived from sources within the Philippines from interests, commissions and discounts from lending activities are taxed in accordance with the following schedule based on the remaining maturities of the instruments from which such receipts are derived:

Maturity period is five years or less: 5%
Maturity period is more than five years: 1%

In case the maturity period of the instruments held by banks, non-bank financial intermediaries performing quasi-banking functions and non-bank financial intermediaries not performing quasi-banking functions is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pretermination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the Bonds by banks and nonbank financial intermediaries performing quasi-banking functions shall be taxed at 7%.

DOCUMENTARY STAMP TAX

A documentary stamp tax is imposed upon the issuance of debt instruments issued by Philippine companies, such as the Bonds, at the rate of PhP1.00 for each PhP200, or fractional part thereof, of the issue price of such debt instruments; provided that, for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by the Issuer for its own account.

TAXATION ON SALE OR OTHER DISPOSITION OF THE BONDS

Income Tax

Any gain realized from the sale, exchange or retirement of bonds will, as a rule, form part of the gross income of the sellers, for purposes of computing the relevant taxable income subject to the regular rates of 32%, 25%, or 30%, as the case may be. If the bonds are sold by a seller, who is an individual and who is not a dealer in securities, who has held the bonds for a period of more than 12 months prior to the sale, only 50% of any capital gain will be recognized and included in the sellers‘ gross taxable income.

However, under the Tax Code, any gain realized from the sale, exchange or retirement of bonds, debentures and other certificates of indebtedness with an original maturity date of more than five years (as measured from the date of issuance of such bonds, debentures or other certificates of indebtedness) shall not be subject to income tax.

Moreover, any gain arising from such sale, regardless of the original maturity date of the bonds, may be exempt from income tax pursuant to various income tax treaties to which the Philippines is a party, and subject to procedures prescribed by the Bureau of Internal Revenue for the availment of tax treaty benefits.

Estate and Donor's Tax

The transfer by a deceased person, whether a Philippine resident or a non-Philippine resident, to his heirs of the Bonds shall be subject to an estate tax which is levied on the net estate of the deceased at progressive rates ranging from 5% to 20%, if the net estate is over P200,000. A Bondholder shall be subject to donor's tax based on the net gift on the transfer of the Bonds by gift at either (i) 30%, where the donee or beneficiary is a stranger, or (ii) at progressive rates ranging from 2% to 15% if the net gifts made during the calendar year exceed P100,000 and where the donee or beneficiary is not a stranger. For this purpose, a stranger is a person who is not a: (a) brother, sister (whether by whole or half-blood), spouse, ancestor or lineal descendant; or (b) relative by consanguinity in the collateral line within the fourth degree of relationship.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor.

The estate tax and the donor's tax, in respect of the Bonds, shall not be collected (a) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

In case the Bonds are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the Bonds exceeded the value of the consideration may be deemed a gift and may be subject to donor's taxes.

Documentary Stamp Tax

No documentary stamp tax is imposed on the subsequent sale or disposition of the Bonds, trading the Bonds in a secondary market or through an exchange. However, if the transfer constitutes a renewal of the Bonds, documentary stamp tax is payable anew.

THE PHILIPPINE POWER INDUSTRY

THE PHILIPPINE ECONOMY

Highlights

The Philippine economy is leading in terms of growth in South East Asia. It continues to remain resilient in the face of the series of natural calamities that visit the country year in year out. The Philippines is geographically located in the Pacific region that is prone to typhoons, as well as being inside the so-called Pacific "Ring of Fire."

The Philippines, being one of the most dynamic and rapidly improving economies in the region, advanced eight (8) positions in the Global Competitive Index (GCI);[8] from being 65thin 2012 to ranking 57th out of the 138 countries in 2016-2017. The Philippines, together with Cambodia and China, were singled out to have posted the highest gains in their respective competitive indices since the 2007-2008 edition in the East Asia and the Pacific region. The country's performance across all twelve pillars was better with a note-worthy improvement on "institutions," which strongly manifests the government's efforts in battling corruption, advancing the country from ranking 135th in 2010 to 91st in 2016-2017.[9]

The country having received its first investment grade credit rating from the major rating agencies such as Fitch, Standard and Poor, and Moody's in 2013 continues to be a significant player in the global economy.[10]

Growth Rates

The Philippines had a stellar economic performance in 2016. The country's gross domestic product grew at an average of 6.1 percent during the period 2010-2016, the fastest 6-year moving average since 1978. The Philippine economy grew an annual 6.6 percent in the December quarter of 2016, making it a 6.8 percent growth for the entire year. Gross National Income (GNI) grew by 6.1 percent, which is slower than the previous 7.3 percent growth, but on an annual basis, GNI accelerated by 6.6 percent. This is the fastest growth that the country experienced in the last three years, and Finance Secretary Carlos Dominguez is confident that it will only grow by 6.5 to 7 percent in 2017, as projected by international and local financial institutions and experts.[11]

Socioeconomic Planning Secretary Ernesto Pernia says that the economy's growth was due to domestic demand, particularly in terms of investment and consumption.[12]

Growth in services improved to 7.4 percent and industry grew by 7.6 percent in the fourth quarter. However, agricultural growth was a letdown as it returned to negative territory, reeling from the effects of typhoons

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[8] The Global Competitiveness Report 2016-2017 assesses the competitiveness landscape of 138 economies, providing insight into the drivers of their productivity and prosperity. The Report series remains the most comprehensive assessment of national competitiveness worldwide.

[9] World Economic Forum (2016-2017). The Global Competitiveness Report 2016-2017. Retrieved 4 April 2017 from http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017_FINAL.pdf..

[10] Jiao, Claire. (22 September 2016). S&P affirms PH credit rating but warns of 'uncertainties'. Retrieved 4 April 2017. From http://cnnphilippines.com/business/2016/09/22/standard-and-poors-affirms-credit-rating-but-warns-of-uncertainties.html; Jiao, Claire. (18 April 2016). Fitch affirms PH's investment grade rating Retrieved 4 April 2017. From http://cnnphilippines.com/business/2016/04/08/Fitch-affirms-PHs-credit-rating.html.

[11] NEDA (20 February 2017) Chapter 4: Philippine Development Plan2017-2022 Overall Framework. Philippine Development Plan 2016-2017. Retrieved 4 April 2017. Fromhttp://pdp.neda.gov.ph/wp-content/uploads/2017/01/Chapter-4-3292017.pdf.

[12] CNN Philippines (26 January 2017.) 2016 economic growth fastest in three years. Retrieved on 4 April 2017 from http://cnnphilippines.com/news/2017/01/26/philippines-GDP-2016.html.

"Karen" and "Lawin" during the fourth quarter of 2016. Total factor productivity of the Philippines has been the fastest in ASEAN, growing at 2.3 percent.[13]

Investments in the country grew by 15% and public investment in infrastructure remained strong at 23 percent. Private consumption also grew at 6.3%, attributable to high consumer confidence, modest inflation and interest rates, and improving labor market conditions.[14]

However, NEDA said that Philippine unemployment rate rose in January 2017, mostly due to the recent typhoons that affected the agricultural sector. Based on the January 2017 Labor Force Survey, the unemployment rate in the country increased to 6.6 percent in January 2017. This is higher than the 5.7 percent recorded in January 2016.[15] The government is continuously implementing efforts in pursuit of more inclusive growth in order to reduce poverty and unemployment rates in the succeeding years.

Outlook[16]

The World Bank now projects the Philippine economy to grow at 6.8 percent in 2016, compared with the 6.4 percent forecast released in October (World Bank Philippines Economic Update October 2016). Growth in the third quarter of 2016 was higher than expected with accelerating investment and private consumption growth. This continued the strong growth performance of the Philippines economy in the first half of 2016 which was driven by the government's pre-election stimulus. The World Bank also revised upwards its growth projection for the Philippine economy in 2017 to 6.9 percent, compared with it October forecast of 6.2 percent. In 2018, the economy is expected to expand at 7.0 percent. Growth in capital investment is projected to remain the Philippine economy's primary growth engine. Despite an expected increase in interest rates in 2017, monetary policy is expected to remain supportive of growth, resulting in continued expansion in credit. The implementation of large infrastructure investments is projected to lead to significant spillover effects into consumption growth next year. Accompanied by robust credit growth to households and healthy remittances, this is expected to fuel consumption. As the global economy is slowly adjusting, with the growth momentum shifting away from advanced economies back towards emerging markets and developing economies, Philippine exports are expected to grow in 2017 at a similar rate as in 2015-2016.[17]

The key challenge is to make this growth inclusive rather than elusive. The task is to translate growth rates into higher employment rates and to significantly drive down poverty.[18]

The Philippine Development Plan 2016-2017

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[13] BusinessWorld Online (26 January 2017). "NEDA statement on Philippines' Q4 2016 GDP growth" Retrieved on 4 April 2017 from http://www.bworldonline.com/content.php?section=TopStory&title=neda-statement-on-philippines-q4-2016-gdp-growth&id=139679.

[14] BusinessWorld Online (26 January 2017). "NEDA statement on Philippines' Q4 2016 GDP growth" Retrieved on 4 April 2017 from http://www.bworldonline.com/content.php?section=TopStory&title=neda-statement-on-philippines-q4-2016-gdp-growth&id=139679.

[15] Morallo, Audrey. (14 March 2017). Unemployment rate increases in January 2017. The Philippine Star. Retrieved on 4 April 2017 from http://www.philstar.com/business/2017/03/14/1681058/unemployment-rate-increases-january-2017..

[16] Alegado, Siegfrid and Cecilia Yap (17 November 2016) Philippines Posts Strongest Economic Growth in Asia at 7.1%. Bloomberg. Retrieved on 4 April 2017 from https://www.bloomberg.com/news/articles/2016-11-17/philippine-growth-quickens-to-7-1-on-duterte-s-spending-spree.

[17]World Bank (15 December 2016). World Bank upgrades growth projections for the Philippines. Retrieved on 4 April 2017 from http://www.worldbank.org/en/news/press-release/2016/12/15/world-bank-upgrades-growth-projections-for-the-philippines.

[18] NEDA (18 March 2014). Midterm Update of the Philippine Development Plan 2011-2016. Statement of Secretary Arsenio M. Balicasan at the Philippine Economic Briefing. Retrieved March 24, 2014. From http://www.neda.gov.ph/?p=2715. *See also* Lopez, Ron B. (2014, January 31). Philippines' GDP growth at 7.2% in 2013. Manila Bulletin. Retrieved March 24, 2014. Fromhttp://www.mb.com.ph/philippines-gdp-grows-at-7-2-in-2013/.

The 2016-2017 Philippine Development Plan (PDP) is the government's blueprint that defines the initiatives that will put the platform into an achievable target within the covered period. A part of the PDP 2016-2017 cites the need for a massive investment in physical infrastructure where the development of the energy industry is concerned. The energy sector contributes to the PDP's goals of promoting inclusive growth and poverty reduction.

Power generation has increased but is still insufficient to meet the growing demand, and the situation is further exacerbated by feedstock security concerns. Policies have been initiated to increase competition in power generation and support development in renewable energy. However, power supply is still insufficient to meet the ever-increasing demand for electricity which, in turn, contributes to the high cost of electricity. The Philippines' total installed capacity grew by 4.6 percent from 17,944 megawatts (MW) in 2014 to 18,765 MW in 2015. Power generation grew by 6.7 percent with the addition of 5,152 gigawatt-hour (GWh) from 2014 to 2015.[19]

The energy sector contributes to the PDP's goals and provides a platform for promoting inducing more growth to address poverty reduction. The budget for electrification will revitalize the manufacturing sector by helping enterprises run efficiently and bringing electricity to potential market areas, among others. Through the DOE and the National Electrification Agency (NEA), DTI, and DOST, the connection of new communities and households to the grid under the electrification program. These electrification services are seen to spur the socio-economic growth of the marginalized sectors, among others. It is envisioned that 100% of sitios and 90% of the households will have access to electricity by 2015 and 2017 respectively.[20] The table below shows the national government's plans as of 2016:

Electrification Programs For the Manufacturing Sector[21]
a segment of the 2016 People's Budget, from DBM

Household Electrification Program in Off Grid (DOE)	5,400 households	Php 169 mn
Negosyo Centers Program (DTI)	168 Negosyo Centers to assist 16,800 SMEs	Php 394 mn
Small Enterprise Technology Upgrading Program (DOST)	Will provide 2,150 firms with technology and innovation assistance	Php 780mn
Sitio Electrification Program (NEA)	3,150 sitios	Php 1.8 bn

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Accelerating Infrastructure Development[22]
a segment of the Philippine Development Plan, NEDA 2011-2016

Power Supply	**2010**		**2011**	**2012**		**2016**		**Data Source Agency**
Percentage of households provided with electric power supply								
Electric Cooperatives	74.90		76.10	78.80		88.0	**/a**	NEA
Private Investor Owned Utilities	96.70	**/a**	96.90		**/b**	98.90		DOE
Percentage Loss in Transmission								

[19] NEDA (20 February 2017) Chapter 19: Accelerating Infrastructure Development. Philippine Development Plan 2016-2017, page 288. Retrieved 4 April 2017. From http://pdp.neda.gov.ph/wp-content/uploads/2017/01/Chapter-19-3292017.pdf.

[20] Department of Energy. The Philippine Energy Plan 2012-2013: Overview and Executive Summary. Retrieved March 24, 2014 from https://www.doe.gov.ph/doe_files/pdf/01_Energy_Situationer/2012-2030-PEP-Executive-Summary.pdf.

[21]Department of Budget and Management. 2016 People's Budgetng.Retrieved April 7, 2017 from http://budgetngbayan.com/wp-content/uploads/PB-2016.pdf.

[22] National Statistical Coordination Board. Infrastructure Development Latest Status. Retrieved March 25, 2014 from http://www.nscb.gov.ph/stats/statdev/2012/ch4_infrastructure.asp.

	3.00	**/a**	2.90	2.70 *Decreasing*			**/b**	NGCP
Percentage Loss in Distribution								
DOE	11.5	**/a**	11.00	*Decreasing*	**/b**		**/b**	DOE
Meralco	7.90		7.40	7.00 *Decreasing*			**/b**	MERALCO
NEA	12.30	**/a**	11.90	11.70		8.50	**/a**	NEA
Energy Self-Sufficiency Level (in percent)								
	58.5	**/a**	59.60	56.40		60.30		DOE
Savings from Electricity and Fuel Consumption Reduction (in kiloton oil equivalent, KTOE)								
	3,700	**/a**	4,100.00	4,790.00		2,654.00		DOE
a/ Revised data provided by the concerned data source agency as in the StatDev 2011 release. b/ No data provided in the PDP-RM or by the concerned data source agency								

The country urgently needs to make up its massive infrastructure backlog; as of the end-of January 2013 the expenditures for infrastructures and other capital outlay surged to Php23.8 bn. The Secretary of the Department of Budget and Management associates the spike on expenditures to the disbursements related to the rehabilitation efforts of the calamity-affected areas last year.[23] However, the country needs to hasten other infrastructure projects that are due for 2016. The provision of fundamental infrastructure and the expansion of logistics chains combined with a change in the governance regime, coupled with the country's receipt of an investment grade credit rating from Fitch, will inevitably attract a strong response across all classes of entrepreneurs and investors.[24]

THE PHILIPPINE POWER SECTOR

History of the Philippine Power Sector[25]

Since time immemorial, NPC has been the vanguard of the power industry, it was established to construct, operate and maintain the facilities required for the generation of electricity. This was officially recognized under Presidential Decree No. 40 issued on November 7, 1972 which authorized NPC to "own and operate as a single integrated system all generating facilities supplying electric power to the entire area embraced by any grid set up by NPC."[26]

Over the years of its existence, NPC accumulated debt and therefore lacked the financial capability to operate efficiently.[27]The issuance of Executive Order no. 215 in 1987, by President Corazon Aquino, opened the generation sector to private investors or independent power producers (IPPs). Republic Act 6957, or the Build-Operate-Transfer (BOT) Law is an Act authorizing the financing, construction, operation and maintenance of infrastructure projects by the private sector. The objective of the act was to minimize the burden of infrastructure projects on the national budget as well as to mitigate external borrowing.

The end goal of restructuring the power industry is to promote efficiency, providing a reliable and reasonably priced electricity: driven by competition, while giving the consumers the power of choice. This necessitates changing the overall structure which entails the transition of the once monopolistic industry into a competitive

[23]The Official Gazette. Retrieved April 7, 2014 from http://www.gov.ph/2014/04/03/infra-spending-kicks-off-2014-with-45-1-upsurge-year-on-year/, The official Gazette).
[24] National Economic Development Authority. The Philippine Development Plan 2011-2016. Retrieved March 25, 2014 from http://www.neda.gov.ph/wp-content/uploads/2013/10/pdprm2011-2016.pdf.
[25] KPMG. Antonio, Henry D. The Energy Report, Philippines: A History of the Philippine Power Sector. Retrieved April 2, 2014 from www.kpmg.com/Global/en/.../Documents/energy-report-philippines.pdf?.
[26] KPMG. Antonio, Henry D. The Energy Report, Philippines: A History of the Philippine Power Sector. Retrieved April 2, 2014 from www.kpmg.com/Global/en/.../Documents/energy-report-philippines.pdf?.
[27] KPMG. Antonio, Henry D. The Energy Report, Philippines: A History of the Philippine Power Sector. Retrieved April 2, 2014 from www.kpmg.com/Global/en/.../Documents/energy-report-philippines.pdf?.

market; unbundling the major sectors such as generation, transmission and distribution as well as introducing the newest addition, the supply sector.

Restructuring the Power Market: Electric Power Industry Reform Act (EPIRA)[28]

On June 8, 2001 President Gloria Macapagal Arroyo signed and implemented Republic Act No. 9136: the Electric Power Industry Reform Act, commonly known as EPIRA. This defined and restructured the electric power industry facilitating the privatization of NPC assets, both generation and transmission, and the transition to a desired competitive market. The objectives of EPIRA are as follows:

- To ensure and accelerate the total electrification of the country;
- To ensure the quality, reliability, security and affordability of the supply of electric power.
- To ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market;
- To enhance the inflow of private capital and broaden the ownership base of the power generation, transmission and distribution sectors;
- To ensure fair and non-discriminatory treatment of public and private sector entities in the process of restructuring the electric power industry;
- To protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power;
- To assure socially and environmentally compatible energy sources and infrastructure;
- To promote the utilization of indigenous and new and renewable energy resources in power generation in order to reduce dependence on imported energy;
- To provide for an orderly and transparent privatization of the assets and liabilities of NPC;
- To establish a strong and purely independent regulatory body and system to ensure consumer protection and enhance the competitive operation of the electricity market; and
- To encourage the efficient use of energy and other modalities of demand side management.

In this light, the DOE together with the other participants promulgated the law's Implementing Rules and Regulations policy on February 27, 2002. The policy governs the relations between, and respective responsibilities of, the different electric power industry participants as well as the particular governmental authorities involved in implementing the structural reforms in the industry, namely, the DOE, NPC, the NEA, ERC and PSALM.

Privatization of NPC Assets[29]

In line with the government's policy to promote competition within the generation sector, and additionally, to minimize the debt of NPC, the EPIRA mandated the privatization of all generation assets of the NPC. It was in accordance to this act that PSALM was created; and PSALM’s primary objectives for privatization are:

- Total electrification of the country
- Reliable, secure and affordable power supply
- Transparent and reasonable electricity prices
- Inflow of private capital
- Broader ownership base
- Fair and non-discriminatory treatment of public and private sector entities
- Protection of public interest as it is affected by rates and services of electric utilities
- Socially and environmentally compatible energy sources and infrastructure
- Utilization of indigenous and new and renewable energy resources
- Orderly and transparent privatization of the assets and liabilities of NPC
- Competitive operation of the electricity market and consumer protection

[28]Republic Act No 9136: The Electric Power Industry Reform Act.
[29] Philippine Sector Assets and Liabilities Management. Generation Assets Sold .Retrieved March 31, 2014 from http://www.psalm.gov.ph.

- Efficient use of energy and other modalities of demand side management

Beginning early 2004, PSALM has been conducting public bidding for the generation facilities; and as of the creating of this Prospectus, PSALM was able to privatize 4,320.33 MW of generating capacity of the Luzon-Visayas-Mindanao grids.[30]

As of the making of this Prospectus, there is an ongoing privatization initiative for the 153.1MW power plant in Colon, Naga City in the Province of Cebu. AboitizPower was informed by its wholly-owned subsidiary, TPVI that it submitted the highest bid for the privatization of the Naga Power Plant. Under the terms of its agreement with NPC and the PSALM, Salcon Power Corporation has the right to top the bid of TPVI. AboitizPower is still waiting for the formal announcement of PSALM regarding the winner for this bid.

In addition to the strengthening of the BOT Law, the Electric Power Crisis Act of 1993 gave the president the power to "enter into negotiated contracts for the construction, repair, rehabilitation, improvement or maintenance of power plants, projects and facilities and to reorganize NPC.[31] The IPPs, through BOT contracts, generate electricity under a purchase power agreement with the government-owned NPC. Itemized on the table below is the contracted capacities sold as of the date of this Prospectus:[32]

Contracted Capacities Sold[33]

Power Plant	Contracted Capacity (MW)	Location	Winning Bidder
Pagbilao Coal-Fired Power Plant	700	Quezon Province	Therma Luzon Inc.
Sual Coal-Fired Power Plant	1,000	Pangasinan	San Miguel Energy Corporation
San Roque Multipurpose Hydro	345	Pangasinan	Strategic Power Devt. Corp.
Bakun-Benguet hydro plants	100.75	Benguet, Ilocos Sur	Amlan Power Holdings Corporation
Ilijan Combined Cycle Power Plant	1,200	Batangas	San Miguel Corporation
Unified Leyte Geothermal Power Plant (Strips of Energy)	200.00	Leyte	Aboitiz Energy Solutions, Inc. (40 MW) FDC Utilities, Inc. (40 MW) Trans-Asia Oil and Energy Development Corporation (40 MW) Unified Leyte Geothermal Energy Inc.(40 MW) Good Friends Hydro Resources Corporation (20 MW) Vivant Energy Corporation (17 MW) Waterfront Mactan Casino Hotel Inc.

[30] Philippine Sector Assets and Liabilities Management. Generation Assets Sold .Retrieved March 31, 2014 from http://www.psalm.gov.ph/Privatization.asp.
[31] KPMG. Antonio, Henry D. The Energy Report, Philippines: A History of the Philippine Power Sector. Retrieved April 2, 2014 from www.kpmg.com/Global/en/.../Documents/energy-report-philippines.pdf?.
[32] Philippine Power Industry Restructuring and Privitization. Retrieved April 6, 2014 from http://pcij.org/blog/wpdocs/Philippine_Power_Fact_Sheet.pdf/30 Republic Act No 9136: The Electric Power Industry Reform Act.
[33] Philippine Sector Assets and Liabilities Management. Generation Assets Sold. Retrieved April 5, 2016 from http://www.psalm.gov.ph/Privatization.asp.

Mindanao I and II (Mt. Apo 1 and 2) Geothermal Power Plants	92.52	Kidapawan, Cotabato	North	FDC Misamis Power Corporation

The DOE sets policy directions for the energy industry, while the NEA provides financial and technical assistance to electric cooperatives. In accordance with its mandate to supervise the restructuring of the electric power industry, the DOE exercises, among others, the following functions:[34]

- Prepare and update annually the Philippine Energy Plan and the Philippine Power Development Program, and thereafter, integrate the latter into the former;
- Ensure the reliability, quality and security of supply of electric power;
- Exercise supervision and control over all government activities pertaining to energy projects;
- Encourage private investments in the electricity sector and promote the development of indigenous and renewable energy sources for power generation;
- Facilitate reforms in the structure and operations of distribution utilities for greater efficiency and lower costs;
- Promote incentives to encourage industry participants, including new generating companies and end-users, to provide adequate and reliable electric supply;
- Educate the public (in coordination with NPC, ERC, NEA and the Philippine Information Agency) on the restructuring of the industry and the privatization of NPC assets; and to establish the WESM in cooperation with electric power industry participants, and to formulate rules governing its operations.

Wholesale Electricity Spot Market

During the course of the government's pursuit in creating a transparent and competitive market, by virtue of section 30 of the EPIRA, the DOE formally created the PEMC on November 18, 2003. It was incorporated as a non-stock, non-profit corporation with membership comprising of an equitable representation of the electric power industry participants. The PEMC was tasked to undertake the preparatory work for the establishment of the WESM; and is to undertake the role of a market operator.

WESM is a real-time energy market where generators can sell power and compete for a share of a "gross-pooled" electricity in order to be scheduled and dispatched to meet the hourly electricity demand. It is a clearing house that has a mechanism of identifying and setting the price of actual variations from the quantities transacted under contracts between sellers and purchasers of electricity. Luzon's WESM Commercial operations began June 26, 2006, five years after EPIRA's effective date, and was integrated with Visayas WESM in December 26, 2010.

WESM operates as a single Luzon-Visayas market, which is made possible through the Leyte-Luzon High Voltage Direct Current (HVDC) link.

The IMEM, in which commercial operations began November 26, 2013, is a day-ahead market that will only cater to the supply deficiencies of the grid; hence, transactions in the IMEM will only be undertaken during supply shortfall.[24]It will eventually be integrated into the WESM market when the supply condition of Mindanao improves. Generators with uncontracted capacities as well as distribution utilities and large consumers with embedded generators may nominate/bid their available capacities in IMEM for dispatch at an approved bid price. It also draws out voluntary load customers who are willing to curtail their load through a price determination and cost recovery methodology approved by the ERC.[35]

The rules of the market were formulated by the DOE; Section 30, RA 9136 states that the rules shall provide procedures for the following:

- Establishing the merit order dispatch instructions for each time period
- Determining the market clearing price for each time period;
- Administering the market

[34] Republic Act No 9136: The Electric Power Industry Reform Act.
[35] SURNECO. The Interim Mindanao Electricity Market Primer. Retrieved April 9, 2014 from http://www.surneco.com.ph/pdf/IMEM_Primer.pdf.

- Prescribing guidelines for the market operation in system emergencies and
- Amending the rules.

In cases of national and international security emergencies or natural calamities, the ERC or the President himself is empowered to suspend the operation of the WESM and IMEM or declare a WESM or IMEM failure. The cost of administering and operating the WESM shall be covered by the market operator through a charge imposed to all market members.

Of the many changes initiated by the EPIRA, of primary importance is the reorganization of the electric power industry by unbundling the industry into four independent sectors: generation, transmission, supply and distribution. WESM is a mandatory market and thus all generating companies, distribution utilities, suppliers, bulk consumers/end users and other similar entities authorized by the ERC shall be eligible to become members.

Pursuant to Department Circular No. 2016-10-0014 of the DOE, the launch date of WESM Mindanao is set on June 26, 2017. All provisions of the WESM Rules, Market Manuals as amended, as well as the pricing methodology shall apply to the WESM in Mindanao. Further, all electric power industry participants in Mindanao shall be considered WESM members and are therefore enjoined to submit registration documents in the WESM.

ELECTRICITY MARKET SECTORS

Generation

Under the previous power industry structure, NPC, a state-owned corporation, generates its own electricity and buys electricity from IPPs. Generation, unlike the transmission and distribution is not a natural monopoly and hence can be undertaken by more than one entity; however, as per recent ERC resolution, no generation company is allowed to own more than 30% of the installed generating capacity of a grid and/or 25% of the total nationwide installed generating capacity as per EPIRA.[36]

Market Share Limits as per RA 9136[37]

Grid	Installed Generating Capacity (KW)	%Market Share Limitation as per RA 9136	Installed Generating Capacity Limit (Kw)
Luzon	13,057,758.00	30%	3,917,327.40
Visayas	2,363,690.00	30%	709,107.21
Mindanao	2,163,718.16	30%	649,115.44
TOTAL	17,585,166.86	25%	4,396,291.71

Energy Sector Performance[38]

Installed and Dependable Capacities

Dependable capacity, as DOE defines it, refers to the maximum capacity a power plant can sustain over a specified period adjusted according to seasonal limitations less the capacity required for station use and auxiliaries. As of DOE's 2016 data, the Philippines has a total installed generating capacity of 21,423 MW, having a growth rate of 14.2 percent from 18,765 MW in 2015; and has a dependable capacity of 89 percent or 19,097 MW of the 21,423 MW installed.

Installed and Dependable Capacity by Energy Resource[39]

FUEL TYPE	Installed Capacity (MW)	Dependable Capacity (MW)
Coal	7,419	6,979
Oil Based	3,616	2,821
Natural Gas	3,431	3,291
Geothermal	1,916	1,689
Hydro	3,618	3,181
Wind, Biomass, and Solar	1,424	1,1350
TOTAL	**21,424**	**19,096**

Coal-fired plants, predominantly located in the Luzon grid, remain the largest contributor in terms of installed capacity comprising 35% of the mix or 7,419 MW; and a dependable capacity of 6,979 MW or 94% of the time. Hydroelectric power plants being the second largest supplier, and the primary source of electricity for the Mindanao grid, accounted for 3,618 MW or 17% of the total installed capacity. Oil-based plants came in third and and also comprises 17% or 3,616 MW, and natural gas fired power plants sits fourth at 16% amounting to 3431 MW of installed capacity. Geothermal and new renewable energy (wind, biomass, and solar) fills in the remaining 16% contributing 1,916 and 1,424 MW respectively.

Installed and Dependable Capacity by Major Island Group for the period of January to June 2016[40]

[36] ERC Resolution no. 3, Series of 2014: A resolution initially setting the installed generating capacity per grid, national grid and the market share limitations per grid and the National Grid for 2014. Released March 10, 2014.
[37] ERC Resolution no. 3, Series of 2014: A resolution initially setting the installed generating capacity per grid, national grid and the market share limitations per grid and the National Grid for 2014. Released March 10, 2014.
[38] Electronic copy sourced from the Department of Energy Planning Department. Committed Power Projects as of March 27, 2017.
[39] Electronic copy sourced from the Department of Energy Planning Department. Committed Power Projects as of March 27, 2017.
[40] Electronic copy sourced from the Department of Energy Planning Department. Committed Power Projects as of March 27, 2017.

GRID	Capacity (MW)		Percent Share (%)	
	Installed	Dependable	Installed	Dependable
Luzon	14,348	13,109	71.54	73.13
Visayas	2,965	2,498	14.78	13.9396
Mindanao	2,742	2,318	13.67	12.93
TOTAL	**20,055**	**17,925**		

The Luzon grid makes up 72% of the total installed capacity with 14,348 MW, and a dependable capacity growth rate of 2.26% from 89.10% in to 91.36%.in . Luzon also grew its installed capacity by 5.7% from 2015. This growth is mostly attributable to newly operational power plants which added 662 MW to the total installed capacity. The Visayas stands at second, having 2,965 MW of installed capacity, having a 10.51% increase from 2015; a dependable capacity growth rate of 1.2%, from 83.04% in to 84.24% in 2016. Power supply in Mindanao grew from an installed capacity of 2,414 MW in to 2742 MW in 2016. The dependable capacity of Mindanao also grew by 0.65% from 83.88% in 2015 to 84.53% in 2016.

Gross Power Generation

Power Generation 20162012: Grid Total in GWh[41]	
Luzon	66,498
Visayas	12,955
Mindanao	11,345
Total	**90,798**

Gross power generation increased from 82,413 MW in by 10% to 90,798 MW in 2016; the grid's power generation has been increasing at an average of 5.7% since 1992. Coal as the highest among the generation mix constituting 48%, or 43,303 GWh of the total. The Visayas grid had a 6% increase in grid generation while Luzon posted a 10% increase in generation, and Mindanao posted a 12% increase in generation.

Transmission[42]

NGCP is a private corporation, awarded with a concession contract January 15, 2009, to operate, manage and maintain the Philippine transmission system under Republic Act 9511.The term of the franchise shall be for 50 years however, the concession contract period will be only for twenty-five years and would be subject to review and renewal for a maximum period of another 25 years. NGCP is the sole transmission network service provider, system operator and wholesale metering services provider of the electricity market. The obligations of NGCP are as follows:

- System Operations (SO): managing the national power grid, dispatching generation and managing the system, including the arrangement for ancillary services;
    - From generator connection points to distribution network connection points and thedirect connection points of a number of large end-users; and
    - Between the three major regions of the Philippines, namely: Luzon, the Visayas and Mindanao, thereby improving reliability and providing adequate transmission capacity.

- Network Reliability: providing the appropriate levels of network reliability in accordance the reliability requirements set forth in the Philippine Grid Code, (the "Grid Code");
- Connection service: NGCP's obligations, primarily to customers and prospective customers (e.g. generators, distributors and large end users) to provide effective, timely and efficient connection services, including metering and relevant services;

[41] Electronic copy sourced from the Department of Energy Planning Department. Committed Power Projects as of March 27, 2017.

[42] NGCP. Transmission Development Plan 2014-2015. Retrieved April 6, 2017 from http://www.ngcp.ph/beta/cms/Attachment-Uploads/TDP_2014-2015_Vol_I%20-_Draft.pdf.

- Safety: NGCP's obligations, primarily to its stakeholders (e.g. staff, other electricity industry employees and the community) to deliver its services with appropriate priority given to human safety;
- Environmental: NGCP's obligations, primarily to its stakeholders (e.g. the community and government) to deliver services in an environmentally responsible manner; and
- Wholesale Electricity Spot Market (WESM): NGCP's obligations in relation to the operation and development of the electricity market, by way of the provision of efficient and effective transmission services.

The Grid[43]

The bulk of the generator sources in Luzon are located in its northern and southern parts, while the load center, accounts a little over half of the total Luzon demand, is located at Metro Manila. The backbone of the system is a network comprised of 500 KV Extra High Voltage, 230 KV and 115 KV lines. South Luzon's power contribution to the load center accounts for 60-70% of the total Luzon generation. Luzon is connected with the Visayas grid through the 21.29 km, 350-KV high voltage direct current submarine line.

The Visayas transmission system is divided into five different sub-system/sub-grids: Panay, Negros, Cebu, Bohol and Leyte, and Samar. It is a combination of 230 KV and 138 KV, approximately 895 km, transmission lines, and submarine cables capable of sharing excess generation between islands.

Mindanao transmission system is composed of six districts with the bulk of the generation found on the northern part and the load centers are on the southeast and southwest. Electricity is transmitted through 138 KV transmission lines and 69 KV lines. In the region, there is still a significant number of sub-transmission lines that are not yet divested to distribution utilities and are thus operated by NGCP.

With this, the transmission backbone must have the capability to disseminate bulk power from the generator sources to the load centers. The growing demand necessitates the expansion and building of new substations. The construction of power plants near the load centers would be ideal however improbable due to the congested areas in highly urbanized regions. Currently, NGCP faces a big challenge in addressing transmission congestion primarily due to acquiring right-of-way for the new overhead transmission lines and space constraints in existing substations. The provision of N-1 contingency is also gradually implemented.

NGCP is also responsible to enhance system reliability by preventing the occurrences of forced outages. This would require a close monitoring of the assets' economic life, and frequent tests to be performed, and procurement of spare parts. This would also require the grid to be resilient as the country is located in a calamity-prone area, hence the PIS targets set forth by ERC, the following activities have to be implemented:

- Substation Secondary Devices Upgrading
- Replacement of Defective High Voltage Equipment, Line Materials And Hardware
- Acquisition of Spares of High Voltage Equipment, Line Materials And Hardware
- Acquisition of Heavy Equipment, Vehicles ,Test Instruments, and Linemen Tools
- Slope Protection of Transmission Line Structure
- Construction of District Command Centers
- Implementation of Projects to Control and Mitigate the Effects of Fire and Flood
- Implementation of Various Environment Preservation and Protection Projects

NGCP also acts by default as the Metering Service Provider for the WESM. In line with this, NGCP has undertaken the following projects:

- Upgrading of the metering facilities of delivery points from the Luzon, Visayas, and Mindanao Grids to Distribution Utilities and other Load Customers to make these metering facilities "WESM-ready".
- Putting up the "WESM-ready" revenue metering facilities for the injection points of NPC's power plants into the Grids.

[43] NGCP. Transmission Development Plan 2014-2015. Retrieved April 6, 2017 from http://www.ngcp.ph/beta/cms/Attachment-Uploads/TDP_2014-2015_Vol_I%20-_Draft.pdf.

- Upgrading for WESM-readiness the metering facilities that measure the energy injected by the IPP's into the Grids.
- Installation and operation of an Automated Meter Data Retrieval (AMR) System to satisfy the requirement of the WESM for daily delivery of Load Profile-type of meter data from all metering facilities that are required for the settlement of energy in the WESM.

Distribution

Distribution of electricity at its usable voltage to end-consumers is performed by investor-owned electric utilities, a few local government-owned utilities and more than 100 electric cooperatives which sell to households as well as commercial and industrial enterprises located within their franchise areas. These investor-owned electric utilities are notably the Meralco in the Greater Manila Area, VECO in Cebu and Davao Light in Davao.

Role of ERC[44]

Transmission and distribution sectors exhibit naturally monopolistic characteristics and are thus heavily regulated by the ERC. The ERC replaced the former ERB, and plays a critical role in the restructured industry environment, consisting of, among others, promoting competition, encouraging market development, ensuring consumer choice and penalizing abuse of market power by industry participants. Among the primary powers and functions of the ERC are:[45]

- To determine, fix and approve, after conducting public hearings, transmission and distribution wheeling charges, and retail rates, and to fix and regulate the rates and charges to be imposed by distribution utilities and their captive End-users, including self-generating entities;
- To grant, revoke, review or modify the COCs required of generation companies and the licenses required of suppliers of electricity in the Contestable Market;
- To enforce a Grid Code and a Distribution Code, which shall include performance standards, the minimum financial capability standards, and other terms and conditions for access to and use of transmission and distribution facilities;
- To enforce the rules and regulations governing the operations of the WESM and the activities of the WESM operator to ensure a greater supply and rational pricing of electricity;
- To ensure that the electric power industry participants and NPC functionally and structurally unbundle their respective business activities and rates and to determine the levels of cross-subsidies in the existing retail rates until the same is removed in accordance with the different sectors;
- To set a lifeline rate for marginalized end-users;
- To promulgate rules and regulations prescribing the qualifications of suppliers which shall include, among others, their technical and financial capability and creditworthiness;
- To determine the electricity end-users comprising the Contestable and Captive Markets;
- To fix user fees to be charged by Transco for ancillary services to all electric power industry participants or self-generating entities connected to the Grid;
- To monitor and adopt measures to discourage/penalize abuse of market power, cartelization and any anti-competitive or discriminatory behaviour by any electric power industry participant;
- To review and approve the terms and conditions of service of Transco or any distribution utility or any changes therein;
- Perform such other regulatory functions as are appropriate and necessary in order to ensure the successful restructuring and modernization of the electric power industry;
- To have the original and exclusive jurisdiction over all cases contesting rates, fees, fines and penalties imposed in the exercise of its powers, functions and responsibilities and over all cases involving disputes between and among participants or players in the energy sector relating to the foregoing powers, functions and responsibilities.

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[44] Republic Act No 9136: The Electric Power Industry Reform Act.
[45] Republic Act No 9136: The Electric Power Industry Reform Act.

Supply Sector

Restructuring will allow for the separation of the distribution and supply business of the cooperatives. The distribution business will still be regulated while the supply will be deregulated and thus, will be competitive. With the introduction of open access in the distribution sector, the end consumer will have a choice as to where to source their electricity.[46]

The seventh anniversary of WESM, June 26, 2013, marked the beginning of the RCOA. Traditionally, distribution utilities source energy in behalf of its customers; but with RCOA, contestable customers, or those whose electric consumption exceeds one (1) MW and up for twelve (12) months have the choice to procure power through a RES or Local Retail Electricity Supplier (LRES). RES is an entity approved by ERC to sell, broker, market or aggregate electricity to contestable customers while LRES refers to the non-regulated business segment of the distribution utility authorized by ERC to supply electricity to contestable customers within its area.[47] If the customer does not signify its intent to exercise either options it will be served by the Supplier of Last Resort (SOLR); the SOLR is the entity designated by the ERC in the event that a customer is unable or unwilling to secure supply from the power market.[48]

Industry Protocol in Managing Planned Shutdowns

National Grid Corporation Philippines (NGCP), as the grid operator, is mandated to ensure the availability of supply of energy. In light of the tight supply situation in all of the major grids in the country, it is imperative that all market players are properly coordinated. The owner and operator of the plant is partly responsible for its annual maintenance schedule. The power plant owner and operators prepare its respective provisional annual maintenance program by the second quarter of the preceding year. These are submitted to NGCP's Power Network and Planning Division. This is the office responsible for the overall maintenance schedule of all plants in the transmission system which is called the Grid Operating and Maintenance Program (GOMP). NGCP releases the GMOP at about October of the preceding year with the end-view of having a general maintenance schedule of all plants which will ensure an adequate level of capacity reserves throughout the year.

POWER OUTLOOK IN THE PHILIPPINES

Fitch raised the country's rating to BBB- in March 2014 followed by Standard and Poor's rating in May 2013, and Moody's Baa3 in October 2013.[49] In line with this, the government has concentrated its efforts on the completion of committed power projects as well as attract local and foreign investors to venture into indicative and potential power projects.[50] To ensure that the supply can keep up with the growing demand DOE and NGCP prepared an intensive development plan to put a platform in place for a long term reliable power system, improvement on transmission highways, distribution facilities, and attainment of nationwide electrification.[51]

Luzon

The private sector's response in putting up required supply to meet the increasing demand is not the same across all regions. In Luzon, the base load power plants which had a total installed capacity of at least 2,300 MW

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[46] KPMG. Urgello, Maria Pia A. The Energy Report, Philippines: Quick Guide: The Transitory Rules on RCOA. Retrieved April 2, 2014 from www.kpmg.com/Global/en/.../Documents/energy-report-philippines.pdf?.

[47] POC. Salvador, Dwayne. Retail Competition and Open Access (RCOA) officially underway. Retrieved April 1, 2014 from http://www.thepoc.net/news/local/18794-retail-competition-and-open-access-rcoa-officially-underway.

[48] KPMG. Urgello, Maria Pia A. The Energy Report, Philippines: Quick Guide: The Transitory Rules on RCOA. Retrieved April 2, 2014 from www.kpmg.com/Global/en/.../Documents/energy-report-philippines.pdf?.

[49] KPMG. Roberto Manabat. Introduction of The Energy Report: Philippines 2013-2014 Edition. Retrieved April 2, 2014 from www.kpmg.com/Global/en/.../Documents/energy-report-philippines.pdf?.

[50] Electronic copy sourced from the Department of Energy Planning Department. Committed Power Projects as of October 31, 2013.

[51] Electronic copy sourced from the Department of Energy Planning Department. Committed Power Projects as of October 31, 2013.

were commissioned 2002-2003 and were only followed in 2013 by the 652 MW GN Power.[52] Luzon's power demand had posted an average annual compounded growth rate of 3.29% and is expected to hit its critical level come 2016, which emphasizes the need for more investments.[53]

Luzon Committed Projects, , *in MW*[54]

PLANT TYPE	2013	2014	2015	2016	2017	2018	2019	2020	TOTAL
COAL	-	652	1,372	2,720	2,720				652
NATURAL GAS	-	1,150	1,150	650	650				700
GEOTHERMAL	-	-	-	43	43				20
HYDRO	-	33.3	33.20	62.5	62.5				20
SOLAR	-	-	51.3	29.515	29.515				
WIND	-	253.5	67.5	0	0				254
BIOMASS	-	103.5	61.28	22.9	22.9				99
BATTERY	-	-	-	10	10				

**Sourced from DOE, Please see appendix for Details*[55]
***2017 Values are as of February 2017*

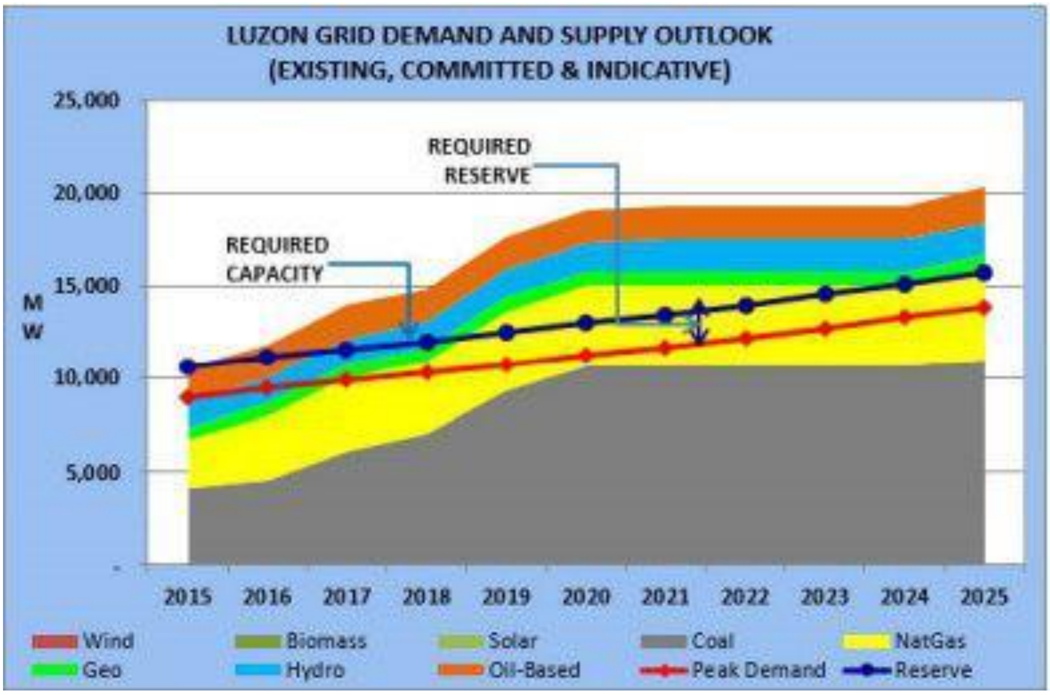
Luzon Indicative Projects, , *in MW*[56]

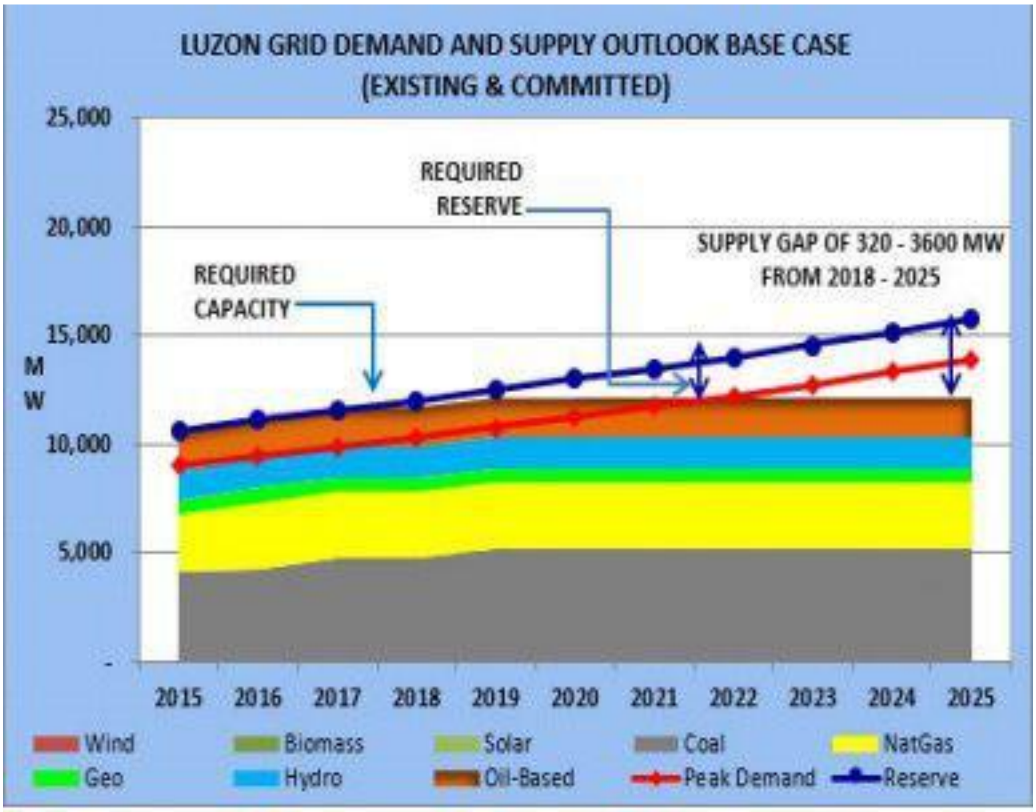
PLANT TYPE	2013	2014	2015	2016	2017	2018	2019	2020	TOTAL
COAL	-	4,560	6,900	6,570	8,280	1,620		300	4,560
NATURAL GAS	-	4,565	3,715	2,050	2,050	2,950			5,015
OIL-BASED	-	150	150	196	196				150
GEOTHERMAL	-	120	120	80	80	40	80		120
HYDRO	-	53.6	575.2	1070.65	1,591.65	9			54
SOLAR	-	90	54.1	1053.68	1178.68				50
WIND	-	228	249	997	1,267				228
BIOMASS	-	8.6	18	58.175	58.175				9
BATTERY	-	-	-	230	230				

**Sourced from DOE, Please see appendix for Details*

[52] NGCP. Transmission Development Plan 2014-2023. Retrieved April 8, 2014 from https://www.ngcp.ph/savefiles/news/BULLETINS/2013%20TDP%20Consultation%20Draft_VolI-Major%20Network%20Development.pdf.
[53] Asian Power.Country Report: Philippines, Philippine major power grids nearing critical levels. Retrived April 9, 2014 from http://asian-power.com/sites/default/files/asianpower/print/APApr_2013_lores%206.pdf.
[54] Electronic copy sourced from the Department of Energy Planning Department. Committed Power Projects as of March 27, 2017.
[55] National Economic Development Authority. The Philippine Development Plan 2011-2016. Retrieved March 25, 2014 from http://www.neda.gov.ph/wp-content/uploads/2013/10/pdprm2011-2016.pdf.
[56] Electronic copy sourced from the Department of Energy Planning Department. Committed Power Projects as of March 27, 2017.

Luzon Power Outlook 2013-2020[57]





[57] ADB. Performance Evaluation Report: Philippines: Electricity Market and Transmission Development Project. Retrieved 6 April 2017 from https://www.adb.org/sites/default/files/evaluation-document/167391/files/pper-phi-electricity-market.pdf.

In Luzon, the committed and proposed transmission projects are intended to address load growth and entry of additional power generation and at the same time, improve system reliability. Below are the ongoing projects for Luzon for 2017 onwards:

Ongoing NGCP Projects for Luzon (2017 onwards)[58]

PROJECT NAME	PROJECT PURPOSE	EXPECTED COMPLETION
Ambuklao-Binga 230kV T/L SR Ambuklao Binga 230 kV T/L Ambuklao 230 kV S/S	To address the old age condition of the line and accommodate the generation capacity addition in Cagayan Valley area	**Dec. 2018**
Binga-San Manuel 230 kV T/L Stage 1 & 2 SR Binga – San Manuel 230 kV T/L Binga S/S Expansion San Manuel S/S Expansion	To address the old age condition of the line and provide N-1 contingency during maximum dispatch of the generating power plants in North Luzon.	**Dec. 2018**
New Antipolo 230 kV Substation LG Bus-in point along San Jose-Taytay 230 kV T/L Antipolo 230 kV S/S	To accommodate the demand increase in Metro Manila and maintain the N-1 contingency provision for Taytay Substation.	**Dec. 2018**
San Jose-Angat 115 kV Line Upgrading SR San Jose-Angat 115 kV T/L San Jose 115 kV S/S	To address the old age condition and reliability issues in the existing line serving the Angat Hydroelectric Power Plant.	**June 2017**
San Jose-Quezon 230 kV Line 3 SR San Jose-Quezon 230 kV T/L San Jose 230 kV S/S Quezon 230 kV S/S	To increase transfer capacity of the existing corridor and maintain the N-1 contingency provision.	**Dec. 2017**
Tuguegarao-Lal-lo (Magapit) 230 kV T/L Tuguegarao-Lal-lo 230 kV T/L Lal-lo 230 kV S/S Tuguegarao 230 kV S/S	To improve the power quality and reliability of supply in the province of Cagayan and this will form part of the development of the Northern Luzon 230 kV Loop that will cater the wind power generation potential in the region.	**Oct. 2018**
Calaca-Dasmariñas T/L (to be designed at 500kV) Calaca-Dasmariñas 230 kV T/L Dasmariñas S/S Expansion Sta. Rita Switchyard Expansion	To reinforce the outgoing 230 kV line from Calaca Substation and accommodate the full dispatch of the incoming power plants in Batangas area.	**June 2019**
Eastern Albay 69 kV Line Stage 2 Sto. Domingo-Tobaco 69 kV T/L	To provide the looping configuration for the 69 kV line in eastern Albay.	**June 2019**
Hermosa-Floridablanca 69 kV T/L Hermosa-Floridablanca 69 kV T/L Basa Air Base-100D 69 kV T/L	To relieve the overloading of the existing Hermosa- Guagua line and address the low voltage issues in the area.	**March 2018**
Western 500 kV Backbone (Stage 1) Castillejos-Hermosa 500 kV T/L Hermosa 230 kV S/S	To develop a 500 kV western corridor that will accommodate the bulk generation in Zambales area and to improve the overall reliability, security and stability of the 500 kV system.	**March 2019**
Bataan-Cavite Transmission Line (Phase 1)		**Dec. 2017**

[58] NGCP. Transmission Development Plan 2014-2015, p. 43, 47-8. Retrieved 5 April 2017 from http://www.ngcp.ph/beta/cms/Attachment-Uploads/TDP_2014-2015_Vol_I%20-_Draft.pdf.

Power System Study Feasibility Study	To conduct hydrographic survey and other survey works for the submarine cable project that will support the delivery of bulk generation from Bataan area to the load center in an alternate route.

**Sourced from NGCP, please see appendix for details*

<u>Visayas</u>

In the Visayas, power demand is expected to grow at an annual rate of 5.5% for the period of 2016 to 2025. However, the Visayas grid is critically short of supply: during peak hours, the Luzon grid can transfer only up to 150MW of available power to the Visayas grid through high-voltage direct current interconnection. It is projected that for 2022 to 2025, a supply gap of 120MW to 570MW will persist.[59]

Visayas Committed Projects, *in MW*[60]

PLANT TYPE	2014	2015	2016	2017	2018	2019	2020	TOTAL
COAL	352	270	135	135				892
OIL			8	16				24
GEOTHERMAL	50		50	50				150
HYDRO	16	8	13.1	13.1				50.2
SOLAR	9		65.67	65.67				140.34
WIND	104	50						154
BIOMASS	55	24						79

**Sourced from DOE, Please see appendix for Details*

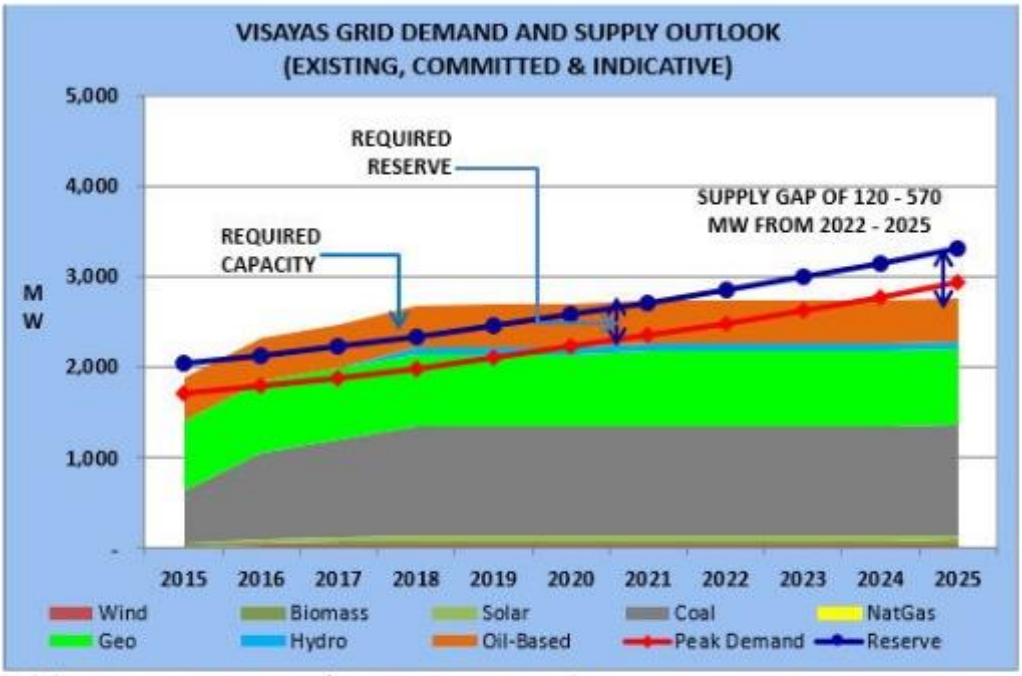
Visayas Indicative Projects, *in MW*[61]

PLANT TYPE	2014	2015	2016	2017	2018	2019	2020	TOTAL
COAL	470	470	900	900				2740
OIL	18.9	18.9	10	10				57.8
GEOTHERMAL	89	89	40	40				258
HYDRO	53.2	72.2	701.74	723.34				1550.48
SOLAR	160	165.67	464.63	464.63				1254.93
WIND	50	50	1148.6	1193				2441.6
BIOMASS	54.37	54.37	78	151.5				338.24
BATTERY	40	40	100	100				280

**Sourced from DOE, Please see appendix for Details*

[59] ADB. Performance Evaluation Report: Philippines: Electricity Market and Transmission Development Project. Retrieved 6 April 2017 from https://www.adb.org/sites/default/files/evaluation-document/167391/files/pper-phi-electricity-market.pdf.
[60] Electronic copy sourced from the Department of Energy website. Committed power projects as of 28 February 2017; retrieved 5 April 2017.
[61] Electronic copy sourced from the Department of Energy website. Indicative power projects as of 28 February 2017; retrieved 5 April 2017.

Visayas Power Outlook 2015-2025[62]



Source: Philippines Department of Energy Power Development Program, August 2015.

In the Visayas, committed and proposed system reliability improvement projects will also accommodate entry of generation, address load growth including projects intended to comply with statutory requirements. These projects include 230 kV and 138 kV backbones, 138 kV and 69 kV transmission lines, reconfiguration of existing substation and installation additional step-down transformer to directly serve both load and generation customers.[63]

Ongoing NGCP Projects for Visayas (2017 onwards)[64]

PROJECT NAME	PROJECT PURPOSE	EXPECTED COMPLETION
Cebu-Lapu-lapu T/L **Cebu-Umapad 230 kV T/L** **Umapad-Mandaue CJ 138 kV T/L** **Lapu-lapu CJ-Lapu-lapu 138 kV T/L** **Lapu-lapu 138 kV S/S** **Umapad CTS**	To increase transfer capacity of the existing corridor and maintain the N-1 contingency provision	**Sept. 2017**
Cebu-Negros-Panay 230 kV Backbone, Stage 1 Bacolod **S/S – E.B. Magalona CTS, 230 kV (initially energized at 138 kV) T/L**	To increase transfer capacity of the existing corridor and maintain the N-1 contingency provision. The Negros-Panay	**March 2017**

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[62] ADB. Performance Evaluation Report: Philippines: Electricity Market and Transmission Development Project. Retrieved 6 April 2017 from https://www.adb.org/sites/default/files/evaluation-document/167391/files/pper-phi-electricity-market.pdf.

[63]NGCP. Transmission Development Plan 2014-2023. Retrieved April 8, 2014 from https://www.ngcp.ph/savefiles/news/BULLETINS/2013%20TDP%20Consultation%20Draft_VolI-Major%20Network%20Development.pdf.

[64] NGCP. Transmission Development Plan 2014-2015, p. 43, 47-8. Retrieved 5 April 2017 from http://www.ngcp.ph/beta/cms/Attachment-Uploads/TDP_2014-2015_Vol_I%20-_Draft.pdf.

Barotac Viejo S/S – E.B. Magalona CTS, 230 kV (but will be initially energized at 138 kV) T/L	submarine cable component of this project was scheduled to have been completed by August 2016.	
Bacolod S/S Expansion		
E.B. Magalona CTS Expansion		
Barotac Viejo S/S Expansion		
Visayas Substation Reliability II	To add substation capacity to provide N-1 contingency	**Jan. 2017**
Ormoc **138 kV S/S Expansion**		
Babatngon 138 kV S/S Expansion		
Sta. Barbara 138 kV S/S Expansion		
Mandaue 138 kV S/S Expansion		
Lapu-lapu 138 kV S/S Expansion		

**Sourced from NGCP, please see appendix for details*

Mindanao

Similarly in Mindanao, most of the committed and proposed projects that will improve system reliability would also address load growth and accommodate entry of power generation. Such transmission projects include 230 kV and 138 kV lines, new 138 kV drawdown substation and existing substation reinforcements, upgrading/rehabilitation of existing switchyards including replacements of underrated Power Circuit Breakers (PCB). In the interim, the island will continue to experience a deficit in power especially during summer due to its high dependence on its hydro-electric power resources.[65] However, if all the committed and indicative plants are implemented, Mindanao is expected in the long term to have an oversupply of power.[66]

Mindanao Committed Projects, *in MW*[67]

PLANT TYPE	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**TOTAL**
COAL	1745	1855	1090	1090				5780
OIL	41.1	11.9	29.54	29.54				112.08
GEOTHERMAL								
HYDRO	64	64	134.2	134.2				396.4
SOLAR								
WIND								
BIOMASS	20.6	20.6	14.2	14.2				49

**Sourced from DOE, Please see appendix for Details*

Mindanao Indicative Projects, *in MW*[68]

PLANT TYPE	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**TOTAL**
COAL	1230	1120	1733	1243				5326
OIL			36.783	45.216				81.999
GEOTHERMAL	50	50	40	40				180
HYDRO	148.2	161.25	673.44	673.44				396.4
SOLAR	28.75	28.75	238	338				633.5

[65] NGCP. Transmission Development Plan 2014-2023. Retrieved April 8, 2014 from https://www.ngcp.ph/savefiles/news/BULLETINS/2013%20TDP%20Consultation%20Draft_VolI-Major%20Network%20Development.pdf.

[66] ADB. Performance Evaluation Report: Philippines: Electricity Market and Transmission Development Project. Retrieved 6 April 2017 from https://www.adb.org/sites/default/files/evaluation-document/167391/files/pper-phi-electricity-market.pdf.

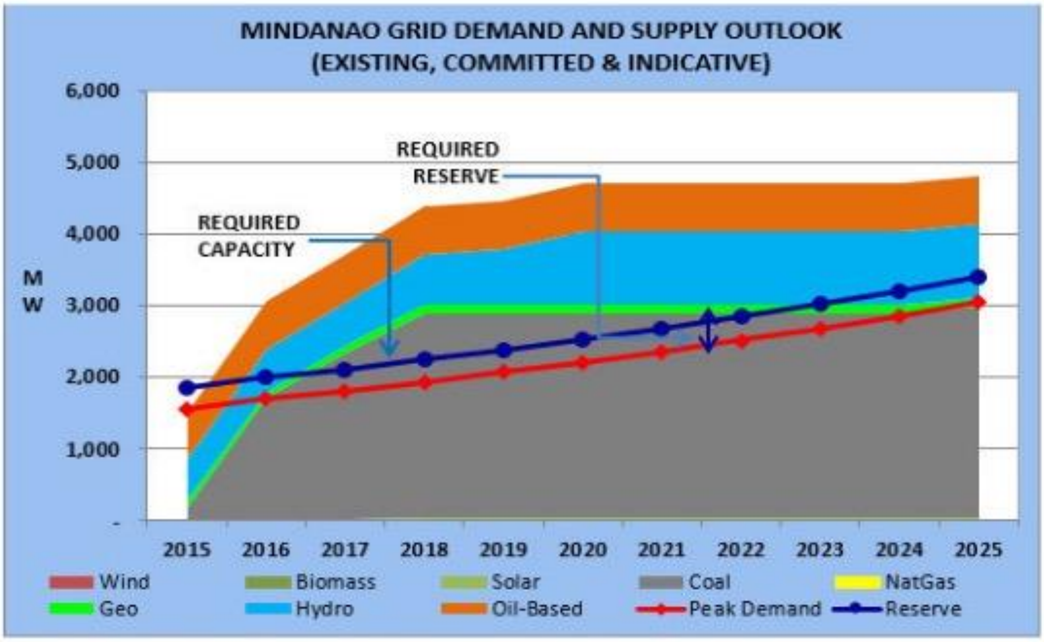
[67] Electronic copy sourced from the Department of Energy website. Committed power projects as of 28 February 2017; retrieved 5 April 2017.

[68] Electronic copy sourced from the Department of Energy website. Indicative power projects as of 28 February 2017; retrieved 5 April 2017.

WIND					
BIOMASS	9	52.4	85.2	85.2	231.8

Sourced from DOE, Please see appendix for Details[69]

Mindanao Power Outlook 2013-2020[70]



Source: Philippines Department of Energy Power Development Program, August 2015.

Ongoing NGCP Projects for Mindanao (2017 onwards)		
PROJECT NAME	**PROJECT PURPOSE**	**EXPECTED COMPLETION**
Aurora-Olanco 138 kV T/L	To serve growing power demand in Zamboanga del Norte area boanga del Norte area	**Dec. 2017**
Aurora-Polanco 138 kV T/L		
Polanco-Polanco (LES) 69 kV T/L		
Cut-in 69 kV T/L		
Polanco 138 kV S/S (new)		
Aurora 138 kV S/S Expansion		
Polanco LES		
Balo-i-Kauswagan Aurora 230 kV T/L (Phase 1)	To accommodate the proposed 4x600MW coal-fired power plant of GN Power in Kauswagan	**Aug. 2017**
Balo-I-Kauswagan 230 kV T/L		
Kauswagan 230 kV S/S		
Balo-I S/S Expansion		
Toril 138 kV S/S, Stage 2	To provide 138/69 kV transformer in order to serve load customers such as DASURECO and DLPC	**Dec. 2017**
Toril 138 kV S/S		
Agus 2 Switchyard Upgrading Project	To address the deteriorating physical and operational condition of the switchyard	**Feb. 2018**
Agus 2 Switchyard		

[69] Electronic copy sourced from the Department of Energy website. Indicative power projects as of 28 February 2017; retrieved 5 April 2017.
[70] ADB. Performance Evaluation Report: Philippines: Electricity Market and Transmission Development Project. Retrieved 6 April 2017 from https://www.adb.org/sites/default/files/evaluation-document/167391/files/pper-phi-electricity-market.pdf.

The Renewable Energy Act

The DOE is pushing for a diverse power supply mix especially in the renewable energy sector. With the global trend towards a clean energy future, the Renewable Energy Act or Republic Act No. 9513 was passed in December 16, 2008 to fully harness the country's renewable energy potential such as geothermal, hydro, wind, solar, biomass and ocean. It was a landmark legislation and is said to be the most comprehensive renewable energy law in Southeast Asia. The RE Law's declared policy is to encourage and develop the use of renewable energy resources of the country to reduce the country's dependence on fossil fuels and reduce overall costs of energy, and reduce, if not prevent harmful emissions into the environment to promote health and sustainable environment. The key features of the RE Law are mechanisms created to carry out its mandates, such as a renewable portfolio standard (RPS), feed-in tariff system, renewable energy market (REM), and a marketable green energy option.

The National Renewable Energy Program (NREP) was launched on January 14, 2011 by President Aquino; and the DOE seeks to increase renewable energy to 15,304 MW by 2030. From 2008 to 2012, DOE awarded service contracts for projects that would sum up to more than 5,600 MW capacity:

AWARDED RE Projects (data as of 31 December 2016)[71]

RESOURCES	AWARDED PROJECTS		POTENTIAL CAPACITY MW		INSTALLED CAPACITY MW	
	Grid-Use	Own-Use	Grid-Use	Own-Use	Grid-Use	Own-Use
Hydro Power	385	-	10,792.37	-	821.83	-
Ocean	7	-	26	-	-	-
Geothermal	43	-	684	-	1906.19	-
Wind	59	1	1038.95	-	426.9	0.006
Solar	151	16	4077.22	4.286	900.18	3.218
Biomass	45	22	312.38	13.77	343.57	119.86
Sub-Total	690	39	16930.92	180.56	4398.67	123.084
TOTAL	**729**		**16,694.564**		**4,521.574**	

There were quite a few initiatives under this in 2012 as well, to name a few they were the commercial operation of the 19.8 MW Green Future, 1.2 MW Pangea, and the expansion of Crystal Sugar from 21 MW to 35.9 MW biomass plants in the Luzon and Mindanao grids; and the commercial operation of the 1.02 MW Libertad natural gas in Cebu.[72]

Pending RE Projects (data as of 31 December 2016)[73]

RESOURCES	PENDING PROJECTS		POTENTIAL CAPACITY MW		INSTALLED CAPACITY MW	
	Grid-Use	Own-Use	Grid-Use	Own-Use	Grid-Use	Own-Use
Hydro Power	88	-	1,484.02	-	-	-
Ocean Energy*	2	-	-	-	-	-
Geothermal	2	3	60	-	-	-
Wind*	26	-	291	-	-	-
Solar*	71	1	2130.8	0.39312	-	-
Biomass	6	2	43	9.9	-	-
Sub-Total	285	6	4008.82	10.29312	-	-
TOTAL	**291**		**4019.11312**		**0**	

71 Electronic copy sourced from the Department of Energy website. Awarded projects as of 31 December 2016; retrieved 5 April 2017.

72 The Official Gazette. Retrieved April 7, 2014 from http://www.gov.ph/2014/04/03/infra-spending-kicks-off-2014-with-45-1-upsurge-year-on-year/, The official Gazette).

73 Electronic copy sourced from the Department of Energy website. Committed power projects as of 28 February 2017; retrieved 5 April 2017.

* data as of 30 June 2016

The FIT regime is the government's methodology of encouraging renewable energy players. The FIT rate approved by ERC are as follows: Php9.68 per kilowatt-hour for solar; Php8.53 per kwh for wind, Php6.63 per kwh for biomass and Php5.90 per kwh for hydropower projects. This policy has been said to attract USD800M in direct investments and is said to create 3,500 jobs in rural areas.[74]

[74]The Philippine Star. Gonzales, Iris C. February 10, 2014. ERC approves rules on renewable energy Retrieved April 9, 2014 from http://www.philstar.com/business/2014/02/10/1288504/erc-approves-rules-renewable-energy.

APPENDIX I
COMMITTED PROJECTS

Name of the Project	Project Proponent	Location	Rated Capacity (MW)	Target Commissioning
COAL				
3x55 MW Balingasag Thermal Circulating Fluidized Bed Combustion (CFBC) Coal-Fired Power Plant	Minergy Coal Corp.	Brgy. Mandangoa, Balingasag, Misamis Oriental	165	Unit 1: March 2017 Unit 2: March 2017 Unit 3: May 2017
GNPower Kauswagan Clean Coal-Fired Power Plant	GN Power Kauswagan Ltd. Co.	Kauswagan, Lanao del Norte	540	Dec. 2017
GNPower Dinginin 2x660 MW Supercritical Coal-Fired Power Plant	GNPower Dinginin Coal Plant Ltd. Co.	Mariveles, Bataan	1200	Unit 1: Oct. 2018 Unit 2: Oct. 2019
Limay Power Plant Project Phase I	SMC Consolidated Power Corp.	Brgy. Lamao, Limay, Bataan	300	Unit 1: Nov. 2016 Unit 2: April 2017
Masinloc Expansion Project	AES Masinloc Power Partners Co., Inc.	Zambales	300	Unit 3: Sept. 2019
Pagbilao Coal-Fired Thermal Power Plant	Pagbilao Energy Corp.	Pagbilao Power Station, Brgy. Ibabang Polo, Pagbilao, Quezon	420	May to Nov. 2017
Palm Concepcion Coal-Fired Power Plant	Palm Concepcion Power Corp. (formerly DMCI Concepcion Power Corp.)	Brgy. Nipa, Concepcion, Iloilo	135	Unit II: March 2018
San Buenaventura Power Ltd. Co. (SBPL) Project	San Buenaventura Power Ltd. Co.	Barangay Cagsiay 1, Mauban, Quezon	500	Dec. 2018
SMC Davao Power Plant Project Unit 2	San Miguel Power Corp.	Brgy. Culaman, Malita, Davao Occidental	150	Feb. 2017
Southern Mindanao Coal Fired Power Station	Sarangani Energy Corp.	Brgy. Kamanga, Maasim, Sarangani	100	Phase II: Dec. 2018
OIL				
CENPRI Diesel Power Plant	Central Negros Power Reliability, Inc.	Brgy. Calumangan, Bago City, Negros Occidental	16	Unit 4: Feb. 2017 Unit 5: March 2017
Peakpower Bukidnon, Inc.	Peakpower Bukidnon, Inc.	Manolo Fortich, Bukidnon	10.4	May 2017
Peakpower San Francisco, Inc. Bunker Fired Power Plant (PSI Expansion Project)	Peakpower Soccsargen, Inc.	San Francisco, Agusan Del Sur	5.2	March 2017

Peakpower Soccsargen, Inc. Bunker Fired Power Plant (PSI Expansion Project)	Peakpower Soccsargen, Inc.	General Santos City, South Cotabato	13.94	March 2017
NATURAL GAS				
Pagbilao Combined Cycle Gas Fired Power Plant (Proposed 3x200 MW CGT Power Plant)	Energy World Corp.	Brgy. Ibabang Polo, Grande Island, Pagbilao, Quezon	650	Unit 1: Aug. 2017 Unit 2: Nov. 2017 Unit 3: Feb. 2018
GEOTHERMAL				
Bacman 3 (Tanawon) Geothermal Project	Energy Development Corp.	Guinlajon, Sorsogon	31	Dec. 2018
Biliran Geothermal Plant Project	Biliran Geothermal Inc.	Biliran, Biliran	50	Phase 1: March 2017 Phase 2: March 2017 Phase 3: July 2017 Phase 4: Nov. 2017
Maibarara 2 Geothermal Project	Maibarara 2 Geothermal Inc.	Batangas	12	Aug. 2017
HYDROPOWER				
Asiga	Asiga Green Energy Corp.	Santiago, Agusan del Norte	8	Aug. 2019
Cantakoy	Quadriver Energy Corp.	Danao, Bohol	8	June 2018
Igbulo (Bais) Hydroelectric Power Project	Century Peak Energy Corp.	Igbaras, Iloilo	5.1	June 2018
Kapangan	Cordillera Hydro Electric Power Corp.	Kapangan & Kibungan, Benguet	60	Feb. 2019
Lake Mainit	Agusan Power Corp.	Jabonga, Agusan del Norte	25	Dec. 2017
Manolo Fortich 1	Hedcor Bukidnon, Inc.	Santiago, Bukidnon	43.4	June 2017
Manolo Fortich 2	Hedcor Bukidnon, Inc.	Santiago, Bukidnon	25.4	June 2017
New Bataan	Euro Hydro Power (Asia) Holdings, Inc.	New Bataan, Compostela Valley	2.4	March 2017
Prismc	PNOC-Renewables Corp.	Rizal, Nueva Ecija	1	Sept. 2019
Puyo Hydroelectric Power Project	First Gen Mindanao Hydropower Corp.	Jabonga, Agusan del Norte	30	July 2018
Tubao	Tubao Mini-Hydro Electric Corp.	Tubao, La Union	1.5	March 2020
SOLAR				
Bataan Solar Power Project	Next Generation Power Technology Corp.	Brgy. Alas-asin, Mariveles, Bataan	18	March 2016
CW Home Depot Solar Power Project	CW Marketing & Development Corp.	CW Home Depot, Brgy. Pulong, Sta. Rosa City, Laguna	1.675	March 2017

Morong Solar Power Plant	SPARC Solar Power Agri-Rural Communities	Morong, Bataan	5.02	March 2017 (commercial operations)
San Rafael Solar Power Plant	SPARC Solar Power Agri-Rural Communities	San Rafael, Bulacan	3.82	March 2017 (commercial operations)
Sarrat Solar Power Project	Bosung Solartec, Inc.	Brgy. 21, San Marcos, Sarrat, Ilocos Norte	1	March 2017
BIOMASS				
ACNPC WTE Biomass Power Plant Project	Asian Carbon Neutral Power Corp.	Tarlac	1.5	Phase 1: March 2017 Phase 2: TBD
AseaGas Biogas Power Plant Project	AseaGas Corp.	Batangas	6.1	March 2017
Bicol Biomass Energy Corp.	Bicol Biomass Energy Corp.	Camarines Sur	4.5	March 2017
GEEC Biomass Cogeneration System	Green Earth Enersource Corp.	Maguindanao	2.6	March 2017
LPC Rice Husk-Fired Biomass Power Plant Project	Lamsan Power Corp.	Sultan Kudarat, Maguindanao	10	March 2017
PTCI Rice Husk-Fired Biomass Cogeneration Facility	Philippine Trade Center, Inc.	Sultan Kudarat, Maguindanao	1.6	March 2017 (commercial operations)
SJCI Rice Husk-Fred Biomass Power Plant Project Phase 2	San Jose City I Power Corp.	Brgy. Tulat, San Jose, Nueva Ecija	10.8	June 2017
BATTERY				
AES Battery Storage – Masinloc Project	AES Philippine Power Partners Co., Ltd.	Masinloc, Zambales	10	March 2017
		Total	**5,019.955**	

Electronic copy sourced from the Department of Energy Planning Department. Committed Power Projects as of 28 February 2017.

APPENDIX II

INDICATIVE PROJECTS

*sourced from DOE

Name of the Project	**Project Proponent**	**Location**	**Rated Capacity (MW)**	**Target Commissioning**
		COAL		
AOE Coal-Fired Power Plant	Meralco PowerGen Corp. (Proj. Company: Atimonan One Energy)	Atimonan, Quezon	1200	Unit 1: June 2021 Unit 2: TBD
Balingasag Coal-Fired Power Plant	Minergy Coal Corp.	Brgy. Mandangoa, Balingasag, Misamis Oriental	110	TBD
Bislig 1 Oxyfuel-Gas Fired Power Plant Project	CENERTEC Philippines, Inc.	Brgy. Kahayag, Bislig City, Surigao del Sur	1	TBD
Bislig 2 Oxyfuel-Gas Fired Power Plant Project	CENERTEC Philippines, Inc.	Brgy. Kahayag, Bislig City, Surigao del Sur	4	TBD
Global Luzon Coal-Fired Power Plant	Global Luzon Energy Dev't. Corp.	Brgy. Carisquis and Nalvo Sur, Luna, La Union	670	TBD
H & WB PCB Supercritical Coal-Fired Power Plant	H & WB Asia Pacific (PTE LTD) Corp.	Jose Panganiban, Camarines Norte	700	Unit 1: 4th qtr 2021 Unit 2: 4th qtr 2025
JGS Coal Fired Thermal Power Plant	JG Summit Holdings, Inc.	Brgy. Pinamukan Ibaba, Batangas City	600	Unit 1: June 2018 Unit 2: Dec. 2018 Unit 3: June 2019 Unit 4: Dec. 2019
Limay Power Plant Project Phase II	SMC Consolidated Power Corp.	Brgy. Lamao, Limay, Bataan	300	Unit 1: Feb. 2017 Unit 2: 2017
Lucidum Coal Power Plant	Lucidum Energy, Inc.	Silanguin Bay, Zambales	300	June 2017
Ludo Coal-Fired Thermal Power Plant	Ludo Power Corp.	Cebu City	300	TBD
Masinloc Expansion Project	AES Masinloc Power Partners Co., Inc.	Zambales	300	Unit 4: June 2020
Ozamis Coal Fired Power Plant Phase 1 – 1 x 150 MW Phase 2 – 1 x 150 MW	Ozamiz Power Generation, Inc. (wholly owned subsidiary of Avesco Marketing Corp.)	Brgy. Pulot, Ozamis City, Misamis Occidental	300	Phase 1 (1 x 150MW): Dec. 2019 Phase 2 (1 x 150MW): June 2020
Quezon Coal Fired Thermal Plant Project	Orion Pacific Prime Energy, Inc.	Tagkawayan, Quezon	1050	TBD
RPEI Coal-Fired Power Plant	Redondo Peninsula Energy, Inc.	Sitio Naglatore, Cawag, Subic Bay Freeport Zone	600	Unit 1: Oct. 2018 Unit 2: Dec. 2018
Sibuguey Power Plant Project	Philippine National Oil Company (PNOC-EC)	Sibugay, Zamboanga	100	TBD
SMC Circulating Fluidized Bed Coal-Fired Power Plant	SMC Global Power	Brgy. Ibabang Polo, Pagbilao, Quezon	600	TBD
SMC Circulating Fluidized Bed Coal-Fired Power Plant	SMC Global Power Holdings Corp.	Sariaya, Quezon	600	TBD

SMC Davao Power Plant Project Phase II	San Miguel Consolidated Power Corp.	Brgy. Culaman, Malita, Davao Occidental	300	Dec. 2018
SMC Global Power (4 x 82 MW)	SMC Global Power	Brgy. Darong, Santa Cruz, Davao del Sur	328	TBD
SPC Expansion Coal Power Plant Project	SPC Power Corp.	Brgy. Colon, Naga City, Cebu	300	TBD
SRPG 2x350MW Coal-Fired Power Plant Project	St. Raphael Power Generation Corp.	Brgy. San Rafael, Calaca, Batangas	700	July 2019
Therma Visayas Energy Project	Therma Visayas, Inc.	Brgy. Bato, Toledo City, Cebu	300	June 2017
ZAM 100 MW Circulating Fluidized Bed (CFB) Coal-Fired Power Station	San Ramon Power, Inc.	Sitio San Ramon, Brgy. Talisayan, Zamboanga City	100	TBD
Zestpower Coal Thermal Plant	Zestpower Corp.	Mariveles, Bataan	660	TBD
		OIL		
Aero Derivative Combined Cycle Power Plant	Calamba Aero Power Corp.	Calamba, Laguna	150	TBD
Datem Energy Northern Samar Diesel Power Plant Project	Datem Energy Corp.	Northern Samar	10	TBD
MOPP 4 Diesel Power Plant	King Energy Generation, Inc.	Brgy. San Isidro, Jimenez, Misamis Oriental	8.433	TBD
Nickel Asia Diesel Power Project	Nickel Asia Corp.	Surigao City, Surigao del Norte	10.9	TBD
Panasia Malita Diesel Power Plant	Panasia Energy, Inc.	Malita, Davao	20	TBD
Power Barge (PB) 103	Phinma Energy Corp.	Lapu-lapu City, Cebu	32	TBD
SLGPC Gas Turbine Power Project Phase 1	Southwest Luzon Power Generation Corp. (SLGPC)	San Rafael, Calaca, Batangas	23	TBD
SLGPC Gas Turbine Power Project Phase 2	Southwest Luzon Power Generation Corp. (SLGPC)	San Rafael, Calaca, Batangas	23	TBD
TPI Diesel Power Plant	Total Power, Inc.	Mati, Davao Oriental	5.883	Dec. 2017
		NATURAL GAS		
1x450 Sta. Maria Power Plant (Phase II)	First Gen Ecopower Solutions, Inc.	Santa Rita, Batangas	450	Dec. 2019
Batangas CCGT Plant Unit 1	Therma Batangas Gas, Inc.	Brgy. Libo, Batangas	300	TBD
Batangas CCGT Plant Unit 2	Therma Batangas Gas, Inc.	Brgy. Libo, Batangas	400	TBD
Batangas CCGT Plant Unit 3	Therma Batangas Gas, Inc.	Brgy. Libo, Batangas	400	TBD
		GEOTHERMAL		
Bacman 4 Botong – Rangas Geothermal Project	Energy Development Corp.	Bacon District, Sorsogon, Sorsogon City	40	June 2021
Dauin Geothermal Project	Energy Development Corp.	Dauin, Negros Oriental	40	Dec. 2022

Kayabon Geothermal Project	Energy Development Corp.	Manito, Albay	40	June 2022
Mindanao 3 Geothermal Power Project	Energy Development Corp.	Kidapawan, North Cotabato	40	June 2020
		HYDROPOWER		
10 MW Cabulig-2 Hydroelectric Power Plant Project	Mindanao Energy Systems, Inc.	Jasaan, Misamis Oriental	10	Dec. 2018
100 MW Alimit	SN Aboitiz Power-Ifugao	Lagawe, Ifugao	100	Jan. 2021
240 MW Alimit	SN Aboitiz Power-Ifugao	Lagawe, Ifugao	240	Jan. 2021
Abdao HEP	AV Garcia Power Systems Corp.	Tabaan Sur, Tuba, Benguet	1	Sept. 2019
Agus III	Maranao Energy Corp.	Pantar & Balo-I, Lanao del Sur & Lanao del Norte	225	July 2020
Aklan Pumped-Storage Hydropower	Strategic Power Dev't. Corp.	Malay, Aklan	300	TBD
Alilem	Philnew Hydro Power Corp.	Alilem, Ilocos Sur	16.2	Dec. 2019
Amlan (Plant A)	Natural Power Sources Integration, Inc.	Amlan, Negros Oriental	3.2	Sept. 2019
Amlan (Plant B)	Natural Power Sources Integration, Inc.	Amlan, Negros Oriental	1.5	July 2019
Amlan (Plant C)	Natural Power Sources Integration, Inc.	Amlan, Negros Oriental	0.8	Sept. 2019
Barit (Irrigation Discharge) Hydroelectric Power Project	Nascent Technologies	Buhi,, Camarines Sur	0.4	Sept. 2019
Bansud	PTC Energy, Inc.	Mauban, Quezon	1	Oct. 2020
Bansud	Sunwest Water & Electric Company, Inc.	Bansud & Gloria, Oriental Mindoro	1.5	Oct. 2020
Basak II	Meadowland Developers, Inc.	Badian, Cebu	0.5	April 2019
Bineng 1-2b Combination HEPP	Hedcor, Inc.	La Trinidad, Benguet	19	March 2019
Biyao	AV Garcia Power Systems Corp.	Balbalan, Kalinga	0.8	Aug. 2019
Bolusao Pumped Storage	San Lorenzo Samar and Water, Inc.	Lawaan, Eastern Samar	300	TBD
Bubunawan Hydroelectric Power Project	First Gen Mindanao Hydropower Corp.	Baungon and Libona, Bukidnon	23	2021
Caroan	Antique Electric Cooperative	Sebaste, Antique	0.84	Sept. 2020
Cabadbaran Hydroelectric Power Project	First Gen Mindanao Hydropower Corp.	Cabadbaran, Agusan del Norte	9.75	July 2018
Cawayan 2	Sunweat Water & Electric Co., Inc.	Sorsogon, Sorsogon	1	April 2020
Cervantes-Mankayan-Bakun HEPP	Hedcor, Inc.	Benguet	27	TBD
Chico Hydroelectric Power Project	San Lorenzo Ruiz Piat & Water	Tabuk, Kalinga	150	TBD
Clarin	Philnew Hydro Power Corp.	Clarin, Misamis Occidental	5	April 2019

Colasi	Colasi Mini Hydro Electric Power Plant Corp.	Mercedes, Camarines Norte	1	Feb. 2019
Culaman Hydroelectric Power Project	Oriental Energy and Power Generation Corp.	Manolo Fortich, Bukinon	10	June 2018
Danac	Philnewriver Power Corp.	Sugpon, Ilocos Sur	13.2	June 2020
Davao Hydroelectric Power Project	San Lorenzo Ruiz Olympia	Davao City	140	TBD
Davidavilan	PTC Energy, Inc.	Mauban, Quezon	1	Oct. 2020
Dibuluan	Greenpower Resources Corp.	San Agustin, Isabela	5	June 2020
Dipidio 1	AT Dinum Company	Kasibu, Nueva Vizcaya	2.1	March 2021
Dipidio 2	AT Dinum Company	Kasibu, Nueva Vizcaya	9.4	April 2021
Dupinga Hydroelectric Power Project	Constellation Energy Corp.	Gabaldon, Nueva Ecija	3	June 2018
Hilabangan (Lower Cascade)	Century Peak Energy Corp.	Kabankalan, Negros Occidental	3	Aug. 2018
Hilabangan (Upper Cascade)	Century Peak Energy Corp.	Kabankalan, Negros Occidental	4.8	Aug. 2018
Ibulao Hydroelectric Power Project	Hydrocore, Inc.	Lagawe, Ifugao	4.5	June 2018
Ibulao I Hydroelectric Power Project	Kiangan Mini-Hydro Corp.	Kiangan, Ifugao	6	TBD
Ilaguen	Isabela Power Corp.	San Mariano & San Guillermo	19	Feb. 2020
Ilaguen 2	Isabela Power Corp.	Dinapique, Isabela	14	May 2020
Ilaguen 3 Hydropower Project	Rio Norte Hydropower Corp.	Echague, Isabela	11	TBD
Ilaguen 4 Hydropower Project	Rio Norte Hydropower Corp.	Echague, Isabela	10	TBD
Ilaguen 4	Isabela Power Corp.	Echague, Isabela	10	Oct. 2020
Ilog Hydroelectric Power Plant	PHINMA Energy Corp.	Mabinay, Negros Occidental	21.6	TBD
Ipayo	Antique Electric Cooperative	Sebaste, Antique	11.6	Sept. 2020
Kabayan 1	Hedcor Benguet, Inc.	Kabayan, Benguet	20	March 2019
Kabayan 2 (Natalang HEP)	Hedcor Cordillera, Inc.	Kabayan, Benguet	52	March 2019
Kabayan 3	Hedcor Benguet, Inc.	Kabayan, Benguet	27	March 2019
Katipunan River Mini Hydro Power Project	Repower Energy Dev't.	Cabanglasan, Bukidnon	6.2	TBD
Kibungan Pumped-Storage HEPP	COHECO Badeo Corp.	Kibungan, Benguet	500	TBD
Kitaotao 1	Hedcor Bukidnon, Inc.	Bukidnon	70	March 2019
Lalawinan Mini-Hydro Power Project	Repower Energy Development	Real, Quezon	3	Dec. 2020
Laguio Malaki 1	Enerventage Suppliers Co., Inc.	Mauban, Quezon	1.6	Oct. 2020
Laguio Malaki 2	Enerventage Suppliers Co., Inc.	Mauban, Quezon	3.1	Oct. 2020
Lanon (Lam-alu)	Euro Hydro Power (Asia) Holdings, Inc.	Lake Sebu, South Cotabato	9.5	May 2020

Limbatangon Hydroelectric Power Project	Turbines Resource & Development Corp.	Cagayan de Oro City, Misamis Oriental	9	Jan. 2018
Loboc Hydroelectric Power Project	Sta. Clara Power Corp.	Loboc, Bohol	1.2	June 2018
Lower Himogaan	LGU Sagay	Sagay, Negros Occidental	4	Sept. 2020
Lower Maladugao River Mini-Hydropower Project	Bukidnon Maladugao Hydro Power Corp.	Kalilangan and Wao, Bukidnon	15.7	TBD
Maapon River Mini-Hydro Power Project (MHP)	Renesons Energy Corp.	Brgy. Piis, Lucban, Quezon	2.6	Dec. 2020
Main Aklan River Hydroelectric Power Project	Sunwest Water & Electric Company, Inc.	Libacao, Aklan	15	Sept. 2018
Majayjay	Majayjay Hydro Power Co., Inc.	Majayjay, Laguna	3	April 2019
Majayjay	Majayjay Hydro Power Co., Inc.	Majayjay, Laguna	2	Jan. 2021
Maladugao River (Lower Cascade)	UHPC Bukidnon Hydro Power I Corp.	Wao, Bukidnon	5.5	Jan. 2020
Maladugao River (Upper Cascade)	UHPC Bukidnon Hydro Power I Corp.	Kalilangan & Wao, Bukidnon	10	April 2020
Maladugao River (Upper Cascade)	UHPC Bukidnon Hydro Power I Corp.	Kalilangan, Bukidnon	8.4	TBD
Malitbog	Philnewriver Power Corp.	Malitbog, Bukidnon	17.85	Sept. 2020
Malugo	Vivant-Malogo Hydropower, Inc.	Silay City, Negros	6	Oct. 2019
Man-Asok	Benguet Electric Cooperative	Buguias, Benguet	3	Sept. 2020
Maninila (Lower Cascade)	Century Peak Energy Corp.	San Remigio Antique	4.5	Oct. 2018
Maninila (Upper Cascade)	Century Peak Energy Corp.	San Remigio Antique	3.1	Oct. 2018
Mangima Hydroelectric Power Project	Philnew Hydro Power Corp.	Manolo Fortich, Bukidnon	10	Sept. 2019
Manupali	Matic Hydropower Corp.	Valencia, Bukidnon	9	Sept. 2020
Maramag	Maramag Mini-Hydro Corp.	Maramag, Bukidnon	1.4	Sept. 2020
Mat-i-1	Philnew Hydro Power Corp.	Claveria, Cagayan de Oro	2	April 2019
Mat-i-2	Philnew Hydro Power Corp.	Cagayan de Oro, Misamis Oriental	1.6	Sept. 2019
Mat-i-3	Philnew Hydro Power Corp.	Cagayan de Oro, Misamis Oriental	3.25	Sept. 2019
Maris Main Canal 1 HEP	SN Aboitiz Power Generation	Ramon, Isabela	8.5	Jan. 2021
Maris Main Canal 1 HEP	SN Aboitiz Power Generation	Alfonso Lista, Ifugao	1.75	TBD
Matibuey	Sta. Clara Power Corp.	Matibuey, Ilocos Sur	16	April 2021
Matuno	Epower Technologies Corp.	Bambang, Nueva Ecija	8	June 2020

Matuno 1	Smith Bell Mini Hydro Corp.	Ambaguio, Nueva Vizcaya	7.4	Dec. 2020
Matuno 2	Smith Bell Mini Hydro Corp.	Bambang, Nueva Ecija	7.9	Dec. 2020
Olilicon HEPP	SN Aboitiz Power-Ifugao	Lagawe, Ifugao	10	Jan. 2021
Pasonaca	Philcarbon, Inc.	Zamboanga City	0.5	Jan. 2019
Pincanauan	Sunwest Water & Electric Co., Inc.	Peñablanca, Cagayan	6	Sept. 2018
Pulanai	Repower Energy Dev't.	Valencia, Bukidnon	10.6	Dec. 2020
Quirino	Philnewriver Power Corp.	Quirino, Ilocos Sur	11.5	Sept. 2020
Ranggas	Clean and Green Energy Solutions, Inc.	Goa & Tigaon, Camarines Sur	1.5	June 2019
Sawaga River Mini Hydro Power Project	Repower Energy Dev't.	Malaybalay, Bukidnon	4.5	TBD
Sibalom (Lower Cascade)	Century Peak Energy Corp.	San Remigio, Antique	4	Oct. 2018
Sibalom (Middle Cascade)	Century Peak Energy Corp.	San Remigio, Antique	4	Oct. 2018
Sibalom (Upper Cacade)	Century Peak Energy Corp.	San Remigio, Antique	4.2	Oct. 2018
Silo-o	Philnewriver Power Corp.	Malitbog, Bukidnon	3.29	June 2020
Tagoloan	First Gen Mindanao Hydropower Corp.	Impasugong & Sumilao, Bukidnon	39	June 2018
Talubin Hydropower Project	Mountain Province Electric Cooperative, Inc.	Bontoc, Mountain Province	5.4	TBD
Tignoan HEP	Aurorar All Asia Energy Corp.	Real, Quezon	20	July 2019
Timbaban Hydroelectric Power Project	Oriental Energy and Power Generation Corp.	Madalag, Aklan	18	Aug. 2017
Tinoc 1	Philnew Hydro Power Corp.	Tinoc, Ifugao	4.1	Aug. 2018
Tinoc 2	Philnew Hydro Power Corp.	Tinoc, Ifugao	11	Jan. 2019
Tinoc 3	Quadriver Energy Corp.	Tinoc, Ifugao	8	Jan. 2019
Tinoc 4	Philnew Hydro Power Corp.	Tinoc, Ifugao	5	Aug. 2018
Tinoc 5	Philnew Hydro Power Corp.	Tinoc, Ifugao	6.9	Dec. 2019
Tinoc 6	Philnew Hydro Power Corp.	Tinoc, Ifugao	8	Dec. 2019
Tumalaong Hydroelectric Power Project	First Gen Mindanao Hydropower Corp.	Baungon, Bukidnon	9	July 2018
Tumauini (Lower Cascade)	Quadriver Energy Corp.	Tumauini, Isabela	7.8	Oct. 2019
Tumauini (Upper Cascade)	Quadriver Energy Corp.	Tumauini, Isabela	14	Oct. 2019
Upper Manupali	Bukidnon II Electric Cooperative, Inc.	Valencia City, Bukidnon	4.4	Feb. 2021
Wawa Pumped Storage 2 Hydroelectric Power Project	Olympia Violago Water and Power, Inc.	Rodriguez, Rizal	100	TBD

Wawa Pumped Storage 3 Hydroelectric Power Project	Olympia Violago Water and Power, Inc.	Rodriguez, Rizal	50	TBD
		SOLAR		
60 MW General Santos City Solar Power Project	Astroenergy Gensan Inc.	General Santos City, South Cotabato	60	TBD
Biliran Solar Power Project	E & P Green Energy, Inc.	Biliran, Biliran	25	Dec. 2017
Bogo V Solar Power Project	Lohas and Soul Lighting, Inc.	Mabinay, Negros Oriental	90	TBD
Bogo 3 Solar Power Plant	Sun Premier Bogo Philippine Corp.	Bogo, Cebu	15	TBD
Bongabon Solar Power Plant	Greentech Solar Energy, Inc.	Bongabon, Nueva Ecija	18.75	TBD
Botolan Solar Power Project	Solar Power Utilities Generator Corp.	Brgy. San Juan, Botolan, Zambales	39.27	June 2017
Cabanatuan Solar Power Plant	Greentech Solar Energy, Inc.	Cabanatuan, Nueva Ecija	6.25	TBD
Calabanga Solar Power Project	Calabanga Renewable Energy, Inc.	Calabanga, Camarines Sur	50	TBD
Capas Solar PV Power Project	Greenergy Solutions, Inc.	Capas, Tarlac	50	TBD
Cavite Solar Power Project	Enfinity Philippines Renewable Resources, Inc.	Cavite Economic Zone, Rosario, Cavite	3	Dec. 2017
Concepcion Solar Power Project	Enfinity Philippines Renewable Resources, Inc.	Brgy. Sta. Rosa, Concepcion, Tarlac	50.55	Dec. 2017
Cordon Solar PV Power Project	Greenergy Solutions, Inc.	Cordon, Isabela	50	TBD
Earthenergy Solar Power Plant	Earthenergy Corp.	Balayan, Batangas	30	TBD
FPI Solar PV Power Project	Firmgreen Phils., Inc.	Tarlac City, Tarlac	50	TBD
GenSan Solar Power Project Phase I	Del Sol Energy CGS, Inc.	Brgy. Conel, General Santos City, South Cotabato	48	Dec. 2018
GenSan Solar Power Project Phase II	Del Sol Energy CGS, Inc.	Brgy. Tambler, General Santos City, South Cotabato	48	Dec. 2018
Grid Tied Solar Farm	E & P Green Energy, Inc.	Biliran, Biliran	25	March 2017
Jasaan Solar Power Project	Lohas and Soul Lighting, Inc.	Jasaan, Misamis Oriental	60	TBD
Ilagan II Solar PV Power Project	Greenergy Solutions, Inc.	Sta. Maria Isabela	125	TBD
Lal-lo Solar PV Power Plant	Natures Renewable Energy & Development (NAREDCO) Corp.	Maasim, Sarangani	100	TBD
Macabud Solar Photovoltaic Power Project	ATN Philippines Solar Energy Group, Inc.	Brgy. Macabud, Rodriguez, Rizal	30	June 2017
Magsingal Solar Power Plant	Neoenergy Corp.	Magsingal, Ilocos Sur	100	TBD
Montesol II Solar PV Power Project	Monte Solar Energy, Inc.	Brgy. Tamisu, Bais City, Negros Occidental	18	TBD

Nueva Ecija Solar Power Project	Firmgreen Phils., Inc.	Pantabangan, Nueva Ecija	100	TBD
RGEC Solar Power Project	Roxas Green Energy Corp.	Nasugbu and Tuy, Province of Batangas	30	TBD
San Francisco Solar Power Project	GPower Inc.	San Francisco, Agusan del Sur	10	March 2017
San Francisco Solar Power Project	Gpower Inc.	San Francisco, Agusan del Sur	10	March 2017
Sanpalo Solar Power Plant	Sunpalo Solar Energy, Inc.	San Miguel, Leyte	100	TBD
Santa Solar Power Project	Satrap Power Corp.	Brgy. Nagpanaoan, Santa, Ilocos Sur	20	TBD
Silay Phase II Solar Power Project	Silay Solar Power Inc.	Silay City, Negros Occidental	10	TBD
SJC Solar Power Project	SJC Solar Power Corp.	San Jose City, Nueva Ecija	10	TBD
Solana Solar Power Plant	Solana Solar Alpha, Inc.	Hermosa, Bataan	20	TBD
Solana Solar Photovoltaic (PV) Plant Phase I	Solana Solar Alpha, Inc.	Hermosa, Bataan	24	TBD
Solana Solar Photovoltaic (PV) Plant Phase II	Solana Solar Alpha, Inc.	Hermosa, Bataan	14	TBD
Sta. Maria Solar Power Project	East Coast Fas Renewable Energy and Industrial Corp.	Sta. Maria, Isabela	30	TBD
Sta. Maria Solar PV Power Project	Greenergy Solutions, Inc.	Sta. Maria, Isabela	125	TBD
Sta. Rita Solar Power Project – Phase II	Jobin-Sqm Inc. (JOBIN)	Mt. Sta. Rita, Morong and Hermosa, Bataan	92.86	Dec. 2017
Sumilao Solar Power Project	Sunasia Energy, Inc.	San Vicente, Sumilao, Bukidnon	2	TBD
Talugtug Solar PV Power Project	Greenergy Solutions, Inc.	Talugtug, Nueva Ecija	125	TBD
Tigbauan Solar Power Project	Solexar Energy International, Inc.	Brgy. Cordova Norte and Bantud, Tigbauan, Iloilo	34.3	Dec. 2018
V-Mars Solar Power Project	V-Mars Solar Energy Corp.	San Jose/Lupao, Nueva Ecija	10	TBD
Victorias Solar Power Project	VictoriaSolar Energy Corp.	Brgy. XII, Victorias City, Negros Occidental	30.63	Dec. 2018
		WIND		
Balaoi Wind Power Project	Northern Luzon UPC Asia Corp.	Brgy. Balaoi, Pagudpud, Ilocos Norte	45	Oct. 2017
Burgos 2 Wind Power Project	Energy Dev't. Corp.	Burgos, Ilocos Norte	183	TBD
Bronzeoak Wind Power Project	Bronzeoak Philippines, Inc.	Calatrava, Salvador Benedicto, and San Carlos, Negros Occidental	100	TBD
Calatagan Wind Power Project	Currimao Solar Energy Corp.	Batangas	80	TBD

Iloilo 1 Wind Power Project	Energy Dev't. Corp.	Batad & San Dionisio, Iloilo	213	TBD
Iloilo 2 Wind Power Project	Energy Dev't. Corp.	Concepcion, Iloilo	500	TBD
Matnog 1 Wind Power Project	Energy Dev't. Corp.	Matnog, Sorsogon	153	TBD
Matnog 2 Wind Power Project	Energy Dev't. Corp.	Matnog, Sorsogon	206	TBD
Matnog 3 Wind Power Project	Energy Dev't. Corp.	Matnog, Sorsogon	206	TBD
Montesol Wind Power Project	Monte Solar Energy, Inc.	Bais City, Manjuyod and Mabinay, Negros Oriental	54	TBD
Nabas Wind Power Project Phase II	PetroWind Energy Corp.	Brgy. Pawa, Nabas, Aklan	14	Phase 2 (14MW): TBD
Negros Wind Power Project	Energy Dev't. Corp.	Manapla & Cadiz, Negros Occidental	262	TBD
Pagudpud Wind Power Project	EDC Pagudpud Wind Power Corp.	Brgy. Balaol and Caunayan, Pagupdpud, Ilocos Norte	84	Dec. 2018
Pulupandan Wind Power Project	First Maxpower International Corp.	Pulupandan, Negros Occidental	50	July 2018
Sembrano Wind Power Project (formerly Phase 2: Mabitac Wind Power Project)	Alternergy Sembrano Wind Corp.	Mt. Sembrano, Mabitac, Laguna	72	June 2018
Talim Wind Power Project	Currimao Solar Energy Corp.	Rizal	140	TBD
Talisay Wind Power Project	Currimao Solar Energy Corp.	Camarines Norte	50	TBD
		BIOMASS		
10MW Don Carlos Bio-Energy Corp. Multi-Feedstock Power Generating Facility	Don Carlos Bio-Energy Corp.	Bukidnon	9	Aug. 2016
10MW Kalilangan Bio-Energy Corp. Multi-Feedstock Power Generating Facility	Kalilangan Bio-Energy Corp.	Bukidnon	9	Aug. 2016
10MW Malay-balay Bio-Energy Corp. Multi Feedstock Generating Facility	Malaybalay Bio-Energy Corp.	Bukidnon	9	Dec. 2017
12 MW Biomass Power Plant Project	Misamis Oriental Bio-Energy Corp.	Misamis Oriental	10.8	Oct. 2017
12 MW Napier Grass-Fired Biomass Power Plant Project	Manolo Fortich Biomass Energy Corp.	Bukidnon	10.8	Jan. 2018
23.5 MW EPC Woody Biomass Power Plant Project	Eastern Petroleum Corp.	Agusan del Norte	21	Dec. 2017
Bagasse-Fired Co-generation Power Plant	Crystal Sugar, Inc.	Maramag, Bukidnon	14.9	TBD

Bais Biomass Cogeneration Plant	Central Azucarerera de Bais, Inc.	Calasagana, Bais City, Negros Occidental	26	TBD
Balintawak Oxyefuel-Gas Fired Power Plant Project	CENERTEC Philippines, Inc.	Old Samson Roa, Balintawak, Quezon City	4	TBD
BISCOM Biomass Cogeneration Plant	BISCOM, Inc.	Binalbagan, Negros Occidental	48.5	TBD
Boracay Oxyfuel-Gas Fired Power Plant Project	CENERTEC Philippines, Inc.	Brgy. Yapak, Malaya, Aklan	3	TBD
Central Azucarera Don Pedro, Inc.	Biomass Cogeneration Plant	Brgy. Lumbangan, Nasugbu, Batangas	31.875	TBD
LPC Biomass Power Plant Project	Lamsan Power Corp.	Maguindanao	5.5	Dec. 2018
MCEI Multi-Feedstock Biomass Power Plant Project	Megawatt Clean Energy, Inc.	Negros Occidental	12	May 2018
Napier Grass-Fired Biomass Power Plant	Grass Gold Renewable Energy Corp.	Nuerva Ecija	10.8	Jan. 2018
NAREDCO Biogas Power Plant	Natures Renewable Energy Dev't. Corp.	Lal-lo Cagayan	24	TBD
Pampanga Oxyfuel-Gas Fired Power Plant Project	CENERTEC Philippines, inc.	Brgy. Balubad, Porac, Pampanga	1.5	TBD
Santa Biomass Power Project	Satrap Power Corp.	Brgy. Nagpanaoan, Santa, Ilocos Sur	10	TBD
VMC Biomass Co-generation Plant	Victorias Milling Company, Inc. (Amendment)	Victoria, Negros Occidental	63	TBD
		BATTERY		
AES Battery Storage – Bantay Project	AES Philippines Power Partners Co., Ltd.	Laoag, Ilocos Norte	40	TBD
AES Battery Storage – Kabankalan Project	AES Philippines Power Partners Co., Ltd.	Kabankalan, Negros Occidental	40	June 2018
AES Battery Storage – Laoag Project	AES Philippines Power Partners Co., Ltd.	Bantay, Ilocos Norte	40	TBD
AES Battery Storage – Masinloc Project Unit 2	AES Philippines Power Partners Co., Ltd.	Masinloc, Zambales	10	TBD
AES Battery Storage – Masinloc Project Unit 3	AES Philippines Power Partners Co., Ltd.	Masinloc, Zambales	10	TBD
AES Battery Storage – Masinloc Project Unit 4	AES Philippines Power Partners Co., Ltd.	Masinloc, Zambales	10	TBD
Cadiz Energy Storage Project	EQ Energy Storage, Inc.	Cadiz City, Negros Occidental	15	TBD
Enerhiya Central Battery Energy Storage Project	SunAsia Energy, Inc.	Concepcion, Tarlac	40	TBD
Enerhiya Delas Islas I Battery Energy Storage Project	SunAsia Energy, Inc.	Amlan, Negros Oriental	15	TBD
Enerhiya Delas Islas II Battery Energy Storage Project	SunAsia Energy, Inc.	Ormoc, Leyte	15	TBD

Enerhiya Delas Islas III Battery Energy Storage Project	SunAsia Energy, Inc.	Compostela, Cebu	15	TBD
Enerhiya Sur I Battery Energy Storage Project	SunAsia Energy, Inc.	Lemery and Tuy, Calaca, Batangas	40	TBD
Enerhiya Sur II Battery Energy Storage Project	SunAsia Energy, Inc.	Lumban, Laguna	40	TBD
	TOTAL		**233,688.131**	

Electronic copy sourced from the Department of Energy Planning Department. Initiated Power Projects as of 28 February 2017.

APPENDIX III
GRID TRANSMISSION PROJECTS
Proposed Projects for the Grid (2016-2025)

PROJECT NAME/DRIVER	**Province**	**Estimated Time of Completion**
	System Reliability	
Alaminos 500 kV Switching Station	Laguna	Dec 2021
Babatngon-Sta. Rita 138 kV T/L Upgrading Project	Leyte, Samar	Dec 2024
Balayan 69 kV Switching Station	Laguna	Dec 2021
Baras 500 kV Switching Station	Rizal	Dec 2025
Calbayog-Allen 69 kV T/L Project	Samar, Northern Samar	Dec 2020
Cebu-Bohol Interconnection Project	Cebu, Bohol	Dec 2019
Dasmarinas-Las Pinas 230 kV Line	Metro Manila	Dec 2022
Kabankalan S/S Reliability Improvement Project	Negros Occidental	Jun 2024
La Trinidad-Calot 69 kV Line	Benguet	Jun 2019
Liberty-Cabanautan-San Rafael-Mexico 230 kV T/L Upgrading	Nueva Ecija, Pampanga	Dec 2024
Luzon Substation Rehabilitation (Tiwi, Pnt, Cal)	Nueva Ecija, Batangas, Albay	Dec 2019
Manila(Navotas)-Dona Imelda 230 kV Line	Metro Manila	Oct 2018
Mexico-Clark 69 kV T/L	Pampanga	Dec 2021
Minuyan 115 kV Switching Station	Bulacan	Dec 2023
Naga S/S Upgrading Project	Cebu	Dec 2018
Navotas-Pasay 230 kV T/L	Metro Manila	Jun 2019
Palo-Javier 138 kV T/L Project	Leyte	Jun 2025
Panitan-Nabas 138 kV Transmission Line 2 Project	Aklan, Capiz	Jun 2017
Pinili 115 kV S/S	Ilocos Norte	Dec 2019
San Manuel-Nagsaag 230 kV Line	Pangasinan	Dec 2020
Santiago-Dinadiawan-Baler 230 kV T/L	Isabela, Aurora	Dec 2023
Silang-Taguig 500 kV T/L	Cavite, Metro Manila	Dec 2021
Tagbilaran 69 kV S/S Project	Cebu, Leyte, Samar, Negros, Panay	Dec 2020
Taguig-Taytay 230 kV T/L	Metro Manila	Dec 2019
Upgrading of Ormoc/Tongonan-Isabel 138 kV T/L	Leyte	Nov 2016
Upgrading of Panitan-Nabas 138 kV T/L	Aklan, Capiz	Nov 2016
Western 500 kV Backbone – Stage 2	Pangasinan, Zambales	Jun 2024
	Power Quality	
Balo-i-Tagoloan-Opol 138 kV T/L	Lanao del Sur and Misamis Oriental	Dec 2025
Kabacan 138 kV S/S	Cotabato	Dec 2021
Luzon Voltage Improvement 3 – Stage 1 / Stage 2	Ilocos Norte, Ilocos Sur, Benguet, Pangasinan and Isabela	Jan 2018/Jun 2022
Luzon Voltage Improvement Project 4– Stage 1 / Stage 2	Rizal, Laguna, Cavite, Albay, Sorsogon and Camarines Sur	Dec 2019 / Jun 2022
Maasin-Javier 138 kV T/L Project	Leyte, Southern Leyte	Jun 2025
Mindanao Substation Rehabilitation	Mindanao Island	Dec 2022
Tacurong-Sultan Kudarat 138 kV T/L	Maguindanao, Sultan Kudarat	Dec 2025

Villanueva-Jasaan-Butuan 138 kV T/L	Misamis Oriental, Agusan del Norte	Dec 2021
Visayas Voltage Improvement Project – Stage 1/Stage 2	Northern Samar, Leyte, Southern Leyte	Dec 2019/Jun 2022
	Generation Entry	
Balo-i-Kauswagan-Aurora 230 kV T/L (Phase 2)	Lanao del Norte, Misamis Occidental, Zamboanga del Sur	Dec 2021
Bataan 230 kV Grid Reinforcement	Bataan, Pampanga	Jan 2019
Bolo 5th Bank	Pangasinan	Dec 2019
CNP 230 kV Backbone Project – Stage 2 (Cebu Substation 230 kV Upgrading)	Cebu	Dec 2018
CNP 230 kV Backbone Project – Stage 3 (Negros-Cebu Interconnection)	Negros Occidental, Cebu, Panay	Dec 2020
Hermosa-San Jose 500 kV Line	Bataan, Bulacan	Dec 2018
La Trinidad-Sagada 230 kV T/L	Isabela, Pangasinan	Dec 2024
Liberty-Nagsaag 230 KV T/L	Nueva Ecija, Pangasinan	Dec 2022
Magdugo 230 kV Substation Project	Cebu	Dec 2019
Mariveles-Hermosa 500 kV T/L	Bataan	June 2019
Mindanao 230 kV Transmission Backbone	Mindanao Island	Dec 2018
New Calaca 500/230 kV Substation	Batangas	Dec 2019
Northern Luzon 230 kV Loop	Ilocos Norte, Cagayan	Dec 2020
Pagbilao EHV Substation	Quezon	Nov 2017
Pagbilao-Tayabas 500 kV T/L	Quezon	Dec 2020
Panay-Guimaras 138 kV Interconnection Project	Panay	Dec 2019
Sta Maria / Ibaan 500 kV Substation	Batangas	Dec 2020
Sta. Barbara-Dingle 138 kV Line 3 Project	Iloilo	Dec 2023
	Load Growth	
Abuyog 230 kV Substation	Sorsogon	Dec 2021
Abuyog 230 kV Substation	Sorsogon	Dec 2022
Amlan-Dumaguete 138 kV T/L Project	Leyte	Dec 2020
Babatngon-Pano 138 kV T/L Project	Leyte	Dec 2020
Calamba 230 kV Substation	Laguna	Mar 2018
Clark-Mabiga 69 kV Line	Pampanga	Jul 2019
Colon Substation Expansion Project	Cebu	Jun 2017
Daraga-Ligao 69 kV Upgrading	Albay	Dec 2020
Laray 230 kV Substation Project	Cebu	Mar 2020
Liberty-Baler 230 kV T/L	Nueva Ecija, Auror	Jun 2022
Magalang 230 kV Substation	Pampanga	Dec 2024
Malvar 230 kV Substation	Batangas	Dec 2021
Manila (Navotas) 230 kV Substation	Metro Manila	Nov 2019
Marilao EHV Substation	Bulacan	Jun 2023
Mexico-San Simon 69 kV Line	Pampanga	Dec 2020
Mindanao Substation Upgrading	Mindanao Island	Dec 2022
Nabas-Caticlan-Boracay Transmission Project (Stage 1)	Aklan	Aug 2019
Nabas-Caticlan-Boracay Transmission Project (Stage 2)	Aklan	Mar 2022
Naga-Pili 69 kV T/L Upgrading	Camarines Sur	Dec 2020
North Luzon SS Upgrading Project – Stage 1 / Stage 2	Ilocos Norte, Ilocos Sur, Isabela, Nueva Vizcaya, Pangasinan, Bulacan	Dec 2019/Jun 2022
Pasay 230 kV Substation	Metro Manila	Jun 2019
Porac 230 kV Substation	Pampanga	Dec 2021

San Simon 230 kV Substation	Pampanga	Dec 2023
South Luzon SS Upgrading Project – Stage 1/Stage 2	Cavite, Metro Manila, Laguna, Quezon, Camarines Sur, Albay	Dec 2020/Jun 2022
Taguig EHV Substation	Metro Manila	Dec 2019
Tanauan 230 kV Substation	Batangas	Dec 2020
Umapad 230 kV Substation Project	Cebu	Jun 2023

REGULATORY FRAMEWORK

The information in this section has been derived from various government and private publications or obtained from communications with various government agencies unless otherwise indicated and has not been prepared or independently verified by the Company or the Issue Manager and Underwriter or any of their respective affiliates or advisors. The information may not be consistent with other information compiled within or outside the Philippines.

EPIRA

Since the enactment of the EPIRA in 2001, the Philippine power industry has undergone and continues to undergo significant restructuring. Through the EPIRA, the Government began to institute major reforms with the goal of fully privatizing all aspects of the power industry. The principal objectives of the EPIRA are:

1. to ensure and accelerate the total electrification of the country;
2. to ensure the quality, reliability, security and affordability of the supply of electric power;
3. to ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market;
4. to enhance the inflow of private capital and broaden the ownership base of the power generation, transmission and distribution sectors;
5. to ensure fair and non-discriminatory treatment of public and private sector entities in the process of restructuring the electric power industry;
6. to protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power;
7. to assure socially and environmentally compatible energy sources and infrastructure;
8. to promote the utilization of indigenous and new and renewable energy resources in power generation in order to reduce dependence on imported energy;
9. to provide for an orderly and transparent privatization of the assets and liabilities of NPC;
10. to establish a strong and purely independent regulatory body and system to ensure consumer protection and enhance the competitive operation of the electricity market; and
11. to encourage the efficient use of energy and other modalities of demand side management.

With a view to implementing these objectives, the DOE, in consultation with the relevant government agencies, electric power industry participants, non-government organizations, and electricity consumers, promulgated the law's Implementing Rules and Regulations **("IRR")** outlining its policy on 27 February 2002.

The policy governs the relations between, and respective responsibilities of, the different electric power industry participants as well as the particular governmental authorities involved in implementing the structural reforms in the industry, namely, the DOE, NPC, the NEA, ERC and PSALM.

Reorganization of the Electric Power Industry

Of the many changes initiated by the EPIRA, of primary importance is the reorganization of the electric power industry by segregating the industry into four sectors: (1) the generation sector; (2) the transmission sector; (3) the distribution sector; and (4) the supply sector. The goal is for the generation and supply sectors to be fully competitive, while the transmission and distribution sectors will remain regulated. Prior to the EPIRA, the industry was regulated as a whole, with no clear distinctions between and among the various sectors and/or services.

The Generation Sector

The EPIRA provides that power generation is not a public utility operation. Thus, generation companies are not required to secure legislative franchises. However, generation companies must obtain a COC from the ERC, as well as health, safety and environmental clearances from the appropriate government agencies under existing laws.

Generation companies are also subject to the ERC's rules and regulations on abuse of market power and anti-competitive behavior. Generation companies are required to submit financial statements to determine abuse of market power and anti-competitive behavior. The ERC may impose fines and penalties for violation of the EPIRA and the Implementing Rules and Regulations policy on market power abuse, cross-ownership and anti-competitive behavior.

The goal of the EPIRA is for the generation sector to be open and competitive, with the private sector expected to take the lead in introducing additional generation capacity. Generation companies will compete either for contracts with various suppliers, electric cooperatives and private distribution utilities, or through spot sale transactions in the WESM. Competition will be based largely on pricing, subject to availability of transmission lines to wheel electricity to the Grid and/or buyers. Recovery by distribution utilities of their purchased power cost is subject to review by the ERC to determine the reasonableness of the cost and to ensure that the distribution utilities do not earn any revenue therefrom. While generation charges are intended to be passed through to customers by distribution utilities, the process is not automatic. Upon commencement of Retail Competition and Open Access, generation rates, except those intended for the Captive Markets, will cease to be regulated.

In line with the Government's policy to promote competition within the generation sector, and additionally, to lessen the debt of NPC, the EPIRA required the privatization of all generation assets of the NPC. The EPIRA created PSALM, which is charged with the privatization of the assets of NPC.

Currently, PSALM has already privatized twenty six (26) generation units with a total rated capacity of 4,601.43MW and IPPAs with total contracted capacity of 3,607.52MW.

Section 47(j) of the EPIRA prohibits NPC from incurring any new obligations to purchase power through bilateral contracts with generation companies or other suppliers. Also, NPC is only allowed to generate and sell electricity from generating assets and IPP contracts that have not been disposed of by PSALM.

The Transmission Sector

With the turn-over of the control, operation and management of the grid to the private concessionaire on 14 January 2009, the National Grid Corporation of the Philippines ("NGCP") together with Transco (which, under law, remains the owner of the transmission assets), comprise the transmission sector.

The transmission of electricity is subject to transmission wheeling charges. Inasmuch as the transmission of electric power is a regulated public utility business, Transmission wheeling charges, even under the concessionaire arrangement, are subject to regulation and approval by the ERC.

The Distribution Sector

The distribution of electric power to end-users may be undertaken by private distribution utilities, electric cooperatives, local government units presently undertaking this function, and other duly authorized entities, subject to regulation by the ERC. The distribution business is a regulated public utility business requiring a franchise from Congress, although franchises relating to electric cooperatives remained under the jurisdiction of the NEA until the end of 2006. All distribution utilities are also required to obtain a Certificate of Public Convenience and Necessity from the ERC to operate as a public utility.

All distribution utilities are also required to submit to the ERC a statement of their compliance with the technical specifications prescribed in the Distribution Code (which provides the rules and regulations for the operation and maintenance of distribution systems), the DSOAR and the performance standards set out in the IRR of the EPIRA, which took effect on 22 March 2002.

The distribution sector is and will continue to be regulated by the ERC, with distribution wheeling charges, as well as connection fees from its consumers, subject to ERC approval. Likewise, the retail rate imposed by distribution utilities for the supply of electricity to its captive customers is subject to ERC approval. In addition, as a result of the Government's policy to promote free competition and Open Access, distribution utilities are required to provide universal and non-discriminatory access into their systems within their respective franchise areas following commencement of retail Open Access.

The Supply Sector

The supply of electricity refers to the sale of electricity directly to end-users or Contestable Customers. The supply of electricity to the Contestable Market is not considered a public utility operation and will not require a legislative franchise, although it is considered a business affected with public interest. As such, the EPIRA requires all suppliers of electricity to the Contestable Market to obtain a license from the ERC in accordance with the ERC's rules and regulations.

Retail Competition and Open Access ("RCOA") started on 26 June 2013. Since then, Contestable Customers (end-users with demand above the 1MW threshold) may choose where to source their electric power requirements and can negotiate with suppliers for their electricity. By June 2017, the threshold was intended to be dropped to 750kW per hour to allow more establishments to benefit from competition among power producers. However, as discussed in further detail below, by virtue of a Temporary Restraining Order (TRO) issued by the lowering of the threshold to 750kW is suspended pending resolution of the case filed before the Supreme Court.

Role of the ERC

With a view towards the establishment of a strong and purely independent regulatory body and system to ensure consumer protection and enhance the competitive operation of the electricity market, the ERC was created pursuant to the EPIRA as an independent quasi-judicial body charged with regulating the electric power industry. The ERC replaced the former ERB, and plays a critical role in the restructured industry environment, consisting of, among others, promoting competition, encouraging market development, ensuring consumer choice and penalizing abuse of market power by industry participants.

Among the primary powers and functions of the ERC are:

1. to determine, fix and approve, after conducting public hearings, transmission and distribution and wheeling charges, and retail rates, and to fix and regulate the rates and charges to be imposed by distribution utilities and their captive End-users, including self-generating entities;
2. to grant, revoke, review or modify the COCs required of generation companies and the licenses required of suppliers of electricity in the Contestable Market;
3. to enforce a Grid Code and a Distribution Code, which shall include performance standards, the minimum financial capability standards, and other terms and conditions for access to and use of transmission and distribution facilities;
4. to enforce the rules and regulations governing the operations of the WESM and the activities of the WESM operator to ensure a greater supply and rational pricing of electricity;
5. to ensure that the electric power industry participants and NPC functionally and structurally unbundle their respective business activities and rates and to determine the levels of cross-subsidies in the existing retail rates until the same is removed in accordance with the different sectors;
6. to set a lifeline rate for marginalized end-users;
7. to promulgate rules and regulations prescribing the qualifications of suppliers which shall include, among others, their technical and financial capability and creditworthiness;
8. to determine the electricity end-users comprising the Contestable and Captive Markets;
9. to fix user fees to be charged by Transco for ancillary services to all electric power industry participants or self-generating entities connected to the Grid;
10. to monitor and adopt measures to discourage/penalize abuse of market power, cartelization and any anti-competitive or discriminatory behavior by any electric power industry participant;
11. to review and approve the terms and conditions of service of Transco or any distribution utility or any changes therein;
12. perform such other regulatory functions as are appropriate and necessary in order to ensure the successful restructuring and modernization of the electric power industry;

13. have the original and exclusive jurisdiction over all cases contesting rates, fees, fines and penalties imposed in the exercise of its powers, functions and responsibilities and over all cases involving disputes between and among participants or players in the energy sector relating to the foregoing powers, functions and responsibilities.

Role of the DOE

In accordance with its mandate to supervise the restructuring of the electric power industry, the DOE exercises, among others, the following functions:

1. Prepare and update annually the Philippine Energy Plan and the Philippine Power Development Program , and thereafter, integrate the latter into the former;
2. ensure the reliability, quality and security of supply of electric power;
3. exercise supervision and control over all government activities pertaining to energy projects;
4. encourage private investments in the electricity sector and promote the development of indigenous and renewable energy sources for power generation;
5. facilitate reforms in the structure and operations of distribution utilities for greater efficiency and lower costs;
6. promote incentives to encourage industry participants, including new generating companies and end-users, to provide adequate and reliable electric supply;
7. educate the public (in coordination with NPC, ERC, NEA and the Philippine Information Agency) on the restructuring of the industry and the privatization of NPC assets; and
8. establish the WESM in cooperation with electric power industry participants, and to formulate rules governing its operations.

Role of the Joint Congressional Power Commission

The Joint Congressional Power Commission created pursuant to the EPIRA consists of fourteen (14) members selected from the members of the Philippine Senate and the House of Representatives. Its responsibilities and functions include, among others, the following:

1. Monitor and ensure the proper implementation of the EPIRA;
2. Endorse the PSALM initial privatization plan for approval by the President of the Philippines;
3. Ensure transparency in the public bidding procedures adopted for the privatization of NPC's generation and transmission assets;
4. Evaluate the adherence of industry participants to the objectives and timelines under the EPIRA; and
5. Recommend necessary remedial legislation or executive measures to correct the inherent weaknesses in the EPIRA.

Role of PEZA

The PEZA was created under Section 11 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995" (the "PEZA Act"). "Ecozones" or "Special Economic Zones" refer to selected areas with highly developed or which have the potential to be developed into agro-industrial, industrial, tourist, recreational, commercial, banking, investment and financial centers whose metes and bounds are fixed or delimited by Presidential Proclamations. An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones and tourist/recreational centers. PEZA has authority over "Ecozone Utilities Enterprises" which refers to business entities within an Ecozone that is duly registered with and/or franchised/licensed by PEZA to act as contractors/operators of light and power systems, water supply and distribution systems, communications and transportation systems within an Ecozone and other similar or ancillary activities as may be determined by PEZA's board of directors. Ecozone Utilities Enterprises are entitled to the following incentives: (a) exemption from national and local taxes and in lieu thereof payment of a special tax rate of 5.0% on gross income; (b) additional deductions for training expenses; (c) incentives provided under R.A. 6957 as amended by R.A. 7718, otherwise known as the Build Operate and Transfer Law, subject to such conditions as may be prescribed by PEZA's board; and (d) other incentives available under the Omnibus Investments Code of 1987.

Section 12 (c) of the PEZA Act grants PEZA's board the power to regulate and undertake the establishment, operation and maintenance of utilities in an Ecozone and to fix just, reasonable and competitive rates therefor. With the subsequent enactment of the EPIRA, the ERC was vested with the power to regulate the distribution of electricity and to oversee generation companies.

On 11 March 2004, the ERC and PEZA entered into a Memorandum of Agreement and agreed to cooperate and coordinate efforts to oversee the operations of power generation and distribution utilities within Ecozones. The agreement provides that PEZA must register all new generation utilities enterprises for power to be supplied exclusively to economic zone locator enterprises operating within Ecozones as well as self-generation facilities of economic zone locator enterprises, and endorse the same to the ERC for the issuance of the required COC. Existing power generation utilities, including entities with self-generation facilities, must apply for the issuance of a COC with the ERC. PEZA-registered power generation utilities enterprises and economic zone locator enterprises that own generation facilities are required to comply with the same technical, financial and environmental requirements and/or standards of the Philippine Grid Code and the Philippine Distribution Code.

In a memorandum by the Department of Justice to the Office of the President dated 5 February 2007, the Secretary of Justice opined that the repealing clause of the EPIRA did not repeal Section 12 (c) of the PEZA Act, which grants PEZA the power to regulate and undertake the establishment, operation and maintenance of utilities, other services and infrastructure in Ecozones and to fix rates therefor. However, it has been opined that the repealing clause clearly refers to Section 12 (c) considering that the provision repealed by the EPIRA does not have a paragraph (c). However, the EPIRA did expressly repeal Section 5(f) of Republic Act No. 7227, the Bases Conversion and Development Act of 1992, which provides that the Bases Conversion and Development Authority (whose operating and implementing arm is the SBMA) is vested with the power to construct, own, lease, operate and maintain public utilities as well as infrastructure facilities within former U.S. military bases in the Philippines which includes the SBFZ.

COMPETITIVE MARKET DEVICES

Wholesale Electricity Spot Market

A significant change introduced by the EPIRA is the organization and establishment of the WESM. The WESM shall provide a venue whereby generators may sell power, and at the same time suppliers and wholesale consumers can purchase electricity where no bilateral contract exists between the two. The WESM will also provide a venue for establishing merit order dispatch for generation companies whether or not they have bilateral contracts.

The EPIRA mandates the DOE to establish the WESM within one (1) year from its effectivity and directs the DOE and the electric power industry participants to formulate detailed rules therefor. In June 2002, the DOE, in cooperation with electric power industry participants, promulgated detailed rules for the WESM. These rules provide a mechanism to set electricity prices that are not covered by bilateral contracts between electricity buyers and sellers.

On 18 November 2003, upon the initiative of the DOE, the PEMC was incorporated as a non-stock, non-profit corporation with membership comprising of an equitable representation of electricity industry participants and chaired by the DOE. The PEMC acts as the autonomous market group operator and the governing arm of the WESM. The PEMC was tasked to undertake the preparatory work for the establishment of the WESM pursuant to Section 30 of the EPIRA and in accordance with the WESM Rules.

WESM in Luzon, Visayas, and Mindanao

The WESM in Luzon started its commercial operations on 26 June 2006, while WESM in Visayas started on 26 December 2010. The WESM has been operating ever since with the following framework:

1. Bid-based
2. Gross pool

3. Net settlements
4. One-hour intervals
5. Locational marginal price
6. Mandatory market

Under DOE's draft Department Circular, "Declaring the Launch of the WESM in Mindanao and Providing for Transition Arrangements," the target launch of the WESM in Mindanao is 26 June 2017, subject to the fulfillment of the following criteria:

1. All systems and procedures including all interfaces with the participants and service providers necessary for the operation of the WESM in the Mindanao grid are in place and pursuant with the requirements set under the WESM Rules;
2. The Trial Operations Program (TOP) was implemented successfully commencing on 26 February 2017 with the System Operator and on 26 March 2017 with the Market Participants;
3. The forecasting, scheduling, dispatch, pricing, metering, and settlement processes of the WESM are fully operational in the Mindanao grid;
4. Training programs shall have been conducted for the WESM Mindanao Trading Participants;
5. The price determination methodology for the enhanced WESM design has been approved by the ERC and duly published; and
6. The Market Dispatch Optimization Model (MDOM) has been certified as compliant with the WESM Rules by an independent auditor.

The DOE is still holding consultations until March 2017 with WESM in Mindanao targeted for launch on 26 June 2017.

The WESM is guided by the WESM Rules and Manuals, where any change is duly approved by the DOE. The Price Determination Methodology, meanwhile, goes through the ERC approval process.

Interim Mindanao Electricity Market (IMEM)

The DOE issued Department Circular No. 2013-05-0008 "Promulgating the Interim Mindanao Electricity Market Implementing Rules". Correspondingly, DOE also issued DC No. 2013-09-0020 approving pertinent IMEM Manuals.

The IMEM has the following features:

1. Day-ahead pricing and scheduling;
2. Zonal pricing
3. IMEM is for available resource capacity after taking out bilateral contract quantities
4. In-Day Market is for imbalances or deviation from day-ahead schedules only
5. Deviations from day-ahead schedule will be subject to penalties and incentives

The IMEM started on 03 December 2013 and the first IMEM billing period ended on 25 December 2013. The first IMEM billing period has not been fully settled and succeeding billing periods were still not billed by PEMC.

The implementation of IMEM was suspended in early 2014.

Open Access and Retail Competition

Under the EPIRA, the conditions for the commencement of the Open Access and Retail Competition are as follows:

1. Establishment of the WESM;
2. Approval of unbundled transmission and distribution wheeling charges;
3. Initial implementation of the cross subsidy removal scheme;
4. Privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and

5. Transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP administrators.

Under the Open Access and Retail Competition provision, an eligible contestable customer, which is defined as an end-user with a monthly average peak demand of at least 1 MW for the preceding 12 months, will have the option to source their electricity from eligible suppliers that have secured a RES license from the ERC.

Commencement of Open Access

In June 2011, ERC declared 26 December 2011 as the Open Access Date to mark the commencement of the full operations of the competitive retail electricity market in Luzon and Visayas. However, after careful deliberation, the ERC acknowledged that not all the necessary rules, systems and infrastructures required for the implementation of the Open Access and Retail Competition have been put in place to meet the contemplated timetable for implementation. In October 2011, the ERC announced the deferment of the Open Access Date. In September 2012, the ERC declared the start of Open Access on 26 December 2012. Open Access commercial operations under an interim development system have been implemented starting 26 June 2013.

The implementation of Open Access enabled Aboitiz Power to increase its contracted capacity through the delivery of power to affiliate and non-affiliate RES companies. Aboitiz Power has two wholly owned subsidiaries, Aboitiz Energy Solutions, Inc. and Advent Energy, Inc., that are licensed RES. Open Access allowed Aboitiz Energy Solutions, Inc. and AdventEnergy, Inc. to enter into contracts with eligible contestable customers. Moreover, Open Access facilitated Aboitiz Power to contract with other RES companies.

ERC Resolution No. 22 Series of 2013

ERC issued revised licensing regulation for RES companies operating in the Retail Supply Segment on 25 November 2013. Items amended include the following:

1. Restriction for Generator, IPPA and DU affiliates in securing license as a RES company;
2. Transfer of live Retail Supply Contracts (RSCs) for RES with expired license to another licensed RES;
3. Determination of full retail competition to be made by ERC not later than 25 June 2015;
4. Contracted capacities of RES affiliates to be included in the grid limitations imposed on Generation Companies;
5. End-user affiliate RES limited to supplying up to fifty percent (50%) of its total contestable customer affiliates;
6. RES companies are limited to procuring up to fifty (50%) of its generation requirements from affiliate Generation Companies;
7. Annual submission of five-year Business Plan; and
8. Submission of live Retail Supply Contracts for review by the ERC.

Since Resolution 22 Series of 2013 limits the retail suppliers and creates non-assurance of renewal of RES license for existing retailers, the Retail Electricity Suppliers Association (RESA) challenged its legality at the Pasig RTC. The Supreme Court, however, enjoined the hearing of the case and allowed the DOE and ERC to implement the Resolution.

The ERC subsequently mandated Contestable Customers to enter into a RES supply contract with a RES by 26 December 2016 or be meted a penalty of either disconnection or payment of a 10% premium on their contract price or the WESM price, whichever is higher. The deadline was later extended to 27 February 2017.

On 21 February 2017, or six (6) days before the extended deadline, the Supreme Court issued a temporary restraining order (“TRO”) which in effect suspended the deadline for the mandatory migration. At present, the DOE is set to make a new issuance that will ease the rules for 750-kilowatt contestable customers who are mandated to contract their power supply with licensed RES by 26 June 2017.

Reserve Market

The DOE issued Department Circular No. DC2013-12-0027, "Declaring the Commercial Launch for the Trading of Ancillary Service in Luzon and Visayas under the Philippine Wholesale Electricity Spot Market" dated 2 December 2013. The said Department Circular sets the responsibility of the Philippine Electricity Market Corporation (PEMC), NGCP, NEA and all WESM Members with regard to the operation of the Reserve Market.

The trial operations started on 26 February 2014, and PEMC is still reviewing its results before certifying market readiness. The Pricing and Cost Recovery Mechanism of the Reserve Market is still under review by the ERC under ERC Case # 2007-004RC.

On 26 March 2014, the DOE declared the commercial launch date of the Reserve Market on 26 May 2014, subject to the approval by the ERC. It also directed the implementation of the Central Scheduling and Dispatch of Energy and Contracted Reserves which aims to provide better monitoring of all available generation capacity in both energy and reserve and provide more preparations to the participants for the eventual commercial operation of the Reserve Market. The launch was deferred pending regulatory approval.

On 2 December 2014, the DOE approved the adoption of the Protocol for the Central Scheduling and Dispatch of Energy and Contracted Reserves as well as the WESM Market Manual on the Protocol. The implementation of the Protocol shall immediately cease upon the commercial operation of the Reserve Market or upon declaration of its cessation by the DOE.

On 12 November 2015, the DOE declared the commercial operation of the Central Scheduling and Dispatch of Energy and Contracted Reserves in the WESM.

Unbundling of Rates and Removal of Subsidies

The EPIRA mandates that generation, distribution and wheeling charges be unbundled from retail rates and that rates reflect the respective costs of providing each service. The EPIRA also states that cross-subsidies shall be phased out within a period not exceeding three (3) years from the establishment by the ERC of a universal charge, which shall be collected from all electricity end-users. However, the ERC may extend the period for the removal of the cross-subsidies for a maximum of one (1) year if it determines there will be material adverse effect upon the public interest or an immediate, irreparable, and adverse financial effect on a distribution utility.

These arrangements are now in place, in satisfaction of the conditions for open access and retail competition.

The EPIRA likewise provides for a socialized pricing mechanism called a lifeline rate to be set by the ERC for low-income, captive electricity consumers who cannot afford to pay the full cost of electricity. These end-users will be exempt from the cross-subsidy removal for a period of ten years, unless extended by law.

Implementation of PBR

On 13 December 2006, the ERC issued the Rules for Setting Distribution Wheeling Rates for privately-owned distribution utilities entering PBR for the second and later entry points, setting out the manner in which this new PBR rate-setting mechanism for distribution-related charges will be implemented. PBR replaces the RORB mechanism which has historically determined the distribution charges paid by customers. Under PBR, the distribution-related charges that distribution utilities can collect from customers over a four-year regulatory period is set by reference to projected revenues which are reviewed and approved by the ERC and used by the ERC to determine the distribution utility's efficiency factor. For each year during the regulatory period, the distribution utility's distribution-related charges are adjusted upwards or downwards taking into consideration the utility's efficiency factor as against changes in overall consumer prices in the Philippines.

The ERC has also implemented a PIS whereby annual rate adjustments under PBR will take into consideration the ability of a distribution utility to meet or exceed service performance targets set by the ERC, such as the: (i) average duration of power outages, (ii) average time of restoration to customers and (iii) average time to respond to customer calls, with utilities being rewarded or penalized depending on their ability to meet these performance targets.

Cotabato Light's 2nd Regulatory Period ended on 31 March 2013. A reset process should have been initiated eighteen (18) months prior to the start of the 3rd Regulatory Period covering 1 April 2013 to 31 March 2017. The reset process, however, has been delayed due to the issuance of an Issues Paper on the Implementation of PBR for Distribution Utilities under the RDWR by the ERC in 2013. This paper aims to revisit various matters relating to the reset process. The ERC has solicited comments from industry participants and has been holding public consultations on the Issues Paper.

In March 2013, VECO and Davao Light filed their rate translation application for the fourth regulatory year from July 1, 2013 to June 30, 2014. The ERC set the distribution, supply and metering charges of Davao Light and VECO in its Decisions dated 24 June 2013. In the case of VECO, since its implementation of the rate translation in the third regulatory year was delayed by five months, recovery for the under-recovery was included in its MAP recalculation for the fourth regulatory year. A motion for reconsideration was filed by VECO on 26 July 2013 for the ERC to amend its rate design to fully achieve the correct Annual Revenue Requirement for the fourth regulatory year. The said motion was decided upon by the ERC in an Order dated 9 December 2013 (docketed January 16, 2014) modifying the approved rates in the previous Decision. The under-recoveries arising therefrom may be recovered in the next rate filing under the K-factor (correction factor) of the Maximum Average Price formula.

For SEZ's and SFELAPCO's second regulatory year covering 1 October 2012 to 30 September 2013, SEZ was able to implement the new rate schedule in January 2013 while SFELAPCO's implementation began in April 2013. Consequently, the resulting under-recoveries from the lag starting from 1 October 2012 were included by SFELAPCO and SEZC as under-recoveries in its rate filings in the third regulatory year. The said applications are under the ERC's review as of year-end 2013. SEZC and SFELAPCO entered its fourth regulatory year on 1 October 2014.

REDUCTION OF TAXES AND ROYALTIES ON INDIGENOUS ENERGY RESOURCES

To equalize prices between imported and indigenous fuels, the EPIRA mandates the President of the Philippines to reduce the royalties, returns and taxes collected for the exploitation of all indigenous sources of energy, including but not limited to, natural gas and geothermal steam, so as to effect parity of tax treatment with the existing rates for imported coal, crude oil, bunker fuel and other imported fuels. Following the promulgation of the implementing rules and regulations, President Arroyo enacted Executive Order No. 100 to equalize the taxes among fuels used for power generation. This mechanism, however, is yet to be implemented.

GOVERNMENT APPROVAL PROCESS

As set forth in the EPIRA, power generation is not considered a public utility operation. Thus, an entity engaged or intending to engage in the generation of electricity is not being required to secure a franchise. However, no person or entity may engage in the generation of electricity unless such person or entity has complied with the standards, requirements and other terms and conditions set by the ERC and has received a COC from the ERC to operate facilities used in the generation of electricity. A COC is valid for a period of five years from the date of issuance.

In addition to the COC requirement, a generation company must comply with technical, financial and environmental standards. A generation company must ensure that all its facilities connected to the grid meet the technical design and operational criteria of the Grid Code and Distribution Code promulgated by the ERC. In this connection, the ERC has issued "Guidelines for the Financial Standards of Generation Companies," which sets the minimum financial capability standards for generation companies. Under the guidelines, a generation company is required to meet a minimum annual interest cover ratio or debt service coverage ratio of 1.5x throughout the period covered by its COC. For COC applications and renewals, the guidelines require the submission to the ERC of, among other things, comparative audited financial statements, a schedule of liabilities, and a five-year financial plan. For the duration of the COC, the guidelines also require a generation company to submit to the ERC audited financial statements and forecast financial statements for the next two fiscal years, among other documents. The failure by a generation company to submit the requirements prescribed by the guidelines may be a ground for the imposition of fines and penalties.

In the course of developing a power plant, other permits, approvals and consents must also be obtained from relevant national, provincial and local government authorities, relating to, among others, site acquisition, construction, operation, including environmental licenses and permits. See the section entitled "*Environmental Law*s" below.

Retail rates charged by Retail Suppliers to Contestable Customers will not require ERC approval, only the retail rates charged by Distribution Utilities to their Captive Customers will be subject to the approval of ERC.

ENVIRONMENTAL LAWS

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an ECC prior to commencement. The Department of Environment and Natural Resources, through its regional offices or through the Environmental Management Bureau, determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the issuance of an ECC, an environmentally critical project is required to submit an EIS to the Environmental Management Bureau while a project in an environmentally critical area are generally required to submit an Initial Environmental Examination to the proper Department of Environment and Natural Resources regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required. The construction of major roads and bridges are considered environmentally critical projects for which EISs and ECCs are mandatory.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the direct and indirect consequences to human welfare and ecological as well as environmental integrity. The Initial Environmental Examination refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the terms and conditions of an EIS or an Initial Environmental Examination may vary from project to project, as a minimum, it contains all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an Initial Environmental Examination was required, that it shall comply with the mitigation measures provided therein.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the Department of Environment and Natural Resources to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund when an ECC is eventually issued. In any case, the establishment of an Environmental Monitoring Fund must not be later than the initial construction phase of the project. The Environmental Monitoring Fund shall be used to support the activities of a multi-partite monitoring team which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

RENEWABLE ENERGY ACT OF 2008

Republic Act No. 9513, otherwise known as the Renewable Energy Act of 2008 (the "RE Law") was approved in 2008. The RE Law provides for the acceleration and development of renewable resources. It aims to increase the utilization of renewable energy which will provide enhanced market and business opportunities for the renewable energy generation subsidiaries of Aboitiz Power. For a more extensive discussion of the RE Law, see the section entitled "The Renewable Energy Act of 2008" on page 139 of this Prospectus.

The RE Law became effective on 31 January 2009. The RE Law stipulates the acceleration and development of renewable resources. Its policy is to increase the utilization of renewable energy which will provide enhanced market and business opportunities for the renewable energy generation subsidiaries of AbotiizPower.

DOE Department Circular No. 2009-05-0008, or the Rules and Regulations Implementing Republic Act No. 9513, was issued on 25 May 2009. However, to fully implement the RE Law, the Renewable Portfolio Standards, the RE Market and the changes in the WESM Rules for intermittent generation should still be implemented.

FINANCIAL AND OTHER INFORMATION

1. Audited Financial Statements for the fiscal year ended 31 December 2016, **Annex A**
2. Audited Financial Statements for the fiscal year ended 31 December 2015, **Annex B**
3. 17-Q Report for the quarter ended 31 March 2017, **Annex C**
4. Material Permits of AboitizPower and its Subsidiaires, **Annex D**

AboitizPower

May 12, 2017

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills,
Mandaluyong City, Metro Manila

ATTENTION : **DIR. VICENTE GRACIANO P. FELIZMENIO JR.**
Director, Markets and Securities Regulation Department

via PSE EDGE
PHILIPPINE STOCK EXCHANGE, INC.
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

ATTENTION : **MR. JOSE VALERIANO B. ZUÑO III**
OIC – Head, Disclosure Department

via electronic mail
PHILIPPINE DEALING & EXCHANGE CORP.
Market Regulatory Services Group
37/F Tower 1, The Enterprise Center
6766 Ayala Avenue corner Paseo de Roxas
Makati City

ATTENTION : **MS. VINA VANESSA S. SALONGA**
Head – Issuer Compliance and Disclosures Department

Gentlemen:

Please see enclosed SEC Form 17-Q (1st Quarterly Report 2017) of Aboitiz Power Corporation.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION
By:

M. Jasmine S. Oporto

M. JASMINE S. OPORTO
Corporate Secretary

COVER SHEET

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S.E.C. Registration Number

ABOITIZ POWER CORPORATION

(Company's Full Name)

32ND STREET, BONIFACIO GLOBAL CITY, TAGUIG CITY, METRO MANILA PHILIPPINES

(Business Address: No. Street City / Town / Province)

M. JASMINE S. OPORTO
Contact Person

02-886-2729
Company Telephone Number

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Month *Day*
Fiscal Year

1st Quarterly Report 2017

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FORM TYPE

3rd Monday of May

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Month *Day*
Annual Meeting

Secondary License Type, if Applicable

S	E	C

Dept. Requiring this Doc

Amended Articles Number/Section

Total No. of Stockholders

x
Domestic

Foreign

- -

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2017**

2. Commission identification number **C199800134** 3.BIR Tax Identification No. **200-652-460-000**

4. Exact name of issuer as specified in its charter

   ABOITIZ POWER CORPORATION

5. Province, country or other jurisdiction of incorporation or organization

   Philippines

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office — Postal Code

   32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines **1634**

8. Issuer's telephone number, including area code

   (02) 886-2800

9. Former name, former address and former fiscal year, if changed since last report

   N/A

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of March 31, 2017)
Common Stock ₱1 Par Value	**7,358,604,307**
Amount of Debt Outstanding	**₱213,084,290,000.00**

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [x] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    Philippine Stock Exchange **Common**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [**x**] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [**x**] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the financial statements and schedules attached herewith.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of Aboitiz Power Corporation's (AP, AboitizPower, Parent or the Company) consolidated financial condition and results of operations should be read in conjunction with the consolidated financial statements and accompanying schedules and disclosures set forth elsewhere in this report.

Key Performance Indicators

Management uses the following indicators to evaluate the performance of the Company and its subsidiaries (the Company and its subsidiaries are hereinafter collectively referred to as the "Group"):

1. **Share in Net Earnings of Associates and Joint Ventures.** It represents the Group's share in the undistributed earnings or losses of its investees for each reporting period subsequent to acquisition of said investment. It also indicates profitability of the investment and investees' contribution to the Group's net income.

   Manner of Computation:
   Investee's Net Income (Loss) x Investor's % ownership - Goodwill Impairment Cost

2. **Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA**). The Company computes EBITDA as earnings before extra-ordinary items, net finance expense, income tax provision, depreciation and amortization. It provides management and investors with a tool for determining the ability of the Group to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Group's ability to service its debts.

3. **Cash Flow Generated.** Using the Statement of Cash Flows, management determines the sources and usage of funds for the period and analyzes how the Group manages its profit and uses its internal and external sources of capital. This aids management in identifying

the impact on cash flow when the Group's activities are in a state of growth or decline, and in evaluating management's efforts to control the impact.

4. **Current Ratio**. Current ratio is a measurement of liquidity, calculated by dividing total current assets by total current liabilities. It is an indicator of the Group's short-term debt paying ability. The higher the ratio, the more liquid the Group.

5. **Debt–to–Equity Ratio.** Debt-to-Equity ratio gives an indication of how leveraged the Group is. It compares assets provided by creditors to assets provided by shareholders. It is determined by dividing total debt by stockholders' equity.

The table below shows the comparative figures of the top five key performance indicators for the first three months of 2017 and 2016, and as of December 31, 2016:

	MAR 2017	**MAR 2016**	**DEC 2016**
SHARE IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	**1,342,004**	897,320	
EBITDA	**10,716,403**	9,239,460	
CASH FLOW GENERATED:			
Net cash flows from operating activities	**7,288,596**	9,071,032	
Net cash flows used in investing activities	**(2,901,538)**	(6,173,603)	
Net cash flows (used in) from financing activities	**(5,723,843)**	13,108,169	
Net (decrease) increase in cash & cash equivalents	**(1,336,785)**	16,005,598	
Cash & cash equivalents, beginning	**47,094,741**	51,098,269	
Cash & cash equivalents, end	**45,738,582**	67,039,999	
CURRENT RATIO	**1.71**		2.25
DEBT-TO-EQUITY RATIO	**2.38**		2.18

Share in net earnings of associates and joint ventures increased by 50% or by ₱445 million (mn). The increase is mainly a result of higher income contributions from SN Aboitiz Power – Magat, Inc. (SN AboitizPower-Magat) and SN Aboitiz Power – Benguet, Inc. (SN AboitizPower-Benguet) due to higher volumes sold and higher ancillary revenues.

Consolidated EBITDA grew by 16% year-on-year (YoY) as fresh EBITDA contributions are recognized from the acquisition of GNPower Mariveles Coal Plant Ltd. Co. (GMCP), as well as stronger operating results from various subsidiaries, in particular, the hydroelectric power plants and the distribution utilities (DUs).

Cash was used to fund ongoing projects, timely payments of financial obligations, and working capital requirements of subsidiaries.

Current ratio decreased from 2.25x at the end of 2016 to 1.71 x at the end of the first quarter of 2017, as trade and other payables caused an increase in total current liabilities. This is due to the recognition of dividends payable after the Company's Board of Directors approved the declaration of cash dividends in March 2017.

The 4% increase in total liabilities accounts for the movement of debt-to-equity ratio from 2.18 as of December 31, 2016 to 2.38 as of March 31, 2017.

Results of Operations

AboitizPower recorded an increase of 16% YoY in consolidated earnings before interest, tax, depreciation and amortization (EBITDA) for the quarter ending March 31, 2017, from ₱9.24 billion (bn) ending March 31, 2016 to ₱10.72 bn. Increased interest expense and depreciation narrows the growth at the core net income level to 4% YoY, from ₱4.77 bn in the first quarter of 2016 to ₱ 4.98 bn in the first quarter of 2017. The Company recognized non-recurring losses of ₱577 mn (versus last year's gain of ₱242 mn) from foreign exchange (forex) losses on the revaluation of its dollar-denominated liabilities and mark-to-market of derivatives. These one-off losses bring AboitizPower's net income for the first quarter of 2017 to P4.37 bn, which is 13% lower YoY.

Business Segments

Power Generation

For the quarter ending March 31, 2017, the power generation business recorded an EBITDA increase of 18% YoY coming from strong performance of the hydroelectric power plants and fresh contribution from GMCP. Increased interest expense and depreciation from the initial take up of GMCP's costs narrows the growth at the core net income level to 5% YoY. Non-recurring losses of ₱577 mn (versus last year's gain of ₱242 mn) from forex losses on the revaluation of dollar-denominated liabilities and mark-to-market of derivatives brings the net income of the Group to ₱3.56 bn, 15% lower as compared to the same period last year.

For the period, AboitizPower's attributable net energy sold remained flat YoY, from 3,451 gigawatt-hours (GWh) to 3,448 GWh, as the contribution of GMCP and the increase in the hydropower plants' output are offset by the outages of Therma South, Inc. (TSI), the lower dispatch of the oil-fired power plants, and lower steam supply affecting the Tiwi plant output as it continues to recover from the effects of typhoon Nina.

Power Distribution

On the back of higher margins, EBITDA for the power distribution business increased by 9% YoY. Net income contribution increased 7% YoY for the first quarter of 2017, from ₱851 mn to ₱908 mn.

The power distribution group's gross margin on a per kilowatt-hours basis for the period increased to ₱1.59 from ₱1.46 in the first quarter of 2017. The increase came from improved margins as operating costs decreased due to lower dispatch of Davao Light & Power Company, Inc.'s (Davao Light) Bajada power plant versus the same period last year. Further, better recoveries on purchased power costs contributed to improving margins.

AboitizPower's attributable sales for the period was at 1,208 GWh, remaining close to flat compared to the same period last year.

Material Changes in Line Items of Registrant's Statements of Income and Comprehensive Income

Consolidated Statements of Income

The various movements in the revenue and expense line items leading to the Consolidated Net Income Attributable to Equity Holders of the Parent of ₱4.37 bn are shown below:

Consolidated Net Income Attributable to Equity Holders of the Parent (January – March 2016)	**₱ 5,016,232**
Increase in operating revenues	5,429,362

Increase in operating expenses	-4,633,900
Increase in interest income	93,280
Increase in interest expense	-808,529
Increase in share in net earnings of associates and joint ventures	444,684
Increase in other expenses	-1,114,240
Lower provision for taxes	1,057
Increase in income attributable to non-controlling interests	-54,673
Total	-642,959
Consolidated Net Income Attributable to Equity Holders of the Parent (January – March 2017)	**₱ 4,373,273**

Operating Revenues
(25% increase from ₱21.36 bn to ₱26.79 bn)

Operating revenues increased by ₱5.43 bn mainly from the full quarter consolidation of the operating revenues of GMCP. For the period, retail electricity supply (RES) companies of the Group also noted higher operating revenues versus the same quarter last year.

Operating Expenses
(31% increase from ₱14.90 bn to ₱19.54 bn)

Consolidated operating expenses increased by ₱4.63 bn as the Company recognized the operating expenses of GMCP. Higher cost of purchased power at the RES companies also contributed to the increase.

Interest Income
(34% increase from ₱275 mn to ₱369 mn)

Increase is mainly due to the consolidation of interest income of the newly-acquired GMCP.

Interest Expense and Other Financing Costs
(39% increase from ₱2.08 bn to ₱2.89 bn)

The increase is mainly due to the consolidation of interest expense at newly-acquired GMCP, as well as interest expenses on: (i) a new loan of Therma Power, Inc. to partly fund the acquisition of partnership interests in GMCP and GNPower Dinginin Ltd. Co. (GNPower-Dinginin), (ii) full quarter interest on AP Renewable Inc.'s loan, and (iii) Hedcor Sibulan, Inc.'s loan taken out in the last quarter of 2016.

Share in Net Earnings of Associates and Joint Ventures
(50% increase from ₱897 mn to ₱1.34 bn)

The increase is mainly due to better hydrology in the first quarter of the year, and increased capacities available at the two large hydroelectric power plants, SN AboitizPower-Magat and SN AboitizPower-Benguet. As a result, higher volumes sold and better ancillary revenues were recognized, which improved earnings contributions from the two large hydro plants.

Other Income (Expenses) - net
(144% decrease from ₱776 mn other income to ₱338 mn other expense)

The ₱1.11 bn change from an other income-net to other expense-net position is from the recognition of non-recurring forex losses (versus last year's gain) on the revaluation of dollar-denominated liabilities and mark-to-market of derivatives.

<u>Net Income Attributable to Non-controlling Interests</u>
(16% increase from ₱333 mn to ₱387 mn)

The initial recognition of Income Attributable to Non-controlling Interests of GMCP drove the increase to this account. This increase is also augmented by higher income at non wholly-owned subsidiaries, Visayan Electric Company, Inc. (VECO) and Cebu Private Power Corporation (CPPC).

Consolidated Statements of Comprehensive Income

Consolidated comprehensive income attributable to equity holders of the Parent decreased from ₱5.27 bn in the first three months of 2016 to ₱4.78 bn for the same period in 2017, in line with the decrease in consolidated net income.

Changes in Registrant's Resources, Liabilities and Shareholders' Equity

Assets

Total assets (as of March 31, 2017 of ₱358.05 bn versus December 31, 2016 of ₱354.78 bn) increased by ₱3.27 bn. The major line items accounting for the increase are as follows:

a) Lower trade and other receivables at GMCP, Therma Marine, Inc. and the various DUs led to the 5% decrease in this account (from P15.47 bn as of December 2016 to ₱14.70 bn as of March 2017).

b) Inventories increased by 6% (from ₱4.45 bn in 2016 to ₱4.72 bn as of March 2017) due to higher coal inventory held at GMCP versus balances at year-end 2016.

c) Other current assets increased by 30% (from to ₱6.45 bn in 2016 to ₱8.39 bn as of March 2017). The increase is accounted for by various transactions, in particular, higher input value-added tax (VAT), higher prepaid taxes and insurance, as well as the recognition of restricted cash by TSI to comply with the covenants of its project debt financing.

d) The increase in property, plant and equipment is only 1% versus prior year, although it is worth mentioning that the ₱2.74 bn increase is attributable to the on-going construction of the coal power plant in Cebu owned by Therma Visayas, Inc. (TVI) and the hydro power plant by Hedcor Bukidnon, Inc.

d) Derivative assets (current and noncurrent portions) declined by 14% mainly due to unrealized mark-to-market losses on a derivative instrument.

Liabilities

Consolidated liabilities increased by 4% from ₱243.15 bn as of December 31, 2016 to ₱252.15 bn as of March 31, 2017.

a) Short term loans outstanding as of March 31, 2017 increased by 8% (from ₱4.16 bn as of December 2016 to ₱4.50 bn as of March 2017) mainly due to temporary advances availed by Davao Light net of payments made on short term loans by other subsidiaries.

b) Trade and other payables increased by 51% (from ₱17.40 bn as of December 31, 2016 to ₱26.30 bn as of March 2017) mainly due to the recognition of dividends payable after the Company's Board of Directors approved the declaration of cash dividends in March 2017.

c) During the period, both long-term debt and finance lease obligations (current and non- current) decreased by only 1%. The decrease amounts to ₱945 mn for long-term debt and ₱533 mn for finance lease obligations in absolute amounts, as various subsidiaries made timely payments on their financial obligations.

d) Income tax payable increased by 131% (from ₱654 mn ending December 2016 to ₱1.51 bn as of March 2017) primarily due to higher tax payables of various subsidiaries, particularly Therma Luzon, Inc., GMCP, CPPC and VECO.

e) Derivative liabilities decreased by 27% due to unrealized mark-to-market changes recognized on outstanding hedging instruments during the current period.

f) Deferred income tax liabilities increased by 6% (₱1.04 bn in 2016 to ₱1.10 bn as of March 2017) due to higher deferred tax liabilities recognized at Davao Light at the end of this quarter.

g) Other noncurrent liabilities increased by 10% as retention payables to contractors are recognized during the period.

Equity

Equity attributable to equity shareholders of the Parent decreased by 5% (from ₱105.11 bn as of December 31, 2016 to ₱99.50 bn as of March 31, 2017) after the declaration of dividends in March 2017, net of income recognized during the period.

Material Changes in Liquidity and Cash Reserves of Registrant

Cash generated from operations continue to be the main cash generating activity of the Group, as it brought in ₱7.29 bn year to date. The cash generated from operations for the first quarter of 2017 is approximately ₱1.78 bn less compared to the same period last year. This is, however, due to the increase in other assets as TSI recognizes restricted cash to comply with the covenants of its project loan financing.

The bulk of the Group's net cash used in investing activities, totaling ₱2.90 bn, continue to be spent on capital expenditure as the construction for various thermal plants and a hydro power plant are underway. However, as these projects reach the tail end of their construction activities, the cash outflows are expected to be lower than the levels spent in the same period last year.

For the first quarter of 2017, the cash flows used in financing activities was ₱5.72 bn, a marked contrast from the cash flows coming from financing activities at ₱13.11 bn for the same period last year. This is a result of timely payments made by the Group on its debt service obligations, both on interest and principal payments, in the current period versus debt-raising activities in the same period last year.

As of March 31, 2017, the Group's cash and cash equivalents decreased by 3%, from ₱47.09 bn as of year-end 2016 to ₱45.74 bn.

Financial Ratios

The increase in current liabilities, mainly as a result of the recognition of dividends payable, drove the change in current ratio from 2.25x to 1.71x as of the end of the first quarter 2017.

Consolidated debt to equity ratio was at 2.38x as of March 31, 2017 (versus year end 2016's 2.18x). The change is mainly due to the 4% increase in consolidated debt versus the 5% decrease in equity.

Outlook for the Upcoming Year/Known Trends, Events, Uncertainties which may have Material Impact on Registrant

AboitizPower is well-positioned to take advantage of opportunities arising from developments in the power industry. Its sound financial condition will give it the agility to create or acquire additional generating capacity over the next few years.

I. Generation Business

1. Expiration of Income Tax Holiday

Several of the AboitizPower's plants were eligible for an income tax holiday (ITH) during acquisition by the Company. Upon the expiration of the ITH, the respective plants will now be assessed a corporate income tax in accordance with the relevant laws.

SN Aboitiz Power-Benguet's Ambuklao Plant obtained an ITH extension on February 26, 2013, which is valid until June 30, 2018.

2. Increase in Attributable Generating Capacity

Notwithstanding the challenges over the short-term, AboitizPower has built the necessary foundation to sustain its growth trajectory over the long term. In line with its robust growth target of building 4,000 MW by 2020, AboitizPower looks to expanding its portfolio of generation assets by implementing the following projects.

Greenfield and Brownfield Developments.

AboitizPower, together with its subsidiaries and Associates, is in various stages of construction of its Greenfield and Brownfield projects.

<u>420-MW Pulverized Coal-Fired Expansion Unit 3 in Pagbilao, Quezon.</u> This project is undertaken by Pagbilao Energy Corporation, a partnership between AboitizPower subsidiary, Therma Power, Inc. (TPI), and TeaM (Philippines) Energy Corporation. Last April 25, 2014, the Engineering, Procurement and Construction (EPC) contract was awarded to a contractor consortium comprised of Mitsubishi Hitachi Power Systems Ltd, Daelim Industrial Co, Ltd, DESCO, Inc. and Daelim Philippines, Inc. The plant construction commenced last September 2014 and the target commercial operation is planned for year-end 2017.

<u>340-MW Circulating Fluidized Bed (CFB) Coal-Fired Project in Toledo City, Cebu.</u> This project is undertaken by TVI, a partnership between AboitizPower and the Garcia Group, through Vivant Integrated Generation Corporation (VIGC) and Vivant Energy Corporation (VEC). The project involves the construction of a 2 x 170-MW coal-fired power plant. The EPC contract was awarded to Hyundai Engineering Co. Ltd. The Notice to Proceed for all EPC activities was issued on March 18, 2015. Targeted commercial operation is first quarter of 2018.

<u>68.8-MW Manolo Fortich Hydropower Plant in Bukidnon</u>. This Project is composed of the 43.4-MW Manolo Fortich Hydro 1 and the 25.4-MW Manolo Fortich Hydro 2 plants which shall be located in the Province of Bukidnon. Both plants are expected to produce at least 350 gigawatt hours (GWh) annually. The construction of the Manolo Fortich Project began in 2015 with a total project cost is estimated at ₱13 bn and is expected to be completed by the third quarter of 2017.

<u>8.8MW Biomass Plant in Lian, Batangas.</u> This project is undertaken by Aseagas Corporation (Aseagas) and involves the construction of an initial biomass plant with a capacity of 8.8 MW.

The construction commenced last March 18, 2014 and expected to be completed in 2017. Aseagas has already amended the Biomass Renewable Energy Operating Contract with Department of Energy (DOE). The DOE endorsement, which is one of the requirements for a point to point application with National Grid Corporation of the Philippines (NGCP) to secure certificate for feed-in-tariff (FIT) eligibility, has since been secured. At the moment, the FIT rate is expected to be at ₱6.63/kWh.

8.5-MW Maris Canal Hydropower Plant Project in Ramon Isabela. This project is undertaken by SN Aboitiz Power-Magat and involves the construction of an 8.5 MW run-of-river hydropower plant. The project, which broke ground in late 2015, is targeted to be completed by late-2017. As of February 2017, the project is already 66% completed.

Other Greenfield and Brownfield Developments.

668-MW Supercritical Coal-Fired GNPower Dinginin Unit 1 in Bataan. This project is a joint venture of AC Energy Holdings, Inc., Aboitiz Power subsidiary TPI and Power Partners Company, Ltd. The GNPower Dinginin Plant will initially consist of a 1 x 668 MW supercritical coal-fired power plant (with a one-time expansion option for an additional 1 x 668 MW supercritical unit). Unit 1 is currently under construction and estimated completion is in 2019.

660-MW CFB Coal-Fired Power Plant in Subic. This project is undertaken by Redondo Peninsula Energy, Inc., a joint venture among Meralco PowerGen Corporation, AboitizPower subsidiary TPI and Taiwan Cogeneration International Corporation. The project involves the construction and operation of a 2 x 300 MW (net) CFB coal-fired power plant. Full implementation of the project is ongoing with expected commercial operation of the power plant starting 2020.

390-MW Alimit Hydropower Complex in Ifugao. This project is undertaken by SN Aboitiz Power-Ifugao, Inc. and involves the construction of the 120-MW Alimit hydropower plant, 250-MW Alimit pumped storage facility, and the 20-MW Olilicon hydropower plant. The company remains committed in securing the necessary permits to develop the proposed 390-MW hydro complex project in Ifugao. Foremost here is the Free Prior and Informed Consent from the indigenous peoples. This consent is an important component of the feasibility review for the project.

Hydro in the Philippines. The Hedcor group continually explores hydropower potentials located in Luzon and Mindanao. Based on exploration, group sees the potential of building plants with capacities ranging from 20 MW to 70 MW. When the projects pass the evaluation stage and once permits are secured, the construction period for the hydropower plant facilities will commence.

Hydro in Indonesia. AboitizPower entered into an agreement with SN Power AS and PT Energi Infranusantara to participate in the feasibility studies for the exploration and development of a potential 127 MW hydropower generation project along the Lariang River in Central Sulawesi, Indonesia. The project company, PT Auriga Energi, was awarded the basic license to develop the project. It is and is currently conducting pre-feasibility studies.

Solar in the Philippines. AboitizPower is continuously looking for opportunities in the solar space.

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

AboitizPower continues to closely evaluate the investment viability of the remaining power generation assets that Power Sector Assets and Liabilities Management (PSALM) Corporation intends to auction off.

AboitizPower is also keen on participating in PSALM's public auction for the Independent Power Producer Administrator (IPPA) contracts, which involves the transfer of the management and control of total energy output of power plants under contract with National Power Corporation to the IPP administrators.

4. Naga Power Plant

Senator Sergio Osmeña filed a petition for Certiorari with the Supreme Court to nullify the right to top granted by PSALM to SPC Power Corporation (SPC) in respect of the 153.1 MW Naga Power Plant Complex bidding and to enjoin the award on the grounds that SPC's right to top is against public policy.

On February 14, 2017, AboitizPower was informed by Therma Power Visayas, Inc. that it received the Entry of Judgment dated January 9, 2017 issued by the Supreme Court. SPC Power Corporation has a pending Motion for Leave to File and Admit Motion for Reconsideration dated December 9, 2016 with the Supreme Court.

II. Distribution Business

AboitizPower remains optimistic that it will realize modest growth on its existing DUs. It continually seeks efficiency and improvements in its operations to maintain healthy margins.

Performance-Based Rate-setting regulation (PBR) replaced the Return on Rate Base (RORB) mechanism which has historically determined the distribution charges paid by customers. Under PBR, DUs can collect from customers over a four-year regulatory period.

The ERC has implemented a Performance Incentive Scheme whereby annual rate adjustments, under PBR, are made. The annual rate adjustments take into consideration the ability of a distribution utility to meet or exceed service performance targets set by the ERC, such as: (i) the average duration of power outages; (ii) the average time of restoration to customers; and (iii) the average time to respond to customer calls. The utilities are either rewarded or penalized, depending on their ability to meet these performance targets.

In April 2016, the ERC posted on its website the following documents: (1) "Draft Rules for Setting Distribution Wheeling Rates or "RDWR" for Privately Owned Distribution Utilities Operating under Performance Based Regulation, First Entry Group, Fourth Regulatory Period"; (2) "Draft Position Paper: Regulatory Reset for the July 1, 2015 to June 30, 2019, Fourth Regulatory Period for the First Entry Group of Privately-Owned Distribution Utilities Subject to Performance Based Regulation"; and (3) "Draft Commission Resolution on the Issues on the Implementation of PBR for Privately Owned DUs under the RDWR". Comments on the said draft documents were submitted to the ERC on May 13, 2016.

Through ERC Resolution No. 25 Series of 2016 dated July 12, 2016, the ERC adopted the Resolution Modifying the Rules for Setting Distribution Wheeling Rates (RDWR) for Privately Owned Distribution Utilities Entering Performance Based Regulation (PBR). Based on said Resolution, the Fourth Regulatory Period shall be as follows:

(a) Cotabato Light & Power Company: April 1, 2017 to March 31, 2021
(b) Davao Light & Power Co., Inc. & Visayas Electric Co., Inc.: July 1, 2018 to June 30, 2022
(c) Subic Enerzone Corporation and San Fernando Electric Light & Power Co., Inc.: October 1, 2019 to September 30, 2023

On November 21, 2016, the ERC posted the draft "Regulatory Asset Base Roll Forward Handbook for Privately Owned Electricity Distribution Utilities" for comments. Public consultations were conducted on January 6 and 9, 2017 in Cebu and Manila, respectively.

There was a Petition filed by Matuwid na Singil sa Kuryente Consumer Alliance, Inc. (MSK) wherein it proposed a modified RORB methodology or even a modified PBR methodology, in which the DUs' capital expenditures and rate recovery thereon are approved in advance but the charges to the customers will only start after the investments have actually been made and validated by ERC auditors. Public consultations were set by the ERC on March 17 and April 10 in its main office, and on March 22 and 24 in its field offices in Cebu and Davao, respectively.

III. Market and Industry Developments

1. Retail Competition and Open Access (Open Access)

The implementation of Open Access starting June 26, 2013 enabled AboitizPower to increase its contracted capacity through the delivery of power to affiliate and non-affiliate RES companies. AboitizPower has two wholly owned Subsidiaries, Aboitiz Energy Solutions, Inc. and AdventEnergy, Inc., which are licensed RES.

In 2015, the DOE released Circular No. 2015-06-0010 with the following pertinent provisions:

(a) All Contestable Customers (CCs) with an average demand of 1 MW and above, which are currently being served by their franchised DUs, are mandated to secure their respective Retail Supply Contracts (RSCs) no later than June 25, 2016 with any licensed RES. After which, the CC and its counterparty shall submit to the DOE and ERC their signed RSC for assessment, monitoring, policy and rule-making purposes.

(b) All CCs with an average demand ranging from 750 kW and 999 kW for the preceding 12-month period are mandated to secure their RSCs with a RES no later than June 25, 2016. Effective June 26, 2016, Aggregators shall be allowed to compete with RES, generation company, and prospective generation company.

(c) Lowering Contestability Threshold Below 750 kW. All electricity end-users with an average demand ranging from 501 kW to below 750 kW for the preceding 12 months may be allowed to choose their respective RES effective June 26, 2018.

The lowering of the contestability threshold will open a new market, hence, an opportunity to expand and diversify AboitizPower's customer base.

In 2016, the ERC promulgated Resolution No. 5 Series of 2016 entitled "A Resolution Adopting the 2016 Rules Governing the Issuance of Licenses to Retail Electricity Suppliers (RES) and Prescribing the Requirements and Conditions Therefor", with the following pertinent provisions:

(a) Generation Company or affiliate, DU affiliate (with restrictions on market share and conduct of business activity), Retail Aggregators and IPPAs are allowed entities to become RES;

(b) There is a stipulation that ERC will not be precluded from imposing additional restrictions on the current issuance, separate guidelines issued or any future issuance.
(c) Resolution No. 22 shall continue to have full force and effect except as insofar that it is inconsistent with Resolution 5 Series of 2016.

(d) Resolution No. 5, Series of 2016 enumerates the qualifications for becoming a RES, including financial standards, B2B system, ability & knowledge, and treatment of cash deposits.
(e) It also enumerates the obligations of RES entities, including reportorial requirements, website, unbundling, compliance with qualifications stated above and other pertinent rules, laws, and compliance with limitation requirements.
(f) It also contains the process of obtaining a RES license, including the fee, and other reportorial requirements by ERC.

ERC further issued Resolution 10 Series of 2016 is entitled "A Resolution Adopting the Revised Rules for Contestability". It generally discusses the mandatory contestability dates, further limitations on contract terms and other provisions found in DC2015-06-0010. Among the pertinent provisions of this Resolution are the following:

(a) Setting of Threshold Reduction Date for end-user with at least 750kW demand on June 26, 2016;
(b) Lowering of threshold to 500kW and start of retail aggregation on June 26, 2018;
(c) Start of the mandatory contestability for end-users:
(d) with at least 1MW average monthly peak demand on December 26, 2016;
(e) with at least 750kW average monthly peak demand on June 26, 2017;
(f) Issuance of provisional RES license for Prospective Gencos, with guidelines;
(g) Options for DUs with Displaced Contract Capacities with Generators due to migration of Contestable Customers as follows:
    (i) Renegotiate contracts
    (ii) Auction off contracted capacities
    (iii) Declare in WESM as capacities for sale
(h) Eligibility of end-users to be part of the contestable market;
(i) Limitation of Retail Supply Contract term from 1 billing period to 2 years only;

Another resolution issued by the ERC is Resolution No. 11, Series of 2016 entitled "A Resolution Imposing Restrictions on the Operations of Distribution Utilities and Retail Electricity Suppliers in the Competitive Retail Electricity Market". From the title itself, the Resolution contains restrictions on RES entities, as follows:

(a) Prohibition of Local RES, in which DUs can only supply to end-users in the Contestable Market as Supplier of Last Resort and Local RES to wind down business within three years;
(b) Market cap of each RES to supply no more than 30% of the total average monthly peak demand of all contestable customers in the Competitive Retail Electricity Market;
(c) Prohibition of RES to transact not more than 50% of the total energy transactions of its Supply business with its affiliate Contestable Customers; and
(d) Repeal of Resolution No. 22, Series of 2013.

DC 2015-06-0010, Resolution Nos. 5, 10 and 11, Series of 2016 are all subject of a case for Declaratory Relief with the Pasig Regional Trial Court (RTC) filed by Manila Electric Company (Meralco). On July 13 2016, the Pasig RTC has issued a preliminary injunction enjoining DOE from implementing its Circular and ERC from implementing Resolutions, insofar as they prohibit DUs from engaging in supply business, impose restrictions, contract term limits, mandatory contestability and market caps.

On September 21, 2016, the DOE filed a Petition for Certiorari and Prohibition to the Supreme Court praying, among others, for the nullification of all Orders and Decision of the Pasig RTC. The Supreme Court issued a Resolution on October 10, 2016 granting a Temporary Restraining Order to the Pasig RTC from enforcing its decisions, orders, resolutions regarding the abovementioned case until the instant petition is finally resolved.

The ERC issued Resolution No. 28, Series of 2016 dated November 15, 2016 to revise the timeframe of mandatory contestability from December 26, 2016 to February 26, 2017.

On February 21, 2017, the Supreme Court issued a Temporary Restraining Order (TRO) from the case filed by Philippine Chamber of Commerce and Industry, San Beda College Alabang Inc., Ateneo de Manila University, and Riverbanks Development Corporation. The TRO enjoined ERC and DOE from implementing Resolution No. 5 Series of 2016, Resolution No. 10 Series of 2016, Resolution No. 11 Series of 2016, Resolution No. 28 Series of 2016 and DOE Circular No. 2015-06-0010.

2. Possibility of Mindanao Wholesale Electricity Spot Market

The DOE issued a draft Circular entitled ""*Declaring the Launch of the Wholesale Electricity Spot Market (WESM) in Mindanao and Providing for Transition Arrangements".* The DOE held a series of public consultations from February to March 2017 to solicit comments on the draft circular from the Mindanao power industry participants. The DOE is already in the process of finalizing the circular and interim dispatch protocol.

3. Reserve Market

The DOE issued Department Circular No. DC2013-12-0027, "Declaring the Commercial Launch for the Trading of Ancillary Service in Luzon and Visayas under the Philippine Wholesale Electricity Spot Market" dated December 2, 2013. The said Department Circular sets the responsibility of the Philippine Electricity Market Corporation (PEMC), NGCP, National Electrification Administration and all WESM Members with regards to the operation of the Reserve Market.

The trial operations started on February 26, 2014, and PEMC is still reviewing its results before certifying for market readiness. The Pricing and Cost Recovery Mechanism of the Reserve Market is still under review by the ERC under ERC Case No. 2007-004RC. The last hearing was on March 13, 2014.

The Reserve Market will cover three reserve categories, namely: Frequency Regulation, Contingency Reserve and Dispatchable Reserve. The Reserve Market will also include the scheduling of the ancillary services under an Ancillary Services Procurement Agreement with NGCP. No date has been set for the launch of the Reserve Market.

Since ERC has yet to issue the approval for the Price Determination Methodology of the Reserve Market, the DOE and PEMC implemented the Central Dispatch and Scheduling of Energy and Reserves in the WESM starting January 2016. The protocol follows that of the Reserve Market, however, participants will only be those contracted with NGCP and that no settlement amount will come from WESM.

AboitizPower, through SN Aboitiz Power - Benguet, SN Aboitiz Power-Magat, and Therma Luzon, Inc., is well-positioned to take advantage of this opportunity.

The categories of reserves may have to be revised due to new types of ancillary services under the 2016 version of the Philippine Grid Code.

4. Feed-in-tariff (FIT) scheme

The Renewable Energy Act of 2008 (RE Law) was signed into law by former President Gloria Macapagal-Arroyo on December 16, 2008 and took effect on January 2009. The RE Law offered fiscal and non-fiscal incentives to RE developers, including the feed-in-tariff scheme which gives preferential rates.

In Resolution No. 10, Series of 2012 (as amended by ERC Case No. 2014-004RM), the ERC adopted the following FIT and degression rates for electricity generated from biomass, run-of-river hydropower, solar and wind resources:

	FIT Rate (₱ /kWh)	Degression Rate
Wind	8.53 and 7.40**	0.5% after year 2 from effectivity of FIT
Biomass	6.63	0.5% after year 2 from effectivity of FIT
Solar	9.68 and 8.69*	6% after year 1 from effectivity of FIT
Hydro	5.90	0.5% after year 2 from effectivity of FIT

**New solar FIT rate as per ERC Case No. 2014-004RM, as necessitated by the new installation target for Solar Energy Generation set by the DOE.*
***New wind FIT rate as per ERC Case No. 2015-002RM, as necessitated by the new installation target for Solar Energy Generation set by theDOE.*

On July 23, 2012, the ERC promulgated ERC Resolution No. 10, Series of 2012, with approved solar FIT rate of ₱9.68/kWh and installation target of 50 MW. After the DOE increased the installation target of solar to 500 MW, a new FIT rate of ₱8.69/kWh was approved by the ERC to apply after the earlier of full subscription of the revised solar installation target of 500 MW or March 15, 2016. For the solar plants that have been commissioned prior to the effectivity of the ERC (up to 50MW) decision, the original Solar FIT of ₱9.68/kWh shall apply.

For wind, DOE endorsed the increase of wind installation target from 200 MW to 400 MW.

The ERC approved in February 2016 the new FIT-All rate for 2016 at ₱0.1240/kWh. The ERC used, in the interim, the existing unadjusted FIT rates so as not to pre-empt whatever decision the ERC may make on the adjustment of the FITs. The rate is effective in the succeeding billing period following the receipt by the National Transmission Corporation of the Order, which was on April 2016.

On March 2017, ERC issued Resolution No. 01, Series of 2017 entitled "Resolution Setting the Degressed Feed-In tariff Rates for Run-Of-River Hydro and Biomass, as Provided in Section 2.11 of the Feed-In Tariff Rules (FIT Rules)". The degressed rates will be applied for run-of-river hydro and biomass plants which will be on commercial operation from January to December 2017. The degressed rate for hydro is PhP5.8705/kWh and for biomass is ₱6.5969/kWh.

5. Competitive Selection Process in Securing Power Supply Agreements

The DOE issued Department Circular No. DC2015-06-0008, entitled "Mandating all Distribution Utilities to Undergo Competitive Selection Process (CSP) in securing Power Supply Agreements (PSA)". The DOE recognizes that CSP in the procurement of PSAs by the DUs ensures long term security and certainty of electricity prices of electric power to end-users. The following are principles that will guide the DUs in undertaking CSPs:

(a) Increase the transparency needed in the procurement process in order to reduce risks;

(b) Promote and instill competition in the procurement and supply of electric power to all electricity end-users;
(c) Ascertain least-cost outcomes that are unlikely to be challenged in the future as the political and institutional scenarios should change; and
(d) Protect the interest of the general public.

This Circular shall apply to any entity that owns, operates, or controls one or more distribution systems in the main grid and off-grid areas, such as but not limited to:

(a) Electric Cooperatives;
(b) Private Investor-Owned Distribution Utilities;
(c) Local Government Unit Owned-and-Operated Distribution Systems/Utility;
(d) Multi-Purpose Cooperatives duly authorized by appropriate Government agencies to operate electric power system;
(e) Entities duly authorized to operate within economic zones; and
(f) Other duly authorized entities engaged in the distribution of electricity.

The ERC issued Resolution No. 13, Series of 2015, entitled "A Resolution Directing All Distribution Utilities to Conduct a Competitive Selection Process in the Procurement of Their Supply in the Captive Market," on November 4, 2015. The pertinent provisions are as follows:

(a) DUs may adopt any accepted form of CSP pending the issuance by ERC of prescribed CSP as per DOE Circular;
(b) Minimum terms were identified by ERC;
(c) A CSP is considered successful if the DU received at least two qualified bids from entities which the DU is not prohibited from entering into a contract for power supply; and
(d) For two unsuccessful CSPs, the DU is allowed to enter into direct negotiations.

This development will increase transparency and competition. This is prospective, hence, will not affect AboitizPower's existing contracts.

6. Maintaining the Share of Renewable Energy (RE) in the Installed Capacity

The DOE released Department Circular No. DC2015-07-0014, entitled "Prescribing the Policy for Maintaining the Share of Renewable Energy (RE) Resources in the Country's Installed Capacity Through the Wholistic Implementation of the Pertinent Provisions of Republic Act No. 9513 or the RE Act on FIT System, Priority and Must Dispatch, Among Others," in August 2015. The pertinent provisions are as follows:

(a) In order to maintain the share of RE in power generation, the DOE had set a policy of adopting at least 30% share of RE in the country's total power generation capacity through the wholistic implementation of the FIT system and other pertinent provisions under the RE Act and RE Implementing Rules and Regulations;
(b) The succeeding rounds for the installation targets for FIT-eligible resources shall be made through an auction system to be adopted by the DOE upon the full subscription of the existing FIT installation targets; and
(c) Compliance with the provisions stated in the Circular shall be deemed compliance with the RPS.

AboitizPower's current net sellable capacity mix is roughly 68% thermal and 32% renewable. Even with all the new capacity additions, AboitizPower will remain within the said capacity mix. Additionally, the above mentioned auction system has not yet been adopted.

IV. Capital Expenditure 2017

AboitizPower is allotting ₱59 bn in capital expenditure this year, of which 74% is for new thermal projects, 8% for new renewable projects and 18% for exploratory and operating activities.

PART II--OTHER INFORMATION

There are no significant information on the company which requires disclosure herein and/or were not included in SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer	**ABOITIZ POWER CORPORATION**
Principal Accounting Officer	**Cristina B. Beloria**
Signature and Title	**Vice President – Controller**
Date	MAY 12 2017
Authorized Officer of the Issuer	**M. Jasmine S. Oporto**
Signature and Title	**Corporate Secretary and Compliance Officer**
Date	MAY 12 2017

Aboitiz Power Corporation and Subsidiaries

Unaudited Consolidated Financial Statements
As of March 31, 2017 (with Comparative Figures as of December 31, 2016) and
For the Three-Month Period Ended March 31, 2017 and 2016

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**₱45,738,582**	₱47,094,741
Trade and other receivables	**14,700,475**	15,465,121
Derivative assets	**99,935**	188,417
Inventories	**4,718,278**	4,452,812
Other current assets	**8,389,535**	6,448,096
Total Current Assets	**73,646,805**	73,649,187
Noncurrent Assets		
Investments and advances	**31,406,823**	30,595,989
Property, plant and equipment	**195,377,942**	192,633,546
Intangible assets	**43,621,526**	43,642,533
Investment properties	**3,300**	3,300
Derivative assets - net of current portion	**905,750**	977,770
Available-for-sale (AFS) investments - net of allowance for impairment of ₱5,254	**100,821**	100,309
Net pension assets	**45,667**	45,667
Deferred income tax assets	**2,207,806**	2,115,951
Other noncurrent assets	**10,730,458**	11,011,983
Total Noncurrent Assets	**284,400,093**	281,127,048
TOTAL ASSETS	**₱358,046,898**	₱354,776,235

LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans	**₱4,500,500**	₱4,155,600
Current portions of:		
Long-term debts	**7,588,246**	7,458,363
Finance lease obligation	**2,968,491**	2,968,491
Long-term obligation on power distribution system	**40,000**	40,000
Derivative liabilities	**131,109**	127,442
Trade and other payables	**26,301,029**	17,398,218
Income tax payable	**1,510,381**	654,392
Total Current Liabilities	**43,039,756**	32,802,506

(Forward)

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Noncurrent portions of:		
Long-term debts	**₱149,188,316**	₱150,263,301
Finance lease obligation	**48,838,737**	49,371,713
Long-term obligation on power distribution system	**204,454**	197,248
Derivative liabilities – net of current portion	**171,529**	233,435
Customers’ deposits	**7,133,583**	6,831,242
Asset retirement obligation	**1,852,787**	1,821,577
Net pension liabilities	**245,879**	247,387
Deferred income tax liabilities	**1,103,563**	1,043,996
Other noncurrent liabilities	**367,011**	334,398
Total Noncurrent Liabilities	**209,105,859**	210,344,297
Total Liabilities	**252,145,615**	243,146,803
Equity Attributable to Equity Holders of the Parent		
Paid-in capital	**19,947,498**	19,947,498
Net unrealized loss on AFS investments	**(2,799)**	(3,311)
Share in net unrealized valuation gains on AFS investments of an associate	**114,920**	114,920
Cumulative translation adjustments	**(62,508)**	(78,232)
Share in cumulative translation adjustments of associates and joint ventures	**(128,203)**	(128,203)
Actuarial losses on defined benefit plans	**(607,880)**	(607,913)
Share in actuarial losses on defined benefit plans of associates and joint ventures	**(1,878)**	(1,878)
Acquisition of non-controlling interests	**(259,147)**	(259,147)
Excess of cost over net assets of investments	**(526,883)**	(526,883)
Retained earnings		
Appropriated	**34,060,000**	34,060,000
Unappropriated	**46,963,139**	52,597,568
	99,496,259	105,114,419
Non-controlling Interests	**6,405,024**	6,515,013
Total Equity	**105,901,283**	111,629,432
TOTAL LIABILITIES AND EQUITY	**₱358,046,898**	₱354,776,235

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share Amounts)
(Unaudited)

	For the three months ended March 31	
	2017	2016
OPERATING REVENUES	**₱26,791,590**	₱21,362,228
OPERATING EXPENSES	**19,536,025**	14,902,125
FINANCIAL INCOME (EXPENSES)		
Interest income	**368,539**	275,259
Interest expense and other financing costs	**(2,885,113)**	(2,076,584)
	(2,516,574)	(1,801,325)
OTHER INCOME (EXPENSES)		
Share in net earnings of associates and joint ventures	**1,342,004**	897,320
Other income (expenses) - net	**(338,065)**	776,175
	1,003,939	1,673,495
INCOME BEFORE INCOME TAX	**5,742,930**	6,332,273
PROVISION FOR INCOME TAX	**982,481**	983,538
NET INCOME	**₱4,760,449**	₱5,348,735
Attributable to:		
Equity holders of the parent	**₱4,373,273**	₱5,016,232
Non-controlling interests	**387,176**	332,503
	₱4,760,449	₱5,348,735
EARNINGS PER COMMON SHARE		
Basic and diluted, income for the period attributable to ordinary equity holders of the parent	**₱0.59**	₱0.68

See Note I for the computation of Earnings per Common Share.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

(Unaudited)

	For the three months ended March 31	
	2017	2016
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	**₱4,373,273**	₱5,016,232
Non-controlling interests	**387,176**	332,503
	4,760,449	5,348,735
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Movement in unrealized valuation gain on AFS investments	**512**	–
Movement in cumulative translation adjustments	**15,723**	(117,898)
Share in movement in cumulative translation adjustment of associates and joint ventures	–	39,579
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**16,235**	(78,319)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Actuarial gains (losses) on defined benefit plans, net of tax	**33**	(77)
Total other comprehensive loss, net of tax	**16,268**	(78,396)
TOTAL COMPREHENSIVE INCOME	**₱4,776,717**	₱5,270,339
Attributable to:		
Equity holders of the parent	**₱4,389,541**	₱4,937,836
Non-controlling interests	**387,176**	332,503
	₱4,776,717	₱5,270,339

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIODS ENDED MARCH 31, 2017, DECEMBER 31, 2016 AND MARCH 31, 2016

(Amounts in Thousands, Except Dividends Per Share Amounts)

(Unaudited)

	Attributable to Equity Holders of the Parent												
										Retained Earnings			
	Paid-in Capital	**Net Unrealized Loss on AFS Investments**	**Share in Net Unrealized Valuation Gains on AFS Investments of an Associate**	**Cumulative Translation Adjustments**	**Share in Cumulative Translation Adjustments of Associates and Joint Ventures**	**Actuarial Gains (Losses) on Defined Benefit Plans**	**Share in Actuarial Gains (Losses) on Defined Benefit Plans of Associates and Joint Ventures**	**Acquisition of Non-controlling Interests**	**Excess of cost over net assets of investment**	**Appropriated**	**Unappropriated**	**Non-controlling Interests**	**Total**
Balances at January 1, 2017	**₱19,947,498**	**(3,311)**	**₱114,920**	**(₱78,232)**	**(₱128,203)**	**(₱607,913)**	**(₱1,878)**	**(₱259,147)**	**(₱526,883)**	**₱34,060,000**	**₱52,597,568**	**₱6,515,013**	**₱111,629,432**
Net income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,373,273**	**387,176**	**4,760,449**
Other comprehensive income	**–**	**512**	**–**	**15,723**	**–**	**33**	**–**	**–**	**–**	**–**	**–**	**–**	**16,268**
Total comprehensive income (loss)	**–**	**512**	**–**	**15,723**	**–**	**33**	**–**	**–**	**–**	**–**	**4,373,273**	**387,176**	**4,776,717**
Cash dividends - ₱1.66 a share	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(10,007,702)**	**–**	**(10,007,702)**
Cash dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(446,437)**	**(446,437)**
Change in non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(50,727)**	**(50,727)**
Balances at March 31, 2017	**₱19,947,498**	**(₱2,799)**	**₱114,920**	**(₱62,509)**	**(₱128,203)**	**(₱607,880)**	**(₱1,878)**	**(₱259,147)**	**(₱526,883)**	**₱34,060,000**	**₱46,963,139**	**₱6,405,025**	**₱105,901,283**
Balances at January 1, 2016	₱19,947,498	–	₱114,920	₱185,431	(₱256,376)	(₱609,066)	(₱3,748)	(₱259,147)	(₱421,260)	₱20,900,000	₱57,970,269	₱4,045,046	₱101,613,567
Net income	–	–	–	–	–	–	–	–	–	–	5,016,232	332,503	5,348,735
Other comprehensive income	–	–	–	(117,898)	39,579	(77)	–	–	–	–	–	–	(78,396)
Total comprehensive income (loss)	–	–	–	(117,898)	39,579	(77)	–	–	–	–	5,016,232	332,503	5,270,339
Cash dividends - ₱1.66 a share	–	–	–	–	–	–	–	–	–	–	(12,215,283)	–	(12,215,283)
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(423,432)	(423,432)
Change in non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(5)	(5)
Balances at March 31, 2016	₱19,947,498	₱–	₱114,920	₱67,533	(₱216,797)	(₱609,143)	(₱3,748)	(₱259,147)	(₱421,260)	₱20,900,000	₱50,771,218	₱3,954,112	₱94,245,186

(Forward)

	Attributable to Equity Holders of the Parent												
										Retained Earnings			
	Paid-in Capital	Net Unrealized Loss on AFS Investments	Share in Net Unrealized Valuation Gains on AFS Investments of an Associate	Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates and Joint Ventures	Actuarial Gains (Losses) on Defined Benefit Plans	Share in Actuarial Gains (Losses) on Defined Benefit Plans of Associates and Joint Ventures	Acquisition of Non-controlling Interests	Excess of cost over net assets of investment	Appropriated	Unappropriated	Non-controlling Interests	Total
Balances at January 1, 2016	₱19,947,498	₱–	₱114,920	₱185,431	(₱256,376)	(₱609,066)	(₱3,748)	(₱259,147)	(₱421,260)	₱20,900,000	₱57,970,269	₱4,045,046	₱101,613,567
Net income for the year	–	–	–	–	–	–	–	–	–	–	20,002,582	1,501,524	21,504,106
Other comprehensive income		(3,311)	–	(5,697)	128,173	2,527	496	–	–	–	–	(50,966)	71,222
Total comprehensive income (loss) for the year	–	(3,311)	–	(5,697)	128,173	2,527	496	–	–	–	20,002,582	1,450,558	21,575,328
Acquisition of subsidiaries	–	–	–	(257,966)	–	(1,374)	1,374	–	(105,623)	–	–	2,584,442	2,220,853
Cash dividends - ₱1.66 a share	–	–	–	–	–	–	–	–	–	–	(12,215,283)	–	(12,215,283)
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(1,614,684)	(1,614,684)
Appropriation during the year										13,160,000	(13,160,000)		
Change in non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	49,651	49,651
Balances at December 31, 2016	₱19,947,498	(₱3,311)	₱114,920	(₱78,232)	(₱128,203)	(₱607,913)	(₱1,878)	(₱259,147)	(₱526,883)	₱34,060,000	52,597,568	₱6,515,013	₱111,629,432

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

(Unaudited)

	For the three months ended March 31	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱5,742,930**	₱6,332,273
Adjustments for:		
Interest expense and other financing costs	**2,885,113**	2,076,584
Depreciation and amortization	**1,808,348**	1,410,338
Net unrealized foreign exchange losses (gains)	**537,136**	(510,386)
Unrealized fair valuation loss on derivatives	**171,095**	264,769
Gain on disposal of property, plant and equipment	**(585)**	(321)
Interest income	**(368,539)**	(275,259)
Share in net earnings of associates and joint ventures	**(1,342,004)**	(897,320)
Operating income before working capital changes	**9,433,494**	8,400,678
Increase in operating assets	**(1,495,684)**	(1,647,049)
Increase (decrease) in operating liabilities	**(542,848)**	2,585,003
Cash provided by operations	**7,394,962**	9,338,632
Income and final taxes paid	**(106,366)**	(267,600)
Net cash flows from operating activities	**7,288,596**	9,071,032
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received	**781,263**	516,000
Interest received	**325,305**	192,137
Additions to property, plant and equipment	**(4,115,790)**	(6,320,521)
Additions to intangible assets – service concession rights	**(10,921)**	(16,861)
Additional investments	**(250,093)**	(426,422)
Decrease (increase) in other noncurrent assets	**368,698**	(117,936)
Net cash flows used in investing activities	**(2,901,538)**	(6,173,603)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availments (payments) of short-term loans	**344,900**	(204,000)
Net proceeds from (payments of) long-term debt	**(1,887,882)**	16,390,322
Payments of finance lease obligation	**(2,146,679)**	(2,139,488)
Changes in non-controlling interests	**(446,437)**	(423,432)
Interest paid	**(1,587,745)**	(515,233)
Net cash flows from (used in) financing activities	**(5,723,843)**	13,108,169
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,336,785)**	16,005,598
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(19,374)**	(63,868)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**47,094,741**	51,098,269
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**₱45,738,582**	₱67,039,999

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS SCHEDULES AND DISCLOSURES

(Amounts in Thousands, Except Earnings per Share and Exchange Rate Data and When Otherwise Indicated)

A. Components of Other Comprehensive Income

	Jan-Mar 2017	Jan-Mar 2016
Movement in cumulative translation adjustments	**₱15,723**	(₱117,898)
Movement in unrealized loss on AFS investments	**512**	–
Actuarial gains (losses) on defined benefit plans	**33**	(77)
Share in movement in cumulative translation adjustments of associates and joint ventures	**–**	39,579
Other comprehensive income (loss) for the period – net of tax	**₱16,268**	(₱78,396)

B. Tax Effects Relating to Each Component of Other Comprehensive Income

		Jan-Mar 2017	
	Before-Tax Amount	**Tax (Expense) Benefit**	**Net-of-Tax Amount**
Movement in cumulative translation adjustments	**₱15,723**	**₱–**	**₱15,723**
Movement in unrealized loss on AFS investments	**512**	**–**	**512**
Actuarial gains on defined benefit plans	**33**	**–**	**33**
Other comprehensive income for the period	**₱16,268**	**₱–**	**₱16,268**

		Jan-Mar 2016	
	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Share in movement in cumulative translation adjustments of associates and joint ventures	₱39,579	₱–	₱39,579
Movement in cumulative translation adjustments	(117,898)	–	(117,898)
Actuarial losses on defined benefit plans	(77)	–	(77)
Other comprehensive loss for the period	(₱78,396)	₱–	(₱78,396)

C. Investments and Advances

The Group's associates and joint ventures and the corresponding equity ownership are as follows:

	Nature of Business	% Ownership March 31, 2017
Manila-Oslo Renewable Enterprise, Inc. (MORE)[1]	Holding company	83.33
Maaraw Holdings San Carlos, Inc. (MHSCI)[1]	Holding company	60.00
GNPower Dinginin Ltd. Co. (GNPD)	Power generation	50.00
Hijos de F. Escaño, Inc.	Holding company	46.73
San Fernando Electric Light & Power Co., Inc. (SFELAPCO)	Power distribution	43.78
Pampanga Energy Ventures, Inc.	Holding company	42.84
La Filipina Elektrika, Inc.	Power generation	40.00
San Carlos Sun Power, Inc. (SACASUN)[1]	Power generation	35.00
STEAG State Power, Inc. (STEAG)	Power generation	34.00
AEV Aviation, Inc. (AAI)	Service	26.69
Cebu Energy Development Corporation (CEDC)	Power generation	26.40
Redondo Peninsula Energy, Inc. (RPEI)	Power generation	25.00
Southern Philippines Power Corporation (SPPC)	Power generation	20.00
Western Mindanao Power Corporation (WMPC)	Power generation	20.00

[1] *Joint ventures.*

	March 31, 2017	December 31, 2016
Acquisition cost:		
Balance at beginning of the year	**₱27,528,339**	₱15,892,748
Additions during the year	**250,093**	11,821,307
Step acquisition to subsidiary	**–**	(144,691)
Redemptions during the year	**–**	(41,025)
Balance at end of period	**27,778,432**	27,528,339
Accumulated equity in net earnings:		
Balance at beginning of the year	**3,618,877**	7,340,367
Share in net earnings	**1,342,004**	3,641,210
Step acquisition to subsidiary	**–**	(87,437)
Dividends received or receivable	**(781,263)**	(7,275,263)
Balance at end of period	**4,179,618**	3,618,877
Share in net unrealized valuation gains on AFS investment of an associate	**114,920**	114,920
Share in actuarial losses on defined benefit plans of associates and joint ventures	**(1,878)**	(1,878)
Share in cumulative translation adjustments of associates and joint ventures	**(128,203)**	(128,203)
	31,942,889	31,132,055
Less allowance for impairment losses	**568,125**	568,125
Investments at equity	**31,374,764**	30,563,930
Advances	**32,059**	32,059
	₱31,406,823	₱30,595,989

D. **Joint Operations**

Name of Joint Operation	Nature of Business	Percentage of Ownership March 31, 2017
Pagbilao Energy Corporation (PEC)	Power generation	50.00

** PEC's principal place of business and country of incorporation is the Philippines; No commercial operations as of March 31, 2017.*

The Group's share of assets, liabilities, revenue, expenses and cash flows of joint operations are included in the consolidated financial statements on a line-by-line basis.

E. **Trade and Other Payables**

	March 31, 2017	December 31, 2016
Trade payables	**₱7,453,393**	₱7,591,617
Dividends payable	**10,007,702**	143,608
Others	**8,839,934**	9,662,993
	₱26,301,029	₱17,398,218

Trade payables are non-interest bearing and generally on 30-day terms.

Others include nontrade payables, output VAT, amounts due to contractors, accrued taxes and fees, withholding taxes and other accrued expenses and are generally payable within 12 months from the balance sheet date.

F. **Short-term Loans**

	Interest Rate	March 31, 2017	December 31, 2016
Peso loans – financial institutions - unsecured	2.50% - 2.60%	**₱1,422,500**	₱1,596,100
Temporary advances	2.50%	**3,078,000**	2,559,500
		₱4,500,500	₱4,115,600

G. **Long-term Debts**

	Interest Rate	March 31, 2017	December 31, 2016
Company			
Bonds due 2021	6.10%	**₱6,600,000**	₱6,600,000
Bonds due 2026	5.21%	**3,400,000**	3,400,000
Subsidiaries:			
TPI			
Financial institutions - unsecured	LIBOR + 1.10%	**31,274,760**	31,000,420
TVI			
Financial institutions - secured	6.02% - 6.23%	**27,570,000**	27,570,000
GMCP			
Financial institutions - secured	LIBOR + 2.5% - 7.65%	**25,808,831**	27,116,752
TSI			
Financial institutions - secured	4.50% - 5.14%	**23,970,380**	23,970,380
APRI			
Financial institutions - secured	4.53% - 6.00%	**11,249,760**	11,874,880
Hedcor Bukidnon			
Financial institutions - secured	5.28% - 6.00%	**5,684,476**	5,684,476
Hedcor Sibulan			
Fixed rate corporate notes	4.11% - 5.32%	**4,100,000**	4,100,000
Aseagas			
Financial institutions - secured	4.66% - 5.06%	**2,434,209**	2,434,209
VECO			
Financial institution - unsecured	3.50% - 4.81%	**1,379,000**	1,379,000
LHC			
Financial institutions - secured	2.00% - 2.75%	**1,386,924**	1,374,759
DLP			
Financial institution - unsecured	3.50% - 4.81%	**1,034,250**	1,034,250
HI			
Financial institution - secured	5.25%	**603,000**	630,000
SEZ			
Financial institution - unsecured	5.61% - 6.06%	**282,500**	282,500
CLP			
Financial institution - unsecured	3.50% - 4.81%	**206,850**	206,850
Joint operation (see Note D)			
Financial institutions - secured	4.70% - 6.68%	**12,834,910**	12,234,910
		159,819,850	160,893,386
Less deferred financing costs		**3,043,288**	3,171,722
		156,776,562	157,721,664
Less current portion - net of deferred financing costs		**7,588,246**	7,458,363
		₱149,188,316	₱150,263,301

H. **Debt Securities**

The Company registered and issued ₱10 billion worth of peso denominated fixed rate retail bonds on September 10, 2014 under the following terms:

MATURITY	INTEREST RATE	AMOUNT
12-year bonds to mature on September 10, 2026	6.10%/p.a.	₱3,400,000
10-year bonds to mature on September 10, 2021	5.21%/p.a.	₱6,600,000

I. **Earnings Per Common Share**

Earnings per common share amounts were computed as follows:

		Jan-Mar 2017	Jan-Mar 2016
a.	Net income attributable to equity holders of the parent	**₱4,373,273**	₱5,016,232
b.	Weighted average number of common shares issued and outstanding	**7,358,604,307**	7,358,604,307
	Earnings per common share (a/b)	**₱0.59**	₱0.68

There are no dilutive potential common shares as of March 31, 2017 and 2016.

J. **Operating Segment Information**

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about how resources are to be allocated to the segment and assess their performances, and for which discrete financial information is available.

For purposes of management reporting, the Group's operating businesses are organized and managed separately according to services provided, with each segment representing a strategic business segment. The Group's identified operating segments, which are consistent with the segments reported to the Board of Directors (BOD), which is the Group's CODM, are as follows:

- "Power Generation" segment, which is engaged in the generation and supply of power to various customers under power supply contracts, ancillary service procurement agreements and for trading in WESM;
- "Power Distribution" segment, which is engaged in the distribution and sale of electricity to the end-users; and
- "Parent Company and Others", which includes the operations of the Company, retail electricity sales to various off takers that are considered to be eligible contestable customers and electricity related services of the Group such as installation of electrical equipment.

The Group has only one geographical segment as all of its assets are located in the Philippines.

The Group operates and derives principally all of its revenue from domestic operations. Thus, geographical business information is not required.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and segment expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and segment expenses are consistent with the consolidated statement of income. Interest expense and financing charges, depreciation and amortization expense and income taxes are managed on a per segment basis.

The Group has inter-segment revenues in the form of management fees as well as inter-segment sales of electricity which are eliminated in consolidation. The transfers are accounted for at competitive market prices on an arm's-length transaction basis.

Segment assets do not include deferred income tax assets, pension asset and other noncurrent assets. Segment liabilities do not include deferred income tax liabilities, income tax payable and pension liability. Capital expenditures consist of additions of property, plant and equipment and intangible asset - service concession rights. Adjustments as shown below include items not presented as part of segment assets and liabilities.

Financial information on the operations of the various business segments are summarized as follows:

March 31, 2017

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱13,162,064	₱10,298,446	₱3,464,665	₱ (133,585)	₱26,791,590
Inter-segment	4,165,694	–	656,824	(4,822,518)	–
Total Revenue	₱17,327,758	₱10,298,446	₱4,121,489	(4,956,103)	₱26,791,590
Segment Results	₱5,834,749	₱1,254,360	₱ 166,456	₱–	₱7,255,565
Unallocated corporate income - net	(572,167)	228,612	5,490	–	(338,065)
INCOME FROM OPERATIONS	5,262,582	1,482,972	171,946	–	6,917,500
Interest expense	(2,673,164)	(63,989)	(147,960)	–	(2,885,113)
Interest income	337,596	7,396	23,547	–	368,539
Share in net earnings of associates and joint ventures	1,315,754	25,819	4,524,839	(4,524,408)	1,342,004
Provision for income tax	(532,902)	(386,801)	(62,778)	–	(982,481)
NET INCOME	₱3,709,866	₱1,065,397	₱4,509,594	(₱4,524,408)	₱4,760,449
OTHER INFORMATION					
Investments	₱30,102,515	₱834,245	₱110,559,626	(₱110,121,622)	₱31,374,764
Segment Assets	₱272,616,930	₱24,057,794	₱123,175,639	(₱61,803,465)	₱358,046,898
Segment Liabilities	₱213,480,689	₱18,622,163	₱23,196,127	(₱3,153,364)	₱252,145,615
Depreciation and Amortization	₱1,550,155	₱213,717	₱5,360	₱39,116	₱1,808,348

March 31, 2016

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱8,798,715	₱10,308,219	₱2,255,294	₱–	₱21,362,228
Inter-segment	3,383,895	–	717,944	(4,101,839)	–
Total Revenue	₱12,182,610	₱10,308,219	₱2,973,238	(4,101,839)	₱21,362,228
Segment Results	₱5,130,986	₱1,158,099	₱171,018	₱–	₱6,460,103
Unallocated corporate income - net	571,026	219,972	(14,823)	–	776,175
INCOME FROM OPERATIONS	5,702,012	1,378,071	156,195	–	7,236,278
Interest expense	(1,869,273)	(52,694)	(154,617)	–	(2,076,584)
Interest income	169,608	6,372	99,279	–	275,259
Share in net earnings of associates and joint ventures	869,422	27,152	5,042,977	(5,042,231)	897,320
Provision for income tax	(584,717)	(345,122)	(53,699)	–	(983,538)
NET INCOME	₱4,287,052	₱1,013,779	₱5,090,135	(₱5,042,231)	₱5,348,735
OTHER INFORMATION					
Investments	₱21,228,428	₱918,940	₱109,479,315	(₱109,159,576)	₱22,467,107
Segment Assets	₱226,690,387	₱23,130,309	₱127,453,097	(₱111,549,110)	₱265,724,683
Segment Liabilities	₱130,147,939	₱15,496,820	₱36,713,494	(₱10,878,756)	₱171,479,497
Depreciation and Amortization	₱1,194,674	₱184,247	₱5,138	₱ 26,279	₱1,410,338

K. **Financial Risk Management Objectives and Policies**

The Group's principal financial instruments comprise cash and cash equivalents and long-term debts. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial instruments such as trade and other receivables, AFS investments, short-term loans, trade and other payables, finance lease obligation, long-term obligation on power distribution system and customers' deposits, which generally arise directly from its operations.

The Group also enters into derivative transactions, particularly foreign currency forwards, to economically hedge its foreign currency risk from foreign currency denominated liabilities and purchases.

Risk Management Structure
The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

Financial risk committee
The Financial Risk Committee has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Treasury service group
The Treasury Service Group is responsible for the comprehensive monitoring, evaluating and analyzing of the Group's risks in line with the policies and limits.

The main risks arising from the Group's financial instruments are interest rate risk resulting from movements in interest rates that may have an impact on outstanding long-term debt; credit risk involving possible exposure to counter-party default on its cash and cash equivalents, AFS investments and trade and other receivables; liquidity risk in terms of the proper matching of the type of financing required for specific investments; and foreign exchange risk in terms of foreign exchange fluctuations that may significantly affect its foreign currency denominated placements and borrowings.

Liquidity risk

Liquidity risk is the risk of not meeting obligations as they become due because of the inability to liquidate assets or obtain adequate funding. The Group maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements are maintained to meet maturing obligations and pay any dividend declarations.

In managing its long-term financial requirements, the Group's policy is that not more than 25% of long-term borrowings should mature in any twelve-month period. 4.89% of the Group's debt will mature in less than one year as of March 31, 2017 (December 31, 2016: 4.81%). For its short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

The financial assets that will be principally used to settle the financial liabilities presented in the following table are from cash and cash equivalents and trade and other receivables. Cash and cash equivalents can be withdrawn anytime while trade and other receivables are expected to be collected/realized within one year.

The following tables summarize the maturity profile of the Group's financial liabilities as of March 31, 2017 based on contractual undiscounted principal payments:

	Total carrying value	Contractual undiscounted principal payments				
		Total	On demand	<1 year	1 to 5 years	> 5 years
Trade and other payables	₱13,480,144	₱13,480,144	₱ 7,932	₱13,472,212	₱–	₱–
Customers' deposits	7,133,583	7,133,583	–	–	32,922	7,100,661
Short-term loans	4,500,500	4,500,500	3,078,000	1,422,500	–	–
Finance lease obligation	51,807,228	80,294,880	–	8,098,200	38,429,640	33,767,040
Long-term obligation on power distribution system	244,454	440,000	–	40,000	200,000	200,000
Long-term debts	156,776,562	159,792,700	–	7,588,246	67,392,958	84,811,496
Derivative liabilities	302,638	302,638	–	131,109	171,529	–
	₱234,245,109	₱265,944,445	₱3,085,932	₱30,752,267	₱106,227,049	₱125,879,197

Market Risk

The risk of loss, immediate or over time, due to adverse fluctuations in the price or market value of instruments, products, and transactions in the Group's overall portfolio (whether on or off-balance sheet) is market risk. These are influenced by foreign and domestic interest rates, foreign exchange rates and gross domestic product growth.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. To manage this risk, the Group determines the mix of its debt portfolio as a function of the level of current interest rates, the required tenor of the loan, and the general use of the proceeds of its various fund raising activities. As of March 31 2017, 25% of the

Group's long-term debt had annual floating interest rates ranging from 2.00% to 2.75%, and 75% have annual fixed interest rates ranging from 4.28% to 7.65%. As of December 31, 2016, 25% of the Group's long-term debt had annual floating interest rates ranging from 1.88% to 3.00%, and 75% have annual fixed interest rates ranging from 4.28% to 6.68%.

The following tables set out the carrying amounts, by maturity, of the Group's financial instruments that are exposed to cash flow interest rate risk:

As of March 31, 2017

	<1 year	**1-5 years**	**>5 years**	**Total**
Floating rate - long-term debt	**₱1,306,070**	**₱38,124,211**	**₱–**	**₱39,430,281**

As of December 31, 2016

	<1 year	1-5 years	>5 years	Total
Floating rate - long-term debt	₱1,608,637	₱38,308,317	₱–	₱39,916,954

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The other financial instruments of the Group that are not included in the above tables are non-interest-bearing and are therefore not subject to interest rate risk. The Group's derivative assets and liabilities are subject to fair value interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before tax (through the impact on floating rate borrowings):

	Increase (decrease) in basis points	Effect on income before tax
March 31, 2017	**200**	**(₱788,606)**
	(100)	**394,303**
March 31, 2016	200	(₱30,420)
	(100)	15,210

The Group's sensitivity to an increase/decrease in interest rates pertaining to derivative instruments is expected to be insignificant due to their short-term maturities and immateriality relative to the total assets and liabilities of the Group.

There is no other impact on the Group's equity other than those already affecting the consolidated statements of income.

The interest expense and other finance charges recognized according to source are as follows:

	Jan-Mar 2017	Jan-Mar 2016
Finance lease obligation	**₱1,394,279**	₱1,466,055
Short-term loans and long-term debt	**1,482,743**	578,624
Customers' deposits	**885**	227
Other long-term obligations	**7,206**	31,678
	₱2,885,113	₱2,076,584

Foreign exchange risk
The foreign exchange risk of the Group pertains significantly to its foreign currency denominated obligations. To manage its foreign exchange risk, stabilize cash flows and improve investment and cash flow planning, the Group enters into foreign currency forward contracts aimed at reducing and/or managing the adverse impact of changes in foreign exchange rates on financial performance and cash flows. Foreign currency denominated borrowings account for 40% of total consolidated borrowings as of March 31, 2017 and December 31, 2016.

Presented below are the Group's foreign currency denominated financial assets and liabilities as of March 31, 2017 and December 31, 2016, translated to Philippine Peso:

	March 31, 2017		December 31, 2016	
	US Dollar	**Philippine Peso equivalent[1]**	US Dollar	Philippine Peso equivalent[2]
Loans and receivables:				
Cash and cash equivalents	**$42,786**	**₱2,146,146**	$14,990	₱745,303
Trade and other receivables	**457**	**22,917**	266	13,231
Derivative assets	**3,185**	**159,747**	1,098	54,595
Total financial assets	**46,428**	**2,328,810**	16,354	813,129
Other financial liabilities:				
Trade and other payables	**3,335**	**167,282**	26,578	1,321,455
Long-term debt	**623,500**	**31,274,760**	623,500	31,000,420
Finance lease obligation	**546,763**	**27,425,632**	555,448	27,616,875
Total financial liabilities	**1,173,598**	**58,867,674**	1,205,526	59,938,750
Total net financial liabilities	**($1,127,170)**	**(₱56,538,864)**	($1,189,172)	(₱59,125,621)

[1]$1 = ₱50.16
[2]$1 = ₱49.72

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rates, with all other variables held constant, of the Group's income before tax as of March 31, 2017:

	Increase/ (decrease) in US Dollar	Effect on income before tax
US Dollar denominated accounts	**US Dollar strengthens by 5%**	**(₱2,826,943)**
US Dollar denominated accounts	**US Dollar weakens by 5%**	**2,826,943**

The increase in US Dollar rate represents the depreciation of the Philippine Peso while the decrease in US Dollar rate represents appreciation of the Philippine Peso.

There is no other impact on the Group's equity other than those already affecting the consolidated statements of comprehensive income.

<u>Credit risk</u>
For its cash investments (including restricted portion), AFS investments and receivables, the Group's credit risk pertains to possible default by the counterparty, with a maximum exposure equal to the carrying amount of these investments. With respect to cash investments and AFS investments, the risk is mitigated by the short-term and/or liquid nature of its cash investments mainly in bank deposits and placements, which are placed with financial institutions and entities

of high credit standing. With respect to receivables, credit risk is controlled by the application of credit approval, limit and monitoring procedures. It is the Group's policy to only enter into transactions with credit-worthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales are made to customers with appropriate credit history and it has internal mechanisms to monitor the granting of credit and management of credit exposures.

Concentration Risk
Credit risk concentration of the Group's receivables according to the customer category as of March 31, 2017 and December 31, 2016 is summarized in the following table:

	March 31, 2017	December 31, 2016
Power distribution:		
Industrial	**₱3,764,205**	₱3,589,973
Residential	**1,305,767**	1,324,289
Commercial	**505,997**	545,173
City street lighting	**104,699**	31,196
Power generation:		
Power supply contracts	**6,902,518**	6,945,891
Spot market	**1,388,015**	1,480,162
	₱13,971,201	₱13,916,684

Capital Management
Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Group's policy is to keep the gearing ratio at 70% or below. The Group determines net debt as the sum of interest-bearing short-term and long-term loans (comprising long-term debt and finance lease obligation) less cash and short-term deposits (including restricted cash).

Gearing ratios of the Group as of March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017	December 31, 2016
Short-term loans	**₱4,500,500**	₱4,155,600
Long-term debt	**208,583,790**	210,061,868
Cash and cash equivalents	**(45,738,582)**	(47,094,741)
Restricted cash	**(2,619,527)**	(2,100,611)
Net debt (a)	**164,726,181**	165,022,116
Equity	**105,901,283**	111,629,432
Equity and net debt (b)	**₱270,627,464**	₱276,651,548
Gearing ratio (a/b)	**60.9%**	59.6%

No changes were made in the objectives, policies or processes during the period ended March 31, 2017 and December 31, 2016.

L. **Financial Instruments**

Fair Value of Financial Instruments

Fair value is defined as the amount at which the financial instrument could be sold in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced liquidation or sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, dealer, broker, pricing services or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. For a financial instrument with an active market, the quoted market price is used as its fair value. On the other hand, if transactions are no longer regularly occurring even if prices might be available and the only observed transactions are forced transactions or distressed sales, then the market is considered inactive. For a financial instrument with no active market, its fair value is determined using a valuation technique (e.g. discounted cash flow approach) that incorporates all factors that market participants would consider in setting a price.

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments whose fair values are different from their carrying amounts.

	March 31, 2017		December 31, 2016	
	Carrying Amounts	**Fair Values**	Carrying Amounts	Fair Values
Financial Liabilities				
Finance lease obligation	**₱51,807,228**	**₱48,101,587**	₱52,340,204	₱49,699,074
Long-term debt - fixed rate	**117,346,281**	**116,074,471**	117,804,710	117,710,942
Long-term obligation on power distribution system	**244,454**	**357,297**	237,248	414,135
	₱169,397,963	**₱164,533,355**	₱170,382,162	₱167,824,151

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, trade and other receivables, short-term loans and trade and other payables. The carrying amounts of cash and cash equivalents, trade and other receivables, short-term loans and trade and other payables approximate fair value due to the relatively short-term maturity of these financial instruments.

Fixed-rate borrowings. The fair value of fixed rate interest-bearing loans is based on the discounted value of future cash flows using the applicable rates for similar types of loans.

Floating-rate borrowings. Since repricing of the variable-rate interest bearing loan is done on a quarterly basis, the carrying value approximates the fair value.

Finance lease obligation. The fair value of the finance lease obligation was calculated by discounting future cash flows using applicable interest rates.

Long-term obligation on PDS. The fair value of the long-term obligations on power distribution system is calculated by discounting expected future cash flows at prevailing market rates.

Customers' deposits. The fair value of bill deposits approximates the carrying values as these deposits earn interest at the prevailing market interest rate in accordance with regulatory guidelines. The timing and related amounts of future cash flows relating to transformer and lines and poles deposits cannot be reasonably and reliably estimated for purposes of establishing their fair values using an alternative valuation technique.

AFS investments. These are carried at cost less impairment because fair value cannot be determined reliably due to the unpredictable nature of cash flows and lack of suitable methods of arriving at reliable fair value.

Derivative financial instruments. The fair value of forward contracts is calculated by reference to prevailing interest rate differential and spot exchange rate as of valuation date, taking into account its remaining term to maturity. The fair value of the embedded prepayment options is determined using Binomial Option Pricing Model which allows for the specification of points in time until option expiry date. This valuation incorporates inputs such as interest rates and volatility. The fair value of the interest rate swap and interest rate cap are determined by generally accepted valuation techniques with reference to observable market data such as interest rates.

The movements in fair value changes of all derivative instruments for the period ended March 31, 2017 and for the year ended December 31, 2016 are as follows:

	March 31, 2017	December 31, 2016
At beginning of year	**₱805,310**	₱563,366
Additions due to business combinations	**–**	523,752
Net changes in fair value of derivatives designated as accounting hedges	**157,882**	36,859
Net changes in fair value of derivatives not designated as accounting hedges	**(171,095)**	(127,039)
Fair value of settled instruments	**(89,050)**	(191,628)
At end of period	**₱703,047**	₱805,310

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As of March 31, 2017, the Group held the following financial instruments that are measured and carried or disclosed at fair value:

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
Derivative asset	₱1,005,865	₱–	₱1,005,865	₱–
Derivative liability	302,638	–	302,638	–
Disclosed at fair value:				
Finance lease obligation	48,101,587	–	–	48,101,587
Long-term debt - fixed rate	116,074,471	–	–	116,074,471
Long-term obligation on PDS	357,297	–	–	357,297

During the period ended March 31, 2017, there were no transfers between level 1 and level 2 fair value measurements and transfers into and out of level 3 fair value measurement.

M. **Disclosures**

1. Corporate Information

Aboitiz Power Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on February 13, 1998. The Company is a publicly-listed holding company of the entities engaged in power generation and power distribution in the Aboitiz Group. As of March 31, 2017, Aboitiz Equity Ventures, Inc. (AEV, also incorporated in the Philippines) owns 76.88% of the Company. The ultimate parent of the Company is Aboitiz & Company, Inc. (ACO).

The registered office address of the Company is 32nd street, Bonifacio Global City, Taguig City, Metro Manila.

2. Group Information

The consolidated financial statements comprise the financial statements of the Company, subsidiaries controlled by the Company and joint operation that are subject to joint control (collectively referred to as "the Group"). The following are the subsidiaries as of March 31, 2017 and December 31, 2016:

		Percentage Ownership			
		March 31, 2017		December 31, 2016	
	Nature of Business	**Direct**	**Indirect**	Direct	Indirect
Aboitiz Renewables, Inc. (ARI) and Subsidiaries	Power generation	**100.00**	–	100.00	–
AP Renewables, Inc. (APRI)	Power generation	–	**100.00**	–	100.00
Hedcor, Inc. (HI)	Power generation	–	**100.00**	–	100.00
Hedcor Sibulan, Inc. (HSI)	Power generation	–	**100.00**	–	100.00
Hedcor Tudaya, Inc. (Hedcor Tudaya)	Power generation	–	**100.00**	–	100.00
Luzon Hydro Corporation (LHC)	Power generation	–	**100.00**	–	100.00
AP Solar Tiwi, Inc.*	Power generation	–	**100.00**	–	100.00
Aseagas Corporation (Aseagas)*	Power generation	–	**100.00**	–	100.00
Bakun Power Line Corporation*	Power generation	–	**100.00**	–	100.00
Cleanergy, Inc.*	Power generation	–	**100.00**	–	100.00
Cordillera Hydro Corporation*	Power generation	–	**100.00**	–	100.00
Hedcor Benguet, Inc.*	Power generation	–	**100.00**	–	100.00
Hedcor Bukidnon, Inc. (Hedcor Bukidnon)*	Power generation	–	**100.00**	–	100.00
Hedcor Kabayan, Inc. *	Power generation	–	**100.00**	–	100.00
Hedcor Ifugao, Inc.*	Power generation	–	**100.00**	–	100.00
Hedcor Kalinga, Inc.*	Power generation	–	**100.00**	–	100.00

		Percentage Ownership			
		March 31, 2017		December 31, 2016	
	Nature of Business	Direct	Indirect	Direct	Indirect
Hedcor Itogon Inc.*	Power generation	–	100.00	–	100.00
Hedcor Manolo Fortich, Inc.*	Power generation	–	100.00	–	100.00
Hedcor Mt. Province, Inc.*	Power generation	–	100.00	–	100.00
Hedcor Sabangan, Inc. (Hedcor Sabangan)	Power generation	–	100.00	–	100.00
Hedcor Tamugan, Inc.*	Power generation	–	100.00	–	100.00
Kookaburra Equity Ventures, Inc.	Holding company	–	100.00	–	100.00
Mt. Apo Geopower, Inc.*	Power generation	–	100.00	–	100.00
Negron Cuadrado Geopower, Inc. (NCGI)*	Power generation	–	100.00	–	100.00
Tagoloan Hydro Corporation*	Power generation	–	100.00	–	100.00
Luzon Hydro Company Limited*	Power generation	–	100.00	–	100.00
Hydro Electric Development Corporation*	Power generation	–	99.97	–	99.97
Therma Power, Inc. (TPI) and Subsidiaries	Power generation	100.00	–	100.00	–
Therma Luzon, Inc. (TLI)	Power generation	–	100.00	–	100.00
Therma Marine, Inc. (Therma Marine)	Power generation	–	100.00	–	100.00
Therma Mobile, Inc. (Therma Mobile)	Power generation	–	100.00	–	100.00
Therma South, Inc. (TSI)	Power generation	–	100.00	–	100.00
Therma Power-Visayas, Inc.*	Power generation	–	100.00	–	100.00
Therma Central Visayas, Inc.*	Power generation	–	100.00	–	100.00
Therma Subic, Inc.*	Power generation	–	100.00	–	100.00
Therma Mariveles Holdings L.P.	Holding company	–	100.00	–	100.00
Therma Mariveles, LLC	Holding company	–	100.00	–	100.00
Therma Mariveles Consulting Services, LLC	Holding company	–	100.00	–	100.00
Therma Mariveles Holding Cooperatief U.A.	Holding company	–	100.00	–	100.00
Therma Mariveles Camaya B.V.	Holding company	–	100.00	–	100.00
Therma Mariveles Holdings, Inc.	Holding company	–	100.00	–	100.00
GNPower Mariveles Coal Plant Ltd. Co. (GMCP)	Power generation	–	82.82	–	82.82
Therma Dinginin L.P.	Holding company	–	100.00	–	100.00
Therma Dinginin, LLC	Holding company	–	100.00	–	100.00
Therma Dinginin Offshore Services Inc.	Holding company	–	100.00	–	100.00
Therma Dinginin Holding Cooperatief U.A.	Holding company	–	100.00	–	100.00
Therma Dinginin B.V.	Holding company	–	100.00	–	100.00
Therma Dinginin Holdings, Inc.	Holding company	–	100.00	–	100.00
AboitizPower International Pte. Ltd.	Holding company	100.00	–	100.00	–
Aboitiz Energy Solutions, Inc. (AESI)	Retail electricity supplier	100.00	–	100.00	–
Adventenegy, Inc. (AI)	Retail electricity supplier	100.00	–	100.00	–
Balamban Enerzone Corporation (BEZ)	Power distribution	100.00	–	100.00	–
Lima Enerzone Corporation (LEZ)	Power distribution	100.00	–	100.00	–
Mactan Enerzone Corporation (MEZ)	Power distribution	100.00	–	100.00	–
East Asia Utilities Corporation (EAUC)	Power generation	50.00	50.00	50.00	50.00
Cotabato Light and Power Company (CLP)	Power distribution	99.94	–	99.94	–
Cotabato Ice Plant, Inc.	Manufacturing	–	100.00	–	100.00
Davao Light & Power Company, Inc. (DLP)	Power distribution	99.93	–	99.93	–
Subic Enerzone Corporation (SEZ)	Power distribution	65.00	34.98	65.00	34.98
Cebu Private Power Corporation (CPPC)	Power generation	60.00	–	60.00	–
Prism Energy, Inc. (PEI)*	Retail electricity supplier	60.00	–	60.00	–
Visayan Electric Company (VECO)	Power distribution	55.26	–	55.26	–

** No commercial operations as of March 31, 2017.*

3. Basis of Financial Statement Preparation and Changes in Accounting Policies

Basis of Financial Statement Preparation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the December 31, 2016 annual audited consolidated financial statements, and should be read in conjunction with the Group's consolidated financial statements as of and for the year ended December 31, 2016.

The preparation of the financial statements in compliance with Philippine Financial Reporting Standards (PFRS) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying unaudited condensed consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the unaudited condensed consolidated financial statements. Actual results could differ from such estimates.

The unaudited condensed consolidated financial statements of the Group are presented in Philippine peso, the Group's functional currency, and rounded to the nearest thousands except for earnings per share and exchange rates and when otherwise indicated.

On May 2, 2017, the Audit Committee of the Board of Directors approved and authorized the release of the accompanying unaudited condensed consolidated financial statements of the Group.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the new and revised PFRS and Philippine Interpretations which the Group has adopted starting January 1, 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Except as otherwise indicated, adoption of these new and revised standards and interpretations did not have any significant impact on the Group's financial statements:

- Amendment to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014-2016 cycle)

  The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

- Amendments to PAS 7, *Statement of Cash Flows*, *Disclosure Initiative*

  The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods.

  The Group is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended December 31, 2017.

- Amendments to PAS 12, *Income Taxes*, *Recognition of Deferred Tax Assets for Unrealized Losses*

  The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

4. Seasonality of Interim Operations

Operations of hydropower plants are generally affected by climatic seasonality. Seasonality and location have a direct effect on the level of precipitation. In Luzon where rainy and summer seasons are more pronounced, higher rainfall is normally experienced in the months of June to September. As such, the hydropower plants located in Luzon operate at their maximum capacity during this period. In contrast, the hydropower plants in Mindanao experience a well-distributed rainfall throughout the year, with a slightly better precipitation during the months of December to April. This precipitation seasonality greatly affects subsidiary companies HI, HSI, Hedcor Tudaya, Hedcor Sabangan and LHC, which operate 'run-of-river' hydropower plants since these plants do not have any means to impound water.

Any unexpected change in the seasonal aspects will have no material effect on the Group's financial condition or results of operations.

5. Property, Plant and Equipment

During the three months ended March 31, 2017, the Group's additions to property, plant and equipment amounted to ₱4.12 billion, including acquisition of distribution assets amounting to ₱432.7 million, and costs relating to the construction of power plant facilities.

A significant portion of the Group's property, plant and equipment relates to various projects under "Construction in progress" as of March 31, 2017, as shown below:

Project Company	Estimated cost to complete (in millions)	% of completion
TVI	₱15,464	60%
PEC (see Note D)	8,273	63%
Hedcor Bukidnon	5,622	50%

For the period, construction costs for the various projects amounted to ₱3.67 billion, which includes capitalized borrowing costs amounting to ₱677.0 million.

6. Material Events and Changes

a) Dividend declaration

On March 7, 2017, the BOD approved the declaration of regular cash dividends of ₱1.36 a share (₱10.01 billion) to all stockholders of record as of March 21, 2017. The cash dividends are payable on April 10, 2017.

Except for the above developments and as disclosed in some other portions of this report, no other significant event occurred that would have a material impact on the registrant and its subsidiaries, and no other known trend, event or uncertainty came about that had or were reasonably expected to have a material favorable or unfavorable impact on revenues or income from continuing operations, since the end of the most recently completed fiscal year. There were also no significant elements of income or loss that did not arise from the continuing operations of the registrant and its subsidiaries.

Other than those disclosed above, no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons entities or other persons were created during the interim period. There were also no events that would trigger substantial direct or contingent financial obligations or cause any default or acceleration of an existing obligation.

Likewise, there were no other material changes made in such items as: accounting principles and practices, estimates inherent in the preparation of financial statements, status of long-term contracts, changes in the composition of the issuer, and reporting entity resulting from business combinations or dispositions.

Lastly, there were no changes in estimates of amounts reported in prior interim period and financial year that would have a material effect in the current interim period.

7. Material Adjustments

There were no material, non-recurring adjustments made during period that would require appropriate disclosures. All other adjustments are of a normal recurring nature.

8. Contingencies

The Group is a party to certain proceedings and legal cases with other parties in the normal course of business. The ultimate outcome of these proceedings and legal cases cannot be presently determined. Management, in consultation with its legal counsels, believes that it has substantial legal and factual bases for its positions and is currently of the opinion that the likely outcome of these proceedings and legal cases will not have a material adverse effect on the Group's financial position and operating results. It is possible, however, that the future results of operations could be materially affected by changes in estimates or in the effectiveness of the strategies relating to these proceedings and legal cases.

The Company obtained Standby Letters of Credit and is acting as surety for the benefit of certain associates and a subsidiary in connection with loans and credit accommodations.

N. **Schedule of Relevant Financial Ratios**

	Formula	March 31, 2017	December 31, 2016
LIQUIDITY RATIOS			
Current ratio	Current assets / Current liabilities	**1.7**	2.2
Acid test ratio	(Cash + Marketable securities + Accounts receivable + Other liquid assets) / Current liabilities	**1.4**	1.9
SOLVENCY RATIOS			
Debt to equity ratio	Total liabilites / Total equity	**2.4**	2.2
Asset to equity ratio	Total Assets / Total Equity	**3.4**	3.2
Net debt to equity ratio	(Debt - Cash & cash equivalents) / Total Equity	**1.6**	1.5
Gearing ratio	(Debt - Cash & cash equivalents) / (Total Equity + (Debt - Cash & cash equivalents))	**60.9%**	59.6%
Interest coverage ratio	EBIT / Interest expense	**n.a**	4.8
PROFITABILITY RATIOS			
Operating margin	Operating profit / Total revenues	**n.a**	29.5%
Return on equity *	Net income after tax / Total equity	**n.a**	22.6%

*Ratio marked * is deemed not applicable (n.a.) for the interim reporting period since this would not be comparable to the ratio reported in the previous period.*

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

1) AGING OF RECEIVABLES
AS OF MARCH 31, 2017

	30 Days	60 Days	90 Days	Over 90 Days	Total
A/R - Trade:					
Power Distribution Customers	2,459,350	365,798	78,847	777,084	3,681,079
Power Generation Customers	4,879,470	703,661	155,634	2,551,768	8,290,533
Management & Other Services Customers	1,995,604	-	-	3,985	1,999,589
Sub-total - A/R - Trade	**9,334,424**	**1,069,459**	**234,481**	**3,332,837**	**13,971,201**
Less : Allowance for Doubful Accounts					**1,949,088**
Net Trade Receivables					**12,022,113**
A/R - Non Trade	**2,490,567**	**9,584**	**66,300**	**111,911**	**2,678,362**
Grand Total	**11,824,991**	**1,079,043**	**300,781**	**3,444,748**	**14,700,475**

2) ACCOUNTS RECEIVABLE DESCRIPTION

Type of Receivable	Nature / Description	Collection Period
Trade	uncollected billings to customers for sale of power, goods and services	30 - 60 days
Non-Trade	claims, operating cash advances and advances to suppliers & employees	30 - 120 days

3) NORMAL OPERATING CYCLE

Power Subsidiaries
Distribution - 60 days
Generation - 65 days

ANNEX D

Aboitiz Power Corporation

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
City of Taguig Business Permit	LCN No. 11-012395	2 February 2017	31 December 2017	Allows the Corporation to do business in the City of Taguig.

Power Generation

AP Renewable Energy Corporation

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
City of Taguig Business Permit	LCN No. 11-019581	2 February 2017	31 December 2017	Allows the Corporation to do business in the City of Taguig.

AP Renewables, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
City of Taguig Business Permit	LCN No. 11-12397	2 February 2017	31 December 2017	Allows the Corporation to do business in the City of Taguig.
MakBan				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 15-05-M-00007L	4 May 2015	4 May 2038	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
Certificate of Compliance from the Energy Regulatory Commission	COC No. 15-05-M-00008L	4 May 2015	4 May 2038	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the

Name of Permit / Authority / Grant of Power	**Number**	**Date of Issuance**	**Date of Expiry**	**Purpose**
				generation of electricity.
Certificate of Compliance from the Energy Regulatory Commission	COC No. 15-05-M-00009L	4 May 2015	4 May 2038	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
Department of Environment and Natural Resources Environmental Compliance Certificate	9206-041-203 C	29 June 1992 / 8 September 2009	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Department of Environment and Natural Resources Environmental Compliance Certificate	0112-871-203	21 November 2002	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent,

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
				the proposed project or undertaking will not cause significant negative environmental impact.
Department of Environment and Natural Resources Environmental Compliance Certificate	9112-037-203	5 March 1992 / 8 September 2009	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Tiwi				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 15-11-M-00028L	26 November 2015	26 November 2040	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Certificate of Compliance from the Energy Regulatory Commission	COC No. 15-11-M-286rL	26 November 2015	26 November 2040	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
Department of Environment and Natural Resources Environmental Compliance Certificate	0109-642-203	10 September 2009 / 28 September 2009	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Department of Environment and Natural Resources Environmental Compliance Certificate	0402-044-4220	16 February 2004	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
				negative environmental impact.
Department of Environment and Natural Resources Environmental Compliance Certificate	ECC-PGI-94G-05AL-058	28 July 1994	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Department of Environment and Natural Resources Environmental Compliance Certificate	0407-162-5012	21 July 2004	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.

Aboitiz Renewables, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
City of Taguig Business Permit	LCN No. 11-012392	2 February 2017	31 December 2017	Allows the Corporation to do business in the City of Taguig.

Aseagas Corporation

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
City of Taguig Business Permit	LCN No. 11-013631	2 February 2017	31 December 2017	Allows the Corporation to do business in the City of Taguig.
Department of Environment and Natural Resources Environmental Compliance Certificate	ECC-R4A-1309-0603	1 October 2013	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Department of Environment and Natural Resources Environmental Compliance Certificate	ECC-R4A-1505-0371	29 June 2015	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
				the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
NWRB Water Permit	Permit No. CWP No. 12-16-15-054/12-16-15-055	16 December 2015	16 December 2016	Grants water rights or the privilege granted by the government to appropriate and use water.

Cebu Private Power Corporation

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-05-GXT 1-0001V	27 May 2013	27 May 2038	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
City of Cebu	Permit No. 46613	12 April 2017	31 December 2017	Allows the Corporation to do business in the City of Cebu.
Department of Environment and Natural Resources Environmental	9202-001-207C	17 November 1997	No expiry	A document issued by DENR/EMB after a positive review of the ECC

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Compliance Certificate				application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.

Cotabato Light and Power Company, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Certificate of Compliance from the Energy Regulatory Commission	Provisional Authority to Operate	29 November 2016	28 May 2017	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.

Davao Light and Power Company (Standby Plant)

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Certificate of Compliance from the Energy Regulatory Commission	COC No. 15-11-M-13701M	26 November 2015	26 November 2035	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
				from the ERC to operate facilities used in the generation of electricity.

East Asia Utilities Corporation (EAUC)

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-06GXT 2-0002V	10 June 2013	10 June 2018	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
Department of Environment and Natural Resources Environmental Compliance Certificate	9303-012-207C	13 October 1993	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Department of Environment and Natural Resources Environmental Compliance Certificate	9702-001-207C	17 November 1997	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Department of Environment and Natural Resources Environmental Compliance Certificate	ECC-97L-07CE-146	18 December 1997	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.

HEDCOR, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
City of Taguig Business Permit	LCN No. 11-012389	2 February 2017	31 December 2017	Allows the Corporation to do business in the City of Taguig.
Irisan 1				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 16-01-M-00032L	11 November 2013	11 November 2038	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
NWRB Water Permit	Permit No. 14901/14902	13 October 1995	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	Permit No. 9611-002-201	7 July 2010	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
				environmental impact.
Department of Environment and Natural Resources Environmental Compliance Certificate	No Control Number	30 July 1995	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Irisan 3				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-11-GN-330-20029L	11 November 2013	11 November 2038	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
NWRB Water Permit	Permit No. 14901/14902	13 October 1995	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	No Control Number	3 May 1990	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Sal-angan				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-11-GN-336-20035L	11 November 2013	11 November 2038	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
NWRB Water Permit	Permit No. 14903	13 October 1995	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	No Control Number	16 January 1990	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Sal-angan II Minihydro Expansion Project				
Department of Environment and Natural Resources Environmental Compliance Certificate	No Control Number	31 July 1995	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Bineng 1				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-11-GN-331-20030L	11 November 2013	11 November 2038	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
NWRB Water Permit	Permit No. 12853	27 September 1991	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	No Control Number	14 April 1994	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Bineng 2				

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-11-GN-331-20030L	11 November 2013	11 November 2038	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
NWRB Water Permit	Permit No. 12854	27 September 1991	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	No Control Number	13 August 1993	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Department of Environment and Natural Resources Environmental Compliance Certificate	No Control Number	31 July 1993	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Bineng 2b				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-11-GN-333-20032L	11 November 2013	11 November 2038	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
Bineng 3				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-11-GN-334-20033L	11 November 2013	11 November 2038	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
NWRB Water Permit	Permit No. 14763	26 May 1995	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	No Control Number	14 April 1994	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Bineng 3 Expansion				
Department of Environment and Natural Resources Environmental Compliance Certificate	No Control Number	23 November 1995	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
				environmental impact.
Bineng Combined Water Permit				
NWRB Water Permit	Permit No. 04-0217	24 November 2016	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Ampohaw				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-11-GN-329-20028L	11 November 2013	11 November 2038	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
NWRB Water Permit	Permit No. 12730	25 June 1991	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Department of Environment and Natural Resources Environmental Compliance Certificate	9001-0030201A	4 May 1990	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
FLS				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 16-03-M-00052L	10 May 2016	10 May 2051	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-110GN327-20026L	11 November 2013	11 November 2038	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
NWRB Water Permit	Permit No. 13263	23 March 2000	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	CAR-1401-0006 (amended)	14 February 2014	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Lon Oy				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-11-GN 328-20027L	11 November 2013	11 November 2038	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
NWRB Water Permit	Permit No. 13265	23 March 2000	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	No Control Number	18 September 1991	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Lower Labay				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-11-GN 335-20034L	11 November 2013	11 November 2038	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
NWRB Water Permit	Permit No. 13268	23 March 2000	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	No Control Number	18 September 1991	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Talomo 1				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 16-05-M-00061M	4 May 2016	4 May 2026	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
NWRB Water Permit	Permit No. 12196	26 June 1990	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Certificate of Non-Coverage	CNC-11-2003-148	11 December 2003	No expiry	The document issued by DENR stating that the proposed project is not covered by the Philippine Environmental Impact Assessment System, therefore, the proponent is not required to secure an ECC prior to commencement of operation.
Department of Environment and Natural Resources Environmental Compliance Certificate	No Control Number	18 September 1991	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Talomo 2				

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Certificate of Compliance from the Energy Regulatory Commission	COC No. 16-05-M-00062M	4 May 2016	4 May 2026	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
Certificate of Compliance from the Energy Regulatory Commission	COC No. 16-03-S-17269M	2 March 2016	2 March 2031	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
NWRB Water Permit	Permit No. 7533	31 July 1980	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	CNC-11-2003-148	11 December 2003	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
				not cause significant negative environmental impact.
Talomo 2A				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 16-05-M-00062M	4 May 2016	4 May 2026	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
NWRB Water Permit	Permit No. 7533	31 July 1980	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	CNC-11-2003-148	11 December 2003	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Talomo 2B				
NWRB Water Permit	Permit No. 7533	31 July 1980	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	CNC-11-2003-148	11 December 2003	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Talomo 3				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 16-03-S-17270M	2 March 2016	2 March 2031	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
Certificate of Compliance from the Energy Regulatory Commission	COC No. 16-05-M-00062M	4 May 2016	4 May 2026	Under the EPIRA, no person may engage in the generation of electricity unless

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
				such person has received a COC from the ERC to operate facilities used in the generation of electricity.
NWRB Water Permit	Permit No. 7534	31 July 1980	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	CNC-11-2003-148	11 December 2003	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Hedcor Inc. - Beckel				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-02-GXT-19346-19871L	27 February 2013	27 February 2028	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
				generation of electricity.
Certificate of Compliance from the Energy Regulatory Commission	COC No. 16-03-S-17271M	2 March 2016	2 March 2031	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
National Water Resources Board Water Permit	Permit No. 13203	23 March 1992	No expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	CNC-CAR-1212-0015	12 December 2012	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
				environmental impact.
Others				
NWRB Water Permit	Permit No. 20634	22 February 2006	No expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
NWRB Water Permit	Permit No. 20635	22 February 2006	No expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
NWRB Water Permit	Permit No. 20636	22 February 2006	No expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
NWRB Water Permit	Permit No. 20637	22 February 2006	No expiry	Grants water rights or the privilege granted by the government to appropriate and use water.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
NWRB Water Permit	Permit No. 20638	22 February 2006	No expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
NWRB Water Permit	Permit No. 20639	22 February 2006	No expiry	Grants water rights or the privilege granted by the government to appropriate and use water.

GNPower Mariveles Coal Plant Ltd. Co.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Department of Environment and Natural Resources Environmental Compliance Certificate	Permit No. 0606-011-4021	14 November 2007 / 10 December 2014	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Department of Environment and Natural Resources Environmental	Permit No. 0606-011-4021	15 February 2007	No expiry	A document issued by DENR/EMB after a positive review of the ECC

Compliance Certificate				application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Department of Environment and Natural Resources Environmental Compliance Certificate	ECC-CO-1406-0012	10 November 2015	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.

Maaraw Holdings San Carlos, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Expiry, if any	Purpose
City of Taguig Business Permit	LCN No. 11-019579	2 February 2017	31 December 2017	Allows the Corporation to do business in the City of Taguig.

Manila-Oslo Renewable Enterprise, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
City of Taguig Business Permit	LCN No. 11-012394	2 February 2017	31 December 2017	Allows the Corporation to do business in the City of Taguig.

SN Aboitiz Power Energy, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
City of Taguig Business Permit	LCN No. 11-012401	2 February 2017	31 December 2017	Allows the Corporation to do business in the City of Taguig.

SN Aboitiz Power-Generation, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
City of Taguig Business Permit	LCN No. 11-012399	2 February 2017	31 December 2017	Allows the Corporation to do business in the City of Taguig.

SN Aboitiz Power-Res, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
City of Taguig Business Permit	LCN No. 11-012406	2 February 2017	31 December 2017	Allows the Corporation to do business in the City of Taguig.

Therma Mobile, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Business Permit	Business I.D. No. 08-2011-00848-002	20 January 2017	31 December 2017	Allows Corporation to do business in the City of Navotas.
ECCs for various plants				
Department of Environment and Natural Resources Environmental Compliance Certificate	Permit No. 9508-002-207	26 July 1994 / 29 July 2011	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Department of Environment and Natural Resources	Permit No. 9507-002-207	None indicated	No expiry	A document issued by DENR/EMB after a

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Environmental Compliance Certificate				positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Department of Environment and Natural Resources Environmental Compliance Certificate	NCR 2002-IL-09-543-120 ECC 2002-06-267-NV-120	December 2002 (Issued to Duracom Mobile Power Corporation)	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Department of Environment and Natural Resources Environmental Compliance Certificate	Permit No. ECC-NCR-0212-0543	15 August 2011	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
				project or undertaking will not cause significant negative environmental impact.
Barge 1 / Mobile 3				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-07-GXT 305-19938L	1 July 2013	1 July 2018	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
Barge 2 / Mobile 4				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-07-GXT 306-19939L	1 July 2013	1 July 2018	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
Barge 3 / Mobile 5				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-07-GXT 307-19940L	1 July 2013	1 July 2018	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
				facilities used in the generation of electricity.
Barge 4 / Mobile 6				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-07-GXT 308-19941L	1 July 2013	1 July 2018	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.

Therma Marine, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Municipal Business Permit and License for the Year 2017	No. 2017-707	20 January 2017	31 December 2017	Allows the Corporation to do business in the Municipality of Maco
Mayor's Clearance	No number	20 January 2017	No expiry	Certifies that Therma Marine, Inc. has no derogatory record in the Mayor's office and is allowed to renew its business permit.
Power Barge Mobile 1				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 16-03-M-00286ggM	30 March 2016	30 March 2021	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
				from the ERC to operate facilities used in the generation of electricity.
Department of Environment and Natural Resources Environmental Compliance Certificate	Permit No. ECC-CO-9206-018-120	29 June 1992 / 4 October 2010	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Power Barge Mobile 2				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 16-03-M-00286bbM	30 March 2016	20 March 2021	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
Department of Environment and Natural Resources Environmental Compliance Certificate	Permit No. ECC-CO-9206-018-120	4 October 2010	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
				representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.

Therma Power, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Department of Environment and Natural Resources Environmental Compliance Certificate	Permit No. 1107-0010	9 September 2015	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.

Therma South, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Certificate of Compliance from the Energy Regulatory Commission	Permit No. 15-09-M-00022M	1 September 2015	29 August 2019	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
Department of Environment and Natural Resources Environmental Compliance Certificate	Permit No. ECC-CO-1107-0010	9 September 2011	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Department of Environment and Natural Resources Environmental Compliance Certificate	Permit No. ECC-CO-1405-0010	20 August 2014	20 August 2019	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent,

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
				the proposed project or undertaking will not cause significant negative environmental impact.
NWRB Water Permit	Permit No. 23391	22 January 2016	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
NWRB Water Permit	Permit No. 23392	6 April 2017	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
NWRB Water Permit	Permit No. 23706	5 April 2017	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Sta. Cruz Business Permit	Permit No. B-123472-2	6 April 2017	31 December 2017	Allows the Company to do Business in Sta. Cruz.
Davao City Business Permit	Permit No. 0489-2017	5 April 2017	31 December 2017	Allows the Company to do Business in Davao.

Therma Visayas, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Department of Environment and Natural Resources Environmental Compliance Certificate	ECC-CO-1301-0003	20 May 2013	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.

Hedcor Sabangan, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Certificate of Compliance from the Energy Regulatory Commission	COC No. 15-04-S- 00027L	28 April 2015	28 April 2040	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
NWRB Water Permit	Permit No. 22982	27 September 2013	No expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	Permit No. 1109-139-4021 (amended)	20 October 2013	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.

Hedcor Tudaya, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Tudaya 2				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 15-06-M-00013M	15 June 2015	15 June 2040	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
				facilities used in the generation of electricity.
Certificate of Compliance from the Energy Regulatory Commission	COC No. 14-02-GXT-19525-20099M	21 February 2014	21 February 2029	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
NWRB Water Permit	Permit No. 23176/23177	5 April 2014	No expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	Permit No. 11-06-03-03-033-4220	17 January 2006	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
				environmental impact.
Department of Environment and Natural Resources Environmental Compliance Certificate	Permit No. ECC-R11-24-00083	20 April 2016	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Department of Environment and Natural Resources Environmental Compliance Certificate	Permit No. ECC-R11-1108-0118	9 August 2012	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.

Hedcor Sibulan, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Tibolo				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 16-03-S-17272M	2 March 2016	4 May 2031	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
Tudaya 1				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 14-03-GN 346-20102M	10 March 2014	10 March 2039	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
Certificate of Compliance from the Energy Regulatory Commission	COC No. 14-1-GXT- 19483-20053M	14 January 2014	14 January 2029	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
NWRB Water Permit	Permit No. 23174/23175	5 April 2014	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	Permit No. 11-06-03-03-033-4220	17 January 2006	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Sibulan A				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 15-05-M-56M	18 May 2015	18 May 2040	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
NWRB Water Permit	Permit No. 2036/2038	5 April 2014	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	Permit No. 11-11-06-03-03-033-4220	17 January 2006	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Sibulan B				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 15-05-M-54M	18 May 2015	18 May 2040	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
NWRB Water Permit	Permit No. 2035	5 April 2014	No expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	Permit No. 11-11-06-03-03-033-4220	17 January 2006	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
HEDCOR SIbulan Upstream and Downstream Expansion Project				
Department of Environment and Natural Resources Environmental Compliance Certificate	ECC-R11-1108-0118	26 August 2011	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
				environmental impact.
Darong				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 16-03-S-17273M	2 March 2016	2 March 2031	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.

HEDCOR Bukidnon, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Department of Environment and Natural Resources Environmental Compliance Certificate	ECC-R10-1402-0036	7 March 2014	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.

Luzon Hydro Corporation

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Bakun AC				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-02-GXT-19345-19870L	27 February 2013	27 February 2028	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-02-GXT-19344-19869L	27 February 2013	27 February 2028	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-07-GXT 17-0017L	22 July 2013	22 July 2038	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
NWRB Water Permit	Permit No. 15474/19176	10 June 1997	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
NWRB Water Permit	Permit No. 19176	16 July 2004	No Expiry	Grants water rights or the privilege granted by the government to appropriate and use water.
Department of Environment and Natural Resources Environmental Compliance Certificate	Permit No. 9611-002-201C	14 March 1997	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Department of Environment and Natural Resources Environmental Compliance Certificate	Permit No. 0403-030-201	16 April 2004	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
				project or undertaking will not cause significant negative environmental impact.
Department of Environment and Natural Resources Environmental Compliance Certificate	Permit No. 0403-030-201 (amended)	1 June 2005	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Bakun Expansion				
Department of Environment and Natural Resources Environmental Compliance Certificate	No control number	26 July 1993	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.

SN Aboitiz Power-Benguet

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Ambuklao Power Plant				
Certificate of Compliance from the Energy Regulatory Commission	COC No. 16-08-M-00087L	18 August 2016	18 August 2061 / 2036	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
Department of Environment and Natural Resources Environmental Compliance Certificate	CAR 0808-077-4021	12 August 2008 / 1 December 2010	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.
Binga Power Plant				

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Certificate of Compliance from the Energy Regulatory Commission	COC No. 15-04-M-309L	6 April 2015	6 April 2063	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.
Department of Environment and Natural Resources Environmental Compliance Certificate	0903-032-4021	21 April 2009	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Department of Environment and Natural Resources Environmental Compliance Certificate	0903-032-4021 (Amended)	1 February 2011	No expiry	A document issued by DENR/EMB after a positive review of the ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.

SN Aboitiz Power- Magat

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Certificate of Compliance from the Energy Regulatory Commission	COC No. 15-11-M-2860L	11 November 2015	11 November 2040	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.

Department of Environment and Natural Resources Certificate of Non-Coverage	CNC-0707-09-020	9 July 2007	No expiry	The document issued by DENR stating that the proposed project is not covered by the Philippine Environmental Impact Assessment System, therefore, the proponent is not required to secure an ECC prior to commencement of operation.

Southern Philippines Power Corporation

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Certificate of Compliance from the Energy Regulatory Commission	COC No. 13-08-GXT 21-0021M	5 August 2013	5 August 2031	Under the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity.

__Distribution Companies__

Subic Enerzone Corporation

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Certificate of Registration and Tax Exemption in the Subic Bay Freeport Enterprise	Certificate No. 2003-0043	September 27, 2016	N/A	Grants rights, privileges and benefits under Republic Act. No. 7227 to Subic Enerzone Corporation. Also serves as a Permit to Operate the Business.

Davao Light and Power Company

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
ERC Decision in the Matter of the Application for Extension of CPCN of Davao Light and Power Company, Inc.	ERC Case No. 2001-792	February 26, 2002	N/A	ERC approved the application for the extension of the CPCN of Davao Light and Power Company, which allows it to continue operating and maintaining its electric light, heat and power in Davao for twenty-five (25) more years.
An Act Further Extending the Term of the Franchise Granted to Davao Light and Power Company, Inc.	Republic Act No. 8960	7 September 2000	None	Grants a twenty-five (25) year extension to the legislative franchise of Davao Light and Power Company.

Visayan Electric Company, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
ERC Decision in the Matter of the Application for Extension of CPCN of Visayan Electric Company, Inc.	ERC Case No. 2008-095 MC	January 26, 2009	CPCN Expiry: 24 September 2030	ERC approved the application for the extension of the CPCN of Visayan Electric Company, Inc, which allows it to continue operating and maintaining its electric light, heat and power in the Visayas for twenty-five (25) more years.
An Act Further Extending the Term of the Franchise Granted to Visayan Electric Company, Inc.	Republic Act No. 9339	1 September 2005	None	Grants a twenty-five (25) year extension to the legislative franchise of Visayan Electric Company, Inc.

Cotabato Light and Power Company, Inc. (CLPC)

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
ERC Decision in the Matter of the Application for Extension of CPCN of Cotabato Light and Power Company, Inc. (CLPC)	ERC Case No. 2013-063 MC	9 December 2014	CPCN Expiry: 17 June 2039	ERC approved the application for the extension of the CPCN of Cotabato Light and Power Company, Inc., which allows it to continue operating and maintaining its electric light, heat and power in Cotabato for twenty-five (25) more years.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
An Act Granting Cotabato Light and Power Company a Franchise to Construct, Install, Establish, Operate and Maintain a Distribution System for the Conveyance of Electric Power	Republic Act No. 10637	16 June 2014	Twenty-five (25) years from the date of expiration of the grantee's franchise under Commonwealth Act No. 487	Grants Cotabato Light and Power Company a franchise to construct, install, establish, operate and maintain for commercial purposes a distribution system for the conveyance of electric power

Balamban Enerzone Corporation

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Certificate of Registration from the Philippine Economic Zone Authority (PEZA)	Certificate of Registration No. 07-03-U	8 May 2007	None	PEZA Certification that it has registered the Balamban Enerzone Corporation as an Ecozone Utilities Enterprise at the West Cebu Industrial Park – Special Economic Zone

Lima Enerzone Corporation

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Certificate of Registration from the Philippine Economic Zone Authority (PEZA)	Certificate of Registration No. 98-02-U	12 November 2014	None	PEZA Certification that it has registered the Lima Enerzone Corporation as an Ecozone Utilities Enterprise at the Lima Technology Center – Special Economic Zone.

Mactan Enerzone Corporation

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Certificate of Registration from the Philippine Economic Zone Authority (PEZA)	Certificate of Registration No. 07-04-U	8 May 2007	None	PEZA Certification that it has registered the Mactan Enerzone Corporation as an Ecozone Utilities Enterprise at the Mactan Economic Zone II – Special Economic Zone.

RES

AdventEnergy Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Business Permit from the City of Lapu-Lapu	Mayor's Permit No. 00608311	19 April 2017	31 December 2017	For the Company to do business in the City of Lapu-Lapu
Retail Electricity Supplier's License	SL-2012-06-007	18 June 2012	18 June 2017	The authority granted by the ERC to any person or entity to act as Retail Electricity Supplier

Aboitiz Energy Solutions, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Retail Electricity Supplier's License	SL-2012-07-008	29 October 2012	29 October 2017	The authority granted by the ERC to any person or entity to act as Retail Electricity Supplier

PRISM Energy, Inc.

Name of Permit / Authority / Grant of Power	Number	Date of Issuance	Date of Expiry	Purpose
Retail Electricity Supplier's License	SL-2012-05-005	22 May 2012	22 May 2017	The authority granted by the ERC to any person or entity to act as Retail Electricity Supplier

OFFER SUPPLEMENT

Offer of up to PhP30,000,000,000 Fixed Rate Bonds to be Offered in One or Several Tranches within a period of three (3) years

First Tranche:
PhP2,000,000,000
with an over-subscription option
of up to PhP1,000,000,000
[•] % p.a. Fixed Rate Bonds Due 2027
Offer Price: 100% of Face Value

Issue Manager and Underwriter for the First Tranche:

BPI Capital Corporation

The date of this Prospectus is [•].

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, BUT HAS NOT YET BECOME EFFECTIVE. THESE SECURITIES MAY NOT BE SOLD NOR OFFERS TO BUY THEM BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT IS RENDERED EFFECTIVE. THIS COMMUNICATION SHALL NOT CONSTITUTE AN OFFER TO SELL OR BE CONSIDERED A SOLICITATION TO BUY.

ABOITIZ POWER CORPORATION
By:

ANTONIO R. MORAZA
President & Chief Operating Officer

SUBSCRIBED AND SWORN to before me this ___________________ affiant exhibiting to me _________________________ issued on ______________________ , by ________________________.

Doc. No. ________;
Page No. ________;
Book No. ________;
Series of 2017.

SUMMARY OF THE OFFERING

The following summary is qualified in its entirety by, and should be read in conjunction with the more detailed information appearing elsewhere in the Preliminary Prospectus to which it relates.

Issuer	:	Aboitiz Power Corporation
Issue Manager and Underwriter	:	BPI Capital Corporation
Trustee	:	BPI Asset Management and Trust Corporation
Registrar and Paying Agent	:	Philippine Depository & Trust Corporation
Issue / Issue Amount	:	SEC–registered fixed rate, Peso-denominated bonds constituting the direct, unconditional, unsecured and general obligations of the Issuer (the "Series A Bonds") in the aggregate amount of fixed rate bonds of up to Php3,000,000,000.00
Use of Proceeds	:	Proceeds of the Offer will be used by AboitizPower to finance equity infusions into GNPower Dinginin Ltd. Co., as more described in the section entitled *"Use of Proceeds"* on page 7 of this Preliminary Prospectus
Issue Price	:	100% face value
Manner of Distribution	:	Public Offering
Offer Period	:	The Offer shall commence on [9 June 2017] and end on [16 June 2017].
Issue Date	:	[21 June 2017]
Maturity Date or Redemption Date	:	[Ten (10)] years from Issue Date Except when an Early Redemption Option is exercised, the Series A Bonds will be redeemed at par (or 100%) on Maturity Date.
Interest Rate	:	[•] The interest rates are determined subject to the results of book building and final pricing upon release of the SEC pre-effective approval.
Interest Payment Date	:	The Interest shall be paid quarterly in arrears on [•], [•], [•], and [•], or the next Banking Day if such dates fall on a non-Banking Day, of each year commencing on [•], until and including the Maturity Date (each, a "Interest Payment Date"). Interest on the Series A Bonds shall be calculated on a 30/360-day basis.

Form and Denomination	:	The Series A Bonds shall be issued in scripless form in minimum denominations of Php50,000.00 each, and in multiples of Php10,000.00 thereafter.

Early Redemption :

The Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), the outstanding Bonds on any Interest Payment Date, or the immediately succeeding Banking Day if such date is not a Banking Day, on the seventh, eighth, and ninth year from the Issue Date (any such date, the "Optional Redemption Date"). The amount payable to the Bondholders upon the exercise of the Early Redemption Option by the Issuer shall be calculated based on the principal amount of the Series A Bonds being redeemed as the aggregate of the: (i) accrued interest computed up to the relevant Optional Redemption Date; and (ii) the product of the principal amount and the applicable Optional Redemption Price in accordance with the following schedule:

Optional Redemption Dates	Optional Redemption Price
7.00 years from Issue Date	102.00%
8.00 years from Issue Date	101.00%
9.00 years from Issue Date	100.25%

Effectively, the Prepayment Penalty is as follows:

Optional Redemption Dates	Prepayment Penalty
7.00 years from Issue Date	2.00%
8.00 years from Issue Date	1.00%
9.00 years from Issue Date	0.25%

The Issuer shall give not less than thirty (30) nor more than sixty (60) days prior written notice of its intention to redeem the Series A Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Series A Bonds on the Optional Redemption Date stated in such notice.

Redemption for Taxation Reasons :

The Issuer may redeem the Series A Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) nor less than thirty (30) days' notice to the Trustee) at par plus accrued interest, subject to the requirements of Applicable Law, if payments under the Series A Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on Issue Date as a result of certain changes in Applicable Law, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer.

For avoidance of doubt, the Issuer shall not be liable for the payment of the additional or increased taxes on the income of the Bondholders, which shall be for the account of the Bondholders.

Negative Pledge	:	The Series A Bonds shall have the benefit of a negative pledge on all existing and future assets of the Issuer, subject to certain permitted liens, as provided under Section 5.01 (a) of the Trust Agreement.
Purchase and Cancellation	:	The Issuer may at any time purchase any of the Series A Bonds at any price in the open market or by tender or by contract, in accordance with PDEx Rules, without any obligation to purchase (and the Bondholders shall not be obliged to sell) Bonds pro-rata from all Bondholders. Bonds so purchased will be redeemed and cancelled, and may no longer be reissued. Upon listing of the Series A Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.
Status of the Series A Bonds	:	The Series A Bonds constitute direct, unconditional, unsecured and unsubordinated Peso denominated obligations of the Issuer and shall rank *pari passu* and rateably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by the law, (ii) any obligation incurred by the Issuer pursuant to Section 5.01 (a) of the Trust Agreement or as may be allowed by the Trust Agreement, and (iii) other Indebtedness or obligations disclosed by the Issuer to the Trustee as of Issue Date. The Series A Bonds shall effectively be subordinated in right of payment to, among others, all of AboitizPower's secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines.
Rating	:	The Series A Bonds are rated PRS Aaa by PhilRatings.
Listing	:	The Issuer intends to list the Series A Bonds in the PDEx on Issue Date.
Non-Reliance		Each Bondholder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that it has subscribed to the Issue on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations hereunder, except for its gross negligence or wilful misconduct.
Own Risk		Bondholders understood and acknowledge that investment in the Series A Bonds is not covered by the Philippie Deposit

Insurance Corporation ("PDIC") and that any loss or depreceiation in the value of the assets of the Bondholders, resulting from theinvestments or reinvestment in the Series A Bonds and the regular conduct of the Trustee's trust business shall be for the account of the Bondholder.

USE OF PROCEEDS

The Issue Price shall be at par, which is equal to the face value of the Series A Bonds. AboitizPower expects that the net proceeds of the Offer shall amount to approximately PhP1,982,114,375, for a PhP2,000,000,000 Issue Size, or PhP2,970,768,125 for a PhP3,000,000,000 Issue Size, after fees, commissions and expenses.

Based on an Issue Size of PhP2,000,00,000

Estimated proceeds from the sale of Bonds	**PhP 2,000,000,000**
Less: Estimated expenses	
Documentary Stamp Tax	**10,000,000**
SEC Registration Fee and Legal Research	**618,125**
Publication Fee	**100,000**
Underwriting and Other Professional Fees	**6,000,000**
Listing Application Fee	**100,000**
Printing Cost	**200,000**
Trustee Fees	**170,000**
Registry and Paying Agency Fees	**75,000**
Ratings Agency Fee	**720,000**
Estimated net proceeds the Issue	**PhP1,982,016,875**

Based on an Issue Size of PhP3,000,000,000 (including the full exercise of the Over-Subscription Option)

Estimated proceeds from the sale of Bonds	**PhP 3,000,000,000**
Less: Estimated expenses	
Documentary Stamp Tax	**15,000,000**
SEC Registration Fee and Legal Research	**886,875**
Publication Fee	**100,000**
Underwriting and Other Professional Fees	**11,980,000**
Listing Application Fee	**100,000**
Printing Cost	**200,000**
Trustee Fees	**170,000**
Registry and Paying Agency Fees	**75,000**
Ratings Agency Fee	**720,000**
Estimated net proceeds the Issue	**PhP2,970,768,125**

The above expenses exclude Gross Receipts Tax and Value Added Tax, which are for the Company's account.

Aside from the foregoing one time costs, AboitizPower expects the following annual expenses related to the Series A Bonds:

1. Aside from the Listing Application Fee, the Issuer will be charged an annual maintenance fee of PhP150,000.00 in advance upon the approval of the Listing;

2. The Issuer will pay a yearly retainer fee to the Trustee amounting to PhP150,000 per annum;

3. After the Issue, a Paying Agency fee amounting to PhP100,000 is payable every Interest Payment Date. The Registrar will charge a monthly maintenance fee based on the face value of the Series A Bonds and the number of Bondholders; and

4. The Issuer will pay an annual monitoring fee to Philratings amounting to PhP560,000 (VAT inclusive). However, Philratings charges the annual monitoring fee to the Company in relation to all of its bonds outstanding.

The net proceeds from the Offer is estimated to be PhP1,982,016,875, for a PhP2,000,000,000 Issue Size, or PhP2,970,768,125 for a PhP3,000,000,000 Issue Size, after deducting expenses related to the Offer and will be used by the Company to finance equity infusions into GNPD. The Company will infuse equity to GNPD, through Therma Dinginin B.V., a wholly-owned subsidiary of TPI (a wholly-owned subsidiary of the Company). In return, GNPD will issue partnership certificates to Therma Dinginin B.V., evidencing such additional equity.

Aboitiz Power, through its subsidiary TPI, acquired GNPD on 27 December 2016, for a total consideration of USD1.197 billion. The Company purchased the partnership interests held by affiliated investment funds of The Blackstone Group, L.P in World Power Holdings, L.P. (currently registered as Therma Mariveles Holdings L.P.) and Sithe Global Power, L.P. (currently registered as Therma Dinginin L.P.), namely: Blackstone Capital Partners (Cayman) VI L.P., Blackstone Family Investment Partnership (Cayman) VI-ESC L.P., Blackstone Family Investment Partners (Cayman) L.P., Blackstone Energy Partners (Cayman) VI L.P., Blackstone Energy Family Investment Partnership (Cayman) L.P., Blackstone Energy Family Investment Partnership (Cayman) ESC L.P., Blackstone Energy Family Investment Partnership (Cayman) SMD L.P., Blackstone Management Associates (Cayman) VI L.P., Blackstone Energy Management Associates (Cayman) L.P., Blackstone Management Associates (Cayman) VI L.P., Blackstone Energy Management Associates (Cayman) L.P., Sumar Investments LLC, and Katsura Capital LLC. This resulted to TPI's acquisition of 50% beneficial ownership interest in GNPD. For avoidance of doubt, the net proceeds from the Offer shall nto be used to acquire GNPD as the acquisition has been completed on 27 December 2016.

GNPower Dinginin is a limited partnership organized and established in 2014. The equity infusion of the Company will be used by GNPD to develop, construct, operate, and own an approximately 2x668 MW (net) supercritical coal-fired power plant to be located at Mariveles, Province of Bataan. Once completed, GNPD shall operate and maintain the power plant, and sell and trade the electric power produced to various customers. Other than the power plant located at Mariveles, GNPD will not operate any other power plant.

GNPD will be constructed in two phases. The first phase will be for one 668 MW (net) unit (Unit 1) and associated ancillary facilities supporting the full operations of Unit 1 (Dinginin Project). The second phase will be for an additional 668 MW (net) unit (Unit 2) and associated ancillary facilities required to support the full operations of Unit 2, (Dinginin Expansion Project).

GNPD is co-developed by: (i) Power Partners, (ii) AC Energy Holdings, Inc. (ACEHI), a wholly owned subsidiary of Ayala Corporation, and (iii) The Company, through its wholly-owned subsidiary, TPI.

GNPD successfully achieved its financial closing and started the construction of Unit 1 in September 2016 with target delivery in 2018. To date, GNPD has already signed Power Purchase and Sale Agreements with 27 highly-rated distribution utilities and it also intends to register with the ERC as a RES in order to enable GNPD to enter into forward contract with prospective Contestable Customers.

AbotizPower anticipates that it will be able to disburse the bond proceeds via equity infusion to GNPD in accordance with the following schedule:

Quarter	**Issue Size of PhP2 billion**	**Issue Size of PhP3 billion**
Q2 2017	PhP 947 million	PhP 947 million
Q3 2017	PhP 515 million	PhP 515 million
Q4 2917	PhP 520 million	PhP 745 million
Q1 2018	-	PhP 764 milliom

In case the Company is not able to raise the full amount of the Offer, the Company shall use internally generated funds for its equity infusion in GNPD.

The foregoing discussion represents an estimate of the Company's net proceeds from the Issue based on current plans and anticipated expenditures. Any or all of the foregoing purposes, without preference, will be financed by the proceeds from the Offer as well as the internally generated cash and/or any new or existing credit facilities of the Company. No part of the proceeds will be used to reimburse any officer, director, employee or shareholder for service rendered, assets previously transferred, money loaned or advanced, or otherwise. Actual allocation of net proceeds by the Company may vary from the foregoing discussion as management may find it necessary or advisable to reallocate the net proceeds within the categories described above. Other than the gross underwriting fees and professional fees, no part of the proceeds shall be used to pay or reimburse the Underwriter or its parent companies, subsidiaries, or affiliates.

Pending disbursements for the planned use of proceeds, the Company shall invest the proceeds into short term marketable securities or short term bank deposits, in order for the Company to have the flexibility to immediately deploy the funds once the planned use commences. Accordingly, the Company shall adjust the disbursement schedule indicated above. In the event of any substantial deviation or adjustments in the planned use of proceeds, as discussed in this section, the Company shall inform the SEC and the Bondholders within a reasonable period of time, file an amended Registration Statement or Prospectus, and seek approval of the SEC.

PLAN OF DISTRIBUTION

THE OFFER

On 19 April 2017, AboitizPower filed a Registration Statement with the SEC, in connection with the offer and sale to the public of debt securities with an aggregate principal amount of Thirty Billion Pesos (Php30,000,000,000), under shelf registration, inclusive of the Offer. The SEC is expected to issue an order rendering the Registration Statement effective, and a corresponding permit to offer securities for sale covering the Offer.

SHELF REGISTRATION OF SECURITIES NOT COVERED BY THE OFFER

After the close of the Offer and within three years following the date of the effectivity of the Registration Statement, AboitizPower may, at its sole discretion, offer any or all of the remaining balance of the aggregate principal amount debt securities covered by such registration statement, including any amount remaining if the over-subscription option is not or is not fully exercised, in subsequent tranches under Rule 8.1.2 of the Securities Regulation Code's 2015 Implementing Rules and Regulations. Such a shelf registration provides AboitizPower with the ability to conduct such an offering within a comparatively short period of time. AboitizPower believes that such shelf registration provides the Company with the increased ability to take advantage of opportunities in a volatile debt capital market, as these occur. Under the SRC, subsequent tranches of the Bonds, if these will be issued, must be issued within three (3) years from the effective date of the Registration Statement of the Bonds. Further, any such subsequent offering requires the submission by AboitizPower of the relevant updates and amendments to the registration statement and the issuance of the corresponding Permit to Sell by the SEC. As a listed company, AboitizPower regularly disseminates such updates and information in its disclosures to the SEC, PDEx, and PSE.

However, there can be no assurance in respect of: (i) whether AboitizPower would issue such debt securities at all; (ii) the size or timing of any individual issuance or the total issuance of such debt securities; or (iii) the specific terms and conditions of such issuance. Any decision by AboitizPower to offer such debt securities will depend on a number of factors at the relevant time, many of which are not within AboitizPower's control, including but not limited to: prevailing interest rates, the financing requirements of AboitizPower's business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general.

UNDERWRITING OBLIGATIONS OF THE UNDERWRITER

BPI Capital, pursuant to the Underwriting Agreement with AboitizPower, has agreed to act as the Underwriter for the Offer and as such, distribute and sell the Series A Bonds at the Issue Price, and have also committed to underwrite up to Three Billion Pesos (Php3,000,000,000) on a firm basis, for the first tranche of the Series A Bonds, subject to the satisfaction of certain conditions and in consideration for certain fees and expenses. The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to AboitizPower of the net proceeds of the Offer. In case the Underwriting Agreement is terminated, the Company shall notify SEC of the termination and its subsequent course of action.

BPI Capital is the sole Issue Manager for this transaction.

The Underwriter will receive a fee of thirty basis points (0.30%) (which shall be grossed-up for GRT of 7%) on the underwritten principal amount of the Series A Bonds issued. Such fee shall be inclusive of underwriting and participation commissions.

The Underwriter has no direct relations with AboitizPower in terms of ownership by either of their respective major shareholder/s, and have no right to designate or nominate any member of the Board of Directors of the Company. However, Mr. Romeo L. Bernardo is an independent director of the Company, the Underwriter, and the Trustee.

The Underwriter is a sister company of the Trustee, which are both wholly-owned subsidiaries of the Bank of the Philippine Islands.

The Underwriter has no contract or other arrangement with the Company by which it may return to the Company any unsold Series A Bonds.

BPI Capital is the wholly-owned investment banking subsidiary of the Bank of the Philippine Islands and is duly licensed by the SEC to engage in the underwriting and distribution of securities. BPI Capital offers investment banking services in the areas of financial advisory, mergers and acquisitions, debt and equity underwriting, private placement, project finance and loan syndication. It began operations as an investment house in December 1994. As of September 30, 2016, BPI Capital had total assets of PhP5.8 billion and total capital funds of PhP5.7 billion.

SALE AND DISTRIBUTION

The distribution and sale of the Series A Bonds shall be undertaken by the Underwriter who shall sell and distribute the Series A Bonds to third party buyers/investors. The Underwriter is authorized to organize a syndicate of sub-underwriters, soliciting dealers and/or selling agents for the purpose of the Offer; provided, however, that the Underwriter shall remain solely responsible to the Issuer in respect of its obligations under the Underwriting Agreement entered into by them with the Issuer and the Issuer shall not be bound by any of the terms and conditions of any agreement entered into by the Underwriter with such other parties. Nothing herein shall limit the rights of the Underwriter from purchasing the Series A Bonds for its respective accounts.

TERM OF APPOINTMENT

The engagement of the Underwriter shall subsist so long as the SEC Permit to Sell remains valid, unless otherwise terminated pursuant to the Underwriting Agreement.

MANNER OF DISTRIBUTION

The Underwriter shall, at its discretion but with written notice to AboitizPower, determine the manner by which proposals for applications for purchase and issuances of the Series A Bonds shall be solicited, with the primary sale of Series A Bonds to be effected only through the Underwriter.

The Underwriter, in consultation with the Issuer, shall agree on the process for allocating the Bonds and the manner of accepting the Applications to Purchase (the "Allocation Plan"). Consistent with bank procedures (if applicable) and the Allocation Plan, the Underwriter shall be responsible for determining who are Eligible Bondholders from the Applicants and for establishing the *bona fide* identity of each in accordance with AMLA, as well as its own internal policies and arrangements under acceptable standards and policies regarding "know-your-customer" and anti-money laundering.

OFFER PERIOD

The Offer Period shall commence on [9 June 2017] and end on [16 June 2017].

All applications to purchase the Series A Bonds shall be evidenced by a duly completed and signed Application to Purchase, together with two (2) fully executed signature cards authenticated by the Corporate Secretary with respect to corporate and institutional investors, and shall be accompanied by the payment in full of the corresponding purchase price of the Series A Bonds applied for, by check or by appropriate payment instruction, and the required documents which must be submitted to the Underwriter.

Corporate and institutional purchasers must also submit a certified true copy of its SEC Certificate of Registration, its latest Articles of Incorporation and By-laws, BIR Certificate of Registration, or such other relevant organizational or charter documents, and the duly notarized certificate of the Corporate Secretary attesting to the resolution of the board of directors and/or committees or bodies authorizing the purchase of the Series A Bonds and designating the authorized signatory/ies therefore, including his or her specimen signature. Individual Applicants must also submit a photocopy of any one of the following identification cards (ID): passport, driver's license, postal ID, company ID, SSS/GSIS ID and/or Senior Citizen's ID or such other ID and documents as may be required by or acceptable to the selling bank, which must be valid as of the date of the Application. Individual Applicants shall also submit proof of his or her Taxpayer's Identification Number (TIN).

An Applicant who is exempt from or is not subject to withholding tax, or who claims preferential tax treaty rates shall, in addition, be required to submit the following requirements to the Underwriter (together with their applications) who shall then forward the same to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance:

a. Proof of Tax Exemption or Entitlement to Preferential Tax Rates

    i. For (a) tax-exempt corporations under Section 30 of the Tax Code (except non-stock, non-profit educational institutions under Section 30(H) of the Tax Code); (b) cooperatives duly registered with the Cooperative Development Authority; and (c) BIR-approved pension fund and retirement plan – certified true copy of valid, current and subsisting tax exemption certificate, ruling or opinion issued by the BIR. For this purpose, a tax exemption certificate or ruling shall be deemed "valid, current and subsisting" if it has not been more than 3 years since the date of issuance thereof;

    ii. For Tax-Exempt Personal Equity Retirement Account established pursuant to PERA Act of 2008 – certified true copy of the Bondholder's current, valid and subsisting Certificate of Accreditation as PERA Administrator;

    iii.

    iv. For all other tax-exempt entities (including, but not limited to, (a) non-stock, non-profit educational institutions; (b) government-owned or -controlled corporations; and (c) foreign governments, financing institutions owned, controlled or enjoying refinancing from foreign governments, and international or regional financial institutions established by foreign governments) – certified true copy of tax exemption certificate, ruling or opinion issued by the BIR expressly stating that their income is exempt from income tax and, consequently, withholding tax; and

    v. For entities claiming tax treaty relief – (i) certificate of tax residence issued for the current year (whether using the form prescribed in their country of residence, or using Part I (D) of the Certificate of Tax Residence for Tax Treaty Relief ("CORTT") Form prescribed under Revenue Memorandum Order No. 8-2017), and (ii) duly accomplished CORTT Form (particularly Part I (A), (B) and (C), and Part II (A), (B), (C) and (D)).

    In addition, before each Interest Payment Date, upon the request of the Underwriter, the Bondholder shall submit an updated Part II (A), (B), (C) and (D) of the CORTT Form.

    Any and all of these documents should be consularized, if executed abroad, and only the originals should be submitted to the Underwriter.

b. A duly notarized declaration (in the prescribed form) warranting that the Bondholder's tax-exemption certificate or ruling has not been revoked or cancelled and that there are no material changes in character, purpose or method of operation of the Bondholder which are inconsistent with the basis of its income tax exemption, or warranting the Bondholder's entitlement to preferential treaty rates, and undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of its tax exemption or treaty privileges and agreeing to indemnify and hold the Issuer and Registrar and Paying Agent free and harmless against any claims, actions, suits and liabilities arising from the non-withholding or reduced withholding of the required tax; and

c. Such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under applicable regulations of the relevant taxing or other authorities.

Failure to submit any of the documents provided under (a), (b) and (c) above, as may be applicable, will result in the application of the normal income tax rate provided under the Tax Code.

Completed Applications to Purchase and corresponding payments must reach the Underwriter prior to the end of the Offer Period, or such earlier date as may be specified by the Underwriter. Acceptance by the Underwriter of the completed Application to Purchase shall be subject to the availability of the Series A Bonds and the acceptance by AboitizPower and the Underwriter. In the event that any check payment is returned by the drawee bank for any reason whatsoever, the Application to Purchase shall be automatically cancelled and any prior acceptance of the Application to Purchase is deemed revoked.

MINIMUM PURCHASE

A minimum purchase of Php50,000.00 shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of Php10,000.00.

ALLOTMENT OF THE BONDS

If the Series A Bonds are insufficient to satisfy all Applications to Purchase, the available Bonds shall be allotted in accordance with the chronological order of submission of properly completed and appropriately accomplished Applications to Purchase on a first-come, first-served basis, without prejudice subject to AboitizPower's exercise of its right of rejection.

ACCEPTANCE OF APPLICATIONS

AboitizPower and the Underwriter reserve the right to accept or reject applications to subscribe in the Series A Bonds, and in case of oversubscription, allocate the Series A Bonds available to the applicants in a manner they deem appropriate. If any application is rejected or accepted in part only, the application money or the appropriate portion thereof will be returned without interest by the Underwriter.

REFUNDS

In the event an Application is rejected or the amount of Bonds applied for is scaled down, the Underwriter, upon receipt of such rejected and/or scaled down applications, shall notify the Applicant concerned that his application has been rejected or the amount of Bonds applied for is scaled down, and refund the amount paid by the Applicant with no interest thereon. With respect to an Applicant whose application was rejected, refund shall be made by the Underwriter by making the check payment of the Applicant concerned available for his retrieval. With respect to an Applicant whose application has been scaled down, refund shall be made by the issuance by the Underwriter of its own check payable to the order of the Applicant and crossed ''Payees' Account Only'' corresponding to the amount in excess of the accepted Application. All checks shall be made available for pick up by the Applicant concerned at the office of the Underwriter to whom the rejected or scaled down Application was submitted within ten (10) Banking Days after the last day of the Offer Period. The Issuer shall not be liable in any manner to the Applicant for any check payment corresponding to any rejected or scaled-down application which is not returned by the Underwriter; in which case, the Underwriter shall be responsible directly to the Applicant for the return of the check or otherwise the refund of the payment.

SECONDARY MARKET

AboitizPower intends to list the Series A Bonds at the PDEx. AboitizPower may purchase the Series A Bonds at any time, in the open market or by tender or by contract, in accordance with PDEx Rules, without any obligation to make pro rata purchases of Bonds from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Series A Bonds on the PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.

REGISTRY OF BONDHOLDERS

The Series A Bonds shall be issued in scripless form and will be eligible for trading under the scripless book-entry system of PDTC. Master Certificates of Indebtedness representing the Series A Bonds sold in the Offer shall be issued to and registered in the name of the Trustee, on behalf of the Bondholders.

Legal title to the Series A Bonds shall be shown in the Registry Book (the "Registry Book") to be maintained by the Registrar. Initial placement of the Series A Bonds and subsequent transfers of interests in the Series A Bonds shall be subject to applicable Philippine selling restrictions prevailing from time to time. AboitizPower will cause the Registry Book to be kept at the specified office of the Registrar. The names and addresses of the Bondholders and the particulars of the Series A Bonds held by them and of all transfers of Bonds shall be entered into the Registry Book.

DESCRIPTION OF THE OFFER

The following does not purport to be a complete listing of all the rights, obligations, or privileges of the Series A Bonds. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective investors are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors and Shareholders of the Company, the information contained in the Preliminary Prospectus, the Trust Agreement, the Underwriting Agreement, the Registry and Paying Agency Agreement and other agreements relevant to the Offer.

The shelf registration of the Bonds and the corresponding issue of an aggregate principal amount of up to Php2,000,000,000, with an Over-Subscription Option of up to an aggregate principal amount of up to Php1,000,000,000, of Series A Bonds at [•]% p.a. were authorized by a resolution of the Board of Directors of AboitizPower (the "Issuer") dated March 23, 2017.

The Series A Bonds shall be constituted by a Trust Agreement executed on [•] (the "Trust Agreement") entered into between the Issuer and BPI Asset Management and Trust Corporation (the "Trustee"), which term shall, wherever the context permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Agreement. The description of the terms and conditions of the Series A Bonds set out below includes summaries of, and is subject to, the detailed provisions of the Trust Agreement.

A registry and paying agency agreement executed on [•] (the "Registry and Paying Agency Agreement") in relation to the Series A Bonds among the Issuer, Philippine Depository & Trust Corporation as paying agent (the "Paying Agent") and as registrar (the "Registrar").

The Series A Bonds shall be offered and sold through a general public offering in the Philippines, and issued and transferable in minimum principal amounts of Fifty Thousand Pesos (Php50,000.00) and in multiples of Ten Thousand Pesos (Php10,000.00) thereafter, and traded in denominations of Ten Thousand Pesos (Php10,000.00) in the secondary market.

The Series A Bonds shall mature on [•], unless earlier redeemed by the Issuer pursuant to the terms thereof and subject to the provisions on redemption and payment below.

The Paying Agent and Registrar has no interest in or relation to AboitizPower which may conflict with its role as Registrar for the Offer. The Trustee has no interest in or relation to AboitizPower which may conflict with the performance of its functions as Trustee.

Copies of the Trust Agreement and the Registry and Paying Agency Agreement are available for inspection during normal business hours at the specified offices of the Trustee. The holders of the Series A Bonds (the "Bondholders") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Agreement and are deemed to have notice of those provisions of the Registry and Paying Agency Agreement applicable to them.

FORM AND DENOMINATION

The Series A Bonds are in scripless form, and shall be issued in denominations of Fifty Thousand Pesos (Php50,000.00) each as a minimum and in multiples of Ten Thousand Pesos (Php10,000.00) thereafter and traded in denominations of Ten Thousand Pesos (Php10,000.00) in the secondary market.

TITLE

Legal title to the Series A Bonds shall be shown in the Registry Book maintained by the Registrar. A notice confirming the principal amount of the Series A Bonds purchased by each applicant in the Offering shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the Series A Bonds shall pass by recording of the transfer from the transferor to the transferee in the electronic Registry Book maintained by the Registrar. Settlement in respect of such transfer or change of title to the Series A Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder.

BOND RATING

The Series A Bonds have been rated PRS [•] by Philippine Rating Services Corporation ("Phil Ratings"). A rating of PRS [•].

[•]

The rating is subject to regular annual reviews, or more frequently as market developments may dictate, for as long as the Series A Bonds are outstanding. After Issue Date, the Trustee shall monitor the compliance of the Series A Bonds with the regular annual reviews.

TRANSFER OF BONDS

Registry Book

The Issuer shall cause the Registry to be kept by the Registrar, in electronic form. The names and addresses of the Bondholders and the particulars of the Series A Bonds held by them and of all transfers of Bonds shall be entered into the Registry Book. As required by Circular No. 428-04 issued by the Bangko Sentral ng Pilipinas, the Registrar shall send each Bondholder, in the mode elected by such Bondholder in the Application to Purchase or the Registration Form, a written statement of registry holdings at least quarterly (at the cost of the Issuer) and a written advice confirming every receipt or transfer of the Series A Bonds that is effected in the Registrar's system (at the cost of the relevant Bondholder). Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Any requests of Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfers of the Series A Bonds may be made during the period commencing on a Record Date as defined in the section on "*Interest Payment Date.*"

Transfers; Tax Status

The Registrar shall ultimately and conclusively determine all matters regarding the evidence necessary to effect any such transfers. Settlement in respect of such transfers or change of title to the Series A Bonds, including the settlement of any documentary stamps taxes, if any, arising from subsequent transfers, shall be settled directly between the transferee and/or the transferor Bondholders.

Transfers across tax categories shall not be allowed except on Interest Payment Dates that fall on a business day. Restricted transfers include, but are not limited to, transfers between taxable and non-taxable entities, between taxable entities of different tax categories (where tax-withheld entities with different final withholding tax rates (e.g. 20%, 25%, 30%) are considered as belonging to different tax categories), or between parties who claim the benefit of a tax treaty; provided, however, that transfers from a tax-exempt category to a taxable tax category on a non-Interest Payment Date shall be allowed using the applicable tax-withheld series name to ensure that the computation is based on the final withholding tax rate of the taxable party to the trade. For such transactions, the tax-exempt entity shall be treated as belonging to the same tax category as its taxable counterpart for the interest period within which such transfer occurred. A Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Trustee and the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified under the Registry and Paying Agency Agreement upon submission of the account opening documents to Registrar. Transfers taking place in the Register of Bondholders after the Series A Bonds are listed on PDEx shall be allowed between tax-exempt and non tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if and/or when so allowed under and in accordance with the relevant rules, conventions, and guidelines of PDEx and PDTC.

Secondary Trading of the Series A Bonds

The Issuer intends to list the Series A Bonds at PDEx for secondary market trading or such other securities exchange as may be licensed as such by the SEC. Secondary market trading in PDEx shall follow the applicable PDEx rules, conventions, and guidelines governing trading and settlement between bondholders of different tax status and shall be subject to the relevant fees of PDEx and PDTC. Upon listing of the Series A Bonds with PDEx, investors shall course their secondary market trades through PDEx Brokering Participants for execution in the PDEx Public Market Trading Platform in accordance with PDEx Trading Rules, Conventions and Guidelines, and shall settle such trades on a Delivery versus Payment (DvP) basis in accordance with PDEx Settlement Rules and Guidelines. The PDEx rules and conventions are available in the PDEx website (www.pds.com.ph). An Investor Frequently Asked Questions (FAQ) discussion on the secondary market trading, settlement, documentation and estimated fees are also available in the PDEx website.

RANKING

The Series A Bonds constitute direct, unconditional, unsecured and unsubordinated Peso denominated obligations of the Issuer and shall rank *pari passu* and rateably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by the law, (ii) any obligation incurred by the Issuer pursuant to Section 5.01 (a) of the Trust Agreement or as may be allowed by the Trust Agreement, and (iii) other Indebtedness or obligations disclosed by the Issuer to the Trustee as of Issue Date. The Series A Bonds shall effectively be subordinated in right of payment to, among others, all of AbotizPower's secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines.

INTEREST

Interest Payment Dates

The Series A Bonds bear interest on its principal amount from and including Issue Date at the rate of [•]% p.a., payable quarterly starting on [•] for the first interest payment date, and [•], [•], [•], and [•] of each year for each subsequent Interest Payment Date at which the Series A Bonds are outstanding, or the subsequent Business Day, without adjustment, if such Interest Payment Date is not a Business Day. The last Interest Payment Date shall fall on the Maturity Date.

The cut-off date in determining the existing Bondholders entitled to receive interest or principal amount due shall be the day two (2) Business Days prior to the relevant Interest Payment Date (the "Record Date"), which shall be the reckoning day in determining the Bondholders entitled to receive interest, principal or any other amount due under the Series A Bonds. No transfers of the Series A Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Date.

Interest Accrual

Each Series A Bond shall cease to bear interest from and including the Maturity Date, as defined in the discussion on *"Final Redemption,"* unless, upon due presentation, payment of the principal in respect of the Bond then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see *"Penalty Interest"*) shall apply.

Determination of Interest Amount

The interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

REDEMPTION AND PURCHASE

Final Redemption

Unless previously purchased and cancelled, the Series A Bonds shall be redeemed at par or 100% of face value on the respective Maturity Dates. However, payment of all amounts due on such date may be made by the Issuer through the Paying Agent, without adjustment, on the succeeding Business Day if the Maturity Date is not a Business Day.

Optional Redemption

Prior to Maturity Date, the Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), the outstanding Bonds on the Optional Redemption Dates, as provided below, or the immediately succeeding Banking Day if such date is not a Banking Day (the "Optional Redemption Date").

The Issuer shall give not less than thirty (30) nor more than sixty (60) days prior written notice of its intention to redeem the Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Bonds on the Optional Redemption Date stated in such notice.

The amount payable to the Bondholders in respect of the Optional Redemption exercise (the "Optional Redemption Price") shall be calculated based on the principal amount of the Bonds being redeemed as the aggregate of the: (i) accrued interest computed up to the relevant Optional Redemption Date; and (ii) the product of the principal amount and the applicable Optional Redemption Price in accordance with the following schedule:

Optional Redemption Dates	Optional Redemption Price
7.00 years from Issue Date	102.00%
8.00 years from Issue Date	101.00%
9.00 years from Issue Date	100.25%

The Issuer shall give not less than thirty (30) nor more than sixty (60) days prior written notice of its intention to redeem the Series A Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Series A Bonds on the Optional Redemption Date stated in such notice.

The amount payable to the Bondholders in respect of the Optional Redemption exercise (the "Optional Redemption Price") shall be calculated based on the principal amount of the Series A Bonds being redeemed as the aggregate of the: (i) accrued interest computed up to the relevant Optional Redemption Date; and (ii) the product of the principal amount and [100.25%] (the 0.25% in excess of the par amount referred to as the "Prepayment Penalty").

Redemption for Taxation Reasons

The Issuer may redeem the Series A Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) nor less than thirty (30) days' notice to the Trustee) at par plus accrued interest, subject to the requirements of Applicable Law, if payments under the Series A Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on Issue Date as a result of certain changes in Applicable Law, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer.

For avoidance of doubt, the Issuer shall not be liable for the payment of the additional or increased taxes, which shall be for the account of the Bondholders.

The Trustee, upon receipt of written notice of redemption delivered by the Issuer, shall declare the principal of the Series A Bonds, including all accrued interest, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable without any pre-payment penalty that is imposed under an optional redemption, anything in this Agreement or in the Series A Bonds contained to the contrary notwithstanding.

Mandatory Redemption

If any one or more of the following events shall occur, in the reasonable opinion of the Bondholders holding at least two-thirds (2/3) of the principal amount of the Bonds then outstanding for the events contemplated in (1), (2) or (3) below or the Majority Bondholders for the events contemplated in (4) below (and with written notice to the Trustee), and be continuing for a period of fifteen (15) Banking Days with respect to the events contemplated in (1) or (3) below:

1. Any law, government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the Series A Bonds which shall be modified in a manner which, in the reasonable opinion of the Trustee, while not constituting an Event of Default, will materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld;

2. Any provision of the Trust Agreement or any of the related documents is or becomes, by reason of any final judgment or order by a court of competent authority, or any final and effective law, rule, or regulation, invalid, illegal, or unenforceable to the extent that it becomes for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law is introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents;

3. Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, canceled, or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, by reason of any final judgment or order by a court of competent authority, or any final and effective act of any Government Authority, or ay final and effective law, rule, or regulation, in such a manner as to materially and adversely affect the financial condition or operations of the Issuer; and

4. Any Government Authority or any competent authority condemns, seizes, or expropriates all or substantially all of the assets or properties of the Issuer, unless such act is contested in good faith by the Issuer or unless such act is suspended or restrained by an order of a court of competent jurisdiction;

then, the Trustee, by notice in writing delivered to the Issuer, may declare the principal of the Series A Bonds, including all accrued interest and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable without any pre-payment penalty.

Purchase

The Issuer may at any time purchase any of the Series A Bonds at any price in the open market or by tender or by contract in accordance with PDEx Rules, without any obligation to purchase Series A Bonds pro-rata from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Series A Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.

Payments

The principal of, interest on, and all other amounts payable on the Series A Bonds shall be paid to the Bondholders by crediting of the settlement accounts designated by each of the Bondholders. The principal of, and interest on, the Series A Bonds shall be payable in Philippine Pesos, net of final taxes and fees (if any). AboitizPower shall ensure that so long as any of the Series A Bonds remains outstanding, there shall at all times be a Paying Agent for the purposes of the Series A Bonds. AboitizPower may terminate the appointment of the Paying Agent, as provided in the Registry and Paying Agency Agreement. In the event the appointed office of any institution shall be unable or unwilling to continue to act as the Paying Agent, AboitizPower shall appoint the Makati City office of such other leading institution in the Philippines authorized to act in its place. The Paying Agent may not resign its duties or be removed without a successor having been appointed.

Payment of Additional Amounts - Taxation

Interest income on the Series A Bonds is subject to final withholding tax at rates depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such final withholding tax and as otherwise provided below or in the Trust Agreement, and without prejudice to the right of the Issuer to exercise its option to redeem the Series A Bonds for taxation reasons, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following:

1. The applicable final withholding tax applicable on interest earned on the Series A Bonds prescribed under the Tax Code, as amended and its implementing rules and regulations as maybe in effect from time to time. An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance:

    a. Proof of Tax Exemption

        i. For corporations enumerated under Section 30 of the Tax Code (except those under Section 30(H) which shall be governed by the second paragraph below, and those under Section 30(G) which shall be governed by the fourth paragraph below), and cooperatives duly registered with the Cooperative Development Authority – certified true copy of valid, current and subsisting tax exemption certificate, ruling or opinion issued by the Bureau of Internal Revenue ("BIR") not more than three (3) years before the date of each of Interest Payment Date;
        ii. For BIR-approved retirement benefit plan, and non-stock, non-profit educational institutions – certified true copy of tax exemption certificate, ruling or opinion issued by the BIR expressly stating that their income is exempt from income tax and, consequently, withholding tax;
        iii. For Tax-Exempt Personal Equity Retirement Account established pursuant to PERA Act of 2008 – certified true copy of the Bondholder's current, valid and subsisting Certificate of Accreditation as PERA Administrator;
        iv. For Government-owned or -controlled corporations – copy of the valid and subsisting law creating them;
        v. For foreign governments, financing institutions owned, controlled or enjoying refinancing from foreign governments, and international or regional financial

institutions established by foreign governments – (i) Consularized certification issued by their Ministry of Finance, or its equivalent in their country of residence, stating that the Bondholder's income is exempt from income tax, and (ii) consularized copy of the law, charter or agreement creating them, which should be written in English or accompanied with English translation;

b. With respect to tax treaty relief:

   i. The original of the duly accomplished Certificate of Residence for Tax Treaty Relief ("CORTT") Form, both Parts I and II thereof, prescribed under Revenue Memorandum Order No. 8-2017, which should be consularized if executed outside the Philippines. If the Applicant prefers, Part II (A), (B), (C), and (D) of the CORTT Form may be excuted by the Applicant's authorized represetative in the Philippines; and
   ii. If the Applicant prefers, the duly consularized certificate of residence prescribed in their country of residence, together with Part I (A), (B), and (C) of the CORTT Form, and Part II (A), (B), (C), and (D) of the CORTT Form. If the Applicant prefers, Part II (A), (B), (C), and (D) of the the CORTT Form may be excuted by the Applicant's authorized representative in the Philippines.

   In addition to the foregoing:

   i. At least 30 calendar days before the validity period of the certificate of residence submitted by the Applicant to the Underwriter expires, the Applicant, without the need for notice or demand from the Underwriter, shall submit a new certificate of residence to the Underwriter. The new certificate of residence, whether using Part I of the CORTT Form or the form prescribed in the Applicant's country of residence, shall be consularized if executed outside the Philippines; and
   ii. At least two (2) Banking Days before each Interest Payment Date, the Applicant shall submit to the Underwriter a duly accomplished Part II (A), (B), (C), and (D) of the CORTT Form, which may be executed by the Applicant's authorized representative in the Philippines.

c. A duly notarized declaration (in the prescribed form) warranting the Bondholder's tax-exempt status or entitlement to preferential treaty rates and undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of its tax exemption or treaty privileges and agreeing to indemnify and hold the Issuer and Registrar and Paying Agent free and harmless against any claims, actions, suits and liabilities arising from the non-withholding or reduced withholding of the required tax; and

d. Such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under applicable regulations of the relevant taxing or other authorities.

Failure to submit any of the documents provided under (a), (b), (c), and (d) above, as may be applicable, will result in the application of the normal income tax rate provided under the Tax Code.

2. Any applicable taxes on other income due to any Bondholder arising from the Series A Bonds, including but not limited to the Prepaymetn Penalty, if and when applicable;

3. Gross Receipts Tax under the Tax Code;

4. Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding; and

5. Value Added Tax ("VAT") under the Tax Code, as amended. Documentary stamp tax for the primary issue of the Series A Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account.

FINANCIAL RATIOS

The Issuer shall not incur any loan obligation with a maturity of more than one (1) year, if on the Transaction Date, after giving effect to the incurrence of such loan obligation, but not giving any effect to the receipt or application of proceeds therefrom, the Net Debt, as at the last day of the Relevant Period immediately preceding the Transaction Date (and giving effect to the incurrence of such loan obligation), to Consolidated Equity, in respect of the Relevant Period immediately preceding the Transaction Date, will exceed 3:1.

With respect to the Series A Bonds, there are no other regulatory ratios that the Issuer is required to comply with.

For the schedule of the Issuer's relevant financial ratios as of December 2016, December 2015, and December 2014, please refer to the section entitled "*Financial Ratios.*"

EVENTS OF DEFAULT

Each of the following events constitutes an Event of Default.

1. **Payment Default.** The Issuer fails to pay when due and payable any amount of principal or interest which the Issuer is obligated to pay the Bondholders under the Trust Agreement and the Series A Bonds, and such failure to pay is not remedied within seven (7) Banking Days from due date thereof.

   The Issuer fails to pay when due and payable any other amount payable by the Issuer in respect of the Series A Bonds and under the Trust Agreement in the manner, at the place, and in the currency in which it is expressed to be payable, and such non-payment continues for thirty (30) days from the date such payment is due. These other amounts include: (i) Penalty Interest, insofar as the payment of such interest is concerned; and, (ii) any gross up payments, if any when there is a Redemption for Taxation Reasons.

2. **Representation Default.** Except for clerical or typographical error, any representation or warranty made by the Issuer in the Trust Agreement or in any document issued pursuant thereto or otherwise in connection therewith shall prove to have been untrue, incorrect, or misleading in any material respect as at the time it was made or deemed to have been made or is violated or not complied with, and the circumstances which cause such representation or warranty to be incorrect or misleading continue for not less than thirty (30) days (or such longer period as the Majority Bondholders shall approve) after receipt of written notice from the Trustee to that effect.

3. **Other Provisions Default.** The Issuer fails to perform or comply with any other [material] term, obligation, or covenant contained in the Trust Agreement or in any other document or instruments related or otherwise in connection therewith and any such failure, violation, non-compliance is not remediable or if remediable, continues unremedied for a period of ninety (90) days for financial covenants and sixty (60) days for all other covenants from the date after written notice thereof shall have been given by the Trustee; Provided, however, that for the avoidance of doubt, no additional grace period shall apply to the Events of Default.

4. **Cross-Default.** The Issuer violates any other material obligation by the Issuer with any bank, financial institution or other person, corporation or entity for the payment of borrowed money which constitutes an event of default under said contract, or in general, violation of any, law or regulation which violation, if remediable, is not remedied by the Issuer within thirty (30)

Banking Days from receipt of notice by the Trustee to the Issuer, or which violation is otherwise not contested by the Issuer, and the effect of such violation results in the acceleration or declaration of the whole financial obligation to be due and payable prior to the stated normal date of maturity; and which violation will, further, in the reasonable opinion of the Trustee, adversely and materially affect the performance by the Issuer of its obligations under this Agreement and the Series A Bonds. Provided, however, that no event of default will occur under this paragraph unless the aggregate amount of indebtedness in respect of which one or more of the events above mentioned has/have occurred equals or is in excess of five percent (5%) of the fair market value of assets of the Issuer, based on the relevant parent-only financial statements of the Issuer.

5. **Insolvency Default.** The Issuer becomes insolvent or is unable to pay its debts when due or commits or permits any act of bankruptcy, which act shall include: (i) the filing of a petition in any bankruptcy, reorganization, winding up or liquidation of the Issuer, or any other proceeding analogous in purpose and effect: Provided, however, that in case the foregoing petition is filed by any other party, other than the Issuer, such event shall be considered a declared Event of Default only upon the issuance of a final order by the court of competent authority; (ii) the making of an assignment by the Issuer of substantially all or all of its assets, or in fraud of creditors; (iii) the admission in writing by the Issuer of its inability to pay its debts; (iv) the entry of any final order or judgment of any court, tribunal, or administrative agency or body confirming the bankruptcy or insolvency of the Issuer or approving any reorganization, winding up or liquidation of the Issuer; or (v) the appointment of a receiver, liquidator, assignee, trustee, or sequestrator of the Issuer, or a substantial part of its property or assets or a substantial part of its capital stock or to assume custody or control of the Issuer, or the ordering of its dissolution, winding-up or liquidation of its affairs.

6. **Closure Default.** The Issuer voluntarily suspends or ceases operations of a substantial portion of its business for a continuous period of thirty (30) calendar days, except that if the closure is: (i) due to strikes or lockouts; or (ii) necessary to prevent business losses; or (iii) due to fortuitous events or force majeure, then such closure shall not be deemed a Closure Default.

7. **Judgment Default.** Any final judgment, decree or arbitral award for the sum of money, damages or for a fine or penalty in excess of 20% of the Issuer’s Fair Market Value of Assets or its equivalent in any other currency is entered against the Issuer and any relevant period specified for payment in such judgment, decree, order, or agreement, shall have expired without being satisfied, discharged, or stayed; and

8. **Writ and Similar Process Default.** Any writ, warrant of attachment or execution, or similar process shall be issued or levied against all or substantially all of the Issuer's assets, and such writ, warrant, or similar process shall not be released, vacated, or fully bonded within sixty (60) days after its issue or levy (or such longer period as the Issuer satisfies the Majority Bondholders as appropriate under the circumstances).

CONSEQUENCES OF DEFAULT

Declaration

1. If any one or more of the Events of Default shall occur and be continuing, the Trustee, upon the written direction of the Bondholders holding at least two-thirds (2/3) of the outstanding amount of the Series A Bonds, by notice in writing delivered to the Issuer, may declare the principal of the Series A Bonds then outstanding, including all interest accrued and unpaid thereon and all amounts due thereunder, to be due and payable immediately, anything contained in this Agreement or in the Series A Bonds to the contrary notwithstanding.

2. The provision above, however, is subject to the condition that, except in the case of a Writ and Similar Process Default, the Majority Bondholders, by written notice to the Issuer and to the

Trustee, may rescind and annul such declaration made by the Trustee pursuant to a consequence of default and its consequences, upon such terms, conditions and agreements, if any, as they may determine, including, in connection with a Cross Default, the fact that the non-payment of the obligation is contested in good faith by the Issuer; provided, that, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereto. Any such waiver shall be conclusive and binding upon all the Bondholders and upon all future holders and owners of such Series A Bonds, or of any Series A Bond issued in lieu thereof or in exchange therefor, irrespective of whether or not notation of such waiver is made upon the Series A Bonds.

3. At any time after an Event of Default shall have occurred, the Trustee may:

   a. by notice in writing to the Issuer, the Registrar, and the Paying Agent, require the Registrar and Paying Agent to:

      i. act thereafter as agents of the Bondholders represented by the Trustee on the terms provided in the Registry and Paying Agency Agreement (with consequential amendments as necessary and save that the Trustee's liability under the provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Paying Agent and the Registrar shall be limited to amounts for the time being held by the Trustee on the trusts of this Agreement in relation to the Series A Bonds and available to the Trustee for such purpose) and thereafter to hold all sums, documents and records held by them in respect of the Series A Bonds on behalf of the Trustee; and/or

      ii. deliver all evidence of the Series A Bonds and all sums, documents and records held by them in respect of the Series A Bonds to the Trustee or as the Trustee shall direct in such notice; provided, that, such notice shall be deemed not to apply to any document or record which the Paying Agent or Registrar is not obliged to release by any Applicable Law; and

   b. by notice in writing to the Issuer, require the Issuer to make all subsequent payments in respect of the Series A Bonds to the order of the Trustee and with effect from the issue of any such notice until such notice is withdrawn.

<u>Notice of Default</u>

The Trustee shall, within ten (10) days after the occurrence of an Event of Default give to the Bondholders written notice of any such Event of Default known to it unless the same shall have been cured before the giving of such notice; provided, that, in the case of a Payment Default, the Trustee shall, upon written notice from the Paying Agent of the Issuer's failure to pay any amount of principal or interest which the Issuer is obligated to pay the Bondholders under the Trust Agreement and the Series A Bonds, immediately notify the Bondholders upon the occurrence of such Payment Default; provided further, that such written notice from the Paying Agent shall not be required if the Issuer's failure to pay was caused by a technical error or by reasons beyond the control of the Issuer. The existence of a written notice required to be given to the Bondholders under this Section shall be published in two (2) newspapers of general circulation in Metro Manila, Philippines for two (2) consecutive days, indicating in the published notice that the Bondholders or their duly authorized representatives may obtain an important notice regarding the Series A Bonds at the principal office of the Trustee as indicated in this Agreement upon presentation of sufficient and acceptable identification to the Trustee.

<u>Penalty Interest</u>

In case any amount payable by the Issuer under the Series A Bonds, whether for principal, interest, fees due to the Trustee, Registrar or Paying Agent or otherwise, is not paid on due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay penalty fee on the defaulted amount(s) at the rate of two percent (2.0%) per annum (the "Penalty Interest") from the time the amount fell due until it is fully paid.

Payments in the Event of Default

The Issuer covenants that upon the occurrence of any Event of Default, the Issuer will pay to the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Bonds with interest at the rate borne by the Series A Bonds on the overdue principal and with Penalty Interest, where applicable, and in addition thereto the Issuer will pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the cost and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any reasonable expenses or liabilities incurred without negligence or bad faith by the Trustee hereunder.

Upon the occurrence of an Event of Default and in accordance with the requirements of the Trust Agreement, the Bondholders shall have the right, but not the obligation, to require the Issuer to redeem the Series A Bonds in full, by payment of the amounts stated above, plus the principal amount, by delivery of the relevant evidence of the Series A Bonds to the Trustee.

Application of Payments

Any money collected by the Trustee and any other funds held by it, subject to any other provision of the Trust Agreement relating to the disposition of such money and funds, shall be applied by the Trustee in the order of preference as follows:

First: To the payment of the costs, expenses, fees and other charges of collection, including reasonable compensation to the Trustee, Paying Agent, Registrar, and each such person's agents, attorneys and counsel, and all reasonable expenses and liabilities incurred or disbursement made by the Trustee, Paying Agent and Registrar without negligence or bad faith.

Second: To the payment of Penalty Interest.

Third: To the payment of the interest, in the order of the maturity of such interest.

Fourth: To the payment of the principal amount of the outstanding Bonds due and payable.

Fifth: The remainder, if any, shall be paid to the Issuer, its successors or assigns, or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Except for any interest and principal payments, all disbursements of the Paying Agent in relation to the Series A Bonds shall require the conformity of the Trustee.

Remedies

All remedies conferred by the Trust Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extrajudicial proceedings appropriate to enforce the conditions and covenants of in the Trust Agreement.

No delay or omission by the Trustee or by any Bondholder to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto, and every power and remedy given in the

Trust Agreement to the Trustee or to the Bondholder may be exercised from time to time and as often as may be necessary or expedient.

Ability to File Suit

No Bondholder shall have any right by virtue of or by availing of any provision of this Agreement to institute any suit, action or proceeding for the collection of any sum due from the Issuer hereunder on account of principal, interest and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless all of the following conditions have been fulfilled: (1) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Series A Bonds, and (2) the Majority Bondholders shall have decided and made a written request upon the Trustee to institute such suit, action or proceeding in its own name, and (3) the Trustee for sixty (60) days after receipt of such notice and request shall have neglected or refused to institute any such suit, action or proceeding, and (4) no directions inconsistent with such written request or waiver of default by the Bondholders shall have been made, it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholder shall have any right in any manner whatsoever by virtue of or by availing of any provision of this Agreement to affect, disturb or prejudice the rights of the holders of any other such Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under this Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all Bondholders. For the protection and enforcement of the provisions of this Section, each and every Bondholder and the Trustee shall be entitled to such relief as can be given under the Applicable Law.

Waiver of Default by Bondholders

The Majority Bondholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or the Majority Bondholders may decide for and in behalf of the Bondholders to waive any past default except the Payment Default, Cross-Default, Insolvency Default, and Closure Default, and its consequences. In case of any such waiver, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, but no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Series A Bonds.

MEETINGS OF BONDHOLDERS

Meetings

A meeting of Bondholders may be called at any time and from time to time pursuant to the provisions of this Section for the purpose of taking any action authorized to be taken by or on behalf of the holders of any specified aggregate principal amount of Bonds under any other provisions of the Trust Agreement or under applicable law and such other matters related to the rights and interests of the Bondholders under the Series A Bonds.

Notice of Meetings

The Trustee may at any time call a meeting of the Bondholders, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of the Bonds may direct the Trustee to call a meeting of the Bondholders, to take any action specified in herein, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of Bondholders, setting forth the time and the place of such meeting and the purpose of such meeting in reasonable detail, shall be sent by the Trustee to the Issuer and to each of the registered Bondholders and published in two (2) newspapers of general circulation in Metro Manila, Philippines not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the notices for the requested meeting shall be reimbursed by the Issuer within ten (10) days from receipt of the duly supported statement of account.

Failure of Trustee to Call a Meeting

In case at any time the Issuer, pursuant to a resolution of its board of directors, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of the Series A Bonds shall have requested the Trustee to call a meeting of the Bondholders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have mailed and published, the notice of such meeting within fifteen (15) Banking Days after receipt of such request, then the Issuer or the holders of Bonds in the amount above specified may determine the time and place for such meeting and may call such meeting by mailing and publishing notice thereof, and the costs thereof shall be chargeable to the Trustee.

Quorum

The presence of the Majority Bondholders personally or by proxy shall be necessary to constitute a quorum to do business at any meeting of the Bondholders.

Procedure for Meetings

The Trustee shall preside at all the meetings of the Bondholders unless the meeting shall have been called by the Issuer or by the Bondholders, in which case the Issuer or the Bondholders calling the meeting, as the case may be, shall move for the election of the chairman and secretary of the meeting from among the Bondholders then present or represented during the meeting.

Any meeting of the Bondholders duly called pursuant to the provisions of this Section may be adjourned from time to time for a period or periods not to exceed in the aggregate one (1) year from the date for which the meeting shall originally have been called, and the meeting so adjourned may be held on another date without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the Series A Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

Voting Rights

To be entitled to vote at any meeting of the Bondholders, a person shall be a registered holder of the Series A Bonds or a person appointed by an instrument in writing as proxy by any such holder as of the date of such meeting. The only persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the persons entitled to vote at such meeting and any representative of the Issuer and its legal counsel.

Voting Requirement

All matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the majority of the Bondholders present or represented in a meeting at which there is a quorum, except as otherwise provided in the Trust Agreement.

Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Trustee as if the votes were unanimous.

Role of the Trustee in Meetings of Bondholders

Notwithstanding any other provisions of the Trust Agreement, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of the Bondholders, in regard to proof of ownership of Bonds, the appointment of proxies by registered holders of Bonds, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidences of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem fit.

Evidence Supporting Bondholders' Action

Wherever in the Trust Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of Bonds may take any action (including the making of any demand or request, the giving of any notice or consent, or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing; (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith; or (iii) a combination of such instruments and any such record of meeting of the Bondholders.

Duties and Responsibilities of the Trustee

The Trustee shall act as trustee for and in behalf of the Bondholders and as such shall, in accordance with the terms and conditions of the Trust Agreement, monitor the compliance or non-compliance by the Issuer with all its representations and warranties, and the Issuer's observance of all its covenants and performance of all its obligations, under and pursuant to the Trust Agreement. The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Agreement. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with in respect to any matters to be taken up with the Issuer.

The Trustee shall have custody of and hold in its name, for and in behalf of the Bondholders, the Master Certificates of Indebtedness for the total issuance of the Series A Bonds.

The Trustee shall promptly and faithfully carry out the instructions or decisions of the Majority Bondholders issued or reached in accordance with the Trust Agreement.

The Trustee shall, from time to time, request the Issuer to submit such certification of its officers, reports of its external auditors, and other documents relating to the Issuer's ability to comply with its obligations under the Series A Bonds and the Trust Agreement, as well as to examine such records of the Issuer as may be related to the Issuer's obligations under the Series A Bonds and the Trust Agreement.

The request shall be reasonable, made not less than seventy-hours (72) hours prior to the intended date of examination and shall be in writing to the Issuer which shall include, in reasonable detail, the purpose for such request and the intended use of the requested documents or information. The Issuer may require the Trustee, its directors, officers, employees, representatives, agents, partners, consultants and advisors to hold in confidence such documents and information furnished to the Trustee pursuant to said request or to limit the use thereof for the purpose intended as stated in the request, provided such limitation shall not apply if in conflict with the duties and responsibilities of the Trustee under any provision of the Trust Agreement.

The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Agreement. In case of default, the Trustee shall exercise such rights and powers vested in it by the Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs under similar circumstances.

The Trustee shall inform the Bondholders of any event which has a Material Adverse Effect on the ability of the Issuer to comply with its obligations to the Bondholders, breach of representations and warranties, and Events of Default within a reasonable period from the time that the Trustee learns of such events.

The Trustee shall perform such other powers and functions as provided for elsewhere under the Trust Agreement.

Supplemental Agreements

With the written consent of the Majority Bondholders, the Issuer, when authorized by a resolution of its board of directors, and the Trustee may, from time to time and at any time, enter into an agreement or agreements supplemental hereto for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions of the Trust Agreement; provided, however, that no such supplemental agreement shall:

1. Without the consent of each Bondholder affected thereby:

    a. extend the fixed maturity of the Series A Bonds, or
    b. reduce the principal amount of the Series A Bonds, or
    c. reduce the rate or extend the time of payment of interest and principal thereon;

2. Affect the rights of some of the Bondholders without similarly affecting the rights of all the Bondholders; or

3. Reduce the percentage required to be obtained of the Bondholders to consent to or approve any supplemental agreement or any waiver provided for in this Agreement without the consent of all the Bondholders.

It shall not be necessary to obtain the consent of the Bondholders for the purpose of approving the particular form of any proposed supplemental agreement but such consent shall be necessary for the purpose of approving the substance thereof.

Any consent given shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof or of any Bonds issued in lieu thereof or in exchange therefor, irrespective of whether or not any notation of such consent is made upon the Series A Bonds.

Promptly after the execution by the Issuer and the Trustee of any supplemental agreement, the Issuer shall send a notice to the Bondholders setting forth in general terms the substance of such supplemental agreement. Any failure of the Issuer to send such notice or any defect therein shall not, however, in any way impair or affect the validity of any supplemental agreement.

MISCELLANEOUS PROVISIONS

Notice

Any notice or demand authorized by the Trust Agreement to be given to the Issuer and the Trustee shall be sufficiently given for all purposes hereof, if delivered or mailed at their respective addresses mentioned herein or at such address designated by them subsequently in writing.

Notices to the Bondholders shall be sent to their mailing address as set forth in the Registry Book. Except where a specific mode of notification is provided for herein, notices to Bondholders shall be sufficient when made in writing and transmitted in any of the following modes: (i) registered mail; (ii) surface mail; (iii) electronic mail to the email address designated by the Bondholder in the Application to Purchase (iv) by one-time publication in a newspaper of general circulation in the Philippines; or (iv) personal delivery to the address of record in the Registry Book. The Trustee shall rely on the Registry Book provided by the Registrar, in determining the Bondholders entitled to notice.

All notices shall be deemed to have been received (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing, if transmitted by surface mail; (iii) on the date of publication, or (iv) on the date of delivery, for personal delivery or electronic mail, as the case may be.

Binding and Conclusive Nature

All notifications, opinion, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by the Trustee for the purposes of the provisions of the Trust Agreement, shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, and all Bondholders and (in the absence of willful default, bad faith or manifest error) no liability to the Issuer, the Registrar, the Paying Agent or the Bondholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions under the Trust Agreement.

Dispute Settlement

In case any dispute shall arise between the Issuer, the Trustee or any of the Bondholders in respect of the Trust Agreement, or other related agreements or arrangements, the Issuer, the Trustee or any of the Bondholders shall attempt to resolve the same amicably by agreement which shall be in writing. However, if no such agreement is concluded within thirty (30) Banking Days from the time the dispute arose, or such period as may be reasonable under the circumstances, the parties may have recourse to the usual judicial action obtaining under the circumstances.

No Right to Set-Off

The Trustee shall have no right to apply funds or money of the Issuer on deposit with or in the custody of the Trustee or any of its branches, subsidiaries, or affiliates on reduction of amounts past due under the Trust Agreement.

Governing Law

The Series A Bonds issued hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the Republic of the Philippines.

CAPITALIZATION

The following presents a summary of the short-term debts, long-term debts, and capitalization of the Group as of December 31, 2016, and as adjusted to reflect the issue of the Series A Bonds:

	As of December 31, 2016	As adjusted for Php2 bn issue	As adjusted for Php3 bn issue
Short-term debt			
Short-term loans	4,156	4,156	4,156
Current portions of:			
Long-term debt	7,458	7,458	7,458
Finance lease obligation	781	781	781
Total short-term debts	12,395	12,395	12,395
Long-term debts – net of current portion			
Non-current portions of:			
Long-term debt	150,263	150,263	150,263
Finance lease obligation	49,372	49,372	49,372
The issue of Bonds	–	1,982	2,971
Total long-term debts	199,635	201,617	202,606
Equity			
Equity attributable to equity holders of the parent	105,114	105,114	105,114
Non-controlling interests	6,515	6,515	6,515
Total Equity	111,629	111,629	111,629
Total Capitalization	326,659	327,828	328,817