AboitizPower

SECURITIES AND EXCHANGE COMMISSION
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MARKET REGULATION DEPT.
BY: Sheryl TIME: 3:42

MAR 1 4 2017

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City, 1307

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:

Attached is the SEC Form 20-IS (Preliminary Information Statement 2016) of Aboitiz Power Corporation for your files.

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
Contact Person

02- 886-2729
Company Telephone Number

1 2 / 3 1
Month *Day*
Fiscal Year

2 0 - I S
FORM TYPE

3rd Monday of May
0 5 / 1 5
Month *Day*
Annual Meeting

N/A
Secondary License Type, if Applicable

SEC
Dept. Requiring this Doc

N/A
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

S T A M P S

Remarks = Pls. use black ink for scanning purposes

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NOTICE AND AGENDA
OF ANNUAL MEETING OF STOCKHOLDERS

ABOITIZ POWER CORPORATION
32nd Street, Bonifacio Global City
Taguig City, Metro Manila 1634, Philippines

NOTICE is hereby given that the Annual Meeting of the Stockholders of ABOITIZ POWER CORPORATION (the "Company") will be held on May 15, 2017, Monday, 11:00 a.m., at the Ballroom 2, 2nd Floor, Fairmont Makati, 1 Raffles Drive, Makati Avenue, Makati City, 1224 Metro Manila, Philippines.

The Agenda* of the meeting is as follows:

1. Call to Order
2. Proof of Notice of Meeting
3. Determination of Quorum
4. Reading and Approval of the Minutes of the Previous Stockholders' Meeting held on May 16, 2016
5. Presentation of the President's Report
6. Approval of the 2016 Annual Report and Financial Statements
7. Appointment of the Company's External Auditor for 2017
8. Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers and Management in 2016 up to May 15, 2017
9. Election of the Members of the Board of Directors
10. Other Business
11. Adjournment

Only stockholders of record at the close of business hours on March 31, 2017 are entitled to notice and to vote at this meeting. Registration will start at 9:00 a.m. and will end at 10:45 a.m. Stockholders are requested to present any valid proof of identification, such as driver's license, passport, company ID or SSS/GSIS ID. Aside from personal identification, representatives of corporate stockholders and other entities should also present a duly sworn Secretary's Certificate or any similar document showing his or her authority to represent the corporation or entity.

Stockholders who are unable to attend the meeting may execute a proxy in favor of a representative. In accordance with the Amended By-Laws of the Company, proxies must be submitted for inspection, validation and recording at least seven days prior to the opening of the Annual Stockholders' Meeting, or on or before May 8, 2017, to the Office of the Corporate Secretary at the 18th Floor of NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila. The Proxy Verification Committee will inspect, examine and validate the sufficiency of the proxy forms received.

We enclose a sample proxy form for your convenience.

For the Board of Directors:

M. Jasmine S. Oporto

M. JASMINE S. OPORTO
Corporate Secretary

**The rationale for each Agenda item is explained in the attached Annex "A" and may also be viewed at AboitizPower's website at www.aboitizpower.com under Annual Stockholders' Meeting in the Investor Relations page.*

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   [X] Preliminary Information Statement
   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter: **ABOITIZ POWER CORPORATION**

3. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**

4. SEC Identification Number: **C199800134**

5. BIR Tax Identification Code: **200-652-460-000**

6. Address of principal office: **32ND STREET, BONIFACIO GLOBAL CITY**
   TAGUIG CITY, METRO MANILA
   1634 PHILIPPINES

7. Registrant's telephone number, including area code: **(02) 886-2800**

8. Date, time and place of the meeting of security holders:

   Date : **MAY 15, 2017**
   Time : **11:00 A.M.**
   Place : **BALLROOM 2, 2ND FLOOR**
   FAIRMONT MAKATI
   1 RAFFLES DRIVE, MAKATI AVENUE, MAKATI CITY
   1224 METRO MANILA, PHILIPPINES

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **APRIL 20, 2017**

10. In case of Proxy Solicitations: **N/A**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Authorized Capital Stock: **₱17,000,000,000.00**

Title of Each Class	Par Value	No. of Shares	Authorized Capital Stock
Common	₱1.00	16,000,000,000	₱16,000,000,000.00
Preferred	₱1.00	1,000,000,000	₱1,000,000,000.00
Total		**17,000,000,000**	**₱17,000,000,000.00**

No. of Common Shares Outstanding as of December 31, 2016 7,358,604,307
Amount of Debt Outstanding as of December 31, 2016 ₱214,217,468,000.00

12. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes _X_ No ___

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

    The common stock of the Company is listed at the Philippine Stock Exchange, Inc. (PSE).

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of Annual Stockholders' Meeting

Date of meeting	:	**May 15, 2017**
Time of meeting	:	**11:00 a.m.**
Place of meeting	:	**Ballroom 2, 2nd Floor** **Fairmont Makati** **1 Raffles Drive, Makati Avenue, Makati City** **1224 Metro Manila, Philippines**
Approximate mailing date of this statement	:	**April 20, 2017**
Complete mailing address of the principal office of the registrant	:	**18th Floor, NAC Tower, 32nd Street** **Bonifacio Global City** **Taguig City, Metro Manila** **1634 Philippines**

Item 2. Dissenter's Right of Appraisal

There are no matters or proposed actions included in the Agenda of the Meeting that may give rise to a possible exercise by the stockholders of their appraisal rights. Generally, however, the stockholders of Aboitiz Power Corporation (hereinafter referred to as AboitizPower or the Company or the Registrant) have the right of appraisal in the following instances: (a) in case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer,mortgage,pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code of the Philippines (Corporation Code);and (c) in case of merger or consolidation.

Any stockholder who wishes to exercise his appraisal right must have voted against the proposed corporate action. He must make a written demand on AboitizPower, within 30 days after the date on which the vote was taken, for payment of the fair value of his shares. Failure to make the demand within such period shall be deemed a waiver of such appraisal right. If the proposed corporate action is implemented or effected, AboitizPower shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If, within a period of 60 days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and AboitizPower cannot agree on the fair value of the shares, it shall be determined and appraised by three disinterested persons, one of whom shall be named by the stockholder, another by AboitizPower, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by AboitizPower within 30 days after such award is made. No payment shall be made to any dissenting stockholder unless AboitizPower has unrestricted retained earnings in its books to cover such payment. Upon payment by AboitizPower of the agreed or awarded price, the stockholder shall forthwith transfer his shares to AboitizPower.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

(a) No current director or officer of AboitizPower, or nominee for election as director of AboitizPower, or any associate of any of the foregoing persons, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the stockholders' meeting, other than in the election to AboitizPower's Board of Directors (Board).

(b) No director has informed AboitizPower in writing that he intends to oppose any action to be taken by AboitizPower at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Class of Voting Shares as of February 28, 2017:

Nationality	Class of Voting Shares	Number of Shares	Percentage
Filipino	Common	6,780,745,164	92.15%
Non-Filipino	Common	577,859,143	7.85%
Total No. of Shares Entitled to Vote		**7,358,604,307**	**100.00%**

Every stockholder shall be entitled to one vote for each share of stock held, as of the established record date.

(b) Record Date

All common stockholders of record as of March 31, 2017 are entitled to notice and to vote at AboitizPower's Annual Stockholders' Meeting.

(c) Election of Directors and Cumulative Voting Rights

With respect to the election of directors, a stockholder may vote in person or by proxy, the number of shares of stock standing in his own name on the stock and transfer book of the corporation. A stockholder may vote such number of shares for as many persons as there are directors to be elected. He may also cumulate said shares and give one candidate as many votes as the number of directors to be elected, or distribute the shares on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by the stockholder shall not exceed the total number of shares owned by him as shown in the books of AboitizPower, multiplied by the number of directors to be elected; provided, further, that no delinquent stock shall be voted.

Section 5, Article I of the Amended By-Laws of AboitizPower provides that voting upon all questions, at all meetings of the stockholders, shall be by shares of stock and not per capita. Moreover, Section 6 of the same article states that stockholders may vote at all meetings either in person, or by proxy duly given in writing and presented to the Corporate Secretary for inspection, validation and recording, at least seven days prior to the opening of the said meeting.

In accordance with Sections 2 and 3 of the Guidelines for the Constitution of the Nomination Committee and the Nomination and Election of Independent Directors (Guidelines), nominations for independent directors must be submitted to the Corporate Secretary from January 1, 2017 to February 15, 2017.

Section 7, Article I of the Amended By-Laws of AboitizPower provides that nominations for the election of directors, other than independent directors, for the ensuing year must be received by the Corporate Secretary no less than 15 working days prior to the Annual Meeting of Stockholders, except as may be provided by the Board in appropriate guidelines that it may promulgate from time to time in compliance with law.

No discretionary authority to cumulate votes is solicited.

(d) No proxy solicitation is being made.

Security Ownership of Certain Record and Beneficial Ownership and Management

(1) Security Ownership of Certain Record and Beneficial Owners (more than 5% of the voting shares) as of February 28, 2017

Title of Class	Name, Address of Record Owner And Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held and Nature of Ownership (Record and/or Beneficial)	Percentage of Class Owned
Common	1. **Aboitiz Equity Ventures, Inc.**[1] 32nd Street, Bonifacio Global City, Taguig City (Stockholder)	Aboitiz Equity Ventures, Inc.[2]	Filipino	5,657,530,774 (Record and Beneficial)	76.88%
Common	2. **PCD Nominee Corporation (Filipino)**[3] G/F MSE Bldg. Ayala Avenue, Makati City (Stockholder)	PCD participants acting for themselves or for their customers[4]	Filipino	871,179,706 (Record)	11.84%
Common	3. **PCD Nominee Corporation (Foreign)**[5] G/F MSE Bldg. Ayala Avenue, Makati City (Stockholder)	PCD participants acting for themselves or for their customers[6]	Non-Filipino	575,431,933 (Record)	7.82%

Aboitiz Equity Ventures, Inc. (AEV) is the public holding and management company of the Aboitiz Group, one of the largest conglomerates in the Philippines. As of February 28, 2017, the following entities own five per centum (5%) or more of AEV:

Title of Class	Name, Address of Stockholder and Beneficial Owner	Citizenship	No. of Shares and Nature of Ownership (Record and/ or Beneficial)	Percentage of Class Owned
Common	1. **Aboitiz & Company, Inc.** Aboitiz Corporate Center Gov. Manuel A. Cuenco Avenue Kasambagan, Cebu City 6000	Filipino	2,735,600,915 (Record and Beneficial)	48.56%
Common	2. **PCD Nominee Corporation (Filipino)** G/F MSE Bldg. Ayala Avenue, Makati City	Filipino	769,277,914 (Record)	13.65%
Common	3. **PCD Nominee Corporation (Foreign)** G/F MSE Bldg. Ayala Avenue, Makati City	Non-Filipino	546,500,489 (Record)	9.70%
Common	4. **Ramon Aboitiz Foundation, Inc.** 35 Lopez Jaena St., Cebu City	Filipino	424,538,863 (Record and Beneficial)	7.54%

[1] AEV is the parent company of AboitizPower.
[2] 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.
[3] The PCD Nominee Corporation (Filipino and Foreign) is not related to the Company.
[4] 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. As advised to the Company, none of the beneficial owners under a PCD participant owns more than 5% of the Company's common shares.
[5] *Supra* note 3.
[6] *Supra* note 4.

(2) Security Ownership of Management as of February 28, 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%
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%
		77,830,939	Indirect		1.06%
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 Distribution Group	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	84,130	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%
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%

Title of Class	Name of Owner and Position	No. of Shares and Nature of Ownership (Direct and/or Indirect)		Citizenship	Percentage of Ownership
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	108,534	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	**151,026,388**			**2.05%**

(3) 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.

(4) Changes in Control

There are no arrangements that may result in a change in control of AboitizPower during the period covered by this report.

Item 5. Directors and Executive Officers

(a) Directors and Officers for 2016-2017

(1) Directors for 2016-2017

Below is the list of AboitizPower's directors for 2016-2017 with their corresponding positions and offices held for the past five years. The directors assumed their directorship during AboitizPower's Annual Stockholders' Meeting in 2016 for a term of one year.

ENRIQUE M. ABOITIZ Chairman of the Board of Directors Chairman – Board Risk and Reputation	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

Management Committee	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 companes: 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.

Nominations for Independent Directors and Procedure for Nomination

The procedure for the nomination and election of the Independent Directors is in accordance with Rule 38 of the Securities Regulation Code (SRC Rule 38), AboitizPower's Amended By-Laws and the Guidelines. AboitizPower's By-Laws was amended on May 15, 2007 to incorporate the requirements of SRC Rule 38.

Nominations for Independent Directors were opened beginning January 1, 2017, in accordance with Section 2 of the Guidelines, and the table for nominations was closed on February 15, 2017, also in accordance with Section 3 of the Guidelines.

SRC Rule 38 further requires that the Board Corporate Governance Committee meet to pre-screen all nominees and submit a Final List of Nominees to the Corporate Secretary so that such list will be included in the Company's Preliminary and Definitive Information Statements. Only nominees whose names appear on the Final List shall be eligible for election as Independent Directors. No other nominations shall be entertained after the Final List of nominees has been prepared. The name of the person or group of persons who nominates an Independent Director shall be identified in such report including any relationship with the nominee.

In approving the nominations for Independent Directors, the Board Corporate Governance Committee considered the guidelines on the nominations of Independent Directors prescribed in SRC Rule 38, the Guidelines and AboitizPower's Revised Manual on Corporate Governance. The Board Corporate Governance Committee took over the functions of the Board Nominations and Compensation Committee, pursuant to an amendment in the Company's Manual on Corporate Governance in 2009. The Chairman of the Board Corporate Governance Committee is Mr. Jon Ramon Aboitiz. The voting members are Messrs. Erramon I. Aboitiz, Carlos C. Ejercito, Romeo L. Bernardo and Alfonso A. Uy, while the ex-officio non-voting members are Ms. M. Jasmine S. Oporto and Mr. Xavier Jose Y. Aboitiz.

No nominations for Independent Director shall be accepted at the floor during the Annual Stockholders' Meeting at which such nominee is to be elected. Independent Directors shall be elected in the Annual Stockholders' Meeting during which other members of the Board are to be elected.

Messrs. Romeo L. Bernardo, Alfonso A. Uy, and Mr. Carlos C. Ejercito are the nominees for Independent Directors of AboitizPower. They are neither officers nor employees of AboitizPower or its Affiliates, and do not have any relationship with AboitizPower which would interfere with the exercise of independent judgment in carrying out the responsibilities of an Independent Director. Attached as Annexes "B-1," "B-2" and "B-3" are the Certifications of Qualification of the Nominees for Messrs. Bernardo, Uy and Ejercito, respectively.

AboitizPower stockholders, Josephine Pabriga, Esmeralda C. Daño, and Glym S. Reuyan, have respectively nominated Messrs. Bernardo, Uy, and Ejercito as AboitizPower's Independent Directors. None of the nominating stockholders has any relation to Messrs. Bernardo, Uy, or Ejercito.

Other Nominees for Election as Members of the Board of Directors

As conveyed to the Corporate Secretary, the following have also been nominated as members of the Board for the ensuing year 2017-2018:

Jon Ramon Aboitiz
Erramon I. Aboitiz
Antonio R. Moraza
Mikel A. Aboitiz
Enrique M. Aboitiz
Jaime Jose Y. Aboitiz

Pursuant to Section 7, Article I of the Amended By-Laws of AboitizPower, nominations for members of the Board, other than Independent Directors, for the ensuing year must be received by the Corporate Secretary no less than 15 working days prior to the Annual Stockholders' Meeting on May 15, 2017 or not later than April 21, 2017.

All other information regarding the positions and offices by the abovementioned nominees are integrated in Item 5 (a)(1) above.

Officers for 2016-2017

Below is the list of AboitizPower's officers for 2016-2017 with their corresponding positions and offices held for the past five years. Unless otherwise indicated, the officers assumed their positions during AboitizPower's annual organizational meeting in 2016 for a term of one year.

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 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 since May 16, 2011. Mr. Aboitiz is currently a director of AEV, a publicly-listed company, and 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 UnionBank and a director of Bloomberry Resorts Corporation and ICTSI. 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. Mr. Aboitiz is the Chairman of the Board of Directors of ACO. He is a trustee and Vice President of RAFI, a trustee of 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 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 SFELAPCO, SEZ, SN Aboitiz Power-Magat, SN Aboitiz Power-Benguet, ARI, CRH Aboitiz, TPI, AboitizLand, Abovant, BEZ, LEZ, MORE and Aboitiz InfraCapital. He is a director of Pilmico, Davao Light, Cotabato Light, AP International, AEV International, Archipelago Insurance, APRI, Apo Agua, Cebu Energy, PETNET, PANC and TSI. Mr. Aboitiz is also Vice Chairman of RCBM, Chairman of the Board of Trustees of 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, TVI, TSI, TLI, LHC, Hedcor, Hedcor Sabangan, Hedcor Bukidnon, Hedcor Tudaya, Hedcor Sibulan, CPPC, APRI, Cotabato Light, Davao Light, PEC, Aseagas and 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, SPPC, STEAG Power, WMPC, RP Energy, TMI, TMO, EAUC and Aboitiz InfraCapital. Mr. Moraza holds directorship and management positions in GNPower-Mariveles and 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.
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 ACI and CPDC. He is also Vice Chairman and President of VECO; Director and President and Chief Executive Officer of Cotabato Light, Davao Light and SEZ; a director and President of MEZ, LEZ, and BEZ; a director of ARI, CPPC, SFELAPCO, AboitizLand, Abovant, CIPDI, Hedcor, Hedcor Sibulan, Hedcor Sabangan, Hedcor Sibulan, Hedcor Tudaya, Hedcor Bukidnon and Hijos. 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.
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 goverment 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 Distrbution 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.
MANUEL M. ORIG First Vice President – Mindanao Affairs	Mr. Manuel M. Orig, 75 years old, Filipino, was appointed AboitizPower's First Vice President for Mindanao Affairs on July 14, 2010. He is acurrently serves as Director of Apo Agua Infrastructure and First Vice President for Government and Community Relations of TSI. He has been with the Aboitiz Group for 47 years. He was the Executive Vice President of Davao Light prior to his appointment in AboitizPower. Mr. Orig was instrumental in transforming Davao Light into a professional and customer- oriented organization. In 2004, he was awarded the Don Ramon Aboitiz Award of Excellence, the highest recognition bestowed on Aboitiz Group team members and team leaders, for his outstanding contribution to the Aboitiz Group. He finished his Bachelor's degree in Commerce from the Colegio de San Jose - Recoletos and completed his Masters in Business Administration from the University of the Philippines. He is not connected with any government agency or instrumentality. He is also not a director of a publicly-listed company. Mr. Orig retired on December 31, 2016.
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 honours 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., 56 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.

(2) Significant Employees

AboitizPower considers the contribution of every employee important to the fulfillment of its goals.

(3) 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.

(4) Involvement in Certain Legal Proceedings as of February 28, 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 February 28, 2017, which would put to question his/her ability and integrity to serve AboitizPower and its stockholders.

(5) 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 fees, advances 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 as disclosed in its Notes to the Financial Statements.

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.

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.

(6) Parent Company

AboitizPower's parent company is AEV. As of February 28, 2017, AEV owns 76.88% of the voting shares of AboitizPower. In turn, ACO owns, as of February 28, 2017, 48.56% of the voting shares of AEV.

(b) 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.

Item 6. Compensation of Directors and Executive Officers

(a) Summary of Compensation of Executive Officers

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**	**₱159,950,000.00**	**₱5,350,000.00**	**₱15,490,000.00**
	Actual 2015*	₱122,780,000.00	₱4,630,000.00	₱21,760,000.00
	Projected 2017	₱175,950,000.00	₱5,880,000.00	₱17,040,000.00
All other officers and directors as a group	**Actual 2016**	**₱76,650,000.00**	**₱5,150,000.00**	**₱38,780,000.00**
	Actual 2015	₱57,460,000.00	₱2,950,000.00	₱23,410,000.00
	Projected 2017	₱84,310,000.00	₱5,660,000.00	₱42,660,000.00

*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 the Securities and Exchange Commision (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.

(b) Compensation of Directors

(1) Standard Arrangements

Prior to the 2015 Annual Stockholders' Meeting, all of AboitizPower's directors received a monthly allowance of ₱100,000.00, except for the Chairman of the Board who received a monthly allowance of ₱150,000.00. On May 18, 2015, the stockholders approved an increase in the directors' monthly allowance to ₱120,000.00 for the members of the Board, and ₱180,000.00 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	₱100,000.00	₱150,000.00

Type of Meeting	Directors	Chairman of the Committee
Committee Meeting	₱80,000.00	₱100,000.00

(2) 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.

(c) 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.

(d) Warrants and Options Outstanding

To date, AboitizPower has not granted any stock options to its directors or officers.

Item 7. Independent Public Accountant

As a matter of policy, the Board Audit Committee (Committee) selects, monitors, and reviews the independence, performance and effectiveness, scope of work, fees, and remuneration of external auditors, in consultation with the Chief Executive Officer, the Chief Financial Officer, and the Internal Auditor. Where appropriate, the Committee may recommend to the Board of Directors the re-appointment or replacement of the current external auditor.

The Chairman of the Committee, Mr. Carlos C. Ejercito, reported to the Board during the March 7, 2017 board meeting that the Committee evaluated and assessed the performance for the previous year of the Company's external auditor, SyCip Gorres Velayo & Co. (SGV). Based on the results of its evaluation, the Committee advised the Board of Directors that it is satisfied with SGV's performance for the previous year and recommended SGV's re-appointment as the Company's external auditor for 2017.

The Board of Directors discussed the Committee's recommendation, and after discussion, approved the re-appointment of SGV. The Board of Directors will endorse to the shareholders the re-appointment of SGV as the Company's external auditor for 2017.

The accounting firm of SGV has been AboitizPower's Independent Public Accountant for the last 18 years. Ms. Leovina Mae V. Chu has been AboitizPower's audit partner since audit year 2012. AboitizPower complies with the requirements of Section 3 (b) (ix) of SRC Rule 68 on the rotation of external auditors or signing partners and the two-year cooling-off period. There was no event in the past 18 years wherein AboitizPower and SGV or its handling partner had any disagreement regarding any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures.

Representatives of SGV will be present during the Annual Stockholders' Meeting and will be given the opportunity to make a statement if they so desire. They are also expected to respond to appropriate questions, if needed.

The Chairman of the Committee is Mr. Carlos C. Ejercito, an Independent Director. The members are Messrs. Romeo L. Bernardo and Alfonso A. Uy, both Independent Directors, and Messrs. Mikel A. Aboitiz and Antonio R. Moraza, directors of AboitizPower.

Item 8. Compensation Plans

No action is to be taken during the Annual Stockholders' Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other Than for Exchange

No action is to be taken during the Annual Stockholders' Meeting with respect to authorization or issuance of any securities other than for exchange for outstanding securities.

Recent Issuance of Registered Debt Securities

On June 17, 2014, the Board of Directors of AboitizPower approved the issuance of up to the aggregate amount of ₱10 bn in retail bonds with tenors of seven and twelve years (the "Bonds"). AboitizPower appointed BPI Capital Corporation as Issue Manager and Lead Underwriter, BPI Asset Management and Trust Group as the Trustee, and Philippine Depository & Trust Corporation (PDTC) as the Registry and Paying Agent for the transaction. The Bonds received the highest possible rating of PRS "Aaa" from the Philippine Rating Services Corporation. SEC issued the Order of Registration and a Certificate of Permit to Sell Securities on August 29, 2014. The Bonds were subsequently listed with the Philippine Dealing & Exchange Corporation (PDEx) on September 10, 2014 ("Issue Date").

The Bonds were issued in two series, the seven-year bonds with a fixed interest rate of 5.205% per annum, and the 12-year bonds with a fixed interest rate of 6.10% per annum. Interest rate is calculated on a 30/360-day count basis and is paid quarterly in arrears every March 10, June 10, September 10, and December 10 of each year at which the bonds are outstanding, or the subsequent banking day without adjustment if such interest payment date is not a banking day.

The Company has the option, but not the obligation, to redeem in whole (and not in part) any series of the outstanding Bonds, on the following dates or the immediately succeeding banking day if such date is not a banking day:

	Early Redemption Option Dates
Series A Bonds	5.25 years from Issue Date
	6 years from Issue Date
Series B Bonds	7 years from Issue Date
	8 years from Issue Date
	9 years from Issue Date
	10 years from Issue Date
	11 years from Issue Date

AboitizPower has been paying interest to its bond holders since December 10, 2014.

Use of Proceeds

Following the offer and sale of the Bonds, AboitizPower received the aggregate amount of ₱10 bn as proceeds from the said debt raising exercise.

As of December 31, 2016, the proceeds from the Bonds were fully utilized for the following projects:

- 400 MW (net) Pulverised Coal-Fired Expansion Unit 3 in Pagbilao, Quezon;
- 68 MW Manolo Fortich Hydropower Plant Project;
- 300 MW Cebu Coal Project;
- 300 MW Davao Coal Project; and
- 14 MW Sabangan Hydropower Plant Project.

Item 10. Modification or Exchange of Securities

No action is to be taken during the Annual Stockholders' Meeting with respect to modification of any class of securities of AboitizPower, or the issuance or authorization for issuance of one class of securities in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

No action is to be taken during the Annual Stockholders' Meeting with respect to any matter specified in Items 9 or 10.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken during the Annual Stockholders' Meeting with respect to any transaction involving [i] merger or consolidation into or with any other person or of any other person into or with AboitizPower; [ii] acquisition by AboitizPower or any of its security holders of securities of another person; [iii] acquisition of any other going business or of the assets thereof; [iv] sale or other transfer of all or any substantial part of the assets of AboitizPower; or [v] liquidation or dissolution of AboitizPower.

Item 13. Acquisition or Disposition of Property

No action is to be taken during the Annual Stockholders' Meeting with respect to acquisition or disposition of any property of AboitizPower.

Item 14. Restatement of Accounts

No action is to be taken during the Annual Stockholders' Meeting with respect to restatement of any asset, capital or surplus account of AboitizPower.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

(a) Approval of the Minutes of the 2016 Annual Meeting of Stockholders dated May 16, 2016 (A summary of the Minutes is attached hereto as Annex "C");
(b) Approval of the 2016 Annual Report of Management and Financial Statements of the Company; and
(c) General ratification of the acts of the Board and the Management from the date of the last Annual Stockholders' Meeting up to May 15, 2017. These acts are covered by resolutions of the Board duly adopted during the normal course of trade or business of the Company.

Item 16. Matters Not Required to be Submitted

No action is to be taken with respect to any matter that does not require the submission to a vote of security holders.

Ratification of the acts of the Board, corporate officers and management in 2016 up to May 15, 2017 refers only to acts done in the ordinary course of business and operations of AboitizPower, which have been duly disclosed to the SEC, the PSE and the PDEx, as may be required and in accordance with the applicable laws. Ratification is being sought in the interest of transparency and as a matter of customary practice or procedure, undertaken at every annual meeting of AboitizPower stockholders.

Below is a summary of board resolutions approved during the period May 16, 2016 to March 7, 2017.

Regular Board Meeting, May 16, 2016

1) Authority to Guarantee the Availment by Subsidiary, TLI, of the Credit Facilities of Bank of Tokyo –Mitsubishi UFJ
2) Authority to Reclassify a Portion of its Appropriated Retained Earnings relating to the Hedcor Sabangan Project
3) Authority of the Company's Chief Finance Officer to Determine the Timing when to Reclassify the Company's Appropriated Retained Earnings to Unappropriated Retained Earnings
4) Authority to Participate in the Bidding for the Acquisition of a Controlling Interest in GN Power Mariveles Coal Plant Ltd. Co. and/or a Significant Minority Interest with Shared Control in GN Power Dinginin Ltd. Co.
5) Authority to Participate in the Bidding for the Acquisition of Chevron's Geothermal Business in Southeast Asia
6) Authority to Represent the Company during the Annual or Special Stockholders' Meeting and Sign the Proxy Forms for the Annual or Special Stockholders' Meeting of the Investee Companies
7) Authority to Enter into Non-Disclosure Agreements, Letters of Instruction, Memoranda of Agreement and other Preliminary Agreements involving Potential Acquisitions or Transactions
8) Authority to Purchase, Sell or Deal in any Manner any of its Motor Vehicles and to Appoint Representatives of the Company
9) Authority to Acquire Equity Interest in EAUC and Appoint an Authorized Representative for the Transaction
    (a) Authority of the Company or its wholly owned subsidiaries to Acquire 50% Equity Interest in EAUC
    (b) Authority to Appoint the Company's Authorized Representatives to Negotiate for the Acquisition of EAUC

Regular Board Meeting, July 27, 2016

1) Authority to Guarantee the Availment of Credit Facilities by its Subsidiary, TSI, with the following Banks:
    (a) Mizuho Bank Ltd. – Manila Branch
    (b) ING Bank N.V. Manila
2) Authority to Guarantee the Availment of Credit Facilities by its Subsidiary, TLI, with Bank of Tokyo Mitsubishi UFJ Ltd. – Manila Branch
3) Authority to Guarantee the Availment of Credit Facilities by its Subsidiaries, ARI and TPI, with the following Banks:
    (a) BDO Unibank, Inc.
    (b) Metropolitan Bank & Trust Company
    (c) Bank of the Philippine Islands
    (d) Security Bank Corporation
4) Authority of the Company to Avail of Credit Facilities and Institutional Products and/or Guarantee the Availment of Credit Facilities by its Subsidiary with Various Banks
5) Authority to Update the List of Authorized Signatories for the Accounts maintained with the following Banks in relation to the Company's Authority to Undertake the Project Development Costs for the Mini-Hydro Electric Power Plants:
    (a) Union Bank of the Philippines – Baguio City Branch
    (b) Union Bank of the Philippines – Victoria Plaza Mall, Davao City Branch
    (a) Union Bank of the Philippines – 32nd Street, BGC Branch
6) Authority to Execute the Revised Listing Agreement and Appoint the Authorized Signatory

Special Board Meeting, August 19, 2016

1) Authority to file Pleadings in relation to the Labor Case entitled: "Matthias Franz Allgaier vs. Aboitiz Power Corporation"
2) Authority to Participate in the Competitive Auction for the Acquisition of Controlling Interest

in GNPower Mariveles Coal Plant Ltd. Co. and/or Significant Minority Interest with Shared Control in GNPower Dinginin Ltd. Co.

Regular Board Meeting, September 22, 2016

1) Authority to Guarantee for the Availment of its Subsidiary, Aseagas Corporation's of Credit Accommodations with the Development Bank of the Philippines
2) Authority to Provide Debt Servicing Reserve Account (DSRA) Standby Letter of Credit (SBLC) for its Affiliate, RP Energy with the following Banks:
    (a) Mizuho Bank Ltd. – Manila
    (b) CTBC Bank (Philippines) Corp.
    (c) Bank of Tokyo-Mitsubishi UFJ Ltd.
3) Authority to Open Peso, US Dollar and/or other Foreign Currency Accounts with Bank of Tokyo-Mitsubishi UFJ, Ltd., Singapore Branch
4) Authority of the Company to Re-activate and Close its Checking Account with Security Bank Corporation – Cebu Business Park Branch
5) Authority to Revoke the Appointment of the Company's Authorized Representatives to File Reports to the PSE, PDEx and SEC, and Appoint Replacements
6) Authority to Appoint Signatories to the Company's Manual and Electronic Forms of BIR Form 2316 (Certificate of Compensation Payment or Income Tax Withheld)
7) Authority to File Necessary Notifications and Submissions to the Philippine Competition Commission pursuant to the Requirements of the Philippine Competition Act for the Company's Possible Acquisition of the following Companies:
    (a) Philippine Geothermal Production Company, Inc.
    (b) GN Power Mariveles Coal Plant Ltd. Co. and GN Power Dinginin Ltd. Co.
8) Approval of the Company's Revised Whistleblowing Policy
9) Authority to an Additional Signatory to the Company's Applications for Corporate Mobile Phones

Special Board Meeting, October 27, 2016

1) Authority to Infuse Additional Equity in Therma Power, Inc.:
    (a) Infusion in Therma Power, Inc.
    (b) Subscription of shares out of the increase in Authorized Capital Stock of Therma Power, Inc.

Regular Board Meeting, November 24, 2016

1) Authority to Guarantee the Availment of Credit Facilities by its Subsidiary, TLI, with Mizuho Bank Ltd. – Manila Branch
2) Authority to Guarantee the Credit Facilities by its Subsidiary, AdventEnergy, Inc., with Bank of Tokyo Mitsubishi UFJ Ltd. – Manila Branch
3) Ratification of the Appointment of Trustees to the Aboitiz Power Corporation Retirement Fund
4) Authority of the Company to Appoint Authorized Representatives of the Company to File Reports to the PSE, PDEx and SEC
5) Approval of the 2016 Amendments to the Annual Corporate Governance Report
6) Appointment of Ms. Mailene M. de la Torre as Assistant Corporate Secretary
7) Authority to Open Account/s with Morgan Stanley
8) Authority to Enter into a Referral Agreement with Pilipinas Shell Petroleum Corporation
9) Authority to Appropriate a Portion of the Unrestricted Retained Earnings of the Company to Fund Various Expansion Projects
10) Authority to Open and Maintain a Credit Line with Toyota Alabang Inc.

Regular Board Meeting, January 26, 2017

1) Appointment of Mr. John Earl Crider, Jr. as Executive Director – Chief Technology Officer, Power Generation Group

2) Authority to Explore Possible Acquisitions of Interest in Power Companies
3) Authority to Guarantee the Availment of Credit Facilities by its Subsidiary, Aseagas, with the Development Bank of the Philippines
4) Authority to Open and Maintain an Account with Nomura Securities

Special Board Meeting, March 7, 2017

1) Approval of the 2016 Audited Financial Statements
2) Setting the Record Date, Agenda and Venue for the Company's 2017 Annual Stockholders' Meeting
3) Declaration of the Regular Cash Dividend Pursuant to the Disclosed Policy
4) Authority to Avail of the Corporate Check Writer Facility of Union Bank of the Philippines for the Company's 2017 Dividend Payments
5) Endorsement of SyCip Gorres Velayo & Co. as the Company's External Auditor for 2017

Item 17. Amendment of Charter, By-Laws or Other Documents

No action is to be taken during the Annual Stockholders' Meeting with respect to the amendment of the Company's Charter, By-Laws or other documents.

Item 18. Other Proposed Actions

(a) *Approval of the 2016 Annual Report and Financial Statements.* The proposal is intended to present to the stockholders the results of the Company's operations in 2016, in accordance with Section 75 of the Corporation Code.

The Company's audited financial statements as of December 31, 2016 is integrated and made part of the Company's 2016 Definitive Information Statement (2016 Information Statement). The Company's Information Statement is distributed to the stockholders at least 15 days prior to the Annual Stockholders' Meeting, and the same is posted at the Company's website at www.aboitizpower.com.

A resolution approving the 2016 Annual Report and Audited Financial Statements shall be presented to the stockholders for approval.

(b) *Appointment of the Company's External Auditor for 2017.* The proposal is intended to appoint an auditing firm which can best provide assurance to the directors and stockholders on the integrity of the Company's financial statements and adequacy of its internal controls. The Board Audit Committee and the Board of Directors will endorse SGV as the external auditor for 2017 for the shareholders to appoint.

The profile of the external auditor is disclosed in the 2016 Preliminary and Definitive Information Statements and in the Company's website.

A resolution for the appointment of the Company's external auditor for 2017 shall be presented to the stockholders for approval.

(c) *Ratification of Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers and Management in 2016 up to May 15, 2017.* The proposal is intended to allow the stockholders to ratify the acts of the Board of Directors and Officers of the Company as a matter of procedure or policy.

The resolutions approved by the Board in its regular and special meetings refer only to acts done by the Board, Corporate Officers and Management in the ordinary course of business. The board resolutions are enumerated in the 2016 Information Statement. The Company also regularly discloses material transactions approved by the Board. These disclosures are available for viewing at, and can be downloaded from, the Company's website at www.aboitizpower.com.

A resolution to ratify the acts, resolutions and proceedings of the Board of Directors, corporate officers and management in 2016 up to the date of the Annual Stockholders' Meeting shall be presented to the stockholders for approval.

Item 19. Voting Procedures

(a) Votes Required for Matters Submitted for Approval of the Shareholders

Section 4, Article I of the Amended By-Laws of AboitizPower states that a quorum for any meeting of stockholders shall consist of the majority of the outstanding capital stock of AboitizPower. Majority of such quorum shall decide on any question in the meeting, except those matters in which the Corporation Code requires a greater proportion of affirmative votes.

Regarding the election of members of the Board, nominees who receive the highest number of votes shall be declared elected, pursuant to Section 24 of the Corporation Code.

For other matters submitted to the stockholders for approval, a vote by a majority of the shares entitled to vote present or represented during the meeting shall be necessary to approve the proposed actions.

(b) The Method by which Votes will be Counted

In the election of directors, the top nine nominees with the most number of votes shall be declared elected. If the number of nominees does not exceed the recorded number of directors to be elected, all the shares present or represented at the meeting will be in favor of the nominees. If there is an objection to the motion to elect all the nominees, voting will be done by ballots.

In the election of directors, the stockholder may choose to do any of the following:

(i) Vote such number of shares for as many person(s) as there are directors to be elected;
(ii) Cumulate such shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares; or
(iii) Distribute his shares on the same principle as option (ii) among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him, multiplied by the whole number of directors to be elected.

The method of counting the votes shall be in accordance with the general provisions of the Corporation Code. The counting of votes shall be done by representatives of the Office of the Corporate Secretary, who shall serve as members of the Election Committee. The voting shall be witnessed and the results shall be verified by the duly appointed Independent Board of Election Inspectors.

Other than the nominees' election as directors, no director, executive officer, nominee or associate of the nominees has any substantial interest, direct or indirect, by security holdings or otherwise, in any way in the matters to be taken up during the meeting. AboitizPower has not received any information that an officer, director or stockholder intends to oppose any action to be taken at the Annual Stockholders' Meeting.

This Information Statement in SEC Form 20-IS is given free of charge to the stockholders prior to the Annual Stockholders' Meeting of the Company. AboitizPower stockholders may likewise request for a copy of the Annual Report in SEC Form 17-A which will be given free of charge upon written request. Please write to:

Investor Relations Office
Aboitiz Power Corporation
NAC Tower, 32nd Street
Bonifacio Global City
Taguig City, Metro Manila
1634 Philippines
email: ap_investor@aboitiz.com

Attention: Mr. Francisco Victor "Judd" G. Salas

This Information Statement and the Annual Report in SEC Form 17-A are also posted at AboitizPower's website: www.aboitizpower.com.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Taguig on March 14, 2017.

ABOITIZ POWER CORPORATION
By:

M. JASMINE S. OPORTO
Corporate Secretary

DEFINITION OF TERMS

Aboitiz Group	ACO and the companies or entities in which ACO has a beneficial interest, over which ACO directly or indirectly exercises management control, including, without limitation, AEV, AboitizPower and their respective Subsidiaries and Affiliates
Aboitiz InfraCapital	Aboitiz InfraCapital, Inc.
AboitizLand	Aboitiz Land, Inc.
APX	Aboitiz Power Distributed Energy, Inc.
AboitizPower, the Company, the Issuer or the Registrant	Aboitiz Power Corporation
AboitizPower Group or the Group	AboitizPower and its Subsidiaries
Abovant	Abovant Holdings, Inc.
ACO	Aboitiz & Company, Inc.
AdventEnergy	Adventenergy, Inc.
AESI	Aboitiz Energy Solutions, Inc.
AEV	Aboitiz Equity Ventures, Inc.
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
Ambuklao-Binga Hydroelectric Power Complex	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
AP Solar	AP Solar Tiwi, Inc.
APA	Asset Purchase Agreement
APRI	AP Renewables, Inc.
ARI	Aboitiz Renewables, Inc. (formerly, Philippine Hydropower Corporation)
AS	Ancillary Services
Aseagas	Aseagas Corporation
ASPA	Ancillary Services Procurement 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.

Bakun Plant	70-MW Bakun AC run-of-river hydropower plant located in Amilongan, Alilem, Ilocos Sur
BCQ	Bilateral Contract Quantity
BEZ	Balamban Enerzone Corporation
BIR	Bureau of Internal Revenue
BOC	Bureau of Customs
BOI	Board of Investments
BOT	Build-Operate-Transfer
Brownfield	Power generation projects that are developed on sites which have had previous developments
Bunker C	A term used to designate the thickest of the residual fuels that is produced by blending any oil remaining at the end of the oil-refining process with lighter oil
Business Unit	An Affiliate or Subsidiary of AboitizPower
CA	Court of Appeals
CBA	Collective Bargaining Agreement
CBAA	Central Board of Assessment Appeals
Cebu Energy	Cebu Energy Development Corporation
CG Rpeort	Refers to the Company's Corporate Governance Report
Chevron	Chevron Geothermal Philippines Holdings, Inc.
CIPDI	Cebu Industrial Park Developers, Inc.
Cleanergy	Cleanergy, Inc. (formerly, Northern Mini – Hydro Corporation)
COC	Certificate of Compliance
Code	Code of Ethics and Business Conduct
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 9136 or the EPIRA.
Control	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 50% of the voting capital stock, registered capital or other equity interest of a Person is deemed to constitute control of that Person; "Controlling" and

	"Controlled" have corresponding meanings.
Corporation Code	Corporation Code of the Philippines
Cotabato Light	Cotabato Light & Power Company
CPCN	Certificate of Public Convenience and Necessity
CPDC	Cebu Praedia Development Corporation
CPPC	Cebu Private Power Corporation
CSEE	Contract for the Supply of Electric Energy
CTA	Court of Tax Appeals
DAU	Declaration of Actual Use
Davao Light	Davao Light & Power Company, Inc.
DENR	Department of Environment and Natural Resources
DOE	Department of Energy
DOLE	Department of Labor and Employment
Distribution Companies or Distribution Utilities	Refers to BEZ, Cotabato Light, Davao Light, LEZ, MEZ, SEZ, SFELAPCO, and VECO, collectively; "Distribution Company" or "Distribution Utility" may refer to any one of the foregoing companies.
EAUC	East Asia Utilities Corporation
ECA	Energy Conversion Agreement
ECC	Environmental Compliance Certificate
El Paso Philippines	El Paso Philippines Energy Company, Inc.
Enerzone Companies	Refers to BEZ, LEZ, MEZ and SEZ and other Distribution Utilities of the AboitizPower Group operating within special economic zones
EPC	Engineering, Procurement and Construction
EPIRA	RA 9136, otherwise known as the "Electric Power Industry Reform Act of 2001," as amended from time to time, and including the rules and regulations issued thereunder
EPPA	Electric Power Purchase Agreement
ERC	Energy Regulatory Commission
FIT	Feed-in-Tariff
FIT-All	FIT-Allowance
FPIC	Free Prior and Informed Consent
Garcia Group	Refers to Vivant Energy Corporation (VEC) and Vivant Integrated Generation Corporation (VIGC)
GCGI	Green Core Geothermal Incorporated
Generation Companies	Refers to APRI, CPPC, EAUC, Hedcor, Hedcor Sibulan, Hedcor

	Tudaya, Hedcor Sabangan, Hedcor Bukidnon, LHC, SN Aboitiz Power-Magat, SN Aboitiz Power- Benguet, SPPC, STEAG Power, WMPC, RP Energy, Cebu Energy, TLI, TSI, TVI, TMI, TMO and other generation companies of the AboitizPower Group; "Generation Company" may refer to any one of the foregoing companies.
Global Formosa	Global Formosa Power Holdings, Inc.
Global Power	Global Business Power Corporation of the Metrobank Group
GNPower-Dinginin or GNPD	GNPower Dinginin Coal Plant Ltd. Co.
GNPower-Mariveles or GMCP	GNPower Mariveles Coal Plant Ltd. Co.
Government	The Government of the Republic of the Philippines
Greenfield	Power generation projects that are developed from inception on previously undeveloped sites
GRSC	Geothermal Resource Sales Contract
Guidelines	AboitizPower's Guidelines for the Constitution of the Nomination Committee and the Nomination and Election of Independent Directors
GWh	Gigawatt-hour, or one million kilowatt-hours
HEDC	Hydro-Electric Development Corporation
Hedcor	Hedcor, Inc.
Hedcor Consortium	The consortium comprised of APRI, Hedcor and Hedcor Sibulan with an existing PSA with Davao Light for the supply of new capacity to Davao Light
Hedcor Sabangan	Hedcor Sabangan, Inc.
Hedcor Sibulan	Hedcor Sibulan, Inc.
Hedcor Tudaya	Hedcor Tudaya, Inc.
HEPP	Hydroelectric Power Plant
Hijos	Hijos De F. Escaño, Inc.
ILP	Interruptible Load Program
IMEM	Interim Mindanao Electricity Market
IPPA	Independent Power Producer Administrator
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.
LBAA	Local Board of Assessment Appeals
LGC	Local Government Code of 1991
LGU	Local Government Unit
LEZ	Lima Enerzone Corporation
LHC	Luzon Hydro Corporation
LTC	Lima Technology Center
Maaraw San Carlos	Maaraw Holdings San Carlos, Inc.
Magat Plant	The 360-MW Magat HEPP of SN Aboitiz Power-Magat located at the border of Isabela and Ifugao provinces
Manual	Refers to the Company's Manual of Corporate Governance
MAP	Maximum Average Price
MCIAA	Mactan Cebu International Airport Authority
MEPZ I	Mactan Export Processing Zone I
MEPZ II	Mactan Export Processing Zone II
MERALCO	Manila Electric Company
MEZ	Mactan Enerzone Corporation
MOA	Memorandum of Agreement
MORE	Manila-Oslo Renewable Enterprise, Inc.
MW	Megawatt or one million watts
MWh	Megawatt-hour
MWp	Megawatt-peak
MVA	Megavolt Ampere
NGCP	National Grid Corporation of the Philippines
NIA	National Irrigation Authority
NLRC	National Labor Relations Commission
NPC	National Power Corporation
NWRB	National Water Resources Board
Open Access	Retail Competition and Open Access

PA	Provisional Authority
Pacific Hydro	Pacific Hydro Pty. Ltd., an Australian Company which specializes in developing and operating renewable energy projects; the parent company of Pacific Hydro Bakun, Inc.
Pagbilao Plant or Pag1 and Pag2	The 700-MW (2x350 MW) Pagbilao coal-fired thermal power plant located in Pagbilao, Quezon
PBR	Performance-based Rate-setting regulation
PCC	Philippine Competition Commission
PCRM	Pricing and Cost Recovery Mechanism
PDEx	Philippine Dealing & Exchange Corp., the fixed-income securities market which provides an electronic trading platform of exchange for fixed-income securities
PDS	Power Distribution System
PDTC	Philippine Depository and Trust Corporation
PEC	Pagbilao Energy Corporation
PEMC	Philippine Electricity Market Corporation
Person	An individual, corporation, partnership, association, joint stock company, trust, any unincorporated organization, or a government or political subdivision thereof
PEZA	Philippine Economic Zone Authority
PGPC	Philippine Geothermal Production Company, Inc.
Philippine Pesos or ₱	The lawful currency of the Republic of the Philippines
PIPPA	Philippine Independent Power Producers Association, Inc.
PIS	Performance Incentive Scheme
PPA	Purchase Power Agreement
Prism Energy	Prism Energy, Inc.
PSA	Power Supply Agreement
PSALM	Power Sector Assets and Liabilities Management Corporation
PSC	Power Supply Contract
PSE	The Philippine Stock Exchange, Inc.
RA	Republic Act
RE	Renewable Energy
REM	Retail Electricity Market
Renewable Energy Act or RE Law	RA 9513, otherwise known as the Renewable Energy Act of 2008
REPA	Renewable Energy Payment Agreement
RES	Retail Electricity Supplier

RESC	Renewable Energy Service Contract
RORB	Return-on-Rate Base
RP Energy	Redondo Peninsula Energy, Inc.
RPT	Real Property Tax
RSC	Retail Supply Contract
RSDWR	Rules for Setting Distribution Wheeling Rates
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 Sun Power Inc.
SBFZ	Subic Bay Freeport Zone
SBMA	Subic Bay Metropolitan Authority
SC	The Supreme Court of the Philippines
SCADA	Supervisory Control Data Acquisition
SEC	The Securities and Exchange Commission of the Philippines
SEZ	Subic EnerZone Corporation
SFELAPCO	San Fernando Electric Light & Power Co., Inc.
Sibulan Project	Two run-of-river hydropower generating facilities tapping the Sibulan and Baroring rivers in Sibulan, Santa Cruz, Davao del Sur
SLA	Service Level Agreement
SN Aboitiz Power-Benguet	SN Aboitiz Power – Benguet, Inc. (formerly, SN Aboitiz Power – Hydro, Inc.)
SN Aboitiz Power-Magat	SN Aboitiz Power – Magat, Inc.
SN Aboitiz Power Group	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.
SN Power	SN Power AS, a consortium between Statkraft AS and Norfund of Norway
SN Power Group	Group formed by Statkraft AS and Norfund, and is composed of, among others, SN Power AS and Agua Imara AS. It is the leading Norwegian hydropower group with operations in Asia, Africa and Latin America.
SPC	SPC Power Corporation (formerly: Salcon Power Corporation)
SPPC	Southern Philippines Power Corporation

SRC	RA 8799 or the Securities Regulation Code of the Philippines
STEAG Power	STEAG State Power Inc.
Subsidiary	In respect of any Person, any entity: (i) who has power over the investee (i.e. exisiting rights that give it the current ability to direct the relevant activities of the investee); (ii) who has exposure, or rights, to variable returns from its involvement with the investee; and (iii) who has ability to use its power over the investee to affect its returns.
TCIC	Taiwan Cogeneration International Corporation
TCOIR	Total Cost of Insurable RIsk
TeaM Energy	Team Energy Corporation
Team Philippines	Team Philippines Industrial Power II Corporation (formerly Mirant (Phils.) Industrial Power II Corp.)
TLI	Therma Luzon, Inc.
TMI	Therma Marine, Inc.
TMO	Therma Mobile, Inc.
TSI	Therma South, Inc. (formerly Therma Pagbilao, Inc.)
THC	Tsuneishi Holdings (Cebu), Inc.
THI	Tsuneishi Heavy Industries (Cebu), Inc.
Tiwi-Makban Geothermal Facilities	The geothermal facilities composed of twelve geothermal plants and one binary plant, located in the provinces of Batangas, Laguna and Albay
TPI	Therma Power, Inc.
TPVI	Therma Power-Visayas, Inc.
Transco	National Transmission Corporation and, as applicable, the National Grid Corporation of the Philippines (NGCP) which is the Transco concessionaire
TSA	Transmission Service Agreement
TSI	Therma South, Inc. (formerly: Therma Pagbilao, Inc.)
TVI	Therma Visayas, Inc. (formerly: Vesper Industrial and Development Corporation)
ULGEI	Unified Leyte Geothermal Energy, Inc.
ULGPP	Unified Leyte Geothermal Power Plant
US$ or USD	The lawful currency of the United States of America
VAT	Value Added Tax
VEC	Vivant Energy Corporation
VECO	Visayan Electric Company, Inc.
VIGC	Vivant Integrated Generation Corporation
WAM	Work and Asset Management
WCIP	West Cebu Industrial Park

WCIP-SEZ	West Cebu Industrial Park -Special Economic Zone
WESM	Wholesale Electricity Spot Market
WMPC	Western Mindanao Power Corporation

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

(1) Business Development

Incorporated in 1998, AboitizPower is a publicly-listed holding company that, through its Subsidiaries and Affiliates, is a leader in the Philippine power industry and has 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 February 28, 2017.

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 Southern Philippines when it acquired Davao Light & Power Company, Inc. (Davao Light), which is 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, which was the 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 February 13, 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).

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 April 26, 2007.

In a share swap agreement with AEV on January 20, 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 companies, as follows:

- An effective 55% equity interest in VECO, which is the second largest privately-owned distribution utility in the Philippines in terms of customers and annual GWh sales and is the largest distribution utility in the Visayas region;
- 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;
- 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
- 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.

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.

On April 20, 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 from EAUC 60% of the outstanding common shares of Cebu Private Power Corporation (CPPC). 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.

On June 8, 2007, as part of the reorganization of the power-related assets of the Aboitiz Group, the Company agreed to acquire from its Affiliate, Aboitiz Land, Inc. (AboitizLand), 100% interest in Mactan Enerzone Corporation (MEZ), which owns and operates the PDS in MEPZ II in Mactan Island in Cebu, and 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 ₱5.80 per share in exchange for the foregoing equity interests in MEZ, BEZ and SEZ.

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 July 16, 2007.

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.

On November 15, 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.

On November 28, 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.

In 2007, AboitizPower entered into an agreement to buy the 20% equity of Team Philippines in SEZ for ₱92 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%.

In 2008, AboitizPower bought the 40% equity ownership of Tsuneishi Holdings (Cebu), Inc. (THC) in BEZ for approximately ₱178 mn. The acquisition brought AboitizPower's total equity in BEZ to 100%.

On May 26, 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 July 30, 2008. Currently, the Tiwi-MakBan Geothermal Facilities have a sustainable capacity of approximately 693.2 MW.

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 August 28, 2009 (Pagbilao Plant). It assumed dispatch control of the Pagbilao power plant on October 1, 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.

AboitizPower, through its subsidiary, Therma Marine, Inc. (TMI), assumed ownership over Mobile 1 and Mobile 2 on February 6, 2010 and March 1, 2010, respectively, after acquiring the two power barges from PSALM for US$30 mn through a negotiated bid concluded on July 31, 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.

On May 27, 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 depdendable capacity of 204 MW of the barges was attained and proven in a successful capacity test in April 2015.

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 address was approved by the stockholders during the May 20, 2013 Annual Stockholders' Meeting and was approved by the SEC on July 16, 2013. AboitizPower's current principal office address is at 32nd Street, Bonifacio Global City, Taguig City.

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 January 29, 2014, and this allowed AESI to sell 40 MW of geothermal power from ULGPP beginning January 1, 2015.

On March 31, 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 September 28, 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 Judgement on January 9, 2017. SPC has a pending Motion for Leave to File and Admit Motion for Reconsideration dated December 9, 2016 with the Supreme Court.

On May 15, 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.

On June 19, 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.

On August 28, 2014, the Company through its Subsidiary, TPI, signed a shareholders' agreement allowing Vivant Integrated Generation Corporation (VIGC) and the Garcia Group to own no more than 20% of the issued and outstanding shares of Therma Visayas, Inc. (TVI), the project company for the construction of the 2x150 MW circulating fluidized bed (CFB) coal-fired power plant in Barangay Bato, Toledo City, Cebu. Construction of Units 1 and 2 is underway.

On August 29, 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 ₱10 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 with a fixed-interest rate of 5.205% per annum, and the 12-year bonds with a fixed-interest rate of 6.10% per annum. The Bonds are also listed with the PDEx, the fixed-income securities market which provides an electronic trading platform of exchange for fixed-income securities.

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 August 18, 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 July 15, 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 December 29, 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.

On September 18, 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 February 2, 2016.

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 September 25, 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.

On September 21, 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 January 31, 2017, after reviewing its overall capital commitments, AboitizPower decided to exit from the Greenfield geothermal exploration and development project and allow PT Medco to proceed with the project.

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

On October 3, 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 Coal Plant Ltd. Co. (GNPower-Mariveles or GMCP) and GNPower Dinginin Ltd. Co. (GNPowerDinginin or GNPD). On October 4, 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 ownership interest in GN Power–Mariveles will ultimately be reduced to 66.1% and in GN Power–Dinginin to 40%, post return of capital. The acquisition was completed on December 27, 2016, Philippine time, upon receipt of the approvals from the Philippine Competition Commission (PCC) and the Philippine Board of Investments (BOI).

Neither AboitizPower nor any of its Subsidiaries has ever been the subject of any bankruptcy, receivership or similar proceedings.

Neither AboitizPower nor any of its Subsidiaries has been the subject of any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

(2) Business of Issuer

With investments in power generation and distribution companies throughout the Philippines, AboitizPower is considered one of the leading Filipino-owned companies in the power industry. Based on SEC's parameters of what constitutes a significant Subsidiary under Item XX of Annex B (SRC Rule 12), the following are AboitizPower's significant Subsidiaries at present: ARI and its Subsidiaries, and Therma Power and its Subsidiaries. (Please see Annex "D" hereof for AboitizPower's corporate structure.)

(a) Description of Registrant

(i) Principal Products or Services

GENERATION OF ELECTRICITY

Since its incorporation in 1998, AboitizPower has accumulated interests in both renewable and non-renewable generation plants. As of December 31, 2016, the power generation business accounted for 82% 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 for the whole year 2015 and 2014.

Generation Companies	Energy Sold 2015	Energy Sold 2014	Revenue 2015	Revenue 2014
	(in GWh)		(in mn Pesos)	
APRI	2,643	2,772	10,714	12,397
Hedcor	154	156	800	814
LHC	248	263	712	733

Hedcor Sibulan	212	239	1,260	1,352
Hedcor Tudaya	33	32	187	165
Hedcor Sabangan	39	N/A	228	N/A
SN Aboitiz Power - Magat	762	754	6,223	5,769
SN Aboitiz Power - Benguet	819	844	6,549	6,692
TLI	5,124	4,706	20,455	20,093
TSI*	436	N/A	1,745	N/A
Cebu Energy	1,713	1,494	8,109	8,037
STEAG Power	1,671	1,207	4,811	4,298
WMPC	644	597	1,430	1,442
SPPC	292	334	709	743
CPPC	159	140	1,465	1,704
EAUC	117	123	936	1,205
TMI	1,205	845	6,437	6,844
TMO	308	327	3,231	3,996
Davao Light**	0	0	Revenue Neutral	Revenue Neutral
Cotabato Light**	0	0	Revenue Neutral	Revenue Neutral

**Commercial operations of Unit 1 only.*
***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.*

Renewables

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; and
- 100% equity interest in Aseagas Corporation (Aseagas), the compant established for the Group's biomass project located in Lian, Batangas.

Run-of-River Hydros

Luzon Hydro Corporation (LHC)

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 assumied 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.

Hedcor, Inc. (Hedcor)

Hedcor, a wholly owned Subsidiary of ARI, is effectively 100% owned by AboitizPower. It was incorporated on October 10, 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 April 2012, is selling under the Feed-in Tariff (FIT) mechanism through a Renewable Energy Payment Agreement (REPA) with National Transmission Corporation (Transco). The remaining electricity is being sold through the Wholesale Electricity Spot Market (WESM).

Northern Luzon's climate is classified as having two pronounced seasons - 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, Hedcor's hydropower plants generated a total of 153 GWh and 145 GWh of electricity, respectively.

Hedcor Sibulan, Inc. (Hedcor Sibulan)

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.

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).

Hedcor Tudaya, Inc. (Hedcor Tudaya)

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)

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.

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 ₱13 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 ₱10 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 Group (BPI-AMTG) acted as Trustee and Facility Agent.

Large Hydros

SN Aboitiz Power-Magat, Inc. (SN Aboitiz Power-Magat)

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 owned 60% by MORE. SN Power Invest Netherlands BV (SN Power Netherlands) owns the remaining 40% of SN Aboitiz Power-Magat. On December 14, 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 ₱10.1 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 which were used to acquire the Magat Plant. In 2012, SN Aboitiz Power-Magat secured top-up financing of ₱5 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 ₱19 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 which 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.

SN Aboitiz Power-Benguet, Inc. (SN Aboitiz Power-Benguet)

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 which 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 December 2, 2014 and was completed on February 23, 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 September 21, 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 ₱15 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 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 which 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 ino a compromise agreement on a real property tax (RPT) dispute that has reached ₱157.7 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 between SN Aboitiz Power - Benguet 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 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 December 5, 2016, the ERC issued a letter granting the issuance of a Provisional Authority for the implementation of the ASPA for the Ambuklao Plant effective December 26, 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 December 31, 2016, SN Aboitiz Power-Benguet has contributed 662 GWh and ₱1.037 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 ₱1.91 bn accounting for 29% and 17% of total SN Aboitiz Power Group volume sales and net revenue, respectively.

Geothermal

AP Renewables, Inc. (APRI)

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 May 25, 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 May 26, 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 August 13, 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 September 30, 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 ₱12.5 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.

Solar

Maaraw Holdings San Carlos, Inc. (Maaraw San Carlos)

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, resulting in AboitizPower's 60% effective interest therein.

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 December 10, 2015, Sacasun signed an Omnibus Loan and Security Agreement with BDO to secure a loan up to the amount of ₱3.7 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. Bankrupty 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.

Biogas

Aseagas Corporation (Aseagas)

Incorporated on June 5, 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 second 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)

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 bidded 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 power plant in Toledo City, Cebu; and25% equity interest in RP Energy, which proposes to build and operate a 2x300 MW coal-fired power plant in Redondo Peninsula in the SBFZ.

Oil Group

Therma Marine, Inc. (TMI)

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 February 6, 2010 and March 1, 2010, respectively, after the successful conclusion of the US$30 mn negotiated bid for the barges on July 31, 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 March 1, 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 May 27, 2014. Upon the expiration of the BOI registration, all benefits granted to TMI expired, thus making TMI subject to regular tax rates.

Therma Mobile, Inc. (TMO)

On May 27, 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 November 12, 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.

East Asia Utilities Corporation (EAUC)

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 February 18, 1993 and began supplying power through the WESM on December 26, 2010. On April 26, 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. EAUC also signed an EPPA with BEZ for the supply of power equivalent to 5.255 MW for a period of five years, starting May 25, 2011 until May 25, 2016. EAUC is currently negotiating for the renewal of its EPPA with BEZ.

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

Cebu Private Power Corporation (CPPC)

Incorporated on July 13, 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 April 20, 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 July 16, 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.

Southern Philippines Power Corporation (SPPC)

SPPC is a joint venture company among 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.

Western Mindanao Power Corporation (WMPC)

WMPC is a joint venture company among 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.

Coal Group

Therma Luzon, Inc. (TLI)

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.

Pagbilao Energy Corporation (PEC)

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 ₱33.31 bn. Site construction activities are in progress in line with PEC's target commercial operations by 2017.

Therma South, Inc. (TSI)

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.

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 plant through livelihood programs, education and enterprise development initiatives.

Therma Visayas, Inc. (TVI)

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 (Cebu Energy)

Incorporated on November 28, 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.

Redondo Peninsula Energy, Inc. (RP Energy)

Incorporated on May 30, 2007, RP Energy was originally a joint venture between AboitizPower and TCIC. On July 22, 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 November 15, 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 February 3, 2015, the Supreme Court dismissed the Writ of Kalikasan for insufficiency of evidence and upheld the validity of the December 22, 2008 ECC issued by the DENR in favor of RP Energy, as well as its July 8, 2010 first amendment and the May 26, 2011 second amendment. The Supreme Court also upheld the validity of the Lease and Development Agreement between SBMA and RP Energy dated June 8, 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 andAESI 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 October 13, 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 ₱31.5 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. (STEAG Power)

Incorporated on December 19, 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 November 15, 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 November 14, 2012. STEAG Power's COC, on the other hand, was renewed by the ERC and is effective until August 2021.

GNPower Mariveles Coal Plant Ltd. Co. (GNPowerMariveles or GMCP)

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 GMCP and GNPD on December 27, 2016. This resulted in TPI ultimately acquiring an 82.8% beneficial ownership interest in GMCP. 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 January 29, 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 December 27, 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 40% 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.

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) 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.

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 20% 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 December 31, 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)

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 October 16, 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 December 26, 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 December 25, 2011 and an additional 15 MW starting December 25, 2012. This addressed NPC's reduced power supply under its contract with VECO. The first and second 15MW contract with GCGI expired last December 26, 2016.

On December 25, 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 December 26, 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. (Davao Light)

Incorporated on October 11, 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 APRI, Hedcor, Hedcor Sibulan and Hedcor Tamugan. There was a notable price differential between Hedcor Consortium's winning bid price of ₱4.09 per kWh and the next lowest bid price of ₱1.01 per kWh. Over the life of the supply contract, the differential will amount to approximately ₱4.9 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 March 21, 2011, as approved by the ERC on May 30, 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 October 25, 2012, and an additional 50-MW PSA with SPPC in 2016.

Cotabato Light and Power Company (Cotabato Light)

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 June 16, 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 April 1, 2013 to March 1, 2017. A reset process is underway to start the third regulatory period covering April 1, 2017 to March 1, 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)

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 2015, 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 October 1, 2011 until September 2015.

AboitizPower has an effective interest of 43.78% in SFELAPCO.

Subic EnerZone Corporation (SEZ)

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 ₱92 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 October 1, 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 October 1, 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 July 12, 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 October 1, 2019 to September 30, 2023.

On November 21, 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 January 6 and 9, 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 Performance Based Regulation (PBR) methodology, wherein the distribution utilities' 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. The first public consultation was scheduled on January 23, 2017.

Mactan Enerzone Corporation (MEZ)

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 June 8, 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 ₱609.5 mn, in exchange for AboitizPower's common shares issued at the IPO price of ₱5.80 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)

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 May 4, 2007, CIPDI declared property dividends to its stockholders in the form of equity in BEZ. On June 8, 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 ₱266.9 mn, in exchange for AboitizPower's common shares issued at the IPO price of ₱5.80 per share.

On March 7, 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 Enerzone Corporation (LEZ)

LEZ was incorporated as Lima Utilities Corporation on June 5, 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.

Aboitiz Power Distributed Energy, Inc. (APX)

Incorporated last November 2016 as a company owned by ARI, APX is engaged in developing energy solutions 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 energy products and services within the broader AboitizPower Group to provide superior customer experience.

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. (AESI)

On November 9, 2009, AESI, a wholly owned Subsidiary of AboitizPower, was granted a license to act as a RES, which license was renewed on October 29, 2012 for another five years. With the start of commercial operations of Open Access on June 26, 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)

Prism Energy was incorporated on March 24, 2009 as a joint venture between AboitizPower (60%) and Vivant Corporation (40%). It was granted a five-year RES license by the ERC on May 22, 2012 until May 22, 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. (AdventEnergy)

Incorporated on August 14, 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 June 18, 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)

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 December 31, 2016, SN Aboitiz Power-RES accounts for 131 GWh or 9.5% of BCQ volumes which contributed ₱62 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.

(ii) Sales

The operations of AboitizPower and its Subsidiaries and Affiliates are based only in the Philippines.

Comparative amounts of revenue, profitability and identifiable assets are as follows:

	2016	2015	2014
Gross Income		₱85,174	86,579
Operating Income		24,687	22,351
Total Assets		**₱242,489**	**216,761**

Note: Values are in Million Pesos. Operating income is operating revenue net of operating expenses.

Comparative amounts of revenue contribution by business group are as follows:

	2016		2015		2014	
Power Generation			₱47,137	46%	₱47,790	49%
Power Distribution			41,379	41%	39,976	41%
Retail Electricity Supply			12,151	12%	9,703	10%
Services			991	1%	908	0%
Total Revenue			**₱101,658**	**100%**	**₱98,377**	**100%**
Less: Eliminations			(₱16,484)		(11,618)	
Net Revenue			**₱85,174**		**₱86,759**	

Note: Values are in Million Pesos.

(iii) 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 (collectively, "SN AboitizPower – Magat and Benguet") and TLI have ASPAs with NGCP as AS providers to the Luzon grid. Contracts of SN AboitizPower-Magat and Benguet for its Magat, Binga and Ambuklao HEPPs date back to November 2009, June 2010, and July 2013, respectively, are re-negotiated every three years thereafter. SN AboitizPower - Magat and Benguet delivers regulating, contingency and dispatchable reserves, as well as blackstart service through its three power plants. ASPAs of SN AboitizPower - Magat and Benguet with NGCP are valid until March 25, 2017 for the Binga HEPP. ASPAs for the Magat and Ambuklao HEPPs expired on July 26, 2016, but extended until the Provisional Authority or Final Approval for the new ASPAs filed on August 24, 2016 is issued by the ERC. The new ASPAs are valid for five years. On December 21, 2016, NGCP received the ERC letter dated 5 December 2016 on the issuance of the Provisional Authority for the implementation of Ambuklao HEPP ASPA effective December 26, 2016. SN AboitizPower-Magat and NGCP have yet to receive Provisional Authority or Final Approval from the ERC. TLI, on the other hand, is offering contingency reserve under its ASPA.

On December 22, 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 by cause of their ASPA nominations to NGCP under the terms of their respective ASPAs. Settlement for reserves remains to be between NGCP and ancillary providers.

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.

(iv) New Products/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.

(v) 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. ERC has also issued a resolution allowing generators to apply as RES. 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, respectively, to Mindanao and Negros Occidental.

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 1,254 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.

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 June 25, 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 June 25, 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 June 26, 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.

(vi) Sources of Raw Materials and Supplies

Generation Business

AboitizPower generates energy using six 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%.

AboitizPower facilities 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 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 May 26, 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 last March 21, 2011, which was provisionally approved by the ERC on May 30, 2011. On February 29, 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 March 1, 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 December 25, 2015, the CSEEs of Davao Light and Cotabato Light with PSALM expired. Following negotiations, on December 23, 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 March 1, 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 April 28, 2016 for a period of two years. These were provisionally approved by the ERC on July 11, 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 October 16, 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 December 26, 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 December 25, 2011 and an additional 15 MW starting December 25, 2012. This addressed NPC's reduced power supply under its contract with VECO. The first and second 15MW contracts with GCGI expired last December 26, 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 December 26, 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 September 25, 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 December 25, 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.

(vii) Major 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:

(a) *Industrial customers.* Industrial customers generally consist of large-scale consumers of electricity within a franchise area, such as factories, plantations and shopping malls.
(b) *Residential customers.* Residential customers are those who are supplied electricity for use in a structure utilized for residential purposes.
(c) *Commercial customers.* Commercial customers include service-oriented businesses, universities and hospitals.
(d) *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. Street lights have a different rate category and are thus monitored independently.

(viii) 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 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. The parent company 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 Notes of the Audited Financial Statements of the Company.

(ix) Patents, Copyrights and Franchises

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 facilties 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.

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

Title of Document	Issued under the name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	
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-M-00032L	Hedcor, Inc.	Irisan 1	Hydroelectric Power Plant	Tuba, Benguet	3.8 MW	Hydro	25	January 27, 2016
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

Title of Document	Issued under the name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	
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-S-17271M	Hedcor, Inc.	La Trinidad (Beckel)	Diesel Engine	214 Beckel, La Trinidad, Benguet	216 kW	Diesel	15	March 2, 2016
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

Title of Document	Issued under the name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	
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
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 Corporation	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	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	
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 Hydroelectric Power Plant)	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			
		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			

Title of Document	Issued under the name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	
		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 – Calauan, Plant B, Unit 4			63.2 MW			
		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, Compostela Valley	100.33 MW	Diesel	25	March 30, 2016
			Blackstart		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

Title of Document	Issued under the name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	
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

** 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 Utility	Expiration Date
VECO	2030
Davao Light	2025
Cotabato Light	2039
SFELAPCO	2035
SEZ[7]	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 June 16, 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 July 26, 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

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

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.

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).

Trademarks	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.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					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	Aboitiz Power Corporation	April 23, 2010	4-2010-004381	Application for trademark	Original Certificate of Registration was issued on

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
(Class No. 39, 40 and 42)			November 11, 2010	"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.	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 BetterFuture" 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

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					is due for filing on or before February 24, 2018 with the IP Office.
Alterspace and Device (Class 9, 39 and 40)	Aboitiz Power Corporation	May 31, 2011	4-2011-006291 December 22, 2011	Application for trademark "Alterspace and Device". A globe with the words "alter" and "space" inside an arrow circling the globe and separating the words. The globe is rendered in forest green, while the words and arrow are rendered in lime green.	Original Certificate of Registration was issued on December 22, 2011. 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 December 22, 2017 with the IP Office.
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 ENERGY 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. The 10th year DAU and application for renewal of registration is due for filing on or before September 3, 2017 with the IP Office.
iEngage (Class No. 39, 40 and 42)	Aboitiz Power Corporation	February 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	February 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.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					For abandonment due to non-use and plans to dissolve the system.
iEngage MyBill (Class No. 39, 40 and 42)	Aboitiz Power Corporation	February 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	February 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 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.	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.
Subic EnerZone Corporation and Logo (plain only) (Class No.	Subic EnerZone Corporation	July 6, 2006	4-2006-007305 August 20, 2007	Trademark Application for Subic EnerZone Corporation	Original Certificate of Registration was issued on August 20, 2007.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
39)				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.	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.

(x) Government Approvals

The discussion on the need for any government approval for any principal products or services of the Company and its Subsidiaries, including COCs obtained by the Generation Companies and franchises obtained by the Distribution Utilities, is included in item (ix) Patents, Copyrights and Franchises.

(xi) 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 which have had or will have considerable impact on AboitizPower's businesses relate to the following:

Wholesale Electricity Spot Market (WESM)

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 December 27, 2013 adjusting the WESM Offer Price Cap. In this resolution, the Offer Price Ceiling of ₱62,000.00 per MWh as set by the WESM Tripartite Committee was reduced to ₱32,000.00 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 which established a mechanism to impose an interim secondary price cap of ₱6,245.00 per MWh in the WESM. In December 2014, the ERC adopted a permanent pre-emptive mitigation measure, where the price cap of ₱6,245.00 per MWh would be imposed in the event the average spot price in WESM would exceed ₱9,000.00 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 Circular 2015-10-0015 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:

(a) Removal of Pmin constraint in the Market Dispatch Optimization Model (MDOM)
(b) Five minutes dispatch intervals from one hour
(c) Ex-ante pricing only
(d) Maintaining the one hour settlement interval for settlement purposes
(e) Automated pricing corrections
(f) Mandatory integration of distribution utilities' sub-transmission network (with material effect) into the Market Network Model (MNM)
(g) Changing the values and priorities of some of the Constraint Violation Coefficients (CVCs),
(h) Imposition of WESM offer cap and floor for energy and reserve as determined through joint study by the DOE, ERC and PEMC
(i) Implementation of hourly Day-Ahead Projection (DAP) with sensitivities and Hour-Ahead Dispatch (HAD)
(j) Implementation of nodal-based short-term demand forecasting
(k) Enhanced training of WESM participants
(l) Any other enhancements as may be deemed necessary and issued by the DOE.

Changes to the WESM Rules and Manuals to comply with the above guidelines are currently being made by PEMC and the DOE, in consultation with the market participants. Afterwards, the new Price Determination Methodology shall be submitted to the ERC for its approval.

The tentative implementation of the new Market Management System (MMS) of the WESM is on June 26, 2017.

Interim Mindanao Electricity Market (IMEM) and WESM Mindanao

On January 9, 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:

- Establishment of the WESM;
- Approval of unbundled transmission and distribution wheeling charges;
- Initial implementation of the cross subsidy removal scheme;
- Privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and
- 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 December 26, 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 December 26, 2011, as certified by the ERC to be Contestable Customers, were given the right to choose their own electricity suppliers. However, on October 24, 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 December 26, 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 December 26, 2012 as the Open Access Date, while the period from December 26, 2012 to June 25, 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 June 26, 2013 to December 25, 2013 would cover the initial commercial operation of Open Access. From December 26, 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 October 22, 2014, the ERC issued Resolution No. 17, Series of 2014, which holds 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 disallows 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. Further, RES are 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, which establishes the conditions and eligibility requirements for end-users to be part of the contestable market.

On May 27, 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 July 5, 2016 (G.R. No. 225141) and on September 27, 2016 (G.R. No. 226800), respectively.

On October 10, 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 December 13, 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 June 30, 2014. In addition, the second regulatory period of SEZ and SFELAPCO ended on September 30, 2015. A reset process should have been initiated 18 months prior to the start of the third regulatory period of April 1, 2013 to March 31, 2017 for Cotabato Light, July 1, 2014 to June 30, 2018 for VECO and Davao Light, and October 1, 2015 to September 30, 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 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:

- Cotabato Light: April 1, 2017 to March 31, 2021
- Davao Light and VECO: July 1, 2018 to June 30, 2022
- SEZ and SFELAPCO: October 1, 2019 to September 30, 2023

On November 21, 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.

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 scheduled on January 23, 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 October 5, 2016, the ERC approved the 2016 Edition of the Philippine Grid Code in Resolution No. 22, Series of 2016. Pertinent revisions are as follows:

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

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:

- Classification of power projects as one of national significance and imbued with public interest;
- Exemption from Value Added Tax (VAT) of the sale of electricity by generation companies;
- 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;
- 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;
- Grant of access to electric cooperatives over the missionary electrification fund collected through universal charges;
- 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;
- Regulation of generation, transmission, distribution and supply rates to allow RORB up to 12%;
- Classification of power generation and supply sectors as public utilities, which would be required to secure legislative franchises;
- 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;
- 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;
- 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;
- 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;
- 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;

- Prohibition on distribution utilities, except rural electric cooperatives to recover systems losses and placing a 5% cap on recoverable system loss;
- Imposition of a uniform franchise tax for distribution utilities equivalent to 3% of gross income in lieu of all taxes;
- Grant of authority for NPC to generate and sell electricity from remaining assets;
- 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
- 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 May 25, 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 August 6, 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 ₱8.69/kWh for the second set of installation target. On October 6, 2015, the ERC issued Resolution No. 14, Series of 2015 adopting the Wind FIT2 rate of ₱7.40/kWh. On September 29, 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 ₱7.40/kWh to ₱7.93/kWh. A public consultation was held on the Petition for Rule Making on January 6, 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 ₱0.0406 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 February 16, 2016, the ERC provisionally approved a FIT-All of ₱0.1240 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.

ERC Regulation on Systems Loss Cap Reduction

Under ERC Resolution No. 17, Series of 2008, the actual recoverable systems losses of distribution utilities was reduced from 9.50% to 8.50%. The new systems loss cap was implemented in January 2010.

Under this regulation, actual company use of electricity shall be treated as an expense of the distribution utilities, particularly, as an operations and maintenance (O&M) expense in the PBR applications.

In December 2009, VECO and Cotabato Light filed separate petitions in the ERC for the deferment of the implementation of the systems loss cap of 8.50%, citing circumstances peculiar to their respective franchises and beyond the control of VECO and Cotabato Light that affect the systems loss incidence in their areas. Although these petitions remain pending before the ERC, unaccounted systems losses of VECO and Cotabato Light as of the end of 2014 stood at 7.83% and 8.26%, respectively.

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 October 20, 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 December 2, 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 September 12, 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.

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

Under DOE Department Circular No. 2010-03-0003 dated February 26, 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:

(a) 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;
(b) 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;
(c) Coal power plants shall ensure the required 30-day coal running inventory which includes shipments in transit;
(d) 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;
(e) 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;
(f) All generation companies must notify and coordinate with the system operator of any planned activity such as the shutdown of its equipment;
(g) All generation companies must immediately inform the DOE of any unexpected shutdown or de-rating of the generating facility or unit thereof; and
(h) 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.

(xii) Amount Spent on 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 for such activities may vary depending on the nature of the project.

(xiii) 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, air emissions; wastewater discharges; the generation, handling, storage, transportation, treatment and disposal of toxic or hazardous chemicals, materials and waste; workplace conditions; and 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 and 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. Energy Regulation 1-94 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 APRI Makban and APRI Tiwi geothermal plants have collectively spent ₱2.6 mn for its environmental management programs in 2016, ₱1.4 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.

Hedcor and its Subsidiaries, TSI, and SN Aboitiz Power–Magat and SN Aboitiz Power–Benguet allocated ₱13,982,808.00, ₱5,203,132.00 and ₱335,480.00, 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 ₱4,248,828.00 for environmental management. This is a ₱2 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.

(xiv) Employees

On the parent company level, AboitizPower has a total of 350 employees as of February 28, 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 February 28, 2017:

Business Unit	Number of Employees						Unionized Employee	Expiry of Collective Bargaining Agreement (CBA)
	Total	Executives	Managers	Supervisors	Rank & File	Contractual		
Aboitiz Power	350	66	56	51	177	0	N/A	N/A
AESI	8	0	1	0	7	0	N/A	N/A
BEZ	6	0	0	1	5	0	N/A	N/A
MEZ	6	1	0	1	4	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	93	0	2	11	27	53	N/A	N/A
LHC	36	0	1	5	24	6	N/A	N/A
MORE	97	12	16	31	33	5	N/A	N/A
SEZ	34	2	4	3	25	0	N/A	N/A
SN Aboitiz Power-Generation	38	1	2	1	7	27	N/A	N/A
SN Aboitiz Power - Magat	40	1	3	17	17	2	N/A	N/A
SN Aboitiz Power - Benguet	60	1	3	27	27	2	N/A	N/A

Business Unit	Number of Employees						Unionized Employee	Expiry of Collective Bargaining Agreement (CBA)
	Total	Executives	Managers	Supervisors	Rank & File	Contractual		
STEAG Power	203	3	17	40	140	3	N/A	N/A
WMPC	60	0	6	12	42	0	N/A	N/A
SPPC	47	0	3	12	32	0	N/A	N/A
Cotabato Light	52	1	3	11	37	0	31	June 30, 2019
Davao Light	314	8	24	65	210	2	126	June 15, 2021
Hedcor, Inc.	470	12	14	51	354	39	142	September 18, 2018
VECO*	364	4	23	49	273	15	165	December 31, 2016
SFELAPCO	263	2	15	7	56	181	56	May 9, 2019
TOTAL NO. OF EMPLOYEES	2,957	121	215	456	1,756	402	564	

**Under negotiation*

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.

On October 28, 2010, the Visayan Electric Company Employees Union-ALU-TUCP (the Union) filed a Notice of Strike against VECO on grounds of unfair labor practice for alleged illegal dismissal of the union president and officers and alleged failure to observe the grievance procedure in the CBA. The Secretary of Labor assumed jurisdiction over the strike and remanded the illegal dismissal case of the union president to the National Labor Relations Commission (NLRC) for compulsory arbitration.

On June 30, 2011, the NLRC dismissed the charge of unfair labor practice against VECO for lack of merit, and declared legal the dismissal from employment of the union president. The Union moved to reconsider the adverse decision of the NLRC, but the motion was denied. Consequently, on October 18, 2011, the Union filed a petition for certiorari, which was dismissed by the Court of Appeals (CA) for being filed out of time. On March 14, 2013, the Union filed a petition for certiorari before the Supreme Court questioning the decision of the CA.

VECO filed its comments to the petition last July 1, 2013. The Union was ordered to file its reply pursuant to a resolution by the Supreme Court dated September 16, 2013. Despite the aforementioned Supreme Court resolution, no reply has been filed by the Union.

On July 22, 2015, the Supreme Court denied the petition for certiorari filed by the Union. In a Resolution dated October 12, 2015, the Supreme Court likewise denied the Union's Motion for Reconsideration and directed that an entry of judgment be made.

(xv) Major Risk/s Involved in the 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.

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 that 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 LGUs.

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, and maximizing 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 risks, projected capacities from these investments as well as expiring contracts of the Company's existing capacities are marketed and contracted ahead 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 its customer relationship and selling activities.

Open Access and Retail Competition

Open Access has opened the door to a more competitive retail environment. Eligible Contestable Customers - 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: those with average demand from 750kW to less than 1000kW, and then those from 500kW to less than 750kW.

Open Access may adversely affect the distribution franchises of the AboitizPower Group when their supply contracts haveto be reduced, as customers switch from being captive customers to Open Access eligible customers. The Distribution Utilities will adjust the levels from these suppliers at a minimal cost impact to customers. AboitizPower has two wholly-owned Subsidiaries, AESI and AdventEnergy, that are licensed RES. 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.

Electricity Trading Risks

Due to increased supply, electricity market prices are expected to decrease substantially both long-term and short-term.

Furthermore, shorter trading and dispatch interval of five minutes are expected to be implemented by mid-2017. This enhancement could result to additional operational workload due to increased trading transactions. WESM is targeted to take off on in Mindanao in June 2017.

With these significant changes in its 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 who works very closely with the Company's Generation Companies and Distribution Utilities, while maintaining 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 an understanding how regulations will affect AboitizPower's businesses, as well as planning and preparing for expected changes in regulation, rather than waiting for regulations to be imposed.

Regular dialogues are conducted with AboitizPower's regulatory team, media, non-government organizations, the academe, and organized industry groups such as PIPPA and Philippine Electric Plant Owners Association (PEPOA) to educate various groups about the power industry. The AboitizPower regulatory team will continue to actively participate in consultative processes as well as engage in public discussions on government regulations, their relevance to current business practices and technology changes, with the goal of development of new rules and policies that will be beneficial not just to AboitizPower but to the power industry as a whole.

Business Interruption due to 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 serious risks.

Regular preventive maintenance of AboitizPower's facilities, technological infrastructure and systems is being strictly done. Loss prevention controls are continually being evaluated and strengthened as well. 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 system (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, and will continue until 2017. The 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 achieve the optimal balance between retaining and transferring risks and lowering the Total Cost of Insurable Risk (TCOIR).

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 is 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 evaluation of existing measures in a simulated scenario 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 Risks

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.

Fuel Supply and Price Risk

AboitizPower's thermal plants - TLI, TSI and TVI, currently in construction phase, utilize coal, while CPPC, EAUC, TMI and TMO utilize Bunker-C fuel. These fuel types are exposed to global market price movements and supply challenges.

In 2016, coal prices in the global market temporarily spiked due to policy changes 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 ofentering into or renewing their medium-term supply contracts with the leading oil companies in the country.

AboitizPower's exposure to fuel supply and price risk is limited as a result of the utilization of capacity-based contracts for approximately 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 Risks

AboitizPower has ongoing Greenfield and Brownfield projects, as well as mergers and acquisitions, in various technologies such as solar, coal, hydro, and geothermal, which are under development or execution phase, in order to increase its generation portfolio. 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.

In 2016, Unit 2 of the TSI plant and the 59-MW solar power plant project of Sacasun in San Carlos City, Negros Occidental started commercial operations. The PCC and BOI approved the acquisition by the Company, through its wholly-owned Subsidiary, TPI, of an 82.8% beneficial ownership interest in GNPower-Mariveles and 50% beneficial ownership interest in GNPower-Dinginin. 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.

AboitizPower also made significant construction progress in its power plant projects in TVI, Pagbilao 3, Aseagas and Hedcor Manolo Fortich, all of which are expected to begin commercial operations in 2017 and 2018.

The Company takes 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.

Item 2. 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 a holding company, the Company does not utilize significant amounts of office space.

The Company plans to continually participate in future biddings and projects that become available to it.

On a consolidated basis, AboitizPower's Property, Plant and Equipment were valued at around ₱________ bn in 2016 as compared to ₱134.81 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	2016	2015
Land		₱1,340,282
Buildings, Warehouses and Improvements		14,090,427
Powerplant, Equipment and Streamfield Assets		99,658,102
Transmission, Distribution and Substation Equipment		14,683,602

Transportation Equipment		1,001,932
Office Furniture, Fixtures and Equipment		505,273
Leasehold Improvements		2,696,862
Electrical Equipment		3,179,186
Meter and Laboratory Equipment		1,546,645
Tools and Others		764,908
Construction in Progress		22,578,043
Less: Accumulated Depreciation and Amortization		27,234,635
TOTAL		**₱134,810,627**

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, Sibulan, Davao del Sur	In use for operations
Hedcor Tudaya	Hydropower plant	Santa Cruz, Sibulan, 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
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
TMO	Barge-mounted diesel power plants	Navotas Fishport, Manila	In use for operations

Subsidiary	Description	Location/Address	Condition
TSI	Coal-fired power plants	Davao City and Davao del Sur	In use for operations
TVI	Land	Bato, Toledo, Cebu	For plant site

Item 3. 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 ₱14mn to ₱67 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.

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 ₱40.40 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 ₱11 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 ₱4.3 mn for the fourth quarter of 2002, while the second notice required LHC to pay ₱17.2 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 ₱234.9 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 ₱234.9 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 ₱234.9 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 ₱234.9 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.

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. APRI has filed its Comment and is 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, 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 December 9, 2016, SPC filed a Motion for Leave to File and Admit with attached Motion for Reconsideration. On January 12, 2017, Agabin Verzola & Layaoen Law Offices filed an Entry of Appearance as collaborating counsel for SPC.

On February 14, 2017, TPVI received the Entry of Judgement dated January 9, 2017 issued by the Supreme Court.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

(1) 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	N/A	N/A	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 February 28, 2017 (last trading day of February) is ₱43.00per share.

(2) Holders

As of February 28, 2017, AboitizPower has 631 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 February 28, 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)	871,179,706	11.84%
3) PCD Nominee Corporation (Foreign)	575,431,933	7.82%
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	**7,220,813,801**	**98.13%**
Other Stockholders	**137,790,506**	**1.87%**
TOTAL SHARES	**7,358,604,307**	**100.00%**

NET ISSUED AND OUTSTANDING SHARES	**7,358,604,307**	**100.00%**

(3) 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)	₱1.36	₱10.00 bn	3/7/2017	3/21/2017	4/10/2017
2016 (regular)	₱1.20	₱8.83 bn	3/8/2016	3/22/2016	4/19/2016
2016 (special)	₱0.46	₱3.38 bn	3/8/2016	3/22/2016	4/19/2016
2015 (regular)	₱1.14	₱8.39 bn	3/10/2015	3/24/2015	4/20/2015
2015 (special)	₱0.52	₱3.83 bn	3/10/2015	3/24/2015	4/20/2015

During the regular board meeting of the Company held on November 28, 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.

(4) 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.

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
Contact Person

02- 886-2729
Company Telephone Number

12 31
Month *Day*
Fiscal Year

LETTER
FORM TYPE

3rd Monday of May
05 15
Month *Day*
Annual Meeting

N/A
Secondary License Type, if Applicable

SEC
Dept. Requiring this Doc

N/A
Amended Articles Number/Section

Total No. of Stockholders

x
Domestic

Foreign

- -

To be accomplished by SEC Personnel concerned

File Number

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AboitizPower
A Better Future

March 9, 2017

Securities and Exchange Commission
Electronic Records Management Division
ICTD
MAR 09 2017
BY
RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENTS

MARKETS AND SECURITIES REGULATION DEPARTMENT
SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City, 1307

ATTENTION: **Mr. Vicente Graciano P. Felizmenio, Jr.**
Director

Dear Mr. Felizmenio:

RE: **<u>SEC Form 17-Q for First Quarter 2017</u>**

This is in reference to Aboitiz Power Corporation's (AboitizPower) SEC Form 17-Q for the first quarter due on May 15, 2017. Considering that the deadline for filing said SEC Form 17-Q is on the same day as the scheduled Annual Stockholders' Meeting (ASM) on May 15, 2017, the undersigned undertakes to furnish copies of the said report to the shareholders during the ASM.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION
By:

M. Jasmine S. Oporto
Corporate Secretary

Item 6. Management's Discussion and Analysis or Plan of Action

MANAGEMENT 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, 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.** Share in Net Earnings (losses) of Associates 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 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 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 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	**3,979,947**	**4,009,488**
EBITDA	**33,664,121**	**31,765,156**
CASH FLOW GENERATED:		
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 used in financing activities	(5,448,755)	(1,618,932)
Net Increase in Cash & Cash Equivalents	**31,765,156**	**8,839,452**
Cash & Cash Equivalents, Beginning	40,231,875	31,383,499
Cash & Cash Equivalents, 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 with the higher income recognized this year.

The Group generated an additional ₱1.76 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 from 3.36x 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 ₱16.71 bn in 2014 to ₱17.60 bn in 2015. A non-recurring loss of ₱762 mn was recognized this year versus last year's loss of ₱136 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 ₱18.37 bn, up by 9% year-on-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 ₱13.92 bn, up 3% YoY. Netting out the effects of non-recurring foreign exchange losses, the business generated ₱14.81 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 ₱3.20 bn to ₱3.81 bn. This accounts for 21% of earnings contribution from business segments.

The gross margin on a per kWh basis in 2015 declined from ₱1.71 to ₱1.61. 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 ₱16.71 bn in 2014 to ₱17.60 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	**₱16,705,184**
Increase in operating revenues	(1,585,434)
Increase in operating expenses	3,921,252
Decrease in share in net earnings of associates	374,378
Increase in interest income	(639,761)
Increase in interest expense	(29,541)
Increase 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	**₱17,603,797**

Operating Revenues
(2% decrease from ₱86.76 bn to ₱85.17 bn)

Operating revenues from the Generation segment decreased by 10% from ₱36.88 bn in 2014 to ₱33.37 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 ₱39.98 bn in 2014 to ₱41.38 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 ₱64.41 bn to ₱60.49 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 ₱472 mn to ₱846 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 ₱5.99 bn to ₱6.63 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 ₱4.01 bn to ₱3.98 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 ₱592 mn other income to ₱337 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 ₱3.42 bn to ₱3.59 bn)

The higher income recognized during the year lead to higher provision for taxes.

Net Income Attributable to Non-controlling Interests
(4% increase from ₱1.30 bn to ₱ 1.35 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 ₱226 mn (versus ₱260 mn in the previous year). This brought total consolidated comprehensive income to ₱19.18 bn for the year.

Changes in Registrant's Resources, Liabilities and Shareholders' Equity

Assets

Total assets (as of December 31, 2015 vs. December 31, 2014) increased by ₱25.73 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 ₱40.23 bn in 2014 to ₱51.10 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 ₱12.33 bn in 2014 to ₱13.69 bn in 2015) primarily due 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$ denominated payments under the EPC contract related to the construction of a power plant.
d) Inventories decreased by 6% (from ₱2.17 bn in 2014 to ₱2.04 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 ₱1.94 bn in 2015 to ₱3.39 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 ₱2.65 bn.
g) Property, plant and equipment (PPE) increased by 13% (from ₱119.65 bn in 2014 to ₱134.81 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 asset – service concession rights decreased by 5% mainly due to amortization expense charged during the year.
i) Investment properties decreased by ₱25 mn after a sale made by the Company.
j) Net pension assets decrease of ₱44 mn is mainly due to actuarial losses recognized by the group during the period.
k) Deferred income tax assets (DTA) increased by 140% (from ₱244 mn in 2014 to ₱585 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 ₱10.66 bn in 2014 to ₱9.39 bn in 2015) mainly due to the reclassification of Input VAT from noncurrent to current assets.

Liabilities

Consolidated liabilities increased by 17% from ₱120.68 bn as of December 31, 2014 to ₱140.88 bn as of December 31, 2015.

a) Bank loan balances increased by ₱2.47 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 ₱12.78 bn in 2014 to ₱14.14 bn in 2015) mainly on account of higher payables to contractors for on-going construction.
c) Income tax payable increased by 41% (from ₱604 mn in 2014 to ₱853 mn in 2015) primarily due to higher tax payables of the Group.
d) Total long-term debt increased by 36% (from ₱42.78 bn in 2014 to ₱58.38 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% (₱5.69 bn in 2014 to ₱6.38 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% (₱2.35 bn in 2014 to ₱3.02 bn in 2015). Increase is due to additional provision and interest accreted during the year.
g) Pension liability increased by 21% (₱406 mn in 2014 to ₱493 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% (₱1.25 bn in 2014 to ₱1.13 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 ₱91.96 bn in 2014 to ₱97.57 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 ₱25.20 bn for the year.

The Group utilized less cash for investing activities during the year which totalled ₱8.90 bn versus ₱12.98 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 ₱5.45 bn is due to dividend payments to shareholders of ₱12.22 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 ₱40.23 bn as of the end of 2014 to ₱51.10 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.

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, as energy demand grows. However, the expiration of the income tax holidays (ITH) of several plants is expected to have some impact on earnings moving forward.

I. Generation Business

1. Expiration of Income Tax Holiday

Several of the AboitizPower's plants were eligible for an 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.

AP Renewables, Inc. (APRI). APRI obtained an ITH from the BOI on June 19, 2009. The ITH for APRI will expire on June 19, 2016.

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. Over the next several years, 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.

300-MW CFB Coal-Fired Power Plant in Davao. AboitizPower, through its Subsidiary, TSI, constructed a 2x150 MW CFB coal-fired power plant in Davao. The project broke ground in May 2012. The EPC contract for the power block was awarded to Formosa Heavy Industries (FHI) with FHI supplying the CFB boilers and Fuji as major subcontractor/supplier of the turbine-generators. The EPC contract for the balance of plant equipment and their integration with the power block was awarded to a consortium led by Black & Veatch Corporation. TSI is now fully operational. Unit 1 commenced commercial operations last September 18, 2015, while Unit 2 officially went online last February 2, 2016.

59-MWp Solar Power Plant in Negros Occidental. This is a project by AboitizPower's Subsidiary, ARI, Maaraw San Carlos and SunEdison. The project involves the construction of a 59-MWp photovoltaic solar power plant. The EPC contract was awarded to Nari Group Corporation in August 2015. The project started injecting power to the grid before the FIT deadline on March 15, 2016.

420-MW Pulverized Coal-Fired Expansion Unit 3 in Pagbilao, Quezon. This is a project by PEC, a partnership between AboitizPower's Subsidiary, 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 on year-end 2017.

340-MW CFB Coal-Fired Project in Toledo City, Cebu. This is a project of TVI, a partnership between AboitizPower and the Garcia Group, through VIGC and VEC. The project involves the construction of a 2x170-MW coal-fired power plant. The EPC contract was awarded to Hyundai Engineering Co. Ltd. (HEC). The notice to proceed for all EPC activities was issued on March 18, 2015. The turnover of the first and second units are targeted on the second and third quarter of 2018, respectively.

68-MW Manolo Fortich Hydropower Plant in Bukidnon. This is a project by Hedcor Bukidnon and involves the construction of the 43-MW Manolo Fortich 1 and 25-MW Manolo Fortich 2 run-of-river hydroelectric power plants. The project broke ground in April 2015 and the target commercial operation is on the second quarter of 2017.

8.5-MW Maris Canal Hydropower Plant Project in Ramon Isabela. This is a project by SN Aboitiz Power-Magat and involves the construction of an 8.5 MW run-of-river hydroelectric power plant. The project, which broke ground in late 2015, is targeted to be completed by yearend 2017.

Other Greenfield and Brownfield Developments.

600-MW (net) Coal-Fired Power Plant in Subic. This is a project by RP Energy, a joint venture among MPGC, AboitizPower's Subsidiary, TPI, and TCIC. The project involves the construction and operation of a 2x300 MW (net) CFB coal-fired power plant. The full development and implementation of the project is ongoing with expected commercial operations of the power plant beginning 2020.

390-MW Alimit Hydroelectric Power Complex in Ifugao. This is a project by SN Aboitiz Power-Ifugao, Inc. and involves the construction of the 120-MW Alimit hydroelectric power plant, 250-MW Alimit pumped storage facility, and the 20-MW Olilicon hydropower plant. It is currently at the permitting stage.

AboitizPower entered into an agreement with PT Medco Power Indonesia to participate in the exploration and development of a potential 2x55 MW greenfield geothermal power plant in East Java Province, Indonesia. Currently, slim-hole drilling is being conducted, with expected results of the drilling by mid 2016.

AboitizPower entered into an agreement with SN Power 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 currently conducting pre-feasibility studies.

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.

AboitizPower is also exploring new geothermal resources. Currently, pre-development works are ongoing in several areas namely, Negron-Cuadrado located in Central Luzon and Sibulan-Kapatagan located in Mindanao. Both the Negron-Cuadrado and Sibulan-Kapatagan geothermal projects have been awarded geothermal renewable energy service contracts (GRESC) by the Department of Energy.

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 PSALM intends to auction off.

AboitizPower is also keen on participating in PSALM's public auction for the IPPA contracts, which involves the transfer of the management and control of total energy output of power plants under contract with NPC to the IPPA.

II. Distribution Business

AboitizPower remains optimistic that it will realize modest growth on its existing distribution utilities. It continually seeks efficiency and improvements in its operations to maintain healthy margins.

The PBR replaced the RORB mechanism which has historically determined the distribution charges paid by customers. Under PBR, distribution utilities can collect from customers over a four-year regulatory period.

The ERC has implemented a PIS 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.

The second regulatory period of AboitizPower's distribution utilities ended on the following dates: (i) Cotabato Light on March 31, 2013; (ii) VECO and Davao Light on June 30, 2014; and (iii) SEZ and SFELAPCO on September 30, 2015. A reset process should have been initiated 18 months prior to the start of the third regulatory period of April 1, 2013 to March 31, 2017 for Cotabato Light, July 1, 2014 to June 30, 2018 for VECO and Davao Light, and October 1, 2015 to September 30, 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 RDWR. The Issues 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.

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 retail electricity supplier (RES) companies. AboitizPower has two wholly owned Subsidiaries, AESI and AdventEnergy, which are licensed RES.

In 2015, the DOE released Circular No. 2015-06-0010 with the following pertinent provisions:

- All Contestable Customers (CCs) with an average demand of 1 MW and above, which are currently being served by their franchised distribution utilities, are mandated to secure their respective 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.

- 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 companies, and prospective generation companies.

- 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.

2. Possibility of Mindanao Wholesale Electricity Spot Market (WESM)

The DOE is studying the possibility of establishing a WESM in Mindanao once the Mindanao grid achieves power sufficiency. With the commissioning of the new base load power plants on the first half of 2016, the Mindanao grid is expected to have more than enough power supply.

3. Reserve Market

The DOE issued Department Circular No. DC2013-12-0027, entitled "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 Department Circular sets the responsibility of the PEMC, NGCP, NEA and all WESM Members with regard to the operations 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 # 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 Ancillary Services Procurement Agreement with NGCP. No date has been set for the launch of the Reserve Market.

On January 2016, the DOE and PEMC implemented the Central Dispatch and Scheduling of Energy and Reserves in the WESM pending ERC's approval of the Price Determination Methodology of the Reserve Market. The protocol follows that of the Reserve Market. The participants, however, will only be those contracted with NGCP. There will be no settlement amount which will come from WESM.

AboitizPower, through SN Aboitiz Power - Benguet, SN Aboitiz Power - Magat, and TLI, is well-positioned to take advantage of this opportunity.

4. Feed-in-tariff (FIT) scheme

The RE Law was signed into law by former President Gloria Macapagal-Arroyo on December 16, 2008 and became effective in 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	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 Department of Energy (DOE).*

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 full subscription of the revised solar installation target of 500 MW or on March 15, 2016. The original solar FIT rate of ₱9.68/kWh shall apply to solar plants which have been commissioned prior to the effectivity of the ERC (up to 50 MW) decision.

The DOE endorsed the increase of wind installation target from 200 MW to 400 MW. The new FIT rate for wind is currently awaiting the ERC decision. This development may increase market opportunities for all players.

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 CSP in securing PSA." The DOE recognizes that CSP in the procurement of PSAs by the distribution utilities 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:

- Increase the transparency needed in the procurement process in order to reduce risks;
- Promote and instill competition in the procurement and supply of electric power to all electricity end-users;
- Ascertain least-cost outcomes that are unlikely to be challenged in the future as the political and institutional
- scenarios should change; and
- 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:

- Electric Cooperatives (ECs);
- Private Investor-Owned Distribution Utilities (PIOUs);
- Local Government Unit Owned-and-Operated Distribution Systems/Utility (LGUOUs);
- Multi-Purpose Cooperatives duly authorized by appropriate Government agencies to operate electric power
- system;
- Entities duly authorized to operate within economic zones; and
- Other ther 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:

- Distribution utility may adopt any accepted form of CSP pending the issuance by ERC of prescribed CSP as per DOE Circular;
- Minimum terms were identified by ERC;
- A CSP is considered successful if the distribution utility received at least two qualified bids from entities
- which the distribution utility is not prohibited from entering into a contract for power supply; and
- For two unsuccessful CSPs, the distribution utility 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 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 Law on FIT System, Priority and Must Dispatch, Among Others," in August 2015. The pertinent provisions are as follows:

- In order to maintain the share of RE in power generation, 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 Law and RE IRR;
- 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
- Compliance with the provisions stated in the Circular shall be deemed compliance with the RPS.

AboitizPower's current net sellable capacity mix is roughly 60% non-renewable and 40% 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 2016

AboitizPower is allotting ₱52 bn in capital expenditure this year, of which 62% is for new non-renewable projects, 17% for new renewable projects and 21% for exploratory and operating activities.

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 2013.

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 Visayan Electric Company, Inc. (VECO) as well as lower contributions from SN Aboitiz Power-Magat, Inc. (SN Aboitiz Power-Magat), SN Aboitiz Power-Benguet, Inc. (SN Aboitiz Power-Benguet) and STEAG State Power Inc. (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 Therma Mobile, Inc. (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) (Lima Enerzone) 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 & Company, Inc. (Davao Light) and Cotabato Light & Company (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. The drop mainly came from lower revenues at AP Renewables, Inc. (APRI) due to lower volumes sold to the WESM as well as a drop in its average selling prices during the year. Therma Luzon, Inc. (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 - Aboitiz Energy Solutions, Inc. (AESI) and Adventenergy, Inc. (AdventEnergy) which began their respective operations after Open Access started in June of 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 as 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:
- 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.
- 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.
- 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.
- 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.
- 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:
- 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.
- The income contribution from SN Aboitiz Power-Benguet likewise decreased due to lower revenues as a result of lower selling prices during the year.
- 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.
- 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 2013. 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) 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.
c) 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.
d) 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.
e) 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.
f) Intangible asset – service concession rights decreased by 7% mainly due to amortization expense charged during the year.
g) Investment properties went up by ₱15 mn attributable to the fair valuation gain recognized on the Company's investment property.
h) 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.
i) Available for sale investments decrease of ₱3 mn is mainly on account of the impairment of an investment held by Cotabato Light.
j) 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.

k) Net pension assets increase of ₱69 mn is mainly due to actuarial gains recognized by the Parent Company during the period.

l) 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.

m) 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:
   i. Parent Company's ₱10 bn retail bond issuance in 2014.
   ii. Additional loans from the project debt facility of Therma South, Inc. (TSI) (₱7.56 bn) and Pagbilao Energy Corporation (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) Deferred income tax liabilities (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 dollar 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 2013 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.

Item 7. Financial Statements

The consolidated financial statements of AboitizPower will be incorporated herein by reference. The schedules listed in the accompanying Index to Supplementary schedules will be filed as part of the Definitive Information Statement.

Item 8. Information on Independent Accountant and Other Related Matters

(A) External Audit Fees and Services

The following table sets out the aggregate fees billed to the Company for each of the last two years for professional services rendered by SGV.

Fee Type	2016	2015
Audit Fees	**₱403,000**	**₱383,670**
Audit Related Fees	-	-
Non Audit Fees	-	-
Total	**₱403,000**	**₱383,670**

SGV was engaged by the Company to audit its annual financial statements.

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.

(B) 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.

PART III – 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 rules on conflicts of interest 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 2015 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

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	16th Finance Asia Best Companies in Asia	Overall Best Managed Power Company in Asia

ANNEX "A"

EXPLANATION OF AGENDA ITEMS REQUIRING STOCKHOLDERS' APPROVAL

ITEM NO. 2: **Proof of Notice of Meeting**

RATIONALE: *To inform the stockholders that notice requirements for the 2017 Annual Stockholders' Meeting (2017 ASM) have been complied with in accordance with the Company's By-Laws and the Corporation Code of the Philippines.*

The Corporate Secretary will certify the date that notices for the 2017 ASM were sent out to stockholders of record, the date of publication, and the newspapers where the notice was published.

ITEM NO. 3: **Determination of Quorum and Conduct of Voting**

RATIONALE: *To inform the stockholders of the existence of a quorum for the 2017 ASM, and of the procedure for the conduct of voting for the agenda items being put to a vote.*

The Corporate Secretary will certify the existence of a quorum, as verified and confirmed by the Board of Election Inspectors. Stockholders representing at least a majority of the outstanding capital stock, present in person or by proxy, shall constitute a quorum for the transaction of business.

Should there be agenda items put to a vote, the following are the rules of conduct and procedures:

(i) During the registration process, Company personnel with nametags labeled "AboitizPower ASM Staff" will issue numbered voter receipts to stockholders and proxies. The ASM Staff will keep the receipts and details of the voters in the ASM registration records.

(ii) Voting shall be done manually. The ASM Staff will distribute to the stockholders and proxies the relevant ballot for the particular agenda item put to a vote. The sample ballot for the agenda item will also be displayed in the screen in front of the Ballroom.

(iii) The stockholders and proxies are required to present their voter receipts to the ASM Staff so that they will be provided with the ballots. Valid ballots bear the signature of the Corporate Secretary at the back.

(iv) To vote, a stockholder is required to fill up the ballot, indicate his voting number, and the number of shares of stock he owns consistent with the records of the Company. The ASM Staff will collect the ballots for counting.

(v) Each outstanding share of stock entitles the stockholder to one (1) vote, except for the election of directors where a stockholder may distribute his shares for as many nominees as there are directors to be elected, or he may cumulate his shares and give one candidate as many votes as the number of directors to be elected. The total number of votes cast should not exceed the total number of shares a stockholder owns.

(vi) In general, the approval of the stockholders owning and representing at least majority of the capital stock present at the meeting is sufficient to approve an agenda item. There is no item in the 2016 ASM Agenda that requires a higher percentage of votes from the stockholders.

(vii) All votes received shall be tabulated by the Office of the Corporate Secretary and the results shall be validated by Luis Cañete & Company, an independent auditing firm which has been appointed as the Board of Election Inspectors.

(viii) The Corporate Secretary shall report the votes received and inform the stockholders if the particular agenda item is carried or disapproved. The total number of votes cast for all items for approval under the agenda will be flashed on the screen.

ITEM NO. 4: **Reading and Approval of the Minutes of the Previous Stockholders' Meeting held on May 16, 2016**

RATIONALE: *To allow the stockholders to confirm that the proceedings during the ASM was recorded accurately and truthfully.*

The minutes of the meeting held on May 16, 2016 are posted at AboitizPower's website, www.aboitizpower.com. Copies of the minutes were also distributed to the stockholders before the meeting.

A resolution approving the minutes of the May 16, 2016 ASM will be presented to the stockholders for approval.

ITEM NO. 5: **Presentation of the President's Report**

RATIONALE: *To apprise the stockholders of the Company's operating performance, financial condition and outlook.*

The President and Chief Operating Officer, Mr. Antonio R. Moraza, shall deliver a report to the stockholders on the 2016 operating and financial performance of the Company, as well as its outlook for 2017.

ITEM NO. 6: **Approval of the 2016 Annual Report and Financial Statements**

RATIONALE: *To present to the stockholder the results of the Company's operations in 2016, in accordance with Section 75 of the Corporation Code.*

The Company's audited financial statements as of December 31, 2016 is integrated and made part of the Company's 2016 Definitive Information Statement (2016 Information Statement). The 2016 Information Statement has been sent to stockholders at least fifteen (15) days prior to the ASM, and the same is posted at the Company's website at www.aboitizpower.com.

A resolution approving the 2016 Annual Report and audited financial statements shall be presented to the stockholders for approval.

ITEM NO. 7: **Appointment of the Company's External Auditor for 2017**

RATIONALE: *To appoint an auditing firm which can best provide assurance to the directors and stockholders on the integrity of the Company's financial statements and adequacy of its internal controls. The Board Audit Committee and the Board of Directors will endorse an external auditor for 2017 for the shareholders to appoint.*

The Company's Board Audit Committee recommended the election of Sycip Gorres Velayo & Co. (SGV) as the Company's external auditor for 2017. SGV has been AboitizPower's Independent Public Accountant for the last 18 years. Ms. Leovina Mae V. Chu has been AboitizPower's audit partner since audit year 2012. AboitizPower complies with the requirements of Section 3(b) (ix) of SRC Rule 68 on the rotation of external auditors or signing partners and the two-year cooling-off period.

There was no event in the past 18 years wherein AboitizPower and SGV or its handling partner had any disagreement regarding any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures.

A resolution for the appointment of the Company's external auditor for 2017 shall be presented to the stockholders for approval.

ITEM NO. 8: Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers and Management in 2016 up to May 15, 2017

RATIONALE: To allow the stockholders to approve or ratify the acts of the Board of Directors and Officers of the Company in accordance with the Corporation Code.

The resolutions approved by the Board in its regular and special meetings refer only to acts done by the Board, Corporate Officers and Management in the ordinary course of business. The board resolutions are enumerated in the 2016 Information Statement. The Company also regularly discloses material transactions approved by the Board. These disclosures are available for viewing and download at the Company's website at www.aboitizpower.com.

A resolution to ratify the acts, resolutions and proceedings of the Board of Directors, corporate officers and management in 2016 up to the date of the ASM shall be presented to the stockholders for approval.

ITEM NO. 9: Election of the Members of the Board of Directors

RATIONALE: To allow stockholders to elect the Company's Board of Directors in accordance with Section 24 of the Corporation Code and the Company's By-Laws.

A stockholder may submit his nominee to the Company's Board of Directors to the Board Corporate Governance Committee in accordance with the deadlines set forth in the Company's Amended By-Laws, which for this year shall be on or before April 21, 2017. Under the Guidelines for the Nomination and Election of Independent Directors, the period for nominations for Independent Directors started on January 1, 2017 and the table of nominations closed on February 15, 2017. The stockholders who nominated the Independent and other directors are disclosed in the 2016 Information Statement. The Board Corporate Governance Committee assesses and evaluates the nominees before submitting the final list of qualified nominees to the stockholders for approval. The profiles of all the nominees are included in the Information Statement and uploaded in the Company's website for examination by the stockholders.

A stockholder may distribute his shares for as many nominees as there are directors to be elected, or he may cumulate his shares and give one candidate as many votes as the number of directors to be elected, provided that the total number of votes cast does not exceed his shares in the Company. The nine nominees receiving the highest number of votes will be declared elected as directors of the Company.

ITEM NO. 10: Other Matters

The Chairman will open the floor for comments or queries by the stockholders. Stockholders may raise matters which may be properly taken up during the 2017 ASM.

---end---

ANNEX "B-1"

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ROMEO L. BERNARDO**, Filipino, of legal age and a resident of Unit 6, Forest Hills Townhomes, 20 Mariposa Street, Cubao, Quezon City, Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of Aboitiz Power Corporation (AboitizPower).

2. I am currently affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
ALFM Family of Funds	Chairman	2003 to present
Bank of the Philippine Islands	Independent Director	2002 to present
BPI Capital Corporation	Independent Director	2012 to present
BPI/MS Insurance Corporation	Independent Director	2009 to present
BPI-Philam Life Assurance Corporation	Independent Director	2006 to present
Foundation for Economic Freedom	Vice Chairman & Founding Fellow	1997 to present
Globe Telecom, Inc.	Independent Director	2001 to present
Philippine Stock Index Fund, Inc.	Chairman of the Board	2007 to present
RFM Corporation	Independent Director	2002 to present
Lazaro Bernardo Tiu & Associates, Inc.	Managing Director	2000 to present
World Bank Philippine Advisory Group	Member	2011 to present
International Centre for Settlement of Investment Disputes	Member, Panel of Conciliators	2015 to present
Energy Policy and Development Program	Member, Steering Committee	2014 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AboitizPower, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. No conflict of interest exists between my being an Independent Director of AboitizPower and my other affiliations as defined and stated in AboitizPower's Guidelines for the constitution of the Nomination Committee (now referred to as "Board Corporate Governance Committee") and the nomination and election of independent directors.

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

6. I shall inform the corporate secretary of AboitizPower of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this FEB 2 1 2017 at TAGUIG CITY.

ROMEO L. BERNARDO
Affiant

SUBSCRIBED AND SWORN to before me this FEB 2 1 2017 at TAGUIG CITY. Affiant, who is personally known to me, personally appeared before me and exhibited to me his Philippine Passport No. EC5403253 issued at DFA Manila on September 20, 2015.

Doc. No. 50;
Page No. 11;
Book No. IV;
Series of 2017.

ATTY. NEILSTER JON S. ASINAS
ROLL NO. 55253
NOTARY PUBLIC
TAGUIG CITY, PHILS.

Atty. Neilster Jon S. Asinas
Notary Public for Taguig City
Notarial Commission No. 25
Until December 31, 2017
NAC Tower, 32nd Street, Bonifacio Global City, Taguig City
PTR No. A-3162296; Taguig City; January 05, 2017
IBP Lifetime Membership No. 09307
Roll No. 55253
MCLE No. V-0015211

ANNEX "B-2"

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ALFONSO A. UY**, Filipino, of legal age and a resident of 15 Swan St., Green Meadows, Quezon City, Metro Manila, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am an Independent Director of Aboitiz Power Corporation (AboitizPower).

2. I am currently affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Philippine Foremost Milling Corporation	Chairman	2004 to present
Mindanao Grain Processing Corporation	Chairman	2004 to present
La Filipina Uy Gongco Corporation	Chairman	2004 to present
Iloilo Economic Development Foundation	Chairman Emeritus	2016 to present
Global Business Power Corporation	Director	2016 to present
State Properties, Inc.	Director	2010 to present
State Investment Trust, Inc.	Director	2010 to present
STEAG State Power, Inc.	Director	2008 to present
BDO Private Bank	Director	2012 to present
Amigo Shipping Corporation	Chairman	2004 to present
Amigo Terrace Hotel	Chairman	2004 to present
Amigo Agro-Industrial Development Corporation	Chairman	2004 to present
Excel Farm Corporation	Chairman	2004 to present
Capiz Sugar Central, Inc.	Chairman	2004 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AboitizPower, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. No conflict of interest exists between my being an Independent Director of AboitizPower and my other affiliations as defined and stated in AboitizPower's Guidelines for the constitution of the Nomination Committee (now referred to as "Board Corporate Governance Committee") and the nomination and election of independent directors.

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

6. I shall inform the corporate secretary of AboitizPower of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this FEB 2 1 2017 at AGUIG CITY.

ALFONSO A. UY
Affiant

SUBSCRIBED AND SWORN to before me this FEB 2 1 2017 at AGUIG CITY. Affiant, who is personally known to me, personally appeared before me and exhibited to me his Philippine Passport No. EB5984075 issued at Metro Manila.

Doc. No. 19;
Page No. 11;
Book No. IV;
Series of 2017.

ATTY. NEILSTER JON S. ASINAS
ROLL NO. 55253
NOTARY PUBLIC
TAGUIG CITY, PHILS.

Atty. Neilster Jon S. Asinas
Notary Public for Taguig City
Notarial Commission No. 25
Until December 31, 2017
NAC Tower, 32nd Street, Bonifacio Global City, Taguig City
PTR No. A-3162296; Taguig City; January 05, 2017
IBP Lifetime Membership No. 09307
Roll No. 55253
MCLE No. V-0015211

ANNEX "B-3"

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **CARLOS C. EJERCITO**, Filipino, of legal age and a resident of 215 Country Club Drive, Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

2. I am an Independent Director of Aboitiz Power Corporation (AboitizPower).

3. I am currently affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Mount Grace Hospitals, Inc.	President and Chief Executive Officer	2012 to present
Northern Access Mining Inc.	Chairman	2009 to present
Forum Cebu Coal Corporation	Chairman and Chief Executive Officer	2009 to present
Pinehurst Medical Services, Inc.	Director/President	2014 to present
Silvermed Corporation	Director	2014 to present
Medical Center Manila	Director	2013 to present
VR Potenciano Medical Center	Director	2012 to present
Tagaytay Medical Center	Director	2013 to present
Bloomberry Resorts Corporation	Independent Director	2013 to present
Century Properties Group, Inc.	Independent Director	2013 to present
Monte Oro Resources and Energy Corporation	Independent Director	2012 to present

4. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AboitizPower, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

5. No conflict of interest exists between my being an Independent Director of AboitizPower and my other affiliations as defined and stated in AboitizPower's Guidelines for the constitution of the Nomination Committee (now referred to as "Board Corporate Governance Committee") and the nomination and election of independent directors.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

I shall inform the corporate secretary of AboitizPower of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this FEB 2 1 2017 at TAGUIG CITY.

CARLOS C. EJERCITO
Affiant

SUBSCRIBED AND SWORN to before me this FEB 2 1 2017 at TAGUIG CITY. Affiant, who is personally known to me, personally appeared before me and exhibited to me his Philippine Passport No. EC3444962 issued at DFA NCR South on February 12, 2015.

Doc. No. 48;
Page No. 11;
Book No. IV;
Series of 2017.

ATTY. NEILSTER JON S. ASINAS
ROLL NO. 55253
NOTARY PUBLIC
TAGUIG CITY, PHILS.

Atty. Neilster Jon S. Asinas
Notary Public for Taguig City
Notarial Commission No. 25
Until December 31, 2017
NAC Tower, 32nd Street, Bonifacio Global City, Taguig City
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IBP Lifetime Membership No. 09307
Roll No. 55253
MCLE No. V-0015211

ANNEX "C"

SUMMARY OF THE MINUTES OF THE 2016 ANNUAL STOCKHOLDERS' MEETING

The meeting was called to order on May 16, 2015 at 10:45 a.m. by the Chairman of the Board, Mr. Enrique M. Aboitiz. The Corporate Secretary certified that notices for the 2016 Annual Stockholders' Meeting of AboitizPower were duly sent out on April 22, 2016 to all stockholders of record as of close of business on March 31, 2016. The Corporate Secretary further reported that notices of the meeting were also published in Philippine Daily Inquirer, Philippine Star, Business Mirror and Business World on April 11, 2016.

The Corporate Secretary certified to the existence of a quorum, there being a total of 6,843,989 shares present in person and 6,383,356,662 shares represented by proxy, or a total of 6,390,200,651 shares which constitute at least a majority of, or 86.84% of the total outstanding capital stock of 7,358,604,307 entitled to vote, or more than 2/3 of the total outstanding shares entitled to vote.

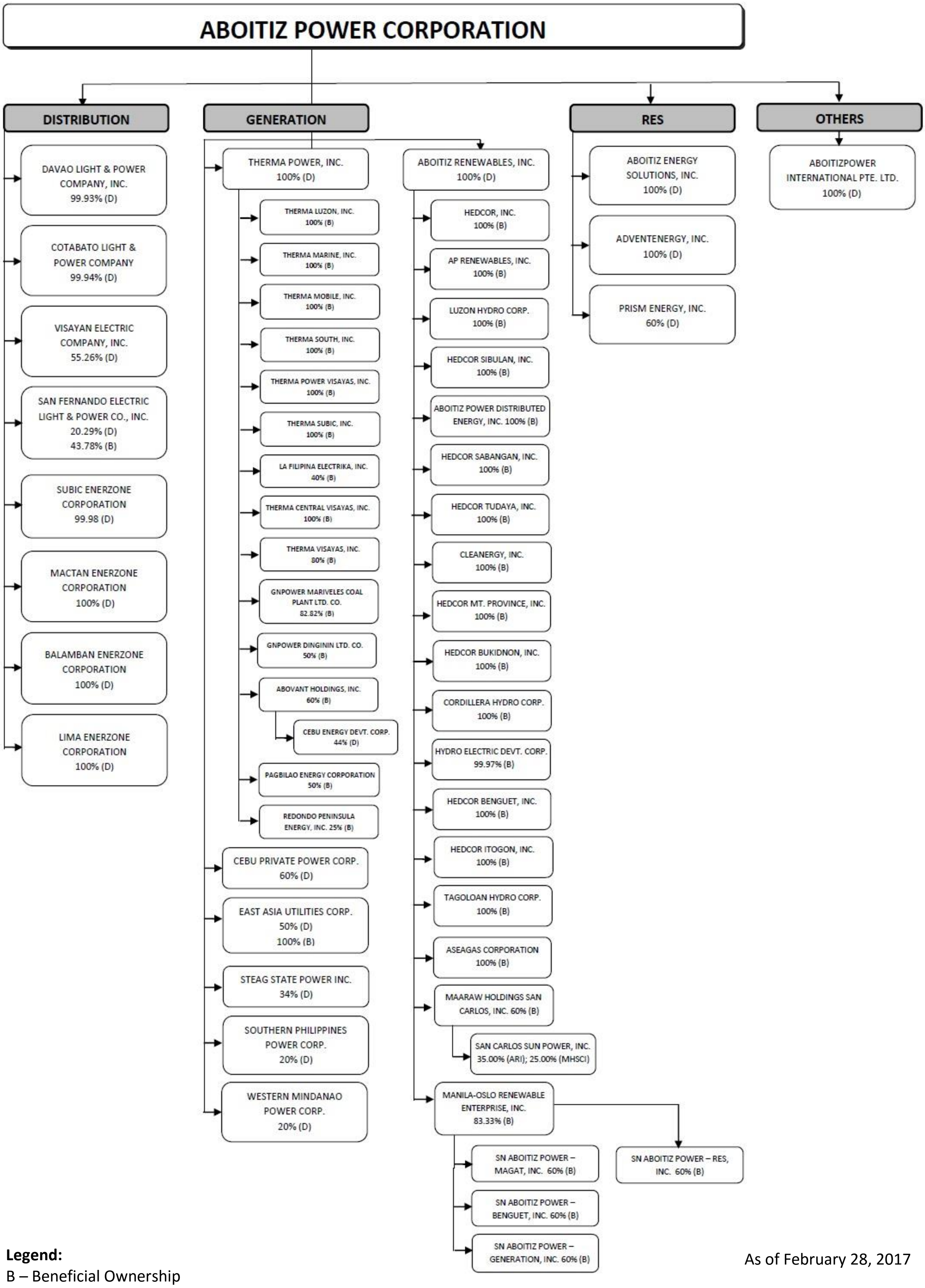
Upon motion duly made and seconded, the minutes of the previous Annual Stockholders' Meeting last May 16, 2016 was approved.

The body passed the following resolutions:

1) Approval of the 2015 Annual Report and Financial Statements
2) Appointment of the Company's External Auditors for 2016
3) Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers and Management in 2015 up to May 16, 2016
4) Election of the Members of the Board of Directors

After the approval of the proposed resolutions, the meeting was duly adjourned.

ANNEX "D"



Legend:
B – Beneficial Ownership
D – Direct Ownership

As of February 28, 2017

AboitizPower
A Better Future

The Board Audit Committee Report to the Board of Directors

The Board Audit Committee is pleased to present our report for the financial year ended December 31, 2016.

Audit Committee Responsibility

In giving effect to its duly approved charter, the Audit Committee assisted the Board of Directors in fulfilling its oversight responsibility to the Company and its stakeholders by providing guidance relating to: (a) the adequacy and efficiency of the company's system of internal controls, governance and risk management processes; (b) the quality and integrity of the company's accounting, auditing, legal, ethical and regulatory compliances; (c) the annual independent audit of the Company's financial statements and the external auditors' qualification and independence; (d) due observance of applicable laws and regulations that may have financial and other material exposure to the Company; and (e) providing an avenue of communication among the independent auditors, the management, the internal audit and the Company.

It has established a constructive and collaborative relationship with the Company's senior leadership to assist not to pre-empt any responsibility in making final audit-related decisions.

Committee Membership

The Audit Committee is composed of five (5) members, three (3) of whom are independent directors including the Chairman.

Carlos C. Ejercito (Independent Director) is the Chairman of the Committee. He is ably assisted by Romeo L. Bernardo (Independent Director), Alfonso A. Uy (Independent Director), Antonio R. Moraza (Executive Director), and Mikel A. Aboitiz (Non-Executive Director).

Meetings and Attendance

The Audit Committee carried out its function through its meetings with management, internal audit, independent external auditors, and advisers, where appropriate.

The audit charter provides for the Committee to hold at least four (4) regular meetings a year, with the authority to convene special meetings, when deemed required. It also holds an annual joint meeting with the Board Risk and Reputation Committee.

In 2016, five (5) meetings were held. The attendance by each member of the committee is as so indicated below:

Member	Mar 4, 2016 Regular Meeting	May 3, 2016 Regular Meeting	July 26, 2016 Regular Meeting	Oct 26, 2016 Regular Meeting	Nov 22, 2016 Joint with Risk
CARLOS C. EJERCITO Chairman, Independent Director	✓	✓	✓	✓	✓
ROMEO L. BERNARDO Independent Director	✓	✓	✓	✓	✓
ALFONSO A. UY Independent Director	✓	✓	✓	✓	✓
ANTONIO R. MORAZA Executive Director	✓	✓	✓	✓	X
MIKEL A. ABOITIZ Non-Executive Director	✓	X	✓*	✓*	✓

**Attended via Videocon*

Attendees to these meetings also include the Group Internal Audit Head, the Chief Reputation and Risk Management Officer and, by invitation, the Chief Financial Officer, Controller and other key leaders when deemed appropriate.

Financial Reports

The Audit Committee reviewed, discussed, and endorsed for the approval of the Board the 2016 quarterly unaudited consolidated financial statements and the 2016 annual audited financial statements of Aboitiz Power Corp., its subsidiaries and alliances. Included in the review were the Management Discussion and Analysis of Financial Condition and Results of Operations following prior review and discussion with management, accounting, and the company's independent external auditor, SyCip Gorres Velayo & Co. (SGV)—a member practice of Ernst & Young (EY) in the Philippines.

The activities of the Audit Committee are performed in the context—

- That management has the primary responsibility for the financial statements and the financial reporting process; and
- That the company's independent external auditor is responsible for expressing an unqualified opinion on the conformity and consistency of application of the Company's audited financial statements with Philippine Financial Reporting Standards.

Independent Auditors

Upon the endorsement of the Audit Committee to the Board which, in turn, sought the approval of the shareholders of Aboitiz Power Corp., during its Annual General Stockholders Meeting held last May 16, 2016, SyCip Gorres Velayo & Co. (SGV) was re-appointed as the independent external auditor for 2016. The overall scope and audit plan of SGV were reviewed and approved during the October 24, 2016 regular Audit Committee meeting. The audit plan, fees and terms of engagement which covers audit-related services provided by SGV were also reviewed and found to be reasonable.

The results of the SGV audits and its assessment of the overall quality of the financial reporting process were presented and discussed during the first Audit Committee meeting the following year, March 3, 2017. SGV presented the effects of changes in relevant accounting standards and presentation of financial statements that impact on the reported results.

No non-audit services were provided by SGV for AP parent in 2016.

Internal Auditors

The Audit Committee is satisfied with the internal audit function and has assessed that it is operating effectively and is able to generally cover the top risks pertinent to the company in its audits. The Committee has reviewed and approved the annual audit program for the year which also covers the adequacy of resources, qualifications and competency of the staff and independence of the internal auditor.

With reference to the IPPF Attribute Standard 1100 which states that "The Internal Audit Activity must be independent, and internal auditors must be objective in performing their work., the Committee confirms that the function is executed effectively and internal auditors have conducted their responsibilities objectively and in an unbiased manner. The Committee further confirms that, to the best of its knowledge and belief, the auditors have no personal or other impairments that would prevent them from objectively planning, conducting, reporting, or otherwise participating and reaching independent conclusions in their audit assignments in 2016. Internal audit is organizationally positioned to be independent— functionally reporting to the Board Audit Committee and administratively to the President and Chief Executive Officer.

We are satisfied with the content and quality of reports prepared and issued by the internal auditors during the year under review.

The Group Internal Audit (GIA) remains to be the single-point-of-contact for the Audit Committee. It takes the lead in setting the standards, initiatives and overall direction of the group audit teams which, in turn, focus their reviews on the top risks of their respective business units. Cybersecurity risks, however, still remain to be an area covered by the group information systems auditors.

Based on audit reports and highlights presented to the Committee and with the contribution provided by management and other key leaders on the issues raised to their attention, the Committee concurs with internal audit's assessment that, overall there is reasonable assurance that the existing system of internal controls allows for a generally adequate management of identified risks and effectively supports the improvement of the management of the Company as a whole.

Review of Audit Charter

The Committee reviewed and assessed the current audit charters in its meeting held October 26, 2016. Minor revisions were effected on the internal audit charter. Should there be any change in the Board Audit Committee Charter, approval of the Board of Directors would be required.

Self-Assessment

The Committee conducted its annual self-assessment in accordance with the guidelines of SEC Memo Cir. No. 4, series of 2012. The assessment result showed that it fully complied with the requirements set forth in the Audit Charter and met the necessary and most important requirements set by global standards and best practices.

Risk Management

It is essential for the internal audit function to consider and evaluate how to provide assurance against the top risks of the company.

The partnership between the functions of risk management and audit has remained solid. In order to continuously provide objective assurance to the board on the effectiveness of risk management, a joint audit and risk committee meeting is held at least once a year. In November 22, 2016, internal audit presented and discussed the results of its validation review of the risk management action plans identified by the different business and corporate service units. Assurance was given when results of the review show that majority of risk action plans for the year generally, were either acted upon (done) or being addressed (in-progress).

Also presented in the joint meeting are the top strategic risks that present a significant impact to the Company's ability to execute its plans, strategies and business objectives for the following year. These top risks guide audit's risk-based planning.

After considering, analyzing and reviewing all pertinent information to the integrity of financial reporting, effectiveness of internal controls, risk management, governance and compliance within the Aboitiz group of companies, the Committee is of the view that, in all material aspects, the duties and responsibilities as so outlined in its Charter have been satisfactorily performed.

In behalf of the Committee,

Carlos C. Ejercito
Chairman, Independent Director