AboitizPower

March 16, 2018

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

ATTENTION : **DIR. VICENTE GRACIANO P. FELIZMENIO, JR.**
Markets and Securities Regulation Department

via PSE EDGE
PHILIPPINE STOCK EXCHANGE, INC.
PSE Tower, 28th Street cor. 5th Avenue,
Bonifacio Global City, Taguig 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. ERIKA GRACE C. ALULOD**
Head – Issuer Compliance and Disclosures Department

Gentlemen:

Attached is the SEC Form 20-IS (Preliminary Information Statement 2017) of Aboitiz Power Corporation for your files.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION
By:

MANUEL ALBERTO R. COLAYCO
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)

MANUEL ALBERTO R. COLAYCO

Contact Person

Contact Person

02- 886-2338

Company Telephone Number

1	2		3	1

Month *Day*

Fiscal Year

2	0	-	I	S

FORM TYPE

3rd Monday of May

0	5		2	1

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 21, 2018, 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 15, 2017
5. Presentation of the President's Report
6. Approval of the 2017 Annual Report and Financial Statements
7. Appointment of the Company's External Auditor for 2018
8. Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers and Management from 2017 up to May 21, 2018
9. Update to the Stockholders on the Amendment of the Company's By-Laws to Move the Date of the Annual Stockholders' Meetings from the 3rd Monday of May of every year to the 4th Monday of April of every year, and to Clarify the Venue of the Company's Annual Stockholders' Meetings
10. Election of the Members of the Board of Directors
11. Other Business
12. Adjournment

Only stockholders of record at the close of business hours on March 28, 2018 are entitled to notice of and to vote at this meeting. Registration will start at 9:00 a.m. on May 21, 2018 and will end at 10:45 a.m of that day. 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 juridical entities must 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 to the Office of the Corporate Secretary for inspection, validation and recording at least seven (7) days prior to the opening of the Annual Stockholders' Meeting, or on or before the close of business hours on May 14, 2018, at the 18th Floor, 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. No proxy solicitation is being made.

For the Board of Directors:

MANUEL ALBERTO R. COLAYCO
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 21, 2018**
   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 26, 2018**

10. In case of Proxy Solicitations: **No proxy solicitation is being made.**

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, 2017 7,358,604,307
Amount of Debt Outstanding as of December 31, 2017 ₱205,996,054,000.00

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 the 2018 Annual Stockholders' Meeting

Date of meeting	:	**May 21, 2018**
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 26, 2018**
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, 2018:

Nationality	Class of Voting Shares	Number of Shares	Percentage
Filipino	Common	6,819,280,304	92.67%
Non-Filipino	Common	539,324,003	7.33%
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 28, 2018 are entitled to notice of 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 Section C(1) of the Amended Guidelines for the Nomination and Election of Independent Directors (the "Guidelines"), nominations for independent directors must be submitted to the Corporate Secretary from January 1, 2018 to February 15, 2018.

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, 2018

Title of Class of Shares	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 Ownership
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] 37th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue, corner Paseo de Roxas, Makati City, 1226 Metro Manila (Stockholder)	PCD participants acting for themselves or for their customers[4]	Filipino	899,602,384 (Record)	12.23%
Common	3. **PCD Nominee Corporation (Foreign)**[5] 37th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue, corner Paseo de Roxas, Makati City, 1226 Metro Manila (Stockholder)	PCD participants acting for themselves or for their customers[6]	Non-Filipino	537,999,365 (Record)	7.31%

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, 2018, the following entities own at least five per centum (5%) or more of AEV:

Title of Class of Shares	Name, Address of Stockholder and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares and Nature of Ownership (Record and/ or Beneficial)	Percentage of Ownership
Common	1. **Aboitiz & Company, Inc.** Aboitiz Corporate Center, Gov. Manuel A. Cuenco Avenue, Kasambagan, Cebu City (Stockholder)	Aboitiz & Company, Inc.	Filipino	2,735,600,915 (Record and Beneficial)	48.56%
Common	2. **PCD Nominee Corporation (Filipino)** 37th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue, corner Paseo	PCD participants acting for themselves or for their customers	Filipino	748,064,473 (Record)	13.28%

[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.

	de Roxas, Makati CIty, 1226 Metro Manila (Stockholder)				
Common	**3. PCD Nominee Corporation (Foreign)** 37th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue, corner Paseo de Roxas, Makati City, 1226 Metro Manila (Stockholder)	PCD participants acting for themselves or for their customers	Non-Filipino	570,515,676 (Record)	10.13%
Common	**4. Ramon Aboitiz Foundation, Inc.** 35 Lopez Jaena St., Cebu City (Stockholder)	Ramon Aboitiz Foundation, Inc.	Filipino	424,538,863 (Record and Beneficial)	7.54%

(2) Security Ownership of Management as of February 28, 2018 (Record and Beneficial)

Title of Class of Shares	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%
		18,014,220	Indirect		0.24%
Common	**Erramon I. Aboitiz** Director/Chief Executive Officer	1,300,001	Direct	Filipino	0.02%
		81,664,814	Indirect		1.11%
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%
		4,719,302	Indirect		0.06%
Common	**Mikel A. Aboitiz** Director	1	Direct	Filipino	0.00%
		17,322,159	Indirect		0.24%
Common	**Romeo L. Bernardo** Lead Independent Director	1,000	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Carlos C. Ejercito** Independent Director	1,000	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Alfonso A. Uy** Independent Director	1,000	Direct	Filipino	0.00%
		49,500	Indirect		0.00%
Common	**Emmanuel V. Rubio** Executive Vice President & Chief Operating Officer – Power Generation Group	89,130	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Juan Antonio E. Bernad** Executive Vice President for Strategy and 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	10,354,875	Direct	Filipino	0.14%
		0	Indirect		0.00%
Common	**Gabriel T. Mañalac** Senior Vice President and Group Treasurer	111,139	Direct	Filipino	0.00%
		0	Indirect		0.00%

Title of Class of Shares	Name of Owner and Position	No. of Shares and Nature of Ownership (Direct and/or Indirect)		Citizenship	Percentage of Ownership
Common	**Susan V. Valdez** Senior Vice President and Chief Reputation and Risk Management Officer	729,862	Direct	Filipino	0.01%
		0	Indirect		0.00%
Common	**Liza Luv T. Montelibano** SeniorVice President and Chief Financial Officer/Corporate Information Officer	500	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Beverly B. Tolentino** First Vice President and 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%
Common	**Alvin S. Arco** First Vice President for Regulatory Affairs	36,427	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Juan Alejandro A. Aboitiz** First Vice President for Energy Trading and Sales	184,032	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Ralph T. Crisologo** First Vice President for Project Development	0	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Joseph Trillana T. Gonzales** First Vice President and General Counsel	62,527	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Donald L. Lane** Executive Director for Project Development and Execution	0	Direct	British	0.00%
		0	Indirect		0.00%
Common	**Thomas J. Sliman, Jr.** Executive Director for Project Execution	47,866	Direct	American	0.00%
		0	Indirect		0.00%
Common	**John Earl Crider, Jr.** Executive Director and Chief Technology Officer – Power Generation Group	0	Direct	American	0.00%
		0	Indirect		0.00%
Common	**Chris B. Sangster** Executive Director – Power Generation Group	109,936	Direct	Australian	0.00%
		0	Indirect		0.00%
Common	**Robert McGregor** Executive Director for Business Development	0	Direct	British	0.00%
		0	Indirect		0.00%
Common	**John Anthony Crane** Senior Director for Business Development	0	Direct	American	0.00%
		0	Indirect		0.00%
Common	**M. Jasmine S. Oporto**[7] Corporate Secretary and Compliance Officer	30,000	Direct	Filipino	0.00%
		41,534	Indirect		0.00%
Common	**Mailene M. de la Torre** Assistant Corporate Secretary	0	Direct	Filipino	0.00%
		5,000	Indirect		0.00%
Common	**Noreen Marie N. Vicencio** Data Privacy Officer	0	Direct	Filipino	0.00%
		0	Indirect		0.00%

[7] Mr. Manuel Alberto A. Colayco replaced Ms. M. Jasmine S. Oporto as Corporate Secretary of AboitizPower effective March 1, 2018. Mr. Colayco does not own shares, whether direct or indirect, in AboitizPower. Mr. Joseph Trillana T. Gonzales replaced Ms. Oporto as Compliance Officer, effective March 1, 2018.

Title of Class of Shares	Name of Owner and Position	No. of Shares and Nature of Ownership (Direct and/or Indirect)		Citizenship	Percentage of Ownership
	TOTAL	**162,073,800**			**2.20%**

(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 2017-2018

(1) Directors for 2017-2018

Below is the list of AboitizPower's directors for 2017-2018 with their corresponding positions and offices held for the past five years. The directors assumed their directorship during AboitizPower's Annual Stockholders' Meeting in 2017 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, 64 years old, Filipino, has served as 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 Director of AEV, a publicly-listed company, and Aboitiz & Company, Inc. (ACO). He graduated with 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, 69 years old, Filipino, has been Director of AboitizPower since February 13, 1998 and Vice Chairman since May 18, 2009. He was appointed Chairman of the Board Corporate Governance Committee on May 19, 2008. He served as Chairman of the Board from 1998 to 2008. Mr. Aboitiz began his career with the Aboitiz Group in 1970. From being a manager of Aboitiz Shipping Corporation, he 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 is currently Chairman of the Board of Directors of ACO and AEV, a publicly-listed company. He also holds positions in the following publicly-listed companies: Director of Bloomberry Resorts Corporation (Bloomberry) and International Container Terminal Services, Inc. (ICTSI), and Vice Chairman of Union Bank of the Philippines (UnionBank). He is also the Chairman of UnionBank's Executive Committee and Risk Management Committee, and Vice Chairman of the Corporate Governance

	Committee, including the latter's Compensation Remuneration and Nomination Sub-Committees. He is Chairman of the Board of Trustees and Chief Executive Officer of Ramon Aboitiz Foundation, Inc. (RAFI), Trustee of the Association of Foundations and Santa Clara University, 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, 61 years old, Filipino, has served as Chief Executive Officer and Director of AboitizPower since February 13, 1998. He is a member of the Board Corporate Governance Committee since May 17, 2010. Mr. Aboitiz is currently the President & Chief Executive Officer of AEV, a publicly-listed company. He has been Director of AEV since 1994 and was its Executive Vice President and Chief Operating Officer from 1994 to 2008. Mr. Aboitiz is also President and Chief Executive Officer of ACO; Chairman of the Board and Chief Executive Officer of Aboitiz Land, Inc. (AboitizLand); Chairman of the Board of Directors of the following companies: Aboitiz Infracapital, Inc. (Aboitiz InfraCapital), San Fernando Electric Light and Power Co., Inc. (SFELAPCO), the SN Aboitiz Power Group, Manila-Oslo Renewable Enterprise, Inc. (MORE), Therma Power, Inc. (TPI), CRH Aboitiz Holdings, Inc. (CRH Aboitiz); and Vice Chairman of Republic Cement and Building Materials, Inc. (RCBM). He is also Director of UnionBank, a publicly-listed company, AEV International Pte. Ltd. (AEV International), AboitizPower International Pte. Ltd. (AboitizPower International), Aboitiz Renewables, Inc. (ARI), Archipelago Insurance Pte. Ltd. (Archipelago Insurance), Apo Agua Infrastructura, Inc. (Apo Agua), Cotabato Light & Power Company (Cotabato Light), Davao Light and Power Company, Inc. (Davao Light), PETNET, Inc. (PETNET), and Pilmico Foods Corporation (Pilmico). Lastly, he is Chairman of the Board of Trustees of Aboitiz Foundation, Inc. (Aboitiz Foundation), and is a director of the Philippine Disaster Recovery Foundation. Mr. Aboitiz holds a Bachelor of Science degree in Business Administration, Major in Accounting and Finance from Gonzaga University in 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 Director of AboitizPower since February 13, 1998 and 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. Mr. Moraza has been a Director of AEV, a publicly-listed company, since May 2009. He is also Chairman of the

	Board of Directors of Abovant Holdings, Inc. (Abovant), Cebu Private Power Corporation (CPPC), Cotabato Light, Davao Light, Pagbilao Energy Corporation (PEC), Pilmico, Pilmico Animal Nutrition Corporation (PANC), Therma South, Inc. (TSI), and Therma Visayas, Inc. (TVI). Mr. Moraza is likewise Director and Senior Vice President of ACO; President of TPI; President and Chief Executive Officer of ARI; and Director of Hedcor Bukidnon, Inc. (Hedcor Bukidnon), Hedcor Sabangan, Inc. (Hedcor Sabangan), Hedcor Sibulan, Inc. (Hedcor Sibulan), Hedcor Tudaya, Inc. (Hedcor Tudaya), Hedcor, Inc. (Hedcor), Luzon Hydro Corporation (LHC), Redondo Peninsula Energy, Inc. (RP Energy), the SN Aboitiz Power Group, STEAG State Power, Inc. (STEAG Power), Southern Philippines Power Corporation (SPPC), Therma Marine, Inc. (TMI), Therma Mobile, Inc. (TMO) and Western Mindanao Power Corporation (WMPC). He holds directorship and management positions in GNPower Mariveles Coal Plant Ltd. Co. (GMCP) and GNPower Dinginin Ltd. Co. (GNPD) and its holding companies. He is also Trustee of Aboitiz Foundation. Mr. Moraza holds a Bachelor of Science degree in Business Management from 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, 63 years old, Filipino, has been Director of AboitizPower since February 13, 1998. He was appointed as member of the Company's Board Audit Committee on October 26, 2007, and of the Board Risk and Reputation Management Committee on May 19, 2014. He was Vice Chairman of City Savings Bank, Inc. (CitySavings) from 2015 to 2016, and President and Chief Executive Officer from 2001 to 2014. He is currently Director of ACO and AEV, a publicly-listed company, since May 3, 2017; and Trustee and Vice Chairman of RAFI. He holds a degree in Bachelor of Science in Business Administration from Gonzaga University, Spokane, Washington, U.S.A. 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, 56 years old, Filipino, was Director of AboitizPower from 2004 to April 2007, and was re-elected as Director on May 18, 2009. He is also AboitizPower's Executive Vice President and Chief Operating Officer-Power Distribution Group, a position which he held since August 14, 2008. Mr. Aboitiz is a member of the Board of Advisers of ACO, Chairman of the Board of Aboitiz Construction, Inc. (ACI), and a Trustee of Aboitiz Foundation. He is also President and Chief Executive Officer of Abovant, Cotabato Light, SEZ, and Davao Light; President of Mactan Enerzone Corporation (MEZ), Lima Enerzone Corporation (LEZ), Balamban Enerzone Corporation (BEZ), and Visayan Electric Company, Inc. (VECO); and Director of ARI, CPPC, SFELAPCO, AboitizLand, Cebu Industrial Park Developers, Inc. (CIPDI), Hedcor, Hedcor Sabangan, Hedcor Sibulan, Hedcor Tudaya, Hedcor Bukidnon, Tsuneishi Heavy

	Industries (Cebu), Inc. (THICI), and Hijos de F. Escano, Inc. (Hijos). Mr. Aboitiz 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 not a director of any other publicly-listed company.
ROMEO L. BERNARDO Lead Independent Director Member – Board Audit Committee – Board Corporate Governance Committee – Board Risk and Reputation Management Committee – Board Related Party Transactions Committee	Mr. Romeo L. Bernardo, 63 years old, Filipino, was elected Lead Independent Director of AboitizPower on May 15, 2017. Prior to this, he was Independent Director of the Company since May 19, 2008, and has been a member of its Board Audit Committee and Board Corporate Governance Committee on the same date. He was appointed as member of the Board Risk and Reputation Management Committee in 2015 and of the Board Related Party Transactions Committee on May 15, 2017. Mr. Bernardo 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 has held various positions in 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 Attaché 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 of the College of Business Administration of the University of the Philippines. Mr. Bernardo holds a Bachelor of Science degree in Business Economics from the University of the Philippines (magna cum laude) and a Master's degree in Development

	Economics from Williams College in Williamstown, Massachusetts, U.S.A. where he graduated top of the class. He is not connected with any government agency or instrumentality.
CARLOS C. EJERCITO Independent Director Chairman – Board Audit Committee Member – Board Risk and Reputation Management Committee – Board Corporate Governance Committee – Board Related Party Transactions Committee	Mr. Carlos C. Ejercito, 72 years old, Filipino, has been an Independent Director of AboitizPower since May 19, 2014. He is the Chairman of the Board Audit Committee, and member of the Board Corporate Governance Committee and the Board Risk and Reputation Management Committee since May 19, 2014, and a member of the Board Related Party Transactions Committee since May 15, 2017. Mr. Ejercito is also an Independent Director and Chairman of the Board Audit Committee of Bloomberry and an independent Director of Century Properties Group, Inc., both publicly-listed companies. He is also an Independent Director of Monte Oro Resources and Energy Corporation. Mr. Ejercito is President and Chief Executive Officer of Mount Grace Hospitals, Inc., Chairman and Chief Executive Officer of Forum Cebu Coal Corporation, and Chairman of Northern Access Mining, Inc. He is a Board Member of thirteen (13) hospitals, including Medical Center Manila, VR Potenciano Medical Center, Tagaytay Medical Center, Pinehurst Medical Services Inc., Grace General Hospital, Healthserv Medical Center, Lorma Medical Center, Mary Mediatrix Medical Center, and Silvermed Corporation, and Capitol Medical Center. He 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 was also the President and Chief Executive Officer of United Laboratories, Inc., Unilab Group of Companies, Univet Agricultural Products, Inc., and Greenfield Development Corporation, as well as the Vice President and Senior Country Operation Officer of Citibank, NA. Prior to Citibank, Mr. Ejercito was a System Engineer in IBM Philippines, and Accounting Unit Head in Procter & Gamble Philippines, Inc. 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 also completed the Management Development Program of the Harvard Business School in 1983, and has completed the coursework for Masters 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.
ALFONSO A. UY Independent Director Chairman – Board Related Party Transactions Committee Member – Board Audit Committee – Board Risk and Reputation Management Committee	Mr. Alfonso A. Uy, 78 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 on the same date. He was elected as Chairman of the

– Board Corporate Governance Committee	Board Related Party Transactions Committee on May 15, 2017. Mr. Uy 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. He is a Director of State Properties, Inc., State Investment Trust, Inc., STEAG Power, BDO Private Bank, and Global Business Power Corporation. He is President of Uygongco Foundation, Inc., Adviser for Metrobank Foundation, Inc., and Chairman Emeritus of the Iloilo Economic Development Foundation. Mr. Uy has served in various capacities in government and non-governmental organizations, including President of the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc., and Member of the City Council of Iloilo City. He is a 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. Mr. Uy graduated magna cum laude from 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 for the Nomination and Election of Independent Directors. The Guidelines were approved by the AboitizPower Board on May 15, 2007 and disclosed to all stockholders. On June 14, 2007, AboitizPower initially adopted and incorporated the provisions of SRC Rule 38 in its Amended By-Laws. Thereafter, the AboitizPower Board approved the Amended Guidelines for the Nomination and Election of Independent Directors on March 23, 2017, which was disclosed to all stockholders.

Nominations for Independent Directors were opened beginning January 1, 2018 and the table for nominations was closed on February 15, 2018, in accordance with Section C(1) 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 "Manual"). The Board Corporate Governance Committee took over the functions of the Board Nominations and Compensation Committee, pursuant to an amendment of the Manual 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 Mr. Joseph Trillana T. Gonzales[8] 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, Carlos C. Ejercito, and Eric O. Recto are the nominees for Independent Directors of AboitizPower. Mr. Recto is being nominated for the first time. They are neither officers nor employees of AboitizPower or any of 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 as Independent Director of Messrs. Bernardo, Ejercito, and Recto, respectively.

AboitizPower stockholders, Ms. Vicenta G. Aboyme, Mr. Cris C. Fernandez, and Ms. Maria G. Sandalo, have respectively nominated Messrs. Bernardo, Ejercito, and Recto as AboitizPower's Independent Directors. None of the nominating stockholders has any relation to Messrs. Bernardo, Ejercito, and Recto.

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 2018-2019:

Enrique M. Aboitiz
Jon Ramon Aboitiz
Erramon I. Aboitiz
Antonio R. Moraza
Mikel A. 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 21, 2018 or not later than April 27, 2018.

All other information regarding the positions and offices by the abovementioned nominees, except for Mr. Eric O. Recto, are integrated in Item 5 (a)(1) above. Mr. Eric O. Recto is being nominated to the Board for the first time.

Below is the profile of Mr. Recto, including the positions and offices he has held for the past five (5) years.

ERIC O. RECTO	Mr. Eric O. Recto, 54 years old, Filipino, was nominated as an Independent Director of AboitizPower. He currently holds positions in the following publicly-listed companies: Chairman and President of ISM Communications Corporation; Chairman and Director of the Philippine Bank of Communications, Vice Chairman and President of Atok-Big Wedge Co., Inc.; and Director of Petron Corporation. He is also the Chairman and President of Bedfordbury Development Corporation; President/Director of Q-Tech

[8] Mr. Joseph Trillana T. Gonzales will replace Ms. M. Jasmine S. Oporto as ex-officio non-voting member of AboitizPower's Board Corporate Governance Committee effective March 1, 2018.

	Alliance Holdings, Inc.; and Supervisory Board Member of Acentic Gmbh and Ltd. Mr. Recto previously held various positions in Philweb Corporation from 2005 to 2016. He was also the Vice Chairman of Alphaland Corporation from 2007 to 2014, Director of San Miguel Corporation from 2010 to 2014, and of Manila Electric Company from 2010 to 2013. He also served as President of Top Frontier Investment Holdings, Inc. Mr. Recto was formerly the Undersecretary of the Philippine Department of Finance from 2002 to 2005. Mr. Recto earned his Bachelor of Science Degree in Industrial Engineering from the University of the Philippines Diliman. He completed his Masters in Business Administration, with concentration in Finance and Operation Management, from Cornell University, Johnson Graduate School of Management in Ithaca, New York, U.S.A. He is not connected with any government agency or instrumentality.

Officers for 2017-2018

Below is the list of AboitizPower's officers for 2017-2018 with their corresponding positions and offices held for the past five (5) years. Unless otherwise indicated, the officers assumed their positions during AboitizPower's annual organizational meeting in 2017 for a term of one (1) year.

ENRIQUE M. ABOITIZ Chairman of the Board of Directors Chairman – Board Risk and Reputation Management Committee	Mr. Enrique M. Aboitiz, 64 years old, Filipino, has served as 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 Director of AEV, a publicly-listed company, and ACO. He graduated with 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, 69 years old, Filipino, has been Director of AboitizPower since February 13, 1998 and Vice Chairman since May 18, 2009. He was appointed Chairman of the Board Corporate Governance Committee on May 19, 2008. He served as the Company's Chairman of the Board from 1998 to 2008. Mr. Aboitiz began his career with the Aboitiz Group in 1970. From being a manager of Aboitiz Shipping Corporation, he 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 is currently Chairman of the Board of Directors of ACO and AEV, a publicly listed company. He also holds positions in the following publicly-listed companies: Director of Bloomberry and ICTSI, and Vice Chairman of Unionbank. He is also the Chairman of UnionBank's Executive Committee and Risk Management Committee and Vice Chairman of the Corporate Governance Committee, including the latter's Compensation Remuneration and Nomination Sub-

	Committees. He is Chairman of the Board of Trustees and Chief Executive Officer of RAFI, Trustee of the Association of Foundations and Santa Clara University, 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, 61 years old, Filipino, has served as Chief Executive Officer and Director of AboitizPower since February 13, 1998. He is a member of the Board Corporate Governance Committee since May 17, 2010. Mr. Aboitiz is currently the President & Chief Executive Officer of AEV, a publicly-listed company. He has been Director of AEV since 1994 and was its Executive Vice President and Chief Operating Officer from 1994 to 2008. Mr. Aboitiz is also President and Chief Executive Officer of ACO; Chairman of the Board and Chief Executive Officer of AboitizLand; and Chairman of the Board of of Directors of the following companies: Aboitiz InfraCapital, SFELAPCO, the SN Aboitiz Power Group, MORE, TPI, CRH Aboitiz; and Vice Chairman of RCBM. He is also Director of UnionBank, a publicly-listed company, AEV International, AboitizPower International, ARI, Archipelago Insurance, Apo Agua, Cotabato Light, Davao Light, PETNET, and Pilmico. Lastly, he is Chairman of the Board of Trustees of Aboitiz Foudation, and is a director of the Philippine Disaster Recovery Foundation. Mr. Aboitiz holds a Bachelor of Science degree in Business Administration, Major in Accounting and Finance from Gonzaga University in 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 Director of AboitizPower since February 13, 1998 and 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. Mr. Moraza has been a Director of AEV, a publicly-listed company, since May 2009. He is also Chairman of the Board of Directors of Abovant, CPPC, Cotabato Light, Davao Light, PEC, Pilmico, PANC, TSI, and TVI. Mr. Moraza is likewise Director and Senior Vice President of ACO; President of TPI; President and Chief Executive Officer of ARI; and Director of Hedcor Bukidnon, Hedcor Sabangan, Hedcor Sibulan, Hedcor Tudaya, Hedcor, LHC, RP Energy, the SN Aboitiz Power Group, STEAG Power, SPPC, TMI, TMO and WMPC. He holds directorship and management positions in GMCP and GNPD and its holding companies. He is also Trustee of Aboitiz Foundation.

	Mr. Moraza holds a Bachelor of Science degree in Business Management from 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, 56 years old, Filipino, was Director of AboitizPower from 2004 to April 2007, and was re-elected as Director on May 18, 2009 up to the present. He is also AboitizPower's Executive Vice President and Chief Operating Officer-Power Distribution Group, a position which he held since August 14, 2008. Mr. Aboitiz is a member of the Board of Advisers of ACO, Chairman of the Board of ACI, and a Trustee of Aboitiz Foundation. He is also President and Chief Executive Officer of Abovant, Cotabato Light, SEZ and Davao Light; President of MEZ, LEZ, BEZ, and VECO; Director of ARI, CPPC, SFELAPCO, AboitizLand, CIPDI, Hedcor, Hedcor Sabangan, Hedcor Sibulan, Hedcor Tudaya, Hedcor Bukidnon, THICI and Hijos. Mr. Aboitiz 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 not a director of any other publicly-listed company.
LUIS MIGUEL O. ABOITIZ Executive Vice President and Chief Operating Officer – Corporate Business Group	Mr. Luis Miguel O. Aboitiz, 53 years old, Filipino, has been AboitizPower's Executive Vice President and Chief Operating Officer-Corporate Business Group since January 1, 2016. He was AboitizPower's Senior Vice President-Power Marketing and Trading from 2009 to 2015. Mr. Aboitiz is also currently Senior Vice President of AEV, a publicly-listed company. He is Director and First Vice President of ACO, and member of the Board of Trustees of Aboitiz Foundation. He also serves as Chairman of the Board of AP Renewables, Inc. (APRI); Director and President of MORE; and Director of Abovant, STEAG Power, ARI, TPI, Pilmico, PANC, RP Energy, TSI, TLI, TVI, PEC, Aboitiz InfraCapital, Hedcor Sabangan, Hedcor Bukidnon, and Unionbank, a publicly-listed company. He holds directorship and management positions in GMCP and GNPD and its holding companies. Mr. Aboitiz is also a member of the Board of Trustees of the Philippine Independent Power Producers Association, Inc. (PIPPA), and Director of Semiconductors and Electronics Industries in the Philippines, Inc. Mr. Aboitiz graduated from Santa Clara University, California, U.S.A. with a degree of Bachelor of Science in Computer Science and Engineering, and earned his Master's degree in Business Administration from the University of California in Berkeley, U.S.A. He is not connected with any government agency or instrumentality.
EMMANUEL V. RUBIO	Mr. Emmanuel V. Rubio, 53 years old, Filipino, was appointed as the Executive Vice President and Chief

Executive Vice President and Chief Operating Officer – Power Generation Group	Operating Officer - Power Generation Group of AboitizPower on May 19, 2014. Mr. Rubio is currently Chairman of East Asia Utilities Corporation (EAUC), San Carlos Sun Power, Inc. (Sacasun), TMI, TMO, LHC, Hedcor, Hedcor Sabangan, Hedcor Sibulan, Hedcor Tudaya, and Hedcor Bukidnon; Director and Chief Executive Officer of APRI; Director of ARI, Abovant, CEDC, CPPC, PEC, STEAG Power, TLI, TPI, TSI, TVI, and MORE. He holds directorship and management positions in GMCP and GNPD and its holding companies. He is also a member of the Board of Trustees and President of Philippine Electricity Market Corporation (PEMC). 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 not a director of a publicly-listed company.
JUAN ANTONIO E. BERNAD Executive Vice President for Strategy and Regulatory	Mr. Juan Antonio E. Bernad, 61 years old, Filipino, has been AboitizPower's Executive Vice President for Strategy and Regulatory since May 18, 2009. He has served AboitizPower in several capacities, as Director from 1998 until 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 Chairman of the Board of VECO; Director and the Executive Vice President - Regulatory Affairs of Davao Light; Director and Chief Financial Officer/Treasurer of Hijos; and Director of Cotabato Light, AEV Aviation, Inc. (AEV Av), and SFELAPCO. He is also Vice Chairman of the National Renewable Energy Board (NREB), representing Private Distribution Utilities. Mr. Bernad graduated with a degree in Economics 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 a director of a publicly-listed company.
GABRIEL T. MAÑALAC Senior Vice President and Group Treasurer	Mr. Gabriel T. Mañalac, 61 years old, Filipino, has been AboitizPower's Treasurer since May 11, 2004 and its Senior Vice President and Group Treasurer since May 17, 2010. He has been Senior Vice President and 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 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, 57 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 and 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 Senior Vice President and Chief Corporate Services Officer of AEV, a publicly-listed company. She is Trustee and President of Aboitiz Foundation; Trustee and President of WeatherPhilippines Foundation, Inc. (WeatherPhilippines); and Director of Archipelago Insurance. Before joining AEV, Ms. Valdez 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. Ms. Valdez 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 Master's 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	Ms. Liza Luv T. Montelibano, 42 years old, Filipino, was appointed as Chief Financial Officer-Power Generation

Senior Vice President and Chief Financial Officer/Corporate Information Officer Ex-Officio Member – Board Risk and Reputation Management Committee	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 was appointed as Ex-Officio member of the Board Risk and Reputation Management Committee on the same date. On May 16, 2016, Ms. Montelibano was promoted to Senior Vice President and Chief Financial Officer/Corporate Information Officer, a position that she holds to date. Ms. Montelibano is Director and Senior Vice President - Finance of ARI, and Director of MORE, SEZ, VECO, Hedcor Bukidnon, Hedcor Sabangan, Hedcor Sibulan, Hedcor Tudaya, Hedcor, LHC, TPI, MORE, APRI, and AboitizPower International. She holds directorship and management positions in GMCP and GNPD and its holding companies. Prior to joining AboitizPower, Ms. Montelibano 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, Inc. 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 not a director of a publicly-listed company.
MA. CHONA Y. TIU First Vice President and Chief Financial Officer – Power Distribution Group	Ms. Ma. Chona Y. Tiu, 60 years old, Filipino, was appointed First Vice President and Chief Financial Officer – Power Distribution Group on January 2, 2014. Ms. Tiu 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 Aboitiz Construction Group, Inc. (now ACI) and AboitizLand. Ms. Tiu joined the AboitizPower Group when she was appointed Vice President - Administration and Chief Finance Officer of VECO in 2007. She has been Chief Financial Officer - Power Distribution Group of the Company since March 6, 2009, and Vice President from 2009 to 2013. She is Director, Vice President and Chief Financial Officer/ Treasurer of BEZ, LEZ, MEZ, SEZ, DLPC, CLPC and VECO; and Director of SFELAPCO. Ms. Tiu graduated with a degree of Bachelor of Science in Business Management from the University of the Philippines Cebu. She obtained her Masters in Management from the same university. 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 and Chief Financial Officer – Power Generation Group	Ms. Beverly B. Tolentino, 47 years old, Filipino, was appointed First Vice President and Chief Financial Officer - Power Generation Group of AboitizPower on December 4, 2015. She is currently Director and Treasurer of EAUC, TMI and TMO; Chief Finance Officer of Abovant, CPPC, TSI, Hedcor, and PEC; Chief Financial Officer and Treasurer of ARI, APRI, Hedcor Bukidnon, Hedcor Sabangan, Hedcor Sibulan, Hedcor Tudaya, and TLI; and Treasurer of LHC, Sacasun, TPI, and TVI. Ms. Tolentino has extensive local and offshore experiences in general management, finance leadership and controllership roles. She held key positions in the SN Power Group, including Managing Director and Group Business Controller of SN PowerInvest Netherlands BV. Ms. Tolentino is also familiar with the Aboitiz Group, having served as Assistant Vice President - Financial Controller of MORE, and as Assistant Vice President for Finance Systems of Aboitiz Transport System Corporation (now 2Go Group, Inc., a publicly-listed company). Ms. Tolentino graduated cum laude from Ateneo de Davao University with a Bachelor of Science degree in Commerce, Major in Accounting, and is a Certified Public Accountant. She is not connected with any government agency or instrumentality. She is also not a director of a publicly-listed company.
ALVIN S. ARCO First Vice President for Regulatory Affairs	Mr. Alvin S. Arco, 57 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 Accounting Manager of AboitizPower from 1998 to 1999, Assistant Vice President - Finance from 2000 to 2004, and Vice President - Finance in 2005. He obtained his degree in Accountancy from the University of San Jose-Recoletos, Cebu City, and is a Certified Public Accountant. He is not connected with any government agency or instrumentality. He is also not a director of a publicly-listed company.
JUAN ALEJANDRO A. ABOITIZ First Vice President for Energy Trading and Sales	Mr. Juan Alejandro A. Aboitiz, 33 years old, Filipino, was appointed First Vice President for Energy Trading and Sales of AboitizPower on July 27, 2017. Prior to this, he served as Assistant Vice President for Corporate Finance of AEV. Mr. Aboitiz first joined the Aboitiz Group in April 2011 as a Management Trainee for the Strategy and Corporate Finance department of AEV. He was also the Department Head for Billing and Collection of VECO from March 2012 to June 2013, and Regulatory Affairs Manager of AboitizPower from July 2013 to June 2014. Prior to joining the Aboitiz Group, he held various positions in SyCip Gorres Velayo and Co. from 2008 to 2011. Mr. Aboitiz is currently Chairman of the Board of TLI;

	Chairman and Chief Financial Officer/Treasurer of Adventenergy, Inc. (AdventEnergy), Aboitiz Energy Solutions, Inc (AESI), and Prism Energy, Inc.; and Director of APRI and SN Aboitiz Power-RES, Inc. Mr. Aboitiz earned his Bachelor of Science Degree in Accounting from the Loyola Marymount University in Los Angeles, California, U.S.A, and his Masters of Business Administration from The Hong Kong University of Science and Technology. 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 for Project Development	Mr. Ralph T. Crisologo, 58 years old, Filipino, was appointed First Vice President for 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, including project development and management, power system operations and planning, plant maintenance and operation, scheduling and dispatch, power supply contracting, and electricity spot market bidding and strategy, among others. Prior to joining AboitizPower, Mr. Crisologo was a freelance power and energy consultant. He was also the Chief Market Officer of the SN Aboitiz Power Group and also held key positions in MORE and in 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 and General Counsel Compliance Officer (effective March 1, 2018) Ex-Officio Member – Board Corporate Governance Committee (effective March 1, 2018)	Mr. Joseph Trillana T. Gonzales, 50 years old, Filipino, was appointed First Vice President and General Counsel of AboitizPower on January 1, 2015. He was appointed as the Company's Compliance Officer and Ex-Officio member of the Board Corporate Governance Committee, effective March 1, 2018. 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 from 2008 to 2014. Mr. Gonzales was Special Counsel of SyCip Salazar Hernandez & Gatmaitan Law Offices until he joined the Aboitiz Group as Assistant Vice President of the Corporate and Legal Services of ACO in 2007. Mr. Gonzales 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 in Ann Arbor, Michigan, U.S.A. He is not connected with any government agency or

	instrumentality. He is not a director of a publicly-listed company.
DONALD L. LANE Executive Director for Project Development and Execution	Dr. Donald L. Lane, 59 years old, British, was appointed Executive Director for Project Development and Execution of AboitizPower on December 4, 2015. Prior to this, he held the position of Executive Director-Business Development of AboitizPower since September 3, 2014. He will be retiring from the Company on May 1, 2018. Dr. Lane has over 25 years of experience in the power business in the Philippines and abroad. Before joining AboitizPower, he was the General Manager for Power at WorleyParsons Resources and Energy for its Southeast Asia Power Hub based in Singapore. Dr. 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 for Project Execution	Mr. Thomas J. Sliman, Jr., 57 years old, American, is the Executive Director for Project Execution of AboitizPower since May 15, 2017. Prior to this, he was AboitizPower's Executive Director for Projects since August 1, 2013, Vice President-Business Development since May 17, 2010, and First Vice President for Business Development from 2012 to 2013. He holds directorship and management positions in GMCP and GNPD 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. Mr. Sliman 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 in Long Beach, Mississippi, U.S.A. He is not connected with any government agency or instrumentality. He is not a director of a publicly-listed company.
JOHN EARL CRIDER, JR. Executive Director and Chief Technology Officer - Power Generation Group	Mr. John Earl Crider, Jr., 57 years old, American, was appointed Executive Director and Chief Technology Officer - Power Generation Group of AboitizPower on January 23, 2017. He joined the Aboitiz Group in February 2014 as Executive Director of TLI. Prior to joining the Aboitiz Group, Mr. Crider served as Senior Vice President for Engineering & Operations of

	Oxbow Carbon from June 2010 to September 2013, and as Executive Vice President of Foster Wheeler Inc. from 2006 to 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 in Bowling Green, Kentucky, U.S.A. He is not connected with any government agency or instrumentality. He is not a director of a publicly-listed company.
CHRIS B. SANGSTER Executive Director – Power Generation Group	Mr. Chris B. Sangster, 50 years old, Australian, was appointed Executive Director – Power Generation Group of AboitizPower on May 15, 2017. He first joined the Aboitiz Group in May 2008 as Vice President for Project Development of Hedcor, and also served as Executive Director of LHC. He is appointed as the new Executive Director for Project Development and Execution, effective May 1, 2018, following the retirement of Dr. Donald L. Lane. Prior to joining the Aboitiz Group, Mr. Sangster was Executive Manager for Asian Development and Operations of Pacific Hydro Pty Ltd. from August 2005 to May 2008. He has over 20 years of experience in the power sector with expertise on international development, construction, economic analysis, and technical and risk evaluations. Mr. Sangster earned his degree in Civil Engineering from the University of Adelaide in Adelaide, South Australia and his Masters in Business Administration degree from Melbourne Business School in Melbourne, Victoria, Australia. He is not connected with any government agency or instrumentality. He is not a director of a publicly-listed company.
ROBERT MCGREGOR Executive Director for Business Development	Mr. Robert McGregor, 58 years old, British, was appointed Executive Director for Business Development of AboitizPower on May 15, 2017. He was Executive Director – Investments of AboitizPower from September 2015 to May 2017. Mr. McGregor is concurrently the Senior Vice President and Chief Strategy and Investment Officer of AEV, a publicly-listed company, and Director of PETNET and Aboitiz InfraCapital. He first joined the Aboitiz Group as AEV's 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 38 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 in Glasgow, 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.
JOHN ANTHONY CRANE Senior Director for Business Development	Mr. John Anthony Crane, 53 years old, American, was appointed Senior Director for Business Development of AboitizPower on May 15, 2017. Prior to joining AboitizPower in 2013, he served in senior management roles in Finance and Business Development of US Fortune 500 companies listed on the New York Stock Exchange, including Power and Utilities majors Northeast Utilities System, Inc. (NYSE:NU), and PG&E Corporation, Inc. (NYSE: PCG); and global engineering firm EMCOR (NYSE:EMC). Previously, he was a consultant in the international power, utilities and business infrastructure sectors. Mr. Crane holds a Bachelor of Arts degree in International Relations from Columbia University in New York, U.S.A. He earned his Masters of Business Administration (Finance) degree from the University of Toronto in Ontario, Canada. 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 (until February 28, 2018) Ex-Officio Member – Board Corporate Governance Committee (until February 28, 2018)	Ms. M. Jasmine S. Oporto, 57 years old, Filipino, acted as Corporate Secretary of AboitizPower from January 16, 2007 and Compliance Officer from December 2012, up to February 28, 2018. She was Senior Vice President for Governance and Compliance Team and concurrently the Chief Compliance Officer/Corporate Secretary of AEV from May 17, 2004 to February 28, 2018. Ms. Oporto was also Vice President - Legal of Davao Light; Corporate Secretary of Aboitiz InfraCapital, AEV CRH, Therma Mariveles Holdings, Inc. (TMHI), Therma Dinginin Holdings, Inc. (TDHI), MORE, the SN Aboitiz Power Group; and Assistant Corporate Secretary of VECO and CRH Aboitiz. Prior to joining AEV, Ms. Oporto 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 is a fellow of the Institute of Corporate Directors (ICD), after completing the Professional Director's Program. She also completed the mandatory accreditation course of the Bangko Sentral ng Pilipinas (BSP) on Corporate Governance and Risk Management for Board of Trustees/Directors. Ms. Oporto is an accredited provider of Harrison Assessment Talent Solutions. She is an associate member of the GRC Institute of Australia. 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 ICD. She was awarded Corporate Secretary of the Year in 2014 and 2015 by the Corporate Governance Asia, Hong Kong. Ms. Oporto obtained her Bachelor of Laws degree from the University of the Philippines Diliman and is a member of both the Philippine and New York bars. She is not connected with any government agency or instrumentality. She has not acted as a director of a publicly-listed company.
MANUEL ALBERTO R. COLAYCO Corporate Secretary (effective March 1, 2018)	Mr. Manuel Alberto R. Colayco, 48 years old, Filipino, has been Corporate Secretary of AboitizPower since March 1, 2018. He is concurrently First Vice President and Chief Legal Officer of AEV since July 11, 2016, and AEV's Corporate Secretary and Compliance Officer effective March 1, 2018. Mr. Colayco has practice in the areas of corporate law, mergers and acquisitions, joint ventures, securities regulation, corporate and financial restructuring, and litigation. Prior to joining the AboitizPower, Mr. Colayco acted as independent legal consultant providing professional advice, representation, and transactional assistance to private companies and individuals. His previous work experience includes: General Counsel for AGP International Holdings Ltd. and Atlantic, Gulf & Pacific Company of Manila, Inc. from August 2013 to December 2014; Executive Director and Assistant General Counsel of J.P. Morgan Chase Bank N.A. from July 2010 to August 2013; and Vice President and Legal Counsel of DKR Oasis (Hong Kong) LLC, a private investment management firm, from August 2007 until March 2010. He was an Associate at Skadden, Arps, Slate, Meagher & Flom, LLP from 2000 to 2007, and at Romulo Mabanta Buenaventura Sayoc & De Los Angeles from 1996 to 2000. Mr. Colayco earned his undergraduate and Juris Doctor degrees from the Ateneo de Manila University, and his Master of Laws degree from New York University School of Law in New York, U.S.A. He is not connected with any government agency or instrumentality. He is not a director of any publicly listed company.
MAILENE M. DE LA TORRE Assistant Corporate Secretary	Ms. Mailene M. de la Torre, 36 years old, Filipino, was appointed Assistant Corporate Secretary of AboitizPower on November 24, 2016. She is concurrently Assistant Vice President - Governance and Compliance and Assistant Corporate Secretary of AEV, a publicly-listed company, from January 1, 2018. She was previously Senior Associate General Counsel for Governance and Compliance of AEV since November 2016, and was Associate General Counsel for Legal and Corporate Services from May 2010 to October 2014. Ms. de la Torre is also the Corporate Secretary of various Subsidiaries of the Aboitiz Group, including Aboitiz InfraCapital, AEV CRH, ARI, APRI, CPPC, EAUC, BEZ, LEZ,

	Lima Water Corporation (LWC), MEZ, SEZ, Hedcor Bukidnon, Hedcor Sabangan, Hedcor Sibulan, Hedcor Tudaya, Hedcor, LHC, PANC, PFC, PEC, TMI, TMO, TSI, TPI, TVI, and PETNET as well as Assistant Corporate Secretary for ACI, Aboitiz Construction International, Inc., CRH Aboitiz, AEV Av, TDHI, TMHI, AboitizLand, Cotabato Light, Davao Light, MORE, the SN Aboitiz Power Group, and VECO. Ms. de la Torre has practice in the areas of compliance and corporate governance, corporate secretarial and corporate housekeeping, acquisitions, joint ventures, and litigation. Prior to joining the Aboitiz Group, she was an Associate at Esguerra & Blanco Law Office from 2007 to 2010. She graduated cum laude with a Bachelor of Arts Degree in Political Science from the University of the Philippines Diliman and earned her Bachelor of Laws degree from the same university. She is a graduate member of the ICD, after completing the Professional Director's Program. She is not connected with any government agency or instrumentality. She is not a director of a publicly-listed company.
NOREEN MARIE N. VICENCIO Data Privacy Officer	Ms. Noreen Marie N. Vicencio, 38 years old, Filipino, was appointed Data Privacy Officer of AboitizPower on November 23, 2017. She is also the Assistant Vice President for Risk Management of the Company since November 21, 2017. Ms. Vicencio brings with her experience in risk management, quality management, and systems integration. Prior to joining the AboitizPower, she various positions in AboitizLand from 2005 to 2017, as Assistant Vice President for Risk Management and Corporate Social Responsibility and Assistant Vice President for Corporate Planning, Risk Management and Quality Management System. She obtained her Bachelor of Arts degree in Psychology from St. Theresa's College, Cebu City. She also earned units in Masters in Management from the University of the Philippines Cebu. She is not connected with any government agency or instrumentality. She is not a director of a publicly-listed company.

Period in which the Directors Should Serve

The directors shall serve for a period of one (1) 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. Mr. Juan Alejandro A. Aboitiz is the nephew of Mr. Jaime Jose Y. Aboitiz. 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, 2018

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, 2018, 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, various guarantees, construction contracts 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. SLAs are in place to ensure quality of service.

Material and significant related party transactions are reviewed and approved by the Related Party Transactions Committee of the Board.

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.

For detailed discussion on related party transactions, please refer to Note 32 of the Consolidated Financial Statements.

(6) Parent Company

AboitizPower's parent company is AEV. As of February 28, 2018, AEV owns 76.88% of the voting shares of AboitizPower. In turn, ACO owns, as of February 28, 2018, 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. **JUAN ANTONIO R. BERNAD** - Executive Vice President for Stategy and Regulatory 4. **JAIME JOSE Y. ABOITIZ** - Executive Vice President & Chief Operating Officer – Power Distribution Group 5. **EMMANUEL V. RUBIO** - Executive Vice President & Chief Operating Officer – Power Generation Group				
All above named officers as a group	**Actual 2017**	**₱166,030,000.00**	**₱5,740,000.00**	**₱18,140,000.00**
	Actual 2016	₱159,950,000.00	₱5,350,000.00	₱15,490,000.00
	Projected 2018	₱182,630,000.00	₱6,320,000.00	₱19,960,000.00
All other officers and directors as a group	**Actual 2017**	**122,710,000.00**	**₱5,910,000.00**	**₱39,660,000.00**
	Actual 2016	₱76,650,000.00	₱5,150,000.00	₱38,780,000.00
	Projected 2018	₱134,990,000.00	₱6,510,000.00	43,620,000.00

*The four most highly compensated officers in 2017 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: the Chairman of the Board, the Vice Chairman, the Chief Executive Officer(s), the 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 2017, 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/member 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	Members	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 (the "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 8, 2018 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 2018.

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 2018.

The accounting firm of SGV has been AboitizPower's Independent Public Accountant for the last 19 years. Ms. Leovina Mae V. Chu, who had been AboitizPower's audit partner since audit year 2012, was replaced by Ms. Maria Veronica Andresa R. Pore as audit partner starting audit year 2017. 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 19 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 procedure.

Representatives of SGV will be present during the 2018 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

(a) Ten Billion Fixed Rate Bonds issued in August 2014

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 ("2014 Bonds"). AboitizPower appointed BPI Capital Corporation as the Issue Manager and Lead Underwriter, BPI Asset Management and Trust Group (BPI-AMTG) as the Trustee, and Philippine Depository & Trust Corporation (PDTC) as the Registry and Paying Agent for the transaction. The 2014 Bonds received the highest possible rating of PRS "Aaa" from the Philippine Rating Services Corporation (PhilRatings). The SEC issued the Order of Registration and a Certificate of Permit to Sell Securities on August 29, 2014. The 2014 Bonds were subsequently listed with the Philippine Dealing & Exchange Corporation (PDEx) on September 10, 2014 ("Issue Date").

The 2014 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 2014 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:

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

(b) Shelf Registration of Thirty Billion Fixed Rate Bonds: Series "A" Three Billion Fixed Rate Bonds issued in July 2017

On March 23, 2017, AboitizPower's Board of Directors approved the issuance of fixed-rate corporate retail bonds in the aggregate amount of up to ₱30 bn ("2017 Bonds"), registered under the shelf registration program of the SEC to be issued in tranches.

Series "A" of the 2017 Bonds has an aggregate amount of ₱3 bn, with a tenor of ten (10) years. AboitizPower engaged BPI Capital Corporation as Issue Manager and Underwriter, BPI-AMTG as Trustee, and Philippine Depository & Trust Corporation (PDTC) as the Registrar and Paying Agent. On May 16, 2017, PhilRatings assigned an issue credit rating of "PRS Aaa" with Stable Outlook to the first tranche of the 2017 Bonds.

The SEC issued the Order of Registration and Certificate of Permit to Offer Securities for Sale on June 19, 2017.

On July 3, 2017, the Series "A" Bonds were issued with a fixed interest rate of 5.3367% per annum. On the same date, the Series "A" Bonds were listed with PDEx, paving way for the secondary market trading of the bonds.

Use of Proceeds

Following the offer and sale of the 2017 Bonds, AboitizPower received the aggregate amount of ₱2.97 bn as proceeds from the said debt-raising exercise.

As of December 31, 2017, the proceeds from the 2017 Bonds were utilized for the following project:

Name of Project	Projected Usage (Per Prospectus)	Actual Usage
Equity infusions into GNPD in 2017	₱2,206,373,000	₱1,255,745,000
Equity infusions into GNPD in 2018	764,395,125	--
Bond issuance costs	29,231,875	32,938,058
TOTAL	**₱3,000,000,000**	**₱1,288,683,058**

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 2017 Annual Meeting of Stockholders dated May 15, 2017 (A summary of the Minutes is attached hereto as Annex "C");
(b) Approval of the 2017 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 21, 2018. 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 2017 up to May 21, 2018 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 of May 15, 2017 to March 8, 2018:

Regular Board Meeting, May 15, 2017

(a) Authority to Borrow and Guarantee the Availment by Therma Power Visayas, Inc. of the Company's Standby Letters of Credit with Various Banks
(b) Authority to Allow and Guarantee the Availment by Prism Energy, Inc. of the Company's Credit Facilities with Various Banks
(c) Authorities of the Company in Compliance with the Data Privacy Act:
  (i) Creation of Position of Data Privacy Officer
  (ii) Appointment of Mr. Ronaldo S. Ramos as the Data Privacy Officer
  (iii) Authority to File a Registration Application with the National Privacy Commission
(d) Appointment of Mr. Chris B. Sangster as Executive Director – Power Generation Group
(e) Appointment of Officers Authorized to Transact with the Philippine Depository & Trust Corp.
(f) Renewal of the Appointment of Authorized Representatives to Attend and Represent the Company and Sign the Proxy Forms for the Annual or Special Stockholders' Meetings of its Investee Companies
(g) Renewal of the Authority to Enter into Non-Disclosure Agreements, Letters of Instruction, Memoranda of Agreement, and other Preliminary Agreements involving Potential Acquisitions or Transactions
(h) Renewal of the Authority to Purchase, Sell, or Deal in any manner any of its Motor Vehicles

Regular Board Meeting, July 27, 2017

(a) Authority to Borrow and Guarantee the Availment by its Subsidiary, Malvar Enerzone Corporation of the Company's Standby Letters of Credit with Various Banks
(b) Authority to Obtain Standby Letters of Credit for the Debt Servicing of Hedcor Bukidnon, Inc. with Various Banks
(c) Authority to Allow and Guarantee the Availment by Prism Energy, Inc. of the Company's Credit Facilities with the Various Banks
(d) Authority to Participate in the Bidding for the Acquisition of the Businesses Directly or Indirectly Owned by AES Phil Investment Pte. Ltd. in the Philippines
(e) Appointment of Mr. Juan Alejandro A. Aboitiz as First Vice President for Energy Trading and Sales
(f) Authority to Apply for a Corporate Credit Card with UnionBank of the Philippines for the Company's Transactions with Uber Technologies, Inc.
(g) Authority to Transact with and Apply for Credit Lines with Airline Companies
(h) Updating of the Company's Authorized Representatives to File Online Reports to the Philippine Stock Exchange, Inc., Philippine Dealing & Exchange Corp., and the Securities Exchange Commission
(i) Authority to Enter into Agreements for the Assignment of the Construction Offshore Oversight Agreement of GNPower Dinginin Ltd. Co.
(j) Authority to Enter into Agreements for the Assignment of the Operation and Maintenance Consulting Agreement of GNPower Mariveles Coal Plant Ltd. Co.

Regular Board Meeting, September 28, 2017

(a) Authority to Borrow and Guarantee the Availments of Therma Power, Inc. and AboitizPower International Pte Ltd. from a Consortium of Banks
(b) Authority to Re-activate and Close its Accounts with Metropolitan Bank and Trust Company – Cebu Plaridel Branch
(c) Authority to Transact and Borrow from Sumitomo Mitsui Banking Corporation – Manila Branch

(d) Authority to Transact and Borrow from Sumitomo Mitsui Banking Corporation – Singapore Branch

Special Board Meeting, November 3, 2017

(a) Authority to Participate in the Bidding for the Acquisition of Interests of AES Phil Investment Pte. Ltd. in Masin-AES Pte. Ltd., the Acquisition of Equity Interests in each of AES Transpower Private Ltd. and AES Philippines, Inc., the Transfer of AES Philippines Power Foundation, Inc.

Regular Board Meeting, November 23, 2017

(a) Authority to Infuse Additional Equity and to Subscribe to Shares out of the Increase in Authorized Capital Stock in Hedcor, Inc. for the Funding of the Bineng Combined Project
(b) Appointment of Ms. Noreen Marie N. Vicencio as the Company's new Data Privacy Officer, replacing Mr. Ronaldo S. Ramos
(c) Authority to Advance Funds to Therma Power, Inc. and for the Partial Prepayment of its Loan from a Consortium of Banks

Regular Board Meeting, January 30, 2018

(a) Revocation of the Authority of Mr. William Paradies to Sign for the Company's Accounts maintained with Various Banks
(b) Appointment of Ms. Veronica C. So as Additional Authorized Signatory for Accounts, Credit Facilities and Investments maintained by the Company with Various Banks
(c) Authority to Support the Financing for the Construction and Upgrading of Hedcor, Inc.'s Bineng Power Plant, and to Guarantee the Debt Servicing Requirement of its Loans
(d) Authority to Allow and Guarantee the Availment by Hedcor, Inc. of the Company's Credit Facilities with Various Banks for the Foreign Exchange Hedging Requirements
(e) Authority to Infuse Capital and Subscribe to Shares in the following Subsidiaries:
  (i) Therma Visayas, Inc.
  (ii) Prism Energy, Inc.
  (iii) Hedcor Bukidnon, Inc.
  (iv) Malvar Enerzone Corporation
(f) Changes in Officers
  (i) Retirement of Mr. Donald L. Lane as Executive Director for Project Development and Execution and Appointment of Mr. Chris B. Sangster as his Replacement, effective May 1, 2018
  (ii) Resignation of M. Jasmine S. Oporto as Corporate Secretary and Appointment of Mr. Manuel Alberto R. Colayco as Corporate Secretary of the Company, effective March 1, 2018
  (iii) Resignation of M. Jasmine S. Oporto as Compliance Officer and Appointment of Mr. Joseph Trillana T. Gonzales as Compliance Officer of the Company, effective March 1, 2018
(g) Updating of Authorized Signatories to File Reports with the Philippine Stock Exchange, Inc., Philippine Dealing & Exchange Corp., and the Securities Exchange Commission
(h) Updating of Retirement Fund Trustees
(i) Authority to Engage and Transact with Maxicare Healthcare Corporation
(j) Authority to Transact with SM Prime Holdings, Inc.

Special Board Meeting, March 8, 2018

(a) Approval of the 2017 Audited Financial Statements
(b) Approval of the Agenda, Venue, and Record Date of the Stockholders Entitled to Vote for the 2018 Annual Stockholders' Meeting
(c) Appointment of Luis Cañete and Company as the Board of Election Inspectors for the 2018 Annual Stockholders' Meeting

(d) Endorsement of SyCip Gorres Velayo & Co. as the Company's External Auditor for 2018
(e) Declaration of the Regular Cash Dividend Pursuant to the Disclosed Policy
(f) Authority to Avail of the Corporate Check Writer Facility of Union Bank of the Philippines for the Company's 2018 Dividend Payments
(g) Amendment of the Company's By-Laws to Change the Date of the Annual Stockholders' Meeting, and to Clarify the Venue of the Annual Stockholders' Meetings

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

No action is to be taken in respect to the amendment of the Company's Charter, By-Laws or other documents.

During the Annual Stockholders' Meeting, the Company will update its stockholders on the amendment of the Company's By-Laws to move the date of the Annual Stockholders' Meetings from the third Monday of May of every year to fourth Monday of April of every year, and to clarify the venue of the Company's annual stockholders' meetings.

Pursuant to the Board's delegated power under Article VII of the Amended By-Laws to amend or repeal the Company' By-Laws or adopt new By-Laws, in its Special Board Meeting held on March 8, 2018, the Board of Directors of AboitizPower approved the amendment of the Company's By-Laws to change the Company's Annual Stockholders' Meetings date from the third Monday of May of every year to the fourth Monday of April of every year, and to clarify that the venue of the Annual Stockholders' Meetings may be at any city or municipality in Metro Manila in accordance with Section 51 of the Corporation Code.

The change in the Annual Stockholders' Meetings date will ensure that the Company's financial reports and information statements are published within the first quarter following the end of the previous fiscal year, in accordance with best corporate governance practices.

Item 18. Other Proposed Actions

(a) *Approval of the 2017 Annual Report and Financial Statements.* The proposal is intended to present to the stockholders the results of the Company's operations in 2017, in accordance with Section 75 of the Corporation Code.

The Company's audited financial statements as of December 31, 2017 will be integrated and made part of the Company's 2017 Definitive Information Statement (2017 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 2017 Annual Report and Audited Financial Statements shall be presented to the stockholders for approval.

(b) *Appointment of the Company's External Auditor for 2018.* 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 2018 for the shareholders to appoint.

The profile of the external auditor is disclosed in the 2017 Preliminary Information Statement.

A resolution for the appointment of the Company's external auditor for 2018 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 2017 up to May 21, 2018.* 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 2017 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 2017 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 nine (9) 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 voted 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, Luis Cañete & Company, an accounting firm.

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 will also be 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 16, 2018.

ABOITIZ POWER CORPORATION
By:

MANUEL ALBERTO R. COLAYCO
Corporate Secretary

DEFINITION OF TERMS

2014 Bonds	Refers to the Company's fixed-rate corporate retails bonds with an aggregate principal amount of up to ₱10 bn with tenors of seven and twelve years
2017 Bonds	Refers to the Company's fixed-rate corporate retails bonds with an aggregate principal amount of up to ₱30 bn registered under the shelf registration program of the SEC to be issued in tranches
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.
APX1	Aboitiz Power Distributed Energy, Inc.
APX2	Aboitiz Power Distributed Renewables, 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 140-MW Binga Hydroelectric Power Plant in Itogon, Benguet
AP Solar	AP Solar Tiwi, Inc.
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 AC 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	A Subsidiary of AboitizPower
CA	Court of Appeals
CBA	Collective Bargaining Agreement
CBAA	Central Board of Assessment Appeals
Cebu Energy	Cebu Energy Development Corporation
CIPDI	Cebu Industrial Park Developers, Inc.
CFB	Circulating Fuelized Bed
Cleanergy	Cleanergy, Inc. (formerly, Northern Mini – Hydro Corporation)
Coal Group	Composed of the following Business Units: Therma Luzon, Inc., Therma South, Inc., Therma Visayas, Inc., GNPower Mariveles Coal Plant Ltd. Co., GNPower Dinginin Ltd. Co., Pagbilao Energy Corporation, Redondo Peninsula Energy, Inc., STEAG State Power, Inc., and Cebu Energy Development Corporation, which own and/or

	operate coal-fired power plants
COC	Certificate of Compliance
Code	AboitizPower's 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
Contestable Market	Refers to the electricity end-users who have a choice of a supplier of electricity, as may be determined by the ERC in accordance with Sec. 4 (h) of 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
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 the companies within the AboitizPower Group engaged in power distribution, such as BEZ, Cotabato Light, Davao Light, LEZ, MEZ, SEZ, SFELAPCO, and VECO. "Distribution Company" or "Distribution Utility" may refer to any one of the foregoing companies.
EAUC	East Asia Utilities Corporation

ECC	Environmental Compliance Certificate
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
GCGI	Green Core Geothermal Incorporated
Generation Companies	Refers to the companies within the AboitizPower Group engaged in power generation; "Generation Company" may refer to any one of these companies.
GNPowerDinginin or GNPD	GNPower Dinginin Coal Plant Ltd. Co.
GNPowerMariveles 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
Grid	As defined in the Implenting Rules and Regulations of the EPIRA, it is the high voltage backbone system of interconnected transmission lines, substations and related facilities located in each of Luzon, Visayas and Mindanao or as may be otherwise determined by the ERC in accordance with Section 45 of the EPIRA
GRSC	Geothermal Resource Sales Contract
Guidelines	AboitizPower's Amended Guidelines for the Nomination and Election of Independent Directors
GWh	Gigawatt-hour, or one million kilowatt-hours
Hedcor	Hedcor, Inc.
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.
IPPA	Independent Power Producer Administrator
IPO	Initial Public Offering
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
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
Maris Plant	The 8.5 MW run-of-river Maris Main Canal 1 Hydroelectric Power Plant
Mariveles Project	2x316MW (net) pulverized coal-fired power plant located in Mariveles, Bataan, Philippines
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
NPC	National Power Corporation
NPPC	Naga Power Plant Complex, the 55 MW land-based gas turbine power plant located in Colon, Naga City, Cebu
Oil Group	Refers to the following companies: East Asia Utilities Corporation, Cebu Private Power Corporation, Therma Marine, Inc., Therma Mobile, Inc., Southern Philippines Power Corporation, and Western Mindanao Power Corporation, which own and operate Bunker C-fired power plants
Open Access	Retail Competition and Open Access
PA	Provisional Authority
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
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
Philippine Pesos or ₱	The lawful currency of the Republic of the Philippines
PhilRatings	Philippine Ratings Services Corporation
PIPPA	Philippine Independent Power Producers Association, Inc.
PPA	Power Purchase 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 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
RTC	Regional Trial Court
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.
Sacasun Plant	The 58.98 MWdc, greenfield, stand-alone solar power generation project located at San Carlos Ecozone, Barangay Punao, San Carlos City, Negros Occidental
SBFZ	Subic Bay Freeport Zone
SBMA	Subic Bay Metropolitan Authority
SEC	The Securities and Exchange Commission of the Philippines
SEZ	Subic EnerZone Corporation
SFELAPCO	San Fernando Electric Light & Power Co., Inc.
Sibulan Project	The two run-of-river hydropower generating facilities tapping the Sibulan and Baroring rivers in Sibulan, Santa Cruz, Davao del Sur
SN Aboitiz Power-Benguet	SN Aboitiz Power – Benguet, Inc. (formerly, SN Aboitiz Power – Hydro, Inc.) which owns and operates the Ambuklao-Binga Hydroelectric Power Complex in Bokod, Benguet
SN Aboitiz Power-Magat	SN Aboitiz Power – Magat, Inc. which owns and operates the 360-MW Magat Plant located in Ramon, Isabela and Alfonso Lista, Ifugao, and the 8.5-MW Maris Plant in Ramon, Isabela

SN Aboitiz Power Group	The collective name 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	Refers to the 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.
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.
US$	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
Vivant Group	Refers to Vivant Corporation and its subsidiaries
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, retail electricity supply services, and distribution utilities. AEV owns 76.88% of the outstanding capital stock of AboitizPower as of February 28, 2018.

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 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 ("Bakun AC Plant").

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 Utilities:

(a) 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;
(b) 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;
(c) An effective 64% ownership interest in Subic EnerZone Corporation (SEZ), which manages the Power Distribution System of the Subic Bay Metropolitan Authority (SBMA); and
(d) 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 60% of the outstanding common shares of Cebu Private Power Corporation (CPPC) from EAUC. CPPC operates a 70-MW Bunker C-fired plant in Cebu City. On June 14, 2016, in line with its target to increase its attributable net sellable capacity to 4,000 MW by 2020, AboitizPower, through 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 acquired from its Affiliate, Aboitiz Land, Inc. (AboitizLand), 100% interest in Mactan Enerzone Corporation (MEZ), which owns and operates the Power Distribution System in MEPZ II in Mactan, Cebu, and 60% interest in Balamban Enerzone Corporation (BEZ), which owns and operates the Power Distribution System in West Cebu Industrial Park-Special Economic Zone (WCIP-SEZ) in Balamban, 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), 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). TPI and Vivant Integrated Generation Corporation (VIGC) thereafter 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 in STEAG Power 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 AS of Norway, submitted the highest bid for the Ambuklao-Binga Hydroelectric Power Complex, then 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 Industrial Power II Corporation (formerly: Mirant (Phils.) Industrial Power II Corp.) (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%.

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 wholly-owned 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 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 wholly-owned Subsidiary, Therma Marine, Inc. (TMI), assumed ownership over Mobile 1 and Mobile 2, both barge-mounted diesel-powered generation plants, on February 6, 2010 and March 1, 2010, respectively. TMI acquired these power barges from PSALM for US$30 mn through a negotiated bid concluded on July 31, 2009. Each of the power barges 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 wholly-owned 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 had undergone rehabilitation in July 2011, and started commercial operations on November 12, 2013 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.

To meet the demands of the Company's growing business, AboitizPower transferred its corporate headquarters from Cebu City 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 the amended Articles of Incorporation was approved by the SEC on July 16, 2013. AboitizPower's current principal office address is at 32nd Street, Bonifacio Global City, Taguig City, Metro Manila.

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. 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 under the Naga Power Plant Land-Based Gas Turbine Land Lease Agreement, 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 right-to-top, and to declare the said right-to-top 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 right-to-top 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 filed with the Suprement Court a Motion for Leave to File and Admit Motion for Reconsideration dated December 9, 2016, and a Supplemental Motion/Petition for Release to the en banc dated January 16, 2017. These were denied by the Supreme Court in a Resolution dated April 26, 2017.

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 3 (Pag3), which is ongoing construction in the same location as the existing 700-MW Pagbilao Units 1 and 2 coal-fired thermal power plants in Pagbilao Quezon. Commercial operations is expected within the first quarter of 2018.

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-megavolt ampere (MVA) substation with dual power supply system connected through a 69-kilovolt (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 VIGC and the Vivant 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 with targeted commercial operations on the first half of 2018.

On August 29, 2014, the SEC approved AboitizPower's application for the issuance of fixed-rate corporate retail bonds with an aggregate principal amount of up to ₱10 bn. The 2014 Bonds, which received the highest possible rating of "PRS Aaa" rating from PhilRatings, 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 2014 Bonds are also listed with the PDEx.

On August 18, 2015, AboitizPower, through its holding company for renewable assets, Aboitiz Renewables, Inc. (ARI), entered into a Shareholders' Agreement with Sun Edison Philippines Helios BV (Sunedison Philippines) to jointly explore, develop, construct and operate utility scale solar photovoltaic power generation projects in the Philippines. Their project vehicle, San Carlos Sun Power, Inc. (Sacasun), has undertaken the acquisition, development and exploration of the 59-Megawatt peak (MWp) solar photovoltaic power generation project in San Carlos City, Negros Occidental. Subsequently, Sunedison, Inc. (SUNE), the parent company of Sunedison Philippines, filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. ARI thereafter filed default notices against Sunedison Philippines on July 15, 2016, and on December 29, 2016, acquired Sacasun's loan from BDO Unibank, Inc. (BDO). On December 4, 2017, AboitizPower International acquired SunE Solar B.V.'s (SunE Solar) equity interest in Sunedison Philippines, resulting in the divestment by SUNE and its subsidiaries' participation in the Sacasun Project.

On September 18, 2015, TSI declared full commercial operations of the first of its two 150-MW units of the planned 300-MW CFB 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 2015, AboitizPower explored the following potential projects in pursuit of its undertaking to expand its business in Asia: a 127-MW hydropower generation project along the Lariang River in Central Sulawesi, Indonesia, and a 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 latter project and allow its partner, PT Medco Power Indonesia, to proceed with the project.

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. (GNPower Dinginin or GNPD). On October 4, 2016, the Purchase and Sale Agreements for the acquisition was finalized, and 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). On August 29, 2017, GMCP signed a Notes Facility Agreement with a consortium of lenders in the amount of up to US$800 mn. The proceeds of the notes will be used by GMCP to refinance its existing loans and for other general corporate purposes. On December 12, 2017, GNPD achieved financial close for the project financing of the second unit of its 2x668MW super-critical coal fired power plant in Dinginin, Bataan. TPI is also restructuring of its share ownership in GNPD and GMCP, through the transfer of direct ownership of GNPD and GMCP from the offshore Subsidiaries of TPI to TPI itself, and the eventual dissolution and liquidation of the offshore intermediary subsidiaries that own the GNPD and GMPC shares. As of February 28, 2018, TPI directly owns 66.01% of the partnership interest in GMCP and 50% of the partnership interest in GNPD.

On March 23, 2017, the Board of Directors approved the issuance of fixed-rate corporate retail bonds in the aggregate amount of up to ₱30 bn (the “2017 Bonds”), registered under the shelf registration program of the SEC to be issued in tranches. On May 16, 2017, PhilRatings assigned an issue credit rating of "PRS Aaa" with Stable Outlook for the first tranche of the 2017 Bonds. SEC issued the Order of Registration and Certificate of Permit to Offer Securities for Sale on June 19, 2017. On July 3, 2017, an aggregate amount of ₱3 bn Series “A” Bonds were issued with a fixed interest rate of 5.3367% per annum. The Series “A” Bonds, which will mature on July 3, 2027, were listed with PDEx, allowing for the 2017 Bonds to be traded in the secondary market.

On January 15, 2018, Aseagas, a wholly-owned Subsidiary of AboitizPower, announced that it will permantly cease operations of its 8.8-MW biomass plant in Lian, Batangas. On November 24, 2017, Aseagas suspended its commissioning due to the unavailability of the supply of organic effluent wastewater from its supplier, Absolut Distillers, Inc. Aseagas also prepaid its outstanding loan with the Development Bank of the Philippines amounting to ₱3.7 bn. Despite the closure of Aseagas, AboitizPower is expected to remain ontrack to add some 500 MW of attributable capacity in 2018, mainly from baseload and hydropower plants, pursuant to the Company’s 2020 target of 4,000 MW of net attributable capacity.

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, retail electricity supply, and power distribution 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, 2017, the power generation business accounted for 80% of earning contributions from AboitizPower's business segments. AboitizPower conducts its power generation activities through the Subsidiaries and Affiliates listed in the table below.

The table below summarizes the Generation Companies' operating results as of December 31, 2017 compared to the same period in 2016 and 2015:

Generation Companies	Energy Sold			Revenue		
	2017	2016	2015	2017	2016	2015
	(in GWh)			(in mn Pesos)		
APRI	2,747	2,688	2,643	11,645	10,334	10,714
Hedcor	162	140	154	821	776	800
LHC	272	263	248	774	801	712
Hedcor Sibulan	259	189	212	1,591	1,131	1,260
Hedcor Tudaya	41	30	33	240	180	187
Hedcor Sabangan	55	28	39	325	166	228
SN Aboitiz Power-Magat	1,324	923	762	8,298	6,308	6,223
SN AboitizPower-Benguet	989	867	819	6,996	6,307	6,549
TLI	5,126	5,091	5,124	22,939	19,661	20,455
TSI*	1,647	1,640	436	10,535	8,869	1,745
Cebu Energy	1,724	1,723	1,713	8,752	7,966	8,109
STEAG Power	1,212	1,605	1,671	4,255	4,706	4,811
WMPC	221	355	644	1,439	1,636	1,430
SPPC	50	155	292	524	633	709
CPPC	141	146	159	1,484	1,292	1,465
EAUC	63	90	117	844	725	936
TMI	182	917	1,205	2,076	4,268	6,437
TMO	286	336	308	3,111	2,911	3,231
Davao Light**	0	0	0	Revenue neutral	Revenue neutral	Revenue neutral
Cotabato Light**	0	0	0	Revenue neutral	Revenue neutral	Revenue neutral

**Operations of Unit 1 only for the year 2015.*
***Plants are operated as stand-by plants and are revenue neutral, with costs for operating each plant recovered by Davao Light and Cotabato Light, as the case may be, as approved by the ERC.*

Renewables

Aboitiz Renewables, Inc. (ARI)

Since the start of its operations in 1998, AboitizPower has been committed to developing expertise in renewable energy technologies. The company 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. As such, a significant component of AboitizPower's future projects is expected to focus on those that will allow the Company to leverage its experience in renewable energy, while maintaining its 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. ARI was incorporated on

January 19, 2995 AboitizPower, through and/or with ARI, owns equity interests in the following Generation Companies, among others:

(a) 100% equity interest in Luzon Hydro Corporation (LHC), which operates the 70-MW Bakun AC Plant in Ilocos Sur in northern Luzon;
(b) 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;
(c) 100% equity interest in Hedcor Sibulan, Inc. (Hedcor Sibulan), which operates the 49-MW Sibulan HEPP and Tudaya 1 HEPP in Davao del Sur;
(d) 100% equity interest in Hedcor Tudaya, Inc. (Hedcor Tudaya), which operates the 7-MW Tudaya 2 HEPP in Davao del Sur;
(e) 100% equity interest in Hedcor Sabangan, Inc. (Hedcor Sabangan), which operates the 14-MW Sabangan run-of-river HEPP in Sabangan, Mountain Province;
(f) 100% equity interest in Hedcor Bukidnon, Inc. (Hedcor Bukidnon), which is currently building a 68-MW run-of-river HEPP in Manolo Fortich, Bukidnon;
(g) 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 and the 8.5-MW Maris Plant in Isabela in northern Luzon; and SN Aboitiz Power-Benguet, the company that operates the 245-MW Ambuklao-Binga Hydroelectric Power Complex in northern Luzon;
(h) 100% equity interest in APRI, which owns the 390-MW Tiwi-MakBan geothermal facilities located in Albay, Laguna and Batangas;
(i) 100% beneficial ownership interest in Sacasun, the project company of the 59-MWp utility-scale solar photovoltaic solar project in San Carlos City, Negros Occidental; and
(j) 100% equity interest in Aseagas, the company that owns the biomass plant in Lian, Batangas, which has ceased operations.

Run-of-River Hydros

Luzon Hydro Corporation (LHC)

Incorporated on September 14, 1004, LHC owns, operates and manages the 70-MW Bakun AC run-of-river hydropower plant located in Amilongan, Alilem, Ilocos Sur.

LHC was ARI's joint venture company 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 MOA granting ARI full ownership over LHC. ARI assumed full ownership and control of LHC on May 10, 2011.

The Bakun AC Plant was constructed and operated under the government's BOT scheme. Energy produced by the Bakun AC Plant, approximately 254 GWh annually, is delivered and taken up by NPC pursuant to a Power Purchase Agreement ("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 AC 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 AC Plant to NPC in February 2026, free from liens and without the payment of any compensation by NPC.

The IPPA contract for the Bakun AC 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 AC Plant on September 2012. LHCalso replaced two 15-year old power transformers inFebruary 2016 to improve reliability and to enable the plant to continuously produce clean and renewable energy and supply it to the Luzon Grid.

The Bakun AC Plant received its latest ISO certification,ISO 55001:2014 or the Asset Management Standard, last December 2017. It is also currently ISO-certified on Quality, Environmental, Operational Health and Safety, and Information Security.

AboitizPower, through ARI, effectively owns 100% of LHC.

Hedcor, Inc. (Hedcor)

Hedcor owns, operates, and manages run-of-river hydropower plants in northern Luzon and Davao with a combined installed capacity of 44 MW.

Hedcor was incorporated on October 10, 1986 by ACO as 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. 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 commercial operations 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 2016 and 2017, Hedcor's hydropower plants generated a total of 145 GWh and 163 GWh of electricity, respectively.

AboitizPower, through ARI, effectively owns 100% of Hedcor.

Hedcor Sibulan, Inc. (Hedcor Sibulan)

Incorporated on December 2, 2005, Hedcor Sibulan owns, operates and manages the 49.2-MW hydroelectric power plants located in Sibulan, Santa Cruz, Davao del Sur (Sibulan Plants).

The Sibulan Plants have generated 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 Energy Regulatory Commission (ERC) on May 18, 2015, and on March 10, 2014 for Tudaya Hydro 1. The energy produced by the Sibulan Plants 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 Plants 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).

In 2017, Hedcor Sibulan, along with Hedcor Tudaya, obtained the very first ISO 55001:2014 certification which certifies for the Asset Management Standard in the Philippines, proving that the company has an integrated and effective management system for its assets.

AboitizPower, together with its wholly-owned Subsidiary, ARI, effectively owns 100% interest in Hedcor Sibulan.

Hedcor Tudaya, Inc. (Hedcor Tudaya)

Incorporated on January 17, 2011, Hedcor Tudaya owns, operates and manages the 7-MW Tudaya Hydro 2 run-of-river hydropower plant in Astorga, Santa Cruz, Davao del Sur ("Tudaya Hydro 2"). 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.

Together with Hedcor Sibulan, Hedcor Tudaya was awarded the very first ISO certification, for Asset Management or the ISO 55001:2014 standard in the Philippines in 2017, certifying that the company has an integrated and effective management system for its assets.

AboitizPower, together with its wholly owned Subsidiary, ARI, effectively owns a 100% interest in Hedcor Tudaya.

Hedcor Sabangan, Inc. (Hedcor Sabangan)

Incorporated on January 17, 2011, Hedcor Sabangan owns, operates and manages the 14-MW Sabangan run-of-river HEPP in Sabangan, Mountain Province. The Sabangan plant has been commercially operating since June 2015, and selling under the FIT mechanism through a REPA with Transco. The plant is a pioneer hydropower plant in the Mountain Province region, harnessing the power of the Chico River.

AboitizPower, together with its wholly owned Subsidiary, ARI, effectively owns a 100% interest in Hedcor Sabangan.

Hedcor Bukidnon, Inc. (Hedcor Bukidnon)

Incorporated on January 17, 2011, Hedcor Bukidnon is the project company for the 68.8-MW Manolo Fortich hydroelectric power project located in Manolo Fortich, Bukidnon.

The project is composed of the 43.4-MW Manolo Fortich Hydro 1 and the 25.4-MW Manolo Fortich Hydro 2 plants, which will 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, with an estimated total project cost of ₱13 bn, began in 2015 and is expected to be completed in 2018.

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.

AboitizPower, together with its wholly owned Subsidiary, ARI, effectively owns a 100% interest in Hedcor Bukidnon.

Large Hydros

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

Incorporated on November 29, 2005, SN Aboitiz Power-Magat is the owner and operator of the 360-MW Magat HEPP ("Magat Plant") located at the border of Ramon, Province of Isabela and Alfonso Lista, Ifugao in Northern Luzon, and the 8.5-MW run-of-river Maris Main Canal 1 HEPP ("Maris Plant") located in Brgy. Ambatali in Ramon, Isabela.

The Magat Plant was completed in 1983 and was acquired by SN Aboitiz Power-Magat on December 14, 2006 by winning a bidding process conducted by PSALM. As a hydroelectric facility that can be started up in a short period of time, the Magat Plant is 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, which AboitizPower believes gives it a competitive advantage in terms of economic dispatch order versus other fossil fuel-fired power plants that have significant marginal costs. The Magat Plant has a nameplate capacity of 360 MW but is capable of producing up to 380 MW.

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, selling a significant portion of its available capacity to the WESM 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. The US$380 mn loan consisted 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 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 with NGCP on October 12, 2009, 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,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. 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 were used by the company to 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 were completed on October 17, 2016.

The Ancillary Services Procurement Agreement (ASPA) between SN Aboitiz Power-Magat and NGCP, which was 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. On December 5, 2016, ERC issued the Provisional Authority (PA) to execute the new ASPA with the official effectivity period of February 7, 2017 to February 6, 2022. The new ASPA has the same AS volume, price and schedule, terms and conditions as the 2013 ASPA. SN Aboitiz Power-Magat in particular was able to overcome changes in NGCP measurement protocols and secure full 95 MW certification for three of its four units.

The La Niña phenomenon experienced during the last five months of 2016 carried over its effect in the Magat dam watershed into the first half of 2017, with inflows during this period higher by 116% compared to historical normal. In the second half of 2017, the Magat River went to its normal inflow rate that resulted to the Magat Plant ending the year at 30 % higher than the normal water availability and 37 % higher compared to the 2016 water year.

Driven by higher water inflows, the Magat Plant's total sold capacity from spot energy generation and AS increased by 56% in 2017 at 2.46 terawatt-hour (TWh) from 1.6 TWh in 2016. This is equivalent to sold capacity factor of 75% in 2017 compared to 46% in 2016. This also results in higher spot and AS revenue of ₱7.06 bn in 2017, or 50.4%% higher than the revenue of ₱4.69 bn in 2016. Bilateral Contract Quantity (BCQ) revenue in 2017 associated with SN Aboitiz Power-Magat is ₱698 mn, or 23.3% lower than in 2016.

SN Aboitiz Power-Magat was the project partner of the National Irrigation Administration (NIA) in the Maris Optimization Project in Ramon, Isabela. The project involved the installation of an additional layer of stoplogs on the Maris Reregulating Dam, which added some 8 mn cubic meters of storage in the Maris Reservoir. The additional storage would 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.

The Maris Plant is the first power plant constructed by SN Aboitiz Power-Magat since it acquired the assets via privatization. It is composed of two units of Kaplan pit type turbines with generator nameplate capacity of 4.25 MW each. Construction of the US$47 mn Maris Plant began in late 2015. The plant re-utilizes the water coming from the Magat Plant through the re-regulating dam located downstream of Magat. The water then flows into the Maris Main (South) Irrigation Canal. In 2017, the Maris Plant was awarded with the Corporate Safety Milestone Award by the Safety and Health Association of the Philippine Energy Sector, Inc. (SHAPES) for accumulating at least one million man-hours without lost time accident. Unit 1 was commissioned on October 24, 2017 while Unit 2 was commissioned on November 6, 2017.

SN Aboitiz Power-Magat 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 in 2017. The company has consistently shown outstanding workplace safety and health performance, receving the Corporate Safety and Health Excellence Award during the 12th Energy Safety and Health Conference in 2016. In 2017, the company received the Corporate Safety Milestone Award for the Magat Plant and the 2017 Safety and Health Association of the Philippine Energy Sector, Inc. (SHAPES) Outstanding Safety and Health Professionals for its health and safety team.

SN Aboitiz Power-Magat is ARI's joint venture with SN Power AS, a leading Norwegian hydropower company with projects and operations in Asia, Africa, and Latin America. MORE owns company is 60% of the Company while SN Power Philippines Inc. (SN Power Philippines) owns the remaining 40%.

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

Incorporated on Marcj 12, 2007, SN Aboitiz Power-Benguet is the owner and operator of the Ambuklao-Binga Hydroelectric Power Complex, which consists of the 105-MW Ambuklao HEPP (Ambuklao Plant) and the 140-MW Binga HEPP (Binga Plant), located in Brgy. Tinongdan, Itogon, Benguet Province.

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 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 was 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 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 Aboitiz Power-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 into 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 MOA/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 former ASPAs for the Ambuklao and Binga Plants, entered into between SN Aboitiz Power-Benguet and NGCP, expired on July 25, 2016 and March 25, 2017, respectively. On separate joint applications on August 24, 2016 and March 6, 2017, NGCP and SN Aboitiz Power-Benguet filed the new ASPAs for the Ambuklao and Binga Plants with the ERC. The ERC issued the Provisional Authority (PA) to execute the new ASPAs with the official effectivity period of December 26, 2016 to December 25, 2021 for the

Ambuklao Plant, and from September 26, 2017 to September 25, 2022 for the Binga Plant. Both ASPAs have the same AS volume, price and schedule, terms and conditions as the former ASPAs.

The La Niña phenomenon during the last five months of 2016 was also sustained in Ambuklao and Binga dam watersheds in the first half of 2017, as well as in the adjacent Magat dam watershed. Inflows during the first half of 2017 were higher by 45% against its historical normal for the Ambuklao and Binga dams. However, the second half of 2017 was drier by 32% compared to historical normal in Benguet. This resulted to an overall 21% lower than normal water availability at year–end 2017. Water availability during 2017 is also 18.5% lower than during 2016.

Despite lower inflow to the Ambuklao reservoir in 2017 as compared to 2016, the Ambuklao Plant's total sold capacity from spot energy generation and Ancillary Services (AS) increased by 17% at 816 GWh in 2017 as compared to 696 GWh in 2016, mainly due to higher AS capacity approval. This is equivalent to sold capacity factor of 89% in 2017, as compared to 76% in 2016.

Similarly, the Binga Plant's total sold capacity from spot energy generation and AS in 2017 increased by 3% at 1.18 GWh as compared to 1.14 GWh in 2016. This is equivalent to sold capacity factor of 96% in 2017 compared to 93% in 2016.

The resulting combined spot and AS revenue of the Ambuklao and Binga Plants for 2017 was ₱5.29 bn, which was 14% higher than the revenue of ₱4.64 bn in 2016. BCQ revenue in 2017 associated with SN Aboitiz Power-Benguet was ₱707 mn, 36% lower than that of 2016.

Both the 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. SN Aboitiz Power-Benguet is working its way towards attaining ISO 55001 certification for asset management.

In 2016, the Ambuklao and Binga Plants were awarded the Gawad ng Kaligtasan at Kalusugan (GKK) Award given by the Department of Labor and Employment (DOLE), a recognition received for three straight years. During the same year, both plants also received the Corporate Safety and Health Excellence Award during the 12th Energy Safety and Health Conference for their outstanding workplace safety and health performance.

In 2017, both the Ambuklao and Binga plants qualified for the Hall of Fame in the 2017 SHAPES Corporate Safety and Health Excellence Awards. SN Aboitiz Power-Benguet's health and safety team members were given recognition as 2017 SHAPES Outstanding Safety and Health Professionals. The company also received a special award for Enhanced Corporate Viability at the 11th National Convention on Labor-Management Cooperation held in Cebu on November 24, 2017. This award recognizes the company's Kaibigan Committee's innovative adoption of systems and procedures on "human resources development, relationship-building, and accountability toward workplace excellence leading to company growth." SN Aboitiz Power-Benguet also received an award as a finalist in the search for outstanding labor-management cooperation for industrial peace.

SN Aboitiz Power-Benguet is also a joint venture between ARI and SN Power. The company is 60% owned by MORE, while the remaining 40% is owned by SN Power Philippines Inc.

SN Aboitiz Power-Generation, Inc. (SN Aboitiz Power-Gen)

Incorporated on March 10, 2011, SN Aboitiz Power-Gen is the company that implements the SN Aboitiz Power Group's Greenfield Development Program. This program aims to grow the SN Aboitiz Power Group's renewable energy portfolio by looking at potential hydroelectric power projects in the Philippines, primarily within its current host communities in Northern Luzon.

There is a pipeline of projects in various stages from initial prospecting, pre-feasibility, feasibility, construction, including the recently completed Maris Plant which was transferred to SN Aboitiz Power-Magat. By the end of 2017, the significant project is the proposed 380-MW Alimit Hydropower Complex

Project in Ifugao. Presently, SN Aboitiz Power-Gen is gaining some momentum in the permitting process, with the company expected to continue working with the government, indigenous peoples' representatives, and industry partners.

The company was awarded the 2017 Corporate Safety Milestone Award for its proposed Alimit project, which accumulated at least one million man-hours without lost time incident. It was recognized for the safe conduct of activities associated with its feasibility study.

SN Aboitiz Power-Gen is a joint venture between ARI and SN Power. It is currently 60% owned by MORE with the remaining 40% owned by SN Power Philippines.

Geothermal

AP Renewables Inc. (APRI)

Incorporated on March 9, 2007, APRI is one of the leading renewable power companies in the country. It owns and operates the Tiwi-MakBan geothermal facilities located in Tiwi, Albay, Bay and Calauan, Laguna; and Sto. Tomas, Batangas (Tiwi-MakBan Plants) with a total potential capacity of 693.2 MW. The Tiwi-MakBan Plants were acquired by APRI from PSALM in July 2008 and were formally turned over to APRI on May 25, 2009.

The Tiwi-MakBan Plants produce clean energy that is reasonable in cost, efficient in operation and environment-friendly. As a demonstration of APRI’s commitment to providing world class services, adhering to environmental management principles to reduce pollution, complying with regulations, and ensuring a safe and healthy workplace, the company was issued Integrated Management System (IMS) certifications by TÜV Rheinland Philippines, which include International Organization for Standardization (ISO) 9001:2015, ISO 14001:2015 (Environment), and OSHAS (Occupational Health and Safety Series) 18001:2007 (Health and Safety).

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). The GRSC is one of the assumed contracts of APRI as a result of the acquisition of the Tiwi-MakBan Plants. Under the GRSC, the effective steam price payable to PGPC is indexed to coal prices. The GRSC will expire on September 20, 2021.

On August 13, 2013, APRI and PGPC entered into an Interim Agreement amending the GRSC to restructure 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 a mutually beneficial steam off-take agreement.

In 2013, APRI successfully completed major refurbishment activities on the 14 generation units at the Tiwi-MakBan Plants. Significant improvements in reliability and steam usage efficiency have been achieved following the completion of the aforesaid activities. In July 2016, APRI likewise completed the rehabilitation and commissioning of the 6 MW Binary Plant 1 located in MakBan. The Binary Plant 1 utilizes waste heat from spent geothermal brine to run turbines prior to injection of the brine to the underground reservoir. APRI continues to implement specialized geothermal technology including steam path modification and gas removal system to improve steam usage at the plant level.

In February 2016, APRI signed an Omnibus Agreement with the Asian Development Bank (ADB), BPI, and the Credit Guarantee & Investment Facility (CGIF), 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 by the Climate Bond Initiative and is the first issuance of its kind in Asia.

APRI’s geothermal facilities have generally operated at par or better than industry standards. The company routinely evaluates and implements various projects while improving coordination with PGPC to improve efficiency levels and counteract the challenges of a declining steam supply.

APRI, a wholly-owned Subsidiary of ARI, is effectively 100% owned by AboitizPower.

Solar

Maaraw San Carlos Holdings, Inc. (Maaraw San Carlos) and San Carlos Sun Power Inc. (Sacasun)

Sacasun is the project company for the 59-MWp solar photovoltaic power generation plant located in the San Carlos Ecozone, Barangay Punao, San Carlos City, Negros Occidental (Sacasun Plant). The project was commissioned on March 9, 2016 and formally inaugurated on April 19, 2016, with the aim of achieving sustainable development and supplying electricity to the Visayas Grid.

As a renewable energy developer, Sacasun intends to fully participate in the renewable energy market and other initiatives which promote utilization of renewable energy resources. The energy generated from the Sacasun Plant benefits more than 8,000 homes within the Visayas Grid and displaces the energy equivalent of 6.5 mn gallons of gasoline or 30,000 tons of coal. Sacasun believes in producing clean energy for sustainable development and inclusive growth of its communities within a shared environment.

Sacasun was initially incorporated on July 25, 2014 as a joint venture between ARI and SunEdison Philippines Helios B.V. (SunEdison Philippines), a Dutch company. In July 2017, a Compromise Agreement was entered into by AboitizPower through its Subsidiary, AboitizPower International, and SunE Solar, the parent company of SunEdison Philippines, wherein AboitizPower International agreed to acquire the entire issued and outstanding shares of SunE Solar in Sunedison Philippines. On December 29, 2017, AboitizPower International completed its acquisition of SunEdison Philippines. AboitizPower, through its wholly-owned Subsidiaries ARI and AboitizPower International, effectively owns 100% of Sacasun.

Biogas

Aseagas Corporation (Aseagas)

Aseagas owns an 8.8-MW biomass plant located in Lian, Batangas. On January 15, 2018, the company announced that its plant would permanently cease operations, after initially suspending its commissioning on November 24, 2017 due to unavailability of supply of organic effluent wastewater from its supplier, Absolut Distillers, Inc.

Incorporated on June 5, 2012, Aseagas was established as a waste-to-energy business. Its first project was the construction of a liquid biomethane fuel plant. The company entered into an agreement with Absolut Distillers, Inc. for the supply of organic effluent wastewater to be utilized as raw material.

Due to the slump in oil prices at the end of 2014, Aseagas shifted its business model from producing liquid biomethane fuel for vehicles to producing biogas for power generation. In the same year, the company entered into a Notes Facility and Security Agreement in the amount of up to ₱2 bn with the Development Bank of the Philippines (DBP) to finance the construction of its biomass plant. On December 4, 2017, it prepaid its outstanding loan with DBP in the amount of ₱2.368 bn.

AboitizPower, through its wholly-owned Subsiary ARI, effectively owns 100% of Aseagas.

Non-Renewables

Therma Power, Inc. (TPI)

Incorporated on October 26, 2007, TPI is a wholly-owned Subsidiary of AboitizPower and is the latter's holding company for its non-renewable energy projects. AboitizPower, through and/or with TPI, has equity interests in the following generation companies, among others:

(a) 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;

(b) 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;
(c) 100% equity interest in EAUC, owner and operator of a 43-MW Bunker C fired power plant in MEPZ 1, Mactan, Cebu;
(d) 100% equity interest in TLI, the IPPA of the 700-MW contracted capacity of the Pagbilao Plant located in Quezon Province;
(e) 100% equity interest in TSI, owner and operator of a 300 MW CFB coal-fired power plant in Toril, Davao City;
(f) 100% equity interest in TPVI, the project company that bidded for the privatization of the Naga power plant, located in Naga City, Cebu.
(g) 80% equity interest in TVI, which is currently building a 300-MW coal-fired power plant in Toledo City, Cebu;
(h) 66.07% beneficial ownership interest as of February 28, 2018 in GN Power–Mariveles, owner and operator of an approximately 2x316 MW (net) pulverized coal-fired electric power generation facility in Mariveles, Bataan;
(i) 50% beneficial ownership interest as of February 28, 2018 in GN Power–Dinginin, which is currently building a 2x668 MW (net) supercritical coal-fired power plant in Bataan;
(j) 50% equity interest in PEC, which is currently building a 400-MW (net) coal-fired power plant in Pagbilao, Quezon Province;
(k) 26.4% beneficial ownership interest in Cebu Energy, which operates a 3x82-MW coal-fired power power plant in Toledo City, Cebu; and
(l) 25% equity interest in RP Energy, which proposes to build and operate a 2x300 MW coal-fired power plant at the Redondo Peninsula located in the Subic Bay Freeport Zone (SBFZ).

Oil Group

Therma Marine, Inc. (TMI)

Incorporated on November 12, 2008, TMI owns and operates Power Barges Mobile 1 (previously known as PB 118) and Mobile 2 (previously known as PB117), 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.

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 and dispatchable reserve 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 that expired on May 27, 2014. Upon the expiration of the BOI registration, all benefits granted to TMI expired, thus making TMI subject to regular tax rates.

AboitizPower and its wholly-owned Subsidiary, TPI, effectively own 100% of TMI.

Therma Mobile, Inc. (TMO)

Incorporated on October 20, 2008, TMO owns and operates four barge-mounted power plants located at the Navotas Fish Port, Manila, with an installed generating capacity of 242 MW.

TMO acquired the barges from Duracom Mobile Power Corporation and East Asia Diesel Power Corporation on May 27, 2011. The barges have undergone rehabilitation on July 2011, and started commercial operations on November 12, 2013 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.

The company has an existing PSA with the Manila Electric Company (MERALCO).

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

The company 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 distribution company 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. During this period, TMO's engines and transmission lines were still undergoing rehabilitation after having been non-operational for the five years. PEMC's petition is pending before the Supreme Court.

AboitizPower and its wholly-owned Subsidiary, TPI, effectively own 100% of TMO.

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 incorporated 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. EAUC also signed a PSA with AdventEnergy for the remaining 21.5 MW capacity effective February 21, 2017.

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. AboitizPower and its wholly-owned Subsidiary, TPI, effectively own 100% of EAUC.

Therma Power Visayas, Inc. (TPVI)

Incorporated on October 8, 2007, TPVI is the project company that was awarded the winning bid for the privatization of the Naga Power Plant Complex (NPPC) 55 MW land-based gas turbine power plant located in Colon, Naga City, Cebu.

In 2009, SPC Power Corporation (SPC) acquired the NPPC through a negotiated bid. In the same year, it entered into a Land Lease Agreement with PSALM, which includes SPC's right to top the price of the winning bidder for the sale of any property in the vicinity of the leased premises.

PSALM subsequently bid out the NPPC located on the leased premises. On April 30, 2014 and after two failed biddings, PSALM issued a Notice of Award to TPVI for submitting the highest bid for the NPPC. SPC wrote to PSALM of its intent to exercise its right-to-top the winning bid, on the condition that the Land Lease Agreement would be a term of 25 years from closing date. PSALM then awarded the contract to SPC, despite TPVI's objections that SPC did not validly exercise its right-to-top because of its qualified offer.

Senator Sergio R. Osmeña III filed a petition for certiorari and prohibition and to enjoin PSALM from implementing SPC's right to top in connection with the NPPC bidding and to have said right-to-top null and void. PSALM, NPC, 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 right to top is void for lack of interest or right to the object over which the right-to-top is to be exercised. 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.

Subsequently, SPC filed several motions, including a Motion for Leave to File and Admit the attached Motion for Reconsideration dated December 9, 2016 Motion for Reconsideration dated December 9, 2016, and Supplemental Motion/Petition for Referral to the en banc dated January 16, 2017. These were denied by the Supreme Court in a Resolution dated April 26, 2017.

TPVI is a wholly-owned Subsidiary of AboitizPower.

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 61.72 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.

AboitizPower beneficially owns 60% of CPPC.

Southern Philippines Power Corporation (SPPC)

Incorporated on March 15, 1996, SPPC owns and operates a 55-MW Bunker C-fired power plant ("SPPC Plant") located in Alabel, Sarangani, a municipality outside General Santos City in Southern Mindanao.

The SPPC Plant was developed by SPPC on a build-own-operate basis, under the terms of 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.

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.

Western Mindanao Power Corporation (WMPC)

Incorporated on March 15, 1996, WMPC 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 of 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.

WMPC is a joint venture company among AboitizPower, Alsing Power Holdings, Inc., and Tomen Power (Singapore) Pte. Ltd. AboitizPower has a 20% equity interest in WMPC.

Coal Group

Therma Luzon, Inc. (TLI)

TLI has been 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") since October 1, 2009, when it became the first IPPA in the country. TLI was incorporated on October 20, 2008.

As the IPPA for the Pagbilao Plant, 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 has been contracted to various cooperatives, private distribution utilities, directly connected customers, and to 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 and 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.

Currently, TLI is undertaking the necessary procedure to secure its own license to operate as a RES. With this license, TLI will be able to sell, broker, market, and/or aggregate electricity to Contestable Customers and participate in the competitive retail electricity market.

AboitizPower, through its wholly-owned Subsidiary, TPI, effectively owns 100% of TLI.

Pagbilao Energy Corporation (PEC)

Incorporated on April 30, 2012, PEC is the project company that is developing, and will own and operate a third coal-fired power plant within the Pagbilao Plant facilities located in Pagbilao, Quezon (Pag3). This third plant will have a net capacity of 400 MW.

Pursuant to the Joint Development Agreement entered into by TPI and TeaM Energy effective May 31, 2012, PEC was formed as a separate vehicle for 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. On May 15, 2014, 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. Commercial operations are expected to begin within the first quarter of 2018.

During the course of PEC's business permit application for calendar year 2018, the Municipality of Pagbilao required PEC to execute a MOA implementing corporate social responsibility programs for an amount above the company's budget. Upon the company's refusal, on February 27, 2018, the Municipality of Pagbilao issued a Cease and Desist Order (CDO) against PEC and refused to issue its business permit. PEC filed an application for injunction and obtained a Temporary Restraining Order (TRO) from the RTC of Lucena City to prevent the municipality from implementing what PEC believes to be an unwarranted cease and desist order. On March 2, 2018, the RTC issued a TRO valid for 20 days from February 28, 2018.

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

Therma South, Inc. (TSI)

Incorporated on November 18, 2008, TSI owns and operates the 300-MW (2x150MW) CFB coal-fired power plant located both in Barangay Binugao, Toril District, Davao City and Barangay Inawayan, Sta. Cruz, Davao del Sur.

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 contributes to the continuing growing power requirements of Mindanao by providing stable and cost-effective base load power. TSI has currently contracted out 260 MW of energy and has 22 different approved Power/Energy Supply Agreements with various private distribution utilities and energy cooperatives.

The company seeks to sustain the positive impact it has brought its host communities through various educational, livelihood, and enterprise development programs, benefitting children, students, small and medium business enterprise owners, and most notably its employees.

AboitizPower, through its wholly-owned Subsidiary, TPI, effectively owns 100% of TSI.

Therma Visayas, Inc. (TVI)

TVI is the project company that is constructing a 340-MW (2x170 MW) CFB coal-fired power plant located in Barangay Bato, Toledo City, Cebu.

The company was incorporated on October 15, 1997 as Vesper Industrial & Development Corporation (VIDC), a joint venture company of A. Soriano Corporation (Anscor) and Tokuyama Corporation (Tokuyama). In December 2011, AboitizPower through its wholly-owned Subsidiary, TPI, acquired all of the shares in VIDC owned by Anscor and Tokuyama, and thereafter renamed VIDC to Therma Visayas, Inc. The Vivant 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.

In May 2014, TVI signed an EPC contract with Hyundai Engineering Co., Ltd. and Galing Power Energy Co., Inc. Currently, the company is undertaking the task of connecting to the Grid and energization of its plant. Targeted commercial operation is expected on the first half of 2018.

AboitizPower, through its wholly-owned Subsidiary, TPI, effectively owns 80% of TVI. The remaining 20% is held by Vivant Group through VIGC and VEC.

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

Incorporated on November 28, 2007, Abovant is a joint venture company formed as the holding company for shares in Cebu Energy. Abovant is 60% owned by TPI and 40% owned by VIGC of the Vivant Group. Cebu Energy was incorporated on December 5, 2008.

Abovant and Global Formosa Power Holdings, Inc. (Global Formosa), a joint venture between Global Business Power Corporation and Flat World Limited, 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.

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 much-needed power to the province of Cebu and its neighboring province, Bohol.

Abovant has a 44% stake in Cebu Energy, while Global Formosa owns the remaining 56% stake. Consequently, AboitizPower, through TPI, holds a 26.4% effective ownership interest in Cebu Energy.

Redondo Peninsula Energy, Inc. (RP Energy)

Incorporated on May 30, 2007, RP Energy is the project company that is constructing and will own and operate the 2x300-MW (net) coal-filed power plant located in Redondo Peninsula of Subic Bay within the SBFZ, Subic, Zambales.

In July 2012, a Petition for Writ of Kalikasan and Environmental Protection Order was filed against the project 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 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 company's Lease and Development Agreement with SBMA.

RP Energy was originally a joint venture between AboitizPower and TCIC. MPGC acquired a majority interest in RP Energy by virtue of a share purchase agreement with TPI on July 22, 2011. AboitizPower, through TPI, and TCIC retained an equal ownership interest in RP Energy of 25% (less one share each).

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 currently hold the remaining 51% and 15% equity, respectively, in STEAG Power.

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

AboitizPower has 34% equity interest in STEAG Power.

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

GNPower Mariveles is a private limited partnership organized on May 13, 2007 and established to undertake the development, construction, operation, and ownership of an approximately 2x316 MW (net) pulverized coal-fired power plant located in Mariveles, Bataan, Philippines ("Mariveles Project").

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 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 supplies electric capacity to the Luzon and Visayas markets.

The electricity produced by the Mariveles Project is exported through a 230kV high voltage transmission line owned and operated by 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, through its designated RES.

In October 2016, TPI, a wholly-owned Subsidiary of AboitizPower, 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 GNPower Mariveles and GNPower Dinginin on December 27, 2016. Effective October 13, 2017, AboitizPower's, through its general and limited partners, sharing percentage on (i) profits and losses and (ii) distributions, including net distributable liquidation proceeds, in GNPower Mariveles is 66.0749%. In 2018, AboitizPower, through TPI, is restructuring its share ownership structure in GNPower Mariveles. The restructuring involves the transfer of direct ownership of GNPower Mariveles from the offshore subsidiaries of TPI to TPI itself, and the eventual dissolution and liquidation of the offshore intermediary subsidiaries that own the GNPower Mariveles shares. After the restructuring, TPI directly owns 66.01% partnership interest in GNPower Mariveles.

Effectively, the partnership interests in GNPower Mariveles are owned by TPI, AC Energy Holdings, Inc. (AC Energy), a wholly-owned subsidiary of Ayala Corporation, and Power Partners Ltd. Co. (Power Partners).

As of February 28, 2018, AboitizPower, through TPI, effectively owns 66.07% partnership interest in GNPower Mariveles.

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

GNPower Dinginin is a limited partnership organized and established on May 21, 2014 with the primary purpose of: (a) developing, constructing, operating, and owning a 1x668 MW (net) supercritical coal-fired power plant to be located at Mariveles, Province of Bataan, with a one-time expansion option of undertaking the development, construction, operation, and ownership of an additional 1x668 MW Unit; (b) generating, selling and trading of electric power, importing machines, equipment, motor vehicles, tools, appurtenant spare parts, coal for fuel, lubricants, cleansing substances, and other necessary and related materials or chemicals; and (c) obtaining, entering into and performing any and all contracts and engaging in any and all transactions consistent with the foregoing purpose.

GNPower Dinginin successfully achieved financial close and started the construction of Unit 1 in September 2016, with target delivery in the first half of 2019. The company also proceeded with the expansion of the power plant last year and successfully achieved its financial closing for Unit 2 in December 2017. To date, GNPower Dinginin has already signed Power Purchase and Sale Agreements with highly-rated distribution utilities and RES.

GNPower Dinginin will be constructed in two phases: (i) the first phase is for one 668MW (net) unit (Unit 1) and associated ancillary facilities supporting the full operations of Unit 1; and (ii) the second phase is for an additional identical 668MW (net) unit (Unit 2) and associated ancillary facilities required to support the full operations of Unit 2. The electricity that will be produced by Unit 1 of GNPower Dinginin will be exported through the existing 230kV high voltage transmission line owned and operated by

NGCP. Eventually, energy from Unit 1 and Unit 2 will be exported through NGCP's 500kV high voltage transmission line once completed.

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.). The sharing percentage on (i) profits and losses and (ii) distributions of AboitizPower in GNPower Dinginin, through its general and limited partners, will eventually be reduced to 40%.

In 2018, AboitizPower, through TPI, began restructuring its share ownership structure in GNPower Dinginin. The restructuring involves the transfer of direct ownership of GNPower Dinginin from the offshore subsidiaries of TPI to TPI itself, and the eventual dissolution and liquidation of the offshore intermediary subsidiaries that own the GNPower Dinginin shares. After the restructuring, TPI directly owns a 50% partnership interest in GNPower Dinginin.

AboitizPower, through TPI, effectively owns a 50% partnership interest in GNPower Dinginin, as of February 28, 2018.

Aboitiz Power Distributed Energy, Inc. and Aboitiz Power Distributed Renewables Inc.

Aboitiz Power Distributed Energy, Inc. (APX1) was incorporated in November 2016 to engage in the business of operating light and power systems. In July 2017, the SEC approved the application of Kookabura Equity Ventures, Inc. to amend its Articles of Incorporation to change its corporate name to Aboitiz Power Distributed Renewables Inc. (APX2) and to amend its primary purpose to include the business of operating light and power systems.

In their first full year of operations, APX and APX2 focused on building internal capability to serve various market segments, attracting top technical talent for PhotoVoltaic (PV) solar technology, and defining synergies with other teams and products within the AboitizPower Group. With increasing customer demand for renewable energy, AboitizPower believes that APX and APX2 are poised to advance a growing pipeline of potential opportunities in the Rooftop Solar space.

AboitizPower, through ARI, beneficially owns 100% of each of APX1 and APX2.

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 10% of Davao Light's requirements as of December 31, 2017. Cotabato Light maintains a stand-by 9.927-MW Bunker C-fired power plant capable of supplying approximately 14% of its requirements as of December 31, 2017.

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, 2017, the power distribution business' earnings contribution from AboitizPower's business segments is equivalent to 20%. The Distribution Utilities had a total customer base of 954,300 in 2017, 916,876 in 2016, and 881,944 in 2015.

The table below summarizes the key operating statistics of the Distribution Utilities for each of the past three years.

Company	Electricity Sold (MWh)			Peak Demand (MW)			No. of Customers		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Davao Light	2,317,985	2,173,373	2,069,127	404	380	354	384,434	367,782	351,079
Cotabato Light	153,973	146,678	131,975	29	27	25	41,110	38,924	37,697
VECO	2,938,532	2,922,950	2,585,704	522	524	475	422,814	408,586	395,689
SFELAPCO	623,607	588,985	548,365	116	117	102	101,942	97,847	94,227
SEZ	517,558	535,010	506,539	106	103	102	3,267	3,151	3,040
MEZ	114,272	111,486	120,491	21	21	22	83	82	80
BEZ	91,273	102,208	113,800	27	30	30	31	32	33
LEZ	197,908	165,481	149,770	33	28	26	619	472	99
Total	**6,955,108**	**6,746,171**	**6,225,771**	**1,258**	**1,230**	**1,136**	**954,300**	**916,876**	**881,944**

Visayan Electric Company, Inc. (VECO)

Incorporated on February 22, 1961, VECO is the second largest privately-owned distribution utility in the Philippines in terms of customer size and annual MWh sales. It supplies electricity to the greater part of Metro Cebu, an area covering 674 square kilometers (sq. kms.) and with a population of approximately 1.7 mn. To date, VECO has 19 power substations and one mobile substation that serve the power needs of the cities of Cebu, Mandaue, Talisay and Naga, and the municipalities of Minglanilla, San Fernando, Consolacion, and Liloan. As of December 2017, VECO served a total of 422,814 customers and had a peak demand of 504 MW.

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.

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 directly held by AboitizPower.

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 eventually by AboitizPower after it acquired AEV's ownership interest in VECO in January 2007. To guarantee compliance with their respective obligations under the Shareholders' Cooperation Agreement, AboitizPower and Vivant were each required to place in escrow 5% of the shares in VECO registered in their names. 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 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 20 MW starting March of 2015 to cover the increase in demand within its franchise area. However, the 20 MW contract was terminated in 2016 due to the inability of the transmission grid to wheel 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 15MW 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 40MW, 17MW, and 5MW 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 30MW 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 150MW beginning in 2018. To reduce WESM exposure in 2016 until TVI's commercial operations have commenced, the company entered into a PSA with South Luzon Power Generation Company for 50MW in 2016.

Starting December 26, 2016, the contract with SLPGC was reduced to 47.79MW, 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.

In 2017, VECO's systems loss is at 6.51%, below the government-mandated cap of 8.5%. Systems loss below the mandated cap translates to reduced power costs resulting in customer savings.

Davao Light & Power Company, Inc. (Davao Light)

Davao Light is the third largest privately-owned electric distribution utility in the country in terms of customer size and annual kWh sales. Davao Light's franchise area covers 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 sq. kms. As of December 2017, Davao Light served a total of 384,434 customers, with an average peak demand recorded at 404,196 MW.

Davao Light was incorporated on October 11, 1929, and was acquired by the Aboitiz Group in 1946. 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.

The large percentage of Davao Light's power supply comes from renewable energy sources from the NPC-PSALM, Hedcor Sibulan, and Hedcor's Talomo plant, which comprised 52.29% of Davao Light's power mix.

Due to the high growth of new locators within the franchise area, Davao Light accelerated the upgrades for the distribution network infrastructure to meet increasing demand. On July 5, 2017, the company upgraded its Don Ramon Substation by adding additional capacity of 100 MVA, increasing its overall capacity to 200 MVA.

On December 10, 2017, Davao Light also energized its 9.5-kilometer 69-kV line connecting ERA Substation to DRA Substation. To ensure reliability and to cater growing demand in the northern part of its franchise area, the company upgraded its San Vicente Substation after the successful energization and loading of the newly installed 33MVA power transformer of the said substation.

The growth in demand resulted in total sales of 2,298,361,482 kWh as of December 2017. Davao Light recorded a total growth in energy sales for 2017 of 5.75% and increase of demand of 6.37%.

Davao Light's systems loss at 7.32% remains below the government-mandated cap of 8.5%. Systems loss below the mandated caps translates to reduced power costs, resulting in customer savings.

On November 28, 2016, Davao Light signed a 60MW Power Supply Contract (PSC) with San Miguel Consolidated Power Corporation, subject to ERC approval. This PSC is intended to replace the firm supply contracts with SPPC and TMI, which are expiring in 2018.

Moreover, Davao Light also signed non-firm supply contracts with TMI and WMPC on October and November 2017, respectively, with a total capacity of 105MW, intended to supply Davao Light's power requirements during the drought months when the supply coming from NPC- PSALM is very limited.

Davao Light is part of Group C of private distribution utilities to enter the PBR.

In July 2017, Davao Light donated a new and improved investment promotion website to Davao City Investment Promotion Center (DCIPC) to further promote the city's economic interests. The website adheres to Global Investment Promotions Best Practices in content presentation and user interface, search engine optimization and back-end data analytics, in the hopes of facilitating business opportunities for local and foreign investors. Davao Light aims to bring more investments into its franchise area through partnerships with the local government units.

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 PBR. Based on this resolution, the Fourth Regulatory Period for Davao Light shall be from July 1, 2018 to June 30, 2022.

The company is currently owned 99.93% by AboitizPower.

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 sq. kms. As of December 2017, Cotabato Light's peak demand was recorded at 28.60 MW and is serving a total of 41,110 customers.

Incorporated on April 23, 1938, Cotabato Light's 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 year-end 2017, Cotabato Light has three substations - 10 MVA, 12 MVA, and 15 MVA - backed up by a 10 MVA power transformer. Cotabato Light 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) system.

Cotabato Light maintains a standby Bunker C-fired plant with dependable capacity of 5.85 MW, capable of supplying approximately 20% of its franchise area requirements. The standby plant is capable of supplying electricity in case of power supply problems with PSALM, its other power suppliers, or the NGCP, and to stabilize voltage when necessary.

As of December 2017, Cotabato Light's systems loss stands at 8.84%, higher than the systems loss cap of 8.5%, as implemented by the ERC. The company continuously strives to improve its systems and processes in order to reduce systems loss.

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. The company is continuously innovating its systems and processes to reduce systems loss. 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.

AboitizPower directly owns 99.9374% of Cotabato Light.

San Fernando Electric Light & Power Co., Inc. (SFELAPCO)

SFELAPCO's franchise in the City of San Fernando, Pampanga covers an area of 78.514 sq. kms. and includes 402.92 and 662.74 circuit-kilometers on its 13.8-kV and 240-volt distribution lines, respectively. SFELAPCO also 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. As of December 2017, SFELAPCO's peak demand was recorded at 116,477 kW, and was serving a total of 101,423 customers.

SFELAPCO was incorporated on May 17, 1927 and was granted a municipal franchise in 1927. In 1961, RA 3207 was passed by Congress granting SFELAPCO a legislative franchise to distribute electricity for a period of 50 years ending in June 2011. SFELAPCO's current legislative franchise was granted through RA 9967, for another 25 years commencing on March 24, 2010.

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

SFELAPCO's systems loss at 4.97% remains below the government-mandated cap of 8.5%. Systems loss below the mandated caps translates to reduced power costs resulting in customer savings.

AboitizPower owns 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 2017, SEZ's peak demand was recorded at 102,272 kW and was serving a total of 3,267 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 saw a smooth transition in implementing new PBR power rates during 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.

SEZ's systems loss at 3.77% remains below the government-mandated cap of 8.5%. Systems loss below the mandated cap translates to reduced power costs resulting in customer savings.

AboitizPower, together with Davao Light, owns 100% of SEZ.

Mactan Enerzone Corporation (MEZ)

MEZ was incorporated on February 19, 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 SN Aboitiz Power-Magat and GCGI pursuant to a CSEE. Under the said contract, GCGI is required to provide 4.957 MW to MEZ base load. SN Aboitiz Power-Magat is required to supply 4.957 MW with 50% load factor, as based on projections provided by MEPZ II locators under their respective PSCs with MEZ.

As of December 31, 2017, MEZ recorded peak demand at 21.12 MW, and served a total of 83 customers, consisting of 51 captive industrial locators, 26 captive commercial locators, and six industrial locators under RES.

MEZ's systems loss at 0.93% remains below the government-mandated cap of 8.5%. Systems loss below the mandated cap translates to reduced power costs resulting in customer savings.

AboitizPower directly owns 100% of MEZ.

Balamban Enerzone Corporation (BEZ)

BEZ was incorporated on February 19, 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 Tsuneishi Heavy Industries (Cebu), Inc. (THICI), the modular fabrication facility of Aboitiz Construction International, Inc. (formerly: Metaphil International, Inc.) and recently, 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. 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 THC's 40% equity in BEZ.

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. As of February 2017, only the Cebu Energy firm contract remained, with the switching of its other Contestable Customers to RES. BEZ became a direct member of the PEMC to be eligible to participate in the WESM.

BEZ's peak demand for 2017 was recorded at 26.517 MW. As of year-end 2017, it has served a total of 31 customers composed of 14 captive industrial customers, 11 captive commercial customers, and six contestable industrial customers.

BEZ's systems loss at 0.50% remains below the government-mandated cap of 8.5%. Systems loss below the mandated cap translates to reduced power costs resulting in customer savings.

AboitizPower directly owns 100% of BEZ.

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. In 2017, Lima Enerzone's peak demand was recorded at 35 MW, and has served 101 industrial and commercial customers, and 527 residential customers.

LEZ was originally 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, LEZ and Lima Land became wholly-owned Subsidiaries 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, AboitizPower as the new shareholder of the company, then sought the SEC's approval to change its corporate name to Lima Enerzone Corporation, which was approved on October 14, 2014.

LEZ's 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. LEZ completed an additional 50-MVA power transformer, and is now capable of serving the increasing demand for future locators and expansions. This will also allow LEZ to provide reliable and flexible power to LTC.

LEZ's systems loss at 0.94% remains below the government-mandated cap of 8.5%. Systems loss below the mandated cap translates to reduced power costs resulting in customer savings.

AboitizPower directly owns 100% of MEZ.

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 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. Its application for renewal of RES license has been duly filed, and is currently pending with the ERC. At the start of commercial operations of Open Access on June 26, 2013, AESI served 42 customers. For the year 2017, AESI supplied retail electricity to a total of 167 customers, with total energy consumption of 1,630.67 mn 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. AESI was able to deliver a total of 326.05 mn kWh to its off-taker, VECO, for the year 2017.

Adventenergy, Inc. (AdventEnergy)

Incorporated on August 14, 2008, AdventEnergy is a wholly-owned Subsidiary of AboitizPower, and is a RES compant that sells, brokers, markets, or aggregates electricity to end-users, including those within economic zones. AdventEnergy's RES license was renewed by the ERC on June 18, 2012 and was valid until June 18, 2017. Its application for renewal of RES license was duly filed, and is currently pending with the ERC. The company was specifically formed to serve Contestable Customers 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.

During 2017, AdventEnergy supplied retail electricity to 70 customers with a total consumption of 1,393.38 mn kWh.

AboitizPower owns 100% equity interest in AdventEnergy.

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. Its application for renewal of RES license has been duly filed and is currently pending with the ERC.

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.

During 2017, Prism Energy supplied retail electricity to 13 customers with a total energy consumption of 38.88 mn kWh.

SN Aboitiz Power – Res, Inc. (SN Aboitiz Power - RES)

Incorporated on December 23, 2009, SN Aboitiz Power – RES, Inc. is the RES arm of the SN Aboitiz Power Group. SN Aboitiz Power - RES caters to the Contestable Customer sector and electricity consumers using an average of at least 1 MW in the last twelve months across all industries under Open Access. It offers energy supply packages tailored to its customers' needs and preferences.

SN Aboitiz Power – RES' 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 the SN Power Group, an international hydropower expert, and AboitizPower.

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.

From a single customer in 2013, SN Aboitiz Power-RES has grown its customer base to 25 by the end of 2017, with a significant number of closed deals signed in 2016 and 2017. This growth can be attributed to the strategic focus of SN Aboitiz Power – RES on four major industry segments that allow it to tailor supply packages to customer segment needs and preferences.

Despite the challenging regulatory landscape in the Contestable, SN Aboitiz Power – RES was still able to steadily carve an expanding market share. As of December 31, 2017, SN Aboitiz Power - RES accounts for 262 GWh or 16.8% of BCQ volumes which contributed ₱79 mn or 6% of BCQ net revenue.

SN Aboitiz Power - RES is a joint venture between ARI and SN Power. It is currently 60% owned by MORE with the remaining 40% owned by SN Power Philippines.

(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:

	2017	2016	2015
Gross Income	₱119,391	₱89,163	₱85,174
Operating Income	34,174	26,310	24,687
Total Assets	**₱361,477**	**₱356,891**	**₱242,489**

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:

	2017		2016		2015	
Power Generation	₱78,252	31%	₱51,469	48%	₱47,137	46%
Power Distribution	44,392	54%	44,666	41%	41,379	41%
Retail Electricity Supply	19,971	14%	10,453	10%	12,151	12%
Services	1,407	1%	1,296	1%	991	1%
Total Revenue	144,021	**100%**	**₱107,884**	**100%**	**₱101,658**	**100%**
Less: Eliminations	(24,630)		(18,721)		(₱16,484)	
Net Revenue	**₱119,391**		**₱89,163**		**₱85,174**	

Note: Values are in Million Pesos.

(iii) Distribution Methods of the Products or Services

The Generation Companies sell their capacities and energy through an IPPA with the NPC/PSALM, bilateral PSAs with the NPC, private distribution utilities, electric cooperatives, RES or other large end-users, and through the WESM. There are also Subsidiaries and Affiliates providing ancillary services through ASPAs with NGCP.

Currently, SN Aboitiz Power-Magat, SN Aboitiz Power-Benguet, and TLI have ASPAs with NGCP as AS providers to the Luzon Grid. The SN Aboitiz Power Group delivers regulating, contingency and dispatchable reserves, as well as blackstart service through its three power plants. TLI offers contingency reserve under its ASPA. In 2017, TMI signed and ASPA with NGCP, which is currently pending ERC approval.

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 because of their ASPA nominations to NGCP under the terms of their respective ASPAs. Settlement for reserves remains to be between NGCP and ancillary providers.

In addition, the Hedcor Tudaya Hydro 2, Hedcor Irisan Hydro 1, and Hedcor Sabangan plants, all in commercial operations, have been approved for inclusion in the FIT system for run-of-river HEPPs. Hedcor, Hedcor Tudaya, and Hedcor Sabangan, the companies that own and operate the foregoing plants, have entered into REPAs with Transco, in its capacity as FIT-All Administrator, for the collection and payment of the FIT. The power generated by Hedcor Tudaya 2 is covered by a Renewable Energy Supply Agreement.

AboitizPower's Generation Companies have transmission service agreements with the NGCP for the 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. These contracts allow the Distribution Utilities to use the NGCP's transmission facilities to receive power from their respective Independent Power Producers (IPP), the NPC, or PSALM for distribution to their respective customers. 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 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-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 initially reduced to 750 kW, and subsequently down to 500 kW. However, the mandatory switching of Contestable Customers with consumption of at least 750kW to Open Access by June 2017 was put on hold due to a TRO executed in the first quarter of 2017. The switch of Contestable Customers to RES is still allowed on a voluntary basis. Additional competition for Open Access customers can come from entities that may not generate power but have RES operations by acting as demand aggregators. The 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 TSI Unit 2 and the Sacasun 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 66.1% in GNPower–Mariveles and 40% beneficial ownership in GNPower–Dinginin brings a considerable increase in capacity and augments the Company's project pipeline.

Between 2017 to 2019, AboitizPower expects to 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.

Retail Electricity Supply Business

Based on ERC's Competitive Retail Electricity Market Monthly Statistical Data as of December 2017, there are 30 licensed RES companies and 25 Local RES companies participating in the Open Access market in Luzon and Visayas. The Meralco Group, through its RES companies, has the largest market share, at 32.29%. The AboitizPower Group, through its RES companies, has the second-largest market share, at 24.29%.

From December 2016 through early 2017, RES companies geared up in anticipation of the reduction of the threshold for contestability of 1 MW to 750 kW, and further down to 500 kW. At that point in time, switching to the Open Access regime was mandatory for captive customers with levels of demand at those thresholds. A TRO on the mandatory switching was executed, however, in the first quarter of 2017, which also put a halt to the lowering of the contestability thresholds. With the execution of the TRO, the switch of Contestable Customers continues to be allowed by the DOE, through Department Circular No. 2017-12-0013 published on December 12, 2017, on a voluntary basis. This substantially reduced the pool of customers that the numerous RES companies can vie for, and thus intensifying the level of competition.

The increase in the number of power plants, the number of RES companies, and volatile oil and coal prices have also increased the level of competition in the Open Access market. RES companies have resorted to both aggressive pricing and contractual concessions.

AboitizPower's believes that its portfolio, consisting of different types of energy sources with a mix of renewables and non-renewables, allows its to be flexibile in both pricing and reliability of supply, thus enhancing its competitiveness.

Distribution Utilities 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.

On November 29, 2017, the DOE promulgated Department Circular No. 2017-12-0013 entitled "Providing Policies on the Implementation of Retail Competition and Open Access (RCOA) for Contestable Customers in the Philippine Electric Power Industry." The circular provides, inter alia, that (i) upon the effectivity of circular, all Contestable Customers with a monthly average peak demand of 750 kW and above, for the preceding twelve months, may participate in the Contestable Market; (ii) by June 26, 2018 or on an earlier date specified by the ERC, all eligible electricity end-users to become Contestable Customers with a monthly average peak demand of 500 kW to 749 kW for the preceding twelve months may voluntarily participate in the Contestable Market; and (iii) by December 26, 2018 or on an earlier date specified by the ERC, electricity end-users within a contiguous area whose aggregate average peak demand is not less than 500 kW for the preceding twelve-month period may aggregate their demand to be part of the Contestable Market and may voluntarily enter into RSC with the Aggregators. The circular also provides the list of entities that may become Retail Electricity Suppliers, and stipulates that distribution utilities may provide electricity services to Contestable Customers within its franchise area as a local RES upon authorization from the ERC.

(vi) Sources of Raw Materials and Supplies

Generation Business

The Generation Companies produce energy using the following fuel types: hydropower, geothermal, solar, coal and oil. Fuel from renewable sources comprised 32% of its production in 2017, while fossil fuel accounted for 68%.

AboitizPower's hydropower facilities generate electricity by harnessing energy from the flow of water of neighboring rivers. Some of these facilities have impounding dams that allow 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 continues to be supplied by the PGPC. The terms of the steam supply are governed by a Geothermal Resource Sales Contract (GRSC) under which price of steam is ultimately indexed to the Newcastle Coal Index and the Japanese Public Utilities coal price. The GRSC took effect on May 26, 2013. An interim agreement supplementing the GRSC was subsequently 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 Shell and Phoenix Petroleum, respectively. 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 index.

STEAG Power has existing long-term coal supply agreements with PT Jorong Barutama Greston of Indonesia and with Brooklyn Enterprise Pte. Ltd. of Singapore (Brooklyn Enterprise) for PT Mitrabara Adiperdana of Indonesia (PT Mitrabara). Brooklyn Enterprise is the marketing company for the coal produced by PT Mitrabara. Cebu Energy also has long-term coal supply agreements with Semirara Mining and Power Corporation, PT Adaro Indonesia, and Samsung C and T 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. TSI has annual coal supply contracts for its coal plant in Mindanao, and is working on establishing the most competitive and optimum supply mix.

Distribution Business

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.

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 PSC 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 demand of 30 MW to Davao Light. This contract was renewed in 2014. When it expired in 2017, it was extended for one more year. The contract with TMI ends on July 25, 2018. Davao Light and Cotabato Light entered into 25-year PSCs 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.

In anticipation of higher demand and lower allocation from PSALM, Davao Light entered into a PSC with San Miguel Consolidated Power Corporation (SMCPC) in November 28, 2016 for a supply of 60MW for a period of 10 years. This was provisionally approved by ERC on June 20, 2017.

Due to the increasing load demand and decreasing power allocation from PSALM, Cotabato Light renewed its 1 MW PSC with TMI for another year, and entered into a PSC with San Miguel Consolidated Power Corporation (SMCPC) on November 28, 2016 for a supply of 5MW for a period of ten years. These contracts are pending ERC approval for the Provisional Authority.

VECO entered into a PPA for the purchase of electric energy from CPPC for a period of 15 years starting from CPPC's commercial operation date. 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 and Vivant Energy Solutions on October 2014, and ULGEI on March 2015, for 40 MW, 17 MW, and 5 MW baseload supply, respectively. The 5 MW 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. On February 26, 2017, this was reduced to 21,652 MWh and 43,304 MWh per year, respectively. The decrease was due to the transfer of some of MEZ's customers to RES.

Transmission Charges

Five (5) of AboitizPower's Distribution Utilities have existing Transmission Service Agreements (TSAs) with the NGCP for the use of the latter's transmission facilities in the distribution of electric power from the Grid to its customers, which are valid until the dates specified below:

Distribution Utility	**Valid until**
Davao Light	January 25, 2019
Lima Enerzone	July 25, 2022
Mactan Enerzone	January 25, 2020
Balamban Enerzone	January 25, 2020
SFELAPCO	December 25, 2018

Cotabato Light and Subic Enerzone are both in the process of securing their respective TSAs with NGCP. VECO has signed the renewal of its TSA and is awaiting NGCP's execution of the document. The Distribution Utilities have negotiated agreements with the NGCP in connection with the security deposit to secure their obligations to the NGCP under the TSAs.

(vii) Major Customers

Generation Business

Out of the total electricity sold by AboitizPower's Generation Companies, approximately 94% are covered by bilateral contracts with, among others, private distribution utilities, electric cooperatives, the NPC, and industrial and commercial companies. The remaining approximately 6% is sold by the Generation Companies through the WESM.

Retail Electricity Supply Business

The Company's RES business has nearly 300 Contestable Customers from a wide number of industries, including property development, meat processing, semiconductors, steel, and cement. AboitizPower thus believes that this diversity will insulate its RES business from downturns in any one industry.

Distribution Utilities

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 Utilities' 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, or special government accounts..

(viii) Transactions with and/or Dependence on Related Parties

AboitizPower and its Subsidiaries (the "Group"), in their regular conduct of business, have entered into transactions with Associates and other related parties principally consisting of professional and technical services, power sales and purchases, advances, various guarantees, construction contracts, aviation services, and rental fees. These are made on an arm's length basis as of the time of the transactions.

Details of the significant account balances of the foregoing related party transactions of the Group can be found in Note 32 of the accompanying consolidated financial statements of the Company.

(ix) Patents, Copyrights and Franchises

Generation Business

Power generation is not considered a public utility operation under the 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.

In its operations, a generation company is required to comply with technical, financial and environmental standards. It shall ensure that facilities connected to the Grid meet the technical design and operation criteria of the Philippine Grid Code, Philippine Distribution Code, Philippine Electrical Code, and the NGCP. It shall conform with financial standards to protect public interest and any customer procuring services from the generation company. It shall ensure that its facilities comply with applicable environmental laws, rules and regulations

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. For IPPAs such as TLI, the COCs issued to the IPPs of the relevant generation facilities are deemed issued in favor of the IPPAs. As such, the IPPAs are also bound to comply with the provisions of the Philippine Grid Code, Philippine Distribution Code, WESM rules, and applicable rules and regulations of the ERC.

AboitizPower's HEPPs 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 require their holders to comply with the terms of the permit with regard to the use of the water flow and the allowable volume.

AboitizPower, its Subsidiaries and Affiliates are in various stages of development of several projects. Some of these projects have been awarded renewable energy service contracts by the DOE.

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

COC No.	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.	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 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 – Unit 1	Hydroelectric Power Plant	Calinan, Davao City	500 kW	Hydro	February 15, 2015 – February 14, 2020	May 4, 2016
		Talomo 1 – Unit2			500 kW			
COC No. 16-05-M-00062M	Hedcor, Inc.	Talomo 2 – Unit 1	Hydroelectric Power Plant	Mintal Proper, Davao City	200 kW	Hydro	February 15, 2015 – February 14, 2020	May 4, 2016
		Talomo 2 – Unit 2			200 kW			
		Talomo 2 – Unit 3			200 kW			
COC No. 16-05-M-00063M	Hedcor, Inc.	Talomo 2A – Unit 1	Hydroelectric Power Plant	Upper Mintal, Davao City	450 kW	Hydro	February 15, 2015 – February 14, 2020	May 4, 2016
		Talomo 2A – Unit 2			200 kW			
COC No. 16-05-M-00064M	Hedcor, Inc.	Talomo 2B	Hydroelectric Power Plant	Upper Mintal, Davao City	300 kW	Hydro	February 15, 2015 – February 14, 2020	May 4, 2016
COC No. 16-05-M-00065M	Hedcor, Inc.	Talomo 3 – Unit 1	Hydroelectric Power Plant	Catalunan, Pequeño, Davao City	960 kW	Hydro	February 15, 2015 – February 14, 2020	May 4, 2016
		Talomo 3 – Unit 2			960 kW			
COC No. 16-03-M-00052L	Hedcor, Inc.	FLS Plant Unit 1	Hydroelectric Power Plant	Bakun Central, Bakun, Benguet	2.0 MW	Hydro	25	March 10, 2016
		FLS Plant Unit 2			2.0 MW			
COC No. 13-11-GN 327-20026L	Hedcor, Inc.	FLS Plant	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.	Sibulan B (Darong)	Diesel	Sibulan B, Brgy. Darong, Sta. Cruz, Davao del Sur	345.60 kW	Diesel	25	March 2, 2016
COC No. 16-03-S-17272M	Hedcor Sibulan, Inc.	Sibulan A (Tibolo)	Diesel	Sibulan A, Brgy. Tibolo, Sta. Cruz, Davao del Sur	306 kW	Diesel	25	March 2, 2016
COC No. 16-03-S-17269M	Hedcor, Inc.	Talomo 2	Diesel	Talomo 2 HEPP, Mintal, Davao City	20 kW	Diesel	25	March 2, 2016
COC No. 16-03-S-17271L	Hedcor, Inc.	La Trinidad (Beckel)	Diesel	214 Ambuklao Road, Beckel, La Trinidad, Benguet	216 kW	Diesel	25	March 2, 2016

COC No.	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-S-17270M	Hedcor, Inc.	Talomo 3	Diesel	Talomo 3 HEPP, Mintal, Davao City	20 kW	Diesel	25	March 2, 2016
COC No. 15-04-S-00027L	Hedcor Sabangan, Inc.	N/A	Diesel Engine	Namatec, Sabangan, Mountain	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	Diesel	Amilongan, Alilem, Ilocos Sur	572 kW	Diesel	15	February 27, 2013
COC No. 13-02-GXT-19346-19871L	Hedcor, Inc.	Beckel	Diesel	214 Ambuklao Road, Beckel, La Trinidad, Benguet	188 kW	Diesel	15	February 27, 2013
COC No. 13-02-GXT-19344-19869L	Luzon Hydro Corporation	Bakun	Diesel	Poblacion, Bakun, Benguet	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	8.164 MW	Hydro	25	May 18, 2015
		Sibulan A – Unit 2			8.164 MW			
COC No. 15-05-M-54M	Hedcor Sibulan, Inc.	Sibulan B – Unit 1	Hydroelectric Power Plant	Brgy. Sibulan, Sta. Cruz, Davao del Sur	13.128 MW	Hydro	25	May 18, 2015
		Sibulan B – Unit 2			13.128 MW			
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	15	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	Brgy. Namatec, Sabangan, Mountain	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	
COC No. 17-04-M-15911M	Cotabato Light and Power Company, Inc.	N/A	Bunker C-Fired Diesel Engine	CLPC Compound, Sinsuat Ave., Rosary Heights I, Cotabato City	9.927 MW	Diesel / Bunker C	January 10, 2017 – January 9, 2022	April 19, 2017
			Blackstart		10 kW	Diesel		
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.	Issued Under the Name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	
COC No. 13-05-GXT 1-0001V	Cebu Private Power Corporation	N/A	Bunker C-Fired Power Plant	Old VECO Compound, 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	Malasugat, Sangali, Zamboanga City	112.0 MW	Bunker C	24	August 5, 2013
		N/A	Blackstart		160 kW	Diesel	24	
COC No. 13-08-GXT 21-0021M	Southern Philippines Power Corporation	N/A	Bunker C-Fired Diesel Power Plant	Brgy. Baluntay, Alabel, Sarangani Province	61.72 MW	Bunker C/ Diesel	18	August 5, 2013
COC No. 15-11-M-2860L	SN Aboitiz Power – Magat, Inc. (Magat Hydroelectric Power Plant)	Magat – Unit 1	Hydroelectric Power Plant	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. 17-03-M-00309L	SN Aboitiz Power – Benguet, Inc. (Binga Hydroelectric Power Plant)	Binga – Unit 1	Hydroelectric Power Plant	Brgy. Tinongdan, Itogon, Benguet	35.02 MW	Hydro	March 12, 2017 – March 11, 2022	March 9, 2017
		Binga – Unit 2	Hydroelectric Power Plant		35.02 MW			
		Binga – Unit 3	Hydroelectric Power Plant		35.02 MW			
		Binga – Unit 4	Hydroelectric Power Plant		35.02 MW			
		Binga Hydroelectric Power Plant	Blackstart Generator Set		320 KW	Diesel		
		Binga Hydroelectric Power Plant	Auxiliary Generator Set		330.40 KW	Diesel		
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	August 31, 2016 – August 30, 2021	August 18, 2016
		Ambuklao – Unit 2			34.85 MW			
		Ambuklao – Unit 3			34.85 MW			
		Ambuklao Hydroelectric Power Plant	Auxiliary Generator Set		320 KW	Diesel		
		Ambuklao Hydroelectric Power Plant	Blackstart Generator Set		314 KW	Diesel		
COC No. 16-06-M-00016M	STEAG State Power, Inc.	N/A	Coal Fired	Phividec Industrial Estate, Balascanas, Villanueva,	232 MW	Coal	August 30, 2016 – August 29, 2021	June 13, 2016
			Emergency Generating		1.25 MW	Diesel		
COC No. 15-03-S-00013M	STEAG State Power, Inc.	N/A	Diesel Engine	Phvidec Industrial Estate, Villanueva,	400 kW	Diesel	25	March 25, 2015
COC No. 15-05-M-00007L	AP Renewables,	Makban – Bay, Plant A	Geothermal Power Plant	Brgy. Bitin, Bay, Laguna	63.2 MW		23	May 4, 2015

COC No.	Issued Under the Name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	
	Inc.	Makban – Bay, Plant A			63.2 MW	Geo-thermal Steam		
		Makban – Bay, Plant D			20.0 MW			
		Makban – Bay, Plant D			20.0 MW			
COC No. 15-05-M-00008L	AP Renewables, Inc.	Makban – Calauan, Plant	Geothermal Power Plant	Brgy. Limao, Calauan, Laguna	63.2 MW	Geo-thermal Steam	23	May 4, 2015
		Makban – Calauan, Plant			63.2 MW			
		Makban – Calauan, Plant			55.0 MW			
		Makban – Calauan, Plant			55.0 MW			
COC No. 15-05-M-00009L	AP Renewables, Inc.	Makban – Sto. Tomas, Plant E	Geothermal Power Plant	Brgy. Sta. Elena, Sto. Tomas, Batangas	20.0 MW	Geo-thermal Steam	23	May 4, 2015
		Makban – Sto. Tomas, Plant E			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			
COC No. 17-05-M-00105L	AP Renewables, Inc.	MakBan Binary 1 Geothermal Power Plant	Geothermal Power Plant	Brgy. Sta. Elena, Sto. Tomas, Batangas	7.0 MW	Brine	November 7, 2016 - November 6, 2021	May 15, 2017
COC No. 16-03-M-00286ggM	Therma Marine, Inc.	Mobile 1	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	Diesel Power Plant	Brgy. Nasipit, Agusan del Norte	100.33 MW	Diesel	25	March 30, 2016
			Blackstart		1.68 MW	Diesel	5	
COC No. 17-07-M-00305L	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	July 9, 2017 – July 8, 2022	June 22, 2017
COC No. 17-07-M-00306L	Therma Mobile, Inc.	Barge 2/ Mobile 4	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Navotas, Metro Manila	56 MW	Bunker C/ Diesel	July 9, 2017 – July 8, 2022	June 22, 2017
COC No. 17-07-M-00307L	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	July 9, 2017 – July 8, 2022	June 22, 2017
COC No. 17-07-M-00308L	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	July 9, 2017 – July 8, 2022	June 22, 2017

COC No.	Issued Under the Name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	
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	September 1, 2015
		Unit 2	Coal Fired Power Plant	Brgy. Binugao, Toril District, Davao City	150 MW	Coal	25	January 19, 2016

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. However, distribution utilities operating within economic zones, are not required to obtain a franchise from Congress, but must be duly registered with the PEZA in order to operate within the economic zone.

All distribution utilities are required to submit to the ERC a statement of their compliance with the technical specifications prescribed in the Philippine 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[9]	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.

Retail Electricity 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 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, SN Aboitiz Power – RES, and Prism Energy, obtained separate licenses to act as RES and Wholesale Aggregator. AESI, AdventEnergy, and Prism Energy, have each duly filed the corresponding applications for renewal of their respective RES licenses.

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

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 Nos. 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004383 November 11, 2010	Application for the word mark "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 on October 26, 2016 with the IP Office. The 10th year Anniversary DAU and application for renewal are due for filing on November 11, 2020.
Better Solutions (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004384 November 11, 2010	Application for the word mark "A Better Solutions".	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 on October 26, 2016 with the IP Office. The 10th year Anniversary DAU and application for renewal are due for filing on November 11, 2020.
AboitizPower word mark (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004385 November 11, 2010	Application for the word mark "AboitizPower".	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 on October 26, 2016 with the IP Office. The 10th year Anniversary DAU and application for renewal are

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					due for filing on November 11, 2020.
AboitizPower Spiral Device (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004380 February 10, 2011	Application for the device mark “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 Declaration of Actual Use (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.
Cleanergy (Class No. 42)	Aboitiz Power Corporation	October 19, 2001	4-2001-07900 January 13, 2006	Application for the word mark “Cleanergy”.	Original Certificate of Registration for the mark CLEANERGY was issued on January 13, 2006. The 3rd year Anniversary Declaration of Actual Use (DAU) was filed on November 11, 2004 with the IP Office. The 5th year Anniversary DAU was filed on 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. The 15th DAU is due on January 13, 2021.
Cleanergy and Device (Class No. 42)	Aboitiz Power Corporation	July 30, 2002	4-2002-006293 July 16, 2007	Application for the device mark “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 3rd year Anniversary DAU was filed on June 28, 2005. The 5th year Anniversary DAU was filed on July 15, 2013 with the IP Office. The 10th year Anniversary DAU and application for renewal of registration were filed on July 16, 2017 with the IP Office.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					The Renewal DAU is due on July 16, 2018.
Cleanergy Get It and Device (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004381 November 11, 2010	Application for the device mark "Cleanergy Get it and Device". The word "Cleanergy" with the phrase "get it" below it with both words endorsed by representation of a thumbs up sign. The whole mark is rendered in two shades of green.	Original Certificate of Registration was issued on November 11, 2010. The 3rd year Anniversary DAU was filed on April 23, 2013 with the IP Office. The 5th year Anniversary DAU was filed on October 16, 2017 with the IP Office. The 10th year Anniversary DAU and application for renewal are due for filing on November 11, 2020.
Cleanergy Got It and Device (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004382 November 11, 2010	Application for the device mark "Cleanergy got it and device". The word "Cleanergy" with the phrase "got it" below it with both words endorsed by representation of a thumbs up sign. The whole mark is rendered in two shades of green.	Original Certificate of Registration was issued on November 11, 2010. The 3rd year Anniversary DAU was filed on April 23, 2013 with the IP Office. The 5th year Anniversary DAU was filed on October 26, 2016 with the IP Office. The 10th year Anniversary DAU and application for renewal are due for filing on November 11, 2020.
AboitizPower and Device (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004379 February 10, 2011	Application for the device mark "AboitizPower and Device", with color claim.	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.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
Alterspace (Class Nos. 9, 39 and 40)	Aboitiz Power Corporation	April 6, 2011	4-2011-003968 February 24, 2012	Application for the word mark "ALTERSPACE".	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 DAU was due on February 24, 2018 but was not filed due to non-use.
Alterspace and Device (Class Nos. 9, 39 and 40)	Aboitiz Power Corporation	May 31, 2011	4-2011-006291 December 22, 2011	Application for the device mark "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 May 20, 2014 with the IP Office. The 5th DAU was due on December 22, 2017 but was not filed due to non-use.
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	Original Certificate of Registration was issued on August 20, 2007. The mark was renewed on August 20, 2017. The renewal DAU is due on August 20, 2018.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
				cobalt medium blue color in a yellow background.	
Subic EnerZone Corporation and Logo (plain only) (Class No. 39)	Subic EnerZone Corporation	July 6, 2006	4-2006-007305 August 20, 2007	Trademark Application for Subic EnerZone Corporation wordmark and logo (gray). The mark consists of the words “SUBIC ENERZONE” in fujiyama extra bold font with the word “CORPORATION” below it, also in fujiyama font, and a representation of the letter “S” taking the shape of a flame (the company logo) above the words.	Original Certificate of Registration was issued on August 20, 2007. The mark was renewed on August 20, 2017. The renewal DAU is due on August 20, 2018.
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 mark was renewed on June 4, 2017. The renewal DAU is due on June 4, 2018.

(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

1. The Tax Reform for Acceleration and Inclusion (TRAIN Law)

The TRAIN Law was signed into law by President Rodrigo Roa Duterte on December 19, 2017, and took effect on January 1, 2018. Its declared policies are: (a) to enhance the progressivity of the tax system through the rationalization of the Philippine internal revenue tax system, thereby promoting sustainable and inclusive economic growth; (b) to provide, as much as possible, an equitable relief to a greater number of taxpayers and their families in order to improve levels of disposable income and increase economic activity; and (c) to ensure that the government is able to provide for the needs of those under its jurisdiction and care through the provision of better infrastructure, health, education, jobs, and social protection for the people.

One of the major provisions of the tax reform is the staggered increase in oil and coal excise taxes. Under the TRAIN Law, rates will be adjusted gradually between 2018 and 2020. For coal, the rates will increase from ₱10 per metric ton to ₱50, ₱100, and ₱150 per metric ton, respectively, in 2018, 2019, and 2020, covering both domestic and imported coal.

Further, with the repeal of Section 9 of Republic Act No. 9511 or the National Grid Corporation of the Philippines Act which removes VAT exemptions on transmission charges and sale of electricity by cooperatives duly registered under the Cooperative Development Authority (CDA), the estimated impact on electricity are as follows:

Additional cost

All figures in ₱			Current	Generation	Transmission							
	kWh consumption	Current cost per kWh		Coal	Diesel/Bunker	Distribution	UCME[10]	Total	Estimated new total cost	Percent increase		
Grid (Meralco)	100	7.80	780.00	2.00	4.40	8.18	0.00	0.38	14.96	794.96	1.92	
Grid (non-Meralco, NEA)	100	8.80	880.00	2.00	4.40	5.91	0.00	0.38	12.69	892.69	0.44	
Grid (non-Meralco, CDA)	00	8.80	880.00	2.00	4.40	5.91	7.18	0.38	19.87	899.87	2.26	
SPUG[11] (NEA[12], coal powered)	00	11.30	1,130.00	4.00	0.00	0.00	0.00	0.38	4.38	1,134.38	0.39	
SPUG (CDA, coal powered)	00	11.30	1,130.00	4.00	0.00	0.00	10.17	0.38	14.55	1,144.55	1.29	
SPUG (NEA, diesel/bunker powered, full pass-through)	00	11.30	1,130.00	0.00	7 1.00	0.00	0.00	0.00	71.00	1,201.00	6.28	
SPUG (CDA, diesel/bunker powered, full pass-through)	00	11.30	1,130.00	0.00	7 1.00	0.00	10.17	0.00	8.7	2.70	7.8	
SPUG (NEA, diesel/bunker powered, subsidized)	00	11.30	1,130.00	0.00	0.00	0.00	0.00	0.38	0.38	30.38	0.03	
SPUG (CDA, diesel/bunker powered, subsidized)	00	11.30	1,130.00	0.00	0.00	0.00	10.17	0.38	0.55	40.55	0.93	

***Sources**: Department of Energy (DOE), Kuryente.org, and Department of Finance (DOF) staff estimates*

Notes: Estimates are based on the following assumptions:
i) An additional ₱2.50 per liter increase in the excise tax of diesel and bunker fuel.
ii) An average increase to ₱1.00 in excise tax per metric ton of coal.

Another major change introduced by the TRAIN Law is to the refund mechanism of zero-rated sales and services under the enhanced VAT refund system. Upon the successful establishment and implementation of an enhanced VAT refund system, refunds of creditable input tax shall be granted by the Bureau of Internal Revenue (BIR) within 90 days from filing of the VAT refund application, provided that all pending VAT refund claims of the taxpayer as of December 31, 2017 shall be fully paid in cash by December 31, 2019. The zero-rated transactions covered by this refund mechanism are the following:

(a) Sale of raw materials or packaging materials to a nonresident buyer for delivery to a resident local export-oriented enterprise;
(b) Sale of raw materials or packaging materials to export-oriented enterprise whose export sales exceed seventy percent (70%) of total annual production;
(c) Those considered export sales under Executive Order No. 226, otherwise known as the Omnibus Investment Code of 1987, and other special laws;
(d) Services performed by subcontractors and/or contractors in processing, converting, of manufacturing goods for an enterprise whose export sales exceed 70% of total annual production; and

[10] Universal Charge of Missionary Electrification
[11] Small Power Utilities Group
[12] National Electrification Administration

(e) Processing, manufacturing or repacking goods for other persons doing business outside the Philippines which goods are subsequently exported, where the services are paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of Bangko Sentral ng Pilipinas.

Finally, the TRAIN Law doubled the documentary stamp tax (DST) on almost all covered instruments, except debt instruments where the increase is 50%. Only the DST on instruments pertaining to property insurance, fidelity bonds, other insurance, indemnity bonds, and deeds of sale and conveyance remain unchanged.

2. Electric Power Industry Reform Act of 2001 (EPIRA)

Since the enactment of the EPIRA, 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:

(a) 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;
(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; and
(l) Any other enhancements as may be deemed necessary and issued by the DOE.

On May 17, 2017, PEMC filed an application docketed as ERC Case No. 2017-042 RC for the approval of the Price Determination Methodology for the WESM, which includes, *inter alia,* (i) scheduling and pricing of energy and reserves, and (ii) revised settlement formula. The application was last heard for expository presentation on November 22, 2017. No Order or pronouncement from the ERC as to the next incident of this case was released as at December 31, 2017.

(b) 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.

(c) 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:

(a) Establishment of the WESM;
(b) Approval of unbundled transmission and distribution wheeling charges;
(c) Initial implementation of the cross subsidy removal scheme;
(d) Privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and
(e) 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 (CREM) 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 therefore.

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, 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 a petition for declaratory relief with an urgent application for an injunction with the RTC of Pasig 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 May 12, 2016, the ERC issued Resolution No. 11, Series of 2016, 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 July 13, 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 February 21, 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.

In a letter to MEZ dated November 7, 2017, the ERC through Commissioner Alfredo J. Non, stated that:

> "Distribution Utilities are reminded to facilitate the switch of contestable customers as the said TRO did not operate to suspend the implementation of RCOA. The RCOA scheme is still effective and the rules governing the same, except for those covered by the TRO, are valid and enforceable."

In this letter, the ERC also reminded MEZ to refrain from any action which would prevent the implementation of the contestability of 1MW and above in the CREM and the voluntary switch of Contestable Customers to and/or from RES.

On November 29, 2017, the DOE promulgated DC2017-12-0013 entitled "Providing Policies on the Implementation of Retail Competition and Open Access (RCOA) for Contestable Customers in the Philippine Electric Power Industry." The circular provides, *inter alia,* that: (i) upon the effectivity of Circular, all Contestable Customers with a monthly average peak demand of 750 kW and above, for the preceding twelve months, may participate in the Contestable Market; (ii) by June 26, 2018 or on an earlier date specified by the ERC, all eligible electricity end-users to become Contestable Customers with a monthly average peak demand of 500 kW to 749 kW for the preceding twelve months may voluntarily participate in the Contestable Market; and (iii) by December 26, 2018 or on an earlier date specified by the ERC, electricity end-users within a contiguous area whose aggregate average peak demand is not less than 500 kW for the preceding 12-month period may aggregate their demand to be part of the Contestable Market and may voluntarily enter into RSC with the Aggregators.

On November 29, 2017, the DOE promulgated DC2017-12-0014 entitled "Providing Policies on the Implementation of Retail Competition and Open Access (RCOA) for Retail Electricity Suppliers (RES) Philippine Electric Power Industry." The circular provides the list of entities that may become Retail Electricity Suppliers. The circular also stipulates that distribution utilities may provide electricity services to Contestable Customers within its franchise area as a Local RES upon authorization from the ERC.

(d) 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.

(e) 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.

(f) 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:

(i) Classification of power projects as one of national significance and imbued with public interest;
(ii) Exemption from Value Added Tax (VAT) of the sale of electricity by generation companies;
(iii) 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;
(iv) 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;
(v) Grant of access to electric cooperatives over the missionary electrification fund collected through universal charges;
(vi) 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;
(vii) Regulation of generation, transmission, distribution and supply rates to allow RORB up to 12%;
(viii) Classification of power generation and supply sectors as public utilities, which would be required to secure legislative franchises;
(ix) 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;
(x) 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;
(xi) 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;
(xii) 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;
(xiii) 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;
(xiv) Prohibition on distribution utilities, except rural electric cooperatives to recover systems losses and placing a 5% cap on recoverable system loss;
(xv) Imposition of a uniform franchise tax for distribution utilities equivalent to 3% of gross income in lieu of all taxes;
(xvi) Grant of authority for NPC to generate and sell electricity from remaining assets;
(xvii) 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
(xviii) Creation of a consumer advocacy office under the organizational structure of the ERC.

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

On December 13, 2006, the ERC issued the Rules for Setting Distribution Wheeling Rates (RDWR) 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:

(a) Cotabato Light: April 1, 2017 to March 31, 2021
(b) Davao Light and VECO: July 1, 2018 to June 30, 2022
(c) 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.

On December 22, 2015, 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. Public consultations were held on January and March 2017 in Manila, Cebu, and Davao. No final resolution has been issued by the ERC, thus, the reset process is still pending.

4. 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:

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

5. 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. One of the RE Law's declared policies is to accelerate and develop the use of the country's renewable energy 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 renewable energy 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 renewable energy 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 renewable energy 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 renewable energy facilities; special realty tax rates on civil works, equipment, machinery and other improvements of a registered renewable energy 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 renewable energy 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 renewable energy 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 renewable energy capacities upon the effectivity of the RE Law. Renewable energy producers from intermittent renewable energy 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 renewable energy generators with intermittent renewable energy resources shall be considered "must dispatch" based on available energy and shall enjoy the benefit of priority dispatch. Electricity generated from renewable energy 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 (6) months from its issuance, formulate the necessary mechanism and/or guidelines to implement the entitlement to the general incentives and privileges of qualified renewable energy 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 a Decision dated May 9, 2017, the ERC authorized Transco to collect an additional FIT-All of ₱0.0590 per kWh, thereby bringing the FIT-All to ₱0.1830 per kWh.

In 2013, the ERC had issued the rules enabling the net metering program for renewable energy. The rules, among others, seek to encourage end-users to participate in renewable energy generation by requiring distribution utilities, upon the request of a distribution end-user with an installed renewable energy 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.

On December 22, 2017, the DOE promulgated the "Rules and Guidelines Governing the Establishment of the Renewable Portfolio Standards for On-Grid Areas" or the "RPS On-Grid Rules," which: (i) requires mandated electric power industry participants to source or produce portion of their electricity requirements from eligible renewable energy resources, (ii) establishes a minimum annual incremental RE percentage, (iii) prescribes the eligible renewable energy facilities and the compliance mechanism, (iv) monitor the compliance of mandated electric power industry participants, and (v) provide penalties for non-compliance.

On January 15, 2018, the DOE released a draft circular prescribing the guidelines to govern the establishment of the Green Energy Option Program (GEOP). Under the RE Law, the GEOP will provide end-users the option to choose renewable energy resources as their sources of energy. The DOE is still in the process of finalizing the DOE circular establishing the GEOP.

6. 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.

On December 5, 2017, the ERC issued the Rules for Setting the Distribution System Loss Cap and Establishing Performance Incentive Scheme for Distribution Efficiency. This rules adjusted the manner on which system losses shall be set by private distribution utilities and electric cooperatives. Public consultations were held on various dates in different locations in the country. Also, there are proposed Senate and House bills seeking to revisit the level of allowable system losses passed on to end-users. Information gathering is currently being done to study the proposed bills further.

7. 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. To 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 Competitive Supply Process (CSP). ERC Resolution 13-2015 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.

On February 9, 2018, the DOE issued Department Circular No. DC2018-02-0003, modifying the existing policy on CSP of power suppy contracting, followed by all distribution utilities. Distribution utilities are now mandated by the DOE to undertake the creation of an independent, five-man third-party bids and awards committee (TPBAC) that will manage the CSP. The circular also allows the distribution utilities to conduct CSP through an accredited third-party auctioneer.

8. 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 orderly trading and ensures the quality of electricity.

As provided in the WESM rules, when reasonably feasible, the WESM Market Operator, in coordination with the WESM WESM 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. To date, the Reserve PCRM is the subject of an application by the WESM 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.

9. 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 Interruptible Load Program (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 ERC Resolution No. 5, the ILP could only be implemented by distribution utilities which enter into an agreement with their captive customers.

10. 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 their generation facilities at all times subject only to technical constraints duly communicated to the WESM 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 WESM 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 environment, safety and health 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. Laws and regulations that govern business operations include, among others, the Clean Air Act (RA 8749), Ecological Solid Waste Management Act (RA 9003), Clean Water Act (RA 9275), Toxic Chemical Substances and Hazardous and Nuclear Wastes Control Act (RA 6969), and Philippine Environmental Impact Statement System (Presidential Decree No. 1586). The RE Law added new and evolving measures that must be complied with. These laws usher in new opportunities for the Company and set competitive challenges for businesses covered by these laws. Additional regulations such as ERC Regulation No. 1-94 require companies to allocate funds for the benefit of host communities for the protection of the natural environment and also for the benefit of the people living within the area. Further, funds are set for the management of carbon sinks and watershed areas through a nationwide reforestation program.

AboitizPower and its Subsidiaries have allocated budgets for environmental expenditures covering costs for waste disposal, remediation, pollution control, environmental initiatives and programs in 2017, as follows: ₱3,427,174.00 for APRI's environmental management programs; ₱11,404,498.00 for the Hedcor Group to environmentally manage its renewable energy operations; ₱4,871,565.00 for TSI; ₱4,528,714 for the Oil Group; and ₱4,696,684 for the SN Aboitiz Power Group, representing a fourfold increase of program cost from previous years.

The environmental footprint of all AboitizPower facilities is compliant to the standards, thus noting zero expenditure for remediation costs.

The alignment to international best practices in all power plants is exemplified with a 100% achievement of ISO certification for the management systems of Quality, Environment, Occupational Health and Safety. To edge even further, Hedcor continues to maintain its ISO certification for Information Security and Asset Management Systems.

DENR-EMB Region IV-A conferred a Plaque of Recognition to APRI's Makban Plant for its best practice in the implementation of Solid Waste Management and participation to Adopt-a-River Program. APRI's Tiwi Plant received the Special Environmental Achievement Award from EMB-Region V; while TMI's Mobile 2 Plant received a Certificate of Appreciation as a Partner Private Stakeholder of Philippine Coast Guard – Northern Mindanao.

DOE's Safety & Health Association of the Philippines Energy Sector (SHAPES) Inc. has placed APRI's Tiwi Plant, as well as the Ambuklao and Binga Plants of SN Aboitiz Power Group as 2017 Hall of Famers for Corporate Safety and Health Excellence Award, and their respective focal points: Hollis Fernandez, Jessie Palma, Clifford Dailay, Rachelle Severo, Jillan Jacinto, Eliseo Ingles, Cesar Vicente, and Cheryl Ragsac individually receiving awards for Outstanding Safety Professional.

Safety Organization of the Philippines, Inc. (SOPI) awarded APRI's Makban and Tiwi Plants with the Award of Excellence for their continued no lost time injury for the past five years. In addition, Workplace Advocates on Safety in the Philippines Inc. (WASPI) recognized TSI as a Safety Excellence Awardee.

In 2017, AboitizPower and its Subsidiaries 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 354 employees as of February 28, 2018 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 business group basis, according to employees' function, as of February 28, 2018:

Business Group	Number of Employees						Unionized Employees	Expiry of Collective Bargaining Agreement (CBA)
	Total	Executives	Managers	Supervisors	Rank & File	Contractual		
Aboitiz Power	354	71	54	56	172	2	N/A	N/A
Generation Companies								
Run-of-River Hydros	622	10	18	70	469	55	133	September 18, 2018 (Hedcor Sabangan)
Large Hydros	210	15	29	72	79	15	N/A	N/A
Geothermal	286	6	17	47	216	0	38	February 28, 2022 (APRI)
Solar	5	0	0	2	3	0	N/A	N/A
Oil	599	11	38	226	228	96	N/A	N/A
Coal	1,030	17	66	243	725	130	136	December 31, 2018 (GMCP)
RES	6	0	2	0	4	0	N/A	N/A

Business Group	Number of Employees						Unionized Employees	Expiry of Collective Bargaining Agreement (CBA)
	Total	Executives	Managers	Supervisors	Rank & File	Contractual		
Distribution Utilities	1,029	18	68	136	404	205	328	December 31, 2016 (VECO)* June 30, 2019 (CLPC) June 15, 2021 (DLPC) May 9, 2019 (SFELAPCO
Total No. of Employees	**4,141**	**148**	**292**	**852**	**2,300**	**503**	**635**	

**Under negotiation*

The Company does not anticipate any significant 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.

1. Reputation Risk

AboitizPower recognizes that its reputation is its single most valuable asset, and is 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, 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:

(a) building organization capability through a formalized governance structure and intelligence process;
(b) assessing and mitigating risks;
(c) identifying and engaging all stakeholders;
(d) anticipating, resolving and proactively managing issues;
(e) developing and implementing a proactive communication campaign, and maximizing all relevant channels including social media;
(f) actively engaging team leaders and team members through its 1AP culture program;
(g) measuring brand relevance and integrity through reputation metrics; and
(h) 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.

2. Competition Risk

As the impact of oversupply of power in the Philippines becomes more evident, the Company continues efforts to market and contract ahead of time, all projected capacities from investments, as well as expiring contracts from existing capacities. This is to ensure that plant operations are optimized, and that revenue and cash flow streams are protected.

3. Open Access and Retail Competition

With Open Access, eligible Contestable Customers may source their electricity from eligible suppliers that have secured a RES license from the ERC.

This may adversely affect the distribution franchises of the AboitizPower Group when supply contracts have to be reduced, as customers switch from being captive customers to Open Access-eligible customers. The Distribution Utilities have to adjust the supply obtained from its contracted power generators at a minimal cost impact to customers.

At the same time, AboitizPower's generation assets that have uncontracted capacities will have indirect access to Open Access eligible customers through the Company's licensed RES entities, specifically AESI and AdventEnergy.

4. Electricity Trading Risks

In the face of a more dynamic trading environment, lower electricity market prices due to oversupply, anticipated shortened trading and dispatch interval of five (5) minutes, and the impending take-off of WESM in Mindanao, AboitizPower continues to enhance its trading capabilities by continuing its efforts to upgrade its trading software, infrastructure, processes, and manpower.

5. 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 by 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 developing new rules and policies that will be beneficial not just to AboitizPower but to the power industry as a whole.

6. 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 strictly performed, and loss prevention controls are continuously evaluated and strengthened as well.

Configuration of the Enterprise addition of the CMMS Maximo System (Maximo) for the Generation Companies, which started in 2016, was implemented for the Coal, Geothermal, Run-of-River Hydro, and most of the Oil Business Units during 2017. The last Oil Business Unit facility is targeted to go live with Maximo by the second quarter of 2018.

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. As a result, AboitizPower and its Business Units have the right insurance solutions to continue their 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:

(a) 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;
(b) 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
(c) Development of new Business Continuity Plans to address newly identified scenarios triggered by changing risks and issues the Company faces.

7. Financial Risks

In the course of its operations, AboitizPower is exposed to the following financial risks:

(a) Interest rate risks resulting from movements in interest rates that may have an impact on outstanding long-term debt;
(b) Credit risks involving possible exposure to counter-party default on its cash and cash equivalents, available-for- sale investments and trade and other receivables;
(c) 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

(d) Foreign exchange (forex) risks in terms of forex fluctuations that may significantly affect its foreign currency- denominated placements, transactions and borrowings.

8. Fuel Supply and Price Risk

AboitizPower's thermal plants - TLI, TSI, and TVI (which is 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 2017, coal prices in the global market temporarily spiked due to policy changes made by and demand from China that affected supply.

For its coal-fired power plants, AboitizPower has put in place a Fuel Committee and a Coal Supply and Freight Contracting strategy to better manage high price volatility of coal, freight prices, and counterparty risk. This includes diversifying to other sources of coal to ensure security of energy supply at competitive prices.

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.

9. Project Risks

As AboitizPower continues the construction of its ongoing projects in TVI, Pagbilao 3, and Hedcor Manolo Fortich, regular reviews of project risk management plans are conducted in order to monitor implementation of risk control measures. Efforts to monitor performance of selected partners and reputable contractors and third-party suppliers are in place. Careful review is also done to ensure that appropriate insurance coverage is obtained.

In anticipation of commercial operations in 2018, operational readiness reviews on the aforementioned projects are also performed.

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 for new or existing projects, and to develop projects that become available to it.

On a consolidated basis, AboitizPower's Property, Plant and Equipment were valued at around ₱204.03 bn in 2017, as compared to ₱192.98 bn for 2016. The breakdown of the Company's Property, Plant and Equipment as of December 31, 2017 and December 31, 2016 is as follows:

Property, Plant and Equipment	2017	2016
Land	₱1,596,788	₱1,436,461
Buildings, Warehouses and Improvements	21,495,721	21,361,116
Powerplant, Equipment and Streamfield Assets	141,380,362	137,570,972
Transmission, Distribution and Substation Equipment	17,401,054	16,005,968
Transportation Equipment	1,400,941	1,359,708
Office Furniture, Fixtures and Equipment	921,680	826,632
Leasehold Improvements	2,760,085	2,735,378

Electrical Equipment	5,500,971	3,516,283
Meter and Laboratory Equipment	1,551,939	1,345,439
Tools and Others	1,252,071	1,152,427
Construction in Progress	53,617,374	42,900,110
Less: Accumulated Depreciation and Amortization	44,853,683	37,234,106
TOTAL	**₱204,025,303**	**₱192,976,388**

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
APRI	Geothermal power plants	Tiwi, Albay, Caluan, Laguna; and Sto. Tomas, Batangas	In use for operations
Aseagas	Raw land and improvements	Lian, Batangas	Ceased 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
EAUC	Bunker-C thermal power plant	Lapu-Lapu City, Cebu	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
TSI	Coal-fired thermal power plants	Davao City and Davao del Sur	In use for operations
TVI	Land	Bato, Toledo, Cebu	For plant site
GNPower-Mariveles	Coal fired thermal power plants	Mariveles, Bataan	In use for operations
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	P. Reyes Street, Davao City and Bajada, Davao City	In use for operations

Subsidiary	Description	Location/Address	Condition
	machineries		
VECO	Industrial land, buildings/ plants, equipment and machineries	Jakosalem Street, Cebu City and J. Panis Street, Cebu City	In use for operations
LEZ	Industrial land, buildings/plants, equipment and machineries	Lipa City and Malvar, Batangas	In use for operations
BEZ	Industrial land, buildings/plants, equipment and machineries	Balamban, Cebu	In use for operations

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 adverse 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. 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.

After several postponements, the hearing was set on May 24, 2016, and only LHC appeared. The RTC stated that with no additional arguments coming from the Province of Benguet, 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) entitled "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 Local Government Code of 1991 (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 En Banc denying LHC's Motion to Resolve the Joint Motion for Judgment based on Compromise.

On April 12, 2016, LHC filed a Motion for Partial Reconsideration asking that the CTA En Banc: (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 MOAs, and render a Decision based on the foregoing. On October 2016, the CTA En Banc denied LHC's Motion for Partial Reconsideration for lack of merit.

On December 12, 2016, LHC filed with the Supreme Court 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. On June 7, 2017, the Supreme Court dismissed LHC's Petition for Certiorari for failure to show that the CTA En Banc committed grave abuse of discretion.

Meanwhile, on February 6, 2017, the CTA En Banc required the parties to submit their respective Memoranda. On April 7, 2017, LHC filed its Memorandum. The case is still pending for resolution.

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 Executive Order, however, denied the motion to suspend the proceedings. LHC filed its Petition for Review on Certiorari with the Supreme Court on April 4, 2016, which the Supreme Court later on consolidated with petition filed by NPC. On November 29, 2016, LHC received the comment of the Province of Ilocos Sur.

On February 28, 2017, counsel for LHC received a notice from the Supreme Court requiring LHC to file a reply to respondents' comment. LHC's Reply was filed on March 10, 2017. No further orders were received from the Supreme Court.

G.R. No. 210245 entitled "Bayan Muna Representative Neri Javier Colmenares, et al. vs. Energy Regulatory Commission, et al.", Supreme Court; December 19, 2013
G.R. No. 210255 entitled "National Association of Electricity Consumers for Reforms, et al. vs. 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, the: (i) legality of Section 6, 29 and 45 of the EPIRA, (ii) failure of ERC to protect consumers from high prices of electricity, and (iii) 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 during the contested billing period. The Supreme Court also ordered other 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 on 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.

These 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. vs. 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 3,578 counts of breach of 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 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: (i) refrain from demanding or collecting the amount of ₱234.9 mn as financial penalty; (ii) refrain from charging interest on the financial penalty and having the same accrue; and (iii) 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. On November 14, 2016, TMO filed its Comment to PEMC's Petition for Review. In its Motion for Leave to File Reply to Comment dated December 9, 2016, PEMC prayed with the Supreme Court that it be granted leave to file its Reply. On June 1, 2017, TMO received the Supreme Court Notice dated March 29, 2017 with an attached Resolution. In the Resolution, the Supreme Court noted TMO's Comment and PEMC's Reply.

PEMC's Petition is still pending before the Supreme Court.

CA G.R. SP. No. 152588 entitled "Therma Mobile, Inc. vs. Energy Regulatory Commission, Atty. Alfredo P. Vergara, Jr. and Engr. Nelson D. Canlas, in their capacity as Investigating Officers (IOs) of the Investigatory Unit constituted by the Honorable Commission pursuant to its Office Order No. 38, Series of 2013 dated December 26, 2013, as amended by Office Order No. 82, Series of 2017, Court of Appeals, Manila;
ERC Case No. 2015-025 MC entitled "Atty. Isabelo Joseph P. Tomas II, in his capacity as the Investigating Officer of the Investigatory Unit constituted by the Honorable Commission pursuant to its Office Order No. 38, Series of 2013 dated December 26, 2013 vs MERALCO and Therma Mobile, Inc. [For Violation of Section 45 of RA 9136, otherwise known as EPIRA, Rule 11, Section 1 of IRR of the EPIRA (Commission of an Anti-Competitive Behavior, particularly Economic Withholding)]", ERC Pasig City, June 4, 2015;
ERC Case No. 2015-027 MC entitled "Atty. Isabelo Joseph P. Tomas II, in his capacity as the Investigating Officer of the Investigatory Unit constituted by the Honorable Commission pursuant to its Office Order No. 38, Series of 2013 dated December 26, 2013 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 of 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 clarification 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 allegedly 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 (15) days from receipt of notice, and another Order directing TMO to file its Answer to the Complaint for Physical Withholding within fifteen (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, the ERC-IU manifested the resignation of Atty. Isabelo Tomas as Investigating Officer (IO) and the appointment of Director Alfredo Vergara, Jr. and Engr. Nelson Canlas as new IOs. In a separate pleading, the new IOs filed their Reply to various motions filed by TMO.

On July 27, 2016, Meralco filed in ERC Case No. 2015-025MC an Urgent Motion to Dismiss with Motion to Suspend Proceedings on the ground that the ERC has no jurisdiction over anti-competitive behavior cases, and that jurisdiction is with the PCC. On July 28, 2016, TMO filed in the same case a Manifestation and Motion adopting Meralco's Urgent Motion to Dismiss. On August 1, 2016, TMO also filed its Manifestation and Motion, which sought the dismissal of ERC Case No. 2015-027MC for lack of jurisdiction.

In an Order dated February 2, 2017, the ERC denied Meralco's and TMO's motions to dismiss for lack of jurisdiction. On February 23, 2017, TMO filed its Motion for Reconsideration of the February 2, 2017 ERC Order, which was denied by the ERC in an Order dated June 20, 2017.

On September 18, 2017, TMO filed a Petition for Certiorari (with application for Temporary Restraining Order (TRO) and Writ of Preliminary Injunction) under Rule 65 of the Rules of Court with the CA, docketed as CA GR. No. 152588. TMO prayed for the CA to: (i) issue a TRO commanding the ERC to desist from conducting further proceedings in ERC Case No. 2015-025MC and ERC Case No. 2015-027MC; (ii) after proceedings, issue a Writ of Preliminary Injunction; and (iii) annul and set aside the February 2, 2017 and June 20, 2017 Orders of the ERC.

In a Resolution dated October 2, 2017, the CA directed the respondents to file their comment on TMO's Petition for Certiorari and denied TMO's prayer for a TRO. TMO filed a Motion for Partial Reconsideration of the CA's October 2, 2017 Resolution. To date, TMO's Petition is still pending before the CA.

CA G.R. SP. No. 152613 entitled, "AP Renewables, Inc. vs. Energy Regulatory Commission and Directors Alfredo P. Vergara, Jr. and Engr. Nelson Canlas, in their capacity as the Investigating Officers of the Investigatory Unit of the Energy Regulations Commission", Court of Appeals, Manila;
ERC Case No. 2015-038 MC entitled "Energy Regulatory Commission vs. AP Renewables, Inc. ([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 (15) 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 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, the 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, the ERC-IU manifested the resignation of Atty. Isabelo Tomas as IO and the appointment of Director Alfredo Vergara, Jr. and Engr. Nelson Canlas as new IOs. In a separate pleading, the new IOs filed their Reply to various motions filed by APRI.

Subsequently, APRI filed a Motion to Dismiss dated July 29, 2016, arguing that jurisdiction over the case is vested in the PCC. APRI also filed its Ad Cautelam Pre-Trial Brief and Judicial Affidavits.

On February 2, 2017, ERC issued an Order denying APRI's Motion to Dismiss dated July 29, 2016 based on lack of subject matter jurisdiction. On March 2, 2017 APRI filed its Motion for Reconsideration of the February 2, 2017 Order, which was denied by the ERC in its Order dated June 20, 2017.

On September 19, 2017, APRI filed a Petition for Certiorari (with application for Temporary Restraining Order and Writ of Preliminary Injunction) with the CA (CA G.R. SP. No. 152613), praying for the CA to: (i) issue a TRO commanding the ERC to desist from conducting further proceedings in ERC Case. No. 2015-038MC; (ii) after proceedings, issue a Writ of Preliminary Injunction; and (iii) annul and set aside the February 2, 2017 and June 20, 2017 Orders of the ERC, and dismiss the complaint and ERC proceedings with prejudice.

On November 6, 2017, the IOs filed a Motion for Consolidation seeking to consolidate CA G.R. SP. No. 152613 with TMO's Petition in CA GR. No. 152588. To date, APRI's Petition is still pending before the Court of Appeals.

Consolidated Regulated Price Case against the Energy Regulatory Commission, Petition for Review on Certiorari , Court of Appeals, Manila;
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 3, 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 ninety (90) days, on the alleged violation of the Must-Offer-Rule.

Pursuant to the ERC Order, on March 18, 2014, the PEMC issued adjusted billing statements for all generators trading in the WESM, including Cebu-based EAUC and CPPC, recalculating the WESM prices.

The Company's Affiliates and Subsidiaries, APRI, TLI, TMO, AESI, AdventEnergy, SN Aboitiz Power-Magat, SN Aboitiz Power-Benguet, CPPC, and EAUC filed their respective Motions for Reconsideration, questioning the validity of the ERC Order on the ground of lack of due process, among others. In its March 27, 2014 Order, the ERC ordered deferral of PEMC's implementation of the adjusted billing statements for 45 days. This was subsequently extended with no clear timeline by the ERC in its order dated June 6, 2014.

The ERC, in its Order dated October 15, 2014, denied said Motions for Reconsideration. SN Aboitiz Power-Benguet, SN Aboitiz Power-Magat, APRI, TLI, and TMO filed their Petitions for Review (the "Petitions") before the CA on November 19, 24, December 1, and 4, 2014, respectively. The CA ordered the consolidation of the Petitions on October 9, 2015.

On November 7, 2017, the CA granted the Petitions. The ERC's March 3, 2014 Order, among other orders, were declared null and void, and the Luzon WESM market prices in November and December 2013 were declared valid and therefore reinstated.

Thereafter, ERC and Meralco filed their respective motions for reconsideration. Several entities also filed motions to intervene in the case. APRI, TLI and TMO filed their oppositions to the motions for reconsideration and motions to intervene. To date, the motions for reconsideration and motions to intervene are still pending resolution with the CA.

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: (i) 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 (ii) 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 Right-to-Top 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 to enjoin PSALM from implementing SPC's Right-to-Top in connection with the NPPC bidding and to have the said Right-to-Top be declared null and void. PSALM, SPC, and TPVI were impleaded as respondents.

In its September 28, 2015 Decision, the Supreme Court declared the Right-to-Top 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 Right-to-Top 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.

On October 5, 2016, the Supreme Court issued a Resolution which directed that the Notice of Award in favor of TPVI be reinstated, and for PSALM to execute the NPPC APA and LLA with TPVI with dispatch.

On October 26, 2016, SPC filed an Urgent Motion for Reconsideration in response to the October 5, 2016 Resolution. The Supreme Court denied it with finality in a Resolution dated November 28, 2016.

Subsequently, SPC filed, among others, its Motion for Leave to File and Admit the attached Motion for Reconsideration dated December 9, 2016 and Supplemental Motion/Petition for Referral to the En Banc dated January 16, 2017.

On February 14, 2017, TPVI thru counsel, received a copy of the Entry of Judgement dated January 9, 2017, which states that the September 28, 2015 Decision and October 5, 2016 Resolution have become final and executory on November 28, 2016, and been recorded in the Book of Entries of Judgement.

As regards the Motion for Leave to File and Admit the attached Motion for Reconsideration dated December 9, 2016, Motion for Reconsideration dated December 9, 2016 and Supplemental Motion/Petition for Referral to the En Banc dated January 16, 2017, they were denied by the Supreme Court in a Resolution dated April 26, 2017.

Civil Case No. 2018-21 Entitled "Pagbilao Energy Corporation vs. the Municipality of Pagbilao, Quezon and Hon. Shierre Ann Portes-Palicpic, in her capacity as the Municipal Mayor of the Municipality of Pagbilao", RTC Branch 57 of Lucena City
February 28, 2018

During the course of PEC's application for a business permit for calendar year 2018 from the Municipality of Pagbilao, the municipality required PEC to execute a MOA implementing its CSR programs for an amount above the company's approved budget for CSR. The municipality refused to issue the business permit without the executed MOA, and instead issued a Cease and Desist Order (CDO). PEC therefore filed the application for Injunction and obtained the TRO to prevent the municipality from implementing what PEC believes to be an unwarranted CDO. PEC maintains that the execution of the MOA is not part of the published and legal requirements for the issuance by the municipality of a local business permit. The PEC plant has received all the necessary endorsements required from the relevant local government units - the Quezon provincial government, the municipality of Pagbilao, and the host barangay of Ibabang Polo. All clearances and endorsements from national government agencies, such as the DOE, and the DENR, among others, have also been secured.

PEC filed the Petition for Injunction with prayer for TRO with the Regional Trial Courts of Lucena City. In its Order dated February 28, 2018, the RTC of Lucena City, Branch 57, issued a TRO and ordered the municipal mayor of Pagbilao, Quezon to cease and desist from implementing the assailed CDO. On March 2, 2018, the RTC issued a TRO valid for 20 days from February 28, 2018.

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 2018 were as follows:

	2018		2017		2016	
	High	Low	High	Low	High	Low
First Quarter	N/A	N/A	₱44.25	₱41.55	₱44.40	₱39.40
Second Quarter	N/A	N/A	43.00	38.50	48.90	42.80
Third Quarter	N/A	N/A	42.85	38.80	46.65	44.00
Fourth Quarter	N/A	N/A	42.95	38.30	46.40	41.50

The closing price of AboitizPower common shares as of February 28, 2018 is ₱38.50 per share.

(2) Holders

As of February 28, 2018, AboitizPower has 624 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, 2018 are as follows:

Name	Number of Shares	Percentage
1) Aboitiz Equity Ventures, Inc.	5,657,530,774	76.88%
2) PCD Nominee Corporation (Filipino)	899,602,384	12.23%
3) PCD Nominee Corporation (Foreign)	537,999,365	7.31%
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) Anabelle O. Aboitiz	2,920,035	0.04%
20) Tinkerbell Management Corporation	2,869,506	0.04%
SUBTOTAL	**7,211,906,855**	**98.01%**
Other Stockholders	**146,697,452**	**1.99%**
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 2016 to the first quarter of 2018 are shown in the table below:

Year	Cash Dividend Per Share	Total Declared	Declaration Date	Record Date	Payment Date
2018 (regular)	₱1.36	₱10.00 bn	3/8/2018	3/22/2018	4/12/2018
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

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)

MANUEL ALBERTO R. COLAYCO
Contact Person
Contact Person

02- 886-2729
Company Telephone Number

1 2 3 1
Month *Day*
Fiscal Year

LETTER
FORM TYPE

3rd Monday of May
0 5 2 1
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

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AboitizPower

Securities and Exchange Commission
Electronic Records Management Division
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BY:
RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENTS

16 MAR 2018

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

RE: **SEC Form 17-Q for First Quarter 2018**

Dear Mr. Felizmenio:

We are writing regarding Aboitiz Power Corporation's (the "Company") submission of SEC Form 17-Q (Quarterly Report) for the First Quarter of 2018 and SEC Form 20-IS (Definitive Information Statement) with the Honorable Commission.

In compliance with the requirements of the Securities Regulation Code (SRC), we will file the Quarterly Report with the Honorable Commission on or before May 15, 2018, or within forty (45) days from the end of the applicable quarter. We will also distribute copies of the Quarterly Report to its stockholders during the Company's Annual Stockholders' Meeting on May 21, 2018.

The Company will also file its 2017 Definitive Information Statement with this Honorable Commission on or before April 25, 2018, and will send out copies of the same to its stockholders on or before April 26, 2018, in accordance with the periods required under the SRC.

We hope this is acceptable to the Honorable Commission.

Very truly yours,

ABOITIZ POWER CORPORATION
By:

Manuel Alberto R. Colayco
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, 2017 compared with the year ended December 31, 2016, 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.

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, 2016 versus Year Ended December 31, 2015

The table below shows the comparative figures of the top five key performance indicators for 2016 and 2015.

Key Performance Indicators	2016	2015
Amounts in thousands of ₱s, except for financial ratios		
SHARE IN NET EARNINGS OF ASSOCIATES	**3,641,210**	**3,979,947**
EBITDA	**37,842,865**	**33,664,121**
CASH FLOW GENERATED:		
Net cash flows from operating activities	29,887,980	25,199,597
Net cash flows used in investing activities	(81,380,348)	(8,902,646)
Net cash flows used in financing activities	47,483,228	(5,448,755)
Net (Decrease)/Increase in Cash & Cash Equivalents	**(4,009,140)**	**10,848,19**
Cash & Cash Equivalents, Beginning	51,098,269	40,231,875
Cash & Cash Equivalents, End	47,094,741	51,098,269
CURRENT RATIO	**2.25**	**3.12**
DEBT-TO-EQUITY RATIO	**2.18**	**1.39**

Share in net earnings in associates and joint ventures declined by 9% in 2016, as contributions from WMPC, SPPC, STEAG Power and the large hydroelectric power plant, SN Aboitiz Power-Magat, decreased during 2016 compared to 2015.

The main driver of the 12% increase in consolidated EBITDA during 2016 was the full year EBITDA contributions of TSI, which started commercial operations for its first coal-fired unit on September 2015, and for its second unit on February 2016.

During 2016, cash and cash equivalents decreased by ₱4.01 bn, as cash was used in investing activities, mainly, the acquisition of partnership interests in GNPower-Mariveles and GNPower-Dinginin. In 2016, the Company also managed to return the same levels of cash dividends to its shareholders, and continued to deploy financial resources for the construction of various greenfield projects.

Current ratio at the end of 2016 was 2.25x compared to the previous year's 3.12x, as the 45% increase in current liabilities outpaced the 5% increase in current assets.

Debt-to-equity ratio as of December 31, 2016 was at 2.18, higher than the 1.39 recorded at the end of 2015.

Results of Operations

Net income for 2016 increased to ₱20.00 bn from ₱17.60 bn in 2015, a 14% year on year (YoY) increase. This translated to earnings per share of ₱2.72 for 2016. During the year, the Company recognized non-recurring losses of ₱612 mn (versus 2015's loss of ₱762 mn), primarily due to foreign exchange losses from the revaluation of its dollar-denominated liabilities, refinancing costs and goodwill impairment. Adjusting for these one-off losses, the Company's core net income for 2016 amounted to ₱20.6 bn, an increase of 12% YoY.

Power Generation

The power generation group continued to lead in terms of earnings contribution during 2016, accounting for 82% of earnings contributions from the Company's business segments. Income share for 2016 was ₱16.26 bn, up 17% YoY. The growth was largely driven by TSI's full year contribution. Netting out one-off items, AboitizPower's generation business generated ₱17.16 bn for the period, which was 16% higher than 2015.

Attributable net energy rose in 2016 by 8% YoY, from 12,550 GWh to 13,495 GWh, as electricity sold through bilateral contracts, which made up 91% of total energy sold during the period, expanded by 8% to 12,279 GWh. On the other hand, spot market sales increased by 4% during 2016 from 1,168 GWh in 2015 to 1,216 GWh.

As of year-end 2016, AboitizPower's net sellable capacity stood at 2,975 MW, after the acquisition of GNPower-Mariveles (604-MW) and GNPower-Dinginin (2x668-MW) was completed on December 27, 2016.

Power Distribution

The power distribution group's earnings share for 2016 decreased by 4%, from ₱3.81 bn to ₱3.67 bn. This is equivalent to 18% of the 2016 earnings contributions from the Company's business segments. Total attributable electricity sales increased by 7% YoY, from 4,759 GWh to 5,105 GWh, as energy sales grew across all customer segments. Meanwhile, the group's gross margin on a per kWh basis in 2016 decreased to ₱1.59 from ₱1.61 in 2015.

Material Changes in Line Items of Registrant's Statements of Income and Comprehensive Income

Consolidated Statements of Income

Consolidated net income attributable to equity holders of the parent increased by 14%, from ₱17.60 bn in 2015 to ₱20.00 bn in 2016. The movements in line items are shown below in order to account for the increase:

Consolidated Net Income Attributable to Equity Holders of the Parent for	**₱17,603,797**
Increase in operating revenues	3,989,317
Increase in operating expenses	(2,365,594)
Decrease in share in net earnings of associates	237,242
Increase in interest income	(1,070,153)
Increase in interest expense	(338,737)
Increase in other income	2,005,851
Higher provision for taxes	93,529
Increase in income attributable to non-controlling interests	(152,670)
Total	2,398,785
Consolidated Net Income Attributable to Equity Holders of the Parent for	**₱20,002,582**

Operating Revenues
(5% increase from ₱85.17 bn to ₱89.16 bn)

Higher revenues during 2016 from the distribution segment, which accounted for ₱3.21 bn out of the ₱3.99 bn increase, served as the primary driver of the increase in operating revenues. Robust growth in the demand for electricity across the distribution companies' franchise areas, notably in the areas of VECO and Davao Light, led to higher operating revenues in 2016.

The generation segment likewise noted a 7% increase in operating revenues for 2016 versus 2015. This was mainly driven by the full year operating revenues of TSI, which was offset by lower revenues of some of the oil-fired plants due to lower dispatch during the year, and of the small hydroelectric power plants, due to lower water levels brought about by the El Niño.

Operating Expenses
(4% increase from ₱60.49 bn to ₱62.85 bn)

Operating expenses increased during 2016, as costs of purchased power, general and administrative expenses and higher depreciation expenses (primarily from the first year deprecation of the TSI assets) were incurred. This was offset by a ₱1.22 bn decrease in the cost of generated power, as fuel costs declined during the year.

Interest Income
(28% increase from ₱846 mn to ₱1.08 bn)

Increase in interest income in 2016 was mainly due to higher average cash and cash equivalent balances carried at the Parent Company and at the intermediate holding companies, ARI and TPI, during the year.

Interest Expense and Other Financing Costs
(16% increase from ₱6.63 bn to ₱7.70 bn)

The higher interest expense in 2016 was due to the recognition of interest expense on TSI's project debt, as well as the interest expense on a notes facility which APRI availed of in the first quarter of 2016.

Share in Net Earnings of Associates and Joint Ventures
(9% decrease from ₱3.98 bn to ₱3.64 bn)

Share in net earnings of associates and joint ventures declined by 9% in 2016 as lower contracted capacities at two associate oil companies operating in Mindanao, WMPC and SPPC, led to lower contributions. STEAG Power also saw a decline in net profits during the year. The effects of the El Niño led to lower water levels affecting the income contributions from SN Aboitiz Power-Magat.

Other Income (Expenses) – net
(Increase from ₱337 mn other expense to ₱1.67 bn other income)

The increase in this account was due to the recognition as other income of insurance proceeds from the settlement of liquidated damages during 2016, a gain on thestep-acquisition of EAUC, and lower foreign exchange losses.

Provision for Taxes
(3% decrease from ₱3.59 bn to ₱3.50 bn)

The decrease was due to lower provision for taxes recognized at Davao Light and TLI in 2016.

Net Income Attributable to Non-controlling Interests
(11% increase from ₱1.35 bn to ₱ 1.50 bn)

Minority shareholders of VECO took up higher attributed income during 2016. The balance of the increase was due to the take up of the minority shareholder's participation in the income of CEDC and CPPC's net income for the 2016.

Consolidated Statements of Comprehensive Income

The movements in cumulative translation adjustments and recognition of slight gains on defined benefit plans (versus actuarial losses recognized in the prior year) led to lower total net other comprehensive income for 2016 at ₱71 mn (compared to ₱226 mn in 2015). Total consolidated comprehensive income was ₱21.58 bn for 2016.

Assets

Total assets (as of December 31, 2016 compared to December 31, 2015) increased by 46% to ₱112.29 bn. The major movements of the accounts leading to the increase were as follows:

a) Cash and cash equivalents decreased by 8% in 2016. Cash generated from operations continued to provide significant liquidity for the Company, but a major acquisition during 2016 and the need to fund ongoing greenfield projects, resulted in the consolidated cash position of the Company decreasing ₱4.00 bn during 2016.
b) Trade and other receivables increased by 13% (from ₱13.69 bn in 2015 to ₱15.47 bn in 2016) primarily due to to the take up of the trade receivables at newly consolidated Subsidiary GNPower-Mariveles.
c) Inventories increased by 118% (from ₱2.04 bn in 2015 to ₱4.45 bn in 2016) due to the consolidation of inventories held at GNPower-Mariveles and higher inventory balances at TSI and TLI.
d) Other current assets rose by 90% (from ₱3.39 bn in 2015 to ₱6.45 bn in 2016), mainly driven by ₱2.10 bn in restricted cash at TSI to comply with the covenants for its project debt. The balance of the increase was due to the consolidation of prepaid assets at GNPower-Mariveles.

e) Investments and advances increased mainly as a result of the acquisition of a minority interest in GNPower-Dinginin. The account increased from ₱22.55 bn at the end of 2015 to ₱30.60 bn at the end of 2016.
f) After the acquisition of a majority interest in GNPower-Mariveles, the resulting consolidation of its Property, Plant and Equipment (PPE) led to an increase of 43% (from ₱134.81 bn in 2015 to ₱192.63 bn in 2016). The Group also continued to the final stages of the construction of its hydro facilities under Hedcor Sabangan during 2016 and continued the construction of its various coal plants under TVI and PEC.
g) Intangible assets increased by ₱36.05 bn as the Company recognized ₱36.27 bn of provisional goodwill resulting from the acquisition of GNPower-Mariveles, net of ₱169 mn of goodwill impaired on the Company's investment in MEZ.
h) The additions to derivative instruments as a result of business combinations during 2016 (the acquisition of GNPower-Mariveles) led to an increase in derivative assets net of derivative liabilities (current and non-current).
i) Available for sale (AFS) investments went up by ₱97 mn during 2016 mainly due to the consolidation of AFS investments at GNPower-Mariveles.
j) Net pension assets went up by ₱11 mn (or 31%) due to the increase in the fair value of plan assets as contributions made during the year.
k) Deferred income tax assets increased by 262% (from ₱585 mn in 2015 to ₱2.12 bn in 2016). The increase was driven by the take up of deferred tax assets at newly consolidated GNPower-Mariveles. The balance was attributable to the corresponding deferred tax benefits recognized on the unrealized foreign exchange losses recognized by the Group during the current year.
l) Other noncurrent assets increased by 80% (from ₱6.12 bn in 2015 to ₱11.01 bn in 2016) mainly due to the increase in input VAT on the on-going construction of various greenfield projects as well as a loan receivable of ARI from Sacasun.

Liabilities

Consolidated liabilities increased by 73% from ₱140.88 bn as of December 31, 2015 to ₱243.15 bn as of December 31, 2016.

a) Short term loans increased by 62% or ₱1.59 bn, primarily due to temporary advances during 2016 between Davao Light and AEV Parent.
b) Trade and other payables increased by 23% (from ₱14.14 bn in 2015 to ₱17.40 bn in 2016) as the Company consolidated trade and other payables of GNPower-Mariveles. Also constributing to the increase were higher payables to suppliers and contractors as construction of various power plants continued.
c) Income tax payable decreased by 23% (from ₱853 mn in 2015 to ₱654 mn in 2016) primarily due to lower corporate and final taxes payable at the end of the year.
d) Long-term debt (current and non-current) increased by 170% (from ₱58.38 bn in 2015 to ₱157.72 bn in 2016) net of payments on long term debt made during the year.

   This increase was attributable to the following:

   (i) TPI's ₱30.49 bn bridge financing to fund the acquisition of GNPower-Mariveles and GNPower-Dinginin;
   (ii) New loans during the year for APRI (₱11.61 bn) and Hedcor Sibulan (₱4.05 bn) ;
   (iii) Increase in long-term debt relating to the drawdowns on various financing facilities for TVI, PEC and Hedcor Bukidnon; and
   (iv) Consolidation of GNPower-Mariveles' project debt of ₱26.43 bn.

e) Long term obligation on PDS decreased by 5% as regular annual payments were made during 2016.
f) Customers' deposits increased by 7% (₱6.38 bn in 2015 to ₱6.83 bn in 2016) due to increases in deposits at Davao Light and VECO resulting from the growth in their customer base during the year, as well as additional deposits from retail electricity supply customers in 2016.
g) The revaluation of the future obligations on APRI's asset retirement obligation resulted in a decrease by 40% (₱3.02 bn in 2015 to ₱1.82 bn in 2016).

h) Pension liability decreased by 50% (₱493 mn in 2015 to ₱247 mn in 2016) due to retirement contributions made by the group during the year.
i) Deferred income tax liabilities (DTL) decreased by 8% (₱1.13 bn in 2015 to ₱1.04 bn in 2016) primarily due to lower deferred tax provisions on unrealized forex gains and actuarial valuations recognized during the year.
j) Other noncurrent liabilities went from nil in 2015 to ₱334 mn at the end of 2016 due to retention payables at PEC as provided for under its EPC contracts.

Equity

Equity attributable to equity shareholders of the parent increased by 8% (from ₱97.57 bn at year end 2015 to ₱105.11 bn at year end 2016) driven primarily by the recognition of income during the year of ₱20.00 bn, net of dividends declared and paid to the Company's shareholders.

Material Changes in Liquidity and Cash Reserves of Registrant

Cash generated from operations of ₱29.89 bn continued to provide a source of liquidity during 2016, growing by ₱4.69 bn as compared to 2015. Cash from operations of fully commissioned TSI augmented the cash streams from operations.

During 2016, the Group used ₱81.38 bn cash for investing activities. This was ₱72.48 bn more compared to 2015, and largest portion was used to acquire indirect, majority interests in GNPower-Mariveles, and a minority interest in GNPower-Dinginin. Meanwhile, the Company continued to deploy financial resources in the construction of various greenfield projects. Funds were also invested in the step acquisition of a subsidiary. The outflows were supported by dividends received during the year.

In 2016, the Group availed of long term debt through bridge financing, fresh loans availed of by certain subsidiaries and draw down on project finance facilities. During the first half of 2016, the Company declared ₱12.22 bn in dividends to its shareholders. These activities led to cash flow from financing activities of ₱47.48 bn during the year.

As of December 31, 2016, the Group's cash and cash equivalents decreased to ₱47.09 bn, from ₱51.10 bn as of the end of 2015.

Financial Ratios

Current assets increased by 5% but current liabilities increased by 45%. As a result, the current ratio at the end of 2016 was 2.25x, as compared to 3.12x at the end of 2015.

Consolidated debt to equity ratio at the end of 2016 was at 2.18 compared to 1.39 as of end-2015, due to the Company's increasing debt position as a result of consolidating a new Subsidiary's debt, project and bridge financing incurred in the pursuit of its strategy to grow the business.

Outlook for the Year 2017/ Known Trends, Events, Uncertainties which may have Material Impact on Registrant

AboitizPower believes that is is well-positioned to take advantage of opportunities arising from developments in the power industry. Its sound financial position gives it the agility to create or acquire additional generating capacity over the next few years.

I. Generation Business

1. Expiration of Income Tax Holiday

Several of the AboitizPower's plants were eligible for an ITH during acquisition by the Company. Upon the expiration of the ITH, these plants will now be assessed a corporate income tax in accordance with the relevant laws.

SN Aboitiz Power-Benguet's Ambuklao Plant obtained an ITH extension on February 26, 2013, which is valid until June 30, 2018.

2. Increase in Attributable Generating Capacity

Notwithstanding the challenges over the short-term, AboitizPower belives that it has built the necessary foundation to sustain its growth trajectory over the long term. In line with its growth target of reaching 4,000 MW in net attributable capacity by 2020, AboitizPower expects to expand its portolio of generation assets by implementing the projects described below.

Greenfield and Brownfield Developments

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

<u>420-MW Pulverized Coal-Fired Expansion Unit 3 in Pagbilao, Quezon</u>. This project is undertaken by PEC, a partnership between AboitizPower Subsidiary, TPI, and TeaM (Philippines) Energy Corporation (TEPEC). On 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 on September 2014 and the target commercial operation is expected to begin within the first quarter of 2018.

<u>340-MW CFB Coal-Fired Project in Toledo City, Cebu</u>. This project is undertaken by TVI, a partnership between AboitizPower and the Vivant 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 NTP for all EPC activities was issued on March 18, 2015. TVI is targeting commercial operation during first half of 2018.

<u>68.8-MW Manolo Fortich Hydropower Plant in Bukidnon</u>. This project is composed of the 43.4-MW Manolo Fortich Hydro 1 and the 25.4-MW Manolo Fortich Hydro 2 plants which shall be located in the Province of Bukidnon. Both plants are expected to produce at least 350 GWh annually. The construction of the Manolo Fortich Project began in 2015 with a total estimated project cost of ₱13 bn and is expected to be completed by in 2018.

<u>8.5-MW Maris Canal Hydropower Plant Project in Ramon Isabela</u>. This project was undertaken by SN Aboitiz Power- Magat and involved the construction of an 8.5 MW run-of-river hydropower plant. The project, which broke ground in late 2015, was completed in 2017.

Other Greenfield and Brownfield Developments

<u>668-MW Supercritical Coal-Fired GN Power Dinginin Unit 1 in Bataan</u>. This project is a joint venture of AC Energy, Aboitiz Power subsidiary Therma Power and Power Partners. The GNPower Dinginin Plant will initially consist of a 1x668 MW supercritical coal-fired power plant (with a one-time expansion option for an additional 1x668 MW supercritical unit). Unit 1 is currently under construction and estimated completion is in 2019.

<u>660-MW CFB Coal-Fired Power Plant in Subic</u>. This project is undertaken by RP Energy, a joint venture among MPGC, Aboitiz Subsidiary TPI and TCIC. The project involves the construction and operation of a 2x300 MW (net) circulating-fluidized-bed (CFB) coal-fired power plant.

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

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

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

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

AboitizPower continues to closely evaluate the investment viability of the remaining power generation assets that 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 IPP administrators.

4. Naga Power Plant

Senator Sergio Osmeña filed a petition for Certiorari with the Supreme Court to nullify the right to top granted by PSALM to SPC Power Corporation (SPC) in respect of the 153.1 MW Naga Power Plant Complex bidding and to enjoin the award on the grounds that SPC's right-to-top is against public policy, which was granted by the Supreme Court. SPC filed several motions including a Motion for Leave to File and Admit the attached Motion for Reconsideration dated December 9, 2016, and Supplemental Motion/Petition for Referral to the En Banc dated January 16, 2017. These were denied by the Supreme Court in a resolution dated April 26, 2017.

II. Distribution Business

AboitizPower expects that its existing Distribution Utilities will continue to realize modest growth. It continually seeks efficiency and improvements in its Distribution Utilities, operations In order to maintain healthy margins.

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.

In April 2016, the ERC posted on its website the following documents: (1) "Draft Rules for Setting Distribution Wheeling Rates or "RDWR" for Privately Owned Distribution Utilities Operating under Performance Based Regulation, First Entry Group, Fourth Regulatory Period"; (2) "Draft Position Paper: Regulatory Reset for the July 1, 2015 to June 30, 2019, Fourth Regulatory Period for the First Entry Group of Privately-Owned Distribution Utilities Subject to Performance Based Regulation"; and (3) "Draft Commission Resolution on the Issues on the Implementation of PBR for Privately Owned DUs under the RDWR". Comments on the said draft documents were submitted to the ERC on May 13, 2016.

Through ERC Resolution No. 25, Series of 2016 dated July 12, 2016, the ERC adopted the "Resolution Modifying the Rules for Setting Distribution Wheeling Rates for Privately Owned Distribution Utilities

Entering Performance Based Regulation". Based on said Resolution, the Fourth Regulatory Period shall be as follows:

(a) Cotabato Light: April 1, 2017 to March 31, 2021
(b) Davao Light & VECO: July 1, 2018 to June 30, 2022
(c) SEZ & SFELAPCO: October 1, 2019 to September 30, 2023

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

A Petition was filed by MSK with the ERC wherein MSK proposed a modified RORB methodology or even a modified PBR methodology, in which 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. Public consultations were set by the ERC on March 17 and April 10 in its main office, and on March 22 and 24 in its field offices in Cebu and Davao, respectively.

III. Market and Industry Developments

1. Retail Competition and Open Access (Open Access)

The implementation of Open Access starting June 26, 2013 enabled AboitizPower to increase its contracted capacity through the delivery of power to affiliate and non-affiliate RES companies. AboitizPower has two wholly-owned Subsidiaries, AESI and AdventEnergy, which are licensed RES.

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

(a) All Contestable Customers 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 Contestable Customer and its counterparty shall submit to the DOE and ERC their signed RSC for assessment, monitoring, policy, and rule-making purposes.
(b) All Contestable Costumers with an average demand ranging from 750 kW and 999 kW for the preceding
(c) 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.
(d) Lowering Contestability Threshold below 750 kW. All electricity end-users with an average demand ranging from 501 kW to below 750 kW for the preceding 12 months may be allowed to choose their respective RES effective June 26, 2018.

The lowering of the contestability threshold will open a new market, hence, an opportunity to expand and diversify AboitizPower's customer base.

In 2016, the ERC promulgated Resolution No. 5, Series of 2016 entitled "A Resolution Adopting the 2016 Rules Governing the Issuance of Licenses to Retail Electricity Suppliers and Prescribing the Requirements and Conditions Therefor", with the following pertinent provisions:

(a) A Generation Company or affiliate, Distribution Utility affiliate (with restrictions on market share and conduct of business activity), Retail Aggregators and IPPAs are allowed entities to become RES.
(b) There is a stipulation that ERC shall be precluded from imposing additional restrictions on the current issuance, separate guidelines issued or any future issuance.
(c) Resolution No. 22 shall continue to have full force and effect except as insofar that it is inconsistent with Resolution No. 5, Series of 2016.
(d) Resolution No. 5, Series of 2016 enumerates the qualifications for becoming a RES, including financial standards, B2B system, ability and knowledge, and treatment of cash deposits.

(e) It also enumerates the obligations of RES entities, including reportorial requirements, website, unbundling, compliance with qualifications stated above and other pertinent rules, laws, and compliance with limitation requirements.
(f) It also contains the process of obtaining a RES license, including the fee, and other reportorial requirements by ERC.

ERC further issued Resolution No. 10 Series of 2016, entitled "A Resolution Adopting the Revised Rules for Contestability". It generally discusses the mandatory contestability dates, further limitations on contract terms and other provisions found in DC2015-06-0010. Among the pertinent provisions of this Resolution are the following:

(a) Setting of Threshold Reduction Date for end-user with at least 750kW demand on June 26, 2016;
(b) Lowering of threshold to 500kW and start of retail aggregation on June 26, 2018;
(c) Start of the mandatory contestability for end-users:
    (i) with at least 1 MW average monthly peak demand on December 26, 2016
    (ii) with at least 750 kW average monthly peak demand on June 26, 2017
(d) Issuance of provisional RES licenses for Prospective Generation Companies, with guidelines;
(e) Options for Distribution Utilities with Displaced Contract Capacities with Generators due to migration of Contestable Customers as follows:
    (i) Renegotiate contracts
    (ii) Auction off contracted capacities
    (iii) Declare in WESM as capacities for sale
(f) Eligibility of end-users to be part of the contestable market; and
(g) Limitation of Retail Supply Contract term from one billing period to two years only.

ERC also issued Resolution No. 11, Series of 2016 entitled "A Resolution Imposing Restrictions on the Operations of Distribution Utilities and Retail Electricity Suppliers in the Competitive Retail Electricity Market". The Resolution contains restrictions on RES entities, as follows:

(a) Prohibition of Local RES, in which Distribution Utilities can only supply to end-users in the Contestable Market as Supplier of Last Resort (SOLR) and Local RES to wind down business within three years;
(b) Market cap of each RES to supply no more than 30% of the total average monthly peak demand of all contestable customers in the Competitive Retail Electricity Market;
(c) Prohibition of RES to transact not more than 50% of the total energy transactions of its supply business with its affiliate Contestable Customers; and
(d) Repeal of Resolution No. 22, Series of 2013.

DC 2015-06-0010, Resolutions No. 5, 10, and 11, Series of 2016 are all subject of a case for Declaratory Relief with the Pasig RTC filed by Meralco. On July 13, 2016, the Pasig RTC has issued a preliminary injunction enjoining DOE from implementing its Circular and ERC from implementing Resolutions, insofar as they prohibit Distribution Utilities from engaging in supply business, impose restrictions, contract term limits, mandatory contestability, and market caps.

On September 21, 2016, the DOE filed a Petition for Certiorari and Prohibition to the Supreme Court praying, among others, for the nullification of all Orders and Decision of the Pasig RTC. The Supreme Court issued a Resolution on October 10, 2016 granting a Temporary Restraining Order to the Pasig RTC from enforcing its decisions, orders and resolutions regarding the abovementioned case until the instant petition is finally resolved.

The ERC issued Resolution No. 28, Series of 2016 dated November 15, 2016 to revise the timeframe of mandatory contestability from December 26, 2016 to February 26, 2017.

On February 21, 2017, the Supreme Court issued a Temporary Restraining Order in connection with the case filed by Philippine Chamber of Commerce and Industry, San Beda College Alabang Inc., Ateneo de Manila University, and Riverbanks Development Corporation. The TRO enjoined ERC and DOE from implementing Resolution No. 5, Series of 2016, Resolution No. 10, Series of 2016, Resolution No. 11, Series of 2016, Resolution No. 28, Series of 2016, and DOE Circular 2015-06-0010.

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

   The DOE issued a draft Circular entitled "Declaring the Launch of the Wholesale Electricity Spot Market (WESM) in Mindanao and Providing for Transition Arrangements". The DOE held a series of public consultations from February to March 2017 to solicit comments on the draft circular from the Mindanao power industry participants. The DOE is in the process of finalizing the circular and interim dispatch protocol.

3. **Reserve Market**

   The DOE issued Department Circular No. DC2013-12-0027, "Declaring the Commercial Launch for the Trading of Ancillary Service in Luzon and Visayas under the Philippine Wholesale Electricity Spot Market" dated December 2, 2013. The said Department Circular sets the responsibility of the PEMC, NGCP, NEA and all WESM Members with regards to the operation of the Reserve Market.

   The trial operations started on February 26, 2014, and PEMC is still reviewing its results before certifying for market readiness. The Pricing and Cost Recovery Mechanism of the Reserve Market is still under review by the ERC under ERC Case No. 2007-004RC. The last hearing was on March 13, 2014.

   The Reserve Market will cover three reserve categories, namely: Frequency Regulation, Contingency Reserve, and Dispatchable Reserve. The Reserve Market will also include the scheduling of the ancillary services under ASPA with NGCP. No date has been set for the launch of the Reserve Market.

   Since ERC has yet to issue the approval for the Price Determination Methodology of the Reserve Market, the DOE and PEMC implemented the Central Dispatch and Scheduling of Energy and Reserves in the WESM, starting January 2016. The protocol follows that of the Reserve Market, however, participants will only be those contracted with NGCP and that no settlement amount will come from WESM.

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

   The categories of reserves may have to be revised due to new types of ancillary services under the 2016 version of the Philippine Grid Code.

4. **Feed-in-Tariff (FIT) Scheme**

   The RE Law was signed into law by former President Gloria Macapagal-Arroyo on December 16, 2008 and took effect on January 2009. The RE Law offered fiscal and non-fiscal incentives to RE developers, including the feed-in-tariff scheme which gives preferential rates.

   In Resolution No. 10, Series of 2012 (as amended by ERC Case No. 2014-004RM), the ERC adopted the following FIT and degression rates for electricity generated from biomass, run-of-river hydropower, solar and wind resources:

	FIT Rate (₱/kWh)	Degression Rate
Wind	8.53 and 7.40**	0.5% after year 2 from effectivity of FIT
Biomass	6.63	0.5% after year 2 from effectivity of FIT
Solar	9.68 and 8.69*	6% after year 1 from effectivity of FIT
Hydro	5.90	0.5% after year 2 from effectivity of FIT

**New solar FIT rate as per ERC Case No. 2014-004RM, as necessitated by the new installation target for Solar Energy Generation set by the DOE.*
***New wind FIT rate as per ERC Case No. 2015-002RM, as necessitated by the new installation target for Solar Energy Generation set by the 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 the earlier of full subscription of the revised solar installation target of 500 MW or March 15, 2016. For the Solar Plants that have been commissioned prior to the effectivity of the ERC (up to 50MW) decision, the original Solar FIT of ₱9.68/kWh shall apply.

For wind, DOE endorsed the increase of wind installation target from 200 MW to 400 MW.

The ERC approved on February 2016, the new FIT-All rate for 2016 at ₱0.1240/kWh. The ERC used, in the interim, the existing unadjusted FIT rates so as not to pre-empt whatever decision the ERC may make on the adjustment of the FITs. The rate is effective in the succeeding billing period following the receipt by Transco of the Order, which was on April 2016.

On March 2017, ERC issued Resolution No. 01, Series of 2017 entitled "Resolution Setting the Degressed Feed- In Tariff Rates for Run-Of-River Hydro and Biomass, as Provided in Section 2.11 of the Feed-In Tariff Rules (FIT Rules)". The degressed rates will be applied for run-of-river hydro and biomass plants which will be on commercial operation from January to December 2017. The degressed rate for hydro is ₱5.8705/kWh and for biomass is ₱6.5969/kWh.

5. Competitive Selection Process in Securing Power Supply Agreements

The DOE issued Department Circular No. DC2015-06-0008, entitled "Mandating All Distribution Utilities to Undergo Competitive Selection Process (CSP) in Securing Power Supply Agreements (PSA)". The DOE recognizes that CSP in the procurement of PSAs by the 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 Distribution Utilities in undertaking CSPs:

(a) Increase the transparency needed in the procurement process in order to reduce risks;
(b) Promote and instill competition in the procurement and supply of electric power to all electricity end-users;
(c) Ascertain least-cost outcomes that are unlikely to be challenged in the future as the political and institutional scenarios should change; and
(d) Protect the interest of the general public.

This circular shall apply to any entity that owns, operates, or controls one or more distribution systems in the main grid and off-grid areas, such as but not limited to:

(a) Electric Cooperatives;
(b) Private Investor-Owned Distribution Utilities;
(c) Local Government Unit Owned-and-Operated Distribution Systems/Utility;
(d) Multi-Purpose Cooperatives duly authorized by appropriate Government agencies to operate electric power system;
(e) Entities duly authorized to operate within economic zones; and
(f) Other duly authorized entities engaged in the distribution of electricity.

The ERC issued Resolution No. 13, Series of 2015, entitled "A Resolution Directing All Distribution Utilities to Conduct a Competitive Selection Process in the Procurement of Their Supply in the Captive Market" on November 4, 2015. The pertinent provisions are as follows:

(a) A Distribution Utility may adopt any accepted form of CSP pending the issuance by ERC of prescribed CSP as per DOE Circular;
(b) Minimum terms were identified by ERC;
(c) A CSP is considered successful if the 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
(d) For two unsuccessful CSPs, the Distribution Utility is allowed to enter into direct negotiations.

The adoption and implantation of CSP is expected to increase transparency and competition. The impact of CSP is prospective and, as such 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 Act on Feed-In Tariff (FIT) System, Priority and Must Dispatch, Among Others", in August 2015. The pertinent provisions are as follows:

(a) In order to maintain the share of RE in power generation, the DOE had set a policy of adopting at least 30% share of RE in the country's total power generation capacity through the wholistic implementation of the FIT system and other pertinent provisions under the RE Act and Implementing Rules and Regulation;
(b) The succeeding rounds for the installation targets for FIT-eligible resources shall be made through an auction system to be adopted by the DOE upon the full subscription of the existing FIT installation targets; and
(c) Compliance with the provisions stated in the Circular shall be deemed compliance with the RPS.

AboitizPower's current net sellable capacity mix is roughly 68% thermal and 32% renewable. Even with all the new capacity additions, AboitizPower will remain within the said capacity mix. Additionally, the above mentioned auction system has not yet been adopted.

IV. Capital Expenditure 2017

AboitizPower is allotting ₱59 bn in capital expenditure in 2017, of which 74% is for new thermal projects, 8% for new renewable projects and 18% for exploratory and operating activities.

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 2015 dropped slightly 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 in 2015 as compared to 2014 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 was 3.12x compared to 3.36x at year-end 2014 primarily due 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 liabilities 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 in 2015 versus 2014's loss of ₱136 mn. This was primarily 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 in 2015. For 2015, it represented 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 generation business recorded ₱14.81 bn of income in 2015.

For 2015, 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 decreased 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 in 2015, 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 stood at at 2,532 MW at end-2015 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 during 2015, from ₱3.20 bn in 2014 to ₱3.81 bn. This accounted for 21% of earnings contribution from business segments.

The gross margin on a per kWh basis in 2015 declined to ₱1.61 from ₱1.71 in 2014. This was due to higher operating costs at Davao Light as it ran its embedded power plant to mitigate the shortfall in power supply that not only affected its franchise area, but also the whole Mindanao Grid. The overall improved 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 2015 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 2014	**₱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 resulted in a 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 2015.

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, was due to an increase in electricity sales.

Higher revenues were also recognized during 2015 from the Group's RES licensed companies (AESI and AdventEnergy), which began their 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 during 2015 was the lower cost of generated power, as fuel costs dropped significantly during the year.

Cost of purchased power also decreased by 6% during 2015 as less downtime led to lower requirements to replace internally generated power. Also, the price of purchased power during 2015 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 was primarily due to the full-year interest burden on the bond offering of the Parent Company undertaken 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 was due to the lower contribution from SN Aboitiz Power-Benguet as lower selling prices during the year on a new ancillary contract reduced its revenues.

Other Income (Expenses) – net
(Decrease from ₱592 mn other income to ₱337 mn other expense)

The shift from other income to other expense was primarily due to higher unrealized foreign exchange losses in 2015 resulting from the restatement of TLI's dollar-denominated debt on its monthly obligations to PSALM (accounted as a finance lease obligation). This was 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 led to higher provision for taxes.

Net Income Attributable to Non-controlling Interests
(4% increase from ₱1.30 bn to ₱ 1.35 bn)

The increase was 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 resulted in lower total net other comprehensive income for 2015 at ₱226 mn (compared to ₱260 mn in 2014). 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 compared to December 31, 2014) increased by ₱25.73 bn, or 12%. The major movements of the accounts leading to the increase were 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 2014 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 were offset against future progress billings.
c) Derivative assets increased significantly at the end of 2015 as new forward contracts were entered into to hedge the foreign currency risk arising from the forecasted US$-denominated payments under an 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 was higher by 75% (from ₱1.94 bn in 2015 to ₱3.39 bn in 2015). VAT input was reclassified from non-current to current as it is was expected that these VAT inputs could be offset against VAT output generated as a major subsidiary went into commercial operations.
f) Investments and advances decreased mainly as a result of redemption of preferred shares made during 2015 by MORE amounting to ₱2.65 bn.
g) 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, Pagbilao3 under PEC, and its hydro facilities under Hedcor Sabangan and started 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 was mainly due to actuarial losses recognized by the group during 2015.
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 2015.
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. The major movements of the accounts leading to the increase were as follows.

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 due to 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 was mainly attributable to new project financing availed of by TVI to finance the construction of a coal plant in Toledo, Cebu and by Hedcor Bukidnon to construct a hydro plant. Contributing to the increase were drawdowns made during 2015 by TSI and PEC on existing project debt facilities.
e) Customers' deposits increased by 12% (₱5.69 bn in 2014 to ₱6.38 bn in 2015) mainly due to an increase in deposits for Davao Light and VECO resulting from the growth in their customer base during 2015, as well as 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) 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 EBITDA increasing by 6% during 2015, cash generated from the Group's operations brought in ₱25.20 bn for that year.

The Group utilized less cash for investing activities during 2015, totaling ₱8.90 bn versus ₱12.98 bn in 2014. This was mainly due to cash proceeds from the redemption of preferred shares. The Company continued to spend heavily on capital expenditures during 2015 to fund ongoing construction of various greenfield projects.

The significant net cash outflows relating to financing activities during the year of ₱5.45 bn was 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 during 2015. This was 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 stood at 1.39x as of end-2015 compared to 1.26x as of December 31, 2014. This was due to the Company's increasing debt position through project financing as it pursued its strategy to grow the business.

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	2017	2016
Audit Fees	₱442,000.00	₱403,000.00
Audit Related Fees	31,500.00	-
Bond Related Fees	3,500,000.00	
Non Audit Fees	7,480,000.00	-
Total	**₱11,453,500.00**	**₱403,000.00**

SGV was engaged by the Company to audit its annual financial statements. In 2017, the Company also engaged SGV to conduct post reviews and other procedures for the purpose of issuing a comfort letter in connection with the issuance of the ₱3 bn Series "A" 2017 Bonds. The Company also engaged SGV to provide financial and tax due diligence in 2017.

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 2017 and 2016 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's (OECD) 5 Principles of Corporate Governance, AboitizPower continued its efforts 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. AboitizPower continues to create long-term value for all stakeholders, and to drive change for a better world by advancing business and communities.

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, with amounts disclosed, of all related-party transactions, within the Aboitiz Group. All related-party transactions in the Group are reported in AboitizPower's Consolidated Audited Financial Statements each year.

All shareholders likewise receive notices of all shareholders' meetings, all agenda items to be discussed and decided upon during the said meetings are set out in the notices, and 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 include 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 principle, AboitizPower has obtained and maintained a good health, safety, and environmental track record. The Group launched its Sustainability Policy in 2013, with 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, the Group launched its BetterWorld campaign in 2014 to encourage all stakeholders to adopt this policy for sustainability.

AboitizPower has a Manual of Corporate Governance ("Manual") and a 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. In 2017, the Board of Directors approved the revised Manual, which now specifies the composition and duties of the newly-created and restructured board committees, the qualifications of the Corporate Secretary, an information security management policy, a sustainability policy, a risk management policy, communication process and training process, reportorial or disclosure system of the Company's corporate policies, shareholders' benefit statement, and a monitoring and assessment system. The revised Manual on Corporate Governance is generally aligned to the principles and recommendations laid down by the SEC under the Corporate Governance Code for Publicly Listed Companies in order to further strengthen the Company's corporate governance practices.

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 against 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 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 resourcenter and library for its stakeholders. The Company also maintains a comprehensive Corporate Governance report every year which will be uploaded in the Company's website before the Annual Stockholders' Meeting. As part of its commitment to sustainability, AboitizPower is maximizing the use of digital technology rather than the use of scarce paper sources.

A copy of the complete annual Corporate Governance Report ("CG Report") of the Compliance Officer is available at www.aboitizpower.com under Governance Reports and Scorecards of the Corporate Governance webpage. A condensed copy of the CG Report is also included in AboitizPower's Annual Report and can be accessed at www.aboitizpower.com under Annual Report of the Investor Relations webpage (Investor's Kit).

Board Responsibility

The Board's primary objectives are to improve shareholder returns, to develop responsible long-term investments, and to achieve disciplined and sustainable growth. To this end, board attendance and active participation during board and committee meetings are encouraged from directors. Attendance during board meetings are closely monitored and reported by the Compliance Officer to the SEC and PSE, as well as in the Company's 2016 SEC Annual Corporate Governance Report uploaded in the company website.

In 2017, the Board held a total of ten regular and special meetings. Below is a summary of the attendance of the Directors:

AboitizPower Board Meetings	Regular and Special Meetings for 2017										Total No. of Meetings Attended by Each Member	Percentage of Attendance
	26-Jan Regular	7-Mar Special	23-Mar Regular	15-May Regular	15-May ASM	15-May ORG	27-Jul Regular	28-Sept Regular	3-Nov Special	23-Nov Regular		
ENRIQUE M. ABOITIZ	P	P	P	A	A	A	P	A	P	P	6	60.00%
JON RAMON ABOITIZ	P	P	A	P	P	P	P	P	P	P	9	90.00%
ERRAMON I. ABOITIZ	P	P	P	P	P	P	P	P	P	P	10	100.00%
ANTONIO R. MORAZA	P	P	P	A	A	A	P	P	P	P	7	70.00%
MIKEL A. ABOITIZ	P	P	P	A	P	P	P	P	A	A	8	80.00%
JAIME JOSE Y. ABOITIZ	P	P	P	P	P	P	P	P	A	P	9	90.00%
CARLOS C. EJERCITO	P	P	P	P	P	P	P	P	P	P	10	100.00%
ALFONSO A. UY	P	P	P	P	P	P	P	P	P	P	10	100.00%
ROMEO L. BERNARDO	P	P	P	P	P	P	P	P	P	P	10	100.00%
Total No. of Members Present in Each Meeting	9	9	8	7	7	7	9	8	7	8		**87.78%**
Percentage of No. of Members Present in Each Meeting	**100.00%**	**100.00%**	**88.89%**	**77.78%**	**77.78%**	**77.78%**	**100.00%**	**88.89%**	**77.78%**	**88.89%**	**86.42%**	

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, Risk and Reputation Management, and Related Party Transactions - 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:

(a) 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 Uy; Ex-Officio Members: Joseph Trillana T. Gonzales[13] and Xavier Jose Y. Aboitiz

(b) 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

(c) 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

(d) The **Board Related Party Transaction Committee** represents the Board in discharging its responsibility relating to transactions entered into between or among the Company or any of its subsidiaries, affiliated, directors and officers.

Chairman: Alfonso A. Uy; Members: Romeo L. Bernardo and Carlos C. Ejercito

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 2016, the SEC released the Code of Corporate Governance for Publicly Listed Companies ("CG Code for PLCs"). The Board Corporate Governance Committee reviewed the existing policies and practices of the Company and made an assessment in terms of the Company's level of compliance with the new CG Code for PLCs. The Committee reviewed and updated some governance policies and proposed adoption of new policies, Board and Board Committee Charters, creation of new Board Committee and adoption of the recommendations made by SEC under the CG Code for PLCs.

The Board of Directors, during its January 26, 2017 meeting, approved additional policies and protocols recommended by the Board Corporate Governance Committee as part of its commitment in its effort to continuously adopt evolving best practices. These Board Protocols include Policy on Information Disclosure, Policy on Related Party Transactions, Policy on Conflict of Interest, and Whistle Blowing Policy.

The Board of Directors also approved the Board Charter recommended by the Board Corporate Governance Committee for continuous improvement of solutions to shareholder concerns.

Moreover, in 2016, the Compliance Officer together with the Chief Financial Officer and the Controller of AboitizPower made a major benchmarking study on the related party transactions of the Company, the result of which was then presented to the Board Corporate Governance Committee. On March 23, 2017, the Board

[13] Effective March 1, 2018, Mr. Joseph Trillana T. Gonzales replaces Ms. M. Jasmine S. Oporto as Ex-officio Member of the Board Corporate Governance Committee.

approved the adoption of a new Related Party Transactions (RPT) Policy and the creation of RPT Committees and corresponding RPT Committee Charters.

For a full discussion on the Company's initiatives, a copy of the complete CG Report of the Compliance Officer will be 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 corporate governance best practices. AboitizPower, together 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 2017, AboitizPower received the following awards:

Award Giving Body	Category	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)
Philippine Stock Exchange, Inc.	2017 PSE Bell Awards	PSE Bell Awards for Excellence in Corporate Governance (winner)

ANNEX "A"

EXPLANATION OF AGENDA ITEMS REQUIRING STOCKHOLDERS' APPROVAL (including Agenda Items requiring Stockholders' Approval)

ITEM NO. 2: Proof of Notice of Meeting

RATIONALE: *To inform the stockholders that notice requirements for the 2018 Annual Stockholders' Meeting (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 when notices for the 2018 ASM were sent out to the stockholders of record, including 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 2018 ASM, and of the procedure for the conduct of voting for the agenda items being put to a vote.

The Corporate Secretary will certify to 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 AboitizPower ASM Staff will keep the receipts and details of the voters in the ASM registration records.

(ii) Voting shall be done manually. The AboitizPower 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 on the screen in front of the Ballroom.

(iii) The stockholders and proxies are required to present their voter receipts to the AboitizPower 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 AboitizPower ASM Staff will collect the ballots for counting.

(v) Each outstanding share of stock entitles the shareholder to one (1) vote, except for the election of directors where a shareholder 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 a majority of the capital stock present at the meeting is sufficient to approve an agenda item. There is no item in the 2018 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 15, 2017

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

The minutes of the meeting held on May 15, 2017 was posted at AboitizPower's website, www.aboitizpower.com, on May 16, 2017. Copies of the minutes will also be also distributed to the stockholders before the 2018 ASM.

A resolution approving the minutes of the May 15, 2017 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 2017 operating and financial performance of the Company, as well as its outlook for 2018.

ITEM NO. 6: Approval of the 2017 Annual Report and Financial Statements

RATIONALE: *To present to the stockholders the results of the Company's operations in 2017, in accordance with Section 75 of the Corporation Code.*

The Company's audited financial statements as of December 31, 2017 is integrated and made part of the Company's 2017 Definitive Information Statement (2017 Information Statement). The 2017 Information Statement will be sent to the stockholders at least fifteen (15) days prior to the ASM, and the same will be posted at the Company's website at www.aboitizpower.com.

A resolution approving the 2017 annual reports and audited financial statements shall be presented to the stockholders for approval.

ITEM NO. 7: Appointment of the Company's External Auditor for 2018

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 2018 for the stockholders to appoint.*

The Company's Board Audit Committee endorsed, and the Board of Directors approved for shareholders' consideration the election of Sycip Gorres Velayo & Co. (SGV) as the Company's external auditor for 2018.

SGV has been AboitizPower's Independent Public Accountant for the last 19 years. Ms. Maria Veronica Andresa R. Pore has been AboitizPower's audit partner since audit year 2017. AboitizPower complies with the requirement 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 19 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 2018 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 2017 up to May 21, 2018

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 of Directors, corporate officers and management in the ordinary course of business. The board resolutions are enumerated in the 2017 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 2017 up to the date of the 2018 ASM shall be presented to the stockholders for approval.

ITEM NO. 9: Update to the Stockholders on the Amendment of the Company's By-Laws to Move the Date of the Annual Stockholders' Meetings from the 3rd Monday of May of every year to 4th Monday of April of every year, and to Clarify the Venue of the Company's Annual Stockholders' Meetings

RATIONALE: To update the stockholders on the amendment of the Company's By-Laws

On May 18, 2009, the stockholders representing at least 2/3 of the issued and outstanding capital stock approved the delegated authority of the Board of Directors to amend or repeal the Company's By-Laws or adopt new By-Laws. The same delegated authority was renewed by an affirmative vote by stockholders representing 98.77% of the issued and outstanding capital stock of the Company at the 2014 ASM.

By virtue of the delegated authority, the members of the Board of Directors of AboitizPower, in its Special Board Meeting held on March 8, 2018, approved the amendment of the Company's By-laws to change the Company's ASM date from the third Monday of May of every year to the fourth Monday of April of every year, and to clarify that the venue of the ASM may be at any city or municipality in Metro Manila in accordance with Section 51 of the Corporation Code.

The change in the ASM date will ensure that the Company's financial reports and information statements are published within the first quarter following the end of the previous fiscal year, in accordance with best corporate governance practices.

ITEM NO. 10: 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 Amended By-Laws.

A stockholder may submit his nominee to the Company's Board of Directors in accordance with the deadlines set forth in the Company's Amended By-Laws, which for this year shall be on or before April 27, 2018. Under the Amended Guidelines for the Nomination and Election of Independent Directors, the period for nominations for Independent Directors started on January 1, 2018 and the table of nominations closed on February 15, 2018. The stockholders who nominated the Independent and other directors are disclosed in the 2017 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 2017 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. 11: Other Matters

The Chairman of the Board will open the floor for comments or queries by the stockholders. Stockholders may raise matters which may be properly taken up during the 2018 ASM.

---end---

ANNEX "B-1"

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ROMEO L. BERNARDO**, Filipino, of legal age, with business address at 16A The Belvedere Tower, San Miguel Ave., Ortigas Center, Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Aboitiz Power Corporation (AboitizPower) and have been its independent director since May 19, 2008.

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.	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
Management Association of the Philippines (MAP)	Governor	2017 to present
GlobalSource Partners	Advisor	2008 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 and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of AboitizPower and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not an officer or employee of any government agency, government instrumentality or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

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

Done, this MAR 15 2018 at TAGUIG CITY.

ROMEO L. BERNARDO
Affiant

SUBSCRIBED AND SWORN to before me this MAR 15 2018 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.

ATTY. MELBIAN JEROME E. LARAÑO
Notary Public for Taguig, Roll No. 59294
Commission no. 26, until 31 Dec. 2019
PTR No. A-3693788/ 01.03.18 / Taguig City
IBP No. 1063530 / 11.23.17 / Cavite
MCLE Compliance No. V-0015571 / 03.14.16
3/F Bonifacio Technology Center 31st Street
corner 2nd Avenue Crescent Park West
Global City Taguig City, Philippines

Doc. No. 19;
Page No. 5;
Book No. LXXV;
Series of 2018.

ANNEX "B-2"

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **CARLOS C. EJERCITO**, Filipino, of legal age, with business address at Mount Grace Hospitals Inc.; Bayanihan Center Annex, 132 Pioneer Street, Mandaluyong City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for independent director of Aboitiz Power Corporation (AboitizPower) and have been its independent director since May 19, 2014.

2. 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 and Chairman of the Board Audit Committee	2013 to present
Century Properties Group, Inc.	Independent Director	2013 to present
Monte Oro Resources and Energy Corporation	Independent Director	2012 to present
Capitol Medical Center	Board Member	2017 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 and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of AboitizPower and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not an officer or employee of any government agency, government instrumentality or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

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

TAGUIG CITY

Done, this MAR 15 2018 at ______________.

CARLOS C. EJERCITO
Affiant

SUBSCRIBED AND SWORN to before me this MAR 15 2018 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.

ATTY. MELBIAN JEROME E. LARAÑO
Notary Public for Taguig, Roll No. 59294
Commission no. 26, until 31 Dec. 2019
PTR No. A-3693788/ 01.03.18 / Taguig City
IBP No. 1063530 / 11.23.17 / Cavite
MCLE Compliance No. V-0015571 / 03.14.16
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Global City Taguig City, Philippines

Doc. No. 17;
Page No. 5;
Book No. (XXV)
Series of 2018.

ANNEX "B-3"

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ERIC O. RECTO**, Filipino, of legal age, with business address at PBCom Head Office, 6795 Ayala Avenue Corner V. A. Rufino Street, Makati, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for independent director of Aboitiz Power Corporation (AboitizPower). I am nominated to the Board for the first time.

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

Company/Organization	Position/Relationship	Period of Service
ISM Communications Corporation	Chairman (from 2013) and President	2005 to present
Petron Corporation	Director	2008 to present
Q-Tech Alliance Holdings, Inc.	President/ Director	2009 to present
Atok-Big Wedge Co., Inc.	Vice Chairman and President	2009 to present
Acentic Gmbh and Ltd.	Supervisory Board Member	2010 to present
Philippine Bank of Communications	Chairman (from 2013) and Director	2011 to present
Bedfordbury Development Corporation	Chairman and President	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 and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of AboitizPower and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not an officer or employee of any government agency, government instrumentality or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

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

Done, this MAR 15 2018 at TAGUIG CITY.

ERIC O. RECTO
Affiant

SUBSCRIBED AND SWORN to before me this MAR 15 2018 at TAGUIG CITY. Affiant, who is personally known to me, personally appeared before me and exhibited to me his Philippine Passport No. EC3544131 issued at DFA Manila on February 15, 2015

ATTY. MELBIAN JEROME E. LARARO
Notary Public for Taguig, Roll No. 59294
Commission No. 26, until 31 Dec. 2019
PTR No. A-3693788/ 01.03.18 / Taguig City
IBP No. 1063530 / 11.23.17 / Cavite
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Doc. No. 24;
Page No. 6;
Book No. CXXVI;
Series of 2018.

ANNEX “C”

SUMMARY OF THE MINUTES OF THE 2017 ANNUAL STOCKHOLDERS’ MEETING

The meeting was called to order on May 15, 2017 at 10:45 a.m. by the Vice Chairman of the Board, Mr. Jon Ramon Aboitiz. The Corporate Secretary certified that notices for the 2017 Annual Stockholders’ Meeting of AboitizPower were duly sent out on April 20, 2017 to all stockholders of record as of close of business on March 31, 2017. The Corporate Secretary further reported that notices of the meeting were also published in Philippine Daily Inquirer, Philippine Star, and Business World on April 12, 2017.

The Corporate Secretary certified to the existence of a quorum, there being a total of 5,639,475 shares present in person and 6,829,035,554 shares represented by proxy, or a total of 6,834,675,029 shares which constitute at least a majority of, or 92.88% of the total outstanding capital stock of 7,358,604,307 entitled to vote, or more than two-thirds (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, 2017 was approved.

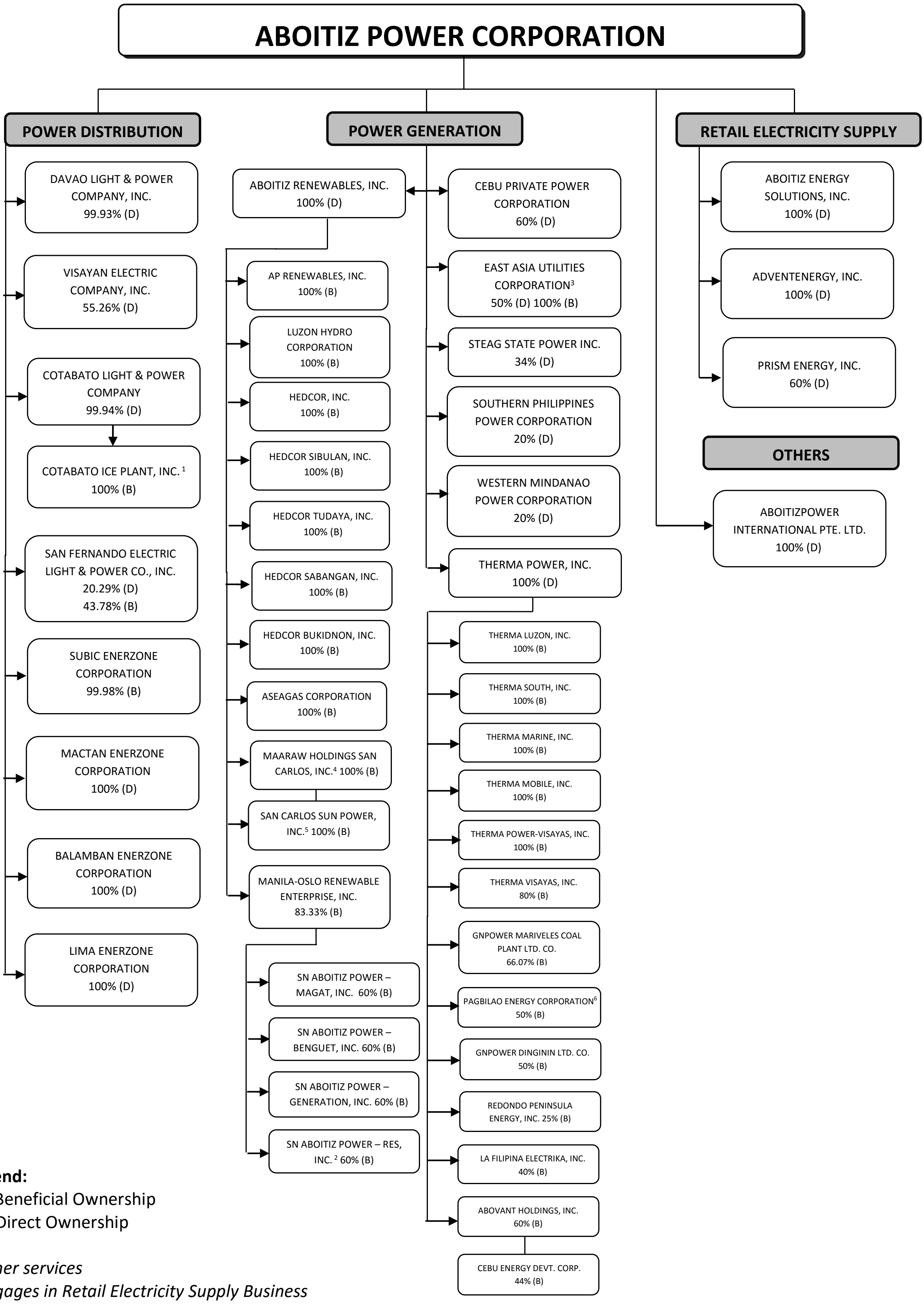
The body passed the following resolutions:

1) Approval of the 2016 Annual Report and Audited Financial Statements
2) Appointment of the Company’s External Auditors for 2017
3) Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers and Management in 2016 up to May 15, 2017
4) Election of the Members of the Board of Directors

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

ANNEX "D"

As of February 28, 2018



Legend:
B – Beneficial Ownership
D – Direct Ownership

[1] Other services
[2] Engages in Retail Electricity Supply Business
[3] TPI has a 50% ownership in EAUC
[4] ARI has a 60% direct ownership in Maaraw San Carlos; AboitizPower International has a 40% indirect ownership in Maaraw San Carlos
[5] ARI has a 35% direct ownership (50% indirect ownership) in Sacasun; AboitizPower International has 50% indirect ownership in Sacasun
[6] Joint operations

The Board Audit Committee Report to the Board of Directors

The Board Audit Committee (the "Audit Committee" or "Committee") is pleased to present its report for the financial year ended December 31, 2017.

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. Other members of the committee are 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 auditors, 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 2017, five (5) meetings were held. The attendance by each member of the committee is as so indicated below:

Member	Mar 3, 2017 Regular Meeting	May 2, 2017 Regular Meeting	July 24, 2017 Regular Meeting	Nov 7, 2017 Regular Meeting	Nov 21, 2017 Joint with Risk
CARLOS C. EJERCITO Chairman, Independent Director	✓	✓	✓	✓	✓
ROMEO L. BERNARDO Independent Director	✓	✓	✓	✓	✓
ALFONSO A. UY Independent Director	X	✓	✓	✓	✓
ANTONIO R. MORAZA Executive Director	X	✓	X	✓	X
MIKEL A. ABOITIZ Non-Executive Director	✓	X	✓*	X	X

**Attended via videocon*

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

External Quality Assessment

The Internal Audit teams of Aboitiz Power (AP) underwent an external quality assessment review conducted by the Institute of Internal Auditors (IIA) Philippines.

It is the opinion of the IIA that on the overall, the internal audit team of Aboitiz Power Corporation "**Generally Conforms**" to the *Standards* and Code of Ethics. Generally Conforms is the highest rating awarded in connection with an EQA and the internal audit team has been commended for this achievement.

For individual *Standards* where the team is rated "Partially Conforms", opportunities for improvement have been identified and committed action plans have been presented to the Audit Committee.

The EQA, much like any global certification is not required**.** But to acquire it helps build the reputation not just of internal audit but of Aboitiz as a company that not only conforms, complies and follows but adopts and implements the *Standards* and best practices of the internal audit function. The EQA certification is valid for 5 years till 2022. Until then, internal audit will ensure that it continually works on its Quality Assurance Improvement Program and apply it across the group.

Financial Reports

The Audit Committee reviewed, discussed, and endorsed for the approval of the Board the 2017 quarterly unaudited consolidated financial statements and the 2017 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.

External Auditors

SGV was re-appointed as the Independent External Auditor for 2017 upon the endorsement of the Audit 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 15, 2017, SyCip Gorres Velayo & Co. (SGV) was re-appointed as the independent external auditor for 2017.

To abide by good corporate governance practices, the new signing partner for SGV, Maria Veronica Andresa R. Pore, was introduced to the Committee. Ms. Pore replaced Leovina Mae V. Chu who has been the signing partner for AP for the past five (5) years, 2012 to 2016.

The overall scope and audit plan of SGV were reviewed and approved during the November 7, 2017 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 6, 2018. SGV presented the effects of changes in relevant accounting standards and presentation of financial statements that impact on the reported results.

Other than the audit-related fees, AP also engaged the services of SGV to conduct post-reviews and other procedures for the purpose of issuing a comfort letter in connection with the issuance of the P3 billion Bonds in 2017. SGV also provided financial and tax due diligence as well as training assistance to the company particularly with regards to the adoption of new standards such as PFRS 9 and 15.

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 2017. Internal audit is organizationally positioned to be independent— functionally reporting to the Board Audit Committee and administratively to the President and Chief Executive Officer.

The Audit Committee is satisfied with the content and quality of reports prepared and issued by the internal auditors during the year under review.

Internal Audit 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. Information systems and technology-related 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, generally, there is reasonable assurance that the existing system of internal controls, risk management and governance allow for a generally adequate management of identified risks and effectively supports the improvement of the management of the Company as a whole. There is a need, however, to further strengthen governance and controls over security standards for information and related technologies particularly in relation to cybersecurity risks.

Review of the Audit Charters

Proposed changes to the audit charters were presented in its meeting held March 6, 2018 in relation to the results of the External Quality Assessment activity. These revisions will be take effect in 2018. The review and updating of the charters are done at least once a year, endorsed by the Audit Committee and approved by the Board.

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

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 21, 2017, 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 serve as an input for the preparation of internal audit's master plan for the year.

Audit Forum

Continuously learning is one of the keystone activities in the Aboitiz group. A group-wide Audit Forum, was held last July 21, 2017 with the theme "The Role of Internal Audit in Advancing Business and Communities". The forum was well-attended by the Board, particularly the independent directors, senior management and auditors from the Aboitiz Group. Topics that were covered during the forum include (1) The 2017 State of the Internal Audit Profession; (2) The Role of Internal Audit in the Implementation of the Data Privacy Act; and (3) The Agile Internal Audit Function. The speakers, representing their respective institutions—PricewaterhouseCoopers (PwC) Phils., National Privacy Commission, Institute of Corporate Directors (ICD) and the Institute of Internal Auditors (IIA) Philippines—are experts in their respective fields. The forum continues to provide audit stakeholders a venue to keep abreast of the developments in the profession.

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