

May 20, 2014

MS. JANET ENCARNACION

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

Re: Clarification to the May 20, 2014 philSTAR.com News Article

Dear Ms. Encarnacion:

This refers to your letter requesting us to confirm the veracity of the information contained in the *philSTAR.com* article dated May 20, 2014, entitled, "Aboitiz Group to double power capacity to 4,000 MW in 5 yrs," a portion of which is quoted hereunder:

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"MANILA, Philippines - The Aboitiz Group is targeting to double its power generation capacity in the Philippines to roughly 4,000 megawatts in the next five years and expand its power business outside the country as it hopes to hitch on the rapidly growing Asia Pacific regional economy, company officials said yesterday.

In a press conference after its annual stockholders' meeting, Aboitiz Power president and chief executive officer Erramon Aboitiz said the group is looking at opportunities in Southeast Asia and the Pacific, although nothing has been firmed up yet.

'We're willing to look at opportunities abroad. We're looking at Papua New Guinea and opportunities in Indonesia. We're still firming this up,' he told reporters.

Similar to its portfolio in the country, the Aboitiz Group's regional power business would also likely be as varied, possibly through the development of existing facilities.

'We're looking at geothermal, hydropower, etc. We're talking to some partners. Our preference is not greenfield (projects),' Aboitiz added.

In the Philippines, power generation arm is Aboitiz Power expanding its capacity by 2,000 MW in the next five years.

'Together with our partners, we are looking at investing up to P80 billion in greenfield and brownfield projects across the country in 2014. This is just part of our more ambitious plan to expand our power generation capacity by about 2,000 MW over the next five years,' Aboitiz said.

'Right now, we have about 2,300 MW of capacity,' he added.

The additional 2,000 MW will come from the planned 300-MW coal-fired power plant of Aboitiz Power, through its subsidiary AP Therma South Inc., in Davao, which is targeted to be completed next year with plans to expand it by another 300 MW; the 300 MW-coal fired power plant of Therma Visayas which will be put up in Cebu and which could be expanded by 150 MW in the next couple of years; the planned expansion of the Pagbilao coal plant in Quezon which would add 400 MW; and the 153.1 MW Naga plant in Cebu, which Aboitiz recently bagged in an auction conducted by the Power Sector Assets and Liabilities Management Corp. (PSALM).

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We confirm that AboitizPower is targeting to double its capacity from 2,300 MW to around 4,000 MW in the next five years through a mix of greenfield and brownfield projects. A bulk of the targeted increase in generation capacity will come from the Company's projects which shall be owned and operated by AboitizPower's various subsidiaries and affiliates. These are Therma South, Inc.'s 300-MW coal-fired power plant in Davao, Therma Visayas, Inc.'s 300-MW coal-fired power plant in Cebu Province, Pagbilao Energy Corporation's 400-MW coal-fired power plant in Pagbilao, Quezon, and the recently acquired Therma Power Visayas, Inc.'s 153.1-MW coal fired power plant in Naga City, Cebu. In addition to these projects, the Company also intends to explore opportunities in other countries, either by itself or together with partners, to add to its current portfolio of generation facilities.

The Company will continue to update the public in case of any firm development in the foregoing projects.

We trust you find the foregoing clarification to your satisfaction.

Very truly yours,

ABOITIZ POWER CORPORATION

By



M. JASMINE S. OPORTO

Corporate Secretary