

June 16, 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 June 15, 2014 *BusinessWorld Online* News Article

Dear Ms. Encarnacion:

This refers to your letter requesting Aboitiz Power Corporation (AboitizPower) to confirm the veracity of the information contained in the *BusinessWorld Online* article dated June 15, 2014 entitled, "*AboitizPower exploring Davao geothermal sites*" a portion of which is quoted hereunder:

"DAVAO CITY -- Aboitiz Power Corp. (AboitizPower) said it is exploring potential geothermal sites of about 20,000 hectares on the boundaries of Davao City, Davao del Sur and North Cotabato for power projects with a combined output of 200 megawatts (MW).

According to a company presentation over the weekend, a copy of which was obtained by BusinessWorld, the Energy department awarded AboitizPower subsidiary AP Renewables, Inc. exploration rights to two areas of about 10,000 hectares each.

One is between Mt. Talomo in Davao City and Tico, part of Magpet town in North Cotabato. The other area is on the boundary of Davao City and Davao del Sur near a hydroelectric project operated by another AboitizPower company, Hedcor, Inc.

The company added that it will ensure adequate protection for the environment, particularly Mt. Apo which is near the project sites. "We are committed to use modern technology to ensure that our geothermal plant does not harm the health of the people and cause the least adverse effect to the environment and the community," said Manuel M. Orig, AboitizPower first vice-president for Mindanao.

The company has not announced a timetable for the projects, but power projects usually run for four years. The company has been pushing for the implementation of the project to diversify its power portfolio.

...."

We clarify that AP Renewables, Inc. (APRI), is currently engaged in an information, education and communications campaign to inform the local and regional government officials, community leaders, indigenous peoples, and other stakeholders of the Company's development plan for the Kapatagan-Sibulan and Talomo-Tico geothermal concession areas. This campaign is part of the pre-development process for geothermal power projects.

The Department of Energy (DOE) awarded to APRI, a wholly-owned subsidiary of AboitizPower, the renewable energy service contracts for the two geothermal concession areas last December 2013. As previously disclosed, these projects are still in the early stages of pre-development. APRI has not started any technical or geothermal exploration activities at these two geothermal resource sites.

We trust you find the foregoing clarification to your satisfaction.

Very truly yours,

ABOITIZ POWER CORPORATION

By

A handwritten signature in black ink, appearing to read "M. Jasmine S. Oporto". The signature is written in a cursive, flowing style.

M. JASMINE S. OPORTO

Corporate Secretary