



January 16, 2009

**ATTY. PETE MALABANAN**

Head, Disclosure Department  
PHILIPPINE STOCK EXCHANGE  
4/F PSE Center, Exchange Road,  
Ortigas Center, Pasig City

Re: Clarification to news articles published on January 16, 2009

Dear Atty. Malabanan,

This has reference to your letter asking us to confirm the veracity of the information contained in the news articles about Aboitiz Power Corporation (AP) published last January 16, 2009:

1. "Aboitiz Power readies up to P3-B float" published in the *Philippine Daily Inquirer (Internet Edition)*, which reported, in part, that:

Aboitiz Power Corp. is preparing an offering of possibly up to P3 billion worth of five-year debt notes to finance acquisitions and entirely new energy projects, its parent company announced....

2. "Subic power plant construction deferred" published in the *Philippine Daily Inquirer (Internet Edition)* which reported, in part, that:

With power demand expected to slacken, Redondo Peninsula Energy Inc., a joint venture between Aboitiz Power Corp. and Taiwan Cogen International Corp. has suspended construction of a 300-megawatt coal-fired power plant in the Subic Bay Freeport Zone, northwest of Manila. Aboitiz Power president Erramon Aboitiz said..... The joint venture will review the cost of the project, which it had estimated at \$450-\$460 million, "because costs have come down," Aboitiz said. It will also assess demand in the Luzon power grid amid in the face of the global financial crisis, he added. "If growth is negative, we will probably think of delaying the project further," he said.

3. "Joint venture sets up units that may bid for power deals" published in the *BusinessWorld*, which reported, in part, that:

SN Aboitiz Power, Inc., the joint venture between listed power firm Aboitiz Power Corp. and SN Power of Norway, has set up three units in preparation for a possible bidding for the management of energy that the government buys from independent power producers. The Securities and Exchange Commission approved the incorporation of SN Power Cordillera, Inc., SN Aboitiz Power-Nueva Ecija, Inc. and SN Aboitiz Power-Pangasinan, Inc. on Tuesday...

In reply, we state the following:

1. As previously disclosed, AP is planning to issue retail bonds this year. However, the final amount to be raised as well as the terms and conditions of the issuance has not been determined yet as of this date. The proceeds of the retail bonds issuance will be used by AP to finance its planned acquisitions as well as for other general corporate purposes.

We would like to clarify further that AP raised a total of P3.89 billion, not P3.39 billion as reported, from the corporate notes it issued last December 2008. This information was likewise disclosed to the Exchange last December 2008.

2. We confirm that construction of the 300-megawatt coal plant of Redondo Peninsula Energy, Inc. (RP Energy) in the Subic Bay Freeport Zone (the "Subic coal project") is being deferred pending further review of the power demand in the Luzon Grid. AP and Taiwan Cogeneration International Corporation, AP's joint venture partner in RP Energy, will review again the Subic coal project in the middle of the year and decide whether or not to proceed with the construction of the power plant.

3. We confirm the incorporation of three new companies - SN Aboitiz Power-Cordillera, Inc., SN Aboitiz Power-Nueva Ecija, Inc. and SN Aboitiz Power-Pangasinan, Inc. - in joint venture with SN Power AS of Norway. The formation of these companies are in preparation for the bidding of independent power producer administration contracts by the Power Sector Assets and Liabilities Management Corporation. However, AP and SN Power have not made any definite decision on this regard.

We hope we have sufficiently clarified this matter.

Thank you.

Very truly yours,

**ABOITIZ POWER CORPORATION**

By



**M. JASMINE S. OPORTO**

Corporate Secretary