

April 20, 2009

MS. JANET A. ENCARNACION

Head, Disclosure Department
4/F The Philippine Stock Exchange, Inc.
PSE Centre, Exchange Road
Ortigas Center, Pasig City

Re: Clarification to April 20, 2009 BusinessWorld article

Dear Ms. Encarnacion,

This has reference to your letter asking us to confirm the veracity of the information contained in the April 20, 2009 *BusinessWorld* article entitled, "Investments body eyes perks for Aboitiz hydropower plant", a portion of which is quoted hereunder:

"OFFICIALS OF the Board of Investments have recommended granting perks to Aboitiz-owned Hedcor Sibulan, Inc.'s expansion of a hydroelectric plant in Davao del Sur. Hedcor Sibulan will be spending roughly P1 billion to add half a megawatt to the plant's capacity..."

Please be advised that numerous developments have occurred since the Sibulan Hydropower Project's (the "Project") registration with the Board of Investments (BOI) in December 2005, among them: (1) the revision in the Project's installed capacity from 42 MW to 42.5 MW as a result of by the higher turbine efficiency provided by the turbine supplier which became available only after the original application for registration of the Project was filed with the BOI, (2) the timetable of the completion of the Project, and (3) the estimated cost of the Project. These developments necessitate a request for revision in the terms of the grant of fiscal and non-fiscal incentives granted by BOI to Hedcor Sibulan, Inc. (Hedcor Sibulan) as a pioneer enterprise. Hedcor Sibulan filed such request with the BOI in September 2008.

The change in capacity and estimated project cost is, however, not a new development. In our past disclosures to the Exchange and to regulatory agencies (specifically our disclosure to the Exchange dated February 8, 2008), we have always mentioned that the Project has an installed capacity of 42.5 MW and is estimated to cost approximately ₱5 billion.

To date, Hedcor Sibulan has not received a notice of approval from the BOI of its request for extension of commencement of commercial operation and change in the Project's installed capacity from 42 MW to 42.5 MW.

We would also like to clarify that it is Hedcor Tamugan, Inc., another wholly owned subsidiary of Aboitiz Power Corporation, and not Hedcor Sibulan, which will undertake the 27.5 MW Tamugan hydropower project.

We hope that we have sufficiently clarified this matter.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION

By



M. JASMINE S. OPORTO
Corporate Secretary