

July 23, 2009

**MS. JANET ENCARNACION**

Head, Disclosure Department  
Philippine Stock Exchange, Inc.  
4th Floor, Philippine Stock Exchange Centre,  
Exchange Road, Ortigas Center,  
Pasig City

Re: Clarification to July 22, 2009 *BusinessMirror* (Internet Edition) article

Dear Ms. Encarnacion,

This has reference to your letter asking us to confirm the veracity of the information contained in the July 22, 2009 *BusinessMirror* (Internet Edition) article entitled, "Aboitiz Power still keen on Pagbilao, Sual", a portion of which is quoted hereunder:

*"...At the sidelines of a lunch briefing for select business reporters, Aboitiz Power Corp. senior vice president Luis Miguel Aboitiz said the firm is still very interested in rebidding for the Pagbilao and Sual power plants located in the provinces of Quezon and Pangasinan, respectively...In its first bidding exercise on June 26, Psalm rejected both offerings by San Miguel Energy Corp. (Smec), the energy firm of diversified conglomerate SMC, and Therma Luzon Inc., a unit of Aboitiz Power Corp. According to Psalm, the offers for the contracted capacities of 1,000-megawatt (MW) Sual and 700-MW Pagbilao plants came short of the reserve price...The source added, however, that should the second bidding process fail, it will enter into direct negotiations with the firms, but did not elaborate on this process...In June, Smec outbid its only competitor in the Sual facility after offering \$1 billion while Aboitiz submitted \$812.9 million. By contrast, the Aboitiz firm submitted \$648.9 million for the Pagbilao plant, topping Smec's offer of \$590 million..."*

Please be advised that further to previous disclosures of Aboitiz Power Corporation (AP) specifically the disclosure dated May 11, 2009, AP reiterates its continued interest in participating in the privatization program of PSALM, including Pagbilao and Sual Independent Power Producers Administrator (IPPAs) contracts. However, any decision to participate in a particular bidding or sale in any of these PSALM assets will have to be approved by the AP Board as they are bidded out from time to time.

We hope we have sufficiently clarified this matter.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION

By



**M. JASMINE S. OPORTO**

Corporate Secretary