



February 12, 2010

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 February 12, 2010 the *Philippine Daily Inquirer* article

Dear Ms. Encarnacion,

This refers to your letter requesting us to confirm the veracity of the information contained in the *Philippine Daily Inquirer* article dated February 12, 2010 entitled, " Aboitiz unit to set aside \$417M for hydro plants", a portion of which is quoted hereunder:

"HEDCOR INC. OF THE Aboitiz group plans to spend an initial \$417 million or about P18.8 billion for 21 proposed hydropower projects, government data showed...Hedcor plans to put up four hydroelectric power (HEP) projects in the Mountain Province, particularly in Tadian (Abit HEP); Bontoc (Mainit HEP); and Sabangan (Sabangan 1 and Sabangan 2 HEP)... "

We would like to clarify that the hydropower projects identified in the article are not definite projects to be undertaken, but are just potential hydropower projects that Hedcor, Inc., a wholly owned subsidiary of Aboitiz Power Corporation, had identified for exploration and preliminary assessment to determine their commercial viability under the renewable energy hydropower service contracts it signed with the Department of Energy (DOE). Thus, with the projects being still in the exploratory stage, the development cost or energy to be generated thereof have not yet been determined.

We hope we have sufficiently clarified this matter.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION

By

A handwritten signature in black ink that reads 'M. Jasmine S. Oporto'.

M. JASMINE S. OPORTO
Corporate Secretary