



May 18, 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 May 18, 2010 the *BusinessWorld* article

Dear Ms. Encarnacion,

This refers to your letter requesting us to confirm the veracity of the information contained in the *BusinessWorld* article dated May 18, 2010 entitled, "Aboitiz spending P17B to boost power generation", a portion of which is quoted hereunder:

"...Aboitiz Power Corp. has programmed P17.4 billion for capital expenditures this year and is eyeing P72 billion worth of greenfield projects to boost its energy generation portfolio. The capex of P17.4 billion will finance the ongoing implementation of some projects, expansion of existing plants, and acquisition of more assets from state-owned Power Sector Assets and Liabilities Management Corp., such as the Agus hydropower plant in Mindanao. It will also pursue the implementation of smaller hydropower projects. On top of these, Aboitiz Power President and Chief Executive Officer Erramon I. Aboitiz said the firm was looking at constructing two 150-megawatt coal-fired power projects in Mindanao, a coal plant in Subic, and several hydropower projects in Mindanao and Northern Luzon. These projects, estimated to cost a total of P72 billion, are expected to start by 2011... This year's capex will be financed by internal funds. Mr. Aboitiz said there were no plans to conduct any fund-raising activities this year "unless something unexpected comes along..."

This is to confirm that Aboitiz Power Corporation (AP) has allocated P17.4 billion as capital expenditures for its businesses as well as for the ongoing construction and rehabilitation of certain projects.

As previously disclosed to the Exchange, AboitizPower is planning to expand its current generation capacity through a combination of greenfield and brownfield projects, including participation in the public bidding for the remaining generation assets to be privatized by the Power Sector Assets and Liabilities Management Corporation. However, other than those previously disclosed to the Exchange, none of these projects have been finalized. Rest assured that AboitizPower is committed to disclosing details of all of its projects once they are finally decided and implemented.

We hope we have sufficiently clarified this matter.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION

By

M. JASMINE S. OPORTO
Corporate Secretary