

July 30, 2010

**MS. JANET A. ENCARNACION**  
Head, Disclosure Department  
Philippine Stock Exchange, Inc.  
Tower One and Exchange Plaza  
Ayala Triangle, Ayala Avenue,  
Makati City

Re: Clarification to July 29, 2010 *BusinessWorld Online* article

Dear Ms. Encarnacion,

This refers to your letter requesting us to confirm the veracity of the information relating to the Visayan Electric Company, Inc. (VECO) contained in the *BusinessWorld* article dated July 29, 2010 entitled, "Cebu power utility hikes rates under PBR scheme", a portion of which is quoted hereunder:

*"CEBU CITY – The Visayan Electric Co., Inc. (VECO) expects to raise its asset base by 15% as it enters the four-year regulatory period under the performance-based rate scheme (PBR). Consumption within its franchise area is also expected to increase by at least 3% this year, with peak demand projected at 346 megawatts, while electricity rates will be increased by 2.22% for wholesale power and 4.62% for general power effective July 1 until June 30, 2011...Based on figures approved by the Energy Regulatory Commission under the PBR, VECO is projected to increase its asset base by 15% to P7.689 million this year from P6.653 million last year...Among major investments in the next five years is the installation of a 37-kilometer Sangi-Naga 138-kilovolt (kV) line and a 138-kV switchyard, and 100-megavolts-ampere (MVA) substation to carry electricity to be supplied by new coal-fired power plants of Cebu Energy Development Corp. in Toledo..."*

This is to clarify that based on VECO's Performance Based Rate Making Application approved by the Energy Regulatory Commission, VECO is projected to increase its average regulatory asset base by 7% from ₱ 6.947 billion during the first regulatory year beginning July 1, 2010 to June 30, 2011, to ₱7.457 billion during the second regulatory year.

Other than the foregoing, the rest of the information contained in the article is correct.

We hope we have sufficiently clarified this matter.

Thank you.

Very truly yours,

**ABOITIZ POWER CORPORATION**  
By



M. JASMINE S. OPORTO  
Corporate Secretary