



March 28, 2011

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 March 28, 2011 *Philippine Daily Inquirer* news article

Dear Ms. Encarnacion:

This refers to your letter requesting us to confirm the veracity of the information contained in the *Philippine Daily Inquirer* news article dated March 28, 2011 entitled, "Aboitiz firm allots P49 B for 2011 capex", portions of which are quoted hereunder:

ABOITIZ EQUITY Ventures Inc. plans to allocate P49 billion for the capital expenditures of its various units this year, with the bulk to fund proposed coal power projects.

Stephen G. Paradies, senior vice president and chief financial officer of AEV, said in an interview that P46 billion of the budget would go to Aboitiz Power Corp.

"This is inclusive of the share of our partners in those power businesses where we have partners. So if you take just our proportionate shares of APC, it amounts to P24 billion," Paradies explained.

According to Paradies, the planned capex for APC would assume the construction of a 300-megawatt coal-fired power plant in Subic, together with the company's partner. APC, however, was considering to increase the capacity of the project to as much as 600 MW, which meant the project cost would rise.

Paradies said APC was targeting to raise as much as P51 billion in borrowings to specifically fund two power projects over the next few years.

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The planned borrowing for the Subic power project might either be P17 billion, if the company would pursue a 300-megawatt coal facility or P34 billion, should it decide to construct a 600-MW power plant.

We would like to confirm and clarify certain items in the article:

- (1) We confirm that the planned P46 billion capital expenditures allocated to Aboitiz Power Corporation (AboitizPower) is inclusive of the shares of AboitizPower's partners in its businesses where it has partners.
- (2) As previously disclosed in our clarificatory letter dated March 14, 2011, the P17-billion debt issue to fund a 300-megawatt coal-fired power plant in Subic Bay refers to the estimated external financing requirement for the entire project of Redondo Peninsula Energy, Inc., (RP Energy) where AboitizPower's beneficial share is 50%. The remaining 50% is owned by

AboitizPower's foreign partner, Taiwan Cogeneration International Corporation (Taiwan Cogen). Any increase in the planned debt borrowings to increase the capacity of the 300-megawatt coal-fired power plant will likewise be borne by AboitizPower and Taiwan Cogen in proportion to their beneficial share in RP Energy.

- (3) We confirm that AboitizPower also plans to raise an additional estimated P51 billion from lenders to fund the Subic and Davao coal projects which are projected to start within the year. This amount assumes the construction of a 600 MW Subic coal plant, instead of a 300 MW coal plant.

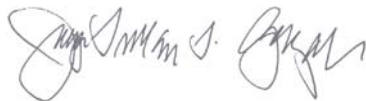
Other matters which we have confirmed in our clarificatory letter dated March 14, 2011 remain true. We hope we have sufficiently clarified this matter.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION

By:



JOSEPH TRILLANA GONZALES

Asst. Corporate Secretary

cc: **Philippine Dealing & Exchange Corp.**
Market Regulatory Services Group
Attn: **Ms. Ma. Concepcion M. Magdaraog**
Issuer Compliance and Disclosures Department