

December 9, 2011

**MS. JANET A. ENCARNACION**  
Head, Disclosure Department  
Philippine Stock Exchange, Inc.  
3<sup>rd</sup> Floor, Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

Re: Clarification to December 9-10, 2011 *BusinessMirror* news article

Dear Ms. Encarnacion,

This refers to your letter requesting us to confirm the veracity of the information contained in the *BusinessMirror* news article dated December 9-10, 2011 entitled, **“Davao mayor vetoes ordinance allowing coal-fired power plant”**, a portion of which is quoted hereunder:

*“DAVAO CITY – Citing studies of the damage coal-fired power plant could bring, Mayor Sara Duterte-Carpio junked the ordinance seeking for land reclassification for the establishment of the 300-megawatt plant in Barangay Binugao in Toril District in this city.*

*Duterte-Carpio said the project is prejudicial to the general welfare of the public, adding that she was “disturbed with the environmental and health implications resulting from the operation of the project.”*

*On November 15 the city council passed Ordinance 0200-11 Series of 2011 reclassifying the area for the proposed 300-megawatt coal-fired power plant project. The move was made upon the request of the Aboitiz Power Corp.*

*In her three-page message obtained by this writer, the mayor said: “The subject measure is hereby vetoed pursuant to Section 55 [a] of Republic Act 7160 on the ground that the same is prejudicial to the public welfare.”*

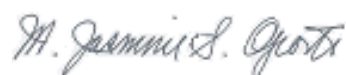
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We confirm that Aboitiz Power Corporation (the “Company”) was made aware of the veto by Mayor Sara Duterte-Carpio of Davao City Council’s ordinance approving the reclassification of the land area designated for the proposed Davao Coal power plant project of its wholly owned subsidiary, Therma South, Inc. (“TSI”). The Company has been advised by TSI that it is currently studying the impact of the mayor’s veto to the proposed implementation of the Davao Coal project and the available options to TSI. Rest assured that the Company will update the public of any developments regarding this project. In any case, the project currently is continuing its activities to complete all required approval processes as well as design development.

Thank you.

Very truly yours,

**ABOITIZ POWER CORPORATION**  
By



**M. JASMINE S. OPORTO**  
Corporate Secretary

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