

December 14, 2011

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

Re: Clarification to December 14, 2011 *BusinessWorld* news article

Dear Ms. Encarnacion,

This refers to your letter requesting us to confirm the veracity of the information contained in the *BusinessWorld* news article dated December 14, 2011 entitled, "Veto against Aboitiz plant reversed", a portion of which is quoted hereunder:

"DAVAO CITY – Aboitiz Power Corp. will be allowed to build its 300-megawatt, coal-fired power plant after all with the city council deciding on Monday to reverse a veto issued by Mayor Sara Z. Duterte-Carpio against the project.

Twenty-one of the 26 councilors voted to override Ms. Duterte-Carpio's decision against a land reclassification that would have allowed Aboitiz Power to put up its P25-billion plant. The council vote in effect affirms an ordinance that reclassified a lot in Barangay Binugao, Toril District from medium industrial zone to protected heavy industrial zone."

....

We hereby confirm that Aboitiz Power Corporation (the "AP" or "Company") has read the news article in the referenced newspapers. While AP and Therma South, Inc. (TSI), a wholly owned subsidiary of AP and the project company of the Therma South energy project, welcomed this new development as it affirms the suitability of the facility for Davao City, they have yet to receive a formal notification on the reversal of the veto of Mayor Sara Z. Duterte-Carpio on the reclassification of the land area designated for the proposed Therma South energy project. AP assures the public that it will comply with the highest standards in health, safety, and environmental protection throughout the development and operations of the Therma South energy project.

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