

July 23, 2012

**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 the July 23, 2012 *Inquirer.net* news article

Dear Ms. Encarnacion:

This refers to your letter requesting us to confirm the veracity of the information stated in the *Inquirer.net* article dated July 23, 2012 entitled, “Aboitiz Power tapping loans for 2 coal-fired power projects” which is quoted hereunder:

*Aboitiz Power Corp. expects to sign by early next year two loan agreements that will help finance two crucial coal-fired power plants—one in Luzon and the other in Mindanao—worth a total of \$1.82 billion (about P78 billion).*

*In an e-mail to the Inquirer, APC chief financial officer Iker Aboitiz said one of the loans would be used for the construction of the 600-megawatt coal facility in Subic, which the company is undertaking with power distributor Manila Electric Co. (Meralco) and Taiwan Cogeneration through Redondo Peninsula Energy Inc. (RP Energy).*

*According to Aboitiz, the total budgeted capital expenditure for the Subic power project was \$1.1 billion, of which 75 percent will be funded through non-recourse financing while the remaining 25 percent will be funded through equity infusion.*

*Co-lead arrangers for the planned financing are First Metro, BDO Capital and PNB Capital, he added.*

*In the meantime, the total budget for the 300-MW coal-fired power plant in Davao, which APC is undertaking through a wholly owned subsidiary Therma South Inc., was \$720 million. The amount will similarly be funded through a 75 percent non-recourse financing, of which the lead arranger is BDO Capital, and 25 percent in equity infusion.*

*All the loans will be signed and undertaken at the project company level, according to Aboitiz.*

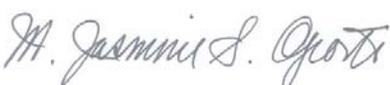
We confirm that Aboitiz Power Corporation (“AboitizPower”) was made aware of the financing options that will be availed of by Redondo Peninsula Energy Inc. (RP Energy) and Therma South Inc. (TSI). RP Energy informed AboitizPower of the arrangements it has made to secure funding for its Subic power project, while TSI has similarly advised AboitizPower of its intended loan requirements for the Davao coal project. Rest assured that the public will be advised by AboitizPower of further details, once the arrangements for the financing are finalized by RP Energy and TSI.

We trust the foregoing is to your satisfaction.

Very truly yours,

**ABOITIZ POWER CORPORATION**

By:



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