

March 14, 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 12, 2011 *The Philippine Star* news article

Dear Ms. Encarnacion:

This refers to your letter requesting us to confirm the veracity of the information contained in the *The Philippine Star* news article dated March 12, 2011 entitled, "Aboitiz group to raise P40 B from debt sale ", portions of which are quoted hereunder:

"Aboitiz Equity Ventures, Inc. plans to raise at least P39.5 B (\$900 Million) from debt sales this year to fund capital expenditures and refinance maturing debt, a company official said yesterday.

*...
The group's power arm, Aboitiz Power Corporation, is considering a P17-billion debt issue to fund a 300-megawatt coal-fired in Subic Bay...*

*...
Another 300-megawatt coal fired power plant in the southern province of Davao would also require about P17 billion...*

*...
Aboitiz Power (AP) would also seek to raise a separate P3.4 billion for debt financing.*

*...
The group's unlisted food units, Pilmico Foods Corp. and Pilmico Animal Nutrition Corp. were expected to raise P2.1 billion..."*

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

- (1) The planned borrowings will not be directly availed by Aboitiz Equity Ventures, Inc. (AEV) itself, but by its power and food subsidiaries, Aboitiz Power Corporation (AboitizPower) and Pilmico Foods Corporation (Pilmico), and their respective subsidiaries.
- (2) 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), a joint venture with Taiwan Cogeneration International Corporation. AboitizPower's beneficial share in the project is 50%.
- (3) We confirm that AboitizPower plans to raise an estimated P17 billion from lenders to fund the wholly owned Davao Coal Project.
- (4) We also confirm that wholly owned Pilmico and its subsidiary, Pilmico Animal Nutrition Corporation (PANC), plan to raise approximately P2.1 billion to fund expansion projects.
- (5) AboitizPower, on its own, is also planning to raise P3.5 billion to refinance its maturing debt.

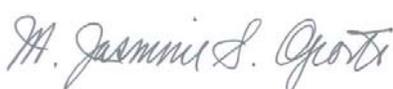
We hope we have sufficiently clarified this matter.

Thank you.

Very truly yours,

ABOITIZ EQUITY VENTURES, INC.

By



M. JASMINE S. OPORTO
Corporate Secretary