

**Trading & Settlement Operating Guidelines
ABOITIZ POWER CORPORATION
Fixed Rate Bonds due 2012 and 2014**

1. Coverage

1.1. These Trading and Settlement Guidelines (Guidelines) shall apply to trades on the following securities (“Bonds”) of Aboitiz Power Corporation (“AP” or the “Issuer”) upon their listing on the Philippine Dealing & Exchange Corp. (PDEX):

1.1.1. AP Fixed Rate Bonds due 2012 (“AP 3-Year Bonds”)

1.1.2. AP Fixed Rate Bonds due 2014 (“AP 5-Year Bonds”)

1.2. A PDEX Trading Participant that trades on the Bonds shall be bound by these Trading and Settlement Operating Guidelines for the Bonds (Guidelines), the Trading Conventions for Fixed Income Securities in the Public Market (PDEX Trading Conventions), and the PDEX Rules.

2. Pricing Convention. Quotations for the Bonds shall be expressed in terms of Clean Price (i.e., price without accrued interest), exclusive of any applicable withholding tax.

2.1.1. AP 3-Year Bonds. The Bonds shall be priced based on the Maturity Date.

2.1.2. AP 5-Year Bonds

2.1.2.1. Amended Payment Dates for the AP 5-Year Bonds. In accordance with the Terms and Conditions of the Bonds:

2.1.2.1.1. The Optional Redemption Date is on April 30, 2012.

2.1.2.1.2. The 20th Interest Payment Date is on April 30, 2014, and shall be calculated on the basis of a 90-day quarter.

2.1.2.1.3. The Maturity Date/Final Redemption Date is on May 1, 2014, on which date the final redemption amount and one (1) day accrued interest shall be payable.

2.1.3. The Bonds shall be set up in the Trading System based on the 20th Interest Payment Date (i.e., April 30, 2014) as the System Maturity Date. For avoidance of doubt, the setting up of the 20th Interest Payment Date as the System Maturity Date is done solely for the purpose of ensuring the accurate calculation of accrued interest for each trade executed in the Trading System, and shall not affect the

Maturity Date (i.e., May 1, 2014) of the AP 5-Year Bonds in accordance with the terms and conditions of the AP 5-Year Bonds. The Trading System shall display an implied Yield to the 20th Interest Payment Date.

3. **Day Count Standard.** The day count standard shall be 30E/360 ISMA.

4. **Series Names in Trading System.** There shall be two (2) series names for each of the Bonds in the corporate securities board of the Trading System. The two (2) series names for each of the Bonds are being made available solely for settlement value computation purposes, and should not be construed as two (2) separate tranches or series nor as separate securities.
 41. **Tax-Withheld Series Names** - the settlement value of a done trade on this series name shall be computed on a tax-withheld basis, based on a withholding tax rate of 20%.
 - 41.1. AP 3-Year Bonds - “AP 04-12”
 - 41.2. AP 5-Year Bonds - “AP 14 R12”
 42. **No Withholding Tax (NWT) Series Names** - suffix “NWT” indicates that the settlement value of a done trade on this series name shall be computed on a no tax-withheld basis.
 - 42.1. AP 3-Year Bonds - “AP 04-12-NWT”
 - 42.2. AP 5-Year Bonds - “AP 14 R12-NWT”
 43. The main series names “AP 04-12” and “AP 14 R12” provides a description of the following information regarding the securities:
 - 43.1. Issuer Symbol - AP
 - 43.2. Maturity Month - 04 (i.e., April)
 - 43.3. Maturity Year - 12 and 14 (i.e., 2012 and 2014)
 - 43.4. Optional Redemption Year - R12 (i.e., redeemable in 2012)

5. **Trading Mechanics**
 - 5.1. **Tax-Withheld Series Name**
 - 5.1.1. Orders for the account of tax-withheld investors and Dealing Participants trading for their own proprietary position shall be dealt using the tax-withheld series name.
 - 5.1.2. Market Making Participants (Market Makers) shall post prices using the tax-withheld series name.
 - 5.2. **No Withholding Tax Series Name.** Orders for the account of investors not subject to withholding tax shall be dealt using the no-withholding tax series name.

6. **Responsibilities of Trading Participants with Respect to the Bonds**
 - 6.1. A Trading Participant shall determine the suitability of each buyer and ensure that it fully understands the risks involved in investing in the Bonds.



7. Trading Break during Record Period.

7.1. In accordance with PDEX Trading Conventions, there shall be a trading break during the Record Period for the Bonds.

7.2. For clarity, the Record Period shall be the period from and including the Record Date to and including one business day prior to the Interest Payment Date. The Record Date for the Bonds is the **eighth (8th) banking day preceding the relevant Interest Payment Date.**

8. Restrictions on Transfers. In accordance with the Terms and Conditions of the Bonds, Bondholders may transfer Bonds anytime, regardless of tax status of the transferor vis-à-vis the transferee.

8.1. Should a transfer between Bondholders of different tax status occur on a day which is not an Interest Payment Date, tax-exempt entities trading with tax-paid entities shall be treated as tax-paid entities for the interest period within which such transfer occurred.

9. Settlement Policy for Corporate Securities Transactions.

All corporate security transactions executed on the PDEX Trading System shall be settled through the Expanded Delivery-versus-Payment (eDvP) System in accordance with the PDEX Rules.