

May 31, 2007

ATTY. PETE MALABANAN

Head, Disclosure Department
PHILIPPINE STOCK EXCHANGE
4/F PSE Center, Exchange Road,
Ortigas Center, Pasig City

Re: Clarification to May 31, 2007 BusinessWorld article

Dear Atty. Malabanan,

This has reference to your letter asking us to confirm the veracity of the information contained in the May 31, 2007 BusinessWorld article entitled, "Aboitiz to secure bank financing for power plants", a portion of which is quoted hereunder:

"Aboitiz Equity Ventures (AEV), the holding company of the Aboitiz family, plans to put up two greenfield plants in Davao by 2010 through its power subsidiary, Aboitiz Power Corp., AEV First Vice-President Luis Miguel O. Aboitiz told reporters. "We're in discussions with local banks for a syndicated loan to finance the two projects and the amount is still under discussion," he said. Company estimates show that the two projects, which have a combined capacity of 72 megawatts, would cost around ₱8 billion to ₱9 billion. One plant, with a capacity of 42 megawatts will be put up in Sibulan in Davao by 2009 while a 30-MW facility will be put up in Tamugan, also in the province, by 2010. The company hopes to start construction of the Sibulan plant within the month. For the Tamugan plant, it hopes to start construction by next year...x x x"

We hereby confirm that AEV is in discussions with local banks for a syndicated loan to partly finance the construction of two new hydropower plants in Davao. The rest of the statements in the article are basically reiterations of the previous disclosures we made to the Exchange and the Securities and Exchange Commission.

We hope we have sufficiently clarified this matter.

Thank you.

Very truly yours,

(Original signed)
M. JASMINE S. OPORTO
Corporate Secretary