

May 16, 2007

ATTY. PETE MALABANAN

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

Re: Clarification to May 15, 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 15, 2007 BusinessWorld article entitled, "Aboitiz holding firm eyes more power investments", a portion of which is quoted hereunder:

"Aboitiz Equity Ventures, Inc. (AEV) is looking to expand its presence in the electricity sector and is considering power generation investments of up to P20 billion over the next three years. AEV Chief Operating Officer Erramon I. Aboitiz told BusinessWorld that the holding firm of the Aboitiz family plans to actively participate in the privatization of state-owned National Power Corp.'s (Napocor) assets and develop additional power projects... Among the Napocor assets AEV is interested in, he said, are the 600-megawatt Masinloc in Zambales province, and the 100-MW Binga and the 75-MW Ambuklao hydropower plants in Benguet... In Mindanao, AEV is building two hydroelectric plants with a capacity of 72 MW. In the next few years, it is looking at investing in a coal plant. In Visayas, meanwhile, the company is studying the possibility of additional capacity through a coal-fired power plant...x x x"

We hereby confirm the veracity of the foregoing news article which is basically a reiteration of the previous disclosures we made to the Exchange and in the registration statement of Aboitiz Power Corporation filed with the Securities and Exchange Commission and the Exchange.

We hope we have sufficiently clarified this matter.

Thank you.

Very truly yours,

(Original signed)

LEAH I. GERALDEZ

Assistant Corporate Secretary