

April 30, 2007

ATTY. PETE MALABANAN

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

Re: Clarification to April 27, 2007 Philippine Star article

Dear Atty. Malabanan,

This has reference to your letter which we received today asking us to confirm the veracity of the information contained in the April 27, 2007 Philippine Star article entitled, "Aboitiz Power to spend P8B over 2 years for expansion", a portion of which is quoted hereunder:

"Aboitiz Power Corp., the holding firm for all power generation and distribution assets of the Aboitiz group is setting aside P8 billion until next year for its subsidiaries' expansion projects as well as its working capital requirements. In a registration statement filed with the Securities and Exchange Commission, Aboitiz Power said it is spending P2.68 billion for its capital expenditures this year and the balance of P5.33 billion for next year. Bulk of the programmed capital budget will go to the group's proposed Sibulan facility, which will consist of two mini-hydroelectric plants in southwest Davao with a combined generating capacity of 42.5 megawatts (MW). The project, slated for completion in 2009, is estimated to cost P5 billion, to be financed by a mix of debt and equity contributions. Other projects of the group include the P4.2 billion Tamugan-Suawan hydropower plants with a combined generating capacity of 30.5 MW, which are expected to be completed in 2010x x x"

We hereby confirm the veracity of the said news article which is based on the registration statement for the common shares of Aboitiz Power Corporation (APC) filed with the Securities and Exchange Commission and the Philippine Stock Exchange last April 25, 2007.

We would like to add that the acquisition by APC of ownership interests in the companies mentioned in the last paragraph of the news article, namely, Davao Light and Power Company Inc., Visayan Electric Company, Inc., Hijos de F. Escano Inc., Cotabato Light and Power Company, Subic Enerzone Corporation, San Fernando Electric Light and Power Co. Inc., Pampanga Energy Ventures Inc. and Aboitiz Energy Solutions, Inc., is still pending approval before the Securities and Exchange Commission.

We hope that we have sufficiently clarified your query.

Thank you.

Very truly yours,

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