

May 24, 2007

ATTY. PETE MALABANAN

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

Re: Clarification to May 24, 2007 BusinessMirror article

Dear Atty. Malabanan,

This has reference to your letter asking us to confirm the veracity of the information contained in the May 24, 2007 BusinessMirror article entitled, "AEV ups capex to ₱6.9B, mostly for power", a portion of which is quoted hereunder:

"CEBU-based conglomerate Aboitiz Equity Ventures, a publicly-traded company, has raised its capital expenditure program this year to ₱6.9 billion from ₱2 billion a year earlier... president and chief executive Jon Ramon Aboitiz said a large portion of the capex would go to its power business, which is the group's leading income provider...x x x"

The AEV group's total capital expenditure (capex) budget for 2007 is approximately P9.5bn, which includes both investment capex and regular operating capex.

The largest share of this is allocated to our power businesses, and includes Aboitiz Power Corporation's equity share in the acquisition of the 360MW Magat hydroelectric plant last April 25, as well as this year's construction budget for the new 43 MW Sibulan hydroelectric plant in Davao.

Our power distribution group also has a certain amount of operating capex, which includes upgrading of its transmission and distribution infrastructure across its various utilities.

The food sector has some capacity expansion projects ongoing, while the transport group will also incur its usual annual operating capex.

We hope we have sufficiently clarified this matter.

Thank you.

Very truly yours,

(Original signed)

LEAH I. GERALDEZ

Assistant Corporate Secretary