COVER SHEET

CEO2536

S.E.C. Registration Number

ABOITIZ EQUITY VENTURES INC.

(Company's Full Name)

ABOITIZ CORPORATE CENTER
GOV. MANUEL A. CUENCO AVE.
KASAMBAGAN, CEBU CITY

(Business Address: No. Street City / Town / Province)

LEAH I. GERALDEZ

Contact Person

(032) 411-1804

Company Telephone Number

Preliminary Information Statement 2009

1 2	3 1
Month	*Day*

Fiscal Year

20-IS

FORM TYPE

0 5	1 8
Month	*Day*

Annual Meeting

Secondary License Type, if Applicable

SEC

Dept. Requiring this Doc

Amended Articles Number/Section

Total No. of Stockholders

X

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

NOTICE AND AGENDA OF THE MEETING

ABOITIZ EQUITY VENTURES, INC.
Aboitiz Corporate Center,
Gov. Manuel A. Cuenco Avenue
Kasambagan, Cebu City 6000, Philippines

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

NOTICE is hereby given that the Annual Meeting of the Stockholders of **ABOITIZ EQUITY VENTURES, INC.,** will be held on May 18, 2009 at 4:00 p.m. at the Grand Ballroom of the Cebu City Marriott Hotel, Cebu Business Park, Cebu City.
.
The Agenda of the meeting is as follows:

1. Call to Order
2. Proof of Notice of Meeting
3. Determination of Quorum
4. Reading and Approval of the Minutes of the Previous Stockholders' Meeting held last May 19, 2008
5. Presentation of the President's Report
6. Approval of the 2008 Annual Report and Financial Statements
7. Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers and Management in 2008 up to May 18, 2009
8. Delegation of the Authority to Elect the Company's External Auditors for 2009 to the Board of Directors
9. Approval of the Directors' Compensation and Per Diem for 2009
10. Approval of the Proposed Amendments to the Company's Articles of Incorporation Increasing the Number of Directors from Seven to Nine
11. Renewal of the Delegated Authority to the Board of Directors the Power to Amend/Repeal the Company's By-laws or adopt new By-laws
12. Election of the Members of the Board of Directors (including two additional Directors)
13. Other Business
14. Adjournment

Only stockholders of record at the close of business on April 8, 2009 are entitled to notice and to vote at this meeting. Registration will start at 2:00 p.m. and will end at 4:00 p.m. Kindly present any proof of identification, such as driver's license, passport, company I.D. or SSS/GSIS I.D. Aside from personal identification, representatives of corporate stockholders and other entities should also present a duly sworn Secretary's Certificate or a similar document showing his or her authority to represent the corporation or entity.

Should you be unable to attend the meeting, you may want to execute a proxy in favor of a representative. In accordance with the amended By-Laws of the Corporation, proxies must be presented to the Secretary for inspection, validation and record at least seven (7) days prior to the opening of the stockholders' meeting. We enclose a proxy form for your convenience.

For those unable to attend the Stockholders' Meeting in Cebu, a Stockholders' Briefing will be conducted in Manila on May 20, 2009, 4:00 p.m., at the Mandarin Ballroom, Mandarin Oriental Hotel, Makati City.

For the Board of Directors.

M. Jasmine S. Oporto

M. JASMINE S. OPORTO
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [✓] Preliminary Information Statement
   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter ABOITIZ EQUITY VENTURES, INC.

3. Cebu, Philippines
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number CEO2536

5. BIR Tax Identification Code 003-828-269-V

6. Aboitiz Corporate Center, Gov. Manuel A. Cuenco Avenue, Kasambagan, Cebu City, Philippines
   Address of principal office Postal Code 6000

7. Registrant's telephone number, including area code (032) 411-1800

8. 18 May 2009, 4 o'clock p.m., Grand Ballroom, Cebu City Marriott Hotel, Cebu Business Park, Cebu City, Cebu
   Date, time and place of the meeting of security holders

9. Approximate date when the Information Statement is first to be sent or given to security holders 24 April 2009

10. In case of Proxy Solicitations: NA

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the Revised Securities Act (information on number of shares and amount of debt is applicable only to corporate registrants):

Authorized Capital Stock: ₱10,000,000,00

Title of Each Class	Par Value	No. of Shares	Authorized Capital Stock
Common	₱1.00	9,600,000,000	₱9,600,000,000.00
Preferred	₱1.00	400,000,00	₱400,000,000.00
Total			₱10,000,000,000.00

No. of Common Shares Outstanding
as of 31 January 2009 5,694,599,621

Amount of Debt Outstanding
as of 31 December 2008 18,512,674,180

12. **Are any or all of registrant's securities listed on a Stock Exchange?**

Yes <u>X</u> No ____

The common stock of the Corporation is listed on the Philippine Stock Exchange.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of annual stockholders' meeting

Date of meeting	:	**18 May 2009**
Time of meeting	:	**4 o'clock p.m.**
Place of meeting	:	**Grand Ballroom, Cebu City Marriott Hotel, Cebu Business Park, Cebu City**
Approximate mailing date of this statement	:	**24 April 2009**
Complete mailing address of the principal office of the registrant	:	**Aboitiz Corporate Center Gov. Manuel A. Cuenco Avenue Kasambagan, Cebu City 6000 Philippines**

Item 2. Dissenter's Right of Appraisal

There are no matters or proposed actions included in the Agenda of the Meeting that may give rise to a possible exercise by stockholders of their appraisal rights. Generally, however, the stockholders of Aboitiz Equity Ventures, Inc. (hereinafter referred to as "AEV" or the "Company" or the "Registrant") have the right of appraisal in the following instances: (a) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and (c) in case of merger or consolidation.

Any stockholder who wishes to exercise his appraisal right must have voted against the proposed corporate action. He must also make a written demand on AEV within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares. Failure to make the demand within such period shall be deemed a waiver of such appraisal right. If the proposed corporate action is implemented or effected, AEV shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof, as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If, within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and AEV cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by AEV, and the third by the two thus chosen. The findings of the majority of the appraiser shall be final, and their award shall be paid by AEV within thirty (30) days after such award is made. No payment shall be made to any dissenting stockholder unless AEV has unrestricted retained earnings in its books to cover such payment. Upon payment by AEV of the agreed or awarded price, the stockholder shall forthwith transfer his shares to AEV.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

(a.) No current director or officer of AEV, or nominee for election as director of AEV or any associate of any of the foregoing persons has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the stockholders' meeting, other than election to office.

(b.) No director has informed AEV in writing that he intends to oppose any action to be taken by AEV at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Class of Voting Shares as of 31 January 2009:

Class of Voting Shares	No. of Shares Entitled to Vote
Common Shares	**5,694,599,621**

Every stockholder shall be entitled to one vote for each share of stock held as of the established record date.

(b) Record Date: 8 April 2009

All stockholders of record as of 8 April 2009 are entitled to notice and to vote at AEV's Annual Stockholders' Meeting.

(c) Election of Directors and Cumulative Voting Rights

With respect to the election of directors, a stockholder may vote such number of shares for as many persons as there are directors to be elected. He may also cumulate said shares and give one candidate as many votes as the number of directors to be elected, or distribute the shares on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by the stockholder shall not exceed the total number of shares owned by him as shown in the books of AEV multiplied by the whole number of directors to be elected.

Article 1 Section 5 of the amended By-Laws of AEV provides that voting upon all questions at all meetings of the stockholders shall be by shares of stock and not per capita. Likewise, Section 6 of the same Article states that stockholders may vote at all meetings either in person or by proxy duly given in writing and presented to the Secretary for inspection, validation and record at least seven (7) days prior to the opening of said meeting. A proxy bearing a signature that is not legally acknowledged shall not be recognized by the Secretary.

Section 1, Article II of the amended By-Laws provides that nominations for election of members of the Board of Directors by stockholders must be submitted in writing to the Board of Directors no later than five (5) working days prior to the date of the regular annual stockholders' meeting, except as may be provided by the Board of Directors in appropriate guidelines that it may promulgate from time to time in compliance with law.

No discretionary authority to cumulate votes is solicited.

(d) No proxy solicitation is being made.

(1) Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners (more than 5%) as of 31 January 2009

Title of Class	Name/Address of Stockholder and Beneficial Owner	Relationship with AEV	Citizenship	No. of Shares and Nature of Ownership (Record or Beneficial)	Percent of Class
Common	**1. Aboitiz and Company, Inc.**[1] Aboitiz Corporate Center Gov. Manuel A. Cuenco Avenue, Kasambagan, Cebu City 6000	Stockholder	Filipino	2,476,022,415 (Record)	43.48%
Common	**2. PCD Nominee Corp.**	Stockholder	Filipino	630,399,488 (Record)	11.07%
Common	**3. PCD Nominee Corp.**	Stockholder	Non-Filipino	513,520,253 (Record)	9.02%
Common	**4. Ramon Aboitiz Foundation, Inc.**[2] 35 Lopez Jaena St., Cebu City	Stockholder	Filipino	420,915,863 (Record)	7.39%

Aboitiz and Company, Inc. (ACO) is a corporation wholly owned by the Aboitiz family. No single stockholder, natural or juridical, owns five per centum (5%) or more of the shareholdings of ACO.

[1] Mr. Erramon I. Aboitiz, ACO President and Chief Executive Officer, will vote the shares of ACO in AEV in accordance with the directive of the ACO Board of Directors.

[2] Mr. Roberto E. Aboitiz, President of the Ramon Aboitiz Foundation, Inc. (RAFI), will vote the shares of RAFI in AEV in accordance with the directive of the RAFI Board of Trustees.

(2) Security Ownership of Management as of 31 January 2009 (Record and Beneficial)

Name of Beneficial Owner and Position	Title of Class	No. of Shares and Nature of Ownership (Record or Beneficial)		Citizenship	Percentage of Ownership
Jon Ramon Aboitiz Chairman, Board of Directors	Common	4,648	Record	Filipino	0.00%
		106,982,769	Beneficial		1.88%
Erramon I. Aboitiz President and Chief Executive Officer	Common	1,000	Record	Filipino	0.00%
		51,779,484	Beneficial		0.91%
Enrique M. Aboitiz Jr. Director	Common	1,190,025	Record	Filipino	0.02%
Roberto E. Aboitiz Director	Common	2,489,548	Record	Filipino	0.04%
		91,528,384	Beneficial		1.61%
Justo A. Ortiz Director	Common	1	Record	Filipino	0.00%
Roberto R. Romulo Independent Director	Common	100	Record	Filipino	0.00%
Jose C. Vitug Independent Director	Common	100	Record	Filipino	0.00%
		72,020	Beneficial		0.00%
Stephen G. Paradies Senior Vice President/Chief Financial Officer/Corporate Information officer	Common	22,380,003	Beneficial	Filipino	0.39%
Juan Antonio E. Bernad Senior Vice President	Common	730,351	Record	Filipino	0.01%
Xavier Jose Aboitiz Senior Vice President – Chief Human Resources Officer	Common	1,998,236	Record	Filipino	0.04%
		7,138,474	Beneficial		0.13%
Mikel A. Aboitiz Senior Vice President/Chief Information Officer/Chief Strategy Officer	Common	979,548	Record	Filipino	0.02%
		86,283,132	Beneficial		1.52%
Gabriel T. Mañalac Senior Vice President – Group Treasurer	Common	10,000	Record	Filipino	0.00%
Luis Miguel Aboitiz First Vice President	Common	20,092,133	Record	Filipino	0.35%
M. Jasmine S. Oporto First Vice President – Chief Legal Officer/Corporate Secretary/Compliance Officer	Common	2,000	Record	Filipino	0.00%
Horacio C. Elicano First Vice President and Chief Technology Officer	Preferred	2,000	Record	Filipino	0.00%
Melinda R. Bathan Vice President – Controller	Common	12,829	Record	Filipino	0.00%
Narcisa S. Lim Vice President – Human Resources	Common	2,520	Record	Filipino	0.00%
Joseph Trillana T. Gonzales Vice President – Legal	Common	7,000	Record	Filipino	0.00%
Caroline G. Ballesteros Assistant Vice President – Branding & Corporate Communications	N/A	0	N/A	Filipino	0.00%

Stella R. Sucalit Assistant Vice President – Corporate Finance	N/A	0	N/A	Filipino	0.00%
Carmela I. Naranjilla Assistant Vice President – Investor Relations	Common	4,680	Record	Filipino	0.00%
Leah I. Geraldez Assistant Vice President – Legal/Assistant Corporate Secretary	Common	5,000	Record	Filipino	0.00%
Julie Ann T. Diongzon Assistant Vice President – Treasury	N/A	0	N/A	Filipino	0.00%
Iris Louise R. Dorado Assistant Vice President – Audit	N/A	0	N/A	Filipino	0.00%
Ma. Kristina V. Rivera Assistant Vice President – Human Resources	N/A	0	N/A	Filipino	0.00%
Geraldine Polanco-Onganon Assistant Vice President – Human Resources	N/A	0	N/A	Filipino	0.00%
Christopher M. Camba Assistant Vice President – Human Resources	N/A	0	N/A	Filipino	0.00%
TOTAL		**393,695,985**			**6.91%**

(3) Voting Trust Holders of 5% or More of Common Equity

No person holds more than five per centum (5%) of AEV's common equity under a voting trust or similar agreement.

(4) Changes in Control

There are no arrangements that may result in a change in control of AEV during the period covered by this report.

Item 5. Directors and Executive Officers

(a) (1) Directors for 2008-2009

Below is a list of AEV's directors for 2008-2009 with their corresponding positions and offices held for the past five years. The directors assumed their directorship during AEV's annual stockholders' meeting in 2008, for a term of one year.

JON RAMON ABOITIZ, Chairman of the Board

Mr. Jon Ramon Aboitiz, 60 years old, Filipino, has served as Chairman of AEV since January 2009. He was President and Chief Executive Officer of the Company from 1994 until January 2009. He is also Chairman of the Board of Directors of Aboitiz and Company, Inc., Aboitiz Power Corporation, Aboitiz Energy Solutions, Inc., Philippine Hydropower Corporation, Aboitiz Jebsen Bulk Transport Corporation and Aboitiz Transport System (ATSC) Corporation; Chairman and Chief Executive Officer of Davao Light & Power Company, Inc.; Vice Chairman of the Board of Directors of Union Bank of the Philippines and Visayan Electric Company, Inc.; Director of San Fernando Electric Light and Power Company, Inc., Cotabato Light & Power Company, Hijos de F. Escano, Inc., City Savings Bank and Cotabato Ice Plant, Inc.; Chairman of the Board of Trustees of Aboitiz Foundation, Inc. and Trustee of the Ramon Aboitiz Foundation, Inc. He graduated with a degree of Bachelor of Science in Commerce major in Management from the University of Santa Clara, California, U.S.A.

ERRAMON I. ABOITIZ, Director and President/Chief Executive Officer

Mr. Erramon I. Aboitiz, 52 years old, Filipino, has served as President and Chief Executive Officer of AEV since January 2009. He has been a Director of AEV since 1994 and was its Executive Vice President and Chief Operating Officer from 1994 to January 2009. He is also President and Chief Executive Officer of Aboitiz and Company, Inc., Aboitiz Power Corporation, Hedcor, Inc. and Philippine Hydropower Corporation; Chairman of the Board of Directors of Pilmico Foods Corporation, San Fernando Electric Light and Power Company, Inc., City Savings Bank, Cotabato Light & Power Company, Balamban Enerzone Corporation, Mactan Enerzone Corporation, Subic Enerzone Corporation, SN Aboitiz Power-Magat, Inc., SN Aboitiz Power-Benguet, Inc., and Pilmico Animal Nutrition Corporation (formerly, Fil-Am Foods, Inc.); Director of AP Renewables, Inc., Aboitiz Land Inc., Union Bank of the Philippines, Visayan Electric Company, Inc., Davao Light & Power Company, Inc., Southern Philippines Power Corporation, Aboitiz Energy Solutions, Inc., and President and Trustee of Aboitiz Foundation, Inc. He received a Bachelor of Science degree in Business Administration, major in Accounting and Finance from Gonzaga University, Spokane, U.S.A.

ROBERTO E. ABOITIZ, Director

Mr. Roberto E. Aboitiz, 59 years old, Filipino, has been a Director of AEV since 1994. He served as Chairman of AEV from 2005 until January 2009. He is concurrently a Director and Senior Vice President of Aboitiz and Company, Inc.; Chairman and Chief Executive Officer of Aboitiz Construction Group, Inc., FBMA Marine, Inc. and Aboitiz Land, Inc.; Chairman of the Board of Directors of Cebu Industrial Park Developers, Inc. and Cebu Industrial Park Services, Inc.; Director of City Savings Bank, Cotabato Light & Power Company, Davao Light & Power Company, Inc., Tsuneishi Heavy Industries (Cebu), Inc., and Visayan Electric Company, Inc. He graduated from Ateneo de Manila University with a Bachelor of Arts degree in Behavioral Science.

ENRIQUE M. ABOITIZ, JR., Director

Mr. Enrique M. Aboitiz, Jr., 55 years old, Filipino, has served as Director of AEV since 1994. He is also Director and Senior Vice President of Aboitiz and Company, Inc; Director and President/Chief Executive Officer of Aboitiz Transport System (ATSC) Corporation; Director and President of Aboitiz Jebsen Bulk Transport Corporation, EMS Crew Management Philippines, Inc., Jebsens Maritime, Inc.; Chairman of Filscan Shipping Inc., General Charterer Inc., Overseas Bulk Transport, Inc. and Viking International Carriers, Inc.

JUSTO A. ORTIZ, Director

Mr. Justo A. Ortiz, 51 years old, Filipino, has served as Director of AEV since 1994. He is also Chairman and Chief Executive Officer of Union Bank of the Philippines. Prior to his stint in UBP, he was Managing Partner for Global Finance and Country Executive for Investment Banking at Citibank N.A. He graduated Magna Cum Laude with a degree in Economics from Ateneo de Manila University and completed his Masteral units in Business Administration in the same university.

ROBERTO R. ROMULO, Independent Director

Mr. Roberto R. Romulo, 70 years old, Filipino, has served as Independent Director of AEV since 2002. He is Chairman of Philam Insurance Co., Inc., APEC Business Advisory Council Philippines, PETNET, Inc., Zuellig Foundation and Romulo Asia Pacific Advisory, Inc. He is Executive Director of the International Board of Advisors of President Gloria Macapagal Arroyo; Director of Philippine Long Distance Telephone Co., Singapore Land Limited, and MIH Holdings Limited. He graduated from Georgetown University in 1960 with a Bachelor of Arts in Political Science and completed his Bachelor of Laws degree in 1964 from Ateneo de Manila University.

JOSE C. VITUG, Independent Director

Justice Jose C. Vitug (ret.), 74 years old, Filipino, has served as Independent Director of AEV since 2005. He is Professor Emeritus at the Philippine Judicial Academy, Supreme Court of the Philippines; Chairman of the Philippine Stock Exchange; Management Consultant/ General Counsel of the Manila Electric Company; Consultant of Union Bank of the Philippines and the Committee on Revision of the Rules of Court and Committee on Legal Education and Bar Matters, Supreme Court of the Philippines. He is Chairman of the AUF Medical Center, SCCP Securities Clearing Corporation of the Philippines. He is also the Dean of the AUF College of Law and Director of the Mission Communications Foundation, Inc. He finished his law degree, Cum Laude and obtained a Master of Laws and Master of National Security Administration degrees. He was a Fellow of the Commonwealth Judicial Education Institute, Dalhousie University, Halifax, Nova Scotia, Canada.

Nominations for Independent Directors and Procedure for Nomination

The procedure for the nomination and election of the independent directors is in accordance with SRC Rule 38 of the Securities Regulation Code (SRC Rule 38) and AEV's "Guidelines for the Constitution of the Nomination Committee and the Nomination and Election of Independent Directors" (the "Guidelines"). These guidelines were approved by the AEV Board on February 10, 2003 and disclosed to all stockholders. On December 3, 2003, AEV amended Section 1 Article of its By-laws to adopt SRC Rule 38.

Nominations for independent director were accepted starting January 1, 2009 as provided for in Section 2 of the Guidelines and the table for nominations was closed on February 15, 2009 as provided for in Section 3 of the Guidelines.

SRC Rule 38 and the Guidelines further require that the Nomination Committee shall meet to pre-screen all nominees, and shall submit a Final List of Candidates to the Corporate Secretary no later than February 22 so that such list will be included in the Corporation's Preliminary and Definitive Statements. Only nominees whose names appear on the Final List shall be eligible for election as independent directors. No other nominations shall be entertained after the Final List of Candidates has been prepared. The name of the person or group of persons who recommend the nomination of an independent director shall be identified in such report including any relationship with the nominee. All these procedures were complied with.

In approving the nominations for Independent Directors, the Nomination and Compensation Committee considered the guidelines on the nominations of Independent Directors prescribed in SRC Rule 38, the Guidelines and AEV's Revised Manual on Corporate Governance.

No nominations for independent director shall be accepted at the floor during the stockholders' meeting at which such nominee is to be elected. However, independent directors shall be elected in the stockholders' meeting during which other members of the Board are to be elected.

Mr. Roberto R. Romulo and Ret. Justice Jose C. Vitug are the nominees for Independent Directors of AEV. They are neither officers nor employees of the Company or any of its affiliates, and do not have any relationship with the Company which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Attached as Annexes "A-1" and "A-2" are the Certifications of Qualification of the nominees for Independent Directors.

AEV stockholders Ms. Salome Juntilla and Mr. Ramsey Quijano have recommended Mr. Roberto R. Romulo and Justice Jose C. Vitug, respectively, as the Company's independent directors. Neither nominating stockholder has any relation to Mr. Romulo nor to Justice Vitug.

Nominees for Election as Members of the Board of Directors

As conveyed to the Corporate Secretary, the following will also be nominated as members of the Board of Directors for the ensuing year 2009-2010:

Jon Ramon Aboitiz
Erramon I. Aboitiz
Roberto E. Aboitiz
Enrique M. Aboitiz, Jr.
Justo A. Ortiz
Mikel A. Aboitiz
Antonio R. Moraza

Messrs. Mikel A. Aboitiz and Antonio R. Moraza are nominated to fill in the position of the two additional directors of AEV in the event that the proposal to increase the number of directors from seven to nine is approved by the stockholders. If elected, they will assume their respective position as directors only upon approval by the Securities and Exchange Commission of the amended Articles of Incorporation of AEV.

Pursuant to Sec. 1 (par. 2), Art. II of the Amended By-Laws of AEV, nominations for members of the Board of Directors must be submitted in writing to the Board of Directors at least five (5) working days before the regular annual stockholders' meeting on 18 May 2009, or not later than 11 May 2009.

Except for information regarding Messrs. Mikel A. Aboitiz and Antonio R. Moraza, which are found hereunder, information regarding the positions and offices held by the abovementioned nominees are integrated in Item 5 (a)(1) above:

MIKEL A. ABOITIZ, Nominee for Director

Mr. Mikel A. Aboitiz, 54 years old, Filipino, has been Senior Vice President and Chief Information Officer of AEV since 2004. He was recently appointed as Chief Strategy Officer of AEV in February 2009. He is also Senior Vice President and Chief Information Officer of Aboitiz and Company, Inc.; President and Chief Executive Officer of City Savings Bank; and Director of Aboitiz Power Corporation, Aboitiz Construction Group, Inc., Aboitiz Land, Inc., Cotabato Light & Power Company, Davao Light & Power Company, Inc., FBMA Marine, Inc., Pilmico Foods Corporation and Pilmico Animal Nutrition Corporation (formerly, Fil-am Foods, Inc.). He has a Bachelor of Science degree in Business Administration from Gonzaga University, Spokane, U.S.A.

ANTONIO R. MORAZA, Nominee for Director

Mr. Antonio R. Moraza, 52 years old, Filipino, is the President and Chief Executive Officer of Pilmico Foods Corporation and Pilmico Animal Nutrition Corporation. He is also Chairman of the Board of Directors of AP Renewables, Inc. and Vice-Chairman of the Board of Directors of Aboitiz Construction Group, Inc. and Aboitiz Land, Inc. He is likewise a Director and Senior Vice President of Aboitiz & Company, Inc., Director of Tsuneishi Heavy Industries (Cebu) Inc., Visayan Electric Company, Inc., Union Bank of the Philippines, SN Aboitiz Power-Benguet, Inc. and Philippine Association of Flour Millers. He holds a degree in Business Management from the Ateneo de Manila University and attended the Asian Institute of Management.

Officers for 2008-2009

Below is a list of AEV's officers for 2008-2009 with their corresponding positions and offices held for the past five years. The officers assumed their positions during AEV's annual organizational meeting in 2008, for a term of one year.

ERRAMON I. ABOITIZ, President and Chief Executive Officer

Mr. Erramon I. Aboitiz, 52 years old, Filipino, has served as President and Chief Executive Officer of AEV since January 2009. He has been a Director of AEV since 1994 and was its Executive Vice President and Chief Operating Officer from 1994 to January 2009. He is also President and Chief Executive Officer of Aboitiz and Company, Inc., Aboitiz Power Corporation, Hedcor, Inc. and Philippine Hydropower Corporation; Chairman of the Board of Directors of Pilmico Foods Corporation, San Fernando Electric Light and Power Company, Inc., City Savings Bank, Cotabato Light & Power Company, Balamban Enerzone Corporation, Mactan Enerzone Corporation, Subic Enerzone Corporation, SN Aboitiz Power-Magat, Inc., SN Aboitiz Power-Benguet, Inc., and Pilmico Animal Nutrition Corporation (formerly, Fil-Am Foods, Inc.); Director of AP Renewables, Inc., Aboitiz Land Inc., Union Bank of the Philippines, Visayan Electric Company, Inc., Davao Light & Power Company, Inc., Southern Philippines Power Corporation, Aboitiz Energy Solutions, Inc., and President and Trustee of Aboitiz Foundation, Inc. He received a Bachelor of Science degree in Business Administration, major in Accounting and Finance from Gonzaga University, Spokane, U.S.A.

STEPHEN G. PARADIES, Senior Vice President/Chief Financial Officer/Corporate Information Officer

Mr. Stephen G. Paradies, 55 years old, Filipino, has been Senior Vice President/Chief Financial Officer/Corporate Information Officer of AEV since 2004. He was Compliance Officer of AEV until November 2005. From 2002 to 2004, he was Senior Vice President and Chief Audit Executive of AEV. He is also Senior Vice President for Finance of Aboitiz and Company, Inc.; Director and President of Misamis Oriental Land Development Corporation; Director and Senior Vice President/Treasurer of Aboitiz Construction Group, Inc.; Director of Union Bank of the Philippines, Union Properties, Inc., International Container Terminal Services, Inc., Pilmico Foods Corp. and Pilmico Animal Nutrition Corporation (formerly, Fil-am Foods, Inc.), FBMA Marine, Inc. and City Savings Bank; Director and Vice President of AEV Aviation, Inc.; Trustee and Treasurer of Aboitiz Foundation Inc. and Treasurer of Cebu

Industrial Park Developers, Inc. and Cebu Industrial Park Services, Inc. He obtained his Bachelor of Science in Business Management from Santa Clara University, California, U.S.A.

MIKEL A. ABOITIZ, Senior Vice President – Chief Information Officer and Chief Strategy Officer

Mr. Mikel A. Aboitiz, 54 years old, Filipino, has been Senior Vice President and Chief Information Officer of AEV since 2004. He was recently appointed as Chief Strategy Officer of AEV in February 2009. He is also Senior Vice President and Chief Information Officer of Aboitiz and Company, Inc.; President and Chief Executive Officer of City Savings Bank; and Director of Aboitiz Power Corporation, Aboitiz Construction Group, Inc., Aboitiz Land, Inc., Cotabato Light & Power Company, Davao Light & Power Company, Inc., FBMA Marine, Inc., Pilmico Foods Corporation and Pilmico Animal Nutrition Corporation (formerly, Fil-am Foods, Inc.). He has a Bachelor of Science degree in Business Administration from Gonzaga University, Spokane, U.S.A.

XAVIER J. ABOITIZ, Senior Vice President – Chief Human Resources Officer

Mr. Xavier J. Aboitiz, 49 years old, Filipino, has been Senior Vice President for Human Resources of AEV since 2004. He is also Senior Vice President for Human Resources of Aboitiz & Company, Inc.; Management Committee member of Aboitiz Transport System (ATSC) Corporation; Director of CSB Land Inc., Pilmico Animal Nutrition Corporation (formerly, Fil-Am Foods, Inc.) and Pilmico Foods Corporation, and Trustee of Aboitiz Foundation Inc. Mr. Aboitiz has worked in various capacities in different companies under the Aboitiz Group of companies since 1983. He took up Business Administration – Finance at Gonzaga University, Spokane, U.S.A.

JUAN ANTONIO E. BERNAD, Senior Vice President

Mr. Juan Antonio E. Bernad, 52 years old, Filipino, was Senior Vice President-Electricity Regulatory Affairs of AEV from 2004 until 2007. From 1995 to 2004 he was Senior Vice President and Chief Financial Officer of AEV. He is currently Senior Vice President of AEV. He is also Director and Executive Vice President - Regulatory Affairs of Aboitiz Power Corporation and Davao Light & Power Company, Inc.; Director and Senior Vice President/Chief Financial Officer of Cotabato Light & Power Company; Director of Union Bank of the Philippines; Senior Vice President - Regulatory Compliance Officer of Visayan Electric Company, Inc.; Chairman of the Board of Trustees of the Aboitiz & Company, Inc. Retirement Fund and Trustee of Aboitiz Foundation, Inc. He graduated with a degree of Bachelor of Arts in Economics from Ateneo de Manila and took his Masters in Business Administration at The Wharton School, University of Pennsylvania, U.S.A.

GABRIEL T. MAÑALAC, Senior Vice President –Group Treasurer

Mr. Gabriel T. Mañalac, 52 years old, Filipino, has been Senior Vice President - Group Treasurer of AEV since January 2009. He joined AEV as Vice President for Treasury Services/Treasurer in 1998 and was promoted to First Vice President for Treasury Services/Treasurer of AEV in 2004. He is also First Vice President for Treasury Services of Aboitiz & Company, Inc.; Vice President/Treasurer of Davao Light & Power Company, Inc.; Treasurer of Cotabato Light & Power Company and First Vice President/Treasurer of Aboitiz Power Corporation. Mr. Mañalac graduated Cum Laude with a degree of Bachelor of Science in Finance and Bachelor of Arts in Economics from De La Salle University. He obtained his Masters of Business Administration in Banking and Finance from the Asian Institute of Management and awarded Institute's Scholarship for Merit.

LUIS MIGUEL O. ABOITIZ, First Vice President

Mr. Luis Miguel O. Aboitiz, 44 years old, Filipino, joined AEV as Vice President in 1995 and was promoted to First Vice President in 2004. He is also First Vice President of Aboitiz & Company, Inc.; Senior Vice President - Power Generation Group of Aboitiz Power Corporation; Director and Senior Vice President – Business Development of Hedcor, Inc.; Director and Vice President/Treasurer of Philippine Hydropower Corporation; Director of Davao Light & Power Company, Inc., Pilmico Animal Nutrition Corporation (formely, Fil-Am Foods Inc.), Pilmico Foods Corporation; President of SN Aboitiz Power-Magat, Inc., SN Aboitiz Power-Benguet, Inc. and Manila-Oslo Renewable Enterprise, Inc. He graduated at Santa Clara University, California, U.S.A. with a degree of Bachelor of Science in Computer Science and Engineering and took his Masters in Business Administration from the University of California at Berkeley, U.S.A.

M. JASMINE S. OPORTO, First Vice President – Chief Legal Officer/Corporate Secretary/Compliance Officer

Ms. M. Jasmine S. Oporto, 49 years old, Filipino, has been Corporate Secretary of AEV since 2004 and Compliance Officer since November 2005. She is concurrently First Vice President - Chief Legal Officer of AEV. She is also General Counsel and First Vice President for Legal and Corporate Services of Aboitiz and Company, Inc.; Vice President for Legal Affairs of Davao Light & Power Company, Inc.; Corporate Secretary of Aboitiz Power Corporation, Visayan Electric Company, Inc., AP Renewables, Inc. and Luzon Hydro Corporation and Trustee of the Aboitiz & Company, Inc. Retirement Fund. Prior to joining AEV, she worked in various capacities with the Hong Kong office of Kelley Drye & Warren, LLP, a New York-based law firm and the Singapore-based consulting firm Albi Consulting Pte. Ltd. She obtained her Bachelor of Laws from the University of the Philippines and is a member of both the Philippine and New York bars.

HORACIO C. ELICANO, First Vice President and Chief Technology Officer

Mr. Horacio C. Elicano, [•] years old, Filipino, has been First Vice President and Chief Technology Officer of AEV since January 2009. Before he joined AEV, Mr. Elicano was Managing Director of Catapult Communications. He was also Chief Technology Officer of Paysetter International Inc. from May 2001 to January 2007 and of Chikka Asia Inc. from May 2001 to September 2005. Mr. Elicano is a graduate of B.S. Electrical Engineering from the University of the Philippines.

MELINDA RIVERA-BATHAN, Vice President-Controller

Ms. Melinda R. Bathan, 49 years old, Filipino, has been Vice President-Controller of AEV since 2004. She was previously Assistant Vice President-Controller of AEV from 1997 until 2004. She is also Vice President-Controller of Aboitiz & Company, Inc.; and Trustee of the Aboitiz & Company, Inc. Retirement Fund. She graduated Summa Cum Laude from St. Theresa's College with a Bachelor of Science degree in Commerce, major in Accounting. She obtained her Masters in Management from the University of the Philippines with honors.

NARCISA S. LIM, Vice President - Human Resources

Ms. Narcisa S. Lim, 45 years old, Filipino, has been Vice President for Human Resources of AEV since August 2008. She was Assistant Vice President for Human Resources of AEV from 2004 to 2008. She is Vice President for Human Resources of Aboitiz & Company, Inc.

and Trustee of the Aboitiz & Company, Inc. Retirement Fund. She holds a degree in International Studies from Maryknoll College.

JOSEPH TRILLANA T. GONZALES, Vice President – Legal

Atty. Joseph Trillana T. Gonzales, 42 years old, Filipino, has been Vice President – Legal of AEV since August 2008. He was previously Special Counsel of SyCip Salazar Hernandez & Gatmaitan Law Offices until he joined the Aboitiz Group in May 2007 as Assistant Vice President of the Corporate and Legal Services of Aboitiz & Company, Inc. He is also Assistant Corporate Secretary of Aboitiz Power Corporation. He is a graduate of Bachelor of Arts in Economics and Bachelor of Laws from the University of the Philippines. He also has a Master of Laws degree from the University of Michigan.

CAROLINE G. BALLESTEROS, Assistant Vice President – Branding & Corporate Communications

Ms. Caroline G. Ballesteros, 46 years old, Filipino, has been Assistant Vice President for Branding and Corporate Communications since August 2005. Before joining the Corporation, she was Corporate Communications Officer – VISMIN at Etelecare Global Solutions and TV Host and News Anchor of ABS-CBN, Cebu Regional Station. She graduated Summa Cum Laude, Bachelor of Science in Commerce, major in Accounting from the University of San Jose-Recoletos, Cebu City.

STELLA OLIVE R. SUCALIT, Assistant Vice President – Corporate Finance

Ms. Stella Sucalit, 46 years old, Filipino, has been Assistant Vice President for Corporate Finance of AEV since 2004. She is also Assistant Vice President for Corporate Finance of Aboitiz & Company, Inc. She obtained her Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines.

CARMELA I. NARANJILLA, Assistant Vice President – Investor Relations

Ms. Carmela I. Naranjilla, 37 years old, Filipino, has been Assistant Vice President for Investor Relations of AEV since 2008. Prior to her stint with AEV, she was connected with San Miguel Corporation as Investor Relations Officer of its Corporate Finance Group and later as Senior Project Analyst of its Corporate Planning Group. She was a Trader, Associate and Credit Analyst of Capital One Equities Corporation & Multinational Investment Bancorporation from 1992 to 1994 and was formerly an Investment Analyst of ING Barings (Phils), Inc. & Kim Eng Securities (Phils), Inc. from 1994 to 1997. She was also an Investment Officer of Standard Chartered Bank from 1998 to 2000 and went on to serve as Project Analyst of Newgate Management, Inc. from 2000 to August 2002. She is a graduate of Bachelor of Science in Business Economics (Cum Laude) from the University of the Philippines.

LEAH I. GERALDEZ, Assistant Vice President – Legal/Assistant Corporate Secretary

Ms. Leah I. Geraldez, 39 years old, Filipino, has been Assistant Vice President – Legal of AEV since August 2008 and Assistant Corporate Secretary of AEV since 2006. She is also Corporate Secretary of Aboitiz & Company, Inc., City Savings Bank, Balamban Enerzone Corporation, Mactan Enerzone Corporation, Aboitiz Land, Inc., Cebu Industrial Park Developers, Inc., FBMA Marine, Inc., Philippine Hydropower Corporation, Pilmico Foods Corporation, Tsuneishi Heavy Industries (Cebu), Inc. and Hedcor, Inc. She earned her Bachelor of Arts in Anthropology and Bachelor of Laws from the University of San Carlos.

JULIE ANN T. DIONGZON, Assistant Vice President – Treasury

Ms. Julie Ann T. Diongzon, 39 years old, Filipino, has been Assistant Vice President for Treasury of AEV since January 2009. A graduate of B.S. Commerce from the University of San Carlos, Ms. Diongzon has been with the Aboitiz Group for more than 18 years, holding various accounting and finance positions.

IRIS LOUISE R. DORADO, Assistant Vice President – Audit

Ms. Iris Louise R. Dorado, 28 years old, Filipino, has been Assistant Vice President for Audit since January 2009. Ms. Dorado joined the Aboitiz Group in 2007 as Corporate Audit Manager of Aboitiz & Company, Inc. Before she joined the Aboitiz Group, Ms. Dorado was Region Finance Officer of Monterey Foods Corp. from 2005 to 2007 and Senior Internal Auditor of San Miguel Corporation from 2002 to 2005. A graduate of B.S. Accountancy from the University of San Carlos (Magna Cum Laude), she is a Certified Public Accountant (Philippine Institute of Certified Public Accountants), a Certified Internal Auditor (The Institute of Internal Auditors, Inc. – U.S.A) and a Certified QA Validator (The Institute of Internal Auditors, Inc. – Philippines).

MA. KRISTINA V. RIVERA, Assistant Vice President – Human Resources

Ms. Ma. Kristina V. Rivera, 38 years old, Filipino, has been Assistant Vice President for Human Resources of AEV since January 2009. Ms. Rivera has 15 years experience in human resources management with diverse background in human resource strategic planning, implementation and administration. Before she joined the Aboitiz Group in 2003, Ms. Rivera was with PNOC-Energy Development Corporation. She holds Bachelor of Science and Masters degrees in Psychology from the University of the Philippines.

GERALDINE POLANCO-ONGANON, Assistant Vice President – Human Resources

Ms. Geraldine Polanco-Onganon, 38 years old, Filipino, has been Assistant Vice President for Human Resources seconded to the Food Group of AEV since January 2009. Ms. Polanco-Onganon has been with the Aboitiz Group for more than 15 years, holding various positions in human resources in different Aboitiz companies. Before she was seconded to FBMA Marine, Inc. as Assistant Vice President – Human Resources in 2005, she was Manager for Human Resources of Aboitiz & Company, Inc. from 2001 to 2005. Ms. Polanco-Onganon is a graduate of A.B. Behavioral Science from the University of Santo Tomas.

CHRISTOPHER M. CAMBA, Assistant Vice President – Human Resources

Mr. Christopher M. Camba, 30 years old, Filipino, has been Assistant Vice President for Human Resources of AEV since January 2009. Mr. Camba joined the Aboitiz Group in 2001 as Corporate Auditor of Aboitiz & Company, Inc. He was assigned to the Human Resources Department of Aboitiz & Company, Inc. in 2004, where he was seconded as Human Resources Manager of Aboitiz Construction Group, Inc. He is a graduate of B.S. Accountancy from the University of San Carlos.

Period in which the Directors and Executive Officers Should Serve

The directors and executive officers should serve for a period of one (1) year.

Terms of Office of a Director

Pursuant to the Company By-laws, the directors are elected at each annual stockholders' meeting by stockholders entitled to vote. Each director holds office until the next annual election and until his successor is duly elected unless he resigns, dies or removed prior to such election.

The directors, who must be stockholders of AEV, are elected annually by the stockholders during the annual stockholders' meeting, where at least a majority of the outstanding capital stock should be present in person or by proxy. The Directors shall serve for a term of one (1) year and until the election and qualification of their successors.

Any vacancy in the Board of Directors other than by removal or expiration of term may be filled by a majority vote of the remaining members thereof at a meeting called for that purpose, if they still constitute a quorum. The director so chosen shall serve for the unexpired term of his predecessor in office.

(2) Significant Employees

AEV considers the contribution of every employee important to the fulfillment of its goals.

(3) Family Relationships

Messrs. Jon Ramon, Roberto and Mikel Aboitiz are brothers and are thus related to each other within the fourth civil degree of consanguinity.

Messrs. Erramon, Enrique Jr. and Xavier Jose Aboitiz are brothers and are thus related to each other within the fourth civil degree of consanguinity. They are also related within the fourth civil degree of consanguinity to Mr. Stephen G. Paradies, who is their first cousin.

(4) Involvement in Certain Legal Proceedings

(a) Filipinas System, Inc. vs. Jose Mari Cacho et. al.
I.S. no. 05-9841
Office of the City Prosecutor
Quezon City
December 12, 2005

On October 17, 2005, a complaint for violation of Articles 316(1) and 318 of the Revised Penal Code of the Philippines was filed by Filipinas System, Inc. with the Quezon City Prosecutor's Office naming as respondents, among other persons, Messrs. Antonio R. Moraza, Erramon I. Aboitiz, Juan Antonio E. Bernad and Jon Ramon Aboitiz, in their capacities as directors of AEV and Union Bank of the Philippines ("UBP"). The complaint alleged the failure of a consortium consisting of AEV, UBP and Union Properties Inc. to pay approximately ₱23.8 million in connection with the construction works on the World Finance Plaza Project (now the Union Bank Plaza). The complaint was dismissed by the Quezon City Prosecutor's Office in a resolution dated February 20, 2007 after which Filipinas System, Inc. filed a petition to review the dismissal with the Department of Justice. However, according to a certificate issued by the Department of Justice dated May 15, 2007, a motion to withdraw the petition to review the dismissal was filed on April 27, 2007 by Filipinas System, Inc., which was accompanied by affidavits from Filipinas System, Inc.'s duly authorized representatives moving to dismiss the complaint. The motion to withdraw remains pending for resolution before the Department of Justice.

(b) People of the Philippines vs. Renato Francisco et. al. (c/o Fuller O' Brien Paint Company, Inc., Reliance St., Mandaluyong City)
Criminal Case No. 35-5784
MTC Branch 66, Makati City
July 19, 2007

On July 23, 2008, the Metropolitan Trial Court (MTC) of Makati issued an order finding probable cause to hold the alleged directors/stockholders of Fuller O'Brien Paint Company, Inc. (Fuller O'Brien), including Erramon I. Aboitiz, for violation of PD No. 1752 or the Pag-Ibig Fund Law, as amended.

On September 1, 2008, warrants of arrest were issued by the MTC against the accused, including Mr. Aboitiz. Mr. Aboitiz through his counsel filed an Omnibus Motion before the MTC asking for: (1) the reconsideration of the order dated July 23, 2008 finding probable cause against him; (2) the recall/holding in abeyance of the warrant of arrest; and (3) the conduct of preliminary investigation/ reinvestigation.

The Home Development Mutual Fund (HDMF) failed to file its comment or opposition to the Omnibus Motion within the period given to it by the MTC. On September 30, 2008, the MTC issued an order granting the Omnibus Motion filed by Mr. Aboitiz. Consequently, the warrant of arrest issued against him was recalled. The Office of the City Prosecutor of Makati was also directed to conduct a preliminary investigation of the case as regards Mr. Aboitiz.

On October 24, 2008 Mr. Aboitiz filed his counter-affidavit with the Office of the City Prosecutor, maintaining that he should be excluded from the charges filed against the directors of Fuller O'Brien on the ground that he was no longer a director of Fuller O'Brien during the period when the alleged violations of the Pag-Ibig Fund have occurred.

To the knowledge and/or information of AEV, other than as disclosed above, none of its nominees for election as directors, its present members of the Board of Directors or its executive officers, is presently or during the last five (5) years, been involved in any legal proceeding in any court or government agency in the Philippines or elsewhere which would put to question their ability and integrity to serve AEV and its stockholders. To the knowledge and/or information of AEV, the above-said persons have not been convicted by final judgment of any offense punishable by the laws of the Republic of the Philippines or by the laws of any other nation or country.

(5) Certain Relationships and Related Transactions

AEV and certain subsidiaries have management and other service contracts with Aboitiz & Company Inc. (ACO) at fees based on agreed rates. Management and other service fees paid by the Group to ACO amounted to ₱________ and ₱83,996 (in thousands) in 2008 and 2007, respectively.

Parent Company

The parent and the ultimate parent of the AEV is Aboitiz & Company, Inc.

(b) Resignation or Refusal to Stand for Re-election by Members of the Board of Directors

No director has resigned or declined to stand for re-election to the Board of Directors since the date of AEV's last annual meeting because of a disagreement with AEV on matters relating to its operations, policies and practices.

Item 6. Compensation of Directors and Executive Officers

(1) Summary of Compensation Table

Information as to the aggregate compensation paid or accrued to AEV's Chief Executive Officer and other highly compensated executive officers, as well as other directors and officers during the last two completed fiscal years and the ensuing fiscal year are as follows:

<table>
<tr><th>Directors and Executive Officers</th><th>Period</th><th>Salary</th><th>Bonus</th><th>Other Compensation</th></tr>
<tr><td rowspan="3">Top 5 Highly-Compensated Executives:
Jon Ramon Aboitiz
- Chairman of the Board
Erramon I. Aboitiz
- Chief Executive Officer
Roberto E. Aboitiz
- Director
Stephen G. Paradies
- Chief Financial Officer
Xavier Jose Aboitiz
- Senior Vice President

All above named officers as a group</td><td>Actual 2008</td><td>₱20,867,500.00</td><td>₱1,786,000.00</td><td>₱4,405,205.00</td></tr>
<tr><td>Actual 2007</td><td>₱20,867,500.00</td><td>₱1,786,000.00</td><td>₱4,405,205.00</td></tr>
<tr><td>Projected 2009</td><td>₱22,954,250.00</td><td>₱1,964,600.00</td><td>₱4,845,725.00</td></tr>
<tr><td rowspan="3">All other directors and officers as a group unnamed</td><td>Actual 2008</td><td>₱2,512,664.00</td><td>₱293,200.00</td><td>₱3,251,476.00</td></tr>
<tr><td>Actual 2007</td><td>₱2,512,664.00</td><td>₱293,200.00</td><td>₱3,251,476.00</td></tr>
<tr><td>Projected 2009</td><td>₱2,763,930.00</td><td>₱322,520.00</td><td>₱3,576,624.00</td></tr>
</table>

(2) Compensation of Directors

(i) Standard Arrangements

In 2008 all of AEV's directors received a monthly allowance of ₱80,000 per month. In addition each director received a per diem for every Board or Committee meeting attended as follows:

Type of Meeting	Per Diem
Board Meeting	₱50,000
Committee Meeting	₱30,000

For 2009 it is proposed that all of AEV's directors shall receive a monthly allowance of ₱80,000, except for the Chairman of the Board who shall receive a monthly allowance of ₱120,000. In addition, each director and the Chairman of the Board shall receive a per diem for every Board or Committee meeting attended as follows:

Type of Meeting	Directors	Chairman of the Board
Board Meeting	₱50,000	₱75,000
Committee Meeting	₱30,000	₱30,000

The proposed monthly allowance and per diem of the AEV directors for 2009 will be submitted for the approval of the stockholders during the 2009 Annual Stockholders Meeting.

(ii) Other Arrangements

Other than payment of a director's allowance and per diem as stated, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director.

(3) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There is no compensatory plan or arrangement between AEV and any executive in case of resignation or any other termination of employment or from a change in the management control of AEV.

(4) Warrants and Options Outstanding

To date, AEV has not granted any stock option to its directors or officers.

Item 7. Independent Public Accountant

The accounting firm of Sycip, Gorres, Velayo & Company (SGV) has been AEV's Independent Public Accountant for the last fifteen (15) years. Representatives of SGV will be present during the annual meeting and will be given the opportunity to make a statement if they so desire. They are also expected to respond to appropriate questions if needed.

In accordance with SEC Memorandum Circular No. 8, Series of 2003 (Rotation of External Auditor), Mr. Jose Joel M. Sebastian was replaced by Mr. Ladislao Z. Avila, Jr. as engagement partner starting fiscal year 2004.

There was no event in the past fifteen (15) years where AEV and SGV or the handling partner had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

Item 8. Compensation Plans

No action is to be taken during the stockholders' meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

None.

Item 10. Modification or Exchange of Securities

None.

Item 11. Financial and Other Information

None.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

None.

Item 13. Acquisition or Disposition of Property

None.

Item 14. Restatement of Accounts

None.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

1. Approval of the Minutes of the 2008 Annual Meeting of Stockholders (with summary of the Minutes attached as Annex "B")
2. Approval of the Annual Report of Management for the year ending 31 December 2008

Item 16. Matters Not Required to be Submitted

There is no act of management and the Board of Directors in the preceding year that needs the approval of the stockholders.

Ratification of acts of management and of the Board of Directors referred to in the Notice of the Annual Meeting refers only to acts done in the ordinary course of business and operation of AEV, which have been duly disclosed to the SEC and the Philippine Stock Exchange (PSE) in accordance with law. Ratification is being sought in the interest of transparency and as a matter of customary practice or procedure undertaken at every annual meeting of AEV stockholders.

A summary of the board resolutions approved during the period February 7, 2008 to December 19, 2008 is provided as follows:

Regular Board Meeting, February 7, 2008

1. Ratification of the authority of AEV to extend interest-bearing temporary advances to Pilmico foods Corporation in the amount of ₱341,100,000
2. Ratification of the authority of AEV to extend interest-bearing temporary advances to Aboitiz & Company, Inc. in the amount of ₱1,316,250

3. Authority of AEV to extend interest-free stockholders' advances to AEV Aviation, Inc. in the amount of ₱1,500,000
4. Opening of account with Union Bank of the Philippines for cash dividends payment purposes
5. Authority of AEV to obtain loans and/or credit accommodations with the Bank of the Philippine Islands Asset Management and Trust Group
6. Designation of Mr. Iker M. Aboitiz as additional signatory for accounts maintained by AEV in the following banks:
    a) Bank of Commerce
    b) Banco de Oro Universal Bank
    c) Bank of the Philippine Islands
    d) China Banking Corporation
    e) Citibank N.A.
    f) First Metro Investment Corporation
    g) GE Money Bank
    h) Robinson's Savings Bank
    i) Metropolitan Bank and Trust Company
    j) Rizal Commercial Banking Corporation
    k) The Hongkong and Shanghai Banking Corporation Limited
    l) Security Bank Corporation
    m) Standard Chartered Bank
    n) Union Bank of the Philippines
    o) BPI Family Bank
7. Revocation of the authority of Mr. Jose Antonio Aboitiz as signatory for accounts maintained by AEV in various banks:
    a) Banco de Oro Universal Bank
    b) BPI Family Savings Bank
    c) Bank of the Philippine Islands
    d) China Banking Corporation
    e) Citibank N.A.
    f) The Hongkong and Shanghai Banking Corporation Limited
    g) Metropolitan Bank and Trust Company
    h) Security Bank Corporation
    i) Union Bank of the Philippines
8. Authority to sell AEV's equity stake in South Western Cement Corporation to Apo Cement Corporation
9. Appointment of authorized representatives to attend the annual stockholders' meeting of Aboitiz Transport System (ATSC) Corporation
10. Authority of AEV to negotiate and enter into a Settlement Deed with Transfield Group
11. Declaration of regular and special cash dividends to all stockholders of record as of February 21, 2008
12. Setting of record date for stockholders entitled to vote during the 2008 Annual Stockholders' Meeting
13. Approval of the Revised Internal Audit Charter

Special Board Meeting, April 8, 2008

1. Approval of the 2007 Audited Financial Statements
2. Appointment of Ms. Carmela I. Naranjilla as Assistant Vice President for Investor Relations

Regular Board Meeting, May 19, 2008

1. Authority of AEV and its subsidiary, Aboitiz Power Corporation to provide support to SN Aboitiz Power-Benguet, Inc. in favor of a consortium of lenders in connection with the partial financing of the purchase price and the rehabilitation of the Ambuklao-Binga Hydroelectric Power Plants
2. Ratification of the authority of AEV to extend interest-free stockholders' advances to AEV Aviation, Inc. in the amount of ₱2,500,000
3. Ratification of the authority of AEV to extend interest-bearing temporary advances to the following subsidiaries:
   a) Pilmico Foods Corporation in the amount of ₱129,000,000
   b) Pilmico Animal Nutrition Corporation (formerly, Fil-am Foods, Inc.) in the amount of ₱38,500,000
   c) Aboitiz Jebsen Bulk transport Corporation in the amount of ₱20,000,000
4. Authority of Mr. Luis Miguel Aboitiz to represent AEV in the annual stockholders' meeting of South Western Cement Corporation
5. Designation of Mr. Luis Miguel Aboitiz as additional signatory for the sale of AEV's equity stake in South Western Cement Corporation
6. Availment of institutional products of ING Bank N.V.
7. Availment of institutional products of City Savings Bank
8. Sale of security vehicles

Regular Board Meeting, August 13, 2008

1. Promotion of Narcisa S. Lim to Vice President for Human Resources and appointments of Atty. Joseph Trillana Gonzales and Atty. Leah I. Geraldez as Vice President - Legal and Assistant Vice President - Legal and Corporate Services respectively
2. Approval of the AEV Audit Committee Charter
3. Authority of AEV to extend interest-bearing temporary advances to the following:
   a) Aboitiz & Company, Inc. in the amount of ₱2,500,000,000
   b) Aboitiz Transport System (ATSC) Corporation in the amount of ₱1,000,000,000
   c) Hedcor Sibulan, Inc. in the amount of ₱900,000,000
   d) Subic Enerzone Corporation in the amount of ₱200,000,000
   e) Cotabato Light & Power Company in the amount of ₱200,000,000
   f) Davao Light & Power Co., Inc. in the amount of ₱1,000,000,000.
   g) Pilmico Foods Corporation in the amount of ₱2,000,000,000
   h) Pilmico Animal Nutrition Corporation (formerly, Fil-am Foods, Inc.) in the amount of ₱1,000,000,000
   i) Aboitiz Energy Solutions, Inc. in the amount of ₱200,000,000
   j) Aboitiz One, Inc. in the amount of ₱400,000,000
   k) Aboitiz One Distribution, Inc. in the amount of ₱100,000,000
   l) Aboitiz Land, Inc. in the amount of ₱1,200,000,000
4. Authority to enter into a sub-lease agreement with Taiwan Cogeneration International Corporation - Branch Office
5. Sale of motor vehicles

Special Board Meeting, September 23, 2008

1. Authority to enter into a Memorandum of Agreement with KGLI-NM Holdings, Inc. for the sale of all of AEV's 1,889,489,607 common shares in Aboitiz Transport System (ATSC) Corporation

Regular Board Meeting, November 11, 2008

1. Approval of the Management Control Policy
2. Authority to sell all of AEV's common shares in Aboitiz Transport System (ATSC) Corporation and to enter into an escrow agreement thereto
3. Authority to act as surety for the long-term and short-term credit facilities of City Savings Bank with Security Bank Corporation
4. Authority to transfer all Philippine Long Distance Telephone Co. lines under the account of Aboitiz & Company, Inc. to AEV and authorizing Ms. Riella Mae Baguio to transact
5. Assignment of time deposit certificates, Bangko Sentral ng Pilipinas Special Deposit Accounts and similar accounts in favor of Union Bank of the Philippines to be used as collateral for the credit facilities of AEV's subsidiaries
6. Application for the change of engine of one VIP security vehicle

Special Board Meeting, December 19, 2008

1. Acceptance by AEV of the Term Sheet offered by KGLI-NM Holdings, Inc. for the acquisition of KGLI-NM Holdings, Inc. of 42% equity stake in Aboitiz Transport System (ATSC) Corporation instead of the total buy-out proposed in the memorandum of Agreement
2. Authority of AEV to execute a guarantee in the amount of US$1,000,000,000 in favor of Fokus Bank, Norwegian Branch of Danske Bank in connection with the US$2,000,000,000 credit facilty extended by Fokus Bank to Jebsen Orient Shipping Services AS

Item 17. Amendment of Charter, Bylaws or Other Documents

(a) Proposed Amendment to Article 6 of the Articles of Incorporation of AEV

The proposed amendment of Article 6 of the AEV Articles of Incorporation refers to the increase of the number of directors from seven to nine.

(b) Proposed amendments to its By-laws, as follows:

(i) Art. I (Stockholders' Meeting), Sec. 3 (Notices)

– To insert the word **"CORPORATE"** before Secretary.

(ii) Art. I (Stockholders' Meeting), Sec. 6 (Proxy)

– To insert the word **"CORPORATE"** before Secretary(ies);

- To add the phrase **"…AND ANY ADJOURNMENTS THEREOF, PROVIDED THAT SUCH PROXY IS PRESENTED TO THE CORPORATE SECRETARY NOT LATER THAN THE DEADLINE SET IN THIS SECTION. SUCH PROXY MAY BE REVOKED BY THE STOCKHOLDER IN WRITING DULY PRESENTED TO THE CORPORATE SECRETARY AT LEAST A DAY PRIOR TO A SCHEDULED MEETING OR BY THE STOCKHOLDER'S PERSONAL APPEARANCE AT THE MEETING. THE DECISION OF THE CORPORATE SECRETARY ON THE VALIDITY OF THE PROXIES SHALL BE FINAL AND BINDING UNTIL AND UNLESS SET ASIDE BY A COURT OF COMPETENT JUSRISDICTION."**

(iii) Art. II (The Board of Directors), Sec. 1 (Qualification and Election)

- To increase number of directors from seven (7) to "**NINE (9);**"

- To add provision on disqualification of persons for election as director:

"NO PERSON SHALL QUALIFY OR BE ELIGIBLE FOR NOMINATION OR ELECTION TO THE BOARD OF DIRECTORS IF HE IS ENGAGED IN ANY BUSINESS WHICH COMPETES WITH OR IS ANTAGONISTIC TO THAT OF THE CORPORATION OR ANY OF ITS SUBSIDIARIES OR AFFILIATES. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, A PERSON SHALL BE DEEMED TO BE SO ENGAGED:

(A) IF HE IS AN OFFICER, MANAGER OR CONTROLLING PERSON OF, OR THE OWNER (EITHER OF RECORD OR BENEFICIAL) OF 20% OR MORE OF ANY OUTSTANDING CLASS OF SHARES OF ANY CORPORATION (OTHER THAN ONE IN WHICH THIS CORPORATION OWNS AT LEAST 30% OF THE CAPITAL STOCK) ENGAGED IN BUSINESS WHICH THE BOARD, BY AT LEAST MAJORITY VOTE, DETERMINES TO BE COMPETITIVE OR ANTAGONISTIC TO THAT OF THE CORPORATION OR ANY OF ITS SUBSIDIARIES OR AFFILIATES;

(B) IF HE IS AN OFFICER, MANAGER OR CONTROLLING PERSON OF, OR THE OWNER (EITHER OF RECORD OR BENEFICIAL) OF 20% OR MORE OF ANY OUTSTANDING CLASS OF SHARES OF, ANY CORPORATION OR ENTITY ENGAGED IN ANY LINE OF BUSINESS OF THE CORPORATION OR ANY OF ITS SUBSIDIARIES OR AFFILIATES, WHEN IN THE JUDGMENT OF THE BOARD, BY AT LEAST MAJORITY VOTE, THE LAW AGAINST COMBINATIONS IN RESTRAINT OF TRADE SHALL BE VIOLATED BY SUCH PERSON'S MEMBERSHIP IN THE BOARD OF DIRECTORS; OR

(C) IF THE BOARD, IN THE EXERCISE OF ITS JUDGMENT IN GOOD FAITH, DETERMINES BY AT LEAST MAJORITY VOTE THAT HE IS THE NOMINEE OF ANY PERSON SET FORTH IN (A) OR (B).

IN DETERMINING WHETHER OR NOT A PERSON IS A CONTROLLING PERSON, BENEFICIAL OWNER OR NOMINEE OF ANOTHER, THE BOARD MAY TAKE INTO ACCOUNT SUCH FACTORS AS BUSINESS AND FAMILY RELATIONSHIPS;"

- To change deadline for nomination of non-independent directors from five (5) working days to **"FIFTEEN (15)."**

(iv) Art. II (The Board of Directors), Sec. 2 (Independent Directors) - To add provision on number of independent directors:

"THE CORPORATION SHALL HAVE AT LEAST TWO (2) INDEPENDENT DIRECTORS OR AT LEAST TWENTY PERCENT (20%) OF THE ENTIRE BOARD MEMBERSHIP, WHICHEVER IS LESSER.

THE INDEPENDENT DIRECTORS SHALL HAVE ALL THE QUALIFICATIONS AND NONE OF THE DISQUALIFICATIONS SET FORTH IN SECTION 38 OF THE SECURITIES REGULATION CODE AND ITS IMPLEMENTING RULES AND REGULATIONS, AS THE SAME MAY BE AMENDED FROM TIME TO TIME."

(v) Art. II (The Board of Directors), Sec. 4 (Meetings) – Editorial change on number of regular Board meetings and on calling of special meetings.

(vi) Art. II (The Board of Directors), Sec. 6 (Order of Business) – To insert the word **"CORPORATE"** before Secretary.

- Art. III (Officers), Sec. 1 (Corporate Officers)

- To add officer positions – **VICE CHAIRMAN, FIRST VICE PRESIDENT(S) and ASSISTANT TREASURER."**

- To insert the word **"CORPORATE"** before Secretary and between Assistant and Secretary;

- To add term of office of officers which shall be for **"ONE (1) YEAR."**

(viii) Art. III (Officers), Sec. 2 (General Proviso)

– To add Section on **"GENERAL PROVISO: IN ADDITION TO THE DUTIES ENJOINED UPON THEM UNDER THE LAW OR THESE BY-LAWS, THE OFFICERS OF THE CORPORATION SHALL EXERCISE SUCH POWERS AND DISCHARGE SUCH DUTIES AS THE BOARD OF DIRECTORS MAY PRESCRIBE FROM TIME TO TIME."**

(ix) Art. III (Officers), Sec. 4 (Chairman) – To add provision on the role of Chairman.

(x) Art. III (Officers), Sec. 5 (Vice Chairman) – To add provision on the role of Vice Chairman.

(xi) Art. III (Officers) – To delete Sections 4, 4a, 5 and 5a – Role of Executive Vice President, Senior Vice President, Vice President and Assistant Vice President, respectively.

(xii) Art. III (Officers), Sec. 6 (Corporate Secretary) – To insert the word "CORPORATE" before Secretary.

(xiii) Art. III (Officers), Sec. 7 (Assistant Corporate Secretary) – To insert the word **"CORPORATE"** between Assistant and Secretary.

(xiv) Art. III (Officers), Sec. 8 (Treasurer) – To insert additional qualification – **"…MUST BE A RESIDENT OF THE PHILIPPINES."**

(xv) Art. III (Officers), Sec. 9 (Executive Committee)

– To add phrase on the membership of the executive committee:

"…TO CONSIST OF SUCH NUMBER OF MEMBERS AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS PROVIDED THAT NOT LESS THAN THREE (3) MEMBERS THEREOF SHALL BE MEMBERS OF THE BOARD OF DIRECTORS."

(xvi) Art. IV (Stocks), Sec. 1 (Issue)

– To add phrase on validity of facsimile signatures of President and Corporate of Assistant Corporate Secretary:

"…PROVIDED, THAT IN CASE ANY SUCH STOCK CERTIFICATE IS COUNTERSIGNED BY A DULY APPOINTED STOCK TRANSFER AGENT, TRANSFER CLERK OR REGISTRAR, THE SIGNATURE OF THE PRESIDENT, AS WELL AS THE COUNTERSIGNATURE OF THE CORPORATE SECRETARY OR ASSISTANT CORPORATE SECRETARY, UPON SUCH CERTIFICATE, MAY BE FACSIMILES, WHICH CAN BE ENGRAVED OR PRINTED ON THE SAME."

(xvii) Art. IV (Stocks), Section 3 (Stock and Transfer Book)

– To include **ELECTRONIC** stock transfer book;

- To add phrase on record date:

"A RECORD DATE MAY BE SET BY THE BOARD OF DIRECTORS DURING SUCH PERIOD AS THE BOARD OF DIRECTORS MAY FROM TIME TO TIME DIRECT AND IN ACCORDANCE WITH RULES AND REGULATIONS ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OR PHILIPPINE STOCK EXCHANGE FROM TIME TO TIME."

(xviii) Art. IV (Stocks), Section 8 (Uncertificated Securities)

– To add provision on validity of uncertificated securities:

"ANYTHING IN THIS ARTICLE TO THE CONTRARY NOTWITHSTANDING, THE BOARD OF DIRECTORS MAY, SUBJECT TO EXISTING LAWS AND REGULATIONS WHICH MAY BE ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION FROM TIME TO TIME, APPROVE THE ISSUANCE OR TRANSFER OF STOCKS BY WAY OF ELECTRONIC BOOK ENTRIES OF UNCERTIFICATED SECURITIES IN ANY DULY REGISTERED CLEARING AGENCY. "

Item 18. Other Proposed Action

None.

Item 19. Voting Procedures

(a) Vote Required for Election

Article 1 Section 4 of the AEV By-Laws states that a quorum for any meeting of stockholders shall consist of the majority of the outstanding capital stock of AEV, and that a majority of such quorum shall decide any question in the meeting except those matters in which the Corporation Code requires a greater proportion of affirmative votes.

Regarding the election of members to the Board of Directors, nominees who receive the highest number of votes shall be declared elected pursuant to Section 24 of the Corporation Code of the Philippines. Likewise, the nominee for AEV's external auditor who receives the highest number of votes shall be declared elected.[3]

(b) The Method by which the Votes will be Counted

In the election of directors, the top seven (7) nominees with the most number of votes shall be declared elected. If the number of nominees does not exceed the number of directors to be elected, all the shares present or represented at the meeting will be cast in favor of the nominees. If the number of nominees exceeds the number of directors to be elected, voting will be done by ballots.

In the election of directors, the stockholder may choose to do any of the following:

(a) Vote such number of shares for as many person(s) as there are directors to be elected;
(b) Cumulate such shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares;
(c) Distribute his shares on the same principle as option (b) among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

The method of counting the votes of shareholders shall be in accordance with the general provisions of the Corporation Code of the Philippines. The counting of votes shall be done by representatives from Sycip, Gorres, Velayo and Associates as External Auditors and the Office of the Corporate Secretary, all of whom shall serve as members of the Election Committee.

Other than the nominees' election as directors, no director, executive officer, nominee or associate of the nominees has any substantial interest, direct or indirect by security holdings or otherwise, in any way of the matters to be taken upon during the meeting. AEV has not received any information that an officer, director or stockholder intends to oppose any action to be taken at the Annual Stockholders' Meeting.

[3] A proposal to delegate to the Board of Directors the authority to appoint the External Auditor of the Company for 2009 will be submitted for the approval of the stockholders.

AEV's Annual Report in SEC Form 17-A will be given free of charge to AEV stockholders upon written request. Please write to:

Investor Relations Office
Aboitiz Equity Ventures, Inc.
Aboitiz Corporate Center
Gov. Manuel A. Cuenco Avenue,
Kasambagan Cebu City

Attention: Ms. Carmela I. Naranjilla

This Information Statement and the Annual Report in SEC Form 17-A will also be posted at AEV's website: www.aboitizequityventures.com.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Cebu on March 6, 2009.

ABOITIZ EQUITY VENTURES, INC.
By:

M. Jasmine S. Oporto

M. JASMINE S. OPORTO
Corporate Secretary

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

(1) Business Development

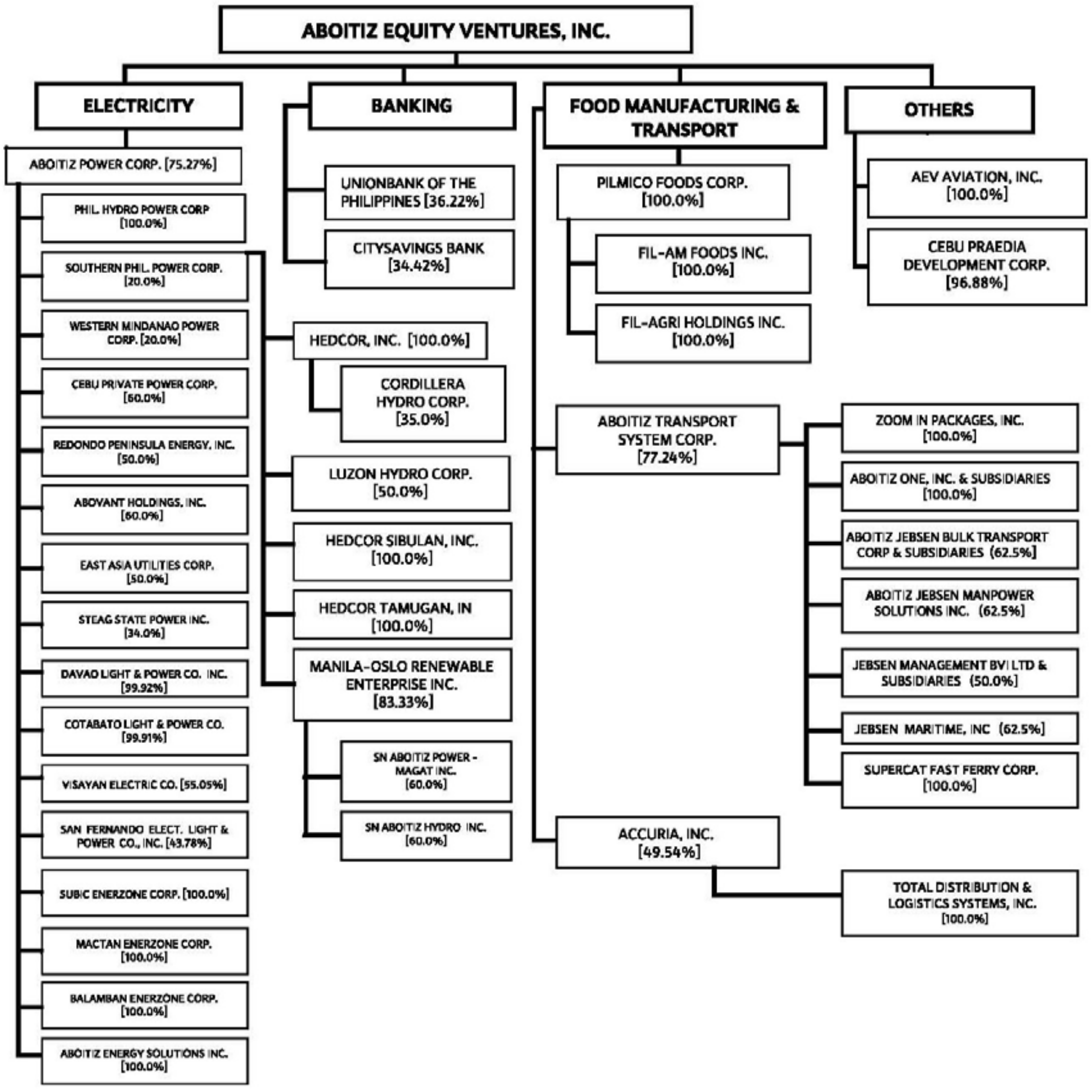
The registrant, Aboitiz Equity Ventures, Inc. (AEV), is the public holding and management company of the Aboitiz Group, one of the largest conglomerates in the Philippines. Incorporated on September 11, 1989, the company was originally known as Cebu Pan Asian Holdings, Inc. Its name was changed to Aboitiz Equity Ventures, Inc. on December 29,1993, and its ownership was opened to the general public through an Initial Public Offering (IPO) of its stocks in 1994.

(2) Business of Issuer

(i) Products

AEV's core businesses, conducted through its various subsidiaries and affiliates, can be grouped into five main categories as follows: (a) power distribution and generation, (b) financial services, (c) food manufacturing, (d) transport, and (e) portfolio investments (parent company/others).

The companies under these categories are as follows: (as of March 31, 2008)



Based on SEC's parameters of what constitutes a significant subsidiary under Item XX of Annex "B" (SRC Rule 12), the following are AEV's significant subsidiaries: Aboitiz Power Corporation and subsidiaries, Davao Light & Power Company, Inc., Aboitiz Transport System Corporation and subsidiaries, and Pilmico Foods Corporation and subsidiary.

(ii) Sales

Comparative amounts of revenue, profitability and identifiable assets are as follows:

	2008	2007	2006
Gross Income		31,205	26,711
Operating Income		2,861	2,328
Total Assets		65,504	40,844

Note: Values in the above table are in Million Pesos.

The operations of AEV and its subsidiaries are based largely in the Philippines. With the acquisition by ATS of the other transport businesses of the Aboitiz Group, a portion of AEV's 2007 consolidated revenues was generated from the international operations of certain subsidiaries.

Comparative amounts of revenue contribution by business grouping are as follows:

	2008		2007		2006	
Power Distribution & Generation			11,312	36%	8,763	320%
Food Manufacturing			8,629	27%	7,439	27%
Transport			11,056	35%	10,571	38%
Portfolio			668	2%	817	3%
Total Revenue			**31,665**		**27,590**	
Less: Eliminations			31,205		879	
Net Revenue			**26,711**		**26,711**	

Note: Values for the above table are in Million Pesos. Percentages refer to the business group's share in net revenue for a given year. The financial services group is not included in the table since UBP and CSB are not consolidated companies, and therefore, their revenues do not form part of "Net Revenues" reflected in the consolidated income statement. Instead, the financial services sector's contribution to registrant's net income is reported under the account "Share in Net Earnings of Associates". For additional details on the income contribution of all business segments/groups to AEV, please refer to Business Segment Information of the Notes to the Consolidated Financial Statement.

(iii) Distribution Methods of the Products or Services

POWER GENERATION AND DISTRIBUTION

This business is divided into two groups, namely:

1. **Power Generation** is composed of various companies under Aboitiz Power Corporation (AP), AEV's wholly-owned holding company for its power generation investments. These companies include Philippine Hydropower Corporation (PHC), HEDCOR, Inc. (formerly: Benguet Hydropower Corporation) (HEDCOR), Luzon Hydro Corporation (LHC), Cleanergy, Inc. (formerly: Northern Mini Hydro Corporation), SN

Aboitiz Power – Magat, Inc. (SNAP-Magat) (formerly: SN Aboitiz Power, Inc.), SN Aboitiz Power – Benguet, Inc. (SNAP-Benguet) (formerly: SN Aboitiz Power - Hydro, Inc.), Hedcor Sibulan, Inc., Hedcor Tamugan, Inc., (formerly: Hydro Specialists Inc.), Southern Philippines Power Corporation (SPPC), Western Mindanao Power Corporation (WMPC), Cebu Private Power Corporation (CPPC), Abovant Holdings, Inc. (ABOVANT), Redondo Peninsula Corporation (RP Energy), East Asia Utilities Corporation (EAUC), STEAG State Power Inc. (STEAG Power) and AP Renewables, Inc. (APRI).

2. **Power Distribution** is composed of seven electricity distribution companies namely: Davao Light & Power Company Inc. (DLPC), Cotabato Light & Power Company (CLPC), Visayan Electric Company, Inc. (VECO), San Fernando Electric Light and Power Co., Inc. (SFELAPCO), Subic EnerZone Corporation (SEZ), Balamban Enerzone Corporation (BEZ) and Mactan Enerzone Corporation (MEZ).

The operations and businesses of these companies are briefly described below.

Aboitiz Power Corporation

AP is a publicly listed holding company that, through its Subsidiaries and Affiliates is a leader in the Philippine hydroelectric power generation industry and has interests in some of the largest privately-owned distribution utilities in the Philippines. Since its incorporation in 1998, the Company has accumulated interests in both hydroelectric power generation facilities and in thermal plants. The Company's controlling shareholder, AEV is a diversified conglomerate that is listed on the PSE and has interests in power generation, power distribution, financial services, transportation and food manufacturing. This relationship allows the Company to draw on the extensive business networks, local business knowledge, relationships and expertise of AEV's and the Aboitiz Group's senior managers to identify growth opportunities at an early stage and to capitalize on such opportunities more decisively.

The Company's hydroelectric power generation facilities include the 175 MW Ambuklao-Binga hydroelectric complex in Benguet and the 360 MW Magat Plant in Luzon, both joint ventures with SN Power of Norway; the 70 MW Bakun Hydro Plan in Luzon, in a joint venture with Pacific Hydro Limited of Austrialia; and 15 mini hydro plants run by Hedcor, Inc., with a combined generating capacity of 38.2 MW.
In 2007 and the first ten months of 2008, these facilities generated and sold a total attributable energy of 660.1 GWh and 821.5 GWh, respectively.

As of October 31, 2008 the Company's Bunker C-fired plants had a total attributable capacity of 98 MW. The Company has a 20.0% ownership interest in each of SPPC and WMPC. Each of SPPC and WMPC operates a Bunker C-fired plant located in Alubel, Sarangani and Zamboanga City respectively, with a combined generating capacity of 155 MW.

In the first half of 2007, the Company acquired a 50% interest EAUC which owns and operates a 50 MW Bunker C fired plant located in Mactan, Cebu. At the same time, the Company purchased a 60% ownership interest in CPPC which operates a 70 MW Bunker C-fired plant in Cebu City. In addition, two of the Company's distribution utilities, DLPC and CLPC, operate two Bunker C-fired plants with a combined installed capacity of 60 MW which are used for back-up power. In 2007 and to date, October 2008, these facilities generated and sold a total attributable energy of 280.0 GWh and 283.4 GWh of electricity, respectively.

In January 2007, the Company entered into a series of transactions with AEV pursuant to which it acquired ownership interests in the Distribution Companies. As a result, the Company owns interests in several distribution utilities in Luzon, Visayas and Mindanao, including VECO and DLPC, which are respectively the second-and third largest privately owned distribution utilities in the Philippines in terms of both customers and annual GWh sales. The Company also owns interests in CLPC, SEZ, SFELAPCO, MEZ and BEZ. For the first ten months of 2008, the Distribution Companies sold a total attributable energy of 2,601.1 GWh of electricity to approximately 654,341 customers.

On November 15, 2007, AP closed the sale and purchase of a 34% equity ownership in STEAG Power, owner and operator of a 232MW coal-fired power plant located in the PHIVIDEC Industrial Estate in Misamis Oriental, Northern Mindanao. The Company won the competitive bid to buy from Evonik Steag GmbH (formerly known as STEAG GmbH) the 34% equity in August 2007. The total purchase price for the 34% equity in STEAG Power is US$102 million, inclusive of interest.

On November 28, 2007, SNAP-Benguet, a consortium between the Company and SN Power, submitted the highest bid for the Ambuklao-Binga Hydroelectric Power Complex consisting of the 75MW Ambuklao Hydroelectric Power Plant located at Bokod, Benguet and the 100MW Binga Hydroelectric Power Plant located at Itogon, Benguet. The price offered amounted to US$325 million. The PSALM issued the Notice of Award to SNAP-Benguet on December 19, 2007. Last July 10, 2008, PSALM formally turned over Ambuklao-Binga to SNAP-Benguet.

On July 30, 2008, APRI, a wholly owned subsidiary of the Company, submitted the highest bid to the PSALM for the 289 MW Tiwi geothermal facility in Albay and the 458 MW Makiling-Banahaw geothermal facility in Laguna (Tiwi-Makban). The price offered amounted to approximately US$447 million.

Ownership in the Company was opened to the public through an IPO of its common shares in July 2007. Its common shares were officially listed in the PSE on July 16, 2007.

Philippine Hydropower Corporation

PHC, a wholly owned subsidiary of AP holds all of AP's investments in hydropower generation. PHC owns equity interests in the following hydroelectric companies:

(a) 100.0% equity interest in Hedcor, which operates 15 mini-hydroelectric plants (plants with less than 10MW in installed capacity) in Benguet province in Northern Luzon and in Davao City in Southeastern Mindanao with a total installed capacity of 38.2 MW.

(b) 50.0% equity interest in LHC, which operates the 70 MW Bakun AC hydroelectric plants in Ilocos Sur province in Northern Luzon. Under the terms of the Bakun Power Puchase Agreement (Bakun PPA), the generating capacity of the Bakun plant is contracted to NPC for a period of 25 years beginning in February 2001.

(c) 50.0% effective interest in SNAP-Magat, a joint venture with SN Power, a leading Norwegian power company which operates the 360 MW Magat hydroelectric plant in Isabela in Northern Luzon.

(d) 50.0% effective interest in SNAP-Benguet, which operates the 175MW Ambuklao-Binga Hydroelectric Power Plant Complex in Northern Luzon.

(e) 100.0% equity interest in Hedcor Sibulan, Inc., which is currently constructing the 42.5MW Sibulan hydroelectric project in Santa Cruz, Davao del Sur.

(f) 100.0% equity interest in Hedcor Tamugan, Inc., which will build the 34.5MW Tamugan- Suawan hydropower project in Davao City.

Since beginning operations in 1998, the Company has been committed to developing expertise in renewable energy technologies, as evidenced by its focus on, and extensive experience in, "Run-of-river" hydroelectric plants. The Company's management believes that due to growing concerns on the environmental impact of power generation using traditional fossil fuel energy sources, greater emphasis will be placed on providing adequate, reliable, and reasonably priced energy through innovative and renewable energy technologies such as hydroelectric and geothermal technologies. As such, a significant component of the Company's future projects are expected to focus on those projects that management believes will allow the Company to leverage its experience in renewable energy and help maintain the Company's position as a leader in the Philippine renewable energy industry.

HEDCOR, Inc.

Hedcor was originally incorporated on October 10, 1986 by ACO as the Baguio-Benguet Power Development Corporation. PHC acquired its 100.0% ownership interest in Hedcor in 1998. In 2005, the Aboitiz Group consolidated all of its mini-hydroelectric generation assets, including those developed by HEDC and NORMIN, in Hedcor. Hedcor currently owns, operates and/or manages 15 mini–hydro run–of–river type plants in Northern Luzon and Davao City in Southeastern Mindanao with a combined installed capacity of 38.2 MW. All electricity generated from Hedcor's mini-hydro plants are sold to the NPC, SFELAPCO, DLPC, Philex Mining Corporation (Philex) and Benguet Electric Cooperative (BENECO) pursuant to power purchase agreements with the said offtakers.

Hedcor, used to have a 50% equity interest in LHC until it transferred its equity stake to its parent company, PHC, through a property dividend declaration in September 2007.

Luzon Hydro Corporation

LHC is PHC's joint venture company with PHPL. LHC operates and manages, under a BOT scheme, the 70 MW Bakun AC hydroelectric project, which is located within the 13,213 hectare watershed area of the Bakun River in Ilocos Sur province in Northern Luzon. The plant is a run–of–river power plant which taps the flow of the neighboring Bakun River to provide the plant with its generating power, with water from the upper reaches of the Bakun River diverted through an 11-meter high weir into a 9.6-kilometer tunnel that is cut through the Cordillera Mountains. The water goes from the tunnel into the power station, which uses four 18 MW twin jet Pelton turbines, two 44 MVA synchronous generators and two 44 MVA 13.8/230 KV transformers to convert the energy of the flowing water into electricity. The water then exits the power station back into the same stream it was diverted from approximately 535 meters below the level of the weir.

Energy produced by the plant, which commenced commercial operations in April 2001, is delivered and taken up by NPC pursuant to the Bakun PPA entered in November 1996 and dispersed to NPC's Luzon Power Grid. Under the terms of the Bakun PPA, all of the electricity generated by the Bakun plant will be purchased by NPC for a period of 25 years from February 2001. The Bakun PPA also requires LHC to transfer the Bakun plant to NPC in February 2026, free from liens and without the payment of any compensation by NPC.

SN Aboitiz Power-Magat Inc.

SNAP-Magat is PHC's joint venture company with SN Power, a leading Norwegian hydropower company with projects and operations in Asia, Africa and Latin America. On December 14, 2006, SNAP-Magat participated in and won the bid for the 360 MW Magat hydroelectric power plant (the Magat Plant) conducted by PSALM for a bid price of US$530 million.

The Magat Plant, which is located at the border of Isabela and Ifugao provinces in Northern Luzon, was completed in 1983. As a hydroelectric facility that can be started up in a short period of time, the Magat Plant is ideally suited to act as a peaking plant with opportunities to capture the significant upside potential that can arise during periods of high demand.

The Magat Plant has the ability to store water equivalent to one month of generating capacity, allowing for the generation and sale of electricity at the peak hours of the day, which command premium prices. Magat's source of upside, water as a source of fuel and the ability to store it, is also its source of limited downside. This hydroelectric asset has minimal marginal costs granting it competitive advantage in terms of economic dispatch order versus other fuel-fired power plants that have significant marginal cash costs. SNAP-Magat sells most of the electricity generated by the Magat Plant through the WESM.

SNAP-Magat obtained BOI approval of its application as the new operator of the 360MW Magat plant with a pioneer status that entitles SNAP to an income tax holiday.

Most of the land underlying the Magat plant was untitled public land that PSALM converted into titled land to be registered in its name. This land will be leased by SNAP-Magat from PSALM. A portion of the land underlying the Magat plant is in the name of NIA. This portion is being leased by SNAP-Magat from NIA under terms and conditions provided under the O&M Agreement. On March 23, 2007, President Arroyo issued a presidential proclamation reserving and granting NPC ownership over certain parcels of public land in Isabela province and instructing the DENR to issue a special patent over the untitled public land on which the Magat plant is situated, subject to the Magat land lease agreement between SNAP-Magat and PSALM. The land which was titled in 2007 was eventually bought by SNAP Magat.

SN Aboitiz Power-Benguet Inc.

SNAP-Benguet (formerly SN Aboitiz Power - Hydro), a consortium between PHC and SN Power. On November 28, 2007 SNAP-Benguet submitted the highest bid for the Ambuklao-Binga Hydroelectric Power Complex, which consists of the 75 MW Ambuklao Hydroelectric Power Plant ("Ambuklao Plant") located in Bokod, Benguet and the 100 MW Binga Hydroelectric Power Plant ("Binga Plant") located in Itogon, Benguet. The price offered amounted to US$325 million. PSALM issued the Notice of Award last December 19, 2007, officially declaring SNAP-Benguet as the winning bidder for the Ambuklao-Binga generation facilities.

The Ambuklao-Binga Hydroelectric Power Complex was turned over to SNAP-Benguet, the operating company for the generating plant, on July 10, 2008. In August 2008, SNAP-Benguet signed a $375 million loan agreement with a consortium of local and foreign banks where US$160 million will be taken up as US dollar financing and ₱215 million in Peso financing. Proceeds from the facility were used to partially finance the purchase price and the rehabilitation of the power plant complex and refinance SNAP-Benguet's existing advances from shareholders with respect to the acquisition of the assets.

SNAP-Benguet obtained BOI approval of its application as the new operator of the Ambuklao and Binga plants with a pioneer status that entitles SNAP to an income tax holiday.

Hedcor Sibulan, Inc.

Hedcor Sibulan, a wholly owned subsidiary of PHC, is the project company of the Sibulan hydropower project. The project, which started construction in June 25, 2007, entails the construction of two Run-of-river hydropower generating facilities tapping the Sibulan and Baroring rivers in Sibulan, Santa Cruz, Davao del Sur. The total project cost is approximately ₱5.1 billion, which includes capital expenditures needed to construct access roads and transmission facilities. The Sibulan project is expected to be completed and commercially operational by October 2009.

Hedcor Sibulan is part of a consortium that won the competitive bidding for the 12-year power supply agreement to supply 400,000,000 kWh per annum of new capacity to DLPC starting August 2009. The bid price for the contracted energy was ₱4.0856/kWh delivered, subject to adjustment based on changes to the Philippine consumer price index. All the energy generated by the Hedcor Sibulan power plants will be supplied to DLPC pursuant to the power supply agreement signed on March 7, 2007.

Hedcor Tamugan, Inc.

Hedcor Tamugan, a wholly owned subsidiary of PHC, is the project company, which proposes to build the Tamugan hydropower project. The project will involve the construction of two (2) run-of river hydroelectric plants, each one located within the city boundaries of Davao City. Latest estimates indicate that the two (2) plants will be capable of generating up to 27.5MW of electricity. The project shall be commenced once all government permits are obtained.

Hedcor Tamugan is part of a consortium that won the competitive bidding for the 12-year power supply agreement to supply 400,000,000 kWh per annum of new capacity to DLPC starting August 2009. The bid price for the contracted energy was ₱4.0856/kWh delivered, subject to adjustment based on changes to the Philippine consumer price index. All the energy generated by the Hedcor Tamugan power plants will be supplied to DLPC pursuant to the power supply agreement signed on March 7, 2007.

Southern Philippines Power Corporation

SPPC is a joint venture among AP, Alsons Consolidated Resources, Inc., Toyota Tsusho, and Electricity Generating Public Company Limited. AP has a 20.0% equity interest in SPPC, which owns and operates a 55 MW Bunker C-fired power plant in Alabel, Sarangani in Southern Mindanao. The SPPC power plant was developed on a build-own-operate basis by SPPC under the terms of an Energy Conversion Agreement ("ECA"') with the NPC. Under the ECA, NPC is required to deliver and supply to SPPC the fuel necessary to operate the SPPC power plant during an 18-year cooperation period, which ends in 2016. NPC is also required to take all the electricity generated by the SPPC power plant during the cooperation period and pay SPPC on a monthly basis capital recovery, energy, fixed operations and maintenance (O&M) and infrastructure fees as specified in the ECA. During this cooperation period, SPPC is responsible, at its own cost, for the management, operation, maintenance and repair of the SPPC power plant.

Aside from providing much needed capacity to the Southwestern Mindanao Area, the SPPC power plant also performs the role of voltage regulator for General Santos City, ensuring the availability, reliability, and quality of power supply in the area.

Western Mindanao Power Corporation

Like SPPC, WMPC is also a joint venture of AP, Alsons Consolidated Resources, Inc., Toyota Tsusho and Electricity Generating Public Company Limited. AP has a 20.0% equity interest in WMPC, which owns and operates a 100 MW bunker-C fired power station located in Zamboanga City, Zamboanga del Sur in Western Mindanao. The WMPC power plant was developed on a build-own-operate basis by WMPC under the terms of an ECA with NPC. Under the ECA, NPC is required to deliver and supply to WMPC the fuel necessary to operate the WMPC Plant during an 18-year cooperation period, which ends in 2015. NPC is also required to take all the electricity generated by the WMPC Plant during the cooperation period and pay WMPC on a monthly basis capital recovery, energy, fixed O&M and infrastructure fees as specified in the ECA. During this cooperation period, WMPC is responsible, at its own cost, for the management, operation, maintenance and repair of the WMPC Plant.

Aside from providing much needed capacity to the Zamboanga Peninsula, the WMPC power plant also performs the role of voltage regulator for Zamboanga City ensuring the availability, reliability, and quality of power supply in the area.

East Asia Utilities Corporation

On April 20, 2007, AP acquired a 50.0% ownership interest in EAUC from El Paso Philippines which still owns the other 50.0% of EAUC. EAUC was incorporated in February 18, 1993 and since 1997 has operated a Bunker C-fired power plant with an installed capacity of 50MW within the MEPZ I in Mactan Island, Cebu. Pursuant to the Power Supply and Purchase Agreement (PSPA), as amended, with the PEZA, the EAUC plant is the sole provider of electricity to MEPZ I, delivering reliable, high quality power to meet the stringent requirements of semiconductor firms, electronics manufacturers and other locators within the economic zone. The PSPA is for a term of 15 years beginning December 31, 1997.

On February 7, 1995, EAUC entered into a lease contract with PEZA for the lease of a portion of land within MEPZ 1. The term of the lease is for 25 years commencing from December 1, 1993. Rental for the leased property is on a per square meter per month basis, with the amount per square meter increasing during the period of the lease. For 2007, the rent per square meter per month was ₱20.46, with the amount scheduled to increase every year up to ₱35.00 per square meter per month during the last year of the lease contract. Late payments by EAUC are subject to interest computed at the 90-day Government treasury bill rate plus 2.0% per annum until fully paid. Real Property taxes and fees on the leased property and on EAUC’s machinery, equipment and other improvements installed or introduced in the leased property are for the account of EAUC.

Cebu Private Power Corporation

Incorporated on July 13, 1994, CPPC owns and operates a 70MW Bunker C-fired power plant in Cebu City, one of the largest diesel power plants in the island of Cebu. Commissioned in

1998, the CPPC plant was constructed pursuant to a BOT contract to supply 62 MW of power to VECO. The CPPC plant will revert to VECO in November 2013.

Abovant Holdings, Inc.

Incorporated on November 28, 2007, Abovant is a joint venture company formed by AP and Vivant Energy Corporation ("Vivant") of the Garcia Group of the VECO to hold their investments in a new power plant being built in Sangi, Toledo City, Cebu.

Abovant, which is 60% owned by AP and 40% owned by Vivant, has formed CEDC, together with Global Formosa, a joint venture between Global Power and Formosa. CEDC is in the process of constructing a new 3x82MW coal-fired power plant in the existing Toledo Power Station complex in Toledo City, Cebu. With Abovant's 44.0% stake in the project (Global Formosa owns the remaining 56.0%), AP's effective interest in the new power plant, which broke ground in January 2008, is approximately 26.4%.

The power plant, which is expected to be completed by the second half of 2010, will cost approximately US$430 million. The power to be generated from the new power plant will provide much needed security to the power supply of the province of Cebu in the coming years. Additional power will be needed with the influx of business process outsourcing companies and new hotels in the province and the presence in the Toledo-Balamban area of large industries such as Atlas Mining Corporation, the shipbuilding facility of Tsuneishi Heavy Industries (Cebu) Inc. and the modular fabrication facility of Metaphil International Inc.

CEDC plans to establish Electric Power Purchase Agreements with possible offtakers, which will contain contracted Minimum Energy Offtake with fuel as pass through.

Redondo Peninsula Corporation

Incorporated on May 30, 2007, RP Energy is a joint venture company owned equally by AP and Taiwan Cogeneration International Corporation. It is the project company that will build and operate a 300MW coal-fired power plant in Redondo Peninsula in the SBFZ.

In April 2008, RP Energy issued a letter of award to Formosa for the supply of the boiler, steam turbine, generator, and related services that will be used for the construction of the power plant. The award serves to fix the price and delivery time of the equipment amidst an environment of rising prices and longer delivery period of raw materials. The project is estimated to cost approximately US$500 million. The construction of the coal plant is being deferred pending further review of the power supply and demand requirements in the Luzon Grid.

STEAG State Power Inc.

AP closed the sale and purchase of the 34.0% equity ownership in STEAG Power from Evonik Steag (formerly known as STEAG GmbH) last November 15, 2007, following its successful bid to buy the 34.0% equity ownership in August 2007. The total purchase price for the 34.0% equity in STEAG Power was US$102 million, inclusive of interests.

Incorporated on December 19, 1995, STEAG Power is the owner and operator of a 232MW (gross) coal-fired power plant located in the PHIVIDEC Industrial Estate in Misamis Oriental, Northern Mindanao. The coal plant was built under a BOT arrangement and started commercial operations on November 15, 2006. The coal plant is subject of a 25-year power purchase agreement with the NPC, which agreement is backed by a Performance Undertaking issued by the Republic of the Philippines. STEAG Power currently enjoys a 6-year income tax holiday from the BOI.

AP Renewables, Inc.

On 30 July 2008, APRI submitted the Winning Bid of US$ 447 million to PSALM for the purchase of the Geothermal Complex consisting of the 289 MW Tiwi Geothermal Power Plant located at Tiwi, Albay and the 458.53 MW MakBan Geothermal Power Plant located at Laguna and Batangas Provinces. While the aggregate installed capacity of Tiwi-MakBan is 767 MW, it is expected that the dependable capacity will only be 462 MW, due to limitations in steam supply.

The Asset Purchase Agreement ("APA") entered into by APRI and PSALM became effective on 22 August 2008 ("Effective Date").

Under the APA, APRI is required to pay the purchase price in several tranches. At least 40.0% of the purchase price ("Up-Front Payment") shall be paid on or before the Closing Date, which may be anytime between the 60th and 270th day from Effective Date, while the remaining balance shall be payable in 14 semi-annual payments ("Deferred Payments"). The first of the Deferred Payments shall be paid six (6) months after the Closing Date.

Among the rights and obligations assigned to APRI, under the APA, are transition supply contracts with various expiring terms and covering an estimate of 480 MW capacity at combined peak. Included among the supply contracts assigned, while not a transition supply contract, is the obligation to supply 219 MW to Meralco. Rates for the transition supply contracts are pegged to Base NPC Time-of-Use Rates, which is currently at ₱ 3.8966/kWh.

The APA likewise requires APRI to rehabilitate Units 5 and 6 of the MakBan Geothermal Power Plant at its own cost and expense. The rehabilitation must be accomplished and completed within four (4) years from Closing Date.

Control and management of Tiwi-MakBan shall be turned over by PSALM to APRI on Closing Date. The management and operation of the steam fields, which supply steam to Tiwi-MakBan, shall remain with Chevron. After turn-over of Tiwi-MakBan, but before the rehabilitation is completed, the steam supply arrangement between APRI and Chevron shall be governed by a transition agreement, which provides for the reimbursement of capital expenditures and operating expenses, as well as payment of service fees by APRI to Chevron. After the rehabilitation is completed, the steam supply arrangement shall be governed by the GRSC, wherein APRI will no longer pay service fees and reimburse Chevron for capital expenditures and operating expenses. Instead, under the GRSC, APRI shall pay Chevron for the price of steam, which shall be linked to Barlow Jonker and Japanese Public Utilities coal price indices. The GRSC shall be effective until 2021.

Davao Light & Power Company, Inc.

DLPC is the third largest privately-owned electric distribution utility in the country in terms of customers and annual GWh sales. DLPC supplies electricity to a region covering 3,354 square kilometers in and around Davao City in Southern Mindanao with a population of approximately 1,432,544. DLPC's franchise area includes Davao City, Panabo City and the municipalities of Carmen, Dujali and Santo Tomas in the province of Davao del Norte.

AP currently has an ownership interest of 99.92% in DLPC, which was organized on October 29, 1929. DLPC's original franchise, which covered Davao City, was granted in November 1930 by the Philippine Legislature and was for a period of 50 years. In 1976, the NEA extended DLPC's franchise for Davao City to November 2005 and granted DLPC franchises for the municipalities of Carmen, Panabo and Santo Tomas in Davao del Norte province. In September 2000, the Philippine Congress passed Republic Act No. 8960, which granted DLPC a franchise over its current franchise area for a period of 25 years, or until September 2025. The Aboitiz Group acquired its ownership interest in DLPC in 1946.

DLPC has a 150 MVA and a new 2 x 50 MVA substation drawing power at 138 kV. In 1998, it entered into a ten-year power purchase agreement with NPC, which had been extended to 2015 by a separate contract signed by the parties in 2005. DLPC's power purchase agreement with NPC allows the delivery of most of DLPC's power requirements through DLPC's 138 kV lines. As a result, in taking delivery of electricity from NPC, DLPC is able to bypass the Transco connection assets and avoid having to pay corresponding wheeling fees to Transco, thereby allowing DLPC to cut its operating costs.

DLPC also has a 54.8 MW Bunker C-fired standby plant (the Bajada Plant), which is capable of supplying 22.0% of DLPC's electricity requirement.

In February 2007, DLPC awarded to the Hedcor Consortium (composed of Hedcor, PHC, Hedcor Sibulan, and Hedcor Tamugan) a 12-year supply contract of 400,000,000 kWh per year of new capacity starting August 2009. The price differential between Hedcor Consortium's winning bid price of P4.0856 per kWh and the next lowest bid was approximately ₱1.0129 per kWh. Over the life of the supply contract, the differential will amount to approximately ₱4.9 billion at current peso value, representing significant savings for DLPC customers.

DLPC decided to secure the new supply contract in anticipation of the full utilization within the next two years of the existing contracted energy supply under the 10-year contract with the NPC for 1,238,475 MWh and the 15-year contract with Hedcor.

On January 15, 2007, the ERC approved a memorandum of agreement between DLPC and Transco, pursuant to which DLPC's Bajada Plant will provide reactive power support on an as-needed basis to the Mindanao Grid, subject to the dispatch instructions of Transco's Mindanao systems operator. When DLPC provides reactive power under the terms of the agreement, Transco will pay DLPC a fee, which DLPC is required to flow back to its customers by way of reduced rates.

DLPC also operates a fully functional automated mapping and facilities management ("AM/FM") system for its entire franchise area, which was developed in-house by DLPC's programmers. Believed to be one of the first AM/FM system in the Philippines, the system allows DLPC to track field assets, determine a customer's electricity utilization and detect malfunctions or abnormal usage such as illegal tapping at all times. DLPC also uses the Supervisory Control and Data Acquisition ("SCADA") system, which allows DLPC's engineers to monitor and control DLPC's electric distribution assets remotely.

Cotabato Light & Power Company

CLPC supplies electricity to Cotabato City and portions of the municipalities of Datu Odin Sinsuat and Sultan Kudarat, both in Maguindanao province in Mindanao. Its franchise area covers approximately 191 square kilometers and has a population of approximately 350,692. In 2008, it has a manpower complement of 62 full-time and a number of contractual employees serving a customer base of 28,927, composing of residential, commercial, industrial and flat rate customers.

CLPC was formally incorporated in April 1938. Its original 25 year franchise was granted in June 1939 by the Philippine Legislature. In 1961 the Philippine Congress passed Republic Act No. 3217 which was further amended by Republic Act No. 3341 extending CLPC's franchise until June 1989. In August 1989, the then National Electrification Commission (NEC), (now called National Electrification Administration (NEA)) extended CLPC's franchise for another 25-years, which will expire in August 2014. AP owns 99.91% of CLPC.

CLPC has three substations of 10 MVA, 12 MVA and 15 MVA and is served by two 69 kV transmission lines, which provide redundancy in case one transmission line fails. CLPC's distribution voltage is 13.8 kV. It maintains a stand-by 7.35 MW Bunker C-fired plant capable of supplying approximately 37.0% of its franchise area requirements. The existence of a standby power plant which is capable of supplying electricity in cases of supply problems with NPC and for the stability of voltage whenever necessary is another benefit to CLPC's customers.

Although a relatively small utility. CLPC's corporate relationship with sister company DLPC allows the former to immediately implement benefits from the latter's system developments. CLPC also uses state of the art AM/FM and SCADA systems like DLPC.

The ERC recently issued its Final Determination on CLPC's application for approval of its annual revenue requirement and performance incentive scheme under the PBR scheme. This covers the second regulatory 4-year period, which is expected to commence on April 1, 2009.

The ERC will conduct public hearings prior to implementation of CLPC's resulting distribution rate structure. A final approved rate structure is expected to be published on March 31, 2009. After communicating with its customers, CLPC expects to implement the new rate structure on May 1, 2009, which is one month later than the scheduled start of the second regulatory period. Any resulting under- or over-recovery in revenue will be reflected in the correction factor at the next rate application, for implementation in April 2010.

Visayan Electric Company, Inc.

VECO is the second largest electric privately-owned distribution utility in the Philippines in terms of customers and annual MWh sales. VECO supplies electricity to a region covering 672 square kilometers in the island of Cebu with a population of approximately 1.5 million. Its franchise area includes the cities of Cebu, Mandaue, Talisay and Naga, and the municipalities of Minglanilla, San Fernando, Consolacion and Lilo-an. To date, VECO has twelve (12) substations located in different areas around in the cities of Cebu, Mandaue, Naga and the municipality of Consolacion.

VECO, directly and through its predecessors-in-interest, has been in the business of distributing electricity in Cebu Island since 1905. In the early 1900s, the predecessors-in-interest of the Aboitiz Group acquired a 20.0% interest in VECO's predecessor-in-interest, the Visayan Electric Company, S.A. Since that time, the Aboitiz Group's ownership interest in VECO has increased from 20.0% to the current beneficial ownership interest of 55.11% held by AP.

In 1928, Visayan Electric Company, S.A. was granted a 50-year distribution franchise by the Philippine Legislature. The term of this franchise was extended by Republic Act No. 6454 for an additional 25 years beginning in 1978 and was conditionally renewed for another 25 years from December 2003, subject to the resolution of an intra-corporate dispute at that time involving AEV, AP's parent company, and Vivant Corporation. In September 2005, the Philippine Congress passed Republic Act No. 9339, which extended VECO's franchise to September 2030. VECO's application the extension of its Certificate of Public Convenience and Necessity ("CPCN") was recently approved by the ERC.

In April 2004, AEV and Vivant, which is the holding company of the Garcia family, entered into a Shareholders' Cooperation Agreement that sets out guidelines for VECO's day-to-day operations and the relationship among VECO's shareholders, including: restrictions on share transfers (including the grant of rights of first refusal in the event of a transfer to a third party and rights to transfer to affiliates, subject to certain conditions), board composition and structure, proceedings of directors and shareholders, minority shareholder rights, dividend policy, termination, and non-compete obligations. Under the terms of the agreement, day-to-day operations and management of VECO were initially assumed by AEV and, after AP acquired AEV's ownership interest in VECO in January 2007, by AP. AP and Vivant Corporation are each required to place in escrow 5.0% of the shares in VECO registered in their respective names to guarantee compliance with their respective obligations under the Shareholders' Cooperation Agreement. The escrow shares will be forfeited in the event a shareholder group violates the terms of the Shareholders' Cooperation Agreement. The Shareholders' Cooperation Agreement was adopted as a result of a dispute between AEV and Vivant regarding the management of VECO. Relations between the shareholders of VECO are amicable.

VECO entered its reset period in end 2008 under the PBR, and is expected to enter the 4-year regulatory period in July 1, 2010.

San Fernando Electric Light and Power Co., Inc.

SFELAPCO supplies electricity to approximately 32 barangays in San Fernando City, 29 barangays in the municipality of Floridablanca, 5 barangays in the municipality of Bacolor and 2 barangays in the municipality of Guagua, a portion of Lubao and Santo Tomas, all located within Pampanga province in Central Luzon. Its franchise area covers 204 square kilometers and has a population of approximately 365,427.

SFELAPCO was incorporated on May 17, 1927. In 1961 the Philippine Congress passed Republic Act No. 3207, which granted SFELAPCO a franchise to distribute electricity for a period of 50 years within the franchise area described above. The franchise will expire in June 2011. AP has an effective interest of 43.8% in SFELAPCO.

SFELAPCO is part of the fourth batch of private utilities to enter PBR, and is expected to enter its 4-year regulatory period by April 1, 2011.

Subic Enerzone Corporation

In May 2003, the consortium of AEV and DLPC won the competitive bid to provide distribution management services to the SBMA and to operate the SBFZ power distribution system for a period of 25 years. On June 3, 2003, SEZ was incorporated as a joint venture company owned by a consortium comprised of DLPC, AEV, SFELAPCO, Team Philippines, Okeelanta and PASUDECO to undertake the management and operation of the SBFZ power distribution system. SEZ was formally awarded the contract to manage the SBFZ's power distribution system on October 25, 2003 and officially took over the operations of the power distribution system on the same day.

SEZ's authority to operate the SBFZ power distribution system was granted by the SBMA pursuant to the terms of Republic Act No. 7227 (The Bases Conversion and Development Act of 1992), as amended. As a company operating within the SBFZ, SEZ is not required to pay the regular corporate income tax of 35% and instead pays a preferential tax of 5.0% on its gross income in lieu of all national and local taxes.

Following the acquisition of AP in January 2007 of the 64.3% effective ownership interest of AEV in SEZ, AP entered into another agreement on June 8, 2007 to acquire the combined 25.0% equity stake in SEZ of AEV, SFELAPCO, Okeelanta, and PASUDECO.

Last December 17, 2007, AP bought the 20.0% equity of Team Philippines in SEZ for ₱92 million. Together with the 35.0% equity in SEZ of AP's subsidiary DLPC, this acquisition brings AP's total equity in SEZ to 100.0%.

In November 2008 SEZ implemented its rate increase as per approved unbundled rates.

SEZ is part of the fourth batch of private utilities to enter PBR, and is expected to enter its 4-year regulatory period by April 1, 2011.

Mactan Enerzone Corporation

MEZ was incorporated in January 2007 when Aboitiz Land, Inc. ("Aboitizland") spun off the power distribution system of its MEPZ II project. The MEPZ II project, which was launched in 1995, is operated by Aboitizland under a BOT Agreement entered into with the Mactan-Cebu International Airport Authority ("MCIAA").

On June 8, 2007, AP entered into an agreement to acquire Aboitizland's 100% equity stake in MEZ represented by 8,754,443 common shares of MEZ. Pursuant to the agreement, AP acquired Aboitizland's ownership interest in MEZ valued at ₱609.5 million in exchange for AP's common shares issued at the initial public offering price of ₱5.80 per share. The SEC approved the shares swap agreement last January 10, 2008.

MEZ sources its power from NPC pursuant to a Contract to Supply Electric Energy. Under the supply contract, NPC is required to provide power to MEZ up to the amount of contracted load, which is based on the projections provided by companies operating in the MEPZ II pursuant to a Power Service Contract each company operating in MEPZ II enters into with MEZ.

Balamban Enerzone Corporation

BEZ was incorporated in January 2007 when Cebu Industrial Park Developers, Inc. ("CIPDI"), a joint venture between Aboitizland and Tsuneishi Holdings (Cebu), Inc. ("Tsuneishi Holdings"), spun off the power distribution system of the WCIP. WCIP is a special economic zone for light and heavy industries located in Balamban in western Cebu, which is owned and operated by CIPDI. The park is home to shipbuilding and ship repair facilities of Tsuneishi Heavy Industries (Cebu), Inc. and FBMA Marine Inc. as well as the modular fabrication facility of Metaphil International, Inc.

On May 4, 2007, CIPDI declared a property dividend to its stockholders in the form of its equity in BEZ. On June 8, 2007, AP entered into an agreement to acquire Aboitizland's

60.0% equity stake in BEZ represented by 4,301,766 shares common shares of BEZ. Pursuant to the agreement, AP acquired Aboitizland's ownership interest in BEZ valued at ₱ 266.9 million in exchange for AP's common shares issued at the initial public offering price of ₱ 5.80 per share. The SEC approved the shares swap agreement last January 10, 2008. On March 7, 2008, AP purchased Tsuneishi Holdings' 40.0% equity in BEZ for approximately ₱ 178 million. The acquisition brought AP's total equity in BEZ to 100.0%.

FINANCIAL SERVICES

AEV's financial services group is composed of two companies: (1) Union Bank of the Philippines (UBP), a leading universal bank in the country, and (2) City Savings Bank (CSB), a thrift bank based in Cebu City.

Union Bank of the Philippines

UBP was founded in August 1968 as a savings bank and was granted its commercial banking license by the Bangko Sentral ng Pilipinas in 1982. In July 1992, UBP received its license to operate as a universal bank. In 1994, it successfully acquired and merged with the International Corporate Bank, widening its business scope and presence in the Philippines. That same year, UBP embarked on a comprehensive corporate restructuring program through investments in technology, creation of new products and the development of on-line banking capabilities, all of which have become the bank's competitive strengths.

As part of its growth strategy, UBP acquired the International Exchange Bank (iBank) in June 2006. The acquisition and merger of iBank catapulted UBP to being the 6th largest private domestic commercial bank in terms of assets, 9th largest in terms of net loan portfolio and 8th largest in terms of deposits. It likewise ranked 7th largest in terms of branch network with 166 branches.

In April 2007, UBP undertook a primary offering of 90 million new common shares which allowed UBP to raise additional equity of over ₱5.1 billion. The purpose of the offering was to raise UBP's equity to strengthen its capital adequacy ratio in anticipation of Basel II requirements and further enhance its financial flexibility.

At present, AEV beneficially holds approximately 36.22% of UBP. Other major shareholders of UBP are Insular Life Assurance Company, Ltd. and the Social Security System.

As a universal bank, UBP provides a broad range of services such as loan and deposit products, consumer finance products, international banking, cash management, money market, trust banking, credit card and treasury services and electronic banking products to corporate, mid-sized corporations, small and medium enterprises and retail consumers.

UBP is focused on meeting changes in customer needs through technological advancements and seeks to remain at the forefront of technology-based banking in the Philippines. UBP believes that use of technology and its operational structure has enabled it to capture and secure a loyal customer base as well as to achieve high levels of efficiency and productivity. As part of its future growth strategy, UBP aims to establish itself as a leading multi-product financial services bank in the Philippines by increasing its share of the banking business for all market segments through providing a full range of financial products and services.

UBP focuses on cash management services and solutions for corporate clients. With its extensive technical capabilities, it has found a niche for providing a whole range of receivables and payables management products and services for both local and multinational corporate clients. UBP has begun to tap into the market of small and medium-sized companies by offering corporate solutions previously available only to large corporations.

UBP has received various awards for its achievements. In 2001, UBP received the "Excellence in Retail Banking Award" from The Asian Banker for being the best retail bank in the Philippines. In December 2002, the Bank was voted by Euromoney as being one of "The 10 Best Managed Companies in Asia in 2002". In January 2003, UBP was voted by AsiaMoney as being "Among the 5 Best Managed Companies in the Philippines in 2002". In 2004, UBP's official website, "UBPph.com" was awarded the Best in Functionality and Interactivity award at the BAIPHIL Web Awards, and the Best Banking and Finance Website award as well as the People's Choice for Banking and Finance at the Philippine Web Awards. In February 2008, UBP received the "Financial Insights Innovation Award" from Financial Insights for its Business-to-Government (B2G) Payments.

City Savings Bank

CSB, a thrift bank, was incorporated on December 9, 1965 and was originally known as Cebu City Savings and Loan Association. It was the first of its kind to be organized under the "Savings and Loan Association Act", otherwise known as Republic Act 3779.

After over 40 years of operation, CSB now has a paid-up capital of almost ₱200 million with total resources of over ₱4 billion, a significant lead from the ₱875 thousand at the close of its first year of operation. As of 2007, CSB counts on the strong patronage of 71,931 depositors with a deposit base of about ₱3.2 billion, and 61,732 borrowers with a total loan portfolio of ₱2.4 billion. CSB is acknowledged to have one of the strongest balance sheets in the industry.

CSB's various products include salary loans, home mortgage loans, home improvement loans as well as small business loans. CSB also offers very competitive rates for its deposit products for depositors who want to get the most out of their investments. CSB's 1-5 year time deposits offer high interest rates and monthly earnings that can easily satisfy the depositors' daily needs. The deposit products include the regular savings account, student savings account, Kaugma-on savings account. The regular savings account allows minimum deposits for as low as ₱100 while the student savings is intended primarily to encourage students to save money and learn the value of saving.

CSB has a total of 17 branches and extension offices located all over the Visayas and Mindanao. It has four full branches and one extension office in the province of Cebu. Other branches and extension offices are located in the cities of Ormoc, Calbayog, Tacloban, Iloilo, Bacolod, Tanjay, Davao, Tagbilaran, Roxas, Cagayan de Oro, Tagum and in the town of Ubay, Bohol. CSB's branch expansion is expected to continue in 2008.

FOOD MANUFACTURING

AEV's food manufacturing group is presently made up of Pilmico Foods Corporation (Pilmico) and its subsidiary Pilmico Animal Nutrition Corporation (PANC) (formelry: Fil-Am Foods, Inc.)

In the last quarter of 2006, Pilmico divested its holdings in Pilmico-Mauri Foods Corporation, a former joint venture with Associated British Foods Plc engaged in the manufacture of yeast and specialty baking products.

Pilmico Foods Corporation

Pilmico is one of the country's largest manufacturers of flour and is ranked among the top three domestic flour producers in terms of sales.

Incorporated on August 8, 1958, Pilmico started out as a joint venture among the Aboitiz Group, the Lu Do Group, the Soriano Group and the Pillsbury Group of the United States. The Lu Do, Soriano and Pillsbury Groups eventually sold off their holdings to AEV.

Pilmico is primarily engaged in the manufacture of wheat flour and wheat by-products. As a flour miller, the company brings into the market a variety of brands such as "Sun Moon Star", "Sunshine", "Glowing Sun", "Kutitap", "Gold Star" and "Megastar". Aside from these basic all-purpose baking flour brands, Pilmico also offers a high-end cake flour under the "Wooden Spoon" brand. It imports both soft and hard wheat, the main raw materials for its products, from the United States and Canada.

Pilmico products are distributed nationwide through external distributors and dealers located in major cities like Manila, Davao, Iloilo, Bacolod, Iligan and Cebu. These distributors handle sales to bakeries, restaurant chains, hotels, and other large end-users.

Pilmico Animal Nutrition Corporation (formely, Fil-am Foods, Inc.)

To diversify from the cyclical nature of its existing products, Pilmico also entered the swine production and animal feeds business in 1997 through Fil-Am (now known as, Pilmico Aninal Nutrition Corporation), formerly a joint venture with Tyson International Holding Company, a subsidiary of Tyson Foods, Inc., and PM Nutrition Company, Inc., an affiliate of Purina Mills, Inc. In January 1999, Fil-Am began commercial operations of its feed milling plant, and in the second half of that year started its swine operations.

In October 2002 Fil-Am became a wholly owned subsidiary of Pilmico following Pilmico's acquisition of its partners' equity. This strengthened Pilmico's focus and core competence in the feed milling industry. Fil-Am's products are sold under the "Farmer's Edge" brand.

TRANSPORT

AEV's transport business is made up of two groups: (a) Aboitiz Transport System Corporation or 'ATS' (formerly William, Gothong and Aboitiz, Inc. or WG&A, Inc.) and its subsidiaries; and (b) Accuria, Inc. (formerly Aboitiz Transport System, Inc.), a holding company for all transport-related businesses of AEV outside of ATS.

Aboitiz Transport System Corporation

ATS is in the business of providing solutions for the movement of people and products. The company operates through its subsidiaries, Aboitiz One Inc. (100%), The Supercat Fast Ferry Corporation (100%) Aboitiz Jebsen Bulk Transport Corp. (62.5%), Aboitiz Jebsen Manpower Solutions (62.5%), Jebsen Maritime Inc. (62.5%), Jebsen Management (BVI) Ltd (50.0%) and MCC Transport Philippines, Inc. or 'MCCP' (33%). ATS provides its products and services to its customers through the different brand names such as "2GO" for its cargo and logistics services and "SuperFerry", "Cebu Ferries" and "SuperCat" for its passenger business.

ATS is the result of the 1995 merger of the three biggest shipping companies in the Philippines at that time: William Lines of the Chiongbian family, Carlos A. Gothong Lines of

the Gothong family, and Aboitiz Shipping Corporation. In September 2002, the three major owners of the company finalized an agreement for the Aboitiz Group to buy out the Chiongbian and Gothong groups for a total cash value of about ₱5.40 billion.
Today, ATS' businesses can be grouped into the following:

1. Airfreight forwarding and courier delivery services
2. Containerized and rolling cargo services
3. Global transport and distribution solutions
4. Supply chain solutions
5. Inter–island passenger transport and cargo liner services
6. Sea based as well as land-based Manpower recruitment and training
7. Ship management services

ATS links the major ports and principal cities of the Philippines through a route network of over twenty ports of call all over the country. As of February 24, 2008, the Company has a fleet of twelve company-owned (including MCCP owned vessels) and one chartered vessel with a combined Gross Registered Tonnage (GRT) of approximately 104,387 metric tons (MTs), total passenger capacity of approximately 14,753 passengers and aggregate cargo capacity of approximately 2,261 twenty-foot equivalent units (TEUs).

ATS' extensive presence throughout the country is carried out through its branch operations and agency networks. These are located primarily in Manila, Cebu, Dumaguete, Tagbilaran, Bacolod, Iloilo, Coron, Puerto Princesa, General Santos, Zamboanga, Cotabato, Davao, Cagayan de Oro, Iligan, Ozamis, Nasipit, tacloban, Ormoc and Jagna.

PORTFOLIO INVESTMENTS (PARENT COMPANY/OTHERS)

AEV's portfolio investments include holdings in real estate through Cebu Praedia Development Corporation (CPDC) and aviation through AEV Aviation, Inc. (AAI).

AEV Aviation Inc.

AAI holds AEV's aviation assets, including the corporate aircraft and accompanying support facilities. Incorporated on October 9, 1990, it was originally known as Spin Realty Corp. It was reorganized in late 1998 when the newly acquired AEV corporate aircraft was placed under its holdings.

To date, AAI has four (4) employees, one (1) pilot-in-command, one (1) co-pilot, and two (2) flight engineers. Their task is to provide air transport for AEV's corporate officers within the Philippine archipelago.

Cebu Praedia Development Corporation

CPDC is the holding company for AEV's real estate business. It was incorporated on October 17, 1997 but began operations only in December 1999. To date, its major property holdings include the commercial building block located at 110 Legazpi Street, Makati City that serves as the office of AEV and its subsidiaries and associates in Metro Manila, and AEV's corporate headquarters located in Gov. Manuel Cuenco Avenue in Cebu City.

(iv) New Product/Services

AEV and its subsidiaries do not have any publicly announced new product or service to date.

Participation in Bankruptcy, Receivership or Similar Proceedings

Neither AEV nor any of its subsidiaries has ever been the subject of any bankruptcy, receivership or similar proceedings.

Note: Further description of the development of AEV's business and its significant subsidiaries in the past two years can be found in Item 6, Management's Discussion and Analysis of this information statement.

(v) Competition

On the parent company level, AEV has no direct competitor. However, for reference purposes, other holding and management companies listed in the PSE can be used for comparison.

On the subsidiary level, competition may be described as follows:

POWER DISTRIBUTION AND GENERATION

AEV's power distribution companies (DLPC, CLPC, VECO, SFELAPCO, SEZ, MEZ, BEZ) have operating franchises from the government. These franchises give the distribution companies exclusive right to distribute electricity in the areas covered by such franchises. As such, the companies do not have any competitors within their franchise areas.

On the other hand, except for Magat all power output of AEV's power generation companies are covered by long-term bilateral power purchase contracts with NPC or power distribution utilities. The contracts for WMPC and SPPC are the result of winning competitive bids to supply power to NPC.

FINANCIAL SERVICES

With the upturn of a new credit cycle, UBP intends to grow its lending business as it accesses more collateral business and build its consumer business. UBP continues to apply appropriate risk management techniques to different types of risk exposures. It also plans to expand its branch network with the opening of 29 new branches in key strategic areas in the next 18 months. It continues to leverage on its leading position in technology-driven products and services.

CSB competes with other similar thrift banks operating in Cebu and the neighboring islands of Bohol and Leyte like the First Consolidated Bank of Bohol. CSB also competes with rural banks offering the same products and services it offers and private lending institutions with accreditation from the Department of Education (DepEd) on Automatic Salary Deduction Scheme (APDS) operating within CSB's areas of operation.

TRANSPORT

ATS competes primarily with four other major inter-island shipping companies, namely: Sulpicio Lines Inc., Negros Navigation, Lorenzo Shipping Corporation, and Solid Lines Corp. It has maintained its leadership in the shipping industry despite heavy competition.

FOOD MANUFACTURING

There is a relatively high degree of competition in the domestic flour milling industry. However, because of freight and distribution costs within the Philippine archipelago, flour companies have a competitive advantage in the areas proximate to their milling plants. Pilmico's flourmill is located in Iligan City in Northern Mindanao. The only other flour miller operating in Mindanao is Universal Robina, which has a plant in Davao.

(vi) Purchase of Raw Materials and Supplies

As a holding company, AEV's primary business is not dependent on the availability of certain raw materials or supplies. Acquisition and/or purchases of raw material requirements are done at the subsidiary level.

At the subsidiary level, AEV's power distribution companies source their electricity from both the NPC and independent power producers (IPPs). High voltage electricity received is distributed through the companies' transformers and power lines at suitable voltage for customers' use.
AEV's food subsidiaries import wheat, soybean meal, and other grains mostly from various suppliers in the United States and Canada.

Transport subsidiaries obtain materials, parts and supplies from local suppliers at competitive rates. Fuel and lubricants are purchased from a major fuel provider.

(vii) Customers

As a holding company providing management services, AEV's principal customers are its subsidiaries and associates.

Except for its power generation companies, AEV's subsidiaries have a wide and diverse customer base. As such, the loss of any one customer will have no material adverse impact on its subsidiaries.

Although dependent on one customer (NPC), the power generation companies have bilateral contracts with NPC, supported by NPC's credit, which in turn is backed by the Philippine government.

(viii) Transactions With and/or Dependence on Related Parties

As a holding company, AEV derives its income mainly from its investments in its various subsidiaries and associates. In the ordinary course of business, AEV enters into loan agreements and guarantees or makes advances to fund the capital requirements of its various subsidiaries and associates.

AEV has not undertaken any transaction in which any director or executive officer is involved or has direct or indirect material interest.

(ix) Patents, Copyrights, Franchises

As a holding company, AEV does not own or possess patents, copyrights, franchises or other similar rights. However, the businesses of AEV's utility subsidiaries – power and transport – are dependent on government franchises granted them. AEV's power distribution subsidiaries either have congressional franchises or certificate/s of public convenience issued by the Energy Regulatory Commission or its predecessor. ATS for its part is accredited by the Maritime Industry Authority (MARINA) as a domestic shipping enterprise/entity. The MARINA accreditation is a prerequisite for the granting of franchises for individual vessels' operations. ATS vessels have been issued Certificates of Public Convenience/Provisional Authorities to operate in specified routes.

AEV's food subsidiary Pilmico owns the trademarks for its various flour products such as "Wooden Spoon", "Sun Moon Star", "Sunshine", "Glowing Sun", "Kutitap", and "Megastar". PMFC owns the trademarks "Diamond" and "Baked Right" while Fil-Am owns "Farmer's Edge".

These subsidiaries always strive to maintain a track record of quality services and comply with government regulations to justify and ensure renewal of such franchises or accreditations.

(x) Government Approval

a. HEDCOR is registered as a mini hydro electric power developer with the Department of Energy under Republic Act (RA) 7156, entitled "Mini Hydro Electric Power Incentive Act". By virtue of such registration, HEDCOR is entitled to certain incentives, among which are the special privilege tax at the rate of 2% on power sales, tax and duty free importation of machinery, equipment and materials; tax credit on domestic capital equipment, and income tax holiday. Such incentives for the Benguet plants expired in 2000. The four (4) hydropower plants located in Davao City which started commercial operations on January 19, 2005, enjoy the incentives given by the RA 7156. The plants were acquired from the Power Sector Assets and Liabilities Management Corporation. Income tax holiday of the four plants started on September 28, 2005. Moreover, under RA 9337, otherwise known as the New Expanded Value Added Tax Act, sales of generated power by generation companies are zero-rated.

b. ATS is registered with the BOI under the Omnibus Investment Code of 1987 as a new operator of inter-island shipping through its SuperFerries 15, 16, 17 and 18 vessels on a pioneer status starting February 13, 2003, SuperFerry 19 starting December 29, 2004, and SuperFerry 12 starting May 4, 2005. Such registration entitles ATS to income tax holiday for a period of three to six years from the date of registration. Upon the request of ATS, the BOI cancelled the registrations of SuperFerry 19 and SuperFerries 15, 16, 17 and 18 last October 18, 2006 and January 12, 2007 including all incentives granted thereunder. ATS requested the cancellation of the said registrations due to the change in activity of SuperFerry 19 and the sale of SuperFerries 15,16,17 and 18 leaving only SuperFerry 12 as the remaining vessel entitled to Income tax holiday incentives up to May 3, 2008. Incentives availed amounted to P22,856 (in thousands) in 2006 and none in 2007 since SuperFerry 12 resulted in a net taxable loss of P17,128 (in thousands).

c. Fil-Am is registered with the BOI for its feedmill expansion under the Omnibus Investments Code of 1987. On May 21, 2004 the BOI granted a three-year income tax holiday (ITH) starting January 2005 or actual start of commercial operations, whichever comes earlier. The entitlement of Fil-Am to ITH shall be applied on the income derived from the expansion of its registered capacity. In the computation of the ITH, a base figure of 120,000 metric tons representing the Fil-Am's existing registered capacity shall be used.

(xi) Effect of Existing or Probable Governmental Regulations

RA No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001 (EPIRA)", was enacted to liberalize and restructure the Philippine electric power industry. Since it was signed into law in 2001, it has made a broad impact on the electric power industry as a whole and AEV's power business in particular.

Privatization of NPC and Transco Assets

The EPIRA mandate to privatize the generation assets of NPC has provided AEV with an opportunity to increase its power generating capacity. AEV, through its subsidiaries has bidded and will bid in the future for NPC generation assets that will be put into the market by the PSALM. To date it has acquired two generation assets from PSALM – the Talomo hydropower plants in Davao City and the 360 MW Magat hydropower power complex.

The EPIRA also mandates the National Transmission Corporation (Transco) to segregate its subtransmission assets for disposal to qualified distribution utilities. In preparation for the implementation of the Open Access and Retail Competition provisions of the EPIRA, AEV's distribution utilities have entered into agreements with Transco to purchase subtransmission assets within their franchise areas The acquisition of subtransmission assets requires the approval of the ERC.

Wholesale Electricity Spot Market (WESM)

The EPIRA mandates the establishment of WESM to promote competition in power generation. The WESM is a venue for trading electircity where generators may sell power, and suppliers or wholesale consumers can purchase electricity. The increased competition among generation companies under the WESM will not significantly affect AEV's generation companies in the short term because, except for the Magat hydroelectric plant, electricity generated by the generation companies are covered by bilateral contracts with NPC or distribution utilities.

The WESM also provides a venue for establishing merit order dispatch for generation companies. Since market and dispatch are fully integrated under the WESM, electricity generated by generation companies are required to be sold through the WESM whether or not they are covered by bilateral contracts. Settlement for bilateral contracts will however be done outside the market.

During the first five years of its establishment, distribution utilities are required to procure at least ten percent (10%) of their total demand from the WESM.

Retail Competition and Open Access

The Implementing Rules and Regulations of EPIRA defines Open Access as the system of allowing any qualified person the use of transmission, and/or distribution system and associated facilities subject to the payment of transmission and/or distribution wheeling rates duly approved by the ERC. Retail competition refers to the provision of electricity to a contestable market by suppliers through open access.

During the initial phase of Open Access, the implementation of which is subject to certain conditions, electricity end-users with a monthly average peak of at least one megawatt (1 MW) for the preceding twelve (12) months shall be deemed to be a Contestable Market. Two years thereafter, the threshold level for Contestable Market will be reduced to 750 kW, at which level, aggregators will be allowed to supply electricity to end-users whose aggregate monthly average peak demand within a contiguous area is at least 750 kW. Over time, ERC shall reduce the threshold level until it reaches the household demand level.

Only electricity supply "businesses" of AEV's distribution utilities will face competition under the retail competition and open access system of the EPIRA. However, since they will be paid distribution wheeling fees by suppliers using their distribution system assets, it is expected that the revenue from their respective distribution businesses will not be affected.

On the other hand, retail competition has provided new business opportunities for AEV's subsidiary AESI, which is now an ERC-registered wholesale aggregator and licensed retail electricity supplier.

Business Separation and Unbundling Plan

All electric power industry participants are required under the EPIRA to identify and undertake structural and functional unbundling of their different business activities into generation business segments, transmission and related activities business segments & distribution and related activities business segments. To date, all of AEV's distribution utilities have already filed their respective Business Separation and Unbundling Plans which are currently being reviewed by the ERC.

Unbundling of Rates

To promote transparency, the EPIRA also requires electric power industry participants to identify and separate individual charge for providing specific electric service to any end-user for generation, transmission, distribution and supply. Except for SEZ whose application is still pending with the ERC, all of AEV's distribution utilities have effectively unbundled their rates with final approval from the ERC. If approved by the ERC, SEZ's rates unbundling can only be implemented in October 2008 due to a moratorium of rates increase within the first five years of operation provided for in its Distribution Management Services Agreement with SBMA signed last May 15, 2003.

Performance-Based Regulation

In accordance with the authority given to the ERC by Sec. 43 of EPIRA to "adopt alternative forms of internationally-accepted rate-setting methodology", the ERC approved the Distribution Wheeling Rate Guidelines (DWRG) last December 10, 2004. DWRG embodies a new rate-fixing scheme more commonly known as performance-based ratemaking (PBR). Under the current return-on rate-base (RORB) methodology, utility tariffs are based on historical costs plus a reasonable rate of return. On the other hand, the PBR scheme sets tariffs according to forecasts of performance and capital and operating expenditures. The PBR also employs a penalty/reward mechanism depending on a utility's actual performance.

On April 11, 2006, the ERC issued Resolution 16 Series of 2006 which made mandatory the entry into PBR of all private distribution utilities. The DWRG provided for five entry groups for private distribution utilities to be subjected to PBR within a limit of five public utilities for each group.

Under Group A, reset period is from January 1, 2006 up to June 30, 2007 while its second regulatory period is from July 1, 2007 to June 30, 2011. Reset period for Group B is from April 1, 2007 up to September 30, 2007 with second regulatory period set to start on October 1, 2008 to September 30, 2012. For Group C, reset period is from January 1, 2008 to June 30, 2009, while regulatory period is set to start from July 1, 2009 to June 30, 2013.

Under Group D reset period is on April 1, 2010 to June 30, 2011 with second regulatory period set to start on October 1, 2010 to September 30, 2014, while Group E will start its reset period from July 1, 2011 to June 30, 2015 with second regulatory on July 1, 2011 to June 30, 2015.

The DWRG was subsequently updated and reissued on July 26, 2006 under Resolution No. 39 Series of 2006 which provides for the rules governing private distribution utilities classified under first entry point . The ERC renamed DWRG into Rules for Setting Distribution Wheeling Rates (RDWR) by virtue of Resolution No. 54 Series of 2006 and adopted the rules for second and later entry points for privately owned distribution utilities.

On October 24, 2007, the ERC issued Resolution No. 24 Series of 2007 adopting a new grouping for privately owned distribution utilities to the PBR. The RDWR now provides for four (4) entry groups for private distribution utilities to the PBR, as follows:

CLPC, which remains at entry point group B is set to enter its regulatory period from April 1, 2009 to March 13, 2013.

DLPC, which is previously under entry point group D, is now at entry point group C together with VECO. Private utilities under entry point group C are set to enter its regulatory period from July 1, 2010 to June 30, 2014.

SFELAPCO and SEZ are still classified under entry point group D. The group's regulatory period is from April 1, 2011 to March 31, 2015.

The periods for the reset process were not specified under ERC Resolution No. 24 Series of 2007 however, according to the RDWR, the period is eighteen (18) months prior to the start of the regulatory period.

(xii) Research and Developmental Activities

AEV and its subsidiaries do not allocate specific amounts or fixed percentages for research and development. All research and developmental activities are done by its subsidiaries and affiliates on a per project basis. The allocation for such activities may vary depending on the nature of the project.

(xiii) Compliance with Environmental Laws

ATS follows the regulations embodied in the 1973 International Convention for the Prevention of Pollution from Ships as modified by the protocol of 1978 (MARPOL 73/78). The said convention has various technical measures intended to control oil spillage and other forms of marine pollution.
Producing clean and renewable energy is a cornerstone of AEV's power generation business. Its power generation subsidiaries operate run-of-river hydroelectric power plants that produce minimal, if any, ecological disturbance.

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Since the start of operations, Luzon Hydro Corporation has produced a total of 1,100 GWh of clean energy, sparing the environment the equivalent discharge of 605,000 tons of carbon dioxide had a coal-fired plant produced the same energy. It has saved the country from importing 1,833,700 barrels of oil.

HEDCOR, Inc. has generated 2,569 gigawatt-hours of clean energy since 1985. This has prevented the release of about 265 million kilograms of carbon dioxide into the atmosphere if the same amount of energy were produced making use of coal. It has also generated foreign exchange savings worth P11.8 billion if the same amount of energy were sourced from imported oil products.

Its other subsidiaries always procure Environmental Compliance Certificates and comply with environmental regulations, especially for its plants and factories.

In the normal course of business, AEV's subsidiaries incur costs and expenses relating to the compliance with government's stringent environmental laws. However, these costs and expenses cannot be segregated or itemized as these are embedded in, and are part and parcel of the companies' overall system to be compliant with both industry standards and the government's regulatory requirements.

(xiv) Employees

On the parent company level, AEV has a total of thirty six (36) employees as of February 29, 2008, composed of executive, administrative, and clerical staff. There is no existing collective bargaining agreement covering AEV employees.

(xv) Major Risk/s Involved in the Business of AEV and its Significant Subsidiaries

Through prudent management and investment decisions, AEV constantly strives to minimize the risks it might encounter in the businesses in which it is involved. However, certain risks are inherent to specific industries that are not within the direct control of AEV or its investee companies. Of note are the following:

Power Industry Regulations. For the distribution sector, the phasing in of the PBR by the ERC to determine power rates will affect AEV's distribution utilities. In the present rate-making environment, the ERC allows a maximum 12% RORB before tax. Under PBR, utilities will be allowed an after-tax return based on a weighted average cost of capital (WACC), which should be consistently determined across the industry. Rate adjustments will be allowed throughout every 4-year regulatory period to take into account inflation.

Exchange Rate Fluctuations / Volatility in Price of Fuel . Certain investee companies, specifically Pilmico and ATS, are engaged in businesses whose raw material requirements and purchases are paid for in U.S. dollars. An untoward depreciation of the Philippine peso vis-à-vis the U.S. dollar could have an adverse effect on these investee companies' operating costs. Conversely, an appreciation of the local currency against the dollar would potentially be beneficial to these investee companies and subsequently to AEV. Furthermore, a significant proportion of ATS's total cost is made up of its fuel needs. An increase in the price of imported bunker or diesel fuel will directly translate into an increase in the operating cost of its vessels.

Consolidation in the Local Banking Industry. Unless it can adequately increase/raise its resource base and capitalization to compete with the newly merged industry players, or otherwise pursue a selective growth strategy, banks such as AEV's investee, UBP, might be marginalized out of the banking sector.

Political and Economic Factors. AEV is a holding company that, through its investee companies, is engaged in power generation and distribution, banking and financial services, transportation, and food production, among other business activities. The results of operations of the investee companies have historically been influenced to a certain extent by the political and economic situation in the Philippines. In the past, the country experienced periods of slow or negative economic growth. Any future political or economic instability may have an adverse effect on the business and results of operations of the Company or its investee companies.

Environmental Compliance. AEV or its investee companies are required to comply with environmental regulations governing the operation of its projects, including the transport, storage and disposal of fuel as well as air, water and noise emissions. The adoption of new laws or regulations, or changes in the interpretation or application of existing laws or regulations could require AEV or its investee companies to make additional material expenditures on environmental compliance. AEV's ability to operate the projects in a cost-effective manner could be materially adversely affected.

AEV or its investee companies have taken necessary steps to ensure full compliance with all existing DENR standards with regard to emissions and waste disposal. In the event of any increased costs due to the adoption of new laws or regulations, or changes in the interpretation or application of existing laws or regulations, AEV's power projects are afforded varying rights under the power purchase agreements to negotiate for adjustments in the tariff for the projects. With respect to those projects that sell power based on NPC's grid rate, changes in environmental law will also impact NPC's cost of production. These costs production should ultimately be reflected through an adjustment in NPC's tariff.
Except for the items discussed above, there were no trends, events or uncertainties as of December 31, 2007 that could pose as significant risks to AEV's various businesses and/or are expected to adversely impact on the operating performance of its investee companies.

Working Capital

For 2007, AEV derived its working capital mainly from the steady cash flow generated and contributed by its subsidiaries and associates.

Item 2. Properties

The office space occupied by AEV belongs to a wholly-owned subsidiary. As a holding company, AEV does not utilize significant amounts of office space.

On a consolidated basis, the 2008 total property, plant and equipment of AEV were valued at ₱ [•] billion as compared to ₱10.574 billion for 2007. Breakdown is as follows:

	2008	2007	2006
Power, Plant & Equipment		₱3,448,510	1,895,390
Transmission & Distribution Equipment		2,724,819	2,383,326
Machinery & Equipment		1,683,119	1,615,981
Distribution Transformer & Substation Equipment		1,555,603	1,258,685
Buildings, Warehouses & Improvements		1,377,122	1,385,039
Office Furniture, Fixtures & Equipment		966,336	884,278
Transportation Equipment		943,951	850,921

Land		190,945	161,471
Leasehold Improvements		320,393	329,638
Miscellaneous Equipment			
Ships in Operation and Improvements		4,580,798	5,247,753
Containers		1,710,582	1,767,486
Handling Equipment		1,147,241	1,177,470
Flight Equipment		355,816	171,672
Others		149,924	31,853
Less: Accumulated Depreciation		11,714,612	9,953,433
Ships under Refurbishment and Construction		1,134,233	544,186
TOTAL		₱10,574,780	₱9,751,716

Note: Values for the above table are in Thousand pesos.

Locations of principal properties and equipment of AEV's subsidiaries are as follows:

SUBSIDIARY	DESCRIPTION	LOCATION/ADDRESS	CONDITION
Cotabato Light & Power Co.	Industrial land, buildings/plants eqpt. & machineries	Sinsuat Avenue, Cotabato City	In use for operations
Davao Light & Power Co., Inc.	Industrial land, buildings/plants eqpt. & machineries	P. Reyes Street, Davao City; Bajada, Davao City	In use for operations
Pilmico Foods Corp.	Industrial land, buildings/plants eqpt. & machineries	Kiwalan Cove, Iligan City	In use for operations
HEDCOR, Inc.	Hydropower plants	Kivas, Banengneng, Benguet; Beckel, La Trinidad, Benguet; Bineng, La Trinidad, Benguet; Sal-angan, Ampucao, Itogon, Benguet, Bakun, Benguet	In use for operations
Aboitiz Transport System Corp.	Passenger & Cargo Ships in Operation, (Cargo) Containers	In Transit	In use for operations
	Cargo Handling Equipment	Eva Macapagal Super Terminal, Manila South Harbor; Cebu International Port	In use for operations
Fil-Am Foods Corp.	Industrial land, building/plant equipment & machineries	Barangay Sto. Domingo II, Capas, Tarlac	In use for operations

Item 3. Legal Proceedings

Material Pending Legal Proceedings

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

(1) AEV's common shares are traded on the Philippine Stock Exchange.

The high and low stock prices of AEV's common shares for each quarter within the past two years and first quarter of 2009 were as follows:

	2009		2008		2007	
	High	Low	High	Low	High	Low
First Quarter			7.50	6.30	9.60	7.20
Second Quarter					9.40	8.40
Third Quarter					9.10	5.80
Fourth Quarter					7.30	6.50

As of January 31, 2009, AEV has 11,366 shareholders. Common shares outstanding as of same date were 5,694,599,621 shares.

(2) The top twenty stockholders of AEV as of 31 January 2009 are as follows:

	STOCKHOLDERS	NATIONALITY	COMMON SHARES	PREFERRED SHARES	TOTAL SHARES	PERCENTAGE
1	Aboitiz & Company, Inc.	Filipino	2,476,022,415	0	2,476,022,415	43.48%
2	PCD Nominee Corporation	Filipino	630,399,488	0	630,399,488	11.07%
3	PCD Nominee Corporation	Other Alien	513,520,253	0	513,520,253	9.02%
4	Ramon Aboitiz Foundation Inc.	Filipino	420,915,863	0	420,915,863	7.39%
5	Sanfil Management Corporation	Filipino	116,790,211	0	116,790,211	2.05%
6	Lekeitio & Company, Inc.	Filipino	91,876,977	0	91,876,977	1.61%
7	Tricanaya Development Corporation	Filipino	82,099,033	0	82,099,033	1.44%
8	INXS Holdings Corporation	Filipino	78,595,677	0	78,595,677	1.38%
9	Chanton Management & Dev. Corp.	Filipino	62,118,484	0	62,118,484	1.09%
10	La Filipina Uy Gongco Corporation	Filipino	60,000,000	0	60,000,000	1.05%
11	Midcita Management & Development Corporation	Filipino	59,800,893	0	59,800,893	1.05%
12	Bauhinia Management, Inc.	Filipino	51,779,484	0	51,779,484	0.91%
13	Windemere Management Corporation	Filipino	47,666,352	0	47,666,352	0.84%
14	Donya 1 Management Corporation	Filipino	43,136,359	0	43,136,359	0.76%
15	Morefund Management & Development Corporation	Filipino	40,000,000	0	40,000,000	0.70%
16	Anso Management Corporation	Filipino	34,369,707	0	34,369,707	0.60%
17	Aboitiz Equity Ventures, Inc. Retirement Fund	Filipino	34,079,274	0	34,079,274	0.60%

18	Teresita or John Carcovich	Filipino	33,463,510	0	33,463,510	0.59%
19	Triabo Development Corporation	Filipino	31,932,639	0	31,932,639	0.56%
20	John Carcovich	Filipino	29,708,268	0	29,708,268	0.52%
	SUBTOTAL		**4,938,274,887**		**4,938,274,887**	**83.60%**
	Other Stockholders		756,324,734	212,600,000	968,924,734	16.40%
	TOTAL SHARES		**5,694,599,621**	**212,600,000**	**5,907,199,621**	
	NET ISSUED AND OUTSTANDING SHARES		**5,694,599,621**	**212,600,000**	**5,907,199,621**	**100.00%**

(3) The cash dividends declared by AEV to common stockholders from fiscal year 2007 to the first quarter of 2009 are shown in the table below:

	2009	2008 Regular	2008 Special	2007
Amount of Dividend Per Share	₱0.27	₱0.31	₱0.30	₱0.20
Total Amount of Cash Dividend Declared	₱1,505,000,000.00	₱1,765,325,882.51	₱1,708,379,886.30	₱1,138,919,924.20

In a special meeting held January 11, 2007 the Board of Directors of AEV approved the policy of distributing at least one-third of its previous year's earnings as cash dividends to its stockholders for subsequent years.

(4) On November 28, 2006, AEV signed an Issue Management and Underwriting Agreement with BPI Capital Corporation (BPI Capital) as Issue Manager for the issuance of 150,000,000 cumulative, non-voting, non-participating, non-convertible, five-year (Series "E") and seven -year (Series "F") redeemable preferred shares at the offer price of ₱10.00 per share or for a total offering price of ₱1,500,000,000.00. BPI Capital was the Lead Underwriter, PCI Capital Corporation, Co-Lead Underwriter and First Metro Investment Corporation, BDO Capital & Investment Corporation, Multinational Investment Bancorporation, Citicorp Capital Philippines, Inc. and Union Bank of the Philippines are the Underwriters for the offer. AEV paid the amount of P7,500,000.00 as underwriting commission net of taxes for the issuance of the preferred shares.

On December 6, 2006, AEV exercised its early redemption option over its series "B" and "C" preferred shares at 105% of the face value plus accrued interest and simultaneously issued new Series "E" and "F" preferred shares, part of the proceeds of which was used to finance the preferred shares redeemed. The Series "E" and "F" preferred shares were issued to qualified buyers only pursuant to Sec. 10.1 (l) of the Securities Regulation Code. Below is the list of subscribers to Series "E" and "F" preferred shares:

Subscriber's Name	Purchaser Qualification	Shares Purchased	% to Total Preferred Shares Issued
Union Bank of the Philippines	Qualified Buyer	5,000,000	3.33%
First Metro Investment Corporation	Qualified Buyer	6,400,000	4.27%
Metrobank Trust Banking as Trustee	Qualified Buyer	600,000	0.40%
Metrobank Trust Banking as Investment Manager for Private Education Retirement Annuity	Qualified Buyer	500,000	0.33%
Pioneer Life, Inc.	Qualified Buyer		0.20%

		300,000	
Multinational Investment Bancorporation	Qualified Buyer	4,700,000	3.13%
Equitable PCI Bank Trust as Trustee for Various Accounts	Qualified Buyer	7,500,000	5%
UCPB Trust Banking Division FAO Various Trust Accounts	Qualified Buyer	1,000,000	0.67%
Perla Compania de Seguros, Inc.	Qualified Buyer	200,000	0.13%
Cibeles Insurance Corporation	Qualified Buyer	300,000	0.20%
Mapfre Insular Insurance Corporation	Qualified Buyer	5,000,000	3.33%
SM Prime Holdings, Inc.	Qualified Buyer	10,000,000	6.67%
The Insular Life Assurance Co., Ltd.	Qualified Buyer	10,000,000	6.67%
BPI AMTG as Investment Manager for PERAA	Qualified Buyer	10,000,000	6.67%
BPI AMTG as Trustee for Various Trust Accounts	Qualified Buyer	21,400,000	14.27%
BPI AMTG as Trustee for Various Trust Accounts	Qualified Buyer	10,000,000	6.67%
BPI AMTG as Investment Manager for Ayala Fixed Income Fund, Inc.	Qualified Buyer	4,100,000	2.73%
BPI AMTG as Investment Manager for Ayala Fixed Income Fund, Inc.	Qualified Buyer	18,000,000	12.00%
PCI Capital Corporation	Qualified Buyer	7,000,000	4.67%
Knights of Columbus Fraternal Association of the Philippines	Qualified Buyer	3,000,000	2%
Beneficial PNB Life Insurance Co., Inc.	Qualified Buyer	3,000,000	2%
PCI Capital Corporation	Qualified Buyer	2,000,000	1.33%
Equitable PCI Bank Trust Banking	Qualified Buyer	15,000,000	10%
BDO Capital & Investment Corp.	Qualified Buyer	5,000,000	3.33%
	TOTALS	150,000,000	100%

AEV's outstanding preferred shares as of December 31, 2006 consist of (1) Series "A" and "D" with floating dividend rate determined quarterly equivalent to the Applicable Base Rate for Series "A" and "B" or the Alternative Base Rate for Series "A" and "B" plus a spread of 1.25% per annum; (2) Series "E" with fixed dividend rate of 8.25% per annum; and (3) Series "F" with fixed dividend rate of 8.5% per annum.

AEV shall redeem the preferred shares at the end of the corresponding agreed periods from Issue Dates (Final Redemption Dates) regardless of the existence of unrestricted retained earnings or other amounts legally available for the payment of dividends in such period, provided that the Issuer has, after redemption, sufficient assets in the books to cover debts and liabilities inclusive of capital stock, and subject to the Issuer's compliance with the applicable laws, rules and regulations, including the requirements of the Securities and

Exchange Commission (SEC). The final redemption dates are as follows: (1) December 2009 for series "A" and "D"; (2) December 2011 for series "E"; and (3) December 2013 for series "F". The preferred shares shall be redeemed by payment in cash of 100% of the Issue Price plus all accrued and unpaid cash dividends on the Final Redemption Date.

Item 6. Management's Discussion and Analysis or Plan of Action

Key Performance Indicators

Management uses the following indicators to evaluate the performance of registrant and its subsidiaries:

1. **Equity in Net Earnings (Losses) of Investees.** This represents the Group's share in the undistributed earnings or losses of its investees for each reporting period after the acquisition of said investments, net of goodwill impairment cost, if any. Goodwill is the difference between the purchase price of an investment and the investor's share in the value of the net identifiable assets of investee at the date of acquisition. Equity in net earnings (losses) of investees indicates the profitability of the investments and the investees' contribution to the Group's net income.

   Computation: Investee's Net Income (Loss) x Investor's Percentage Ownership less Goodwill Impairment Cost

2. **Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA).** EBITDA is calculated as net income before minority interest, net interest expense, income tax expense, amortization and depreciation. It provides management and investors with a tool for determining the ability of the Group to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Group's ability to service its debts.

3. **Cash Flow Generated.** Using the Statement of Cash Flows, management determines the sources and usage of funds for the period, and analyzes how the group manages its profit and uses its internal and external sources of funds. This aids management in identifying the impact on cash flow when the Group's activities are either in a state of growth or decline, and in evaluating management's efforts to control the impact.

4. **Current Ratio.** This is a measurement of liquidity, calculated by dividing total current assets by the total current liabilities. It is an indicator of the Group's short-term debt paying ability. The higher the ratio, the more liquid the Group.

5. **Debt-to-Equity Ratio.** This gives an indication of how leveraged the Group is. It compares assets provided by creditors to assets provided by shareholders. It is determined by dividing total debt by stockholders' equity.

Key Performance Indicators for 2008, 2007 and 2006 are as follows:

	DEC 31/2008	DEC 31/2007	DEC 31/2006
EQUITY IN NET EARNINGS OF INVESTEES		3,976,018	2,114,710
EBITDA		9,317,826	6,994,795
CASH FLOW GENERATED:			
Net cash provided by operating activities		4,492,852	3,115,646
Net cash provided by (used in) investing activities		(7,052,265	2,578,536
Net cash provided by (used in) financing activities		13,335,683	(2,109,140)
Net Increase in Cash & Cash Equivalents		10,776,273	3,585,041
Cash & Cash Equivalent, Beginning		8,009,957	4,622,676
Cash & Cash Equivalent, End		18,568,226	8,009,957
CURRENT RATIO		2.06	2.07
DEBT-TO-EQUITY RATIO		0.68	0.72

All the key performance indicators were well within expected levels during year under review. The slight decrease in equity earnings was anticipated due to the projected drop in earnings of LHC this year mainly as a result of lower revenues brought about by the decline in capacity fee rates as stipulated in its contract with NPC. While gross margins hit the projected year-end improvement, the one-time gains generated from the sale of various assets further boosted the growth in consolidated EBITDA.

Despite the challenging economic environment, the group has consistently managed its cashflows and operations effectively, generating positive cash inflows and registering robust financial ratios. This strong financial position enables the group to deliver higher value directly to its shareholders, while continuing to invest in its growth opportunities.

Year ended December 31, 2008

Results of Operations

For the nine-month period ended September 2008, AEV and subsidiaries posted a consolidated recurring net income of P3.54 billion, a year-on-year increase of 2% over last year's P3.46 billion. The group recorded a non-recurring net loss of P161 million, which included (1) a foreign exchange net loss of P402 million at parent and subsidiary levels, (2) a P48 million share in gains on asset sale and insurance claims made by its subsidiary, Aboitiz Transport System Corporation (ATS) and (3) a P192 million share in the reversal of provisions made by an associate company due to an arbitration settlement. This brought AEV's consolidated net income to P3.38 billion, a 14% year-on-year drop from previous year, and correspondingly resulted in a decrease in earnings per share from P0.69 to P0.60.

Aboitiz Power Corporation (AP) continued to account for the bulk of AEV's income at 71%. This was followed by the banking and food groups with contributions of 19% and 11% of total, respectively. Meanwhile, the transport group's performance resulted to a negative earnings share for the period.

Despite AEV's ownership dilution in AP, the power group continued to be AEV's main earnings contributor for the period with its income contribution growing by 18% year-on-year, from P2.02 billion to P2.40 billion. This was on the back of a consolidated total revenue growth of 14% year-on-year. The power generation business shored in the bulk of AP's income contribution to AEV. The business ended the period with net earnings contribution of P1.50 billion, up 50% year-on-year. This strong showing can be mainly attributed to the incremental earnings contributions from 2007 acquisitions, with major contributions coming from the 232MW STEAG coal power plant. Total power sold for the period recorded a 130% year-on-year expansion, from 566 GwH to 1,300 GwH. The increase was brought on by the 41% year-on-year capacity expansion, from 411MW to 578MW (acquisition of the 232MW STEAG coal power plant in November 2007 and turnover of the 175MW Ambuklao-Binga hydro plants in July 2008). Moreover, improved capacity factors for the hydro plants due to higher rainfall also led to the improvement in power generation for the period.
On the other hand, the power distribution business contributed net earnings of P849 million to AEV, recording an 11% decline mainly due to AEV's ownership dilution in AP. AP's distribution utilities continued to record healthy electricity sales growth rates with the first nine months of the year posting a 17% year-on-year improvement, from 1,990 GwH to 2,329 GwH. Aside from the incremental volume sales from the 2007 acquisitions, expansion in Subic Enerzone Corporation's (SEZ) industrial segment accounted for the strong growth of the group, with power demand increasing mainly due to the operation of the Hanjin shipyard. On an organic basis, the distribution group recorded a growth of 5.5% year-on-year.

The financial services group contributed net earnings of P651 million for the current period, 32% lower than previous year's P963 million. Union Bank of the Philippines (UBP) ended the period with an earnings contribution of P625 million, 32% lower than the previous year's P913 million, while City Savings Bank (CSB), contributed earnings of P26 million, down 47% from the same period last year.

The transport group ended the period with a net loss contribution of P32 million, vis-à-vis last year's net income contribution of P369 million. The group generated negative operating margins during the current period as a result of the 17% increase in total costs and expenses which more than offset the 13% increase in consolidated revenues.

Income contribution from AEV's non-listed food subsidiary, Pilmico Foods Corporation (Pilmico), amounted to P373 million, a 9% drop from the previous period. Despite a 24% year-on-year increase in revenues, the flour business recorded a 27% year-on-year decline in earnings contribution. In the meantime, the company's swine and feeds business recorded a 128% year-on-year earnings expansion, which resulted from favorable prices and robust swine volume sales.

Material Changes in Line Items of Registrant's Income Statement

Consolidated net income attributable to equity holders decreased by 14% due to the following:

- Gross profit for the first nine months of 2008 amounted to P1.88 billion, a 17% decline from the P2.27 billion posted during the same period last year. The 20% or

P4.23 billion hike in costs and expenses more than offset the 17% or P3.83 billion growth in consolidated revenues

The power group reported a combined 11% or P122 million increase in operating margins, mainly as a result of the fresh revenue contributions of newly-acquired companies, Mactan Enerzone Corporation (MEZ) and Balamban Enerzone Corporation (BEZ) and increase in sales by Cebu Private Power Corporation (CPPC) and Hedcor, Inc. (Hedcor). Growth in sales was due to higher dispatch by CPPC and higher amount of rainfall for Hedcor during the current period compared to those of last year.

The food group reported a 23% drop in margins (P652 million vs P847M million) as revenues increased only by P1.52 billion while costs and expenses rose by P1.71 billion. The 24% boost in sales was attributed to better selling prices in its flour business, strong volume sales for its swine business and favorable prices for both swine and feeds businesses. Higher costs of raw materials and freight resulted in a 31% increase in operating costs.

Despite operating at reduced capacity due to vessel sales and repair, ATS's total consolidated revenues grew by 13% year-on-year, from P8.3 billion to P9.4 billion. Robust freight revenues coupled with increased service fees generated from its supply chain management services led to the topline growth. This increase was offset by the 6% reduction in passage revenues. The decline was largely a result of the overall reduction in passenger ferry capacity brought about by vessel sales and the conversion of excess passage capacity of some vessels to freight. Two vessels also underwent repair during the second quarter of the current year. Moreover, the industry continued to face fierce competition from the airlines. The continued rise in fuel prices and higher charter-related expenses led to a 17% increase in the company's total costs and expenses and eroded ATS's margins. As a result, the transport group reported negative P224 million operating margins during the period under review, vis-à-vis previous period's P87 million positive margins.

- Share in net earnings of associates registered a 6% increase (P2.50 billion vs P2.36 billion) primarily due to the fresh and full nine-month income contributions of newly-acquired power generation associates, i.e., SN Aboitiz Power - Magat Inc. (SNAP-Magat), EAUC and STEAG, and higher contribution from Luzon Hydro Corporation (LHC) due to higher margins and reversal of provisions due to an arbitration settlement. EAUC, SNAP-Magat and STEAG started contributing to AEV consolidated income only in April, May and November 2007, respectively. For the period under review, the group's share in income of these associates amounted to P1.58 billion, making up 63% of total equity earnings.

The over-all increase in share in net equity earnings was partially reduced by the decrease in the income contributions of banking associates, UBP and CSB. Their combined earnings contribution declined by 32% to P651 million during the current period under review. UBP posted a net income of P1.61 billion, a 27% decrease from the similar period last year, mainly due to the generation of exceptional gains from trading and sale of assets in 2007 which was not duplicated in 2008. The decline in these gains during the current period more than offset the 10% growth in net interest income. The improvement in net interest income was due to the robust expansion in its corporate, commercial and consumer finance business and higher interest yield on its trading and investment securities. Likewise, AEV's non-listed thrift bank, CSB, ended the current period with a P76 million net income, down

47% from previous year's P143 million, mainly due to lower net interest margins and increased manpower costs.

Other Income amounted to P611 million, 14% lower than the P809 million recorded in 2007. This was substantially due to the lower gain on sale of assets recorded during the current period, offset by an improvement in foreign exchange differential (FX gain of P20 million in 2008 vs. FX loss of P325 million in 2007) as a result of the depreciation of the peso in 2008.

The overall decline in consolidated operating income was further offset by the 24% decrease in net finance expense, from P50 million net finance expense in 2007 to P38 million net finance expense in 2008. Higher average cash balances maintained at AP parent company level and decrease in average debt accounted for this improvement. Provision for income tax decreased by 22% as a result of the lower taxable income reported by the group.

The P306 million increase in net income attributable to minority interests was mainly due to AEV's ownership dilution in AP, from 100% during the 1st semester of 2007 and 73% during the 3rd quarter of 2007 to 75.69% as of September 2008, as a result of the AP initial public offering in July 2007 and additional purchase of AP shares by AEV in 2008.

Changes in Registrant's Resources, Liabilities and Shareholders Equity

Assets

Compared to year-end 2007 levels, consolidated assets slightly increased from P65.50 billion in December 2007 to P65.38 billion in September 2008, due to the following:

a. Inventories increased by 106% (P3.18 billion vs P1.54 billion) due to higher wheat inventory carried by Pilmico as of September 2008.

b. Trade and Other Receivables rose by 20% from P4.25 billion to P5.09 billion, mainly due to the increase in the transport group's trade receivables as a result of higher freight revenues.

c. Other Current Assets increased by 24% from P1.62 billion to P2.01 billion mainly due to higher unapplied VAT input taxes and accumulation of unutilized prepaid taxes by AEV and ATS parent companies. These prepaid taxes represent creditable taxes withheld by customers and creditable senior citizen discounts which can be used as payment for future income taxes by these companies.

d. Property, Plant & Equipment (PPE) and Investment Properties registered a combined increase of 19% from P10.8 billion to P12.85 billion, substantially due to the acquisition of power utility equipment and a piece of land, and additional costs incurred for the on-going construction of the Sibulan hydro plant.

e. Investments and Advances totaled P30.63 billion, up by 18% from year-end 2007 level of P25.96 billion. This increase was mainly attributed to the following: a.) acquisition of the 175MW Ambuklao-Binga hydropower complex and investments in the Toledo coal project in the total amount of P4.40 billion; and b.) extension of stockholder's advance amounting to P272 million to Redondo Peninsula Energy, Inc. (RP Energy)

f. Goodwill increased by 15%, from P1.57 billion to P1.80 billion, due to the additional goodwill recognized in 2008 on the acquisition of a new transport subsidiary, Scanasia Overseas, Inc.

g. Deferred tax assets increased resulting from the transport group's generation of net operating loss carry over (NOLCO) on which deferred tax benefit was set up.

The above increases were partially offset by the following decreases:

a. Cash & Cash Equivalents stood at P8.98 billion, 52% lower than the P18.57 billion reported as at year-end 2007. This decrease was mainly due to AEV parent's payment of P3.47 billion in cash dividends to common shareholders and purchase of P1.60 billion worth of AP and AEV shares. AP parent also reported a lower cash balance mainly due to its P4.5 billion capital infusion into new associates, SN Aboitiz Power-Benguet (SNAP-Benguet) and Cebu Energy Development Corporation and acquisitions of the remaining shares in SEZ and BEZ.

b. Available-for-Sale Investments decreased by 9% to P92 million due to the mark-to-market losses recognized on the publicly-traded investments as a result of the drop in stock market prices in 2008.

c. Other Noncurrent Assets decreased by 21% to P458 million, substantially due to reclassification of project costs to Property, Plant & Equipment account.

Liabilities
Consolidated short-term bank loans increased by P698 million due to the additional loan availment by the transport group to finance its working capital requirements and the upward restatement of AP parent's dollar-denominated debt as a result of the weakening of the peso. Likewise, long-term liabilities increased by 7% or P471 million compared to 2007 year-end level, due to availment of loans by the power group to finance construction of Sibulan hydro plant and acquisition of sub-transmission assets from the National Transmission Corporation (Transco), offset by the prepayment of debt at the AEV parent level and loan amortization payments by the transport and food groups.

Trade and Other Payables were lower by P985 million mainly due to the settlement of accounts by the group.

Customers' Deposits posted an increase of 10% or P138 million from last year mainly due to new connections in the Cotabato Light & Power Company (CLPC), Davao Light & Power Company, Inc. (DLPC) and SEZ franchise areas.

Income Tax Payable increased by 94% due to additional regular income tax provisions recorded by subsidiaries during the current period.

Equity
Equity attributable to equity holders of the parent decreased by 5% from year-end 2007 level of P38.13 billion to P36.04 billion, due to the following:

a. Retained earnings declined by P316 million as at September 30, 2008, mainly due to the payment of P3.47 billion in cash dividends by AEV parent to its common shareholders. The decrease was also attributed to AEV's recognition of its P218 million share in retained earnings adjustment of LHC as a result of LHC's first-time adoption of IFRIC 12. This adjustment substantially involved derecognition of certain costs previously capitalized as part of Power, Plant and Equipment which was fully charged against Retained Earnings. Said decrease was partially offset by the P3.38 billion in consolidated net income posted during the current period.

b. Share in cumulative translation adjustments of associates improved by 41% due to the depreciation of the Philippine Peso in September 2008, from P41.28 as of December 31, 2007 to P47.05. The power generating associates, which adopt the US dollar functional currency financial reporting, recorded considerable foreign exchange adjustments in generating their September 2008 financial statements under the peso presentation currency. These foreign exchange adjustments are booked under Cumulative Translation Adjustments account.

c. Share in unrealized gains on AFS investments and underwriting accounts decreased by P856 million due the decline in the market prices of these financial instruments as of the end of the current period.

d. Acquisition of minority interest decreased by P287 million, representing the premium paid by the group in acquiring the additional 40% interest in BEZ.

e. Treasury shares increased by P831 million as AEV parent started buying back its own shares during the first nine months of 2008.

The P225 million decrease in minority interests was mainly due to AEV's increase of ownership in AP, from 73.44% as of year-end 2007 to 75.69% as of Sept., 2008, as a result of the AEV's acquisition of more AP shares during the period under review.

Material Changes in Liquidity and Cash Reserves of Registrant

For the first nine months of 2008, the group continues to support its liquidity mainly from cash generated from operations and dividends received from associates. External borrowings are also a source of liquidity. When opportunity arises, it raises capital or disposes of certain assets to strengthen its cash position and be financially prepared to partake in major investment projects.

Consolidated cash generated from operating activities increased by 102%, from P5.85 billion net cash used during the previous period to P123 million net cash generated during the current period. This increase was largely a result of lower amounts of interest-bearing advances released to related parties during the period under review.

The current period ended up with a P6.07 billion net cash used in investing activities, compared to the P1.17 billion used during the previous comparable period. The increase was mainly due higher investment acquisitions and capital expenditures made during the current period.

Net cash used in financing activities was P3.62 billion, compared to the P14.31 billion net cash provided during the similar period in 2007. The treasury share sale made by the AEV parent in January 2007 and AP initial public offering (IPO) proceeds in July 2007 added P5.94 billion and P8.0 billion, respectively, to cash during first nine months 2007. Net long-term loans proceeds in 2007 was also higher compared to those of the current period. On the other hand, bigger cash dividends paid by AEV parent (P3.47 billion vs P1.14 billion in 2007) resulted in a net-cash-used position during the period in review.

For the first nine months of 2008 net cash outflows were higher than cash inflows, resulting to a 52% decrease in cash and cash equivalents, from P18.57 billion in December 2007 to P8.98 billion in September 2008.

Financial Ratios

Lower cash balances accounted for the decrease in current ratio, from 2.48:1 as of December 2007 to 1.61:1 as of September 2008, and the increase in debt-to-equity ratio from 0.39:1 as of December 2007 to 0.47:1 as of September 2008. Net debt-to-equity ratio stood at 0.05:1, from -0.15:1 as of December 2007.

Outlook for the Upcoming Year/ Known Trends, Events, Uncertainties which may have Material Impact on Registrant

Notwithstanding external and uncontrollable economic and business factors that affect its businesses, AEV believes that it is in a good position to benefit from the opportunities that may arise in the current year. Its sound financial condition, coupled with a number of industry and company specific developments, should bode well for AEV and its investee companies. These developments are as follows:

Power Sector (Generation)

Seventy six percent (76%) owned AP ended the year 2008 with an attributable generation capacity of 578MW, an 18% increase from its 2007 level. This capacity expansion was brought about by the turnover of the 175MW Ambuklao-Binga hydro power plants in July 2008. This is expected to further increase by 80% as the Tiwi-Makban geothermal plants are turned over this year.

- On November 28, 2007, 50% owned SNAP Benguet submitted the highest bid for the 175MW Ambuklao-Binga hydroelectric power complex located in Benguet. The price offered amounted to US$325 million.

  Only the 100MW Binga hydro plant in Itogon, Benguet is operational with an estimated annual generation capacity of 400 GwH. Plans for rehabilitating the plant are being evaluated, which involves the increase in the plant's generation capacity to 120MW.

  The 75MW Ambuklao hydro plant located in Bokod, Benguet ceased operations since the mid-90s after the facility was damaged by an earthquake. Rehabilitation and expansion works commenced in July 2008. After full completion, which is estimated by November 2010, the plant's generation capacity is expected to increase to 105MW.

- On July 30, 2008, 100% owned AP Renewables, Inc. (APRI) submitted the highest bid to the Power Sector Assets and Liabilities Corporation (PSALM) for the Tiwi geothermal facility in Albay and the Makiling-Banahaw geothermal facility in Laguna (Tiwi-Makban). Total generation capacity based on steam availability is estimated at 462MW. The price offered amounted to approximately US$447 million.

The Asset Purchase Agreement between PSALM and APRI was signed and became effective on August 26, 2008. Under PSALM bidding rules, the closing date for the acquisition of Tiwi-Makban shall be 60-270 days from effectivity date, at which time PSALM shall turn over the Tiwi-Makban assets and contracts to APRI. Turnover date is expected to take place on May 25, 2009.

AP, on its own or with strategic partners, plans to participate in the upcoming bids for the privatization of the government's power assets.

National Power Corporation (NPC), through PSALM, intends to reach its privatization level to at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas by end 2009.

The company is also keen on participating in PSALM's public auction for the Independent Power Producers (IPP) Administrator contracts, which involves the transfer of the management and control of total energy output of power plants under contract with NPC to the IPP administrators.

AP is also involved in Greenfield projects – the Sibulan hydropower plant in Davao and the Toledo coal fired plant in Cebu.

- On June 26, 2007, AP's 100%-owned subsidiary, Hedcor, began construction work on the 42.5MW run-of-river hydropower plant in Barangay Sibulan, Sta. Cruz, Davao del Sur. The project entails the construction of two cascading hydropower generating facilities tapping the Sibulan and Baroring Rivers. These facilities can generate an estimated 212 million kilowatt-hours of clean and emissions-free energy annually. Construction is expected to be completed by end of 2009.

  Hedcor Sibulan is part of the consortium that entered into a Power Supply Agreement (PSA) that involves the supply of 400,000,000 kwh per year to Davao Light & Power (DLP). The term of the PSA is from March 7, 2007 to the last day of the 12th year from August 1, 2009. The term may be adjusted, extended, or terminated in accordance with the PSA. The bid price for the contracted energy is P4.0856 per kwh (to be adjusted for inflation).

  Hedcor Sibulan was the first project registered under the United Nations Framework Convention on Climate Change as a Clean Development Mechanism. This registration will allow Hedcor Sibulan to sell carbon credits in the worldwide market up to 2012, with the project able to displace over 95,000 tons of CO_2 equivalent annually. Based on current prices, Hedcor Sibulan is estimated to generate roughly $2 million in additional revenues.

- In August 2007, AP, together with Vivant Energy Corporation of the Garcia Group, signed a Memorandum of Agreement with Metrobank Group's Global Business Power Corporation for the construction and operation of 3x82 MW coal-fired power plant in Toledo City, Cebu. Completion of the first unit is expected by first quarter of 2010, while the 2nd and 3rd units by 2Q2010. AP will have an effective participation of 26% in the project.

Other Greenfield projects in the pipeline are the Tamugan hydropower plant in Davao and the coal fired plant in Subic.

- Hedcor Tamugan plans to build two distinct run-of-river hydroelectric plants with combined capacity of 27.5MW hydropower plant in Davao City. The project's commencement has been put on hold. Permits have not been secured due to an unresolved issue with the Davao City Water District on the water rights over the Tamugan river.

  Hedcor Tamugan, together with Hedcor Sibulan, is part of the consortium that entered into a PSA that involves the supply of 400,000,000 kwh per year to DLP.

- The construction of the 300MW coal plant in the Subic Bay Freeport Zone was deferred pending further review of the power demand in the Luzon Grid. AP and its partner, Taiwan Cogeneration International Corporation, will review again the Subic coal project in the middle of the year and decide whether or not to proceed with the project.

Power Sector (Distribution)

The Energy Regulatory Commission (ERC) has issued its Final Determination on Cotabato Light & Power's (CLP) application for approval of its annual revenue requirement and performance incentive scheme under the Performance Based Regulation scheme. This covers the second regulatory 4-year period, which is expected to commence on April 1, 2009.

The ERC will conduct public hearings prior to implementation of CLP's resulting distribution rate structure. A final approved rate structure is expected to be published on March 31, 2009. After communicating with its customers, CLP will implement the new rate structure on May 1, 2009, which is one month later than the scheduled start of the second regulatory period. Any resulting under- or over-recovery in revenue will be reflected in the correction factor at the next rate application, for implementation in April 2010.

Visayan Electric Company and Davao Light & Power Company entered their respective reset periods in end 2008, and are expected to enter the 4-year regulatory period in 18-24 months thereafter. San Fernando Electric and Subic Enerzone are scheduled for the fourth batch of private utilities to enter PBR, with new rates to be effective by 2011.

Financial Services

Unionbank's initiatives on strengthening its customer franchise will be at the forefront as it continues to give priority to customer satisfaction through enhanced retail focus and stronger sales management approach. The bank will continue to invest in technology, partnerships and continue to rationalize, redeploy and expand its branch network in strategic areas to maximize growth channels with respect to both deposits and loan accounts. Through research and development of quality and innovative products and services, the bank aims to protect its competitive edge in providing technology-based banking solutions.

Unionbank will continue to focus on improving the performance of its earning assets portfolio, with loan asset acquisition primarily in the corporate, commercial and consumer sectors. It will implement a disciplined asset allocation built on good governance and effective risk management to ensure momentum of recurrent income stream.

The bank will continue to enhance operating efficiencies through cost consciousness and business process improvement.

City Savings Bank (CSB) will continue to strengthen its market position in its present niche by improving its products and services further. Improvements in its systems to enhance operating efficiency will continue to ensure customer satisfaction

Other government employees, aside from public school teachers, and private company employees will be tapped. The bank plans to expand its branch network by putting up new branches and extension offices in areas outside of its present coverage.

CSB is in the process of issuing up to P750 million of fixed rate corporate notes via private placement. Terms (i.e. tenor and rate) have yet to be finalized. Proceeds of the issuance will be used to augment the bank's long-term funding base and support its long-term asset growth objectives.

Food Manufacturing

With the completion and operation of its new feedmill plant and new grains silos, Pilmico expects to further generate cost savings this year. Enhancements in its cost structure are expected as savings should be incurred in the following: (1) freight costs as the new capacity will be closer to its customers in the Visayas-Mindanao region; and (2) input costs due to proximity to sources of raw materials, particularly corn in the Northern Mindanao region.

For its swine business, Pilmico has completed its grower-finisher farm in Aranguren, Tarlac. This increased the company-owned farm capacity by 75% to 11,200 heads of market hogs. Construction of the nucleus farm in Sto Rosario, Tarlac is still underway. Completion is estimated by February 2009, while commercial operations is expected to commence by January 2010. This project will increase sow capacity by 1,759 heads, or by 37% from current levels.

In November 2008, Pilmico started constructing a biogas system in its breeder, nucleus and new grower-finisher farm facilities in Tarlac. With this, the company expects to make its farms' operations almost power self-sufficient with the conversion of hog waste to electricity. Completion is expected by end-2009.

Transport

Aboitiz Transport System (ATS) aims to be the leading provider of integrated transport and supply chain solutions in the country. Initiatives have been implemented since 2007 to achieve this.

- The company has undergone an asset rationalization program, which resulted to improved vessel utilization and assets' earning capacity. Excess passage capacity was converted to freight accommodating high paying cargos. Sale of assets (e.g. excess containers), replacement of old tonnage and use of more fuel-efficient vessels increased operating efficiencies.

- ATS adopted a low cost carrier business model for its passenger business to enable it to compete effectively with low cost airlines. Features of the business model include high vessel utilization, virtual sales channels, outsourced support services, and tiered pricing with very low fares, among others.

- The company has built its value added business with the acquisition of ScanAsia Overseas, Inc., a leading importer and distributor of fine food products and beverages in the country, representing over 20 well-known international brands. ScanAsia has an extensive distribution network that caters to all key cities nationwide. Moreover, 100%-owned Aboitiz One Distribution, Inc. has completed its new warehouse in Taguig City, thus improving its capacity by 275%, from 8,000 to 22,000 pallet positions.

In September 2008, AEV and Aboitiz & Company (ACO) accepted the unsolicited offer of KGLI-NM Holdings, Inc. (KGLI-NM) to buy all of their shareholdings subject to a due diligence audit. The planned acquisition will include all of the shipping and logistics businesses of Aboitiz Transport System (ATS) except the Aboitiz Jebsen Group.

In December 2008, AEV, together with ACO, accepted the Term Sheet offered by KGLI-NM for the acquisition of a 49% equity stake in ATS instead of the total buy-out proposed in the Memorandum of Agreement signed in September 2008. The 49% ownership is broken down as follows: 35% from AEV, 7.2% from ACO and 6.8% free float. The purchase price is based on an ATS equity value of P4.5 billion or P1.84 per share. AEV expects proceeds from sale of P1.57 billion. Transaction closing is expected on or before April 30, 2009.

KGLI-NM has the option to acquire the remaining 51% from AEV and ACO anytime from May 1, 2009 to September 30, 2009 at the same price plus a premium of 9.5% annualized per share calculated from April 30, 2009 to September 30, 2009, or to date of acquisition.

Except for the developments disclosed in some other portion of this report and the audited financial statements, there are, as of December 31, 2007 no known trends, events or uncertainties that have had or are reasonably expected to have a material impact on net sales, revenues, income from continuing operations or on relationship between costs and revenues. There were also no events that would trigger substantial or contingent financial obligations or cause any default or acceleration of an existing obligation.

Year ended December 31, 2007

Results of Operations

AEV's net income for the year 2007 grew by 54% to ₱5.8 billion from ₱3.8 billion in 2006. Earnings per share improved to ₱1.02 from P0.76 for the comparative period in review.

Leading the company's record performance was the AP accounting for the bulk of AEV's income at 61%. This was followed by the banking group with its income share amounting to 23% of total. The food group maintained its performance and continued to be a stable source of earnings with a 10% income share, while the transport group's sustained profit performance for the year resulted to a 6% contribution.

For the period in review, the company had a non-recurring income of ₱783 million, which includes (1) a foreign exchange net gain of ₱470 million at parent and subsidiary levels and (2) a ₱313 million share in gains on asset sale made by its subsidiary, ATS. On a recurring basis, AEV's net income of ₱5.0 billion in 2007 still recorded a robust growth of 37% year-on-year.

Business Segments

Power

Despite AEV's ownership dilution in AP, the power group continued to be AEV's main earnings contributor for the year with its income contribution growing by 47% year-on-year, from ₱2.3 billion to ₱3.3 billion. This was on the back of a 30% year-on-year consolidated revenue growth recorded for the period.

The power distribution business contributed net earnings of ₱1.3 billion to AEV, recording an 11% improvement over last year's ₱1.2 billion. Riding on the strong economic growth experienced in 2007, AP's distribution utilities recorded strong sales growth in its franchise areas. On an organic basis, the group's kilowatt-hour electricity sales improved by 7%, from 2,507 GWh to 2,673 GWh. 2007 electricity sales further increased to 2,790 GWh with the sales contribution of the acquisitions made during the year (i.e. 100% ownership in MEZ, 60% ownership in BEZ and an additional 36% ownership in SEZ, recording an 11% year-on-year growth rate. Total consolidated revenues amounted to ₱8.8 billion, up by 11% year-on-year.

The power generation business had a strong showing for the period in review with earnings contribution recording an 88% expansion, from ₱1.1 billion to ₱2.0 billion. AP's aggressive acquisition strategy has increased the company's attributable generating capacity to 490MW, an increase of 200%. This resulted to a 176% improvement in electricity sales, from 369 GWh in 2006 to 1,018 GWh in 2007. Total consolidated revenues of the business was at ₱2.5 billion, up by 219% from ₱782 million, primarily due to the topline contribution of CPPC.

Financial Services

The financial services group contributed net earnings of ₱1.24 billion in 2007, 11% higher than previous year's ₱1.12 billion. This can be attributed to the strong showing of both UBP and CSB.

UBP ended the year with an earnings contribution of ₱1.18 billion, 10% higher than previous year's ₱1.07 billion. This was on the back of a 15% year-on-year revenue growth, primarily due to a 15% expansion in both the bank's net interest income and non-interest income derived from fees, commissions, trading and other income.

UBP's asset base as of year-end 2007 reached ₱188 billion, with net loans and receivables at ₱44 billion. Capital base rose by 34% to ₱25.7 billion due to strong internal capital generation and proceeds from the follow-on equity offering in the first half of 2007. Non-performing loans ratio declined to 3.6% in 2007 from 4.9% partly as a result of the sale of ₱2 billion worth of bad loans to a Special Purpose Vehicle company. The bank also sold ₱282 million worth of real and other properties acquired.

AEV's non-listed thrift bank, CSB, contributed earnings of P63 million during the period in review. This was a 32% expansion from last year's ₱48 million. The bank recorded a 44% year-on-year growth in loans while total deposits grew by 61% year-on-year. CSB continues to experience strong growth in its consumer lending activities to its identified market niche. With 17 branches in the Visayas and Mindanao regions, the bank currently has over 70,000 depositors and 60,000 borrowers.

Transport

Led by the strong performance of 77%-owned ATS, the transport group ended the year with a net income contribution of ₱318 million, recording a 124% improvement over last year's share of ₱142 million.

Despite operating at reduced capacity due to the sale of vessels as well as the dry-docking of majority of its fleet, ATS recorded total consolidated revenues of ₱11.1 billion in 2007, an improvement versus last year's ₱10.6 billion. Robust freight revenues coupled with increased service fees generated from its supply chain management services led to the topline improvement.

The company continued to rationalize its assets to improve fleet productivity and enhance earnings performance. ATS converted unused passage capacity to make room for increasing freight demand, especially for its RoRo services. The company also entered into a joint venture with the A.P. Moller-Maersk Group to form MCC Transport Philippines Inc., which currently operates a 600 TEU container ship, offering regular weekly sailings, servicing the ports of Manila, Cebu and Cagayan de Oro.

For the year in review, three vessels have been sold. The proceeds of the vessel sales were utilized to pay down ₱1.8 billion of debt, bringing down the company's total interest bearing debt from ₱2.4 billion in 2006 to ₱570 million as of year-end. Consequently, net finance costs decreased by 79%, from ₱338 million in 2006 to ₱70 million in 2007. With total Cash and Cash Equivalents at ₱821 million, ATS is in a net cash position at ₱251 million as of year-end 2007.

ATS' enhanced operating performance, gains on asset sale and lower financing costs resulted to a net income of ₱420 million, a 113% improvement versus last year's ₱197 million.

Food

Income contribution from AEV's non-listed food subsidiary, Pilmico, amounted to ₱530 million, 4% higher than last year's ₱510 million. Consolidated revenues grew by 17% year-on-year, to ₱5.4 billion from ₱4.6 billion. Higher selling prices for flour and its efficient milling operations enabled the company to achieve a 24% year-on-year expansion in operating income, from ₱547 million to ₱680 million. In the meantime, the company's feeds business and swine operations recorded a 19% year-on-year growth in combined revenues, from ₱2.8 billion to ₱3.3 billion. Net earnings from these businesses amounted to ₱83 million in 2007.

Financial Condition

On January 26, 2007, AEV successfully placed its entire treasury shareholdings representing 742,511,938 shares at a price of ₱8.20. The transaction raised approximately ₱6.1 billion. This increased AEV's total number of issued shares to 5,694,599,621.

As of year-end 2007, the company's total assets amounted to ₱65.2 billion, up by 60% from year-end 2006. Cash and cash equivalents amounted to ₱18.6 billion, higher by ₱10.6 billion from year-end 2006 levels. Total liabilities grew by 12% to ₱18.5 billion, while Equity Attributable to Equity Holders of the Parent increased by 64% to ₱37.8 billion. Current ratio as of period end was at 2.5x (versus year-end 2006's 2.1x), while net debt-to-equity ratio was at –0.15x (versus year-end 2006's 0.11x).

Dividends

On February 7, 2008, AEV declared a regular cash dividend in the amount of ₱0.31 per share or for a total amount of ₱1.8 billion to all stockholders of record as of the close of business hours on February 21, 2008, payable on March 3, 2008.

In addition, a special cash dividend was declared in the amount of ₱0.30 per share or for a total amount of ₱1.7 billion to all stockholders of record as the close of business hours on February 21, 2008, payable on March 3, 2008.

Year ended December 31, 2006

Results of Operations

AEV ended 2006 with a ₱3.754 billion net income attributable to its equity holders, a 19% increase from 2005. This translates to an earnings per share (EPS) of ₱0.76. Earnings before interest, taxes, depreciation and amortization (EBITDA) increased by 8% reaching ₱7.04 billion.

The power group again contributed the largest chunk to AEV's income with 56% of total contribution despite a projected slow start in 2006. Growth in electricity consumption remained flat throughout the year. The year's highlight for the power group was the successful bid for the 360 MW Magat hydropower plant in December 2006. The acquisition will more than double the generation capacity of APC's hydropower assets.

The banking group's contribution to AEV's income in 2006 increased by 6.7% to ₱1.1 billion, representing 28% of the total income contribution from the company's various business segments. Furthermore, the banking group's asset base was pushed up by the acquisition by UBP of iBank as well as by the organic growth of its business.

Pilmico posted a 33.6% increase in income contribution to AEV, turning in ₱510 million in 2006. This represents 13% of the total income of AEV's business segments.

In 2006 the transport group contributed ₱142 million to AEV's bottom line, an increase of 313% over last year and constituting 3.5% of AEV's consolidated income. Despite a decline in freight and passenger volumes, ATS was able to book a profit for the year and reduce its interest-bearing debt by ₱1.2 billion.

Material Changes in Line Items of Registrant's Income Statement

Consolidated net income attributable to equity holders increased by 19% for the year due to the following:

- *Gross profit* for 2006 registered a 9% increase over the previous year. Except for the transport group, all of the major subsidiaries reported higher margins due to growth in sales during the current year. The operating gross margins of ATS and its subsidiaries declined by P344 million, attributable to the 10% decrease in consolidated revenues. Freight revenues dropped by 5% due to a slowdown of ATS' international charter business and the reduction of its domestic fleet capacity. Likewise, its passage business was down 18% due to lower passage volumes and rates as a result of the aggressive promotions launched by airlines. The high cost of fuel also contributed to the squeeze in margins.

- *Share in net earnings of associates* slightly declined by 2% largely due to the lower income contribution of LHC. The decline in LHC net income was brought about by lower revenues due to lesser number of days in downtime billings in 2006 compared to that of last year and to the decrease in capacity fee rates based on the agreed tariff structure under its contract with NPC.
- *Other income* increased to P743 million, 85% higher than last year mainly due to gains generated by the parent company, Pilmico and ATS on their sale of various assets. AEV realized a profit of P24 million on its disposal of an AFS investment while Pilmico reported a gain of P39 million on the sale of its yeast business. ATS sold three vessels and its entire shareholdings in Davao Integrated Port and Stevedoring Services Corporation (DIPSSCOR), generating a total gain of P488 million. Included under Other Income is the P118 million unrealized valuation gain on biological assets recognized by Pilmico subsidiary Fil-am as a result of the improvement in the market prices of these assets.

The overall improvement in consolidated operating income was further boosted by a 6.5% increase in interest income, coupled with a 9% reduction in interest expense. Higher cash balances at parent level and decrease in average debt level and interest rates accounted for this improvement. Provision for income tax increased by 5% as a result of the higher taxable income reported by the group.

Material Changes in Registrant's Resources, Liabilities and Shareholders Equity

Resources

Compared to year-end 2005 levels, consolidated assets increased by 7%, from ₱38.3 billion to ₱40.8 billion in 2006 for the following reasons:

- *Cash & Cash Equivalents* went up by 73% (₱8.01 billion against ₱4.62 billion) mainly due to the higher fund holdings generated from the remaining proceeds of the long-term loans availed of by the parent company in 2006 and to the higher cash dividends received from associates.

- *Trade and Other Receivables* went up by 9% (₱3.66 billion against ₱3.37 billion) largely due to higher trade receivables which correspondingly rose in consonance with the growth in revenues of the group and the increase in non-trade receivables of ATS in relation to the sale of its investment in DIPSSCOR.

- *Inventories* grew by 23% (₱1.69 billion against ₱1.38B) due to higher wheat inventory carried by Pilmico at the end of 2006.

- *Other Current Assets* increased by 19% (₱1.08 billion against ₱905M) substantially due to build-up of unutilized prepaid taxes at parent company level.

- *Noncurrent asset classified as held for sale* is a new account opened in 2006 to lodge the ₱659 million sale of SuperFerry 17 which has a delivery date in the second quarter of 2007 per Memorandum of Agreement (MOA) dated November 13, 2006.

- *Deferred Income Tax Assets (DTA)* increased by 63% (₱516 million against ₱317 million) mainly due to the ₱180 million unrealized foreign exchange losses recorded in 2006, which correspondingly required the set up of additional DTA. The higher income tax rates used in computing DTA also contributed to the increase.

The above increases were partially offset by the decreases in Property, Plant & Equipment and AFS Investments as a result of the various sales made by the AEV, ATS & Pilmico in 2006.

Liabilities

Consolidated bank and long-term liabilities slightly decreased by 4% compared to 2005 year-end level, mainly due to prepayment of debt. ATS alone was able to reduce its total liabilities by ₱1.4 billion. In spite of the poor operating results during the current period, ATS generated positive cash flow, which was used to pay off its obligations. Likewise, the other subsidiaries paid their loan amortization dues using internally generated funds. This decline in subsidiaries' debt was partially offset by the ₱1.2 billion increase in AEV's long-term liabilities as it took advantage of the attractive interest rates offered by the market and availed of additional debt to financially prepare for new power acquisitions in 2007.

Customers' deposits grew by 11% due to the increase in the power distribution group's customer base and adjustments in required amounts of deposits to comply with the Magna Carta for Residential Electricity Consumers and the Distribution Service and Open Access Rules (DSOAR).

The 18% increase in pension liability is attributable to the lower discounting rates used in computing the present value of accrued pension benefits payable of the group.

Equity

Equity attributable to equity holders of the parent increased by 14%, from ₱20.1 billion in 2005 to ₱23.1 billion in 2006, substantially due to the growth in retained earnings and the sale of AEV's treasury shares. This increase was partially offset by the decrease in the Group's share in unrealized valuation losses on AFS investments, underwriting accounts of its banking associate and in cumulative translation adjustments of its power generating associates.

In 2006 the Group continued to deliver an impressive operating performance, generating ₱3.75 billion in net income, which resulted in a 21% over-all increase in retained earnings, despite the ₱736 million cash dividend distribution.
Share in unrealized gains on AFS investments and underwriting accounts declined by 68%. The drop in the market prices of these financial instruments as of December 2006 resulted to an ₱83 million share in valuation losses, partially reversing the ₱122 million share in gains as of year end 2005.

The 71% decline in share in cumulative translation adjustments of associates was due to the further appreciation of the Philippine Peso in December 2006, from ₱53.062 as of December 31, 2005 to ₱49.045 as of end of current year. The power generating associates, which adopt the US dollar functional currency financial reporting, recorded substantial foreign exchange adjustments in generating their December 2006 financial statements under the peso presentation currency. These foreign exchange adjustments are booked under Cumulative Translation Adjustments account.

The 8% decrease in current liabilities resulting from payment of short-term borrowings and loan amortization dues, coupled with a 47% increase in current assets, accounted for the improvement in current ratio, from 1.29:1 as of year-end 2005 to 2.07:1 as of December 2006. Likewise, net debt-to-equity decreased from 0.38:1 as of December 2005 to 0.17:1 as of December 2006 while debt-to-equity ratio stood at 0.72:1.

Material Changes in Liquidity and Cash Reserves of Registrant

Consolidated cash generated from operating activities decreased by 23%, from ₱4.02 billion in 2005 to ₱3.12 billion in 2006. As compared to last year, more funds were used to purchase inventory and settle trade payables and taxes, while receivables increased.

Net cash generated from investing activities jumped 405%, mainly due to higher cash dividends received from associates and sale of various assets.

Net cash used in financing activities dropped by 30% as debt repayment was lower in 2006 compared to last year.

For 2006 net cash inflows were higher than cash outflows, resulting to a 73% increase in cash and cash equivalents, from ₱4.62 billion in December 2005 to ₱8.01B in December 2006.

Material Off-Balance Sheet Transactions, Arrangements, Obligations, and Other Relationships

No material off–balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons were created as of December 31, 2006.

There were also no events that would trigger substantial direct or contingent financial obligations or cause any default or acceleration of an existing obligation.

Item 7. Information on Independent Accountant and other Related Matters

External Audit Fees and Services

The external audit and consultancy fees for the years 2008 and 2007 were as follows:

	Year ended December 31, 2008	**Year ended December 31, 2007**
Audit Fees (Incurred by Registrant)		₱336,000.00
Audit-Related Fees	-	-
Tax Fees	-	-
Consultancy Fees (Incurred by Group)	-	-
Total		**₱366,000.00**

As a policy, the Audit Committee makes recommendations to the Board of Directors concerning the choice of external auditor and pre–approves audit plans, scope and frequency before the audit is conducted.

Audit services of external auditors for the years 2008 and 2007 were pre–approved by the Audit Committee. The Committee had also reviewed the extent and nature of these services to ensure that the independence of the external auditors is preserved.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The accounting firm of Sycip, Gorres, Velayo & Company (SGV) has been AEV's Independent Public Accountant for the last fifteen (15) years. Representatives of SGV will be present during the annual meeting and will be given the opportunity to make a statement if they so desire. They are also expected to respond to appropriate questions if needed.

In accordance with SEC Memorandum Circular No. 8, Series of 2003 (Rotation of External Auditor), Mr. Jose Joel M. Sebastian was replaced by Mr. Ladislao Z. Avila, Jr. as engagement partner starting fiscal year 2004.

There was no event in the past fifteen (15) years where AEV and SGV or the handling partner had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

PART III – CORPORATE GOVERNANCE

AEV has a Manual of Corporate Governance (the Manual) and Code of Ethics and Business Conduct (the Code) to guide the attainment of its corporate goals and strategies. To ensure compliance, copies of the Manual and the Code were disseminated to the Board of Directors, management and employees of AEV. Company-wide orientations on the Manual and the Code were conducted as well.

AEV has in place a performance evaluation system for corporate governance. The Compliance Officer regularly monitors and evaluates compliance by the Board of Directors, management and employees with the Manual. Together with the Human Resources Department, the Compliance Officer also ensures the implementation of AEV's rule against conflict of interests and the misuse of inside and proprietary information throughout the organization.

Corporate governance is further fostered by the Board's active role in reviewing and approving corporate goals and strategies set by management as well as in monitoring and evaluating management performance in meeting such corporate goals. The different Board committees, namely, the Audit, Compensation, Nomination and Investor Relations, which report regularly to the Board, are crucial to maintaining Board oversight in key management areas.

There are no major deviations from the Manual as of the date of this report.

The Board of Directors regularly reviews the Manual to ensure that the same remains relevant and responsive to the needs of the organization.

Board Attendance

The Board's primary objectives are to improve shareholder returns, to develop responsible long-term investors, and to achieve disciplined and sustainable growth.

In 2008, the Board held seven (7) regular and special meetings. Below is a summary of the attendance of the Directors:

DIRECTORS	SPECIAL AND REGULAR BOARD MEETINGS 2008						
	07-Feb	08-Apr	19-May	13-Aug	23-Sep	11-Nov	19-Dec
Roberto E. Aboitiz	Present	Present	Present	Present	Absent	Present	Present
Jon Ramon Aboitiz	Present	Present	Present	Present	Absent	Present	Present
Enrique M. Aboitiz, Jr.	Present	Absent	Present	Present	Present	Present	Present
Erramon I. Aboitiz	Present	Present	Present	Present	Present	Present	Present
Justo A. Ortiz	Present	Present	Present	Absent	Present	Present	Present
Roberto R. Romulo (Independent Director)	Present	Absent	Present	Present	Present	Present	Present
Jose C. Vitug (Independent Director)	Present	Present	Present	Present	Present	Present	Present
Total No. of Directors Present	7	5	7	6	5	7	7

ANNEX "B"

SUMMARY OF THE MINUTES OF THE 2008 AEV ANNUAL STOCKHOLDERS' MEETING

The meeting was called to order on May 19, 2008 at 4:00 p.m. by the President/Chief Executive Officer and Chairman of the meeting, Jon R. Aboitiz.

The Corporate Secretary certified that Notices for the meeting were duly sent out to all stockholders of record as of April 9, 2008, and that such Notice was also published in several national and Cebu newspapers of general circulation. The Secretary also certified that a quorum was present as of 3:50 p.m., representing 83% of the total shares outstanding and entitled to vote, or more than 2/3 of such total shares.

The reading of the minutes of the previous stockholders' meeting was dispensed with but such minutes were duly approved.

The body passed the following resolutions:

1. Approval of the Corporation's Annual Report and Audited Financial Statements as of December 31, 2008;
2. Ratification of all acts, resolutions, agreements, contracts and investments of the Board of Directors, management and corporate officers for the year 2007, as well as all other acts up to May 19, 2008;
3. Appointment of Sycip, Gorres, Velayo & Co. as External Auditor of the Corporation for the year 2008-2009;
4. Election of Roberto Aboitiz, Jon Aboitiz, Erramon Aboitiz, Enrique Aboitiz Jr., Justo Ortiz, Roberto R. Romulo and Jose C. Vitug as directors of the Corporation. Mr. Romulo and Justice Vitug (ret.) are the Corporation's independent directors.
5. Approval of the Directors' compensation and per diem for 2008

After the approval of such Resolutions, the meeting was duly adjourned.