

December 6, 2010

MS. JANET A. ENCARNACION

Head, Disclosure Department
Philippine Stock Exchange, Inc.
Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue,
Makati City

Re: Additional Information re Sale of Equity in ATS

Dear Ms. Encarnacion,

This is in connection with your letter dated December 3, 2010 which we received as of the same date, requiring Aboitiz Equity Ventures, Inc. (AEV or the Company) to provide additional information on the purchase by Negros Navigation Co., Inc. (NENACO) of AEV's equity stake in Aboitiz Transport System (ATSC) Corporation (ATS).

In reply, we state the following:

- (a) Rationale for the transaction including the reason(s) therefor and the benefits which are expected to be accrued to the Company as a result of the transaction

AEV found NENACO's offer price reasonable and representative of ATS's equity value. The sale will give AEV additional resources to fund its investment plans in its growing businesses in power, food and banking.

- (b) Number of ATS shares to be sold

AEV is selling 1,889,489,607 ATS common shares, which comprise its entire shareholdings in ATS. The shares represent 77.24% of the outstanding common shares of ATS.

- (c) Terms of payment/settlement method

The purchase price will be paid in cash on closing date, which is expected to occur on or before January 10, 2011.

As disclosed previously, the purchase price for 100% ATS outstanding common shares is 105 million US dollars or equivalent to approximately US\$0.043 per share. The purchase price will be paid in its Philippine peso equivalent to be computed using a value spot exchange rate to be determined two business days prior to the closing date.

- (d) Nature of any material relationship between the Company and NENACO, their directors/officers, or any of their affiliates or associates

None.

(e) Effects on financial condition and operations

AEV is expected to book an impairment of its ATS investment estimated to date at ₱457 million. The impairment provision results from the sale of ATS shares at a selling price lower than their carrying value in AEV's books.

(f) Conditions precedent to closing the transaction

In addition to the standard conditions precedent such as accuracy of representations and warranties, no material adverse effect, and necessary consents and approvals as of closing date, the following conditions must also be fulfilled prior to the closing of the transaction:

1. The equity investor of NENACO, China-ASEAN Marine B.V., must have made the necessary equity investment in NENACO at least three business days prior to closing date. China-ASEAN Marine B.V. is a Netherlands incorporated company which is a wholly owned subsidiary of China-ASEAN Investment Cooperation Fund (CAF). CAF in turn is a private equity fund sponsored by the China Export-Import Bank.

As disclosed previously, NENACO expects to fund its acquisition of ATS with equity investments from China-ASEAN Marine B.V.

2. In the event that ATS is unable to secure creditor consents and waivers as regards change of control restrictions/covenants in existing loan/credit agreements, Aboitiz and Company, Inc. (ACO) shall have made available to ATS interim financing payable in 12 months to pay off lenders who may call on their respective loans to ATS in anticipation of the change of control. The interim financing to be extended by ACO will be secured by a mortgage of the ATS shares to be acquired by NENACO from AEV and ACO.
3. AEV and ACO shall have acquired ATS's equity stake in the Aboitiz Jebsen companies.

(g) Any other information necessary to enable an investor to make an informed investment decision

None.

Very truly yours,

ABOITIZ EQUITY VENTURES, INC.

By



LEAH I. GERALDEZ

Assistant Corporate Secretary