

February 9, 2008

ATTY. PETE MALABANAN

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

Re: Clarification to February 8, 2008 *BusinessWorld* article

Dear Atty. Malabanan,

This has reference to your letter asking us to confirm the veracity of the information contained in the February 8, 2008 *BusinessWorld* article entitled, “Hydro power plants prod 44% hike in Davao investments”, a portion of which is quoted hereunder:

“...Gil Dureza, head of the agency, said the biggest investment registered last year was of the Hedcor Tamugan, Inc., a hydroelectric power corporation which is part of the Aboitiz Power Corp. Mr. Dureza said the company will invest P3.68 billion in its project in Tamugan, one of the three power plants being built in Panigan and Suawan districts. Under the plan, the three power plants – with combined capacity of 30.5 megawatts – will supply Davao Light and Power Co. The Aboitiz power company has also started building another hydropower plant in the nearby Sibulan, Santa Cruz, Davao del Sur where it would spend P5 billion as the plant will produce 42.5 megawatts...”

Based on preliminary assessments disclosed in the prospectus for the initial public offering of Aboitiz Power Corporation, the three hydropower plants to be built by Hedcor Tamugan, Inc. (Hedcor Tamugan), which have combined capacity of 30.5 megawatts, will cost P4.2 billion. Meanwhile, the 42.5-megawatt Sibulan hydropower project of Hedcor Sibulan, Inc. (Hedcor Sibulan), another subsidiary of Aboitiz Power Corporation, is estimated to cost P5.0 billion. The Sibulan project, which broke ground last September 7, 2007, entails the construction of two cascading hydropower generating facilities tapping the Sibulan and Baroring rivers in Sibulan, Santa Cruz, Davao del Sur. The actual total costs of the plants will not be determined until completion of the projects.

As mentioned in previous disclosures, Hedcor Tamugan and Hedcor Sibulan are part of a consortium that won a competitive bidding for the 12-year power supply agreement to supply 400,000,000 kWh per annum of new capacity to Davao Light and Power Company Inc. (DLPC) starting August 2009. All the energy generated by the Hedcor Tamugan and Hedcor Sibulan power plants will be supplied to DLPC pursuant to the power supply agreement.

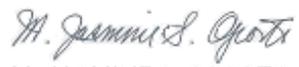
We hope we have sufficiently clarified this matter.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION

By

A handwritten signature in cursive script, appearing to read "M. Jasmine S. Oporto".

M. JASMINE S. OPORTO
Corporate Secretary