

January 17, 2008

PHIL. STOCK EXCHANGE
Philippine Stock Exchange Exchange Centre
Exchange Road, Ortigas Center
Pasig City, Philippines

ATTENTION : ROY JOSEPH M. RAFOLS
COO/Head, Issuer Regulation Division

RE : Update on Disbursements on the Proceeds
From Initial Public Offering

Dear Mr. Rafols:

This has reference to your letter dated January 2, 2008 which we received on January 11, 2008 directing us to submit a detailed report relative to the disbursement of the proceeds raised by Aboitiz Power Corporation (AP) from the Initial Public Offering (IPO) not later than January 18, 2008.

In compliance with your above-mentioned directive, we respectfully submit herewith the required report stating the amount/s and the time of disbursements relative to AP's proceeds from the IPO.

We trust you will find everything in order.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION
By 
RIKER M. ABOITIZ
Chief Finance Officer

Cc: Mr. Francis Ed. Lim
Mr. Erramon I. Aboitiz

Driving innovation to power the Philippines

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**ABOITIZ POWER CORPORATION
UPDATE ON USE OF IPO PROCEEDS**

IN PESO

TOTAL PROCEEDS AS OF AUGUST 31, 2007

10,096,605,197

SUMMARY OF ACTUAL SPENDINGS:

| <u>DATE</u> | <u>REMARKS</u> | <u>AMOUNT</u> |
|----------------|---|-----------------------------|
| Nov07 to Jan08 | PURCHASE OF 34% STAKE OF STEAG | 4,405,162,467 |
| Oct07 to Dec07 | DISBURSEMENTS FOR ONGOING GREENFIELD PROJECT (HEDCOR SIBULAN) | 115,000,000 |
| Dec07 | PURCHASE OF ADDITIONAL 20% OF SUBIC ENERZONE | 92,000,000 |
| Jan08 | RECAPITALIZATION FOR ABOVANT HOLDINGS FOR TOLEDO POWER PLANT PROJECT | 343,859,239 |
| Sep07 to Jan08 | EXPENSES RELATED TO BIDDING ACTIVITIES FOR PNOC EDC/Palinpinon/Tongonan | 15,720,242 |
| Jul07 to Oct07 | GENERAL IPO RELATED EXPENSES | <u>66,854,981</u> |
| | TOTAL | <u>5,038,596,930</u> |