



December 21, 2007

ATTY. PETE M. MALABANAN

Head, Disclosure Department
The Philippine Stock Exchange Inc.
4th Floor, Philippine Stock Exchange Center
Exchange Road, Ortigas Center, Pasig City

Dear Atty. Malabanan,

This is in compliance to your letter dated December 20, 2007, which we received as of the same date, requiring Aboitiz Power Corporation (AP) to provide additional information in connection with the formation of a joint venture company between AP, Vivant Corporation (Vivant) and Global Formosa for the construction of a new power plant (the "Project") in Toledo City, Cebu. Please find below our response to your request:

a) Amount of Investment

Abovant Holdings, Inc., the joint venture company between AP and Vivant's subsidiary, Vivant Energy Corporation, will invest approximately US\$52.80 million in the Project. Sixty percent or approximately US\$31.68 million represents AP's contribution in the investment.

b) Sources of Funds

AP's funds will come from the proceeds of its initial public offering last July 2007.

c) Reason/Purpose of the Transaction

The Project will serve the power needs of the Province of Cebu and also the Visayan Grid. The Project will also provide security of power supply to the Province of Cebu by a dedicated power supply source within the island and reduce Cebu's dependence on power supply sourced from outside Cebu island. The Project will ensure that AP's and Vivant's distribution utility, Visayan Electric Company, Inc., will have additional power supply to address its growing power demand.

d) Total Assets of the Venture After Establishment

As disclosed earlier, the Project will approximately cost US\$400 million.

e) Timetable/schedule for the effectivity of the transaction

As disclosed earlier, the shareholders' agreement between Abovant and Global Formosa was formalized and signed last December 19, 2007. The joint venture company between Abovant and Global Formosa will be incorporated soon. The Project is expected to be operational by the first quarter of 2010.

f) Any other relevant information:

None.

We hope we have sufficiently answered your concerns.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION

By

A handwritten signature in black ink, appearing to read "M. Jasmine S. Oporto".

M. JASMINE S. OPORTO
Corporate Secretary



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