

August 22, 2007

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

Re: Clarification to August 18, 2007 The Philippine Star article

Dear Atty. Malabanan,

This refers to your letter dated August 21, 2007 requesting confirmation of a news article published last August 18, 2007 in Philippine Star entitled "Aboitiz Power needs \$1.5B for expansion, acquisitions". We confirm that Aboitiz Power Corporation (AP) is pursuing greenfield power projects, other renewal energy businesses, as well as participating in future bidding for state owned power plants. However, we would like to clarify the following statements in the said article:

1. *"Aboitiz Power Corp., the holding firm for all power generation and distribution business of the Aboitiz family, needs \$1.5 billion to fund its expansion projects and planned acquisitions. Erramon Aboitiz, president and chief executive officer of Aboitiz Power, said the company will borrow \$1 billion, with the remaining \$500 million to be sourced from equity..."*

In July 2007 Aboitiz Power's IPO raised \$230M of additional equity, which has been earmarked to fund AP's expansion plans. This additional equity and AP's current debt levels will allow AP to further leverage its balance sheet to support AP's expansion opportunities over and above the amounts raised in its IPO. However, the exact amounts of additional debt would be dependent on the nature of the projects and cannot be fully determined as of this time.


2. *"Aboitiz said the company is doing a study on the viability of putting up a 600-megawatt hydro power plant at the Subic Bay Freeport Zone, which will be in joint venture with Taiwan Co-Generation Co."*

The proposed plant in Subic is not a hydropower plant but a coal-fired plant, the exact generating capacity of which (in Mega Watt) is still under feasibility study.

We hope we have sufficiently clarified this matter.

Thank you.

Very truly yours,
ABOITIZ POWER CORPORATION
By


M. JASMINE S. OPORITO
Corporate Secretary

Driving innovation to power the Philippines