

June 2, 2008



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

Dear Atty. Malabanan:

We are writing to clarify statements related to Visayan Electric Company, Inc. (VECO) and the alleged Aboitiz planned takeover of control over MERALCO, which appeared in various news articles about the alleged MERALCO takeover by the Government and third parties. We wish to advise the investing public that these statements are all unfounded. The Aboitiz Group of companies has not considered any takeover arrangement of MERALCO, whether by itself or with other entities.

VECO is a widely held company with significant shareholders consisting of Aboitiz Power Corporation (AP) – a listed subsidiary of Aboitiz Equity Ventures, Inc., Hijos de F. Escano and Vivant Corporation (the holding company of the Garcia family). The Garcia Family of VECO is a different family from that of former Gov. Pablo Garcia, Mr. Winston Garcia, incumbent Cebu Governor Gwendolyn Garcia and Congressman Pablo John Garcia. Messrs. Dennis V.A. Garcia, Ramontito E. Garcia, Gil A. Garcia II, Charles Sylvestre A. Garcia and Antonio V.A. Garcia de Escano, who are members of the Board of VECO, belong to the Hijos de F. Escano family.

In addition, VECO is not represented by the firm of Garcia & Garcia Law Offices (with address at 2091 Andres Abellana St., Guadalupe, Cebu City), as certain news articles insinuate. Garcia & Garcia Law Offices is the law office of Gov. Pablo Garcia and sons, Winston Garcia's and Pablo John Garcia's law offices. On the other hand, VECO's Assistant Corporate Secretary and only one of VECO's many external counsels, Atty. Jess Anthony N. Garcia, is managing partner of J.P. Garcia & Associates Law Offices (with address at 902 Ayala – FGU Tower, Cebu Business Park).

Although Atty. Jess Anthony N. Garcia is related to Mr. Winston Garcia, the Garcia & Garcia Law Offices and J.P. Garcia & Associates Law Offices are two separate and distinct law offices that function independently of each other and do not share the same clients.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION
ABOITIZ EQUITY VENTURES, INC.

By

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

M. Jasmine S. Oporto
Corporate Secretary
Aboitiz Power Corporation