

July 15, 2008

ATTY. PETE MALABANAN

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

Re: Clarification to July 15, 2008 *Manila Standard Today* article

Dear Atty. Malabanan,

This has reference to your letter asking us to confirm the veracity of the information contained in the July 15, 2008 *Manila Standard Today* article entitled, "Aboitiz Power seeks deals", a portion of which is quoted hereunder:

"...LISTED Aboitiz Power Corp. is negotiating with potential electricity buyers for the planned expansion of the 232 megawatt Mindanao coal-fired power plant at the Phividec Industrial Estate in Misamis Oriental, a company official said. Aboitiz Power president and chief executive Erramon Aboitiz said the company was still keen on doubling the capacity of the Mindanao plant to 464 MW as long as it secured supply contracts... the plant expansion may cost around \$464 million ..."

Please be advised that Aboitiz Power Corporation (AP) is in discussions with its partners in STEAG State Power Inc. (STEAG), operator of the 232 MW coal-fired power plant (STEAG Power Plant) at the Phividec Industrial Estate in Misamis Oriental, for the possible expansion of the current capacity of the STEAG Power Plant. AP and its partners are currently undertaking market studies to determine the viability of such expansion. However, the STEAG Board of Directors has made no final decision yet on this matter.

We hope we have sufficiently clarified this issue.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION

By



M. JASMINE S. OPORTO
Corporate Secretary