



November 17, 2008

ATTY. PETE M. MALABANAN

Head, Disclosure Department
Philippine Stock Exchange
Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City, Philippines

Dear Atty. Malabanan,

This has reference to Memorandum No. 2008-0525 of the Philippine Stock Exchange requiring us to submit our dividend policy not later than November 18, 2008.

Please be advised that as previously disclosed in the 2008 Information Statement (SEC Form 20-IS) and 2007 Annual Report (Sec Form 17-A) of Aboitiz Power Corporation (AP), AP intends to maintain an annual cash dividend payment ratio of approximately one-third of its consolidated net income from the preceding fiscal year, subject to the requirements of applicable laws and regulations and the absence of circumstances which may restrict the payment of cash dividends.

Thank you.

Very truly yours,

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

M. JASMINE S. OPORTO
Corporate Secretary