

abotiz outlook

September 23, 2008



Aboitiz sells transport unit

At a special meeting today, September 23, 2008, the Board of Directors of Aboitiz Equity Ventures, Inc. (AEV), unanimously voted to accept the unsolicited offer of KGLI-NM Holdings, Inc. (KGLI-NM) to buy all of AEV's shareholdings in Aboitiz Transport System Corporation (ATS) subject to a due diligence audit to be conducted by KGLI-NM.

The Memorandum of Agreement (MOA) between KGLI-NM on one hand, and AEV and Aboitiz & Company, Inc. (ACO) on the other hand, executed immediately after the acceptance of the offer by the AEV board, states that KGLI-NM will purchase all of the shareholdings of AEV and ACO in ATS on a per share purchase price to be computed based on an ATS equity value of ₱5 billion or equivalent to ₱2.044 per share. The final terms of the sale will be subject to the due diligence audit and the execution of a definitive share purchase agreement between the parties.

AEV owns 1,889,489,607 common shares of ATS while ACO owns 390,322,384 common shares of ATS, representing 77.10% and 15.93 % respectively of the total outstanding ATS capital stock. ACO is the private holding company of the Aboitiz family and is AEV's largest shareholder.

The MOA also provides that should KGLI-NM decide to proceed with the purchase, it shall also undertake a tender offer of the shares owned by the minority shareholders at the same terms offered to ACO and AEV in accordance with the requirements of the Securities Regulation Code. KGLI-NM further undertakes to pay in cash for such ATS shares acquired under the tender offer.

Except for the joint venture businesses in ship management, manning and crew management, and bulk transport of the Aboitiz Group with the Jebsen Group of Norway, the planned acquisition will include all the shipping and logistics businesses of ATS.

KGLI-NM will conduct a due diligence audit after the signing of the MOA. On or before November 22, 2008 (the 60th day from the execution of the MOA), KGLI-NM shall notify AEV and ACO whether it will proceed with the transaction. Any definitive share purchase agreement will be executed on closing date, which is expected to occur on January 15, 2009, unless shortened or extended by the parties.

KGLI-NM is a domestic company, which is jointly owned by Negros Holdings and Management Corp. (NHMC) and KGL Investment BV (KGLIBV). NHMC, a domestic company, and KGLIBV, a Dutch company, hold sixty percent (60%) and forty percent (40%) respectively of the outstanding capital stock of KGLI-NM. KGLIBV is beneficially owned by the KGL Investment Company (KGL Investment), a Kuwaiti company.

KGL Investment initiated investments in port and port-related businesses and other logistics related businesses in the Philippines through the establishment of an air-transportation logistics complex in Clark Field, Pampanga, under an agreement signed with the Clark International Airport Corp. in April 2008. Thereafter, KGL Investment, through KGLI BV, invested in Negros Navigation through the establishment of KGLI-NM Holdings, Inc.

None of the directors, officers or affiliates of AEV has any material relationship with KGLI-NM or any of its directors, officers and affiliates.

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