



*Filinvest Development Corporation*

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December 26, 2007

**THE PHILIPPINE STOCK EXCHANGE INC.**

Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center  
Pasig City

Attention: Atty. Pete M. Malabanan  
Head, Disclosure Department

Gentlemen:

We refer to your letter dated December 26, 2007 requiring our company ("FDC") to confirm the veracity of the news articles entitled "East West Bank hikes capital to P5 billion" and "Filinvest to borrow to fund capex" appearing in the December 24 issue of *The Philippine Star* and the December 25 issue of the *BusinessMirror*, respectively.

The *Philippine Star* article reads in part:

East West Banking Corp., the banking unit of the Gotianun-owned holding firm Filinvest Development Corp., is raising its capitalization to P5 billion from only P3 billion in line with its bid to become a universal bank.

Documents filed at the Securities and Exchange Commission (SEC) show that out of the P2 billion increase in capital, P500 million has been subscribed and paid for by controlling shareholder Filinvest Development Corp.

The additional capital will be partly sourced from the proceeds of FDC's planned follow-on offering of shares next year, estimated to raise up to P16 billion.

Of the expected proceeds, P6 billion will go to Filinvest Alabang, Inc., P3 billion to ALG Holdings Corp., which operates the company's sugar business, and P2 billion to East West Bank's expansion. FDC owns 60 per cent of East West.

East West is also planning to issue P1.25 billion in Tier 2 notes within the first quarter of next year.

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(FDC President Josephine Gotianun-Yap) said an IPO for East West may happen in two or three years when it has grown into a much stronger institution.

The *BusinessMirror* article reads in part:

FILINVEST Development Corp. (FDC) may tap peso borrowings to partially fund its proposed P22-billion capital expenditure next year.

. . . . .

. . . . . Around P16 billion will be channeled to the residential property developments of subsidiary Filinvest Land Inc. (FLI) and the planned construction of a bioethanol plant in Cotabato.

Another unit, Filinvest Alabang Inc. (FAI), will get P6 billion for its two mid-rise condominiums called Entrata and The Levels and BPO office development The Studios. All are in Alabang, Muntinlupa.

“That is just an initial capex for FAI to start the development of those three projects next year,” (FDC President Josephine Gotianun-Yap) said.

We confirm the veracity of the statements appearing in *The Philippine Star* article, except that (1) FDC is keeping its options open and has not made a decision as to when to pursue its proposed equity fundraising of up to a maximum of 3.5 billion common shares through primary and secondary offerings, including the feasibility of issuing convertible bonds, (2) there is no decision yet as to the volume of the secondary offering of FDC shares owned and held by ALG Holdings Corporation (“ALGHC”), and (3) ALGHC already disposed its sugar milling business to FDC.

We also confirm the veracity of the statements appearing in the *BusinessMirror* article, except that (1) ₱16 billion of the proposed ₱22-billion capital expenditure for 2008 will be earmarked for (i) the development of buildings and other projects of FDC and its affiliate, Filinvest Alabang, Inc., (ii) the increase in capitalization of FDC’s subsidiary bank, EastWest Banking Corporation, and (iii) sugar milling and refinery expansion, including the

construction of the bioethanol plant, while (2) the remaining ₱6 billion will be intended for the real estate projects of Filinvest Land, Inc.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Abner C. Gener Jr.', written in a cursive style.

**ABNER C. GENER JR.**  
Corporate Information Officer