



Filinvest Development Corporation

07 October 2014

PHILIPPINE STOCK EXCHANGE

3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **MS. JANET A. ENCARNACION**
Head, Disclosure Department

Dear Ms. Encarnacion:

We refer to your request for clarification/confirmation of the news article entitled “Public funds eyed for energy project” posted in Malaya Business Insight (Internet Edition) on 07 October 2014. The article reported in part that:

“Filinvest Development Corp. (FDC) plans to tap public money in expanding its power business, as it looks at doubling its portfolio to 1,000-megawatts (MW) in five years.

“We’ll always target for that (1,000 MW). I’m not saying anything’s definite but we’re always looking at a number of different opportunities,” said FDC president Josephine Gotianun-Yap.

Gotianun-Yap said funding for the expansion will partly come from what will be raised, with the plan to list power unit FDC Utilities, Inc., one of the company’s assets that are close to commissioning.

Among FDC Utilities’ assets are the 405 MW circulating fluidized-bed coal plant being built in Misamis Oriental for P40 billion and the independent power producer administrator-contracted (IPPA) 40 MW power plant in Leyte.

FDC Utilities has a total of 190 MW power capacity spread across the Visayas. It recently topped the bid for the selection of the IPPA for the output of the Mt. Apo 1 and 2 geothermal power plants.

“We look at partnerships, we’re open to brownfield. What we’ve done so far is greenfield,” said Gotianun-Yap.

FDC Utilities is also evaluating a hydro-power plant and “mine mouth potential” in Luzon.

“Luzon is a market we cannot avoid. It’s an important market. We look at Luzon even though we’re mostly in Mindanao,” Gotianun-Yap said.”

Filinvest Development Corporation (FDC), through its subsidiary, FDC Utilities, Inc. (FDCUI), continues to explore a wide range of opportunities for merger, acquisition or greenfield development to undertake its power projects. To finance these projects, FDCUI considers various funding options which include tapping public funds and possibly an initial public offering. If and when FDCUI is to publicly list, it would have to be at a time when the markets would allow the company to maximize its firm value.

FDCUI considers many power opportunities including hydro and coal-fired power but the development of any of these projects would largely depend on the projects' ability to generate results in line with the company's goals. In the meantime, FDCUI is currently focused on the construction of its 405MW coal-fired power plant in Misamis Oriental and the marketing of 40MW of Unified Leyte Geothermal Power Plant's output as well as the recently awarded IPPA Contract for Apo 1 and 2 Geothermal Power Plants in Mindanao amounting to around 100MW. This brings the total capacity of FDCUI to 545MW across Visayas and Mindanao.

We trust you will find the foregoing in order.

Very truly yours,



SHARON P. PAGALING-REFUERZO
Corporate Information Officer