

To be an indispensable partner in the journey of everyone
whose life we touch.



11 November 2014

Ms. Janet A. Encarnacion

Head, Disclosure Department
Philippine Stock Exchange
4/F PSE Plaza, Ayala Triangle Plaza
Ayala Ave., Makati City

Attention: **Sheena Paula H. Pedrieta**

Dear **Ms. Encarnacion**:

We reply in relation to your letter dated 11 November 2014 seeking clarification on the news article posted in the Business Mirror (Internet Edition) on 10 November 2014 which stated as follows:

"PHOENIX Petroleum Philippines Inc. is earmarking as much as P5 billion in capital expenditure (capex) in the next three years to finance the construction of additional gasoline stations it intends to put up.

'I think, on the average, for the next three years capex will be P1.5 billion to P1.7 billion per year...for the new stations,' said company chief financial officer Joseph Ong at the sidelines of the listing of the company's P2-billion short-term commercial paper.

This year Phoenix Petroleum has set aside P1.5 billion to P2 billion in capex.

....

'On the average, we have put up 60 to 70 new stations per year,' said the Phoenix Petroleum official. . . .

...."

The above interview of our Chief Finance Officer, Joseph John L. Ong was made on the occasion of the listing of our recently-issued Short Term Commercial Papers (STCP) with the Philippine Dealings Exchange (PDEX) on 10 November 2014.

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The reply of Mr. Ong to the reporter's question, how much the Company is expected to build in terms of stations in relation to the funds raised through the STCP, was more of a personal opinion based on growth of stations established over the past 3 years. Please note that our third quarter report has yet to be released and the figure stated by Mr. Ong was his own mathematical estimation as he had in fact qualified and made clear to the reporter concerned.

The figure stated by Mr. Ong as allotment for new gas stations is meant to be spread over a 5-year period instead of 3 years. The Company's efforts are focused on expanding its retail station operations thus targeting to establish *more* gas stations to improve the Company's profitability.

We hope we have clarified our position on the concerned news article.

Thank you and warm regards.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Socorro Ermac Cabreros".

Atty. Socorro Ermac Cabreros
Corporate Secretary

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