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July 20, 2017

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Gentlemen:

We reply to your letter dated July 20, 2017 (received thru EDGE Submission System at 8:15 a.m. today) requiring us to clarify and/or confirm the information contained in the news article entitled “Meralco revives P10-b rail proposal” posted in manilastandard.net on July 19, 2017. The article reported in part that:

“MRail Inc., a subsidiary of Manila Electric Co., said Wednesday it resumed talks with state-run Philippine National Railways on the proposed P10-billion Manila-Laguna Freight Train Project.

‘The Freight Project has always been there. However, it was only prudent that we wait for the appointment of the new set of board of directors as well as the new GM [general manager] before we bring the project back on the table,’ Mrail president and chief executive Ferdinand Inacay said.

MRail and PNR were supposed to sign a track usage agreement in early 2016 but had to defer it pending a legal opinion from the Office of the Government Corporate Counsel.

The OGCC approved the submitted draft of the MRail-PNR Track Usage Agreement, but the parties were prohibited from entering into an agreement during the 2016 national election campaign period.

'We remain optimistic that the Freight Project will push through as the project provides very tangible value propositions to the government, the business sector particularly the importers and exporters located in the Calabarzon area and to the environment as a whole.

....

Mrail and its partner International Container Terminal Services Inc. earlier said they would invest P10 billion over two years to revive a container rail service from Manila to Calamba in Laguna.

The project, which will revive freight service operations from the Port of Manila to the Laguna Gateway Inland Container Terminal, will provide an alternative mode of transport for containerized cargoes moving to and from Southern Luzon."

We would like to confirm the statements in the news article that MRAIL has continued discussions with the management of the Philippine National Railways (PNR) concerning Mail's proposal on the Freight Rail Project that will serve and connect the Manila International Container Terminal (MICT) in the Port of Manila to ICTSI's inland container terminal in Calamba, Laguna.

The Freight Rail Project aims to alleviate the traffic congestion in the greater Metro Manila area, encourage provincial development, and is also in line with the railway development plans of the Duterte Administration which is intent in building more transport infrastructures to enhance the economic competitiveness of Philippine industries.

We trust that you will find the foregoing clarification in order.

Very truly yours,



William S. Pamintuan
First Vice President
Assistant Corporate Secretary &
Information Disclosure Officer