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May 20, 2016

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Mesdames:

We reply to your letter dated May 20, 2016 (received thru EDGE Submission System at 9:02 a.m. today) requiring us to clarify and/or confirm the information contained in the news article entitled "ERC allows Meralco to spend P15.5 billion of capex" posted in the BusinessMirror (Internet Edition) on May 19, 2016. The article reported in part that:

"THE Energy Regulatory Commission (ERC) has allowed Manila Electric Co. (Meralco) to spend P15.5 billion of its proposed P17.7-billion capital expenditure (capex) for the first year of the fourth regulatory period covering July 1, 2015, to June 30, 2016.

Of the approved amount, the ERC approved P4.14 billion worth of major capex projects and P11.42 billion worth of residual capex for the period.

'The application filed by Meralco for authority to implement the proposed capex is hereby approved with modification, subject to optimization based on its actual use and/or implementation during the reset process for the next regulatory period,' the ERC said in its decision.

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Meanwhile, Meralco awaits ERC approval for its proposed capex program for RY 2017 amounting to over P15 billion.

The amount involves 23 major projects, worth P5.6 billion, and 82 residual projects, worth over P6 billion, aimed at servicing the projected 3.1-percent growth in its customer base for RY 2017. Its regulatory year covers the period July 1, 2016, to June 30, 2017.

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With reference to the said news article, please be informed that Meralco does not have any information on the same as it is yet to receive the relevant Order of the ERC on the matter. We shall forthwith inform the Exchange upon receipt of the said Order from the ERC.

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