



ORTIGAS AVENUE, PASIG CITY
0300 PHILIPPINES

October 27, 2016

PHILIPPINE STOCK EXCHANGE, INC.

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

Attention: MR. JOSE VALERIANO B. ZUÑO III
OIC – Head, Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.

37th Floor, Tower 1, The Enterprise Center
6766 Ayala Avenue corner Paseo De Roxas
Makati City

Attention: MS. VINA VANESSA S. SALONGA
Head – Issuer Compliance and Disclosure Department

Gentlemen:

We reply to your letter dated October 27, 2016 (received thru EDGE Submission System at 9:39 a.m. today) requiring us to clarify and/or confirm the information contained in the news article entitled “Meralco mulls new retail affiliate under RCOA rules” posted in the philstar.com on October 27, 2016. The article reported in part that:

“MANILA, Philippines -- Manila Electric Co. (Meralco) is exploring all options, including putting up an affiliate retail electricity supplier (RES), after the Supreme Court (SC) junked its case with a local regional trial court (RTC) to stop the implementation of new retail competition and open access (RCOA) rules, company officials said.

....

At the same time, Meralco is also considering the possibility of just getting a RES license and form an affiliate RES – separate from its existing local RES Mpower – to meet its current contestable customers.

....”

With reference to the said news article, we would like to confirm the statements attributed to the Company’s officers that the Company is exploring all options, including putting up an affiliate retail electricity supplier (RES) to supply contestable customers within and outside the Company’s franchise.

We would also like to clarify that the Supreme Court (SC) did not “junk” the case with a local Regional Trial Court (RTC) to stop the implementation of new retail competition and open access (RCOA) rules, it only issued a Temporary Restraining Order (TRO) enjoining further proceedings in the RTC until the petition before the SC is resolved. We would also like to further clarify that the Company’s decision to apply for affiliate retail electricity supplier (RES) is without prejudice to the final resolution of the main case.

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

Very truly yours,



JOCELYN V. ALTAMIRA

Corporate Governance and Compliance Head