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March 12, 2018

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Gentlemen:

We reply to your letter dated March 12, 2018 (received thru EDGE Submission System at 8:55 a.m. today) requiring us to clarify and/or confirm the information contained in the news article entitled “Meralco boosting capital expenditure to P21b in 2019” posted in manilastandard.net on March 11, 2018. The article reported in part that:

“Power retailer Manila Electric Co. asked the Energy Regulatory Commission to approve a P21-billion capital expenditure for regulatory year 2019.

‘I think we filed for something in the order of about P20 [billion] to P21 billion. The capex for regulatory year 2019 is in the order of about P21 billion,’ Meralco president Oscar Reyes told reporters.

Meralco’s application for capex in the next regulatory year covering the months July 2018 to June 2019 would be higher than the annual average in the past two years. Meralco asked ERC to approve an P18-billion capex for 2018.

‘We have to ensure that the capex is something to serve the customer load growth, resiliency, safety and robustness including hardening,’ Reyes said.

Reyes said the bulk of the capex for 2019 would be used for network requirements for load and customer growth 'because our number of customer base continues to increase and the demand continues to increase as well so we have to ensure that we have very resilient and hardened network.'

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With reference to the said news article, we would like to confirm the statements attributed to our President and CEO, Mr. Oscar S. Reyes, regarding the proposed P21 billion CAPEX application for the Regulatory Year 2019 (July 1, 2018 to June 30, 2019), with the clarification that said amount is subject to the approval of the Energy Regulatory Commission (ERC).

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

Very truly yours,



JOCELYN C. VILLAR-ALTAMIRA
Assistant Vice President & Head
Corporate Governance and Compliance