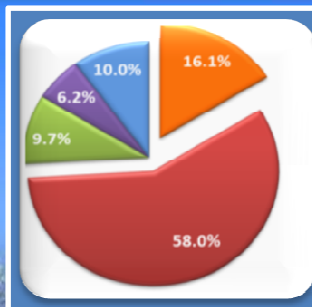


Manila Electric Company

www.meralco.com.ph



2ND QTR 2011 FINANCIAL & OPERATING RESULTS



OPERATING
HIGHLIGHTS



FINANCIAL
RESULTS



POWER GEN
REPORT

25th July 2011 / 3:00 pm to 5:00 pm / MERALCO, Pasig City

INVESTORS' BRIEFING & TELECONFERENCE

Disclaimer



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Outline of Presentation



- **Operating Highlights**

Oscar S. Reyes, Senior Executive Vice President & Chief Operating Officer

- **Financial Results**

Betty C. Siy-Yap, Senior Vice President & Chief Finance Officer

- **Power Generation Report**

*Aaron A. Domingo, Executive Vice President & General Manager
Meralco PowerGen Corporation (MPG)*

- **Outlook**

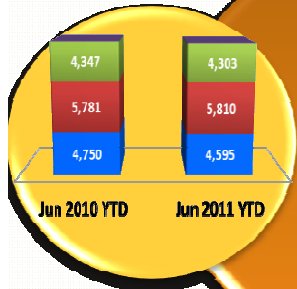
Manuel V. Pangilinan, President & Chief Executive Officer



OPERATING HIGHLIGHTS

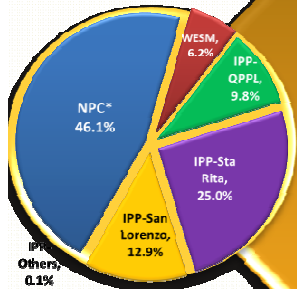


1H 2011 Energy Sales tracking 1H 2010 record sales, slightly below by 1.1%



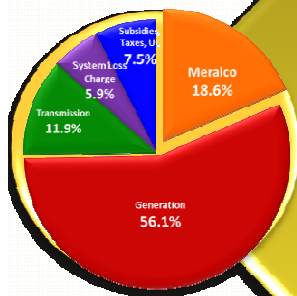
- Consolidated sales of 14,781 GWh; MERALCO DU at 14,646 GWh
- Residential and Industrial energy sales down vs. 1H 2010
- Cooler temperature this year, reduced manufacturing incl impact of Japan earthquake and non-election year led to lower sales
- However, Jun 2011 YTD sales higher than June YTD 2005-09 sales
- Consolidated customer growth up 3.2% to 4.933 million

1H 2011 NSI down 2.1% to 16,086 GWh vs. 1H 2010



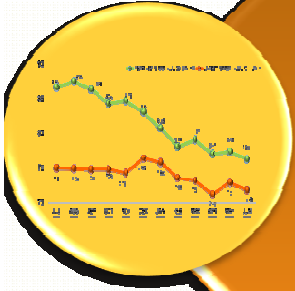
- Peak Demand down 1.1% to 5,283 MW (May 18, 2011)
- IPPs contributed 47.8%, NPC 46.1% and WESM 6.2% of MERALCO's total power purchases for 1H 2011
- IPPs remained as MERALCO's lowest cost of source of supply

Jan-Jun 2011 Ave. Retail Rate down 7¢/kWh to P8.95/kWh vs. Jan-Jun 2010



- Lower Subsidies/Tax/Universal Charge, System Loss and Generation Charges offset higher Transmission and Distribution Charges
- Generation Charge still the largest component of customers' bill at 55.1%; MERALCO share is 18.3% and NGCP is 11.7%

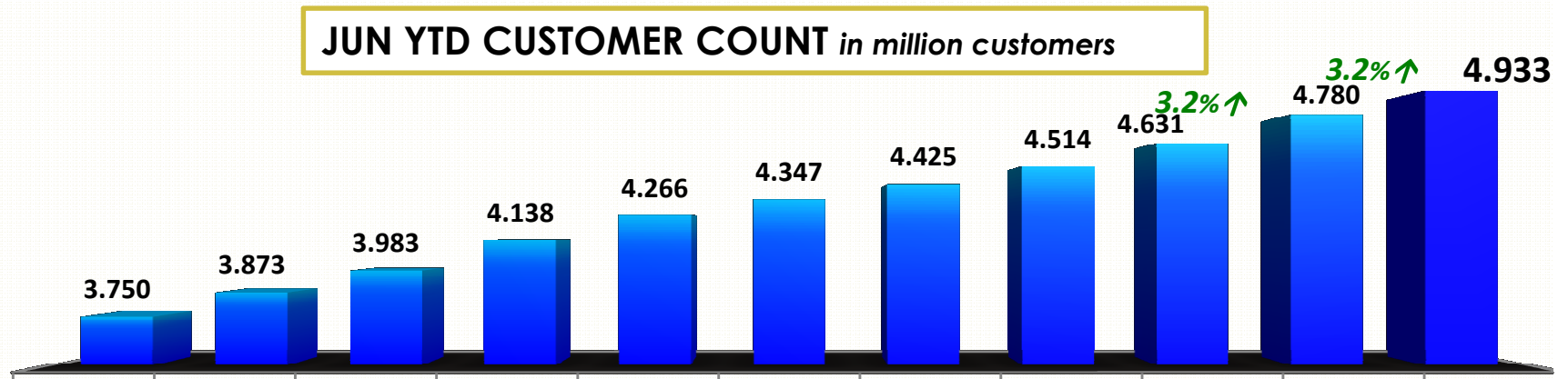
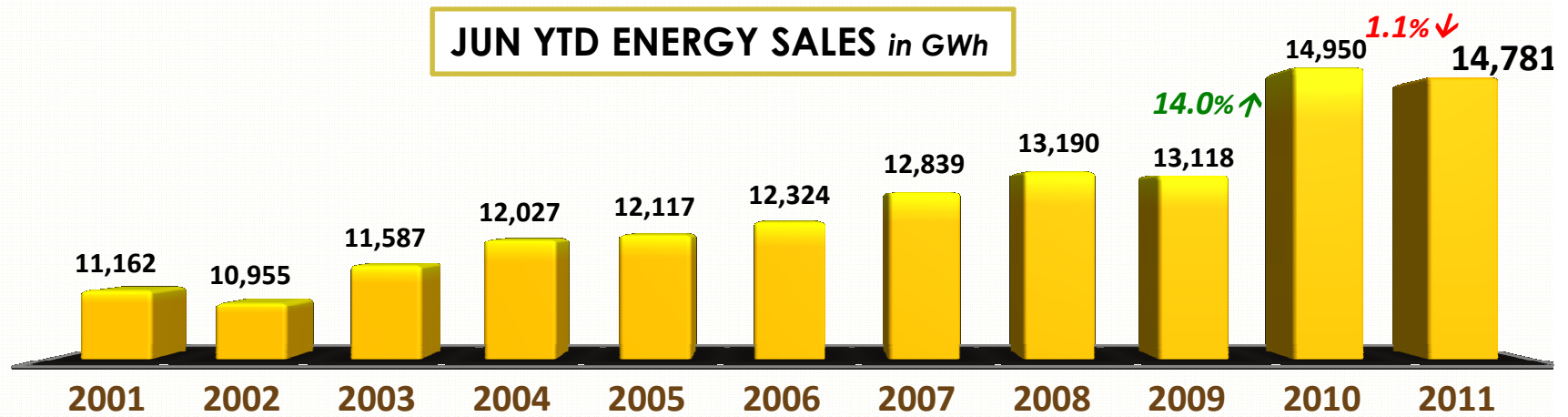
Sustained Operational Performance vs. Regulatory Standards



- 12MMA System Loss ending Jun 2011 at 7.48% (improved by 0.45% vs. end Jun 2010)
- All S-Factor performance metrics within rewards range
- GSL performance within allowed limits; effective savings for MERALCO

June YTD Sales and Customer Count, Year on Year

- 1H 2011 Energy Sales tracking 1H 2010 record sales but Customer Count sustained its growth



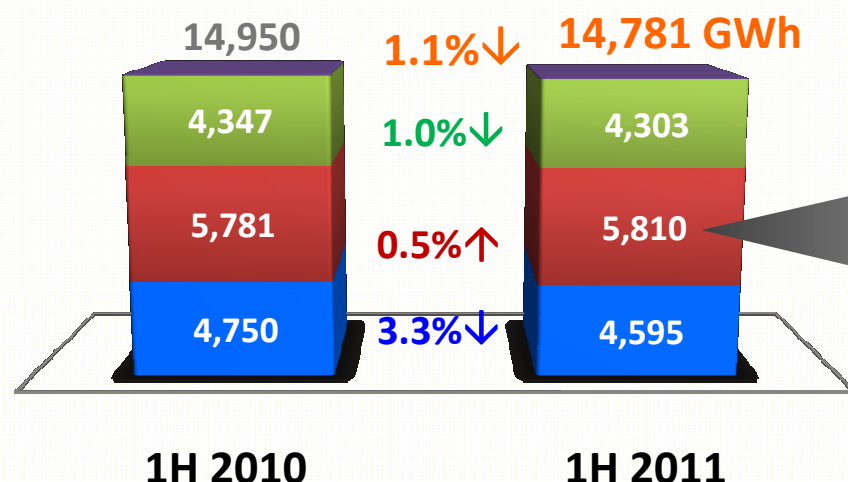
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
ENERGY SALES Growth		-1.9%	5.8%	3.8%	0.8%	1.7%	4.2%	2.7%	-0.6%	14.0%	-1.1%
CUST COUNT Growth		3.3%	2.8%	3.9%	3.1%	1.9%	1.8%	2.0%	2.6%	3.2%	3.2%

*2008-2011, MERALCO + CEDC

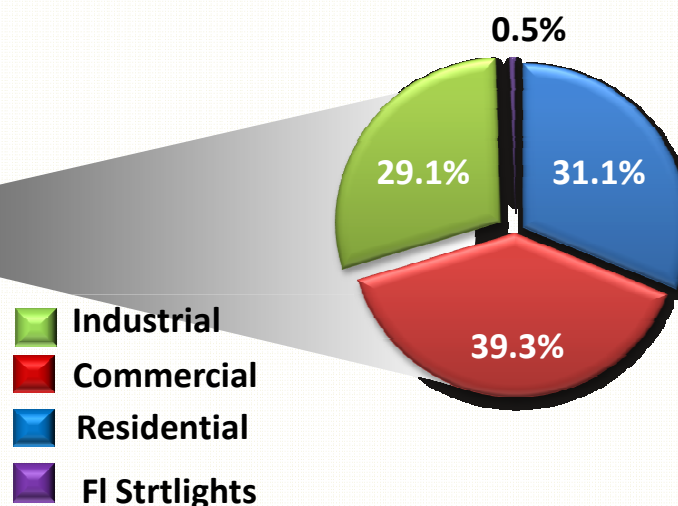
Energy Sales – Consolidated* 1H 2011

- Jun 2011 YTD slightly below Jun 2010 YTD by 1.1% to 14,781 GWh
- Residential and Industrial down; Due to high base effect of 2010, cooler temperature and wet summer this year, and reduced manufacturing
- Commercial segment maintained growth due to Real Estate and Communications sector

Energy Sales, GWh:



1H 2011 share of sales:



Drivers in 1H 2011

1. Non-metallic mineral products
2. Basic Metals
3. Textiles



1. Real Estate
2. Transport, Storage, and Communication



Household consumption due to decline in ambient temperature / early monsoon rains



1. Electrical Machinery
2. Fabricated Metals
3. Beverages



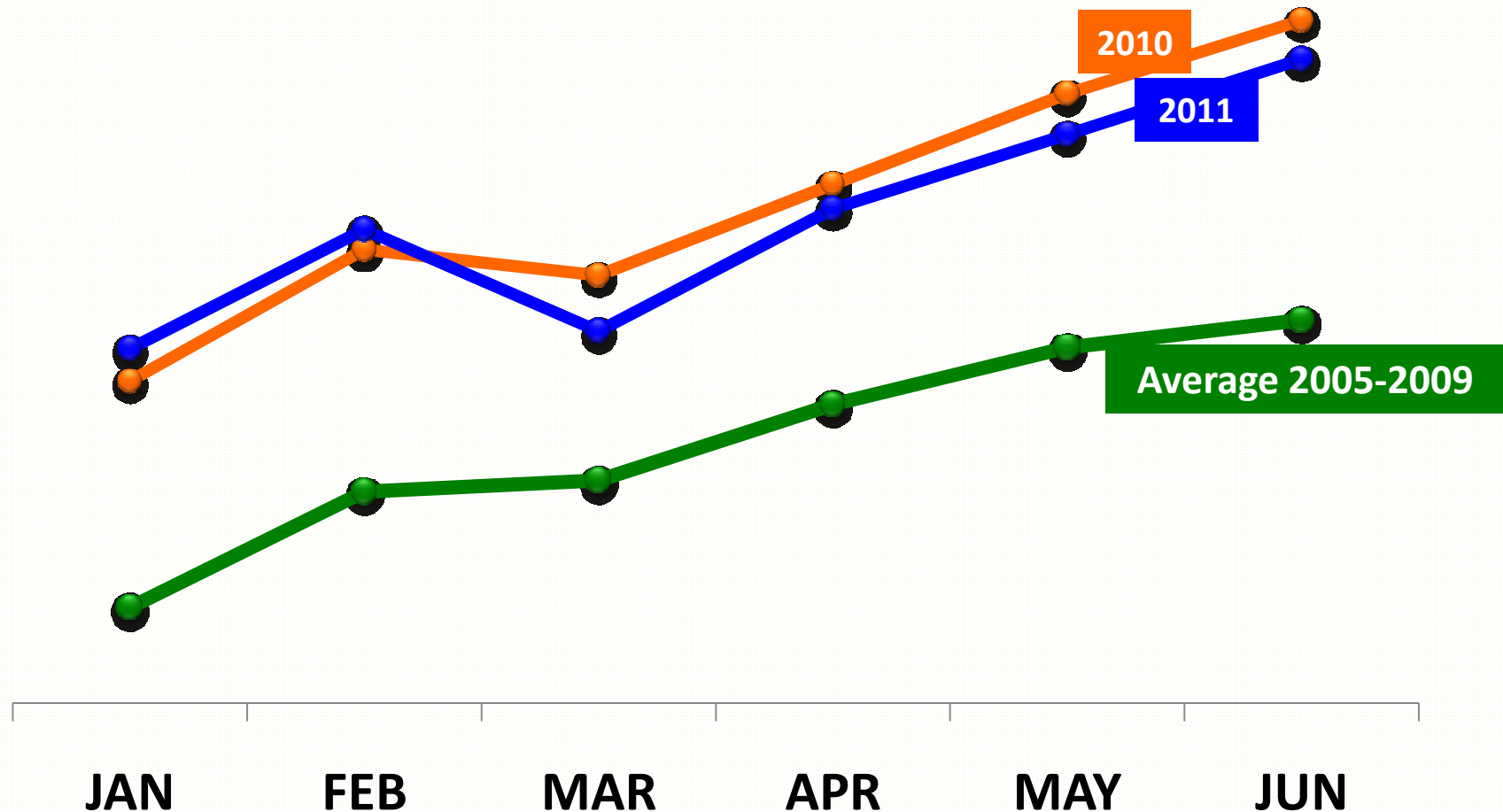
1. Private Services(hotels, malls, hospitals)
2. Trade



*MERALCO + CEDC

Monthly Energy Sales* Trend (Jan – Jun)

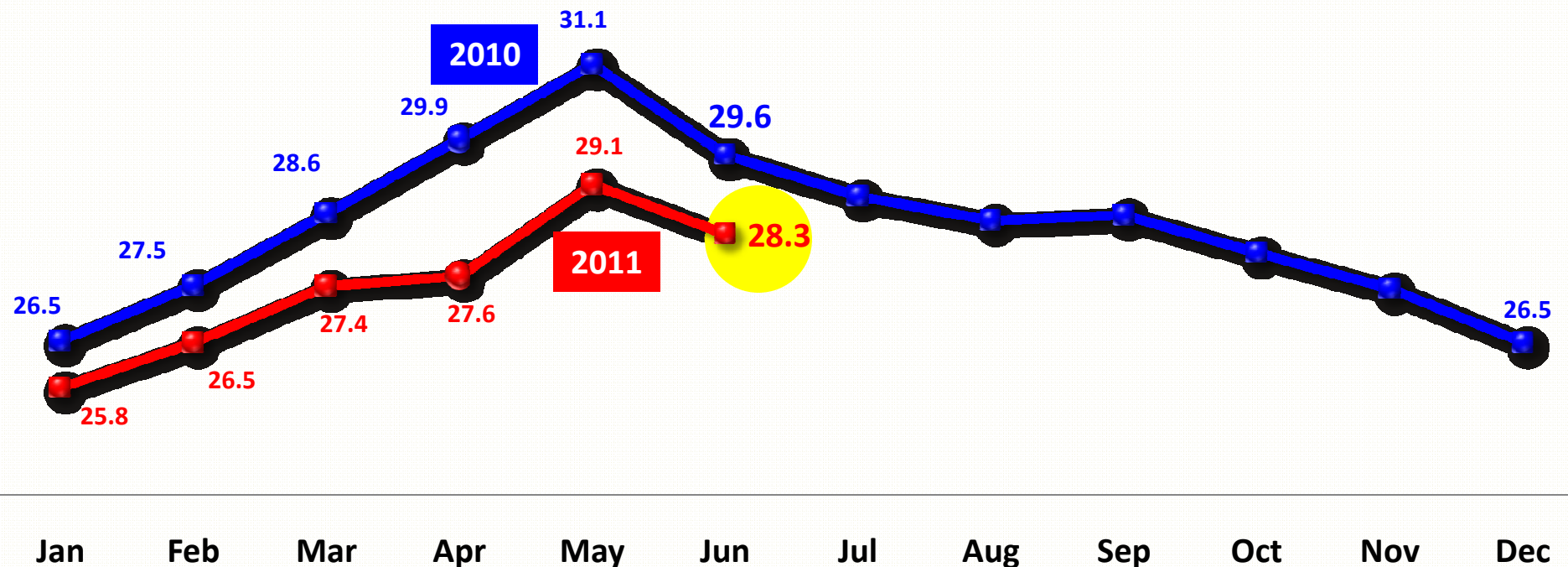
- 1H 2011 sales lower vs. 1H 2010; But still higher vs. 2005-09 average
- Lower YTD 2011 sales mainly due to :
 - Cooler temperature and La Nina vs. El Niño last year
 - Lower GDP growth (vs. 2010 GDP is 7.6%)
 - Absence of National Election spending



Temperature Comparison chart

- Monthly average temperatures for 1H 2011 are lower vs. 2010
- Prolonged monsoon rains and typhoons (Bebeng and Falcon) contributed to drop in temp

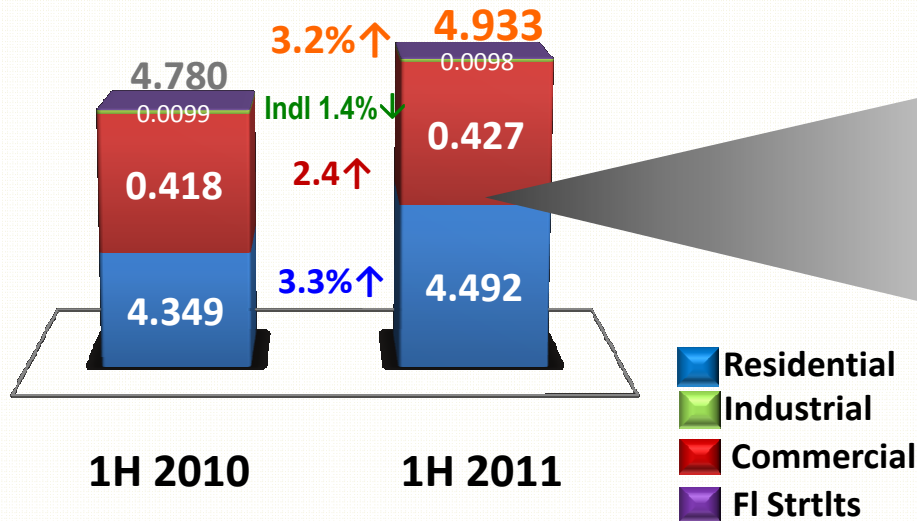
Average Temperature (C)



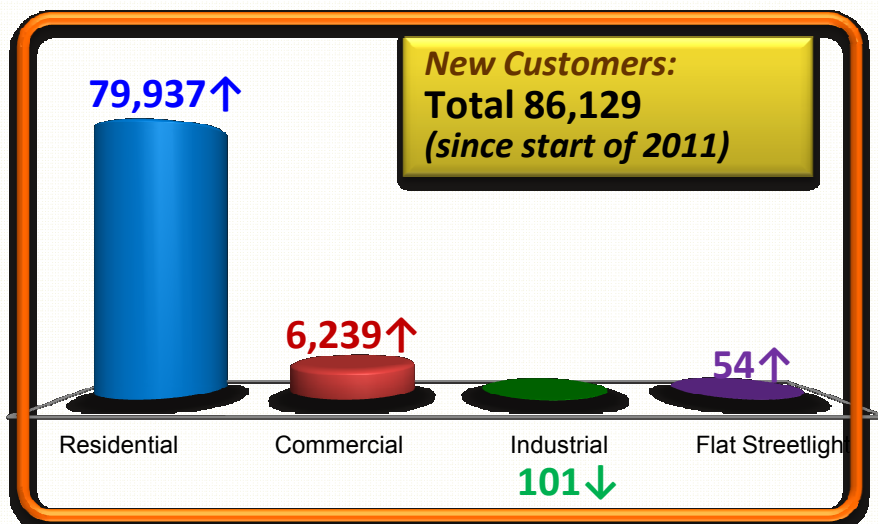
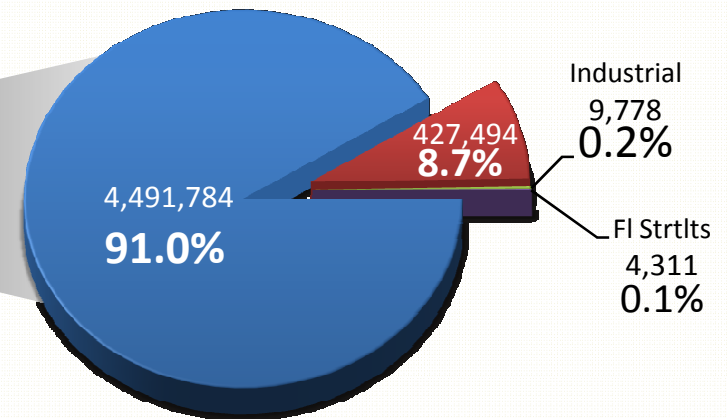
Customer Count – Consolidated * 1H 2011

- Up 3.2% vs. Jun 2010 to 4.933 million customers
- Addition of 86,129 new customers from beginning of 2011, majority Residential

Customer Count, in millions:



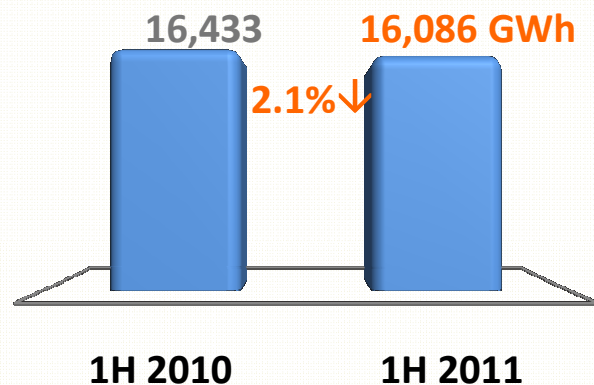
1H 2011 Segment Share:



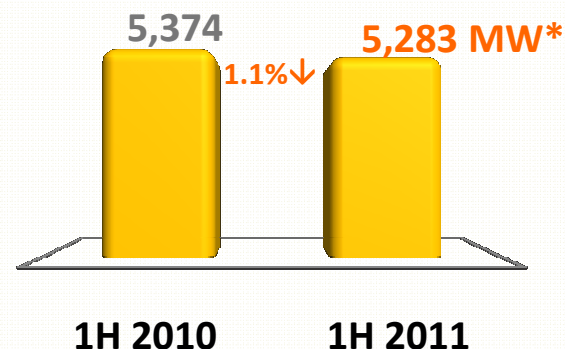
Net System Input - Consolidated* 1H 2011

- NSI down 2.1% to 16,086 GWh vs. 1H 2010 ; Peak demand lower by 1.1%

Net System Input, GWh:

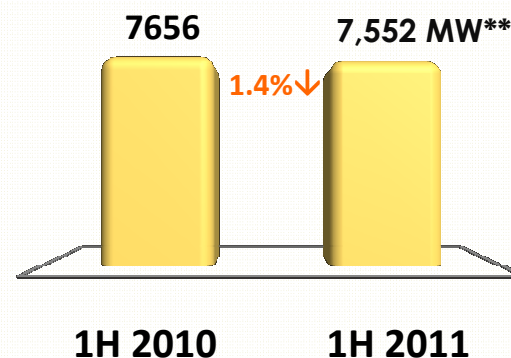


Meralco Peak Demand, MW:



**occurred May 18, 2011 as against May 26, 2010 Peak*

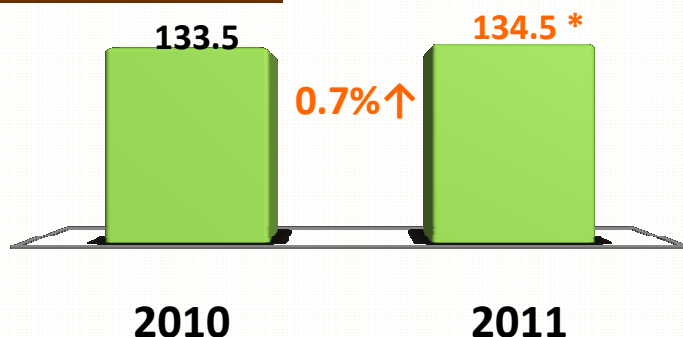
Luzon Peak Demand, MW:



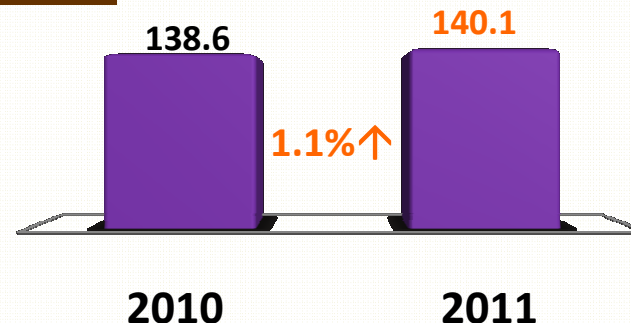
***occurred June 7, 2011*

Clark Electric (CEDC) Sales, NSI and Customer Count, Jun 2011 YTD

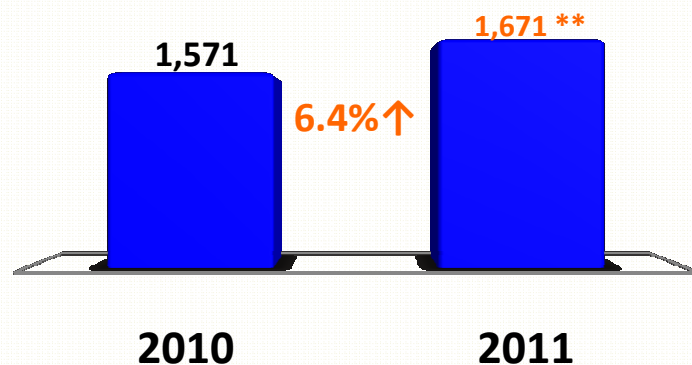
Energy Sales, GWh



NSI, GWh



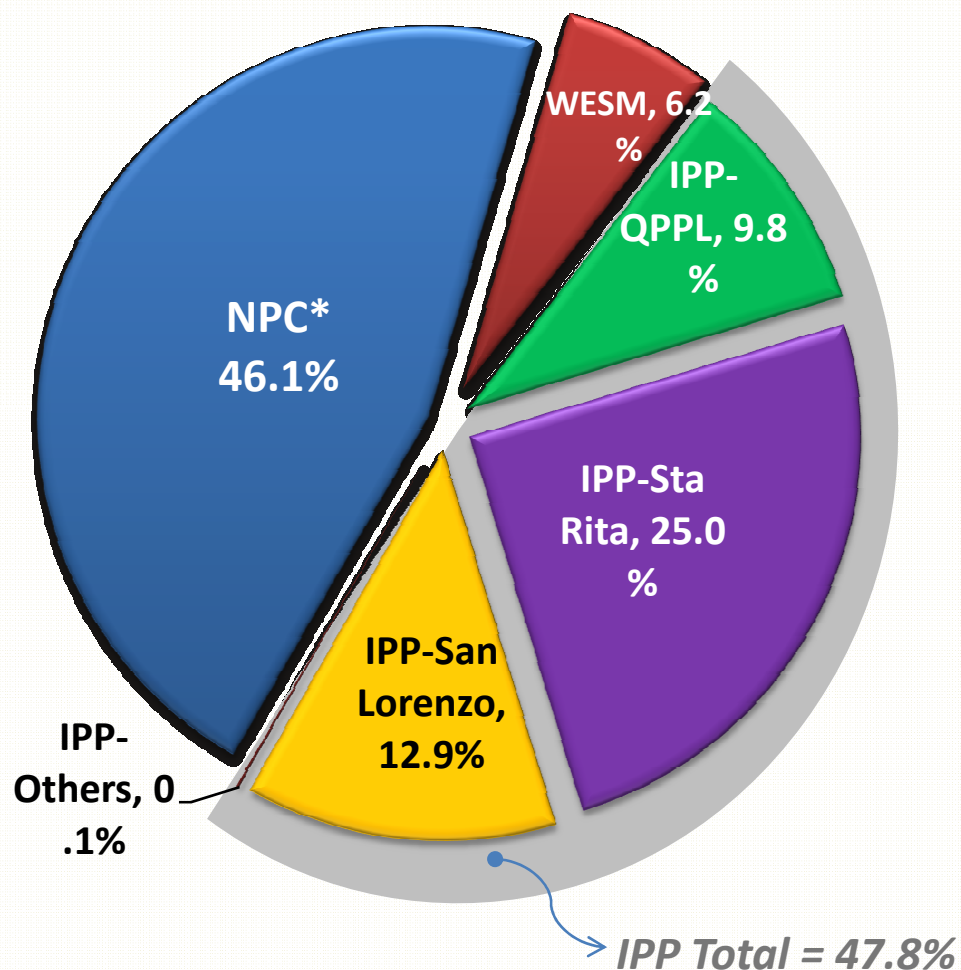
Customer Count



	*% Sales	**% Count
Commercial	51.9%	56.1%
Industrial	46.1%	5.9%
Residential	1.5%	34.6%

Meralco Power Supplier Mix

1H 2011 Purchases



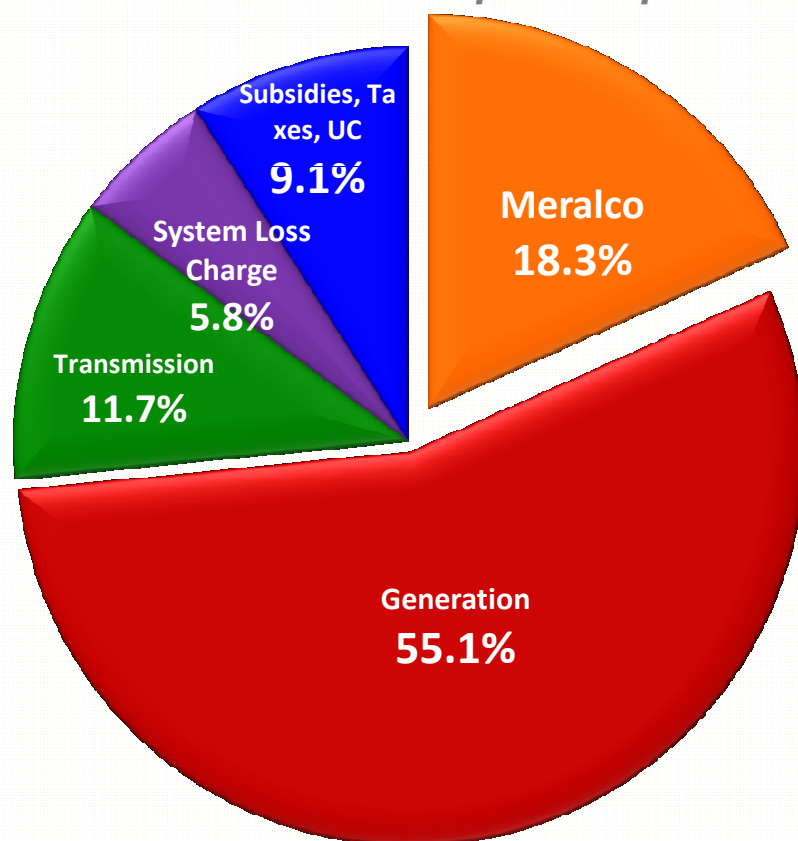
SOURCE	1H 2011	
	GWh	Share
NPC*	7,343	46.1%
WESM	987	6.2%
IPP-Total	7,614	47.8%
<i>Sta. Rita</i>	<i>3,985</i>	<i>25.0%</i>
<i>San Lorenzo</i>	<i>2,056</i>	<i>12.9%</i>
<i>QPPL</i>	<i>1,555</i>	<i>9.8%</i>
<i>Others</i>	<i>18</i>	<i>0.1%</i>
Total NSI	15,944	100.0%

*Including Special Programs (Ecozone and CCP)

Overall Ave. Retail Rate for Jan-Jun 2011 lower by 7¢/kWh vs. Jan-Jun 2010 Ave

- Generation Charge still the largest component of customers' bill at 55.1%
- Meralco share 18.3%; NGCP share 11.7%
- Higher Transmission and Distribution charges were offset by Subs/Tax/UC, System Loss and Generation Charges

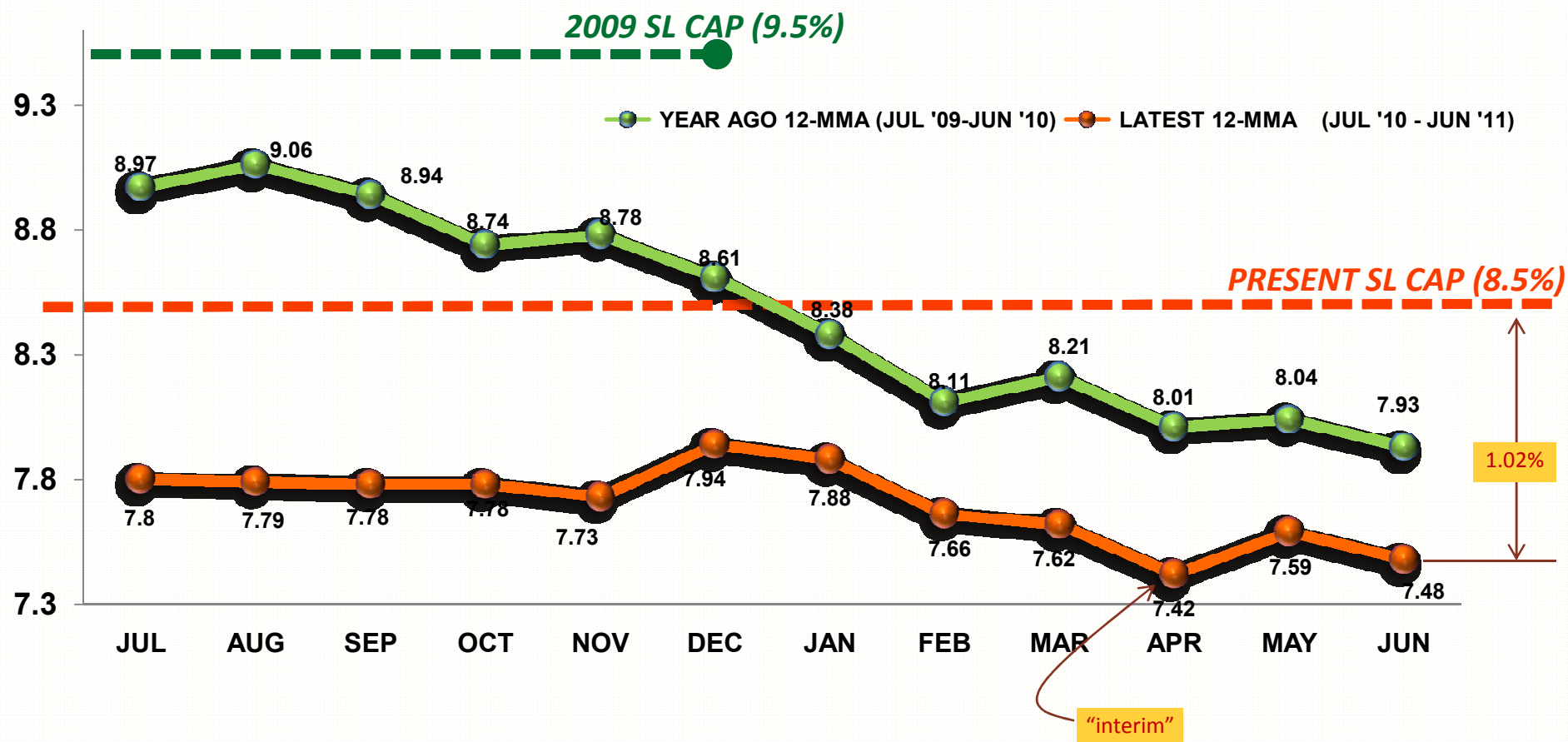
Jan-Jun 2011 Share per component



BILL COMPONENT	Jan-Jun 2011 Overall Ave, P/kWh	Jan-Jun 2010 Overall Ave, P/kWh	%Inc/ (Dec)
Generation	4.94	5.24	(6)
Meralco	1.64	1.40	17
Transmission	1.05	0.72	45
System Loss Charge	0.52	0.58	(10)
Subsidies, Taxes, UC	0.81	1.08	(25)
TOTAL	8.95	9.02	(1)

System Loss Performance

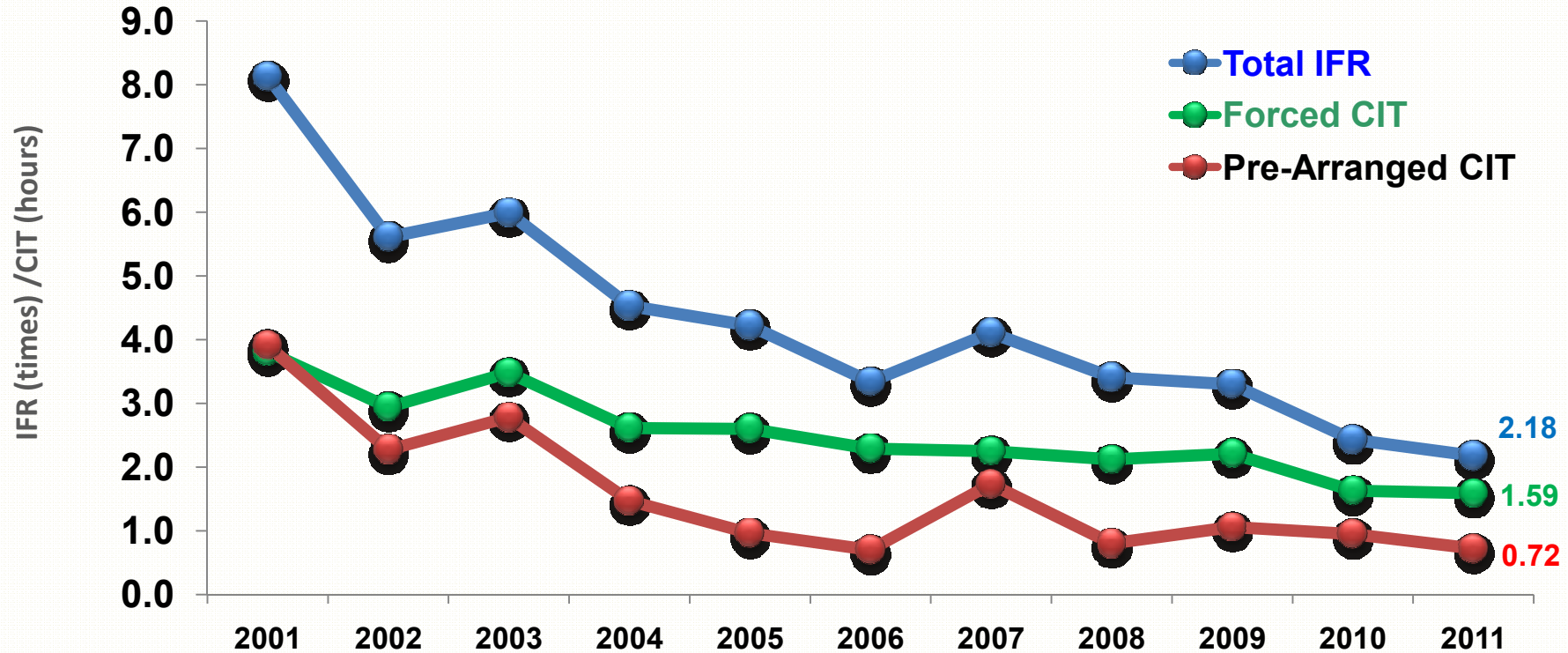
- 12-MMA ending Jun 2011 at 7.48%
- Performance improved by 0.45% vs. Jun 2010's 7.93%



- Official ERC-filed Meralco System Loss: [excludes that of **Clark Electric Distribution Corp. (CEDC)** – 12MMA ending Jun 2011: 3.99%; Jun 2010: 3.68%
- Starting 2008, System Loss was computed excluding kilowatthour recoveries from violation of contracts (VOC) and Illegal Service Connections (ISCs) cases.

Improved 1H 2011 IFR and CIT performance

- Reliability (Total IFR) improved by 10.3%, at 2.18 times
- Availability (Forced CIT) improved by 2.5%, at 1.59 hours
- Availability (Pre-Arranged CIT) improved by 24.2% , at 0.72 hours



NOTE: Service Interruption includes Forced and Pre-arranged outages. Effects of major typhoons have been excluded.

YTD Performance: S-Factor

- All S-Factor performances are within rewards range

S-FACTOR INDICATOR	As of June (YTD)		% Change (2011 vs. 2010)	REMARKS
	2011	2010		
IFR, Forced and PAI (Times)	2.18	2.43	10.3	IMPROVED; W/IN REWARDS
CIT, Forced (Hours)	1.59	1.63	2.5	IMPROVED; W/IN REWARDS
CIT, Pre-arranged (Hours)	0.72	0.95	24.2	IMPROVED; W/IN REWARDS
Prob. of Voltage Violations (%)	0.13	0.75	0.62 ppts	IMPROVED; W/IN REWARDS
Ave. Time to Process App. (Days)	4.92	5.32	7.43	IMPROVED; W/IN REWARDS
Ave. Time to Connect (Days)	1.57	2.82	44.37	IMPROVED; W/IN REWARDS
Call Center performance (%)	9.39	14.58	5.19 ppts	IMPROVED; W/IN REWARDS
System Loss (%) -12MMA	7.48	7.93	0.45 ppts	IMPROVED; W/IN REWARDS

YTD Performance: GSL

- All GSL performances are within set limits
- Expected savings for MERALCO after RY4 ending June 2011

GSL INDICATOR	Estimated No. of Customers Affected (Jul 2010 – Jun 2011)	Historical No. of Customers Affected (ave. p.a.)	REMARKS
GSL 1	159,505	555,111	WITHIN LIMITS; W/ SAVINGS
GSL 2	4,575	127,279	WITHIN LIMITS; W/ SAVINGS
GSL 3	94,444	646,827	WITHIN LIMITS; W/ SAVINGS
GSL 4	25,349	154,684	WITHIN LIMITS; W/ SAVINGS

Performance Measure

GSL1 : Customer experiencing a cumulative duration of sustained service interruptions exceeding the threshold

GSL2 : Customer experiencing a total number of sustained service interruptions exceeding the threshold

GSL3 : Restoration of supply to a customer after a fault on the secondary distribution network taking longer than the threshold

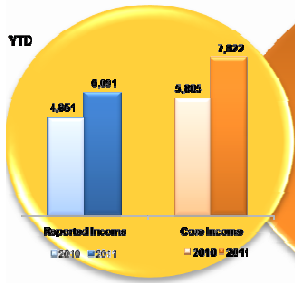
GSL4 : Customer connection not provided on the day agreed with the customer

FINANCIAL RESULTS



FINANCIAL HIGHLIGHTS

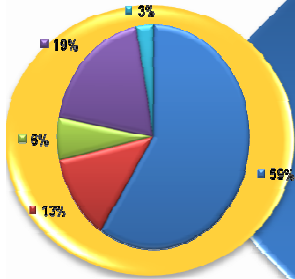
As of June 30, 2011



1H 2011 RESULTS MIRROR 2010 RECORD PERFORMANCE

Core Income at P7.8 B, up by 35% from P5.8B in 2010

Reported Income at P6.1B, up by 26% from P4.8B in 2010



STEADY REVENUE CONTRIBUTION FROM ELECTRICITY

YTD Revenues down by 2% to P124.8B

Electric revenue went down by 3% due to lower-pass-through charges and 1% decline in energy sales, partially offset by higher average distribution revenue per kWh



GEARING UP ON DEBT

P2.5B Bilateral Loan in January 2011

P5B Fixed Rate Note Facility Agreement in June 2011



RETURN TO SHAREHOLDERS

BOD approved interim cash dividends of P3.45 a share in today's meeting

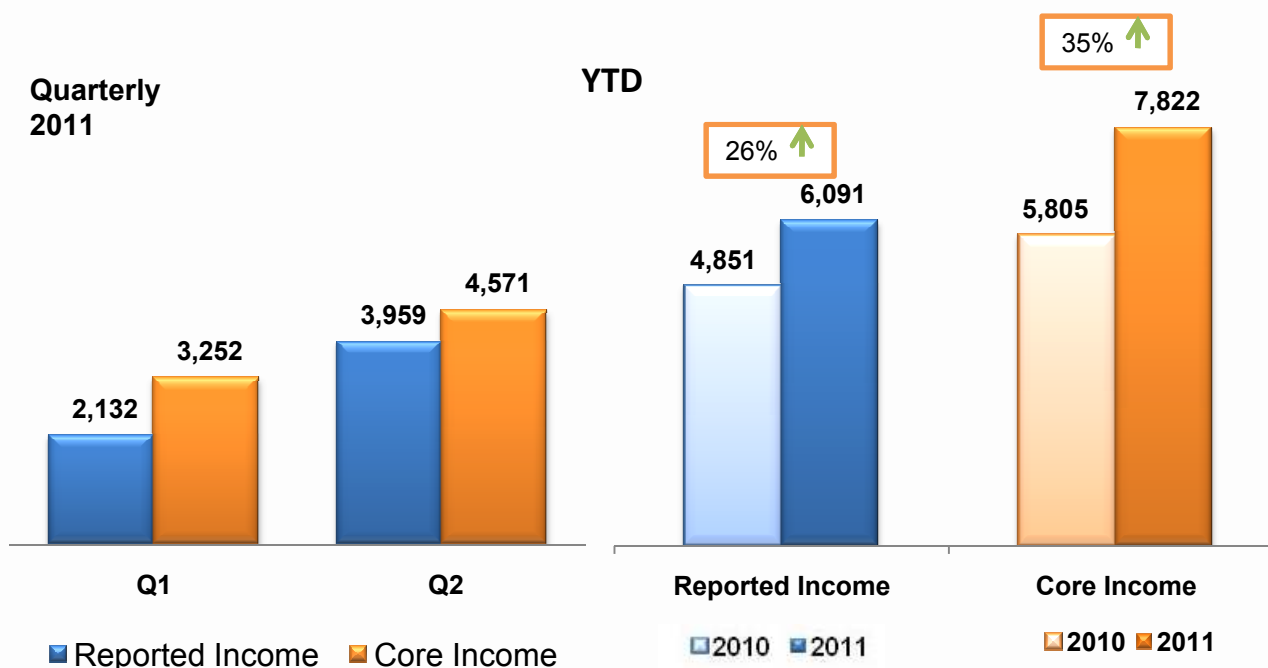
Financial Results Summary



(In Millions)	1H 2011	1H 2010	% Change
Gross Revenues	P 124,826	P127,211	 (2)
Electric	121,191	124,435	 (3)
Non-electric	3,635	2,776	 31
Costs and Expenses	115,200	120,026	 (4)
Purchased Power	96,133	104,220	 (8)
Operations and Maintenance	8,815	7,230	 22
Others	10,252	8,576	 20
EBITDA	12,337	11,023	 12
Reported Net Income	6,091	4,851	 26
Core Net Income	7,822	5,805	 35
	1H 2011	1H 2010	% Increase
EBITDA Margin	10%	9%	 14
Core Earnings per share	6.94	5.15	 35



Core and Reported Income



Reported Income up by 26%

- Electricity revenue down by 3%
 - Sales volume lower by 1% at 14,781gWh
 - Lower generation costs
- Distribution revenue up by 15% at P24,117M
 - Average distribution revenue per kWh at P1.63 from P1.40 in 2010

	Q1		Q2		YTD	
	2011	2010	2011	2010	2011	2010
Reported Income	2,132	2,010	3,959	2,841	6,091	4,851
Core Income	3,252	1,980	4,570	3,825	7,822	5,805

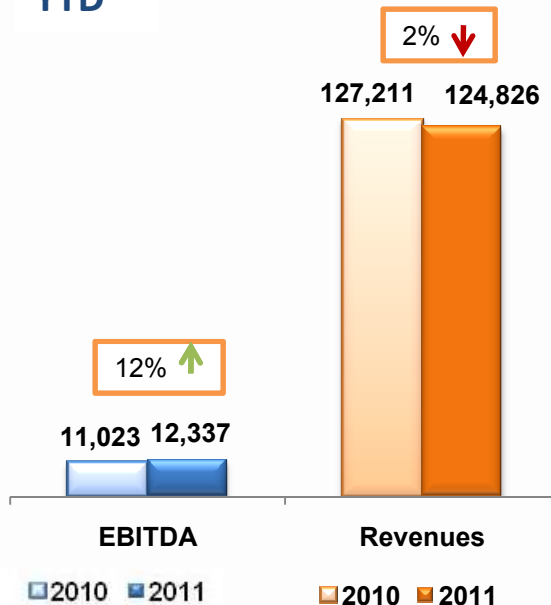
Core Income up by 35%

- The difference between reported and core net income is primarily due to provisions made for legacy issues.

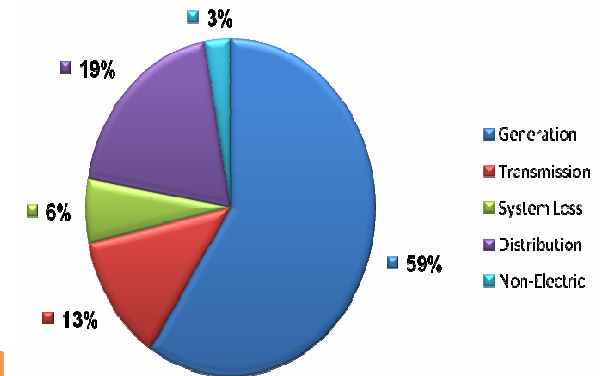
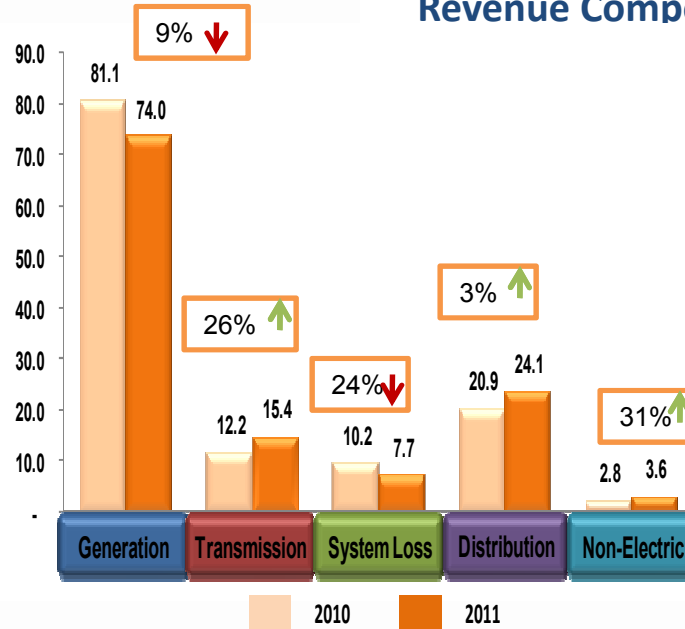
Revenues and EBITDA



YTD



Revenue Composition



Revenues declined by 2%

- Electric revenue down by 3%
- Non-electric Revenues up by 31%

EBITDA up by 12%

- EBITDA Margin up from 9% last year to 10% this year.



Average generation revenue at P5.00 per kWh from P5.43 per kWh in 2010



Average transmission revenue per kWh at P1.04 per kWh from P0.82 per kWh in 2010



Average system loss charge at P0.52 per kWh from P0.58 in 2010. Meralco system loss at 7.48% vs. 7.93% in 2010



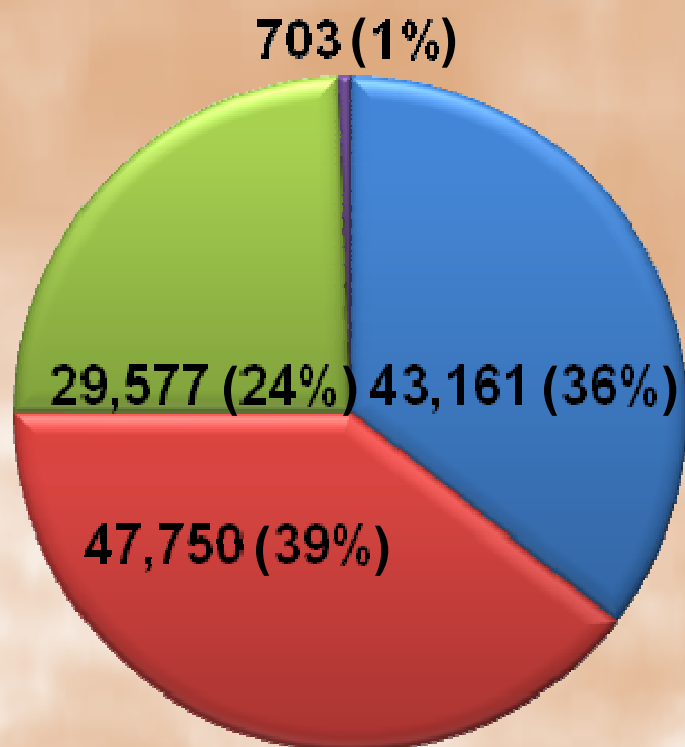
Average distribution revenue per kWh at P1.63 from P1.40 in 2010

Note: Average rates per kWh exclude revenues of Clark Electric

Customer Segment Profile

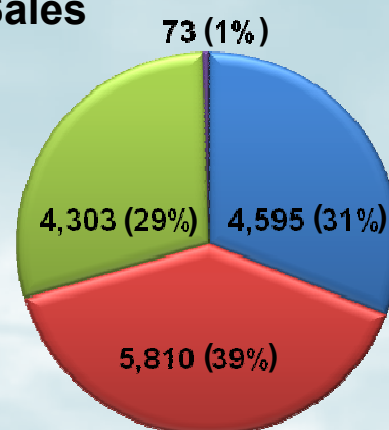
Revenues

(In Million Pesos)



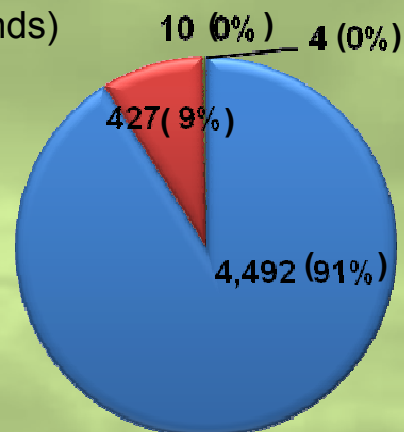
Energy Sales

(In GWh)



Number of Customers

(In Thousands)



■ Residential ■ Commercial ■ Industrial ■ Flat Streetlights

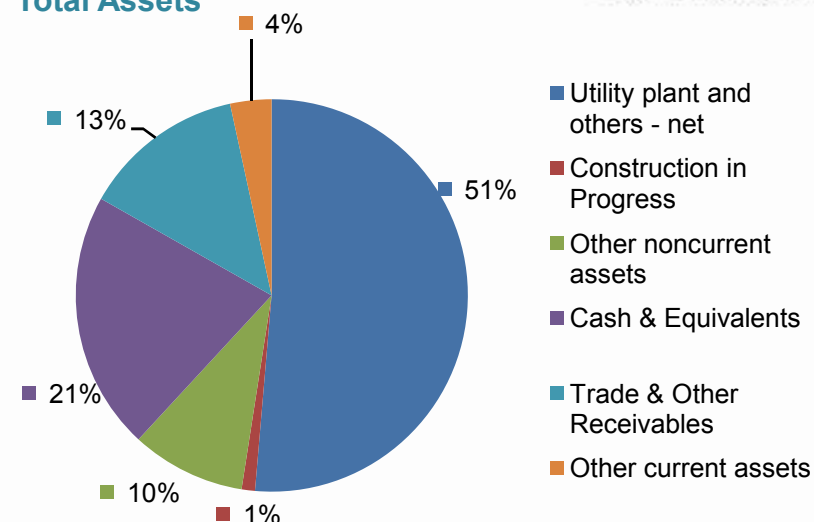
Balance Sheet Highlights



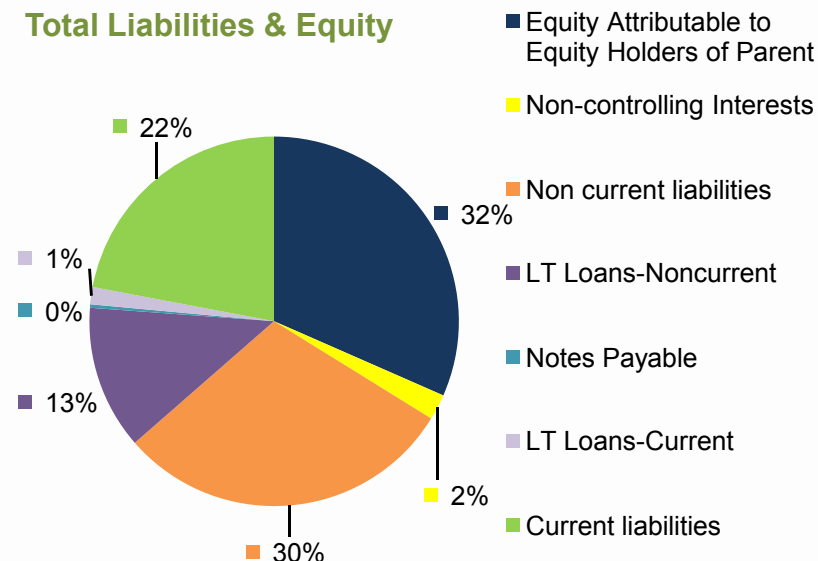
(In Millions)	1H 2011	1H 2010
Cash & Equivalents	P 42,025	P 15,334
Trade & Other Receivables	26,423	29,815
Utility, Plant, & Others	101,273	98,200
Construction in Progress	2,194	3,273

(In Millions)	1H 2011	1H 2010
Trade and Other Payables	3,601	35,556
LT Loans-Noncurrent	24,816	16,045
LT Loans-Current	2,967	4,232
Notes Payable	598	7

Total Assets

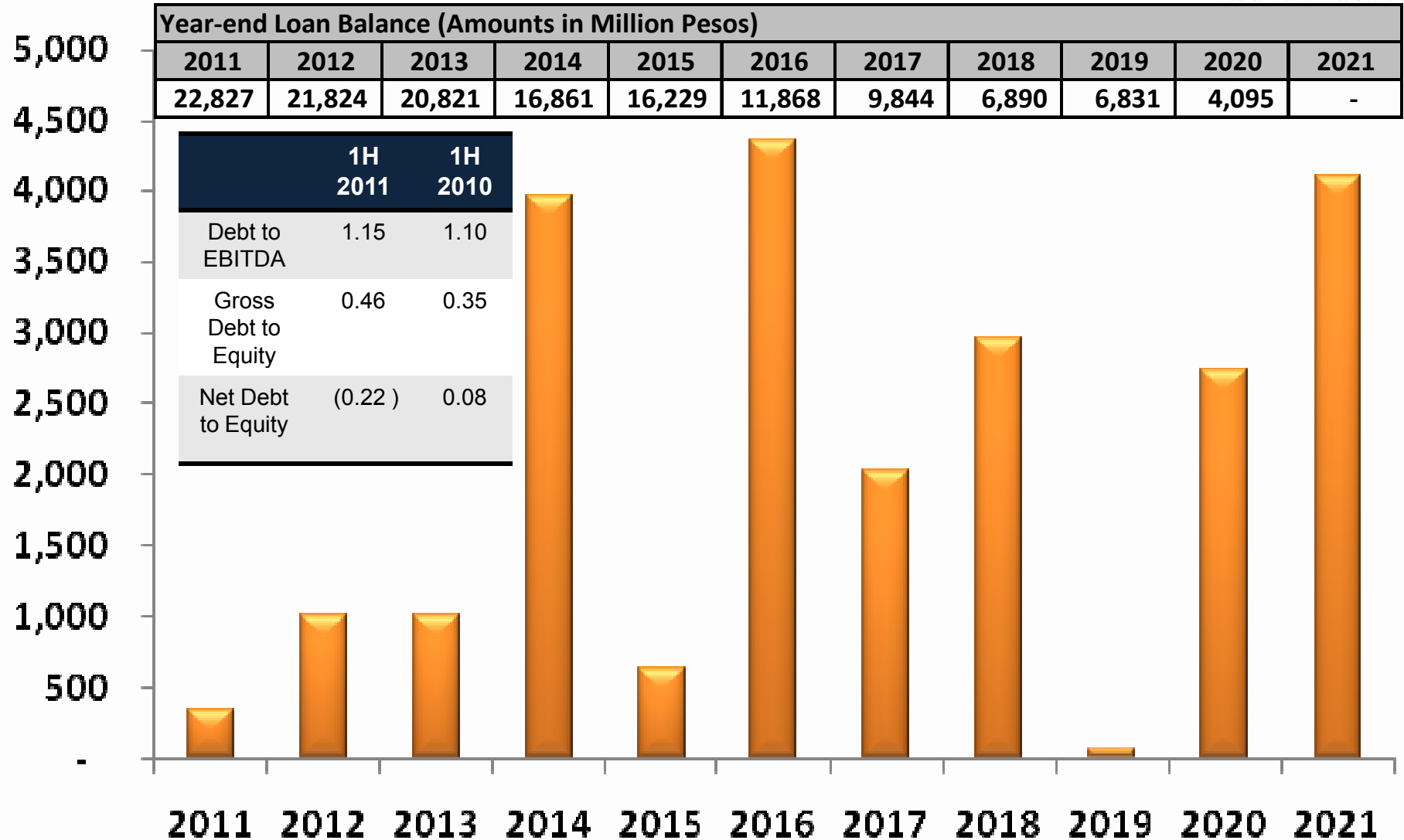


Total Liabilities & Equity



Debt Profile

As at June 30, 2011



Major Capital Projects 2Q 2011

Replacement of Tegen Power Transformer



Replacement of Novaliches Power Transformer



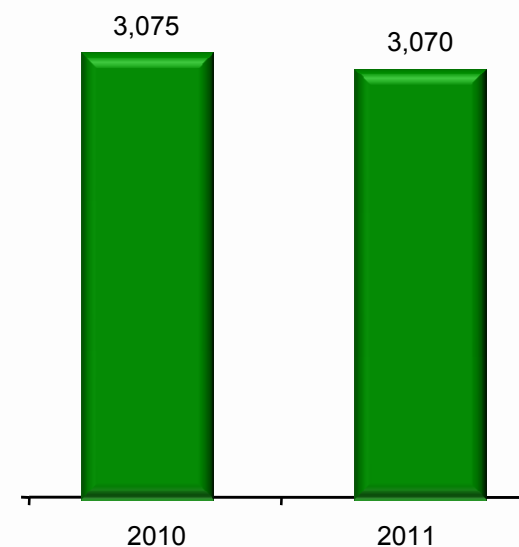
Power Transformers

Unloading of Balintawak 55E



Distribution Lines

Capital Expenditures
Php in Millions

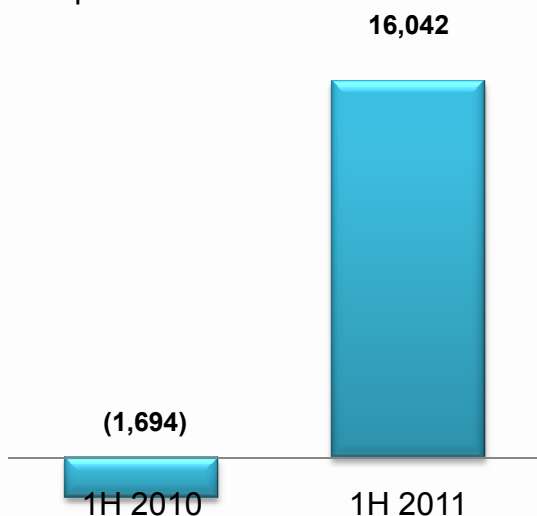


Free Cash Flow and Dividends



Free Cash Flow

Php in Millions



•The Company's funds include amounts allotted for the redemption of preferred shares and customer deposits to be refunded to customers based on the DSOAR.

Dividends

Core EPS	Div /share	Date Declared
2010: P10.78	P2.50	July 26, 2010
	P1.30	December 13, 2010
	P2.65	February 28, 2011
1H2011: P6.94	P3.45	July 25, 2011

P6.45

Meralco's Dividend Policy

Regular dividend of 50% of core earnings, with a "look-back approach."

POWER GENERATION REPORT



PROJECT UPDATE



**Up to 600 MW (Net) CFB Coal Fired Power Plant
located in Subic Bay Freeport Zone**

Phase I: 1 x 300 MW

Phase II: 1 x 300 MW

MERALCO Media and Investors' Briefing
25 July 2011



Contents

- RP Energy Project Description
- RP Energy Location Map
- Circulating Fluidised Bed (CFB) Technology
- RP Energy Project Status

RP Energy Project Description

Project Company:	Redondo Peninsula Energy, Inc. ("RP Energy")
Project Sponsors:	Taiwan Cogeneration International Corporation ("TCIC") and Therna Power, Inc., (a wholly owned subsidiary of Aboitiz Power Corporation)
Location:	Sitio Naglatore, Barangay Cawag, Subic, Zambales, within the Subic Bay Freeport Zone
Net Capacity:	600 MW (Phase I: 300 MW; Phase II: 300 MW)
Type of Plant:	Circulating Fluidized Bed Coal Fired Boiler & Steam Turbine Power Plant
Fuel:	Bituminous & sub-bituminous coal
Type of Operation:	Base Load (target dispatch of 83%)
System Interconnection:	230 kV Hanjin Substation within the Subic Bay Freeport Zone Initial Project Concept (2 x 150 MW) Grid Impact Study ("GIS") has been completed and approved for a 270 MW interconnection; GIS for the entire 600 MW due end of July 2011
Financing Strategy:	To be Project Financed with 70% debt, Philippine Pesos.
Target Completion:	Phase I: late 4th Qtr. 2014 – Full EPC Contracting Strategy with major equipment (boiler and steam turbine generator) bidding and selection by end of December 2011 Phase II: 6 months after Phase I

RP Energy Location Map



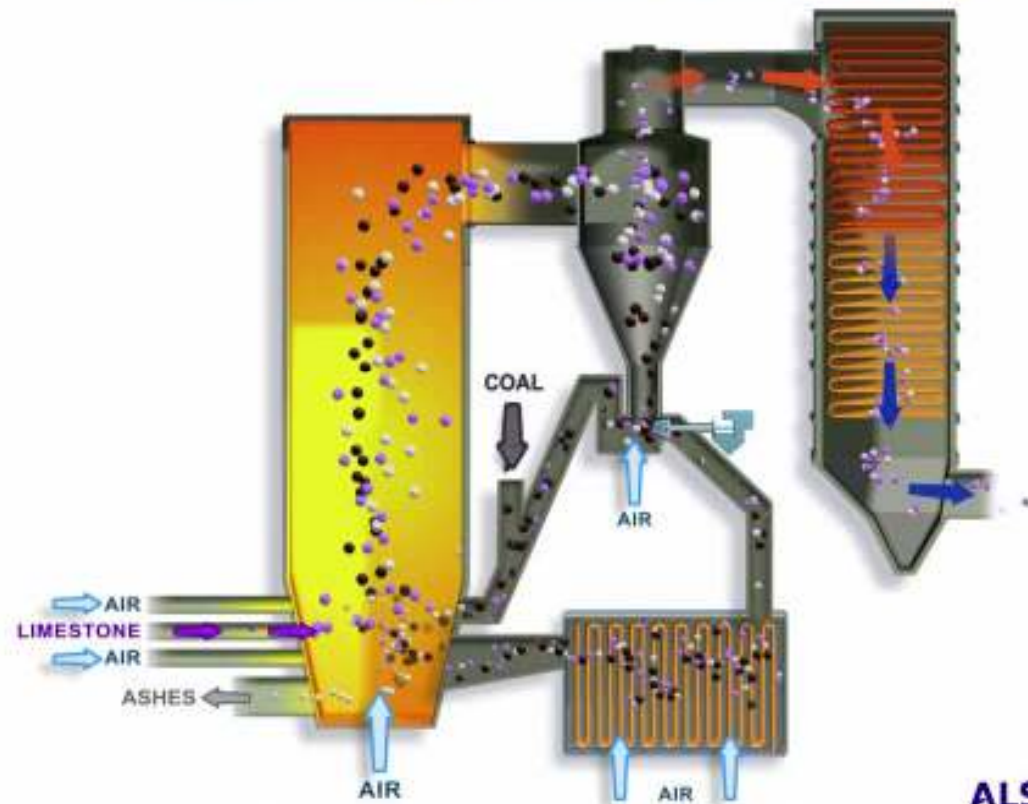
All identified transmission reinforcement is at 230kV

Circulating Fluidised Bed (CFB) Technology

Circulating Fluidised Bed

- Control of air and bed temperature allows for complete combustion of fuel
- Lower combustion temperature avoids slagging and fouling, and lowers NO_x Emission
- Limestone introduced in combustion gas controls SO_x
- Cyclone to optimize combustion efficiency

Circulating Fluidised Bed (CFB)



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RP Energy Project Status

- Shareholders Agreement signed and executed on July 22, 2011 at The Lighthouse Marina Resort, Subic Bay
- MPG directors and officers elected on July 22, 2011
- Courtesy call made to SBMA Board on July 19, 2011; positive feedback received
- Request for Proposals sent to 3 EPC contractors, bids due December 2011
- Request for Proposals sent to Original Equipment Manufacturers (boilers and turbines). Bids due August 01, 2011
- Project site from SBMA, secured and site development, ongoing
- Grid impact study for 600 MW due end of July 2011
- ECC amendment to 600 MW capacity in progress due 1Q 2012
- SBMA approval of 2nd phase 300 MW ongoing
- Structuring of Peso Financing and selection of Mandated Lead Arrangers ongoing.
- Power Sales Agreement structure and terms being developed

TELECONFERENCE PRESENTATION
Instant Replay Available until July 28, 2011
Number : 00852 2112-1000 (HK)
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INVESTORS' BRIEFING July 25, 2011

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BUKAS, HIGIT NA MAGLILIWANAG ANG PILIPINAS.

Mula ngayon at sa mga susunod na taon, ang Meralco ay maghahatid ng mga pagbabagong magdadala sa ating bansa tungo sa kaunlaran.

Thank you

