

COVER SHEET

P W - 1 0 2

S.E.C Registration Number

M A N I L A E L E C T R I C C O M P A N Y

(Company's Full Name)

L O P E Z B U I L D I N G , O R T I G A S A V E N U E ,
B R G Y . U G O N G , P A S I G C I T Y

(Business Address: No. Street City / Town / Province)

ATTY. WILLIAM S. PAMINTUAN

Contact Person

8632-8014

Company Telephone Number

1 2 - 3 1

Month Day
Fiscal Year

1 7 - C

FORM TYPE

0 5 3 0

Month Day
Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. **Date of Report:** *November 6, 2023*
2. **SEC Identification Number:** *PW-102*
3. **BIR Tax Identification Code:** *000-101-528-000*
4. **Name of Issuer as specified in its Charter:** *Manila Electric Company*
5. **Country of Incorporation:** *Philippines*
6. **Industry Classification:** *(SEC use only)*
7. **Address of principal office:** *Lopez Building, Ortigas Avenue, Barangay Ugong,
Pasig City*
8. **Issuer's telephone numbers:** *(02) 8632-8014 Area Code: 1605*
9. **Former name or former address:** *Not Applicable*
10. **Securities registered pursuant to Sections 18 and 12 of the SRC or Sections 4 and 8 of the RSA:**

*Number of Shares of
Common Stock Outstanding*

1,127,098,705
(As of September 30, 2023)

Debt Securities: Php 7.0 Billion Bonds

11. Item Number reported: *Item 9 (Other Events)*

The Company's Board of Directors, in its regular meeting held today, November 6, 2023, approved the Company's Financial and Operating Results for the Nine Months of 2023 with comparatives for 2022.

	MANILA ELECTRIC COMPANY Consolidated Financial Highlights (In Million Pesos, except per share data)		
	For the Nine (9) Months Ended September 30, 2023		% Change
	2023	2022	
REVENUES			
Electricity	325,762	306,015	6
Non-electricity	9,469	8,869	7
	335,231	314,884	6
COSTS AND EXPENSES	307,519	297,296	3
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	10,206	7,152	43
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NET INCOME	29,015	19,973	45
NET INCOME – REPORTED	28,399	19,758	44
CORE NET INCOME	30,023	19,605	53
EARNINGS PER SHARE			
On Reported Net Income			
Basic	25.197	17.530	44
Diluted	25.197	17.530	44
On Core Net Income ¹			
Basic	26.638	17.394	53
Diluted	26.638	17.394	53

**FINANCIAL AND OPERATING RESULTS
FOR THE NINE (9) MONTHS ENDED SEPTEMBER 30, 2023
WITH COMPARATIVES FOR 2022**

CONSOLIDATED CORE NET INCOME (“CCNI”) ROSE 53% TO PESOS 30.0 BILLION; CONSOLIDATED REPORTED NET INCOME GREW 44% TO PESOS 28.4 BILLION

CORE EARNINGS PER SHARE (“EPS”) AT PESOS 26.638 PER SHARE, UP BY 53%; REPORTED EPS AT PESOS 25.197 PER SHARE, UP BY 44%

CONSOLIDATED REVENUES GREW 6% TO PESOS 335.2 BILLION, DRIVEN BY: (i) HIGHER PASS-THROUGH CHARGES, (ii) COMPLETION OF THE ASSET TRUE-UP REFUND IN AGGREGATE AMOUNT OF PESOS 7.9 BILLION, AND (iii) 4% INCREASE IN DISTRIBUTION SALES VOLUME

COMBINED VOLUMES OF ENERGY GENERATED, DISTRIBUTED AND SOLD BY OUR RETAIL ELECTRICITY SUPPLY UNITS TOTALED 48,308 GWH

ELECTRICITY DISTRIBUTION BUSINESS ACCOUNTED FOR 58% OR PESOS 17.4B OF CCNI— UP BY 16% VERSUS LAST YEAR, DUE TO HIGHER BILLED VOLUME

POWER GENERATION BUSINESS CONTRIBUTED PESOS 10.2 BILLION OR 34% OF CCNI, WITH SIGNIFICANT EARNINGS OF OPERATING POWER PLANTS IN SINGAPORE AND IN THE PHILIPPINES

MERALCO SPENT PESOS 21.1 BILLION IN CAPITAL EXPENDITURES FOR ITS DISTRIBUTION NETWORK IMPROVEMENT PROJECTS, ACQUISITION AND CONSTRUCTION OF TELECOM TOWERS, AND COMPLETION OF PHASE 1 OF THE 75 MW_{ac} (NET) SOLAR PROJECT

MGEN RENEWABLE ENERGY, INC. SIGNED A SHARE SUBSCRIPTION DEAL TO SECURE THE RIGHTS TO ACQUIRE PRIMARY SHARES IN SP NEW ENERGY CORPORATION FOR PESOS 15.9 BILLION

MERALCO GAINED INTERNATIONAL RECOGNITION FOR SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY PROGRAMS ANEW

S&P REVISED OUTLOOK TO POSITIVE ON STABLE CASH FLOWS AND STRONG FINANCIALS, AND REAFFIRMED ‘BBB-’ RATING

The Company will disclose the Third Quarter Results using SEC Form 17-Q once available. For more information, please refer to the attached Press release.

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MANILA ELECTRIC COMPANY
Issuer



WILLIAM S. PAMINTUAN
Senior Vice President
Assistant Corporate Secretary &
Information Disclosure Officer

Date: November 6, 2023

*Cc: Disclosure Department
Listings and Disclosure Group
Philippine Stock Exchange
Issuer Compliance and Disclosure Department
Philippine Dealing & Exchange Corp.*



PRESS RELEASE

**FINANCIAL AND OPERATING RESULTS
FOR THE NINE (9) MONTHS ENDED SEPTEMBER 30, 2023
WITH COMPARATIVES FOR 2022**

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MANILA, Philippines, November 6, 2023 – Manila Electric Company (“*Meralco*”) today reported that Consolidated Core Net Income (“*CCNI*”) for the nine (9) months ended September 2023 rose 53% to Pesos 30.0 billion from Pesos 19.6 billion in the same period last year, owing to the increase in energy volumes distributed; robust performance of the power generation business led by PacificLight Power Pte. Ltd. (“*PacificLight*”) Singapore and San Buenaventura Power Ltd. Co. (“*SBPL*”); the turnaround of Global Business Power Corporation (“*GBP*”); and completion of the distribution and asset true-up refunds totalling Pesos 49.1 billion since 2021. The retail electricity business has begun to recover from the negative effects of the fuel cost recovery adjustments of its suppliers by modifying its sum offering to its customers.

Consolidated Reported Net Income similarly increased by 44% to Pesos 28.4 billion from Pesos 19.8 billion in the comparative period last year.

Core earnings per share (“*EPS*”) amounted to Pesos 26.638, up by 53%, while reported *EPS* increased by 44% to Pesos 25.197.

Consolidated revenues were up by 6% at Pesos 335.2 billion from Pesos 314.9 billion due to higher volumes distributed and higher pass-through charges with the (i) depreciation of the peso to an average of Pesos 55.488 to the US dollar in the first nine (9) months of 2023 from Pesos 53.598 in the same period in 2022, which resulted in higher generation charge by around Peso 0.07 per kWh for captive customers of the *DU*; and (ii) higher cost by around Pesos 3.43 per kWh of replacement power sourced through Emergency Power Supply Agreements (“*EPSAs*”) approved by the Energy Regulatory Commission (“*ERC*”) for the same capacities terminated under Power Supply Agreements (“*PSAs*”) with South Premiere Power Corporation (“*Ilijan*”) covering 670 MW and Sual Power, Inc. (“*Sual*”) for 330 MW.

The average retail rate went up by 12% to Pesos 10.51 per kWh from Pesos 9.43 per kWh largely due to the 14% increase in generation charge, which accounted for about 67% of the total retail rate during the period. This was partly offset by a 19% reduction in the transmission charge, which comprised 6% of the total retail rate. Subsidies and taxes, with a 10% share, climbed by 14%.

Meralco’s average distribution charge, which accounted for 12% of the retail rate, was at Peso 1.22 per kWh following the completion of the implementation of distribution rate true-up (“*DRTU*”) refunds in May 2023. System loss accounted for the remaining 5% of the retail rate.

Purchased power cost (“*PPC*”) increased by 5% to Pesos 248.8 billion from Pesos 237.8 billion, reflecting the depreciation of the peso and higher costs of replacement power for the capacities terminated by *Ilijan* and *Sual* following the decision of the Court of Appeals (“*CA*”) granting *Ilijan* and *Sual’s* petitions for fuel price adjustments.

Mitigating the increase in *PPC* were the lower cost of Malampaya gas prices, which averaged at US\$ 9.59 per GJ as of end-September 2023 from US\$ 9.86 per GJ a year ago; and lower average Wholesale Electricity Spot Market (“*WESM*”) prices at Pesos 6.54 per kWh versus Pesos 7.38 per kWh following improved supply situation in Luzon, with fewer instances of Yellow and Red Alerts.

Meralco spent Pesos 21.1 billion for capital expenditures (“*CAPEX*”), of which Pesos 14.2 billion was used for Networks *CAPEX* consisting of new connections, asset renewals, and load growth projects, amongst others. The cost of additional telecom towers transferred to Miescor Infrastructure Development Corporation (“*MIDC*”) under a sale and leaseback arrangement, additional build-to-suit telecom towers and the completion of Phase 1 of the Baras solar plant by PH Renewable, Inc., a joint venture between Meralco PowerGen Corporation’s (“*MGen*”) and Mit-Renewable, Inc. completed the total *CAPEX* picture.

Operating expenses (“*OPEX*”) increased 7% to Pesos 26.6 billion driven by higher salaries, contracted services, and project related materials costs due to the increase in headcount and for additional projects of subsidiaries as well as customer related expenses for disconnection, reconnection and relocation, and collection services of the distribution utility (“*DU*”).

Consolidated interest-bearing debt stood at Pesos 102.1 billion, including debts of subsidiaries totaling Pesos 52.3 billion. Maturities within one (1) year include the put option on the 12-Year fixed rate note issued by *Meralco* in 2013 totaling Pesos 7.0 billion.

Distribution — Sustained growth in Commercial and Residential segments

Consolidated *DU* sales volumes rose by 4% during the first nine (9) months of the year, reaching 38,164 GWh compared with 36,553 GWh, during the same period last year. *Meralco's* volume rose by 4%, while Clark Electric Distribution Corporation (“*Clark Electric*”) increased by 7%.

Commercial segment accounted for 37% of total energy sales mix from 35% last year, while Residential sales remained at 35%. Industrial segment’s share dropped slightly from 29% previously to 28%.

Residential sales volume further recovered and raised year-to-date sales by 3% to 13,363 GWh from 12,926 GWh last year. The above-average mean temperatures recorded by *PAGASA* brought about by the El Niño phenomenon prompted households to use cooling appliances more often. Additionally, increased consumption was noted in condominiums and dormitories as on-site classes in colleges and universities resumed and on-site work arrangements increased.

The Industrial sector gradually showed signs of rebound as the drop in sales volume narrowed to 1% at 10,570 GWh versus last year’s 10,677 GWh. Semiconductors and cement recorded positive performance for the first time in the third quarter, as key accounts diversified into automotive chips and resumed full plant operations. Food and beverage sectors and generation wheeling from embedded generator sustained growth. However, demand for plastics and steel continued to be affected by high input costs and lower plant production.

At the end of the nine-month period, consolidated customer count stood at 7.8 million, representing a 3% increase from the 7.6 million customers recorded last year, given the healthy pipeline of service applications post-pandemic.

Meralco's 12-month moving average (“12-MMA”) system loss improved by 0.07 percentage point to 5.81% from 5.88%. *Clark Electric's* 12-MMA system loss, meanwhile, was at 1.82%.

In October 2023, *S&P* reaffirmed *Meralco's* “BBB-” rating and revised outlook to “Positive”. This positive rating outlook recognizes *Meralco's* improving operating performance and strong financial metrics, especially its positive free cash flow.

Distribution Network—Ensuring stable, reliable, and safe infrastructure

Meralco continued to invest in the expansion and upgrading of its facilities and implementation of its pole replacement and relocation program as part of its commitment to deliver safe, reliable, and stable electricity service.

On August 30, 2023, *Meralco* inaugurated the new Arca South 115 kV-34.5 kV Gas-Insulated Switchgear (“GIS”) Substation in Taguig City to support the existing and future energy requirements of the Ayala Land’s Arca South development, improve voltage regulation in parts of Taguig City, provide operational switching flexibility during contingencies, and contribute to system loss reduction in the area.

On September 24, 2023, *Meralco* energized the Pulong Sta. Cruz 115 kV Switching Station to improve the reliability and flexibility of the existing Laguna Bel-Air – Sta. Rosa 115 kV Line. The project will also provide a high degree of service reliability and power quality to ePLDT’s Vitro Hyperscale Data Center in Sta. Rosa, Laguna.

Pole relocation activities continued with *Meralco* ending the nine-month period with a total of 1,146 poles relocated for road widening projects of the Department of Public Works and Highways (“DPWH”) and various Local Government Units (“LGUs”); and 575 poles for the Government’s infrastructure projects which include the Metro Rail Transit Line 7, Cavite-Laguna Expressway, and Metro Manila Subway Project.

In partnership with *LGUs* and the Bureau of Fire Protection, *Meralco* also ramped up its Anti-Dangling and Unauthorized Wire Attachments program across its franchise area to address urban blight concerns and promote public safety. This involves inspections, correction of low-sagging wires, pole clearing operations, and removal of unauthorized attachments to electric poles.

Regulatory developments

On August 26, 2023, *Meralco* implemented a second *EPSA* with *SPPC* for 330 MW baseload supply to replace the contracted capacity under the terminated *PSA* with *Sual*, formerly San Miguel Energy Corporation (“SMEC”).

This followed the *CA* Joint Decision dated June 27, 2023, related to the petition for price adjustments of *SPPC* and *Sual* that granted the price adjustments sought and annulled and set aside the *ERC* Orders dated September 29, 2022, for having been issued with grave abuse of

discretion amounting to lack or excess of jurisdiction. The CA made permanent the Writ of Preliminary Injunction (“WPI”) earlier granted to SPPC, allowing SPPC to cease supplying a total of 670 MW to Meralco. SMEC, whose WPI application was declared moot and academic, notified Meralco that the supply of 330 MW ceased retroactively, beginning July 24, 2023.

“We observed the sustained upward trajectory in the volume of energy sold throughout the nine-month period across all customer segments. While we expect this to continue for the rest of the year, we also remain mindful of the upward trend in power rates with the anticipated increase in Malampaya gas prices and the continuing supply reduction of this gas field,” Meralco Executive Vice President and Chief Operating Officer **Ronnie L. Aperocho** said.

“In addition, the termination of some of our previously executed PSAs puts further pressure on overall rates. Nonetheless, Meralco remains committed to ensuring continuity of supply and will be conducting a series of Competitive Selection Processes (“CSPs”) in the coming months in accordance with the recently approved guidelines. We will continue with our proactive efforts to deliver stable, reliable electricity service at the least possible cost to benefit our growing number of customers,” **Mr. Aperocho** added.

Business units and subsidiaries’ performance

Power Generation

- Wholly-owned power generation subsidiary, MGen, contributed Pesos 10.2 billion to Meralco’s CCNI as of end-September, nearly three (3) times the Pesos 3.7 billion contribution posted in the same period in 2022. The significant growth was driven by continuing positive performance of PacificLight and SBPL, the recovery of GBP and the rising contribution of our renewable energy plants, including the 135.5 MWac solar plants which came on stream. The combined power generation capacity of the MGen plants is 2,240.1 MW (net) in the Philippines and Singapore.
- Singapore-based PacificLight recorded CCNI of S\$ 332.0 million (Pesos 13.4 billion) from the S\$ 230 million (Pesos 9.0 billion), on account of higher blended margins. PacificLight’s 771 MW (net) liquefied natural gas facility in Jurong Island, Singapore delivered a total of 4,337 GWh of energy in the nine-month period.
- SBPL, a 455 MW (net) supercritical coal-fired plant in Mauban, Quezon, booked a CCNI of Pesos 2.9 billion and delivered 1,962 GWh of energy, with plant availability settling at 95% during the period.
- GBP posted a CCNI of Pesos 1.3 billion, a reversal of last year’s core net loss of Pesos 1.9 billion, due to improved plant availability and contracting. GBP delivered 4,618 GWh of energy from its portfolio of coal and oil plants with a net capacity of 823.6 MW, of which 676 MW are contracted under PSAs with captive and contestable customers.

- MGen Renewable Energy, Inc. (“*MGreen*”), *MGen’s* renewable energy arm, capped the nine-month period with Pesos 72.0 million *CCNI* and energy delivered at 254 GWh from its solar plants namely: (a) Powersource First Bulacan Solar, Inc. (“*Bulacan Sol—55 MWac net*”); (b) Nuevo Solar Energy Corporation (“*Nuevo Solar*”—68 MWac net); and (c) PH Renewables Inc. (“*Baras Solar Plant*”—Phase 1 of 75 MWac net).
- *BulacanSol*, a 55-MWac (net) solar plant in partnership with PowerSource Energy Holdings Corporation, achieved plant availability of 95% and delivered 84 GWh to *Meralco* under a 20-year *ERC*-approved *PSA*.
- On October 12, 2023, *MGreen* signed a Memorandum of Agreement with SP New Energy Corporation (“*SPNEC*”), and the latter’s parent company, Solar Philippines Power Project Holdings, Inc. (“*SP Holdings*”) to secure the rights to subscribe to common and redeemable voting preferred shares of *SPNEC* for a total investment volume of Pesos 15.9 billion. Upon transaction close, *MGreen* shall have a 50.5% interest in *SPNEC*. *SPNEC* shall develop a 3,500 MWdc solar facility and an accompanying 4,000 MWh battery energy storage system.

Retail Electricity Supply (“RES”)

- MPower, the local *RES* unit of *Meralco*, *Clark Electric’s* Cogent, *MGen’s* Global Energy Supply Corporation (“*GESC*”), and two (2) other affiliate retail electricity suppliers, sold 5,276 GWh of energy to the contestable market as of end-September.
- *WESM* prices continued to affect margins of the different *RES* units. During the third quarter, *WESM* prices hit a high of Pesos 36.19 per kWh on July 11, 2023 – but the highest recorded in 2023 was on May 26, 2023, when prices reached Pesos 38.51 per kWh off-peak as a result of line congestion.

Meralco receives international recognition for excellence in sustainability and corporate social responsibility

Meralco’s commitment to sustainability and corporate social responsibility garnered international acclaim, as it secured eight (8) awards at the prestigious 2023 International Business Awards.

Meralco emerged as the sole winner of the Gold Stevie in the "Sustainability Leadership Award in Asia, Australia, and New Zealand" category, in recognition of how the Company has deeply embedded sustainability at the core of its business strategy and operations.

Two *Meralco* executives received Gold Stevies. Raymond B. Ravelo, First Vice President and Chief Sustainability Officer, earned the title of "Sustainability Hero of the Year in Asia, Australia, and New Zealand", while Jeffrey O. Tarayao, Vice President and Chief Corporate Social Responsibility

Officer, was honored as the "Thought Leader of the Year". Mr. Ravelo was earlier named the "Sustainability Thought Leader of the Year" by the news analysis firm, Environmental Finance.

Meralco's 3-minute video, "Meralco's Spectrum on Solar Rooftop Installations: The Gift that Keeps on Giving," was another Gold Stevie recipient. Additionally, several of the Company's programs received Bronze Stevies, including the diversity and inclusion program "#Mbrace", the community energization project "Electrification for Development: Improving the Lives of Last-Mile Filipinos", the reforestation program "One for Trees: Empowering People and Communities to Nurture Our Forests", and the information campaign "Powering-Up Communities During the Pandemic".

Conclusion

"Given the robust performance of practically all of our businesses, it is likely that *Meralco* will deliver another year of record earnings consistent with its long arc of earnings growth these past 14 years. Beyond our traditional role of providing power and services to our customers at affordable rates, *Meralco* takes to heart our overarching mission of improving people's welfare, in coordination with, and with the support of Government," *Meralco Chairman and Chief Executive Officer Manuel V. Pangilinan* said.

"We are making significant strides in our energy transition journey to become a significant renewable energy player in the country. More broadly, we are committed to pursuing innovative and sustainable investments which can bring significant value to our environment, our customers, our shareholders, our communities, and our people.

"As we approach the close of 2023, it might be appropriate to provide our guidance for our full year's performance. In this regard, absent a Black Swan event, *Meralco's CCNI* for the full year is likely to land at Pesos 37.0 billion," **Mr. Pangilinan** concluded.

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¹ Reported net income, adjusted to exclude the effect of foreign exchange gains or losses, impairment charges, mark-to-market adjustments, and other one-time, exceptional transactions.

This press release may contain some statements, which constitute “forward-looking statements” that are subject to a number of risks and uncertainties that may affect the business and results of operations of *Meralco*. Although the management of *Meralco* believes that expectations reflected in any of the forward-looking statements are reasonable, it cannot guarantee any future performance, action, or events.

For further information, please contact:

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