

Service to All Stakeholders

No company can continue to thrive for more than a century of existence if it merely looks out for its own welfare. A company attends to some great demand and strives to provide great service, not for itself, but for all its stakeholders; otherwise, its profitability ends and its relevance ceases.

STAKEHOLDERS

I. Policies

Meralco is now on its 112th year of service to all its stakeholders which include its shareholders, customers, employees, suppliers, creditors, investors, government and the communities where it operates.

As a result of continuous interactions with its stakeholders, the Company formulated guidelines and strategies to ensure sustainable development determined to operate a business that abides by corporate governance and corporate values to build up confidence among all stakeholders. Evident actions are taken through policies, business and operating plans, as well as regular follow through by various business responsibility units, particularly on policies relating to consumer welfare, energy conservation, employee engagement, and community development.

The following policies govern the Company's relations with its stakeholders.

The Company's Revised Manual of Corporate Governance (MCG) is the Company's fundamental governance policy or board charter which clearly states the qualifications, roles and responsibilities of directors and officers as well as the rights of the shareholders. It identifies matters that require Board of Directors (Board) approval, which predominantly include broad policy guidance, material acquisition or disposal of assets, significant regulatory, legal and financial issues, annual budget, noteworthy agenda, related party transactions (with approval of shareholders), appointment and termination of Directors and key management and other matters as may be deemed appropriate by the Board.

Conflict of Interest (COI) Policy requires all directors, officers and employees to annually disclose their interest in

transactions and any other conflicts of interest through the Full Business Interest Disclosure (FBID) Form for directors and officers, and the Annual Conflict of Interest Disclosure Form for employees. The Company requires directors and key management personnel to abstain and/or inhibit themselves from participating in discussions on a particular agenda when a conflict exists between their interest and that of the Company's.

The "Standards of Business Conduct and Ethics" (Code of Ethics or COE) prescribes ethical values and behavioral standards, such as adherence to laws and regulations, required of all directors, officers and employees of the Company as they perform their respective duties and responsibilities.

The Company enhances awareness and monitors compliance through an online HR Express Corporate Governance Facility, accessible to all employees for the CG disclosures and commitment required of them. Failure to comply with CG disclosures is sanctioned. This is discussed in detail in the Code on Right Employee Conduct (COREC), for implementation by the direct supervisors of erring employees.

Copies of the Code of Ethics are likewise regularly disseminated to all to guide them. A written commitment to corporate governance and the Company's Code of Ethics is required to be submitted annually from all directors, officers and employees of the Company.

The Corporate Governance Office monitors the implementation of and compliance to the Code of Ethics. All directors, senior management and employees are required to submit duly accomplished Full Business Interest Disclosure (FBID) and COI Forms annually. They are also required to disclose gifts they received from Third Parties. The Company, from time to time, issues

advisories on restrictions in trading of Company's shares for all directors, senior management and employees. In addition, the E-report Mo facility (Whistleblowing facility) is made available as a channel of reporting violation of the Company's Code of Ethics.

The Company's Internal Audit Office audits the compliance of directors, officers and employees to the Code of Ethics and other corporate governance related policies, including required Company disclosures. The result of the Internal Audit review is reported to the Audit and Risk Management Committee responsible for reviewing the process for communicating the code of conduct to all employees and monitoring their compliance thereto.

Insider Trading Policy prohibits directors, officers and employees from benefitting from information that is not generally available to the market through observance of a blackout period (10 trading days before and two trading days after the release or announcement of the Company's material information or financial and operating results), during which trading in Company shares is prohibited.

The Company requires all its directors and officers to disclose to the Securities and Exchange Commission (SEC), Philippine Stock Exchange (PSE), and Philippine Dealing and Exchange Corporation (PDEX) the details of any trading, dealings, acquisition, disposal, or change in their beneficial ownership of the Company (MER) shares, within two (2) business days after the transaction.

Suppliers' Business Conduct Policy states that the Company engages the services of Suppliers that advocate the same corporate governance standards and business ethics. The Company observes its clearly detailed procurement and supplier selection policies to secure mutual trust and strategic relationships,

including economic, social, and environmental cooperation.

All Company purchases are listed in a sourcing plan, which specifies the criteria and methods for sourcing these items. This plan undergoes review and approval of the Procurement hierarchy. Pre-bid conferences are held among the Company's procurement personnel, end-users and prospective bidders. Only those accredited suppliers are qualified to inquire and participate in bids and awards. More details on the Company's supplier/contractor selection practice of vendor accreditation, bidding, technical and commercial evaluation and awarding procedures may be found in the Suppliers section of the Company website.

Related Party Transactions (RPT) Policy requires a committee composed of independent directors to review material/significant RPTs to determine whether they are in the best interest of the Company and shareholders. All RPTs of the Company are conducted in fair and at arms' length terms. No RPTs can be classified as financial assistance to entities other than wholly-owned subsidiary companies.

The Company discloses the names of related parties, degree of relationship, nature and value for each material/significant RPT. Details are found in the Notes to Consolidated Financial Statements on Related Party Transactions.

E-Report Mo (Whistleblowing Policy/Anti-Corruption Programmes and Procedures)

encourages the reporting of any violation of corporate governance rules or policies, questionable accounting or auditing matters, and other malfeasance committed by the Company's directors, officers and employees. Employees, suppliers, customers, other stakeholders and the general public are allowed to freely communicate with the Company in good faith through the contact information of Corporate Governance Office (CGO) stated herein and expect corresponding resolution based on merit of report.

The Company provides appropriate protection against retaliation to an employee/stakeholder who reports illegal/unethical behavior. In the event of retaliation, the reporting person or witness may file a report to CGO by filling out a Retaliation Protection Report Form. Protection from retaliation will be granted, upon endorsement of CGO, reviewed by the Management Disciplinary Committee or the relevant Board Committee for approval of the CEO, his designated representative or the Chairman of the Board.

In 2014, the Company received 11 reports of violations and illegal/unethical behavior. These reports were investigated according to the facts provided and the procedures defined in the whistleblowing policy. Nine (9) or 82% of these reports have been resolved. Investigations are on-going for the remainder.

The foregoing policies were distributed to all offices and are available to all

Corporate Governance Office

Manila Electric Company (Meralco)
8/F Lopez Building
Meralco Center, Ortigas Avenue
Brgy. Ugong, Pasig City 1605 Philippines
Tel: (632) 1622-2798
Mobile: 0918-9483662
Email: cgo.staff@meralco.com.ph

stakeholders through the Company's Corporate Governance Intranet Portal and website (www.meralco.com.ph).

In 2014, there was no case of insider trading or policy violations involving directors and officers of the Company and no RPTs that can be classified as financial assistance to entities other than wholly-owned subsidiary companies. The Company is in full compliance with the code and policies of corporate governance.

II. Customers

It is the Company's policy to provide its customers with good service and fair treatment; complete, correct, and actual information; and undertake customer satisfaction surveys to continuously improve services. Related activities are:

- Providing standardized services to home and micro businesses, small and medium enterprises and corporate business groups.
- Standardization of policies, work processes related to customers at all business centers and public information of the services and rates offered by the Company such as the monthly Meralco Advisory.





- Communicating significant operational plans and holding appreciation events such as Meralco Luminaries with customers at least once a year.
- Undertaking surveys on customers' level of satisfaction to improve the Company's service standards.
- Promoting safety as a way of life by providing safe and healthy work environment to prevent accidents, injuries and other illnesses.
- Taking action and responsibility on climate change by preventing pollution through the optimization of the use of natural resources, minimizing waste generated by processes and being an active partner in reforestation.
- Pursuant to Energy Regulatory Commission (ERC) Resolution No. 42, series of 2006, the Company established a Consumer Welfare Desk (CWD) in its branches as well as a Consumer Assistance Office (CAO) in ERC. The CWD and the CAO are manned by CWD Officers who have undergone relevant training and are able to assist the customers.

III. Community

In 2014, Meralco employee-volunteers devoted their time, skills and effort in various volunteerism projects and together logged a total of more than 25,000 hours of dedicated service. The employees engaged in a bamboo planting activity along the Pasig River to help reduce soil erosion. Moreover,

they covered 2,000 textbooks that was donated to the schools in Visayas which the Company helped rehabilitate after the Typhoon Yolanda.

A benefit concert was held to raise funds for the reconstruction of chapels and churches damaged by Typhoon Yolanda. This project is part of the Company's continuing program to help in the rehabilitation of Typhoon Yolanda affected areas. The reconstructed chapels will also serve as possible evacuation or community centers to serve various needs of people especially in times of natural disasters.

IV. Creditors

The Company strictly respects loan agreements with creditors; avoids using these loans to cause damage to the Company; ensures timely payment of these loans; and efficiently operates the business to assure creditors of the Company's healthy financial standing and loan payment capabilities.

Moreover, the Company provides loans only to subsidiaries under its shareholding structure, with no financial assistance offered to any unrelated company.

V. Employees

The Company values its human capital through proper treatment in terms of their health, welfare, safety, training and compensation.

Meralco's 2014 Lost Time Injuries Rate (LTIR) of 0.41 is better than the global LTIR benchmark of 0.48. The Company has undertaken pro-active safety activities and programs currently in full swing: e.g. visibility requirement of Safety and Environment Management Engineers through field inspections; revival of the Safety Meetings in the Business Centers; Public Safety initiatives through pocket sessions conducted in building work sites, among others.

The Company has programs in place to develop employee skills, potentials, and leadership for career growth and advancement such as a Management Trainee Course (Power Innovators) to groom future leaders and specific courses on new business development and management. Training attendance was recorded at an average of 43 hours per employee. Staff turn-over caused by market forces is lower than market average.

To drive higher levels of employee performance, Meralco employs both short-term and long-term incentives in accordance with the following major principles and objectives: The main aim is to attract, retain and motivate Meralco's employees. The compensation philosophy of the Company is communicated to all employees.

The Company compensates employees based on Company, team, and individual

performance to help achieve corporate goals and targets; provides for long-term incentives such as pay based on Meralco's achievement of specified level of consolidated core net income approved by the Board and determined on an aggregate basis for a three year period as well as executives' attainment of a minimum level of performance rating. The Company provides for schemes that account for performance beyond short-term financial measures such as the Employee Stock Purchase Plan (ESPP) and balanced scorecard schemes.

It also provides for short-term incentives through variable pay to reward individual and team performance that contribute to the achievement of corporate goals and objectives. Short-term incentives such as Annual Performance-Based Bonuses (APB) are implemented to engage employees of Meralco to collaborate and work towards the achievement of corporate goals and targets.

Further, as part of Meralco's performance management process, employee performance is assessed on the basis of: (1) actual vs. desired results, and (2) how results were delivered in the light of corporate core values. Therefore, the achievement of financial and non-financial measures is reflected in performance planning and assessment, and this drives the Company's merit and incentive pay programs.

Succession Planning of Chief Executive Officer and Senior Management

The Meralco Board and the Remuneration and Leadership Development Committee are responsible for overall guidance and direction on succession planning and leadership development of the President/CEO and Senior Management. The President/CEO, working closely with the Head of Human Resources, drives the strategy for succession planning,

leadership development and talent management. The Head of Human Resources develops and implements the processes and the tools to ensure robust pools of succession candidates for the President/CEO, Senior Management, Middle Management and First Line Management.

A key feature of Meralco's succession planning process is the talent review conducted at the Senior Management level and at various levels of the organization. Currently, this has resulted in a pool of about 30 candidates who, subject to the realization of their development plans, could become management committee members within the next 5 years. The talent reviews have been a hallmark of Meralco's process and is a best-in-class talent management practice. The process deliverables are individual development plans designed to bring key talents to higher levels of performance and accountability. It involves authentic and extensive management discussions and deliberations by leaders on the aspirations, strengths, development needs and challenges of key talents.

All of these have created a development mindset throughout the organization and have established a strong and robust leadership pipeline that will adequately meet Meralco's senior leadership requirements well into the future.

VI. Shareholders

The Company upholds the rights of all shareholders, including the minority shareholders, such as the right to participate in:

- Changes in the Company's charter, such as amendments to the Company's Articles of Incorporation or By-laws;
- Authorization of additional shares or transfer of the Company's assets;

- Approval of remuneration or increases in remuneration of non-executive and executive directors; and
- Voting on matters in absentia through the use of proxy forms.

In cases of mergers, acquisitions and/or takeovers requiring shareholders' approval, the Board of the Company appoint an independent party to evaluate the fairness of the transaction price.

Dividend Policy

The Company's dividend policy, as approved by the Board and ratified by the shareholders during the May 25, 2010 AGM, calls for the payment of regular cash dividends equivalent to 50% of core earnings for the year with a "look-back" basis, which allows the Company to pay special dividends beyond 50% of the core earnings for the year, relative to availability of unrestricted retained earnings and cash, in accordance with the guidelines of the SEC.

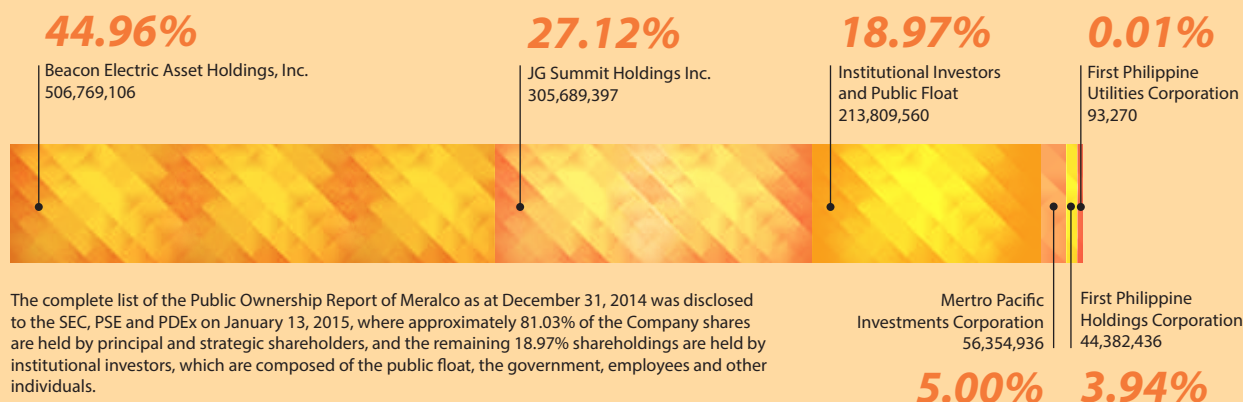
In 2014, the Company declared dividends amounting to PhP12.87 per common share, equivalent to 80% of core earnings per share. Initial dividends paid on September 18, 2014 of PhP5.91 per share includes a PhP1.53 per share look-back dividend for 2013. The final dividends amounting to PhP8.49 per common share is payable on April 15, 2015.

Annual General Meeting (AGM)

It is the Company's policy to encourage shareholders, including institutional shareholders and minority shareholders, to attend the AGM. The 2014 AGM was held on Tuesday, May 27, 2014, at 10:00 AM at the Meralco Theater, Lopez Building, Ortigas Avenue, Pasig City.

The Company facilitates participation by shareholders who cannot attend the meeting in person, by enclosing proxy forms in the AGM Notice, on which

SHAREHOLDERS (as of December 31, 2014)



The Company has a straightforward structure of alliance among its affiliates, and joint ventures, with no joint-holding or cross-holding of shares. There is no pyramid shareholding structure within the Group.

VISION

To be a world class company and the service provider of choice

MISSION

To provide our customers the best value in energy, products and services

they can indicate their preferred votes. Shareholders can download proxy forms together with details about how to appoint a proxy to shareholders from the Company website.

The Company granted all, including minority, shareholders with the right to propose in advance or inquire on agenda items and nominate directors, which were approved by the Board during its meeting on March 31, 2014.

To provide shareholders with enough time to examine the information, the AGM Notice, which is in English, was posted on the Company website and distributed to shareholders on April 16, 2014, 28 working days ahead of the AGM date of May 27, 2014.

In the AGM Notice, the Company stated essential facts and rationales for all agenda items for shareholders' due consideration.

A two-hour registration period was allotted before the AGM.

The Corporate Secretary reported a quorum with the attendance of shareholders who own or hold a total of over 960,000,000 shares or approximately 85.18% of the total issued and outstanding shares of the Company.

An electronic system facilitated the

registration and vote tabulation to expedite the process and ensure accuracy and reliability of information.

The Corporate Secretary explained the vote tabulation procedures to the shareholders and stated that shareholders are entitled to one vote for one share.

Votes were tallied and tabulated by the Office of the Corporate Secretary. Representatives from Reyes Tacandong & Co., an independent firm of accountants, validated the voting results for each agenda item.

The Company allowed shareholders to freely express their views and raise their questions at the AGM.

The Chairman of the Board, Chairman of the Audit Committee, Chairman of the Remuneration and Leadership Development Committee, Chairman of the Nomination and Governance Committee, Chairman of the Finance Committee, President and Chief Executive Officer, Chief Finance Officer, Corporate Secretary, Assistant Corporate Secretary, other officers and the external auditor attended during the AGM to clearly answer all aspects of shareholders' questions. Relevant procedures and guidelines were followed before, during and after AGM.

The Company posted the resolutions at the AGM on its website on the following day so that non-attending shareholders might be immediately informed.

Minutes of the AGM were distributed in English through the Company's website after the meeting date.

VII. Board of Directors

The Board of Directors upholds high standards of corporate governance within the Company in keeping with the principles of fairness, accountability, integrity and transparency.

The Company is in full compliance with the SEC's Revised Code of Corporate Governance as amended.

Conduct of Affairs

The Board is responsible for the oversight of the management of the Company's business and affairs. The Board works closely with Management to achieve profitability and sustainability of the Company in the service of all its stakeholders. Apart from its statutory duties and responsibilities, the fundamental functions of the Board include, but are not limited to, the following:

(a) establishing the Company's vision, mission, values and standards, and ensuring that obligations to shareholders and other stakeholders are understood and met;

(b) setting the overall strategic directions, corporate objectives and long-term goals of the Company;

(c) verifying that the financial and human resource procedures are in place for the Company to meet its objectives;

(d) reviewing and approving major projects, policy decisions, annual budgets, major investment funding and major restructuring of core businesses;

(e) instituting a framework of prudent and effective controls which enables risks to be identified, assessed and managed; and

(f) assessing management's performance, and financial performance of the Company

The Board jointly plans meeting dates at the start of the calendar year, with at least 12 regular meetings, and as often as may

Corporate Objectives

- I. Strengthen the core distribution business
- II. Build the power generation portfolio
- III. Participate in retail electricity supply
- IV. Grow the electric distribution service area
- V. Drive the expansion of subsidiaries

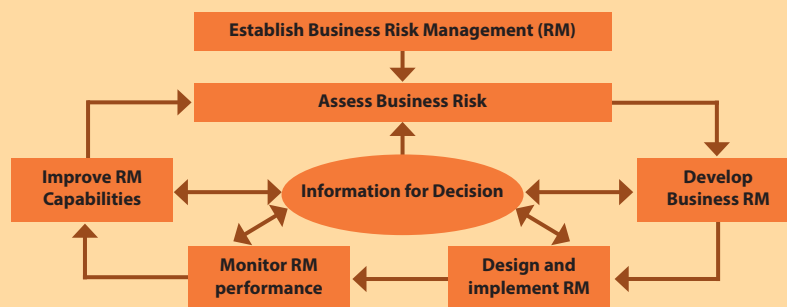
be required to deal with ad-hoc matters.

All directors may propose agenda items for consideration by the Chairman before inclusion in a meeting.

The Corporate Secretary must submit Board meeting materials and papers to the directors at least five business days in advance for due consideration, together with details of meeting date, time, place, and agenda.

In 2014, the Board's major accomplishments were:

- Review of the mission and vision of the Company
- Monitor the implementation of the corporate strategy
- Review of Power Supply Situation and Outlook
- Approval of Audited Financial Statements
- Approval of business plans and budget
- Application for registration as an Economic Zone Utilities Enterprise
- Review of impact of Tropical Storms and Typhoons to operations
- Approval of Consolidated changes in the Annual Corporate Governance Report (ACGR) and the ASEAN Corporate Governance Scorecard (ACGS) Self-Assessment
- Approval of the Enterprise Asset Management Program
- Review of executive promotions, rightsizing policy and succession planning
- Revision of the Insider Trading and Gifts Policies
- Endorsement of Corporate Governance Enhancement Sessions
- Business Continuity Plan (in case of floods, terrorism, and earthquakes)
- Approve Revised Process for



The framework above is the approach followed for managing the key risks of the Company, namely: a) financial risks; b) operational risks; c) regulatory and compliance risks; d) reputational risks; and e) strategic and corporate risks.

PERFORMANCE INDICATORS	
FINANCIAL	NON FINANCIAL
<ul style="list-style-type: none"> • Measures reflecting the state of the Company to the shareholders such as cash position, core consolidated net income, dividend payouts, etc. 	<ul style="list-style-type: none"> • Customer satisfaction metrics • Customers served per employee ratio • Alignment of business processes to the strategies of the Company • Alignment of learning and development initiatives with Company goals

Significant/Material Related Party Transactions

- Revision of the Articles of Incorporation and Manual of Corporate Governance per SEC Memo Circulars 6 and 9, Series of 2014
- Resignation and election of directors
- Enterprise Performance Evaluation and Assessment Results
- Approval of Annual Incentive and Meralco Provident Plans
- Infusion of equity to a subsidiary
- Approval of report of external auditors covering activities of Meralco and determining that there were no fraudulent/illegal acts committed

In 2014, the Company's non-executive directors met 14 times without the presence of the executive director, Mr. Oscar S. Reyes. Among the items discussed in these meetings were

the operations and financial reports presented by Management, corporate governance policies and reports of compliance to such, reports of the external auditors and performance assessment of the President and Chief Executive Officer.

Board Diversity

The Board comprises 11 Directors, two (2) of whom are Independent and Non-Executive Directors namely Ret. Chief Justice Artemio V. Panganiban and Mr. Pedro E. Roxas. They and their immediate family members are independent of the Company, its related corporations, its management or substantial shareholders that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

2014 AGM AND BOARD MEETING ATTENDANCE				
Director	Designation	May 27, 2014		Board Meetings
		Annual General Meeting	Organizational Meeting	
Manuel V. Pangilinan ¹	Chairman	Present	Present	12/13
Lance Y. Gokongwei	Director	Present	Present	13/13
Manuel M. Lopez	Director	Present	Present	9/13
Jose Ma. K. Lim	Director	Present	Present	11/13
Ray C. Espinosa ²	Director	Present	Present	12/13
James L. Go	Director	Present	Present	12/13
Artemio V. Panganiban ³	Independent Director	Present	Present	13/13
John L. Gokongwei Jr.*	Director	Present	Present	9/10
Napoleon L. Nazareno*	Director	Present	Absent	7/10
Oscar S. Reyes	Director	Present	Present	13/13
Pedro E. Roxas ⁴	Independent Director	Present	Present	11/13
Ramon S. Ang**	Director	N/A	N/A	0/2
Estelito P. Mendoza**	Director	N/A	N/A	1/2

¹ Chairman, Remuneration and Leadership Development Committee

² Chairman, Finance Committee

³ Chairman, Audit and Risk Management Committee

⁴ Chairman, Nomination and Governance Committee

* Messrs. John L. Gokongwei Jr. and Napoleon L. Nazareno were elected on March 31, 2014.

** Messrs. Ramon S. Ang and Estelito P. Mendoza resigned effective March 31, 2014.

The Nomination and Governance Committee (Nom&Gov) reviewed the nomination, selection and composition of the Board and is satisfied that the present Board has a proper mix and diversity of qualifications, background, experience, independence and skills needed to effectively discharge its responsibilities. The Company has a non-executive director who has had prior work experience in the sector or broad industry group to which the Company belongs. Ambassador Manuel M. Lopez was the Chairman, President and Chief Executive Officer of the Company in different periods from 2001 to 2010. Nom&Gov is satisfied that no individual director overshadows the Board's decision making and that independent decision making is a welcome practice. Nom&Gov, taking into account the scope and nature of operations of the Company, considers the current size of the Board to be adequate for effective decision making.

Corporate Governance Report

The Nom&Gov has reviewed the multiple board representations held presently by the directors and is of the assessment that they are reasonable and do not hinder in any way, the performance of their duties to the Company.

The Non-Executive Directors actively participate in discussions and decision making at the Board and Board Committee levels, as well as in open and candid discussions with Management. They review and monitor the performance of Management against target goals and objectives.

Chairman of the Board

The Chairman of the Board, Mr. Manuel V. Pangilinan, represents shareholders and governs the functions of directors. He conforms to ethical and good CG principles to set a good example for directors, officers, and employees. He sets the agenda for Board meetings, ensures that every meeting proceeds properly, provides full opportunities for all directors to actively and freely express their opinions or suggestions, addresses governance-related issues that non-executive, independent directors may raise and ensures that the Board exercises strong oversight over the Company and its Management, such that the prospect of any corporate reputation risk is addressed. His roles and responsibilities are specified in the MCG which is accessible at the Company website.

Mr. Manuel V. Pangilinan, the Chairman of the Board, together with President and Chief Executive Officer Mr. Oscar S. Reyes, the Corporate Secretary, Atty. Simeon Ken R. Ferrer and the Compliance Officer, Atty. William S. Pamintuan, jointly set a clear agenda before each Board meeting.

Orientation and Continuing Education Programs

Each newly elected director is provided with a director's kit which contains policies that defines his duties and obligations as a director under the various laws and regulations. An in-house orientation programme, incorporating briefings from the corporate and regulatory units are arranged for the new director to better familiarize himself with the Company's businesses, stakeholders, regulatory environment and governance practices.

Corporate governance education continues with orientations and trainings for the Board and Senior Management.

In fulfillment of the requirements of the Company's Manual of Corporate Governance, the Energy Regulatory Commission (ERC) Resolution No. 1, Series of 2004, and the SEC Memo Circular No. 20, Series of 2013, the Directors attended a joint Corporate Governance Enhancement Session for all First Pacific Group of Companies in the Philippines on December 4, 2014, entitled "Corporate Governance Trends & Current

Topics in Developed Economies & Their Application in the Philippines & Other ASEAN Countries".

The Senior Management attended a joint Corporate Governance Enhancement Session for all First Pacific Group of Companies in the Philippines on December 1, 2014, entitled "21st Century Leadership & Governance: Thriving Amid Change, Complexity & Lots of Choices" and on March 31, 2014, which was conducted by the Institute of Corporate Directors concerning the ASEAN

ATTENDANCE TO CORPORATE GOVERNANCE TRAINING AND CONTINUING EDUCATION PROGRAMS		
Director	Program	Name of Training Institution
Manuel V. Pangilinan	Corporate Governance: What to Expect from the SEC and Corporate Governance Trends and Current Topics in Developed Economies and Their Application in the Philippines and other ASEAN Countries	Mr. Graham Winter, a partner of global law office Gibson Dunn in Hong Kong
	Ethics and Governance Failures in the Past (Board Responsibility)	Winthrop Swenson Compliance System Legal Group Makati Shangri-La
	First Pacific Companies: Navigating the New World of Business	Thomas Donaldson The Wharton School
Ray C. Espinosa	Corporate Governance: What to Expect from the SEC and Corporate Governance Trends and Current Topics in Developed Economies and Their Application in the Philippines and other ASEAN Countries	Mr. Graham Winter, a partner of global law office Gibson Dunn in Hong Kong
	ASEAN Corporate Governance Scorecard Orientation	Ricardo Nicanor N. Jacinto Institute of Corporate Directors
	Ethics and Governance Failures in the Past (Board Responsibility)	Winthrop Swenson Compliance System Legal Group Makati Shangri-La
Jose Ma. K. Lim	Corporate Governance: What to Expect from the SEC and Corporate Governance Trends and Current Topics in Developed Economies and Their Application in the Philippines and other ASEAN Countries	Mr. Graham Winter, a partner of global law office Gibson Dunn in Hong Kong
	ASEAN Corporate Governance Scorecard Orientation	Ricardo Nicanor N. Jacinto Institute of Corporate Directors
	Ethics and Governance Failures in the Past (Board Responsibility)	Winthrop Swenson Compliance System Legal Group Makati Shangri-La
Oscar S. Reyes	Corporate Governance: What to Expect from the SEC and Corporate Governance Trends and Current Topics in Developed Economies and Their Application in the Philippines and other ASEAN Countries	Mr. Graham Winter, a partner of global law office Gibson Dunn in Hong Kong
	Ethics and Governance Failures in the Past (Board Responsibility)	Winthrop Swenson Compliance System Legal Group Makati Shangri-La
	Handling Ethical Dilemmas: Tools and Techniques	Gretchen A. Winter Center for Professional Responsibility in Business and Society Meralco Theater
	First Pacific Companies: Navigating the New World of Business	First Pacific Companies: Navigating the New World of Business
Artemio V. Panganiban	Corporate Governance: What to Expect from the SEC and Corporate Governance Trends and Current Topics in Developed Economies and Their Application in the Philippines and other ASEAN Countries	Mr. Graham Winter, a partner of global law office Gibson Dunn in Hong Kong
	Ethics and Governance Failures in the Past (Board Responsibility)	Winthrop Swenson Compliance System Legal Group Makati Shangri-La
	First Pacific Companies: Navigating the New World of Business	Thomas Donaldson The Wharton School
Pedro E. Roxas	Corporate Governance: What to Expect from the SEC and Corporate Governance Trends and Current Topics in Developed Economies and Their Application in the Philippines and other ASEAN Countries	Mr. Graham Winter, a partner of global law office Gibson Dunn in Hong Kong
	Ethics and Governance Failures in the Past (Board Responsibility)	Winthrop Swenson Compliance System Legal Group Makati Shangri-La
Manuel M. Lopez	Knowledge Institute 6760 Ayala Avenue, Makati City	Cecile R. Galvez, Partner
	ASEAN Corporate Governance Scorecard Orientation	Ricardo Nicanor N. Jacinto Institute of Corporate Directors
Lance Y. Gokongwei	ATENEO-BAP Institute of Banking	Director, ATENEO-BAP Institute of Banking
James L. Go	SGV & Co. and Knowledge Institute 42 Floor Boardroom Robinsons Equitable Tower ADB Ave. cor. Poveda Road, Ortigas Center, Pasig City	Leonardo J. Matignas Jr., Partner
John L. Gokongwei, Jr.	Seminar on Corporate Governance	SGV (June 17, 2014)
Napoleon L. Nazareno	Corporate Governance: What to Expect from the SEC and Corporate Governance Trends and Current Topics in Developed Economies and Their Application in the Philippines and other ASEAN Countries	Mr. Graham Winter, a partner of global law office Gibson Dunn in Hong Kong

	Executive	Nomination and Governance	Audit	Risk Management	Remuneration and Leadership Development	Finance
Manuel M. Lopez	0/1	N/A	N/A	N/A	N/A	8/13
James L. Go	N/A	3/4	8/9	8/9	N/A	12/13
Manuel V. Pangilinan	2/2	N/A	N/A	N/A	4/4	N/A
Ray C. Espinosa	N/A	N/A	N/A	N/A	N/A	12/13
Lance Y. Gokongwei	2/2	2/3	7/9	7/9	4/4	N/A
Jose Ma. K. Lim	N/A	3/4	5/9	5/9	0/1	N/A
Artemio V. Panganiban ¹	2/2	N/A	9/9	9/9	N/A	N/A
Napoleon L. Nazareno	1/1	3/3	N/A	N/A	2/3	N/A
John L. Gokongwei Jr.	0/1	N/A	N/A	N/A	N/A	9/9
Oscar S. Reyes	N/A	N/A	N/A	N/A	N/A	N/A
Pedro E. Roxas ¹	N/A	4/4	7/9	7/9	3/4	10/13
Ferdinand K. Constantino ²	N/A	N/A	N/A	N/A	N/A	1/3
Anabelle L. Chua ²	N/A	N/A	6/9	6/9	N/A	N/A

¹ Independent Director
² Non-Voting Member

Corporate Governance Scorecard.

Board Committees

The Board has formed various Board Committees, namely Executive Committee (ExCom), Audit Committee (AuditCom), Risk Management Committee, Nomination and Governance Committee (Nom&Gov), Remuneration and Leadership Development Committee (RLDC) and Finance Committee (FinCom). The Board has delegated specific responsibilities to each of these Committees. These Committees have been formed and guided by their specific terms of reference or charters.

The functions, authority and responsibilities of each Board committee and their accomplishments are as follows:

A. Executive Committee (ExCom) is composed of six (6) directors, one of whom is an independent director. The ExCom may act, by majority vote of all its members, on such specific matters within the competence of the Board, as may be delegated to it under the By-Laws, or upon a majority vote of the Board, subject to the limitations provided by the Corporation Code.

In 2014, the Executive Committee accomplished in its two (2) meetings:

- Evaluation of power supply and demand outlook
- Review of options regarding high Wholesale Electricity Spot Market (WESM) prices and Manual Load drops/Interruptible Load Program (ILP)
- Approval to enter into and execute short-term Power Supply Agreements (PSAs) under mutually acceptable terms, takes effect upon ERC approval

- Investment in a local power plant

B. Remuneration and Leadership Development Committee (RLDC) is

composed of 5 directors, one of whom is an independent director. The duties and responsibilities of RLDC as defined in its charter include assistance to the Board in the development of the Company's overall performance management, compensation, retirement and leadership development policies and programs based on the Company-approved philosophy and budget.

RLDC had four (4) meetings in 2014 to discuss:

- Review and approval of criteria for rank conferment
- Approval of candidates for rank conferment of First Vice President and Senior Vice Presidents
- Review and endorsement of Annual Bonus Plan for 2015
- Review of Toplighting Initiative's core actions and key objectives
- Review of proposed Executive Rightsizing Policy
- Review of performance evaluation plan results
- Review of merit increase programs
- Review of Annual Incentive Plan
- Presentation and review of proposed succession planning programs
- Performance evaluation of President and Chief Executive Officer (via presentation)

The RLDC evaluates and proposes payment of Directors' Fees for the approval of members in shareholders' meeting; and (ii) recommends to the Board a framework of remuneration and specific remuneration packages

for Directors and key management, including the President and Chief Executive Officer.

For the sole Executive Director and key management, the framework takes into account all aspects of executive remuneration including salaries, allowances, bonuses, options and benefits in kind. The framework is benchmarked against pay and employment conditions within the industry and it links rewards to corporate and individual performance. Independent directors receive per diem fees bases on their attendance to Board and Board Committee meetings. They do not receive options, performance shares or bonuses as these are schemes used in remuneration of management and may impair their independence.

The Company's directors receive a per diem allowance for their attendance in the Board and Board Committee meetings. Each director is entitled to a per diem allowance of PhP120,000 for every board meeting attended and PhP20,000 for every committee meeting.

Remuneration of Key Management and Employees

The Company adopts a remuneration policy for staff comprising fixed and variable components in the form of base salary and variable bonus linked to the Company's and the individual's performance. Compensation packages and revisions of key management's remuneration are subject to the review and approval of the RLDC.

Given the highly competitive industry conditions and in the interest of maintaining good morale and a strong spirit of teamwork within the Company, the Top 5 Key Officers of the Company have received an aggregate remuneration of PhP133 Million. For more information on the aggregate total remuneration paid to all key management, please refer to the discussion entitled Compensation of Key Management Personnel in the Notes to Consolidated Financial Statements.

Advisers/Consultants to RLDC

Towers Watson is a leading human resources consulting firm which provides professional services that helps organizations improve performance through effective people management. At present, it offers solutions to the Company in the areas of employee engagement and compensation and benefits management.

C. Nomination and Governance Committee (Nom&Gov) – This

Committee is composed of five (5) directors with an independent director as

Corporate Governance Report

DETAILS OF 2014 BOARD REMUNERATION (in PhP)

	Remuneration for AGM and Board Meetings Attended	Remuneration for Committee Meetings Attended	Total
EXECUTIVE DIRECTOR			
Oscar S. Reyes	1,560,000	-	1,560,000
EXECUTIVE DIRECTOR	1,560,000	-	1,560,000
NON-EXECUTIVE DIRECTOR			
Manuel V. Pangilinan	1,440,000	110,000	1,550,000
Lance Y. Gokongwei	1,560,000	290,000	1,850,000
Manuel M. Lopez	720,000	90,000	810,000
Ray C. Espinosa	1,440,000	240,000	1,680,000
John L. Gokongwei, Jr.	1,200,000	-	1,200,000
Jose Ma. K. Lim	1,320,000	150,000	1,470,000
James L. Go	1,380,000	430,000	1,810,000
Napoleon L. Nazareno	960,000	110,000	1,070,000
Estelito P. Mendoza	120,000	-	120,000
ALL NON-EXECUTIVE DIRECTORS	10,140,000	1,420,000	11,560,000
INDEPENDENT DIRECTORS			
Pedro E. Roxas	1,380,000	460,000	1,840,000
Artemio V. Panganiban	1,560,000	210,000	1,770,000
ALL INDEPENDENT DIRECTORS	2,940,000	670,000	3,610,000
GRAND TOTAL	14,640,000	2,090,000	16,730,000

chairman. The duties and responsibilities of Nom&Gov as reflected in its charter includes screening qualified nominees for election as directors, assessing the independence of directors, introducing improvements on Board organization and procedures, setting-up of mechanisms for performance evaluation of the Board and Management, and providing programs for continuing education of the Board.

The Nom&Gov undertakes the process of identifying the quality of directors aligned with the Company's strategic directions. It reviews and recommends to the Board for the appointment of Directors and members to the Board Committees. The process involves identifying, reviewing and recommending potential candidates to the Board for consideration.

Nom&Gov has put in place a formal and transparent process for the appointment of new Directors to the Board.

Stakeholders who have identified suitable candidates submit the Nomination and Acceptance Letters, Full Business Interest Disclosure Forms and Curriculum Vitae of such candidates to Nom&Gov for discussion and review on or before the deadline set by the Nom&Gov.

These candidates are sourced from the business network of Board members and from professional search firms such as the

Institute of Corporate Directors (ICD) to search for candidates to the Board. One of the Company's directors, who is also the President and Chief Executive Officer, Mr. Oscar S. Reyes is a Fellow of the ICD. The Company's Corporate Secretary, Atty. Simeon Ken R. Ferrer is also an ICD Fellow. These candidates would be skilled in core competencies such as strategic planning, business expertise, and industry knowledge.

The shareholders will then elect the directors during the Annual General Meeting of Shareholders (AGM) held every last Tuesday of May.

Upon appointment, the Company sends out a formal letter setting out the Director's roles and responsibilities and the new Director will then attend various briefings with Management.

The Nom&Gov had four (4) meetings in 2014 to accomplish:

- Meralco's Official ASEAN Corporate Governance Scorecard (ACGS)
- Review and Endorsement of Meralco's Consolidated Changes in Annual Corporate Governance Report (ACGR) for 2014
- Review of ACGS Results
- Review Meralco's PSE CG Guidelines Disclosure Survey
- Screening of Nominees to the Board of Directors

- Notice on Resignations of Directors; Consideration of Admission of Replacements
- Results of Board, Board Committee, and President and Chief Executive Officer assessment
- Review and Approval of Amended Gifts Policy Disclosure Procedures
- Review of 2014 ACGS Self-Assessment Results
- Review and Approval of Changes in Annual Corporate Governance Report (ACGR)
- Review and approval of Revised Manual on CG pursuant to SEC Circular No. 9
- Facilitation of Annual CG Enhancement and Continuing Education Programs
- Review and Approval of Revised Insider Trading Policy
- Review of 2014 ACGS Results

D. Audit Committee (AuditCom)

– The AuditCom consists of two (2) independent directors, and one (1) of them has over 20 years of experience in the areas of accounting, corporate finance, treasury, financial control and credit risk management and was a Vice President at Citibank, N.A. for 10 years.

The AuditCom had nine (9) meetings in 2014 to discuss:

- Internal Control
 - Obtained management's assurance on the adequacy and effectiveness of the Company's internal control system in accordance with the Management Control Policy
 - Evaluated the effectiveness of the internal control system of the Company based on information obtained from the external auditors and the reasonable assurance provided by the internal auditor on the financial and operating controls of the Company
- Financial Reporting
 - Reviewed the unaudited consolidated quarterly financial statements and the audited consolidated annual financial statements of the Company including management's significant judgment and estimates in respect of the Company's financial statements and the management's representation to the external auditors
 - Recommended to the Board the approval of the Audited



Consolidated Financial Statements of the Company as at and for the year ended December 31, 2014 and their consequent filing with the SEC and other regulatory bodies.

- **Audit Process**
 - Assessed the independence, performance and effectiveness of the External Auditors, SyCip, Gorres, Velayo & Co., CPAs (SGV) taking into consideration the credibility, competence, ability to understand complex related party transactions, and the adequacy of their quality control procedures. Based on this assessment, SGV was re-nominated by the Committee to the Board as the External Auditors of the Company with the assurance that the lead audit partner complies with Rule 68 of the Securities Regulation Code on the rotation of External Auditors
 - Held executive sessions with the External Auditors without the presence of management
 - Reviewed the approved audit plan, scope of work and proposed fees of SGV for audit and other related services
 - Reviewed and approved the Annual Internal Audit Plan

- Discussed and dissected the results of audits reported by the Chief Audit Executive in her quarterly reports to the Committee
- Monitored the audit recommendations of the Internal Audit and discussed management's approach on corrective actions
- Assessed Internal Audit's performance for the preceding year
- **Compliance**
 - Reviewed and assessed management's process of monitoring compliance with laws and regulations through Internal Audit
 - Obtained updates on the status of compliance as well as the remaining challenges confronting the Company, as they relate to the requirements of the ERC, SEC and other regulators concerned with environment and safety, labor and others.

E. Risk Management Committee – consists of two (2) independent directors to assist the Board in its oversight role on the risk management process. The following activities were accomplished by the Committee:

- Reviewed management's top business risks and discussed on going risk treatments
- Noted management's short to medium term plans to streamline enterprise risk management integration in the annual strategic planning activities to institutionalize risk management functions at the subsidiaries and to develop a risk reporting dashboard that will facilitate reporting and monitoring of top risks and mitigation plans.

F. Finance Committee or FinCom –

This Committee is composed of four (4) directors, one of whom is an independent director, with the Chief Finance Officer (CFO) as ex-officio member. It reviews the financial operations of the Company and matters regarding major purchase contracts, and acquisition and/or divestment of investments, businesses or ventures.

In its 13 meetings in 2014, its major accomplishments were:

- Review and approval of all supply contracts in excess of PhP50 million
- Review and approval of Treasury Investment Policy

Corporate Governance Report

- Review and approval of Cash Optimization Strategy (allocation of cash to 2 portfolios)
- Review of Investment and Accreditation Policy
- Approval of creation of Investment Committee
- Review and approval of PSA's and any changes or issues regarding their execution
- Review of quarterly financial statements
- Review and approval of 2015 budget and 2015-2019 Business plan and forecast
- Review additional capital call, surety bonds, capital infusions for subsidiaries
- Declaration of cash dividends
- Authorization for tax debit memo
- Review of special payment agreements
- Review of Equity call
- Review of investments
- Review and endorsement of WESM surety bond for RES transactions

Board, Committee and CEO Performance Assessment

The Board annually conducts a self-assessment of their performance individually, collectively and as members of the different Board Committees. The self-assessment results are key

factors in the enhancement of directors' performance and effectiveness in their duties.

The Board conducted the performance assessment on February 23, 2015, through employment of the following assessment forms, with the following processes and criteria:

1. Board Self-Assessment - each director assessed the board performance as a whole and their individual performance on the following categories:
 - a) Board structure and qualifications
 - b) Board duties and responsibilities
 - c) Duties and Responsibilities as an Individual Director
2. General Board Committee Performance Assessment – each director assessed the overall performance of the committees, based on the provisions of the Board Committee Charters.
3. Board Committee Self-Assessment – each committee member assessed his committee's performance vis-à-vis the respective charters and SEC's Guidelines for the Assessment of the

Performance of Audit Committee of Companies Listed on the Exchange.

4. President and Chief Executive Officer Performance Assessment – each director assessed the President and Chief Executive Officer's leadership, working relations with the Board, communication and working relations with Management.

On the assessment forms, the Board gives its opinions and suggestions or identifies special issues of interest about its performance on different aspects of the Company's operation.

The Corporate Governance Office sends these assessment forms to every director, collects the completed forms, prepares a summary report, and submits it to the Nomination and Governance Committee and the Board as an agenda item for acknowledgment and discussion.

Corporate Secretary

All Board members have direct and independent access to the Corporate Secretary as well as Management. The Corporate Secretary, under the direction of the Chairman, is responsible for ensuring good information flows within the Board and Board Committees and between Management and Non-Executive Directors, as well as facilitating orientation and assisting with professional development of Directors as required.

Among the duties of the Office of the Corporate Secretary are the following:

- Schedule and inform the Board ahead of their Board meetings and other related activities;
- Provide the necessary board papers associated with items on the meeting agenda at least five business days ahead of the Board meetings;
- Provide ready and reasonable access to information that directors may need for their deliberation on issues listed on the agenda of the Board;
- Assist the Board in the performance of its duties;
- Attend all board meetings and maintain records of the same ensuring proper safekeeping of all records;
- Ensure that all board procedures, rules and regulations are faithfully followed;
- Submit required reports and disclosures to SEC, PSE, PDEx and other regulatory agencies; and



- Conduct orientation program for new members of the Board regarding the Company's organizational structures and business operations.

Such Orientation Program for New Directors was held April 2, 2014 to the newly elected directors Messrs. Napoleon L. Nazareno and John L. Gokongwei, Jr.

The Company's Corporate Secretary, Atty. Simeon Ken R. Ferrer met the following qualifications and skills required by his position:

- Resident Filipino citizen of good moral character;
- With adequate legal, administrative, basic accountancy, company secretarial and interpersonal skills;
- With continuing education and regular update of the laws, rules and regulations necessary for his position;
- With working knowledge of the operations of the Company and loyal to the Company mission, vision and objectives.

Disclosure and Transparency

To promote stakeholder confidence and compliance to regulatory requirements, the Company releases announcements including its quarterly and full year financial results through the SEC, PSE and PDEX for market dissemination. These provide the shareholders, members of the public as well as investors a balanced and informed assessment of the Group's performance, position and prospects.

Highlights of the Company's 2014 Audited Consolidated Financial Statement was released on February 23, 2015, 54 days after financial year end. The true and fair representation of the annual financial reports are affirmed by the Board through the Chairman, President and Chief Executive Officer and Chief Finance Officer of the Company on the Statement of Management's Responsibility section of this Annual Report.

Through Analyst's and Media Briefings, the officers of the Company, such as the President and Chief Executive Officer, Chief Finance Officer and Investor Relations team present information on performance results, business progress, industry trends, impact of external factors and regulations to shareholders, analysts, investors and media every quarter. Presentations used in these meetings are posted on the Company website to ensure that the Company's quarterly performance is comprehensively disseminated to all investors, including those who were not able to participate. Investors can get in touch with the

Company's Investor Relations Office located at 5/F of Lopez Building in Meralco Center, Ortigas Avenue, Brgy. Ugong, Pasig City, 1605 Philippines with the e-mail address: investor.relations@meralco.com.ph.

Internal Audit

The Company's Internal Audit Office is a key instrument in safeguarding the efficiency and effectiveness of the Company's operations, the accuracy and reliability of financial reports, and strict compliance to relevant laws and regulations. Internal Audit's scope of work is to ensure that all employees perform their duties in strict compliance with the Company's policies, standards, work procedures, regulations, and applicable laws.

The tasks of Internal Audit are set out in the Corporate Audit Charter and the Code of Corporate Governance of the Company, in monitoring control of financial reporting process and internal control system; information technology security and control; auditing process; enterprise risk management; and compliance. The employees' level of understanding of these mechanisms are constantly enhanced at all levels via the respective lines of command and the Company's various communication media.

Assessment on the adequacy of the Company's internal control system is undertaken annually by relevant business responsibility units and Internal Audit, through a risk-based internal audit plan approved by the Audit and Risk Management Committee. The Internal Audit Group issues reports to Senior Management and the Audit and Risk Management Committee on the results of reviews and audits covering various units of the Company and its subsidiaries including specific areas of concern identified by Management. The findings are reviewed by the Audit and Risk Management Committee and reported to the Board for consideration and opinions. Significant concerns, which have been reported by the internal audit group, and the implementation of responsive remedial measures, are monitored by Management and by the AuditCom. The Audit and Risk Management Committee Report in this Annual Report discloses that the board of directors has conducted a review of and has found adequate the company's material controls (including operational, financial and compliance controls) and risk management systems.

The Company's Internal Audit Group is headed by the Chief Audit Executive and First Vice President, Ms. Helen T. de

CONSOLIDATED EXTERNAL AUDITOR'S FEES* (IN MILLION PHP)		
	2014	2013
Financial Statements Audit	7.0	6.5
Audit of financial statements in accordance with the requirements of the Business Separation and Unbundling Plan of the Energy Regulatory Commission	0.3	-
Review of interim consolidated financial statements in relation to MERALCO bond offering	-	1.8
Total	7.3	8.3
The non-audit services do not exceed the audit services. In fact, no non-audit services were performed by the external auditors in 2014.		
* Exclusive of Value Added Tax (VAT).		

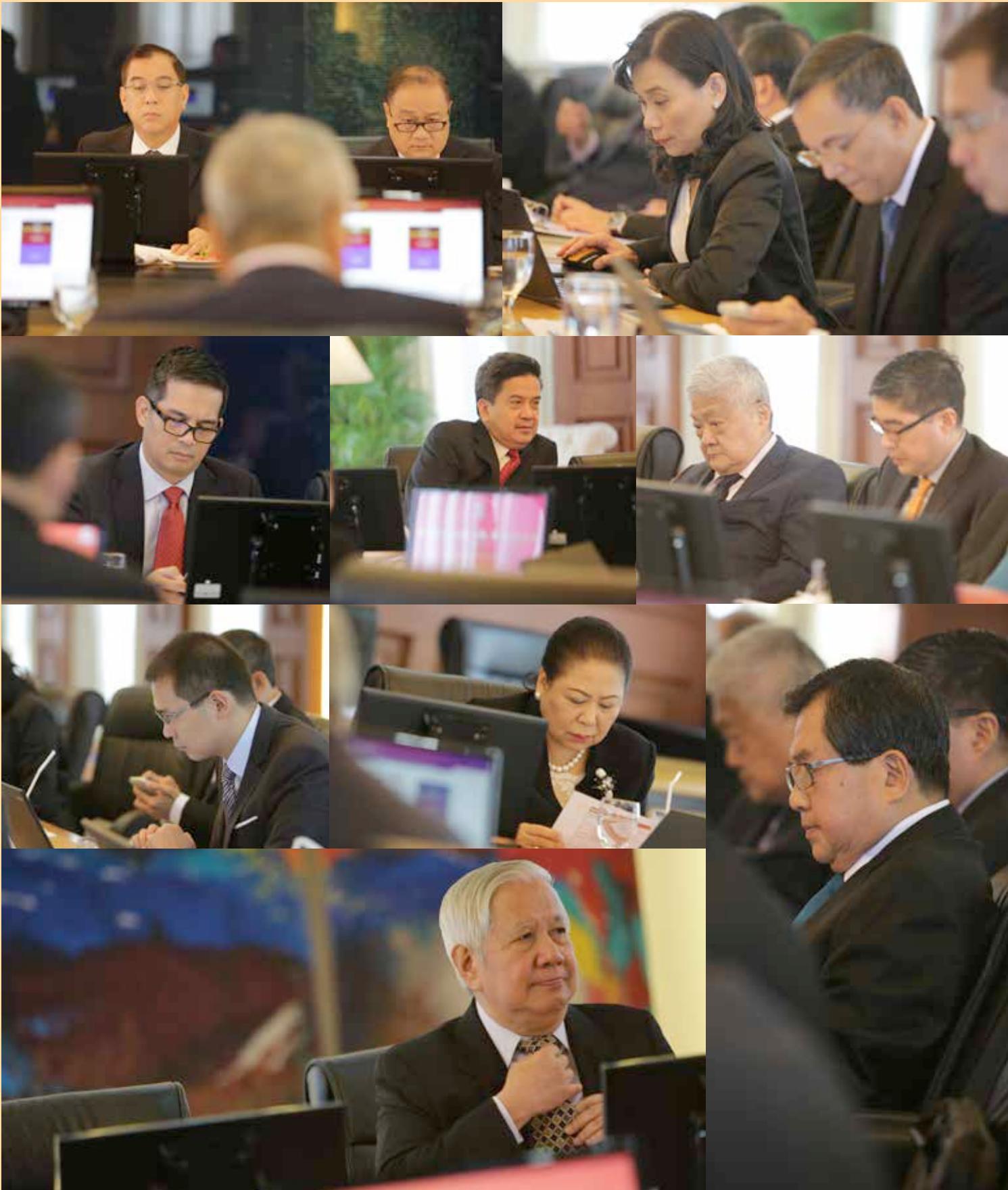
Guzman, who reports functionally to the AuditCom and administratively to the President and Chief Executive Officer as outlined in the Company's Corporate Audit Charter. The appointment and removal of the internal auditor require the approval of the AuditCom.

External Audit

The Company's external auditors, SGV were evaluated, nominated and recommended for appointment including their audit fees by the AuditCom, and such recommendation was approved by the Board. The re-appointment of SGV was thereafter confirmed by the shareholders in the AGM held on May 27, 2014.

Corporate Governance Advocacies and Outlook

In pursuit of further improvements in the discipline of governance, the Company, along with PLDT and SMART Communications, is actively involved with national and international CG advocates and organizations such as the Good Governance Advocates and Practitioners of the Philippines (GGAPP) and the Ethics and Compliance Officers Association (ECO). The Company regularly participates in best practice and knowledge-sharing events organized by GGAPP and ECOA with CG practitioners, Board and Senior Management, as unified by their CG principles and philosophy that responsible professionals yield ethical companies and ultimately, economically sustainable businesses.



SHAREHOLDINGS OF DIRECTORS AND KEY OFFICERS as of December 31, 2014
(As disclosed to the SEC/PSE/PDEx on January 13, 2015)

Name	Starting Balance ¹	Buy ²	Sell ²	Ending Balance	Direct Holdings ³	Indirect Holdings ³	Total Shares ³	% to Total Share ³
A. Directors								
1. Manuel V. Pangilinan - Chairman	25,000	-	-	25,000	25,000	-	25,000	0.00%
2. Lance Y. Gokongwei - Vice-Chairman	10	-	-	10	10	-	10	0.00%
3. Oscar S. Reyes - President/CEO	268	-	-	268	268	-	268	0.00%
4. Ray C. Espinosa	21,000	-	-	21,000	21,000	-	21,000	0.00%
5. James L. Go	10	-	-	10	10	-	10	0.00%
6. John L. Gokongwei, Jr.	-	10	-	10	10	-	10	0.00%
7. Napoleon L. Nazareno	-	1,210	-	1,210	1,210	-	1,210	0.00%
8. Jose Ma. K. Lim	10	-	-	10	10	-	10	0.00%
9. Manuel M. Lopez	796,625	199,493	-	996,118	996,118	-	996,118	0.09%
Manuel M. Lopez &/or Ma. Teresa Lopez	1,449,293	-	-	1,449,293	1,449,293	-	1,449,293	0.13%
10. Pedro E. Roxas	1,000	-	-	1,000	1,000	-	1,000	0.00%
11. Artemio V. Panganiban	1	-	-	1	1	-	1	0.00%
TOTAL	2,293,217	200,713	-	2,493,930	2,493,930	-	2,493,930	0.22%
B. Executive Officers with shareholdings in the Company								
1. Simeon Ken Ferrer - Corporate Secretary	767	-	-	767	767	-	767	0.00%
2. Roberto R. Almazora	56,674	36,408	-	93,082	93,082	-	93,082	0.01%
3. Alfredo S. Panlilio	668	-	-	668	668	-	668	0.00%
4. Ramon B. Segismundo	6,500	-	-	6,500	6,500	-	6,500	0.00%
5. Rafael L. Andrada	20,000	-	-	20,000	20,000	-	20,000	0.00%
6. Ruben B. Benosa	11,731	18,761	-	30,492	30,492	-	30,492	0.00%
7. Helen T. de Guzman	4,091	22,002	-	26,093	26,093	-	26,093	0.00%
8. Ivanna G. dela Peña	26,731	-	-	26,731	26,731	-	26,731	0.00%
9. Antonio M. Abuel, Jr.	-	10,427	-	10,427	10,427	-	10,427	0.00%
10. Ronnie L. Aperochio	-	14	-	14	14	-	14	0.00%
11. Angelita S. Atanacio	-	1,000	-	1,000	1,000	-	1,000	0.00%
12. Marthyn S. Cuan	2,150	0	-	2,150	2,150	-	2,150	0.00%
14. Manolo C. Fernando	14,456	21,274	-	35,730	35,730	-	35,730	0.00%
15. Ferdinand O. Geluz	1,000	12,877	-	13,877	13,877	-	13,877	0.00%
16. Nixon G. Hao	2,791	-	-	2,791	2,791	-	2,791	0.00%
17. Ernie G. Imperial	-	460	-	460	460	-	460	0.00%
18. Fortunato C. Leynes	-	6,000	-	6,000	6,000	-	6,000	0.00%
19. Nestor P. Sarmiento	18,976	-	18,653	323	323	-	323	0.00%
20. Liza Rose G. Serrano Diangson	16,294	22,689	-	38,983	38,983	-	38,983	0.00%
21. Manuel Lorenzo L. Tuason	22,180	-	-	22,180	22,180	-	22,180	0.00%
22. Ireneo Bonifacio Acuna	-	18,355	-	18,355	18,355	-	18,355	0.00%
23. Redentor Leonor Marquez	-	22,116	-	22,116	22,116	-	22,116	0.00%
TOTAL	205,009	192,383	18,653	378,739	378,739	-	378,739	0.01%

PRINCIPAL, STRATEGIC AND SUBSIDIARIES/AFFILIATES SHAREHOLDINGS as of December 31, 2014

(As disclosed to the SEC/PSE/PDEx in 2014) Name	Starting Balance ¹	Buy ²	Sell ²	Ending Balance	Direct Holdings ³	Indirect Holdings ³	Total Shares ³	% to Total Share ³
A. Principal Stockholder								
Beacon Electric Asset Holdings, Inc.	563,124,042	-	56,354,936	506,769,106	506,769,106	-	506,769,106	44.96%
JG Summit Holdings Inc.,	153,191,489	152,497,908	-	305,689,397	305,689,397	-	305,689,397	27.12%
JG Summit Holdings Inc., (PCD Nominee)	152,497,908	-	152,497,908	-	-	-	-	0.00%
TOTAL	868,813,439	152,497,908	208,852,844	812,458,503	812,458,503	-	812,458,503	72.08%
B. Strategic Stockholder								
Metro Pacific Investments Corporation	-	56,354,936	-	56,354,936	56,354,936	-	56,354,936	5.00%
First Philippine Holdings Corporation	44,382,436	-	-	44,382,436	44,382,436	-	44,382,436	3.94%
First Philippine Utilities Corporation	93,270	-	-	93,270	93,270	-	93,270	0.01%
TOTAL	44,475,706	56,354,936	-	100,830,642	100,830,642	-	100,830,642	8.95%
C. Subsidiaries and Affiliates								
Corporate Information Solutions, Inc.	12,526	-	-	12,526	12,526	-	12,526	0.00%
TOTAL	12,526	-	-	12,526	12,526	-	12,526	0.00%

¹Based on the January 14, 2014 SEC/PSE/PDEx Disclosure on Public Ownership Report as of December 31, 2013.

²Based on the SEC/PSE/PDEx Disclosures on Statement of Beneficial Ownerships for the year 2014.

³Based on the January 13, 2015 SEC/PSE/PDEx Disclosure on Public Ownership Report as of December 31, 2014.

Board of Directors



MANUEL V. PANGILINAN, 68

Director (since May 26, 2009 – 5 years)

President and Chief Executive Officer (from July 1, 2010 to May 28, 2012)

Chairman (since May 29, 2012)

Mr. Pangilinan is the Chairman of Philippine Long Distance Telephone Company (PLDT)*. He also serves as Chairman, or Vice Chairman, or Board Director of Smart Communications Incorporated, Metro Pacific Investments Corporation*, Landco Pacific Corporation, Makati Medical Center, Cardinal Santos Medical Center, Davao Doctors Incorporated, Riverside Medical Center Incorporated in Bacolod City, Our Lady of Lourdes Hospital, Asian Hospital Incorporated, Maynilad Water Services Corporation (Maynilad), Mediaquest Incorporated, Associated Broadcasting Corporation (TV5), Philex Mining Corporation*, Philex Petroleum Corporation, Roxas Holdings, Incorporated*, and Manila North Tollways Corporation.

Mr. Pangilinan holds a Bachelor of Arts degree, cum laude, in Economics from the Ateneo de Manila University and a Masters in Business Administration from Wharton School of Finance and Commerce, University of Pennsylvania, where he was a Procter & Gamble Fellow.

OSCAR S. REYES, 68

Director (since July 1, 2010)

Chief Operating Officer (July 1, 2010 to May 28, 2012)

President and Chief Executive Officer (since May 29, 2012)

Mr. Reyes is a member of the Advisory Board of the Philippine Long Distance Telephone Company (PLDT)* and of the Board of Directors of the Bank of the Philippine Islands, Manila Water Company, Inc.*, PLDT Communications and Energy Ventures Inc., Basic Energy Corporation*, Cosco Capital Inc.*, Pepsi Cola Products Philippines, Inc.* (Chairman), Sun Life Financial Phils., Inc., among other firms. He is also president of Meralco PowerGen Corporation (MGen) and Chairman of Meralco Industrial Engineering Services Corporation (MIESCOR), Miescorrail, Inc., CIS Bayad Center, Meralco Energy, Inc. (MEI), Redondo Peninsula Energy Inc., and PacificLight Pte. Ltd. He served as Country Chairman of the Shell Companies in the Philippines and concurrently President of Pilipinas Shell Petroleum Corporation and Managing Director of Shell Philippines Exploration B.V. He is a member of the Board of Trustees of One Meralco Foundation, Inc., Pilipinas Shell Foundation, Inc., SGV Foundation, Inc. and El Nido Foundation, Inc.

Mr. Reyes completed his Bachelor of Arts degree in Economics at the Ateneo de Manila University, cum laude, and did post-graduate studies at the Ateneo Graduate School of Business, Waterloo Lutheran University and the Harvard Business School.



Our Guiding Leadership



RAY C. ESPINOSA, 58
Director (since May 26, 2009 - 5 years)

Mr. Espinosa is a member of the Board of Directors of Philippine Long Distance Telephone Company (PLDT)*, Manila Electric Company (MERALCO)*, Metro Pacific Investment Corporation*, Roxas Holdings, Inc.*, and also an independent director of Lepanto Consolidated Mining Company (Lepanto)*. He is a director of Meralco PowerGen Corporation, Mediaquest Holdings, Inc., TV5 Network, Inc., and Mediascape, Inc. (Signal TV). He is the chairman of the Philstar Daily, Inc. and BusinessWorld Publishing Corporation, chairman of the Finance Committee of MERALCO*, and chairman of the Audit Committee of Lepanto*. He is the General Counsel of MERALCO and Head of PLDT's* Regulatory Affairs and Policy Office. He is also a trustee of the Beneficial Trust Fund of PLDT*.

Mr. Espinosa joined First Pacific in June 2013. He is First Pacific Group's Head Government and Regulatory Affairs and Head Communications Bureau for the Philippines.

Mr. Espinosa has a Master of Laws degree from the University of Michigan Law School and is a member of the Integrated Bar of the Philippines. He was a partner of SyCip Salazar Hernandez & Gatmaitan from 1982 to 2000, a foreign associate at Covington and Burling (Washington D.C., USA) from 1987 to 1988, and a law lecturer at the Ateneo de Manila School of Law from 1983 to 1985 and 1989. He ranked first in the 1982 Philippine Bar examination.



JOHN L. GOKONGWEI, JR., 88
Director (since March 31, 2014)**

Mr. Gokongwei is the Chairman Emeritus and a member of the Board of Directors of JG Summit Holdings, Inc.* and certain of its subsidiaries including Universal Robina Corporation*, Robinsons Land Corporation* and JG Summit Petrochemical Corporation. He is currently the Chairman of the Gokongwei Brothers Foundation, Inc., Chairman and Chief Executive Officer of Robinsons Retail Holdings, Inc., Deputy Chairman and Director of United Industrial Corporation Limited. He is also the Chairman Emeritus of Robinsons Bank Corporation. He is a director of Cebu Air, Inc.*, Oriental Petroleum and Minerals Corporation*, Marina Centre Holdings Private Limited and A. Soriano Corporation*.

Mr. Gokongwei received his Masters in Business Administration from De La Salle University, and took the Advance Management Program from Harvard University in Boston, Massachusetts.



JAMES L. GO, 75
Director (since December 16, 2013)

Mr. Go is the Chairman and Chief Executive Officer of JG Summit Holdings, Inc.* and Oriental Petroleum and Minerals Corporation*; Chairman of Robinsons Land Corporation*, Universal Robina Corp.*, JG Summit Petrochemical Corporation and JG Summit Olefins Corporation; Vice-Chairman and Deputy Chief Executive Officer of Robinsons Retail Holdings, Inc.; and a member of the Board of Directors of Cebu Air, Inc.*, Marina Center Holdings Private Limited., United Industrial Corporation Limited, Hotel Marina City Private Limited and the Philippine Long Distance Telephone Company (PLDT)*. He is also the President and Trustee of Gokongwei Brothers Foundation, Inc.

Mr. Go received a Bachelor of Science degree and a Master of Science degree in Chemical Engineering from the Massachusetts Institute of Technology.

*Publicly Listed Company
**Replaced Ramon S. Ang
***Replaced Estelito P. Mendoza

Board of Directors



LANCE Y. GOKONGWEI, 48

Director and Vice- Chairman (since December 16, 2013 – 1 year)

Mr. Gokongwei is the President and Chief Operating Officer of JG Summit Holdings, Inc.*, and the President and Chief Executive Officer of Cebu Air, Inc.*, Universal Robina Corporation*, JG Summit Petrochemical Corporation and JG Summit Olefins Corporation. He is also the Vice Chairman and Chief Executive Officer of Robinsons Land Corporation*, and Chairman of Robinsons Bank Corporation. Concurrently, he is the Vice Chairman of Robinsons Retail Holdings, Inc. and a Director of Oriental Petroleum and Minerals Corporation* and United Industrial Corporation Limited. He is a trustee and the secretary of the Gokongwei Brothers Foundation, Inc.

He received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania, summa cum laude.



AMB. MANUEL M. LOPEZ, 72

Director (since April 14, 1986 - 28 years)

Chairman and Chief Executive Officer (from July 1, 2001 to June 30, 2010)

Chairman (from July 1, 2010 to May 28, 2012)

Mr. Lopez is the Philippine Ambassador to Japan since December 2010. He is concurrently the Chairman and Chief Executive Officer of Lopez Holdings Corporation* and is the Chairman of Indra Philippines, Inc., Rockwell Land Corporation*, and Rockwell Leisure Club. He is also the President of Eugenio Lopez Foundation Inc., Vice President of First Philippine Holdings Corporation*, and Lopez Inc., and a Director at ABS-CBN Corporation*, ABS-CBN Holdings Corp.*, Sky Cable Corporation, and Lopez Group Foundation Inc..

Mr. Lopez holds a Bachelor of Science in Business Administration and completed the Harvard Program for Management Development.



JOSE MA. K. LIM, 62

Director (since May 29, 2012 – 2 years)

Mr. Lim is the President and Chief Executive Officer of Metro Pacific Investments Corporation (MPIC)*, the leading infrastructure investment firm in the Philippines. MPIC has investments in water distribution, electricity, toll roads and hospitals.

Mr. Lim was appointed President and Chief Executive Officer in 2006 and is currently a director in MPIC's subsidiaries and affiliate companies namely, Manila Electric Company*, Maynilad Water Corporation, Metro Pacific Tollways Corporation, Manila North Tollways Corporation, Medical Doctors Inc., Cardinal Santos Medical Center and Indra Philippines, among others. He also serves as Chairman of Davao Doctor's Hospital, Riverside Medical Center and Asian Hospital.

Mr. Lim holds a Bachelor of Arts degree in Philosophy from the Ateneo de Manila University and received his MBA degree from the Asian Institute of Management.

*Publicly Listed Company

**Replaced Ramon S. Ang

***Replaced Estelito P. Mendoza

Our Guiding Leadership



NAPOLEON L. NAZARENO, 65

Director (2009-2011 and 2014 – 3 years)***

Mr. Nazareno is the Chairman of the Board of PLDT Communications and Energy Ventures, Inc. (PCEV) since June 28, 2011. He served as President and Chief Executive Officer of PLDT Communications and Energy Ventures, Inc. (PCEV) from November 1998 to January 2003 and from November 2004 to June 2011 and as Chairman of the Board from February 2003 to November 2004. He is concurrently the President and Chief Executive Officer of Smart Communications, Inc. and Philippine Long Distance Telephone Company*, positions he has held since January 2000 and February 2004, respectively. He also serves as Chairman of the Board of Smart Broadband, Inc., i-Contacts Corporation, Smart eMoney, ePLDT Inc., Digital Telecommunications Phils. Inc., and Digitel Mobile Phils Inc.; and as President of Aces Phils. Inc. and Connectivity Unlimited Resources, Inc., which are subsidiaries of Smart. His other directorships include, among others, Manila Electric Company*, Meralco PowerGen Corporation, PLDT Global Investments Holdings, Inc., SPI Technologies, Inc., SPI CRM, Inc. and PLDT Global Corporation. He is also a non-executive director of First Pacific Company Limited. He was recently appointed as Supervisory Board Member of Rocket Internet AG.

Mr. Nazareno is also the Chairman of the Board of Trustees and Governors of Asian Institute of Management, a Governor of the Management Association of the Philippines, and a member of the Council of Advisors of the DLSU – Graduate School of Business and Philippine-Thailand Business Council, among others. He was voted Corporate Executive Officer of the Year (Philippines) for three consecutive years at the 2004, 2005 and 2006 Best Managed Companies and Corporate Governance Polls conducted by Asia Money and was recently awarded the Telecom CEO of the Year at the 15th Telecoms Asia Awards in Bangkok.

Mr. Nazareno obtained his Master's Degree in Business Management from the Asian Institute of Management and completed the INSEAD Executive Program of the European Institute of Business Administration in Fontainebleau, France. Recently, the University of San Carlos in Cebu conferred on him the Doctor of Technology Honoris Causa degree.



(RET.) CHIEF JUSTICE ARTEMIO V. PANGANIBAN, 78

Independent Director (since May 27, 2009 - 5 years)

Independent Director Panganiban was a former Chief Justice of the Supreme Court of the Philippines. He was concurrently Chairperson of the Presidential Electoral Tribunal, Judicial and Bar Council and Philippine Judicial Academy. At present he is also an Independent Director of Petron Corporation*, Bank of the Philippine Islands*, First Philippine Holdings Corporation*, Philippine Long Distance Telephone Company*, Metro Pacific Investments Corporation*, Robinsons Land Corporation*, GMA Network, Inc.*, GMA Holdings, Inc.* and Asian Terminals, Inc.*. Non-executive Director of Jollibee Foods Corporation*, Senior Adviser of Metropolitan Bank and Trust Company and Adviser of Double Dragon Properties Corporation. He is likewise a columnist for the Philippine Daily Inquirer.

Chief Justice Panganiban holds a Bachelor of Laws degree, cum laude, from the Far Eastern University and was awarded the degree of Doctor of Laws (Honoris Causa) by the University of Iloilo, Far Eastern University, University of Cebu, Angeles University and Bulacan State University. He placed sixth in the Philippine Bar Examinations in 1960.



PEDRO E. ROXAS, 58

Independent Director (since May 25, 2010 - 4 years)

Mr. Roxas is the Chairman of Roxas Holdings, Inc. he is also the President/Chief Executive Officer and Chairman of Roxas and Company, Inc.*. Concurrently, he is a Director and the President of Fundacion Santiago, Director of Brightnote Assets Corporation, Chairman of Club Punta Fuego Inc., Trustee at Philippine Business for Social Progress, and an Independent Director for BDO Private Bank and Philippine Long Distance Telephone Company*.

Mr. Roxas holds a Bachelor of Science degree in Business Administration from the University of Notre Dame in Indiana, USA.