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May 31, 2017

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Gentlemen:

We reply to your letter dated May 31, 2017 (received thru EDGE Submission System at 7:56 a.m. today) requiring us to clarify and/or confirm the information contained in the news article entitled “Meralco plans to invest in Nigeria and Indonesia” posted in manilastandard.net on May 30, 2017. The article reported in part that:

“Power retailer Manila Electric Co. is looking at business opportunities in Indonesia and Nigeria as a part of expansion program overseas, an executive said Tuesday.

Meralco president Oscar Reyes told reporters at the sidelines of the annual stockholders’ meeting the investment in Indonesia would be through unit CIS Bayad Center in partnership with Densan System Co. Ltd. of Japan.

‘We have a strong partner with fairly solid links with Japanese convenience stores who are not only present in the Philippines but also in the region. So we are looking forward for the opportunities of this entry into Bayad Center, being a vehicle for us to jointly look at opportunities in Indonesia and other countries in the region,’ Reyes said.

Densan took a 5-percent stake in CIS Bayad Center for P230 million, allowing Meralco to benefit from the former’s information technology expertise.

'We have to look at other countries like Vietnam, Malaysia, Thailand but Indonesia is a huge market. If we draw the same volume, it will be the same level of income of Bayad Center,' Reyes said.

Reyes said in Nigeria, Meralco was looking at other projects aside from the technical partnership with Nigeria's Ibadan Electric Distribution Utility.

'Following our performance and the feedback other utilities have gotten, we had been invited by Port Harcourt Development Distribution Company to provide the same type of technical partnership and service, basically advisory and support services to Port Harcourt,' he said.

Reyes said Port Harcourt wanted more extensive arrangement with Meralco but it needed to go through regulatory approvals.

'Ibadan has been positive to Meralco and I think we're looking at more or less the same positive contribution from Port Harcourt in the same way with Ibadan Electric. They have given us the option for equity,' Reyes said.

He said that for now, the partnership was limited to technical advisory, "because we want to see performance in certain commitments by the regulators such as tariff reform, power supply and security."

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With reference to the said news article, we would like to confirm the statement of our President and CEO, Mr. Oscar S. Reyes, that the Company is looking at business opportunities in Nigeria, Vietnam, Malaysia, Thailand, and Indonesia with the clarification that these are all in the exploratory stages at this time.

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

Very truly yours,


William S. Pamintuan
First Vice President
Assistant Corporate Secretary &
Information Disclosure Officer