COVER SHEET

PW-102

S.E.C Registration Number

MANILA ELECTRIC COMPANY

(Company's Full Name)

LOPEZ BUILDING, ORTIGAS AVENUE, BRGY UGONG, PASIG CITY

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

ATTY. WILLIAM S. PAMINTUAN

Contact Person

632-8014

Company Telephone Number

12-31

Month Day

Fiscal Year

17-C

FORM TYPE

05 30

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:** *August 3, 2017*
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:** *6328014* **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 June 30, 2017)

Debt Securities: Php 18.5 Billion Bonds

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

The Company's Board of Directors, in its regular meeting held today, August 3, 2017, approved the following matters:

1. The Company's Financial and Operating Results for the first half ended June 30, 2017 with comparatives for 2016 (refer to the attached Press release); and

2. The declaration of total cash dividends of Pesos 8.925 per share to all shareholders of record as at August 30, 2017, payable on September 22, 2017. This consists of (i) an interim regular cash dividend of Pesos 4.489 per share or 50% of the first half 2017 CCNI, in line with the Company's dividend policy; and (ii) Pesos 4.436 per share representing special dividends out of retained earnings available for declaration.

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
First Vice President
Assistant Corporate Secretary &
Information Disclosure Officer

Date: August 3, 2017

Cc: Disclosure Department
Listings and Disclosure Group
Philippine Stock Exchange

Issuer Compliance and Disclosure Department
Philippine Dealing & Exchange Corp.

MERALCO

PRESS RELEASE
MANILA ELECTRIC COMPANY
1H2017 FINANCIAL AND OPERATING RESULTS
WITH COMPARATIVES vs. 2016

HIGHLIGHTS

- Consolidated Core Net Income for the first half of 2017 at Pesos 10.1 billion, 3% lower than in the first half of 2016
- Consolidated Reported Net Income for the first semester of 2017 at Pesos 10.5 billion, 2% lower year-on-year
- Consolidated revenues of Pesos 141.0 billion for the first six (6) months of 2017, 9% higher year-on-year
- Consolidated volume of energy sold for the first half of 2017 was 20,338 GWh, 3% higher than the 19,717 GWh sold in the same period in 2016
- Total number of billed customers rose to 6.2 million as at June 30, 2017, reflecting a year-on-year growth of more than 4%
- Consolidated costs and expenses at Pesos 127.5 billion for the six (6) months ended June 30, 2017, 11% higher compared with Pesos 114.8 billion in 2016
- Consolidated EBITDA amounted to Pesos 17.2 billion, down 5% year-on-year, with EBITDA margin at 12% of consolidated revenues
- Core earnings per share at Pesos 8.977, Pesos 0.240 lower than in the first half of 2016
- Reported earnings per share at Pesos 9.317 compared with Pesos 9.554 in 2016
- Interim regular cash dividend of Pesos 4.489 per share and a special dividend of Pesos 4.436 per share, for a total of Pesos 8.925 payable on September 22, 2017

MANILA, PHILIPPINES, 3rd AUGUST 2017 – Manila Electric Company ("*Meralco*" or the "*Company*") (PSE: MER) today announced its unaudited financial and operating results for the six months ended June 30, 2017. Consolidated Core Net Income ("*CCNI*"), which excludes one-time, exceptional gains and charges, amounted to Pesos 10.1 billion, 3% lower than Pesos 10.4 billion registered for the first half of 2016. Core Earnings Per Share ("*EPS*") was Pesos 8.977 while Reported *EPS* was Pesos 9.317.

Consolidated revenues in the first half of 2017 was Pesos 141.0 billion, 9% higher compared with Pesos 128.8 billion in the same period in 2016. The higher revenues are the result of the combined effect of (i) a 3% increase in volume of energy sold; (ii) the increased generation charge related to the 20-day maintenance shutdown of the Malampaya gas facilities, which required the use of higher cost liquid condensate for the Sta. Rita and San Lorenzo plants and bio-diesel for the de-rated Ilijan plant, and the extended maintenance outages of certain coal-fired power plants; and (iii) the depreciation of the peso versus the U.S. dollar to Pesos 50.47:US$1 as at June 30, 2017 from Pesos 47.06:US$1 as at June 30, 2016. The average distribution rate of *Meralco* was Pesos 1.42 per kWh, one centavo (Pesos 0.01) lower than 2016, as the sales mix reflected a slightly higher share of the combined commercial and industrial volumes over residential volumes.

The foregoing increases were partly offset by the effect of (a) lower global prices of coal and oil; (b) lower top line contribution from non-electric subsidiaries; and (c) lower overall retail revenues of *Meralco*'s Retail Electricity Supply ("*RES*") unit, *MPower*, and Vantage Energy Solutions and Management, Inc. ("Vantage Energy", an affiliate *RES* unit) as a result of the temporary disruption in commercial operations of distribution utilities ("*DU*s") and electric cooperatives ("*EC*s") Retail Electricity Suppliers and intensified competition in the *RES* market.

For the first six (6) months of 2017, non-electric revenues (substantially from subsidiaries) was Pesos 3.6 billion, 10% lower compared with Pesos 4.0 billion in the same period last year, creating a drag on operating income. The lower non-electric revenues is the net effect of (i) the delayed award of projects to and slow validation of work accomplishments of Meralco Energy, Inc. ("*MServ*") and Meralco Industrial Engineering Services Corporation ("*MIESCOR*"), as project owners held back on proceeding with certain scheduled projects, and also took longer in confirming work accomplishments; partly offset by (ii) increased bills payment volumes from CIS Bayad Center, Inc. ("*Bayad Center*") from over 6,700 sites and collection partners supplemented by spot billing volumes of a wholly owned subsidiary; and (iii) higher recurring revenues of Radius Telecoms, Inc. ("*Radius*") as a result of an expanding customer base and high service reliability.

Total costs and expenses for the first half of 2017 amounted to Pesos 127.5 billion, 11% higher than 2016. The cost of purchased power represented 84% of total costs and expenses in the first half of 2017, one (1) percentage point higher than in 2016 due to the higher cost of power. Operating expenses consisting largely of labor and contracted services was stable at Pesos 12.3 billion. This amount includes taxes, fees and permits in the first half of 2017 of Pesos 573.0 million, 17% higher year-on-year, as a result of the payment of real property taxes ("*RPT*") on certain assets previously deemed not subject to *RPT*, upon final judicial resolution of the legal issue as to their taxability.

Consolidated EBITDA for the first six (6) months of 2017 was Pesos 17.2 billion, with EBITDA margin on consolidated gross revenues at 12%.

Cash and cash equivalents amounted to Pesos 45.7 billion as at the end of June 2017, higher compared with the Pesos 41.0 billion in June 2016. Held-to-maturity ("*HTM*") and available-for-sale ("*AFS*") investments, classified under "Other Noncurrent Assets" totaled Pesos 39.1

billion (excluding Pesos 7.2 billion under "Other Current Assets") in 2017. Consolidated free cash flow, net of *HTM* and *AFS* investments, principally Unit Investment Trust Funds ("*UITF*"), was Pesos 9.7 billion as at June 30, 2017.

Consolidated capital expenditures ("*CAPEX*") amounted to Pesos 5.3 billion in the first half of 2017, 29% higher than 2016, of which electric capital projects ("*ECPs*") amounted to Pesos 4.4 billion. *Meralco* has been ramping up the implementation of its *CAPEX* since the final and partial approvals of the First and Second Regulatory Years ("*1RY*" and "*2RY*") *CAPEX* for the Fourth Regulatory Period ("*4RP*") on June 15, 2016 and July 26, 2016, respectively, by the Energy Regulatory Commission ("*ERC*"). Much of the prioritized *CAPEX* pertained to asset additions and renewals that are necessary to address increased capacity, reliability and power quality requirements, as well as continued compliance with existing statutory and regulatory provisions.

In the meantime, the *3RY CAPEX* programs totaling Pesos 18.8 billion was filed with the *ERC* on April 3, 2017 and is pending approval. Hearings are still ongoing.

Consolidated gross debt as at June 30, 2017 amounted to Pesos 40.3 billion, of which Pesos 1.9 billion represents debt at the operating subsidiaries. Gross Debt to EBITDA stood at 1.17x, while Net Debt to EBITDA was negative 0.16x as at the same date. Total proceeds from long- and short-term debt amounted to Pesos 1.8 billion for the six (6) months ended June 30, 2017, all of which were at the operating subsidiaries level. Total debt repayments and financing costs paid in the first half of 2017 amounted to Pesos 2.7 billion. All of *Meralco*'s debts are denominated in Philippine pesos, with no significant maturities until 2020. Financing costs amounted to Pesos 750.0 million, 22% higher than in the same six (6) month-period in 2016.

Cash dividends declared and paid in the first six (6) months of 2017 totaled Pesos 10.5 billion or Pesos 9.30 per share, pertaining to dividends declared out of the 2016 *CCNI*. Total interest income earned in the first six (6) months from cash and cash equivalents and placements in *HTM* and *AFS* investments amounted to Pesos 1.1 billion, 11% higher compared with 2016.

"In our meeting today, the Board of Directors ("*Board*") approved total cash dividends of Pesos 8.925 per share to all shareholders of record as at August 30, 2017, payable on September 22, 2017 consisting of (i) an interim regular cash dividend of Pesos 4.489 per share or 50% of the first half 2017 *CCNI*, in line with the *Company*'s dividend policy; and (ii) Pesos 4.436 per share representing special dividends out of retained earnings available for declaration.

"The sustained growth and sound fundamentals of our economy, healthy domestic and foreign investor confidence and strong consumer demand have provided the underpinnings for further electricity sales volume growth in the first half of 2017, notwithstanding the high base effect of 2016.

"These have enabled us to register good financial results at a level broadly similar to the previous year, and to maintain a strong balance sheet and liquidity position, critical to supporting heavy capital expenditures for our distribution business and investments for our planned power generation portfolio. Our presence in power generation is strategic and vital to our ability to ensure energy security and affordability for more than 6 million customers in our franchise area.

"Since energy security and stability rank high in our national and corporate agenda, we continue to engage with our regulators on the urgency of securing final approval of our Power Supply Agreements, especially as they include the first ultra-supercritical coal-fired plant in the country. Management and the *Board* continue to monitor the policy, regulatory and tax reform agenda of the current administration in order to ensure that we are fully aligned with these and are able to provide whatever support we can, as well as benefit from emerging opportunities," stated **MR. MANUEL V. PANGILINAN, Chairman**.

The Core Distribution Business Amidst Challenges

Consolidated electricity sales volume grew by 3% year-on-year to 20,338 GWh, despite the high base effect of the same period in 2016 where volume surged by 11% to 19,717 GWh. System peak demand for the first half of 2017 was up 3% at 6,973 MW recorded on June 14, 2017 over the 6,748 MW on May 4, 2016.

Commercial sales volumes were at 8,045 GWh, about 4% higher than in 2016, accounting for 40% of the total energy sold. The top three (3) industry drivers remain to be real estate, hotels and restaurants, and the retail trade. The Business Process Outsourcing ("*BPO*") and the Philippine Offshore Gaming Operators ("*POGO*") sectors continue to register strong demand. Demand is also driven by the growth in the development and occupancy of new high rise residential units across various market segments, supported by sustained overseas remittances, and the liquidity and affordable credit facilities available from the banking industry. Additionally, hotels and restaurants, and the retail trade remain to be significant contributors to energy sales growth, in line with the Government's aim to position Metro Manila as one of the premier entertainment hubs in Asia, and the development of mixed-use business districts within, and of new communities outside, Metro Manila. These Commercial growth areas outside Metro Manila include Cavite and portion of Laguna, within the *Meralco* franchise area.

Industrial sales volumes grew by 3% to 5,892 GWh year-on-year, accounting for 29% of total GWh sales. Growth was led by the basic metals, food and beverage, rubber and plastics, and semiconductor industries. Real estate projects and Public Private Partnership ("*PPP*") infrastructure projects, even ahead of the Government's "Build, Build, Build" initiative, drove electricity demand from the basic metals sector. Food and beverage, as well as rubber and plastics, saw their demand grow on the back of healthy consumer demand as overseas and *BPO* remittances expanded and inflation remained benign. The semiconductor industry whose electricity demand had been relatively soft in 2016 has shown signs of recovery, driven by the office computing, automotive and electronics sectors.

Residential sales volumes rose 3% to 6,333 GWh in 2017 over the first half 2016, due largely to the growth in *Meralco*'s customer base, low inflation and strong consumer confidence, partly offset by slightly lower temperatures. Inflation as at June 30, 2017 stood at 2.8% while average temperature was 28.2°C, down from 28.8°C during the same period last year. While growth was posted across the entire franchise area, the south area, particularly, the Municipality of Rosario, and the cities of Bacoor, Muntinlupa and Alabang, led the volume increase with the energization of new accounts and the ramp-up of existing accounts. Residential sales volumes contributed 31% of the total energy sales as at the end of June 2017.

On prepaid electricity ("*PRES*"), a total of 60,560 meters have been installed within the franchise area as of the end of June 2017 with the increasing adoption and preference for convenience by customers, including those residing in high rise condominium units. There are increasing efforts to add more retailers to provide load top-ups.

The average *Meralco* retail price was at Pesos 8.10 per kWh for the first half of 2017, with generation charge being the largest component at 55%. Transmission, distribution, system loss, and taxes and universal charges, (including the increased Feed-in-Tariff Allowance or "*FIT-All*") represented 10%, 18%, 4% and 13%, respectively, of the average retail price.

Average generation rate charged to consumers was Pesos 4.45 per kWh, Pesos 0.51 per kWh or 13% higher than the average rate in the same period last year. Transmission charge was at Pesos 0.82 per kWh in 2017, Pesos 0.08 per kWh higher than in 2016 on account of higher volume transmitted.

Meralco's confirmation filing for "pass-through" charges covering the period January 2014 to December 2016, filed on March 31, 2017, was approved on May 3, 2017. While previous decisions on similar filings had refunds being implemented between 24 to 76 months, the *ERC* ordered a refund of a total of Pesos 6.9 billion to *Meralco* customers over a period of only three (3) months, applicable to the June to August 2017 billings to customers. While the three (3) month refund period is not aligned with customer consumption patterns, *Meralco* faithfully implemented the Order of the *ERC*, with the continuing concern on the possible impact on the average retail rates after August 2017, when the refund is completed.

Net system input ("*NSI*") was 21,761 GWh for the first six (6) months of 2017. Contracted natural gas plants accounted for 38% of *NSI*, inclusive of the 3% liquid fuel used during the 20-day Malampaya gas facilities outage. *Meralco*'s contracted coal-fired plants provided 33% of the *NSI*, while 28% of *NSI* represented volume sourced from a mix of hydro, geothermal, renewable and other non-*Meralco* contracted coal-fired plants. Average purchased power cost was at Pesos 5.50 per kWh, 15% higher than the 2016 cost as a result of the 20-day Malampaya gas facilities outage and extended scheduled maintenance of certain coal-fired plants.

Meralco has entered into long-term Power Supply Agreements ("*PSA*s") for a total of 185 MW of solar energy with three (3) solar power developers/generators, two (2) of which have undergone Competitive Selection Process ("*CSP*"), with 50 MW at a base price of Pesos 5.39 per kWh, and another 50 MW at Pesos 4.69 per kWh. The third *PSA*, priced at Pesos 3.50 per kWh, is completing the *CSP*. When finally approved by the *ERC* and dispatched, these will contribute to *Meralco*'s renewable energy portfolio.

System Loss ("*SL*") performance of *Meralco* for the 12-month period ended June 30, 2017 was at its "record best" at 6.11%, 2.39 percentage points lower than the regulatory *SL* cap of 8.5%.

Meralco's customer base grew by more than 4% to 6.2 million by end-June 2017, as new connections across all customer classes increased by over 260 thousand year-on-year. In the first half of 2017, there were a total of 136 thousand net new connections, reflecting an average of more than 22 thousand new customers per month. New residential connections were the highest at 129 thousand, with commercial at six (6) thousand and industrial at 86.

Energy volumes for Clark Electric Distribution Corporation ("*CEDC*") for the first six (6) months of 2017 was at 282 GWh, 5% higher than 2016. *NSI* rose by only 1% to 289 GWh, indicative of improved *SL* performance for *CEDC*. Its customer base grew 3% to 2,041 accounts. A new system peak demand of 96 MW was noted in the month of May 2017. Average generation rate was at Pesos 5.11 per kWh.

Total *CAPEX* for the first semester of 2017, including those for new load and customer requirements, and system reliability and safety, amounted to Pesos 5.3 billion. The completed major capital expenditures included the up-rating of San Miguel 20 MVA PXF Bank 1 to 33 MVA which provides additional capacity and improves the power quality in San Miguel, San Ildefonso and Doña Remedios Trinidad in Bulacan and some barangays in Pampanga. Several projects which are carryovers from the *3RP* are due to be completed between the second half of 2017 and December 2018. These include: (i) development of the Calamba 230 kV – 115 kV delivery point substation, the properties of which have been recently secured; (ii) construction of the Parang-Marikina 115 kV line which was substituted by San Mateo-Diliman-Marikina 115 kV line in conjunction with the proposed source (Parang-San Mateo 115 kV line) of the future development of the San Mateo substation; and (iii) construction of the Paco delivery point's additional 115 kV line, which requires the re-routing of the Paco-Tutuban segment and construction of the Paco-Kamagong and Paco-Legazpi lines and CBP-Rockwell segments. Other *CAPEX* includes the development of the Lucena substation and relocation projects for the Department of Public Works and Highway ("*DPWH*").

"As a highly regulated business with pervasive impact on the quality of life of nearly a quarter of the country's population and the operations of businesses and industries generating nearly half of the country's Gross Domestic Product ("*GDP*") through the reliability, quality and pricing of our electricity distribution business, we remain highly focused on delivering operational excellence in sales, energy sourcing, network, customer service, and financial results.

"Markets and customers are constantly changing. Disruptions are now the rule rather than the exception. We remain alert to these and are committed to responding to the changing times with agility. For example, we have contracted and participated in the Renewable Energy ("*RE*") space, signing three (3) long-term *PSA*s for solar energy at rates more than one-half lower than the first and second round Feed-In-Tariffs.

"We cannot be distracted by volatilities or disruptive forces, whether economic or technological in nature. Instead, we continue to be focused on delivering best in class electric service to our customers," said **MR. OSCAR S. REYES, President and Chief Executive Officer**.

Retail Electricity Supply ("*RES*"): An Intensely Competitive Market Benefitting Consumers

The *RES* market currently operates in a free, healthy and conducive market environment where (i) customers have the freedom of choice of remaining with their respective *DU*s or *EC*s, or switching to contestability and sourcing their electricity supply from any Retail Electricity Supplier (including *DU*- or *EC RES*, otherwise referred to as "Local *RES*"); (ii) Local Retail Electricity Suppliers have the right to compete in the *RES* market; and (iii) the *RES* market operates without undue intervention. This environment has allowed the *RES* market to function in an intensely competitive manner, enabling customers to procure prices, terms and product/service offers most beneficial to them.

Total *RES* energy sales volume for the first six (6) months of 2017 was 4,901 GWh from 665 contestable customers within the *Meralco* franchise area. To date, there are still close to 500 qualified Phase 1 and Phase 2 customers in the *Meralco* franchise area, and more than 700 nationwide, who have not switched to contestability.

Switching to contestability is currently influenced by the relatively low global prices for coal, natural gas and oil. This has resulted in compressing the gap between the price to contestable customers and the blended generation charge to "captive" customers remaining within their *DU*s or *EC*s, diluting the incentive to switch to contestability, particularly for customers who do not wish, for various reasons, to be bothered with, or do not have the resources, people or competence to source, negotiate and contract with a Retail Electricity Supplier. *RES* participants and contestable customers continue to track regulatory changes, monitor market and other developments, given the uncertainties surrounding the market.

Power Generation: Staying the Course to Ensure Supply Security and Price Stability and Competitiveness

San Buenaventura Power Limited ("SBPL")

SBPL remains on budget and on track with its construction schedule, with overall construction progress of the engineering, construction and procurement ("*EPC*") at over 45%. Critical site preparation works have been fully completed. With steelworks, pilings and foundations significantly completed, *SBPL* expects completion and commercial operations date ("*COD*") in the second half of 2019.

Total estimated project cost is at Pesos 56.2 billion, in-line with the original budget.

SBPL, a joint venture between MERALCO PowerGen Corporation ("*MGen*") and New Growth B.V., (a subsidiary of Electricity Generating Public Company Limited ("*EGCO*") of Thailand), achieved financial close of its 455 MW (net) supercritical coal-fired plant in Mauban, Quezon in December 2015.

Redondo Peninsula Energy Corporation ("RP Energy")

RP Energy has essentially completed site preparation. Signing of loan agreements for the entire debt requirement of the first 300 MW-phase was completed in December 2016. With a full *EPC* and project financing in place, the project is "shovel-ready" to issue the Notice to Proceed ("*NTP*") and to commence construction, and is just waiting for final approval by the *ERC* of the *PSA* between *RP Energy* and *Meralco*. The *PSA* which was filed as early as April 29, 2016, has undergone all the necessary processes and hearings, and had been submitted for decision in April 2017.

The passage of time since filing of the *PSA* with the *ERC* has resulted in increased *EPC* cost due to escalations tied to reference indices, and increases in foreign exchange rate. *RP Energy* has advised the regulator on these project cost increases and their impact on project viability and the *PSA* price, and has appealed to the regulators for final approval at the earliest possible time.

RP Energy is a 2x300 MW-phased, circulating fluidized bed coal plant, which is a joint venture among *MGen*, Therma Power, Inc. ("*TPI*", a wholly owned subsidiary of Aboitiz Power Corporation) and Taiwan Cogeneration International Corporation – Philippine Branch.

Atimonan One Energy Corporation ("A1E")

A1E has fully secured the site and completed the relocation of previous occupants to a model community. Project financing is in place and ready for financial close. *EPC* discussions are in the final stages and *NTP* will proceed upon final approval by the *ERC* of the *PSA* between *A1E* and *Meralco*. Similar to the *PSA* for *RP Energy*, the *A1E PSA* has undergone all the necessary processes and hearings, and had been submitted for decision in May 2017.

As in the case of *RP Energy*, the passage of time since filing of the *PSA* with the *ERC* results in estimated *EPC* cost escalations due to the increases in foreign exchange and benchmark interest rates, and the upward movement of *EPC* reference indices from the agreed date. These translate to a higher total project cost, with adverse impact on the project's viability and the *PSA* price. *A1E* has appealed to the regulators for final approval at the earliest possible time.

On July 4, 2017, a public hearing was conducted by the House Committees on Energy and Good Governance with the four (4) *ERC* Commissioners in attendance, during which the Committees were advised that they would act on the matter within three (3) months from that date.

A1E is a planned 2x600 MW ultra-supercritical pulverized coal-fired plant in Atimonan, Quezon with first unit *COD* in 2021. A *PSA* for the entire capacity has been signed with *Meralco* and filed with the *ERC*.

Conclusion

"We continue to be encouraged by the optimism, locally and overseas, of the country's ability to sustain its robust growth trajectory and its continuing transformation to a regionally competitive economy. This will be achieved mainly through massive infrastructure development, a comprehensive tax reform program and an effective tax collection system, energy, water and telecommunications security, policy and regulatory stability, and maintenance of peace and order, among others.

"As these developments unfold, we will continue to focus on value creation and customer experience transformation, enabled by technology, innovation and digital strategies, including our investments in a "smarter" grid. Our customer base is evolving with the growing population of millennials, which requires us to look beyond the hard assets and anticipate their emerging needs, changing consumption behavior and habits, and product and service expectations.

"Despite some regulatory challenges, we remain optimistic about the business for the remainder of the year as we continue to find new ways to grow our revenues from serving our customers, as well as finding ways of operating more efficiently.

"Finally, in line with our commitment to sustain delivering value to our shareholders, the *Board* today approved an interim regular cash dividend of Pesos 4.489 per share and a special dividend of Pesos 4.436 per share to all shareholders of record as of August 30, 2017, payable on September 22, 2017," concluded **Mr. Pangilinan.**

	MANILA ELECTRIC COMPANY Consolidated Financial Highlights (Unaudited) (in Million Pesos, except per share data)		
	For the six months ended June 30		**Percent Change**
	2017	**2016**	
REVENUES			
Electricity	137,409	124,769	10
Non-electricity	3,623	4,035	(10)
	141,032	128,804	9
COSTS AND EXPENSES	127,543	114,839	11
OTHER INCOME (EXPENSES) – net	1,100	1,046	5
INCOME BEFORE INCOME TAX	14,589	15,011	(3)
PROVISION FOR INCOME TAX	4,021	4,136	(3)
REPORTED NET INCOME	10,501	10,768	(3)
CORE NET INCOME	10,118	10,388	(2)
EARNINGS PER SHARE			
On Reported Net Income			
Basic	9.317	9.554	(2)
Diluted	9.317	9.554	(2)
On Core Net Income [1]			
Basic	8.977	9.217	(3)
Diluted	8.977	9.217	(3)

[1] Reported net income exclude the effects of foreign exchange gains or losses, 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.

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About *MERALCO*

MERALCO is the largest electric power distribution company and the largest private sector utility in the Philippines. Through a Consolidated Certificate of Public Convenience and Necessity, *MERALCO* provides electric service within its franchise coverage. Its subsidiaries are engaged in engineering and consulting, construction, bills payments and other electricity-related services. A subsidiary is in the process of developing the Company's power generation portfolio.

MERALCO is listed on the Philippine Stock Exchange (PSE: MER). *MERALCO* has the largest market capitalization among the Philippine listed utility and power sector companies.

Further information is available at www.meralco.com.ph.