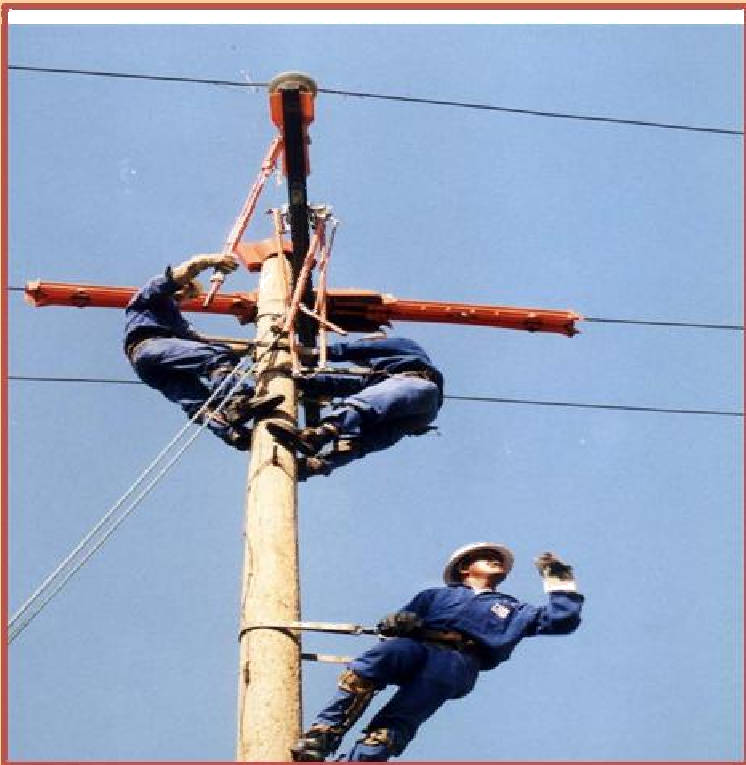




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INVESTORS' BRIEFING & TELECONFERENCE
3rd Quarter Operating & Financial Results

October 22, 2010



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Outline of Presentation

- **3Q 2010 Operating Highlights**

Oscar S. Reyes, Sr. Executive Vice President & COO

- **Financial Results**

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

- **Regulatory and Rate Updates**

*Ivanna G. Dela Peña, FVP &
Head, Regulatory Management Office*

- **Outlook**

*Manuel V. Pangilinan, President &
Chief Executive Officer*



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Operational Highlights



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Continued Robust Demand for 2010

- September 2010 YTD up 11.1% vs. 2.1% Ave. Past 5 Years
 - Full-year LE 2010 energy sales growth is 8.9%
- Across all customer classes; Led by Industrial Sector sales
 - Consolidated Energy Sales, 22,660 GWh Sept YTD
 - 2010 Peak Demand 5,374 MW, up 9.5% vs. 2009

Sustained Customer Growth

- Customer Count up 3.2% to 4.82M; addition of 114,566 customers since start of 2010
 - Led by Residential Sector

October 2010 Generation Charge lower vs. Sept

- Lower by P1.10 at P4.3140 per kWh vs. P5.4119 per kWh
 - Reduction of NPC's Automatic Cost Adjustment (ACA) per ERC Order
- Also, highest ever dispatch of Meralco IPPs and smaller share of WESM purchases

Jan-Sept 2010 Ave. Retail Rate at P9.05/kWh

- 58.8% to Gen. Charge, 15.8% to Meralco, 10.3% to Subsidies, Taxes, Univ. Charge

Strong Operational Performance

- System Loss Performance lowest in 36 years or since 1975
 - System Reliability (IFR) Performance improved by 22.8%
 - System Availability (CIT) Performance improved by 22.5%

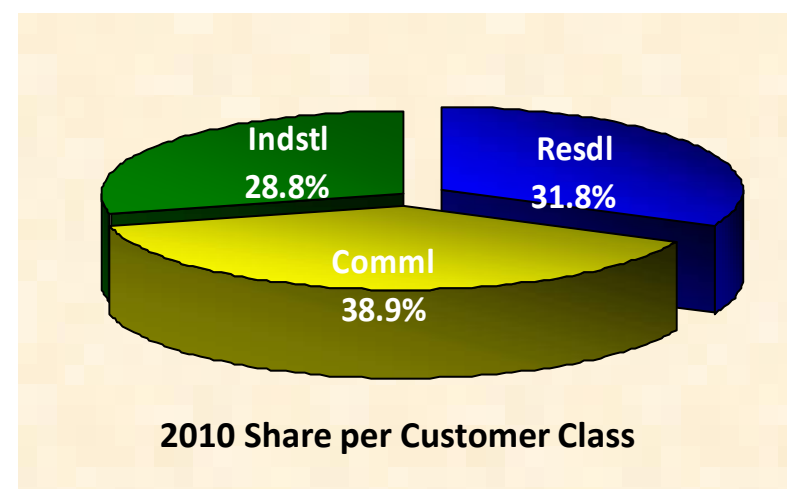
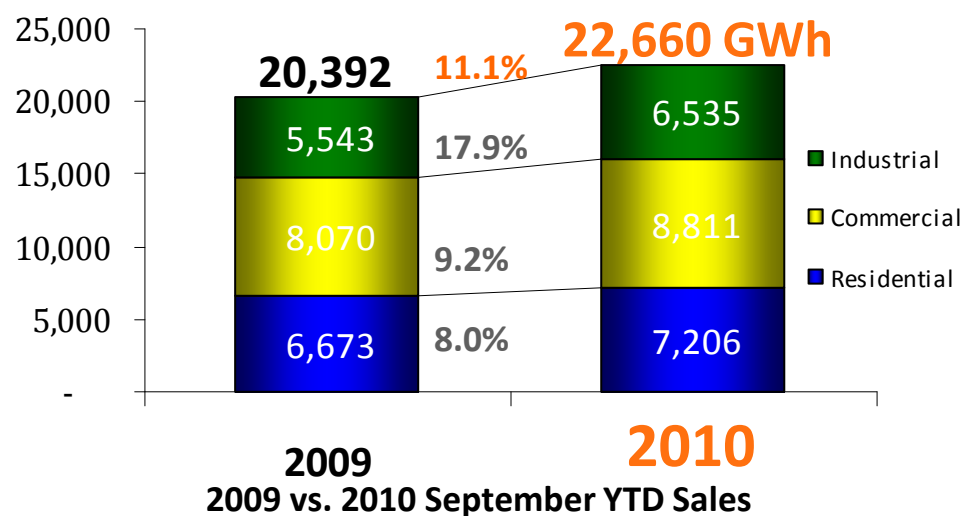
Other Significant Events

- Typhoon "Juan" hit country but no significant effect on operations within franchise
 - Rotational brownouts in selected circuits, with minimal effect, due to reduced availability of power plants

Energy Sales – Consolidated

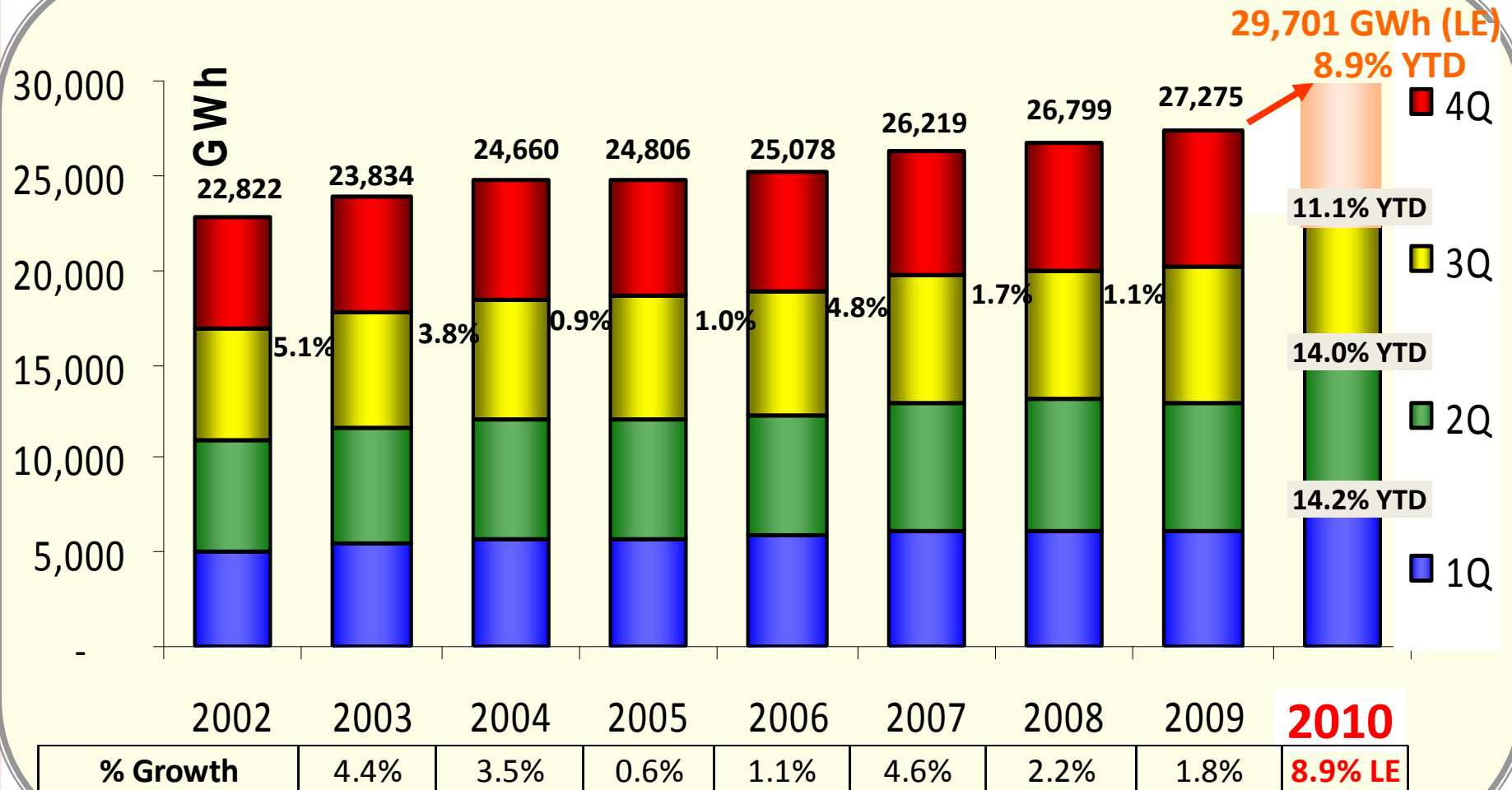
- Consolidated Meralco & CEDC Energy Sales: 22,660 GWh
- Up 11.1% from 20,392 GWh for same period last year

Energy Sales, <i>in GWh</i>	As of September		%Inc/Dec
	2010	2009	
• TOTAL	22,660	20,392	11.1%
<i>Residential</i>	<i>7,206</i>	6,673	8.0%
<i>Commercial</i>	<i>8,811</i>	8,070	9.2%
<i>Industrial</i>	<i>6,535</i>	5,543	17.9%
<i>Flat Streetlights</i>	<i>107</i>	106	1.2%



Meralco Energy Sales Growth

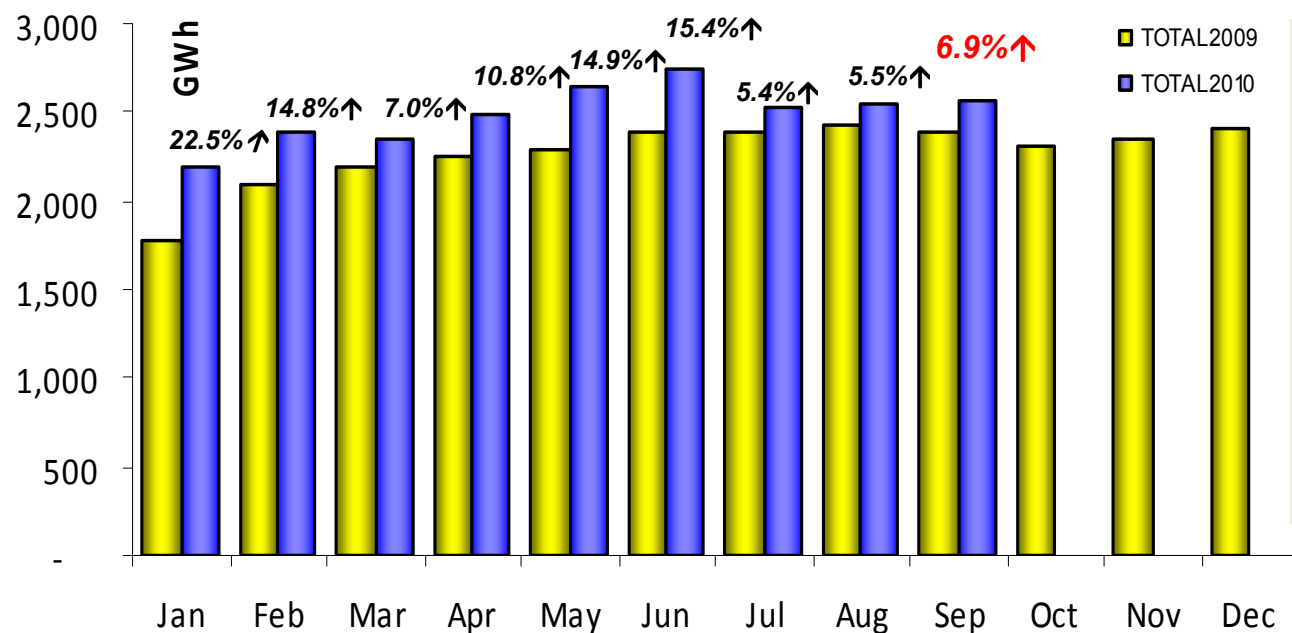
- Period ended Sept. 30, 2010 up 11.1% vs. 2.1% Ave. Past 5 Years



Meralco Monthly Energy Sales Trend

- Growth across all customer classes; Led by Industrial Sector sales

ENERGY SALES	Share	Month of September		%CHANGE
		2010	2009	
• TOTAL (in GWh)	100%	2,561	2,397	6.9%
Residential	31.9%	817	776	5.3%
Commercial	39.1%	1,001	931	7.4%
Industrial	28.5%	731	677	7.9%
Flat Streetlights	0.5%	12	12	1.7%



Increased consumption, particularly in:

COMMERCIAL

- Transport, Storage & Comm'n
- Real Estate
- Private Services

INDUSTRIAL

- Electrical Machinery
- Plastics
- Food mfg.



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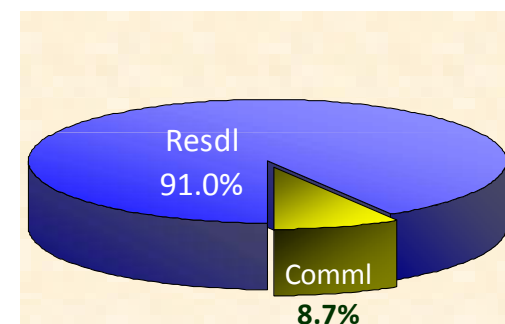
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Customer Growth - Consolidated

- Customer Count, total 4.818M as of Sept 2010
- Up 3.2% vs. last year
- Addition of 114,566 new customers from beginning of 2010, mainly Residential

Meralco & CEDC

CUSTOMER COUNT	As of September		%Inc / Dec
	2010	2009	
• TOTAL	4,818,020	4,669,322	3.2%
Residential	4,383,659	4,244,983	3.3%
Commercial	420,256	410,216	2.4%
Industrial	9,871	9,955	-0.8%
Flat Streetlights	4,234	4,168	1.6%

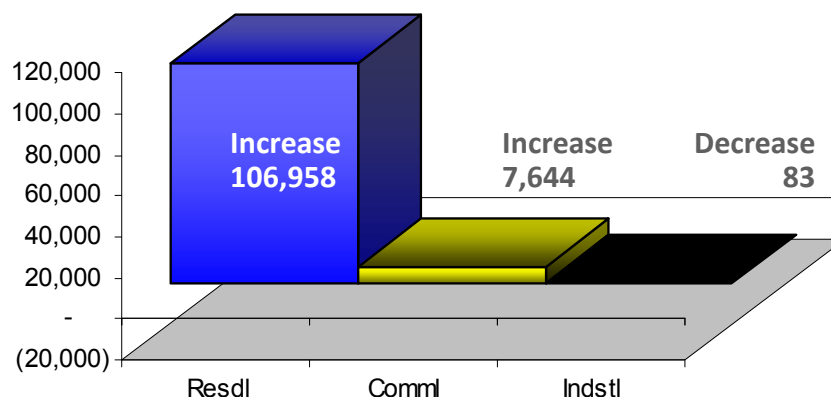


2010 Share per Customer Class

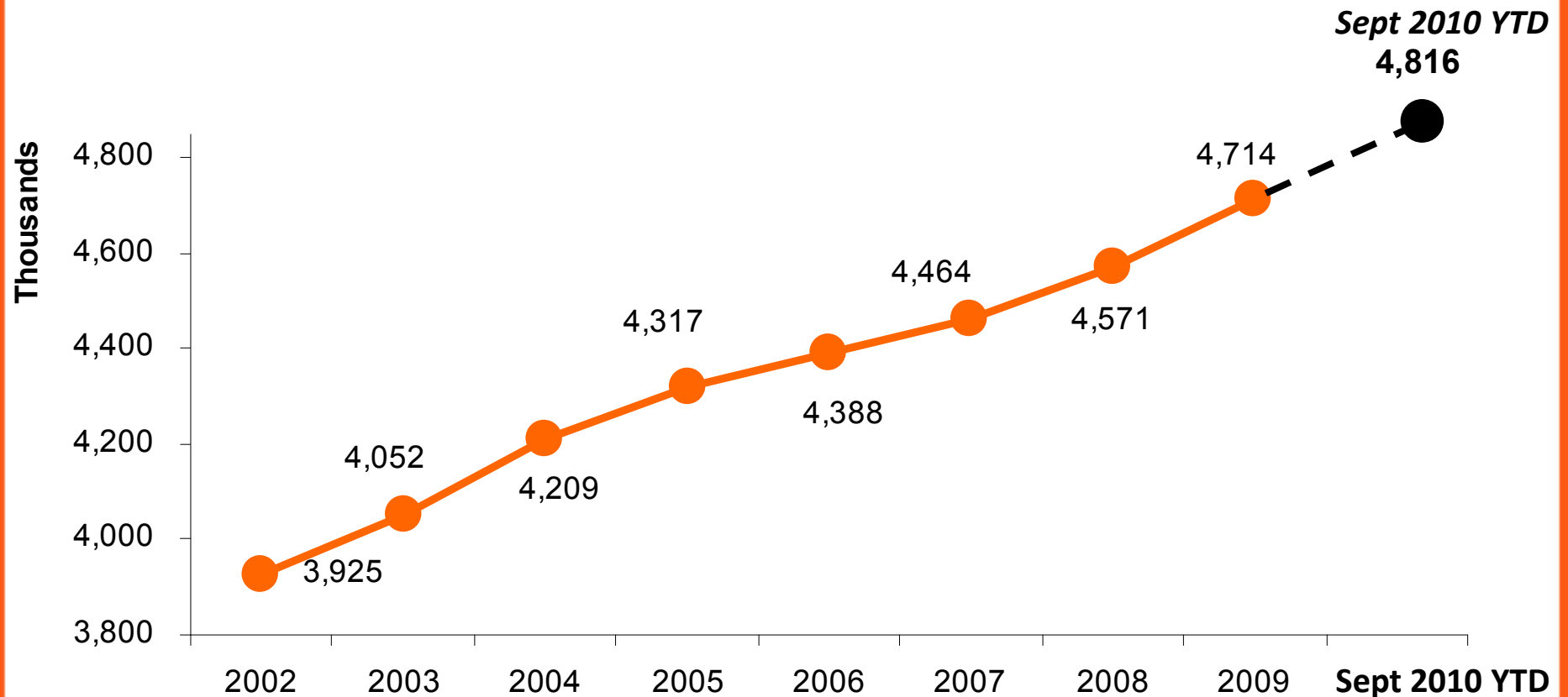
New Customers:

Total 114,566

(Sept. 2010 vs. Dec. 2009)



Meralco Customer Growth



% Growth	3.2%	3.9%	2.6%	1.6%	1.7%	2.4%	3.1%	3.2%
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October 2010 Gen Charge: P4.3140 per kWh

Down P1.10/kWh vs. September 2010

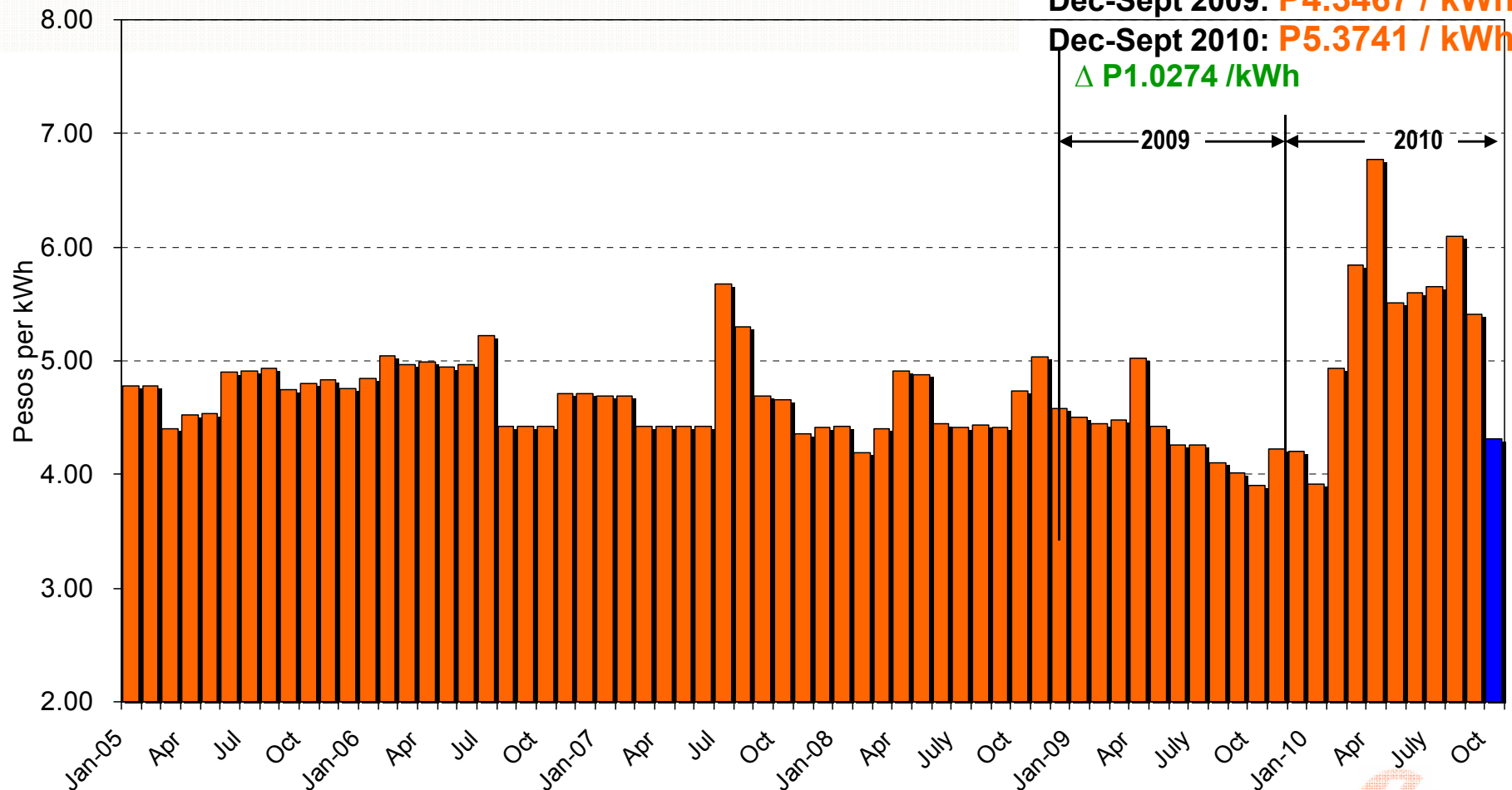
- **Below P5.00/kWh for 1st time since Feb 2010**

Weighted Average:

Dec-Sept 2009: P4.3467 / kWh

Dec-Sept 2010: **P5.3741 / kWh**

Δ P1.0274 /kWh

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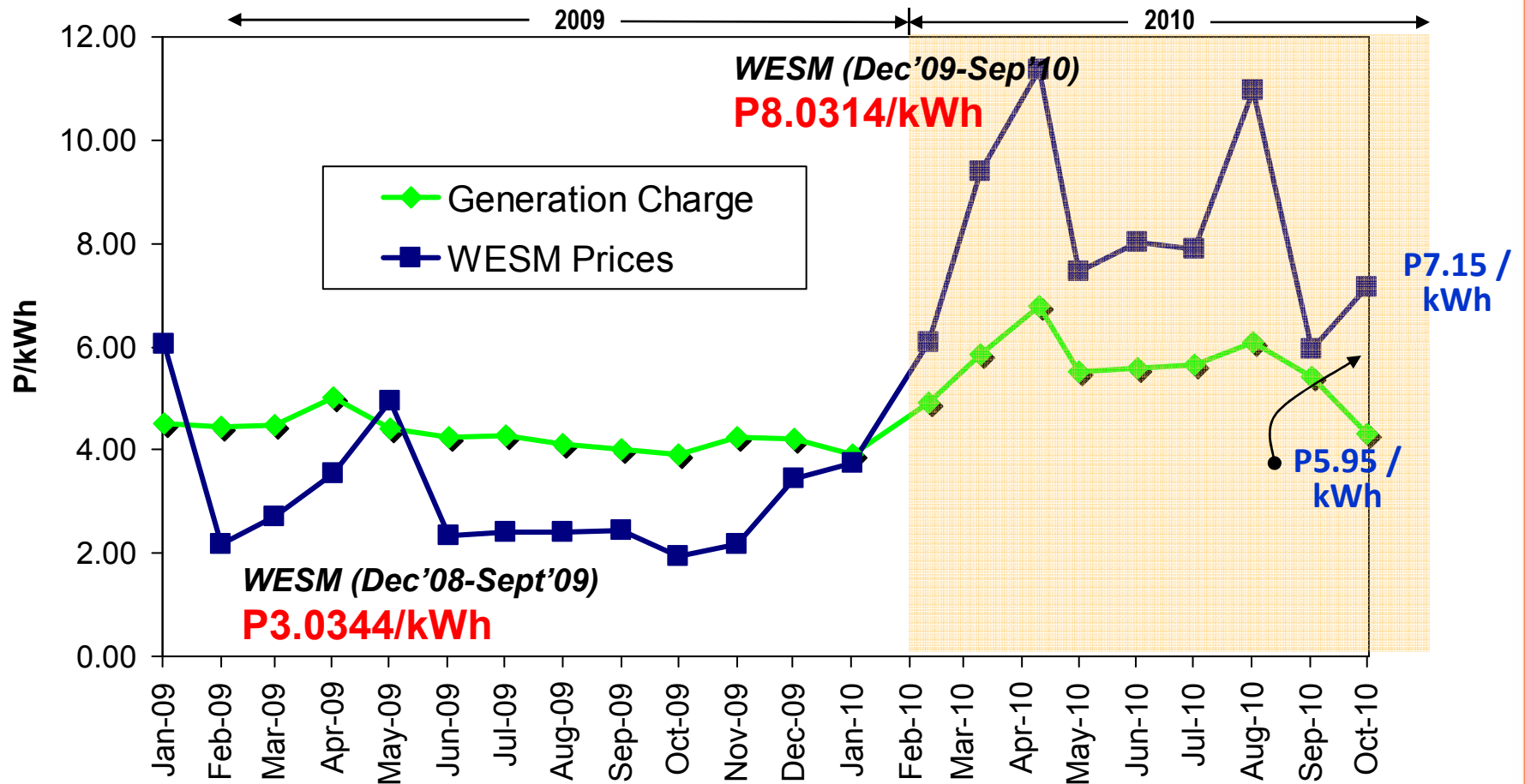
October 2010 Generation Charge down P1.10 per kWh vs. prior month, largely due to lower NPC rate*

		Share to Total Input	Oct 2010 Gen Chg (P/kWh)	Sept 2010 Gen Chg (P/kWh)	Incr/(Decr) (P/kWh)
NPC & WESM		37.4%	4.50	6.37	(1.87)
NPC		28.6%	3.68	6.60	(2.92)
WESM		8.8%	7.15	5.95	1.20
IPPs	Dispatch	50.4%	4.19	4.49	(0.30)
QPPL	95.1%	11.8%	4.19	4.60	(0.41)
Sta Rita	92.3%	25.4%	4.21	4.48	(0.27)
San Lorenzo	96.0%	13.2%	4.15	4.41	(0.27)
Generation Cost		87.9%	4.32	5.31	(0.98)
Adjustments (pilferage recoveries, etc.)			(0.01)	0.10	(0.11)
Equivalent Generation Charge			4.3140	5.4119	(1.10)
Special Programs		12.1%			
Total System Input		100.0%			

* Due to reduction of NPC's Automatic Cost Adjustment (ACA) per ERC Order

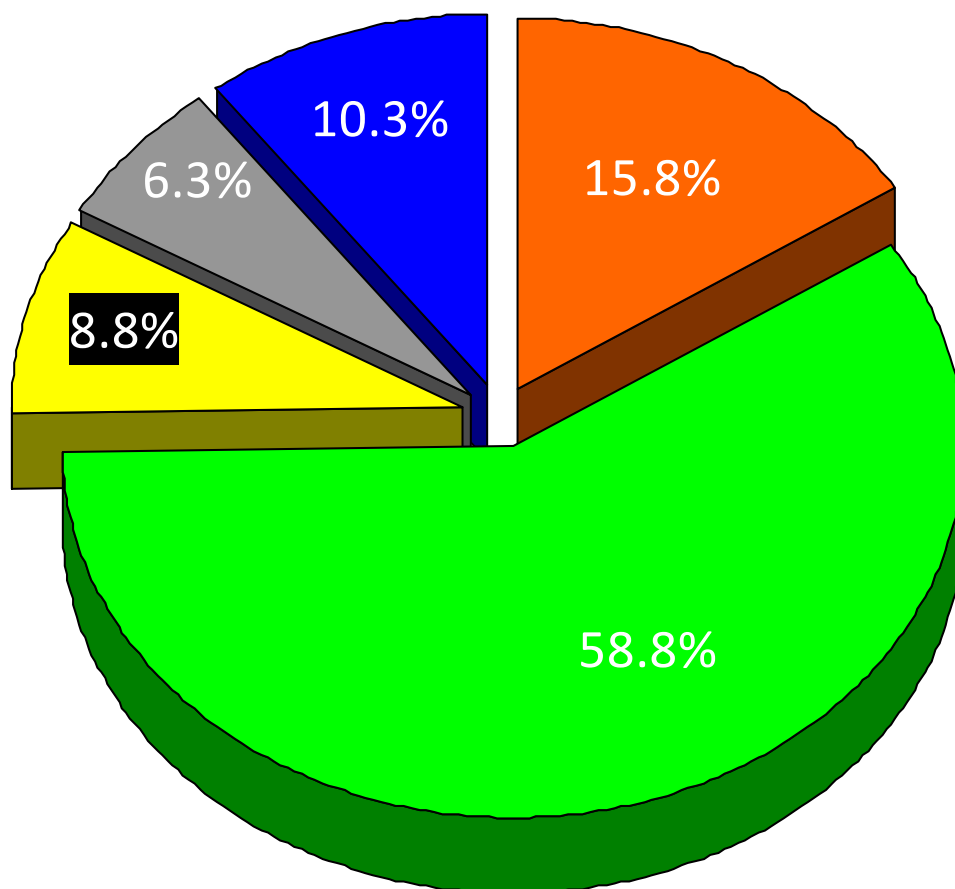


Sept 2010 WESM prices higher vs. prior month (mitigated by smaller share of WESM purchases)



Billing Component

(Average January-September 2010)



COMPONENT	Jan-Sep 2010	
	Overall	
Meralco		1.4339
Generation		5.3185
Transmission		0.7931
System Loss Charge		0.5733
Subsidies, Taxes, UC		0.9291

JAN-SEP 2010 OVERALL:

P9.0480/kWh



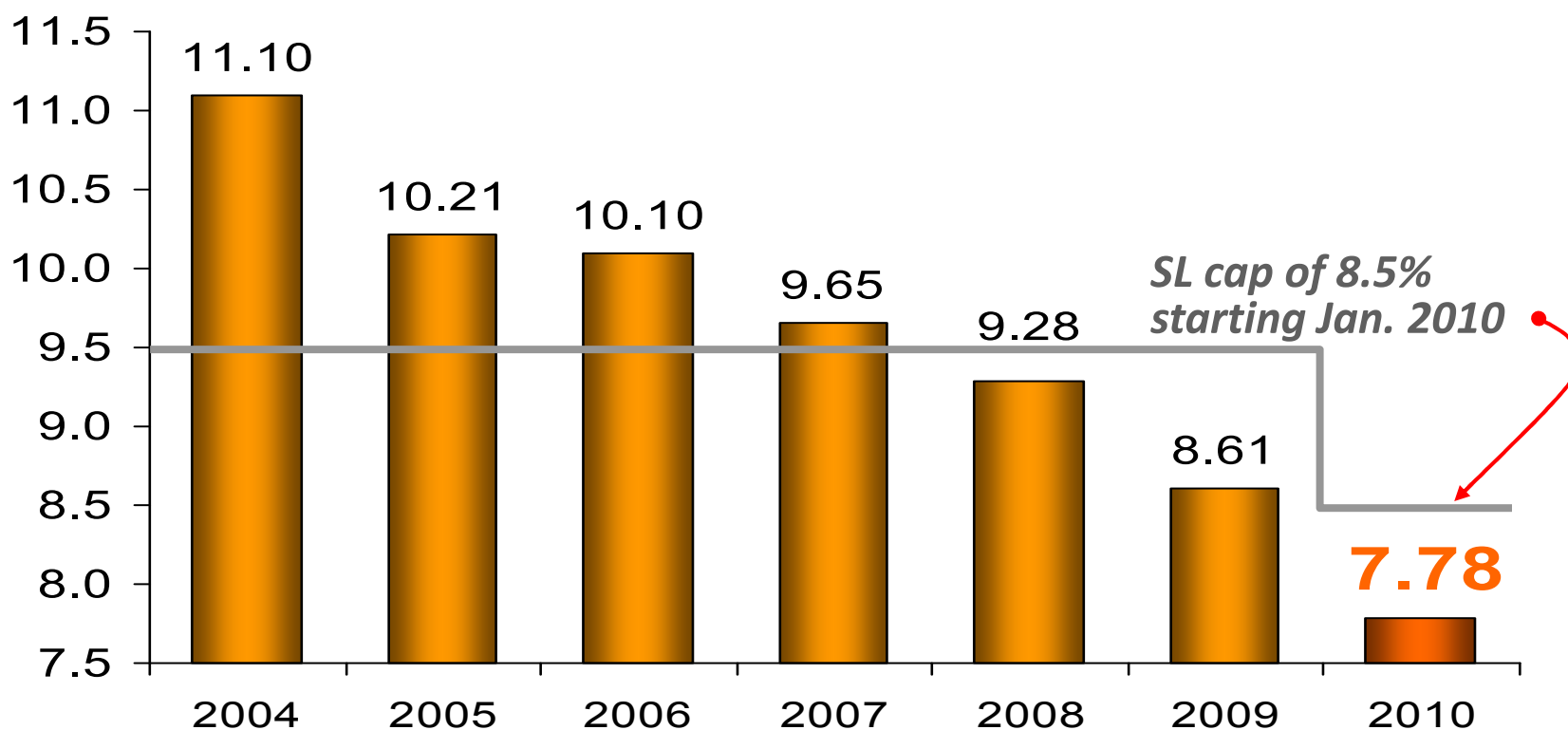
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System Loss Performance

System Loss 12-MMA ending September 2010: 7.78%

- **Lowest in 36 years or since 1975**



- Official ERC-filed Meralco System Loss: (excludes that of Clark Electric Distribution Corp. (CEDC))
- Starting 2008, system Loss was computed excluding kilowatthour recoveries from violation of contracts (VOC) and Illegal Service Connections (ISCs) cases.



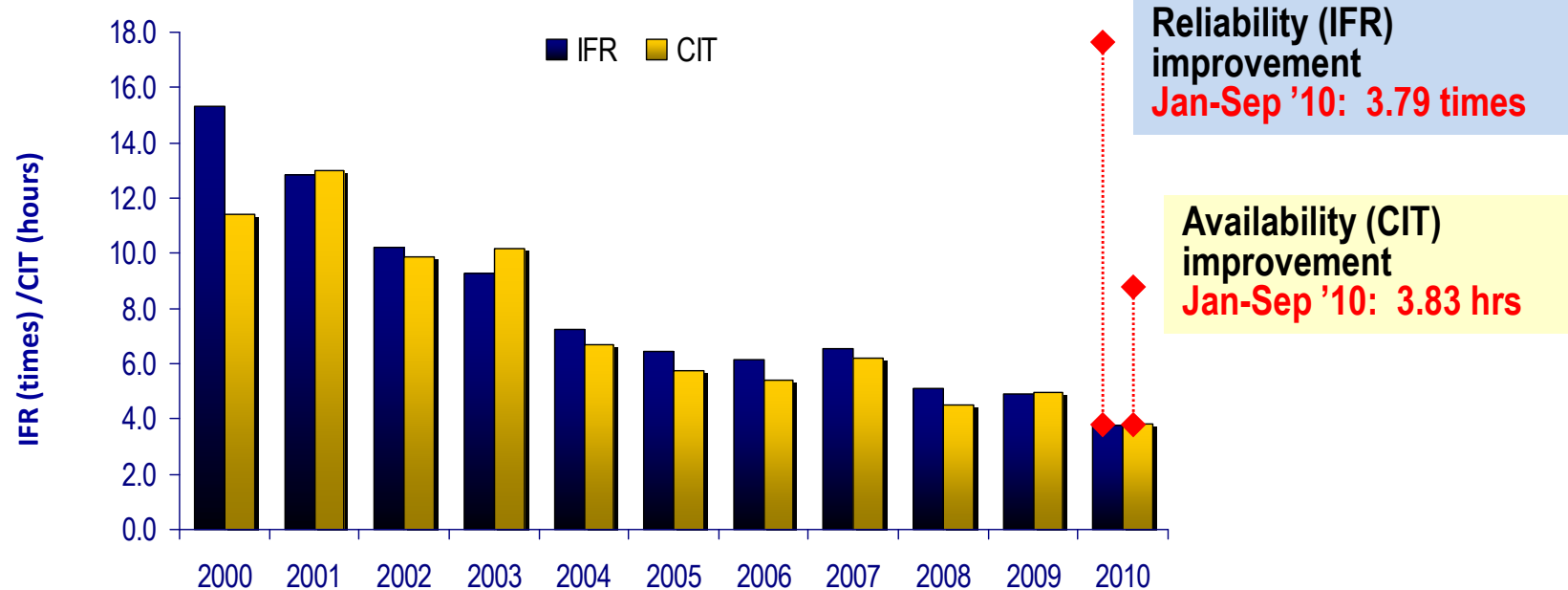
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System Reliability / Availability Performance

- Reliability (IFR) improved by 22.8%

- Availability (CIT) improved by 22.5%



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



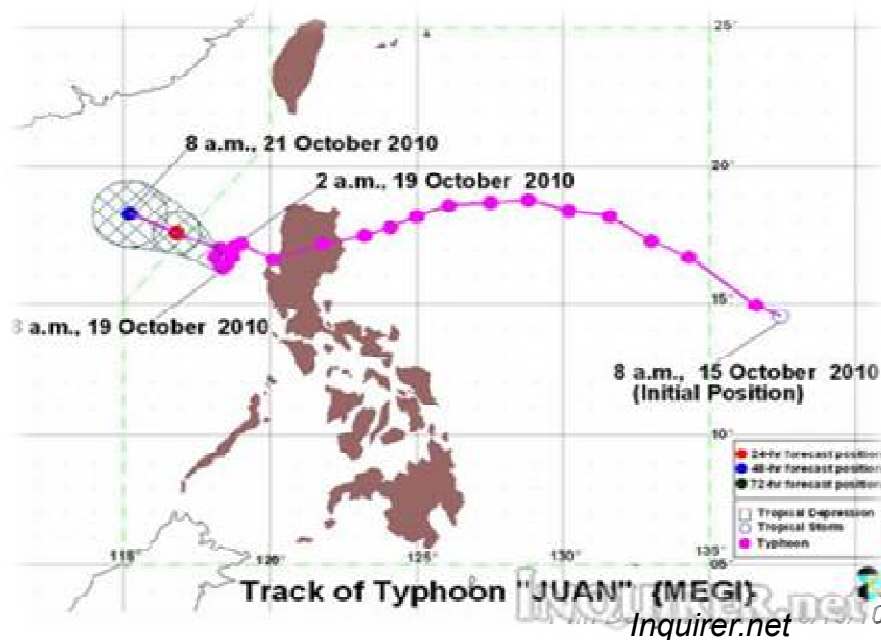
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Update on Typhoon "JUAN"

No significant effect on operations within franchise

- Company in full state of preparedness
- Raised local alert (Declaration of State of Readiness) as early as Friday, October 15, 2010
- Call volume received classified as NORMAL (between 5,000-7,000 calls)
- Rotational brownouts Oct. 18/19 for several hours in selected circuits due to reduced availability of Masinloc and Sual
- Effect of brownouts minimal due to reduced demand caused by lower temp and slow economic activity in the North, resulting in increased availability for Meralco



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Financial Results



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FINANCIAL RESULTS SUMMARY

Sustained Robust Revenues

- Consolidated Revenues up 32%
- Electricity revenue, which accounts for 97% accounted for the increase
- Higher amount of generation charge, 65% of total revenues in 2010
- Higher average distribution rate at P1.42 per kWh

Income on Track vis-a-vis Guidance

- Consolidated Core Net Income at P9.2 billion, up by 80%
- Reported Net Income at P8.0 billion, up by 61%
- Higher Net Distribution Income



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FINANCIAL RESULTS SUMMARY

Strong Cash Position

- Cash balance of P20.2 billion
- Improved daily cash collection

Return to Shareholders

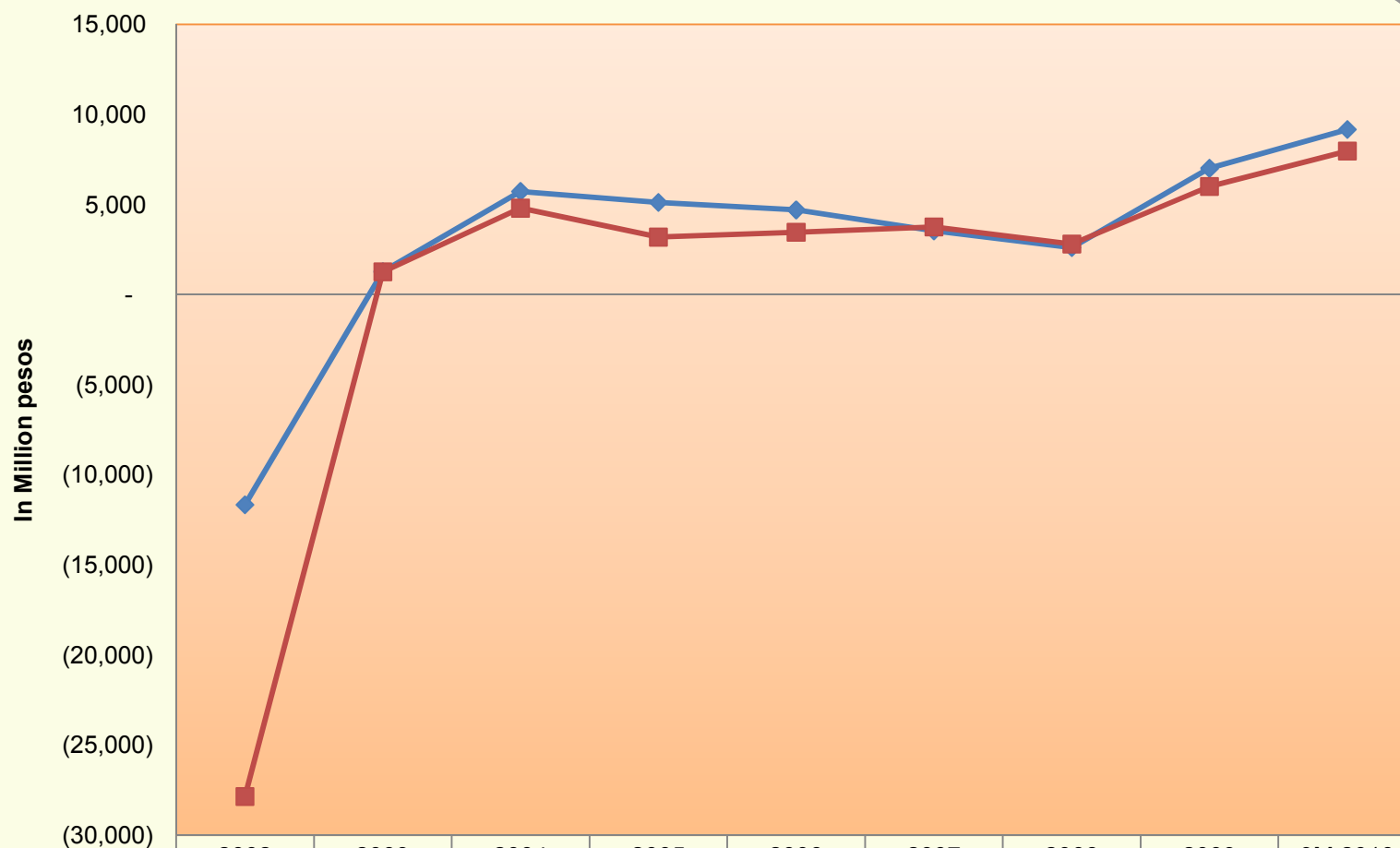
- Dividend declared as of September - P6.3 billion



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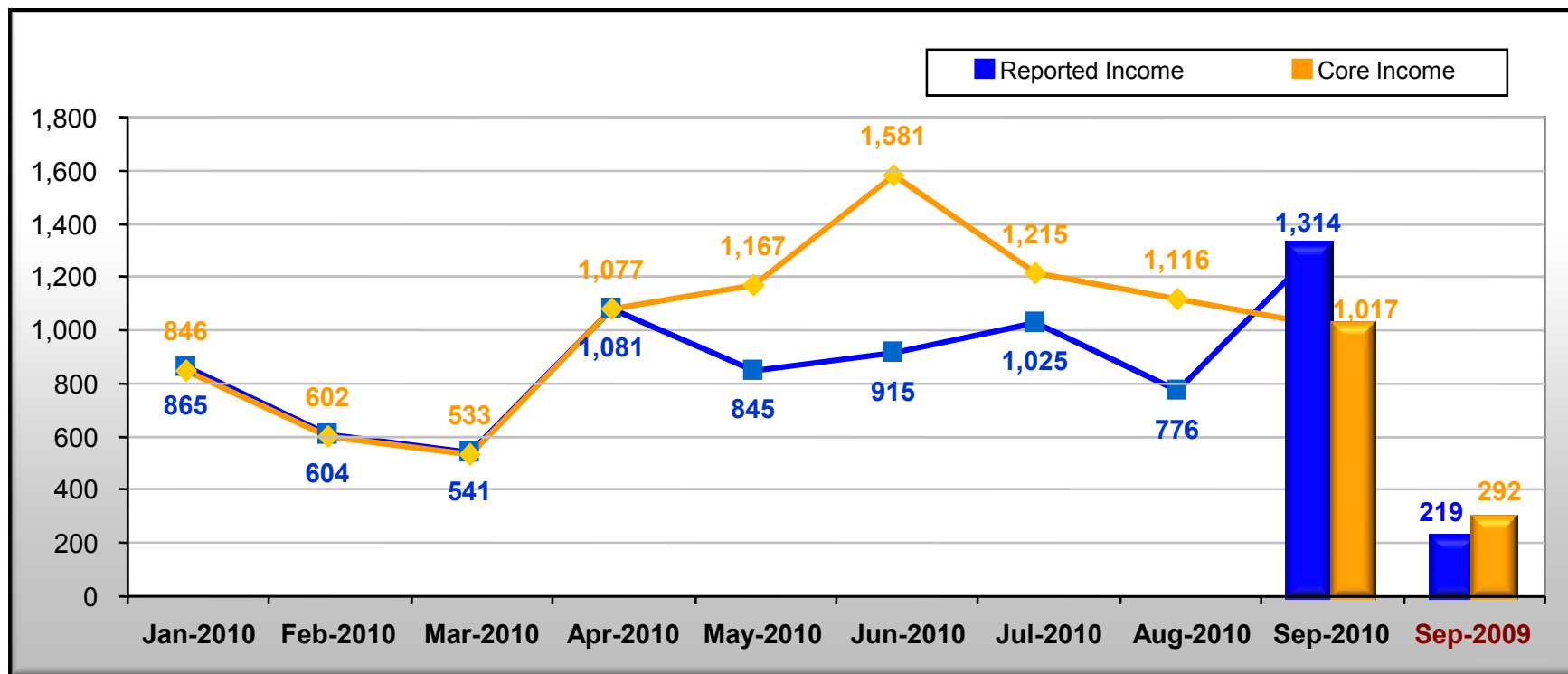
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Reported and Core Net Income



Core Net Income	(11,667)	1,267	5,719	5,108	4,696	3,532	2,605	7,003	9,154
Reported Net Income	(27,863)	1,267	4,799	3,191	3,465	3,759	2,800	6,005	7,966

Monthly Core and Reported Income



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Revenues and Net Income

Revenue up by 32%

- 32% rise in Electricity Sales
- 75% rise in Sale of Services & Others

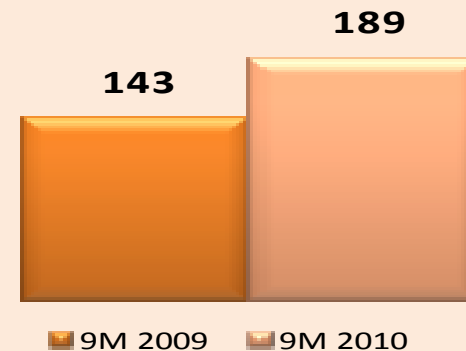
Net Income up by 61%

- 68% increase in distribution income
- Lower financing cost

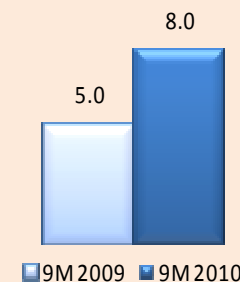
Strong 9M 2010 vs 9M 2009

- Reported net income grew by 61% or P3.0 billion from last year.
- Core net income grew by 80% or P4.1 billion, largely from the Power Distribution business.

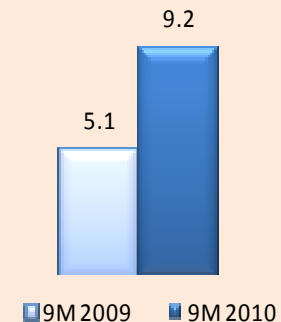
Revenues
(In Bln pesos)



Reported Net Income
(In Bln Pesos)

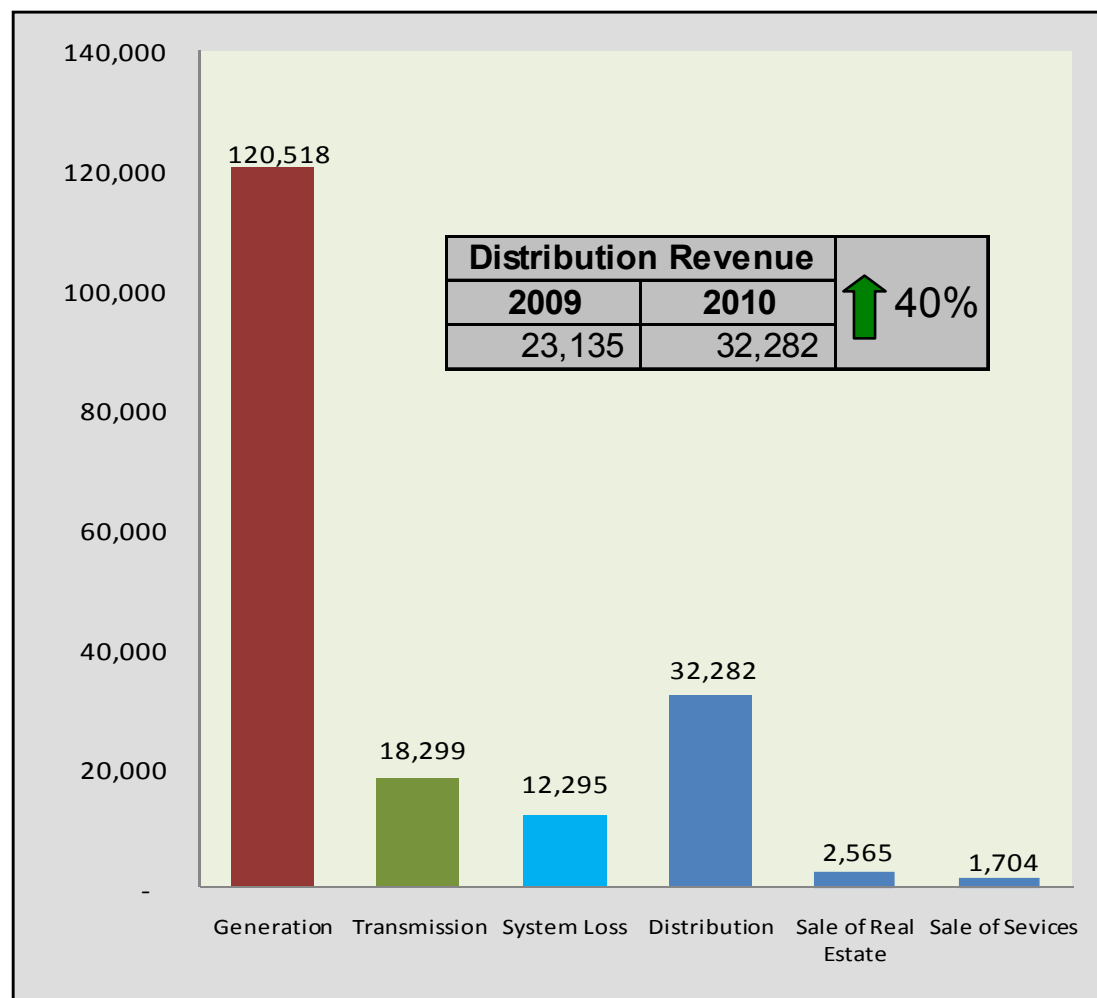


Core Net Income
(In Bln Pesos)



Revenue Composition

	(in Mln Pesos)*
Generation	120,518
Transmission	18,299
System Loss	12,295
Distribution	32,282
Total Electric Revenues	183,394
Sale of Real Estate	2,565
Sale of Services	1,704
Others	1,241
TOTAL REVENUES	188,904



*As of 9Mo 2010
Inclusive of taxes due



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Financial Highlights

(In Million Pesos)	9M 2010	9M 2009
Cash	20,235	13,504
Utility Plant & Others	99,067	96,593
Trade & Other Receivables	27,545	31,335
Trade and Other Payables	35,520	28,524

CAPEX commitments under PBR funded by internally-generated funds

Improved average collection period

	9M 2010	9M 2009
Day Sales Outstanding	25 days	29 days
Gross Debt to Equity	0.35	0.36
Net Debt to Equity (gearing)	0.01	0.12

Low net gearing with total payment of P1.5 billion of outstanding consolidated debt

Increased liabilities due to higher pass-through cost

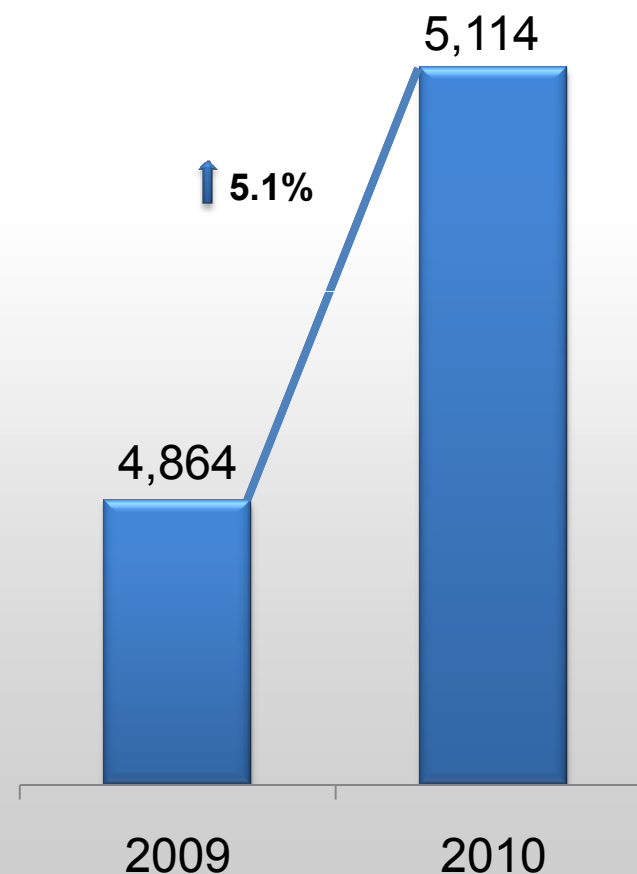
CAPEX

**Meralco's CAPEX for 9M 2010
amounted to P5.1 bln**

Sub-transmission Line Projects	Date of Completion/ Commissioning
Tagaytay West-Tagaytay 115kV line	Aug 12, 2010
Distribution Line Projects	Date of Completion/ Commissioning
Conversion of Escolta Network Phase 1	July 2, 2010
Conversion of Cavite 13ZD	July 31, 2010
Conversion of Cavite 16ZD	Aug 31, 2010
Conversion of Cavite 12ZD	Sept 22, 2010

Capital Expenditures

Php in Millions

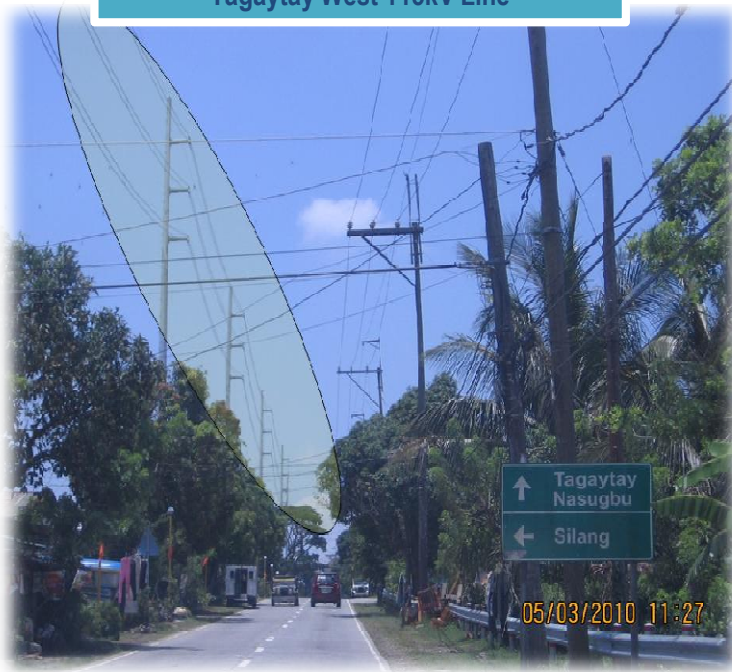


Major Capital Projects 3Q 2010

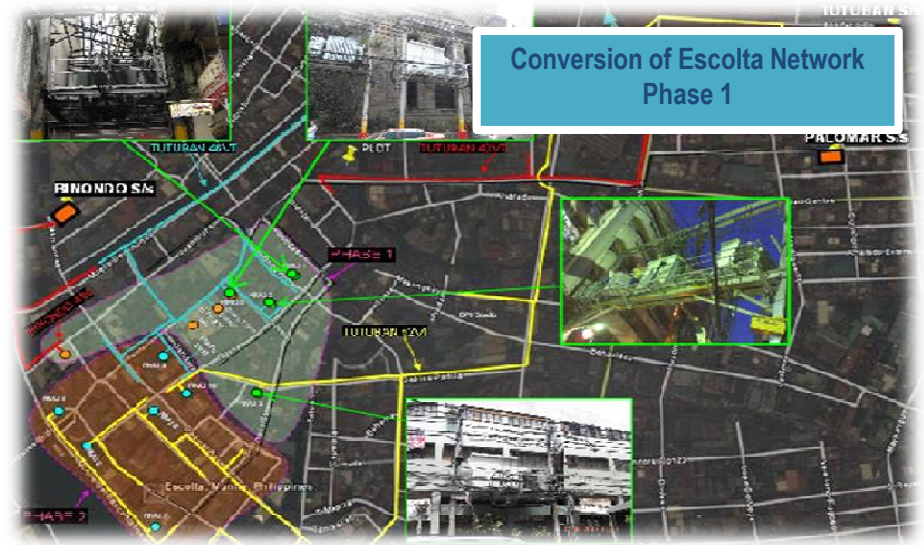
Distribution Lines

Sub-transmission Lines

Tagaytay West 115kV Line



Conversion of Escolta Network Phase 1



Bank No. 1

Bank No. 2

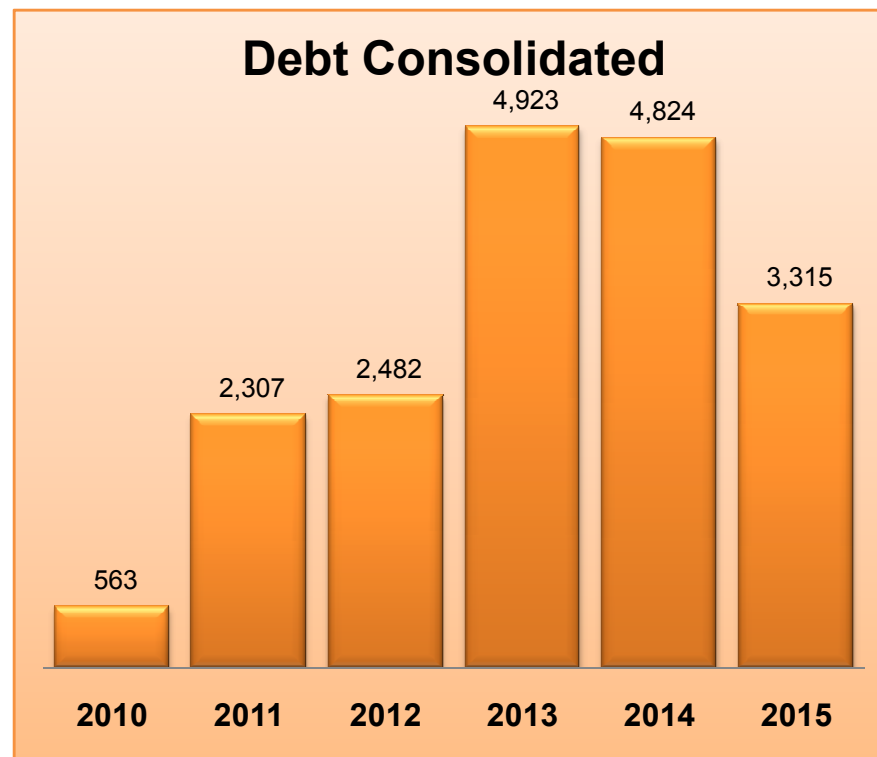
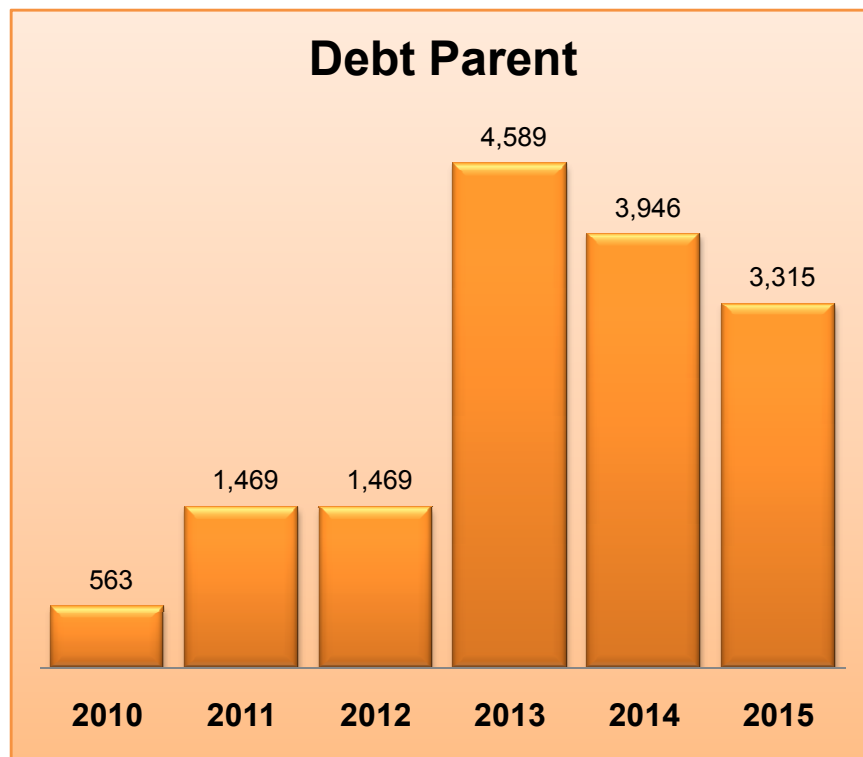
ckts. 12ZD & 13ZD

ckts. 16ZD & 19ZD

Conversion of Cavite 12ZD, 13ZD, 16ZD

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Debt Maturity Profile



9M 2010 (In Millions)

TOTAL DEBT P20,628

TOTAL EQUITY 62,978

Equity attributable to holders of parent 58,883

Non-controlling interests 4,095

Dividends

Meralco's Dividend Policy*:

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

Dividends Declared as of September 2010

- P3.15 a share paid on May 11, 2010
- P2.50 a share paid on September 16, 2010

Core Net Income

- YE 2009 at P7.0 billion
- As of September 2010 at P9.2 billion

**approved by the BOD on 22 February 2010*



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Regulatory & Rate Updates



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Outline of the Updates

- PBR Updates
 - 3rd Regulatory Period Reset Application
 - RY2011 Rate Verification Application



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Hearings are ongoing on Meralco's 3rd Regulatory Period (3RP) Reset Application

Revised Timetable

Activity	Original Timetable	Revised Timetable (Unofficial)
<i>Completed</i>		
Filing of application	Jun 18, 2010	
Expository hearings	Started July 14	
<i>Scheduled</i>		
Evidentiary hearings	Aug 9-11; Oct 12-15, 19, & 21	
Draft Determination	Oct 27	Nov 19
Public Consultation on Draft Determination	Dec 1-2	Jan 4-7, 2011
Final Determination	Jan 26, 2011	Feb 18
Filing of rate translation	Feb 28	Mar 11
Rate Implementation	July 1	



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Update on Rate Verification Filings for RY2011 (2nd Regulatory Period)

Group A Entrant DU	ERC-approved MAP2010 (₱/kWh)	MAP2011 applied or (₱/kWh)	Status	ERC-approved MAP2011 (₱/kWh)
CEPALCO	1.4482	1.5745	MAP2011 implemented Sept 2010	1.5705
DECORP	1.5460	1.9429 (w/ relaxed SC) 1.5499 (SC imposed)	MAP2011 implemented Aug 2010	1.7100
Meralco	1.4917	1.6464	Hearings concluded, pending w/ ERC	-

Note: SC – side constraints

Manila Electric Company

3rd Quarter Operating & Financial Results
Investors' Briefing & Teleconference

Thank you

October 22, 2010

Haliging matatag, Sandigan sa lahat ng oras.

