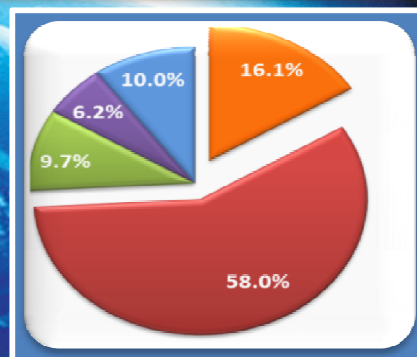


Manila Electric Company

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1ST QTR 2011 FINANCIAL & OPERATING RESULTS



OPERATING
HIGHLIGHTS



FINANCIAL
RESULTS

6th May 2011 / 2:00 pm to 3:00 pm / MERALCO, Pasig City

INVESTORS' BRIEFING & TELECONFERENCE

Disclaimer



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Outline of Presentation



- **Operating Highlights**

*Oscar S. Reyes, Sr. Executive Vice President &
Chief Operating Officer*

- **Financial Results**

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

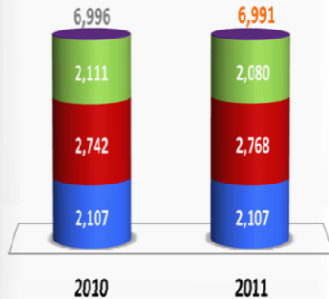
- **Outlook**

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



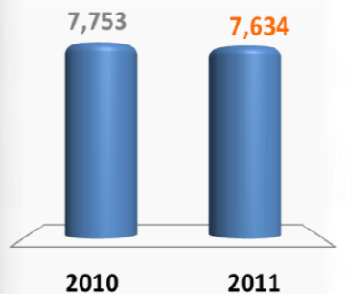
OPERATING HIGHLIGHTS

1Q 2011 Energy Sales slightly declined by 0.07% vs. 1Q 2010



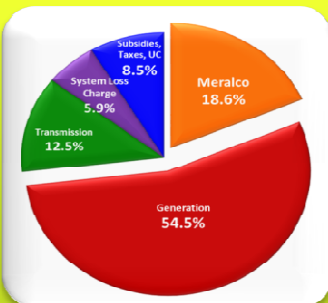
- Consolidated sales of 6,991 GWh; MERALCO DU at 6,932 GWh
- High base effect in 2010 and cooler temperature this year led to lower consumption
- Customer growth sustained, up 3.0% to 4.887M

1Q 2011 NSI down 1.5% to 7,634 GWh

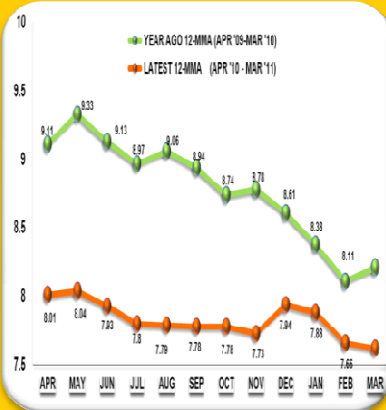


- Peak Demand down 1.7% to 4,914 MW (March 22, 2011)
- IPPs contributed 47.4% of MERALCO's total energy requirement followed by NPC at 46.2%
- WESM provided 6.5%
- IPPs remained as MERALCO's lowest cost of source of supply

Jan-Mar 2011 Ave. Retail Rate of P8.70/kWh up 55¢/kWh vs. Jan-Mar 2010



- Generation Charge still accounts for the largest component of customers' bill at 54.5%;
- Meralco share 18.6%; Transmission charge at 12.5%
- Increase due to Distribution and Transmission charges

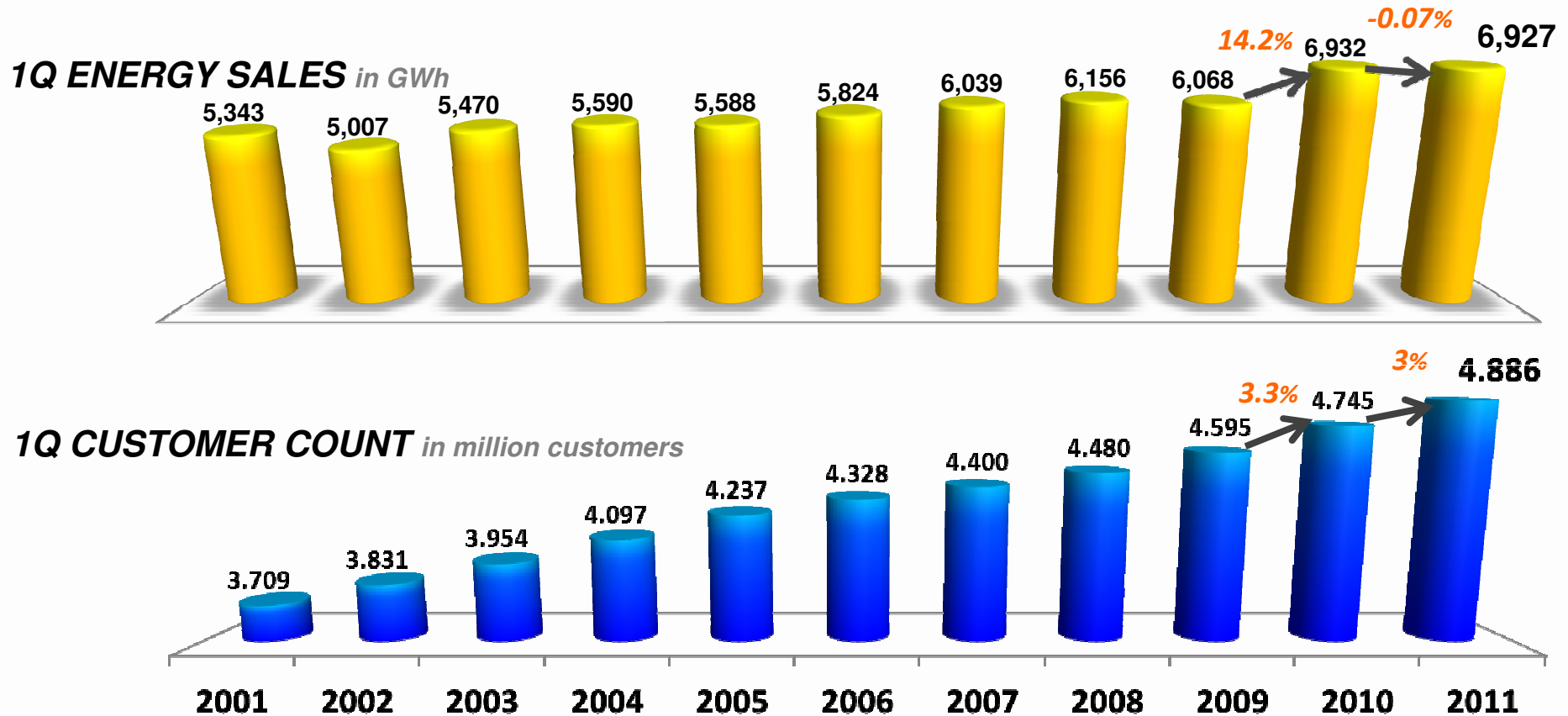


Robust Operational Performance vs. Regulatory Standards

- *12MMA System Loss performance at “all-time” low of 7.62%*
- *All S-Factor performance within rewards range*
- *GSL performance within allowed limits; expected savings for MERALCO after 4RY ending June 2011*

March Sales* Comparison, *Year on Year*

- Mar 2011 YTD Sales slightly declined by 0.07% vs. Mar 2010 while Customer Count sustained its increase

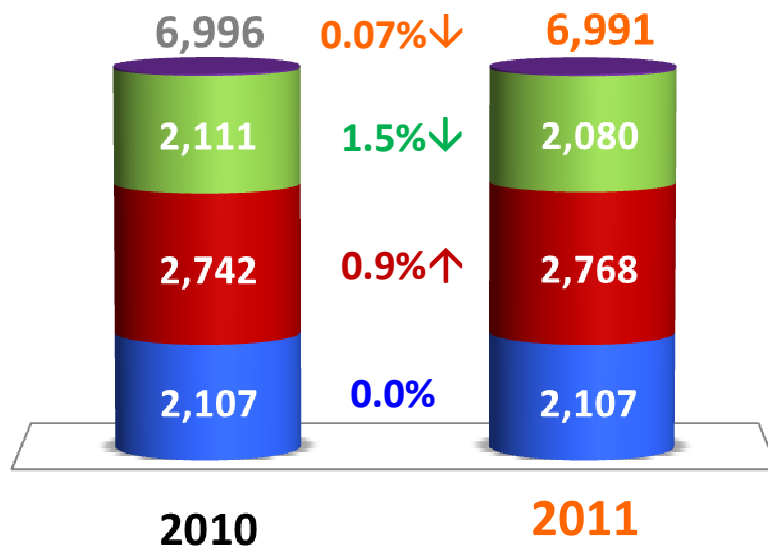


ENERGY SALES Growth	-6.3%	9.3%	2.2%	0.03%	4.2%	3.7%	1.9%	-1.4%	14.2%	-0.07%
CUST COUNT Growth	3.3%	3.2%	3.6%	3.4%	2.2%	1.7%	1.8%	2.6%	3.3%	3.0%

Energy Sales – Consolidated* 1Q 2011

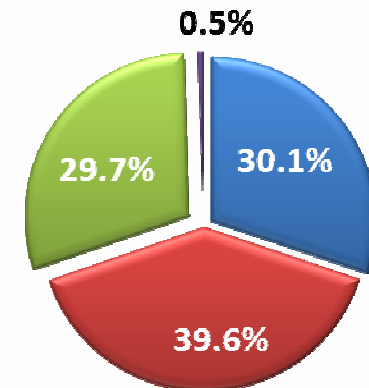
- Mar 2010 YTD total sales down 0.07% to 6,991 GWh from 6,996 GWh
- High base in 2010 and cooler temp this year affected Industrial & Residential
- Commercial maintained growth

Energy Sales, GWh:



2011 Share of sales:

- Industrial
- Commercial
- Residential
- FI Strtlights



Drivers in 1Q 2011



Industrial

1. Basic Metals
2. Non-Metallic mineral products
3. Textiles



Industrial

1. Electrical Machinery
2. Fabricated Materials
3. Machinery



Commercial

1. Private Services(hotels, malls, hospitals)
2. Finance
3. Govt Services (flat performance)



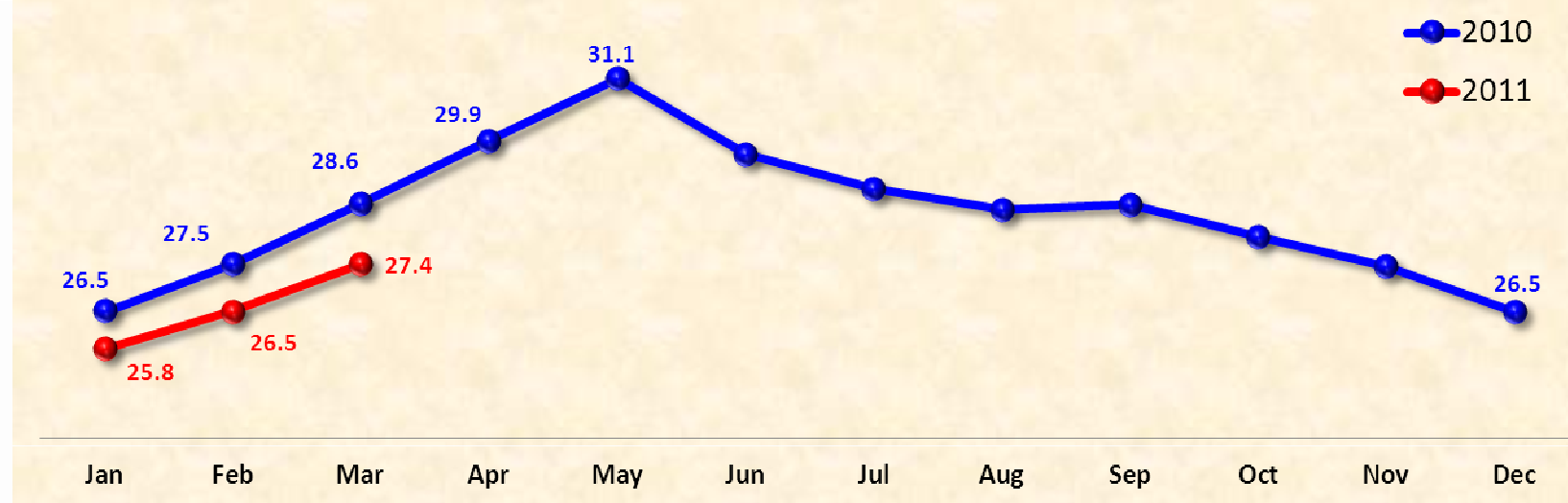
Commercial

1. Transport, Storage and Communications
2. Real Estate

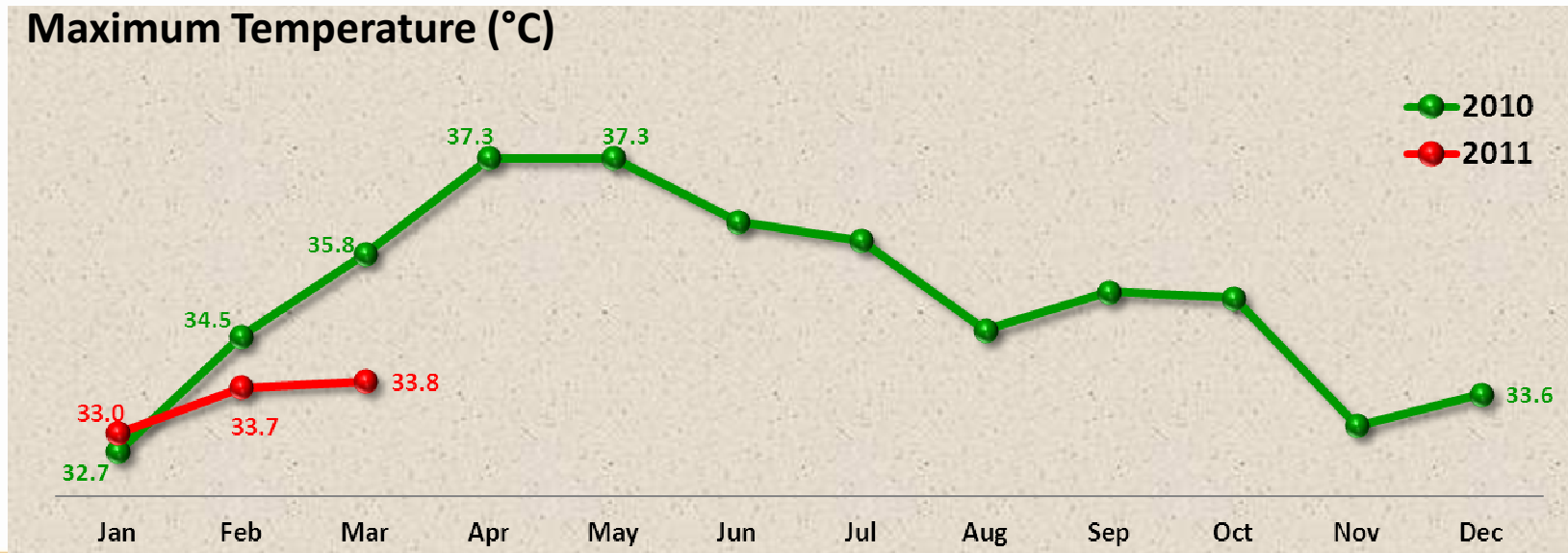
Temperature Comparison Table

- For the 1Q 2011, temperature is lower compared with 1Q 2010

Average Temperature (°C)



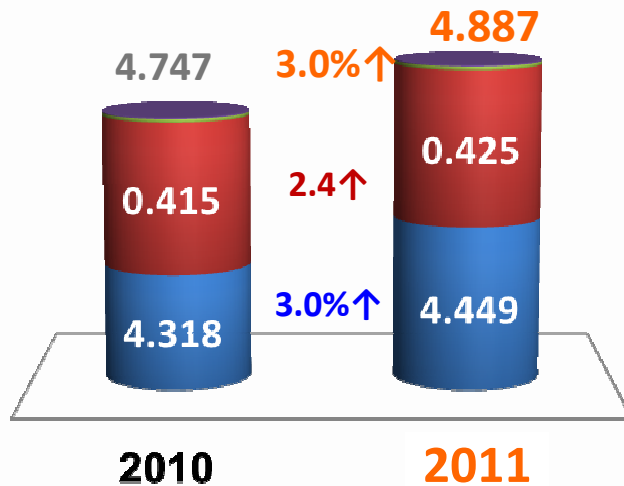
Maximum Temperature (°C)



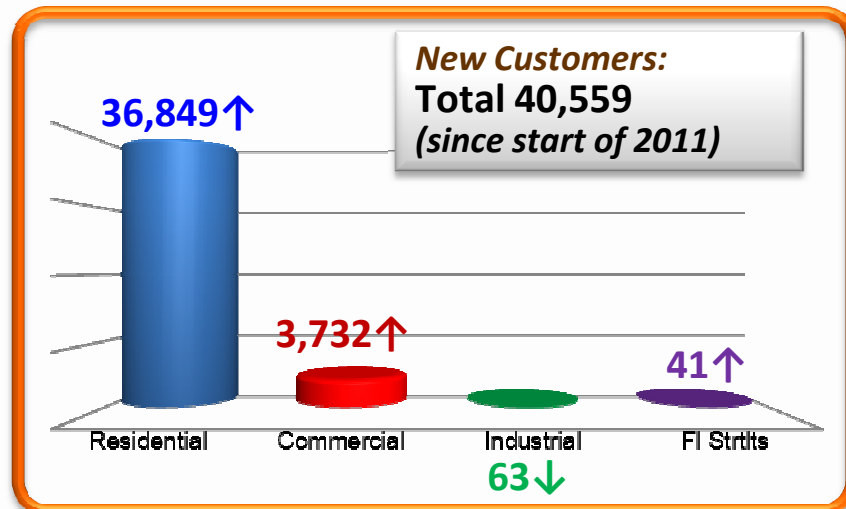
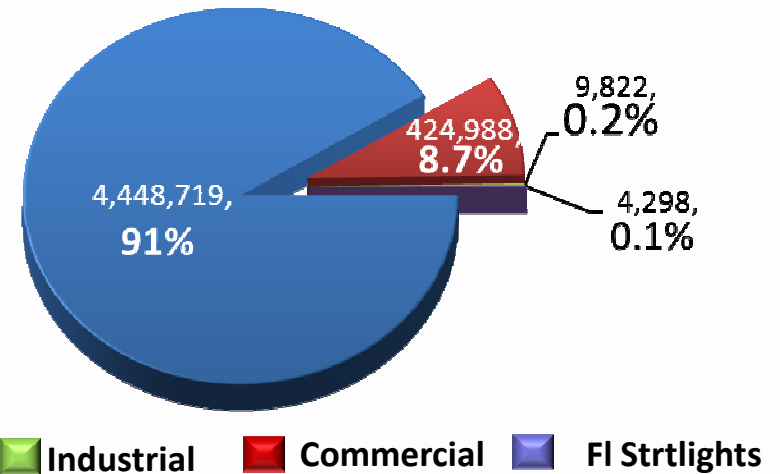
Customer Count – Consolidated * 1Q 2011

- Customer Count , total 4.887M; Up 3.0% vs. Mar 2010
- Addition of 40,559 new customers from beginning of 2011, majority Residential

Customer Count, in millions:



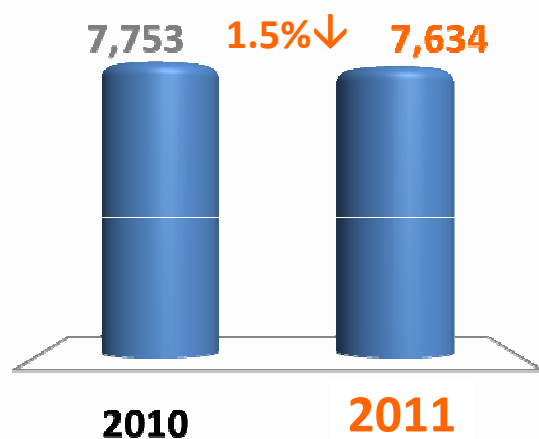
Segment Composition:



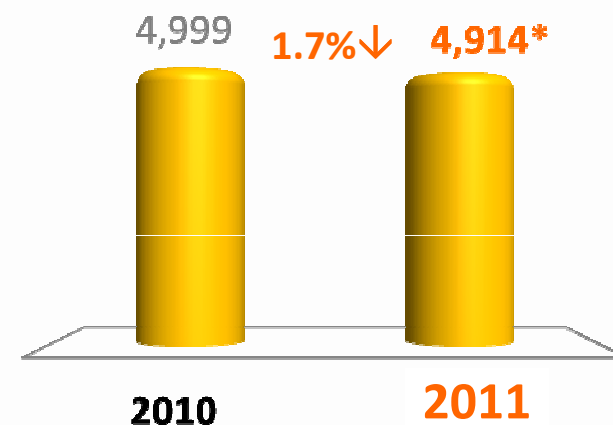
Net System Input - Consolidated 1Q 2011

- Consolidated NSI down 1.5% to 7,634 GWh
- Peak demand declined by 1.7% to 4,914MW

Net System Input, GWh:



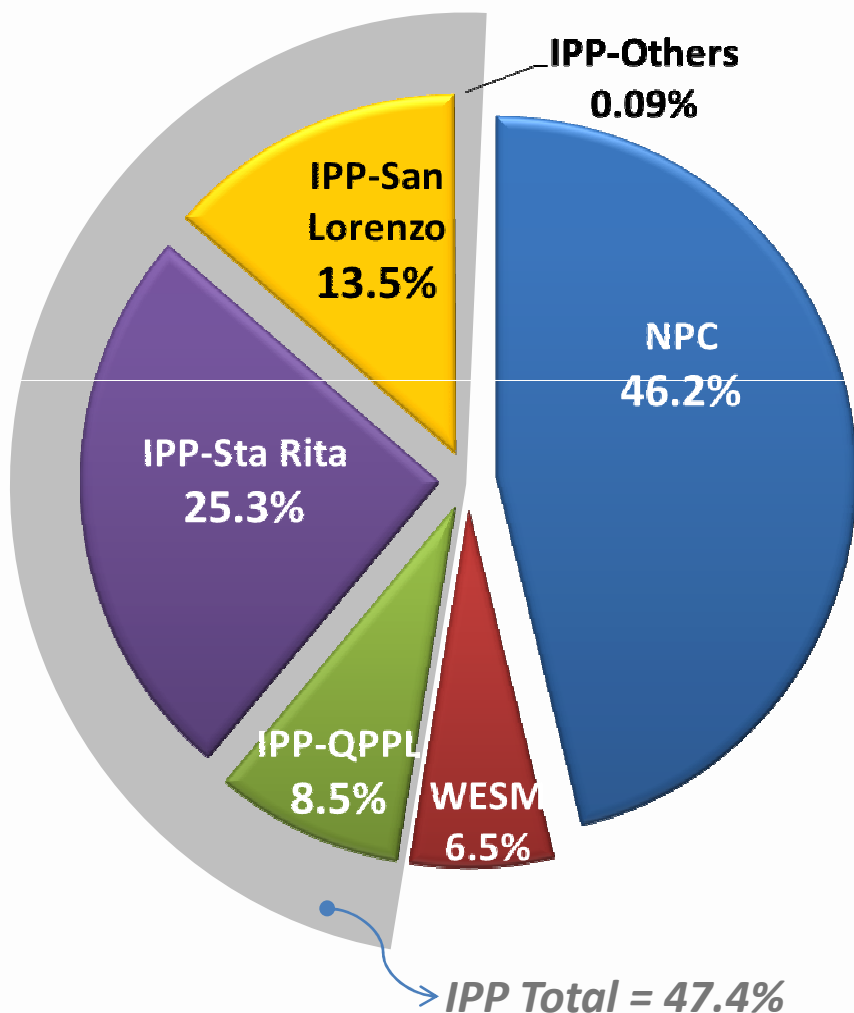
Peak Demand, MW:



**occurred Mar 22, 2011 as
against the Mar 9, 2010
Peak of 4,999 MW; Parent*

Power Supplier Mix for 1Q 2011 purchases

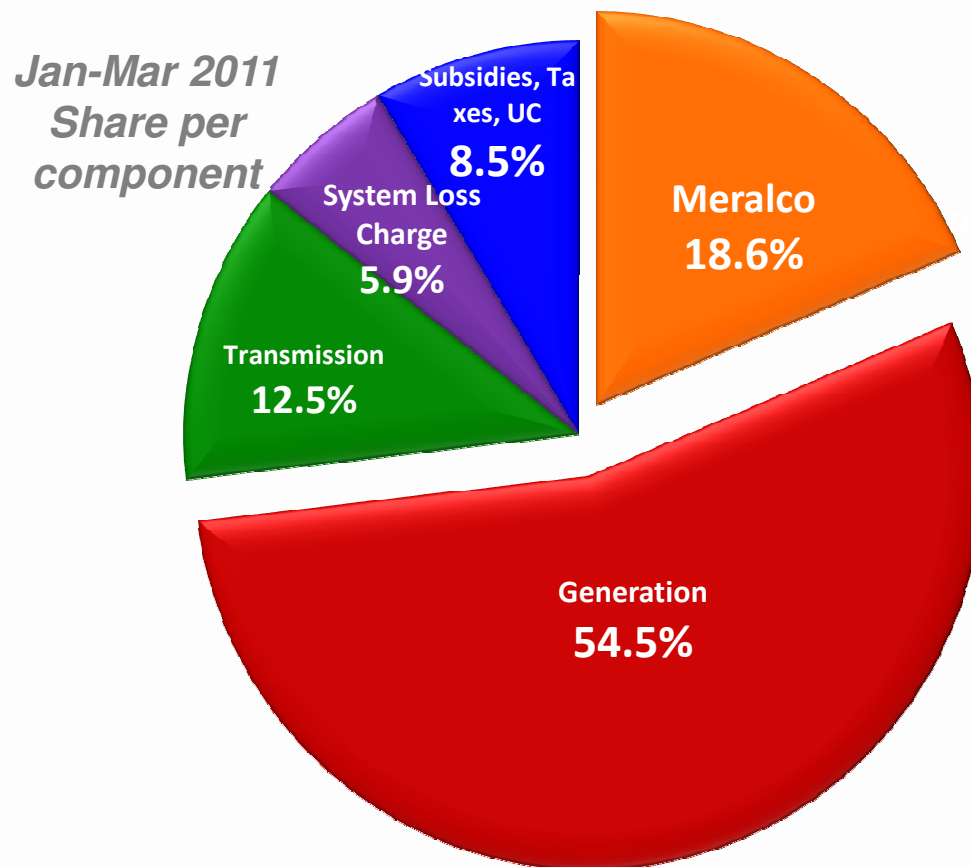
- IPPs contributed 47.4% of MERALCO's total energy requirement followed by NPC at 46.2%
- WESM provided 6.5% total 1Q 2011 purchases



SOURCE	1Q 2011	
	GWH	% Share
NPC*	3,494	46.2%
WESM	489	6.5%
IPP-Total	3,584	47.4%
Sta Rita	1,912	25.3%
San Lorenzo	1,022	13.5%
QPPL	643	8.5%
Others	6.9	0.09%
Total NSI	7,566	100.0%

Overall Ave. Retail Rate for 1Q 2011 up by 55¢/kWh vs. 1Q 2010 Ave

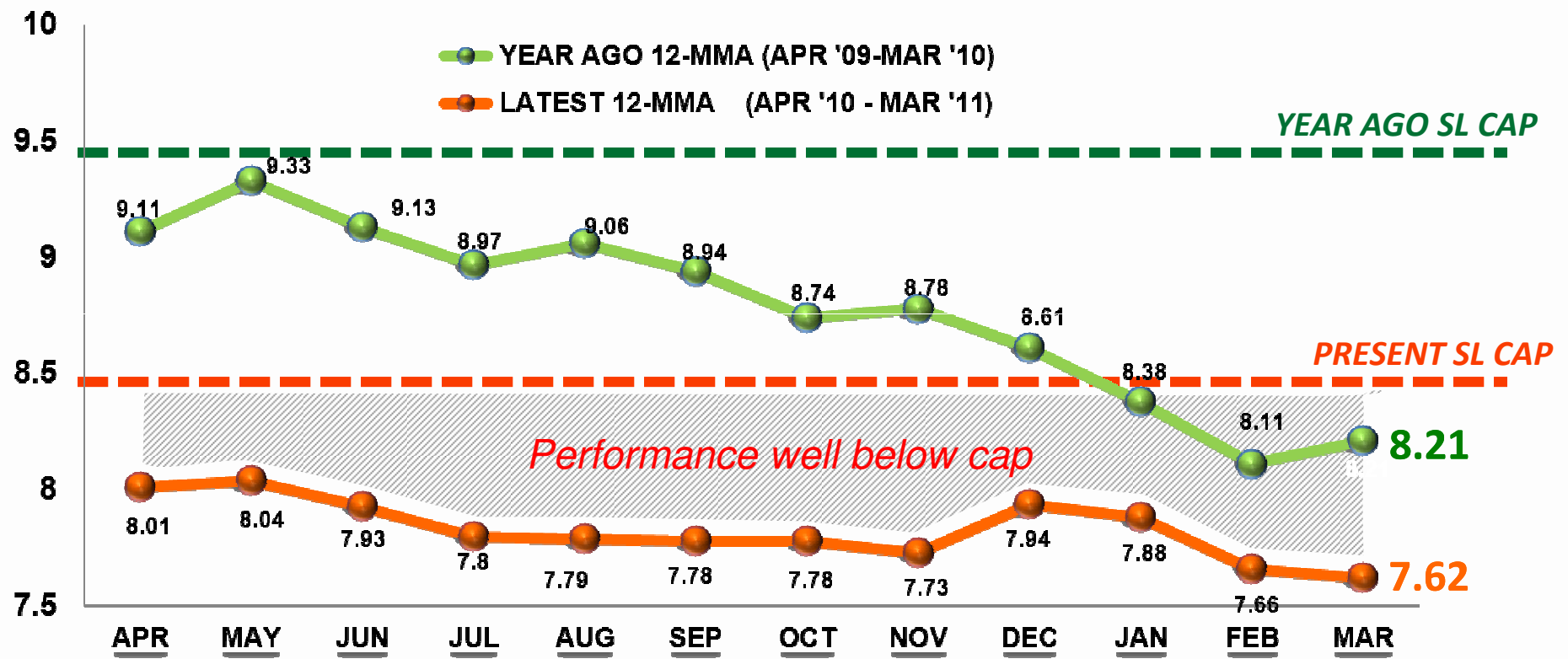
- Generation Charge still the largest component of customers' bill at 54.5%
- Meralco share 18.6%; NGCP share 12.5%
- Increase due to Distribution and Transmission charges



BILL COMPONENT	Jan-Mar 2011 Overall Ave, P/kWh
Generation	4.74
Meralco	1.62
Transmission	1.08
System Loss Charge	0.51
Subsidies, Taxes, UC	0.74
TOTAL	8.70

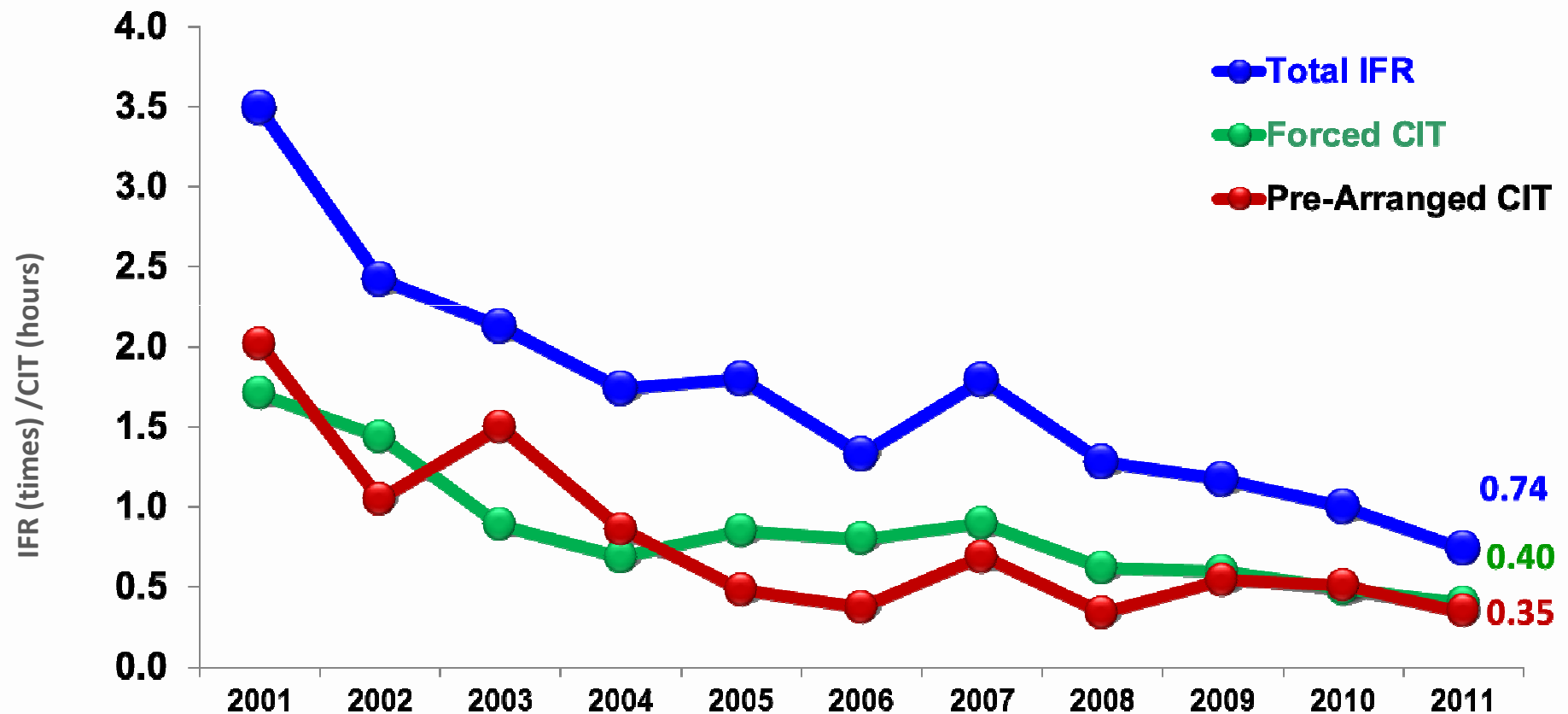
System Loss Performance

- 12-MMA ending Mar 2011 at “all-time low” of 7.62%
- Performance improved by 0.59% vs. previous year’s 8.21%



Improved 1Q 2011 IFR and CIT performance

- Reliability (Total IFR) improved by 26.0%, at 0.74 times
- Availability (Forced CIT) improved by 18.4%, at 0.40 hours
- Availability (Pre-Arranged CIT) improved by 31.4% , at 0.35 hours



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

1Q 2011 Performance: S-Factor

- All S-Factor performances are within rewards range

S-FACTOR INDICATOR	As of Mar (YTD)		% Change (2011 vs. 2010)	REMARKS
	2011	2010		
IFR, Forced and PAI (Times)	0.74	1.00	26.0	IMPROVED; W/IN REWARDS
CIT, Forced (Hours)	0.40	0.49	18.4	IMPROVED ;W/IN REWARDS
CIT, Pre-arranged (Hours)	0.35	0.51	31.4	IMPROVED; W/IN REWARDS
Prob. of Voltage Violations (%)	0.10	0.86	0.76 ppts	IMPROVED; W/IN REWARDS
Ave. Time to Process App. (Days)	5.19	5.08	-2.17	W/IN REWARDS
Ave. Time to Connect (Days)	1.49	2.56	41.80	IMPROVED; W/IN REWARDS
Call Center performance (%)	8.39	11.54	3.15 ppts	IMPROVED; W/IN REWARDS
System Loss (%) -12MMA	7.62	8.21	0.59 ppts	IMPROVED; W/IN REWARDS

2S 2010 + 1Q 2011 Performance: GSL

- All GSL performances are within set limits
- Expected savings for MERALCO after 4RY ending June 2011

GSL INDICATOR	Estimated No. of Customers Affected (Jul 2010 - Mar 2011)	Historical No. of Customers Affected (ave. p.a.)	REMARKS
GSL 1	95,006	555,111	WITHIN LIMITS
GSL 2	2,642	127,279	WITHIN LIMITS
GSL 3	71,552	646,827	WITHIN LIMITS
GSL 4	20,133	154,684	WITHIN LIMITS

Performance Measure:

GSL1 : Customer experiencing a cumulative duration of sustained service interruptions exceeding the threshold

GSL2 : Customer experiencing a total number of sustained service interruptions exceeding the threshold

GSL3 : Restoration of supply to a customer after a fault on the secondary distribution network taking longer than the threshold

GSL4 : Customer connection not provided on the day agreed with the customer

FINANCIAL RESULTS

FINANCIAL RESULTS SUMMARY



Financial Performance Highlights

	(In Millions)	1Q 2011	1Q 2010
↓	Gross Revenues	P 57,368	P 61,022
↓	Electric	56,203	59,777
↓	Non-electric	1,165	1,245
↓	Costs and Expenses	53,690	58,031
↓	Purchased Power	44,586	51,825
↑	Others	9,104	6,206
↑	EBITDA	5,050	4,875
↑	Reported Net Income	2,132	2,010
↑	Core Net Income	3,252	1,980

	1Q 2011	1Q 2010
↑	EBITDA Margin	8.8%
↑	Core Earnings per share	1.76



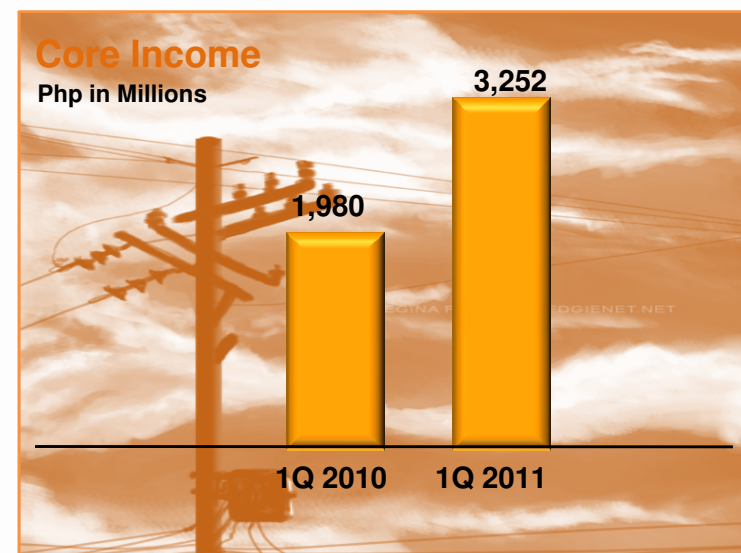
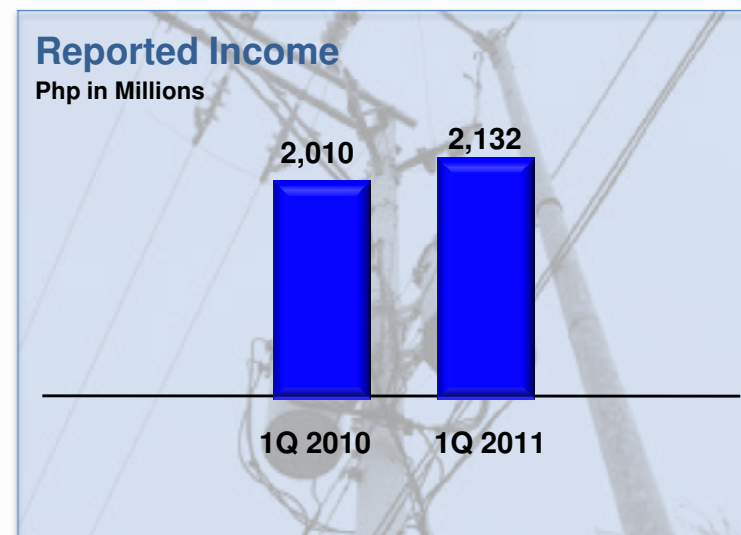
Core and Reported Income

Reported Net Income at P2.1B

- Delayed implementation of distribution rate adjustments for the 2nd Regulatory Period
 - 3rd Regulatory Year: implemented April 2010
 - 4th Regulatory Year: implemented January 2011
- Lower costs and expenses

Core Net Income at P3.2B

- Higher than the Core Net Income for the same period in 2010 of P2.0 billion.



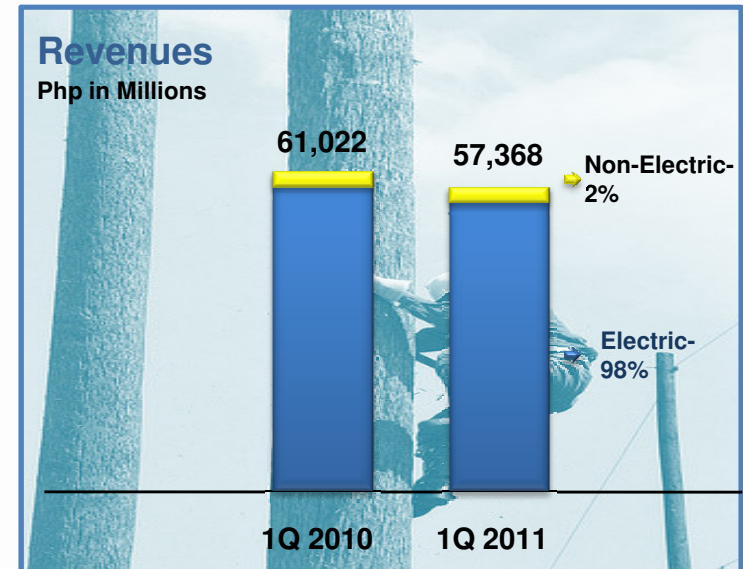
Revenues and EBITDA

Revenues down at P57.4bln

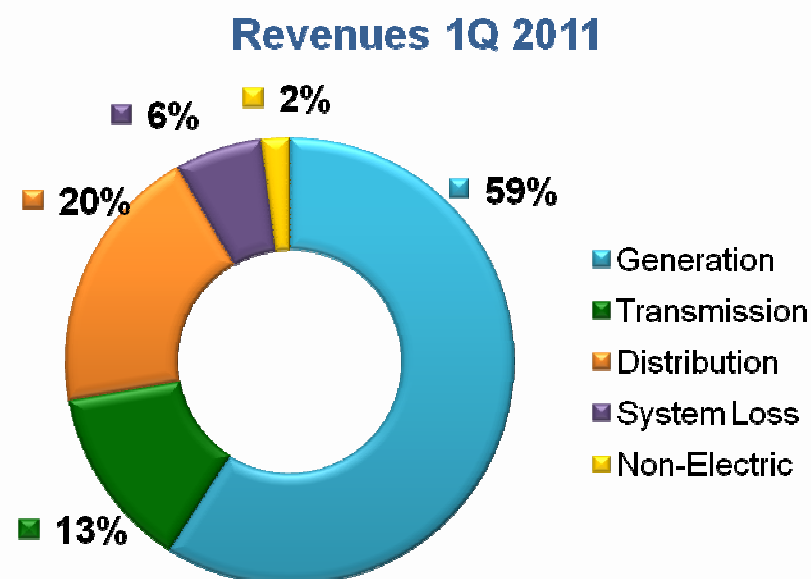
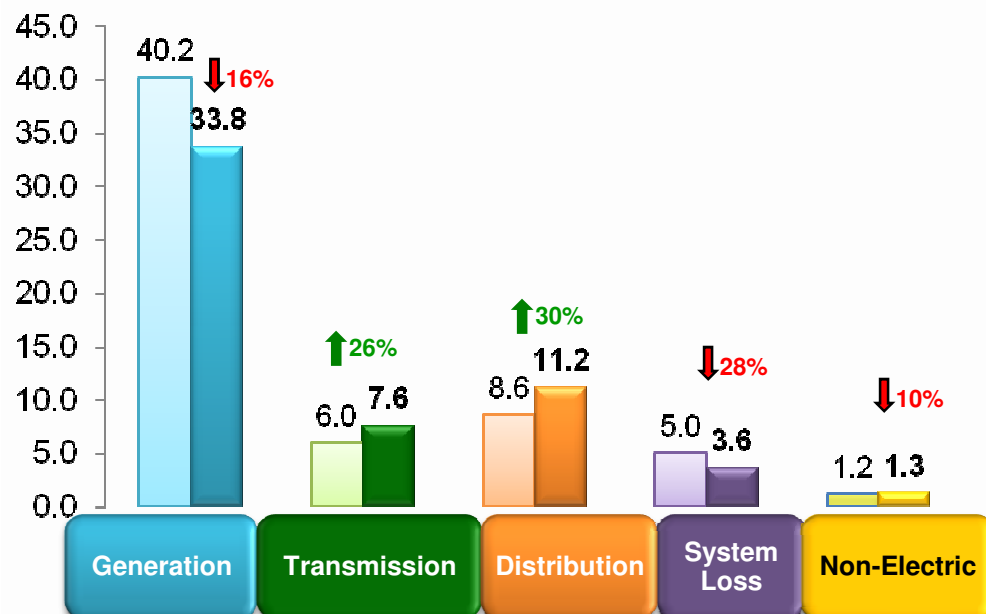
- Electric Revenues decreased by 6% to P56.2bln
 - Lower sales volume by 0.1% at 6,991GWh
 - partially offset by the 3% increase in billed customers at 4.9mln.
 - Lower average pass through charges
 - Decrease in revenue from generation and system loss
- Non-electric Revenues decreased by 10.3% to P1.3bln

EBITDA up at P5.0bln

- EBITDA margin up from 8.0% last year to 8.8% this year.



Revenue Composition



Average generation charge at P4.74 per kWh from P4.78 per kWh in 2010



Average transmission charge per kWh at P1.08 per kWh from P0.75 per kWh in 2010



Average distribution revenue per kWh at P1.60 from P1.23 in 2010

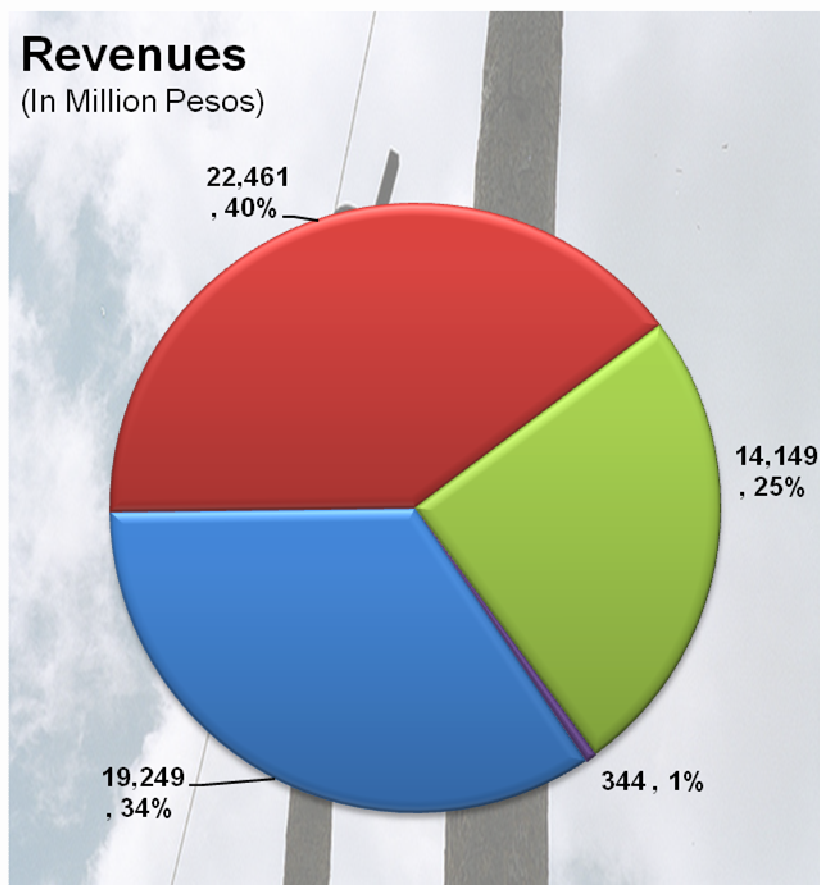


Average system loss charge at P0.51 per kWh from P0.54 in 2010. Meralco system loss at 7.62% vs. 8.21% in 2010

Customer Segment Profile

Revenues

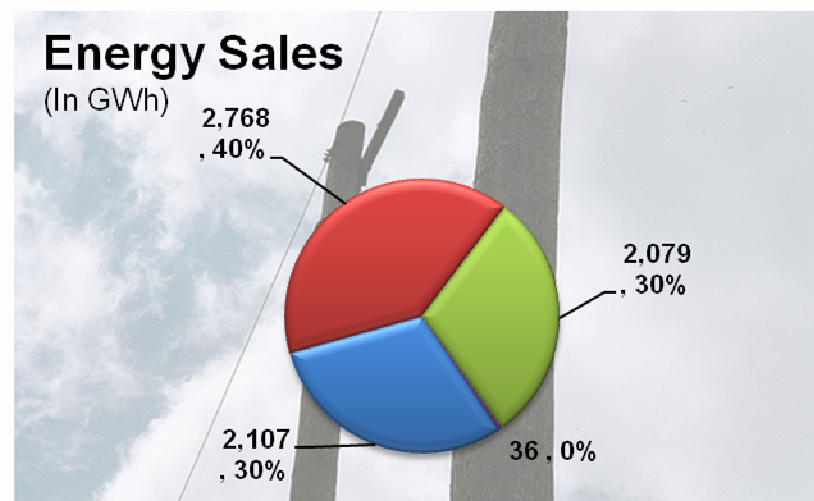
(In Million Pesos)



■ Residential ■ Commercial ■ Industrial ■ Streetlights

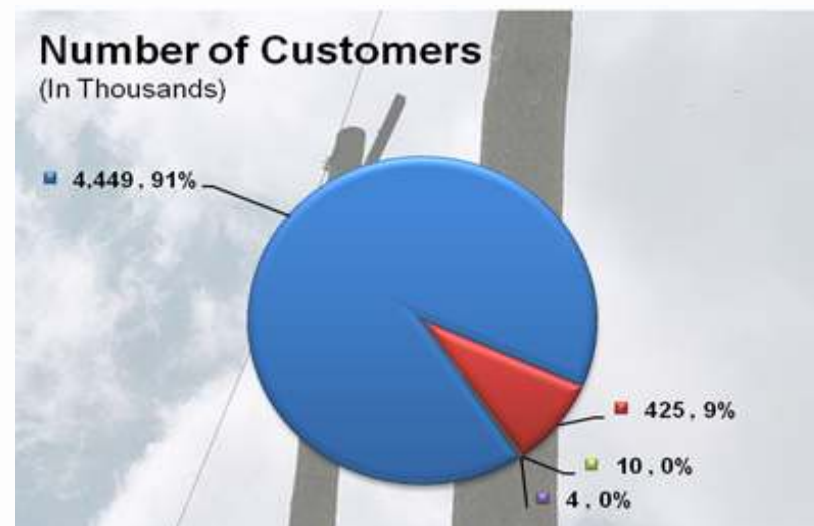
Energy Sales

(In GWh)

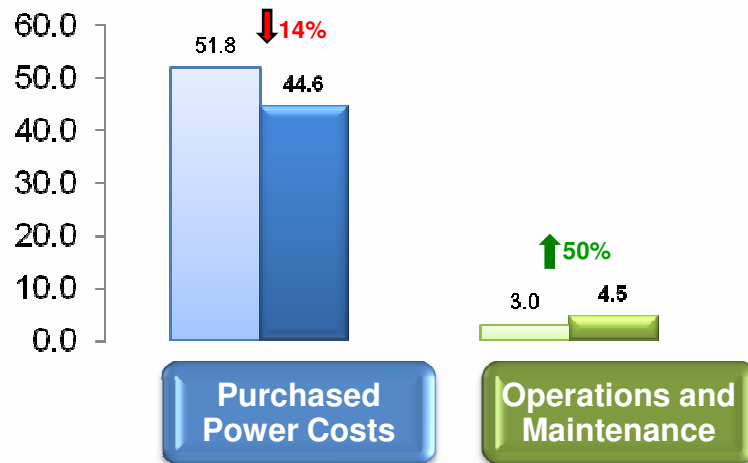


Number of Customers

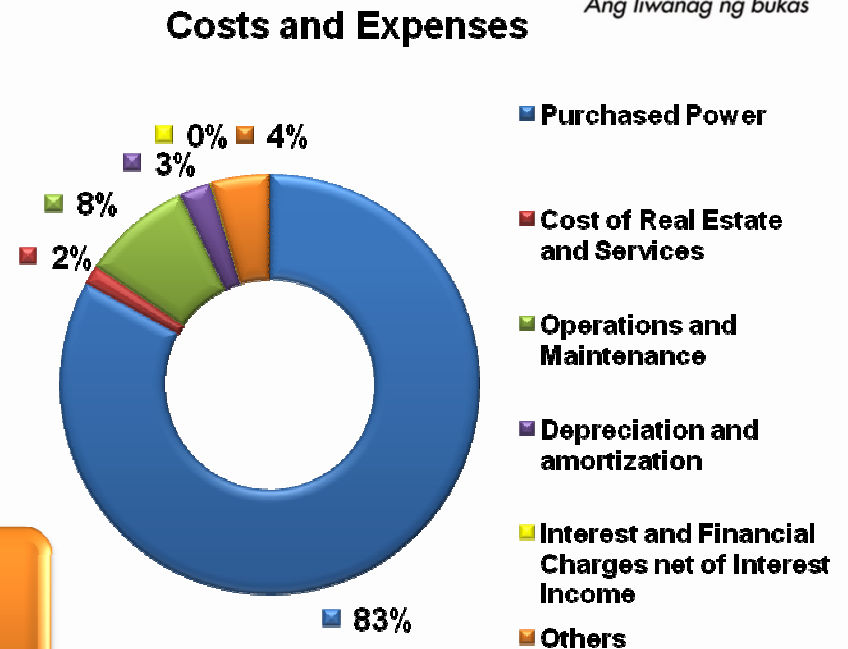
(In Thousands)



Costs and Expenses



Costs and Expenses decreased by 7.5% to P53.7 Bln



Purchased power decreased by 14%

- Lower energy consumption across all customer classes
- Lower average power purchase cost of P5.84 per kWh in 2011 compared with P6.68 per kWh in 2010
- Lower volume purchased from the Wholesale Electricity Spot Market (WESM)



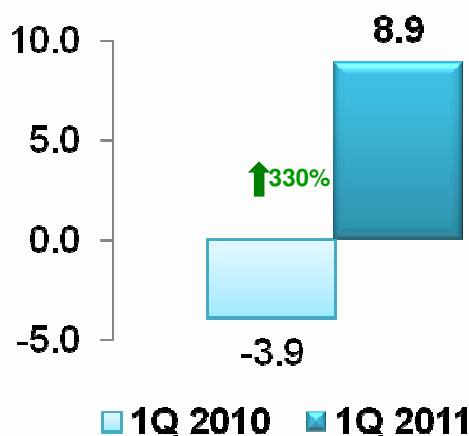
Operations and Maintenance expenses increased by 50%

- Additional provision for unrecoverable VAT on uncollectible accounts already written off
- Loss on asset retirement
- Various accounting adjustments

Free Cash Flow and Debt Profile



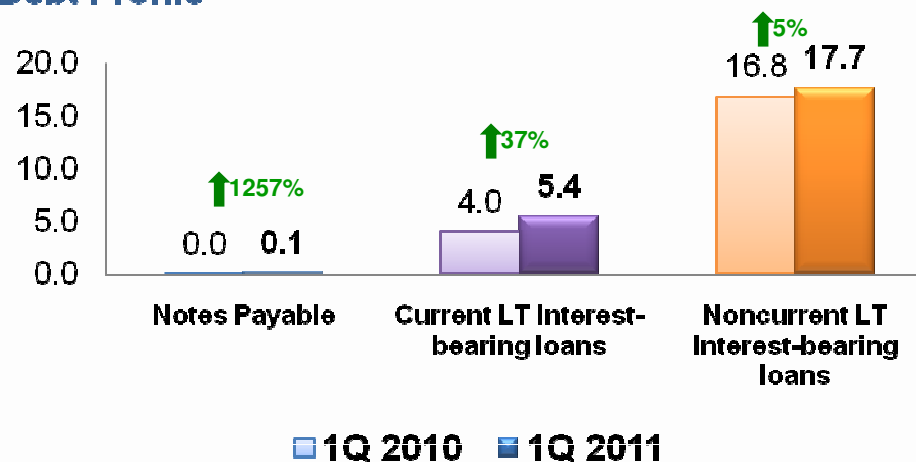
Free Cash Flow



Higher net cash generated from operations as a result of the distribution adjustments implemented.

Recovery of P251M of prior-period generation and transmission under-recoveries including carrying charges in the 1st Qtr 2011.

Debt Profile



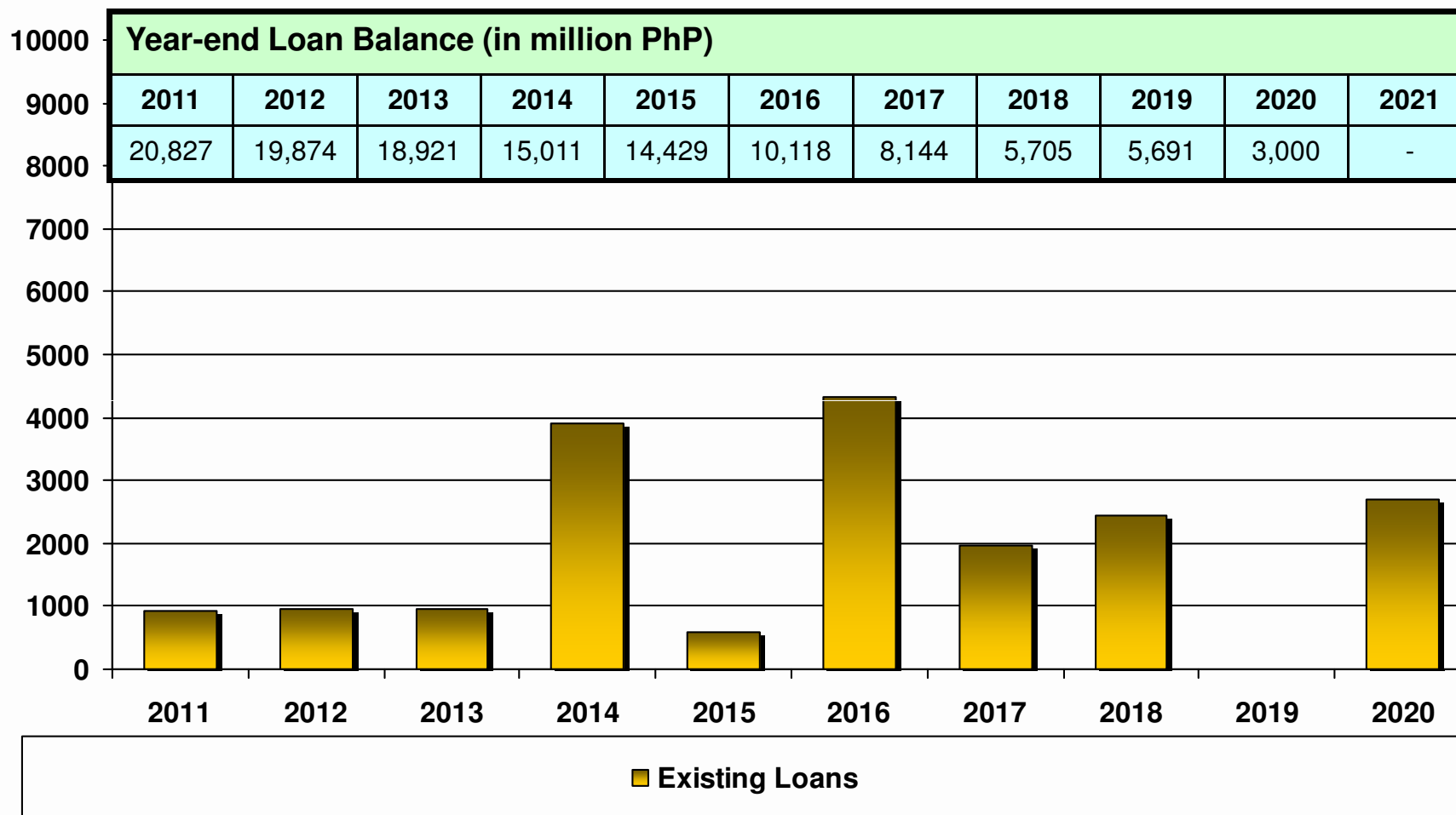
Debt as at March 31, 2011

Consolidated Debt Balance	P23.3Bln
Debt to EBITDA	1.15x

The Company's first principal debt repayment is in 2014

There are no foreign-currency denominated loan as at March 31, 2011

Debt Maturity Profile-Parent



Balance Sheet Highlights



	(In Millions)	1Q 2011	1Q 2010
↑	Cash	P 33,955	P 12,216
↑	Utility, Plant, & Others	103,218	101,801
↓	Trade & other Receivables	22,182	24,662
↓	Trade and Other Payables	37,503	39,317

Average daily collection for the quarter was approximately, P1.0bln

Utility Plant, which comprises 54% of Total Assets increased to P103.2bln

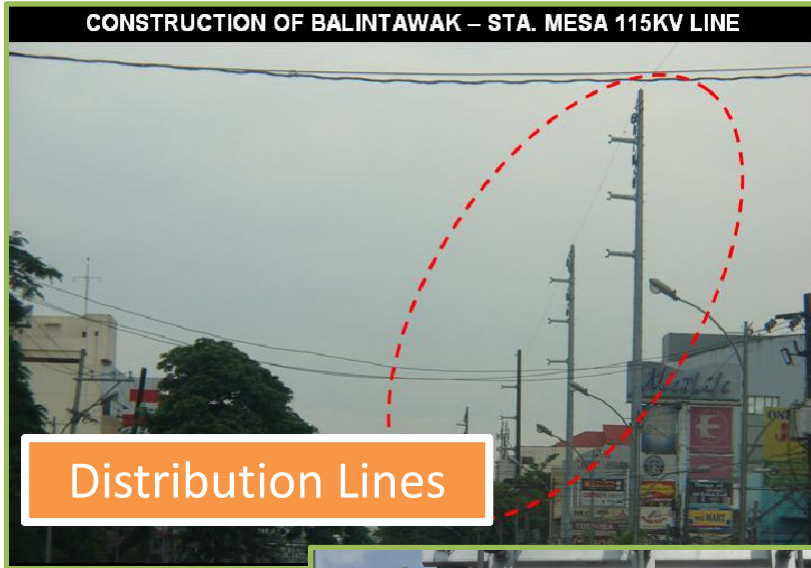
	1Q 2011	1Q 2010	
↓	Day Sales Outstanding	26 days	27 days
↑	Gross Debt to Equity	0.40	0.37
↓	Net Debt to Equity	(0.18)	0.15

Days Sales Outstanding improved to 26 days from 27 days in 2010

Trade and Other Payables decreased with lower purchased power in 2011

Major Capital Projects 1Q 2011

CONSTRUCTION OF BALINTAWAK – STA. MESA 115KV LINE



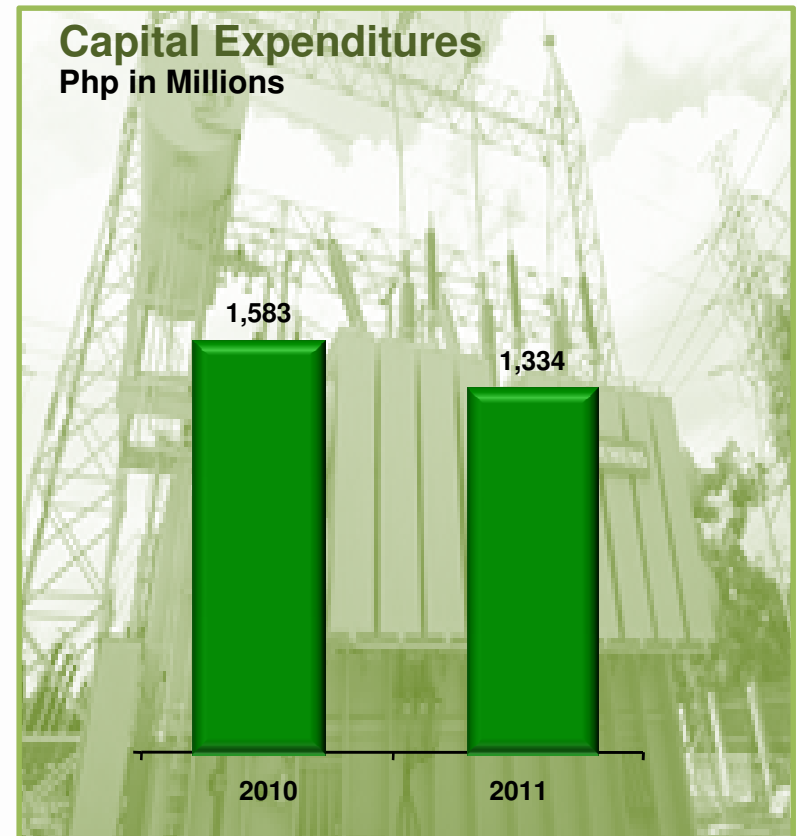
Distribution Lines



Substations

Partial Conversion of Tanza 32ZW Completed

Capital Expenditures
Php in Millions



TELECONFERENCE PRESENTATION

Instant Replay Available until May 9, 2011

Number : 00852 2112-1000 (HK)

Passcode : MERALCO



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Thank you

INVESTORS' BRIEFING
May 6, 2011