

# Draft

**MINUTES OF THE ANNUAL MEETING  
OF STOCKHOLDERS OF  
MANILA ELECTRIC COMPANY  
HELD ON 28 MAY 2019  
LOPEZ BUILDING, ORTIGAS AVENUE, PASIG CITY**

**CALL TO ORDER**

The Company's 2019 Annual Stockholders Meeting was called to order at 10:10 a.m. on May 28, 2019 by the Chairman of the Board, Mr. Manuel V. Pangilinan, who presided over the same at the Company's principal office at Lopez Bldg., Ortigas Ave., Pasig City, Metro Manila. The Corporate Secretary, Atty. Simeon Ken R. Ferrer, took the minutes of the meeting.

The Chairman addressed the stockholders and requested that given the level of complexity and the time needed to resolve questions on customer service, dividend delivery, invitations to or notice of the Annual Stockholders' Meeting and other technical matters, all stockholders with concerns or questions on these are advised to approach the Customer Help Desk or Stockholder Concerns Desk near the Registration Area. They may also write these concerns with their contact details and submit the same to the marshals and ushers nearest them, so they can forward these concerns to the responsible person in the Company for immediate and appropriate action.

The Chairman introduced the other members of the Board of Directors, namely: Ms. Anabelle L. Chua, Atty. Ray C. Espinosa, Messrs. James L. Go, Lance Y. Gokongwei, Jose Ma. K. Lim, Elpidio L. Ibañez, Oscar S. Reyes, Pedro E. Roxas, and retired Chief Justice Artemio V. Panganiban. Mr. John L. Gokongwei, Jr. joined the meeting via teleconference.

Mr. Oscar S. Reyes also serves as the President and Chief Executive Officer and Atty. Ray C. Espinosa as Deputy Chief Executive Officer of the Company, while retired Chief Justice Artemio V. Panganiban, an Independent Director, serves as the Chairman of the Audit Committee.

Also introduced were the Chief Finance Officer, Ms. Betty C. Siy-Yap, the Corporate Secretary, Atty. Simeon Ken R. Ferrer, and the Assistant Corporate Secretary, Atty. William S. Pamintuan. Other company officers and executives present in the meeting were likewise acknowledged.

Upon registration, all stockholders were provided with ballots or given an option to vote electronically on the matters to be passed upon in the meeting and to elect the Company's Board of Directors. The proposed Resolutions for the meeting were contained in the Information Statement, a copy of which was provided to all stockholders prior to the meeting. The proposed Resolutions were also posted at the registration area for further reference of the attending stockholders. This practice is in line with the Company's commitment to good governance and its desire to encourage broader participation of its stockholders in deciding fundamental matters involving the Company.

Thereafter, the Secretary read the following ground rules and voting procedure to be observed during the meeting to ensure the conduct of fair, orderly, and efficient proceedings:

- a) Only stockholders as of record date or their proxies shall be allowed to speak. Any stockholder who wishes to take the floor must wait to be acknowledged by the Chairman. If acknowledged, he must identify himself and address his concerns to the Chairman.
- b) Questions from the floor shall be entertained subject to the following:
  - i. Only questions relevant to the particular item in the agenda being discussed shall be allowed. Hence, questions not relevant to the agenda shall be considered "out-of-order";
  - ii. A maximum of three (3) questions shall be entertained for each item on the agenda;

- iii. Questions about the Company and its operations will be entertained after the President and Chief Executive Officer's report;
  - iv. To give equal chance to everyone, a stockholder can ask one (1) main question and, if needed, a follow-up question; and
  - v. If, due to time constraints, there are questions which could not be entertained on the floor, Company officers will be available for consultation after the meeting.
- c) All concerns should be raised by way of a question so that these can be properly addressed.

The Chairman may waive or allow exceptions to the foregoing rules if, in his judgment, he deems it necessary or proper under the circumstances.

For voting procedure, the Company's class of outstanding shares entitles the holder to one vote for one share. The affirmative vote of the stockholders representing at least a majority of the outstanding and voting shares shall be needed to pass and approve each proposed resolution unless the law provides otherwise.

For the election of directors, stockholders are allowed to elect directors individually or to cumulate their votes. Election of directors shall be by plurality of votes.

Ballot boxes are placed at the registration area where stockholders may drop their ballots.

All votes received shall be tabulated by the Office of the Corporate Secretary and results thereof shall be validated by the auditing firm, Reyes Tacandong & Co., which was duly appointed by the Board to act as such for the 2019 Annual Stockholders' Meeting.

As each item in the agenda is taken up, the Secretary will report on the votes received and tabulated as of 10:00 a.m. today. The minutes will, however, reflect the final tally of votes.

Voting will close when the meeting is adjourned.

Lastly, the Secretary reminded everyone to observe proper decorum and due courtesy during the meeting.

<b>SERVICE OF NOTICE</b>
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The Secretary reported that, in accordance with the provisions of the Corporation Code and the Amended By-Laws of the Company, written notice of the meeting was served to all

stockholders of record as of March 8, 2019. The notices were released on April 12, 2019, twenty-eight (28) working days prior to the annual stockholders meeting in accordance with the Corporation Code and the By-Laws of the Company. The rationale and explanation for each agenda item which require shareholders' approval were provided in the notice of this meeting. The profiles of all nominees to the Board of Directors, stating their age, qualifications, experience, date of first appointment to the Board of the Company, and directorships in other publicly listed companies or subsidiaries, whether listed or non-listed within the group of companies, were made available as part of the Information Statement.

**DETERMINATION OF QUORUM**

The Secretary reported and certified that there was a quorum for the meeting, as stockholders who own or hold over 975,425,937 shares or approximately 86.54% of the 1,127,098,705 issued and outstanding common shares of the Company entitled to vote, were present in person or by proxy.

**APPROVAL OF THE MINUTES OF  
STOCKHOLDERS' MEETING HELD IN 2015**

The Chairman submitted for approval the Minutes of the Annual Stockholders Meeting held on May 29, 2018.

Mr. Karl L. Soriano moved to dispense with the reading of the Minutes of the Annual Stockholders' Meeting held on May 29, 2018 and to approve the same since copies of the Minutes have previously been made available at the Office of the Corporate Secretary and posted at the registration area and at the Company's website. The motion was seconded by Ms. Edna Lobusta. No objection was raised despite opportunity given by the Chairman, thus the motion was thereupon carried. The Minutes was approved by stockholders representing

more than a majority of the total voting shares, present and represented at the meeting, as detailed in the following table:

VOTES	NUMBER OF VOTES CAST (1 share = 1 vote)	PERCENTAGE OF VOTING
1. Approved	974,697,248	86.47%
2. Against	1,134	0.00%
3. Abstained	121,723	0.01%
Total Votes	974,820,105	86.48%

The following resolution was thus adopted and approved as Resolution 2019-1:

“RESOLVED, that the Minutes of the Annual Stockholders’ Meeting held on May 29, 2018 be, as the same is hereby approved.”

<p>REPORT OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER</p>
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The President and Chief Executive Officer, Mr. Oscar S. Reyes, presented his report to the stockholders quoted hereunder as follows:

“Our Meralco Stockholders,

2018. Another year of sterling performance for your Company, amidst a slightly slowing Philippine economy and challenging electric power industry conditions.

Maraming Salamat po sa inyong pagdalo ngayon sa ating 2019 Annual Stockholders Meeting.

A bit of trivia if you will allow me: Two years from now, in 2021, our country will be celebrating the Quincentennial or 500<sup>th</sup> year, anniversary of the discovery of the Philippine Islands by the Western World.

By then, your Company, Meralco will have the distinct honor of having served in improving the lives and livelihood of Filipinos, for 118 years since Meralco’s founding in 1903, or nearly one quarter of the entire history of the Philippines.

The eight (8) years prior to last year, 2018, have seen truly transformational growth of our Company.

And you may recall that at last year’s Annual General Meeting, we raised the questions: “Will Meralco’s growth story continue? And what will underpin this?”

We are pleased to report that “Yes, your Company’s Growth Story continues, with 2018 seeing us again outperform the Sales, Operating, Financial Results, and Customer Value Creation of all previous years, even as some headwinds were emerging in the economic environment, particularly in the latter half of 2018, such as slightly lower GDP growth of 6.2%, an uptick in the average annual inflation rate to 5.2%, a rise in interest rates with the Philippine Dealing System 7-year rate at 7.1% per year, and a weaker peso at ₱52.66 : US\$1.00, compared to those of the preceding two (2) years. These notwithstanding, the Philippine economy still proved to be generally supportive of business growth.

These enabled Meralco and its subsidiaries in 2018, firstly, to achieve higher energy sales, increased customer base, new highs in operational excellence and customer experience, record profitability, consistently high shareholder returns, in terms of cash dividends and share price, and a robust balance sheet; secondly, to contain the increase in the average customer bill in the midst of a weaker peso and higher fuel prices in 2018; and thirdly, to grow new revenue sources and new businesses.

#### **ON GROWING MERALCO’S ENERGY SALES AND CUSTOMER REACH**

Consolidated energy sales rose to 44,313 GWh in 2018, up 5.3% over 2017. Sales to Commercial customers grew by 5.2%, accounting for 39% of total sales. Residential customers grew by 3.8% and accounted for 31% of sales, and Industrial customers representing 29% of total sales surged 5.8% over 2017.

Key growth drivers for Commercial Sales were Real Estate, Retail Trade and Hotels and Restaurants with expanding and new customers such as Double Dragon Plaza, Ayala and Southwoods Malls, Grand Hyatt and Okada; for the Industrial Class of Market, Semiconductor, Rubber and Plastics, and Food were the key drivers with customers such as Samsung Electro Mechanics, JG Summit Petrochemical, San Miguel and Purefoods.

For the Residential Sector, organic growth of Vertical and Horizontal Property Developers such as Ayala Land, SMDC, and Federal Land as well as new customers, were among the top sales drivers.

Meralco’s Customer Base has grown to 6,615,000 customer accounts by the end of 2018, up 4.6% over 2017.

Residential customers numbering nearly 6.1 million accounts grew by 4.7%, accounting for 92% of our total number of customers; Commercial customers rose by 2.8% to 514,000 accounts, or 8% of the total; and Industrial customers were up 1.9% to 10,500 accounts.

Peak demand in the Meralco franchise area surged by 6.1% to 7,399 MW in May 2018, while peak demand for the entire Luzon Grid rose 8.2% to 10,876 MW, on the back of warmer weather and of strong market conditions. This higher than expected surge in demand, and the increasingly aging fleet of the

country's conventional power plants, have been of increasingly critical concern. The high number of Yellow and Red Alerts, 9 Reds vs a 5-year average of 4, and 18 Yellows vs a 5-year average of 13, issued by the National Grid Corp of the Philippines (or NGCP), particularly during these last two (2) months April and May, and the much higher Wholesale Electricity Spot Market (WESM) prices which translate into higher Customer bills, are a visible indicator of this critical concern.

Accordingly, the need to accelerate the building of new capacity, of more efficient and reliable power generating plants, has become all the more urgent, to avert putting at risk the country's sustained progress and the quality of life, livelihood and business interests of nearly 12 million electricity customers and over 54 million people in Luzon.

### **ON OUR OPERATING PERFORMANCE**

Superior operational excellence and customer experience in delivering adequate, highly reliable and affordable power, 24/7, at the least cost to our customers, have been at the highest priority in Meralco. Success in this area is best exemplified by continuing improvements over the last ten (10) years in our annual System Loss Performance which has hit an all-time 116-year record low of 5.67% in 2018. This has resulted in savings to our customers of nearly ₱40 Billion since 2008, equivalent to 11 centavos per kWh.

We also continue to outperform the performance standards, on power interruption frequency and duration at the System and Customer level, Voltage Quality, Time to Connect Customers, and even Call Center Performance, as last set by our Regulator.

Our highly dedicated people in Networks and Customer Retail have achieved these, despite the massive challenge of having to relocate Meralco poles, wires and facilities for "Build, Build, Build" and Government projects at the same time.

Productivity has been a key factor. We have delivered on our service commitments to our customers with a lean employee base of 5,602 people, achieving further productivity gains in terms of Sales per Employee, up 4.3% and Customers per Employee, up 3.4% over 2017.

### **ON OUR COMPANY'S FINANCIAL PERFORMANCE**

Our stronger sales and operating performance have yet again generated excellent financial results.

Consolidated Core Net Income (CCNI) rose 10.8% to ₱22.4 Billion in 2018 from ₱20.2 Billion in 2017.

Consolidated Reported Net Income, excluding one-offs and non-recurring items, grew 12.9% to **₱23.0 Billion**, from **₱20.4 Billion** in 2017.

Consolidated Core EBITDA was up 7.8% to **₱37.2 Billion** in 2018, from **₱34.5 Billion** in 2017.

Core Earnings per share (or EPS) was **₱19.88** in 2018, 10.8% higher than in 2017.

Cash Dividends out of 2018 Consolidated Core Net Income (CCNI) amounted **₱17.9 Billion** or **₱15.91** per share, equivalent to a payout of 80% of our Core Net Income.

Meralco's share price at the last trading day of 2018 was **₱380.00**, up 15.6% over 2017 and nearly 50% higher than in 2014.

Meralco's market capitalization or market value, by end 2018 was also 15.6% higher at **₱428.3 Billion**, from **₱370.4 Billion** in 2017.

We ended 2018 with a sustained robust balance sheet as in previous years. Stockholders Equity as of December 31, 2018 stood at **₱82.9 Billion**, total Borrowings at **₱40.0 Billion**, and Cash and Cash Equivalents at **₱36.5 Billion**, excluding Held to Maturity and Available for Sale Securities.

We continue to reinvest heavily in Capital Expenditures (Capex) to meet the Company's requirements, particularly for Networks and Customer Service. 2018 Capex reached **₱13.7 Billion**, up 12.7% over 2017, and has totaled **₱61.3 Billion** over the past five (5) years.

## **ON CUSTOMER SERVICE PERFORMANCE**

Customer service excellence continues to be a strong commitment of the entire Meralco organization. Our digital journey remains on track, with 2018 proving to be a pivotal year with the launch of Meralco Online, enabling Online Customer Applications, Online Payments, and Paperless Billing Subscriptions, among others.

We have exceeded 100,000 customers on smart meters activated under our Prepaid Electricity Service (or PRES). We anticipate the number of our customers on smart meters under both Prepaid Electricity Service and Post Paid Plus to grow to 700,000 by end-2021. Prepaid Electricity Service customers value their capability to monitor consumption and to manage their electricity service.

We continue to drive the implementation of our Customer Experience Transformation Program (or CXTF), encompassing the various customer engagement processes, "I Join, I Pay, I Ask, I Need Repair", and of other customer products, services, engagements and solutions for all our customer segments.



With the gains realized over the years.....

### **OUR COMMITMENT FOR PROFITABLE GROWTH: STRONGER THAN EVER**

We remain focused on delivering profitable growth and sustained value creation for our customers and for you, our shareholders, underpinned by our five (5) Growth platforms. These are (1<sup>st</sup>) further Strengthen our Core Distribution Business; (2<sup>nd</sup>) Profitably Compete in the Retail Electricity Supply Business; (3<sup>rd</sup>) Build our Power Generation Portfolio; (4<sup>th</sup>) Expand our Electric Distribution Presence and our Subsidiaries; and (5<sup>th</sup>) Grow New Energy Businesses.

Much has already been discussed. **ON STRENGTHENING OUR CORE DISTRIBUTION BUSINESS**, our 1<sup>st</sup> Growth Platform

#### **ON COMPETING IN RETAIL ELECTRICITY SUPPLY**

In 2018, Meralco managed to grow its retail electricity sales and its contestable customer base through MPower, and Vantage Energy, our local and affiliate Retail Electricity Supply units. Their Retail sales reached 5,250 GWh in 2018, up 2.7% over 2017, and their retail customer base grew to 369 accounts, up 25.9% over 2017.

Profitable growth in the Retail Electricity Supply (RES) market is an increasingly formidable challenge, with intensifying market and price competition requiring effective measures, including sourcing of highly cost competitive supply, and highly customer-responsive pricing, product and service offerings.

#### **ON BUILDING OUR POWER GENERATION PORTFOLIO**

As mentioned in our last year's AGM, building Meralco's power generation portfolio remains key to supporting our Core Distribution Business and generating a new revenue stream.

We currently have two (2) operating assets- first, our effective 14% stake in Global Business Power Corp., an 854 MW power generating company in the Visayas, and second, our effective 28% stake in PacificLight Power, a 2 x 400 MW LNG-fired power plant in Jurong, Singapore.

The commercial operation of the 455 MW San Buenaventura Power Plant, the country's first super critical coal-fired power plant this September 2019, will mark Meralco's re-entry into power generation after an absence of over 42 years, following the sale of our power generating plants to the National Power Corporation (or NPC) in the mid-70's.

MGen remains intent on the commercial operation of other highly efficient, reliable, competitive power generating plants, including the 1200 MW Atimonan One Energy plant, the country's first ultra-supercritical coal-fired power plant.

MGen is equally intent on having Renewables as a core component of its power generation portfolio. It is actively developing opportunities for Renewable projects, primarily Solar and Wind, in possible joint venture with reputable partners.

### **ON EXTENDING OUR ELECTRIC DISTRIBUTION PRESENCE AND GROWING OUR SUBSIDIARIES**

Beyond our Meralco franchise area, we have also been profitably operating in growth areas such as the Clark Freeport Zone through the Clark Electric Distribution Co., the Cavite Ecozone; and Pampanga Electric Cooperative II, through - Comstech Alliance. Our 60% consortium with prime Japanese companies-- Marubeni, Chubu Electric and Kansai Electric -- has recently entered into a 25-year joint venture with the Bases Conversion Development Authority (or BCDA) to build, operate and maintain the electric distribution system to power the New Clark City, a 9,450-hectare development that will be the site of the 2019 Southeast Asian Games and the Back-up National Government Administrative Center.

Our Meralco-led consortium with local Ghanaian and Portuguese-owned partners was recently awarded a 20-year concession to operate and maintain the Electricity Company of Ghana. ECG covers 85% of the entire distribution system in Ghana, serving 3.5 million customers with a demand of 1,738 MW.

Our other subsidiaries engaged in renewable energy, communications, electro-mechanical and related business services have generally been income and cash flow accretive, and contributing, albeit still at a modest level, to Meralco's consolidated core net income in 2018. These include Radius Telecoms, Bayad Center, and Spectrum among others.

Spectrum, Meralco's first entry in renewable energy, started commercial operations in 2016, providing rooftop solar energy solutions to Commercial, Industrial and Residential customers, and helping develop utility scale solar energy projects.

### **ON DEVELOPING NEW ENERGY BUSINESSES**

The fast developments in technology and innovation, while disruptive to legacy businesses, including conventional distribution and generation, are opening up opportunities for new energy businesses. They present the prospect of profitable engagement.

These include non-conventional power generation and Renewables including floating solar, energy storage, e-Vehicles, Microgrids and Smart Cities.

We formed a new Subsidiary, e-Sakay, in 2018, which was awarded by the LTFRB a new jeepney route serving Makati-Mandaluyong. It is the first electric-Public Utility Vehicle (or e-PUV) project, compliant with the Department of Transportation's PUV modernization Program.

Meralco likewise launched Solar Panel Microgrid Pilot Projects and energized the first customers in Isla Verde in Batangas and Cagbalete Island in Quezon.

### **ON TOUCHING LIVES BEYOND OUR FRANCHISE AREA**

Beyond our franchise area, our people, imbued with Meralco's long-standing values of "Malasakit" and "Makabayan", remain volunteer-ready and take the initiative to help communities at need recover from disasters, and to transform lives and businesses, as we have done in 2018 in strife-torn Marawi, in typhoon-ravaged Cagayan, and in 2019, in earthquake-hit Porac, Pampanga.

2018 was another year of high activity and engagement by Meralco, and the One Meralco Foundation, in our core social responsibility and sustainability programs.

These are described in greater detail in the 2018 Meralco Annual Report and the accompanying One Meralco Foundation Annual Report.

We are humbled that international and local organizations have recognized the Excellence in What We Do through various awards in a number of areas.

While these serve to encourage us, the high level of customer satisfaction of our millions of customers, and your confidence and support to us as our shareholders, serve as our most valued drivers in raising the trajectory of our operational and customer service excellence and our financial results.

To conclude, over the last nine (9) years from 2010 to 2018, our Company has earned a cumulative Consolidated Core Net Income of nearly ₱160.0 Billion, more than tripling from ₱7.0 billion in 2009 to ₱22.4 Billion last year. We have declared a total of ₱141 Billion over this period, equivalent to ₱124.79 per share, including special dividends, for a Cash Dividend Payout of 88.2%, with our 2018 dividends of ₱17.9 Billion, 5x the 2009 dividend of ₱3.6 Billion. The Meralco share price has risen by ₱175 per share, or 1.85x, from ₱205.00 end-2009 to ₱380.00 by end-2018. And Meralco's Market Capitalization or Market Value grew by ₱197.0 Billion, or 1.85x from ₱231.0 Billion as of end-2009 to ₱428.0 Billion by end-2018. Meralco has thus provided its shareholders a return of ₱300.42 per share in cash dividends and share price appreciation during the past nine (9) years from end 2009 to end 2018.

Our Company will scale to much greater heights under the leadership of our new President and CEO, Atty. Ray Espinosa.

Allow me to thank you, our stockholders, our Board of Directors, all our people in One Meralco and particularly our Chairman, Sir MVP, for the leadership, guidance and confidence you have provided, and most especially for me, for the opportunity of leading this great Company. It has been my great privilege and my great pleasure to serve.

Maraming Salamat po sa inyong lahat.”

QUESTIONS AND ANSWERS ON THE FLOOR
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The Chairman opened the floor and gave the stockholders the opportunity to ask questions and/or clarifications of the President’s Report. Stockholders with technical or customer service concerns were advised to approach the Customer Help Desk near the Registration Area.

Mr. Stephen Soliven inquired on the reason why the long-term loans of the Company have barely reduced from ₱24.8 Billion despite his view of the allocation of current payables to long-term debts of ₱13 Billion and payment of interest charges from ₱1.5 Billion to ₱2.0 Billion. The Chief Finance Officer, Ms. Betty C. Siy-Yap, addressed the concern by explaining that the total debt of the Company as of December 31, 2018 is actually ₱40 Billion with major maturity dates in 2020, 2024 and 2025. She added that included in that amount is the ₱11.5 Billion bond which has a put option. A reduction of ₱8.6 Billion as settlement of debts will be reflected as a major reduction in March 2019. She added that from 2017 to 2018 there was no major maturity of long-term debts.

The Chairman further explained that the long-term debts of Meralco have schedules of maturity and payments are done based on those schedules.

A stockholder, who introduced himself as Gilbert, initially inquired about the Company’s return on investment and proceeded to express the view that it should share with others. He continued to preach on what the bible says about loving thy neighbor and sharing your profit. The Chairman acknowledged the concern and requested him to discuss this later

after the meeting as the question was not that clear and to give chances for other stockholders to ask their questions.

Mr. Robert Go inquired if the Company has a budget for research and development for cost cutting measures like for artificial intelligence (AI). The Chairman said that he thinks AI is not yet urgently needed as of the moment. He added that Meralco has a very strong Technology Group led by Mr. Gavin Barfield. Atty. Espinosa shared that a new person, Mr. Roque Bacani, from PLDT is joining Meralco. He added that Mr. Bacani is a very experienced and seasoned IT practitioner, who can help Meralco IT become more well-rounded.

Mr. Robert Go followed up a question regarding the Philippine Basketball Association and when Meralco team can get the PBA championship. The Chairman quipped that maybe he should have a word with Coach Norman Black about it.

In as much as enough time was given and there were already enough questions from the floor, Ms. Celeste Canete moved to proceed to the next item on the agenda. Mr. Angelo Albert Sanchez seconded the motion. There being no objection despite opportunity given by the Chairman, the motion was thereupon carried.

<p style="text-align: center;"><b>APPROVAL OF THE 2017 AUDITED FINANCIAL STATEMENTS</b></p>
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The next item on the agenda was the approval of the Audited Financial Statements for the Year 2018.

Mr. Michael David Azucena moved for the approval of the Company's 2018 Audited Financial Statements and the motion was seconded by Mr. Angelo Medina. There being no objection despite opportunity given by the Chairman, the motion was thereupon carried.

Accordingly, the Company's Audited Financial Statements for the period ended December 31, 2018 was approved by stockholders representing at least a majority of the total voting shares, present and represented at the meeting, as detailed below:

VOTES	NUMBER OF VOTES CAST (1 share = 1 vote)	PERCENTAGE OF VOTING
1. Approved	974,701,833	86.47%
2. Against	0	0.00%
3. Abstained	118,055	0.01%
Total Votes	974,819,888	86.48%

The following resolution was thus adopted and approved as Resolution 2019-2:

“RESOLVED, that the audited financial statements for the year ended December 31, 2018 be, as the same hereby are, approved.”

<b>RATIFICATION OF ACTS, RESOLUTIONS, AND DEEDS OF THE BOARD OF DIRECTORS AND MANAGEMENT</b>
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The next item on the agenda was the ratification of acts, resolutions, and deeds of the Board of Directors, its Committees and Management of the Company from the Annual Stockholders' Meeting held on May 29, 2018 up to this meeting. Upon the Chairman's request, the Secretary briefly explained that these acts are provided in the minutes of meetings of the Board, its Committees and the Management. These also include the approval of contracts and agreements, projects and investments, treasury matters, dividend declaration, and disclosures to the Securities and Exchange Commission and Philippine Stock Exchange.

The highlights of these acts of the Board and Management were flashed on the screen.

Acts of Management pertain to those taken to implement the resolutions, directives and instructions of the Board and its Committees and those done in the regular course of the Company's business.

Ms. Leponville. Gitau moved for the confirmation, approval and ratification of all acts, resolutions, and deeds of the Board of Directors and Management of the Company from the Annual Stockholders' Meeting held on May 29, 2018 up to this meeting. This was seconded by Mr. Fredrick Fern Belandres.

No objection was raised despite opportunity extended by the Chairman. Accordingly, the motion was carried.

Consequently, all acts, resolutions, and deeds of the Board of Directors, its Committees and Management of the Company from the Annual Stockholders' Meeting held on May 29, 2018 up to this meeting were ratified by the stockholders representing at least a majority of the total voting shares, present and represented at the meeting, as detailed in the following table:

VOTES	NUMBER OF VOTES CAST (1 share = 1 vote)	PERCENTAGE OF VOTING
1. Approved	974,781,109	86.48%
2. Against	5,962	0.00%
3. Abstained	29,011	0.00%
Total Votes	974,816,082	86.48%

The following resolution was thus adopted and passed as Resolution 2019-3:

“RESOLVED, that all acts, resolutions, and deeds of the Board of Directors and Management of the Company from the Annual Stockholders' Meeting held on May 29, 2018 up to the date of this meeting be as they hereby are, confirmed, ratified and approved.”

<b>ELECTION OF DIRECTORS FOR THE ENSUING YEAR</b>
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The next item on the agenda was the election of the members of the Board of Directors for the ensuing year. The Company's Articles of Incorporation provides for eleven (11) seats in the Board. The Company's stockholders, including shareholders in the minority, were given the opportunity to nominate candidates for election to the Board of Directors.

Prior to the meeting, all stockholders were given the opportunity to submit their views on any issue that they deemed fit for inclusion in the agenda, as well as to propose qualified candidates for directors. A “Call for Nomination” was also posted in the Company's website last January 28, 2019 calling for the submission of the proposed agenda and nomination of qualified candidates on or before March 8, 2019.

The Chairman of the Nomination and Governance Committee, Mr. Pedro E. Roxas, was requested by the Chairman to explain the screening process and to read the names of the nominees.

Mr. Roxas stated that in accordance with the Company's By-Laws and Manual of Corporate Governance, as well as the Corporation Code and the Securities Regulations Code, the following stockholders were duly nominated as members of the Company's Board of Directors to serve as such for the ensuing term:

Name	Nominated by
1. Anabelle L. Chua	Beacon Electric Asset Holdings, Inc.
2. Ray C. Espinosa	Beacon Electric Asset Holdings, Inc.
3. James L. Go	JG Summit Holdings, Inc.
4. Lance Y. Gokongwei	JG Summit Holdings, Inc.
5. John L. Gokongwei, Jr.	JG Summit Holdings, Inc.
6. Elpidio L. Ibañez	First Philippine Holdings Corporation
7. Jose Ma. K. Lim	Metro Pacific Investments Corporation
8. Artemio V. Panganiban	Ms. Virginia P. Gapuz
9. Manuel V. Pangilinan	Beacon Electric Asset Holdings, Inc.
10. Victorico P. Vargas	Beacon Electric Asset Holdings, Inc.
11. Pedro E. Roxas	Ms. Virginia P. Gapuz

Retired Chief Justice Panganiban and Mr. Roxas were nominated as independent directors.

The Nomination and Governance Committee had evaluated the qualifications of the nominees, including the nominees for Independent Directors, and determined that they have all the qualifications and none of the disqualifications to serve as directors of the Company. All these nominees have given their consent to their nomination.

The profiles of all the nominees to the Board of Directors, stating their age, qualifications, experience, date of first appointment to the Board of the Company, and directorships in other publicly listed companies or subsidiaries, whether listed or non-listed within the group of companies, were made available as part of the Information Statement distributed to all the stockholders.



On motion made by Mr. Norlee Alban and seconded by Mr. Denis Alabanza, the following were declared duly elected members of the Board of Directors to serve for the ensuing year and until their successors are duly elected and qualified, having received the following number of votes from the stockholders present and represented at the meeting:

Name	Approved
1. Anabelle L. Chua	974,697,008
2. Ray C. Espinosa	974,768,985
3. James L. Go	974,552,962
4. John L. Gokongwei, Jr.	974,949,043
5. Lance Y. Gokongwei	975,044,347
6. Elpidio L. Ibañez	975,024,632
7. Jose Ma. K. Lim	974,508,614
8. Artemio V. Panganiban	975,376,397
9. Manuel V. Pangilinan	975,715,005
10. Victorico P. Vargas	974,507,739
11. Pedro E. Roxas	974,614,987

The above was thus adopted and passed as Resolution 2019-4.

The Chairman acknowledged and welcomed the newly elected Board member, Mr. Victorico P. Vargas, to the Company's Board of Directors.

The Chairman thanked outgoing President and Chief Executive Officer, Mr. Oscar S. Reyes, for his nine (9) years of dedicated service and valuable contributions to the Company. A short video of appreciation for Mr. Reyes was presented. After the video, the Chairman said a tribute to Mr. Oscar S. Reyes.

"I would like, with your indulgence, to complete our tribute to Oscar today.

Former U. S. President Barack Obama once compared his job to being Captain of an ocean liner, saying, "Sometimes the task is to make incremental improvements, to steer the ocean liner two degrees north or south so that, ten (10) years from now, suddenly we are in a very different place that we were."

If true for large ships, it is true as well for a big company like Meralco.

Oscar directed the course of our ocean liner for the past nine (9) years. After those years of steerage, we can say that Meralco is indeed in a very different place from where it was back then.

In this day and age, nine (9) years are a long time. But whether short or long, those years have given us a reliable sample of Meralco's quality performance under Oscar's leadership. But beyond the performance numbers Oscar described to you at the close of his valedictory just now, lies Meralco's convincing shift to customer-centricity: focusing on customer needs, enhancing customer experience, raising customer value.

So we are proud to say simply - this is real achievement for all of your management team – but most of all you, Oscar - should be proud of the work you have done.

And so, we send to you our profound gratitude, Oscar, and our fondest farewell. May your dreams stay alive, your retirement restful, your future endeavors successful.”

The Board of Directors, Management, Shareholders and other attendees gave Mr. Oscar S. Reyes a thunderous applause and resounding standing ovation as a show of appreciation, gratitude and respect for all his accomplishments during his tenure as President and CEO of the Company from 2010-2019.

#### **APPOINTMENT OF EXTERNAL AUDITORS**

The next order of business was the appointment of external auditor for the Company.

Retired Chief Justice Artemio V. Panganiban stated for the year ended December 31, 2018, the Company paid an audit fee of ₱8.541 Million. Based on the evaluation of the performance during the past year of the Company's present external auditor, SyCip Gorres Velayo & Co. the Audit Committee found their performance satisfactory. The reappointment of SGV & Co. as external auditors of the Company for the ensuing year was thus endorsed by the Audit Committee and the Board of Directors.

On motion made by Mr. Gabriel Enriquez and seconded by Mr. Fredrick Fern Belandres, there being no objection despite opportunity given, SGV & Co.'s reappointment as the Company's external auditor was approved by the stockholders representing a majority of the

voting shares, present and represented at the meeting and eligible to vote. The details of the votes are, follows:

VOTES	NUMBER OF VOTES CAST (1 share = 1 vote)	PERCENTAGE OF VOTING
1. Approved	974,749,731	86.48%
2. Against	32,114	0.00%
3. Abstained	33,940	0.00%
Total Votes	974,815,785	86.48%

The following resolution was thus adopted and passed as Resolution 2019-5:

“RESOLVED, that SGV & Co., Certified Public Accountants, be, as they hereby are, retained and appointed external auditor of the Company.”

#### QUESTIONS & ANSWERS ON THE FLOOR

The Chairman inquired if there are other business to consider.

Mr. Robert Go inquired on the condition of health of Mr. John L. Gokongwei, Jr. as he was not able to attend the Annual Stockholders' Meeting personally. Vice Chairman Lance Y. Gokongwei replied that Mr. John L. Gokongwei, Jr. is in good health and that due to previous engagement that coincided with today's Stockholder's Meeting, he was only able to his attend via teleconference.

**ADJOURNMENT**

There being no other business to transact, upon motion made by Mr. Angelo Manlangit and seconded by Ms. Edna Lobusta, the meeting was adjourned at 11:33 a.m.

**SIMEON KEN R. FERRER**  
Corporate Secretary

**ATTEST:**

**MANUEL V. PANGILINAN**  
Chairman of the Board

## **PROOF OF NOTICE**

I HEREBY CERTIFY, as duly elected, qualified and incumbent Assistant Corporate Secretary of Manila Electric Company (MERALCO), that written notice of the annual meeting of stockholders was sent to all stockholders of record at least twenty-eight (28) days before the date of the meeting, in accordance with the By-laws of the Company. A copy of the notice is attached as Annex "A" hereof.

Pasig City, Philippines, May 28, 2019.

**SIMEON KEN R. FERRER**  
Corporate Secretary