MERALCO

ORTIGAS AVENUE, PASIG CITY
0300 PHILIPPINES

February 12, 2014

MS. JANET A. ENCARNACION
Head, Disclosure Department
Philippine Stock Exchange, Inc.
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Madame:

We reply to your letter dated February 12, 2014 (received thru EDGE Submission System at 8:21 a.m. today) requiring us to clarify and/or confirm the information contained in the news article entitled "Meralco bids for Pampanga power co-op" posted in philSTAR.com on February 12, 2014. The article reported in part that:

> "MABALACAT CITY, Pampanga, Philippines – Thousands of electric consumers in this city and six municipalities in this province have welcomed the bid of the Manila Electric Co. (Meralco) and its Angeles City-based partner ComsTech to take over management of their power supply amid reports that the debt of the Pampanga Electric Cooperative 2 (Pelco 2) has reached over P1 billion.
>
> 'It's a legacy that MVP wants for his native province, and so we are pursuing this,' said ComsTech president and chief executive officer Dennis Uy in a press briefing in Angeles. MVP refers to Kapampangan business tycoon Manuel V. Pangilinan who took over as chairman of Meralco in July last year.
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> . . . .
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> He said that a joint Meralco and ComsTech venture had placed a bid for the takeover of Pelco II under an investment management contract (IMC) authorized by the National Electrification Administration (NEA). The venture turned out to be the sole bidder qualified but that other requirements still had to be complied with, he added.
>
> 'Pelco II will still own the cooperative, but the bidding winner would manage and operate it under IMC,' Uy explained, noting that the winner would also assume responsibility over the cooperative's liabilities.

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Reports from Pelco II said the bidder would have to initially spend some P700 million in the initial phase of the takeover.

. . . ."

With reference to the said news article, we would like to clarify that Meralco's direct participation in the said bid process is to act as Technical Advisor to Coms Tech under a Technical Services Agreement (TSA) signed between Meralco and Coms Tech. Meralco is not a bidder in the investment management contract of Pampanga Electric Cooperative 2 (PELCO 2) to take over the management of PELCO 2 under an investment management contract authorized by the National Electrification Administration.

We trust that you will find the foregoing in order.

Very truly yours,

WILLIAM S. PAMINTUAN
First Vice President
Assistant Corporate Secretary &
Information Disclosure Officer