



ORTIGAS AVENUE, PASIG CITY
0300 PHILIPPINES

January 2, 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 January 2, 2014 (received thru email EDGE Submission System at 8:52 a.m. today) requiring us to clarify and/or confirm the information contained in the news article entitled "Meralco Income To Top P17B In 2013" posted in the Manila Bulletin (Internet Edition) on December 31, 2013. The article reported in part that:

"Unperturbed by a Supreme Court ruling on its rate hike, power utility giant Manila Electric Company (Meralco) announced to media that its core net income for year 2013 will likely surpass its target of P17 billion, roughly P1.0 billion higher from last year's P16.265 billion.

'We're on track to meet guidance (for a net income) of P17 billion or higher,' Meralco President Oscar S. Reyes has told reporters.

He explained that the restraining order on its rate hike will not have direct hit on the company's bottom line because of the revenue-neutral and pass-through nature of its frozen generation charge – or the portion it collects from customers to pay its power suppliers.

But latter developments on its deferred payments to power generators had thrown worrying prospects for Meralco, because if the request will be declined and be escalated to market disputes, it might be forced to advance the cost to its power suppliers.

Past the rosier financial picture they have been hankering for this year, Reyes admitted that 2014 might slow down sales volume trajectories for the utility firm.

'We've seen demand during the last quarter rather soft, so I think we have to see what the sales trajectory will be for 2014. Let's put it this way, we're looking at a growth of 3.0-percent. This full year, we will just be slightly above 3.0-percent,' he said.

...."

We would like to clarify and put the news article in proper perspective that the core net income guidance of slightly better than P17B, as previously disclosed to the Exchange last December 9, 2013, was not announced to the media but was rather made in answer to the query of the attendees before the Supreme Court issued the Temporary Restraining Order on the power rate hike last December 23, 2013.

With respect to the 2014 growth forecast of 3% as quoted in the said article, we would like to confirm that the same is the Company's preliminary forecast but that the same is subject to adjustment depending on the prevailing power demand and supply.

We trust that you will find the foregoing clarification in order.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'W. Pamintuan', with a stylized flourish at the end.

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