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June 26, 2014

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Mesdames:

We reply to your letter dated June 26, 2014 (received thru EDGE Submission System at 8:11 a.m. today) requiring us to clarify and/or confirm the information contained in the news article entitled "Meralco to start cutting distribution cost" posted in Manila Standard Today mobile on June 26, 2014. The article reported in part that:

"Power distributor Manila Electric Co. said Wednesday it will begin reducing the power distribution cost in July, after the Energy Regulatory Commission approved the new rate.

Meralco head of utility economics Lawrence Fernandez told reporters while there was no computation yet on power generation charges for July, distribution charges would go down by P0.085 per kilowatt-hour.

Meralco is set to release the generation charge computation in the first week of July. 'Distribution charges will go down as scheduled,' Fernandez said.

ERC earlier approved a lower Meralco distribution charge of P1.5562 per kWh for the period July 1, 2014 to June 30, 2015.

ERC directed Meralco 'to implement in the next billing cycle the provisionally approved distribution, supply and metering charges.'

The new rate is broken down into P1.1398 per kWh as distribution charge, P0.2537 per kWh for supply charge and P0.1627 per kWh for metering charge.

...."

With reference to the said news article, we would like to confirm the statements attributed to our Head for Utility Economics, Mr. Lawrence Fernandez regarding the implementation of the lower distribution charges by Meralco effective July 2014 in connection with the approval of the ERC of its maximum average price for the regulatory year 2015 as contained in our June 6, 2014 disclosure.

Very truly yours,



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