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June 6, 2014

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Mesdames:

We reply to your letter dated June 6, 2014 (received thru EDGE Submission System at 8:28 a.m. today) requiring us to clarify and/or confirm the information contained in the news articles, as stated below:

1. **"Meralco distribution charge reduced" posted in Malaya Business Insight (Internet Edition) on June 5, 2014. The article reported in part that:**

"The more than five million Manila Electric Co. (Meralco) consumers in Luzon will be paying lower distribution rates starting next month after the Energy Regulatory Commission (ERC) approved an adjustment resulting to a reduction of P0.0912 per kilowatt-hour (kWh).

In an order released yesterday, the ERC set Meralco's maximum average price (MAP) for regulatory year 2015 at P1.5562 per kWh from P1.6474 per kWh the previous regulatory year.

The new rate includes a P1.1398 per kWh distribution charge, P0.2537 per kWh supply charge, and P0.1627 per kWh metering charge.

....”

With reference to the said news article, we would like to confirm that the ERC had set Meralco's maximum average price for the regulatory year 2015 at P1.5562 per kWh from P1.6474 per kWh for the previous regulatory year.

2. “Meralco pushes forward reparations at Subic plant site” published in the June 6, 2014 issue of the Manila Bulletin. The article reported in part that:

“The Subic Freeport zone is likely the final plant site for the planned 600-megawatt coal fired power facility being lead-developed by the power generation arm of Manila Electric Company (Meralco) - primarily when a pending court case on the project eventually clears up.

A document from Meralco has hinted that the Subic Bay Metropolitan Authority (SBMA) is set to ratify the Lease and Development Agreement (LDA) for the proposed plant site ‘to reflect additional terms.’ No further details were provided.

....”

With reference to the said news article, we would like to defer commenting on the same considering that the said power plant project is presently the subject of a pending case before the Supreme Court and is therefore sub judice.

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

Very truly yours,

A handwritten signature in black 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