

Country		Philippines	ASEAN CG SCORECARD		To make the fonts appear larger, change your zoom settings.
PLCName		Manila Electric Company			
StockCode		MER			
Sector		Energy			
Year		2011			
Date of Financial Year End		31/12/2011			
B. Equitable Treatment of Shareholders					
B.1 Shares and voting rights					
Question		Answer	Remarks		
B.1.1	Do the company's ordinary or common shares have one vote for one share?	Y	YES. The company's ordinary or common shares have one vote for one share. Source: Notice of Annual Meeting of Stockholders and Information Statement Voting Procedures, Page i, Paragraph 1, page 20. "Voting Procedures (a) The matters in the agenda require the affirmative vote of stockholders entitled to vote. Each common stockholder shall be entitled to one vote for each share. (b) In the election of directors, each stockholder entitled to vote may cumulate and distribute his votes in accordance with the Corporation Code of the Philippines. (c) Voting and counting of votes shall be by balloting, show of hands or viva voce. Auditors and inspectors appointed by the Board will be present to canvass and inspect ballots." http://www.meralco.com.ph/pdf/disclosures/2012.04/2012_Definitive_Information_Statement.pdf		
B.1.2	Where the company has more than one class of shares, does the company publicise the voting rights attached to each class of shares (e.g. through the company website / reports/ the stock exchange/ the regulator's website)?	Y	YES. The company publicises the voting rights attached to a class of shares. Source: Notice of Annual Meeting of Stockholders and Information Statement Voting Procedures, Page i, Paragraph 1, page 20 "Voting Procedures (a) The matters in the agenda require the affirmative vote of stockholders entitled to vote. Each common stockholder shall be entitled to one vote for each share. (b) In the election of directors, each stockholder entitled to vote may cumulate and distribute his votes in accordance with the Corporation Code of the Philippines. (c) Voting and counting of votes shall be by balloting, show of hands or viva voce. Auditors and inspectors appointed by the Board will be present to canvass and inspect ballots." http://www.meralco.com.ph/pdf/disclosures/2012.04/2012_Definitive_Information_Statement.pdf		
B.2 Notice of AGM					
B.2.1	Does each resolution in the most recent AGM deal with only one item, i.e., there is no bundling of several items into the same resolution?	Y	YES. Each resolution in the most recent AGM deals with only one item, i.e., there is no bundling of several items into the same resolution. The Agenda is taken-up in itemized basis. Source: Notice of Annual Meeting of Stockholders and Information Statement, Page 3. Notice of Annual Meeting of Stockholders "NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Meralco will be held at the Meralco Theater, Lopez Building, Ortigas Avenue, Pasig City on Tuesday, May 29, 2012, at 10:00 AM with the following agenda: 1. Call to Order 2. Certification of Notice and Quorum 3. Approval of the Minutes of the Annual Meeting of Stockholders held on May 31, 2011 4. Report of the Chief Operating Officer 5. Prospect/ Outlook from the President and Chief Executive Officer 6. Approval of the 2011 Audited Financial Statements 7. Ratification of Acts of the Board and Management 8. Election of Directors for the esuing year 9. Appointment of External Auditors 10. Other business that may properly be brought before the meeting 11. Adjournment" Source: http://www.meralco.com.ph/pdf/disclosures/2012.04/2012_Definitive_Information_Statement.pdf		
B.2.2	Are the company's notice of the most recent AGM/circulars fully translated into English and published on the same date as the local-language version?	Y	YES. The company's notice of the most recent AGM/circulars is written in the English language. Source: Notice of Annual Meeting of Stockholders and Information Statement, Page 3. Notice of Annual Meeting of Stockholders "NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Meralco will be held at the Meralco Theater, Lopez Building, Ortigas Avenue, Pasig City on Tuesday, May 29, 2012, at 10:00 AM with the following agenda: 1. Call to Order 2. Certification of Notice and Quorum 3. Approval of the Minutes of the Annual Meeting of Stockholders held on May 31, 2011 4. Report of the Chief Operating Officer 5. Prospect/ Outlook from the President and Chief Executive Officer 6. Approval of the 2011 Audited Financial Statements 7. Ratification of Acts of the Board and Management 8. Election of Directors for the esuing year 9. Appointment of External Auditors 10. Other business that may properly be brought before the meeting 11. Adjournment" http://www.meralco.com.ph/pdf/disclosures/2012.04/2012_Definitive_Information_Statement.pdf		

Does the notice of AGM/circulars have the following details:		
B.2.3	Are the profiles of directors/commissioners (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) in seeking election/re-election included?	<div>Y</div> <div><p>YES. The profiles of directors (age, qualification, date of first appointment, experience, and directorships in other listed companies) seeking election/re-election are included in the Notice of Annual Meeting of Stockholders.</p><p>Source:</p><p>Notice of Annual Meeting of Stockholders and Information Statement, Directors and Executive Officers, pages 6-9.</p><p>MANUEL M. LOPEZ, 69, Filipino Director (since April 14, 1986), Chairman (since July 1, 2001) Mr. Lopez was sworn in as the Philippine Ambassador to Japan in December 2010. Ambassador Lopez retains his position as the Chairman of the Board of Manila Electric Company where he served as its Chairman and CEO from July 2001 to May 2010. He is the Chairman and CEO of the Lopez Holdings Corporation. Concurrently, he is the Chairman of the Board of Bayan Telecommunications, Inc.; Indra Philippines, Inc.; Rockwell Land Corporation and Rockwell Leisure Club. He is the Chairman and President of Meralco Millennium Foundation Inc. and Meralco Management and Leadership Development Corporation; as well as vice chairman of First Philippine Holdings Corporation and a Director of ABS-CBN Corporation. He remains as the President of Eugenio Lopez Foundation, Inc.</p><p>RAMON S. ANG, 58, Filipino Director and Vice Chairman (since February 1, 2009) Mr. Ang is the Vice Chairman, President and Chief Operating Officer of San Miguel Corporation. He is also the Chairman, Chief Executive Officer and Executive Director of Petron Corporation. He also holds, among others, the following positions: Chairman and CEO of SMC Global Power Holdings Corporation; Chairman of San Miguel Brewery Inc., San Miguel Foods, Inc., The Purefoods-Hormel Company, Inc., San Miguel Yamamura Packaging Corporation, South Luzon Tollway Corporation, Eastern Telecommunications Philippines, Inc., Liberty Telecoms Holdings, Inc., Sea Refinery Corporation and Philippine Diamond Hotel and Resort Inc.; Vice Chairman of Ginebra San Miguel, Inc. and San Miguel Pure Foods Company, Inc. He is also the Chairman and President of San Miguel Properties, Inc., Bell Telecommunication Philippines, Inc., Atea Tierra Corporation, Cyber Bay Corporation and Philippine Oriental Realty Development Inc. He is a Director of other subsidiaries and affiliates of the San Miguel Group of Companies in the Philippines and Southeast Asia and an Independent Director of Philweb Corporation. He finished his Bachelor of Science degree in Mechanical Engineering from the Far Eastern University.</p><p>MANUEL V. PANGILINAN, 65, Filipino Director (since May 26, 2009), President and CEO (since July 1, 2010) Mr. Pangilinan is the Chairman of Philippine Long Distance Telephone Company, Smart Communications, Inc., and Digitel, Inc., the country’s dominant telecommunications group. He is the Chief Executive Officer and Managing Director of First Pacific Company Limited, a publiclylisted company in Hong Kong. He also serves as Chairman of PLDT Communications and Energy Ventures (formerly Piltel), Metro Pacific Investments Corporation, Landco Pacific Corporation, Medical Doctors, Inc., Colinas Verdes Corporation, which operates the Makati Medical Center and Cardinal Santos Medical Center, Davao Doctors, Inc., Riverside Medical Center, Our Lady of Lourdes Hospital, Asian Hospital, Inc. Maynilad Water Services Corporation, Mediaquest, Inc., Associated Broadcasting Corporation (TV5), Philex Mining Corporation and Manila North Tollways Corporation. Mr. Pangilinan has contributed significantly to the Philippine economy through achievements in business and society. He was Chairman of the Board of Trustees of the Ateneo de Manila University and is the Chairman of the Board of Trustees of San Beda College. Mr. Pangilinan holds a Masters in Business Administration degree from Wharton School of Finance and Commerce at the University of Pennsylvania, where he was a Procter and Gamble Fellow.</p><p>OSCAR S. REYES, 64, Filipino Director and Chief Operating Officer (since July 26, 2010) Mr. Reyes is a member of the Advisory Board of the Philippine Long Distance Telephone Company (PLDT) and of the Board of Directors of the Bank of the Philippine Islands, Manila Water Company, Inc., Ayala Land, Inc., Smart Communications, Inc., Pepsi Cola Products Philippines, Inc. and Sun Life Financial Phils., Inc., among other firms. He is also President of MGen and Chairman of MIESCOR, CIS Bayad Center, Meralco Energy, Inc. (MEI), MRL Gold Phils., Inc. and Link Edge, Inc. He served as Country Chairman of the Shell Companies in the Philippines and concurrently President of Pilipinas Shell Petroleum Corporation and Managing Director of Shell Philippines Exploration B.V. He is a member of the Board of Trustees of One Meralco Foundation, Inc., Pilipinas Shell Foundation, Inc., SGV Foundation, Inc. and El Nido Foundation, Inc. He completed his Bachelor of Science degree in Economics at the Ateneo de Manila University and finished post-graduate studies at the Ateneo Graduate School of Business, Waterloo Lutheran University and the Harvard Business School.</p><p>RAY C. ESPINOSA, 56, Filipino Director (since May 26, 2009) Atty. Espinosa is the President and Chief Executive Officer of Mediaquest Holdings, Inc., TV5, Mediascape, Inc. (Signal TV), Nation Broadcasting Corporation, and other subsidiaries of Mediaquest Holdings Inc. He is a member of the Board of Trustees of the PLDT Beneficial Trust Fund, a Director of Philippine Long Distance Telephone Company, MGen and Metro Pacific Investments Corporation and Lepanto Consolidated Mining Corporation; and Vice Chairman of Philweb Corporation. He also serves as Head of Regulatory Affairs and Policy of Philippine Long Distance Telephone Company. He finished his Bachelor of Laws degree (salutatorian) at the Ateneo de Manila University and obtained his Master of Laws degree at the University of Michigan Law School as a Clyde Alton Dewitt Fellow. He placed first in the Philippine Bar examinations of 1982.</p><p>ESTELITO P. MENDOZA, 82, Filipino Director (since February 1, 2009) Atty. Mendoza heads the law firm, Estelito P. Mendoza and Associates. He is a member of the Board of Directors of San Miguel Corporation, Petron Corporation, Philippine National Bank and Philippine Airlines, Inc. A practicing lawyer for more than 58 years, he was consistently listed as a “Leading Individual in Dispute Resolution” among lawyers in the Philippines in the following directories/journals: “The Asia Legal 500”, “Chambers of Asia” and “Which Lawyer?” yearbooks for several years . He has also been a Professorial Lecturer of law at the University of the Philippines and served as Solicitor General, Minister of Justice, Member of the Batasang Pambansa and Provincial Governor of Pampanga. He was also the Chairman of the Sixth (Legal) Committee, 31st Session of the UN General Assembly and the Special Committee on the Charter of the United Nations and the Strengthening of the Role of the Organization. He obtained his Bachelor of Laws degree from the University of the Philippines and Master of Laws degree from Harvard Law School.</p><p>NAPOLEON L. NAZARENO, 62, Filipino Director (since May 26, 2009) Mr. Nazareno is the President and Chief Executive Officer of Philippine Long Distance Telephone Company, Smart Communications, Inc., PLDT Communications and Energy Ventures, Inc. and Connectivity Unlimited Resources Enterprise, Inc. He also serves as Chairman of the Board of Smart Broadband, Inc., Wolfpac Mobile, Inc., i-Contacts Corporation and Airborne Access, Inc. He is a member of the Board of Directors of PLDT Global Corporation and ePLDT, Inc. and GSM Association Worldwide and Wireless Applications Community (WAC), an international alliance of telecommunications companies; and a non-executive Director of First Pacific Company Limited. He is also the Chairman of the Board of Trustees and Governors of the Asian Institute of Management, Governor of the Management Association of the Philippines and member of the Council of Advisors of the DLSU Graduate School of Business and Philippine-Thailand Business Council. He finished his Bachelor of Science degree in Mechanical Engineering at the University of San Carlos in Cebu City and holds a Masters in Business Management degree from the Asian Institute of Management. He attended the INSEAD Executive Program at The European Institute of Business Administration in France.</p><p>ARTEMIO V. PANGANIBAN, 75, Filipino Independent Director (since May 27, 2008) Justice Panganiban was the former Chief Justice of the Supreme Court of the Philippines. He was also Chairperson of the Presidential Electoral Tribunal, Judicial and Bar Council and Philippine Judicial Academy. He is also an Independent Director of Petron Corporation, Bank of the Philippine Islands, First Philippine Holdings Corporation, Metro Pacific Investments Corporation, Metro Pacific Tollways Corporation, Robinsons Land Corporation, GMA Network, Inc., GMA Holdings and Asian Terminals, Inc. He is Senior Adviser of Metropolitan Bank and Trust Company and a columnist for the Philippine Daily Inquirer. He holds a Bachelor of Laws degree, cum laude, from the Far Eastern University and was awarded the degree of Doctor of Laws (Honoris Causa) by the University of Iloilo, Far Eastern University, University of Cebu, Angeles University and Bulacan State University.</p><p>VICENTE L. PANLILIO, 66, Filipino Independent Director (since May 27, 2008) Mr. Panlilio is a member of the Board of Directors of San Fernando Electric Light and Power Company, Bank of Commerce, and a member of the Board of Trustees and Treasurer of Tulay sa Pag-unlad Foundation, Inc. He was a Director of the Philippine Stock Exchange, the Philippine Dealing Exchange Corporation, Equitable PCIBank and the Philippine National Bank. He was also Chief Operating Officer and member of the Advisory Board of Far East Bank and Trust Company. Mr. Panlilio finished his Bachelor of Science degree in Economics graduated at the University of the Philippines. He attended the Advanced Bank Management Program of the Asian Institute of Management.</p><p>ERIC O. RECTO, 48, Filipino Director (since June 28, 2010) Mr. Recto is the President of Petron Corporation, Top Frontier Investment Holdings, Inc., Q-Tech Alliance Holdings, Inc. and ISM Communications Corporation. He is also a Director of San Miguel Corporation and Vice Chairman of the Board of Directors of Philippine Bank of Communications, Atok-Big Wedge Co., Inc., Alphaland Corporation and Philweb Corporation. He was also a former Chief Executive Officer of Eastern Telecommunications Phils., Inc.; President and CEO of Connectivity Resource Enterprise, Inc.; and Director of Philex Petroleum Corporation, Metro Pacific Investment Corporation, PNOG Energy Development Corporation, Maynilad Water Services, Inc., Bulawan Mining Corp., PNB Holdings Corporation, PNB International Finance Ltd. and Philippine National Bank. He finished his Bachelor of Science degree in Industrial Engineering at the University of the Philippines and holds a Masters in Business Administration degree (Finance and Operations Management) from Cornell University, Johnson Graduate School of Management in Ithaca, New York, USA.</p><p>PEDRO E. ROXAS, 55, Filipino Director (since May 25, 2010) Mr. Roxas has been the Chairman and Director of Roxas Holdings, Inc., Roxas and Co., Inc., Roxaco Land Corporation. Mr. Roxas also holds the following positions: Chairman of Roxol Bionergy Corporation, Club Punta Fuego Inc. and Fuego Land Corporation. He is a member of the Board of Directors of Philippine Long Distance Telephone Company, BDO Private Bank and Brightnote Assets Corporation. He completed his Bachelor of Science degree in Business Administration at the University of Notre Dame in Indiana, USA.</p><p>http://www.mentalco.com.ph/pdf/disclosures/2012.04/2012_Definitive_Information_Statement.pdf</p></div>
B.2.4	Are the auditors seeking appointment/re-appointment clearly identified?	<div>Y</div> <div><p>YES. The auditors seeking appointment/re-appointment are clearly identified.</p><p>Source:</p><p>Notice of Annual Meeting of Stockholders and Information Statement, Independent Public Accountants, pages 18-19</p><p>"Independent Public Accountants</p><p>The accounting firm, SyCip Gorres Velayo and Co. (SGV) is MERALCO’s independent public accountant since 1986.</p><p>In compliance with Rule 68 of the Securities Regulation Code on rotation of External Auditors, the audit of the financial statements of MERALCO was handled and certified by the engagement partner, Mr. Gemilo J. San Pedro, since calendar year 2008. Mr. San Pedro issued a statement stating the independence of SGV.</p><p>The terms of engagement, scope of services and fees of the external auditor were reviewed and approved by the Audit and Risk Management Committee of MERALCO. The Audit and Risk Management Committee is composed of six members and chaired by independent director, retired former Supreme Court Justice Artemio V. Panganiban. The other members of the committee are independent director Pedro E. Roxas, directors Napoleon L. Nazareno, Eric O. Recto and Vicente L. Panlilio and non-director, Anabelle L. Chua. Representatives of SGV will be present during the annual meeting and will be given an opportunity to make a statement, if they desire to do so. They are also expected to respond to questions, if needed.</p><p>SGV is willing to stand for reelection as external auditor of MERALCO for the ensuing year."</p><p>http://www.mentalco.com.ph/pdf/disclosures/2012.04/2012_Definitive_Information_Statement.pdf</p></div>

B.2.5	Has an explanation of the dividend policy been provided?	Y	<p>YES. An explanation of the dividend policy has been provided in the Notice of the AGM and Definitive Information Statement which states the following:</p> <p>"MERALCO pays regular cash dividends equivalent to 50% of core earnings for the year, which may be supplemented by a special dividend determined on a “look-back” basis. Any declaration and payment of special dividend is dependent on the availability of unrestricted retained earnings and availability of free cash. The declaration, record and payment dates shall be consistent with the guidelines and regulations of the SEC."</p> <p>Company Website About Us Section, Disclosures & Communications, PSE & SEC, April 20, 2012, Notice of AGM and Definitive Information Statement for Annual Meeting of Stockholders on May 29, 2012, Notes to Consolidated Financial Statements, Note 18. Equity, Unappropriated Retained Earnings, Paragraph 2, Page 59.</p> <p>http://www.meralco.com.ph/pdf/disclosures/2012.04/2012_Definitive_Information_Statement.pdf</p> <p>==</p> <p>In addition, the following statements are also found in the 2011 Annual Report, Corporate Governance Report, II. Shareholder Relations, page 37.</p> <p>"Meralco also adheres to its commitment to maintain a fair and competitive return to its investors. Meralco has a dividend policy approved by the Board, which was ratified by the shareholders in 2010. The policy provides for payment of regular dividends equivalent to 50% of core earnings, which may be supplemented by a special dividend determined on a “look-back” basis. Any declaration and payment of special dividend shall be dependent on the availability of unrestricted retained earnings and availability of free cash. The details of the cash dividend pay-outs are included in Note 18 to the the Consolidated Financial Statements."</p> <p>==</p> <p>2011 Annual Report Notes to Consolidated Financial Statements, Note 18. Equity, Unappropriated Retained Earnings, Paragraph 2, Page 119.</p> <p>"Unappropriated Retained Earnings</p> <p>MERALCO pays regular cash dividends equivalent to 50% of core earnings for the year, which may be supplemented by a special dividend determined on a “look-back” basis. Any declaration and payment of special dividend is dependent on the availability of unrestricted retained earnings and availability of free cash. The declaration, record and payment dates shall be consistent with the guidelines and regulations of the SEC."</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/2012/meralco_ar2011.pdf</p>
B.2.6	Is the amount payable for final dividends disclosed?	Y	<p>YES. The amount payable for final dividends is disclosed. The summary table of 2011 and 2012 dividend pay-outs and related disclosures are available in the Company’s website.</p> <p>Sources:</p> <p>Company Website http://www.meralco.com.ph/company/page-about-investor-stockmeeting.html</p> <p>Cash Dividend: 10% of par value on the Company's 10% Preferred Stock, Series B. Announcement: December 13, 2010 Record Date: December 31, 2010 Payable: January 31, 2011 http://www.meralco.com.ph/pdf/disclosures/2010.12/20101213%20SEC%20FORM%2017C%20rev.pdf</p> <p>Interim Dividend: P1.30 Announcement: December 13, 2010 Record Date: December 29, 2011 Payable: January 17, 2011 http://www.meralco.com.ph/pdf/disclosures/2010.12/20101213%20SEC%20FORM%2017C%20rev.pdf</p> <p>Final Dividend: P2.65 Announcement: February 28, 2011 Record Date: March 28, 2011 Payable: April 20, 2011 http://www.meralco.com.ph/pdf/disclosures/2011.02/20110228%20SEC%20FORM%2017C.pdf</p> <p>Cash Dividend: 10% of par value on the Company's 10% Cumulative Preferred Stock, Series B. Announcement: March 28, 2011 Record Date: March 31, 2011 Payable: April 29, 2011 http://www.meralco.com.ph/pdf/disclosures/2011.03/032811%20SEC%20FORM%2017C%20BOD.pdf</p> <p>Cash Dividend: 3.45 Announcement: July 25, 2011 Record Date: August 17, 2011 Payable: September 13, 2011 http://www.meralco.com.ph/pdf/disclosures/2011.07/20110725%20SEC%20FORM17C.pdf</p> <p>Cash Dividend: 1.70 Announcement: November 2, 2011 Record Date: December 2, 2011 Payable: December 27, 2011 http://www.meralco.com.ph/pdf/disclosures/2011.11/20111102%20SEC%20FORM%2017%20C.pdf</p> <p>Final Dividend: 4.10 Announcement: February 27, 2012 Record Date: March 23, 2012 Payable: April 23, 2012 http://www.meralco.com.ph/pdf/disclosures/2012.02/022812_SEC_FORM_17C_BOD-Financial_and_Operating_Results.pdf</p> <p>==</p> <p>2011 Annual Report Management’s Discussion and Analysis, Equity Financing, Paragraph 5, Page 70.</p> <p>"The table below summarizes the cash dividends declared in 2011 and 2010:</p> <p>(Summary Table of Dividend pay-outs in 2010 and 2011)"</p> <p>==</p> <p>2011 Annual Report Notes to Consolidated Financial Statements, Note 18. Equity, Unappropriated Retained Earnings, Paragraph 2, Page 119.</p> <p>" The following are cash dividends declared on common shares in 2011 and 2010:</p> <p>"(Summary Table of Dividend pay-outs in 2010 and 2011)"</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/2012/meralco_ar2011.pdf</p> <p>==</p> <p>Company Website About Us Section, Investor Relations, Stockholders Meeting, Stock Price & Dividend Payouts, Meralco Dividend Payouts</p> <p>(Summary Table of Dividend pay-outs in 2010 and 2011)"</p> <p>http://www.meralco.com.ph/company/page-about-investor-stockmeeting.html#</p>
B.2.7	Documents required to be proxy/ Were the proxy documents made easily available?	Y	<p>YES. Proxy documents are easily available at the Company's Website.</p> <p>Source:</p> <p>Company Website Investor Relations Section, Stockholders Meeting, Stock Price & Dividend Payouts, Paragraph 3.</p> <p>"Stockholders who cannot attend the meeting or vote in person can send a signed proxy form authorizing another person to attend and vote in the meeting. Meralco must receive the proxy form not later than twenty (20) days before the scheduled meeting.</p> <p>Attached as reference are sample forms. Please note that these are being provided merely for informational purposes and/or in order to assist the company’s stockholders. The company may solicit proxies if it has been given clearance to do so by the Securities and Exchange Commission.</p> <p>To view and/or download the sample forms, please click the links below:</p> <p>Proxy Form (Individual) Proxy Form (Corporate) Proxy Form (PCD Participant) Consent Form (Beneficial Owner)"</p> <p>http://www.meralco.com.ph/company/page-about-investor-stockmeeting.html</p>
B.3 Insider trading and abusive self-dealing should be prohibited.			
B.3.1	Does the company have policies and/or rules prohibiting directors/commissioners and employees to benefit from knowledge which is not generally available to the market?	Y	<p>YES. The company has an established policy prohibiting directors and employees to benefit from knowledge which is not generally available to the market.</p> <p>Source:</p> <p>Company Website Corporate Governance Section, Policies and Implementing Rules</p> <p>"5. Policy on Blackout Period/Restriction on Trading of Shares regulates trading of shares by Company executives, officers and employees with direct access to unpublished information relating to the Company’s financial and operating results, in the interest of CG and transparency. This policy took effect on July 16, 2010.</p> <p>In the event that they are required to trade shares within the blackout period (15 calendar days before and 2 trading days after the release or announcement of Meralco ’s quarterly and annual financial and operating results), they must notify and seek approval of the President of Meralco, or in the case of the Meralco President, the Chairman of the Board of Directors of Meralco, prior to trading."</p> <p>http://www.meralco.com.ph/company/page-about-corgovernance-policies.html</p>

<p>B.3.2 Are the directors and commissioners required to report their dealings in company shares within 3 business days?</p>	<p>Y</p>	<p>YES. The directors are required to report their dealings in company shares within 3 business days.</p> <p>Sources:</p> <p>Company Website Corporate Governance Section, Policies and Implementing Rules</p> <p>"5. Policy on Blackout Period/Restriction on Trading of Shares regulates trading of shares by Company executives, officers and employees with direct access to unpublished information relating to the Company's financial and operating results, in the interest of CG and transparency. This policy took effect on July 16, 2010.</p> <p>In the event that they are required to trade shares within the blackout period (15 calendar days before and 2 trading days after the release or announcement of Meralco's quarterly and annual financial and operating results), they must notify and seek approval of the President of Meralco, or in the case of the Meralco President, the Chairman of the Board of Directors of Meralco, prior to trading."</p> <p>http://www.meralco.com.ph/company/page-about-corgovernance-policies.html</p> <p>==</p> <p>2011 Annual Report Corporate Governance Report, I. Performance in Governance, A. Compliance to Regulations, page 34</p> <p>"Pursuant to the governance principle of transparency, Meralco fully complied with the SEC and Philippine Stock Exchange's (PSE) reportorial requirements on corporate governance, including: Disclosure requirements on direct and indirect ownership of securities under the Securities Regulation Code (SRC) and the reporting of trading transactions of directors and concerned officers of Meralco by the Compliance Officer not later than the following day after the required event or transaction. There has been no case of insider trading involving directors and management of Meralco."</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/2012/meralco_ar2011.pdf</p>
B.4 Related party transactions by directors and key executives.		
<p>B.4.1 Are directors and commissioners required to disclose their interest in transactions and any other conflicts of interest?</p>	<p>Y</p>	<p>YES. The directors are required to disclose their interest in transactions and any other conflicts of interest. Directors and Officers of the company annually submit a Full Business Interest Disclosure. They comply with the requirements of the Securities Regulation Code.</p> <p>Sources:</p> <p>2011 Annual Report Corporate Governance Report, I. Performance in Governance, A. Compliance to Regulations, page 34.</p> <p>"Pursuant to the governance principle of transparency, Meralco fully complied with the SEC and Philippine Stock Exchange's (PSE) reportorial requirements on corporate governance, including:</p> <p>Disclosure requirements on direct and indirect ownership of securities under the Securities Regulation Code (SRC) and the reporting of trading transactions of directors and concerned officers of Meralco by the Compliance Officer not later than the following day after the required event or transaction. There has been no case of insider trading involving directors and Management of Meralco."</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/2012/meralco_ar2011.pdf</p> <p>==</p> <p>Company Website Corporate Governance Section, Policies and Implementing Rules</p> <p>3.Conflict of Interest Policy sets requirements for all directors, officers and employees to observe the highest degree of transparency, selflessness and integrity in the performance of their duties, free from any form of conflict with personal interest. This took effect on August 23, 2004.</p> <p>This was approved by the Board on July 30, 2012 and took effect on August 15, 2012. It supersedes the previous Conflict of Interest Policy adopted by the Company on August 23, 2004."</p> <p>http://www.meralco.com.ph/company/page-about-corgovernance-policies.html</p>
<p>B.4.2 Does the company have a policy requiring a committee of independent directors/commissioners to review material/significant RPTs to determine whether they are in the best interests of the company?</p>	<p>N</p>	<p>NO. Related Party Transactions are disclosed to the Board and the Audit Committee reviews them to determine whether they are in the best interest of the Company. The company does not have a Committee of Independent Directors to review the RPTs.</p>
<p>B.4.3 Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflicted?</p>	<p>Y</p>	<p>YES. The company has a policy requiring board members to abstain from participating in the board discussion on a particular agenda when they are conflicted. These provisions are present in the Manual of Corporate Governance, Code of Ethics and Conflict of Interest.</p> <p>Sources:</p> <p>Company Website Corporate Governance Section, Policies and Implementing Rules, Revised Manual of Corporate Governance, Part I. Board Governance, Section 7.1, page 11.</p> <p>" Section 7.0 Duties and Responsibilities of a Director A director shall have the following duties and responsibilities:</p> <p>7.1 To conduct fair business transactions with the Company and ensure that his personal interest does not conflict with the interest of the Company..."</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/Revised_Corporate_Governance_2011.pdf</p> <p>==</p> <p>Company Website Corporate Governance Section, Policies and Implementing Rules, Code of Ethics, Section IV. Conflict of Interest, pages 5-7.</p> <p>"IV. Conflict of Interest ... 1. We act in the best interest of our Company and avoid activities, situations or associations which could impair our ability to perform our work in our Company's interest or where even the appearance of a conflict of interest may arise..."</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/MERALCO%20Revised%20Code%20of%20Ethics_10062010.pdf</p> <p>==</p> <p>Company Website Corporate Governance Section, Policies and Implementing Rule</p> <p>3.Conflict of Interest Policy sets requirements for all directors, officers and employees to observe the highest degree of transparency, selflessness and integrity in the performance of their duties, free from any form of conflict with personal interest. This took effect on August 23, 2004.</p> <p>This was approved by the Board on July 30, 2012 and took effect on August 15, 2012. It supersedes the previous Conflict of Interest Policy adopted by the Company on August 23, 2004.</p> <p>http://www.meralco.com.ph/company/page-about-corgovernance-policies.html</p>
<p>B.4.4 Does the company have policies on loans to directors and commissioners either forbidding this practice or ensuring that they are being conducted at arm's length basis and at market rates.</p>	<p>Y</p>	<p>YES. The company has included in its Code of Ethics a section on Conflict of Interest/Corporate Opportunity about prohibition on taking opportunity of one's position including loans to directors.</p> <p>The specific provision is accessible through our website stated as follows: (http://www.meralco.com.ph/pdf/aboutmeralco/MERALCO%20Revised%20Code%20of%20Ethics_10062010.pdf), page 5</p> <p>"a. Corporate Opportunity We do not take for ourselves opportunities acquired through the use of corporate property, information or position/influence for personal gain, to compete with our Company, or act against the best interest of our Company."</p>
B.5 Protecting minority shareholders from abusive actions		
<p>B.5.1 Were there any RPTs that can be classified as financial assistance to entities other than wholly-owned subsidiary companies?</p>	<p>N</p>	<p>NO. There was no RPT that can be classified as financial assistance to entities other than wholly-owned subsidiary companies.</p> <p>Source:</p> <p>2011 Annual Report Notes to Consolidated Financial Statements, Note 26 Related Party Transactions, Pages 127-128</p> <p>"The following provides the total amount of transactions, which have been provided and/or contracted by the MERALCO Group with related parties for the relevant financial year. The outstanding balances are unsecured, non-interest bearing and settled in cash...</p> <p>PPAs with FGPC and FGP... Pole Attachment Contracts with Philippine Long Distance Telephone Company, or PLDT... Sale of Electricity under Various Service Contracts... Purchase of Telecommunication Services from PLDT and Subsidiaries... Purchase of Goods and Services</p> <p>In the ordinary course of business, the MERALCO Group purchases goods and services from its affiliates and sells power to such affiliates..."</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/2012/meralco_ar2011.pdf</p>
<p>B.5.2 Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?</p>	<p>Y</p>	<p>YES. The company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.</p> <p>Sources:</p> <p>2011 Annual Report Corporate Governance Report, X. Related Party Transactions, Page 44.</p> <p>" Meralco transacts with related parties to whom it supplies and delivers electricity and/ or those who provide services to support its operations. Any dealing with a related party is set on an arm's-length basis in a manner similar to the transactions with third parties. Meralco fully discloses its related party transactions in accordance with revised PFRS. The nature, extent and other material information of these transactions are disclosed to the SEC and PSE through the consolidated financial statements and annual report within prescribed schedules. These disclosures are likewise posted on the Meralco website for easy access by all its stakeholders and the public. No disputes in connection with such related party transactions were reported in the past."</p> <p>==</p> <p>2011 Annual Report Notes to Consolidated Financial Statements, Note 26 Related Party Transactions, Pages 127-128</p> <p>Total amount of transactions, which have been provided and/or contracted by the MERALCO Group with related parties for the relevant financial year are stated therein.</p> <p>The rates charged to related parties are the same ERC-mandated rates applicable to all customers within the franchise area.</p> <p>http://meralco.com.ph/pdf/aboutmeralco/2012/meralco_ar2011.pdf</p>