

July 29, 2026

ATTY. JOHANNE DANIEL M. NEGRE

Head, Disclosure Department
Philippine Stock Exchange, Inc.
6th Floor, PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City,
Taguig City

Dear Atty. Negre:

We reply to the correspondence sent by the Disclosure Department of the Philippine Stock Exchange at 2:54 p.m. yesterday requesting confirmation of the information contained in the news article entitled "Meralco on Marcos plan to scrap system loss charges: Consider operational impact". The news article was published on GMA News (online edition) yesterday.

The article reported in part that:

"THE Manila Electric Company (Meralco) is seeking a thorough discussion about President Ferdinand "Bongbong" Marcos Jr.'s proposal to scrap system loss charges from consumers' electricity bills, noting of its potential impact on power distribution utilities' operational and financial health.

In a statement issued Tuesday, Meralco executive vice president and chief operating officer Ronnie Aperocho that while it respects Marcos' policy direction, "it is important to recognize that system loss is not unique to any distribution utility but is a common operational aspect of the delivery of electricity — which affects the entire power industry."

The President, in his fifth State of the Nation Address (SONA 2026), declared that it is about time to put a stop to system loss charges, including an accompanying value-added tax (VAT), from being passed on to consumers as he called on lawmakers to amend the Electric Power Industry Reform Act (EPIRA).

...."

XXX XXX XXX



customer@meralco.com.ph



www.meralco.com.ph



Home: +63(2) 16211
Businesses: +63(2) 16210



Meralco Operating Center,
Ortigas Avenue, Pasig City
1600 Philippines



With reference to the news article that is the subject of the Exchange's request for clarification, we would like to confirm the statements attributed to Mr. Ronnie L. Aperoch, Executive Vice President and Chief Operating Officer of Manila Electric Company (the "Company").

In its correspondence yesterday, the Exchange requested the Company to comment on the potential impact of the proposed removal of system loss charges to the Company's business, operations, and financial condition. The Exchange likewise inquired whether the proposed measure would affect the Company's capital expenditures, infrastructure investments, system modernization initiatives, and its ability to maintain the reliability and sustainability of its distribution network.

At this juncture, the Company is unable to quantify the impact of the proposal removal of system loss charges to its business, operations, and financial condition until the amendments to the Electric Power Industry Reform Act (EPIRA) become effective, and the implementing rules and regulations governing the same have been issued.

We trust that you find the foregoing clarification in order.

Very truly yours,


WILLIAM S. PAMINTUAN
Senior Vice President
Assistant Corporate Secretary and
Information Disclosure Officer