MERALCO

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August 7, 2018

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Gentlemen:

We reply to your letter dated August 7, 2018 (received thru EDGE Submission System at 9:06 a.m. today) requiring us to clarify and/or confirm the information contained in the news article entitled "Meralco sets add'l P4.2-B capex for DOTr railway projects" posted in Manila Bulletin (Internet Edition) on August 6, 2018. The article reported in part that:

"To support the Department of Transportation's (DOTr) build-up of priority railway infrastructure projects, utility firm Manila Electric Company (Meralco) indicated that it will earmark additional P4.239 billion on its capital outlay, primarily to handle right of way (ROW) issues and relocation of affected communities traversed by several State-underpinned ventures.

According to Meralco First Vice President Ronnie L. Aperocho, who is also the company's head of networks, 30 percent of the estimated relocation costs shall be shouldered by the utility firm.

As calculated, the total cost for the transfer of affected families and communities of the railway projects shall be at P14.155 billion – the bulk amounting to P9.916 billion shall be to the account of implementing agency DOTr; and the balance by Meralco.

. . . .

Meralco Senior Vice President Alfredo S. Panlilio emphasized that the anticipated expense for these 'Build, Build, Build' infrastructure projects of the government has yet to be approved by the Energy Regulatory Commission.

Company executives qualified that the amount shall be on top of the capital expenditures (capex) that the company had already applied for with and as approved by the regulatory body.

. . . ."

With reference to the said news article, we would like to confirm the statements attributed to our Senior Vice Presidents, Mssrs. Ronnie L. Aperocho and Alfredo S. Panlilio, regarding the earmarking of additional P4.2 billion capital expenditure to support the DOTr's railway infrastructure projects with the clarification that this intended capital expenditure is an estimated amount and will be subject for approval by the Energy Regulatory Commission.

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

Very truly yours,

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