



ORTIGAS AVENUE, PASIG CITY
0300 PHILIPPINES

February 14, 2019

The Audit Committee
Manila Electric Company

Confirmation Statement on Internal Control

For the year end December 31, 2018, we are pleased to inform you that we have reviewed the adequacy and effectiveness of the overall internal control system of MERALCO and its subsidiaries. The review covered all material controls, including financial, operational and compliance controls.

The approach adopted to support this year-end assessment on the adequacy of the MERALCO Group's system of internal control was based on the results of the Risks and Controls Self-Assessment (RCSA) of Management that was facilitated and reviewed by Internal Audit and the various audits Internal Audit has undertaken within the MERALCO Group of companies as of December 31, 2018. Control issues have been disclosed by Management and validated by Internal Audit. While this approach covers a large part of the Company's internal control systems, it is not intended to cover all areas of the Company, nor all possible areas of risk.

Based on the results of Management's Controls Self-Assessments and the Internal Audit's review of key business processes focusing on known or anticipated areas of business risks (subject to the reservation that the audit coverage is not all encompassing), we confirm that the MERALCO Group's systems of internal control are adequate and effective. There are no major internal control issues that have not been acted upon by management as of December 31, 2018.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Oscar S. Reyes'.

Oscar S. Reyes
President & Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Melanie T. Oteza'.

Melanie T. Oteza
FVP & Chief Audit Executive