



ORTIGAS AVENUE, PASIG CITY
0300 PHILIPPINES

January 25, 2018

The Audit Committee
Manila Electric Company

Confirmation Statement on Internal Control

For the year-end December 31, 2017, 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, 2017. Control issues have been classified by Management as either "Significant", "Reportable", or "Minor" 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 Control Self-Assessments and the Internal Audit's review of key business processes focusing on known or anticipated areas of business risks, and discussion with the External Auditors, notably their audit of the December 31, 2017 consolidated financial statements, 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, 2017.

Sincerely yours,


Oscar S. Reyes
President & Chief Executive Officer


Helen T. De Guzman
Head, Internal Audit