

# Draft

## **MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS OF THE MANILA ELECTRIC COMPANY HELD ON MAY 26, 2020 AT THE LOPEZ BUILDING, ORTIGAS AVENUE, PASIG CITY**

### **CALL TO ORDER**

The Company's 57<sup>th</sup> Annual Stockholders' Meeting was called to order at 10:03 a.m. on May 26, 2020 by the Chairman of the Board, Mr. Manuel V. Pangilinan, who presided over the same at the Company's principal office at Lopez Bldg., Ortigas Ave., Brgy. Ugong, Pasig City, Metro Manila. The Corporate Secretary, Atty. Simeon Ken R. Ferrer, took the minutes of the meeting.

Due to the corona virus pandemic and for the safety of the stockholders, the 2020 Annual Stockholders' Meeting was conducted virtually. Stockholders who have successfully registered online from May 9 to 20, 2020 were able to participate through remote communication using the Stockholder's Electronic Registration and Voting Express or SERVE platform found at the Company's website, <https://company.meralco.com.ph/corporate-governance/SERVE>. There were over three hundred (300) stockholders and guests who were able to view the proceedings virtually.

The Chairman addressed the stockholders and requested that given the level of complexity and the time needed to resolve questions on customer service, dividend delivery, invitations to, or notice of, the Annual Stockholders' Meeting and other technical matters, all stockholders with concerns or questions on these were advised to email them with their contact details to [stockholder.affairs@meralco.com.ph](mailto:stockholder.affairs@meralco.com.ph).

The Chairman introduced the other members of the Board of Directors, namely: Ms. Anabelle L. Chua, and Atty. Ray C. Espinosa, who were physically present at the MERALCO Theater, and Messrs. James L. Go, Frederick D. Go, Lance Y. Gokongwei, Elpidio L. Ibañez, Jose Ma. K. Lim, Pedro E. Roxas, Victorico P. Vargas, and retired Chief Justice Artemio V. Panganiban, who joined by way of live streaming. It was noted that Mr. Frederick D. Go was appointed in place of the late John L. Gokongwei, Jr.

Atty. Ray C. Espinosa also serves as the Company's President and Chief Executive Officer while, retired Chief Justice Artemio V. Panganiban, an Independent Director, serves as the Chairman of the Audit Committee.

Also introduced were the Chief Finance Officer, Ms. Betty C. Siy-Yap, the Corporate Secretary, Atty. Simeon Ken R. Ferrer, and the Assistant Corporate Secretary, Atty. William S. Pamintuan. Other corporate officers and executives of the company, as well as the Company's external auditors, Sycip Gorres Velayo and Co., who also joined the meeting via remote communication were likewise acknowledged.

Upon successful online registration, stockholders were provided with access to the Company's SERVE platform, which allowed them to vote electronically on the matters passed upon in the meeting and to elect the Company's Board of Directors for fiscal year 2020-2021.

The proposed Resolutions for the meeting were contained in the Definitive Information Statement, a copy of which was uploaded in the in MERALCO's website, [www.meralco.com.ph](http://www.meralco.com.ph) so as to make the same accessible to all stockholders and was published in the Philippine Star and Business World, both in print and on-line editions on April 23 and 24, 2020 and disclosed to the Philippine Stock Exchange on April 15, 2020. This practice is in line with the Company's commitment to good governance and its desire to encourage broader participation of its stockholders in deciding fundamental matters involving the Company.

Thereafter, the Secretary read the ground rules and voting procedure to be observed during the meeting to ensure the conduct of fair, orderly, and efficient proceedings. Following

are the following points highlighted to the stockholders who joined via remote communications and who will be voting in absentia:

- a) Certificated stockholders of the Company as of March 6, 2020 may exercise their right to vote on the agenda items in the 2020 Annual Stockholders' Meeting through electronic voting.
- b) Stockholders or their proxies, who have successfully registered with, and have logged on to MERALCO's SERVE platform found at <https://company.meralco.com.ph/corporate-governance/SERVE> from May 9, 2020 to May 20, 2020, were given access to the Annual Stockholders' Meeting Live Portal, a livestream video service that allows the Stockholders or their proxies to participate and vote electronically on the matters to be passed upon in the Annual Stockholders' Meeting and to elect the Company's Board of Directors.
- c) All questions and clarifications on the agenda items may be raised through MERALCO's SERVE platform.
- d) The Company's Assistant Corporate Secretary, Atty William S. Pamintuan will read the questions received during the Question and Answer portion which will take place before we take up "Other Business", if any, Item No. 10 of the Agenda. Management will reply to questions not taken up during the meeting via email.
- e) As indicated in the Notice and in the electronic ballot, there are five (5) resolutions proposed for adoption by the stockholders of this meeting. Each proposed resolution will be shown on the screen as the same is being taken up.

For voting procedure, the Company's class of outstanding shares entitles the holder to one vote for one share. The affirmative vote of the stockholders representing at least a majority of the outstanding and voting shares shall be needed to pass and approve each proposed resolution unless the law provides otherwise.

For the election of directors, stockholders are allowed to elect directors individually or to cumulate their votes. Election of directors shall be by plurality of votes.

Upon online registration, the stockholders were provided access to the Company's SERVE platform, which allows them to cast their vote electronically.

All votes received were automatically uploaded in the system and tabulated by the Office of the Corporate Secretary and results thereof shall be validated by the auditing firm, Reyes Tacandong & Co., which was duly appointed by the Board to act as such for the 2020 Annual Stockholders' Meeting.

As each item in the agenda is taken up, the Secretary will report on the votes received and tabulated as of 9:00 a.m. today. The minutes will, however, reflect the final tally of votes.

Voting will close when the meeting is adjourned.

#### **SERVICE OF NOTICE**

The Secretary reported that written notice of the meeting was served to all stockholders of record as of March 6, 2020. The notices were released through various means on April 15, 2020, twenty-eight (28) working days prior to the annual stockholders meeting in accordance with the Revised Corporation Code, Securities Regulation Code, By-Laws of the Company, and the internal guidelines for participation in meetings via remote communications and for voting in absentia, which are embodied in the Company's Definitive Information Statement as approved by the Securities and Exchange Commission (SEC).

The rationale and explanation for each agenda item which required shareholders' approval were provided in the notice of this meeting.

#### **DETERMINATION OF QUORUM**

The Secretary reported and certified that there was a quorum for the meeting, as stockholders who own or hold over 957,350,974 shares or approximately 84.94% of the 1,127,098,705 issued and outstanding common shares of the Company entitled to vote, were present in person, by proxy or through remote communication.

#### **APPROVAL OF THE MINUTES OF STOCKHOLDERS' MEETING HELD IN 2019**

The Chairman submitted for approval the Minutes of the Annual Stockholders Meeting held on May 28, 2019. Copies of the minutes have been made available during office hours at the Office of the Corporate Secretary and posted in the Company's website within twenty-four

(24) hours from the conduct of such meeting. The minutes are also reflected in the Definitive Information Statement submitted to the SEC.

The Secretary moved to dispense with the reading of the Minutes of the Annual Stockholders' Meeting held on May 28, 2019 and to approve the same since copies of the Minutes have previously been made available.

The Minutes were approved by stockholders representing more than a majority of the total voting shares, present and represented at the meeting, as detailed in the following table:

| VOTES        | NUMBER OF VOTES CAST<br>(1 share = 1 vote) | PERCENTAGE OF<br>VOTING |
|--------------|--------------------------------------------|-------------------------|
| 1. Approved  | 957,344,141                                | 84.938%                 |
| 2. Against   | 0                                          | 0.000%                  |
| 3. Abstained | 0                                          | 0.000%                  |

The following resolution was thus adopted and approved as Resolution 2020-1:

“RESOLVED, that the Stockholders of the Corporation hereby approve the Minutes of the Annual Stockholders' Meeting held on May 28, 2019.”

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| <p><b>REPORT OF THE PRESIDENT<br/>AND CHIEF EXECUTIVE OFFICER</b></p> |
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The President and Chief Executive Officer, Atty. Ray C. Espinosa, presented his report to the stockholders quoted hereunder as follows:

“To our MERALCO Stockholders,

Good morning and thank you for joining our 2020 Annual Stockholders' Meeting. I trust that you are all keeping safe and well amid the COVID-19 pandemic that has beset our country and the world in the last few months.

I am very pleased to report to you that 2019 was another exceptional year for your Company. Amid a challenging business environment marked by an 8-year low GDP growth of 5.9%, higher fuel prices, and 15 major weather disturbances impacting our franchise area, MERALCO has remained very strong as it surpassed previous performance highs in Energy Sales, Operational Metrics, and Financial Results.

We have created value for our customers while delivering profitable growth for our shareholders through our 5 growth platforms and through our focus on key business imperatives.

Indeed, we in MERALCO have sustained energy for our customers, our communities, and the country through our drive for excellence.

#### **FORTIFYING THE CORE DISTRIBUTION UTILITY**

In 2019, we fortified the core distribution utility.

Consolidated energy sales rose to 46,871 GWh, up 6% over 2018. Sales to Commercial customers representing 40% of total energy sales, grew a healthy 6% driven by the Real Estate and Retail Trade sectors, which were fueled by demand for office spaces by BPO and Offshore Gaming companies.

Residential energy sales, accounting for 31% of our total, surged by 8% spurred by a growing customer base outside Metro Manila and by the continued growth of vertical and horizontal property developments.

Finally, sales to Industrial customers grew by 4% vs. 2018 supported by increased consumer spending and by construction demand from commercial developments and public infrastructure projects.

Overall, MERALCO's customer base reached close to 6.9 million accounts by end-2019, up 4% over 2018.

We powered more homes with Residential customers, nearing 6.3 million accounts, posting a growth of 4%;

We also powered more businesses as our Commercial and Industrial customer bases rose by 3% and 2%, respectively.

And we powered more lives as we held firm to our commitment of delivering the MERALCO brand of service to developing communities, leading to an electrification rate of 99.6% in our franchise area.

All these were achieved while keeping pace with the Philippines' growing economy. Peak demand in the MERALCO franchise area surged by 4.6% to 7,740 MW in June 2019, while peak demand in the Luzon Grid rose 4.3%.

Addressing our customers' expectations for excellent service continued to be a top priority for your Company, and we are proud to have delivered on this goal as seen by our Customer Satisfaction rating at par with our all-time best.

To further enhance customer experience, we continued to heighten our social media presence and to leverage digital platforms such as MERALCO Online, allowing customers to engage with us whenever, wherever. More and more, our customers choose to connect with MERALCO via this convenient platform, with registrations exceeding 1.5 million as of today.

2019 also saw us outperform service standards, exemplified by our all-time best System Loss of 5.54%. This has resulted in savings to our customers of nearly ₱45 billion since 2008.

We also reached rewards levels across performance indicators on Power Interruption Frequency and Duration, Time to Process Applications, Time to Connect Customers, and Call Center Performance.

We achieved these by building a robust, reliable, and resilient distribution network supported by the highly efficient management of our capital expenditures which reached ₱20.2 billion in 2019. Our major projects included the development of 3 new GIS substations, as well as the completion of 6 vital capacity and distribution upgrade projects.

Our highly capable Networks and Customer Service teams delivered all these, while carrying out key relocation projects to support the Government's "Build, Build, Build" program. Going forward, we shall endeavor to resume our CapEx program as soon as possible to further fortify our network and to help spur our economy.

Driven by robust sales and exceptional operating performance, MERALCO also delivered outstanding financial results.

Our Core Net Income increased by 6% to ₱23.8 billion in 2019, while Reported Net Income rose to ₱23.3 billion.

Core EBITDA also grew to ₱38.0 billion and Core Earnings per share reached ₱21.14, 6% higher than the previous year.

Your Company also delivered excellent shareholder returns, with Cash Dividends amounting to ₱16.06 per share—a 20% increase over 2018, and representing a dividend yield of 5%.

MERALCO's share price at the last trading day of 2019 was P317.

We ended 2019 with a strong balance sheet and a healthy cash position. Stockholders Equity stood at ₱84.2 billion, total Borrowings at ₱41.3 billion, and Cash and Cash Equivalents at ₱38.3 billion, resulting in a Debt to EBITDA ratio of 1.01.

MERALCO's banner year was indeed a direct result of the hard work and dedication of our workforce—the 5,755 men and women of MERALCO who embody our values of excellence and *malasakit*, while adhering to the highest safety standards.

#### **GROWING RETAIL ELECTRICITY SUPPLY**

Looking beyond the core distribution utility business, we delivered profitable growth in the highly competitive retail electricity space through MPower and Vantage Energy. Total sales within the Meralco franchise area surged by 17%

to 6,123 GWh, while our contestable customer base grew to 449 accounts, up 22% over 2018. These wins were achieved through exemplary service delivery and innovative value-added solutions, helping MPower and Vantage achieve a high customer renewal rate of 96%.

### **BUILDING OUR POWER GENERATION PORTFOLIO**

Building MERALCO's power generation portfolio remains a highly strategic initiative of your Company as we seek to add much-needed reliable and efficient power supply to support the Philippines' growth momentum.

In September 2019, commercial operations began for MERALCO PowerGen's ₱54.3 billion 455 MW San Buenaventura Power Plant in Mauban, Quezon. SBPL is the country's first high efficiency, low emission supercritical power plant capable of generating up to 3,430 GWh per year with much less greenhouse gas emissions.

Looking ahead, MGen is preparing for the launch and commercial operations of another highly efficient supercritical power plant, the 2x600 MW Atimonan One Energy.

### **GROWING OUR SUBSIDIARIES AND AFFILIATES**

Beyond our assets and investments in the energy value chain, One MERALCO also maintained its strong presence in energy-related and infrastructure services.

Bayad Center, with its mission to provide 'pay anytime, anywhere' convenience to customers, augmented its 38,000 customer touchpoints with the introduction of the Bayad Center super app, allowing the company to facilitate 111 million payment transactions in 2019.

As well, Radius embarked on an aggressive network expansion program beyond the MERALCO franchise area, establishing fiber facilities in Pampanga and Cebu and growing its points of presence in Hong Kong and Singapore—all while upgrading its core network capacity to 100 GB.

Our engineering services company, MIESCOR, ably supported MERALCO in delivering its major capex projects and was also instrumental in completing key national development priorities such as the Mindanao transmission backbone.

Finally, MERALCO's energy services company, MServ, achieved a milestone last year as it deployed the Philippines' first successful smart streetlight solution in Puerto Princesa, Palawan.

### **INVESTING IN NEW ENERGY BUSINESSES**

Attuned to advances in technology and industry, MERALCO continues to invest and expand in new energy spaces.

Last year, we entered into a 25-year joint venture agreement with the Bases Conversion Development Authority to build, operate, and maintain the electric distribution system of New Clark City, envisioned to be the country's first smart, sustainable, and disaster resilient metropolis.

As well, to evaluate the viability of integrating energy storage solutions to enhance the grid, MERALCO launched the country's first utility-scale 2MW lithium-based Battery Energy Storage Solution in San Rafael, Bulacan in September 2019.

Indeed, 2019 saw us make great strides in delivering and sustaining energy across all our growth platforms.

### **SUSTAINING THE FUTURE**

However, all these achievements will be for naught if the customers, communities, and the country we seek to build and uplift are not equipped to deal with the mounting challenges our world faces.

Our world is unwell.

The Philippines is losing almost 47,000 hectares of forest cover each year. Nearly 7 million Filipinos rely on unsafe and unclean water sources. Globally, the Philippines ranks third in air pollution-related deaths. And 1 out of every 6 Filipinos is poor, subsisting on only 70 pesos a day.

It is against this backdrop that we say, business as usual is no longer an option.

As such, we join and support the global thrust for sustaining the future, as embodied by the United Nations 17 Sustainable Development Goals or SDGs.

As the nation's premier electric distribution utility, MERALCO is distinctively positioned to promote UN SDG 7 or the drive for Affordable and Clean Energy. However, beyond SDG 7, we also support 10 other SDG's through our different businesses and initiatives.

We have thus, established the One MERALCO Sustainability Agenda distinguished by 4 focus areas: Power, Planet, People, and Prosperity.

### **POWER**

Aspiring to provide 'energy for all, always', POWER guides our efforts to deliver affordable, accessible, reliable, and clean energy. In 2019, as part of the MERALCO Electrification Program targeting 100% electrification within our franchise area, we completed the first phase energization of Verde and Cagbalete Islands powering over 180 households through microgrid solutions.

In support of Reliability, our grid digitization efforts enabled us to deliver high-quality and reliable power to our customers.

Finally, to deliver Clean energy, apart from growing our rooftop solar business through Spectrum, we have also begun an important energy transition via MGREEN, which aims to build up to 1,000 MW of renewable energy projects in the next 5 to 7 years.

### PLANET

PLANET covers our initiatives to protect and preserve Mother Earth. Through eSakay, we have reduced greenhouse gas emissions with the deployment of a fleet of electric jeeps servicing over 1.5 million commuters in Makati and Mandaluyong Cities. We have also launched resource efficiency measures in our MERALCO facilities by shifting to LED lights and inverter air conditioning units, while supporting our customers through MSERV's energy efficiency solutions. Last year, we initiated and heightened key waste reduction measures such as a Company-wide ban on Single Use Plastics, and the use of ester oil in our distribution transformers, making them 99% recyclable and biodegradable.

### PEOPLE

We also strive to embed a sustainability mindset in our People, while cultivating a culture of inclusivity and diversity. In 2019, women represented close to a third of our workforce versus the global energy sector average of 9%. In addition, we saw a 17% increase in women holding managerial positions. Finally, through employee engagement and volunteerism efforts, our people have actively participated in our total wellness program, Orange Fit, and in One For Trees—our initiative to plant 3 million trees by 2025.

### PROSPERITY

Underpinning all our efforts is Prosperity or the drive to create better lives for all. We provided our customers real power, enabling them to make smarter energy choices through innovative programs such as Kuryente Load and Orange Tag. We likewise placed great emphasis on sustaining our communities—particularly the youth and the marginalized—via One MERALCO Foundation's school electrification program and through our disaster relief operations within and beyond the franchise area.

Indeed, the importance of helping people lead better lives has never been more pronounced than it is today. COVID-19 has created an extremely challenging environment, posing a grave threat to public health and almost all forms of human activity. It is, therefore, imperative for MERALCO to “keep the lights on” for its customers and to help—even beyond its core services—in this time of great need.

I wish to thank you, our stockholders, Chairman MVP, our Board of Directors, and all our people in One MERALCO for your confidence and support in 2019.

For us, this important journey is only beginning. This 2020 and beyond, we will forge further ahead in sustaining energy for our customers and our

communities, in sustaining the future of our country, and in powering the good life for all.

The Chairman thanked the President and CEO for his report and reminded the stockholders that for good order and as indicated by the Corporate Secretary, any questions on the report will be considered after Item 9 and before Item 10 of the agenda.

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| <p><b>APPROVAL OF THE 2019 AUDITED<br/>FINANCIAL STATEMENTS</b></p> |
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The next item on the agenda was the approval of the Audited Financial Statements for the Year 2019.

The Secretary stated that Management requested the approval of the Company's 2019 Audited Financial Statements and proposed the adoption of Resolution No. 2020-2.

Accordingly, the Company's Audited Financial Statements for the period ended December 31, 2019 was approved by stockholders representing at least a majority of the total voting shares, present and represented at the meeting, as detailed below:

| VOTES        | NUMBER OF VOTES CAST<br>(1 share = 1 vote) | PERCENTAGE OF<br>VOTING |
|--------------|--------------------------------------------|-------------------------|
| 1. Approved  | 956,472,499                                | 84.861 %                |
| 2. Against   | 0                                          | 0.000 %                 |
| 3. Abstained | 871,642                                    | 0.077 %                 |

The following resolution was thus adopted and approved as Resolution 2020-2:

“RESOLVED, that the audited financial statements for the year ended December 31, 2019 be, as the same hereby are, approved.”

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| <p><b>RATIFICATION OF ACTS, RESOLUTIONS, AND DEEDS<br/>OF THE BOARD OF DIRECTORS AND MANAGEMENT</b></p> |
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The next item on the agenda was the ratification of acts, resolutions, and deeds of the Board of Directors, its Committees and Management of the Company from the Annual Stockholders' Meeting held on May 28, 2019 up to this meeting. Upon the Chairman's request,

the Secretary briefly explained that these acts are provided in the minutes of meetings of the Board, its Committees and the Management. These also include the approval of contracts and agreements, projects and investments, treasury matters, dividend declaration, and disclosures to the Securities and Exchange Commission and Philippine Stock Exchange.

The highlights of these acts of the Board and Management were flashed on the screen.

Acts of Management pertain to those taken to implement the resolutions, directives and instructions of the Board and its Committees and those done in the regular course of the Company's business.

All acts, resolutions, and deeds of the Board of Directors, its Committees and Management of the Company from the Annual Stockholders' Meeting held on May 28, 2019 up to this meeting were ratified by the stockholders representing at least a majority of the total voting shares, present and represented at the meeting, as detailed in the following table:

| VOTES        | NUMBER OF VOTES CAST<br>(1 share = 1 vote) | PERCENTAGE OF<br>VOTING |
|--------------|--------------------------------------------|-------------------------|
| 1. Approved  | 956,406,960                                | 84.855%                 |
| 2. Against   | 0                                          | 0.000%                  |
| 3. Abstained | 937,181                                    | 0.083%                  |

The following resolution was thus adopted and passed as Resolution 2020-3:

“RESOLVED, that all acts, resolutions, and deeds of the Board of Directors and Management of the Company from the Annual Stockholders' Meeting held on May 28, 2019 up to the date of this meeting be as they hereby are, confirmed, ratified and approved.”

#### **ELECTION OF DIRECTORS FOR THE ENSUING YEAR**

The next item on the agenda was the election of the members of the Board of Directors for the ensuing year. The Company's Articles of Incorporation provide for eleven (11) seats in the Board. The Company's stockholders, including shareholders in the minority, were given the opportunity to nominate candidates for election to the Board of Directors.

A “Call for Nomination” was also posted in the Company’s website last January 27, 2020 calling for the submission of the proposed agenda and nomination of qualified candidates on or before March 6, 2020.

The Chairman requested the Secretary to explain this particular item and give the results of the election.

The Secretary stated that in accordance with the Company’s By-Laws and Manual of Corporate Governance, as well as the Revised Corporation Code and the Securities Regulations Code, the following stockholders were duly nominated as members of the Company’s Board of Directors to serve as such for the ensuing term:

| <b>Name</b>              | <b>Nominated by</b>                   |
|--------------------------|---------------------------------------|
| 1. Anabelle L. Chua      | Beacon Electric Asset Holdings, Inc.  |
| 2. Ray C. Espinosa       | Beacon Electric Asset Holdings, Inc.  |
| 3. James L. Go           | JG Summit Holdings, Inc.              |
| 4. Frederick D. Go       | JG Summit Holdings, Inc.              |
| 5. Lance Y. Gokongwei    | JG Summit Holdings, Inc.              |
| 6. Elpidio L. Ibañez     | First Philippine Holdings Corporation |
| 7. Jose Ma. K. Lim       | Metro Pacific Investments Corporation |
| 8. Artemio V. Panganiban | Ms. Virginia P. Gapuz                 |
| 9. Manuel V. Pangilinan  | Beacon Electric Asset Holdings, Inc.  |
| 10. Pedro E. Roxas       | Ms. Virginia P. Gapuz                 |
| 11. Victorico P. Vargas  | Beacon Electric Asset Holdings, Inc.  |

Retired Chief Justice Panganiban and Mr. Roxas were nominated as independent directors.

The Nomination and Governance Committee had evaluated the qualifications of the nominees, including the nominees for Independent Directors, and determined that they have all the qualifications and none of the disqualifications to serve as directors of the Company. All these nominees have given their consent to their nomination.

The profiles of all the nominees to the Board of Directors, stating their age, qualifications, experience, date of first appointment to the Board of the Company, and directorships in other publicly listed companies or subsidiaries, whether listed or non-listed

within the group of companies, were made available as part of the Definitive Information Statement distributed to all the stockholders.

Based on votes obtained by each, the following were declared duly elected members of the Board of Directors to serve for the ensuing year and until their successors are duly elected and qualified:

| Name                                                                   | Votes       |
|------------------------------------------------------------------------|-------------|
| 1. Anabelle L. Chua                                                    | 898,462,353 |
| 2. Ray C. Espinosa                                                     | 953,667,705 |
| 3. James L. Go                                                         | 897,342,253 |
| 4. Frederick D. Go                                                     | 897,621,593 |
| 5. Lance Y. Gokongwei                                                  | 897,639,988 |
| 6. Elpidio L. Ibañez                                                   | 905,865,876 |
| 7. Jose Ma. K. Lim                                                     | 898,317,373 |
| 8. Artemio V. Panganiban                                               | 935,135,850 |
| 9. Manuel V. Pangilinan                                                | 899,392,111 |
| 10. Pedro E. Roxas                                                     | 937,445,144 |
| 11. Victorico P. Vargas                                                | 904,429,774 |
| A total of 505,465,531 votes abstained from the election of directors. |             |

The following resolution was thus adopted and passed as Resolution 2020-4.

“RESOLVED, that the following nominees to the Board, having received sufficient number of votes from the stockholders present and represented at the meeting, are hereby declared duly elected members of the Board of Directors to serve for the ensuing year and until their successors are duly elected and qualified:

Anabelle L. Chua  
Ray C. Espinosa  
James L. Go  
Frederick D. Go  
Lance Y. Gokongwei  
Elpidio L. Ibañez  
Jose Ma. K. Lim  
Artemio V. Panganiban  
Manuel V. Pangilinan  
Pedro E. Roxas  
Victorico P. Vargas

The Chairman acknowledged and welcomed the newly elected Board member, Mr. Frederick D. Go, to the Company's Board of Directors.

Mr. Frederick D. Go is currently the President and CEO of Robinsons Land Corporation; Chairman and President of Altus Property Ventures, Inc.;

Chairman of Luzon International Premier Airport Development Corporation; Vice Chairman of Robinsons Bank Corporation; President of Robinsons Recreation Corporation; Vice Chairman of Philippine Retailers Association and Group General Manager of several real estate development companies. These are in addition to his membership in the board of publicly listed corporations such as Robinsons Land Corp. and Cebu Air Inc., among others.

The Chairman said a tribute to Mr. John L. Gokongwei, Jr.

“As we welcome Frederick to our Board, we also would like to say our heartfelt goodbye and thanks to the late Mr. John L. Gokongwei, Jr., who passed on last Nov. 9, 2019. His absence will leave a big void in MERALCO, but as well as in the Philippine business community with his legendary business acumen and philanthropy. We expressed our profound gratitude for your years of service to the MERALCO Board.”

#### **APPOINTMENT OF EXTERNAL AUDITORS**

The next order of business was the appointment of external auditor for the Company.

The Chairman requested the Secretary to enlighten the stockholders and give the voting results on the proposed resolution for this item.

The Secretary stated for the year ended December 31, 2019, the Company paid an audit fee of ₱9.3 Million to the incumbent external auditors, SyCip Gorres Velayo & Co. The Audit Committee had evaluated and was satisfied with their performance during the past year. The reappointment of SGV & Co. as external auditors of the Company for the ensuing year was thus endorsed by the Audit Committee and the Board of Directors.

The Secretary was pleased to report reappointment of the Company’s external auditor was approved by the stockholders representing a majority of the voting shares, present and represented at the meeting and eligible to vote. The details of the votes are, follows:

| <b>VOTES</b> | <b>NUMBER OF VOTES CAST<br/>(1 share = 1 vote)</b> | <b>PERCENTAGE OF<br/>VOTING</b> |
|--------------|----------------------------------------------------|---------------------------------|
| 1. Approved  | 957,238,061                                        | 84.929 %                        |
| 2. Against   | 103,540                                            | 0.009%                          |
| 3. Abstained | 2,540                                              | 0.000%                          |

The following resolution was thus adopted and passed as Resolution 2020-5:

**“RESOLVED, that SGV & Co., Certified Public Accountants, be, as they hereby are, retained and appointed as external auditor of the Company for the year 2020-2021.”**

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| <b>QUESTIONS &amp; ANSWERS</b> |
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The Chairman requested the Assistant Corporate Secretary, Atty. William S. Pamintuan, to read the questions from the stockholders.

Atty. Pamintuan stated that there are several questions from stockholders that were received via the SERVE facility. Following were the questions raised and the answers provided by the Board and/or Management of the Company:

- Ms. Alpha Bernardo inquired on how the next cash dividend payouts will be affected, considering the current business circumstances. Atty. Ray. C. Espinosa, President and CEO, replied that the Company’s dividend policy calls for the payment of regular cash dividends equivalent to 50% of the audited Consolidated Core Net Income (CCNI) for the year with a “look-back” provision. This allows the Company to pay special dividends beyond 50% of the CCNI for the year, subject to the availability of cash and unrestricted retained earnings in accordance with the guidelines of the SEC.
- Ms. Sheena Amurao said that they have heard complaints of customers regarding the significant increase in the MERALCO bills for May. She then asked if MERALCO violated any rules and guidelines from the Energy Regulatory Commission (ERC) in this regard. Atty. Espinosa replied that MERALCO did not violate any rules and regulations of the ERC. He added that the Company followed the Distribution Services and Open Access (DSOAR) Rules of the Commission, as well as the different ERC Advisories that were issued on April 15, May 5 and May 22, 2020.

Atty. Espinosa said that it is reasonable for customers to see a spike in their May 2020 bills due to the following reasons:

- 1) The inclusion in the May bill of a portion of the customers' actual consumption for previously estimated months. Some of the March and all of the April bills were estimated based on the preceding three (3) months' (i.e., December, January, and February, or January, February, and March, respectively) average daily consumption following the DSOAR. Thus, for many homes, the estimated

consumptions for March and April are likely to be significantly lower than their actual consumption for said months. When MERALCO is able to read all meters already, we will render the bill based on the actual consumption and corresponding bill adjustments.

- 2) Generally higher residential consumption during the months of the Enhanced Community Quarantine (ECQ) as compared to previous years, as a result of more people staying, studying and working from home.
- 3) High temperatures in Luzon (reaching 37 degrees with a heat index of 42 degrees) which resulted to appliances operating longer.

Atty. Espinosa added that MERALCO is also implementing installment payment arrangements for the March to May 2020 bills consistent with the advisories of the ERC issued on May 5 and 22, 2020.

- Ms. Catherine Yanto-Viray inquired if customers can expect installation of more smart meters or prepaid meters which can send information on the real-time electric consumption and other useful data of customers. Atty. Espinosa then reported that MERALCO already deployed 102,000 smart meters for its Prepaid Electricity Service (PRES), and by 1<sup>st</sup> half of 2021, would have installed a total of 145,000 smart meters, i.e., 38,000 more for PRES and 5,000 for postpaid. Both services provide real time data for the benefit of customers. Atty. Espinosa added that beyond the 145,000 smart meters, MERALCO continues to work with ERC for the approval of 1 million more smart meters which are to be deployed over a period of three (3) years. He also shared that MERALCO's roadmap is to have 3.3 million customers on smart meters over the next eight (8) years.
- Mr. Randy Cortez asked how much megawatts (MW) will MERALCO target to generate within its five-year plan, and what percentage will be allocated for renewable energy. The President and CEO replied that MERALCO is targeting around 3,000 MW within the next five (5) years, with 1,000 MW allocated entirely to Renewable Energy projects.
- Mr. Jenover Jacquez questioned whether MERALCO will start disconnecting electric services beginning May 31, 2020 for the non-payment of the March to April electric bills. Atty. Espinosa assured that MERALCO will be considerate during the pandemic period. He added that the ERC has provided a reprieve through an installment payment for all our customers. Atty. Espinosa shared the following details on the installment

payment scheme: a) For customers with more than 201 kWh consumption during February 2020, they are entitled to a four- months installment payment starting June 2020; and b) For customers with 200 kWh and below during the February 2020 consumption, MERALCO customers are entitled to a six-months installment payment period.

Atty. Espinosa said that the Company has informed customers of such through its released letters, social media communication, and other media outlets on the installment plans.

- Mr. Randy Cortez then asked whether MERALCO will expect a similar concern on its franchise when it is time for its renewal. The President and CEO responded that MERALCO has been faithfully observing and complying to all laws, rules, and regulations applicable to electricity/utility service providers and he is confident on MERALCO's franchise renewal.

**ADJOURNMENT**

There being no other business to transact, the 57<sup>th</sup> Annual Stockholders meeting was adjourned at 11:08 a.m.

**SIMEON KEN R. FERRER**  
Corporate Secretary

**A T T E S T:**

**MANUEL V. PANGILINAN**  
Chairman of the Board

## **PROOF OF NOTICE**

I HEREBY CERTIFY, as duly elected, qualified and incumbent Corporate Secretary of Manila Electric Company (MERALCO), that written notice of the annual meeting of stockholders was sent to all stockholders of record at least twenty-eight (28) days before the date of the meeting, in accordance with the By-laws of the Company. A copy of the notice is attached as Annex "A" hereof.

Pasig City, Philippines, May 26, 2020.

  
SIMEON KEN R. FERRER  
Corporate Secretary



**2020 Annual Stockholders' Meeting (ASM)**  
**List of Attendees**  
**Date Posted: May 27, 2020**

**Directors**

**Mr. Manuel V. Pangilinan (Chairman)**  
**Atty. Ray C. Espinosa (President and CEO)**  
**Ms. Anabelle Lim Chua**  
**Mr. James L. Go**  
**Mr. Frederick D. Go**  
**Mr. Lance Y. Gokongwei**  
**Mr. Elpidio L. Ibanez**  
**Mr. Jose Ma. K. Lim**  
**Chief Justice Artemio V. Panganiban (Ret.)**  
**Mr. Pedro Emilio O. Roxas**  
**Mr. Victorico P. Vargas**

**Officers**

|          | <b>Name</b>                  | <b>Rank &amp; Position</b>                                                                                                                                                                  |
|----------|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1</b> | <b>Ray C. Espinosa</b>       | <b>President and Chief Executive Officer</b>                                                                                                                                                |
| <b>2</b> | <b>Simeon Ken R. Ferrer</b>  | <b>Corporate Secretary</b>                                                                                                                                                                  |
| <b>3</b> | <b>Roberto R. Almazora</b>   | <b>Senior Vice President and Head, MPower</b>                                                                                                                                               |
| <b>4</b> | <b>Ronnie L. Aperoch</b>     | <b>Senior Vice President and Head, Networks</b>                                                                                                                                             |
| <b>5</b> | <b>Betty C. Siy-Yap</b>      | <b>Senior Vice President and Chief Finance Officer</b>                                                                                                                                      |
| <b>6</b> | <b>William S. Pamintuan</b>  | <b>Senior Vice President and Chief Legal Counsel<br/>Assistant Corporate Secretary, Compliance Officer<br/>and Head, Legal and Corporate Governance Office,<br/>Data Protection Officer</b> |
| <b>7</b> | <b>Rogelio L. Singson</b>    | <b>Senior Vice President and President<br/>President and CEO, Meralco PowerGen Corporation</b>                                                                                              |
| <b>8</b> | <b>Ferdinand O. Geluz</b>    | <b>First Vice President and Head, Supply Chain and<br/>Logistics Management</b>                                                                                                             |
| <b>9</b> | <b>Jose Ronald V. Valles</b> | <b>First Vice President and Head, Regulatory<br/>Management Office</b>                                                                                                                      |



|    | <b>Name</b>                   | <b>Rank &amp; Position</b>                                                                                                                      |
|----|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| 10 | Edgardo V. Carasig            | First Vice President and Head, HR and Corporate Services                                                                                        |
| 11 | Victor Emmanuel S. Genuino II | First Vice President and Head of Customer Retail Services and Corporate Communications                                                          |
| 12 | Melanie T. Oteyza             | First Vice President<br>Chief Audit Executive                                                                                                   |
| 13 | Maria Luisa V. Alvendia       | First Vice President, Chief of Staff and Supply Chain Advisor                                                                                   |
| 14 | Jose Mari P. Melendres        | Vice President and Head, Sub-Transmission Services                                                                                              |
| 15 | Manuel Lorenzo L. Tuason      | Vice President and President and Chief Executive Officer, CIS Bayad Center                                                                      |
| 16 | Benjamin U. Cusi              | Vice President and Head of Network Asset Management                                                                                             |
| 17 | Ireneo B. Acuna               | Vice President and Head, Electric Distribution Development Office                                                                               |
| 18 | Ferdinand C. Alejandro        | Vice President and Head, Customer Process                                                                                                       |
| 19 | Rita D. Bantigue              | Vice President and Head, HR Development and HR Business Partner - Subsidiaries                                                                  |
| 20 | Charina P. Padua              | Vice President and Head, Home and Micro Business - North Business Area                                                                          |
| 21 | Richard O. Ochava             | Vice President,<br>President and CEO of Miescor Builders Inc.,<br>President and CEO of Miescor Logistics Inc., Chief Operating Officer, MIESCOR |
| 22 | Froilan J. Savet              | Vice President and Head, Network Planning and Project Management                                                                                |
| 23 | Ma. Cecilia M. Domingo        | Vice President and Head, Corporate Business Group                                                                                               |
| 24 | Joseph Allan C. Baltazar      | Vice President and Head, South Distribution Services                                                                                            |
| 25 | Antonio M. Abuel, Jr.         | Vice President and Head, Organizational Safety Business Continuity Management Office                                                            |
| 26 | Jose S. Reyes Jr.             | Vice President and Head, North Distribution Services                                                                                            |



|    | Name                     | Rank & Position                                                                                                                          |
|----|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| 27 | Lawrence S. Fernandez    | Vice President and Head, Utility Economics                                                                                               |
| 28 | Maria Zarah V. Castro    | Vice President and Head, Corporate Legal Services                                                                                        |
| 29 | Jose Antonio T. Valdez   | Vice President and Head, Marketing, Customer Solutions and Product Development                                                           |
| 30 | Raymond B. Ravelo        | Vice President and Chief Sustainability Officer, President and Chief Executive Officer, eSakay, Inc.                                     |
| 31 | Bennette D. Bachoco      | Vice President and Head, Financial Planning and Reporting                                                                                |
| 32 | Patrick Dave B. Bacani   | Vice President and Head, HR Business Partner – Networks                                                                                  |
| 33 | Jenevi L. Dela Paz       | Vice President and Chief Operating Officer, Radius Telecoms, Inc.                                                                        |
| 34 | Roque D. Bacani          | Vice President and Head, Information, Communication, Technology and Transformation<br>Acting Chief Information Officer, CIS Bayad Center |
| 35 | Maria Carmela T. Migriño | Vice President Head, Chief Information Security Officer                                                                                  |
| 36 | Ma. Cynthia C. Soluren   | Senior Assistant Vice President, Interim Treasurer and Head, Treasury for Distribution Utility                                           |

#### Stockholders (with votes)

RANDY UYEG CORTEZ &/OR  
 GRACE MERCADO CORTEZ  
 KRIZEL TIO GALLINERO  
 RUSTICO CALINGO DE BORJA JR.  
 ARTEMIO V. PANGANIBAN  
 FREDERICK DY GO  
 MARK TED T. GALLINERO  
 MA. MIEL CRISTINA GAMALINDA  
 LANTING  
 RONNIE L. APEROCHO  
 FROILAN JUSAYAN SAVET  
 DANILO RIBOROSO IGNACIO

MANUEL V. DAEL  
 NERISSA V. RONQUILLO  
 TEODORO OLIVARES GALLINERO  
 MYRA T. GALLINERO  
  
 MA. CYNTHIA CARIDAD SOLUREN  
 PEDRO EMILIO O. ROXAS  
 JAMES L. GO  
 AMOR CONCEPCION L. AVENDANO  
 JERRY MARVIN DE VERA JOVERO  
 MA. CECILIA ARISCO IGNACIO  
 ROBERTO REYES ALMAZORA



MA. AMELIA I. TUASON  
VERONICA E. OARDE

ANABELLE L. CHUA  
RAY C. ESPINOSA  
MARIA ROSARIO VICTORIA S.  
BUENAVENTURA  
ARMANDO V. PAGKALINAWAN  
JOCELYN D. KEMPIS  
IRENEO BONIFACIO ACUNA  
THOM RYAN Q. ORTEGA  
SIMEON KEN R. FERRER  
LOUIS JOSEPH CUEVA MAAGMA  
SUSAN M. UY  
MANUEL LORENZO L. TUASON  
JOSE MA. K. LIM  
MANUEL V. PANGILINAN  
CATHERINE Y. VIRAY  
MARVIN GALLINERO GONSALVES  
SHEENA MARIE S. AMURAO  
GERARDO FEDERICO DELA PAZ  
JOSE REMILIO CONTI DIANGSON  
VICTORICO P. VARGAS  
ELPIDIO L. IBANEZ  
ROY ANTHONY GENCIANEO PEDROSO  
RAUL CATOLICO BALOGAL  
ARLENE G. REYES

ANNA MARIE CRUZ LERMA  
CYNTHIA C. SAMSON  
AMELITA C. TAN  
MARK EDWARD ADRIOSULA TORRES  
RIZALDY S. ENRIQUEZ  
EVA C. HUGO  
GLADYS G. ORDONEZ  
MERCEDITA B. MENDOZA  
MA. TERESITA TE BUENO  
ROSELITA GONZALES ORLINO  
JENOVER G. JACQUEZ  
RHODELLER A. ORLINO  
HANSLEY T. GALLINERO  
MAE CHRISTINE CONDE PERARO  
JENNIFER JOY S. SENGSON  
ALEX CONDEZ CABUGAO  
ALPHA S. BAUTISTA  
ELVIRA M. CRUZ OR BERNARDO A. CRUZ  
SHILO F. MANZANILLA  
MARCELO M PASCUA  
DELMAR NATHANIEL J. TANTAMCO  
LANCE YU GOKONGWEI  
ANNA ESPERANZA E. SABULARSE  
COLEEN T. GALLINERO  
PRESIDIO R. CALUMPIT JR.  
LETICIA Q. PEREZ

--- end of list ---