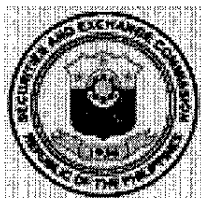




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**SECURITIES AND EXCHANGE COMMISSION**

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Company Information

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Company Type Stock Corporation

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M A N I L A E L E C T R I C C O M P A N Y

(Company's Full Name)

L O P E Z B U I L D I N G , O R T I G A S A V E N U E ,
B R G Y U G O N G , P A S I G C I T Y

(Business Address: No. Street City / Town / Province)

ATTY. WILLIAM S. PAMINTUAN

Contact Person

632-8014

Company Telephone Number

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Month Day
Fiscal Year

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Month Day
Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report: *February 26, 2016*
2. SEC Identification Number: *PW-102*
3. BIR Tax Identification Code: *000-101-528-000*
4. Name of Issuer as specified in its Charter: *Manila Electric Company*
5. Country of Incorporation: *Philippines*
6. Industry Classification: (SEC use only)
7. Address of principal office: *Lopez Building, Ortigas Avenue, Barangay Ugong,
Pasig City*
8. Issuer's telephone numbers: *6328014* Area Code: *1605*
9. Former name or former address: *Not Applicable*
10. Securities registered pursuant to Sections 18 and 12 of the SRC or Sections 4 and 8 of the RSA:

*Number of Shares of
Common Stock Outstanding*

1,127,098,705
(As of December 31, 2015)

Debt Securities: Php 18.5 Billion Bonds

11. Item Number reported: *Item 9 (Other Events)*

The Company's Board of Directors, in its regular meeting held today, February 26, 2016, approved the following matters:

1. The Company's 2015 Audited Consolidated Financial Results;
2. The Company's Financial and Operating Results for the year ended December 31, 2015 with comparatives for 2014 (refer to the attached Press release); and
3. The declaration of a final regular cash dividend of Pesos 3.22 a share and a special cash dividend of Pesos 6.70 a share or a final cash dividend of Pesos 9.92 a share to all shareholders of record as at March 23, 2016, payable on April 15, 2016. This final cash dividend, which is in addition to the interim dividend of Pesos 5.16 a share, brings total cash dividends to Pesos 15.08 a share, consisting of regular dividends of Pesos 8.38 a share and the special dividend of Pesos 6.70 a share.

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MANILA ELECTRIC COMPANY
Issuer



WILLIAM S. PAMINTUAN

First Vice President
Assistant Corporate Secretary &
Information Disclosure Officer

Date: February 26, 2016

***Cc: Disclosure Department
Listings and Disclosure Group
Philippine Stock Exchange***

***Issuer Compliance and Disclosure Department
Philippine Dealing & Exchange Corp.***



PRESS RELEASE
FINANCIAL AND OPERATING RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVES FOR 2014

Highlights

- Consolidated Core Net Income for 2015 at Pesos 18.9 billion, 4% higher compared with Pesos 18.1 billion in 2014
- Consolidated Reported Net Income for 2015 at Pesos 19.1 billion, 6% higher than 2014
- Consolidated electricity revenues at Pesos 249.8 billion for 2015, 5% lower year-on-year
- Consolidated distribution revenues at Pesos 55.1 billion for 2015, 2% lower than 2014
- Consolidated Core EBITDA at Pesos 30.9 billion
- Core Earnings per Share at Pesos 16.76
- Final cash dividend of Pesos 9.92 per share declared, 17% higher than the final amount declared in the same period last year, including a special dividend of Pesos 6.70 per share; total dividends of Pesos 15.08 a share
- Consolidated volume of energy sold for 2015 was at 37,124 GWh, over 5% higher than 2014
- Customer count increased by 4% to almost 5.8 million
- Average consolidated distribution rate for 2015 was Pesos 1.48/kWh, 8% lower than 2014
- System loss rate at 6.47%, the lowest-ever achieved, resulting in savings to customers of Pesos 4.5 billion from lower system loss charge

MANILA, PHILIPPINES, 26th February 2016 – Manila Electric Company (“*Meralco*” or the “*Company*”) (PSE: *MER*) today announced that its audited Consolidated Core Net Income, before exceptional items, amounted to Pesos 18.9 billion, 4% better than 2014. Consolidated Reported Net Income for the year ended December 31, 2015 amounted to Pesos 19.1 billion, up 6%. Core Earnings per Share for 2015 reached Pesos 16.76 while Reported Earnings per Share was Pesos 16.94.

At the start of 2015, the *Company* had forecast growth of energy sales to be slightly over 3%. However, the second half of the year saw unprecedented performance with new system

peak reaching 6,298 MW in August, a normally slow month with the onset of the rainy season. Sales volume growth for each month during the period ranged from 7% to 11% in 2015, bringing year-on-year growth to well over 5% per annum.

This increase in energy sales was driven by external factors conducive to strong power demand, such as (a) the much warmer temperature beginning August 2015 due to the effect of “El Niño”; (b) better power plant availability and (c) positive economic conditions of record low inflation, much lower electricity prices and healthy GDP growth, spurred by growing remittances from overseas Filipinos and Business Process Outsourcing (“BPO”) revenues. *Meralco*’s own initiatives to fully serve customers such as (a) early customer prospecting and planning; (b) early energization through faster and better processing, design and facilitation; (c) new customer programs, and (d) a more robust and reliable sub-transmission and distribution system contributed to boosting customer count and energy sales. The positive impact of these conditions is reflected in the consolidated sales volume of 37,124 GWh at the end of 2015 versus 35,160 GWh in 2014.

Electric revenues amounted to Pesos 249.8 billion, lower by Pesos 12.0 billion or 5% year-on-year due to (i) the pronounced drop in fuel prices in the second half of 2015, (ii) the switch of captive sales volume to Retail Electricity Supply (“RES”) players and (iii) *Meralco*’s implementation of the lower distribution rate effective July 2015. Helping offset this reduction, non-electric revenues rose to Pesos 8.6 billion, 88% higher year-on-year. Consequently, electric revenues, which in 2014 were higher than 98% of consolidated revenues now represents just over 96% of consolidated revenues in 2015, two percentage points less than in 2014.

Consolidated Core EBITDA amounted to Pesos 30.9 billion, equivalent to a Core EBITDA margin of 12% on consolidated revenues.

Consolidated Core Net Income (“CCNI”) of Pesos 18.9 billion in 2015 included (i) income from carrying charge on the Generation Rate Adjustment Mechanism 2 (“GRAM 2”) under-recoveries approved by the Energy Regulatory Commission (“ERC”); (ii) higher financing income with the deployment of cash in longer tenor instruments within limits set by the Board of Directors; and (iii) gain from the partial divestment in Indra Philippines, Inc. (“Indra”).

Consolidated capital expenditures (“CAPEX”) in 2015 amounted to Pesos 11.3 billion, bringing total executed CAPEX for the Third Regulatory Period (“3RP”), which covers the period July 1, 2011 to June 30, 2015, to Pesos 39.3 billion, substantially in line with the approved amount of Pesos 40.4 billion (including provisionally-approved CAPEX of Pesos 3.2 billion). *Meralco* shall complete all CAPEX, for which construction has begun, within the 18-month period allowed under existing regulations.

Cash flows from operations for the year 2015 reached Pesos 42.7 billion. Free cash flows, net of investments in available-for-sale (“AFS”) and held-to-maturity (“HTM”) instruments totaling Pesos 31.9 billion as at the end of 2015, amounted to negative Pesos 1.9 billion. Cash and cash equivalents amounted to Pesos 50.8 billion as at December 31, 2015.

Total interest-bearing debt stood at Pesos 30.3 billion at the end of 2015, of which Pesos 2.9 billion matures within one (1) year. During the year, close to Pesos 1.0 billion of short-term debt was contracted by subsidiaries. Total debt service and loan repayments amounted to Pesos 2.6 billion.

Gross Debt to EBITDA stood at 0.97x. *Meralco* remains in a negative net debt position. Total principal debt repayments, customer refunds and financing charges paid amounted to Pesos 4.3 billion in 2015. As at December 31, 2015, total financing expenses amounted to Pesos 1.2 billion.

The 2015 *CCNI* was boosted by the significant growth in the contribution of *Meralco*'s operating subsidiaries, namely (i) Meralco Industrial Engineering Services Corporation ("*MIESCOR*") Group, which completed several local Engineering, Procurement and Construction ("*EPC*"), civil works and electro-mechanical engineering projects with revenues amounting to Pesos 5.4 billion, 62% higher compared with 2014; (ii) CIS Bayad Center, Inc. ("*Bayad Center*"), whose bills payment transactions handled grew to 77 million or 12% more than 2014, from a total of 200 billers during the year, and which ventured into spot billing in 2015 by acquiring the major player in that space; (iii) Meralco Energy, Inc. ("*MServ*"), whose strategic load-side outsourcing contracts and energy efficiency services more than doubled to Pesos 2.1 billion compared with 2014; and (iv) Radius Telecoms, Inc. ("*Radius*") whose fiber-based data connectivity and internet services (offered to enterprise, channels, and carrier clients) grew over 25% in 2015. In addition, Radius was recognized by the Metro Ethernet Forum ("*MEF*") as having achieved Level 2 certification for its carrier ethernet offerings. *Radius* is one of only three (3) Filipino telecommunications companies to receive this globally-recognized stamp of quality. These four (4) non-electric operating subsidiaries each contributed from over Pesos 100 million up to approximately Pesos 250 million directly to the 2015 *CCNI*.

Clark Electric Distribution Corporation ("*CEDC*"), the 65%-owned subsidiary of *Meralco*, also contributed close to Pesos 200 million to the core electric distribution operating results. *CEDC* has a franchise granted by the Clark Development Corporation ("*CDC*") to distribute power exclusively within its franchise area, which includes the Clark Freeport zone and the subzone pursuant to Presidential Decree No. 66 and the Joint Venture Agreement executed with *CDC*. *CEDC* counts among its major customers a large semiconductor assembly entity, a tire manufacturing company, hotels, leisure and entertainment companies, and the Clark International Airport.

"The Board of Directors of *Meralco* approved today a final regular cash dividend of Pesos 3.22 a share and a special cash dividend of Pesos 6.70 a share or a final cash dividend of Pesos 9.92 a share to all shareholders of record as at March 23, 2016, payable on April 15, 2016. This final cash dividend, which is in addition to the interim dividend of Pesos 5.16 a share, brings total cash dividends to Pesos 15.08 a share, consisting of regular dividends of Pesos 8.38 a share and the special dividend of Pesos 6.70 a share, or a total cash pay-out of 90% of the *Company*'s 2015 Consolidated Core Net Income.

“The Philippine economy has moved to a new growth trajectory of 6% +/- per annum over the last couple of years and has proven to be quite resilient. Strong consumer demand supported by overseas Filipino remittances and increasing *BPO* revenues, excess liquidity and aggressive lending appetite in the banking system, and the vibrant growth in the real estate, entertainment, tourism, retail trade and infrastructure sectors appear sustainable. These provide the fundamentals for continued healthy demand for power in the commercial and residential sectors. Vertical and horizontal structures continue to be built and absorbed by the market, which are leading indicators of future electricity demand.

“These make it imperative for *Meralco* to sustain heavy capital expenditures in our power distribution system, customer-facing and shared service facilities, and in technology, innovation and digital transformation. Parallel to this, we remain committed to making sizable investments in new highly-efficient and reliable power generating plants for baseload and mid-merit requirements. We aim to remain ahead of the curve to ensure that the needs of our customers are fully served,” said **Manuel V. Pangilinan**, Chairman of *Meralco*.

Protecting the Core Power Distribution Business

In 2015, the Philippine economy expanded by a robust 5.8%. The economic downturn in China, the sharp slide and volatility in oil, gas, coal and commodity prices, and in global financial markets, have triggered global growth concerns. Although there has been no widespread contagion effect on the Philippine economy beyond a weakening of the peso to Pesos 47.435 on December 21, 2015 (the lowest since October 2008), and a softer stock market, these bear watching. The collapse in fuel prices has, in fact, contributed to record low inflation and significantly lower electricity prices in the second half of 2015. *Meralco*’s generation charge has been declining for seven (7) out of the last 12 months in 2015, with the lowest registered at Pesos 4.00 per kWh in October 2015.

Against this backdrop, the *Company* saw total volume of electricity sold growing at close to 6% at 37,124 GWh. Sales volumes across all customer classes spiked, with residential growing at 7% year-on-year, commercial at 6% and industrial at 3%. The warmer temperatures since the start of March 2015, which peaked at 36.4°C within the franchise area, benign inflation and increasing in-migration boosted residential sales volume. The drivers of growth in commercial sales were the *BPO*, retail trade, entertainment and tourism (including gaming) industries. The increase in industrial volumes came from the food and beverage, rubber and plastics and basic metals industries.

Early customer engagement and faster energization of new customers enabled positive results. Customer accounts grew by 4% to almost 5.8 million with a total of 199 thousand new residential accounts, 10 thousand new commercial accounts and 105 new industrial customers. A major initiative, which has proven very effective for *Meralco*, is the very close and early coordination with real estate developers, industry associations and the National Housing Authority for their project plans, priority areas and timelines. This has made it possible for power connections to be in place well in time for the actual move-in of residential or commercial customers. Prepaid electricity continues to be rolled out, albeit on

a pilot basis, in accordance with the initial numbers approved by the *ERC*. As at December 31, 2015, a total of 17,675 prepaid meters have been installed.

Net System Input (“*NSI*”) consisting of the total energy delivered to the *Meralco* distribution system increased by almost 6% to 39,739 GWh. The new levels registered for energy sales of 37,124 GWh and *NSI* of 39,739 GWh reflect the positive impact of warmer temperatures, the relative absence of any extensive network downtime as no destructive typhoons hit the franchise area, and the absence of any power supply disruptions as no extended power outages were experienced on the generation and transmission sides.

Operational excellence marked the performance of *Meralco*’s distribution system, breaking new records in terms of system loss, availability, reliability and power quality, speed to process and energize new customers and even call center response. As at December 31, 2015, the 12-month moving average system loss rate of *Meralco* was 6.47%, translating to an additional savings of Pesos 4.5 billion (Pesos 0.12 per kWh) in 2015, or cumulative savings to consumers of Pesos 22.1 billion since 2008.

The *Company* remains focused not only in ensuring service excellence and reliable sourcing and delivery of power, but also on providing these at least cost. In 2015, the average *Meralco* bill across all customer classes decreased by approximately 12% year-on-year, with all bill components, except for the Feed-In-Tariff Allowance (“*FiT-All*”) subsidy for renewable energy, which accounts for Pesos 0.04 of the customer bill. Generation charge, which represents 54% of the bill, was 16% lower in 2015 as a result of very competitively negotiated and sourced power supply and significantly lower fuel prices. Transmission charge, representing 11% of the bill, was down Pesos 0.05 per kWh due to the higher volume of electricity transmitted through the grid. The National Grid Corporation of the Philippines (“*NGCP*”) rate is determined on the basis of a Maximum Annual Revenue (“*MAR*”). *Meralco*’s distribution charge, which accounts for only 18% of the bill, was Pesos 0.12 per kWh lower due to the implementation by *Meralco* of an interim rate of Pesos 1.3810 per kWh commencing in the July 2015 bill month. This interim rate reflects the reduction of the Second Regulatory Period under-recovery component in the Maximum Average Price (“*MAP*”) approved for the Third Regulatory Period, covering the period up to June 30, 2015. Universal Charge and Subsidies, which represented 12% of the bill, was lower by Pesos 0.11 per kWh.

The average generation cost for the full year 2015 of Pesos 4.37 per kWh was the lowest over the past several years, reflecting the positive impact of the tightly-negotiated structure of *Meralco*’s Power Supply Agreements (“*PSAs*”) and significantly lower fuel prices in the global market. Operating and maintenance (“*O&M*”) expenses attributable to the electric distribution business, was 4% higher in 2015, consisting largely of labor and contracted services. Total *O&M*, inclusive of those of the subsidiaries, was 21% up, in line with the substantial growth in the businesses of various subsidiaries.

Meralco continued to invest heavily in its distribution utility business to ensure that its infrastructure and facilities are adequate and responsive to the needs of its franchise. Consolidated *CAPEX* reached Pesos 11.3 billion, including emergency *CAPEX* for the

Fourth Regulatory Period, which the *Company* filed with the *ERC* in February 2015. The *Company's* combined electric *CAPEX* served to address critically-loaded facilities and meet the requirements for load and customer growth, weather and storm hardening for improved resiliency, public safety and, the relocation of *Meralco* facilities affected by the Department of Public Works and Highways ("*DPWH*") Public/Private Partnership ("*PPP*") projects. These included: (i) the development of the Philippine Amusement and Gaming Corporation ("*PAGCOR*") -1 Gas-insulated Switchgear ("*GIS*") Substation serving the *PAGCOR* Entertainment City complex and the expansion of the Fort Bonifacio Global City ("*FBGC*") – 4 *GIS* substation, the expansion of the Tutuban Substation (3rd Bank), the replacement of the 83 MVA power transformer at the Mandaluyong Substation (2nd Bank); and the installation of metal-clad switchgear at the Laguna International Industrial Park ("*LIIP*") Substation 3rd 83 MVA power transformer bank; (ii) the Dasmariñas-Imus 115kV line, the Mahabang Parang-Meralco Batangas 69kV line and the Batangas City-Bolbok-Simlong 69kV line; (iii) the uprating of the Dasmariñas-First Cavite Industrial Estate ("*FCIE*") and *LIIP*-Balibago 115kV line; and (iv) the relocation of *Meralco* facilities affected by the Ninoy Aquino International Airport ("*NALA*") Expressway and Skyway Stage 3 projects. Through these major projects as well as the numerous residual *CAPEX* projects, *Meralco* was able to boost its substation installed capacity by 332 MVA and circuit kilometer length by 75 kilometers.

The *Company* remains responsive to opportunities to serve areas where its expertise, competence and resources can help fill a void or upgrade the quality of service, in the process enabling further growth and development in these communities. These initiatives include a Lease Concession Agreement with the Philippine Economic Zone Authority ("*PEZA*") for the Cavite Economic Zone ("*CEZ*"), under which *Meralco* operates, maintains and improves the *CEZ* distribution system to the benefit of its export-oriented locators. *CEZ* covers 332 hectares of prime distribution area with an aggregate annual consumption of close to 480 GWh. *Meralco* also entered into a joint venture, Comstech Integration Alliance, Inc. ("*Comstech*"), to provide management and technical services to Pampanga Electric Cooperative II ("*PELCO II*"), under a Technical Services Agreement ("*TSA*"). *PELCO II* covers seven (7) major municipalities in the province of Pampanga with an aggregate annual consumption of about 380 GWh.

Cognizant of the alert for a potential power crisis in the summer months of 2015 issued by the Department of Energy ("*DoE*"), *Meralco* beefed up its power supply by entering into Interim Power Supply Agreements ("*IPSAs*") with peaking plants for up to 524 MW to cover this critical period. In partnership and close coordination with the *DoE*, *ERC*, the Senate and House Committees on Energy and various customers with stand-by generating sets, *Meralco* signed up 820 MW of generation capacity under an Interruptible Load Program ("*ILP*").

Two and a half years since Retail Competition and Open Access ("*RCOA*") began, 360 qualified customers with relatively high load factors have opted for, and switched to contestability in *Meralco's* franchise area. Twelve out of 17 Retail Electricity Suppliers licensed by the *ERC* and the *Meralco* Local *RES*, *MPower*, actively participate and aggressively compete in this contestable market. As at December 31, 2015, *MPower* serves

212 contestable customers, having merited their business strictly on the basis of highly-competitive pricing and terms, and products that match customer needs.

Meralco's PSAs for the capacity of power plants located in Calaca (Batangas), Masinloc (Zambales), Pagbilao (Quezon), Sual (Pangasinan), Ilijan (Batangas), and Navotas, stand as models for highly-competitive least cost contracting responsive to the needs of *Meralco* customers. Subsequent to the issuance of a *DoE* Circular mandating a Competitive Selection Process ("*CSP*") for distribution utilities in their contracting of power supply, the *ERC* issued a Resolution requiring a *CSP* in any acceptable form. *Meralco* has conformed to this Resolution, and undertook a *CSP* for its power supply for the peak months of 2016. It has entered into *IPSAs* with 1590 Energy Corporation for 170 MW, Toledo Power Company for 45 MW, and Panay Power Corporation for 28 MW and have filed these with the *ERC* for approval.

"*Meralco* has been consistently investing heavily in network quality and customer service infrastructure, in information technology and systems, and in people. In parallel, we have also been developing and rolling out a rich pipeline of Customer Programs and Engagements. These include (a) Products and Services namely (i) Kuryente Load ("*K-Load*") for prepaid electricity, (ii) Automated Service Application, and (iii) Power Lab; (b) Programs such as (i) *Meralco* Advisory, (ii) Power Bright Ideas, (iii) Accredited *Meralco* Contractors, and (iii) Orange Tag; and (c) Partnerships, Engagements and Touch Points, such as (i) Energizing Partnerships, (ii) Luminaries, (iii) Website and Microsites, (iv) Power Club, (v) Facebook and Twitter. Equally important, we remain focused on ensuring we maintain a supply envelop of adequate capacity of reliable, quality "least cost" power.

"These have paid "dividends" to customers in the form of quality power service with near nil service interruptions in 2015 (other than due to externally-caused incidents), faster energization, and lower system loss-related savings. The customer bill shrunk in 2015, with the generation charge at its lowest compared with the past few years, albeit driven as well by low fuel prices.

"Our determined focus on the "customer" is matched by our similar focus on "Operational Excellence" in revenue generation, smart OPEX and CAPEX spend, and prudent cash and liability management. We have complemented these by driving profitable growth in our various subsidiaries. All these have translated into favorable returns to our shareholders, as reflected in our dividend payouts and the *Meralco* share price.

"We remain intent on extending our track record of creating great value for customers and for our shareholders alike over the coming years," said **Oscar S. Reyes**, President and Chief Executive Officer.

Building the Power Generation Portfolio

MERALCO PowerGen Corporation ("*MGen*") remains on track in developing its target portfolio of 3,000 MW of new base load and mid-merit power generating plants, in joint venture with players with proven track record in the industry.

San Buenaventura Power Limited (“*SBPL*”), a joint venture with New Growth B.V., a subsidiary of Electricity Generating Company Limited of Thailand (“*EGCO*”), achieved financial close on December 1, 2015 for its new 455 MW (net) supercritical, coal-fired power plant in Mauban, Quezon. The *EPC* contract for the project has been awarded to the Consortium of Daelim Industrial Co., Ltd. and Mitsubishi Corporation. Groundbreaking of the project was held on December 10, 2015. The *PSA* between *Meralco* and *SBPL* covering the capacity of the plant has been approved by the *ERC*. The plant is expected to achieve commercial operations in the first half of 2019.

Redondo Peninsula Energy Corporation (“*RP Energy*”), a 2x300 MW Circulating Fluidized Bed (“*CFB*”) coal-fired power plant in the Subic Freeport Zone, re-commenced its project development activities in February 2015 following the denial by the Supreme Court of the Philippines of the Petition for Writ of Kalikasan filed against the project. An Amended and Restated Lease and Development Agreement with the Subic Bay Metropolitan Authority (“*SBMA*”) was signed on February 23, 2016. Signing of the *EPC* contract for the first 300 MW of the 2x300 MW *CFB* plant is targeted within the first half of 2016. Financial close is expected to be achieved within the year. Other development activities underway include (i) finalizing the transmission line interconnection for the project with the National Grid Corporation of the Philippines (“*NGCP*”); (ii) formalizing its Board of Investments (“*BOI*”) Registration Certificate, enabling the project to avail of *BOI* incentives beneficial to the project and to consumers; (iii) finalizing *PSAs* with offtakers; and (iv) securing financing for the first 300 MW on a non-recourse arrangement. *RP Energy* is targeting to start commercial operations of the first 300 MW by the second half of 2019 as site development has long been completed. *RP Energy* is a joint venture among *MGen*, Therma Power, Inc. of Aboitiz Power Corporation and Taiwan Cogeneration International Corporation – Philippine Branch.

MGen is also on track with its pre-development activities for the 2x600 MW supercritical coal-fired project of Atimonan One Energy, Inc. (“*AIE*”) in Atimonan, Quezon. Completion of the first 600MW is targeted by 2020, and the second 600 MW by early 2021.

The *Company*’s investment in Global Business Power Corporation (“*GBPC*”), in which *MGen* has a 22% equity interest, contributed Pesos 563 million to the *Meralco CCNI* for 2015. *GBPC* declared 88% of its 2015 consolidated net income as cash dividends to its shareholders. *GBPC*, the largest power generating company in the Visayas, with a capacity of 704 MW of coal- and diesel-fired power plants and an additional 150 MW coal-fired power plant nearing completion, continues to operate profitably.

“The financial close achieved for San Buenaventura Power Limited of Pesos 42.1 billion, the largest all-peso project finance deal to-date and the award of the *EPC* contract, are a testament of the support and commitment of the banking industry, and the *EPC* community, to *MERALCO PowerGen* and its partner, as well as to the Philippine power industry. These have encouraged us to accelerate the development of our intended portfolio of new power plants with an aggregate capacity of 3,000 MW,” said Mr. Reyes.

Conclusion and Outlook

“Exciting times are ahead for the Philippines, with the huge potential for transformational infrastructure projects and business investments. Electricity is a major component in a number of these projects. The customers of tomorrow are the growing population of millennials. They want power in their hands. Adapting with agility to our changing customer base is therefore, an imperative.

“In an otherwise cautious and volatile global market, the Philippines remains one of the few bright spots such that investors’ attention is on the Philippines. This is a rare opportunity we should not miss. Power is key to the sustained growth of the economy, the competitiveness of business and industry, and the quality of life of consumers. The capital requirements across the entire electricity supply chain from the legacy generation, transmission, and distribution to digital technology and innovation are massive. *Meralco* remains committed to fully serving the needs of all customers in its franchise area, and investing for profitable growth in these areas.

“Even as we expect to remain in a regime of a slightly lower Interim Distribution Tariff for most or all of 2016, we expect *Meralco*’s Core Earnings for the year to be broadly similar to 2015 Core Income. Our consistent payment of dividends and the steady rise in our share price are concrete evidence that we can continue to deliver on this commitment to our shareholders,” concluded Mr. Pangilinan.

	MANILA ELECTRIC COMPANY Consolidated Financial Highlights (in Million Pesos, except per share data)		
	For the Year Ended December 31		%
	2015	2014	Change
REVENUES			
Electricity	249,773	261,740	(5)
Non-electricity	8,626	4,596	88
	258,399	266,336	(3)
COSTS AND EXPENSES	234,991	240,242	(2)
OTHER INCOME – net	1,468	374	293
INCOME BEFORE INCOME TAX	24,876	26,468	(6)
PROVISION FOR INCOME TAX	5,687	8,337	(32)
NET INCOME	19,189	18,131	6
NET INCOME – AS REPORTED	19,098	18,053	6
CORE NET INCOME	18,887	18,128	4
EARNINGS PER SHARE			
On Reported Net Income			
Basic	16.94	16.02	6
Diluted	16.94	16.02	6
On Core Net Income ¹			
Basic	16.76	16.08	4
Diluted	16.76	16.08	4

¹ Reported net income, adjusted to exclude the effect of foreign exchange gains or losses, mark-to-market adjustments, gain on disposal of investment and other one-time, exceptional transactions.

This press release may contain some statements, which constitute “forward-looking statements” that are subject to a number of risks and uncertainties that may affect the business and results of operations of *Meralco*. Although the management of *Meralco* believes that expectations reflected in any of the forward-looking statements are reasonable, it cannot guarantee any future performance, action or events.

For further information, please contact:

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About MERALCO

Meralco is the largest electric power distribution company and the largest private sector utility in the Philippines. Through a Consolidated Certificate of Public Convenience and Necessity, *Meralco* provides electric service within its franchise coverage. Its subsidiaries are engaged in engineering and consulting, construction, bills payments and other electricity-related services. A subsidiary is in the process of developing the Company's power generation portfolio.

Meralco is listed on the Philippine Stock Exchange (PSE: MER). *Meralco* has the largest market capitalization among the Philippine listed utility and power sector companies.

Further information is available at www.meralco.com.ph.